



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month and Eleven Months Ended

August 31, 2019

515 West Harris Avenue • Post Office Box 71 • San Angelo, Texas 76902-0071

Phone (325) 653-6854 • Fax (325) 655-5857 • 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 government), which comprise the balance sheet as of August 31, 2019 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month and eleven 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 eleven months ended August 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
September 13, 2019



AMERICAN PECAN COUNCIL

Balance Sheet

As of August 31, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	5,993,707
Accounts Receivable		313,997
Prepaid Expenses		6,198

Total Current Assets \$ 6,313,902

Fixed Assets:

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(16,850)

Total Fixed Assets \$ 30,439

Other Assets:

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

TOTAL ASSETS

\$ 6,346,741

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	508,347
Payroll Liability		2,451

Total Current Liabilities \$ 510,798

Total Liabilities \$ 510,798

Net Position:

Unrestricted	\$	5,835,943
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Total Net Position \$ 5,835,943

TOTAL LIABILITIES AND NET POSITION

\$ 6,346,741

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Eleven Months Ended August 31, 2019

	<u>One Month</u>	<u>Eleven Months</u>
Operating Revenues:		
Assessment Income	\$ 624,152	\$ 7,917,602
	<hr/>	<hr/>
Total Operating Revenue	\$ 624,152	\$ 7,917,602
	<hr/>	<hr/>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 62,010	\$ 669,546
Insurance	3,983	13,832
Compliance	-0-	137,697
Other General Administrative	58,320	318,897
Industry Relations	6,000	72,457
Marketing	491,660	4,711,559
Research	6,498	391,746
Strategic Planning	-0-	1,100,000
Standardization	-0-	150,915
	<hr/>	<hr/>
Total Operating Expenses	\$ 628,471	\$ 7,566,649
	<hr/>	<hr/>
Nonoperating Revenues:		
Interest Earned	\$ -0-	\$ 126,224
Other Income	750	750
	<hr/>	<hr/>
Total Nonoperating Revenues	\$ 750	\$ 126,974
	<hr/>	<hr/>
Change in Net Position	(\$ 3,569)	\$ 477,927
	<hr/>	<hr/>
Net Position, as Previously Stated	\$ 6,246,798	\$ 5,795,315
	<hr/>	<hr/>
Prior Period Adjustment	(407,286)	(437,299)
	<hr/>	<hr/>
Net Position, as Restated	\$ 5,839,512	\$ 5,358,016
	<hr/>	<hr/>
Net Position, Ending	\$ 5,835,943	\$ 5,835,943
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Eleven Months Ended August 31, 2019

	<u>One Month</u>	<u>Eleven Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 668,488	\$ 7,603,605
Cash Received from Interest Earned	-	126,224
Cash Paid for Salary and Benefits	(62,010)	(669,546)
Cash Paid for Operating Expenses	(266,420)	(8,638,606)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 340,058	(\$ 1,578,323)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ 340,058	(\$ 1,578,323)
	<hr/>	<hr/>
Cash, Beginning of Period	5,653,649	7,572,030
	<hr/>	<hr/>
Cash, End of Period	\$ 5,993,707	\$ 5,993,707
	<hr/>	<hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	(\$ 3,569)	\$ 477,927
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	8,669
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	15,102	97,253
(Increase) Decrease in Accounts Receivable	44,336	(313,997)
Increase (Decrease) in Accounts Payable	282,526	(1,850,626)
Increase (Decrease) in Payroll Tax Payable	875	2,451
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Net Cash Provided (Used) by Operating Activities	\$ 340,058	(\$ 1,578,323)
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eleven Months Ended August 31, 2019

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ 366
2017 Assessment Income	-	-	331,359	331,359
2017 - 2018 Remaining	1,008,333	1,008,333	417,348	(590,985)
2018 - 2019 Improved	6,877,750	6,877,750	6,429,601	(448,149)
2018 - 2019 Native/Seedlings	671,000	671,000	325,958	(345,042)
2018 - 2019 Substandard	335,500	335,500	412,970	77,470
Total Operating Revenue	\$ 8,892,583	\$ 8,892,583	\$ 7,917,602	(\$ 974,981)
Operating Expenses:				
General Administrative:				
Staff and Administrative:				
Salaries	\$ 715,000	\$ 715,000	\$ 568,392	\$ 146,608
Benefits	73,333	73,333	57,095	16,238
Taxes	78,650	78,650	40,897	37,753
Contract Labor	-	-	3,162	(3,162)
Total Staff and Administrative	\$ 866,983	\$ 866,983	\$ 669,546	\$ 197,437
Insurance:				
Travel	\$ 2,292	\$ 2,292	\$ -0-	\$ 2,292
General	7,333	7,333	3,486	3,847
D&O/Members	13,750	13,750	10,346	3,404
Fidelity	3,669	3,669	-	3,669
Total Insurance	\$ 27,044	\$ 27,044	\$ 13,832	\$ 13,212
Compliance:				
Attorney/Crisis Management	\$ 22,917	\$ 22,917	\$ 7,130	\$ 15,787
Audit Financial	27,500	27,500	10,500	17,000
Compliance Travel	50,417	50,417	956	49,461
Sheller/Handler Audits	100,833	100,833	115,207	(14,374)
Printing/Forms/Postage	4,583	4,583	3,904	679
Total Compliance	\$ 206,250	\$ 206,250	\$ 137,697	\$ 68,553
Accounting/Financials	\$ 41,250	\$ 41,250	\$ 67,969	(\$ 26,719)
Telephone/Mobile/Internet	9,167	9,167	10,424	(1,257)
Travel Office	41,250	41,250	13,535	27,715
Travel Committee	146,667	146,667	147,123	(456)
Supplies	9,167	9,167	6,621	2,546
Maintenance/Buildout	18,333	18,333	7,850	10,483
Printing	13,750	13,750	9,550	4,200
IT/Furniture/Software	36,668	36,668	13,103	23,565
Subscriptions	4,583	4,583	1,016	3,567
Depreciation	-	-	8,669	(8,669)
Miscellaneous	3,661	3,661	34	3,627
Rent & Utilities	41,250	41,250	33,003	8,247
Total General Administrative	\$ 1,466,023	\$ 1,466,023	\$ 1,139,972	\$ 326,051

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eleven Months Ended August 31, 2019

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Contingency Fund:				
Contingency Fund	\$ 2,203,392	\$ 487,781	\$ -0-	\$ 487,781
Total Contingency Fund	\$ 2,203,392	\$ 487,781	\$ -0-	\$ 487,781
Industry Relations:				
Annual Reports	\$ 13,750	\$ 13,750	\$ 1,322	\$ 12,428
Informational Materials	32,083	32,083	31,005	1,078
Travel/Handler Visits Workshop Materials	45,833	45,833	40,130	5,703
WS - Field Events	715,000	715,000	-0-	715,000
Total Industry Relations	\$ 806,666	\$ 806,666	\$ 72,457	\$ 734,209
International Relations:				
EMP India	\$ -0-	\$ 9,167	\$ -0-	\$ 9,167
UES 2020	-0-	77,917	-0-	77,917
Total International Relations	\$ -0-	\$ 87,084	\$ -0-	\$ 87,084
Marketing:				
APC Events:				
Fruit Logistical	\$ 13,750	\$ 13,750	\$ 11,583	\$ 2,167
Asia Logistical	13,750	13,750	-0-	13,750
PMA	9,167	9,167	7,115	2,052
Total APC Events	\$ 36,667	\$ 36,667	\$ 18,698	\$ 17,969
Weber Shandwick	\$ 2,750,000	\$ 3,941,667	\$ 4,190,406	(\$ 248,739)
Market Access Program Assistance	229,170	542,277	443,681	98,596
Branded Materials/Give Away	68,750	68,750	6,530	62,220
APC Travel for Events	22,917	22,917	22,104	813
USDA Marketing Events	9,167	9,167	2,251	6,916
Aspire IQ	-0-	123,750	18,249	105,501
Miscellaneous	4,583	4,583	9,640	(5,057)
Total Marketing	\$ 3,121,252	\$ 4,749,778	\$ 4,711,559	\$ 38,219
Research:				
Health Benefit Baseline Study	\$ 242,917	\$ 242,917	\$ -0-	\$ 242,917
Nut Health	91,667	91,667	100,000	(8,333)
Contingency Fund	366,667	366,667	291,746	74,921
Total Research	\$ 701,251	\$ 701,251	\$ 391,746	\$ 309,505
Strategic Planning:				
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 Eleven Months Ended August 31, 2019

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Standardization:				
NASS Survey:				
January Prelim Report	\$ 144,833	\$ 144,833	\$ 98,182	\$ 46,651
December Crop Estimate	137,500	137,500	-0-	137,500
Total NASS Survey	<u>\$ 282,333</u>	<u>\$ 282,333</u>	<u>\$ 98,182</u>	<u>\$ 184,151</u>
Contingency Fund	\$ 215,417	\$ 215,417	\$ -0-	\$ 215,417
Previous Adopted Research	-0-	-0-	50,517	(50,517)
Travel	13,750	13,750	2,216	11,534
Electronic Reporting Forms	82,500	82,500	-0-	82,500
Total Standardization	<u>\$ 594,000</u>	<u>\$ 594,000</u>	<u>\$ 150,915</u>	<u>\$ 443,085</u>
Total Operating Expenses	<u>\$ 8,892,583</u>	<u>\$ 8,892,583</u>	<u>\$ 7,566,649</u>	<u>\$ 1,325,934</u>
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 126,224	\$ 126,224
Other Income	-0-	-0-	750	750
Total Nonoperating Revenue	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 126,974</u>	<u>\$ 126,974</u>
Change in Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 477,927</u>	<u>\$ 477,927</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Eleven Months Ended August 31, 2019 and the Year Ended September 30, 2019

	One Month Ended August 31, 2019		Eleven Months Ended August 31, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ -0-	\$ -0-
2017 Assessment Income	-0-	-0-	331,359	-0-	-0-
2017 - 2018 Remaining	22,440	91,667	417,348	1,008,333	1,100,000
2018 - 2019 Improved	589,166	625,250	6,429,601	6,877,750	7,503,000
2018 - 2019 Native/Seedlings	8,871	61,000	325,958	671,000	732,000
2018 - 2019 Substandard	3,675	30,500	412,970	335,500	366,000
Total Operating Revenue	\$ 624,152	\$ 808,417	\$ 7,917,602	\$ 8,892,583	\$ 9,701,000
Operating Expenses:					
General Administrative:					
Staff and Administrative:					
Salaries	\$ 50,167	\$ 65,000	\$ 568,392	\$ 715,000	\$ 780,000
Benefits	6,144	6,667	57,095	73,333	80,000
Taxes	2,537	7,150	40,897	78,650	85,800
Contract Labor	3,162	-0-	3,162	-0-	-0-
Total Staff and Administrative	\$ 62,010	\$ 78,817	\$ 669,546	\$ 866,983	\$ 945,800
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 2,292	\$ 2,500
General	9	667	3,486	7,333	8,000
D&O/Members	3,974	1,250	10,346	13,750	15,000
Fidelity	-0-	333	-0-	3,669	4,000
Total Insurance	\$ 3,983	\$ 2,458	\$ 13,832	\$ 27,044	\$ 29,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eleven Months Ended August 31, 2019
and the Year Ended September 30, 2019**

	One Month Ended August 31, 2019		Eleven Months Ended August 31, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ 7,130	\$ 22,917	\$ 25,000
Audit Financial	-0-	2,500	10,500	27,500	30,000
Compliance Travel	-0-	4,583	956	50,417	55,000
Sheller/Handler Audits	-0-	9,167	115,207	100,833	110,000
Printing/Forms/Postage	-0-	417	3,904	4,583	5,000
Total Compliance	\$ -0-	\$ 18,750	\$ 137,697	\$ 206,250	\$ 225,000
Accounting/Financials	\$ 6,390	\$ 3,750	\$ 67,969	\$ 41,250	\$ 45,000
Telephone/Mobile/Internet	3,593	833	10,424	9,167	10,000
Travel Office	-0-	3,750	13,535	41,250	45,000
Travel Committee	41,434	13,333	147,123	146,667	160,000
Supplies	64	833	6,621	9,167	10,000
Maintenance/Buildout	-0-	1,667	7,850	18,333	20,000
Printing	318	1,250	9,550	13,750	15,000
IT/Furniture/Software	48	3,333	13,103	36,668	40,000
Subscriptions	249	417	1,016	4,583	5,000
Depreciation	788	-0-	8,669	-0-	-0-
Miscellaneous	-0-	333	34	3,661	4,000
Rent & Utilities	5,436	3,750	33,003	41,250	45,000
Total General Administrative	\$ 124,313	\$ 133,274	\$ 1,139,972	\$ 1,466,023	\$ 1,599,300
Contingency Fund:					
Contingency Fund	\$ -0-	\$ 44,344	\$ -0-	\$ 487,781	\$ 532,125
Total Contingency Fund	\$ -0-	\$ 44,344	\$ -0-	\$ 487,781	\$ 532,125

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eleven Months Ended August 31, 2019
and the Year Ended September 30, 2019**

	One Month Ended August 31, 2019		Eleven Months Ended August 31, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Annual Reports	\$ -0-	\$ 1,250	\$ 1,322	\$ 13,750	\$ 15,000
Informational Materials	4,000	2,917	31,005	32,083	35,000
Travel/Handler Visits Workshop Materials	2,000	4,167	40,130	45,833	50,000
WS - Field Events	-0-	65,000	-0-	715,000	780,000
Total Industry Relations	\$ 6,000	\$ 73,334	\$ 72,457	\$ 806,666	\$ 880,000
International Relations:					
EMP India	\$ -0-	\$ 833	\$ -0-	\$ 9,167	\$ 10,000
UES 2020	-0-	7,083	-0-	77,917	85,000
Total International Relations	\$ -0-	\$ 7,916	\$ -0-	\$ 87,084	\$ 95,000
Marketing:					
APC Events:					
Fruit Logistical	\$ -0-	\$ 1,250	\$ 11,583	\$ 13,750	\$ 15,000
Asia Logistical	-0-	1,250	-0-	13,750	15,000
PMA	-0-	833	7,115	9,167	10,000
Total APC Events	\$ -0-	\$ 3,333	\$ 18,698	\$ 36,667	\$ 40,000
Weber Shandwick	\$ 337,766	\$ 358,333	\$ 4,190,406	\$ 3,941,667	\$ 4,300,000
Market Access Program Assistance	147,894	49,298	443,681	542,277	591,575
Branded Materials/Give Away	-0-	6,250	6,530	68,750	75,000
APC Travel for Events	-0-	2,083	22,104	22,917	25,000
USDA Marketing Events	-0-	833	2,251	9,167	10,000
Aspire IQ	-0-	11,250	18,249	123,750	135,000
Miscellaneous	6,000	420	9,640	4,583	5,000
Total Marketing	\$ 491,660	\$ 431,800	\$ 4,711,559	\$ 4,749,778	\$ 5,181,575

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Eleven Months Ended August 31, 2019 and the Year Ended September 30, 2019

	One Month Ended August 31, 2019		Eleven Months Ended August 31, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Research:					
Health Benefit Baseline Study	\$ -0-	\$ 22,083	\$ -0-	\$ 242,917	\$ 265,000
Nut Health	-0-	8,333	100,000	91,667	100,000
Contingency Fund	6,498	33,333	291,746	366,667	400,000
Total Research	\$ 6,498	\$ 63,749	\$ 391,746	\$ 701,251	\$ 765,000
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	\$ 144,833	\$ 158,000
December Crop Estimate	-0-	12,500	-0-	137,500	150,000
Total NASS Survey	\$ -0-	\$ 25,667	\$ 98,182	\$ 282,333	\$ 308,000
Contingency Fund	\$ -0-	\$ 19,583	\$ -0-	\$ 215,417	\$ 235,000
Previous Adopted Research	-0-	-0-	50,517	-0-	-0-
Travel	-0-	1,250	2,216	13,750	15,000
Electronic Reporting Forms	-0-	7,500	-0-	82,500	90,000
Total Standardization	\$ -0-	\$ 54,000	\$ 150,915	\$ 594,000	\$ 648,000
Total Operating Expenses	\$ 628,471	\$ 808,417	\$ 7,566,649	\$ 8,892,583	\$ 9,701,000
Nonoperating Revenue:					
Interest Earned	\$ -0-	\$ -0-	\$ 126,224	\$ -0-	\$ -0-
Other Income	750	-0-	750	-0-	-0-
Total Nonoperating Revenue	\$ 750	\$ -0-	\$ 126,974	\$ -0-	\$ -0-
Change in Net Position	(\$ 3,569)	\$ -0-	\$ 477,927	\$ -0-	\$ -0-

See Accountants' Compilation Report.