



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN PROMOTION BOARD

Compiled Financial Statements

For the One Month and Nine Months Ended

June 30, 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 June 30, 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 nine 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 nine months ended June 30, 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 27, 2024

AMERICAN PECAN PROMOTION BOARD

Statement of Net Position- Enterprise Fund

As of June 30, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 10,712,445
Accounts Receivable, Net of Allowance for Doubtful Accounts	3,254,651
Prepaid Expenses	60,847
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Total Current Assets	\$ 14,027,943

Noncurrent Assets:

Right of Use Assets	\$ 140,416
Right of Use Assets - Accumulated Amortization	(80,855)
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Total Noncurrent Assets	\$ 59,561

TOTAL ASSETS

\$ 14,087,504

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 225,342
Credit Cards Payable	70
Interest Payable	154
Current Portion of Lease Obligations Payable	31,474
Current Portion of Subscription Obligations Payable	15,525
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Total Current Liabilities	\$ 272,565

Long-term Liabilities:

Lease Obligations Payable	\$ 5,818
Subscription Obligations Payable	5,950
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Total Long-term Liabilities	\$ 11,768
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Total Liabilities	\$ 284,333

Net Position:

Net Investment in Capital Assets	\$ 59,561
Unrestricted	13,743,610
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Total Net Position	\$ 13,803,171

TOTAL LIABILITIES AND NET POSITION

\$ 14,087,504

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 Nine Months Ended June 30, 2024

	<u>One Month</u>	<u>Nine Months</u>
Operating Revenues:		
Assessment Income - Domestic	\$ 247,756	\$ 5,937,957
Assessment Income - Imports	271,681	3,829,623
Assessment Refunds	-0-	(4,617)
	<u>519,437</u>	<u>9,762,963</u>
Total Operating Revenue	\$	\$
Operating Expenses:		
Financial/Industry Relations	\$ 15,875	\$ 146,635
General and Administrative	76,477	579,747
Marketing	63,137	345,745
Promotion	184,767	4,261,104
Research	-0-	12,269
USDA	10,746	71,913
	<u>351,002</u>	<u>5,417,413</u>
Total Operating Expenses	\$	\$
Operating Income	<u>168,435</u>	<u>4,345,550</u>
	\$	\$
Nonoperating Revenues (Expenses):		
Interest Income	\$ 19,446	\$ 130,806
	<u>19,446</u>	<u>130,806</u>
Total Nonoperating Revenues (Expenses)	\$	\$
Change in Net Position	<u>187,881</u>	<u>4,476,356</u>
	\$	\$
Net Position, Beginning as Previously Stated	\$ 13,660,306	\$ 11,340,655
Prior Period Adjustment	(45,016)	(2,013,840)
	<u>13,615,290</u>	<u>9,326,815</u>
Net Position, Beginning as Restated	\$	\$
Net Position, Ending	<u>13,803,171</u>	<u>13,803,171</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 Nine Months Ended June 30, 2024

	<u>One Month</u>	<u>Nine Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 1,128,469	\$ 9,313,519
Cash Paid for Operating Expenses	(408,300)	(6,247,427)
Net Cash Provided by Operating Activities	<u>\$ 720,169</u>	<u>\$ 3,066,092</u>
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	<u>\$ 19,446</u>	<u>\$ 130,806</u>
Net Cash Provided by Investing Activities	<u>\$ 19,446</u>	<u>\$ 130,806</u>
Net Increase in Cash	\$ 739,615	\$ 3,196,898
Cash, Beginning of Period	<u>9,972,830</u>	<u>7,515,547</u>
Cash, End of Period	<u><u>\$ 10,712,445</u></u>	<u><u>\$ 10,712,445</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating Income	\$ 168,435	\$ 4,345,550
Net Cash Provided by Operating Activities:		
Amortization Expense	2,772	24,713
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	609,032	(449,444)
(Increase) Decrease in Prepaid Expenses	11,078	(20,076)
Increase (Decrease) in Accounts Payable	(68,073)	(808,382)
Increase (Decrease) in Credit Cards Payable	(289)	(1,425)
Increase (Decrease) in Lease Liability	(2,786)	(24,844)
Net Cash Provided by Operating Activities	<u><u>\$ 720,169</u></u>	<u><u>\$ 3,066,092</u></u>

The accompanying notes are an integral part of this statement.

AMERICAN PECAN PROMOTION BOARD

Budgetary Comparison Schedule - Enterprise Fund

For the Nine Months Ended June 30, 2024

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
Assessments - Domestic	\$ 4,500,000	\$ 4,500,000	\$ 5,937,957	\$ 1,437,957
Assessments - Imports	1,500,000	1,500,000	3,829,623	2,329,623
Assessment Refunds	-0-	-0-	(4,617)	(4,617)
Total Operating Revenue	\$ 6,000,000	\$ 6,000,000	\$ 9,762,963	\$ 3,762,963
Program Expenses:				
Contingency Fund	\$ 819,900	\$ -0-	\$ -0-	\$ -0-
Financial/Industry Relations	101,250	187,500	132,810	54,690
Marketing/Research	128,250	337,500	345,745	(8,245)
Promotion	4,185,000	5,137,500	4,261,104	876,396
Research	375,000	375,000	12,269	362,731
Software - Fishhook	67,500	67,500	13,825	53,675
Total Program Expenses	\$ 5,676,900	\$ 6,105,000	\$ 4,765,753	\$ 1,339,247
Operating Expenses:				
General Administration:				
Accounting	\$ 112,500	\$ 112,500	\$ 119,450	(\$ 6,950)
Audit Financial	26,250	19,500	10,000	9,500
Audit Industry	112,500	75,000	8,057	75,000
Bank Fees	-0-	-0-	576	(576)
Board Meetings/Travel	75,000	-0-	27,212	(27,212)
Contract Labor	167,249	176,250	193,250	(17,000)
Headhunter	-0-	30,000	40,150	(10,150)
Insurance	20,850	20,850	3,237	17,613
Legal	18,750	45,000	82,528	(37,528)
Maintenance/Buildout	11,250	7,500	-0-	7,500
Miscellaneous	3,750	750	153	597
Office Equipment	18,750	3,750	4,182	(432)
Postage/Printing	22,500	15,000	1,381	13,619
Rent	37,500	30,000	27,751	2,249
Subscriptions/Dues	15,000	15,000	407	14,593
Supplies	7,500	3,900	5	3,895
Telephone/Mobile/Internet	7,500	11,250	33,042	(21,792)
Travel Compliance	33,750	18,750	-0-	18,750
Travel Office	37,500	112,500	28,366	84,134
Total General Administration	\$ 728,099	\$ 697,500	\$ 579,747	\$ 125,810
USDA Charges:				
USDA User Fee	\$ 75,000	\$ 75,000	\$ 71,913	\$ 3,087
Customs Maintenance Fee	420,000	22,500	-0-	22,500
Total USDA Charges	\$ 495,000	\$ 97,500	\$ 71,913	\$ 25,587
Total Operating Expenses	\$ 1,223,099	\$ 795,000	\$ 651,660	\$ 151,397
Total Program and Operating Expenses	\$ 6,899,999	\$ 6,900,000	\$ 5,417,413	\$ 1,490,644
Operating Income	(\$ 900,000)	(\$ 900,000)	\$ 4,345,550	\$ 2,272,320

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Budgetary Comparison Schedule - Enterprise Fund

For the Nine Months Ended June 30, 2024

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
Nonoperating Revenues and Expenses:				
Interest Income	\$ -0-	\$ -0-	\$ 130,806	(\$ 130,806)
Prior Year Carry-Over	1,500,000	1,500,000	-0-	1,500,000
Reserve	(600,000)	(600,000)	-0-	(600,000)
Total Nonoperating Revenue	\$ 900,000	\$ 900,000	\$ 130,806	\$ 769,194
Change in Net Position	\$ 0	\$ 0	\$ 4,476,356	\$ 3,041,514

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget - Enterprise Fund

For the One Month and Nine Months Ended June 30, 2024 and
Year Ended September 30, 2024

	One Month Ended June 30, 2024		Nine Months Ended June 30, 2024		Fiscal Year Ended September 30, 2024	
	Actual	Operating Budget	Actual	Original	Operating Budget	Operating Budget
Operating Revenue:						
Assessments - Domestic	\$ 247,756	\$ 500,000	\$ 5,937,957	\$ 4,500,000	\$ 6,000,000	\$ 6,000,000
Assessments - Imports	271,681	166,666	3,829,623	1,500,002	2,000,000	2,000,000
Assessment Refunds	-0-	-0-	(4,617)	-0-	-0-	-0-
Total Operating Revenue	\$ 519,437	\$ 666,666	\$ 9,762,963	\$ 6,000,002	\$ 8,000,000	
Program Expenses:						
Financial/Industry Relations	\$ 15,250	\$ 20,833	\$ 132,810	\$ 187,500	\$ 250,000	
Marketing/Research	63,137	37,500	345,745	337,500	450,000	
Promotion	184,767	570,833	4,261,104	5,137,500	6,850,000	
Research	-0-	41,666	12,269	375,000	500,000	
Software - Fishhook	625	7,500	13,825	67,500	90,000	
Total Program Expenses	\$ 263,779	\$ 678,332	\$ 4,765,753	\$ 6,105,000	\$ 8,140,000	
Operating Expenses:						
General Administration:						
Accounting	\$ 16,000	\$ 12,500	\$ 119,450	\$ 112,500	\$ 150,000	
Audit Financial	10,000	2,166	10,000	19,500	26,000	
Audit Industry	8,057	8,334	8,057	75,000	100,000	
Bank Fees	45	-0-	576	-0-	-0-	
Board Meetings/Travel	-0-	-0-	27,212	-0-	-0-	
Contract Labor	25,212	19,584	193,250	176,250	235,000	
Headhunter	-0-	3,334	40,150	30,000	40,000	
Insurance	276	2,317	3,237	20,850	27,800	
Legal	3,960	5,000	82,528	45,000	60,000	
Maintenance/Buildout	-0-	834	-0-	7,500	10,000	
Miscellaneous	-0-	83	153	750	1,000	
Office Equipment	286	416	4,182	3,750	5,000	
Postage/Printing	41	1,666	1,381	15,000	20,000	
Rent	5,046	3,334	27,751	30,000	40,000	
Subscriptions/Dues	22	1,666	407	15,000	20,000	
Supplies	-0-	433	5	3,900	5,200	

See Independent Auditors' Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget - Enterprise Fund

For the One Month and Nine Months Ended June 30, 2024 and
Year Ended September 30, 2024

	One Month Ended June 30, 2024		Nine Months Ended June 30, 2024		Fiscal Year Ended September 30, 2024	
	Actual	Operating Budget	Actual	Original	Operating Budget	
Operating Expenses (Cont):						
Telephone/Mobile/Internet	4,472	1,250	33,042	11,250	15,000	
Travel Compliance	-0-	2,084	-0-	18,750	25,000	
Travel Office	3,060	12,500	28,366	112,500	150,000	
Total General Administration	\$ 76,477	\$ 77,501	\$ 579,747	\$ 697,500	\$ 930,000	
USDA Charges:						
USDA User Fee	10,746	8,333	71,913	75,000	100,000	
Customs Maintenance Fee	-0-	2,500	-0-	22,500	30,000	
Total USDA Charges	\$ 10,746	\$ 10,833	\$ 71,913	\$ 97,500	\$ 130,000	
Total Operating Expenses	\$ 87,223	\$ 88,334	\$ 651,660	\$ 795,000	\$ 1,060,000	
Total Program and Operating Expenses	\$ 351,002	\$ 766,666	\$ 5,417,413	\$ 6,900,000	\$ 9,200,000	
Operating Income	\$ 168,435	(\$ 100,000)	\$ 4,345,550	(\$ 899,998)	(\$ 1,200,000)	
Nonoperating Revenues and Expenses:						
Interest Income	\$ 19,446	\$ -0-	\$ 130,806	\$ -0-	\$ -0-	
Prior Year Carry-Over	-0-	166,666	-0-	1,500,002	2,000,000	
Reserve	-0-	66,666)	-0-	600,002)	800,000)	
Total Nonoperating Revenue	\$ 19,446	\$ 100,000	\$ 130,806	\$ 900,000	\$ 1,200,000	
Change in Net Position	\$ 187,881	\$ -0-	\$ 4,476,356	\$ -0-	\$ 0	

See Independent Auditors' Report.