



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Eight Months Ended
May 31, 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 May 31, 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 eight 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part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.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 eight months ended May 31, 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
June 27, 2023

AMERICAN PECAN COUNCIL

Statement of Net Position - Enterprise Fund

As of May 31, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	3,378,245
Accounts Receivable		121,227
Prepaid Expenses		56,927
Total Current Assets	\$	<u>3,556,399</u>

Noncurrent Assets:

Depreciable Capital Assets	\$	164,046
Accumulated Depreciation and Amortization	(77,864)
Total Noncurrent Assets	\$	<u>86,182</u>

Other Assets:

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

TOTAL ASSETS

\$ 3,648,456

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	142,070
Noncurrent Lease Obligations Payable		32,324
Total Current Liabilities	\$	<u>174,394</u>

Long-term Liabilities

Lease Obligations Payable	\$	39,885
Total Long-term Liabilities	\$	<u>39,885</u>
Total Liabilities	\$	<u>214,279</u>

Net Position:

Net Investment in Capital Assets	\$	13,973
Unrestricted		3,420,204
Total Net Position	\$	<u>3,434,177</u>

TOTAL LIABILITIES AND NET POSITION

\$ 3,648,456

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

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

For the One Month and Eight Months Ended May 31, 2023

	One Month	Eight Months
Operating Revenues:		
Assessment Income	\$ 37,145	\$ 2,173,917
Total Operating Revenue	\$ 37,145	\$ 2,173,917
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 43,005	\$ 341,040
Insurance	717	11,592
Compliance	18,667	38,509
Other General Administrative	7,694	133,952
Contingency Fund	-0-	20,000
Industry Relations:		
Industry Relations Activities	22,229	125,338
Industry Research	-0-	225,000
International Relations	46,875	790,357
Marketing	64,439	588,779
Grades and Standards	-0-	25,000
Total Operating Expenses	\$ 203,626	\$ 2,299,567
Operating Income (Loss)	(\$ 166,481)	(\$ 125,650)
Nonoperating Revenues (Expenses):		
Interest Earned	\$ 5,565	\$ 45,894
Total Nonoperating Revenues	\$ 5,565	\$ 45,894
Change in Net Position	(\$ 160,916)	(\$ 79,756)
Net Position, Beginning as Previously Stated	\$ 4,132,804	\$ 3,513,893
Prior Period Adjustment	(537,711)	40
Net Position, Beginning as Restated	\$ 3,595,093	\$ 3,513,933
Net Position, Ending	\$ 3,434,177	\$ 3,434,177

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows - Enterprise Fund

For the One Month and Eight Months Ended May 31, 2023

	One Month	Eight Months
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 233,079	\$ 2,366,402
Cash Paid for Salaries and Benefits	(43,005)	(341,040)
Cash Paid for Operating Expenses	(738,084)	(2,565,249)
	(\$ 548,010)	(\$ 539,887)
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ 5,565	\$ 45,894
	\$ 5,565	\$ 45,894
Net Increase (Decrease) in Cash	(\$ 542,445)	(\$ 493,993)
Cash, Beginning of Period	3,920,690	3,872,238
Cash, End of Period	\$ 3,378,245	\$ 3,378,245
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(\$ 166,481)	(\$ 125,650)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	349	3,112
Amortization Expense	2,985	23,879
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	195,934	192,485
(Increase) Decrease in Prepaid Expenses	(1,382)	10,893
Increase (Decrease) in Accounts Payable	(576,827)	(624,130)
Increase (Decrease) in Operating Lease	(2,588)	(20,476)
Net Cash Provided (Used) by Operating Activities	(\$ 548,010)	(\$ 539,887)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 31, 2023

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2022-2023 Improved	\$ 1,740,000	\$ 1,740,000	\$ 2,173,917	\$ 433,917
Total Operating Revenue	\$ 1,740,000	\$ 1,740,000	\$ 2,173,917	\$ 433,917
Operating Expenses:				
General Administration:				
Staff and Administration:				
Contract Labor	\$ 382,000	\$ 382,000	\$ 341,040	\$ 40,960
Total Staff and Administration	\$ 382,000	\$ 382,000	\$ 341,040	\$ 40,960
Insurance:				
Travel	\$ 1,800	\$ 1,800	\$ 725	\$ 1,075
General	5,136	5,136	3,392	1,744
D&O/Members	8,664	8,664	3,548	5,116
Fidelity	2,936	2,936	3,927	(991)
Total Insurance	\$ 18,536	\$ 18,536	\$ 11,592	\$ 6,944

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 31, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 16,664	\$ 16,664	\$ -0-	\$ 16,664
Audit Financial	13,336	13,336	-0-	13,336
Compliance Travel	30,000	30,000	-0-	30,000
Sheller/Handler Audits	100,000	100,000	37,567	62,433
Printing/Forms/Postage	6,664	6,664	942	5,722
Total Compliance	\$ 166,664	\$ 166,664	\$ 38,509	\$ 128,155
Rent:	\$ 33,336	\$ 33,336	\$ 4,975	\$ 28,361
Interest Expense	-0-	-0-	2,024	(2,024)
Amortization Expense	-0-	-0-	23,879	(23,879)
Total Rent	\$ 33,336	\$ 33,336	\$ 30,878	\$ 2,458
Accounting/Financials	\$ 52,000	\$ 52,000	\$ 40,708	\$ 11,292
Telephone/Mobile/Internet	13,336	13,336	11,105	2,231
Travel Office	33,336	33,336	1,744	31,592
Travel Committee	66,664	66,664	10,619	56,045
Supplies	6,664	6,664	2,674	3,990
Maintenance/Buildout	10,000	10,000	-0-	10,000
Printing	13,336	13,336	2,939	10,397
IT/Furniture/Software	16,664	16,664	20,041	(3,377)
Subscriptions	13,336	13,336	7,066	6,270
Depreciation	-0-	-0-	3,112	(3,112)
Miscellaneous	3,336	3,336	3,066	270
Total General Administration	\$ 829,208	\$ 829,208	\$ 525,093	\$ 304,115
Contingency Fund	\$ 361,464	\$ 361,464	\$ 20,000	\$ 341,464

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 31, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 3,336	\$ 3,336	\$ -0-	\$ 3,336
Workshops	3,336	3,336	-0-	3,336
Total Compliance	<u>\$ 6,672</u>	<u>\$ 6,672</u>	<u>\$ -0-</u>	<u>\$ 6,672</u>
Industry Relations Activities:				
Annual Reports	\$ 5,336	\$ 5,336	\$ -0-	\$ 5,336
Communication Materials	33,336	33,336	35,048	(1,712)
Travel	33,336	33,336	63,893	(30,557)
Association Sponsorship	46,664	46,664	13,463	33,201
Handler Portal Maintenance	46,664	46,664	-0-	46,664
Meltwater	14,664	14,664	12,934	1,730
Total Industry Relations Activities	<u>\$ 180,000</u>	<u>\$ 180,000</u>	<u>\$ 125,338</u>	<u>\$ 54,662</u>
Industry Research:				
NASS	\$ 150,000	\$ 150,000	\$ 225,000	(\$ 75,000)
Research Contingency	66,656	66,656	-0-	66,656
Total Industry Research	<u>\$ 216,656</u>	<u>\$ 216,656</u>	<u>\$ 225,000</u>	<u>(\$ 8,344)</u>
Total Industry Relations	<u>\$ 403,328</u>	<u>\$ 403,328</u>	<u>\$ 350,338</u>	<u>\$ 52,990</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 31, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 63,336	\$ 63,336	\$ 95,000	(\$ 31,664)
International Nut Congress-Nut Health Research	66,664	66,664	-0-	66,664
Travel	53,336	53,336	5,794	47,542
Emerging Market Program Research	200,000	200,000	-0-	200,000
Market Access Program:				
UK/Germany	433,336	433,336	437,500	(4,164)
China	600,000	600,000	252,063	347,937
Contingency Fund	333,336	333,336	-0-	333,336
Total International Relations	<u>\$ 1,750,008</u>	<u>\$ 1,750,008</u>	<u>\$ 790,357</u>	<u>\$ 959,651</u>
Marketing:				
APC Travel for Events	\$ 26,664	\$ 26,664	\$ -0-	\$ 26,664
Aspire IQ	233,336	233,336	110,708	122,628
iHeart Media/Digital Magnet	-0-	-0-	45,000	(45,000)
Eat Well Global	333,336	333,336	325,480	7,856
IRI Reporting	100,000	100,000	-0-	100,000
RFTB Website	16,000	16,000	-0-	16,000
Research - Nut Health	256,664	256,664	12,000	244,664
Total Marketing	<u>\$ 966,000</u>	<u>\$ 966,000</u>	<u>\$ 588,779</u>	<u>\$ 377,221</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 31, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Travel	\$ 20,000	\$ 20,000	\$ -0-	\$ 20,000
Shelf-Life Study:				
Prior Year Carry-over	66,736	66,736	-0-	66,736
Quality Assurance Program	33,336	33,336	25,000	8,336
Total Grades and Standards	\$ 120,072	\$ 120,072	\$ 25,000	\$ 95,072
Total Operating Expenses	\$ 4,430,080	\$ 4,430,080	\$ 2,299,567	\$ 2,130,513
Operating Income (Loss)	(\$ 2,690,080)	(\$ 2,690,080)	(\$ 125,650)	\$ 2,564,430
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 45,894	\$ 45,894
Past Outstanding	266,672	266,672	-0-	(266,672)
Prior Year Carry-over - 2020 Expense Offset	490,072	490,072	-0-	(490,072)
Reserve	466,664	466,664	-0-	(466,664)
EMP Funding	333,336	333,336	-0-	(333,336)
Marketing Access Program (MAP)	1,133,336	1,133,336	-0-	(1,133,336)
Total Nonoperating Revenue	\$ 2,690,080	\$ 2,690,080	\$ 45,894	(\$ 2,644,186)
Change in Net Position	\$ -0-	\$ -0-	(\$ 79,756)	(\$ 79,756)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eight Months Ended May 31, 2023 and
Year Ended September 30, 2023**

	One Month Ended		Eight Months Ended		Fiscal Year Ended
	May 31, 2023		May 31, 2023		September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2022-2023 Improved	\$ 37,145	\$ 217,500	\$ 2,173,917	\$ 1,740,000	\$ 2,610,000
Total Operating Revenue	\$ 37,145	\$ 217,500	\$ 2,173,917	\$ 1,740,000	\$ 2,610,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Contract Labor	\$ 43,005	\$ 47,750	\$ 341,040	\$ 382,000	\$ 573,000
Total Staff and Administration	\$ 43,005	\$ 47,750	\$ 341,040	\$ 382,000	\$ 573,000
Insurance:					
Travel	\$ -0-	\$ 225	\$ 725	\$ 1,800	\$ 2,700
General	273	642	3,392	5,136	7,700
D&O/Members	444	1,083	3,548	8,664	13,000
Fidelity	-0-	367	3,927	2,936	4,400
Total Insurance	\$ 717	\$ 2,317	\$ 11,592	\$ 18,536	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Eight Months Ended May 31, 2023 and Year Ended September 30, 2023

	One Month Ended		Eight Months Ended		Fiscal Year Ended
	May 31, 2023		May 31, 2023		September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 16,664	\$ 25,000
Audit Financial	-0-	1,667	-0-	13,336	20,000
Compliance Travel	-0-	3,750	-0-	30,000	45,000
Sheller/Handler Audits	18,667	12,500	37,567	100,000	150,000
Printing/Forms/Postage	-0-	833	942	6,664	10,000
Total Compliance	\$ 18,667	\$ 20,833	\$ 38,509	\$ 166,664	\$ 250,000
Rent:					
Rent	\$ 499	\$ 4,167	\$ 4,975	\$ 33,336	\$ 50,000
Interest Expense	225	-0-	2,024	-0-	-0-
Amortization Expense	2,985	-0-	23,879	-0-	-0-
Total Rent	\$ 3,709	\$ 4,167	\$ 30,878	\$ 33,336	\$ 50,000
Accounting/Financials	\$ -0-	\$ 6,500	\$ 40,708	\$ 52,000	\$ 78,000
Telephone/Mobile/Internet	1,273	1,667	11,105	13,336	20,000
Travel Office	-0-	4,167	1,744	33,336	50,000
Travel Committee	-0-	8,333	10,619	66,664	100,000
Supplies	565	833	2,674	6,664	10,000
Maintenance/Buildout	-0-	1,250	-0-	10,000	15,000
Printing	423	1,667	2,939	13,336	20,000
IT/Furniture/Software	797	2,083	20,041	16,664	25,000
Subscriptions	540	1,667	7,066	13,336	20,000
Depreciation	349	-0-	3,112	-0-	-0-
Miscellaneous	38	417	3,066	3,336	5,000
Total General Administration	\$ 70,083	\$ 103,651	\$ 525,093	\$ 829,208	\$ 1,243,800
Contingency Fund	\$ -0-	\$ 45,183	\$ 20,000	\$ 361,464	\$ 542,200

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eight Months Ended May 31, 2023 and
Year Ended September 30, 2023**

	One Month Ended May 31, 2023		Eight Months Ended May 31, 2023		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 3,336	\$ 5,000
Workshops	-0-	417	-0-	3,336	5,000
Total Compliance	\$ -0-	\$ 834	\$ -0-	\$ 6,672	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 5,336	\$ 8,000
Communication Materials	3,800	4,167	35,048	33,336	50,000
Travel	11,225	4,167	63,893	33,336	50,000
Association Sponsorship	5,587	5,833	13,463	46,664	70,000
Handler Portal Maintenance	-0-	5,833	-0-	46,664	70,000
Meltwater	1,617	1,833	12,934	14,664	22,000
Total Industry Relations Activities	\$ 22,229	\$ 22,500	\$ 125,338	\$ 180,000	\$ 270,000
Industry Research:					
NASS	\$ -0-	\$ 18,750	\$ 225,000	\$ 150,000	\$ 225,000
Research Contingency	-0-	8,332	-0-	66,656	100,000
Total Industry Research	\$ -0-	\$ 27,082	\$ 225,000	\$ 216,656	\$ 325,000
Total Industry Relations	\$ 22,229	\$ 50,416	\$ 350,338	\$ 403,328	\$ 605,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eight Months Ended May 31, 2023 and
Year Ended September 30, 2023**

	One Month Ended		Eight Months Ended		Fiscal Year Ended
	May 31, 2023		May 31, 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	\$ 63,336	\$ 95,000
International Nut Congress-Nut Health Research	-0-	8,333	-0-	66,664	100,000
Travel	-0-	6,667	5,794	53,336	80,000
Emerging Market Program Research	-0-	25,000	-0-	200,000	300,000
Market Access Program:					
UK/Germany	46,875	54,167	437,500	433,336	650,000
China	-0-	75,000	252,063	600,000	900,000
Contingency Fund	-0-	41,667	-0-	333,336	500,000
Total International Relations	\$ 46,875	\$ 218,751	\$ 790,357	\$ 1,750,008	\$ 2,625,000
Marketing:					
APC Travel for Events	\$ -0-	\$ 3,333	\$ -0-	\$ 26,664	\$ 40,000
Aspire IQ	3,713	29,167	110,708	233,336	350,000
iHeart Media/Digital Magnet	-0-	-0-	45,000	-0-	-0-
Eat Well Global	59,226	41,667	325,480	333,336	500,000
IRI Reporting	-0-	12,500	-0-	100,000	150,000
RFTB Website	-0-	2,000	-0-	16,000	24,000
Weber Shandwick	-0-	-0-	95,591	-0-	-0-
Research - Nuth Health	1,500	32,083	12,000	256,664	385,000
Total Marketing	\$ 64,439	\$ 120,750	\$ 588,779	\$ 966,000	\$ 1,449,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Eight Months Ended May 31, 2023 and Year Ended September 30, 2023

	One Month Ended		Eight Months Ended		Fiscal Year Ended
	May 31, 2023		May 31, 2023		September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Grades and Standards:					
Travel	\$ -0-	\$ 2,500	\$ -0-	\$ 20,000	\$ 30,000
Shelf-Life Study:					
Prior Year Carry-over	-0-	8,342	-0-	66,736	100,108
Quality Assurance Program	-0-	4,167	25,000	33,336	50,000
Total Grades and Standards	\$ -0-	\$ 15,009	\$ 25,000	\$ 120,072	\$ 180,108
Total Operating Expenses	\$ 203,626	\$ 553,760	\$ 2,299,567	\$ 4,430,080	\$ 6,645,108
Operating Income (Loss)	(\$ 166,481)	(\$ 336,260)	(\$ 125,650)	(\$ 2,690,080)	(\$ 4,035,108)
Nonoperating Revenues and Expenses:					
Interest Earned	\$ 5,565	\$ -0-	\$ 45,894	\$ -0-	\$ -0-
Past Outstanding	-0-	33,334	-0-	266,672	400,000
Prior Year Carry-over - 2022 Expense Offset	-0-	61,259	-0-	490,072	735,108
Other Income:					
Reserve	-0-	58,333	-0-	466,664	700,000
EMP Funding	-0-	41,667	-0-	333,336	500,000
Marketing Access Program (MAP)	-0-	141,667	-0-	1,133,336	1,700,000
Total Nonoperating Revenue	\$ 5,565	\$ 336,260	\$ 45,894	\$ 2,690,080	\$ 4,035,108
Change in Net Position	(\$ 160,916)	\$ -0-	(\$ 79,756)	\$ -0-	\$ -0-

See Accountants' Compilation Report.