

**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 December 31, 2012 and the related statement of activities for the 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 23, 2013

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Financial Position

December 31, 2012

ASSETS

Cash on deposit	\$ 9,537
Investments - operating fund	438,469
Investments - life membership fund	159,321
Investments - reserve fund	85,724
Accounts receivable	361,095
Prepaid expenses	7,729
Property and equipment - CASE	950
Property and equipment	<u>12,780</u>

TOTAL ASSETS \$ 1,075,605

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 77,642
Accrued leave payable	26,290
Other current liabilities	<u>2,104</u>

TOTAL LIABILITIES 106,036

NET ASSETS

Unrestricted net assets:	
Current operation	694,247
Board designated for special purposes	157,411
Temporarily restricted net assets	1,252
CASE Project	<u>116,659</u>

TOTAL NET ASSETS 969,569

TOTAL LIABILITIES AND NET ASSETS \$ 1,075,605

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Activities

For the Six Months Ended December 31, 2012

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	<u>CASE Project</u>	<u>Total</u>
	<u>Current Operations</u>	<u>Board Designated</u>			
Revenue, Gains and Losses					
Membership dues	\$ 314,450	\$ 4,080	\$ -	\$ -	\$ 318,530
Convention registration	54,132	-	-	-	54,132
Sponsorship and awards	17,700	-	-	-	17,700
Merchandise sales	3,225	-	-	-	3,225
Contributions	-	-	500	-	500
Management fees	-	-	-	-	-
Net realized and unrealized gains (losses) on securities	27,343	-	-	-	27,343
Interest and dividends	1,411	-	-	-	1,411
FFA Foundation projects	108,719	-	-	-	108,719
CASE Program income	-	-	-	591,363	591,363
Other income	188,471	-	-	-	188,471
	<u>715,451</u>	<u>4,080</u>	<u>500</u>	<u>591,363</u>	<u>1,311,394</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>715,451</u>	<u>4,080</u>	<u>500</u>	<u>591,363</u>	<u>1,311,394</u>
Expenses					
General expenses	481,362	-	-	-	481,362
FFA Foundation projects	69,636	-	-	-	69,636
CASE Program expenses	-	-	-	557,230	557,230
Convention expenses	22,485	-	-	-	22,485
	<u>573,483</u>	<u>-</u>	<u>-</u>	<u>557,230</u>	<u>1,130,713</u>
Total expenses					
INCREASE (DECREASE) IN NET ASSETS	141,968	4,080	500	34,133	180,681
NET ASSETS AT BEGINNING OF PERIOD	<u>552,279</u>	<u>153,331</u>	<u>752</u>	<u>82,526</u>	<u>788,888</u>
NET ASSETS AT END OF PERIOD	<u>\$ 694,247</u>	<u>\$ 157,411</u>	<u>\$ 1,252</u>	<u>\$ 116,659</u>	<u>\$ 969,569</u>

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, 2012

	MONTH	MONTH	MONTH	YEAR TO DATE	YEAR	YEAR
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>\$VARIANCE</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>\$VARIANCE</u>
<b>REVENUE</b>						
Member dues	\$ 17,725	\$ 32,194	\$ (14,469)	\$ 307,280	\$ 386,325	\$ (79,045)
Corporate membership dues	4,500	2,375	2,125	11,250	28,500	(17,250)
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)	978	10,000	(9,022)
Net realized and unrealized gains (losses) on securities	-	2,583	(2,583)	27,343	31,000	(3,657)
Merchandise sales	683	708	(25)	3,225	8,500	(5,275)
Investment income, Life Fund	-	333	(333)	433	4,000	(3,567)
Contributions, Legislative Fund	-	-	-	500	-	500
Miscellaneous income	-	500	(500)	-	6,000	(6,000)
Scholarship raffle proceeds	-	167	(167)	-	2,000	(2,000)
National Teach Ag Campaign	9,204	-	9,204	36,522	90,000	(53,478)
Teacher crisis fund	800	-	800	4,590	-	4,590
BFRDP Grant	-	-	-	-	-	-
AEM business manager stipend	-	333	(333)	-	4,000	(4,000)
GMAC SmartEdge program	-	-	-	-	-	-
Webinar revenue	-	-	-	-	-	-
DuPont Agriscience	36,551	-	36,551	100,926	-	100,926
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	19,034	3,875	15,159	43,760	46,500	(2,740)
FFA Foundation project - OPAP	6,459	1,000	5,459	9,718	12,000	(2,282)
FFA Foundation project - OMSP	6,928	1,000	5,928	10,464	12,000	(1,536)
FFA Foundation project - OT	5,584	917	4,667	9,626	11,000	(1,374)
FFA Foundation project - OYM	4,904	917	3,987	8,841	11,000	(2,159)
FFA Foundation project - Lifetime Achievement	818	208	610	1,793	2,500	(707)
FFA Foundation project - Outstanding Service Citation	201	205	(4)	1,176	2,460	(1,284)
FFA Foundation teacher workshop	89	958	(869)	89	11,500	(11,411)
FFA Foundation internet café	5,227	500	4,727	5,227	6,000	(773)
FFA Foundation Pfizer classroom	188	833	(645)	510	10,000	(9,490)
FFA Foundation Regional Grants Revenue	-	1,500	(1,500)	-	18,000	(18,000)
FFA Foundation Agriscience Teacher	14,132	1,562	12,570	17,515	18,740	(1,225)
FFA Foundation NATAA/NAII	-	10,000	(10,000)	-	120,000	(120,000)
CASE program net income	22,652	-	22,652	34,133	-	34,133
Convention net income	47,104	4,463	42,641	95,380	44,560	50,820
<b>TOTAL REVENUE</b>	<b>202,785</b>	<b>76,089</b>	<b>126,696</b>	<b>731,679</b>	<b>1,019,085</b>	<b>(287,406)</b>
<b>EXPENSES</b>						
Salaries	27,772	24,792	2,980	162,983	297,506	(134,523)
Taxes and benefits	7,032	6,501	531	39,954	78,011	(38,057)
Computer service	-	542	(542)	3,000	6,500	(3,500)
Telephone	367	417	(50)	1,531	5,000	(3,469)
Accounting	500	1,104	(604)	10,500	13,250	(2,750)
Depreciation	261	583	(322)	1,568	7,000	(5,432)
Rent	-	625	(625)	-	7,500	(7,500)
Insurance	24	500	(476)	4,111	6,000	(1,889)
Legal	-	83	(83)	840	1,000	(160)
Office Supplies	1,811	583	1,228	5,118	7,000	(1,882)
Bank charges and investment fees	162	8	154	3,155	100	3,055
Printing, general	787	333	454	1,931	4,000	(2,069)
Staff training	-	42	(42)	-	500	(500)
Taxes and licenses	-	8	(8)	20	100	(80)
Membership and contributions	-	1,667	(1,667)	12,721	20,000	(7,279)
Travel, staff	7,564	2,083	5,481	17,074	25,000	(7,926)
Promotion and marketing	582	1,000	(418)	11,778	12,000	(222)
Merchandise and diaries	614	500	114	6,943	6,000	943
Photocopying	-	8	(8)	-	100	(100)
Postage, general	780	500	280	1,867	6,000	(4,133)
Professional liability insurance	-	3,111	(3,111)	36,610	37,335	(725)
Public relations	48	50	(2)	336	600	(264)
Scholarships	-	938	(938)	10,500	11,250	(750)
Travel, regional secretaries	352	917	(565)	6,703	11,000	(4,297)

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NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Six Months Ended December 31, 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	-	3,333	(3,333)	13,172	40,000	(26,828)
Nat'l Teach Ag Campaign	11,893	7,500	4,393	55,840	90,000	(34,160)
FFA Foundation project - TTTK	1,273	3,875	(2,602)	27,283	46,500	(19,217)
FFA Foundation project - OPAP	538	1,000	(462)	3,996	12,000	(8,004)
FFA Foundation project - OMSP	649	1,000	(351)	4,319	12,000	(7,681)
FFA Foundation project - OT	408	917	(509)	3,561	11,000	(7,439)
FFA Foundation project - OYM	1,045	917	128	4,171	11,000	(6,829)
FFA Foundation project - Lifetime achievement	201	208	(7)	1,468	2,500	(1,032)
FFA Foundation project - Outstanding service citation	201	205	(4)	1,176	2,460	(1,284)
FFA Foundation project - Smart Edge	-	-	-	-	-	-
FFA Foundation teacher workshop	838	958	(120)	1,094	11,500	(10,406)
FFA Foundation internet café	77	500	(423)	5,378	6,000	(622)
FFA Foundation Pfizer Classroom	1,165	833	332	4,243	10,000	(5,757)
FFA Foundation Regional Grants	-	1,500	(1,500)	-	18,000	(18,000)
FFA Foundation Agriscience Teachers	565	1,562	(997)	12,947	18,740	(5,793)
FFA Foundation NATAA/NAII	-	10,000	(10,000)	-	120,000	(120,000)
DuPont Agriscience	6,546	-	6,546	49,109	-	49,109
GMAC SmartEdge program	-	-	-	-	-	-
NPS expense	-	667	(667)	-	8,000	(8,000)
Webinar expense	99	100	(1)	495	1,200	(705)
Teacher crisis fund	500	-	500	3,000	-	3,000
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	-	-	-	-	-	-
NATAA stipends	-	-	-	7,375	-	7,375
Miscellaneous	32	-	32	32	-	32
<b>TOTAL EXPENSES</b>	<b>74,686</b>	<b>83,137</b>	<b>(8,451)</b>	<b>550,998</b>	<b>997,652</b>	<b>(446,654)</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 128,099</b>	<b>\$ (7,048)</b>	<b>\$ 135,147</b>	<b>\$ 180,681</b>	<b>\$ 21,433</b>	<b>\$ 159,248</b>

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, 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	\$ 875	\$ 7,083	\$ (6,208)	\$ 54,132	\$ 85,000	\$ (30,868)
Convention, tickets/workshops	-	-	-	-	-	-
Convention, trade show	-	-	-	600	-	600
Convention - Ideas Unlimited	-	-	-	-	-	-
Convention - Teacher Mentor	-	-	-	-	-	-
Convention scholarship fund	1,357	-	1,357	1,357	-	1,357
Convention, sponsorships - FFA Foundation	41,856	4,167	37,689	41,856	50,000	(8,144)
Convention, host state social	1,750	-	1,750	2,220	-	2,220
Convention, sponsorships	2,500	1,667	833	17,700	20,000	(2,300)
<b>TOTAL REVENUE</b>	<u>48,338</u>	<u>12,917</u>	<u>35,421</u>	<u>117,865</u>	<u>155,000</u>	<u>(37,135)</u>
<b>EXPENSES</b>						
Convention, plaques and trophies	1,097	167	930	1,161	2,000	(839)
Convention, printing	-	-	-	1,687	-	1,687
Convention, miscellaneous	(922)	83	(1,005)	(922)	1,000	(1,922)
Convention, awards	402	-	402	8,994	9,000	(6)
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	1,325	245	1,080	1,868	2,940	(1,072)
Convention, sponsorships - FFA Foundation	-	4,167	(4,167)	-	50,000	(50,000)
Convention, travel/board of directors	(948)	1,167	(2,115)	5,424	14,000	(8,576)
Convention, staff travel	280	625	(345)	4,273	7,500	(3,227)
Convention, other travel	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>1,234</u>	<u>8,454</u>	<u>(7,220)</u>	<u>22,485</u>	<u>110,440</u>	<u>(87,955)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 47,104</u>	<u>\$ 4,463</u>	<u>\$ 42,641</u>	<u>\$ 95,380</u>	<u>\$ 44,560</u>	<u>\$ 50,820</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, 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	\$ -	\$ -	\$ -	\$ 120,076	\$ -	\$ 120,076
Vendor - Vernier	29,343	-	29,343	307,629	-	307,629
Vendor - NewByte	4,586	-	4,586	9,470	-	9,470
Field test fees	-	-	-	19,400	-	19,400
New Jersey	-	-	-	-	-	-
NRES	27,574	-	27,574	47,615	-	47,615
APB	14,669	-	14,669	86,371	-	86,371
Assesments - ASP	-	-	-	702	-	702
Assesments - ASA	-	-	-	-	-	-
Replacement CD	-	-	-	100	-	100
Interest	-	-	-	-	-	-
FFA Foundation	-	-	-	-	-	-
<b>TOTAL REVENUE</b>	<u>76,172</u>	<u>-</u>	<u>76,172</u>	<u>591,363</u>	<u>-</u>	<u>591,363</u>
<b>EXPENSES</b>						
Legal and professional	-	-	-	145	-	145
Travel	223	-	223	10,780	-	10,780
Travel - staff	3,208	-	3,208	11,324	-	11,324
Salary	3,391	-	3,391	20,345	-	20,345
Contract labor	16,859	-	16,859	101,155	-	101,155
Supplies	210	-	210	258	-	258
Promotion	986	-	986	2,926	-	2,926
Printing	241	-	241	241	-	241
Postage	-	-	-	181	-	181
Telecommunications	-	-	-	19	-	19
Rutgers	-	-	-	-	-	-
Vernier	26,447	-	26,447	266,170	-	266,170
NewByte	1,946	-	1,946	4,887	-	4,887
Carthage	-	-	-	-	-	-
Carthage contract labor	-	-	-	82,955	-	82,955
Field test	-	-	-	-	-	-
Field test contract labor	-	-	-	-	-	-
NRES	-	-	-	29,685	-	29,685
APB	-	-	-	23,713	-	23,713
Assesmnets	-	-	-	2,389	-	2,389
Bank charges	-	-	-	-	-	-
Depreciation	9	-	9	57	-	57
Equipment	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>53,520</u>	<u>-</u>	<u>53,520</u>	<u>557,230</u>	<u>-</u>	<u>557,230</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 22,652</u>	<u>\$ -</u>	<u>\$ 22,652</u>	<u>\$ 34,133</u>	<u>\$ -</u>	<u>\$ 34,133</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT