

**American Association of Teachers  
of Spanish and Portuguese, Inc.**

**Financial Report**

**December 31, 2013**

## 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, 2013 and the related statement of revenues, expenses and change in fund balance – modified cash basis and supplemental information – modified cash basis for the 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.

May 12, 2014

**American Association of Teachers of Spanish and Portuguese, Inc.**  
**Statement of Assets, Liabilities and Fund Balance**  
**Modified Cash Basis**  
**As of December 31, 2013**

**ASSETS**

Current Assets		
Cash and cash equivalents	\$ 718,861	
Marketable securities	944,722	
Total Current Assets		\$ 1,663,583
Property and Equipment		
Furniture, fixtures and equipment	89,021	
Leasehold improvements	13,231	
Accumulated depreciation	(86,547)	
		15,705
Security deposit		1,395
Total Assets		\$ 1,680,683

**LIABILITIES AND FUND BALANCE**

Fund Balance		
Unrestricted fund balance		1,660,683
Temporarily restricted fund balance		20,000
Total Fund Balance		1,680,683
Total Liabilities and Fund Balance		\$ 1,680,683

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 Year Ended December 31, 2013**

**REVENUE**

AATSP National Office	\$ 763,408
National Spanish Examinations	537,696
Sociedad Honoraria Hispánica/Sociedad Hispánica de Amistad	<u>388,980</u>
Total Revenue	<u>1,690,084</u>

**EXPENSES**

AATSP National Office	639,566
National Spanish Examinations	446,535
Sociedad Honoraria Hispánica/Sociedad Hispánica de Amistad	<u>393,884</u>
Total Expenses	<u>1,479,985</u>

Expenses in Excess of Revenue \$ 210,099

Beginning Fund Balance \$ 1,470,584  
Expenses in Excess of Revenue 210,099

Ending Fund Balance \$ 1,680,683

See accompanying notes and accountants' report.

**American Association of Teachers of Spanish and Portuguese, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**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 changed 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 preceded 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 months or less.

**American Association of Teachers of Spanish and Portuguese, Inc.**  
**Notes to Financial Statements**  
**December 31, 2013**

**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 year ending December 31, 2013 was \$10,035.

**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 year ended December 31, 2013.

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, 2013**

**Note 3 – Marketable Securities**

A summary of the fair market value of marketable securities held at December 31, 2013 is as follows:

	Cost Basis	Fair Value
Corporate stocks	\$ 40,104	\$ 27,644
Corporate bonds	2,001	2,045
Mutual funds, ETFs, REITs	<u>870,796</u>	<u>915,033</u>
Total	<u>\$ 912,901</u>	<u>\$ 944,722</u>

Investment income for the short year ended December 31, 2013 consisted of:

Interest - Checking/Savings	\$ 489
Interest/Dividends - Marketable Securities	33,346
Unrealized Gains/Losses	<u>42,945</u>
Total	<u>\$ 76,780</u>

Proceeds from realized gains and losses was \$97,013.

**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, 2013, the amount of uninsured cash, cash equivalents and marketable securities was \$97,827

**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, 2013**

**Note 6 – Operating Leases – (Continued)**

The NSE rents office space in Indiana under an agreement that began July 1, 2013. The lease requires monthly payments of \$1,300 and expires 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 \$40,350.

At December 31, 2013, the Association had annual minimum lease commitments as follows:

December 31, 2014	\$ 45,600
December 31, 2015	45,600
December 31, 2016	<u>12,800</u>
	<u>\$ 104,000</u>

**American Association of Teachers of Spanish and Portuguese, Inc.**  
**Supplemental Information - Detailed Schedule of Revenues and Expenses**  
**Modified Cash Basis**  
**For the Year Ended December 31, 2013**

	AATSP Nat'l Office	Nat'l Spanish Examinations	SHH/ SHA	TOTAL
<b>REVENUE</b>				
Membership Income	\$ 526,699		344,550	\$ 871,249
Annual Conference	96,685			96,685
Donations	6,280		100	6,380
Examinations		509,353		509,353
Other Income	106,901	5,797	43,965	156,663
Investment Income	26,843	22,546	365	49,754
Total Revenue	<u>\$ 763,408</u>	<u>537,696</u>	<u>388,980</u>	<u>\$ 1,690,084</u>
<b>EXPENSES</b>				
Chapter Allowances	\$ 36,253		3,233	\$ 39,486
Publications & Member Programs	60,206	117,254	56,994	234,454
Annual Conference	67,404			67,404
Travel & Promotion	52,619	29,106	32,258	113,983
Awards/Scholarships/Stipends	14,376	150,613	130,269	295,258
Personnel	269,070	123,267	90,377	482,714
Administration	139,638	26,295	80,753	246,686
Total Expense	<u>\$ 639,566</u>	<u>446,535</u>	<u>393,884</u>	<u>\$ 1,479,985</u>
Revenue in Excess of Expenses	<u>\$ 123,842</u>	<u>\$ 91,161</u>		<u>\$ 210,099</u>
Expenses in Excess of Revenues			<u>\$ (4,904)</u>	

See accountants' report.