



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month Ended

October 31, 2021

515 West Harris Avenue • Post Office Box 71 • San Angelo, Texas 76902-0071

Phone (325) 653-6854 • Fax (325) 655-5857 • www.armstrongbackus.com



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 October 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 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part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical content.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 ended October 31, 2021 and year ended September 30, 2022 and the one month 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
December 2, 2021

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL

Statement of Net Position - Enterprise Fund

As of October 31, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 6,102,901
Accounts Receivable	717,060
Prepaid Expenses	434

Total Current Assets \$ 6,820,395

Noncurrent Assets:

Depreciable Capital Assets	\$ 41,520
Accumulated Depreciation	(27,157)

Total Noncurrent Assets \$ 14,363

Other Assets:

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

TOTAL ASSETS \$ 6,840,633

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$ 1,279,125
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Total Current Liabilities \$ 1,279,125

Total Liabilities \$ 1,279,125

Net Position:

Net Investment in Capital Assets	\$ 14,363
Unrestricted	5,547,145

Total Net Position \$ 5,561,508

TOTAL LIABILITIES AND NET POSITION \$ 6,840,633

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

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

For the One Month October 31, 2021

	<u>One Month</u>
Operating Revenues:	
Assessment Income	\$ 113,373
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Total Operating Revenue	\$ 113,373
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Operating Expenses:	
General Administrative:	
Staff and Administrative	\$ 73,208
Insurance	5,163
Compliance	148
Other General Administrative	13,315
Industry Relations:	
Industry Relations Activities	20,131
International Relations	129,529
Marketing	1,376,891
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Total Operating Expenses	\$ 1,618,385
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Operating Income (Loss)	(\$ 1,505,012)
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Nonoperating Revenues (Expenses):	
Interest Earned	\$ 258
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Total Nonoperating Revenues	\$ 258
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Change in Net Position	(\$ 1,504,754)
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Net Position, Beginning as Previously Stated	\$ 7,028,955
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Prior Period Adjustment	37,307
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Net Position, Beginning as Restated	\$ 7,066,262
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Net Position, Ending	\$ 5,561,508
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statement of Cash Flows - Enterprise Fund

For the One Month October 31, 2021

	<u>One Month</u>
Cash Flows From Operating Activities:	
Cash Received from Assessments	\$ 532,505
Cash Paid for Salaries and Benefits	(73,208)
Cash Paid for Operating Expenses	(563,001)
	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 103,704)
Cash Flows From Investing Activities:	
Cash Received from Interest Earned	\$ 258
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Net Cash Provided (Used) by Investing Activities	\$ 258
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Net Increase (Decrease) in Cash	(\$ 103,446)
Cash, Beginning of Period	6,206,347
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Cash, End of Period	\$ 6,102,901
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Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Income (Loss) from Operations	(\$ 1,505,012)
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	692
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	419,131
(Increase) Decrease in Prepaid Expenses	402,873
Increase (Decrease) in Accounts Payable	578,612
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Net Cash Provided (Used) by Operating Activities	(\$ 103,704)
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2021

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2021-2022 Improved	\$ 262,500	\$ 262,500	\$ 113,373	(\$ 149,127)
Total Operating Revenue	\$ 262,500	\$ 262,500	\$ 113,373	(\$ 149,127)
Operating Expenses:				
General Administration:				
Staff and Administration:				
Salaries	\$ 65,542	\$ 65,542	\$ 61,422	\$ 4,120
Benefits:				
IRA	2,050	2,050	1,669	381
Health	12,083	12,083	7,556	4,527
Taxes	5,167	5,167	2,561	2,606
Total Staff and Administration	\$ 84,842	\$ 84,842	\$ 73,208	\$ 11,634
Insurance:				
Travel	\$ 225	\$ 225	\$ -0-	\$ 225
General	642	642	5,163	(4,521)
D&O/Members	1,083	1,083	-0-	1,083
Fidelity	367	367	-0-	367
Total Insurance	\$ 2,317	\$ 2,317	\$ 5,163	(\$ 2,846)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2021

	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	10,417	10,417	-0-	10,417
Printing/Forms/Postage	833	833	148	685
Total Compliance	<u>\$ 18,750</u>	<u>\$ 18,750</u>	<u>\$ 148</u>	<u>\$ 18,602</u>
Accounting/Financials	\$ 6,500	\$ 6,500	\$ 3,254	\$ 3,246
Telephone/Mobile/Internet	1,667	1,667	786	881
Travel Office	2,917	2,917	-0-	2,917
Travel Committee	7,181	7,181	-0-	7,181
Supplies	833	833	1,789	(956)
Maintenance/Buildout	1,250	1,250	-0-	1,250
Printing	1,667	1,667	-0-	1,667
IT/Furniture/Software	2,083	2,083	163	1,920
Subscriptions	1,667	1,667	16	1,651
Depreciation	-0-	-0-	692	(692)
Miscellaneous	417	417	38	379
Rent	7,250	7,250	6,577	673
Total General Administration	<u>\$ 139,341</u>	<u>\$ 139,341</u>	<u>\$ 91,834</u>	<u>\$ 47,507</u>
Contingency Fund	<u>\$ 48,411</u>	<u>\$ 48,411</u>	<u>\$ -0-</u>	<u>\$ 48,411</u>
Technology Upgrades	<u>\$ 8,333</u>	<u>\$ 8,333</u>	<u>\$ -0-</u>	<u>\$ 8,333</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2021

	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	4,167	4,167	2,800	1,367
Travel	4,167	4,167	-0-	4,167
WS-Field Events	20,833	20,833	-0-	20,833
Association Sponsorship	5,833	5,833	5,331	502
Handler Portal Maintenance	833	833	-0-	833
Fishhook:				
Prior Year Carry-over	5,617	5,617	-0-	5,617
Meltwater	1,000	1,000	12,000	(11,000)
Total Industry Relations Activities	<u>\$ 43,117</u>	<u>\$ 43,117</u>	<u>\$ 20,131</u>	<u>\$ 22,986</u>
Industry Research:				
Research Contingency	\$ 18,000	\$ 18,000	\$ -0-	\$ 18,000
Total Industry Research	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ -0-</u>	<u>\$ 18,000</u>
Total Industry Relations	<u>\$ 61,951</u>	<u>\$ 61,951</u>	<u>\$ 20,131</u>	<u>\$ 41,820</u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
International Relations:				
International Nut Congress-Nut Health Research	\$ 8,333	\$ 8,333	\$ 100,000	(\$ 91,667)
Travel	5,417	5,417	4,279	1,138
International Consulting - Grant Writing	7,917	7,917	-0-	7,917
Weber Shandwick - China	54,167	54,167	-0-	54,167
Weber Shandwick - Germany	37,500	37,500	-0-	37,500
Emerging Market Program Research	41,667	41,667	23,750	17,917
Market Access Program	-0-	-0-	1,500	(1,500)
Contingency Fund	54,167	54,167	-0-	54,167
Total International Relations	\$ 209,168	\$ 209,168	\$ 129,529	\$ 79,639
Marketing:				
Aspire IQ	\$ 4,167	\$ 4,167	\$ -0-	\$ 4,167
iHeart Media/Digital Magnet	66,667	66,667	400,000	(333,333)
Eat Well Global	6,667	6,667	-0-	6,667
NPSA Chef's Summit	8,333	8,333	-0-	8,333
IRI Reporting	12,500	12,500	-0-	12,500
Weber Shandwick	83,333	83,333	976,891	1,000,000
Research - Nut Health	32,083	32,083	-0-	32,083
Total Marketing	\$ 213,750	\$ 213,750	\$ 1,376,891	\$ 730,417

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the One Month Ended October 31, 2021

	Budget		Actual	Favorable (Unfavorable)
	Original	Amended		
Grades and Standards:				
Research Contingency (FAIR):				
Prior Year Carry-over	\$ 8,333	\$ 8,333	\$ -0-	\$ 8,333
Travel	1,667	1,667	-0-	1,667
Shelf-Life Study:				
Prior Year Carry-over	14,176	14,176	-0-	14,176
Carbon Assessment Services	10,000	10,000	-0-	10,000
Economic Study	8,333	8,333	-0-	8,333
Pricing Through Marketing Channels	3,333	3,333	-0-	3,333
Quality Assurance Program	5,417	5,417	-0-	5,417
Total Grades and Standards	\$ 51,259	\$ 51,259	\$ -0-	\$ 51,259
Total Operating Expenses	\$ 732,213	\$ 732,213	\$ 1,618,385	\$ 1,007,386
Operating Income (Loss)	(\$ 469,713)	(\$ 469,713)	(\$ 1,505,012)	\$ 858,259
Nonoperating Revenues and Expenses:				
Interest Earned	\$ -0-	\$ -0-	\$ 258	(\$ 258)
Management Fee	66,667	66,667	-0-	66,667
Past Outstanding	33,333	33,333	-0-	33,333
Prior Year Carry-over - 2020 Expense Offset	60,209	60,209	-0-	60,209
Other Income:				
Reserve	181,667	181,667	-0-	181,667
EMP Funding	41,667	41,667	-0-	41,667
Marketing Access Program (MAP)	104,166	104,166	-0-	104,166
Total Nonoperating Revenue	\$ 487,709	\$ 487,709	\$ 258	\$ 487,451
Change in Net Position	\$ 17,996	\$ 17,996	(\$ 1,504,754)	\$ 370,808

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended October 31, 2021		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Operating Budget
Operating Revenue:			
2021-2022 Improved	\$ 113,373	\$ 262,500	\$ 3,150,000
Total Operating Revenue	\$ 113,373	\$ 262,500	\$ 3,150,000
Operating Expenses:			
General Administration:			
Staff and Administration:			
Salaries	\$ 61,422	\$ 65,542	\$ 786,500
Benefits:			
IRA	1,669	2,050	24,595
Health	7,556	12,083	145,000
Taxes	2,561	5,167	62,000
Total Staff and Administration	\$ 73,208	\$ 84,842	\$ 1,018,095
Insurance:			
Travel	\$ -0-	\$ 225	\$ 2,700
General	5,163	642	7,700
D&O/Members	-0-	1,083	13,000
Fidelity	-0-	367	4,400
Total Insurance	\$ 5,163	\$ 2,317	\$ 27,800

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended October 31, 2021		Fiscal Year Ended September 30, 2022	
	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	-0-	10,417		125,000
Printing/Forms/Postage	148	833		10,000
Total Compliance	\$ 148	\$ 18,750	\$	225,000
Accounting/Financials	\$ 3,254	\$ 6,500	\$	78,000
Telephone/Mobile/Internet	786	1,667		20,000
Travel Office	-0-	2,917		35,000
Travel Committee	-0-	7,181		86,171
Supplies	1,789	833		10,000
Maintenance/Buildout	-0-	1,250		15,000
Printing	-0-	1,667		20,000
IT/Furniture/Software	163	2,083		25,000
Subscriptions	16	1,667		20,000
Depreciation	692	-0-		-0-
Miscellaneous	38	417		5,000
Rent	6,577	7,250		87,000
Total General Administration	\$ 91,834	\$ 139,341	\$	1,672,066
Contingency Fund	\$ -0-	\$ 48,411	\$	580,934
Technology Upgrades	\$ -0-	\$ 8,333	\$	100,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended October 31, 2021		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Operating Budget
Industry Relations:			
Compliance:			
Compliance Materials	\$ -0-	\$ 417	\$ 5,000
Workshops	-0-	417	5,000
Total Compliance	\$ -0-	\$ 834	\$ 10,000
Industry Relations Activities:			
Annual Reports	\$ -0-	\$ 667	\$ 8,000
Communication Materials	2,800	4,167	50,000
Travel	-0-	4,167	50,000
WS-Field Events	-0-	20,833	250,000
Association Sponsorship	5,331	5,833	70,000
Handler Portal Maintenance	-0-	833	10,000
Fishhook:			
Prior Year Carry-over	-0-	5,617	67,400
Meltwater	12,000	1,000	12,000
Total Industry Relations Activities	\$ 20,131	\$ 43,117	\$ 517,400
Industry Research:			
Research Contingency	\$ -0-	\$ 18,000	\$ 216,000
Total Industry Research	\$ -0-	\$ 18,000	\$ 216,000
Total Industry Relations	\$ 20,131	\$ 61,951	\$ 743,400

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended October 31, 2021		Fiscal Year Ended September 30, 2022
	Actual	Operating Budget	Operating Budget
International Relations:			
International Nut Congress-Nut Health Research	\$ 100,000	\$ 8,333	\$ 100,000
Travel	4,279	5,417	65,000
International Consulting - Grant Writing	-0-	7,917	95,000
Weber Shandwick - China	-0-	54,167	650,000
Weber Shandwick - Germany	-0-	37,500	450,000
Emerging Market Program Research	23,750	41,667	500,000
Market Access Program	1,500	-0-	-0-
Contingency Fund	-0-	54,167	650,000
Total International Relations	\$ 129,529	\$ 209,168	\$ 2,510,000
Marketing:			
Aspire IQ	\$ -0-	\$ 4,167	\$ 50,000
iHeart Media/Digital Magnet	400,000	66,667	800,000
Eat Well Global	-0-	6,667	80,000
NPSA Chef's Summit	-0-	8,333	100,000
IRI Reporting	-0-	12,500	150,000
Weber Shandwick	976,891	83,333	1,000,000
Research - Nuth Health	-0-	32,083	385,000
Total Marketing	\$ 1,376,891	\$ 213,750	\$ 2,565,000

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month Ended October 31, 2021 and
Year Ended September 30, 2022**

	One Month Ended October 31, 2021		Fiscal Year Ended September 30, 2022	
	Actual	Operating Budget	Operating Budget	
Grades and Standards:				
Research Contingency (FAIR):				
Prior Year Carry-over	\$ -0-	\$ 8,333	\$	100,000
Travel	-0-	1,667		20,000
Shelf-Life Study:				
Prior Year Carry-over	-0-	14,176		170,108
Carbon Assessment Services	-0-	10,000		120,000
Economic Study	-0-	8,333		100,000
Pricing Through Marketing Channels	-0-	3,333		40,000
Quality Assurance Program	-0-	5,417		65,000
Total Grades and Standards	\$ -0-	\$ 51,259	\$	615,108
Total Operating Expenses	\$ 1,618,385	\$ 732,213	\$	8,786,508
Operating Income (Loss)	(\$ 1,505,012)	(\$ 469,713)	(\$	5,636,508)
Nonoperating Revenues and Expenses:				
Interest Earned	\$ 258	\$ -0-	\$	-0-
Management Fee	-0-	66,667		800,000
Past Outstanding	-0-	33,333		400,000
Prior Year Carry-over - 2021 Expense Offset	-0-	60,209		722,508
Other Income:				
Reserve	-0-	181,667		2,180,000
EMP Funding	-0-	41,667		500,000
Marketing Access Program (MAP)	-0-	104,166		1,250,000
Total Nonoperating Revenue	\$ 258	\$ 487,709	\$	5,852,508
Change in Net Position	(\$ 1,504,754)	\$ 17,996	\$	216,000

See Accountants' Compilation Report.