

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

Financial Report

December 31, 2015

Heller & Wetzler

A PROFESSIONAL CORPORATION

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of the American Association of Teachers of Spanish and Portuguese, Inc. (a nonprofit corporation), which comprise the statement of assets, liabilities and fund balance – modified cash basis as of December 31, 2015, and the related statement of revenues, expenses and change in fund balance – modified cash basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of 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's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in conformity with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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 accordance with the modified cash basis of accounting.

Known Departure From Modified Cash Basis of Accounting

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 included the activity of some, but not all, 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The supplementary information included in Schedule I is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with the cash basis of accounting. We have not audited the information and, accordingly, do not express an opinion on such information.

Heller & Weitzler, PC

May 10, 2016

American Association of Teachers of Spanish and Portuguese, Inc.
Statement of Assets, Liabilities and Fund Balance
Modified Cash Basis
As of December 31, 2015

ASSETS

Current Assets		
Cash and cash equivalents	\$ 854,407	
Marketable securities	1,320,653	
Total Current Assets		\$ 2,175,060
Property and Equipment		
Furniture, fixtures and equipment	79,711	
Leasehold improvements	13,231	
Accumulated depreciation	(77,649)	
		15,293
Security deposit		1,395
Total Assets		\$ 2,191,748

LIABILITIES AND FUND BALANCE

Fund Balance		
Unrestricted fund balance	2,191,748	
Total Fund Balance		2,191,748
Total Liabilities and Fund Balance		\$ 2,191,748

See accompanying notes and independent accountant's review 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, 2015

REVENUE

AATSP National Office	\$ 1,234,605
National Spanish Examinations	<u>804,972</u>
Total Revenue	<u>2,039,577</u>

EXPENSES

AATSP National Office	1,054,634
National Spanish Examinations	<u>827,718</u>
Total Expenses	<u>1,882,352</u>

Revenue in Excess of Expenses	\$ <u><u>157,225</u></u>
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Beginning Fund Balance	\$ 2,034,523
Revenue in Excess of Expenses	<u>157,225</u>

Ending Fund Balance	\$ <u><u>2,191,748</u></u>
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See accompanying notes and independent accountant's review report.

American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
December 31, 2015

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.

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.

Marketable Securities – Marketable securities are recorded at fair value.

Advertising – Advertising costs are expensed when incurred. Advertising costs for the year ending December 31, 2015 were \$10,608.

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, 2015 was \$8,328.

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, 2015.

American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
December 31, 2015

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

Income Taxes (Continued) – 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 recognizes the resulting tax benefits as they are filed on the income tax return. The Association 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 2011 remain subject to examination. No open income tax returns are currently under examination.

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 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 some of these local chapters has been reported in the financial statements, including chapter revenues, expenses, and assets. However, not all chapters are included. Beginning Fund Balance includes \$190,268 which represents the beginning balances of chapters now included in these statements.

Note 3 – Marketable Securities

A summary of fair market value of marketable securities held at December 31, 2015 is as follows:

	Cost Basis	Fair Value
Fixed income preferred securities	\$ 40,104	\$ 33,664
Mutual funds, ETFs, REITs	<u>1,364,604</u>	<u>1,286,989</u>
Total	<u>\$ 1,404,708</u>	<u>\$ 1,320,653</u>

Earnings on these investments for the year ended December 31, 2015 were:

Interest and Dividends	\$ 55,408
Investment Expenses	-16,908
Realized Gains and Losses	-24,283
Unrealized Gains and Losses	<u>-67,663</u>
Total	<u>\$ -53,446</u>

Proceeds from sales of marketable securities were \$248,490.

American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
December 31, 2015

Note 4 – 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, the National Credit Union Share Insurance Fund up to \$250,000, and various private insurers of funds in excess of these limits. The Association may, from time to time, maintain balances in excess of the insured limits. At December 31, 2015, the amount of uninsured cash, cash equivalents and marketable securities was \$167,441.

Note 5 – 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 expired February 28, 2016 and the Association is now occupying the space on a month to month basis. The Association is responsible for insurance and utilities.

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 \$45,600.

At December 31, 2015, the Association had annual minimum lease commitments as follows:

December 31, 2016	\$ 12,800
December 31, 2017	<u>00</u>
	<u>\$ 12,800</u>

American Association of Teachers of Spanish and Portuguese, Inc.
Schedule I - Detailed Schedule of Revenues and Expenses
Modified Cash Basis
For the Year Ended December 31, 2015

	AATSP Nat'l Office	Nat'l Spanish Examinations	TOTAL
REVENUE			
Membership Income	\$ 526,965		\$ 526,965
Charters and Fees	334,428		334,428
Annual Conference	194,284		194,284
Donations	8,845	28,495	37,340
Examinations		783,710	783,710
Other Income	141,214	15,840	157,054
Chapter Income	59,242		59,242
Investment Income	(30,373)	(23,073)	(53,446)
Total Revenue	<u>\$ 1,234,605</u>	<u>804,972</u>	<u>\$ 2,039,577</u>
EXPENSES			
Publications & Member Programs	\$ 100,208	365,111	\$ 465,319
Chapter Expenses	96,986		96,986
Annual Conference	74,125		74,125
Travel & Promotion	68,013	36,697	104,710
Awards/Scholarships/Stipends	152,728	210,376	363,104
Personnel	337,841	186,439	524,280
Administration	224,733	29,095	253,828
Total Expense	<u>\$ 1,054,634</u>	<u>827,718</u>	<u>\$ 1,882,352</u>
Revenue in Excess of Expenses	<u>\$ 179,971</u>	<u>\$ (22,746)</u>	<u>\$ 157,225</u>

See independent accountant's review report.