



**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2024 AND 2023

MUSHROOM COUNCIL

TABLE OF CONTENTS DECEMBER 31, 2024 AND 2023

	<u>Pages</u>
Independent Auditor's Report	3-5
Financial Statements	
Statements of Financial Position.....	6
Statements of Activities	7
Statements of Functional Expenses.....	8-9
Statements of Cash Flows.....	10
Notes to Financial Statements	11-17
Supplementary Information	
Statement of Activities - Actual Compared to Budget.....	19
Schedule of General and Administrative Expenses - Actual Compared to Budget	20-21
Schedule of Program Expenses - Actual Compared to Budget	22
Schedules of Cash Receipts and Disbursements	23
Other Independent Auditor's Reports	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24-25
Report on Compliance with Requirements That Could Have a Direct and Material Effect over Compliance in Accordance with <i>The Mushroom Promotion, Research, and Consumer Information Act of 1990</i>	26-29

Independent Auditor's Report

Council Members and Management
Mushroom Council
Lee's Summit, Missouri

Opinion

We have audited the accompanying financial statements of Mushroom Council, an instrumentality of the United States Department of Agriculture, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mushroom Council as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. 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 Mushroom Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Mushroom Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Mushroom Council'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 Mushroom Council'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 Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information in the accompanying supplementary schedules on pages 19-23, which is the responsibility of management, is presented for purposes of additional analysis as required by U.S. Department of Agriculture, Guidelines for Agricultural Marketing Service (AMS) Oversight of Commodity Research and Promotion Programs, and is not a required part of the financial statements. Such information, except for the budget information marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, that information is fairly stated in all material respects in relation to the financial statements as a whole. The budget information marked "unaudited" has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Summarized Comparative Information in the Supplementary Information

We have previously audited Mushroom Council's 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 8, 2025. In our opinion, the summarized comparative information in the supplementary information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2025, on our consideration of Mushroom Council'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 Mushroom Council'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 Mushroom Council's internal control over financial reporting and compliance.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2025, on our consideration of Mushroom Council's compliance with requirements that could have a direct and material effect over compliance in accordance with *The Mushroom Promotion, Research, and Consumer Information Act of 1990*. The purpose of that report is to describe compliance and the results of that testing, and not to provide an opinion on compliance. That report is an integral part of an audit performed in accordance with *The Mushroom Promotion, Research, and Consumer Information Act of 1990* in considering Mushroom Council's compliance.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
April 8, 2025

Certified Public Accountants

MUSHROOM COUNCIL

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets		
Cash	\$ 1,107,405	\$ 804,285
Assessments Receivable, Net	<u>650,993</u>	<u>603,705</u>
Total Current Assets	1,758,398	1,407,990
Property and Equipment, Net	<u>2,894</u>	<u>2,716</u>
Total Assets	<u><u>\$ 1,761,292</u></u>	<u><u>\$ 1,410,706</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 436,265	\$ 548,616
Accrued Vacation	<u>38,661</u>	<u>38,661</u>
Total Current Liabilities	<u>474,926</u>	<u>587,277</u>
Net Assets		
Designated Without Restrictions	458,000	400,000
Without Restrictions	<u>828,366</u>	<u>423,429</u>
Total Net Assets	<u>1,286,366</u>	<u>823,429</u>
Total Liabilities and Net Assets	<u><u>\$ 1,761,292</u></u>	<u><u>\$ 1,410,706</u></u>

See accompanying Notes to Financial Statements.

MUSHROOM COUNCIL

**STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Revenue		
Assessments		
Domestic	\$ 3,441,695	\$ 3,460,189
Imports	1,123,456	1,072,335
Interest and Other Income	<u>76,749</u>	<u>7,244</u>
Total Revenue	<u>4,641,900</u>	<u>4,539,768</u>
Expenses		
Research and Information Expenses	3,749,226	4,094,177
Administrative Expenses	289,152	263,723
Government and Professional Services - Including Compliance Inspections	<u>140,585</u>	<u>156,532</u>
Total Expenses	<u>4,178,963</u>	<u>4,514,432</u>
Change in Net Assets	462,937	25,336
Net Assets, Beginning of Year	<u>823,429</u>	<u>798,093</u>
Net Assets, End of Year	<u><u>\$ 1,286,366</u></u>	<u><u>\$ 823,429</u></u>

See accompanying Notes to Financial Statements.

MUSHROOM COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2024

	Research and Information	Total Program Services	Administrative	Government and Professional Services	Total
Salaries, Taxes, and Benefits	\$ -	\$ -	\$ 208,732	\$ -	\$ 208,732
Promo Related Staff Salaries	136,193	136,193	-	-	136,193
	136,193	136,193	208,732	-	344,925
Promo Related Staff Expenses	104,747	104,747	-	-	104,747
Consumer Public Relations	1,764,393	1,764,393	-	-	1,764,393
Nutrition Research	83,427	83,427	-	-	83,427
Foodservice - Promotion	389,067	389,067	-	-	389,067
Retail Promotion and Research	364,050	364,050	-	-	364,050
Nutrition Promotion	164,952	164,952	-	-	164,952
Industry Information	293,343	293,343	-	-	293,343
Foodservice - Schools	150,709	150,709	-	-	150,709
USDA Fees	-	-	-	98,766	98,766
Foodsafety/Production	100,000	100,000	-	-	100,000
Econometric/Marketing Research	181,000	181,000	-	-	181,000
Agency Planning and Evaluation	12,500	12,500	-	-	12,500
Professional Services	-	-	-	41,819	41,819
Rent or Lease	-	-	24,476	-	24,476
Insurance	-	-	9,998	-	9,998
Memberships	4,845	4,845	-	-	4,845
Office Expenses	-	-	4,699	-	4,699
Travel and Meetings	-	-	40,467	-	40,467
Depreciation and Amortization	-	-	780	-	780
Total Functional Expenses	\$ 3,749,226	\$ 3,749,226	\$ 289,152	\$ 140,585	\$ 4,178,963

See accompanying Notes to Financial Statements.

MUSHROOM COUNCIL

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2023

	Research and Information	Total Program Services	Administrative	Government and Professional Services	Total
Salaries, Taxes, and Benefits	\$ -	\$ -	\$ 185,624	\$ -	\$ 185,624
Promo Related Staff Salaries	162,564	162,564	-	-	162,564
	162,564	162,564	185,624	-	348,188
Promo Related Staff Expenses	39,750	39,750	-	-	39,750
Consumer Public Relations	1,995,353	1,995,353	-	-	1,995,353
Nutrition Research	74,120	74,120	-	-	74,120
Foodservice - Promotion	720,419	720,419	-	-	720,419
Retail Promotion and Research	285,562	285,562	-	-	285,562
Nutrition Promotion	308,149	308,149	-	-	308,149
Industry Information	247,480	247,480	-	-	247,480
Foodservice - Schools	144,153	144,153	-	-	144,153
USDA Fees	-	-	-	113,803	113,803
Foodsafety/Production	100,000	100,000	-	-	100,000
Econometric/Marketing Research	-	-	-	-	-
Agency Planning and Evaluation	12,488	12,488	-	-	12,488
Professional Services	-	-	-	42,729	42,729
Rent or Lease	-	-	30,983	-	30,983
Insurance	-	-	9,614	-	9,614
Memberships	4,139	4,139	-	-	4,139
Office Expenses	-	-	2,748	-	2,748
Travel and Meetings	-	-	33,915	-	33,915
Depreciation and Amortization	-	-	839	-	839
Total Functional Expenses	\$ 4,094,177	\$ 4,094,177	\$ 263,723	\$ 156,532	\$ 4,514,432

See accompanying Notes to Financial Statements.

MUSHROOM COUNCIL

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 462,937	\$ 25,336
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	780	839
Loss on Disposal of Property and Equipment	1,020	783
(Increase) Decrease in Assets		
Assessments Receivable, Net	(47,288)	(34,986)
Increase (Decrease) in Liabilities		
Accounts Payable	(112,351)	(306,975)
Net Cash Provided by (Used in) Operating Activities	<u>305,098</u>	<u>(315,003)</u>
Cash Flows from Investing Activities		
Purchases of Equipment	(1,978)	(2,195)
Net Cash Used in Investing Activities	<u>(1,978)</u>	<u>(2,195)</u>
Net Increase (Decrease) in Cash	303,120	(317,198)
Cash at Beginning of Year	<u>804,285</u>	<u>1,121,483</u>
Cash at End of Year	<u><u>\$ 1,107,405</u></u>	<u><u>\$ 804,285</u></u>

See accompanying Notes to Financial Statements.

MUSHROOM COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

1. ORGANIZATION

Mushroom Council is authorized by *The Mushroom Promotion, Research, and Consumer Information Act of 1990* (P.L. 101-624) and complies to the guidance under The Mushroom Promotion, Research, and Consumer Information Order (the Order). Mushroom Council is considered an instrumentality of the U.S. Department of Agriculture (USDA).

Mushroom Council commenced activity in August of 1993. Mushroom Council is governed by a Council appointed by the Secretary of Agriculture. Mushroom Council consists of nine members. Mushroom Council was formed for the purpose of mushroom promotion research, and to provide consumer and industry information. Mushroom Council is financed by assessments collected from producers and importers and funded by assessments of \$0.0055 cents per pound on any person who produces and imports over 500,000 pounds on average for the mushroom fresh market annually. Under the Mushroom Promotion, Research, and Consumer Information Order, handlers collect and remit producer assessments to Mushroom Council and assessments paid by importers are collected and remitted by the U.S. Customs and Border Protection.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

As an instrumentality of the U.S. Department of Agriculture, Mushroom Council is subject to Statements of Federal Financial Accounting Concepts and Standards and other pronouncements of the Federal Accounting Standards Advisory Board's (FASAB). *Statement of Federal Financial Accounting Standards 34: The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board's* (SFFAS 34) provides that bodies with oversight authority, such as Agricultural Marketing Services (AMS), may determine that the needs of a reporting entity's primary users would be best met through the application of FASB (Financial Accounting Standards Board) standards. AMS, based on the Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs has determined that the needs of the primary users of Mushroom Council's financial statements would best be met through the application of FASB standards. Accordingly, Mushroom Council presents its financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 958, Subtopic 205, *Not-for-Profit Entities - Presentation of Financial Statements* (FASB ASC 958-205).

Under FASB ASC 958-205, Mushroom Council presents the statements of financial position, activities, functional expenses, and cash flows. In addition, Mushroom Council reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. As of December 31, 2024 and 2023, there were no net assets with donor restrictions.

Basis of Accounting

Mushroom Council uses the accrual basis of accounting. Mushroom Council presents its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

MUSHROOM COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

In accordance with its mission, Mushroom Council has approved the development of direct and non-direct response advertising and promotional activities. All costs related to these activities are charged to expenses as incurred, and are included in research and information on the statements of functional expenses.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and the Budgetary Process

Mushroom Council adopts an annual operating budget, which can be amended by Mushroom Council, with USDA approval, throughout the year. Formal budgetary accounting is employed as a management control for all funds of Mushroom Council. For each of the funds for which a formal budget is adopted, the same basis of accounting is used to reflect actual revenues and expenses recognized on the basis of generally accepted accounting principles.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. Mushroom Council's cash deposits are covered by federal depository insurance or covered by collateral held by Mushroom Council's agent in Mushroom Council's name. There are no cash equivalents as of December 31, 2024 and 2023.

Assessments Receivable

All accounts are reported at their gross value and, where appropriate, are reduced by the estimated portion expected to be uncollectible. Mushroom Council uses the loss-rate method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Historical credit loss experience provides the basis for the estimation of expected credit losses and adjustments are made for differences in current and forecasted risk characteristics and economic conditions. In addition, allowance for credit losses is measured on a pool basis when similar risk characteristics exist. Accounts receivable that do not share risk characteristics are evaluated on an individual basis. Mushroom Council takes into consideration the age of past due accounts and the ability of the customer to pay when determining current expected credit losses. Mushroom Council writes-off accounts receivable amounts from the allowance in the period the receivable is considered uncollectible. Any recoveries of amounts previously that were previously written off are recorded to income when the cash is received.

MUSHROOM COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assessments Receivable (Continued)

Assessments receivable are written off based on management's case-by-case determination of uncollectible amounts, subject to USDA approval. During the years ended December 31, 2024 and 2023, Mushroom Council had no write-offs or recoveries.

Property and Equipment

Property and equipment includes furniture and electronic equipment. Mushroom Council also has trademarks that it owns that are not recorded as assets. These include:

- *Blended Burger Project* - Reg. No. 5,346,868 - 11/28/2017
- *Blenditarian* - Reg No. 5,346,797 - 11/28/2017
- *Mushroom Council* - Reg. No. 5,592,120 - 10/23/2018
- *The Blend* - Reg. No. 6,049,540 - 5/5/2020

Net Assets

The classification of net assets are described below:

Net Assets with Restrictions - describes the portion of net assets that have constraints placed on their use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally would include restrictions for capital projects, or other special purposes.

Net Assets Without Restrictions - describes the portion of net assets that is not restricted for any project or other purpose.

Revenue Recognition

Assessment revenue, or exchange revenue, is reported as the amount of revenue earned that is commensurate with the value of the transfer of promised goods or services at the time of transfer.

Income Taxes

Based on Mushroom Council's status as an instrumentality of USDA, Mushroom Council is exempt from income taxes.

Leases

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

MUSHROOM COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Mushroom Council considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed as payments are incurred.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

As of December 31, 2024 and 2023, the following financial assets and liquidity sources were available for general operating expenses, respectively:

	2024	2023
<i>Financial Assets</i>		
Cash	\$ 1,107,405	\$ 804,285
Assessments Receivable, Net	650,993	603,705
	1,758,398	1,407,990
Less Required Designated Reserves for Operations	(458,000)	(400,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 1,300,398	\$ 1,007,990

4. INVESTMENTS

Mushroom Council is required to follow the Guidelines for Agricultural Marketing Service (AMS) Oversight of Commodity Research and Promotion Programs investment policy. Accordingly, Mushroom Council is authorized to invest in securities consisting of obligations issued or fully insured or guaranteed by the United States or any U.S. government agency, including obligations of government-sponsored corporations, and must mature within one year or less from the date of purchase. Investments are carried at cost, which approximates fair value. There are no investments other than cash deposits with Bank of America.

5. ASSESSMENTS RECEIVABLE

Assessments receivable consists of assessments from current and prior month's sales of fresh mushrooms by handlers, plus assessments and non-compliance penalties and interest.

Generally accepted accounting principles require all revenues be reported net of discounts and allowances. However, uncollectible amounts related to revenues already reported in previous years should be reported as an expense.

As of December 31, 2024 and 2023, allowance for expected credit losses totaled \$50,236 and \$50,236, respectively. As of December 31, 2024 and 2023, there were no write offs or bad debt expense.

6. REFUNDS

For the years ended December 31, 2024 and 2023, there were no refunds for assessment overpayments.

MUSHROOM COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

7. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023, consisted of the following:

	2023	Additions	Retirements	2024
Computer Equipment	\$ 11,598	\$ 1,978	\$ (4,991)	\$ 8,585
Furniture and Miscellaneous	5,654	-	(2,570)	3,084
	17,252	1,978	(7,561)	11,669
Less Accumulated Depreciation	(14,536)	(780)	6,541	(8,775)
	<u>\$ 2,716</u>	<u>\$ 1,198</u>	<u>\$ (1,020)</u>	<u>\$ 2,894</u>
	2022	Additions	Retirements	2023
Computer Equipment	\$ 10,802	\$ 1,745	\$ (949)	\$ 11,598
Furniture and Miscellaneous	5,204	450	-	5,654
	16,006	2,195	(949)	17,252
Less Accumulated Depreciation	(13,863)	(839)	166	(14,536)
	<u>\$ 2,143</u>	<u>\$ 1,356</u>	<u>\$ (783)</u>	<u>\$ 2,716</u>

Depreciation and amortization expense totaled \$780 and \$839 in 2024 and 2023, respectively.

8. RISKS AND UNCERTAINTIES

Credit Risk

Cash deposits as of the balance sheet date are insured in the amount of \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Balances in excess of FDIC limits are collateralized with obligations issued and insured by the United States Government and held by Bank of America under the supervision of the Agricultural Marketing Service. Collateral held by Bank of America on behalf of Mushroom Council totals \$2,000,000 as of the statements of financial position date.

Concentrations

For the year ended December 31, 2024, two customers made up 27% of total assessments receivable, one customer made up 24% of total assessments revenue, three vendors made up 71% of accounts payable, and three vendors made up 71% of total expenses.

For the year ended December 31, 2023, two customers made up 40% of total assessments receivable, one customer made up 24% of total assessments revenue, three vendors made up 76% of accounts payable, and one vendor made up 58% of total expenses.

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

Mushroom Council is obligated to treat certain lease agreements as operating leases. Mushroom Council held a short-term lease for office space in Missouri, which expires November 30, 2025. Future minimum rental payments for the office lease is \$18,645 for 2025.

MUSHROOM COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

9. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Operating Leases (Continued)

In September 2024, Mushroom Council entered another short-term lease for office space in Oregon, which extends to August 31, 2025. Future minimum rental payments for the lease is \$3,376 for 2025.

For the years ended December 31, 2024 and 2023, Mushroom Council paid \$24,476 and \$30,983 for rents related to short-term office leases and offsite storage, respectively.

Contract Commitments

There are no contract commitments as of December 31, 2024. Contract commitments are payable from existing fund resources and are related to unperformed contracts for goods or services as of the end of the year.

10. GOVERNMENT AND PROFESSIONAL EXPENSES

	2024	2023
Agricultural Marketing Service (AMS) User Fees		
Billed through December 31	\$ 96,514	\$ 103,803
Audit and Accounting Services Provided	38,768	38,077
Legal and Consulting Services Provided	5,303	14,652
	<u>\$ 140,585</u>	<u>\$ 156,532</u>

11. COMPENSATED ABSENCES

Employees of Mushroom Council are entitled to paid vacation; full-time and part-time employees depending on length of service. Employees are expected to take their earned vacation in the calendar year in which it is accrued. In the event earned vacation is not taken in the year accrued, employees can carry over the unused balance and continue to accrue vacation, subject to a maximum accrual of one and three quarters (1.75) of their applicable annual accrual rate. The liability for compensated absences is determined annually. Amounts expected to be paid out of current financial resources are recorded as current fund liabilities.

Full-time employees accrue sick leave at the rate of one day per month. Sick leave may be accrued up to a maximum of sixty days. Unused or accrued sick leave is not paid to employees upon the termination of employment. Accumulated sick leave benefits are not recognized as liabilities of Mushroom Council. Mushroom Council's policy is to record sick leave as an operating expense in the period sick leave is used by the employee. Compensation for illness is only paid as illness occurs.

12. FUNCTIONAL ALLOCATION OF EXPENSES

It is Mushroom Council's policy to allocate employee compensation, employer payroll taxes, workman's compensation, and employee benefits amongst the Research Information and Program Elements (RIPE) expense categories.

MUSHROOM COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2024 AND 2023

12. FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)

Accordingly, these compensation elements are divided equally into the following RIPE general ledger accounts:

Employee Compensation	Employer Payroll Taxes	WC Insurance and Benefits
• Industry Information	• Payroll Tax Expense Account	• WC Expense Account
• Promotion Related Staff Salaries	• Industry Information	• Industry Information
• Administration	• Promotion Related Staff Salaries	• Promotion Related Staff Salaries

Mushroom Council summarizes the costs of providing and managing its programs and supporting activities on a functional basis in the accompanying statements of activities. Accordingly, expenses are allocated among the benefiting program and supporting services based on specific identification or reasonable allocation methodologies, which are consistently applied using the compensation allocation policy above.

Program services, as presented in the statements of functional expenses, include the expenses directly related to research and information.

Supporting services include expenses indirectly related to the various projects and are of an administrative and development nature.

13. RETIREMENT PLAN

A defined contribution safe harbor 401k plan was established September 2017. The name of the plan is MC Safe Harbor 401(k) Plan (the Plan). The Plan is administered by a third-party administrator. Immediate participation for eligible employees was permitted when the Plan was established. Employees must complete three months of service to become eligible to participate in the Plan and receive matching employer contributions. Mushroom Council will make matching contributions for all participating employees in an amount equal to 100% of their contributions that are not in excess of 4% of each employee's compensation. As of December 31, 2024 and 2023, employer matching contributions totaled \$4,516 and \$6,536, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions and on the matching contributions by Mushroom Council.

14. SUBSEQUENT EVENTS

Mushroom Council has evaluated subsequent events through April 8, 2025, the date on which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

MUSHROOM COUNCIL

**STATEMENT OF ACTIVITIES - ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023)**

	Original Budget (Unaudited) 2024	Final Budget (Unaudited) 2024	Actual Expended 2024	Commitments		Variance Favorable (Unfavorable) 2024	Actual Expended 2023
				Unexpended 2023	Paid in 2022 for 2023		
Revenue							
Assessments							
Domestic	\$ 3,513,649	\$ 3,522,524	\$ 3,441,695	\$ -	\$ -	\$ 80,829	\$ 3,460,189
Imports	1,071,947	1,072,341	1,123,456	-	-	(51,115)	1,072,335
Interest	375	375	161	-	-	214	211
Refunds	(600)	(600)	-	-	-	(600)	-
	4,585,371	4,594,640	4,565,312	-	-	29,328	4,532,735
Other Income and Expense	(50,000)	(50,000)	76,588	-	-	(126,588)	7,033
Total Revenue	4,535,371	4,544,640	4,641,900	-	-	(97,260)	4,539,768
Expenses							
Administrative Expenses	297,500	254,750	289,152	-	-	(34,402)	263,723
Government and Professional Services - Including Compliance Inspections	212,200	212,200	140,585	-	-	71,615	156,532
Research and Information Expenses	3,873,539	4,023,705	3,749,226	-	-	274,479	4,094,177
Total Expenses	4,383,239	4,490,655	4,178,963	-	-	311,692	4,514,432
Excess of Revenues over (under) Expenses	152,132	53,985	462,937	-	-	(408,952)	25,336
Total Net Assets, December 31, 2023	433,405	573,138	823,429	-	-	250,291	798,093
Total Net Assets, December 31, 2024	\$ 585,537	\$ 627,123	\$ 1,286,366	\$ -	\$ -	\$ (158,661)	\$ 823,429

MUSHROOM COUNCIL

**SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES - ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023)**

	Final Budget (Unaudited) 2024	Actual Expenses 2024	Commitments		Variance Favorable (Unfavorable) 2024	Actual Expended 2023
			Unexpended 2023	Paid in 2022 for 2023		
<u>Administrative Expenses</u>						
Office Expenses						
Computer System	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,000	\$ 145
Office Equipment/Supplies	2,000	799	-	-	1,201	847
Rent	22,000	24,476	-	-	(2,476)	30,983
Telephone/Internet	1,000	841	-	-	159	1,011
Printing	1,000	-	-	-	1,000	-
Postage/Shipping	2,500	1,795	-	-	705	2,301
Miscellaneous	1,500	1,264	-	-	236	(1,556)
Total Office Expenses	31,000	29,175	-	-	1,825	33,731
Other Operating Expenses						
Insurance and Bonds	9,800	9,998	-	-	(198)	9,614
Auto Allowance	4,800	2,739	-	-	2,061	4,800
Meeting Expense	20,000	20,302	-	-	(302)	15,427
Council Members Travel	20,000	7,477	-	-	12,523	8,235
Staff Travel	10,000	9,949	-	-	51	5,453
Depreciation Expense	-	780	-	-	(780)	839
Total Other Operating Expenses	64,600	51,245	-	-	13,355	44,368
Payroll Expenses						
Administrative Expenses	180,000	180,387	-	-	(387)	144,840
Workers Compensation Insurance	1,000	-	-	-	1,000	804
Employer FICA	9,750	8,522	-	-	1,228	10,774
Payroll Expense	1,000	1,008	-	-	(8)	3,363
Health Insurance	14,200	11,486	-	-	2,714	14,802
Employer Medicare	3,300	2,813	-	-	487	4,505
Deferred Compensation	5,500	4,516	-	-	984	6,536
Total Payroll Expenses	214,750	208,732	-	-	6,018	185,624
Total Administrative Expenses	\$ 310,350	\$ 289,152	\$ -	\$ -	\$ 21,198	\$ 263,723

MUSHROOM COUNCIL

SCHEDULE OF GENERAL AND ADMINISTRATIVE EXPENSES - ACTUAL COMPARED TO BUDGET (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023)

	Final Budget (Unaudited) 2024	Actual Expenses 2024	Commitments		Variance Favorable (Unfavorable) 2024	Actual Expended 2023
			Unexpended 2023	Paid in 2022 for 2023		
<u>Governmental and Professional Services</u>						
Governmental Expenses						
AMS User Fees	\$ 100,000	\$ 96,514	\$ -	\$ -	\$ 3,486	\$ 103,803
General Counsel	10,000	2,252	-	-	7,748	10,000
Total Governmental Expenses	110,000	98,766	-	-	11,234	113,803
Professional Services Expenses						
Audit	27,000	26,580	-	-	420	25,500
Accounting	13,200	12,188	-	-	1,012	12,577
Legal	10,000	1,632	-	-	8,368	3,145
Miscellaneous	2,000	1,419	-	-	581	1,507
Compliance Inspections	50,000	-	-	-	50,000	-
Total Professional Services Expenses	102,200	41,819	-	-	60,381	42,729
Total Governmental and Professional Services Expenses	\$ 212,200	\$ 140,585	\$ -	\$ -	\$ 71,615	\$ 156,532

MUSHROOM COUNCIL

**SCHEDULE OF PROGRAM EXPENSES - ACTUAL COMPARED TO BUDGET
FOR THE YEAR ENDED DECEMBER 31, 2024
(WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2023)**

	Final Budget (Unaudited) 2024	Actual Expenses 2024	Commitments		Variance Favorable (Unfavorable) 2024	Actual Expended 2023
			Unexpended 2023	Paid in 2022 for 2023		
Research and Information Expenses						
Econometric/Marketing Research	\$ 181,000	\$ 181,000	\$ -	\$ -	\$ -	\$ -
Retail Promotion and Research	393,500	364,050	-	-	29,450	285,562
Food Service - Schools	153,500	150,709	-	-	2,791	144,153
Food Service - Promotion and Research	681,500	389,067	-	-	292,433	720,419
Strategic Counseling/Agency Planning	12,500	12,500	-	-	-	12,488
Industry Information	306,210	293,343	-	-	12,867	247,480
Consumer Public Relations	1,758,400	1,764,393	-	-	(5,993)	1,995,353
Nutrition Research	84,500	83,427	-	-	1,073	74,120
Nutrition Promotion	165,000	164,952	-	-	48	308,149
Food Safety/Production Services	100,000	100,000	-	-	-	100,000
Promotion Related Staff Salaries	216,000	136,193	-	-	79,807	162,564
Crisis Management	5,000	-	-	-	5,000	-
Memberships	5,000	4,845	-	-	155	4,139
Promotion Related Staff Expenses	30,000	104,747	-	-	(74,747)	39,750
Total Research and Information Expenses	\$ 4,092,110	\$ 3,749,226	\$ -	\$ -	\$ 342,884	\$ 4,094,177

MUSHROOM COUNCIL

SCHEDULES OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Receipts		
Assessments	\$ 4,517,863	\$ 4,497,538
Interest and Other Income	<u>76,749</u>	<u>7,244</u>
Total Receipts	4,594,612	4,504,782
Disbursements		
Program Expenses	3,861,755	4,401,725
General and Administrative	289,152	263,723
Government and Professional Services	<u>140,585</u>	<u>156,532</u>
Total Disbursements	<u>4,291,492</u>	<u>4,821,980</u>
Excess of Receipts over Disbursements	303,120	(317,198)
Cash at Beginning of Year	<u>804,285</u>	<u>1,121,483</u>
Cash at End of Year	<u><u>\$ 1,107,405</u></u>	<u><u>\$ 804,285</u></u>

**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***

Council Members and Management
Mushroom Council
Lee's Summit, Missouri

We have audited, 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, the financial statements of Mushroom Council, which collectively comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered Mushroom Council'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 Mushroom Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Mushroom Council'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Mushroom Council's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mushroom Council'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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mushroom Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mushroom Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
April 8, 2025

Certified Public Accountants

**Report on Compliance with Requirements That Could Have a Direct and
Material Effect over Compliance in Accordance with
*The Mushroom Promotion, Research, and Consumer Information Act of 1990***

Council Members and Management
Mushroom Council
Lee's Summit, Missouri

Opinion

We have audited the financial statements of Mushroom Council, an instrumentality of the United States Department of Agriculture, as of and for the years ended December 31, 2024 and 2023, and issued our report dated April 8, 2025. In connection with our audit, we performed procedures to provide the United States Department of Agriculture, Agricultural Marketing Service (USDA/AMS) reasonable assurance that Mushroom Council complied with the compliance requirements referred to below. Our responsibility is to express an opinion on Mushroom Council's compliance with the compliance requirements of *The Mushroom Promotion, Research, and Consumer Information Act of 1990* as of and for the years ended December 31, 2024 and 2023.

In our opinion, Mushroom Council complied, in all material respects, with the types of compliance requirements referred to herein that could have a direct and material effect on each over compliance requirements of *The Mushroom Promotion, Research, and Consumer Information Act of 1990* as of and for the years ended December 31, 2024 and 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and *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 Compliance section of our report.

We are required to be independent of Mushroom Council and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance. Our audit does not provide a legal determination of Mushroom Council's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements of laws, regulations, and contracts, applicable to *The Mushroom Promotion, Research, and Consumer Information Act of 1990*.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mushroom Council's compliance of requirements of *The Mushroom Promotion, Research, and Consumer Information Act of 1990* based on our audits of the types of compliance requirements referred to above.

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

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, *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 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 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 Mushroom Council's compliance with the requirements of *The Mushroom Promotion, Research, and Consumer Information Act of 1990* as a whole.

In performing an audit in accordance with GAAS 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 Mushroom Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mushroom Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with requirements of *The Mushroom Promotion, Research, and Consumer Information Act of 1990*, but not for the purpose of expressing an opinion on the effectiveness of Mushroom Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audits.

Compliance

We believe that our audits provide a reasonable basis for our opinion on compliance. However, our audits do not provide a legal determination of Mushroom Council's compliance with those requirements. In our opinion, Mushroom Council complied in all material respects with the compliance requirements referred to below that are applicable for the years ended December 31, 2024 and 2023.

- 1) Complied with the Code of Federal Regulations (7 CFR Part 1209) - The Mushroom Promotion, Research, and Consumer Information Order (the Order), issued by USDA;
- 2) Whether funds were used in accordance with USDA Guidelines for AMS Oversight of Commodity Research and Promotion Programs, issued January 2020;
- 3) Complied with the Section 1925, Subsection (h) of *The Mushroom Promotion, Research, and Consumer Information Act of 1990* (Act) and Section 1209.53 of the Order, relating to the use of assessment funds for the purpose of influencing governmental policy and action;

Compliance (Continued)

- 4) Whether internal controls over funds met auditing standards;
- 5) Whether funds were expensed for projects and other expenses authorized in a budget and marketing plan approved by Mushroom Council and USDA;
- 6) Complied with the by-laws of Mushroom Council or any other policy of Mushroom Council, specifically as they relate to financial matters, including Council and employee reimbursements, lease commitments, and employee benefits;
- 7) Obtained a written contract or agreement with any entity or person providing goods and services to Mushroom Council; and
- 8) Complied with the Guidelines for Agricultural Marketing Service (AMS) Oversight of Commodity Research and Promotion Programs investment policy pertaining to the limitations on the types of investments Mushroom Council may purchase and the insurance and collateral that must be obtained for all deposits and investments.

Report on Internal Control over Compliance

Management of Mushroom Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audits of compliance, we considered Mushroom Council's internal control over compliance with the types of requirements that could have a direct and material effect to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with compliance requirements of *The Mushroom Promotion, Research, and Consumer Information Act of 1990*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mushroom Council's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audits we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Report on Internal Control over Compliance (Continued)

Our audits were not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of *The Mushroom Promotion, Research, and Consumer Information Act of 1990*. Accordingly, this report is not suitable for any other purpose.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
April 8, 2025

Certified Public Accountants