



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**American Pecan Council**

**Compiled Financial Statements**

**For the One Month and Eight Months Ended May 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 May 31, 2018 and the related statements of activities, statements of functional expenses, and cash flows for the one month and eight 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 eight months ended May 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  
July 10, 2018

An independently owned member  
RSM US Alliance

RSM

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

**As of May 31, 2018**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$ 9,368,932
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Total Current Assets	\$ 9,368,932
	<hr/>

**Fixed Assets:**

Property, Plant, and Equipment	\$ 45,673
Accumulated Depreciation	( 5,028)
	<hr/>
Total Fixed Assets	\$ 40,645
	<hr/>

**Other Assets:**

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

<b>TOTAL ASSETS</b>	<b>\$ 9,411,977</b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$ 13,642
Payroll Tax Payable	1,722
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Total Current Liabilities	\$ 15,364
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Total Liabilities	\$ 15,364
	<hr/>

**Net Assets:**

Without Donor Restriction	\$ 9,396,613
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Total Net Assets	\$ 9,396,613
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,411,977</b>
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See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Activities**

**For the One Month Ended May 31, 2018**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenue:</b>			
Assessment Income	\$ 1,160,483	\$ -0-	\$ 1,160,483
Interest Earned	13,508	-0-	13,508
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 1,173,991	\$ -0-	\$ 1,173,991
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Expenses	\$ 732,418	\$ -0-	\$ 732,418
Management and General	66,279	-0-	66,279
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 798,697	\$ -0-	\$ 798,697
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 375,294	\$ -0-	\$ 375,294
Net Assets, Beginning	9,021,319	-0-	9,021,319
	<hr/>	<hr/>	<hr/>
Net Assets, Ending	\$ 9,396,613	\$ -0-	\$ 9,396,613
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the One Month Ended May 31, 2018**

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
APC Expenses	\$ -0-	\$ 17,077	\$ 17,077
Compliance	-0-	7,222	7,222
Depreciation Expense	-0-	761	761
Data and Statistics	-0-	2,423	2,423
General and Administrative	-0-	38,748	38,748
Industry Communication and Database Management	-0-	48	48
Marketing	732,418	-0-	732,418
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 732,418	\$ 66,279	\$ 798,697
	<hr/>	<hr/>	<hr/>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Activities**

**For the Eight Months Ended May 31, 2018**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenue:</b>			
Assessment Income	\$ 9,305,652	\$ -0-	\$ 9,305,652
Donations	5	-0-	5
Interest Earned	43,433	-0-	43,433
Other Income	1,543	-0-	1,543
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 9,350,633	\$ -0-	\$ 9,350,633
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Expense	\$ 2,755,463	\$ -0-	\$ 2,755,463
Management and General	537,496	-0-	537,496
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 3,292,959	\$ -0-	\$ 3,292,959
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 6,057,674	\$ -0-	\$ 6,057,674
	<hr/>	<hr/>	<hr/>
Net Assets, as Previously Stated	\$ 4,288,245	\$ -0-	\$ 4,288,245
	<hr/>	<hr/>	<hr/>
Prior Period Adjustment	( 949,306)	\$ -0-	( 949,306)
	<hr/>	<hr/>	<hr/>
Net Assets, as Restated	\$ 3,338,939	\$ -0-	\$ 3,338,939
	<hr/>	<hr/>	<hr/>
Net Assets, Ending	\$ 9,396,613	\$ -0-	\$ 9,396,613
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See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Eight Months Ended May 31, 2018**

	<b><u>Program Expenses</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
APC Expenses	\$ -0-	\$ 120,088	\$ 120,088
Capital Items	-0-	2,040	2,040
Compliance	-0-	11,156	11,156
Depreciation Expense	-0-	4,889	4,889
Data and Statistics	-0-	2,423	2,423
General and Administrative	-0-	396,535	396,535
Industry Communication and Database Management	-0-	365	365
Marketing	<u>2,755,463</u>	<u>-0-</u>	<u>2,755,463</u>
Total Expenses	<u>\$ 2,755,463</u>	<u>\$ 537,496</u>	<u>\$ 3,292,959</u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Cash Flows

**For the One Month and Eight Months Ended May 31, 2018**

	<u>One Month</u>	<u>Eight Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 1,160,483	\$ 9,305,652
Cash Received from Donors	-0-	5
Cash Received from Interest Earned	13,508	43,433
Cash Paid for Salary and Benefits	( 31,292)	( 72,128)
Cash Paid for Operating Expenses	( 784,289)	( 4,970,273)
	<u>\$ 358,410</u>	<u>\$ 4,306,689</u>
<b>Cash Flows From Investing Activities:</b>		
Purchases of Property, Plant, and Equipment	\$ -0-	(\$ 41,527)
	<u>\$ -0-</u>	<u>(\$ 41,527)</u>
Net Increase (Decrease) in Cash	\$ 358,410	\$ 4,265,162
Cash, Beginning of Period	<u>9,010,522</u>	<u>5,103,770</u>
Cash, End of Period	<u>\$ 9,368,932</u>	<u>\$ 9,368,932</u>
<b>Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 375,294	\$ 6,057,674
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	761	4,889
Changes in Assets and Liabilities:		
(Increase) Decrease in Security Deposit	-0-	( 400)
Increase (Decrease) in Accounts Payable	( 15,648)	( 1,757,196)
Increase (Decrease) in Payroll Tax Payable	( 1,997)	1,722
	<u>\$ 358,410</u>	<u>\$ 4,306,689</u>

See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Eight Months Ended May 31 2018  
and the Year Ended September 30, 2018**

	One Month Ended May 31, 2018		Eight Months Ended May 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Revenue:</b>					
2016 Assessment Income - Carry Over	\$ 141,362	\$ 333,333	\$ 2,167,867	\$ 2,666,667	\$ 4,000,000
2017 Assessment Income	1,019,121	522,667	7,137,785	4,181,333	6,272,000
Donations	-0-	-0-	5	-0-	-0-
Interest Earned	13,508	3,917	43,433	31,333	47,000
Other Income	-0-	250	1,543	2,000	3,000
<b>Total Revenue</b>	<b>\$ 1,173,991</b>	<b>\$ 860,167</b>	<b>\$ 9,350,633</b>	<b>\$ 6,881,333</b>	<b>\$ 10,322,000</b>
<b>Expenses:</b>					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 16,618	\$ 28,750	\$ 83,092	\$ 230,000	\$ 345,000
Employee Benefits	-0-	3,333	-0-	26,667	40,000
Payroll Taxes	1,271	2,500	6,927	20,000	30,000
Professional Services and Fees	3,900	3,750	15,853	30,000	45,000
Staff Travel	352	3,750	22,440	30,000	45,000
Accounting Services	2,710	3,333	18,441	26,667	40,000
Rent and Utilities	5,340	2,917	21,757	23,333	35,000
Contract Labor	5,328	1,083	105,865	8,667	13,000
Telephone/Internet/Mobile	112	833	3,165	6,667	10,000
Office Expenses General	176	542	6,653	4,333	6,500
Subscriptions/Conference Registrations/Dues	10	417	557	3,333	5,000
Fidelity Bond Insurance	-0-	333	1,884	2,667	4,000
Maintenance/Repairs	-0-	292	-0-	2,333	3,500
Executive Search Firm Fees	2,931	10,417	109,227	83,333	125,000
Depreciation Expense	761	-0-	4,889	-0-	-0-
Miscellaneous	-0-	167	674	1,333	2,000
<b>Total General and Administrative</b>	<b>\$ 39,509</b>	<b>\$ 62,417</b>	<b>\$ 401,424</b>	<b>\$ 499,333</b>	<b>\$ 749,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

### **For the One Month and Eight Months Ended May 31 2018 and the Year Ended September 30, 2018**

	One Month Ended May 31, 2018		Eight Months Ended May 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>APC Expenses:</b>					
Council Travel	\$ 10,949	\$ 13,333	\$ 65,062	\$ 106,667	\$ 160,000
Meetings Expenses	545	2,917	35,861	23,333	35,000
Working Group and Committee Expense	5,583	2,000	19,106	16,000	24,000
D&O Insurance	-0-	250	59	2,000	3,000
Economic Demand Study	-0-	2,083	-0-	16,667	25,000
<b>Total APC Expenses</b>	<b>\$ 17,077</b>	<b>\$ 20,583</b>	<b>\$ 120,088</b>	<b>\$ 164,667</b>	<b>\$ 247,000</b>
<b>Compliance:</b>					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ -0-	\$ 68,000	\$ 102,000
Compliance Travel	6,877	4,583	6,877	36,667	55,000
GAGAS Audit	345	2,500	375	20,000	30,000
Records and Accounting	-0-	833	-0-	6,667	10,000
Printing/Forms/Postage	-0-	417	3,904	3,333	5,000
<b>Total Compliance</b>	<b>\$ 7,222</b>	<b>\$ 16,833</b>	<b>\$ 11,156</b>	<b>\$ 134,667</b>	<b>\$ 202,000</b>
<b>Data and Statistics:</b>					
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ -0-	\$ 90,000	\$ 135,000
Consulting and Research - Contractor	2,423	18,750	2,423	150,000	225,000
<b>Total Data and Statistics</b>	<b>\$ 2,423</b>	<b>\$ 30,000</b>	<b>\$ 2,423</b>	<b>\$ 240,000</b>	<b>\$ 360,000</b>
<b>Industry Communication and Database Management:</b>					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 28,000	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	365	13,333	20,000
<b>Total Industry Communication and Database Management</b>	<b>\$ 48</b>	<b>\$ 5,167</b>	<b>\$ 365</b>	<b>\$ 41,333</b>	<b>\$ 62,000</b>
<b>Total Administrative and Program Support</b>	<b>\$ 66,279</b>	<b>\$ 135,000</b>	<b>\$ 535,456</b>	<b>\$ 1,080,000</b>	<b>\$ 1,620,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Eight Months Ended May 31 2018  
and the Year Ended September 30, 2018**

	One Month Ended May 31, 2018		Eight Months Ended May 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Capital Items:					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 2,040	\$ 26,667	\$ 40,000
Total Capital Items	\$ -0-	\$ 3,333	\$ 2,040	\$ 26,667	\$ 40,000
Research and Marketing:					
Research:					
Funding Request	\$ -0-	\$ 31,250	\$ -0-	\$ 250,000	\$ 375,000
Total Research	\$ -0-	\$ 31,250	\$ -0-	\$ 250,000	\$ 375,000
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ 1,216,732	\$ 642,667	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	-0-	416,667	775,025	3,333,333	5,000,000
Unallocated or Available for Carry Over into 2019	232,418	98,000	251,798	784,000	1,176,000
International Marketing	500,000	41,667	500,000	333,333	500,000
Database Portal Development Website	-0-	3,750	-0-	30,000	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	28,000	42,000
Printing and Design/Other	-0-	2,500	-0-	20,000	30,000
Immersion Tours	-0-	2,500	11,908	20,000	30,000
Total Marketing	\$ 732,418	\$ 648,917	\$ 2,755,463	\$ 5,191,333	\$ 7,787,000
Total Research and Marketing	\$ 732,418	\$ 680,167	\$ 2,755,463	\$ 5,441,333	\$ 8,162,000
<b>Total Expenses</b>	<b>\$ 798,697</b>	<b>\$ 818,500</b>	<b>\$ 3,292,959</b>	<b>\$ 6,548,000</b>	<b>\$ 9,822,000</b>
<b>Change in Net Assets</b>	<b>\$ 375,294</b>	<b>\$ 41,667</b>	<b>\$ 6,057,674</b>	<b>\$ 333,333</b>	<b>\$ 500,000</b>

See Accountants' Compilation Report.