



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Eight Months Ended
May 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 May 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 eight 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 eight months ended May 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
June 12, 2020



AMERICAN PECAN COUNCIL

Balance Sheet

As of May 31, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	6,344,238
Accounts Receivable		604,595
Prepaid Expenses		2,432

Total Current Assets \$ 6,951,265

Fixed Assets:

Property, Plant, and Equipment	\$	54,737
Accumulated Depreciation	(24,459)

Total Fixed Assets \$ 30,278

Other Assets:

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

TOTAL ASSETS

\$ 6,983,943

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	10,408
Payroll Liability		3,209

Total Current Liabilities \$ 13,617

Total Liabilities \$ 13,617

Net Position:

Unrestricted	\$	6,970,326
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Total Net Position \$ 6,970,326

TOTAL LIABILITIES AND NET POSITION

\$ 6,983,943

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Eight Months Ended May 31, 2020

	One Month	Eight Months
Operating Revenues:		
Assessment Income	\$ 196,006	\$ 6,804,582
Total Operating Revenue	\$ 196,006	\$ 6,804,582
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 66,751	\$ 549,355
Insurance	678	5,269
Compliance	18,500	148,182
Other General Administrative	5,013	152,820
Industry Relations:		
Industry Relations Activities	-0-	44,499
Industry Research	-0-	244,500
International Relations	-0-	254,293
Marketing	224,636	3,626,373
Grades and Standards	8,100	69,610
Research	-0-	10,000
Total Operating Expenses	\$ 323,678	\$ 5,104,901
Nonoperating Revenues:		
Interest Earned	\$ 1,345	\$ 38,939
Other Income	-0-	391
Total Nonoperating Revenues	\$ 1,345	\$ 39,330
Change in Net Position	(\$ 126,327)	\$ 1,739,011
Net Position, Beginning as Previously Stated	\$ 6,702,011	\$ 4,872,737
Prior Period Adjustment	394,642	358,578
Net Position, Beginning as Restated	\$ 7,096,653	\$ 5,231,315
Net Position, Ending	\$ 6,970,326	\$ 6,970,326

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Eight Months Ended May 31, 2020

	<u>One Month</u>	<u>Eight Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 436,026	\$ 6,623,006
Cash Received from Interest Earned	1,345	38,939
Cash Paid for Salary and Benefits	(66,751)	(549,355)
Cash Paid for Operating Expenses	(535,266)	(5,159,461)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 164,646)	\$ 953,129
	<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	(\$ 164,646)	\$ 945,681
Cash, Beginning of Period	6,508,884	5,398,557
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Cash, End of Period	\$ 6,344,238	\$ 6,344,238
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Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	(\$ 126,327)	\$ 1,739,011
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	874	6,821
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	240,020	(181,576)
(Increase) Decrease in Prepaid Expenses	680	109,236
Increase (Decrease) in Accounts Payable	(283,102)	(718,671)
Increase (Decrease) in Payroll Tax Payable	3,209	(1,692)
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Net Cash Provided (Used) by Operating Activities	(\$ 164,646)	\$ 953,129
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 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	4,683,504	4,683,504	5,230,429	546,925
2019-2020 Native/Seedling	578,552	578,552	1,225,712	647,160
2019-2020 Substandard	247,944	247,944	326,390	78,446
Total Operating Revenue	\$ 5,510,000	\$ 5,510,000	\$ 6,804,582	\$ 1,294,582
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 526,136	\$ 526,136	\$ 438,707	\$ 87,429
Benefits	56,664	56,664	75,272	(18,608)
Taxes	50,000	50,000	31,530	18,470
Contract Labor	-0-	-0-	3,846	(3,846)
Total Staff and Administration	\$ 632,800	\$ 632,800	\$ 549,355	\$ 83,445
Insurance:				
Travel	\$ 1,664	\$ 1,664	\$ -0-	\$ 1,664
General	4,664	4,664	1,878	2,786
D&O/Members	8,000	8,000	3,391	4,609
Fidelity	2,672	2,672	-0-	2,672
Total Insurance	\$ 17,000	\$ 17,000	\$ 5,269	\$ 11,731

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 16,664	\$ 16,664	\$ -0-	\$ 16,664
Audit Financial	13,336	13,336	19,000	(5,664)
Compliance Travel	30,000	30,000	-0-	30,000
Sheller/Handler Audits	166,664	166,664	126,524	40,140
Printing/Forms/Postage	4,000	4,000	2,658	1,342
Total Compliance	<u>\$ 230,664</u>	<u>\$ 230,664</u>	<u>\$ 148,182</u>	<u>\$ 82,482</u>
Accounting/Financials	\$ 52,000	\$ 52,000	\$ 54,511	(\$ 2,511)
Telephone/Mobile/Internet	6,664	6,664	7,192	(528)
Travel Office	26,664	26,664	10,383	16,281
Travel Committee	100,000	100,000	9,763	90,237
Supplies	6,664	6,664	1,713	4,951
Maintenance/Buildout	10,000	10,000	397	9,603
Printing	10,000	10,000	24,216	(14,216)
IT/Furniture/Software	20,000	20,000	3,794	16,206
Subscriptions	13,336	13,336	5,409	7,927
Depreciation	-0-	-0-	6,820	(6,820)
Miscellaneous	3,344	3,344	2,895	449
Rent	26,664	26,664	25,727	937
Total General Administration	<u>\$ 1,155,800</u>	<u>\$ 1,155,800</u>	<u>\$ 855,626</u>	<u>\$ 300,174</u>
Contingency Fund	<u>\$ 414,200</u>	<u>\$ 414,200</u>	<u>\$ -0-</u>	<u>\$ 414,200</u>
Industry Relations:				
Compliance:				
Compliance Materials	\$ 3,336	\$ 3,336	\$ -0-	\$ 3,336
Workshops	3,328	3,328	-0-	3,328
Total Compliance	<u>\$ 6,664</u>	<u>\$ 6,664</u>	<u>\$ -0-</u>	<u>\$ 6,664</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations Activities:				
Annual Reports	\$ 5,336	\$ 5,336	\$ -0-	\$ 5,336
Communication Materials	48,000	48,000	15,448	32,552
Travel	33,336	33,336	20,397	12,939
WS-Field Events	266,664	266,664	-0-	266,664
Association Sponsorship	46,664	46,664	8,654	38,010
Handler Portal Maintenance	6,664	6,664	-0-	6,664
Meltwater	4,336	4,336	-0-	4,336
Total Industry Relations Activities	\$ 411,000	\$ 411,000	\$ 44,499	\$ 366,501
Industry Research:				
Land IQ	\$ 101,664	\$ 101,664	\$ 30,500	\$ 71,164
NASS	72,672	72,672	214,000	(141,328)
Total Industry Research	\$ 174,336	\$ 174,336	\$ 244,500	(\$ 70,164)
Total Industry Relations	\$ 592,000	\$ 592,000	\$ 288,999	\$ 303,001
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 63,336	\$ 63,336	\$ 47,500	\$ 15,836
USPGC-China, Korea, Southeast Asia Marketing	110,000	110,000	82,500	27,500
International Nut Congress-Nut Health Research	66,664	66,664	100,000	(33,336)
Travel	26,664	26,664	24,293	2,371
Total International Relations	\$ 266,664	\$ 266,664	\$ 254,293	\$ 12,371
Marketing:				
Weber Shandwick	\$ 1,866,664	\$ 1,866,664	\$ 2,002,001	(\$ 135,337)
Market Access Program Assistance	-0-	-0-	46,153	(46,153)
Aspire IQ	186,664	186,664	48,386	138,278

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Eight Months Ended May 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
iHeart Media/Digital Magnet:				
Current Year	533,336	533,336	800,000	(266,664)
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	153,336	153,336	115,000	38,336
NPSA Chef's Summit	106,664	106,664	54,833	51,831
Health Research	100,000	100,000	60,000	40,000
Total Marketing	\$ 3,446,664	\$ 3,446,664	\$ 3,626,373	(\$ 179,709)
Grades and Standards:				
Research Contingency	\$ 66,664	\$ 66,664	\$ -0-	\$ 66,664
Travel	13,336	13,336	149	13,187
Quality Assurance Program	54,672	54,672	69,461	(14,789)
Total Grades and Standards	\$ 134,672	\$ 134,672	\$ 69,610	\$ 65,062
Research:				
Contingency Fund - Prior Year Carry-over	\$ 10,000	\$ 10,000	\$ 10,000	\$ -0-
Total Research	\$ 10,000	\$ 10,000	\$ 10,000	\$ -0-
Total Operating Expenses	\$ 6,020,000	\$ 6,020,000	\$ 5,104,901	\$ 915,099
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 38,939	(\$ 38,939)
Prior Year Carry-over - 2019 Expense Offset	510,000	510,000	-0-	510,000
Other Income	-0-	-0-	391	(391)
Total Nonoperating Revenue	\$ 510,000	\$ 510,000	\$ 39,330	\$ 470,670
Change in Net Position	\$ -0-	\$ -0-	\$ 1,739,011	\$ 1,739,011

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eight Months Ended May 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended May 31, 2020		Eight Months Ended May 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	-0-	-0-	10,327	-0-	-0-
2019-2020 Improved	156,234	585,438	5,230,429	4,683,504	7,025,250
2019-2020 Native/Seedling	16,931	72,319	1,225,712	578,552	867,825
2019-2020 Substandard	22,841	30,993	326,390	247,944	371,925
Total Operating Revenue	\$ 196,006	\$ 688,750	\$ 6,804,582	\$ 5,510,000	\$ 8,265,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 54,838	\$ 65,767	\$ 438,707	\$ 526,136	\$ 789,200
Benefits	7,767	7,083	75,272	56,664	85,000
Taxes	4,146	6,250	31,530	50,000	75,000
Contract Labor	-0-	-0-	3,846	-0-	-0-
Total Staff and Administration	\$ 66,751	\$ 79,100	\$ 549,355	\$ 632,800	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 1,664	\$ 2,500
General	254	583	1,878	4,664	7,000
D&O/Members	424	1,000	3,391	8,000	12,000
Fidelity	-0-	334	-0-	2,672	4,000
Total Insurance	\$ 678	\$ 2,125	\$ 5,269	\$ 17,000	\$ 25,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eight Months Ended May 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended May 31, 2020		Eight Months Ended May 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 16,664	\$ 25,000
Audit Financial	-0-	1,667	19,000	13,336	20,000
Compliance Travel	-0-	3,750	-0-	30,000	45,000
Sheller/Handler Audits	18,500	20,833	126,524	166,664	250,000
Printing/Forms/Postage	-0-	500	2,658	4,000	6,000
Total Compliance	\$ 18,500	\$ 28,833	\$ 148,182	\$ 230,664	\$ 346,000
Accounting/Financials	(\$ 291)	\$ 6,500	\$ 54,511	\$ 52,000	\$ 78,000
Telephone/Mobile/Internet	1,258	833	7,192	6,664	10,000
Travel Office	-0-	3,333	10,383	26,664	40,000
Travel Committee	-0-	12,500	9,763	100,000	150,000
Supplies	-0-	833	1,713	6,664	10,000
Maintenance/Buildout	-0-	1,250	397	10,000	15,000
Printing	304	1,250	24,216	10,000	15,000
IT/Furniture/Software	48	2,500	3,794	20,000	30,000
Subscriptions	-0-	1,667	5,409	13,336	20,000
Depreciation	874	-0-	6,820	-0-	-0-
Miscellaneous	38	418	2,895	3,344	5,000
Rent	2,782	3,333	25,727	26,664	40,000
Total General Administration	\$ 90,942	\$ 144,475	\$ 855,626	\$ 1,155,800	\$ 1,733,700
Contingency Fund	\$ -0-	\$ 51,775	\$ -0-	\$ 414,200	\$ 621,300
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 3,336	\$ 5,000
Workshops	-0-	416	-0-	3,328	5,000
Total Compliance	\$ -0-	\$ 833	\$ -0-	\$ 6,664	\$ 10,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eight Months Ended May 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended May 31, 2020		Eight Months Ended May 31, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 5,336	\$ 8,000
Communication Materials	-0-	6,000	15,448	48,000	72,000
Travel	-0-	4,167	20,397	33,336	50,000
WS-Field Events	-0-	33,333	-0-	266,664	400,000
Association Sponsorship	-0-	5,833	8,654	46,664	70,000
Handler Portal Maintenance	-0-	833	-0-	6,664	10,000
Meltwater	-0-	542	-0-	4,336	6,500
Total Industry Relations Activities	<u>\$ -0-</u>	<u>\$ 51,375</u>	<u>\$ 44,499</u>	<u>\$ 411,000</u>	<u>\$ 616,500</u>
Industry Research:					
Land IQ	\$ -0-	\$ 12,708	\$ 30,500	\$ 101,664	\$ 152,500
NASS	-0-	9,084	214,000	72,672	109,000
Total Industry Research	<u>\$ -0-</u>	<u>\$ 21,792</u>	<u>\$ 244,500</u>	<u>\$ 174,336</u>	<u>\$ 261,500</u>
Total Industry Relations	<u>\$ -0-</u>	<u>\$ 74,000</u>	<u>\$ 288,999</u>	<u>\$ 592,000</u>	<u>\$ 888,000</u>
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 47,500	\$ 63,336	\$ 95,000
USPGC-China, Korea, Southeast Asia Marketing	-0-	13,750	82,500	110,000	165,000
International Nut Congress-Nut Health Research	-0-	8,333	100,000	66,664	100,000
Travel	-0-	3,333	24,293	26,664	40,000
Total International Relations	<u>\$ -0-</u>	<u>\$ 33,333</u>	<u>\$ 254,293</u>	<u>\$ 266,664</u>	<u>\$ 400,000</u>
Marketing:					
Weber Shandwick	\$ 202,006	\$ 233,333	\$ 2,002,001	\$ 1,866,664	\$ 2,800,000
Market Access Program Assistance	-0-	-0-	46,153	-0-	-0-
Aspire IQ	3,463	23,333	48,386	186,664	280,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Eight Months Ended May 31, 2020
and the One Year Ended September 30, 2020**

	One Month Ended May 31, 2020		Eight Months Ended May 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	533,336	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	19,167	19,167	115,000	153,336	230,000
NPSA Chef's Summit	-0-	13,333	54,833	106,664	160,000
Health Research	-0-	12,500	60,000	100,000	150,000
Total Marketing	\$ 224,636	\$ 368,333	\$ 3,626,373	\$ 3,446,664	\$ 4,920,000
Grades and Standards:					
Research Contingency	\$ -0-	\$ 8,333	\$ -0-	\$ 66,664	\$ 100,000
Travel	-0-	1,667	149	13,336	20,000
Quality Assurance Program	8,100	6,834	69,461	54,672	82,000
Total Grades and Standards	\$ 8,100	\$ 16,834	\$ 69,610	\$ 134,672	\$ 202,000
Research:					
Contingency Fund - Prior Year Carry-over	\$ -0-	\$ -0-	\$ 10,000	\$ 10,000	\$ 10,000
Total Research	\$ -0-	\$ -0-	\$ 10,000	\$ 10,000	\$ 10,000
Total Operating Expenses	\$ 323,678	\$ 688,750	\$ 5,104,901	\$ 6,020,000	\$ 8,775,000
Nonoperating Revenue:					
Interest Earned	\$ 1,345	\$ -0-	\$ 38,939	\$ -0-	\$ -0-
Prior Year Carry-over - 2019 Expense Offset	-0-	-0-	-0-	510,000	510,000
Other Income	-0-	-0-	391	-0-	-0-
Total Nonoperating Revenue	\$ 1,345	\$ -0-	\$ 39,330	\$ 510,000	\$ 510,000
Change in Net Position	\$ (126,327)	\$ -0-	\$ 1,739,011	\$ -0-	\$ -0-

See Accountants' Compilation Report.