

**AMERICAN PECAN  
PROMOTION BOARD**

**Financial Statements and  
Supplemental Information**

**Years Ended  
September 30, 2025 and 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
The American Pecan Promotion Board  
Irving, Texas

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the American Pecan Promotion Board (the "Board") (a Texas Nonprofit Corporation), which comprise the statement of financial position as of September 30, 2025 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Board as of September 30, 2025 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2026 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

## ***Report on Summarized Comparative Information***

We have previously audited the Board's 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 27, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 11, 2026

**American Pecan Promotion Board**

**STATEMENTS OF FINANCIAL POSITION**

**September 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 8,404,186	\$ 9,980,751
Accounts receivable, net of allowance for doubtful accounts	1,012,042	2,804,055
Prepaid expenses	<u>300,016</u>	<u>263,019</u>
Total current assets	9,716,244	13,047,825
Right of use assets	<u>-</u>	<u>28,297</u>
Total assets	<u><u>\$ 9,716,244</u></u>	<u><u>\$ 13,076,122</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities		
Accounts payable and accrued expenses	\$ 307,097	\$ 481,288
Lease obligations payable	<u>-</u>	<u>28,817</u>
Total current liabilities	307,097	510,105
Net assets		
Without donor restrictions	<u>9,409,147</u>	<u>12,566,017</u>
Total liabilities and net assets	<u><u>\$ 9,716,244</u></u>	<u><u>\$ 13,076,122</u></u>

See independent auditor's report and accompanying notes

**American Pecan Promotion Board**

**STATEMENTS OF ACTIVITIES**

**Years Ended September 30, 2025 and 2024**

	2025	2024
<b>REVENUES</b>		
Assessment income - domestic	\$ 7,201,599	\$ 6,800,786
Assessment income - imports	3,648,697	4,769,654
Assessment refunds	(948,056)	(4,617)
	9,902,240	11,565,823
<b>EXPENSES</b>		
Programs services		
Promotion	10,278,052	6,925,524
	10,278,052	6,925,524
Support services		
Compliance	113,563	23,656
Non-assessable credits	1,869,625	-
General and administrative	849,330	1,432,722
USDA	128,642	134,719
	2,961,160	1,591,097
Total expenses	13,239,212	8,516,621
Change in net assets before interest income	(3,336,972)	3,049,202
Interest income	180,102	189,501
Change in net assets	(3,156,870)	3,238,703
Net assets without donor restrictions, beginning of year	12,566,017	9,327,314
Net assets without donor restrictions, end of year	\$ 9,409,147	\$ 12,566,017

See independent auditor's report and accompanying notes

American Pecan Promotion Board

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2025

(with summarized financial information totals for the year ended September 30, 2024)

Program Service	Supporting Services				Total 2025	Total 2024	
	Promotion	Compliance	Non-Assessable Credits	General and Administration	USDA		
Promotion	\$ 7,712,445	\$ -	\$ -	\$ -	\$ -	\$ 7,712,445	\$ 6,312,032
Non-assessable credits	-	-	1,869,625	-	-	1,869,625	-
Marketing/research	1,559,360	-	-	-	-	1,559,360	570,893
Research studies	515,173	-	-	-	-	515,173	28,936
Program management	491,074	-	-	-	-	491,074	-
Contractual labor	-	-	-	388,282	-	388,282	150,848
Third-party administration	-	-	-	143,110	-	143,110	165,825
USDA user fee	-	-	-	-	128,642	128,642	134,719
Audit fees	-	96,648	-	25,000	-	121,648	46,756
Bad debt	-	-	-	79,013	-	79,013	662,011
Board meetings/travel	-	-	-	54,891	-	54,891	52,058
Travel office	-	-	-	40,828	-	40,828	36,331
Legal	-	-	-	40,230	-	40,230	93,078
Rent	-	-	-	35,292	-	35,292	35,302
Telephone/mobile/internet	-	-	-	21,175	-	21,175	23,873
Office expense	-	552	-	18,692	-	19,244	10,424
Software	-	16,363	-	-	-	16,363	13,663
Insurance	-	-	-	2,817	-	2,817	4,512
Financial/industry relations	-	-	-	-	-	-	175,360
<b>Total</b>	<b>\$ 10,278,052</b>	<b>\$ 113,563</b>	<b>\$ 1,869,625</b>	<b>\$ 849,330</b>	<b>\$ 128,642</b>	<b>\$ 13,239,212</b>	<b>\$ 8,516,621</b>

See independent auditor's report and accompanying notes

**American Pecan Promotion Board**

**STATEMENTS OF CASH FLOWS**

**Years Ended September 30, 2025 and 2024**

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (3,156,870)	\$ 3,238,703
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Amortization expense	28,297	33,070
Bad debt expense	79,013	662,011
Non-assesable credits	1,869,625	-
Loss on disposal	-	1,430
Changes in assets and liabilities		
Accounts receivable	(156,625)	(649,726)
Prepays expenses	(36,997)	(222,249)
Accounts payable and accrued expenses	(174,191)	(564,716)
Net cash (used in) provided by operating activities	(1,547,748)	2,498,523
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash paid for lease liability - principal portion	(28,817)	(33,319)
Net cash used in financing activities	(28,817)	(33,319)
Net (decrease) increase in cash and cash equivalents	(1,576,565)	2,465,204
Cash and cash equivalents, beginning of year	9,980,751	7,515,547
Cash and cash equivalents, end of year	\$ 8,404,186	\$ 9,980,751

See independent auditor's report and accompanying notes

**American Pecan Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**Note 1 – Organization and Nature of Activities**

American Pecan Promotion Board (the Board) is a nonprofit mutual benefit corporation organized under the Agriculture Marketing Services (AMS) and shall have all the powers, duties, authorizations, and responsibilities as provided to nonprofit corporations. The Board formed in 2021 to strengthen the position of pecans in the marketplace, maintain and expand markets for pecans, and develop new uses for pecans. The Board is organized and shall be operated to further the Commodity Promotion, Research, and Information Act of 1996 and any amendments thereto.

The Board was subject to a referendum conducted during May through June of 2024, which took place no later than 3 years after assessments first begin under the Pecan Promotion, Research, and Information Order (the Order). The Order was approved in referendum, as a majority of producers and importers voted in favor. The Secretary shall conduct subsequent referenda every 7 years for the purpose of ascertaining whether producers and importers favor the continuation, suspension, or termination of the Order.

**Note 2 – Summary of Significant Accounting Policies**

a. Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

b. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board's Accounting Standards Codification (FASB ASC) 958, *Financial statements for Not-for-Profit Organizations*.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions; accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Includes net assets available for use in general operations and are not subject to donor restrictions.

Net Assets with Donor Restrictions – Includes net assets that are subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, where the restrictions will be met by the passage of time or other events specified by the contract. Other donor restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. As of September 30, 2025 and 2024, there were no net assets with donor restrictions.

c. Functional Allocation of Expenses

The accompanying statement of functional expenses present expenses by function and natural classification. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**American Pecan Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**Note 2 – Summary of Significant Accounting Policies (continued)**

d. Income Taxes

The Board is considered an instrumentality of the United States Department of Agriculture (USDA) which conducts administrative oversight of the Board's activities. As such, the Board is exempt from federal and state income taxes.

e. Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

f. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Board considers all instruments with an original maturity of three months or less to be cash equivalents.

g. Concentrations of Credit Risk

The Board maintains deposits in a financial institution which are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC).

Deposits in excess of \$250,000 were sufficiently collateralized in accordance with the procedures prescribed by the United States Treasury Department.

h. Property and Equipment

The Board only capitalizes equipment purchases that exceed \$500. Property and equipment is stated at cost. Depreciation of property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the assets estimated useful lives.

i. Revenue Recognition

Revenues from assessments are derived from first handlers and importers of pecans and are recognized based on monthly reports submitted by first handlers and importers through U.S. customs. Import assessment revenue is recognized when the cash is received, as notification of amount to be received is not provided prior to the cash receipt. Domestic assessment revenue is recognized when the Board is notified of the amount of the assessment. The rate of assessment is proposed by the Board and approved by the Secretary of Agriculture. Domestic assessments are levied at \$0.02 per pound on all inshelled pecans and \$0.04 per pound on all shelled pecans. The assessment rate for imported pecans shall be the same or equivalent to the rate for pecans produced in the United States.

**American Pecan Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**Note 2 – Summary of Significant Accounting Policies (continued)**

j. Assessments and Assessments Receivable

Producers pay an assessment per pound of pecans produced in the United States. The collection of assessments on pecans produced in the United States will be the responsibility of the first handler receiving the pecans from the producers. Importers of pecans pay an assessment to the Board on pecans imported for marketing in the United States, through Customs.

Current collection policy dictates the procedures for assessment collections. These procedures include records listing payments, retention of assessment forms and producer and importer reports. Reports are reviewed for completeness and calculation correctness. If there are errors, the producer or importer is contacted and given two weeks to respond. If no response, a follow-up-letter is sent, followed up by another letter, prior to referring the debt to the Marketing Field Office (MFO). If these efforts are unsuccessful, the uncollectible debt will be referred to the Marketing Development Division (MDD) of the USDA.

Assessments receivable include domestic and import assessments incurred and reported before the year ended September 30, 2023. The amounts not expected to be collected within one year are recognized as allowance for uncollectible at fiscal year-end. As of September 30, 2025 and 2024 the allowance was estimated to be \$3,728,480 and \$4,193,851, respectively. The Board must obtain USDA approval before writing off uncollectible debt.

During the year ended September 30, 2025, the Board recognized \$1,869,625 in the non-assessable credits, which represent amounts related to assessment receivables that are not expected to be collected due to statutory exemptions waivers, or other compliance-related reasons. These amounts are recognized as a reduction of accounts receivable and as an expense in the period identified.

Importers of less than 50,000 pounds of inshell pecans or 25,000 pounds of shelled pecans during any fiscal year are entitled to apply for a refund of the assessments paid. A reimbursement application must be provided to the Board and importers must complete an audit in order for these importers to receive a refund. Refunds are netted against any assessment balance owed to the Board.

k. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

l. Budget

The Board's budget is prepared on an accrual basis (revenues are recognized when notified or received and expenses are recognized when incurred). Schedules comparing the budgetary basis to actual results are included in the supplementary information to the financial statements. The Board's financial stability remains secure due to the USDA's approval of the budget, which accounts for the anticipated losses.

**American Pecan Promotion Board**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**Note 2 – Summary of Significant Accounting Policies (continued)**

m. Reclassification

Certain reclassifications have been made to the prior year amounts to conform to the current year presentation.

n. Accounting Pronouncements Adopted

Effective October 1, 2023, the Board adopted FASB ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Board adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Board's financial statements, but did change how the allowance for credit losses (i.e. doubtful accounts) is determined.

**Note 3 – Liquidity and Availability**

Financial assets available within one year of the statement of financial position date for general expenditures, without donor or other restrictions at September 30, 2025 and 2024 are as follows:

	2025	2024
Cash and cash equivalents	\$ 8,404,186	\$ 9,980,751
Accounts receivable, net of allowance for doubtful accounts	1,012,042	2,804,055
Total	\$ 9,416,228	\$ 12,784,806

As part of its liquidity plan, the Board structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Note 4 – Assessment Receivable**

Assessment receivable at September 30, 2025 and 2024, consists of the following:

	2025	2024
Assessment receivable - domestic	\$ 440,568	\$ 245,827
Assessment receivable - imports	4,299,954	6,752,079
Less: allowance for doubtful accounts	(3,728,480)	(4,193,851)
Assessment receivable - imports (net)	571,474	2,558,228
Total assessment receivable	\$ 1,012,042	\$ 2,804,055

**American Pecan Promotion Board**  
**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2025**

**Note 4 – Assessment Receivable (continued)**

The activity in the allowance for doubtful accounts for the years ended September 30, 2025 and 2024 are as follows:

	2025	2024
Beginning balance	\$ 4,193,851	\$ 3,531,841
Additions (bad debt expense)	79,013	662,010
Credit memo on non-assessable receivable	(544,384)	-
Ending balance	\$ 3,728,480	\$ 4,193,851

The Board commenced operations in 2021 and, during the initial years, focused on organizing and implementing policies and procedures for the collection of assessments. For the first two years of operations and part of the current year, U.S. Customs did not collect import assessments on behalf of the Board. Instead, Customs provided reports detailing the amounts owed, but actual collection of assessments did not begin until November 2023. As a result, the Board recorded assessments receivable based on the reports from Customs for assessments incurred during these periods prior to November 2023. All accounts receivable balances greater than one year old have been provided for in the allowance for doubtful accounts; however, the Board believes all amounts will ultimately be collected as the Board with the help of the USDA has leverage with collection efforts.

**Note 5 – Subsequent Events**

Management has evaluated subsequent events through February 11, 2026, the date on which the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, and no subsequent events have occurred, the nature of which would require disclosure.



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
The American Pecan Promotion Board  
Irving, Texas

We have audited the financial statements of the American Pecan Promotion Board (the "Board") as of and for the year ended September 30, 2025, and our report thereon dated February 11, 2026, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues, expenses, and change in net assets – budget to actual and schedule of cash receipts and disbursements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 11, 2026

### *Partners*

W. Ed Moss, Jr.  
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**American Pecan Promotion Board**

**SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS – BUDGET TO ACTUAL**

**Year Ended September 30, 2025**

	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Assessment income - domestic	\$ 5,881,210	\$ 7,201,599	\$ 1,320,389
Assessment income - imports	4,093,650	3,648,697	(444,953)
Contributions/ unrestricted cash	9,646,750	-	(9,646,750)
Assessment refunds	<u>(1,425,000)</u>	<u>(948,056)</u>	<u>476,944</u>
 Total revenues	 <u>18,196,610</u>	 <u>9,902,240</u>	 <u>(8,294,370)</u>
<b>EXPENSES</b>			
Programs services			
Marketing research	2,025,000	1,559,360	465,640
Promotion	8,072,509	7,712,445	360,064
Program management	817,350	491,074	326,276
Research	<u>1,184,000</u>	<u>515,173</u>	<u>668,827</u>
 Total program expenses	 <u>12,098,859</u>	 <u>10,278,052</u>	 <u>1,820,807</u>
Support services			
Compliance			
Audit fees	170,000	96,648	73,352
Software	30,000	16,363	13,637
Office expense	<u>5,000</u>	<u>552</u>	<u>4,448</u>
 Total compliance	 205,000	 113,563	 91,437
Non-assessable credits			
Non-assessable credits	<u>-</u>	<u>1,869,625</u>	<u>(1,869,625)</u>
 General and Administrative			
Contractual labor	320,400	388,282	(67,882)
Third-party administration	150,000	143,110	6,890
Audit fees	30,000	25,000	5,000
Bad debt	-	79,013	(79,013)
Board meetings/travel	65,000	54,891	10,109
Travel office	26,000	40,828	(14,828)
Legal	95,000	40,230	54,770
Rent	45,000	35,292	9,708
Telephone/mobile/internet	18,000	21,175	(3,175)
Office expense	30,600	18,692	11,908
Insurance	<u>25,000</u>	<u>2,817</u>	<u>22,183</u>
 Total general and administrative	 805,000	 849,330	 (44,330)
USDA			
USDA User fee	<u>200,000</u>	<u>128,642</u>	<u>71,358</u>
 Total support services	 <u>1,210,000</u>	 <u>2,961,160</u>	 <u>(1,751,160)</u>
 Total expenses	 <u>13,308,859</u>	 <u>13,239,212</u>	 <u>69,647</u>
<b>Change in net assets before interest income</b>			
Interest income	-	180,102	180,102
Prior year carry-over	334,000	-	(334,000)
Unrestricted cash	<u>(5,221,751)</u>	<u>-</u>	<u>5,221,751</u>
 Total non-operating revenues	 <u>(4,887,751)</u>	 <u>180,102</u>	 <u>5,067,853</u>
 Change in net assets	 <u>\$ -</u>	 <u>\$ (3,156,870)</u>	 <u>\$ (3,156,870)</u>

See independent auditor's report

**American Pecan Promotion Board**

**SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS**

**Year Ended September 30, 2025**

Cash receipts:	
Assesment income - domestic	\$ 6,867,089
Assesment income - imports	3,905,595
Assessment refunds	(948,056)
Interest income	180,102
	<hr/>
Total cash receipts	10,004,730
	<hr/>
Cash disbursements:	
Promotion	10,489,240
Compliance	113,563
General and administrative	849,850
USDA	128,642
	<hr/>
Total cash disbursements	11,581,295
	<hr/>
Net decrease in cash and cash equivalents	(1,576,565)
Cash and cash equivalents, at beginning of year	9,980,751
	<hr/>
Cash and cash equivalents, at end of year	<u><u>\$ 8,404,186</u></u>

See independent auditor's report



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
The American Pecan Promotion Board  
Irving, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the American Pecan Promotion Board (the “Board”), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 11, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Board’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Board’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

**Partners**

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**Report on Compliance and Other Matters (continued)**

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 11, 2026



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS,  
REGULATIONS, AND CONTRACTS**

**Partners**

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To the Board of Directors  
The American Pecan Promotion Board  
Irving, Texas

**Report on Compliance**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the American Pecan Promotion Board (the "Board"), which comprise the statement of financial position as of September 30, 2025, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and we have issued our report thereon dated February 11, 2026.

In connection with our audit of the Board's financial statements, we tested compliance with selected provisions of applicable laws, statutes, regulations, rules and provisions of contracts consistent with our auditor's responsibility discussed below and in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We caution that noncompliance may occur and not be detected by these tests.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts applicable to the Board.

**Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance, whether due to fraud or error, with the selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts that have a direct effect on the determination of material amounts and disclosures in the financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, statutes, regulations, rules, and provisions of contracts applicable to the Board. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the types of compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of the selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts applicable to the Board.

## **Auditor’s Responsibilities for the Audit of Compliance (continued)**

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board’s compliance with the selected provisions of applicable laws, statutes, regulations, rules and provisions of contracts applicable to the Board.

## **Results of Our Tests for Compliance with Laws, Regulations, and Contracts**

During the course of our testing, no instances of noncompliance for the year ended September 30, 2025 came to our attention that would be required to be reported under generally accepted auditing standards in the United States of America or under *Government Auditing Standards*, issued by the Comptroller General of the United States, that would cause us to believe that the Board failed to comply with certain provisions of the Commodity Promotion, Research, and Information Act of 1996 (the “Act”), as described below in items a) through e), insofar as they relate to accounting matters.

- a) Funds were not discovered to be used for influencing government policy or action.
- b) The Board adhered to the AMS (Agricultural Marketing Service) investment policy.
- c) The Board complied with its internal control policies,
- d) Funds were used only for projects and other expenses authorized in a budget approved by USDA, and
- e) Funds were used in accordance with Guidelines for Agricultural Marketing Service Oversight of Commodity Research and Promotion Programs.

However, the objective of our tests was not to provide an opinion on compliance with all laws, statutes, regulations, rules, and provisions of contracts applicable to the Board. Accordingly, we do not express such an opinion. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Board’s noncompliance with the above-referenced terms, provisions, or conditions of the Act, insofar as they relate to accounting matters.

The purpose of this report on compliance with laws, statutes, regulations, rules, and provisions of contracts is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, statutes, regulations, rules, and provisions of contracts and the results of that testing, and not to provide an opinion on compliance. This report on compliance with laws, statutes, regulations, rules, and provisions of contracts is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, and contracts is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Directors and management of the Board, others within the organization, and the U.S. Department of Agriculture and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 11, 2026

American Pecan Promotion Board

SCHEDULE OF FINDINGS

Year Ended September 30, 2025

**Section I – Summary of Auditor’s Results**

**Financial Statements**

- |   |               |
|---|---------------|
| 1. Type of auditor’s report issued:   | Unmodified    |
| 2. Internal control over financial reporting:   |               |
| a. Material weakness(es) identified?  | No            |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted?                                  | No            |

**Section II – Financial Statement Findings**

No matters are reportable.

**Section III – Status of Prior Year Audit Findings**

**Finding 2022-001: Internal Control Weakness Related to Collections of Assessments Receivable**

*Finding Summary:* Prior year audit work disclosed that the assessment receivable balance includes an excessive amount of past due balances. Specifically, the date of September 30, 2022 trial balance or approximately 40% of total receivables to be over 90 days old. This percentage has increased substantially in the following months.

*Responsible Individuals:* Anne Warden, Chief Executive Officer

*Status:* Ongoing. Management agreed with the finding. Significant progress was made in fiscal year 2025 against older receivables, and the Board is committed to resolving the remaining balance expeditiously.