

**AMERICAN PECAN COUNCIL**

**Financial Statements and  
Supplemental Information**

**Year Ended  
September 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
American Pecan Council  
Irving, Texas

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

#### ***Opinion***

We have audited the accompanying financial statements of the enterprise fund of the American Pecan Council (the "Council") as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund of the Council, as of September 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Council 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 opinions.

#### ***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 Council'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 opinions. 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 GAAS 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 GAAS 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 Council'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 Council'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The budgetary comparison schedule for the enterprise fund is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedule for the enterprise fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **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 Council'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 Council'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 Council's internal control over financial reporting and compliance.

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

We have previously audited of the American Pecan Council'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

## Management's Discussion and Analysis

As management of the American Pecan Council (the Council), we offer readers this narrative overview and analysis of the financial activities of the Council for the years ended September 30, 2025 and 2024. The Management's Discussion and Analysis should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Council presents its financial statements for the year ended September 30, 2025, which included for comparative purposes the year ended September 30, 2024. This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of four components: 1) Statement of net position – enterprise fund, 2) Statement of revenues, expenses, and changes in net position – enterprise fund, 3) Statement of cash flows – enterprise fund, and 4) Notes to the basic financial statements.

### Financial Analysis of the Council's Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Council has one proprietary fund, an enterprise fund.

### Proprietary Fund

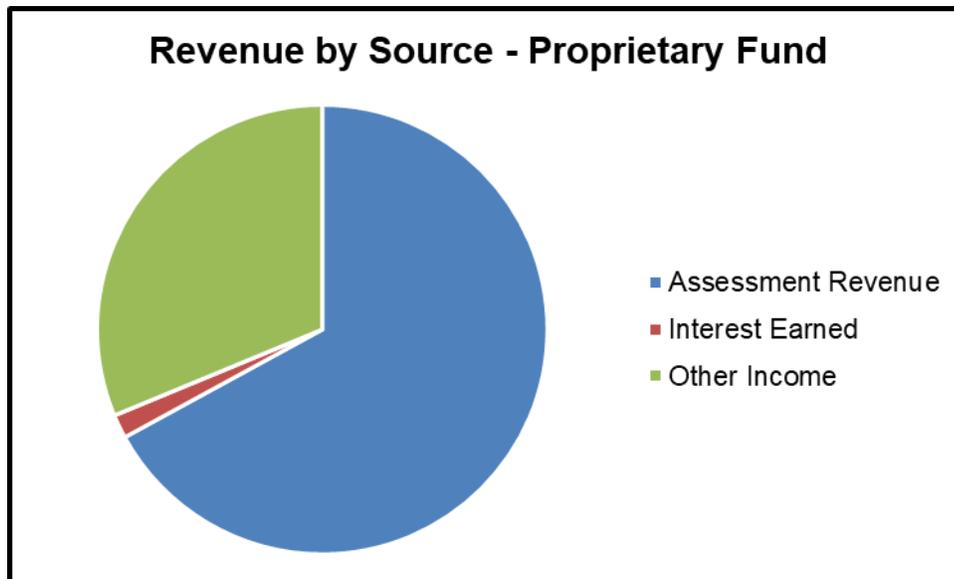
The Council's proprietary fund, specifically an enterprise fund, reported unrestricted net position of \$3,698,049, an increase of \$312,734 or 9.24% in comparison with the prior year. The net increase is due to the Council's increase in assessment income due to increased activity from handlers.

	<u>2025</u>	<u>2024</u>
<b>ASSETS:</b>		
Current and Other Assets	\$ 5,380,805	\$ 4,643,661
Noncurrent Assets	175,623	42,177
Total Assets	<u>\$ 5,556,428</u>	<u>\$ 4,685,838</u>
<b>LIABILITIES:</b>		
Current Liabilities	\$ 1,720,967	\$ 1,292,941
Long-term Liabilities	137,412	-
Total Liabilities	<u>1,858,379</u>	<u>1,292,941</u>
<b>NET POSITION:</b>		
Total Net Position	<u>3,698,049</u>	<u>3,392,897</u>
Total Liabilities and Net Position	<u>\$ 5,556,428</u>	<u>\$ 4,685,838</u>

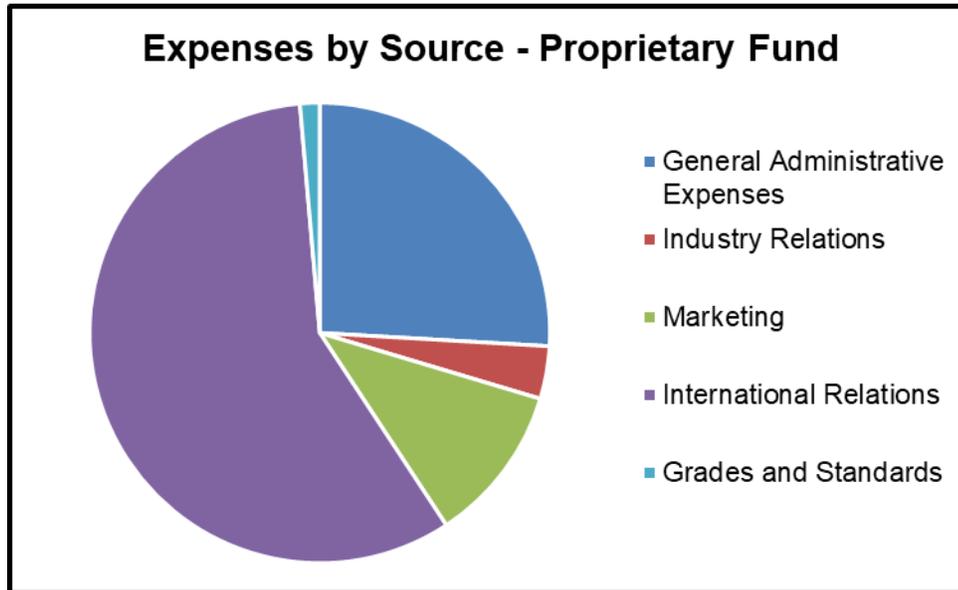
The Council's total net position increased by \$305,152 for the fiscal year ended September 30, 2025. The current year increase in net position is due to a new funding source, Regional Agricultural Promotion Program, in the current year.

	<u>2025</u>	<u>2024</u>
<b>REVENUE:</b>		
Operating Revenue	\$ 2,846,833	\$ 2,817,076
Nonoperating Revenue	1,399,561	1,217,020
Total Revenue	<u>\$ 4,246,394</u>	<u>\$ 4,034,096</u>
<b>EXPENSES:</b>		
Operating Expenses	<u>\$ 3,941,242</u>	<u>\$ 3,772,740</u>
Total Expenses	<u>3,941,242</u>	<u>3,772,740</u>
Change in Net Position	305,152	261,356
Net Position, Beginning	<u>3,392,897</u>	<u>3,131,541</u>
Net Position, Ending	<u><u>\$ 3,698,049</u></u>	<u><u>\$ 3,392,897</u></u>

Revenues for the Council are categorized in the chart below. Of the Council's \$4,246,394 total revenue, \$2,846,833 or 67.04% represents assessment revenue, and \$1,399,561 or 32.96% represents interest revenue and Unified Export Strategy program funding.



Expenses for the Council are categorized in the following chart. Of the Council's \$3,941,242 total operating expenses, \$555,280 or 14.09% relates to general administrative expenses, \$158,440 or 4.02% relates to compliance, \$307,900 or 7.81% relates to other general and administrative expenses, \$54,605 related to grades and standards or 1.39%, \$145,670 or 3.70% relates to industry relations, \$438,204 or 11.12% relates to marketing, and \$2,281,143 or 57.88% relates to international relations.



The Council has total assets of \$5,556,428 which includes net capital assets of \$164,822. This is an increase in total assets of \$870,590. The total change is the net effect of a \$885,606 increase in cash, \$161,114 decrease in accounts receivable, \$12,652 increase in prepaid expense, \$128,520 increase in capital assets, and \$4,926 increase in security deposits.

### Capital Assets

As of the year ended September 30, 2025, the Council had \$164,822 (net of accumulated depreciation and amortization) invested in a broad range of capital assets, including equipment, furniture and fixtures, lease improvements, and right of use assets. The total change is the net effect of a \$175,104, increase in net capital assets and \$46,584 increase in depreciation and amortization, offset by the maturity of leases totaling \$150,211.

	Enterprise Activities	
	2025	2024
Equipment	\$ 16,571	\$ 16,571
Furniture and Fixtures	19,126	19,126
Right of Use Assets	175,104	150,211
Less: Accumulated Depreciation and Amortization	(45,979)	(149,606)
Net Capital Asset	<u>\$ 164,822</u>	<u>\$ 36,302</u>

## **Notes to the Basic Financial Statements**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

### **Other Information**

In addition to the basic financial statements and accompanying notes to the basic financial statements, this report also presents certain supplementary information concerning the original and amended budgetary schedules.

### **Budget**

The Council's members approved the fiscal 2025 budget on July 29, 2024. Revenues were budgeted equally to expenditures budgeted. Additionally, the Council's operating expenses were \$2,542,091 less than budgeted.

### **Future Economic Factors and Next Year's Budget**

The Council has approved Enterprise Fund budgets in the amount of \$2,500,000 for assessment revenues and \$8,413,333 for operating expenses for the year ending September 30, 2026. Revenue from assessments, along with MAP funds, EMP funds, RAPP funds, interest income, and funds from the Council's authorized reserve, should allow the Council to meet its expenses.

### **REQUEST FOR INFORMATION**

The financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: American Pecan Council, 1431 Greenway Drive, Suite 700, Irving, Texas 75038 or [info@americanpecan.com](mailto:info@americanpecan.com).

**American Pecan Council**

**STATEMENTS OF NET POSITION - ENTERPRISE FUND**

**September 30, 2025 and 2024**

	2025	2024
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 4,987,685	\$ 4,102,079
Accounts receivable, net allowance for doubtful accounts	332,787	493,901
Prepaid expenses	60,333	47,681
Total current assets	5,380,805	4,643,661
Noncurrent assets		
Capital assets	210,801	185,908
Accumulated depreciation and amortization	(45,979)	(149,606)
Total noncurrent assets	164,822	36,302
Other assets		
Security deposit	10,801	5,875
Total other assets	10,801	5,875
Total assets	\$ 5,556,428	\$ 4,685,838
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities		
Accounts payable	\$ 1,653,975	\$ 1,219,687
Lease obligations payable	28,493	28,720
Deferred revenue	38,499	44,534
Total current liabilities	1,720,967	1,292,941
Long-term liabilities		
Lease obligations payable	137,412	-
Total long-term liabilities	137,412	-
Total liabilities	1,858,379	1,292,941
Net position		
Net investment in capital assets, net of related debt	-	7,582
Unrestricted	3,698,049	3,385,315
Total net position	3,698,049	3,392,897
Total liabilities and net position	\$ 5,556,428	\$ 4,685,838

The accompanying notes are integral part of these financial statements.

**American Pecan Council**

**STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET POSITION - ENTERPRISE FUND**

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

	2025	2024
<b>OPERATING REVENUES</b>		
Assessments income	\$ 2,846,833	\$ 2,817,076
Total operating revenue	2,846,833	2,817,076
<b>OPERATING EXPENSES</b>		
General and administrative		
Staff and administrative	541,000	474,584
Insurance	14,280	14,277
Compliance	158,440	159,044
Other general administrative	307,900	256,041
Industry relations		
Industry relations activities	145,670	50,098
Industry research	-	241,000
International relations	2,281,143	1,973,965
Marketing	438,204	603,731
Grades and standards	54,605	-
Total operating expenses	3,941,242	3,772,740
<b>OPERATING LOSS</b>	(1,094,409)	(955,664)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest earned	72,704	69,325
Other income		
Miscellaneous income	-	52,500
Marketing Access Program	519,260	670,195
Emerging Markets Program	37,500	425,000
Regional Agricultural Promotion Program	770,097	-
Total nonoperating revenues	1,399,561	1,217,020
Change in net position	305,152	261,356
Net position, beginning	3,392,897	3,131,541
Net position, ending	\$ 3,698,049	\$ 3,392,897

The accompanying notes are integral part of these financial statements.

**American Pecan Council**

**STATEMENTS OF CASH FLOWS - ENTERPRISE FUND**

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

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from assessments	\$ 3,001,912	\$ 2,831,134
Cash paid for operating expenses	(3,515,867)	(3,289,957)
Net cash used in operating activities	(513,955)	(458,823)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Cash received for Marketing Access Program	519,260	670,195
Cash received for Emerging Markets Program	37,500	425,000
Cash received for Regional Agricultural Promotion Program	770,097	-
Cash received from refunds	-	52,500
Net cash provided by financing activities	1,326,857	1,147,695
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from interest earned	72,704	69,325
Net cash provided by investing activities	72,704	69,325
Increase in cash	885,606	758,197
Cash, beginning of period	4,102,079	3,343,882
Cash, end of period	\$ 4,987,685	\$ 4,102,079
<b>SIGNIFICANT NON-CASH TRANSACTIONS</b>		
Capital assets	\$ 175,104	\$ -
Lease obligations payable	\$ (175,104)	\$ -
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	\$ (1,094,409)	\$ (955,664)
Adjustments to reconcile operating loss to		
Net cash used in operating activities		
Bad debt expense	-	(6,318)
Depreciation expense	2,415	3,860
Amortization expense	32,873	43,289
Changes in assets and liabilities		
Decrease (increase) in accounts receivable	161,114	(24,158)
(Increase) decrease in prepaid expenses	(12,652)	60,825
Increase in security deposit	(4,926)	-
Increase in accounts payable	434,288	414,024
(Decrease) increase in deferred revenue	(6,035)	44,534
Decrease in lease obligation payable	(26,623)	(39,215)
Net cash used in operating activities	\$ (513,955)	\$ (458,823)

The accompanying notes are integral part of these financial statements.

**American Pecan Council**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**September 30, 2025**

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

American Pecan Council (the “Council”) is a federal marketing order created, organized, and exists under and pursuant to Title 7 Part 986 of the Code of Federal Regulations. The Council was established on December 19, 2016. Its purpose is to promote marketing, distribution, and consumption of pecans including product development, nutritional research, and container development. The marketing order authorizes data collection; research and promotion activities; and regulation of grade, size, quality, pack and containers for pecans. The Council is comprised of six sheller members, nine producer members representing three Councils, an accumulator member, and a public member. Each member will have one alternate. Initial members and alternates will be nominated to four-year terms. The Council assists the Secretary of Agriculture with the operations of the program: quality regulations, research and promotion, pack and container requirements, and data collection.

As of September 30, 2025, the Council’s revenue was derived primarily from assessments submitted by pecan handlers. The assessment is based on the type of pecan and the number of pounds sold. A significant decline in funding from the U.S. Department of Agriculture could have a material impact on future operations.

The Council is a single program government engaged in only business-type activities.

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

a. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Council’s basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The activities of the Council are accounted for within a single proprietary fund type, specifically an enterprise fund. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The accounting and financial reporting used by the Council is determined by its measurement focus. The transactions of the Council are accounted for on a flow of economic resources measurement focus and utilize the accrual method of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the period in which they are incurred and become measurable.

The operating revenue in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

**American Pecan Council**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**September 30, 2025**

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

b. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

c. Budgetary Data

The Council adopted its final budget on March 11, 2025 for the October 1, 2024 to September 30, 2025 fiscal year. The budget is adopted on the accrual basis of accounting and is adopted by the Council's members for the purpose of management control.

d. Cash and Cash Equivalents

The Council considers cash and cash equivalents to include all monies in banks and all highly liquid debt instruments purchased with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

e. Receivables, Deferred Revenue, and Payables

Accounts receivables are stated at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of September 30, 2025, an amount of \$5,091 was deemed to be uncollectible. Deferred revenue represents payments received by handlers in excess of assessments owed which will be applied to future assessments.

The Council believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

f. Prepaid Expenses

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

g. Capital Assets

Capital assets are reported in the Enterprise Fund financial statements. Such assets are stated at cost if purchased or constructed. Assets acquired by gift or bequest are recorded at their acquisition value at the date of transfer. The Council's policy is to capitalize and depreciate all capital assets with an initial, individual cost of \$500 or more and an estimated life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

**American Pecan Council**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**September 30, 2025**

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

g. Capital Assets (continued)

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the useful lives using the straight-line method of depreciation. The useful lives by type of asset are as follows:

Equipment	5 years
Furniture and Fixtures	5 years
Leasehold Improvements	5 years

h. Leases

The Council 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.

i. Comparative information

The financial statements include certain prior-year summarized information in total but not by net asset class or function. Such information does not constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Council's consolidated financial statements for the year ended September 30, 2024 which the summarized information was derived.

j. Reclassification

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

**Note 3 – Deposits**

The Council maintains interest-bearing cash accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits as of September 30, 2025 were fully secured by FDIC and securities pledged in the name of the Council.

**American Pecan Council**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**September 30, 2025**

**Note 4 – Net Position**

In the Statement of Net Position, equity is classified as Net Position and displayed in three components:

- Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets. At September 30, 2025, the Council had lease obligations payable of \$165,905.
- Restricted Net Position - consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. As of September 30, 2025, the Council did not have any restricted net position.
- Unrestricted Net Position - remaining net position that does not meet the definition of “Restricted” or “Net Investment in Capital Assets.”

**Note 5 – Net Position Flow Assumption**

Sometimes the government will fund expenses for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

**Note 6 – Net Capital Assets**

Current year changes in net capital assets are summarized below.

	Beginning Balance	Additions	Reduction	Ending Balance
Equipment	\$ 16,571	\$ -	\$ -	\$ 16,571
Furniture and Fixtures	19,126	-	-	19,126
Right of Use Asset	150,211	175,104	(150,211)	175,104
Less: Accumulated Depreciation/ Amortization	(149,606)	(46,584)	150,211	(45,979)
Net Capital Assets	<u>\$ 36,302</u>	<u>\$ 128,520</u>	<u>\$ -</u>	<u>\$ 164,822</u>

**American Pecan Council**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**September 30, 2025**

**Note 7 – Long-term Liabilities**

The Council, as a lessee, has entered into a lease agreement for the property located at 1431 Greenway Drive, Suite 700. The facility is shared with the American Pecan Promotion Board with the agreement to split 50% of the cost starting June 1, 2025. Total annual installments are \$34,368. An implied interest rate was used in lieu of a stated in rate in the agreement. The installments increase annually in August of each year and end July 31, 2030. Total lease obligations as of September 30, 2025 were \$165,905.

Future minimum lease payments are as follows:

For the Year Ended September 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2026	\$ 28,493	\$ 6,020	\$ 34,513
2027	31,394	4,818	36,212
2028	33,867	3,510	37,377
2029	36,441	2,101	38,542
2030	35,710	599	36,309
	<u>\$ 165,905</u>	<u>\$ 17,048</u>	<u>\$ 182,953</u>

**Note 8 – Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Operating Lease	\$ 28,720	\$ 165,905	\$ (28,720)	\$ 165,905	\$ 28,493
Total	<u>\$ 28,720</u>	<u>\$ 165,905</u>	<u>\$ (28,720)</u>	<u>\$ 165,905</u>	<u>\$ 28,493</u>

**Note 9 – Accounting Pronouncements Implemented**

The Governmental Accounting Standards Board (GASB) issued Statement No. 102 (GASB 102), Certain Risk Disclosures, in December 2023. GASB 102 enhanced transparency by requiring disclosures about risks related to a government's vulnerabilities due to certain concentrations or constraints. A concentration refers to a lack of diversity in significant inflows or outflows of resources, while a constraint is a limitation imposed by external parties or formal action of the government's highest decision-making authority. The Statement required disclosure when such conditions make the government vulnerable to a substantial impact and when related events have occurred, begun to occur, or are more likely than not to occur within 12 months of the issuance of the financial statements. The provisions of GASB 102 were implemented in the year ended September 30, 2025. The adoption of this standard had no significant impact on the Council's financial statements.

**American Pecan Council**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**September 30, 2025**

**Note 9 – Accounting Pronouncements Implemented (continued)**

GASB issued Statement No. 104 (GASB 104), *Disclosure of Certain Capital Assets*, in September 2024. GASB 104 enhances transparency by requiring separate disclosures of specific types of capital assets in the notes to financial statements. These include lease assets (GASB 87), intangible right-to-use assets (GASB 94), subscription-based IT assets (GASB 96), and other intangible assets, all disclosed by major class. Additionally, GASB 104 introduces disclosure requirements for capital assets held for sale - defined as assets the government has decided to sell and for which it is probable the sale will be finalized within one year of the financial statement date. Governments must disclose the historical cost, accumulated depreciation, and any related debt for which such assets are pledged as collateral. The provisions of GASB 104 were implemented in the year ended September 30, 2025. The adoption of this standard had no significant impact on the Council's financial statements.

**Note 10 – New Pronouncements**

GASB issued Statement No. 103 (GASB 103), *Financial Reporting Model Improvements*, in April 2024. GASB 103 aims to enhance the effectiveness of the financial reporting model by improving key components such as Management's Discussion and Analysis (MD&A), the presentation of proprietary fund statements, and the reporting of unusual or infrequent items. It also introduces standardized definitions for operating and nonoperating revenues and expenses, and requires separate presentation of major component units and budgetary comparison information as required supplementary information (RSI). The provisions of GASB 103 are effective for fiscal years beginning after June 15, 2025 and will be implemented in the year ended September 30, 2026. The Council is evaluating the effect of this new standard on its financial statements.

**SUPPLEMENTARY INFORMATION**

American Pecan Council

BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND

Year Ended September 30, 2025

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
<b>OPERATING REVENUE</b>				
2024-2025 Improved	\$ 2,580,000	\$ 2,580,000	\$ 2,846,833	\$ 266,833
Total revenues	2,580,000	2,580,000	2,846,833	266,833
<b>OPERATING EXPENSES</b>				
General administration:				
Administration	588,295	588,295	541,000	47,295
Compliance	262,500	262,500	158,440	104,060
Other general administration	347,500	347,500	322,180	25,320
Total staff and administration	1,198,295	1,198,295	1,021,620	176,675
Contingency fund	505,005	505,005	-	505,005
Industry relations	235,000	235,000	145,670	89,330
International relations	1,451,333	3,376,333	2,281,143	1,095,190
Marketing	548,700	893,700	438,204	455,496
Grades and standards	275,000	275,000	54,605	220,395
<b>Total operating expenses</b>	<b>4,213,333</b>	<b>6,483,333</b>	<b>3,941,242</b>	<b>2,542,091</b>
<b>Operating income (loss)</b>	<b>(1,633,333)</b>	<b>(3,903,333)</b>	<b>(1,094,409)</b>	<b>2,808,924</b>
<b>NONOPERATING REVENUES AND EXPENSES</b>				
Interest Earned	-	-	72,704	72,704
Past Outstanding	400,000	400,000	-	(400,000)
Carry Over	-	345,000	-	(345,000)
Other Income (Expense)				
Quality Sample Program (QSP)	-	75,000	-	(75,000)
Emerging Market Program Funding (EMP)	250,000	250,000	37,500	(212,500)
Marketing Access Program (MAP)	650,000	1,000,000	519,260	(480,740)
Regional Agricultural Promotion Program (RAPP)	333,333	1,833,333	770,097	(1,063,236)
<b>Total nonoperating revenue and expenses</b>	<b>1,633,333</b>	<b>3,903,333</b>	<b>1,399,561</b>	<b>(2,503,772)</b>
<b>Change in net position</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 305,152</b>	<b>\$ 305,152</b>

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  
Rich J. Cassidy  
Justin R. Cabral

To the Members of  
American Pecan Council  
Irving, Texas

We have audited, 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, the financial statements of the enterprise fund of the American Pecan Council (the “Council”), as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise Council’s basic 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 Council’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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Council’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 Council’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.

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## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council'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. 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 Council'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 Council'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

**American Pecan Council**  
**SCHEDULE OF FINDINGS**  
**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**

There were no prior year audit findings.