



Date: January 24, 2024

Via e-mail

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

To: Ryan Heitz
Economic Development Coordinator
County of Humboldt
825 5th St #112
Eureka, CA 95501
rheitz@co.humboldt.ca.us

RE: Cannabis Equity Grants Program for Local Jurisdictions – Audit of Grant Expenditures – CEG-2020-022, CEG-2021-250, & CEG-2022-398 – Final Determination

Dear Mr. Heitz:

Thank you for providing the information requested in our Audit Memo dated October 20, 2023. This memo addresses grant agreement numbers CEG-2020-022, CEG-2021-250, and CEG-2022-398.

Based on a review of the additional documentation submitted for CEG-2020-022, CEG-2021-250, and CEG-2022-398, we have made the following determinations:

Grant Agreement Number: CEG-2020-022
Grant Term: 5/15/2020 – 8/31/2022
Grant Award Amount: \$2,459,581.02
Total Amount to Be Returned to GO-Biz: \$0.00

Grants and Loans

The supplemental documentation provided in response to our memo dated October 20, 2023, is sufficient, and therefore no further action is required at this time.

Direct Technical Assistance

The amount allocated for Direct Technical Assistance per the May 20, 2021, approved budget amendment is \$214,857.02. The amount entered into your completed Audit Spreadsheet is \$34,863.00 attributable to Cal Poly Humboldt and College of the Redwoods as follows:

- Cal Poly Humboldt - \$10,934.00
- College of the Redwoods - \$23,929.00

A review of the files "CPH Third Party Authorization (1).pdf" and "CPH Third Party Authorization (2).pdf" reveal the services provided by Cal Poly Humboldt meets our definition of Direct Technical Assistance. A review of the files "3.11.22 Invoice.pdf" and "6.1.22 Invoice.pdf" provided as part of the supplemental documentation supports \$10,934.00 in expenditures.

Additionally, a review of the files "College of the Redwoods Agreement 1.pdf" and "College of the Redwoods Agreement.pdf" reveal the services provided by College of the Redwoods meets our definition of Direct Technical Assistance. A review of the files "INV 22-2015 CR INVOICE 11.16.21.pdf_signed.pdf", "Inv 23-2008.pdf", "Inv#22-2087.pdf", among others, supports \$23,929.00 in expenditures.

Therefore, as indicated in our memo dated October 20, 2023, no further action is required at this time.

Administrative Costs

Our memo dated October 20, 2023, indicated that no additional information was required, and therefore no further action is required at this time.

Grant Agreement Number: CEG-2021-250
Grant Term: 4/21/2021 - 10/31/2022
Grant Award Amount: \$1,055,870.22
Total Amount to Be Returned to GO-Biz: \$0.00

Grants and Loans

The supplemental documentation provided in response to our memo dated October 20, 2023, is sufficient, and therefore no further action is required at this time.

Direct Technical Assistance

Our memo dated October 20, 2023, indicated that no additional information was required, and therefore no further action is required at this time.

Administrative Costs

Our memo dated October 20, 2023, indicated that no additional information was required, and therefore no further action is required at this time.

Grant Agreement Number: CEG-2022-398
Grant Term: 3/15/2022 - 10/31/2023
Grant Award Amount: \$3,429,315.04
Total Amount to Be Returned to GO-Biz: \$0.00

Grants and Loans

The supplemental documentation provided in response to our memo dated October 20, 2023, is sufficient. Additionally, the amount allocated to Grants and Loans per the Grant Agreement is \$2,960,637.04, while the amount entered into your completed Audit Spreadsheet is \$3,336,749.02. This amount is \$376,111.98 ($\$3,336,749.02 - \$2,960,637.04 = \$376,111.98$) **over the amount allocated to this funding category**. After a review of the supplemental evidence provided, it is determined \$5,521.00 in expenditures entered into your completed Audit Spreadsheet in course fees at Cal Poly Humboldt and

College of the Redwoods are not considered eligible expenditures in the category of Grants and Loans. However, the expenditures can be attributed to the Direct Technical Assistance category. Furthermore, it appears the \$370,590.98 ($\$376,111.98 - \$5,521.00 = \$370,590.98$) of the remaining expenditures over the amount allocated to Grants and Loans matches the difference between what was allocated in the Grant Agreement and claimed on the Audit Spreadsheet for Direct Technical Assistance and Administrative Costs ($\$334,339.00 - \$5,521.00 - \$0.00$ [Direct Technical Assistance] + $\$134,339.00 - \$92,566.02$ [Administrative Costs] = $\$370,590.98$). Therefore, no further action is required at this time.

Direct Technical Assistance

The amount allocated to Direct Technical Assistance per the Grant Agreement is \$334,339.00. The amount entered into your completed Audit Spreadsheet is \$0.00. However, \$5,521.00 in expenditures entered into your completed Audit Spreadsheet in the category of Grants and Loans can be attributed to the Direct Technical Assistance category. The difference between the amount allocated to this funding category, the \$5,521.00 in expenditures attributed to Cal Poly Humboldt and College of the Redwoods entered under Grants and Loans, and the amount entered into the Audit Spreadsheet is \$328,818.00 ($\$334,339.00 - \$5,521.00 - \$0.00 = \$328,818.00$) and, as indicated above, appears to have been expended in the Grants and Loans funding category, which is acceptable to GO-Biz. Therefore, no further action is required at this time.

Administrative Costs

The amount allocated to Administrative Costs per the Grant Agreement is \$134,339.00. The amount entered into your completed Audit Spreadsheet is \$92,566.02. A review of the file "Admin CEG 2022 Back Up.pdf" provided in response to our memo dated October 20, 2023, supports this amount. The difference between the amount allocated to this funding category and the amount entered into the Audit Spreadsheet is \$41,772.98 ($\$134,339.00 - \$92,566.02 = \$41,772.98$) and, as indicated above, appears to have been expended in the Grants and Loans funding category, which is acceptable to GO-Biz. Therefore, no further action is required at this time.

The total amount to be returned for CEG-2020-022, CEG-2021-250, and CEG-2022-398 is **\$0.00**.

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.raleigh@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