

**CALIFORNIA AVOCADO COMMISSION
FINANCE COMMITTEE MINUTES
October 4, 2023**

A meeting of the Finance Committee of the California Avocado Commission (CAC) was held on Wednesday, October 4, 2023 at 10:30 a.m. with the following people present:

MEMBERS PRESENT

Jason Cole, Chairman
Maureen Cottingham
Andrew Prechtl
Rob Grether, Ex-officio

MEMBERS ABSENT

Will Carleton
Kellen Newhouse

STAFF PRESENT

April Aymami
Ken Melban
Terry Splane

GUESTS PRESENT

John Berns
Laura Bertagnolli, *Signature Analytics*
Vickie Carpenter, USDA
Dan Coxe
Michelle Do, *Signature Analytics*
Rachael Laenen
Joanne Robles-Swanson

ITEM #1 CALL TO ORDER

Roll Call/Quorum – Item 1.a.

Jason Cole, Finance Committee chairman, called the meeting to order at 10:31 a.m. with a quorum present.

Introductions – Item 1.b.

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

ITEM # 2 OPPORTUNITY FOR PUBLIC COMMENT

There was no public comment.

ITEM # 3 CONSIDER APPROVAL OF MINUTES OF AUGUST 9, 2023 FINANCE COMMITTEE MEETING

The Committee reviewed the minutes from the August 9, 2023 meeting and the following motion was offered:

MOTION:

The Finance Committee approves the August 9, 2023 Finance Committee Meeting Minutes as presented.

(Prechtl/Cottingham) MSC Unanimous

MOTION 23-10-4-1

The August 9, 2023 Meeting Minutes are included in the August 2023 Finance Committee Packet and are attached to the permanent copy of these Minutes and identified as EXHIBIT A, Item 3.

ITEM # 4 DISCUSSION AND POSSIBLE ACTION ITEMS

2022-23 Financial Updates – Item 4.a.

Ms. Aymami introduced Laura Bertagnolli and Michelle Do with Signature Analytics, CAC's outsourced accounting firm, to provide an overview of the financials included in the packet. Ms. Bertagnolli presented the Monthly Performance Report for August 2023, which included key performance indicators, statement of net position and income statement.

Finance Committee Meeting Minutes

October 4, 2023

Page 2

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

Cash Disbursements Audit – Item 4.b.

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

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

Auditor's Letters of Engagement for 2022-23 financial audit – Item 4.c.

Ms. Aymami presented the letters of engagement from Moss Adams for 2022-23 financial audit services. She noted that the letters had no substantive changes from the prior year and covered CAC's annual financial audit, CDFA compliance audit and required USDA compliance examination.

MOTION:

The Finance Committee approves the Auditor's Letters of Engagement for 2022-23 financial audit services as presented.

(Precht/Cottingham) MSC Unanimous

MOTION 23-10-4-2

The Auditor's Letters of Engagement for 2022-23 financial audit are included in the October 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.c.

2022-23 Profit Sharing Plan Contributions – Item 4.d.

Mr. Cole reported that as treasurer, he has the responsibility to review CAC's annual profit sharing contributions for employees to ensure compliance with the plan. He noted that he had conducted the annual review and that all contributions were in accordance with the Commission's plan. It was suggested that the Committee review details of the Commission's retirement plan at a future meeting.

Internal Control Policies and Procedures – Item 4.e.

Ken Melban, CAC vice president of industry affairs and operations, stated that at the request of CAC Board Chair Rob Grether, following the September 12, 2023 Executive Committee meeting, management had prepared an updated authorization matrix for Finance Committee review. It was noted that upon Board approval of the updated matrix, CAC's complete internal control document would then be updated and presented for approval at a later time.

The Committee discussed the proposed changes and provided direction on additional edits regarding the approval process for the vice presidents' expenses reports in the current absence of a president.

MOTION:

The Finance Committee approves the authorization matrix with edits regarding vice president expense report approvals and pending additional modification related to the presidency.

(Cottingham/Precht) MSC Unanimous

MOTION 23-10-4-3

The Authorization Matrix is included in the October 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.e.

Finance Committee Meeting Minutes

October 4, 2023

Page 3

2023-24 Cash Flow Projections – Item 4.f.

Ms. Do presented an onscreen 2023-24 cash flow projection model, explaining various revenue scenarios used by management to determine if CAC would be at risk of utilizing the line of credit in the coming fiscal year. It was noted that due to a strong reserve balance, management did not foresee the need to access the credit line in the next twelve months.

The Committee commended the cash flow model developed by Signature Analytics and CAC management and requested it be included with finance packets in the future. There was also a request that CAC explore what investment options are available to CAC, under CDFA and USDA policies, for the monies held as reserves.

Review of Reserves Policy – Item 4.g.

Mr. Melban presented CAC's current reserve policy and commented that the Finance Committee had been delegated the authority by the Board to annual review the policy to determine if modifications are needed based on CAC's current and projected financial position. The Committee discussed the reserve policy, noting that the cash flow presentation had indicated the current reserve policy provide adequate resources for Commission operations to continue despite lack of harvest and revenue. There was discussion of whether the reserve level could be decreased below the current five-million-dollar floor, however after review of the various cash flow models, there was consensus that the current policy should remain unchanged.

The CAC Reserves Policy is included in the October 2023 Finance Committee Packet and identified as EXHIBIT A, Item 4.g.

2023-24 Budget and Assessment Rate – Item 4.h.

The Committee discussed the Board's direction to management in August to develop a 2023-24 budget based on 200-million-pound crop, \$1.15 per pound for value and 2.25% assessment rate, which was different than the Finance Committee discussion in August of 225-million-pound crop and 2.00% assessment rate. There was consensus that the value would most likely be higher than \$1.15 per pound, however there was support for maintaining that figure as the recommended value. The Committee discussed several revenue scenarios based on crop size and assessment rate, culminating with support for the recommendation to the Board of the 2023-24 budget based on 200-million-pound crop, \$1.15 per pound for value and 2.25% assessment rate.

ADJOURN

Mr. Cole adjourned the meeting at 12:05 p.m.

Respectfully submitted,

April Aymami, Industry Affairs Director

EXHIBITS ATTACHED TO THE PERMANENT COPY OF THESE MINUTES

EXHIBIT A October 2023 Finance Committee Packet

EXHIBIT B October 4, 2023 Finance Committee Meeting AB 2720 Roll Call Vote Tally Summary



EXHIBIT B

CALIFORNIA AVOCADO COMMISSION

AB 2720 Roll Call Vote Tally Summary

To be attached to the Meeting Minutes

Meeting Name: <i>Finance Committee Meeting</i>	Meeting Location: <i>Hybrid Meeting In-person (Oxnard) Online (Zoom)</i>	Meeting Date: <i>October 4, 2023</i>
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<i>Attendees Who Voted</i>	<u>MOTION</u> <u>23-10-4-1</u>	<u>MOTION</u> <u>23-10-4-2</u>	<u>MOTION</u> <u>23-10-4-3</u>
Jason Cole	Yea	Yea	Yea
Maureen Cottingham	Yea	Yea	Yea
Andrew Prechtl	Yea	Yea	Yea
<i>Outcome</i>	Unanimous	Unanimous	Unanimous