



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN PROMOTION BOARD

Compiled Financial Statements

For the One Month and Year Ended

September 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 nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statement of activities, functional expenses, and cash flows for the one month and year 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 net position, results of operations, 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 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
January 29, 2025

AMERICAN PECAN PROMOTION BOARD

Statement of Financial Position

As of September 30, 2024

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 9,980,751
Accounts Receivable, Net of Allowance for Doubtful Accounts	2,804,055
Prepaid Expenses	263,019
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Total Current Assets	\$ 13,047,825

Noncurrent Assets:

Right of Use Assets	\$ 104,029
Right of Use Assets - Accumulated Amortization	(75,732)
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Total Noncurrent Assets	\$ 28,297

TOTAL ASSETS

\$ 13,076,122

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 480,007
Credit Cards Payable	1,259
Interest Payable	22
Current Portion of Lease Obligations Payable	28,817
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Total Current Liabilities	\$ 510,105

Long-term Liabilities:

Lease Obligations Payable	\$ 28,817
Less: Current Portion of Lease Liability	(28,817)
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Total Long-term Liabilities	\$ -0-
	<hr/>
Total Liabilities	\$ 510,105

Net Asset:

Net Investment in Capital Assets	\$ 28,297
Without Contractual Restrictions	12,537,720
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Total Net Assets	\$ 12,566,017

TOTAL LIABILITIES AND NET ASSETS

\$ 13,076,122

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Activities

For the One Month Ended September 30, 2024

	Without Contractual Restrictions	With Contractual Restrictions	Total
Revenues:			
Assessment Income - Domestic	\$ 661,987	\$ -0-	\$ 661,987
Assessment Income - Imports	174,525	-0-	174,525
Interest Earned	19,446	-0-	19,446
Total Revenue	<u>\$ 855,958</u>	<u>\$ -0-</u>	<u>\$ 855,958</u>
Expenses:			
Program Services	\$ 541,221	\$ -0-	\$ 541,221
Compliance	5,616	-0-	5,616
USDA Charges	24,850	-0-	24,850
Management and General Services	728,879	-0-	728,879
Total Expenses	<u>\$ 1,300,566</u>	<u>\$ -0-</u>	<u>\$ 1,300,566</u>
Change in Net Assets	<u>\$ (444,608)</u>	<u>\$ -0-</u>	<u>\$ (444,608)</u>
Net Position, Beginning as Previously Stated	\$ 13,529,660	\$ -0-	\$ 13,529,660
Prior Period Adjustment	<u>(519,035)</u>	<u>-0-</u>	<u>(519,035)</u>
Net Assets, Beginning	<u>\$ 13,010,625</u>	<u>\$ -0-</u>	<u>\$ 13,010,625</u>
Net Assets, Ending	<u><u>\$ 12,566,017</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 12,566,017</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Activities

For the Year Ended September 30, 2024

	Without Contractual Restrictions	With Contractual Restrictions	Total
Revenues:			
Assessment Income - Domestic	\$ 6,800,786	\$ -0-	\$ 6,800,786
Assessment Income - Imports	4,769,654	-0-	4,769,654
Interest Earned	189,501	-0-	189,501
Assessment Refunds	(4,617)	-0-	(4,617)
Total Revenue	<u>\$ 11,755,324</u>	<u>\$ -0-</u>	<u>\$ 11,755,324</u>
Expenses:			
Program Services	\$ 7,087,221	\$ -0-	\$ 7,087,221
Compliance	31,483	-0-	31,483
USDA Charges	134,719	-0-	134,719
Management and General Services	1,263,198	-0-	1,263,198
Total Expenses	<u>\$ 8,516,621</u>	<u>\$ -0-</u>	<u>\$ 8,516,621</u>
Change in Net Assets	<u>\$ 3,238,703</u>	<u>\$ -0-</u>	<u>\$ 3,238,703</u>
Net Position, Beginning as Previously Stated	\$ 9,847,216	\$ -0-	\$ 9,847,216
Prior Period Adjustment	(519,902)	-0-	(519,902)
Net Assets, Beginning	<u>\$ 9,327,314</u>	<u>\$ -0-</u>	<u>\$ 9,327,314</u>
Net Assets, Ending	<u>\$ 12,566,017</u>	<u>\$ -0-</u>	<u>\$ 12,566,017</u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Functional Expenses

For the One Month Ended September 30, 2024

	<u>Program Services</u>	<u>Support Services</u>		<u>Total</u>
	<u>Promotion</u>	<u>Compliance</u>	<u>Management and General</u>	
Accounting	\$ -0-	\$ -0-	\$ 15,375	\$ 15,375
Audit Financial	-0-	-0-	13,100	13,100
Audit Industry	-0-	4,016	-0-	4,016
Bad Debt Expense	-0-	-0-	662,011	662,011
Bank Fees	-0-	-0-	30	30
Contract Labor	-0-	-0-	15,358	15,358
Financial/Industry Relations	17,300	-0-	-0-	17,300
Insurance	-0-	-0-	724	724
Legal	-0-	-0-	9,300	9,300
Marketing Research	92,545	-0-	-0-	92,545
Miscellaneous	-0-	-0-	78	78
Postage/Printing	-0-	-0-	115	115
Promotion	414,709	-0-	-0-	414,709
Rent	-0-	-0-	563	563
Rent Amortization	-0-	-0-	2,861	2,861
Research	16,667	-0-	-0-	16,667
Software - Fishhook	-0-	1,600	-0-	1,600
Subscriptions	-0-	-0-	43	43
Subscriptions Amortization	-0-	-0-	1,125	1,125
Subscriptions Interest Expense	-0-	-0-	22	22
Supplies	-0-	-0-	1,449	1,449
Telephone/Mobile/Internet	-0-	-0-	4,140	4,140
Travel Office	-0-	-0-	2,585	2,585
USDA User Fee	-0-	-0-	-0-	24,850
	<u>\$ 541,221</u>	<u>\$ 5,616</u>	<u>\$ 728,879</u>	<u>\$ 1,300,566</u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Functional Expenses

For the Year Ended September 30, 2024

	<u>Program Services</u>		<u>Support Services</u>		<u>USDA</u>	<u>Total</u>
	<u>Promotion</u>	<u>Compliance</u>	<u>Management and General</u>			
Accounting	\$ -0-	\$ -0-	\$ 165,825	\$ -0-	\$ -0-	\$ 165,825
Audit Financial	-0-	-0-	23,100	-0-	-0-	23,100
Audit Industry	-0-	23,656	-0-	-0-	-0-	23,656
Bad Debt Expense	-0-	-0-	662,011	-0-	-0-	662,011
Bank Fees	-0-	-0-	731	-0-	-0-	731
Board Meetings/Travel	-0-	-0-	52,058	-0-	-0-	52,058
Contract Labor	-0-	-0-	110,698	-0-	-0-	110,698
Financial/Industry Relations	175,360	-0-	-0-	-0-	-0-	175,360
Headhunter	-0-	-0-	40,150	-0-	-0-	40,150
Insurance	-0-	-0-	4,512	-0-	-0-	4,512
Legal	-0-	-0-	93,078	-0-	-0-	93,078
Marketing Research	570,893	-0-	-0-	-0-	-0-	570,893
Miscellaneous	-0-	-0-	231	-0-	-0-	231
Office Equipment	-0-	-0-	5,083	-0-	-0-	5,083
Postage/Printing	-0-	-0-	2,310	-0-	-0-	2,310
Promotion	6,312,032	-0-	-0-	-0-	-0-	6,312,032
Rent	-0-	-0-	976	-0-	-0-	976
Rent Amortization	-0-	-0-	34,326	-0-	-0-	34,326
Research	28,936	-0-	-0-	-0-	-0-	28,936
Software - Fishhook	-0-	7,827	-0-	-0-	-0-	7,827
Subscriptions	-0-	-0-	515	-0-	-0-	515
Subscriptions Amortization	-0-	-0-	13,481	-0-	-0-	13,481
Subscriptions Interest Expense	-0-	-0-	631	-0-	-0-	631
Supplies	-0-	-0-	1,554	-0-	-0-	1,554
Telephone/Mobile/Internet	-0-	-0-	15,597	-0-	-0-	15,597
Travel Office	-0-	-0-	36,331	-0-	-0-	36,331
USDA User Fee	-0-	-0-	-0-	134,719	-0-	134,719
	<u>\$ 7,087,221</u>	<u>\$ 31,483</u>	<u>\$ 1,263,198</u>	<u>\$ 134,719</u>		<u>\$ 8,516,621</u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Cash Flows

For the One Month and Year Ended September 30, 2024

	One Month	Year Ended
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 836,861	\$ 11,425,366
Cash Paid for Operating Expenses	(594,354)	(8,631,060)
Net Cash Used by Operating Activities	\$ 242,507	\$ 2,794,306
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ 19,446	\$ 189,501
Net Cash Provided by Investing Activities	\$ 19,446	\$ 189,501
Net Decrease in Cash	\$ 261,953	\$ 2,983,807
Cash, Beginning of Period:		
FFB - Checking	\$ -0-	\$ 6,255,858
FFB - Escrow	1,328,428	1,259,689
FFB - Reserve	8,905,747	-0-
Total Cash - Beginning of Period	\$ 10,234,175	\$ 7,515,547
Cash, End of Period:		
FFB - Escrow	\$ 1,330,864	1,330,864
FFB - Reserve	8,649,887	8,649,887
Total Cash - End of Period	\$ 9,980,751	\$ 9,980,751
Reconciliation of Increase In Net Assets to Net Cash Used by Operating Activities:		
Increase/ (Decrease) in Net Assets	(\$ 464,054)	\$ 3,049,202
Adjustments to Reconcile Operating Income to Net Cash Used by Operating Activities:		
Amortization Expense	2,793	33,070
Bad Debt Expense	662,011	662,011
Changes in Assets and Liabilities:		
(Increase)/Decrease in Accounts Receivable	349	(140,456)
Increase in Prepaid Expenses	(182,493)	(222,249)
Increase/(Decrease) in Accounts Payable	240,610	(553,717)
Increase in Credit Cards Payable	(13,865)	(236)
Decrease in Lease Liability	(2,844)	(33,319)
Net Cash Used by Operating Activities	\$ 242,507	\$ 2,794,306

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget

For the One Month and Year Ended September 30, 2024

	One Month Ended September 30, 2024		Fiscal Year Ended September 30, 2024	
	Actual	Budget	Actual	Budget
Revenue:				
Assessments - Domestic	\$ 661,987	\$ 500,000	\$ 6,800,786	\$ 6,000,000
Assessments - Imports	174,525	166,667	4,769,654	2,000,000
Assessment Refunds	-0-	-0-	(4,617)	-0-
Total Revenue	\$ 836,512	\$ 666,667	\$ 11,565,823	\$ 8,000,000
Program Expenses:				
Financial/Industry Relations	\$ 17,300	\$ 11,250	\$ 175,360	\$ 135,000
Marketing/Research	92,545	14,250	570,893	171,000
Promotion	414,709	465,000	6,312,032	5,580,000
Research	16,667	41,667	28,936	500,000
Contingency Fund	-0-	91,100	-0-	1,093,200
Total Program Expenses	\$ 541,221	\$ 623,267	\$ 7,087,221	\$ 7,479,200
Expenses:				
Compliance:				
Industry Audits	\$ 4,016	\$ 12,500	\$ 23,656	\$ 150,000
Printing, Forms, & Postage	-0-	833	-0-	10,000
Software	1,600	7,500	7,827	90,000
Travel Compliance	-0-	3,750	-0-	45,000
Total Compliance Expenses	\$ 5,616	\$ 24,583	\$ 31,483	\$ 295,000
General Administration:				
Accounting	\$ 15,375	\$ 12,500	\$ 165,825	\$ 150,000
Audit Financial	13,100	2,916	23,100	35,000
Bad Debt Expense	662,011	-0-	662,011	-0-
Bank Fees	30	-0-	731	-0-
Board Meetings/Travel	-0-	8,333	52,058	100,000
Contract Labor	15,358	18,583	110,698	223,000
Headhunter	-0-	-0-	40,150	-0-
Insurance	724	2,317	4,512	27,800
Legal	9,300	2,084	93,078	25,000
Maintenance/Buildout	-0-	1,250	-0-	15,000
Miscellaneous	78	416	231	5,000
Office Equipment	-0-	2,084	5,083	25,000
Postage/Printing	115	1,667	2,310	20,000
Rent	563	4,167	976	50,000
Rent Amortization	2,861	-0-	34,326	-0-
Subscriptions/Dues	43	1,666	515	20,000
Subscriptions Amortization	1,125	-0-	13,481	-0-
Subscriptions Interest Expense	22	-0-	631	-0-
Supplies	1,449	834	1,554	10,000
Telephone/Mobile/Internet	4,140	833	15,597	10,000
Travel Office	2,585	4,167	36,331	50,000
Total General Administration	\$ 728,879	\$ 63,817	\$ 1,263,198	\$ 765,800

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget

For the One Month and Year Ended September 30, 2024

	One Month Ended September 30, 2024		Fiscal Year Ended September 30, 2024	
	Actual	Operating Budget	Actual	Operating Budget
USDA Charges:				
USDA User Fee	\$ 24,850	\$ 8,333	\$ 134,719	\$ 100,000
Customs Maintenance Fee	-0-	46,667	-0-	560,000
Total USDA Charges	\$ 24,850	\$ 55,000	\$ 134,719	\$ 660,000
Total Expenses	\$ 759,345	\$ 143,400	\$ 1,429,400	\$ 1,720,800
Total Program and Expenses	\$ 1,300,566	\$ 766,667	\$ 8,516,621	\$ 9,200,000
Operating Income	(\$ 464,054)	(\$ 100,000)	\$ 3,049,202	(\$ 1,200,000)
Other Revenues and Expenses:				
Interest Income	\$ 19,446	\$ -0-	\$ 189,501	\$ -0-
Prior Year Carry-Over	-0-	166,667	-0-	2,000,000
Reserve	-0-	(66,667)	-0-	(800,000)
Total Other Revenues and Expenses	\$ 19,446	\$ 100,000	\$ 189,501	\$ 1,200,000
Change in Net Assets	(\$ 444,608)	\$ -0-	\$ 3,238,703	\$ -0-

American Pecan Promotion Board

Selected Information:

Substantially All Disclosures Not Included

September 30, 2024

Note 1 – Explanation of Reclassifications

Compared to the compiled financial statements for the eleven months ended August 31, 2024, Promotion increased by approximately \$194,234 due to \$179,929 of staff pay that was moved from Contract Labor because it is considered a direct Program Expense and \$14,305 that was reclassified as Promotion from incorrect expense accounts; Contract Labor decreased by approximately \$148,333 due to the reason previously mentioned; Subscriptions/Dues decreased by approximately \$24,375 due to costs that were reclassified to their correct expense accounts including Telephone/Mobile/Internet, which increased by approximately \$10,667 as a result of this.