



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Four Months Ended
January 31, 2021

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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 January 31, 2021 and the related statements of revenues, expenditures, and changes in net position, cash flows, and budgetary comparison schedule for the one month and four 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 8 be presented to supplement the basic financial statements:

Budgetary Comparison Schedule for the four months ended January 31, 2021.

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 four months ended January 31, 2021 and one year ended September 30, 2021 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
March 22, 2021



AMERICAN PECAN COUNCIL

Balance Sheet

As of January 31, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	5,373,746
Accounts Receivable		2,829,932
Prepaid Expenses		124,616

Total Current Assets \$ 8,328,294

Fixed Assets:

Property, Plant, and Equipment	\$	41,520
Accumulated Depreciation	(20,929)

Total Fixed Assets \$ 20,591

Other Assets:

Security Deposit	\$	5,875
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Total Other Assets \$ 5,875

TOTAL ASSETS

\$ 8,354,760

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	92,118
Payroll Liability		3,259

Total Current Liabilities \$ 95,377

Total Liabilities \$ 95,377

Net Position:

Unrestricted	\$	8,259,383
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Total Net Position \$ 8,259,383

TOTAL LIABILITIES AND NET POSITION

\$ 8,354,760

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenditures, and Changes in Net Position

For the One Month and Four Months Ended January 31, 2021

	One Month	Four Months
Operating Revenues:		
Assessment Income	\$ 1,230,481	\$ 5,668,599
Total Operating Revenue	\$ 1,230,481	\$ 5,668,599
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 59,717	\$ 248,286
Insurance	525	10,207
Compliance	5,053	73,695
Other General Administrative	20,596	79,852
Industry Relations:		
Industry Relations Activities	2,813	9,625
Industry Research	-0-	21,000
International Relations	9,536	83,676
Marketing	498,549	2,224,191
Grades and Standards	31,250	45,529
Total Operating Expenses	\$ 628,039	\$ 2,796,061
Nonoperating Revenues and Expenses:		
Interest Earned	\$ 1,075	\$ 3,969
Other Income:		
Marketing Access Program (MAP)	300,000	300,000
Total Nonoperating Revenues	\$ 301,075	\$ 303,969
Change in Net Position	\$ 903,517	\$ 3,176,507
Net Position, Beginning as Previously Stated	\$ 6,410,661	\$ 5,400,513
Prior Period Adjustment	945,205	(317,637)
Net Position, Beginning as Restated	\$ 7,355,866	\$ 5,082,876
Net Position, Ending	\$ 8,259,383	\$ 8,259,383

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows

For the One Month and Four Months Ended January 31, 2021

	<u>One Month</u>	<u>Four Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 2,261,095	\$ 3,935,826
Cash Received from Interest Earned	1,075	3,969
Cash Received from Marketing Access Program (MAP)	300,000	300,000
Cash Paid for Salary and Benefits	(59,717)	(248,286)
Cash Paid for Operating Expenses	<u>(1,919,511)</u>	<u>(3,678,117)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 582,942</u>	<u>\$ 313,392</u>
Cash Flows From Investing Activities:		
Purchases of Property, Plant, and Equipment	<u>\$ -0-</u>	<u>(\$ 600)</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ -0-</u>	<u>(\$ 600)</u>
Net Increase (Decrease) in Cash	\$ 582,942	\$ 312,792
Cash, Beginning of Period	<u>4,790,804</u>	<u>5,060,954</u>
Cash, End of Period	<u><u>\$ 5,373,746</u></u>	<u><u>\$ 5,373,746</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 903,517	\$ 3,176,507
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	692	2,768
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	1,030,614	(1,732,773)
(Increase) Decrease in Prepaid Expenses	51,639	217,653
Increase (Decrease) in Accounts Payable	(1,403,570)	(1,354,023)
Increase (Decrease) in Payroll Tax Payable	<u>50</u>	<u>3,260</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 582,942</u></u>	<u><u>\$ 313,392</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2021

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2019 Assessment Income	\$ 166,668	\$ 166,668	\$ 80,251	(86,417)
2020-2021 Improved	2,341,752	2,341,752	4,958,387	2,616,635
2020-2021 Native/Seedling	289,276	289,276	268,792	(20,484)
2020-2021 Substandard	123,976	123,976	361,169	237,193
Total Operating Revenue	\$ 2,921,672	\$ 2,921,672	\$ 5,668,599	\$ 2,746,927
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 263,068	\$ 263,068	\$ 210,687	\$ 52,381
Benefits	35,000	35,000	26,016	8,984
Taxes	18,332	18,332	11,583	6,749
Total Staff and Administration	\$ 316,400	\$ 316,400	\$ 248,286	\$ 68,114
Insurance:				
Travel	\$ 900	\$ 900	\$ -0-	\$ 900
General	2,568	2,568	8,954	(6,386)
D&O/Members	4,332	4,332	1,253	3,079
Fidelity	1,468	1,468	-0-	1,468
Total Insurance	\$ 9,268	\$ 9,268	\$ 10,207	(\$ 939)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 8,332	\$ 8,332	\$ -0-	\$ 8,332
Audit Financial	6,668	6,668	-0-	6,668
Compliance Travel	15,000	15,000	-0-	15,000
Sheller/Handler Audits	56,668	56,668	73,000 (16,332)
Printing/Forms/Postage	2,000	2,000	695	1,305
Total Compliance	\$ 88,668	\$ 88,668	\$ 73,695	\$ 14,973
Accounting/Financials	\$ 26,000	\$ 26,000	\$ 19,853	\$ 6,147
Telephone/Mobile/Internet	5,000	5,000	5,769 (769)
Travel Office	13,332	13,332	5,575	7,757
Travel Committee	43,332	43,332	-0-	43,332
Supplies	3,332	3,332	847	2,485
Maintenance/Buildout	5,000	5,000	-0-	5,000
Printing	6,668	6,668	8,645 (1,977)
IT/Furniture/Software	10,000	10,000	6,922	3,078
Subscriptions	6,668	6,668	3,594	3,074
Depreciation	-0-	-0-	2,768 (2,768)
Miscellaneous	1,668	1,668	26	1,642
Rent	28,332	28,332	25,853	2,479
Total General Administration	\$ 563,668	\$ 563,668	\$ 412,040	\$ 151,628
Contingency Fund	\$ 8,964	\$ 8,964	\$ -0-	\$ 8,964

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 1,668	\$ 1,668	\$ -0-	\$ 1,668
Workshops	1,668	1,668	-0-	1,668
Total Compliance	<u>\$ 3,336</u>	<u>\$ 3,336</u>	<u>\$ -0-</u>	<u>\$ 3,336</u>
Industry Relations Activities:				
Annual Reports	\$ 2,668	\$ 2,668	\$ -0-	\$ 2,668
Communication Materials	25,000	25,000	6,110	18,890
Travel	16,668	16,668	2,110	14,558
WS-Field Events	133,332	133,332	-0-	133,332
Association Sponsorship	23,332	23,332	-0-	23,332
Handler Portal Maintenance	3,332	3,332	-0-	3,332
Fishhook:				
Prior Year Carry-over	26,132	26,132	1,405	24,727
Meltwater	3,332	3,332	-0-	3,332
Total Industry Relations Activities	<u>\$ 233,796</u>	<u>\$ 233,796</u>	<u>\$ 9,625</u>	<u>\$ 224,171</u>
Industry Research:				
Land IQ	\$ -0-	\$ -0-	\$ 21,000	(\$ 21,000)
NASS	71,332	71,332	-0-	71,332
Total Industry Research	<u>\$ 71,332</u>	<u>\$ 71,332</u>	<u>\$ 21,000</u>	<u>\$ 50,332</u>
Total Industry Relations	<u>\$ 308,464</u>	<u>\$ 308,464</u>	<u>\$ 30,625</u>	<u>\$ 277,839</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 31,668	\$ 31,668	\$ 47,500	(\$ 15,832)
International Nut Congress-Nut Health Research	161,668	161,668	33,333	128,335
Travel	16,668	16,668	1,343	15,325
Marketing Access Program (MAP)	446,000	446,000	1,500	444,500
Total International Relations	<u>\$ 656,004</u>	<u>\$ 656,004</u>	<u>\$ 83,676</u>	<u>\$ 572,328</u>
Marketing:				
Weber Shandwick	\$ 1,066,668	\$ 1,066,668	\$ 1,284,923	(\$ 218,255)
APC Travel for Events	16,668	16,668	8,200	8,468
Aspire IQ	56,668	56,668	46,352	10,316
iHeart Media/Digital Magnet:				
Current Year	633,332	633,332	760,000	(126,668)
Prior Year Carry-over	166,668	166,668	-0-	166,668
Eat Well Global	116,668	116,668	88,188	28,480
NPSA Chef's Summit:				
Prior Year Carry-over	53,332	53,332	34,000	19,332
Health Research	128,332	128,332	-0-	128,332
Miscellaneous	-0-	-0-	2,528	(2,528)
Total Marketing	<u>\$ 2,238,336</u>	<u>\$ 2,238,336</u>	<u>\$ 2,224,191</u>	<u>\$ 14,145</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Four Months Ended January 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Research Contingency				
Prior Year Carry-over	\$ 33,332	\$ 33,332	\$ 20,000	\$ 13,332
Travel	6,704	6,704	-0-	6,704
Shelf-Life Study	56,668	56,668	-0-	56,668
Quality Assurance Program	41,668	41,668	25,529	16,139
Total Grades and Standards	\$ 138,372	\$ 138,372	\$ 45,529	\$ 92,843
Total Operating Expenses	\$ 3,913,808	\$ 3,913,808	\$ 2,796,061	\$ 1,117,747
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 3,969	(\$ 3,969)
Prior Year Carry-over - 2020 Expense Offset	279,468	279,468	-0-	279,468
Other Income:				
Reserve	266,668	266,668	-0-	266,668
EMP Funing	103,332	103,332	-0-	103,332
Marketing Access Program (MAP)	342,668	342,668	300,000	42,668
Total Nonoperating Revenue	\$ 992,136	\$ 992,136	\$ 303,969	\$ 688,167
Change in Net Position	\$ -0-	\$ -0-	\$ 3,176,507	\$ 3,176,507

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2021
and the One Year Ended September 30, 2021**

	One Month Ended		Four Months Ended		Fiscal Year Ended
	January 31, 2021		January 31, 2021		September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2019 Assessment Income	\$ 1,307	\$ 41,667	\$ 80,251	\$ 166,668	\$ 500,000
2020-2021 Improved	1,044,167	585,438	4,958,387	2,341,752	7,025,250
2020-2021 Native/Seedling	36,774	72,319	268,792	289,276	867,825
2020-2021 Substandard	148,233	30,994	361,169	123,976	371,925
Total Operating Revenue	\$ 1,230,481	\$ 730,418	\$ 5,668,599	\$ 2,921,672	\$ 8,765,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 52,505	\$ 65,767	\$ 210,687	\$ 263,068	\$ 789,200
Benefits	917	8,750	26,016	35,000	105,000
Taxes	6,295	4,583	11,583	18,332	55,000
Total Staff and Administration	\$ 59,717	\$ 79,100	\$ 248,286	\$ 316,400	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 225	\$ -0-	\$ 900	\$ 2,700
General	212	642	8,954	2,568	7,700
D&O/Members	313	1,083	1,253	4,332	13,000
Fidelity	-0-	367	-0-	1,468	4,400
Total Insurance	\$ 525	\$ 2,317	\$ 10,207	\$ 9,268	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2021
and the One Year Ended September 30, 2021**

	One Month Ended		Four Months Ended		Fiscal Year Ended
	January 31, 2021		January 31, 2021		September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 8,332	\$ 25,000
Audit Financial	-0-	1,667	-0-	6,668	20,000
Compliance Travel	-0-	3,750	-0-	15,000	45,000
Sheller/Handler Audits	5,000	14,167	73,000	56,668	170,000
Printing/Forms/Postage	53	500	695	2,000	6,000
Total Compliance	\$ 5,053	\$ 22,167	\$ 73,695	\$ 88,668	\$ 266,000
Accounting/Financials	\$ 7,392	\$ 6,500	\$ 19,853	\$ 26,000	\$ 78,000
Telephone/Mobile/Internet	1,013	1,250	5,769	5,000	15,000
Travel Office	-0-	3,333	5,575	13,332	40,000
Travel Committee	-0-	10,833	-0-	43,332	130,000
Supplies	390	833	847	3,332	10,000
Maintenance/Buildout	-0-	1,250	-0-	5,000	15,000
Printing	330	1,667	8,645	6,668	20,000
IT/Furniture/Software	815	2,500	6,922	10,000	30,000
Subscriptions	3,526	1,667	3,594	6,668	20,000
Depreciation	692	-0-	2,768	-0-	-0-
Miscellaneous	41	417	26	1,668	5,000
Rent	6,397	7,083	25,853	28,332	85,000
Total General Administration	\$ 85,891	\$ 140,917	\$ 412,040	\$ 563,668	\$ 1,691,000
Contingency Fund	\$ -0-	\$ 2,241	\$ -0-	\$ 8,964	\$ 26,892

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2021
and the One Year Ended September 30, 2021**

	One Month Ended January 31, 2021		Four Months Ended January 31, 2021		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 1,668	\$ 5,000
Workshops	-0-	417	-0-	1,668	5,000
Total Compliance	\$ -0-	\$ 834	\$ -0-	\$ 3,336	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 2,668	\$ 8,000
Communication Materials	-0-	6,250	6,110	25,000	75,000
Travel	2,110	4,167	2,110	16,668	50,000
WS-Field Events	-0-	33,333	-0-	133,332	400,000
Association Sponsorship	-0-	5,833	-0-	23,332	70,000
Handler Portal Maintenance	-0-	833	-0-	3,332	10,000
Fishhook:					
Prior Year Carry-over	703	6,533	1,405	26,132	78,400
Meltwater	-0-	833	-0-	3,332	10,000
Total Industry Relations Activities	\$ 2,813	\$ 58,449	\$ 9,625	\$ 233,796	\$ 701,400
Industry Research:					
Land IQ	\$ -0-	\$ -0-	\$ 21,000	\$ -0-	\$ -0-
NASS	-0-	17,833	-0-	71,332	214,000
Total Industry Research	\$ -0-	\$ 17,833	\$ 21,000	\$ 71,332	\$ 214,000
Total Industry Relations	\$ 2,813	\$ 77,116	\$ 30,625	\$ 308,464	\$ 925,400

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2021
and the One Year Ended September 30, 2021**

	One Month Ended		Four Months Ended		Fiscal Year Ended
	January 31, 2021		January 31, 2021		September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 47,500	\$ 31,668	\$ 95,000
International Nut Congress-Nut Health Research	8,333	40,417	33,333	161,668	485,000
Travel	1,203	4,167	1,343	16,668	50,000
Marketing Access Program (MAP)	-0-	111,500	1,500	446,000	1,338,000
Total International Relations	\$ 9,536	\$ 164,001	\$ 83,676	\$ 656,004	\$ 1,968,000
Marketing:					
Weber Shandwick	\$ 49,329	\$ 266,667	\$ 1,284,923	\$ 1,066,668	\$ 3,200,000
APC Travel for Events	8,200	4,167	8,200	16,668	50,000
Aspire IQ	25,129	14,167	46,352	56,668	170,000
iHeart Media/Digital Magnet:					
Current Year	380,000	158,333	760,000	633,332	1,900,000
Prior Year Carry-over	-0-	41,667	-0-	166,668	500,000
Eat Well Global	35,891	29,167	88,188	116,668	350,000
NPSA Chef's Summit:					
Prior Year Carry-over	-0-	13,333	34,000	53,332	160,000
Health Research	-0-	32,083	-0-	128,332	385,000
Miscellaneous	-0-	-0-	2,528	-0-	-0-
Total Marketing	\$ 498,549	\$ 559,584	\$ 2,224,191	\$ 2,238,336	\$ 6,715,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Four Months Ended January 31, 2021
and the One Year Ended September 30, 2021**

	One Month Ended January 31, 2021		Four Months Ended January 31, 2021		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Grades and Standards:					
Research Contingency:					
Prior Year Carry-over	\$ 20,000	\$ 8,333	\$ 20,000	\$ 33,332	\$ 100,000
Travel	-0-	1,676	-0-	6,704	20,108
Shelf-Life Study	-0-	14,167	-0-	56,668	170,000
Quality Assurance Program	11,250	10,417	25,529	41,668	125,000
Total Grades and Standards	\$ 31,250	\$ 34,593	\$ 45,529	\$ 138,372	\$ 415,108
Total Operating Expenses	\$ 628,039	\$ 978,452	\$ 2,796,061	\$ 3,913,808	\$ 11,741,400
Nonoperating Revenues and Expenses:					
Interest Earned	\$ 1,075	\$ -0-	\$ 3,969	\$ -0-	\$ -0-
Prior Year Carry-over - 2020 Expense Offset	-0-	69,867	-0-	279,468	838,400
Other Income:				-0-	
Reserve	-0-	66,667	-0-	266,668	800,000
EMP Funding	-0-	25,833	-0-	103,332	310,000
Marketing Access Program (MAP)	300,000	85,667	300,000	342,668	1,028,000
Total Nonoperating Revenue	\$ 301,075	\$ 248,034	\$ 303,969	\$ 992,136	\$ 2,976,400
Change in Net Position	\$ 903,517	\$ -0-	\$ 3,176,507	\$ -0-	\$ -0-

See Accountants' Compilation Report.