



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month Ended

October 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 October 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 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part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.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 ended October 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 October 31, 2022

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,453,277
Accounts Receivable	202,763
Prepaid Expenses	73,873
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Total Current Assets	\$ 3,729,913

Noncurrent Assets:

Depreciable Capital Assets	\$ 164,046
Accumulated Depreciation/Amortization	(54,419)
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Total Noncurrent Assets	\$ 109,627

Other Assets:

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

TOTAL ASSETS

\$ 3,845,415

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 256,075
Current Portion of Long-term Liability	31,184
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Total Current Liabilities	\$ 287,259

Long-term Liabilities

Operating Lease	\$ 58,969
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Total Long-term Liabilities	\$ 58,969
	<hr/>
Total Liabilities	\$ 346,228

Net Position:

Net Investment in Capital Assets	\$ 109,627
Unrestricted	3,389,560
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Total Net Position	\$ 3,499,187

TOTAL LIABILITIES AND NET POSITION

\$ 3,845,415

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

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

For the One Month Ended October 31, 2022

	<u>One Month</u>
Operating Revenues:	
Assessment Income	\$ 114,117
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Total Operating Revenue	\$ 114,117
	<hr/>
Operating Expenses:	
General Administrative:	
Staff and Administrative	\$ 40,005
Insurance	4,644
Compliance	18,900
Other General Administrative	14,614
Industry Relations:	
Compliance	4,417
Marketing	52,197
Grades and Standards	5,000
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Total Operating Expenses	\$ 139,777
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Operating Income (Loss)	(\$ 25,660)
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Nonoperating Revenues (Expenses):	
Interest Earned	\$ 10,954
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Total Nonoperating Revenues	\$ 10,954
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Change in Net Position	(\$ 14,706)
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Net Position, Beginning	3,513,893
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Net Position, Ending	\$ 3,499,187
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows - Enterprise Fund

For the One Month Ended October 31, 2022

	<u>One Month</u>
Cash Flows From Operating Activities:	
Cash Received from Assessments	\$ 225,027
Cash Paid for Salaries and Benefits	(40,005)
Cash Paid for Operating Expenses	<u>(614,935)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$ 429,913)</u>
Cash Flows From Investing Activities:	
Cash Received from Interest Earned	<u>\$ 10,954</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ 10,954</u>
Net Increase (Decrease) in Cash	(\$ 418,959)
Cash, Beginning of Period	<u>3,872,238</u>
Cash, End of Period	<u><u>\$ 3,453,279</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Income (Loss) from Operations	(\$ 25,660)
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	561
Amortization Expense	2,985
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	110,910
(Increase) Decrease in Prepaid Expenses	(6,052)
Increase (Decrease) in Accounts Payable	(510,125)
Increase (Decrease) in Operating Lease	<u>(2,532)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$ 429,913)</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2022

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2022-2023 Improved	\$ 217,500	\$ 217,500	\$ 114,117	(\$ 103,383)
Total Operating Revenue	\$ 217,500	\$ 217,500	\$ 114,117	(\$ 103,383)
Operating Expenses:				
General Administration:				
Staff and Administration:				
Contract Labor	\$ 47,750	\$ 47,750	\$ 40,005	\$ 7,745
Total Staff and Administration	\$ 47,750	\$ 47,750	\$ 40,005	\$ 7,745
Insurance:				
Travel	\$ 225	\$ 225	\$ -0-	\$ 225
General	642	642	273	369
D&O/Members	1,083	1,083	444	639
Fidelity	367	367	3,927	(3,560)
Total Insurance	\$ 2,317	\$ 2,317	\$ 4,644	(\$ 2,327)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2022

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 2,083	\$ 2,083	\$ -0-	\$ 2,083
Audit Financial	1,667	1,667	-0-	1,667
Compliance Travel	3,750	3,750	-0-	3,750
Sheller/Handler Audits	12,500	12,500	18,900	(6,400)
Printing/Forms/Postage	833	833	-0-	833
Total Compliance	<u>\$ 20,833</u>	<u>\$ 20,833</u>	<u>\$ 18,900</u>	<u>\$ 1,933</u>
Rent:				
Interest Expense	\$ 4,167	\$ 4,167	\$ 552	\$ 3,615
Amortization Expense	-0-	-0-	281	(281)
Total Rent	<u>-0-</u>	<u>-0-</u>	<u>2,985</u>	<u>(2,985)</u>
Total Rent	<u>\$ 4,167</u>	<u>\$ 4,167</u>	<u>\$ 3,818</u>	<u>\$ 349</u>
Accounting/Financials	\$ 6,500	\$ 6,500	\$ 6,000	\$ 500
Telephone/Mobile/Internet	1,667	1,667	1,516	151
Travel Office	4,167	4,167	191	3,976
Travel Committee	8,333	8,333	-0-	8,333
Supplies	833	833	-0-	833
Maintenance/Buildout	1,250	1,250	-0-	1,250
Printing	1,667	1,667	328	1,339
IT/Furniture/Software	2,083	2,083	2,061	22
Subscriptions	1,667	1,667	100	1,567
Depreciation	-0-	-0-	561	(561)
Miscellaneous	417	417	39	378
Total General Administration	<u>\$ 103,651</u>	<u>\$ 103,651</u>	<u>\$ 78,163</u>	<u>\$ 25,488</u>
Contingency Fund	<u>\$ 45,183</u>	<u>\$ 45,183</u>	<u>\$ -0-</u>	<u>\$ 45,183</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2022

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 417	\$ 417	\$ 2,800	(\$ 2,383)
Workshops	417	417	1,617	(1,200)
Total Compliance	<u>\$ 834</u>	<u>\$ 834</u>	<u>\$ 4,417</u>	<u>(\$ 3,583)</u>
Industry Relations Activities:				
Annual Reports	\$ 667	\$ 667	\$ -0-	\$ 667
Communication Materials	4,167	4,167	-0-	4,167
Travel	4,167	4,167	-0-	4,167
Association Sponsorship	5,833	5,833	-0-	5,833
Handler Portal Maintenance	5,833	5,833	-0-	5,833
Meltwater	1,833	1,833	-0-	1,833
Total Industry Relations Activities	<u>\$ 22,500</u>	<u>\$ 22,500</u>	<u>\$ -0-</u>	<u>\$ 22,500</u>
Industry Research:				
NASS	\$ 18,750	\$ 18,750	\$ -0-	\$ 18,750
Research Contingency	8,332	8,332	-0-	8,332
Total Industry Research	<u>\$ 27,082</u>	<u>\$ 27,082</u>	<u>\$ -0-</u>	<u>\$ 27,082</u>
Total Industry Relations	<u>\$ 50,416</u>	<u>\$ 50,416</u>	<u>\$ 4,417</u>	<u>\$ 45,999</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2022

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 7,917	\$ 7,917	\$ -0-	\$ 7,917
International Nut Congress-Nut Health Research	8,333	8,333	-0-	8,333
Travel	6,667	6,667	-0-	6,667
Emerging Market Program Research	25,000	25,000	-0-	25,000
Market Access Program:				
UK/Germany	54,167	54,167	-0-	54,167
China	75,000	75,000	-0-	75,000
Contingency Fund	41,667	41,667	-0-	41,667
Total International Relations	<u>\$ 218,751</u>	<u>\$ 218,751</u>	<u>\$ -0-</u>	<u>\$ 218,751</u>
Marketing:				
APC Travel for Events	\$ 3,333	\$ 3,333	\$ -0-	\$ 3,333
Aspire IQ	29,167	29,167	500	28,667
iHeart Media/Digital Magnet	-0-	-0-	45,000 (45,000)
Eat Well Global	41,667	41,667	6,697	34,970
IRI Reporting	12,500	12,500	-0-	12,500
RFTB Website	2,000	2,000	-0-	2,000
Research - Nut Health	32,083	32,083	-0-	32,083
Total Marketing	<u>\$ 120,750</u>	<u>\$ 120,750</u>	<u>\$ 52,197</u>	<u>\$ 68,553</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2022

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Travel	\$ 2,500	\$ 2,500	\$ -0-	\$ 2,500
Shelf-Life Study:				
Prior Year Carry-over	8,342	8,342	-0-	8,342
Quality Assurance Program	4,167	4,167	5,000	(833)
Total Grades and Standards	\$ 15,009	\$ 15,009	\$ 5,000	\$ 10,009
Total Operating Expenses	\$ 553,760	\$ 553,760	\$ 139,777	\$ 413,983
Operating Income (Loss)	(\$ 336,260)	(\$ 336,260)	(\$ 25,660)	\$ 310,600
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 10,954	\$ 10,954
Past Outstanding	33,334	33,334	-0-	(33,334)
Prior Year Carry-over - 2020 Expense Offset	61,259	61,259	-0-	(61,259)
Reserve	58,333	58,333	-0-	(58,333)
EMP Funding	41,667	41,667	-0-	(41,667)
Marketing Access Program (MAP)	141,667	141,667	-0-	(141,667)
Total Nonoperating Revenue	\$ 336,260	\$ 336,260	\$ 10,954	(\$ 325,306)
Change in Net Position	\$ -0-	\$ -0-	(\$ 14,706)	(\$ 14,706)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended October 31, 2022		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Operating Budget
Operating Revenue:			
2022-2023 Improved	\$ 114,117	\$ 217,500	\$ 2,610,000
Total Operating Revenue	\$ 114,117	\$ 217,500	\$ 2,610,000
Operating Expenses:			
General Administration:			
Staff and Administration:			
Contract Labor	\$ 40,005	\$ 47,750	\$ 573,000
Total Staff and Administration	\$ 40,005	\$ 47,750	\$ 573,000
Insurance:			
Travel	\$ -0-	\$ 225	\$ 2,700
General	273	642	7,700
D&O/Members	444	1,083	13,000
Fidelity	3,927	367	4,400
Total Insurance	\$ 4,644	\$ 2,317	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended October 31, 2022		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Operating Budget
Compliance:			
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ 25,000
Audit Financial	-0-	1,667	20,000
Compliance Travel	-0-	3,750	45,000
Sheller/Handler Audits	18,900	12,500	150,000
Printing/Forms/Postage	-0-	833	10,000
Total Compliance	<u>\$ 18,900</u>	<u>\$ 20,833</u>	<u>\$ 250,000</u>
Rent:	\$ 552	\$ 4,167	\$ 50,000
Interest Expense	281	-0-	-0-
Amortization Expense	2,985	-0-	-0-
Total Rent	<u>\$ 3,818</u>	<u>\$ 4,167</u>	<u>\$ 50,000</u>
Accounting/Financials	\$ 6,000	\$ 6,500	\$ 78,000
Telephone/Mobile/Internet	1,516	1,667	20,000
Travel Office	191	4,167	50,000
Travel Committee	-0-	8,333	100,000
Supplies	-0-	833	10,000
Maintenance/Buildout	-0-	1,250	15,000
Printing	328	1,667	20,000
IT/Furniture/Software	2,061	2,083	25,000
Subscriptions	100	1,667	20,000
Depreciation	561	-0-	-0-
Miscellaneous	39	417	5,000
Total General Administration	<u>\$ 78,163</u>	<u>\$ 103,651</u>	<u>\$ 1,243,800</u>
Contingency Fund	<u>\$ -0-</u>	<u>\$ 45,183</u>	<u>\$ 542,200</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended		Fiscal Year Ended
	Actual	Operating Budget	September 30, 2023 Operating Budget
Industry Relations:			
Compliance:			
Compliance Materials	\$ 2,800	\$ 417	\$ 5,000
Workshops	1,617	417	5,000
Total Compliance	\$ 4,417	\$ 834	\$ 10,000
Industry Relations Activities:			
Annual Reports	\$ -0-	\$ 667	\$ 8,000
Communication Materials	-0-	4,167	50,000
Travel	-0-	4,167	50,000
Association Sponsorship	-0-	5,833	70,000
Handler Portal Maintenance	-0-	5,833	70,000
Meltwater	-0-	1,833	22,000
Total Industry Relations Activities	\$ -0-	\$ 22,500	\$ 270,000
Industry Research:			
NASS	\$ -0-	\$ 18,750	\$ 225,000
Research Contingency	-0-	8,332	100,000
Total Industry Research	\$ -0-	\$ 27,082	\$ 325,000
Total Industry Relations	\$ 4,417	\$ 50,416	\$ 605,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended		Fiscal Year Ended
	Actual	Operating Budget	September 30, 2023
International Relations:			
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 95,000
International Nut Congress-Nut Health Research	-0-	8,333	100,000
Travel	-0-	6,667	80,000
Emerging Market Program Research	-0-	25,000	300,000
Market Access Program:			
UK/Germany	-0-	54,167	650,000
China	-0-	75,000	900,000
Contingency Fund	-0-	41,667	500,000
Total International Relations	\$ -0-	\$ 218,751	\$ 2,625,000
Marketing:			
APC Travel for Events	\$ -0-	\$ 3,333	\$ 40,000
Aspire IQ	500	29,167	350,000
iHeart Media/Digital Magnet	45,000	-0-	-0-
Eat Well Global	6,697	41,667	500,000
IRI Reporting	-0-	12,500	150,000
RFTB Website	-0-	2,000	24,000
Research - Nuth Health	-0-	32,083	385,000
Total Marketing	\$ 52,197	\$ 120,750	\$ 1,449,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2022 and
Year Ended September 30, 2023**

	One Month Ended October 31, 2022		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Operating Budget
Grades and Standards:			
Travel	\$ -0-	\$ 2,500	\$ 30,000
Shelf-Life Study:			
Prior Year Carry-over	-0-	8,342	100,108
Quality Assurance Program	5,000	4,167	50,000
Total Grades and Standards	\$ 5,000	\$ 15,009	\$ 180,108
Total Operating Expenses	\$ 139,777	\$ 553,760	\$ 6,645,108
Operating Income (Loss)	(\$ 25,660)	(\$ 336,260)	(\$ 4,035,108)
Nonoperating Revenues and Expenses:			
Interest Earned	\$ 10,954	\$ -0-	\$ -0-
Past Outstanding	-0-	33,334	400,000
Prior Year Carry-over - 2022 Expense Offset	-0-	61,259	735,108
Other Income:			
Reserve	-0-	58,333	700,000
EMP Funding	-0-	41,667	500,000
Marketing Access Program (MAP)	-0-	141,667	1,700,000
Total Nonoperating Revenue	\$ 10,954	\$ 336,260	\$ 4,035,108
Change in Net Position	(\$ 14,706)	\$ -0-	\$ -0-

See Accountants' Compilation Report.