



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

American Pecan Council

Compiled Financial Statements

For the One Month and Five Months Ended February 28, 2018

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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 February 28, 2018 and the related statements of activities and cash flows for the one month and five 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 five months ended February 28, 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
March 13, 2018

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL
Statement of Financial Position

As of February 28, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,920,129
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Total Current Assets	\$ 3,920,129
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Fixed Assets:

Property, Plant, and Equipment	\$ 45,688
Accumulated Depreciation	(2,791)
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Total Fixed Assets	\$ 42,897
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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	\$ 3,965,426
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 13,768
Payroll Tax Payable	6,330
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Total Current Liabilities	\$ 20,098
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Total Liabilities	\$ 20,098
	<hr/>

Net Assets:

Unrestricted Net Assets	\$ 3,945,328
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Total Net Assets	\$ 3,945,328
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TOTAL LIABILITIES AND NET ASSETS	\$ 3,965,426
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Activities

For the One Month and Five Months Ended February 28, 2018

	<u>One Month</u>	<u>Five Months</u>
Revenue:		
Assessment Income	\$ 459,174	\$ 2,155,151
Interest Earned	4,361	13,903
Other Income	539	539
	<hr/>	<hr/>
Total Revenue	\$ 464,074	\$ 2,169,593
	<hr/>	<hr/>
Expenses:		
APC Expenses	\$ 36,576	\$ 47,067
Capital Items	-0-	5,178
Compliance	3,760	3,760
Depreciation Expense	851	2,652
General and Administrative	29,168	275,686
Industry Communication and Database Management	48	221
Marketing	362,256	2,177,946
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Total Expenses	\$ 432,659	\$ 2,512,510
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Change in Net Assets	\$ 31,415	(\$ 342,917)
Net Assets, Beginning	3,913,913	4,288,245
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Net Assets, Ending	\$ 3,945,328	\$ 3,945,328
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flow

For the One Month and Five Months Ended February 28, 2018

	<u>One Month</u>	<u>Five Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 474,860	\$ 2,155,151
Cash Received from Interest Earned	4,361	13,903
Cash Paid for Operating Expenses	<u>(426,732)</u>	<u>(3,311,153)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 52,489</u>	<u>(\$ 1,142,099)</u>
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	<u>(\$ 10,712)</u>	<u>(\$ 41,542)</u>
Net Cash Used by Investing Activities	<u>(\$ 10,712)</u>	<u>(\$ 41,542)</u>
Net Increase (Decrease) in Cash	\$ 41,777	(\$ 1,183,641)
Cash, Beginning of Period	<u>3,878,352</u>	<u>5,103,770</u>
Cash, End of Period	<u><u>\$ 3,920,129</u></u>	<u><u>\$ 3,920,129</u></u>
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Net Assets	\$ 31,415	(\$ 342,917)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Used by Operating Activities:		
Depreciation Expense	850	2,652
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	15,686	-0-
(Increase) Decrease in Security Deposit	-0-	(400)
Increase (Decrease) in Accounts Payable	1,396	(807,764)
Increase (Decrease) in Payroll Tax Payable	<u>3,142</u>	<u>6,330</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 52,489</u></u>	<u><u>(\$ 1,142,099)</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Five Months Ended February 28, 2018
and the Year Ended September 30, 2018**

	One Month Ended February 28, 2018		Five Months Ended February 28, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Revenue:					
2016 Assessment Income - Carry Over	\$ -0-	\$ 333,333	\$ 1,048,445	\$ 1,666,667	\$ 4,000,000
2017 Assessment Income	459,174	522,667	1,106,706	2,613,333	6,272,000
Interest Earned	4,361	3,917	13,903	19,583	47,000
Other Income	539	250	539	1,250	3,000
Total Revenue	\$ 464,074	\$ 860,167	\$ 2,169,593	\$ 4,300,833	\$ 10,322,000
Expenses:					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 12,618	\$ 28,750	\$ 25,237	\$ 143,750	\$ 345,000
Employee Benefits	-0-	3,333	-0-	16,667	40,000
Payroll Texas	984	2,500	2,015	12,500	30,000
Professional Services and Fees	-0-	3,750	5,203	18,750	45,000
Staff Travel	720	3,750	11,215	18,750	45,000
Accounting Services	3,136	3,333	8,961	16,667	40,000
Rent and Utilities	2,670	2,917	13,747	14,583	35,000
Contract Labor	5,448	1,083	94,104	5,417	13,000
Telephone/Internet/Mobile	1,173	833	2,098	4,167	10,000
Office Expenses General	1,930	542	5,891	2,708	6,500
Subscriptions/Conference Registrations/Dues	459	417	459	2,083	5,000
Fidelity Bond Insurance	-0-	333	1,884	1,667	4,000
Maintenance/Repairs	-0-	292	-0-	1,458	3,500
Executive Search Firm Fees	-0-	10,417	104,800	52,083	125,000
Depreciation Expense	851	-0-	2,652	-0-	-0-
Miscellaneous	31	167	74	833	2,000
Total General and Administrative	\$ 30,020	\$ 62,417	\$ 278,340	\$ 312,083	\$ 749,000
APC Expenses:					
Council Travel	\$ 12,335	\$ 13,333	\$ 20,088	\$ 66,667	\$ 160,000
Meetings Expenses	23,347	2,917	24,738	14,583	35,000
Working Group and Committee Expense	894	2,000	2,181	10,000	24,000
D&O Insurance	-0-	250	59	1,250	3,000
Economic Demand Study	-0-	2,083	-0-	10,417	25,000
Total APC Expenses	\$ 36,576	\$ 20,583	\$ 47,066	\$ 102,917	\$ 247,000
Compliance:					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 42,500	\$ 102,000
Compliance Travel	-0-	4,583	-0-	22,917	55,000
GAGAS Audit	30	2,500	30	12,500	30,000
Records and Accounting	-0-	833	-0-	4,167	10,000
Printing/Forms/Postage	3,729	417	3,729	2,083	5,000
Total Compliance	\$ 3,759	\$ 16,833	\$ 3,759	\$ 84,167	\$ 202,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Five Months Ended February 28, 2018
and the Year Ended September 30, 2018**

	One Month Ended February 28, 2018		Five Months Ended February 28, 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-	\$ 56,250	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	-0-	93,750	225,000
Total Data and Statistics	<u>\$ -0-</u>	<u>\$ 30,000</u>	<u>\$ -0-</u>	<u>\$ 150,000</u>	<u>\$ 360,000</u>
Industry Communication and Database Management:					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 17,500	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	221	8,333	20,000
Total Industry Communication and Database Management	<u>\$ 48</u>	<u>\$ 5,167</u>	<u>\$ 221</u>	<u>\$ 25,833</u>	<u>\$ 62,000</u>
Total Administrative and Program Support	<u>\$ 70,403</u>	<u>\$ 135,000</u>	<u>\$ 329,386</u>	<u>\$ 675,000</u>	<u>\$ 1,620,000</u>
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 5,178	\$ 16,667	\$ 40,000
Total Capital Items	<u>\$ -0-</u>	<u>\$ 3,333</u>	<u>\$ 5,178</u>	<u>\$ 16,667</u>	<u>\$ 40,000</u>
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 156,250	\$ 375,000
Total Research	<u>\$ -0-</u>	<u>\$ 31,250</u>	<u>\$ -0-</u>	<u>\$ 156,250</u>	<u>\$ 375,000</u>
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 513,710	\$ 401,667	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	362,256	416,667	1,652,328	2,083,333	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	-0-	490,000	1,176,000
International Marketing	-0-	41,667	-0-	208,333	500,000
Database Portal Development Website	-0-	3,750	-0-	18,750	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	17,500	42,000
Printing and Design/Other	-0-	2,500	-0-	12,500	30,000
Immersion Tours	-0-	2,500	11,908	12,500	30,000
Total Marketing	<u>\$ 362,256</u>	<u>\$ 648,917</u>	<u>\$ 2,177,946</u>	<u>\$ 3,244,583</u>	<u>\$ 7,787,000</u>
Total Research and Marketing	<u>\$ 362,256</u>	<u>\$ 680,167</u>	<u>\$ 2,177,946</u>	<u>\$ 3,400,833</u>	<u>\$ 8,162,000</u>
Total Expenses	<u>\$ 432,659</u>	<u>\$ 818,500</u>	<u>\$ 2,512,510</u>	<u>\$ 4,092,500</u>	<u>\$ 9,822,000</u>
Change in Net Assets	<u>\$ 31,415</u>	<u>\$ 41,667</u>	<u>(\$ 342,917)</u>	<u>\$ 208,333</u>	<u>\$ 500,000</u>

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