



July 26, 2022

To the Members of
American Pecan Council
Fort Worth, Texas

We have audited the financial statements of American Pecan Council (the Council) as of and for the year ended September 30, 2021, and have issued our report thereon dated July 26, 2022. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our letter dated September 9, 2021, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Council solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding a material weakness in internal control during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated July 26, 2022.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Council is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2021. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. No such significant accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the Council's financial statements relate to prior period adjustments and subsequent events.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. There were no uncorrected misstatements identified as a result of our audit procedures.

The following misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: decrease in accounts receivable of \$123,903, decrease in beginning net position of \$78,151, and decrease in assessment revenue of \$45,752.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Council’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated July 26, 2022.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Council, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Council’s auditors.

This report is intended solely for the information and use of the Members and management of the Council and is not intended to be, and should not be, used by anyone other than these specified parties.



Abilene, Texas



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month and Year Ended

September 30, 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 statement of net position – enterprise fund as of September 30, 2021 and the related statement of revenues, expenditures, and changes in net position – enterprise fund, and statement of cash flows – enterprise fund for the one month and 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.

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.

Supplementary Information

The supplementary information included in the operating budget for the one month and year ended September 30, 2021 and the one year budgetary comparison schedule and operating budget are presented for the purpose of additional analysis and are 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
November 9, 2021

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL

Statement of Net Position - Enterprise Fund

As of September 30, 2021

ASSETS

Current Assets:

| | | |
|---------------------------|----|-----------|
| Cash and Cash Equivalents | \$ | 6,206,347 |
| Accounts Receivable | | 1,098,884 |
| Prepaid Expenses | | 403,307 |

Total Current Assets \$ 7,708,538

Noncurrent Assets:

| | | |
|----------------------------|----|---------|
| Depreciable Capital Assets | \$ | 41,520 |
| Accumulated Depreciation | (| 26,465) |

Total Noncurrent Assets \$ 15,055

Other Assets:

| | | |
|------------------|----|-------|
| Security Deposit | \$ | 5,875 |
|------------------|----|-------|

Total Other Assets \$ 5,875

TOTAL ASSETS **\$ 7,729,468**

LIABILITIES AND NET POSITION

Current Liabilities:

| | | |
|------------------|----|---------|
| Accounts Payable | \$ | 700,513 |
|------------------|----|---------|

Total Current Liabilities \$ 700,513

Total Liabilities \$ 700,513

Net Position:

| | | |
|----------------------------------|----|-----------|
| Net Investment in Capital Assets | \$ | 15,055 |
| Unrestricted | | 7,013,900 |

Total Net Position \$ 7,028,955

TOTAL LIABILITIES AND NET POSITION **\$ 7,729,468**

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

**Statement of Revenues, Expenditures, and
Changes in Net Position - Enterprise Fund**

For the One Month and Year Ended September 30, 2021

| | <u>One Month</u> | <u>One Year</u> |
|--|---------------------|---------------------|
| Operating Revenues: | | |
| Assessment Income | \$ 187,248 | \$ 10,124,245 |
| | <hr/> | <hr/> |
| Total Operating Revenue | \$ 187,248 | \$ 10,124,245 |
| | <hr/> | <hr/> |
| Operating Expenses: | | |
| General Administrative: | | |
| Staff and Administrative | \$ 69,482 | \$ 798,457 |
| Insurance | 8,034 | 23,629 |
| Compliance | 28,988 | 88,127 |
| Other General Administrative | 24,335 | 245,288 |
| Industry Relations: | | |
| Industry Relations Activities | 3,250 | 62,624 |
| Industry Research | -0- | 294,200 |
| International Relations | 3,093 | 457,347 |
| Marketing | 656,468 | 6,892,671 |
| Grades and Standards | -0- | 112,501 |
| Research | -0- | 27,243 |
| | <hr/> | <hr/> |
| Total Operating Expenses | \$ 793,650 | \$ 9,002,087 |
| | <hr/> | <hr/> |
| Operating Income (Loss) | (\$ 606,402) | \$ 1,122,158 |
| | <hr/> | <hr/> |
| Nonoperating Revenues (Expenses): | | |
| Interest Earned | \$ 1,330 | \$ 15,824 |
| Donations | -0- | 23 |
| Other Income: | | |
| Marketing Access Program (MAP) | -0- | 595,970 |
| | <hr/> | <hr/> |
| Total Nonoperating Revenues | \$ 1,330 | \$ 611,817 |
| | <hr/> | <hr/> |
| Change in Net Position | (\$ 605,072) | \$ 1,733,975 |
| | <hr/> | <hr/> |
| Net Position, Beginning as Previously Stated | \$ 7,477,474 | \$ 4,749,704 |
| | <hr/> | <hr/> |
| Prior Period Adjustment | 156,553 | 545,276 |
| | <hr/> | <hr/> |
| Net Position, Beginning as Restated | \$ 7,634,027 | \$ 5,294,980 |
| | <hr/> | <hr/> |
| Net Position, Ending | <u>\$ 7,028,955</u> | <u>\$ 7,028,955</u> |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows - Enterprise Fund

For the One Month and Year Ended September 30, 2021

| | <u>One Month</u> | <u>One Year</u> |
|---|------------------|-----------------|
| Cash Flows From Operating Activities: | | |
| Cash Received from Assessments | \$ 259,359 | \$ 10,228,218 |
| Cash Received from Donors | -0- | 23 |
| Cash Received from Marketing Access Program (MAP) | -0- | 595,970 |
| Cash Paid for Salaries and Benefits | (69,482) | (798,457) |
| Cash Paid for Operating Expenses | (485,907) | (8,895,585) |
| | <hr/> | <hr/> |
| Net Cash Provided (Used) by Operating Activities | (\$ 296,030) | \$ 1,130,169 |
| Cash Flows From Capital and Related Financing Activities: | | |
| Acquisition of Capital Assets | \$ -0- | (\$ 600) |
| | <hr/> | <hr/> |
| Net Cash Provided (Used) by Capital and Related Financing Activities | \$ -0- | (\$ 600) |
| Cash Flows From Investing Activities: | | |
| Cash Received from Interest Earned | \$ 1,330 | \$ 15,824 |
| | <hr/> | <hr/> |
| Net Cash Provided (Used) by Investing Activities | \$ 1,330 | \$ 15,824 |
| | <hr/> | <hr/> |
| Net Increase (Decrease) in Cash | (\$ 294,700) | \$ 1,145,393 |
| | <hr/> | <hr/> |
| Cash, Beginning of Period | 6,501,047 | 5,060,954 |
| | <hr/> | <hr/> |
| Cash, End of Period | \$ 6,206,347 | \$ 6,206,347 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | |
| Income (Loss) from Operations | (\$ 606,402) | \$ 1,122,158 |
| Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation Expense | 692 | 8,304 |
| Other Income | -0- | 595,993 |
| Changes in Assets and Liabilities: | | |
| (Increase) Decrease in Accounts Receivable | 72,110 | 101,050 |
| (Increase) Decrease in Prepaid Expenses | (392,655) | (347,791) |
| (Increase) Decrease in Other Current Assets | -0- | 95,561 |
| Increase (Decrease) in Accounts Payable | 633,395 | (445,106) |
| Increase (Decrease) in Payroll Tax Payable | (3,170) | -0- |
| | <hr/> | <hr/> |
| Net Cash Provided (Used) by Operating Activities | (\$ 296,030) | \$ 1,130,169 |
| | <hr/> <hr/> | <hr/> <hr/> |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Year Ended September 30, 2021

| | Budget | | Actual | Variance |
|---------------------------------------|---------------------|---------------------|----------------------|----------------------------|
| | Original | Amended | | Favorable (Unfavorable) |
| Operating Revenue: | | | | |
| 2019 Assessment Income | \$ 500,000 | \$ 500,000 | \$ 27,253 | (472,747) |
| 2020-2021 Improved | 7,025,250 | 7,025,250 | 8,829,313 | 1,804,063 |
| 2020-2021 Native/Seedling | 867,825 | 867,825 | 420,553 | (447,272) |
| 2020-2021 Substandard | 371,925 | 371,925 | 847,126 | 475,201 |
| Total Operating Revenue | \$ 8,765,000 | \$ 8,765,000 | \$ 10,124,245 | \$ 1,359,245 |
| Operating Expenses: | | | | |
| General Administration: | | | | |
| Staff and Administration: | | | | |
| Salaries | \$ 789,200 | \$ 789,200 | \$ 652,394 | \$ 136,806 |
| Benefits | 105,000 | 105,000 | 101,738 | 3,262 |
| Taxes | 55,000 | 55,000 | 43,325 | 11,675 |
| Total Staff and Administration | \$ 949,200 | \$ 949,200 | \$ 798,457 | \$ 150,743 |
| Insurance: | | | | |
| Travel | \$ 2,700 | \$ 2,700 | \$ 2,894 | (\$ 194) |
| General | 7,700 | 7,700 | 5,675 | 2,025 |
| D&O/Members | 13,000 | 13,000 | 15,060 | (2,060) |
| Fidelity | 4,400 | 4,400 | -0- | 4,400 |
| Total Insurance | \$ 27,800 | \$ 27,800 | \$ 23,629 | \$ 4,171 |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Year Ended September 30, 2021

| | Budget | | Actual | Favorable (Unfavorable) |
|------------------------------|---------------------|---------------------|---------------------|----------------------------|
| | Original | Amended | | |
| Compliance: | | | | |
| Attorney/Crisis Management | \$ 25,000 | \$ 25,000 | \$ -0- | \$ 25,000 |
| Audit Financial | 20,000 | 20,000 | 20,000 | -0- |
| Compliance Travel | 45,000 | 45,000 | -0- | 45,000 |
| Sheller/Handler Audits | 170,000 | 170,000 | 55,000 | 115,000 |
| Printing/Forms/Postage | 6,000 | 6,000 | 13,127 | (7,127) |
| Total Compliance | <u>\$ 266,000</u> | <u>\$ 266,000</u> | <u>\$ 88,127</u> | <u>\$ 177,873</u> |
| Accounting/Financials | \$ 78,000 | \$ 78,000 | \$ 69,657 | \$ 8,343 |
| Telephone/Mobile/Internet | 15,000 | 15,000 | 19,057 | (4,057) |
| Travel Office | 40,000 | 40,000 | 11,425 | 28,575 |
| Travel Committee | 130,000 | 130,000 | -0- | 130,000 |
| Supplies | 10,000 | 10,000 | 5,617 | 4,383 |
| Maintenance/Buildout | 15,000 | 15,000 | -0- | 15,000 |
| Printing | 20,000 | 20,000 | 14,461 | 5,539 |
| IT/Furniture/Software | 30,000 | 30,000 | 20,758 | 9,242 |
| Subscriptions | 20,000 | 20,000 | 13,145 | 6,855 |
| Depreciation | -0- | -0- | 8,304 | (8,304) |
| Miscellaneous | 5,000 | 5,000 | 3,024 | 1,976 |
| Rent | 85,000 | 85,000 | 79,840 | 5,160 |
| Total General Administration | <u>\$ 1,691,000</u> | <u>\$ 1,691,000</u> | <u>\$ 1,155,501</u> | <u>\$ 535,499</u> |
| Contingency Fund | <u>\$ 26,892</u> | <u>\$ 26,892</u> | <u>\$ -0-</u> | <u>\$ 26,892</u> |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Year Ended September 30, 2021

| | Budget | | Actual | Favorable (Unfavorable) |
|-------------------------------------|-------------------|-------------------|-------------------|----------------------------|
| | Original | Amended | | |
| Industry Relations: | | | | |
| Compliance: | | | | |
| Compliance Materials | \$ 5,000 | \$ 5,000 | \$ -0- | \$ 5,000 |
| Workshops | 5,000 | 5,000 | -0- | 5,000 |
| Total Compliance | <u>\$ 10,000</u> | <u>\$ 10,000</u> | <u>\$ -0-</u> | <u>\$ 10,000</u> |
| Industry Relations Activities: | | | | |
| Annual Reports | \$ 8,000 | \$ 8,000 | \$ -0- | \$ 8,000 |
| Communication Materials | 75,000 | 75,000 | 28,431 | 46,569 |
| Travel | 50,000 | 50,000 | 2,110 | 47,890 |
| WS-Field Events | 400,000 | 400,000 | -0- | 400,000 |
| Association Sponsorship | 70,000 | 70,000 | 22,463 | 47,537 |
| Handler Portal Maintenance | 10,000 | 10,000 | -0- | 10,000 |
| Fishhook: | | | | |
| Prior Year Carry-over | 78,400 | 78,400 | 5,620 | 72,780 |
| Meltwater | 10,000 | 10,000 | 4,000 | 6,000 |
| Total Industry Relations Activities | <u>\$ 701,400</u> | <u>\$ 701,400</u> | <u>\$ 62,624</u> | <u>\$ 638,776</u> |
| Industry Research: | | | | |
| NASS | \$ 214,000 | \$ 214,000 | \$ 108,200 | \$ 105,800 |
| Total Industry Research | <u>\$ 214,000</u> | <u>\$ 214,000</u> | <u>\$ 294,200</u> | <u>\$ (80,200)</u> |
| Total Industry Relations | <u>\$ 925,400</u> | <u>\$ 925,400</u> | <u>\$ 356,824</u> | <u>\$ 568,576</u> |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Year Ended September 30, 2021

| | Budget | | Actual | Favorable (Unfavorable) |
|--|---------------------|---------------------|---------------------|----------------------------|
| | Original | Amended | | |
| International Relations: | | | | |
| Unified Export Strategy/Emerging Market Proposal | \$ -0- | \$ 95,000 | \$ 95,000 | \$ -0- |
| International Nut Congress-Nut Health Research | 50,000 | 485,000 | 99,999 | 385,001 |
| Travel | 1,338,000 | 50,000 | 6,442 | 43,558 |
| Marketing Access Program (MAP) | -0- | 1,338,000 | 255,906 | 1,082,094 |
| Total International Relations | <u>\$ 1,873,000</u> | <u>\$ 1,968,000</u> | <u>\$ 457,347</u> | <u>\$ 1,510,653</u> |
| Marketing: | | | | |
| Weber Shandwick | \$ 3,200,000 | \$ 3,200,000 | \$ 4,345,699 | (\$ 1,145,699) |
| APC Travel for Events | 50,000 | 50,000 | 20,085 | 29,915 |
| Aspire IQ | 170,000 | 170,000 | 114,091 | 55,909 |
| iHeart Media/Digital Magnet: | | | | |
| Current Year | 1,900,000 | 1,900,000 | 1,400,000 | 500,000 |
| Prior Year Carry-over | 500,000 | 500,000 | 500,000 | -0- |
| Eat Well Global | -0- | 350,000 | 368,507 | (18,507) |
| NPSA Chef's Summit: | | | | |
| Prior Year Carry-over | 160,000 | 160,000 | 140,667 | 19,333 |
| Health Research | 385,000 | 385,000 | -0- | 385,000 |
| Total Marketing | <u>\$ 6,535,000</u> | <u>\$ 6,715,000</u> | <u>\$ 6,892,671</u> | <u>(\$ 177,671)</u> |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Year Ended September 30, 2021

| | Budget | | Actual | Favorable (Unfavorable) |
|---|-----------------------|-----------------------|---------------------|----------------------------|
| | Original | Amended | | |
| Research Contingency | | | | |
| Prior Year Carry-over | \$ 100,000 | \$ 100,000 | \$ -0- | \$ 100,000 |
| Travel | 20,108 | 20,108 | -0- | 20,108 |
| Shelf-Life Study | 170,000 | 170,000 | -0- | 170,000 |
| Quality Assurance Program | 125,000 | 125,000 | 112,501 | 12,499 |
| Total Grades and Standards | <u>\$ 415,108</u> | <u>\$ 415,108</u> | <u>\$ 112,501</u> | <u>\$ 302,607</u> |
| Research: | | | | |
| Nut Health | \$ -0- | \$ -0- | \$ 7,243 | (\$ 7,243) |
| Contingency Fund | -0- | -0- | 20,000 | (20,000) |
| Total Research | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ 27,243</u> | <u>(\$ 27,243)</u> |
| Total Operating Expenses | <u>\$ 11,466,400</u> | <u>\$ 11,741,400</u> | <u>\$ 9,002,087</u> | <u>\$ 2,739,313</u> |
| Operating Income (Loss) | <u>(\$ 2,701,400)</u> | <u>(\$ 2,976,400)</u> | <u>\$ 1,122,158</u> | <u>\$ 4,098,558</u> |
| Nonoperating Revenues and Expenses: | | | | |
| Interest Earned | \$ -0- | \$ -0- | \$ 15,824 | (\$ 15,824) |
| Donations | -0- | -0- | 23 | (23) |
| Prior Year Carry-over - 2020 Expense Offset | 838,400 | 838,400 | -0- | 838,400 |
| Other Income: | | | | |
| Reserve | 310,000 | 800,000 | -0- | 800,000 |
| EMP Funing | 1,028,000 | 310,000 | -0- | 310,000 |
| Marketing Access Program (MAP) | 1,028,000 | 1,028,000 | 595,970 | 432,030 |
| Total Nonoperating Revenue | <u>\$ 3,204,400</u> | <u>\$ 2,976,400</u> | <u>\$ 611,817</u> | <u>\$ 2,364,583</u> |
| Change in Net Position | <u>\$ 503,000</u> | <u>\$ -0-</u> | <u>\$ 1,733,975</u> | <u>\$ 1,733,975</u> |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Year Ended September 30, 2021

| | One Month Ended September 30, 2021 | | One Year Ended September 30, 2021 | |
|--------------------------------|---------------------------------------|-------------------|--------------------------------------|---------------------|
| | Actual | Operating Budget | Actual | Operating Budget |
| Operating Revenue: | | | | |
| 2019 Assessment Income | \$ -0- | \$ 41,667 | \$ 27,253 | \$ 500,000 |
| 2020-2021 Improved | 180,431 | 585,438 | 8,829,313 | 7,025,250 |
| 2020-2021 Native/Seedling | 4 | 72,319 | 420,553 | 867,825 |
| 2020-2021 Substandard | 6,813 | 30,994 | 847,126 | 371,925 |
| Total Operating Revenue | \$ 187,248 | \$ 730,418 | \$ 10,124,245 | \$ 8,765,000 |
| Operating Expenses: | | | | |
| General Administration: | | | | |
| Staff and Administration: | | | | |
| Salaries | \$ 55,838 | \$ 65,767 | \$ 652,394 | \$ 789,200 |
| Benefits | 10,825 | 8,750 | 101,738 | 105,000 |
| Taxes | 2,819 | 4,583 | 43,325 | 55,000 |
| Contract Labor | -0- | -0- | 1,000 | -0- |
| Total Staff and Administration | \$ 69,482 | \$ 79,100 | \$ 798,457 | \$ 949,200 |
| Insurance: | | | | |
| Travel | \$ -0- | \$ 225 | \$ 2,894 | \$ 2,700 |
| General | 3,483 | 642 | 5,675 | 7,700 |
| D&O/Members | 4,551 | 1,083 | 15,060 | 13,000 |
| Fidelity | -0- | 367 | -0- | 4,400 |
| Total Insurance | \$ 8,034 | \$ 2,317 | \$ 23,629 | \$ 27,800 |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Year Ended September 30, 2021

| | One Month Ended September 30, 2021 | | One Year Ended September 30, 2021 | |
|------------------------------|---------------------------------------|------------------|--------------------------------------|------------------|
| | Actual | Operating Budget | Actual | Operating Budget |
| Compliance: | | | | |
| Attorney/Crisis Management | \$ -0- | \$ 2,083 | \$ -0- | \$ 25,000 |
| Audit Financial | 20,000 | 1,667 | 20,000 | 20,000 |
| Compliance Travel | -0- | 3,750 | -0- | 45,000 |
| Sheller/Handler Audits | 7,500 | 14,167 | 55,000 | 170,000 |
| Printing/Forms/Postage | 1,488 | 500 | 13,127 | 6,000 |
| Total Compliance | \$ 28,988 | \$ 22,167 | \$ 88,127 | \$ 266,000 |
| Accounting/Financials | \$ 6,154 | \$ 6,500 | \$ 69,657 | \$ 78,000 |
| Telephone/Mobile/Internet | 1,681 | 1,250 | 19,057 | 15,000 |
| Travel Office | 1,000 | 3,333 | 11,425 | 40,000 |
| Travel Committee | -0- | 10,833 | -0- | 130,000 |
| Supplies | 116 | 833 | 5,617 | 10,000 |
| Maintenance/Buildout | -0- | 1,250 | -0- | 15,000 |
| Printing | 4,367 | 1,667 | 14,461 | 20,000 |
| IT/Furniture/Software | 3,670 | 2,500 | 20,758 | 30,000 |
| Subscriptions | 36 | 1,667 | 13,145 | 20,000 |
| Depreciation | 692 | -0- | 8,304 | -0- |
| Miscellaneous | 42 | 417 | 3,024 | 5,000 |
| Rent | 6,577 | 7,083 | 79,840 | 85,000 |
| Total General Administration | \$ 130,839 | \$ 140,917 | \$ 1,155,501 | \$ 1,691,000 |
| Contingency Fund | \$ -0- | \$ 2,241 | \$ -0- | \$ 26,892 |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Year Ended September 30, 2021

| | One Month Ended September 30, 2021 | | One Year Ended September 30, 2021 | |
|-------------------------------------|---------------------------------------|------------------|--------------------------------------|-------------------|
| | Actual | Operating Budget | Actual | Operating Budget |
| Industry Relations: | | | | |
| Compliance: | | | | |
| Compliance Materials | \$ -0- | \$ 417 | \$ -0- | \$ 5,000 |
| Workshops | -0- | 417 | -0- | 5,000 |
| Total Compliance | <u>\$ -0-</u> | <u>\$ 834</u> | <u>\$ -0-</u> | <u>\$ 10,000</u> |
| Industry Relations Activities: | | | | |
| Annual Reports | \$ -0- | \$ 667 | \$ -0- | \$ 8,000 |
| Communication Materials | -0- | 6,250 | 28,431 | 75,000 |
| Travel | 2,000 | 4,167 | 2,110 | 50,000 |
| WS-Field Events | -0- | 33,333 | -0- | 400,000 |
| Association Sponsorship | 1,250 | 5,833 | 22,463 | 70,000 |
| Handler Portal Maintenance | -0- | 833 | -0- | 10,000 |
| Fishhook: | | | | |
| Prior Year Carry-over | -0- | 6,533 | 5,620 | 78,400 |
| Meltwater | -0- | 833 | 4,000 | 10,000 |
| Total Industry Relations Activities | <u>\$ 3,250</u> | <u>\$ 58,449</u> | <u>\$ 62,624</u> | <u>\$ 701,400</u> |
| Industry Research: | | | | |
| Land IQ | | | | |
| Prior Year Carry-over | \$ -0- | \$ -0- | \$ 186,000 | \$ -0- |
| NASS | -0- | 17,833 | 108,200 | 214,000 |
| Total Industry Research | <u>\$ -0-</u> | <u>\$ 17,833</u> | <u>\$ 294,200</u> | <u>\$ 214,000</u> |
| Total Industry Relations | <u>\$ 3,250</u> | <u>\$ 77,116</u> | <u>\$ 356,824</u> | <u>\$ 925,400</u> |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Year Ended September 30, 2021

| | One Month Ended September 30, 2021 | | One Year Ended September 30, 2021 | |
|--|---------------------------------------|------------------|--------------------------------------|------------------|
| | Actual | Operating Budget | Actual | Operating Budget |
| International Relations: | | | | |
| Unified Export Strategy/Emerging Market Proposal | \$ -0- | \$ 7,917 | \$ 95,000 | \$ 95,000 |
| International Nut Congress-Nut Health Research | -0- | 40,417 | 99,999 | 485,000 |
| Travel | 3,093 | 4,167 | 6,442 | 50,000 |
| Marketing Access Program (MAP) | -0- | 111,500 | 255,906 | 1,338,000 |
| Total International Relations | \$ 3,093 | \$ 164,001 | \$ 457,347 | \$ 1,968,000 |
| Marketing: | | | | |
| Weber Shandwick | \$ 596,664 | \$ 266,667 | \$ 4,345,699 | \$ 3,200,000 |
| Branded Materials/Give Away | -0- | -0- | 3,622 | -0- |
| APC Travel for Events | 8,200 | 4,167 | 20,085 | 50,000 |
| Aspire IQ | 3,463 | 14,167 | 114,091 | 170,000 |
| iHeart Media/Digital Magnet: | | | | |
| Current Year | -0- | 158,333 | 1,400,000 | 1,900,000 |
| Prior Year Carry-over | -0- | 41,667 | 500,000 | 500,000 |
| Eat Well Global | 48,141 | 29,167 | 368,507 | 350,000 |
| NPSA Chef's Summit: | | | | |
| Prior Year Carry-over | -0- | 13,333 | 140,667 | 160,000 |
| Health Research | -0- | 32,083 | -0- | 385,000 |
| Total Marketing | \$ 656,468 | \$ 559,584 | \$ 6,892,671 | \$ 6,715,000 |

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Year Ended September 30, 2021

| | One Month Ended September 30, 2021 | | One Year Ended September 30, 2021 | |
|---|---------------------------------------|------------------|--------------------------------------|------------------|
| | Actual | Operating Budget | Actual | Operating Budget |
| Grades and Standards: | | | | |
| Research Contingency: | | | | |
| Prior Year Carry-over | \$ -0- | \$ 8,333 | \$ -0- | \$ 100,000 |
| Travel | -0- | 1,676 | -0- | 20,108 |
| Shelf-Life Study | -0- | 14,167 | -0- | 170,000 |
| Quality Assurance Program | -0- | 10,417 | 112,501 | 125,000 |
| Total Grades and Standards | \$ -0- | \$ 34,593 | \$ 112,501 | \$ 415,108 |
| Research: | | | | |
| Nut Health | \$ -0- | \$ -0- | \$ 7,243 | \$ -0- |
| Contingency Fund | -0- | -0- | 20,000 | -0- |
| Total Research | \$ -0- | \$ -0- | \$ 27,243 | \$ -0- |
| Total Operating Expenses | \$ 793,650 | \$ 978,452 | \$ 9,002,087 | \$ 11,741,400 |
| Operating Income (Loss) | (\$ 606,402) | (\$ 248,034) | \$ 1,122,158 | (\$ 2,976,400) |
| Nonoperating Revenues and Expenses: | | | | |
| Interest Earned | \$ 1,330 | \$ -0- | \$ 15,824 | \$ -0- |
| Donations | -0- | -0- | 23 | -0- |
| Prior Year Carry-over - 2020 Expense Offset | -0- | 69,867 | -0- | 838,400 |
| Other Income: | | | | |
| Reserve | -0- | 66,667 | -0- | 800,000 |
| EMP Funding | -0- | 25,833 | -0- | 310,000 |
| Marketing Access Program (MAP) | -0- | 85,667 | 595,970 | 1,028,000 |
| Total Nonoperating Revenue | \$ 1,330 | \$ 248,034 | \$ 611,817 | \$ 2,976,400 |
| Change in Net Position | (\$ 605,072) | \$ -0- | \$ 1,733,975 | \$ -0- |

See Accountants' Compilation Report.