



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**

**Compiled Financial Statements**

**For the One Month and Two Months Ended November 30, 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 November 30, 2018 and the related statements of activities, statements of functional expenses, and cash flows for the one month and two 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 two months ended November 30, 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  
December 14, 2018

An independently owned member  
RSM US Alliance



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

**As of November 30, 2018**

**ASSETS**

**Current Assets:**

Cash and Cash Equivalents	\$	6,286,394
Accounts Receivable		251,859
Prepaid Expenses		68,668
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Total Current Assets	\$	6,606,921
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**Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	9,757)
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Total Fixed Assets	\$	37,532
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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>	<b>\$</b>	<b>6,646,853</b>
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**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts Payable	\$	990,075
Payroll Tax Payable		78
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Total Current Liabilities	\$	990,153
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Total Liabilities	\$	990,153
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**Net Assets:**

Without Donor Restriction	\$	5,656,700
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Total Net Assets	\$	5,656,700
		<hr/>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>6,646,853</b>
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See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

**For the One Month Ended November 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 734,267	\$ -0-	\$ 734,267
Interest Earned	-0-	-0-	-0-
Total Revenue	<u>\$ 734,267</u>	<u>\$ -0-</u>	<u>\$ 734,267</u>
<b>Expenses:</b>			
Program Expense	\$ 547,000	\$ -0-	\$ 547,000
Management and General	78,512	-0-	78,512
Total Expenses	<u>\$ 625,512</u>	<u>\$ -0-</u>	<u>\$ 625,512</u>
Change in Net Assets	\$ 108,755	\$ -0-	\$ 108,755
Net Assets, as Previously Stated	\$ 5,983,612	\$ -0-	\$ 5,983,612
Prior Period Adjustment	<u>(\$ 435,667)</u>	<u>\$ -0-</u>	<u>(\$ 435,667)</u>
Net Assets, as Restated	<u>\$ 5,547,945</u>	<u>\$ -0-</u>	<u>\$ 5,547,945</u>
Net Assets, Ending	<u><u>\$ 5,656,700</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 5,656,700</u></u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the One Month Ended November 30, 2018**

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
Compliance	\$ 332	\$ -0-	\$ 332
Depreciation Expense	-0-	788	788
General and Administrative	-0-	77,724	77,724
Industry Relations	3,264	-0-	3,264
Marketing	518,859	-0-	518,859
Standardization	24,545	-0-	24,545
	<b><u>\$ 547,000</u></b>	<b><u>\$ 78,512</u></b>	<b><u>\$ 625,512</u></b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Activities

**For the Two Months Ended November 30, 2018**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue:</b>			
Assessment Income	\$ 989,475	\$ -0-	\$ 989,475
Interest Earned	13,185	-0-	13,185
Total Revenue	<u>\$ 1,002,660</u>	<u>\$ -0-</u>	<u>\$ 1,002,660</u>
<b>Expenses:</b>			
Program Expense	\$ 574,183	\$ -0-	\$ 574,183
Management and General	131,425	-0-	131,425
Total Expenses	<u>\$ 705,608</u>	<u>\$ -0-</u>	<u>\$ 705,608</u>
Change in Net Assets	<u>\$ 297,052</u>	<u>\$ -0-</u>	<u>\$ 297,052</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>\$ 5,656,700</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 5,656,700</u></u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statement of Functional Expenses**

**For the Two Months Ended November 30, 2018**

	<b><u>Program Expense</u></b>	<b><u>Management and General</u></b>	<b><u>Total</u></b>
Compliance	\$ 590	\$ -0-	\$ 590
Depreciation	-0-	1,576	1,576
General and Administrative	-0-	129,849	129,849
Industry Relations	3,803	-0-	3,803
Marketing	520,699	-0-	520,699
Standardization	49,091	-0-	49,091
	<b><u>\$ 574,183</u></b>	<b><u>\$ 131,425</u></b>	<b><u>\$ 705,608</u></b>
Total Expenses			

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statement of Cash Flows

**For the One Month and Two Months Ended November 30, 2018**

	<u>One Month</u>	<u>Two Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 483,451	\$ 737,616
Cash Received from Interest Earned	-0-	13,185
Cash Paid for Salary and Benefits	( 51,648)	( 92,482)
Cash Paid for Operating Expenses	( 1,127,611)	( 1,943,955)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 695,808)	(\$ 1,285,636)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	(\$ 695,808)	(\$ 1,285,636)
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Cash, Beginning of Period	6,982,202	7,572,030
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Cash, End of Period	\$ 6,286,394	\$ 6,286,394
	<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	\$ 108,755	\$ 297,052
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	1,576
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	11,907	34,591
(Increase) Decrease in Accounts Receivable	( 250,816)	( 251,859)
Increase (Decrease) in Accounts Payable	( 560,353)	( 1,367,074)
Increase (Decrease) in Payroll Tax Payable	( 6,089)	78
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 695,808)	(\$ 1,285,636)
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See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Two Months Ended November 30, 2018  
and the Year Ended September 30, 2019**

	One Month Ended November 30, 2018		Two Months Ended November 30, 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	101,334	91,667	355,133	183,333	1,100,000
18-19 Improved	607,086	625,250	608,129	1,250,500	7,503,000
18-19 Native/Seedlings	18,603	61,000	18,603	122,000	732,000
18-19 Substandard	7,244	30,500	7,244	61,000	366,000
Interest Earned	-0-	-0-	13,185	-0-	-0-
<b>Total Revenue</b>	<b>\$ 734,267</b>	<b>\$ 808,417</b>	<b>\$ 1,002,660</b>	<b>\$ 1,616,833</b>	<b>\$ 9,701,000</b>
<b>Expenses:</b>					
General and Administrative:					
General Administration:					
Staff and Administrative:					
Salaries	\$ 46,058	\$ 65,000	\$ 86,892	\$ 130,000	\$ 780,000
Benefits	5,590	6,667	5,590	13,333	80,000
Taxes	3,696	7,150	6,820	14,300	85,800
Total Staff and Administrative	<b>\$ 55,344</b>	<b>\$ 78,817</b>	<b>\$ 99,302</b>	<b>\$ 157,633</b>	<b>\$ 945,800</b>
Accounting/Financials	\$ 6,401	\$ 3,750	\$ 6,401	\$ 7,500	\$ 45,000
Telephone/Mobile/Internet	2,111	833	2,742	1,667	10,000
Travel Office	1,195	3,750	2,345	7,500	45,000
Travel Committee	487	13,333	487	26,667	160,000
Insurance:					
Travel	-0-	208	-0-	417	2,500
General	-0-	667	-0-	1,333	8,000
D&O/Members	439	1,250	878	2,500	15,000
Fidelity	-0-	333	-0-	667	4,000
Total Insurance	<b>\$ 439</b>	<b>\$ 2,458</b>	<b>\$ 878</b>	<b>\$ 4,917</b>	<b>\$ 29,500</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Two Months Ended November 30, 2018  
and the Year Ended September 30, 2019**

	One Month Ended November 30, 2018		Two Months Ended November 30, 2018		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Supplies	\$ 353	\$ 833	\$ 1,092	\$ 1,667	\$ 10,000
Maintenance/Buildout	7,850	1,667	7,850	3,333	20,000
Printing	333	1,250	629	2,500	15,000
IT/Furniture/Software	80	3,333	2,306	6,667	40,000
Subscriptions	16	417	32	833	5,000
Misc.	385	334	385	666	4,000
Depreciation	788	-0-	1,576	-0-	-0-
Rent & Utilities	2,730	3,750	5,400	7,500	45,000
Total General Administration	<u>\$ 78,512</u>	<u>\$ 114,525</u>	<u>\$ 131,425</u>	<u>\$ 229,050</u>	<u>\$ 1,374,300</u>
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 4,167	\$ 25,000
Audit Financial	-0-	2,500	-0-	5,000	30,000
Compliance Travel	220	4,583	220	9,167	55,000
Sheller/Handler Audits	-0-	9,167	-0-	18,333	110,000
Printing/Forms/Postage	112	417	370	833	5,000
Total Compliance	<u>\$ 332</u>	<u>\$ 18,750</u>	<u>\$ 590</u>	<u>\$ 37,500</u>	<u>\$ 225,000</u>
Total General and Administrative	<u>\$ 78,844</u>	<u>\$ 133,275</u>	<u>\$ 132,015</u>	<u>\$ 266,550</u>	<u>\$ 1,599,300</u>
Contingency Fund:					
Contingency Fund	\$ -0-	\$ 200,308	\$ -0-	\$ 400,617	\$ 2,403,700
Total Contingency Fund	<u>\$ -0-</u>	<u>\$ 200,308</u>	<u>\$ -0-</u>	<u>\$ 400,617</u>	<u>\$ 2,403,700</u>
Industry Relations:					
Annual Reports	\$ -0-	\$ 1,250	\$ -0-	\$ 2,500	\$ 15,000
Informational Materials	-0-	2,917	-0-	5,833	35,000
Travel/Handler Visits Workshop Materials	3,264	4,167	3,803	8,333	50,000
WS - Field Events	-0-	65,000	-0-	130,000	780,000
Total Industry Relations	<u>\$ 3,264</u>	<u>\$ 73,334</u>	<u>\$ 3,803</u>	<u>\$ 146,666</u>	<u>\$ 880,000</u>
Marketing:					
Weber Shandwick	\$ 507,828	\$ 250,000	\$ 507,828	\$ 500,000	\$ 3,000,000
Market Access Program Assistance	-0-	20,833	-0-	41,667	250,000
Branded Materials/Give Away	-0-	6,250	-0-	12,500	75,000

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Two Months Ended November 30, 2018  
and the Year Ended September 30, 2019**

	One Month Ended November 30, 2018		Two Months Ended November 30, 2018		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
APC Events:					
Fruit Logistical	-0-	1,250	-0-	2,500	15,000
Asia Logistical	-0-	1,250	-0-	2,500	15,000
PMA	6,857	833	6,857	1,667	10,000
Total APC Events	\$ 6,857	\$ 3,333	\$ 6,857	\$ 6,667	\$ 40,000
APC Travel for Events	\$ 2,882	\$ 2,083	\$ 2,882	\$ 4,167	\$ 25,000
USDA Marketing Events	1,292	833	1,292	1,667	10,000
Misc.	-0-	418	1,840	832	5,000
Total Marketing	\$ 518,859	\$ 283,750	\$ 520,699	\$ 567,500	\$ 3,405,000
Research:					
Health Benefit Baseline Study	\$ -0-	\$ 22,084	\$ -0-	\$ 44,166	\$ 265,000
Nut Health	-0-	8,333	-0-	16,667	100,000
Contingency Fund	-0-	33,333	-0-	66,667	400,000
Total Research	\$ -0-	\$ 63,750	\$ -0-	\$ 127,500	\$ 765,000
Standardization:					
NASS Survey:					
January Prelim Report	\$ 24,545	\$ 13,167	\$ 49,091	\$ 26,333	\$ 158,000
December Crop Estimate	-0-	12,500	-0-	25,000	150,000
Total NASS Survey	\$ 24,545	\$ 25,667	\$ 49,091	\$ 51,333	\$ 308,000
Contingency Fund	\$ -0-	\$ 19,583	\$ -0-	\$ 39,167	\$ 235,000
Travel	-0-	1,250	-0-	2,500	15,000
Electronic Reporting Forms	-0-	7,500	-0-	15,000	90,000
Total Standardization	\$ 24,545	\$ 54,000	\$ 49,091	\$ 108,000	\$ 648,000
<b>Total Expenses</b>	\$ 625,512	\$ 808,417	\$ 705,608	\$ 1,616,833	\$ 9,701,000
<b>Change in Net Assets</b>	\$ 108,755	\$ -0-	\$ 297,052	\$ -0-	\$ -0-

See Accountants' Compilation Report.