

**NATIONAL ASSOCIATION OF
AGRICULTURAL EDUCATORS, INC.
Lexington, Kentucky**

**FINANCIAL STATEMENTS
June 30, 2019 and 2018**

CONTENTS

Independent Auditors' Report.....	1-2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-13



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the National Association of Agricultural Educators, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Association of Agricultural Educators, Inc., as of June 30, 2019 and 2018, 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.



RFH, PLLC
Lexington, Kentucky
November 22, 2019

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 836,069	\$ 656,165
Investments	1,097,113	1,021,227
Accounts receivable	574,813	496,596
Inventory	5,000	5,000
Prepaid expenses	<u>7,671</u>	<u>73,140</u>
Total current assets	2,520,666	2,252,128
Property and equipment, net of accumulated depreciation	<u>8,955</u>	<u>12,268</u>
TOTAL ASSETS	<u>\$ 2,529,621</u>	<u>\$ 2,264,396</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 251,207	\$ 214,355
Accrued expenses	<u>47,482</u>	<u>47,100</u>
Total current liabilities	<u>298,689</u>	<u>261,455</u>
Net assets		
Net assets without donor restrictions		
Undesignated	830,929	1,115,482
Board designated for special purposes	312,413	263,291
Net assets with donor restrictions	<u>1,087,590</u>	<u>624,168</u>
Total net assets	<u>2,230,932</u>	<u>2,002,941</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,529,621</u>	<u>\$ 2,264,396</u>

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

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF ACTIVITIES
for the years ended June 30, 2019 and 2018

NET ASSETS WITHOUT DONOR RESTRICTIONS	2019	2018
Revenues		
Membership dues	\$ 461,591	\$ 458,817
FFA Foundation projects	1,228,958	1,463,914
Sponsorship and awards	34,710	26,726
Convention registration	146,141	131,028
CASE management fees	24,000	24,000
Interest and dividends	45,456	26,621
Other income	36,537	22,615
Merchandise sales, net	6,367	3,747
Lifetime membership dues	4,500	1,260
Teacher Crisis fund	13,213	17,134
Net unrealized gain (loss) on securities	11,795	91,885
Net realized gain (loss) on securities	(7,747)	(2,470)
Net assets released from restrictions	<u>2,385,459</u>	<u>1,707,627</u>
 Total support and revenues	 <u>4,390,980</u>	 <u>3,972,904</u>
 Expenses		
General expenses	848,211	864,331
Convention	118,875	96,561
FFA Foundation projects	1,273,866	924,784
CASE program expenses	<u>2,385,459</u>	<u>1,707,627</u>
 Total program expenses	 <u>4,626,411</u>	 <u>3,593,303</u>
 Changes in net assets without donor restrictions	 <u>(235,431)</u>	 <u>379,601</u>
 NET ASSETS WITH DONOR RESTRICTIONS		
CASE program income	2,848,881	2,041,445
Net assets released from restriction	<u>(2,385,459)</u>	<u>(1,707,627)</u>
 Change in net assets with donor restrictions	 <u>463,422</u>	 <u>333,818</u>
 Change in net assets	 227,991	 713,419
Net assets, beginning of year	<u>2,002,941</u>	<u>1,289,522</u>
 NET ASSETS, END OF YEAR	 <u>\$ 2,230,932</u>	 <u>\$ 2,002,941</u>

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 June 30, 2019

	General Expenses	Convention	FFA Foundation Projects	Case Program Expenses	Total
Vernier	\$ -	\$ -	\$ -	\$ 1,007,175	\$ 1,007,175
Salaries and contract labor	399,381	-	-	456,832	856,213
National Teach Ag Campaign	-	-	838,235	-	838,235
FFA Foundation projects	-	-	394,721	-	394,721
CI scholarships	-	-	-	236,303	236,303
Carthage	-	-	-	213,850	213,850
CASE travel	-	-	-	165,269	165,269
Promotion and marketing	15,229	12,670	-	116,905	144,804
PD-STEP 2018 expense	-	-	-	83,712	83,712
Officer and board travel	57,065	21,662	-	-	78,727
Insurance	49,571	-	-	-	49,571
Staff travel and meetings	22,991	20,683	-	-	43,674
Professional fees	17,900	-	-	24,935	42,835
Payroll and other taxes	36,170	-	-	5,142	41,312
Communities of practice	-	-	40,910	-	40,910
Employee benefits	58,885	-	-	-	58,885
Equipment rental and maintenance	-	36,165	-	-	36,165
Website expense	14,132	-	-	20,000	34,132
Scholarships	30,000	-	-	-	30,000
Miscellaneous	14,468	1,801	-	11,059	27,328
MSA expense	-	-	-	22,197	22,197
Postage	9,941	7,234	-	2,689	19,864
Teacher Crisis fund	16,850	-	-	-	16,850
Office supplies	15,500	-	-	626	16,126
Membership and contributions	15,860	-	-	-	15,860
Computer service	15,783	-	-	-	15,783
Ag Ed Summit expense	14,094	-	-	-	14,094
Technology expense	-	-	-	10,795	10,795
Rent	10,050	-	-	-	10,050
Bank charges	9,534	-	-	-	9,534
NPS expense	8,500	-	-	-	8,500
Printing	1,360	3,696	-	2,137	7,193
APT expense	-	-	-	5,719	5,719
Ideas Unlimited expenses	-	4,635	-	-	4,635
Depreciation	4,152	-	-	114	4,266
Teacher Mentor expenses	-	4,235	-	-	4,235
Telephone	4,064	-	-	-	4,064
Committee expense	-	3,350	-	-	3,350
Outstanding Young Members	1,900	-	-	-	1,900
OPAP expense	1,894	-	-	-	1,894
Staff training	1,868	-	-	-	1,868
Plaques and trophies	-	1,404	-	-	1,404
Registration - award	-	1,340	-	-	1,340
Webinar expense	408	-	-	-	408
Professional development expense	373	-	-	-	373
Taxes and licenses	288	-	-	-	288
	<u>\$ 848,211</u>	<u>\$ 118,875</u>	<u>\$ 1,273,866</u>	<u>\$ 2,385,459</u>	<u>\$ 4,626,411</u>

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended June 30, 2018

	General Expenses	Convention	FFA Foundation Projects	Case Program Expenses	Total
Salaries and contract labor	\$ 460,990	\$ -	\$ -	\$ 509,209	\$ 970,199
FFA Foundation projects	-	-	292,413	-	292,413
National Teach Ag Campaign	-	-	595,180	-	595,180
Vernier	-	-	-	797,237	797,237
Carthage	-	-	-	178,200	178,200
CASE travel	-	-	-	75,216	75,216
Officer and board travel	49,360	19,024	-	-	68,384
Promotion and marketing	12,175	8,874	-	42,786	63,835
Employee benefits	48,342	-	-	-	48,342
Payroll and other taxes	38,708	-	-	4,468	43,176
Insurance	42,913	-	-	-	42,913
Website expense	16,794	-	-	21,000	37,794
Communities of practice	-	-	37,191	-	37,191
Equipment rental and maintenance	-	34,235	-	-	34,235
Scholarships	33,000	-	-	-	33,000
Miscellaneous	7,204	-	-	23,724	30,928
Staff travel and meetings	16,488	13,599	-	-	30,087
CI scholarships	-	-	-	29,770	29,770
Computer service	23,160	-	-	-	23,160
Membership and contributions	19,209	-	-	-	19,209
Professional fees	17,150	-	-	-	17,150
MSA expense	-	-	-	15,067	15,067
NPS expense	14,744	-	-	-	14,744
Office supplies	11,319	-	-	905	12,224
Printing	5,158	3,083	-	3,316	11,557
Postage	7,646	1,128	-	1,486	10,260
Rent	10,050	-	-	-	10,050
Bank charges	9,171	-	-	-	9,171
Teacher Crisis fund	8,500	-	-	-	8,500
Telephone	4,848	-	-	-	4,848
Ideas Unlimited expenses	-	4,612	-	-	4,612
Teacher Mentor expenses	-	4,612	-	-	4,612
Depreciation	3,083	-	-	114	3,197
Committee expense	-	3,015	-	-	3,015
CI mentor	-	-	-	2,898	2,898
APT expense	-	-	-	2,090	2,090
Plaques and trophies	-	1,961	-	-	1,961
Outstanding Young Members	1,675	-	-	-	1,675
Staff training	1,571	-	-	-	1,571
Registration - award	-	1,418	-	-	1,418
Webinar expense	1,023	-	-	-	1,023
Meal functions	-	1,000	-	-	1,000
Merchandise expense	-	-	-	141	141
Taxes and licenses	50	-	-	-	50
	<u>\$ 864,331</u>	<u>\$ 96,561</u>	<u>\$ 924,784</u>	<u>\$ 1,707,627</u>	<u>\$ 3,593,303</u>

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF CASH FLOWS
for the years ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 227,991	\$ 713,419
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,266	3,197
Realized losses (gains) on investments	7,747	2,470
Unrealized losses (gains) on investments	(11,795)	(91,885)
(Increase) decrease in operating assets:		
Accounts receivable	(78,217)	(220,983)
Prepaid expenses	65,469	(56,717)
Increase (decrease) in operating liabilities:		
Accounts payable	36,852	(119,484)
Accrued expenses	382	(11,072)
	<u>252,695</u>	<u>218,945</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(953)	(6,033)
Proceeds from sale of investments	9,535	-
Purchase of investments	<u>(81,373)</u>	<u>(17,416)</u>
	<u>(72,791)</u>	<u>(23,449)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	179,904	195,496
Cash and cash equivalents, beginning of year	<u>656,165</u>	<u>460,669</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 836,069</u>	<u>\$ 656,165</u>

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

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

1. BACKGROUND OF THE ORGANIZATION

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.

New Accounting Pronouncement

On August 18, 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The Association has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Association's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily restricted net asset class is now named net assets with donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 6).
- The statement of functional expenses for the year ended June 30, 2019 and 2018, is now reported as a financial statement.

Cash and Cash Equivalents

The Association considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

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 June 30, 2019 and 2018 to be fully collectible.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

The Association reports investments at fair market value rather than historical or amortized cost. Fair market value is based on quoted market prices. The net unrealized and realized gains and losses on the sale of investments are computed using the specific cost of the investment sold.

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.

Restricted and Unrestricted Support and Revenue

Contributions are recorded when received as without donor restrictions or donor restricted, depending on the existence or nature of any donor restrictions. When a donor restriction is met, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as satisfaction of program restrictions.

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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 2015.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management's Review of Subsequent Events

The Association has evaluated and considered the need to recognize or disclose subsequent events through November 22, 2019, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2019, have not been evaluated by the Association.

3. 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 June 30, 2019:

	Market Value	Cost	Cumulative Unrealized Gain (Loss)
Undesignated net assets			
Money market fund	\$ 5,304	\$ 5,304	\$ -
Equity mutual funds	779,396	638,174	141,222
Board designated net assets			
Money market fund	1,820	1,820	-
Equity mutual funds	<u>310,593</u>	<u>250,421</u>	<u>60,172</u>
Total investments	<u>\$1,097,113</u>	<u>\$ 895,719</u>	<u>\$ 201,394</u>

Investments, which are stated at fair market value, consisted of the following at June 30, 2018:

	Market Value	Cost	Cumulative Unrealized Gain (Loss)
Undesignated net assets			
Money market fund	\$ 3,968	\$ 3,968	\$ -
Equity mutual funds	753,968	611,603	142,365
Board designated net assets			
Money market fund	1,246	1,246	-
Equity mutual funds	<u>262,045</u>	<u>207,686</u>	<u>54,359</u>
Total investments	<u>\$ 1,021,227</u>	<u>\$ 824,503</u>	<u>\$ 196,724</u>

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

4. 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 June 30, 2019:

	Carrying Amount	Fair Value
Undesignated net assets:		
Money market fund	\$ 5,304	\$ 5,304
Equity mutual funds	779,396	779,396
Board designated net assets:		
Money market fund	1,820	1,820
Equity mutual funds	<u>310,593</u>	<u>310,593</u>
Total investments	<u>\$ 1,097,113</u>	<u>\$ 1,097,113</u>

The estimated fair values of the Association's financial instruments are as follows for June 30, 2018:

	Carrying Amount	Fair Value
Undesignated net assets:		
Money market fund	\$ 3,968	\$ 3,968
Equity mutual funds	753,968	753,968
Board designated net assets:		
Money market fund	1,246	1,246
Equity mutual funds	<u>262,045</u>	<u>262,045</u>
Total investments	<u>\$ 1,021,227</u>	<u>\$ 1,021,227</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2019	2018
Office equipment	\$ 5,529	\$ 5,529
Computer equipment	32,966	32,013
Furniture and fixtures	12,129	12,129
CASE equipment	<u>1,140</u>	<u>1,140</u>
	51,764	50,811
Less: accumulated depreciation	<u>(42,809)</u>	<u>(38,543)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 8,955</u>	<u>\$ 12,268</u>

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

6. 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 June 30, 2019 and 2018, financial assets available to meet cash needs for general expenditures within one year were \$2,517,995 and \$2,173,988 respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

The Curriculum for Agricultural Science Education (CASE) initiative is a project of the National Council for Agricultural Education (The Council). During fiscal year 2010, the Council passed a resolution that transferred the management responsibilities for the CASE initiative to the Association. The Association has established accounting procedures and codes for CASE such that all CASE revenue and expenses are identified separately within the Association financial records. CASE net assets are classified as donor restricted and can be used only for the CASE initiative. CASE donor restricted net assets were \$1,087,590 and \$624,198, as of June 30, 2019 and 2018, respectively.

8. LEASE AGREEMENTS

Effective July 1, 2003, the Association entered into a one-year operating lease agreement with the University of Kentucky to rent 500 square feet of office space for \$15 per square foot, per year. That equated \$625 per month. Starting July 1, 2017, the Association contracted to rent an additional 170 square feet. This increased the calculated monthly rent to \$837.50. The Association incurred rent expense of \$10,050 and \$10,050 for the years ended June 30, 2019 and 2018, respectively. The lease is renewable annually with minimum future lease payments through June 30, 2020 totaling \$10,050.

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 June 30, 2019 and 2018, were \$36,070 and \$34,734, 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:

	2019	2018
Gross revenues	\$ 12,341	\$ 8,538
Less related costs	<u>(5,974)</u>	<u>(4,791)</u>
Net income	<u>\$ 6,367</u>	<u>\$ 3,747</u>

11. CONCENTRATIONS OF CREDIT RISK

The Association maintains multiple bank accounts insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during fiscal years 2019 and 2018, the Association's cash in bank balances exceeded the federally insured limits. Cash balances of \$491,058 and \$349,058 were uninsured as of June 30, 2019 and 2018, respectively.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

11. CONCENTRATIONS OF CREDIT RISK (CONTINUED)

The Association's accounts receivable balance as of June 30, 2019 and 2018 was \$574,813 and \$496,596, respectively. The Association carries risk primarily with those accounts that are beyond 90 days past invoicing. The balance of these long-standing receivables as of June 30, 2019 and 2018 was \$86,491 and \$25,930, respectively. Receivables consist primarily of annual recurring convention sponsors and association memberships. There has not been an allowance created for uncollectible accounts, as all balances are expected to be collected.

12. COMMITMENTS

The Association has contracted with hotels for its 2019-2021 annual conferences. The contracts are subject to various cancellation penalties as well as minimum room usage. Cancellation penalties totaled \$110,420 as of June 30, 2019 for the 2019-2021 conferences. 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.

13. 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 become available. These initiatives, or Special Projects of the National FFA Foundation, include:

- Agriscience Initiative
- CASE Agricultural Business Foundations
- CASE Mechanical Systems in Agriculture
- CASE Scholarships/Grants
- Communities of Practice
- Excellence in Leadership for Retention (XLR8)
- Lifetime Achievement Awards
- NAAE Convention General Support
- NAAE General Support
- National Ag Ed Leadership Luncheon (at NPS)
- National Agriscience Teacher Ambassadors
- National Teach Ag Campaign
- Organizational Membership
- 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