



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

American Pecan Council

Compiled Financial Statements

For the One Month and Seven Months Ended April 30, 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 seven 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 seven months ended April 30, 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
May 9, 2018

An independently owned member
RSM US Alliance

RSM

AMERICAN PECAN COUNCIL
Statement of Financial Position

As of April 30, 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 9,001,378
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Total Current Assets	\$ 9,001,378
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Fixed Assets:

Property, Plant, and Equipment	\$ 49,169
Accumulated Depreciation	(4,383)
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Total Fixed Assets	\$ 44,786
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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	\$ 9,048,564
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 26,891
Payroll Tax Payable	9,966
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Total Current Liabilities	\$ 36,857
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Total Liabilities	\$ 36,857
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Net Assets:

Unrestricted Net Assets	\$ 9,011,707
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Total Net Assets	\$ 9,011,707
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TOTAL LIABILITIES AND NET ASSETS	\$ 9,048,564
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Activities

For the One Month and Seven Months Ended April 30, 2018

	<u>One Month</u>	<u>Seven Months</u>
Revenue:		
Assessment Income	\$ 4,565,076	\$ 8,145,170
Donations	-0-	5
Interest Earned	6,878	20,782
Other Income	1,003	1,543
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Total Revenue	\$ 4,572,957	\$ 8,167,500
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Expenses:		
APC Expenses	\$ 25,646	\$ 82,020
Capital Items	-0-	1,696
Compliance	174	3,934
Depreciation Expense	819	4,244
General and Administrative	75,709	379,476
Industry Communication and Database Management	48	317
Marketing	412,570	2,972,351
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Total Expenses	\$ 514,966	\$ 3,444,038
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Change in Net Assets	\$ 4,057,991	\$ 4,723,462
Net Assets, Beginning	4,953,716	4,288,245
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Net Assets, Ending	\$ 9,011,707	\$ 9,011,707
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flow

For the One Month and Seven Months Ended April 30, 2018

	<u>One Month</u>	<u>Seven Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 4,565,076	\$ 8,145,170
Cash Received from Donors	-0-	5
Cash Received from Interest Earned	6,878	20,782
Cash Paid for Salary and Benefits	(31,292)	(72,128)
Cash Paid for Operating Expenses	(451,325)	(4,151,198)
	<u>\$ 4,089,337</u>	<u>\$ 3,942,631</u>
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	\$ -0-	(\$ 45,023)
	<u>\$ -0-</u>	<u>(\$ 45,023)</u>
Net Increase (Decrease) in Cash	\$ 4,089,337	\$ 3,897,608
Cash, Beginning of Period	<u>4,912,041</u>	<u>5,103,770</u>
Cash, End of Period	<u><u>\$ 9,001,378</u></u>	<u><u>\$ 9,001,378</u></u>
Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Increase (Decrease) in Net Assets	\$ 4,057,991	\$ 4,723,462
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	819	4,244
Changes in Assets and Liabilities:		
(Increase) Decrease in Security Deposit	-0-	(400)
Increase (Decrease) in Accounts Payable	26,891	(794,641)
Increase (Decrease) in Payroll Tax Payable	3,636	9,966
	<u>\$ 4,089,337</u>	<u>\$ 3,942,631</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Seven Months Ended April 30, 2018
and the Year Ended September 30, 2018**

	One Month Ended April 30, 2018		Seven Months Ended April 30, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Revenue:					
2016 Assessment Income - Carry Over	\$ 213,757	\$ 333,333	\$ 2,026,506	\$ 2,333,333	\$ 4,000,000
2017 Assessment Income	4,351,319	522,667	6,118,664	3,658,667	6,272,000
Donations	-0-	-0-	5	-0-	-0-
Interest Earned	6,878	3,917	20,782	27,417	47,000
Other Income	1,003	250	1,543	1,750	3,000
Total Revenue	\$ 4,572,957	\$ 860,167	\$ 8,167,500	\$ 6,021,167	\$ 10,322,000
Expenses:					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 28,618	\$ 28,750	\$ 66,473	\$ 201,250	\$ 345,000
Employee Benefits	-0-	3,333	-0-	23,333	40,000
Payroll Taxes	2,674	2,500	5,655	17,500	30,000
Professional Services and Fees	-0-	3,750	11,953	26,250	45,000
Staff Travel	32,549	3,750	43,764	26,250	45,000
Accounting Services	4,670	3,333	15,731	23,333	40,000
Rent and Utilities	-0-	2,917	16,417	20,417	35,000
Contract Labor	5,067	1,083	100,537	7,583	13,000
Telephone/Internet/Mobile	843	833	3,053	5,833	10,000
Office Expenses General	602	542	6,492	3,792	6,500
Subscriptions/Conference Registrations/Dues	88	417	547	2,917	5,000
Fidelity Bond Insurance	-0-	333	1,884	2,333	4,000
Maintenance/Repairs	-0-	292	-0-	2,042	3,500
Executive Search Firm Fees	-0-	10,417	106,296	72,917	125,000
Depreciation Expense	819	-0-	4,244	-0-	-0-
Miscellaneous	600	167	675	1,167	2,000
Total General and Administrative	\$ 76,530	\$ 62,417	\$ 383,721	\$ 436,917	\$ 749,000
APC Expenses:					
Council Travel	\$ 14,156	\$ 13,333	\$ 43,552	\$ 93,333	\$ 160,000
Meetings Expenses	10,599	2,917	35,338	20,417	35,000
Working Group and Committee Expense	890	2,000	3,072	14,000	24,000
D&O Insurance	-0-	250	59	1,750	3,000
Economic Demand Study	-0-	2,083	-0-	14,583	25,000
Total APC Expenses	\$ 25,645	\$ 20,583	\$ 82,021	\$ 144,083	\$ 247,000
Compliance:					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 59,500	\$ 102,000
Compliance Travel	-0-	4,583	-0-	32,083	55,000
GAGAS Audit	-0-	2,500	30	17,500	30,000
Records and Accounting	-0-	833	-0-	5,833	10,000
Printing/Forms/Postage	174	417	3,903	2,917	5,000
Total Compliance	\$ 174	\$ 16,833	\$ 3,933	\$ 117,833	\$ 202,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Seven Months Ended April 30, 2018
and the Year Ended September 30, 2018**

	One Month Ended April 30, 2018		Seven Months Ended April 30, 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-	\$ 78,750	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	-0-	131,250	225,000
Total Data and Statistics	<u>\$ -0-</u>	<u>\$ 30,000</u>	<u>\$ -0-</u>	<u>\$ 210,000</u>	<u>\$ 360,000</u>
Industry Communication and Database Management:					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 24,500	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	317	11,667	20,000
Total Industry Communication and Database Management	<u>\$ 48</u>	<u>\$ 5,167</u>	<u>\$ 317</u>	<u>\$ 36,167</u>	<u>\$ 62,000</u>
Total Administrative and Program Support	<u>\$ 102,397</u>	<u>\$ 135,000</u>	<u>\$ 469,992</u>	<u>\$ 945,000</u>	<u>\$ 1,620,000</u>
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 1,696	\$ 23,333	\$ 40,000
Total Capital Items	<u>\$ -0-</u>	<u>\$ 3,333</u>	<u>\$ 1,696</u>	<u>\$ 23,333</u>	<u>\$ 40,000</u>
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 218,750	\$ 375,000
Total Research	<u>\$ -0-</u>	<u>\$ 31,250</u>	<u>\$ -0-</u>	<u>\$ 218,750</u>	<u>\$ 375,000</u>
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 2,166,038	\$ 562,333	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	393,190	416,667	775,025	2,916,667	5,000,000
Unallocated or Available for Carry Over into 2019	19,379	98,000	19,379	686,000	1,176,000
International Marketing	-0-	41,667	-0-	291,667	500,000
Database Portal Development Website	-0-	3,750	-0-	26,250	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	24,500	42,000
Printing and Design/Other	-0-	2,500	-0-	17,500	30,000
Immersion Tours	-0-	2,500	11,908	17,500	30,000
Total Marketing	<u>\$ 412,569</u>	<u>\$ 648,917</u>	<u>\$ 2,972,350</u>	<u>\$ 4,542,417</u>	<u>\$ 7,787,000</u>
Total Research and Marketing	<u>\$ 412,569</u>	<u>\$ 680,167</u>	<u>\$ 2,972,350</u>	<u>\$ 4,761,167</u>	<u>\$ 8,162,000</u>
Total Expenses	<u>\$ 514,966</u>	<u>\$ 818,500</u>	<u>\$ 3,444,038</u>	<u>\$ 5,729,500</u>	<u>\$ 9,822,000</u>
Change in Net Assets	<u>\$ 4,057,991</u>	<u>\$ 41,667</u>	<u>\$ 4,723,462</u>	<u>\$ 291,667</u>	<u>\$ 500,000</u>

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