

American Classical League

FINANCIAL STATEMENTS
For the Years Ended
April 30, 2014 and 2013

AMERICAN CLASSICAL LEAGUE

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INDEPENDENT AUDITORS' REPORT

To the Council of
American Classical League
Oxford, Ohio

We have audited the accompanying consolidated financial statements of American Classical League (a non-profit organization), which comprise the consolidated statements of financial position as of April 30, 2014 and 2013 and the related consolidated statements of activities, functional expenses 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Basis for Qualified Opinion

A physical inventory was not conducted at April 30, 2014, 2013 or 2012 and as such, we were unable to perform any inventory observation procedures. The Organization's inventory and supplies balance at April 30, 2014 (stated at \$121,974) and at April 30, 2013 (stated at \$111,548) was based on its perpetual inventory records on those dates. Because no physical counts were conducted, we were unable to determine whether any additional adjustments were necessary.

Qualified Opinion

In our opinion, except for the possible effects on the consolidated statements of financial position, activities, and cash flows of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of American Classical League as of April 30, 2014 and 2013, 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.

KIRSCH CPA GROUP, LLC
Oxford, Ohio
August 28, 2014

American Classical League
Consolidated Statements of Financial Position
As of April 30, 2014 and 2013

ASSETS		
	2014	2013
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,457,069	1,587,014
Accounts Receivable	1,021	1,225
Prepaid Expenses	150,116	39,449
Inventory and Supplies	121,974	111,548
Short-Term Investments	<u>49,101</u>	<u>13,979</u>
TOTAL CURRENT ASSETS	1,779,281	1,753,215
PROPERTY AND EQUIPMENT		
Property and Equipment	58,695	57,502
Less: Accumulated Depreciation	<u>(50,517)</u>	<u>(52,150)</u>
TOTAL PROPERTY AND EQUIPMENT	8,178	5,352
OTHER ASSETS		
Investments	1,452,772	1,350,554
Beneficial Interest in Perpetual Trust	<u>627,444</u>	<u>581,863</u>
TOTAL OTHER ASSETS	<u>2,080,216</u>	<u>1,932,417</u>
TOTAL ASSETS	<u>\$ 3,867,675</u>	<u>\$ 3,690,984</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Expenses	\$ 31,618	\$ 19,533
Deferred Revenue	<u>826,015</u>	<u>796,345</u>
TOTAL CURRENT LIABILITIES	<u>857,633</u>	<u>815,878</u>
TOTAL LIABILITIES	857,633	815,878
NET ASSETS		
Unrestricted Net Assets	2,121,832	2,056,362
Temporarily Restricted Net Assets	260,766	236,881
Permanently Restricted Net Assets	<u>627,444</u>	<u>581,863</u>
TOTAL NET ASSETS	<u>3,010,042</u>	<u>2,875,106</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,867,675</u>	<u>\$ 3,690,984</u>

The accompanying notes are an integral part of these financial statements.

**American Classical League
Consolidated Statement of Activities
For the Year Ended April 30, 2014**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 6,061	\$ 37,040	\$ 0	\$ 43,101
Institute/Convention Revenue	759,394	0	0	759,394
Membership Dues	239,092	0	0	239,092
Sale of Teaching Materials	55,575	0	0	55,575
Examination Income (National Latin Exam)	663,754	0	0	663,754
Other Program Services	146,646	0	0	146,646
Interest and Dividend Income	51,079	26,906	0	77,985
Realized and Unrealized Gain (Loss) on Investments	76,601	0	0	76,601
Change in Beneficial Interest in Perpetual Trust	0	0	45,581	45,581
Other Income	10,614	0	0	10,614
Net Assets Released From Restrictions	40,061	(40,061)	0	0
TOTAL SUPPORT AND REVENUE	2,048,877	23,885	45,581	2,118,343
EXPENSES				
Program Services:				
Institute/Convention	751,361	0	0	751,361
Membership/Publications	114,084	0	0	114,084
Teaching Materials Resource Center	96,349	0	0	96,349
Scholarships	99,073	0	0	99,073
National Latin Exam	583,298	0	0	583,298
National Committee on Latin and Greek	17,085	0	0	17,085
Other Program Services	62,857	0	0	62,857
Management and General	259,300	0	0	259,300
TOTAL EXPENSES	1,983,407	0	0	1,983,407
CHANGE IN NET ASSETS	65,470	23,885	45,581	134,936
NET ASSETS AT BEGINNING OF YEAR	2,056,362	236,881	581,863	2,875,106
NET ASSETS AT END OF YEAR	\$ 2,121,832	\$ 260,766	\$ 627,444	\$ 3,010,042

The accompanying notes are an integral part of these financial statements

**American Classical League
Consolidated Statement of Activities
For the Year Ended April 30, 2013**

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Contributions	\$ 55,372	\$ 35,432	\$ 0	\$ 90,804
Institute/Convention Revenue	929,753	0	0	929,753
Membership Dues	242,107	0	0	242,107
Sale of Teaching Materials	58,034	0	0	58,034
Examination Income (National Latin Exam)	665,516	0	0	665,516
Other Program Services	137,388	0	0	137,388
Interest and Dividend Income	23,593	22,022	0	45,615
Realized and Unrealized Gain (Loss) on Investments	87,169	0	0	87,169
Change in Beneficial Interest in Perpetual Trust	0	0	31,281	31,281
Other Income	7,984	0	0	7,984
Net Assets Released From Restrictions	50,471	(50,471)	0	0
TOTAL SUPPORT AND REVENUE	2,257,387	6,983	31,281	2,295,651
EXPENSES				
Program Services:				
Institute/Convention	861,462	0	0	861,462
Membership/Publications	116,120	0	0	116,120
Teaching Materials Resource Center	107,164	0	0	107,164
Scholarships	106,264	0	0	106,264
National Latin Exam	567,920	0	0	567,920
National Committee on Latin and Greek	11,188	0	0	11,188
Other Program Services	62,550	0	0	62,550
Management and General	227,313	0	0	227,313
TOTAL EXPENSES	2,059,981	0	0	2,059,981
CHANGE IN NET ASSETS	197,406	6,983	31,281	235,670
NET ASSETS AT BEGINNING OF YEAR	1,858,956	229,898	550,582	2,639,436
NET ASSETS AT END OF YEAR	\$ 2,056,362	\$ 236,881	\$ 581,863	\$ 2,875,106

The accompanying notes are an integral part of these financial statements

American Classical League
Consolidated Statement of Functional Expenses
For the Year Ended April 30, 2014

Program Services

	Institute/ Convention	Membership/ Publications	Teaching Materials Resource Center	Scholarships	National Latin Exam	National Committee for Latin and Greek	Other Program Services	Management & General	Total
Membership	\$ -	\$ 4,163	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,163
Professional Fees	-	-	-	-	9,800	-	-	42,932	52,732
Classical Outlook	-	31,847	-	-	-	-	-	-	31,847
Committee, Meetings and Travel	28,620	285	-	-	77,181	16,805	577	8,241	131,709
Bank and Credit Card Fees	-	-	-	-	-	-	-	30,406	30,406
Excellence Through Classics									
Study Materials	-	-	-	-	-	-	4,505	-	4,505
General Office	3,200	2,167	1,184	-	-	239	762	27,208	34,760
Conferences	635,714	-	-	-	-	-	-	-	635,714
Insurance	-	-	-	-	-	-	-	9,344	9,344
Greek Exam	-	-	-	-	-	-	3,596	-	3,596
Printing and Publications	-	11,932	-	-	53,219	-	-	-	65,151
Equipment Maintenance									
and Rental	-	-	-	-	-	-	-	12,631	12,631
Postage and Shipping	-	6,605	19,816	-	71,375	-	-	-	97,796
Cost of Teaching Materials Sold	-	-	44,578	-	985	-	-	-	45,563
Rent	4,804	3,253	1,777	-	1	-	1,143	4,748	15,726
Awards	-	-	-	-	158,669	41	-	-	158,710
Scholarships	-	-	-	99,073	-	-	-	-	99,073
Testing Services	-	-	-	-	153,190	-	-	-	153,190
Online Testing	-	-	-	-	-	-	19,854	-	19,854
Miscellaneous	652	772	-	-	-	-	5,789	4,636	11,849
Depreciation	-	-	-	-	-	-	-	2,446	2,446
Honor Society Awards and									
Accessories	-	-	-	-	-	-	7,978	-	7,978
Salaries	51,199	34,664	18,941	-	53,116	-	12,186	86,012	256,118
Payroll Taxes	4,821	3,264	1,784	-	5,762	-	1,147	8,606	25,384
Benefits	22,351	15,132	8,269	-	-	-	5,320	22,090	73,162
	<u>\$ 751,361</u>	<u>\$ 114,084</u>	<u>\$ 96,349</u>	<u>\$ 99,073</u>	<u>\$ 583,298</u>	<u>\$ 17,085</u>	<u>\$ 62,857</u>	<u>\$ 259,300</u>	<u>\$ 1,983,407</u>

The accompanying notes are an integral part of these financial statements

American Classical League
Consolidated Statement of Functional Expenses
For the Year Ended April 30, 2013

Program Services

	Institute/ Convention	Membership/ Publications	Teaching Materials Resource Center	Scholarships	National Latin Exam	National Committee for Latin and Greek	Other Program Services	Management & General	Total
Membership	\$ -	\$ 5,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,425
Professional Fees	-	-	-	-	8,700	-	-	25,861	34,561
Classical Outlook	-	21,633	-	-	-	-	-	-	21,633
Committee, Meetings and Travel	27,171	276	-	-	69,352	9,820	809	5,517	112,945
Bank and Credit Card Fees	-	-	-	-	-	-	-	29,493	29,493
Excellence Through Classics									
Study Materials	-	-	-	-	-	-	18,034	-	18,034
General Office	3,963	2,633	1,554	-	-	144	330	17,414	26,038
Conferences	727,079	-	-	-	-	-	-	-	727,079
Insurance	-	-	-	-	-	-	-	6,744	6,744
Greek Exam	-	-	-	-	-	-	4,778	-	4,778
Printing and Publications	-	12,628	-	-	52,522	-	-	-	65,150
Equipment Maintenance									
and Rental	-	-	-	-	-	-	-	18,569	18,569
Postage and Shipping	-	5,086	15,258	-	66,152	-	-	-	86,496
Cost of Teaching Materials Sold	-	-	50,177	-	111	-	-	-	50,288
Rent	5,241	3,482	2,056	-	1	-	436	4,072	15,288
Awards	-	-	-	-	168,011	1,224	-	-	169,235
Scholarships	-	-	-	106,264	-	-	-	-	106,264
Testing Services	-	-	-	-	146,545	-	-	-	146,545
Online Testing	-	-	-	-	-	-	17,194	-	17,194
Miscellaneous	815	380	-	-	-	-	2,405	3,324	6,924
Depreciation	-	-	-	-	-	-	-	3,122	3,122
Honor Society Awards and									
Accessories	-	-	-	-	-	-	10,474	-	10,474
Salaries	61,994	41,190	24,314	-	50,990	-	5,160	82,158	265,806
Payroll Taxes	6,226	4,137	2,442	-	5,536	-	518	8,528	27,387
Benefits	28,973	19,250	11,363	-	-	-	2,412	22,511	84,509
	<u>\$ 861,462</u>	<u>\$ 116,120</u>	<u>\$ 107,164</u>	<u>\$ 106,264</u>	<u>\$ 567,920</u>	<u>\$ 11,188</u>	<u>\$ 62,550</u>	<u>\$ 227,313</u>	<u>\$ 2,059,981</u>

The accompanying notes are an integral part of these financial statements

**American Classical League
Consolidated Statements of Cash Flows
For the Years Ended April 30, 2014 and 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 134,936	\$ 235,670
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	2,446	3,122
Loss on Disposal of Fixed Assets	771	0
Realized and Unrealized Gain on Investments	(76,601)	(87,169)
Change in Beneficial Interest in Perpetual Trust	(45,581)	(31,281)
Change in Accounts Receivable	204	341
Change in Prepaid Expenses	(110,667)	(14,649)
Change in Inventory and Supplies	(10,426)	(12,554)
Change in Accrued Expenses	12,085	7,355
Change in Deferred Revenue	29,670	235,237
	(63,163)	336,072
Net Cash Provided By (Used In) Operating Activities	(63,163)	336,072
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,043)	0
Proceeds from Sale (Purchase) of Investments, net	(60,739)	1,920
	(66,782)	1,920
Net Cash Provided By (Used In) Investing Activities	(66,782)	1,920
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(129,945)	337,992
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,587,014	1,249,022
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,457,069	\$ 1,587,014

The accompanying notes are an integral part of these financial statements

American Classical League
Notes to Consolidated Financial Statements
April 30, 2014 and 2013

NOTE A – GENERAL INFORMATION

The American Classical League (ACL) is a nonprofit organization that promotes the study of classical languages.

These consolidated financial statements include the accounts of the Organization's two subsidiary organizations, National Junior Classical League (NJCL) and National Senior Classical League (NSCL) and all of ACL's committees including National Latin Exam (NLE) and National Committee for Latin and Greek (NCLG). All significant intercompany transactions have been eliminated. NLE's year-end is June 30, so these consolidated financial statements include the operating results for NLE from July 1 through June 30. All other subsidiaries and committees have April 30th year-ends.

The Organization promotes the study of classical languages by providing teaching materials, conventions and other resources to teachers and students across the nation. The Organization publishes newsletters and a classics journal to provide information related to classical activities.

In addition, the Organization plans an annual convention, provides scholarships to teachers for summer travel and attendance at an annual Institute and Workshop, and sponsors National Latin, National Greek and National Mythology Exams.

NJCL, which provides membership to junior and senior high school students, consists of local and state/provincial chapters across the United States, Canada and Australia and hosts an annual conference. NSCL is the college-level affiliate of the NJCL and assists at the NJCL annual convention and offers scholarships to NSCL members.

The NLE committee coordinates all efforts related to the preparation and grading of the National Latin Exam as well as provides opportunities for students to apply for scholarships. The NCLG coordinates efforts on behalf of all cooperating classical organizations by developing an agenda of promotional items and activities. The committee meets twice each year to identify nationwide needs and priorities within the Classics and produces informational packages promoting the value of studying the Classics.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

American Classical League
Notes to Consolidated Financial Statements
April 30, 2014 and 2013

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation and Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities. Where identifiable, costs are charged directly to the program for which they are incurred. Costs that benefit more than one program are allocated among those programs based on estimates made by management based upon estimated program usage or consumption. The Organization's primary programs and activities are as follows:

Institute/Convention – The Organization holds two annual conferences at locations across the United States: one for ACL members (Institute) and another for NJCL members (Convention). The conferences provide an avenue for teachers and students to network, share ideas and attend workshops.

Membership/Publication – Members of the American Classical League receive a quarterly publication (*The Classical Outlook*) as well as a monthly on-line newsletter. Members of NJCL receive other publications throughout the year. The Membership Committee is responsible for devising, recommending and implementing procedures for recruiting and retaining members.

Teaching Materials Resource Center (TMRC) – The Organization maintains a teaching materials resource center, which publishes and provides a variety of teaching aids. The materials are available for sale to members at a discount, although non-members may also purchase materials.

Scholarships – The Organization provides scholarships to teachers of the classics as well as undergraduate and graduate classics majors planning to teach at the elementary through college level.

National Latin Exam – The Organization administers the National Latin Exam offered to Latin students around the world. More than 140,000 students took the exam during 2014 and 2013.

American Classical League
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National Committee on Latin and Greek – The committee works to focus public awareness of the study of Latin, Greek and the Classics through the publication of brochures, informational packets, and statements about the value of classical studies.

Other Program Services – Other program services include the Excellence Through Classics Program, which promotes the classics by providing teaching packets and study materials for students wishing to compete in annual exams in topics such as mythology, exploratory Latin and Greek. It also includes the Honor Society program, which recognizes members achieving outstanding academic success in their classics studies.

Contribution Revenue and Pledges Receivable

The Organization recognizes contribution revenue when an unconditional pledge is made or when cash is received if a pledge was not made.

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual unconditional promises. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable unconditional promise to give. At April 30, 2014 and 2013, there were no pledges receivable.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, short-term investments, accounts receivable, prepaid expenses, accrued expenses and deferred revenue approximates fair value due to the short-term nature of these instruments. The carrying value of investments and beneficial interest in perpetual trust also approximates their fair value.

Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) provides a framework for measuring fair value under accounting principles generally accepted in the United States of America. FASB ASC defines fair value as 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. FASB ASC also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

American Classical League
Notes to Consolidated Financial Statements
April 30, 2014 and 2013

A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the instrument's fair value measurement. The three levels of the fair value hierarchy under FASB ASC are:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access at the measurement date.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The valuation methodologies used for assets and liabilities measured at fair value have not changed from prior periods. The Organization has short-term and long-term investments valued at Level 1 and Level 2. Level 1 includes mutual funds and equity securities. Level 2 includes fixed income securities and certificates of deposit. Prices for the Level 2 investments are determined by a service provider based on standard inputs including benchmark yields, reported trades, broker/dealer quotes, vendor trading platform data and monthly payment information as inputs into a pricing model to determine the market price.

The beneficial interest in perpetual trust is valued at Level 3 because there are no significant observable inputs. The trust valuation is based on assumptions about the present value of distributions to be received from the trust, which was determined using the fair value of the underlying trust assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all short-term investments with original maturities of three months or less to be cash equivalents.

Investments

Investments (including the beneficial interest in perpetual trust) are reported at their estimated fair values in the statement of financial position.

American Classical League
Notes to Consolidated Financial Statements
April 30, 2014 and 2013

Investments are comprised of equity securities, mutual funds, fixed income securities and certificates of deposit with original maturities greater than three months. Unrealized gains and losses are included in the change in net assets.

Investment return is reflected in the statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor-imposed restrictions.

Inventory and Supplies

Inventories are stated at the lower of cost or market value, with cost determined using the first-in, first out (FIFO) method. Shipping and handling costs on purchases are included in the cost of inventory. Inventory and supplies consist of teaching materials held for sale, honor society cords, pins and seals, and certificates, medals and books given to NLE award winners.

Accounts Receivable

Accounts receivable represents amounts billed related to the sale of teaching materials. The Organization does not charge interest on past due balances.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the appropriate accounts receivable. There is no allowance for uncollectible accounts at April 30, 2014 and 2013.

Revenue Recognition

Revenue from Institute and Convention is recorded in the period in which the event is held.

Renewal notices for membership dues are mailed annually. Receipts of dues attributable to the current fiscal year are recognized as revenue. Receipts of dues attributable to future periods are deferred and recognized over the period to which the dues apply.

Revenue from the sale of teaching materials is recorded in the period in which the goods are shipped.

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April 30, 2014 and 2013

Other program service revenue consists primarily of Honor Society fees of \$42,630 (2013 - \$41,281), NJCL On-line Testing revenue of \$31,132 (2013 - \$23,614), and Excellence Through Classics revenue of \$60,095 (2013 - \$59,883) and is recognized when the certificates and materials are shipped.

Revenue received from administering the National Latin exam is recorded in the period in which the exam is given and graded.

Furniture and Equipment

It is the policy of the Organization to capitalize property and equipment over \$500. Lesser amounts are expensed. Furniture and equipment are stated at cost, net of accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life, which ranges from three to seven years. Routine maintenance, repairs and renewals are charged to expense as incurred. Renewals and betterments, which substantially increase the life of an asset, are capitalized. At retirement or sale, the cost of assets, less the related accumulated depreciation, is removed from the accounts and resulting gains or losses are included in the statement of activities.

Net Assets

The Organization classifies net assets into three categories: unrestricted, temporarily restricted and permanently restricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Unrestricted net assets may be used at the discretion of the Board to support the Organization's purposes. Temporarily restricted net assets are contributions with donor-imposed time and/or purpose restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a later period or after a specified date. Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the accompanying statement of activities as net assets released from restrictions. When the restrictions on contributions are met in the same period that the contributions are received, the contribution is reported as a temporarily restricted contribution and is included in net assets released from restrictions. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

The balances in temporarily restricted net assets represent monies received by donors that are restricted for the purpose of granting scholarships or must be spent on academics.

Net assets were released from restriction during the current year as the scholarship or academic purpose restrictions were met.

American Classical League
Notes to Consolidated Financial Statements
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Contributed Services and Materials

Donated materials, equipment and skilled volunteer services are reflected as contributions at their estimated fair values at the date of receipt of the good or service. The value recorded in the financial statements for donated materials, equipment and skilled volunteer services was \$0 for the years ended April 30, 2014 and 2013.

Many individuals volunteer their time and perform a variety of tasks to assist the Organization with various assistance programs; however, such contributed time does not meet the specific requirements of accounting standards for recognition in the financial statements.

Advertising Costs

Advertising costs are expensed as incurred.

Shipping and Handling Costs

Shipping costs billed to customers are included in the sale of the teaching materials. Shipping and handling costs are included in postage and shipping expense.

Income Taxes

The Organization has received an exemption from the Internal Revenue Service indicating that it is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended and does not currently conduct any activities which would result in the imposition of the unrelated business income tax. Accordingly, no provision for income taxes is made in the accompanying financial statements

Uncertain Tax Positions

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would fail to be sustained upon examination by the Internal Revenue Service. As discussed above, the Organization is exempt from federal income taxes and management believes the Organization has not engaged in any activities that would disqualify it from tax-exempt status or incur a tax obligation for the years ended April 30, 2014 and 2013. The Organization believes their estimates are appropriate based on current facts and circumstances. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years ended prior to April 30, 2010. The Organization's policy with regard to interest and penalty, if

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incurred, is to recognize interest through interest expense and penalties through other expenses.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 28, 2014, the date the financial statement were available to be issued. The Organization has determined that there were no subsequent events that would require disclosure or adjustments to the accompanying financial statements.

NOTE C – CASH AND CASH EQUIVALENTS

Cash and cash equivalents may be spent on the following purposes:

	2014	2013
Unrestricted for Operations	\$ 1,167,354	\$ 1,323,678
Unrestricted-Board Designated	50,000	50,000
Scholarships	218,468	194,255
Academics and Certamen	21,247	19,081
Total Cash and Cash Equivalents	<u>\$ 1,457,069</u>	<u>\$ 1,587,014</u>

NOTE D – INVESTMENTS

Short-term investments consist of certificates of deposit with greater than three months original maturity that come due within twelve months of year-end. These short-term investments mature over the periods from May 2014 through November 2014 and bear interest at rates from 0.05% to 0.75%. At April 30, 2014, \$21,051 of short-term investments are temporarily restricted for scholarships (2013 - \$6,024) and \$0 of investments are temporarily restricted for scholarships (2013 - \$17,521).

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2014	2013
Furniture and Equipment	\$ 58,695	\$ 57,502
Less Accumulated Depreciation	(50,517)	(52,150)
Net Book Value	<u>\$ 8,178</u>	<u>\$ 5,352</u>

Depreciation expense for the year ended April 30, 2014 was \$2,446 (2013 - \$3,122).

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NOTE F – BENEFICIAL INTEREST IN PERPETUAL TRUST

The Organization is the beneficiary under a perpetual trust administered by an outside party. Under the terms of the trust, the Organization has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receive the assets held in trust. The estimated value of the expected future cash flows is \$627,444, which represents the fair value of the trust assets at April 30, 2014 (2013 - \$581,863). The interest and dividend income received from this trust was \$26,550 and \$21,869 for the years ended April 30, 2014 and 2013, respectively. Interest and dividend income is temporarily restricted for scholarships.

NOTE G – NET ASSETS

Board designated net assets are \$50,000 at April 30, 2014 and 2013. During the year ended April 30, 2013, the Organization received an unrestricted contribution for \$50,000 that the board voluntarily designated for scholarships.

Temporarily restricted net assets are available for the following purposes:

	2014	2013
Scholarships	\$ 239,519	\$ 217,800
Academics/Certamen	21,247	19,081
Temporarily Restricted Net Assets	<u>\$ 260,766</u>	<u>\$ 236,881</u>

Investment income earned on temporarily restricted cash and investments is temporarily restricted for the original contribution's purpose. Net assets released from restrictions by incurring expenses satisfying the following purposes are as follows:

	2014	2013
Scholarships	\$ 35,922	\$ 46,637
Academics/Certamen	4,139	3,834
Temporarily Restricted Net Assets	<u>\$ 40,061</u>	<u>\$ 50,471</u>

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NOTE H - COMMITMENTS

The Organization has entered into a lease agreement for office space and mailing system equipment. The following are future minimum lease payments for the years ending April 30:

2015	23,360
2016	30,931
2017	31,882
2018	32,833
2019	32,874
Total	<u>\$ 151,880</u>

Rent for office space and equipment rental expense for the year ended April 30, 2014 were \$15,726 and \$7,663, respectively (2013 - \$15,288 and \$7,486, respectively).

NOTE I – CONCENTRATIONS

The Organization maintains cash balances and certificates of deposit at nine financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At April 30, 2014 and 2013, the Organization had total uninsured balances of approximately \$176,674 and \$220,602, respectively.

NOTE J – RISKS AND UNCERTAINTIES

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect net asset balances and the amounts reported in the statement of financial position.

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NOTE K – FAIR VALUE MEASUREMENTS

Assets Measured at Fair Value on a Recurring Basis

	Fair Value Measurements Using			Total Fair Value
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
As of April 30, 2014				
Assets:				
Short-term Inv.				
Cert. of Deposits	\$ -	\$ 49,101	\$ -	\$ 49,101
Investments				
Fixed Income Funds				
U.S. Treasury Notes	-	52,960	-	52,960
Equity Securities				
Stock Exch.				
Traded Fund	566,411	-	-	566,411
Common Stock	30	-	-	30
Mutual Funds				
Money Market		94,041	-	94,041
Worldwide Growth	86,206	-	-	86,206
Capital Growth	119,923	-	-	119,923
Long-term Bond	37,073	-	-	37,073
Other Mutual Funds	425,627	-	-	425,627
Cash	70,501	-	-	70,501
Long-term Cert. of Deposits	-	-	-	-
Total Investments	1,305,771	147,001	-	1,452,772
Beneficial Interest in Perpetual Trust	-	-	627,444	627,444
Total Assets	\$ 1,305,771	\$ 196,102	\$ 627,444	\$ 2,129,317

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	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
As of April 30, 2013				
Assets:				
Short-term Inv.				
Cert. of Deposits	\$ -	\$ 13,979	\$ -	\$ 13,979
Investments				
Fixed Income Funds				
Corporate Bonds	-	18,909	-	18,909
U.S. Treasury Notes	-	55,338	-	55,338
Equity Securities				
Stock Mutual Funds	528,615	-	-	528,615
Common Stock	21	-	-	21
Mutual Funds				
Money Market	-	101,516	-	101,516
Worldwide Growth	76,788	-	-	76,788
Capital Growth	104,985	-	-	104,985
Long-term Bond	35,112	-	-	35,112
Other Mutual Funds	374,729	-	-	374,729
Cash	39,520	-	-	39,520
Long-term Cert. of Deposits	-	15,021	-	15,021
Total Investments	<u>1,159,770</u>	<u>190,784</u>	-	<u>1,350,554</u>
Beneficial Interest in Perpetual Trust	-	-	581,863	581,863
Total Assets	<u>\$ 1,159,770</u>	<u>\$ 204,763</u>	<u>\$ 581,863</u>	<u>\$ 1,946,396</u>

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Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Beneficial Interest In Perpetual Trust</u>
Balance, April 30, 2012	\$ 550,582
Interest and dividend income, net of fees	21,869
Disbursements	(21,869)
Total gains or losses (realized/unrealized)	<u>31,281</u>
Balance, April 30, 2013	\$ 581,863
Interest and dividend income, net of fees	26,550
Disbursements	(26,550)
Total gains or losses (realized/unrealized)	<u>45,581</u>
Balance, April 30, 2014	<u><u>\$ 627,444</u></u>

Total gains or losses are reported in the statement of activities as change in beneficial interest in perpetual trust.

NOTE L – RETIREMENT PLAN

The Organization has a defined contribution 403(b) retirement plan which allows for all eligible employees to contribute a percentage of their earnings to this plan. The Organization does not provide an employer matching contribution.