American Association of Teachers of Spanish and Portuguese, Inc.

Financial Report

December 31, 2019
INDEPENDENT ACCOUNTANT’S REVIEW REPORT

To the Board of Directors
American Association of Teachers of Spanish and Portuguese, Inc.
Birmingham, Alabama

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, 2019, 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 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’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 the 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 AICPA. 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 accordance 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, 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.

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sigleraccounting.com
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. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

Sigler Accounting

June 1, 2020
American Association of Teachers of Spanish and Portuguese, Inc.
Statement of Assets, Liabilities and Fund Balance
Modified Cash Basis
As of December 31, 2019

### ASSETS

Current Assets
- Cash and cash equivalents $828,588
- Marketable securities 1,846,712
- Total Current Assets $2,675,300

Property and Equipment
- Furniture, fixtures and equipment 66,125
- Leasehold improvements 750
- Accumulated depreciation (33,136)
- Security deposit 1,505
- Total Assets $2,710,544

### LIABILITIES AND FUND BALANCE

Liabilities
- Payroll liabilities $2,428
- Total Current Liabilities $2,428

Fund Balance
- Unrestricted fund balance 2,708,116
- Total Fund Balance 2,708,116
- Total Liabilities and Fund Balance $2,710,544

See accompanying notes and independent accountant's review report.
REVENUES

AATSP National Office $ 1,315,049
National Spanish Examinations 1,006,197
Total Revenues 2,321,246

EXPENSES

AATSP National Office 1,134,353
National Spanish Examinations 926,138
Total Expenses 2,060,491

Revenue in Excess of Expense $ 260,755

Beginning Fund Balance $ 2,447,361
Revenue in Excess of Expense 260,755
Ending Fund Balance $ 2,708,116

See accompanying notes and independent accountant's review report.
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 fair 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 market value.

Advertising – Advertising costs are expensed when incurred. Advertising costs for the year ending December 31, 2019 were $9,959.

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, 2019 was $8,806.

Income Taxes (ASC 740) – 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, 2019.
Note 1 – Nature of Activities and Significant Accounting Policies – (Continued)

Income Taxes (ASC 740) (Continued) – 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 2016 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 these local chapters has been reported in the financial statements, including chapter revenues, expenses, and assets.

Note 3 – Marketable Securities

A summary of fair market value of marketable securities held at December 31, 2019 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Cost Basis</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mutual funds, ETFs, REITs</td>
<td>1,783,883</td>
<td>1,846,712</td>
</tr>
<tr>
<td>Total</td>
<td>$ 1,783,883</td>
<td>$ 1,846,712</td>
</tr>
</tbody>
</table>

Earnings on these investments for the year ended December 31, 2019 were:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividends</td>
<td>$ 66,330</td>
</tr>
<tr>
<td>Investment Expenses</td>
<td>-21,208</td>
</tr>
<tr>
<td>Realized Gains and Losses</td>
<td>46,753</td>
</tr>
<tr>
<td>Unrealized Gains and Losses</td>
<td>143,186</td>
</tr>
<tr>
<td>Total</td>
<td>$ 235,061</td>
</tr>
</tbody>
</table>

Proceeds from sales of marketable securities were $1,142,906.
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, 2019, the amount of known uninsured cash, cash equivalents and marketable securities was $247,498.

Note 5 – Operating Leases

The Association’s national office is leasing office space in Birmingham, AL under a three year lease agreement that began May 1, 2018 and expires May 31, 2021. The lease requires monthly payments of $1,881 beginning May 1, 2018, $1,938 beginning May 1, 2019 and $1,996 beginning May 1, 2020. A separate lease for storage space requires a monthly payment of $170. The Association is responsible for insurance. The lease includes a right to renew for three additional years.

The NSE is leasing office space in Indiana under a two year lease agreement that began May 15, 2017, was renewed on September 1, 2019, and expires August 31, 2022. The lease requires monthly payments of $1,438. The NSE is responsible for insurance and utilities. The lease includes an exclusive right to renew.

Total rent paid in 2019 was $42,595.

At December 31, 2019, the Association had annual minimum lease commitments as follows:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2020</td>
<td>$ 43,134</td>
</tr>
<tr>
<td>December 31, 2021</td>
<td>26,385</td>
</tr>
<tr>
<td>December 31, 2022</td>
<td>11,971</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>81,490</strong></td>
</tr>
</tbody>
</table>
## 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, 2019

<table>
<thead>
<tr>
<th></th>
<th>AATSP Nat'l Office</th>
<th>Nat'l Spanish Examinations</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership Income</td>
<td>$ 511,207</td>
<td>$ 511,207</td>
<td></td>
</tr>
<tr>
<td>Charters and Fees</td>
<td>377,785</td>
<td></td>
<td>377,785</td>
</tr>
<tr>
<td>Annual Conference</td>
<td>133,965</td>
<td></td>
<td>133,965</td>
</tr>
<tr>
<td>Donations</td>
<td>6,749</td>
<td>6,700</td>
<td>13,449</td>
</tr>
<tr>
<td>Examinations</td>
<td></td>
<td>663,805</td>
<td>663,805</td>
</tr>
<tr>
<td>Other Income</td>
<td>147,121</td>
<td>18,083</td>
<td>165,204</td>
</tr>
<tr>
<td>Chapter Income</td>
<td>6,839</td>
<td>213,931</td>
<td>220,770</td>
</tr>
<tr>
<td>Investment Income</td>
<td>131,383</td>
<td>103,678</td>
<td>235,061</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$ 1,315,049</td>
<td>1,006,197</td>
<td>$ 2,321,246</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Publications &amp; Member Programs</td>
<td>$ 100,323</td>
<td>152,496</td>
<td>$ 252,819</td>
</tr>
<tr>
<td>Chapter Expenses</td>
<td>40,576</td>
<td>171,076</td>
<td>211,652</td>
</tr>
<tr>
<td>Annual Conference</td>
<td>153,637</td>
<td></td>
<td>153,637</td>
</tr>
<tr>
<td>Travel &amp; Promotion</td>
<td>45,924</td>
<td>47,112</td>
<td>93,036</td>
</tr>
<tr>
<td>Awards/Scholarships/Stipends</td>
<td>195,822</td>
<td>253,980</td>
<td>449,802</td>
</tr>
<tr>
<td>Personnel</td>
<td>419,789</td>
<td>267,866</td>
<td>687,655</td>
</tr>
<tr>
<td>Administration</td>
<td>178,282</td>
<td>33,608</td>
<td>211,890</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>$ 1,134,353</td>
<td>926,138</td>
<td>$ 2,060,491</td>
</tr>
<tr>
<td><strong>Revenue in Excess of Expense</strong></td>
<td>$ 180,696</td>
<td>$ 80,059</td>
<td>$ 260,755</td>
</tr>
</tbody>
</table>

See independent accountant's review report.