



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Five Months Ended
February 29, 2020

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 February 29, 2020 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month and five 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 five months ended February 29, 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 February 29, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	5,782,128
Accounts Receivable		477,323
Prepaid Expenses		4,465
Other Current Assets		105,000

Total Current Assets \$ 6,368,916

Fixed Assets:

Property, Plant, and Equipment	\$	54,737
Accumulated Depreciation	(21,837)

Total Fixed Assets \$ 32,900

Other Assets:

Security Deposit	\$	2,400
------------------	----	-------

Total Other Assets \$ 2,400

TOTAL ASSETS \$ 6,404,216

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	181,305
Payroll Liability		9,719

Total Current Liabilities \$ 191,024

Total Liabilities \$ 191,024

Net Position:

Unrestricted	\$	6,213,192
--------------	----	-----------

Total Net Position \$ 6,213,192

TOTAL LIABILITIES AND NET POSITION \$ 6,404,216

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Five Months Ended February 29, 2020

	One Month	Five Months
Operating Revenues:		
Assessment Income	\$ 625,087	\$ 3,616,463
Total Operating Revenue	\$ 625,087	\$ 3,616,463
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 67,191	\$ 347,397
Insurance	678	3,413
Compliance	46,052	98,590
Other General Administrative	8,580	84,791
Industry Relations:		
Industry Relations Activities	-0-	384,779
Industry Research	74,100	200,900
International Relations	437	197,644
Marketing	6,712	882,558
Grades and Standards	8,100	45,310
Research	-0-	10,000
Total Operating Expenses	\$ 211,850	\$ 2,255,382
Nonoperating Revenues:		
Interest Earned	\$ 629	\$ 23,358
Other Income	-0-	391
Total Nonoperating Revenues	\$ 629	\$ 23,749
Change in Net Position	\$ 413,866	\$ 1,384,830
Net Position, Beginning as Previously Stated	\$ 5,799,326	\$ 4,872,737
Prior Period Adjustment	-0-	(44,375)
Net Position, Beginning as Restated	\$ 5,799,326	\$ 4,828,362
Net Position, Ending	\$ 6,213,192	\$ 6,213,192

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Five Months Ended February 29, 2020

	<u>One Month</u>	<u>Five Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 1,192,132	\$ 3,569,368
Cash Received from Interest Earned	629	23,358
Cash Paid for Salary and Benefits	(67,191)	(347,397)
Cash Paid for Operating Expenses	(748,041)	(2,854,310)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 377,529	\$ 391,019
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ 377,529	\$ 383,571
	<hr/>	<hr/>
Cash, Beginning of Period	5,404,599	5,398,557
	<hr/>	<hr/>
Cash, End of Period	<u>\$ 5,782,128</u>	<u>\$ 5,782,128</u>
	<hr/>	<hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 413,866	\$ 1,384,830
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	874	4,199
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	567,045	(47,095)
(Increase) Decrease in Prepaid Expenses	7,513	7,203
(Increase) Decrease in Other Current Assets	-0-	(105,000)
Increase (Decrease) in Accounts Payable	(614,978)	(857,936)
Increase (Decrease) in Payroll Tax Payable	3,209	4,818
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 377,529	\$ 391,019
	<hr/>	<hr/>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Five Months Ended February 29, 2020

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2017 Assessment Income	\$ -0-	\$ -0-	\$ 11,724	\$ 11,724
2018 Assessment Income	-0-	-0-	6,556	6,556
2019-2020 Improved	2,927,190	2,927,190	2,984,670	57,480
2019-2020 Native/Seedling	361,595	361,595	471,214	109,619
2019-2020 Substandard	154,965	154,965	142,299	(12,666)
Total Operating Revenue	\$ 3,443,750	\$ 3,443,750	\$ 3,616,463	\$ 172,713
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 328,835	\$ 328,835	\$ 274,192	\$ 54,643
Benefits	35,415	35,415	50,336	(14,921)
Taxes	31,250	31,250	19,023	12,227
Contract Labor	-0-	-0-	3,846	(3,846)
Total Staff and Administration	\$ 395,500	\$ 395,500	\$ 347,397	\$ 48,103
Insurance:				
Travel	\$ 1,040	\$ 1,040	\$ -0-	\$ 1,040
General	2,915	2,915	1,294	1,621
D&O/Members	5,000	5,000	2,119	2,881
Fidelity	1,670	1,670	-0-	1,670
Total Insurance	\$ 10,625	\$ 10,625	\$ 3,413	\$ 7,212

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Five Months Ended February 29, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 10,415	\$ 10,415	\$ -0-	\$ 10,415
Audit Financial	8,335	8,335	-0-	8,335
Compliance Travel	18,750	18,750	-0-	18,750
Sheller/Handler Audits	104,165	104,165	96,852	7,313
Printing/Forms/Postage	2,500	2,500	1,738	762
Total Compliance	\$ 144,165	\$ 144,165	\$ 98,590	\$ 45,575
Accounting/Financials	\$ 32,500	\$ 32,500	\$ 29,363	\$ 3,137
Telephone/Mobile/Internet	4,165	4,165	1,951	2,214
Travel Office	16,665	16,665	9,498	7,167
Travel Committee	62,500	62,500	6,256	56,244
Supplies	4,165	4,165	1,054	3,111
Maintenance/Buildout	6,250	6,250	5,953	297
Printing	6,250	6,250	4,304	1,946
IT/Furniture/Software	12,500	12,500	3,268	9,232
Subscriptions	8,335	8,335	5,111	3,224
Depreciation	-0-	-0-	4,198	(4,198)
Miscellaneous	2,090	2,090	2,783	(693)
Rent	16,665	16,665	11,052	5,613
Total General Administration	\$ 722,375	\$ 722,375	\$ 534,191	\$ 188,184
Contingency Fund	\$ 258,875	\$ 258,875	\$ -0-	\$ 258,875

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Five Months Ended February 29, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 2,085	\$ 2,085	\$ -0-	\$ 2,085
Workshops	2,080	2,080	-0-	2,080
Total Compliance	<u>\$ 4,165</u>	<u>\$ 4,165</u>	<u>\$ -0-</u>	<u>\$ 4,165</u>
Industry Relations Activities:				
Annual Reports	\$ 3,335	\$ 3,335	\$ -0-	\$ 3,335
Communication Materials	30,000	30,000	2,607	27,393
Travel	20,835	20,835	8,090	12,745
WS-Field Events	166,665	166,665	373,082	(206,417)
Association Sponsorship	29,165	29,165	1,000	28,165
Handler Portal Maintenance	4,165	4,165	-0-	4,165
Meltwater	2,710	2,710	-0-	2,710
Total Industry Relations Activities	<u>\$ 256,875</u>	<u>\$ 256,875</u>	<u>\$ 384,779</u>	<u>(\$ 127,904)</u>
Industry Research:				
Land IQ	\$ 63,540	\$ 63,540	\$ 200,900	(\$ 137,360)
NASS	45,420	45,420	-0-	45,420
Total Industry Research	<u>\$ 108,960</u>	<u>\$ 108,960</u>	<u>\$ 200,900</u>	<u>(\$ 91,940)</u>
Total Industry Relations	<u>\$ 370,000</u>	<u>\$ 370,000</u>	<u>\$ 585,679</u>	<u>(\$ 215,679)</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Five Months Ended February 29, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 39,585	\$ 39,585	\$ 23,750	\$ 15,835
USPGC-China, Korea, Southeast Asia Marketing	68,750	68,750	41,250	27,500
International Nut Congress-Nut Health Research	41,665	41,665	100,000	(58,335)
Travel	16,665	16,665	32,644	(15,979)
Total International Relations	\$ 166,665	\$ 166,665	\$ 197,644	(\$ 30,979)
Marketing:				
Weber Shandwick	\$ 1,166,665	\$ 1,166,665	\$ -0-	\$ 1,166,665
Branded Materials/Give Away	-0-	-0-	332	(332)
APC Events:				
PMA	-0-	-0-	\$ 249	249)
Total APC Events	\$ -0-	\$ -0-	\$ 249	(\$ 249)
Aspire IQ	\$ 116,665	\$ 116,665	\$ 38,425	\$ 78,240
iHeart Media/Digital Magnet	333,335	333,335	800,000	(466,665)
Eat Well Global	95,835	95,835	38,333	57,502
NPSA Chef's Summit	66,665	66,665	-0-	66,665
Health Research	62,500	62,500	-0-	62,500
Miscellaneous	-0-	-0-	5,219	(5,219)
Total Marketing	\$ 1,841,665	\$ 1,841,665	\$ 882,558	\$ 959,107
Grades and Standards:				
Research Contingency	\$ 41,665	\$ 41,665	\$ -0-	\$ 41,665
Travel	8,335	8,335	149	8,186
Quality Assurance Program	34,170	34,170	45,161	(10,991)
Total Grades and Standards	\$ 84,170	\$ 84,170	\$ 45,310	\$ 38,860

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Five Months Ended February 29, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Research:				
Contingency Fund	\$ -0-	\$ -0-	\$ 10,000	(\$ 10,000)
Total Research	\$ -0-	\$ -0-	\$ 10,000	(\$ 10,000)
Total Operating Expenses	\$ 3,443,750	\$ 3,443,750	\$ 2,255,382	\$ 1,188,368
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 23,358	(\$ 23,358)
Other Income	-0-	-0-	391	(391)
Total Nonoperating Revenue	\$ -0-	\$ -0-	\$ 23,749	(\$ 23,749)
Change in Net Position	\$ -0-	\$ -0-	\$ 1,384,830	\$ 1,384,830

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Five Months Ended February 29, 2020
and the One Year Ended September 30, 2020**

	One Month Ended February 29, 2020		Five Months Ended February 29, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2017 Assessment Income	\$ 236	\$ -0-	\$ 11,724	\$ -0-	\$ -0-
2018 Assessment Income	-0-	-0-	6,556	-0-	-0-
2019-2020 Improved	445,603	585,438	2,984,670	2,927,190	7,025,250
2019-2020 Native/Seedling	106,155	72,319	471,214	361,595	867,825
2019-2020 Substandard	73,093	30,993	142,299	154,965	371,925
Total Operating Revenue	\$ 625,087	\$ 688,750	\$ 3,616,463	\$ 3,443,750	\$ 8,265,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 54,838	\$ 65,767	\$ 274,192	\$ 328,835	\$ 789,200
Benefits	7,728	7,083	50,336	35,415	85,000
Taxes	4,625	6,250	19,023	31,250	75,000
Contract Labor	-0-	-0-	3,846	-0-	-0-
Total Staff and Administration	\$ 67,191	\$ 79,100	\$ 347,397	\$ 395,500	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 1,040	\$ 2,500
General	254	583	1,294	2,915	7,000
D&O/Members	424	1,000	2,119	5,000	12,000
Fidelity	-0-	334	-0-	1,670	4,000
Total Insurance	\$ 678	\$ 2,125	\$ 3,413	\$ 10,625	\$ 25,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Five Months Ended February 29, 2020
and the One Year Ended September 30, 2020**

	One Month Ended February 29, 2020		Five Months Ended February 29, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 10,415	\$ 25,000
Audit Financial	-0-	1,667	-0-	8,335	20,000
Compliance Travel	-0-	3,750	-0-	18,750	45,000
Sheller/Handler Audits	46,052	20,833	96,852	104,165	250,000
Printing/Forms/Postage	-0-	500	1,738	2,500	6,000
Total Compliance	\$ 46,052	\$ 28,833	\$ 98,590	\$ 144,165	\$ 346,000
Accounting/Financials	\$ 467	\$ 6,500	\$ 29,363	\$ 32,500	\$ 78,000
Telephone/Mobile/Internet	454	833	1,951	4,165	10,000
Travel Office	-0-	3,333	9,498	16,665	40,000
Travel Committee	793	12,500	6,256	62,500	150,000
Supplies	26	833	1,054	4,165	10,000
Maintenance/Buildout	2,778	1,250	5,953	6,250	15,000
Printing	324	1,250	4,304	6,250	15,000
IT/Furniture/Software	48	2,500	3,268	12,500	30,000
Subscriptions	-0-	1,667	5,111	8,335	20,000
Depreciation	874	-0-	4,198	-0-	-0-
Miscellaneous	38	418	2,783	2,090	5,000
Rent	2,778	3,333	11,052	16,665	40,000
Total General Administration	\$ 122,501	\$ 144,475	\$ 534,191	\$ 722,375	\$ 1,733,700
Contingency Fund	\$ -0-	\$ 51,775	\$ -0-	\$ 258,875	\$ 621,300
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 2,085	\$ 5,000
Workshops	-0-	416	-0-	2,080	5,000
Total Compliance	\$ -0-	\$ 833	\$ -0-	\$ 4,165	\$ 10,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Five Months Ended February 29, 2020
and the One Year Ended September 30, 2020**

	One Month Ended February 29, 2020		Five Months Ended February 29, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 3,335	\$ 8,000
Communication Materials	-0-	6,000	2,607	30,000	72,000
Travel	-0-	4,167	8,090	20,835	50,000
WS-Field Events	-0-	33,333	373,082	166,665	400,000
Association Sponsorship	-0-	5,833	1,000	29,165	70,000
Handler Portal Maintenance	-0-	833	-0-	4,165	10,000
Meltwater	-0-	542	-0-	2,710	6,500
Total Industry Relations Activities	\$ -0-	\$ 51,375	\$ 384,779	\$ 256,875	\$ 616,500
Industry Research:					
Land IQ	\$ 74,100	\$ 12,708	\$ 200,900	\$ 63,540	\$ 152,500
NASS	-0-	9,084	-0-	45,420	109,000
Total Industry Research	\$ 74,100	\$ 21,792	\$ 200,900	\$ 108,960	\$ 261,500
Total Industry Relations	\$ 74,100	\$ 74,000	\$ 585,679	\$ 370,000	\$ 888,000
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 23,750	\$ 39,585	\$ 95,000
USPGC-China, Korea, Southeast Asia Marketing	-0-	13,750	41,250	68,750	165,000
International Nut Congress-Nut Health Research	-0-	8,333	100,000	41,665	100,000
Travel	437	3,333	32,644	16,665	40,000
Total International Relations	\$ 437	\$ 33,333	\$ 197,644	\$ 166,665	\$ 400,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Five Months Ended February 29, 2020
and the One Year Ended September 30, 2020**

	One Month Ended February 29, 2020		Five Months Ended February 29, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Marketing:					
Weber Shandwick	\$ -0-	\$ 233,333	\$ -0-	\$ 1,166,665	\$ 2,800,000
Branded Materials/Give Away		-0-	332	-0-	-0-
APC Events:					
PMA		-0-	249	-0-	-0-
Total APC Events	\$ -0-	\$ -0-	\$ 249	\$ -0-	\$ -0-
Aspire IQ	\$ 6,712	\$ 23,333	\$ 38,425	\$ 116,665	\$ 280,000
iHeart Media/Digital Magnet		-0-	800,000	333,335	800,000
Eat Well Global		-0-	38,333	95,835	230,000
NPSA Chef's Summit		-0-	-0-	66,665	160,000
Health Research		-0-	-0-	62,500	150,000
Total Marketing	\$ 6,712	\$ 368,333	\$ 882,558	\$ 1,841,665	\$ 4,420,000
Grades and Standards:					
Research Contingency	\$ -0-	\$ 8,333	\$ -0-	\$ 41,665	\$ 100,000
Travel		-0-	149	8,335	20,000
Quality Assurance Program		8,100	45,161	34,170	82,000
Total Grades and Standards	\$ 8,100	\$ 16,834	\$ 45,310	\$ 84,170	\$ 202,000
Research:					
Contingency Fund	\$ -0-	\$ -0-	\$ 10,000	\$ -0-	\$ -0-
Total Research	\$ -0-	\$ -0-	\$ 10,000	\$ -0-	\$ -0-
Total Operating Expenses	\$ 211,850	\$ 688,750	\$ 2,255,382	\$ 3,443,750	\$ 8,265,000
Nonoperating Revenue:					
Interest Earned	\$ 629	\$ -0-	\$ 23,358	\$ -0-	\$ -0-
Other Income		-0-	391	-0-	-0-
Total Nonoperating Revenue	\$ 629	\$ -0-	\$ 23,749	\$ -0-	\$ -0-
Change in Net Position	\$ 413,866	\$ -0-	\$ 1,384,830	\$ -0-	\$ -0-

See Accountants' Compilation Report.