



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**

**Compiled Financial Statements**

**For the One Month and Nine Months Ended June 30, 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 government), which comprise the balance sheet as of June 30, 2019 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month and nine 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.

Accounting principles generally accepted in the United States of America require that the following supplementary information on page 4 through page 6 be presented to supplement the basic financial statements:

Budgetary Comparison Schedule

Such information is presented for purposes of additional analysis and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. We have not performed an audit, review or compilation on the required supplementary information and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.

Management has elected to omit substantially all of the disclosures 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 government's net position, results of operations, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

An independently owned member  
RSM US Alliance



**Supplementary Information**

The supplementary information included in the operating budget for the one month and nine months ended June 30, 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  
July 9, 2019



# AMERICAN PECAN COUNCIL

## Balance Sheet

As of June 30, 2019

### ASSETS

#### **Current Assets:**

Cash and Cash Equivalents	\$	6,085,543
Accounts Receivable		676,970
Prepaid Expenses		40,728

Total Current Assets \$ 6,803,241

#### **Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	15,274)

Total Fixed Assets \$ 32,015

#### **Other Assets:**

Security Deposit	\$	2,400
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Total Other Assets \$ 2,400

#### **TOTAL ASSETS**

\$ 6,837,656

### LIABILITIES AND NET POSITION

#### **Current Liabilities:**

Accounts Payable	\$	14,513
Payroll Liability		163

Total Current Liabilities \$ 14,676

Total Liabilities \$ 14,676

#### **Net Position:**

Unrestricted	\$	6,822,980
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Total Net Position \$ 6,822,980

#### **TOTAL LIABILITIES AND NET POSITION**

\$ 6,837,656

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statements of Revenues, Expenses, and Changes in Net Position**

**For the One Month and Nine Months Ended June 30, 2019**

	<b>One Month</b>	<b>Nine Months</b>
<b>Operating Revenues:</b>		
Assessment Income	\$ 183,293	\$ 7,440,167
Total Operating Revenue	\$ 183,293	\$ 7,440,167
<b>Operating Expenses:</b>		
General Administrative:		
Staff and Administrative	\$ 58,362	\$ 544,869
Insurance	640	9,209
Compliance	662	129,389
Other General Administrative	12,691	251,997
Industry Relations	6,061	60,486
Marketing	15,617	3,619,106
Research	26,999	274,516
Strategic Planning	-0-	1,100,000
Standardization	-0-	100,398
Total Operating Expenses	\$ 121,032	\$ 6,089,970
<b>Nonoperating Revenues:</b>		
Interest Earned	\$ 25,103	\$ 114,767
Total Nonoperating Revenues	\$ 25,103	\$ 114,767
Change in Net Position	\$ 87,364	\$ 1,464,964
Net Position, as Previously Stated	\$ 6,720,054	\$ 5,795,315
Prior Period Adjustment	15,562	( 437,299)
Net Position, as Restated	\$ 6,735,616	\$ 5,358,016
Net Position, Ending	\$ 6,822,980	\$ 6,822,980

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Cash Flows

**For the One Month and Eight Months Ended May 31, 2019**

	<u>One Month</u>	<u>Nine Months</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 221,877	\$ 6,763,197
Cash Received from Interest Earned	25,103	114,767
Cash Paid for Salary and Benefits	( 58,362)	( 544,869)
Cash Paid for Operating Expenses	( 592,488)	( 7,819,582)
	<u>(\$ 403,870)</u>	<u>(\$ 1,486,487)</u>
Net Cash Provided (Used) by Operating Activities		
	(\$ 403,870)	(\$ 1,486,487)
Net Increase (Decrease) in Cash		
	6,489,413	7,572,030
Cash, Beginning of Period		
	<u>\$ 6,085,543</u>	<u>\$ 6,085,543</u>
Cash, End of Period		
	<u>\$ 6,085,543</u>	<u>\$ 6,085,543</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Income (Loss) from Operations	\$ 87,364	\$ 1,464,964
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	7,093
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	( 5,110)	62,723
(Increase) Decrease in Accounts Receivable	38,584	( 676,970)
Increase (Decrease) in Accounts Payable	( 525,333)	( 2,344,460)
Increase (Decrease) in Payroll Tax Payable	( 163)	163
	<u>(\$ 403,870)</u>	<u>(\$ 1,486,487)</u>
Net Cash Provided (Used) by Operating Activities		
	<u>(\$ 403,870)</u>	<u>(\$ 1,486,487)</u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Budgetary Comparison Schedule

**For the Nine Months Ended June 30, 2019**

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
<b>Operating Revenue:</b>				
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ 366
2017 Assessment Income	-0-	-0-	331,359	331,359
2017 - 2018 Remaining	825,000	825,000	393,573	( 431,427)
2018 - 2019 Improved	5,627,250	5,627,250	6,007,520	380,270
2018 - 2019 Native/Seedlings	549,000	549,000	316,674	( 232,326)
2018 - 2019 Substandard	274,500	274,500	390,675	116,175
<b>Total Operating Revenue</b>	<b>\$ 7,275,750</b>	<b>\$ 7,275,750</b>	<b>\$ 7,440,167</b>	<b>\$ 164,417</b>
<b>Operating Expenses:</b>				
General Administrative:				
Staff and Administrative:				
Salaries	\$ 585,000	\$ 585,000	\$ 468,058	\$ 116,942
Benefits	60,000	60,000	40,987	19,013
Taxes	64,350	64,350	35,824	28,526
<b>Total Staff and Administrative</b>	<b>\$ 709,350</b>	<b>\$ 709,350</b>	<b>\$ 544,869</b>	<b>\$ 164,481</b>
Insurance:				
Travel	\$ 1,875	\$ 1,875	\$ -0-	\$ 1,875
General	6,000	6,000	3,467	2,533
D&O/Members	11,250	11,250	5,742	5,508
Fidelity	3,000	3,000	-0-	3,000
<b>Total Insurance</b>	<b>\$ 22,125</b>	<b>\$ 22,125</b>	<b>\$ 9,209</b>	<b>\$ 12,916</b>
Compliance:				
Attorney/Crisis Management	\$ 18,750	\$ 18,750	\$ 7,130	\$ 11,620
Audit Financial	22,500	22,500	10,500	12,000
Compliance Travel	41,250	41,250	220	41,030
Sheller/Handler Audits	82,500	82,500	107,207	( 24,707)
Printing/Forms/Postage	3,750	3,750	4,332	( 582)
<b>Total Compliance</b>	<b>\$ 168,750</b>	<b>\$ 168,750</b>	<b>\$ 129,389</b>	<b>\$ 39,361</b>
Accounting/Financials	\$ 33,750	\$ 33,750	\$ 55,841	(\$ 22,091)
Telephone/Mobile/Internet	7,500	7,500	5,812	1,688
Travel Office	33,750	33,750	14,543	19,207
Travel Committee	120,000	120,000	95,689	24,311
Supplies	7,500	7,500	6,344	1,156
Maintenance/Buildout	15,000	15,000	7,850	7,150
Printing	11,250	11,250	6,855	4,395
IT/Furniture/Software	30,000	30,000	12,472	17,528
Subscriptions	3,750	3,750	11,500	( 7,750)
Depreciation	-0-	-0-	7,093	( 7,093)
Miscellaneous	3,000	3,000	431	2,569
Rent & Utilities	33,750	33,750	27,567	6,183
<b>Total General Administrative</b>	<b>\$ 1,199,475</b>	<b>\$ 1,199,475</b>	<b>\$ 935,464</b>	<b>\$ 264,011</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Budgetary Comparison Schedule

**For the Nine Months Ended June 30, 2019**

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
<b>Contingency Fund:</b>				
Contingency Fund	\$ 1,802,775	\$ 399,094	\$ -0-	\$ 399,094
Total Contingency Fund	\$ 1,802,775	\$ 399,094	\$ -0-	\$ 399,094
<b>International Relations:</b>				
EMP India	\$ -0-	\$ 7,500	\$ -0-	\$ 7,500
UES 2020	-0-	63,750	-0-	63,750
Total International Relations	\$ -0-	\$ 71,250	\$ -0-	\$ 71,250
<b>Industry Relations:</b>				
Annual Reports	\$ 11,250	\$ 11,250	\$ 1,322	\$ 9,928
Informational Materials	26,250	26,250	1,031	25,219
Travel/Handler Visits Workshop Materials	37,500	37,500	35,160	2,340
WS - Field Events	585,000	585,000	22,973	562,027
Total Industry Relations	\$ 660,000	\$ 660,000	\$ 60,486	\$ 599,514
<b>Marketing:</b>				
APC Events:				
Fruit Logistical	\$ 11,250	\$ 11,250	\$ 11,583	(\$ 333)
Asia Logistical	11,250	11,250	-0-	11,250
PMA	7,500	7,500	7,085	415
Total APC Events	\$ 30,000	\$ 30,000	\$ 18,668	\$ 11,332
Weber Shandwick	\$ 2,250,000	\$ 3,225,000	\$ 3,264,991	(\$ 39,991)
Market Access Program Assistance	187,500	443,681	295,788	147,893
Branded Materials/Give Away	56,250	56,250	6,530	49,720
APC Travel for Events	18,750	18,750	19,728	( 978)
USDA Marketing Events	7,500	7,500	2,251	5,249
Aspire IQ	-0-	101,250	7,500	93,750
Miscellaneous	3,750	3,750	3,650	100
Total Marketing	\$ 2,553,750	\$ 3,886,181	\$ 3,619,106	\$ 267,075
<b>Research:</b>				
Health Benefit Baseline Study	\$ 198,750	\$ 198,750	\$ -0-	\$ 198,750
Nut Health	75,000	75,000	50,517	24,483
Contingency Fund	300,000	300,000	223,999	76,001
Total Research	\$ 573,750	\$ 573,750	\$ 274,516	\$ 299,234
<b>Strategic Planning:</b>				
Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	(\$ 1,100,000)
Total Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	(\$ 1,100,000)

See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Budgetary Comparison Schedule

**For the Nine Months Ended June 30, 2019**

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Standardization:				
NASS Survey:				
January Prelim Report	\$ 118,500	\$ 118,500	\$ 98,182	\$ 20,318
December Crop Estimate	112,500	112,500	-0-	112,500
Total NASS Survey	<u>\$ 231,000</u>	<u>\$ 231,000</u>	<u>\$ 98,182</u>	<u>\$ 132,818</u>
Contingency Fund	\$ 176,250	\$ 176,250	\$ -0-	\$ 176,250
Travel	11,250	11,250	2,216	9,034
Electronic Reporting Forms	67,500	67,500	-0-	67,500
Total Standardization	<u>\$ 486,000</u>	<u>\$ 486,000</u>	<u>\$ 100,398</u>	<u>\$ 385,602</u>
<b>Total Operating Expenses</b>	<u>\$ 7,275,750</u>	<u>\$ 7,275,750</u>	<u>\$ 6,089,970</u>	<u>\$ 1,185,780</u>
<b>Nonoperating Revenue:</b>				
Interest Earned	\$ -0-	\$ -0-	\$ 114,767	\$ 114,767
<b>Total Nonoperating Revenue</b>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 114,767</u>	<u>\$ 114,767</u>
<b>Change in Net Position</b>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 1,464,964</u></u>	<u><u>\$ 1,464,964</u></u>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Nine Months Ended June 30, 2019  
and the Year Ended September 30, 2019**

	One Month Ended June 30, 2019		Nine Months Ended June 30, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Operating Revenue:</b>					
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ -0-	\$ -0-
2017 Assessment Income	-0-	-0-	331,359	-0-	-0-
2017 - 2018 Remaining	3,068	91,667	393,573	825,000	1,100,000
2018 - 2019 Improved	169,247	625,250	6,007,520	5,627,250	7,503,000
2018 - 2019 Native/Seedlings	266	61,000	316,674	549,000	732,000
2018 - 2019 Substandard	10,712	30,500	390,675	274,500	366,000
<b>Total Operating Revenue</b>	<b>\$ 183,293</b>	<b>\$ 808,417</b>	<b>\$ 7,440,167</b>	<b>\$ 7,275,750</b>	<b>\$ 9,701,000</b>
<b>Operating Expenses:</b>					
General Administrative:					
Staff and Administrative:					
Salaries	\$ 50,167	\$ 65,000	\$ 468,058	\$ 585,000	\$ 780,000
Benefits	4,919	6,667	40,987	60,000	80,000
Taxes	3,276	7,150	35,824	64,350	85,800
Total Staff and Administrative	\$ 58,362	\$ 78,817	\$ 544,869	\$ 709,350	\$ 945,800
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 1,875	\$ 2,500
General	9	667	3,467	6,000	8,000
D&O/Members	631	1,250	5,742	11,250	15,000
Fidelity	-0-	333	-0-	3,000	4,000
Total Insurance	\$ 640	\$ 2,458	\$ 9,209	\$ 22,125	\$ 29,500

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Nine Months Ended June 30, 2019  
and the Year Ended September 30, 2019**

	One Month Ended June 30, 2019		Nine Months Ended June 30, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ 7,130	\$ 18,750	\$ 25,000
Audit Financial	-0-	2,500	10,500	22,500	30,000
Compliance Travel	-0-	4,583	220	41,250	55,000
Sheller/Handler Audits	-0-	9,167	107,207	82,500	110,000
Printing/Forms/Postage	662	417	4,332	3,750	5,000
<b>Total Compliance</b>	<b>\$ 662</b>	<b>\$ 18,750</b>	<b>\$ 129,389</b>	<b>\$ 168,750</b>	<b>\$ 225,000</b>
Accounting/Financials	\$ 139	\$ 3,750	\$ 55,841	\$ 33,750	\$ 45,000
Telephone/Mobile/Internet	421	833	5,812	7,500	10,000
Travel Office	1,668	3,750	14,543	33,750	45,000
Travel Committee	3,499	13,333	95,689	120,000	160,000
Supplies	292	833	6,344	7,500	10,000
Maintenance/Buildout	-0-	1,667	7,850	15,000	20,000
Printing	2,896	1,250	6,855	11,250	15,000
IT/Furniture/Software	254	3,333	12,472	30,000	40,000
Subscriptions	16	417	11,500	3,750	5,000
Depreciation	788	-0-	7,093	-0-	-0-
Miscellaneous	-0-	333	431	3,000	4,000
Rent & Utilities	2,718	3,750	27,567	33,750	45,000
<b>Total General Administrative</b>	<b>\$ 72,355</b>	<b>\$ 133,275</b>	<b>\$ 935,464</b>	<b>\$ 1,199,475</b>	<b>\$ 1,599,300</b>
Contingency Fund:					
Contingency Fund	\$ -0-	\$ 44,344	\$ -0-	\$ 399,094	\$ 532,125
<b>Total Contingency Fund</b>	<b>\$ -0-</b>	<b>\$ 44,344</b>	<b>\$ -0-</b>	<b>\$ 399,094</b>	<b>\$ 532,125</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Nine Months Ended June 30, 2019  
and the Year Ended September 30, 2019**

	One Month Ended June 30, 2019		Nine Months Ended June 30, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Industry Relations:</b>					
Annual Reports	\$ 1,322	\$ 1,250	\$ 1,322	\$ 11,250	\$ 15,000
Informational Materials	357	2,917	1,031	26,250	35,000
Travel/Handler Visits Workshop Materials	1,882	4,167	35,160	37,500	50,000
WS - Field Events	2,500	65,000	22,973	585,000	780,000
<b>Total Industry Relations</b>	<b>\$ 6,061</b>	<b>\$ 73,333</b>	<b>\$ 60,486</b>	<b>\$ 660,000</b>	<b>\$ 880,000</b>
<b>International Relations:</b>					
EMP India	\$ -0-	\$ 833	\$ -0-	\$ 7,500	\$ 10,000
UES 2020	-0-	7,083	-0-	63,750	85,000
<b>Total International Relations</b>	<b>\$ -0-</b>	<b>\$ 7,917</b>	<b>\$ -0-</b>	<b>\$ 71,250</b>	<b>\$ 95,000</b>
<b>Marketing:</b>					
<b>APC Events:</b>					
Fruit Logistical	\$ -0-	\$ 1,250	\$ 11,583	\$ 11,250	\$ 15,000
Asia Logistical	-0-	1,250	-0-	11,250	15,000
PMA	10	833	7,085	7,500	10,000
<b>Total APC Events</b>	<b>\$ 10</b>	<b>\$ 3,333</b>	<b>\$ 18,668</b>	<b>\$ 30,000</b>	<b>\$ 40,000</b>
Weber Shandwick	\$ -0-	\$ 358,333	\$ 3,264,991	\$ 3,225,000	\$ 4,300,000
Market Access Program Assistance	-0-	49,298	295,788	443,681	591,575
Branded Materials/Give Away	526	6,250	6,530	56,250	75,000
APC Travel for Events	7,581	2,083	19,728	18,750	25,000
USDA Marketing Events	-0-	833	2,251	7,500	10,000
Aspire IQ	7,500	11,250	7,500	101,250	135,000
Miscellaneous	-0-	417	3,650	3,750	5,000
<b>Total Marketing</b>	<b>\$ 15,617</b>	<b>\$ 431,798</b>	<b>\$ 3,619,106</b>	<b>\$ 3,886,181</b>	<b>\$ 5,181,575</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month and Nine Months Ended June 30, 2019  
and the Year Ended September 30, 2019**

	One Month Ended June 30, 2019		Nine Months Ended June 30, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
<b>Research:</b>					
Health Benefit Baseline Study	\$ -0-	\$ 22,083	\$ -0-	\$ 198,750	\$ 265,000
Nut Health	-0-	8,333	50,517	75,000	100,000
Contingency Fund	26,999	33,333	223,999	300,000	400,000
Total Research	\$ 26,999	\$ 63,750	\$ 274,516	\$ 573,750	\$ 765,000
<b>Strategic Planning:</b>					
Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	\$ -0-	\$ -0-
Total Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	\$ -0-	\$ -0-
<b>Standardization:</b>					
NASS Survey:					
January Prelim Report	\$ -0-	\$ 13,167	\$ 98,182	\$ 118,500	\$ 158,000
December Crop Estimate	-0-	12,500	-0-	112,500	150,000
Total NASS Survey	\$ -0-	\$ 25,667	\$ 98,182	\$ 231,000	\$ 308,000
Contingency Fund	\$ -0-	\$ 19,583	\$ -0-	\$ 176,250	\$ 235,000
Travel	-0-	1,250	2,216	11,250	15,000
Electronic Reporting Forms	-0-	7,500	-0-	67,500	90,000
Total Standardization	\$ -0-	\$ 54,000	\$ 100,398	\$ 486,000	\$ 648,000
<b>Total Operating Expenses</b>	\$ 121,032	\$ 808,417	\$ 6,089,970	\$ 7,275,750	\$ 9,701,000
<b>Nonoperating Revenue:</b>					
Interest Earned	\$ 25,103	\$ -0-	\$ 114,767	\$ -0-	\$ -0-
<b>Total Nonoperating Revenue</b>	\$ 25,103	\$ -0-	\$ 114,767	\$ -0-	\$ -0-
<b>Change in Net Position</b>	\$ 87,364	\$ -0-	\$ 1,464,964	\$ -0-	\$ -0-

See Accountants' Compilation Report.