



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month and Six Months Ended

March 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 March 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 six 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part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.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 six months ended March 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
April 21, 2023

AMERICAN PECAN COUNCIL

Statement of Net Position - Enterprise Fund

As of March 31, 2023

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	3,699,120
Accounts Receivable		566,688
Prepaid Expenses		58,613
Total Current Assets	\$	<u>4,324,421</u>

Noncurrent Assets:

Depreciable Capital Assets	\$	164,046
Accumulated Depreciation/Amortization	(<u>71,197)</u>
Total Noncurrent Assets	\$	<u>92,849</u>

Other Assets:

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

TOTAL ASSETS

\$ 4,423,145

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	123,574
Current Portion of Long-term Liability		<u>31,999</u>
Total Current Liabilities	\$	<u>155,573</u>

Long-term Liabilities

Operating Lease	\$	<u>45,377</u>
Total Long-term Liabilities	\$	<u>45,377</u>
Total Liabilities	\$	<u>200,950</u>

Net Position:

Net Investment in Capital Assets	\$	92,849
Unrestricted		<u>4,129,346</u>
Total Net Position	\$	<u>4,222,195</u>

TOTAL LIABILITIES AND NET POSITION

\$ 4,423,145

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

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

For the One Month and Six Months Ended March 31, 2023

	<u>One Month</u>	<u>Six Months</u>
Operating Revenues:		
Assessment Income	\$ 289,912	\$ 1,941,083
	<u>\$ 289,912</u>	<u>\$ 1,941,083</u>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 58,005	\$ 258,030
Insurance	717	9,434
Compliance	306	19,608
Other General Administrative	30,855	116,454
Industry Relations:		
Industry Relations Activities	27,191	88,252
Industry Research	-0-	245,000
International Relations	-0-	225,794
Marketing	3,713	279,925
Grades and Standards	-0-	20,000
	<u>\$ 120,787</u>	<u>\$ 1,262,497</u>
Operating Income (Loss)	<u>\$ 169,125</u>	<u>\$ 678,586</u>
Nonoperating Revenues (Expenses):		
Interest Earned	\$ -0-	\$ 29,675
	<u>\$ -0-</u>	<u>\$ 29,675</u>
Change in Net Position	<u>\$ 169,125</u>	<u>\$ 708,261</u>
Net Position, Beginning as Previously Stated	\$ 4,104,286	\$ 3,513,894
Prior Period Adjustment	<u>(51,216)</u>	<u>40</u>
Net Position, Beginning as Restated	<u>\$ 4,053,070</u>	<u>\$ 3,513,934</u>
Net Position, Ending	<u><u>\$ 4,222,195</u></u>	<u><u>\$ 4,222,195</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows - Enterprise Fund

For the One Month and Six Months Ended March 31, 2023

	<u>One Month</u>	<u>Six Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 512,355	\$ 1,688,107
Cash Paid for Salaries and Benefits	(58,005)	(258,030)
Cash Paid for Operating Expenses	(124,446)	(1,632,870)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 329,904	(\$ 202,793)
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ -0-	\$ 29,675
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ -0-	\$ 29,675
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ 329,904	(\$ 173,118)
Cash, Beginning of Period	<hr/>	<hr/>
	3,369,216	3,872,238
Cash, End of Period	<hr/>	<hr/>
	\$ 3,699,120	\$ 3,699,120
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 169,125	\$ 678,586
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	349	2,415
Amortization Expense	2,985	17,909
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	222,443	(252,976)
(Increase) Decrease in Prepaid Expenses	4,456	9,207
Increase (Decrease) in Accounts Payable	(66,881)	(642,626)
Increase (Decrease) in Operating Lease	(2,573)	(15,308)
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Net Cash Provided (Used) by Operating Activities	\$ 329,904	(\$ 202,793)
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2023

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2022-2023 Improved	\$ 1,305,000	\$ 1,305,000	\$ 1,941,083	\$ 636,083
Total Operating Revenue	\$ 1,305,000	\$ 1,305,000	\$ 1,941,083	\$ 636,083
Operating Expenses:				
General Administration:				
Staff and Administration:				
Contract Labor	\$ 286,500	\$ 286,500	\$ 258,030	\$ 28,470
Total Staff and Administration	\$ 286,500	\$ 286,500	\$ 258,030	\$ 28,470
Insurance:				
Travel	\$ 1,350	\$ 1,350	\$ -0-	\$ 1,350
General	3,852	3,852	2,846	1,006
D&O/Members	6,498	6,498	2,661	3,837
Fidelity	2,202	2,202	3,927	(1,725)
Total Insurance	\$ 13,902	\$ 13,902	\$ 9,434	\$ 4,468

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 12,498	\$ 12,498	\$ -0-	\$ 12,498
Audit Financial	10,002	10,002	-0-	10,002
Compliance Travel	22,500	22,500	-0-	22,500
Sheller/Handler Audits	75,000	75,000	18,900	56,100
Printing/Forms/Postage	4,998	4,998	708	4,290
Total Compliance	<u>\$ 124,998</u>	<u>\$ 124,998</u>	<u>\$ 19,608</u>	<u>\$ 105,390</u>
Rent:				
Interest Expense	\$ 25,002	\$ 25,002	\$ 3,577	\$ 21,425
Amortization Expense	-0-	-0-	1,566	(1,566)
Total Rent	<u>-0-</u>	<u>-0-</u>	<u>17,909</u>	<u>(17,909)</u>
Accounting/Financials	<u>\$ 39,000</u>	<u>\$ 39,000</u>	<u>\$ 40,708</u>	<u>(\$ 1,708)</u>
Telephone/Mobile/Internet	10,002	10,002	8,745	1,257
Travel Office	25,002	25,002	1,744	23,258
Travel Committee	49,998	49,998	7,877	42,121
Supplies	4,998	4,998	1,717	3,281
Maintenance/Buildout	7,500	7,500	-0-	7,500
Printing	10,002	10,002	2,506	7,496
IT/Furniture/Software	12,498	12,498	18,447	(5,949)
Subscriptions	10,002	10,002	6,256	3,746
Depreciation	-0-	-0-	2,415	(2,415)
Miscellaneous	2,502	2,502	2,987	(485)
Total General Administration	<u>\$ 621,906</u>	<u>\$ 621,906</u>	<u>\$ 403,526</u>	<u>\$ 218,380</u>
Contingency Fund	<u>\$ 271,098</u>	<u>\$ 271,098</u>	<u>\$ -0-</u>	<u>\$ 271,098</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 2,502	\$ 2,502	\$ -0-	\$ 2,502
Workshops	2,502	2,502	-0-	2,502
Total Compliance	<u>\$ 5,004</u>	<u>\$ 5,004</u>	<u>\$ -0-</u>	<u>\$ 5,004</u>
Industry Relations Activities:				
Annual Reports	\$ 4,002	\$ 4,002	\$ -0-	\$ 4,002
Communication Materials	25,002	25,002	26,348	(1,346)
Travel	25,002	25,002	47,406	(22,404)
Association Sponsorship	34,998	34,998	4,797	30,201
Handler Portal Maintenance	34,998	34,998	-0-	34,998
Meltwater	10,998	10,998	9,701	1,297
Total Industry Relations Activities	<u>\$ 135,000</u>	<u>\$ 135,000</u>	<u>\$ 88,252</u>	<u>\$ 46,748</u>
Industry Research:				
NASS	\$ 112,500	\$ 112,500	\$ 225,000	(\$ 112,500)
Research Contingency	49,992	49,992	20,000	29,992
Total Industry Research	<u>\$ 162,492</u>	<u>\$ 162,492</u>	<u>\$ 245,000</u>	<u>(\$ 82,508)</u>
Total Industry Relations	<u>\$ 302,496</u>	<u>\$ 302,496</u>	<u>\$ 333,252</u>	<u>(\$ 30,756)</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 47,502	\$ 47,502	\$ 95,000	(\$ 47,498)
International Nut Congress-Nut Health Research	49,998	49,998	-0-	49,998
Travel	40,002	40,002	5,794	34,208
Emerging Market Program Research	150,000	150,000	-0-	150,000
Market Access Program:				
UK/Germany	325,002	325,002	125,000	200,002
China	450,000	450,000	-0-	450,000
Contingency Fund	250,002	250,002	-0-	250,002
Total International Relations	<u>\$ 1,312,506</u>	<u>\$ 1,312,506</u>	<u>\$ 225,794</u>	<u>\$ 1,086,712</u>
Marketing:				
APC Travel for Events	\$ 19,998	\$ 19,998	\$ -0-	\$ 19,998
Aspire IQ	175,002	175,002	69,427	105,575
iHeart Media/Digital Magnet	-0-	-0-	45,000	(45,000)
Eat Well Global	250,002	250,002	165,498	84,504
IRI Reporting	75,000	75,000	-0-	75,000
RFTB Website	12,000	12,000	-0-	12,000
Research - Nut Health	192,498	192,498	-0-	192,498
Total Marketing	<u>\$ 724,500</u>	<u>\$ 724,500</u>	<u>\$ 279,925</u>	<u>\$ 444,575</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2023

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Travel	\$ 15,000	\$ 15,000	\$ -0-	\$ 15,000
Shelf-Life Study:				
Prior Year Carry-over	50,052	50,052	-0-	50,052
Quality Assurance Program	25,002	25,002	20,000	5,002
Total Grades and Standards	\$ 90,054	\$ 90,054	\$ 20,000	\$ 70,054
Total Operating Expenses	\$ 3,322,560	\$ 3,322,560	\$ 1,262,497	\$ 2,060,063
Operating Income (Loss)	(\$ 2,017,560)	(\$ 2,017,560)	\$ 678,586	\$ 2,696,146
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 29,675	\$ 29,675
Past Outstanding	200,004	200,004	-0-	(200,004)
Prior Year Carry-over - 2020 Expense Offset	367,554	367,554	-0-	(367,554)
Reserve	349,998	349,998	-0-	(349,998)
EMP Funding	250,002	250,002	-0-	(250,002)
Marketing Access Program (MAP)	850,002	850,002	-0-	(850,002)
Total Nonoperating Revenue	\$ 2,017,560	\$ 2,017,560	\$ 29,675	(\$ 1,987,885)
Change in Net Position	\$ -0-	\$ -0-	\$ 708,261	\$ 708,261

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2023 and
Year Ended September 30, 2023**

	One Month Ended March 31, 2023		Six Month Ended March 31, 2023		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2022-2023 Improved	\$ 289,912	\$ 217,500	\$ 1,941,083	\$ 1,305,000	\$ 2,610,000
Total Operating Revenue	\$ 289,912	\$ 217,500	\$ 1,941,083	\$ 1,305,000	\$ 2,610,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Contract Labor	\$ 58,005	\$ 47,750	\$ 258,030	\$ 286,500	\$ 573,000
Total Staff and Administration	\$ 58,005	\$ 47,750	\$ 258,030	\$ 286,500	\$ 573,000
Insurance:					
Travel	\$ -0-	\$ 225	\$ -0-	\$ 1,350	\$ 2,700
General	273	642	2,846	3,852	7,700
D&O/Members	444	1,083	2,661	6,498	13,000
Fidelity	-0-	367	3,927	2,202	4,400
Total Insurance	\$ 717	\$ 2,317	\$ 9,434	\$ 13,902	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2023 and
Year Ended September 30, 2023**

	One Month Ended March 31, 2023		Six Month Ended March 31, 2023		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 12,498	\$ 25,000
Audit Financial	-0-	1,667	-0-	10,002	20,000
Compliance Travel	-0-	3,750	-0-	22,500	45,000
Sheller/Handler Audits	-0-	12,500	18,900	75,000	150,000
Printing/Forms/Postage	306	833	708	4,998	10,000
Total Compliance	\$ 306	\$ 20,833	\$ 19,608	\$ 124,998	\$ 250,000
Rent:	\$ 830	\$ 4,167	\$ 3,577	\$ 25,002	\$ 50,000
Interest Expense	241	-0-	1,566	-0-	-0-
Amortization Expense	2,985	-0-	17,909	-0-	-0-
Total Rent	\$ 4,056	\$ 4,167	\$ 23,052	\$ 25,002	\$ 50,000
Accounting/Financials	\$ 7,000	\$ 6,500	\$ 40,708	\$ 39,000	\$ 78,000
Telephone/Mobile/Internet	2,029	1,667	8,745	10,002	20,000
Travel Office	-0-	4,167	1,744	25,002	50,000
Travel Committee	6,648	8,333	7,877	49,998	100,000
Supplies	408	833	1,717	4,998	10,000
Maintenance/Buildout	-0-	1,250	-0-	7,500	15,000
Printing	539	1,667	2,506	10,002	20,000
IT/Furniture/Software	8,395	2,083	18,447	12,498	25,000
Subscriptions	1,140	1,667	6,256	10,002	20,000
Depreciation	349	-0-	2,415	-0-	-0-
Miscellaneous	290	417	2,987	2,502	5,000
Total General Administration	\$ 89,883	\$ 103,651	\$ 403,526	\$ 621,906	\$ 1,243,800
Contingency Fund	\$ -0-	\$ 45,183	\$ -0-	\$ 271,098	\$ 542,200

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2023 and
Year Ended September 30, 2023**

	One Month Ended March 31, 2023		Six Month Ended March 31, 2023		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 2,502	\$ 5,000
Workshops	-0-	417	-0-	2,502	5,000
Total Compliance	\$ -0-	\$ 834	\$ -0-	\$ 5,004	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 4,002	\$ 8,000
Communication Materials	5,800	4,167	26,348	25,002	50,000
Travel	19,774	4,167	47,406	25,002	50,000
Association Sponsorship	-0-	5,833	4,797	34,998	70,000
Handler Portal Maintenance	-0-	5,833	-0-	34,998	70,000
Meltwater	1,617	1,833	9,701	10,998	22,000
Total Industry Relations Activities	\$ 27,191	\$ 22,500	\$ 88,252	\$ 135,000	\$ 270,000
Industry Research:					
NASS	\$ -0-	\$ 18,750	\$ 225,000	\$ 112,500	\$ 225,000
Research Contingency	-0-	8,332	20,000	49,992	100,000
Total Industry Research	\$ -0-	\$ 27,082	\$ 245,000	\$ 162,492	\$ 325,000
Total Industry Relations	\$ 27,191	\$ 50,416	\$ 333,252	\$ 302,496	\$ 605,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2023 and
Year Ended September 30, 2023**

	One Month Ended March 31, 2023		Six Month Ended March 31, 2023		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 95,000	\$ 47,502	\$ 95,000
International Nut Congress-Nut Health Research	-0-	8,333	-0-	49,998	100,000
Travel	-0-	6,667	5,794	40,002	80,000
Emerging Market Program Research	-0-	25,000	-0-	150,000	300,000
Market Access Program:					
UK/Germany	-0-	54,167	125,000	325,002	650,000
China	-0-	75,000	-0-	450,000	900,000
Contingency Fund	-0-	41,667	-0-	250,002	500,000
Total International Relations	\$ -0-	\$ 218,751	\$ 225,794	\$ 1,312,506	\$ 2,625,000
Marketing:					
APC Travel for Events	\$ -0-	\$ 3,333	\$ -0-	\$ 19,998	\$ 40,000
Aspire IQ	3,713	29,167	69,427	175,002	350,000
iHeart Media/Digital Magnet	-0-	-0-	45,000	-0-	-0-
Eat Well Global	-0-	41,667	165,498	250,002	500,000
IRI Reporting	-0-	12,500	-0-	75,000	150,000
RFTB Website	-0-	2,000	-0-	12,000	24,000
Research - Nuth Health	-0-	32,083	-0-	192,498	385,000
Total Marketing	\$ 3,713	\$ 120,750	\$ 279,925	\$ 724,500	\$ 1,449,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2023 and
Year Ended September 30, 2023**

	One Month Ended March 31, 2023		Six Month Ended March 31, 2023		Fiscal Year Ended September 30, 2023
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Grades and Standards:					
Travel	\$ -0-	\$ 2,500	\$ -0-	\$ 15,000	\$ 30,000
Shelf-Life Study:					
Prior Year Carry-over	-0-	8,342	-0-	50,052	100,108
Quality Assurance Program	-0-	4,167	20,000	25,002	50,000
Total Grades and Standards	\$ -0-	\$ 15,009	\$ 20,000	\$ 90,054	\$ 180,108
Total Operating Expenses	\$ 120,788	\$ 553,760	\$ 1,262,497	\$ 3,322,560	\$ 6,645,108
Operating Income (Loss)	\$ 169,124	(\$ 336,260)	\$ 678,586	(\$ 2,017,560)	(\$ 4,035,108)
Nonoperating Revenues and Expenses:					
Interest Earned	\$ -0-	\$ -0-	\$ 29,675	\$ -0-	\$ -0-
Past Outstanding	-0-	33,334	-0-	200,004	400,000
Prior Year Carry-over - 2022 Expense Offset	-0-	61,259	-0-	367,554	735,108
Other Income:					
Reserve	-0-	58,333	-0-	349,998	700,000
EMP Funding	-0-	41,667	-0-	250,002	500,000
Marketing Access Program (MAP)	-0-	141,667	-0-	850,002	1,700,000
Total Nonoperating Revenue	\$ -0-	\$ 336,260	\$ 29,675	\$ 2,017,560	\$ 4,035,108
Change in Net Position	\$ 169,124	\$ -0-	\$ 708,261	\$ -0-	\$ -0-

See Accountants' Compilation Report.