

**CALIFORNIA AVOCADO COMMISSION
FINANCE COMMITTEE MINUTES
June 7, 2023**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Wednesday, June 7, 2023 at 2:00 p.m. with the following people present:

MEMBERS PRESENT

Jason Cole, Chairman
Will Carleton
Maureen Cottingham
Andrew Precht
Kellen Newhouse
Rob Grether, Ex-officio

MEMBERS ABSENT

None

STAFF PRESENT

April Aymami
Ken Melban
Jeff Oberman
Terry Splane

GUESTS PRESENT

Laura Bertagnolli, Signature Analytics
Katie Cook, USDA
Rachael Laenen
Jamie Shafer
Corrine Wood, Moss Adams
Duane Urquhart

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Jason Cole, Finance Committee chairman, called the meeting to order at 2:01 p.m. with a quorum present.

Introductions – Item 1.b.

April Aymami, CAC industry affairs director, announced the US Department of Agriculture (USDA) representatives, CAC staff, presenting agencies 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

Duane Urquhart, grower and former CAC board member, addressed the committee requesting that CAC look at a paradigm shift away from advertising and marketing to advocacy toward balancing avocado supply and demand in the U.S. He stated that CAC would not be able to market their way out of the impending global supply on the horizon and in the very near future would need to discuss reallocation of funds toward legislative efforts to curb imports of foreign fruit.

ITEM # 3 CONSIDER APPROVAL OF MINUTES OF OCTOBER 19, 2022 FINANCE COMMITTEE MEETING

The Committee reviewed the minutes from the October 19, 2022 meeting and the following motion was offered:

MOTION:

The Finance Committee approves the October 19, 2022 Finance Committee Meeting Minutes as presented.

(Carleton/Precht) MSC Unanimous

MOTION 23-6-7-1

The October 19, 2022 Meeting Minutes are included in the June 2023 Finance Committee Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.

ITEM # 4 DISCUSSION AND POSSIBLE ACTION ITEMS

Consider Acceptance of 2021-22 Audited Financial Statements – Item 4.a.

Mr. Cole stated that the audited financial reports and supplemental documentation prepared by Moss Adams were included in the meeting packet and introduced Corrine Wood to present the results of the 2021-22 annual audit.

Ms. Wood presented an overview of the annual audit process and procedures, as well as a summary of the findings included in the report. She went into specific detail regarding the changes to the financial reports for the current year, noting that CAC had adopted and implemented GASB 87, which resulted in an entry to record lease assets and corresponding lease liabilities at October 31, 2022 and 2021 and a restatement to the 2021 financial statements for a cumulative effect of approximately \$6,000. She noted that Moss Adams did not find any material weaknesses or significant deficiencies and had issued an unmodified opinion as a result of their audit of the 2021-22 CAC financials.

One question was raised about language on page 24 regarding CAC's retirement program and the president's ability to make discretionary contributions. CAC management stated they would review the policy documents and ensure the language included in this section was aligned with the official profit sharing plan documents.

MOTION:

Move to accept the 2021-22 Audited Financial Statements as presented, with updates to page 24 profit sharing language to ensure alignment with plan documents.

(Carleton/Cottingham) MSC Unanimous

MOTION 23-6-7-2

The 2021-22 Audited CAC Financial Statements are included in the June 2023 Finance Committee Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.a.

The Moss Adams Audit Results Presentation is attached to the permanent copy of these Minutes as identified as Exhibit B.

Introduction of Signature Analytics – Item 4.b.

Ken Melban, CAC vice president of industry affairs and operations, introduced Laura Bertagnolli with Signature Analytics, CAC's outsourced accounting firm. Ms. Bertagnolli presented an overview of Signature Analytics, the team working on CAC's business and who they interact with on the CAC staff, a review of the first four months working with CAC and goals/tasks identified for the future. She also provided examples of the technology Signature Analytics utilized for project management, financial reporting and process documentation.

There was discussion regarding CAC's current accounting systems and potential move to more streamlined technology to improve efficiencies. The reporting relationship between CAC management and Signature Analytics also was discussed further.

The Signature Analytics Presentation is attached to the permanent copy of these Minutes as identified as Exhibit C.

2022-23 Financial Updates – Item 4.c.

Ms. Aymami provided an overview of the year-to-date financial statements included in the Committee packet. In light of the late start to harvest and season-to-date pricing coming in lower than budgeted, the Committee reviewed the potential impact to the ending reserve balance. After a review of various scenarios, with even the lowest crop volume of 200 million pounds and \$0.90 average per pound yielding ending reserves near the \$5 million reserve goal, there was consensus from the Committee that no action needed to be taken revise 2022-23 CAC budgeted expenditures.

The 2022-23 Financial Update is included in the June 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.c.

Consider Approval of CAC Line of Credit – Item 4.d.

Mr. Cole referred to the write-up in the packet noting that CAC's existing line of credit was up for renewal and that the Board had directed CAC management to work with the Finance Committee to secure a line of credit in the amount of \$3 million. CAC's current lender, Bank of the West, has indicated that until the 2021-22 financial statements had been approved, they were not able to extend terms for the line of credit renewal, but that most likely CAC's current terms would be extended once again.

The Committee reviewed the terms of CAC's existing line of credit and asked management to work with Signature Analytics to review current credit line market norms and deferred further discussion and approval until the June 8, 2023 Board meeting.

The CAC Line of Credit Write-Up is included in the June 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.d.

Cash Disbursement Audit – Item 4.e.

Ms. Aymami reviewed the cash disbursements for the months of October 2022 through April 2023 and CAC staff addressed questions from the committee.

The Cash Disbursement Audit, October 2022 through April 2023 is included in the June 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.e.

Review of Corporate Insurance – Item 4.f.

The Committee reviewed the schedule of corporate liability insurance policies as included in the Finance Committee Packet. Mr. Melban explained that CAC utilizes a third-party broker who takes each policy to market annually to identify the best carrier and rate. He noted that some of the current renewal premiums were slightly higher than the previous year, but lower than the approved budget.

There was a question regarding CAC's Directors and Officers policy and if the policy covered director versus director claims. Direction was given to management to research this question and defer approval until the June 8, 2023 Board meeting.

The Schedule of Corporate Insurance is included in the June 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.f.

ADJOURN

Mr. Cole adjourned the meeting at 3:38 p.m.

Respectfully submitted,

April Aymami, Industry Affairs Director

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

EXHIBIT A	June 2023 Finance Committee Packet
EXHIBIT B	Moss Adams Audit Results Presentation
EXHIBIT C	Signature Analytics Presentation
EXHIBIT D	June 7, 2023 Finance 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>Finance Committee Meeting</i>	Meeting Location: <i>Hybrid Meeting In-person (Irvine) Online (Zoom)</i>	Meeting Date: <i>June 7, 2023</i>
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<i>Attendees Who Voted</i>	<u>MOTION</u> <u>23-6-7-1</u>	<u>MOTION</u> <u>23-6-7-2</u>
Jason Cole	Yea	Yea
Will Carleton	Yea	Yea
Maureen Cottingham	Yea	Yea
Andrew Prectl	Yea	Yea
Kellen Newhouse	Yea	Yea
<i>Outcome</i>	Unanimous	Unanimous