



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**

**Compiled Financial Statements**

**For the One Month Ended October 31, 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 October 31, 2019 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month 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 ended October 31, 2019 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  
December 31, 2019



# AMERICAN PECAN COUNCIL

## Balance Sheet

As of October 31, 2019

### ASSETS

#### **Current Assets:**

Cash and Cash Equivalents	\$	4,657,140
Accounts Receivable		276,574
Prepaid Expenses		14,491

Total Current Assets \$ 4,948,205

#### **Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	18,426)

Total Fixed Assets \$ 28,863

#### **Other Assets:**

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

#### **TOTAL ASSETS**

\$ 4,979,468

### LIABILITIES AND NET POSITION

#### **Current Liabilities:**

Accounts Payable	\$	441,226
Payroll Liability		3,112

Total Current Liabilities \$ 444,338

Total Liabilities \$ 444,338

#### **Net Position:**

Unrestricted	\$	4,535,130
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Total Net Position \$ 4,535,130

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

\$ 4,979,468

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

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

For the One Month Ended October 31, 2019

### **Operating Revenues:**

Assessment Income	\$ 241,383
	<hr/>
Total Operating Revenue	\$ 241,383
	<hr/>

### **Operating Expenses:**

General Administrative:	
Staff and Administrative	\$ 67,283
Insurance	703
Other General Administrative	26,392
Industry Relations:	
Industry Relations Activities	240,939
Marketing	10
Research	100,000
	<hr/>
Total Operating Expenses	\$ 435,327
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### **Nonoperating Revenues:**

Interest Earned	\$ 7,424
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Total Nonoperating Revenues	\$ 7,424
	<hr/>

Change in Net Position	<u>(\$ 186,520)</u>
Net Position, as Previously Stated	\$ 4,906,519
Prior Period Adjustment	<u>( 184,869)</u>
Net Position, as Restated	<u>\$ 4,721,650</u>
Net Position, Ending	<u><u>\$ 4,535,130</u></u>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Statements of Cash Flows**

**For the One Month Ended October 31, 2019**

**Cash Flows From Operating Activities:**

Cash Received from Assessments	\$	212,229
Cash Received from Interest Earned		7,424
Cash Paid for Salary and Benefits	(	67,283)
Cash Paid for Operating Expenses	(	893,787)
		<hr/>
Net Cash Provided (Used) by Operating Activities	(\$	741,417)
		<hr/>
Net Increase (Decrease) in Cash	(\$	741,417)
		<hr/>
Cash, Beginning of Period		5,398,557
		<hr/>
Cash, End of Period	\$	4,657,140
		<hr/> <hr/>

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:**

Income (Loss) from Operations	(\$	186,520)
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense		788
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	(	2,823)
(Increase) Decrease in Accounts Receivable	(	29,154)
Increase (Decrease) in Accounts Payable	(	521,919)
Increase (Decrease) in Payroll Tax Payable	(	1,789)
		<hr/>
Net Cash Provided (Used) by Operating Activities	(\$	741,417)
		<hr/> <hr/>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Budgetary Comparison Schedule**

**For the One Month Ended October 31, 2019**

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
<b>Operating Revenue:</b>				
2017 Assessment Income	\$ -0-	\$ -0-	\$ 11,489	\$ 11,489
2018 Assessment Income	-0-	-0-	55,576	55,576
2019-2020 Improved	1,170,876	1,170,876	162,908	( 1,007,968)
2019-2020 Native/Seedling	144,638	144,638	6,704	( 137,934)
2019-2020 Substandard	61,986	61,986	4,706	( 57,280)
<b>Total Operating Revenue</b>	<b>\$ 1,377,500</b>	<b>\$ 1,377,500</b>	<b>\$ 241,383</b>	<b>(\$ 1,136,117)</b>
<b>Operating Expenses:</b>				
General Administration:				
Staff and Administration:				
Salaries	\$ 131,534	\$ 131,534	\$ 54,838	\$ 76,696
Benefits	14,166	14,166	6,570	7,596
Taxes	12,500	12,500	2,029	10,471
Contract Labor	-0-	-0-	3,846	( 3,846)
<b>Total Staff and Administration</b>	<b>\$ 158,200</b>	<b>\$ 158,200</b>	<b>\$ 67,283</b>	<b>\$ 90,917</b>
Insurance:				
Travel	\$ 416	\$ 416	\$ -0-	\$ 416
General	1,166	1,166	279	887
D&O/Members	2,000	2,000	424	1,576
Fidelity	668	668	-0-	668
<b>Total Insurance</b>	<b>\$ 4,250</b>	<b>\$ 4,250</b>	<b>\$ 703</b>	<b>\$ 3,547</b>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Budgetary Comparison Schedule**

**For the One Month Ended October 31, 2019**

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 4,166	\$ 4,166	\$ -0-	\$ 4,166
Audit Financial	3,334	3,334	-0-	3,334
Compliance Travel	7,500	7,500	-0-	7,500
Sheller/Handler Audits	41,666	41,666	-0-	41,666
Printing/Forms/Postage	1,000	1,000	-0-	1,000
Total Compliance	\$ 57,666	\$ 57,666	\$ -0-	\$ 57,666
Accounting/Financials	\$ 13,000	\$ 13,000	\$ -0-	\$ 13,000
Telephone/Mobile/Internet	1,666	1,666	991	675
Travel Office	6,666	6,666	9,681	( 3,015)
Travel Committee	25,000	25,000	2,822	22,178
Supplies	1,666	1,666	831	835
Maintenance/Buildout	2,500	2,500	-0-	2,500
Printing	2,500	2,500	339	2,161
IT/Furniture/Software	5,000	5,000	249	4,751
Subscriptions	3,334	3,334	2,012	1,322
Depreciation	-0-	-0-	788	( 788)
Miscellaneous	836	836	3,243	( 2,407)
Rent	6,666	6,666	5,436	1,230
Total General Administration	\$ 288,950	\$ 288,950	\$ 94,378	\$ 194,572
Contingency Fund	\$ 103,550	\$ 103,550	\$ -0-	\$ 103,550

See Accountants' Compilation Report.



**AMERICAN PECAN COUNCIL**

**Budgetary Comparison Schedule**

**For the One Month Ended October 31, 2019**

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 834	\$ 834	\$ -0-	\$ 834
Workshops	832	832	-0-	832
Total Compliance	\$ 1,666	\$ 1,666	\$ -0-	\$ 1,666
Industry Relations Activities:				
Annual Reports	\$ 1,334	\$ 1,334	\$ -0-	\$ 1,334
Communication Materials	12,000	12,000	1,703	10,297
Travel	8,334	8,334	-0-	8,334
WS-Field Events	66,666	66,666	239,236	( 172,570)
Association Sponsorship	11,666	11,666	-0-	11,666
Handler Portal Maintenance	1,666	1,666	-0-	1,666
Meltwater	1,084	1,084	-0-	1,084
Total Industry Relations Activities	\$ 102,750	\$ 102,750	\$ 240,939	(\$ 138,189)
Industry Research:				
Land IQ	\$ 25,416	\$ 25,416	\$ -0-	\$ 25,416
NASS	18,168	18,168	-0-	18,168
Total Industry Research	\$ 43,584	\$ 43,584	\$ -0-	\$ 43,584
Total Industry Relations	\$ 148,000	\$ 148,000	\$ 240,939	(\$ 92,939)

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Budgetary Comparison Schedule**

**For the One Month Ended October 31, 2019**

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
<b>International Relations:</b>				
Unified Export Strategy/Emerging Market Proposal	\$ 15,834	\$ 15,834	\$ -0-	\$ 15,834
USPGC-China, Korea, Southeast Asia Marketing	27,500	27,500	-0-	27,500
International Nut Congress-Nut Health Research	16,666	16,666	-0-	16,666
Travel	6,666	6,666	-0-	6,666
<b>Total International Relations</b>	<b>\$ 66,666</b>	<b>\$ 66,666</b>	<b>\$ -0-</b>	<b>\$ 66,666</b>
<b>Marketing:</b>				
Weber Shandwick	\$ 466,666	\$ 466,666	\$ -0-	\$ 466,666
<b>APC Events:</b>				
PMA	\$ -0-	\$ -0-	\$ 10	(\$ 10)
<b>Total APC Events</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 10</b>	<b>(\$ 10)</b>
USDA Marketing Events	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Aspire IQ	46,666	46,666	-0-	46,666
iHeart Media/Digital Magnet	133,334	133,334	-0-	133,334
Eat Well Global	38,334	38,334	-0-	38,334
NPSA Chef's Summit	26,666	26,666	-0-	26,666
Health Research	25,000	25,000	-0-	25,000
<b>Total Marketing</b>	<b>\$ 736,666</b>	<b>\$ 736,666</b>	<b>\$ 10</b>	<b>\$ 736,656</b>
<b>Grades and Standards:</b>				
Research Contingency	\$ 16,666	\$ 16,666	\$ -0-	\$ 16,666
Travel	3,334	3,334	-0-	3,334
Quality Assurance Program	13,668	13,668	-0-	13,668
<b>Total Grades and Standards</b>	<b>\$ 33,668</b>	<b>\$ 33,668</b>	<b>\$ -0-</b>	<b>\$ 33,668</b>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Budgetary Comparison Schedule**

**For the One Month Ended October 31, 2019**

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Research:				
Nut Health	\$ -0-	\$ -0-	\$ 100,000	(\$ 100,000)
Total Research	\$ -0-	\$ -0-	\$ 100,000	(\$ 100,000)
<b>Total Operating Expenses</b>	\$ 1,377,500	\$ 1,377,500	\$ 435,327	\$ 942,173
<b>Nonoperating Revenue:</b>				
Interest Earned	\$ -0-	\$ -0-	\$ 7,424	(\$ 7,424)
<b>Total Nonoperating Revenue</b>	\$ -0-	\$ -0-	\$ 7,424	(\$ 7,424)
<b>Change in Net Position</b>	\$ -0-	\$ -0-	(\$ 186,520)	(\$ 186,520)

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Operating Budget**

**For the One Month Ended October 31, 2019 and  
One Year Ended September 30, 2020**

	One Month Ended October 31, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Operating Budget
<b>Operating Revenue:</b>			
2017 Assessment Income	\$ 11,489	\$ -0-	\$ -0-
2018 Assessment Income	55,576	-0-	-0-
2019-2020 Improved	162,908	585,438	7,025,250
2019-2020 Native/Seedling	6,704	72,319	867,825
2019-2020 Substandard	4,706	30,993	371,925
<b>Total Operating Revenue</b>	<b>\$ 241,383</b>	<b>\$ 688,750</b>	<b>\$ 8,265,000</b>
<b>Operating Expenses:</b>			
General Administration:			
Staff and Administration:			
Salaries	\$ 54,838	\$ 65,767	\$ 789,200
Benefits	6,570	7,083	85,000
Taxes	2,029	6,250	75,000
Contract Labor	3,846	-0-	-0-
Total Staff and Administration	\$ 67,283	\$ 79,100	\$ 949,200
Insurance:			
Travel	\$ -0-	\$ 208	\$ 2,500
General	279	583	7,000
D&O/Members	424	1,000	12,000
Fidelity	-0-	334	4,000
Total Insurance	\$ 703	\$ 2,125	\$ 25,500

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Operating Budget**

**For the One Month Ended October 31, 2019 and  
One Year Ended September 30, 2020**

	One Month Ended October 31, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Operating Budget
Compliance:			
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ 25,000
Audit Financial	-0-	1,667	20,000
Compliance Travel	-0-	3,750	45,000
Sheller/Handler Audits	-0-	20,833	250,000
Printing/Forms/Postage	-0-	500	6,000
Total Compliance	\$ -0-	\$ 28,833	\$ 346,000
Accounting/Financials		\$ 6,500	\$ 78,000
Telephone/Mobile/Internet	991	833	10,000
Travel Office	9,681	3,333	40,000
Travel Committee	2,822	12,500	150,000
Supplies	831	833	10,000
Maintenance/Buildout	-0-	1,250	15,000
Printing	339	1,250	15,000
IT/Furniture/Software	249	2,500	30,000
Subscriptions	2,012	1,667	20,000
Depreciation	788	-0-	-0-
Miscellaneous	3,243	418	5,000
Rent	5,436	3,333	40,000
Total General Administration	\$ 94,378	\$ 144,475	\$ 1,733,700
Contingency Fund	\$ -0-	\$ 51,775	\$ 621,300

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Operating Budget**

**For the One Month Ended October 31, 2019 and  
One Year Ended September 30, 2020**

	One Month Ended October 31, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Operating Budget
Industry Relations:			
Compliance:			
Compliance Materials	\$ -0-	\$ 417	\$ 5,000
Workshops	-0-	416	5,000
Total Compliance	\$ -0-	\$ 833	\$ 10,000
Industry Relations Activities:			
Annual Reports	\$ -0-	\$ 667	\$ 8,000
Communication Materials	1,703	6,000	72,000
Travel	-0-	4,167	50,000
WS-Field Events	239,236	33,333	400,000
Association Sponsorship	-0-	5,833	70,000
Handler Portal Maintenance	-0-	833	10,000
Meltwater	-0-	542	6,500
Total Industry Relations Activities	\$ 240,939	\$ 51,375	\$ 616,500
Industry Research:			
Land IQ	\$ -0-	\$ 12,708	\$ 152,500
NASS	-0-	9,084	109,000
Total Industry Research	\$ -0-	\$ 21,792	\$ 261,500
Total Industry Relations	\$ 240,939	\$ 74,000	\$ 888,000

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

**For the One Month Ended October 31, 2019 and  
One Year Ended September 30, 2020**

	One Month Ended October 31, 2019		Fiscal Year Ended September 30, 2020	
	Actual	Operating Budget	Operating Budget	
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$	95,000
USPGC-China, Korea, Southeast Asia Marketing	-0-	13,750		165,000
International Nut Congress-Nut Health Research	-0-	8,333		100,000
Travel	-0-	3,333		40,000
Total International Relations	\$ -0-	\$ 33,333	\$	400,000
Marketing:				
Weber Shandwick	\$ -0-	\$ 233,333	\$	2,800,000
APC Events:				
PMA	\$ 10	\$ -0-	\$	-0-
Total APC Events	\$ 10	\$ -0-	\$	-0-
Aspire IQ	\$ -0-	\$ 23,333	\$	280,000
iHeart Media/Digital Magnet	-0-	66,667		800,000
Eat Well Global	-0-	19,167		230,000
NPSA Chef's Summit	-0-	13,333		160,000
Health Research	-0-	12,500		150,000
Total Marketing	\$ 10	\$ 368,333	\$	4,420,000
Grades and Standards:				
Research Contingency	\$ -0-	\$ 8,333	\$	100,000
Travel	-0-	1,667		20,000
Quality Assurance Program	-0-	6,834		82,000
Total Grades and Standards	\$ -0-	\$ 16,834	\$	202,000

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Operating Budget**

**For the One Month Ended October 31, 2019 and  
One Year Ended September 30, 2020**

	One Month Ended October 31, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Operating Budget
Research:			
Nut Health	\$ 100,000	\$ -0-	\$ -0-
Total Research	\$ 100,000	\$ -0-	\$ -0-
<b>Total Operating Expenses</b>	\$ 435,327	\$ 688,750	\$ 8,265,000
<b>Nonoperating Revenue:</b>			
Interest Earned	\$ 7,424	\$ -0-	\$ -0-
<b>Total Nonoperating Revenue</b>	\$ 7,424	\$ -0-	\$ -0-
<b>Change in Net Position</b>	(\$ 186,520)	\$ -0-	\$ -0-

See Accountants' Compilation Report.