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

We have compiled the accompanying statement of financial position of National Association of Agricultural Educators, Inc. (a nonprofit organization) as of September 30, 2016 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. We 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.

Our 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

October 19, 2016

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Financial Position

September 30, 2016

ASSETS

Cash on deposit	\$ 362,324
Investments - operating fund	618,433
Investments - life membership fund	213,228
Accounts receivable	561,604
Inventory	5,000
Prepaid expenses	132,435
Property and equipment - CASE	523
Property and equipment	<u>11,482</u>
 TOTAL ASSETS	 <u>\$ 1,905,029</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 144,699
Accrued leave payable	41,327
Other current liabilities	<u>9,906</u>
 TOTAL LIABILITIES	 <u>195,932</u>

NET ASSETS

Unrestricted net assets:	
Current operation	918,921
Board designated for special purposes	208,835
Temporarily restricted net assets	1,020
CASE Project	<u>580,321</u>
 TOTAL NET ASSETS	 <u>1,709,097</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 1,905,029</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Activities

For the Three Months ended September 30, 2016

	Unrestricted				
	Current Operations	Board Designated	Temporarily Restricted	CASE Project	Total
Revenue, Gains and Losses					
Membership dues	\$ 146,835	\$ 420	\$ -	\$ -	\$ 147,255
Convention registration	-	-	-	-	-
Sponsorship and awards	9,250	-	-	-	9,250
Merchandise sales	1,555	-	-	-	1,555
Contributions	-	-	50	-	50
Management fees	-	-	-	-	-
Net realized and unrealized gains (losses) on securities	40,491	-	-	-	40,491
Interest and dividends	2,123	-	-	-	2,123
FFA Foundation projects	-	-	-	-	-
CASE Program income	-	-	-	743,149	743,149
Other income	16,820	-	-	-	16,820
Total Revenue, Gains and Losses	217,074	420	50	743,149	960,693
Net Assets Released from Restrictions	-	-	-	-	-
Total Revenue, Gains and Losses and Reclassifications	217,074	420	50	743,149	960,693
Expenses					
General expenses	337,550	-	-	-	337,550
FFA Foundation projects	2,525	-	-	-	2,525
CASE Program expenses	-	-	-	664,623	664,623
Convention expenses	4,617	-	-	-	4,617
Total expenses	344,692	-	-	664,623	1,009,315
INCREASE (DECREASE) IN NET ASSETS	(127,618)	420	50	78,526	(48,622)
NET ASSETS AT BEGINNING OF PERIOD	1,046,539	208,415	970	501,795	1,757,719
NET ASSETS AT END OF PERIOD	\$ 918,921	\$ 208,835	\$ 1,020	\$ 580,321	\$ 1,709,097

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, 2016

	<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>
REVENUE						
Member dues	\$ 129,915	\$ 32,907	\$ 97,008	\$ 141,255	\$ 394,880	\$ (253,625)
Corporate membership dues	3,750	2,563	1,187	6,000	30,750	(24,750)
Delmar scholarships	-	625	(625)	-	7,500	(7,500)
Foundation management fees	-	7,917	(7,917)	-	95,000	(95,000)
Interest and dividends	882	2,917	(2,035)	1,481	35,000	(33,519)
Net realized and unrealized gains (losses) on securities	3,907	-	3,907	40,491	-	40,491
Merchandise sales	186	833	(647)	1,555	10,000	(8,445)
Investment income, Life Fund	311	917	(606)	642	11,000	(10,358)
Contributions, Legislative Fund	-	-	-	50	-	50
Miscellaneous income	-	833	(833)	-	10,000	(10,000)
Scholarship raffle proceeds	-	125	(125)	-	1,500	(1,500)
National Teach Ag Campaign	682	37,500	(36,818)	682	450,000	(449,318)
Teacher crisis fund	5,408	-	5,408	9,621	-	9,621
BFRDP Grant	-	-	-	-	-	-
AEM business manager stipend	-	333	(333)	-	4,000	(4,000)
CASE management fee	-	2,000	(2,000)	-	24,000	(24,000)
Council MMM management fee	-	417	(417)	-	5,000	(5,000)
Teach AG non-foundation revenue	952	-	952	1,737	-	1,737
FFA Foundation project - TTTK	-	3,875	(3,875)	-	46,500	(46,500)
FFA Foundation project - OPAP	-	917	(917)	-	11,000	(11,000)
FFA Foundation project - OMSP	-	917	(917)	-	11,000	(11,000)
FFA Foundation project - OT	-	917	(917)	-	11,000	(11,000)
FFA Foundation project - OYM	-	917	(917)	-	11,000	(11,000)
FFA Foundation project - Lifetime Achievement	-	208	(208)	-	2,500	(2,500)
FFA Foundation project - Outstanding Service Citation	-	-	-	-	-	-
FFA Foundation teacher workshop	-	1,667	(1,667)	-	20,000	(20,000)
FFA Foundation upper division scholarships	-	1,833	(1,833)	-	22,000	(22,000)
FFA Foundation Agriscience Teacher	-	667	(667)	-	8,000	(8,000)
FFA Foundation NATAA/NAII	-	10,000	(10,000)	-	120,000	(120,000)
FFA Foundation project - XLR8	-	2,000	(2,000)	-	24,000	(24,000)
FFA Foundation communities of practice	-	4,783	(4,783)	-	57,400	(57,400)
FFA Foundation convention internet lounge	-	-	-	-	-	-
CASE program net income	(34,973)	-	(34,973)	78,526	-	78,526
Convention net income	12,231	5,005	7,226	9,413	53,050	(43,637)
TOTAL REVENUE	<u>123,251</u>	<u>123,593</u>	<u>(342)</u>	<u>291,453</u>	<u>1,476,080</u>	<u>(1,184,627)</u>
EXPENSES						
Salaries	37,559	30,331	7,228	110,581	363,967	(253,386)
Taxes and benefits	5,202	8,419	(3,217)	22,595	101,023	(78,428)
Computer service	2,162	667	1,495	5,550	8,000	(2,450)
Telephone	312	417	(105)	928	5,000	(4,072)
Accounting	650	1,317	(667)	1,950	15,800	(13,850)
Depreciation	277	333	(56)	830	4,000	(3,170)
Rent	-	629	(629)	-	7,550	(7,550)
Insurance	773	833	(60)	2,319	10,000	(7,681)
Legal	-	83	(83)	-	1,000	(1,000)
Office Supplies	(964)	833	(1,797)	1,000	10,000	(9,000)
Bank charges and investment fees	-	8	(8)	1,857	100	1,757
Printing, general	-	250	(250)	948	3,000	(2,052)
Staff training	-	42	(42)	-	500	(500)
Taxes and licenses	-	8	(8)	-	100	(100)
Membership and contributions	65	1,667	(1,602)	105	20,000	(19,895)
Travel, staff	(1,189)	2,917	(4,106)	1,624	35,000	(33,376)
Promotion and marketing	(655)	1,250	(1,905)	6,629	15,000	(8,371)
Merchandise and diaries	1,325	208	1,117	2,049	2,500	(451)
Photocopying	-	8	(8)	-	100	(100)
Postage, general	(392)	542	(934)	1,106	6,500	(5,394)
Professional liability insurance	-	3,183	(3,183)	38,775	38,200	575
Public relations	(186)	83	(269)	87	1,000	(913)

(Continued)

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Three Months Ended September 30, 2016

	<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>
Scholarships		2,583	(2,583)	-	31,000	(31,000)
Travel, regional secretaries	335	1,500	(1,165)	335	18,000	(17,665)
Travel, board of directors	16	3,333	(3,317)	9,148	40,000	(30,852)
Nat'l Teach Ag Campaign	31,636	34,167	(2,531)	83,208	410,000	(326,792)
FFA Foundation project - TTTK	-	3,875	(3,875)	1,422	46,500	(45,078)
FFA Foundation project - OPAP	-	917	(917)	-	11,000	(11,000)
FFA Foundation project - OMSP	-	917	(917)	384	11,000	(10,616)
FFA Foundation project - OT	-	917	(917)	384	11,000	(10,616)
FFA Foundation project - OYM	-	917	(917)	-	11,000	(11,000)
FFA Foundation project - Lifetime achievement	-	208	(208)	-	2,500	(2,500)
FFA Foundation project - Outstanding service citation	-	-	-	335	-	335
FFA Foundation teacher workshop	-	-	-	-	-	-
FFA Foundation Regional Grants	-	-	-	-	-	-
FFA Foundation Agriscience Teachers	-	-	-	-	-	-
FFA Foundation XLR8	342	2,000	(1,658)	1,194	24,000	(22,806)
FFA Foundation convention internet lounge	-	-	-	-	-	-
DuPont Agriscience	(10,100)	667	(10,767)	13,124	8,000	5,124
Regional grants	-	-	-	-	-	-
NPS expense	-	417	(417)	-	5,000	(5,000)
Webinar expense	-	100	(100)	-	1,200	(1,200)
Teacher crisis fund	-	-	-	3,500	-	3,500
Communities of practice expense	-	3,167	(3,167)	15,000	38,000	(23,000)
Substitute teacher hire behinds	-	42	(42)	-	500	(500)
Website	1,050	1,083	(33)	3,381	13,000	(9,619)
NATAA stipends	-	10,000	(10,000)	8,750	120,000	(111,250)
BFRDP expense	-	-	-	-	-	-
BFPD contract labor	-	-	-	-	-	-
Credit card expense	228	208	20	977	2,500	(1,523)
Miscellaneous	-	-	-	-	-	-
TOTAL EXPENSES	<u>68,446</u>	<u>121,046</u>	<u>(52,600)</u>	<u>340,075</u>	<u>1,452,540</u>	<u>(1,112,465)</u>
NET INCOME (LOSS)	<u>\$ 54,805</u>	<u>\$ 2,547</u>	<u>\$ 52,258</u>	<u>\$ (48,622)</u>	<u>\$ 23,540</u>	<u>\$ (72,162)</u>

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, 2016

	<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	\$ -	\$ 9,583	\$ (9,583)	\$ -	\$ 115,000	\$ (115,000)
Convention, trade show	600	-	600	1,500	-	1,500
Convention, sponsorships - FFA Foundation	3,280	4,583	(1,303)	3,280	55,000	(51,720)
Convention, host state social	-	-	-	-	-	-
Convention, sponsorships	9,250	1,333	7,917	9,250	16,000	(6,750)
TOTAL REVENUE	<u>13,130</u>	<u>15,499</u>	<u>(2,369)</u>	<u>14,030</u>	<u>186,000</u>	<u>(171,970)</u>
EXPENSES						
Convention, plaques and trophies	68	242	(174)	68	2,900	(2,832)
Convention, printing	-	-	-	-	-	-
Convention, awards	-	-	-	670	7,000	(6,330)
Convention, meal functions	-	833	(833)	-	10,000	(10,000)
Convention, promotion and marketing	2,271	208	2,063	2,770	2,500	270
Convention, postage and shipping	-	333	(333)	-	4,000	(4,000)
Convention, equipment rental	-	1,583	(1,583)	-	19,000	(19,000)
Convention, host state social	-	-	-	-	-	-
Convention, committee expense	-	379	(379)	-	4,550	(4,550)
Convention, sponsorships - FFA Foundation	-	4,583	(4,583)	-	55,000	(55,000)
Convention, travel/board of directors	189	1,333	(1,144)	1,175	16,000	(14,825)
Convention, staff travel	(1,629)	1,000	(2,629)	(66)	12,000	(12,066)
TOTAL EXPENSES	<u>899</u>	<u>10,494</u>	<u>(9,595)</u>	<u>4,617</u>	<u>132,950</u>	<u>(128,333)</u>
NET INCOME (LOSS)	<u>\$ 12,231</u>	<u>\$ 5,005</u>	<u>\$ 7,226</u>	<u>\$ 9,413</u>	<u>\$ 53,050</u>	<u>\$ (43,637)</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, 2016

	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>
REVENUE						
CI fees	\$ 1,400	\$ -	\$ 1,400	\$ 250,154	\$ -	\$ 250,154
Vendor - Vernier	145,784	-	145,784	397,061	-	397,061
Vendor - NewByte	140	-	140	2,647	-	2,647
Vendor - Bio-Rad	2,446	-	2,446	2,446	-	2,446
Field test fees	-	-	-	5,000	-	5,000
NRES	-	-	-	-	-	-
APT	-	-	-	3,617	-	3,617
ASP	-	-	-	-	-	-
ESI	-	-	-	-	-	-
Capstone Revenue	-	-	-	-	-	-
Royalty - Cengage	14,577	-	14,577	55,978	-	55,978
FSS revenue	-	-	-	-	-	-
G.W. Publications	1,768	-	1,768	5,658	-	5,658
Online	5,405	-	5,405	20,061	-	20,061
Merchandise	-	-	-	102	-	102
Replacement CD	125	-	125	425	-	425
TOTAL REVENUE	<u>171,645</u>	<u>-</u>	<u>171,645</u>	<u>743,149</u>	<u>-</u>	<u>743,149</u>
EXPENSES						
Council assessment	-	-	-	-	-	-
Travel	-	-	-	8,585	-	8,585
Travel - staff	(2,252)	-	(2,252)	1,917	-	1,917
Salary	7,070	-	7,070	21,231	-	21,231
Taxes and benefits	84	-	84	919	-	919
Contract labor	41,802	-	41,802	125,408	-	125,408
Supplies	(261)	-	(261)	614	-	614
Merchandise	(37)	-	(37)	-	-	-
Promotion	(229)	-	(229)	1,591	-	1,591
Printing	1,733	-	1,733	1,733	-	1,733
Postage	(79)	-	(79)	310	-	310
Telecommunications	-	-	-	-	-	-
Vernier	130,328	-	130,328	332,274	-	332,274
NewByte	1,146	-	1,146	2,112	-	2,112
Bio-Rad	-	-	-	-	-	-
Carthage	(1,083)	-	(1,083)	-	-	-
Carthage contract labor	3,500	-	3,500	84,850	-	84,850
Field test	-	-	-	10,000	-	10,000
CI scholarships	-	-	-	-	-	-
NRES	-	-	-	-	-	-
FSS	-	-	-	-	-	-
APT	-	-	-	-	-	-
ARD	-	-	-	-	-	-
ESI	(954)	-	(954)	1,438	-	1,438
G.W. Publications	1,641	-	1,641	3,587	-	3,587
Online expense	-	-	-	-	-	-
Royalty expense - Cengage	24,231	-	24,231	59,235	-	59,235
CI Mentor contract labor	-	-	-	5,000	-	5,000
CI mentor	(31)	-	(31)	3,791	-	3,791
Depreciation	9	-	9	28	-	28
TOTAL EXPENSES	<u>206,618</u>	<u>-</u>	<u>206,618</u>	<u>664,623</u>	<u>-</u>	<u>664,623</u>
NET INCOME (LOSS)	<u>\$ (34,973)</u>	<u>\$ -</u>	<u>\$ (34,973)</u>	<u>\$ 78,526</u>	<u>\$ -</u>	<u>\$ 78,526</u>

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