



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**

**Compiled Financial Statements**

**For the One Month and Three Months Ended December 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 December 31, 2018 and the related statements of activities, statements of functional expenses, and cash flows for the one month and three months 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 three months ended December 31, 2018 and year ended September 30, 2019 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  
January 11, 2019

An independently owned member  
RSM US Alliance



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

**As of December 31, 2018**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	5,807,323
Accounts Receivable		944,681
Prepaid Expenses		43,684

Total Current Assets	\$	<u>6,795,688</u>
----------------------	----	------------------

**Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	<u>10,545)</u>

Total Fixed Assets	\$	<u>36,744</u>
--------------------	----	---------------

**Other Assets:**

Security Deposit	\$	<u>2,400</u>
------------------	----	--------------

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

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u><u>6,834,832</u></u></b>
---------------------	-----------	--------------------------------

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$	19,883
Payroll Tax Payable		<u>113</u>

Total Current Liabilities	\$	<u>19,996</u>
---------------------------	----	---------------

Total Liabilities	\$	<u>19,996</u>
-------------------	----	---------------

**Net Assets:**

Without Donor Restriction	\$	<u>6,814,836</u>
---------------------------	----	------------------

Total Net Assets	\$	<u>6,814,836</u>
------------------	----	------------------

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u><u>6,834,832</u></u></b>
---	-----------	--------------------------------

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Activities**

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

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue:</b>			
Assessment Income	\$ 1,354,865	\$ -0-	\$ 1,354,865
Interest Earned	23,963	-0-	23,963
Total Revenue	<u>\$ 1,378,828</u>	<u>\$ -0-</u>	<u>\$ 1,378,828</u>
<b>Expenses:</b>			
Program Expense	\$ 139,571	\$ -0-	\$ 139,571
Management and General	81,121	-0-	81,121
Total Expenses	<u>\$ 220,692</u>	<u>\$ -0-</u>	<u>\$ 220,692</u>
Change in Net Assets	\$ 1,158,136	\$ -0-	\$ 1,158,136
Net Assets, Beginning	<u>\$ 5,656,700</u>	<u>\$ -0-</u>	<u>\$ 5,656,700</u>
Net Assets, Ending	<u><u>\$ 6,814,836</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 6,814,836</u></u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

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

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
Compliance	\$ 59,509	\$ -0-	\$ 59,509
Depreciation Expense	-0-	788	788
General and Administrative	-0-	80,333	80,333
Research	55,517	-0-	55,517
Standardization	24,545	-0-	24,545
	<b><u>\$ 139,571</u></b>	<b><u>\$ 81,121</u></b>	<b><u>\$ 220,692</u></b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

**For the Three Months Ended December 31, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 2,344,339	\$ -0-	\$ 2,344,339
Interest Earned	37,148	-0-	37,148
Total Revenue	<u>\$ 2,381,487</u>	<u>\$ -0-</u>	<u>\$ 2,381,487</u>
<b>Expenses:</b>			
Program Expense	\$ 713,754	\$ -0-	\$ 713,754
Management and General	212,545	-0-	212,545
Total Expenses	<u>\$ 926,299</u>	<u>\$ -0-</u>	<u>\$ 926,299</u>
Change in Net Assets	<u>\$ 1,455,188</u>	<u>\$ -0-</u>	<u>\$ 1,455,188</u>
Net Assets, as Previously Stated	\$ 5,795,315	\$ -0-	\$ 5,795,315
Prior Period Adjustment	<u>(\$ 435,667)</u>	<u>\$ -0-</u>	<u>(\$ 435,667)</u>
Net Assets, as Restated	<u>\$ 5,359,648</u>	<u>\$ -0-</u>	<u>\$ 5,359,648</u>
Net Assets, Ending	<u><u>\$ 6,814,836</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 6,814,836</u></u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Three Months Ended December 31, 2018**

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
Compliance	\$ 60,099	\$ -0-	\$ 60,099
Depreciation	-0-	2,364	2,364
General and Administrative	-0-	210,181	210,181
Industry Relations	3,803	-0-	3,803
Marketing	520,699	-0-	520,699
Research	55,517	-0-	55,517
Standardization	73,636	-0-	73,636
	<b><u>\$ 713,754</u></b>	<b><u>\$ 212,545</u></b>	<b><u>\$ 926,299</u></b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Cash Flows

**For the One Month and Three Months Ended December 31, 2018**

	<u>One Month</u>	<u>Three Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 662,043	\$ 1,399,658
Cash Received from Interest Earned	23,963	37,148
Cash Paid for Salary and Benefits	( 55,349)	( 147,830)
Cash Paid for Operating Expenses	( 1,109,728)	( 3,053,683)
	<u>(\$ 479,071)</u>	<u>(\$ 1,764,707)</u>
Net Cash Provided (Used) by Operating Activities		
	(\$ 479,071)	(\$ 1,764,707)
Net Increase (Decrease) in Cash		
	6,286,394	7,572,030
Cash, Beginning of Period		
	<u>\$ 5,807,323</u>	<u>\$ 5,807,323</u>
Cash, End of Period		
	<u>\$ 5,807,323</u>	<u>\$ 5,807,323</u>
<b>Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 1,158,136	\$ 1,455,188
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	2,364
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	24,984	59,575
(Increase) Decrease in Accounts Receivable	( 692,822)	( 944,681)
Increase (Decrease) in Accounts Payable	( 970,192)	( 2,337,266)
Increase (Decrease) in Payroll Tax Payable	35	113
	<u>(\$ 479,071)</u>	<u>(\$ 1,764,707)</u>
Net Cash Provided (Used) by Operating Activities		
	<u>(\$ 479,071)</u>	<u>(\$ 1,764,707)</u>

See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

### For the One Month and Three Months Ended December 31, 2018 and the Year Ended September 30, 2019

	One Month Ended December 31, 2018		Three Months Ended December 31, 2018		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Revenue:</b>					
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ -0-	\$ -0-
2017 - 2018 Remaining	366,731	91,667	721,864	275,000	1,100,000
2018 - 2019 Improved	882,926	625,250	1,491,056	1,875,750	7,503,000
2018 - 2019 Native/Seedlings	62,847	61,000	81,449	183,000	732,000
2018 - 2019 Substandard	42,361	30,500	49,604	91,500	366,000
Interest Earned	23,963	-0-	37,148	-0-	-0-
<b>Total Revenue</b>	<b>\$ 1,378,828</b>	<b>\$ 808,417</b>	<b>\$ 2,381,487</b>	<b>\$ 2,425,250</b>	<b>\$ 9,701,000</b>
<b>Expenses:</b>					
General and Administrative:					
General Administration:					
Staff and Administrative:					
Salaries	\$ 50,167	\$ 65,000	\$ 137,058	\$ 195,000	\$ 780,000
Benefits	5,182	6,667	10,772	20,000	80,000
Taxes	3,063	7,150	9,883	21,450	85,800
<b>Total Staff and Administrative</b>	<b>\$ 58,412</b>	<b>\$ 78,817</b>	<b>\$ 157,713</b>	<b>\$ 236,450</b>	<b>\$ 945,800</b>
Accounting/Financials	\$ 4,270	\$ 3,750	\$ 10,672	\$ 11,250	\$ 45,000
Telephone/Mobile/Internet	909	833	3,651	2,500	10,000
Travel Office	-0-	3,750	2,345	11,250	45,000
Travel Committee	10,164	13,333	10,651	40,000	160,000
Insurance:					
Travel	-0-	208	-0-	625	2,500
General	-0-	667	-0-	2,000	8,000
D&O/Members	549	1,250	1,427	3,750	15,000
Fidelity	-0-	333	-0-	1,000	4,000
<b>Total Insurance</b>	<b>\$ 549</b>	<b>\$ 2,458</b>	<b>\$ 1,427</b>	<b>\$ 7,375</b>	<b>\$ 29,500</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Three Months Ended December 31, 2018  
and the Year Ended September 30, 2019**

	One Month Ended December 31, 2018		Three Months Ended December 31, 2018		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Supplies	\$ -0-	\$ 833	\$ 1,092	\$ 2,500	\$ 10,000
Maintenance/Buildout	-0-	1,667	7,850	5,000	20,000
Printing	520	1,250	1,149	3,750	15,000
IT/Furniture/Software	49	3,333	2,354	10,000	40,000
Subscriptions	-0-	417	32	1,250	5,000
Miscellaneous	-0-	334	385	1,000	4,000
Depreciation	788	-0-	2,364	-0-	-0-
Rent & Utilities	5,460	3,750	10,860	11,250	45,000
<b>Total General Administration</b>	<b>\$ 81,121</b>	<b>\$ 114,525</b>	<b>\$ 212,545</b>	<b>\$ 343,575</b>	<b>\$ 1,374,300</b>
<b>Compliance:</b>					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 6,250	\$ 25,000
Audit Financial	-0-	2,500	-0-	7,500	30,000
Compliance Travel	-0-	4,583	220	13,750	55,000
Sheller/Handler Audits	59,509	9,167	59,509	27,500	110,000
Printing/Forms/Postage	-0-	417	370	1,250	5,000
<b>Total Compliance</b>	<b>\$ 59,509</b>	<b>\$ 18,750</b>	<b>\$ 60,099</b>	<b>\$ 56,250</b>	<b>\$ 225,000</b>
<b>Total General and Administrative</b>	<b>\$ 140,630</b>	<b>\$ 133,275</b>	<b>\$ 272,644</b>	<b>\$ 399,825</b>	<b>\$ 1,599,300</b>
<b>Contingency Fund:</b>					
Contingency Fund	\$ -0-	\$ 200,308	\$ -0-	\$ 600,925	\$ 2,403,700
<b>Total Contingency Fund</b>	<b>\$ -0-</b>	<b>\$ 200,308</b>	<b>\$ -0-</b>	<b>\$ 600,925</b>	<b>\$ 2,403,700</b>
<b>Industry Relations:</b>					
Annual Reports	\$ -0-	\$ 1,250	\$ -0-	\$ 3,750	\$ 15,000
Informational Materials	-0-	2,917	-0-	8,750	35,000

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Three Months Ended December 31, 2018  
and the Year Ended September 30, 2019**

	One Month Ended December 31, 2018		Three Months Ended December 31, 2018		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Travel/Handler Visits Workshop Materials	-0-	4,167	3,803	12,500	50,000
WS - Field Events	-0-	65,000	-0-	195,000	780,000
<b>Total Industry Relations</b>	<b>\$ -0-</b>	<b>\$ 73,334</b>	<b>\$ 3,803</b>	<b>\$ 220,000</b>	<b>\$ 880,000</b>
<b>Marketing:</b>					
Weber Shandwick	\$ -0-	\$ 250,000	\$ 507,828	\$ 750,000	\$ 3,000,000
Market Access Program Assistance	-0-	20,833	-0-	62,500	250,000
Branded Materials/Give Away	-0-	6,250	-0-	18,750	75,000
<b>APC Events:</b>					
Fruit Logistical	-0-	1,250	-0-	3,750	15,000
Asia Logistical	-0-	1,250	-0-	3,750	15,000
PMA	-0-	833	6,857	2,500	10,000
<b>Total APC Events</b>	<b>\$ -0-</b>	<b>\$ 3,333</b>	<b>\$ 6,857</b>	<b>\$ 10,000</b>	<b>\$ 40,000</b>
APC Travel for Events	\$ -0-	\$ 2,083	\$ 2,882	\$ 6,250	\$ 25,000
USDA Marketing Events	-0-	833	1,292	2,500	10,000
Miscellaneous	-0-	418	1,840	1,250	5,000
<b>Total Marketing</b>	<b>\$ -0-</b>	<b>\$ 283,750</b>	<b>\$ 520,699</b>	<b>\$ 851,250</b>	<b>\$ 3,405,000</b>
<b>Research:</b>					
Health Benefit Baseline Study	\$ -0-	\$ 22,084	\$ -0-	\$ 66,250	\$ 265,000
Nut Health	50,517	8,333	50,517	25,000	100,000
Contingency Fund	5,000	33,333	5,000	100,000	400,000
<b>Total Research</b>	<b>\$ 55,517</b>	<b>\$ 63,750</b>	<b>\$ 55,517</b>	<b>\$ 191,250</b>	<b>\$ 765,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Three Months Ended December 31, 2018  
and the Year Ended September 30, 2019**

	One Month Ended December 31, 2018		Three Months Ended December 31, 2018		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Standardization:					
NASS Survey:					
January Prelim Report	\$ 24,545	\$ 13,167	\$ 73,636	\$ 39,500	\$ 158,000
December Crop Estimate	-0-	12,500	-0-	37,500	150,000
Total NASS Survey	\$ 24,545	\$ 25,667	\$ 73,636	\$ 77,000	\$ 308,000
Contingency Fund	\$ -0-	\$ 19,583	\$ -0-	\$ 58,750	\$ 235,000
Travel	-0-	1,250	-0-	3,750	15,000
Electronic Reporting Forms	-0-	7,500	-0-	22,500	90,000
Total Standardization	\$ 24,545	\$ 54,000	\$ 73,636	\$ 162,000	\$ 648,000
<b>Total Expenses</b>	<b>\$ 220,692</b>	<b>\$ 808,417</b>	<b>\$ 926,299</b>	<b>\$ 2,425,250</b>	<b>\$ 9,701,000</b>
<b>Change in Net Assets</b>	<b>\$ 1,158,136</b>	<b>\$ -0-</b>	<b>\$ 1,455,188</b>	<b>\$ -0-</b>	<b>\$ -0-</b>

See Accountants' Compilation Report.