



AGENDA

California Avocado Commission Board of Directors Meeting

Meeting Information

Date: October 11, 2023

Time: 8:00 a.m.

Location:

**California Avocado Commission
12 Mauchly, Suite L
Irvine, CA 92618**

Meeting materials will be posted online at least 24 hours prior to the meeting at:
<https://www.californiaavocadogrowers.com/commission/meeting-agendas-minutes>

Board Member and Alternate Attendance

Board members and alternates, please contact Cristina Wede, cwede@avocado.org or 949-341-1955, to confirm attendance no later than Wednesday, October 4, 2023.

Time	Item
8:00 a.m.	<ol style="list-style-type: none">1. Call to Order<ol style="list-style-type: none">a. Roll Call/Quorum2. Opportunity for Public Comment<p>Any person may address the Board at this time on any subject within the jurisdiction of the California Avocado Commission.</p>3. Consent Calendar<ol style="list-style-type: none">a. Consider approval of Board of Director's meeting minutes of August 16, 2023b. Consider approval of Board of Director's meeting minutes of August 17, 2023c. 2022-23 Financial and crop updated. Consider Approval of Avocado Inspection Committee (AIC) Member/Alternate Recommendations

Time	Item
	<p>4. Closed session regarding the appointment, employment, evaluation of performance, or dismissal of an employee pursuant to California Government Code Section 11126(a)</p> <ul style="list-style-type: none"> a. The Board may go into closed session to discuss and make recommendations regarding appointment, employment or dismissal of an employee. b. President's Performance Review pursuant to Section 11126(a)(1) of the California Government Code. c. Return to open session and announce action taken in closed session, if any. <p>5. Chairman's Report</p> <ul style="list-style-type: none"> a. Recommend Member and Alternate to Serve on Hass Avocado Committee b. Recommend Member and Alternate to Serve on Avocado Sustainability Advisory c. Pine Tree Ranch Update <p>6. Treasurer's Report</p> <ul style="list-style-type: none"> a. Auditor's Letters of Engagement for 2022-23 Financial Audit b. 2022-23 Profit Sharing Plan Contributions c. Internal Control Policies and Procedures d. CAC Reserves Policy e. Finance Committee Recommendation on 2023-24 Budget and Assessment Rate <p>7. Consider Approval of Proposed 2023-24 CAC Business Plan and Budgets</p> <p>8. Establish Assessment Rate for 2023-24 Fiscal Year</p> <p>12:00 p.m. 9. Adjourn Meeting</p>

Disclosures

The times listed for each agenda item are estimated and subject to change. It is possible that some of the agenda items may not be able to be discussed prior to adjournment. Consequently, those items will be rescheduled to appear on a subsequent agenda. All meetings of the California Avocado Commission are open to the public and subject to the Bagley-Keene Open Meeting Act.

All agenda items are subject to discussion and possible action. For more information, or to make a request regarding a disability-related modification or accommodation for the meeting, please contact April Aymami at 949-341-1955, California Avocado Commission, 12 Mauchly, Suite L, Irvine, CA 92618, or via email at aaymami@avocado.org. Requests for disability-related modification or accommodation for the meeting should be made at least 48 hours prior to the meeting time. For individuals with sensory disabilities, this document is available in Braille, large print, audiocassette

or computer disk. This meeting schedule notice and agenda is available on the internet at <https://www.californiaavocadogrowers.com/commission/meeting-agendas-minutes> and <http://it.cdfa.ca.gov/igov/postings/detail.aspx?type=Notices>.

If you have questions on the above agenda, please contact April Aymami at aaymami@avocado.org or 949-341-1955.

Summary Definition of Conflict of Interest

It is each member's and alternate's responsibility to determine whether they have a conflict of interest and whether they should excuse themselves from a particular discussion or vote during a meeting. To assist you in this evaluation, the following *Summary Definition of Conflict of Interest* may be helpful.

A Commission *member or employee* has a conflict of interest in a decision of the Commission if it is reasonably foreseeable that the decision will have a material effect, financial or otherwise, on the member or employee or a member of his or her immediate family that is distinguishable from its effect on all persons subject to the Commission's jurisdiction.

No Commission member or employee shall make, or participate in making, any decision in which he or she knows or should know he or she has a conflict of interest.

No Commission member or employee shall, in any way, use his or her position to influence any decision in which he or she knows or should know he or she has a conflict of interest.



BOARD ACTION

**ITEM 3.a: CONSIDER APPROVAL OF BOARD OF DIRECTORS' MEETING MINUTES
OF AUGUST 16, 2023**

SUMMARY:

The minutes of the Board of Directors' regular meeting of August 16, 2023 are attached for the Board's review and approval.

FISCAL ANALYSIS:

- Not applicable

BOARD OPTIONS:

- Adopt minutes as presented
- Amend minutes
- Take no action

STAFF RECOMMENDATION:

- Approve minutes as presented

EXHIBITS / ATTACHMENTS:

- Minutes of the Board of Directors' regular meeting of August 16, 2023

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
AUGUST 16, 2023**

A meeting of the California Avocado Commission (CAC) Board was held on Wednesday, August 16, 2023 with the following people present:

MEMBERS PRESENT

Gary Caloroso
Will Carlton
Jason Cole
Quinn Cotter
Maureen Cottingham
Rob Grether
Jessica Hunter
Rachael Lanean
Daryn Miller
Michael Perricone
Peter Shore

ALTERNATES PRESENT

Maddie Cook
Connor Huser
Robert Jackson
Jamie Johnson
Jamie Shafer

MEMBERS ABSENT

John Cornell
Ohannes Karaoghlanian

ALTERNATES ABSENT

Hayden McIntyre
Charley Wolk

OFFICIALLY PRESENT

Katie Cook, USDA
Ben Kardokus, CDFA

STAFF PRESENT

April Aymami
Zac Benedict
Dave Cruz
Stacia Kierulff
Ken Melban
Jeff Oberman
Terry Splane
Cristina Wede

GUESTS PRESENT

John Berns
Mark Buhl
Dan Coxe
Marji Morrow
Joanne Robles
Jacqueline Solares
Tim Spann

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Rob Grether, CAC chairman, called the meeting to order at 3:00 p.m. with a quorum present.

Introductions – Item 1.b.

April Aymami, CAC industry affairs director, announced the California Department of Food and Agriculture (CDFA) and US Department of Agriculture (USDA) representatives, CAC staff and known guests participating in the meeting. She requested all other guests to announce themselves so that all participants could be recorded in attendance.

ITEM #2 OPPORTUNITY FOR PUBLIC COMMENT

District 2 grower Dan Coxe provided comments regarding the organization Avocado Growers of California, and their stakeholders request that the Commission consider forming a marketing focus group to discuss the following: more local marketing support; point of sale displays; local TV advertisements; segregating California fruit from Mexican fruit; focusing on avocado supply; ethically sourced; and showing how the local avocado industry supports jobs.

Joanne Robles from Avocado Growers of California provided comments that avocado growers need to distinguish the California brand from the imported fruit. She stated that at retail locations, CA fruit is being mixed with imported fruit and there is no differentiation between CA and imports. She stated that there has not been any advertising this year and the grower website still has 2021 marketing information listed.

ITEM #3 BOARD STRATEGIC PLANNING

Welcome & Overview – Item 1.a.

Rob Grether, CAC chairman, announced that attendees would be breaking out into three small groups which would rotate through 45-minutes strategic planning sessions with members of CAC staff from the three different program areas -- marketing, industry affairs/government relations and production research/grower education. The goal of the groups was to have more intimate conversations regarding CAC's program areas and direction for the future. Mr. Grether stated that CAC staff would summarize the breakout group discussions and present the common themes during the Thursday meeting.

Mr. Grether reported that the sessions would help set the priorities for next year as CAC works through an RFP for a new marketing firm, establish next year's budget, and work to begin creating priorities for the next three to five years. He stressed that this meeting was not to create a five-year plan or to rewrite the mission statement. Mr. Grether commented that last year was an excellent crop with the top value of all time, but this year had been extremely challenging and together with increased production offshore and competition in the US market, CAC had a lot of work to do.

Mr. Grether remarked that he saw creativity, passion and commitment to ideas and working together in a challenging phase for the industry in the responses to the Board survey. He noted he was optimistic for the discussions during the sessions, but cautioned that with low volume and low reserves, the 2023-24 budget would be tighter, and asked attendees to keep that in the back of their minds leading up to the conversations on how CAC would need to operate this next year. Mr. Grether stated that goal for the second day of the August strategic planning meeting would be to review summary of the breakout session discussion and provide direction to management of what should be incorporated into the 2023-24 business plan and budget. The Board would reconvene in October to set the assessment rate and budget.

Breakout Group Discussions – Item 1.b.

Attendees were divided into breakout groups where each Board group met with each of the program area groups for 45-minute session. The groups were divided as follows:

Marketing - Terry Splane, vice president of marketing, Marji Morrow, marketing planning consultant, and Zac Benedict, online marketing director.

Production Research/Grower Education - Tim Spann, research program consultant, Jeff Oberman, president, and Dave Cruz, business development director.

Industry Affairs/Government Relations - Ken Melban, vice president of industry affairs and operations, and Ms. Aymami.

Board Group 1 – Michael Perricone, Rob Grether, Peter Shore, Maddie Cook, Daryn Miller

Board Group 2 – Jessica Hunter, Maureen Cottingham, Jason Cole, Jamie Johnson, Gary Caloroso

California Avocado Commission
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Board Group 3 – Robert Jackson, Jamie Shafer, Rachael Laenen, Will Carlton, Connor Huser, Quinn Cotter

Guests were allowed to choose which group they sat in for sessions.

ADJOURN MEETING

Mr. Grether adjourned the meeting at 5:47 p.m.

Respectfully submitted,

Stacia Kierulff, CAC Human Resource Manager

I certify that the above is a true statement of the Minutes of August 16, 2023 approved by the CAC Board of Directors on October 11, 2023.

Jessica Hunter, CAC Board Secretary



BOARD ACTION

**ITEM 3.b: CONSIDER APPROVAL OF BOARD OF DIRECTORS' MEETING MINUTES
OF AUGUST 17, 2023**

SUMMARY:

The minutes of the Board of Directors' regular meeting of August 17, 2023 are attached for the Board's review and approval.

FISCAL ANALYSIS:

- Not applicable

BOARD OPTIONS:

- Adopt minutes as presented
- Amend minutes
- Take no action

STAFF RECOMMENDATION:

- Approve minutes as presented

EXHIBITS / ATTACHMENTS:

- Minutes of the Board of Directors' regular meeting of August 17, 2023

**CALIFORNIA AVOCADO COMMISSION
BOARD MEETING MINUTES
AUGUST 17, 2023**

A meeting of the California Avocado Commission (CAC) Board was held on Thursday, August 17, 2023 with the following people present:

MEMBERS PRESENT

Gary Caloroso
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Daryn Miller
Michael Perricone
Peter Shore

MEMBERS ABSENT

John Cornell
Ohannes Karaoghlanian

ALTERNATES ABSENT

Hayden McIntyre
Charley Wolk

OFFICIALLY PRESENT

Katie Cook, USDA
Ben Kardokus, CDFA
Tim Spann, Spann Ag

GUESTS PRESENT

John Berns
Dan Coxe
Marji Morrow
Joanne Robles
Jacqueline Solares

ALTERNATES PRESENT

Maddie Cook
Connor Huser
Robert Jackson
Jamie Johnson
Jamie Shafer

STAFF PRESENT

April Aymami
Zac Benedict
Dave Cruz
Stacia Kierulff
Ken Melban
Jeff Oberman
Terry Splane
Cristina Wede

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Rob Grether, CAC chairman, called the meeting to order at 8:00 a.m. with a quorum present.

Introductions – Item 1.b.

April Aymami, CAC industry affairs director, announced the California Department of Food and Agriculture (CDFA) and US Department of Agriculture (USDA) representatives, CAC staff and known guests participating in the meeting. She asked for all other guests to announce themselves and recorded all participants in attendance.

ITEM #2 OPPORTUNITY FOR PUBLIC COMMENT

Joanne Robles from Avocado Growers of California provided comments that what she learned from the 8/16/23 Breakout Sessions is as a small grower, “if you do not have volume, then you do not have a seat at the table”. She stated every grower contributes regardless of how big or small and if we want to grow this industry, we must include everyone. Her recommendation is for any grower with a volume less than 300,000 to be excluded from the Commission. She also stated that the survey used for this meeting was cursory and only gave Board members, not all growers, a chance to reply within a very short amount of time.

Mr. Grether responded specifically to Ms. Robles’s comment regarding “if you do not have volume, then you do not have a seat at the table”. He stated that it was important for the record to reflect that under CAC Law a “producer” or “grower” is defined as a person with an average annual production of 10,000 pounds or more of avocados in three preceding marketing years. He added that all legally defined producers may run in an election to serve as a director. He said

this organization is intended to support the California avocado industry at large and, in that language, it recognizes that production is relevant. He reiterated that 75% of respondents of the referendum voted for the continuation of the Commission showing that most growers recognize the value of the Commission.

ITEM #3 CONSENT CALENDAR

Mr. Grether introduced the consent calendar items and asked for questions or comments. With no comments on the consent calendar items, the following motion was put forward:

MOTION:

The CAC Board of Directors approves the Consent Calendar, Items 3.a and 3.b as presented.

(Cole/Miller) MSC Unanimous

MOTION 23-8-17-1

The Consent Calendar is included in the August Board Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Items 3.a and 3.b.

ITEM #4 BOARD STRATEGIC PLANNING

CAC Management Report on Day 1 Breakout Group Discussions – Item 4.a.

Mr. Grether explained that CAC management would be presenting a summary of their prior day group discussions.

First to present was Terry Splane, CAC vice president of marketing, on the marketing discussion main topics. Mr. Splane reported the marketing group common themes as: 1) Rewrite the Marketing objective to aspire to an average price per pound that meets or exceeds the target determined by CAC's Board of Directors so that it does not tie into the financial budget; 2) Marketing needs to play up what is special about California avocados to command a premium price (locally grown, seasonally available, sustainability message, ethically sourced, etc.); 3) Move from communicating seasonal availability to something more exclusive (limited time/regional availability/scarcity marketing); and, 4) Make the new campaign more clearly focused on California.

Next to present was Tim Spann, PhD from Spann Ag Research & Consulting, LLC on the production research. Dr. Spann reported the group messaging was consistent among groups, and the three distinct areas were: 1) Continue traditional historical research project categories (pest/disease, cultural management, breeding genetics), and look more into soil health and weed management; 2) Regional grower-initiated trials; and, 3) Information examination – consolidate industry information for easy grower access.

Last to present was Ken Melban, vice president of industry affairs and operations, on the group discussions. For the grower education and grower outreach, Mr. Melban said that the crux of the group discussion was about what items the Commission is responsible for and can potentially effect change with growers' production practices. He said CAC is responsible for representing the California avocado industry and making it as strong as possible. With a smaller staff now and a smaller budget, CAC has less resources to provide additional educational opportunities next year. He said many organizations (CAC, CAS, Index, etc.) are providing grower education materials and seminars on cultural practices. He said there remained support for CAC's issues management efforts, which is 45% of the department's budget. In terms of issues management, there was a lot of input from the discussions to continue to build in that area and look for

opportunities that result in bottom-line savings to growers. Melban indicated all groups offered that CAC needs a greater presence in Sacramento to gain the attention of government officials on issues, such as water.

Board Discussion-Key Learnings, Changes, New Ideas – Item 4.b.

Jason Cole, CAC treasurer, commented on the marketing discussion asking how long it will take to receive tangible results on the 'Locally Grown' messaging that the CAC Marketing team is creating. Mr. Splane replied that the messaging will resonate with a certain section of consumers immediately and as time goes on, it will continue to resonate with consumers that care about local grown produce, it will be a process.

Gary Caloroso, CAC board member, commented on the marketing discussion stating he believes that to expedite the 'Locally Grown' messaging with consumers, CAC needs to engage frequently with retailers so that there is more of an in-store experience as well as tying it in with the social media work that CAC performs.

Daryn Miller, CAC board member, commented on the marketing discussion on the metrics and definition of 'Locally Grown' for consumers. Marji Morrow from Rockwell Morrow replied to Mr. Miller that she has provided CAC with data on consumer perception for 'Locally Grown' and it is different from person to person, CAC cannot define it.

Jessica Hunter, CAC board member, commented on the marketing discussion on clearly defining trade versus consumer. She wanted to know specifically where the shift will be on trade and consumer marketing. Mr. Splane replied that this information will be revealed at the October 2023 Board Meeting. He shared that currently the proposed marketing budget is roughly 53% trade and 47% consumer focused, although that could change.

Will Carlton, CAC board member, commented on the production research discussion that CAC should consolidate all avocado growing materials and information into one location for growers to reference. Mr. Carlton requested other organizations information such as the California Avocado Society be consolidated for CAC growers to use. Ms. Aymami replied that the CAS information is intended for CAS members and CAC cannot endorse other organizations.

Mr. Grether commented on the grower education and outreach that under budget constraints and limited resources for this upcoming year, creating more content is not CAC's best investment, however we can do an exploration of what is involved with creating an information suppository.

Ms. Aymami commented on the grower education and outreach that the educational resources from organizations such as Index Fresh and CAS provide these services for their specific members. CAC can reach out to these organizations to request the sharing of information; however, they may not be open to freely providing information with non-members. She also commented that as opposed to advertising that is costly in From the Grove magazine, CAC could offer an industry directory for a nominal fee that could be included annually with an issue of the magazine.

Mr. Carlton commented on the grower education and outreach discussion that the CAC websites and the From the Grove magazine are the most valuable outreach tools.

Mr. Cole commented on the grower education and outreach discussion regarding the group idea for creating a one page for each district that includes contact information FSA, NRCS, USDA, etc. so that growers know the place to contact and if there is any grant funding available.

Dan Coxe from Avocado Growers of California commented on the grower education and outreach that he would like an 'Avocado 101' on what growers should be doing to increase their yields. He also suggested packers visit groves, visit with the farmer, and make sure the grower is doing the right things. A discussion ensued on the comments from Mr. Coxe asking him if he believes this is a job for CAC or for CAS and should CAC be using their resources for items like this. CAC is supposed to be creating a premium for the California fruit. With the decreased budget, CAC only has funds for two buckets, marketing and political advocacy. Mr. Melban responded that packers have a vested interest in getting growers' fruit and serving growers because that is how they make money. This service already exists and he asked has all this information changed growers behavior?

Mr. Grether commented on the grower education and outreach that the Board would not be doing its job if we didn't contemplate the investment in grower education and outreach. This is one possible way to help the industry and California growers. It doesn't sound like it currently is the best place to commit resources in the context of all the other things that we also want to accomplish.

Mr. Caloroso commented on issues management that this area of issues management and lobbying is critical and is one of the most important priorities for CAC along with the economic impact study to show how much the California avocado industry contributes to the economy, GDP, jobs, etc. that can be used in Sacramento.

ITEM #6 2023-24 PLANNING

CAC Management Review of Priorities – Item 6.a.

Mr. Grether asked for Board input to provide the CAC management team some direction on how to put together next year's budget to address reduced funding but also meet the expectations of the Board's strategies to lay a foundation for years to come. He asked the Board to provide feedback on what's working, what's not working and how we should piece this all together.

Mr. Caloroso commented on Mr. Grether's request for CAC staff direction of budget funds. He stated we have a fresh start with a new Marketing agency coming on board. He believes that whether its growers, Sacramento, etc., innovative story telling is the key and should be the driving force. Economic impact, sustainability, locally sourced messages need to be communicated featuring the growers. The growers are the stars.

Mr. Melban commented that the Commission is geared toward a uniform message that resonates with our external customers, external elected officials, NGO's, citizen-based groups, etc.

Proposed 2023-24 Objectives and Strategies – Item 6.b.

Peter Shore, CAC board member, commented on CAC marketing and that avocados need to be where the consumers are and where consumers make their purchases. California avocados are competing with other countries of origin. The premium market is in the west, so we have the advantage of being in California, one of the largest avocado markets in the world. We need to have California avocados on the stage at retail outlets such as Kroger, Albertsons, Vons, etc.

and have extremely good relationships with retail outlets. This is a necessary spend and collaborating to promote our avocados. Mr. Grether asked if the level of investment that CAC has is adequate or should we be doing more. Mr. Shore replied that it should flow with the size of the crop but we could be doing more. He also said a focus on scarcity marketing and building the demand for our fruit is important.

Mr. Grether commented that it is valuable to have the perspective of our handler members as they are highly integrated in this business. CAC has marketing funds, and we can assist growers and we can help the industry, but we can't sell the fruit because we don't have a direct transactional relationship with the retailers. We need to get in front of the major western retailers with a thoughtful integrated message that resonates with them.

Mr. Miller commented that there is an obsession with social media, and we may be putting too much of our resources into it. He says that he rarely sees anything on social media outlets such as Facebook that he goes out of his way to buy. He thinks there is value in advertising on social media but after discussing the CAC survey, targeting trade and consumer advertising at the stores has more value. Mr. Miller commented that he thinks we may be missing an opportunity to advertise on our billboards for a podcast for consumers to listen to while they are driving and give us another platform to tell the growers' story.

Ms. Hunter, CAC board member, commented that she likes the QR code idea for telling the growers' story and she likes the radio spots that CAC used to have in-store because if builds an emotional connection, the growers' story still resonates.

Robert Jackson, CAC board alternate member, commented that there is an opportunity for CAC and the packers to look at the alternative types of avocados for distribution such as GEM and Reeds that are only grown in California. He understands it's a small percentage of avocados but no one else at present can bring those varieties into our market.

Mr. Caloroso asked about the packing house PLU's for GEM and where we stand on that issue. Mr. Melban responded that the California Avocado Distributors Organization (CADO), consisting of the principals of the different packing houses in California, applied and received one PLU for GEM that encompasses all sizes. There was a conversation started on whether the PLU for GEM should mirror the PLU for Hass but the discussion was tabled. Ultimately, it's the packers' decision on using PLUs but CAC can assist in facilitating that conversation if there is interest by the Board. Mr. Caloroso replied that he is interested because it would directly help GEM growers and help sell the fruit, and there was consensus of the Board for Mr. Melban to work with the handlers to facilitate this discussion on GEM PLUs.

2023-24 Budget/Assessment Rate Discussion – Item 6.c.

Mr. Grether commented that the Finance Committee met last week and reviewed our current financial position and projected ending reserves to see how next year will shape up. CAC management needs guidance from the Board on expenditures, an assessment rate, and feedback on crop size.

Mr. Melban reported the Commission has been attempting to spend down the reserves for quite a few years. At every turn, we had a larger than expected crop, higher value crop or both. He said at one point ending reserves saw an increase even though we were attempting to spend down the reserves. This resulted in the Commission living beyond its means for several years.

We are now at a point where we no longer have that luxury. Even the new proposed budget will still tap into some ending reserves. He reminded the Board of CAC's five-million-dollar reserve policy.

Mr. Cole commented that if we did not have the reserves, we would be tapping into our credit line. He also stated that as a reminder, the 1.5% assessment rate that was entered in for this growing season was done to draw down the reserves and provide some relief to growers with the anticipation that this year was going to be difficult with both crop size and potential pricing. The CAC budget and assessment rate calculations were listed on the projector screen for the Board to review. Ms. Aymami made several adjustments to crop size, price per pound, assessment rate on the screen based on requests from Board members so everyone could see how each rate change affected the budget sections and total budget.

Mr. Grether commented that we need to be reasonable about the crop estimate, be reasonable about the price estimate and bump up the assessment rate without pushing too high. This is why CAC staff is contemplating a thirty percent overall reduction on the 2023-24 budget to accommodate. He commented that the Finance Committee asked CAC management to move salaries back into each separate department this year so that it is easier to see what the budget amounts are by department instead of all salaries in the Operations portion of the budget.

Mr. Melban added that we have already started conversations with the USDA as the Hass Avocado Board assessment is limited to only marketing functions within the US to build demand. He said the salaries of the marketing staff that are working in those areas should be appropriately allocated to use HAB money toward their salaries, which will change the budget allocations.

Mr. Grether asked Mr. Splane if with six or six million seven hundred and fifty thousand dollars total marketing budget, can you do something effective with that and how do you feel that budget? Mr. Splane replied, year over year effectiveness will not be as effective but it will be as effective as we can get it. We are changing everything, our agency, the messaging, the creative, and the positioning. We will not be as effective this year based on the decreased budget. Mr. Splane stated that he let the new potential agencies know about the 30% budget decrease and they were all still interested and willing to work with CAC.

Mr. Grether asked a question to the group about how everyone feels about the assessment rate thresholds. He proposed to provide guidance to CAC management that the assessment rate land somewhere between 2% and 2.25%, maintaining a reserve of at least 5 million per our policy, size the level of expenditures by department appropriately as informed by meetings with new agencies and work to find other costs to cut.

The final Board consensus was to base the 2023-24 budget with a on a crop estimate of 200 million pounds, price per pound at \$1.15, and CAC assessment rate at 2.25%.

ITEM #7 NEW/OTHER BUSINESS

Mr. Grether commented that the Hass Avocado Board is looking for nominations to the Hass Avocado Committee to be done by October. If anyone has any interest in serving, contact CAC staff. He also informed the Board of the upcoming HAB meeting on September 21 in Oxnard.

Mr. Grether commented that he would like the October Board meeting to be in-person only.

ADJOURN MEETING

Mr. Grether adjourned the meeting at 11:45 a.m. The next scheduled Board meeting will be held on October 11, 2023.

Respectfully submitted,

Stacia Kierulff, CAC Human Resource Manager

I certify that the above is a true statement of the Minutes of August 17, 2023 approved by the CAC Board of Directors on October 11, 2023.

Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

EXHIBIT A August 2023 Board Packet

EXHIBIT B August 17, 2023 Board Meeting AB 2720 Roll Call Vote Tally Summary



CALIFORNIA AVOCADO COMMISSION

AB 2720 Roll Call Vote Tally Summary

To be attached to the Meeting Minutes

Meeting Name: <i>California Avocado Commission Regular Board Meeting</i>	Meeting Location: <i>Pasadena Hilton 168 S. Los Robles Ave. Pasadena, CA 91101</i>	Meeting Date: <i>August 17, 2023</i>
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<i>Attendees Who Voted</i>	<u>MOTION</u> <u>23-8-17-1</u>
Michael Perricone	Not Present
Jessica Hunter	Yea
Rob Grether	Did Not Vote
Maureen Cottingham	Yea
Jason Cole	Yea
Rachael Laenen	Yea
Daryn Miller	Yea
Will Carleton	Yea
Peter Shore	Yea
Gary Caloroso	Yea
Quinn Cotter	Yea
<i>Outcome</i>	Unanimous



BOARD INFORMATION

ITEM 3.c: 2022-23 FINANCIAL AND CROP UPDATES

SUMMARY:

Attached are monthly financial performance reports as prepared by CAC's outsourced accounting firm, Signature Analytics, for the month August 2023. The reports include CAC income statements and statements of net position, including year-to-date actual versus budget comparisons.

FISCAL ANALYSIS:

- Not applicable

BOARD OPTIONS:

- Discussion item only

STAFF RECOMMENDATION:

- Not applicable

EXHIBITS / ATTACHMENTS:

- Monthly Financial Performance Reports for August 2023
- 2022-23 Pounds & Dollars by Variety Report (July 2023)



Monthly Performance Report

California Avocado Commission
August 2023



Financial Summary

CAC Total Revenue is down to budget by \$2.3M year-to-date due to a shortfall in Assessment Revenue contributed to by a delay in the start of the season and a lower than projected year-to-date crop value.

On the expense side, Marketing expenses year-to-date accounted for \$7.2M of the total \$10.7M in expenses and were \$252K lower than budget. Both Consumer Marketing and Merchandising were lower than budget by \$92K and \$65K, respectively. Marketing expenses are currently at 96.4% of year-to-date revenue vs. a budget of 76.1%.

Total Administration expenses at \$2.7M accounted for 25.4% of total spending and came in under budget by \$36K. Industry Affairs & Production Research was below budget by \$121K. Administration expenses and Industry Affairs & Production expenses are 36.4% and 8.5% of revenue, vs. budgets of 28.2% and 7.7%, respectively.

Overall, the organization experienced a \$3.2M deficit as compared to a \$1.3M budgeted deficit. This \$1.9M variance relates primarily to the shortfall in Assessment Revenue year-to-date amidst the timing of the crop harvest and lowered crop value projection. The total crop volume is anticipated to come in around 235M pounds, 15M pounds less than what was used in development of the budget. As a result, CAC is estimating a shortfall in the HAB assessment revenue of about \$300,000 at fiscal year-end. In addition, the CAC assessment revenue is expected to come in approximately \$1.45M under budget as a result of the lower crop volume and crop value falling short of the \$1.35 per pound average price used for the FY23 budget.

The total FY23 revenue is estimated to come in at \$8.5M, as compared to the budget of \$10.5M. The current FY23 budget was approved using an estimated FY22 ending reserve balance of \$10.9M, however final audited financials report the FY22 ending reserve balance at \$11.6M, resulting in an increase to the FY23 beginning reserve balance of \$700K. At this time CAC management is estimating a minimum of \$590K of unspent funds at FY23 year-end, which will be returned to reserves. CAC projects that the full year deficit will be \$4.9M versus the budgeted deficit of \$3.5M, with an estimated FY23 ending reserve balance of \$6.65M, \$750K less than the FY23 budgeted year-end balance of \$7.4M.

Crop Information

Handlers reported 201.3M pounds of California avocados harvested through July 2023 with an average price per pound of \$0.973. An estimated 25.7M pounds were harvested in August 2023 with an estimated average price per pound of \$1.25. This would bring the total harvested through August 2023 to 227M pounds at an average price per pound of \$1.00.



Laura M. Bertagnolli

Consulting CFO

KPI Results

	RESULT		TREND
A PROFITABILITY	2022/2023 (YTD)	2021/2022 (YTD)	vs 2021/2022 (YTD)
Total Revenue	\$7,468,550	\$13,984,437	▼ -46.6%
Marketing Expense % *	67.3%	68.7%	▼ -1.4%
Administration Expense % *	25.4%	23.5%	▲ 1.9%
Surplus / (Deficit)	(\$3,219,992)	\$2,596,037	▼ (\$5,816,029)
Mktg Exp % of Revenue *	96.4%	56%	▲ 40.4%
Ind Aff Exp % of Revenue *	8.5%	3.7%	▲ 4.8%
Admin Exp % of Revenue *	36.4%	19.2%	▲ 17.3%
B LIQUIDITY			
Current Ratio	4.94:1	9.39:1	▼ -4.45:1
C CASH FLOW			
Cash on Hand	\$8,211,928	\$13,015,600	▼ -36.9%

* For this metric, a result below target is favourable

	RESULT	TARGET		TREND
A PROFITABILITY	2022/2023 (YTD)			vs TARGET
Total Revenue	\$7,468,550	\$9,786,789	×	▼ -23.7%
Marketing Expense % *	67.3%	67%	×	▲ 0.4%
Administration Expense % *	25.4%	24.8%	×	▲ 0.7%
Surplus / (Deficit)	(\$3,219,992)	(\$1,335,959)	×	▼ -141%
Mktg Exp % of Revenue *	96.4%	76.1%	×	▲ 20.3%
Ind Aff Exp % of Revenue *	8.5%	7.7%	×	▲ 0.8%
Admin Exp % of Revenue *	36.4%	28.2%	×	▲ 8.3%
B LIQUIDITY				
Current Ratio	4.94:1		✓	▲
C CASH FLOW				
Cash on Hand	\$8,211,928		✓	▲

* For this metric, a result below target is favourable

Statement of Revenues, Expenses & Changes in Net Position (Surplus/Deficit) - YTD Actual vs. Budget

	2022/2023 (YTD)	Budget (YTD)	YTD Actual vs YTD budget (\$)	YTD Actual vs YTD budget (%)
Revenue				
Assessment Revenues				
CAC Assessment Revenue	\$3,165,748	\$4,765,842	(\$1,600,094)	-33.57%
HAB Assessment Revenue	\$4,054,963	\$4,770,367	(\$715,404)	-15.00%
Total Assessment Revenues	\$7,220,711	\$9,536,209	(\$2,315,498)	-24.28%
Other Revenue				
Admin & Accounting Fee Revenue (AIP)	\$40,664	\$50,830	(\$10,166)	-20.00%
Pine Tree Ranch Crop Income	\$36,007	\$93,750	(\$57,743)	-61.59%
From The Grove Income	\$44,400	\$52,500	(\$8,100)	-15.43%
Interest and Other Income	\$116,404	\$52,500	\$63,904	121.72%
Merchandise Shop Income	\$10,364	\$1,000	\$9,364	936.40%
Total Other Revenue	\$247,839	\$250,580	(\$2,741)	-1.09%
Total Revenue	\$7,468,550	\$9,786,789	(\$2,318,239)	-23.69%
Expenses				
Marketing Expenses				
Consumer Marketing	\$4,356,567	\$4,448,995	(\$92,428)	-2.08%
Merchandising	\$1,248,439	\$1,313,801	(\$65,362)	-4.98%
Food Service	\$591,924	\$642,672	(\$50,748)	-7.90%
Consumer Public Relations	\$303,356	\$311,836	(\$8,480)	-2.72%
Marketing Activities Support	\$45,800	\$46,930	(\$1,130)	-2.41%
Merchandise Shop	\$13,147	\$10,000	\$3,147	31.47%
Miscellaneous Marketing Expenses	\$638,136	\$674,753	(\$36,617)	-5.43%
Total Marketing Expenses	\$7,197,369	\$7,448,988	(\$251,619)	-3.38%
Non-Marketing Expenses				
Industry Affairs & Production Research	\$633,645	\$755,137	(\$121,492)	-16.09%
Grants	\$137,635	\$163,000	(\$25,365)	-15.56%
Administration	\$2,719,893	\$2,755,623	(\$35,730)	-1.30%
Total Non-Marketing Expenses	\$3,491,173	\$3,673,760	(\$182,587)	-4.97%
Total Expenses	\$10,688,542	\$11,122,748	(\$434,206)	-3.90%
Operating Profit	(\$3,219,992)	(\$1,335,959)	(\$1,884,033)	-141.02%
Net Income	(\$3,219,992)	(\$1,335,959)	(\$1,884,033)	-141.02%

Statement of Revenues, Expenses & Changes in Net Position (Surplus/Deficit) - YTD Actual vs. Annual Budget

	2022/2023 (YTD)	Annual Budget	YTD Actual vs Annual Budget (\$)	YTD Actual vs Annual Budget (%)
Revenue				
Assessment Revenues				
CAC Assessment Revenue	\$3,165,748	\$4,935,938	(\$1,770,190)	-35.86%
HAB Assessment Revenue	\$4,054,963	\$4,940,625	(\$885,662)	-17.93%
Total Assessment Revenues	\$7,220,711	\$9,876,563	(\$2,655,852)	-26.89%
Other Revenue				
Admin & Accounting Fee Revenue (AIP)	\$40,664	\$61,000	(\$20,336)	-33.34%
Grant Funding	\$0	\$400,000	(\$400,000)	-100.00%
Pine Tree Ranch Crop Income	\$36,007	\$93,750	(\$57,743)	-61.59%
From The Grove Income	\$44,400	\$70,000	(\$25,600)	-36.57%
Interest and Other Income	\$116,404	\$55,000	\$61,404	111.64%
Merchandise Shop Income	\$10,364	\$1,000	\$9,364	936.40%
Total Other Revenue	\$247,839	\$680,750	(\$432,911)	-63.59%
Total Revenue	\$7,468,550	\$10,557,313	(\$3,088,763)	-29.26%
Expenses				
Marketing Expenses				
Consumer Marketing	\$4,356,567	\$4,736,549	(\$379,982)	-8.02%
Merchandising	\$1,248,439	\$1,894,648	(\$646,209)	-34.11%
Food Service	\$591,924	\$725,000	(\$133,076)	-18.36%
Consumer Public Relations	\$303,356	\$345,500	(\$42,144)	-12.20%
Marketing Activities Support	\$45,800	\$64,000	(\$18,200)	-28.44%
Merchandise Shop	\$13,147	\$10,000	\$3,147	31.47%
Miscellaneous Marketing Expenses	\$638,136	\$1,004,303	(\$366,167)	-36.46%
Total Marketing Expenses	\$7,197,369	\$8,780,000	(\$1,582,631)	-18.03%
Non-Marketing Expenses				
Industry Affairs & Production Research	\$633,645	\$1,429,560	(\$795,915)	-55.68%
Grants	\$137,635	\$402,500	(\$264,865)	-65.80%
Administration	\$2,719,893	\$3,441,160	(\$721,267)	-20.96%
Total Non-Marketing Expenses	\$3,491,173	\$5,273,220	(\$1,782,047)	-33.79%
Total Expenses	\$10,688,542	\$14,053,220	(\$3,364,678)	-23.94%
Operating Profit	(\$3,219,992)	(\$3,495,907)	\$275,915	7.89%
Net Income	(\$3,219,992)	(\$3,495,907)	\$275,915	7.89%

Statement of Net Position (with Comparison to Prior Year)

	Aug 2023	%	Aug 2022	%	Variance (\$)	Variance (%)
ASSETS						
Cash & Equivalents						
CAC Cash and Short Term Investments						
Petty Cash	\$240	0.0%	\$200	0.0%	\$40	20.00%
Cash in Bank	\$2,389,370	22.2%	\$3,341,605	23.0%	(\$952,236)	-28.50%
Cash in Bank-LAIF & Money Market	\$4,980,580	46.2%	\$8,735,656	60.1%	(\$3,755,076)	-42.99%
Total CAC Cash and Short Term Investments	\$7,370,190	68.4%	\$12,077,462	83.1%	(\$4,707,272)	-38.98%
Cash in Bank, LAIF & Money Market (held for...)						
(Held for AIP)	\$841,738	7.8%	\$938,139	6.5%	(\$96,401)	-10.28%
Total Cash & Equivalents	\$8,211,928	76.2%	\$13,015,600	89.6%	(\$4,803,673)	-36.91%
Other Current Assets						
Other Current Assets						
Assessment Receivable	\$1,940,375	18.0%	\$1,300,893	9.0%	\$639,482	49.16%
Other Receivable	\$6,983	0.1%	\$5,805	0.0%	\$1,178	20.29%
Prepays	\$124,451	1.2%	\$96,511	0.7%	\$27,941	28.95%
Merchandise Shop Inventory	\$64,056	0.6%	\$65,238	0.4%	(\$1,182)	-1.81%
Total Other Current Assets	\$2,135,865	19.8%	\$1,468,446	10.1%	\$667,419	45.45%
Total Other Current Assets	\$2,135,865	19.8%	\$1,468,446	10.1%	\$667,419	45.45%
Total Current Assets	\$10,347,793	96.1%	\$14,484,046	99.7%	(\$4,136,253)	-28.56%
Fixed Assets						
Furniture						
Furniture	\$187,904	1.7%	\$187,904	1.3%	\$0	0.00%
Accumulated Depreciation-Furniture	(\$185,208)	-1.7%	(\$152,860)	-1.1%	(\$32,348)	-21.16%
Total Furniture	\$2,696	0.0%	\$35,045	0.2%	(\$32,348)	-92.31%
Land Improvements						
Land Improvements	\$0	0.0%	\$11,758	0.1%	(\$11,758)	-100.00%
Total Fixed Assets	\$2,696	0.0%	\$46,803	0.3%	(\$44,107)	-94.24%
Investments or Other Non-Current Assets						
Leased Assets						
Operating Leases - Net	\$401,258	3.7%	\$0	0.0%	\$401,258	-
Capital Leases - Net	\$20,968	0.2%	\$0	0.0%	\$20,968	-
Total Leased Assets	\$422,226	3.9%	\$0	0.0%	\$422,226	-
Total Investments or Other Non-Current Assets	\$422,226	3.9%	\$0	0.0%	\$422,226	-
Total Non-Current Assets	\$424,922	3.9%	\$46,803	0.3%	\$378,120	807.90%
Total Assets	\$10,772,715	100.0%	\$14,530,849	100.0%	(\$3,758,134)	-25.86%
LIABILITIES						
Accounts Payable						
Accounts Payable & Accrued Expenses						
Accounts Payable	\$843,004	7.8%	\$153	0.0%	\$842,851	550,199.46%
Accrued Expenses	\$141,349	1.3%	\$352,128	2.4%	(\$210,779)	-59.86%
Total Accounts Payable & Accrued Expenses	\$984,353	9.1%	\$352,281	2.4%	\$632,072	179.42%
Total Accounts Payable	\$984,353	9.1%	\$352,281	2.4%	\$632,072	179.42%
Other Current Liabilities						
Due to AIP						
Due to AIP-Checking	\$288,031	2.7%	\$26,001	0.2%	\$262,030	1,007.75%
Due to AIP (MMA)	\$553,707	5.1%	\$912,137	6.3%	(\$358,431)	-39.30%
Deposit Due to CDFA/AIP	\$0	0.0%	\$18,000	0.1%	(\$18,000)	-100.00%
Total Due to AIP	\$841,738	7.8%	\$956,139	6.6%	(\$114,401)	-11.96%
Other Payable (Vacation/Payroll/Sec. 125)						
Vacation Payable - Short Term	\$117,193	1.1%	\$234,693	1.6%	(\$117,500)	-50.07%
Leases						
Operating Leases - Short-Term	\$141,194	1.3%	\$0	0.0%	\$141,194	-
Capital Leases - Short-Term	\$9,970	0.1%	\$0	0.0%	\$9,970	-

	Aug 2023	%	Aug 2022	%	Variance (\$)	Variance (%)
Total Leases	\$151,164	1.4%	\$0	0.0%	\$151,164	-
Total Other Current Liabilities	\$1,110,094	10.3%	\$1,190,831	8.2%	(\$80,737)	-6.78%
Total Current Liabilities	\$2,094,447	19.4%	\$1,543,113	10.6%	\$551,334	35.73%
Other Non-Current Liabilities						
Leases						
Operating Leases - Long-Term	\$273,671	2.5%	\$0	0.0%	\$273,671	-
Capital Leases - Long-Term	\$11,028	0.1%	\$0	0.0%	\$11,028	-
Total Leases	\$284,699	2.6%	\$0	0.0%	\$284,699	-
Total Other Non-Current Liabilities	\$284,699	2.6%	\$0	0.0%	\$284,699	-
Total Non-Current Liabilities	\$284,699	2.6%	\$0	0.0%	\$284,699	-
Total Liabilities	\$2,379,146	22.1%	\$1,543,113	10.6%	\$836,033	54.18%
EQUITY						
Retained Earnings						
Net Reserves-Prior Periods						
Net Reserves-Prior Periods	\$11,613,546	107.8%	\$10,412,423	71.7%	\$1,201,123	11.54%
Surplus (Deficit)-Current Period						
Surplus (Deficit)-Current Period	(\$3,219,976)	-29.9%	\$2,575,314	17.7%	(\$5,795,290)	-225.03%
Total Retained Earnings	\$8,393,570	77.9%	\$12,987,736	89.4%	(\$4,594,167)	-35.37%
Total Equity	\$8,393,570	77.9%	\$12,987,736	89.4%	(\$4,594,167)	-35.37%
Total Liabilities & Equity	\$10,772,715	100.0%	\$14,530,849	100.0%	(\$3,758,134)	-25.86%

CALIFORNIA AVOCADO COMMISSION POUNDS & DOLLARS BY VARIETY

November 2022 Through July 2023

Month	Hass Pounds	Lamb Pounds	Gem Pounds	Others Pounds	Total Pounds	Hass Dollars	Lamb Dollars	Gem Dollars	Others Dollars	Total Dollars	Avg \$/Lb
Nov 2022	3,388	344	0	118,842	122,574	\$9,523	\$1,443	\$	\$12,888	\$23,854	\$0.195
Dec 2022	2,110		0	53,379	55,489	\$5,730	0	\$	\$41,456	\$47,186	\$0.850
Jan 2023	139,502		0	36,353	175,855	\$124,928	0	\$	\$23,972	\$148,900	\$0.847
1st QTR	145,000	344	0	208,574	353,918	\$140,181	\$1,443	0	\$78,316	\$219,940	\$0.621
Feb 2023	1,867,042		0	60,645	1,927,687	\$1,875,560	0	\$	\$36,851	\$1,912,411	\$0.992
Mar 2023	5,522,443		55,699	27,213	5,605,355	\$5,330,346	0	\$53,520	\$17,325	\$5,401,191	\$0.964
Apr 2023	31,204,693		1,598,144	35,106	32,837,943	\$29,805,132	0	\$1,291,734	\$36,055	\$31,132,921	\$0.948
2nd QTR	38,594,178	0	1,653,843	122,964	40,370,985	\$37,011,038	0	\$1,345,254	\$90,231	\$38,446,523	\$0.952
1st Half	38,739,178	344	1,653,843	331,538	40,724,903	\$37,151,219	\$1,443	\$1,345,254	\$168,547	\$38,666,463	\$0.949
May 2023	46,831,428	2,449	1,755,758	81,002	48,670,637	\$39,886,613	\$2,819	\$1,271,481	\$65,375	\$41,226,288	\$0.847
Jun 2023	54,782,888	1,181,020	1,615,538	4,390	57,583,836	\$50,919,412	\$1,165,024	\$1,383,244	\$3,221	\$53,470,901	\$0.929
Jul 2023	49,244,217	4,812,695	149,926	189,037	54,395,875	\$56,900,802	\$5,291,699	\$161,454	\$201,001	\$62,554,956	\$1.150
3rd QTR	150,858,533	5,996,164	3,521,222	274,429	160,650,348	\$147,706,827	\$6,459,542	\$2,816,179	\$269,597	\$157,252,145	\$0.979
2nd Half	150,858,533	5,996,164	3,521,222	274,429	160,650,348	\$147,706,827	\$6,459,542	\$2,816,179	\$269,597	\$157,252,145	\$0.979
Total	189,597,711	5,996,508	5,175,065	605,967	201,375,251	\$184,858,046	\$6,460,985	\$4,161,433	\$438,144	\$195,918,608	\$0.973
Year-to-Date % of Crop	94.15%	2.98%	2.57%	.30%	100.00%	94.35%	3.30%	2.12%	.22%	100.00%	
Year-to-Date Average \$/lb						\$0.975	\$1.077	\$0.804	\$0.723	\$0.973	



BOARD ACTION

ITEM 3.d: CONSIDER APPROVAL OF AVOCADO INSPECTION COMMITTEE (AIC) MEMBER / ALTERNATE RECOMMENDATIONS

SUMMARY:

The California Department of Food and Agriculture, Inspection Services Division provides oversight on inspections of avocados at the point of packing to ensure compliance with maturity, quality, size, and weight standards. The Avocado Certification and Inspection Program (AIP) was established in 1972, and, since 1986, the California Avocado Commission, through a Memorandum of Understanding with the CDFA, has been the administrator of the program, providing accounting services and retaining inspection personnel. The Avocado Inspection Committee (AIC) is advisory to the Secretary on all matters pertaining to avocado inspection.

Growers and handlers are appointed to the AIC by the California Secretary of Agriculture. The Secretary appoints six members (three handlers and three growers) and two alternates (one alternate handler, one alternate grower). Four positions are appointed annually. In odd years, the Secretary appoints two handler members, one grower member and one alternate handler. In even years, the Secretary appoints one handler member, two grower members and one alternate grower. The Secretary may also appoint a public member as appropriate. The current AIC members are:

<u>Name</u>	<u>Seat</u>	<u>Term Expires</u>
John Schaap	Handler Member	2024
Bryce Bannatyne	Grower Member	2024
Salvador Dominguez	Grower Member	2024
Aaruni Thakur	Alternate Grower Member	2024
Bailey Diiioia	Handler Member	2025
Vacant Seat	Handler Member	2025
Stewart Lockwood	Grower Member	2025
Vacant Seat	Alternate Handler Member	2025

Committee member terms and alternate terms are two years. Each committee member is limited to four consecutive terms. Once a person has served four consecutive terms, or portions thereof, as a member or alternate, he or she is not eligible to serve on the AIC as an alternate or member until at least one year has elapsed since the end of his or her last term.

The CDFA reviews all applications for vacant seats and provides the names of interested parties to the California Avocado Commission for consideration. The Commission Board reviews the list of applicants and submits a letter of recommended nominees to the California Secretary of Agriculture.

CDFA has advised Commission management that they have received an expression of interest from a candidate for the currently vacant handler member seat and asked that the individual be submitted for the CAC Board's consideration. Included as an attachment is the AIC Prospective Member Appointment Questionnaire for handler member applicant Hillary DeCarl.

FISCAL ANALYSIS:

- Not applicable

BOARD OPTIONS:

- Take no action
- Submit the name sent by the CDFA to the Secretary for consideration
- Offer alternative names for consideration or direct AIC to do so

STAFF RECOMMENDATION:

- Management recommends the CAC Board submit their recommendation for Hillary DeCarl to fill the vacant handler member position on the Avocado Inspection Committee

EXHIBITS / ATTACHMENTS:

- AIC Prospective Member Appointment Questionnaire for Hillary DeCarl

THE STATE OF CALIFORNIA
DEPARTMENT OF FOOD AND AGRICULTURE
CALIFORNIA AVOCADO INSPECTION COMMITTEE

PROSPECTIVE MEMBER APPOINTMENT QUESTIONNAIRE

AVO – 120 (REV. 1/2015)

PERSONAL INFORMATION

NAME: Hillary DeCarl DATE: 6/13/2023

MAILING ADDRESS:

TELEPHONE NUMBER: FAX NUMBER: N/A EMAIL:

PROFESSIONAL INFORMATION

NAME OF COMPANY: Del Rey Avocado

WHAT IS YOUR POSITION IN THE COMPANY? Field Representative

HOW LONG HAVE YOU PARTICIPATED IN THIS INDUSTRY? 4 years

PLEASE LIST NAMES AND DATES OF ANY INDUSTRY, TRADE, ASSOCIATIONS AND/OR PROGRAMS THAT YOU ARE AND/OR HAVE BEEN ASSOCIATED WITH: Del Rey Avocado (2018 - Current), Hass Avocado Board Leadership Development Program Class 2 (Mar. 2022 - Mar. 2023), CCOF Processor/Handler Chapter - Secretary (Nov. 2022 - Current)

PLEASE LIST THE REASON(S) YOU WOULD LIKE TO SERVE ON THIS COMMITTEE: To support the Avocado Industry and serve its members.

ADDITIONAL INFORMATION

PLEASE INDICATE WHICH MEMBER POSITION YOU ARE SEEKING TO FILL AND ANSWER THE ASSOCIATED QUESTIONS.

☐ PRODUCER

PRODUCTION ACREAGE: LOCATION (CITY AND COUNTY):

☒ HANDLER

☐ PUBLIC MEMBER

ARE YOU A CITIZEN AND RESIDENT OF CALIFORNIA? ☐ YES ☐ NO

ARE YOU FINANCIALLY INTERESTED IN ANY PRODUCER, SHIPPER, OR PROCESSOR? ☐ YES ☐ NO

IF YES, PLEASE EXPLAIN:

THE FORM 700 IS REQUIRED TO BE COMPLETED ANNUALLY BY COMMITTEE MEMBERS ONCE APPOINTED TO THE COMMITTEE.

INFORMATION NECESSARY TO FILE A FORM 700 IS LOCATED AT THE CDFA WEBSITE AT [HTTP://WWW.CDFA.CA.GOV/Form700/](http://www.cdfa.ca.gov/Form700/) AND AT THE CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION (FPPC) WEBSITE AT [HTTP://WWW.FPPC.CA.GOV/](http://www.fppc.ca.gov/). IN ADDITION, EACH MEMBER IS REQUIRED TO COMPLETE AN ETHICS ORIENTATION ON-LINE CLASS WHEN APPOINTED AND THEN AGAIN EVERY TWO YEARS THEREAFTER.



BOARD INFORMATION

ITEM 5.a: RECOMMEND MEMBER AND ALTERNATE TO SERVE ON THE HASS AVOCADO COMMITTEE

SUMMARY:

In January 2014 the Hass Avocado Board (HAB) approved a proposal presented by their International Representation Committee that allows offshore representatives of the avocado industry to have a voice and a vote on matters before they are considered by the HAB board. As a result, the Hass Avocado Committee (HAC) was created to make recommendations that assist the HAB to carry out the purposes and objectives of the Act and Order. The composition of the committee includes current HAB board members (directors and alternates) and one representative and one alternate from each organization receiving HAB rebate assessment dollars.

On August 1, 2023 CAC received a letter from HAB Chairman Jorge Hernandez requesting names of individuals to serve, on behalf of CAC, as a member and alternate on the HAC for a one-year term beginning December, 2023. While the letter requests CAC's recommendations by October 31, 2023, it also states it is preferable that CAC consider nominating individuals who are voting members of the Board. With the new CAC Board scheduled to be seated at the November 16, 2023 meeting, CAC management has contacted HAB to request the recommendation of HAC nominees take place at the November meeting, to which HAB was agreeable. This item is being brought before the CAC Board now as information only, with action required to recommend HAC nominees at the November Board meeting.

FISCAL ANALYSIS:

- Not applicable

BOARD OPTIONS:

- Not applicable

STAFF RECOMMENDATION:

- Not applicable

EXHIBITS / ATTACHMENTS:

- Letter from HAB Chairman Jorge Hernandez Requesting CAC Representatives for Hass Avocado Committee
- Hass Avocado Committee Functions
- HAB Updated Travel Policy

August 1, 2023
Mission Viejo, CA

Via Email

California Avocado Commission

Rob Grether, Chairman

Jeff Oberman, President

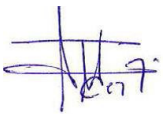
Dear Chairman Grether and President Oberman,

In accordance with the Hass Avocado Committee (HAC) appointment and nomination process approved by the Hass Avocado Board in 2014 (attached for your reference), I am writing to seek the names of individuals who wish to serve as the California Avocado Commission (CAC) representative on the HAC. Please provide one or multiple names by October 31, 2023. When selecting your nominees, it would be preferable that the individuals are voting board members of the California Avocado Commission (CAC) during the November 2023 to October 2024 period.

HAC members will be appointed by the Board at the annual meeting, which will be held on December 6 & 7, 2023. The first meeting of the newly appointed HAC will be on December 6 & 7, 2023. The term of the committee shall be one year, but an existing committee may serve until the new committee is available to be seated. Please note that HAC usually meets four times per year, all meetings take place in the United States or via Zoom and are carried out in English. HAB will pay for all travel expenses incurred by the committee members and alternates according to HAB's Travel Policy.

HAC strengthens the relationships and collaboration between HAB and the member organizations that obtain 85% of the assessment revenue. HAB looks forward to continuing the engagement with your organization and to receiving your nomination no later than October 31, 2023. If you have any questions, please don't hesitate to contact me or Emiliano Escobedo.

Sincerely,



Jorge Hernandez, Chairman
Hass Avocado Board

Attachments:

- Hass Avocado Committee Functions
- Updated Travel Policy



Hass Avocado Committee

Composition, nominations and appointments, quorum, voting and procedures

COMPOSITION:

- Seven producer members of HAB (nominated and appointed in the matter specified below).
- Five importer members of HAB (nominated and appointed in the matter specified below).
- One member from each importer organization certified by the Secretary to receive assessment funds under Section 1219.58 of the Order (nominated and appointed in the matter specified below).
- One member representing the California Avocado Commission (nominated and appointed in the matter specified below).
- Each member of the committee shall have an alternate, who may serve in the absence of the committee member.

Note: Throughout, this document we will use the term “member organizations” to refer to the importer and state associations that receive assessments through the Act and the Order.

NOMINATIONS AND APPOINTMENTS:

- Around 90 days before the annual meeting, the HAB chair shall communicate to the member organizations and other organizations representing the avocado industry within the growing regions to seek, through the member organizations, the names of individuals who wish to serve as members and alternates of the committee.
- Each member organization, through its chief executive, shall submit to the HAB chair the names of the individuals nominated to serve as the member and alternate on the committee. Each organization may provide one name or multiple names for each member and alternate position. In addition, the member organization is to nominate an alternate for a position and may provide one name or multiple names for an alternate position. In choosing their nominees, the member organizations shall consider the ability of the individual nominated to serve on the committee to travel to attend meetings in the United States.
- The chair of HAB shall appoint the committee chair, subject to the approval of the HAB, and may appoint a vice chair or other officers he or she deems appropriate. The HAB chair shall appoint, from the names provided by the member organizations, the individuals who will occupy

the member organization seats on the committee. If no name has been submitted for a position, the chair of HAB may appoint someone for that position. The HAB chair shall also appoint the producer and importer members and their alternates appointed by the Secretary to serve on the HAB. The same process will be repeated for alternate positions.

- The appointments shall occur on or soon after the annual meeting in which the HAB appoints a chair. The term shall be one year, but an existing committee may serve until the new committee is available to be seated.

QUORUM AND VOTING:

- The committee may only take action if a quorum is established either in person or via electronic means. A quorum shall be established if a majority (one more vote than 50 percent) is present.
- A motion before the committee is approved only if favored by a simple majority (one more vote than 50 percent) of each of the three categories voting in the affirmative. In other words, for a motion to pass, it must receive favorable votes from (a) four of the seven producers, (b) three of the five importers, and (c) three of the four association members.
- The voting requirements apply to the committee only; for HAB, a motion passes if favored by a majority of those voting.

PROCEDURES:

- The HAB and the committee shall meet at the same location, date and time of the HAB meetings.
- First, the committee will consider its business and provide its recommendations.
- When the committee completes its consideration of its business, the HAB shall then convene and vote on matters on which the committee has approved. A motion not approved by the HAB may not be forwarded to the Secretary for approval. In addition, HAB may consider any motion that failed passage in the committee.
- Because HAB members have already participated in the discussions and approved items of business of the committee, the motions before the HAB or other business may be voted on either individually or as a group.



Travel & Entertainment Policy

Amended & Approved by the Board: 06/20/2023

Approved by USDA 07/13/2023

HASS AVOCADO BOARD TRAVEL EXPENSE POLICY

This policy supersedes the previously approved Hass Avocado Board Travel and Entertainment Expense Policy.

I. General

The Hass Avocado Board (HAB) will reimburse Members and Staff for all reasonable and necessary expenses incurred in connection with travel on authorized Board business which are approved as activities in support of the Act and Order. Members and Staff are responsible for complying with this Policy. Members and Staff submitting expenses that are not in compliance with this policy risk delayed, partial, or forfeited reimbursement. Members and Staff are expected to use prudent business judgement regarding expenses covered by this Policy.

HAB will limit reimbursement of travel expenses specified under this policy for up to one day prior to the day of the event/function, the night of the event/function, and if necessary, an additional day after the last event/function attended. Reimbursement for any additional days will require written pre-approval with justification, such as evidence that no flights are available at a reasonable hour.

2. Policy Application

- A. Hass Avocado Board Members, Board Alternates and Committee Members will be governed by this policy and will be referred to as “Member” throughout this document.
- B. The term “Staff” refers to employees of the Hass Avocado Board.
- C. The term “Executive Director” refers to the Hass Avocado Board’s Chief Executive.
- D. The Hass Avocado Board will be referred to as “Board” throughout this document.
- E. The term “Officer” refers to an Officer of the Board (Chairperson, Vice Chairperson, Treasurer, or Secretary).
- F. Business meal refers to a meal consumed by a Member or Staff when traveling on HAB Business or when HAB related business is discussed during the meal. Business meals are subject to daily allowance limits established under Section 6 (Meal Allowance) of this policy. The purchase of alcoholic beverages is permitted as part of business meals.
- G. Entertainment refers to a meal or beverage consumed with a guest(s) or a group of staff for a valid business purpose. Entertainment does not count toward the daily allowance established under Section 6 (Meal Allowance) of this policy. Alcoholic beverages are permitted as part of entertainment.
- H. Group meals refers to a meal consumed at HAB hosted events to which all members and staff are invited. Group meals do not count toward the daily allowance established under

Section 6 (Meal Allowance) of this policy. Alcoholic beverages are permitted as part of group meals.

3. Pre-Approvals for Travel

- A. Pre-approval should be done via e-mail to the appropriate person for approval. The pre-approval should include the business purpose, expense, justification, comparatives, or reasoning if appropriate.
- B. All staff travel, except for travel included in annual plans and budgets adopted by the Board, must be pre-approved by the staff member's immediate supervisor, Executive Director, or an Officer of the Board.
- C. The Executive Director will obtain pre-approval for travel from the Chairperson. If the Chairperson is not available another Officer may review and approve the travel.
- D. All Member travel, except for approved meetings, must be pre-approved by the Board Treasurer. If the Board Treasurer is unavailable, another Officer may review and approve the travel.
- E. Board Treasurer, the Treasurer will obtain Pre-approval from the Chairperson or another Officer.

4. Transportation

A. Personal Vehicle

- I. Members and Staff who utilize personal vehicles for business purposes are required to have a valid driver's license. Mileage will be reimbursed at the current allowable IRS rate. When a personal vehicle is used for Board business, it must carry the minimum insurance coverage required by law for bodily injury and property damage. Staff using their own personal vehicles for business shall be reimbursed for their actual miles traveled above and beyond their normal commute only. Members and Staff are responsible for all parking fines and moving violation tickets.

B. Rental Vehicle

- I. In general, an intermediate or smaller car is the car type within policy; however, the size and type of the rental car should be appropriate for the number of people in the car and the road conditions on which it will be used. In-car navigation systems and electronic toll payment options for rental cars are considered reimbursable. All other convenience options, e.g. satellite radio, are considered non-reimbursable.
- 2. When renting cars in the US, it is not necessary to purchase rental car insurance as the HAB maintains rental car coverage. When renting a car internationally, it is necessary to purchase insurance at the time of the rental. To maximize cost savings, Members and Staff

should refuel rental cars prior to returning. Gasoline for rental car use will be reimbursed as long as gasoline for the car rental is purchased under a self-service option. Rental car “pre-pay” options will not be reimbursed.

C. Local Transportation/ Travel

1. The most efficient form of transportation should be used to get to and from hotels, airports and other destinations.
2. Allowable methods of transport include shuttles, cabs, ride share and public transportation. Car service is allowed only if the total cost is comparable to that of a cab/ride share fare.

D. Air Travel

1. All reimbursable air transportation must originate and terminate within the United States. Any air travel originating from outside the United States must be justified and explained with full documentation on the pre-approval request. Hass Avocado Committee members domiciled outside the United States shall be reimbursed for air travel originating and terminating from their domicile outside the United States.
2. In order to optimize cost savings for HAB, travel arrangements should be arranged at least seven days in advance for domestic travel and fourteen days in advance for international travel. Flight insurance is encouraged and is a reimbursable expense to cover unforeseen expenses resulting from medical, family emergencies, accidents, and flight cancellations. All Members and Staff are encouraged to search for the lowest available restricted but changeable fare, rather than fully-refundable fare. HAB will reimburse Members and Staff for any justifiable flight changes.
3. All Members and Staff must fly coach for total air travel less than 3 hours within the United States, Mexico, or Canada. For total air travel longer than 3 hours within the United States, Mexico, or Canada, Members and staff are permitted to fly upgraded economy or equivalent, but not business class. For international travel to countries to other than Mexico or Canada, Members and Staff are permitted to fly business class for on trips exceeding six hours. First class air travel is not reimbursable. Personal miles or points may be used to upgrade to a higher-class service, or the traveler may opt to pay personally for an upgrade.
4. Airline receipts from the carrier shall be included with the expense report form. Travel agent receipts submitted must be accompanied by the airline receipt and include the E-ticket number and record locator for the flights in order for HAB to verify records. Travel Agent Invoices submitted without proper back-up will not suffice and may delay reimbursement.
5. HAB will reimburse airline baggage fees for up to 1 standard checked bag. Pre- approval to check additional bags at HAB expense with written justification may be approved.

6. HAB will reimburse airline fees associated with seat selection at time of check-in, priority boarding and on air Wi-Fi costs during flight.
7. When Members are attending other HAPRI association meetings during the same period as HAB events/functions, HAB will reimburse 50% of the air travel related expenses.

5. Lodging

- A. In cities where the HAB has contracted with a specific hotel, Members and Staff will book a room at the contracted hotel. In cities where there is more than one contracted hotel, the Members and staff may choose among contracted hotels. When travel schedules require early hotel check in and additional hotel charges are incurred, the additional charges are considered reimbursable.
- B. In cities where HAB does not have a contracted hotel, or all contracted hotels are sold out, the lodging selected must not exceed the maximum nightly rates (before taxes and fees) listed below:
 - \$450 metropolitan areas including New York City, Los Angeles, Washington D.C. and International locations.
 - \$350 All other U.S. locations.
- C. At times, when demand is high and hotels are sold out, the hotel rooms still available are priced higher than the HAB's stated maximum rate. In this case, Members and Staff will book the most reasonable option and retain a record of why the maximum rate was exceeded and submit for pre-approval. If a Member or Staff must cancel a hotel reservation, they should do so through the site/method through which the reservation was originally booked. Members should plan early to avoid cancellation fees. A "no-show" charge is not reimbursable unless it results from unavoidable circumstance.
- D. In certain circumstances it may be desirable and cost efficient to use alternate forms of lodging such as Airbnb, VRBO, rentals and others. These alternate accommodations may be used when the total cost of the stay (including booking and cleaning fees but excluding taxes and other fees) is comparable to the nightly rates published above for the same number of nights.
- E. Exclusions -- certain research and promotional HAB hosted events (for example ANSA meetings, media and influencer events) may not fall under the nightly rate limit stated under item 2. In such cases the total lodging cost will be covered in the board approved budget and business plan.

6. Meal Allowance

- A. Members and Staff will be reimbursed up to a daily maximum of \$150.00 per claimant excluding applicable taxes and a maximum gratuity of 20%. The maximum includes any daily combination of meals, snacks, minibar, and beverages. Members and Staff should ask for separate checks to avoid

exceeding the \$150.00 daily maximum. Itemized receipts are required to support all meal expenses, including meals charged to the hotel room.

- B. When a member or staff attends a HAB hosted group meal, the meal will count against the daily allowance. The deductions from the daily allowance are as follows: If the group meal is breakfast, deduct 25% from the daily allowance, if the group meal is lunch, deduct 25% from the daily allowance and if the group meal is dinner deduct 50% from the daily allowance.

7. Seminars, Conferences & Conventions

- A. Members must obtain pre-approval prior to attending a seminar, conference, lecture, or other event of a business nature. Attendance by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.

8. Miscellaneous

A. Incidentals:

The Board will reimburse, with a receipt when possible, the following items:

- 1. Internet, and facsimile expenses related to Board business.
- 2. Laundry and dry-cleaning services when traveling on Board business for more than five consecutive days.
- 3. Tolls, parking, porter and baggage handling tips.

B. International Travel

- 1. International travel by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.
- 2. All expenses must be shown in U.S. dollar values. The currency exchange rate that will be accepted by the HAB is from the US Treasury Department's Financial Management Services as well as the daily exchange rates listed on receipts and/or credit card statements. Use the "Comments" section of expense report to indicate foreign currency exchange rates used.

9. Travel Expense Reports

- A. Falsification of a travel expense report will be brought to the Board's attention.
- B. Expense reports should be submitted to the HAB finance department after completion of each trip, and within a reasonable amount of time, not to exceed 3 months. Electronic submission is preferred for processing.

- C. If obtained, a copy of the pre-approval and supporting documentation must be submitted with the travel expense report form.
- D. A receipt must be submitted for any expense over \$20. The hotel invoice or folio are insufficient supporting documentation for room charges, please include itemized receipts for room charges and meals.
- E. It is preferable for travelers to submit original receipts; however, if originals are not submitted, the traveler must retain original receipts for at least three years in case of an audit. Original receipts are receipts for cash expenses or hard-copy printouts from electronic sources, such as for airfare or lodging. If a receipt is unavailable or lost, a written statement is required by the claimant providing the reason and detail of the expenditure.
- F. All meal and entertainment expenditures subject to reimbursement must include:
 - Names of people in attendance and relationship to HAB.
 - Business purpose - In the case of Board functions, an invitation to Board functions will suffice.
 - Place where the expense took place.
 - Date of expense.
 - Amount to be reimbursed.
- G. A member or staff that expenses a meal instead of attending a HAB hosted group meal should include an explanation in the Travel Expense Report.

10. Travel Expense Form Approvals

- A. If the traveler is Staff, the expense report form shall be approved by the Staff member's immediate supervisor, or the Executive Director. If the Executive Director is not available, the expense report form can be approved by the Board Chairperson or Board Treasurer.
- B. If the traveler is the Executive Director, the expense report form shall be approved by the Board Chairperson or the Board Treasurer.
- C. If the traveler is an officer, the expense report form must be reviewed and approved by the Board Chairperson. If the Board Chairperson is unavailable, another Officer may review and approve the form.
- D. If the traveler is the Board Chairperson, the expense report form must be reviewed and approved by the Board Treasurer first. If the Board Treasurer is unavailable another Officer may review and approve the form.

- E. If the traveler is a Member, the expense report form must be approved by the Board Treasurer first. If the Board Treasurer is unavailable, another Officer may review and approve the form.

11. Exclusions

The following expenses are not reimbursable:

- A. In-room mini-bar alcohol purchases.
- B. Personal expenses (movies, games, spa visits, golf outings, optional social activities.)
- C. Traffic and/or parking violation fines, towing charges, legal fees, or other payments resulting from illegal actions.
- D. Vehicle fuel purchases when mileage is being reimbursed.
- E. Repairs to personal vehicles.
- F. Family members' and guest expenses,' including room service or extra hotel charges for additional guests.
- G. Laundry service unless the trip is longer than five days.
- H. Lunches and dinners without a primary business purpose. The fact that lunchtime or dinnertime is a convenient time to meet does not convert a personal expense to a business expense.
- I. First-class fare.
- J. Tips in excess of 20%.
- K. Travel accident insurance premiums.

12. Covid Stay Exclusion

- A. The following guidance is for members and staff members who believe they have been in contact with a person with COVID while traveling on authorized board business or have tested positive for COVID while traveling on authorized board business.

If the member or staff person cannot travel home due to COVID exposure or infection and needs to extend their stay while traveling on authorized board business, HAB will reimburse members and staff for their hotel, travel, and meal expenses for a period of up to 10 days from the date diagnosis was received from a valid test or date of exposure. Expenses must be submitted in accordance with the Hass Avocado Board Travel Policy. HAB will also reimburse any airline ticket change fees incurred because of the extended stay period.

To qualify for reimbursement for a COVID STAY EXCLUSION, the member or staff person must document their exposure to COVID including the date, place, and time of the exposure and how they were notified of the exposure. A positive COVID test taken by a third-party health professional during the travel period will also be accepted as proof to qualify for a COVID STAY EXCLUSION reimbursement.

The expenses incurred under the COVID STAY EXCLUSION will be reviewed and approved per this policy.



BOARD ACTION

ITEM 5.b: RECOMMEND TWO MEMBERS TO SERVE ON THE HASS AVOCADO BOARD AVOCADO SUSTAINABILITY ADVISORY

SUMMARY:

On August 1, 2023, CAC received a letter from Hass Avocado Board Chairman Jorge Hernandez seeking the names of two individuals who wish to serve as the California Avocado Commission representative members on the HAB Avocado Sustainability Advisory. In his request, Mr. Hernandez states that in choosing nominees, it would be preferable that the individuals meet the criteria laid out in the HAB-approved Functions and Responsibilities for the ASA, as outlined in the attached exhibit. It is noted that ASA members will be appointed by the HAB board shortly after the annual meeting, held in December 2023. It is noted that an existing committee member may be reappointed to serve successive one-year terms. Also, HAB will pay for all expenses incurred by the advisory members according to HAB's Travel Policy.

Mr. Hernandez has requested that CAC provide the names for the two member positions by October 31, 2023, therefore recommendations should be made during this October 11, 2023 CAC Board meeting.

FISCAL ANALYSIS:

- Not applicable - HAB will pay for all expenses incurred by the advisory members according to HAB's Travel Policy.

BOARD OPTIONS:

- Recommend two nominees to serve as members on the HAB Avocado Sustainability Advisory

STAFF RECOMMENDATION:

- Staff recommends the CAC Board discuss and submit the names of two individuals to serve on the HAB ASA

EXHIBITS / ATTACHMENTS:

- Letter from HAB Chairman Jorge Hernandez Requesting CAC Nominees to Serve on the Avocado Sustainability Advisory
- Avocado Sustainability Advisory Functions and Responsibilities
- Article 7 from HAB Bylaws
- HAB Travel Policy

August 1, 2023
Mission Viejo, CA

Via Email

California Avocado Commission

Rob Grether, Chairman

Jeff Oberman, President

Re: Request for Nominees to Serve on the Avocado Sustainability Advisory

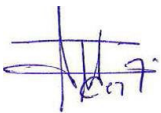
Dear Chairman Grether and President Oberman,

In accordance with the Bylaws of the Hass Avocado Board (HAB) Avocado Sustainability Center (ASC), and the Avocado Sustainability Advisory (ASA) appointment and nomination process passed by the Hass Avocado Board on September 20, 2021 (attached for your reference), I am writing to seek the names of two (2) individuals who wish to serve as the California Avocado Commission (CAC) representative members on the ASA. Please provide the names of the two-member positions for the 2024 calendar year. In choosing your nominees, it would be preferable that the individuals meet the criteria laid out in the HAB-approved Functions and Responsibilities for the ASA that is also attached. HAB will pay for all travel expenses incurred by the advisory members according to HAB's Travel Policy (attached).

The board will appoint the Avocado Sustainability Advisory members shortly after the annual meeting, held on December 7, 2023. The term of the ASA shall be one year but may serve until a new ASA is seated. A committee member may be reappointed to serve successive one (1) year terms.

We believe the ASC and the ASA will accelerate the sustainability effort of the avocado industry in the United States. HAB looks forward to continuing the engagement with your organization and receiving your nominations no later than October 31, 2023. If you have any questions, please don't hesitate to contact Emiliano Escobedo or me.

Sincerely,



Jorge Hernandez, Chair
Hass Avocado Board

Attachments:

- Avocado Sustainability Advisory Functions and Responsibilities
- Article 7 from HAB Bylaws
- Updated Travel Policy



Avocado Sustainability Advisory Functions and Responsibilities

ADVISORY FUNCTIONS AND PURPOSE

The Avocado Sustainability Advisory (ASA) shall be governed in its deliberations and in the transaction of business by the Bylaws of the Hass Avocado Board (HAB) and by the provisions of both the Hass Avocado Promotion, Research and Information Act (Act) and the Hass Avocado Promotion, Research and Information Order (Order).

Through its leadership, the ASA will provide direction in alignment with the Hass Avocado Board's overall purpose, mission, vision and guiding values that results in the Avocado Sustainability Center (ASC) becoming the premier provider of sustainability research, data and information for the Hass avocado industry and a trusted thought-leader in the field of sustainability and agriculture that will provide a better future for the industry. Moreover, the ASA will seek to build and ensure a productive culture fostering the collaboration and exchange of ideas and information, taking into consideration the sustainability interests and goals of the geographic regions represented by associations that receive assessments pursuant to the Act and the Order.

COMPOSITION OF THE ASA AND TERM

The ASA will be comprised of two (2) HAB Board members and two (2) representatives of each state or importer organization that receives assessments pursuant to the Act and the Order. All ASA members shall be appointed in accordance with the HAB Bylaws. The term of each ASA member shall be in accordance with the HAB Bylaws.

ASA MEMBER RESPONSIBILITIES

Each ASA member will abide by the Hass Avocado Board member governance roles and responsibilities and abide by HAB Bylaws, policies and procedures and the provisions of the Act and the Order that govern the HAB.

Each ASA member will take an active and constructive role in helping the ASA perform its work. ASA members will exemplify the guiding principles of the ASA and will bring value to the ASA through being:

I. An engaged representative of their respective associations

ASA members will be prepared to represent their region and association to the best of their ability. Members will play an active role by participating in discussions that are happening in

their specific region and will relay those findings to the ASA. Members will be a voice for their respective association and will be responsible for serving as a liaison between their association and the ASA to share updates between the two. Members must be effective communicators and a reliable conduit to their associations to keep dialogue open and maintain a constant flow of information between the two groups.

2. Knowledge of sustainability practices

Members will take the necessary steps and actions to remain well-informed on all aspects of sustainability issues, specifically across the three main pillars: people, planet and profit. Members will be oriented towards science and research and will abide by the guiding values of the ASA, ensuring that the work of the ASA is focused on providing a better future for generations to come.

In addition to compliance with the conflict-of-interest policy observed by the Hass Avocado Board, members will conduct the business of the ASA with loyalty to the HAB and the Avocado Sustainability Center, bringing independent-mindedness without bias to any personal, professional or organizational affiliation.

3. An active, prepared, and committed participant

Working collegially in a productive and respectful manner, the ASA members will bring their expertise and experience from their respective cultures, associations and geographies to their ASA duties to work in support of the Avocado Sustainability Center and its constituents.

Members will be active participants, including being fully prepared for meetings and making meeting attendance, participation and follow-through a priority, as well as taking the initiative to be an informed representative on sustainability as it relates to the ASA. Members will ensure productive and strategic dialogue is employed to move the interests of the ASA forward, without bias to any personal, professional or organizational affiliation.

In addition to the responsibilities outlined above, the ASA will be responsible for the annual nomination of a ASA Chairperson and the submission of that nomination to the Hass Avocado Board. The ASA will be expected to nominate a candidate that has the best interest of the industry in mind and who will exemplify the guiding principles of the ASA.

ARTICLE 7

Avocado Sustainability Advisory

Section 1. There shall be a committee referred to as the Avocado Sustainability Advisory (ASA) and its role is to govern the Avocado Sustainability Center (ASC).

Section 2. The committee shall be composed of (i) two (2) HAB Board members appointed by the HAB Chairperson and (ii) two (2) representatives of each state or importer organization that receives assessments pursuant to the Act and the Order. Each respective state or importer organization shall nominate two (2) representatives selected from names submitted by the stakeholders of such respective organizations after notification is made to affected stakeholders regarding the nomination process. The HAB Chairperson shall then appoint to the Committee the two (2) nominated representatives of each such state or importer organization. If no names are nominated by a respective state or importer organization, then the HAB Chairperson shall select and appoint two (2) members of the committee on behalf of such respective state or importer organization.

Section 3. The committee will nominate a committee Chairperson and submit the name to the HAB Chairperson. The HAB Chairperson will appoint the committee chairperson nominated by the committee. If no chairperson is nominated by the committee, then the HAB Chairperson shall select and appoint a committee chairperson.

Section 4. A member's term of service on the committee shall be for one (1) year, but a member may continue to serve past one (1) year until a new committee has been appointed. A committee member may be reappointed to serve successive one (1) year terms.

Section 5. To constitute a quorum for a committee meeting, at least one more than half of those assigned to the committee must be present. No proxy voting shall be allowed at a committee meeting.

Section 6. For any action to be approved by the committee, it must receive the concurring votes of members representing more than 66 percent of those present and voting.



Travel & Entertainment Policy

Amended & Approved by the Board: 06/20/2023

Approved by USDA 07/13/2023

HASS AVOCADO BOARD TRAVEL EXPENSE POLICY

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- E. The term “Officer” refers to an Officer of the Board (Chairperson, Vice Chairperson, Treasurer, or Secretary).
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Section 6 (Meal Allowance) of this policy. Alcoholic beverages are permitted as part of group meals.

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- B. All staff travel, except for travel included in annual plans and budgets adopted by the Board, must be pre-approved by the staff member's immediate supervisor, Executive Director, or an Officer of the Board.
- C. The Executive Director will obtain pre-approval for travel from the Chairperson. If the Chairperson is not available another Officer may review and approve the travel.
- D. All Member travel, except for approved meetings, must be pre-approved by the Board Treasurer. If the Board Treasurer is unavailable, another Officer may review and approve the travel.
- E. Board Treasurer, the Treasurer will obtain Pre-approval from the Chairperson or another Officer.

4. Transportation

A. Personal Vehicle

- I. Members and Staff who utilize personal vehicles for business purposes are required to have a valid driver's license. Mileage will be reimbursed at the current allowable IRS rate. When a personal vehicle is used for Board business, it must carry the minimum insurance coverage required by law for bodily injury and property damage. Staff using their own personal vehicles for business shall be reimbursed for their actual miles traveled above and beyond their normal commute only. Members and Staff are responsible for all parking fines and moving violation tickets.

B. Rental Vehicle

- I. In general, an intermediate or smaller car is the car type within policy; however, the size and type of the rental car should be appropriate for the number of people in the car and the road conditions on which it will be used. In-car navigation systems and electronic toll payment options for rental cars are considered reimbursable. All other convenience options, e.g. satellite radio, are considered non-reimbursable.
- 2. When renting cars in the US, it is not necessary to purchase rental car insurance as the HAB maintains rental car coverage. When renting a car internationally, it is necessary to purchase insurance at the time of the rental. To maximize cost savings, Members and Staff

should refuel rental cars prior to returning. Gasoline for rental car use will be reimbursed as long as gasoline for the car rental is purchased under a self-service option. Rental car “pre-pay” options will not be reimbursed.

C. Local Transportation/ Travel

1. The most efficient form of transportation should be used to get to and from hotels, airports and other destinations.
2. Allowable methods of transport include shuttles, cabs, ride share and public transportation. Car service is allowed only if the total cost is comparable to that of a cab/ride share fare.

D. Air Travel

1. All reimbursable air transportation must originate and terminate within the United States. Any air travel originating from outside the United States must be justified and explained with full documentation on the pre-approval request. Hass Avocado Committee members domiciled outside the United States shall be reimbursed for air travel originating and terminating from their domicile outside the United States.
2. In order to optimize cost savings for HAB, travel arrangements should be arranged at least seven days in advance for domestic travel and fourteen days in advance for international travel. Flight insurance is encouraged and is a reimbursable expense to cover unforeseen expenses resulting from medical, family emergencies, accidents, and flight cancellations. All Members and Staff are encouraged to search for the lowest available restricted but changeable fare, rather than fully-refundable fare. HAB will reimburse Members and Staff for any justifiable flight changes.
3. All Members and Staff must fly coach for total air travel less than 3 hours within the United States, Mexico, or Canada. For total air travel longer than 3 hours within the United States, Mexico, or Canada, Members and staff are permitted to fly upgraded economy or equivalent, but not business class. For international travel to countries to other than Mexico or Canada, Members and Staff are permitted to fly business class for on trips exceeding six hours. First class air travel is not reimbursable. Personal miles or points may be used to upgrade to a higher-class service, or the traveler may opt to pay personally for an upgrade.
4. Airline receipts from the carrier shall be included with the expense report form. Travel agent receipts submitted must be accompanied by the airline receipt and include the E-ticket number and record locator for the flights in order for HAB to verify records. Travel Agent Invoices submitted without proper back-up will not suffice and may delay reimbursement.
5. HAB will reimburse airline baggage fees for up to 1 standard checked bag. Pre- approval to check additional bags at HAB expense with written justification may be approved.

6. HAB will reimburse airline fees associated with seat selection at time of check-in, priority boarding and on air Wi-Fi costs during flight.
7. When Members are attending other HAPRI association meetings during the same period as HAB events/functions, HAB will reimburse 50% of the air travel related expenses.

5. Lodging

- A. In cities where the HAB has contracted with a specific hotel, Members and Staff will book a room at the contracted hotel. In cities where there is more than one contracted hotel, the Members and staff may choose among contracted hotels. When travel schedules require early hotel check in and additional hotel charges are incurred, the additional charges are considered reimbursable.
- B. In cities where HAB does not have a contracted hotel, or all contracted hotels are sold out, the lodging selected must not exceed the maximum nightly rates (before taxes and fees) listed below:
 - \$450 metropolitan areas including New York City, Los Angeles, Washington D.C. and International locations.
 - \$350 All other U.S. locations.
- C. At times, when demand is high and hotels are sold out, the hotel rooms still available are priced higher than the HAB's stated maximum rate. In this case, Members and Staff will book the most reasonable option and retain a record of why the maximum rate was exceeded and submit for pre-approval. If a Member or Staff must cancel a hotel reservation, they should do so through the site/method through which the reservation was originally booked. Members should plan early to avoid cancellation fees. A "no-show" charge is not reimbursable unless it results from unavoidable circumstance.
- D. In certain circumstances it may be desirable and cost efficient to use alternate forms of lodging such as Airbnb, VRBO, rentals and others. These alternate accommodations may be used when the total cost of the stay (including booking and cleaning fees but excluding taxes and other fees) is comparable to the nightly rates published above for the same number of nights.
- E. Exclusions -- certain research and promotional HAB hosted events (for example ANSA meetings, media and influencer events) may not fall under the nightly rate limit stated under item 2. In such cases the total lodging cost will be covered in the board approved budget and business plan.

6. Meal Allowance

- A. Members and Staff will be reimbursed up to a daily maximum of \$150.00 per claimant excluding applicable taxes and a maximum gratuity of 20%. The maximum includes any daily combination of meals, snacks, minibar, and beverages. Members and Staff should ask for separate checks to avoid

exceeding the \$150.00 daily maximum. Itemized receipts are required to support all meal expenses, including meals charged to the hotel room.

- B. When a member or staff attends a HAB hosted group meal, the meal will count against the daily allowance. The deductions from the daily allowance are as follows: If the group meal is breakfast, deduct 25% from the daily allowance, if the group meal is lunch, deduct 25% from the daily allowance and if the group meal is dinner deduct 50% from the daily allowance.

7. Seminars, Conferences & Conventions

- A. Members must obtain pre-approval prior to attending a seminar, conference, lecture, or other event of a business nature. Attendance by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.

8. Miscellaneous

A. Incidentals:

The Board will reimburse, with a receipt when possible, the following items:

- 1. Internet, and facsimile expenses related to Board business.
- 2. Laundry and dry-cleaning services when traveling on Board business for more than five consecutive days.
- 3. Tolls, parking, porter and baggage handling tips.

B. International Travel

- 1. International travel by Staff shall be considered approved when annual plans and budgets are adopted by the Board, otherwise they shall follow the pre-approval process.
- 2. All expenses must be shown in U.S. dollar values. The currency exchange rate that will be accepted by the HAB is from the US Treasury Department's Financial Management Services as well as the daily exchange rates listed on receipts and/or credit card statements. Use the "Comments" section of expense report to indicate foreign currency exchange rates used.

9. Travel Expense Reports

- A. Falsification of a travel expense report will be brought to the Board's attention.
- B. Expense reports should be submitted to the HAB finance department after completion of each trip, and within a reasonable amount of time, not to exceed 3 months. Electronic submission is preferred for processing.

- C. If obtained, a copy of the pre-approval and supporting documentation must be submitted with the travel expense report form.
- D. A receipt must be submitted for any expense over \$20. The hotel invoice or folio are insufficient supporting documentation for room charges, please include itemized receipts for room charges and meals.
- E. It is preferable for travelers to submit original receipts; however, if originals are not submitted, the traveler must retain original receipts for at least three years in case of an audit. Original receipts are receipts for cash expenses or hard-copy printouts from electronic sources, such as for airfare or lodging. If a receipt is unavailable or lost, a written statement is required by the claimant providing the reason and detail of the expenditure.
- F. All meal and entertainment expenditures subject to reimbursement must include:
 - Names of people in attendance and relationship to HAB.
 - Business purpose - In the case of Board functions, an invitation to Board functions will suffice.
 - Place where the expense took place.
 - Date of expense.
 - Amount to be reimbursed.
- G. A member or staff that expenses a meal instead of attending a HAB hosted group meal should include an explanation in the Travel Expense Report.

10. Travel Expense Form Approvals

- A. If the traveler is Staff, the expense report form shall be approved by the Staff member's immediate supervisor, or the Executive Director. If the Executive Director is not available, the expense report form can be approved by the Board Chairperson or Board Treasurer.
- B. If the traveler is the Executive Director, the expense report form shall be approved by the Board Chairperson or the Board Treasurer.
- C. If the traveler is an officer, the expense report form must be reviewed and approved by the Board Chairperson. If the Board Chairperson is unavailable, another Officer may review and approve the form.
- D. If the traveler is the Board Chairperson, the expense report form must be reviewed and approved by the Board Treasurer first. If the Board Treasurer is unavailable another Officer may review and approve the form.

- E. If the traveler is a Member, the expense report form must be approved by the Board Treasurer first. If the Board Treasurer is unavailable, another Officer may review and approve the form.

11. Exclusions

The following expenses are not reimbursable:

- A. In-room mini-bar alcohol purchases.
- B. Personal expenses (movies, games, spa visits, golf outings, optional social activities.)
- C. Traffic and/or parking violation fines, towing charges, legal fees, or other payments resulting from illegal actions.
- D. Vehicle fuel purchases when mileage is being reimbursed.
- E. Repairs to personal vehicles.
- F. Family members' and guest expenses,' including room service or extra hotel charges for additional guests.
- G. Laundry service unless the trip is longer than five days.
- H. Lunches and dinners without a primary business purpose. The fact that lunchtime or dinnertime is a convenient time to meet does not convert a personal expense to a business expense.
- I. First-class fare.
- J. Tips in excess of 20%.
- K. Travel accident insurance premiums.

12. Covid Stay Exclusion

- A. The following guidance is for members and staff members who believe they have been in contact with a person with COVID while traveling on authorized board business or have tested positive for COVID while traveling on authorized board business.

If the member or staff person cannot travel home due to COVID exposure or infection and needs to extend their stay while traveling on authorized board business, HAB will reimburse members and staff for their hotel, travel, and meal expenses for a period of up to 10 days from the date diagnosis was received from a valid test or date of exposure. Expenses must be submitted in accordance with the Hass Avocado Board Travel Policy. HAB will also reimburse any airline ticket change fees incurred because of the extended stay period.

To qualify for reimbursement for a COVID STAY EXCLUSION, the member or staff person must document their exposure to COVID including the date, place, and time of the exposure and how they were notified of the exposure. A positive COVID test taken by a third-party health professional during the travel period will also be accepted as proof to qualify for a COVID STAY EXCLUSION reimbursement.

The expenses incurred under the COVID STAY EXCLUSION will be reviewed and approved per this policy.



BOARD ACTION

ITEM 6.a: AUDITOR'S LETTERS OF ENGAGEMENT FOR 2022-23 FINANCIAL AUDIT

SUMMARY:

The Letter of Engagement (LOE) for the 2022-23 Financial Statement Audit Service from Moss Adams LLP is attached here for Board review. The LOE confirms the understanding between the Commission and Moss Adams regarding the services and deliverables that Moss Adams will provide, the audit objectives to be achieved, schedule and timing of testwork, and fees for services to be performed. The LOE includes audit services only where an opinion is rendered on the financial statements. Moss Adams will conduct the audit in accordance with auditing standards generally accepted in the U.S. and also with standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

In conjunction with the Financial Statement Audit, the U.S. Department of Agriculture (USDA) requests that that Moss Adams examine whether the Commission complied with the requirements of Section V.D. of the Guidelines for Agricultural Marketing Service (AMS) Oversight of Commodity Research and Promotion Programs, dated January 2020, for the year ended October 31, 2023. The specified compliance requirements are as follows:

1. No funds were used for the purpose of influencing governmental policy or action, per Section 515(d) of the Commodity Promotion Research and Information Act (Act), related to the use of assessments for the purpose of influencing legislation, as the term is defined in Section 4911(d) of the Internal Revenue Code and Title 26 of the United States Code.
2. The Commission's investment policy is in compliance with the AMS investment policy, as stated in the Guidelines, Appendix 3 – Directive 2210.2 "Investment of Public Funds" dated February 7, 2011.
3. Funds are used only for projects and other expenses authorized in a budget approved by the USDA, per Section II of the Guide.
4. Funds are used only in accordance with the rules, regulations and policies of the Act, the Guidelines, and the Hass Avocado Promotion, Research, and Information Order.
5. No violations of the Act, Order or Guidelines for Research and Development Program.

6. Complied with the allowability provisions of the Code of Federal Regulations (7 CFR Part 1219) – Hass Avocado Promotion, Research, and Information Order.
7. Complied with Section 575, Subsection (g) of the Hass Avocado Promotion, Research, and Consumer Information Act of 2000 and Section 1219.42, Subsection (b) of the Order.
8. Expended assessment funds for purposes authorized by the Hass Avocado Promotion, Research and Information Act and Order. In addition to the annual Financial Statement Audit, the Commission will engage Moss Adams to perform a fiscal and compliance assessment for fiscal year 2022-23. This is a requirement set by the California Department of Food and Agriculture (CDFA) in 2009 which aims to assess the Commission's compliance with its General Rules for Travel and Other Expenditures. The LOE for 2022-23 CDFA Fiscal and Compliance Assessment from Moss Adams also is attached for Committee review.

FISCAL ANALYSIS:

- If the Board accepts the Moss Adams LOEs for the financial statement audit and compliance assessment, the cost would be approximately \$49,000, which is comparable to prior year's cost

BOARD OPTIONS:

- Accept the MGO LOEs for 2022-23 Financial Statement Audit & Fiscal and Compliance Assessment.
- Seek a different audit/accounting firm to perform the required services

STAFF RECOMMENDATION:

- Accept the LOEs as presented

EXHIBITS / ATTACHMENTS:

- Letter of Engagement for 2022-23 Financial Statement Audit Services from Moss Adams
- Letter of Engagement for 2022-23 CDFA Fiscal and Compliance Assessment Services from Moss Adams

September 11, 2023

Mr. Ken Melban
Vice President, Industry Affairs and Operations
California Avocado Commission
12 Mauchly, Suite L
Irvine, California 92618

Re: Audit and Nonattest Services

Dear Ken:

Thank you for the opportunity to provide services to California Avocado Commission. This engagement letter ("Engagement Letter") and the attached Professional Services Agreement, which is incorporated by this reference, confirm our acceptance and understanding of the terms and objectives of our engagement, and limitations of the services that Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to California Avocado Commission ("you," "your," and "Commission").

Scope of Services – Audit

You have requested that we audit the Commission's financial statements, which comprise the statement of net position as of October 31, 2023, and the related statement of revenue, expenses, and changes in net position and statement of cash flows for the year then ended, and the related notes to the financial statements. We will also report on whether the budgetary comparison schedule, combining statement of revenues, expenses and changes in net position, and schedule of program expense, presented as supplementary information, are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information ("RSI"), such as management's discussion and analysis, 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. As part of our engagement, we will apply certain limited procedures to Government's RSI in accordance with auditing standards generally accepted in the United States of America. We will not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance. The following RSI will be subjected to certain limited procedures, but will not be audited:

- 1) Management's discussion and analysis

Scope of Services and Limitations – Nonattest

We will provide the Commission with the following nonattest services:

- 1) Assist you in drafting the financial statements and related footnotes as of and for the year ended October 31, 2023.

Our professional standards require that we remain independent with respect to our attest clients, including those situations where we also provide nonattest services such as those identified in the preceding paragraphs. As a result, Commission management must accept the responsibilities set forth below related to this engagement:

- Assume all management responsibilities.
- Oversee the service, by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience to oversee our nonattest services. The individual is not required to possess the expertise to perform or reperform the services.
- Evaluate the adequacy and results of the nonattest services performed.
- Accept responsibility for the results of the nonattest services performed.

It is our understanding that April Aymami, CAC industry affairs director, has been designated by the Commission to oversee the nonattest services and that in the opinion of the Commission is qualified to oversee our nonattest services as outlined above. If any issues or concerns in this area arise during the course of our engagement, we will discuss them with you prior to continuing with the engagement.

Timing

Matt Parsons is responsible for supervising the engagement and authorizing the signing of the report. We expect to begin our audit in December 2023 and complete fieldwork in January 2024. As we reach the conclusion of the audit, we will coordinate with you the date the audited financial statements will be available for issuance. You understand that (1) you will be required to consider subsequent events through the date the financial statements are available for issuance, (2) you will disclose in the notes to the financial statements the date through which subsequent events have been considered, and (3) the subsequent event date disclosed in the footnotes will not be earlier than the date of the management representation letter and the date of the report of independent auditors.

Our scheduling depends on your completion of the year-end closing and adjusting process prior to our arrival to begin the fieldwork. We may experience delays in completing our services due to your staff's unavailability or delays in your closing and adjusting process. You understand our fees are subject to adjustment if we experience these delays in completing our services.

Fees

We estimate that our fees for the services will be \$37,500 and we will seek your approval for any budget overrun.

In addition to fees, we will charge you for expenses. Our invoices include a flat expense charge, calculated as five percent (5%) of fees, to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel expenses and client meals/entertainment expenses subject to your pre-approval will be billed separately and are not included in the 5% charge.

Our ability to provide services in accordance with our estimated fees depends on the quality, timeliness, and accuracy of the Commission's records, and, for example, the number of general ledger adjustments required as a result of our work. To assist you in this process, we will provide you with a Client Audit Preparation Schedule that identifies the key work you will need to perform in preparation for the audit. We will also need your accounting staff to be readily available during the engagement to respond in a timely manner to our requests. Lack of preparation, poor records, general ledger adjustments, and/or untimely assistance will result in an increase of our fees.

Reporting

We will issue a written report upon completion of our audit of the Commission's financial statements. Our report will be addressed to the Board of Directors of the Commission. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended October 31, 2023.

Other Information in an Annual Report with Audited Financial Statements

It is our understanding that the Commission's annual report will contain, accompany, or incorporate by reference the financial statements and our auditor's report thereon. We further understand that the Commission plans to issue such documents on or before April 2024. You agree to provide the final version of the document(s) comprising the annual report as soon as it is available. If some or all of the documents will not be available until after the date of the auditor's report on the financial statements, we will request a written representation from management at the conclusion of the audit that asserts the final version of the annual report will be provided to us when available, and prior to issuance by the Commission.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in the Agreement, please sign the enclosed copy of this letter and return it to us with the Professional Services Agreement.

Very truly yours,



Matt Parsons, Partner for
Moss Adams LLP

Enclosures

Accepted and Agreed:

This Engagement Letter and the attached Professional Services Agreement set forth the entire understanding of California Avocado Commission with respect to this engagement and the services to be provided by Moss Adams LLP:

Signature: _____

Print Name: _____

Title: _____

Date: _____

Client: #869393
v. 11/10/2022

PROFESSIONAL SERVICES AGREEMENT

Audit and Nonattest Services - Government Auditing Standards Version (no compliance audit)

This Professional Services Agreement (the “PSA”) together with the Engagement Letter, which is hereby incorporated by reference, represents the entire agreement (the “Agreement”) relating to services that Moss Adams will provide to the Commission. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Objectives of the Audit

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America (U.S. GAAS) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

The objectives also include reporting on the following:

- Internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by Government Auditing Standards.

The report on internal control and compliance will include a statement that the purpose of the report is solely to describe the scope of testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control over financial reporting or on compliance, that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance, and, accordingly, it is not suitable for any other purpose.

The objectives of our audit are also to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Auditor's Responsibility

We will conduct our audit in accordance with U.S. GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. As part of an audit conducted in accordance with U.S. GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control or to identify deficiencies in the design or operation of internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosure, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time

The supplementary information will be subject to certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves.

If our opinion on the financial statements is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

Procedures and Limitations

Our procedures may include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of certain receivables and certain other assets, liabilities and

transaction details by correspondence with selected customers, creditors, and financial institutions. We may also request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from management about the financial statements and supplementary information and related matters. Management's failure to provide representations to our satisfaction will preclude us from issuing our report.

An audit includes examining evidence, on a test basis, supporting the amounts and disclosures in the financial statements. Therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. Material misstatements may include errors, fraudulent financial reporting, misappropriation of assets, or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that are attributable to the entity or to acts by management or employees acting on behalf of the entity that may have a direct financial statement impact. Pursuant to *Government Auditing Standards*, we will not provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk exists that some material misstatements and noncompliance may not be detected, even though the audit is properly planned and performed in accordance with U.S. GAAS and *Government Auditing Standards*. An audit is not designed to detect immaterial misstatements or noncompliance with the provisions of laws, regulations, contracts, and grant agreements that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors, fraudulent financial reporting, misappropriation of assets, and noncompliance with the provisions of laws, regulations, contracts and grant agreements that come to our attention, unless clearly inconsequential. We will also inform you of any other conditions or other matters involving internal control, if any, as required by *Government Auditing Standards*. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any time period for which we are not engaged as auditors.

We may assist management in the preparation of the Commission's financial statements and supplementary information. Regardless of any assistance we may render, all information included in the financial statements and supplementary information remains the representation of management. We may issue a preliminary draft of the financial statements and supplementary information to you for your review. Any preliminary draft financial statements and supplementary information should not be relied upon, reproduced or otherwise distributed without the written permission of Moss Adams.

Management's Responsibility

As a condition of our engagement, management acknowledges and understands that management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America. We may advise management about appropriate accounting principles and their application and may assist in the preparation of your financial statements, but management remains responsible for the financial statements. Management also acknowledges and understands that management is responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. This responsibility includes the maintenance of adequate records, the selection and application of accounting principles, and the safeguarding of assets. You are responsible for informing us about all known or suspected fraud affecting the Commission involving: (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. You are responsible for informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Commission received in communications from employees, former employees, regulators or others.

Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements as a whole.

Management is responsible for establishing and maintaining internal control over compliance with the provisions of laws, regulations, contracts, and grant agreements, and for identifying and ensuring that you comply with such provisions. Management is also responsible for addressing the audit findings and recommendations, establishing and maintaining a process to track the status of such findings and recommendations, and taking timely and appropriate steps to remedy any fraud and noncompliance with the provisions of laws, regulations, contracts, and grant agreements or abuse that we may report.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management agrees that as a condition of our engagement, management will provide us with:

- access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements, whether obtained from within or outside of the general and subsidiary ledgers (including all

information relevant to the preparation and fair presentation of disclosures), such as records, documentation, and other matters;

- additional information that we may request from management for the purpose of the audit; and
- unrestricted access to persons within the Commission from whom we determine it necessary to obtain audit evidence.

Management's Responsibility to Notify Us of Affiliates

Our professional standards require that we remain independent of the Commission as well as any "affiliate" of the Commission. Professional standards define an affiliate as follows:

- a fund, component unit, fiduciary activity or entity that the Commission is required to include or disclose, and is included or disclosed in its basic financial statements, in accordance with generally accepted accounting principles (U.S. GAAP);
- a fund, component unit, fiduciary activity or entity that the Commission is required to include or disclosed in its basic financial statements in accordance with U.S. GAAP, which is material to the Commission but which the Commission has elected to exclude, and for which the Commission has more than minimal influence over the entity's accounting or financial reporting process;
- an investment in an investee held by the Commission or an affiliate of the Commission, where the Commission or affiliate controls the investee, excluding equity interests in entities whose sole purpose is to directly enhance the Commission's ability to provide government services;
- an investment in an investee held by the Commission or an affiliate of the Commission, where the Commission or affiliate has significant influence over the investee and for which the investment is material to the Commission's financial statements, excluding equity interests in entities whose sole purpose is to directly enhance the Commission's ability to provide government services

In order to fulfill our mutual responsibility to maintain auditor independence, you agree to notify Moss Adams of any known affiliate relationships, to the best of your knowledge and belief. Additionally, you agree to inform Moss Adams of any known services provided or relationships between affiliates of the Commission and Moss Adams or any of its employees or personnel.

Management's Responsibility for Supplementary Information

Management is responsible for the preparation of the supplementary information in accordance with the applicable criteria. Management agrees to include the auditor's report on the supplementary information in any document that contains the supplementary information and that indicates that we have reported on such supplementary information. Management is responsible to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon. For purposes of this Agreement, audited financial statements are deemed to be readily available if a third party user can obtain the audited financial statements without any further action by management. For example, financial statements on your Web site may be considered readily available, but being available upon request is not considered readily available.

Other Information Included in an Annual Report

When financial or nonfinancial information, other than financial statements and the auditor's report thereon, is included in an entity's annual report, management is responsible for that other information. Management is also responsible for providing the document(s) that comprise the annual report to us as soon as it is available.

Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. Our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the audited financial statements. If we identify that a material inconsistency or misstatement of the other information exists, we will discuss it with you; if it is not resolved U.S. GAAS requires us to take appropriate action.

Key Audit Matters

U.S. GAAS does not require the communication of key audit matters in the audit report unless engaged to do so. You have not engaged us to report on key audit matters, and the Agreement does not contemplate Moss Adams providing any such services. You agree we are under no obligation to communicate key audit matters in the auditor's report.

If you request to engage Moss Adams to communicate key audit matters in the auditor's report, before accepting the engagement we would discuss with you the additional fees to provide any such services, and the impact to the timeline for completing the audit.

Dissemination of Financial Statements

Our report on the financial statements must be associated only with the financial statements that were the subject of our engagement. You may make copies of our report, but only if the entire financial statements (including related footnotes and supplementary information, as appropriate) are reproduced and distributed with our report. You agree not to reproduce or associate our report with any other financial statements, or portions thereof, that are not the subject of this engagement.

Offering of Securities

This Agreement does not contemplate Moss Adams providing any services in connection with the offering of securities, whether registered or exempt from registration, and Moss Adams will charge additional fees to provide any such services. You agree not to incorporate or reference our report in a private placement or other offering of your equity or debt securities without our express written permission. You further agree we are under no obligation to reissue our report or provide written permission for the use of our report at a later date in connection with an offering of securities, the issuance of debt instruments, or for any other circumstance. We will determine, at our sole discretion, whether we will reissue our report or provide written permission for the use of our report only after we have conducted any procedures we deem necessary in the circumstances. You agree to provide us with adequate time to review documents where (a) our report is requested to be reissued, (b) our report is included in the offering document or referred to therein, or (c) reference to our firm is expected to be made. If we decide to reissue our report or provide written permission to the use of our report, you agree that Moss Adams will be included on each distribution of draft offering materials and we will receive a complete set of final documents. If we decide not to reissue our report or withhold our written permission to use our report, you may be required to engage another firm to audit periods covered by our audit reports, and that firm will likely bill you for its services. While the successor auditor may request access to our engagement documentation for those periods, we are under no obligation to permit such access.

Changes in Professional or Accounting Standards

To the extent that future federal, state, or professional rule-making activities require modification of our audit approach, procedures, scope of work, etc., we will advise you of such changes and the impact on our fee estimate. If we are unable to agree on the additional fees, if any, that may be required to implement any new accounting and auditing standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

Representations of Management

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the Commission's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the express representations made by authorized member of the Commission's management during the engagement. The procedures that we will perform in our engagement will be heavily influenced by the representations that we receive from management. Accordingly, false representations could cause us to expend unnecessary efforts or could cause a material error or fraud to go undetected by our procedures. In view of the foregoing, you agree that we will not be responsible for any misstatements in the Commission's financial statements and supplementary information that we fail to detect as a result of false or misleading representations, whether oral or written, that are made to us by the Commission's management. While we may assist management in the preparation of the representation letter, it is management's responsibility to carefully review and understand the representations made therein.

In addition, because our failure to detect material misstatements could cause others relying upon our audit report to incur damages, the Commission further agrees to indemnify and hold us harmless from any liability and all costs (including legal fees) that we may incur in connection with claims based upon our failure to detect material misstatements in the Commission's financial statements and supplementary information resulting in whole or in part from knowingly false or misleading representations made to us by any authorized member of the Commission's management.

Fees and Expenses

The Commission acknowledges that the following circumstances will result in an increase of our fees:

- Failure to prepare for the audit as evidenced by accounts and records that have not been subject to normal year-end closing and reconciliation procedures;
- Failure to complete the audit preparation work by the applicable due dates;

- Significant unanticipated transactions, audit issues, or other such circumstances;
- Delays causing scheduling changes or disruption of fieldwork;
- After audit or post fieldwork circumstances requiring revisions to work previously completed or delays in resolution of issues that extend the period of time necessary to complete the audit;
- Issues with the prior audit firm, prior year account balances or report disclosures that impact the current year engagement; and
- An excessive number of audit adjustments.

We will endeavor to advise you in the event these circumstances occur, however we may be unable to determine the impact on the estimated fee until the conclusion of the engagement. We will bill any additional amounts based on the experience of the individuals involved and the amount of work performed.

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing time and technology expenses, may be passed through at our estimated cost and may be billed as a flat charge or a percentage of fees. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. You will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. You acknowledge and agree that in the event we stop work or terminate this Agreement as a result of your failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable to you for any damages that occur as a result of our ceasing to render services.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to you or a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Pursuant to authority given by law or regulation, we may be requested to make certain engagement documentation available to an applicable entity with oversight responsibilities for the audit or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such engagement documentation will be provided under the supervision of Moss Adams personnel. Furthermore, upon request, we may provide photocopies of selected engagement documentation to the aforementioned parties. These parties may intend, or decide, to distribute the photocopies or information contained therein to others, including other governmental agencies.

Document Retention Policy

At the conclusion of this engagement, we will return to you all original records you supplied to us. Your Commission records are the primary records for your operations and comprise the backup and support for the results of this engagement. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our

records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement and Engagement Letter constitute the entire agreement and understanding between Moss Adams and the Commission. The Commission agrees that in entering into this Agreement it is not relying and has not relied upon any oral or other representations, promise or statement made by anyone which is not set forth herein.

In the event the parties fail to enter into a new Agreement for each subsequent calendar year in which Moss Adams provides services to the Commission, the terms and conditions of this PSA shall continue in force until such time as the parties execute a new written Agreement or terminate their relationship, whichever occurs first.

Use of Moss Adams' Name

The Commission may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Use of Subcontractor and Affiliate

We may retain subcontractors and/or our affiliate, Moss Adams (India) LLP, to assist us in providing our services to you. These entities may collect, use, transfer, store, or otherwise process information provided by you or on your behalf ("Client information") in the domestic and foreign jurisdictions in which they operate. All of these entities are required to protect the confidentiality of any Client information to which they have access in the course of their work. We will be responsible for their performance in accordance with the terms of this Agreement.

Dispute Resolution Procedure, Venue and Limitation Period

This Agreement shall be governed by the laws of the state of California (provided the laws of the state of Washington shall apply with regard to the parties' waiver of jury trial), without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

Each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in Orange County, state of California, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such

termination. In the event of termination: (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services, and (d) we will require any new accounting firm that you may retain to execute access letters satisfactory to Moss Adams prior to reviewing our files.

Hiring of Employees

Any offer of employment to members of the audit team prior to issuance of our report may impair our independence, and as a result, may result in our inability to complete the engagement and issue a report.

Mutual Waiver of COVID-19 Claims

This provision addresses issues regarding the novel coronavirus ("COVID-19"). The Parties acknowledge their respective understanding of the hazards of COVID-19, including, but not limited to, its highly contagious nature and the corresponding health risks associated with being exposed to or infected by COVID-19. Each Party agrees to waive, release, discharge, and covenants not to sue the other Party or its affiliates and its and their respective officers, directors, partners, principals, employees, agents, or subcontractors from any and all claims, damages, expense, liability, illness or losses that may occur from exposure to or infection by COVID-19 arising out of, related to, or in any way connected with the professional services provided by Moss Adams.

September 27, 2023

Mr. Ken Melban
Vice President, Industry Affairs and Operations
California Avocado Commission
12 Mauchly, Suite L
Irvine, California 92618

Dear Ken:

This engagement letter (the "Engagement Letter"), the attached Schedule of Agreed-Up Procedures (the "Schedule"), and the attached Professional Services Agreement (collectively, the "Agreement") confirm our understanding of the terms and objectives of our engagement, and limitations of the services Moss Adams LLP ("Moss Adams," "we," "us," and "our") will provide to California Avocado Commission ("you," "your," and "Commission"). This engagement is solely to assist you and the California Department of Food and Agriculture (CDFA) ("Intended User") in evaluating the Commission's compliance with the *CDFA Accounting Guidelines and General Rules*, (the "Guidelines") effective January 1, 2017, and the Commission's internal policies and procedures for the year ended October 31, 2023. Collectively, the Commission and Intended User shall be referred to as the "Users."

Scope of Services and Limitations

In this engagement, we will apply the agreed-upon procedures listed in the Schedule to the accounting records (the "Subject Matter") of the Commission as of and for the year ended October 31, 2023. The procedures performed may not address all the items of interest to a user of the report and may not meet the needs of all users of the report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes. Moreover, we have no obligation to perform any procedures beyond those listed in the Schedule. You may specify changes to the scope or nature of the agreed-upon procedures. If this occurs, we will either amend the Schedule to address the change in agreed-upon procedures, or our report will reflect the changes.

The Commission acknowledges that (i) it is responsible for agreeing to the procedures to be performed by Moss Adams, (ii) it has, in fact, agreed to the procedures set forth in the Schedule, and (iii) the agreed-upon procedures are appropriate to meet the intended purpose of the engagement.

We require the California Department of Food and Agriculture to agree to the procedures and acknowledge that the procedures performed are appropriate for their purposes.

We will not evaluate the agreed-upon procedures to determine if they are appropriate to meet the intended purpose of the engagement. Consequently, we make no representation regarding the

appropriateness of the agreed-upon procedures either for the purpose of this engagement or for any other purpose.

When we complete our work, we will issue a report setting forth the agreed-upon procedures and our findings. Our report will contain a paragraph indicating that had we performed additional procedures, other matters might have come to our attention that would have been reported to you. Our report will include a sentence indicating that the report is intended solely for the use of the Users and should not be used by anyone other than the Users.

This engagement is performed pursuant to the Guidelines.

Our engagement to apply the agreed-upon procedures will be performed in accordance with the attestation standards established by *Government Auditing Standards*. If, for any reason, we are unable to complete the agreed-upon procedures, we will either describe any restrictions on the performance of the agreed-upon procedures in our report, or we will not issue a report. Because the agreed-upon procedures do not constitute an examination or review, we will not express an opinion or conclusion on the Subject Matter.

At the conclusion of our engagement, we will require a representation letter from the Commission. The representation letter will confirm, among other things, management's agreement that the procedures performed were appropriate to meet the intended purpose of the engagement.

Timing

Matt Parsons is responsible for supervising the engagement and authorizing the signing of our report. We began performing the agreed-upon procedures in December 2023 and expect to complete fieldwork in January 2024. As we reach the conclusion of the agreed-upon procedures we will coordinate with you the date the report will be available for issuance.

Our scheduling is based on your completion of the accounting records necessary to complete the procedures. Efficient use of our staff benefits both you and Moss Adams, allowing for timely completion of our work. We may experience delays in completing our services due to delays in the accounting records necessary to complete the procedures. We will work with you to coordinate completion of our work, realizing that any such delays will also delay completion of our work and the delivery of our report. You understand our fees are subject to adjustment if we experience these delays in completing our services. Our services will be concluded upon delivery to you of our report on these agreed-upon procedures.

Fees

We estimate that our fees for these services will be \$9,450 and we will seek your approval for any budget overrun.

The fee estimate is based on anticipated cooperation from your personnel, the expectation that the records will be in good order, and the assumption that unexpected circumstances will not be

encountered during the completion of the agreed-upon procedures. If we find that significant additional time is likely to be necessary, we will discuss it with you and arrive at a new fee estimate before we incur significant additional fees or expenses.

In addition to fees, we will charge you for expenses. Our invoices include a flat expense charge, calculated as five percent (5%) of fees, to cover expenses such as copying costs, postage, administrative billable time, report processing fees, filing fees, and technology expenses. Travel expenses and client meals/entertainment expenses subject to your pre-approval will be billed separately and are not included in the 5% charge.

This Engagement Letter, the Schedule, and the attached Professional Services Agreement constitute the entire Agreement and understanding between Moss Adams and the Commission. The Commission agrees that, in entering into this Agreement, it is not and has not relied upon any oral or other representation, promise or statement made by anyone which is not set forth herein.

We appreciate the opportunity to be of service to you. If you agree with the terms of our engagement as set forth in this Agreement, please sign the enclosed copy of this Engagement Letter and return it to us with the Schedule and Professional Services Agreement.

Very truly yours,

Matt Parsons, Partner for
Moss Adams LLP

Enclosures

Accepted and Agreed:

This Engagement Letter, the attached Schedule, and the attached Professional Services Agreement set forth the entire understanding of the Commission with respect to this engagement and the services to be provided by Moss Adams LLP:

By California Avocado Commission:

Signature: _____

Print Name: _____

Title: _____

Date: _____

Client: #869393
v. 11/10/2022

Professional Services Agreement

This Professional Services Agreement (the "PSA") together with the Schedule and the Engagement Letter, which are hereby incorporated by reference, represents the entire agreement (the "Agreement") relating to services to be provided to the Commission by Moss Adams. Any undefined terms in this PSA shall have the same meaning as set forth in the Engagement Letter.

Fees and Expenses

Billings are due upon presentation and become delinquent if not paid within 30 days of the invoice date. Any past due fee under this Agreement shall bear interest at the highest rate allowed by law on any unpaid balance. In addition to fees, you may be billed for expenses and any applicable sales and gross receipts tax. Direct expenses may be charged based on out-of-pocket expenditures, per diem allotments, and mileage reimbursements, depending on the nature of the expense. Indirect expenses, such as processing time and technology expenses, may be passed through at our estimated cost and may be billed as a flat charge or a percentage of fees. If we elect to suspend our engagement for nonpayment, we may not resume our work until the account is paid in full. If we elect to terminate our services for nonpayment, or as otherwise provided in this Agreement, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our work. The Commission will be obligated to compensate us for fees earned for services rendered and to reimburse us for expenses. The Commission acknowledges and agrees that in the event we stop work or terminate this Agreement as a result of the Commission's failure to pay on a timely basis for services rendered by Moss Adams as provided in this Agreement, or if we terminate this Agreement for any other reason, we shall not be liable for any damages that occur as a result of our ceasing to render services.

Restricted Use Report

Our report is a restricted use report and may be distributed only to the Users. The Users may not disclose or distribute our report to any third parties without our prior written consent. You agree to indemnify and hold harmless Moss Adams and its personnel from any and all claims, liabilities, costs and expenses (including, without limitation, reasonable attorney fees) arising from the unauthorized distribution of our report or its content by the Users, or any third party who obtains the report or access to its contents either directly or indirectly from the Users.

Release and Indemnification

Because of the importance of oral and written management representations to an effective engagement, you agree to release and indemnify Moss Adams and its personnel from any and all claims, liabilities, costs and expenses attributable to any knowing misrepresentation by management.

Subpoena or Other Release of Documents

As a result of our services to you, we may be required or requested to provide information or documents to a third-party in connection with governmental regulations or activities, or a legal, arbitration or administrative proceeding (including a grand jury investigation), in which we are not a party. You may, within the time permitted for our firm to respond to any request, initiate such legal action as you deem appropriate to protect information from discovery. If you take no action within the time permitted for us to respond or if your action does not result in a judicial order protecting us from supplying requested information, we will construe your inaction or failure as consent to comply with the request. Our efforts in complying with such requests or demands will be deemed a part of this engagement and we shall be entitled to additional compensation for our time and reimbursement for our out-of-pocket expenditures (including legal fees) in complying with such request or demand.

Document Retention Policy

At the conclusion of this engagement, we will return all original records to the party that supplied them to us. Our records and files, including our engagement documentation whether kept on paper or electronic media, are our property and are not a substitute for your or any other person's or entity's own records. Our firm policy calls for us to destroy our engagement files and all pertinent engagement documentation after a retention period of seven years (or longer, if required by law or regulation), after which time these items will no longer be available. We are under no obligation to notify you regarding the destruction of our records. We reserve the right to modify the retention period without notifying you. Catastrophic events or physical deterioration may result in our firm's records being unavailable before the expiration of the above retention period.

Except as set forth above, you agree that Moss Adams may destroy paper originals and copies of any documents, including, without limitation, correspondence, agreements, and representation letters, and retain only digital images thereof.

Use of Electronic Communication

In the interest of facilitating our services to you, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential. We employ measures in the use of electronic communications designed to provide reasonable assurance that data security is maintained. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept we have no control over the unauthorized interception of these

communications once they have been sent. Unless you issue specific instructions to do otherwise, we will assume you consent to our use of electronic communications to your representatives and other use of these electronic devices during the term of this Agreement as we deem appropriate.

Enforceability

In the event that any portion of this Agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of this Agreement.

Entire Agreement

This Professional Services Agreement, the Schedule, and the Engagement Letter constitute the entire agreement and understanding between Moss Adams and you. You agree that in entering into this Agreement you have not relied upon any oral or other representations, promises, or statements made by anyone which is not set forth herein.

Use of Moss Adams' Name

The Users may not use any of Moss Adams' name, trademarks, service marks or logo in connection with the services contemplated by this Agreement or otherwise without the prior written permission of Moss Adams, which permission may be withheld for any or no reason and may be subject to certain conditions.

Limitation on Liability

IN NO EVENT WILL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES IN CONNECTION WITH OR OTHERWISE ARISING OUT OF THIS AGREEMENT, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL EITHER PARTY BE LIABLE FOR EXEMPLARY OR PUNITIVE DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT.

Dispute Resolution Procedure, Venue and Limitation Period

This Agreement shall be governed by the laws of the state of California (provided the laws of the state of Washington shall apply with regard to the parties' waiver of jury trial), without giving effect to any conflicts of laws principles. If a dispute arises out of or relates to the engagement described herein, and if the dispute cannot be settled through negotiations, the parties agree first to try in good faith to settle the dispute by mediation using an agreed upon mediator. If the parties are unable to agree on a mediator, the parties shall petition the state court that would have jurisdiction over this matter if litigation were to ensue and request the appointment of a mediator, and such appointment shall be binding on the parties. Each party shall be responsible for its own mediation expenses, and shall share equally in the mediator's fees and expenses.

Each party hereby irrevocably (a) consents to the exclusive jurisdiction and venue of the appropriate state or federal court located in Orange County, state of California, in connection with any dispute hereunder or the enforcement of any right or obligation hereunder, and (b) WAIVES ITS RIGHT TO A JURY TRIAL. EACH PARTY FURTHER AGREES THAT ANY SUIT ARISING OUT OF OR RELATED TO THIS AGREEMENT MUST BE FILED WITHIN ONE (1) YEAR AFTER THE CAUSE OF ACTION ARISES.

Termination

This Agreement may be terminated by either party, with or without cause, upon ten (10) days' written notice. In such event, we will stop providing services hereunder except on work, mutually agreed upon in writing, necessary to carry out such termination. In the event of termination: (a) you shall pay us for services provided and expenses incurred through the effective date of termination, (b) we will provide you with all finished reports that we have prepared pursuant to this Agreement, (c) neither party shall be liable to the other for any damages that occur as a result of our ceasing to render services.

Use of Nonlicensed Personnel

Certain engagement personnel who are not licensed as certified public accountants may provide services during this engagement.

Use of Subcontractor and Affiliate

We may retain subcontractors and/or our affiliate, Moss Adams (India) LLP, to assist us in providing our services to you. These entities may collect, use, transfer, store, or otherwise process information provided by you or on your behalf ("Client information") in the domestic and foreign jurisdictions in which they operate. All of these entities are required to protect the confidentiality of any Client information to which they have access in the course of their work. We will be responsible for their performance in accordance with the terms of this Agreement.

Hiring of Employees

Any offer of employment to members of the engagement team prior to issuance of our report may impair our independence, and as a result, may result in our inability to complete the engagement and issue a report.

Mutual Waiver of COVID-19 Claims

This provision addresses issues regarding the novel coronavirus ("COVID-19"). The parties acknowledge their respective understanding of the hazards of COVID-19, including, but not limited to, its highly contagious nature and the corresponding health risks associated with being exposed to or infected by COVID-19. Each party agrees to waive, release, discharge, and covenants not to sue the other party or its affiliates and its and their respective officers, directors, partners, principals, employees, agents, or subcontractors from any and all claims, damages, expense, liability, illness or losses that may occur from exposure to or infection by COVID-19 arising out of, related to, or in any way connected with the professional services provided by Moss Adams.



BOARD ACTION

ITEM 6.c: INTERNAL CONTROL POLICIES AND PROCEDURES

SUMMARY:

At the September 12, 2023, Executive Committee meeting, Chairman Rob Grether requested that management prepare an update of the authorization levels contained within CAC's Internal Controls to conform with the current staff structure for approval at the October Finance Committee meeting. He noted that the full Internal Controls Policies and Procedures could then be built out and presented at a later time.

The attached are a tracked changes and clean version of the revised Authorization Level Matrix which were reviewed by the Finance Committee at their October meeting. The Finance Committee approved a motion to recommend approval of the Authorization Level Matrix to the CAC Board, pending any modifications necessary based on CAC's leadership structure.

FISCAL ANALYSIS:

- Not applicable

BOARD OPTIONS:

- Approve the revised Authorization Level Matrix
- Amend the revised Authorization Level Matrix
- Take no action

STAFF RECOMMENDATION:

- Approve revised Authorization Level Matrix, directing management of any modifications based on CAC's leadership structure, if necessary

EXHIBITS / ATTACHMENTS:

- Authorization Level Matrix with changes tracked
- Authorization Level Matrix with changes accepted

AUTHORIZATION LIMIT MATRIX		Department Heads	Industry Affairs Director	Outsourced Accounting	VP of Finance and Admin Vice President(s)	President	Chairman	Treasurer	VP of Finance and Admin AND President	Member of Executive Comm. Independent of the Expense	Two of VP of Finance and Admin Vice President(s), President, and Treasurer *	Full Board of Directors	Comment
Contracts	Contracts >= \$1,000					✓	✓						
	Leases					✓	✓						
Loan	Line of Credit											✓	Signified by a motion of the Board and Treasurer's signature
Purchase Orders	Purchase Orders < \$13,000				✓	✓							
	Purchase Orders >= \$34,000					✓							
Invoices	Invoices	✓			✓	✓							
	Invoices < \$3,000	✓											
	Invoices >= \$3,000	✓			✓								Invoices >= \$3,000 require approval of both Department Head and Corresponding VP
	Staff Expense Reports	✗			✓								
	Dept. Heads' Expense Reports				✓	✗							
	Vice Presidents' Expense Reports					✓							
	President's Expense Reports						✓			✗			
	Board Member's Expense Reports									✓			
Cash Disbursements	Approval of Cash Disbursements Checks, ACH & Wire Transfer < \$13,000				✓	✓		✓					
	Approval of Cash Disbursements Checks, ACH & Wire Transfer >= \$34,000										✓		
Banking	Change of Authorized Signatories											✓	
	Change of Users Permission					✓					✗		
	Perform Intra Bank Transfer between CAC accounts		✓		✓								
	Authorized Account Signatories				✓	✓	✓	✓					
	Authorized Online Banking Access		✓	✓	✓			✓					
Payroll	New Hire					✓							
	Pay Rate Change-other than President					✓							
	Pay Rate Change-President											✓	
	Payroll Approval				✗	✓							
Accounting Close	Approval of Journal Entries		✓						✗				
	Request Journal Entries & Budget Adjustments	✓		✓									
	Approval of Month End Financials		✓		✓	✓							Month end financials shall be approved by all CAC management designated here in this Authorization Matrix.
Sale of Assets	Sale of Assets				✓	✓							
Receivable Write-off	Receivable write-off				✓	✓							

* 2 of ~~3~~ authorized bank ~~signers-signatories~~ = Treasurer, President and Vice President(s) of Finance and Administration

AUTHORIZATION LIMIT MATRIX		Department Heads	Industry Affairs Director	Outsourced Accounting	Vice President(s)	President	Chairman	Treasurer	Member of Executive Comm. Independent of the Expense	Two of Vice President(s), President, and Treasurer *	Full Board of Directors	Comment
Contracts	Contracts					✓	✓					
	Leases					✓	✓					
Loan	Line of Credit										✓	Signified by a motion of the Board
Purchase Orders	Purchase Orders < \$3,000				✓	✓						
	Purchase Orders >= \$3,000					✓						
Invoices	Invoices	✓			✓	✓						
	Invoices < \$3,000	✓										
	Invoices >= \$3,000	✓			✓							Invoices >= \$3,000 require approval of both Department Head and Corresponding VP
	Staff Expense Reports				✓							
	Dept. Heads' Expense Reports				✓							
	Vice Presidents' Expense Reports					✓						
	President's Expense Reports						✓					
	Board Member's Expense Reports								✓			
Cash Disbursements	Approval of Cash Disbursements < \$3,000				✓	✓		✓				
	Approval of Cash Disbursements >= \$3,000									✓		
Banking	Change of Authorized Signatories										✓	
	Change of Users Permission					✓						
	Perform Intra Bank Transfer between CAC accounts		✓		✓							
	Authorized Account Signatories				✓	✓	✓	✓				
	Authorized Online Banking Access		✓	✓	✓			✓				
Payroll	New Hire					✓						
	Pay Rate Change-other than President					✓						
	Pay Rate Change-President										✓	
	Payroll Approval					✓						
Accounting Close	Approval of Journal Entries		✓									
	Request Journal Entries & Budget Adjustments	✓		✓								
	Approval of Month End Financials		✓		✓	✓						Month end financials shall be approved by all CAC management designated here in this Authorization Matrix.
Sale of Assets	Sale of Assets				✓	✓						
Receivable Write-off	Receivable write-off				✓	✓						

* 2 authorized bank signatories = Treasurer, President and Vice President(s)



BOARD INFORMATION

ITEM 6.d: REVIEW OF RESERVES POLICY

SUMMARY:

CAC's current Policy on Cash Reserves Balance (Reserves Policy) was approved by the Board of Directors at the March 17, 2016 meeting and authority was delegated by the Board to the Finance Committee to review and adjust annually in conjunction with consideration and approval of the annual budget.

The reserve balance is intended to provide funding for organizational costs from the beginning of the fiscal year to first receipts of sizable assessment revenue. Additionally, the reserve balance can be utilized for unforeseen opportunities that arise during the year, to mitigate the imprecise nature of production estimates made prior to the start of a season, which directly affects revenue projections, to respond to crises that may occur during the year, and to avoid utilizing borrowed funds from the line of credit.

CAC's Reserves Policy has a targeted minimum fiscal year-end reserve balance equal to six months of average operating costs, or an amount not less than five million dollars. CAC management and Finance Committee have reviewed the 2023-24 cash flow projections which indicate the current policy provides sufficient reserves throughout the year and therefore no revision to the policy is recommended for the 2023-24 fiscal year.

FISCAL ANALYSIS:

- Not applicable

BOARD OPTIONS:

- Revise the CAC Reserves Policy
- Take no action

STAFF RECOMMENDATION:

- Take no action, maintaining CAC's existing Reserves Policy

EXHIBITS / ATTACHMENTS:

- CAC Reserves Policy, Approved 3-17-2016

POLICY ON CASH RESERVES BALANCE

The purpose of the California Avocado Commission's Reserves Policy is to ensure the stability of the mission, programs, and ongoing operations of the organization. It is intended to provide a source of internal funds to support organizational priorities included within strategic and operational plans.

The target minimum fiscal year-end Operating Reserve balance is equal to six months of average operating costs, or an amount not less than five million dollars. The calculation of average monthly operating costs includes all recurring expenses such as administrative and contracted professional services, and also incorporates estimated Marketing program expenses and research project costs.

The Reserve balance is intended to provide funding for organizational costs from the beginning of the fiscal year to first receipts of assessment revenue. Additionally, the reserve balance can be utilized for unforeseen opportunities that arise during the year, to mitigate the imprecise nature of production estimates made prior to the start of a season, which directly affects revenue projections, to respond to crises that may occur during the year, and to avoid utilizing borrowed funds from the line of credit.

The amount of the Operating Reserve target minimum will be adjusted each year in conjunction with approval of the annual budget and will be reviewed by the Finance Committee and Board of Directors.



BOARD ACTION

ITEM 7: CONSIDER APPROVAL OF PROPOSED 2023-24 BUSINESS PLAN AND BUDGET

SUMMARY:

In August the Board directed Commission management to develop a business plan and budget based on feedback received throughout the two-day Board planning session, while working within specified financial parameters. The financial parameters outlined by the Board were:

1. Revenue based on 2.25% assessment rate, 200-million-pound crop and \$1.15/lb crop value
2. Per CAC Reserves Policy, no less than \$5 million in ending reserves
3. Balance spending among CAC program areas when developing the budget (for the revenue generated by item 1, and reserve goal set in item 2)

The attached draft business plan outlines, in detail, the activities CAC management intends to execute in the 2023-24 fiscal year, along with the associated budget. Because of the length of the document, CAC management has attempted to include, in this write up, a brief synopsis of some of the year-over-year changes to CAC activities proposed for 2023-24 and the budget implications. CAC management will present additional, more detailed information, during the October Board meeting and is prepared to engage in thoughtful discussion regarding plans and programs for the coming year.

Operations

When developing the proposed 2023-24 business plan and budget, management first identified areas in the existing operations budget that were not expected to be fully expended at the current year end, and more accurately estimated budgets for those line items moving forward. While budget increases were necessary in areas such as rent, professional fees (CPA and Outsourced Accounting) and IT systems/services/support, the restructure of the organization in June 2023 helped lead to an overall year-over-year decrease of \$180,000 in these line items. In addition, expenses associated with the President position have been completely removed from the budget at this time, resulting in a proposed 2023-24 operations budget of \$2.867 million, a net decrease to the overall operations budget of nearly \$600,000 from 2022-23.

Industry Affairs

While CAC management had gone into the August Board planning session prepared to cut back on spending on all industry affairs programming, the direction from the Board coming out of those sessions was to maintain funding for CAC's issues management activities, and to continue all other industry affairs activities, however, look to maximize efficiencies where possible. The proposed 2023-24 Industry Affairs budget is nearly \$90,000 less than the 2022-23 budget, with the significant year-over-year updates as follows:

- **Industry Statistics and Information** – \$53,250 budget reduction as a result of scaled back annual acreage analysis to include only basic delineation and classification, discontinuing planting density, age analysis, crop forecasting and Thomas Fire analysis services.

- **Grower Communications** - \$18,500 budget reduction due to analysis on actual expenditures, no elimination of programs.
- **Issues Management** – The issues management budget allows CAC to scale up consultants and support services and respond quickly and effectively as issues and crises arise. As directed by the CAC Board, these program areas, which include water issues, field/technical support and legislative and regulatory advocacy have maintained or increased their funding. One exception is the Sustainability Project line item, which has decreased by \$100,000. It is management’s position that additional sustainability research and data analysis is not required at this time, therefore a budget of \$50,000 should be sufficient. CAC was successful in obtaining approval to use California avocado sustainability messaging in 2022-23 and will continue to deliver these messages through CAC’s various marketing and industry-related communication vehicles in 2023-24. The net effect of these changes to the Issues Management programs is a decrease of \$79,000 from the 2022-23 budget.
- **Legal/Governance** – The legal/governance section of the plan including elections, legal support and governance support, has increased by \$60,000 as a direct result of legal fees incurred in 2022-23, which are tracking to end the year at least \$50,000 over budget. Note that these are general legal fees (e.g. PRA requests, Board corporate counsel, governance support) and not legal fees associated with issues/crisis management.
- **Demonstration Grove** – The increase of approximately \$30,000 to this program area is a result of the 2022-23 budget only including a partial year of expenses and the addition of \$15,000 for grove management costs outside of the standard monthly service, such as mite spraying and pruning.
- **Education & Outreach** – CAC management discontinued the \$10,000 visiting industry member line item, as this can still be accomplished through use of online teleconferencing services. Additional reductions of \$8,000 were made based on actual expenditures, while still providing adequate funding for grower resource workshops, Spanish language translation, and industry hot topic meetings, as needed.
- **IA Other** – Travel and office expense line items were decreased based on anticipated staff travel for 2023-24 and actual expenditures in 2022-23, resulting in a net reduction of \$18,000. CAC management has added an Anti-Theft Reward Program line item with a budget of \$7,500 to capture expenses paid out on reward claims and anti-theft sign printing. Previously anti-theft sign printing was budgeted under Grower Communications, and there was not a line item or budget for reward claims.

Production Research

The CAC production research program continues to work toward funding research aimed toward addressing issues directly impacting California avocado production. The Production Research Committee reviews research proposal scope of work and deliverables, and many times request that a researcher modify a project and budget to best fit the needs of the industry at the most efficient cost possible. As a result of this process, the PRC is recommending projects totaling \$233,943, a decrease of nearly \$52,000 from 2022-23 and include the following:

- Phenology and ecology of avocado lace bug in Southern California (continuing project)
- Placeholder for funding research on Avocado Branch Canker (new project pending finalized scope, deliverables and budget)
- Commercial-Scale Field Testing and Potential Release of Rootstocks (continuing project)
- CAL POLY - Commercial-scale field testing and potential release of five elite advanced rootstocks (new project)
- Develop tools and info on crop water use (continuing project)

Marketing

The CAC marketing team reworked the overarching objectives and strategies in an effort to ensure the most efficient and effective marketing spend in 2023-24. Despite budget cuts in all departments, with marketing activities encompassing the lion share of the budget, the cuts in marketing were by far the deepest. CAC management worked within the Board's budget parameters to develop a \$6.136 million marketing budget and corresponding plan. The proposed 2023-24 budget represents a reduction of \$2.464 million, a nearly 29% decrease from 2022-23. As outlined in the table below, not only have program areas seen budget cuts, but the allocation of funding and corresponding activities has shifted from 52% consumer and 48% trade in 2022-23, to 42% consumer and 58% trade for 2023-24. Provided here is a high-level overview of the year-over-year proposed changes to the marketing budget, details of the changes in marketing activities for 2023-24 will be presented during the October Board meeting.

CALIFORNIA AVOCADO COMMISSION MARKETING BUDGET COMPARISON

PROGRAM AREAS	2023-24 TOTAL BUDGETS (\$6,136,000)		2022-23 TOTAL BUDGETS (\$8,600,000)	
Consumer Marketing	\$ 3,315,000.00		\$ 4,736,549.00	
Consumer:	\$ 2,515,000.00	41%	\$ 3,925,949.00	46%
Retail:	\$ 800,000.00	13%	\$ 810,600.00	9%
Consumer Public Relations	\$ 75,000.00	1%	\$ 440,500.00	5%
Living Well	\$ -	0%	\$ 88,430.00	1%
Trade Marketing - Retail	\$ 2,061,000.00	34%	\$ 2,416,646.00	28%
Trade Marketing - Foodservice	\$ 507,500.00	8%	\$ 725,000.00	8%
Marketing Support	\$ 177,500.00	3%	\$ 182,875.00	2%
California Avocado Merchandise Shop	\$ -	0%	\$ 10,000.00	0%
TOTAL MARKETING BUDGET:	\$ 6,136,000.00		\$ 8,600,000.00	
Consumer %:	42%		52%	
Trade %:	58%		48%	

FISCAL ANALYSIS:

- The proposed 2023-24 budget is based on a 2.25% assessment rate and an assumed crop volume of 200 million pounds and average price per pound of \$1.15, with an anticipated 2023-24 total revenue of \$9.5 million. The current proposed business plan activities amount to \$11.165 million, resulting in an excess over revenues of \$1.665 million, and an ending reserve balance of \$4.995 million.

BOARD OPTIONS:

- Approve the 2023-24 Business Plan and Budget, as presented
- Modify and approve an alternate 2023-24 Business Plan and Budget

STAFF RECOMMENDATION:

- Staff recommends the CAC Board review and discuss the proposed business plan and budget and approve as presented, or with modification, if appropriate

EXHIBITS / ATTACHMENTS:

- 2023-24 CAC Business Plan and Budget - Draft



2023-24 BUSINESS PLAN

DRAFT

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CAC Priorities

CAC Priority No. 1

Position California Avocados to be the world's most-valued and desired avocados*

**(for consumers, retailers, foodservice operators, wholesalers, growers)*

CAC Priority No. 2

Advocate for, and engage with, the industry

CAC Priority No. 3

Support industry strategy through research and outreach

CAC Priority No. 4

Cultivate organizational excellence / Demonstrate effective use of resources



INDUSTRY STRATEGIC INTENT 2025

Industry Strategic Intent 2025

Mission: To maximize grower returns by enhancing premium brand positioning for California Avocados and improving grower sustainability

Vision: To be recognized as the most-desired avocado in the world by fostering a vibrant industry

California Avocados will occupy a premium position in the market.

Key Industry Aspirations

California Avocado growers face a staggering array of challenges – sharply rising input costs, particularly water pricing, labor and costs associated with regulatory compliance; the quality and availability of deliveries through the state’s water infrastructure; produce safety and invasive pest issues; and an ever-expanding volume of foreign fruit that constantly exerts downward pressure on farm-gate prices. At the same time, global consumer demand for avocados continues to grow at a record pace. Over time, consumers are expected to continue to demand and find value in sustainably grown products tailored to meet their lifestyle needs.

Consequently, we aspire to the following outcomes:

- An assured place in the market
- A price to growers that is both premium to the competition and fosters industry viability
- Consistently high-quality production
- Highly productive and efficient growers
- Stable production from year-to-year
- Sustainable industry practices
- Socially responsible practices
- Leaders in innovation
- CAC’s target consumers prefer to purchase California Avocados when they are available

Competitive Advantages

- Locally and responsibly grown by California farmers who nurture the avocados and the land every step of the way
- Proximity to market
- Freshest product, picked at the peak of the season
- Consistency in taste and premium eating quality

Brand Positioning/Promise

Overall brand positioning/promise in development with the new Consumer Marketing agency

- California Avocados; Grown Locally, Farmed Responsibly
- Available seasonally in select locations

Target Markets

Strategic partnerships with tier 1 retail customers, foodservice chains and export accounts who are willing to pay a premium for California Avocados (Tiered-Account Approach)

CAC Core Values

Core values clarify and make explicit the principles driving CAC decisions

- Value to the grower comes first
- Leadership is forward thinking, consensus-driven
- Our ethics and integrity are uncompromised
- We're accountable and transparent
- Champion diversity, equity and inclusion in California Avocado marketing practices, programs, partners, targets and communications

Critical Factors for Success

- We're advocates for, and are engaged with, our industry
 - *It's not enough to run a good marketing program...moving the industry forward requires a partnership between the Commission, growers and handlers...each has a role to play and the Commission must be fully engaged with, and supportive of, the industry*
- We know and cultivate a grower profile that will fulfill Strategic Intent 2025
 - *Farmers must meet certain criteria to be viable in the future. It's critical for the industry to have a shared understanding of what that profile looks like and to promote an exchange of information that fosters continual improvement and viability*
- We understand what's driving consumer demand for California Avocados and we utilize that understanding in the development and execution of effective marketing programs
 - *Consumers will ultimately determine our future. It's critical we get into their heads and hearts to understand clearly why they currently value the product enough to pay a premium and what it will take to maintain that position. This will help us enhance our premium positioning through effective marketing and communications*
- We enjoy strategic partnerships in the marketplace
 - *Retailers and foodservice operators are the gatekeepers that give us access to the market. We must establish strategic alliances with key customers to maximize the profitability of California Avocados*
- We invest in research, education and outreach – from grove through supply chain – to advance our industry
 - *A research and grower outreach program is in place that forms the cornerstone for strengthening our position as a premium product, now and in the future*

CAC Strategic Intent

CAC Priority No. 1:

Position California Avocados to be the world's most-valued and desired avocados*

*(for consumers, retailers, foodservice operators, wholesalers, growers)

Rationale

California Avocados already enjoy a coveted market position as the most-recognized and trusted avocado “brand” in the Western U.S. where most California Avocados are sold. This distinction is critical since it creates the foundation for being positioned as the world's most-valued and desired avocados—a “must have” for all California growers who face higher costs of production than are borne by their competitors. Consumers in the West who have an opinion about the origin of their avocados consistently prefer California-grown avocados over those from other origins. This preference usually corresponds with a willingness to pay premium prices when California Avocados are in season, as compared to prices paid at other times of the year. Other target avocado consumers who are not actively concerned with avocado origin must be provided with additional motivation to prefer California Avocados and a willingness to pay a premium for them when in season (The inherent value recognized by consumers ultimately means increased profitability for retailers, foodservice operators, wholesalers and, most importantly, growers.)

Objectives:

1. Aspire to a premium average price per pound that meets or exceeds the target set by the California Avocado Commission Board of Directors
2. Retain or increase California Avocado awareness, perceived value and preference with our consumer targets
3. Build loyalty with existing and target new trade customers

Strategies:

- A. Assess and define the most viable consumer targets for California Avocados
- B. Determine relevant “why California Avocado” messaging that elevates premium brand positioning and motivates consumer purchasing behavior

- C. Consistently drive the brand essence and messaging hierarchy, differentiating California Avocados from other origins
- D. Assess and refine ongoing and new trade customer focus
- E. Develop trade communications creating anticipation for the California Avocado season and ongoing demand for California Avocados
- F. Collaborate and develop trade customer Marketing programs that build consumer awareness and purchases
- G. Ensure the “California” in California Avocados is prominent in store and on menu

Performance Measures:

Measures of Success:

- **Consumer Marketing metrics to be added once the new agency, Curious Plot, is on board and the consumer marketing plan is approved**
- Handler, retailer and foodservice performance results measured by retailer and foodservice promotional agreements
- Improvement in foodservice marketing metrics vs. benchmark 2018-19** *(programs based on handler approval and favorable value to growers)*
 - Secure signed foodservice promotion agreements prior to starting a menu promotion
 - An 85% retention rate among chain partners from 2021-22 and 2022-23
 - Increase new foodservice partnerships (never partnered with or have not partnered within past 2 years) by a minimum of 3
 - California Avocados promoted/featured in approximately 1,300 foodservice units
 - Reach 80% of targeted chains by February 2024
- Achievement of retail marketing metrics
 - A minimum of 80% of target retail customers merchandising California Avocados
 - At least 50 retail promotions with targeted customers
 - A minimum of 1,500 retail display bins placed with targeted customers
 - A minimum of 5 digital shopper marketing programs with heightened California Avocado branding and a call-to-action for purchase
 - Promotions executed in at least 2 new retail customers that meet CAC goals for promotion partnership
- Using “AMRIC data”, measure lug prices and differentials of California Avocados vs. avocados of other origins
 - Meet or exceed budgeted average price for the fiscal year
 - Achieve a premium price for California Avocados during heavy promotional activity for California Avocados compared to the non-California season

CAC Priority No.2:

Advocate for, and engage with, the industry

Rationale

An effective marketing program, by itself, is not enough to ensure the success of the California Avocado industry. Farming continues to become more difficult as growers operate in an increasingly complex web of competition, regulation, market preferences and shifting costs. Often, collective action is necessary to affect a positive outcome on a pressing issue that is impacting the industry. The Commission gives growers a mechanism to act in concert and speak with one voice. Through CAC, resources can be brought to bear on common issues like trade access, pesticide registrations, regulatory issues, water availability and food safety concerns to the benefit of all growers. It's imperative that issues affecting the avocado industry are proactively anticipated, prioritized and managed to shape outcomes that are compatible with the industry's future. CAC must have an issues management program that is ever-vigilant and focused on the future, to ensure that everything possible is being done to safeguard the industry's economic investment. CAC also can serve as a reservoir and conduit for information needed to enable growers to be successful at the business of growing avocados. Informed decision-making is essential to this success, and with a robust outreach program, CAC can deliver relevant information uniquely tailored to California Avocado growers in a way that no other organization can, equipping them to leverage opportunities, redirect threats and adapt to change.

Objectives:

1. Proactively shape avocado industry issue outcomes that are compatible with the industry's key aspirations and CAC's values
2. Build consensus on the strategic direction to be taken to achieve the industry's key aspirations
3. Enhance California Avocado grower productivity and success
4. Ensure a full understanding and consideration of how government agency decisions will impact California avocado producers

Strategies:

- A. Anticipate and prioritize issues; use informed decision-making when executing plans that shape issue outcomes and respond immediately to crisis issues
- B. Collect and compile information vital to understanding global avocado market forces

- C. Execute an industry communications program that promotes discussion, consensus, action and feedback
- D. Maintain and develop relationships with other avocado industry and agricultural organizations that leverage strengths on issues of common interest
- E. Establish, maintain and strengthen relationships with influential governmental agency personnel (e.g., United States Department of Agriculture, Food and Drug Administration and others)

Performance Measures:

- Timely response to emerging issues leading to successful outcomes
- Successful, timely Board elections and orientation
- Successful vote in industry referenda
- Grower seminars, workshops, annual meetings and field days on current issues of importance
- Industry communications via semi-monthly GreenSheet and quarterly From the Grove publications

CAC Priority No. 3:

Support industry strategy through research and outreach

Rationale

The long-term success of the California Avocado industry hinges on grower profitability. To ensure its viability, the industry needs to invest wisely in research and outreach activities that address the most pressing needs of growers. CAC has made substantial progress toward focusing the research effort, aligning it with the Commission's broader marketing strategies and improving communication with and between growers.

Continual improvement—in terms of productivity, quality and operating efficiency—is an imperative if the industry is to thrive. It also acknowledges that advances through research are of little value to the industry if they are not communicated to, and adopted by, growers. With limited resources, it's critical that research and outreach programs be industry-driven based on needs identified through the CAC strategic planning process. Objectives must be well-defined, scientists must be recruited and matched to specific industry challenges and all programs must operate with full accountability to justify the investment by California Avocado growers.

Objectives:

1. Enhance California Avocado grower productivity and success
2. Ensure consistently safe, high-quality production that supports CAC's market development efforts

Strategies:

- A. Design and implement a Production Research Program focused on practical solutions to grower-defined priorities
- B. Develop a research-based outreach and education program for California Avocado growers and other industry stakeholders

Performance Measures:

- Maintain average annual California production volume of 350 million pounds over 5 years
- California avocado growers recognize CAC as a leader in grower education, communication and outreach

CAC Priority No. 4:***Cultivate organizational excellence / Demonstrate effective use of resources*****Rationale**

CAC can only assist the industry to realize its strategic intent if it has the support of its constituents. Grower perception of the value of CAC is directly related to leadership the organization provides, its stewardship of assessment funds collected and the efficacy of its efforts. Principles of transparency, accountability and integrity must guide every Commission action. CAC must monitor its performance and continuously challenge itself to deliver value for every assessment dollar spent. This is the heart of the Board-management partnership. In addition, maintaining a competent team of professionals also requires continual recruitment of talent, with an emphasis on diversity and inclusiveness, investment in Board and employee development and creation of an organizational culture where openness, creativity and innovation are encouraged and rewarded.

Objectives:

1. Ensure that the Commission has the proper leadership, organizational structure and resources necessary to provide value to all assessment-paying growers
2. Maximize California Avocado grower return on investment while minimizing risk and maintaining proper stewardship of grower funds

3. Achieve continual improvement in the operation of the Commission and execution of its programs
4. Achieve financial sustainability

Strategies:

- A. Conduct outreach efforts that continually identify and recruit new Board members and provide for their proper orientation
- B. Recruit for diversity and inclusivity when seeking board members, staff and vendors
- C. Ensure that the assessment rate, revenue and expenditures are appropriate to meet the industry's needs and expectations
- C. Allocate financial resources against industry priorities
- D. Implement comprehensive risk management procedures
- E. Create staff development programs that enhance competencies, maintain productivity and improve effectiveness and job satisfaction
- F. Maintain a balanced budget

Performance Measures:

- Favorable, unmodified Independent Auditor's opinion on CAC's basic financial statements
- Favorable United States Department of Agriculture (USDA) and California Department of Food and Agriculture (CDFA) Fiscal and Compliance Audit
- Staff development as measured by annual performance reviews
- Annual orientation, training and evaluation programs that improve the effectiveness of the seated CAC Board of Directors and encourage recruitment of prospective members
- Diversity among the board, staff and vendors
- Positive evaluation of financial sustainability by California Avocado Commission Finance Committee
- Balanced budget confirmed by year-end financial statement

PRIORITY 1: Position California Avocados to be the world's most-valued and desired avocados *
*(for consumers, retailers, foodservice operators, wholesalers, growers)

Objective: Aspire to a premium average price per pound that meets or exceeds the target set by the California Avocado Commission Board of Directors

Objective: Retain or increase California Avocado awareness, perceived value and preference with our consumer targets

STRATEGIES

Assess and define the most viable consumer targets for California Avocados

Determine relevant "why California Avocado" messaging that elevates premium brand positioning and motivates consumer purchasing behavior

Consistently drive the brand essence and messaging hierarchy, differentiating California Avocados from other origins

Objective: Build loyalty with existing and target new trade customers

STRATEGIES

Assess and refine ongoing and new trade customer focus

Develop trade communications creating anticipation for the California Avocado season and ongoing demand for California Avocados

Collaborate and develop trade customer Marketing programs that build consumer awareness and purchases

Ensure the "California" in California Avocados is prominent in store and on menu



CONSUMER MARKETING

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Consumer Marketing	ACTIVITIES: Consumer Marketing Strategy, Media, Advertising Creative Development, Website, Third-Party Hosting; Account Maintenance	AGENCY: Curious Plot
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Consumer Marketing Strategy <ul style="list-style-type: none"> Review research about avocado consumers in key California Avocado Markets and recommend most viable targets Develop Key Performance Indicator targets for the fiscal year consumer marketing campaign and report on performance 	11/1/23	10/31/24	\$2,400,000	<ul style="list-style-type: none"> Consumer research summary and target recommendation by 11/16/23 Final consumer target definition by 11/30/23 KPI recommendations by 12/4/23 Report on KPIs by six weeks after plan execution is complete
Comprehensive Media Plan Development and Execution <ul style="list-style-type: none"> Develop a comprehensive media plan (applicable to selected media channels, including digital and social) that <ul style="list-style-type: none"> supports brand messaging reaches the consumer target supports target retail and foodservice account-specific initiatives activates consumers seeking avocados at or around retailers who merchandise California Avocados Optimize media plan as needed during California Avocado season Provide mid-campaign report and implement approved optimization recommendations Provide a campaign wrap-up report summarizing the campaign's performance and providing insight and direction for the following year's campaign 	11/1/23	9/3/24		<ul style="list-style-type: none"> Media plan recommendation by 12/4/23 Revised media plan recommendation (if applicable), within two weeks of initial recommendation) Negotiated plan recap and media plan schedules by 1/19/24 Retailer and foodservice-specific media support in the form of media plans and buys in season for CAC's social platforms and with digital partners Media purchasing and implementation per approved plan Mid-campaign reporting and optimization Campaign wrap-up report (six weeks after campaign conclusion) Retailer and foodservice-specific wrap-up reports by six weeks after activity completion

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Consumer Marketing	ACTIVITIES: Consumer Marketing Strategy, Media, Advertising Creative Development, Website, Third-Party Hosting; Account Maintenance (cont.)	AGENCY: Curious Plot
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Consumer Advertising Creative Development Develop a new consumer advertising campaign that drives the California Avocados brand essence and messaging hierarchy, differentiating California Avocados from other origins <ul style="list-style-type: none"> • Manage efficient, innovative asset production for paid and owned media • Facilitate alignment across agencies in premium, targeted approach and execution • Develop creative that champions diversity, equity and inclusion for strategic seasonal program promotions • Provide images, scripts and other assets that support handler, retail and foodservice customer presentation and stakeholder communications 	11/1/23	10/30/24	(cont.)	<ul style="list-style-type: none"> • Initial creative campaign concepts by 12/4/23 • Campaign brand guidelines and assets that support approved media plan by 1/30/24 and as needed based on launch date • NOTE: Final campaign deliverables and number of assets to be determined by approved media plan and approved additional creative opportunities • Delivery of campaign assets in a timely manner as requested by CAC
Website Maintenance and SEO Optimization Perform ongoing overall site maintenance for https://CaliforniaAvocado.com <ul style="list-style-type: none"> ○ Support ongoing business needs with frontend and backend development as well as Content Management System improvements as needed ○ Ensure the site continues to be compliant with Americans with Disabilities Act resolve blocker and critical issues 	11/1/23	10/31/24		Deliverables to be determined by 12/4/23

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Consumer Marketing	ACTIVITIES: Consumer Marketing Strategy, Media, Advertising Creative Development, Website, Third-Party Hosting; Account Maintenance (cont.)	AGENCY: Curious Plot
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Third-Party Hosting Services	11/2/23	10/31/24	(cont.)	<ul style="list-style-type: none"> • WP Engine hosting • Content Delivery Network ensures better and faster website performance • Hosted email services • Website Domain Renewal • WordPress Plugins: ShortPixel, Relevanssi, FacetWP, Akismet • Marker.io Website Feedback Tool Plugin
Account Maintenance (Agency Fees) <ul style="list-style-type: none"> • Provide strategic direction and consultation • Coordinate and manage day-to-day operations of account • Provide leadership across key brand and creative initiatives 	11/2/23	10/31/24		<ul style="list-style-type: none"> • Deliverables to be determined with new Consumer Marketing Agency of Record, Curious Plot • Ongoing administrative activities, including team and client meetings • Contributions to GreenSheet outlines and From the Grove outlines/articles • Content, Dashboard updates and presentations for Board, Marketing Committee and Handler meetings, as directed by CAC • Attendance and presentation at Board, Marketing Committee and Handler meetings, as directed by CAC • Strategic planning participation, as directed by CAC • Report on diversity, equity and inclusion by 10/31/24 • Monthly budget tracking report with monthly invoice
CONSUMER MARKETING: ACTIVITY (CURIOUS PLOT) SUBTOTAL:			\$2,400,000	

TOTAL CONSUMER MARKETING: \$2,400,000
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2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Consumer Marketing	ACTIVITIES: Consumer Public Relations	AGENCY: Consumer Public Relations (CAC)
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Brand Advocates <ul style="list-style-type: none"> Support development of California Avocado brand advocate plan Approve brand advocate selection, finalize contracts and manage advocate executions throughout California Avocado season 	11/1/23	10/31/24	\$115,000	<ul style="list-style-type: none"> Plan developed by 11/30/23 KPIs developed by 12/4/23 Season start brand advocate(s) contract(s) by 1/31/24; opportunistic contracts as needed A minimum of 10 activations by 10/31/24
Local and Experiential Public Relations Develop and manage execution of consumer public relations plan	11/1/23	10/31/24		<ul style="list-style-type: none"> Plan developed by 12/15/23 KPIs developed by 1/15/24
CONSUMER PUBLIC RELATIONS (CAC) SUBTOTAL:			\$115,000	

TOTAL CONSUMER MARKETING - PUBLIC RELATIONS (CAC): \$115,000

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Consumer Marketing	ACTIVITIES: Consumer Public Relations	AGENCY: Curious Plot
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Local and Experiential Public Relations <ul style="list-style-type: none"> • Support California Avocado Commission public relations plan development and execution • Develop and execute consumer public relations plan for California Avocados • Develop targeted story angles and proactively pitch local media on an ongoing basis, garnering consistent media coverage around California Avocados and disseminating key messages • Respond to media requests/inquiries and vet opportunities accordingly • Secure media coverage around California Avocados in broadcast, print, qualified blogs and online outlets that reach targeted consumers and activate them to seek California Avocados at time of purchase • Manage Cision or other media tracking service 	11/1/23	10/31/24	\$50,000	<ul style="list-style-type: none"> • Contributions to plan draft presented to CAC by 11/30/23 • KPIs developed by 12/4/23 • Other deliverables per approved consumer public relations plan • Quarterly media tracking reports with plan adjustment recommendations as needed
Partners and Influencers <ul style="list-style-type: none"> • Develop brand advocate plan for California Avocados • Source brand partners, secure agreements and ensure content production meets CAC criteria 	11/1/23	10/31/24	\$25,000	<ul style="list-style-type: none"> • Plan developed by 11/30/23 • KPIs developed by 12/4/23
CONSUMER PUBLIC RELATIONS (CURIOUS PLOT) SUBTOTAL:			\$75,000	

TOTAL CONSUMER MARKETING - PUBLIC RELATIONS (CURIOUS PLOT): \$75,000

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Consumer Marketing	ACTIVITIES: Retail and Foodservice Consumer Program Support	AGENCY: Curious Plot
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Retail and Foodservice Consumer Program Support <ul style="list-style-type: none"> • Develop retailer and foodservice-specific consumer media support plans • Recommend executable concepts that improve California brand shelf optics at retail 	2/1/23	9/30/24	\$800,000	Media plans and buys in season for CAC's retail and foodservice programs (may include social platforms, digital, PR and other media)
RETAIL AND FOODSERVICE CONSUMER PROGRAM SUPPORT (CURIOUS PLOT) SUBTOTAL:			\$800,000	

TOTAL (CONSUMER MARKETING) BUDGET: \$3,390,000



TRADE MARKETING – RETAIL

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail		ACTIVITIES: Trade – Advertising and Production		AGENCY: Fusion
ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Retail Trade Advertising Media Purchases Develop and manage California Avocado retail trade advertising media plan: <ul style="list-style-type: none"> • Focus on digital ads with limited print support • Create a media plan/calendar focused on early season start with shorter flights • Develop season launch introductory print ad • Target retail management and produce buyers 	11/1/23	10/31/24	\$120,000	<ul style="list-style-type: none"> • Campaign media plan/calendar by 1/22/24 • One pre-season introductory ad to run by 3/29/24 or earlier depending on the season start • Management of media plan execution, insertion orders, ad placement in key positions with approved publications • All billings and payments handled and processed in a timely manner and in accordance with CAC policy • Monthly metric reports
Retail Trade Advertising Production Develop retail trade advertising campaign <ul style="list-style-type: none"> • Design season-launch print ad • Incorporate California Avocado product key messaging and brand identification • Ensure that all retail trade ads direct reader to the CAC website 	11/1/23	10/31/24	\$24,600	<ul style="list-style-type: none"> • Creative brief sent by 11/20/23 for CAC approval • 1 pre-season print ad in publication TBD • 1 full-page print ad <ul style="list-style-type: none"> ○ Resized ad for print publications ○ Incorporate QR code for print ads • 1 digital leaderboard ad <ul style="list-style-type: none"> ○ Resized for digital ad responsiveness on multiple trade platforms
PROGRAM: TRADE – ADVERTISING AND PRODUCTION (FUSION) SUBTOTAL:			\$144,600	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail	ACTIVITIES: Trade Relations – Trade Association Dues; Events; and International Fresh Produce Association	AGENCY: Retail Program Support
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Trade Associations Continue membership in national and regional trade associations that provide access to targeted retailers and provide opportunities for trade communications, creating anticipation and demand for California Avocados	1/1/24	10/31/24	\$13,505	Payment of dues to the Fresh Produce & Floral Council and the International Fresh Produce Association
Trade Events <ul style="list-style-type: none"> • Focus on attending key regional trade events leading up to and during the season with good retail participation from CAC's targeted accounts • Network with targeted retailers while exploring opportunities for new customers • Promote exclusive seasonal availability and stimulate readiness for the California Avocado season 	11/1/23	10/31/24	\$5,395	Targeted events and attendance at the FPFC Luncheons and Expo, along with other opportunities as needed

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail	ACTIVITIES: Trade Relations – Trade Press Events; Trade Association Dues and Sponsorships; and International Fresh Produce Association (cont.)	AGENCY: Retail Program Support
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
International Fresh Produce Association <ul style="list-style-type: none"> Exhibit at and participate in the IFPA annual Global Produce & Floral Show in Atlanta, GA Connect with key retail audience and communicate California Avocado key messages to target audiences Connect with trade media, avocado industry stakeholders and the produce industry Rent booth and execute booth program Manage CAC's participation in the IFPA Global Produce & Floral Show 	11/1/23	10/31/24	\$77,000	<ul style="list-style-type: none"> Exhibitor registration and booth space reservation for IFPA Global Produce & Floral Show, October 17-19, 2024 in Atlanta, Georgia by 11/30/23 CAC GP&FS strategic plan with management approval by 6/15/24 Meet objectives set in the approved show plan 10'x20' booth rental for use at show and preview fully set up booth by 10/2/24 Participation in the IFPA GP&FS Pay exhibitor deposit for the 2025 IFPA GP& FS by 10/31/24
TRADE MARKETING - RETAIL: TRADE RELATIONS - TRADE ASSOCIATION DUES, EVENTS AND GLOBAL PRODUCE & FLORAL SHOW (RETAIL PROGRAM SUPPORT) SUBTOTAL:			\$95,900	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail		ACTIVITIES: Trade Relations - Retail Communications		AGENCY: PJ/PR	
ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES	
Key Account Marketing Communications In collaboration with retailer marketing/social media, CAC Retail Marketing Directors and staff, plan, develop and implement customized programs with retailers that commit to displaying and promoting California Avocados <ul style="list-style-type: none"> • Create a customizable California Avocado-branded presentation highlighting the benefits and resources available to retailers committed to displaying and promoting California Avocados throughout the season • Secure, schedule and lead meetings with retail marketing/social media teams and CAC • Present California Avocado Customized Retail Resource decks • Develop custom social and traditional marketing programs with California Avocado-specific messaging and brand identification that support RMDs' promotions • Support targeted retailer initiatives with California Avocado branded assets • Develop and provide customized social media posts for retailers' platforms • Submit supplemental elements to RMDs for inclusion in their promotion agreements • Coordinate and manage day-to-day operations of program 	11/1/23	9/8/24	\$175,000	<ul style="list-style-type: none"> • Outline, copy and images for up to 4 pages of a customizable template presentation by 2/15/24 • Up to 8 California Avocado Customized Retail Resource Decks by 6/30/24 • Marketing/social media promotion plans with up to 8 key accounts by 6/30/24 • Social media copy recommendations for up to 4 themed promotional timeframes per retailer to run on retailer-owned social channels by 8/31/24 • Up to 32 activations for retailer-owned social channels by 8/31/24 • Results report upon completion of individual retailer activations 	
TRADE MARKETING - RETAIL: TRADE RELATIONS – RETAIL COMMUNICATIONS (PJ/PR) SUBTOTAL:			\$175,000		

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail	ACTIVITIES: Trade Relations - Retail Communications; Program Administration, Tracking, Reporting and Strategic Planning	AGENCY: PJ/PR
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Program Administration, Tracking, Reporting and Strategic Planning <ul style="list-style-type: none"> • Provide planning, support, consultation and administration of the program • Contribute to CAC grower and handler communications, GreenSheet and From the Grove • Attend meetings, as directed by CAC • Develop/present program updates at Board, Marketing Committee and handler meetings • Contribute to the 2024-25 planning process as determined by CAC <ul style="list-style-type: none"> ○ Perform research on consumer and industry trends that will help inform future programs ○ Provide input on business plan elements along with program development and integration for 2024-25 	11/1/23	10/31/24	\$25,000	<ul style="list-style-type: none"> • Content for Board, Marketing Committee, grower or handler presentations, and Dashboard updates as directed by CAC • Content for CAC trade media, as requested • Outlines and images for up to 3 GreenSheet and/or From the Grove articles • Reconciled budget and monthly reporting and invoicing
TRADE MARKETING - RETAIL: TRADE RELATIONS - RETAIL COMMUNICATIONS: PROGRAM ADMINISTRATION, TRACKING, REPORTING AND STRATEGIC PLANNING (PJ/PR) SUBTOTAL:			\$25,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail	ACTIVITIES: Trade Relations - Key Account Coverage	AGENCY: Retail Marketing Directors
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Contracted Key Account support in the West <ul style="list-style-type: none"> Conduct meetings with CAC's tiered-account retailers who are willing to pay a premium for California Avocados in California, Arizona, Oregon, Washington, Colorado and Utah communicating the business benefits of carrying and promoting California Avocados in season Set up promotions with targeted retailers 	11/1/23	10/31/24	\$150,000	<ul style="list-style-type: none"> 85 customer meetings and calls that create anticipation and readiness for fresh California Avocado season and communicate their superiority and premium quality Customized marketing opportunities and promotions with retailers who are demonstrating a willingness to pay a premium for California Avocados Promotions that incentivize targeted accounts to feature California Avocados and encourage targeted consumers to seek out and purchase them in season Retail call reports summarizing meetings with targeted retailers within 5 days of the meeting Meetings with handlers confirming promotions and timing with key accounts prior to sending promotion agreements Signed Promotion Agreements securing handler and retailer commitments for CAC promotions featuring customized California Avocado marketing support at least 3 weeks before promotion
Contracted Key Account support for Corporate and the Midwest Territory <ul style="list-style-type: none"> Conduct meetings with CAC's tiered-account retailers who are willing to pay a premium for California Avocados in the Midwest, communicating the business benefits of carrying and promoting California Avocados in season Set up promotions with targeted retailers 	11/1/23	10/31/24	\$94,800	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail	ACTIVITIES: Trade Relations - Key Account Coverage (cont.)	AGENCY: Retail Marketing Directors
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Planning and Reporting <ul style="list-style-type: none"> • Provide input on business plan elements, along with program development and integration for 2023-24 • Report on retail activities and results • Secure promotion performance information (and data where feasible) from participating retailers and spearhead program analysis with support from Fusion 	11/1/23	10/31/24	(cont.)	<ul style="list-style-type: none"> • Retail trends/needs as requested by CAC • Input on draft objectives, strategies and performance measures • Program activities and results for Board and Marketing Committee meeting presentations • Dashboard updates, as directed by CAC • Contributions to GreenSheet and From the Grove • Data secured from retailers for analysis by 8 weeks from program completion and all analysis complete by 4 weeks after data availability
RETAIL MERCHANDISING TRADE RELATIONS - KEY ACCOUNT COVERAGE RETAIL MARKETING DIRECTORS SUBTOTAL:			\$244,800	

TOTAL TRADE MARKETING RETAIL - TRADE RELATIONS BUDGET: \$685,300

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail		ACTIVITIES: Retail Promotions		AGENCY: Retail Marketing Directors	
ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES	
Retail Performance Programs <ul style="list-style-type: none"> Conduct account-specific, California-branded performance programs with targeted/tiered-account retailers who demonstrate a willingness to pay a premium for California Avocados, including programs in support of Fresh California Avocados' exclusive seasonal availability Coordinate timing with handlers and retailers, insuring fruit availability for promotions Ensure fully integrated retail programs including retail purchasing, marketing and social media 	11/1/23	10/31/24	\$560,000	<ul style="list-style-type: none"> Promotion Agreements signed by handlers, retailers and CAC Minimum 50 promotions fully executed featuring California Avocados with targeted retailers with prominent California branding, using elements of the California Avocado advertising campaign when possible Production of retail and merchandising materials that support RMDs presentation to retailers and retail marketing managers Assist with presentations to at least 8 targeted retail social media managers for a fully integrated program 	
Retail Brand Awareness Programs <ul style="list-style-type: none"> Utilize retail chain shopper marketing and digital marketing programs for campaigns specific to California Avocado branding Develop in-store, point-of-sale promotions that prominently promote California Avocados branding at store level 	11/1/23	10/31/24	\$270,000	<ul style="list-style-type: none"> Target 3 national accounts for online marketing programs within the Tier 1 retailers Target 2-3 regional California retail accounts within the Tier 1 retailers for digital programs 10 in-store POS promotions 	
Retailer Social Media Advertising Support Support retailers with California Avocado advertising initiatives (media dollars) on their social media platforms	11/1/23	10/31/24	\$20,000	Up to 20 advertising campaigns (launches) on retail social media partner platforms	
RETAIL MERCHANDISING KEY ACCOUNT COVERAGE; RETAIL PROMOTIONS RETAIL MARKETING DIRECTORS SUBTOTAL:			\$850,000		

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail	ACTIVITIES: Retail Promotions (cont.)	AGENCY: Retail Program Support
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Recipe Development <ul style="list-style-type: none"> • Source, modify or develop recipes and recipe photos that support retail initiatives • Process nutrition analysis and update old recipes as needed for retail programs 	11/1/23	10/31/24	\$2,500	<ul style="list-style-type: none"> • Recipes nutrition analysis and data reports purchase • Timely response and delivery of CAC recipes to retailers • Photography of 1-2 selected and/or new recipes by 10/31/24 as needed
Photo Shoot Source, modify or develop recipe photos that support and encourage in-season California Avocado retail initiatives	11/1/23	10/31/24	\$13,000	<ul style="list-style-type: none"> • Timely response and delivery of CAC assets to retailers • 1 full-day studio shoot of 7 recipes or equivalent via agency of record shoots • Additional recipe development and photos pending grower and other contributor assets
Retail Content Development <ul style="list-style-type: none"> • Develop digital content (recipes, photos and videos) for retail use that meets retailer content needs and encourages retailers to promote in- season California Avocados • Develop and maintain Retail Content Plan based on retailer needs as well as web/social media content trends 	11/1/23	10/31/24	\$85,000	<ul style="list-style-type: none"> • Retail Content Development Plan draft by 1/20/23 • Up to 10 recipes and recipe photos or up to 8 videos (based on retailer interest) by 7/31/23

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing – Retail	ACTIVITIES: Retail Promotions (cont.)	AGENCY: Retail Program Support
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Support Materials and Fulfillment <ul style="list-style-type: none"> Secure retail commitment to utilize display bins in store with prominent California Avocado branding Develop point-of-sale with prominent California Avocado brand identification (as needed) Manage production and use of premiums with prominent California Avocado brand for promotions and events Manage storage and fulfillment of California Avocado marketing materials 	11/1/23	10/31/24	\$97,000	<ul style="list-style-type: none"> Production of 1,500 California Avocado display bins Delivery of bins to key accounts that accept outside POS for their displays Items produced with California Avocado brand identification and/or ad campaign graphics for retail promotions and at targeted produce industry events Materials that clearly brand California Avocados for avocado displays at point-of-purchase and integrate elements of the California Avocado advertising campaign Fulfillment of retailer, handler, grower and consumer requests for California Avocado marketing materials
TRADE MARKETING – RETAIL: RETAIL PROMOTIONS (RETAIL PROGRAM SUPPORT) SUBTOTAL:			\$97,500	

2023-24 TRADE MARKETING – RETAIL PROMOTIONS SUBTOTAL: \$1,047,500

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail	ACTIVITIES: Retail Data Monitoring and Reporting	AGENCY: CIRCANA, Inc.
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Retail Point-of-Sale Data Supply retail-specific sales data in accordance with agreement	11/1/23	10/31/24	\$62,000	<ul style="list-style-type: none"> • 13 deliveries of data by 10/31/24 • Includes regions, markets and select retail chains
TRADE MARKETING - RETAIL: RETAIL DATA MONITORING AND REPORTING (CIRCANA, INC.) SUBTOTAL:			\$62,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail	ACTIVITIES: Retail Data Monitoring and Reporting	AGENCY: Fusion
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Data Analysis, Research and Reporting <ul style="list-style-type: none"> • Provide fact-based, detailed analysis on retail sales trends for retailer reviews • Provide data and trade marketing reporting for Dashboard updates • Aid in communicating the business benefits and opportunities of carrying and promoting California Avocados at retail • Support staff/RMDs/retailers with retail-specific reports • Develop scope of work and reports for Retailer Promotional Reviews and California Bagged avocado sales review • Monitor and validate data deliveries • Maintain retailer database from Circana • Prepare for and implement system-wide database restatement from Circana • California Bagged Avocado Sales Review <ul style="list-style-type: none"> ○ Utilizing currently available data, analyze sales performance of California branded bagged avocados when and where carried, compared to sales performance when and where California bags are not carried 	11/1/23	10/31/24	\$86,500	<ul style="list-style-type: none"> • Data, research, reports, consultation/support as requested • Up to 3 GreenSheet and/or From the Grove outlines as requested • Up to 2 Dashboard updates • Up to 3 Retailer California Avocado Business Reviews • Up to 3 Retailer Promotional Reviews <ul style="list-style-type: none"> ○ Effectiveness/Monitoring of retailer promotions • Up to 2 Retailer AvoScore Cards • California Bagged Avocado Sales Review by (Date TBD)

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail		ACTIVITIES: Retail Data Monitoring and Reporting (cont.)		AGENCY: Fusion
ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
California Avocado Market Analysis Develop foundational research covering the changing California Avocado market dynamics <ul style="list-style-type: none"> Analyze and report on supply, retail sales and FOB pricing trends in the California Avocado marketplace Develop measures to track and monitor performance of the California Avocado season Incorporate relevant industry secondary research findings from avocado category retail studies 	11/1/23	10/31/24	\$54,500	<ul style="list-style-type: none"> Includes supply metrics, compound growth rates, California and Import trends and FOB pricing Volume, average retail price, dollar sales, distribution, velocity Summary of relevant industry secondary research on avocado category findings for the marketplace Due date TBD based on season-end and data availability
PROGRAM: RETAIL DATA MONITORING AND REPORTING (FUSION) SUBTOTAL:			\$141,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Retail		ACTIVITIES: Retail Support, Consultation, Annual Planning, Program and Data Administration		AGENCY: Fusion
ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Retail Support, Consultation, Annual Planning, Program and Data Administration <ul style="list-style-type: none"> • Provide planning, support, consultation and administration of programs • Incorporate considerations of diversity, equity and inclusion when developing programs, sourcing vendors and in appropriate communications 	11/1/23	10/31/24	\$56,500	<ul style="list-style-type: none"> • Annual planning, management and administration of programs, projects, budgets, inter-agency activities, meetings, and archiving of materials, reports and data • Circana, Inc. data specifications, data agreements negotiated, communications and management and associated contract costs and fees • Content creation and presentations for Board and Marketing Committee updates/meetings • Report on diversity, equity and inclusion by 10/31/24
PROGRAM: PLANNING AND PROGRAM ADMINISTRATION (FUSION) SUBTOTAL:			\$56,500	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing – Retail	ACTIVITIES: Data, Research and Analysis	AGENCY: Avocado Marketing Services, Inc.
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Avocado Marketing Research Information Center Provide AMRIC data as well as market and industry updates and projections	11/1/23	10/31/24	\$2,700	Delivery of weekly reports: <ul style="list-style-type: none"> • Market Trends Reports • AMRIC Data Report • Market's Analysis Report
TRADE MARKETING – RETAIL: DATA, RESEARCH AND ANALYSIS (AVOCADO MARKETING SERVICES, INC.) SUBTOTAL:			\$2,700	

2023-24 DATA, RESEARCH AND ANALYSIS SUBTOTAL: \$262,200

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing – Retail	ACTIVITIES: Marketing Administration – Grower Communications	AGENCY: GingerRoot
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Communicate the California Avocado Marketing programs that are relevant to the California Avocado grower community	11/1/23	10/31/24	\$11,000	<ul style="list-style-type: none"> • Marketing copy for 24 GreenSheet editions • Copy and editing of marketing articles for 4 From the Grove editions as requested
TRADE MARKETING – RETAIL: MARKETING ADMINISTRATION – GROWER COMMUNICATIONS (GINGERROOT) SUBTOTAL:			\$11,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing – Retail	ACTIVITIES: Marketing Administration	AGENCY: Marketing Program Support
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
<ul style="list-style-type: none"> • Staff support and attendance at key national and regional trade events • Communicate California Avocado key messages that creating anticipation for the California Avocado season and ongoing demand for California Avocados 	11/1/23	10/31/24	\$25,000	Travel to and/or participation in various trade and industry events
<ul style="list-style-type: none"> • Support retail and foodservice programs • Naturally incorporate considerations of diversity, equity and inclusion when developing programs, sourcing vendors and in appropriate communications 	11/1/23	10/31/24	\$30,000	<ul style="list-style-type: none"> • Shipping supplies, shipping costs, office equipment, meeting expenses, etc. • Report on diversity, equity and inclusion by 10/31/24
TRADE MARKETING - RETAIL: MARKETING ADMINISTRATION (MARKETING PROGRAM SUPPORT) SUBTOTAL:			\$55,000	

2023-24 MARKETING ADMINISTRATION SUBTOTAL: \$66,000

2023-24 (TRADE MARKETING - RETAIL) TOTAL BUDGET: \$2,061,000



TRADE MARKETING - FOODSERVICE

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Foodservice	ACTIVITIES: Public Relations	AGENCY: Kurata Communications
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Public Relations <ul style="list-style-type: none"> Research chef recipe leads and request California Avocado recipes for use in foodservice program Electronically distribute California Avocado-branded product release(s) promoting the 2024 California Avocado season, communicating Fresh California Avocados' unique terroir and emphasizing California cuisine and style Create turnkey posts for California Avocado Commission's social media platform 	11/1/23	10/31/24	\$49,900	<ul style="list-style-type: none"> Monthly follow-up with 4-5 pitches of operators showcasing California Avocados on the menu to editors on upcoming topics 1-2 product releases during the California Avocado season and monthly editorial pitches Garner 48 placements, 4.2 million impressions and a comparable ad value of \$130,500 Identify, photograph and recipe test 6-7 new concepts by 9/31/24 Write and deliver 3-4 social media posts and image(s) targeting foodservice audience by 8/30/24
International Foodservice Editorial Council Annual Conference and NRA Reception <ul style="list-style-type: none"> Participate in two annual Conferences (11/1 - 11/3/23) in Louisville, Kentucky and (10/28 - 10/30/24) in Salt Lake City, Utah Pitch editors with messaging that focuses on advantages, benefits and differentiation from competitors: promote California Avocado superior quality and sustainably grown Sponsor and attend IFEC's National Restaurant Association reception in Chicago, IL (5/20/24) 	11/1/23	10/30/24	\$33,800	<u>IFEC Annual Conference (Louisville)</u> <ul style="list-style-type: none"> Reception for 15-20 editors Office hours with 8-10 editors Complete IFEC event summary for Conference with confirmation of editors met and pitch grid indicating assets of interest by editors by 12/31/23 <u>IFEC NRA Reception</u> <ul style="list-style-type: none"> Secure sponsorship to serve a California-centric Avocado dish during the reception IFEC NRA event summary by 5/31/24 <u>IFEC Annual Conference (Salt Lake City)</u> <ul style="list-style-type: none"> Reception for 15-20 editors Office hours with 8-10 editors Complete IFEC event summary for Conference with confirmation of editors met and pitch grid indicating assets of interest by editors by 11/15/24

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Foodservice	ACTIVITIES: Public Relations	AGENCY: Kurata Communications
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Culinary Influencer Social Media Posts <ul style="list-style-type: none"> • Create social media videos/Reels on activities surrounding events attending • Create social media videos demonstrating “ultimizing” iconic California dishes 	2/1/24	8/31/24	\$19,600	<ul style="list-style-type: none"> • 2 videos on back-of-house experience with final dishes for Flavor Experience event • 1 video from College & University menu ideation • 4 videos on ‘how to’ increase California Avocado usage in iconic California dishes
TRADE MARKETING - FOODSERVICE: PUBLIC RELATIONS (KURATA COMMUNICATIONS) SUBTOTAL:			\$103,300	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Foodservice	ACTIVITIES: Events	AGENCY: Kurata Communications
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Events Sponsor and attend events; communicate benefits and advantages of California Avocados on the menu, emphasizing California Avocado sustainability messaging. Educate operators of the benefits of California Avocados when creating California-style dishes, sponsor meals: in-season, local produce, supporting local growers, fresh and sustainable avocados <ul style="list-style-type: none"> Attend and host a dinner for key operators at two Kinetic12 Emerging Chain roundtables Sponsor and attend California Restaurant Association's regional networking mixers Sponsor and attend Marketing Executive Group Sponsor and attend Summit NRA Brunch Attend and exhibit 	12/1/23	9/1/24	\$145,000	<ul style="list-style-type: none"> 5 event briefs by 12/31/23 Engagement with 175 contacts of which 50 are new contacts from Kinetic 12 Emerging Chains, California Restaurant Association's Orange County and Los Angeles' Networking meetups, Marketing Executive Group, Summit NRA Brunch, IFPA Foodservice Conference and Flavor Experience Sample 8-10 concepts at Marketing Executive Group, Summit NRA Brunch, IFPA Foodservice Expo and Flavor Experience
TRADE MARKETING - FOODSERVICE: EVENTS (KURATA COMMUNICATIONS) SUBTOTAL:			\$145,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Foodservice	ACTIVITIES: Events - Culinary Support	AGENCY: Kurata Communications
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Events Develop new California Avocado menu applications for sampling and attendance at conferences	12/1/23	8/31/24	\$19,100	<ul style="list-style-type: none"> Engagement with 20-25 new contacts from C&U Ideation Session and Flavor Experience Conference 2-4 menu concepts for sampling at Flavor Experience
TRADE MARKETING - FOODSERVICE: EVENTS - CULINARY SUPPORT (KURATA COMMUNICATIONS) SUBTOTAL:			\$19,100	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Foodservice	ACTIVITIES: Chain Promotions and Menu Ideation	AGENCY: Kurata Communications
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Chain Promotions <ul style="list-style-type: none"> • Contact with Tier 1 accounts and chains who are willing to pay a premium for California Avocados in the western states • Inform and reinforce to chains (through monthly correspondence and one-on-one meetings at events) the preference for California Avocados and reason to promote on menus • Reinforce California Avocado brand essence with chain menu promotions • Coordinate prominent California Avocado brand identification at point-of-purchase and other touchpoints 	11/1/23	10/31/24	\$170,000	<ul style="list-style-type: none"> • Promotions with 12-14 restaurant chains branded with “California Avocados” and/or the California Avocados brand logo at point-of-sales and/or website, enewsletters/blogs, social media posts • 2-3 new chain partner promotions • Partnership with 10 chains based in California/Western region
Menu Development <ul style="list-style-type: none"> • Create customized menu concepts for a California-based chain and/or College & University(ies) • Inform audience of the halo value California Avocados bring to the dish • Share sustainability story and local, in-season benefits • Focus on menu concepts that leverage California Avocado-style 	11/1/23	10/31/24	\$16,600	One onsite presentation for a Tier 1 chain account with units primarily in the Western region and who currently purchases California Avocados or with a Southern California College & University
TRADE MARKETING - FOODSERVICE: CHAIN PROMOTIONS AND MENU IDEATION (KURATA COMMUNICATIONS) SUBTOTAL:			\$186,600	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Foodservice	ACTIVITIES: Menu Ideation – Culinary Support	AGENCY: Kurata Communications
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Chain Menu Development <ul style="list-style-type: none"> • Create customized menu concepts for existing and new top-tier foodservice operators • Focus on concepts that leverage California Avocado-style 	11/1/23	10/31/24	\$7,000	20-25 menu concepts for a Tier 1 chain account currently purchasing California Avocados or Southern California-based C&U and execution of 8 concepts
TRADE MARKETING: CHAIN MENU IDEATION – CULINARY SUPPORT (KURATA COMMUNICATIONS) SUBTOTAL:			\$7,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Foodservice	ACTIVITIES: Culinary Education	AGENCY: Kurata Communications
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Culinary Education <ul style="list-style-type: none"> • Monitor Foodservice Culinary Education exams submitted by American Culinary Federation members and disseminate Certificate of Completion • Manage culinary American Culinary Federation accreditation status 	11/1/23	10/31/24	\$2,000	<ul style="list-style-type: none"> • Review exams and email 60 certificates • Renew certification status
TRADE MARKETING - FOODSERVICE: CULINARY EDUCATION (KURATA COMMUNICATIONS) SUBTOTAL:			\$2,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Trade Marketing - Foodservice	ACTIVITIES: Program Administration	AGENCY: Kurata Communications
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Program Administration <ul style="list-style-type: none"> • Manage, supervise and evaluate Foodservice Marketing Program • Contribute outline and information for From the Grove and the GreenSheet articles • Attend CAC meetings including Marketing Committee and Board meeting • Contribute to Board, Marketing Committee and Handler meeting presentations • Contribute updates on Foodservice programs via Dashboard and PowerPoint presentations • Naturally incorporate considerations of diversity, equity and inclusion when developing programs, sourcing vendors and in appropriate communications • Report on foodservice activities 	11/1/23	10/31/24	\$44,500	<ul style="list-style-type: none"> • Development and implementation of the 2023-24 CAC Foodservice Marketing Program, including all Dashboard updates, a minimum of 8 GreenSheet outlines and contributions to From the Grove articles as requested • Report on diversity, equity and inclusion by 10/31/24
TRADE MARKETING - FOODSERVICE: PROGRAM ADMINISTRATION (KURATA COMMUNICATIONS) SUBTOTAL:			\$44,500	

TOTAL (TRADE MARKETING - FOODSERVICE) BUDGET: \$507,500



MARKETING ACTIVITIES SUPPORT

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Marketing Activities Support	ACTIVITIES: Marketing Planning	AGENCY: CAC
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Coordinate and execute CAC marketing and planning meetings, for this fiscal year and the 2024-25 business plan as needed	11/1/23	10/31/24	\$500	CAC staff/agency planning meetings and calls
MARKETING ACTIVITIES SUPPORT: MARKETING PLANNING (CAC) SUBTOTAL:			\$500	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Marketing Program Support	ACTIVITIES: Strategic Planning, Consumer Marketing, Online and Social Media Support, Retail Support, Recipes, Trade Public Relations, Marketing Research and Stakeholder Communications (cont.)	AGENCY: Rockwell Morrow
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Strategic Planning and Evaluation <ul style="list-style-type: none"> Facilitate strategic planning Naturally incorporate considerations of diversity, equity and inclusion when developing or evaluating programs and materials, sourcing vendors and in appropriate communications 	11/1/23	10/31/24	\$132,000	<ul style="list-style-type: none"> Timelines, content and reviews for 2024-25 business plan Prior year key measures delivery by 12/7/23; ongoing plan tracking Report on diversity, equity and inclusion by 12/7/23
Consumer Marketing Support <ul style="list-style-type: none"> Assist with Consumer Agency of Record onboarding Review creative briefs, marketing programs and creative executions <ul style="list-style-type: none"> Analyze for alignment with California Avocado brand positioning and approved brand messaging Evaluate for brand and product connection 	11/1/23	10/31/24		<ul style="list-style-type: none"> Onboarding/training materials and meetings as requested Ongoing review of materials as requested Photo/video shoot support as requested

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Marketing Program Support	ACTIVITIES: Strategic Planning, Consumer Marketing, Online and Social Media Support, Retail Support, Recipes, Trade Public Relations, Marketing Research and Stakeholder Communications (cont.)	AGENCY: Rockwell Morrow
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Online and Social Media Support <ul style="list-style-type: none"> • Contribute to website sustainability section improvement, including writing new content that bolsters “ethically sourced” platform • Write new articles that leverage Search Engine Optimization findings • Refresh select current content <ul style="list-style-type: none"> ◦ Augment California Avocado origin lore • Draft new grower stories/recipes (pending availability) • Support existing recipe content improvement • Review and edit digital content including social media and emails as requested • Ensure that developed/reviewed materials support California Avocado objectives, strategies and key messaging 	11/1/23	10/31/24	(cont.)	<ul style="list-style-type: none"> • Overall website content update project brief by 12/2/23 • Individual content creative briefs and content timing per approved project brief • Ongoing support of recipes in CAC content management system and responses to consumer inquiries as requested • Timely response and delivery to ongoing requests, including email newsletters

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Marketing Program Support	ACTIVITIES: Strategic Planning, Consumer Marketing, Online and Social Media Support, Retail Support, Recipes, Trade Public Relations, Marketing Research and Stakeholder Communications (cont.)	AGENCY: Rockwell Morrow
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Retail Program Support <ul style="list-style-type: none"> • Create handler development strategy and 2023-24 communication program • Write and edit marketing material ensuring that developed materials support California Avocado objectives, strategies and brand positioning • Review retail and consumer program communications, ensuring messaging that differentiates California Avocados from avocados of other origins • Review available videos and raw footage, identifying short clip possibilities for video creation • Support photo shoots, video shoots and events • Assist with other retail assets and programs as requested 	11/1/23	10/31/24	(cont.)	<ul style="list-style-type: none"> • Draft handler development strategy and program design by 11/30/23 • Contribute to handler communication program, including brand and branded bag pitch as directed by CAC • Retail Marketing Program content contribution within two weeks from request and data availability • Recommendations from at least 2 growers' video footage per month from November 2023 through March 2024 • Timely response and delivery for ongoing requests
Recipe Development and Support <ul style="list-style-type: none"> • Develop or supervise recipe development • Review, edit and evaluate recipe concepts and copy • Support recipe testing as requested • Ensure that developed recipes support California Avocado strategic direction 	11/1/23	10/31/24		<ul style="list-style-type: none"> • 10 new recipes developed, tested and formatted for retail by 11/30/23 • Timely recipe, review, editing, testing and/or judging of California Avocado recipes as requested

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Marketing Program Support	ACTIVITIES: Strategic Planning, Consumer Marketing, Online and Social Media Support, Retail Support, Recipes, Trade Public Relations, Marketing Research and Stakeholder Communications (cont.)	AGENCY: Rockwell Morrow
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Trade Public Relations <ul style="list-style-type: none"> • Write and distribute trade press releases and announcements • Respond to media requests • Include trade communication creating anticipation for the season as well as approved key messages and California Avocado Commission 45th anniversary • Track trade public relations pick up and collect images for reports and grower communications • Support CAC's IFPA Global Produce and Floral Show activities, communicating California Avocado key messaging • Support other CAC events 	11/1/23	10/31/24	(cont.)	<ul style="list-style-type: none"> • 7 press releases or announcements and support for interviews resulting in inclusion in a minimum of 150 positive articles in key trade publications with at least 20 of those in print • Timely response to media requests • Dashboard update contributions and Board and committee presentations as requested • Mid-year trade PR tracking report by 6/14/24 and year-end report by 11/15/24 • IFPA Global Produce and Floral show strategy review, messaging, evaluation, staff guide draft, team conferences and booth team work as requested • Representation for virtual and in-person events
Marketing Research Support <ul style="list-style-type: none"> • Support CAC communications leveraging data from 2023 California Avocado Tracking Study and other sources, including ad-hoc regional information for RMDs • Source and supervise supplier to research California Avocado awareness among targeted consumers • Conduct California Avocado Commission Board, staff or grower outreach as requested • Train staff on tracking study data tabs and survey tool 	11/1/23	10/31/24		<ul style="list-style-type: none"> • Timely response to ongoing research support requests, including surveys • Awareness study research results by 10/31/24 • Staff training by 9/30/24

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Marketing Program Support	ACTIVITIES: Strategic Planning, Consumer Marketing, Online and Social Media Support, Retail Support, Recipes, Trade Public Relations, Marketing Research and Stakeholder Communications (cont.)	AGENCY: Rockwell Morrow
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Marketing Services Provide Marketing services that support CAC consumer, trade and industry marketing initiatives	11/1/23	10/31/24	(cont.)	<ul style="list-style-type: none"> • Ongoing review of Marketing materials • Ongoing presentation support • Representation for virtual and in-person events • Photo shoot support and web team meetings as requested
Stakeholder Communications <ul style="list-style-type: none"> • Manage marketing contributions to the GreenSheet and From the Grove including staff/agency liaison, reviews and editing • Attend virtual or in-person Marketing Committee meetings and assist with preparation and minutes 	11/1/23	10/31/24		<ul style="list-style-type: none"> • GreenSheet 2024 editorial calendar by 12/8/23 and updates as needed • Content for at least 1 article in every GreenSheet edition and 4 From the Grove editions acquired • Drafts of Marketing Committee minutes within 24 hours of meetings
MARKETING SUPPORT ACTIVITIES: STRATEGIC PLANNING, CONSUMER MARKETING, ONLINE & SOCIAL MEDIA SUPPORT, RETAIL SUPPORT, RECIPES, TRADE PUBLIC RELATIONS, MARKETING RESEARCH, MARKETING SERVICES AND STAKEHOLDER COMMUNICATIONS (ROCKWELL MORROW) SUBTOTAL:			\$132,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Marketing Activities Support	ACTIVITIES: Export Program	AGENCY: CAC
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ACTION STEPS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	DELIVERABLES
Export Program <ul style="list-style-type: none"> Working with in-market representation company, identify targeted retailer(s) and distributor(s) in export market(s) Working with handlers, create high-value marketing programs for the California Avocados exported to South Korea and China 	11/1/23	8/31/24	\$45,000	<ul style="list-style-type: none"> Export promotions and marketing opportunities featuring California Avocados with prominent California branding at targeted retailers and distributors to begin by 4/1/24 Point-of-sale support for targeted retail accounts in specified export markets for promotions (as needed) California Avocados funded for use in activities to support export programs
MARKETING ACTIVITIES SUPPORT: EXPORT PROGRAM (MERCHANDISING PROGRAM SUPPORT) SUBTOTAL:			\$45,000	

2023-24 TOTAL MARKETING ACTIVITIES SUPPORT BUDGET: \$177,500

2023-24 TOTAL MARKETING BUDGET: \$6,136,000



INDUSTRY AFFAIRS

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Industry Statistics and Information; Grower Communications; Issues Management; Legal; Demonstration Grove; Education and Outreach; and Other/Administrative
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PRIORITY 2: Advocate for, and engage with, the industry

OBJECTIVES:

1. Proactively shape avocado industry issue outcomes that are compatible with the industry's key aspirations and the California Avocado Commission's values
2. Build consensus on the strategic direction to be taken to achieve the industry's key aspirations
3. Enhance California Avocado grower productivity and success
4. Ensure a full understanding and consideration of how government agency decisions will impact California Avocado producers

STRATEGIES:

- A. Anticipate and prioritize issues; use informed decision-making when executing plans that shape issue outcomes and respond immediately to crisis issues
- B. Collect and compile information vital to understanding global avocado market forces
- C. Execute an industry communications program that promotes discussion, consensus, action and feedback
- D. Maintain and develop relationships with other avocado industry and agricultural organizations that leverage strengths on issues of common interest
- E. Establish, maintain and strengthen relationships with influential governmental agency personnel (e.g., United States Department of Agriculture, Food and Drug Administration and others)

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Industry Statistics and Information	AGENCY: Mohammadpour; Fishhook Development; and LandIQ
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
AMRIC Operation - The Avocado Marketing Research and Information Center system provides the California Avocado industry with daily inventory and shipment information to guide harvest/market strategies. AMRIC procedures require all avocado handlers operating in California to report their avocado inventory, by variety and size and shipments by major-market destination, variety and size	\$27,000	<ul style="list-style-type: none"> • Collect bin counts daily through automated online system • Provide industry members and AMRIC participants current and historical statistical information in a usable format within the boundaries of the program <ul style="list-style-type: none"> ○ Review data requests from industry and implement enhancements ○ Track daily data reporting by handlers on an ongoing basis ○ Conduct detailed AMRIC handler audits by 10/31/24 • Ensure secure and reliable data storage and monitoring <ul style="list-style-type: none"> ○ Maintenance of AMRIC website and data tools ○ Keep current with supported technology and platforms
Crop Forecasting and Analysis - The Avocado Crop-Estimating system projects the annual production of California Avocados. Crop statistics are compiled by growing region, county and state throughout the year. This valuable information guides CAC marketing programs, as well as allows each grower to develop his/her own harvest strategies with the big picture in mind	\$80,000	<ul style="list-style-type: none"> • Develop pre-season crop estimate prior to 12/31/23 • Conduct up to 3 meetings with field personnel (winter 2023, spring and fall 2024) that engage with industry and stay apprised of any crop updates throughout the season • Conduct acreage inventory and spatial analysis and update 2024 California Avocado acreage no later than August 2024 • Conduct a mid-season grower crop survey no later than May 2024 • Perform “ground-truthing” and verify accuracy of current crop/acreage information

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Industry Statistics and Information (cont.)	AGENCY: Mohammadpour; Fishhook Development; and LandIQ
PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Grower Database - Maintenance of the California Avocado Production Tracking Acreage Inventory Network grower database. Continually maintain and update current database to ensure integrity and confidentiality of grower information. Grower database is used for various mailings, such as election ballots, referenda, redistricting, crop estimating surveys, annual reports and meeting notices	\$1,500	<ul style="list-style-type: none"> • Complete annual update of database based on handlers' grower/grove information received from handlers no later than 2/28/24 • Perform database processing of 2024-25 grower exemption status using 2021, 2022 and 2023 production data no later than 9/30/24 • Update database on an as-needed basis, based on information received via returned mail, grower sign-ups, etc.
Grove Database System - Using existing CAC grower and Geographic Information System databases, this project develops and maintains a web-based platform that integrates existing databases, as well as incorporates the ability to support grove location and ownership	\$11,500	<ul style="list-style-type: none"> • Maintain web-based grove database platform • Perform updates and improvements to online GIS database including but not limited to an annual update using geodatabase integration from acreage inventory by October 2024 • Purchase data on parcel ownership based on Assessor's Parcel Number, when necessary
INDUSTRY AFFAIRS: INDUSTRY STATISTICS AND INFORMATION SUBTOTAL:	\$120,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Grower Communications	AGENCY: GingerRoot; Fishhook Development; Champ Publications and Rockwell Morrow
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Online Information - Expands the reach of effective industry communications through CAC's grower site, www.californiaavocadogrowers.com	\$31,000	<ul style="list-style-type: none"> • Provide timely updates to CAC's grower site with continual enhancement, maintenance and content development • Conduct ongoing website accessibility reviews to meet Web Content Accessibility Guidelines (WCAG) 2.1 AA compliance standards
Publications - Development of practical and relevant information for growers and industry and presentation in a format that is easily accessed and assimilated	\$108,500*	Publications may include, but are not limited to: <ul style="list-style-type: none"> • CAC GreenSheet (semi-monthly) • Food Safety Manuals, including Spanish translation • CAC From the Grove magazine (quarterly) <ul style="list-style-type: none"> ◦ Advertising revenue expected to offset budget line item by \$60,000
Annual Meetings - CAC conducts annual meetings that generate industry awareness of CAC programs	\$20,000	Conduct annual meeting no later than 4/30/23
Annual Report - Preparation of an annual report that generates industry awareness of CAC programs and fulfills CAC's statutory obligation to report to the legislature	\$15,000	Produce and make available the annual report, no later than 3/31/24
INDUSTRY AFFAIRS: GROWER COMMUNICATIONS SUBTOTAL:	\$174,500	

****Note: Portion of publications expenditures potentially offset by advertising revenue***

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Issues Management	AGENCY: Law Offices of Edward M. Ruckert; McDermott Will & Emery LLP; Spann Ag Research & Consulting, LLC; and Kahn, Soares & Conway, LLP
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Water Issues - This project identifies, prioritizes and addresses key water issues	\$100,000	CAC management will work with independent contractors (as needed) to: <ul style="list-style-type: none"> • Monitor water issues (including rates) that potentially impact agriculture and represent interests of industry stakeholders, before local and regional water agencies and industry associations • Identify improved water use efficiency technologies for industry utilization • Work to improve the Metropolitan Water District water efficiency agricultural program • Continue to develop programs with MWD and/or other water agencies that work toward lower agricultural water costs • Analyze and evaluate current water issues and develop recommended programs • Explore possible federal actions that would improve water supply reliability and/or mitigate water rates; if possible initiate pursuit of said actions
Field/Technical Support - Development and support of technical initiatives that promote industry productivity and profitability	\$100,000	Potential actions in this category may address: <ul style="list-style-type: none"> • Phytosanitary security • Section 18 emergency exemptions • Identification and communication to growers of opportunities to improve grower profitability based on Grower Profitability study • Support peer-to-peer factual based messaging to growers on the GEM variety
Research Program Coordination and Outreach - Coordination of CAC's Production Research Program, collaboration with industry researchers, identification of research priorities, development of long-term research strategies aimed to improve grower sustainability and implementation of grower outreach activities	\$120,000	Manage the CAC-funded research program, including: <ul style="list-style-type: none"> • Production Research Committee meetings • Communications with researchers • Review and approval of milestone reports • Communicate research progress to CAC Board and growers

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Issues Management (cont.)	AGENCY: Law Offices of Edward M. Ruckert; McDermott Will & Emery LLP and Spann Ag Research & Consulting, LLC; and Kahn, Soares & Conway, LLP
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Legislative and Regulatory Advocacy - CAC stays abreast of regulatory, legislative and trade issues that affect the industry; develops position papers and advocates for stakeholders	\$125,000	Potential actions in this category may involve: <ul style="list-style-type: none"> • California agricultural laws • Adjacency Issue • Food Safety Modernization Act and other food safety related regulation • Animal and Plant Health Inspection Service Agricultural Research Service funding for Invasive Species • Immigration Reform • Conservation/water efficiency programs • Free Trade Agreements – both new and modification of existing • Foreign Market Development activities (United States Department of Agriculture-Foreign Agricultural Service) • Emerging Markets Program activities (USDA-FAS)
Production Registrations - Exploration of potential product registrations for use on avocados in California and research support where needed	\$5,000	Potential registrations/products may include: <ul style="list-style-type: none"> • Special Local Needs registrations, as needed
Sustainability Project - Identification of marketplace priority sustainable avocado production practices for California growers that align with customer requests for information	\$50,000	CAC management will work with independent contractors, as needed, to: <ul style="list-style-type: none"> • Develop external-facing communications that promote and differentiate California Avocados based on the California Avocado Sustainability Program • Outreach to California Avocado customers that informs and educates about the California Avocado Sustainability Program • Communicate with growers on additional sustainability practices
INDUSTRY AFFAIRS: ISSUES MANAGEMENT SUBTOTAL:	\$500,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Legal	AGENCY: Creative Legal Solutions; Kahn, Soares & Conway, LLP
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Elections - Routine election activities, per CAC law	\$10,000	<ul style="list-style-type: none"> • Conduct annual election with ballots returned no later than 10/31/24 • Fill mid-term vacancies as needed
Legal Support - Legal support for all CAC departments	\$100,000	Retain legal-support services to assist with contracts, trademarks, registrations and other transactional matters
Governance Support - This program continues to refine the long-term strategic plan that will guide CAC's activities	\$55,000	<ul style="list-style-type: none"> • Conduct Board/Executive Committee training, as needed • Provide strategic planning support and resources • Refine strategic plan, as needed • Complete exemption determination status analysis and mail producer exemption status letters to all growers no later than 9/30/24 • Present draft business plan to the Board, no later than October 2024 • Use administrative support via outside contractors as needed to fulfill governance requirements
INDUSTRY AFFAIRS: LEGAL SUBTOTAL:	\$165,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Demonstration Grove	AGENCY: Cal Poly Pomona and Somis Pacific Agricultural Management
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Pine Tree - Rent	\$24,900	Monthly lease per lease agreement
Pine Tree - Grove Management	\$52,000	Annual grove management services based on 11 acres of planted avocado acreage, including routine annual tree maintenance
Pine Tree - Utilities	\$5,400	Split with Cal Poly Foundation based on percentage of leased acreage
Pine Tree - Property Tax and Insurance	\$2,520	Split with Cal Poly Foundation based on percentage of leased acreage
Pine Tree - Improvements and Misc. Expenses	\$5,000	<ul style="list-style-type: none"> Improvements may include the following: <ul style="list-style-type: none"> Educational demonstration projects as needed including UCCE GEM Spacing Trial Replants of trees in poor health New plantings on available blocks Miscellaneous expenses, which may include weather station annual fees
Pine Tree - Crop Harvesting	\$12,000	Farm labor cost to harvest 2023-24 crop at Pine Tree Ranch
Pine Tree - Crop Hauling	\$500	Transportation charges and/or credits associated with PTR harvest
Pine Tree - CAC Assessment	\$1,405	CAC Assessment of 2.25% of gross dollar value due on the sale of PTR fruit
Pine Tree - Hass Avocado Board Assessment	\$1,250	HAB Assessment of \$0.25 per pound due on the sale of PTR fruit
INDUSTRY AFFAIRS: DEMONSTRATION GROVE SUBTOTAL:	\$104,975*	

****Note: Portion of expenditures potentially offset by estimated harvest revenue of \$75,000***

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Education and Outreach	AGENCY: CAC
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Field Meetings, Seminars and Workshops - Events purposed to educate and update growers and industry stakeholders on pertinent industry issues	\$15,000	Conduct events that may include, but are not limited to: <ul style="list-style-type: none"> • Food Safety Workshops, including Spanish translation • Hot Topic Seminars (pest/labor/etc.), Spanish translation as needed
Pine Tree Ranch Field Days - Field days held at CAC's demonstration grove with the intent of providing a hands-on learning environment for the purpose of continued grower education and outreach	\$2,000	Hold at least 3 Grower Outreach and Education Field Days at Pine Tree Ranch, to be held winter 2023, summer and fall 2024
Grower Outreach - Provides industry with a reliable source for information on topics of vital importance to the operation of their business	\$4,000	<ul style="list-style-type: none"> • Coordinate and facilitate small grower forums • Provide CAC premiums in appreciation of industry participation in various Commission programs
INDUSTRY AFFAIRS: EDUCATION AND OUTREACH SUBTOTAL:	\$21,000	

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Other/Administrative	AGENCY: CAC
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Dues, Sponsorships, Registrations and Reports - Formation and participation in coalitions with other commodity boards and agricultural organizations to broaden support for industry-wide initiatives	\$41,000	<ul style="list-style-type: none"> Coalition dues and sponsorships may include, but are not limited to: Agriculture Coalition for Immigration Reform, Alliance for Food & Farming, California Avocado Society, Minor Crop Farmer's Alliance, President's Council, Specialty Crop Farm Bill Alliance, United States Agricultural Export Development Council and Western Growers Event registrations may include, but are not limited to: IFPA Global Produce & Floral Show, IFPA Washington Conference and Urban Water Institute
Grant Writing - Pursuit of outside-funding opportunities for industry initiatives	\$2,500	Potential funding opportunities may include: <ul style="list-style-type: none"> GAP/Food safety Water quality and efficiency Phytosanitary/pest management Sustainability/energy efficiency
Travel - Travel required by CAC staff to advocate on issues of importance to the industry, stay informed on industry issues and participate in industry events	\$60,000	Industry Affairs staff travel may include, but is not limited to: <ul style="list-style-type: none"> Meetings with policy/decision makers Grower seminars District meetings Local and international industry meetings/conferences
Office Expense - Expenses incurred by CAC non-marketing staff, in conducting day-to-day business activities	\$10,000	Examples of office expenses include, but are not limited to: <ul style="list-style-type: none"> Office furniture/computers/software/electronics Paper/binders/supplies Subscriptions to business publications and resources
Committee Meeting Expense - Expenses incurred for travel, lodging and meals for committee meetings	\$5,000	Examples of committee meetings include, but are not limited to: <ul style="list-style-type: none"> Production Research Committee Good Agricultural Practices Committee Executive Committee Governance Committee

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Industry Affairs	ACTIVITIES: Other/Administrative (cont.)	AGENCY: CAC
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PROGRAMS	BUDGET	ACTION STEPS & DELIVERABLES
Anti-Theft Program – Expenses related to CAC's anti-theft reward program	\$7,500	<ul style="list-style-type: none"> • Anti-theft signs • Anti-theft reward program claims
Program Operations – Personnel costs associated with work performed by CAC staff for Industry Affairs programs	\$582,000	<ul style="list-style-type: none"> • Salaries • Benefits • Payroll Taxes
INDUSTRY AFFAIRS: OTHER/ADMINISTRATIVE SUBTOTAL:	\$708,000	

2023-24 TOTAL INDUSTRY AFFAIRS BUDGET: \$1,793,475



PRODUCTION RESEARCH

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Production Research	ACTIVITIES: Research	AGENCY: UC Riverside; UC Cooperative Extension; and Cal Poly
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PRIORITY 3: Support industry strategy through research and outreach

OBJECTIVES:

1. Enhance California Avocado grower productivity and success
2. Ensure consistently safe, high-quality production that supports CAC's market development efforts

STRATEGIES:

- A. Design and implement a Production Research Program focused on practical solutions to grower-defined priorities
- B. Develop a research-based outreach and education program for California Avocado growers and other industry stakeholders

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAMS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	ACTION STEPS & DELIVERABLES
EXISTING RESEARCH PROJECTS				
Pests and Diseases				
Phenology and ecology of avocado lace bug in Southern California	9/15/21	10/31/24	\$30,572	<ul style="list-style-type: none"> • Comprehensive data on avocado lace bug population cycles in three different infestation zones (San Diego, Riverside and Los Angeles Counties). These data will be useful for predicting when population peaks and maximum damage is likely to occur, which in turn, will help with timing of control treatments • An inventory of natural enemies associated with avocado lace bug infestations in three different areas will be developed. These data may provide insight into levels of naturally occurring population suppression that is provided by natural enemies • Determination and quantification of avocado lace bug performance (i.e., development times and survivorship rates) on five different avocado cultivars (i.e., Hass, Lamb Hass, Fuerte, Bacon and GEM) • Development of temperature-driven degree-day models that will: (1) assist with interpreting population phenology data; (2) provide insight into how temperature extremes, especially high-heat events, affect avocado lace bug development and survivorship rates and (3) provide a tool for estimating temperature-based population growth trajectories that could be used to plan and time insecticide applications for suppression of damaging avocado lace bug populations
Breeding				
Commercial-scale field testing and potential release of five elite advanced rootstocks	11/1/18	10/31/25	\$89,628	<ul style="list-style-type: none"> • Establish commercial-scale field trials of PP35, PP40, PP42, PP45, and PP80 UCR advanced rootstocks before official release in cooperation with California growers • Collect tree health and harvest data for PP35, PP40, PP42, PP45 and PP80 UCR advanced rootstocks at Pine Tree and Bonsall rootstock trials (established June 2017) • Collect tree health and harvest data for PP35, PP40, PP42, PP45 and PP80 UCR advanced rootstocks at 4 previously established field trials (2019)

2023-24 CALIFORNIA AVOCADO COMMISSION ACTION PLAN

PROGRAM: Production Research	ACTIVITIES: Research (cont.)	AGENCY: UC Riverside; UC Cooperative Extension
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PROGRAMS	START DATE	SCHEDULED COMPLETION DATE	BUDGET	ACTION STEPS & DELIVERABLES
Cultural Practices				
Developing tools and information on crop water use and effective irrigation management for more profitable and sustainable avocado production	11/1/22	10/31/25	\$67,053	<ul style="list-style-type: none"> Develop accurate irrigation water needs under different conditions in South California through updated crop coefficient curves over the season for avocados Evaluate irrigation tools in avocados (soil moisture, ET, drone/satellite, leaf/stem water potential, canopy temperature) for effective irrigation management Evaluate irrigation strategies in avocados (grower irrigation practice vs. sensor-based irrigation and/or less water applied) Evaluate satellite-based tool of IrriSAT / IrriWatch/Open ET in avocados
EXISTING RESEARCH PROJECTS SUBTOTAL:			\$187,253	
NEW RESEARCH PROJECTS				
Pests and Diseases				
Placeholder funding for Avocado Branch Canker	TDB	10/31/24	\$30,000	<ul style="list-style-type: none"> To be determined
Breeding				
Commercial-scale field testing and potential release of five elite advanced rootstocks at Cal Poly	11/1/23	10/31/25	\$16,690	<ul style="list-style-type: none"> Continue to collect and analyze data and disseminate results to the avocado grower and research community Continue to maintain orchard plot
NEW RESEARCH PROJECTS SUBTOTAL:			\$46,690	

2023-24 TOTAL PRODUCTION RESEARCH BUDGET: \$233,943
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**CALIFORNIA AVOCADO COMMISSION
2023-24 PROJECTION & BUDGET
WITH COMPARISON TO 2022-23**

ACCT CODE	REVENUES:	2023-24		2022-23		2023-24 vs. 2022-23		COMMENT
		PROJECTION	%	BUDGET	%	INCREASE (DECREASE)	PERCENT CHANGE	
40001	CAC Assessment Revenue	\$5,045,625	53.1%	\$4,935,938	46.9%	\$109,687	2.22%	Assessment rate 2.25%, crop size 200 MM lbs. price \$1.15
40011	HAB 85% Rebate Assessment Revenue	\$3,952,500	41.6%	\$4,940,625	47.0%	(\$988,125)	-20.00%	
	Subtotal Assessment Revenues	\$8,998,125	94.7%	\$9,876,563	93.9%	(\$878,438)	-8.89%	
42001	Administration & Accounting Fee Revenue (AIP)	\$61,000	0.6%	\$61,000	0.6%	\$0	0.00%	
46010	Grant Funding	\$300,000	3.2%	\$400,000	3.8%	(\$100,000)	-25.00%	
48001	Interest Income	\$6,000	0.1%	\$15,000	0.1%	(\$9,000)	-60.00%	
48009	From the Grove Income	\$60,000	0.6%	\$70,000	0.7%	(\$10,000)	-14.29%	
48003	Other Income	\$75,000	0.8%	\$93,750	0.9%	(\$18,750)	-20.00%	
47000	California Avocado Merchandise Shop Income	\$0	0.0%	\$1,000	0.0%	(\$1,000)	-100.00%	
	Subtotal Other Revenues	\$502,000	5.3%	\$640,750	6.1%	(\$138,750)	-21.65%	
	Total Revenues	\$9,500,125	100.0%	\$10,517,313	100.0%	(\$1,017,188)	-9.67%	

ACCT CODE	EXPENDITURES: Marketing Programs	2023-24		2022-23		2023-24 vs. 2022-23		COMMENT
		BUDGET	%	BUDGET	%	INCREASE (DECREASE)	PERCENT CHANGE	
51000 & 55000	Consumer Marketing	\$3,200,000	29.8%	\$4,736,549	33.7%	(\$1,536,549)	-32.44%	
54000	Consumer Public Relations	\$190,000	1.8%	\$440,500	3.1%	(\$250,500)	-56.87%	
54000	Consumer/Trade Living Well	\$0	0.0%	\$88,430	0.6%	(\$88,430)	-100.00%	
52000	Trade Marketing - Retail	\$2,061,000	19.2%	\$2,416,646	17.2%	(\$355,646)	-14.72%	
53000	Trade Marketing - Foodservice	\$507,500	4.7%	\$725,000	5.2%	(\$217,500)	-30.00%	
59000	Marketing Activities Support	\$177,500	1.7%	\$182,875	1.3%	(\$5,375)	-2.94%	
57000	California Avocado Merchandise Shop	\$0	0.0%	\$10,000	0.1%	(\$10,000)	-100.00%	
	Subtotal Marketing Programs	\$6,136,000	57.1%	\$8,600,000	61.2%	(\$2,464,000)	-28.65%	
	EXPENDITURES: Non-Marketing Programs							
64000 & 65000	Industry Affairs & Production Research	\$1,445,418	13.4%	\$1,587,060	11.3%	(\$141,642)	-8.92%	
66010	Grant Programs	\$300,000	2.8%	\$400,000	2.8%	(\$100,000)	-25.00%	
70000	Operations	\$2,867,339	26.7%	\$3,466,160	24.7%	(\$598,821)	-17.28%	
	Subtotal Non-Marketing Programs	\$4,612,757	42.9%	\$5,453,220	38.8%	(\$840,463)	-15.41%	
	Total Expenditures	\$10,748,757	100.0%	\$14,053,220	100.0%	(\$3,304,463)	-23.51%	
	Excess Of Revenues Over (Under) Expenditures	(\$1,248,632)	-13.1%	(\$3,535,908)	-33.6%	\$2,287,276	-64.69%	
	Estimated Beginning Reserves - Nov. 1	\$6,660,642		\$11,613,549		(\$4,952,908)	-42.65%	
	<i>Estimated 2022-23 Revenue Shortfall based on Volume & Price/LB</i>			<i>(\$2,017,000)</i>				
	<i>Estimated 2022-23 Unspent Funds Returned to Reserves</i>			<i>\$600,000</i>				
	Estimated Ending Reserves - Oct. 31	\$5,412,010		\$6,660,642		(\$1,248,632)	-18.75%	

**CALIFORNIA AVOCADO COMMISSION
2023-24 PROJECTION & BUDGET
WITH COMPARISON TO 2022-23**

Department: Marketing

ACCT CODE	DEPT/ ACTIVITY	2023-24		2022-23		2023-24 vs. 2022-23		COMMENT
		BUDGET	%	BUDGET	%	INCREASE (DECREASE)	PERCENT CHANGE	
	<u>Consumer Marketing:</u>							
51001	Media	TBD	0.0%	\$2,900,000	33.7%		0.00%	Line item budget detail to be developed with new agency
51002	Production	TBD	0.0%	\$125,000	1.5%		0.00%	
55XXX	Online Marketing	TBD	0.0%	\$349,750	4.1%		0.00%	
51801 & 57002	Program Administration	TBD	0.0%	\$1,361,799	15.8%		0.00%	
	Consumer Marketing Subtotal	\$3,200,000	52.2%	\$4,736,549	55.1%	(\$1,536,549)	-32.44%	
	<u>Consumer Public Relations:</u>							
5400X & 5420X	Brand Advocates	\$115,000	1.9%	\$115,000	1.3%	\$0	0.00%	
5400X & 541XX	Public Relations	\$75,000	1.2%	\$225,000	2.6%	(\$150,000)	-66.67%	
5480X	Program Administration	\$0	0.0%	\$100,500	1.2%	(\$100,500)	-100.00%	
	Consumer Public Relations Subtotal	\$190,000	3.1%	\$440,500	5.1%	(\$250,500)	-56.87%	
	<u>Consumer/Trade Living Well:</u>							
54206	Living Well Brand Advocates	\$0	0.0%	\$78,430	0.9%	(\$78,430)	-100.00%	
54201	Industry Partnerships	\$0	0.0%	\$0	0.0%	\$0	100.00%	
54802	Program Administration	\$0	0.0%	\$10,000	0.1%	(\$10,000)	-100.00%	
	Consumer/Trade Living Well Subtotal	\$0	0.0%	\$88,430	1.0%	(\$88,430)	-100.00%	
	<u>Trade - Retail:</u>							
520XX	Trade Relations	\$685,300	11.2%	\$946,530	11.0%	(\$261,230)	-27.60%	
521XX & 523XX	Retail & Consumer Promotions	\$1,047,500	17.1%	\$1,107,916	12.9%	(\$60,416)	-5.45%	
522XX	Data, Research & Analysis	\$262,200	4.3%	\$288,700	3.4%	(\$26,500)	-9.18%	
524XX	Administration & Other	\$66,000	1.1%	\$73,500	0.9%	(\$7,500)	-10.20%	
	Trade - Retail Subtotal	\$2,061,000	33.6%	\$2,416,646	28.1%	(\$355,646)	-14.72%	
	<u>Trade - Foodservice:</u>							
53001	Media	\$0	0.0%	\$98,800	1.1%	(\$98,800)	-100.00%	
53101	Public Relations & Collateral Materials	\$103,300	1.7%	\$63,500	0.7%	\$39,800	62.68%	
53103	Foodservice Events	\$164,100	2.7%	\$296,500	3.4%	(\$132,400)	-44.65%	
53104	Chain Promotions	\$193,600	3.2%	\$210,200	2.4%	(\$16,600)	-7.90%	
53105	Education Programs	\$2,000	0.0%	\$2,000	0.0%	\$0	0.00%	
5380X	Program Administration	\$44,500	0.7%	\$54,000	0.6%	(\$9,500)	-17.59%	
	Trade - Foodservice Subtotal	\$507,500	8.3%	\$725,000	8.4%	(\$217,500)	-30.00%	
	<u>Marketing Activities Support:</u>							
51803	Marketing Planning & Export Program	\$177,500	2.9%	\$157,875	1.8%	\$19,625	12.43%	
51003	Buy California Marketing Agreement	\$0	0.0%	\$25,000	0.3%	(\$25,000)	-100.00%	
	Marketing Activities Support Subtotal	\$177,500	2.9%	\$182,875	2.1%	(\$5,375)	-2.94%	
	<u>California Avocado Merchandise Shop:</u>							
57XXX	Cost of Goods Sold	\$0	0.0%	\$1,000	0.0%	(\$1,000)	-100.00%	
577XX & 57900	Expenses - Variable	\$0	0.0%	\$0	0.0%	\$0	100.00%	
5780X	Expenses - Fees	\$0	0.0%	\$9,000	0.1%	(\$9,000)	-100.00%	
	California Avocado Merchandise Shop Subtotal	\$0	0.0%	\$10,000	0.1%	(\$10,000)	-100.00%	
	Total Marketing	\$6,136,000	100.0%	\$8,600,000	100.0%	(\$2,464,000)	-28.65%	

**CALIFORNIA AVOCADO COMMISSION
2023-24 PROJECTION & BUDGET
WITH COMPARISON TO 2022-23**

Department: Industry Affairs & Production Research

ACCT CODE	DEPT/ ACTIVITY	2023-24		2022-23		2023-24 vs. 2022-23		COMMENT
		BUDGET	%	BUDGET	%	INCREASE (DECREASE)	PERCENT CHANGE	
	<u>Industry Statistics And Information:</u>							
64001	AMRIC Operation	\$27,000	2.2%	\$28,000	2.2%	(\$1,000)	-3.57%	
64002	Crop Forecasting and Analysis	\$80,000	6.6%	\$124,500	9.6%	(\$44,500)	-35.74%	
64003	Grower Database	\$1,500	0.1%	\$3,000	0.2%	(\$1,500)	-50.00%	
64004	Grove Identification GIS Project Development	\$11,500	0.9%	\$17,750	1.4%	(\$6,250)	-35.21%	
	Industry Statistics And Information Subtotal	\$120,000	9.9%	\$173,250	13.3%	(\$53,250)	-30.74%	
	<u>Grower Communications:</u>							
64105	Online Information	\$31,000	2.6%	\$46,000	3.5%	(\$15,000)	-32.61%	
64106	Publications	\$108,500	9.0%	\$112,000	8.6%	(\$3,500)	-3.13%	Estimated FTG Income \$60,000
64107	Annual Meeting	\$20,000	1.7%	\$20,000	1.5%	\$0	0.00%	
64108	Annual Report	\$15,000	1.2%	\$15,000	1.2%	\$0	0.00%	
	Grower Communications Subtotal	\$174,500	14.4%	\$193,000	14.8%	(\$18,500)	-9.59%	
	<u>Issues Management:</u>							
64201	Water Issues	\$100,000	8.3%	\$100,000	7.7%	\$0	0.00%	
64202	Field/Technical Support	\$100,000	8.3%	\$65,000	5.0%	\$35,000	53.85%	
64204	Research Program Coordination & Outreach	\$120,000	9.9%	\$135,000	10.4%	(\$15,000)	-11.11%	
64206	Legislative & Regulatory Advocacy	\$125,000	10.3%	\$125,000	9.6%	\$0	0.00%	
64208	Product Registrations	\$5,000	0.4%	\$4,000	0.3%	\$1,000	25.00%	
64211	Sustainability Project	\$50,000	4.1%	\$150,000	11.5%	(\$100,000)	-66.67%	
	Issues Management Subtotal	\$500,000	41.3%	\$579,000	44.5%	(\$79,000)	-13.64%	
	<u>Legal/Governance:</u>							
64301	Elections	\$10,000	0.8%	\$10,000	0.8%	\$0	0.00%	
64302	Legal Support	\$100,000	8.3%	\$40,000	3.1%	\$60,000	150.00%	
64303	Governance Support	\$55,000	4.5%	\$55,000	4.2%	\$0	0.00%	
	Legal/Governance Subtotal	\$165,000	13.6%	\$105,000	8.1%	\$60,000	57.14%	
	<u>Demonstration Grove:</u>							
64401	Pine Tree - Rent	\$24,900	2.1%	\$17,008	1.3%	\$7,892	46.40%	Estimated PTR Income \$75,000
64402	Pine Tree - Grove Management	\$52,000	4.3%	\$30,000	2.3%	\$22,000	73.33%	
64403	Pine Tree - Utilities	\$5,400	0.4%	\$3,600	0.3%	\$1,800	50.00%	
64404	Pine Tree - Property Tax & Insurance	\$2,520	0.2%	\$1,680	0.1%	\$840	50.00%	
64405	Pine Tree - Improvements & Misc Expenses	\$5,000	0.4%	\$5,000	0.4%	\$0	0.00%	
64406 - 64409	Pine Tree - Harvesting, Hauling, CAC & HAB Assessments	\$15,155	1.3%	\$16,813	1.3%	(\$1,658)	-9.86%	
	Demonstration Grove Subtotal	\$104,975	8.7%	\$74,101	5.7%	\$30,874	41.66%	
	<u>Education & Outreach:</u>							
64501	Field Meetings, Seminars & Workshops	\$15,000	1.2%	\$23,500	1.8%	(\$8,500)	-36.17%	
64502	Pine Tree Ranch Field Days	\$2,000	0.2%	\$2,000	0.2%	\$0	0.00%	
64503	Grower Outreach	\$4,000	0.3%	\$13,500	1.0%	(\$9,500)	-70.37%	
	Education & Outreach Subtotal	\$21,000	1.7%	\$39,000	3.0%	(\$18,000)	-46.15%	
	<u>Other:</u>							
64801	Dues, Sponsorships, & Reports	\$41,000	3.4%	\$42,600	3.3%	(\$1,600)	-3.76%	
64802	Grant Writing	\$2,500	0.2%	\$2,500	0.2%	\$0	0.00%	
64803	Travel	\$60,000	5.0%	\$75,000	5.8%	(\$15,000)	-20.00%	
64804	Office Expense	\$10,000	0.8%	\$13,000	1.0%	(\$3,000)	-23.08%	
64805	Committee Meeting Expense	\$5,000	0.4%	\$5,000	0.4%	\$0	0.00%	
64901	Anti-Theft Reward Program	\$7,500	0.6%	\$0	0.0%	\$7,500	100.00%	
	Other Industry Affairs Subtotal	\$126,000	10.4%	\$138,100	10.6%	(\$12,100)	-8.76%	
	Total Industry Affairs	\$1,211,475	100.0%	\$1,301,451	100.0%	(\$89,976)	-6.91%	

CALIFORNIA AVOCADO COMMISSION
2023-24 PROJECTION & BUDGET
WITH COMPARISON TO 2022-23

Department: Industry Affairs & Production Research

ACCT CODE	DEPT/ ACTIVITY	2023-24		2022-23		2023-24 vs. 2022-23		COMMENT
		BUDGET	%	BUDGET	%	INCREASE (DECREASE)	PERCENT CHANGE	
	<u>Pest & Disease Projects:</u>							
65131	Phenology and ecology of avocado lace bug in Southern Calif	\$30,572	13.1%	\$76,074	26.6%	(\$45,502)	-59.81%	
651XX	PLACEHOLDER: Avocado Branch Canker	\$30,000	12.8%	\$0	0.0%	\$30,000	100.00%	
	Pest & Disease Project Subtotal	\$60,572	25.9%	\$76,074	26.6%	(\$15,502)	-20.38%	
	<u>Breeding, Varieties, Genetics Projects:</u>							
65215	Commercial-Scale Field Testing and Potential Release of Roc	\$89,628	38.3%	\$89,628	31.4%	\$0	0.00%	
652XX	CAL POLY - Commercial-scale field testing and potential rele	\$16,690	7.1%	\$0	0.0%	\$16,690	100.00%	
	Breeding, Varieties, Genetics Projects Subtotal	\$106,318	45.4%	\$89,628	31.4%	\$16,690	18.62%	
	<u>Cultural Management Projects:</u>							
6532X	Chloride Mitigation Strategies	\$0	0.0%	\$24,866	8.7%	(\$24,866)	-100.00%	
65323	Develop tools and info on crop water use	\$67,053	28.7%	\$95,041	33.3%	(\$27,988)	-29.45%	
	Cultural Management Projects Subtotal	\$67,053	28.7%	\$119,907	42.0%	(\$52,854)	-44.08%	
	Total Production Research	\$233,943	100.0%	\$285,609	100.0%	(\$51,666)	-18.09%	

Department: Grant Programs

ACCT CODE	DEPT/ ACTIVITY	2023-24		2022-23		2023-24 vs. 2022-23		COMMENT
		BUDGET	%	BUDGET	%	INCREASE (DECREASE)	PERCENT CHANGE	
66020-91	USDA Grant-FAS MAP South Korea	\$160,000	53.3%	\$200,000	50.0%	(\$40,000)	-20.00%	
66021-92	USDA Grant-FAS MAP China	\$140,000	46.7%	\$200,000	50.0%	(\$60,000)	-30.00%	
	Total Grant Programs	\$300,000	100.0%	\$400,000	100.0%	(\$100,000)	-25.00%	

**CALIFORNIA AVOCADO COMMISSION
2023-24 PROJECTION & BUDGET
WITH COMPARISON TO 2022-23**

Department: Operations

ACCT CODE	DEPT/ ACTIVITY	2023-24		2022-23		2023-24 vs. 2022-23		COMMENT
		BUDGET	%	BUDGET	%	INCREASE (DECREASE)	PERCENT CHANGE	
	<u>Office Expense:</u>							
71101 & 71102	Office Rent & Property Tax	\$155,705	5.4%	\$146,295	4.2%	\$9,410	6.43%	
71104	Offsite Storage	\$9,300	0.3%	\$8,580	0.2%	\$720	8.39%	
71111	Corporate Insurance	\$96,000	3.3%	\$96,800	2.8%	(\$800)	-0.83%	
71121 - 71123	Office Expense, Supplies & Janitorial	\$27,650	1.0%	\$38,750	1.1%	(\$11,100)	-28.65%	
71131	Utilities	\$14,600	0.5%	\$16,600	0.5%	(\$2,000)	-12.05%	
71141	Bank & Payroll Fees	\$16,000	0.6%	\$17,800	0.5%	(\$1,800)	-10.11%	
71151	Equipment Maintenance & Expense	\$20,000	0.7%	\$28,800	0.8%	(\$8,800)	-30.56%	
71161 - 71181	Telephone, Cell Phone, Postage & Courier Service	\$29,420	1.0%	\$28,050	0.8%	\$1,370	4.88%	
	Office Expense Subtotal	\$368,675	12.9%	\$381,675	11.0%	(\$13,000)	-3.41%	
	<u>Professional Fees:</u>							
71201	CPA-Financial Audits	\$40,000	1.4%	\$34,300	1.0%	\$5,700	16.62%	
71203	CPA-Assessment Audits	\$28,500	1.0%	\$28,270	0.8%	\$230	0.81%	
71207	CDFA Fiscal and Compliance Audit	\$14,500	0.5%	\$9,350	0.3%	\$5,150	55.08%	
71211	CDFA Charges	\$81,960	2.9%	\$81,960	2.4%	\$0	0.00%	
71221	USDA-AMS Charges	\$60,000	2.1%	\$60,000	1.7%	\$0	0.00%	
71231 - 71235	Legal & Other Professional	\$7,500	0.3%	\$22,500	0.6%	(\$15,000)	-66.67%	
712XX	Outsourced Accounting	\$150,000	5.2%	\$120,000	3.5%	\$30,000	25.00%	
78301	Pension Admin & Legal	\$52,300	1.8%	\$52,300	1.5%	\$0	0.00%	
	Professional Fees Subtotal	\$434,760	15.2%	\$408,680	11.8%	\$26,080	6.38%	
	<u>Personnel Expenses:</u>							
71301 & 71321	Payroll Expense (Wages, Tax & Wrkrs Comp) - Ops & IA	\$645,680	22.5%	\$1,820,450	52.5%	(\$408,490)	-22.44%	
	Payroll Expense (Wages, Tax & Wrkrs Comp) - Marketing	\$766,280	26.7%					
71311	Pension Expense	\$117,625	4.1%	\$171,610	5.0%	(\$53,985)	-31.46%	
71331	Benefits Expense	\$236,432	8.2%	\$299,320	8.6%	(\$62,888)	-21.01%	
	Personnel Expenses Subtotal	\$1,766,017	61.6%	\$2,291,380	66.1%	(\$525,363)	-22.93%	
	<u>Commissioner Expenses:</u>							
71401	District Meetings & Expenses	\$5,000	0.2%	\$5,000	0.1%	\$0	0.00%	
71402 & 71403	Travel, Lodging, Mileage, Meals & Entertainment	\$58,000	2.0%	\$76,425	2.2%	(\$18,425)	-24.11%	
71404	Board Meeting Expenses	\$31,000	1.1%	\$31,000	0.9%	\$0	0.00%	
714XX	HAB BOLD Participation	\$18,000	0.6%	\$18,000	0.5%	\$0	0.00%	
	Commissioner Expenses Subtotal	\$112,000	3.9%	\$130,425	3.8%	(\$18,425)	-14.13%	
	<u>Information Technology:</u>							
73001 & 73002	Network Maint., Hardware, Software & Licenses	\$66,937	2.3%	\$51,430	1.5%	\$15,507	30.15%	
73003 & 73005	IT Support, Consulting & IT Service	\$56,500	2.0%	\$55,710	1.6%	\$790	1.42%	
73004	Accounting & Assessment System	\$11,500	0.4%	\$8,850	0.3%	\$2,650	29.94%	
	Information Technology Subtotal	\$134,937	4.7%	\$115,990	3.3%	\$18,947	16.34%	
	<u>Depreciation, Interest & Other Operations:</u>							
78101	Operations Staff Travel	\$5,000	0.2%	\$30,000	0.9%	(\$25,000)	-83.33%	
78201	Depreciation Expense	\$0	0.0%	\$39,060	1.1%	(\$39,060)	-100.00%	
78401 & 78501	Dues & Reg., Education, Training, Recruitment, Other	\$20,950	0.7%	\$43,950	1.3%	(\$23,000)	-52.33%	
78601	Temporary Help	\$25,000	0.9%	\$25,000	0.7%	\$0	0.00%	
	Depreciation, Interest & Other Admin Subtotal	\$50,950	1.8%	\$138,010	4.0%	(\$87,060)	-63.08%	
	Total Operations	\$2,867,339	100.0%	\$3,466,160	100.0%	(\$598,821)	-17.28%	