



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Nine Months Ended
June 30, 2023

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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 June 30, 2023 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 nine 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part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.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 nine months ended June 30, 2023 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
July 14, 2023

AMERICAN PECAN COUNCIL

Statement of Net Position - Enterprise Fund

As of June 30, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	3,265,083
Accounts Receivable		40,630
Prepaid Expenses		57,260
Total Current Assets	\$	<u>3,362,973</u>

Noncurrent Assets:

Depreciable Capital Assets	\$	164,046
Accumulated Depreciation and Amortization	(81,171)
Total Noncurrent Assets	\$	<u>82,875</u>

Other Assets:

Security Deposit	\$	5,875
Total Other Assets	\$	<u>5,875</u>

TOTAL ASSETS

\$ 3,451,723

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	64,417
Noncurrent Lease Obligations Payable		32,488
Total Current Liabilities	\$	<u>96,905</u>

Long-term Liabilities

Lease Obligations Payable	\$	37,125
Total Long-term Liabilities	\$	<u>37,125</u>
Total Liabilities	\$	<u>134,030</u>

Net Position:

Net Investment in Capital Assets	\$	13,262
Unrestricted		3,304,431
Total Net Position	\$	<u>3,317,693</u>

TOTAL LIABILITIES AND NET POSITION

\$ 3,451,723

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

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

For the One Month and Nine Months June 30, 2023

	One Month	Nine Months
Operating Revenues:		
Assessment Income	\$ 19,637	\$ 2,201,768
Total Operating Revenue	\$ 19,637	\$ 2,201,768
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 43,005	\$ 384,045
Insurance	(78)	11,514
Compliance	-0-	38,509
Other General Administrative	10,141	166,752
Contingency Fund	-0-	20,000
Industry Relations:		
Industry Relations Activities	9,285	134,623
Industry Research	40,000	265,000
International Relations	-0-	790,357
Marketing	25,213	614,743
Grades and Standards	-0-	25,000
Total Operating Expenses	\$ 127,566	\$ 2,450,543
Operating Income (Loss)	(\$ 107,929)	(\$ 248,775)
Nonoperating Revenues (Expenses):		
Interest Earned	\$ -0-	\$ 45,894
Total Nonoperating Revenues	\$ -0-	\$ 45,894
Change in Net Position	(\$ 107,929)	(\$ 202,881)
Net Position, Beginning as Previously Stated	\$ 3,434,177	\$ 3,513,893
Prior Period Adjustment	(8,555)	6,681
Net Position, Beginning as Restated	\$ 3,425,622	\$ 3,520,574
Net Position, Ending	\$ 3,317,693	\$ 3,317,693

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows - Enterprise Fund

For the One Month and Nine Months Ended June 30, 2023

	One Month	Nine Months
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 115,088	\$ 2,481,491
Cash Paid for Salaries and Benefits	(43,005)	(384,045)
Cash Paid for Operating Expenses	(185,245)	(2,750,495)
	(\$ 113,162)	(\$ 653,049)
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ -0-	\$ 45,894
	\$ -0-	\$ 45,894
Net Increase (Decrease) in Cash	(\$ 113,162)	(\$ 607,155)
Cash, Beginning of Period	3,378,245	3,872,238
Cash, End of Period	\$ 3,265,083	\$ 3,265,083
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(\$ 107,929)	(\$ 248,775)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	322	3,434
Amortization Expense	2,985	26,864
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	95,451	279,723
(Increase) Decrease in Prepaid Expenses	2,667	10,560
Increase (Decrease) in Accounts Payable	(104,062)	(701,783)
Increase (Decrease) in Operating Lease	(2,596)	(23,072)
Net Cash Provided (Used) by Operating Activities	(\$ 113,162)	(\$ 653,049)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2023

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2022-2023 Improved	\$ 1,957,500	\$ 1,957,500	\$ 2,201,768	\$ 244,268
Total Operating Revenue	\$ 1,957,500	\$ 1,957,500	\$ 2,201,768	\$ 244,268
Operating Expenses:				
General Administration:				
Staff and Administration:				
Contract Labor	\$ 429,750	\$ 429,750	\$ 384,045	\$ 45,705
Total Staff and Administration	\$ 429,750	\$ 429,750	\$ 384,045	\$ 45,705
Insurance:				
Travel	\$ 2,025	\$ 2,025	\$ 725	\$ 1,300
General	5,778	5,778	2,870	2,908
D&O/Members	9,747	9,747	3,992	5,755
Fidelity	3,303	3,303	3,927	(624)
Total Insurance	\$ 20,853	\$ 20,853	\$ 11,514	\$ 9,339

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 18,747	\$ 18,747	\$ -0-	\$ 18,747
Audit Financial	15,003	15,003	-0-	15,003
Compliance Travel	33,750	33,750	-0-	33,750
Sheller/Handler Audits	112,500	112,500	37,567	74,933
Printing/Forms/Postage	7,497	7,497	942	6,555
Total Compliance	\$ 187,497	\$ 187,497	\$ 38,509	\$ 148,988
Rent:	\$ 37,503	\$ 37,503	\$ 5,523	\$ 31,980
Interest Expense	-0-	-0-	2,241	(2,241)
Amortization Expense	-0-	-0-	26,864	(26,864)
Total Rent	\$ 37,503	\$ 37,503	\$ 34,628	\$ 2,875
Accounting/Financials	\$ 58,500	\$ 58,500	\$ 58,558	(\$ 58)
Telephone/Mobile/Internet	15,003	15,003	12,190	2,813
Travel Office	37,503	37,503	1,744	35,759
Travel Committee	74,997	74,997	11,536	63,461
Supplies	7,497	7,497	2,528	4,969
Maintenance/Buildout	11,250	11,250	-0-	11,250
Printing	15,003	15,003	2,939	12,064
IT/Furniture/Software	18,747	18,747	20,837	(2,090)
Subscriptions	15,003	15,003	15,252	(249)
Depreciation	-0-	-0-	3,434	(3,434)
Miscellaneous	3,753	3,753	3,106	647
Total General Administration	\$ 932,859	\$ 932,859	\$ 600,820	\$ 332,039
Contingency Fund	\$ 406,647	\$ 406,647	\$ 20,000	\$ 386,647

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 3,753	\$ 3,753	\$ -0-	\$ 3,753
Workshops	3,753	3,753	-0-	3,753
Total Compliance	<u>\$ 7,506</u>	<u>\$ 7,506</u>	<u>\$ -0-</u>	<u>\$ 7,506</u>
Industry Relations Activities:				
Annual Reports	\$ 6,003	\$ 6,003	\$ -0-	\$ 6,003
Communication Materials	37,503	37,503	39,948	(2,445)
Travel	37,503	37,503	66,661	(29,158)
Association Sponsorship	52,497	52,497	13,463	39,034
Handler Portal Maintenance	52,497	52,497	-0-	52,497
Meltwater	16,497	16,497	14,551	1,946
Total Industry Relations Activities	<u>\$ 202,500</u>	<u>\$ 202,500</u>	<u>\$ 134,623</u>	<u>\$ 67,877</u>
Industry Research:				
NASS	\$ 168,750	\$ 168,750	\$ 225,000	(\$ 56,250)
Research Contingency	74,988	74,988	40,000	34,988
Total Industry Research	<u>\$ 243,738</u>	<u>\$ 243,738</u>	<u>\$ 265,000</u>	<u>(\$ 21,262)</u>
Total Industry Relations	<u>\$ 453,744</u>	<u>\$ 453,744</u>	<u>\$ 399,623</u>	<u>\$ 54,121</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 71,253	\$ 71,253	\$ 95,000	(\$ 23,747)
International Nut Congress-Nut Health Research	74,997	74,997	-0-	74,997
Travel	60,003	60,003	5,794	54,209
Emerging Market Program Research	225,000	225,000	-0-	225,000
Market Access Program:				
UK/Germany	487,503	487,503	252,063	235,440
China	675,000	675,000	437,500	237,500
Contingency Fund	375,003	375,003	-0-	375,003
Total International Relations	\$ 1,968,759	\$ 1,968,759	\$ 790,357	\$ 1,178,402
Marketing:				
APC Travel for Events	\$ 29,997	\$ 29,997	\$ -0-	\$ 29,997
Aspire IQ	262,503	262,503	134,421	128,082
iHeart Media/Digital Magnet	-0-	-0-	45,000	(45,000)
Eat Well Global	375,003	375,003	325,480	49,523
IRI Reporting	112,500	112,500	-0-	112,500
RFTB Website	18,000	18,000	-0-	18,000
Research - Nut Health	288,747	288,747	13,500	275,247
Total Marketing	\$ 1,086,750	\$ 1,086,750	\$ 614,743	\$ 472,007

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Travel	\$ 22,500	\$ 22,500	\$ -0-	\$ 22,500
Shelf-Life Study:				
Prior Year Carry-over	75,078	75,078	-0-	75,078
Quality Assurance Program	37,503	37,503	25,000	12,503
Total Grades and Standards	\$ 135,081	\$ 135,081	\$ 25,000	\$ 110,081
Total Operating Expenses	\$ 4,983,840	\$ 4,983,840	\$ 2,450,543	\$ 2,533,297
Operating Income (Loss)	(\$ 3,026,340)	(\$ 3,026,340)	(\$ 248,775)	\$ 2,777,565
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 45,894	\$ 45,894
Past Outstanding	300,006	300,006	-0-	(300,006)
Prior Year Carry-over - 2020 Expense Offset	551,331	551,331	-0-	(551,331)
Reserve	524,997	524,997	-0-	(524,997)
EMP Funding	375,003	375,003	-0-	(375,003)
Marketing Access Program (MAP)	1,275,003	1,275,003	-0-	(1,275,003)
Total Nonoperating Revenue	\$ 3,026,340	\$ 3,026,340	\$ 45,894	(\$ 2,980,446)
Change in Net Position	\$ -0-	\$ -0-	(\$ 202,881)	(\$ 202,881)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Nine Months Ended June 30, 2023 and
Year Ended September 30, 2023**

	One Month Ended		Nine Months Ended		Fiscal Year Ended
	June 30, 2023		June 30, 2023		September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2022-2023 Improved	\$ 19,637	\$ 217,500	\$ 2,201,768	\$ 1,957,500	\$ 2,610,000
Total Operating Revenue	\$ 19,637	\$ 217,500	\$ 2,201,768	\$ 1,957,500	\$ 2,610,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Contract Labor	\$ 43,005	\$ 47,750	\$ 384,045	\$ 429,750	\$ 573,000
Total Staff and Administration	\$ 43,005	\$ 47,750	\$ 384,045	\$ 429,750	\$ 573,000
Insurance:					
Travel	\$ -0-	\$ 225	\$ 725	\$ 2,025	\$ 2,700
General	(522)	642	2,870	5,778	7,700
D&O/Members	444	1,083	3,992	9,747	13,000
Fidelity	-0-	367	3,927	3,303	4,400
Total Insurance	(\$ 78)	\$ 2,317	\$ 11,514	\$ 20,853	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Nine Months Ended June 30, 2023 and Year Ended September 30, 2023

	One Month Ended June 30, 2023		Nine Months Ended June 30, 2023		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 18,747	\$ 25,000
Audit Financial	-0-	1,667	-0-	15,003	20,000
Compliance Travel	-0-	3,750	-0-	33,750	45,000
Sheller/Handler Audits	-0-	12,500	37,567	112,500	150,000
Printing/Forms/Postage	-0-	833	942	7,497	10,000
Total Compliance	\$ -0-	\$ 20,833	\$ 38,509	\$ 187,497	\$ 250,000
Rent:					
Rent	\$ 549	\$ 4,167	\$ 5,523	\$ 37,503	\$ 50,000
Interest Expense	217	-0-	2,241	-0-	-0-
Amortization Expense	2,985	-0-	26,864	-0-	-0-
Total Rent	\$ 3,751	\$ 4,167	\$ 34,628	\$ 37,503	\$ 50,000
Accounting/Financials	\$ 3,750	\$ 6,500	\$ 58,558	\$ 58,500	\$ 78,000
Telephone/Mobile/Internet	1,085	1,667	12,190	15,003	20,000
Travel Office	-0-	4,167	1,744	37,503	50,000
Travel Committee	458	8,333	11,536	74,997	100,000
Supplies	(145)	833	2,528	7,497	10,000
Maintenance/Buildout	-0-	1,250	-0-	11,250	15,000
Printing	-0-	1,667	2,939	15,003	20,000
IT/Furniture/Software	797	2,083	20,837	18,747	25,000
Subscriptions	84	1,667	15,252	15,003	20,000
Depreciation	322	-0-	3,434	-0-	-0-
Miscellaneous	39	417	3,106	3,753	5,000
Total General Administration	\$ 53,068	\$ 103,651	\$ 600,820	\$ 932,859	\$ 1,243,800
Contingency Fund	\$ -0-	\$ 45,183	\$ 20,000	\$ 406,647	\$ 542,200

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Nine Months Ended June 30, 2023 and
Year Ended September 30, 2023**

	One Month Ended June 30, 2023		Nine Months Ended June 30, 2023		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 3,753	\$ 5,000
Workshops	-0-	417	-0-	3,753	5,000
Total Compliance	\$ -0-	\$ 834	\$ -0-	\$ 7,506	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 6,003	\$ 8,000
Communication Materials	4,900	4,167	39,948	37,503	50,000
Travel	2,768	4,167	66,661	37,503	50,000
Association Sponsorship	-0-	5,833	13,463	52,497	70,000
Handler Portal Maintenance	-0-	5,833	-0-	52,497	70,000
Meltwater	1,617	1,833	14,551	16,497	22,000
Total Industry Relations Activities	\$ 9,285	\$ 22,500	\$ 134,623	\$ 202,500	\$ 270,000
Industry Research:					
NASS	\$ -0-	\$ 18,750	\$ 225,000	\$ 168,750	\$ 225,000
Research Contingency	40,000	8,332	40,000	74,988	100,000
Total Industry Research	\$ 40,000	\$ 27,082	\$ 265,000	\$ 243,738	\$ 325,000
Total Industry Relations	\$ 49,285	\$ 50,416	\$ 399,623	\$ 453,744	\$ 605,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Nine Months Ended June 30, 2023 and Year Ended September 30, 2023

	One Month Ended		Nine Months Ended		Fiscal Year Ended
	June 30, 2023		June 30, 2023		September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 95,000	\$ 71,253	\$ 95,000
International Nut Congress-Nut Health Research	-0-	8,333	-0-	74,997	100,000
Travel	-0-	6,667	5,794	60,003	80,000
Emerging Market Program Research	-0-	25,000	-0-	225,000	300,000
Market Access Program:					
UK/Germany	-0-	54,167	252,063	487,503	650,000
China	-0-	75,000	437,500	675,000	900,000
Contingency Fund	-0-	41,667	-0-	375,003	500,000
Total International Relations	\$ -0-	\$ 218,751	\$ 790,357	\$ 1,968,759	\$ 2,625,000
Marketing:					
APC Travel for Events	\$ -0-	\$ 3,333	\$ -0-	\$ 29,997	\$ 40,000
Aspire IQ	23,713	29,167	134,421	262,503	350,000
iHeart Media/Digital Magnet	-0-	-0-	45,000	-0-	-0-
Eat Well Global	-0-	41,667	325,480	375,003	500,000
IRI Reporting	-0-	12,500	-0-	112,500	150,000
RFTB Website	-0-	2,000	-0-	18,000	24,000
Weber Shandwick	-0-	-0-	96,342	-0-	-0-
Research - Nuth Health	1,500	32,083	13,500	288,747	385,000
Total Marketing	\$ 25,213	\$ 120,750	\$ 614,743	\$ 1,086,750	\$ 1,449,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Nine Months Ended June 30, 2023 and Year Ended September 30, 2023

	One Month Ended		Nine Months Ended		Fiscal Year Ended
	June 30, 2023		June 30, 2023		September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Grades and Standards:					
Travel	\$ -0-	\$ 2,500	\$ -0-	\$ 22,500	\$ 30,000
Shelf-Life Study:					
Prior Year Carry-over	-0-	8,342	-0-	75,078	100,108
Quality Assurance Program	-0-	4,167	25,000	37,503	50,000
Total Grades and Standards	\$ -0-	\$ 15,009	\$ 25,000	\$ 135,081	\$ 180,108
Total Operating Expenses	\$ 127,566	\$ 553,760	\$ 2,450,543	\$ 4,983,840	\$ 6,645,108
Operating Income (Loss)	(\$ 107,929)	(\$ 336,260)	(\$ 248,775)	(\$ 3,026,340)	(\$ 4,035,108)
Nonoperating Revenues and Expenses:					
Interest Earned	\$ -0-	\$ -0-	\$ 45,894	\$ -0-	\$ -0-
Past Outstanding	-0-	33,334		300,006	400,000
Prior Year Carry-over - 2022 Expense Offset	-0-	61,259	-0-	551,331	735,108
Other Income:					
Reserve	-0-	58,333	-0-	524,997	700,000
EMP Funding	-0-	41,667	-0-	375,003	500,000
Marketing Access Program (MAP)	-0-	141,667	-0-	1,275,003	1,700,000
Total Nonoperating Revenue	\$ -0-	\$ 336,260	\$ 45,894	\$ 3,026,340	\$ 4,035,108
Change in Net Position	(\$ 107,929)	\$ -0-	(\$ 202,881)	\$ -0-	\$ -0-

See Accountants' Compilation Report.