



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month Ended October 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 October 31, 2018 and the related statements of activities, statements of functional expenses, and cash flows for the one month 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 ended October 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
November 16, 2018

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL
Statement of Financial Position

As of October, 31 2018

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	6,982,202
Accounts Receivable		1,043
Prepaid Expenses		80,575
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Total Current Assets	\$	7,063,820
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Fixed Assets:

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(8,969)
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Total Fixed Assets	\$	38,320
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Other Assets:

Security Deposit	\$	2,400
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Total Other Assets	\$	2,400
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TOTAL ASSETS	\$	7,104,540
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$	1,114,761
Payroll Tax Payable		6,167
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Total Current Liabilities	\$	1,120,928
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Total Liabilities	\$	1,120,928
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Net Assets:

Without Donor Restriction	\$	5,983,612
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Total Net Assets	\$	5,983,612
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TOTAL LIABILITIES AND NET ASSETS	\$	7,104,540
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Activities

For the One Month Ended October 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue:			
Assessment Income	\$ 255,208	\$ -0-	\$ 255,208
Interest Earned	13,185	-0-	13,185
	<hr/>	<hr/>	<hr/>
Total Revenue	\$ 268,393	\$ -0-	\$ 268,393
	<hr/>	<hr/>	<hr/>
Expenses:			
Program Expense	\$ 27,182	\$ -0-	\$ 27,182
Management and General	52,914	-0-	52,914
	<hr/>	<hr/>	<hr/>
Total Expenses	\$ 80,096	\$ -0-	\$ 80,096
	<hr/>	<hr/>	<hr/>
Change in Net Assets	\$ 188,297	\$ -0-	\$ 188,297
Net Assets, Beginning	5,795,315	\$ -0-	5,795,315
	<hr/>	<hr/>	<hr/>
Net Assets, Ending	\$ 5,983,612	\$ -0-	\$ 5,983,612
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Functional Expenses

For the One Month Ended October 31, 2018

	<u>Program Expense</u>	<u>Management and General</u>	<u>Total</u>
Compliance	\$ 258	\$ -0-	\$ 258
Depreciation Expense	-0-	788	788
General and Administrative	-0-	52,126	52,126
Industry Relations	539	-0-	539
Marketing	1,840	-0-	1,840
Standardization	24,545	-0-	24,545
	<u>\$ 27,182</u>	<u>\$ 52,914</u>	<u>\$ 80,096</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows

For the One Month Ended October 31, 2018

	<u>One Month</u>
Cash Flows From Operating Activities:	
Cash Received from Assessments	\$ 254,165
Cash Received from Interest Earned	13,185
Cash Paid for Salary and Benefits	(40,833)
Cash Paid for Operating Expenses	(816,345)
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Net Cash Provided (Used) by Operating Activities	(\$ 589,828)
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Net Increase (Decrease) in Cash	(\$ 589,828)
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Cash, Beginning of Period	7,572,030
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Cash, End of Period	\$ 6,982,202
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Reconciliation of Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Increase (Decrease) in Net Assets	\$ 188,297
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	788
Changes in Assets and Liabilities:	
(Increase) Decrease in Prepaid Expenses	22,684
(Increase) Decrease in Accounts Receivable	(1,043)
Increase (Decrease) in Accounts Payable	(806,721)
Increase (Decrease) in Payroll Tax Payable	6,167
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Net Cash Provided (Used) by Operating Activities	(\$ 589,828)
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month Ended October 31, 2018 and the Year Ended September 30, 2019

	One Month Ended October 31, 2018		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Operating Budget
Revenue:			
2016 Assessment Income - Carry Over	\$ 366	\$ -0-	\$ -0-
2017 - 2018 Remaining	253,799	91,667	1,100,000
18-19 Improved	1,043	625,250	7,503,000
18-19 Native/Seedlings	-0-	61,000	732,000
18-19 Substandard	-0-	30,500	366,000
Interest Earned	13,185	-0-	-0-
Total Revenue	\$ 268,393	\$ 808,417	\$ 9,701,000
Expenses:			
General and Administrative:			
General Administration:			
Staff and Administrative:			
Salaries	\$ 40,833	\$ 65,000	\$ 780,000
Benefits	-0-	6,667	80,000
Taxes	3,124	7,150	85,800
Total Staff and Administrative	\$ 43,957	\$ 78,817	\$ 945,800
Accounting/Financials	\$ -0-	\$ 3,750	\$ 45,000
Telephone/Mobile/Internet	631	833	10,000
Travel Office	1,150	3,750	45,000
Travel Committee	-0-	13,333	160,000
Insurance:			
Travel	-0-	208	2,500
General	-0-	667	8,000
D&O/Members	439	1,250	15,000
Fidelity	-0-	333	4,000
Total Insurance	\$ 439	\$ 2,458	\$ 29,500
Supplies	\$ 739	\$ 833	\$ 10,000
Maintenance/Buildout	-0-	1,667	20,000
Printing	298	1,250	15,000
IT/Furniture/Software	2,226	3,333	40,000
Subscriptions	16	417	5,000
Misc.	-0-	333	4,000
Depreciation	788	-0-	-0-
Rent & Utilities	2,670	3,750	45,000
Total General Administration	\$ 52,914	\$ 114,525	\$ 1,374,300
Compliance:			
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ 25,000
Audit Financial	-0-	2,500	30,000
Compliance Travel	-0-	4,583	55,000
Sheller/Handler Audits	-0-	9,167	110,000
Printing/Forms/Postage	258	417	5,000
Total Compliance	\$ 258	\$ 18,750	\$ 225,000
Total General and Administrative	\$ 53,172	\$ 133,275	\$ 1,599,300
Contingency Fund:			
Contingency Fund	\$ -0-	\$ 200,308	\$ 2,403,700
Total Contingency Fund	\$ -0-	\$ 200,308	\$ 2,403,700

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month Ended October 31, 2018 and the Year Ended September 30, 2019

	One Month Ended October 31, 2018		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Operating Budget
Industry Relations:			
Annual Reports	\$ -0-	\$ 1,250	\$ 15,000
Informational Materials	-0-	2,917	35,000
Travel/Handler Visits Workshop Materials	539	4,167	50,000
WS - Field Events	-0-	65,000	780,000
Total Industry Relations	\$ 539	\$ 73,333	\$ 880,000
Marketing:			
Weber Shandwick	\$ -0-	\$ 250,000	\$ 3,000,000
Market Access Program Assistance	-0-	20,833	250,000
Branded Materials/Give Away	-0-	6,250	75,000
APC Events:			
Fruit Logistical	-0-	1,250	15,000
Asia Logistical	-0-	1,250	15,000
PMA	-0-	833	10,000
Total APC Events	\$ -0-	\$ 3,333	\$ 40,000
APC Travel for Events	\$ -0-	\$ 2,083	\$ 25,000
USDA Marketing Events	-0-	833	10,000
Misc.	1,840	417	5,000
Total Marketing	\$ 1,840	\$ 283,750	\$ 3,405,000
Research:			
Health Benefit Baseline Study	\$ -0-	\$ 22,083	\$ 265,000
Nut Health	-0-	8,333	100,000
Contingency Fund	-0-	33,333	400,000
Total Research	\$ -0-	\$ 63,750	\$ 765,000
Standardization:			
NASS Survey:			
January Prelim Report	\$ 24,545	\$ 13,167	\$ 158,000
December Crop Estimate	-0-	12,500	150,000
Total NASS Survey	\$ 24,545	\$ 25,667	\$ 308,000
Contingency Fund	\$ -0-	\$ 19,583	\$ 235,000
Travel	-0-	1,250	15,000
Electronic Reporting Forms	-0-	7,500	90,000
Total Standardization	\$ 24,545	\$ 54,000	\$ 648,000
Total Expenses	\$ 80,096	\$ 808,417	\$ 9,701,000
Change in Net Assets	\$ 188,297	\$ -0-	\$ -0-

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