



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Three Months Ended
December 31, 2022

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To the Board of Directors of
American Pecan Council

ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying financial statements of American Pecan Council (a government), which comprise the statement of net position – enterprise fund as of December 31, 2022 and the related statement of revenues, expenditures, and changes in net position – enterprise fund, and statement of cash flows – enterprise fund for the one month and three months then ended, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.

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 government's net position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information included in the operating budget for the one month and three months ended December 31, 2022 and year ended September 30, 2023 budgetary comparison schedule and operating budget are presented for the purpose of additional analysis and are not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

We are not independent with respect to the American Pecan Council.

Armstrong, Backus & Co., L.L.P.

San Angelo, Texas
January 30, 2023

AMERICAN PECAN COUNCIL

Statement of Net Position - Enterprise Fund

As of December 31, 2022

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,432,351
Accounts Receivable	645,356
Prepaid Expenses	65,421
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Total Current Assets	\$ 4,143,128

Noncurrent Assets:

Depreciable Capital Assets	\$ 164,046
Accumulated Depreciation/Amortization	(61,152)
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Total Noncurrent Assets	\$ 102,894

Other Assets:

Security Deposit	\$ 5,875
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Total Other Assets	\$ 5,875

TOTAL ASSETS

\$ 4,251,897

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 476,847
Current Portion of Long-term Liability	31,514
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Total Current Liabilities	\$ 508,361

Long-term Liabilities

Operating Lease	\$ 53,552
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Total Long-term Liabilities	\$ 53,552
	<hr/>
Total Liabilities	\$ 561,913

Net Position:

Net Investment in Capital Assets	\$ 102,894
Unrestricted	3,587,090
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Total Net Position	\$ 3,689,984

TOTAL LIABILITIES AND NET POSITION

\$ 4,251,897

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

**Statement of Revenues, Expenditures, and
Changes in Net Position - Enterprise Fund**

For the One Month and Three Months Ended December 31, 2022

	<u>One Month</u>	<u>Three Months</u>
Operating Revenues:		
Assessment Income	\$ 378,134	\$ 803,311
Total Operating Revenue	<u>\$ 378,134</u>	<u>\$ 803,311</u>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 40,005	\$ 120,015
Insurance	617	7,285
Compliance	-0-	18,900
Other General Administrative	17,199	43,674
Industry Relations:		
Industry Relations Activities	5,859	14,692
Industry Research	44,000	66,000
Marketing	89,713	142,410
Grades and Standards	<u>5,000</u>	<u>15,000</u>
Total Operating Expenses	<u>\$ 297,393</u>	<u>\$ 647,976</u>
Operating Income (Loss)	<u>\$ 80,741</u>	<u>\$ 155,335</u>
Nonoperating Revenues (Expenses):		
Interest Earned	<u>\$ 4,985</u>	<u>\$ 20,756</u>
Total Nonoperating Revenues	<u>\$ 4,985</u>	<u>\$ 20,756</u>
Change in Net Position	\$ 85,726	\$ 176,091
Net Position, Beginning	<u>3,604,258</u>	<u>3,513,893</u>
Net Position, Ending	<u>\$ 3,689,984</u>	<u>\$ 3,689,984</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows - Enterprise Fund

For the One Month and Three Months Ended December 31, 2022

	<u>One Month</u>	<u>Three Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 143,850	\$ 471,627
Cash Paid for Salaries and Benefits	(40,005)	(120,015)
Cash Paid for Operating Expenses	(111,138)	(812,255)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 7,293)	(\$ 460,643)
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ 4,985	\$ 20,756
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 4,985	\$ 20,756
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	(\$ 2,308)	(\$ 439,887)
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Cash, Beginning of Period	3,434,659	3,872,238
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Cash, End of Period	<u>\$ 3,432,351</u>	<u>\$ 3,432,351</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 80,741	\$ 155,335
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	371	1,324
Amortization Expense	2,985	8,955
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(234,284)	(331,684)
(Increase) Decrease in Prepaid Expenses	3,550	2,399
Increase (Decrease) in Accounts Payable	141,892	(289,353)
Increase (Decrease) in Operating Lease	(2,548)	(7,619)
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Net Cash Provided (Used) by Operating Activities	<u>(\$ 7,293)</u>	<u>(\$ 460,643)</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2022

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2022-2023 Improved	\$ 652,500	\$ 652,500	\$ 803,311	\$ 150,811
Total Operating Revenue	\$ 652,500	\$ 652,500	\$ 803,311	\$ 150,811
Operating Expenses:				
General Administration:				
Staff and Administration:				
Contract Labor	\$ 143,250	\$ 143,250	\$ 120,015	\$ 23,235
Total Staff and Administration	\$ 143,250	\$ 143,250	\$ 120,015	\$ 23,235
Insurance:				
Travel	\$ 675	\$ 675	\$ -0-	\$ 675
General	1,926	1,926	2,027	(101)
D&O/Members	3,249	3,249	1,331	1,918
Fidelity	1,101	1,101	3,927	(2,826)
Total Insurance	\$ 6,951	\$ 6,951	\$ 7,285	(\$ 334)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2022

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 6,249	\$ 6,249	\$ -0-	\$ 6,249
Audit Financial	5,001	5,001	-0-	5,001
Compliance Travel	11,250	11,250	-0-	11,250
Sheller/Handler Audits	37,500	37,500	18,900	18,600
Printing/Forms/Postage	2,499	2,499	-0-	2,499
Total Compliance	<u>\$ 62,499</u>	<u>\$ 62,499</u>	<u>\$ 18,900</u>	<u>\$ 43,599</u>
Rent:	\$ 12,501	\$ 12,501	\$ 1,650	\$ 10,851
Interest Expense	-0-	-0-	819	(819)
Amortization Expense	-0-	-0-	8,955	(8,955)
Total Rent	<u>\$ 12,501</u>	<u>\$ 12,501</u>	<u>\$ 11,424</u>	<u>\$ 1,077</u>
Accounting/Financials	\$ 19,500	\$ 19,500	\$ 14,020	\$ 5,480
Telephone/Mobile/Internet	5,001	5,001	4,528	473
Travel Office	12,501	12,501	1,744	10,757
Travel Committee	24,999	24,999	-0-	24,999
Supplies	2,499	2,499	-0-	2,499
Maintenance/Buildout	3,750	3,750	-0-	3,750
Printing	5,001	5,001	978	4,023
IT/Furniture/Software	6,249	6,249	4,828	1,421
Subscriptions	5,001	5,001	4,711	290
Depreciation	-0-	-0-	1,325	(1,325)
Miscellaneous	1,251	1,251	116	1,135
Total General Administration	<u>\$ 310,953</u>	<u>\$ 310,953</u>	<u>\$ 189,874</u>	<u>\$ 121,079</u>
Contingency Fund	<u>\$ 135,549</u>	<u>\$ 135,549</u>	<u>\$ -0-</u>	<u>\$ 135,549</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2022

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 1,251	\$ 1,251	\$ -0-	\$ 1,251
Workshops	1,251	1,251	-0-	1,251
Total Compliance	<u>\$ 2,502</u>	<u>\$ 2,502</u>	<u>\$ -0-</u>	<u>\$ 2,502</u>
Industry Relations Activities:				
Annual Reports	\$ 2,001	\$ 2,001	\$ -0-	\$ 2,001
Communication Materials	12,501	12,501	8,400	4,101
Travel	12,501	12,501	-0-	12,501
Association Sponsorship	17,499	17,499	1,442	16,057
Handler Portal Maintenance	17,499	17,499	-0-	17,499
Meltwater	5,499	5,499	4,850	649
Total Industry Relations Activities	<u>\$ 67,500</u>	<u>\$ 67,500</u>	<u>\$ 14,692</u>	<u>\$ 52,808</u>
Industry Research:				
NASS	\$ 56,250	\$ 56,250	\$ 66,000	(\$ 9,750)
Research Contingency	24,996	24,996	-0-	24,996
Total Industry Research	<u>\$ 81,246</u>	<u>\$ 81,246</u>	<u>\$ 66,000</u>	<u>\$ 15,246</u>
Total Industry Relations	<u>\$ 151,248</u>	<u>\$ 151,248</u>	<u>\$ 80,692</u>	<u>\$ 70,556</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2022

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 23,751	\$ 23,751	\$ 95,000	(\$ 71,249)
International Nut Congress-Nut Health Research	24,999	24,999	-0-	24,999
Travel	20,001	20,001	-0-	20,001
Weber Shandwick - Germany	-0-	-0-	125,000	(125,000)
Emerging Market Program Research	75,000	75,000	-0-	75,000
Market Access Program:				
UK/Germany	162,501	162,501	-0-	162,501
China	225,000	225,000	-0-	225,000
Contingency Fund	125,001	125,001	-0-	125,001
Total International Relations	<u>\$ 656,253</u>	<u>\$ 656,253</u>	<u>\$ 220,000</u>	<u>\$ 436,253</u>
Marketing:				
APC Travel for Events	\$ 9,999	\$ 9,999	\$ -0-	\$ 9,999
Aspire IQ	87,501	87,501	61,500	26,001
iHeart Media/Digital Magnet	-0-	-0-	45,000	(45,000)
Eat Well Global	125,001	125,001	35,910	89,091
IRI Reporting	37,500	37,500	-0-	37,500
RFTB Website	6,000	6,000	-0-	6,000
Weber Shandwick	-0-	-0-	-0-	-0-
Research - Nut Health	96,249	96,249	-0-	96,249
Total Marketing	<u>\$ 362,250</u>	<u>\$ 362,250</u>	<u>\$ 142,410</u>	<u>\$ 219,840</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2022

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Travel	\$ 7,500	\$ 7,500	\$ -0-	\$ 7,500
Shelf-Life Study:				
Prior Year Carry-over	25,026	25,026	-0-	25,026
Quality Assurance Program	12,501	12,501	15,000	(2,499)
Total Grades and Standards	\$ 45,027	\$ 45,027	\$ 15,000	\$ 30,027
Total Operating Expenses	\$ 1,661,280	\$ 1,661,280	\$ 647,976	\$ 1,013,304
Operating Income (Loss)	(\$ 1,008,780)	(\$ 1,008,780)	\$ 155,335	\$ 1,164,115
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 20,756	\$ 20,756
Past Outstanding	100,002	100,002	-0-	(100,002)
Prior Year Carry-over - 2020 Expense Offset	183,777	183,777	-0-	(183,777)
Reserve	174,999	174,999	-0-	(174,999)
EMP Funding	125,001	125,001	-0-	(125,001)
Marketing Access Program (MAP)	425,001	425,001	-0-	(425,001)
Total Nonoperating Revenue	\$ 1,008,780	\$ 1,008,780	\$ 20,756	(\$ 988,024)
Change in Net Position	\$ -0-	\$ -0-	\$ 176,091	\$ 176,091

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended December 31, 2022		Three Months December 31, 2022		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2022-2023 Improved	\$ 378,134	\$ 217,500	\$ 803,311	\$ 652,500	\$ 2,610,000
Total Operating Revenue	\$ 378,134	\$ 217,500	\$ 803,311	\$ 652,500	\$ 2,610,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Contract Labor	\$ 40,005	\$ 47,750	\$ 120,015	\$ 143,250	\$ 573,000
Total Staff and Administration	\$ 40,005	\$ 47,750	\$ 120,015	\$ 143,250	\$ 573,000
Insurance:					
Travel	\$ -0-	\$ 225	\$ -0-	\$ 675	\$ 2,700
General	173	642	2,027	1,926	7,700
D&O/Members	444	1,083	1,331	3,249	13,000
Fidelity	-0-	367	3,927	1,101	4,400
Total Insurance	\$ 617	\$ 2,317	\$ 7,285	\$ 6,951	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended December 31, 2022		Three Months December 31, 2022		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 6,249	\$ 25,000
Audit Financial	-0-	1,667	-0-	5,001	20,000
Compliance Travel	-0-	3,750	-0-	11,250	45,000
Sheller/Handler Audits	-0-	12,500	18,900	37,500	150,000
Printing/Forms/Postage	-0-	833	-0-	2,499	10,000
Total Compliance	\$ -0-	\$ 20,833	\$ 18,900	\$ 62,499	\$ 250,000
Rent:	\$ 549	\$ 4,167	\$ 1,650	\$ 12,501	\$ 50,000
Interest Expense	265	-0-	819	-0-	-0-
Amortization Expense	2,985	-0-	8,955	-0-	-0-
Total Rent	\$ 3,799	\$ 4,167	\$ 11,424	\$ 12,501	\$ 50,000
Accounting/Financials	\$ 4,020	\$ 6,500	\$ 14,020	\$ 19,500	\$ 78,000
Telephone/Mobile/Internet	1,511	1,667	4,528	5,001	20,000
Travel Office	1,553	4,167	1,744	12,501	50,000
Travel Committee	-0-	8,333	-0-	24,999	100,000
Supplies	-0-	833	-0-	2,499	10,000
Maintenance/Buildout	-0-	1,250	-0-	3,750	15,000
Printing	-0-	1,667	978	5,001	20,000
IT/Furniture/Software	1,384	2,083	4,828	6,249	25,000
Subscriptions	4,527	1,667	4,711	5,001	20,000
Depreciation	371	-0-	1,325	-0-	-0-
Miscellaneous	34	417	116	1,251	5,000
Total General Administration	\$ 57,821	\$ 103,651	\$ 189,874	\$ 310,953	\$ 1,243,800
Contingency Fund	\$ -0-	\$ 45,183	\$ -0-	\$ 135,549	\$ 542,200

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended December 31, 2022		Three Months December 31, 2022		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 1,251	\$ 5,000
Workshops	-0-	417	-0-	1,251	5,000
Total Compliance	\$ -0-	\$ 834	\$ -0-	\$ 2,502	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 2,001	\$ 8,000
Communication Materials	2,800	4,167	8,400	12,501	50,000
Travel	-0-	4,167	-0-	12,501	50,000
Association Sponsorship	1,442	5,833	1,442	17,499	70,000
Handler Portal Maintenance	-0-	5,833		17,499	70,000
Meltwater	1,617	1,833	4,850	5,499	22,000
Total Industry Relations Activities	\$ 5,859	\$ 22,500	\$ 14,692	\$ 67,500	\$ 270,000
Industry Research:					
NASS	\$ 44,000	\$ 18,750	\$ 66,000	\$ 56,250	\$ 225,000
Research Contingency	-0-	8,332	-0-	24,996	100,000
Total Industry Research	\$ 44,000	\$ 27,082	\$ 66,000	\$ 81,246	\$ 325,000
Total Industry Relations	\$ 49,859	\$ 50,416	\$ 80,692	\$ 151,248	\$ 605,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended		Three Months		Fiscal Year Ended
	December 31, 2022		December 31, 2022		September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ 95,000	\$ 7,917	\$ 95,000	\$ 23,751	\$ 95,000
International Nut Congress-Nut Health Research	-0-	8,333	-0-	24,999	100,000
Travel	-0-	6,667	-0-	20,001	80,000
Weber Shandwick - Germany	-0-	-0-	125,000	-0-	-0-
Emerging Market Program Research	-0-	25,000	-0-	75,000	300,000
Market Access Program:					
UK/Germany	-0-	54,167	-0-	162,501	650,000
China	-0-	75,000	-0-	225,000	900,000
Contingency Fund	-0-	41,667	-0-	125,001	500,000
Total International Relations	\$ 95,000	\$ 218,751	\$ 220,000	\$ 656,253	\$ 2,625,000
Marketing:					
APC Travel for Events	\$ -0-	\$ 3,333	\$ -0-	\$ 9,999	\$ 40,000
Aspire IQ	60,500	29,167	61,500	87,501	350,000
iHeart Media/Digital Magnet	-0-	-0-	45,000	-0-	-0-
Eat Well Global	29,213	41,667	35,910	125,001	500,000
IRI Reporting	-0-	12,500	-0-	37,500	150,000
RFTB Website	-0-	2,000	-0-	6,000	24,000
Research - Nuth Health	-0-	32,083	-0-	96,249	385,000
Total Marketing	\$ 89,713	\$ 120,750	\$ 142,410	\$ 362,250	\$ 1,449,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended December 31, 2022		Three Months December 31, 2022		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Grades and Standards:					
Travel	\$ -0-	\$ 2,500	\$ -0-	\$ 7,500	\$ 30,000
Shelf-Life Study:					
Prior Year Carry-over	-0-	8,342	-0-	25,026	100,108
Quality Assurance Program	5,000	4,167	15,000	12,501	50,000
Total Grades and Standards	\$ 5,000	\$ 15,009	\$ 15,000	\$ 45,027	\$ 180,108
Total Operating Expenses	\$ 297,393	\$ 553,760	\$ 647,976	\$ 1,661,280	\$ 6,645,108
Operating Income (Loss)	\$ 80,741	(\$ 336,260)	\$ 155,335	(\$ 1,008,780)	(\$ 4,035,108)
Nonoperating Revenues and Expenses:					
Interest Earned	\$ 4,985	\$ -0-	\$ 20,756	\$ -0-	\$ -0-
Past Outstanding	-0-	33,334	-0-	100,002	400,000
Prior Year Carry-over - 2022 Expense Offset	-0-	61,259	-0-	183,777	735,108
Other Income:					
Reserve	-0-	58,333	-0-	174,999	700,000
EMP Funding	-0-	41,667	-0-	125,001	500,000
Marketing Access Program (MAP)	-0-	141,667	-0-	425,001	1,700,000
Total Nonoperating Revenue	\$ 4,985	\$ 336,260	\$ 20,756	\$ 1,008,780	\$ 4,035,108
Change in Net Position	\$ 85,726	\$ -0-	\$ 176,091	\$ -0-	\$ -0-

See Accountants' Compilation Report.