



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Three Months Ended
December 31, 2019

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 December 31, 2019 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month and three 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 three months ended December 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
February 10, 2020



AMERICAN PECAN COUNCIL

Balance Sheet

As of December 31, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	4,627,329
Accounts Receivable		543,070
Prepaid Expenses		15,434

Total Current Assets \$ 5,185,833

Fixed Assets:

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(20,003)

Total Fixed Assets \$ 27,286

Other Assets:

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

Total Other Assets \$ 2,400

TOTAL ASSETS

\$ 5,215,519

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	149,810
Payroll Liability		11,213

Total Current Liabilities \$ 161,023

Total Liabilities \$ 161,023

Net Position:

Unrestricted	\$	5,054,496
--------------	----	-----------

Total Net Position \$ 5,054,496

TOTAL LIABILITIES AND NET POSITION

\$ 5,215,519

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Three Months Ended December 31, 2019

	One Month	Three Months
Operating Revenues:		
Assessment Income	\$ 1,022,311	\$ 1,494,591
Total Operating Revenue	\$ 1,022,311	\$ 1,494,591
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 65,877	\$ 198,527
Insurance	678	2,057
Compliance	-0-	8,938
Other General Administrative	19,557	87,736
Industry Relations:		
Industry Relations Activities	17,669	195,639
Industry Research	84,000	105,000
International Relations	66,355	66,355
Marketing	38,333	438,343
Grades and Standards	9,761	28,961
Research	10,000	138,249
Total Operating Expenses	\$ 312,230	\$ 1,269,805
Nonoperating Revenues:		
Interest Earned	\$ 10,194	\$ 17,619
Other Income	-0-	391
Total Nonoperating Revenues	\$ 10,194	\$ 18,010
Change in Net Position	\$ 720,275	\$ 242,796
Net Position, as Previously Stated	\$ 4,404,860	\$ 4,872,737
Prior Period Adjustment	(70,639)	(61,037)
Net Position, as Restated	\$ 4,334,221	\$ 4,811,700
Net Position, Ending	\$ 5,054,496	\$ 5,054,496

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Three Months Ended December 31, 2019

	<u>One Month</u>	<u>Three Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 791,855	\$ 1,365,085
Cash Received from Interest Earned	10,194	17,619
Cash Paid for Salary and Benefits	(65,877)	(198,527)
Cash Paid for Operating Expenses	(640,741)	(1,955,405)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	\$ 95,431	(\$ 771,228)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	\$ 95,431	(\$ 771,228)
	<hr/>	<hr/>
Cash, Beginning of Period	4,531,898	5,398,557
	<hr/>	<hr/>
Cash, End of Period	<u>\$ 4,627,329</u>	<u>\$ 4,627,329</u>
	<hr/>	<hr/>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 720,275	\$ 242,796
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	2,365
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	678	(3,766)
(Increase) Decrease in Accounts Receivable	(230,456)	(129,506)
Increase (Decrease) in Accounts Payable	(403,955)	(889,429)
Increase (Decrease) in Payroll Tax Payable	8,101	6,312
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	<u>\$ 95,431</u>	<u>(\$ 771,228)</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2019

	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	1,756,314	1,756,314	1,359,111	(397,203)
2019-2020 Native/Seedling	216,957	216,957	100,601	(116,356)
2019-2020 Substandard	92,979	92,979	16,834	(76,145)
Total Operating Revenue	\$ 2,066,250	\$ 2,066,250	\$ 1,494,591	(\$ 571,659)
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 197,301	\$ 197,301	\$ 164,515	\$ 32,786
Benefits	21,249	21,249	21,267	(18)
Taxes	18,750	18,750	8,899	9,851
Contract Labor	-0-	-0-	3,846	(3,846)
Total Staff and Administration	\$ 237,300	\$ 237,300	\$ 198,527	\$ 38,773
Insurance:				
Travel	\$ 624	\$ 624	\$ -0-	\$ 624
General	1,749	1,749	786	963
D&O/Members	3,000	3,000	1,271	1,729
Fidelity	1,002	1,002	-0-	1,002
Total Insurance	\$ 6,375	\$ 6,375	\$ 2,057	\$ 4,318

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2019

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 6,249	\$ 6,249	\$ -0-	\$ 6,249
Audit Financial	5,001	5,001	-0-	5,001
Compliance Travel	11,250	11,250	-0-	11,250
Sheller/Handler Audits	62,499	62,499	8,000	54,499
Printing/Forms/Postage	1,500	1,500	938	562
Total Compliance	\$ 86,499	\$ 86,499	\$ 8,938	\$ 77,561
Accounting/Financials	\$ 19,500	\$ 19,500	\$ 18,904	\$ 596
Telephone/Mobile/Internet	2,499	2,499	9,310	(6,811)
Travel Office	9,999	9,999	33,983	(23,984)
Travel Committee	37,500	37,500	1,945	35,555
Supplies	2,499	2,499	412	2,087
Maintenance/Buildout	3,750	3,750	3,175	575
Printing	3,750	3,750	1,212	2,538
IT/Furniture/Software	7,500	7,500	2,053	5,447
Subscriptions	5,001	5,001	1,423	3,578
Depreciation	-0-	-0-	2,364	(2,364)
Miscellaneous	1,254	1,254	7,459	(6,205)
Rent	9,999	9,999	5,496	4,503
Total General Administration	\$ 433,425	\$ 433,425	\$ 297,258	\$ 136,167
Contingency Fund	\$ 155,325	\$ 155,325	\$ -0-	\$ 155,325

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2019

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 1,251	\$ 1,251	\$ -0-	\$ 1,251
Workshops	1,248	1,248	-0-	1,248
Total Compliance	\$ 2,499	\$ 2,499	\$ -0-	\$ 2,499
Industry Relations Activities:				
Annual Reports	\$ 2,001	\$ 2,001	\$ -0-	\$ 2,001
Communication Materials	18,000	18,000	1,703	16,297
Travel	12,501	12,501	-0-	12,501
WS-Field Events	99,999	99,999	193,936	(93,937)
Association Sponsorship	17,499	17,499	-0-	17,499
Handler Portal Maintenance	2,499	2,499	-0-	2,499
Meltwater	1,626	1,626	-0-	1,626
Total Industry Relations Activities	\$ 154,125	\$ 154,125	\$ 195,639	(\$ 41,514)
Industry Research:				
Land IQ	\$ 38,124	\$ 38,124	\$ 105,000	(\$ 66,876)
NASS	27,252	27,252	-0-	27,252
Total Industry Research	\$ 65,376	\$ 65,376	\$ 105,000	(\$ 39,624)
Total Industry Relations	\$ 222,000	\$ 222,000	\$ 300,639	(\$ 78,639)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2019

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 23,751	\$ 23,751	\$ 23,750	\$ 1
USPGC-China, Korea, Southeast Asia Marketing	41,250	41,250	41,250	-0-
International Nut Congress-Nut Health Research	24,999	24,999	1,355	23,644
Travel	9,999	9,999	-0-	9,999
Total International Relations	\$ 99,999	\$ 99,999	\$ 66,355	\$ 33,644
Marketing:				
Weber Shandwick	\$ 699,999	\$ 699,999	\$ -0-	\$ 699,999
APC Events:				
PMA	\$ -0-	\$ -0-	\$ 10	(\$ 10)
Total APC Events	\$ -0-	\$ -0-	\$ 10	(\$ 10)
USDA Marketing Events	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Aspire IQ	69,999	69,999	-0-	69,999
iHeart Media/Digital Magnet	200,001	200,001	400,000	(199,999)
Eat Well Global	57,501	57,501	38,333	19,168
NPSA Chef's Summit	39,999	39,999	-0-	39,999
Health Research	37,500	37,500	-0-	37,500
Total Marketing	\$ 1,104,999	\$ 1,104,999	\$ 438,343	\$ 666,656
Grades and Standards:				
Research Contingency	\$ 24,999	\$ 24,999	\$ -0-	\$ 24,999
Travel	5,001	5,001	-0-	5,001
Quality Assurance Program	20,502	20,502	28,961	(8,459)
Total Grades and Standards	\$ 50,502	\$ 50,502	\$ 28,961	\$ 21,541

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2019

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Research:				
Nut Health	\$ -0-	\$ -0-	\$ 100,000	(\$ 100,000)
Total Research	\$ -0-	\$ -0-	\$ 138,249	(\$ 138,249)
Total Operating Expenses	\$ 2,066,250	\$ 2,066,250	\$ 1,269,805	\$ 796,445
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 17,619	(\$ 17,619)
Total Nonoperating Revenue	\$ -0-	\$ -0-	\$ 18,010	(\$ 18,010)
Change in Net Position	\$ -0-	\$ -0-	\$ 242,796	\$ 242,796

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2019
and the One Year Ended September 30, 2020**

	One Month Ended December 31, 2019		Three Months Ended December 31, 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	-0-	-0-	6,556	-0-	-0-
2019-2020 Improved	920,395	585,438	1,359,111	1,756,314	7,025,250
2019-2020 Native/Seedling	87,643	72,319	100,601	216,957	867,825
2019-2020 Substandard	14,273	30,993	16,834	92,979	371,925
Total Operating Revenue	\$ 1,022,311	\$ 688,750	\$ 1,494,591	\$ 2,066,250	\$ 8,265,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 54,838	\$ 65,767	\$ 164,515	\$ 197,301	\$ 789,200
Benefits	6,197	7,083	21,267	21,249	85,000
Taxes	4,842	6,250	8,899	18,750	75,000
Contract Labor	-0-	-0-	3,846	-0-	-0-
Total Staff and Administration	\$ 65,877	\$ 79,100	\$ 198,527	\$ 237,300	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 624	\$ 2,500
General	254	583	786	1,749	7,000
D&O/Members	424	1,000	1,271	3,000	12,000
Fidelity	-0-	334	-0-	1,002	4,000
Total Insurance	\$ 678	\$ 2,125	\$ 2,057	\$ 6,375	\$ 25,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2019
and the One Year Ended September 30, 2020**

	One Month Ended December 31, 2019		Three Months Ended December 31, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 6,249	\$ 25,000
Audit Financial	-0-	1,667	-0-	5,001	20,000
Compliance Travel	-0-	3,750	-0-	11,250	45,000
Sheller/Handler Audits	-0-	20,833	8,000	62,499	250,000
Printing/Forms/Postage	-0-	500	938	1,500	6,000
Total Compliance	\$ -0-	\$ 28,833	\$ 8,938	\$ 86,499	\$ 346,000
Accounting/Financials	\$ 7,445	\$ 6,500	\$ 18,904	\$ 19,500	\$ 78,000
Telephone/Mobile/Internet	5,593	833	9,310	2,499	10,000
Travel Office	-0-	3,333	33,983	9,999	40,000
Travel Committee	-0-	12,500	1,945	37,500	150,000
Supplies	27	833	412	2,499	10,000
Maintenance/Buildout	2,778	1,250	3,175	3,750	15,000
Printing	339	1,250	1,212	3,750	15,000
IT/Furniture/Software	48	2,500	2,053	7,500	30,000
Subscriptions	-0-	1,667	1,423	5,001	20,000
Depreciation	788	-0-	2,364	-0-	-0-
Miscellaneous	2,539	418	7,459	1,254	5,000
Rent	-0-	3,333	5,496	9,999	40,000
Total General Administration	\$ 86,112	\$ 144,475	\$ 297,258	\$ 433,425	\$ 1,733,700
Contingency Fund	\$ -0-	\$ 51,775	\$ -0-	\$ 155,325	\$ 621,300

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2019
and the One Year Ended September 30, 2020**

	One Month Ended December 31, 2019		Three Months Ended December 31, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 1,251	\$ 5,000
Workshops		416		1,248	5,000
Total Compliance	\$ -0-	\$ 833	\$ -0-	\$ 2,499	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 2,001	\$ 8,000
Communication Materials		6,000	1,703	18,000	72,000
Travel		4,167		12,501	50,000
WS-Field Events	17,669	33,333	193,936	99,999	400,000
Association Sponsorship		5,833		17,499	70,000
Handler Portal Maintenance		833		2,499	10,000
Meltwater		542		1,626	6,500
Total Industry Relations Activities	\$ 17,669	\$ 51,375	\$ 195,639	\$ 154,125	\$ 616,500
Industry Research:					
Land IQ	\$ 84,000	\$ 12,708	\$ 105,000	\$ 38,124	\$ 152,500
NASS		9,084		27,252	109,000
Total Industry Research	\$ 84,000	\$ 21,792	\$ 105,000	\$ 65,376	\$ 261,500
Total Industry Relations	\$ 101,669	\$ 74,000	\$ 300,639	\$ 222,000	\$ 888,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2019
and the One Year Ended September 30, 2020**

	One Month Ended December 31, 2019		Three Months Ended December 31, 2019		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ 23,750	\$ 7,917	\$ 23,750	\$ 23,751	\$ 95,000
USPGC-China, Korea, Southeast Asia Marketing	41,250	13,750	41,250	41,250	165,000
International Nut Congress-Nut Health Research	1,355	8,333	1,355	24,999	100,000
Travel	-0-	3,333	-0-	9,999	40,000
Total International Relations	\$ 66,355	\$ 33,333	\$ 66,355	\$ 99,999	\$ 400,000
Marketing:					
Weber Shandwick	\$ -0-	\$ 233,333	\$ -0-	\$ 699,999	\$ 2,800,000
APC Events:					
PMA	-0-	-0-	10	-0-	-0-
Total APC Events	\$ -0-	\$ -0-	\$ 10	\$ -0-	\$ -0-
Aspire IQ	\$ -0-	\$ 23,333	\$ -0-	\$ 69,999	\$ 280,000
iHeart Media/Digital Magnet	-0-	66,667	400,000	200,001	800,000
Eat Well Global	38,333	19,167	38,333	57,501	230,000
NPSA Chef's Summit	-0-	13,333	-0-	39,999	160,000
Health Research	-0-	12,500	-0-	37,500	150,000
Total Marketing	\$ 38,333	\$ 368,333	\$ 438,343	\$ 1,104,999	\$ 4,420,000
Grades and Standards:					
Research Contingency	\$ -0-	\$ 8,333	\$ -0-	\$ 24,999	\$ 100,000
Travel	-0-	1,667	-0-	5,001	20,000
Quality Assurance Program	9,761	6,834	28,961	20,502	82,000
Total Grades and Standards	\$ 9,761	\$ 16,834	\$ 28,961	\$ 50,502	\$ 202,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2019
and the One Year Ended September 30, 2020**

	One Month Ended December 31, 2019		Three Months Ended December 31, 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	10,000	-0-	38,249	-0-	-0-
Total Research	\$ 10,000	\$ -0-	\$ 138,249	\$ -0-	\$ -0-
Total Operating Expenses	\$ 312,230	\$ 688,750	\$ 1,269,805	\$ 2,066,250	\$ 8,265,000
Nonoperating Revenue:					
Interest Earned	\$ 10,194	\$ -0-	\$ 17,619	\$ -0-	\$ -0-
Other Income	-0-	-0-	391	-0-	-0-
Total Nonoperating Revenue	\$ 10,194	\$ -0-	\$ 18,010	\$ -0-	\$ -0-
Change in Net Position	\$ 720,275	\$ -0-	\$ 242,796	\$ -0-	\$ -0-

See Accountants' Compilation Report.