



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

American Pecan Council

Compiled Financial Statements

For the One Month and Four Months Ended January 31, 2018

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 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 January 31, 2018 and the related statements of activities and cash flows for the one month and four 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 four months ended January 31, 2018 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
February 14, 2018

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL
Statement of Financial Position

As of January 31, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,878,352
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Total Current Assets	\$ 3,878,352
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Fixed Assets:

Property, Plant, and Equipment	\$ 34,976
Accumulated Depreciation	(1,941)
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Total Fixed Assets	\$ 33,035
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Other Assets:

Security Deposit	\$ 2,400
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Total Other Assets	\$ 2,400
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TOTAL ASSETS	\$ 3,913,787
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 12,372
Payroll Tax Payable	3,199
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Total Current Liabilities	\$ 15,571
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Total Liabilities	\$ 15,571
	<hr/>

Net Assets:

Unrestricted Net Assets	\$ 3,898,216
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Total Net Assets	\$ 3,898,216
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TOTAL LIABILITIES AND NET ASSETS	\$ 3,913,787
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Activities

For the One Month and Four Months Ended January 31, 2018

	<u>One Month</u>	<u>Four Months</u>
Revenue:		
Assessment Income	\$ 1,423,228	\$ 1,680,292
Interest Earned	4,215	9,542
Total Revenue	<u>\$ 1,427,443</u>	<u>\$ 1,689,834</u>
Expenses:		
APC Expenses	\$ 2,164	\$ 10,407
Capital Items	-0-	5,178
General and Administrative	55,573	250,815
Industry Communication and Database Management	43	173
Marketing	-0-	1,813,290
Total Expenses	<u>\$ 57,780</u>	<u>\$ 2,079,863</u>
Change in Net Assets	\$ 1,369,663	(\$ 390,029)
Net Assets, Beginning	<u>2,528,553</u>	<u>4,288,245</u>
Net Assets, Ending	<u>\$ 3,898,216</u>	<u>\$ 3,898,216</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flow

For the One Month and Four Months Ended January 31, 2018

	<u>One Month</u>	<u>Four Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 1,423,228	\$ 1,680,292
Cash Received from Interest Earned	4,215	9,542
Cash Paid for Operating Expenses	<u>(58,931)</u>	<u>(2,884,422)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,368,512</u>	<u>(\$ 1,194,588)</u>
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	<u>\$ -0-</u>	<u>(\$ 30,830)</u>
Net Cash Used by Investing Activities	<u>\$ -0-</u>	<u>(\$ 30,830)</u>
Net Increase (Decrease) in Cash	\$ 1,368,512	(\$ 1,225,418)
Cash, Beginning of Period	<u>2,509,840</u>	<u>5,103,770</u>
Cash, End of Period	<u><u>\$ 3,878,352</u></u>	<u><u>\$ 3,878,352</u></u>
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Net Assets	\$ 1,369,663	(\$ 390,029)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	583	1,802
Changes in Assets and Liabilities:		
(Increase) Decrease in Security Deposit	2,000	(400)
Increase (Decrease) in Accounts Payable	(6,933)	(809,160)
Increase (Decrease) in Payroll Tax Payable	<u>3,199</u>	<u>3,199</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 1,368,512</u></u>	<u><u>(\$ 1,194,588)</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2018
and the Year Ended September 30, 2018**

	One Month Ended January 31, 2018		Four Months Ended January 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Revenue:					
2016 Assessment Income - Carry Over	\$ -0-	\$ 333,333	\$ 64,877	\$ 1,333,333	\$ 4,000,000
2017 Assessment Income	1,423,228	522,667	1,615,415	2,090,667	6,272,000
Interest Earned	4,215	3,917	9,542	15,667	47,000
Other Income	-0-	250	-0-	1,000	3,000
Total Revenue	\$ 1,427,443	\$ 860,167	\$ 1,689,834	\$ 3,440,667	\$ 10,322,000
Expenses:					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 12,618	\$ 28,750	\$ 12,618	\$ 115,000	\$ 345,000
Employee Benefits	-0-	3,333	-0-	13,333	40,000
Payroll Texas	1,041	2,500	1,041	10,000	30,000
Professional Services and Fees	751	3,750	5,203	15,000	45,000
Staff Travel	-0-	3,750	10,478	15,000	45,000
Accounting Services	2,100	3,333	5,825	13,333	40,000
Rent and Utilities	-0-	2,917	11,077	11,667	35,000
Contract Labor	1,662	1,083	88,656	4,333	13,000
Telephone/Internet/Mobile	-0-	833	455	3,333	10,000
Office Expenses General	-0-	542	6,970	2,167	6,500
Subscriptions/Conference Registrations/Dues	-0-	417	-0-	1,667	5,000
Fidelity Bond Insurance	1,884	333	1,884	1,333	4,000
Maintenance/Repairs	-0-	292	-0-	1,167	3,500
Executive Search Firm Fees	34,934	10,417	104,800	41,667	125,000
Depreciation Expense	583	-0-	1,802	-0-	-0-
Miscellaneous	-0-	167	6	667	2,000
Total General and Administrative	\$ 55,573	\$ 62,417	\$ 250,815	\$ 249,667	\$ 749,000
APC Expenses:					
Council Travel	\$ 2,882	\$ 13,333	\$ 7,753	\$ 53,333	\$ 160,000
Meetings Expenses	1,392	2,917	1,392	11,667	35,000
Working Group and Committee Expense	-0-	2,000	1,203	8,000	24,000
D&O Insurance	(2,110)	250	59	1,000	3,000
Economic Demand Study	-0-	2,083	-0-	8,333	25,000
Total APC Expenses	\$ 2,164	\$ 20,583	\$ 10,407	\$ 82,333	\$ 247,000
Compliance:					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 34,000	\$ 102,000
Compliance Travel	-0-	4,583	-0-	18,333	55,000
GAGAS Audit	-0-	2,500	-0-	10,000	30,000
Records and Accounting	-0-	833	-0-	3,333	10,000
Printing/Forms/Postage	-0-	417	-0-	1,667	5,000
Total Compliance	\$ -0-	\$ 16,833	\$ -0-	\$ 67,333	\$ 202,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2018
and the Year Ended September 30, 2018**

	One Month Ended January 31, 2018		Four Months Ended January 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Data and Statistics:					
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ -0-	\$ 45,000	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	-0-	75,000	225,000
Total Data and Statistics	<u>\$ -0-</u>	<u>\$ 30,000</u>	<u>\$ -0-</u>	<u>\$ 120,000</u>	<u>\$ 360,000</u>
Industry Communication and Database Management:					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 14,000	\$ 42,000
Database Program/Website Management/Website Maintenance	43	1,667	173	6,667	20,000
Total Industry Communication and Database Management	<u>\$ 43</u>	<u>\$ 5,167</u>	<u>\$ 173</u>	<u>\$ 20,667</u>	<u>\$ 62,000</u>
Total Administrative and Program Support	<u>\$ 57,780</u>	<u>\$ 135,000</u>	<u>\$ 261,395</u>	<u>\$ 540,000</u>	<u>\$ 1,620,000</u>
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 5,178	\$ 13,333	\$ 40,000
Total Capital Items	<u>\$ -0-</u>	<u>\$ 3,333</u>	<u>\$ 5,178</u>	<u>\$ 13,333</u>	<u>\$ 40,000</u>
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 125,000	\$ 375,000
Total Research	<u>\$ -0-</u>	<u>\$ 31,250</u>	<u>\$ -0-</u>	<u>\$ 125,000</u>	<u>\$ 375,000</u>
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 513,710	\$ 321,333	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	-0-	416,667	1,290,072	1,666,667	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	-0-	392,000	1,176,000
International Marketing	-0-	41,667	-0-	166,667	500,000
Database Portal Development Website	-0-	3,750	-0-	15,000	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	14,000	42,000
Printing and Design/Other	-0-	2,500	-0-	10,000	30,000
Immersion Tours	-0-	2,500	9,508	10,000	30,000
Total Marketing	<u>\$ -0-</u>	<u>\$ 648,917</u>	<u>\$ 1,813,290</u>	<u>\$ 2,595,667</u>	<u>\$ 7,787,000</u>
Total Research and Marketing	<u>\$ -0-</u>	<u>\$ 680,167</u>	<u>\$ 1,813,290</u>	<u>\$ 2,720,667</u>	<u>\$ 8,162,000</u>
Total Expenses	<u>\$ 57,780</u>	<u>\$ 818,500</u>	<u>\$ 2,079,863</u>	<u>\$ 3,274,000</u>	<u>\$ 9,822,000</u>
Change in Net Assets	<u>\$ 1,369,663</u>	<u>\$ 41,667</u>	<u>(\$ 390,029)</u>	<u>\$ 166,667</u>	<u>\$ 500,000</u>

See Accountants' Compilation Report.