



ARMSTRONG BACKUS & CO., LLP

Certified Public Accountants

AMERICAN PECAN COUNCIL

Compiled Financial Statements

For the One Month and Seven Months Ended April 30, 2019

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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 April 30, 2019 and the related statements of revenues, expenses, and changes in net position, and cash flows for the one month and seven 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 6 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.

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RSM US Alliance





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Supplementary Information

The supplementary information included in the operating budget for the one month and seven months ended April 30, 2019 and year ended September 30, 2019 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
May 15, 2019

An independently owned member
RSM US Alliance



AMERICAN PECAN COUNCIL

Balance Sheet

As of April 30, 2019

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	6,449,286
Accounts Receivable		757,464
Prepaid Expenses		19,863

Total Current Assets \$ 7,226,613

Fixed Assets:

Property, Plant, and Equipment	\$	47,289
Accumulated Depreciation	(13,698)

Total Fixed Assets \$ 33,591

Other Assets:

Security Deposit	\$	2,400
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Total Other Assets \$ 2,400

TOTAL ASSETS \$ 7,262,604

LIABILITIES AND NET POSITION

Current Liabilities:

Accounts Payable	\$	119,733
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Total Current Liabilities \$ 119,733

Total Liabilities \$ 119,733

Net Position:

Unrestricted	\$	7,142,871
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Total Net Position \$ 7,142,871

TOTAL LIABILITIES AND NET POSITION \$ 7,262,604

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Revenues, Expenses, and Changes in Net Position

For the One Month and Seven Months Ended April 30, 2019

	<u>One Month</u>	<u>Seven Months</u>
Operating Revenues:		
Assessment Income	\$ 590,468	\$ 6,909,427
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Total Operating Revenue	\$ 590,468	\$ 6,909,427
	<hr/>	<hr/>
Operating Expenses:		
General Administrative:		
Staff and Administrative	\$ 58,875	\$ 431,469
Insurance	439	4,316
Compliance	17,345	107,115
Other General Administrative	31,134	173,674
Industry Relations	18,309	42,428
Marketing	1,437,615	3,008,951
Research	-0-	55,517
Strategic Planning	-0-	1,100,000
Standardization	194,216	292,398
	<hr/>	<hr/>
Total Operating Expenses	\$ 1,757,933	\$ 5,215,868
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Nonoperating Revenues:		
Interest Earned	\$ 14,108	\$ 89,664
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Total Nonoperating Revenues	\$ 14,108	\$ 89,664
	<hr/>	<hr/>
Change in Net Position	(\$ 1,153,357)	\$ 1,783,223
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Net Position, as Previously Stated	\$ 8,597,788	\$ 5,795,315
	<hr/>	<hr/>
Prior Period Adjustment	(301,560)	(435,667)
	<hr/>	<hr/>
Net Position, as Restated	\$ 8,296,228	\$ 5,359,648
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Net Position, Ending	\$ 7,142,871	\$ 7,142,871
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Statements of Cash Flows

For the One Month and Seven Months Ended April 30, 2019

	<u>One Month</u>	<u>Seven Months</u>
Cash Flows From Operating Activities:		
Cash Received from Assessments	\$ 1,024,432	\$ 6,151,963
Cash Received from Interest Earned	14,108	89,664
Cash Paid for Salary and Benefits	(58,875)	(431,469)
Cash Paid for Operating Expenses	(1,899,251)	(6,932,902)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(\$ 919,586)	(\$ 1,122,744)
	<hr/>	<hr/>
Net Increase (Decrease) in Cash	(\$ 919,586)	(\$ 1,122,744)
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Cash, Beginning of Period	7,368,872	7,572,030
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Cash, End of Period	\$ 6,449,286	\$ 6,449,286
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Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Income (Loss) from Operations	(\$ 1,153,357)	\$ 1,783,223
Adjustments to Reconcile Operation Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	788	5,517
Changes in Assets and Liabilities:		
(Increase) Decrease in Prepaid Expenses	(15,119)	83,396
(Increase) Decrease in Accounts Receivable	433,964	(757,464)
Increase (Decrease) in Accounts Payable	(185,862)	(2,237,416)
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Net Cash Provided (Used) by Operating Activities	(\$ 919,586)	(\$ 1,122,744)
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Seven Months Ended April 30, 2019

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Operating Revenue:				
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ 366
2017 Assessment Income	-0-	-0-	331,359	331,359
2017 - 2018 Remaining	641,661	641,661	390,505	(251,156)
2018 - 2019 Improved	4,376,750	4,376,750	5,521,505	1,144,755
2018 - 2019 Native/Seedlings	427,000	427,000	309,576	(117,424)
2018 - 2019 Substandard	213,500	213,500	356,116	142,616
Total Operating Revenue	\$ 5,658,911	\$ 5,658,911	\$ 6,909,427	\$ 1,250,516
Operating Expenses:				
General Administrative:				
Staff and Administrative:				
Salaries	\$ 455,000	\$ 455,000	\$ 367,725	\$ 87,275
Benefits	46,667	46,667	34,986	11,681
Taxes	50,050	50,050	28,758	21,292
Total Staff and Administrative	\$ 551,717	\$ 551,717	\$ 431,469	\$ 120,248
Insurance:				
Travel	\$ 1,458	\$ 1,458	\$ -0-	\$ 1,458
General	4,667	4,667	1,132	3,535
D&O/Members	8,750	8,750	3,184	5,566
Fidelity	2,333	2,333	-0-	2,333
Total Insurance	\$ 17,208	\$ 17,208	\$ 4,316	\$ 12,892
Compliance:				
Attorney/Crisis Management	\$ 14,583	\$ 14,583	\$ 5,845	\$ 8,738
Audit Financial	17,500	17,500	10,500	7,000
Compliance Travel	32,083	32,083	220	31,863
Sheller/Handler Audits	64,167	64,167	87,207	(23,040)
Printing/Forms/Postage	2,917	2,917	3,343	(426)
Total Compliance	\$ 131,250	\$ 131,250	\$ 107,115	\$ 24,135
Accounting/Financials	\$ 26,250	\$ 26,250	\$ 32,898	(\$ 6,648)
Telephone/Mobile/Internet	5,833	5,833	3,979	1,854
Travel Office	26,250	26,250	5,773	20,477
Travel Committee	93,333	93,333	63,619	29,714
Supplies	5,833	5,833	4,905	928
Maintenance/Buildout	11,667	11,667	7,850	3,817
Printing	8,750	8,750	3,922	4,828
IT/Furniture/Software	23,333	23,333	11,964	11,369
Subscriptions	2,918	2,918	2,835	83
Depreciation	-0-	-0-	5,517	(5,517)
Miscellaneous	2,327	2,327	8,281	(5,954)
Rent & Utilities	26,250	26,250	22,131	4,119
Total General Administrative	\$ 932,919	\$ 932,919	\$ 716,574	\$ 216,345

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Seven Months Ended April 30, 2019

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Contingency Fund:				
Contingency Fund	\$ 1,402,158	\$ 1,402,158	\$ -0-	\$ 1,402,158
Total Contingency Fund	\$ 1,402,158	\$ 1,402,158	\$ -0-	\$ 1,402,158
Industry Relations:				
Annual Reports	\$ 8,750	\$ 8,750	\$ -0-	\$ 8,750
Informational Materials	20,417	20,417	1,546	18,871
Travel/Handler Visits Workshop Materials	29,167	29,167	32,159	(2,992)
WS - Field Events	455,000	455,000	8,723	446,277
Total Industry Relations	\$ 513,334	\$ 513,334	\$ 42,428	\$ 470,906
Marketing:				
APC Events:				
Fruit Logistical	\$ 8,750	\$ 8,750	\$ 11,583	(\$ 2,833)
Asia Logistical	8,750	8,750	7,075	1,675
PMA	5,833	5,833	-0-	5,833
Total APC Events	\$ 23,333	\$ 23,333	\$ 18,658	\$ 4,675
Weber Shandwick	\$ 1,750,000	\$ 1,750,000	\$ 2,682,297	(\$ 932,297)
Market Access Program Assistance	145,833	145,833	299,428	(153,595)
Branded Materials/Give Away	43,750	43,750	-0-	43,750
APC Travel for Events	14,583	14,583	6,317	8,266
USDA Marketing Events	5,833	5,833	2,251	3,582
Miscellaneous	2,918	2,918	-0-	2,918
Total Marketing	\$ 1,986,250	\$ 1,986,250	\$ 3,008,951	(\$ 1,022,701)
Research:				
Health Benefit Baseline Study	\$ 154,583	\$ 154,583	\$ -0-	\$ 154,583
Nut Health	58,333	58,333	50,517	7,816
Contingency Fund	233,334	233,334	5,000	228,334
Total Research	\$ 446,250	\$ 446,250	\$ 55,517	\$ 390,733
Strategic Planning:				
Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	(\$ 1,100,000)
Total Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	(\$ 1,100,000)

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Budgetary Comparison Schedule

For the Seven Months Ended April 30, 2019

	Budget		Actual	Variance
	Original	Amended		Favorable (Unfavorable)
Standardization:				
NASS Survey:				
January Prelim Report	\$ 92,167	\$ 92,167	\$ 98,182	(\$ 6,015)
December Crop Estimate	87,500	87,500	-0-	87,500
Total NASS Survey	<u>\$ 179,667</u>	<u>\$ 179,667</u>	<u>\$ 98,182</u>	<u>\$ 81,485</u>
Contingency Fund	\$ 137,083	\$ 137,083	\$ 192,000	(\$ 54,917)
Travel	8,750	8,750	2,216	6,534
Electronic Reporting Forms	52,500	52,500	-0-	52,500
Total Standardization	<u>\$ 378,000</u>	<u>\$ 378,000</u>	<u>\$ 292,398</u>	<u>\$ 85,602</u>
Total Operating Expenses	<u>\$ 5,658,911</u>	<u>\$ 5,658,911</u>	<u>\$ 5,215,868</u>	<u>\$ 443,043</u>
Nonoperating Revenue:				
Interest Earned	\$ -0-	\$ -0-	\$ 89,664	\$ 89,664
Total Nonoperating Revenue	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 89,664</u>	<u>\$ 89,664</u>
Change in Net Position	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 1,783,223</u></u>	<u><u>\$ 1,783,223</u></u>

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Seven Months Ended April 30, 2019
and the Year Ended September 30, 2019**

	One Month Ended April 30, 2019		Seven Months Ended April 30, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Operating Revenue:					
2016 Assessment Income - Carry Over	\$ -0-	\$ -0-	\$ 366	\$ -0-	\$ -0-
2017 Assessment Income	-0-	-0-	331,359	-0-	-0-
2017 - 2018 Remaining	-0-	91,667	390,505	641,661	1,100,000
2018 - 2019 Improved	522,632	625,250	5,521,505	4,376,750	7,503,000
2018 - 2019 Native/Seedlings	35,744	61,000	309,576	427,000	732,000
2018 - 2019 Substandard	32,092	30,500	356,116	213,500	366,000
Interest Earned	14,108	-0-	89,664	-0-	-0-
Total Operating Revenue	\$ 604,576	\$ 808,417	\$ 6,999,091	\$ 5,658,911	\$ 9,701,000
Operating Expenses:					
General Administrative:					
Staff and Administrative:					
Salaries	\$ 50,167	\$ 65,000	\$ 367,725	\$ 455,000	\$ 780,000
Benefits	4,919	6,667	34,986	46,667	80,000
Taxes	3,789	7,150	28,758	50,050	85,800
Total Staff and Administrative	\$ 58,875	\$ 78,817	\$ 431,469	\$ 551,717	\$ 945,800
Insurance:					
Travel	\$ -0-	\$ 208	\$ -0-	\$ 1,458	\$ 2,500
General	-0-	667	1,132	4,667	8,000
D&O/Members	439	1,250	3,184	8,750	15,000
Fidelity	-0-	333	-0-	2,333	4,000
Total Insurance	\$ 439	\$ 2,458	\$ 4,316	\$ 17,208	\$ 29,500

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Seven Months Ended April 30, 2019
and the Year Ended September 30, 2019**

	One Month Ended April 30, 2019		Seven Months Ended April 30, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Compliance:					
Attorney/Crisis Management	\$ 5,845	\$ 2,083	\$ 5,845	\$ 14,583	\$ 25,000
Audit Financial	10,500	2,500	10,500	17,500	30,000
Compliance Travel	-0-	4,583	220	32,083	55,000
Sheller/Handler Audits	-0-	9,167	87,207	64,167	110,000
Printing/Forms/Postage	1,000	417	3,343	2,917	5,000
Total Compliance	\$ 17,345	\$ 18,750	\$ 107,115	\$ 131,250	\$ 225,000
Accounting/Financials	\$ 138	\$ 3,750	\$ 32,898	\$ 26,250	\$ 45,000
Telephone/Mobile/Internet	630	833	3,979	5,833	10,000
Travel Office	2,592	3,750	5,773	26,250	45,000
Travel Committee	18,534	13,333	63,619	93,333	160,000
Supplies	2,043	833	4,905	5,833	10,000
Maintenance/Buildout	-0-	1,667	7,850	11,667	20,000
Printing	646	1,250	3,922	8,750	15,000
IT/Furniture/Software	2,963	3,333	11,964	23,333	40,000
Subscriptions	32	417	2,835	2,918	5,000
Depreciation	788	-0-	5,517	-0-	-0-
Miscellaneous	50	333	8,281	2,327	4,000
Rent & Utilities	2,718	3,750	22,131	26,250	45,000
Total General Administrative	\$ 107,793	\$ 133,274	\$ 716,574	\$ 932,919	\$ 1,599,300
Contingency Fund:					
Contingency Fund	\$ -0-	\$ 200,308	\$ -0-	\$ 1,402,158	\$ 2,403,700
Total Contingency Fund	\$ -0-	\$ 200,308	\$ -0-	\$ 1,402,158	\$ 2,403,700

See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

For the One Month and Seven Months Ended April 30, 2019 and the Year Ended September 30, 2019

	One Month Ended April 30, 2019		Seven Months Ended April 30, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Industry Relations:					
Annual Reports	\$ -0-	\$ 1,250	\$ -0-	\$ 8,750	\$ 15,000
Informational Materials	871	2,917	1,546	20,417	35,000
Travel/Handler Visits Workshop Materials	15,938	4,167	32,159	29,167	50,000
WS - Field Events	1,500	65,000	8,723	455,000	780,000
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Total Industry Relations	\$ 18,309	\$ 73,334	\$ 42,428	\$ 513,334	\$ 880,000
Marketing:					
APC Events:					
Fruit Logistical	\$ -0-	\$ 1,250	\$ 11,583	\$ 8,750	\$ 15,000
Asia Logistical	-0-	1,250	7,075	8,750	15,000
PMA	-0-	833	-0-	5,833	10,000
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Total APC Events	\$ -0-	\$ 3,333	\$ 18,658	\$ 23,333	\$ 40,000
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Weber Shandwick	\$ 1,435,806	\$ 250,000	\$ 2,682,297	\$ 1,750,000	\$ 3,000,000
Market Access Program Assistance	-0-	20,833	299,428	145,833	250,000
Branded Materials/Give Away	-0-	6,250	-0-	43,750	75,000
APC Travel for Events	1,809	2,083	6,317	14,583	25,000
USDA Marketing Events	-0-	833	2,251	5,833	10,000
Miscellaneous	-0-	420	-0-	2,918	5,000
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Total Marketing	\$ 1,437,615	\$ 283,752	\$ 3,008,951	\$ 1,986,250	\$ 3,405,000
Research:					
Health Benefit Baseline Study	\$ -0-	\$ 22,083	\$ -0-	\$ 154,583	\$ 265,000
Nut Health	-0-	8,333	50,517	58,333	100,000
Contingency Fund	-0-	33,333	5,000	233,334	400,000
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Total Research	\$ -0-	\$ 63,749	\$ 55,517	\$ 446,250	\$ 765,000
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See Accountants' Compilation Report.

AMERICAN PECAN COUNCIL

Operating Budget

**For the One Month and Seven Months Ended April 30, 2019
and the Year Ended September 30, 2019**

	One Month Ended April 30, 2019		Seven Months Ended April 30, 2019		Fiscal Year Ended September 30, 2019
	Actual	Operating Budget	Actual	Operating Budget	Operating Budget
Strategic Planning:					
Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	\$ -0-	\$ -0-
Total Strategic Planning	\$ -0-	\$ -0-	\$ 1,100,000	\$ -0-	\$ -0-
Standardization:					
NASS Survey:					
January Prelim Report	\$ -0-	\$ 13,167	\$ 98,182	\$ 92,167	\$ 158,000
December Crop Estimate	-0-	12,500	-0-	87,500	150,000
Total NASS Survey	\$ -0-	\$ 25,667	\$ 98,182	\$ 179,667	\$ 308,000
Contingency Fund	\$ 192,000	\$ 19,583	\$ 192,000	\$ 137,083	\$ 235,000
Travel	2,216	1,250	2,216	8,750	15,000
Electronic Reporting Forms	-0-	7,500	-0-	52,500	90,000
Total Standardization	\$ 194,216	\$ 54,000	\$ 292,398	\$ 378,000	\$ 648,000
Total Operating Expenses	\$ 1,757,933	\$ 808,417	\$ 5,215,868	\$ 5,658,911	\$ 9,701,000
Change in Net Position	(\$ 1,153,357)	\$ -0-	\$ 1,783,223	\$ -0-	\$ -0-

See Accountants' Compilation Report.