

American Classical League
FINANCIAL STATEMENTS
For the Years Ended
April 30, 2021 and 2020

American Classical League

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of
American Classical League
Hamilton, Ohio

We have audited the accompanying consolidated financial statements of American Classical League (a nonprofit organization), which comprise the consolidated statements of financial position as of April 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated 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.

Auditor's 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 auditor's 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, 2021, 2020 or 2019 and as such, we were unable to perform any inventory observation procedures. The Organization's inventory and supplies balance at April 30, 2021 (stated at \$108,759) and at April 30, 2020 (stated at \$266,120) 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. In addition, the Organization has not established a reserve to reduce inventory to the lower of cost or net realizable value.

As explained in Note B to the financial statements, books that the Organization acquired by gift during the year ended April 30, 2021 are not recorded in the consolidated financial statements. Accounting principles generally accepted in the United States of America require gifts to be recorded at fair value at the date of receipt. The effects on the accompanying consolidated financial statements of the failure to record the books acquired by gift have not been determined.

Qualified Opinion

In our opinion, except for the possible effects of the matters 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, 2021 and 2020 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
Hamilton, Ohio
October 4, 2021

American Classical League
Consolidated Statements of Financial Position
As of April 30, 2021 and 2020

Assets

	2021	2020
Current Assets		
Cash and Cash Equivalents	\$ 507,841	\$ 417,029
Accounts Receivable	-	239
Inventory and Supplies	108,759	266,120
Prepaid Expenses	43,228	67,637
Short-Term Investments	-	10,670
Promises to Give	2,160	2,160
Other Receivables	55,412	-
Total Current Assets	717,400	763,855
Property and Equipment		
Property and Equipment	30,860	49,313
Less: Accumulated Depreciation	(29,205)	(45,921)
Net Property and Equipment	1,655	3,392
Non Current Assets		
Deposits	5,000	207,682
Investments	1,402,292	1,231,509
Intangible Assets, Net	31,995	49,570
Beneficial Interest in Perpetual Trust	728,642	585,399
Total Non Current Assets	2,167,929	2,074,160
Total Assets	\$ 2,886,984	\$ 2,841,407
Liabilities and Net Assets		
Current Liabilities		
Accrued Expenses	\$ 20,294	\$ 270,495
Bank Overdraft Facility	-	28,313
Deferred Revenue	135,501	243,714
Total Current Liabilities	155,795	542,522
Total Liabilities	155,795	542,522
Net Assets		
Without Donor Restrictions	1,677,720	1,397,103
With Donor Restrictions	1,053,469	901,782
Total Net Assets	2,731,189	2,298,885
Total Liabilities and Net Assets	\$ 2,886,984	\$ 2,841,407

The accompanying notes are an integral part of these financial statements

**American Classical League
Consolidated Statement of Activities
For the Year Ended April 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Contributions	\$ 183,110	\$ 26,264	\$ 209,374
Institute/Convention Revenue	67,765	-	67,765
Membership Dues	168,720	-	168,720
Sale of Teaching Materials	7,853	-	7,853
Examination Income (National Latin Exam)	596,036	-	596,036
Other Program Services	132,875	-	132,875
Other Income	10,146	-	10,146
Net Assets Released From Restriction	46,224	(46,224)	-
Total Operating Support and Revenue	1,212,729	(19,960)	1,192,769
Operating Expenses			
Program Services			
Institute/Convention	159,978	-	159,978
Membership/Publications	103,307	-	103,307
Teaching Materials Resource Center	19,684	-	19,684
Scholarships	150,414	-	150,414
National Latin Exam	467,957	-	467,957
National Committee for Latin and Greek	9,415	-	9,415
Other Program Services	115,663	-	115,663
Total Program Services	1,026,418	-	1,026,418
Supporting Services			
Management and General	390,195	-	390,195
Total Supporting Services	390,195	-	390,195
Total Operating Expenses	1,416,613	-	1,416,613
Excess (Deficit) of Operating Support and Rev. Over Exp.	(203,884)	(19,960)	(223,844)
Nonoperating Revenue (Expenses)			
Interest and Dividend Income, Net of Investment Fees	57,594	28,404	85,997
Realized and Unrealized Gain (Loss) on Investments	277,449	-	277,449
Change in Beneficial Interest in Perpetual Trust	-	143,243	143,243
Paycheck Protection Program Grant	94,744	-	94,744
Gain (Loss) on Disposal of Fixed Assets	(697)	-	(697)
Employee Retention Credit Income	55,412	-	55,412
Total Nonoperating Revenue (Expenses)	484,502	171,647	656,148
Change in Net Assets	280,617	151,687	432,304
Net Assets at Beginning of Year	1,397,103	901,782	2,298,885
Net Assets at End of Year	\$ 1,677,720	\$ 1,053,469	\$ 2,731,189

The accompanying notes are an integral part of these financial statements

**American Classical League
Consolidated Statement of Activities
For the Year Ended April 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Support and Revenue			
Contributions	\$ 34,407	\$ 11,003	\$ 45,410
Institute/Convention Revenue	861,796	-	861,796
Membership Dues	192,283	-	192,283
Sale of Teaching Materials	18,895	-	18,895
Examination Income (National Latin Exam)	844,633	-	844,633
Other Program Services	143,241	-	143,241
Other Income	16,276	-	16,276
Net Assets Released from Restrictions	102,757	(102,757)	-
Total Operating Support and Revenue	2,214,288	(91,754)	2,122,534
Operating Expenses			
Program Services			
Institute/Convention	1,221,257	-	1,221,257
Membership/Publications	106,212	-	106,212
Teaching Materials Resource Center	24,885	-	24,885
Scholarships	225,122	-	225,122
National Latin Exam	657,535	-	657,535
National Committee for Latin and Greek	8,825	-	8,825
Other Program Services	157,822	-	157,822
Total Program Services	2,401,658	-	2,401,658
Supporting Services			
Management and General	425,889	-	425,889
Fundraising	3,824	-	3,824
Total Supporting Services	429,713	-	429,713
Total Expenses	2,831,371	-	2,831,371
Excess (Deficit) of Operating Support and Rev. Over Exp.	(617,083)	(91,754)	(708,837)
Nonoperating Revenue (Expenses)			
Interest and Dividend Income, Net of Investment Fees	45,557	34,414	79,971
Realized and Unrealized Gain (Loss) on Investments	(22,096)	-	(22,096)
Change in Beneficial Interest in Perpetual Trust	-	(67,775)	(67,775)
Total Nonoperating Revenue (Expenses)	23,461	(33,361)	(9,900)
Change in Net Assets	(593,622)	(125,115)	(718,737)
Net Assets at Beginning of Year	1,990,725	1,026,897	3,017,622
Net Assets at End of Year	\$ 1,397,103	\$ 901,782	\$ 2,298,885

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, 2021

	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	Fundraising	Total Expenses
Membership	\$ -	\$ 600	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Professional Fees	-	-	-	-	7,000	-	-	54,945	-	61,945
Classical Outlook Committee, Meetings and Travel	-	20,966	-	-	-	-	-	-	-	20,966
Bank and Credit Card Fees	399	-	-	-	10,074	9,415	-	598	-	20,486
Excellence Through Classics Study Materials	-	-	-	-	-	-	28,809	-	-	28,809
General Office	21,423	10,791	2,050	-	-	-	4,988	27,625	-	66,877
Conferences	17,174	-	-	-	-	-	-	-	-	17,174
Insurance	-	-	-	-	-	-	-	11,804	-	11,804
Greek Exam	-	-	-	-	-	-	2,806	-	-	2,806
Printing and Publications	-	4,664	-	-	29,308	-	-	-	-	33,972
Equipment Maintenance and Rental	-	-	-	-	-	-	-	6,803	-	6,803
Postage and Shipping	-	4,841	965	-	71,165	-	-	-	-	76,971
Cost of Teaching Materials Sold	-	-	5,090	-	-	-	-	-	-	5,090
Rent	13,802	6,952	1,321	-	1	-	3,213	17,798	-	43,087
Awards	-	-	-	-	77,413	-	-	-	-	77,413
Scholarships	-	-	-	150,414	-	-	-	-	-	150,414
Testing Services	-	-	-	-	193,216	-	-	-	-	193,216
Online Testing	-	-	-	-	-	-	32,562	-	-	32,562
Miscellaneous	-	506	-	-	-	-	10,903	7,027	-	18,436
Honor Society Awards Accessories	-	-	-	-	-	-	7,428	-	-	7,428
Salaries	78,772	39,678	7,539	-	70,263	-	18,340	148,424	-	363,016
Payroll Taxes	4,892	2,464	468	-	6,881	-	1,139	10,895	-	26,739
Benefits	23,516	11,845	2,251	-	-	-	5,475	30,326	-	73,413
Office Assessment	-	-	-	-	-	-	-	11,170	-	11,170
Diversity Consultant	-	-	-	-	-	-	-	5,025	-	5,025
Centennial Expense	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	-	-	-	-	2,636	-	-	15,980	-	18,616
TOTAL EXPENSES	\$ 159,978	\$ 103,307	\$ 19,684	\$ 150,414	\$ 467,957	\$ 9,415	\$ 115,663	\$ 390,195	\$ -	\$ 1,416,613

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, 2020

	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	Fundraising	Total Expenses
Membership	\$ -	\$ 6,648	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,648
Professional Fees	-	-	-	-	7,300	-	-	51,616	-	58,916
Classical Outlook Committee, Meetings and Travel	-	30,135	-	-	-	-	-	-	-	30,135
Bank and Credit Card Fees	20,900	-	-	-	37,244	8,825	-	35,185	-	102,154
Excellence Through Classics Study Materials	-	-	-	-	-	-	-	54,304	-	54,304
General Office	-	-	-	-	-	30,843	-	-	-	30,843
Conferences	14,454	6,252	1,278	-	-	-	2,576	25,402	-	49,962
Insurance	1,047,869	-	-	-	-	-	-	-	-	1,047,869
Greek Exam	-	-	-	-	-	-	-	11,728	-	11,728
Printing and Publications	-	807	-	-	40,183	-	-	4,214	-	4,214
Equipment Maintenance and Rental	-	-	-	-	-	-	-	-	-	40,990
Postage and Shipping	-	-	-	-	-	-	-	5,448	-	5,448
Cost of Teaching Materials	-	2,074	536	-	95,061	-	-	-	-	97,671
Sold	-	-	10,868	-	-	-	-	-	-	10,868
Rent	15,492	6,701	1,370	-	1	-	2,761	16,104	-	42,429
Awards	-	-	-	-	141,364	-	-	-	-	141,364
Scholarships	-	-	-	225,122	-	-	-	-	-	225,122
Testing Services	-	-	-	-	247,376	-	-	-	-	247,376
Online Testing	-	-	-	-	-	-	39,226	-	-	39,226
Miscellaneous	-	588	-	-	-	-	11,549	22,200	32	34,369
Honor Society Awards and Accessories	-	-	-	-	-	-	16,376	-	-	16,376
Salaries	91,797	39,708	8,115	-	80,082	-	16,359	135,059	-	371,120
Payroll Taxes	6,647	2,875	588	-	6,288	-	1,185	11,102	-	28,685
Benefits	24,098	10,424	2,130	-	-	-	4,295	25,049	-	65,996
Diversity Consultant	-	-	-	-	-	-	-	10,205	-	10,205
Centennial Expense	-	-	-	-	-	-	28,438	5,688	3,792	37,918
Depreciation	-	-	-	-	2,636	-	-	16,799	-	19,435
TOTAL EXPENSES	\$ 1,221,257	\$ 106,212	\$ 24,885	\$ 225,122	\$ 657,535	\$ 8,825	\$ 157,822	\$ 425,889	\$ 3,824	\$ 2,831,371

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, 2021 and 2020**

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	\$ 432,304	\$ (718,737)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used in) Operating Activities		
Depreciation and Amortization	18,616	19,435
Realized and Unrealized (Gain) Loss on Investments	(277,449)	22,096
Change in Beneficial Interest in Perpetual Trust	(143,243)	67,775
Loss on sale of fixed assets	697	-
Decrease (Increase) in Operating Assets:		
Accounts Receivable	239	667
Promises to Give	-	18,000
Inventory	157,361	(159,141)
Prepaid Expenses	24,409	47,703
Other Receivable	(55,412)	-
Deposits	202,682	-
Increase (Decrease) in Operating Liabilities:		
Accrued Expenses	(250,200)	233,657
Deferred Revenue	(108,213)	(120,319)
Net Cash Provided By (Used In) Operating Activities	1,791	(588,865)
Cash Flows from Investing Activities		
Purchase of Fixed Assets	-	(1,677)
Proceeds from Sale of Investments, net	117,334	416,420
Net Cash Provided By Investing Activities	117,334	414,743
Cash Flows from Financing Activities		
(Repayment of) Draw on Bank Overdraft Facility	(28,313)	28,298
Net Cash Provided By (Used In) Financing Activities	(28,313)	28,298
Net Increase (Decrease) in Cash and Cash Equivalents	90,812	(145,824)
Beginning Cash and Cash Equivalents	417,029	562,853
Ending Cash and Cash Equivalents	\$ 507,841	\$ 417,029

American Classical League
Notes to Consolidated Financial Statements
April 30, 2021 and 2020

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 middle school and 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 Organization's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting.

Accounting Principles Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted the new standard effective May 1, 2020, the first day of the Organization's fiscal year using the full retrospective approach. The adoption of this ASU did not have a significant impact on the Organization's financial statements. Based on the Organization's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

American Classical League
Notes to Consolidated Financial Statements
April 30, 2021 and 2020

In addition, the Organization adopted Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement* in these financial statements. The ASU is intended to improve the effectiveness of disclosures related to fair value measurements. The ASU has been applied retrospectively to all periods presented, which resulted in no change to the total previously reported net assets.

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.

Measure of Operations

In its statement of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Nonoperating activity consists primarily of investment income, change in the beneficial interest in perpetual trust, and COVID-relief.

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. During the year ended April 30, 2021, both annual conferences were held virtually.

Membership/Publications – 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.

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 89,000 students took the exam during 2021 (2020 – over 128,000 students).

American Classical League
Notes to Consolidated Financial Statements
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National Committee for 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 (ETC) 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 and exploratory Latin. It also includes the Honor Society program, which recognizes members achieving outstanding academic success in their classics studies, and NJCL on-line testing. The Organization also produces a Greek examination for high school and college students that tests student knowledge of ancient Greece.

Fair Value of Financial Instruments

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). 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 (see Note E) and a beneficial interest in perpetual trust valued at Level 3 (see note H).

There were no transfers in or out of Level 3 fair value measurements during the year ended April 30, 2021 or 2020 nor were there any issuances of Level 3 assets or liabilities. Total gains or losses of Level 3 assets are reported in the statement of activities as change in beneficial interest in perpetual trust.

American Classical League
Notes to Consolidated Financial Statements
April 30, 2021 and 2020

A description of the valuation methodologies used for assets measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Mutual funds/exchange traded funds: Valued by the bid/ask and closing pricing. Each security is valued on a quoted market price and is traded in an active market.

Money market fund: Valued at the net asset value of the underlying asset.

Certificate of deposits: Valued using the present value of expected future cash flows.

The beneficial interest in perpetual trust is valued at Level 3 because there are no significant observable inputs. The fair value has been derived from 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.

Bank Overdraft Facility

One bank account of the Organization has \$10,000 overdraft facility attached to it (2020 – three accounts with overdraft facilities at \$10,000 each). Any checks that clear in excess of the bank balance automatically draw on the overdraft facility.

Investments

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

Investments are comprised of exchange traded funds, mutual funds, and certificates of deposit with original maturities greater than three months. Unrealized gains and losses are included in the change in net assets on the statement of activities.

Investment return is reflected in the statement of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor-imposed restrictions.

Inventory and Supplies

Inventories are stated at the lower of cost or net realizable 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, Myth Exam and NJCL Exam award winners.

Accounts Receivable

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

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Notes to Consolidated Financial Statements
April 30, 2021 and 2020

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, 2021 and 2020.

Prepaid Expenses

Prepaid expenses are payments made to vendors for services that will benefit periods beyond the Organization's year-end.

Other Receivables

Other receivables represent the amount the Organization expects to receive for the Employee Retention Credit under the CARES Act.

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.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less the costs to sell. Management has determined that no impairment exists at April 30, 2021 or 2020.

Intangible Assets

Intangible assets represent amounts invested in developing a new website for ACL, NJCL, ETC, and NLE that meet the requirements for capitalization. The website for ACL, NJCL, and ETC launched in fiscal 2018 and the NLE website launched in fiscal 2019. Website development costs are being amortized over the estimated useful life of five years.

Management reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. As of April 30, 2021 and 2020, management believes that no impairment of intangible assets has been indicated.

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Deposits

At April 30, 2020, deposits primarily consisted of a balance paid in advance to secure a site for the fiscal 2022 Convention. This balance was refunded during fiscal 2021. The balance at April 30, 2021 consists of a security deposit.

Net Assets

Net assets are classified as without donor restrictions and with donor restrictions.

Net assets without donor restrictions - The net assets without donor restrictions class includes the general and Board Designated assets and liabilities of the Organization. Net assets without donor restrictions may be used at the discretion of the Board to support the Organization's purposes. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Net assets with donor restrictions – The net assets with donor restrictions class includes assets of the Organization related to contributions with explicit donor-imposed time and/or purpose restrictions. Such net assets require that resources be used for specific purposes, in a later period, after a specified date, or maintained in perpetuity. These net assets are reclassified to net assets without donor restrictions 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 donor restricted contribution and is included in net assets released from restrictions.

The balances in net assets with donor restriction represent monies received from donors that are restricted for the purpose of granting scholarships or must be spent on academics as well as assets restricted by the donor to be maintained by the Organization in perpetuity.

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

Paycheck Protection Program

During the year ended April 30, 2021, the Organization received a first round Paycheck Protection Program (PPP) loan in the amount of \$64,800 and a second round PPP loan in the amount of \$52,500 for total PPP loans of \$117,300. The Organization believes the PPP loans represent, in substance, government grants. The Organization had incurred eligible PPP program costs totaling \$94,744 by April 30, 2021, and this amount is included on the statement of activities as a paycheck protection program grant. The portion of the PPP grant for which eligible costs had not been incurred by April 30, 2021 total \$22,556 and is included on the statement of financial position as deferred revenue.

The Organization's first round PPP loan was forgiven by the Small Business Administration during fiscal 2021. The Organization's second round PPP loan was forgiven subsequent to year-end after the remaining eligible costs were incurred.

Contribution Revenue and Promises to Give

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

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Promises to give 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. There is no allowance for uncollectible promises at April 30, 2021 and 2020.

Revenue Recognition

Revenue from Institute and Convention is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to their event participants. Performance obligations are determined based on the nature of the services provided by the Organization at the event, and are providing a service at a point in time. Revenue is recognized in the period in which the event is held. Unearned Institute and Convention revenue is reflected as deferred revenue on the statements of financial position.

Membership dues are recognized ratably over the period of membership which varies based on when the member renews their membership. Annual renewal notices for membership dues are sent electronically. Members are provided with a variety of benefits and revenue is recognized monthly as the benefits are provided. 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 and are reported on the statement of financial position as deferred revenue. Management has adopted the practical expedient whereby costs to obtain membership contracts are not capitalized as the average length of a membership contract is one year.

Revenue from the sale of teaching materials is recorded at a point in time based on the transfer of goods sold to customers in an amount that reflects the consideration the Organization is expected to be entitled to in exchange for those goods.

Other program service revenue consists primarily of Honor Society fees of \$30,901 (2020 - \$30,354), Greek Exam revenue of \$10,598 (2020 - \$12,601), NJCL On-line Testing revenue of \$26,053 (2020 - \$35,127), and Excellence Through Classics revenue of \$61,849 (2020 - \$61,518). This revenue is recognized at a point in time when the certificates and materials are shipped or when the exam is given and graded.

Revenue received from administering the National Latin Exam is recognized at a point in time in the period in which the exam is administered and graded as no subsequent performance obligations exist.

Other income, which primarily relates to advertising income, is recognized at a point in time when the related advertisement is published.

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.

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During the year ended April 30, 2021, a contribution of books was received by the Organization from a decedent's estate. The fair market value has not been determined and, as a result, this contribution was not recorded at April 30, 2021, which is a departure from accounting principles generally accepted in the United States of America. The Organization intends to determine an estimated fair market value of the donated items once they are evaluated for future sale. The value recorded in the financial statements for donated materials, equipment and skilled volunteer services was \$0 for the years ended April 30, 2021 and 2020.

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 on sales 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, 2021 and 2020. 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, 2017. The Organization's policy with regard to interest and penalty, if incurred, is to recognize interest through interest expense and penalties through other expenses.

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Recently Issued Accounting Standards

Lease Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases that are not excluded by this standard. Such leases create an asset and a liability for the lessee in accordance with FASB Concepts Statement No. 6, *Elements of Financial Statements*, and therefore, recognition of those lease assets and lease liabilities represents an improvement over previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The ASU is effective for nonpublic entities for years beginning after December 15, 2021.

Credit Loss Standard

In June 2016, the Financial Accounting Standards Board (FASB) issued its final standard on measurement of credit losses on financial instruments. This standard, issued as ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, requires that an entity measure impairment of certain financial instruments, including trade receivables, based on expected losses rather than incurred losses. This update is effective for financial statement periods beginning after December 15, 2022, with early adoption permitted.

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on their financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 4, 2021, the date the financial statements were available to be issued.

NOTE C – CASH AND CASH EQUIVALENTS

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

	2021	2020
Unrestricted for Operations	\$ 189,960	\$ 104,116
Unrestricted - Board Designated	5,718	9,195
Restricted for Scholarships/Grants	303,735	295,552
Restricted for Academics and Certamen	8,428	8,166
Total Cash and Cash Equivalents	<u>\$ 507,841</u>	<u>\$ 417,029</u>

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NOTE D – PROMISES TO GIVE

Promises to give at April 30, 2021 consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Due within one year	\$ 2,160	\$ -	\$ 2,160
Due in one to five years	-	-	-
Thereafter	-	-	-
	<u>2,160</u>	<u>-</u>	<u>2,160</u>
Less:			
Allowance for uncollectible contributions	-	-	-
	<u>\$ 2,160</u>	<u>\$ -</u>	<u>\$ 2,160</u>

Promises to give at April 30, 2020 consisted of the following:

	Without Donor Restriction	With Donor Restriction	Total
Due within one year	\$ 2,160	\$ -	\$ 2,160
Due in one to five years	-	-	-
Thereafter	-	-	-
	<u>2,160</u>	<u>-</u>	<u>2,160</u>
Less:			
Allowance for uncollectible contributions	-	-	-
	<u>\$ 2,160</u>	<u>\$ -</u>	<u>\$ 2,160</u>

NOTE E – INVESTMENTS

At April 30, 2020, short-term investments were comprised of one certificate of deposit in the amount of \$10,670 that bore interest at 1.605% and matured in August 2020. There were no donor restrictions on this short-term investment. At April 30, 2021, there were no short-term investments.

At April 30, 2021 and 2020, \$12,664 of non-current investments are donor restricted for scholarships.

NOTE F – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Furniture and Equipment	\$ 30,860	\$ 49,313
Less: Accumulated Depreciation	<u>(29,205)</u>	<u>(45,921)</u>
Net Book Value	<u>\$ 1,655</u>	<u>\$ 3,392</u>

Depreciation expense for the year ended April 30, 2021 was \$1,040 (2020 - \$1,858).

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During the year ended April 30, 2021, the Organization disposed of assets with an original cost of \$18,453 resulting in a loss of \$697 (2020 – cost of \$3,871 with no gain or loss).

NOTE G – INTANGIBLE ASSETS

Intangible assets consist of the following:

	2021	2020
Website Development Costs	\$ 87,879	\$ 87,879
Less: Accumulated Amortization	<u>(55,884)</u>	<u>(38,309)</u>
Net Book Value	<u>\$ 31,995</u>	<u>\$ 49,570</u>

Amortization expense for 2021 was \$17,576 (2020 - \$17,577). Amortization for the remaining useful life of the asset will be approximately \$17,000 per year.

NOTE H – 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 \$728,642, which represents the fair value of the trust assets at April 30, 2021 (2020 - \$585,399). The interest and dividend income received from this trust was \$28,351 and \$29,980 for the years ended April 30, 2021 and 2020, respectively. Interest and dividend income is donor restricted for scholarships.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to expenditure for specified purpose:		
Scholarship	\$ 316,399	\$ 308,217
Academics and Certamen	<u>8,428</u>	<u>8,166</u>
Total Purpose Restrictions	<u>324,827</u>	<u>316,383</u>
Maintained in Perpetuity	<u>728,642</u>	<u>585,399</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,053,469</u>	<u>\$ 901,782</u>

Investment income earned on donor restricted cash and investments is restricted for the original contribution's purpose.

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Net assets released from restrictions by incurring expenses satisfying the restricted purpose, or by the expiration of time restrictions are as follows:

	2021	2020
Purpose Spending		
Scholarships	\$ 45,424	\$ 101,257
Academics/Certamen	800	1,500
Net Assets released from restriction	\$ 46,224	\$ 102,757

The net assets with donor restrictions maintained in perpetuity consist of the beneficial interest in perpetual trust as described in Note H. The dividend and interest received from this asset is donor restricted for scholarships.

Board designated net assets are \$5,718 at April 30, 2021 (2020 - \$9,195). The Organization has voluntarily designated these funds for scholarships.

NOTE J - COMMITMENTS

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

2022	\$	32,997
2023		33,948
2024		34,899
2025		17,450
		119,294
Thereafter		-
Total	\$	119,294

Rent for office space and equipment rental expense for the year ended April 30, 2021 were \$43,087 and \$6,803, respectively (2020- \$42,429 and \$5,448, respectively).

NOTE K – CONCENTRATIONS

The Organization maintains cash balances and certificates of deposit at three financial institutions at April 30, 2021 (2020 – six financial institutions). Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At April 30, 2021, there was \$83,923 uninsured (2020 – \$0 uninsured).

NOTE L – 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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In March 2020, the World Health Organization (“WHO”) recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact on many sectors of the economy. Consequently, there were disruptions in the Organization’s operations in fiscal 2020 and 2021.

The COVID-19 pandemic remains a rapidly evolving situation and may continue to impact the revenues of the Organization in the future, which will impact cash flow. Management has not yet determined the monetary impact the pandemic will have on future operations.

NOTE M – 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, 2021				
Assets:				
Short-term Inv.				
Cert. of Deposits	\$ -	\$ -	\$ -	\$ -
Investments				
Equity Securities				
Stock Exch.				
Traded Fund	254,431	-	-	254,431
Corp. Bond Exch.				
Traded Fund	275,022	-	-	275,022
Mutual Funds				
Money Market	-	3,491	-	3,491
Worldwide Growth	112,493	-	-	112,493
Capital Growth	202,218	-	-	202,218
Long-term Bond	28,793	-	-	28,793
Other Mutual Funds	470,746	-	-	470,746
Cash	55,098	-	-	55,098
Total Investments	1,398,801	3,491	-	1,402,292
Beneficial Interest in Perpetual Trust				
	-	-	728,642	728,642
Total Assets	\$ 1,398,801	\$ 3,491	\$ 728,642	\$ 2,130,934

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	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, 2020				
Assets:				
Short-term Inv.				
Cert. of Deposits	\$ -	\$ 10,670	\$ -	\$ 10,670
Investments				
Equity Securities				
Stock Exch.				
Traded Fund	223,750	-	-	223,750
Corp. Bond Exch.				
Traded Fund	314,400	-	-	314,400
Mutual Funds				
Money Market	-	4,149	-	4,149
Worldwide Growth	110,376	-	-	110,376
Capital Growth	147,540	-	-	147,540
Long-term Bond	28,203	-	-	28,203
Other Mutual Funds	389,754	-	-	389,754
Cash	13,337	-	-	13,337
Total Investments	1,227,360	4,149	-	1,231,509
Beneficial Interest in Perpetual Trust				
	-	-	585,399	585,399
Total Assets	\$ 1,227,360	\$ 14,819	\$ 585,399	\$ 1,827,578

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NOTE N – REVENUE AND CONTRACT LIABILITIES

Disaggregation of Revenue From Contracts with Customers

The following table shows the Organization’s revenue disaggregated to the timing of the transfer of goods or services for the year ended April 30:

	2021	2020
Performance Obligations satisfied at a point in time:		
Institute/Convention Revenue	\$ 67,765	\$ 861,796
Sale of Teaching Materials	7,853	18,895
Examination Income	596,036	844,633
Other Program Services	132,875	143,241
Other Income	10,146	16,276
Total Performance Obligations satisfied at a point in time	<u>814,675</u>	<u>1,884,841</u>
Performance Obligations satisfied over time:		
Memberships	168,720	192,283
	<u>\$ 983,395</u>	<u>\$ 2,077,124</u>

Receivables, Contract Assets and Liabilities

The timing of revenue recognition, billings and cash collections results in accounts receivable for sales of products and deferred revenue (contract liabilities) for certain memberships and certain events paid in advance on the statement of financial position.

The balance of contract liabilities at April 30, 2021, less any refunds, will be recognized as revenue over the period the services are rendered. The Organization applies the practical expedient under FASB ASO 606-10-50-14 and does not disclose information about the remaining performance obligations that have original expected durations of one year or less.

Contract liabilities represent payments received prior to the start of the requisite service being paid for.

The following table depicts activities for contract liabilities.

	Balance at April 30, 2019	Refunds Issued	Revenue Recognized Included in April 30, 2019 Balance	Cash Received in Advance of Performance	Balance at April 30, 2020
Grant Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Memberships	117,079	-	71,007	70,350	116,422
Events	246,954	-	246,954	127,292	127,292
	<u>\$ 364,033</u>	<u>\$ -</u>	<u>\$ 317,961</u>	<u>\$ 197,642</u>	<u>\$ 243,714</u>

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	Balance at April 30, 2020	Refunds Issued	Revenue Recognized Included in April 30, 2020 Balance	Cash Received in Advance of Performance	Balance at April 30, 2021
Grant Revenue	\$ -	\$ -	\$ -	\$ 22,556	\$ 22,556
Memberships	116,422	-	75,239	58,741	99,924
Events	127,292	9,100	112,709	7,538	13,021
	<u>\$ 243,714</u>	<u>\$ 9,100</u>	<u>\$ 187,948</u>	<u>\$ 88,835</u>	<u>\$ 135,501</u>

NOTE O – 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.

NOTE P – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of April 30 comprise the following:

	2021	2020
Cash and cash equivalents without donor restrictions	\$ 195,678	\$ 104,116
Accounts receivable	-	239
Other receivables	55,412	-
Promises to give	2,160	2,160
Investments without donor restrictions	1,389,628	1,229,515
	<u>\$ 1,642,878</u>	<u>\$ 1,336,030</u>

The Organization's governing board has an investment policy to grow a portion of its unrestricted resources for long-term purposes. These funds are invested for long-term appreciation but remain available and may be spent at the discretion of the board.

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. The Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.