



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**American Pecan Council**

**Compiled Financial Statements**

**For the One Month and Six Months Ended March 31, 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 March 31, 2018 and the related statements of activities and cash flows for the one month and six 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 six months ended March 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  
April 9, 2018

An independently owned member  
RSM US Alliance



**AMERICAN PECAN COUNCIL**  
**Statement of Financial Position**

**As of March 31, 2018**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 4,912,041
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Total Current Assets	\$ 4,912,041
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**Fixed Assets:**

Property, Plant, and Equipment	\$ 49,169
Accumulated Depreciation	( 3,564)
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Total Fixed Assets	\$ 45,605
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**Other Assets:**

Security Deposit	\$ 2,400
	<hr/>
Total Other Assets	\$ 2,400
	<hr/>

<b>TOTAL ASSETS</b>	<b>\$ 4,960,046</b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Payroll Tax Payable	\$ 6,330
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Total Current Liabilities	\$ 6,330
	<hr/>
Total Liabilities	\$ 6,330
	<hr/>

**Net Assets:**

Unrestricted Net Assets	\$ 4,953,716
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Total Net Assets	\$ 4,953,716
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,960,046</b>
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See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Activities

**For the One Month and Six Months Ended March 31, 2018**

	<u>One Month</u>	<u>Six Months</u>
<b>Revenue:</b>		
Assessment Income	\$ 1,424,943	\$ 3,580,094
Donations	5	5
Interest Earned	-0-	13,903
Other Income	-0-	539
	<hr/>	<hr/>
Total Revenue	\$ 1,424,948	\$ 3,594,541
	<hr/>	<hr/>
<b>Expenses:</b>		
APC Expenses	\$ 9,308	\$ 56,374
Capital Items	-0-	1,696
Compliance	-0-	3,760
Depreciation Expense	819	3,425
General and Administrative	28,078	303,765
Industry Communication and Database Management	48	269
Marketing	381,835	2,559,781
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Total Expenses	\$ 420,088	\$ 2,929,070
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Change in Net Assets	\$ 1,004,860	\$ 665,471
	<hr/>	<hr/>
Net Assets, as Previously Stated	\$ 3,945,328	\$ 4,288,245
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Prior Period Adjustment	3,528	-0-
	<hr/>	<hr/>
Net Assets, as Restated	\$ 3,948,856	\$ 4,288,245
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Net Assets, Ending	<u>\$ 4,953,716</u>	<u>\$ 4,953,716</u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Cash Flow

**For the One Month and Six Months Ended March 31, 2018**

	<u>One Month</u>	<u>Six Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 1,424,943	\$ 3,580,094
Cash Received from Donors	5	5
Cash Received from Interest Earned	-0-	13,903
Cash Paid for Operating Expenses	( 433,036)	( 3,740,708)
	<u>\$ 991,912</u>	<u>(\$ 146,706)</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of Property, Plant, and Equipment	\$ -0-	(\$ 45,023)
	<u>\$ -0-</u>	<u>(\$ 45,023)</u>
Net Increase (Decrease) in Cash	\$ 991,912	(\$ 191,729)
Cash, Beginning of Period	<u>3,920,129</u>	<u>5,103,770</u>
Cash, End of Period	<u>\$ 4,912,041</u>	<u>\$ 4,912,041</u>
<b>Reconciliation of Increase (Decrease) in Net Assets to</b>		
<b>Net Cash Provided (Used) by Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 1,004,860	\$ 665,471
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	819	3,425
Changes in Assets and Liabilities:		
(Increase) Decrease in Security Deposit	-0-	( 400)
Increase (Decrease) in Accounts Payable	( 13,767)	( 821,532)
Increase (Decrease) in Payroll Tax Payable	-0-	6,330
	<u>\$ 991,912</u>	<u>(\$ 146,706)</u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Six Months Ended March 31, 2018  
and the Year Ended September 30, 2018**

	One Month Ended March 31, 2018		Six Months Ended March 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Revenue:</b>					
2016 Assessment Income - Carry Over	\$ 304,961	\$ 333,333	\$ 1,345,762	\$ 2,000,000	\$ 4,000,000
2017 Assessment Income	1,119,982	522,667	2,234,332	3,136,000	6,272,000
Donations	5	-0-	5	-0-	-0-
Interest Earned	-0-	3,917	13,903	23,500	47,000
Other Income	-0-	250	539	1,500	3,000
<b>Total Revenue</b>	<b>\$ 1,424,948</b>	<b>\$ 860,167</b>	<b>\$ 3,594,541</b>	<b>\$ 5,161,000</b>	<b>\$ 10,322,000</b>
<b>Expenses:</b>					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 12,618	\$ 28,750	\$ 37,855	\$ 172,500	\$ 345,000
Employee Benefits	-0-	3,333	-0-	20,000	40,000
Payroll Texas	965	2,500	2,980	15,000	30,000
Professional Services and Fees	6,750	3,750	11,953	22,500	45,000
Staff Travel	-0-	3,750	11,215	22,500	45,000
Accounting Services	2,100	3,333	11,061	20,000	40,000
Rent and Utilities	2,670	2,917	16,417	17,500	35,000
Contract Labor	1,367	1,083	95,470	6,500	13,000
Telephone/Internet/Mobile	112	833	2,210	5,000	10,000
Office Expenses General	-0-	542	5,891	3,250	6,500
Subscriptions/Conference Registrations/Dues	-0-	417	459	2,500	5,000
Fidelity Bond Insurance	-0-	333	1,884	2,000	4,000
Maintenance/Repairs	-0-	292	-0-	1,750	3,500
Executive Search Firm Fees	1,496	10,417	106,296	62,500	125,000
Depreciation Expense	819	-0-	3,425	-0-	-0-
Miscellaneous	-0-	167	74	1,000	2,000
<b>Total General and Administrative</b>	<b>\$ 28,897</b>	<b>\$ 62,417</b>	<b>\$ 307,190</b>	<b>\$ 374,500</b>	<b>\$ 749,000</b>
APC Expenses:					
Council Travel	\$ 9,308	\$ 13,333	\$ 29,395	\$ 80,000	\$ 160,000
Meetings Expenses	-0-	2,917	24,738	17,500	35,000
Working Group and Committee Expense	-0-	2,000	2,181	12,000	24,000
D&O Insurance	-0-	250	60	1,500	3,000
Economic Demand Study	-0-	2,083	-0-	12,500	25,000
<b>Total APC Expenses</b>	<b>\$ 9,308</b>	<b>\$ 20,583</b>	<b>\$ 56,374</b>	<b>\$ 123,500</b>	<b>\$ 247,000</b>
Compliance:					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 51,000	\$ 102,000
Compliance Travel	-0-	4,583	-0-	27,500	55,000
GAGAS Audit	-0-	2,500	30	15,000	30,000
Records and Accounting	-0-	833	-0-	5,000	10,000
Printing/Forms/Postage	-0-	417	3,730	2,500	5,000
<b>Total Compliance</b>	<b>\$ -0-</b>	<b>\$ 16,833</b>	<b>\$ 3,760</b>	<b>\$ 101,000</b>	<b>\$ 202,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Six Months Ended March 31, 2018  
and the Year Ended September 30, 2018**

	One Month Ended March 31, 2018		Six Months Ended March 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-	\$ 67,500	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	-0-	112,500	225,000
Total Data and Statistics	<u>\$ -0-</u>	<u>\$ 30,000</u>	<u>\$ -0-</u>	<u>\$ 180,000</u>	<u>\$ 360,000</u>
Industry Communication and Database Management:					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 21,000	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	269	10,000	20,000
Total Industry Communication and Database Management	<u>\$ 48</u>	<u>\$ 5,167</u>	<u>\$ 269</u>	<u>\$ 31,000</u>	<u>\$ 62,000</u>
Total Administrative and Program Support	<u>\$ 38,253</u>	<u>\$ 135,000</u>	<u>\$ 367,593</u>	<u>\$ 810,000</u>	<u>\$ 1,620,000</u>
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 1,696	\$ 20,000	\$ 40,000
Total Capital Items	<u>\$ -0-</u>	<u>\$ 3,333</u>	<u>\$ 1,696</u>	<u>\$ 20,000</u>	<u>\$ 40,000</u>
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 187,500	\$ 375,000
Total Research	<u>\$ -0-</u>	<u>\$ 31,250</u>	<u>\$ -0-</u>	<u>\$ 187,500</u>	<u>\$ 375,000</u>
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 2,166,038	\$ 482,000	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	381,835	416,667	381,835	2,500,000	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	-0-	588,000	1,176,000
International Marketing	-0-	41,667	-0-	250,000	500,000
Database Portal Development Website	-0-	3,750	-0-	22,500	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	21,000	42,000
Printing and Design/Other	-0-	2,500	-0-	15,000	30,000
Immersion Tours	-0-	2,500	11,908	15,000	30,000
Total Marketing	<u>\$ 381,835</u>	<u>\$ 648,917</u>	<u>\$ 2,559,781</u>	<u>\$ 3,893,500</u>	<u>\$ 7,787,000</u>
Total Research and Marketing	<u>\$ 381,835</u>	<u>\$ 680,167</u>	<u>\$ 2,559,781</u>	<u>\$ 4,081,000</u>	<u>\$ 8,162,000</u>
<b>Total Expenses</b>	<u>\$ 420,088</u>	<u>\$ 818,500</u>	<u>\$ 2,929,070</u>	<u>\$ 4,911,000</u>	<u>\$ 9,822,000</u>
<b>Change in Net Assets</b>	<u>\$ 1,004,860</u>	<u>\$ 41,667</u>	<u>\$ 665,471</u>	<u>\$ 250,000</u>	<u>\$ 500,000</u>

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