



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month and Six Months Ended

March 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 March 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 six 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 six months ended March 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
April 17, 2020



AMERICAN PECAN COUNCIL

Balance Sheet

As of March 31, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	6,835,073
Accounts Receivable		473,409
Prepaid Expenses		19,439
Other Current Assets		2,000

Total Current Assets \$ 7,329,921

Fixed Assets:

Property, Plant, and Equipment	\$	54,737
Accumulated Depreciation	(22,711)

Total Fixed Assets \$ 32,026

Other Assets:

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

TOTAL ASSETS

\$ 7,364,347

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	1,401,903
Payroll Liability		4,058

Total Current Liabilities \$ 1,405,961

Total Liabilities \$ 1,405,961

Net Position:

Unrestricted	\$	5,958,386
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Total Net Position \$ 5,958,386

TOTAL LIABILITIES AND NET POSITION

\$ 7,364,347

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Six Months Ended March 31, 2020

	<u>One Month</u>	<u>Six Months</u>
Operating Revenues:		
Assessment Income	\$ 1,299,039	\$ 5,060,115
Total Operating Revenue	<u>\$ 1,299,039</u>	<u>\$ 5,060,115</u>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 66,781	\$ 413,511
Insurance	678	4,091
Compliance	8,270	107,330
Other General Administrative	18,569	112,241
Industry Relations:		
Industry Relations Activities	3,000	33,894
Industry Research	43,600	244,500
International Relations	41,846	230,543
Marketing	636,483	3,162,703
Grades and Standards	8,100	53,410
Research	-0-	10,000
Total Operating Expenses	<u>\$ 827,327</u>	<u>\$ 4,372,223</u>
Nonoperating Revenues:		
Interest Earned	\$ 12,137	\$ 35,495
Other Income	-0-	391
Total Nonoperating Revenues	<u>\$ 12,137</u>	<u>\$ 35,886</u>
Change in Net Position	<u>\$ 483,849</u>	<u>\$ 723,778</u>
Net Position, Beginning as Previously Stated	\$ 6,213,193	\$ 4,872,737
Prior Period Adjustment	(738,656)	361,871
Net Position, Beginning as Restated	<u>\$ 5,474,537</u>	<u>\$ 5,234,608</u>
Net Position, Ending	<u>\$ 5,958,386</u>	<u>\$ 5,958,386</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Six Months Ended March 31, 2020

	<u>One Month</u>	<u>Six Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 1,443,649	\$ 5,013,017
Cash Received from Interest Earned	12,137	35,495
Cash Paid for Salary and Benefits	(66,781)	(413,511)
Cash Paid for Operating Expenses	(336,060)	(3,191,037)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 1,052,945	\$ 1,443,964
	<hr/>	<hr/>
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	\$ -0-	(\$ 7,448)
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ -0-	(\$ 7,448)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ 1,052,945	\$ 1,436,516
Cash, Beginning of Period	5,782,128	5,398,557
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Cash, End of Period	\$ 6,835,073	\$ 6,835,073
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Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 483,849	\$ 723,778
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	874	5,073
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	144,610	(47,098)
(Increase) Decrease in Prepaid Expenses	(14,974)	92,229
(Increase) Decrease in Other Current Assets	105,000	(2,000)
Increase (Decrease) in Accounts Payable	339,247	672,825
Increase (Decrease) in Payroll Tax Payable	(5,661)	(843)
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Net Cash Provided (Used) by Operating Activities	\$ 1,052,945	\$ 1,443,964
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2020

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2017 Assessment Income	\$ -0-	\$ -0-	\$ 11,724	\$ 11,724
2018 Assessment Income	-0-	-0-	10,327	10,327
2019-2020 Improved	3,512,628	3,512,628	3,814,526	301,898
2019-2020 Native/Seedling	433,914	433,914	1,064,253	630,339
2019-2020 Substandard	185,958	185,958	159,285	(26,673)
Total Operating Revenue	\$ 4,132,500	\$ 4,132,500	\$ 5,060,115	\$ 927,615
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 394,602	\$ 394,602	\$ 329,030	\$ 65,572
Benefits	42,498	42,498	57,398	(14,900)
Taxes	37,500	37,500	23,237	14,263
Contract Labor	-0-	-0-	3,846	(3,846)
Total Staff and Administration	\$ 474,600	\$ 474,600	\$ 413,511	\$ 61,089
Insurance:				
Travel	\$ 1,248	\$ 1,248	\$ -0-	\$ 1,248
General	3,498	3,498	1,548	1,950
D&O/Members	6,000	6,000	2,543	3,457
Fidelity	2,004	2,004	-0-	2,004
Total Insurance	\$ 12,750	\$ 12,750	\$ 4,091	\$ 8,659

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 12,498	\$ 12,498	\$ -0-	\$ 12,498
Audit Financial	10,002	10,002	-0-	10,002
Compliance Travel	22,500	22,500	-0-	22,500
Sheller/Handler Audits	124,998	124,998	96,852	28,146
Printing/Forms/Postage	3,000	3,000	10,478	(7,478)
Total Compliance	\$ 172,998	\$ 172,998	\$ 107,330	\$ 65,668
Accounting/Financials	\$ 39,000	\$ 39,000	\$ 47,202	(\$ 8,202)
Telephone/Mobile/Internet	4,998	4,998	4,407	591
Travel Office	19,998	19,998	10,383	9,615
Travel Committee	75,000	75,000	9,763	65,237
Supplies	4,998	4,998	1,167	3,831
Maintenance/Buildout	7,500	7,500	397	7,103
Printing	7,500	7,500	2,212	5,288
IT/Furniture/Software	15,000	15,000	3,517	11,483
Subscriptions	10,002	10,002	5,136	4,866
Depreciation	-0-	-0-	5,072	(5,072)
Miscellaneous	2,508	2,508	2,820	(312)
Rent	19,998	19,998	20,165	(167)
Total General Administration	\$ 866,850	\$ 866,850	\$ 637,173	\$ 229,677
Contingency Fund	\$ 310,650	\$ 310,650	\$ -0-	\$ 310,650
Industry Relations:				
Compliance:				
Compliance Materials	\$ 2,502	\$ 2,502	\$ -0-	\$ 2,502
Workshops	2,496	2,496	-0-	2,496
Total Compliance	\$ 4,998	\$ 4,998	\$ -0-	\$ 4,998

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations Activities:				
Annual Reports	\$ 4,002	\$ 4,002	\$ -0-	\$ 4,002
Communication Materials	36,000	36,000	13,028	22,972
Travel	25,002	25,002	12,212	12,790
WS-Field Events	199,998	199,998	-0-	199,998
Association Sponsorship	34,998	34,998	8,654	26,344
Handler Portal Maintenance	4,998	4,998	-0-	4,998
Meltwater	3,252	3,252	-0-	3,252
Total Industry Relations Activities	\$ 308,250	\$ 308,250	\$ 33,894	\$ 274,356
Industry Research:				
Land IQ	\$ 76,248	\$ 76,248	\$ 30,500	\$ 45,748
NASS	54,504	54,504	214,000	(159,496)
Total Industry Research	\$ 130,752	\$ 130,752	\$ 244,500	(\$ 113,748)
Total Industry Relations	\$ 444,000	\$ 444,000	\$ 278,394	\$ 165,606
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 47,502	\$ 47,502	\$ 23,750	\$ 23,752
USPGC-China, Korea, Southeast Asia Marketing	82,500	82,500	82,500	-0-
International Nut Congress-Nut Health Research	49,998	49,998	100,000	(50,002)
Travel	19,998	19,998	24,293	(4,295)
Total International Relations	\$ 199,998	\$ 199,998	\$ 230,543	(\$ 30,545)
Marketing:				
Weber Shandwick	\$ 1,399,998	\$ 1,399,998	\$ 1,671,863	(\$ 271,865)
Aspire IQ	139,998	139,998	41,674	98,324

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Six Months Ended March 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
iHeart Media/Digital Magnet:				
Current Year	400,002	400,002	800,000	(399,998)
Prior Year Carry-Over	400,000	400,000	400,000	-0-
Learfield IMG:				
Prior Year Carry-Over	100,000	100,000	100,000	-0-
Eat Well Global	115,002	115,002	95,833	19,169
NPSA Chef's Summit	79,998	79,998	53,333	26,665
Health Research	75,000	75,000	-0-	75,000
Total Marketing	\$ 2,709,998	\$ 2,709,998	\$ 3,162,703	(\$ 452,705)
Grades and Standards:				
Research Contingency	\$ 49,998	\$ 49,998	\$ -0-	\$ 49,998
Travel	10,002	10,002	149	9,853
Quality Assurance Program	41,004	41,004	53,261	(12,257)
Total Grades and Standards	\$ 101,004	\$ 101,004	\$ 53,410	\$ 47,594
Research:				
Contingency Fund	\$ -0-	\$ -0-	\$ 10,000	(\$ 10,000)
Total Research	\$ -0-	\$ -0-	\$ 10,000	(\$ 10,000)
Total Operating Expenses	\$ 4,632,500	\$ 4,632,500	\$ 4,372,223	\$ 260,277
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 35,495	(\$ 35,495)
Other Income	-0-	-0-	391	(391)
Total Nonoperating Revenue	\$ -0-	\$ -0-	\$ 35,886	(\$ 35,886)
Change in Net Position	\$ (500,000)	\$ (500,000)	\$ 723,778	\$ 1,223,778

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended March 31, 2020		Six Months Ended March 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2017 Assessment Income	\$ -0-	\$ -0-	\$ 11,724	\$ -0-	\$ -0-
2018 Assessment Income	3,771	-0-	10,327	-0-	-0-
2019-2020 Improved	701,734	585,438	3,814,526	3,512,628	7,025,250
2019-2020 Native/Seedling	584,045	72,319	1,064,253	433,914	867,825
2019-2020 Substandard	9,489	30,993	159,285	185,958	371,925
Total Operating Revenue	\$ 1,299,039	\$ 688,750	\$ 5,060,115	\$ 4,132,500	\$ 8,265,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 54,838	\$ 65,767	\$ 329,030	\$ 394,602	\$ 789,200
Benefits	7,728	7,083	57,398	42,498	85,000
Taxes	4,215	6,250	23,237	37,500	75,000
Contract Labor	-0-	-0-	3,846	-0-	-0-
Total Staff and Administration	\$ 66,781	\$ 79,100	\$ 413,511	\$ 474,600	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 1,248	\$ 2,500
General	254	583	1,548	3,498	7,000
D&O/Members	424	1,000	2,543	6,000	12,000
Fidelity	-0-	334	-0-	2,004	4,000
Total Insurance	\$ 678	\$ 2,125	\$ 4,091	\$ 12,750	\$ 25,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended March 31, 2020		Six Months Ended March 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 12,498	\$ 25,000
Audit Financial	-0-	1,667	-0-	10,002	20,000
Compliance Travel	-0-	3,750	-0-	22,500	45,000
Sheller/Handler Audits	-0-	20,833	96,852	124,998	250,000
Printing/Forms/Postage	8,270	500	10,478	3,000	6,000
Total Compliance	\$ 8,270	\$ 28,833	\$ 107,330	\$ 172,998	\$ 346,000
Accounting/Financials	\$ 10,688	\$ 6,500	\$ 47,202	\$ 39,000	\$ 78,000
Telephone/Mobile/Internet	1,108	833	4,407	4,998	10,000
Travel Office	-0-	3,333	10,383	19,998	40,000
Travel Committee	1,914	12,500	9,763	75,000	150,000
Supplies	4	833	1,167	4,998	10,000
Maintenance/Buildout	-0-	1,250	397	7,500	15,000
Printing	339	1,250	2,212	7,500	15,000
IT/Furniture/Software	48	2,500	3,517	15,000	30,000
Subscriptions	-0-	1,667	5,136	10,002	20,000
Depreciation	874	-0-	5,072	-0-	-0-
Miscellaneous	37	418	2,820	2,508	5,000
Rent	3,557	3,333	20,165	19,998	40,000
Total General Administration	\$ 94,298	\$ 144,475	\$ 637,173	\$ 866,850	\$ 1,733,700
Contingency Fund	\$ -0-	\$ 51,775	\$ -0-	\$ 310,650	\$ 621,300

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended March 31, 2020		Six Months Ended March 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 2,502	\$ 5,000
Workshops		416		2,496	5,000
Total Compliance	\$ -0-	\$ 833	\$ -0-	\$ 4,998	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 4,002	\$ 8,000
Communication Materials		6,000	13,028	36,000	72,000
Travel		4,167	12,212	25,002	50,000
WS-Field Events		33,333		199,998	400,000
Association Sponsorship	3,000	5,833	8,654	34,998	70,000
Handler Portal Maintenance		833		4,998	10,000
Meltwater		542		3,252	6,500
Total Industry Relations Activities	\$ 3,000	\$ 51,375	\$ 33,894	\$ 308,250	\$ 616,500
Industry Research:					
Land IQ	\$ -0-	\$ 12,708	\$ 30,500	\$ 76,248	\$ 152,500
NASS	43,600	9,084	214,000	54,504	109,000
Total Industry Research	\$ 43,600	\$ 21,792	\$ 244,500	\$ 130,752	\$ 261,500
Total Industry Relations	\$ 46,600	\$ 74,000	\$ 278,394	\$ 444,000	\$ 888,000
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 23,750	\$ 47,502	\$ 95,000
USPGC-China, Korea, Southeast Asia Marketing	41,250	13,750	82,500	82,500	165,000
International Nut Congress-Nut Health Research		8,333	100,000	49,998	100,000
Travel	596	3,333	24,293	19,998	40,000
Total International Relations	\$ 41,846	\$ 33,333	\$ 230,543	\$ 199,998	\$ 400,000
Marketing:					
Weber Shandwick	\$ 541,568	\$ 233,333	\$ 1,671,863	\$ 1,399,998	\$ 2,800,000
Aspire IQ	3,249	23,333	41,674	139,998	280,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Six Months Ended March 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended March 31, 2020		Six Months Ended March 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
iHeart Media/Digital Magnet:					
Current Year	-0-	66,667	800,000	400,002	800,000
Prior Year Carry-over	-0-	-0-	400,000	400,000	400,000
Learfield IMG:					
Prior Year Carry-over	-0-	-0-	100,000	100,000	100,000
Eat Well Global	38,333	19,167	95,833	115,002	230,000
NPSA Chef's Summit	53,333	13,333	53,333	79,998	160,000
Health Research	-0-	12,500	-0-	75,000	150,000
Total Marketing	\$ 636,483	\$ 368,333	\$ 3,162,703	\$ 2,709,998	\$ 4,920,000
Grades and Standards:					
Research Contingency	\$ -0-	\$ 8,333	\$ -0-	\$ 49,998	\$ 100,000
Travel	-0-	1,667	149	10,002	20,000
Quality Assurance Program	8,100	6,834	53,261	41,004	82,000
Total Grades and Standards	\$ 8,100	\$ 16,834	\$ 53,410	\$ 101,004	\$ 202,000
Research:					
Contingency Fund	\$ -0-	\$ -0-	\$ 10,000	\$ -0-	\$ -0-
Total Research	\$ -0-	\$ -0-	\$ 10,000	\$ -0-	\$ -0-
Total Operating Expenses	\$ 827,327	\$ 688,750	\$ 4,372,223	\$ 4,632,500	\$ 8,765,000
Nonoperating Revenue:					
Interest Earned	\$ 12,137	\$ -0-	\$ 35,495	\$ -0-	\$ -0-
Other Income	-0-	-0-	391	-0-	-0-
Total Nonoperating Revenue	\$ 12,137	\$ -0-	\$ 35,886	\$ -0-	\$ -0-
Change in Net Position	\$ 483,849	\$ -0-	\$ 723,778	(\$ 500,000)	(\$ 500,000)

See Accountants' Compilation Report.