



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN PROMOTION BOARD

Compiled Financial Statements

For the One Month and Eight Months Ended

May 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 nonprofit organization), which comprise the statement of financial position as of May 31, 2024, and the related statement of activities, functional expenses, and cash flows for the one month and eight 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.

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 in 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 eight months ended May 31, 2024 and year ended September 30, 2024, are 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 and, accordingly, 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
August 6, 2024

AMERICAN PECAN PROMOTION BOARD

Statement of Financial Position

As of May 31, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	9,972,830
Accounts Receivable		7,441,818
Allowance for Doubtful Accounts	(3,531,841)
Prepaid Expenses		71,925

Total Current Assets \$ 13,954,732

Noncurrent Assets:

Right of Use Asset	\$	104,029
Accumulated Amortization	(64,603)

Total Noncurrent Assets \$ 39,426

TOTAL ASSETS

\$ 13,994,158

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$	293,415
Credit Cards Payable		359
Current Portion of Operating Lease Liability		31,362

Total Current Liabilities \$ 325,136

Long Term Liabilities:

Operating Lease Liability	\$	40,078
Less: Current Portion of Operating Lease Liability	(31,362)

Total Long Term Liabilities \$ 8,716

Total Liabilities \$ 333,852

Net Assets:

Net Investment in Capital Assets	\$	39,426
Without Contractual Restrictions		13,620,880

Total Net Assets \$ 13,660,306

TOTAL LIABILITIES AND NET ASSETS

\$ 13,994,158

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Activities

For the One Month Ended May 31, 2024

	Without Contractual Restrictions	With Contractual Restrictions	Total
Operating Revenue:			
Assessment Income - Domestic	\$ 1,337,094	\$ -0-	\$ 1,337,094
Assessment Income - Imports	377,822	-0-	377,822
Assessment Refunds	(1,028)	-0-	(1,028)
Total Operating Revenue	<u>\$ 1,713,888</u>	<u>\$ -0-</u>	<u>\$ 1,713,888</u>
Operating Expenses:			
Program Services	\$ 788,221	\$ -0-	\$ 788,221
Management and General	62,212	-0-	62,212
USDA	11,609	-0-	11,609
Total Operating Expenses	<u>\$ 862,042</u>	<u>\$ -0-</u>	<u>\$ 862,042</u>
Operating Income	<u>\$ 851,846</u>	<u>\$ -0-</u>	<u>\$ 851,846</u>
Nonoperating Revenues (Expenses):			
Interest Earned	\$ 18,985	\$ -0-	\$ 18,985
Total Nonoperating Revenues	<u>\$ 18,985</u>	<u>\$ -0-</u>	<u>\$ 18,985</u>
Change in Net Assets	<u>\$ 870,831</u>	<u>\$ -0-</u>	<u>\$ 870,831</u>
Net Assets, Beginning	<u>\$ 12,789,475</u>	<u>\$ -0-</u>	<u>\$ 12,789,475</u>
Net Assets, Ending	<u><u>\$ 13,660,306</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 13,660,306</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Activities

For the Eight Months Ended May 31, 2024

	Without Contractual Restrictions	With Contractual Restrictions	Total
Operating Revenue:			
Assessment Income - Domestic	\$ 5,678,614	\$ -0-	\$ 5,678,614
Assessment Income - Imports	3,615,822	-0-	3,615,822
Assessment Refunds	(4,617)	-0-	(4,617)
Total Operating Revenue	\$ 9,289,819	\$ -0-	\$ 9,289,819
Operating Expenses:			
Program Services	\$ 4,501,974	\$ -0-	\$ 4,501,974
Management and General	503,270	-0-	503,270
USDA	61,166	-0-	61,166
Total Operating Expenses	\$ 5,066,410	\$ -0-	\$ 5,066,410
Operating Income	\$ 4,223,409	\$ -0-	\$ 4,223,409
Nonoperating Revenues (Expenses):			
Interest Earned	\$ 111,360	\$ -0-	\$ 111,360
Total Nonoperating Revenues	\$ 111,360	\$ -0-	\$ 111,360
Change in Net Assets	\$ 4,334,769	\$ -0-	\$ 4,334,769
Net Assets, Beginning as Previously Stated	\$ 11,340,655	\$ -0-	\$ 11,340,655
Prior Period Adjustment	(2,015,118)	-0-	(2,015,118)
Net Assets, Beginning as Restated	\$ 9,325,537	\$ -0-	\$ 9,325,537
Net Assets, Ending	\$ 13,660,306	\$ -0-	\$ 13,660,306

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Functional Expenses

For the One Month Ended May 31, 2024

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>Promotion</u>	<u>Management and General</u>	<u>USDA</u>	
Accounting	\$ -0-	\$ 15,700	\$ -0-	\$ 15,700
Bank Fees	-0-	45	-0-	45
Contract Labor	-0-	23,327	-0-	23,327
Financial/Industry Relations	10,070	-0-	-0-	10,070
Insurance	-0-	276	-0-	276
Legal	-0-	5,750	-0-	5,750
Marketing Research	128,613	-0-	-0-	128,613
Office Equipment	-0-	291	-0-	291
Postage/Printing	-0-	38	-0-	38
Promotion	649,538	-0-	-0-	649,538
Rent	-0-	(14)	-0-	(14)
Subscriptions	-0-	22	-0-	22
Telephone/Mobile/Internet	-0-	11,231	-0-	11,231
Travel	-0-	5,546	-0-	5,546
USDA User Fee	-0-	-0-	11,609	11,609
	<u>\$ 788,221</u>	<u>\$ 62,212</u>	<u>\$ 11,609</u>	<u>\$ 862,042</u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Functional Expenses

For the Eight Months Ended May 31, 2024

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>Promotion</u>	<u>Management and General</u>	<u>USDA</u>	
Accounting	\$ -0-	\$ 103,450	\$ -0-	\$ 103,450
Bank Fees	-0-	531	-0-	531
Board Meetings/Travel	-0-	27,212	-0-	27,212
Contract Labor	-0-	168,038	-0-	168,038
Financial/Industry Relations	117,560	-0-	-0-	117,560
Headhunter	-0-	40,150	-0-	40,150
Insurance	-0-	2,961	-0-	2,961
Legal	-0-	78,568	-0-	78,568
Marketing Research	282,608	-0-	-0-	282,608
Miscellaneous	-0-	153	-0-	153
Office Equipment	-0-	3,897	-0-	3,897
Postage/Printing	-0-	1,340	-0-	1,340
Promotion	4,076,337	-0-	-0-	4,076,337
Rent	-0-	22,704	-0-	22,704
Research	12,269	-0-	-0-	12,269
Software - Fishhook	13,200	-0-	-0-	13,200
Subscriptions	-0-	386	-0-	386
Supplies	-0-	5	-0-	5
Telephone/Mobile/Internet	-0-	28,569	-0-	28,569
Travel	-0-	25,306	-0-	25,306
USDA User Fee	-0-	-0-	61,166	61,166
	<u>\$ 4,501,974</u>	<u>\$ 503,270</u>	<u>\$ 61,166</u>	<u>\$ 5,066,410</u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Cash Flows

For the One Month and Eight Months Ended May 31, 2024

	<u>One Month</u>	<u>Eight Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 850,225	\$ 8,185,048
Cash Paid for Operating Expenses	(1,610,433)	(5,839,125)
Net Cash Provided (Used) by Operating Activities	<u>(\$ 760,208)</u>	<u>\$ 2,345,923</u>
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ 18,985	\$ 111,360
Net Cash Provided (Used) by Investing Activities	<u>\$ 18,985</u>	<u>\$ 111,360</u>
Net Increase (Decrease) in Cash	(\$ 741,223)	\$ 2,457,283
Cash, Beginning of Period	<u>10,714,053</u>	<u>7,515,547</u>
Cash, End of Period	<u><u>\$ 9,972,830</u></u>	<u><u>\$ 9,972,830</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 851,846	\$ 4,223,409
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization Expense	2,765	21,942
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(863,663)	(1,104,771)
(Increase) Decrease in Prepaid Expenses	(10,782)	(31,156)
Increase (Decrease) in Accounts Payable	(737,513)	(740,309)
Increase (Decrease) in Credit Cards Payable	(83)	(1,136)
Increase (Decrease) in Lease Liability	(2,778)	(22,056)
Net Cash Provided (Used) by Operating Activities	<u><u>(\$ 760,208)</u></u>	<u><u>\$ 2,345,923</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget

For the One Month and Eight Months Ended May 31, 2024 and Year Ended September 30, 2024

	One Month Ended		Eight Months Ended		Fiscal Year Ended
	May 31, 2024		May 31, 2024		September 30, 2024
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
Assessments - Domestic	\$ 1,337,094	\$ 500,000	\$ 5,678,614	\$ 4,000,000	\$ 6,000,000
Assessments - Imports	377,822	166,667	3,615,822	1,333,336	2,000,000
Assessment Refunds	(1,028)	-0-	(4,617)	-0-	-0-
Total Operating Revenue	\$ 1,713,888	\$ 666,667	\$ 9,289,819	\$ 5,333,336	\$ 8,000,000
Program Expenses:					
Financial/Industry Relations	\$ 10,070	\$ 20,833	\$ 117,560	\$ 166,666	\$ 250,000
Marketing/Research	128,613	37,500	282,608	300,000	450,000
Promotion	649,538	570,833	4,076,337	4,566,666	6,850,000
Research	-0-	41,667	12,269	333,334	500,000
Software	-0-	7,500	13,200	60,000	90,000
Total Program Expenses	\$ 788,221	\$ 678,333	\$ 4,501,974	\$ 5,426,666	\$ 8,140,000
Operating Expenses:					
General Administration:					
Accounting	\$ 15,700	\$ 12,500	\$ 103,450	\$ 100,000	\$ 150,000
Audit Financial	-0-	2,167	-0-	17,334	26,000
Audit Industry	-0-	8,333	-0-	66,666	100,000
Bank Fees	45	-0-	531	-0-	-0-
Board Meetings/Travel	-0-	-0-	27,212	-0-	-0-
Contract Labor	23,327	19,583	168,038	156,666	235,000
Headhunter	-0-	3,333	40,150	26,666	40,000
Insurance	276	2,316	2,961	18,533	27,800
Legal	5,750	5,000	78,568	40,000	60,000
Maintenance/Buildout	-0-	833	-0-	6,666	10,000
Miscellaneous	-0-	83	153	666	1,000
Office Equipment	291	417	3,897	3,334	5,000
Postage/Printing	38	1,667	1,340	13,334	20,000
Rent	(14)	3,333	22,704	26,666	40,000
Subscriptions/Dues	22	1,667	386	13,334	20,000
Supplies	-0-	433	5	3,466	5,200

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget

For the One Month and Eight Months Ended May 31, 2024 and Year Ended September 30, 2024

	One Month Ended		Eight Months Ended		Fiscal Year Ended
	May 31, 2024		May 31, 2024		September 30, 2024
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Telephone/Mobile/Internet	11,231	1,250	28,569	10,000	15,000
Travel Compliance	-0-	2,083	-0-	16,666	25,000
Travel Office/Office Expense	5,546	12,500	25,306	100,000	150,000
Total General Administration	\$ 62,212	\$ 77,498	\$ 503,270	\$ 619,997	\$ 930,000
USDA Charges:					
USDA User Fee	\$ 11,609	\$ 8,333	\$ 61,166	\$ 66,666	\$ 100,000
Customs Maintenance Fee	-0-	2,500	-0-	20,000	30,000
Total USDA Charges	\$ 11,609	\$ 10,833	\$ 61,166	\$ 86,666	\$ 130,000
Total Operating Expenses	\$ 73,821	\$ 88,331	\$ 564,436	\$ 706,663	\$ 1,060,000
Total Program and Operating Expenses	\$ 862,042	\$ 766,664	\$ 5,066,410	\$ 6,133,329	\$ 9,200,000
Operating Income	\$ 851,846	(\$ 100,000)	\$ 4,223,409	(\$ 800,000)	(\$ 1,200,000)
Nonoperating Revenues and Expenses:					
Prior Year Carry-over	\$ -0-	\$ 166,667	\$ -0-	\$ 1,333,336	\$ 2,000,000
Reserve	-0-	(66,667)	-0-	(533,336)	(800,000)
	\$ -0-	\$ 100,000	\$ -0-	\$ 800,000	\$ 1,200,000
Other Income:					
Interest	\$ 18,985	\$ -0-	\$ 111,360	\$ -0-	\$ -0-
Total Other Income	\$ 18,985	\$ -0-	\$ 111,360	\$ -0-	\$ -0-
Total Nonoperating Revenue	\$ -0-	\$ 100,000	\$ -0-	\$ 800,000	\$ 1,200,000
Change in Net Assets	\$ 870,831	\$ -0-	\$ 4,334,769	\$ -0-	\$ -0-

See Accountants' Compilation Report.