



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**

**Compiled Financial Statements**

**For the One Month and Eleven Months Ended August 31, 2018**

515 West Harris Avenue • Post Office Box 71 • San Angelo, Texas 76902-0071

Phone (325) 653-6854 • Fax (325) 655-5857 • [www.armstrongbackus.com](http://www.armstrongbackus.com)



**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 August 31, 2018 and the related statements of activities, statements of functional expenses, and cash flows for the one month and eleven 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 eleven months ended August 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  
September 14, 2018

An independently owned member  
RSM US Alliance



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

**As of August 31, 2018**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	7,859,079
Prepaid Expenses		<u>122,727</u>
Total Current Assets	\$	<u>7,981,806</u>

**Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	<u>7,392)</u>
Total Fixed Assets	\$	<u>39,897</u>

**Other Assets:**

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

<b>TOTAL ASSETS</b>	\$	<u><u>8,024,103</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$	142,977
Payroll Tax Payable		<u>3,458</u>
Total Current Liabilities	\$	<u>146,435</u>

Total Liabilities	\$	<u>146,435</u>
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**Net Assets:**

Without Donor Restriction	\$	<u>7,877,668</u>
Total Net Assets	\$	<u>7,877,668</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	<u><u>8,024,103</u></u>
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See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Activities**

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue:</b>			
Assessment Income	\$ 490,554	\$ -0-	\$ 490,554
Donations	-0-	-0-	-0-
Other Income	420	-0-	420
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 490,974	\$ -0-	\$ 490,974
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Expense	\$ 172,261	\$ -0-	\$ 172,261
Management and General	130,489	-0-	130,489
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 302,750	\$ -0-	\$ 302,750
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 188,224	\$ -0-	\$ 188,224
Net Assets, Beginning	7,689,444	\$ -0-	7,689,444
	<hr/>	<hr/>	<hr/>
Net Assets, Ending	\$ 7,877,668	\$ -0-	\$ 7,877,668
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

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

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
APC Expenses	\$ -0-	\$ 13,992	\$ 13,992
Compliance	-0-	244	244
Depreciation Expense	-0-	788	788
Data and Statistics	-0-	12,273	12,273
General and Administrative	-0-	103,144	103,144
Industry Communication and Database Management	-0-	48	48
Marketing	172,261	-0-	172,261
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 172,261	\$ 130,489	\$ 302,750

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

**For the Eleven Months Ended August 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 10,389,461	\$ -0-	\$ 10,389,461
Donations	5	-0-	5
Interest Earned	70,621	-0-	70,621
Other Income	1,963	-0-	1,963
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 10,462,050	\$ -0-	\$ 10,462,050
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Expense	\$ 5,099,444	\$ -0-	\$ 5,099,444
Management and General	823,877	-0-	823,877
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 5,923,321	\$ -0-	\$ 5,923,321
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 4,538,729	\$ -0-	\$ 4,538,729
	<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	\$ 7,877,668	\$ -0-	\$ 7,877,668
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See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Eleven Months Ended August 31, 2018**

	<b>Program Expense</b>	<b>Management and General</b>	<b>Total</b>
APC Expenses	\$ -0-	\$ 152,834	\$ 152,834
Capital Items	-0-	2,480	2,480
Compliance	-0-	28,396	28,396
Depreciation Expense	-0-	7,254	7,254
Data and Statistics	-0-	14,696	14,696
General and Administrative	-0-	617,709	617,709
Industry Communication and Database Management	-0-	508	508
Marketing	4,903,603	-0-	4,903,603
Research	195,841	-0-	195,841
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 5,099,444	\$ 823,877	\$ 5,923,321

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Cash Flows

**For the One Month and Eleven Months Ended August 31, 2018**

	<b>One Month</b>	<b>Eleven Months</b>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 490,554	\$ 10,389,461
Cash Received from Donors	-0-	5
Cash Received from Interest Earned	-0-	70,621
Cash Paid for Salary and Benefits	( 31,292)	( 72,128)
Cash Paid for Operating Expenses	( 248,042)	( 7,589,507)
	\$ 211,220	\$ 2,798,452
<b>Cash Flows From Investing Activities:</b>		
Purchases of Property, Plant, and Equipment	\$ -0-	(\$ 43,143)
	\$ -0-	(\$ 43,143)
Net Increase (Decrease) in Cash	\$ 211,220	\$ 2,755,309
Cash, Beginning of Period	7,647,859	5,103,770
Cash, End of Period	\$ 7,859,079	\$ 7,859,079
<b>Reconciliation of Increase (Decrease) in Net Assets to</b>		
<b>Net Cash Provided (Used) by Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 188,224	\$ 4,538,729
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	7,253
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	( 122,727)	( 122,727)
(Increase) Decrease in Security Deposit	-0-	( 400)
Increase (Decrease) in Accounts Payable	141,477	( 1,627,861)
Increase (Decrease) in Payroll Tax Payable	3,458	3,458
	\$ 211,220	\$ 2,798,452

See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Eleven Months Ended August 31, 2018  
and the Year Ended September 30, 2018**

	One Month Ended August 31, 2018		Eleven Months Ended August 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Revenue:</b>					
2016 Assessment Income - Carry Over	\$ 127,657	\$ 333,333	\$ 2,460,636	\$ 3,666,667	\$ 4,000,000
2017 Assessment Income	362,897	522,667	7,928,825	5,749,333	6,272,000
Donations	-0-	-0-	5	-0-	-0-
Interest Earned	-0-	3,917	70,621	43,083	47,000
Other Income	420	250	1,963	2,750	3,000
<b>Total Revenue</b>	<b>\$ 490,974</b>	<b>\$ 860,167</b>	<b>\$ 10,462,050</b>	<b>\$ 9,461,833</b>	<b>\$ 10,322,000</b>
<b>Expenses:</b>					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 40,136	\$ 28,750	\$ 188,966	\$ 316,250	\$ 345,000
Employee Benefits	-0-	3,333	-0-	36,667	40,000
Payroll Taxes	3,355	2,500	15,596	27,500	30,000
Professional Services and Fees	4,680	3,750	27,345	41,250	45,000
Staff Travel	11,288	3,750	37,855	41,250	45,000
Accounting Services	-0-	3,333	21,129	36,667	40,000
Rent and Utilities	-0-	2,917	29,767	32,083	35,000
Contract Labor	-0-	1,083	113,671	11,917	13,000
Telephone/Internet/Mobile	411	833	5,972	9,167	10,000
Office Expenses General	37,990	542	48,471	5,958	6,500
Subscriptions/Conference Registrations/Dues	5,247	417	6,753	4,583	5,000
Fidelity Bond Insurance	37	333	1,921	3,667	4,000
Maintenance/Repairs	-0-	292	156	3,208	3,500
Executive Search Firm Fees	-0-	10,417	119,433	114,583	125,000
Depreciation Expense	788	-0-	7,254	-0-	-0-
Miscellaneous	-0-	167	674	1,833	2,000
<b>Total General and Administrative</b>	<b>\$ 103,932</b>	<b>\$ 62,417</b>	<b>\$ 624,963</b>	<b>\$ 686,583</b>	<b>\$ 749,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

### **For the One Month and Eleven Months Ended August 31, 2018 and the Year Ended September 30, 2018**

	One Month Ended August 31, 2018		Eleven Months Ended August 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>APC Expenses:</b>					
Council Travel	\$ 2,940	\$ 13,333	\$ 83,345	\$ 146,667	\$ 160,000
Meetings Expenses	11,009	2,917	48,370	32,083	35,000
Working Group and Committee Expense	43	2,000	21,060	22,000	24,000
D&O Insurance	-0-	250	59	2,750	3,000
Economic Demand Study	-0-	2,083	-0-	22,917	25,000
<b>Total APC Expenses</b>	<b>\$ 13,992</b>	<b>\$ 20,583</b>	<b>\$ 152,834</b>	<b>\$ 226,417</b>	<b>\$ 247,000</b>
<b>Compliance:</b>					
Sheller/Handler Visits and Audits (Contracted)	\$ -0-	\$ 8,500	\$ 3,646	\$ 93,500	\$ 102,000
Compliance Travel	-0-	4,583	9,308	50,417	55,000
GAGAS Audit	-0-	2,500	11,275	27,500	30,000
Records and Accounting	-0-	833	-0-	9,167	10,000
Printing/Forms/Postage	244	417	4,167	4,583	5,000
<b>Total Compliance</b>	<b>\$ 244</b>	<b>\$ 16,833</b>	<b>\$ 28,396</b>	<b>\$ 185,167</b>	<b>\$ 202,000</b>
<b>Data and Statistics:</b>					
NASS Crop Estimates	\$ 12,273	\$ 11,250	\$ 12,273	\$ 123,750	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	2,423	206,250	225,000
<b>Total Data and Statistics</b>	<b>\$ 12,273</b>	<b>\$ 30,000</b>	<b>\$ 14,696</b>	<b>\$ 330,000</b>	<b>\$ 360,000</b>
<b>Industry Communication and Database Management:</b>					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 38,500	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	508	18,333	20,000
<b>Total Industry Communication and Database Management</b>	<b>\$ 48</b>	<b>\$ 5,167</b>	<b>\$ 508</b>	<b>\$ 56,833</b>	<b>\$ 62,000</b>
<b>Total Administrative and Program Support</b>	<b>\$ 130,489</b>	<b>\$ 135,000</b>	<b>\$ 821,397</b>	<b>\$ 1,485,000</b>	<b>\$ 1,620,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

### **For the One Month and Eleven Months Ended August 31, 2018 and the Year Ended September 30, 2018**

	One Month Ended August 31, 2018		Eleven Months Ended August 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Capital Items:</b>					
Computer/Phone Systems/Furniture/Build-out	\$ -0-	\$ 3,333	\$ 2,480	\$ 36,667	\$ 40,000
Total Capital Items	\$ -0-	\$ 3,333	\$ 2,480	\$ 36,667	\$ 40,000
<b>Research and Marketing:</b>					
<b>Research:</b>					
Funding Request	\$ -0-	\$ 31,250	\$ 195,841	\$ 343,750	\$ 375,000
Total Research	\$ -0-	\$ 31,250	\$ 195,841	\$ 343,750	\$ 375,000
<b>Marketing:</b>					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ -0-	\$ 883,667	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	172,261	416,667	3,158,377	4,583,333	5,000,000
Unallocated or Available for Carry Over into 2019	-0-	98,000	1,228,039	1,078,000	1,176,000
International Marketing	-0-	41,667	500,000	458,333	500,000
Database Portal Development Website	-0-	3,750	-0-	41,250	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	38,500	42,000
Printing and Design/Other	-0-	2,500	5,279	27,500	30,000
Immersion Tours	-0-	2,500	11,908	27,500	30,000
Total Marketing	\$ 172,261	\$ 648,917	\$ 4,903,603	\$ 7,138,083	\$ 7,787,000
Total Research and Marketing	\$ 172,261	\$ 680,167	\$ 5,099,444	\$ 7,481,833	\$ 8,162,000
<b>Total Expenses</b>	<b>\$ 302,750</b>	<b>\$ 818,500</b>	<b>\$ 5,923,321</b>	<b>\$ 9,003,500</b>	<b>\$ 9,822,000</b>
<b>Change in Net Assets</b>	<b>\$ 188,224</b>	<b>\$ 41,667</b>	<b>\$ 4,538,729</b>	<b>\$ 458,333</b>	<b>\$ 500,000</b>

See Accountants' Compilation Report.