



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month Ended

October 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 October 31, 2020 and the related statements of revenues, expenses, and changes in net position, cash flows, and budgetary comparison schedule for the one month 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 ended October 31, 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 2, 2020



AMERICAN PECAN COUNCIL

Balance Sheet

As of October 31, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	4,841,319
Accounts Receivable		331,395
Prepaid Expenses		278,069

Total Current Assets \$ 5,450,783

Fixed Assets:

Property, Plant, and Equipment	\$	39,350
Accumulated Depreciation	(18,817)

Total Fixed Assets \$ 20,533

Other Assets:

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

TOTAL ASSETS

\$ 5,477,191

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	618,668
Payroll Liability		3,209

Total Current Liabilities \$ 621,877

Total Liabilities \$ 621,877

Net Position:

Unrestricted	\$	4,855,314
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Total Net Position \$ 4,855,314

TOTAL LIABILITIES AND NET POSITION

\$ 5,477,191

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month Ended October 31, 2020

	<u>One Month</u>
Operating Revenues:	
Assessment Income	\$ 160,029
Total Operating Revenue	\$ 160,029
Operating Expenses:	
General Administrative:	
Staff and Administrative	\$ 64,510
Insurance	8,702
Compliance	45,720
Other General Administrative	22,892
International Relations	8,333
Marketing	263,105
Total Operating Expenses	\$ 413,262
Nonoperating Revenues and Expenses:	
Interest Earned	\$ 1,036
Total Nonoperating Revenues	\$ 1,036
Change in Net Position	(\$ 252,197)
Net Position, Beginning as Previously Stated	\$ 5,400,513
Prior Period Adjustment	(293,002)
Net Position, Beginning as Restated	\$ 5,107,511
Net Position, Ending	\$ 4,855,314

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month Ended October 31, 2020

	<u>One Month</u>
Cash Flows From Operating Activities:	
Cash Received from Assessments	\$ 559,804
Cash Received from Interest Earned	1,036
Cash Paid for Salary and Benefits	(64,510)
Cash Paid for Operating Expenses	<u>(715,965)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$ 219,635)</u>
Net Increase (Decrease) in Cash	(\$ 219,635)
Cash, Beginning of Period	<u>5,060,954</u>
Cash, End of Period	<u><u>\$ 4,841,319</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Income (Loss) from Operations	(\$ 252,197)
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	656
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	399,775
(Increase) Decrease in Prepaid Expenses	(182,442)
Increase (Decrease) in Accounts Payable	(188,635)
Increase (Decrease) in Payroll Tax Payable	<u>3,208</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$ 219,635)</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2020

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2019 Assessment Income	\$ 41,667	\$ 41,667	\$ -0-	(41,667)
2020-2021 Improved	585,438	585,438	160,029	(425,409)
2020-2021 Native/Seedling	72,319	72,319	-0-	(72,319)
2020-2021 Substandard	30,994	30,994	-0-	(30,994)
Total Operating Revenue	\$ 730,418	\$ 730,418	\$ 160,029	(\$ 570,389)
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 65,767	\$ 65,767	\$ 54,839	\$ 10,928
Benefits	8,750	8,750	7,747	1,003
Taxes	4,583	4,583	1,924	2,659
Total Staff and Administration	\$ 79,100	\$ 79,100	\$ 64,510	\$ 14,590
Insurance:				
Travel	\$ 225	\$ 225	\$ -0-	\$ 225
General	642	642	8,389	(7,747)
D&O/Members	1,083	1,083	313	770
Fidelity	367	367	-0-	367
Total Insurance	\$ 2,317	\$ 2,317	\$ 8,702	(\$ 6,385)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 2,083	\$ 2,083	\$ -0-	\$ 2,083
Audit Financial	1,667	1,667	-0-	1,667
Compliance Travel	3,750	3,750	-0-	3,750
Sheller/Handler Audits	14,167	14,167	45,500	(31,333)
Printing/Forms/Postage	500	500	220	280
Total Compliance	\$ 22,167	\$ 22,167	\$ 45,720	(\$ 23,553)
Accounting/Financials	\$ 6,500	\$ 6,500	\$ 5,175	\$ 1,325
Telephone/Mobile/Internet	1,250	1,250	1,884	(634)
Travel Office	3,333	3,333	-0-	3,333
Travel Committee	10,833	10,833	-0-	10,833
Supplies	833	833	271	562
Maintenance/Buildout	1,250	1,250	-0-	1,250
Printing	1,667	1,667	1,431	236
IT/Furniture/Software	2,500	2,500	6,727	(4,227)
Subscriptions	1,667	1,667	26	1,641
Depreciation	-0-	-0-	656	(656)
Miscellaneous	417	417	200	217
Rent	7,083	7,083	6,522	561
Total General Administration	\$ 140,917	\$ 140,917	\$ 141,824	(\$ 907)
Contingency Fund	\$ 2,241	\$ 2,241	\$ -0-	\$ 2,241

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 417	\$ 417	\$ -0-	\$ 417
Workshops	417	417	-0-	417
Total Compliance	<u>\$ 834</u>	<u>\$ 834</u>	<u>\$ -0-</u>	<u>\$ 834</u>
Industry Relations Activities:				
Annual Reports	\$ 667	\$ 667	\$ -0-	\$ 667
Communication Materials	6,250	6,250	-0-	6,250
Travel	4,167	4,167	-0-	4,167
WS-Field Events	33,333	33,333	-0-	33,333
Association Sponsorship	5,833	5,833	-0-	5,833
Handler Portal Maintenance	833	833	-0-	833
Fishhook:				
Prior Year Carry-over	6,533	6,533	-0-	6,533
Meltwater	833	833	-0-	833
Total Industry Relations Activities	<u>\$ 58,449</u>	<u>\$ 58,449</u>	<u>\$ -0-</u>	<u>\$ 58,449</u>
Industry Research:				
NASS	\$ 17,833	\$ 17,833	\$ -0-	\$ 17,833
Total Industry Research	<u>\$ 17,833</u>	<u>\$ 17,833</u>	<u>\$ -0-</u>	<u>\$ 17,833</u>
Total Industry Relations	<u>\$ 77,116</u>	<u>\$ 77,116</u>	<u>\$ -0-</u>	<u>\$ 77,116</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ 7,917	\$ 7,917	\$ -0-	\$ 7,917
International Nut Congress-Nut Health Research	40,417	40,417	8,333	32,084
Travel	4,167	4,167	-0-	4,167
Marketing Access Program (MAP)	111,500	111,500	-0-	111,500
Total International Relations	\$ 164,001	\$ 164,001	\$ 8,333	\$ 155,668
Marketing:				
Weber Shandwick	\$ 266,667	\$ 266,667	\$ 25,067	\$ 241,600
APC Travel for Events	4,167	4,167	-0-	4,167
Aspire IQ	14,167	14,167	14,296	(129)
iHeart Media/Digital Magnet:				
Current Year	158,333	158,333	190,000	(31,667)
Prior Year Carry-over	41,667	41,667	-0-	41,667
Eat Well Global	29,167	29,167	31,214	(2,047)
NPSA Chef's Summit:				
Prior Year Carry-over	13,333	13,333	-0-	13,333
Health Research	32,083	32,083	-0-	32,083
Miscellaneous	-0-	-0-	2,528	(2,528)
Total Marketing	\$ 559,584	\$ 559,584	\$ 263,105	\$ 296,479

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2020

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Research Contingency				
Prior Year Carry-over	\$ 8,333	\$ 8,333	\$ -0-	\$ 8,333
Travel	1,676	1,676	-0-	1,676
Shelf-Life Study	14,167	14,167	-0-	14,167
Quality Assurance Program	10,417	10,417	-0-	10,417
Total Grades and Standards	\$ 34,593	\$ 34,593	\$ -0-	\$ 34,593
Total Operating Expenses	\$ 978,452	\$ 978,452	\$ 413,262	\$ 565,190
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 1,036	(\$ 1,036)
Prior Year Carry-over - 2020 Expense Offset	69,867	69,867	-0-	69,867
Other Income:				
Reserve	66,667	66,667	-0-	66,667
EMP Funing	25,833	25,833	-0-	25,833
Marketing Access Program (MAP)	85,667	85,667	-0-	85,667
Total Nonoperating Revenue	\$ 248,034	\$ 248,034	\$ 1,036	\$ 246,998
Change in Net Position	\$ -0-	\$ -0-	(\$ 252,197)	(\$ 252,197)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2020 and
One Year Ended September 30, 2021**

	One Month Ended October 31, 2020		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Operating Budget
Operating Revenue:			
2019 Assessment Income	\$ -0-	\$ 41,667	\$ 500,000
2020-2021 Improved	160,029	585,438	7,025,250
2020-2021 Native/Seedling	-0-	72,319	867,825
2020-2021 Substandard	-0-	30,994	371,925
Total Operating Revenue	\$ 160,029	\$ 730,418	\$ 8,765,000
Operating Expenses:			
General Administration:			
Staff and Administration:			
Salaries	\$ 54,839	\$ 65,767	\$ 789,200
Benefits	7,747	8,750	105,000
Taxes	1,924	4,583	55,000
Total Staff and Administration	\$ 64,510	\$ 79,100	\$ 949,200
Insurance:			
Travel	\$ -0-	\$ 225	\$ 2,700
General	8,389	642	7,700
D&O/Members	313	1,083	13,000
Fidelity	-0-	367	4,400
Total Insurance	\$ 8,702	\$ 2,317	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2020 and
One Year Ended September 30, 2021**

	One Month Ended October 31, 2020		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Operating Budget
Compliance:			
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ 25,000
Audit Financial	-0-	1,667	20,000
Compliance Travel	-0-	3,750	45,000
Sheller/Handler Audits	45,500	14,167	170,000
Printing/Forms/Postage	220	500	6,000
Total Compliance	\$ 45,720	\$ 22,167	\$ 266,000
Accounting/Financials	\$ 5,175	\$ 6,500	\$ 78,000
Telephone/Mobile/Internet	1,884	1,250	15,000
Travel Office	-0-	3,333	40,000
Travel Committee	-0-	10,833	130,000
Supplies	271	833	10,000
Maintenance/Buildout	-0-	1,250	15,000
Printing	1,431	1,667	20,000
IT/Furniture/Software	6,727	2,500	30,000
Subscriptions	26	1,667	20,000
Depreciation	656	-0-	-0-
Miscellaneous	200	417	5,000
Rent	6,522	7,083	85,000
Total General Administration	\$ 141,824	\$ 140,917	\$ 1,691,000
Contingency Fund	\$ -0-	\$ 2,241	\$ 26,892

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2020 and
One Year Ended September 30, 2021**

	One Month Ended October 31, 2020		Fiscal Year Ended September 30, 2021	
	Actual	Operating Budget	Operating Budget	
Industry Relations:				
Compliance:				
Compliance Materials	\$	-0-	\$	417
Workshops		-0-		417
Total Compliance	\$	-0-	\$	834
Industry Relations Activities:				
Annual Reports	\$	-0-	\$	667
Communication Materials		-0-		6,250
Travel		-0-		4,167
WS-Field Events		-0-		33,333
Association Sponsorship		-0-		5,833
Handler Portal Maintenance		-0-		833
Fishhook:				
Prior Year Carry-over		-0-		6,533
Meltwater		-0-		833
Total Industry Relations Activities	\$	-0-	\$	58,449
Industry Research:				
NASS	\$	-0-	\$	17,833
Total Industry Research	\$	-0-	\$	17,833
Total Industry Relations	\$	-0-	\$	77,116
				925,400

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2020 and
One Year Ended September 30, 2021**

	One Month Ended October 31, 2020		Fiscal Year Ended September 30, 2021	
	Actual	Operating Budget	Operating Budget	
International Relations:				
Unified Export Strategy/Emerging Market Proposal	\$ -0-	\$ 7,917	\$ 95,000	
International Nut Congress-Nut Health Research	8,333	40,417	485,000	
Travel	-0-	4,167	50,000	
Marketing Access Program (MAP)	-0-	111,500	1,338,000	
Total International Relations	\$ 8,333	\$ 164,001	\$ 1,968,000	
Marketing:				
Weber Shandwick	\$ 25,067	\$ 266,667	\$ 3,200,000	
APC Travel for Events	-0-	4,167	50,000	
Aspire IQ	14,296	14,167	170,000	
iHeart Media/Digital Magnet:				
Current Year	190,000	158,333	1,900,000	
Prior Year Carry-over	-0-	41,667	500,000	
Eat Well Global	31,214	29,167	350,000	
NPSA Chef's Summit:				
Prior Year Carry-over	-0-	13,333	160,000	
Health Research	-0-	32,083	385,000	
Miscellaneous	2,528	-0-	-0-	
Total Marketing	\$ 263,105	\$ 559,584	\$ 6,715,000	

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2020 and
One Year Ended September 30, 2021**

	One Month Ended October 31, 2020		Fiscal Year Ended September 30, 2021
	Actual	Operating Budget	Operating Budget
Grades and Standards:			
Research Contingency:			
Prior Year Carry-over	\$ -0-	\$ 8,333	\$ 100,000
Travel	-0-	1,676	20,108
Shelf-Life Study	-0-	14,167	170,000
Quality Assurance Program	-0-	10,417	125,000
Total Grades and Standards	\$ -0-	\$ 34,593	\$ 415,108
Total Operating Expenses	\$ 413,262	\$ 978,452	\$ 11,741,400
Nonoperating Revenues and Expenses:			
Interest Earned	\$ 1,036	\$ -0-	\$ -0-
Prior Year Carry-over - 2020 Expense Offset	-0-	69,867	838,400
Other Income:			
Reserve	-0-	66,667	800,000
EMP Funding	-0-	25,833	310,000
Marketing Access Program (MAP)	-0-	85,667	1,028,000
Total Nonoperating Revenue	\$ 1,036	\$ 248,034	\$ 2,976,400
Change in Net Position	(\$ 252,197)	\$ -0-	\$ -0-

See Accountants' Compilation Report.