

**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 December 31, 2011 and the related statement of activities for the one and six 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*

January 31, 2012

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Financial Position

December 31, 2011

ASSETS

Cash on deposit	\$	36,650
Cash on deposit - CASE Program		-
Investments - operating fund		398,489
Investments - life membership fund		145,567
Investments - reserve fund		106,431
Accounts receivable		351,765
Prepaid expenses		5,935
Property and equipment - CASE		1,064
Property and equipment		<u>14,766</u>

TOTAL ASSETS \$ 1,060,667

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$	63,628
Accrued leave payable		25,077
Other current liabilities		<u>7,892</u>

TOTAL LIABILITIES 96,597

NET ASSETS

Unrestricted net assets:		
Current operation		765,509
Board designated for special purposes		128,168
Temporarily restricted net assets		672
CASE Project		<u>69,721</u>

TOTAL NET ASSETS 964,070

TOTAL LIABILITIES AND NET ASSETS \$ 1,060,667

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Activities

For the Six Months Ended December 31, 2011

	Unrestricted				
	Current Operations	Board Designated	Temporarily Restricted	CASE Project	Total
Revenue, Gains and Losses					
Membership dues	\$ 265,470	\$ 4,320	\$ -	\$ -	\$ 269,790
Convention registration	70,434	-	-	-	70,434
Sponsorship and awards	7,450	-	-	-	7,450
Merchandise sales	2,885	-	-	-	2,885
Contributions	-	-	624	-	624
Management fees	72,500	-	-	-	72,500
Net realized and unrealized gains (losses) on securities	(69,452)	-	-	-	(69,452)
Interest and dividends	13,894	-	-	-	13,894
FFA Foundation projects	194,112	-	-	-	194,112
CASE Program income	-	-	-	308,378	308,378
Other income	125,010	-	-	-	125,010
	682,303	4,320	624	308,378	995,625
Total Revenue, Gains and Losses					
Net Assets Released from Restrictions	-	-	-	-	-
Total Revenue, Gains and Losses and Reclassifications	682,303	4,320	624	308,378	995,625
Expenses					
General expenses	378,754	-	-	-	378,754
FFA Foundation projects	80,483	-	-	-	80,483
CASE Program expenses	-	-	-	390,411	390,411
Convention expenses	30,195	-	-	-	30,195
	489,432	-	-	390,411	879,843
Total expenses					
INCREASE (DECREASE) IN NET ASSETS	192,871	4,320	624	(82,033)	115,782
NET ASSETS AT BEGINNING OF PERIOD	572,638	123,848	48	151,754	848,288
NET ASSETS AT END OF PERIOD	\$ 765,509	\$ 128,168	\$ 672	\$ 69,721	\$ 964,070

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Six Months Ended December 31, 2011

	MONTH	MONTH	MONTH	YEAR TO DATE	YEAR	YEAR
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>SVARIANCE</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>SVARIANCE</u>
<b>REVENUE</b>						
Member dues	\$ 7,210	\$ 32,164	\$ (24,954)	\$ 257,120	\$ 385,970	\$ (128,850)
Corporate membership dues	5,220	2,563	2,657	12,670	30,750	(18,080)
NSTA Dues	-	-	-	-	-	-
Delmar scholarships	-	625	(625)	-	7,500	(7,500)
Foundation management fees	72,500	4,583	67,917	72,500	55,000	17,500
MBNA affinity credit card program	-	-	-	-	-	-
Toyota vehicle lease management fee	-	-	-	-	-	-
Interest and dividends	9,329	500	8,829	10,107	6,000	4,107
Net realized and unrealized gains (losses) on securities	(17,984)	2,583	(20,567)	(69,452)	31,000	(100,452)
Merchandise sales	569	708	(139)	2,885	8,500	(5,615)
Investment income, Life Fund	3,199	250	2,949	3,787	3,000	787
Contributions, Legislative Fund	-	-	-	624	-	624
Miscellaneous income	1,178	250	928	3,478	3,000	478
National Teach Ag Campaign	14,320	-	14,320	28,495	-	28,495
Teacher crisis fund	-	-	-	5,858	-	5,858
Risk management education	-	-	-	-	-	-
AEM business manager stipend	-	333	(333)	-	4,000	(4,000)
GMAC SmartEdge program	-	-	-	-	-	-
Webinar revenue	-	1,367	(1,367)	-	16,400	(16,400)
DuPont Agriscience	8,746	-	8,746	61,513	-	61,513
Hurricane relief	-	-	-	500	-	500
Council MMM management fee	-	-	-	5,000	-	5,000
FFA Foundation project - TTTK	21,904	4,625	17,279	40,665	55,500	(14,835)
FFA Foundation project - OPAP	10,648	997	9,651	12,008	11,965	43
FFA Foundation project - OMSF	5,439	946	4,493	8,473	11,350	(2,877)
FFA Foundation project - OT	5,205	997	4,208	7,847	11,965	(4,118)
FFA Foundation project - OYM	26,521	946	25,575	29,184	11,350	17,834
FFA Foundation project - Greenhouse	-	-	-	-	-	-
FFA Foundation project - LAA	4,350	-	-	4,920	4,170	750
FFA Foundation teacher workshop	6,453	-	6,453	9,693	-	9,693
FFA Foundation internet café	8	-	8	2,639	-	2,639
FFA Foundation Pfizer classroom	5,209	-	5,209	8,453	-	8,453
FFA Foundation Regional Grants Revenue	-	-	-	-	-	-
FFA Foundation Agriscience Teacher	1,900	-	1,900	13,575	-	13,575
FFA Foundation project - NAAE Convention	56,655	-	56,655	56,655	-	56,655
CASE program net income	(16,278)	-	(16,278)	(82,033)	10,000	(92,033)
Convention net income	(5,154)	6,880	(12,034)	67,855	75,560	(7,705)
<b>TOTAL REVENUE</b>	<b>227,147</b>	<b>61,317</b>	<b>161,480</b>	<b>575,019</b>	<b>742,980</b>	<b>(167,961)</b>
<b>EXPENSES</b>						
Salaries	28,639	23,303	5,336	157,434	279,630	(122,196)
Taxes and benefits	5,932	5,773	159	35,453	69,271	(33,818)
Computer service	475	542	(67)	2,590	6,500	(3,910)
Telephone	284	417	(133)	1,065	5,000	(3,935)
Accounting	475	1,058	(583)	2,850	12,700	(9,850)
Depreciation	190	583	(393)	1,247	7,000	(5,753)
Rent	-	625	(625)	-	7,500	(7,500)
Insurance	292	500	(208)	5,128	6,000	(872)
Legal	-	83	(83)	-	1,000	(1,000)
Office Supplies	1,690	583	1,107	3,208	7,000	(3,792)
Bank charges and investment fees	1,230	8	1,222	1,230	100	1,130
Printing, general	227	417	(190)	551	5,000	(4,449)
Staff training	-	83	(83)	-	1,000	(1,000)
Taxes and licenses	-	5	(5)	-	60	(60)
Membership and contributions	1,091	1,250	(159)	10,266	15,000	(4,734)
Travel, staff	1,600	2,500	(900)	6,592	30,000	(23,408)
Promotion and marketing	3,513	2,167	1,346	9,567	26,000	(16,433)
Merchandise and diaries	-	833	(833)	2,892	10,000	(7,108)
Photocopying	-	8	(8)	59	100	(41)
Postage, general	1,436	500	936	2,770	6,000	(3,230)
Professional liability insurance	-	3,118	(3,118)	37,270	37,415	(145)
Public relations	43	42	1	43	500	(457)
Scholarships	-	938	(938)	11,250	11,250	-
Travel, regional secretaries	363	1,042	(679)	4,572	12,500	(7,928)
Travel, board of directors	11	2,917	(2,906)	10,191	35,000	(24,809)
Nat'l Teach Ag Campaign	8,631	-	8,631	28,082	-	28,082
FFA Foundation project - TTTK	4,960	4,625	335	27,904	55,500	(27,596)
FFA Foundation project - OPAP	3,538	997	2,541	9,253	11,965	(2,712)
FFA Foundation project - OMSF	503	946	(443)	3,458	11,350	(7,892)
FFA Foundation project - OT	198	997	(799)	3,366	11,965	(8,599)
FFA Foundation project - OYM	198	946	(748)	3,800	11,350	(7,550)
FFA Foundation project - Greenhouse	-	-	-	-	-	-
FFA Foundation project - LAA	198	-	198	768	4,170	(3,402)
FFA Foundation project - Smart Edge	-	-	-	1,100	-	1,100
FFA Foundation teacher workshop	4,576	-	4,576	7,816	-	7,816
FFA Foundation internet café	8	-	8	2,639	-	2,639
FFA Pfizer Classroom	6,816	-	6,816	8,409	-	8,409
FFA Foundation Regional Grants	-	-	-	-	-	-
FFA Foundation Agriscience Teachers	1,308	-	1,308	11,970	-	11,970

(Continued)

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Six Months Ended December 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>
DuPont Agriscience	1,122	-	1,122	28,832	-	28,832
GMAC SmartEdge program	-	-	-	-	-	-
NPS expense	-	667	(667)	-	8,000	(8,000)
Webinar expense	198	292	(94)	495	3,500	(3,005)
Teacher crisis fund	500	-	500	1,000	-	1,000
Communities of practice expense	-	667	(667)	10,751	8,000	2,751
Substitute teacher hire behinds	-	333	(333)	-	4,000	(4,000)
NSTA dues	-	-	-	-	-	-
Miscellaneous	3,366	-	3,366	3,366	-	3,366
<b>TOTAL EXPENSES</b>	<u>83,611</u>	<u>59,765</u>	<u>23,846</u>	<u>459,237</u>	<u>721,326</u>	<u>(262,089)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 143,536</u>	<u>\$ 1,552</u>	<u>\$ 137,634</u>	<u>\$ 115,782</u>	<u>\$ 21,654</u>	<u>\$ 94,128</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.  
Schedule of Convention Revenue and Expenses  
For the One and Six Months Ended December 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>
<b>REVENUE</b>						
Convention, registration	\$ -	\$ 7,917	\$ (7,917)	\$ 70,434	\$ 95,000	\$ (24,566)
Convention, tickets/workshops	227	-	227	227	-	227
Convention, trade show	-	125	(125)	600	1,500	(900)
Convention - Ideas Unlimited	-	-	-	5,000	-	5,000
Convention - Teacher Mentor	-	-	-	5,000	-	5,000
Convention scholarship fund	-	-	-	1,389	2,000	(611)
Convention, sponsorships - FFA Foundation	-	3,333	(3,333)	-	40,000	(40,000)
Convention, host state social	-	-	-	7,950	-	7,950
Convention, sponsorships	-	4,500	(4,500)	7,450	54,000	(46,550)
<b>TOTAL REVENUE</b>	<u>227</u>	<u>15,875</u>	<u>(15,648)</u>	<u>98,050</u>	<u>192,500</u>	<u>(94,450)</u>
<b>EXPENSES</b>						
Convention, plaques and trophies	1,457	167	1,290	1,521	2,000	(479)
Convention, printing	-	167	(167)	-	2,000	(2,000)
Convention, miscellaneous	-	83	(83)	-	1,000	(1,000)
Convention, awards	396	-	396	8,097	9,000	(903)
Convention, photography	-	-	-	-	-	-
Convention, meal functions	-	2,500	(2,500)	-	30,000	(30,000)
Convention, promotion and marketing	1,195	83	1,112	2,782	1,000	1,782
Convention, postage and shipping	-	250	(250)	-	3,000	(3,000)
Convention, equipment rental	-	1,000	(1,000)	-	12,000	(12,000)
Convention, workshops	-	-	-	-	-	-
Convention, host state social	-	-	-	7,500	-	7,500
Convention, speakers	-	-	-	-	-	-
Convention, trade show expense	-	-	-	-	-	-
Convention, tour expenses	-	-	-	-	-	-
Convention, committee expense	2,079	245	1,834	2,079	2,940	(861)
Convention, sponsorships - FFA Foundation	-	2,667	(2,667)	-	32,000	(32,000)
Convention, travel/board of directors	254	1,000	(746)	5,724	12,000	(6,276)
Convention, staff travel	-	833	(833)	2,492	10,000	(7,508)
Convention, other travel	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>5,381</u>	<u>8,995</u>	<u>(3,614)</u>	<u>30,195</u>	<u>116,940</u>	<u>(86,745)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (5,154)</u>	<u>\$ 6,880</u>	<u>\$ (12,034)</u>	<u>\$ 67,855</u>	<u>\$ 75,560</u>	<u>\$ (7,705)</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.  
Schedule of CASE Program Revenue and Expenses  
For the One and Six Months Ended December 31, 2011

	MONTH ACTUAL	MONTH BUDGET	MONTH \$VARIANCE	YEAR TO DATE ACTUAL	YEAR BUDGET	YEAR \$VARIANCE
<b>REVENUE</b>						
CI fees	\$ -	\$ -	\$ -	\$ 71,673	\$ -	\$ 71,673
Vendor - Vernier	12,766	-	12,766	197,542	-	197,542
Vendor - NewByte	960	-	960	5,205	-	5,205
Field test fees	-	-	-	-	-	-
New Jersey	-	-	-	-	-	-
NRES	13,635	-	13,635	25,903	-	25,903
Assesments - ASP	-	-	-	-	-	-
Assesments - ASA	-	-	-	-	-	-
Replacement CD	50	-	50	50	-	50
Interest	1	-	1	5	-	5
FFA Foundation	-	-	-	8,000	-	8,000
<b>TOTAL REVENUE</b>	<b>27,412</b>	<b>-</b>	<b>27,412</b>	<b>308,378</b>	<b>-</b>	<b>308,378</b>
<b>EXPENSES</b>						
Legal and professional	-	-	-	420	-	420
Travel	-	-	-	4,398	-	4,398
Travel - staff	1,741	-	1,741	10,433	-	10,433
Contract labor	16,417	-	16,417	98,500	-	98,500
Supplies	308	-	308	313	-	313
Promotion	768	-	768	868	-	868
Printing	200	-	200	694	-	694
Postage	-	-	-	38	-	38
Telecommunications	37	-	37	75	-	75
Rutgers	-	-	-	1,369	-	1,369
Vernier	11,331	-	11,331	200,654	-	200,654
NewByte	-	-	-	411	-	411
Carthage	-	-	-	3,936	-	3,936
Carthage contract labor	-	-	-	35,000	-	35,000
Field test	-	-	-	-	-	-
Field test contract labor	-	-	-	-	-	-
NRSE	12,631	-	12,631	32,962	-	32,962
Assesmnets	-	-	-	-	-	-
Bank charges	-	-	-	36	-	36
Depreciation	10	-	10	57	-	57
Equipment	247	-	247	247	-	247
<b>TOTAL EXPENSES</b>	<b>43,690</b>	<b>-</b>	<b>43,690</b>	<b>390,411</b>	<b>-</b>	<b>390,411</b>
<b>NET INCOME (LOSS)</b>	<b>\$ (16,278)</b>	<b>\$ -</b>	<b>\$ (16,278)</b>	<b>\$ (82,033)</b>	<b>\$ -</b>	<b>\$ (82,033)</b>

SEE ACCOMPANYING ACCOUNTANT'S REPORT