



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Nine Months Ended
June 30, 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 June 30, 2020 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month and nine 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 nine months ended June 30, 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
July 15, 2020



AMERICAN PECAN COUNCIL

Balance Sheet

As of June 30, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	6,170,863
Accounts Receivable		594,759
Prepaid Expenses		6,657

Total Current Assets \$ 6,772,279

Fixed Assets:

Property, Plant, and Equipment	\$	56,737
Accumulated Depreciation	(25,366)

Total Fixed Assets \$ 31,371

Other Assets:

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

TOTAL ASSETS

\$ 6,806,050

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	35,269
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Total Current Liabilities \$ 35,269

Total Liabilities \$ 35,269

Net Position:

Unrestricted	\$	6,770,781
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Total Net Position \$ 6,770,781

TOTAL LIABILITIES AND NET POSITION

\$ 6,806,050

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Nine Months Ended June 30, 2020

	<u>One Month</u>	<u>Nine Months</u>
Operating Revenues:		
Assessment Income	\$ 132,512	\$ 7,066,562
Total Operating Revenue	\$ 132,512	\$ 7,066,562
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 73,606	\$ 622,960
Insurance	678	5,946
Compliance	15,020	163,201
Other General Administrative	11,123	165,850
Industry Relations:		
Industry Relations Activities	6,977	53,977
Industry Research	-0-	244,500
International Relations	41,250	295,543
Marketing	348,258	3,928,480
Grades and Standards	8,100	77,710
Research	-0-	10,000
Total Operating Expenses	\$ 505,012	\$ 5,568,167
Nonoperating Revenues:		
Interest Earned	\$ 1,287	\$ 40,226
Other Income	-0-	391
Total Nonoperating Revenues	\$ 1,287	\$ 40,617
Change in Net Position	(\$ 371,213)	\$ 1,539,012
Net Position, Beginning as Previously Stated	\$ 6,970,326	\$ 4,872,737
Prior Period Adjustment	171,668	359,032
Net Position, Beginning as Restated	\$ 7,141,994	\$ 5,231,769
Net Position, Ending	\$ 6,770,781	\$ 6,770,781

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Nine Months Ended June 30, 2020

	<u>One Month</u>	<u>Nine Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 272,270	\$ 6,895,275
Cash Received from Interest Earned	1,287	40,226
Cash Paid for Salary and Benefits	(73,606)	(622,960)
Cash Paid for Operating Expenses	(371,326)	(5,530,787)
	<u>(\$ 171,375)</u>	<u>\$ 781,754</u>
Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	(\$ 2,000)	(\$ 9,448)
	<u>(\$ 2,000)</u>	<u>(\$ 9,448)</u>
Net Cash Provided (Used) by Investing Activities		
Net Increase (Decrease) in Cash	(\$ 173,375)	\$ 772,306
Cash, Beginning of Period	6,344,238	5,398,557
Cash, End of Period	<u>\$ 6,170,863</u>	<u>\$ 6,170,863</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	(\$ 371,213)	\$ 1,539,012
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	907	7,728
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	139,758	(171,287)
(Increase) Decrease in Prepaid Expenses	41,928	105,011
Increase (Decrease) in Accounts Payable	20,454	(693,809)
Increase (Decrease) in Payroll Tax Payable	(3,209)	(4,901)
	<u>(\$ 171,375)</u>	<u>\$ 781,754</u>
Net Cash Provided (Used) by Operating Activities		

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2020

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2017 Assessment Income	\$ -0-	\$ -0-	\$ 14,553	\$ 14,553
2018 Assessment Income	-0-	-0-	10,448	10,448
2019-2020 Improved	5,268,942	5,268,942	5,480,653	211,711
2019-2020 Native/Seedling	650,871	650,871	1,228,471	577,600
2019-2020 Substandard	278,937	278,937	332,437	53,500
Total Operating Revenue	\$ 6,198,750	\$ 6,198,750	\$ 7,066,562	\$ 867,812
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 591,903	\$ 591,903	\$ 505,545	\$ 86,358
Benefits	63,747	63,747	77,893	(14,146)
Taxes	56,250	56,250	35,676	20,574
Contract Labor	-0-	-0-	3,846	(3,846)
Total Staff and Administration	\$ 711,900	\$ 711,900	\$ 622,960	\$ 88,940
Insurance:				
Travel	\$ 1,872	\$ 1,872	\$ -0-	\$ 1,872
General	5,247	5,247	2,131	3,116
D&O/Members	9,000	9,000	3,815	5,185
Fidelity	3,006	3,006	-0-	3,006
Total Insurance	\$ 19,125	\$ 19,125	\$ 5,946	\$ 13,179

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 18,747	\$ 18,747	\$ -0-	\$ 18,747
Audit Financial	15,003	15,003	19,000	(3,997)
Compliance Travel	33,750	33,750	-0-	33,750
Sheller/Handler Audits	187,497	187,497	141,524	45,973
Printing/Forms/Postage	4,500	4,500	2,677	1,823
Total Compliance	<u>\$ 259,497</u>	<u>\$ 259,497</u>	<u>\$ 163,201</u>	<u>\$ 96,296</u>
Accounting/Financials	\$ 58,500	\$ 58,500	\$ 58,586	(\$ 86)
Telephone/Mobile/Internet	7,497	7,497	4,297	3,200
Travel Office	29,997	29,997	10,383	19,614
Travel Committee	112,500	112,500	9,763	102,737
Supplies	7,497	7,497	1,713	5,784
Maintenance/Buildout	11,250	11,250	397	10,853
Printing	11,250	11,250	24,539	(13,289)
IT/Furniture/Software	22,500	22,500	4,938	17,562
Subscriptions	15,003	15,003	14,537	466
Depreciation	-0-	-0-	7,728	(7,728)
Miscellaneous	3,762	3,762	462	3,300
Rent	29,997	29,997	28,507	1,490
Total General Administration	<u>\$ 1,300,275</u>	<u>\$ 1,300,275</u>	<u>\$ 957,957</u>	<u>\$ 342,318</u>
Contingency Fund	<u>\$ 465,975</u>	<u>\$ 465,975</u>	<u>\$ -0-</u>	<u>\$ 465,975</u>
Industry Relations:				
Compliance:				
Compliance Materials	\$ 3,753	\$ 3,753	\$ -0-	\$ 3,753
Workshops	3,744	3,744	-0-	3,744
Total Compliance	<u>\$ 7,497</u>	<u>\$ 7,497</u>	<u>\$ -0-</u>	<u>\$ 7,497</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations Activities:				
Annual Reports	\$ 6,003	\$ 6,003	\$ -0-	\$ 6,003
Communication Materials	54,000	54,000	21,448	32,552
Travel	37,503	37,503	20,398	17,105
WS-Field Events	299,997	299,997	-0-	299,997
Association Sponsorship	52,497	52,497	12,131	40,366
Handler Portal Maintenance	7,497	7,497	-0-	7,497
Meltwater	4,878	4,878	-0-	4,878
Total Industry Relations Activities	\$ 462,375	\$ 462,375	\$ 53,977	\$ 408,398
Industry Research:				
Land IQ	\$ 114,372	\$ 114,372	\$ 30,500	\$ 83,872
NASS:				
Current Year	81,756	81,756	109,000	(27,244)
Prior Year Carry-Over	150,000	150,000	105,000	45,000
Total Industry Research	\$ 346,128	\$ 346,128	\$ 244,500	\$ 101,628
Total Industry Relations	\$ 816,000	\$ 816,000	\$ 298,477	\$ 517,523
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 71,253	\$ 71,253	\$ 47,500	\$ 23,753
USPGC-China, Korea, Southeast Asia Marketing	123,750	123,750	123,750	-0-
International Nut Congress-Nut Health Research	74,997	74,997	100,000	(25,003)
Travel	29,997	29,997	24,293	5,704
Total International Relations	\$ 299,997	\$ 299,997	\$ 295,543	\$ 4,454
Marketing:				
Weber Shandwick	\$ 2,099,997	\$ 2,099,997	\$ 2,324,371	(\$ 224,374)
APC Events:				
PMA	-0-	-0-	10	(10)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Nine Months Ended June 30, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Aspire IQ	209,997	209,997	55,099	154,898
iHeart Media/Digital Magnet:				
Current Year	600,003	600,003	800,000	(199,997)
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	172,503	172,503	134,167	38,336
NPSA Chef's Summit	119,997	119,997	54,833	65,164
Health Research	112,500	112,500	60,000	52,500
Total Marketing	\$ 3,814,997	\$ 3,814,997	\$ 3,928,480	(\$ 113,483)
Grades and Standards:				
Research Contingency	\$ 74,997	\$ 74,997	\$ -0-	\$ 74,997
Travel	15,003	15,003	149	14,854
Quality Assurance Program	61,506	61,506	77,561	(16,055)
Total Grades and Standards	\$ 151,506	\$ 151,506	\$ 77,710	\$ 73,796
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	\$ 6,858,750	\$ 6,858,750	\$ 5,568,167	\$ 1,290,583
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 40,226	(\$ 40,226)
Prior Year Carry-over - 2019 Expense Offset	660,000	660,000	-0-	660,000
Other Income	-0-	-0-	391	(391)
Total Nonoperating Revenue	\$ 660,000	\$ 660,000	\$ 40,617	\$ 619,383
Change in Net Position	\$ -0-	\$ -0-	\$ 1,539,012	\$ 1,539,012

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Nine Months Ended June 30, 2020
and the One Year Ended September 30, 2020**

	One Month Ended June 30, 2020		Nine Months Ended June 30, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2017 Assessment Income	\$ 2,829	\$ -0-	\$ 14,553	\$ -0-	\$ -0-
2018 Assessment Income	122	-0-	10,448	-0-	-0-
2019-2020 Improved	127,533	585,438	5,480,653	5,268,942	7,025,250
2019-2020 Native/Seedling	986	72,319	1,228,471	650,871	867,825
2019-2020 Substandard	1,042	30,993	332,437	278,937	371,925
Total Operating Revenue	\$ 132,512	\$ 688,750	\$ 7,066,562	\$ 6,198,750	\$ 8,265,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 54,838	\$ 65,767	\$ 505,545	\$ 591,903	\$ 789,200
Benefits	14,622	7,083	77,893	63,747	85,000
Taxes	4,146	6,250	35,676	56,250	75,000
Contract Labor	-0-	-0-	3,846	-0-	-0-
Total Staff and Administration	\$ 73,606	\$ 79,100	\$ 622,960	\$ 711,900	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 1,872	\$ 2,500
General	254	583	2,131	5,247	7,000
D&O/Members	424	1,000	3,815	9,000	12,000
Fidelity	-0-	334	-0-	3,006	4,000
Total Insurance	\$ 678	\$ 2,125	\$ 5,946	\$ 19,125	\$ 25,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Nine Months Ended June 30, 2020
and the One Year Ended September 30, 2020**

	One Month Ended June 30, 2020		Nine Months Ended June 30, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 18,747	\$ 25,000
Audit Financial	-0-	1,667	19,000	15,003	20,000
Compliance Travel	-0-	3,750	-0-	33,750	45,000
Sheller/Handler Audits	15,000	20,833	141,524	187,497	250,000
Printing/Forms/Postage	20	500	2,677	4,500	6,000
Total Compliance	\$ 15,020	\$ 28,833	\$ 163,201	\$ 259,497	\$ 346,000
Accounting/Financials	\$ -0-	\$ 6,500	\$ 58,586	\$ 58,500	\$ 78,000
Telephone/Mobile/Internet	676	833	4,297	7,497	10,000
Travel Office	-0-	3,333	10,383	29,997	40,000
Travel Committee	-0-	12,500	9,763	112,500	150,000
Supplies	-0-	833	1,713	7,497	10,000
Maintenance/Buildout	-0-	1,250	397	11,250	15,000
Printing	324	1,250	24,539	11,250	15,000
IT/Furniture/Software	1,758	2,500	4,938	22,500	30,000
Subscriptions	4,611	1,667	14,537	15,003	20,000
Depreciation	907	-0-	7,728	-0-	-0-
Miscellaneous	67	418	462	3,762	5,000
Rent	2,780	3,333	28,507	29,997	40,000
Total General Administration	\$ 100,427	\$ 144,475	\$ 957,957	\$ 1,300,275	\$ 1,733,700
Contingency Fund	\$ -0-	\$ 51,775	\$ -0-	\$ 465,975	\$ 621,300
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 3,753	\$ 5,000
Workshops	-0-	416	-0-	3,744	5,000
Total Compliance	\$ -0-	\$ 833	\$ -0-	\$ 7,497	\$ 10,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Nine Months Ended June 30, 2020
and the One Year Ended September 30, 2020**

	One Month Ended June 30, 2020		Nine Months Ended June 30, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 6,003	\$ 8,000
Communication Materials	6,000	6,000	21,448	54,000	72,000
Travel	-0-	4,167	20,398	37,503	50,000
WS-Field Events	-0-	33,333	-0-	299,997	400,000
Association Sponsorship	977	5,833	12,131	52,497	70,000
Handler Portal Maintenance	-0-	833	-0-	7,497	10,000
Meltwater	-0-	542	-0-	4,878	6,500
Total Industry Relations Activities	<u>\$ 6,977</u>	<u>\$ 51,375</u>	<u>\$ 53,977</u>	<u>\$ 462,375</u>	<u>\$ 616,500</u>
Industry Research:					
Land IQ	\$ -0-	\$ 12,708	\$ 30,500	\$ 114,372	\$ 152,500
NASS:					
Current Year	-0-	9,084	109,000	81,756	109,000
Prior Year Carry-over			105,000	150,000	150,000
Total Industry Research	<u>\$ -0-</u>	<u>\$ 21,792</u>	<u>\$ 244,500</u>	<u>\$ 346,128</u>	<u>\$ 411,500</u>
Total Industry Relations	<u>\$ 6,977</u>	<u>\$ 74,000</u>	<u>\$ 298,477</u>	<u>\$ 816,000</u>	<u>\$ 1,038,000</u>
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 47,500	\$ 71,253	\$ 95,000
USPGC-China, Korea, Southeast Asia Marketing	41,250	13,750	123,750	123,750	165,000
International Nut Congress-Nut Health Research	-0-	8,333	100,000	74,997	100,000
Travel	-0-	3,333	24,293	29,997	40,000
Total International Relations	<u>\$ 41,250</u>	<u>\$ 33,333</u>	<u>\$ 295,543</u>	<u>\$ 299,997</u>	<u>\$ 400,000</u>
Marketing:					
Weber Shandwick	\$ 322,369	\$ 233,333	\$ 2,324,371	\$ 2,099,997	\$ 2,800,000
APC Events:					
PMA	10	-0-	10	-0-	-0-

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Nine Months Ended June 30, 2020
and the One Year Ended September 30, 2020**

	One Month Ended June 30, 2020		Nine Months Ended June 30, 2020		Fiscal Year Ended September 30, 2020
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Aspire IQ	6,712	23,333	55,099	209,997	280,000
iHeart Media/Digital Magnet:					
Current Year	-0-	66,667	800,000	600,003	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	134,167	172,503	230,000
NPSA Chef's Summit	-0-	13,333	54,833	119,997	160,000
Health Research	-0-	12,500	60,000	112,500	150,000
Total Marketing	\$ 348,258	\$ 368,333	\$ 3,928,480	\$ 3,814,997	\$ 4,920,000
Grades and Standards:					
Research Contingency	\$ -0-	\$ 8,333	\$ -0-	\$ 74,997	\$ 100,000
Travel	-0-	1,667	149	15,003	20,000
Quality Assurance Program	8,100	6,834	77,561	61,506	82,000
Total Grades and Standards	\$ 8,100	\$ 16,834	\$ 77,710	\$ 151,506	\$ 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	\$ 505,012	\$ 688,750	\$ 5,568,167	\$ 6,858,750	\$ 8,925,000
Nonoperating Revenue:					
Interest Earned	\$ 1,287	\$ -0-	\$ 40,226	\$ -0-	\$ -0-
Prior Year Carry-over - 2019 Expense Offset	-0-	-0-	-0-	660,000	510,000
Other Income	-0-	-0-	391	-0-	-0-
Total Nonoperating Revenue	\$ 1,287	\$ -0-	\$ 40,617	\$ 660,000	\$ 510,000
Change in Net Position	(\$ 371,213)	\$ -0-	\$ 1,539,012	\$ -0-	(\$ 150,000)

See Accountants' Compilation Report.