

CALAVO GROWERS INC
Form 10-K/A
April 01, 2019

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A (Amendment No. 1)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended October 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 000-33385

CALAVO GROWERS, INC.

(Exact name of registrant as specified in its charter)

California
(State of incorporation)

33-0945304
(I.R.S. Employer Identification No.)

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1141-A Cummings Road, Santa Paula, CA 93060
(Address of principal executive offices) (Zip code)

Registrant's telephone number, including area code: (805) 525-1245

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Name Of Each Exchange On Which Registered |
|---|--|
| Common Stock, \$0.001 Par Value per Share | Nasdaq Global Select Market |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes No

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.0405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Based on the closing price as reported on the Nasdaq Global Select Market, the aggregate market value of the Registrant's Common Stock held by non-affiliates on April 30, 2018 (the last business day of the Registrant's most recently completed second fiscal quarter) was approximately \$1.5 billion. Shares of Common Stock held by each executive officer and director and by each shareholder affiliated with a director or an executive officer have been excluded from this calculation because such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes. The number of outstanding shares of the Registrant's Common Stock as of November 30, 2018 was 17,566,984.

Documents Incorporated by Reference

Portions of the Registrant's Proxy Statement for the 2018 Annual Meeting of Shareholders, which we intend to hold on April 24, 2019 are incorporated by reference into Part III of this Form 10-K.

EXPLANATORY NOTE -AMENDMENT

Calavo Growers, Inc. (“Calavo”) is filing this Amendment No. 1 on Form 10-K/A (this “Form 10-K/A”) to include in its Annual Report on Form 10-K for the fiscal year ended October 31, 2018 (the “Annual Report”), pursuant to Rule 3-09 of Regulation S-X under the Securities Exchange Act of 1934, financial statements and related notes of its equity investee, FreshRealm, LLC (“FreshRealm”).

Calavo owned approximately 37% of FreshRealm as of October 31, 2018. In accordance with Rule 3-09 of Regulation S-X, we must determine if our unconsolidated subsidiaries are considered “significant subsidiaries”. In evaluating our investments, there are three tests utilized to determine if our subsidiaries are considered significant subsidiaries: the asset test, the income test and the investment test. Rule 3-09 of Regulation S-X requires separate audited financial statements of an unconsolidated subsidiary in an annual report if any of the three tests exceed 20%. Such statements are required to be audited only for the years in which such tests were met. Pursuant to Rule 3-09 of Regulation S-X, separate audited financial statements of FreshRealm are required for the fiscal year ended December 31, 2018 and are included in this Form 10-K/A.

FreshRealm did not meet the significance test for Fiscal 2017 and 2016. Accordingly, Calavo has also included in this Form 10-K/A the unaudited financial statements of FreshRealm, LLC for fiscal years 2016 and 2017. The financial statements were not included in the Original Form 10-K because FreshRealm’s fiscal year ended December 31, 2018, which was after the date of the filing of the Original Form 10-K.

Item 15 is the only portion of the Annual Report being supplemented or amended by this Form 10-K/A. Additionally, in connection with the filing of this Form 10-K/A and pursuant to SEC rules, Calavo is including the consent of the independent auditors of FreshRealm LLC and currently dated certifications. This Form 10-K/A does not otherwise update any exhibits as originally filed and does not otherwise reflect events occurring after the original filing date of the Annual Report. Accordingly, this Form 10-K/A should be read in conjunction with Calavo’s filings with the SEC subsequent to the filing of the Annual Report.

EXHIBIT INDEX

| Exhibit Number | Description |
|-------------------|---|
| 2.1 | <u>Agreement and Plan of Merger and Reorganization dated as of February 20, 2001 between Calavo Growers, Inc. and Calavo Growers of California.1</u> |
| 2.2 | <u>Agreement and Plan of Merger dated as of November 7, 2003 among Calavo Growers, Inc., Calavo Acquisition Inc., Maui Fresh International, Inc. and Arthur J. Bruno, Robert J. Bruno and Javier J. Badillo. 2</u> |
| 2.3 | <u>Stock Purchase Agreement dated as of June 1, 2005, between Limoneira Company and Calavo Growers, Inc. 3</u> |
| 2.4 | <u>Acquisition Agreement between Calavo Growers, Inc., a California corporation and Lecil E. Cole, Eric Weinert, Suzanne Cole-Savard, Guy Cole, and Lecil E. Cole and Mary Jeanette Cole, acting jointly and severally as trustees of the Lecil E. and Mary Jeanette Cole Revocable Trust dated October 19, 1993, also known as the Lecil E. and Mary Jeanette Cole Revocable 1993 Trust dated May 19, 2008 4</u> |
| 2.5 | <u>Acquisition Agreement between Calavo Growers, Inc., Calavo Salsa Lisa, LLC, Lisa's Salsa Company and Elizabeth Nicholson and Eric Nicholson dated February 8, 2010 13</u> |
| 2.6 | <u>Amended and Restated Limited Liability Company Agreement for Calavo Salsa Lisa, LLC dated February 8, 2010 among Calavo Growers, Inc., Calavo Salsa Lisa LLC, Lisa's Salsa Company, Elizabeth Nicholson and Eric Nicholson. (Portions of this agreement have been deleted and filed separately with the Securities and Exchange Commission Pursuant to a request for confidential treatment.) 13</u> |
| 2.7 | <u>Agreement and Plan of Merger dated May 25, 2011 among Calavo Growers, Inc., CG Mergersub LLC, Renaissance Food Group, LLC and Liberty Fresh Foods, LLC, Kenneth Catchot, Cut Fruit, LLC, James Catchot, James Gibson, Jose O. Castillo, Donald L. Johnson and RFG Nominee Trust1 (Certain portions of the exhibit have been omitted based upon a request for confidential treatment filed by the Registrant with the Securities and Exchange Commission. The omitted portions of the exhibit have been separately filed by the Registrant with the Securities and Exchange Commission.) 16</u> |
| 2.8 | <u>Sale of LLC Interest Agreement dated October 31, 2013 between Calavo Growers, Inc. and San Rafael Distributing, Inc.17</u> |
| 2.9 | <u>Amendment No. 1 to Agreement and Plan of Merger, dated July 31, 2013, among Calavo Growers, Inc., Renaissance Food Group, LLC and Liberty Fresh Foods, LLC, Kenneth Catchot, Cut Fruit, LLC, James Catchot, James Gibson, Jose O. Castillo, Donald L. Johnson and RFG Nominee Trust. 18</u> |
| 2.10 | <u>Amended and Restated Limited Liability Company Agreement, dated August 16, 2013, by and among FreshRealm, LLC, a Delaware limited liability company, and the Members. 19</u> |
| 2.11 | <u>Amendment No. 2 to Agreement and Plan of Merger, dated as of October 1, 2013, among Calavo Growers, Inc., Renaissance Food Group, LLC and Liberty Fresh Foods, LLC, Kenneth J. Catchot, Cut Fruit, LLC, James S. Catchot, James Gibson, Jose O. Castillo, Donald L. Johnson and the RFG Nominee Trust. 20</u> |
| 3.1 | <u>Articles of Incorporation of Calavo Growers, Inc. 1</u> |
| 3.2 | <u>Amended and Restated Bylaws of Calavo Growers, Inc.5</u> |
| 3.3 | <u>Amendments to Articles of Incorporation or Bylaws of Calavo Growers, Inc. 15</u> |
| 3.4 | <u>Amended and Restated Bylaws of Calavo Growers, Inc., effective as of September 25, 2014. 21</u> |
| 10.1 | <u>Form of Marketing Agreement for Calavo Growers, Inc.6</u> |
| 10.2 | <u>Marketing Agreement dated as of April 1, 1996 between Tropical Hawaiian Products, Inc., a Hawaiian corporation, and Calavo Growers of California. 1</u> |
| 10.3 | <u>Lease Agreement dated as of November 21, 1997, between Tede S.A. de C.V., a Mexican corporation, and Calavo de Mexico, S.A. de C.V., a Mexican corporation, including attached Guaranty of Calavo Growers of California dated December 16, 1996.1</u> |
| 10.4 | <u>Lease agreement dated as of February 15, 2005, between Limoneira Company and Calavo Growers, Inc.3</u> |

- 10.5 Standstill agreement dated June 1, 2005, between Limoneira Company and Calavo Growers, Inc.3
- 10.6 Standstill agreement dated June 1, 2005 between Calavo Growers, Inc. And Limoneira Company3
- 10.7 Calavo Supplemental Executive Retirement Agreement dated March 11, 1983 between Egidio Carbone, Jr. and Calavo Growers of California. 1
- 10.8 Amendment to the Calavo Growers of California Supplemental Executive Retirement Agreement dated November 9, 1993 Between Egidio Carbone, Jr. and Calavo Growers of California. 1
- 10.9 Line of Credit and Security Agreement, dated July 15, 2013 by and between Calavo Growers, Inc. a California Corporation, and FreshRealm, LLC, a Delaware limited liability company. 19
- 10.10 2011 Management Incentive Plan of Calavo Growers, Inc. 14
- 10.11 Equity Secured Promissory Note dated October 31, 2013 between Calavo Growers, Inc. and San Rafael Distributing, Inc. 17
- 10.12 Goodwill Secured Promissory Note dated October 31, 2013 between Calavo Growers, Inc. and San Rafael Distributing, Inc. 17
- 10.13 Pledge and Security Agreement dated October 31, 2013 between Calavo Growers, Inc. and San Rafael Distributing, Inc. 17
- 10.14 Personal Guaranty dated October 31, 2013 between Calavo Growers, Inc. and Francisco Clouthier. 17
- 10.15 Amendment to Goodwill Promissory Note 30
- 10.16 Employment Agreement dated July 21, 2015, between Calavo Growers, Inc. and B. John Lindeman. 22
- 10.17 Amendment No. 7 to Business Loan Agreement, dated as of January 19, 2016 between Bank of America, N.A. and Calavo Growers, Inc. 23
- 10.18 Letter Amendment to Revolving Credit Facility, dated January 19, 2016 between Farm Credit West, PCA and Calavo Growers, Inc. 23
- 10.19 Letter Amendment to Revolving Credit Facility, dated January 26, 2016 between Farm Credit West, PCA and Calavo Growers, Inc. 24
- 10.20 Amendment No. 8 to Business Loan Agreement, dated as of January 28, 2016 between Bank of America, N.A. and Calavo Growers, Inc. 24
- 10.21 Continuing and Unconditional Guaranty, dated as of January 28, 2016 between Bank of America, N.A. and Calavo Growers, Inc. 24
- 10.22 Amendment No. 9 to Business Loan Agreement, dated as of May 26, 2016 between Bank of America, N.A. and Calavo Growers, Inc. 25
- 10.23 Letter Amendment to Revolving Credit Facility, dated May 20, 2016 between Farm Credit West, PCA and Calavo Growers, Inc. 25
- 10.24 Credit Agreement, dated as of June 14, 2016, by and among Calavo Growers, Inc., and the subsidiary guarantor identified therein and the lenders and agents names therein. 26
- 10.25 Revolving Credit Note, dated as of June 14, 2016, by and among Calavo Growers, Inc., and FCW.26
- 10.26 First Amendment to Credit Agreement dated August 29, 2016. 27
- 10.27 Agreement to Sell and Purchase and Escrow Instructions with Fresh Foods, LLC, a Delaware limited liability company dated July 25, 2016. 28
- 10.28 First Amendment Agreement to Sell and Purchase and Escrow Instructions, by and among Calavo Growers, Inc., and Fresh Foods, LLC. 29
- 10.29 FreshRealm, LLC, Sixth Amended and Restated Limited Liability Company Agreement. 31
- 10.30 First Amendment to FreshRealm, LLC, Sixth Amended and Restated Limited Liability Company Agreement. 31
- 21.1 Subsidiaries of Calavo Growers, Inc. 1
- 23.1 Consent of Deloitte & Touche LLP. 32
- 23.2 Consent of Moss Adams LLP. *
- 31.1 Certification of Chief Executive Officer Pursuant to Rule 13a-15(e) or Rule 15d-15(e) *
- 31.2 Certification of Chief Financial Officer Pursuant to Rule 13a-15(e) or Rule 15d-15(e) *

32 Certification of Chief Executive Officer and Chief Financial Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350 *

99.1 Financial Statements of FreshRealm LLC *

101 The following financial information from the Annual Report on Form 10-K of Calavo Growers, Inc. for the year ended October 31, 2018, formatted in XBRL (eXtensible Business Reporting Language): (1) Consolidated Balance Sheets as of October 31, 2018 and 2017; (2) Consolidated Statements of Income for the years ended October 31, 2018, 2017 and 2016; (3) Consolidated Statements of Comprehensive Income for the years ended October 31, 2018, 2017, and 2016; (4) Consolidated Statements of Shareholders' Equity for the years ended October 31, 2018, 2017, and 2016; (5) Consolidated Statements of Cash Flows for the years ended October 31, 2018, 2017 and 2016; and (6) Notes to Financial Statements. 32

*Filed with this Annual Report on Form 10-K/A.

- 1 Previously filed on April 24, 2001 as an exhibit to the Registrant's Registration Statement on Form S-4, File No. 333-59418, and incorporated herein by reference.
 - 2 Previously filed on January 23, 2004 as an exhibit to the Registrant's Report on Form 10-K and incorporated herein by reference.
 - 3 Previously filed on June 9, 2005 as an exhibit to the Registrant's Report on Form 10-Q and incorporated herein by reference.
 - 4 Previously filed on May 29, 2008 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
 - 5 Previously filed on December 19, 2002 as an exhibit to the Registrant's Report on Form 8-K, and incorporated herein by reference.
 - 6 Previously filed on January 28, 2003 as an exhibit to the Registrant's Report on Form 10-K and incorporated herein by reference.
 - 7 Previously filed on March 21, 2005 as an exhibit to the Registrant's Definitive Proxy Statement on Form DEF14A and incorporated herein by reference.
 - 8 Previously filed on October 19, 2007 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
 - 9 Previously filed on January 27, 2009 as an exhibit to the Registrant's Report on Form 10-K/A and incorporated herein by reference.
 - 10 Previously filed on September 11, 2006 as an exhibit to the Registrant's Report on Form 10-Q and incorporated herein by reference.
 - 11 Previously filed on August 6, 2009 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
 - 12 Previously filed on January 11, 2010 as an exhibit to the Registrant's Report on Form 10-K and incorporated herein by reference.
 - 13 Previously filed on March 11, 2010 as an exhibit to the Registrant's Report on Form 10-Q and incorporated herein by reference.
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- 14 Previously filed on January 14, 2011 as an exhibit to the Registrant's Report on Form 10-K and incorporated herein by reference.
- 15 Previously filed on March 30, 2011 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 16 Previously filed on January 10, 2012 as an exhibit to the Registrant's Report on Form 8-K/A and incorporated herein by reference.
- 17 Previously filed on November 6, 2012 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 18 Previously filed on September 4, 2013 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 19 Previously filed on September 9, 2013 as an exhibit to the Registrant's Report on Form 10-Q and incorporated herein by reference.
- 20 Previously filed on November 26, 2013 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 21 Previously filed on September 30, 2014 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 22 Previously filed on July 27, 2015 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 23 Previously filed on January 25, 2016 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 24 Previously filed on February 1, 2016 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 25 Previously filed on May 27, 2016 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 26 Previously filed on June 20, 2016 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 27 Previously filed on September 1, 2016 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 28 Previously filed on September 8, 2016 as an exhibit to the Registrant's Report on Form 10-Q and incorporated herein by reference.
- 29 Previously filed on November 7, 2016 as an exhibit to the Registrant's Report on Form 8-K and incorporated herein by reference.
- 30 Previously filed on December 23, 2016 as an exhibit to the Registrant's Report on Form 10-K and incorporated herein by reference.
- 31 Previously filed on September 4, 2018 as an exhibit to the Registrant's Report on Form 10-Q and incorporated herein by reference.

32 Incorporated by reference to Exhibits to Annual Report on Form 10-K for the year ended October 31, 2018 of the Registrant.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on April 1, 2019.

CALAVO GROWERS, INC

By: /s/ Lecil E. Cole
Lecil E. Cole
Chairman of the Board of Directors, and
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on April 1, 2019 by the following persons on behalf of the registrant and in the capacities indicated:

| Signature | Title |
|--|---|
| /s/ Lecil E. Cole Lecil E. Cole | Chairman of the Board of Directors, and Chief Executive Officer (Principal Executive Officer) |
| /s/ B. John Lindeman B. John Lindeman | Chief Financial Officer and Corporate Secretary (Principal Financial Officer) |
| /s/ James E. Snyder James E. Snyder | Corporate Controller (Principal Accounting Officer) |