



## **National Mango Board**

**Financial Statements and  
Supplementary Information**  
Years Ended December 31, 2019 and 2018

# **National Mango Board**

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Financial Statements and Supplementary Information  
Years Ended December 31, 2019 and 2018

# 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, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses 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, 2019 and 2018, 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 May 12, 2020 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

*BDO USA LLP*

Certified Public Accountants  
May 12, 2020

## Financial Statements

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**National Mango Board**  
**Statements of Financial Position**

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<i>December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,002,152	\$ 8,437,640
Certificates of deposit	5,022,984	—
Assessments receivable	48,664	421,213
Prepaid expenses	38,173	37,624
<b>Total current assets</b>	<b>9,111,973</b>	<b>8,896,477</b>
Property and equipment, net	36,211	78,089
Deposit	6,029	6,029
	<b>\$ 9,154,213</b>	<b>\$ 8,980,595</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 872,719	\$ 1,044,492
Assessment refund liability	135,126	162,425
Accrued payroll	72,655	68,796
<b>Total current liabilities</b>	<b>1,080,500</b>	<b>1,275,713</b>
<b>Commitments and contingencies (Notes 6 and 9)</b>		
<b>Net assets:</b>		
Without donor restrictions	8,073,713	7,704,882
	<b>\$ 9,154,213</b>	<b>\$ 8,980,595</b>

*See accompanying notes to financial statements.*

# National Mango Board

## Statements of Activities

<i>Year Ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Revenues:</b>		
Assessments - fresh	\$ 7,683,266	\$ 8,019,572
Assessments - frozen	468,913	—
Interest income	110,731	1,603
<b>Total revenues</b>	<b>8,262,910</b>	<b>8,021,175</b>
<b>Expenses:</b>		
Program expenses:		
Marketing	5,529,221	4,462,296
Research	1,558,635	1,612,789
Total program expenses	7,087,856	6,075,085
General and administrative expenses	806,223	802,358
<b>Total expenses</b>	<b>7,894,079</b>	<b>6,877,443</b>
<b>Change in net assets without donor restrictions</b>	<b>368,831</b>	<b>1,143,732</b>
<b>Net assets without donor restrictions, beginning of year</b>	<b>7,704,882</b>	<b>6,561,150</b>
<b>Net assets without donor restrictions, end of year</b>	<b>\$ 8,073,713</b>	<b>\$ 7,704,882</b>

*See accompanying notes to financial statements.*

# National Mango Board

## Statements of Cash Flows

<i>Year Ended December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Change in net assets without donor restrictions	\$ 368,831	\$ 1,143,732
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by operating activities:		
Depreciation and amortization	46,174	45,046
Loss on disposal of equipment	378	—
Change in operating assets and liabilities:		
Assessments receivable	372,549	96,288
Prepaid expenses	(549)	(14,257)
Accounts payable and accrued expenses	(171,773)	438,572
Assessment refund liability	(27,299)	(56,324)
Accrued payroll	3,859	19,580
<b>Net cash provided by operating activities</b>	<b>592,170</b>	<b>1,672,637</b>
<b>Cash flows from investing activities:</b>		
Purchases of equipment	(4,674)	(3,758)
Purchase of certificates of deposit	(5,022,984)	—
<b>Net cash used for investing activities</b>	<b>(5,027,658)</b>	<b>(3,758)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(4,435,488)</b>	<b>1,668,879</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>8,437,640</b>	<b>6,768,761</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 4,002,152</b>	<b>\$ 8,437,640</b>

*See accompanying notes to financial statements.*

**National Mango Board**  
**Statement of Functional Expenses**

<i>Year Ended December 31, 2019</i>	Program Expenses			General and Administrative	Total
	Marketing	Research	Total		
Professional service fees	\$ 2,015,825	\$ —	\$ 2,015,825	\$ 1,595	\$ 2,017,420
Advertising expenses	1,788,138	—	1,788,138	—	1,788,138
Payroll	443,134	340,078	783,212	320,273	1,103,485
Research studies	—	776,418	776,418	—	776,418
Industry outreach expenses	369,253	230,844	600,097	—	600,097
Strategic planning and workshops	535,730	—	535,730	—	535,730
Employee benefits	82,504	67,513	150,017	57,578	207,595
USDA fees	—	—	—	174,577	174,577
Board meeting expenses	—	—	—	131,664	131,664
Trade advertising	81,132	—	81,132	—	81,132
Consulting fees	44,970	32,143	77,113	—	77,113
Rent	26,754	17,902	44,656	21,590	66,246
Other office expenses	15,067	14,921	29,988	16,942	46,930
Legal expenses	56,929	4,548	61,477	6,296	67,773
Depreciation and amortization	18,943	15,391	34,334	11,840	46,174
Information technology expense	12,145	9,868	22,013	7,591	29,604
Rental equipment	11,600	9,425	21,025	7,250	28,275
Insurance expenses	10,464	8,502	18,966	6,540	25,506
Audit fees	—	—	—	23,939	23,939
Telephone	7,041	6,167	13,208	5,825	19,033
Industry compliance expenses	—	17,121	17,121	—	17,121
Software/hardware maintenance	6,784	5,512	12,296	4,240	16,536
Repairs and maintenance	2,808	2,282	5,090	1,755	6,845
Employee recruitment	—	—	—	6,728	6,728
<b>Total</b>	<b>\$ 5,529,221</b>	<b>\$ 1,558,635</b>	<b>\$ 7,087,856</b>	<b>\$ 806,223</b>	<b>\$ 7,894,079</b>

*See accompanying notes to financial statements.*

**National Mango Board**  
**Statement of Functional Expenses**

<i>Year Ended December 31, 2018</i>	Program Expenses			General and Administrative	Total
	Marketing	Research	Total		
Professional service fees	\$ 1,404,588	\$ 1,152	\$ 1,405,740	\$ 4,680	\$ 1,410,420
Advertising expenses	1,560,665	—	1,560,665	—	1,560,665
Payroll	449,535	290,996	740,531	301,918	1,042,449
Research studies	32,013	799,697	831,710	6,860	838,570
Industry outreach expenses	103,982	246,459	350,441	—	350,441
Strategic planning and workshops	492,021	—	492,021	—	492,021
Employee benefits	91,758	56,245	148,003	50,633	198,636
USDA fees	—	—	—	171,056	171,056
Board meeting expenses	—	—	—	127,294	127,294
Trade advertising	85,481	—	85,481	—	85,481
Consulting fees	46,722	23,208	69,930	—	69,930
Rent	28,545	17,841	46,386	17,841	64,227
Other office expenses	42,943	33,863	76,806	25,248	102,054
Legal expenses	47,858	3,620	51,478	7,429	58,907
Depreciation and amortization	20,171	12,607	32,778	12,268	45,046
Information technology expense	10,821	6,763	17,584	7,427	25,011
Rental equipment	11,221	7,013	18,234	7,013	25,247
Insurance expenses	6,092	3,808	9,900	3,808	13,708
Audit fees	—	—	—	24,290	24,290
Telephone	7,020	6,123	13,143	4,991	18,134
Industry compliance expenses	—	6,234	6,234	—	6,234
Software/hardware maintenance	7,669	4,793	12,462	4,793	17,255
Repairs and maintenance	199	125	324	125	449
Contract service	12,992	92,242	105,234	24,684	129,918
<b>Total</b>	<b>\$ 4,462,296</b>	<b>\$ 1,612,789</b>	<b>\$ 6,075,085</b>	<b>\$ 802,358</b>	<b>\$ 6,877,443</b>

*See accompanying notes to financial statements.*

# National Mango Board

## Notes to Financial Statements

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### 1. Organization

#### *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 ten 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.

### 2. Summary of Significant Accounting Policies

#### *Accounting Pronouncements Adopted*

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The ASU also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Board reviewed the provisions of ASU 2014-09, along with all subsequent amendments (collectively, “ASC 606”) and determined that its revenue streams does not fall under the scope of ASC 606 and instead will be accounted for under ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* as discussed below.

In June 2018 the FASB issued ASU 2018-08. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e. ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Board adopted this update on a modified prospective basis as of January 1, 2019 and as of that date, there were no open contracts that required a change in revenue recognition. The effects of the adoption are outlined below.

Assessment revenue was accounted for under Accounting Standards Codification Topic 958-605 (“Topic 958-605”), *Not-for-Profit Entities, Revenue Recognition*, as an exchange transaction before the implementation of the new standard. Assessment revenue does not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. Under the clarified guidance, such transactions constitute contributions and must be examined further to determine whether the transactions qualify as unconditional or conditional contributions. The Board determined that assessment revenue meets the criteria for unconditional contribution accounting and will therefore be recorded when the Board is notified of the amount of the assessment or the cash is received. Consequently, at December 31, 2019, assessment revenue of \$484,766 related to December 2019 assessments received in January 2020 have not been recognized in the accompanying financial statements because the funds were received subsequent to year end.

# National Mango Board

## Notes to Financial Statements

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### ***Basis of Accounting***

The financial statements of the Board are prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### ***Cash and Cash Equivalents***

The Board considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. As of December 31, 2019 and 2018, the Board had designated cash reserves of \$1,200,000 and \$700,000 respectively, which are included in cash and cash equivalents (see Note 4) on the accompanying statements of financial position.

All accounts are held at federally insured financial institutions and such accounts may at times exceed federally insured limits. Any amounts over federally insured limits are collateralized and therefore, all accounts were fully insured as of December 31, 2019 and 2018.

### ***Assessments Receivable***

Assessments 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. As of December 31, 2019, in accordance with ASU 2018-08, the balance represents assessments that the Board was notified of before the cash was collected. As of December 31, 2018, in accordance with Topic 958-605, the balance represents assessments for December 2018 that were not paid until January 2019. There are no collectability issues as the receivables are recorded based on reports from the USDA of assessments already collected from the third parties.

### ***Property and Equipment***

Property and equipment are stated at cost. The Board capitalizes expenditures for property and equipment in excess of \$2,500. 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***

The Board reports its financial instruments at fair value using a three-tier hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The financial instruments level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain on-balance-sheet financial instruments approximate their fair values due to the short-term nature of these instruments. These financial instruments include assessments receivable, accounts payable and accrued expenses, and accrued payroll.

The Board’s Level 1 financial assets consist of certificates of deposit and are valued on a daily basis in an active market. The Board has no Level 2 or Level 3 financial assets or liabilities.

# National Mango Board

## Notes to Financial Statements

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### ***Revenue Recognition and Assessment Refund Liability***

Revenues from assessments are derived from first handlers and importers of mangos and are recognized based on monthly reports submitted by first handlers and importers through U.S. customs. Assessment revenue is recognized when the Board is notified of the amount of the assessment or when the cash is received. The rate of assessment is proposed by the Board and approved by the USDA. In July 2019, the USDA approved an amendment to include frozen mangos. For the years ended December 31, 2019 and 2018, the assessment rate was \$0.0075 per pound for fresh mangos, and \$0.01 and \$0, respectively, per pound for frozen mangos.

Importers and first handlers of less than 500,000 pounds of fresh mangoes and less than 200,000 pounds of frozen mangoes 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. As of December 31, 2019 and 2018, the refund liability of \$135,126 and \$162,425, respectively, is included on the accompanying statements of financial position. Refunds were netted against assessment revenue in the year in which they are determined.

There were no penalties and interest assessed in accordance with the Act for the years ended December 31, 2019 and 2018.

### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time the Board of Directors designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion. The Board of Directors has designated a portion of net assets without donor restrictions as reserves. See Note 4 for more information on the composition of net assets without donor restrictions.

### ***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, 2019 and 2018 were \$1,788,138 and \$1,560,665, respectively.

### ***Functional Allocation of Expenses***

The accompanying statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Board are reported as expenses of those functional areas. Payroll and employee benefits are allocated among functional categories based on the estimated proportion of time spent relative to each function. Rent is allocated based upon square footage of office space for those program or supporting areas. All other indirect costs such as insurance, depreciation and amortization, equipment rental, software, and information technology expenses are allocated based on the ratio of number of employees per function.

# National Mango Board

## Notes to Financial Statements

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### ***Income Taxes***

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

### ***Budget***

The Board's Budget and Marketing Plan is prepared on an accrual basis (revenues are recognized when notified or received 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 Pronouncement Issued but Not Yet Adopted***

#### ***Leases***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020. Early adoption is permitted. In transition, a lessee and a lessor will recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients. These practical expedients relate to identifying and classifying leases that commenced before the effective date, initial direct costs for leases that commenced before the effective date, and the ability to use hindsight in evaluating lessee options to extend or terminate a lease or to purchase the underlying asset. ASU 2018-11 was issued in June 2018 that also permits entities to choose to initially apply ASU 2016-02 at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. Management is currently evaluating the impact of this ASU on its financial statements.

### ***Reclassifications***

Certain items have been reclassified in the 2018 financial statements to conform to the 2019 presentation.

**National Mango Board**  
**Notes to Financial Statements**

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**3. Property and Equipment**

Property and equipment consists of the following:

<i>December 31,</i>	Useful Lives	<b>2019</b>	<b>2018</b>
Leasehold improvements	5 years	\$ 26,438	\$ 26,438
Computer equipment	3-5 years	49,278	46,530
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
		<b>257,681</b>	<b>254,933</b>
Less accumulated depreciation and amortization		<b>(221,470)</b>	<b>(176,844)</b>
		<b>\$ 36,211</b>	<b>\$ 78,089</b>

Depreciation and amortization expense amounted to \$46,174 and \$45,046 for the years ended December 31, 2019 and 2018, respectively.

**4. Net Assets Without Donor Restrictions**

The Board's net assets without donor restrictions is comprised of undesignated and Board of Director designated amounts for the following purposes at:

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
Undesignated	\$ 6,873,713	\$ 7,004,882
Board designated for contingency reserve	750,000	500,000
Board designated crisis reserve	450,000	200,000
	<b>\$ 8,073,713</b>	<b>\$ 7,704,882</b>

**National Mango Board**  
**Notes to Financial Statements**

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**5. Liquidity and Availability of Resources**

The following table reflects the National Mango Board assets as of December 31, 2019 and 2018, reduced by the amount not available for general expenditures within one year. Financial assets are considered unavailable because the Board of Directors has set aside the funds for specific contingency reserves.

<i>December 31,</i>	<b>2019</b>	<b>2018</b>
<b>Financial assets:</b>		
Cash and cash equivalents	\$ 4,002,152	\$ 8,437,640
Certificates of deposit	5,022,984	—
Assessments receivable	48,664	421,213
<b>Financial assets at the end of the year</b>	<b>9,073,800</b>	<b>8,858,853</b>
Less unavailable for general expenditures within one year due to:		
Board designated crisis reserve	(450,000)	(200,000)
Board designated contingency reserve	(750,000)	(500,000)
<b>Financial assets to meet cash needs for general expenditures within one year</b>	<b>\$ 7,873,800</b>	<b>\$ 8,158,853</b>

At December 31, 2019 and 2018, the Board has \$7,873,800 and \$8,158,853, respectively, of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures, which consists primarily of cash and cash equivalents and certificates of deposit that are fully insured or guaranteed. The Board has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. To help manage unanticipated liquidity needs, the Board has Board of Director designated net assets without donor restriction that, while the Board does not intend to spend for purposes other than those identified, the amount could be made available for current operations, if necessary.

**6. 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>	<b>Amount</b>
2020	\$ 83,000
2021	20,600
2022	6,900
	<b>\$ 110,500</b>

Rent expense under these leases for the years ended December 31, 2019 and 2018, was approximately \$94,500 and \$89,500, respectively.

# National Mango Board

## Notes to Financial Statements

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### 7. Concentrations of Risk

During the years ended December 31, 2019 and 2018, two countries accounted for approximately 69%, and 10% and three countries accounted for approximately 67%, 10% and 10%, respectively, of the Board's assessment revenues. The loss of these major country's mango crops could have a significant impact on the Board's revenues and operations.

### 8. 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, 2019 and 2018, in connection with the Plan were approximately \$12,700 and \$12,000, respectively.

### 9. Contingencies

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

### 10. Subsequent Events

The Board has evaluated events and transactions occurring subsequent to December 31, 2019 as of May 12, 2020, which is the date the financial statements were available to be issued. Subsequent events occurring after May 12, 2020 have not been evaluated by management. No material events have occurred since December 31, 2019 that require recognition or disclosure in the financial statements, except as follows:

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The Board's operations are dependent on mango imports for its assessment funds to be collected by United States Customs and Border Protection. As of the date of this report, the Board's assessments have met or exceeded the Board's projected assessment amounts; and the Board's investment values are stable. The outbreak may have a continued material adverse impact on economic and market conditions, triggering a period of national economic slowdown. If this occurs then it may depress assessments during fiscal year 2020. As such, this may hinder our ability to advance the Board's mission. It may also lead the Board to seek cancellation of projects and/or contracts under the guidance of USDA/AMS. Although the Board cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have a material adverse effect on the Board's results of future operations, financial position, and liquidity in fiscal year 2020.

On March 27, 2020, the Coronavirus Aid, Relief and Economics Security ("CARES") Act was enacted. The CARES Act was enacted to address the economic fallout of the COVID-19 outbreak on the economy. Management is currently evaluating the effect, if any, on the Board of the provisions of the CARES Act, but is uncertain what provisions might be applicable as of the date of this report.

## 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.

Certified Public Accountants  
May 12, 2020

## National Mango Board

### Schedule of Revenues and Expenditures - Actual Compared to Budget

<i>Year Ended December 31, 2019</i>	Actual	Budget	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Assessments - fresh	\$ 7,683,266	\$ 7,998,568	\$ (315,302)
Assessments - frozen	468,913	400,000	68,913
Interest income	110,731	—	110,731
<b>Total revenues</b>	<b>8,262,910</b>	<b>8,398,568</b>	<b>(135,658)</b>
<b>Expenses:</b>			
Program expenses:			
Marketing	5,529,221	5,814,179	284,958
Research	1,558,635	2,197,351	638,716
Total program expenses	7,087,856	8,011,530	923,674
General and administrative expenses	806,223	1,157,145	350,922
<b>Total expenses</b>	<b>7,894,079</b>	<b>9,168,675</b>	<b>1,274,596</b>
<b>Change in net assets without donor restrictions</b>	<b>\$ 368,831</b>	<b>\$ (770,107)</b>	<b>\$ 1,138,938</b>

*Note: The Budget represents the Budget and Marketing Plan approved by the USDA 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, 2019</i>	Actual	Budget	Variance Favorable (Unfavorable)
<b>Marketing:</b>			
Retail promotions and marketing projects	\$ 1,792,142	\$ 1,822,000	\$ 29,858
Consumer PR and marketing	1,574,308	1,586,500	12,192
Marketing overhead	1,146,663	1,401,234	254,571
Foodservice marketing	322,763	342,700	19,937
Nutrition PR and marketing	215,000	215,000	—
Website	71,400	73,080	1,680
Trade shows and memberships	310,405	373,665	63,260
Allocated indirect expenses	96,540	—	(96,540)
<b>Total marketing</b>	<b>5,529,221</b>	<b>5,814,179</b>	<b>284,958</b>
<b>Research:</b>			
Research expenses	1,055,633	1,638,950	583,317
Research program overhead	427,953	558,401	130,448
Allocated indirect expenses	75,049	—	(75,049)
<b>Total research</b>	<b>1,558,635</b>	<b>2,197,351</b>	<b>638,716</b>
<b>Total program expenses</b>	<b>\$ 7,087,856</b>	<b>\$ 8,011,530</b>	<b>\$ 923,674</b>

*Note: The Budget represents the Budget and Marketing Plan approved by the USDA 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, 2019</i>	Actual	Budget	Variance Favorable (Unfavorable)
<b>General and administrative expenses:</b>			
Staff salaries, wages and benefits	\$ 365,114	\$ 416,622	\$ 51,508
Telephone	19,033	30,700	11,667
Professional services	14,619	31,500	16,881
Office expenses	12,149	18,150	6,001
Information technology	46,150	62,805	16,655
GAGAS audit	23,939	30,000	6,061
Staff travel	1,530	9,420	7,890
Insurance	25,505	27,700	2,195
Miscellaneous	2,378	12,000	9,622
Education, development and training	12,738	30,000	17,262
New and expanded initiatives	500	2,000	1,500
AMS user fee	174,576	180,000	5,424
Office rent	66,246	66,500	254
Equipment rental	28,275	28,248	(27)
Repairs and maintenance	6,845	11,700	4,855
Depreciation and amortization	46,174	52,100	5,926
Loss on disposal	378	—	(378)
Board meetings	131,663	147,700	16,037
Less allocated indirect expenses	(171,589)	—	171,589
<b>Total general and administrative expenses</b>	<b>\$ 806,223</b>	<b>\$ 1,157,145</b>	<b>\$ 350,922</b>

*Note: The Budget represents the Budget and Marketing Plan approved by the USDA and is prepared on the accrual basis of accounting.*

# National Mango Board

## Schedule of Cash Receipts and Disbursements

*Year Ended December 31, 2019*

### Sources of cash

Receipts:

Assessments	\$ 8,497,353
Interest income	110,731

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Total receipts	8,608,084
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### Uses of cash

Disbursements:

Marketing	5,224,646
Research	1,867,147
Board meetings	127,600
USDA and US customs fees	170,538
Administrative overhead	557,567
Rent expense	73,090

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Total disbursements	8,020,588
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Increase in cash and cash equivalents	587,496
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Transfer of cash to certificates of deposit	(5,022,984)
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Cash and cash equivalents, beginning of year	8,437,640
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Cash and cash equivalents, end of year	\$ 4,002,152
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**National Mango Board**  
**Schedule of Property and Equipment**

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*December 31, 2019*

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<u>Date Acquired</u>	<u>Description</u>	<u>Original Cost</u>
12/15/09	Leasehold improvements - office space	\$ 26,438
<b>Computer equipment:</b>		
09/21/09	Camcorder	2,067
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	1,150
05/01/14	3 laptops	6,513
06/23/15	Desktop computer	1,987
01/31/17	9 tablets	20,395
01/31/17	1 tablet	1,778
01/01/18	2 tablets	3,758
02/19/19	Docking station	2,407
07/17/19	1 laptop	2,607
<b>Total computer equipment</b>		<b>49,278</b>
<b>Software:</b>		
08/03/11	Adobe software	1,073
<b>Office equipment:</b>		
10/06/14	10 headsets	1,998
01/20/15	Vertical fortress	631
<b>Total office equipment</b>		<b>2,629</b>
<b>Furniture and fixtures:</b>		
10/11/06	Office furniture	5,306
12/27/13	Desks	1,264
02/24/15	Office chairs	955
<b>Total furniture and fixtures</b>		<b>7,525</b>
<b>Website development costs:</b>		
09/01/15	Website development costs	170,738
<b>Total property and equipment</b>		<b>\$ 257,681</b>

**Report Required by *Government Auditing Standards***

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## **Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 12, 2020.

### **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 the Board’s internal control.

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

Certified Public Accountants  
May 12, 2020

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

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## **Independent Auditor’s 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, 2019, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated May 12, 2020.

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, 2019 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.

Certified Public Accountants  
May 12, 2020