



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Two Months Ended
November 30, 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 November 30, 2019 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month and two 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 two months ended November 30, 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
January 21, 2020



AMERICAN PECAN COUNCIL

Balance Sheet

As of November 30, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	4,531,898
Accounts Receivable		383,699
Prepaid Expenses		16,112

Total Current Assets \$ 4,931,709

Fixed Assets:

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(19,215)

Total Fixed Assets \$ 28,074

Other Assets:

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

TOTAL ASSETS

\$ 4,962,183

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	554,213
Payroll Liability		3,112

Total Current Liabilities \$ 557,325

Total Liabilities \$ 557,325

Net Position:

Unrestricted	\$	4,404,858
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Total Net Position \$ 4,404,858

TOTAL LIABILITIES AND NET POSITION

\$ 4,962,183

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Two Months Ended November 30, 2019

	<u>One Month</u>	<u>Two Months</u>
Operating Revenues:		
Assessment Income	\$ 468,128	\$ 709,509
Total Operating Revenue	<u>\$ 468,128</u>	<u>\$ 709,509</u>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 65,367	\$ 132,650
Insurance	678	1,381
Compliance	8,938	8,938
Other General Administrative	50,696	77,084
Industry Relations:		
Industry Relations Activities	4,654	245,594
Industry Research	21,000	21,000
Marketing	400,010	400,020
Grades and Standards	19,200	19,200
Research	28,249	128,249
Total Operating Expenses	<u>\$ 598,792</u>	<u>\$ 1,034,116</u>
Nonoperating Revenues:		
Interest Earned	\$ -0-	\$ 7,424
Other Income	392	391
Total Nonoperating Revenues	<u>\$ 392</u>	<u>\$ 7,815</u>
Change in Net Position	<u>(\$ 130,272)</u>	<u>(\$ 316,792)</u>
Net Position, as Previously Stated	\$ 4,535,130	\$ 4,906,519
Prior Period Adjustment	<u>-0-</u>	<u>(184,869)</u>
Net Position, as Restated	<u>\$ 4,535,130</u>	<u>\$ 4,721,650</u>
Net Position, Ending	<u>\$ 4,404,858</u>	<u>\$ 4,404,858</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Two Months Ended November 30, 2019

	<u>One Month</u>	<u>Two Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 361,003	\$ 573,230
Cash Received from Interest Earned	-0-	7,424
Cash Paid for Salary and Benefits	(65,367)	(132,650)
Cash Paid for Operating Expenses	(420,878)	(1,314,663)
	<u>(\$ 125,242)</u>	<u>(\$ 866,659)</u>
Net Cash Provided (Used) by Operating Activities		
Net Increase (Decrease) in Cash	(\$ 125,242)	(\$ 866,659)
Cash, Beginning of Period	4,657,140	5,398,557
Cash, End of Period	<u>\$ 4,531,898</u>	<u>\$ 4,531,898</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	(\$ 130,272)	(\$ 316,792)
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	1,577
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	(1,621)	(4,444)
(Increase) Decrease in Accounts Receivable	(107,125)	(136,279)
Increase (Decrease) in Accounts Payable	112,988	(408,932)
Increase (Decrease) in Payroll Tax Payable	-0-	(1,789)
	<u>(\$ 125,242)</u>	<u>(\$ 866,659)</u>
Net Cash Provided (Used) by Operating Activities		

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 2019

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2017 Assessment Income	\$ -0-	\$ -0-	\$ 11,489	\$ 11,489
2018 Assessment Income	-0-	-0-	60,490	60,490
2019-2020 Improved	1,170,876	1,170,876	612,237	(558,639)
2019-2020 Native/Seedling	144,638	144,638	12,955	(131,683)
2019-2020 Substandard	61,986	61,986	12,338	(49,648)
Total Operating Revenue	\$ 1,377,500	\$ 1,377,500	\$ 709,509	(\$ 667,991)
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 131,534	\$ 131,534	\$ 109,677	\$ 21,857
Benefits	14,166	14,166	15,070	(904)
Taxes	12,500	12,500	4,057	8,443
Contract Labor	-0-	-0-	3,846	(3,846)
Total Staff and Administration	\$ 158,200	\$ 158,200	\$ 132,650	\$ 25,550
Insurance:				
Travel	\$ 416	\$ 416	\$ -0-	\$ 416
General	1,166	1,166	533	633
D&O/Members	2,000	2,000	848	1,152
Fidelity	668	668	-0-	668
Total Insurance	\$ 4,250	\$ 4,250	\$ 1,381	\$ 2,869

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 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	8,000	33,666
Printing/Forms/Postage	1,000	1,000	938	62
Total Compliance	\$ 57,666	\$ 57,666	\$ 8,938	\$ 48,728
Accounting/Financials	\$ 13,000	\$ 13,000	\$ 11,459	\$ 1,541
Telephone/Mobile/Internet	1,666	1,666	3,717	(2,051)
Travel Office	6,666	6,666	40,371	(33,705)
Travel Committee	25,000	25,000	2,822	22,178
Supplies	1,666	1,666	864	802
Maintenance/Buildout	2,500	2,500	397	2,103
Printing	2,500	2,500	873	1,627
IT/Furniture/Software	5,000	5,000	2,115	2,885
Subscriptions	3,334	3,334	2,028	1,306
Depreciation	-0-	-0-	1,576	(1,576)
Miscellaneous	836	836	5,366	(4,530)
Rent	6,666	6,666	5,496	1,170
Total General Administration	\$ 288,950	\$ 288,950	\$ 220,053	\$ 68,897
Contingency Fund	\$ 103,550	\$ 103,550	\$ -0-	\$ 103,550

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 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	243,891	(177,225)
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	\$ 245,594	(\$ 142,844)
Industry Research:				
Land IQ	\$ 25,416	\$ 25,416	\$ 21,000	\$ 4,416
NASS	18,168	18,168	-0-	18,168
Total Industry Research	\$ 43,584	\$ 43,584	\$ 21,000	\$ 22,584
Total Industry Relations	\$ 148,000	\$ 148,000	\$ 266,594	(\$ 118,594)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 2019

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
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
Total International Relations	\$ 66,666	\$ 66,666	\$ -0-	\$ 66,666
Marketing:				
Weber Shandwick	\$ 466,666	\$ 466,666	\$ -0-	\$ 466,666
APC Events:				
PMA	\$ -0-	\$ -0-	\$ 20	(\$ 20)
Total APC Events	\$ -0-	\$ -0-	\$ 20	(\$ 20)
USDA Marketing Events	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Aspire IQ	46,666	46,666	-0-	46,666
iHeart Media/Digital Magnet	133,334	133,334	400,000	(266,666)
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
Total Marketing	\$ 736,666	\$ 736,666	\$ 400,020	\$ 336,646
Grades and Standards:				
Research Contingency	\$ 16,666	\$ 16,666	\$ -0-	\$ 16,666
Travel	3,334	3,334	-0-	3,334
Quality Assurance Program	13,668	13,668	19,200	(5,532)
Total Grades and Standards	\$ 33,668	\$ 33,668	\$ 19,200	\$ 14,468

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 2019

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Research:				
Nut Health	\$ -0-	\$ -0-	\$ 100,000	(\$ 100,000)
Total Research	\$ -0-	\$ -0-	\$ 128,249	(\$ 128,249)
Total Operating Expenses	\$ 1,377,500	\$ 1,377,500	\$ 1,034,116	\$ 343,384
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 7,424	(\$ 7,424)
Total Nonoperating Revenue	\$ -0-	\$ -0-	\$ 7,815	(\$ 7,815)
Change in Net Position	\$ -0-	\$ -0-	(\$ 316,792)	(\$ 316,792)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2019
and the One Year Ended September 30, 2020**

	One Month Ended November 30, 2019		Two Months Ended November 30, 2019		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	4,915	-0-	60,490	-0-	-0-
2019-2020 Improved	449,329	585,438	612,237	1,170,876	7,025,250
2019-2020 Native/Seedling	6,251	72,319	12,955	144,638	867,825
2019-2020 Substandard	7,633	30,993	12,338	61,986	371,925
Total Operating Revenue	\$ 468,128	\$ 688,750	\$ 709,509	\$ 1,377,500	\$ 8,265,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 54,838	\$ 65,767	\$ 109,677	\$ 131,534	\$ 789,200
Benefits	8,500	7,083	15,070	14,166	85,000
Taxes	2,029	6,250	4,057	12,500	75,000
Contract Labor	-0-	-0-	3,846	-0-	-0-
Total Staff and Administration	\$ 65,367	\$ 79,100	\$ 132,650	\$ 158,200	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 416	\$ 2,500
General	254	583	533	1,166	7,000
D&O/Members	424	1,000	848	2,000	12,000
Fidelity	-0-	334	-0-	668	4,000
Total Insurance	\$ 678	\$ 2,125	\$ 1,381	\$ 4,250	\$ 25,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2019
and the One Year Ended September 30, 2020**

	One Month Ended November 30, 2019		Two Months Ended November 30, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 4,166	\$ 25,000
Audit Financial	-0-	1,667	-0-	3,334	20,000
Compliance Travel	-0-	3,750	-0-	7,500	45,000
Sheller/Handler Audits	8,000	20,833	8,000	41,666	250,000
Printing/Forms/Postage	938	500	938	1,000	6,000
Total Compliance	\$ 8,938	\$ 28,833	\$ 8,938	\$ 57,666	\$ 346,000
Accounting/Financials	\$ 11,459	\$ 6,500	\$ 11,459	\$ 13,000	\$ 78,000
Telephone/Mobile/Internet	2,726	833	3,717	1,666	10,000
Travel Office	30,690	3,333	40,371	6,666	40,000
Travel Committee	-0-	12,500	2,822	25,000	150,000
Supplies	33	833	864	1,666	10,000
Maintenance/Buildout	397	1,250	397	2,500	15,000
Printing	534	1,250	873	2,500	15,000
IT/Furniture/Software	1,866	2,500	2,115	5,000	30,000
Subscriptions	16	1,667	2,028	3,334	20,000
Depreciation	788	-0-	1,576	-0-	-0-
Miscellaneous	2,127	418	5,366	836	5,000
Rent	60	3,333	5,496	6,666	40,000
Total General Administration	\$ 125,679	\$ 144,475	\$ 220,053	\$ 288,950	\$ 1,733,700
Contingency Fund	\$ -0-	\$ 51,775	\$ -0-	\$ 103,550	\$ 621,300

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2019
and the One Year Ended September 30, 2020**

	One Month Ended November 30, 2019		Two Months Ended November 30, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 834	\$ 5,000
Workshops		416		832	5,000
Total Compliance	\$ -0-	\$ 833	\$ -0-	\$ 1,666	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 1,334	\$ 8,000
Communication Materials		6,000	1,703	12,000	72,000
Travel		4,167		8,334	50,000
WS-Field Events	4,654	33,333	243,891	66,666	400,000
Association Sponsorship		5,833		11,666	70,000
Handler Portal Maintenance		833		1,666	10,000
Meltwater		542		1,084	6,500
Total Industry Relations Activities	\$ 4,654	\$ 51,375	\$ 245,594	\$ 102,750	\$ 616,500
Industry Research:					
Land IQ	\$ 21,000	\$ 12,708	\$ 21,000	\$ 25,416	\$ 152,500
NASS		9,084		18,168	109,000
Total Industry Research	\$ 21,000	\$ 21,792	\$ 21,000	\$ 43,584	\$ 261,500
Total Industry Relations	\$ 25,654	\$ 74,000	\$ 266,594	\$ 148,000	\$ 888,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2019
and the One Year Ended September 30, 2020**

	One Month Ended November 30, 2019		Two Months Ended November 30, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ -0-	\$ 15,834	\$ 95,000
USPGC-China, Korea, Southeast Asia Marketing	-0-	13,750	-0-	27,500	165,000
International Nut Congress-Nut Health Research	-0-	8,333	-0-	16,666	100,000
Travel	-0-	3,333	-0-	6,666	40,000
Total International Relations	\$ -0-	\$ 33,333	\$ -0-	\$ 66,666	\$ 400,000
Marketing:					
Weber Shandwick	\$ -0-	\$ 233,333	\$ -0-	\$ 466,666	\$ 2,800,000
APC Events:					
PMA	\$ 10	\$ -0-	\$ 20	\$ -0-	\$ -0-
Total APC Events	\$ 10	\$ -0-	\$ 20	\$ -0-	\$ -0-
Aspire IQ	\$ -0-	\$ 23,333	\$ -0-	\$ 46,666	\$ 280,000
iHeart Media/Digital Magnet	400,000	66,667	400,000	133,334	800,000
Eat Well Global	-0-	19,167	-0-	38,334	230,000
NPSA Chef's Summit	-0-	13,333	-0-	26,666	160,000
Health Research	-0-	12,500	-0-	25,000	150,000
Total Marketing	\$ 400,010	\$ 368,333	\$ 400,020	\$ 736,666	\$ 4,420,000
Grades and Standards:					
Research Contingency	\$ -0-	\$ 8,333	\$ -0-	\$ 16,666	\$ 100,000
Travel	-0-	1,667	-0-	3,334	20,000
Quality Assurance Program	19,200	6,834	19,200	13,668	82,000
Total Grades and Standards	\$ 19,200	\$ 16,834	\$ 19,200	\$ 33,668	\$ 202,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2019
and the One Year Ended September 30, 2020**

	One Month Ended November 30, 2019		Two Months Ended November 30, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Research:					
Nut Health	\$ -0-	\$ -0-	\$ 100,000	\$ -0-	\$ -0-
Contingency Fund	28,249	-0-	28,249	-0-	-0-
Total Research	\$ 28,249	\$ -0-	\$ 128,249	\$ -0-	\$ -0-
Total Operating Expenses	\$ 598,792	\$ 688,750	\$ 1,034,116	\$ 1,377,500	\$ 8,265,000
Nonoperating Revenue:					
Interest Earned	\$ -0-	\$ -0-	\$ 7,424	\$ -0-	\$ -0-
Other Income	392	-0-	391	-0-	-0-
Total Nonoperating Revenue	\$ 392	\$ -0-	\$ 7,815	\$ -0-	\$ -0-
Change in Net Position	(\$ 130,272)	\$ -0-	(\$ 316,792)	\$ -0-	\$ -0-

See Accountants' Compilation Report.