American Association of Teachers of Spanish and Portuguese, Inc.

Financial Report

December 31, 2014
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 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, 2014 and the related statement of revenues, expenses and change in fund balance – modified cash basis. 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 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.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with the modified cash basis of accounting, as described in Note 1. 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 has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

Heller & Wetzler, PC

April 22, 2015
American Association of Teachers of Spanish and Portuguese, Inc.
Statement of Assets, Liabilities and Fund Balance
Modified Cash Basis
As of December 31, 2014

ASSETS

Current Assets
Cash and cash equivalents $ 625,797
Marketable securities 1,198,108
Total Current Assets $ 1,823,905

Property and Equipment
Furniture, fixtures and equipment 75,799
Leasehold improvements 13,231
Accumulated depreciation (69,320)

19,710

Security deposit 1,395
Total Assets $ 1,845,010

LIABILITIES AND FUND BALANCE

Current Liabilities
Payroll tax payable $ 755
Total Current Liabilities $ 755

Fund Balance
Unrestricted fund balance 1,844,255
Total Fund Balance 1,844,255

Total Liabilities and Fund Balance $ 1,845,010

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, 2014

REVENUE

AATSP National Office $ 1,081,927
National Spanish Examinations 782,841
Total Revenue $ 1,864,768

EXPENSES

AATSP National Office 947,502
National Spanish Examinations 753,694
Total Expenses $ 1,701,196

Revenue in Excess of Expenses $ 163,572

Beginning Fund Balance $ 1,680,683
Revenue in Excess of Expenses 163,572
Ending Fund Balance $ 1,844,255

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 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, 2014 were $8,098.

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, 2014 was $9,521.
American Association of Teachers of Spanish and Portuguese, Inc.
Notes to Financial Statements
December 31, 2014

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

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, 2014.

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 2010 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 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.

Note 3 – Marketable Securities

A summary of fair market value of marketable securities held at December 31, 2014 is as follows:

<table>
<thead>
<tr>
<th>Security</th>
<th>Cost Basis</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate stocks</td>
<td>$ 44,106</td>
<td>$ 42,858</td>
</tr>
<tr>
<td>Fixed income preferred securities</td>
<td>40,104</td>
<td>32,020</td>
</tr>
<tr>
<td>Mutual funds, ETFs, REITs</td>
<td>$1,132,162</td>
<td>$1,123,230</td>
</tr>
<tr>
<td>Total</td>
<td>$1,216,372</td>
<td>$1,198,108</td>
</tr>
</tbody>
</table>
Note 3 – Marketable Securities – (Continued)

Earnings on these investments for the year ended December 31, 2014 were:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest and Dividends</td>
<td>$ 47,536</td>
</tr>
<tr>
<td>Unrealized Gains and Losses</td>
<td>$ -39,471</td>
</tr>
<tr>
<td>Total</td>
<td>$  8,065</td>
</tr>
</tbody>
</table>

Proceeds from sales of marketable securities were $865,498.

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, 2014, the amount of uninsured cash, cash equivalents and marketable securities was $205,316.

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 expires February 28, 2016. 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 $48,100.

At December 31, 2014, the Association had annual minimum lease commitments as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2015</td>
<td>$ 45,600</td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>$ 12,800</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 58,400</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, 2014

<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>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership Income</td>
<td>$ 524,531</td>
<td>$ 524,531</td>
<td></td>
</tr>
<tr>
<td>Charters and Fees</td>
<td>291,145</td>
<td>291,145</td>
<td></td>
</tr>
<tr>
<td>Annual Conference</td>
<td>105,072</td>
<td>105,072</td>
<td></td>
</tr>
<tr>
<td>Donations</td>
<td>6,452</td>
<td></td>
<td>6,452</td>
</tr>
<tr>
<td>Examinations</td>
<td></td>
<td>763,372</td>
<td>763,372</td>
</tr>
<tr>
<td>Other Income</td>
<td>150,124</td>
<td>16,007</td>
<td>166,131</td>
</tr>
<tr>
<td>Investment Income</td>
<td>4,603</td>
<td>3,462</td>
<td>8,065</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>$ 1,081,927</td>
<td>782,841</td>
<td>$ 1,864,768</td>
</tr>
</tbody>
</table>

| **EXPENSES**           |                    |                           |         |
| Chapter Allowances     | $ 31,377           | $ 31,377                  |         |
| Publications & Member Programs | 99,989        | 357,865                   | 457,854 |
| Annual Conference      | 51,238             | 51,238                    |         |
| Travel & Promotion     | 69,396             | 30,443                    | 99,839  |
| Awards/Scholarships/Stipends | 159,608      | 158,296                   | 317,904 |
| Personnel              | 316,883            | 180,216                   | 497,099 |
| Administration         | 219,011            | 26,874                    | 245,885 |
| **Total Expense**      | $ 947,502          | 753,694                   | $ 1,701,196 |
| Revenue in Excess of Expenses | $ 134,425      | $ 29,147                  | $ 163,572 |

See independent accountant's review report.