RASMUSSEN, TELLER, O'NEIL & CHRISTMAN

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

July 2, 2013

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

U.S.:

We have audited the accompanying financial statements of U.S. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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555 MICHIGAN STREET · PETOSKEY, MICHIGAN 49770

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U S. as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Rasmussen, Teller, O'Neil & Christman, P.C.

U.S.

STATEMENT OF FINANCIAL POSITION

as of December 31, 2012

ASSETS

Current Assets:		
Cash		$ 388,711
Certificates of deposit		1,169,070
Accounts receivable		1,622
Inventory		15,858
Prepaid expenses		12,409
Total current assets		1,587,670
Furniture and Equipment:		
Furniture and equipment	$ 132,935	
Less accumulated depreciation	115,574	
Total furniture and equipment		17,361
Other Assets, emergency fund		100,000
Total assets		$ 1,705,031

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable		$ 23,304
Accrued compensation		35,147
Total current liabilities		58,451
Net Assets:		
Unrestricted	$ 1,627,061	
Temporarily restricted	19,519	
Total net assets		1,646,580
Total liabilities and net assets		$ 1,705,031

The accompanying notes are a part of the financial statements.

U.S.

STATEMENT OF ACTIVITIES

for the year ended December 31, 2012

	Unrestricted	Temporarily Restricted	Combined
Revenue and support:			
Contributions	$ 1,742,368	$ -	$ 1,742,368
Investment income	3,246	-	3,246
Other income	17,769	-	17,769
	1,763,383	-	1,763,383
Net assets released from restrictions in satisfaction of program restrictions	2,790	(2,790)	-
Total revenues and support	1,766,173	(2,790)	1,763,383
Expenses:			
Program services, including research and education	1,377,263	-	1,377,263
Management and general	222,216	-	222,216
Fund raising	110,848	-	110,848
Total expenses	1,710,327	-	1,710,327
Total increase (decrease) in net assets	55,846	(2,790)	53,056
Net assets, beginning of year	1,571,215	22,309	1,593,524
Net assets, end of year	$ 1,627,061	$ 19,519	$ 1,646,580

The accompanying notes are a part of the financial statements

U.S.

STATEMENT OF CASH FLOWS
for the year ended December 31, 2012

Increase (Decrease) in Cash

Cash Flows from Operating Activities:			
Increase in net assets			$ 53,056
Adjustments to reconcile the increase in			
net assets to cash provided by operating activities:			
Depreciation		$ 8,183	
Changes in current assets and liabilities:			
Accounts receivable	$ 464		
Inventory	641		
Prepaid Expenses	(8,790)		
Accounts payable	(10,574)		
Accrued compensation	1,064		
Net change in current assets and liabilities		(17,195)	
Total adjustments			(9,012)
Cash provided by operating activities			44,044
Cash Flows from Investing Activities:			
Maturities of certificates of deposit		2,806,229	
Purchase of certificates of deposit		(2,927,587)	
		(121,358)	
Purchase of furniture and equipment		(581)	
Cash used in investing activities			(121,939)
Net decrease in cash			(77,895)
Cash, beginning of year			466,606
Cash, end of year			$ 388,711

The accompanying notes are a part of the financial statements

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2012

U.S. (the "Organization") was incorporated during 1981 and began operations during 1983. The Organization was formed for charitable, religious, educational, and scientific purposes. It relies primarily on contributions, both unrestricted and temporarily restricted by donors, to finance its programs. The programs are public interest projects with a variety of purposes, including immigration, language policies, and conservation of natural resources.

The Organization's major project is ProEnglish, a national organization working to preserve our nation's linguistic unity by promoting the use of English and establishing English as the official language for all levels of government. This Organization is financed by contributions from some 15,000 members and supporters from throughout the nation. ProEnglish seeks to achieve its goal primarily through public education, research, publications, and litigation.

Other public interest projects are conducted by U.S. through its central office. Costs associated with operation of its administrative offices and fundraising are identified and separated from program service costs

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization uses the accrual basis of accounting whereby revenue is recognized when earned and expenses when liabilities are incurred. Under this policy, contributions received, as well as any unconditional commitment of future contributions, are recorded as revenue and an increase in net assets upon receipt of the contribution or the commitment. If terms of any commitment extend beyond a year, the commitment is recorded at its present value.

Donations received with donor restrictions as to purpose are recorded as temporarily restricted net assets. If a temporarily restricted donation is expended for its designated purpose during the year in which it was received, the donation is recorded as an unrestricted contribution and the related expense is recorded as an expense of unrestricted funds. Any unexpended temporarily restricted contribution at year end is recognized as a temporarily restricted contribution.

Other significant accounting policies are described in the following paragraphs.

Fund accounting: To insure compliance with donor restrictions, the Organization employs fund accounting. This is a system whereby resources restricted for specific projects are classified for accounting purposes into separate funds, each with separate accounts. However, the basic financial statements on pages three through five present the combined totals of all funds, with all inter-fund transactions eliminated.

Financial instruments and fair value measurement: Financial instruments, such as cash, certificates of deposit, accounts receivable, accounts payable and accrued expenses, are carried at their historical amounts in the financial statements. The amounts approximate fair value of such instruments due to their short maturity. Fair value is a valuation concept that embodies market values and current interest rates.

Cash and certificates of deposit: The Organization holds cash in checking accounts, money market accounts, and various certificates of deposit with maturity dates ranging from January 26, 2013 through September 26, 2013. Certificates of deposit, exclusive of those allocated to the Emergency Fund, are classified as current assets as they have maturity dates within one year of December 31, 2012.

For purposes of the cash flow statement, all purchases and maturities of certificates of deposit are recorded as investment activities

For risk management purposes, the Organization's cash and certificates of deposit have been placed with a number of high quality banks and brokerage firms.

Inventory: Inventory consists of books and pamphlets. It is stated at the lower of cost or market, with cost determined under the first-in, first-out method.

Furniture and equipment: Furniture and equipment are stated at cost. The cost of these assets is capitalized upon acquisition when use is expected to exceed one year and the cost exceeds $100.

Furniture and equipment are being depreciated over their estimated useful lives using an accelerated depreciation method. Depreciation expense for 2012 was $8,183

Estimates: Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that may affect certain amounts and disclosures reported in the financial statements. Actual results may differ from these estimates, but management is not aware of any estimates in which actual results may differ substantially from the estimates

Advertising: Advertising expenses are incurred primarily to educate the public regarding English as the official language of the United States and immigration matters. These costs, which totaled $21,348 in 2012, are expensed as program service costs when incurred.

Compensated absences: The Organization's employees earn a vested right in unused vacation to a maximum of one-year's worth of annual leave. At year end an accrual is recorded for any unused vacation.

Major maintenance costs: The Organization's policy is to expense maintenance costs when incurred, including any maintenance costs that might be considered major. During 2012 there were no maintenance expenses that management considered to be major maintenance expenses.

NOTE B – EMERGENCY RESERVE:

The Emergency Reserve has been established by the Board as a general reserve for emergencies for which other resources would not be available. It can be used at the discretion of the Board. At December 31, 2012 the Reserve was stated at its maximum amount. It is invested in certificates of deposit.

NOTE C – RENT:

The Organization rents office space in Petoskey, Michigan and Arlington, Virginia on a month-to-month basis. A small portion of the Petoskey office is sub-leased on a month-to-month basis.

The 2012 monthly rental rate for Petoskey was approximately $2,707 and for Arlington the average monthly rental rate was $2,626.

Annual rental expense for the two offices was $64,279 less sub-lease amounts of $3,979. The net rent expense was $60,300.

NOTE D – FEDERAL INCOME TAX:

The Organization has been determined by the Internal Revenue Service to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, contributions to the Organization are deductible for federal income tax purposes.

The Organization annually files a Form 990, Return of Organization Exempt From Income Tax, with the Internal Revenue Service. These returns generally remain subject to examination by the Service for a period of three years after filing. Accordingly, returns for the years 2009 through 2011 are subject to examination

NOTE E – RETIREMENT PLAN:

The Organization has a defined contribution retirement plan under a tax-sheltered annuity program. All full time and qualified part time employees are eligible to participate in the plan. Participating employees must contribute at least two percent of their annual compensation to the plan. The Organization matches these contributions at between five and seven and one-half percent of the employees' compensation. Plan cost for 2012 was $33,768.

NOTE F – MAJOR DONORS:

Each year the Organization solicits funds from the general public, including foundations and other philanthropic organizations. During 2012, one foundation accounted for approximately 57.4 percent of the Organization's contribution revenue.

NOTE G – PROGRAM SERVICE EXPENSES:

Program service expenses associated with the Organization's major program identified elsewhere in the footnotes and with short-term public interest projects during 2012 were:

ProEnglish	$ 625,519
Short-term public interest projects	751,744
Total	$1,377,263

The major costs associated with the short-term public interest projects include fees for research and reports on areas of social concern, personnel costs, and grants for projects administered by other organizations.

NOTE H – ALLOCATION OF JOINT COSTS:

During 2012, the Organization incurred joint costs of $385,838 for educational materials and activities that included fundraising appeals. Of those costs, $65,137 was allocated to fundraising expenses and $320,701 to program services expenses

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2012

NOTE I – CREDIT RISK:

Cash and certificates of deposit are on deposit in a diverse number of banks and financial institutions each with a solid financial reputation that minimizes credit risk.

Cash and certificates of deposit in the aggregate amount of $1,140,897 are insured by FDIC and SIPC The balance, $516,884, is not covered by such insurance

NOTE J – COMMITMENTS:

The Organization through its ProEnglish project has a program whereby it will assist with the financing of legal defense provided by public defenders in cases against small businesses whereby the right to use English in the workplace was being challenged by a federal government agency. While this remains an active program, there were no commitments at December 31, 2012 or that occurred subsequent to that date to assist with financing of legal defense under this program.

NOTE K – SUBSEQUENT EVENTS:

Subsequent events were evaluated through July 2, 2013, the date this report became available for publication. No events occurred during that period that required disclosure.