



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN PROMOTION BOARD

Compiled Financial Statements

For the One Month and Three Months Ended

December 31, 2023

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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 December 31, 2023, and the related statement of activities, functional expenses, and cash flows for the one month and three 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 three months ended December 31, 2023 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 5, 2024

AMERICAN PECAN PROMOTION BOARD

Statement of Financial Position

As of December 31, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 7,410,737
Accounts Receivable	6,577,294
Allowance for Doubtful Accounts	(3,531,841)
Prepaid Expenses	67,566

Total Current Assets \$ 10,523,756

Noncurrent Assets:

Right of Use Asset	\$ 104,029
Accumulated Amortization	(50,841)

Total Noncurrent Assets \$ 53,188

TOTAL ASSETS

\$ 10,576,944

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 460,350
Credit Cards Payable	621
Current Portion of Operating Lease Liability	30,806

Total Current Liabilities \$ 491,777

Long Term Liabilities:

Operating Lease Liability	\$ 53,914
Less: Current Portion of Operating Lease Liability	(30,806)

Total Long Term Liabilities \$ 23,108

Total Liabilities \$ 514,885

Net Assets:

Net Investment in Capital Assets	\$ 53,188
Without Contractual Restrictions	10,008,871

Total Net Assets \$ 10,062,059

TOTAL LIABILITIES AND NET ASSETS

\$ 10,576,944

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Activities

For the One Month Ended December 31, 2023

	Without Contractual Restrictions	With Contractual Restrictions	Total
Operating Revenue:			
Assessment Income - Domestic	\$ 126,805	\$ -0-	\$ 126,805
Assessment Income - Imports	32,702	-0-	32,702
Total Operating Revenue	\$ 159,507	\$ -0-	\$ 159,507
Operating Expenses:			
Program Services	\$ 432,490	\$ -0-	\$ 432,490
Management and General	66,559	-0-	66,559
USDA	17,150	-0-	17,150
Total Operating Expenses	\$ 516,199	\$ -0-	\$ 516,199
Operating Income	(\$ 356,692)	\$ -0-	(\$ 356,692)
Nonoperating Revenues (Expenses):			
Interest Earned	\$ 12,884	\$ -0-	\$ 12,884
Total Nonoperating Revenues	\$ 12,884	\$ -0-	\$ 12,884
Change in Net Assets	(\$ 343,808)	\$ -0-	(\$ 343,808)
Net Assets, Beginning	\$ 10,405,867	\$ -0-	\$ 10,405,867
Net Assets, Ending	\$ 10,062,059	\$ -0-	\$ 10,062,059

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Activities

For the Three Months Ended December 31, 2023

	Without Contractual Restrictions	With Contractual Restrictions	Total
Operating Revenue:			
Assessment Income - Domestic	\$ 878,086	\$ -0-	\$ 878,086
Assessment Income - Imports	587,780	-0-	587,780
Total Operating Revenue	<u>\$ 1,465,866</u>	<u>\$ -0-</u>	<u>\$ 1,465,866</u>
Operating Expenses:			
Program Services	\$ 596,499	\$ -0-	\$ 596,499
Management and General	142,494	-0-	142,494
USDA	17,150	-0-	17,150
Total Operating Expenses	<u>\$ 756,143</u>	<u>\$ -0-</u>	<u>\$ 756,143</u>
Operating Income	<u>\$ 709,723</u>	<u>\$ -0-</u>	<u>\$ 709,723</u>
Nonoperating Revenues (Expenses):			
Interest Earned	\$ 26,799	\$ -0-	\$ 26,799
Total Nonoperating Revenues	<u>\$ 26,799</u>	<u>\$ -0-</u>	<u>\$ 26,799</u>
Change in Net Assets	<u>\$ 736,522</u>	<u>\$ -0-</u>	<u>\$ 736,522</u>
Net Assets, Beginning as Previously Stated	\$ 11,340,655	\$ -0-	\$ 11,340,655
Prior Period Adjustment	<u>(2,015,118)</u>	<u>-0-</u>	<u>(2,015,118)</u>
Net Assets, Beginning as Restated	<u>\$ 9,325,537</u>	<u>\$ -0-</u>	<u>\$ 9,325,537</u>
Net Assets, Ending	<u><u>\$ 10,062,059</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 10,062,059</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Functional Expenses

For the One Month Ended December 31, 2023

	<u>Program Services</u>	<u>Support Services</u>		
	<u>Promotion</u>	<u>Management and General</u>	<u>USDA</u>	<u>Total</u>
Accounting	\$ -0-	\$ 12,750	\$ -0-	\$ 12,750
Bank Fees	-0-	129	-0-	129
Contract Labor	-0-	18,542	-0-	18,542
Financial/Industry Relations	10,740	-0-	-0-	10,740
Insurance	-0-	265	-0-	265
Legal	-0-	29,825	-0-	29,825
Marketing Research	17,250	-0-	-0-	17,250
Office Equipment	-0-	262	-0-	262
Promotion	404,500	-0-	-0-	404,500
Rent	-0-	3,246	-0-	3,246
Subscriptions	-0-	22	-0-	22
Telephone/Mobile/Internet	-0-	1,518	-0-	1,518
USDA User Fee	-0-	-0-	17,150	17,150
	<u>\$ 432,490</u>	<u>\$ 66,559</u>	<u>\$ 17,150</u>	<u>\$ 516,199</u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Functional Expenses

For the Three Months Ended December 31, 2023

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>Promotion</u>	<u>Management and General</u>	<u>USDA</u>	
Accounting	\$ -0-	\$ 32,750	\$ -0-	\$ 32,750
Bank Fees	-0-	273	-0-	273
Contract Labor	-0-	55,625	-0-	55,625
Financial/Industry Relations	30,960	-0-	-0-	30,960
Insurance	-0-	796	-0-	796
Legal	-0-	29,825	-0-	29,825
Marketing Research	37,500	-0-	-0-	37,500
Miscellaneous	-0-	153	-0-	153
Office Equipment	-0-	691	-0-	691
Promotion	514,640	-0-	-0-	514,640
Rent	-0-	9,737	-0-	9,737
Research	599	-0-	-0-	599
Software - Fishhook	12,800	-0-	-0-	12,800
Subscriptions	-0-	277	-0-	277
Telephone/Mobile/Internet	-0-	6,094	-0-	6,094
Travel Compliance	-0-	6,273	-0-	6,273
USDA User Fee	-0-	-0-	17,150	17,150
	<u>\$ 596,499</u>	<u>\$ 142,494</u>	<u>\$ 17,150</u>	<u>\$ 756,143</u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Cash Flows

For the One Month and Three Months Ended December 31, 2023

	<u>One Month</u>	<u>Three Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 562,328	\$ 1,225,620
Cash Paid for Operating Expenses	(125,105)	(1,357,229)
Net Cash Provided (Used) by Operating Activities	<u>\$ 437,223</u>	<u>(\$ 131,609)</u>
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ 12,884	\$ 26,799
Net Cash Provided (Used) by Investing Activities	<u>\$ 12,884</u>	<u>\$ 26,799</u>
Net Increase (Decrease) in Cash	\$ 450,107	(\$ 104,810)
Cash, Beginning of Period	<u>6,960,630</u>	<u>7,515,547</u>
Cash, End of Period	<u><u>\$ 7,410,737</u></u>	<u><u>\$ 7,410,737</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	(\$ 356,692)	\$ 709,723
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Amortization Expense	2,734	8,180
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	402,821	(240,246)
(Increase) Decrease in Prepaid Expenses	7,416	(26,797)
Increase (Decrease) in Accounts Payable	383,732	(573,374)
Increase (Decrease) in Credit Cards Payable	(41)	(874)
Increase (Decrease) in Lease Liability	(2,747)	(8,221)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 437,223</u></u>	<u><u>(\$ 131,609)</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget

For the One Month and Three Months Ended December 31, 2023 and Year Ended September 30, 2024

	One Month Ended December 31, 2023		Three Months Ended December 31, 2023		Fiscal Year Ended September 30, 2024
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
Assessments - Domestic	\$ 126,805	\$ 500,000	\$ 878,086	\$ 1,500,000	\$ 6,000,000
Assessments - Imports	32,702	166,667	587,780	500,000	2,000,000
Total Operating Revenue	\$ 159,507	\$ 666,667	\$ 1,465,866	\$ 2,000,000	\$ 8,000,000
Program Expenses:					
Contingency Fund	\$ -0-	\$ 91,100	\$ -0-	\$ 273,300	\$ 1,093,200
Financial/Industry Relations	10,740	11,250	30,960	33,750	135,000
Marketing/Research	17,250	14,250	37,500	42,750	171,000
Promotion	404,500	465,000	514,640	1,395,000	5,580,000
Research	-0-	41,667	599	125,000	500,000
Software	-0-	7,500	12,800	22,500	90,000
Total Program Expenses	\$ 432,490	\$ 630,767	\$ 596,499	\$ 1,892,300	\$ 7,569,200
Operating Expenses:					
General Administration:					
Accounting	\$ 12,750	\$ 12,500	\$ 32,750	\$ 37,500	\$ 150,000
Audit Financial	-0-	2,917	-0-	8,750	35,000
Audit Industry	-0-	12,500	-0-	37,500	150,000
Bank Fees	129	-0-	273	-0-	-0-
Board Meetings/Travel	-0-	8,333	-0-	25,000	100,000
Contract Labor	18,542	18,583	55,625	55,749	223,000
Insurance	265	2,317	796	6,950	27,800
Legal	29,825	2,083	29,825	6,250	25,000
Maintenance/Buildout	-0-	1,250	-0-	3,750	15,000
Miscellaneous	-0-	417	153	1,250	5,000
Office Equipment	262	2,083	691	6,250	25,000
Postage/Printing	-0-	2,500	-0-	7,500	30,000
Rent	3,246	4,167	9,737	12,500	50,000
Subscriptions/Dues	22	1,667	277	5,000	20,000
Supplies	-0-	833	-0-	2,500	10,000

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget

For the One Month and Three Months Ended December 31, 2023 and Year Ended September 30, 2024

	One Month Ended December 31, 2023		Three Months Ended December 31, 2023		Fiscal Year Ended September 30, 2024
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Telephone/Mobile/Internet	1,518	833	6,094	2,500	10,000
Travel Compliance	-0-	3,750	6,273	11,250	45,000
Travel Office/Office Expense	-0-	4,167	-0-	12,500	49,999
Total General Administration	\$ 66,559	\$ 80,900	\$ 142,494	\$ 242,699	\$ 970,800
USDA Charges:					
USDA User Fee	\$ 17,150	\$ 8,333	\$ 17,150	\$ 25,002	\$ 100,000
Customs Maintenance Fee	-0-	46,667	-0-	139,998	560,000
Total USDA Charges	\$ 17,150	\$ 55,000	\$ 17,150	\$ 165,000	\$ 660,000
Total Operating Expenses	\$ 83,709	\$ 135,900	\$ 159,644	\$ 407,699	\$ 1,630,800
Total Program and Operating Expenses	\$ 516,199	\$ 766,667	\$ 756,143	\$ 2,299,999	\$ 9,200,000
Operating Income	(\$ 356,692)	(\$ 100,000)	\$ 709,723	(\$ 299,999)	(\$ 1,200,000)
Nonoperating Revenues and Expenses:					
Prior Year Carry-over	\$ -0-	\$ 166,667	\$ -0-	\$ 500,001	\$ 2,000,000
Reserve	-0-	(66,667)	-0-	(200,002)	(800,000)
	\$ -0-	\$ 100,000	\$ -0-	\$ 299,999	\$ 1,200,000
Other Income:					
Interest	\$ 12,884	\$ -0-	\$ 26,799	\$ -0-	\$ -0-
Total Other Income	\$ 12,884	\$ -0-	\$ 26,799	\$ -0-	\$ -0-
Total Nonoperating Revenue	\$ -0-	\$ 100,000	\$ -0-	\$ 299,999	\$ 1,200,000
Change in Net Assets	(\$ 343,808)	\$ -0-	\$ 736,522	\$ -0-	\$ -0-

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