



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN PROMOTION BOARD

Compiled Financial Statements

For the One Month and Eleven Months Ended

August 31, 2024

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To the Board of Directors of
American Pecan Promotion Board

ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying financial statements of American Pecan Promotion Board (a government), which comprise the statement of net position – enterprise fund as of August 31, 2024, and the related statement of revenues, expenses, and changes in net position – enterprise fund, statement of cash flows – enterprise fund for the one month and eleven months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Accounting principles generally accepted in the United States of American require that the budgetary comparison schedule on page 4 be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. Management has omitted the management discussion and analysis that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the organization's financial position, changes of net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information included in the operating budget for the one month and eleven months ended August 31, 2024, and year ended September 30, 2024, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information. We do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to the American Pecan Promotion Board.

Armstrong, Backus & Co., L.L.P.

San Angelo, Texas
September 30, 2024

AMERICAN PECAN PROMOTION BOARD

Statement of Net Position- Enterprise Fund

As of August 31, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 10,234,176
Accounts Receivable, Net of Allowance for Doubtful Accounts	2,782,966
Prepaid Expenses	75,066
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Total Current Assets	\$ 13,092,208

Noncurrent Assets:

Right of Use Assets	\$ 140,416
Right of Use Assets - Accumulated Amortization	(98,777)
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Total Noncurrent Assets	\$ 41,639

TOTAL ASSETS

\$ 13,133,847

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 194,342
Credit Cards Payable	15,124
Interest Payable	24
Current Portion of Lease Obligations Payable	31,661
Current Portion of Subscription Obligations Payable	6,890
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Total Current Liabilities	\$ 248,041

Total Liabilities

\$ 248,041

Net Position:

Net Investment in Capital Assets	\$ 41,639
Unrestricted	12,844,167
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Total Net Position	\$ 12,885,806

TOTAL LIABILITIES AND NET POSITION

\$ 13,133,847

The accompanying notes are an integral part of this statement.

AMERICAN PECAN PROMOTION BOARD

Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Fund

For the One Month and Eleven Months Ended August 31, 2024

	One Month	Eleven Months
Operating Revenues:		
Assessment Income - Domestic	\$ 83,088	\$ 6,182,130
Assessment Income - Imports	242,708	4,387,882
Assessment Refunds	-0-	(4,617)
	<u>\$ 325,796</u>	<u>\$ 10,565,395</u>
Operating Expenses:		
Financial/Industry Relations	\$ 10,000	\$ 171,885
General and Administrative	68,512	715,999
Marketing	32,221	463,348
Promotion	225,308	5,703,089
Research	-0-	12,269
USDA	12,862	109,869
	<u>\$ 348,903</u>	<u>\$ 7,176,459</u>
Operating Income	<u>(\$ 23,107)</u>	<u>\$ 3,388,936</u>
Nonoperating Revenues (Expenses):		
Interest Income	\$ 20,456	\$ 170,055
	<u>\$ 20,456</u>	<u>\$ 170,055</u>
Change in Net Position	<u>(\$ 2,651)</u>	<u>\$ 3,558,991</u>
Net Position, Beginning as Previously Stated	\$ 12,683,512	\$ 11,340,655
Prior Period Adjustment	204,945	(2,013,840)
	<u>\$ 12,888,457</u>	<u>\$ 9,326,815</u>
Net Position, Ending	<u>\$ 12,885,806</u>	<u>\$ 12,885,806</u>

The accompanying notes are an integral part of this statement.

AMERICAN PECAN PROMOTION BOARD

Statement of Cash Flows - Enterprise Fund

For the One Month and Eleven Months Ended August 31, 2024

	One Month	Eleven Months
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 641,567	\$ 10,587,636
Cash Paid for Operating Expenses	(1,299,976)	(7,993,872)
Net Cash Provided by Operating Activities	(\$ 658,409)	\$ 2,593,764
Cash Flows From Capital and Related Financing Activities:		
Cash Paid for Lease Liability - Principal Portion	(\$ 2,837)	(\$ 30,474)
Cash Paid for Subscription Liability - Interest Portion	(3)	(130)
Cash Paid for Subscription Liability - Principal Portion	(675)	(14,586)
Net Cash Used by Capital and Related Financing Activities	(\$ 3,515)	(\$ 45,190)
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ 20,457	\$ 170,055
Net Cash Provided by Investing Activities	\$ 20,457	\$ 170,055
Net Increase in Cash	(\$ 641,467)	\$ 2,718,629
Cash, Beginning of Period	10,875,643	7,515,547
Cash, End of Period	\$ 10,234,176	\$ 10,234,176
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	(\$ 23,107)	\$ 3,388,937
Net Cash Provided by Operating Activities:		
Amortization Expense	3,441	42,634
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	315,771	22,241
(Increase) Decrease in Prepaid Expenses	(16,192)	(34,295)
Increase (Decrease) in Accounts Payable	(939,157)	(839,382)
Increase (Decrease) in Credit Cards Payable	835	13,629
Net Cash Provided by Operating Activities	(\$ 658,409)	\$ 2,593,764

The accompanying notes are an integral part of this statement.

AMERICAN PECAN PROMOTION BOARD

Budgetary Comparison Schedule - Enterprise Fund

For the Eleven Months Ended August 31, 2024

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
Assessments - Domestic	\$ 5,500,000	\$ 5,500,000	\$ 6,182,130	\$ 682,130
Assessments - Imports	1,833,332	1,833,332	4,387,882	2,554,550
Assessment Refunds	-0-	-0-	(4,617)	(4,617)
Total Operating Revenue	\$ 7,333,332	\$ 7,333,332	\$ 10,565,395	\$ 3,232,063
Program Expenses:				
Contingency Fund	\$ 1,002,100	\$ -0-	\$ -0-	\$ -0-
Financial/Industry Relations	123,750	229,166	158,060	71,106
Marketing/Research	156,750	412,500	463,348	(50,848)
Promotion	5,115,000	6,279,166	5,703,089	576,077
Research	458,333	458,334	12,269	446,065
Software - Fishhook	82,500	82,500	13,825	68,675
Total Program Expenses	\$ 6,938,433	\$ 7,461,666	\$ 6,350,591	\$ 1,111,075
Operating Expenses:				
General Administration:				
Accounting	\$ 137,500	\$ 137,500	\$ 150,450	(\$ 12,950)
Audit Financial	32,083	23,834	10,000	13,834
Audit Industry	137,500	91,667	19,640	91,667
Bank Fees	-0-	-0-	701	(701)
Board Meetings/Travel	91,667	-0-	52,058	(52,058)
Contract Labor	204,416	215,416	243,673	(28,257)
Headhunter	-0-	36,667	40,150	(3,483)
Insurance	25,483	25,483	3,788	21,695
Legal	22,917	55,000	83,778	(28,778)
Maintenance/Buildout	13,750	9,166	-0-	9,166
Miscellaneous	4,583	916	153	763
Office Equipment	22,917	4,584	5,083	(499)
Postage/Printing	27,500	18,334	2,193	16,141
Rent	45,833	36,666	413	36,253
Rent Amortization	-0-	-0-	31,466	(31,466)
Subscriptions/Dues	18,333	18,334	24,847	(6,513)
Subscriptions Amortization	-0-	-0-	12,356	(12,356)
Subscriptions Interest Expense	-0-	-0-	609	(609)
Supplies	9,166	4,766	105	4,661
Telephone/Mobile/Internet	9,167	13,750	790	12,960
Travel Compliance	41,250	22,916	-0-	22,916
Travel Office	45,833	137,500	33,746	103,754
Total General Administration	\$ 889,898	\$ 852,499	\$ 715,999	\$ 156,140
USDA Charges:				
USDA User Fee	\$ 91,667	\$ 91,667	\$ 109,869	(\$ 18,202)
Customs Maintenance Fee	513,334	27,500	-0-	27,500
Total USDA Charges	\$ 605,001	\$ 119,167	\$ 109,869	\$ 9,298
Total Operating Expenses	\$ 1,494,899	\$ 971,666	\$ 825,868	\$ 165,438
Total Program and Operating Expenses	\$ 8,433,332	\$ 8,433,332	\$ 7,176,459	\$ 1,276,513
Operating Income	(\$ 1,100,000)	(\$ 1,100,000)	\$ 3,388,936	\$ 1,955,550

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Budgetary Comparison Schedule - Enterprise Fund

For the Eleven Months Ended August 31, 2024

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Nonoperating Revenues and Expenses:				
Interest Income	\$ -0-	\$ -0-	\$ 170,055	(\$ 170,055)
Prior Year Carry-Over	1,833,332	1,833,332	-0-	1,833,332
Reserve	(733,332)	(733,332)	-0-	(733,332)
Total Nonoperating Revenue	\$ 1,100,000	\$ 1,100,000	\$ 170,055	\$ 929,945
Change in Net Position	\$ -0-	\$ -0-	\$ 3,558,991	\$ 2,885,495

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget - Enterprise Fund

**For the One Month and Eleven Months Ended August 31, 2024 and
Year Ended September 30, 2024**

	One Month Ended August 31, 2024		Eleven Months Ended August 31, 2024		Fiscal Year Ended September 30, 2024
	Actual	Operating Budget	Actual	Original	Operating Budget
Operating Revenue:					
Assessments - Domestic	\$ 83,088	\$ 500,000	\$ 6,182,130	\$ 5,500,000	\$ 6,000,000
Assessments - Imports	242,708	166,666	4,387,882	1,833,334	2,000,000
Assessment Refunds	-0-	-0-	(4,617)	-0-	-0-
Total Operating Revenue	\$ 325,796	\$ 666,666	\$ 10,565,395	\$ 7,333,334	\$ 8,000,000
Program Expenses:					
Financial/Industry Relations	\$ 10,000	\$ 20,833	\$ 158,060	\$ 229,166	\$ 250,000
Marketing/Research	32,221	37,500	463,348	412,500	450,000
Promotion	225,308	570,833	5,703,089	6,279,166	6,850,000
Research	-0-	41,666	12,269	458,334	500,000
Software - Fishhook	-0-	7,500	13,825	82,500	90,000
Total Program Expenses	\$ 267,529	\$ 678,332	\$ 6,350,591	\$ 7,461,666	\$ 8,140,000
Operating Expenses:					
General Administration:					
Accounting	\$ 16,500	\$ 12,500	\$ 150,450	\$ 137,500	\$ 150,000
Audit Financial	-0-	2,166	10,000	23,834	26,000
Audit Industry	-0-	8,333	19,640	91,667	100,000
Bank Fees	30	-0-	701	-0-	-0-
Board Meetings/Travel	14,182	-0-	52,058	-0-	-0-
Contract Labor	25,211	19,583	243,673	215,416	235,000
Headhunter	-0-	3,334	40,150	36,667	40,000
Insurance	276	2,317	3,788	25,483	27,800
Legal	1,250	5,000	83,778	55,000	60,000
Maintenance/Buildout	-0-	834	-0-	9,166	10,000
Miscellaneous	-0-	84	153	916	1,000
Office Equipment	615	416	5,083	4,584	5,000
Postage/Printing	581	1,666	2,193	18,334	20,000
Rent	1,282	3,334	413	36,666	40,000
Rent Amortization	2,861	-0-	31,466	-0-	-0-

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget - Enterprise Fund

**For the One Month and Eleven Months Ended August 31, 2024 and
Year Ended September 30, 2024**

	One Month Ended August 31, 2024		Eleven Months Ended August 31, 2024		Fiscal Year Ended September 30, 2024
	Actual	Operating Budget	Actual	Original	Operating Budget
Subscriptions/Dues	2,972	1,666	24,847	18,334	20,000
Subscriptions Amortization	655	-0-	12,356	-0-	-0-
Subscriptions Interest Expense	24	-0-	609	-0-	-0-
Supplies	-0-	434	105	4,766	5,200
Telephone/Mobile/Internet	-0-	1,250	790	13,750	15,000
Travel Compliance	-0-	2,084	-0-	22,916	25,000
Travel Office	2,073	12,500	33,746	137,500	150,000
Total General Administration	\$ 68,512	\$ 77,501	\$ 715,999	\$ 852,499	\$ 930,000
USDA Charges:					
USDA User Fee	\$ 12,862	\$ 8,333	\$ 109,869	\$ 91,667	\$ 100,000
Customs Maintenance Fee	-0-	2,500	-0-	27,500	30,000
Total USDA Charges	\$ 12,862	\$ 10,833	\$ 109,869	\$ 119,167	\$ 130,000
Total Operating Expenses	\$ 81,374	\$ 88,334	\$ 825,868	\$ 971,666	\$ 1,060,000
Total Program and Operating Expenses	\$ 348,903	\$ 766,666	\$ 7,176,459	\$ 8,433,332	\$ 9,200,000
Operating Income	(\$ 23,107)	(\$ 100,000)	\$ 3,388,936	(\$ 1,099,998)	(\$ 1,200,000)
Nonoperating Revenues and Expenses:					
Interest Income	\$ 20,456	\$ -0-	\$ 170,055	\$ -0-	\$ -0-
Prior Year Carry-Over	-0-	166,666	-0-	1,833,334	2,000,000
Reserve	-0-	(66,666)	-0-	(733,334)	(800,000)
Total Nonoperating Revenue	\$ 20,456	\$ 100,000	\$ 170,055	\$ 1,100,000	\$ 1,200,000
Change in Net Position	(\$ 2,651)	\$ -0-	\$ 3,558,991	\$ -0-	\$ -0-

See Independent Auditors' Report.