FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

June 30, 2015 and 2014

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

June 30, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Executive Council
American Association of
Teachers of French, Inc.
Carbondale, Illinois

We have audited the accompanying financial statements of American Association of Teachers of French (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Locations

Belleville, IL • Litchfield, IL • Springfield, IL • Cape Girardeau, MO • St. Louis, MO • Milwaukee, WI • Columbia, IL

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Association of Teachers of French as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 19 - 26 is presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kerber, Eck & Braeckel LLP

Carbondale, Illinois
January 8, 2016

FINANCIAL STATEMENTS

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2015 and 2014

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	$ 539,331	$ 462,638
Accounts receivable	10,739	12,006
Prepaid expense and other assets	14,258	6,559
Inventory	10,983	12,322
Total current assets	575,311	493,525
ASSETS WHOSE USE IS LIMITED (Note C and E)		
Board designated funds	2,031,853	2,008,319
Restricted investments	385,692	389,113
Restricted chapter receivable	-	6,000
	2,417,545	2,403,432
CAPITAL ASSETS (Note D)		
Land	23,000	-
Depreciable capital assets, net of accumulated depreciation	145,974	2,676
	168,974	2,676
TOTAL ASSETS	$ 3,161,830	$ 2,899,633
LIABILITIES		
Accounts payable	$ 54,712	$ 53,398
Accrued payroll and benefits	38,188	29,199
Deferred revenue	122,447	93,225
Other current liabilities	2,229	-
	217,576	175,822
NET ASSETS:		
Restricted (Note E)	385,692	395,113
Unrestricted	2,558,562	2,328,698
Total net assets	2,944,254	2,723,811
TOTAL LIABILITIES AND NET ASSETS	$ 3,161,830	$ 2,899,633

The accompanying notes are an integral part of these statements.

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2015 and 2014

	2015	2014
Operating revenue		
Memberships, subscriptions & senior awards	$ 378,537	$ 426,919
Sales of certificates, pins & t-shirts	171,302	250,748
Sales of tests, tapes & cd's	215,983	219,467
Advertising	10,985	10,280
Conference	94,888	117,346
Mailing list rental	2,428	4,136
Royalties	51,301	4,277
Other	341,676	161,247
Total operating revenue	1,267,100	1,194,420
Operating expenses		
Printing	138,150	132,910
Salaries	219,649	246,369
Cost of t-shirts, pins, certificates, etc.	69,505	121,700
Cost of tests, tapes & cd's for resale	106,346	109,878
Advertising	39,773	49,372
Office supplies and postage	100,277	87,651
Honoraria	66,259	72,611
Awards and gifts	101,578	66,559
Travel and lodging - Executive Council	14,027	15,803
Conference	106,397	98,405
Scholarships	23,500	22,115
Commissions	6,795	1,540
Professional services	21,339	14,500
Depreciation	5,836	1,092
Occupancy	6,873	7,088
Other	153,563	141,412
Taxes	4,100	3,007
Total operating expenses	1,183,967	1,192,012
Income from operations	83,133	2,408
Nonoperating revenue		
Interest income	-	1,097
Dividend income	46,374	48,656
Net unrealized and realized gain (loss) on investments	90,936	371,964
Total nonoperating revenue	137,310	421,717
INCREASE IN NET ASSETS	220,443	424,125
NET ASSETS, BEGINNING OF YEAR	2,723,811	2,299,686
NET ASSETS, END OF YEAR	$ 2,944,254	$ 2,723,811

The accompanying notes are an integral part of these statements.

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

STATEMENTS OF CASH FLOWS

Years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	$ 220,443	$ 424,125
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,836	1,092
Net unrealized gains/losses on investments	(90,936)	(371,964)
Changes in:		
Prepaid expense	(7,699)	5,569
Accounts receivable	7,267	(10,435)
Inventory	1,339	1,491
Accounts payable	1,314	22,020
Accrued payroll and benefits	8,989	13,302
Accrued other	2,229	-
Deferred revenue	29,222	9,066
NET CASH PROVIDED BY OPERATING ACTIVITIES	178,004	94,266
Cash flows from capital and related financing activities		
Purchase of property and equipment	(172,134)	(2,270)
Loss on disposal	-	416
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	(172,134)	(1,854)
Cash flows from investing activities		
Dividends reinvested	(13,677)	(40,253)
Proceeds from sale (purchases) of marketable securities	84,500	26,750
Purchase of equipment	-	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	70,823	(13,503)
Increase in cash and cash equivalents	76,693	78,909
Cash and cash equivalents at beginning of year	462,638	383,729
Cash and cash equivalents at end of year	$ 539,331	$ 462,638

The accompanying notes are an integral part of these statements.

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2015 and 2014

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Association's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Organization

The Association is a not-for-profit organization exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code. The Association is devoted to the advancement of French education and improvement of teaching for French Teachers through conventions, seminars, journals, and other professional development activities for its approximately 10,000 members. It is governed by an Executive Council comprised of elected and appointed members and an elected Delegate Assembly.

Revenue received from the rental of membership and subscription lists is taxable income as an unrelated business activity.

2. Basis of Presentation

The Association prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Under this basis revenue is recorded when earned and expenses are recognized when incurred.

3. Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Association, its accounts are maintained in accordance with the principles of fund accounting. Resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups.

The General Fund includes those funds presently available for use by the Association at the discretion of the Executive Council. The General Fund includes:

National Headquarters - The National Headquarters collects membership dues, organizes the annual convention, and provides general administration and oversight for the Association as a whole.

The French Review - The French Review is the official journal of the Association that is published four times a year and includes articles and reviews on French literature, cinema, culture, linguistics, and methods and practices of teaching language.

National French Contest - The National French Contest hosts competitions for students and awards prizes to competition winners. The National French Contest also provides teaching materials to its members to be used to further the teaching of French language and French culture.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Fund Accounting - Continued

French Honor Society - French Honor Society provides the opportunity to recognize outstanding scholarship in the study of French language and sells certificates pins, and other merchandise. It awards scholarships to selected applicants for French education including study abroad programs.

The Designated Fund created by the Executive Council is generally used for scholarships and to provide financial assistance to the general fund. However, the Executive Council retains control of these assets and may at its discretion subsequently use these assets for other purposes.

The North Carolina Scholarship Fund (Restricted Fund) consists of a donor restricted endowment in which the income may be available for one or more scholarships to be given each year in accordance with donor restrictions.

4. Cash and Cash Equivalents

For financial statement presentation purposes, cash includes cash on hand, bank deposits, and all highly liquid investment instruments with an initial maturity of three months or less. At June 30, 2015 and 2014, cash equivalents consisted of money market funds.

5. Inventory

Inventory is stated at lower-of-cost, generally on a first-in, first-out basis, or market.

6. Investments

Investments are carried at fair value. Fair value is based on quoted values as listed on various national markets. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the Statement of Activities.

Trading securities are debt or equity securities that are bought and held principally for the purpose of selling them in the near future. The Association did not have any investments classified as trading securities at June 30, 2015 and 2014.

7. Capital Assets

Capital assets are stated at cost. Depreciation is determined primarily by straight-line methods over the estimated useful lives of the assets.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

8. Contributions

The Association reports gifts of cash and other assets and grants, as restricted support if they are received with donor or grantor stipulations that limit the use of the assets. When the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2015 the only restricted fund was the North Carolina Scholarship Fund.

9. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Deferred Revenue

Deferred revenue represents receipts collected for the next fiscal year's annual convention.

11. Income Taxes

The Association is a not-for-profit corporation as described in Section 501(c)3 of the Internal Revenue Code and is exempt from income taxes. The association realized certain income which the Internal Revenue Service considers to be unrelated business income subject to income tax for the years ended June 30, 2015 and 2014. AATF will file a 990-T for any unrelated business income. There were no penalties, interest, or uncertain tax benefits identified and recorded as a liability.

Tax returns filed by the Association are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return. Tax returns filed by the Association are no longer subject to examination for the years ended June 30, 2011 and prior.

12. Local Chapter Activities

The Association has chartered over 70 local chapters throughout the United States. The activity of these local chapters has not been reported in the financial statements, including chapter revenues, expenses, and assets.

13. Advertising

The Association routinely charges the costs of advertising to expenses as incurred. No capitalized advertising costs are present on the balance sheet. Advertising costs charged to expense were $39,773 and $49,372 in 2015 and 2014, respectively.

NOTE B - NATIONAL HEADQUARTERS GRANT

Prior to August 20, 2015 the Association has contracted, through an external grant agreement, with Southern Illinois University (SIU) to run the operation and administration of the national headquarters. This is accomplished on SIU's campus using SIU employees, SIU office and storage space and other SIU resources. Through the annually renewable grant the Association provides funds to SIU to cover wages and other expenses related to running the national headquarters. In 2015 the Association elected not to renew its agreement with SIU. The Association purchased a building in Marion, Illinois from which it now operates the national headquarters.

NOTE C - DEPOSITS AND INVESTMENTS

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned.

The Association maintains deposit accounts at several different financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The total bank balances at June 30, 2015 are as follows:

Insured Balance (FDIC)	$ 341,434
Uninsured Balance, no collateral	79,653
Total	$ 421,087

2. Investments

As of June 30, 2015 and 2014, the Association had the following investments and maturities, all of which were held in the Association's name by several custodial banks that are agents of the Association.

June 30, 2015

Investment Type	Carrying value	Less than 6 months	6-12 months	1-5 years
Money Market	$ 1,924	$ 1,924	$ -	$ -
Mutual Funds	1,553,435	1,553,435	-	-
Index Equity Funds	862,186	862,186	-	-
Total	$ 2,417,545	$ 2,417,545	$ -	$ -

June 30, 2014

Investment Type	Carrying value	Less than 6 months	6-12 months	1-5 years
Money Market	$ 40,423	$ 40,423	$ -	$ -
Mutual Funds	1,479,038	1,479,038	-	-
Index Equity Funds	877,971	877,971	-	-
Total	$ 2,397,432	$ 2,397,432	$ -	$ -

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

2. Investments - Continued

Interest Rate Risk - Interest rate risk is the risk that the fair value of an investment will decline as interest increases. The Association's investment policy is described in the paragraph below. Due to the Association's types of investments at June 30, 2015 and 2014, interest rate risk is not significant.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Association will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk - The Association places no limit on the amount that may be invested in any one issuer.

3. Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheets as follows:

	2015	2014
Carrying value		
Board designated:		
Money Market	$ 1,924	$ 40,423
Index Equity Funds	862,186	877,971
Mutual Funds	1,167,743	1,089,925
Government and Agency Securities	-	-
Total board designated	2,031,853	2,008,319
Restricted:		
Mutual Funds	$ 385,692	$ 389,113
Total Restricted:	385,692	389,113
Total Investments	$ 2,417,545	$ 2,397,432

Investment Income

	2015	2014
Interest and dividend income	$ 46,374	$ 49,753

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

4. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2015 and 2014.

Money Market: The carrying amounts reported in the balance sheets for money markets approximate fair value.

Index Equity Funds and Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Association are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Association are deemed to be actively traded.

U.S. Treasury Notes: U.S. Treasury securities are liquid and have quoted market prices. Fair value of U.S. Treasuries is based on live trading funds.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

4. Fair Value Measurement - Continued

Input levels by investment category of the Association's financial instruments at June 30, 2015 are as follows:

Investment Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market	$ 1,924	$ 1,924	$ -	$ -
Index Equity Funds	862,186	-	862,186	-
Mutual Funds				
Consumer Discretionary	107,207	107,207	-	-
Healthcare	223,283	223,283	-	-
Telecommunication	16,144	16,144	-	-
Technology	204,800	204,800	-	-
Basic Materials	19,737	19,737	-	-
Consumer Defense	18,386	18,386	-	-
Energy	46,370	46,370	-	-
Financial	33,228	33,228	-	-
Industrial	124,538	124,538	-	-
Real Estate	51,998	51,998	-	-
Large Cap Value	385,692	385,692	-	-
Small Cap Value	56,776	56,776	-	-
Small Cap Growth	82,246	82,246	-	-
International	183,030	183,030	-	-
U.S. Treasury Notes	-	-	-	-
Total	$ 2,417,545	$ 1,555,359	$ 862,186	$ -

NOTE C - DEPOSITS AND INVESTMENTS - CONTINUED

Input levels by investment category of the Association's financial instruments at June 30, 2014 are as follows:

Investment Category	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money Market	$ 40,423	$ 40,423	$ -	$ -
Index Equity Funds	877,971	-	877,971	-
Mutual Funds				
Consumer Discretionary	92,251	92,251	-	-
Healthcare	167,096	167,096	-	-
Telecommunication	16,332	16,332	-	-
Technology	187,413	187,413	-	-
Basic Materials	19,860	19,860	-	-
Consumer Defense	16,797	16,797	-	-
Energy	60,248	60,248	-	-
Financial	30,455	30,455	-	-
Industrial	121,994	121,994	-	-
Real Estate	50,636	50,636	-	-
Large Cap Value	389,113	389,113	-	-
Small Cap Value	79,069	79,069	-	-
Small Cap Growth	53,343	53,343	-	-
International	194,431	194,431	-	-
U.S. Treasury Notes	-	-	-	-
Total	$ 2,397,432	$ 1,519,461	$ 877,971	$ -

The Association's other financial instruments are as follows:

Cash and cash equivalents
Accounts receivable
Accounts payable and accrued expenses

The carrying amount reported in the balance sheet for the financial instruments approximates fair value.

NOTE D - PROPERTY AND EQUIPMENT

Capital asset additions, retirements and balances for the years ended June 30, 2015 and 2014 were as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
Property, plant and equipment being depreciated:				
Building	-	142,668	-	142,668
Departmental equipment	6,179	6,466	-	12,645
	6,179	149,134	-	155,313
Less accumulated depreciation:				
Building	-	(3,658)	-	(3,658)
Departmental equipment	(3,503)	(2,178)	-	(5,681)
	(3,503)	(5,836)	-	(9,339)
	2,676	143,298	-	145,974
Property, plant and equipment not being depreciated:				
Land	-	23,000	-	23,000
	-	23,000	-	23,000
Total capital assets, net	$ 2,676	$ 166,298	$ -	$ 168,974

A summary of fixed assets at June 30, 2014 is as follows:

	Balance June 30, 2013	Additions	Deductions and Transfers	Balance June 30, 2014
Equipment	$ 4,949	$ 2,270	$ (1,040)	$ 6,179
Accumulated Depreciation	(3,035)	(1,092)	624	(3,503)
	$ 1,914	$ 1,178	$ (416)	$ 2,676

NOTE E - RESTRICTED AND DESIGNATED FUNDS

		North Carolina Fund		
	Designated Fund Unrestricted	Temporarily Restricted	Permanently Restricted	Total Restricted
NET ASSETS AT BEGINNING OF YEAR	$ 2,008,319	$ 133,113	$ 262,000	$ 395,113
Dividend Income	34,602	11,772	-	11,772
Interest Income	-	-	-	-
Net unrealized and realized gain (loss)	96,432	(5,496)	-	(5,496)
Net assets released from restrictions:				
Scholarships	-	(15,500)	-	(15,500)
Other Expenses	-	(197)	-	(197)
Transfers to National Headquarters	(107,500)	-	-	-
NET ASSETS AT END OF YEAR	$ 2,031,853	$ 123,692	$ 262,000	$ 385,692

The Board Designated Fund, created by the Executive Council, is generally used for scholarships and to provide financial assistance to the general fund. However, the Executive Council retains control of these assets and may, at its discretion, use these assets for other purposes.

The North Carolina Scholarship Fund is a Restricted Fund that consists of a donor restricted endowment in which the income may be available for one or more scholarships to be given each year in accordance with donor restrictions.

The Association has interpreted state law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classified as restricted net assets (a) the original value of initial gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by state law. In accordance with state law, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds.

1. The duration and preservation of the Fund
2. The purpose of the Association and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Association
7. The investment policies of the Association

NOTE F - PROGRAM EXPENSES

Program and support expenses for the year ended June 30, 2015 and 2014 are as follows:

	2015	2014
National French Contest	$ 225,914	$ 191,524
French Review	1,815	1,975
French Honor Society	70,363	147,108
Conferences	104,674	97,309
Promotional	171,458	175,987
Chapter reimbursements	64,322	38,296
Awards, gifts, scholarships	25,623	16,372
Management and general	519,798	523,441
	$ 1,183,967	$ 1,192,012

NOTE G - RECLASSIFICATIONS

Certain reclassifications have been made to the 2015 and 2014 financial statements to conform to a consistent presentation. The reclassifications had no effect on the changes in net assets.

NOTE H - SUBSEQUENT EVENTS

Management evaluated all events and transactions that occurred after June 30, 2015 through January 8, 2016, the date we issued these financial statements. No subsequent events of material nature were necessary to be reported in these financial statements.

SUPPLEMENTARY INFORMATION

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2015

	General Fund								
	National Headquarters	The French Review	National French Contest	French Honor Society	Total	Designated Fund	Restricted Fund	Eliminations	Total of All Funds
CURRENT ASSETS									
Cash and cash equivalents	$ 393,530	$ 8,501	$ 48,878	$ 88,422	$ 539,331	$ -	$ -	$ -	$ 539,331
Accounts receivable	76	-	10,663	-	10,739	-	-	-	10,739
Prepaid expense	9,628	4,095	-	-	13,723	-	-	-	13,723
Inventory	-	-	10,983	-	10,983	-	-	-	10,983
Other Assets	-	535	-	-	535	-	-	-	535
Due from others	-	-	-	75,043	75,043	-	-	(75,043)	-
Total current assets	403,234	13,131	70,524	163,465	650,354	-	-	(75,043)	575,311
ASSETS WHOSE USE IS LIMITED									
Board designated funds									
Money market	-	-	-	-	-	1,924	-	-	1,924
Common and preferred stock	-	-	-	-	-	1,167,743	-	-	1,167,743
Index funds	-	-	-	-	-	862,186	-	-	862,186
Government and agency securities	-	-	-	-	-	-	-	-	-
Restricted funds									
Common and preferred stock	-	-	-	-	-	-	385,692	-	385,692
Receivable	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	2,031,853	385,692	-	2,417,545
CAPITAL ASSETS									
Land	23,000	-	-	-	23,000	-	-	-	23,000
Depreciable capital assets, net of accumulated depreciation	145,234	-	-	740	145,974	-	-	-	145,974
	168,234	-	-	740	168,974	-	-	-	168,974
TOTAL ASSETS	$ 571,468	$ 13,131	$ 70,524	$ 164,205	$ 819,328	$ 2,031,853	$ 385,692	$ (75,043)	$ 3,161,830
LIABILITIES									
Accounts payable	$ 49,946	$ -	$ 2,311	$ 2,455	$ 54,712	$ -	$ -	$ -	$ 54,712
Accrued payroll and benefits	38,188	-	-	-	38,188	-	-	-	38,188
Due to others	75,043	-	-	-	75,043	-	-	(75,043)	-
Property taxes	2,229	-	-	-	2,229	-	-	-	2,229
Deferred revenue	122,447	-	-	-	122,447	-	-	-	122,447
Total liabilities	287,853	-	2,311	2,455	292,619	-	-	(75,043)	217,576
NET ASSETS:									
Restricted	-	-	-	-	-	-	385,692	-	385,692
Unrestricted	283,615	13,131	68,213	161,750	526,709	2,031,853	-	-	2,558,562
Total net assets	283,615	13,131	68,213	161,750	526,709	2,031,853	385,692	-	2,944,254
TOTAL LIABILITIES AND NET ASSETS	$ 571,468	$ 13,131	$ 70,524	$ 164,205	$ 819,328	$ 2,031,853	$ 385,692	$ (75,043)	$ 3,161,830

See Independent Auditors' Report on Supplementary Information

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2014

	General Fund								
	National Headquarters	The French Review	National French Contest	French Honor Society	Total	Designated Fund	Restricted Fund	Eliminations	Total of All Funds
CURRENT ASSETS									
Cash and cash equivalents	$ 268,613	$ 11,101	$ 56,055	$ 126,869	$ 462,638	$ -	$ -	$ -	$ 462,638
Accounts receivable	76	2,860	9,070	-	12,006	-	-	-	12,006
Prepaid expense	6,559	-	-	-	6,559	-	-	-	6,559
Inventory	-	-	12,322	-	12,322	-	-	-	12,322
Due from others	-	-	-	15,465	15,465	-	-	(15,465)	-
Total current assets	275,248	13,961	77,447	142,334	508,990	-	-	(15,465)	493,525
ASSETS WHOSE USE IS LIMITED									
Board designated funds									
Money market	-	-	-	-	-	40,423	-	-	40,423
Common and preferred stock	-	-	-	-	-	1,089,925	-	-	1,089,925
Index funds	-	-	-	-	-	877,971	-	-	877,971
Government and agency securities	-	-	-	-	-	-	-	-	-
Restricted funds									
Common and preferred stock	-	-	-	-	-	-	389,113	-	389,113
Receivable	-	-	-	-	-	-	6,000	-	6,000
	-	-	-	-	-	2,008,319	395,113	-	2,403,432
Equipment	4,718	-	224	1,237	6,179	-	-	-	6,179
Less accumulated depreciation	(3,032)	-	(224)	(247)	(3,503)	-	-	-	(3,503)
	1,686	-	-	990	2,676	-	-	-	2,676
TOTAL ASSETS	$ 276,934	$ 13,961	$ 77,447	$ 143,324	$ 511,666	$ 2,008,319	$ 395,113	$ (15,465)	$ 2,899,633
LIABILITIES									
Accounts payable	$ 49,052	$ -	$ 1,833	$ 2,513	$ 53,398	$ -	$ -	$ -	$ 53,398
Accrued payroll and benefits	29,199	-	-	-	29,199	-	-	-	29,199
Due to others	15,465	-	-	-	15,465	-	-	(15,465)	-
Deferred revenue	93,225	-	-	-	93,225	-	-	-	93,225
Total liabilities	186,941	-	1,833	2,513	191,287	-	-	(15,465)	175,822
NET ASSETS:									
Restricted	-	-	-	-	-	-	395,113	-	395,113
Unrestricted	89,993	13,961	75,614	140,811	320,379	2,008,319	-	-	2,328,698
Total net assets	89,993	13,961	75,614	140,811	320,379	2,008,319	395,113	-	2,723,811
TOTAL LIABILITIES AND NET ASSETS	$ 276,934	$ 13,961	$ 77,447	$ 143,324	$ 511,666	$ 2,008,319	$ 395,113	$ (15,465)	$ 2,899,633

See Independent Auditors' Report on Supplementary Information

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

COMBINING STATEMENT OF ACTIVITIES

June 30, 2015

	General Fund							
	National Headquarters	The French Review	National French Contest	French Honor Society	Total	Designated Fund	Restricted Fund	Total of All Funds
Operating revenue								
Memberships and subscriptions	$ 378,537	$ -	$ -	$ -	$ 378,537	$ -	$ -	$ 378,537
Sales of certificates, pins & t-shirts	-	-	-	171,302	171,302	-	-	171,302
Sales of tests, tapes & cd's	-	-	215,983	-	215,983	-	-	215,983
Advertising	-	10,985	-	-	10,985	-	-	10,985
Conference	94,888	-	-	-	94,888	-	-	94,888
Mailing list rental	2,428	-	-	-	2,428	-	-	2,428
Royalties	50,815	-	486	-	51,301	-	-	51,301
Other	286,932	-	54,744	-	341,676	-	-	341,676
Total operating revenue	813,600	10,985	271,213	171,302	1,267,100	-	-	1,267,100
Operating expenses								
Printing of French Review, National Bulletin and Le Grand Concours	132,200	-	5,950	-	138,150	-	-	138,150
Salaries	215,964	-	3,685	-	219,649	-	-	219,649
Cost of t-shirts, pins, certificates, etc.	-	-	-	69,505	69,505	-	-	69,505
Cost of tests, tapes & cd's for resale	-	-	106,346	-	106,346	-	-	106,346
Advertising	39,258	-	515	-	39,773	-	-	39,773
Office supplies and postage	99,847	27	403	-	100,277	-	-	100,277
Honoraria	66,259	-	-	-	66,259	-	-	66,259
Awards and gifts	2,123	-	99,455	-	101,578	-	-	101,578
Travel and lodging - Executive Council	14,027	-	-	-	14,027	-	-	14,027
Conference	104,674	-	1,723	-	106,397	-	-	106,397
Scholarships	8,000	-	-	-	8,000	-	15,500	23,500
Commissions	6,795	-	-	-	6,795	-	-	6,795
Professional services	20,839	500	-	-	21,339	-	-	21,339
Depreciation	5,589	-	-	247	5,836	-	-	5,836
Occupancy	-	-	6,873	-	6,873	-	-	6,873

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AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

COMBINING STATEMENT OF ACTIVITIES - CONTINUED

June 30, 2015

	General Fund							
	National Headquarters	The French Review	National French Contest	French Honor Society	Total	Designated Fund	Restricted Fund	Total of All Funds
Other	150,503	1,288	964	611	153,366	-	197	153,563
Taxes	4,100	-	-	-	4,100	-	-	4,100
Total operating expenses	870,178	1,815	225,914	70,363	1,168,270	-	15,697	1,183,967
Income (loss) from operations	(56,578)	9,170	45,299	100,939	98,830	-	(15,697)	83,133
Nonoperating revenue								
Scholarship income	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Dividend income	-	-	-	-	-	34,602	11,772	46,374
Net unrealized and realized gain (loss) on investments	-	-	-	-	-	96,432	(5,496)	90,936
Total nonoperating revenue	-	-	-	-	-	131,034	6,276	137,310
INCREASE (DECREASE) IN NET ASSETS	(56,578)	9,170	45,299	100,939	98,830	131,034	(9,421)	220,443
NET ASSETS, BEGINNING OF YEAR	89,993	13,961	75,614	140,811	320,379	2,008,319	395,113	2,723,811
TRANSFERS BETWEEN FUNDS	250,200	(10,000)	(52,700)	(80,000)	107,500	(107,500)	-	-
NET ASSETS, END OF YEAR	$ 283,615	$ 13,131	$ 68,213	$ 161,750	$ 526,709	$ 2,031,853	$ 385,692	$ 2,944,254

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AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

COMBINING STATEMENT OF ACTIVITIES

June 30, 2014

	General Fund							
	National Headquarters	The French Review	National French Contest	French Honor Society	Total	Designated Fund	Restricted Fund	Total of All Funds
Operating revenue								
Memberships and subscriptions	$ 426,919	$ -	$ -	$ -	$ 426,919	$ -	$ -	$ 426,919
Sales of certificates, pins & t-shirts	-	-	-	250,748	250,748	-	-	250,748
Sales of tests, tapes & cd's	-	-	219,467	-	219,467	-	-	219,467
Advertising	-	10,280	-	-	10,280	-	-	10,280
Conference	117,346	-	-	-	117,346	-	-	117,346
Mailing list rental	4,136	-	-	-	4,136	-	-	4,136
Royalties	3,639	-	638	-	4,277	-	-	4,277
Other	135,340	-	25,907	-	161,247	-	-	161,247
Total operating revenue	687,380	10,280	246,012	250,748	1,194,420	-	-	1,194,420
Operating expenses								
Printing of French Review, National Bulletin and Le Grand Concours	126,880	-	6,030	-	132,910	-	-	132,910
Salaries	242,814	-	3,555	-	246,369	-	-	246,369
Cost of t-shirts, pins, certificates, etc.	-	-	-	121,700	121,700	-	-	121,700
Cost of tests, tapes & cd's for resale	-	-	109,878	-	109,878	-	-	109,878
Advertising	49,107	-	265	-	49,372	-	-	49,372
Office supplies and postage	86,800	271	580	-	87,651	-	-	87,651
Honoraria	62,413	-	-	10,198	72,611	-	-	72,611
Awards and gifts	4,622	-	61,937	-	66,559	-	-	66,559
Travel and lodging - Executive Council	15,803	-	-	-	15,803	-	-	15,803
Conference	97,309	-	1,096	-	98,405	-	-	98,405
Scholarships	-	-	-	10,365	10,365	-	11,750	22,115
Commissions	1,540	-	-	-	1,540	-	-	1,540
Professional services	14,000	500	-	-	14,500	-	-	14,500
Depreciation	845	-	-	247	1,092	-	-	1,092
Occupancy	-	-	7,088	-	7,088	-	-	7,088

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AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

COMBINING STATEMENT OF ACTIVITIES - CONTINUED

June 30, 2014

	General Fund							
	National Headquarters	The French Review	National French Contest	French Honor Society	Total	Designated Fund	Restricted Fund	Total of All Funds
Other	134,515	1,204	1,095	4,598	141,412	-	-	141,412
Taxes	3,007	-	-	-	3,007	-	-	3,007
Total operating expenses	839,655	1,975	191,524	147,108	1,180,262	-	11,750	1,192,012
Income (loss) from operations	(152,275)	8,305	54,488	103,640	14,158	-	(11,750)	2,408
Nonoperating revenue								
Scholarship income	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	1,097	-	1,097
Dividend income	-	-	-	-	-	36,565	12,091	48,656
Net unrealized and realized gain (loss) on investments	-	-	-	-	-	341,476	30,488	371,964
Total nonoperating revenue	-	-	-	-	-	379,138	42,579	421,717
INCREASE (DECREASE) IN NET ASSETS	(152,275)	8,305	54,488	103,640	14,158	379,138	30,829	424,125
NET ASSETS, BEGINNING OF YEAR	54,568	18,156	72,826	142,171	287,721	1,647,681	364,284	2,299,686
TRANSFERS BETWEEN FUNDS	187,700	(12,500)	(51,700)	(105,000)	18,500	(18,500)	-	-
NET ASSETS, END OF YEAR	$ 89,993	$ 13,961	$ 75,614	$ 140,811	$ 320,379	$ 2,008,319	$ 395,113	$ 2,723,811

See Independent Auditors' Report on Supplementary Information

AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

GENERAL FUND - NATIONAL HEADQUARTERS

OTHER REVENUE AND EXPENSES

Year Ended June 30, 2015 and 2014

	2015	2014
Other Revenue		
Materials center	$ 16,728	$ 13,454
Miscellaneous revenue	652	451
Contributions	130,637	7,371
Assistantships	85,680	71,360
Internet Fee	11,438	10,178
Other revenue	540	418
FDLM subscription & other payment	41,257	32,108
Grants	-	-
	$ 286,932	$ 135,340
Other Expenses		
Miscellaneous expense	$ 21,078	$ 2,688
Chapter reimbursements	64,322	38,296
FDLM subscripton	16,402	19,808
T-shirt and pin expense	1,456	7,154
Postage meter rental	112	424
Insurance	7,986	7,690
Bank charges	15,442	16,277
Dues	23,705	41,762
Loss on disposal	-	416
	$ 150,503	$ 134,515

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AMERICAN ASSOCIATION OF TEACHERS OF FRENCH, INC.

RESTRICTED AND DESIGNATED FUND

SCHEDULE OF INVESTMENTS

Years ended June 30, 2015

Description	Number of Shares	Cost	Fair Value
Common and Preferred Stock			
Consumer Discretionary	1,402	$ 28,777	$ 107,207
Healthcare Select SPDR	1,434	39,212	106,705
Ishares DJ US Telecomunication	551	9,047	16,144
Ishares Nasdaq Biotech	316	22,082	116,578
Ishares Dow Jones US Tech Sector	1,957	69,137	204,800
Materials Select Sector	408	8,959	19,737
Sector SPDR Consumer STPL	386	8,985	18,386
Sector SPDR Energy	617	27,692	46,370
Sector SPDR Financial	1,363	11,376	33,228
Sector SPDR Industrial	2,302	47,476	124,538
Vanguard Small Cap Value	763	54,629	82,246
Vanguard Small Cap Growth	423	31,388	56,776
Vanguard Reit	696	45,995	51,998
Vanguard European	2,005	140,030	108,239
Vanguard Pacific	665	44,135	40,592
Vanguard Emerging Markets	836	40,704	34,199
Vanguard Wellesley Income Fund Admiral Shares		326,477	385,692
		956,101	1,553,435
Index Funds			
500 Index Fund Adm		253,090	486,699
Balanced Index Fund Inv		117,992	375,487
		371,082	862,186
		$ 1,327,183	$ 2,415,621

See Independent Auditors' Report on Supplementary Information