



**ARMSTRONG, BACKUS & CO., LLP**

Certified Public Accountants

**American Pecan Council**

**Compiled Financial Statements**

**For the One Month and Two Months Ended November 30, 2017**



**ARMSTRONG, BACKUS & CO., LLP**  
Certified Public Accountants

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 nonprofit organization), which comprise the statement of financial position as of November 30, 2017 and the related statements of activities and cash flows for the one month and two 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 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 Organization's financial 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 two months ended November 30, 2017 and the year ended September 30, 2018 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 Council.

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

San Angelo, Texas  
December 15, 2017

**AMERICAN PECAN COUNCIL**  
**Statement of Financial Position**  
**As of November 30, 2017**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 3,843,869
Total Current Assets	\$ 3,843,869

**Fixed Assets:**

Property, Plant, and Equipment	\$ 31,676
Accumulated Depreciation	( 770)
Total Fixed Assets	\$ 30,906

**Other Assets:**

Security Deposit	\$ 4,400
Total Other Assets	\$ 4,400

<b>TOTAL ASSETS</b>	<b>\$ 3,879,175</b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$ 552,989
Total Current Liabilities	\$ 552,989
Total Liabilities	\$ 552,989

**Net Assets:**

Unrestricted Net Assets	\$ 3,326,186
Total Net Assets	\$ 3,326,186

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,879,175</b>
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See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Activities

**For the One Month and Two Months Ended November 30, 2017**

	<u>One Month</u>	<u>Two Months</u>
<b>Revenue:</b>		
Assessment Income	\$ 100,861	\$ 113,993
Interest Earned	779	1,943
	<hr/>	<hr/>
Total Revenue	\$ 101,640	\$ 115,936
	<hr/>	<hr/>
<b>Expenses:</b>		
APC Expenses	\$ 1,873	\$ 8,243
Capital Items	5,178	5,178
Compliance	-0-	-0-
Depreciation Expense	528	631
Data and Statistics	-0-	-0-
General and Administrative	77,217	103,103
Industry Communication and Database Management	42	86
Marketing	9,508	523,219
Research	-0-	-0-
	<hr/>	<hr/>
Total Expenses	\$ 94,346	\$ 640,460
	<hr/>	<hr/>
Change in Net Assets	\$ 7,294	(\$ 524,524)
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Net Assets, Beginning	3,318,892	3,850,710
	<hr/>	<hr/>
Net Assets, Ending	\$ 3,326,186	\$ 3,326,186
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See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Statements of Cash Flow

**For the One Month and Two Months Ended November 30, 2017**

	<u>One Month</u>	<u>Two Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 100,861	\$ 113,993
Cash Received from Donors	779	-0-
Cash Received from Interest Earned	-0-	1,943
Cash Paid for Operating Expenses	<u>( 501,884)</u>	<u>( 1,348,307)</u>
Net Cash Used by Operating Activities	<u>(\$ 400,244)</u>	<u>(\$ 1,232,371)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of Property, Plant, and Equipment	<u>(\$ 23,219)</u>	<u>(\$ 27,530)</u>
Net Cash Used by Investing Activities	<u>(\$ 23,219)</u>	<u>(\$ 27,530)</u>
Net Decrease in Cash	(\$ 423,463)	(\$ 1,259,901)
Cash, Beginning of Period	<u>4,267,332</u>	<u>5,103,770</u>
Cash, End of Period	<u><u>\$ 3,843,869</u></u>	<u><u>\$ 3,843,869</u></u>
<b>Reconciliation of Decrease in Net Assets to</b>		
<b>Net Cash Used by Operating Activities:</b>		
Decrease in Net Assets	\$ 7,294	(\$ 524,524)
Adjustments to Reconcile Decrease in Net Assets		
to Net Cash Used by Operating Activities:		
Depreciation Expense	528	631
Changes in Assets and Liabilities:		
(Increase) Decrease in Security Deposit	( 2,400)	( 2,400)
Decrease in Accounts Payable	<u>( 405,666)</u>	<u>( 706,078)</u>
Net Cash Used by Operating Activities	<u><u>(\$ 400,244)</u></u>	<u><u>(\$ 1,232,371)</u></u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Two Months Ended November 30, 2017 and the Year Ended September 30, 2018**

	One Month Ended November 30, 2017		Two Months Ended November 30, 2017		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Revenue:</b>					
2016 Assessment Income - Carry Over	\$ 64,090	\$ 333,333	\$ 64,877	\$ 666,667	\$ 4,000,000
2017 Assessment Income	36,771	522,667	49,116	1,045,333	6,272,000
Interest Earned	779	3,917	1,943	7,833	47,000
Other Income	-0-	250	-0-	500	3,000
<b>Total Revenue</b>	<b>\$ 101,640</b>	<b>\$ 860,167</b>	<b>\$ 115,936</b>	<b>\$ 1,720,333</b>	<b>\$ 10,322,000</b>
<b>Expenses:</b>					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ -0-	\$ 28,750	\$ -0-	\$ 57,500	\$ 345,000
Employee Benefits	-0-	3,333	-0-	6,667	40,000
Payroll Texas	-0-	2,500	-0-	5,000	30,000
Professional Services and Fees	2,510	3,750	2,510	7,500	45,000
Staff Travel	8,329	3,750	8,329	7,500	45,000
Accounting Services	1,699	3,333	3,725	6,667	40,000
Rent and Utilities	3,084	2,917	5,737	5,833	35,000
Contract Labor	24,256	1,083	44,302	2,167	13,000
Telephone/Internet/Mobile	340	833	340	1,667	10,000
Office Expenses General	2,063	542	3,221	1,083	6,500
Subscriptions/Conference Registrations/Dues	-0-	417	-0-	833	5,000
Fidelity Bond Insurance	-0-	333	-0-	667	4,000
Maintenance/Repairs	-0-	292	-0-	583	3,500
Executive Search Firm Fees	34,933	10,417	34,933	20,833	125,000
Depreciation Expense	528	-0-	631	-0-	-0-
Miscellaneous	3	167	6	333	2,000
<b>Total General and Administrative</b>	<b>\$ 77,745</b>	<b>\$ 62,417</b>	<b>\$ 103,734</b>	<b>\$ 124,833</b>	<b>\$ 749,000</b>
APC Expenses:					
Council Travel	\$ 610	\$ 13,333	\$ 4,871	\$ 26,667	\$ 160,000
Meetings Expenses	-0-	2,917	-0-	5,833	35,000
Working Group and Committee Expense	1,203	2,000	1,203	4,000	24,000
D&O Insurance	59	250	2,169	500	3,000
Economic Demand Study	-0-	2,083	-0-	4,167	25,000
<b>Total APC Expenses</b>	<b>\$ 1,872</b>	<b>\$ 20,583</b>	<b>\$ 8,243</b>	<b>\$ 41,167</b>	<b>\$ 247,000</b>
Compliance:					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 17,000	\$ 102,000
Compliance Travel	-0-	4,583	-0-	9,167	55,000
GAGAS Audit	-0-	2,500	-0-	5,000	30,000
Records and Accounting	-0-	833	-0-	1,667	10,000
Printing/Forms/Postage	-0-	417	-0-	833	5,000
<b>Total Compliance</b>	<b>\$ -0-</b>	<b>\$ 16,833</b>	<b>\$ -0-</b>	<b>\$ 33,667</b>	<b>\$ 202,000</b>

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# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Two Months Ended November 30, 2017 and the Year Ended September 30, 2018**

	One Month Ended November 30, 2017		Two Months Ended November 30, 2017		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Data and Statistics:					
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ -0-	\$ 22,500	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	-0-	37,500	225,000
Total Data and Statistics	\$ -0-	\$ 30,000	\$ -0-	\$ 60,000	\$ 360,000
Industry Communication and Database Management:					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 7,000	\$ 42,000
Database Program/Website Management/Website Maintenance	43	1,667	86	3,333	20,000
Total Industry Communication and Database Management	\$ 43	\$ 5,167	\$ 86	\$ 10,333	\$ 62,000
Total Administrative and Program Support	\$ 79,660	\$ 135,000	\$ 112,063	\$ 270,000	\$ 1,620,000
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ 5,178	\$ 3,333	\$ 5,178	\$ 6,667	\$ 40,000
Total Capital Items	\$ 5,178	\$ 3,333	\$ 5,178	\$ 6,667	\$ 40,000
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 62,500	\$ 375,000
Total Research	\$ -0-	\$ 31,250	\$ -0-	\$ 62,500	\$ 375,000
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 513,710	\$ 160,667	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	-0-	416,667	-0-	833,333	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	-0-	196,000	1,176,000
International Marketing	-0-	41,667	-0-	83,333	500,000
Database Portal Development Website	-0-	3,750	-0-	7,500	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	7,000	42,000
Printing and Design/Other	-0-	2,500	-0-	5,000	30,000
Immersion Tours	9,508	2,500	9,509	5,000	30,000
Total Marketing	\$ 9,508	\$ 648,917	\$ 523,219	\$ 1,297,833	\$ 7,787,000
Total Research and Marketing	\$ 9,508	\$ 680,167	\$ 523,219	\$ 1,360,333	\$ 8,162,000
<b>Total Expenses</b>	<b>\$ 94,346</b>	<b>\$ 818,500</b>	<b>\$ 640,460</b>	<b>\$ 1,637,000</b>	<b>\$ 9,822,000</b>
<b>Change in Net Assets</b>	<b>\$ 7,294</b>	<b>\$ 41,667</b>	<b>(\$ 524,524)</b>	<b>\$ 83,333</b>	<b>\$ 500,000</b>

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