



October 10, 2022

Robert Peoples, Ph.D.  
Carpet America Recovery Effort  
100 South Hamilton Street  
Dalton, Georgia 30722

**Re: CARE Independent Audit in 2021 Annual Report**

Dear Dr. Peoples,

CalRecycle acknowledges receipt of CARE's *California Carpet Stewardship Program 2021 Annual Report (2021 Annual Report)*, which includes an independent financial audit. Pursuant to California Code of Regulations (CCR), Title 14, Division 7, Chapter 11, Article 1, section 18944(a)(9), CalRecycle reviewed the audit contained in the *2021 Annual Report* and below is a summary of the results of the review.

Appendix 11.6 of CARE's *2021 Annual Report* presents the California Carpet Stewardship Program's Financial Statements with Independent Auditor's Report, as of December 31, 2021, compared to financial statements as of December 31, 2020. CARE's independent auditors found that CARE's Financial Statements are presented fairly in all material respects. According to CARE's independent auditors, the financial position of the California Carpet Stewardship Program as of December 31, 2021, and 2020, and the changes in its net assets and its cash flows for the years ended in accordance with accounting principles generally accepted in the United States of America. CARE's independent auditors did not identify any material weaknesses or significant deficiencies, so they did not note any findings for this section.

In the Notes to Financial Statements section, under Note 2 – Subsequent Events, CARE Management determined no events through August 23, 2022, occurred that would require disclosure in the Annual Report. Also, under Note 10, CARE Management disclosed that uncertainties, from the unknown effect of the COVID-19 pandemic on the financial markets and the economy as a whole, may have a significant negative impact, the nature and timing of which is also unknown, on CARE's ongoing operating activities.

**State Compliance Report**

CARE's independent audit report in its *2021 Annual Report* includes a separate *State Compliance Report* on the carpet program requirements, as required by 14 CCR section 18944(a)(9). Based on tests performed by CARE's independent auditors, the *State Compliance Report* identified compliance findings noting CARE did not reach its recycled output goal of 83 million pounds or its reuse goal of 1.8 million pounds of postconsumer carpet by December 31, 2021. Except for the noncompliance noted above, CARE's *State Compliance Report* found CARE complied, in all material

respects, with the statutory requirements that were evaluated by CARE's independent auditor.

**Conclusion**

CARE's independent audit resulted in no financial statement findings issued for 2021. However, the *State Compliance Report* identified two compliance findings noting CARE did not meet at least two goals as of December 31, 2021.

If you have any questions, you may direct them to the carpet stewardship team at [carpet@calrecycle.ca.gov](mailto:carpet@calrecycle.ca.gov).

Sincerely,

Signed by Rachel Machi Wagoner, Director

Rachel Machi Wagoner  
CalRecycle Director