

AMERICAN PECAN PROMOTION BOARD

BOARD MEETING

April 19, 2022

A Board Meeting of the American Pecan Promotion Board (the “Board,” or “APPB”) was called to order by David Salopek, Chairperson of the Board at 2:30pm CST on Wednesday, April 19, 2022.

Participants

Mr. Salopek called on Mr. Quiros to lead a roll-call of the participants and the following persons were present:

Phillip Arnold

Molly Willis

Mike Adams

Paul Quiros

Deborah Walden-Ralls

David Salopek

John Turner

Romulo Garza

Brittan Bagley

John Hutchens

Dennis Hardman

Sally Arn

Trent Mason

Mark Hamilton

Guillermo Humphrey

Maggie Pepper (AB)

Alex Caryl, (MDD-MARB)

Kortney Chase was excused from the meeting. Based on the Board’s attendance, a quorum for the meeting was confirmed.

Also in attendance were public guests Matthew Bailey and Delaney Fuhrmeister.

Approval of Minutes

Mr. Salopek asked for comments regarding the Minutes from the March 23, 2022, Board Meeting. Mr. Quiros made a name correction and upon motion made by Ms. Walden-Ralls, the Board approved the corrected Minutes of the March 23, 2022, Board Meeting.

Financial and Collections Update, Budget

Mr. Salopek called on Ms. Maggie Pepper, the APPB's representative from Armstrong, Backus & Co., LLP, to update the Board on the Board's Financial Statements through March 31, 2022, the first six months of the fiscal year and the assessment collections through March 31, 2022, which had previously been circulated to the Board. Ms. Pepper reviewed the Financial Statements of the Board through March 31, 2022, and described the assessment collections to date, a copy of Ms. Pepper's numerical presentation of collections through March 31, 2022, is attached as Exhibit A. Ms. Pepper also answered questions of the participants.

Ms. Walden-Ralls described the work of Armstrong Backus and the need to increase the budget for the accountants by \$130,000 for a total of \$230,000. Mr. Hamilton made a motion to approve a budget increase for Armstrong Backus of \$130,000 to a total of \$230,000, which was approved by a vote of the Board.

Portal Construction Discussion

Mr. Salopek called on Ms. Walden-Ralls to review the APPB Portal development. Ms. Walden-Ralls reviewed her recent discussions with representatives of Fishhook and discussed the timing of this project.

Webpage Update

Mr. Salopek called on Ms. Walden-Ralls who, along with Mr. Hamilton, to update the Board on the Webpage development. Ms. Walden-Ralls and Mr. Hamilton commented on the Webpage.

Committee Assignments

Mr. Salopek reviewed the Board Committees set out in the APPB's Bylaws (Executive, Finance, Marketing & Communications and Research), and named the chairpersons of each Committee (Executive - David Salopek; Finance - Deborah Walden-Ralls; Marketing & Communications - Mike Adams and Research - Co-Chairpersons Phillip Arnold and Trent Mason), and invited interested Board members to let each Committee Chairperson know if they would like to serve on that Committee. Mr. Salopek answered questions of the Board members and other participants. Mr. Turner advised the Chairperson that an odd number of Committee members would be an advantage to the Committees when there were votes taken in the Committees.

Marketing & Digital Magnet Update

Mr. Salopek introduced the Marketing update and stated that the contract with Digital Magnet was still on the agenda but would be delayed and that he would keep the Board updated in the future on this item.

Independent Contractor Agreements

Mr. Salopek described the Independent Contractor Agreements arrangement to supply staff for the Board. The Board discussed the Independent Contractor Agreements and the timing for getting these in place.

Office Rental Agreement

Mr. Salopek described the arrangement that is going to be put in place to lease a portion of the space currently occupied by the APC and described that the Executive Committee of the Board has received a copy of the APC's Lease and would be working on this Lease or sub-lease in the next few days.

Bylaws and Policies Update

Mr. Salopek called on Mr. Quiros to update the Board on the Bylaws and the Board Policies. Mr. Quiros called on Ms. Caryl who stated that the USDA has approved the Bylaws passed by the Board on March 23, 2022. Mr. Quiros described the Policies required by the AMS Guidelines for USDA Programs and stated they were being prepared for review by the Board.

USDA has approved the Bylaws passed by the Board on March 23, 2022. Mr. Quiros described the Policies required by the AMS Guidelines for USDA Programs and stated they were being prepared for review by the Board.

USDA Update

Mr. Salopek called on Ms. Caryl to present the USDA's report. Ms. Caryl updated the Board on the contracting terms with US Customs and Border Protection ("CBP") to collect Importer assessments at the Border. Ms. Caryl also described her work on the Board Policies drafts and the review of the Independent Contractor Agreements for use by the Board.

Future Meetings

Mr. Salopek gave notice to the Board of the following Executive Committee and Board meetings: Executive Committee meeting on May 23, 2022; and a Board meeting on May 25, 2022. All meetings to be held at 2:30pm CST and to be held electronically.

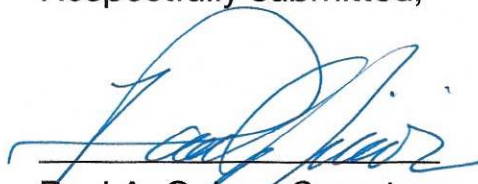
Resignation of Board Member

Mr. Salopek announced that Ms. Jaye Massey, a Central Region Grower representative on the Board, had resigned from the Board. Ms. Caryl described the likely replacement mechanism for Ms. Massey's seat on the Board.

Old Business, New Business, Public Comment and Adjournment

Mr. Salopek called for old business or new business. There was no old or new business raised except a final roll-call. Mr. Salopek asked for public comment or questions from public meeting guests and there was one question raised. Mr. Salopek adjourn the meeting at 3:31pm CST.

Respectfully submitted,



Paul A. Quiros, Secretary

Approved after review of the Board and USDA:

A handwritten signature in black ink, reading "David Salopek". The signature is written in a cursive style with a horizontal line under the first name.

David Salopek, Chairperson

EXHIBIT A

AMERICAN PECAN PROMOTION BOARD

Assessments Reported

Reported as of 4/30/22

State	Total Assessments	Shelled Pounds	In Shell Pounds	DeMinis Exemption Requested	Organic Exemptions Requested
AL	\$ 6,053		302,673	5	
AR	\$ 20,736		1,036,835	8	
AZ	\$ 391,755		19,587,747	3	
CA	\$ 61,842		3,092,125	4	
FL	\$ 1,160		57,990	4	
GA	\$ 1,017,122	105,790	50,644,534	86	
KS				3	
LA	\$ 41,997		2,099,861	8	
MO				5	
MS				7	
NC				3	
NM	\$ 853,155		42,657,735	19	4
OK	\$ 184,149		9,207,471	54	
SC				4	
TN	\$ 1,847		92,374		
TX	\$ 955,843	3,530,913	40,730,334	66	
Other	\$ 633,443	114,000	31,444,050	7	
IMPORTS	\$ 504,011	1,981,515	21,237,543		
TOTAL	\$ 4,673,113	5,732,218	222,191,272	286	4

EXHIBIT B



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN PROMOTION BOARD

Compiled Financial Statements

For the One Month and Seven Months

April 30, 2022

515 West Harris Avenue • Post Office Box 71 • San Angelo, Texas 76902-0071

Phone (325) 653-6854 • Fax (325) 655-5857 • www.armstrongbackus.com



ARMSTRONG, BACKUS & CO., LLP
Certified Public Accountants

To the Board of Directors of
American Pecan Promotion Board

ACCOUNTANTS' COMPILATION REPORT

Management is responsible for the accompanying financial statements of American Pecan Promotion Board (a nonprofit organization), which comprise the statement of financial position as of April 30, 2022, and the related statement of activities and cash flows for the one month and seven 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 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 seven months ended April 30, 2022, is presented for the purpose of additional analysis and is 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 Promotion Board.

Armstrong, Backus & Co., L.L.P.

San Angelo, Texas
May 12, 2022

An independently owned member
RSM US Alliance



AMERICAN PECAN PROMOTION BOARD

Statement of Financial Position

As of April 30, 2022

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 4,262,827
Accounts Receivable	<u>286,285</u>

Total Current Assets	<u>\$ 4,549,112</u>
----------------------	---------------------

TOTAL ASSETS	<u><u>\$ 4,549,112</u></u>
---------------------	----------------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	<u>\$ 34,966</u>
------------------	------------------

Total Current Liabilities	<u>\$ 34,966</u>
---------------------------	------------------

Total Liabilities	<u>\$ 34,966</u>
-------------------	------------------

Net Assets:

Without Donor Restriction	<u>\$ 4,514,146</u>
---------------------------	---------------------

Total Net Assets	<u>\$ 4,514,146</u>
------------------	---------------------

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,549,112</u></u>
---	----------------------------

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Activities

For the One Month and Seven Months Ended April 30, 2022

	<u>One Month</u>	<u>Seven Months</u>
Revenues:		
Assessment Income - Domestic	\$ 313,617	\$ 4,169,209
Assessment Income - Imports	-0-	504,011
Assessment Refunds	(107)	(107)
	<hr/>	<hr/>
Total Revenue	\$ 313,510	\$ 4,673,113
	<hr/>	<hr/>
Expenses:		
General Administrative:		
Accounting	\$ -0-	\$ 111,886
Bank Fees	15	343
Board Meetings	-0-	8,296
Software - Fishhook	-0-	6,400
Insurance	1,555	1,555
Legal	-0-	4,028
USDA Start-Up Fee	4,286	26,459
	<hr/>	<hr/>
Total Expenses	\$ 5,856	\$ 158,967
	<hr/>	<hr/>
Operating Income	<hr/> \$ 307,654 <hr/>	<hr/> \$ 4,514,146 <hr/>
Change in Net Assets	<hr/> \$ 307,654 <hr/>	<hr/> \$ 4,514,146 <hr/>
Net Assets, Beginning as Previously Stated	\$ 3,651,650	\$ -0-
Prior Period Adjustment	554,842	-0-
	<hr/>	<hr/>
Net Assets, Beginning as Restated	<hr/> \$ 4,206,492 <hr/>	<hr/> \$ -0- <hr/>
Net Assets, Ending	<hr/> \$ 4,514,146 <hr/>	<hr/> \$ 4,514,146 <hr/>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Statement of Cash Flows

For the One Month and Seven Months Ended April 30, 2022

	<u>One Month</u>	<u>Seven Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 680,725	\$ 4,386,829
Cash Paid for Operating Expenses	(39,036)	(124,002)
Net Cash Provided (Used) by Operating Activities	<u>\$ 641,689</u>	<u>\$ 4,262,827</u>
Net Increase (Decrease) in Cash	\$ 641,689	\$ 4,262,827
Cash, Beginning of Period	<u>3,621,138</u>	<u>-0-</u>
Cash, End of Period	<u><u>\$ 4,262,827</u></u>	<u><u>\$ 4,262,827</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 307,654	\$ 4,514,146
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	367,215	(286,284)
Increase (Decrease) in Accounts Payable	<u>(33,180)</u>	<u>34,965</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 641,689</u></u>	<u><u>\$ 4,262,827</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget

For the One Month and Seven Months Ended April 30, 2022 and Year Ended September 30, 2022

	One Month Ended April 30, 2022		Seven Months Ended April 30, 2022		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
Assessments - Domestic	\$ 313,617	\$ 525,000	\$ 4,169,209	\$ 3,675,000	\$ 6,300,000
Assessments - Imports	-0-	260,000	504,011	1,820,000	3,120,000
Assessment Refunds	(107)	-0-	(107)	-0-	-0-
Contributions	-0-	83	-0-	581	1,000
Total Operating Revenue	\$ 313,510	\$ 785,083	\$ 4,673,113	\$ 5,495,581	\$ 9,421,000
Program Expenses:					
Promotion	\$ -0-	\$ 342,083	\$ -0-	\$ 2,394,581	\$ 4,105,000
Research	-0-	31,916	-0-	223,415	383,000
Total Program Expenses	\$ -0-	\$ 373,999	\$ -0-	\$ 2,617,996	\$ 4,488,000
Operating Expenses:					
General Administration:					
Accounting	\$ -0-	\$ 8,333	\$ 111,886	\$ 58,331	\$ 100,000
Audit Financial	-0-	833	-0-	5,831	10,000
Bank Fees	15	83	343	581	1,000
Board Meetings/Travel	-0-	4,667	8,296	32,669	56,000
Insurance	1,555	1,416	1,555	9,915	17,000
Legal	-0-	1,000	4,028	7,000	12,000
Miscellaneous	-0-	500	-0-	3,500	6,000
Office Equipment	-0-	833	-0-	5,831	10,000
Office Set Up	-0-	833	-0-	5,831	10,000
Postage/Printing	-0-	1,700	-0-	11,900	20,400
Rent	-0-	200	-0-	1,400	2,400
Salaries and Benefits	-0-	12,200	-0-	85,400	146,400
Software - Fishhook	-0-	8,333	6,400	58,331	100,000
Supplies	-0-	425	-0-	2,975	5,100

See Accountants' Compilation Report.

AMERICAN PECAN PROMOTION BOARD

Operating Budget

For the One Month and Seven Months Ended April 30, 2022 and Year Ended September 30, 2022

	One Month Ended April 30, 2022		Seven Months Ended April 30, 2022		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Taxes	-0-	500	-0-	3,500	6,000
Telephone/Mobile/Internet	-0-	1,300	-0-	9,100	15,600
Travel Office	-0-	250	-0-	1,750	3,000
Total General Administration	\$ 1,570	\$ 43,406	\$ 132,508	\$ 303,845	\$ 520,900
USDA Charges:					
USDA Start-Up Fee	\$ 4,286	\$ 5,000	\$ 26,459	\$ 35,000	\$ 60,000
USDA Travel	-0-	667	-0-	4,669	8,000
USDA User Fee	-0-	8,333	-0-	58,331	100,000
Collections	-0-	62,500	-0-	437,500	750,000
Customs Maintenance Fee	-0-	5,000	-0-	35,000	60,000
Total USDA Charges	\$ 4,286	\$ 81,500	\$ 26,459	\$ 570,500	\$ 978,000
Total Operating Expenses	\$ 5,856	\$ 124,906	\$ 158,967	\$ 874,345	\$ 1,498,900
Total Program and Operating Expenses	\$ 5,856	\$ 498,905	\$ 158,967	\$ 3,492,341	\$ 5,986,900
Operating Income	\$ 307,654	\$ 286,178	\$ 4,514,146	\$ 2,003,240	\$ 3,434,100
Nonoperating Revenues and Expenses:					
Interest Earned	\$ -0-	\$ 8	\$ -0-	\$ 56	\$ 100
Total Nonoperating Revenue	\$ -0-	\$ 8	\$ -0-	\$ 56	\$ 100
Change in Net Assets	\$ 307,654	\$ 286,186	\$ 4,514,146	\$ 2,003,296	\$ 3,434,200

See Accountants' Compilation Report.