

**NATIONAL ASSOCIATION OF
AGRICULTURAL EDUCATORS, INC.
Lexington, Kentucky**

**FINANCIAL STATEMENTS
June 30, 2017 and 2016**

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the National Association of Agricultural Educators, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the National Association of Agricultural Educators, Inc., as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of expenses on pages 13-14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RFH

RFH, PLLC
Lexington, Kentucky
November 22, 2017

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS	2017	2016
Current assets		
Cash	\$ 460,669	\$ 749,459
Investments	914,396	790,939
Accounts receivable	275,613	397,522
Inventory	5,000	5,000
Prepaid expenses	<u>16,423</u>	<u>19,372</u>
Total current assets	1,672,101	1,962,292
Property and equipment, net of accumulated depreciation	<u>9,432</u>	<u>12,865</u>
TOTAL ASSETS	<u>\$ 1,681,533</u>	<u>\$ 1,975,157</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 333,839	\$ 165,454
Accrued expenses	<u>58,172</u>	<u>51,980</u>
Total current liabilities	<u>392,011</u>	<u>217,434</u>
Net assets		
Unrestricted		
Current operations	765,329	1,051,519
Board designated for special purposes	233,843	203,927
Temporarily restricted	<u>290,350</u>	<u>502,277</u>
Total net assets	<u>1,289,522</u>	<u>1,757,723</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,681,533</u>	<u>\$ 1,975,157</u>

The accompanying notes are an integral
part of the financial statements.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF ACTIVITIES
for the years ended June 30,

UNRESTRICTED NET ASSETS	2017	2016
Support		
Membership dues	\$ 433,829	\$ 451,602
FFA Foundation projects	793,307	1,366,599
Sponsorship and awards	24,750	39,079
Convention registration	129,006	114,804
Management fees	95,000	90,787
CASE management fees	24,000	24,000
Interest and dividends	15,560	46,596
Other income	37,129	28,411
Merchandise sales, net	4,502	93
Lifetime membership dues	5,100	970
Teacher Crisis fund	26,812	6,466
Auction proceeds	-	2,346
Net unrealized gain (loss) on securities	83,974	(45,195)
Net realized gain (loss) on securities	31,884	(24,989)
Net assets released from restrictions	<u>2,026,992</u>	<u>1,851,211</u>
 Total unrestricted support	 <u>3,731,845</u>	 <u>3,952,780</u>
 Expenses		
General expenses	900,659	820,911
Convention	61,783	95,929
FFA Foundation projects	999,265	888,035
CASE program expenses	<u>2,026,412</u>	<u>1,850,721</u>
 Total expenses	 <u>3,988,119</u>	 <u>3,655,596</u>
 INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	 <u>(256,274)</u>	 <u>297,184</u>
 TEMPORARILY RESTRICTED NET ASSETS		
Legislative contributions	580	490
CASE program income	1,814,485	2,121,790
Net assets released from restriction	<u>(2,026,992)</u>	<u>(1,851,211)</u>
 INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS	 <u>(211,927)</u>	 <u>271,069</u>
 CHANGE IN NET ASSETS	 (468,201)	 568,253
Net assets, beginning of year	<u>1,757,723</u>	<u>1,189,470</u>
 NET ASSETS, END OF YEAR	 <u>\$ 1,289,522</u>	 <u>\$ 1,757,723</u>

The accompanying notes are an integral
part of the financial statements.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
STATEMENTS OF CASH FLOWS
for the years ended June 30,

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (468,201)	\$ 568,253
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,433	3,693
Realized losses (gains) on investments	(31,884)	24,989
Unrealized losses (gains) on investments	(83,974)	45,195
(Increase) decrease in operating assets:		
Accounts receivable	121,909	607,134
Prepaid expenses	2,949	(1,109)
Increase (decrease) in operating liabilities:		
Accounts payable	168,385	(477,936)
Deferred revenue	-	(24,600)
Accrued expenses	6,192	5,897
	<u>(281,191)</u>	<u>751,516</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	-	(3,338)
Proceeds from sale of investments	178,958	87,452
Purchase of investments	(186,557)	(128,261)
	<u>(7,599)</u>	<u>(44,147)</u>
NET INCREASE (DECREASE) IN CASH	(288,790)	707,369
Cash, beginning of year	<u>749,459</u>	<u>42,090</u>
CASH, END OF YEAR	<u>\$ 460,669</u>	<u>\$ 749,459</u>

The accompanying notes are an integral
part of the financial statements.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Association

National Association of Agricultural Educators, Inc. (the Association) was incorporated in the state of California in 1952. The objectives of the Association are as follows: to assume and maintain national leadership in the promotion and furtherance of all levels of agricultural education; to bring together agriculture teachers through membership in a national association devoted exclusively to their interests; to provide an opportunity for agriculture teachers to discuss problems affecting agricultural education on a national level; to serve state or local associations of agriculture teachers in the solution of problems which may arise; to cooperate with the Association for Career and Technical Education in furthering the cause of career and technical education; to cooperate with education entities in furthering the mission of agricultural education in order to provide a dynamic education system.

Financial Statement Presentation

The Association prepares its financial statements in accordance with generally accepted accounting principles for non-profit organizations, which require the Association to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

- a) Unrestricted net assets encompass the portion of net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- b) Temporarily restricted net assets are the net assets resulting from contributions and other inflows whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association pursuant to those stipulations.
- c) Permanently restricted net assets are the net assets resulting from contributions whose use by the Association is limited by the donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Association.

Accounts Receivable

Accounts receivable consists of membership dues and expense reimbursements for various initiatives. The Association charges its members for membership dues according to a set fee structure. The Association anticipates all of its accounts receivable at June 30, 2017 and 2016 to be fully collectible.

Investments

The Association reports investments at fair market value rather than historical or amortized cost. Fair market value is based on quoted market prices. Realized gains and losses on the sale of investments are computed using the specific cost of the investment sold.

Property and Equipment

Property and equipment are carried at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

Merchandise inventory values are calculated under lower of cost or market method, and are accounted for on an average cost basis.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Exemption

The Association is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, however the Association is not exempt from tax imposed upon unrelated activity income. The Association currently has no unrelated business income and accordingly, no provision for income taxes has been recorded.

Under generally accepted accounting principles, the Association must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Association does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits or possible related interest or penalties. The Association is no longer subject to U.S. federal income tax examinations by tax authorities for years before 2013.

Management's Review of Subsequent Events

The Association has evaluated and considered the need to recognize or disclose subsequent events through November 22, 2017, which represents the date that these financial statements were available to be issued. Subsequent events past this date, as they pertain to the fiscal year ended June 30, 2017, have not been evaluated by the Association.

2. INVESTMENTS

Investments are composed of two accounts, each of which operates under different restrictions. The purpose of the Operating Reserve Account is to provide funding for both long and short-term projects, special initiatives, and to provide for shortfalls in the operating budget of the Association. Funds are not restricted as to use except they are used for the benefit of the Association and its membership. The purpose of the Life Membership Account is to properly account for and segregate those funds that are received from members for lifetime memberships. The principal amounts paid as lifetime memberships are designated by the board of directors and cannot be accessed by the Association. Investment earnings from these memberships are used to provide for goods and services to the Association's membership.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

2. INVESTMENTS (CONTINUED)

Investments are recorded at fair market value in accordance with generally accepted accounting principles. The net realized and unrealized gains or losses on investments are recorded in the Statement of Activities by classification of the assets.

Investments, which are stated at fair market value, consisted of the following at June 30, 2017:

	Market Value	Cost	Cumulative Unrealized Gain (Loss)
Unrestricted net assets			
Money market fund	\$ 6,423	\$ 6,423	\$ -
Equity mutual funds	674,130	597,459	76,671
Board designated net assets			
Money market fund	2,159	2,159	-
Equity mutual funds	<u>231,684</u>	<u>203,517</u>	<u>28,167</u>
Total investments	<u>\$ 914,396</u>	<u>\$ 809,558</u>	<u>\$ 104,838</u>

Investments, which are stated at fair market value, consisted of the following at June 30, 2016:

	Market Value	Cost	Cumulative Unrealized Gain (Loss)
Unrestricted net assets			
Money market fund	\$ 7,201	\$ 7,201	\$ -
Equity mutual funds	579,811	565,521	14,290
Board designated net assets			
Money market fund	1,801	1,801	-
Equity mutual funds	<u>202,126</u>	<u>195,552</u>	<u>6,574</u>
Total investments	<u>\$ 790,939</u>	<u>\$ 770,075</u>	<u>\$ 20,864</u>

3. FAIR VALUE MEASUREMENTS

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

- Investments: The fair value of investments is based on quoted market prices for those or similar investments.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

3. FAIR VALUE MEASUREMENTS (CONTINUED)

The Association uses Level 1 inputs to determine fair value. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. The estimated fair values of the Association's financial instruments are as follows for June 30, 2017:

	Carrying Amount	Fair Value
Unrestricted net assets:		
Money market fund	\$ 6,423	\$ 6,423
Equity mutual funds	674,130	674,130
Board designated net assets:		
Money market fund	2,159	2,159
Equity mutual funds	231,684	231,684

The estimated fair values of the Association's financial instruments are as follows for June 30, 2016:

	Carrying Amount	Fair Value
Unrestricted net assets:		
Money market fund	\$ 7,201	\$ 7,201
Equity mutual funds	579,811	579,811
Board designated net assets:		
Money market fund	1,801	1,801
Equity mutual funds	202,126	202,126

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2017	2016
Office equipment	\$ 5,529	\$ 5,529
Computer equipment	25,979	25,979
Furniture and fixtures	12,129	12,129
CASE equipment	<u>1,140</u>	<u>1,140</u>
	44,777	44,777
Less: accumulated depreciation	<u>(35,345)</u>	<u>(31,912)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 9,432</u>	<u>\$ 12,865</u>

5. DESIGNATED NET ASSETS

Unrestricted net assets have been designated by the Board of Directors to provide lifetime memberships; this investment consists of \$233,843 and \$203,927, as of June 30, 2017 and 2016, respectively.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30:

	2017	2016
CASE Projects	<u>\$ 290,350</u>	<u>\$ 502,277</u>

7. CASE PROJECT

The Curriculum for Agricultural Science Education (CASE) initiative is a project of the National Council for Agricultural Education (The Council). During fiscal year 2010, the Council passed a resolution that transferred the management responsibilities for the CASE initiative to the Association. The Association has established accounting procedures and codes for CASE such that all CASE revenue and expenses are identified separately within the Association financial records. CASE net assets are classified as temporarily restricted and can be used only for the CASE initiative.

8. LEASE AGREEMENTS

Effective July 1, 2003, the Association entered into a one-year operating lease agreement with the University of Kentucky to rent its office space for \$625 per month. The Association incurred expense of \$7,550 and \$7,550 for the years ended June 30, 2017 and 2016, respectively. The lease is renewable annually, and minimum future lease payments through June 30, 2018 are \$7,500.

9. EMPLOYEE BENEFITS

The Association sponsors a 401(k) plan, covering employees meeting certain minimum participation requirements. The Association's contributions to the plan, for the years ended June 30, 2017 and 2016, were \$33,270 and \$31,081, respectively. Association contributions to this plan are determined by the Association's Board of Directors and are allocated to eligible employees based on their annual compensation.

10. SALES OF MERCHANDISE

Sales of merchandise are presented net of direct costs. Gross revenues and related costs are as follows:

	2017	2016
Gross revenues	\$ 7,838	\$ 6,096
Less related costs	<u>(3,336)</u>	<u>(6,003)</u>
Net income	<u>\$ 4,502</u>	<u>\$ 93</u>

11. CONCENTRATIONS OF CREDIT RISK

The Association maintains its operating account in one bank. The account is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At various times during fiscal year 2017, the Association's cash in bank balances exceeded the federally insured limits. Cash balances of \$371,644 and \$710,103 were uninsured as of June 30, 2017 and 2016, respectively.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

11. CONCENTRATIONS OF CREDIT RISK (CONTINUED)

The Association's accounts receivable balance as of June 30, 2017 and 2016 was \$275,613 and \$397,522, respectively. The Association carries risk primarily with those accounts that are beyond 90 days past invoicing. The balance of these long-standing receivables as of June 30, 2017 and 2016 was \$25,763 and \$9,217, respectively. Receivables consist primarily of annual recurring convention sponsors and association memberships. There has not been an allowance created for uncollectible accounts, as all balances are expected to be collected.

12. COMMITMENTS

The Association has contracted with hotels for its 2017-2021 annual conferences. The contracts are subject to various cancellation penalties as well as minimum room usage. Cancellation penalties totaled \$248,853 as of June 30, 2017 for the 2017-2021 conferences. These amounts are reduced by room utilization by conference attendees. The Association does not anticipate a material liability from these contracts based on historical attendance at the conference. The Association has not experienced any losses related to unsold rooms or cancellation of its conferences, and believes it is not exposed to any significant risk on these contracts.

13. RECLASSIFICATIONS

Certain reclassifications have been made to the 2016 financial statements in order to conform to the 2017 presentation with no effect on the previously reported results of activities or total net assets.

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

14. NATIONAL FFA FOUNDATION SPECIAL PROJECTS

The Organization conducts various initiatives on behalf of the National FFA Foundation. Prior to 2016, funds for these initiatives were held at the National FFA Foundation until the Organization incurs program expenses and draws down the funds. In 2016, the FFA Foundation began releasing funds to the Organization as they became available. These initiatives, or Special Projects of the National FFA Foundation, include:

- National Agriscience Teacher Ambassadors
- Outstanding Ag Teacher Award
- Outstanding Young Member Award
- Outstanding Middle/Secondary Ag Ed Program Award
- Outstanding Postsecondary/Adult Ag Ed Program Award
- Agriscience Teacher of the Year Award
- Teachers Turn the Key PD Program
- XLR8 PD Program
- Outstanding Service Citation
- Lifetime Achievement Award
- National Teach Ag Campaign
- Communities of Practice
- General NAAE Convention Support
- Organizational Memberships
- Ford Scholarship Regional Grants
- Ag Teacher PD Workshops -- FFA Convention
- Internet Lounge -- FFA Convention
- CASE Agricultural Science Plant
- CASE Environmental Science Issues
- CASE Capstone
- CASE Power & Technology
- CASE Food Science & Safety
- CASE Natural Resources
- CASE Scholarship/Grants

SUPPLEMENTARY INFORMATION

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
SCHEDULE OF EXPENSES
for the year ended June 30, 2017

	General Expenses	Convention	FFA Foundation Projects	Case Program Expenses	Total
Salaries and contract labor	\$ 483,161	\$ -	\$ -	\$ 592,410	\$ 1,075,571
FFA Foundation projects	-	-	934,474	-	934,474
Vernier	-	-	-	863,831	863,831
Carthage	-	-	-	217,876	217,876
Promotion and marketing	24,490	5,865	-	108,372	138,727
CASE travel	-	-	-	137,414	137,414
Communities of practice	-	-	64,791	-	64,791
Officer and board travel	45,337	16,037	-	-	61,374
Employee benefits	50,957	-	-	-	50,957
Staff travel and meetings	40,038	9,088	-	-	49,126
Payroll and other taxes	40,321	-	-	3,679	44,000
Scholarships	37,500	-	-	-	37,500
Insurance	36,797	-	-	-	36,797
Website expense	15,231	-	-	20,000	35,231
Miscellaneous	8,116	428	-	24,000	32,544
Membership and contributions	21,329	-	-	-	21,329
Printing	4,028	4,117	-	9,436	17,581
Postage	7,718	7,519	-	1,559	16,796
Professional fees	16,300	-	-	-	16,300
MSA expense	-	-	-	15,098	15,098
Computer service	14,875	-	-	-	14,875
Office supplies	10,273	-	-	1,460	11,733
Field test	-	-	-	10,000	10,000
APT expense	-	-	-	9,978	9,978
NPS expense	9,500	-	-	-	9,500
Teacher Crisis fund	8,000	-	-	-	8,000
Bank charges	7,905	-	-	-	7,905
CI mentor	-	-	-	7,846	7,846
Rent	7,550	-	-	-	7,550
Equipment rental and maintenance	-	4,963	-	-	4,963
Telephone	4,883	-	-	-	4,883
Ideas Unlimited expenses	-	4,281	-	-	4,281
Merchandise expense	-	-	-	622	622
Teacher Mentor expenses	-	3,946	-	-	3,946
Depreciation	3,319	-	-	114	3,433
Committee expense	-	3,317	-	-	3,317
ESI expense	-	-	-	2,267	2,267
Plaques and trophies	-	1,179	-	-	1,179
Meal functions	-	1,043	-	-	1,043
Staff training	964	-	-	-	964
Outstanding Young Members	902	-	-	-	902
Webinar expense	535	-	-	-	535
CI scholarships	-	-	-	450	450
Professional development expense	318	-	-	-	318
TTTK expense	287	-	-	-	287
Taxes and licenses	25	-	-	-	25
	<u>\$ 900,659</u>	<u>\$ 61,783</u>	<u>\$ 999,265</u>	<u>\$ 2,026,412</u>	<u>\$ 3,988,119</u>

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.
SCHEDULE OF EXPENSES
for the year ended June 30, 2016

	General Expenses	Convention	FFA Foundation Projects	Case Program Expenses	Total
Salaries and contract labor	\$ 428,823	\$ -	\$ -	\$ 636,762	\$ 1,065,585
FFA Foundation projects	-	-	824,748	-	824,748
Vernier	-	-	-	684,976	684,976
Carthage	-	-	-	175,458	175,458
Promotion and marketing	25,662	1,965	-	82,578	110,205
CASE travel	-	-	-	109,599	109,599
Website expense	18,863	-	-	64,559	83,422
Communities of practice	-	-	63,287	-	63,287
Employee benefits	62,880	-	-	-	62,880
Officer and board travel	33,586	23,770	-	-	57,356
Staff travel and meetings	33,276	21,327	-	-	54,603
Insurance	49,770	-	-	-	49,770
Payroll and other taxes	35,135	-	-	5,172	40,307
Miscellaneous	10,222	-	-	25,342	35,564
Equipment rental and maintenance	-	27,178	-	-	27,178
Membership and contributions	19,640	-	-	-	19,640
APT expense	-	-	-	19,378	19,378
Office supplies	13,088	-	-	2,680	15,768
Professional fees	15,755	-	-	-	15,755
Postage	7,781	4,875	-	1,644	14,300
Scholarships	11,250	-	-	-	11,250
Council assessment	-	-	-	11,225	11,225
ARD expense	-	-	-	11,206	11,206
NPS expense	9,710	-	-	-	9,710
Computer service	8,613	-	-	-	8,613
Rent	7,550	-	-	-	7,550
Printing	3,090	3,218	-	743	7,051
ESI expense	-	-	-	6,957	6,957
Teacher Crisis fund	5,800	-	-	-	5,800
Bank charges	5,781	-	-	-	5,781
CI mentor	-	-	-	5,652	5,652
Telephone	5,578	-	-	-	5,578
CI scholarships	-	-	-	4,718	4,718
Ideas Unlimited expenses	-	4,554	-	-	4,554
Teacher Mentor expenses	-	4,554	-	-	4,554
Depreciation	3,579	-	-	114	3,693
BFRDP expense	3,500	-	-	-	3,500
Committee expense	-	1,950	-	-	1,950
Plaques and trophies	-	1,684	-	-	1,684
Outstanding Young Members	1,504	-	-	-	1,504
NRES expense	-	-	-	1,400	1,400
Registration Awards	-	854	-	-	854
Merchandise expense	-	-	-	558	558
Webinar expense	300	-	-	-	300
Staff training	150	-	-	-	150
Taxes and licenses	25	-	-	-	25
	<u>\$ 820,911</u>	<u>\$ 95,929</u>	<u>\$ 888,035</u>	<u>\$ 1,850,721</u>	<u>\$ 3,655,596</u>



November 22, 2017

To the Board of Directors
National Association of Agricultural Educators, Inc.
300 Garrigus Building, University of Kentucky
Lexington, Kentucky

We have audited the financial statements of the National Association of Agricultural Educators, Inc. for the year ended June 30, 2017, and have issued our report thereon dated November 22, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 12, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the National Association of Agricultural Educators, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 22, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of the National Association of Agricultural Educators, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



RFH, PLLC
Lexington, Kentucky