

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

---

**FINANCIAL STATEMENTS  
June 30, 2015 and 2014**

## **C O N T E N T S**

Independent Auditors' Report.....	1-2
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows.....	5
Notes to Financial Statements.....	6-11
Supplementary Information	
Schedules of Expenses.....	12-13



## 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, 2015 and 2014, 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 audits. We conducted our audits 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, 2015 and 2014, 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 12-13 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, PLLC  
November 2, 2015

**NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30,**

---

<b>ASSETS</b>	<b>2015</b>	<b>2014</b>
Current assets		
Cash	\$ 42,090	\$ 57,138
Investments	820,315	837,896
Accounts receivable	1,004,656	553,986
Inventory	5,000	5,000
Prepaid expenses	<u>18,263</u>	<u>9,063</u>
Total current assets	1,890,324	1,463,083
Property and equipment, net of accumulated depreciation	<u>13,219</u>	<u>11,480</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,903,543</u></b>	<b><u>\$ 1,474,563</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable	\$ 643,390	\$ 311,652
Deferred revenue	24,600	24,600
Accrued expenses	<u>46,083</u>	<u>39,493</u>
Total current liabilities	<u>714,073</u>	<u>375,745</u>
Net assets		
Unrestricted		
Current operations	747,542	705,938
Board designated for special purposes	210,720	203,155
Temporarily restricted	<u>231,208</u>	<u>189,725</u>
Total net assets	<u>1,189,470</u>	<u>1,098,818</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 1,903,543</u></b>	<b><u>\$ 1,474,563</u></b>

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,

---

<b>UNRESTRICTED NET ASSETS</b>	<b>2015</b>	<b>2014</b>
<b>Support</b>		
Membership dues	\$ 421,091	\$ 413,387
FFA Foundation projects	752,479	487,676
Sponsorship and awards	18,350	23,363
Convention registration	110,253	123,717
Management fees	84,887	93,237
CASE management fees	24,000	20,000
Interest and dividends	51,007	23,602
Other income	29,924	86,467
Merchandise sales, net	4,978	8,936
Lifetime membership dues	4,290	3,430
Teacher Crisis fund	1,908	3,378
Auction proceeds	1,486	1,494
Net unrealized gain (loss) on securities	(15,049)	23,870
Net realized gain on securities	2,409	94,221
Net assets released from restrictions	<u>2,246,783</u>	<u>1,816,885</u>
 Total unrestricted support	 3,738,796	 3,223,663
<b>Expenses</b>		
General expenses	774,191	818,599
Convention	80,691	76,841
FFA Foundation projects	587,962	355,950
CASE program expenses	<u>2,246,783</u>	<u>1,816,335</u>
 Total expenses	 <u>3,689,627</u>	 <u>3,067,725</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<u>49,169</u>	<u>155,938</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Legislative contributions	480	550
CASE program income	2,287,786	1,997,007
Net assets released from restriction	<u>(2,246,783)</u>	<u>(1,816,885)</u>
<b>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>41,483</u>	<u>180,672</u>
<b>CHANGE IN NET ASSETS</b>	90,652	336,610
Net assets, beginning of year	<u>1,098,818</u>	<u>762,208</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,189,470</u>	<u>\$ 1,098,818</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,

---

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 90,652	\$ 336,610
Adjustment to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,147	3,545
Realized (gains) on investments	(2,409)	(94,221)
Unrealized losses (gains) on investments	15,049	(23,870)
(Increase) decrease in operating assets:		
Accounts receivable	(450,670)	(210,860)
Prepaid expenses	(9,200)	(1,431)
Increase (decrease) in operating liabilities:		
Accounts payable	331,738	55,350
Deferred revenue	-	(250,355)
Accrued expenses	<u>6,590</u>	<u>2,342</u>
Net cash (used in) operating activities	<u>(15,103)</u>	<u>(182,890)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions of property and equipment	(4,885)	(2,377)
Proceeds from sale of investments	64,197	426,006
Purchase of investments	<u>(59,257)</u>	<u>(407,939)</u>
Net cash provided by investing activities	<u>55</u>	<u>15,690</u>
<b>NET (DECREASE) IN CASH</b>	(15,048)	(167,200)
Cash, beginning of year	<u>57,138</u>	<u>224,338</u>
<b>CASH, END OF YEAR</b>	<u>\$ 42,090</u>	<u>\$ 57,138</u>

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

**NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

---

**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, 2015 and 2014 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.

**Inventory**

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



**NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 2012.

**Managements' Review of Subsequent Events**

The Association has evaluated and considered the need to recognize or disclose subsequent events through November 2, 2015, 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, 2015, 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.

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.

**NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**2. INVESTMENTS (CONTINUED)**

Investments, which are stated at fair market value, consisted of the following at June 30, 2015:

	<b>Market Value</b>	<b>Cost</b>	<b>Cumulative Unrealized Gain (Loss)</b>
Unrestricted net assets			
Money market fund	\$ 2,847	\$ 2,847	\$ -
Equity mutual funds	606,748	556,015	50,733
Board designated net assets			
Money market fund	73	73	-
Equity mutual funds	<u>210,647</u>	<u>195,321</u>	<u>15,326</u>
Total investments	<u>\$ 820,315</u>	<u>\$ 754,256</u>	<u>\$ 66,059</u>

Investments, which are stated at fair market value, consisted of the following at June 30, 2014:

	<b>Market Value</b>	<b>Cost</b>	<b>Cumulative Unrealized Gain (Loss)</b>
Unrestricted net assets			
Corporate bonds	\$ 52,723	\$ 49,591	\$ 3,132
Equity mutual funds	582,018	523,106	58,912
Board designated net assets			
Equity mutual funds	<u>203,155</u>	<u>184,091</u>	<u>19,064</u>
Total investments	<u>\$ 837,896</u>	<u>\$ 756,788</u>	<u>\$ 81,108</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.

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, 2015:

	<b>Carrying Amount</b>	<b>Fair Value</b>
Unrestricted net assets:		
Money market fund	\$ 2,847	\$ 2,847
Equity mutual funds	606,748	606,748
Board designated net assets:		
Money market fund	73	73
Equity mutual funds	210,647	210,647

**NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

**3. FAIR VALUE MEASUREMENTS (CONTINUED)**

The estimated fair values of the Association's financial instruments are as follows for June 30, 2014:

	<b>Carrying Amount</b>	<b>Fair Value</b>
Unrestricted net assets:		
Corporate bonds	\$ 52,723	\$ 52,723
Equity mutual funds	582,018	582,018
Board designated net assets:		
Equity mutual funds	203,155	203,155

**4. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30:

	<b>2015</b>	<b>2014</b>
Office equipment	\$ 5,529	\$ 5,529
Computer equipment	22,641	17,755
Furniture and fixtures	12,129	12,129
CASE equipment	<u>1,140</u>	<u>1,140</u>
	41,439	36,553
Less: accumulated depreciation	<u>(28,220)</u>	<u>(25,073)</u>
Property and equipment, net of accumulated depreciation	<u>\$ 13,219</u>	<u>\$ 11,480</u>

**5. DESIGNATED NET ASSETS**

Unrestricted net assets have been set aside by the Board of Directors to provide lifetime memberships; this investment consists of \$210,720 and \$203,155, as of June 30, 2015 and 2014, respectively.

**6. TEMPORARILY RESTRICTED NET ASSETS**

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

	<b>2015</b>	<b>2014</b>
CASE Project	<u>\$ 231,208</u>	<u>\$ 189,725</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.

**NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

---

**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 \$2,500 for each of the years ended June 30, 2015 and 2014. The 2015 and 2014 rent was reduced in exchange for services provided to the University. The lease is renewable annually, and was

Minimum future lease payments through June 30, 2016 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, 2015 and 2014, were \$23,060 and \$24,069, 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. SPECIAL FUNDRAISING EVENTS**

The special fundraising events are presented net of direct costs. Gross revenues and related costs are as follows:

<b>Host State Special</b>	<b>2015</b>	<b>2014</b>
Gross revenues	\$ 8,890	\$ -
Less: related costs	<u>(8,890)</u>	<u>-</u>
Net loss	<u>\$ -</u>	<u>\$ -</u>

**11. SALES OF MERCHANDISE**

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

	<b>2015</b>	<b>2014</b>
Gross revenues	\$ 7,017	\$ 11,359
Less related costs	<u>(2,039)</u>	<u>(2,423)</u>
Net income	<u>\$ 4,978</u>	<u>\$ 8,936</u>

**12. 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 the fiscal year 2015, the Association's cash in bank balances exceeded the federally insured limits. Cash balances at June 30, 2015 and 2014 were fully covered by federal depository insurance.

The Association's accounts receivable balance as of June 30, 2015 and 2014 was \$1,004,656 and \$553,986, 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, 2015 and 2014 was \$175,121 and \$59,803, 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.

**NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015 and 2014**

---

**13. COMMITMENTS**

The Association has contracted with hotels for its 2015, 2016, and 2017 annual conferences. The contracts are subject to various cancellation penalties as well as minimum room usage. The maximum charges would be approximately \$130,977, \$72,535, and \$157,508, respectively, for conferences to be held in November 2015, November 2016, and December 2017. The above 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.

**14. RECLASSIFICATIONS**

Certain reclassifications have been made to the 2014 financial statements in order to conform to the 2015 presentation with no effect on the previously reported results of activities or total net assets.

**15. NATIONAL FFA FOUNDATION SPECIAL PROJECTS**

The Organization conducts various initiatives on behalf of the National FFA Foundation. Funds for these initiatives are held at the National FFA Foundation until the Organization incurs program expenses and draws down the funds. 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, 2015

	General Expenses	Convention	FFA Foundation Projects	Case Program Expenses	Total
Salaries and contract labor	\$ 372,298	\$ -	\$ -	\$ 689,247	\$ 1,061,545
Vernier	-	-	-	875,626	875,626
FFA Foundation projects	-	-	587,962	-	587,962
Carthage	-	-	-	309,018	309,018
CASE travel	-	-	-	134,067	134,067
Promotion and marketing	8,450	3,325	-	88,344	100,119
Officer and board travel	61,572	21,596	-	-	83,168
Employee benefits	59,129	-	-	-	59,129
APT expense	-	-	-	49,360	49,360
Insurance	48,285	-	-	-	48,285
Staff travel and meetings	33,444	10,951	-	-	44,395
Payroll and other taxes	28,263	-	-	10,298	38,561
FSS expense	-	-	-	36,142	36,142
Communities of practice	23,481	-	-	-	23,481
Equipment rental and maintenance	-	21,104	-	-	21,104
Membership and contributions	19,784	-	-	-	19,784
Website expense	13,043	-	-	4,850	17,893
Professional fees	15,800	-	-	-	15,800
Office supplies	11,367	-	-	2,164	13,531
NPS expense	12,172	-	-	-	12,172
Council assessment	-	-	-	11,675	11,675
Scholarships	11,250	-	-	-	11,250
Postage	6,361	2,347	-	1,327	10,035
CI scholarships	-	-	-	8,871	8,871
Computer service	8,216	-	-	-	8,216
Printing	2,696	2,304	-	2,817	7,817
BFRDP expense	7,500	-	-	-	7,500
ESI expense	-	-	-	6,530	6,530
Teacher Crisis fund	6,300	-	-	-	6,300
Bank charges	5,943	-	-	-	5,943
Plaques and trophies	-	5,341	-	-	5,341
ARD expense	-	-	-	5,289	5,289
Rent	5,000	-	-	-	5,000
Telephone	4,697	-	-	-	4,697
CI mentor	-	-	-	4,472	4,472
Ideas Unlimited expenses	-	4,400	-	-	4,400
Teacher Mentor expenses	-	4,350	-	-	4,350
Field test	-	-	-	3,313	3,313
Depreciation	3,033	-	-	114	3,147
NRES expense	-	-	-	3,053	3,053
Miscellaneous	2,904	-	-	-	2,904
Meal functions	-	2,535	-	-	2,535
Committee expense	-	2,113	-	-	2,113
Webinar expense	1,576	-	-	-	1,576
Outstanding Young Members	975	-	-	-	975
Staff training	625	-	-	-	625
Registration Awards	-	325	-	-	325
Merchandise expense	-	-	-	130	130
Bio-Rad	-	-	-	76	76
Taxes and licenses	27	-	-	-	27
	<u>\$ 774,191</u>	<u>\$ 80,691</u>	<u>\$ 587,962</u>	<u>\$ 2,246,783</u>	<u>\$ 3,689,627</u>

**NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.**  
**SCHEDULE OF EXPENSES**  
**for the year ended June 30, 2014**

	General Expenses	Convention	FFA Foundation Projects	Case Program Expenses	Total
Salaries and contract labor	\$ 394,625	\$ -	\$ -	\$ 403,450	\$ 798,075
Vernier	-	-	-	633,964	633,964
FFA Foundation projects	-	-	355,950	-	355,950
CI scholarships	-	-	-	224,420	224,420
Carthage	-	-	-	153,525	153,525
CASE travel	-	-	-	119,837	119,837
Promotion and marketing	13,222	5,600	-	55,214	74,036
Officer and board travel	51,196	13,361	-	-	64,557
Bio-Rad	-	-	-	58,241	58,241
Employee benefits	56,999	-	-	-	56,999
FSS expense	-	-	-	56,785	56,785
Website expense	50,166	-	-	-	50,166
Insurance	44,365	-	-	-	44,365
Staff travel and meetings	31,046	7,829	-	-	38,875
NRES expense	-	-	-	38,414	38,414
Payroll and other taxes	25,088	-	-	10,493	35,581
APT expense	-	-	-	34,405	34,405
BFRDP expense	24,375	-	-	-	24,375
Equipment rental and maintenance	-	19,099	-	-	19,099
Communities of practice	17,391	-	-	-	17,391
Membership and contributions	16,383	-	-	-	16,383
Office supplies	7,709	-	-	6,750	14,459
Postage	6,687	5,758	-	1,057	13,502
Professional fees	13,500	-	-	-	13,500
Meal functions	-	11,422	-	-	11,422
Scholarships	11,250	-	-	-	11,250
NPS expense	10,542	-	-	-	10,542
Council assessment	-	-	-	9,675	9,675
Computer service	8,182	-	-	-	8,182
Teacher Crisis fund	8,000	-	-	-	8,000
Bank charges	7,256	-	-	-	7,256
Telephone	6,403	-	-	-	6,403
Printing	1,696	1,627	-	2,386	5,709
Ideas Unlimited expenses	-	4,235	-	-	4,235
CI mentor	-	-	-	4,168	4,168
Miscellaneous	3,852	222	-	67	4,141
Depreciation	3,431	-	-	114	3,545
Field test	-	-	-	3,370	3,370
Plaques and trophies	-	2,855	-	-	2,855
Rent	2,500	-	-	-	2,500
Teacher Mentor expenses	-	2,460	-	-	2,460
Committee expense	-	2,373	-	-	2,373
Outstanding Young Members	1,300	-	-	-	1,300
Webinar expense	990	-	-	-	990
Staff training	336	-	-	-	336
Taxes and licenses	109	-	-	-	109
	<u>\$ 818,599</u>	<u>\$ 76,841</u>	<u>\$ 355,950</u>	<u>\$ 1,816,335</u>	<u>\$ 3,067,725</u>





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 National Association of Agricultural Educators, Inc. for the year ended June 30, 2015, and have issued our report thereon dated November 2, 2015. 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 30, 2015. 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 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 2015. 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 auditors' 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 2, 2015.

### **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 auditors' 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.

### **Issues Discussed Prior to Retention of Independent Auditors**

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 Audit Committee, Board of Directors, and management of National Association of Agricultural Educators, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, consisting of the letters 'RFH' in a stylized, bold font.

RFH, PLLC  
November 2, 2015



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

In planning and performing our audit of the financial statements of National Association of Agricultural Educators, Inc. (the Association) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered National Association of Agricultural Educators, Inc.'s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

A stylized, handwritten-style logo of the letters "RFH" in a bold, black font.

RFH, PLLC  
November 2, 2015