



At the Annual Business Meeting, during the AATSP 2013 Annual Conference, held on July 8, 2013, the Short Year End 12.31.13 Financial Report was accepted.

The following pages are the full report from Heller & Wetzler, CPA.

NOTE: In October 2013, the AATSP Executive Council approved that beginning January 1, 2014, the AATSP would adopt a calendar year accounting period (January-December) instead of a fiscal year accounting period (July-June).

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Executive Council
American Association of Teachers of Spanish and Portuguese, Inc.
Walled Lake, Michigan

We have reviewed the accompanying statement of assets, liabilities and fund balance – modified cash basis of the American Association of Teachers of Spanish and Portuguese, Inc. (a nonprofit corporation) as of December 31, 2012 and the related statement of revenues, expenses and change in fund balance – modified cash basis and supplemental information – modified cash basis for the six months (short year) then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, with the exception of the matter described in the following paragraph, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1.

As disclosed in Note 2 to the financial statements, the modified cash basis of accounting requires recognition of revenue when received and expenses when paid. The Association has not included the activity of its local chapters in its reporting. The effects of this departure from the modified cash basis of accounting on the accompanying financial statements have not been determined.

Heller & Wetzler, P.C.

June 6, 2013

American Association of Teachers of Spanish and Portuguese, Inc.
Statement of Assets, Liabilities and Fund Balance
Modified Cash Basis
As of December 31, 2012

ASSETS

Current Assets		
Cash and cash equivalents	\$ 607,433	
Marketable securities	<u>837,330</u>	
Total Current Assets		\$ 1,444,763
Property and Equipment		
Furniture, fixtures and equipment	89,021	
Leasehold improvements	13,231	
Accumulated depreciation	<u>(76,515)</u>	
		25,737
Security deposit		<u>1,395</u>
Total Assets		<u>\$ 1,471,895</u>

LIABILITIES AND FUND BALANCE

Current Liabilities		
Payroll Tax Payable	\$ <u>1,311</u>	
Total Current Liabilities		\$ 1,311
Fund Balance		
Unrestricted fund balance		1,450,584
Temporarily restricted fund balance		<u>20,000</u>
Total Fund Balance		1,470,584
Total Liabilities and Fund Balance		<u>\$ 1,471,895</u>

See accompanying notes and accountants' report.

American Association of Teachers of Spanish and Portuguese, Inc.
Statement of Revenues, Expenses and Changes in Fund Balance
Modified Cash Basis
For the Six Months Ended December 31, 2012

REVENUE

AATSP National Office	\$ 310,450
National Spanish Examinations	75,269
Sociedad Honoraria Hispánica/Sociedad Hispánica de Amistad	<u>106,298</u>
Total Revenue	<u>492,017</u>

EXPENSES

AATSP National Office	346,169
National Spanish Examinations	268,821
Sociedad Honoraria Hispánica/Sociedad Hispánica de Amistad	<u>145,096</u>
Total Expenses	<u>760,086</u>

Expenses in Excess of Revenue	\$ <u><u>(268,069)</u></u>
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Beginning Fund Balance	\$ 1,718,653
Expenses in Excess of Revenue	<u>(268,069)</u>
Ending Fund Balance	<u><u>\$ 1,450,584</u></u>

See accompanying notes and accountants' report.

American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
December 31, 2012

Note 1 – Nature of Activities and Significant Accounting Policies

This summary of significant accounting policies of the American Association of Teachers of Spanish and Portuguese, Inc. (the Association) is presented to assist in understanding the Association's financial statements. The financial statements and notes are representations of the Association's management, which is responsible for their integrity and objectivity.

Organization – The Association is a non-profit membership organization incorporated in 1967 to promote, develop and advance, through research, discussion, exchange of information and activities, the study and teaching of Hispanic, Luso-Brazilian and related languages, literature and cultures in the United States and in other countries. The Association includes all general operations of the national office and coordinates two other programs, National Spanish Exam (NSE) and Sociedad Honoraria Hispánica (SHH). The Association's primary source of revenue consists of dues and conference registration fees.

The NSE creates and administers online, standardized examinations for students enrolled in Spanish courses in grades 6-12. The sale of examinations is its primary source of revenue.

The purpose of the SHH is to recognize high achievement in Spanish and Portuguese by students of secondary schools and to promote continuity of interest in Hispanic and Luso-Brazilian studies. The society is classified as a national and international academic honor society in the study of high school Spanish and Portuguese. The society also supports the Sociedad Hispánica de Amistad, which is an activities based organization for students in elementary and middle schools. Student memberships constitute the major sources of revenue for SHH.

Basis of Accounting – The financial statements are prepared using the modified cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Investments are stated at market value.

Fiscal Year – Effective for the calendar year beginning January 1, 2013, the Association will change from a fiscal year end of June 30 to December 31. A six month fiscal transition period from July 1, 2012, through December 31, 2012 precedes the start of the new calendar-year cycle.

Cash Equivalents – Cash and cash equivalents includes cash on hand, demand deposits in banks, and short-term investments that are readily convertible to cash, as well as investments with original maturities of three month or less.

American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
December 31, 2012

Note 1 – Nature of Activities and Significant Accounting Policies – (Continued)

Marketable Securities – Marketable securities are recorded at fair value.

Property and Equipment – The Association records property and equipment at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are expensed as incurred. Depreciation for the short year ending December 31, 2012 was \$5,145.

Income Taxes – The Association is a nonprofit organization 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 Association's tax-exempt purpose are subject to taxation as unrelated business income, reported on Form 990-T. There was no cash paid for income taxes for the short year ended December 31, 2012.

The Association has adopted the new accounting for uncertainty for income taxes guidance on January 1, 2009. The Association currently evaluates all tax positions, makes a determination regarding their likelihood of being upheld under review, and believes all of its tax positions are more likely than not to be upheld upon examination. Consequently, there is no unrecognized tax benefit or liability or related accrual of interest and penalties. The Association files income tax returns in the U.S. federal jurisdiction. The federal income tax returns subsequent to 2009 remain subject to examination. No open income tax returns are currently under examination.

The Association currently evaluates all tax positions, makes a determination regarding their likelihood of being upheld under review, and recognizes the resulting tax benefits as they are filed on the income tax return.

Estimates – Management uses estimates and assumptions in preparing financial statements that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – Management has evaluated events and transactions for potential recognition or disclosure through the date of the accountant's report which was the first date that the financial statements were available to be issued.

Note 2 – Local Chapter Activities

The Association has chartered over 70 local chapters throughout the United States and Canada. The activity of these local chapters has not been reported in the financial statements, including chapter revenues, expenses, and assets.

American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
December 31, 2012

Note 3 – Marketable Securities

A summary of the fair market value of marketable securities held at December 31, 2012 is as follows:

	Cost Basis	Fair Value
Corporate stocks	\$ 40,104	\$ 28,862
Corporate bonds	2,017	2,120
Mutual funds, ETFs, REITs	<u>781,179</u>	<u>806,348</u>
Total	<u>\$ 823,300</u>	<u>\$ 837,330</u>

Investment income for the short year ended December 31, 2012 consisted of:

Interest - Checking/Savings	\$ 63
Interest/Dividends – Marketable Securities	18,369
Realized Gains/Losses	1,519
Unrealized Gains/Losses	<u>9,006</u>
Total	<u>\$ 28,957</u>

Proceeds from realized gains and losses was \$28,060.

Note 4 – Fund Balance

Temporarily restricted fund balance consists of a \$20,000 memorial scholarship fund established in 1996.

Note 5 – Concentration of Credit Risk

The Association maintains cash and securities accounts at various financial institutions, most of which are insured by the Federal Deposit Insurance Corporation up to \$250,000, the Securities Investor Protection Corporation up to \$500,000, and the National Credit Union Share Insurance Fund up to \$250,000. The Association may, from time to time, maintain balances in excess of the insured limits. At December 31, 2012, the amount of uninsured cash, cash equivalents and marketable securities was \$24,525.

Note 6 – Operating Leases

The Association's national office exercised its option for an additional three years to its lease for offices in Michigan under an agreement requiring monthly payments of \$2,250, expiring February 28, 2013. The Association has exercised an option to extend the lease to February 28, 2016 with monthly payments of \$2,500. The lease expires February 28, 2016. The Association is responsible for insurance and utilities.

American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
December 31, 2012

Note 6 – Operating Leases – (Continued)

The NSE rents office space in Indiana under an agreement that began July 1, 2012. The lease requires monthly payments of \$1,300 and expires June 30, 2013. The NSE has entered into a new lease agreement beginning July 1, 2013, requiring monthly lease payments of \$1,300, and expiring June 30, 2016. The NSE is responsible for insurance and all utilities with the exception of water/sewer.

Total rent paid under these leases was \$21,300.

At December 31, 2012, the Association had annual minimum lease commitments as follows:

December 31, 2013	\$ 45,100
December 31, 2014	45,600
December 31, 2015	45,600
December 31, 2016	<u>12,800</u>
	<u>\$ 149,100</u>

American Association of Teachers of Spanish and Portuguese, Inc.
Supplemental Information - Detailed Schedule of Revenues and Expenses
Modified Cash Basis
For the Six Months Ended December 31, 2012

	AATSP Nat'l Office	Nat'l Spanish Examinations	SHH/ SHA	TOTAL
REVENUE				
Membership Income	\$ 267,644		56,011	\$ 323,655
Annual Conference	6,882			6,882
Donations	6,135			6,135
Examinations		47,510		47,510
Other Income	12,853	16,320	42,819	71,992
Investment Income	16,936	11,439	582	28,957
Merchandise Sales/Postage/Shipping			6,886	6,886
Total Revenue	<u>\$ 310,450</u>	<u>75,269</u>	<u>106,298</u>	<u>\$ 492,017</u>
EXPENSES				
Chapter Allowances	\$ 2,718			\$ 2,718
Publications & Member Programs	31,635		18,643	50,278
Annual Conference	54,199			54,199
Travel & Promotion	26,307	20,542	25,664	72,513
Awards/Scholarships/Stipends	10,000	70,446	28,038	108,484
Personnel	141,451	115,664	48,075	305,190
Administration	79,859	12,663	20,078	112,600
Test Development & Administration		49,506		49,506
Merchandise Costs & Shipping			4,598	4,598
Total Expense	<u>\$ 346,169</u>	<u>268,821</u>	<u>145,096</u>	<u>\$ 760,086</u>
Expenses in Excess of Revenues	<u>\$ (35,719)</u>	<u>\$ (193,552)</u>	<u>\$ (38,798)</u>	<u>\$ (268,069)</u>

See accountants' report.