

**AMERICAN PECAN  
PROMOTION BOARD**

**Financial Statements and  
Supplemental Information**

**Year Ended  
September 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors  
The American Pecan Promotion Board  
Fort Worth, 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, 2024, 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 referred to above present fairly, in all material respects, the financial position of the Board as of September 30, 2024, 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.

#### ***Emphasis of Matter – FASB Presentation***

As discussed in Note 6 to the financial statements, the Board presented its financial statements for the year ended September 30, 2023 under generally accepted accounting principles in accordance with governmental accounting and financial reporting as set by the Governmental Accounting Standards Board (GASB) when it should have presented them under generally accepted accounting principles for nongovernment entities as set by the Financial Accounting Standards Board (FASB) as they have been presented since the Board's inception in 2021. The Board has presented its financial statements for the year ended September 30, 2024 under FASB. The change had no impact on beginning net position. Our opinion is not modified with respect to that matter.

#### ***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.

### ***Responsibilities of Management for the Financial Statements (continued)***

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 for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 27, 2025, 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.

*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 27, 2025

**American Pecan Promotion Board**  
**STATEMENT OF FINANCIAL POSITION**

**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	<u>263,019</u>
Total current assets	13,047,825
Right of use assets	<u>28,297</u>
Total assets	<u><u>\$ 13,076,122</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable	\$ 481,288
Lease obligations payable	<u>28,817</u>
Total current liabilities	510,105
Net assets	
Without donor restrictions	<u>12,566,017</u>
Total liabilities and net assets	<u><u>\$ 13,076,122</u></u>

See independent auditor's report and accompanying notes

**American Pecan Promotion Board**

**STATEMENT OF ACTIVITIES**

**Year Ended September 30, 2024**

**REVENUES**

Assessment income - domestic	\$ 6,800,786
Assessment income - imports	4,769,654
Assessment refunds	<u>(4,617)</u>

Total revenues 11,565,823

**EXPENSES**

Programs services	
Marketing	570,893
Promotion	6,325,695
Research	28,936
Financial / industry relations	<u>175,360</u>

Total program services 7,100,884

Support services

General and administrative	1,281,018
USDA	<u>134,719</u>

Total support services 1,415,737

Total expenses 8,516,621

Change in net assets before interest income 3,049,202

Interest income 189,501

Change in net assets 3,238,703

Net assets without donor restrictions, beginning of year 9,327,314

Net assets without donor restrictions, end of year \$ 12,566,017

See independent auditor's report and accompanying notes

**American Pecan Promotion Board**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended September 30, 2024**

	Program Services			Financial/ Industry Relations	Supporting Services		Total
	Marketing	Promotion	Research		General and Administration	USDA	
Promotion	\$ -	\$ 6,312,032	\$ -	\$ -	\$ -	\$ -	\$ 6,312,032
Bad debt	-	-	-	-	662,011	-	662,011
Marketing/research	570,893	-	-	-	-	-	570,893
Financial/industry relations	-	-	-	175,360	-	-	175,360
Third-party administration	-	-	-	-	165,825	-	165,825
Contractual labor	-	-	-	-	150,848	-	150,848
USDA user fee	-	-	-	-	-	134,719	134,719
Legal	-	-	-	-	93,078	-	93,078
Board meetings/travel	-	-	-	-	52,058	-	52,058
Audit fees	-	-	-	-	46,756	-	46,756
Travel office	-	-	-	-	36,331	-	36,331
Rent	-	-	-	-	35,302	-	35,302
Research studies	-	-	28,936	-	-	-	28,936
Telephone/mobile/internet	-	-	-	-	23,873	-	23,873
Software	-	13,663	-	-	-	-	13,663
Office expense	-	-	-	-	10,424	-	10,424
Insurance	-	-	-	-	4,512	-	4,512
<b>Total</b>	<b>\$ 570,893</b>	<b>\$ 6,325,695</b>	<b>\$ 28,936</b>	<b>\$ 175,360</b>	<b>\$ 1,281,018</b>	<b>\$ 134,719</b>	<b>\$ 8,516,621</b>

See independent auditor's report and accompanying notes

**American Pecan Promotion Board**

**STATEMENT OF CASH FLOWS**

**Year Ended September 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in net assets	\$ 3,238,703
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization expense	33,070
Bad debt expense	662,011
Loss on disposal	1,430
Changes in assets and liabilities	
Accounts receivable	(649,726)
Prepays expenses	(222,249)
Accounts payable	<u>(564,716)</u>
Net cash provided by operating activities	<u>2,498,523</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Cash paid for lease liability - principal portion	<u>(33,319)</u>
Net cash used in financing activities	<u>(33,319)</u>
Net Increase in cash and cash equivalents	2,465,204
Cash and cash equivalents, beginning of year	<u>7,515,547</u>
Cash and cash equivalents, end of year	<u><u>\$ 9,980,751</u></u>

See independent auditor's report and accompanying notes



**American Pecan Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2024**

**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. For the year ended September 30, 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, 2024**

**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, 2024**

**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 represent domestic and import assessments incurred and reported before October 1, 2024. The amounts not expected to be collected within one year are recognized as allowance for uncollectible at fiscal year-end. As of September 30, 2024, the allowance was estimated to be \$4,193,851. The Board must obtain USDA approval before writing off uncollectible debt.

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. Leases

The Board is a party as lessee for a non-cancellable long-term building lease. The corresponding lease obligation payable is recorded in an amount equal to the present value of the expected future minimum lease payments paid, discounted by an applicable interest rate.

m. 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, 2024**

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

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, 2024 are as follows:

Cash and cash equivalents	\$ 9,980,751
Accounts receivable, net of allowance for doubtful accounts	<u>2,804,055</u>
Total	<u><u>\$ 12,784,806</u></u>

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, 2024 consists of the following:

Assessment receivable - domestic	\$ 245,827
Assessment receivable - imports	6,752,079
Less: allowance for doubtful accounts	<u>(4,193,851)</u>
Assessment receivable - imports (net)	<u>2,558,228</u>
Total Assessment Receivable	<u><u>\$ 2,804,055</u></u>

**American Pecan Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2024**

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

The activity in the allowance for doubtful accounts for the year ended September 30, 2024 is as follows:

Beginning balance	\$ 3,531,841
Additions (bad debt expense)	<u>662,010</u>
Ending balance	<u><u>\$ 4,193,851</u></u>

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 – Lease Commitments**

The Board, as a lessee, has entered into a lease agreement for the property located at 3880 Hulen Street, Suite 650. The facility is shared with the American Pecan Council with the agreement to split 50% of the cost starting June 30, 2022. Total annual installments are approximately \$32,000. Interest rates are based on the estimated incremental borrowing rate. The installments increase annually in August of each year and end July 31, 2025. The total lease obligations at September 30, 2024 was \$28,817.

Future minimum lease payments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2025	<u>\$ 28,817</u>	<u>\$ 308</u>	<u>\$ 29,125</u>

**Note 6 – FASB Presentation**

Management of the Board has determined that the Board is required to present financial statements in accordance with the standards of the Financial Accounting Standards Board (FASB) rather than the standards of Governmental Accounting Standards Board because the Board is not a public corporation and does not meet the criteria of a governmental organization. Accordingly, the financial statements for the year ended September 30, 2024 have been presented under FASB. The implementation of FASB reporting had no change to beginning net position.

**American Pecan Promotion Board**

**NOTES TO FINANCIAL STATEMENTS**

**September 30, 2024**

**Note 7 – Subsequent Events**

Management has evaluated subsequent events through February 27, 2025, 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.

**SUPPLEMENTARY INFORMATION**



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

### *Partners*

W. Ed Moss, Jr.  
Joe M. Krusick  
Ric Perez  
Cori G. Novinich  
Renee C. Varga

To the Board of Directors  
The American Pecan Promotion Board  
Fort Worth, Texas

We have audited the financial statements of the American Pecan Promotion Board (the "Board") as of and for the year ended September 30, 2024, and our report thereon dated February 27, 2025, 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.

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*Moss, Krusick & Associates, LLC*

Winter Park, Florida  
February 27, 2025



**American Pecan Promotion Board**

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

**Year Ended September 30, 2024**

	Final Approved Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Assessment income - domestic	\$ 6,000,000	\$ 6,800,786	\$ 800,786
Assessment income - imports	2,000,000	4,769,654	2,769,654
Assessment refunds	-	(4,617)	(4,617)
	<u>8,000,000</u>	<u>11,565,823</u>	<u>3,565,823</u>
<b>EXPENSES</b>			
Programs services			
Marketing	171,000	570,893	(399,893)
Promotion			
Promotion	5,580,000	6,312,032	(732,032)
Software	90,000	13,663	76,337
Research	500,000	28,936	471,064
Financial / industry relations	135,000	175,360	(40,360)
	<u>6,476,000</u>	<u>7,100,884</u>	<u>(624,884)</u>
Support services			
General and Administrative			
Bad debt	-	662,011	(662,011)
Third-party administration	150,000	165,825	(15,825)
Contractual labor	223,000	150,848	72,152
Legal	-	93,078	(93,078)
Board meetings/travel	-	52,058	(52,058)
Audit fees	780,000	46,756	733,244
Travel office	195,000	36,331	158,669
Rent	50,000	35,302	14,698
Telephone/mobile/internet	35,000	23,873	11,127
Office expense	70,000	10,424	59,576
Insurance	27,800	4,512	23,288
	<u>1,530,800</u>	<u>1,281,018</u>	<u>249,782</u>
USDA			
USDA User fee	100,000	134,719	(34,719)
	<u>1,630,800</u>	<u>1,415,737</u>	<u>215,063</u>
Total support services	<u>1,630,800</u>	<u>1,415,737</u>	<u>215,063</u>
Total expenses	<u>8,106,800</u>	<u>8,516,621</u>	<u>(409,821)</u>
<b>Change in net assets before interest income</b>			
Interest income	-	189,501	189,501
Prior year carry-over	2,000,000	-	(2,000,000)
Reserve	(1,893,200)	-	1,893,200
	<u>106,800</u>	<u>189,501</u>	<u>82,701</u>
Total non-operating revenues	<u>106,800</u>	<u>189,501</u>	<u>82,701</u>
Change in net assets	<u>\$ -</u>	<u>\$ 3,238,703</u>	<u>\$ 3,238,703</u>

See independent auditor's report

American Pecan Promotion Board

SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended September 30, 2024

	<u>2024</u>
Cash receipts:	
Assesment income - domestic	\$ 6,987,297
Assesment income - imports	4,595,428
Assessment refunds	(4,617)
Interest income	<u>189,501</u>
Total cash receipts	<u>11,767,609</u>
Cash disbursements:	
Marketing	570,893
Promotion	7,112,660
Research	28,936
Financial / industry relations	175,360
General and administrative	1,279,837
USDA	<u>134,719</u>
Total cash disbursements	<u>9,302,405</u>
Net Increase in cash and cash equivalents	2,465,204
Cash and cash equivalents, at beginning of year	<u>7,515,547</u>
Cash and cash equivalents, at end of year	<u><u>\$ 9,980,751</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**

*Partners*

W. Ed Moss, Jr.  
Joe M. Krusick  
Ric Perez  
Cori G. Novinich  
Renee C. Varga

To the Board of Directors  
The American Pecan Promotion Board  
Fort Worth, 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, 2024, 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 27, 2025.

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**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.

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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.

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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.

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**Report on Compliance and Other Matters**

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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.

**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 27, 2025



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

*Partners*

W. Ed Moss, Jr.  
Joe M. Krusick  
Ric Perez  
Cori G. Novinich  
Renee C. Varga

To the Board of Directors  
The American Pecan Promotion Board  
Fort Worth, TX

**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, 2024, 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 27, 2025

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.

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## **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, 2024 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 27, 2025

American Pecan Promotion Board

SCHEDULE OF FINDINGS

September 30, 2024

**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 2023-001: Improper Accounting Framework**

*Finding Summary:* Management of the Board is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement. During the fiscal year ended September 30, 2023, the Board concluded that its September 30, 2022 financial statements which were prepared on the nonprofit basis of accounting should have been prepared on the governmental basis of accounting. Accordingly, the implementation of the standards of GASB resulted in a revision to the presentation and disclosure of the financial statements. There was no change to beginning net position as a result of the correction.

*Responsible Individuals:* Anne Warden, Chief Executive Officer

*Status:* Management initially agreed with the finding and presented the 2023 financial statements using the governmental basis of accounting, as advised. However, upon further review, it has been determined that the correct framework for 2023 should have been the nonprofit basis of accounting because the Board is not a public corporation and does not meet the criteria of a governmental organization. The client has acknowledged this misapplication and the current year financial statements have been reported under the appropriate model of accounting.

American Pecan Promotion Board

SCHEDULE OF FINDINGS

September 30, 2024

**Section III – Status of Prior Year Audit Findings (continued)**

**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. The receivables continue to be a challenge as we are still identifying handlers and are seeing consolidation. Further education is still needed for the smaller handlers. However, the Board has begun industry audits and we are 2-3 years into this process. This area will continue to be a focus for improvement.





February 27, 2025

*Partners*

W. Ed Moss, Jr.  
Joe M. Krusick  
Ric Perez  
Cori G. Novinich  
Renee C. Varga

To the Board of Directors  
American Pecan Promotion Board  
Fort Worth, Texas

We have audited the financial statements of American Pecan Promotion Board (the "Board") for the year ended September 30, 2024, and we will issue our report thereon dated February 27, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 3, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Board are described in Note 2 to the financial statements. As described in Note 2, the Board changed accounting policies related to credit losses by adopting FASB Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses*, in 2023. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Board during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is:

- 1) Management's estimate of the allowance for doubtful accounts for accounts receivable is based on collections in prior years and delinquent amounts due outstanding currently.

We evaluated the methods, assumptions and data used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material adjustments were made to roll equity, true up allowance for doubtful accounts, and revenue, however, these adjustments were known by management prior to the start of the audit.

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*Disagreements with Management*

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 27, 2025.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Board's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Board's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

As described in Note 6 to the financial statements, the Board revised the presentation of the financial statements to FASB because the Board is not a public corporation and does not meet the criteria of a governmental organization. There was no impact to beginning net position as a result of the change. We have included an emphasis of matter paragraph in our report regarding this matter.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the Board and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

*Moss, Krusick & Associates, LLC*

Winter Park, Florida