



ARMSTRONG, BACKUS & CO., LLP

Certified Public Accountants

American Pecan Council

Compiled Financial Statements

For the One Month Ended October 31, 2017

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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 October 31, 2017 and the related statements of activities and cash flows for the one month 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 ended October 31, 2017 and 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
November 15, 2017

AMERICAN PECAN COUNCIL

Statement of Financial Position

As of October 31, 2017

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	4,267,332
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Total Current Assets	\$	4,267,332
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Fixed Assets:

Property, Plant, and Equipment	\$	8,457
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Accumulated Depreciation	(242)
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Total Fixed Assets	\$	8,215
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Other Assets:

Security Deposit	\$	2,000
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Total Other Assets	\$	2,000
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TOTAL ASSETS	\$	4,277,547
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$	442,826
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Total Current Liabilities	\$	442,826
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Total Liabilities	\$	442,826
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Net Assets:

Unrestricted Net Assets	\$	3,834,721
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Total Net Assets	\$	3,834,721
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TOTAL LIABILITIES AND NET ASSETS	\$	4,277,547
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Activities

For the One Month Ended October 31, 2017

Revenue:

Assessment Income	\$	13,132
Interest Earned		<u>1,164</u>
Total Revenue	\$	<u>14,296</u>

Expenses:

APC Expenses	\$	6,370
Capital Items		-0-
Compliance		-0-
Depreciation Expense		103
Data and Statistics		-0-
General and Administrative		23,860
Industry Communication and Database Management		43
Marketing		-0-
Research		<u>-0-</u>
Total Expenses	\$	<u>30,376</u>

Change in Net Assets	(\$	16,080)
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Net Assets, Beginning	<u>3,850,801</u>
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Net Assets, Ending	<u><u>\$ 3,834,721</u></u>
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flow

For the One Month Ended October 31, 2017

Cash Flows From Operating Activities:

Cash Received from Assessments	\$ 13,132
Cash Received from Donors	1,164
Cash Paid for Operating Expenses	<u>(846,423)</u>
Net Cash Used by Operating Activities	<u>(\$ 832,127)</u>

Cash Flows From Investing Activities:

Purchases of Property, Plant, and Equipment	<u>(\$ 4,311)</u>
Net Cash Used by Investing Activities	<u>(\$ 4,311)</u>

Net Decrease in Cash (\$ 836,438)

Cash, Beginning of Period 5,103,770

Cash, End of Period \$ 4,267,332

Reconciliation of Decrease in Net Assets to

Net Cash Used by Operating Activities:

Decrease in Net Assets	(\$ 16,080)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:	
Depreciation Expense	103
Changes in Assets and Liabilities:	
Decrease in Accounts Payable	<u>(816,150)</u>
Net Cash Used by Operating Activities	<u><u>(\$ 832,127)</u></u>

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Year Ended September 30, 2018

	One Month Ended October 31, 2017		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Operating Budget
Revenue:			
2016 Assessment Income - Carry Over	\$ 13,132	\$ 333,333	\$ 4,000,000
2017 Assessment Income	-0-	522,667	6,272,000
Interest Earned	1,164	3,917	47,000
Other Income	-0-	250	3,000
Total Revenue	\$ 14,296	\$ 860,167	\$ 10,322,000
Expenses:			
Administration and Program Support:			
General and Administrative:			
Salaries and Benefits	\$ -0-	\$ 28,750	\$ 345,000
Employee Benefits	-0-	3,333	40,000
Payroll Texas	-0-	2,500	30,000
Professional Services and Fees	-0-	3,750	45,000
Staff Travel	-0-	3,750	45,000
Accounting Services	-0-	3,333	40,000
Rent and Utilities	2,653	2,917	35,000
Contract Labor	20,045	1,083	13,000
Telephone/Internet/Mobile	-0-	833	10,000
Office Expenses General	1,159	542	6,500
Subscriptions/Conference Registrations/Dues	-0-	417	5,000
Fidelity Bond Insurance	-0-	333	4,000
Maintenance/Repairs	-0-	292	3,500
Executive Search Firm Fees	-0-	10,417	125,000
Depreciation Expense	103	-0-	-0-
Miscellaneous	3	167	2,000
Total General and Administrative	\$ 23,963	\$ 62,417	\$ 749,000
APC Expenses:			
Council Travel	\$ 4,260	\$ 13,333	\$ 160,000
Meetings Expenses	-0-	2,917	35,000
Working Group and Committee Expense	-0-	2,000	24,000
D&O Insurance	2,110	250	3,000
Economic Demand Study	-0-	2,083	25,000
Total APC Expenses	\$ 6,370	\$ 20,583	\$ 247,000
Compliance:			
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ 102,000
Compliance Travel	-0-	4,583	55,000
GAGAS Audit	-0-	2,500	30,000
Records and Accounting	-0-	833	10,000
Printing/Forms/Postage	-0-	417	5,000
Total Compliance	\$ -0-	\$ 16,833	\$ 202,000
Data and Statistics:			
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	225,000
Total Data and Statistics	\$ -0-	\$ 30,000	\$ 360,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Year Ended September 30, 2018

	One Month Ended October 31, 2017		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Operating Budget
Industry Communication and Database Management:			
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ 42,000
Database Program/Website Management/Website Maintenance	43	1,667	20,000
Total Industry Communication and Database Management	\$ 43	\$ 5,167	\$ 62,000
Total Administrative and Program Support	\$ 30,376	\$ 135,000	\$ 1,620,000
Capital Items:			
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 40,000
Total Capital Items	\$ -0-	\$ 3,333	\$ 40,000
Research and Marketing:			
Research:			
Funding Request	\$ -0-	\$ 31,250	\$ 375,000
Total Research	\$ -0-	\$ 31,250	\$ 375,000
Marketing:			
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	-0-	416,667	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	1,176,000
International Marketing	-0-	41,667	500,000
Database Portal Development Website	-0-	3,750	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	42,000
Printing and Design/Other	-0-	2,500	30,000
Immersion Tours	-0-	2,500	30,000
Total Marketing	\$ -0-	\$ 648,917	\$ 7,787,000
Total Research and Marketing	\$ -0-	\$ 680,167	\$ 8,162,000
Total Expenses	\$ 30,376	\$ 818,500	\$ 9,822,000
Change in Net Assets	<u>(\$ 16,080)</u>	<u>\$ 41,667</u>	<u>\$ 500,000</u>

See Accountants' Compilation Report.

Federal Marketing Order American Pecan Council

1000 - Checking, Period Ending 10/31/2017

RECONCILIATION REPORT

Reconciled on: 11/07/2017

Reconciled by: Ashlei Lewis

Any changes made to transactions after this date aren't included in this report.

Summary

USD

Statement beginning balance.....	5,104,378.11
Checks and payments cleared (11).....	-850,733.88
Deposits and other credits cleared (3).....	13,687.77
Statement ending balance.....	<u>4,267,332.00</u>

Register balance as of 10/31/2017.....	4,267,332.00
Cleared transactions after 10/31/2017.....	0.00
Uncleared transactions after 10/31/2017.....	-1,071.00
Register balance as of 11/07/2017.....	<u>4,266,261.00</u>

Details

Checks and payments cleared (11)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
10/02/2017	Expense			-3.00
10/04/2017	Journal			-2,658.74
10/05/2017	Journal			-140,000.00
10/06/2017	Journal			-1,149.00
10/10/2017	Expense		Constant Contact	-43.17
10/11/2017	Journal			-663,179.17
10/12/2017	Journal			-14,543.60
10/17/2017	Journal			-1,122.00
10/20/2017	Journal			-1,140.00
10/27/2017	Journal			-14,014.00
10/31/2017	Journal			-12,881.20

Total	-850,733.88
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Deposits and other credits cleared (3)

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
10/11/2017	Deposit			12,345.24
10/16/2017	Deposit			787.02
10/31/2017	Deposit			555.51

Total	13,687.77
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Additional Information

Uncleared checks and payments after 10/31/2017

DATE	TYPE	REF NO.	PAYEE	AMOUNT (USD)
11/01/2017	Expense			-3.00
11/06/2017	Journal			-1,068.00

Total	-1,071.00
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