



# AGENDA

## California Avocado Commission Finance Committee Meeting

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### Meeting Information

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**Date:** October 4, 2023

**Time:** 10:30 a.m.

**Location:** Hybrid Meeting

**Physical Meeting Location:**  
United Water Conservation District  
1701 Lombard St  
Oxnard, CA 93030

**Web/Teleconference URL:**

<https://californiaavocado.zoom.us/j/85108105437?pwd=d1BlT2JCNmZpTGROOUl0TVo4OU9VQT09>

**Conference Call Number:** (669) 900-6833

**Meeting ID:** 851 0810 5437

**Passcode:** 583590

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

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### Committee Member Attendance

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As of Friday, September 29, 2023, the following individuals have advised the Commission that they will participate in this meeting either in person or via Zoom:

- Jason Cole, *Finance Committee Chairman*
- Maureen Cottingham
- Kellen Newhouse
- Andrew Prechtl
- Rob Grether, *CAC Chairman/Finance Committee Ex-Officio*

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Time	Item
10:30 a.m.	1. Call to Order <ul style="list-style-type: none"><li>a. Roll Call/Quorum</li><li>b. Introductions</li></ul>

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Time	Item
	<p><b>2. Opportunity for Public Comment</b> Any person may address the Board at this time on any subject within the jurisdiction of the California Avocado Commission.</p> <p><b>3. Consider approval of Minutes of August 9, 2023 Finance Committee Meeting</b></p> <p><b>4. Discussion and Possible Action Items</b></p> <ul style="list-style-type: none"> <li>a. 2022-23 Financial Updates</li> <li>b. Cash Disbursement Audit</li> <li>c. Auditor's Letters of Engagement for 2022-23 financial audit</li> <li>d. 2022-23 Profit Sharing Plan Contributions</li> <li>e. Internal Control Policies and Procedures</li> <li>f. 2023-24 Cash Flow Projections</li> <li>g. Review of Reserves Policy</li> <li>h. 2023-24 Budget and Assessment Rate</li> </ul>
12:00 p.m.	<b>5. Adjourn Meeting</b>

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## Disclosures

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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](mailto: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 [aaymami@avocado.org](mailto:aaymami@avocado.org) or 949-341-1955.

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## Summary Definition of Conflict of Interest

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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:**      CONSIDER APPROVAL OF MINUTES OF AUGUST 9, 2023 FINANCE  
COMMITTEE MEETING

**SUMMARY:**

The minutes of the Finance Committee meeting of August 9, 2023 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 Finance Committee meeting of August 9, 2023

**CALIFORNIA AVOCADO COMMISSION  
FINANCE COMMITTEE MINUTES  
August 9, 2023**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Wednesday, August 9, 2023 at 11:00 a.m. with the following people present:

**MEMBERS PRESENT**

Jason Cole, Chairman  
Will Carleton  
Andrew Prechtl  
Kellen Newhouse  
*Rob Grether, Ex-officio*

**MEMBERS ABSENT**

Maureen Cottingham

**STAFF PRESENT**

April Aymami  
Ken Melban  
Jeff Oberman

**GUESTS PRESENT**

John Berns  
Laura Bertagnolli, Signature Analytics  
Vickie Carpenter, USDA  
Jessica Hunter  
Rachael Laenen

**ITEM #1 CALL TO ORDER**

**Roll Call/Quorum – Item 1.a.**

Jason Cole, Finance Committee chairman, called the meeting to order at 11:03 a.m. with a quorum present.

**Introductions – Item 1.b.**

April Aymami, CAC industry affairs director, announced the US Department of Agriculture (USDA) representative, 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**

There was no public comment.

**ITEM # 3 CONSIDER APPROVAL OF MINUTES OF JUNE 7, 2023 FINANCE COMMITTEE MEETING**

The Committee reviewed the minutes from the June 7, 2023 meeting and the following motion was offered:

**MOTION:**

***The Finance Committee approves the June 7, 2023 Finance Committee Meeting Minutes as presented.***

***(Carleton/Prechtl) MSC Unanimous***

**MOTION 23-8-9-1**

The June 7, 2023 Meeting Minutes are included in the August 2023 Finance Committee Packet and are attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.

**ITEM # 4 DISCUSSION AND POSSIBLE ACTION ITEMS**

**2022-23 Financial Updates – Item 4.a.**

Ms. Aymami introduced Laura Bertagnolli with Signature Analytics, CAC's outsourced accounting firm, to provide an overview of the financials included in the packet. Ms. Bertagnolli encouraged Committee members to provide input on the various key performance indicators and structure of the financial reports.

There was a recommendation for the financials to more clearly show the period being reported (month and year) on each page of the financials, and that the Executive Summary should be signed by the President. A question was raised about the year-to-date crop volume harvested and if data was available regarding size distribution, to which Ms. Aymami noted that information would be included as part of the August Dashboard, scheduled to be distributed at the August Board meeting.

The 2022-23 Financial Updates are included in the August 2023 Finance Committee Packet and is attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 4.a.

Cash Disbursements Audit – Item 4.b.

Ms. Aymami reviewed the cash disbursements for the months of May through June 2023 and addressed questions from the committee.

The Cash Disbursement Audit, May through June 2023 is included in the August 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.b.

Review of Contracts Over \$25,000 – Item 4.c.

The Committee reviewed the list of contracts over \$25,000 and management addressed questions regarding specific agencies and the services they provide to CAC. There was discussion regarding the number of different marketing agencies that the Commission contracts with, and that a consolidation of agencies and bringing in work in-house could be more effective.

The Listing of CAC Contracts over \$25,000 is included in the August 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.c.

2023-24 Assessment Rate Discussion and Evaluation – Item 4.d.

The Committee asked for management's recommendation on the 2023-24 assessment rate and budget, to which Jeff Oberman, CAC president, stated that there was no proposed increase to the marketing budget and the assumption was a similar budget 2022-23. Regarding the assessment rate, the Committee commented that it was purposely lowered in the current year to draw down reserves, but that it was made clear when approved last season it was not permanent and may need to be increased in future years.

The Committee reviewed CAC's current financial position and projected ending reserves balance, which was estimated to be near \$6.7 million. They then reviewed a two-year look at the budget with the assumptions of the same assessment rate and budget for the 2023-24 fiscal year, using a crop size of 225 million pounds, which resulted in a 2023-24 ending reserve balance under \$2 million dollars.

With CAC's reserve policy requiring at least a \$5 million ending balance, Committee discussion ensued regarding the crop size, value, assessment rate and budget allocations. There was consensus to use the 225-million-pound crop size at this early timing, and while there was consideration that the value could be higher, agreement to use \$1.15 per pound for crop value. The Committee discussed the budget, specifically salary and operating expenses, which management explained the current cost of living adjustment was tracking at three percent. There also were suggestions that management look at CAC's reorganization with both staff and agency personnel to maximize efficiency and effectiveness of the available budget.

The Committee spent considerable time reviewing various budget scenarios, including increases to the assessment rate. Ken Melban, CAC vice president of industry affairs and operations, expressed concern that any increase to the assessment would be met with resistance from the grower community and the CAC management's recommendation would be to not increase the assessment rate beyond the prior year's rate of 1.75%. At the conclusion of discussion, the Committee directed management to develop a budget based on a 225-million-

pound crop, \$1.15 per pound, assessment rate of 2.00% and that ending reserves conform to existing policy of no less than \$5 million. Management was directed to make the necessary adjustments in programs and spending to develop a proposed 2023-24 budget for the Board's consideration at their August Board meeting.

### **ADJOURN**

Mr. Cole adjourned the meeting at 12:46 p.m.

Respectfully submitted,

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April Aymami, Industry Affairs Director

### **EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES**

EXHIBIT A August 2023 Finance Committee Packet

EXHIBIT B August 9, 2023 Finance Committee Meeting AB 2720 Roll Call Vote Tally Summary



**EXHIBIT B**

## **CALIFORNIA AVOCADO COMMISSION**

### **AB 2720 Roll Call Vote Tally Summary**

*To be attached to the Meeting Minutes*

<b>Meeting Name:</b> <i>Finance Committee Meeting</i>	<b>Meeting Location:</b> <i>Hybrid Meeting In-person (Oxnard) Online (Zoom)</i>	<b>Meeting Date:</b> <i>August 9, 2023</i>
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<b><i>Attendees Who Voted</i></b>	<b><i><u>MOTION</u></i></b> <b><i><u>23-8-9-1</u></i></b>
Jason Cole	Yea
Will Carleton	Yea
Andrew PrechtI	Yea
Kellen Newhouse	Yea
<b><i>Outcome</i></b>	<b>Unanimous</b>



## COMMITTEE INFORMATION

### ITEM 4.a: 2022-23 FINANCIAL 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

#### COMMITTEE 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

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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 (%)
<b>Revenue</b>				
<b>Assessment Revenues</b>				
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%
<b>Total Assessment Revenues</b>	<b>\$7,220,711</b>	<b>\$9,536,209</b>	<b>(\$2,315,498)</b>	<b>-24.28%</b>
<b>Other Revenue</b>				
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%
<b>Total Other Revenue</b>	<b>\$247,839</b>	<b>\$250,580</b>	<b>(\$2,741)</b>	<b>-1.09%</b>
<b>Total Revenue</b>	<b>\$7,468,550</b>	<b>\$9,786,789</b>	<b>(\$2,318,239)</b>	<b>-23.69%</b>
<b>Expenses</b>				
<b>Marketing Expenses</b>				
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%
<b>Total Marketing Expenses</b>	<b>\$7,197,369</b>	<b>\$7,448,988</b>	<b>(\$251,619)</b>	<b>-3.38%</b>
<b>Non-Marketing Expenses</b>				
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%
<b>Total Non-Marketing Expenses</b>	<b>\$3,491,173</b>	<b>\$3,673,760</b>	<b>(\$182,587)</b>	<b>-4.97%</b>
<b>Total Expenses</b>	<b>\$10,688,542</b>	<b>\$11,122,748</b>	<b>(\$434,206)</b>	<b>-3.90%</b>
<b>Operating Profit</b>	<b>(\$3,219,992)</b>	<b>(\$1,335,959)</b>	<b>(\$1,884,033)</b>	<b>-141.02%</b>
<b>Net Income</b>	<b>(\$3,219,992)</b>	<b>(\$1,335,959)</b>	<b>(\$1,884,033)</b>	<b>-141.02%</b>

# 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 (%)
<b>Revenue</b>				
<b>Assessment Revenues</b>				
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%
<b>Total Assessment Revenues</b>	<b>\$7,220,711</b>	<b>\$9,876,563</b>	<b>(\$2,655,852)</b>	<b>-26.89%</b>
<b>Other Revenue</b>				
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%
<b>Total Other Revenue</b>	<b>\$247,839</b>	<b>\$680,750</b>	<b>(\$432,911)</b>	<b>-63.59%</b>
<b>Total Revenue</b>	<b>\$7,468,550</b>	<b>\$10,557,313</b>	<b>(\$3,088,763)</b>	<b>-29.26%</b>
<b>Expenses</b>				
<b>Marketing Expenses</b>				
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%
<b>Total Marketing Expenses</b>	<b>\$7,197,369</b>	<b>\$8,780,000</b>	<b>(\$1,582,631)</b>	<b>-18.03%</b>
<b>Non-Marketing Expenses</b>				
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%
<b>Total Non-Marketing Expenses</b>	<b>\$3,491,173</b>	<b>\$5,273,220</b>	<b>(\$1,782,047)</b>	<b>-33.79%</b>
<b>Total Expenses</b>	<b>\$10,688,542</b>	<b>\$14,053,220</b>	<b>(\$3,364,678)</b>	<b>-23.94%</b>
<b>Operating Profit</b>	<b>(\$3,219,992)</b>	<b>(\$3,495,907)</b>	<b>\$275,915</b>	<b>7.89%</b>
<b>Net Income</b>	<b>(\$3,219,992)</b>	<b>(\$3,495,907)</b>	<b>\$275,915</b>	<b>7.89%</b>

# Statement of Net Position (with Comparison to Prior Year)

	Aug 2023	%	Aug 2022	%	Variance (\$)	Variance (%)
<b>ASSETS</b>						
<b>Cash &amp; Equivalents</b>						
<b>CAC Cash and Short Term Investments</b>						
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%
<b>Total CAC Cash and Short Term Investments</b>	<b>\$7,370,190</b>	<b>68.4%</b>	<b>\$12,077,462</b>	<b>83.1%</b>	<b>(\$4,707,272)</b>	<b>-38.98%</b>
<b>Cash in Bank, LAIF &amp; Money Market (held for...</b>						
(Held for AIP)	\$841,738	7.8%	\$938,139	6.5%	(\$96,401)	-10.28%
<b>Total Cash &amp; Equivalents</b>	<b>\$8,211,928</b>	<b>76.2%</b>	<b>\$13,015,600</b>	<b>89.6%</b>	<b>(\$4,803,673)</b>	<b>-36.91%</b>
<b>Other Current Assets</b>						
<b>Other Current Assets</b>						
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%
<b>Total Other Current Assets</b>	<b>\$2,135,865</b>	<b>19.8%</b>	<b>\$1,468,446</b>	<b>10.1%</b>	<b>\$667,419</b>	<b>45.45%</b>
<b>Total Other Current Assets</b>	<b>\$2,135,865</b>	<b>19.8%</b>	<b>\$1,468,446</b>	<b>10.1%</b>	<b>\$667,419</b>	<b>45.45%</b>
<b>Total Current Assets</b>	<b>\$10,347,793</b>	<b>96.1%</b>	<b>\$14,484,046</b>	<b>99.7%</b>	<b>(\$4,136,253)</b>	<b>-28.56%</b>
<b>Fixed Assets</b>						
<b>Furniture</b>						
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%
<b>Total Furniture</b>	<b>\$2,696</b>	<b>0.0%</b>	<b>\$35,045</b>	<b>0.2%</b>	<b>(\$32,348)</b>	<b>-92.31%</b>
<b>Land Improvements</b>						
Land Improvements	\$0	0.0%	\$11,758	0.1%	(\$11,758)	-100.00%
<b>Total Fixed Assets</b>	<b>\$2,696</b>	<b>0.0%</b>	<b>\$46,803</b>	<b>0.3%</b>	<b>(\$44,107)</b>	<b>-94.24%</b>
<b>Investments or Other Non-Current Assets</b>						
<b>Leased Assets</b>						
Operating Leases - Net	\$401,258	3.7%	\$0	0.0%	\$401,258	-
Capital Leases - Net	\$20,968	0.2%	\$0	0.0%	\$20,968	-
<b>Total Leased Assets</b>	<b>\$422,226</b>	<b>3.9%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$422,226</b>	<b>-</b>
<b>Total Investments or Other Non-Current Assets</b>	<b>\$422,226</b>	<b>3.9%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$422,226</b>	<b>-</b>
<b>Total Non-Current Assets</b>	<b>\$424,922</b>	<b>3.9%</b>	<b>\$46,803</b>	<b>0.3%</b>	<b>\$378,120</b>	<b>807.90%</b>
<b>Total Assets</b>	<b>\$10,772,715</b>	<b>100.0%</b>	<b>\$14,530,849</b>	<b>100.0%</b>	<b>(\$3,758,134)</b>	<b>-25.86%</b>
<b>LIABILITIES</b>						
<b>Accounts Payable</b>						
<b>Accounts Payable &amp; Accrued Expenses</b>						
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%
<b>Total Accounts Payable &amp; Accrued Expenses</b>	<b>\$984,353</b>	<b>9.1%</b>	<b>\$352,281</b>	<b>2.4%</b>	<b>\$632,072</b>	<b>179.42%</b>
<b>Total Accounts Payable</b>	<b>\$984,353</b>	<b>9.1%</b>	<b>\$352,281</b>	<b>2.4%</b>	<b>\$632,072</b>	<b>179.42%</b>
<b>Other Current Liabilities</b>						
<b>Due to AIP</b>						
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%
<b>Total Due to AIP</b>	<b>\$841,738</b>	<b>7.8%</b>	<b>\$956,139</b>	<b>6.6%</b>	<b>(\$114,401)</b>	<b>-11.96%</b>
<b>Other Payable (Vacation/Payroll/Sec. 125)</b>						
Vacation Payable - Short Term	\$117,193	1.1%	\$234,693	1.6%	(\$117,500)	-50.07%
<b>Leases</b>						
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%
<b>EQUITY</b>						
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
<b>1st QTR</b>	<b>145,000</b>	<b>344</b>	<b>0</b>	<b>208,574</b>	<b>353,918</b>	<b>\$140,181</b>	<b>\$1,443</b>	<b>0</b>	<b>\$78,316</b>	<b>\$219,940</b>	<b>\$0.621</b>
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
<b>2nd QTR</b>	<b>38,594,178</b>	<b>0</b>	<b>1,653,843</b>	<b>122,964</b>	<b>40,370,985</b>	<b>\$37,011,038</b>	<b>0</b>	<b>\$1,345,254</b>	<b>\$90,231</b>	<b>\$38,446,523</b>	<b>\$0.952</b>
<b>1st Half</b>	<b>38,739,178</b>	<b>344</b>	<b>1,653,843</b>	<b>331,538</b>	<b>40,724,903</b>	<b>\$37,151,219</b>	<b>\$1,443</b>	<b>\$1,345,254</b>	<b>\$168,547</b>	<b>\$38,666,463</b>	<b>\$0.949</b>
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
<b>3rd QTR</b>	<b>150,858,533</b>	<b>5,996,164</b>	<b>3,521,222</b>	<b>274,429</b>	<b>160,650,348</b>	<b>\$147,706,827</b>	<b>\$6,459,542</b>	<b>\$2,816,179</b>	<b>\$269,597</b>	<b>\$157,252,145</b>	<b>\$0.979</b>
<b>2nd Half</b>	<b>150,858,533</b>	<b>5,996,164</b>	<b>3,521,222</b>	<b>274,429</b>	<b>160,650,348</b>	<b>\$147,706,827</b>	<b>\$6,459,542</b>	<b>\$2,816,179</b>	<b>\$269,597</b>	<b>\$157,252,145</b>	<b>\$0.979</b>
<b>Total</b>	<b>189,597,711</b>	<b>5,996,508</b>	<b>5,175,065</b>	<b>605,967</b>	<b>201,375,251</b>	<b>\$184,858,046</b>	<b>\$6,460,985</b>	<b>\$4,161,433</b>	<b>\$438,144</b>	<b>\$195,918,608</b>	<b>\$0.973</b>
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	





*FINANCE COMMITTEE MEETING, October 4, 2023*

## *COMMITTEE INFORMATION*

ITEM 4.b: CASH DISBURSEMENT AUDIT, JULY THROUGH AUGUST 2023

**Check History Report**  
**Sorted By Vendor Number**  
**Activity From: 7/1/2023 to 8/31/2023**

**California Avocado Commission (CAC)**

Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
<b>Vendor Number: AGFO1 Ag. Food. Consulting AFC</b>					
C	Bank of the West	E000006946	7/13/2023	5,400.00	
C	Bank of the West	E000006980	8/10/2023	5,400.00	
		<b>Vendor AGFO1 Total:</b>		10,800.00	
<b>Vendor Number: ALBE1 Albertsons Companies</b>					
C	Bank of the West	0000031752	8/31/2023	20,000.00	Auto
C	Bank of the West	E000006915	7/13/2023	1,500.00	
		<b>Vendor ALBE1 Total:</b>		21,500.00	
<b>Vendor Number: ALCO1 Albertsons Companies</b>					
C	Bank of the West	0000031753	8/31/2023	15,000.00	Auto
		<b>Vendor ALCO1 Total:</b>		15,000.00	
<b>Vendor Number: ALCO2 Albertsons Companies, Inc.</b>					
C	Bank of the West	0000031754	8/31/2023	39,065.00	Auto
		<b>Vendor ALCO2 Total:</b>		39,065.00	
<b>Vendor Number: ALER1 Alert 360</b>					
C	Bank of the West	0000031755	8/31/2023	8.76	Auto
		<b>Vendor ALER1 Total:</b>		8.76	
<b>Vendor Number: AMCL1 Amber Clue</b>					
C	Bank of the West	E000006916	7/13/2023	62.50	
C	Bank of the West	E000007004	8/18/2023	37.00	
		<b>Vendor AMCL1 Total:</b>		99.50	
<b>Vendor Number: AMCO1 AMAZON</b>					
C	Bank of the West	0000031756	8/31/2023	267.96	Auto
		<b>Vendor AMCO1 Total:</b>		267.96	
<b>Vendor Number: AMEX1 American Express</b>					
C	Bank of the West	E000006947	7/13/2023	6,445.42	
C	Bank of the West	E000007004	8/11/2023	42,206.85	
		<b>Vendor AMEX1 Total:</b>		48,652.27	
<b>Vendor Number: ANSA1 Anderson Food Sales/Marketing</b>					
C	Bank of the West	E000006917	7/13/2023	7,500.00	
C	Bank of the West	E000007005	8/18/2023	7,700.00	
		<b>Vendor ANSA1 Total:</b>		15,200.00	
<b>Vendor Number: ARRO1 Ready Refresh by Nestle</b>					
C	Bank of the West	E000006918	7/13/2023	151.51	
		<b>Vendor ARRO1 Total:</b>		151.51	
<b>Vendor Number: AVMA1 Avocado Marketing Services Inc</b>					
C	Bank of the West	E000006981	8/10/2023	40.00	
C	Bank of the West	E000007006	8/18/2023	225.00	
		<b>Vendor AVMA1 Total:</b>		265.00	
<b>Vendor Number: AYMAA1 April Aymami</b>					
C	Bank of the West	E000006919	7/13/2023	25.00	
C	Bank of the West	E000006949	7/20/2023	91.00	
C	Bank of the West	E000007027	8/23/2023	4,361.47	
		<b>Vendor AYMAA1 Total:</b>		4,477.47	
<b>Vendor Number: BARO1 Ballard, Rosenberg, Golper, Sav</b>					
C	Bank of the West	E000006982	8/10/2023	1,674.00	
C	Bank of the West	E000007044	8/31/2023	648.00	
		<b>Vendor BARO1 Total:</b>		2,322.00	
<b>Vendor Number: BAWE1 Bank of the West</b>					
C	Bank of the West	NC1483	7/20/2023	675.45	Manual
C	Bank of the West	NC1495	8/21/2023	549.32	Manual
		<b>Vendor BAWE1 Total:</b>		1,224.77	

**Check History Report**  
**Sorted By Vendor Number**  
**Activity From: 7/1/2023 to 8/31/2023**

**California Avocado Commission (CAC)**

Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
<b>Vendor Number: BECKC1 CL Marketing LLC</b>					
C	Bank of the West	E000006920	7/13/2023	12,500.00	
C	Bank of the West	E000007007	8/18/2023	12,500.00	
		<b>Vendor BECKC1 Total:</b>		25,000.00	
<b>Vendor Number: BEMA1 Beneficial Maintenance Service</b>					
C	Bank of the West	E000006921	7/13/2023	37.50	
C	Bank of the West	E000006950	7/20/2023	90.00	
C	Bank of the West	E000006958	7/27/2023	446.00	
C	Bank of the West	E000007028	8/23/2023	446.00	
		<b>Vendor BEMA1 Total:</b>		1,019.50	
<b>Vendor Number: BENEZ1 Zachary Benedict</b>					
C	Bank of the West	E000006922	7/13/2023	25.00	
		<b>Vendor BENEZ1 Total:</b>		25.00	
<b>Vendor Number: BROOJ1 John S. Broome</b>					
C	Bank of the West	0000031746	7/18/2023	2,500.00	Auto
		<b>Vendor BROOJ1 Total:</b>		2,500.00	
<b>Vendor Number: BRPR1 Breakaway Press, Inc.</b>					
C	Bank of the West	E000006951	7/20/2023	1,238.00	
		<b>Vendor BRPR1 Total:</b>		1,238.00	
<b>Vendor Number: BUCA1 Buy California Mktng Agreeemnt</b>					
C	Bank of the West	E000007008	8/18/2023	12,500.00	
		<b>Vendor BUCA1 Total:</b>		12,500.00	
<b>Vendor Number: BUEN1 Buckhorn Enterprises, LLC</b>					
C	Bank of the West	E000007009	8/18/2023	1,150.00	
		<b>Vendor BUEN1 Total:</b>		1,150.00	
<b>Vendor Number: CAAV3 California Avocado Society</b>					
C	Bank of the West	0000031757	8/31/2023	2,000.00	Auto
		<b>Vendor CAAV3 Total:</b>		2,000.00	
<b>Vendor Number: CAGR2 Calavo Growers, Inc.</b>					
C	Bank of the West	E000007010	8/18/2023	1,187.50	
		<b>Vendor CAGR2 Total:</b>		1,187.50	
<b>Vendor Number: CAPO1 Cal Poly Pomona Foundation</b>					
C	Bank of the West	E000006977	7/28/2023	2,076.00	
C	Bank of the West	E000007045	8/31/2023	2,076.00	
		<b>Vendor CAPO1 Total:</b>		4,152.00	
<b>Vendor Number: CBE1 Cell Business Equipment</b>					
C	Bank of the West	E000006983	8/10/2023	952.74	
C	Bank of the West	E000007046	8/31/2023	543.19	
		<b>Vendor CBE1 Total:</b>		1,495.93	
<b>Vendor Number: CBEO1 CBE Office Solutions</b>					
C	Bank of the West	E000006923	7/13/2023	44.23	
C	Bank of the West	E000006959	7/27/2023	13.27	
C	Bank of the West	E000006984	8/10/2023	14.09	
C	Bank of the West	E000007047	8/31/2023	1.92	
		<b>Vendor CBEO1 Total:</b>		73.51	
<b>Vendor Number: CHPU1 Champ Publishing</b>					
C	Bank of the West	E000006985	8/10/2023	10,260.00	
		<b>Vendor CHPU1 Total:</b>		10,260.00	
<b>Vendor Number: CICA1 Citi Cards</b>					
C	Bank of the West	NC1501	8/31/2023	92.15	Manual
		<b>Vendor CICA1 Total:</b>		92.15	
<b>Vendor Number: COLEJ1 Jason Cole</b>					

**Check History Report**  
**Sorted By Vendor Number**  
**Activity From: 7/1/2023 to 8/31/2023**

**California Avocado Commission (CAC)**

Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
C	Bank of the West	E000006924	7/13/2023	571.91	
<b>Vendor COLEJ1 Total:</b>				571.91	
<b>Vendor Number:</b> COTTM Maureen Cottingham					
C	Bank of the West	E000007048	8/31/2023	210.39	
<b>Vendor COTTM Total:</b>				210.39	
<b>Vendor Number:</b> COXC1 Cox Business					
C	Bank of the West	NC1485	7/20/2023	688.43	Manual
C	Bank of the West	NC1497	8/21/2023	690.00	Manual
<b>Vendor COXC1 Total:</b>				1,378.43	
<b>Vendor Number:</b> CRUZD1 David Cruz					
C	Bank of the West	E000006925	7/13/2023	25.00	
C	Bank of the West	E000006952	7/20/2023	476.99	
C	Bank of the West	E000006960	7/27/2023	460.51	
C	Bank of the West	E000007049	8/31/2023	2,285.88	
<b>Vendor CRUZD1 Total:</b>				3,248.38	
<b>Vendor Number:</b> DELL1 Dell Marketing LP					
C	Bank of the West	E000007050	8/31/2023	29.62	
<b>Vendor DELL1 Total:</b>				29.62	
<b>Vendor Number:</b> DEOF3 CDFA Cashier					
C	Bank of the West	0000031758	8/31/2023	6,507.77	Auto
<b>Vendor DEOF3 Total:</b>				6,507.77	
<b>Vendor Number:</b> DERE1 Del Rey Avocado					
C	Bank of the West	0000031759	8/31/2023	52.30	Auto
<b>Vendor DERE1 Total:</b>				52.30	
<b>Vendor Number:</b> DETA1 Del Taco					
C	Bank of the West	0000031760	8/31/2023	20,500.00	Auto
<b>Vendor DETA1 Total:</b>				20,500.00	
<b>Vendor Number:</b> DOMC1 Douglas-McCarty Insurance					
C	Bank of the West	E000006986	8/10/2023	8,306.96	
<b>Vendor DOMC1 Total:</b>				8,306.96	
<b>Vendor Number:</b> DRSO1 Dronkers Beverage Solutions, LLC					
C	Bank of the West	E000006961	7/27/2023	6,500.00	
<b>Vendor DRSO1 Total:</b>				6,500.00	
<b>Vendor Number:</b> EDFI1 Edelman Financial Engines, LLC					
C	Bank of the West	E000006987	8/10/2023	4,006.51	
<b>Vendor EDFI1 Total:</b>				4,006.51	
<b>Vendor Number:</b> EDSA1 Edge Sales & Marketing					
C	Bank of the West	E000007051	8/31/2023	3,060.00	
<b>Vendor EDSA1 Total:</b>				3,060.00	
<b>Vendor Number:</b> ENGLJ1 Jill S. England					
C	Bank of the West	E000006926	7/13/2023	180.00	
C	Bank of the West	E000006988	8/10/2023	60.00	
<b>Vendor ENGLJ1 Total:</b>				240.00	
<b>Vendor Number:</b> EXOP1 Exhibit Options					
C	Bank of the West	E000006927	7/13/2023	21,929.83	
<b>Vendor EXOP1 Total:</b>				21,929.83	
<b>Vendor Number:</b> EXSP1 Extra Space Storage					
C	Bank of the West	0000031747	7/18/2023	8,625.80	Auto
<b>Vendor EXSP1 Total:</b>				8,625.80	
<b>Vendor Number:</b> FEEX1 FedEx					
C	Bank of the West	E000007011	8/18/2023	3,793.61	

**Check History Report**  
**Sorted By Vendor Number**  
**Activity From: 7/1/2023 to 8/31/2023**

**California Avocado Commission (CAC)**

Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
C	Bank of the West	E000007029	8/23/2023	587.36	
		<b>Vendor FEEX1 Total:</b>		4,380.97	
<b>Vendor Number: FOW1 Fox Weather, LLC</b>					
C	Bank of the West	E000006962	7/27/2023	110.00	
C	Bank of the West	E000007030	8/23/2023	110.00	
		<b>Vendor FOW1 Total:</b>		220.00	
<b>Vendor Number: FRASA1 Angela Fraser</b>					
C	Bank of the West	E000007012	8/18/2023	2,531.02	
		<b>Vendor FRASA1 Total:</b>		2,531.02	
<b>Vendor Number: FRON1 Frontier Communications Corp.</b>					
C	Bank of the West	NC1481	7/18/2023	279.74	Manual
C	Bank of the West	NC1494	8/16/2023	279.86	Manual
		<b>Vendor FRON1 Total:</b>		559.60	
<b>Vendor Number: GDRG1 The GDR Group, Inc.</b>					
C	Bank of the West	E000006928	7/13/2023	2,601.14	
C	Bank of the West	E000006953	7/20/2023	92.50	
C	Bank of the West	E000006963	7/27/2023	1,047.47	
C	Bank of the West	E000006989	8/10/2023	2,375.84	
C	Bank of the West	E000007031	8/23/2023	946.25	
C	Bank of the West	E000007052	8/31/2023	1,357.94	
		<b>Vendor GDRG1 Total:</b>		8,421.14	
<b>Vendor Number: GING1 GINGERROOT LLC</b>					
C	Bank of the West	E000006964	7/27/2023	1,780.00	
C	Bank of the West	E000007032	8/23/2023	1,560.00	
		<b>Vendor GING1 Total:</b>		3,340.00	
<b>Vendor Number: GLPREV1 Global Produce Events (HK) Co., Limited</b>					
C	Bank of the West	E000007041	8/30/2023	2,500.00	
		<b>Vendor GLPREV1 Total:</b>		2,500.00	
<b>Vendor Number: GODE1 Gourmet Demonstration Services, Inc.</b>					
C	Bank of the West	E000007033	8/23/2023	6,162.96	
		<b>Vendor GODE1 Total:</b>		6,162.96	
<b>Vendor Number: GOHA1 Golin Harris</b>					
C	Bank of the West	E000006954	7/20/2023	3,509.50	
C	Bank of the West	E000006990	8/10/2023	44,918.00	
C	Bank of the West	E000007053	8/31/2023	52,898.38	
		<b>Vendor GOHA1 Total:</b>		101,325.88	
<b>Vendor Number: GRETR1 Robert Grether</b>					
C	Bank of the West	E000007054	8/31/2023	136.44	
		<b>Vendor GRETR1 Total:</b>		136.44	
<b>Vendor Number: HKMA1 Hong Kong Skycity Marriott Hotel</b>					
C	Bank of the West	E000007042	8/30/2023	6,500.00	
		<b>Vendor HKMA1 Total:</b>		6,500.00	
<b>Vendor Number: INPA1 International Paper Company</b>					
C	Bank of the West	E000006929	7/13/2023	94,000.76	
		<b>Vendor INPA1 Total:</b>		94,000.76	
<b>Vendor Number: INRE1 Information Resources, Inc.</b>					
C	Bank of the West	E000007013	8/18/2023	17,007.75	
		<b>Vendor INRE1 Total:</b>		17,007.75	
<b>Vendor Number: INRI1 INR Inc.</b>					
C	Bank of the West	NC1475	7/5/2023	2,598.43	Manual
		<b>Vendor INRI1 Total:</b>		2,598.43	
<b>Vendor Number: INYO1 Inmar -You Tech, LLC</b>					

**Check History Report**  
**Sorted By Vendor Number**  
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**California Avocado Commission (CAC)**

Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
C	Bank of the West	E000007055	8/31/2023	1,612.20	
<b>Vendor INYO1 Total:</b>				1,612.20	
<b>Vendor Number: IRRA1 Irvine Ranch Water District</b>					
C	Bank of the West	NC1486	7/25/2023	46.79	Manual
C	Bank of the West	NC1500	8/24/2023	52.74	Manual
<b>Vendor IRRA1 Total:</b>				99.53	
<b>Vendor Number: JOHNNK1 KNJPR LLC</b>					
C	Bank of the West	E000006965	7/27/2023	10,035.00	
C	Bank of the West	E000007056	8/31/2023	10,035.00	
<b>Vendor JOHNNK1 Total:</b>				20,070.00	
<b>Vendor Number: JOPR1 Joe Produce</b>					
C	Bank of the West	0000031748	7/18/2023	349.00	Auto
<b>Vendor JOPR1 Total:</b>				349.00	
<b>Vendor Number: KASO1 Kahn, Soares &amp; Conway</b>					
C	Bank of the West	E000006930	7/13/2023	13,817.50	
C	Bank of the West	E000006991	8/10/2023	25,155.00	
<b>Vendor KASO1 Total:</b>				38,972.50	
<b>Vendor Number: KIERS1 Stacia Kierulff</b>					
C	Bank of the West	E000006931	7/13/2023	25.00	
C	Bank of the West	E000007034	8/23/2023	95.52	
C	Bank of the West	E000007034	8/23/2023	95.52-	
C	Bank of the West	E000007057	8/31/2023	95.52	
<b>Vendor KIERS1 Total:</b>				120.52	
<b>Vendor Number: KUCO1 Kurata Communications LLC</b>					
C	Bank of the West	E000006932	7/13/2023	50,015.36	
C	Bank of the West	E000007014	8/18/2023	52,095.33	
<b>Vendor KUCO1 Total:</b>				102,110.69	
<b>Vendor Number: LACA1 Laguna Canyon Group, LLC</b>					
C	Bank of the West	E000006978	7/28/2023	12,649.07	
C	Bank of the West	E000007058	8/31/2023	12,649.07	
<b>Vendor LACA1 Total:</b>				25,298.14	
<b>Vendor Number: LAIQ1 Land IQ, LLC</b>					
C	Bank of the West	E000006955	7/20/2023	52,612.50	
<b>Vendor LAIQ1 Total:</b>				52,612.50	
<b>Vendor Number: LUFO1 Lund Food Holdings, Inc</b>					
C	Bank of the West	0000031761	8/31/2023	11,420.00	Auto
<b>Vendor LUFO1 Total:</b>				11,420.00	
<b>Vendor Number: MAEX1 Matrex Exhibits, Inc</b>					
C	Bank of the West	E000007015	8/18/2023	303.75	
<b>Vendor MAEX1 Total:</b>				303.75	
<b>Vendor Number: MAFI1 Quadient Leasing USA</b>					
C	Bank of the West	E000007016	8/18/2023	323.19	
<b>Vendor MAFI1 Total:</b>				323.19	
<b>Vendor Number: MAIN1 Market Insight LLC dba Fusion</b>					
C	Bank of the West	E000006966	7/27/2023	67,677.20	
C	Bank of the West	E000007059	8/31/2023	49,572.07	
<b>Vendor MAIN1 Total:</b>				117,249.27	
<b>Vendor Number: MAIN2 Market Intelligence</b>					
C	Bank of the West	E000006992	8/10/2023	4,790.00	
<b>Vendor MAIN2 Total:</b>				4,790.00	
<b>Vendor Number: MALO1 Martin Lock and Safe Company</b>					
C	Bank of the West	0000031749	7/18/2023	250.07	Auto

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**California Avocado Commission (CAC)**

Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
<b>Vendor MALO1 Total:</b>				250.07	
<b>Vendor Number:</b> MCWI1 McDermott, Will & Emery LLP					
C	Bank of the West	E000006993	8/10/2023	6,950.00	
<b>Vendor MCWI1 Total:</b>				6,950.00	
<b>Vendor Number:</b> MELBK1 Kenneth Melban					
C	Bank of the West	E000006933	7/13/2023	981.74	
C	Bank of the West	E000006956	7/20/2023	1,262.72	
C	Bank of the West	E000006967	7/27/2023	2,886.50	
C	Bank of the West	E000006994	8/10/2023	239.98	
C	Bank of the West	E000007017	8/18/2023	8,324.11	
C	Bank of the West	E000007035	8/23/2023	1,020.45	
<b>Vendor MELBK1 Total:</b>				14,715.50	
<b>Vendor Number:</b> MOHH1 Hooman Mohammadpour					
C	Bank of the West	E000006934	7/13/2023	600.00	
C	Bank of the West	E000006995	8/10/2023	1,125.00	
<b>Vendor MOHH1 Total:</b>				1,725.00	
<b>Vendor Number:</b> MTQL1 MTQ Logistics Inc					
C	Bank of the West	E000006968	7/27/2023	2,273.89	
C	Bank of the West	E000007036	8/23/2023	2,444.50	
<b>Vendor MTQL1 Total:</b>				4,718.39	
<b>Vendor Number:</b> MULL1 MullenLowe U.S.,Inc.					
C	Bank of the West	E000006935	7/13/2023	112,464.20	
C	Bank of the West	E000006957	7/20/2023	659,047.71	
C	Bank of the West	E000007018	8/18/2023	670,524.11	
<b>Vendor MULL1 Total:</b>				1,442,036.02	
<b>Vendor Number:</b> MUPE1 Musick, Peeler & Garrett LLP					
C	Bank of the West	E000007019	8/18/2023	627.00	
C	Bank of the West	E000007037	8/23/2023	165.00	
<b>Vendor MUPE1 Total:</b>				792.00	
<b>Vendor Number:</b> MVNU1 MV Nutrition					
C	Bank of the West	E000007020	8/18/2023	3,892.50	
<b>Vendor MVNU1 Total:</b>				3,892.50	
<b>Vendor Number:</b> NAFI1 Naturally Fit, LLC					
C	Bank of the West	E000006936	7/13/2023	2,255.00	
<b>Vendor NAFI1 Total:</b>				2,255.00	
<b>Vendor Number:</b> NELE1 Verne Cloud, Inc					
C	Bank of the West	E000006937	7/13/2023	1,476.87	
C	Bank of the West	E000006996	8/10/2023	1,478.37	
<b>Vendor NELE1 Total:</b>				2,955.24	
<b>Vendor Number:</b> NORE1 Norm's Restaurants, LLC					
C	Bank of the West	E000006969	7/27/2023	3,000.00	
<b>Vendor NORE1 Total:</b>				3,000.00	
<b>Vendor Number:</b> NUMA1 Nugget Market, Inc					
C	Bank of the West	E000007021	8/18/2023	12,123.38	
<b>Vendor NUMA1 Total:</b>				12,123.38	
<b>Vendor Number:</b> OBERJ1 Jeff Oberman					
C	Bank of the West	E000006938	7/13/2023	777.81	
C	Bank of the West	E000007022	8/18/2023	991.24	
<b>Vendor OBERJ1 Total:</b>				1,769.05	
<b>Vendor Number:</b> PADEL1 Paden PR LLC					
C	Bank of the West	E000006970	7/27/2023	10,035.00	
C	Bank of the West	E000007060	8/31/2023	10,035.00	

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Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
<b>Vendor PADEL1 Total:</b>				20,070.00	
<b>Vendor Number:</b> PANE1 Paychex of New York LLC					
C	Bank of the West	NC1479	7/14/2023	177.50	Manual
C	Bank of the West	NC1484	7/20/2023	114.00	Manual
C	Bank of the West	NC1487	7/31/2023	177.50	Manual
C	Bank of the West	NC1490	8/3/2023	108.02	Manual
C	Bank of the West	NC1492	8/15/2023	177.50	Manual
C	Bank of the West	NC1496	8/21/2023	114.00	Manual
C	Bank of the West	NC1502	8/31/2023	177.50	Manual
<b>Vendor PANE1 Total:</b>				1,046.02	
<b>Vendor Number:</b> PAPR1 V Media LLC					
C	Bank of the West	E000006997	8/10/2023	3,549.13	
<b>Vendor PAPR1 Total:</b>				3,549.13	
<b>Vendor Number:</b> PCCCM1 PCC Community Markets					
C	Bank of the West	0000031762	8/31/2023	5,000.00	Auto
<b>Vendor PCCCM1 Total:</b>				5,000.00	
<b>Vendor Number:</b> PRLI1 Provident Life & Accident Ins.					
C	Bank of the West	0000031763	8/31/2023	40.60	Auto
<b>Vendor PRLI1 Total:</b>				40.60	
<b>Vendor Number:</b> QUMA1 Quality Maintenance, Inc.					
C	Bank of the West	E000006939	7/13/2023	477.41	
C	Bank of the West	E000006998	8/10/2023	325.00	
<b>Vendor QUMA1 Total:</b>				802.41	
<b>Vendor Number:</b> RASU1 Raley's					
C	Bank of the West	0000031764	8/31/2023	20,000.00	Auto
<b>Vendor RASU1 Total:</b>				20,000.00	
<b>Vendor Number:</b> REGIM1 Marie Reginato					
C	Bank of the West	E000007038	8/23/2023	18,700.00	
<b>Vendor REGIM1 Total:</b>				18,700.00	
<b>Vendor Number:</b> ROMO1 Rockwell Morrow					
C	Bank of the West	E000006971	7/27/2023	11,175.00	
C	Bank of the West	E000007039	8/23/2023	10,850.00	
<b>Vendor ROMO1 Total:</b>				22,025.00	
<b>Vendor Number:</b> RUCED1 Law Offices of Edward M.Ruckert					
C	Bank of the West	E000006972	7/27/2023	2,250.00	
<b>Vendor RUCED1 Total:</b>				2,250.00	
<b>Vendor Number:</b> SACL1 Sam's Club					
C	Bank of the West	E000007061	8/31/2023	50,000.00	
<b>Vendor SACL1 Total:</b>				50,000.00	
<b>Vendor Number:</b> SAMA1 Save Mart Supermarkets					
C	Bank of the West	E000007023	8/18/2023	6,000.00	
<b>Vendor SAMA1 Total:</b>				6,000.00	
<b>Vendor Number:</b> SERV1 Leaseweb USA, Inc.					
C	Bank of the West	E000006940	7/13/2023	147.05	
C	Bank of the West	E000006999	8/10/2023	147.05	
<b>Vendor SERV1 Total:</b>				294.10	
<b>Vendor Number:</b> SHBE1 Shanghai Beauty Commune Pub Relations Consulting					
C	Bank of the West	E000006948	7/13/2023	5,400.00	
C	Bank of the West	E000007043	8/30/2023	13,111.00	
<b>Vendor SHBE1 Total:</b>				18,511.00	
<b>Vendor Number:</b> SIAN1 Signature Analytics, LLC					
C	Bank of the West	E000006941	7/13/2023	2,899.75	



**Check History Report**  
**Sorted By Vendor Number**  
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**California Avocado Commission (CAC)**

Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
C	Bank of the West	E000006973	7/27/2023	4,988.75	
C	Bank of the West	E000007000	8/10/2023	5,992.50	
C	Bank of the West	E000007024	8/18/2023	9,467.50	
<b>Vendor SIAN1 Total:</b>				23,348.50	
<b>Vendor Number: SOCA1 Southern California Edison</b>					
C	Bank of the West	E07027	8/23/2023	4,361.47	Manual
C	Bank of the West	NC1482	7/19/2023	962.41	Manual
<b>Vendor SOCA1 Total:</b>				5,323.88	
<b>Vendor Number: SOPA1 Sierra Pacific Farms, Inc.</b>					
C	Bank of the West	E000006942	7/13/2023	3,804.69	
C	Bank of the West	E000007025	8/18/2023	1,870.80	
<b>Vendor SOPA1 Total:</b>				5,675.49	
<b>Vendor Number: SPAG1 Spann Ag Research &amp; Consulting, LLC</b>					
C	Bank of the West	E000006974	7/27/2023	8,000.00	
C	Bank of the West	E000007001	8/10/2023	8,000.00	
<b>Vendor SPAG1 Total:</b>				16,000.00	
<b>Vendor Number: SPFA1 Sprouts Farmers Market</b>					
C	Bank of the West	0000031750	7/18/2023	15,000.00	Auto
<b>Vendor SPFA1 Total:</b>				15,000.00	
<b>Vendor Number: SPLAT1 Terry Splane</b>					
C	Bank of the West	E000006943	7/13/2023	25.00	
C	Bank of the West	E000006975	7/27/2023	1,322.28	
C	Bank of the West	E000007005	8/11/2023	1,255.41	
C	Bank of the West	E000007040	8/23/2023	12,349.15	
<b>Vendor SPLAT1 Total:</b>				14,951.84	
<b>Vendor Number: STBU2 Staples Business Credit</b>					
C	Bank of the West	0000031751	7/18/2023	420.18	Auto
C	Bank of the West	0000031765	8/31/2023	297.61	Auto
<b>Vendor STBU2 Total:</b>				717.79	
<b>Vendor Number: SUPR2 Sundance Press</b>					
C	Bank of the West	E000007002	8/10/2023	6,456.44	
<b>Vendor SUPR2 Total:</b>				6,456.44	
<b>Vendor Number: TAEN1 Tate Enterprises, LLC.</b>					
C	Bank of the West	E000006979	7/28/2023	1,040.00	
C	Bank of the West	E000007062	8/31/2023	1,040.00	
<b>Vendor TAEN1 Total:</b>				2,080.00	
<b>Vendor Number: THFL1 The Flame Broiler, Inc.</b>					
C	Bank of the West	E000006976	7/27/2023	4,800.00	
<b>Vendor THFL1 Total:</b>				4,800.00	
<b>Vendor Number: THRE1 U.S. The Retirement Plan Company</b>					
C	Bank of the West	NC1476	7/17/2023	4,976.67	Manual
C	Bank of the West	NC1477	7/11/2023	382.22	Manual
C	Bank of the West	NC1478	7/11/2023	511.40	Manual
C	Bank of the West	NC1488	7/31/2023	4,976.67	Manual
C	Bank of the West	NC1489	8/1/2023	16,212.01	Manual
C	Bank of the West	NC1493	8/15/2023	4,991.67	Manual
C	Bank of the West	NC1498	8/24/2023	368.10	Manual
C	Bank of the West	NC1499	8/24/2023	472.82	Manual
C	Bank of the West	NC1503	8/31/2023	4,995.65	Manual
<b>Vendor THRE1 Total:</b>				37,887.21	
<b>Vendor Number: USDA1 USDA Agricultural Mktg Svc</b>					
C	Bank of the West	E000006944	7/13/2023	3,298.05	

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**California Avocado Commission (CAC)**

Bank Code	Description	Check Number	Check Date	Check Amount	Check Type
C	Bank of the West	E000007003	8/10/2023	3,699.35	
<b>Vendor USDA1 Total:</b>				6,997.40	
<b>Vendor Number: VERZ1 Verizon Wireless</b>					
C	Bank of the West	NC1480	7/17/2023	181.23	Manual
C	Bank of the West	NC1491	8/15/2023	123.20	Manual
<b>Vendor VERZ1 Total:</b>				304.43	
<b>Vendor Number: WAMA1 Wal-Mart Stores, Inc.</b>					
C	Bank of the West	E000007026	8/18/2023	11,251.03	
<b>Vendor WAMA1 Total:</b>				11,251.03	
<b>Vendor Number: WECO1 West Coast Energy</b>					
C	Bank of the West	0000031766	8/31/2023	647.00	Auto
<b>Vendor WECO1 Total:</b>				647.00	
<b>Vendor Number: WEDEC1 Cristina Wede</b>					
C	Bank of the West	E000006945	7/13/2023	25.00	
<b>Vendor WEDEC1 Total:</b>				25.00	
<b>Report Total:</b>				2,748,848.39	



## COMMITTEE ACTION

### ITEM 4.c: 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 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.

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 Committee 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

#### **COMMITTEE 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.

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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*, (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. It will also confirm management has obtained the Intended User's agreement that the procedures performed were appropriate to meet their purposes.

### **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.

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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.



## COMMITTEE ACTION

### ITEM 4.e: 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.

Attached are a tracked changes and clean version of the revised Authorization Level Matrix for the Committee's consideration.

#### FISCAL ANALYSIS:

- Not applicable

#### COMMITTEE OPTIONS:

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

#### STAFF RECOMMENDATION:

- Approve revised Authorization Level Matrix as presented

#### EXHIBITS / ATTACHMENTS:

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

AUTHORIZATION LIMIT MATRIX		Department Heads	Industry Affairs Director	Outsou rced Accoun ting	VP-of Finance and Admin Vice Preside nt(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 AdminVice 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					✓							
	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 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	✓			✓							Requires approval of both Department Head and Corresponding VP
	Staff Expense Reports	✓										
	Dept. Heads' 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 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)



## COMMITTEE INFORMATION

### ITEM 4.g: 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. Upon review of the 2023-24 cash flow projections, management believes 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

#### COMMITTEE 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.