



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month and Four Months Ended

January 31, 2020

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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 January 31, 2020 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month and four 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 four months ended January 31, 2020 and one year ended September 30, 2020 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
March 13, 2020



AMERICAN PECAN COUNCIL

Balance Sheet

As of January 31, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	5,404,599
Accounts Receivable		1,044,368
Prepaid Expenses		11,978
Other Current Assets		105,000

Total Current Assets \$ 6,565,945

Fixed Assets:

Property, Plant, and Equipment	\$	54,737
Accumulated Depreciation	(20,963)

Total Fixed Assets \$ 33,774

Other Assets:

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

TOTAL ASSETS \$ 6,602,119

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	796,283
Payroll Liability		6,510

Total Current Liabilities \$ 802,793

Total Liabilities \$ 802,793

Net Position:

Unrestricted	\$	5,799,326
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Total Net Position \$ 5,799,326

TOTAL LIABILITIES AND NET POSITION \$ 6,602,119

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Four Months Ended January 31, 2020

	<u>One Month</u>	<u>Four Months</u>
Operating Revenues:		
Assessment Income	\$ 1,398,113	\$ 2,991,377
Total Operating Revenue	<u>\$ 1,398,113</u>	<u>\$ 2,991,377</u>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 80,829	\$ 280,205
Insurance	678	2,735
Compliance	43,472	52,538
Other General Administrative	27,469	76,214
Contingency Fund	-0-	13,463
Industry Relations:		
Industry Relations Activities	180,361	384,779
Industry Research	21,800	126,800
International Relations	12,275	197,207
Marketing	400,352	872,382
Grades and Standards	8,249	37,210
Total Operating Expenses	<u>\$ 775,485</u>	<u>\$ 2,043,533</u>
Nonoperating Revenues:		
Interest Earned	\$ 5,110	\$ 22,729
Other Income	-0-	391
Total Nonoperating Revenues	<u>\$ 5,110</u>	<u>\$ 23,120</u>
Change in Net Position	<u>\$ 627,738</u>	<u>\$ 970,964</u>
Net Position, Beginning as Previously Stated	\$ 5,054,497	\$ 4,872,737
Prior Period Adjustment	117,091	(44,375)
Net Position, Beginning as Restated	<u>\$ 5,171,588</u>	<u>\$ 4,828,362</u>
Net Position, Ending	<u>\$ 5,799,326</u>	<u>\$ 5,799,326</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Four Months Ended January 31, 2020

	<u>One Month</u>	<u>Four Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 1,012,151	\$ 2,377,237
Cash Received from Interest Earned	5,110	22,729
Cash Paid for Salary and Benefits	(80,829)	(280,205)
Cash Paid for Operating Expenses	(159,162)	(2,106,271)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 777,270	\$ 13,490
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Net Increase (Decrease) in Cash	\$ 777,270	\$ 6,042
	<hr/>	<hr/>
Cash, Beginning of Period	4,627,329	5,398,557
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Cash, End of Period	\$ 5,404,599	\$ 5,404,599
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Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 627,738	\$ 970,964
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	874	3,325
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(385,962)	(614,140)
(Increase) Decrease in Prepaid Expenses	3,456	(310)
(Increase) Decrease in Other Current Assets	(42,000)	(105,000)
Increase (Decrease) in Accounts Payable	578,716	(242,958)
Increase (Decrease) in Payroll Tax Payable	(5,552)	1,609
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Net Cash Provided (Used) by Operating Activities	\$ 777,270	\$ 13,490
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2020

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2017 Assessment Income	\$ -0-	\$ -0-	\$ 11,489	\$ 11,489
2018 Assessment Income	-0-	-0-	6,556	6,556
2019-2020 Improved	2,341,752	2,341,752	2,539,067	197,315
2019-2020 Native/Seedling	289,276	289,276	365,059	75,783
2019-2020 Substandard	123,972	123,972	69,206	(54,766)
Total Operating Revenue	\$ 2,755,000	\$ 2,755,000	\$ 2,991,377	\$ 236,377
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 263,068	\$ 263,068	\$ 219,353	\$ 43,715
Benefits	28,332	28,332	42,608	(14,276)
Taxes	25,000	25,000	14,398	10,602
Contract Labor	-0-	-0-	3,846	(3,846)
Total Staff and Administration	\$ 316,400	\$ 316,400	\$ 280,205	\$ 36,195
Insurance:				
Travel	\$ 832	\$ 832	\$ -0-	\$ 832
General	2,332	2,332	1,040	1,292
D&O/Members	4,000	4,000	1,695	2,305
Fidelity	1,336	1,336	-0-	1,336
Total Insurance	\$ 8,500	\$ 8,500	\$ 2,735	\$ 5,765

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 8,332	\$ 8,332	\$ -0-	\$ 8,332
Audit Financial	6,668	6,668	-0-	6,668
Compliance Travel	15,000	15,000	-0-	15,000
Sheller/Handler Audits	83,332	83,332	50,800	32,532
Printing/Forms/Postage	2,000	2,000	1,738	262
Total Compliance	<u>\$ 115,332</u>	<u>\$ 115,332</u>	<u>\$ 52,538</u>	<u>\$ 62,794</u>
Accounting/Financials	\$ 26,000	\$ 26,000	\$ 28,897	(\$ 2,897)
Telephone/Mobile/Internet	3,332	3,332	1,497	1,835
Travel Office	13,332	13,332	9,498	3,834
Travel Committee	50,000	50,000	5,464	44,536
Supplies	3,332	3,332	1,028	2,304
Maintenance/Buildout	5,000	5,000	3,175	1,825
Printing	5,000	5,000	3,980	1,020
IT/Furniture/Software	10,000	10,000	3,220	6,780
Subscriptions	6,668	6,668	5,111	1,557
Depreciation	-0-	-0-	3,324	(3,324)
Miscellaneous	1,672	1,672	2,746	(1,074)
Rent	13,332	13,332	8,274	5,058
Total General Administration	<u>\$ 577,900</u>	<u>\$ 577,900</u>	<u>\$ 411,692</u>	<u>\$ 166,208</u>
Contingency Fund	<u>\$ 207,100</u>	<u>\$ 207,100</u>	<u>\$ 13,463</u>	<u>\$ 193,637</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 1,668	\$ 1,668	\$ -0-	\$ 1,668
Workshops	1,664	1,664	-0-	1,664
Total Compliance	<u>\$ 3,332</u>	<u>\$ 3,332</u>	<u>\$ -0-</u>	<u>\$ 3,332</u>
Industry Relations Activities:				
Annual Reports	\$ 2,668	\$ 2,668	\$ -0-	\$ 2,668
Communication Materials	24,000	24,000	2,607	21,393
Travel	16,668	16,668	8,090	8,578
WS-Field Events	133,332	133,332	373,082	(239,750)
Association Sponsorship	23,332	23,332	1,000	22,332
Handler Portal Maintenance	3,332	3,332	-0-	3,332
Meltwater	2,168	2,168	-0-	2,168
Total Industry Relations Activities	<u>\$ 205,500</u>	<u>\$ 205,500</u>	<u>\$ 384,779</u>	<u>(\$ 179,279)</u>
Industry Research:				
Land IQ	\$ 50,832	\$ 50,832	\$ 126,800	(\$ 75,968)
NASS	36,336	36,336	-0-	36,336
Total Industry Research	<u>\$ 87,168</u>	<u>\$ 87,168</u>	<u>\$ 126,800</u>	<u>(\$ 39,632)</u>
Total Industry Relations	<u>\$ 296,000</u>	<u>\$ 296,000</u>	<u>\$ 511,579</u>	<u>(\$ 215,579)</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 31,668	\$ 31,668	\$ 23,750	\$ 7,918
USPGC-China, Korea, Southeast Asia Marketing	55,000	55,000	41,250	13,750
International Nut Congress-Nut Health Research	33,332	33,332	100,000	(66,668)
Travel	13,332	13,332	32,207	(18,875)
Total International Relations	\$ 133,332	\$ 133,332	\$ 197,207	(\$ 63,875)
Marketing:				
Weber Shandwick	\$ 933,332	\$ 933,332	\$ -0-	\$ 933,332
Branded Materials/Give Away	-0-	-0-	332	(332)
APC Events:				
PMA	\$ -0-	\$ -0-	\$ 249	(\$ 249)
Total APC Events	\$ -0-	\$ -0-	\$ 249	(\$ 249)
Aspire IQ	\$ 93,332	\$ 93,332	\$ 28,249	\$ 65,083
iHeart Media/Digital Magnet	266,668	266,668	800,000	(533,332)
Eat Well Global	76,668	76,668	38,333	38,335
NPSA Chef's Summit	53,332	53,332	-0-	53,332
Health Research	50,000	50,000	-0-	50,000
Miscellaneous	-0-	-0-	5,219	(5,219)
Total Marketing	\$ 1,473,332	\$ 1,473,332	\$ 872,382	\$ 600,950
Grades and Standards:				
Research Contingency	\$ 33,332	\$ 33,332	\$ -0-	\$ 33,332
Travel	6,668	6,668	149	6,519
Quality Assurance Program	27,336	27,336	37,061	(9,725)
Total Grades and Standards	\$ 67,336	\$ 67,336	\$ 37,210	\$ 30,126

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2020

	Budget			Favorable (Unfavorable)
	Original	Amended	Actual	
Total Operating Expenses	<u>\$ 2,755,000</u>	<u>\$ 2,755,000</u>	<u>\$ 2,043,533</u>	<u>\$ 711,467</u>
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 22,729	(\$ 22,729)
Other Income	<u>-0-</u>	<u>-0-</u>	<u>391</u>	<u>(391)</u>
Total Nonoperating Revenue	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 23,120</u>	<u>(\$ 23,120)</u>
Change in Net Position	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 970,964</u>	<u>\$ 970,964</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended January 31, 2020		Four Months Ended January 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2017 Assessment Income	\$ -0-	\$ -0-	\$ 11,489	\$ -0-	\$ -0-
2018 Assessment Income	-0-	-0-	6,556	-0-	-0-
2019-2020 Improved	1,084,923	585,438	2,539,067	2,341,752	7,025,250
2019-2020 Native/Seedling	263,193	72,319	365,059	289,276	867,825
2019-2020 Substandard	49,997	30,993	69,206	123,972	371,925
Total Operating Revenue	\$ 1,398,113	\$ 688,750	\$ 2,991,377	\$ 2,755,000	\$ 8,265,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 54,838	\$ 65,767	\$ 219,353	\$ 263,068	\$ 789,200
Benefits	20,493	7,083	42,608	28,332	85,000
Taxes	5,498	6,250	14,398	25,000	75,000
Contract Labor	-0-	-0-	3,846	-0-	-0-
Total Staff and Administration	\$ 80,829	\$ 79,100	\$ 280,205	\$ 316,400	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 832	\$ 2,500
General	254	583	1,040	2,332	7,000
D&O/Members	424	1,000	1,695	4,000	12,000
Fidelity	-0-	334	-0-	1,336	4,000
Total Insurance	\$ 678	\$ 2,125	\$ 2,735	\$ 8,500	\$ 25,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended January 31, 2020		Four Months Ended January 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 8,332	\$ 25,000
Audit Financial	-0-	1,667	-0-	6,668	20,000
Compliance Travel	-0-	3,750	-0-	15,000	45,000
Sheller/Handler Audits	42,800	20,833	50,800	83,332	250,000
Printing/Forms/Postage	672	500	1,738	2,000	6,000
Total Compliance	\$ 43,472	\$ 28,833	\$ 52,538	\$ 115,332	\$ 346,000
Accounting/Financials	\$ 9,993	\$ 6,500	\$ 28,897	\$ 26,000	\$ 78,000
Telephone/Mobile/Internet	443	833	1,497	3,332	10,000
Travel Office	2,259	3,333	9,498	13,332	40,000
Travel Committee	3,519	12,500	5,464	50,000	150,000
Supplies	616	833	1,028	3,332	10,000
Maintenance/Buildout	-0-	1,250	3,175	5,000	15,000
Printing	2,768	1,250	3,980	5,000	15,000
IT/Furniture/Software	359	2,500	3,220	10,000	30,000
Subscriptions	3,688	1,667	5,111	6,668	20,000
Depreciation	874	-0-	3,324	-0-	-0-
Miscellaneous	172	418	2,746	1,672	5,000
Rent	2,778	3,333	8,274	13,332	40,000
Total General Administration	\$ 152,448	\$ 144,475	\$ 411,692	\$ 577,900	\$ 1,733,700
Contingency Fund	\$ -0-	\$ 51,775	\$ 13,463	\$ 207,100	\$ 621,300
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 1,668	\$ 5,000
Workshops	-0-	416	-0-	1,664	5,000
Total Compliance	\$ -0-	\$ 833	\$ -0-	\$ 3,332	\$ 10,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended January 31, 2020		Four Months Ended January 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 2,668	\$ 8,000
Communication Materials	905	6,000	2,607	24,000	72,000
Travel	604	4,167	8,090	16,668	50,000
WS-Field Events	177,852	33,333	373,082	133,332	400,000
Association Sponsorship	1,000	5,833	1,000	23,332	70,000
Handler Portal Maintenance	-0-	833	-0-	3,332	10,000
Meltwater	-0-	542	-0-	2,168	6,500
Total Industry Relations Activities	\$ 180,361	\$ 51,375	\$ 384,779	\$ 205,500	\$ 616,500
Industry Research:					
Land IQ	\$ 21,800	\$ 12,708	\$ 126,800	\$ 50,832	\$ 152,500
NASS	-0-	9,084	-0-	36,336	109,000
Total Industry Research	\$ 21,800	\$ 21,792	\$ 126,800	\$ 87,168	\$ 261,500
Total Industry Relations	\$ 202,161	\$ 74,000	\$ 511,579	\$ 296,000	\$ 888,000
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 23,750	\$ 31,668	\$ 95,000
USPGC-China, Korea, Southeast Asia Marketing	-0-	13,750	41,250	55,000	165,000
International Nut Congress-Nut Health Research	-0-	8,333	100,000	33,332	100,000
Travel	12,275	3,333	32,207	13,332	40,000
Total International Relations	\$ 12,275	\$ 33,333	\$ 197,207	\$ 133,332	\$ 400,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended January 31, 2020		Four Months Ended January 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Marketing:					
Weber Shandwick	\$ -0-	\$ 233,333	\$ -0-	\$ 933,332	\$ 2,800,000
Branded Materials/Give Away	332	-0-	332	-0-	-0-
APC Events:					
PMA	20	-0-	249	-0-	-0-
Total APC Events	\$ 20	\$ -0-	\$ 249	\$ -0-	\$ -0-
Aspire IQ	\$ -0-	\$ 23,333	\$ 28,249	\$ 93,332	\$ 280,000
iHeart Media/Digital Magnet	400,000	66,667	800,000	266,668	800,000
Eat Well Global	-0-	19,167	38,333	76,668	230,000
NPSA Chef's Summit	-0-	13,333	-0-	53,332	160,000
Health Research	-0-	12,500	-0-	50,000	150,000
Miscellaneous	-0-	-0-	5,219	-0-	-0-
Total Marketing	\$ 400,352	\$ 368,333	\$ 872,382	\$ 1,473,332	\$ 4,420,000
Research Contingency	\$ -0-	\$ 8,333	\$ -0-	\$ 33,332	\$ 100,000
Travel	149	1,667	149	6,668	20,000
Quality Assurance Program	8,100	6,834	37,061	27,336	82,000
Total Grades and Standards	\$ 8,249	\$ 16,834	\$ 37,210	\$ 67,336	\$ 202,000
Total Operating Expenses	\$ 775,485	\$ 688,750	\$ 2,043,533	\$ 2,755,000	\$ 8,265,000
Nonoperating Revenue:					
Interest Earned	\$ 5,110	\$ -0-	\$ 22,729	\$ -0-	\$ -0-
Other Income	-0-	-0-	391	-0-	-0-
Total Nonoperating Revenue	\$ 5,110	\$ -0-	\$ 23,120	\$ -0-	\$ -0-
Change in Net Position	\$ 627,738	\$ -0-	\$ 970,964	\$ -0-	\$ -0-

See Accountants' Compilation Report.