



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Two Months Ended
November 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 November 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 two 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

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 two months ended November 30, 2020 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
December 29, 2020



AMERICAN PECAN COUNCIL

Balance Sheet

As of November 30, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	4,451,801
Accounts Receivable		332,170
Prepaid Expenses		80,098

Total Current Assets \$ 4,864,069

Fixed Assets:

Property, Plant, and Equipment	\$	39,350
Accumulated Depreciation	(19,473)

Total Fixed Assets \$ 19,877

Other Assets:

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

TOTAL ASSETS \$ 4,889,821

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	317,643
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Total Current Liabilities \$ 317,643

Total Liabilities \$ 317,643

Net Position:

Unrestricted	\$	4,572,178
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Total Net Position \$ 4,572,178

TOTAL LIABILITIES AND NET POSITION \$ 4,889,821

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Two Months Ended November 30, 2020

	<u>One Month</u>	<u>Two Months</u>
Operating Revenues:		
Assessment Income	\$ 287,330	\$ 448,135
Total Operating Revenue	<u>\$ 287,330</u>	<u>\$ 448,135</u>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 60,356	\$ 124,865
Insurance	313	9,110
Compliance	15,269	60,989
Other General Administrative	12,386	35,279
Industry Relations:		
Industry Research	21,000	21,000
International Relations	70	70
Marketing	193,463	456,569
Grades and Standards	<u>3,029</u>	<u>3,029</u>
Total Operating Expenses	<u>\$ 305,886</u>	<u>\$ 710,911</u>
Nonoperating Revenues and Expenses:		
Interest Earned	<u>\$ 888</u>	<u>\$ 1,925</u>
Total Nonoperating Revenues	<u>\$ 888</u>	<u>\$ 1,925</u>
Change in Net Position	<u>(\$ 17,668)</u>	<u>(\$ 260,851)</u>
Net Position, Beginning as Previously Stated	\$ 4,855,314	\$ 5,400,513
Prior Period Adjustment	<u>(265,468)</u>	<u>(567,484)</u>
Net Position, Beginning as Restated	<u>\$ 4,589,846</u>	<u>\$ 4,833,029</u>
Net Position, Ending	<u><u>\$ 4,572,178</u></u>	<u><u>\$ 4,572,178</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows

For the One Month and One Year Ended November 30, 2020

	<u>One Month</u>	<u>One Year</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 345,059	\$ 904,863
Cash Received from Interest Earned	889	1,925
Cash Paid for Salary and Benefits	(60,356)	(124,865)
Cash Paid for Operating Expenses	(675,110)	(1,391,076)
	<u>(\$ 389,518)</u>	<u>(\$ 609,153)</u>
Net Cash Provided (Used) by Operating Activities		
	(\$ 389,518)	(\$ 609,153)
Net Increase (Decrease) in Cash		
	4,841,319	5,060,954
Cash, Beginning of Period		
	<u>\$ 4,451,801</u>	<u>\$ 4,451,801</u>
Cash, End of Period		
	<u>\$ 4,451,801</u>	<u>\$ 4,451,801</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	(\$ 17,668)	(\$ 260,851)
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	656	1,312
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	57,729	456,728
(Increase) Decrease in Prepaid Expenses	189,543	(1,137)
Increase (Decrease) in Accounts Payable	(616,570)	(805,205)
Increase (Decrease) in Payroll Tax Payable	(3,208)	-0-
	<u>(\$ 389,518)</u>	<u>(\$ 609,153)</u>
Net Cash Provided (Used) by Operating Activities		

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 2020

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2019 Assessment Income	\$ 83,334	\$ 83,334	\$ 16,365	(66,969)
2020-2021 Improved	1,170,876	1,170,876	410,632	(760,244)
2020-2021 Native/Seedling	144,638	144,638	16,796	(127,842)
2020-2021 Substandard	61,988	61,988	4,342	(57,646)
Total Operating Revenue	\$ 1,460,836	\$ 1,460,836	\$ 448,135	(\$ 1,012,701)
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 131,534	\$ 131,534	\$ 106,510	\$ 25,024
Benefits	17,500	17,500	14,749	2,751
Taxes	9,166	9,166	3,606	5,560
Total Staff and Administration	\$ 158,200	\$ 158,200	\$ 124,865	\$ 33,335
Insurance:				
Travel	\$ 450	\$ 450	\$ -0-	\$ 450
General	1,284	1,284	8,483	(7,199)
D&O/Members	2,166	2,166	627	1,539
Fidelity	734	734	-0-	734
Total Insurance	\$ 4,634	\$ 4,634	\$ 9,110	(\$ 4,476)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 4,166	\$ 4,166	\$ -0-	\$ 4,166
Audit Financial	3,334	3,334	-0-	3,334
Compliance Travel	7,500	7,500	-0-	7,500
Sheller/Handler Audits	28,334	28,334	60,500 (32,166)
Printing/Forms/Postage	1,000	1,000	489	511
Total Compliance	\$ 44,334	\$ 44,334	\$ 60,989	(\$ 16,655)
Accounting/Financials	\$ 13,000	\$ 13,000	\$ 7,843	\$ 5,157
Telephone/Mobile/Internet	2,500	2,500	3,150 (650)
Travel Office	6,666	6,666	(425)	7,091
Travel Committee	21,666	21,666	-0-	21,666
Supplies	1,666	1,666	302	1,364
Maintenance/Buildout	2,500	2,500	-0-	2,500
Printing	3,334	3,334	1,956	1,378
IT/Furniture/Software	5,000	5,000	8,088 (3,088)
Subscriptions	3,334	3,334	52	3,282
Depreciation	-0-	-0-	1,312 (1,312)
Miscellaneous	834	834	(57)	891
Rent	14,166	14,166	13,058	1,108
Total General Administration	\$ 281,834	\$ 281,834	\$ 230,243	\$ 51,591
Contingency Fund	\$ 4,482	\$ 4,482	\$ -0-	\$ 4,482

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 834	\$ 834	\$ -0-	\$ 834
Workshops	834	834	-0-	834
Total Compliance	<u>\$ 1,668</u>	<u>\$ 1,668</u>	<u>\$ -0-</u>	<u>\$ 1,668</u>
Industry Relations Activities:				
Annual Reports	\$ 1,334	\$ 1,334	\$ -0-	\$ 1,334
Communication Materials	12,500	12,500	-0-	12,500
Travel	8,334	8,334	-0-	8,334
WS-Field Events	66,666	66,666	-0-	66,666
Association Sponsorship	11,666	11,666	-0-	11,666
Handler Portal Maintenance	1,666	1,666	-0-	1,666
Fishhook:				
Prior Year Carry-over	13,066	13,066	-0-	13,066
Meltwater	1,666	1,666	-0-	1,666
Total Industry Relations Activities	<u>\$ 116,898</u>	<u>\$ 116,898</u>	<u>\$ -0-</u>	<u>\$ 116,898</u>
Industry Research:				
Land IQ	\$ -0-	\$ -0-	\$ 21,000	(\$ 21,000)
NASS	35,666	35,666	-0-	35,666
Total Industry Research	<u>\$ 35,666</u>	<u>\$ 35,666</u>	<u>\$ 21,000</u>	<u>\$ 14,666</u>
Total Industry Relations	<u>\$ 154,232</u>	<u>\$ 154,232</u>	<u>\$ 21,000</u>	<u>\$ 133,232</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 15,834	\$ 15,834	\$ -0-	\$ 15,834
International Nut Congress-Nut Health Research	80,834	80,834	-0-	80,834
Travel	8,334	8,334	70	8,264
Marketing Access Program (MAP)	223,000	223,000	-0-	223,000
Total International Relations	<u>\$ 328,002</u>	<u>\$ 328,002</u>	<u>\$ 70</u>	<u>\$ 327,932</u>
Marketing:				
Weber Shandwick	\$ 533,334	\$ 533,334	\$ 25,067	\$ 508,267
APC Travel for Events	8,334	8,334	-0-	8,334
Aspire IQ	28,334	28,334	17,760	10,574
iHeart Media/Digital Magnet:				
Current Year	316,666	316,666	380,000	(63,334)
Prior Year Carry-over	83,334	83,334	-0-	83,334
Eat Well Global	58,334	58,334	31,214	27,120
NPSA Chef's Summit:				
Prior Year Carry-over	26,666	26,666	-0-	26,666
Health Research	64,166	64,166	-0-	64,166
Miscellaneous	-0-	-0-	2,528	(2,528)
Total Marketing	<u>\$ 1,119,168</u>	<u>\$ 1,119,168</u>	<u>\$ 456,569</u>	<u>\$ 662,599</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Two Months Ended November 30, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Research Contingency				
Prior Year Carry-over	\$ 16,666	\$ 16,666	\$ -0-	\$ 16,666
Travel	3,352	3,352	-0-	3,352
Shelf-Life Study	28,334	28,334	-0-	28,334
Quality Assurance Program	20,834	20,834	3,029	17,805
Total Grades and Standards	\$ 69,186	\$ 69,186	\$ 3,029	\$ 66,157
Total Operating Expenses	\$ 1,956,904	\$ 1,956,904	\$ 710,911	\$ 1,245,993
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 1,925	(\$ 1,925)
Prior Year Carry-over - 2020 Expense Offset	139,734	139,734	-0-	139,734
Other Income:				
Reserve	133,334	133,334	-0-	133,334
EMP Funing	51,666	51,666	-0-	51,666
Marketing Access Program (MAP)	171,334	171,334	-0-	171,334
Total Nonoperating Revenue	\$ 496,068	\$ 496,068	\$ 1,925	\$ 494,143
Change in Net Position	\$ -0-	\$ -0-	(\$ 260,851)	(\$ 260,851)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2020
and the One Year Ended September 30, 2021**

	One Month Ended November 30, 2020		Two Months Ended November 30, 2020		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2019 Assessment Income	\$ 16,365	\$ 41,667	\$ 16,365	\$ 83,334	\$ 500,000
2020-2021 Improved	249,827	585,438	410,632	1,170,876	7,025,250
2020-2021 Native/Seedling	16,796	72,319	16,796	144,638	867,825
2020-2021 Substandard	4,342	30,994	4,342	61,988	371,925
Total Operating Revenue	\$ 287,330	\$ 730,418	\$ 448,135	\$ 1,460,836	\$ 8,765,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 51,672	\$ 65,767	\$ 106,510	\$ 131,534	\$ 789,200
Benefits	7,002	8,750	14,749	17,500	105,000
Taxes	1,682	4,583	3,606	9,166	55,000
Total Staff and Administration	\$ 60,356	\$ 79,100	\$ 124,865	\$ 158,200	\$ 949,200
Insurance:					
Travel	\$ -0-	\$ 225	\$ -0-	\$ 450	\$ 2,700
General	-0-	642	8,483	1,284	7,700
D&O/Members	313	1,083	627	2,166	13,000
Fidelity	-0-	367	-0-	734	4,400
Total Insurance	\$ 313	\$ 2,317	\$ 9,110	\$ 4,634	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2020
and the One Year Ended September 30, 2021**

	One Month Ended November 30, 2020		Two Months Ended November 30, 2020		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 4,166	\$ 25,000
Audit Financial	-0-	1,667	-0-	3,334	20,000
Compliance Travel	-0-	3,750	-0-	7,500	45,000
Sheller/Handler Audits	15,000	14,167	60,500	28,334	170,000
Printing/Forms/Postage	269	500	489	1,000	6,000
Total Compliance	\$ 15,269	\$ 22,167	\$ 60,989	\$ 44,334	\$ 266,000
Accounting/Financials	\$ 2,668	\$ 6,500	\$ 7,843	\$ 13,000	\$ 78,000
Telephone/Mobile/Internet	1,266	1,250	3,150	2,500	15,000
Travel Office	(425)	3,333	(425)	6,666	40,000
Travel Committee	-0-	10,833	-0-	21,666	130,000
Supplies	31	833	302	1,666	10,000
Maintenance/Buildout	-0-	1,250	-0-	2,500	15,000
Printing	525	1,667	1,956	3,334	20,000
IT/Furniture/Software	1,361	2,500	8,088	5,000	30,000
Subscriptions	26	1,667	52	3,334	20,000
Depreciation	656	-0-	1,312	-0-	-0-
Miscellaneous	(257)	417	(57)	834	5,000
Rent	6,535	7,083	13,058	14,166	85,000
Total General Administration	\$ 88,324	\$ 140,917	\$ 230,243	\$ 281,834	\$ 1,691,000
Contingency Fund	\$ -0-	\$ 2,241	\$ -0-	\$ 4,482	\$ 26,892

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2020
and the One Year Ended September 30, 2021**

	One Month Ended November 30, 2020		Two Months Ended November 30, 2020		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 834	\$ 5,000
Workshops	-0-	417	-0-	834	5,000
Total Compliance	\$ -0-	\$ 834	\$ -0-	\$ 1,668	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 1,334	\$ 8,000
Communication Materials	-0-	6,250	-0-	12,500	75,000
Travel	-0-	4,167	-0-	8,334	50,000
WS-Field Events	-0-	33,333	-0-	66,666	400,000
Association Sponsorship	-0-	5,833	-0-	11,666	70,000
Handler Portal Maintenance	-0-	833	-0-	1,666	10,000
Fishhook:					
Prior Year Carry-over	-0-	6,533	-0-	13,066	78,400
Meltwater	-0-	833	-0-	1,666	10,000
Total Industry Relations Activities	\$ -0-	\$ 58,449	\$ -0-	\$ 116,898	\$ 701,400
Industry Research:					
Land IQ	\$ 21,000	\$ -0-	\$ 21,000	\$ -0-	\$ -0-
NASS	-0-	17,833	-0-	35,666	214,000
Total Industry Research	\$ 21,000	\$ 17,833	\$ 21,000	\$ 35,666	\$ 214,000
Total Industry Relations	\$ 21,000	\$ 77,116	\$ 21,000	\$ 154,232	\$ 925,400

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2020
and the One Year Ended September 30, 2021**

	One Month Ended		Two Months Ended		Fiscal Year Ended
	November 30, 2020		November 30, 2020		September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
International Relations:					
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ -0-	\$ 15,834	\$ 95,000
International Nut Congress-Nut Health Research	-0-	40,417	-0-	80,834	485,000
Travel	70	4,167	70	8,334	50,000
Marketing Access Program (MAP)	-0-	111,500	-0-	223,000	1,338,000
Total International Relations	\$ 70	\$ 164,001	\$ 70	\$ 328,002	\$ 1,968,000
Marketing:					
Weber Shandwick	\$ -0-	\$ 266,667	\$ 25,067	\$ 533,334	\$ 3,200,000
APC Travel for Events	-0-	4,167	-0-	8,334	50,000
Aspire IQ	3,463	14,167	17,760	28,334	170,000
iHeart Media/Digital Magnet:					
Current Year	190,000	158,333	380,000	316,666	1,900,000
Prior Year Carry-over	-0-	41,667	-0-	83,334	500,000
Eat Well Global	-0-	29,167	31,214	58,334	350,000
NPSA Chef's Summit:					
Prior Year Carry-over	-0-	13,333	-0-	26,666	160,000
Health Research	-0-	32,083	-0-	64,166	385,000
Miscellaneous	-0-	-0-	2,528	-0-	-0-
Total Marketing	\$ 193,463	\$ 559,584	\$ 456,569	\$ 1,119,168	\$ 6,715,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Two Months Ended November 30, 2020
and the One Year Ended September 30, 2021**

	One Month Ended November 30, 2020		Two Months Ended November 30, 2020		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Grades and Standards:					
Research Contingency:					
Prior Year Carry-over	\$ -0-	\$ 8,333	\$ -0-	\$ 16,666	\$ 100,000
Travel	-0-	1,676	-0-	3,352	20,108
Shelf-Life Study	-0-	14,167	-0-	28,334	170,000
Quality Assurance Program	3,029	10,417	3,029	20,834	125,000
Total Grades and Standards	\$ 3,029	\$ 34,593	\$ 3,029	\$ 69,186	\$ 415,108
Total Operating Expenses	\$ 305,886	\$ 978,452	\$ 710,911	\$ 1,956,904	\$ 11,741,400
Nonoperating Revenues and Expenses:					
Interest Earned	\$ 888	\$ -0-	\$ 1,925	\$ -0-	\$ -0-
Prior Year Carry-over - 2020 Expense Offset	-0-	69,867	-0-	139,734	838,400
Other Income:					
Reserve	-0-	66,667	-0-	133,334	800,000
EMP Funding	-0-	25,833	-0-	51,666	310,000
Marketing Access Program (MAP)	-0-	85,667	-0-	171,334	1,028,000
Total Nonoperating Revenue	\$ 888	\$ 248,034	\$ 1,925	\$ 496,068	\$ 2,976,400
Change in Net Position	(\$ 17,668)	\$ -0-	(\$ 260,851)	\$ -0-	\$ -0-

See Accountants' Compilation Report.