



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**

**Compiled Financial Statements**

**For the One Month and Six Months Ended March 31, 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 March 31, 2019 and the related statements of activities, statements of functional expenses, and cash flows for the one month and six 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 six months ended March 31, 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  
April 15, 2019

An independently owned member  
RSM US Alliance



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

**As of March 31, 2019**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	7,368,872
Accounts Receivable		1,197,200
Prepaid Expenses		4,744

Total Current Assets	\$	<u>8,570,816</u>
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**Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	<u>12,909)</u>

Total Fixed Assets	\$	<u>34,380</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>8,607,596</u></u>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$	<u>9,808</u>
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Total Current Liabilities	\$	<u>9,808</u>
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Total Liabilities	\$	<u>9,808</u>
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**Net Assets:**

Without Donor Restriction	\$	<u>8,597,788</u>
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Total Net Assets	\$	<u>8,597,788</u>
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	<u><u>8,607,596</u></u>
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See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

**For the One Month Ended March 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 1,349,917	\$ -0-	\$ 1,349,917
Interest Earned	14,070	-0-	14,070
Total Revenue	<u>\$ 1,363,987</u>	<u>\$ -0-</u>	<u>\$ 1,363,987</u>
<b>Expenses:</b>			
Program Expense	\$ 2,421	\$ -0-	\$ 2,421
Management and General	74,004	-0-	74,004
Total Expenses	<u>\$ 76,425</u>	<u>\$ -0-</u>	<u>\$ 76,425</u>
Change in Net Assets	<u>\$ 1,287,562</u>	<u>\$ -0-</u>	<u>\$ 1,287,562</u>
Net Assets, as Previously Stated	\$ 7,318,581	\$ -0-	\$ 7,318,581
Prior Period Adjustment	( 8,355)	-0-	( 8,355)
Net Assets, as Restated	<u>\$ 7,310,226</u>	<u>\$ -0-</u>	<u>\$ 7,310,226</u>
Net Assets, Ending	<u>\$ 8,597,788</u>	<u>\$ -0-</u>	<u>\$ 8,597,788</u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

For the Six Months Ended March 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 6,324,730	\$ -0-	\$ 6,324,730
Interest Earned	75,557	-0-	75,557
Total Revenue	<u>\$ 6,400,287</u>	<u>\$ -0-</u>	<u>\$ 6,400,287</u>
<b>Expenses:</b>			
Program Expense	\$ 2,643,135	\$ -0-	\$ 2,643,135
Management and General	519,012	-0-	519,012
Total Expenses	<u>\$ 3,162,147</u>	<u>\$ -0-</u>	<u>\$ 3,162,147</u>
Change in Net Assets	<u>\$ 3,238,140</u>	<u>\$ -0-</u>	<u>\$ 3,238,140</u>
Net Assets, as Previously Stated	\$ 5,795,315	\$ -0-	\$ 5,795,315
Prior Period Adjustment	( 435,667)	-0-	( 435,667)
Net Assets, as Restated	<u>\$ 5,359,648</u>	<u>\$ -0-</u>	<u>\$ 5,359,648</u>
Net Assets, Ending	<u>\$ 8,597,788</u>	<u>\$ -0-</u>	<u>\$ 8,597,788</u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the One Month Ended March 31, 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-	\$ 63,412	\$ 63,412
Insurance	-0-	1,571	1,571
Compliance	2,421	-0-	2,421
Other General Administrative	-0-	9,021	9,021
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 2,421</u>	<u>\$ 74,004</u>	<u>\$ 76,425</u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Six Months Ended March 31, 2019**

	<b>Program Expense Marketing</b>	<b>Management and General</b>	<b>Total</b>
General Administrative:			
Staff and Administrative	\$ -0-	\$ 372,594	\$ 372,594
Insurance	-0-	3,876	3,876
Compliance	89,769	-0-	89,769
Other General Administrative	-0-	142,542	142,542
Industry Relations	24,119	-0-	24,119
Marketing	1,275,548	-0-	1,275,548
Research	55,517	-0-	55,517
Strategic Planning	1,100,000	-0-	1,100,000
Standardization	98,182	-0-	98,182
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Total Expenses	<u>\$ 2,643,135</u>	<u>\$ 519,012</u>	<u>\$ 3,162,147</u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Cash Flows

**For the One Month and Six Months Ended March 31, 2019**

	<u>One Month</u>	<u>Six Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 1,009,977	\$ 5,127,530
Cash Received from Interest Earned	14,070	75,557
Cash Paid for Salary and Benefits	( 63,412)	( 372,594)
Cash Paid for Operating Expenses	( 803,471)	( 5,033,651)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 157,164	(\$ 203,158)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ 157,164	(\$ 203,158)
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Cash, Beginning of Period	7,211,708	7,572,030
	<hr/>	<hr/>
Cash, End of Period	\$ 7,368,872	\$ 7,368,872
	<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	\$ 1,287,562	\$ 3,238,140
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	4,728
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	439	98,515
(Increase) Decrease in Accounts Receivable	( 339,940)	( 1,197,200)
Increase (Decrease) in Accounts Payable	( 791,685)	( 2,347,341)
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Net Cash Provided (Used) by Operating Activities	\$ 157,164	(\$ 203,158)
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See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Six Months Ended March 31, 2019  
and the Year Ended September 30, 2019**

	One Month Ended March 31, 2019		Six Months Ended March 31, 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	1,227,262	625,250	5,004,244	3,126,250	7,503,000
2018 - 2019 Native/Seedlings	47,152	61,000	271,382	305,000	732,000
2018 - 2019 Substandard	75,503	30,500	326,874	152,500	366,000
Interest Earned	14,070	-0-	75,557	-0-	-0-
<b>Total Revenue</b>	<b>\$ 1,363,987</b>	<b>\$ 808,417</b>	<b>\$ 6,400,287</b>	<b>\$ 4,042,083</b>	<b>\$ 9,701,000</b>
<b>Expenses:</b>					
General Administrative:					
Staff and Administrative:					
Salaries	\$ 50,167	\$ 65,000	\$ 317,558	\$ 325,000	\$ 780,000
Benefits	9,456	6,667	30,067	33,333	80,000
Taxes	3,789	7,150	24,969	35,750	85,800
Total Staff and Administrative	\$ 63,412	\$ 78,817	\$ 372,594	\$ 394,083	\$ 945,800
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 1,042	\$ 2,500
General	1,132	667	1,132	3,333	8,000
D&O/Members	439	1,250	2,744	6,250	15,000
Fidelity	-0-	333	-0-	1,667	4,000
Total Insurance	\$ 1,571	\$ 2,458	\$ 3,876	\$ 12,292	\$ 29,500

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Six Months Ended March 31, 2019  
and the Year Ended September 30, 2019**

	One Month Ended March 31, 2019		Six Months Ended March 31, 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	2,421	9,167	87,207	45,833	110,000
Printing/Forms/Postage	-0-	417	2,342	2,083	5,000
<b>Total Compliance</b>	<b>\$ 2,421</b>	<b>\$ 18,750</b>	<b>\$ 89,769</b>	<b>\$ 93,750</b>	<b>\$ 225,000</b>
Accounting/Financials	\$ -0-	\$ 3,750	\$ 32,760	\$ 18,750	\$ 45,000
Telephone/Mobile/Internet	482	833	9,423	4,167	10,000
Travel Office	540	3,750	3,181	18,750	45,000
Travel Committee	717	13,333	45,085	66,667	160,000
Supplies	-0-	833	2,862	4,167	10,000
Maintenance/Buildout	-0-	1,667	7,850	8,333	20,000
Printing	353	1,250	3,276	6,250	15,000
IT/Furniture/Software	48	3,333	2,927	16,667	40,000
Subscriptions	-0-	417	2,802	2,084	5,000
Depreciation	788	-0-	4,729	-0-	-0-
Miscellaneous	3,000	333	8,234	1,661	4,000
Rent & Utilities	3,093	3,750	19,413	18,750	45,000
<b>Total General Administrative</b>	<b>\$ 76,425</b>	<b>\$ 133,274</b>	<b>\$ 608,781</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 Six Months Ended March 31, 2019  
and the Year Ended September 30, 2019**

	One Month Ended March 31, 2019		Six Months Ended March 31, 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	-0-	2,917	675	14,583	35,000
Travel/Handler Visits Workshop Materials	-0-	4,167	16,221	20,833	50,000
WS - Field Events	-0-	65,000	7,223	325,000	780,000
<b>Total Industry Relations</b>	<b>\$ -0-</b>	<b>\$ 73,334</b>	<b>\$ 24,119</b>	<b>\$ 366,666</b>	<b>\$ 880,000</b>
<b>Marketing:</b>					
<b>APC Events:</b>					
Fruit Logistical	\$ -0-	\$ 1,250	\$ 11,583	\$ 6,250	\$ 15,000
Asia Logistical	-0-	1,250	-0-	6,250	15,000
PMA	-0-	833	7,075	4,167	10,000
<b>Total APC Events</b>	<b>\$ -0-</b>	<b>\$ 3,333</b>	<b>\$ 18,658</b>	<b>\$ 16,667</b>	<b>\$ 40,000</b>
Weber Shandwick	\$ -0-	\$ 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	-0-	2,083	4,508	10,417	25,000
USDA Marketing Events	-0-	833	2,251	4,167	10,000
Miscellaneous	-0-	420	3,640	2,084	5,000
<b>Total Marketing</b>	<b>\$ -0-</b>	<b>\$ 283,752</b>	<b>\$ 1,275,548</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 Six Months Ended March 31, 2019  
and the Year Ended September 30, 2019**

	One Month Ended March 31, 2019		Six Months Ended March 31, 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>	\$ 76,425	\$ 808,417	\$ 3,162,147	\$ 4,042,083	\$ 9,701,000
<b>Change in Net Assets</b>	\$ 1,287,562	\$ -0-	\$ 3,238,140	\$ -0-	\$ -0-

See Accountants' Compilation Report.