



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN PROMOTION BOARD

Compiled Financial Statements

For the One Month and Ten Months Ended

July 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 July 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 ten 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 America 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 ten months ended July 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 July 31, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	10,875,643
Accounts Receivable, Net of Allowance for Doubtful Accounts		3,098,738
Prepaid Expenses		58,874
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Total Current Assets	\$	14,033,255

Noncurrent Assets:

Right of Use Assets	\$	140,416
Right of Use Assets - Accumulated Amortization	(95,337)
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Total Noncurrent Assets	\$	45,079

TOTAL ASSETS

\$ 14,078,334

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	1,133,499
Credit Cards Payable		14,289
Interest Payable		27
Current Portion of Lease Obligations Payable		31,586
Current Portion of Subscription Obligations Payable		7,565
		<hr/>
Total Current Liabilities	\$	1,186,966

Long-term Liabilities:

Lease Obligations Payable	\$	2,912
Subscription Obligations Payable		-0-
		<hr/>
Total Long-term Liabilities	\$	2,912
		<hr/>
Total Liabilities	\$	1,189,878

Net Position:

Net Investment in Capital Assets	\$	45,079
Unrestricted		12,843,377
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Total Net Position	\$	12,888,456

TOTAL LIABILITIES AND NET POSITION

\$ 14,078,334

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 Ten Months Ended July 31, 2024

	<u>One Month</u>	<u>Ten Months</u>
Operating Revenues:		
Assessment Income - Domestic	\$ 161,084	\$ 6,099,041
Assessment Income - Imports	315,552	4,145,174
Assessment Refunds	-0-	(4,616)
	<hr/>	<hr/>
Total Operating Revenue	\$ 476,636	\$ 10,239,599
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Operating Expenses:		
Financial/Industry Relations	\$ 15,250	\$ 148,060
General and Administrative	67,743	661,313
Marketing	85,382	431,127
Promotion	1,216,677	5,477,781
Research	-0-	12,269
USDA	25,092	97,006
	<hr/>	<hr/>
Total Operating Expenses	\$ 1,410,144	\$ 6,827,556
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Operating Income	(\$ 933,508)	\$ 3,412,043
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Nonoperating Revenues (Expenses):		
Interest Income	\$ 18,793	\$ 149,599
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Total Nonoperating Revenues (Expenses)	\$ 18,793	\$ 149,599
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Change in Net Position	(\$ 914,715)	\$ 3,561,642
	<hr/>	<hr/>
Net Position, Beginning as Previously Stated	\$ 13,802,355	\$ 11,340,655
	<hr/>	<hr/>
Prior Period Adjustment	816	(2,013,841)
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Net Position, Beginning as Restated	\$ 13,803,171	\$ 9,326,814
	<hr/>	<hr/>
Net Position, Ending	<u>\$ 12,888,456</u>	<u>\$ 12,888,456</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 Ten Months Ended July 31, 2024

	<u>One Month</u>	<u>Ten Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 632,550	\$ 9,946,069
Cash Paid for Operating Expenses	(471,314)	(6,693,896)
Net Cash Provided by Operating Activities	<u>\$ 161,236</u>	<u>\$ 3,252,173</u>
Cash Flows From Capital and Related Financing Activities:		
Cash Paid for Lease Liability - Principal Portion	(\$ 2,794)	(\$ 27,638)
Cash Paid for Subscription Liability - Interest Portion	(127)	(127)
Cash Paid for Subscription Liability - Principal Portion	(13,911)	(13,911)
Net Cash Used by Capital and Related Financing Activities	<u>(\$ 16,832)</u>	<u>(\$ 41,676)</u>
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	<u>\$ 18,793</u>	<u>\$ 149,599</u>
Net Cash Provided by Investing Activities	<u>\$ 18,793</u>	<u>\$ 149,599</u>
Net Increase in Cash	\$ 163,197	\$ 3,360,096
Cash, Beginning of Period	<u>10,712,446</u>	<u>7,515,547</u>
Cash, End of Period	<u><u>\$ 10,875,643</u></u>	<u><u>\$ 10,875,643</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	(\$ 933,508)	\$ 3,412,043
Net Cash Provided by Operating Activities:		
Amortization Expense	14,481	39,194
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	155,914	(293,530)
(Increase) Decrease in Prepaid Expenses	1,973	(18,103)
Increase (Decrease) in Accounts Payable	908,157	99,775
Increase (Decrease) in Credit Cards Payable	14,219	12,794
Net Cash Provided by Operating Activities	<u><u>\$ 161,236</u></u>	<u><u>\$ 3,252,173</u></u>

The accompanying notes are an integral part of this statement.

AMERICAN PECAN PROMOTION BOARD

Budgetary Comparison Schedule - Enterprise Fund

For the Ten Months Ended July 31, 2024

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
Operating Revenue:				
Assessments - Domestic	\$ 5,000,000	\$ 5,000,000	\$ 6,099,041	\$ 1,099,041
Assessments - Imports	1,666,666	1,666,666	4,145,174	2,478,508
Assessment Refunds	-0-	-0-	(4,616)	(4,616)
Total Operating Revenue	\$ 6,666,666	\$ 6,666,666	\$ 10,239,599	\$ 3,572,933
Program Expenses:				
Contingency Fund	\$ 911,000	\$ -0-	\$ -0-	\$ -0-
Financial/Industry Relations	112,500	208,333	148,060	60,273
Marketing/Research	142,500	375,000	431,127	(56,127)
Promotion	4,650,000	5,708,333	5,477,781	230,552
Research	416,667	416,667	12,269	404,398
Software - Fishhook	75,000	75,000	13,825	61,175
Total Program Expenses	\$ 6,307,667	\$ 6,783,333	\$ 6,083,062	\$ 700,271
Operating Expenses:				
General Administration:				
Accounting	\$ 125,000	\$ 125,000	\$ 133,950	(\$ 8,950)
Audit Financial	29,167	21,667	10,000	11,667
Audit Industry	125,000	83,333	19,640	83,333
Bank Fees	-0-	-0-	671	(671)
Board Meetings/Travel	83,333	-0-	37,877	(37,877)
Contract Labor	185,832	195,833	218,462	(22,629)
Headhunter	-0-	33,333	40,150	(6,817)
Insurance	23,167	23,166	3,512	19,654
Legal	20,833	50,000	82,528	(32,528)
Maintenance/Buildout	12,500	8,333	-0-	8,333
Miscellaneous	4,167	833	153	680
Office Equipment	20,833	4,167	4,468	(301)
Postage/Printing	25,000	16,667	1,612	15,055
Rent	41,666	33,333	(869)	34,202
Rent Amortization	-0-	-0-	28,605	(28,605)
Subscriptions/Dues	16,666	16,667	21,874	(5,207)
Subscriptions Amortization	-0-	-0-	11,702	(11,702)
Subscriptions Interest Expense	-0-	-0-	585	(585)
Supplies	8,333	4,334	105	4,229
Telephone/Mobile/Internet	8,333	12,500	790	11,710
Travel Compliance	37,500	20,833	-0-	20,833
Travel Office	41,667	125,000	31,673	93,327
Total General Administration	\$ 808,997	\$ 774,999	\$ 647,488	\$ 147,151
USDA Charges:				
USDA User Fee	\$ 83,333	\$ 83,334	\$ 97,006	(\$ 13,672)
Customs Maintenance Fee	466,668	25,000	-0-	25,000
Total USDA Charges	\$ 550,001	\$ 108,334	\$ 97,006	\$ 11,328
Total Operating Expenses	\$ 1,358,999	\$ 883,333	\$ 744,494	\$ 158,479
Total Program and Operating Expenses	\$ 7,666,665	\$ 7,666,666	\$ 6,827,556	\$ 858,750
Operating Income	(\$ 1,000,000)	(\$ 1,000,000)	\$ 3,412,043	\$ 2,714,183

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Budgetary Comparison Schedule - Enterprise Fund

For the Ten Months Ended July 31, 2024

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
Nonoperating Revenues and Expenses:				
Interest Income	\$ -0-	\$ -0-	\$ 149,599	(\$ 149,599)
Prior Year Carry-Over	1,666,666	1,666,666	-0-	1,666,666
Reserve	(666,666)	(666,666)	-0-	(666,666)
Total Nonoperating Revenue	\$ 1,000,000	\$ 1,000,000	\$ 149,599	\$ 850,401
Change in Net Position	\$ 0	\$ 0	\$ 3,561,642	\$ 3,564,584

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget - Enterprise Fund

**For the One Month and Ten Months Ended July 31, 2024 and
Year Ended September 30, 2024**

	One Month Ended July 31, 2024		Ten Months Ended July 31, 2024		Fiscal Year Ended September 30, 2024
	Actual	Operating Budget	Actual	Original	Operating Budget
Operating Revenue:					
Assessments - Domestic	\$ 161,084	\$ 500,000	\$ 6,099,041	\$ 5,000,000	\$ 6,000,000
Assessments - Imports	315,552	166,666	4,145,174	1,666,668	2,000,000
Assessment Refunds	-0-	-0-	(4,616)	-0-	-0-
Total Operating Revenue	\$ 476,636	\$ 666,666	\$ 10,239,599	\$ 6,666,668	\$ 8,000,000
Program Expenses:					
Financial/Industry Relations	\$ 15,250	\$ 20,833	\$ 148,060	\$ 208,333	\$ 250,000
Marketing/Research	85,382	37,500	431,127	375,000	450,000
Promotion	1,216,677	570,833	5,477,781	5,708,333	6,850,000
Research	-0-	41,666	12,269	416,667	500,000
Software - Fishhook	-0-	7,500	13,825	75,000	90,000
Total Program Expenses	\$ 1,317,309	\$ 678,332	\$ 6,083,062	\$ 6,783,333	\$ 8,140,000
Operating Expenses:					
General Administration:					
Accounting	\$ 14,500	\$ 12,500	\$ 133,950	\$ 125,000	\$ 150,000
Audit Financial	-0-	2,166	10,000	21,667	26,000
Audit Industry	11,583	8,333	19,640	83,333	100,000
Bank Fees	95	-0-	671	-0-	-0-
Board Meetings/Travel	10,665	-0-	37,877	-0-	-0-
Contract Labor	25,212	19,583	218,462	195,833	235,000
Headhunter	-0-	3,334	40,150	33,333	40,000
Insurance	276	2,317	3,512	23,166	27,800
Legal	-0-	5,000	82,528	50,000	60,000
Maintenance/Buildout	-0-	834	-0-	8,333	10,000
Miscellaneous	-0-	84	153	833	1,000
Office Equipment	286	416	4,468	4,167	5,000
Postage/Printing	231	1,666	1,612	16,667	20,000
Rent	(2,875)	3,334	(869)	33,333	40,000
Rent Amortization	2,861	-0-	28,605	-0-	-0-

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget - Enterprise Fund

**For the One Month and Ten Months Ended July 31, 2024 and
Year Ended September 30, 2024**

	One Month Ended July 31, 2024		Ten Months Ended July 31, 2024		Fiscal Year Ended September 30, 2024
	Actual	Operating Budget	Actual	Original	Operating Budget
Subscriptions/Dues	(10,968)	1,666	21,874	16,667	20,000
Subscriptions Amortization	11,702	-0-	11,702	-0-	-0-
Subscriptions Interest Expense	585	-0-	585	-0-	-0-
Supplies	100	434	105	4,334	5,200
Telephone/Mobile/Internet	184	1,250	790	12,500	15,000
Travel Compliance	-0-	2,084	-0-	20,833	25,000
Travel Office	3,306	12,500	31,673	125,000	150,000
Total General Administration	\$ 67,743	\$ 77,501	\$ 647,488	\$ 774,999	\$ 930,000
USDA Charges:					
USDA User Fee	\$ 25,092	\$ 8,333	\$ 97,006	\$ 83,334	\$ 100,000
Customs Maintenance Fee	-0-	2,500	-0-	25,000	30,000
Total USDA Charges	\$ 25,092	\$ 10,833	\$ 97,006	\$ 108,334	\$ 130,000
Total Operating Expenses	\$ 92,835	\$ 88,334	\$ 744,494	\$ 883,333	\$ 1,060,000
Total Program and Operating Expenses	\$ 1,410,144	\$ 766,666	\$ 6,827,556	\$ 7,666,666	\$ 9,200,000
Operating Income	(\$ 933,508)	(\$ 100,000)	\$ 3,412,043	(\$ 999,998)	(\$ 1,200,000)
Nonoperating Revenues and Expenses:					
Interest Income	\$ 18,793	\$ -0-	\$ 149,599	\$ -0-	\$ -0-
Prior Year Carry-Over	-0-	166,666	-0-	1,666,668	2,000,000
Reserve	-0- (66,666)	-0- (666,668)	(800,000)
Total Nonoperating Revenue	\$ 18,793	\$ 100,000	\$ 149,599	\$ 1,000,000	\$ 1,200,000
Change in Net Position	(\$ 914,715)	\$ 0	\$ 3,561,642	\$ -0-	\$ 0

See Independent Auditors' Report.