

**NATIONAL PROCESSED RASPBERRY COUNCIL
Executive Committee Conference Call**

February 4, 2015, 9:00 a.m.

Committee Members:

- John Clark
- Rob Dhaliwal
- Brad Rader

Others:

- Tom Krugman Tarun Harit Tom Skilton
- Daniel Obbink Pam Kok

x = participating

A. Establish Quorum

The meeting was called to order by John Clark at 9:10 a.m. Roll Call disclosed a quorum to be present.

B. Approval of November 17, 2014 Minutes

On a motion by Brad, seconded by Rob, the minutes of the November 17, 2014 meeting of the Executive Committee were unanimously approved as submitted.

C. FY 2014 Audit

After a brief introduction, Daniel Obbink and Pam Kok of Larson Gross CPAs & Consultants were asked to present the draft FY 2014 Audit report. Daniel began by noting that the report went back to the beginning of the Council, and therefore covered more than one year of activity. To complete the review, a certain amount of testing of A/P and A/R had been completed, which would be described in greater detail later in his remarks.

The first two pages of the report outline the various responsibilities of management and the auditor, and recognize additional reports as required by Government Auditing Standards which must be applied in the case of the Council given its affiliation with USDA/AMS. Most significant for the Committee was that the opinion is a “clean opinion” with no material issues identified. In response to a question by Tarun, Daniel further stated that the opinion was “unmodified and unqualified” with no exceptions.

The Statement of Financial Position recognizes the Council's assets and liabilities. In examining importer assessment receipts, Daniel noted questions dealing with the amount of assessments owed, conversion of concentrate assessed by both US Customs and the Council, an incorrect HTS code being applied to a non-raspberry import, and alleged double assessing resulting from the re-import of product brought in from Canada and subsequently exported or the import of domestic production previously exported to Canada. To test Accounts Receivable, approximately 10% of companies identified as owing the Council were contacted to confirm the

A/R owed. He concluded by noting that there was little bad debt or uncollectable assessment revenue. Tom S stated that he has been working with importers to reconcile the remaining unresolved issues raised, with an internal deadline of March 31 to resolve any outstanding issues or refer them to USDA for action. In the case of penalties for delinquent assessments, the recommendation will be forgiveness this year only as this was a new procedure and forms for domestic first handlers and/or importers, and the process of assessment collection had begun in the middle of a fiscal year.

The Statements of Activities and Functional Expenses summarized and provided detail on revenues and expenses, respectively. Of \$829,000 expended by the Council during the period covered by the Audit, \$483,000 was expended on Programs, with \$346,000 on Supporting Services. To test Accounts Payable, approximately one-third of all contracts had been examined and tested for following the approval procedure along with the invoices received and payments issued. No anomalies were identified.

The conclusion of the report addressed Auditor notes. Of significance was a note describing cash held in excess of FDIC limits. Tom K referred to a Memorandum of Understanding with Wells Fargo that collateralized all deposits in excess of FDIC limits. With this information, Daniel will modify the statement in the notes. While there is not a separate lease in place for the Council's office space in Lynden, Daniel and Tom K had developed an estimated value which was recognized.

The final letter in the report summarized audit standards as required by USDA/AMS, and comments on Internal Control procedures. Tarun asked that a separate letter be issued addressing each of the thirteen points in the Engagement Letter.

As internal recommendations, the most significant was for the Council to consider monthly recordkeeping on an accrual basis rather than cash to simplify establishment of trial balances. Daniel also suggested the Council request that its statement cutoff date be changed to the last day of the month rather than mid-month as currently exists.

With the conclusion of his presentation and in response to John's question regarding Committee input, Tom K noted that he and Tarun had spent time with the auditors in Lynden following the November meeting and had been able to address many questions at that time. Tom appreciated the thoroughness of questions and procedures during the first examination of the Council's books and records.

On a motion by Brad and seconded by Rob, the draft FY 2014 Audit Report as presented was unanimously accepted by the Committee.

D. Other Business; adjourn

There then being no further Committee business, on a motion by Rob, and seconded by Brad, the conference call concluded at 9:51 a.m.