



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL
Compiled Financial Statements
For the One Month and Three Months Ended
December 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 statement of net position – enterprise fund as of December 31, 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 three months then 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part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.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 three months ended December 31, 2021 and year ended September 30, 2022 and the three months 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
January 26, 2022

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL

Statement of Net Position - Enterprise Fund

As of December 31, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 4,360,976
Accounts Receivable	991,105
Prepaid Expenses	1,176

Total Current Assets \$ 5,353,257

Noncurrent Assets:

Depreciable Capital Assets	\$ 41,520
Accumulated Depreciation	(28,541)

Total Noncurrent Assets \$ 12,979

Other Assets:

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

TOTAL ASSETS \$ 5,372,111

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 87,613
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Total Current Liabilities \$ 87,613

Total Liabilities \$ 87,613

Net Position:

Net Investment in Capital Assets	\$ 12,979
Unrestricted	5,271,519

Total Net Position \$ 5,284,498

TOTAL LIABILITIES AND NET POSITION \$ 5,372,111

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

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

For the One Month and Three Months Ended December, 2021

	<u>One Month</u>	<u>Three Months</u>
Operating Revenues:		
Assessment Income	\$ 368,208	\$ 818,298
	<hr/>	<hr/>
Total Operating Revenue	\$ 368,208	\$ 818,298
	<hr/>	<hr/>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 86,517	\$ 222,789
Insurance	-0-	5,740
Compliance	2,163	2,740
Other General Administrative	26,304	59,302
Industry Relations:		
Industry Relations Activities	6,800	27,983
Industry Research	4,808	4,808
International Relations	-0-	129,529
Marketing	210,393	2,092,164
Grades and Standards	14,759	59,036
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Total Operating Expenses	\$ 351,744	\$ 2,604,091
	<hr/>	<hr/>
Operating Income (Loss)	\$ 16,464	(\$ 1,785,793)
	<hr/>	<hr/>
Nonoperating Revenues (Expenses):		
Interest Earned	\$ 190	\$ 669
	<hr/>	<hr/>
Total Nonoperating Revenues	\$ 190	\$ 669
	<hr/>	<hr/>
Change in Net Position	\$ 16,654	(\$ 1,785,124)
	<hr/>	<hr/>
Net Position, Beginning as Previously Stated	\$ 5,227,445	\$ 7,028,955
	<hr/>	<hr/>
Prior Period Adjustment	40,399	40,667
	<hr/>	<hr/>
Net Position, Beginning as Restated	\$ 5,267,844	\$ 7,069,622
	<hr/>	<hr/>
Net Position, Ending	\$ 5,284,498	\$ 5,284,498
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows - Enterprise Fund

For the One Month and Three Months Ended December 31, 2021

	<u>One Month</u>	<u>Three Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 276,989	\$ 972,743
Cash Paid for Salaries and Benefits	(86,517)	(222,789)
Cash Paid for Operating Expenses	(348,301)	(2,595,994)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 157,829)	(\$ 1,846,040)
Cash Flows From Investing Activities:		
Cash Received from Interest Earned	\$ 190	\$ 669
	<hr/>	<hr/>
Net Cash Provided (Used) by Investing Activities	\$ 190	\$ 669
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	(\$ 157,639)	(\$ 1,845,371)
Cash, Beginning of Period	4,518,615	6,206,347
	<hr/>	<hr/>
Cash, End of Period	<u>\$ 4,360,976</u>	<u>\$ 4,360,976</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	\$ 16,464	(\$ 1,785,793)
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	692	2,076
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(91,219)	154,446
(Increase) Decrease in Prepaid Expenses	122	402,131
(Increase) Decrease in Other Current Assets	-0-	500
Increase (Decrease) in Accounts Payable	(80,388)	(619,400)
Increase (Decrease) in Payroll Tax Payable	(3,500)	-0-
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Net Cash Provided (Used) by Operating Activities	<u>(\$ 157,829)</u>	<u>(\$ 1,846,040)</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2021

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2021-2022 Improved	\$ 787,500	\$ 787,500	\$ 818,298	\$ 30,798
Total Operating Revenue	\$ 787,500	\$ 787,500	\$ 818,298	\$ 30,798
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 196,626	\$ 196,626	\$ 184,267	\$ 12,359
Benefits:				
IRA	6,150	6,150	5,030	1,120
Health	36,249	36,249	26,472	9,777
Taxes	15,501	15,501	7,020	8,481
Total Staff and Administration	\$ 254,526	\$ 254,526	\$ 222,789	\$ 31,737
Insurance:				
Travel	\$ 675	\$ 675	\$ 359	\$ 316
General	1,926	1,926	5,381	(3,455)
D&O/Members	3,249	3,249	-0-	3,249
Fidelity	1,101	1,101	-0-	1,101
Total Insurance	\$ 6,951	\$ 6,951	\$ 5,740	\$ 1,211

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Compliance:				
Attorney/Crisis Management	\$ 6,249	\$ 6,249	\$ -0-	\$ 6,249
Audit Financial	5,001	5,001	-0-	5,001
Compliance Travel	11,250	11,250	-0-	11,250
Sheller/Handler Audits	31,251	31,251	-0-	31,251
Printing/Forms/Postage	2,499	2,499	2,740	(241)
Total Compliance	\$ 56,250	\$ 56,250	\$ 2,740	\$ 53,510
Accounting/Financials	\$ 19,500	\$ 19,500	\$ 12,115	\$ 7,385
Telephone/Mobile/Internet	5,001	5,001	4,495	506
Travel Office	8,751	8,751	3,249	5,502
Travel Committee	21,543	21,543	-0-	21,543
Supplies	2,499	2,499	2,082	417
Maintenance/Buildout	3,750	3,750	-0-	3,750
Printing	5,001	5,001	222	4,779
IT/Furniture/Software	6,249	6,249	3,250	2,999
Subscriptions	5,001	5,001	5,014	(13)
Depreciation	-0-	-0-	2,076	(2,076)
Miscellaneous	1,251	1,251	489	762
Rent	21,750	21,750	26,310	(4,560)
Total General Administration	\$ 418,023	\$ 418,023	\$ 290,571	\$ 127,452
Contingency Fund	\$ 145,233	\$ 145,233	\$ -0-	\$ 145,233
Technology Upgrades	\$ 24,999	\$ 24,999	\$ -0-	\$ 24,999

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Industry Relations:				
Compliance:				
Compliance Materials	\$ 1,251	\$ 1,251	\$ -0-	\$ 1,251
Workshops	1,251	1,251	-0-	1,251
Total Compliance	<u>\$ 2,502</u>	<u>\$ 2,502</u>	<u>\$ -0-</u>	<u>\$ 2,502</u>
Industry Relations Activities:				
Annual Reports	\$ 2,001	\$ 2,001	\$ -0-	\$ 2,001
Communication Materials	12,501	12,501	5,600	6,901
Travel	12,501	12,501	4,000	8,501
WS-Field Events	62,499	62,499	-0-	62,499
Association Sponsorship	17,499	17,499	6,383	11,116
Handler Portal Maintenance	2,499	2,499	-0-	2,499
Fishhook:				
Prior Year Carry-over	16,851	16,851	-0-	16,851
Meltwater	3,000	3,000	12,000	(9,000)
Total Industry Relations Activities	<u>\$ 129,351</u>	<u>\$ 129,351</u>	<u>\$ 27,983</u>	<u>\$ 101,368</u>
Industry Research:				
Research Contingency	\$ 54,000	\$ 54,000	\$ 4,808	\$ 49,192
Total Industry Research	<u>\$ 54,000</u>	<u>\$ 54,000</u>	<u>\$ 4,808</u>	<u>\$ 49,192</u>
Total Industry Relations	<u>\$ 185,853</u>	<u>\$ 185,853</u>	<u>\$ 32,791</u>	<u>\$ 153,062</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
International Nut Congress-Nut Health Research	\$ 24,999	\$ 24,999	\$ 100,000	(\$ 75,001)
Travel	16,251	16,251	4,279	11,972
International Consulting - Grant Writing	23,751	23,751	-0-	23,751
Weber Shandwick - China	162,501	162,501	-0-	162,501
Weber Shandwick - Germany	112,500	112,500	-0-	112,500
Emerging Market Program Research	125,001	125,001	23,750	101,251
Market Access Program	-0-	-0-	1,500	(1,500)
Contingency Fund	162,501	162,501	-0-	162,501
Total International Relations	\$ 627,504	\$ 627,504	\$ 129,529	\$ 497,975
Marketing:				
Aspire IQ	\$ 12,501	\$ 12,501	\$ -0-	\$ 12,501
iHeart Media/Digital Magnet	200,001	200,001	800,000	(599,999)
Eat Well Global	20,001	20,001	79,050	(59,049)
NPSA Chef's Summit	24,999	24,999	70,000	(45,001)
IRI Reporting	37,500	37,500	-0-	37,500
Weber Shandwick	249,999	249,999	1,143,114	(893,115)
Research - Nut Health	96,249	96,249	-0-	96,249
Total Marketing	\$ 641,250	\$ 641,250	\$ 2,092,164	(\$ 1,450,914)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Three Months Ended December 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Research Contingency (FAIR):				
Prior Year Carry-over	\$ 24,999	\$ 24,999	\$ -0-	\$ 24,999
Travel	5,001	5,001	-0-	5,001
Shelf-Life Study:				
Prior Year Carry-over	42,528	42,528	-0-	42,528
Carbon Assessment Services	30,000	30,000	-0-	30,000
Economic Study	24,999	24,999	-0-	24,999
Pricing Through Marketing Channels	9,999	9,999	-0-	9,999
Quality Assurance Program	16,251	16,251	59,036	(42,785)
Total Grades and Standards	\$ 153,777	\$ 153,777	\$ 59,036	\$ 94,741
Total Operating Expenses	\$ 2,196,639	\$ 2,196,639	\$ 2,604,091	(\$ 407,452)
Operating Income (Loss)	(\$ 1,409,139)	(\$ 1,409,139)	(\$ 1,785,793)	(\$ 376,654)
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 669	\$ 669
Management Fee	200,001	200,001	-0-	(200,001)
Past Outstanding	99,999	99,999	-0-	(99,999)
Prior Year Carry-over - 2020 Expense Offset	180,627	180,627	-0-	(180,627)
Other Income:				
Reserve	545,001	545,001	-0-	(545,001)
EMP Funding	125,001	125,001	-0-	(125,001)
Marketing Access Program (MAP)	312,498	312,498	-0-	(312,498)
Total Nonoperating Revenue	\$ 1,463,127	\$ 1,463,127	\$ 669	(\$ 1,462,458)
Change in Net Position	\$ 53,988	\$ 53,988	(\$ 1,785,124)	(\$ 1,839,112)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended December 31, 2021		Three Months Ended December 31, 2021		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2021-2022 Improved	\$ 368,208	\$ 262,500	\$ 818,298	\$ 787,500	\$ 3,150,000
Total Operating Revenue	\$ 368,208	\$ 262,500	\$ 818,298	\$ 787,500	\$ 3,150,000
Operating Expenses:					
General Administration:					
Staff and Administration:					
Salaries	\$ 61,422	\$ 65,542	\$ 184,267	\$ 196,626	\$ 786,500
Benefits:					
IRA	1,691	2,050	5,030	6,150	24,595
Health	21,033	12,083	26,472	36,249	145,000
Taxes	2,371	5,167	7,020	15,501	62,000
Total Staff and Administration	\$ 86,517	\$ 84,842	\$ 222,789	\$ 254,526	\$ 1,018,095
Insurance:					
Travel	\$ -0-	\$ 225	\$ 359	\$ 675	\$ 2,700
General	-0-	642	5,381	1,926	7,700
Total Insurance	\$ -0-	\$ 2,317	\$ 5,740	\$ 6,951	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended December 31, 2021		Three Months Ended December 31, 2021		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ -0-	\$ 2,083	\$ -0-	\$ 6,249	\$ 25,000
Audit Financial	-0-	1,667	-0-	5,001	20,000
Compliance Travel	-0-	3,750	-0-	11,250	45,000
Sheller/Handler Audits	-0-	10,417	-0-	31,251	125,000
Printing/Forms/Postage	2,163	833	2,740	2,499	10,000
Total Compliance	\$ 2,163	\$ 18,750	\$ 2,740	\$ 56,250	\$ 225,000
Accounting/Financials	\$ 3,208	\$ 6,500	\$ 12,115	\$ 19,500	\$ 78,000
Telephone/Mobile/Internet	2,236	1,667	4,495	5,001	20,000
Travel Office	212	2,917	3,249	8,751	35,000
Travel Committee	-0-	7,181	-0-	21,543	86,171
Supplies	54	833	2,082	2,499	10,000
Maintenance/Buildout	-0-	1,250	-0-	3,750	15,000
Printing	560	1,667	222	5,001	20,000
IT/Furniture/Software	2,101	2,083	3,250	6,249	25,000
Subscriptions	4,046	1,667	5,014	5,001	20,000
Depreciation	692	-0-	2,076	-0-	-0-
Miscellaneous	40	417	489	1,251	5,000
Rent	13,155	7,250	26,310	21,750	87,000
Total General Administration	\$ 114,984	\$ 139,341	\$ 290,571	\$ 418,023	\$ 1,672,066
Contingency Fund	\$ -0-	\$ 48,411	\$ -0-	\$ 145,233	\$ 580,934
Technology Upgrades	\$ -0-	\$ 8,333	\$ -0-	\$ 24,999	\$ 100,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended December 31, 2021		Three Months Ended December 31, 2021		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Compliance:					
Compliance Materials	\$ -0-	\$ 417	\$ -0-	\$ 1,251	\$ 5,000
Workshops	-0-	417	-0-	1,251	5,000
Total Compliance	\$ -0-	\$ 834	\$ -0-	\$ 2,502	\$ 10,000
Industry Relations Activities:					
Annual Reports	\$ -0-	\$ 667	\$ -0-	\$ 2,001	\$ 8,000
Communication Materials	2,800	4,167	5,600	12,501	50,000
Travel	4,000	4,167	4,000	12,501	50,000
WS-Field Events	-0-	20,833	-0-	62,499	250,000
Association Sponsorship	-0-	5,833	6,383	17,499	70,000
Handler Portal Maintenance	-0-	833	-0-	2,499	10,000
Fishhook:					
Prior Year Carry-over	-0-	5,617	-0-	16,851	67,400
Meltwater	-0-	1,000	12,000	3,000	12,000
Total Industry Relations Activities	\$ 6,800	\$ 43,117	\$ 27,983	\$ 129,351	\$ 517,400
Industry Research:					
Research Contingency	\$ 4,808	\$ 18,000	\$ 4,808	\$ 54,000	\$ 216,000
Total Industry Research	\$ 4,808	\$ 18,000	\$ 4,808	\$ 54,000	\$ 216,000
Total Industry Relations	\$ 11,608	\$ 61,951	\$ 32,791	\$ 185,853	\$ 743,400

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended December 31, 2021		Three Months Ended December 31, 2021		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
International Relations:					
International Nut Congress-Nut Health Research	\$ -0-	\$ 8,333	\$ 100,000	\$ 24,999	\$ 100,000
Travel	-0-	5,417	4,279	16,251	65,000
International Consulting - Grant Writing	-0-	7,917	-0-	23,751	95,000
Weber Shandwick - China	-0-	54,167	-0-	162,501	650,000
Weber Shandwick - Germany	-0-	37,500	-0-	112,500	450,000
Emerging Market Program Research	-0-	41,667	23,750	125,001	500,000
Market Access Program	-0-	-0-	1,500	-0-	-0-
Contingency Fund	-0-	54,167	-0-	162,501	650,000
Total International Relations	\$ -0-	\$ 209,168	\$ 129,529	\$ 627,504	\$ 2,510,000
Marketing:					
Aspire IQ	\$ -0-	\$ 4,167	\$ -0-	\$ 12,501	\$ 50,000
iHeart Media/Digital Magnet	-0-	66,667	800,000	200,001	800,000
Eat Well Global	79,050	6,667	79,050	20,001	80,000
NPSA Chef's Summit	70,000	8,333	70,000	24,999	100,000
IRI Reporting	-0-	12,500	-0-	37,500	150,000
Weber Shandwick	61,343	83,333	1,143,114	249,999	1,000,000
Research - Nuth Health	-0-	32,083	-0-	96,249	385,000
Total Marketing	\$ 210,393	\$ 213,750	\$ 2,092,164	\$ 641,250	\$ 2,565,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Three Months Ended December 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended December 31, 2021		Three Months Ended December 31, 2021		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Grades and Standards:					
Research Contingency (FAIR):					
Prior Year Carry-over	\$ -0-	\$ 8,333	\$ -0-	\$ 24,999	\$ 100,000
Travel	-0-	1,667	-0-	5,001	20,000
Shelf-Life Study:					
Prior Year Carry-over	-0-	14,176	-0-	42,528	170,108
Carbon Assessment Services	-0-	10,000	-0-	30,000	120,000
Economic Study	-0-	8,333	-0-	24,999	100,000
Pricing Through Marketing Channels	-0-	3,333	-0-	9,999	40,000
Quality Assurance Program	14,759	5,417	59,036	16,251	65,000
Total Grades and Standards	\$ 14,759	\$ 51,259	\$ 59,036	\$ 153,777	\$ 615,108
Total Operating Expenses	\$ 351,744	\$ 732,213	\$ 2,604,091	\$ 2,196,639	\$ 8,786,508
Operating Income (Loss)	\$ 16,464	(\$ 469,713)	(\$ 1,785,793)	(\$ 1,409,139)	(\$ 5,636,508)
Nonoperating Revenues and Expenses:					
Interest Earned	\$ 190	\$ -0-	\$ 669	\$ -0-	\$ -0-
Management Fee	-0-	66,667	-0-	200,001	800,000
Past Outstanding	-0-	33,333	-0-	99,999	400,000
Prior Year Carry-over - 2021 Expense Offset	-0-	60,209	-0-	180,627	722,508
Other Income:					
Reserve	-0-	181,667	-0-	545,001	2,180,000
EMP Funding	-0-	41,667	-0-	125,001	500,000
Marketing Access Program (MAP)	-0-	104,166	-0-	312,498	1,250,000
Total Nonoperating Revenue	\$ 190	\$ 487,709	\$ 669	\$ 1,463,127	\$ 5,852,508
Change in Net Position	\$ 16,654	\$ 17,996	(\$ 1,785,124)	\$ 53,988	\$ 216,000

See Accountants' Compilation Report.