



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**American Pecan Council**

**Compiled Financial Statements**

**For the One Month and Ten Months Ended July 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 July 31, 2018 and the related statements of activities, statements of functional expenses, and cash flows for the one month and ten 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 ten months ended July 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  
August 14, 2018

An independently owned member  
RSM US Alliance



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

**As of July 31, 2018**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	7,647,859
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Total Current Assets	\$	7,647,859
		<hr/>

**Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	6,604)
		<hr/>
Total Fixed Assets	\$	40,685
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**Other Assets:**

Security Deposit	\$	2,400
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Total Other Assets	\$	2,400
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<b>TOTAL ASSETS</b>	\$	7,690,944
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$	1,500
		<hr/>
Total Current Liabilities	\$	1,500
		<hr/>
Total Liabilities	\$	1,500
		<hr/>

**Net Assets:**

Without Donor Restriction	\$	7,689,444
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Total Net Assets	\$	7,689,444
		<hr/>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	7,690,944
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See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 14,733	\$ -0-	\$ 14,733
Interest Earned	27,188	-0-	27,188
Total Revenue	<u>\$ 41,921</u>	<u>\$ -0-</u>	<u>\$ 41,921</u>
<b>Expenses:</b>			
Program Expense	\$ 1,373,505	\$ -0-	\$ 1,373,505
Management and General	100,253	-0-	100,253
Total Expenses	<u>\$ 1,473,758</u>	<u>\$ -0-</u>	<u>\$ 1,473,758</u>
Change in Net Assets	<u>(\$ 1,431,837)</u>	<u>\$ -0-</u>	<u>(\$ 1,431,837)</u>
Net Assets, as Previously Stated	\$ 9,118,681	\$ -0-	\$ 9,118,681
Prior Period Adjustment	2,600	\$ -0-	2,600
Net Assets, as Restated	<u>\$ 9,121,281</u>	<u>\$ -0-</u>	<u>\$ 9,121,281</u>
Net Assets, Ending	<u>\$ 7,689,444</u>	<u>\$ -0-</u>	<u>\$ 7,689,444</u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

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

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
APC Expenses	\$ -0-	\$ 10,293	\$ 10,293
Compliance	-0-	12,900	12,900
Depreciation Expense	-0-	788	788
General and Administrative	-0-	76,224	76,224
Industry Communication and Database Management	-0-	48	48
Marketing	1,367,664	-0-	1,367,664
Research	5,841	-0-	5,841
	<b><u>\$ 1,373,505</u></b>	<b><u>\$ 100,253</u></b>	<b><u>\$ 1,473,758</u></b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

**For the Ten Months Ended July 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 9,898,906	\$ -0-	\$ 9,898,906
Donations	5	-0-	5
Interest Earned	70,624	-0-	70,624
Other Income	1,543	-0-	1,543
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 9,971,078	\$ -0-	\$ 9,971,078
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Expense	\$ 4,927,182	\$ -0-	\$ 4,927,182
Management and General	693,391	-0-	693,391
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 5,620,573	\$ -0-	\$ 5,620,573
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 4,350,505	\$ -0-	\$ 4,350,505
	<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	\$ 7,689,444	\$ -0-	\$ 7,689,444
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See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Ten Months Ended July 31, 2018**

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
APC Expenses	\$ -0-	\$ 138,842	\$ 138,842
Capital Items	-0-	2,480	2,480
Compliance	-0-	28,152	28,152
Depreciation Expense	-0-	6,465	6,465
Data and Statistics	-0-	2,423	2,423
General and Administrative	-0-	514,568	514,568
Industry Communication and Database Management	-0-	461	461
Marketing	4,731,341	-0-	4,731,341
Research	195,841	-0-	195,841
	<b><u>\$ 4,927,182</u></b>	<b><u>\$ 693,391</u></b>	<b><u>\$ 5,620,573</u></b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Cash Flows

**For the One Month and Ten Months Ended July 31, 2018**

	<b>One Month</b>	<b>Ten Months</b>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 15,271	\$ 9,898,906
Cash Received from Donors	-0-	5
Cash Received from Interest Earned	27,188	70,624
Cash Paid for Salary and Benefits	( 31,292)	( 72,128)
Cash Paid for Operating Expenses	( 1,461,286)	( 7,310,175)
	(\$ 1,450,119)	\$ 2,587,232
<b>Cash Flows From Investing Activities:</b>		
Purchases of Property, Plant, and Equipment	\$ -0-	(\$ 43,143)
	\$ -0-	(\$ 43,143)
Net Increase (Decrease) in Cash	(\$ 1,450,119)	\$ 2,544,089
Cash, Beginning of Period	9,097,978	5,103,770
Cash, End of Period	\$ 7,647,859	\$ 7,647,859
<b>Reconciliation of Increase (Decrease) in Net Assets to</b>		
<b>Net Cash Provided (Used) by Operating Activities:</b>		
Increase (Decrease) in Net Assets	(\$ 1,431,837)	\$ 4,350,505
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	6,465
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	538	-0-
(Increase) Decrease in Security Deposit	-0-	( 400)
Increase (Decrease) in Accounts Payable	( 19,524)	( 1,769,338)
Increase (Decrease) in Payroll Tax Payable	( 84)	-0-
Net Cash Provided (Used) by Operating Activities	(\$ 1,450,119)	\$ 2,587,232

See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Ten Months Ended July 31, 2018  
and the Year Ended September 30, 2018**

	One Month Ended July 31, 2018		Ten Months Ended July 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Revenue:</b>					
2016 Assessment Income - Carry Over	\$ -0-	\$ 333,333	\$ 2,330,529	\$ 3,333,333	\$ 4,000,000
2017 Assessment Income	14,733	522,667	7,568,377	5,226,667	6,272,000
Donations	-0-	-0-	5	-0-	-0-
Interest Earned	27,188	3,917	70,624	39,167	47,000
Other Income	-0-	250	1,543	2,500	3,000
<b>Total Revenue</b>	<b>\$ 41,921</b>	<b>\$ 860,167</b>	<b>\$ 9,971,078</b>	<b>\$ 8,601,667</b>	<b>\$ 10,322,000</b>
<b>Expenses:</b>					
Administration and Program Support:					
General and Administrative:					
Salaries and Benefits	\$ 49,120	\$ 28,750	\$ 148,830	\$ 287,500	\$ 345,000
Employee Benefits	-0-	3,333	-0-	33,333	40,000
Payroll Taxes	4,043	2,500	12,241	25,000	30,000
Professional Services and Fees	3,545	3,750	22,664	37,500	45,000
Staff Travel	2,827	3,750	26,567	37,500	45,000
Accounting Services	38	3,333	21,129	33,333	40,000
Rent and Utilities	8,010	2,917	29,767	29,167	35,000
Contract Labor	2,756	1,083	113,671	10,833	13,000
Telephone/Internet/Mobile	2,000	833	5,565	8,333	10,000
Office Expenses General	3,022	542	10,481	5,417	6,500
Subscriptions/Conference Registrations/Dues	740	417	1,506	4,167	5,000
Fidelity Bond Insurance	-0-	333	1,884	3,333	4,000
Maintenance/Repairs	123	292	156	2,917	3,500
Executive Search Firm Fees	-0-	10,417	119,433	104,167	125,000
Depreciation Expense	788	-0-	6,465	-0-	-0-
Miscellaneous	-0-	167	674	1,667	2,000
<b>Total General and Administrative</b>	<b>\$ 77,012</b>	<b>\$ 62,417</b>	<b>\$ 521,033</b>	<b>\$ 624,167</b>	<b>\$ 749,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Ten Months Ended July 31, 2018  
and the Year Ended September 30, 2018**

	One Month Ended July 31, 2018		Ten Months Ended July 31, 2018		Fiscal Year Ended September 30, 2018
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>APC Expenses:</b>					
Council Travel	\$ 8,740	\$ 13,333	\$ 80,405	\$ 133,333	\$ 160,000
Meetings Expenses	1,500	2,917	37,361	29,167	35,000
Working Group and Committee Expense	53	2,000	21,017	20,000	24,000
D&O Insurance	-0-	250	59	2,500	3,000
Economic Demand Study	-0-	2,083	-0-	20,833	25,000
<b>Total APC Expenses</b>	<b>\$ 10,293</b>	<b>\$ 20,583</b>	<b>\$ 138,842</b>	<b>\$ 205,833</b>	<b>\$ 247,000</b>
<b>Compliance:</b>					
Sheller/Handler Visits and Audits (Contracted)	\$ 1,146	\$ 8,500	\$ 3,646	\$ 85,000	\$ 102,000
Compliance Travel	1,547	4,583	9,308	45,833	55,000
GAGAS Audit	10,200	2,500	11,275	25,000	30,000
Records and Accounting	-0-	833	-0-	8,333	10,000
Printing/Forms/Postage	7	417	3,923	4,167	5,000
<b>Total Compliance</b>	<b>\$ 12,900</b>	<b>\$ 16,833</b>	<b>\$ 28,152</b>	<b>\$ 168,333</b>	<b>\$ 202,000</b>
<b>Data and Statistics:</b>					
NASS Crop Estimates	\$ -0-	\$ 11,250	\$ -0-	\$ 112,500	\$ 135,000
Consulting and Research - Contractor	-0-	18,750	2,423	187,500	225,000
<b>Total Data and Statistics</b>	<b>\$ -0-</b>	<b>\$ 30,000</b>	<b>\$ 2,423</b>	<b>\$ 300,000</b>	<b>\$ 360,000</b>
<b>Industry Communication and Database Management:</b>					
Salaries and Benefits (One-Half Employee)	\$ -0-	\$ 3,500	\$ -0-	\$ 35,000	\$ 42,000
Database Program/Website Management/Website Maintenance	48	1,667	461	16,667	20,000
<b>Total Industry Communication and Database Management</b>	<b>\$ 48</b>	<b>\$ 5,167</b>	<b>\$ 461</b>	<b>\$ 51,667</b>	<b>\$ 62,000</b>
<b>Total Administrative and Program Support</b>	<b>\$ 100,253</b>	<b>\$ 135,000</b>	<b>\$ 690,911</b>	<b>\$ 1,350,000</b>	<b>\$ 1,620,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Ten Months Ended July 31, 2018  
and the Year Ended September 30, 2018**

	One Month Ended July 31, 2018		Ten Months Ended July 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	\$ 2,480	\$ 33,333	\$ 40,000
Total Capital Items	\$ -0-	\$ 3,333	\$ 2,480	\$ 33,333	\$ 40,000
Research and Marketing:					
Research:					
Funding Request	\$ 5,841	\$ 31,250	\$ 195,841	\$ 312,500	\$ 375,000
Total Research	\$ 5,841	\$ 31,250	\$ 195,841	\$ 312,500	\$ 375,000
Marketing:					
Weber Shandwick 2017 - Expenses Not Yet Invoiced or Paid	\$ -0-	\$ 80,333	\$ -0-	\$ 803,333	\$ 964,000
Weber Shandwick 2018 - Projected Expenses	594,912	416,667	2,986,115	4,166,667	5,000,000
Unallocated or Available for Carry Over into 2019	771,139	98,000	1,228,039	980,000	1,176,000
International Marketing	-0-	41,667	500,000	416,667	500,000
Database Portal Development Website	-0-	3,750	-0-	37,500	45,000
Salaries and Benefits (One-Half Employee)	-0-	3,500	-0-	35,000	42,000
Printing and Design/Other	1,613	2,500	5,279	25,000	30,000
Immersion Tours	-0-	2,500	11,908	25,000	30,000
Total Marketing	\$ 1,367,664	\$ 648,917	\$ 4,731,341	\$ 6,489,167	\$ 7,787,000
Total Research and Marketing	\$ 1,373,505	\$ 680,167	\$ 4,927,182	\$ 6,801,667	\$ 8,162,000
<b>Total Expenses</b>	\$ 1,473,758	\$ 818,500	\$ 5,620,573	\$ 8,185,000	\$ 9,822,000
<b>Change in Net Assets</b>	(\$ 1,431,837)	\$ 41,667	\$ 4,350,505	\$ 416,667	\$ 500,000

See Accountants' Compilation Report.