

STEPHEN D. SCHNETTLER, PLLC

Certified Public Accountant

300 W. Maxwell Street

Lexington, Kentucky 40508

Telephone: (859) 389-7022

Fax: (859) 252-1545

Member
American Institute of
Certified Public Accountants

Member
Kentucky Society of
Certified Public Accountants

To the Board of Directors
National Association of
Agricultural Educators, Inc.
Lexington, Kentucky 40546

I have compiled the accompanying statement of financial position of National Association of Agricultural Educators, Inc. (a nonprofit organization) as of January 31, 2011 and the related statements of activities for the seven months then ended, and the accompanying supplementary information contained in the Schedule of Actual vs. Budget, Convention Revenue and Expenses, and Case Program Revenue and Expenses, which is presented only for supplementary purposes. I have not audited or reviewed the accompanying financial statements and supplementary schedules and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and supplementary schedules are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America. If the omitted disclosures and statement of cash flows were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Stephen D. Schnettler, PLLC

February 16, 2011

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Financial Position

January 31, 2011

ASSETS

| | |
|------------------------------------|---------------|
| Cash on deposit | \$ 157,891 |
| Cash on deposit - CASE Program | 50,460 |
| Investments - operating fund | 408,771 |
| Investments - life membership fund | 127,503 |
| Investments - reserve fund | 105,498 |
| Accounts receivable | 178,937 |
| Prepaid expenses | 16,228 |
| Property and equipment | <u>13,581</u> |

TOTAL ASSETS \$ 1,058,869

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|---------------------------|--------------|
| Accounts payable | \$ 50,675 |
| Accrued leave payable | 21,314 |
| Other current liabilities | <u>6,203</u> |

TOTAL LIABILITIES 78,192

NET ASSETS

| | |
|---------------------------------------|----------------|
| Unrestricted net assets: | |
| Current operation | 667,764 |
| Board designated for special purposes | 122,408 |
| Temporarily restricted net assets | 1,909 |
| CASE Project | <u>188,596</u> |

TOTAL NET ASSETS 980,677

TOTAL LIABILITIES AND NET ASSETS \$ 1,058,869

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Activities

For the Seven Months Ended January 31, 2011

| | <u>Unrestricted</u> | | | | |
|--|---------------------|-------------------|--------------------|-------------------|-------------------|
| | <u>Current</u> | <u>Board</u> | <u>Temporarily</u> | <u>CASE</u> | <u>Total</u> |
| | <u>Operations</u> | <u>Designated</u> | <u>Restricted</u> | <u>Project</u> | |
| Revenue, Gains and Losses | | | | | |
| Membership dues | \$ 300,670 | \$ 3,600 | \$ - | \$ - | \$ 304,270 |
| Convention registration | 95,459 | - | - | - | 95,459 |
| Sponsorship and awards | 54,214 | - | - | - | 54,214 |
| Merchandise sales | 4,054 | - | - | - | 4,054 |
| Contributions | - | - | 49 | - | 49 |
| Management fees | 57,968 | - | - | - | 57,968 |
| Net realized and unrealized | | | | | |
| gains (losses) on securities | 87,881 | - | - | - | 87,881 |
| Interest and dividends | 7,461 | - | - | - | 7,461 |
| FFA Foundation projects | 67,115 | - | - | - | 67,115 |
| CASE Program income | - | - | - | 272,688 | 272,688 |
| Other income | 79,138 | - | - | - | 79,138 |
| | <u>753,960</u> | <u>3,600</u> | <u>49</u> | <u>272,688</u> | <u>1,030,297</u> |
| Total Revenue, Gains and Losses | 753,960 | 3,600 | 49 | 272,688 | 1,030,297 |
| Net Assets Released from Restrictions | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Revenue, Gains and Losses and Reclassifications | <u>753,960</u> | <u>3,600</u> | <u>49</u> | <u>272,688</u> | <u>1,030,297</u> |
| Expenses | | | | | |
| General expenses | 390,218 | - | - | - | 390,218 |
| FFA Foundation projects | 55,550 | - | - | - | 55,550 |
| CASE Program expenses | - | - | - | 395,297 | - |
| Convention expenses | 111,494 | - | - | - | 111,494 |
| | <u>557,262</u> | <u>-</u> | <u>-</u> | <u>395,297</u> | <u>557,262</u> |
| Total expenses | 557,262 | - | - | 395,297 | 557,262 |
| INCREASE (DECREASE) IN NET ASSETS | 196,698 | 3,600 | 49 | (122,609) | 77,738 |
| NET ASSETS AT BEGINNING OF PERIOD | <u>471,066</u> | <u>118,808</u> | <u>1,860</u> | <u>311,205</u> | <u>902,939</u> |
| NET ASSETS AT END OF PERIOD | <u>\$ 667,764</u> | <u>\$ 122,408</u> | <u>\$ 1,909</u> | <u>\$ 188,596</u> | <u>\$ 980,677</u> |

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Seven Months Ended January 31, 2011

| | MONTH | MONTH | MONTH | YEAR TO DATE | YEAR | YEAR |
|--|---------------|---------------|---------------|----------------|----------------|------------------|
| | ACTUAL | BUDGET | SVARIANCE | ACTUAL | BUDGET | SVARIANCE |
| REVENUE | | | | | | |
| Member dues | \$ 28,609 | \$ 32,438 | \$ (3,829) | \$ 286,020 | \$ 389,250 | \$ (103,230) |
| Corporate membership dues | 5,250 | 2,375 | - | 18,250 | 28,500 | (10,250) |
| NSTA Dues | 64 | - | 2,875 | 832 | - | 832 |
| Delmar scholarships | - | 625 | (625) | - | 7,500 | (7,500) |
| Foundation management fees | (215) | 2,417 | (2,632) | 57,968 | 29,000 | 28,968 |
| MBNA affinity credit card program | - | - | - | - | - | - |
| Toyota vehicle lease management fee | - | - | - | - | - | - |
| Interest and dividends | 5 | 500 | (495) | 4,791 | 6,000 | (1,209) |
| Net realized and unrealized gains (losses) on securities | 4,249 | 1,250 | 2,999 | 87,881 | 15,000 | 72,881 |
| Merchandise sales | - | 708 | (708) | 4,054 | 8,500 | (4,446) |
| Investment income, Life Fund | 85 | 125 | (40) | 2,670 | 1,500 | 1,170 |
| Contributions, Legislative Fund | - | - | - | 49 | - | 49 |
| Miscellaneous income | - | - | - | 3,000 | - | 3,000 |
| National Teach Ag Campaign | 349 | - | 349 | 23,052 | - | 23,052 |
| Teacher crisis fund | 44 | - | 44 | 1,732 | - | 1,732 |
| Risk management education | - | - | - | - | - | - |
| AEM business manager stipend | - | 333 | (333) | - | 4,000 | (4,000) |
| Lifetime achievement awards | - | 279 | (279) | - | 3,350 | (3,350) |
| GMAC SmartEdge program | - | 3,417 | (3,417) | - | 41,000 | (41,000) |
| Webinar revenue | - | 1,367 | (1,367) | - | 16,400 | (16,400) |
| DuPont Agriscience | - | - | - | 14,799 | - | 14,799 |
| FFA Foundation project - TTTK | - | 4,025 | (4,025) | 39,157 | 48,300 | (9,143) |
| FFA Foundation project - OPAP | - | 997 | (997) | 4,305 | 11,965 | (7,660) |
| FFA Foundation project - OMSP | - | 946 | (946) | 7,009 | 11,350 | (4,341) |
| FFA Foundation project - OT | - | 997 | (997) | 5,898 | 11,965 | (6,067) |
| FFA Foundation project - OYM | - | 946 | (946) | 5,952 | 11,350 | (5,398) |
| FFA Foundation project - Greenhouse | - | - | - | - | - | - |
| FFA Foundation teacher workshop | - | - | - | 1,098 | - | 1,098 |
| FFA Foundation internet café | - | - | - | 2,484 | - | 2,484 |
| FFA Foundation Pfizer classroom | - | - | - | 1,212 | - | 1,212 |
| CASE program net income | (3,342) | - | (3,342) | (122,609) | - | (122,609) |
| Convention net income | 40,222 | 4,767 | 35,455 | 73,902 | 50,209 | 23,693 |
| TOTAL REVENUE | 75,320 | 58,512 | 16,744 | 523,506 | 695,139 | (171,633) |
| EXPENSES | | | | | | |
| Salaries | 19,173 | 21,666 | (2,493) | 160,063 | 259,994 | (99,931) |
| Taxes and benefits | 4,720 | 5,546 | (826) | 38,046 | 66,551 | (28,505) |
| Computer service | 424 | 83 | 341 | 1,874 | 1,000 | 874 |
| Telephone | 351 | 333 | 18 | 2,607 | 4,000 | (1,393) |
| Accounting | 475 | 1,033 | (558) | 3,325 | 12,400 | (9,075) |
| Depreciation | 455 | 583 | (128) | 2,701 | 7,000 | (4,299) |
| Rent | - | 625 | (625) | 7,500 | 7,500 | - |
| Insurance | 1,640 | 500 | 1,140 | 4,187 | 6,000 | (1,813) |
| Legal | 1,744 | 83 | 1,661 | 1,744 | 1,000 | 744 |
| Office Supplies | 758 | 417 | 341 | 4,028 | 5,000 | (972) |
| Bank charges and investment fees | - | 8 | (8) | - | 100 | (100) |
| Printing, general | 697 | 417 | 280 | 2,720 | 5,000 | (2,280) |
| Staff training | - | 83 | (83) | 24 | 1,000 | (976) |
| Taxes and licenses | - | 5 | (5) | 27 | 60 | (33) |
| Membership and contributions | 1,835 | 1,250 | 585 | 17,317 | 15,000 | 2,317 |
| Travel, staff | 2,607 | 1,856 | 751 | 8,905 | 22,275 | (13,370) |
| Promotion and marketing | 17 | 2,083 | (2,066) | 7,707 | 25,000 | (17,293) |
| Merchandise and diaries | 65 | 833 | (768) | 2,010 | 10,000 | (7,990) |
| Photocopying | - | 8 | (8) | 210 | 100 | 110 |
| Postage, general | 1,241 | 333 | 908 | 4,195 | 4,000 | 195 |
| Professional liability insurance | - | 3,093 | (3,093) | 37,415 | 37,110 | 305 |
| Public relations | - | 42 | (42) | 50 | 500 | (450) |
| Scholarships | - | 938 | (938) | 12,000 | 11,250 | 750 |
| Travel, regional secretaries | 1,304 | 833 | 471 | 5,400 | 10,000 | (4,600) |
| Travel, board of directors | 1,050 | 2,917 | (1,867) | 12,671 | 35,000 | (22,329) |
| Nat'l Teach Ag Campaign | 3,519 | - | 3,519 | 27,660 | - | 27,660 |
| FFA Foundation project - TTTK | 3,959 | 4,025 | (66) | 29,709 | 48,300 | (18,591) |
| FFA Foundation project - OPAP | 1,486 | 997 | 489 | 4,305 | 11,965 | (7,660) |
| FFA Foundation project - OMSP | 2,811 | 946 | 1,865 | 7,009 | 11,350 | (4,341) |
| FFA Foundation project - OT | 1,503 | 997 | 506 | 5,750 | 11,965 | (6,215) |
| FFA Foundation project - OYM | - | 946 | (946) | 3,975 | 11,350 | (7,375) |
| FFA Foundation project - Greenhouse | - | - | - | - | - | - |
| FFA Foundation project - LAA | - | - | - | 155 | - | 155 |
| FFA Foundation project - Smart Edge | - | - | - | 400 | - | 400 |
| FFA Foundation teacher workshop | - | - | - | 216 | - | 216 |
| FFA Foundation internet café | - | - | - | 2,484 | - | 2,484 |
| FFA Teachers world | - | - | - | 1,547 | - | 1,547 |

(Continued)

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Seven Months Ended January 31, 2011

| | <u>MONTH</u> | <u>MONTH</u> | <u>MONTH</u> | <u>YEAR TO DATE</u> | <u>YEAR</u> | <u>YEAR</u> |
|---------------------------------|------------------|-----------------|-------------------|---------------------|------------------|-------------------|
| | <u>ACTUAL</u> | <u>BUDGET</u> | <u>\$VARIANCE</u> | <u>ACTUAL</u> | <u>BUDGET</u> | <u>\$VARIANCE</u> |
| Lifetime achievement | - | 279 | (279) | - | 3,350 | (3,350) |
| DuPont Agriscience | - | - | - | 13,077 | - | 13,077 |
| GMAC SmartEdge program | - | 833 | (833) | - | 10,000 | (10,000) |
| NPS expense | - | 667 | (667) | - | 8,000 | (8,000) |
| Webinar expense | 198 | 292 | (94) | 693 | 3,500 | (2,807) |
| Teacher crisis fund | 1,000 | - | 1,000 | 1,500 | 8,000 | (6,500) |
| Communities of practice expense | - | - | - | 9,239 | - | 9,239 |
| Substitute teacher hire behinds | - | 333 | (333) | - | 4,000 | (4,000) |
| NSTA dues | 192 | - | 192 | 896 | - | 896 |
| Miscellaneous | 427 | - | 427 | 427 | - | 427 |
| TOTAL EXPENSES | <u>53,651</u> | <u>55,883</u> | <u>(2,232)</u> | <u>445,768</u> | <u>678,620</u> | <u>(234,399)</u> |
| NET INCOME (LOSS) | <u>\$ 21,669</u> | <u>\$ 2,629</u> | <u>\$ 18,976</u> | <u>\$ 77,738</u> | <u>\$ 16,519</u> | <u>\$ 62,766</u> |

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
Schedule of Convention Revenue and Expenses
For the One and Seven Months Ended January 31, 2011

| | <u>MONTH</u> <u>ACTUAL</u> | <u>MONTH</u> <u>BUDGET</u> | <u>MONTH</u> <u>\$VARIANCE</u> | <u>YEAR TO DATE</u> <u>ACTUAL</u> | <u>YEAR</u> <u>BUDGET</u> | <u>YEAR</u> <u>\$VARIANCE</u> |
|---|-------------------------------|-------------------------------|-----------------------------------|--------------------------------------|------------------------------|----------------------------------|
| REVENUE | | | | | | |
| Convention, registration | \$ 93,074 | \$ 6,975 | \$ 86,099 | \$ 95,459 | \$ 83,699 | \$ 11,760 |
| Convention, tickets/workshops | - | - | - | - | - | - |
| Convention, trade show | - | - | - | 1,500 | - | 1,500 |
| Convention - Ideas Unlimited | - | - | - | - | - | - |
| Convention - Teacher Mentor | - | - | - | 5,000 | - | 5,000 |
| Convention scholarship fund | - | - | - | 1,813 | 2,000 | (187) |
| Convention, sponsorships - FFA Foundation | - | 2,083 | (2,083) | 27,410 | 25,000 | 2,410 |
| Convention, host state social | - | - | - | - | - | - |
| Convention, sponsorships | 27,014 | 2,079 | 24,935 | 54,214 | 24,950 | 29,264 |
| TOTAL REVENUE | <u>120,088</u> | <u>11,137</u> | <u>108,951</u> | <u>185,396</u> | <u>135,649</u> | <u>49,747</u> |
| EXPENSES | | | | | | |
| Convention, plaques and trophies | - | 125 | (125) | 2,077 | 1,500 | 577 |
| Convention, printing | - | 167 | (167) | 394 | 2,000 | (1,606) |
| Convention, miscellaneous | - | 83 | (83) | (75) | 1,000 | (1,075) |
| Convention, awards | - | - | - | 8,340 | 9,000 | (660) |
| Convention, photography | 25 | - | 25 | 72 | - | 72 |
| Conventions, meal functions | 45,878 | 1,000 | 44,878 | 45,878 | 12,000 | 33,878 |
| Convention, promotion and marketing | - | 83 | (83) | - | 1,000 | (1,000) |
| Convention, postage and shipping | 1,494 | 167 | 1,327 | 4,712 | 2,000 | 2,712 |
| Convention, equipment rental | 20,139 | 667 | 19,472 | 20,139 | 8,000 | 12,139 |
| Convention, workshops | - | - | - | - | - | - |
| Convention, host state social | - | - | - | - | - | - |
| Convention, speakers | - | - | - | - | - | - |
| Convention, trade show expense | - | - | - | - | - | - |
| Convention, tour expenses | - | - | - | - | - | - |
| Convention, committee expense | 1,396 | 245 | 1,151 | 1,681 | 2,940 | (1,259) |
| Convention, sponsorships - FFA Foundation | - | 2,083 | (2,083) | - | 25,000 | (25,000) |
| Convention, travel/board of directors | 3,772 | 1,000 | 2,772 | 11,586 | 12,000 | (414) |
| Convention, staff travel | 7,162 | 750 | 6,412 | 16,690 | 9,000 | 7,690 |
| Convention, other travel | - | - | - | - | - | - |
| TOTAL EXPENSES | <u>79,866</u> | <u>6,370</u> | <u>73,496</u> | <u>111,494</u> | <u>85,440</u> | <u>26,054</u> |
| NET INCOME (LOSS) | <u>\$ 40,222</u> | <u>\$ 4,767</u> | <u>\$ 35,455</u> | <u>\$ 73,902</u> | <u>\$ 50,209</u> | <u>\$ 23,693</u> |

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of CASE Program Revenue and Expenses

For the One and Seven Months Ended January 31, 2011

| | MONTH <u>ACTUAL</u> | MONTH <u>BUDGET</u> | MONTH <u>\$VARIANCE</u> | YEAR TO DATE <u>ACTUAL</u> | YEAR <u>BUDGET</u> | YEAR <u>\$VARIANCE</u> |
|---------------------------|------------------------|------------------------|----------------------------|-------------------------------|-----------------------|---------------------------|
| REVENUE | | | | | | |
| CI fees | \$ 7,298 | \$ - | \$ 7,298 | \$ 71,723 | \$ - | \$ 71,723 |
| Vendor - Vernier | 7,701 | - | 7,701 | 163,305 | - | 163,305 |
| Vendor - NewByte | - | - | - | 2,328 | - | 2,328 |
| Field test fees | - | - | - | 2,600 | - | 2,600 |
| New Jersey | - | - | - | 31,822 | - | 31,822 |
| Interest | 27 | - | 27 | 460 | - | 460 |
| FFA Foundation | - | - | - | 450 | - | 450 |
| TOTAL REVENUE | <u>15,026</u> | <u>-</u> | <u>15,026</u> | <u>272,688</u> | <u>-</u> | <u>272,688</u> |
| EXPENSES | | | | | | |
| Legal and professional | - | - | - | 3,404 | - | 3,404 |
| Travel | - | - | - | 24,587 | - | 24,587 |
| Travel - staff | 2,408 | - | 2,408 | 15,969 | - | 15,969 |
| Contract labor | 15,833 | - | 15,833 | 95,000 | - | 95,000 |
| Supplies | 21 | - | 21 | 1,160 | - | 1,160 |
| Promotion | - | - | - | 3,197 | - | 3,197 |
| Printing | - | - | - | - | - | - |
| Postage | 25 | - | 25 | 949 | - | 949 |
| Telecommunications | - | - | - | 67 | - | 67 |
| Vernier | - | - | - | 147,869 | - | 147,869 |
| NewByte | - | - | - | 818 | - | 818 |
| Carthage | 81 | - | 81 | 1,362 | - | 1,362 |
| Carthage contract labor | - | - | - | 39,862 | - | 39,862 |
| Field test | - | - | - | 18,754 | - | 18,754 |
| Field test contract labor | - | - | - | 7,000 | - | 7,000 |
| Assesmnets | - | - | - | 35,000 | - | 35,000 |
| Equipment | - | - | - | 299 | - | 299 |
| TOTAL EXPENSES | <u>18,368</u> | <u>-</u> | <u>18,368</u> | <u>395,297</u> | <u>-</u> | <u>395,297</u> |
| NET INCOME (LOSS) | <u>\$ (3,342)</u> | <u>\$ -</u> | <u>\$ (3,342)</u> | <u>\$ (122,609)</u> | <u>\$ -</u> | <u>\$ (122,609)</u> |

SEE ACCOMPANYING ACCOUNTANT'S REPORT