

FFA FOUNDATION

S.L. 2011-145

STATE-AID REPORTING REQUIREMENTS

SECTION 14.10.

DUE DATE: SEPTEMBER 1, 2011

DATE SUBMITTED: AUGUST 31, 2011

RECEIVING ENTITY: FFA FOUNDATION/NORTH CAROLINA FFA CENTER

SUBMITTING ENTITY: FFA FOUNDATION

North Carolina FFA Foundation

The North Carolina FFA Foundation provides financial support and public awareness for agricultural education and FFA. The North Carolina FFA Foundation raises funds to recognize FFA student achievements in North Carolina's middle schools and high schools. Those funds support activities at the local, state and national levels.

The North Carolina FFA Center

The North Carolina FFA Center was established in the 1920s as the Young Tar Heel Farmers Camp and was one of the first of its kind in the United States. The camp was purchased when a group of vocational agriculture teachers "chipped in" \$10 each to purchase seven acres of lake front property in Bladen County. FFA members and their adult advisors have met at the camp every summer since 1928 with the exception of 1943 and 1944, when the camp was closed due to World War II. Later, the White Lake property became one of three FFA camps in the North Carolina. Today, the Center is the location of the state's only official FFA camp and is commemorated by a state highway historical marker. A State Agricultural Education/FFA museum is located in the FFA Alumni building located on the property. While attending leadership programs at the facility, students participate in leadership and personal development programs, recreational activities and educational seminars. The Center is used annually to host the official State FFA Leadership Conference, provide FFA officer training, FFA alumni activities as well as much more.

The FFA was founded in 1928 as the Future Farmers of America. FFA's mission is to make a positive difference in the lives of students by developing their potential for **premier leadership, personal growth** and **career success** through agricultural education.

2010-2011 Appropriation from the North Carolina General Assembly: \$44,154.00

100% of the \$44,154.00 appropriation from the North Carolina General Assembly was used to offset the cost of the construction of a new dining hall and recreational facility at the North Carolina FFA Center. The costs of these new facilities have been amortized over 15 years.

2010-2011 North Carolina FFA Center Numbers

Number of FFA Members that used the facility: 1467

Number of weeks FFA members used the facility: 7

Names of civic groups, businesses, organizations that used the Center this past year:

Lumber River Council of Government, North Carolina Cooperative Council, Prestage Farms, Southeast Regional Medical Center, Set Up, Inc. (Triathlon), and several local churches.

Operating Dates: May 1st - September 30

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Accrual Basis

NC FFA Center
Profit & Loss Budget vs. Actual
 September 2010 through August 2011

	Sep '10 - Aug 11	Budget
Ordinary Income/Expense		
Income		
1000 · FFA Center Income		
1001 · FFA Camping Program Income	245,552.00	210,000.00
1002 · Nonrefundable Deposits Camp	0.00	0.00
1003 · Facility Rentals	70,454.00	70,000.00
1003A · Nonrefundable Deposits - Rental	1,880.00	0.00
1004 · SLC/LEAD Week 1	19,180.00	25,000.00
1005 · SLC/LEAD Week 2	36,240.00	25,000.00
1006 · Old Balance Write Off	-450.00	
1000 · FFA Center Income - Other	0.00	
Total 1000 · FFA Center Income	372,856.00	330,000.00
1001A · Donation-H. Cabin Restoration	0.00	0.00
1001B · Foundation Support -Dining Hall	0.00	
2000 · Store		
2001 · Vending & Store Sales	3,330.25	10,000.00
Total 2000 · Store	3,330.25	10,000.00
3000 · Sales and use Tax		
Sales and Use Tax Refund	0.00	0.00
3001 · Sales and Use Tax	0.00	0.00
Total 3000 · Sales and use Tax	0.00	0.00
3002 · Interest	541.23	
3500 · Ag Ed Induction Conference	1,050.00	
43000 · Foundation Support	38,294.42	
43400 · Direct Public Support		
43410 · Corporate Contributions	0.00	0.00
43440 · Gifts in Kind - Goods	0.00	0.00
43450 · Individ, Business Contributions	0.00	0.00
Total 43400 · Direct Public Support	0.00	0.00
Total Income	416,071.90	340,000.00
Expense		
1500 · FFA Center Expenses		
1501 · FFA Camping Program Expense		
1501A · Sports Equipment	492.86	1,500.00
1501B · Banners/Awards	665.00	800.00
1501C · Camper Insurance	0.00	2,800.00
1501D · Food Service	29,601.00	67,000.00
1501E · Staff Travel	2,716.34	3,000.00
1501F · Staff Meals	1,723.12	3,000.00
1501G · Staff Salaries		
1501I · Workers Compensation	2,320.00	2,100.00
1501G · Staff Salaries - Other	19,100.80	35,000.00
Total 1501G · Staff Salaries	21,420.80	37,100.00
1501J · Staff Shirts	927.94	700.00
1501K · Staff Training	450.00	
Total 1501 · FFA Camping Program Expense	57,997.06	115,900.00
Total 1500 · FFA Center Expenses	57,997.06	115,900.00
1502 · SLC/LEAD Expenses		
1502A · SLC/LEAD Salaries	0.00	1,000.00
1502B · SLC/LEAD Printing	0.00	2,000.00
1502C · SLC/LEAD Training & Development	215.35	500.00
1502D · SLC/LEAD Food Service	7,312.50	27,000.00
1502E · SLC/LEAD Audio/Visuals	0.00	500.00
1502F · SLC/LEAD Insurance	0.00	0.00

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Accrual Basis

NC FFA Center
Profit & Loss Budget vs. Actual
 September 2010 through August 2011

	Sep '10 - Aug 11	Budget
1502G · SLC/LEAD Supplies	302.61	3,000.00
Total 1502 · SLC/LEAD Expenses	7,830.46	34,000.00
1503 · General Center Expenses		
1503A · General Liability Insurance	9,047.37	10,000.00
1503B · Office Supplies/Furniture/Equip	156.95	500.00
1503C · Debt Service (pier)		
1503C-1 · Interest-Pier	2,471.87	3,400.00
1503C · Debt Service (pier) - Other	5,237.24	5,850.00
Total 1503C · Debt Service (pier)	7,709.11	9,250.00
1503D · Licenses/Permits/Fees	687.85	800.00
1503E · Supplies and Fuel	1,609.37	3,500.00
1503F · Renovations/Repairs/Improvement	40,301.34	34,000.00
1503G · Pest Control	1,750.00	2,500.00
1503H · Property Insurance	11,542.00	17,500.00
1503I · Furniture/Equipment	2,190.99	4,600.00
1503J · Labor/Professional Services	18,033.08	24,000.00
1503L · Cleaning Supplies	1,296.32	3,500.00
1503M · Utilities		
1503M-a · Telephone	1,868.56	3,000.00
1503M-b · Electricity	13,349.85	15,000.00
1503M-c · Water/Sewer/Trash	8,741.70	9,500.00
1503M-d · Cable TV/Internet	2,243.50	2,800.00
Total 1503M · Utilities	26,203.61	30,300.00
1503N · Publicity		
1503N-a · Printing	0.00	250.00
1503N-b · Postage	0.00	100.00
1503N-c · Advertising	100.00	300.00
1503N-d · Promotional	1,277.84	1,000.00
1503N-e · Membership/Subscriptions	0.00	300.00
Total 1503N · Publicity	1,377.84	1,950.00
1503O · Salary-Foundation Director	7,181.97	7,200.00
1503P · Debt Service (Dining Hall)		
1503P-1 · Interest-dining Hall	19,207.02	12,350.00
1503P · Debt Service (Dining Hall) - Other	26,922.54	8,000.00
Total 1503P · Debt Service (Dining Hall)	46,129.56	20,350.00
Total 1503 · General Center Expenses	175,217.36	169,950.00
2504 · Store Expenses		
2504A · Merchandise for ReSale	3,462.78	8,000.00
2504B · Store Facilities	0.00	500.00
Total 2504 · Store Expenses	3,462.78	8,500.00
3501 · Ag Ed Induction Conf. Expenses	1,095.03	
3505 · Sales & Use Tax (Payable)	-31.05	0.00
3506 · Income Tax	-1,160.00	1,200.00
4500 · Audit/Financial Serv/Bank Charg	3,290.83	4,500.00
5100 · Personnel		
5101 · Salaries	1,250.00	3,250.00
Total 5100 · Personnel	1,250.00	3,250.00
66000 · Payroll Expenses	1,556.84	
Total Expense	250,509.31	337,300.00
Net Ordinary Income	165,562.59	2,700.00
Net Income	165,562.59	2,700.00

NORTH CAROLINA FFA ASSOCIATION, INC.

Raleigh, North Carolina

FINANCIAL STATEMENTS

For the years ended August 31, 2010 and 2009

NORTH CAROLINA FFA ASSOCIATION, INC.

TABLE OF CONTENTS

Accountants' Compilation Report

FINANCIAL STATEMENTS

Exhibit A	Statements of Financial Position
Exhibit B	Statements of Activities
Exhibit C	Statements of Cash Flows
Exhibit D	Statements of Functional Expenses
Exhibit E	Notes to Financial Statements

SUPPLEMENTARY INFORMATION

Schedule 1	Schedule of Support & Revenue Compared to Budget
Schedule 2	Schedule of Expenses Compared to Budget

RABON & DAILEY L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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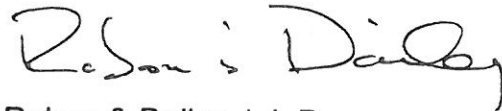
Board of Directors
North Carolina FFA Association, Inc.
Raleigh, North Carolina

We have compiled the accompanying statement of financial position of the North Carolina FFA Association, Inc., a non-profit organization, as of August 31, 2010 and 2009 and the related statements of activities, cash flows and functional expenses for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting information in the form of financial statements and supplementary information that is the representation of management. We have not audited or reviewed the accompanying financial statements and supplementary information for the years ended August 31, 2010 and 2009 and, accordingly, do not express an opinion or any other form of assurance on them.

We are not independent with respect to the North Carolina FFA Association, Inc. as of and for the years ended August 31, 2010 and 2009, because we performed accounting services that impaired our independence. These services involved assisting the North Carolina FFA Association, Inc. in the maintenance and preparation of accounting records.

Respectfully submitted,



Rabon & Dailey, L.L.P.
Cary, North Carolina
December 13, 2010

NORTH CAROLINA FFA ASSOCIATION, INC.
STATEMENTS OF FINANCIAL POSITION
August 31, 2010 and 2009

EXHIBIT A

ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT ASSETS		
Cash -unrestricted	\$ 454,646	\$ 370,114
Accounts receivable - trade	<u>39,726</u>	<u>57,738</u>
TOTAL CURRENT ASSETS	494,372	427,852
OTHER ASSETS		
Sales Tax Refundable	1,018	-
Income Tax Refundable	1,160	-
Certificates of deposit	24,293	44,630
Bond Issue Costs, net of accumulated amortization	<u>9,744</u>	<u>10,548</u>
TOTAL OTHER ASSETS	36,215	55,178
PROPERTY AND EQUIPMENT		
Land & Land improvements	107,958	107,958
Construction in progress	2,317	2,317
Camp buildings	1,893,259	1,893,259
Furniture & equipment	<u>215,793</u>	<u>195,876</u>
	2,219,327	2,199,410
Less Accumulated depreciation	<u>844,135</u>	<u>780,776</u>
TOTAL PROPERTY AND EQUIPMENT	<u>1,375,192</u>	<u>1,418,634</u>
TOTAL ASSETS	<u><u>\$ 1,905,779</u></u>	<u><u>\$ 1,901,664</u></u>
	LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES		
Accounts payable, trade	\$ -	\$ 4,837
Payroll taxes payable	1,452	543
Sales tax payable	1,027	3,058
Current portion of long term debt	<u>32,651</u>	<u>30,960</u>
TOTAL CURRENT LIABILITIES	35,130	39,398
LONG TERM LIABILITIES		
Long-term debt, less current portion	<u>527,807</u>	<u>560,458</u>
TOTAL LIABILITIES	<u>562,937</u>	<u>599,856</u>
NET ASSETS		
Unrestricted, including \$19,810 board set aside	1,342,842	1,301,808
TOTAL NET ASSETS	<u>1,342,842</u>	<u>1,301,808</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,905,779</u></u>	<u><u>\$ 1,901,664</u></u>

See Accountants' Report

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

NORTH CAROLINA FFA ASSOCIATION, INC.
STATEMENTS OF ACTIVITIES
August 31, 2010 and 2009

EXHIBIT B

UNRESTRICTED NET ASSETS	<u>2010</u>	<u>2009</u>
Support and revenue:		
FFA Center camp fees	\$ 209,048	\$ 195,431
Membership services	168,747	171,335
Special Conferences	96,997	88,751
State Convention & CDE's	62,875	52,036
Rents - FFA Center buildings	98,211	130,883
Regional income/Direct public support	16,006	7,335
Other revenue & support	18,106	12,055
Affiliate support	58,181	83,730
Interest income	846	1,167
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Total Support & revenue	729,017	742,723
Expenses:		
FFA Center	144,933	122,178
AgEd Program	284,171	280,195
Camping Program	248,860	226,020
Management & general	10,019	9,209
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Total Expenses	687,983	637,602
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Increase in Unrestricted Net Assets	41,034	105,121
INCREASE (DECREASE) IN NET ASSETS	41,034	105,121
NET ASSETS AT BEGINNING OF YEAR	<u>1,301,808</u>	<u>1,196,687</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,342,842</u></u>	<u><u>\$ 1,301,808</u></u>

See Accountants' Report

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

NORTH CAROLINA FFA ASSOCIATION, INC.
STATEMENTS OF CASH FLOWS
August 31, 2010 and 2009

EXHIBIT C

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in unrestricted net assets	\$ 41,034	\$ 105,121
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation and amortization	64,163	60,889
(Increase) decrease in operating assets		
Trade accounts receivables	18,012	3,295
Other receivables and pre-paid assets	(2,178)	-
Increase (decrease) in operating liabilities		
Payroll taxes payable	909	(3,165)
Other payables & accrued expenses	(2,031)	(863)
Trade accounts payables	(4,837)	4,837
NET CASH PROVIDED BY OPERATING ACTIVITIES	115,072	170,114
CASH FLOWS FROM INVESTING ACTIVITIES		
Certificate of deposit purchased, interest invested	-	(740)
Certificate of deposit redeemed, less restricted portion	20,337	-
Land improvements, buildings, property & equipment additions	(19,917)	(24,102)
Land improvements, buildings, property & equipment disposals	-	-
NET CASH USED BY INVESTING ACTIVITIES	420	(24,842)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on bonds	(30,960)	(29,214)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(30,960)	(29,214)
NET INCREASE IN UNRESTRICTED CASH AND CASH EQUIVALENTS	84,532	116,058
BEGINNING UNRESTRICTED CASH AND CASH EQUIVALENTS	370,114	254,056
ENDING UNRESTRICTED CASH AND CASH EQUIVALENTS	<u>\$ 454,646</u>	<u>\$ 370,114</u>
Cash paid for interest, none capitalized	<u>\$ 33,634</u>	<u>\$ 35,380</u>
Cash paid for taxes	<u>\$ 1,730</u>	<u>\$ -</u>

See Accountants' Report

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

NORTH CAROLINA FFA ASSOCIATION, INC.
STATEMENT OF FINANCIAL EXPENSES
For the Year Ended August 31, 2010

EXHIBIT D

	FFA AgEd Program	FFA Camping Program	FFA Center	Management and General	Total
	\$	\$	\$	\$	\$
Salaries and payroll taxes	-	37,827	-	-	37,827
National FFA dues	84,588	-	-	-	84,588
State officer expenses	22,911	-	-	-	22,911
National convention expense	18,153	-	-	-	18,153
State convention expense	56,389	-	-	-	56,389
State CDE expenses	20,960	-	-	-	20,960
State leadership conferences	-	-	-	-	-
Other special conferences	-	26,669	-	-	26,669
ILSSO/NLCSO	36,086	-	-	-	36,086
Agri Business Pilot Course	4,442	-	-	-	4,442
Agri Science Grant	3,000	-	-	-	3,000
Member/promotional supplies	526	-	-	-	526
Donations - NC FFA Foundation	4,122	-	-	-	4,122
Office expense	7,182	988	-	-	8,170
Professional fees	-	304	7,182	-	7,486
Custodial / maid service	3,420	1,422	456	253	5,551
Maintenance & repairs	-	9,169	1,422	-	10,591
Property, liability & general insurance	-	22,182	13,753	-	35,935
Workers Comp & camper insurance	-	6,966	33,272	-	40,238
Kitchen supplies & catering	-	5,051	10,449	917	16,467
Licenses & permits	-	63,297	-	-	63,297
Printing	-	222	334	-	556
Board of Directors expense	1,518	-	106	35	1,659
Regional allocation	1,131	-	-	-	1,131
Regional expenses	8,000	-	-	-	8,000
Camp store purchases	10,062	-	-	-	10,062
Staff Meals	-	14,355	-	-	14,355
Supplies	-	2,362	-	-	2,362
Travel	711	3,516	2,846	-	7,073
Utilities & telephone	701	4,836	-	-	5,537
Miscellaneous	132	10,577	15,864	8,814	35,255
Sales/Other Taxes	-	-	-	-	-
Bank Service Charges	138	-	570	-	708
Depreciation & amortization	-	25,665	-	-	25,665
Interest	-	13,453	38,498	-	51,951
	-	-	20,181	-	20,181
Total	\$ 284,171	\$ 248,860	\$ 144,933	\$ 10,019	\$ 687,983

See Accountants' Reports
The accompanying notes are an integral part of these financial statements.

NORTH CAROLINA FFA ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2009

EXHIBIT D

	FFA AgEd Program	FFA Camping Program	FFA Center	Management and General	Total
	\$	\$	\$	\$	\$
Salaries and payroll taxes	-	36,954	-	-	36,954
National FFA dues	83,818	-	-	-	83,818
State officer expenses	15,889	-	-	-	15,889
National convention expense	18,336	-	-	-	18,336
State convention expense	72,048	-	-	-	72,048
State CDE expenses	25,883	-	-	-	25,883
State leadership conferences	-	27,549	-	-	27,549
Other special conferences	34,250	-	-	-	34,250
ILSSO/NLCSO	3,032	-	-	-	3,032
Member/ promotional supplies	951	628	-	-	1,579
Other membership supplies	-	-	-	-	-
Donations - NC FFA Foundation	3,176	-	3,176	-	6,352
Office expense	-	116	174	-	387
Professional fees	4,150	2,075	2,075	97	8,300
Custodial / maid service	-	11,573	17,359	-	28,932
Maintenance & repairs	-	7,419	11,128	-	18,547
Property, liability & general insurance	-	8,542	13,312	1,154	23,008
Workers Comp & camper insurance	-	4,225	-	-	4,225
Kitchen supplies & catering	-	60,851	-	-	60,851
Licenses & permits	-	236	353	-	589
Printing	1,308	-	32	11	1,351
Board of Directors expense	187	-	-	-	187
Regional allocation	7,000	-	-	-	7,000
Regional expenses	7,900	-	-	-	7,900
Camp store purchases	-	12,188	-	-	12,188
State fair booth	-	-	-	-	-
Staff Meals	-	905	-	-	905
Supplies	523	2,828	1,964	-	5,315
Travel	1,380	1,887	-	-	3,267
Utilities & telephone	-	9,420	14,131	7,850	31,401
Miscellaneous	-	58	87	48	193
Bad Debts	-	-	540	-	540
Bank Service Charges	364	58	87	49	558
Depreciation & amortization	-	24,355	36,533	-	60,888
Interest	-	14,152	21,228	-	35,380
Total	\$ 280,195	\$ 226,020	\$ 122,178	\$ 9,209	\$ 637,602

See Accountants' Reports
The accompanying notes are an integral part of these financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization and operations

The North Carolina FFA Association, Inc. (NC FFA) was organized in the 1920's. Its mission as a premiere youth organization is to promote life-long learning, leadership and success through agriculture. Programs and activities include conferences for leadership development, a camping program and the annual state convention involving proficiency contests and awards.

Income tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Revenue recognition

Contributions are recognized when the donor makes a promise that is, in substance, unconditional. The North Carolina FFA Association, Inc. reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

Otherwise, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The NC FFA reports gifts of land, buildings, furniture and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. If explicit donor stipulations are absent about how long those long-lived assets must be maintained, the NC FFA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

NOTE 1 - continued

In-kind Contributions

In-kind contributions are recorded at fair market value and recognized as revenue in the accounting period when they are received. During the years ended August 31, 2010 and 2009 many individuals volunteered their time, or served the NC FFA in their capacities as public educators employed by the school system, to the activities of the NC FFA. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of SFAS No. 116.

The NC FFA also benefits from the use of state-owned office buildings and equipment, the value of which is not reflected in these financial statements.

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 disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Depreciation and property and equipment

Expenditures for normal maintenance of property and equipment are charged against income as incurred. Expenditures which significantly extend the useful lives of the assets are capitalized. Property and equipment are recorded at cost or at fair value if contributed. Depreciation is computed primarily using straight-line methods over the estimated useful lives of the assets. Fully depreciated buildings and equipment and the original land cost for the FFA Center at White Lake are not reflected in these financial statements. The initial purchase of the land in the 1930's was funded by donations from Ag-Ed teachers and camp net assets. Net assets are understated in the amount of the land cost. Management believes the original cost is immaterial. The land was appraised at \$3.42 million in March 2008. Depreciation expense for the years ended August 31, 2010 and 2009 amounted to \$63,359 and \$60,084, respectively.

Accounts Receivable

Accounts receivable are considered by management to be fully collectible and accordingly no allowance for doubtful accounts is considered necessary.

Advertising costs

No funds were spent on advertising during the fiscal years ended August 31, 2010 or 2009.

Functional Expenses

The Organization allocates expenses on a functional basis among various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to multiple functions are allocated by various statistical bases.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK

The NC FFA maintains its cash balances in two North Carolina financial institutions. Accounts are now insured by the F.D.I.C. up to \$250,000. At August 31, 2010 the NC FFA accounts did not exceed the insurable limits. Concentrations with respect to accounts receivable are limited due to the large number of chapters, members and Center guests and their dispersion across the state.

NOTE 3 - RELATED ORGANIZATIONS & AFFILIATE SUPPORT

The North Carolina FFA Foundation, Inc. was organized in 1976 to function as the fundraising arm of the NC FFA. Funds received by the Foundation are used to support the North Carolina FFA programs.

\$14,364 in 2010 and \$6,624 in 2009 was given to support the Foundation and the position of Director of Development for the Foundation.

\$33,897 in 2010 and \$50,000 in 2009 of restricted support was received from the Foundation as reimbursement for the debt payments on the dining & recreation center bonds. \$13,294 was received in 2010 from the Foundation as reimbursement for lodge furniture and \$3,546 for State Convention. At August 31, 2010 an additional \$10,990 was accrued and included in Accounts Receivable from the Foundation for debt payments on the dining & recreation center bonds. \$15,175 was received in 2009 as reimbursement for dining hall furniture. The NC FFA Alumni Association provided support for the state convention in 2009 of \$7,350.

NOTE 4 - OTHER PAYABLES

Property and general liability insurance were financed under agreements dated February 2010 and 2009 for property, and January 2010 and 2009 for general liability insurance. Management chose not to reflect prepaid premiums and the related liability. The payments were directly expensed as paid with an immaterial effect on the financial statements.

A checkline reserve is available with a maximum of \$4,995. Interest is payable at 17.9%; however no funds were drawn from the reserve during the years ended August 31, 2010 or 2009.

The First Citizens Visa account credit limit was increased to \$25,000 from \$5,000 in August 2010.

NOTE 5 - CERTIFICATES OF DEPOSIT

	<u>2010</u>	<u>2009</u>
Board-designated funds for building additions and renovation at the White Lake Center are invested in a certificate maturing September 10, 2010 bearing interest at 1.73%. Interest has not been accrued.	\$ 24,293	\$ 23,880
\$20,000 was invested at 3.75% for one year, maturing August 15, 2009. The CD was renewed for an additional year at 1.05%. The certificate was cashed on August 19, 2010 and the proceeds of \$20,968.68 were invested in a money market account.	\$ -	\$ 20,750
Total	<u>\$ 24,293</u>	<u>\$ 44,630</u>

EXHIBIT E
continued

NOTE 5 - continued

The investment in the certificates of deposit is stated at cost plus accrued interest which approximates fair value. Interest earned and accrued on the certificates of deposit at August 31, 2010 and 2009 amounted to \$631 and \$717, respectively.

NOTE 6 - LONG TERM DEBT

2010 2009

Senior Secured Rural America Bond A, \$550,000 issued on 4/9/08 maturing on 4/1/2023, bearing interest at 5.85%, payable to Cape Fear Farm Credit on the first day of each month beginning June 1, 2008 in installments of \$4,612.82. There is no pre-payment penalty. The bond is secured by the White Lake Camp, Tract I, 7.17 acres.

\$ 492,202 \$ 517,939

Senior Secured Rural America Bond B, \$80,000 issued on 4/9/08 maturing on 4/1/2020, bearing interest at 5.65%, payable to Cape Fear Farm Credit on the first day of each month beginning 6/1/08 in installments of \$770.01. There is no pre-payment penalty. The bond is secured by the White Lake Camp, Tract I, 7.17 acres.

68,257 73,479

Total
Less current portion
Long-term debt

560,458 591,418
32,651 30,960
\$ 527,807 \$ 560,458

Bond issuance costs of \$11,687 were capitalized and are being amortized on a straight line basis over the terms of the bonds. Amortization amounted to \$804 each year for the years ended August 31, 2010 and 2009.

Future principal payments on the bonds for the five years ending August 31 are as follows:

2011	\$ 32,651
2012	34,601
2013	36,669
2014	38,859
2015	41,181

A bond modification agreement was signed and effective September 1, 2010 that reduced the interest rate of Bond A to 4.8, and Bond B to 4.5. FFA management intends to continue making payments at the higher amount in order to retire the debt sooner.

EXHIBIT E
continued

NOTE 7 - CONSTRUCTION IN PROGRESS

	<u>2010</u>	<u>2009</u>
Construction in progress consists of the following:		
Design and engineering fees for the dormitory	\$ 2,317	\$ 2,317

Cape Fear Farm Credit committed funds to the NCFFA Foundation to (re)build the dormitory at the White Lake Center. This project has been placed on hold.

During the year ended August 31, 2009, \$14,600 was spent to modify and upgrade the dining hall at the NC FFA Center. The building was completed on May 28, 2008.

The State of North Carolina grant that was originally designated for building the dining hall was revised to provide annual funding of \$50,000 to the Foundation. The Foundation agreed to reimburse the Association on a monthly basis for debt service. These funds are included in "Affiliate Support".

NOTE 8 - INCOME TAXES

Rental of the White Lake camp unrelated to membership activities is considered to be Unrelated Business Taxable Income and subject to income tax. Net Unrelated Business Taxable Income for the year ended August 31, 2009 amounted to \$3,689 and the income tax liability was \$553. There was no net Unrelated Business Taxable Income for the fiscal year ended August 31, 2010. 2009 Quarterly estimated payments of \$1,160 are refundable and included in current assets as Income Tax Refundable.

NOTE 9 - RECLASSIFICATIONS

Certain reclassifications have been made to the 2009 financial statements to conform with current statement presentation.

NORTH CAROLINA FFA ASSOCIATION, INC.

SUPPLEMENTARY INFORMATION

For the year ended August 31, 2010

NORTH CAROLINA FFA ASSOCIATION, INC.
SCHEDULE OF SUPPORT & REVENUE COMPARED TO BUDGET
For the year ended August 31, 2010

Schedule 1

	Revenue	Budget	Variance Favorable (Unfavorable)
UNRESTRICTED SUPPORT & REVENUE			
Membership Services Income			
Dues & subscriptions	\$ 165,614	\$ 170,000	\$ (4,386)
National Convention Luncheon	3,133	4,500	(1,367)
Total Membership Services Income	168,747	174,500	(5,753)
State Conventions, CDE & Conferences			
State Convention registration	29,803	27,000	2,803
State Convention support from Affiliates	3,546	6,500	(2,954)
CDE's	26,676	24,000	2,676
State Office Candidate registration	2,850	3,000	(150)
MEGA Conference	31,395	30,000	1,395
National FFA support -NLC SO & Tool ID manuals	812	1,000	(188)
Special Programs (summer wksp., agribus. pilot course)	4,827	-	4,827
Agriscience grant	500	-	500
Total State Conventions, CDE & Conferences	100,409	91,500	8,909
FFA Center			
Camping Program	209,048	202,500	6,548
Center Building Rental	98,211	60,000	38,211
Camp Store	13,559	9,000	4,559
State Leadership Conferences	63,475	50,000	13,475
Affiliate support -Foundation	58,181	-	58,181
Sales Tax Collected	-	8,000	(8,000)
Total Center Revenue	442,474	329,500	112,974
Other Revenue & Support			
Regional Income	16,006	7,250	8,756
Miscellaneous Income	535	-	535
Interest Income	846	-	846
Total Other Revenue & Support	17,387	7,250	10,137
TOTAL UNRESTRICTED REVENUE & SUPPORT	729,017	602,750	126,267
TOTAL REVENUE & SUPPORT	\$ 729,017	\$ 602,750	\$ 126,267

See Accountants' Report

NORTH CAROLINA FFA ASSOCIATION, INC.
SCHEDULE OF EXPENSES COMPARED TO BUDGET
For the year ended August 31, 2010

	Expenses	Budget	Schedule 2 Variance Favorable (Unfavorable)
Membership Services Expense			
National dues & magazine subscriptions	\$ 84,588	\$ 85,000	\$ 412
National convention luncheon	3,285	4,000	715
National convention delegate travel & CDE Certification	14,868	14,600	(268)
State officer expenses & nat'l officer candidate travel	23,612	19,900	(3,712)
State officer selection process	5,205	-	(5,205)
Special Programs & Agriscience Grant	5,799	-	(5,799)
Regional allotment	8,000	8,000	-
Supplies & materials	639	1,500	861
Promotional	4,122	4,000	(122)
Professional fees	3,420	4,200	780
Insurance	-	2,000	2,000
Printing	10	1,500	1,490
Bank charges, benevolence & other	341	600	259
Total Membership Services Expense	153,889	145,300	(8,589)
State Conventions, CDE & Conference Expense			
State Convention -building rent, speaker, travel, awards, etc	51,183	60,350	9,167
CDE meals & judging expenses	20,960	14,450	(6,510)
MEGA conference expense	33,813	33,200	(613)
NLC SO	4,442	4,000	(442)
Tool ID manual printing	1,509	1,000	(509)
Total Conventions, CDE & Conference Expense	111,907	113,000	1,093
FFA Center Expenses			
Camping program meal service	63,297	65,000	1,703
Camper & SLC insurance	2,980	2,800	(180)
Sports equipment, banners & awards	958	2,000	1,042
Staff Expenses -travel & meals	7,858	3,000	(4,858)
SLC -printing, training & development, supplies	5,225	5,000	(225)
Store Purchases & facility	14,355	8,500	(5,855)
Staff, SLC salaries, workers comp insurance & payroll tax	39,897	31,500	(8,397)
SLC Food Service	21,444	26,000	4,556
Utilities	35,255	28,100	(7,155)
Labor -maintenance services	22,922	24,000	1,078
Supplies -Cleaning & Other	5,757	6,500	743
Building repairs & Store Facilities	53,354	40,500	(12,854)
Pest Control	2,100	2,500	400
Licenses, Permits & Fees	556	800	244
Depreciation & amortization	64,163	-	(64,163)
Property & casualty insurance	11,060	17,500	6,440
General liability insurance	7,272	7,500	228
Professional Fees	2,844	4,500	1,656
Sales Tax	0	8,000	8,000
Income & Other Tax	570	-	(570)
Interest expense/Debt reduction	33,635	18,850	(14,785)
Publicity, promotion & marketing	1,128	2,950	1,822
Total Center Expenses	396,630	305,500	(91,130)

See accountants' report

NORTH CAROLINA FFA ASSOCIATION, INC.
SCHEDULE OF EXPENSES COMPARED TO BUDGET
For the year ended August 31, 2010

Schedule 2 concluded

	<u>Expenses</u>	<u>Budget</u>	Variance Favorable (Unfavorable)
Other Expenses			-
FFA Board of Directors	\$ 1,131	\$ 1,000	(131)
Regional expenses	10,062	7,250	(2,812)
Foundation ED Support	14,364	14,400	36
Furniture & Equipment		10,000	10,000
Total Other Expenses	<u>25,557</u>	<u>32,650</u>	<u>7,093</u>
Total Expenses	<u>687,983</u>	<u>596,450</u>	<u>(91,533)</u>
EXCESS OF REVENUES & SUPPORT OVER EXPENSES	<u>\$ 41,034</u>	<u>\$ 6,300</u>	<u>\$ 34,734</u>

