



AGENDA

California Avocado Commission Executive Committee Meeting

Meeting Information

Date: January 26, 2023

Time: 1:30 p.m.

Location: Web/Teleconference Meeting

Web/Teleconference URL:

<https://californiaavocado.zoom.us/j/89058239872?pwd=c0hiTmZUMDNnalRoeGx0aHMxZFZ2Zz09>

Conference Call Number: (669) 900-6833

Meeting ID: 890 5823 9872

Passcode: 440899

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

Committee Member Attendance

As of Wednesday, January 25, 2023, the following individuals have advised the Commission they will participate in this meeting:

Jason Cole, *Treasurer*

Rob Grether, *Chair*

Jessica Hunter, *Secretary*

Rachael Laenen, *Vice Chair*

Time	Item
1:30 p.m.	<ol style="list-style-type: none">1. Call to Order<ol style="list-style-type: none">a. Roll Call/Quorumb. Introductions2. Opportunity for Public Comment<p>Any person may address the Committee at this time on any subject within the jurisdiction of the California Avocado Commission.</p>

Time	Item
	<p>3. Consent Calendar</p> <p>a. Consider approval of Executive Committee meeting minutes of October 4, 2022</p> <p>4. Discussion Items</p> <p>a. Moss Adams Update</p> <p>i. Letters of Engagement from Moss Adams for Financial Audit Services</p> <p>b. Update on the overall administration of the Commission</p> <p>c. Public Member Selection Process</p> <p>d. Signature Analytics Update</p> <p>e. Restatement of CAC 401 Profit Sharing and 457(b) Deferred Compensation plans</p> <p>f. Strategic Planning Update</p> <p>g. Annual Meeting Update</p> <p>5. Closed session regarding the appointment, employment, evaluation of performance, or dismissal of an employee pursuant to California Government Code Section 11126(a)</p> <p>a. The Committee may go into closed session to discuss and make recommendations regarding appointment, employment or dismissal of an employee.</p> <p>b. Return to open session and announce action taken in closed session, if any.</p>
3:30 p.m.	6. Adjourn Meeting

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.



COMMITTEE ACTION

**ITEM 3.a: CONSIDER APPROVAL OF EXECUTIVE COMMITTEE MEETING MINUTES
OF OCTOBER 4, 2022**

SUMMARY:

The minutes of the Executive Committee meeting of October 4, 2022 are attached for the Committee's review and approval.

FISCAL ANALYSIS:

- Not applicable

COMMITTEE OPTIONS:

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

STAFF RECOMMENDATION:

- Approve minutes as presented

EXHIBITS / ATTACHMENTS:

- Minutes of the Executive Committee meeting of October 4, 2022

**CALIFORNIA AVOCADO COMMISSION
EXECUTIVE COMMITTEE MINUTES
October 4, 2022**

A meeting of the California Avocado Commission (CAC) Executive Committee was held on Tuesday, October 4, 2022 with the following people present:

MEMBERS PRESENT

Jason Cole
Rob Grether
Jessica Hunter
Rachael Laenen

STAFF PRESENT

April Aymami
Ken Melban

GUESTS PRESENT

OFFICIALLY PRESENT

Victoria Carpenter, *USDA*
Scott Jones, *Moss Adams*
Ben Kardokus, *CDFA*
Trevor Lattin, *Signature Analytics*
George Soares, *Kahn, Soares & Conway*
Joan Taylor, *Moss Adams*

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Rob Grether, CAC Executive Committee chairman, called the meeting to order 1:31 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, legal counsel 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

There was no public comment.

ITEM # 3 CONSENT CALENDAR

Consider approval of Executive Committee meeting minutes of September 2, 2022 – Item 3.a

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 Executive Committee approves the Consent Calendar, Item 3.a as presented.

(Hunter/Laenen) MSC Unanimous

MOTION 22-10-4-1

The Consent Calendar is included in the October 4, 2022 Executive Committee Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.a.

ITEM #4 DISCUSSION ITEMS

Update on overall administration of the Commission – Item 4.a.

Ken Melban, CAC interim president, provided a top line overview of Commission operations since the September 2022 Committee meeting. He noted that check signers had been updated with Bank of the West and that CAC staff had worked to get everything ready (computer, email, etc.) for new CAC President Jeff Oberman's first day on Monday, October 10, 2022.

Mr. Grether expressed his gratitude to CAC Treasurer Jason Cole, Mr. Melban and CAC staff for getting things prepared and insuring CAC was in compliance with internal controls. He commented that he was excited to have Mr. Oberman join the team and that he would hit the ground running with travel every week or every other week.

Moss Adams proposal “2022 Internal Control Design Assessment” – Item 4.b.

Mr. Grether reported that at the last meeting the Executive Committee gave direction to Mr. Melban to obtain a proposal for a one-time assessment of CAC’s existing internal control policies and procedures. He stated that Moss Adams had submitted a proposal with a cost of \$17,000-\$21,000 and with a delivery timeline of five to six weeks upon execution of the contract. Mr. Grether noted that the Executive Committee had the authority to approve unbudgeted expenditures up to \$25,000.

Mr. Melban introduced Scott Jones and Joan Taylor with Moss Adams who provided an overview of their organization and the details of the internal control design assessment. It was explained that the assessment would review CAC’s current internal controls and process for cash disbursements and securing of goods, as well as segregation of duties. At the conclusion of the review of current processes an assessment would be provided that identifies any deficiencies against industry standards and how CAC could address those moving forward.

MOTION:

***Approve the Moss Adams Internal Control Design Assessment as presented.
(Cole/Laenen) MSC Unanimous***

MOTION 22-10-4-2

The *Moss Adams Internal Control Design Assessment Proposal* is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

Signature Analytics Proposal “Outsourced Accounting” – Item 4.c.

Mr. Melban provided an update on the former vice president of finance and administration position, stating that while interviews had been conducted with finance manager candidates through employment agencies, the idea of outsourced accounting had been suggested by Moss Adams. He commented that an outsourced accounting solution would allow CAC access to all levels of accounting support, while only paying for the services you need without carrying the overhead of all those positions on staff. Mr. Melban had conducted preliminary discussions with Signature Analytics, a firm providing outsourced accounting services, and the range for the finance manager level services was proposed at \$6,000-\$10,000 per month.

Trevor Lattin with Signature Analytics provided an overview of their proposal, focusing on CAC’s current priorities and needs, as well as the team and structure in place at Signature Analytics to serve as resources with all levels of expertise within the accounting field. Mr. Lattin responded to inquiries from the Committee, commenting that most work on CAC’s business would be at the Controller level (with the ability to scale up or down as necessary), that Signature Analytics employees were W-2 employees with long tenure providing a stable environment for clients, that Signature Analytics was located in Orange County and available to work onsite at CAC’s office or remotely. With regard to a question regarding the length of the agreement, Mr. Lattin noted that typically service agreements were for a 12-month term, but included a 90-day termination clause to allow for transition of duties back to the client.

Mr. Grether wrapped up the discussion noting this was not an action item, but a preview of an option management was exploring to address the financial workload. Committee members commented that it seemed like a good solution, and that management should explore further, along with other options, and present their recommendation as part of the 2022-23 budget for Board approval at the October meeting.

The Signature Analytics Outsourced Accounting Proposal is attached to the permanent copy of these Minutes and identified as EXHIBIT C.

Board Member Per Diem – Item 4.d.

Mr. Grether reported that CAC's current law allows for volunteers serving on CAC Board or committees to be compensated up to \$100 per day for participation in Commission meeting. There had recently been discussion about whether members would feel a greater responsibility to their duties if they were being compensated for participation in CAC meetings.

The Committee discussed the pros and cons, as well as difficulties with implementation, especially considering some on the Board or committees may already be receiving compensation from their employers and with meetings being conducted both in-person and virtually. CDFA commented that only one Board currently compensated their members and USDA noted that members of federal boards are not able to be compensated. CAC's legal counsel remarked that while the law allows for it, the Board should consider if it is appropriate to receive payment for this service and that because it includes payment for all Commission meetings, could get expensive. A Board member in attendance remarked that this topic had been brought up a number of times over the years at CAC and it seems very few are not already being compensated for their service by their employers, and it would be best to leave it alone.

At the conclusion of discussion, the Committee stated that it would be good for the Board to review budget implications of implementing the per diem clause, as well as a proposed set of criteria for per diem eligibility.

Board Member Code of Conduct/Conflict of Interest – Item 4.d.

Mr. Melban stated that on multiple occasions there had been inquiries regarding CAC's Board Member Code of Conduct and Conflict of Interest and consequences of non-compliance. He noted that upon review, current policies do not have enforcement language and there are no consequences for violations.

The Committee discussed the need to incorporate enforcement language into the Code of Conduct and Conflict of interest policies and directed management work with legal counsel to recommended language for Board consideration.

ITEM #5 CLOSED SESSION REGARDING APPOINTMENT, EMPLOYMENT, EVALUATION OF PERFORMANCE, OR DISMISSAL OF AN EMPLOYEE PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTION 11126(a)

The Committee may go into closed session to discuss and make recommendations regarding appointment, employment or dismissal of an employee. – Item 5.a

Mr. Grether convened a Closed Session of the CAC executive committee members, Mr. Melban, legal counsel and CDFA representative at 3:11 p.m.

Return to open session and announce action taken in closed session, if any. – Item 5.b

Mr. Grether returned to open session at 4:05 p.m. and announced that the committee had taken action to authorize the Interim President to revise specific employee compensation in accordance with specified parameters.

ADJOURN MEETING

Mr. Grether adjourned the meeting at 4:06 p.m.

Respectfully submitted,

 April Aymami, CAC Industry Affairs Director

I certify that the above is a true statement of the minutes of the October 4, 2022, CAC Executive Committee, approved by the CAC Executive Committee on January 26, 2023.

 Jessica Hunter, CAC Board Secretary

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

- Exhibit A October 4, 2022 Executive Committee Packet
- Exhibit B Moss Adams Internal Control Design Assessment Proposal
- Exhibit C Signature Analytics Outsourced Accounting Proposal
- Exhibit D October 4, 2022 Executive Committee Meeting AB 2720 Roll Call Vote Tally Summary

Exhibit D

CALIFORNIA AVOCADO COMMISSION
AB 2720 Roll Call Vote Tally Summary
To be attached to the Meeting Minutes

Meeting Name: <i>Executive Committee Meeting</i>	Meeting Location: <i>Online (Zoom)</i>	Meeting Date: <i>October 4, 2022</i>
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<i>Attendees Who Voted</i>	<u>MOTION</u> <u>22-10-4-1</u>	<u>MOTION</u> <u>22-10-4-2</u>
Jessica Hunter	Yea	Yea
Rob Grether	Did Not Vote	Did Not Vote
Jason Cole	Not Present	Yea
Rachael Laenen	Yea	Yea
<i>Outcome</i>	Unanimous	Unanimous



COMMITTEE INFORMATION

ITEM 4.a.i: LETTERS OF ENGAGEMENT FROM MOSS ADAMS FOR FINANCIAL AUDIT SERVICES

SUMMARY:

In November CAC issued a Request for Proposals for auditors to perform CAC's annual financial statement audit, CDFA fiscal and compliance audit, and annual handler assessment audit. The RFP was sent to CAC's existing auditor, Macias Gini and O'Connell, as well as five additional firms. Of the six firms, Moss Adams was the only firm to submit a response to CAC's RFP.

The Letter of Engagement (LOE) for the 2021-22 Financial Statement Audit Services from Moss Adams is attached here for Committee 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.

FISCAL ANALYSIS:

- The Moss Adams LOE for the financial statement audit is \$36,000, which is \$1,700 over the approved 2022-23 CAC budget for these services

COMMITTEE OPTIONS:

- Accept the Moss Adams Financial Statement Audit Letter of Engagement as presented
- Modify the Moss Adams Financial Statement Audit Letter of Engagement

STAFF RECOMMENDATION:

- Accept the Moss Adams Financial Statement Audit Letter of Engagement as presented

EXHIBITS / ATTACHMENTS:

- Moss Adams Letters of Engagement for Financial Audit Services



T (949) 221-4000
F (949) 221-4001

2040 Main Street
Suite 900
Irvine, CA 92614

January 13, 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, 2022, 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, 2022.
- 2) Assist you with your implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases (“Statement 87”):
 - Read through a selection of lease contracts chosen by management that are representative of the customary terms and conditions underlying the Commission's leases,
 - Assist you with your analysis of the selected lease contracts under Statement 87,
 - Assist you in developing the required disclosures, related to adoption of Statement 87, for financial statement reporting purposes.

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 Ken Melban 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 January 2023 and complete fieldwork in February 2023. 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 \$36,000 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, 2022.

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 2023. 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

Ken Melban
California Avocado Commission
January 13, 2023
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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,

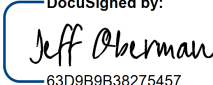


Matt Parsons, Partner for
Moss Adams LLP

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:

DocuSigned by:

Signature: _____
63D9B9B38275457
Print Name: Jeff Oberman
Title: President
Date: January 17, 2023 | 8:44 AM PST

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 representations made 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 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.



COMMITTEE INFORMATION

ITEM 4.c: PUBLIC MEMBER SELECTION PROCESS

SUMMARY:

In November, following CAC's submission of public member recommendations to the California Department of Food and Agriculture, the CDFA provided the following response:

"The California Department of Food and Agriculture (Department) is returning the nominees recommended by the Commission at their board meeting held on October 20, 2022. Sections 67051, (67052.5.(a)) of the Commission's Law state there shall be one public member (alternate public member) who shall be appointed by the secretary from nominees recommended by the commission.

The Department has received concerns about whether the nominees would suitably represent the public, and be fully independent participants in board decisions. Also, serious claims of bias were raised at the recent board meeting. The Department is cautious to act without further examination into the concerns and claims that have been raised.

We also consider that this process did not allow adequate time for the board's evaluation and decision. We suggest the board review the methods the staff uses in recruitment, candidate presentation and documentation requirements, and when to request actions from the board.

Therefore, we urge the Commission to reevaluate their process, and present recommendations to us at a future date."

In response to CDFA's feedback, CAC management notified the Board that staff would work on developing an improved process to address CDFA's concerns and would report back to the board. The attached "Public Member Selection Process" has been developed by management with guidance from Kahn, Soares and Conway, CAC's legal counsel. It is being presented to the Executive Committee for review and further edits, as necessary, prior to submission to the Board for approval.

FISCAL ANALYSIS:

- Not applicable

COMMITTEE OPTIONS:

- Approve the selection process as presented
- Amend the selection process
- Take no action

STAFF RECOMMENDATION:

- Staff recommends the Executive Committee discuss the public member selection process as presented and finalize any edits necessary so that the process can be submitted to the Board for approval in February

EXHIBITS / ATTACHMENTS:

- Draft Public Member Selection Process



PUBLIC MEMBER SELECTION PROCESS

Commission law provides that the Commission Board of Directors shall recommend to the Secretary of Food and Agriculture the appointment of a public member and alternate public member to serve on the Board in accordance with Commission law.

The process to be utilized by the Commission for such action is as follows.

1. Solicit applications (with resumes) which demonstrate expertise in food safety, public health, nutrition, or public education. Preference for California residents.
2. The Executive Committee shall review the information provided by applicants and may interview applicants and/or require additional information to ensure that applicants are in compliance with Commission law and to evaluate each applicant's qualifications for the public member positions.
3. When the Executive Committee determines that one or more applicants are qualified, it shall recommend to the Board of Directors consideration of such applicants for available public member positions.
4. The Board of Directors shall interview each applicant recommended by the Executive Committee.
5. Upon completion of the process, the Board of Directors may schedule a meeting to consider recommending to the Secretary of Food and Agriculture the appointment of specific applicants to one or both public member positions.