The American Association of Teachers of Spanish and Portuguese, Inc., (AATSP) operates on a fiscal year from July 1 through June 30.

At the Annual Business Meeting, during the AATSP 2013 Annual Conference, held on July 8, 2013, the 2011-2012 Financial Report was accepted.

The following pages are the full report from Heller & Wetzler, CPA.
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 June 30, 2012 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.

April 30, 2013
American Association of Teachers of Spanish and Portuguese, Inc.
Statement of Assets, Liabilities and Fund Balance
Modified Cash Basis
As of June 30, 2012

ASSETS

Current Assets
Cash and cash equivalents $ 1,085,067
Marketable securities 623,823
Total Current Assets $ 1,708,890

Property and Equipment
Furniture, fixtures and equipment 86,507
Leasehold improvements 13,231
Accumulated depreciation (71,370)

28,368

Security deposit 1,395
Total Assets $ 1,738,653

LIABILITIES AND FUND BALANCE

Fund Balance
Unrestricted fund balance $ 1,718,653
Temporarily restricted fund balance 20,000
Total Fund Balance 1,738,653

Total Liabilities and Fund Balance $ 1,738,653

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 June 30, 2012

REVENUE

AATSP National Office $ 777,515
National Spanish Examinations 725,713
Sociedad Honoraria Hispánica/Sociedad Hispánica de Amistad 386,902
Total Revenue 1,890,130

EXPENSES

AATSP National Office 617,526
National Spanish Examinations 586,258
Sociedad Honoraria Hispánica/Sociedad Hispánica de Amistad 369,980
Total Expenses 1,573,764

Revenue in Excess of Expenses $ 316,366

Beginning Fund Balance $ 1,422,287
Revenue in Excess of Expenses 316,366

Ending Fund Balance $ 1,738,653

See accompanying notes and accountants' report.
American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
June 30, 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.

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.

 Marketable Securities – Marketable securities are recorded at fair value.
Note 1 – Nature of Activities and Significant Accounting Policies – (Continued)

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 expenses as incurred. Depreciation for the year ending June 30, 2012 was $11,253.

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 June 30, 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 2008 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  
June 30, 2012

Note 3 – Marketable Securities

A summary of the fair market value of marketable securities held at June 30, 2012 is as follows:

<table>
<thead>
<tr>
<th>Securities</th>
<th>Cost Basis</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate stocks</td>
<td>$ 40,104</td>
<td>$ 27,882</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>4,012</td>
<td>4,162</td>
</tr>
<tr>
<td>Mutual funds. ETFs, REITs</td>
<td>577,401</td>
<td>591,779</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 621,517</strong></td>
<td><strong>$ 623,823</strong></td>
</tr>
</tbody>
</table>

Investment income for the year ended June 30, 2012 consisted of:

- Interest - Checking/Savings: $751
- Interest/Dividends – Marketable Securities: 12,779
- Realized Gains/Losses: -50
- Unrealized Gains/Losses: 4,599
- **Total**: $18,079

Proceeds from realized gains and losses was $28,291.

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 June 30, 2012, the amount of uninsured cash, cash equivalents and marketable securities was $339,867.

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. The lease expires February 28, 2013. The Association has exercised an option to extend the lease to February 28, 2016 with monthly payments of $2,500. The Association is responsible for insurance and utilities.
Note 6 – Operating Leases – (Continued)

The NSE rents office space in Indiana under an agreement that began May 15, 2009. The lease requires monthly payments of $1,300 and expired June 30, 2012. The NSE entered into a subsequent lease agreement beginning July 1, 2012, requiring monthly lease payments of $1,300, and expiring 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 $42,600.

At June 30, 2012, the Association had annual minimum lease commitments as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2013</td>
<td>$43,600</td>
</tr>
<tr>
<td>June 30, 2014</td>
<td>45,600</td>
</tr>
<tr>
<td>June 30, 2015</td>
<td>45,600</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>35,600</td>
</tr>
</tbody>
</table>

$170,400
American Association of Teachers of Spanish and Portuguese, Inc.
Supplemental Information - Detailed Schedule of Revenues and Expenses
Modified Cash Basis
For the Year Ended June 30, 2012

<table>
<thead>
<tr>
<th></th>
<th>AATSP Nat'l Office</th>
<th>Nat'l Spanish Examinations</th>
<th>SHH/SHA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership Income</td>
<td>$ 533,321</td>
<td></td>
<td>313,241</td>
<td>$846,562</td>
</tr>
<tr>
<td>Annual Conference</td>
<td>133,690</td>
<td></td>
<td></td>
<td>133,690</td>
</tr>
<tr>
<td>Donations</td>
<td>6,125</td>
<td></td>
<td></td>
<td>6,125</td>
</tr>
<tr>
<td>Examinations</td>
<td></td>
<td>701,985</td>
<td></td>
<td>701,985</td>
</tr>
<tr>
<td>Other Income</td>
<td>97,040</td>
<td>9,327</td>
<td>40,423</td>
<td>146,790</td>
</tr>
<tr>
<td>Investment Income</td>
<td>7,339</td>
<td>14,401</td>
<td>(3,661)</td>
<td>18,079</td>
</tr>
<tr>
<td>Merchandise Sales/Postage/Shipping</td>
<td></td>
<td></td>
<td>36,899</td>
<td>36,899</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$ 777,515</td>
<td>725,713</td>
<td>386,902</td>
<td>$1,890,130</td>
</tr>
</tbody>
</table>

|                      |                   |                             |         |           |
| **EXPENSES**         |                   |                             |         |           |
| Chapter Allowances   | $ 39,241          |                             |         | 39,241    |
| Publications & Member Programs | 42,926 | 45,907                     |         | 88,833    |
| Annual Conference    | 69,255            |                             |         | 69,255    |
| Travel & Promotion   | 35,847            | 25,729                      | 26,965  | 88,541    |
| Awards/Scholarships/Stipends | 12,945 | 118,977                    | 116,921 | 248,843   |
| Personnel            | 253,390           | 87,589                      | 111,963 | 452,942   |
| Administration       | 163,922           | 27,820                      | 18,487  | 210,229   |
| Test Development & Administration |         | 326,086                     |         | 326,086   |
| Loss on Disposal of Assets |         |                             | 57      | 57        |
| Merchandise Costs & Shipping |         |                             | 49,737  | 49,737    |
| **Total Expense**    | $ 617,526         | 586,258                     | 369,980 | $1,573,764|
| **Revenue in Excess of Expenses** | $ 159,989 | $139,455                     | $16,922 | $316,366  |

See accountants' report.