

**STEPHEN D. SCHNETTLER, PLLC**

Certified Public Accountants

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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 August 31, 2018 and the related statement of activities for the two 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*

October 25, 2018

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Financial Position

August 31, 2018

ASSETS

Cash on deposit	\$ 939,325
Investments - operating fund	789,598
Investments - life membership fund	275,280
Accounts receivable	560,981
Inventory	5,000
Prepaid expenses	9,642
Property and equipment - CASE	304
Property and equipment	<u>11,269</u>

TOTAL ASSETS \$ 2,591,399

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 208,438
Accrued leave payable	39,221
Other current liabilities	<u>7,666</u>

TOTAL LIABILITIES 255,325

NET ASSETS

Unrestricted net assets:	
Current operation	1,110,135
Board designated for special purposes	214,775
Temporarily restricted net assets	1,550
CASE Project	<u>1,009,614</u>

TOTAL NET ASSETS 2,336,074

TOTAL LIABILITIES AND NET ASSETS \$ 2,591,399

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Statement of Activities

For the Two Months Ended August 31, 2018

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>	<u>CASE Project</u>	<u>Total</u>
	<u>Current Operations</u>	<u>Board Designated</u>			
Revenue, Gains and Losses					
Membership dues	\$ 62,505	\$ -	\$ -	\$ -	\$ 62,505
Convention registration	-	-	-	-	-
Sponsorship and awards	-	-	-	-	-
Merchandise sales	2,439	-	-	-	2,439
Contributions	-	-	-	-	-
Net realized and unrealized gains (losses) on securities	44,360	-	-	-	44,360
Interest and dividends	1,770	-	-	-	1,770
FFA Foundation projects	2,460	-	-	-	2,460
CASE Program income	-	-	-	988,943	988,943
Other income	55,297	-	-	-	55,297
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue, Gains and Losses	168,831	-	-	988,943	1,157,774
Net Assets Released from Restrictions	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenue, Gains and Losses and Reclassifications	168,831	-	-	988,943	1,157,774
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Expenses					
General expenses	119,845	-	-	-	119,845
FFA Foundation projects	100,605	-	-	-	100,605
CASE Program expenses	-	-	-	603,016	603,016
Convention expenses	1,171	-	-	-	1,171
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	221,621	-	-	603,016	824,637
INCREASE (DECREASE) IN NET ASSETS	(52,790)	-	-	385,927	333,137
NET ASSETS AT BEGINNING OF PERIOD	1,162,925	214,775	1,550	623,687	2,002,937
NET ASSETS AT END OF PERIOD	<u>\$ 1,110,135</u>	<u>\$ 214,775</u>	<u>\$ 1,550</u>	<u>\$ 1,009,614</u>	<u>\$ 2,336,074</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Two Months Ended August 31, 2018

	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	\$ 24,460	\$	\$ 34,023	\$	\$ (9,563)	\$	\$ 59,205	\$	\$ 408,280	\$	\$ (349,075)
Corporate membership dues	3,300		1,250		2,050		3,300		15,000		(11,700)
Upper division scholarships	-		1,667		(1,667)		-		20,000		(20,000)
Delmar scholarships	-		625		(625)		-		7,500		(7,500)
Foundation management fees	-		-		-		-		-		-
Interest and dividends	431		2,917		(2,486)		1,295		35,000		(33,705)
Net realized and unrealized gains (losses) on securities	23,363		-		23,363		44,360		-		44,360
Merchandise sales	-		500		(500)		2,439		6,000		(3,561)
Investment income, Life Fund	140		1,000		(860)		475		12,000		(11,525)
Contributions, Legislative Fund	-		-		-		-		-		-
Miscellaneous income	-		750		(750)		-		9,000		(9,000)
Scholarship raffle proceeds	-		-		-		-		-		-
Student teacher scholarship revenue	-		-		-		-		-		-
National Teach Ag Campaign	-		81,250		(81,250)		-		975,000		(975,000)
Teacher crisis fund	117		-		117		2,732		-		2,732
BFRDP Grant	-		-		-		-		-		-
AEM business manager stipend	-		333		(333)		-		4,000		(4,000)
Nat'l Agriscience Teacher Ambassadors	25		13,667		(13,642)		25		164,000		(163,975)
NPS National Ag Ed leadership dinner	-		352		(352)		-		4,225		(4,225)
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	-		-		-		-		-		-
FFA Foundation project - TTTK	-		5,467		(5,467)		-		65,600		(65,600)
FFA Foundation project - OPAP	-		1,252		(1,252)		-		15,025		(15,025)
FFA Foundation project - OMSP	-		1,298		(1,298)		-		15,580		(15,580)
FFA Foundation project - OT	-		1,298		(1,298)		-		15,580		(15,580)
FFA Foundation project - OYM	-		1,367		(1,367)		-		16,400		(16,400)
FFA Foundation project - Lifetime Achievement	-		410		(410)		-		4,920		(4,920)
FFA Foundation project - Outstanding Service Citation	-		-		-		-		-		-
FFA Foundation teacher workshop	-		-		-		-		-		-
FFA Foundation upper division scholarships	-		-		-		-		-		-
FFA Foundation Agriscience Initiative	-		2,050		(2,050)		-		24,600		(24,600)
FFA Foundation NATAA/NAII	-		-		-		-		-		-
FFA Foundation project - XLR8	-		6,567		(6,567)		-		78,800		(78,800)
FFA Foundation communities of practice	2,460		5,600		(3,140)		2,460		67,200		(64,740)
FFA Foundation convention internet lounge	-		-		-		-		-		-
CASE program net income	322,038		-		322,038		385,927		-		385,927
Convention net income	52,205		5,996		46,209		51,369		71,950		(20,581)
<b>TOTAL REVENUE</b>	<b>428,539</b>		<b>172,056</b>		<b>256,483</b>		<b>553,587</b>		<b>2,064,660</b>		<b>(1,511,073)</b>
EXPENSES											
Salaries	34,430		32,500		1,930		70,462		390,000		(319,538)
Taxes and benefits	6,144		9,151		(3,007)		14,140		109,815		(95,675)
Computer service	850		1,667		(817)		4,125		20,000		(15,875)
Telephone	286		500		(214)		574		6,000		(5,426)
Accounting	700		1,367		(667)		1,400		16,400		(15,000)
Depreciation	338		333		5		676		4,000		(3,324)
Rent	-		838		(838)		-		10,050		(10,050)
Insurance	487		1,000		(513)		967		12,000		(11,033)
Legal	-		83		(83)		-		1,000		(1,000)
Office Supplies	25		1,083		(1,058)		1,009		13,000		(11,991)
Bank charges and investment fees	-		8		(8)		2,424		100		2,324
Printing, general	-		250		(250)		-		3,000		(3,000)
Staff training	-		83		(83)		-		1,000		(1,000)
Taxes and licenses	103		4		99		233		50		183
Membership and contributions	3,030		1,667		1,363		3,150		20,000		(16,850)
Travel, staff	479		2,917		(2,438)		1,119		35,000		(33,881)
Promotion and marketing	9		2,083		(2,074)		400		25,000		(24,600)

(Continued)

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of Actual vs. Budget

For the One and Two Months Ended August 31, 2018

	<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>
Merchandise and diaries	465	417	48	3,682	5,000	(1,318)
Photocopying	-	8	(8)	-	100	(100)
Postage, general	280	667	(387)	1,330	8,000	(6,670)
Professional liability insurance	-	3,285	(3,285)	-	39,425	(39,425)
Public relations	-	83	(83)	-	1,000	(1,000)
Delmar scholarships	-	625	(625)	-	7,500	(7,500)
Travel, regional secretaries	-	1,500	(1,500)	1,301	18,000	(16,699)
Travel, board of directors	858	3,333	(2,475)	7,030	40,000	(32,970)
Nat'l Teach Ag Campaign	22,815	75,000	(52,185)	37,918	900,000	(862,082)
FFA Foundation project - TTTK	-	3,333	(3,333)	2,027	40,000	(37,973)
FFA Foundation project - OPAP	583	750	(167)	583	9,000	(8,417)
FFA Foundation project - OMSP	621	750	(129)	621	9,000	(8,379)
FFA Foundation project - OT	1,098	750	348	1,098	9,000	(7,902)
FFA Foundation project - OYM	-	750	(750)	-	9,000	(9,000)
FFA Foundation project - Lifetime achievement	335	208	127	335	2,500	(2,165)
FFA Foundation project - Outstanding service citation	670	-	670	670	-	670
FFA Foundation teacher workshop	-	-	-	-	-	-
FFA Foundation Regional Grants	-	-	-	-	-	-
FFA Foundation Agriscience Initiative	-	1,667	(1,667)	-	20,000	(20,000)
FFA Foundation XLR8	-	3,333	(3,333)	4,646	40,000	(35,354)
FFA Foundation convention internet lounge	-	-	-	-	-	-
NPS Ag Ed Leadership dinner	-	352	(352)	-	4,225	(4,225)
Upper division scholarships	-	1,667	(1,667)	-	20,000	(20,000)
TTTK	-	-	-	-	-	-
DuPont Agriscience	835	-	835	41,007	-	41,007
Regional grants	-	-	-	-	-	-
NPS expense	-	417	(417)	-	5,000	(5,000)
Webinar expense	-	42	(42)	-	500	(500)
Teacher crisis fund	1,500	-	1,500	2,000	-	2,000
Communities of practice expense	-	3,167	(3,167)	-	38,000	(38,000)
Substitute teacher hire behinds	-	42	(42)	-	500	(500)
Website	300	1,500	(1,200)	1,500	18,000	(16,500)
NATAA stipends	11,700	10,833	867	11,700	130,000	(118,300)
BFRDP expense	-	-	-	-	-	-
BFPD contract labor	-	-	-	-	-	-
Credit card expense	2,054	333	1,721	2,323	4,000	(1,677)
Storage	-	-	-	-	-	-
Professional development	-	-	-	-	-	-
Ag ed opportunity fund	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	<u>90,995</u>	<u>170,346</u>	<u>(79,351)</u>	<u>220,450</u>	<u>2,044,165</u>	<u>(1,823,715)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 337,544</u>	<u>\$ 1,710</u>	<u>\$ 335,834</u>	<u>\$ 333,137</u>	<u>\$ 20,495</u>	<u>\$ 312,642</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.  
Schedule of Convention Revenue and Expenses  
For the One and Two Months Ended August 31, 2018

	<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	\$ -	\$ 10,583	\$ (10,583)	\$ -	\$ 127,000	\$ (127,000)
Convention, trade show	900	-	900	900	-	900
Convention, sponsorships - FFA Foundation	51,640	5,417	46,223	51,640	65,000	(13,360)
Convention, host state social	-	-	-	-	-	-
Convention, sponsorships	-	1,667	(1,667)	-	20,000	(20,000)
TOTAL REVENUE	<u>52,540</u>	<u>17,667</u>	<u>34,873</u>	<u>52,540</u>	<u>212,000</u>	<u>(159,460)</u>
<b>EXPENSES</b>						
Convention, plaques and trophies	-	167	(167)	-	2,000	(2,000)
Convention, printing	-	-	-	-	-	-
Convention, awards	335	750	(415)	335	9,000	(8,665)
Convention, miscellaneous	-	-	-	-	-	-
Convention, meal functions	-	125	(125)	-	1,500	(1,500)
Convention, promotion and marketing	-	417	(417)	-	5,000	(5,000)
Convention, postage and shipping	-	333	(333)	-	4,000	(4,000)
Convention, equipment rental	-	2,000	(2,000)	-	24,000	(24,000)
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	-	1,917	(1,917)	836	23,000	(22,164)
Convention, staff travel	-	1,000	(1,000)	-	12,000	(12,000)
TOTAL EXPENSES	<u>335</u>	<u>11,671</u>	<u>(11,336)</u>	<u>1,171</u>	<u>140,050</u>	<u>(138,879)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ 52,205</u>	<u>\$ 5,996</u>	<u>\$ 46,209</u>	<u>\$ 51,369</u>	<u>\$ 71,950</u>	<u>\$ (20,581)</u>

SEE ACCOMPANYING ACCOUNTANT'S REPORT

NATIONAL ASSOCIATION OF AGRICULTURAL EDUCATORS, INC.

Schedule of CASE Program Revenue and Expenses

For the One and Two Months Ended August 31, 2018

	MONTH	MONTH	MONTH	YEAR TO DATE	YEAR	YEAR
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>\$VARIANCE</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>\$VARIANCE</u>
<b>REVENUE</b>						
CI fees	\$ 314,400	\$ -	\$ 314,400	\$ 477,207	\$ -	\$ 477,207
Vendor - Vernier	186,717	-	186,717	359,950	-	359,950
Vendor - NewByte	539	-	539	1,259	-	1,259
Vendor - Bio-Rad	-	-	-	-	-	-
Field test fees	-	-	-	-	-	-
NRES	-	-	-	-	-	-
APT	4,796	-	4,796	5,352	-	5,352
ASP	-	-	-	-	-	-
ESI	-	-	-	-	-	-
MSA	2,564	-	2,564	2,564	-	2,564
ABF	62,500	-	62,500	62,500	-	62,500
ARD CI Revenue	5,400	-	5,400	5,400	-	5,400
Capstone Revenue	-	-	-	-	-	-
Royalty - Cengage	33,420	-	33,420	61,836	-	61,836
Royalty - Ward's	-	-	-	-	-	-
FSS revenue	-	-	-	-	-	-
G.W. Publications	2,017	-	2,017	2,017	-	2,017
Online	727	-	727	9,895	-	9,895
Merchandise	88	-	88	88	-	88
Replacement CD	825	-	825	875	-	875
<b>TOTAL REVENUE</b>	<b>613,993</b>	<b>-</b>	<b>613,993</b>	<b>988,943</b>	<b>-</b>	<b>988,943</b>
<b>EXPENSES</b>						
Council assessment	-	-	-	-	-	-
Travel	2,392	-	2,392	9,311	-	9,311
Travel - staff	-	-	-	1,561	-	1,561
Salary	7,606	-	7,606	14,794	-	14,794
Taxes and benefits	307	-	307	613	-	613
Contract labor	36,179	-	36,179	71,971	-	71,971
Supplies	-	-	-	-	-	-
Merchandise	-	-	-	-	-	-
Promotion	81	-	81	566	-	566
Printing	-	-	-	-	-	-
Postage	13	-	13	184	-	184
Telecommunications	-	-	-	-	-	-
Management fee	-	-	-	-	-	-
Vernier	165,497	-	165,497	318,356	-	318,356
NewByte	370	-	370	370	-	370
Bio-Rad	-	-	-	-	-	-
Lead teacher orientation	-	-	-	-	-	-
Lead teacher stipends	26,600	-	26,600	89,600	-	89,600
Field test	-	-	-	-	-	-
Institute expense	-	-	-	99	-	99
PD-STEP 18	17,842	-	17,842	17,842	-	17,842
NRES	-	-	-	-	-	-
FSS	-	-	-	-	-	-
APT	3,957	-	3,957	4,414	-	4,414
ARD	-	-	-	-	-	-
ESI	-	-	-	-	-	-
MSA	-	-	-	15,743	-	15,743
ABF	-	-	-	-	-	-
ARDCI	-	-	-	1,223	-	1,223
G.W. Publications	1,663	-	1,663	1,663	-	1,663
Online expense	-	-	-	-	-	-
Royalty expense - Cengage	29,438	-	29,438	54,687	-	54,687
CI Mentor contract labor	-	-	-	-	-	-
CI mentor	-	-	-	-	-	-
Depreciation	10	-	10	19	-	19
<b>TOTAL EXPENSES</b>	<b>291,955</b>	<b>-</b>	<b>291,955</b>	<b>603,016</b>	<b>-</b>	<b>603,016</b>
<b>NET INCOME (LOSS)</b>	<b>\$ 322,038</b>	<b>\$ -</b>	<b>\$ 322,038</b>	<b>\$ 385,927</b>	<b>\$ -</b>	<b>\$ 385,927</b>

SEE ACCOMPANYING ACCOUNTANT'S REPORT