

AMERICAN PECAN COUNCIL

**Financial Statements and
Supplemental Information**

**Year Ended
September 30, 2024**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 7
BASIC FINANCIAL STATEMENTS	
Statement of net position – enterprise fund	8
Statement of revenues, expenses, and changes in net position – enterprise fund	9
Statement of cash flows – enterprise fund	10
Notes to the basic financial statements	11 - 16
SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule – enterprise fund	17
Independent auditor's report on internal control over financial reporting and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	18- 19
Schedule of findings	20



INDEPENDENT AUDITOR'S REPORT

Partners

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To the Members of
American Pecan Council
Fort Worth, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the enterprise fund of the American Pecan Council (the "Council") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the enterprise fund of the Council, as of September 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The budgetary comparison schedule for the enterprise fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budgetary comparison schedule for the enterprise fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2025, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Council's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 27, 2025

Management's Discussion and Analysis

As management of the American Pecan Council (the Council), we offer readers this narrative overview and analysis of the financial activities of the Council for the year ended September 30, 2024. The Management's Discussion and Analysis should be read in conjunction with the accompanying basic financial statements and the accompanying notes to those financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of four components: 1) Statement of net position – enterprise fund, 2) Statement of revenues, expenses, and changes in net position – enterprise fund, 3) Statement of cash flows – enterprise fund, and 4) Notes to the basic financial statements.

Financial Analysis of the Council's Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Council has one proprietary fund, an enterprise fund.

Proprietary Fund

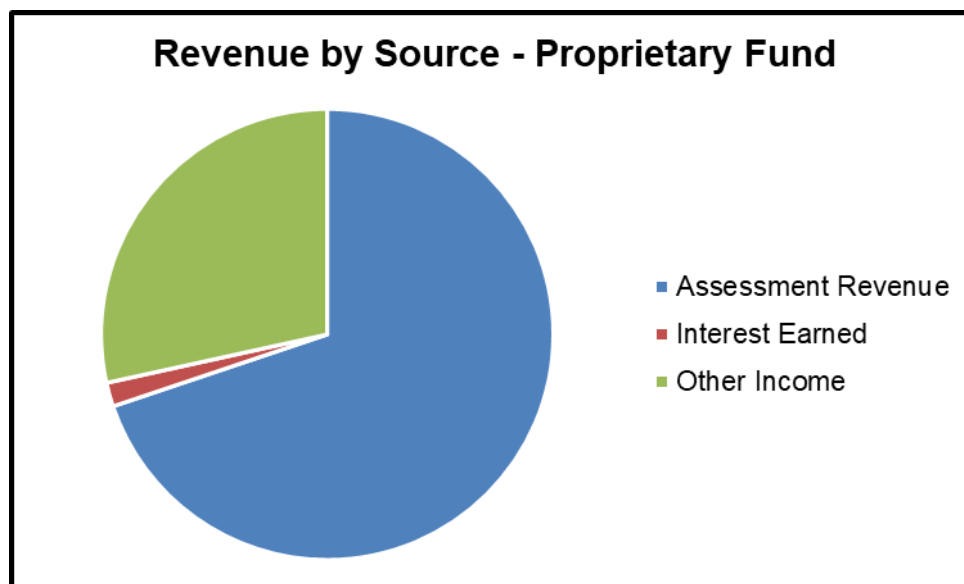
The Council's proprietary fund, specifically an enterprise fund, reported unrestricted net position of \$3,392,897, an increase of \$261,356 or 8.35% in comparison with the prior year. The net increase is due to the Council's increase in assessment income due to increased activity from handlers.

	2024	2023
ASSETS:		
Current and Other Assets	\$ 4,643,661	3,922,688
Noncurrent Assets	42,177	83,451
Total Assets	<u>\$ 4,685,838</u>	<u>\$ 4,006,139</u>
LIABILITIES:		
Current Liabilities	\$ 1,292,941	\$ 842,617
Long-term Liabilities	-	31,981
Total Liabilities	<u>\$ 1,292,941</u>	<u>\$ 874,598</u>
NET POSITION:		
Total Net Position	<u>\$ 3,392,897</u>	<u>\$ 3,131,541</u>
Total Liabilities and Net Position	<u>\$ 4,685,838</u>	<u>\$ 4,006,139</u>

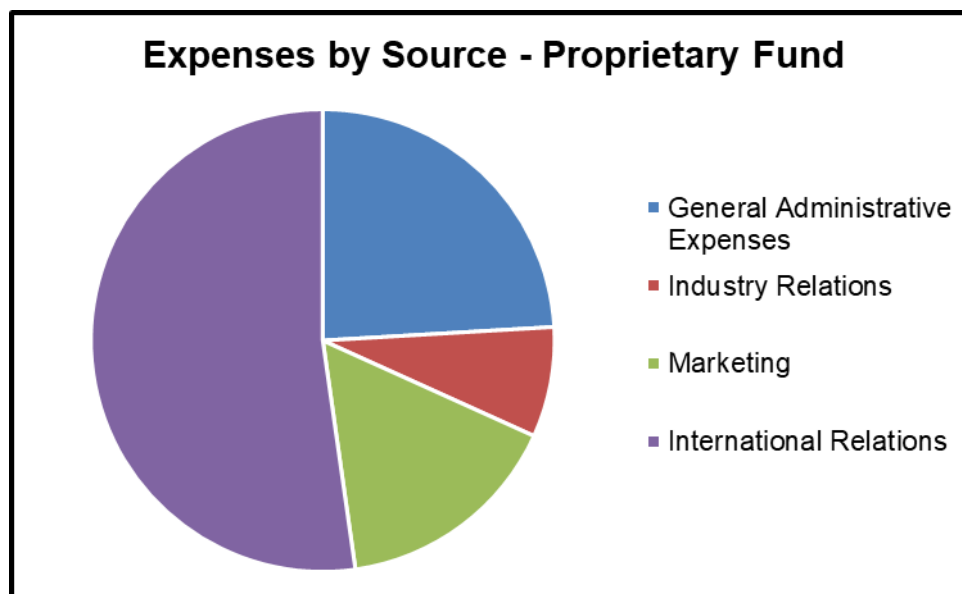
The Council's total net position increased by \$261,356 for the fiscal year ended September 30, 2024. The current year increase in net position is due to the delayed transition of expenses from the American Pecan Council to the American Pecan Promotion Board.

	2024	2023
REVENUE:		
Operating Revenue	\$ 2,817,076	\$ 2,843,920
Nonoperating Revenue	1,217,020	736,885
Total Revenue	<u>\$ 4,034,096</u>	<u>\$ 3,580,805</u>
EXPENSES:		
Operating Expenses	\$ 3,772,740	\$ 3,812,309
Total Expenses	<u>\$ 3,772,740</u>	<u>\$ 3,812,309</u>
Change in Net Position	\$ 261,356	\$ (231,504)
Net Position, Beginning	3,131,541	3,363,045
Net Position, Ending	<u>\$ 3,392,897</u>	<u>\$ 3,131,541</u>

Revenues for the Council are categorized in the chart below. Of the Council's \$4,034,096 total revenue, \$2,817,076 or 69.83% represents assessment revenue, and \$1,217,020 or 30.17% represents interest revenue and Unified Export Strategy program funding.



Expenses for the Council are categorized in the following chart. Of the Council's \$3,772,740 total operating expenses, \$488,861 or 12.96% relates to general administrative expenses, \$159,044 or 4.21% relates to compliance, \$256,041 or 6.79% relates to other general and administrative expenses, \$291,098 or 7.72% relates to industry relations, \$603,731 or 16.00% relates to marketing, and \$1,973,965 or 52.32% relates to international relations.



The Council has total assets of \$4,685,838 which includes net capital assets of \$36,302. This is an increase in total assets of \$679,699. The total change is the net effect of a \$758,197 increase in cash, \$29,476 increase in accounts receivable, \$60,825 decrease in prepaid expense, and \$47,149 decrease in capital assets.

Capital Assets

As of the year ended September 30, 2024, the Council had \$36,302 (net of accumulated depreciation and amortization) invested in a broad range of capital assets, including equipment, furniture and fixtures, lease improvements, and right of use assets. The increase in depreciation contributes to the decrease in net capital assets of \$47,149.

	Enterprise Activities	
	2024	2023
Equipment	\$ 16,571	\$ 16,571
Furniture and Fixtures	19,126	19,126
Right of Use Assets	150,211	150,211
Less: Accumulated Depreciation and Amortization	(149,606)	(102,457)
Net Capital Asset	<u>\$ 36,302</u>	<u>\$ 83,451</u>

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes to the basic financial statements, this report also presents certain supplementary information concerning the original and amended budgetary schedules.

Budget

The Council's members approved the fiscal 2024 budget on June 26, 2023. Operating revenues were budgeted equally to expenditures budgeted. Additionally, the Council's operating expenses were \$2,072,368 less than budgeted.

Future Economic Factors and Next Year's Budget

The Council has approved Enterprise Fund budgets in the amount of \$2,580,000 for assessment revenues and \$4,558,333 for operating expenses for the year ending September 30, 2025. Revenue from assessments, along with MAP funds, EMP funds, RAPP funds, interest income, and funds from the Council's authorized reserve, should allow the Council to meet its expenses.

REQUEST FOR INFORMATION

The financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: American Pecan Council, 3880 Hulen Street, Suite 650, Fort Worth, Texas 76107 or info@americanpecan.com.

American Pecan Council

STATEMENT OF NET POSITION - ENTERPRISE FUND

September 30, 2024

ASSETS

Current assets	
Cash and cash equivalents	\$ 4,102,079
Accounts receivable, net allowance for doubtful accounts	493,901
Prepaid expenses	47,681
Total current assets	<u>4,643,661</u>
Noncurrent assets	
Capital assets	185,908
Accumulated depreciation and amortization	(149,606)
Total noncurrent assets	<u>36,302</u>
Other assets	
Security deposit	5,875
Total other assets	<u>5,875</u>
Total assets	<u>\$ 4,685,838</u>

LIABILITIES AND NET POSITION

Current liabilities	
Accounts payable	\$ 1,219,687
Lease obligations payable	28,720
Deferred revenue	44,534
Total liabilities	<u>1,292,941</u>
Net position	
Net investment in capital assets	7,582
Unrestricted	3,385,315
Total net position	<u>3,392,897</u>
Total liabilities and net assets	<u>\$ 4,685,838</u>

The accompanying notes are integral part of this statement.

American Pecan Council

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - ENTERPRISE FUND

For the Year Ended September 30, 2024

OPERATING REVENUES

Assessments income	\$ 2,817,076
Total operating revenue	<u>2,817,076</u>

OPERATING EXPENSES

General and administrative	
Staff and administrative	474,584
Insurance	14,277
Compliance	159,044
Other general administrative	256,041
Industry relations	
Industry relations activities	50,098
Industry research	241,000
International relations	1,973,965
Marketing	603,731
Total operating expenses	<u>3,772,740</u>

OPERATING LOSS	(955,664)
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NONOPERATING REVENUES (EXPENSES)

Interest earned	69,325
Other income	
Miscellaneous income	52,500
Marketing Access Program	670,195
EMP funding	<u>425,000</u>

Total nonoperating revenues	<u>1,217,020</u>
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Change in net position	261,356
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Net position, beginning	<u>3,131,541</u>
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Net position, ending	<u><u>\$ 3,392,897</u></u>
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The accompanying notes are integral part of this statement.

American Pecan Council

STATEMENT OF CASH FLOWS - ENTERPRISE FUND

For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from assessments	\$ 2,831,134
Cash paid for operating expenses	<u>(3,250,742)</u>
Net cash used by operating activities	<u>(419,608)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash paid for lease liability - principal portion	<u>(39,215)</u>
Net cash used by capital and related financing activities	<u>(39,215)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Cash received for Marketing Access Program	670,195
Cash received for EMP funding	425,000
Cash received from refunds	<u>52,500</u>
Net cash provided by capital and related financing activities	<u>1,147,695</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Cash received from interest earned	<u>69,325</u>
Net cash provided by investing activities	<u>69,325</u>

Increase in cash	758,197
Cash, beginning of period	<u>3,343,882</u>
Cash, end of period	<u><u>4,102,079</u></u>

Reconciliation of Operating Loss to Net Cash

Used by Operating Activities:

Operating loss	(955,664)
Adjustments to reconcile operating loss to	
Net cash used by operating activities	
Bad debt expense	(6,318)
Depreciation expense	3,860
Amortization expense	43,289
Changes in assets and liabilities	
Increase in accounts receivable	(24,158)
Decrease in prepaid expenses	60,825
Increase in accounts payable	414,024
Increase in deferred revenue	<u>44,534</u>

Net cash used by operating activities	<u><u>\$ (419,608)</u></u>
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The accompanying notes are integral part of this statement.

American Pecan Council
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2024

Note 1 – Organization and Nature of Activities

American Pecan Council (the “Council”) is a federal marketing order created, organized, and exists under and pursuant to Title 7 Part 986 of the Code of Federal Regulations. The Council was established on December 19, 2016. Its purpose is to promote marketing, distribution, and consumption of pecans including product development, nutritional research, and container development. The marketing order authorizes data collection; research and promotion activities; and regulation of grade, size, quality, pack and containers for pecans. The Council is comprised of six sheller members, nine producer members representing three Councils, an accumulator member, and a public member. Each member will have one alternate. Initial members and alternates will be nominated to four-year terms. The Council assists the Secretary of Agriculture with the operations of the program: quality regulations, research and promotion, pack and container requirements, and data collection.

As of September 30, 2024, the Council’s revenue was derived primarily from assessments submitted by pecan handlers. The assessment is based on the type of pecan and the number of pounds sold.

The Council is a single program government engaged in only business-type activities.

Note 2 – Summary of Significant Accounting Policies

a. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Council’s basic financial statements are presented on the full accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

The activities of the Council are accounted for within a single proprietary fund type, specifically an enterprise fund. The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the expenses, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The accounting and financial reporting used by the Council is determined by its measurement focus. The transactions of the Council are accounted for on a flow of economic resources measurement focus and utilize the accrual method of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the period in which they are incurred and become measurable.

The operating revenue in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

American Pecan Council
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

b. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

c. Budgetary Data

The Council adopted its final budget on July 25, 2023 for the October 1, 2023 to September 30, 2024 fiscal year. The budget is adopted on the accrual basis of accounting and is adopted by the Council's members for the purpose of management control.

d. Cash and Cash Equivalents

The Council considers cash and cash equivalents to include all monies in banks and all highly liquid debt instruments purchased with an original maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

e. Receivables, Deferred Revenue, and Payables

Accounts receivables are stated at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of September 30, 2024, an amount of \$12,243 was deemed to be uncollectible. Deferred revenue represents payments received by handlers in excess of assessments owed which will be applied to future assessments.

The Council believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

f. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

g. Capital Assets

Capital assets are reported in the Enterprise Fund financial statements. Such assets are stated at cost if purchased or constructed. Assets acquired by gift or bequest are recorded at their acquisition value at the date of transfer. The Council's policy is to capitalize and depreciate all capital assets with an initial, individual cost of \$500 or more and an estimated life in excess of one year.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

American Pecan Council
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2024

Note 2 – Summary of Significant Accounting Policies (continued)

g. Capital Assets (continued)

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the Statement of Net Position. Depreciation has been provided over the useful lives using the straight-line method of depreciation. The useful lives by type of asset are as follows:

Equipment	5 years
Furniture and Fixtures	5 years
Leasehold Improvements	5 years

h. Leases

The council is a party as lessee for a non-cancellable long-term building lease. The corresponding lease obligation payable is recorded in an amount equal to the present value of the expected future minimum lease payments paid, discounted by an applicable interest rate.

i. Subscription Based Information Technology Arrangement

The Council is a party to an information technology software contract in which they control the right to use the software. The software contract obligations payable is recorded in an amount equal to the present value of the expected future minimum payments paid, discounted by an applicable interest rate.

The Council generally uses an estimate based on the historical treasury rate as the discount rate for leases unless the rate that the vendor charges is known.

Note 2 – Deposits

The Council maintains interest-bearing cash accounts at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Deposits as of September 30, 2024 were fully secured by FDIC and securities pledged in the name of the Council.

Note 3 – Net Position

In the Statement of Net Position, equity is classified as Net Position and displayed in three components:

- Net Investment in Capital Assets - consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets. At September 30, 2024, the Council had lease obligations payable of \$28,720.

American Pecan Council
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2024

Note 3 – Net Position (continued)

- Restricted Net Position - consists of net position with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. As of September 30, 2024, the Council did not have any restricted net position.
- Unrestricted Net Position - remaining net position that does not meet the definition of "Restricted" or "Net Investment in Capital Assets."

Note 4 – Net Position Flow Assumption

Sometimes the government will fund expenses for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Council's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 5 – Net Capital Assets

Current year changes in net capital assets are summarized below.

	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	\$ 16,571	\$ -	\$ -	\$ 16,571
Furniture and Fixtures	19,126	-	-	19,126
Right of Use Asset	150,211	-	-	150,211
Less: Accumulated Depreciation/ Amortization	(102,457)	(47,149)	-	(149,606)
Net Capital Assets	<u>\$ 83,451</u>	<u>\$ (47,149)</u>	<u>\$ -</u>	<u>\$ 36,302</u>

Note 6 – Long-term Liabilities

The Council, as a lessee, has entered into a lease agreement for the property located at 3880 Hulen Street, Suite 650. The facility is shared with the American Pecan Promotion Board with the agreement to split 50% of the cost starting June 30, 2022. Total annual installments are \$33,875. An implied interest rate was used in lieu of a stated in rate in the agreement. The installments increase annually in August of each year and end July 31, 2025. Total Lease Obligations as of September 30, 2024 was \$28,720.

American Pecan Council
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2024

Note 6 – Long-term Liabilities (continued)

Future minimum lease payments to be received are as follows:

For the Year Ended September 30, 2024	Principal	Interest	Total Payments
2025	\$ 28,720	\$ 405	\$ 29,125
	<u>\$ 28,720</u>	<u>\$ 405</u>	<u>\$ 29,125</u>

Subscription Based Information Technology Arrangement (SBITA): The three year contract with Egnyte had a starting date of March 24, 2022. Total annual installments were \$7,598. An implied interest rate was used in lieu of a stated in rate in the agreement. There were no SBITA obligations as of September 30, 2024.

Note 7 – Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Operating Lease	\$ 61,652	\$ -	\$ (32,932)	\$ 28,720	\$ 28,720
SBITA	7,283	-	(7,283)	-	-
Operating Lease	<u>\$ 68,935</u>	<u>\$ -</u>	<u>\$ (40,215)</u>	<u>\$ 28,720</u>	<u>\$ 28,720</u>

Note 8 – Related Party Transactions

Certain council members contributed to assessment revenue of \$1,687,304, of which \$96,468 is receivable, as of September 30, 2024.

Note 9 – New Pronouncements

GASB issued Statement No. 100, Accounting Changes and Error Corrections. Statement 100 was issued in June 2022 and is an amendment of GASB Statement No. 62. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Statement 100 was adopted in fiscal 2024 but did not have any material impact on the Council's financial statements.

American Pecan Council
NOTES TO THE BASIC FINANCIAL STATEMENTS
September 30, 2024

Note 9 – New Pronouncements (continued)

GASB issued Statement No. 101, Compensated Absences, in June 2022. Statement 101 increases the usefulness of governments' financial statements by requiring recognition of liabilities for compensated absences that previously were not recognized as an obligation of the government. The provisions in GASB 101 were early implemented in the year ended September 30, 2024. The implementation had no material impact on the Council's financial statements.

SUPPLEMENTARY INFORMATION

American Pecan Council

BUDGETARY COMPARISON SCHEDULE - ENTERPRISE FUND

For the Year Ended September 30, 2024

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Amended		
OPERATING REVENUE				
2023-2024 Improved	\$ 2,610,000	\$ 2,610,000	\$ 2,817,076	\$ 207,076
Total revenues	2,610,000	2,610,000	2,817,076	207,076
OPERATING EXPENSES				
General administration:				
Administration	573,000	573,000	474,584	98,416
Compliance	250,000	250,000	159,044	90,956
Other general administration	420,800	420,800	270,318	150,482
Total staff and administration	1,243,800	1,243,800	903,946	150,482
Contingency fund	477,308	477,308	-	477,308
Industry relations	505,000	505,000	291,098	213,902
International relations	2,625,000	2,625,000	1,973,965	651,035
Marketing:	529,000	529,000	256,443	272,557
Prior year carry-over - Health Research	385,000	385,000	347,288	37,712
Total marketing	914,000	914,000	603,731	310,269
Grades and standards	80,000	80,000	-	80,000
Total Operating Expenses	5,845,108	5,845,108	3,772,740	2,072,368
Operating income (loss)	(3,235,108)	(3,235,108)	(955,664)	2,279,444
Nonoperating Revenues and Expenses:				
Interest Earned	-	-	69,325	69,325
Past Outstanding	400,000	400,000	-	(400,000)
Prior Year Carry-over - 2023 Expense Offset	635,108	635,108	-	(635,108)
Other Income				
Miscellaneous income	-	-	52,500	52,500
Emerging Market Program Funding (EMP)	500,000	500,000	425,000	(75,000)
Marketing Access Program (MAP)	1,700,000	1,700,000	670,195	(1,029,805)
Total Nonoperating Revenue	3,235,108	3,235,108	1,217,020	(2,018,088)
Change in Net Position	\$ -	\$ -	\$ 261,356	\$ 261,356

See independent auditor's report.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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To the Members of
American Pecan Council
Forth Worth, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the American Pecan Council (the "Council"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise Council's basic financial statements and have issued our report thereon dated February 27, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Krusick & Associates, LLC

Winter Park, Florida
February 27, 2025

American Pecan Council
SCHEDULE OF FINDINGS
September 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

- | | |
|---|---------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to financial statements noted? | No |

Section II – Financial Statement Findings

No matters are reportable.

Section III – Status of Prior Year Audit Findings

Finding 2023-001: Material Audit Adjustments (Material Weakness)

Criteria: Management of the Council is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Condition: After the completion of the audit for the year ended September 30, 2022, a vendor submitted a bill in fiscal year 2023 for the 2022 fiscal year. It was determined that, as an individual transaction, the effect on net position was minimal and a decision was made to leave the transaction in the 2023 fiscal year. As a result, the September 30, 2023 expenditures were overstated, and current year beginning net position was overstated. During the course of the audit, a proposed audit adjustment was made to correct the Council recorded expenditures and net position for the amount of \$107,325.

Throughout the fiscal year 2023, the Council received from handlers multiple amended assessments for the prior year. As a result, the beginning net position was adjusted in the amount of \$43,524. The books are adjusted throughout the year as the amendments are received.

Cause: The Council lacks a formalized process for review of its revenues and expenditures for appropriate cutoff.

Effect: The lack of a formalized process for review of revenues and expenditures for appropriate cutoff led to a restatement of opening net position in the year under audit.

Responsible Individuals: Anne Warden, Chief Executive Officer

Status: No material adjustments noted during the audit of the year ending September 30, 2024. Matter deemed resolved.