

**STEPHEN D. SCHNETTLER, PLLC**

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Member  
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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 September 30, 2012 and the related statement of activities for the three 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*

November 1, 2012

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Financial Position

September 30, 2012

ASSETS

Cash on deposit	\$ 13,251
Investments - operating fund	442,441
Investments - life membership fund	160,435
Investments - reserve fund	85,724
Accounts receivable	272,017
Prepaid expenses	6,694
Property and equipment - CASE	979
Property and equipment	<u>13,577</u>

TOTAL ASSETS \$ 995,118

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 93,138
Accrued leave payable	26,290
Other current liabilities	<u>5,910</u>

TOTAL LIABILITIES 125,338

NET ASSETS

Unrestricted net assets:	
Current operation	605,086
Board designated for special purposes	131,888
Temporarily restricted net assets	1,252
CASE Project	<u>131,554</u>

TOTAL NET ASSETS 869,780

TOTAL LIABILITIES AND NET ASSETS \$ 995,118

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Activities

For the Three Months Ended September 30, 2012

	<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	\$ 165,615	\$ 2,640	\$ -	\$ -	\$ 168,255
Convention registration	-	-	-	-	-
Sponsorship and awards	-	-	-	-	-
Merchandise sales	2,359	-	-	-	2,359
Contributions	-	-	500	-	500
Management fees	-	-	-	-	-
Net realized and unrealized					
gains (losses) on securities	31,292	-	-	-	31,292
Interest and dividends	1,014	-	-	-	1,014
FFA Foundation projects	10,487	-	-	-	10,487
CASE Program income	-	-	-	412,250	412,250
Other income	40,430	-	-	-	40,430
	<u>251,197</u>	<u>2,640</u>	<u>500</u>	<u>412,250</u>	<u>666,587</u>
Total Revenue, Gains and Losses					
Net Assets Released from Restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenue, Gains and Losses and Reclassifications	<u>251,197</u>	<u>2,640</u>	<u>500</u>	<u>412,250</u>	<u>666,587</u>
Expenses					
General expenses	218,350	-	-	-	218,350
FFA Foundation projects	1,908	-	-	-	1,908
CASE Program expenses	-	-	-	363,928	363,928
Convention expenses	1,523	-	-	-	1,523
	<u>221,781</u>	<u>-</u>	<u>-</u>	<u>363,928</u>	<u>585,709</u>
Total expenses					
INCREASE (DECREASE) IN NET ASSETS	29,416	2,640	500	48,322	80,878
NET ASSETS AT BEGINNING OF PERIOD	<u>575,670</u>	<u>129,248</u>	<u>752</u>	<u>83,232</u>	<u>788,902</u>
NET ASSETS AT END OF PERIOD	<u>\$ 605,086</u>	<u>\$ 131,888</u>	<u>\$ 1,252</u>	<u>\$ 131,554</u>	<u>\$ 869,780</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Three Months Ended September 30, 2012

	<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>
<b>REVENUE</b>						
Member dues	\$ 112,010	\$ 32,194	\$ 79,816	\$ 165,255	\$ 386,325	\$ (221,070)
Corporate membership dues	2,250	2,375	(125)	3,000	28,500	(25,500)
NSTA Dues	-	-	-	-	-	-
Delmar scholarships	-	625	(625)	-	7,500	(7,500)
Foundation management fees	-	7,500	(7,500)	-	90,000	(90,000)
MBNA affinity credit card program	-	-	-	-	-	-
Toyota vehicle lease management fee	-	-	-	-	-	-
Interest and dividends	2	833	(831)	753	10,000	(9,247)
Net realized and unrealized						
gains (losses) on securities	12,814	2,583	10,231	31,292	31,000	292
Merchandise sales	60	708	(648)	2,359	8,500	(6,141)
Investment income, Life Fund	84	333	(249)	261	4,000	(3,739)
Contributions, Legislative Fund	500	-	500	500	-	500
Miscellaneous income	-	500	(500)	-	6,000	(6,000)
Scholarship raffle proceeds	-	167	(167)	-	2,000	(2,000)
National Teach Ag Campaign	-	-	-	13,727	90,000	(76,273)
Teacher crisis fund	-	-	-	1,410	-	1,410
BFRDP Grant	-	-	-	-	-	-
AEM business manager stipend	-	333	(333)	-	4,000	(4,000)
GMAC SmartEdge program	-	-	-	-	-	-
Webinar revenue	-	-	-	-	-	-
DuPont Agriscience	5,337	-	5,337	24,893	-	24,893
NPS	-	-	-	-	-	-
State website development	-	-	-	400	-	400
Hurricane relief	-	-	-	-	-	-
CASE management fee	-	-	-	-	20,000	(20,000)
Council MMM management fee	-	-	-	-	5,000	(5,000)
FFA Foundation project - TTTK	5,026	3,875	1,151	5,330	46,500	(41,170)
FFA Foundation project - OPAP	-	1,000	(1,000)	1,164	12,000	(10,836)
FFA Foundation project - OMSP	346	1,000	(654)	346	12,000	(11,654)
FFA Foundation project - OT	-	917	(917)	1,641	11,000	(9,359)
FFA Foundation project - OYM	-	917	(917)	2,006	11,000	(8,994)
FFA Foundation project - Lifetime Achievement	-	208	(208)	-	2,500	(2,500)
FFA Foundation project - Outstanding Service Citation	-	205	(205)	-	2,460	(2,460)
FFA Foundation teacher workshop	-	958	(958)	-	11,500	(11,500)
FFA Foundation internet café	-	500	(500)	-	6,000	(6,000)
FFA Foundation Pfizer classroom	-	833	(833)	-	10,000	(10,000)
FFA Foundation Regional Grants Revenue	-	1,500	(1,500)	-	18,000	(18,000)
FFA Foundation Agriscience Teacher	-	1,562	(1,562)	-	18,740	(18,740)
FFA Foundation NATAA/NAII	-	10,000	(10,000)	-	120,000	(120,000)
CASE program net income	15,708	-	15,708	48,322	-	48,322
Convention net income	(1,523)	4,463	(5,986)	(1,523)	44,560	(46,083)
<b>TOTAL REVENUE</b>	<u>152,614</u>	<u>76,089</u>	<u>76,525</u>	<u>301,136</u>	<u>1,019,085</u>	<u>(717,949)</u>
<b>EXPENSES</b>						
Salaries	26,379	24,792	1,587	79,067	297,506	(218,439)
Taxes and benefits	6,082	6,501	(419)	18,880	78,011	(59,131)
Computer service	1,040	542	498	2,250	6,500	(4,250)
Telephone	184	417	(233)	523	5,000	(4,477)
Accounting	500	1,104	(604)	1,500	13,250	(11,750)
Depreciation	261	583	(322)	784	7,000	(6,216)
Rent	-	625	(625)	-	7,500	(7,500)
Insurance	188	500	(312)	565	6,000	(5,435)
Legal	360	83	277	360	1,000	(640)
Office Supplies	844	583	261	1,680	7,000	(5,320)
Bank charges and investment fees	-	8	(8)	1,454	100	1,354
Printing, general	1,144	333	811	1,144	4,000	(2,856)
Staff training	-	42	(42)	-	500	(500)
Taxes and licenses	-	8	(8)	20	100	(80)
Membership and contributions	89	1,667	(1,578)	11,599	20,000	(8,401)
Travel, staff	3,225	2,083	1,142	5,881	25,000	(19,119)
Promotion and marketing	2,313	1,000	1,313	3,523	12,000	(8,477)
Merchandise and diaries	-	500	(500)	6,197	6,000	197
Photocopying	-	8	(8)	-	100	(100)
Postage, general	574	500	74	340	6,000	(5,660)
Professional liability insurance	-	3,111	(3,111)	-	37,335	(37,335)
Public relations	119	50	69	209	600	(391)
Scholarships	-	938	(938)	10,500	11,250	(750)
Travel, regional secretaries	1,520	917	603	2,247	11,000	(8,753)

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NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Three Months Ended September 30, 2012

	<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>
Travel, board of directors	4,353	3,333	1,020	11,691	40,000	(28,309)
Nat'l Teach Ag Campaign	10,056	7,500	2,556	23,691	90,000	(66,309)
FFA Foundation project - TTTK	304	3,875	(3,571)	304	46,500	(46,196)
FFA Foundation project - OPAP	414	1,000	(586)	414	12,000	(11,586)
FFA Foundation project - OMSP	-	1,000	(1,000)	-	12,000	(12,000)
FFA Foundation project - OT	684	917	(233)	684	11,000	(10,316)
FFA Foundation project - OYM	506	917	(411)	506	11,000	(10,494)
FFA Foundation project - Lifetime achievement	-	208	(208)	-	2,500	(2,500)
FFA Foundation project - Outstanding service citation	-	205	(205)	-	2,460	(2,460)
FFA Foundation project - Smart Edge	-	-	-	-	-	-
FFA Foundation teacher workshop	-	958	(958)	-	11,500	(11,500)
FFA Foundation internet café	-	500	(500)	-	6,000	(6,000)
FFA Interactive Classroom	-	833	(833)	-	10,000	(10,000)
FFA Foundation Regional Grants	-	1,500	(1,500)	-	18,000	(18,000)
FFA Foundation Agriscience Teachers	-	1,562	(1,562)	-	18,740	(18,740)
FFA Foundation NATAA/NAII	-	10,000	(10,000)	-	120,000	(120,000)
DuPont Agriscience	3,174	-	3,174	18,265	-	18,265
GMAC SmartEdge program	-	-	-	-	-	-
NPS expense	-	667	(667)	-	8,000	(8,000)
Webinar expense	99	100	(1)	198	1,200	(1,002)
Teacher crisis fund	-	-	-	1,805	-	1,805
Communities of practice expense	-	917	(917)	13,096	11,000	2,096
Substitute teacher hire behinds	-	250	(250)	-	3,000	(3,000)
NSTA dues	-	-	-	-	-	-
Bad debts	-	-	-	-	-	-
Miscellaneous	881	-	881	881	-	881
<b>TOTAL EXPENSES</b>	<b>65,293</b>	<b>83,137</b>	<b>(17,844)</b>	<b>220,258</b>	<b>997,652</b>	<b>(777,394)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 87,321</b>	<b>\$ (7,048)</b>	<b>\$ 94,369</b>	<b>\$ 80,878</b>	<b>\$ 21,433</b>	<b>\$ 59,445</b>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.  
Schedule of Convention Revenue and Expenses  
For the One and Three Months Ended September 30, 2012

	<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	\$ -	\$ 7,083	\$ (7,083)	\$ -	\$ 85,000	\$ (85,000)
Convention, tickets/workshops	-	-	-	-	-	-
Convention, trade show	-	-	-	-	-	-
Convention - Ideas Unlimited	-	-	-	-	-	-
Convention - Teacher Mentor	-	-	-	-	-	-
Convention scholarship fund	-	-	-	-	-	-
Convention, sponsorships - FFA Foundation	-	4,167	(4,167)	-	50,000	(50,000)
Convention, host state social	-	-	-	-	-	-
Convention, sponsorships	-	1,667	(1,667)	-	20,000	(20,000)
<b>TOTAL REVENUE</b>	<u>-</u>	<u>12,917</u>	<u>(12,917)</u>	<u>-</u>	<u>155,000</u>	<u>(155,000)</u>
<b>EXPENSES</b>						
Convention, plaques and trophies	64	167	(103)	64	2,000	(1,936)
Convention, printing	-	-	-	-	-	-
Convention, miscellaneous	-	83	(83)	-	1,000	(1,000)
Convention, awards	-	-	-	-	9,000	(9,000)
Convention, photography	-	-	-	-	-	-
Convention, meal functions	-	417	(417)	-	5,000	(5,000)
Convention, promotion and marketing	-	208	(208)	-	2,500	(2,500)
Convention, postage and shipping	-	125	(125)	-	1,500	(1,500)
Convention, equipment rental	-	1,250	(1,250)	-	15,000	(15,000)
Convention, workshops	-	-	-	-	-	-
Convention, host state social	-	-	-	-	-	-
Convention, speakers	-	-	-	-	-	-
Convention, trade show expense	-	-	-	-	-	-
Convention, tour expenses	-	-	-	-	-	-
Convention, committee expense	-	245	(245)	-	2,940	(2,940)
Convention, sponsorships - FFA Foundation	-	4,167	(4,167)	-	50,000	(50,000)
Convention, travel/board of directors	1,459	1,167	292	1,459	14,000	(12,541)
Convention, staff travel	-	625	(625)	-	7,500	(7,500)
Convention, other travel	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>1,523</u>	<u>8,454</u>	<u>(6,931)</u>	<u>1,523</u>	<u>110,440</u>	<u>(108,917)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (1,523)</u>	<u>\$ 4,463</u>	<u>\$ (5,986)</u>	<u>\$ (1,523)</u>	<u>\$ 44,560</u>	<u>\$ (46,083)</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.  
Schedule of CASE Program Revenue and Expenses  
For the One and Three Months Ended September 30, 2012

	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>
<b>REVENUE</b>						
CI fees	\$ 51,859	\$ -	\$ 51,859	\$ 120,076	\$ -	\$ 120,076
Vendor - Vernier	72,989	-	72,989	198,881	-	198,881
Vendor - NewByte	2,816	-	2,816	4,484	-	4,484
Field test fees	-	-	-	19,400	-	19,400
New Jersey	-	-	-	-	-	-
NRES	-	-	-	10,717	-	10,717
APB	-	-	-	57,890	-	57,890
Assesments - ASP	702	-	702	702	-	702
Assesments - ASA	-	-	-	-	-	-
Replacement CD	-	-	-	100	-	100
Interest	-	-	-	-	-	-
FFA Foundation	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<u>128,366</u>	<u>-</u>	<u>128,366</u>	<u>412,250</u>	<u>-</u>	<u>412,250</u>
<b>EXPENSES</b>						
Legal and professional	145	-	145	145	-	145
Travel	438	-	438	8,359	-	8,359
Travel - staff	3,981	-	3,981	6,374	-	6,374
Salary	3,391	-	3,391	10,173	-	10,173
Contract labor	16,859	-	16,859	50,578	-	50,578
Supplies	-	-	-	-	-	-
Promotion	-	-	-	610	-	610
Printing	-	-	-	-	-	-
Postage	181	-	181	181	-	181
Telecommunications	-	-	-	-	-	-
Rutgers	-	-	-	-	-	-
Vernier	63,992	-	63,992	175,099	-	175,099
NewByte	-	-	-	771	-	771
Carthage	-	-	-	-	-	-
Carthage contract labor	4,255	-	4,255	82,955	-	82,955
Field test	-	-	-	-	-	-
Field test contract labor	-	-	-	-	-	-
NRES	2,279	-	2,279	6,185	-	6,185
APB	17,127	-	17,127	20,080	-	20,080
Assesmnets	-	-	-	2,389	-	2,389
Bank charges	-	-	-	-	-	-
Depreciation	10	-	10	29	-	29
Equipment	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>112,658</u>	<u>-</u>	<u>112,658</u>	<u>363,928</u>	<u>-</u>	<u>363,928</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 15,708</u>	<u>\$ -</u>	<u>\$ 15,708</u>	<u>\$ 48,322</u>	<u>\$ -</u>	<u>\$ 48,322</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT