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Our Objective & Strategic Priorities¹

2019-2023

The Mushroom Council plays a very important role in the national promotion of fresh mushrooms through consumer public relations, foodservice communications and retail communications.

Overall Industry Objectives

Forecasted based on historic trend in shipments report and US population projections.

- Increase fresh mushroom per capita consumption from 2.9 in 2018 to 3.1 lbs in 2024 (+13%)
- Increase fresh mushroom shipments by 127 million pounds from 2018 to 2024
- Equates to an average annual shipment growth of 2% from 2018 to 2024

Overall Marketing Objectives: Consumer

- Increase awareness of fresh mushrooms
- Increase favorable beliefs and attitudes.
- Increase trial
- Increase purchase intention, frequency and amount

Overall Trade Objectives

- Increase merchandising and promotion of fresh mushrooms across Foodservice and Retail points of distribution
- Increase support of industry sales teams in selling into their respective trade partners
- Maintain momentum of The Blend[™] adoption and promotion in K-12, colleges and universities, and foodservice channels
- Expand awareness of and interest in The Blend in the Retail channel to support expanded adoption

Trade Objective for 2021

 Continue to support marketing to multiple segments across each of the Schools, Foodservice and Retail channels.

- Continue with focus on K-12 school districts and colleges and universities interested in healthier and more sustainable meal programs
- Expand focus into mainstream, larger scale restaurant and foodservice operators and the distributors that serve them
- Increase focus on smaller/specialty and larger/more progressive food retailers

The Blend Positioning

- Mushrooms are the meaty food with major flavor impact, health benefits and culinary versatility
- So, mushrooms and meat combined create a great flavor experience that's also better for you and the planet

Overall Strategies

- Use The Blend as our primary marketing platform to promote the benefits of fresh mushrooms
- Employ a double-barreled message of flavor/taste, followed by "better for you"
- Continue to use the blended burger as the gateway food
- Expand and leverage the existing success of foodservice adoption
- Increase direct-to-consumer engagement
- Use partnerships to build credibility and extend resources
- Leverage manufacturing, distribution and promotional scale of large food companies
- Use more integrated and consistent messaging across campaigns and channels
- Prioritize decisions based on facts and ROI
- Share assets and campaign platforms with industry members for their own customization and amplification

Comments from the Chair

Sonya Beltrán, First Generation Farms



"We're nothing without the farmers. They're the backbone of this country. And everything we do to help them helps our country and its future." - President Ronald Reagan

Farmers are needed, and coming out of what felt like the most uncertain and dark period, we held our heads high and continued to look forward with high hopes. The "great pause" that was put onto us in 2020 created an invigorating and hopeful "fresh start" feeling for 2021.

In 2021, the Mushroom Council turned up the heat on the media coverage and engagement with foodservice operators. Whether you call it a "Shroom Boom," "Mushroom Mania" or a "Fungi Frenzy," mushrooms claimed their rightful position in the media spotlight, being highlighted and touted by high-profile media like Wall Street Journal, New York Time, Real Simple and Produce Business.

The increase in media coverage could have influenced the "hot" item that we know at Jersey Mike's, the 'Grilled Portabella Mushroom and Swiss Sandwich,' which has since become a permanent menu item.

Not only were foodservice operators creating more diverse options that catered to the plant-based eaters (in which mushrooms were definitely on their plates), The Blend was stepping out of the box, *literally*, and heading towards the big screen. What started in the kitchens of influential chefs and early-adopters was now ready to reach mainstream consumers thanks to a new partnership with The Food Network.

The partnership the Mushroom Council and the Food Network created was the biggest and most far-reaching one yet. It included front page mushroom profiles, a pull-out recipe booklet, and multiple how-to videos featuring Food Network celebrity chefs. And, for the first time, the Mushroom Council had a broadcast television commercial that aired on the Food Network, reaching millions of viewers during popular prime time shows.

Mushrooms, with their meaty qualities, are the answer as the ideal central ingredient for the plant-based and plant-forward movement. Social media has made it easy to share innovative, easy, and quick ways to include them into meals of any diet. Mushrooms ARE cool, and with the Mushroom Council's efforts, everyone will know it.

We don't always have the answers, but moving forward, I know that the popularity of mushrooms has increased and thus truly being known as **the answer**. The Mushroom Council's members use that mentality in any decision that was made towards marketing.

We all play a role in being able to feed people, and that's something that is truly remarkable. If I have learned anything from 2021, it is that our industry is resilient.

I look forward to the years ahead for our industry, and I am incredibly happy to have been a part of The Mushroom Council.

State of the Industry

By Bart Minor

As noted last year, we are not sure what the 2021 shipment experience tells us beyond how the pandemic has disrupted just about everything related to running a business. Agriculture is challenging enough as one of the last true free-market industries with so many uncontrollable variables in the supply chain. More on that in just a moment.

2021 fresh shipments began by outpacing 2020, which was not surprising given the sudden shock to half the mushroom industry's sales beginning in March of 2020. However, not only were the first six months of 2021 outpacing 2020 by over 4% (with 2020 enjoying two record setting pre-covid months; Jan-Feb), fresh shipments were just under (99.35%) the record high pace of 2019!

Domestic shipments were up 3.6% through the first half of the year (again, even though 1/3 of the prior period included record high shipments), but then something happened. While imports continued to grow, domestic shipments flattened out for the last half of 2021, virtually even with the same six months the year before (July-December 2020). To put a finer point on this, domestic shipments through the first six months of 2021 were over 13 million pounds greater than January-June of 2020 (and remember, Jan-Feb were pre-pandemic), while the last six months of 2021 domestic shipments saw no growth over the same months of 2020, all pandemic months.²

20)20	20)21	% CHANGE
69.9		64.7		92.6%
	69.9		64.7	92.6%
66.6		60.1		90.1%
	136.5		124.7	91.4%
65.3		71.2		109.0%
	201.8		196.0	97.1%
52.9		63.6		120.3%
	254.8		259.6	101.9%
59.1		65.5		110.8%
	313.8		325.1	103.6%
62.3		64.6		103.7%
	376.2		389.7	103.6%
60.0		60.9		101.5%
	436.2		450.6	103.3%
60.5		61.2		101.0%
	496.7		511.8	103.0%
61.4		62.0		101.1%
	558.1		573.8	102.8%
62.4		61.9		99.3%
	620.4		635.7	102.5%
61.6		59.8		97.1%
	682.0		695.5	102.0%
64.2		64.9		101.0
	746.3		760.4	*Projected

So what happened? This excerpt from the October, 2021 AMI press release appears to explain it well:

The current market forces of global supply chain shortages, transportation availability constraints, and a drastically reduced farm labor market combined with seasonal threats of crop disease are heavily negatively impacting U.S. mushroom production, resulting in the forecast of a significantly reduced mushroom holiday supply capability, the American Mushroom Institute announced today.

The result of all these pressures—insufficient raw materials availability, crop disease, transportation constraints, and labor shortages—is lower supply than in previous years during the holiday season. AMI President Rachel Roberts said. "Our members are telling us that this is the toughest time mushroom farms have faced in more than 30 years." 3

As to prospects for the year ahead? While you will see in this report how mushrooms continue to top superfood trend lists, let alone the surge in all things myco from powders in coffees to "leather", if buyers, promoters, menu developers cannot count on "promotable" supply of product, try as they might, such strong demand might just have to go unmet. And if unmet, if consumers/buyers cannot find the product on the shelf, let alone at prices they can work into their shrinking disposable income budget....then out of sight, out of mind. The Mushroom Council will keep pushing the awareness and interest needle to the best of its ability, however, "impressions" come in all shapes and sizes, and if buyers get the "impression" that fresh mushrooms are hard to come by....that is likely to impact demand in a way that moderates what the ultimate consumer may find in their store of on their restaurant menu.

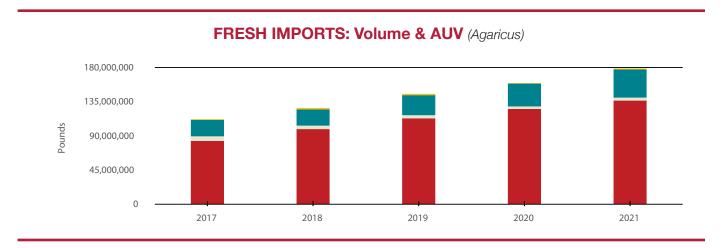
AMI 2021 Import Report

Data from the 2021 import charts is derived from the Foreign Trade Division of the U.S. Census Bureau. The Foreign Trade Division receives its information from the U.S. Customs and Border Protection, U.S. Department of Homeland Security. The monthly fresh mushroom volume data, reported by the Mushroom Council in its monthly shipping reports, is derived directly from the U.S. Customs and Border Protection's collections reports.

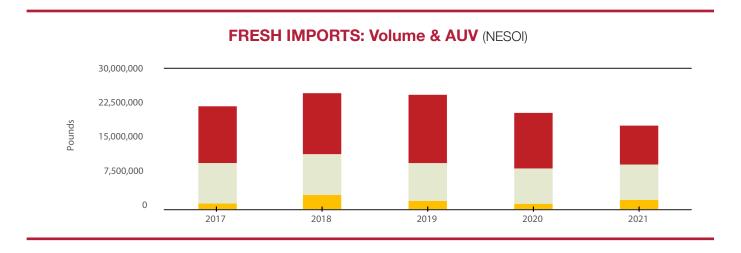
Fresh:

Imports of fresh mushrooms (*Agaricus Bisporus*) increased 12.16 percent in volume over 2020; the average unit value (AUV) increased 1 percent.

Canada continues as the leading exporter of fresh *Agaricus*, for the second year in a row shipping 76 percent of the 177.6 million pounds of fresh mushrooms shipped into the United States. Fresh imports from Canada, increased 8.7 percent over the previous year, compared with last year's 10.7 percent. Mexico is a distant second, shipping 37.6 million pounds, but at a continued substantial increase, at 24.6 percent over 2020.



The volume of non-Agaricus mushrooms, described in the Harmonized Tariff System (HTS) as Not Elsewhere Specified or Indicated (NESOI) and commonly referred to as specialty mushrooms, was 17.7 million pounds, a significant 13.5 percent decrease from 2020. The AUV increased from \$1.21 to \$1.67 for the overall NESOI category between 2020 and 2021.



Marketing Program at a Glance

Nutrition Research Channel Snapshot: For two decades under the expert guidance of a scientific nutrition Research Advisory Panel, the Nutrition Research Program discovers the health promoting benefits of mushrooms' nutrients and bioactives. Results from peer-reviewed, published studies form the basis of the Council's nutrition communications program that reaches consumers through health professionals and partnerships with different food, nutrition and health organizations. The Program also monitors and comments on public policy initiatives that impact mushrooms' role in health promotion and dietary guidance.

Retail Program: In the first pandemic year, mushrooms were among the top performing produce categories, increasing dollar sales by 19.7% and volume (pound) sales by 16.7% versus 2019. This created a very difficult path for continued growth in 2021. Dollars dropped 5.1% year-over year and volume declined 6.8%. However, dollars and pounds remained well above the 2019 pre-pandemic levels. At \$1.3 billion, 2021 was the second-best performance just shy of the record pandemic year. Mushrooms jumped to the being the seventh-largest seller within vegetables. (Source: IRI, MULO, 52 w.e. 12/26/2021)

Consumer Social/Digital Draft: From paid search and banner ads to landing pages and social media channels, digital promotions played a pivotal role in Mushroom Council's activities, driving significant impressions and engagements among target audiences. Partners and influencers were also key contributors to amplifying and garnering impressions for Mushroom Council messages, including media partner Food Network. May 2021 kicked off Mushroom Council's official partnership with Food Network, in which we provided mushroom and blended burger inspiration through print, digital and TV promotions. The Blended Burger Contest, hosted on FoodNetwork.com, garnered more contest entries than any other year before.

Consumer Media Draft: Mushrooms continue to be a central ingredient in consumer press coverage. Mushrooms have in recent years placed high atop trends lists, and in 2021 this tipped over into media covering the trend itself, with outlets such as Wall Street Journal spotlighting "Our Mania for Mushrooms." Media tours in recent years continued to create momentum for

major media placements, with Food & Wine giving mushrooms a front page spotlight. In lieu of tours during the pandemic, we instead delivered mushrooms to several top tier media, earning large feature stories in turn. All told, 2021 coverage bested the prior year by 14% and pre-pandemic levels by 140%. By year's end, The New York Times declared mushrooms the "It Ingredient for 2022."

Nutrition Promotion: In addition to trend coverage, Mushroom Council-funded research took centerstage in 2021 with the announcement of two studies that identified yet another reason to add more mushrooms to the recommended American diet. The new research, published in Food & Nutrition Research (February 2021)4, examined the addition of mushrooms to U.S. Department of Agriculture (USDA) Food Patterns and the modeled the addition of mushrooms to National Health and Nutrition Examination Survey (NHANES) 2011-2016 dietary data resulting in the increase of several micronutrients including shortfall nutrients, while having a minimal to zero impact on overall calories, sodium or saturated fat. Numerous media outlets highlight that by simply adding an 84-gram serving, or what would be the equivalent of 5 medium white mushrooms, to these food patterns and diets, it increased several shortfall nutrients including potassium as well as other B vitamins and minerals and had minimal to no impact on overall calories, sodium or saturated fat.

School Nutrition: 2021 was supposed to be a return to "normal" for Child Nutrition, but we soon learned there was no new normal. We continued to digitize our materials for school nutrition and childcare professionals. We continue to promote our culinary training course: Layers of Flavors; our new Resource Brochure and Sourcing Catalog; on our website which is filled with recipes sourced from school districts and childcare; and regular publishing of blogs, social media content, and trainings, to ensure freshmushrooms were on the minds (and menus) of child nutrition directors throughout the year.

Memorable Moments

- Mushroom retail sales achieved their second-best year slightly below the 2020 records, at \$1.3 billion and 306 million pounds sold. This means mushrooms are now the seventh-largest category within vegetables.
- Sales are slowly but surely shifting to brown mushrooms. In 2016, 62.3% of dollar sales were white button mushrooms. In 2021, this share is down nearly 10 points to 52.4%. In pounds, white mushroom's share of volume sales dropped from 68.7% in 2016 to 59.5% in 2021.
- Thanks to our strategic partnership with Food Network, mushrooms and blended burgers made their on-air debut! The Council's first-ever TV commercial aired during June 2021 and also made the Food Network cover of the May/June issue.
- Mushrooms continue to place high atop media trend lists for their taste, nutrition, sustainability and role in the continued plant-forward movement. Wall Street Journal explored "Our Mania for Mushrooms," while Food & Wine magazine toured mushroom farms and declared on their summer cover they were "Mad for Mushrooms." By year's end, the New York Times declared mushrooms the "Ingredient of the Year."
- The Council partnered with Jersey Mike's in the national rollout of its new plant-forward sandwich, the Grilled Portabella Mushroom and Swiss Sub.
- The numbers from our School Nutrition social media accounts continue to grow as we continue to provide relevant, timely and useful information. Facebook saw a 2548% increase in reach in 2021.



Highlights From 2021:

Council's Multi-Year \$1.5M Investment Continues

Mushrooms improve diet quality of healthy food patterns

Research by Wayne Campbell, Ph. D, and colleagues at Purdue University, is expanding knowledge about mushroom-specific compounds and how they relate to compounds in blood and urine after consumption. In addition, a clinical trial is assessing the effects of including mushrooms as part of a healthy eating pattern on biomarkers of risk factors for cardiovascular disease and type 2 diabetes; biomarkers of inflammation and immunity; and perceived mental health/anxiety/depression as determined through standardized questionnaires. Participants will consume a Mediterranean-style pattern without mushrooms or a Mediterranean-style pattern with 3.5 cups per week of mushrooms. A Mediterraneanstyle pattern is one of the USDA Healthy Eating Patterns recommended by the Dietary Guidelines for Americans mushrooms – and findings from this clinical trial could support the Council's previous research on food pattern modeling (Agarwal, Fulgoni III 2021). Data collection and analysis will continue through 2022 with publication planned for 2023.

Potential role in cognition

Claire Williams, PhD, University of Reading UK and USDA Agricultural Research Service Barbara Shukitt-Hale, PhD, Tufts University are investigating the effect of oyster mushrooms as a source of ergothioneine on cognitive function, mood, neural activity (electroencephalogram/EEG), and inflammation. A short-term study is investigating a potential dose response to Lion's Mane.





Composition on bioactives

Quantitative information on mushroom bioactives has not been available in USDA datasets used by agricultural and environmental researchers, policy makers, nutrition professionals, product developers, and the public at large. To fill this gap, 11 mushroom varieties were analyzed and included in the April and October releases of USDA's FoodData Central's (FDC) Foundation Foods dataset. For the first time, ergothioneine in mushrooms is included in this dataset.

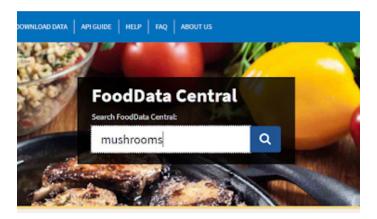
Nutrition news about mushrooms amplifies messages

Results of published research appear regularly in the Council's quarterly newsletter to health professionals and influencers.

Mushrooms as Part of Healthy Eating Patterns



Mushrooms in FoodData Central

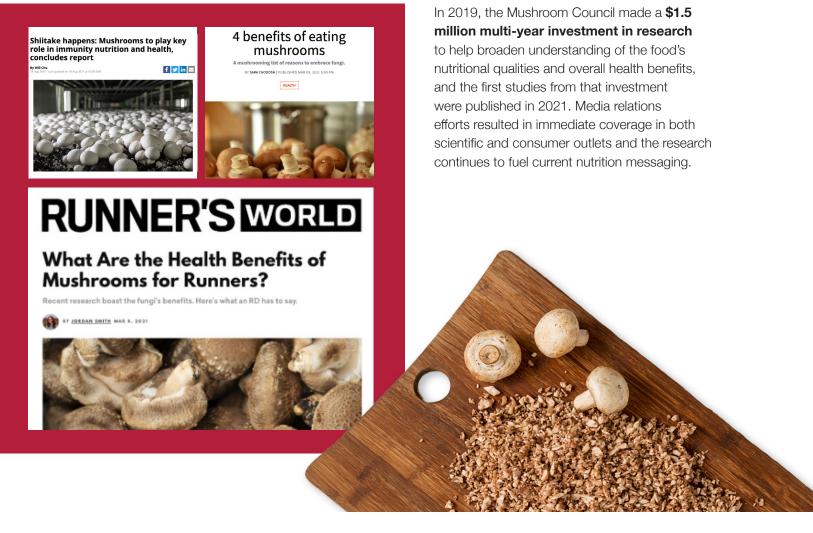


White, Crimini, Portabella, Shiitake, Maitake, Oyster, Lion's mane, King oyster, White beech, Pioppini, Enoki



Nutrition Promotion

The Nutrition Promotion Program translates mushroom nutrition research into easy-to-digest nutrition communications for nutrition and health professional influencers, registered dietitians, and consumers. And as consumers continue to increase the focus on their health and wellness, the Mushroom Council's years of nutrition research investments, media engagement, and education have earned a place for mushrooms in important nutrition coverage that makes an impact.



Retail dietitian engagement has been a pillar of the nutrition promotions program for the past decade and in 2021, the Council formed two partnerships to reach this audience where they are at within different roles at their retailers.

With the Retail Dietitian Business Alliance (RDBA), the Council provides credible, nutrition-based resources on the subjects their customers are most interested. In 2021 that included immunity-focused fact sheets and plant-forward recipes and tips with materials featuring The Blend.









The Mushroom Council's "Feed Your Immune System" marketing campaign was extended into grocery stores in partnership with the Produce for Better Health Foundation (PBH), its second retail dietitian partner. Together, the two organizations launched a retail toolkit with in-store signage promoting mushrooms and other immune supporting produce. With these informative and eye-catching merchandising materials, mushrooms were spotlighted as a go-to choice for shoppers focused on health and wellness.

The PBH partnership was extended online with a pilot cook-along event for supermarket dietitians that trained them how to conduct their own cook-alongs and how best to communicate the nutritional and flavor benefits of cooking with mushrooms.



Retail Program

Meal occasions remained home-centric throughout much of 2021. While the first half of the year trended toward normalization of purchase and consumption patterns, new COVID-19 variants in combination with supply chain challenges and high inflation prompted a host of new changes in the latter half of the year. That resulted in more consumers moving meals back to the home in order to save money over eating out at restaurants, once more emphasizing the retail size of the mushroom business. To support mushroom growers in these continued shifts, the Mushroom Council is updating retail deliverables to provide a faster and more in-depth look at the latest market insights.

Updated Fresh Mushroom Retail Tracker

Traditionally, produce and mushroom sales performance has always been looked at in a year-over-year fashion. However, given the enormous 2020 sales spikes for produce overall and mushrooms in particular, any comparison to prior year levels in 2021 has to go hand-in-hand with a comparison versus the pre-pandemic normal. Additionally, given the high and fast-changing levels of inflation in many fresh produce categories, understanding pricing and merchandising decisions is just as important as sales performance data. To provide members and their retail partners with the information needed in the new marketplace, the retail tracker tool is undergoing a makeover. New deliverables are a year-end report as well as quarterly reports.



Every four weeks, as IRI releases a new set of data, three documents will be made available:

- A short two-page report with the performance and merchandising highlights for the quad-week period as well as the year-to-date performance;
- A plug-and-play PowerPoint with sales and merchandising highlights.
 The presentation, graphs and tables serve as background information and can be used in members' own presentations and sales decks; and
- An in-depth Excel data platform that provides insight at the category and segment levels into various markets, time periods and by specialty areas such as organic, value-added, package size and product size.

Retail Ideation

Produce growers and retailers often leverage store tours for inspiration on merchandising. In the past two years, few store tours have taken place and given today's hectic pace, it is unlikely this will change any time soon. The Mushroom Council is undertaking a virtual store tour initiative by highlighting domestic and international best-in-class examples in packaging, store signage, features or displays in a LinkedIn and beyond campaign. Each week will feature a picture tied to a research stat explaining the significance of the idea from a market or demand perspective.

Trade Press Outreach

The Mushroom Council plans to strengthen outreach to the trade press in and beyond fresh produce. Given mushrooms' versatile nature, outreach is planned to magazines, blogs and podcasts in the meat, deli and meal kit industries.







Shopper and Market Insights

Grocery shopping patterns have been in continuous flux since the start of the pandemic, driven by different trip, meal and shopping patterns. The Mushroom Council is planning a market basket analysis in the first half of 2022, looking at what other items consumers buy when purchasing fresh mushrooms.

Consumer Media

Consumer Media: The Year the Mushroom Trend Became the Trend



2021 Total Media Impressions:

5,128,466,779 total print, online & broadcast media impressions

14% YOY increase

140% increase compared to 2019

In 2020, mushrooms often found themselves center stage in national media due in large part to its strong performance in retail as the pandemic took hold. For 2021, this momentum in media coverage only increased as media began reporting on the trend itself.



By March 2021, the Wall Street Journal reported on this movement with a story titled "What Explains Our Mania for Mushrooms?" The story crystallizes the myriad reasons consumers, chefs and culinary influencers are incorporating mushrooms into their meals and recipes:

- Taste
- Versatility
- Nutrition (including their role in feeding the immune system)
- Sustainability
- Their role in the the plant-forward movement

These also were the pillars of our outreach to consumer media throughout 2021, as we conducted ongoing outreach spotlighting these mushroom attributes connected to the ideal seasons throughout the year:

Nutrition and "Feed Your Immune System"

Earth Month, sustainability and plant-forward

Blendability and versatility

Trending and immunity





A key example of these myriad pitch angles culminating with largescale stories on the trend of mushrooms arrived in summer 2021 when Food & Wine magazine devoted its cover and an 11-page spread to mushrooms with a feature titled, "Mad for Mushrooms," that included a travelogue through Chester County from the reporter's visit to mushroom production facilities.

Though opportunities were limited for in-person visits with media due to the pandemic, we compensated by delivering multi-variety mushroom baskets to key media spotlighting mushroom attributes, netting results in outlets such as Delish, AARP, Martha Stewart Living and FoxNews.com.

By year's end, these various outreach approaches resulted in - for the fifth consecutive year—a strong number of media naming mushrooms a top trend, culminating with one of the most glowing features yet, as The New York Times named mushrooms the "Ingredient of the Year" for its essential role as a plant-forward food.

For similar reasons, by year's end, MSNBC declared mushrooms a 2022 "Healthy Food Trend," while Delish named them to their "Top 12 Trends to Look Out for in 2022," suggesting they will continue to be featured in more recipes. Mashed celebrated mushrooms by noting "This Surprising Ingredient will be Everywhere in 2022." Specialty Food Magazine in its "10 food and Drink Trends Set to Soar in 2022" wrote, "Versatile mushrooms are not brand new to the superfood category, but their cult-like status is reaching the masses today."







Vitamin C

Acts as an antioxidant to neight protect cells from damage, absorb iron from plant-based foods and support proper immune function.⁴



Vitamin A

Helps the heart, lungs, kidneys and other organs work properly.⁵



Selenium

Protects the body from infection and damage caused by free radicals.⁹



Vitamin D

Helps build and maintain strong bones by helping the body absorb calcium.³



Helps make hemoglobin, a protein in red blood cells that carries oxygen throughout the body, and myoglobin, which provides oxygen to muscles.¹⁰

Consumer PR

Social/Digital: Supporting Consumers at Home

We kicked off 2021 with one of our most impactful campaigns to date: **Feed Your Immune System**. With consumer concern for immunity support on the rise, we saw an opportunity to spread awareness and education about the nutritional benefits of mushrooms, and how, like other fruits and vegetables, they can play a positive role in supporting a healthy immune system.







Q1 activities and results included:

1 Interactive Hub:

FEEDYOURIMMUNESYSTEM.COM

Time on Site: 8 minutes (4x higher than average) 30k pageviews from 23k unique visitors

32 Partnerships with

NUTRITION & HEALTHY LIFESTYLE INFLUENCERS

19.3M impressions and 72.1K engagements

THOUSANDS OF SEARCH ENGINE RESULTS

Capturing Health and Immunity Searches

24k clicks to website with a click-thru rate of 6.94% (nearly triple average)

HUNDREDS OF SOCIAL POSTS

on Mushroom Council Channels

1.97M impressions and 92K engagements



Another key campaign in 2021 included our new partnership with Food Network for a blended burger recipe contest targeting both consumers and foodservice professionals, with \$20,000 in prizes available. With the contest being an annual program, there was motivation to go bigger and bolder than in previous years and, with the clout of Food Network as a partner, the program made its largest impact yet with a total of **94.9M+ campaign impressions**.

- Blended Burger Microsite on FoodNetwork.com
 - 1.3K+ blended burger contest entries
- Mushroom and/or blended burgers featured in four issues of Food Network Magazine
 - 69M+ people reached
- Celebrity Chef Spokesperson Kardea Brown demonstrating and promoting blended burgers and the contest
 - 1M+ views of Kardea Brown's blended burger video
- Food Network Social Media Posts and Digital Ads
 - 13.9M+ impressions / 23K+ link clicks
- Mushroom Council's First-Ever Broadcast Television Commercial
 - 12M broadcast ad impressions



Additional 2021 social highlights and activities:

28 NEWSLETTERS SENT

67.5K Opens / 8.3K Clicks

1 Mushroom Month Campaign:

EXPLORE MUSHROOMS

16.6M campaign impressions

9 SOCIAL CHANNELS

374,602 Fans / 2.3M Engagements

1 Pre-Roll Video Ad:

THE VALUE OF THE BLEND

5,334,471 impressions / 1,823,795 video views

Foodservice Program

While 2021 did not see the foodservice sector make a full rebound, operations did begin to open back up and diners made their way back to one of the activities they had missed the most in the first year of the pandemic. The Mushroom Council's foodservice marketing program continued to adapt in response to the changing needs of the industry.



The Council partnered with **Jersey Mike's** in the national rollout of its new plant-forward sandwich, the Grilled Portabella Mushroom and Swiss Sub. We promoted the new limited time offer (LTO) with PR, social media, and advertising, and Jersey Mike's advertised the meatless sub with a television commercial that made mouths water as it showed close-ups of the portabella mushroom slices sizzling on the grilltop. By the start of 2022, Jersey Mike's was considering making the delicious sandwich a permanent part of its menu.

Starbucks introduced their Kale and Portabella Egg Bites, and the Mushroom Council supported the launch with a Meatless Monday promotion. And not to be left behind on the trend, Togo's released their own grilled mushroom sub and promoted it with television advertising as well.



The Mushroom Council's valuable partnerships with influential organizations and institutions remained strong through 2021 with the Council participating in several virtual and in-person events that helped mushrooms remain relevant regardless of the uncertainty facing the sector. Mushrooms had a starring role in the Culinary Institute of America's (CIA) programming for influential commercial and non-commercial chefs. The Council continued its leadership role in the CIA's Healthy Menus R&D Collaborative, promoting mushrooms and The Blend™ for the benefits they bring to innovative and on-trend dishes that are nutritious, delicious, and sustainable. In addition, the Council hosted a virtual booth and led a presentation at the Global Plant Forward Culinary Summit hosted by the CIA. Involvement in the Menus of Change University Research Collaborative also continued in 2021, engaging colleges and universities nationwide with The Blend and mushrooms' contributions to plant-forward dishes that contain micronutrients that support the immune system.



School Foodservice Program

We have deemphasized paid advertising in favor of grassroots, personalized social media, and outreach. This strategy has paid off, as the numbers will show.

Social Media:

The numbers from our social media accounts continue to grow as we continue to provide relevant, timely and useful information.

CALENDAR YEAR	FACEBOOK Followers	FACEBOOK Reach	TWITTER Followers	TWITTER IMPRESSIONS
2021	459	14,489	855	32,172
2020; Started 7.1.2020	297	540	612	7,045
Increase	162	13,949	243	25,127
Percent Increase	54.5%	2,583%	39.7%	356.6%

CALENDAR YEAR	USERS	SESSIONS	PAGEVIEWS	UNIQUE Pageviews
2021	9,958	10,628	13,967	12,441
2020	672	586	2,364	1,792
Increase	9,286	10,092	11,603	10,649
Percent Increase	1,381%	1,722%	490%	594%

Website:

The website is our hub of information, and means of delivering our resources to child nutrition professionals. Therefore, we consider website visits to be a strong indicator of success in reaching our audience and increasing their use of mushrooms on menus.

To demonstrate the effectiveness of our grassroots approach this year, the below chart shows the total impressions and website page views so far in School Year 2022 (July 2021 – March 2022), compared to prior years. While total impressions have decreased as a result of less advertising activities this past year, we have actually increased website visits and thus converted more impressions into website visits than in years past.

K 12 METRIC	2021/22	2020/21	2019/20
Total Impressions	200,790	652,752	664,906
WEBSITE			
Page Views (School Nutrition Pages + Blog Posts)	18,771	8,201	3,219
Total Conversions (Website Pageviews/Impressions)	9.35%	1.26%	0.48%

Advertising Partnerships



We focused our advertising dollars on a few key platforms that we felt offered a greater opportunity to reach school nutrition professionals this year, including digital ads on the **Child & Adult Care Food Program** website (reach: 3,600 child nutrition professionals). Additional partnerships with NexGen included First Taste TV, Season 2; From the Show Floor, 9 state shows and Digitize Magazine Ad.

We garnered over 7,000 views of the newsletter and the ad in the newsletter. We also had over 6,750 views of Season 2 which continues to focus on #KidsEatMushrooms2.

Our first, annual, 12 Days of Mushrooms social media campaign generated impressive results for us.

New Farm2School materials have been added. We also expanded the Harvest of the Month Program with Pennsylvania, and we are seeing other states reinstate their Harvest of the Month or Farm2School.

	Prior to 12/1	Increase	After 12/12	Increase percentage
Facebook Followers	383	67	450	17%
Facebook Reach	161	171	332	106%
Twitter Follwers	742	117	859	16%
Twitter Impressions	2,590	1,273	3,863	49%
MailChimp Subscribers	2,667	200	2,867	7%
Pageviews*	2,133	987	3,120	46%





Access the Brochure



Access the Brochure

Our new Resource Brochure and Sourcing Catalog have been exceedingly popular downloads.

Our grassroots focus on social media has allowed us to highlight and promote districts who are finding delicious ways to serve mushrooms on their menus, which is allowing us to continue to grow our recipe database and increase our following as well.

Our sustainability messaging is resonating with many of the larger, more progressive districts as they look for long term solutions to supply chain issues and their impact on our environment.

We look forward to sharing more of our successes in 2022.

Thank you for your support of child nutrition.

Please be sure to follow <u>@MushroomsinSchools</u> on Facebook and <u>@MushroomsK12</u> on Twitter, as social media will continue to be a focus in 2022.



Independent Auditors Report



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April 18, 2022

To Mushroom Council

We have audited the financial statements of Mushroom Council for the year ended December 31, 2021, and we will issue our report thereon dated April 18, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our meeting on February 15, 2022, and our e-mail sent March 8, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Mushroom Council are described in Note 2 to the financial statements. During 2021, Mushroom Council adopted the following accounting pronouncements as described in Note 3 to the financial statements: Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities, ASU 2014-09, Revenue from Contracts with Customers (Topic 606), ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The application of existing policies was not changed during 2021. We noted no transactions entered into by Mushroom Council during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in (Topic 840), Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for the year ended December 15, 2021.

During 2021, Statements on Auditing Standards (SASs): No. 134, Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements, and No. 135, Omnibus Statement on Auditing Standards - 2019 were implemented.

SAS No. 135 requires us to communicate any future potential impact of current year uncorrected journal entries, our evaluation of related party transactions, and identified significant risks. There were no uncorrected entries for 2021. All related parties have been identified and there were no related party transactions in 2021. As stated in our engagement letter dated January 24, 2022, we identified improper revenue recognition, assessment calculation errors and segregation of duties as significant risks.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their

COUNCILOR, BUCHANAN & MITCHELL, P.C. – CPAs AND BUSINESS ADVISORS www.cbmcpa.com | (F) 301.986.0432 To Mushroom Council Members April 18, 2022 Page 2

significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting the financial statements is:

The estimate reserve for uncollectible assessment receivables. We evaluated the key factors and
assumptions used to develop the estimate in determining that it is reasonable in relation to the
financial statements take as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure regarding Auditing Standards Updates in Note 3 to the financial statements.
- The disclosure regarding liquidity in Note 4 to the financial statements.
- The disclosure regarding risks and uncertainties in Note 5 to the financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. All misstatements were corrected during the audit – see attached.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 18, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

To Mushroom Council Members April 18, 2022 Page 3

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Council and management of Mushroom Council and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Councilor, Buchanan & Mitchell, P.C.

Councilor Buchanan Mitchell, P.C.

MUSHROOM COUNCIL

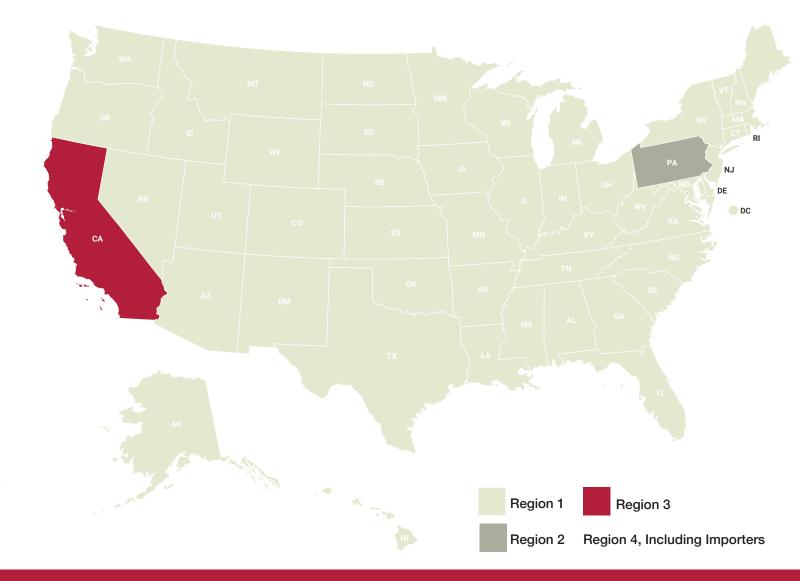
STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Revenue		
Assessments		
Domestic	\$ 3,980,861	\$ 3,841,847
Imports	1,082,303	996,379
Interest and Other Income	17,824	20,648
Total Revenue	5,080,988	4,858,874
Expenses		
Research and Information Expenses	4,841,999	3,735,434
Administrative Expenses	192,320	286,449
Government and Professional Services - Including		
Compliance Inspections	137,484	123,086
Total Expenses	5,171,803	4,144,969
Change in Net Assets	(90,815)	713,905
Net Assets, Beginning of Year	1,534,214	820,309
Net Assets, End of Year	\$ 1,443,399	\$ 1,534,214

MUSHROOM COUNCIL

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

		2021	 2020
Cash Flows from Operating Activities			
Change in Net Assets	\$	(90,815)	\$ 713,905
Adjustments to Reconcile Change in Net Assets			
to Net Cash (Used in) Provided by Operating Activities			
Depreciation and Amortization		71	2,363
Purchase of Equipment		(1,700)	-
(Increase) Decrease in Assets			
Assessments Receivable, Net		(2,931)	17,119
Prepaid Expenses		-	1,500
Increase (Decrease) in Liabilities			
Accounts Payable		(113,838)	279,421
Accrued Wages and Payroll Taxes		11,202	(13,061)
Net Cash (Used in) Provided by Operating Activities		(198,011)	1,001,247
Net (Decrease) Increase in Cash		(198,011)	1,001,247
Cash at Beginning of Year	1	,810,228	808,981
Cash at End of Year	\$ 1	,612,217	\$ 1,810,228



Council Members

YEAR	REGION	COUNCIL MEMBER	POSITION
	1	Curtis Jurgensmeyer	Vice Chair
	1	Edward M. Wuensch III	
	1	M. Fletcher Street	
2024	2	Joe Caldwell	
2021	2	Sonya Beltran	Chair
	2	Meghan Klotzbach	Secretary
	2	Mark Moran	Treasurer
	4	Jane Rhyno	
	1	Curtis Jurgensmeyer	Chair
	1	Edward M. Wuensch III	Treasurer
	1	M. Fletcher Street	
	2	Joe Caldwell	
2020	2	Sonya Beltran	Vice Chair
	2	Meghan Klotzbach	
	2	Mark Moran	
	3	Emily Bettencourt	Secretary
	4	Jane Rhyno	,

YEAR	REGION	COUNCIL MEMBER	POSITION
	1 1 2 2	Michael Stephan Curtis Jurgensmeyer Joe Caldwell Sonya Beltran	Vice Chair Treasurer Secretary
2019	2 3 3 4	Meghan Klotzbach Bob Murphy Emily Bettencourt Jane Rhyno	Chair
2018	1 1 2 2 2	Michael Stephan Curtis Jurgensmeyer Bob Besix Joe Caldwell Sonya Beltran	Treasurer Secretary
	2 3 3 4	Gale Ferranto Robert Murphy Fred Fitz, Jr. Jane Rhyno	Chair Vice Chair
2017	1 1 2 2 2	Pat Jurgensmeyer Michael Stephan Bob Besix Dave Carroll Sonya Beltran	Chair
2017	2 3 3 4	Gale Ferranto Robert Murphy Fred Fitz, Jr. Elizabeth O'Neil Meuregh	Vice Chair Treasurer Secretary
2016	1 1 2 2 2 2 2	Pat Jurgensmeyer Michael Stephan Bob Besix Dave Carroll Sonya Beltran Gale Ferranto	Chair Vice Chair
	3 3 4	Robert Murphy Fred Fitz, Jr. Elizabeth O'Neil Meuregh	Treasurer Secretary
2015	2 1 4 1 2 2	Tony D'Amico Pat Jurgensmeyer Elizabeth O'Neil Meuregh Michael Stephan Dave Carroll Jim Angelucci	Chair Vice Chair Secretary
	2 3 3	Gale Ferranto Robert Murphy Roberto Ramirez	Treasurer
2014	2 2 1 4 3	Tony D'Amico Dave Carroll Pat Jurgensmeyer Elizabeth O'Neil Roberto Ramirez	Chair Vice Chair Secretary
	2 2 1 3	Jim Angelucci Gale Ferranto Charles Bosi Robert Murphy	Treasurer

YEAR	REGION	COUNCIL MEMBER	POSITION
2013	3 2 1 2 1 4 3 2 2	Joe Caldwell Tony D'Amico Fletcher Street Dave Carroll Pat Jurgensmeyer Elizabeth O'Neil Roberto Ramirez Jim Angelucci Gale Ferranto	Vice Chair Chair Treasurer Secretary
2012	2 2 3 3 2 1 2 1 4	Jim Angelucci Jim Howard Roberto Ramirez Joe Caldwell Tony D'Amico Fletcher Street Dave Carroll Pat Jurgensmeyer Elizabeth O'Neil	Chair Treasurer Vice Chair Secretary
2011	2 2 1 2 4 3 3 2	Greg Sagan Jim Angelucci Greg McLain Jim Howard Hank Vander Pol Roberto Ramirez Joe Caldwell Tony D'Amico Fletcher Street	Secretary Chair Treasurer Vice Chair
2010	2 2 1 2 4 3 3 2 1	Greg Sagan Jim Angelucci Greg McLain Jim Howard Hank Vander Pol Roberto Ramirez Joe Caldwell Kathleen Lafferty Fletcher Street	Chair Secretary Vice Chair Treasurer
2009	2 1 1 2 4 3 3 2 1	Greg Sagan Virgil Jurgensmeyer Greg McLain Paul Frederic Hank Vander Pol Robert Crouch Joe Caldwell Kathleen Lafferty Fletcher Street	Chair Secretary Vice Chair Treasurer
2008	2 1 1 2 5 3 3 2 1	Carla Blackwell-McKinney Virgil Jurgensmeyer Greg McLain Paul Frederic Hank Vander Pol Robert Crouch Joe Caldwell Kathleen Lafferty Fletcher Street	Chair Vice Chair Secretary Treasurer

YEAR	REGION	COUNCIL MEMBER	POSITION
2007	2 4 4 2 3 1 2 5 3	Carla Blackwell-McKinney Curtis Jurgensmeyer Greg McLain Lynn James Angelucci Charlee Kelly Lynn Mortensen Paul Frederic Hank Vander Pol Robert Crouch	Vice Chair Chair Treasurer Secretary
2006	2 4 4 2 3 1 2 5	Carla Blackwell-McKinney Curtis Jurgensmeyer Greg McLain James Angelucci Charlee Kelly Lynn Mortensen Michael Pratola Hank Vander Pol Robert Crouch	Vice Chair Chair Treasurer Secretary
2005	2 4 4 2 3 1 2 5 3	Carla Blackwell-McKinney Curtis Jurgensmeyer Darrell McLain James Angelucci Charlee Kelly Vacant Michael Pratola Murray O'Neil Robert Crouch	Treasurer Vice Chair Chair Secretary
2004	2 4 4 2 3 1 2 5 3	Carla Blackwell-McKinney Curtis Jurgensmeyer Darrell McLain James Angelucci John Davids Lisa Hemker Michael Pratola Murray O'Neil Robert Crouch	Treasurer Secretary Chair Vice Chair
2003	3 2 4 2 4 2 3 5 1	Carl Fields Carla Blackwell-McKinney Curtis Jurgensmeyer Dan Lucovich Darrell McLain James Angelucci John Davids Murray O'Neil Wilhelm Meya	Vice Chair Treasurer Secretary Chair
2002	3 2 2 4 1 2 3 3 3	Carl Fields Chris Alonzo Dan Lucovich Darrell McLain Greg Sagan James Angelucci John Davids Robert Crouch Wilhelm Meya	Vice Chair Treasurer Chair

YEAR	REGION	COUNCIL MEMBER	POSITION
	2	Charles Brosius	Chair
	3	Carl Fields	
	2	Chris Alonzo	Secretary
	2	Dan Lucovich	
2001	4	Darrell McLain	Treasurer
	1	Greg Sagan	
	3	John Davids	Vice Chair
	3	Robert Crouch	
	1	Wilhelm Meya	
	2	Charles Brosius	Chair
	2	Chris Alonzo	Secretary
	3	Clark Smith	
	4	Darrell McLain	
2000	2	James Angelucci	
	3	John Davids	Vice Chair
	3	Shah Kazemi	Treasurer
	1	Greg Sagan	
	1	Vacant	
	2	Charles Brosius	Charles
	2	Edward Leo	Chair
	1	Jack Reitnauer	
1000	2	James Angelucci	
1999	1 3	James Howard John Davids	
	3	Shah Kazemi	Vice Chair
	4	Virgil Jurgensmeyer	l .
	3	William Street, Sr.	Secretary Treasurer
	3		licasurei
	2	Douglas Tanner Edward Leo	Chair
	1	Jack Reitnauer	Citati
	2	James Angelucci	
1998	1	James Howard	
1330	2	Roger Claypoole	
	3	Shah Kazemi	Vice Chair
	4	Virgil Jurgensmeyer	Secretary
	3	William Street, Sr.	Treasurer
	3	Douglas Tanner	
	2	Edward Leo	Vice Chair
	2	James Angelucci	
	1	Robert Miller	Chair
1997	2	Roger Claypoole	
	3	Shah Kazemi	
	4	Virgil Jurgensmeyer	Secretary
	1	Wilhelm Meya	
	3	William Street, Sr.	Treasurer
	3	Douglas Tanner	Secretary
	2	James Angelucci	Vice Chair
	2	James Ciarrochi	
	3	John Haltom	
1996	1	Robert Miller	_
	2	Roger Claypoole	Treasurer
	3	Shah Kazemi	Chair
	4	Virgil Jurgensmeyer	
	1	Wilhelm Meya	

YEAR	REGION	COUNCIL MEMBER	POSITION
1995	3	Douglas Tanner	
	2	Edward Leo	Secretary
	2	James Angelucci	
	2	James Ciarrocchi	
	3	John Haltom	Treasurer
	1	Robert Miller	Chair
	3	Shah Kazemi	
	4	Virgil Jurgensmeyer	Vice Chair
	1	Wilhelm Meya	
	3	Douglas Tanner	
	2	Edward Leo	Secretary
	2	James Ciarrocchi	
	3	John Haltom	Treasurer
1994	2	Michael Pia	
	1	Robert Miller	Chair
	4	Virgil Jurgensmeyer	Vice Chair
	1	Wilhelm Meya	
	3	William Street, Sr.	
	3	Douglas Tanner	
	2	Edward Leo	Secretary
	2	James Ciarrocchi	
	3	John Haltom	Treasurer
1993	2	Michael Pia	
	1	Robert Miller	Chair
	4	Virgil Jurgensmeyer	Vice Chair
	1	Wilhelm Meya	
	3	William Street, Sr.	

Sources

Source Number	Notes/Substantiation
1	Our Objectives & Strategic Priorities, Mushroom Council Marketing Plan, 2021 Fiscal Year
2	First Handler Report: https://www.mushroomcouncil.org/wp-content/uploads/2020/03/Industry-Charts-through-Dec-2019.xlsx
3	October 2021, AMI Press Release https://theproducenews.com/mushrooms/short-supply-mushrooms-holiday-season
4	Nutritional impact of adding a serving of mushrooms to USDA Food Patterns - a dietary modeling analysis https://pubmed.ncbi.nlm.nih.gov/33613153/#:~:text=Addition%20of%20an%2084%20g.and%2016%2D26%25%20increase%20in
5	The Wall Street Journal, What Explains Mushroom Mania, March 26, 2021 https://www.wsj.com/articles/what-explains-our-mania-for-mushrooms-11616709655
6	MSNBC, These will be the biggest healthy food trends in 2022, December 31, 2021 https://www.msnbc.com/know-your-value/these-will-be-biggest-healthy-food-trends-2022-n1286810
7	Delish, The 12 Food Trends To Look Out For In 2022, December 7, 2021 https://www.delish.com/food/a38450218/food-trends-2022/
8	Specialty Food Magazine, 10- Food and Drink Trends Set to Soar in 2022, May 2022, https://www.specialityfoodmagazine.com/news/food-and-drink-trends-for-2022
9	Mashed, This Surprising Ingredient will be Everywhere in 2022, December 29, 2021 https://www.mashed.com/719908/this-surprising-ingredient-will-be-everywhere-in-2022/



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