



Date: September 1, 2023

Via e-mail

From: William Koch
Deputy Director, Community and Local Equity Grants Unit
California Governor's Office of Business and Economic Development

To: Steve Dunicliff
Deputy CEO
County of Mendocino
501 Low Gap Road
Ukiah, CA 95482
dunnicl@s@mendocinocounty.org

RE: Cannabis Equity Grants Program for Local Jurisdictions – Audit of Grant Expenditures – Preliminary Findings and Request for Additional Information

Dear Mr. Dunicliff:

Thank you for providing the information requested in our Audit Memo dated July 7, 2023. Based on a review of your completed Audit Spreadsheet and the documentation submitted, we are requesting additional information and have made the following preliminary findings:

Grant Agreement Number: CEG-2020-021
Grant Term: 5/15/2020 – 11/30/2022
Grant Award Amount: \$2,245,704.40

Grants and Loans

The amount allocated to Grants and Loans per the Grant Agreement is \$1,796,579.91. The amount entered into your completed Audit Spreadsheet is \$1,777,342.65, which leaves \$19,237.26 unaccounted for. Unless you have additional information for us to consider, **\$19,237.26** allocated to this funding category will need to be returned to GO-Biz. In addition, we are requesting additional documentation for disbursements under this funding category. Please refer to the attached **Supplemental Request for Documentation** for a list of transactions in which we are requesting additional documentation.

Direct Technical Assistance

The amount allocated to Direct Technical Assistance per the Grant Agreement is \$224,526.58. The amount entered into your completed Audit Spreadsheet is \$21,680.00 with an evidence of expenditure reference of "Admin Cost Expense Evidence Packet – Page 1-7, 10". Based on a review of the aforementioned evidence of expenditures, the \$21,680.00 in expenses do not meet our definition of Direct Technical Assistance. However, these expenses can be counted towards the Administrative Costs funding category

(up to the maximum amount allowed for Administrative Costs). Unless you have additional information for us to consider, **\$224,526.58** allocated to this funding category will need to be returned to GO-Biz.

Administrative Costs

The amount allocated to Administrative Costs per the Grant Agreement is \$224,579.91. The amount entered into your completed Audit Spreadsheet is \$224,597.91 with an evidence of expenditure reference of "Admin Cost Expense Evidence Packet – Page 1-7, 10". The total amount of expenses reflected in the aforementioned evidence of expenditures is \$211,560.00, which includes the \$21,680.00 misidentified as Direct Technical Assistance. Unless you have additional information for us to consider, **\$13,019.91** (\$224,579.91 - \$211,560.00) allocated to this funding category will need to be returned to GO-Biz.

Grant Agreement Number: CEG-2021-135

Grant Term: 4/15/2021 – 01/31/2023

Grant Award Amount: \$832,274.17

Grants and Loans

The amount allocated to Grants and Loans per the Grant Agreement is \$665,820.17. The amount entered into your completed Audit Spreadsheet is \$574,284.81, which leaves \$91,535.36 unaccounted for. Unless you have additional information for us to consider, **\$91,535.36** allocated to this funding category will need to be returned to GO-Biz. In addition, we are requesting additional documentation for disbursements under this funding category. Please refer to the attached **Supplemental Request for Documentation** for a list of transactions in which we are requesting additional documentation.

Direct Technical Assistance

The amount allocated to Direct Technical Assistance per the Grant Agreement is \$83,227.00. The amount entered into your completed Audit Spreadsheet is \$1,760.00 with an evidence of expenditure reference of "Admin Cost Expense Evidence Packet – Page 8". Based on a review of the aforementioned evidence of expenditures, the \$1,760.00 in expenses do not meet our definition of Direct Technical Assistance. However, these expenses can be counted towards the Administrative Costs funding category (up to the maximum amount allowed for Administrative Costs). Unless you have additional information for us to consider, **\$83,227.00** allocated to this funding category will need to be returned to GO-Biz.

Administrative Costs

The amount allocated to Administrative Costs per the Grant Agreement is \$83,227.00. The amount entered into your completed Audit Spreadsheet is \$83,227.00 with an evidence of expenditure reference of "Admin Cost Expense Evidence Packet – Page 8". The total amount of expenses reflected in the aforementioned evidence of expenditures is \$83,200.00, which includes the \$1,760.00 misidentified as Direct Technical Assistance. Unless you have additional information for us to consider, **\$77.00** (\$83,227.00 - \$83,200.00) allocated to this funding category will need to be returned to GO-Biz.

Grant Agreement Number: CEG-2022-387

Grant Term: 3/25/2022 – 10/31/2023

Grant Award Amount: \$2,944,034.62

Grants and Loans

The amount allocated to Grants and Loans per the Grant Agreement is \$2,534,422.84. The amount entered into your completed Audit Spreadsheet is \$1,561,560.11, which leaves **\$972,862.73** unaccounted

for. Please be advised per the Grant Agreement the term for this grant ends on October 31, 2023. Any funds unaccounted for or not expended by the end of the grant term must be returned to GO-Biz. In addition, we are requesting additional documentation for disbursements under this funding category. Please refer to the attached **Supplemental Request for Documentation** for a list of transactions in which we are requesting additional documentation.

Direct Technical Assistance

The amount allocated to Direct Technical Assistance per the Grant Agreement is \$294,300.00. The amount entered into your completed Audit Spreadsheet is \$568.75 with an evidence of expenditure reference of "Admin Cost Expense Evidence Packet – Page 9". Based on a review of the aforementioned evidence of expenditures, the \$568.75 in expenses do not meet our definition of Direct Technical Assistance. However, these expenses can be counted towards the Administrative Costs funding category (up to the maximum amount allowed for Administrative Costs). As a result, **\$294,300.00** in this funding category is unaccounted for. Please be advised per the Grant Agreement the term for this grant ends on October 31, 2023. Any funds unaccounted for or not expended by the end of the grant term must be returned to GO-Biz.

Administrative Costs

The amount allocated to Administrative Costs per the Grant Agreement is \$115,311.78. The amount entered into your completed Audit Spreadsheet is \$94,419.22 with an evidence of expenditure reference of "Admin Cost Expense Evidence Packet – Page 9, 11-22". A review of page 9 of the "Admin Cost Expense Evidence Packet" reflects an invoice of \$115,281.25, however on the Audit Spreadsheet only \$79,967.59 is shown for this expense. Please provide additional information to clarify this discrepancy. Further, please be advised per the Grant Agreement the term for this grant ends on October 31, 2023. Any funds unaccounted for or not expended by the end of the grant term must be returned to GO-Biz.

Please provide the information requested in the **Supplemental Request for Documentation**, as well as any additional information you'd like us to consider by **October 2, 2023**.

If you have any questions regarding the contents of this letter, please do not hesitate to contact your CEG Program Grant Manager, Katie Raley at katie.rale@gobiz.ca.gov.

Respectfully,

Will Koch

William Koch
Deputy Director
Community and Local Equity Grants Unit
California Governor's Office of Business and Economic Development