NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
Lexington, Kentucky

FINANCIAL STATEMENTS
December 31, 2024 and 2023

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Members American Institute of Certified Public Accountants
and Kentucky Society of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
National Association of Agricultural Educators, Inc.
Lexington, Kentucky

Opinion

We have audited the accompanying financial statements of National Association of Agricultural Educators, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Association of Agricultural Educators, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of National Association of Agricultural Educators, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association of Agricultural Educators, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of National Association of Agricultural Educators, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Association of Agricultural Educators, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

RFH, PLLC
Lexington, Kentucky
April 30, 2025

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF FINANCIAL POSITION
for the years ended December 31,

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 243,943	$ 868,910
Investments	1,277,946	1,127,766
Accounts receivable, net	105,863	265,411
Inventory	5,000	5,000
Prepaid expenses	38,963	55,703
Total current assets	1,671,715	2,322,790
Noncurrent assets		
Property and equipment, net	21,386	30,409
Intangible asset, net	38,111	-
Right-of-use assets, net	287,603	57,285
TOTAL ASSETS	$ 2,018,815	$ 2,410,484
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	$ 256,059	$ 157,505
Accrued expenses	59,748	50,101
Unearned revenue	241,933	928,825
Current portion of lease liabilities	51,984	57,736
Total current liabilities	609,724	1,194,167
Noncurrent liabilities		
Lease liabilities, less current portion	235,617	274
Total liabilities	845,341	1,194,441
Net assets		
Net assets without donor restrictions		
Undesignated	667,827	774,621
Board designated for special purposes	505,647	441,422
Total net assets	1,173,474	1,216,043
TOTAL LIABILITIES AND NET ASSETS	$ 2,018,815	$ 2,410,484

The accompanying notes are an integral part of the financial statements.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF ACTIVITIES
for the years ended December 31,

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Support		
Membership dues	$ 541,223	$ 544,052
FFA Foundation projects	1,185,000	1,097,250
Sponsorship and awards	34,250	38,740
Convention registration	255,389	204,257
Interest and dividends, net	56,787	31,970
Other income	28,380	22,883
Merchandise sales, net	9,299	11,046
Lifetime membership dues	5,820	3,300
Teacher Crisis fund	19,600	32,140
Net realized gain (loss) on securities	-	128,884
Net unrealized gain (loss) on securities	102,905	74,379
Total support and revenues	2,238,653	2,188,901
Expenses		
General expenses	867,105	871,768
Convention	183,734	238,030
FFA Foundation projects	1,230,383	1,150,426
Total expenses	2,281,222	2,260,224
Change in net assets	(42,569)	(71,323)
Net assets, beginning of year	1,216,043	1,287,366
NET ASSETS, END OF YEAR	$ 1,173,474	$ 1,216,043

The accompanying notes are an integral
part of the financial statements.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended December 31, 2024

	General Expenses	Convention	FFA Foundation Projects	Total
Salaries and contract labor	$ 347,828	$ -	$ -	$ 347,828
National Teach Ag Campaign	-	-	788,452	788,452
FFA Foundation projects	-	-	441,931	441,931
Officer and board travel	79,899	31,709	-	111,608
Rent	56,708	-	-	56,708
Equipment rental and maintenance	5,103	50,311	-	55,414
Insurance	49,934	-	-	49,934
Staff travel and meetings	23,089	24,579	-	47,668
Employee benefits	45,948	-	-	45,948
Trade show expense	-	37,696	-	37,696
Scholarships	31,500	-	-	31,500
Professional fees	25,386	-	-	25,386
Office supplies	23,229	-	-	23,229
Membership and contributions	17,932	3,090	-	21,022
Miscellaneous	13,839	4,989	-	18,828
Payroll and other taxes	16,673	-	-	16,673
Telephone	16,324	-	-	16,324
Board operations	16,072	-	-	16,072
Website expense	15,493	-	-	15,493
Regional conference	14,885	-	-	14,885
Promotion and marketing	4,911	7,652	-	12,563
Teacher Crisis fund	12,500	-	-	12,500
Depreciation	12,415	-	-	12,415
Amortization	10,889	-	-	10,889
Postage	2,842	5,788	-	8,630
Ideas Unlimited expenses	-	5,754	-	5,754
Professional development expense	5,724	-	-	5,724
Impact awards	5,163			5,163
Teacher Mentor expenses	-	4,724	-	4,724
NPS event expense	4,072	-	-	4,072
Computer service	3,488	-	-	3,488
Printing	296	2,890	-	3,186
Ag Ed Summit	3,052	-	-	3,052
Plaques and trophies	-	2,185	-	2,185
Committee expense	-	2,060	-	2,060
Staff training	1,582	-	-	1,582
Ag Ed Resource Guide expense	314	-	-	314
Workshops/tickets	-	160	-	160
Meal function expense	-	76	-	76
Anniversary expenses	-	71	-	71
Taxes and licenses	15	-	-	15
	$ 867,105	$ 183,734	$ 1,230,383	$ 2,281,222

The accompany notes are an integral part of the financial statements.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended December 31, 2023

	General Expenses	Convention	FFA Foundation Projects	Total
Salaries and contract labor	$ 379,645	$ -	$ -	$ 379,645
National Teach Ag Campaign	-	-	764,755	764,755
FFA Foundation projects	-	-	385,671	385,671
Officer and board travel	61,848	31,286	-	93,134
Rent	67,030	-	-	67,030
Equipment rental and maintenance	2,405	48,190	-	50,595
Insurance	45,823	-	-	45,823
Staff travel and meetings	27,212	16,688	-	43,900
Trade show expense	-	43,445	-	43,445
Employee benefits	40,472	-	-	40,472
Anniversary expenses	-	36,365	-	36,365
Professional fees	26,470	-	-	26,470
Office supplies	23,636	-	-	23,636
Payroll and other taxes	23,235	-	-	23,235
Membership and contributions	18,781	3,850	-	22,631
Scholarships	19,500	-	-	19,500
Teacher Crisis fund	19,500	-	-	19,500
Miscellaneous	14,432	3,005	-	17,437
Telephone	16,658	-	-	16,658
Website expense	16,600	-	-	16,600
Postage	2,488	13,590	-	16,078
Meal function expense	-	13,622	-	13,622
Depreciation	12,972	-	-	12,972
Board operations	10,164	-	-	10,164
Regional conference	9,610	-	-	9,610
Computer service	9,591	-	-	9,591
Promotion and marketing	686	6,520	-	7,206
Plaques and trophies	-	6,816	-	6,816
Teacher Mentor expenses	-	6,167	-	6,167
NPS event expense	5,233	-	-	5,233
Ideas Unlimited expenses	-	4,500	-	4,500
Ag Ed Summit	4,438	-	-	4,438
Ag Ed Resource Guide expense	3,938	-	-	3,938
Professional development expense	3,566	-	-	3,566
TTTK	2,137	-	-	2,137
Printing	415	1,414	-	1,829
Staff training	1,779	-	-	1,779
Committee expense	-	1,750	-	1,750
Outstanding Young Members	1,050	-	-	1,050
Registration - award	-	822	-	822
OMSP	369	-	-	369
Taxes and licenses	85	-	-	85
	$ 871,768	$ 238,030	$ 1,150,426	$ 2,260,224

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF CASH FLOWS
for the years ended December 31,

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (42,569)	$ (71,323)
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	12,415	12,972
Amortization	10,889	-
Reduction in the carrying amount of right-of-use assets	57,810	61,154
Realized losses (gains) on investments	-	(128,884)
Unrealized losses (gains) on investments	(102,905)	(74,379)
(Increase) decrease in operating assets:		
Accounts receivable	159,548	(225,557)
Prepaid expenses	16,740	(54,436)
Increase (decrease) in operating liabilities:		
Accounts payable	98,554	(240,045)
Accrued expenses	9,647	14,829
Unearned revenue	(686,892)	694,828
Lease liability	(58,537)	(61,177)
Net cash provided by (used in) operating activities	(525,300)	(72,018)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(3,392)	-
Purchase of intangible assets	(49,000)	-
Proceeds from investments	-	400,000
Purchase of investments	(47,275)	(28,810)
Net cash provided by (used in) investing activities	(99,667)	371,190
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(624,967)	299,172
Cash and cash equivalents, beginning of year	868,910	569,738
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 243,943	$ 868,910
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 515	$ 1,273
Cash paid for operating leases	$ 58,534	$ 61,177
Right-of-use assets obtained in exchange for lease liabilities	$ 288,128	$ -

The accompanying notes are an integral part of the financial statements.

1. BACKGROUND OF THE ASSOCIATION

National Association of Agricultural Educators, Inc. (the Association) was incorporated in the state of California in 1952. The objectives of the Association are as follows: to assume and maintain national leadership in the promotion and furtherance of all levels of agricultural education; to bring together agriculture teachers through membership in a national association devoted exclusively to their interests; to provide an opportunity for agriculture teachers to discuss problems affecting agricultural education on a national level; to serve state or local associations of agriculture teachers in the solution of problems which may arise; to cooperate with the Association for Career and Technical Education in furthering the cause of career and technical education; to cooperate with education entities in furthering the mission of agricultural education in order to provide a dynamic education system.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Association's financial statements. The financial statements and accompanying notes are representations of the Association's management who is responsible for their integrity and objectivity.

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Association prepares its financial statements in accordance with generally accepted accounting principles for non-profit Associations, which require the Association to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions, and without donor restrictions.

- Net assets without donor restrictions encompass the portion of net assets that are not subject to donor-imposed restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

- Net assets with donor restrictions are the net assets resulting from contributions and other inflows whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association pursuant to those stipulations.

Income Tax Exemption

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, however the Association is not exempt from tax imposed upon unrelated activity income. The Association currently has no unrelated business income and accordingly, no provision for income taxes has been recorded.

Under generally accepted accounting principles, the Association must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Association does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits or possible related interest or penalties. The Association is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Association considers short-term investments with original maturities of three months or less to be cash equivalents. Cash equivalents are carried at cost which approximates market value. The Association places its cash and cash equivalents with highly rated institutions. At times, balances may be in excess of FDIC insurance limits.

Accounts Receivable

Accounts receivable consists of membership dues and expense reimbursements for various initiatives. The Association charges its members for membership dues according to a set fee structure. The Association anticipates all of its accounts receivable at December 31, 2024 and 2023 to be fully collectible.

Investments

Investments are reported at fair market value in accordance with generally accepted accounting principles. The net realized and unrealized gains or losses for investments are reported in the statement of activities.

Property and Equipment

Property and equipment are carried at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

Inventory

Merchandise inventory values are calculated under lower of cost or market method, and are accounted for on an average cost basis.

Membership Dues

Revenue for membership dues is recognized as earned throughout the term of membership. Dues that are paid in advance are included as unearned revenue.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets

Leases

The Association determines if an arrangement is or contains a lease at inception. Lease right-of-use assets (ROU) are included in noncurrent assets on the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Association does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The Association has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible Assets

The cost to develop a new website has been capitalized and reported on the statement of financial position as intangible assets. The total cost of development was $49,000. The asset will be amortized on a straight-line basis over 3 years.

Recently Adopted Accounting Standards

In 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13" or "ASC 326"). In 2023, the Association adopted ASU 2016-13. The standard revises the accounting requirements related to the measurement of credit losses and requires Associations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. The Association's allowance for credit losses is determined in accordance with the requirements of ASU 2016-13.

Management's Review of Subsequent Events

The Association has evaluated and considered the need to recognize or disclose subsequent events through April 30, 2024, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the year ended December 31, 2024, have not been evaluated by the Association.

3. REVENUE RECOGNITION

All performance obligations covered under the membership and associate agreements are satisfied on an annual basis ending June 30th. Any member dues collected between July 1 and December 31, have been deferred at 50% as unearned income as of December 31st. In the year ending December 31, 2024 and 2023, the Association recognized revenue from member dues of $541,223 and $544,052, respectively.

The conference registration revenue contains a single performance obligation and revenue is recognized at a single point in time when ownership, risks and rewards transfer. The Association's services are considered to be transferred to the customer when the specified event occurs. Convention registration is typically billed prior to the occurrence of the specified event. In the years ending December 31, 2024 and 2023, the Association recognized revenue from convention registration revenue of $255,389 and $204,257, respectively.

Grants are recorded as contributions based on criteria contained in the grant award. Grants are generally considered contributions as the resource provider (grantor) often receives value indirectly by providing a societal benefit that is not considered to be of commensurate value directly to the grantor. Grants that qualify as contributions are evaluated for conditions and recognized as revenue in accordance with ASC Topic 958. Unconditional awards are recognized as revenue when the award is received. Conditional grants received in which conditions have not been met are reported as unearned grant revenue. All grants are considered contributions. FFA Foundation projects totaled $1,185,000 and $1,097,250 for the years ended December 31, 2024 and 2023, respectively.

3. REVENUE RECOGNITION (CONTINUED)

Contract Balances

The timing of revenue recognition, billings and cash collections related to conferences, meetings, and research services results in billed accounts receivable on the statement of financial position. The beginning and ending accounts receivable balances were as follows as of the years ending:

	2024	2023	2022
Convention registration	$ 105,736	$ 265,284	$ 39,727
Other	127	127	127
Total accounts receivable	$ 105,863	$ 265,411	$ 39,854

Allowance for credit losses was not recorded as of December 31, 2024 or 2023, as management deemed all accounts receivable fully collectible.

The timing of revenue recognition, billings and cash collections related to membership dues results in unearned revenue on the statement of financial position. The unearned revenue consists of payments received by the Association and membership dues collected in advance. These liabilities will be liquidated when revenue is recognized. The beginning and ending unearned revenue contract balances were as follows:

	2024	2023	2022
Membership dues	$ 241,933	$ 928,825	$ 233,997
Total unearned revenue	$ 241,933	$ 928,825	$ 233,997

4. INVESTMENTS

Investments are composed of two accounts, each of which operates under different restrictions. The purpose of the Operating Reserve Account is to provide funding for both long and short-term projects, special initiatives, and to provide for shortfalls in the operating budget of the Association. Funds are not restricted as to use except they are to be used for the benefit of the Association and its membership. The purpose of the Life Membership Account is to properly account for and segregate those funds that are received from members for lifetime memberships. The principal amounts paid as lifetime memberships are designated by the board of directors and cannot be accessed by the Association. Investment earnings from these memberships are used to provide for goods and services to the Association's membership.

Investments, which are stated at fair market value, consisted of the following at December 31, 2024:

	Market Value	Cost	Cumulative Unrealized Gain (Loss)
Undesignated net assets			
Money market fund	$ 4,369	$ 4,369	$ -
Equity mutual funds	767,930	537,798	230,132
Board designated net assets			
Money market fund	2,797	2,797	-
Equity mutual funds	502,850	328,152	174,698
Total investments	$1,277,946	$ 873,116	$ 404,830

4. INVESTMENTS (CONTINUED)

Investments, which are stated at fair market value, consisted of the following at December 31, 2024:

	Market Value	Cost	Cumulative Unrealized Gain (Loss)
Undesignated net assets			
Money market fund	$ 19,796	$ 19,796	$ -
Equity mutual funds	666,548	500,238	166,310
Board designated net assets			
Money market fund	3,615	3,615	-
Equity mutual funds	437,807	318,221	119,586
Total investments	$1,127,766	$ 841,870	$ 285,896

The following schedule summarizes the investment return for the years ended December 31,:

	2024	2023
Dividends and interest	$ 68,553	$ 44,004
Net realized gains (losses)	-	128,884
Net unrealized gains (losses)	102,905	74,379
Fees	(11,766)	(12,034)
Total	$ 159,692	$ 235,233

5. FAIR VALUE MEASUREMENTS

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

- Investments: The fair value of investments is based on quoted market prices for those or similar investments.

The Association uses Level 1 inputs to determine fair value. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. The estimated fair values of the Association's financial instruments are as follows for December 31, 2024:

	Carrying Amount	Fair Value
Undesignated net assets:		
Money market fund	$ 4,369	$ 4,369
Equity mutual funds	767,930	767,930
Board designated net assets:		
Money market fund	2,797	2,797
Equity mutual funds	502,850	502,850
Total investments	$ 1,277,946	$ 1,277,946

5. FAIR VALUE MEASUREMENTS (CONTINUED)

The estimated fair values of the Association's financial instruments are as follows for December 31, 2023:

	Carrying Amount	Fair Value
Undesignated net assets:		
Money market fund	$ 19,796	$ 19,796
Equity mutual funds	666,548	666,548
Board designated net assets:		
Money market fund	3,615	3,615
Equity mutual funds	437,807	437,807
Total investments	$ 1,127,766	$ 1,127,766

6. PROPERTY, EQUIPMENT, AND RIGHT-OF-USE ASSETS

Property and equipment consisted of the following as of December 31, 2024:

	2024	2023
Office equipment	$ 760	$ 760
Computer equipment	39,686	32,294
Furniture and fixtures	45,899	45,899
Leasehold improvements	8,430	8,430
	94,775	91,383
Less: accumulated depreciation	(73,389)	(60,974)
Total	$ 21,386	$ 30,409
Right-of-use (ROU) assets	$ 288,128	$ 178,653
Less: accumulated amortization	(525)	(121,368)
Total	$ 287,603	$ 57,285
Website	$ 49,000	$ -
Less: accumulated amortization	(10,889)	-
Total	$ 38,111	$ -

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Association has not adopted a formal liquidity management plan. The Association continually reviews its financial assets and assesses if these financial assets are sufficient to meet cash needs for general expenditures. The Association's financial assets for this purpose include cash and cash equivalents, investments and accounts receivable. As of December 31, 2024 and 2023, financial assets available to meet cash needs for general expenditures within one year were $1,627,752 and $2,262,087, respectively.

8. LEASES

The Association evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Association's right to use underlying assets for the lease term, and the lease liabilities represent the Association's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2024, was 1.51%.

The Association's operating leases consist of office space and equipment without any lease extension options.

For the years ended December 31, 2024 and 2023, total operating lease cost was $58,324 and $62,428, respectively. As of December 31, 2024, the weighted-average remaining lease term for the operating leases was approximately 1 year.

Future maturities of lease liabilities are presented in the following table, for the years ending December:

Calendar year	
2025	$ 63,346
2026	63,346
2027	64,116
2028	64,886
2029	65,033
Total lease payments	320,727
Less interest	(33,126)
Present value of lease obligations	$ 287,601

9. EMPLOYEE BENEFITS

The Association sponsors a 401(k) plan, covering employees meeting certain minimum participation requirements. The Association's contributions to the plan, for the years ended December 31, 2024 and 2023, was $29,563 and $28,912, respectively. Association contributions to this plan are determined by the Association's Board of Directors and are allocated to eligible employees based on their annual compensation.

10. SALES OF MERCHANDISE

Sales of merchandise are presented net of direct costs. Gross revenues and related costs are as follows:

	2024	**2023**
Gross revenues	$ 9,384	$ 13,025
Less related costs	(85)	(1,979)
Net income (loss)	$ 9,299	$ 11,046

11. COMMITMENTS

The Association has contracted with hotels for its 2025, 2026 and 2028 annual conferences. The contracts are subject to various cancellation penalties as well as minimum room usage. Cancellation penalties totaled $185,854 as of December 31, 2024. These amounts are reduced by room utilization by conference attendees. The Association does not anticipate a material liability from these contracts based on historical attendance at the conference. The Association has not experienced any losses related to unsold rooms or cancellation of its conferences, and believes it is not exposed to any significant risk on these contracts.

12. NATIONAL FFA FOUNDATION SPECIAL PROJECTS

The Association conducts various initiatives on behalf of the National FFA Foundation. The FFA Foundation releases funds to the Association as they became available. These initiatives, or Special Projects of the National FFA Foundation, include:

Agriculture Teacher Wellness
Excellence in Leadership for Retention (XLR8)
Influence Program
NAAE Convention General Support
National Agriscience Teacher Ambassadors
National Teach Ag Campaign
Outstanding Ag Ed Teacher Awards
Outstanding Early Career Teacher Awards
Outstanding Middle/Secondary Ag Ed Program Awards
Outstanding Postsecondary/Audit Program Awards
Student Teacher Scholarships
Teachers Turn the Key