



# AGENDA

## California Avocado Commission Finance Committee Meeting

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### Meeting Information

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**Date:** October 9, 2024

**Time:** 1:00 p.m.

**Location:** Hybrid Meeting

**Physical Meeting Location:**  
California Avocado Commission  
12 Mauchly, Suite L  
Irvine, CA 92618

**Web/Teleconference URL:**

<https://californiaavocado.zoom.us/j/85929883623?pwd=3Pu1oYkICur8Z2PNvGliJZmXf4vCkT.1>

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

**Meeting ID:** 859 2988 3623

**Passcode:** 088046

**Meeting materials will be posted online at least 24 hours prior to the meeting at:**

<https://www.californiaavocadogrowers.com/commission/industry-calendar>

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### Committee Member Attendance

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As of Friday, October 4, 2024, the following Committee members have advised the Commission they will participate in this meeting:

Maureen Cottingham

Andrew Prechtl

Jamie Shafer

| <b>Time</b>      | <b>Item</b>  |
|------------------|--|
| <b>1:00 p.m.</b> | <ol style="list-style-type: none"> <li><b>1. Call to Order</b> <ol style="list-style-type: none"> <li>a. Roll Call/Quorum</li> <li>b. Introductions</li> </ol> </li> <li><b>2. Opportunity for Public Comment</b><br/>Any person may address the Board at this time on any subject within the jurisdiction of the California Avocado Commission.</li> <li><b>3. Consent Calendar</b> <ol style="list-style-type: none"> <li>a. Consider approval of Finance Committee meeting minutes of July 30, 2024</li> </ol> </li> <li><b>4. Discussion and Possible Action Items</b> <ol style="list-style-type: none"> <li>a. 2023-24 Financial Updates</li> <li>b. Cash Disbursement Audit</li> <li>c. Auditor’s Letters of Engagement for 2023-24 financial audit</li> <li>d. 2023-24 Profit Sharing Plan Contributions</li> <li>e. Review of CAC Reserves Policy</li> <li>f. Financial Institution Review               <ol style="list-style-type: none"> <li>i. Bank Changes</li> <li>ii. Line of Credit</li> </ol> </li> <li>g. 2024-25 Budget and Assessment Rate</li> </ol> </li> </ol> |
| <b>2:00 p.m.</b> | <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 at [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.a:      CONSIDER APPROVAL OF MINUTES OF JULY 30, 2024 FINANCE COMMITTEE MEETING**

**SUMMARY:**

The minutes of the Finance Committee meeting of July 30, 2024 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 July 30, 2024

**CALIFORNIA AVOCADO COMMISSION  
FINANCE COMMITTEE MINUTES  
July 30, 2024**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Tuesday, July 30, 2024 at 9:00 a.m. with the following people present:

**Members Present**

Maureen Cottingham, Chair  
Will Carleton  
Jamie Shafer  
Jason Cole, *Ex-officio*

**Staff Present**

April Aymami  
Ken Melban  
Terry Splane

**Members Absent**

Andrew Prechtl

**Guests Present**

John Berns  
Laura Bertagnolli, *Signature Analytics*  
Vickie Carpenter, *USDA*  
Daryn Miller

**Item #1 Call to Order**

**Roll Call/Quorum – Item 1.a.**

Maureen Cottingham, Finance Committee chair, called the meeting to order at 9:02 a.m. with a quorum present.

**Introductions – Item 1.b.**

April Aymami, CAC director of industry affairs and operations, 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 Consent Calendar**

**Consider approval of Finance Committee meeting minutes of May 15, 2024 – Item 3.a.**

The Committee reviewed the minutes from the May 15, 2024 meeting and the following motion was offered:

**Motion:**

***The Finance Committee approves the May 15, 2024 Finance Committee Meeting Minutes as presented.***

***(Shafer/Carleton) MSC Unanimous***

**MOTION 24-7-30-1**

The May 15, 2024 Meeting Minutes are included in the July 2024 Finance Committee Packet and are attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.a.

**Item #4 Discussion and Possible Action Items**

**2023-24 Financial Updates – Item 4.a.**

Ms. Cottingham provided an update on CAC's current financial position, noting that year-to-date revenue exceeded budget by \$2.8 million as a result of larger crop volume at higher than budgeted pricing. On the expense side, spending was tracking over a million dollars under budget, with a large portion of that contributed to delayed timing of the marketing spend.

There was a question regarding independent contractors and whether they bill CAC a fixed fee or hourly, to which it was reported that it varies by contractor, with each having their own terms

within their contract. It was noted that regardless of the type of billing, contractors are asked to provide a summary of work performed to support invoicing.

The 2023-24 Financial Updates – April through June 2024 are included in the July 2024 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.

The Committee reviewed the cash disbursement listings for the months of March through June 2024. There were no questions or comments from the Committee.

The Cash Disbursement Audit, March through June 2024 is included in the May 2024 Finance Committee Packet and identified as EXHIBIT A, Item 4.b.

Review of 2023-24 Contracts over \$25,000 – Item 4.c.

The Committee reviewed CAC agreements over \$25,000 entered into during the 2023-24 fiscal year. CAC management reported that the list contained more contracts than in previous years because previous lists only included independent contractor agreements and not all legally binding agreements. The current list includes all legally binding agreements, including promotional agreements, for commitments in excess of \$25,000.

The Listing of 2023-24 Contracts over \$25,000 is included in the July 2024 Finance Committee Packet and identified as EXHIBIT A, Item 4.c.

2023-24 Cash Flow Forecast – Item 4.d.

Laura Bertagnoli of Signature Analytics, CAC's outsourced accounting firm, presented CAC's 2023-24 Cash Flow Forecast. It was noted that this forecast would be important in managing CAC's cash flow needs when cash reserve levels were at a more normal level, \$5 million or less.

The 2023-24 Cash Flow Forecast is attached to the permanent copy of these Minutes and identified as EXHIBIT B.

2024-25 Assessment Rate Discussion and Evaluation – Item 4.e.

Jason Cole, CAC chairman, provided an update to the Committee regarding the Board's discussion to move to a flat assessment rate, as well as requests he's heard to rebate excess CAC reserves back to growers. While rebating reserves would be difficult to execute, Mr. Cole noted that CAC could be responsive to this request by reducing the CAC assessment for the coming year to zero. Ken Melban, CAC vice president of industry affairs and operations, reported that CAC was projecting ending reserves to be over \$12 million, double the initial budget projections.

The Committee discussed crop size and the recent difficulty in getting an accurate estimate from handlers. Mr. Cole noted that CAC would be actively engaging growers earlier in the season, as well as the handlers, to get a better crop estimate prior to the start of the season. Additional discussion supported a starting crop size, for budgeting purposes, of 400 million pounds.

Regarding the assessment rate, there was support for a flat rate, however there was concern in moving to a zero assessment rate for the 2024-25 fiscal year. The consensus of the Committee was that the Board should discuss further at their August meeting and then those discussions should be clearly reported to growers upcoming district meetings in September.

**ADJOURN**

Ms. Cottingham adjourned the meeting at 10:25 a.m.

Respectfully submitted,

April Aymami, Director of Industry Affairs and Operations

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

- Exhibit A July 2024 Finance Committee Packet
- Exhibit B 2023-24 Cash Flow Forecast
- Exhibit C July 30, 2024 Finance Committee Meeting AB 2720 Roll Call Vote Tally Summary



**EXHIBIT C**

**CALIFORNIA AVOCADO COMMISSION**

**AB 2720 Roll Call Vote Tally Summary**

*To be attached to the Meeting Minutes*

|  |  |  |
|--|--|--|
| <b>Meeting Name:</b><br><i>Finance Committee Meeting</i> | <b>Meeting Location:</b><br><i>Hybrid Meeting<br/>In-person (Oxnard)<br/>Online (Zoom)</i> | <b>Meeting Date:</b><br><i>July 30, 2024</i> |
|--|--|--|

| <b><i>Attendees Who Voted</i></b> | <b><i><u>MOTION</u></i></b><br><b><i><u>24-7-30-1</u></i></b> |
|-----------------------------------|---|
| Maureen Cottingham                | Did Not<br>Vote   |
| Will Carleton                     | Yea   |
| Jamie Shafer                      | Yea   |
| <b><i>Outcome</i></b>             | <b>Unanimous</b>  |



## COMMITTEE INFORMATION

**ITEM 4.a: 2023-24 FINANCIAL UPDATES**

**SUMMARY:**

Attached is the financial performance report as prepared by CAC's outsourced accounting firm, Signature Analytics, for the month ending August 30, 2024. The report includes 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:**

- Financial Performance Report for the month ending August 30, 2024
- 2023-24 Pounds & Dollars by Variety Report (November 2023 through August 2024)





California Avocado Commission

# MONTHLY REPORT

August 2024



SIGNATURE  
ANALYTICS

# EXECUTIVE SUMMARY

CAC Total Revenue has exceeded budget by \$8M or 87% year-to-date due to higher than expected Assessment Revenue. Although the timing of the harvest had been slightly delayed, it has exceeded expectations with 344.9M lbs harvested year-to-date. CAC and HAB Assessment revenue exceeded budget by \$5.6M and \$2.6M, respectively. Pine Tree Ranch Crop revenue has also exceeded budget by \$47K.

On the expense side, Marketing expenses accounted for \$5.5M of the total \$8.4M in expenses and were \$599K lower than budget due to lower Retail & Consumer Promotions of \$511K and Consumer Marketing costs of \$88K. Marketing expenses overall are currently 65% of total expenses vs. a budget of 67%.

Total Operations expenses at \$2.2M year-to-date consist mainly of Personnel expenses of \$1.4M that were under budget by \$29K. Additionally, Commissioner expenses were down \$44K to budget due to lower Board travel and meeting expenses. Operations accounted for 26% of total spending vs. a budget of 25%.

Industry Affairs expenses of \$536K were under the budget by \$44K due to lower than expected Grower Communication costs (\$32K) and Industry Statistics and Information costs (\$13K). Industry Affairs accounted for 6.4% of total spending which met the budget target.

Overall, the organization experienced a \$8.77M surplus as compared to a \$66K budgeted surplus. This \$8.7M variance is driven by the larger than expected harvest at a higher value than budgeted, driving \$8.27M in additional assessment revenue. That combined with the lower than expected Consumer Marketing costs is producing favorable financial results overall. At August 31, 2024 the total cash balance is \$12.8M.

## Crop Information

For the period of November 2023 through July 2024, CAC assessment reports indicate 292.7M pounds of California avocados (all varieties) were harvested at an average price per pound of \$1.43. Approximately 52.2M pounds were reported to AMRIC as harvested in August 2024 with an estimated average price per pound of \$1.72. This would bring the total estimated harvested through August 2024 to 344.9M pounds at an average price per pound of \$1.44.

*Laura Bertagnolli*

Laura M. Bertagnolli  
Consulting CFO

DocuSigned by:  
*April Aymami*  
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October 3, 2024 | 12:31 PM PDT

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*Ke M...*  
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October 3, 2024 | 9:22 AM PDT

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*Terry Splane*  
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October 3, 2024 | 8:09 AM PDT

# Key Performance Indicators (KPIs)

## California Avocado Commission

|                            | <b>FY2024 YTD</b> | <b>FY2024 YTD Budget</b> | <b>vs Budget</b> |
|----------------------------|-------------------|--------------------------|------------------|
| Total Revenue              | \$17,164,935      | \$9,166,018              | 87%              |
| Surplus/(Deficit)          | \$8,768,607       | \$65,769                 | 13232%           |
| Marketing Expense %        | 65.1%             | 66.6%                    | -1.5%            |
| Operation Expense %        | 26.2%             | 25.1%                    | 1.1%             |
| Industry Affairs Expense % | 6.4%              | 6.4%                     | 0.0%             |
| Mktg Exp % of Revenue      | 32%               | 66%                      | -34%             |
| Op Exp % of Revenue        | 13%               | 25%                      | -12%             |
| Ind Aff Exp % of Revenue   | 3%                | 6%                       | -3%              |
| Cash on Hand               | \$12,763,853      |                          |                  |
| Current Ratio              | 13.56:1           |                          |                  |

**California Avocado Commission**  
**Statement of Financial Position**  
As of August 31, 2024

|  | <b>Total</b>         |
|--|----------------------|
| <b>ASSETS</b>  |                      |
| <b>Current Assets</b>                                |                      |
| <b>Bank Accounts</b>                                 |                      |
| 10001-000 Petty Cash                                 | -                    |
| 10010-000 BMO Checking (5241) - CAC                  | 3,747,164            |
| 10110-000 BMO Money Market (5407) - CAC              | 9,005,626            |
| 10210-000 Cash - LAIF - CAC                          | 11,064               |
| <b>Total Bank Accounts</b>                           | <b>\$ 12,763,853</b> |
| <b>Accounts Receivable</b>                           |                      |
| 12901-000 Misc Receivables (A/R)                     | 25,800               |
| <b>Total Accounts Receivable</b>                     | <b>\$ 25,800</b>     |
| <b>Other Current Assets</b>                          |                      |
| 11001-000 CAC Assessment Receivable                  | 1,917,800            |
| 11002-000 HAB Assessment Receivable                  | 2,329,300            |
| 12004-000 Due from Avocado Inspection Program        | 3,671                |
| 12701-000 Grant Receivable                           | 235,931              |
| 12801-000 Voluntary Life Benefit Receivable          | -                    |
| 13001-000 Prepaid Deposits                           | 11,353               |
| 13002-000 Prepaid Expenses                           | 50,417               |
| Misc Receivable (old non-AR)                         | -                    |
| <b>Total Other Current Assets</b>                    | <b>\$ 4,548,471</b>  |
| <b>Total Current Assets</b>                          | <b>\$ 17,338,125</b> |
| <b>Fixed Assets</b>                                  |                      |
| 15001-000 Furniture                                  | 26,160               |
| 15002-000 Accumulated Depreciation-Furniture         | (26,160)             |
| 15101-000 Office Equipment                           | 61,002               |
| 15102-000 Accumulated Depreciation-Office Equip.     | (61,002)             |
| 15301-000 Software                                   | 15,022               |
| 15302-000 Accumulated Depreciation-Software          | (15,022)             |
| 15401-000 Land Improvements                          | 108,559              |
| 15402-000 Accumulated Depreciation-Land Improvements | (108,559)            |
| <b>Total Fixed Assets</b>                            | <b>\$ -</b>          |
| <b>Other Assets</b>                                  |                      |
| 16001-000 Mauchly Office Lease                       | 634,985              |
| 16002-000 Mauchly Amortization                       | (478,854)            |
| 16003-000 Pine Tree Lease                            | 117,985              |
| 16004-000 Pine Tree Amortization                     | (9,832)              |
| 16101-000 Quadient Capital Lease                     | 3,436                |
| 16102-000 Quadient Amortization                      | (2,555)              |

|   |                      |
|---|----------------------|
| 16103-000 CBE 2020 Sharp Capital Lease        | -                    |
| 16104-000 CBE 2020 Sharp Amortization         | -                    |
| 16105-000 CBE 2022 Sharp Capital Lease        | 13,544               |
| 16106-000 CBE 2022 Sharp Amortization         | (5,748)              |
| 16107-000 CBE 2020 Ricoh Capital Lease        | -                    |
| 16108-000 CBE 2020 Ricoh Amortization         | -                    |
| 16109-000 CBE 2022 Ricoh Capital Lease        | 13,653               |
| 16110-000 CBE 2022 Ricoh Amortization         | (6,826)              |
| 17000-000 Merchandise Shop Inventory          | -                    |
| <b>Total Other Assets</b>                     | <b>\$ 279,786</b>    |
| <b>TOTAL ASSETS</b>                           | <b>\$ 17,617,911</b> |
| <b>LIABILITIES AND EQUITY</b>                 |                      |
| <b>Liabilities</b>                            |                      |
| <b>Current Liabilities</b>                    |                      |
| <b>Accounts Payable</b>                       |                      |
| 20001-000 Accounts Payable (A/P)              | 905,339              |
| <b>Total Accounts Payable</b>                 | <b>\$ 905,339</b>    |
| <b>Other Current Liabilities</b>              |                      |
| 20002-000 Accounts Payable - Clearing         | -                    |
| 20009-000 Miscellaneous Payable               | -                    |
| 20101-000 Accrued Expenses                    | 154,913              |
| 21011-000 Section 125 Payable                 | -                    |
| 21021-000 Vacation Payable - Short Term       | 59,801               |
| 21031-000 Deferred Compensation Payable       | -                    |
| 24001-000 ST Lease Liability - LACA1          | 132,663              |
| 24002-000 ST Lease Liability - CAPO1          | 14,725               |
| 24101-000 ST Lease Liability - MAF11          | 909                  |
| 24102-000 ST Lease Liability - CBE 2020 Sharp | -                    |
| 24103-000 ST Lease Liability - CBE 2022 Sharp | 5,296                |
| 24104-000 ST Lease Liability - CBE 2020 Ricoh | -                    |
| 24105-000 ST Lease Liability - CBE 2022 Ricoh | 4,744                |
| <b>Total Other Current Liabilities</b>        | <b>\$ 373,051</b>    |
| <b>Total Current Liabilities</b>              | <b>\$ 1,278,390</b>  |
| <b>Long-Term Liabilities</b>                  |                      |
| 28011-000 LT Lease Liability - CAPO1          | 95,422               |
| 28110-000 LT Lease Liability - MAF11          | -                    |
| 28111-000 LT Lease Liability - LACA1          | 33,464               |
| 28112-000 LT Lease Liability - CBE 2022 Sharp | 2,726                |
| 28114-000 LT Lease Liability - CBE 2022 Ricoh | 2,298                |
| <b>Total Long-Term Liabilities</b>            | <b>\$ 133,911</b>    |
| <b>Total Liabilities</b>                      | <b>\$ 1,412,301</b>  |
| <b>Equity</b>                                 |                      |
| 32000-000 Retained Earnings                   | 4,441,572            |
| 32010-000 Net Assets                          | -                    |

|   |           |                   |
|---|-----------|-------------------|
| <b>32011-000 Net Assets-Restricted for Marketing</b>  |           | 2,951,115         |
| <b>32012-000 Net Assets-Invested in Leased Assets</b> |           | 42,715            |
| <b>32013-000 Net Assets-Unrestricted</b>              |           | -                 |
| <b>Total 32010-000 Net Assets</b>                     | <b>\$</b> | <b>2,993,831</b>  |
| <b>Net Revenue</b>                                    |           | 8,770,207         |
| <b>Total Equity</b>                                   | <b>\$</b> | <b>16,205,610</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>                   | <b>\$</b> | <b>17,617,911</b> |

**California Avocado Commission**  
**Statement of Activities - Summary**  
 August 2024 YTD

|   | Actual               | Budget              | Variance (\$)       | Variance (%)  |
|---|----------------------|---------------------|---------------------|---------------|
| <b>Revenue</b>  |                      |                     |                     |               |
| 40001-000 CAC Assessment Revenue-Current Year             | 10,514,265           | 4,872,318           | 5,641,947           | 116%          |
| 40002-000 CAC Assessment Revenue-Prior Year               | 1,221                | -                   | 1,221               |               |
| 40011-000 HAB Rebate Assess. Revenue-Current Year         | 6,448,432            | 3,817,870           | 2,630,562           | 69%           |
| 40012-000 HAB Rebate Assess. Revenue-Prior Year           | (3,024)              | -                   | (3,024)             |               |
| 42001-000 Accounting/Administration Fee Revenue (AIP)     | 25,415               | 50,830              | (25,415)            | -50%          |
| Total 46000-000 Grant Funding                             | -                    | 300,000             | (300,000)           | -100%         |
| 48001-000 Interest Income                                 | 9,249                | 5,000               | 4,249               | 85%           |
| 48003-000 Other - Pine Tree Ranch Crop Income             | 121,979              | 75,000              | 46,979              | 63%           |
| 48009-000 Other Income - Misc                             | 47                   | -                   | 47                  |               |
| 48009-118 Other Income - From the Grove                   | 47,350               | 45,000              | 2,350               | 5%            |
| <b>Total Revenue</b>                                      | <b>\$ 17,164,935</b> | <b>\$ 9,166,018</b> | <b>\$ 7,998,918</b> | <b>87%</b>    |
| <b>Gross Profit</b>                                       | <b>\$ 17,164,935</b> | <b>\$ 9,166,018</b> | <b>\$ 7,998,918</b> | <b>87%</b>    |
| <b>Expenditures</b>                                       |                      |                     |                     |               |
| <b>50000-000 Marketing</b>                                |                      |                     |                     |               |
| <b>51000-000 Consumer Marketing</b>                       |                      |                     |                     |               |
| Total 51000-000 Consumer Marketing                        | \$ 3,220,988         | \$ 3,309,215        | \$ (88,227)         | -3%           |
| Total 52000-001 Trade Relations                           | \$ 589,069           | \$ 541,226          | \$ 47,843           | 9%            |
| Total 52010-000 Retail & Consumer Promotions              | \$ 666,064           | \$ 1,177,250        | \$ (511,186)        | -43%          |
| Total 52200-000 Data, Research & Analysis                 | \$ 245,338           | \$ 238,250          | \$ 7,088            | 3%            |
| Total 52400-000 Administration & Other                    | \$ 48,195            | \$ 33,720           | \$ 14,475           | 43%           |
| Total 52000-000 Trade - Retail                            | \$ 1,548,666         | \$ 1,990,446        | \$ (441,780)        | -22%          |
| Total 53000-000 Trade - Foodservice                       | \$ 391,308           | \$ 455,590          | \$ (64,282)         | -14%          |
| Total 54000-000 Consumer Public Relations                 | \$ 182,749           | \$ 192,500          | \$ (9,751)          | -5%           |
| Total 59000-000 Marketing Activities Support              | \$ 117,903           | \$ 113,000          | \$ 4,903            | 4%            |
| <b>Total 50000-000 Marketing</b>                          | <b>\$ 5,461,614</b>  | <b>\$ 6,060,751</b> | <b>\$ (599,137)</b> | <b>-10%</b>   |
| <b>64000-000 Industry Affairs</b>                         |                      |                     |                     |               |
| Total 64000-001 Industry Statistics and Information       | \$ 51,592            | \$ 65,075           | \$ (13,483)         | -21%          |
| Total 64100-000 Grower Communications                     | \$ 89,467            | \$ 121,975          | \$ (32,508)         | -27%          |
| Total 64200-000 Issues Management                         | \$ 168,025           | \$ 168,700          | \$ (675)            | 0%            |
| Total 64300-000 Legal & Governance                        | \$ 132,552           | \$ 88,000           | \$ 44,552           | 51%           |
| Total 64400-000 Demonstration Grove                       | \$ 48,540            | \$ 71,105           | \$ (22,565)         | -32%          |
| Total 64500-000 Education & Outreach                      | \$ 1,769             | \$ 2,350            | \$ (581)            | -25%          |
| Total 64800-000 Other Industry Affairs                    | \$ 43,917            | \$ 62,300           | \$ (18,383)         | -30%          |
| <b>Total 64000-000 Industry Affairs</b>                   | <b>\$ 535,863</b>    | <b>\$ 579,505</b>   | <b>\$ (43,642)</b>  | <b>-8%</b>    |
| <b>65000-000 Production Research</b>                      |                      |                     |                     |               |
| Total 65000-000 Production Research                       | \$ 79,486            | \$ 141,526          | \$ (62,040)         | -44%          |
| <b>65400-000 Industry Research Support</b>                |                      |                     |                     |               |
| Total 65400-000 Industry Research Support                 | \$ -                 | \$ 32,500           | \$ (32,500)         | -100%         |
| <b>66010-000 Grant Programs</b>                           |                      |                     |                     |               |
| Total 66010-000 Grant Programs                            | \$ 117,428           | \$ -                | \$ 117,428          |               |
| <b>70000-000 Operations</b>                               |                      |                     |                     |               |
| Total 71100-000 Office Expense                            | \$ 172,435           | \$ 302,553          | \$ (130,118)        | -43%          |
| Total 71200-000 Professional Fees                         | \$ 334,141           | \$ 362,350          | \$ (28,209)         | -8%           |
| Total 71301-000 Salaries/Wages                            | \$ 1,090,076         | \$ 1,092,700        | \$ (2,624)          | 0%            |
| Total 71311-000 Pension Expense                           | \$ 91,369            | \$ 98,020           | \$ (6,651)          | -7%           |
| Total 71321-000 Payroll Tax & Work Comp                   | \$ 84,139            | \$ 83,940           | \$ 199              | 0%            |
| Total 71331-000 Benefits                                  | \$ 184,009           | \$ 204,060          | \$ (20,051)         | -10%          |
| Total 71300-000 Personnel Expenses                        | \$ 1,449,593         | \$ 1,478,720        | \$ (29,127)         | -2%           |
| Total 71400-000 Commissioner Expenses                     | \$ 25,256            | \$ 70,250           | \$ (44,994)         | -64%          |
| Total 73000-000 Information Technology                    | \$ 80,156            | \$ 70,393           | \$ 9,763            | 14%           |
| Total 78000-000 Depreciation, Interest & Other Operations | \$ 138,152           | \$ 1,700            | \$ 136,452          | 8027%         |
| <b>Total 70000-000 Operations</b>                         | <b>\$ 2,199,734</b>  | <b>\$ 2,285,966</b> | <b>\$ (86,232)</b>  | <b>-4%</b>    |
| <b>Total Expenditures</b>                                 | <b>\$ 8,394,125</b>  | <b>\$ 9,100,248</b> | <b>\$ (706,123)</b> | <b>-8%</b>    |
| <b>Net Operating Revenue</b>                              | <b>\$ 8,770,810</b>  | <b>\$ 65,769</b>    | <b>\$ 8,705,041</b> | <b>13236%</b> |
| <b>Total Other Expenditures</b>                           | <b>\$ 2,203</b>      | <b>\$ -</b>         | <b>\$ 2,203</b>     |               |
| <b>Net Revenue</b>  | <b>\$ 8,768,607</b>  | <b>\$ 65,769</b>    | <b>\$ 8,702,838</b> | <b>13232%</b> |

**California Avocado Commission**  
**Statement of Activities - Detail**  
 August 2024 YTD

|   | Actual               | Budget              | Variance (\$)       | Variance (%) |
|---|----------------------|---------------------|---------------------|--------------|
| <b>Revenue</b>  |                      |                     |                     |              |
| 40001-000 CAC Assessment Revenue-Current Year                               | 10,514,265           | 4,872,318           | 5,641,947           | 116%         |
| 40002-000 CAC Assessment Revenue-Prior Year                                 | 1,221                | -                   | 1,221               |              |
| 40011-000 HAB Rebate Assess. Revenue-Current Year                           | 6,448,432            | 3,817,870           | 2,630,562           | 69%          |
| 40012-000 HAB Rebate Assess. Revenue-Prior Year                             | (3,024)              | -                   | (3,024)             |              |
| 42001-000 Accounting/Administration Fee Revenue (AIP)                       | 25,415               | 50,830              | (25,415)            | -50%         |
| 46000-000 Grant Funding   |                      |                     | -                   |              |
| 46020-000 USDA Grant - FAS MAP Korea - Revenue                              |                      | 160,000             | (160,000)           | -100%        |
| 46021-000 USDA Grant - FAS MAP China - Revenue                              |                      | 140,000             | (140,000)           | -100%        |
| <b>Total 46000-000 Grant Funding</b>  | <b>\$ -</b>          | <b>\$ 300,000</b>   | <b>\$ (300,000)</b> | <b>-100%</b> |
| 48001-000 Interest Income   | 9,249                | 5,000               | 4,249               | 85%          |
| 48003-000 Other - Pine Tree Ranch Crop Income                               | 121,979              | 75,000              | 46,979              | 63%          |
| 48009-000 Other Income - Misc   | 47                   |                     | 47                  |              |
| 48009-118 Other Income - From the Grove                                     | 47,350               | 45,000              | 2,350               | 5%           |
| <b>Total Revenue</b>  | <b>\$ 17,164,935</b> | <b>\$ 9,166,018</b> | <b>\$ 7,998,918</b> | <b>87%</b>   |
| <b>Gross Profit</b>   | <b>\$ 17,164,935</b> | <b>\$ 9,166,018</b> | <b>\$ 7,998,918</b> | <b>87%</b>   |
| <b>Expenditures</b>   |                      |                     |                     |              |
| <b>50000-000 Marketing</b>  |                      |                     |                     |              |
| <b>51000-000 Consumer Marketing</b>   |                      |                     |                     |              |
| 51001-072 Media Planning & Buying, Media Cost Reporting-Curious Plot        | 1,335,174            | 1,521,640           | (186,466)           | -12%         |
| 51002-000 Production  | 2,923                | -                   | 2,923               |              |
| 51002-072 Strategy, Campaign Creative Development & Production-Curious Plot | 452,555              | 453,616             | (1,061)             | 0%           |
| 51004-072 Consumer Marketing - Retail-Curious Plot                          | 813,182              | 772,626             | 40,556              | 5%           |
| 51801-072 Account Administration-Curious Plot                               | 192,226              | 158,333             | 33,893              | 21%          |
| 55101-000 Email Content   | 704                  | -                   | 704                 |              |
| 55101-072 Consumer Email Marketing-Curious Plot                             | 112,567              | 121,000             | (8,433)             | -7%          |
| 55103-072 Social Media & Content Marketing-Curious Plot                     | 286,532              | 256,875             | 29,657              | 12%          |
| 57002-000 Consumer Research   | 25,125               | 25,125              | -                   | 0%           |
| <b>Total 51000-000 Consumer Marketing</b>                                   | <b>\$ 3,220,988</b>  | <b>\$ 3,309,215</b> | <b>\$ (88,227)</b>  | <b>-3%</b>   |
| <b>52000-000 Trade - Retail</b>   |                      |                     |                     |              |
| <b>52000-001 Trade Relations</b>  |                      |                     |                     |              |
| 52001-066 Trade Advertising-Media-Fusion                                    | 112,380              | 120,000             | (7,620)             | -6%          |
| 52002-066 Trade Advertising-Production-Fusion                               | 35,752               | 24,600              | 11,152              | 45%          |
| 52022-000 Dues  | 21,653               | 13,505              | 8,148               | 60%          |
| 52024-000 Sponsorships-Southern California Locations                        | 4,865                | 1,350               | 3,515               | 260%         |
| 52042-000 Conventions   | 23,255               | -                   | 23,255              |              |
| 52043-000 Booth Storage   | 304                  | 911                 | (608)               | -67%         |
| 52052-081 Program Admin/Strategy/Planning-PJ/PR                             | 21,000               | 21,000              | -                   | 0%           |
| 52053-081 Retail Communications - Retail Resources-Fees-PJ/PR               | 8,000                | 8,000               | -                   | 0%           |
| 52055-081 Key Account Marketing Communications-Fees-PJ/PR                   | 157,860              | 147,860             | 10,000              | 7%           |
| 52071-075 Key Account Coverage-TX/MW/SE-Anderson                            | 79,000               | 79,000              | -                   | 0%           |
| 52075-013 Key Account Coverage-SW/NW-Becker                                 | 125,000              | 125,000             | -                   | 0%           |
| <b>Total 52000-001 Trade Relations</b>                                      | <b>\$ 589,069</b>    | <b>\$ 541,226</b>   | <b>\$ 47,843</b>    | <b>9%</b>    |
| <b>52010-000 Retail &amp; Consumer Promotions</b>                           |                      |                     |                     |              |
| 52113-000 Co-Marketing Photo Shoot  | 2,393                | 13,000              | (10,607)            | -82%         |
| 52124-000 Retail Performance Programs-Retail Promotions                     | 337,637              | 675,000             | (337,363)           | -50%         |
| 52125-000 Retail Brand Awareness Programs                                   | 177,693              | 270,000             | (92,307)            | -34%         |
| 52129-000 Retailer Social Media Advertising Support                         | 12,750               | 45,000              | (32,250)            | -72%         |
| 52131-000 Retail Merchandising Services (POS Placement)                     |                      | 7,000               | (7,000)             | -100%        |
| 52132-000 Retail Identity Programs-Display Bins                             | 46,674               | 55,000              | (8,326)             | -15%         |
| 52301-000 Premiums  | 4,313                | -                   | 4,313               |              |
| 52303-000 Storage/Fulfillment   | 25,744               | 27,250              | (1,506)             | -6%          |
| 54205-000 Retail Content Development-CAC                                    | 58,861               | 85,000              | (26,139)            | -31%         |
| <b>Total 52010-000 Retail &amp; Consumer Promotions</b>                     | <b>\$ 666,064</b>    | <b>\$ 1,177,250</b> | <b>\$ (511,186)</b> | <b>-43%</b>  |
| <b>52200-000 Data, Research &amp; Analysis</b>                              |                      |                     |                     |              |
| 52202-000 Retail POS Scan Data-IRI  | 66,031               | 62,000              | 4,031               | 7%           |
| 52204-066 Data Analysis & Retail Research-FUSION                            | 74,530               | 84,500              | (9,970)             | -12%         |
| 52206-086 Inventory Reporting-AVMA  | 2,250                | 2,250               | -                   | 0%           |
| 52211-066 California Avocado Market Analysis-Fusion                         | 48,002               | 38,000              | 10,002              | 26%          |



|   |                     |                     |                     |             |
|---|---------------------|---------------------|---------------------|-------------|
| 52213-066 Retail Support, Consultation, Planning, Program & Data Admin-Fusion               | 54,525              | 51,500              | 3,025               | 6%          |
| <b>Total 52200-000 Data, Research &amp; Analysis</b>  | <b>\$ 245,338</b>   | <b>\$ 238,250</b>   | <b>\$ 7,088</b>     | <b>3%</b>   |
| <b>52400-000 Administration &amp; Other</b>   |                     |                     |                     |             |
| 52140-098 Grower Communications-GingerRoot  | 4,300               | 8,720               | (4,420)             | -51%        |
| 52401-000 Travel Expenses - Marketing   | 31,930              | 10,500              | 21,430              | 204%        |
| 52411-000 Office Expenses - Marketing   | 11,965              | 14,500              | (2,535)             | -17%        |
| <b>Total 52400-000 Administration &amp; Other</b>   | <b>\$ 48,195</b>    | <b>\$ 33,720</b>    | <b>\$ 14,475</b>    | <b>43%</b>  |
| <b>Total 52000-000 Trade - Retail</b>   | <b>\$ 1,548,666</b> | <b>\$ 1,990,446</b> | <b>\$ (441,780)</b> | <b>-22%</b> |
| <b>53000-000 Trade - Foodservice</b>  |                     |                     |                     |             |
| 53101-070 Public Relations-KC   | 53,921              | 77,900              | (23,979)            | -31%        |
| 53103-000 Foodservice Events  | 979                 | -                   | 979                 |             |
| 53103-070 Foodservice Events-KC   | 161,978             | 161,100             | 878                 | 1%          |
| 53104-000 Chain Promotions  | 18,399              | -                   | 18,399              |             |
| 53104-070 Chain Promotions-KC   | 116,232             | 178,700             | (62,468)            | -35%        |
| 53105-070 Culinary Education Program-KC   | 1,260               | 1,600               | (340)               | -21%        |
| 53801-070 Program Administration Fees-KC  | 37,400              | 35,800              | 1,600               | 4%          |
| 53802-070 Program Administration Expenses-KC  | 1,139               | 490                 | 649                 | 132%        |
| <b>Total 53000-000 Trade - Foodservice</b>  | <b>\$ 391,308</b>   | <b>\$ 455,590</b>   | <b>\$ (64,282)</b>  | <b>-14%</b> |
| <b>54000-000 Consumer Public Relations</b>  |                     |                     |                     |             |
| 54001-072 Brand Advocates & Chef Partners (PR)-Curious Plot                                 | 24,926              | 25,000              | (74)                | 0%          |
| 54102-000 Local Media Outreach/Pitching/Experiential & Reporting                            | 2,530               | -                   | 2,530               |             |
| 54102-072 Local Media Outreach/Pitching/Experiential & Reporting (Cision) (PR)-Curious Plot | 55,958              | 52,500              | 3,458               | 7%          |
| 54206-000 Brand Advocates   | 99,334              | 115,000             | (15,666)            | -14%        |
| <b>Total 54000-000 Consumer Public Relations</b>  | <b>\$ 182,749</b>   | <b>\$ 192,500</b>   | <b>\$ (9,751)</b>   | <b>-5%</b>  |
| <b>59000-000 Marketing Activities Support</b>   |                     |                     |                     |             |
| 51803-000 Marketing/Planning  | 1,928               | 500                 | 1,428               | 286%        |
| 51803-067 Marketing Planning/Special Projects-RoMo  | 109,715             | 107,500             | 2,215               | 2%          |
| 52134-000 Export Program  | 6,260               | 5,000               | 1,260               | 25%         |
| <b>Total 59000-000 Marketing Activities Support</b>   | <b>\$ 117,903</b>   | <b>\$ 113,000</b>   | <b>\$ 4,903</b>     | <b>4%</b>   |
| <b>Total 50000-000 Marketing</b>  | <b>\$ 5,461,614</b> | <b>\$ 6,060,751</b> | <b>\$ (599,137)</b> | <b>-10%</b> |
| <b>64000-000 Industry Affairs</b>   |                     |                     |                     |             |
| <b>64000-001 Industry Statistics and Information</b>  |                     |                     |                     |             |
| 64001-000 AMRIC Operation   | 1,199               | 13,500              | (12,301)            | -91%        |
| 64001-130 AMRIC Operation-Hooman Mohammadpour   | 9,600               | 8,750               | 850                 | 10%         |
| 64002-000 Crop Forecasting and Analysis   | 3,619               | 5,650               | (2,031)             | -36%        |
| 64002-104 Crop Forecasting And Analysis-Land IQ   | 37,175              | 37,175              | -                   | 0%          |
| <b>Total 64000-001 Industry Statistics and Information</b>                                  | <b>\$ 51,592</b>    | <b>\$ 65,075</b>    | <b>\$ (13,483)</b>  | <b>-21%</b> |
| <b>64100-000 Grower Communications</b>  |                     |                     |                     |             |
| 64105-000 Online Information  | 1,999               | 3,000               | (1,001)             | -33%        |
| 64105-098 Online Information-GingerRoot   | 12,500              | 8,250               | 4,250               | 52%         |
| 64105-099 Online Information-Fishhook   |                     | 4,000               | (4,000)             | -100%       |
| 64106-000 Publications  | 480                 | 2,500               | (2,020)             | -81%        |
| 64106-067 Publications-ROMO   | 1,125               | 2,250               | (1,125)             | -50%        |
| 64106-085 Publications-Fox Wthr   | 1,100               | 1,100               | -                   | 0%          |
| 64106-098 Publications-GingerRoot   | 7,200               | 11,875              | (4,675)             | -39%        |
| 64106-118 Publications-Champ  | 48,014              | 54,000              | (5,986)             | -11%        |
| 64107-000 Annual Meeting  | 12,649              | 20,000              | (7,351)             | -37%        |
| 64108-000 Annual Report   |                     | 8,500               | (8,500)             | -100%       |
| 64108-098 Annual Report-GingerRoot  | 4,400               | 6,500               | (2,100)             | -32%        |
| <b>Total 64100-000 Grower Communications</b>  | <b>\$ 89,467</b>    | <b>\$ 121,975</b>   | <b>\$ (32,508)</b>  | <b>-27%</b> |
| <b>64200-000 Issues Management</b>  |                     |                     |                     |             |
| 64202-000 Field/Technical Support   | 42,698              | 43,000              | (302)               | -1%         |
| 64204-000 Research Program Coordination & Outreach  | 84,382              | 84,500              | (118)               | 0%          |
| 64206-000 Legislative & Regulatory Advocacy   | 38,733              | 38,800              | (67)                | 0%          |
| 64211-000 Sustainability Project  | 2,212               | 2,400               | (188)               | -8%         |
| <b>Total 64200-000 Issues Management</b>  | <b>\$ 168,025</b>   | <b>\$ 168,700</b>   | <b>\$ (675)</b>     | <b>0%</b>   |
| <b>64300-000 Legal &amp; Governance</b>   |                     |                     |                     |             |
| 64301-000 Elections   | 4,764               | 5,000               | (236)               | -5%         |
| 64302-000 Legal Support   | 127,698             | 83,000              | 44,698              | 54%         |
| 64303-000 Governance Support  | 91                  | -                   | 91                  |             |
| <b>Total 64300-000 Legal &amp; Governance</b>   | <b>\$ 132,552</b>   | <b>\$ 88,000</b>    | <b>\$ 44,552</b>    | <b>51%</b>  |
| <b>64400-000 Demonstration Grove</b>  |                     |                     |                     |             |
| 64401-000 Pine Tree - Rent  | 500                 | 20,750              | (20,250)            | -98%        |
| 64402-000 Pine Tree - Grove Management  | 23,190              | 28,600              | (5,410)             | -19%        |
| 64403-000 Pine Tree - Utilities   | (3,260)             | 4,500               | (7,760)             | -172%       |
| 64404-000 Pine Tree - Property Tax & Insurance  | 2,372               | 2,100               | 272                 | 13%         |

|   |                   |                   |                     |              |
|---|-------------------|-------------------|---------------------|--------------|
| 64405-000 Pine Tree - Miscellaneous Expense   | 1,740             | -                 | 1,740               |              |
| 64406-000 Pine Tree - Crop Harvesting   | 23,998            | 12,000            | 11,998              | 100%         |
| 64407-000 Pine Tree - Crop Hauling  |                   | 500               | (500)               | -100%        |
| 64408-000 Pine Tree - CAC Assessment  |                   | 1,405             | (1,405)             | -100%        |
| 64409-000 Pine Tree - HAB Assessment  |                   | 1,250             | (1,250)             | -100%        |
| <b>Total 64400-000 Demonstration Grove</b>  | <b>\$ 48,540</b>  | <b>\$ 71,105</b>  | <b>\$ (22,565)</b>  | <b>-32%</b>  |
| 64500-000 Education & Outreach  |                   |                   |                     |              |
| 64501-000 Field Meetings, Seminars & Workshops  | 932               | 1,000             | (68)                | -7%          |
| 64502-000 Pine Tree Ranch Field Days  | 837               | 1,350             | (513)               | -38%         |
| <b>Total 64500-000 Education &amp; Outreach</b>   | <b>\$ 1,769</b>   | <b>\$ 2,350</b>   | <b>\$ (581)</b>     | <b>-25%</b>  |
| 64800-000 Other Industry Affairs  |                   |                   |                     |              |
| 64801-000 Coalition Dues, Sponsorships , Registrations & Rep  | 20,650            | 20,100            | 550                 | 3%           |
| 64801-086 Industry Reports-AVMA   | 360               | 400               | (40)                | -10%         |
| 64803-000 Travel Expenses - Industry Affairs  | 18,327            | 30,000            | (11,673)            | -39%         |
| 64804-000 Office Expenses - Industry Affairs  | 843               | 7,500             | (6,657)             | -89%         |
| 64901-000 Misc IA Exps (Theft Reward)   | 3,738             | 4,300             | (562)               | -13%         |
| <b>Total 64800-000 Other Industry Affairs</b>   | <b>\$ 43,917</b>  | <b>\$ 62,300</b>  | <b>\$ (18,383)</b>  | <b>-30%</b>  |
| <b>Total 64000-000 Industry Affairs</b>   | <b>\$ 535,863</b> | <b>\$ 579,505</b> | <b>\$ (43,642)</b>  | <b>-8%</b>   |
| 65000-000 Production Research   |                   |                   |                     |              |
| 65100-000 Pest & Disease  |                   |                   |                     |              |
| 65131-000 Phenology and Ecology of Avocado Lace Bug   |                   | 30,572            | (30,572)            | -100%        |
| <b>Total 65100-000 Pest &amp; Disease</b>   | <b>\$ -</b>       | <b>\$ 30,572</b>  | <b>\$ (30,572)</b>  | <b>-100%</b> |
| 65200-000 Breeding, Varieties & Genetics  |                   |                   |                     |              |
| 65215-000 Commercial-Scale Field Testing of Advanced Rootstock  | 44,814            | 67,221            | (22,407)            | -33%         |
| 65217-000 CAL POLY - Commercial-scale field testing and potential release of five elite advanced rootstocks | 1,145             | 10,206            | (9,061)             | -89%         |
| <b>Total 65200-000 Breeding, Varieties &amp; Genetics</b>   | <b>\$ 45,959</b>  | <b>\$ 77,427</b>  | <b>\$ (31,468)</b>  | <b>-41%</b>  |
| 65300-000 Cultural Management   |                   |                   |                     |              |
| 65323-000 Develop tools and info on crop water use  | 33,527            | 33,527            | -                   | 0%           |
| <b>Total 65300-000 Cultural Management</b>  | <b>\$ 33,527</b>  | <b>\$ 33,527</b>  | <b>\$ -</b>         | <b>0%</b>    |
| <b>Total 65000-000 Production Research</b>  | <b>\$ 79,486</b>  | <b>\$ 141,526</b> | <b>\$ (62,040)</b>  | <b>-44%</b>  |
| 65400-000 Industry Research Support   |                   |                   |                     |              |
| 65403-000 FFAR Fellow Sponsor - Landesman   |                   | 32,500            | (32,500)            | -100%        |
| <b>Total 65400-000 Industry Research Support</b>  | <b>\$ -</b>       | <b>\$ 32,500</b>  | <b>\$ (32,500)</b>  | <b>-100%</b> |
| 66010-000 Grant Programs  |                   |                   |                     |              |
| 66015-000 Export Marketing  |                   |                   |                     |              |
| 66020-000 USDA Grant - FAS MAP Korea  | 50,063            | -                 | 50,063              |              |
| 66021-000 USDA Grant - FAS MAP China  | 67,365            | -                 | 67,365              |              |
| <b>Total 66015-000 Export Marketing</b>   | <b>\$ 117,428</b> | <b>\$ -</b>       | <b>\$ 117,428</b>   |              |
| <b>Total 66010-000 Grant Programs</b>   | <b>\$ 117,428</b> | <b>\$ -</b>       | <b>\$ 117,428</b>   |              |
| 70000-000 Operations  |                   |                   |                     |              |
| 71100-000 Office Expense  |                   |                   |                     |              |
| 71101-000 Office Rent - CAC Mauchly, Irvine   | (0)               | 108,319           | (108,319)           | -100%        |
| 71102-000 Rent-CAM, Ins, Prop Tax   | 25,208            | 21,350            | 3,858               | 18%          |
| 71104-000 Rent-Offsite Storage  | 6,931             | 7,750             | (819)               | -11%         |
| 71111-000 Insurance-Liability   | 86,887            | 93,084            | (6,197)             | -7%          |
| 71121-000 Office Expenses - Operations  | 1,962             | 2,900             | (938)               | -32%         |
| 71122-000 Office Supplies   | 1,927             | 3,000             | (1,073)             | -36%         |
| 71123-000 Janitorial  | 5,130             | 5,750             | (620)               | -11%         |
| 71131-000 Office Utilities  | 11,115            | 12,000            | (885)               | -7%          |
| 71141-000 Bank & Payroll Fees   | 8,371             | 13,150            | (4,779)             | -36%         |
| 71151-000 Equipment Maintenance & Expense   | 5,168             | 15,050            | (9,882)             | -66%         |
| 71161-000 Telephone   | 6,853             | 6,600             | 253                 | 4%           |
| 71162-000 Employee Communication Expense  | 12,000            | 12,000            | -                   | 0%           |
| 71181-000 Postage & Courier Service   | 882               | 1,600             | (718)               | -45%         |
| <b>Total 71100-000 Office Expense</b>   | <b>\$ 172,435</b> | <b>\$ 302,553</b> | <b>\$ (130,118)</b> | <b>-43%</b>  |
| 71200-000 Professional Fees   |                   |                   |                     |              |
| 71201-000 CPA-Financial Audits  | 37,800            | 40,000            | (2,200)             | -6%          |
| 71203-000 CPA-Assessment Audits   |                   | 28,500            | (28,500)            | -100%        |
| 71207-000 CDFA Fiscal and Compliance Audit  | 9,922             | 14,500            | (4,578)             | -32%         |
| 71211-000 Calif. Department of Food & Ag.-CDFA  | 66,837            | 68,300            | (1,463)             | -2%          |
| 71221-000 Dept. of Ag-USDA/AMS  | 47,177            | 50,000            | (2,823)             | -6%          |
| 71235-000 Legal-Ballard/Rosenberg-Labor Issues  | 540               | -                 | 540                 |              |
| 71236-000 Outsourced Accounting   | 150,620           | 125,000           | 25,620              | 20%          |
| 78301-000 Pension Adm & Legal   | 21,245            | 36,050            | (14,805)            | -41%         |
| <b>Total 71200-000 Professional Fees</b>  | <b>\$ 334,141</b> | <b>\$ 362,350</b> | <b>\$ (28,209)</b>  | <b>-8%</b>   |
| 71300-000 Personnel Expenses  |                   |                   |                     |              |

|  |                     |                     |                     |               |
|--|---------------------|---------------------|---------------------|---------------|
| 71301-000 Salaries/Wages   |                     |                     |                     |               |
| 71302-000 Salaries/Wages - IA & Ops                                  | 504,448             | 498,700             | 5,748               | 1%            |
| 71303-000 Salaries/Wages - Marketing                                 | 585,628             | 594,000             | (8,372)             | -1%           |
| <b>Total 71301-000 Salaries/Wages</b>                                | <b>\$ 1,090,076</b> | <b>\$ 1,092,700</b> | <b>\$ (2,624)</b>   | <b>0%</b>     |
| 71311-000 Pension Expense  |                     |                     |                     |               |
| 71312-000 Pension Expense - IA & Ops                                 | 56,295              | 49,870              | 6,425               | 13%           |
| 71313-000 Pension Expense - Marketing                                | 35,074              | 48,150              | (13,076)            | -27%          |
| <b>Total 71311-000 Pension Expense</b>                               | <b>\$ 91,369</b>    | <b>\$ 98,020</b>    | <b>\$ (6,651)</b>   | <b>-7%</b>    |
| 71321-000 Payroll Tax & Work Comp                                    |                     |                     |                     |               |
| 71322-000 Payroll Tax & Work Comp - IA & Ops                         | 39,462              | 39,370              | 92                  | 0%            |
| 71323-000 Payroll Tax & Work Comp - Marketing                        | 44,677              | 44,570              | 107                 | 0%            |
| <b>Total 71321-000 Payroll Tax &amp; Work Comp</b>                   | <b>\$ 84,139</b>    | <b>\$ 83,940</b>    | <b>\$ 199</b>       | <b>0%</b>     |
| 71331-000 Benefits   |                     |                     |                     |               |
| 71332-000 Benefits - IA & Ops  | 91,840              | 111,930             | (20,090)            | -18%          |
| 71333-000 Benefits - Marketing                                       | 92,168              | 92,130              | 38                  | 0%            |
| <b>Total 71331-000 Benefits</b>                                      | <b>\$ 184,009</b>   | <b>\$ 204,060</b>   | <b>\$ (20,051)</b>  | <b>-10%</b>   |
| <b>Total 71300-000 Personnel Expenses</b>                            | <b>\$ 1,449,593</b> | <b>\$ 1,478,720</b> | <b>\$ (29,127)</b>  | <b>-2%</b>    |
| 71400-000 Commissioner Expenses                                      |                     |                     |                     |               |
| 71403-000 Travel Expenses - Board Members                            | 7,408               | 40,000              | (32,592)            | -81%          |
| 71404-000 Board Meeting Expenses                                     | 15,066              | 27,250              | (12,184)            | -45%          |
| 71405-000 HAB BOLD Participation                                     | 2,783               | 3,000               | (217)               | -7%           |
| <b>Total 71400-000 Commissioner Expenses</b>                         | <b>\$ 25,256</b>    | <b>\$ 70,250</b>    | <b>\$ (44,994)</b>  | <b>-64%</b>   |
| 73000-000 Information Technology                                     |                     |                     |                     |               |
| 73001-000 Network Maintenance  | 27,442              | 31,673              | (4,231)             | -13%          |
| 73002-000 Network Hardware, Software & Licenses                      | 17,838              | 8,920               | 8,918               | 100%          |
| 73003-000 IT Support & Consulting                                    | 12,114              | 14,200              | (2,086)             | -15%          |
| 73004-000 Accounting & Assessment System                             | 15,955              | 7,400               | 8,555               | 116%          |
| 73005-000 IT Services  | 6,808               | 8,200               | (1,393)             | -17%          |
| <b>Total 73000-000 Information Technology</b>                        | <b>\$ 80,156</b>    | <b>\$ 70,393</b>    | <b>\$ 9,763</b>     | <b>14%</b>    |
| 78000-000 Depreciation, Interest & Other Operations                  |                     |                     |                     |               |
| 78101-000 Travel Expenses - Operations                               | 1,119               | 1,200               | (81)                | -7%           |
| 78401-000 Membership Dues & Registration                             | 264                 | 300                 | (36)                | -12%          |
| 78501-000 Dues, Education, Training, Recruitment & Other             | 133                 | 200                 | (68)                | -34%          |
| 79001-000 Amortization Expense                                       | 132,733             | -                   | 132,733             |               |
| 79100-000 Interest Expense   | 3,905               | -                   | 3,905               |               |
| <b>Total 78000-000 Depreciation, Interest &amp; Other Operations</b> | <b>\$ 138,152</b>   | <b>\$ 1,700</b>     | <b>\$ 136,452</b>   | <b>8027%</b>  |
| <b>Total 70000-000 Operations</b>                                    | <b>\$ 2,199,734</b> | <b>\$ 2,285,966</b> | <b>\$ (86,232)</b>  | <b>-4%</b>    |
| <b>Total Expenditures</b>  | <b>\$ 8,394,125</b> | <b>\$ 9,100,248</b> | <b>\$ (706,123)</b> | <b>-8%</b>    |
| <b>Net Operating Revenue</b>   | <b>\$ 8,770,810</b> | <b>\$ 65,769</b>    | <b>\$ 8,705,041</b> | <b>13236%</b> |
| Other Expenditures   |                     |                     |                     |               |
| 99999-000 Suspense   | 2,203               |                     | 2,203               |               |
| <b>Total Other Expenditures</b>                                      | <b>\$ 2,203</b>     | <b>\$ -</b>         | <b>\$ 2,203</b>     |               |
| <b>Net Other Revenue</b>   | <b>\$ (2,203)</b>   | <b>\$ -</b>         | <b>\$ (2,203)</b>   |               |
| <b>Net Revenue</b>   | <b>\$ 8,768,607</b> | <b>\$ 65,769</b>    | <b>\$ 8,702,838</b> | <b>13232%</b> |

## CALIFORNIA AVOCADO COMMISSION POUNDS & DOLLARS BY VARIETY

November 2023 Through August 2024

| Month                         | Hass<br>Pounds     | Lamb<br>Pounds    | Gem<br>Pounds    | Others<br>Pounds | Total<br>Pounds    | Hass<br>Dollars      | Lamb<br>Dollars     | Gem<br>Dollars     | Others<br>Dollars | Total<br>Dollars     | Avg<br>\$/Lb   |
|-------------------------------|--------------------|-------------------|------------------|------------------|--------------------|----------------------|---------------------|--------------------|-------------------|----------------------|----------------|
| Nov 2023                      | 32,150             |                   | 0                | 14,285           | 46,435             | \$33,700             | 0                   | \$                 | \$3,769           | \$37,469             | \$0.807        |
| Dec 2023                      | 1,945              |                   | 0                | 31,708           | 33,653             | \$5,770              | 0                   | \$                 | \$21,964          | \$27,734             | \$0.824        |
| Jan 2024                      | 154,510            |                   | 0                | 52,526           | 207,036            | \$129,076            | 0                   | \$                 | \$40,703          | \$169,779            | \$0.820        |
| <b>1st QTR</b>                | <b>188,605</b>     | <b>0</b>          | <b>0</b>         | <b>98,519</b>    | <b>287,124</b>     | <b>\$168,546</b>     | <b>0</b>            | <b>0</b>           | <b>\$66,436</b>   | <b>\$234,982</b>     | <b>\$0.818</b> |
| Feb 2024                      | 2,319,879          |                   | 0                | 35,940           | 2,355,819          | \$2,542,582          | 0                   | \$                 | \$28,647          | \$2,571,229          | \$1.091        |
| Mar 2024                      | 18,710,691         |                   | 158,109          | 10,371           | 18,879,171         | \$23,353,592         | 0                   | \$225,508          | \$26,676          | \$23,605,776         | \$1.250        |
| Apr 2024                      | 49,397,415         |                   | 1,223,713        | 20,702           | 50,641,830         | \$63,243,687         | 0                   | \$1,570,305        | \$24,558          | \$64,838,550         | \$1.280        |
| <b>2nd QTR</b>                | <b>70,427,985</b>  | <b>0</b>          | <b>1,381,822</b> | <b>67,013</b>    | <b>71,876,820</b>  | <b>\$89,139,861</b>  | <b>0</b>            | <b>\$1,795,813</b> | <b>\$79,881</b>   | <b>\$91,015,555</b>  | <b>\$1.266</b> |
| <b>1st Half</b>               | <b>70,616,590</b>  | <b>0</b>          | <b>1,381,822</b> | <b>165,532</b>   | <b>72,163,944</b>  | <b>\$89,308,407</b>  | <b>0</b>            | <b>\$1,795,813</b> | <b>\$146,317</b>  | <b>\$91,250,537</b>  | <b>\$1.264</b> |
| May 2024                      | 65,300,778         |                   | 2,491,367        | 95,951           | 67,888,096         | \$81,430,440         | 0                   | \$3,246,782        | \$106,577         | \$84,783,799         | \$1.249        |
| Jun 2024                      | 75,684,158         | 99,138            | 969,449          | 59,541           | 76,812,286         | \$113,348,271        | \$180,203           | \$1,773,780        | \$67,270          | \$115,369,524        | \$1.502        |
| Jul 2024                      | 71,065,335         | 3,993,900         | 552,843          | 265,277          | 75,877,355         | \$109,491,308        | \$5,650,613         | \$872,256          | \$245,747         | \$116,259,924        | \$1.532        |
| <b>3rd QTR</b>                | <b>212,050,271</b> | <b>4,093,038</b>  | <b>4,013,659</b> | <b>420,769</b>   | <b>220,577,737</b> | <b>\$304,270,019</b> | <b>\$5,830,816</b>  | <b>\$5,892,818</b> | <b>\$419,594</b>  | <b>\$316,413,247</b> | <b>\$1.434</b> |
| Aug 2024                      | 44,751,687         | 6,237,269         | 29,916           | 90,959           | 51,109,831         | \$76,217,112         | \$9,197,544         | \$44,525           | \$113,892         | \$85,573,073         | \$1.674        |
| <b>4th QTR</b>                | <b>44,751,687</b>  | <b>6,237,269</b>  | <b>29,916</b>    | <b>90,959</b>    | <b>51,109,831</b>  | <b>\$76,217,112</b>  | <b>\$9,197,544</b>  | <b>\$44,525</b>    | <b>\$113,892</b>  | <b>\$85,573,073</b>  | <b>\$1.674</b> |
| <b>2nd Half</b>               | <b>256,801,958</b> | <b>10,330,307</b> | <b>4,043,575</b> | <b>511,728</b>   | <b>271,687,568</b> | <b>\$380,487,131</b> | <b>\$15,028,360</b> | <b>\$5,937,343</b> | <b>\$533,486</b>  | <b>\$401,986,320</b> | <b>\$1.480</b> |
| <b>Total</b>                  | <b>327,418,548</b> | <b>10,330,307</b> | <b>5,425,397</b> | <b>677,260</b>   | <b>343,851,512</b> | <b>\$469,795,538</b> | <b>\$15,028,360</b> | <b>\$7,733,156</b> | <b>\$679,803</b>  | <b>\$493,236,857</b> | <b>\$1.434</b> |
| Year-to-Date<br>% of Crop     | 95.22%             | 3.00%             | 1.58%            | .20%             | 100.00%            | 95.25%               | 3.05%               | 1.57%              | .14%              | 100.00%              |                |
| Year-to-Date<br>Average \$/lb |                    |                   |                  |                  |                    | \$1.435              | \$1.455             | \$1.425            | \$1.004           | \$1.434              |                |



## COMMITTEE INFORMATION

**ITEM 4.b: CASH DISBURSEMENT AUDIT**

**SUMMARY:**

Attached are the monthly payment history reports for the months of July through August 2024.

**FISCAL ANALYSIS:**

- Not applicable

**BOARD OPTIONS:**

- Discussion item only

**STAFF RECOMMENDATION:**

- Not applicable

**EXHIBITS / ATTACHMENTS:**

- Payment History Reports for July through August 2024

# California Avocado Commission

## Bill Payment List

### July 2024

#### Summary by Vendor

|  |            |
|--|------------|
| Ag. Food. Consulting AFC                   | 6,800.00   |
| Alliance for Food and Farming              | 1,000.00   |
| Amazon Business                            | 166.54     |
| American Express                           | 12,425.89  |
| Anderson Food Sales/Marketing              | 7,700.00   |
| April Aymami                               | 80.25      |
| Aspen Helicopters, Inc.                    | 4,000.00   |
| Avocado Marketing Services Inc             | 265.00     |
| Beneficial Maintenance Services            | 545.86     |
| Buckhorn Enterprises, LLC                  | 1,450.00   |
| Cal Poly Corporation dba Cal Poly Partners | 1,145.39   |
| Cal Poly Pomona Foundation                 | 2,359.25   |
| CBE Office Solutions                       | 11.59      |
| CDFA Cashier                               | 6,899.16   |
| Cell Business Equipment CBE1               | 581.95     |
| Cell Business Equipment CBE2               | 434.23     |
| Champ Publishing                           | 10,620.00  |
| CL Marketing LLC                           | 12,500.00  |
| Conference America                         | 28.69      |
| Curious Plot                               | 419,557.76 |
| Dane Dominguez                             | 839.03     |
| David Cruz                                 | 3,423.25   |
| Dell Marketing LP                          | 3,538.28   |
| DJ's California Catering, Inc              | 2,404.82   |
| Douglas-McCarty Insurance                  | 14,492.23  |
| Elizabeth Cipolla                          | 33.22      |
| Enterprise Rent-A-Car                      | 376.49     |
| Erik's DeliCafe Franchises, Inc            | 2,400.00   |
| Extra Space Storage                        | 9,960.00   |
| FedEx                                      | 4,791.05   |
| Fox Weather, LLC                           | 110.00     |
| GINGERROOT LLC                             | 1,920.00   |
| Gourmet Demonstration Services, Inc.       | 472.45     |
| Hooman Mohammadpour                        | 900.00     |
| Inmar -You Tech, LLC                       | 3,764.16   |
| International Paper Company                | 361.20     |
| Irvine Ranch Water District                | 53.56      |
| Jessica Landesman                          | 170.62     |
| Kahn, Soares & Conway                      | 10,322.20  |
| Kathleen Norris Johnson                    | 8,410.00   |
| Kurata Communications LLC                  | 36,716.79  |
| Laguna Canyon Group, LLC                   | 13,475.49  |
| Laura Rice Paden                           | 13,410.00  |
| Law Offices of Edward M.Ruckert            | 1,687.50   |
| Leaseweb USA, Inc.                         | 79.47      |

# California Avocado Commission

## Bill Payment List

### July 2024

#### Summary by Vendor

|   |                      |
|---|----------------------|
| Lori Small                                      | 3,255.34             |
| Lund Food Holdings, Inc                         | 2,900.00             |
| Market Insight LLC dba Fusion                   | 57,257.07            |
| McDermott, Will & Emery LLP                     | 5,843.75             |
| Mollie Stone's Markets                          | 2,000.00             |
| MTQ Logistics Inc                               | 5,201.40             |
| Museum of Ventura County                        | 1,220.00             |
| Musick, Peeler & Garrett LLP                    | 2,442.00             |
| Optum Bank, Inc.                                | 14,525.00            |
| Paychex of New York LLC                         | 494.98               |
| Rockwell Morrow                                 | 11,740.00            |
| Safeway, Inc.                                   | 31,434.09            |
| Sierra Pacific Farms, Inc.                      | 248.28               |
| Signature Analytics, LLC                        | 15,273.45            |
| Southern California Edison                      | 908.44               |
| Spann Ag Research & Consulting, LLC             | 10,127.15            |
| Staples   | 59.53                |
| Steve Wonner                                    | 125.58               |
| Terry Splane                                    | 2,166.45             |
| The Fresh Market, Inc                           | 4,000.00             |
| The GDR Group, Inc.                             | 2,988.56             |
| U.S. The Retirement Plan Company (Matrix Trust) | 8,125.81             |
| Uline   | 173.96               |
| Unum Life Insurance                             | 121.80               |
| USDA Agricultural Mktg Svc                      | 5,043.21             |
| Verve Cloud, Inc.                               | 1,560.35             |
| Wahoo's Fish Taco                               | 2,250.00             |
| West Pak Avocado - Vendor                       | 371.63               |
| Will Carleton                                   | 178.78               |
| Zachary Benedict                                | 473.95               |
|   | <hr/>                |
|   | <b>\$ 815,193.93</b> |

# California Avocado Commission

## Bill Payment List

### August 2024

#### Summary by Vendor

|  |            |
|--|------------|
| 84.51 LLC                                | 55,000.00  |
| Ag. Food. Consulting AFC                 | 4,000.00   |
| Albertsons Companies, Inc.               | 18,928.67  |
| Albertsons-Southern California           | 10,000.00  |
| Amazon Business                          | 1,691.86   |
| American Express                         | 35,877.45  |
| Anderson Food Sales/Marketing            | 7,500.00   |
| April Aymami                             | 362.45     |
| Avocado Marketing Services Inc           | 530.00     |
| Beneficial Maintenance Services          | 579.02     |
| Cal Poly Pomona Foundation               | 4,150.00   |
| California Avocado Society               | 2,000.00   |
| Camlam Farms, Inc.                       | 308.99     |
| CBE Office Solutions                     | 50.84      |
| CDFA Cashier                             | 6,556.15   |
| Cell Business Equipment CBE1             | 518.51     |
| Cell Business Equipment CBE2             | 434.23     |
| Circana                                  | 16,507.75  |
| CL Marketing LLC                         | 12,500.00  |
| CROSSMARK, Inc., dba Product Connections | 295.73     |
| Curious Plot                             | 778,568.26 |
| David Cruz                               | 4,052.84   |
| DBA Media LLC                            | 10,150.00  |
| Del Rey Avocado                          | 245.00     |
| Del Taco                                 | 10,000.00  |
| Dog Haus Worldwide LLC                   | 2,600.00   |
| Douglas-McCarty Insurance                | 14,492.23  |
| Edelman Financial Engines, LLC           | 4,898.41   |
| Edge Sales & Marketing                   | 2,555.00   |
| Enterprise Rent-A-Car                    | 202.13     |
| FedEx                                    | 1,950.00   |
| Field Agent, Inc                         | 8,214.00   |
| Fox Weather, LLC                         | 220.00     |
| Gelson's Markets                         | 1,250.00   |
| GINGERROOT LLC                           | 2,940.00   |
| Herman Chan                              | 5,300.00   |
| Hooman Mohammadpour                      | 1,125.00   |
| INR Inc.                                 | 5,000.00   |
| Irvine Ranch Water District              | 58.48      |
| Kahn, Soares & Conway                    | 18,909.22  |
| Kathleen Norris Johnson                  | 18,410.00  |
| Kenneth Melban                           | 4,322.43   |
| Kurata Communications LLC                | 30,300.55  |
| Laguna Canyon Group, LLC                 | 26,950.98  |
| Laura Rice Paden                         | 13,410.00  |



# California Avocado Commission

## Bill Payment List

### August 2024

#### Summary by Vendor

|   |                        |
|---|------------------------|
| LeaseCrunch LLC                                 | 500.00                 |
| Leaseweb USA, Inc.                              | 79.47                  |
| Maker Collaborative LLC                         | 30,000.00              |
| Mandlik & Rhodes Information Systems            | 150.00                 |
| Marie Reginato                                  | 6,164.41               |
| Market Insight LLC dba Fusion                   | 30,203.99              |
| Maureen Cottingham                              | 183.57                 |
| MBURGER LLC                                     | 1,850.00               |
| McDermott, Will & Emery LLP                     | 4,300.00               |
| MG Restaurants, Inc.                            | 1,850.00               |
| MTQ Logistics Inc                               | 7,154.27               |
| Norm's Restaurants, LLC                         | 1,850.00               |
| Nugget Market, Inc                              | 17,500.00              |
| Patty Mastracco Food, Inc.                      | 2,529.66               |
| Paychex of New York LLC                         | 494.98                 |
| Provident Life & Accident Ins.                  | 40.60                  |
| Quadient Leasing USA                            | 294.19                 |
| Rachael Laenen                                  | 627.33                 |
| Robeks Franchise Corporation                    | 2,950.00               |
| Robert Grether                                  | 453.42                 |
| Rockwell Morrow                                 | 11,125.00              |
| San Francisco Soup Company dba Ladle & Leaf     | 1,300.00               |
| Sierra Pacific Farms, Inc.                      | 5,380.17               |
| Signature Analytics, LLC                        | 14,067.68              |
| Southern California Edison                      | 2,047.34               |
| Spann Ag Research & Consulting, LLC             | 8,000.00               |
| Staples   | 79.53                  |
| Temra Wald Consulting, Inc.                     | 25,125.00              |
| Terry Splane                                    | 1,250.06               |
| The Flame Broiler, Inc.                         | 4,800.00               |
| The GDR Group, Inc.                             | 2,101.63               |
| The Office Express / Foodja                     | 646.30                 |
| U.S. The Retirement Plan Company (Matrix Trust) | 8,117.25               |
| UC Davis to Benefit UC ANR                      | 500.00                 |
| University of California Davis                  | 33,527.00              |
| USDA Agricultural Mktg Svc                      | 12,157.37              |
| V Media LLC                                     | 3,933.96               |
| Verve Cloud, Inc.                               | 1,545.75               |
| West Pak Avocado - Vendor                       | 613.76                 |
| What's Gaby Cooking                             | 35,150.00              |
| Whisper of Yum, LLC                             | 16,400.00              |
| World Variety Produce, Inc dba Melissa's        | 5,000.00               |
| Zachary Benedict                                | 263.37                 |
| Zoom Video Communications, Inc.                 | 2,202.74               |
|   | <b>\$ 1,448,425.98</b> |



**COMMITTEE ACTION**

**ITEM 4.c: AUDITOR'S LETTERS OF ENGAGEMENT FOR 2023-24 FINANCIAL AUDIT**

**SUMMARY:**

The Letter of Engagement (LOE) for the 2023-24 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, 2024.

In addition to the annual Financial Statement Audit, the Commission will engage Moss Adams to perform a fiscal and compliance assessment for fiscal year 2023-24. 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 2023-24 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, USDA AMS compliance examination and CDFA compliance assessment, the cost would be approximately \$51,000

**COMMITTEE OPTIONS:**

- Accept the Moss Adams LOEs for 2023-24 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 2023-24 Financial Statement Audit Services from Moss Adams
- Letter of Engagement for Examination of Commission Compliance with USDA AMS Guidelines
- Letter of Engagement for 2023-24 CDFA Fiscal and Compliance Assessment Services from Moss Adams

October 2, 2024

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, 2024, 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, 2024.

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 2024 and complete fieldwork in January 2025. 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 \$39,000 and we will seek your approval for any budget overrun.

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

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

### **Reporting**

We will issue a written report upon completion of our audit of the Commission's financial statements. Our report will be addressed to the Board of Directors of the Commission. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement. Our services will be concluded upon delivery to you of our report on your financial statements for the year ended October 31, 2024.

### **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 2025. 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. 6/13/2024

## **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.

October 2, 2024  
Mr. Ken Melban  
Vice President, Industry Affairs and Operations  
California Avocado Commission  
12 Mauchly, Suite L  
Irvine, California 92618

Re: Examination Services

Dear Ken:

Thank you for the opportunity to provide services to the California Avocado Commission. This engagement letter (“Engagement Letter”) and the attached Professional Services Agreement, which is incorporated by this reference, confirm our 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 – Examination**

We will examine the Commission management’s assertion that the Commission complied with the compliance requirements (“Subject Matter”) of Section V.D. of the *Guidelines for Agricultural Marketing Service (AMS) Oversight of Commodity Research and Promotion Programs* (the “Criteria”), dated January 2020 for the year ended October 31, 2024 (the “Assertion”). 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.

Our examination will be conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and those contained in *Government Auditing Standards*. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express an opinion in a written report about whether the Assertion is fairly stated, in all material respects. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement.

Because of the inherent limitations of an examination engagement, together with the inherent limitation of internal control, an unavoidable risk exists that some material misstatements may not be detected, even though the examination is properly planned and performed in accordance with attestation standards.

Our report will include a sentence indicating that the purpose of the report is solely to express an opinion on Commission management's assertion that the Commission complied with the Guidelines for the year ended October 31, 2024 and is not suitable for any other purpose.

As a condition of our engagement, Commission management acknowledges and understands that it is responsible for the preparation and fair presentation of the Assertion and the accuracy and completeness of that information. Commission management agrees that as a condition of our engagement Commission management will provide us with:

- Access to all information of which Commission management is aware that is relevant to the measurement, evaluation or disclosure of the Assertion;
- Access to additional information that we may request from Commission management for the purpose of the engagement; and
- Unrestricted access to persons within the appropriate parties from whom we determine it necessary to obtain evidence.

We may advise you about appropriate Criteria or assist in the development of the Assertion, but responsibility for the Assertion remains with you.

At the conclusion of our engagement, we will require a representation letter from management that, among other things, will confirm management's responsibility for the Assertion.

### **Timing**

Matt Parsons is responsible for supervising the engagement and authorizing the signing of our report. We expect to begin fieldwork in December 2024 and issue our report in January 2025. If unforeseen



difficulties occur which make meeting the January 31, 2025 date improbable, we will inform you immediately. Our ability to meet these targets will be dependent, in part, on the level of preparation and cooperation by your staff.

Our scheduling is based on your completion of fulfilling our request necessary to complete the examination. 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 your staff's unavailability or delays in fulfilling our requests. 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 work product. You understand our fees are subject to adjustment if we experience delays in completing our services. Our services will be concluded upon delivery to you of our examination report.

### **Fees**

The fees for these procedures have been included in a separate engagement letter.

The fee estimate is based on anticipated cooperation from your personnel, the expectation that the Commission's records will be in good order, and the assumption that unexpected circumstances will not be encountered during the completion of the examination. If we find that significant additional time is likely to be necessary, we will attempt to discuss it with you and arrive at a new fee estimate before we incur significant additional fees or expenses.

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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 this Agreement, please sign the enclosed copy of this Engagement 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. 6/13/2024

## **PROFESSIONAL SERVICES AGREEMENT**

### **Examination Services**

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 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.

#### **Objective of the Examination**

The objective of our examination is the expression of an opinion as stated in the Engagement Letter. Our examination will be conducted in accordance with the standards described in the Engagement Letter and will include tests of your records and other procedures we consider necessary to enable us to express such an opinion. 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. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the examination or are unable to form or have not formed an opinion, we may decline to express an opinion or may withdraw from this engagement.

#### **Procedures and Limitations**

An examination includes examining evidence on a test basis and cannot be relied upon to disclose all material errors, or known or suspected fraud or noncompliance with laws or regulations or internal control deficiencies that may exist. Therefore, our examination will involve judgment about the number of transactions to be examined and the areas to be tested. Also, we will plan and perform the examination to obtain reasonable, but not absolute, assurance about whether the Assertion is fairly stated, in all material respects. A risk exists that we may not detect material misstatements because: (a) an examination is designed to provide reasonable, but not absolute, assurance the Assertion is fairly presented in all material respects, (b) we will not perform a detailed examination of all transactions as such is cost prohibitive, and (c) an examination is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the Assertion. However, we will inform you of any material errors, known or suspected fraud and noncompliance with laws or regulations, internal control deficiencies identified during the engagement, and uncorrected misstatements that come to our attention, unless clearly inconsequential. Our responsibility is limited to the period covered by our examination and does not extend to any time period for which we are not engaged as examiners.

#### **Changes in Professional or Accounting Standards**

To the extent that future federal, state, or professional rule-making activities require modification of our examination 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 examination standards that are required to be adopted and applied as part of our engagement, we may terminate this Agreement as provided herein, regardless of the stage of completion.

#### **Representations of Management**

During the course of our engagement, we may request information and explanations from management regarding, among other matters, the Commission's operations, internal control, future plans, specific transactions, and accounting systems and procedures. At the conclusion of our engagement, we will require, as a precondition to the issuance of our report, that management provide us with a written representation letter confirming some or all of the representations made during the engagement. The procedures we will perform in our engagement will be heavily influenced by the representations that we receive from 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.

#### **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. 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.

### **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.

### **Use of Moss Adams' Name**

The Commission may not use any of Moss Adams' name, trademarks, service marks or logos 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.

### **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 any 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, and (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.

October 2, 2024

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-Upon Procedures (the “Schedule”), and the attached Professional Services Agreement (collectively, the “Agreement”) confirm our understanding of the terms and objectives of our engagement, and limitations of the services Moss Adams LLP (“Moss Adams,” “we,” “us,” and “our”) will provide to California Avocado Commission (“you,” “your,” and “Commission”). This engagement is solely to assist you and the California Department of Food and Agriculture (CDFA) (“Intended User”) in evaluating the Commission’s compliance with the *CDFA Accounting Guidelines and General Rules*, (the “Guidelines”) effective January 1, 2017, and the Commission’s internal policies and procedures for the year ended October 31, 2024. 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, 2024. 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 purpose.

### **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 2024 and expect to complete fieldwork in January 2025. 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 \$9,800 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,

A handwritten signature in cursive script that reads "Matt Parsons".

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. 6/13/2024

## **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.

## SCHEDULE OF AGREED – UPON PROCEDURES

### Procedure 1:

Obtain the Commission's written policies and procedures for expenditures and the *CDFA Accounting Guidelines and General Rules*, effective January 1, 2017. Obtain from the Commission a listing of all transactions recorded for the year ended October 31, 2024 to the following general ledger accounts: travel and lodging; meals and entertainment; employee use of program-owned vehicles; financial transactions between entities; and contracts. Select a random sample of sixty transactions and perform the following:

- For any transactions that were for the purchase of goods valued at or over \$5,000 request procurement records from the Commission and observe whether at least three bids were obtained by the Commission before selecting a vendor and report any exceptions. For any vendor selected by the Commission that is not the lowest bidder, request documentation from the Commission explaining the reasons for the acceptance of the chosen bid and report any exceptions.
- Request invoices for each transaction selection that resulted in a disbursement by the Commission and perform the following:
  - Agree the name of the addressee on the invoice to that of the Commission.
  - Agree date references on the face of the invoice to the period of November 1, 2023 through October 31, 2024.
  - Compare the code number for the budget account to the code number the transaction was recorded.
  - Agree the amount of the invoice to the amount paid per the disbursement.
  - For any invoices with handwritten or typewritten billheads observe whether the invoice was signed by the vendor or person furnishing the supplies or services.
  - Report on any exceptions.
- For all disbursements selected obtain the journal entries and supporting documentation (e.g. invoices). Review the support provided to determine if the disbursement was for lending, extensions of credit, or gifting to an individual, municipal, or other corporation and if it was, include the amount and description of the disbursement in the report on agreed-upon procedures.
- For any disbursements that include an itemization of alcohol perform the following:
  - Recalculate that total alcoholic charges for entertainment did not exceed \$30 per person.
  - Compare that alcoholic purchases by Commissioners while traveling did not exceed 2 beverages per meal and in total did not exceed reimbursable meal allowances as defined in subpart 1.5.1 of Section 6.0 of the Commission's Internal Control Policies and Procedures Revision Number 1.5 with an effective date of November 1, 2019.
  - Report on any exceptions.

- For any disbursements that resulted in the purchase of personalized mementos such as flowers or plaques agree totals did not exceed \$250 per occasion and compare the business purpose to that of an extraordinary event as defined in section 4.5 of the *CDFA Accounting Guidelines and General Rules*, effective January 1, 2017 and report on any exceptions.
- For any travel, entertainment, and related expense selection compare supporting documentation provided by the Commission to that permitted by Section V of the *CDFA Accounting Guidelines and General Rules*, effective January 1, 2017. Report any exceptions of charges exceeding limits as outlined in that Section, missing receipts, unauthorized transactions, or authorization that did not align with the levels outlined in that Section.

**Procedure 2:**

Inquire with Commission management whether the Commission owns or leases any vehicles. If so, compare that the values of personal use of Commission-owned or leased vehicles are reported as income as reported on the respective employee's W-2.

**Procedure 3:**

If Commission staff and office resources are also dedicated to managing other entities on behalf of assessment payers for the period of November 1, 2023 to October 31, 2024 perform the following:

- Inquire with Commission management of the identity and mission of each ancillary organization and include management's response in the report on agreed-upon procedures.
- Inquire of management if a separate general ledger of transactions has been used for the ancillary organization from the Commission's own marketing program records and include management's response in the report on agreed-upon procedures.
- Inquire with Commission management if a memorandum of understanding (MOU) exists between the marketing program and ancillary organizations to share administrative costs and include management's response in the report on agreed-upon procedures.
- Haphazardly select one financial transaction that was prorated between the two parties and recalculate the proration based on the terms of the memorandum of understanding.
- Inquire with Commission management whether there are conflicts of interest that exist between management and the ancillary organizations and include management's response in the report on agreed-upon procedures.

**Procedure 4:**

Obtain the Commission's policies and procedures for purchasing and contracts. Obtain from the Commission a list of contracts executed during the year ended October 31, 2024. Select a random sample of five contracts to note that contracts were made in accordance with the Accounting Guidelines for Contracts and Section IV, *Purchases and Invoices*, of the *CDFA Accounting Guidelines and General Rules*, effective January 1, 2017.

**Procedure 5:**

Obtain the Commission's adopted written policies and procedures for contracts and note in our report on the application of agreed-upon procedures if such policy exists as required by *CDFA Accounting Guidelines and General Rules*, effective January 1, 2017.



## COMMITTEE INFORMATION

### **ITEM 4.e: 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 2024-25 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.