

2016 ANNUAL REPORT





CONTENTS

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- Comments from the Chair4
- State of the Industry5
- Marketing7
- 2016 At-A-Glance
 - 2016 Summary8
 - 14 Memorable Moments10
 - Consumer Media12
- 2016 Program
 - Industry/Retail14
 - Nutrition Research18
 - Nutrition Outreach20
 - Consumer PR24
 - Digital22
 - Foodservice28
 - Schools35
- Audit37
- Council Members (2016) + Graphic of the Regions42

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COMMENTS FROM THE CHAIR



PAT JURGENSMEYER

Times are changing. That is at least what my Father told me about the mushroom industry thirty plus years ago. I have learned over those years that the only constant that you can count on is that things will always change. In my short time of almost six years on the Mushroom Council, the industry has seen a tremendous amount of change. The management of this rapidly evolving marketplace would not be possible without the dedicated hard work of the staff and agencies on behalf of our industry. I speak on behalf of the entire Mushroom Council Board when I say we are so fortunate to work alongside such a wide array of talented team members. Managing the many fast changing facets of the Council is a never-ending task and you can be assured it is in good hands.

Just a few short years ago the concept of blending a 25%+ ratio of fresh mushrooms with a ground protein such as beef, poultry or pork was an oddity. This practice has now hit the mainstream market. With the Mushroom Council's plan of a concentrated marketing effort at the school and university level as the first step, it tapped into the millennial generation's desire for a healthy and nutritious lifestyle.

This rapidly evolving market continues to grow as students, schools and most consumers demand healthier alternatives on the menu. The next vital step in The Blend plan is the food service industry. Restaurants of all types and sizes are beginning to understand the impact of The Blend. Both of these very important first steps are tools in getting The Blend to be adopted in the home. This presents a tremendous retail opportunity to share the center of the plate with more traditional items. People are recognizing the potential of this new phenomenon and becoming full-fledged "Blenditarians."

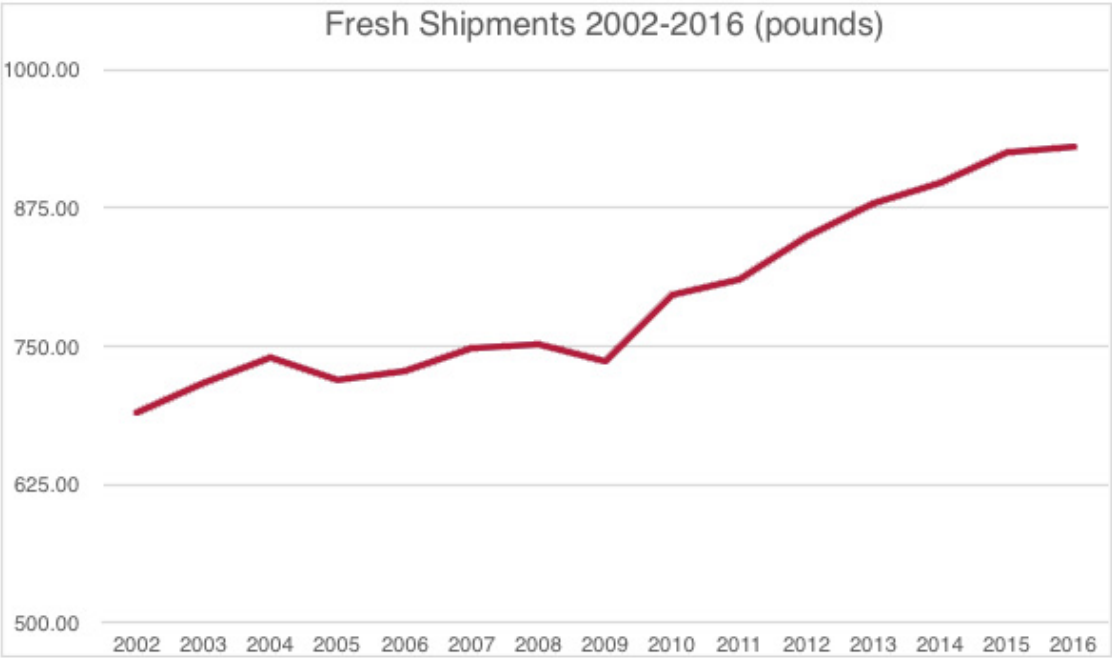
Change not only comes in the markets we are selling our products to, but also in consumer mindsets. Today's consumer is concerned about how we grow our product. They are well-informed and want to know more about our industry and its impact on the environment and the planet. Not long ago sustainability was considered a catchphrase, but today it is a vital part of how many companies operate their business. The mushroom industry has a tremendous story to tell when it comes being a sustainable industry. We use waste products to produce compost, use very little water to produce a pound of mushrooms compared to other agriculture products and our spent compost waste is even recycled in potting soil or other soil amendments. We offer so much of what the consumer is asking for in today's marketplace. The millennial generation is changing how we look at telling our story, and how we tell that story will have an impact on the future of our industry.

Change is inevitable and we should all feel comfortable that when it comes to addressing that rapidly changing marketplace you have the Mushroom Council staff and our agency partners working for you. They have been an integral part in ensuring that year after year more fresh pounds of mushrooms are being consumed. A recent USDA report now shows that we have hit the magic 3 pounds of fresh mushroom consumption per capita. This means growth in consumption continues to be seen year after year. New markets are being developed beyond a ten-pound box and an eight ounce till. Markets are changing and so are the ways consumers feed their families.

As my term on Mushroom Council, and as Chairman, draws to a close, I want to thank the industry for allowing me the opportunity serve you. I am confident that the organization will continue to increase the demand for our products and will constantly be adapting to the never-ending change. We produce a great product and the Mushroom Council has a great story to tell on behalf of us all.

STATE OF THE INDUSTRY: RETROSPECTIVE AND FORECAST

For the 7th year in a row, fresh mushroom shipments, as reported by first handlers, hit another new high in 2016. However, after averaging nearly 4% growth per year from 2010 through 2015, 2016 was only up 0.55%. Domestic shipments were off 1% for the year while fresh imports increased 10%. **Processed mushroom imports showed no growth according to USDA and yet the latest NASS report once again reported that another record-tying level of 90% of US mushroom production went to meet fresh mushroom demand.** And the retail market was the channel that captured all of this growth and then some, closing out the year, up 2.7% (vs 5 year avg. of +2.59%) in spite of reports of shorted orders due to lack of supply. This is consistent with performance of the foodservice sector overall.



Since 2009, fresh mushroom shipments have grown 23%. During this same period of time, the US population has grown 5.6% (present growth rate is under 0.8%/year). In fact, USDA reported that per capita consumption of fresh mushrooms **hit a record high of 3.0 in 2016.** chart represents the last 5 years).

In 2016, fresh mushroom shipments hit **3.0 MILLION** pounds per capita.

This real demand growth, in light of produce performance in general, is impressive to say the least. According to USDA Economic Research Services (ERS), vegetable and fruit consumption overall has been in decline. While most of this decline is explained by just a few major items, even after those items (potatoes, tomatoes, head lettuce and orange juice) are accounted for, overall produce volume performance is still treading water at best. Other than mushrooms “Some vegetables posting gains in consumption over this period in all age groups include peppers, leafy greens, and broccoli and cauliflower.” Given the number of “superfood” lists mushrooms have made, this group of growth vegetables would seem to have something in common.

Table 29--U.S. fresh mushrooms: Supply, utilization, & price, farm weight, 1970/71-2015/16					
Crop year 1/	Disappearance			Per capita use	Pounds
	Exports 3/	Domestic			
2011/12	20.6	859.5	0	2.8	
2012/13	15.7	858.7	0	2.7	
2013/14	19.0	867.5	0	2.7	
2014/15	16.6	926.1	0	2.9	
2015/16 p	12.5	958.2		3.0	

STATE OF THE INDUSTRY: RETROSPECTIVE AND FORECAST

	Retail Sales Performance			
	2011	2016	% change	Annual Avg Change
\$\$\$ (million)	\$1,006	\$1,170	116.32%	3.26%
Pounds (million)	254	286	112.94%	2.59%
Purchases	441	473	107.11%	1.42%
price/lb	\$3.97	\$4.09	102.99%	0.60%
price/purchase	\$2.28	\$2.48	108.59%	1.72%

31%
of the population
are aware of
The Blend

- What does the future hold? Never easy to call, the aforementioned article, A Closer Look at
- Declining Fruit and Vegetable Consumption Using Linked Data Sources, by USDA Economic
- Research Service, March 2016 says, “*food choices are complex, and a multitude of factors*
- *affect what we buy and eat. Lifestyle changes and time constraints can determine if we sit*
- *down with a glass of orange juice for breakfast, grab a banana on the way out, or forgo the*
- *meal altogether. Time for and interest in cooking play a role, too. More eating out could mean*
- *more fries on the side or consumption of vegetables not usually prepared at home. Dietary*
- *fads and widespread popularity of ethnic cuisines can cause shifts in food choices, including*
- *for fruits and vegetables. The price of products and the income available to buy them can also*
- *affect a person’s food choices. Smaller food budgets over time or higher prices due to supply*
- *constraints, or other factors, can induce one to switch to a lower priced alternative food item.”*

Another factor, aside from consumer buying behavior, is the trade. As previously noted, retail and foodservice buyers obviously play an important role in overall product movement. If the category supply in general just keeping up with demand, or as in the case of mushrooms, has been frequently short over the last several years, buyers become shy of promoting such items. We would suggest that this has become the case with mushrooms. Anecdotally, we can report that in attempting to develop the market for *The Blend* we have heard that finding an adequate supply of mushrooms, in the form and price demanded, has been a challenge and alternatives have been sought. Which leads to our forecast point of view.

- While our focus of fresh mushroom and blend marketing has been on foodservice channels, where most food trends emerge and are developed, adoption has been growing, *The Blend*
- appears to be driving not only media impressions but fresh, in-home volume as well.

- Accordingly, we have been focusing the development of *The Blend* at the foodservice level and
- adoption has been growing. According to recent consumer research by Dr. Mark Lang,
- 15% of consumers have made *The Blend* more than once at home and an unheard of
- 98% who have tried it say they will do so again. This consumer research indicates that we
- are ahead of schedule in terms of penetrating the market and driving consumer trial. This
- heightened awareness of mushrooms not only creates a new use, but reinforces traditional
- mushroom use as well. Simply reminding consumers is the first step in getting onto the
- shopping list, as the growth in retail sales in 2016, 2.7% vs a 5-year average of 2.5%
- reinforces. The Council, will continue to expand their focus on retail in 2017 and shift more
- research and promotional resources to that channel in 2018, and beyond.

17%
OF THE
POPULATION
have tried The Blend. 80% of those people prepared it in home. Many of them with fresh mushrooms.

43%
OF THE
POPULATION
are high potential
Blend consumers,
that's over
120M Americans
we can target to
try the Blend.

- However, the foodservice channel will not be abandoned. We expect 2017/18 to be “tipping point” years, as we see greater mainstream adoption of The Blend in k-12, colleges and universities, contract foodservice companies, as well as independent restaurants and chains. In 2013, there was one meat processor supplying blended meat and mushroom products, today, we estimate there are nearly 30.

USDA forecasts that fresh per capita consumption will grow another 3.4%, agricultural economist, Dr. Tim Richards, forecasts roughly the same. However, as of this writing 2017 appears to be off to a slower start. While demand may be strong, how that translates into sales/shipments is complex. After several years of cutting orders and warning buyers off of promotions, due to lack of supply, when the coolers are again full will buyers warm back up? As complex as consumer buying choices are, so is the trade. 2017 will prove to be full of opportunity as well as challenges, like any year, nuanced.

Review of consolidated First Handler Reports¹

- Volume of sales of the 2015-2016 United States mushroom crop totalled 946 million pounds, up 2 percent from last season's revised number. Value of sales for the 2015-2016 United States mushroom crop is \$1.19 billion, down less than 1 percent from the previous season.²
- The mushroom category added +\$48.3MM in 2016, to end the year at \$1.2 billion.
- The category's percentage gain of +4.3% was nearly on pace with the Total Produce dollar trend of +4.5%. Total U.S. volume grew +2.7% and the category's average retail price rose +1.6% to \$4.09/pound.
- In 2016, organic mushrooms made a big splash, despite their 10% dollar share. With incremental sales of +\$23.2MM, organic mushrooms accounted for close to half (48%) of the category's dollar gains for the year
- The per capita demand for fresh mushrooms has been steady and hit 3.0 million pounds in 2016.
- In 2015 fresh shipments were no less than 70 million pounds a month. 2016 also held steady above 70 million pounds, even reaching 84 million in March and 82 million in December. These spikes during those months have been consistent for the past 3 year.
- White mushrooms continued to hold the dominant dollar share of category at 63%, but in 2016. The brown segment inched closer to comprising a third of total category dollar sales. Both segments delivered dollar gains for the year. White mushroom dollars were up +4.3% on volume (+2.1%) and price increases (+2.2%). Pricing was flat in the brown segment (+0.6%), with a +3% increase in volume driving a +3.6% increase in dollar sales.

¹ IRI/FreshLook Data, Mushroom Council Tracker Highlights, Ending December 25, 2016

² Released August 19, 2016, by the National Agricultural Statistics Service (NASS), Agricultural Statistics Board, United States Department of Agriculture (USDA).



2016 AT A GLANCE

2016 SUMMARY

2016 exceeded expectation across the board. From PR efforts, topping many trends lists, to total per capita shipments reaching an all time high of 3.0. 2016 was a year for the books. The term “**Blenditarian**” was coined the go to label to describe a transitional meat consumers, who blends their mushrooms with a protein of their choosing. The 2nd Annual Blended Burger Project™ drew in 349 restaurants from 38 states, and had over 2 Million online votes.

- **Consumer Media:** 2016 media coverage resulted in 600 million impressions. Outreach centered around key themes of mushrooms as a mighty and meaty superfood, with special emphasis on promoting the Blended Burger Project™ and introducing the concept of becoming a Blenditarian. Activities to educate about the health, culinary and sustainability benefits of fresh mushrooms; and “Blend” activities to develop awareness, understanding and adoption of finely chopped mushrooms as a delicious, nutritious and sustainable addition to traditional meat recipes. Encouraging just a small percentage of Americans to opt for a “blended burger” on occasion will have a significant impact on overall adoption of The Blend as an eating lifestyle. Given this focus, the Council’s PR activities will aim to achieve strong media coverage of “blended burgers” in food magazines, websites and social media platforms.
- **The Blend:** A key component of 2016 consumer Blend activities: a strategic focus on BURGERS as the gateway food for trial and adoption of The Blend. Considering that the average American eats 2-3 burgers per week, the

burger is the food item that allows the Council to reach the highest number of consumers and eating occasions, while keeping the concept relatively simple and achievable for a wide variety of consumer audiences.

- **Nutrition:** The Nutrition Promotion Program translates mushroom nutrition research into easy-to-digest nutrition communications for professional influencers, registered dietitians and consumers. They educate shoppers about healthy eating habits and influence their purchasing decisions at retail. In an effort to further penetrate The Blend into retail, The Council has invested in marketing to retail dietitians to encourage ambassadors at retail who can speak to shoppers and retail decisions makers about The Blend.
- **Retail:** The Council successfully targeted small to mid-sized regional retailers for opportunities to expand the audience for The Blend. The retail activity included, in-store demos, recipe cards and informational materials. Retail promotions were not limited to in-store activities directly to consumers, but also included important industry information for growers to utilize when communication with retailers. This included a Fresh Mushroom Fast Facts household panel data for the Mushroom Council. The retail channels included featured articles in retailer print magazines, press releases, online microsites, mobile and social applications, and partnered with several other commodities for promotions.

- **Foodservice:** A large portion of the foodservice budget went to heavy promotion of 2nd annual Blended Burger Project™ that welcomed Top Chefs, Chopped Chefs, Iron Chefs, diners, steakhouses, colleges, food trucks, hotels, burger chains and independents from every segment. The contest, in collaboration with the James Beard Foundation, resonated with all of the foodservice industry, from chain menu developers to university and elementary school foodservice directors. The focus on training and menu development was not lost, as this promotion encouraged the trial of *The Blend*, via burgers, in these segments, resulting in a larger impact and LTO promotions. This year continued to accelerate activation of The Blend. A number of colleges & universities, chains, foodservice management companies and chefs have adopted the Blend, but there is ample opportunity to continue to drive the concept.
- **School Nutrition:** 2016 was a milestone year for the School Nutrition mushroom industry. IQF mushrooms are becoming more popular via the USDA direct delivery program. 4 educational videos were developed to help school professionals and chefs understand how to utilize

the easy to use product. One of the largest districts in the USA embraced the blend and piloted blended products: burger, meatballs, and meatloaf; in 3 districts. While Sodexo, is now serving over 250 schools blended burgers.

- **Nutrition Research:** The Nutrition Research Program identifies and funds research at leading institutions/ universities to discover mushroom's role in a nutritious diet that improves health or lowers the risk of chronic diseases. A robust mushroom nutrition resource library helps educate nutrition influencers on the health benefits of mushrooms and in turn supports credible mushroom ambassadors who can speak on behalf of mushrooms to the media, to clients or to shoppers.

OVERALL STRATEGIES

1. Drive blend product development
2. Influence channel and consumer adoption of The Blend
3. Drive consumer adoption of The Blend
4. Drive channel adoption of The Blend
5. Concentrate and integrate marketing resources for maximum impact

KEY BLEND MESSAGE PLATFORMS

- An improvement, upgrade, or variation on a meat product, not a substitute, filler, or an alternative to meat products: e.g. Gourmet Burger
- Primary benefit is that you don't need to give up your favorite meat products and eat meat alternatives (veggie burger), this offering meets you halfway
- Healthier meat products without sacrifice or compromise
- Framing: without sacrificing taste, you can make significant improvements in health/cost and sustainability
- The priority of taste, health, or cost varies by channel member, audience, and decision-maker



14 MUSHROOM MEMORABLE MOMENTS IN 2016

WEBMD NAMED THE BLEND A TOP FOOD TREND

"A good burger is always on trend, but with more emphasis on healthier, sustainable eating, top chefs are reinventing the burger to be more eco-friendly... and delicious!" - RDs Julie Upton and Katherine Brooking for WebMD

BLENDITARIAN PARTNERSHIPS TAKE OFF

Set the stage for the blenditarian lifestyle concept by partnering with 20 food influencers. The posts resulted in 4.8M impressions and 2,800+ social shares of Blenditarian recipes.

FRESH MUSHROOM FAST FACTS

The study indicated that 55% of households spent an average of \$15.78 in 2015 to reach over \$1 billion in sales.

60% INCREASE IN MUSHROOM SALES

Doc's Food rolled-out The Blend in their store departments and saw a 60% increase in mushroom sales and an 11.6% increase in hamburger patty sales.

RDBA POLL

62% were hearing about The Blend for the first time, and 79% want their retailers to sell The Blend are the current RD impressions of The Blend.

THE BLENDED BURGER PROJECT™

The second annual contest had 349 entries, from 38 states with 2 million online votes. Media impressions for the competition garnered over 15 million digital media impressions.

IQF MUSHROOMS ARE ON TREND

120,000 lbs of IQF mushrooms were sold directly to schools and 93,319 pounds of fresh mushrooms were sold through DoD

1

SURPASSING GOALS

Social and digital programs saw tremendous growth in 2016, surpassing goals and garnering more than 33 million impression.

2

3

4

BLENDED BURGER SAMPLING EVENTS

We sponsored 4 Blended Burger Bashes in Denver, Nashville, Tulsa and Portland; serving 3,000+ burgers to rave reviews.

5

6

BEEF CHECKOFF PARTNERSHIP

A campaign featuring a Veal and Portobello Mushroom Blend Burger which won the prestigious Produce Business Marketing Excellence Award.

7

8

CO-SPONSORED KROGER STORE DEMOS

Sampled The Blend in 74 shared demo featuring Turkey Taco Blend samples. 8% of the stores "sold out" of their mushroom packages; and 48% sold 14 or more packages.

9

10

MUSHROOMS ARE A SUPERFOOD

RDs at Weis Markets supported mushrooms with "Mushrooms are a superfood" signage in all 145 of their stores, reaching approximately 4 million shoppers/month.

11

12

C&U PARTNERSHIPS


Harvard (HUDS) replaced portions of beef in 10 dishes with mushrooms, reducing saturated fat by 31% and calories by 20%.

13

14

SALES ARE GROWING IN SCHOOLS

At XX Blend Burgers are reported to be the second highest seller in the product line, while three blended items are included in the top 10.



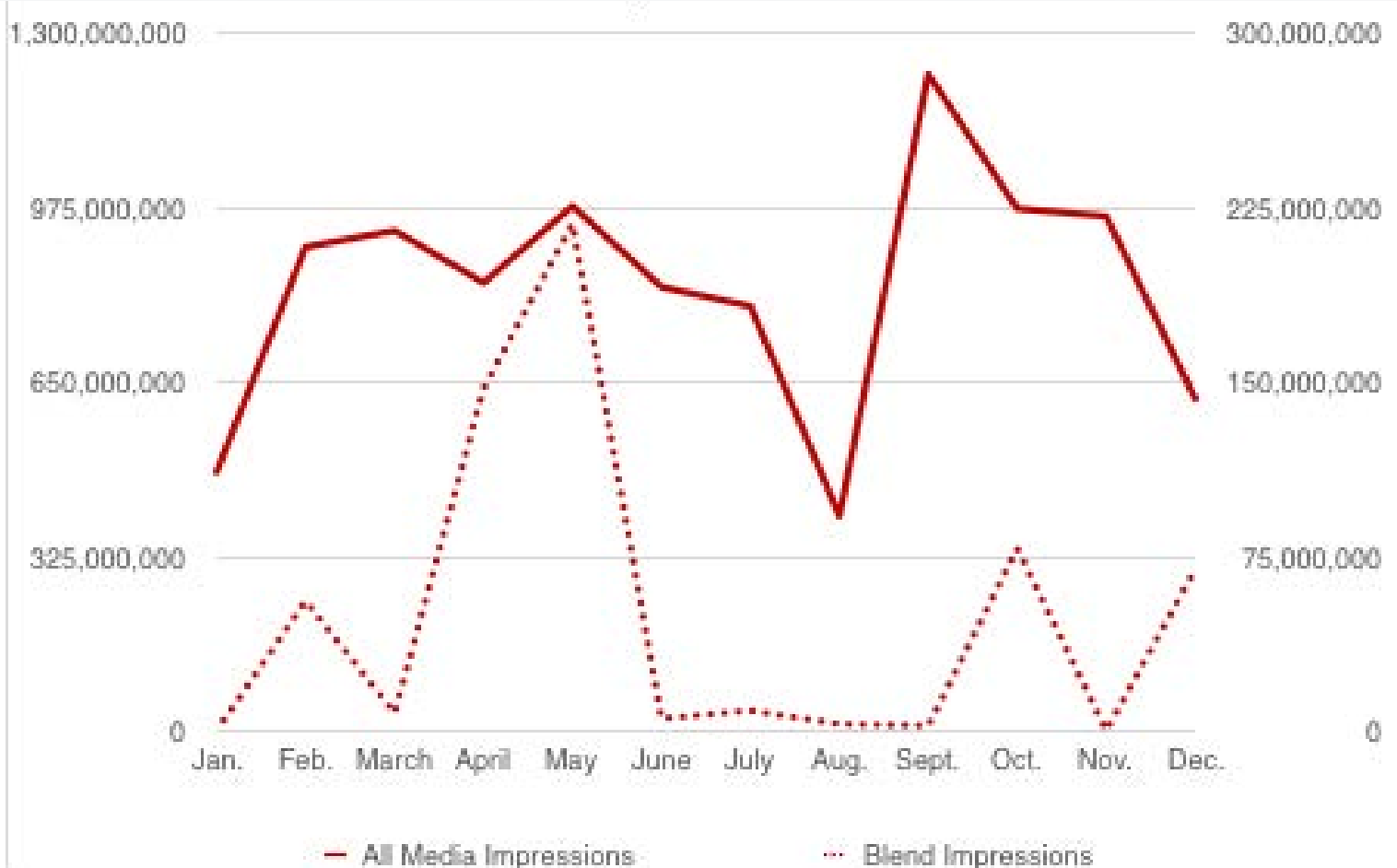
"As a proponent of sustainable, healthy foods, I'm thrilled to join the Blended Burger Project™. The meaty, umami qualities of mushrooms make them the perfect ingredient to boost a burger's flavor -- and their nutritional and environmental qualities make a great burger even better."

- Chef Hugh Acheson, James Beard Foundation award-winning chef, author and Top Chef judge

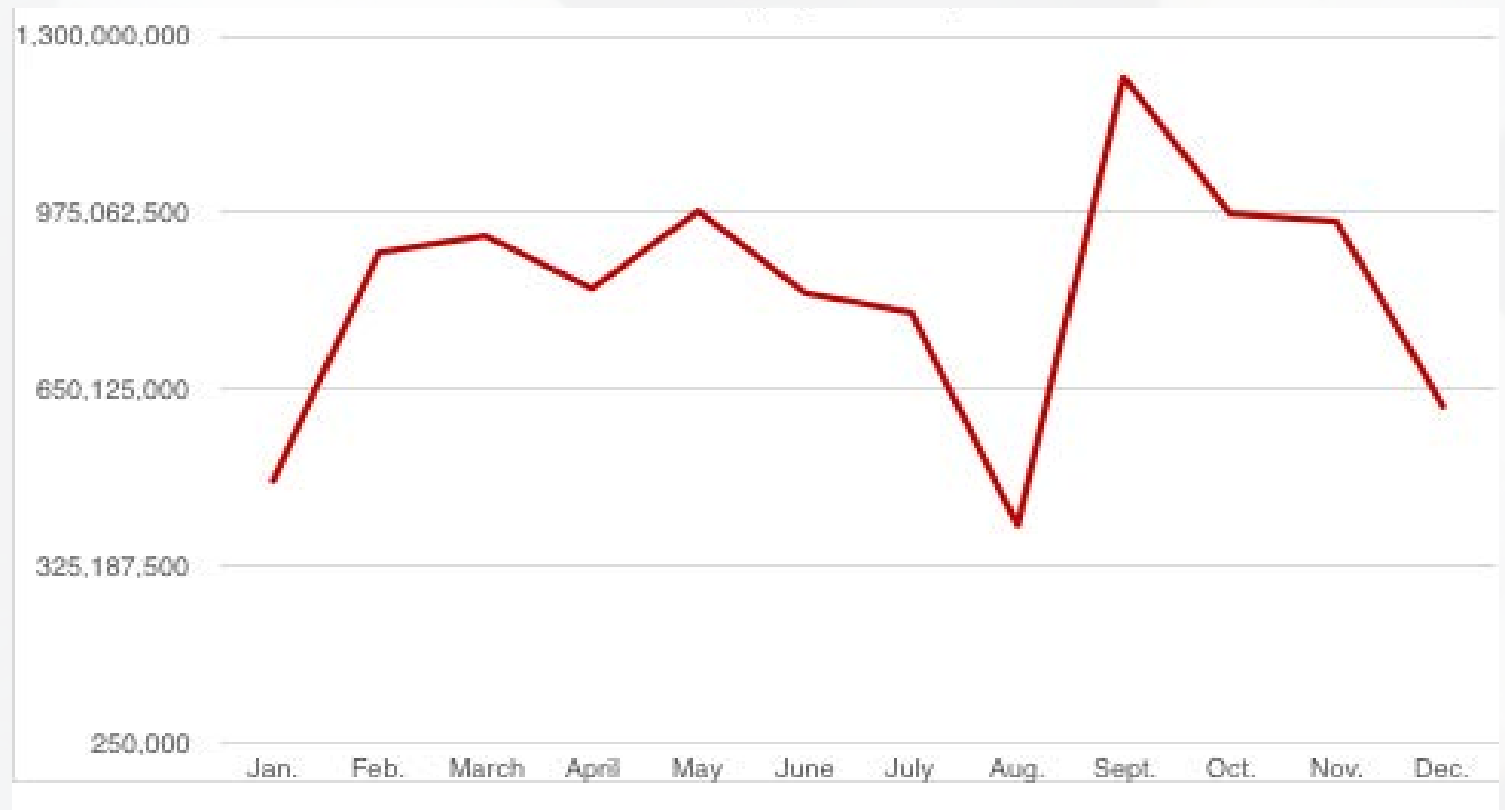
2016 CONSUMER MEDIA

- Blend-related messaging attributed largely to spikes in coverage in 2016, which put both The Blend and mushrooms in the forefront, resulting in more than 1,712 earned print and online articles and 31 broadcast segments, for a total of nearly 600 million consumer impressions.
- The spikes between January and February for Blend-related coverage can be attributed in large part to our syndicated article, titled “The Perfect Blend: Blenditarian Substitutions that Make Dinnertime Delicious,” featuring a classic blended burger recipe, that was distributed through print outlets nationwide.
- Between March and June, the increase in coverage is in large part to the success of promoting The Blend leading up to the 2nd annual Blended Burger Project™ from local and national publications, including mentions of *The Blend* in O! The Oprah Magazine (“a genius idea!”), Good Housekeeping, Food Network Magazine, Food Republic (“The Best Mushroom Burger Has Beef in it and Here’s How to Make One”) and Forbes (“Mushrooms Are Turning Up in...Almost Everything Else Imaginable”).
- At the end of the year, we saw another slight uptick in coverage thanks to national media stories naming blended burgers a 2017 food trend.

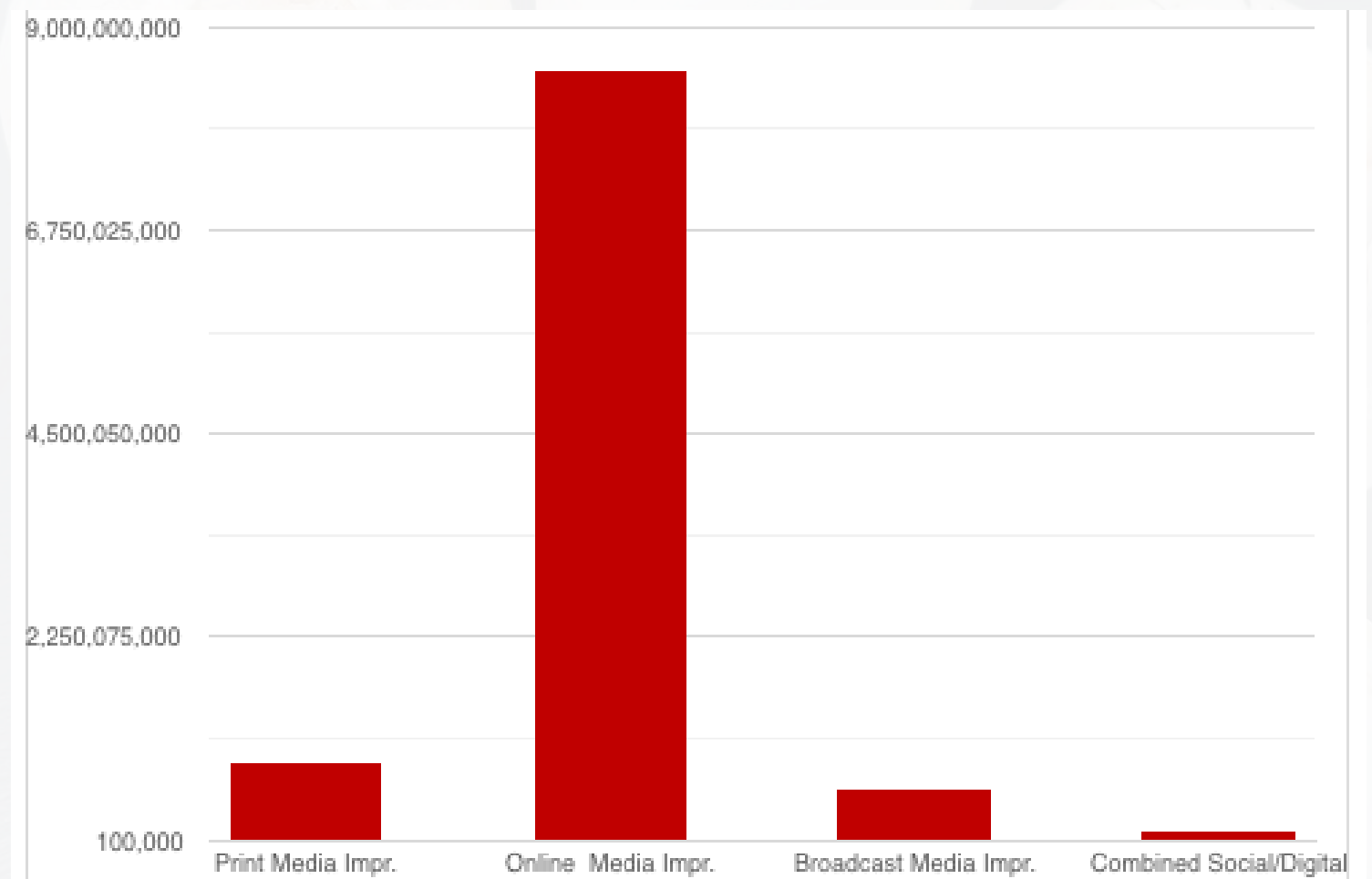
2016 Monthly Mushroom Council Media Impressions



2016 Mushroom Media Impressions (By Month)



2016 Impressions by Type





INDUSTRY PROGRAM

Data Delivery & Household Panel Study

The Council continues to deliver The Tracker Suite on a monthly basis. It provides retail data, information, charts and graphs. The Tracker Highlights spotlights notable and newsworthy information including 4-week and 52-week performance summaries by category varieties.

Fresh Mushroom Fast Facts household panel data was developed for the Mushroom Council. The study indicated that 55% of households spent an average of \$15.78 in 2015 to reach over \$1 billion in sales. A +\$1 increase in annual household spend represents an annual sales opportunity of over \$66 million. A trade press release on the Fresh Facts study generated approximately 172,350 impressions.

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The Study indicated that 55% of households spent an average of \$15.78 in 2015 to reach over

\$1 BILLION IN SALES

.....

Fresh Mushroom Fast Facts

A Quick Guide to Shopper Purchase Behaviors

Value of the Basket

Shopping basket value increases **+82%** when mushrooms are in the basket

\$41.47

+82%

\$75.62

Data Source: IRI Consumer Network™ 2015

SPOTLIGHT: DOC'S FOOD STORES/COUNTRY MART RETAILER CASE STUDY

Doc's Food Stores was the first retailer to roll-out *The Blend* in their meat, deli and produce departments. *The Blend* introduction at Doc's Food Stores was very successful in all three departments. Sales of mushrooms increased and consumers came into their stores looking for the Blended patties. Every week during the month of June, *The Blend* Meatloaf was the lunch item of the day in their stores. The Mushroom Mania promotion also included a sales contest component. The department (deli, meat, produce) with the greatest increase in sales as the percentage of store size and store count received a cash prize.

POS material was created and used during the promotion. A 25.5" x 33" Infographic on foam core with a paper easel for a table top display was created along with a 12" x 24" poster. A QR code was developed and added on POS material linking to Blend information.

The meat department continues to sell Blend patties; the deli department continues to run promotions on *The Blend*; and the produce department continues promoting *The Blend* through POS material.



Above: Four recipe cards were distributed during sampling demos. Left: A QR Code was added on POS material linking to Blend information.



Above: A 25.5" x 33" Infographic on foam core with a paper easel for a table top display was created for the promotion.

Right: A 12" x 24" poster was created for the promotion.



Overall, Doc's saw a **60% increase in mushroom sales** in the produce department; and 11.6% increase in hamburger patty sales (The Blend patties were sold at the same price point as non-Blend patties); and a **10% increase in sales on dinner meal sales of meatloaf**.

A consumer and trade communications plan was implemented resulting in 324,001 consumer impressions and 121,550 trade impressions. The consumer press release was picked up by *Tulsa World*. The trade release ran in *The Packer*, *Progressive Grocer*, *Perishable News* and *Fresh Plaza*. Doc's advertised *The Blend* and Blend products twice in their weekly circulars reaching 8,000 consumers with each issue. In addition, Doc's Food Stores won the Taste of Bixby with *The Blend*. An estimated 5,000 people attended the event.

The launch of *The Blend* at Doc's Food Stores was such a success that a case study was developed and will be shared with the industry.



Co-Marketing Programs

Award-Winning Veal Mushroom Summer Grilling Sweepstakes

The Beef Check-off Veal Promotion “Veal Summer Grilling Sweepstakes” with the Mushroom Council was the largest co-marketing program of the year for the Council. This was the second promotion and it was enhanced since 2015. The 2015 campaign won the Produce Business Marketing Excellence Award. The 2016 promotion ran from June 3rd through September 7th. The promotion generated 268,886 entries and the Council received 9,020 unique email addresses for the consumer mailing list.

The Veal and Portobello Mushroom Blend Burger was the featured recipe. A notable 500,000 packages with one million on-pack labels were distributed to over 22 retailers with 2,000+ stores.

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The contest generated
268,886 ENTRIES

and the council received 6,400
 email address for the consumer
 mailing list

.....



Other components of the promotion included:

- Videos on how to prepare the Veal Blend and Portobello Mushroom ran on YouTube and Instagram. Additional videos that were created in 2015 ran on Instagram and Facebook. The videos produced over 10,697 video views along with 4,421 Twitter impressions.
- 6,129 + followers on the Mushrooms+ Veal Pinterest Board generated 34,371 impressions. A Facebook Contest launched on the Mushroom Council's site to encourage additional participation. The winner of the contest received a Blenditarian T-shirt and a Food Processor.
- A coordinated veal promotion with consumer PR amplified the social media push. Over 4,368 consumers received an eblast to the Mushroom Lover's List announcing the sweepstakes.
- A press release highlighting the promotion was picked up by *The Packer*, *Perishable News*, *Produce Retailer*, *Fresh Plaza*, *The Daily Breeze*, *The Boston Globe* and *The Sacramento Bee* with an estimated **1.4 million impressions**.



An ad in *Savory Magazine*, which is Ahold's four-color, 80-page magazine distributed in store, featured the Veal and Portobello Mushroom Blend Burger. Each store received 750 magazines with an estimated circulation of 245,250.

American Lamb Board and Mushroom Council Blend and Mushroom Recipe Promotion

A co-marketing program with the Mushroom Council and the American Lamb Board is further promoting mushrooms and *The Blend*. The American Lamb Board is featuring the Council's Lamb Ragout and Lamb Loin Chops with Mushroom Marsala Sauce with a link back to the Council's site. The Council is featuring the American Lamb Board's Shepherd's Pie with Mushrooms and a Pacific Rim Mushroom Stuffed Lamb recipe and both link back to the American Lamb Board's website.



A press release was sent to the trade publications announcing the partnership. Over 78, 875 impressions were generated.

Kroger Blend and Wine Demo featuring Turkey Taco Blend Samples

Kroger sampled *The Blend* in a shared food and wine demo featuring Turkey Taco Blend samples and wine from The Wine Group. The promotion reached an estimated 4,500 consumers. The Council co-sponsored 74 Kroger store demos. Eight percent of the stores completely "sold out" of their mushroom packages; and 48% sold 14 or more packages of mushrooms during the event. An additional 26 events are scheduled to run during the fall of 2016.

2,033,164 TOTAL COMBINED IMPRESSIONS

from Doc's Market press release, Veal Mushroom press release, Savory ad, Cabot press release and Veal Mushroom social media.



NUTRITION & CONSUMER

NUTRITION RESEARCH PROGRAM

The Nutrition Research Program identifies and funds research at leading institutions/universities to discover mushroom's role in a nutritious diet to help improve consumers' health and lower their risk of modifiable chronic diseases. Nutrition research also forms the credible scientific base to support consumer and nutrition influencer communications efforts by developing timely nutrition content for the e-newsletter Nutrition News about Mushrooms and educational resources for Registered Dietitian Nutritionists.

Key highlights during 2016 include:

- Reviewed final reports from 4 previously funded projects and contributed to the final report of the Mushrooms and Health Global Initiative to its funders.
- Monitored publication of previously funded projects.
- Continued support of 5 studies initially funded in 2015 scheduled for completion during 2017.
- Revised the Nutrition Labeling Resource Guide to reflect changes in the Nutrition Facts Panel anticipated to be required by July 2018.
- Entered a co-funding agreement with the U. S. Department of Agriculture, National Institute of Food and Agriculture, to investigate the nutrient quality, palatability and consumer acceptability of mushroom/protein blends.

Final Reports Submitted in 2016

- **Chen, Shiuan, Beckman Research Institute, City of Hope, Duarte, CA.** "Identification and characterization of white button mushroom strains with high anti-aromatase activity" supported with pink partnership funds.

- **Feeney, Mary Jo, the Mushroom Council** "Mushrooms and Health Global Initiative" submitted to the funding organizations. The Initiative published 35 issues of a quarterly Bulletin, a Mushrooms and Health Report during 2008, 2010, 2012, and 2014; and participated in a variety of health influencer and industry conferences to share the latest on mushroom research. The Council was an initial investor and supporter of the Initiative.
- **Kinchla, Amanda, University of Massachusetts, Amherst.** "Optimizing the use of mushrooms for reduced fat and/or reduced sodium products" manuscript drafted and submitted to a food science journal.
- **Kruger, Claire, Spherix Consulting, Rockville, MD** "Preparation of GRAS dossier to obtain GRAS status for mushrooms treated post-harvest with UV-irradiation" available from the Mushroom Council.

Research Published

- **Calvo, Mona, Center for Food Safety and Applied Nutrition U.S. Food and Drug Administration et al.** "A retrospective study in adults with metabolic syndrome: Diabetic risk factor response to daily consumption of *Agaricus bisporus*" Plant Food for Human Nutrition. September 2016, a project co-funded with AMGA in 2011. Co-authors included Drs. Robert Beelman and Jaime Uribarri.
- **Phillips, Katherine. Virginia Tech, Blacksburg.** "Interlaboratory trial for measurement of vitamin D and 25(OH)D in foods and a dietary supplement using liquid chromatography-mass spectrometry". J. of Agricultural and Food Chemistry 64(16) April 2016, a project co-funded with AMGA in 2011.

Research Published

- **Cheskin, Lawrence, Johns Hopkins Bloomberg School of Public Health, School of Medicine, Baltimore, MD.** "Acceptance of mushroom-soy-beef blended burger among school-age children" accepted September for publication May-June 2017 in the Health Behavior and Policy Review Journal.
- **Horvath Peter J and Williams Brian T, State University of New York at Buffalo.** "Effect of vitamin D rich mushrooms on functional performance in older men and women" manuscript prepared for the Journal of the American College of Nutrition. This is result of a project co-funded with AMGA in 2011.
- **Meydani, Mohsen, USDA Human Nutrition Research Center on Aging, Tufts University, Boston, MA.** "Potential prevention of atherosclerosis by edible mushrooms."
- **Slavin, Joanne, University of Minnesota, Minneapolis.** "Mushrooms enhance satiety and improve gut health markers."
- **Solano-Aguilar, Sonia, USDA Beltsville Human Nutrition Research Center, Beltsville, MD.** "Prebiotic effect of dietary *Agaricus bisporus* mushroom on intestinal microflora composition and host immunological function."

Continuing Research Anticipated to be Completed in 2017

- **Cantorna, Margherita, Penn State University, State College.** "Mechanisms by which mushrooms regulate the gut microbiota".
- **Chavarro, Jorge, Harvard School of Public Health, Boston, MA.** "Mushroom intake and chronic disease risk in men and women: biomarkers indicative of risk of type 2 diabetes, cardiovascular disease, prostate and breast cancer of nurses and health professionals followed by the Harvard School of Public Health."

National Nutrition Policy

- Nutrition Labeling Resource for Mushroom Growers and Marketers revised by the Food Consulting Company to comply with the updated FDA regulations changes to the Nutrition Facts Panel.
- Entered into a co-funding agreement with the U. S. Department of Agriculture, National Institute of Food and Agriculture, to investigate the enhancement of nutrient quality, palatability and consumer acceptability of mushroom/protein blends. The Request for Funding Applications is anticipated to be announced during 2017 and specific proposals identified and funded.

NUTRITION INFLUENCER COMMUNICATIONS: CONTENT FOR E-NEWSLETTER NUTRITION NEWS ABOUT MUSHROOMS

- Putting the Art in Nutrition Communications to Change Behavior
- Read What's Trending on the Nutrition Research Radar Screen
- White Button Mushrooms and Brain Function in Aged Rats
- Mushrooms and Ergothioneine





NUTRITION OUTREACH PROGRAM

Nutrition Promotion & Outreach Program 2016

The Nutrition Promotion Program translates mushroom nutrition research into easy-to-digest nutrition communications for nutrition and health professional influencers, registered dietitians and consumers. A robust mushroom nutrition resource library helps educate nutrition influencers on the health benefits of mushrooms and in turn supports credible mushroom ambassadors who can speak on behalf of mushrooms to the media, to clients or to shoppers. The program specifically focuses on supermarket dietitian outreach with the goal of identifying ambassadors who can champion *The Blend* to their shoppers and their retailers, ultimately supporting *The Blend* pilot program.

Retail Dietitian Outreach

Supermarket dietitians are the nutrition and health influencers for the retail space. They educate shoppers about healthy eating habits and influence their purchasing decisions at retail. In an effort to further penetrate *The Blend* into retail, The Council has invested in marketing to retail dietitians to encourage ambassadors at retail who can speak to shoppers and retail decisions makers about *The Blend*.

The Mushroom Council sponsored The 6th Annual Oldways Supermarket Dietitian Symposium in New Orleans, Louisiana from March 20-22, 2016. The Council engaged with 60 supermarket registered dietitians (SRDs) and over 100 attendees with information about *The Blend*. The sponsorship included opportunities to network with influencers, present case studies of successful retail RD promotions and sample a *Blend* recipe so attendees could taste *The Blend* for themselves. As a result of Oldways, The Council has been in ongoing conversations this year with 17 retailers, including: Festival Foods, H-E-B, Lunds & Byerlys, Target, Harmons, Giant Eagle, Kroger, Mariano's, Meijer, Reasor's, Stop & Shop, ALDI, Schnuck Markets, Big Y, Price Chopper, Rouses and New Seasons Market.

The Council also partnered with Retail Dietitians Business Alliance, which serves as the professional group to more than 1,900 members of RDBA that most often work in supermarkets helping customers and employees with food and nutrition issues. As a result of this partnership, we have been able to reach 1,900 retail dietitians through newsletter articles, webinars, e-blasts, ads and events with resources they can use



Supermarket dietitians and sponsors at Oldways Supermarket Dietitian Symposium

to promote and sell-in *The Blend* at their stores. Our poll of this group gave us further insights into retail dietitians' impressions of *The Blend*: 62% were hearing about *The Blend* for the first time and 79% want their retailers to sell *The Blend* in their stores.

Supermarket dietitians are hungry for resources to help them promote healthy options to their shoppers. The Council created a new and improved retail dietitian toolkit this year to support retail dietitians in their efforts and keep mushrooms and *The Blend* top of mind for promotions, events and to pilot in their meat and deli departments. The toolkit contains mushroom talking points, demo how-to's, recipes and nutrition information and was distributed to 60 retail dietitians at Oldways and promoted to the 1900 members of RDBA. News of the Toolkit launch was also picked up by The Packer.

The Retail Dietitian Toolkit is a comprehensive resource to encourage supermarket dietitians to promote mushrooms and *The Blend* at retail.



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Dietitians from Redner's, Weis Markets, Big Y, Festival Foods and Pyramid Foods showcased *The Blend* on their local broadcast stations, resulting in over

724,313

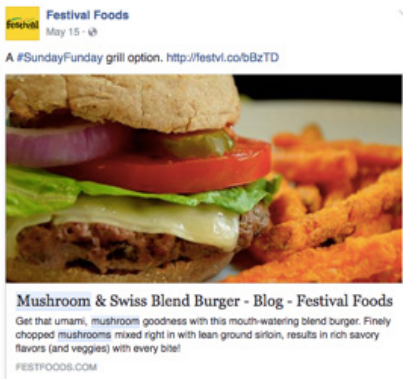
IMPRESSIONS

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Supermarket Dietitians Championing The Blend

Our consistent, ongoing communications with supermarket dietitians have resulted in numerous media mentions, promotions and efforts to sell-in *The Blend*.

- Weis Dietitian shares mushrooms and *The Blend* for Heart Health Month in February on a local broadcast station.
- Dietitians from ShopRite, Redner's, Pyramid Foods, Meijer, Reasor's, HyVee, Roundy's, Weis, Giant Food, Kroger, Martin's, Big Y and Festival Foods, promoted *The Blend* via sampling, events, signage, local print and online media, social media, store newsletters, magazines and circulars, resulting in over 12M+ impressions.
- Full page spread on *The Blend* in Big Y's Eating Well Living Smart Newsletter.
- Festival Foods dietitians developed an original Blend burger recipe to feature on their blog, social media channels and in a local broadcast segment.
- Dietitians from Mackenthun's, Harmons and Kroger are actively pitching *The Blend* (and testing recipes) to meat and deli department heads to sell as a full-time item to shoppers.



The Council hosted
a cocktail reception
in Boston with record
attendance

65 TOP-TIER
INFLUENCERS

The Council Continues to Reach Media Dietitians at FNCE

The Mushroom Council continues to leverage FNCE, the annual Food and Nutrition Conference & Expo for registered dietitians, as a way to connect with influential RDs in the media and blogger spaces. This year, The Council hosted a cocktail reception in Boston with record attendance – 65 top-tier influencers including Ellie Krieger (Food Network), Kathleen Zelman (WebMD) and Brierley Wright (Eating Well) joined us to learn about *The Blend* and we saw direct media coverage for *The Blend* in US News Report and ATL & Co as a result of the event. We also sponsored Retail Dietitians Business Alliance's Networking Reception and had the opportunity to engage exclusively with retail dietitians. Both events were great opportunities to identify supermarket dietitian leads and media dietitians as we look ahead to secure partnerships for 2017.



SPOTLIGHT: BIG Y PROMOTES THE BLEND ACROSS THREE CHANNELS

As a result of our supermarket RD outreach efforts, Big Y corporate dietitians promoted mushrooms and *The Blend* throughout the year across three different channels: in-store magazine, broadcast media and print media. The dietitians included a one-page spread on *The Blend* as a solution for healthier summer grilling recipes for their Dietitian's Corner page in the July issue of Big Y's in-store magazine, Living Well, Eating Smart, which has a circulation of 55,000. They also featured *The Blend*, making two Blend recipes (blended tacos and blended burgers), on a local broadcast segment in Massachusetts, resulting in 18,000 impressions. Last but not least, the dietitians wrote about *The Blend* and included a recipe for Mushroom and Turkey Blended Tacos in a local Massachusetts print publication, resulting in 47,000 impressions. Engaging with these dietitians at Oldways and empowering them with resources like the Retail Dietitian Toolkit results in Blend activations at retail.



This year, the dietitians at Weis Markets continued to support mushrooms in a variety of promotions and activations. They included “Mushrooms are a superfood” signage in all 145 of their stores, reaching approximately 4M shoppers per month. The signage highlighted the nutrition benefits of mushrooms as well as a call to action to encourage shoppers to make The Blend at home.

The Council partnered with Weis Markets on a local broadcast segment in February for Heart Health Month and Weis dietitians promoted mushrooms and *The Blend* for reducing saturated fat, sodium and calories for heart health. They also filmed a 30-second heart health commercial promoting *The Blend*, which aired 10 times during the month. The heart-health promotions reached over 885,000 consumers.

Finally, Weis featured *The Blend* once again in their November/December issue of their in-store magazine, Healthy Bites, promoting The Blend as a solution for diabetes prevention and management. They even created an original Blend recipe (Southwest Beef and Mushroom Lettuce Wraps) to accompany this piece in the magazine. For increased recipe engagement, they created a cooking video to support the recipe, which lives on Weis' You Tube channel. Weis continues to be an active supporter of *The Blend* and still carries blended burger patties as an everyday item in their meat department.



**885,000
CONSUMERS**





CONSUMER PUBLIC RELATIONS

Consumer PR efforts greatly exceeded stated goals in 2016, with earned media coverage alone resulting in more than 1,712 print and online articles and 31 broadcast segments, for a total of nearly 600 million consumer impressions. Outreach centered around key themes of mushrooms as a mighty and meaty superfood, with special emphasis on promoting the Blended Burger Project™ and introducing the concept of becoming a Blenditarian.

Key Highlights:

Food trends trade media pitching

We started the year strong with successful pitches to foodservice trade publications declaring The Blend a top culinary trend for 2016. Food Navigator deemed mushrooms “The Go to Ingredient for 2016” and Restaurant Business predicted “Blended Burgers will be the Slider of 2016.” These articles set the tone for a year that found us furthering the Blend movement and working to increase mushroom consideration by integrating our outreach efforts with other Mushroom Council channels (foodservice, K-12 education, retail and nutrition), while also focusing on stand-alone media/digital outreach campaigns connected to key occasions and themes.

Inserting mushrooms into the 2016 Dietary Guidelines conversation

Upon the USDA's January release of the 2015-2020 Dietary Guidelines for Americans (DGA), we issued a press release and pitch outlining three ways mushrooms fit into the new DGA guidelines. As a result, our key messages were mentioned in larger DGA stories from top-tier publications including The Washington Post and U.S. News Health.

Touting Sodexo's conversion to all-blended burgers in K-12 schools

In a round of targeted pitches to top trade and consumer media, we announced Sodexo's switch to blended burgers and pointed to it as an indicator of mainstream adoption of *The Blend* nationwide.

FOOD & WINE

Can Mushroom-Enhanced Burgers Get Kids to Eat More Produce?



Both trade and consumer media covered Sodexo's switch to serving only blended burgers in K-12 schools nationwide.

National media pitching and test kitchen visits

To educate national food editors, we visited the Time Inc., Meredith Corporation and New York City test kitchens, serving blended burgers to 70+ editors from top-tier publications, including Better Homes & Gardens, Southern Living, AllRecipes, Eating Well, Delicious Living, Cooking Light, Martha Stewart, Rachael Ray Every Day and Family Circle. Outreach to lifestyle publications netted features about *The Blend* in O! The Oprah Magazine (“a genius idea!”), Good Housekeeping, Food Network Magazine, Food Republic (“The Best Mushroom Burger Has Beef in it and Here's How to Make One”) and Forbes (“Mushrooms Are Turning Up in...Almost Everything Else Imaginable”).



Mushroom Council hosted a series of media events in 2016, ranging from receptions at the James Beard House in New York City to educational sessions in the test kitchens of major publishers.

The Blend as a Top Food Trend for 2017

We worked with RDs/writers Julie Upton and Katherine Brooking to coordinate a story on WebMD naming *The Blend* as a top food trend in 2017. “A good burger is always on trend,” says Brooking, “but with more emphasis on healthier, sustainable eating, top chefs are reinventing the burger to be more eco-friendly ... and delicious!” This story was subsequently picked up by other outlets, including the Huffington Post and MSN.

Building buzz for the Blended Burger Project™

The BBP provided us with an incredible platform to engage with national and target market media. We kicked-off the 2nd annual BBP with a media preview event at the James Beard House, in March. More than 60 media attended the evening gathering. The preview resulted in a Wall Street Journal feature (“Mushrooms Have a Moment”) and set the table for subsequent national media opportunities throughout the year. On the local market front, we organized 10 BBP kick-off events in the key markets of San Francisco, Seattle, Portland, Phoenix, Denver, Dallas, Minneapolis, Atlanta, Philadelphia and Washington, D.C. The local events inspired chef participation as well as blended burger features by The Seattle Times, Dallas Observer, Culinary Colorado, Minnesota Monthly, Good Day Oregon and many more regional media outlets. This coverage created momentum for highlighting the campaign in dozens of additional participating markets, ultimately resulting in 200+ online media stories, 40+ print features and 20+ broadcast segments.

Introducing the Blenditarian

We seeded the blenditarian lifestyle concept into media coverage by writing and distributing a syndicated article to print outlets nationwide titled “The Perfect Blend: Blenditarian Substitutions that Make Dinnertime Delicious,” featuring a classic blended burger recipe. The content was featured by 1,465 media outlets, including Chicago Sun-Times, Fort Worth Star-Telegram, Dallas Morning News and Star Tribune.

Sampling blended burgers at food events

Since consumer trial of *The Blend* is central to accelerating word of mouth and recruiting new Blenditarians, we sponsored 4 blended burger sampling events in Denver (a booth at the city's annual Burger Bash), Nashville (“Blended Burger Battle”), Tulsa (“Blended Burger Battle” hosted by Kitchen 66), and Portland (blended burgers by celebrity chef Hugh Acheson at the city's popular FEAST festival), serving 3,000+ burgers to rave reviews.



Popular food festivals such as the Denver Burger Battle provided us the opportunity to serve hundreds of burgers to burger fans and recruit them to become Blenditarians along the way!



DIGITAL PROGRAM 2016



Social and digital programs saw tremendous growth in 2016, surpassing our goals and garnering more than 33 million impressions in just the first nine months.

A primary focus this year was to develop new and highly engaging content, which included recipe videos, and exploring new platforms and formats, like Facebook Live. We set out to create a consistent rapport with our fans, peers and influencers across all channels, increasing content sharing to ensure our channels were brimming with recipes, cooking tips, The Blend education, health and nutrition facts and program highlights. Social partnerships (Johnny Rockets, Doc's Markets, California Walnuts, and more), blogger ambassadors and an increased focus on boosted posts likewise amplified and extended the reach of our messages across social channels.

Social Milestones

- Facebook: Surpassed 200,000 fans
- Twitter: Surpassed 8,000 followers
- Instagram: Surpassed 2,500 followers
- Pinterest: Surpassed 13,000 followers
- Enews: Nearly 10,000 subscribers

Recipe Videos

Video content is king on social; recognizing the opportunity to create and share consumable recipe videos that would inspire cooking with mushrooms, we launched a new series of videos spotlighting mushroom and blended recipes. These videos are often the most popular and shared content across the Mushroom Council social platforms, and have received more than 350,000 views on Facebook alone.



Most watched video: "Brunch with The Blend: Blended Breakfast Hash" (114,680+ views)



The Blend was brought to life with 20 original and inspiring new recipes.

SPOTLIGHT: INTRODUCING THE BLENDITARIAN

In tandem with traditional media, we set the stage for the blenditarian lifestyle concept with consumers by partnering with 20 food, health and eco-friendly influencers who created and posted easy, step-by-step instructions for Blenditarian recipes throughout April. The 20 posts and recipes were unified across social using the hashtag #Blenditarian, resulting in 4.8M impressions and 2,800+ social media shares of Blenditarian recipes. To further awareness of Blenditarian messaging, we tested native advertising which generated 339,000+ impressions among “Food and Drink” audiences.

Social Campaigns

National Nutrition Month: Mighty Mushroom Menus

To educate consumers about the nutritional benefits of the mighty mushroom during National Nutrition Month, we challenged fans to create mushroom packed “Mighty Mushroom Menu” Pinterest boards to share nutrition facts and guide healthy menu development. Thousands of mushroom recipes and tips were shared on fans’ Pinterest boards, resulting in thousands of referrals to MushroomInfo.com.

National Mushroom Month: Mushroom Meal Matchups

The “Mushroom Meal Matchups” bracket challenge for National Mushroom Month pitted 12 delicious mushroom dishes against one another throughout the month of September in order to declare one dish the mightiest, meatiest and umami-est mushroom recipe of 2016. Consumers voted for their favorite recipes each week, eventually declaring the Artichoke Stuffed Mushroom the fan favorite.

Tailgating Season: #GameDayBlend

To continue educating consumers about The Blend, we launched a #GameDayBlend social media contest for peak tailgating season, encouraging fans to snap photos of their game-day blended burgers. In addition to the contest, we created a how-to infographic “Your Playbook for Perfecting Game Day Blended Burgers,” which was distributed to via an eblast and shared across social channels.

Website & Blogs

The Mushroom Channel website and blog came alive in 2016 with a consistent schedule of seasonal recipes and entertaining tips, event recaps and campaign promotions, The Blend promotion and education, and health/nutrition information. Guest bloggers, like council member Sonya Beltran, brought a new voice to the blog – and blenditarian recipes became a new focus. Our four blogger ambassadors created unique mushroom-centric recipes and videos for our recipe repertoire, blog and social channels. These blogger ambassadors also helped us generate awareness around our social campaigns during National Nutrition Month, National Mushroom Month as well as the Blended Burger Project. So far this year, we’ve added 53 new blog posts and 32 new recipes, resulting in nearly half a million website sessions.



Collaborated with blogger ambassador Chef Billy Parisi on a Facebook Live blended burger cooking demo, which garnered more than 6,000 views and reached more than 60,000 people.



FOODSERVICE AND TRADE PROGRAM

This year's Blended Burger promotion welcomed Top Chefs, Chopped Chefs, Iron Chefs, diners, steakhouses, colleges, food trucks, hotels, burger chains and independents from every segment. The collaboration with the James Beard Foundation resonated with all in the foodservice industry, from chain menu developers to University and elementary school foodservice directors. Many media outlets also caught wind of this quickly evolving trend and posed the question to consumers, "can mushrooms in burgers really make a positive impact on the planet?" The answer is yes.

MUSHROOMS ON THE MENU

Outside of the Blended Burger Project partnership with the James Beard Foundation, the Council worked on a variety of restaurant promotions.

Other Restaurant Promotions:

- **Johnny Rockets** launched a Portobello Chicken Sandwich with all-natural chicken breast topped with Gouda cheese, portobello mushrooms, applewood bacon and spring mix on a brioche bun.
- **Google** is rolling out commercialized burgers to all offices. Approximately 105,000 servings per year.
- **Flip Burger Boutique** continued to menu and promote their Earth + Turf Burger. It's a mushroom & beef blend with sautéed mushrooms, caramelized onions, gruyere cheese, pickles & a savory mushroom mayo.
- **99 Restaurants and Pub** served a Roasted Portabella Mushroom Sirloin paired with baby portabella mushrooms and just a hint of garlic. Be sure to try all of their Steak to the Nines dishes!
- **LongHorn Steakhouse's** served a half-pound fresh beef burger piled high with shaved prime rib, sautéed onions, mushrooms and Swiss cheese which was served with au jus, horseradish sauce and parmesan garlic fries.
- **Seasons 52** promoted their Asian-Glazed Chilean Sea Bass, presented over a bed of shiitake mushrooms, snow peas and organic black rice.
- **Tony Pizza** menued a pizza to top all other pizzas: white truffles; 24-month San Daniele prosciutto; Far West Fungi's clamshell, lion's mane, and yellow oyster mushrooms; fromage blanc and Carmody cheese from Bellwether Farms; and Grande whole milk mozzarella, a sprinkling of mâche, and Maldon salt.
- **TGI Fridays** rolled out a grilled 100% USDA Choice beef burger and a freshly baked bun with mushrooms, lettuce, tomato, pickle and onion.
- **Shake Stack** served d crisp-fried portobello mushroom filled with melted muenster and cheddar cheeses, topped with lettuce, tomato and Shack Sauce.



**JAMES
BEARD
FOUNDATION**

JAMES BEARD FOUNDATION'S SECOND ANNUAL
BLENDED BURGER PROJECT™

jamesbeard.org/BlendedBurgerProject | #BlendedBurgerProject

SPOTLIGHT: THE JAMES BEARD FOUNDATION BLENDED BURGER PROJECT

The Council was once again proud to partner with James Beard Foundation, who is at the center of America's culinary community, on the second annual Blended Burger Project™. The national campaign, that kicked off Memorial Day weekend, engaged major markets to vote for their favorite Blended Burger and played host to localized Blended Burger Bash style events. The Council also partnered with Plate Magazine, Chefs Collaborative, and the Culinary Institute of America.

This year the Council took a more strategic approach to the contest and introduced consumer based voting. This gave chefs the opportunity to take high quality photos of their burgers, as well as provide a detailed description for consumers. This new format allowed us to track entries and votes, as well as a garnered a considerable amount of publicity.

The Council was thrilled to invite Blended Burger Project™ spokespersons, Chef Hugh Acheson to the team. Chef Hugh Acheson is a James Beard Foundation award-winning chef, author, Top Chef Judge and has a number of restaurants including 5&10, Empire State South, and The National and Florence. He not only served as a spokesperson for promoting *The Blend*, but also reached out to chefs to join the Blended Burger Project™.

Media impressions for the Blended Burger Project™ garnered over 15 million digital media impressions. Blended Burger Project™ coverage that stemmed from local market events included, Arizona Foodie, Dallas Observer, AllRecipes, Seattle Refined, Foodista, DFW.com, CultureMap Dallas, Minnesota Monthly, and Growler Magazine. The articles highlighted blended burgers and the competition and how the concept can help people to eat healthy, while also being gentler on the environment.



The Blend, specifically "blended burgers," appeared in Forbes, New York Observer, The Wall Street Journal, Cooking Light, QSR Magazine, Flavor & The Menu, Nation's Restaurant News, Restaurant Business and Foodservice Director.

- Forbes posted an article capturing the growth of the mushroom industry and *The Blend* – saying "mushrooms inside the burgers has become a thing."
- The New York Observer featured Chef Hugh Acheson's blended burger as a result of the Blended Burger Project™ Kick-Off event in New York City.
- Cooking Light featured a tribute to Chef Jenn Louis' mushroom blended burger connecting the dots with their "flip your protein" series.

During the month of April, the Council, James Beard Foundation and Plate Magazine hosted lunches in Phoenix, Portland, Denver, Atlanta, Seattle, Dallas and San Francisco. In each market 2-4 chefs cooked their versions of blended burgers for other chefs, bloggers and local media. Attendees were educated on *The Blend* and the Blended Burger Project™ and encouraged to pledge.

SPOTLIGHT: BLENDED BURGER PROJECT WINNERS

Chef Misha Levin



Bareburger, New York City, NY

Wild boar and sweet tamari mushroom blended burger topped with pickled red onion, crispy mustard greens and a Sriracha vinaigrette.

Chef Michael-Gottlieb



The Wood's Kitchen, Bloomingdale, Ga.

Worcestershire glazed double mushroom burger with charred vidalia onions served on a mushroom salted brioche bun. The burger uses rich earthy local beef and cremini mushrooms.

Chef Logan Guleff



Logan's Underground Supper Club, Memphis, TN

The Mushroom Monster is equal parts portobella mushrooms and ground beef, seasoned with its own Legends seasoning blend. The burger is topped with fontina cheese, lettuce, tomato and bacon.

Chef Toni Elkouri



Cedar's Café, Melbourne, Fla.

Ground beef blended with portobella, shiitake and cremini mushrooms, topped with pomegranate ketchup, banana pepper curry mustard, tahini remoulade, balsamic onion, goat cheese, bacon, spinach and avocado.

Chef Adrian Cruz



The Orchard Lounge, McAllen, Tx

Shiitake, chorizo and beef blend patty, topped with homemade strawberry fig jam, chipotle Aioli, pickled cucumber, butter lettuce, a fried egg, bacon, tomato and string mushrooms.



THE BLEND IS ON TREND

Many food service management companies, including Compass Group, Sodexo and ARAMARK, continue to use *The Blend* from scratch preparation and working on commercialization.

The first Epcot Food & Wine Festival, Rockin' Burger Block Party, was held on September 30th and featured seven burgers, one prepared by Celebrity Chef Maneet Chuahan. Chef Maneet showcased her Indian-inspired Malai Chicken Mushroom Burger.

National Restaurant Association

The Council attended the National Restaurant Associations' (NRA) Nutrition Education Group, in Scottsdale, Arizona (March 16-17), which consisted of dietitians from top restaurant chains. Chef Pam Smith, conducted a demo while the Council presented *The Blend* to hotel chains, resorts, cruise lines and theme parks during The Flavor Summit held at the Culinary Institute of America.

Chef Collaborative

At the closing luncheon of the 7th Annual Chefs Collaborative held, in New York City (April 10-12, 2016), the Council hosted a Blended Burger Bash. The contest hosted 7 chefs; Joy Manning, Philadelphia Local, Edible Philly; Chazz Alberti, Philadelphia Local, Deft & Delicious, Brulee Catering; David Rashty, Ft. Myers Local, Jack's Farm to Fort; Larry Leibowitz, Boston Local; Mary Reilly, Western Massachusetts Local, Edible Pioneer Valley; Drew McDonald, Knoxville Local, The Plaid Apron; and Daniel Asher, Denver



Local, Edible Beats who were given the opportunity to create and serve their version a Blend Burger, made with at least 25% mushrooms. The chefs blended mushrooms with a variety of meat to come up with the Philly Bulgogi Burger, the Maitake Brisket Burger, the Seoul Burger, the Green Chili Cheese Burger and several more. Hundreds of chefs sampled the burgers and were encouraged by Chef's Collaborative to take the pledge.



Chefs Night Out

Chefs' Night Out was the party before the annual James Beard Foundation Awards, which took place on May 2nd. Two chefs from Gibson's Steakhouse Group captured *The Blend* with Gibson's Prime Beef blended with roasted shiitakes, oyster mushrooms and portabellas along with Jasmine rice, red wine barley, chipotle mayonnaise, arugula, pickled Fresno chiles, oven-dried tomatoes and avocado puree. The other featured pastrami-spiced portabellas blended with Gibson's Prime Beef, Gruyere, red cabbage slaw and Thousand Island dressing on marbled rye.

Menu Directions

The Council was invited to give a flash talk on *The Blend* at this year's Menu Directions which invited 350 non-commercial operators to attend. A Council representative also served samples of Lance Avery's, of Big Fork Brands, Blended Burger (butter sautéed royal trumpet mushrooms and portabella powder blended with 21-day dry aged ground ribeye) that won at the World Championship of Food burger category. Kikkoman did a kitchen session on meatballs, all of which were blended.

Culinary Institute of America (CIA)

In January, the Council participated in several CIA programs including: a new collaboration with supermarket deli chefs; Worlds of Healthy Flavors, a tie-in with Harvard Nutrition Policy, featured a variety of Blend items; and Healthy Menus Collaborative, a group of major chains developing best practices for nutritious menus, the Council was part of four presentations — Chain Strategies to Meet Consumer Demands in Reducing Meat, Pizza Hut's case history introducing their Blended meatballs, Umami using *The Blend* and a Harvard case history of introducing *The Blend*.

SPOTLIGHT: CIA BLENDED BURGER BASH

The introduction of the Blended Burger Bash is only one of the Culinary Institute's commitments to *The Blend*, which was incubated and supported by the Healthy Menus R&D Collaborative – an educational initiative of high-volume culinary leaders developed by the Culinary Institute of America in partnership with The Council. The Culinary Institute believes that *The Blend* is a perfect example of the innovative and strategic culinary insights that are emerging to address the substantial health and environmental imperatives that face the foodservice industry and consumers in general.

The Culinary Institute of America (CIA) hosted its first-annual Blended Burger Bash at Hyde Park Campus. Cooking off in front of family, friends and instructors, eleven teams of culinary students battled for the best blended burger.

Each of the eleven teams prepared two unique blended burgers (one consisting of at least 25 percent fresh mushrooms and one freestyle burger), for chefs, instructors and other students to try. A panel of burger-experts judged the burgers, including CIA alumni Chef Jehangir Mehta, Produce Business writer Mira Slott, mushroom industry representatives from Monterey Mushrooms, Joe and Karen Caldwell, as well as several instructors and dietitians from the Culinary Institute.

Burgers were judged on overall flavor, appearance, creativity and adherence to the Menus of Change principals. The Menus of Change principals, developed by CIA, encourage chefs to re-think how they source ingredients and meal preparation for more nutritious, sustainable, responsible and delicious menus.

At the end of the bash, Team "Bob's Burgers" came out triumphant with their winning blended "Ooooh! Mami Burger" (a 50/50 mushroom-beef blend featuring crimini, maitake and shiitake mushrooms blended with ground beef and topped with caramelized onions, Swiss cheese, arugula and white truffle oil), as well as their freestyle burger: "Silence of the Lambs" (a mushroom-lamb blended burger with yogurt, lemon zest, garlic and mint). In addition to claiming bragging rights for winning the best blended burgers on campus and a \$1,000 cash prize for each burger, the students' winning blended burger recipes will also be featured in the campus dining grill menu!

Over the course of the year the Council hosted dozens of Blended Burger Bash events across the country promoting the Blended Burger Project© and educating consumers on becoming a "blenditarian."





COLLEGE AND UNIVERSITY PARTNERSHIPS ARE MAKING AN IMPACT

Many large state schools are menuing *The Blend* and have commercialized burgers throughout their campuses and dining halls including; University of Southern California (USC), University of Massachusetts (UMass) and Stanford University. University of Illinois creates burgers from scratch on a smaller basis, but will be commercializing. Harvard has converted to all Blended burgers adding an additional 200,000 servings.

The Council conducted a training session amongst the culinary staff at the University of Illinois. The chefs learned new ways to use *The Blend*, and worked with their on-campus butcher and meat suppliers to ensure that the only burger served on campus is a blended burger. Training was also completed at Michigan State University which has adopted *The Blend* on

many parts of campus, but wants to extend it to all venues with all their culinarians. We also worked with San Jose State and the University of Montana who have already converted all their burgers to *The Blend*.

In a partnership with the Mushroom Council, Harvard University Dining Services (HUDS) replaced portions of the meat in 10 beef-based dishes with mushrooms, ultimately reducing saturated fat by 31 percent and calories by 20 percent. They estimate that transitioning to “*The Blend*” in just one five-pound meatloaf recipe, served in just one meal service, lowered the carbon footprint by the equivalent of taking a car off the road for six months. Student response has been so enthusiastic that the meat/mushroom chili is now a daily lunch feature, and a quarter of all burgers are blended turkey with brown rice and vegetables.

.....
**Harvard Dining estimates that
transitioning to “The Blend” in just one
five-pound meatloaf recipe, served
in just one meal service, lowered the
carbon footprint**

**EQUIVALENT TO TAKING A CAR
OFF THE ROAD FOR SIX MONTHS**
.....

National Association of College and University Food Service (NACUFS)

The Council presented and demoed *The Blend* at The Southern Region NACUFS conference which include colleges and universities from Kentucky, Tennessee, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Florida, Texas, Louisiana, Oklahoma and New Mexico. While there are a number of universities menuing *The Blend*, like Auburn University, Texas A&M and Oklahoma State, this was an enormous opportunity to penetrate a new region.



MuShroomapalooza 3.0

For the 3rd year in a row the Council worked closely with the University of Southern California (USC) on their muShroomapalooza event which featured Blended Burgers across campus, as well as other mushroom dishes in each of the dining halls. Morton Fig and The Lab Gastropub put their Blended Burgers on display, while all dining halls on campus menued beef and mushroom blended burgers. USC is another university that only serves *The Blend* for their main menu burger. During muShroomapalooza, the Council hosted a Blended Burger Bashes and added the word “Blenditarian” to student vocabulary.



University of Massachusetts (UMASS) Chef Culinary Conference

In June, the Council attended the Chef Culinary Conference at the University of Massachusetts. *The Blend* was a prominent theme at the conference, being mentioned by several speakers, including Greg Drescher and Christopher Gardner, as well as being featured several times on the menu. The entertainment for the evening was a fast-paced cooking competition called Cut Throat Kitchen, hosted by Jet Tila. The second night of the competition challenged three chefs to make a blended burger. The winner, Justin Irvin from Vanderbilt, prepared a “classic cheeseburger with fries,” opting to top the burger with french fries rather than a bun. Chef Jehangir Mehta represented *The Blend* and the Council while at the conference, demoing *The Blend* on stage, as well as getting hands on with chefs during the workshops.

The Council also had a booth at the Showcase where attending chefs had the opportunity to sample UMASS’s entry into the Blended Burger Project™; a 30/70 blended burger topped with cheddar cheese, kimchi and maitake mushrooms.



SCHOOL NUTRITION PROGRAM

In 2016 the Blend continued to spread through schools across the country. From San Diego to Washington D.C. students are enjoying mushrooms in salad bars, Harvest of the Month promotions and blended with their burgers, meatballs, tacos and more!

120,000 pounds of IQF mushrooms were sold directly to schools and 93,319 pounds of fresh mushrooms were sold through the Department of Defense Fresh Fruit and Vegetable program, a 43% increase from the previous year, and countless additional pounds of mushrooms have been sold into schools via additional avenues. The Blend Burger is reported to be the second highest seller in their school product line for one of the major school meat processors while three blended items are included in their top ten sellers.

- **120,000 POUNDS OF IQF**
- **mushrooms were sold directly to schools**
- **93,319 POUNDS OF FRESH**
- **mushrooms were sold through the**
- **Department of Defense Fresh Fruit and**
- **Vegetable program**

District Promotions

Several promotions were held throughout the country testing blended burgers from manufacturers, the direct delivery of USDA mushrooms to blend in central kitchens and the use of fresh mushrooms via the Farm to School Program.

San Diego Public Schools featured mushrooms in their February Harvest of the Month program which featured a grower profile of Mountain Meadow Mushrooms. The success of the mushroom Harvest of the Month program led San Diego schools to add the Blend to their burger offerings for School Year 2016/2017.

Several districts in Montana have embraced mushrooms and the Blend in 2016. Lower Valley Meat Processing, a local beef processor for Montana public schools, partnered with the Mushroom Council and the Montana School Nutrition Association to develop local beef and mushroom blended burgers. The burgers were distributed to districts across the state where students enjoyed their new larger, juicier burgers. Montana districts prioritize using local, grass fed beef to feed their students. By blending with fresh mushrooms it allows the districts to stretch the use of the local beef and lower the cost. Districts in Montana have since incorporated the burgers, meatballs and a chili made with local beef, local lentils and USDA mushrooms.

Arnolds Meat Processing in Massachusetts has mirrored the success in Montana by developing a blend of local Massachusetts grass fed beef and USDA mushrooms. The burgers blended with mushrooms are larger and more filling for students to enjoy. The burgers are currently being served to students in several large districts across Massachusetts with plans to expand along the north east.

Washington D.C. tested three Blended recipes on their test it Friday along with featuring mushrooms as the harvest of the month for September. Student tests went well and the blend is expected to be added to several schools within Washington D.C. in the upcoming school year.

Florida featured fresh mushrooms as the Harvest of the Month promotion in October. Students enjoyed fun facts and samples throughout the month. Districts in Florida are working with the Miami Beef company to develop a local beef and mushroom blend burger for introduction in early 2017.

The foodservice management company Sodexo continues to serve the Blend

and is continuously working with the Mushroom Council to develop and expand the Blend offerings and fresh mushroom offerings.

The Mushroom Council continues to support district promotions across the country encouraging students to try and love fresh mushrooms and the Blend!

Conferences and Events

Mushroom Council exhibited and spoke at several school conferences this year including the School Nutrition Association's Annual National Conference in San Antonio, TX. Attendees enjoyed Thai Blended Meatballs. Attendees received mushroom menuing tips, recipes and district case studies. The conference also launched the brand new Blend the Rules campaign encouraging districts to share their stories on how the incorporate the Blend into their school program.

The Council is also a founding member of the Healthy Kids Collaborative. The Collaborative hosted by the Culinary Institute of America brings together some of the most influential district directors and industry partners to develop best

practices and recipes to share with entire school nutrition network. The collaborative aims to be the center for thought leadership within the school nutrition industry positioning the Blend at the center of food and nutrition innovation for schools.

The Council sampled blended turkey meatballs at the School Food Focus conference. School Food Focus is a collaboration of school districts and industry leaders dedicated to reforming school food to serve healthier, clean label food to students. Mushroom Blended Burgers are currently under consideration to be the recommended burger to be served among all School Food Focus districts.

The School Nutrition Foundation featured mushrooms and the Blend as a part of their Webinar Wednesday series. Over 700 school nutrition professionals tuned in to hear Dayle Hayes and Chef Matt Polling of Weld County School District present the webinar "Six Flavorful Strategies for Increasing Vegetable Consumption" highlighting how districts can incorporate more mushrooms and the Blend into student approved dishes.

SPOTLIGHT: MUSHROOMS PARTNER WITH FUEL UP TO PLAY 60



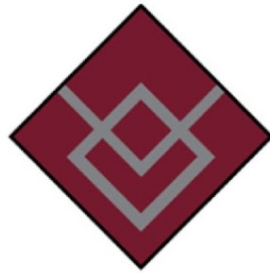
Students participating in the Fuel Up to Play 60 leadership summit held at Purdue University in Indiana enjoyed a special Blended Burger Bash to celebrate their achievements throughout the year! Fuel Up to Play 60 is the organization dedicated to encouraging physical activity and overall health with children through a partnership with the National Football League. Seventy students from across the country that serve as Fuel Up to Play 60 ambassadors in their communities were rewarded with a weeklong summit with the Fuel Up to Play 60 directors and special NFL guests in late July. The students were chosen for their outstanding leadership ability and hours of service to developing Fuel Up to Play 60 programs in their schools and communities.

The Blended Burger Bash was the final dinner event after a week of sports, leadership workshops and culinary challenges. The students were challenged

to create the most creative burger while following USDA Meal Plan requirements. Students chose between blended beef burgers, blended turkey burgers and mushroom bean burgers. Students then topped their burger from a choice of dozens of sauces, salads, slaws and vegetables. Dozens of burgers were reviewed by a panel of Fuel Up to Play 60 judges to pick the most creative Blended Burger Build. The student with the highest score won the opportunity to host a Burger Bash at their school.

All student ambassadors were charged with introducing The Blend and the benefits of incorporating fresh mushrooms in to their meal plan to their school nutrition directors upon their return to school. Dozens of districts are anticipated to test the Blend as a result of the Fuel Up to Play 60 Blended Burger Bash.

INDEPENDENT AUDITORS REPORT



Tenney and Company

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Governing Body
Mushroom Council
Redwood City, CA 94065

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the general fund of Mushroom Council, an instrumentality of the United States Department of Agriculture, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Mushroom Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the general fund of Mushroom Council, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Mushroom Council's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 31, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis and budgetary comparison information on pages 4-6, and 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mushroom Council's basic financial statements. The Schedules of General and Administrative Expenses – Budget and Actual, the Schedule of Program Expenses – Budget and Actual, the Schedule of Cash Receipts and Disbursements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

A handwritten signature in black ink that reads "Jenney and Company". The script is cursive and fluid, with the first letters of "Jenney" and "Company" being capitalized and prominent.

March 31, 2017

MUSHROOM COUNCIL
STATEMENTS OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION
For The Year Ended December 31, 2016
(With Comparative Information for December 31, 2015)

REVENUES:	<u>2016</u>	<u>2015</u>
Assessments:		
Domestic	\$ 4,344,939	\$ 3,965,284
Imports	673,578	570,813
Other income and interest	<u>3,844</u>	<u>14,592</u>
 Total Revenues	 <u>5,022,361</u>	 <u>4,550,689</u>
 EXPENDITURES:		
Administrative expenditures	273,176	291,553
Government and professional services - including compliance inspections	168,279	240,397
Research and information expenditures	<u>4,581,574</u>	<u>3,888,811</u>
 Total Expenditures	 <u>5,023,029</u>	 <u>4,420,761</u>
 Excess of Expenditures over Revenues	 (668)	 129,928
 NET POSITION - Beginning of year	 <u>1,493,707</u>	 <u>1,363,779</u>
 NET POSITION - End of year	 <u>\$ 1,493,039</u>	 <u>\$ 1,493,707</u>

The accompanying notes are an integral part of these financial statements.

MUSHROOM COUNCIL
STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2016
(With Comparative Information for December 31, 2015)

	<u>2016</u>	<u>2015</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Excess of revenues over expenditures	\$ (668)	\$ 129,928
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation expense	2,592	2,828
Loss (gain) on disposal of capital assets	-	1,468
(Increase) decrease in:		
Accounts receivable	10,992	213,282
Prepaid expenses	10,172	1,614
Increase (decrease) in:		
Accounts payable	7,301	97,277
Accrued wages and payroll taxes	<u>(1,654)</u>	<u>5,805</u>
Net Cash Provided by Operating Activities	<u>28,735</u>	<u>452,202</u>
NET CASH FLOW FROM FINANCING ACTIVITIES:		
Cash paid for acquisition of capital assets	<u>(4,392)</u>	<u>(2,408)</u>
Net Cash Used by Financing Activities	<u>(4,392)</u>	<u>(2,408)</u>
Net Increase in Cash	24,343	449,794
CASH - beginning of year	<u>1,416,981</u>	<u>967,187</u>
CASH - end of year	<u>\$ 1,441,324</u>	<u>\$ 1,416,981</u>

The accompanying notes are an integral part of these financial statements.

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*

INDEPENDENT AUDITOR'S REPORT

The Governing Body
Mushroom Council
Redwood City, CA 94065

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 the governmental activities and the general fund of Mushroom Council, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Mushroom Council's basic financial statements, and have issued our report thereon dated March 31, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mushroom Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

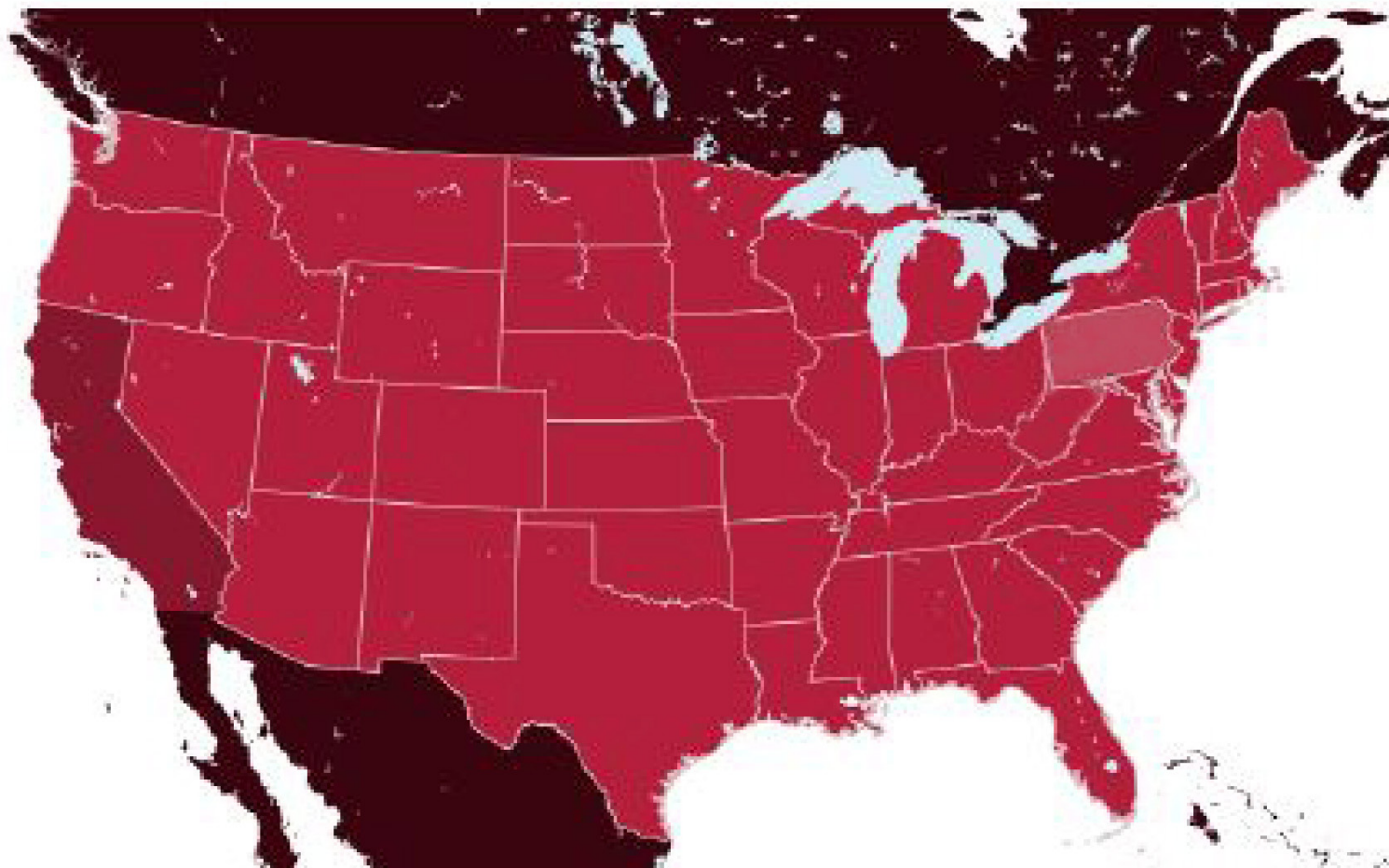
As part of obtaining reasonable assurance about whether Mushroom Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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



March 31, 2016



Region 1



Region 2



Region 3



Region 4, Including
Importers

COUNCIL MEMBERS

YEAR	REGION	COUNCIL MEMBER	POSITION
2016	1	Pat Jurgensmeyer	Chair
	1	Michael Stephan	
	2	Bob Besix	
	2	Dave Carroll	Vice Chair
	2	Sonya Beltran	
	2	Gale Ferranto	
	3	Robert Murphy	Treasurer
	3	Fred Fitz, Jr.	
	4	Elizabeth O'Neil Meuregh	Secretary
2015	2	Tony D'Amico	Chair
	1	Pat Jurgensmeyer	Vice Chair
	4	Elizabeth O'Neil Meuregh	Secretary
	1	Michael Stephan	Treasurer
	2	Dave Carroll	
	2	Jim Angelucci	
	2	Gale Ferranto	
	3	Robert Murphy	
	3	Roberto Ramirez	

YEAR	REGION	COUNCIL MEMBER	POSITION
2014	2	Tony D'Amico	Chair
	2	Dave Carroll	
	1	Pat Jurgensmeyer	Vice Chair
	4	Elizabeth O'Neil	Secretary
	3	Roberto Ramirez	
	2	Jim Angelucci	
	2	Gale Ferranto	Treasurer
	1	Charles Bosi	
	3	Robert Murphy	
2013	3	Joe Caldwell	
	2	Tony D'Amico	Vice Chair
	1	Fletcher Street	Chair
	2	Dave Carroll	
	1	Pat Jurgensmeyer	Treasurer
	4	Elizabeth O'Neil	Secretary
	3	Roberto Ramirez	
	2	Jim Angelucci	
	2	Gale Ferranto	
2012	2	Jim Angelucci	
	2	Jim Howard	
	3	Roberto Ramirez	
	3	Joe Caldwell	Chair
	2	Tony D'Amico	Treasurer
	1	Fletcher Street	Vice Chair
	2	Dave Carroll	
	1	Pat Jurgensmeyer	
	4	Elizabeth O'Neil	Secretary
2011	2	Greg Sagan	
	2	Jim Angelucci	
	1	Greg McLain	
	2	Jim Howard	
	4	Hank Vander Pol	Secretary
	3	Roberto Ramirez	
	3	Joe Caldwell	Chair
	2	Tony D'Amico	Treasurer
	1	Fletcher Street	Vice Chair
2010	2	Greg Sagan	
	2	Jim Angelucci	
	1	Greg McLain	Chair
	2	Jim Howard	
	4	Hank Vander Pol	Secretary
	3	Roberto Ramirez	
	3	Joe Caldwell	Vice Chair
	2	Kathleen Lafferty	
	1	Fletcher Street	Treasurer
2009	2	Greg Sagan	
	1	Virgil Jurgensmeyer	
	1	Greg McLain	Chair
	2	Paul Frederic	Secretary
	4	Hank Vander Pol	
	3	Robert Crouch	
	3	Joe Caldwell	Vice Chair
	2	Kathleen Lafferty	
	1	Fletcher Street	Treasurer

YEAR	REGION	COUNCIL MEMBER	POSITION
2008	2	Carla Blackwell-McKinney	Chair
	1	Virgil Jurgensmeyer	
	1	Greg McLain	Vice Chair
	2	Paul Frederic	
	5	Hank Vander Pol	Secretary
	3	Robert Crouch	
	3	Joe Caldwell	Treasurer
	2	Kathleen Lafferty	
2007	1	Fletcher Street	
	2	Carla Blackwell-McKinney	Vice Chair
	4	Curtis Jurgensmeyer	Chair
	4	Greg McLain	Treasurer
	2	Lynn James Angelucci	
	3	Charlee Kelly	
	1	Lynn Mortensen	
	2	Paul Frederic	
2006	5	Hank Vander Pol	
	3	Robert Crouch	Secretary
	2	Carla Blackwell-McKinney	Vice Chair
	4	Curtis Jurgensmeyer	Chair
	4	Greg McLain	Treasurer
	2	James Angelucci	
	3	Charlee Kelly	
	1	Lynn Mortensen	
2005	2	Michael Pratola	
	5	Hank Vander Pol	
	3	Robert Crouch	Secretary
	2	Carla Blackwell-McKinney	Treasurer
	4	Curtis Jurgensmeyer	Vice Chair
	4	Darrell McLain	
	2	James Angelucci	Chair
	3	Charlee Kelly	
2004	1	Vacant	
	2	Michael Pratola	
	5	Murray O'Neil	
	3	Robert Crouch	Secretary
	2	Carla Blackwell-McKinney	Treasurer
	4	Curtis Jurgensmeyer	Secretary
	4	Darrell McLain	
	2	James Angelucci	Chair
2003	3	John Davids	Vice Chair
	1	Lisa Hemker	
	2	Michael Pratola	
	5	Murray O'Neil	
	3	Robert Crouch	
	2	Carl Fields	Vice Chair
	4	Carla Blackwell-McKinney	Treasurer
	2	Curtis Jurgensmeyer	Secretary
	2	Dan Lucovich	
	4	Darrell McLain	
	2	James Angelucci	Chair
	3	John Davids	
	5	Murray O'Neil	
	1	Wilhelm Meya	

YEAR	REGION	COUNCIL MEMBER	POSITION
2002	3	Carl Fields	Vice Chair Treasurer
	2	Chris Alonzo	
	2	Dan Lucovich	
	4	Darrell McLain	
	1	Greg Sagan	Chair
	2	James Angelucci	
	3	John Davids	
	3	Robert Crouch	
	1	Wilhelm Meya	
2001	2	Charles Brosius	Chair
	3	Carl Fields	Secretary
	2	Chris Alonzo	
	2	Dan Lucovich	Treasurer
	4	Darrell McLain	
	1	Greg Sagan	Vice Chair
	3	John Davids	
	3	Robert Crouch	
	1	Wilhelm Meya	
2000	2	Charles Brosius	Chair
	2	Chris Alonzo	Secretary
	3	Clark Smith	Vice Chair Treasurer
	4	Darrell McLain	
	2	James Angelucci	
	3	John Davids	
	3	Shah Kazemi	
	1	Greg Sagan	
	1	Vacant	
1999	2	Charles Brosius	Chair
	2	Edward Leo	
	1	Jack Reitnauer	
	2	James Angelucci	
	1	James Howard	Vice Chair Secretary Treasurer
	3	John Davids	
	3	Shah Kazemi	
	4	Virgil Jurgensmeyer	
	3	William Street, Sr.	
1998	3	Douglas Tanner	Chair
	2	Edward Leo	
	1	Jack Reitnauer	
	2	James Angelucci	
	1	James Howard	Vice Chair Secretary Treasurer
	2	Roger Claypoole	
	3	Shah Kazemi	
	4	Virgil Jurgensmeyer	
	3	William Street, Sr.	
1997	3	Douglas Tanner	Vice Chair
	2	Edward Leo	
	2	James Angelucci	
	1	Robert Miller	Chair
	2	Roger Claypoole	
	3	Shah Kazemi	
	4	Virgil Jurgensmeyer	Secretary
	1	Wilhelm Meya	
	3	William Street, Sr.	Treasurer

YEAR	REGION	COUNCIL MEMBER	POSITION
1996	3	Douglas Tanner	Secretary
	2	James Angelucci	Vice Chair
	2	James Ciarrochi	
	3	John Haltom	
	1	Robert Miller	
	2	Roger Claypoole	Treasurer
	3	Shah Kazemi	Chair
	4	Virgil Jurgensmeyer	
	1	Wilhelm Meya	
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	
1994	3	Douglas Tanner	
	2	Edward Leo	Secretary
	2	James Ciarrocchi	
	3	John Haltom	Treasurer
	2	Michael Pia	
	1	Robert Miller	Chair
	4	Virgil Jurgensmeyer	Vice Chair
	1	Wilhelm Meya	
	3	William Street, Sr.	
1993	3	Douglas Tanner	
	2	Edward Leo	Secretary
	2	James Ciarrocchi	
	3	John Haltom	Treasurer
	2	Michael Pia	
	1	Robert Miller	Chair
	4	Virgil Jurgensmeyer	Vice Chair
	1	Wilhelm Meya	
	3	William Street, Sr.	



Mushroom Council
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