

Report of Independent Accountants

Oregon Wine Board
Oregon Secretary of State Audits Division

We have performed the procedures enumerated below, on the accounting records noted below for the Biennium ended June 30, 2023 (the Biennium). The Oregon State Wine Board (the Board or OWB) is responsible for the accounting records noted below.

The Oregon State Wine Board has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the Oregon Wine Board in complying with Oregon Revised Statute (ORS) 182.464. Additionally, the Oregon Secretary of State Audit Division has agreed to and acknowledged that the procedures performed are appropriate to meet their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures we performed and our findings are as follows:

Receiving, Recording and Reporting Transactions

1. We obtained a listing of internal controls for receiving, recording and reporting transactions. We agreed the listing of internal controls to the Board's policies and procedures without exception.
 - a. Executive Assistant (formerly Ops Manager) picks up the mail, scans in any checks and emails the scans to accounting and finance. The checks are then stamped with the appropriate restricted endorsement stamp.
 - b. All revenues received via on-line credit card payments should be posted into QuickBooks monthly and a copy of the transaction with all pertinent information, including payee, date of payment into the OWB bank account, the amount and the reason for the payment, will be filed in the file for credit card transactions.
 - c. The Accounting Manager will reconcile the check log to the cash receipts that were deposited at the bank to ensure that all checks were deposited.
 - d. The Accounting Manager insures all invoices have the account code written on them and approved by the appropriate Program Manager of Vice President of Finance and Administration to being processed.
 - e. Expense reports must be approved by [the employee's] manager in Expensify. The President's credit card expense report and back-up documentation will be given to the Board Chair for approval in Expensify.
 - f. The President will review payroll expenditures and allocations twice annually.

2. We obtained a schedule from management of all transactions that occurred during the Biennium and haphazardly selected 10 transactions. Upon receipt of the listing of the internal controls from Procedure 1, we compared those internal controls identified to the evidence of the control taking place for each of the 10 transactions selected. The results of our procedures are included in the table below:

RRRT Transactions Selected	Control B	Control D	Control E	Control F
1	N/A	✓	N/A	N/A
2	N/A	✓	✓	N/A
3	N/A	✓	N/A	N/A
4	N/A	✓	✓	N/A
5	N/A	✓	✓	N/A
6	N/A	✓	N/A	N/A
7	N/A	✓	N/A	N/A
8	N/A	N/A	N/A	✓
9	N/A	N/A	N/A	✓
10	✓	N/A	N/A	N/A
✓	= Procedure performed without exception			
N/A	= Control not applicable for this selection			
<i>Controls A and C not applicable to any of the items selected.</i>				
Control B: Revenues: Online payments: We agreed a copy of the transaction documentation for payee, date of payment, amount, and reason for payment.				
Control D: Expenses: We obtained the invoice and noted both account coding and approval.				
Control E: Expenses: Employee expenses: We noted the Expensify expense report contained Manager or Board Chair approval.				
Control F: Expenses: Payroll: We noted payroll journal contained evidence of twice-yearly review and approval by VP Operations and Finance and by President.				

Bank Reconciliations

3. We confirmed bank balances with financial institutions that the Board uses as of June 30, 2023. We agreed the confirmations to the June 30, 2023, bank reconciliations without exception.
4. We obtained the following list of internal controls over bank reconciliations. We agreed the list of internal controls to the Board's policies and procedures without exception.
- The Accounting Manager will attach the completed bank reconciliation to the applicable bank statement along with all documentation.
 - The Accounting Manager will review the reconciliations and investigate any checks that are outstanding over six months.
 - The reconciliation report will be reviewed, approved, dated, and initialed by the VP Operations and Finance.

5. We obtained a list from management of all bank reconciliations for the Biennium and haphazardly selected 3 reconciliations. Upon receipt of the listing of the internal controls from Procedure 8, we compared those internal controls identified to the evidence of the control taking place for each of 3 reconciliations selected. The results of our procedures are included in the table below:

Reconciliations Selected	Control A	Control B	Control C
1	✓	☒	✓
2	✓	☒	✓
3	✓	☒	✓
✓	= Procedure performed without exception		
☒	= Procedure exception		
N/A	= Control not applicable for this selection		
Control A: We agreed bank reconciliation to attached bank statement and supporting documentation.			
Control B: We inspected bank reconciliation for checks outstanding over 6 months and evidence of investigation, if any noted.			
Control C: We noted the bank reconciliations contained initials indicating review and approval from the VP of Operations and Finance.			

Regarding Control B, Moss Adams noted that the bank reconciliation contained no supporting evidence of investigation or resolution of the outstanding checks over six months.

6. We haphazardly selected 3 reconciling items from each of the bank reconciliations selected in Procedure 5 and noted that one reconciling item contained supporting evidence. The other eight reconciling items selected were aged outstanding checks that we were not able to agree to supporting documentation.

Revenues

7. We obtained the following list of internal controls over revenues. We agreed the list of internal controls to the Board's policies and procedures without exception.
- a. Checks: Executive Assistant (formerly Ops Manager) picks up the mail, scans in any checks and emails the scans to accounting and finance. The checks are then stamped with the appropriate restricted endorsement stamp.
 - b. Credit card: All revenues received via on-line credit card payments should be posted into QuickBooks monthly and a copy of the transaction with all pertinent information, including payee, date of payment into the OWB bank account, the amount and the reason for the payment, will be filed in the file.
 - c. ACH: For grape assessments and wine tax revenues received from the OLCC by ACH, the monthly bank reconciliation includes a comparison of dates and amounts of deposits and other credits as shown in QuickBooks and on the bank statement.

8. We obtained a schedule from management of revenues during the Biennium, and haphazardly selected 10 non-licensure revenue items. Upon receipt of the listing of the internal controls from Procedure 6, we compared those internal controls identified to the evidence of the control taking place for each of the 10 revenue items selected. The results of our procedures are included in the table below:

Revenues Selected	Control B	Control C
1	N/A	✓
2	N/A	✓
3	N/A	✓
4	N/A	✓
5	N/A	✓
6	N/A	✓
7	✓	N/A
8	✓	N/A
9	✓	N/A
10	✓	N/A
✓	= Procedure performed without exception	
N/A	= Control not applicable for this selection	
<i>Controls A not applicable to any of the items selected.</i>		
Control B: Online payments: We agreed a copy of the transaction documentation for payee, date of payment, amount, and reason for payment.		
Control C: Online payments: We noted that the monthly bank reconciliation includes a comparison of dates and amounts of deposits and other credits as shown in QuickBooks and on the bank statement.		

Expenses

9. We obtained the following list of internal controls over expenses. We agreed the list of internal controls to the Board's policies and procedures without exception.
- a. The Accounting Manager ensures that the account code is evidenced on the invoice and we noted the appropriate Program Manager or Vice President of Finance and Admin's signature is present as evidence of approval for payment, or email approval is documented in lieu of physical signature.
 - b. Expense reports must be approved by [the employee's] manager in Expensify. The President's credit card expense report and back-up documentation will be given to the Board Chair for approval in Expensify.
 - c. The President will review payroll expenditures and allocations twice annually.

10. We obtained a schedule from management of expenses during the Biennium, and haphazardly selected 10 expense items. Upon receipt of the listing of the internal controls from Procedure 9, we compared those internal controls identified to the evidence of the control taking place for each of the 10 expense items selected. The results of our procedures are included in the table below:

Expenses Selected	Control A	Control B	Control C
1	✓	N/A	N/A
2	✓	N/A	N/A
3	✓	N/A	N/A
4	✓	N/A	N/A
5	✓	N/A	N/A
6	✓	N/A	N/A
7	✓	N/A	N/A
8	N/A	N/A	✓
9	N/A	N/A	✓
10	✓	N/A	N/A
✓	= Procedure performed without exception		
N/A	= Control not applicable for this selection		
Control A: Expenses: We noted the invoice contained account coding and approval.			
Control B: Expenses: Employee expenses: We noted Expensify expense report contained Manager or Board Chair approval.			
Control C: Expenses: Payroll: We noted the payroll journal contained evidence of twice-yearly review and approval by VP Operations and Finance and by President.			

Budgets

We reviewed the budget to actual report for the Biennium, and we noted that the following budget line items exceeded 10% of total revenues or expenses and had a variance exceeding 10% of total revenues or expenses for the biennium.

- a. Total Research Expense; actual was 22.7% (\$198,119) less than budget. We obtained documented support from management for the variance.
- b. Total Education Expense; actual was 12% (\$116,940) less than budget. We obtained documented support from management for the variance.
- c. Total Marketing & Communications Expense; actual was 19.9% (\$374,583) less than budget. We obtained documented support from management for the variance.

We noted that the following budget line items exceeded 10% of total revenues or expenses but did not have a variance exceeding 10% of total revenue or expenses for the biennium so did not perform any additional procedures. As follows:

- d. Grape Assessment Revenue (\$25/ton); actual was 4% more than budget
- e. Wine Tax Revenue (2c/gal); actual was 3.5% more than budget
- f. Grants Expense; actual was 8.9% less than budget
- g. Employee Compensation G&A Expense; actual was 9.9% more than budget
- h. General & Admin; actual was 2.2% less than budget

11. We obtained the following list of internal controls for the reporting of financial information (budget to actuals) and reviewed 8 quarterly reports to the Board to determine compliance with the internal controls.

- a. Every quarter the Board Meeting will include discussion of the Balance Sheet Profit & Loss with Budget to Actual Report.

Budget	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 5	Quarter 6	Quarter 7	Quarter 8
Control A	✓	✓	✓	✓	✓	✓	✓	✓
✓ = Procedure performed without exception								
Control A: We noted the Board Meetings contained discussion of the balance sheet and profit & loss with budget to actual report.								

Financial Statements

12. We obtained the internal financial statements prepared by management for the Biennium and noted that the financial statements agree to the general ledger.

13. We compared the schedules obtained for Procedures 8 and 10 to the internal financial statements or to the underlying general ledger accounts and noted that the schedule totals agreed to the financial statements or the underlying general ledger accounts.

We were engaged by the Oregon Wine Board to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on accounting records of the Oregon Wine Board for the Biennium ended June 30, 2023. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Oregon Wine Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

Moss Adams LLP

Portland, Oregon
 March 7, 2024