



**ARMSTRONG BACKUS & CO., LLP**

Certified Public Accountants

**AMERICAN PECAN COUNCIL**  
**Compiled Financial Statements**  
**For the One Month and One Year Ended**  
**September 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 September 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 one year 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 one year ended September 30, 2019 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  
October 15, 2019



# AMERICAN PECAN COUNCIL

## Balance Sheet

As of September 30, 2019

### ASSETS

#### **Current Assets:**

Cash and Cash Equivalents	\$	5,398,557
Accounts Receivable		252,655
Prepaid Expenses		5,558

Total Current Assets \$ 5,656,770

#### **Fixed Assets:**

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(	17,638)

Total Fixed Assets \$ 29,651

#### **Other Assets:**

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

#### **TOTAL ASSETS**

\$ 5,688,821

### LIABILITIES AND NET POSITION

#### **Current Liabilities:**

Accounts Payable	\$	777,403
Payroll Liability		4,901

Total Current Liabilities \$ 782,304

Total Liabilities \$ 782,304

#### **Net Position:**

Unrestricted	\$	4,906,517
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Total Net Position \$ 4,906,517

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

\$ 5,688,821

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

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

**For the One Month and One Year September 30, 2019**

	<u>One Month</u>	<u>One Year</u>
<b>Operating Revenues:</b>		
Assessment Income	\$ 345,031	\$ 8,262,632
	<hr/>	<hr/>
Total Operating Revenue	\$ 345,031	\$ 8,262,632
	<hr/>	<hr/>
<b>Operating Expenses:</b>		
General Administrative:		
Staff and Administrative	\$ 60,690	\$ 730,235
Insurance	4,818	18,650
Compliance	7,811	145,508
Other General Administrative	62,531	382,515
Industry Relations	222,643	295,799
Marketing	515,129	5,560,269
Research	43,249	434,995
Strategic Planning	-0-	1,100,000
Standardization	41,590	192,505
	<hr/>	<hr/>
Total Operating Expenses	\$ 958,461	\$ 8,860,476
	<hr/>	<hr/>
<b>Nonoperating Revenues:</b>		
Interest Earned	\$ 19,371	\$ 145,595
Other Income	-0-	750
	<hr/>	<hr/>
Total Nonoperating Revenues	\$ 19,371	\$ 146,345
	<hr/>	<hr/>
Change in Net Position	(\$ 594,059)	(\$ 451,499)
	<hr/>	<hr/>
Net Position, as Previously Stated	\$ 5,835,943	\$ 5,795,315
	<hr/>	<hr/>
Prior Period Adjustment	( 335,367)	( 437,299)
	<hr/>	<hr/>
Net Position, as Restated	\$ 5,500,576	\$ 5,358,016
	<hr/>	<hr/>
Net Position, Ending	\$ 4,906,517	\$ 4,906,517
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See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Statements of Cash Flows

**For the One Month and One Year Ended Septmeber 30, 2019**

	<u>One Month</u>	<u>One Year</u>
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Assessments	\$ 406,373	\$ 8,009,977
Cash Received from Interest Earned	19,371	145,595
Cash Paid for Salary and Benefits	( 60,690)	( 730,235)
Cash Paid for Operating Expenses	( 960,204)	( 9,598,810)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 595,150)	(\$ 2,173,473)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	(\$ 595,150)	(\$ 2,173,473)
	<hr/>	<hr/>
Cash, Beginning of Period	5,993,707	7,572,030
	<hr/>	<hr/>
Cash, End of Period	\$ 5,398,557	\$ 5,398,557
	<hr/>	<hr/>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Income (Loss) from Operations	(\$ 594,059)	(\$ 451,499)
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	9,457
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	640	97,893
(Increase) Decrease in Accounts Receivable	61,342	( 252,655)
Increase (Decrease) in Accounts Payable	( 66,311)	( 1,581,570)
Increase (Decrease) in Payroll Tax Payable	2,450	4,901
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 595,150)	(\$ 2,173,473)
	<hr/>	<hr/>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Budgetary Comparison Schedule

**For the One Year Ended September 30, 2019**

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
<b>Operating Revenue:</b>				
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ 366
2017 Assessment Income	-0-	-0-	333,042	333,042
2017 - 2018 Remaining	1,100,000	1,100,000	417,348	( 682,652)
2018 - 2019 Improved	7,503,000	7,503,000	6,770,815	( 732,185)
2018 - 2019 Native/Seedlings	732,000	732,000	325,958	( 406,042)
2018 - 2019 Substandard	366,000	366,000	415,103	49,103
<b>Total Operating Revenue</b>	<b>\$ 9,701,000</b>	<b>\$ 9,701,000</b>	<b>\$ 8,262,632</b>	<b>(\$ 1,438,368)</b>
<b>Operating Expenses:</b>				
General Administrative:				
Staff and Administrative:				
Salaries	\$ 780,000	\$ 780,000	\$ 618,558	\$ 161,442
Benefits	80,000	80,000	63,239	16,761
Taxes	85,800	85,800	42,916	42,884
Contract Labor	-0-	-0-	5,522	( 5,522)
<b>Total Staff and Administrative</b>	<b>\$ 945,800</b>	<b>\$ 945,800</b>	<b>\$ 730,235</b>	<b>\$ 215,565</b>
Insurance:				
Travel	\$ 2,500	\$ 2,500	\$ -0-	\$ 2,500
General	8,000	8,000	7,673	327
D&O/Members	15,000	15,000	10,977	4,023
Fidelity	4,002	4,002	-0-	4,002
<b>Total Insurance</b>	<b>\$ 29,502</b>	<b>\$ 29,502</b>	<b>\$ 18,650</b>	<b>\$ 10,852</b>
Compliance:				
Attorney/Crisis Management	\$ 25,000	\$ 25,000	\$ 7,130	\$ 17,870
Audit Financial	30,000	30,000	10,500	19,500
Compliance Travel	55,000	55,000	956	54,044
Sheller/Handler Audits	110,000	110,000	119,207	( 9,207)
Printing/Forms/Postage	5,000	5,000	7,715	( 2,715)
<b>Total Compliance</b>	<b>\$ 225,000</b>	<b>\$ 225,000</b>	<b>\$ 145,508</b>	<b>\$ 79,492</b>
Accounting/Financials	\$ 45,000	\$ 45,000	\$ 82,200	(\$ 37,200)
Telephone/Mobile/Internet	10,000	10,000	21,282	( 11,282)
Travel Office	45,000	45,000	29,032	15,968
Travel Committee	160,000	160,000	157,460	2,540
Supplies	10,000	10,000	8,609	1,391
Maintenance/Buildout	20,000	20,000	7,850	12,150
Printing	15,000	15,000	14,594	406
IT/Furniture/Software	40,001	40,001	16,870	23,131
Subscriptions	5,000	5,000	2,093	2,907
Depreciation	-0-	-0-	9,458	( 9,458)
Miscellaneous	3,994	3,994	64	3,930
Rent & Utilities	45,000	45,000	33,003	11,997
<b>Total General Administrative</b>	<b>\$ 1,599,298</b>	<b>\$ 1,599,298</b>	<b>\$ 1,276,908</b>	<b>\$ 322,390</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Budgetary Comparison Schedule

**For the One Year Ended September 30, 2019**

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Contingency Fund:				
Contingency Fund	\$ 2,403,700	\$ 32,125	\$ -0-	\$ 32,125
Total Contingency Fund	\$ 2,403,700	\$ 32,125	\$ -0-	\$ 32,125
Industry Relations:				
Annual Reports	\$ 15,000	\$ 15,000	\$ 1,322	\$ 13,678
Informational Materials	35,000	35,000	31,705	3,295
Travel/Handler Visits Workshop Materials	50,000	50,000	43,066	6,934
WS - Field Events	780,000	780,000	219,706	560,294
Total Industry Relations	\$ 879,999	\$ 879,999	\$ 295,799	\$ 584,200
International Relations:				
EMP India	\$ -0-	\$ 10,000	\$ -0-	\$ 10,000
UES 2020	-0-	85,000	-0-	85,000
Total International Relations	\$ -0-	\$ 95,001	\$ -0-	\$ 95,001
Marketing:				
APC Events:				
Fruit Logistical	\$ 15,000	\$ 15,000	\$ 11,583	\$ 3,417
Asia Logistical	15,000	15,000	9,556	5,444
PMA	10,000	10,000	7,115	2,885
Total APC Events	\$ 40,000	\$ 40,000	\$ 28,254	\$ 11,746
Weber Shandwick	\$ 3,000,000	\$ 4,300,000	\$ 4,523,988	(\$ 223,988)
Market Access Program Assistance	250,003	591,575	443,681	147,894
Branded Materials/Give Away	75,000	75,000	11,028	63,972
APC Travel for Events	25,000	25,000	23,178	1,822
USDA Marketing Events	10,000	10,000	2,251	7,749
Aspire IQ	-0-	135,000	18,249	116,751
Digital Magnet	-0-	400,000	400,000	-0-
Learfield IMG	-0-	100,000	100,000	-0-
Miscellaneous	5,000	5,000	9,640	( 4,640)
Total Marketing	\$ 3,405,002	\$ 5,681,576	\$ 5,560,269	\$ 121,307
Research:				
Health Benefit Baseline Study	\$ 265,000	\$ 265,000	\$ -0-	\$ 265,000
Nut Health	100,000	100,000	100,000	-0-
Contingency Fund	400,000	400,000	334,995	65,005
Total Research	\$ 765,001	\$ 765,001	\$ 434,995	\$ 330,006
Strategic Planning:				
Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	(\$ 1,100,000)
Total Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	(\$ 1,100,000)

See Accountants' Compilation Report.



# AMERICAN PECAN COUNCIL

## Budgetary Comparison Schedule

**For the One Year Ended September 30, 2019**

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
<b>Standardization:</b>				
NASS Survey:				
January Prelim Report	\$ 158,000	\$ 158,000	\$ 98,182	\$ 59,818
December Crop Estimate	150,000	150,000	-0-	150,000
<b>Total NASS Survey</b>	<b>\$ 308,000</b>	<b>\$ 308,000</b>	<b>\$ 98,182</b>	<b>\$ 209,818</b>
Contingency Fund	\$ 235,000	\$ 235,000	\$ 41,590	\$ 193,410
Previous Adopted Research	-0-	-0-	50,517	( 50,517)
Travel	15,000	15,000	2,216	12,784
Electronic Reporting Forms	90,000	90,000	-0-	90,000
<b>Total Standardization</b>	<b>\$ 648,000</b>	<b>\$ 648,000</b>	<b>\$ 192,505</b>	<b>\$ 455,495</b>
<b>Total Operating Expenses</b>	<b>\$ 9,701,000</b>	<b>\$ 9,701,000</b>	<b>\$ 8,860,476</b>	<b>\$ 840,524</b>
<b>Nonoperating Revenue:</b>				
Interest Earned	\$ -0-	\$ -0-	\$ 145,595	\$ 145,595
Other Income	-0-	-0-	750	750
<b>Total Nonoperating Revenue</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>\$ 146,345</b>	<b>\$ 146,345</b>
<b>Change in Net Position</b>	<b>\$ -0-</b>	<b>\$ -0-</b>	<b>(\$ 451,499)</b>	<b>(\$ 451,499)</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

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

	One Month Ended September 30, 2019		One Year Ended September 30, 2019	
	Actual	Operating Budget	Actual	Operating Budget
<b>Operating Revenue:</b>				
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ -0-
2017 Assessment Income	1,683	-0-	333,042	-0-
2017 - 2018 Remaining	-0-	91,667	417,348	1,100,000
2018 - 2019 Improved	341,214	625,250	6,770,815	7,503,000
2018 - 2019 Native/Seedlings	-0-	61,000	325,958	732,000
2018 - 2019 Substandard	2,134	30,500	415,103	366,000
<b>Total Operating Revenue</b>	<b>\$ 345,031</b>	<b>\$ 808,417</b>	<b>\$ 8,262,632</b>	<b>\$ 9,701,000</b>
<b>Operating Expenses:</b>				
General Administrative:				
Staff and Administrative:				
Salaries	\$ 50,167	\$ 65,000	\$ 618,558	\$ 780,000
Benefits	6,144	6,667	63,239	80,000
Taxes	2,019	7,150	42,916	85,800
Contract Labor	2,360	-0-	5,522	-0-
<b>Total Staff and Administrative</b>	<b>\$ 60,690</b>	<b>\$ 78,817</b>	<b>\$ 730,235</b>	<b>\$ 945,800</b>
Insurance:				
Travel	\$ -0-	\$ 208	\$ -0-	\$ 2,500
General	4,187	667	7,673	8,000
D&O/Members	631	1,250	10,977	15,000
Fidelity	-0-	333	-0-	4,002
<b>Total Insurance</b>	<b>\$ 4,818</b>	<b>\$ 2,458</b>	<b>\$ 18,650</b>	<b>\$ 29,502</b>

See Accountants' Compilation Report.

**AMERICAN PECAN COUNCIL**

**Operating Budget**

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

	One Month Ended September 30, 2019		One Year Ended September 30, 2019	
	Actual	Operating Budget	Actual	Operating Budget
Compliance:				
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ 7,130	\$ 25,000
Audit Financial	-0-	2,500	10,500	30,000
Compliance Travel	-0-	4,583	956	55,000
Sheller/Handler Audits	4,000	9,167	119,207	110,000
Printing/Forms/Postage	3,811	417	7,715	5,000
<b>Total Compliance</b>	<b>\$ 7,811</b>	<b>\$ 18,750</b>	<b>\$ 145,508</b>	<b>\$ 225,000</b>
Accounting/Financials	\$ 14,093	\$ 3,750	\$ 82,200	\$ 45,000
Telephone/Mobile/Internet	10,859	833	21,282	10,000
Travel Office	15,497	3,750	29,032	45,000
Travel Committee	9,391	13,333	157,460	160,000
Supplies	1,986	833	8,609	10,000
Maintenance/Buildout	-0-	1,667	7,850	20,000
Printing	5,044	1,250	14,594	15,000
IT/Furniture/Software	3,766	3,333	16,870	40,001
Subscriptions	1,077	417	2,093	5,000
Depreciation	788	-0-	9,458	-0-
Miscellaneous	30	333	64	3,994
Rent & Utilities	-0-	3,750	33,003	45,000
<b>Total General Administrative</b>	<b>\$ 135,850</b>	<b>\$ 133,274</b>	<b>\$ 1,276,908</b>	<b>\$ 1,599,298</b>
Contingency Fund:				
Contingency Fund	\$ -0-	\$ 2,677	\$ -0-	\$ 32,125
<b>Total Contingency Fund</b>	<b>\$ -0-</b>	<b>\$ 2,677</b>	<b>\$ -0-</b>	<b>\$ 32,125</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

### For the One Month and One Year Ended September 30, 2019

	One Month Ended September 30, 2019		One Year Ended September 30, 2019	
	Actual	Operating Budget	Actual	Operating Budget
<b>Industry Relations:</b>				
Annual Reports	\$ -0-	\$ 1,250	\$ 1,322	\$ 15,000
Informational Materials	-0-	2,917	31,705	35,000
Travel/Handler Visits Workshop Materials	2,937	4,167	43,066	50,000
WS - Field Events	219,706	65,000	219,706	780,000
<b>Total Industry Relations</b>	<b>\$ 222,643</b>	<b>\$ 73,334</b>	<b>\$ 295,799</b>	<b>\$ 879,999</b>
<b>International Relations:</b>				
EMP India	\$ -0-	\$ 833	\$ -0-	\$ 10,000
UES 2020	-0-	7,083	-0-	85,000
<b>Total International Relations</b>	<b>\$ -0-</b>	<b>\$ 7,916</b>	<b>\$ -0-</b>	<b>\$ 95,001</b>
<b>Marketing:</b>				
<b>APC Events:</b>				
Fruit Logistical	\$ -0-	\$ 1,250	\$ 11,583	\$ 15,000
Asia Logistical	9,556	1,250	9,556	15,000
PMA	-0-	833	7,115	10,000
<b>Total APC Events</b>	<b>\$ 9,556</b>	<b>\$ 3,333</b>	<b>\$ 28,254</b>	<b>\$ 40,000</b>
Weber Shandwick	\$ -0-	\$ 358,333	\$ 4,523,988	\$ 4,300,000
Market Access Program Assistance	-0-	49,298	443,681	591,575
Branded Materials/Give Away	4,499	6,250	11,028	75,000
APC Travel for Events	1,074	2,083	23,178	25,000
USDA Marketing Events	-0-	833	2,251	10,000
Aspire IQ	-0-	11,250	18,249	135,000
Digital Magnet	400,000	33,333	400,000	400,000
Learfield IMG	100,000	8,333	100,000	100,000
Miscellaneous	-0-	420	9,640	5,000
<b>Total Marketing</b>	<b>\$ 515,129</b>	<b>\$ 473,467</b>	<b>\$ 5,560,269</b>	<b>\$ 5,681,576</b>

See Accountants' Compilation Report.

# AMERICAN PECAN COUNCIL

## Operating Budget

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

	One Month Ended September 30, 2019		One Year Ended September 30, 2019	
	Actual	Operating Budget	Actual	Operating Budget
Research:				
Health Benefit Baseline Study	\$ -0-	\$ 22,083	\$ -0-	\$ 265,000
Nut Health	-0-	8,333	100,000	100,000
Contingency Fund	43,249	33,333	334,995	400,000
Total Research	\$ 43,249	\$ 63,749	\$ 434,995	\$ 765,001
Strategic Planning:				
Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	\$ -0-
Total Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	\$ -0-
Standardization:				
NASS Survey:				
January Prelim Report	\$ -0-	\$ 13,167	\$ 98,182	\$ 158,000
December Crop Estimate	-0-	12,500	-0-	150,000
Total NASS Survey	\$ -0-	\$ 25,667	\$ 98,182	\$ 308,000
Contingency Fund	\$ 41,590	\$ 19,583	\$ 41,590	\$ 235,000
Previous Adopted Research	-0-	-0-	50,517	-0-
Travel	-0-	1,250	2,216	15,000
Electronic Reporting Forms	-0-	7,500	-0-	90,000
Total Standardization	\$ 41,590	\$ 54,000	\$ 192,505	\$ 648,000
<b>Total Operating Expenses</b>	\$ 958,461	\$ 808,417	\$ 8,860,476	\$ 9,701,000
<b>Nonoperating Revenue:</b>				
Interest Earned	\$ 19,371	\$ -0-	\$ 145,595	\$ -0-
Other Income	-0-	-0-	750	-0-
<b>Total Nonoperating Revenue</b>	\$ 19,371	\$ -0-	\$ 146,345	\$ -0-
<b>Change in Net Position</b>	(\$ 594,059)	\$ -0-	(\$ 451,499)	\$ -0-

See Accountants' Compilation Report.