



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**

**Compiled Financial Statements**

**For the One Month and Five Months Ended February 28, 2019**

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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 February 28, 2019 and the related statements of activities, statements of functional expenses, and cash flows for the one month and five 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 five months ended February 28, 2019 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  
March 12, 2019

An independently owned member  
**RSM US Alliance**



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

**As of February 28, 2019**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	7,211,708
Accounts Receivable		857,260
Prepaid Expenses		5,183

Total Current Assets	\$	<u>8,074,151</u>
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**Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	<u>12,121)</u>

Total Fixed Assets	\$	<u>35,168</u>
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**Other Assets:**

Security Deposit	\$	<u>2,400</u>
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Total Other Assets	\$	<u>2,400</u>
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<b>TOTAL ASSETS</b>	\$	<u><u>8,111,719</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$	<u>793,138</u>
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Total Current Liabilities	\$	<u>793,138</u>
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Total Liabilities	\$	<u>793,138</u>
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**Net Assets:**

Without Donor Restriction	\$	<u>7,318,581</u>
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Total Net Assets	\$	<u>7,318,581</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	<u><u>8,111,719</u></u>
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See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

**For the One Month Ended February 28, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 1,457,874	\$ -0-	\$ 1,457,874
Interest Earned	12,030	-0-	12,030
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 1,469,904	\$ -0-	\$ 1,469,904
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Expense	\$ 789,334	\$ -0-	\$ 789,334
Management and General	90,096	-0-	90,096
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 879,430	\$ -0-	\$ 879,430
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 590,474	\$ -0-	\$ 590,474
	<hr/>	<hr/>	<hr/>
Net Assets, as Previously Stated	\$ 6,835,431	\$ -0-	\$ 6,835,431
	<hr/>	<hr/>	<hr/>
Prior Period Adjustment	( 107,324)	-0-	( 107,324)
	<hr/>	<hr/>	<hr/>
Net Assets, as Restated	\$ 6,728,107	\$ -0-	\$ 6,728,107
	<hr/>	<hr/>	<hr/>
Net Assets, Ending	\$ 7,318,581	\$ -0-	\$ 7,318,581
	<hr/>	<hr/>	<hr/>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Activities**

**For the Five Months Ended February 28, 2019**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
<b>Revenue:</b>			
Assessment Income	\$ 4,974,814	\$ -0-	\$ 4,974,814
Interest Earned	61,487	-0-	61,487
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 5,036,301	\$ -0-	\$ 5,036,301
	<hr/>	<hr/>	<hr/>
<b>Expenses:</b>			
Program Expense	\$ 2,640,714	\$ -0-	\$ 2,640,714
Management and General	436,654	-0-	436,654
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 3,077,368	\$ -0-	\$ 3,077,368
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 1,958,933	\$ -0-	\$ 1,958,933
	<hr/>	<hr/>	<hr/>
Net Assets, as Previously Stated	\$ 5,795,315	\$ -0-	\$ 5,795,315
	<hr/>	<hr/>	<hr/>
Prior Period Adjustment	( 435,667)	-0-	( 435,667)
	<hr/>	<hr/>	<hr/>
Net Assets, as Restated	\$ 5,359,648	\$ -0-	\$ 5,359,648
	<hr/>	<hr/>	<hr/>
Net Assets, Ending	\$ 7,318,581	\$ -0-	\$ 7,318,581
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See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the One Month Ended February 28, 2019**

	<b><u>Program Expense Marketing</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
General Administrative:			
Staff and Administrative	\$ -0-	\$ 59,243	\$ 59,243
Insurance	-0-	439	439
Compliance	26,596	-0-	26,596
Other General Administrative	-0-	30,414	30,414
Industry Relations	15,494	-0-	15,494
Marketing	747,244	-0-	747,244
	<b><u>          </u></b>	<b><u>          </u></b>	<b><u>          </u></b>
Total Expenses	<b><u>\$ 789,334</u></b>	<b><u>\$ 90,096</u></b>	<b><u>\$ 879,430</u></b>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Five Months Ended February 28, 2019**

	<b>Program Expense Marketing</b>	<b>Management and General</b>	<b>Total</b>
General Administrative:			
Staff and Administrative	\$ -0-	\$ 309,184	\$ 309,184
Insurance	-0-	2,305	2,305
Compliance	87,193	-0-	87,193
Other General Administrative	-0-	125,165	125,165
Industry Relations	24,584	-0-	24,584
Marketing	1,275,238	-0-	1,275,238
Research	55,517	-0-	55,517
Strategic Planning	1,100,000	-0-	1,100,000
Standardization	98,182	-0-	98,182
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 2,640,714</u>	<u>\$ 436,654</u>	<u>\$ 3,077,368</u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Cash Flows

**For the One Month and Five Months Ended February 28, 2019**

	<u>One Month</u>	<u>Five Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 2,047,425	\$ 4,117,554
Cash Received from Interest Earned	12,030	61,487
Cash Paid for Salary and Benefits	( 59,243)	( 309,184)
Cash Paid for Operating Expenses	( 1,150,331)	( 4,230,179)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 849,881	(\$ 360,322)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ 849,881	(\$ 360,322)
	<hr/>	<hr/>
Cash, Beginning of Period	6,361,827	7,572,030
	<hr/>	<hr/>
Cash, End of Period	\$ 7,211,708	\$ 7,211,708
	<hr/> <hr/>	<hr/> <hr/>
<b>Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 590,474	\$ 1,958,933
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	3,940
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	439	98,076
(Increase) Decrease in Accounts Receivable	589,551	( 857,260)
Increase (Decrease) in Accounts Payable	( 323,863)	( 1,564,011)
Increase (Decrease) in Payroll Tax Payable	( 7,508)	-0-
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 849,881	(\$ 360,322)
	<hr/> <hr/>	<hr/> <hr/>

See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Five Months Ended February 28, 2019  
and the Year Ended September 30, 2019**

	One Month Ended February 28, 2019		Five Months Ended February 28, 2019		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 Assessment Income	-0-	-0-	331,359	-0-	-0-
2017 - 2018 Remaining	-0-	91,667	390,505	458,333	1,100,000
2018 - 2019 Improved	1,247,677	625,250	3,776,982	3,126,250	7,503,000
2018 - 2019 Native/Seedlings	98,366	61,000	224,231	305,000	732,000
2018 - 2019 Substandard	111,831	30,500	251,371	152,500	366,000
Interest Earned	12,030	-0-	61,487	-0-	-0-
<b>Total Revenue</b>	<b>\$ 1,469,904</b>	<b>\$ 808,417</b>	<b>\$ 5,036,301</b>	<b>\$ 4,042,083</b>	<b>\$ 9,701,000</b>
<b>Expenses:</b>					
General Administrative:					
Staff and Administrative:					
Salaries	\$ 50,167	\$ 65,000	\$ 267,392	\$ 325,000	\$ 780,000
Benefits	4,919	6,667	20,611	33,333	80,000
Taxes	4,157	7,150	21,181	35,750	85,800
<b>Total Staff and Administrative</b>	<b>\$ 59,243</b>	<b>\$ 78,817</b>	<b>\$ 309,184</b>	<b>\$ 394,083</b>	<b>\$ 945,800</b>
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 1,042	\$ 2,500
General	-0-	667	-0-	3,333	8,000
D&O/Members	439	1,250	2,305	6,250	15,000
Fidelity	-0-	333	-0-	1,667	4,000
<b>Total Insurance</b>	<b>\$ 439</b>	<b>\$ 2,458</b>	<b>\$ 2,305</b>	<b>\$ 12,292</b>	<b>\$ 29,500</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Five Months Ended February 28, 2019  
and the Year Ended September 30, 2019**

	One Month Ended February 28, 2019		Five Months Ended February 28, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 10,417	\$ 25,000
Audit Financial	-0-	2,500	-0-	12,500	30,000
Compliance Travel	-0-	4,583	220	22,917	55,000
Sheller/Handler Audits	25,277	9,167	84,786	45,833	110,000
Printing/Forms/Postage	1,319	417	2,187	2,083	5,000
<b>Total Compliance</b>	<b>\$ 26,596</b>	<b>\$ 18,750</b>	<b>\$ 87,193</b>	<b>\$ 93,750</b>	<b>\$ 225,000</b>
Accounting/Financials	\$ 8,302	\$ 3,750	\$ 26,622	\$ 18,750	\$ 45,000
Telephone/Mobile/Internet	3,175	833	8,941	4,167	10,000
Travel Office	7	3,750	2,561	18,750	45,000
Travel Committee	11,137	13,333	44,369	66,667	160,000
Supplies	417	833	2,862	4,167	10,000
Maintenance/Buildout	-0-	1,667	7,850	8,333	20,000
Printing	378	1,250	2,923	6,250	15,000
IT/Furniture/Software	129	3,333	2,961	16,667	40,000
Subscriptions	487	417	2,802	2,084	5,000
Depreciation	788	-0-	3,941	-0-	-0-
Miscellaneous	134	333	3,013	1,661	4,000
Rent & Utilities	5,460	3,750	16,320	18,750	45,000
<b>Total General Administrative</b>	<b>\$ 116,692</b>	<b>\$ 133,274</b>	<b>\$ 523,847</b>	<b>\$ 666,371</b>	<b>\$ 1,599,300</b>
Contingency Fund:					
Contingency Fund	\$ -0-	\$ 200,308	\$ -0-	\$ 1,001,542	\$ 2,403,700
<b>Total Contingency Fund</b>	<b>\$ -0-</b>	<b>\$ 200,308</b>	<b>\$ -0-</b>	<b>\$ 1,001,542</b>	<b>\$ 2,403,700</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

### For the One Month and Five Months Ended February 28, 2019 and the Year Ended September 30, 2019

	One Month Ended February 28, 2019		Five Months Ended February 28, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Industry Relations:</b>					
Annual Reports	\$ -0-	\$ 1,250	\$ -0-	\$ 6,250	\$ 15,000
Informational Materials	675	2,917	675	14,583	35,000
Travel/Handler Visits Workshop Materials	9,377	4,167	14,170	20,833	50,000
WS - Field Events	5,442	65,000	9,739	325,000	780,000
<b>Total Industry Relations</b>	<b>\$ 15,494</b>	<b>\$ 73,334</b>	<b>\$ 24,584</b>	<b>\$ 366,666</b>	<b>\$ 880,000</b>
<b>Marketing:</b>					
<b>APC Events:</b>					
Fruit Logistical	\$ 5,219	\$ 1,250	\$ 11,451	\$ 6,250	\$ 15,000
Asia Logistical	-0-	1,250	-0-	6,250	15,000
PMA	20	833	6,897	4,167	10,000
<b>Total APC Events</b>	<b>\$ 5,239</b>	<b>\$ 3,333</b>	<b>\$ 18,348</b>	<b>\$ 16,667</b>	<b>\$ 40,000</b>
Weber Shandwick	\$ 738,663	\$ 250,000	\$ 1,246,491	\$ 1,250,000	\$ 3,000,000
Market Access Program Assistance	-0-	20,833	-0-	104,167	250,000
Branded Materials/Give Away	-0-	6,250	-0-	31,250	75,000
APC Travel for Events	1,542	2,083	4,508	10,417	25,000
USDA Marketing Events	-0-	833	2,251	4,167	10,000
Miscellaneous	1,800	420	3,640	2,084	5,000
<b>Total Marketing</b>	<b>\$ 747,244</b>	<b>\$ 283,752</b>	<b>\$ 1,275,238</b>	<b>\$ 1,418,752</b>	<b>\$ 3,405,000</b>
<b>Research:</b>					
Health Benefit Baseline Study	\$ -0-	\$ 22,083	\$ -0-	\$ 110,417	\$ 265,000
Nut Health	-0-	8,333	50,517	41,667	100,000
Contingency Fund	-0-	33,333	5,000	166,668	400,000
<b>Total Research</b>	<b>\$ -0-</b>	<b>\$ 63,749</b>	<b>\$ 55,517</b>	<b>\$ 318,752</b>	<b>\$ 765,000</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Five Months Ended February 28, 2019  
and the Year Ended September 30, 2019**

	One Month Ended February 28, 2019		Five Months Ended February 28, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Strategic Planning:					
Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	\$ -0-	\$ -0-
Total Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	\$ -0-	\$ -0-
Standardization:					
NASS Survey:					
January Prelim Report	\$ -0-	\$ 13,167	\$ 98,182	\$ 65,833	\$ 158,000
December Crop Estimate	\$ -0-	\$ 12,500	\$ -0-	\$ 62,500	\$ 150,000
Total NASS Survey	\$ -0-	\$ 25,667	\$ 98,182	\$ 128,333	\$ 308,000
Contingency Fund	\$ -0-	\$ 19,583	\$ -0-	\$ 97,917	\$ 235,000
Travel	\$ -0-	\$ 1,250	\$ -0-	\$ 6,250	\$ 15,000
Electronic Reporting Forms	\$ -0-	\$ 7,500	\$ -0-	\$ 37,500	\$ 90,000
Total Standardization	\$ -0-	\$ 54,000	\$ 98,182	\$ 270,000	\$ 648,000
<b>Total Expenses</b>	\$ 879,430	\$ 808,417	\$ 3,077,368	\$ 4,042,083	\$ 9,701,000
<b>Change in Net Assets</b>	\$ 590,474	\$ -0-	\$ 1,958,933	\$ -0-	\$ -0-

See Accountants' Compilation Report.