

National Mango Board
Financial Statements and
Supplementary Information
December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors
National Mango Board
Orlando, Florida

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of National Mango Board (the Board), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the 2022 financial statements referred to above present fairly, in all material respects, the financial position of the Board as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the Board as of December 31, 2021 were audited by other auditors whose report dated April 5, 2022 expressed an unmodified opinion on those financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2023 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 14, 2023

National Mango Board

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,837,013	\$ 4,947,294
Certificates of deposit	8,032,911	8,012,427
Assessments receivable	25,810	2,488
Prepaid expenses	55,416	79,166
Total current assets	11,951,150	13,041,375
Operating lease right-of-use asset	553,344	-
Property and equipment, net	522,518	645,132
Deposits	3,399	6,029
Total assets	\$ 13,030,411	\$ 13,692,536
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 961,394	\$ 789,278
Assessment refund liability	147,720	107,303
Accrued payroll	97,724	88,285
Operating lease liability	58,798	-
Total current liabilities	1,265,636	984,866
Non-current operating lease liability	499,905	-
Total liabilities	1,765,541	984,866
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total net assets without donor restrictions	11,264,870	12,707,670
Total liabilities and net assets	\$ 13,030,411	\$ 13,692,536

See independent auditor's report and accompanying notes.

National Mango Board

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUES		
Assessments - imports, net of organic refunds of \$446,653 and \$421,165, respectively	\$ 9,069,972	\$ 8,911,592
Assessments - domestic	49,657	19,913
Assessments - frozen	-	237,497
Interest income	75,398	49,736
	<u>9,195,027</u>	<u>9,218,738</u>
Total revenues		
EXPENSES		
Program expenses		
Marketing	7,157,668	5,099,836
Research	2,526,912	2,546,130
Total program expenses	<u>9,684,580</u>	<u>7,645,966</u>
General and administrative expenses	<u>953,247</u>	<u>866,913</u>
Total expenses	<u>10,637,827</u>	<u>8,512,879</u>
Change in net assets without donor restrictions	(1,442,800)	705,859
Net assets without donor restrictions, beginning of year	<u>12,707,670</u>	<u>12,001,811</u>
Net assets without donor restrictions, end of year	<u>\$ 11,264,870</u>	<u>\$ 12,707,670</u>

See independent auditor's report and accompanying notes.

National Mango Board

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without donor restrictions	\$ (1,442,800)	\$ 705,859
Adjustments to reconcile change in net assets without donor restrictions to net cash (used in) provided by operating activities:		
Depreciation and amortization	126,391	31,259
Loss on disposal of equipment	-	3,038
Non-cash rent	5,359	-
Change in operating assets and liabilities:		
Assessments receivable	(23,322)	(2,488)
Prepaid expenses	23,750	39,552
Deposits	2,630	-
Accounts payable and accrued expenses	172,116	369,197
Assessment refund liability	40,417	(18,863)
Accrued payroll	9,439	(805)
Net cash (used in) provided by operating activities	(1,086,020)	1,126,749
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(3,777)	(637,624)
Proceeds from sale of certificates of deposit	9,982,872	5,966,928
Purchase of certificates of deposit	(10,003,356)	(7,971,284)
Net cash used in investing activities	(24,261)	(2,641,980)
Decrease in cash	(1,110,281)	(1,515,231)
Cash, beginning of year	4,947,294	6,462,525
Cash, end of year	\$ 3,837,013	\$ 4,947,294
 SIGNIFICANT NON-CASH TRANSACTIONS - OPERATING LEASE		
Operating lease right-of-use asset	\$ 610,702	\$ -
Operating lease liability	(610,702)	-
Total significant non-cash transactions - operating lease	\$ -	\$ -

See independent auditor's report and accompanying notes.

National Mango Board

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Expenses			General and Administrative	Total
	Marketing	Research	Total		
Professional service fees	\$ 2,543,102	\$ -	\$ 2,543,102	\$ 11,033	\$ 2,554,135
Advertising expenses	2,531,274	-	2,531,274	-	2,531,274
Payroll	599,940	428,972	1,028,912	397,553	1,426,465
Research studies	-	1,292,011	1,292,011	-	1,292,011
Industry outreach expenses	455,517	531,210	986,727	-	986,727
Strategic planning and workshops	532,597	-	532,597	-	532,597
Employee benefits	115,780	81,962	197,742	93,523	291,265
USDA fees	-	-	-	151,152	151,152
Industry compliance expenses	-	1,771	1,771	-	1,771
Trade advertising	113,860	-	113,860	-	113,860
Consulting fees	30,040	63,904	93,944	-	93,944
Legal expenses	78,955	4,298	83,253	16,654	99,907
Rent	26,293	17,597	43,890	24,218	68,108
Information technology expense	18,208	12,458	30,666	9,583	40,249
Depreciation and amortization	57,177	39,121	96,298	30,093	126,391
Audit fees	-	-	-	27,483	27,483
Rental equipment	7,672	5,249	12,921	4,038	16,959
Software/hardware maintenance	12,567	8,599	21,166	6,614	27,780
Other office expenses	8,884	22,869	31,753	25,610	57,363
Telephone	6,449	3,649	10,098	4,652	14,750
Insurance expenses	15,295	10,465	25,760	8,050	33,810
Board meeting expenses	-	-	-	135,668	135,668
Repairs and maintenance	4,058	2,777	6,835	2,136	8,971
Employee recruitment	-	-	-	5,187	5,187
Total	\$ 7,157,668	\$ 2,526,912	\$ 9,684,580	\$ 953,247	\$ 10,637,827

See independent auditor's report and accompanying notes.

National Mango Board

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Expenses			General and Administrative	Total
	Marketing	Research	Total		
Professional service fees	\$ 1,563,057	\$ -	\$ 1,563,057	\$ 12,954	\$ 1,576,011
Advertising expenses	1,948,176	-	1,948,176	-	1,948,176
Payroll	566,987	401,659	968,646	353,014	1,321,660
Research studies	-	1,266,511	1,266,511	-	1,266,511
Industry outreach expenses	228,613	612,746	841,359	-	841,359
Strategic planning and workshops	402,749	-	402,749	-	402,749
Employee benefits	101,716	76,857	178,573	76,492	255,065
USDA fees	-	-	-	159,075	159,075
Industry compliance expenses	-	1,798	1,798	-	1,798
Trade advertising	75,951	-	75,951	-	75,951
Consulting fees	43,846	92,862	136,708	-	136,708
Legal expenses	49,690	9,733	59,423	14,951	74,374
Rent	29,685	20,990	50,675	21,594	72,269
Information technology expense	18,789	12,856	31,645	9,889	41,534
Depreciation and amortization	14,141	9,675	23,816	7,443	31,259
Audit fees	-	-	-	26,123	26,123
Rental equipment	7,948	5,438	13,386	4,183	17,569
Software/hardware maintenance	13,718	9,386	23,104	7,220	30,324
Other office expenses	5,279	5,263	10,542	25,408	35,950
Telephone	7,629	5,398	13,027	6,462	19,489
Insurance expenses	11,789	8,066	19,855	6,205	26,060
Board meeting expenses	-	-	-	124,626	124,626
Repairs and maintenance	5,580	3,818	9,398	2,937	12,335
Moving support	4,493	3,074	7,567	2,365	9,932
Employee recruitment	-	-	-	5,972	5,972
Total	<u>\$ 5,099,836</u>	<u>\$ 2,546,130</u>	<u>\$ 7,645,966</u>	<u>\$ 866,913</u>	<u>\$ 8,512,879</u>

See independent auditor's report and accompanying notes.

National Mango Board
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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 Mango Order of the Commodity Promotion, Research, and Information Act of 1996 (the Order) is authorized under the Act and outlines the Board's structure and rules of conduct. 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 in the United States, and seven foreign producers of mangos. The rules and regulations the Board follows provide for assessments to be derived from all handled and imported fresh and frozen mangos into the United States.

2. Summary of Significant Accounting Policies

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, Certificates of Deposit, and Concentration of Credit Risk

The Board considers all highly liquid investments purchased with a maturity date of three months or less to be cash equivalents. The Board did not hold any cash equivalents at December 31, 2022 or 2021.

The Board holds all cash accounts at federally insured financial institutions and any amounts over federally insured limits are collateralized. The Board's certificates of deposits (CDs) are held at a financial institution in two Certificate of Deposit Account Registry Services (CDARS) accounts which hold CDs purchased through various other financial institutions in denominations under the federally insured limits and are valued at cost plus accrued interest. Therefore, the Board's cash and certificates of deposit balances at December 31, 2022 and 2021 are fully insured.

As of December 31, 2022 and 2021, the Board had designated cash reserves of \$2,000,000, which are included in cash (see Note 4) on the accompanying statements of financial position.

Assessments Receivable

Assessments receivable represent assessments due from domestic first handlers. Assessments are collected by the Board directly from domestic first handlers. As of December 31, 2022 and 2021, the balance of assessments receivable was \$25,810 and \$2,488, respectively. All accounts were considered fully collectible and, accordingly, no allowance was necessary.

National Mango Board
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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, assessment refund liability, and accrued payroll.

As of December 31, 2022 and 2021, the Board does not have any financial assets or liabilities that are required to be fair valued on a recurring basis that would need to be disclosed as Level 1, 2, or 3 financial instruments in the fair value hierarchy.

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. Import assessment revenue is recognized when the cash is received, as notification of amount to be received is not provided prior to the cash receipt. Domestic assessment revenue is recognized when the Board is notified of the amount of the assessment. The rate of assessment is proposed by the Board and approved by the USDA. Effective February 25, 2021, the USDA approved an amendment to remove assessments on frozen mangos. For the year ended December 31, 2022 and 2021, the assessment rate was \$0.0075 per pound for fresh mangos. For the period January 2021 through February 2021, the assessment rate was \$0.01 per pound for frozen mangos.

Importers and first handlers of less than 500,000 pounds of fresh mangos and less than 200,000 pounds of frozen mangos during any calendar year may claim an exemption from these assessments. Also, first handlers of mangos produced domestically and exported outside the United States and mangos deemed organic under the National Organic Program may claim exemption annually. 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 paid. As of December 31, 2022 and 2021, a refund liability of \$147,720 and \$107,303, respectively, is included on the accompanying statements of financial position. Refunds are netted against assessment revenue in the year in which they relate.

There were no penalties and interest assessed in accordance with the Act for the years ended December 31, 2022 and 2021.

National Mango Board
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

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 non-direct 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, 2022 and 2021 were \$2,531,274 and \$1,948,176, 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 programs 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.

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 U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the 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.

National Mango Board
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Accounting Pronouncement Adopted

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*, that requires lessees to put most leases on its balance sheets and recognize expenses on its income statements in a manner similar to today's capital lease accounting. For lessors, the guidance modifies the classification criteria for accounting for sales-type and direct financing leases. The Board adopted the lease standard effective January 1, 2022 using the optional transition method, which applies the provisions of the standard at the effective date without adjusting the prior period.

3. Property and Equipment

Property and equipment consists of the following at December 31:

	Useful Lives (Years)	2022	2021
Leasehold improvements	5	\$ -	\$ 26,438
Computer equipment	3-5	77,788	74,012
Office equipment	10	3,657	3,657
Software	3	1,073	1,073
Furniture and fixtures	10	28,500	28,500
Website development costs	5-10	579,825	579,825
		<u>690,843</u>	<u>713,505</u>
Less: accumulated depreciation and amortization		<u>(168,325)</u>	<u>(68,373)</u>
		<u><u>\$522,518</u></u>	<u><u>\$645,132</u></u>

Depreciation and amortization expense was \$126,391 and \$31,259 for the years ended December 31, 2022 and 2021, 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 December 31:

	2022	2021
Undesignated	\$ 9,264,870	\$ 10,707,670
Board-designated for contingency reserve	1,000,000	1,000,000
Board-designated crisis reserve	<u>1,000,000</u>	<u>1,000,000</u>
	<u><u>\$ 11,264,870</u></u>	<u><u>\$ 12,707,670</u></u>

National Mango Board
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

5. Liquidity and Availability of Resources

The following table reflects the Board's financial assets as of December 31, 2022 and 2021, reduced by the amount not available for general expenditures within one year. Certain financial assets are considered unavailable because the Board of Directors has set aside funds for specific reserves.

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash	\$ 3,837,013	\$ 4,947,294
Certificates of deposit	8,032,911	8,012,427
Assessments receivable - other	<u>25,810</u>	<u>2,488</u>
Financial assets at the end of the year	11,895,734	12,962,209
Less unavailable for general expenditures within one year due to:		
Board-designated crisis reserve	(1,000,000)	(1,000,000)
Board-designated contingency reserve	<u>(1,000,000)</u>	<u>(1,000,000)</u>
Financial assets to meet cash needs for general expenditures within one year	<u>\$ 9,895,734</u>	<u>\$10,962,209</u>

At December 31, 2022 and 2021, the Board had \$9,895,734 and \$10,962,209, 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 certificates of deposit that are fully insured. 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 of Directors has designated certain net assets without donor restriction as discussed in Note 4. While the Board does not intend to spend these funds for purposes other than those identified, the funds could be made available for current operations, if necessary. As of December 31, 2022, the Board is party to fourteen contracts with unrelated third parties totaling approximately \$975,201. These contracts relate to research services to be provided to the Board during 2022 and are, therefore, not reflected in the accompanying financial statements but are considered future general expenditures of the Board.

6. Operating Leases

The Board is a party to three operating leases. One lease is an office lease, and two of the leases are equipment leases.

As disclosed in Note 2, the Board adopted FASB ASU 2016-02. The office leases and equipment leases are the only leases required to be included on the balance sheet under the Standard. There has been no impact as a result of adopting the Standard to the prior year balance sheet information, and because the leases are operating leases, the adoption of this standard has had no impact on the results of operations.

The Board has elected to apply the short-term lease exception to all leases with a term of one year or less. As of December 31, 2022, the Board does not have any short-term leases.

National Mango Board
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

6. Operating Leases (continued)

As of December 31, 2022, the right-of-use (ROU) asset had a balance of \$553,344, as shown in non-current assets on the balance sheet; the lease liability is included in other current liabilities (\$58,798) and other long-term liabilities (\$499,905). The lease asset and liability were calculated utilizing the risk-free discount rate (5.5%), according to the Board's elected policy. There is a 5-year renewal for the office lease, which was considered when assessing the value of the ROU asset because the Board is reasonably certain that it will exercise its options to renew the lease.

Lease Costs (included in rent and rental equipment):

Operating lease cost	\$ 87,128
Total lease cost	<u>\$ 87,128</u>

Other information:

Cash paid for amounts included in measuring operating lease liability:

Operating cash flows from operating lease	\$ 81,769
Total cash paid for amounts included in measuring operating lease liability	<u>\$ 81,769</u>

The difference between the lease cost and the lease cash flows of \$5,359 relates to the one month of free rent being allocated over the term of the lease.

Maturities of operating lease liabilities as of December 31, 2022:

Year ending December 31:	
2023	\$ 88,060
2024	88,060
2025	88,060
2026	74,737
2027	71,901
Thereafter	<u>291,501</u>
Total lease payments	702,319
Less: interest	<u>(143,616)</u>
Present value of lease liability	<u>\$ 558,703</u>

7. Concentrations of Risk

During the years ended December 31, 2022 and 2021, two countries accounted for approximately 65% and 12%, and two countries accounted for approximately 61% and 13%, 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.

National Mango Board
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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, 2022 and 2021 in connection with the Plan were approximately \$11,100.

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, 2022 as of March 14, 2023, which is the date the financial statements were available to be issued. Subsequent events occurring after March 14, 2023 have not been evaluated by management. No material events have occurred since December 31, 2022 that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
National Mango Board
Orlando, Florida

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. The 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. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and to 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 to 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 14, 2023

National Mango Board

SCHEDULE OF REVENUES AND EXPENDITURES - ACTUAL COMPARED TO BUDGET

Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
REVENUES			
Assessments - imports	\$ 9,069,972	\$ 8,906,968	\$ 163,004
Assessments - domestic	49,657	55,000	(5,343)
Interest income	75,398	53,772	21,626
	<u>9,195,027</u>	<u>9,015,740</u>	<u>179,287</u>
PROGRAM EXPENSES			
Marketing	7,157,668	8,269,842	1,112,174
Research	2,526,912	3,562,585	1,035,673
	<u>9,684,580</u>	<u>11,832,427</u>	<u>2,147,847</u>
General and administrative expenses	<u>953,247</u>	<u>1,437,407</u>	<u>484,160</u>
	<u>10,637,827</u>	<u>13,269,834</u>	<u>2,632,007</u>
Change in net assets without donor restrictions	<u>\$ (1,442,800)</u>	<u>\$ (4,254,094)</u>	<u>\$ 2,811,294</u>

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

See independent auditor's report.

National Mango Board

SCHEDULE OF PROGRAM EXPENSES - ACTUAL COMPARED TO BUDGET

Year Ended December 31, 2022

	Actual	Budget	Variance Favorable (Unfavorable)
MARKETING EXPENSES			
Retail promotions and marketing projects	\$ 2,266,341	\$ 2,705,175	\$ 438,834
Consumer PR and marketing	1,931,491	2,052,170	120,679
Marketing overhead	1,341,996	1,678,082	336,086
Food service marketing	785,388	965,750	180,362
Nutrition PR and marketing	145,718	155,000	9,282
Website	115,934	130,000	14,066
Tradeshows and memberships	329,671	453,665	123,994
New and expanded initiatives	93,411	130,000	36,589
Allocated indirect expenses	147,718	-	(147,718)
Total Marketing Expenses	7,157,668	8,269,842	1,112,174
RESEARCH			
Research expenses	1,888,509	2,846,387	957,878
Research program overhead	538,490	716,198	177,708
Allocated indirect expenses	99,913	-	(99,913)
Total research expenses	2,526,912	3,562,585	1,035,673
Total program expenses	\$ 9,684,580	\$ 11,832,427	\$ 2,147,847

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

See independent auditor's report.

National Mango Board

SCHEDULE OF GENERAL AND ADMINISTRATIVE - ACTUAL COMPARED TO BUDGET

Year Ended December 31, 2022

	<u>Actual</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
ADMINISTRATIVE EXPENSES			
Staff salaries, wages and benefits	\$ 469,901	\$ 520,375	\$ 50,474
Telephone	14,751	25,400	10,649
Professional services	32,874	48,250	15,376
Office expenses	14,159	19,650	5,491
Information technology	68,029	83,172	15,143
GAGAS audit	27,483	30,000	2,517
Staff travel	2,500	13,590	11,090
Insurance	33,809	43,670	9,861
Miscellaneous	8,947	12,000	3,053
Education, development and training	21,175	42,500	21,325
New and expanded initiatives	-	2,500	2,500
AMS user fee	151,152	200,000	48,848
Office rent	68,111	72,000	3,889
Equipment rental	16,959	22,600	5,641
Repairs and maintenance	8,970	14,200	5,230
Depreciation and amortization	126,391	119,500	(6,891)
Board meetings	135,667	168,000	32,333
Less: allocated indirect expenses	<u>(247,631)</u>	<u>-</u>	<u>247,631</u>
 Total general and administrative expenses	 <u>\$ 953,247</u>	 <u>\$ 1,437,407</u>	 <u>\$ 484,160</u>

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

See independent auditor's report.

National Mango Board

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended December 31, 2022

SOURCES OF CASH

Receipts:	
Assessments - imports	\$ 9,103,325
Assessments - domestic	49,657
Interest income	<u>75,398</u>
Total receipts	<u>9,228,380</u>

USES OF CASH

Disbursements:	
Marketing	6,675,516
Research	2,506,729
Board meetings	159,771
USDA and U.S. customs fees	154,970
Administrative overhead	749,071
Rent expense	<u>72,120</u>
Total disbursements	<u>10,318,177</u>

Decrease in Cash (1,089,797)

Net Investment in Certificates of Deposit (20,484)

Cash, beginning of year 4,947,294

Cash, end of year \$ 3,837,013

See independent auditor's report.

National Mango Board

SCHEDULE OF PROPERTY AND EQUIPMENT

Year Ended December 31, 2022

Date Acquired	Description	Original Cost
Computer Equipment		
05/01/2014	5 flat panels	\$ 1,150
01/31/2017	2 tablets	4,532
01/01/2018	1 tablet	1,879
10/01/2020	6 tablets	16,432
10/01/2020	8 laptops	24,014
04/26/2021	1 workstation	2,138
11/04/2021	1 laptop	2,967
12/31/2021	Workstations	20,900
6/14/2022	1 laptop	3,776
	Total computer equipment	<u>77,788</u>
Software		
08/03/2011	Adobe software	1,073
	Total software	<u>1,073</u>
Office Equipment		
09/08/2020	Color printer	364
12/31/2021	Telephone hardware	3,293
	Total office equipment	<u>3,657</u>
Furniture and Fixtures		
12/31/2021	Office furniture	28,500
	Total furniture and fixtures	<u>28,500</u>
Website Development Costs		
09/01/2015	Website development costs	337,425
06/30/2021	Logo	120,000
12/31/2021	Mango volume inventory system	122,400
	Total lease improvements	<u>579,825</u>
	Total	<u><u>\$ 690,843</u></u>

See independent auditor's report.



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

To the Board of Directors
National Mango Board.
Orlando, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the National Mango Board (the Board), which comprise the statement of financial position as of December 31, 2022, 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 March 14, 2023.

Report on 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 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001.

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Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as item 2022-001.

National Mango Board's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 14, 2023



REPORT ON COMPLIANCE WITH LAWS, REGULATIONS, AND CONTRACTS

Partners

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To the Board of Directors
National Mango Board
Orlando, Florida

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, 2022, 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 March 14, 2023

In connection with our audit of the Board's financial statements, we tested compliance with selected provisions of applicable laws, statutes, regulations, rules and provisions of contracts 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.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Board.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance, whether due to fraud or error, with the selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts 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, statutes, regulations, rules, and provisions of contracts applicable to the Board. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts applicable to the Board.

Auditor's Responsibilities for the Audit of Compliance (continued)

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the selected provisions of applicable laws, statutes, regulations, rules and provisions of contracts applicable to the Board.

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

During the course of our testing, instances of noncompliance for the year ended December 31, 2022 came to our attention that are 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 caused us to believe that the Board failed to comply with certain provisions of the Mango Order of the Commodity Promotion, Research, and Information Act (the Act) of 1996, as described below in items a) through e), insofar as they relate to accounting matters, as described in the accompanying schedule of findings and questioned costs as item 2022-001.

- 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, statutes, regulations, rules, and provisions of contracts 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 Act, insofar as they relate to accounting matters.

The purpose of this report on compliance with laws, statutes, regulations, rules, and provisions of contracts is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts and the results of that testing, and not to provide an opinion on compliance. This report on compliance with laws, statutes, regulations, rules, and provisions of contracts 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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
March 14, 2023

National Mango Board
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2022

2022-001 – Contract Noncompliance

Criteria: The Board must comply with its internal control policies and funds must be used in accordance with Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs.

Condition: The Board incurred expenses exceeding the original approved contract amount on two contracts. Internal management identified this error and promptly notified USDA and the auditors.

Cause: The Board failed to follow required procedures of monitoring total expenditures per contract and not exceeding the approved contract amount.

Effect: The Board failed to comply with AMS Guidelines.

Recommendation: We recommend the Board implement a contract tracking spreadsheet with a total maximum expense allowed to be expended per contract.

Management's Response: See Management's Corrective Action Plan on page 26.



MANAGEMENT'S CORRECTIVE ACTION PLAN

Finding Number: 2022-001

Planned Corrective Action: We concur with the finding. The Board has new controls in place for proper tracking of allotted contract expenses, which will prevent any over spending.

Anticipated Completion Date: On-going

Responsible Contact Person: Manuel Michel, Executive Director

Signature: Manuel Michel

Title: NMB Executive Director

Date: March 10, 2023