

**STEPHEN D. SCHNETTLER, PLLC**

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

Management is responsible for the accompanying financial statements of National Association of Agricultural Educators, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016 and the related statement of activities for the six months then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in the Schedule of Actual vs. Budget, Convention Revenue and Expenses, and Case Program Revenue and Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement, however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such supplementary information.

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, 2017

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Financial Position

December 31, 2016

ASSETS

Cash on deposit	\$ 315,181
Investments - operating fund	633,306
Investments - life membership fund	215,811
Accounts receivable	176,022
Inventory	5,000
Prepaid expenses	274,362
Property and equipment - CASE	494
Property and equipment	<u>10,653</u>

TOTAL ASSETS \$ 1,630,829

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 11,918
Accrued leave payable	41,327
Other current liabilities	<u>4,378</u>

TOTAL LIABILITIES 57,623

NET ASSETS

Unrestricted net assets:	
Current operation	974,950
Board designated for special purposes	212,795
Temporarily restricted net assets	1,020
CASE Project	<u>384,441</u>

TOTAL NET ASSETS 1,573,206

TOTAL LIABILITIES AND NET ASSETS \$ 1,630,829

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Activities

For the Six Months ended December 31, 2016

	<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	\$ 304,179	\$ 4,380	\$ -	\$ -	\$ 308,559
Convention registration	65,569	-	-	-	65,569
Sponsorship and awards	17,250	-	-	-	17,250
Merchandise sales	3,014	-	-	-	3,014
Contributions	-	-	50	-	50
Management fees	-	-	-	-	-
Net realized and unrealized					
gains (losses) on securities	50,904	-	-	-	50,904
Interest and dividends	11,143	-	-	-	11,143
FFA Foundation projects	44,600	-	-	-	44,600
CASE Program income	-	-	-	934,138	934,138
Other income	77,892	-	-	-	77,892
	<u>574,551</u>	<u>4,380</u>	<u>50</u>	<u>934,138</u>	<u>1,513,119</u>
Total Revenue, Gains and Losses					
Net Assets Released from Restrictions	-	-	-	-	-
	<u>574,551</u>	<u>4,380</u>	<u>50</u>	<u>934,138</u>	<u>1,513,119</u>
Total Revenue, Gains and Losses and Reclassifications					
	<u>574,551</u>	<u>4,380</u>	<u>50</u>	<u>934,138</u>	<u>1,513,119</u>
Expenses					
General expenses	619,661	-	-	-	619,661
FFA Foundation projects	6,097	-	-	-	6,097
CASE Program expenses	-	-	-	1,051,492	1,051,492
Convention expenses	20,382	-	-	-	20,382
	<u>646,140</u>	<u>-</u>	<u>-</u>	<u>1,051,492</u>	<u>1,697,632</u>
Total expenses					
	<u>646,140</u>	<u>-</u>	<u>-</u>	<u>1,051,492</u>	<u>1,697,632</u>
INCREASE (DECREASE) IN NET ASSETS	(71,589)	4,380	50	(117,354)	(184,513)
NET ASSETS AT BEGINNING OF PERIOD	<u>1,046,539</u>	<u>208,415</u>	<u>970</u>	<u>501,795</u>	<u>1,757,719</u>
NET ASSETS AT END OF PERIOD	<u>\$ 974,950</u>	<u>\$ 212,795</u>	<u>\$ 1,020</u>	<u>\$ 384,441</u>	<u>\$ 1,573,206</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, 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											
Member dues	\$ 44,539	\$	\$ 32,907	\$	\$ 11,632	\$	\$ 301,359	\$	\$ 394,880	\$	\$ (93,521)
Corporate membership dues	750		2,563		(1,813)		7,200		30,750		(23,550)
Delmar scholarships	-		625		(625)		-		7,500		(7,500)
Foundation management fees	-		7,917		(7,917)		-		95,000		(95,000)
Interest and dividends	3,344		2,917		427		8,418		35,000		(26,582)
Net realized and unrealized gains (losses) on securities	5,083		-		5,083		50,904				50,904
Merchandise sales	1,128		833		295		3,014		10,000		(6,986)
Investment income, Life Fund	1,063		917		146		2,725		11,000		(8,275)
Contributions, Legislative Fund	-		-		-		50				50
Miscellaneous income	10,000		833		9,167		30,500		10,000		20,500
Scholarship raffle proceeds	2,327		125		2,202		2,327		1,500		827
National Teach Ag Campaign	-		37,500		(37,500)		10,932		450,000		(439,068)
Teacher crisis fund	4,355		-		4,355		16,411				16,411
BFRDP Grant	-		-		-		-				-
AEM business manager stipend	-		333		(333)		-		4,000		(4,000)
DuPont agriscience revenue	350		-		350		350		-		350
DuPont - non foundation	10,200		-		10,200		10,305		-		10,305
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	150		-		150		1,987		-		1,987
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	20,000		1,667		18,333		20,000		20,000		-
FFA Foundation upper division scholarships	-		1,833		(1,833)		-		22,000		(22,000)
FFA Foundation Agriscience Teacher	-		667		(667)		24,600		8,000		16,600
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	(121,459)		-		(121,459)		(117,354)		-		(117,354)
Convention net income	(4,675)		5,005		(9,680)		67,517		53,050		14,467
<b>TOTAL REVENUE</b>	<b>(22,845)</b>		<b>123,593</b>		<b>(146,438)</b>		<b>441,245</b>		<b>1,476,080</b>		<b>(1,034,835)</b>
EXPENSES											
Salaries	49,048		30,331		18,717		239,347		363,967		(124,620)
Taxes and benefits	8,045		8,419		(374)		46,385		101,023		(54,638)
Computer service	1,837		667		1,170		7,387		8,000		(613)
Telephone	304		417		(113)		2,090		5,000		(2,910)
Accounting	650		1,317		(667)		3,900		15,800		(11,900)
Depreciation	277		333		(56)		1,660		4,000		(2,340)
Rent	7,550		629		6,921		7,550		7,550		-
Insurance	854		833		21		4,799		10,000		(5,201)
Legal	-		83		(83)		-		1,000		(1,000)
Office Supplies	45		833		(788)		1,078		10,000		(8,922)
Bank charges and investment fees	-		8		(8)		3,827		100		3,727
Printing, general	778		250		528		2,031		3,000		(969)
Staff training	-		42		(42)		-		500		(500)
Taxes and licenses	-		8		(8)		-		100		(100)
Membership and contributions	-		1,667		(1,667)		7,742		20,000		(12,258)
Travel, staff	-		2,917		(2,917)		2,141		35,000		(32,859)
Promotion and marketing	-		1,250		(1,250)		10,057		15,000		(4,943)
Merchandise and diaries	-		208		(208)		2,049		2,500		(451)
Photocopying	-		8		(8)		-		100		(100)

(Continued)

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Six Months Ended December 31, 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>
Postage, general	623	542	81	1,953	6,500	(4,547)
Professional liability insurance	-	3,183	(3,183)	38,775	38,200	575
Public relations	-	83	(83)	87	1,000	(913)
Scholarships	3,000	2,583	417	12,000	31,000	(19,000)
Travel, regional secretaries	932	1,500	(568)	1,267	18,000	(16,733)
Travel, board of directors	-	3,333	(3,333)	10,063	40,000	(29,937)
Nat'l Teach Ag Campaign	13,752	34,167	(20,415)	145,543	410,000	(264,457)
FFA Foundation project - TTTK	1,296	3,875	(2,579)	3,355	46,500	(43,145)
FFA Foundation project - OPAP	-	917	(917)	844	11,000	(10,156)
FFA Foundation project - OMSP	-	917	(917)	384	11,000	(10,616)
FFA Foundation project - OT	-	917	(917)	719	11,000	(10,281)
FFA Foundation project - OYM	460	917	(457)	460	11,000	(10,540)
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	605	2,000	(1,395)	2,771	24,000	(21,229)
FFA Foundation convention internet lounge	-	-	-	-	-	-
DuPont Agriscience	1,137	667	470	27,793	8,000	19,793
Regional grants	-	-	-	-	-	-
NPS expense	-	417	(417)	-	5,000	(5,000)
Webinar expense	-	100	(100)	-	1,200	(1,200)
Teacher crisis fund	500	-	500	4,000	-	4,000
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)	6,531	13,000	(6,469)
NATAA stipends	-	10,000	(10,000)	8,750	120,000	(111,250)
BFRDP expense	-	-	-	-	-	-
BFPD contract labor	-	-	-	-	-	-
Credit card expense	698	208	490	2,983	2,500	483
Storage	102	-	102	102	-	102
Miscellaneous	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>93,543</u>	<u>121,046</u>	<u>(27,503)</u>	<u>625,758</u>	<u>1,452,540</u>	<u>(826,782)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (116,388)</u>	<u>\$ 2,547</u>	<u>\$ (118,935)</u>	<u>\$ (184,513)</u>	<u>\$ 23,540</u>	<u>\$ (208,053)</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, 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>
<b>REVENUE</b>						
Convention, registration	\$ -	\$ 9,583	\$ (9,583)	\$ 65,569	\$ 115,000	\$ (49,431)
Convention, trade show	-	-	-	1,800	-	1,800
Convention, sponsorships - FFA Foundation	-	4,583	(4,583)	3,280	55,000	(51,720)
Convention, host state social	-	-	-	-	-	-
Convention, sponsorships	-	1,333	(1,333)	17,250	16,000	1,250
TOTAL REVENUE	<u>-</u>	<u>15,499</u>	<u>(15,499)</u>	<u>87,899</u>	<u>186,000</u>	<u>(98,101)</u>
<b>EXPENSES</b>						
Convention, plaques and trophies	-	242	(242)	118	2,900	(2,782)
Convention, printing	-	-	-	3,775	-	3,775
Convention, awards	-	-	-	5,470	7,000	(1,530)
Convention, meal functions	-	833	(833)	-	10,000	(10,000)
Convention, promotion and marketing	-	208	(208)	3,844	2,500	1,344
Convention, postage and shipping	2,328	333	1,995	2,328	4,000	(1,672)
Convention, equipment rental	-	1,583	(1,583)	-	19,000	(19,000)
Convention, host state social	-	-	-	-	-	-
Convention, committee expense	670	379	291	2,010	4,550	(2,540)
Convention, sponsorships - FFA Foundation	-	4,583	(4,583)	-	55,000	(55,000)
Convention, travel/board of directors	1,926	1,333	593	3,102	16,000	(12,898)
Convention, staff travel	(249)	1,000	(1,249)	(265)	12,000	(12,265)
TOTAL EXPENSES	<u>4,675</u>	<u>10,494</u>	<u>(5,819)</u>	<u>20,382</u>	<u>132,950</u>	<u>(112,568)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (4,675)</u>	<u>\$ 5,005</u>	<u>\$ (9,680)</u>	<u>\$ 67,517</u>	<u>\$ 53,050</u>	<u>\$ 14,467</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, 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>
<b>REVENUE</b>						
CI fees	\$ 2,800	\$ -	\$ 2,800	\$ 261,704	\$ -	\$ 261,704
Vendor - Vernier	5,082	-	5,082	553,165	-	553,165
Vendor - NewByte	-	-	-	7,000	-	7,000
Vendor - Bio-Rad	-	-	-	2,446	-	2,446
Field test fees	-	-	-	5,000	-	5,000
NRES	-	-	-	-	-	-
APT	-	-	-	6,764	-	6,764
ASP	-	-	-	-	-	-
ESI	-	-	-	-	-	-
Capstone Revenue	-	-	-	-	-	-
Royalty - Cengage	3,358	-	3,358	61,124	-	61,124
FSS revenue	-	-	-	-	-	-
G.W. Publications	-	-	-	5,658	-	5,658
Online	120	-	120	30,006	-	30,006
Merchandise	-	-	-	721	-	721
Replacement CD	50	-	50	550	-	550
<b>TOTAL REVENUE</b>	<u>11,410</u>	<u>-</u>	<u>11,410</u>	<u>934,138</u>	<u>-</u>	<u>934,138</u>
<b>EXPENSES</b>						
Council assessment	-	-	-	-	-	-
Travel	-	-	-	9,037	-	9,037
Travel - staff	580	-	580	4,039	-	4,039
Salary	7,070	-	7,070	42,441	-	42,441
Taxes and benefits	306	-	306	1,839	-	1,839
Contract labor	41,803	-	41,803	250,815	-	250,815
Supplies	-	-	-	614	-	614
Merchandise	-	-	-	-	-	-
Promotion	-	-	-	2,700	-	2,700
Printing	-	-	-	6,495	-	6,495
Postage	-	-	-	347	-	347
Telecommunications	-	-	-	-	-	-
Vernier	79,899	-	79,899	548,655	-	548,655
NewByte	370	-	370	4,395	-	4,395
Bio-Rad	-	-	-	-	-	-
Carthage	-	-	-	-	-	-
Carthage contract labor	-	-	-	84,850	-	84,850
Field test	-	-	-	10,000	-	10,000
CI scholarships	-	-	-	-	-	-
NRES	-	-	-	-	-	-
FSS	-	-	-	-	-	-
APT	-	-	-	5,515	-	5,515
ARD	-	-	-	-	-	-
ESI	-	-	-	1,438	-	1,438
MSA expense	-	-	-	2,967	-	2,967
G.W. Publications	-	-	-	5,240	-	5,240
Online expense	-	-	-	-	-	-
Royalty expense - Cengage	2,831	-	2,831	61,257	-	61,257
CI Mentor contract labor	-	-	-	5,000	-	5,000
CI mentor	-	-	-	3,791	-	3,791
Depreciation	10	-	10	57	-	57
<b>TOTAL EXPENSES</b>	<u>132,869</u>	<u>-</u>	<u>132,869</u>	<u>1,051,492</u>	<u>-</u>	<u>1,051,492</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (121,459)</u>	<u>\$ -</u>	<u>\$ (121,459)</u>	<u>\$ (117,354)</u>	<u>\$ -</u>	<u>\$ (117,354)</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT