

U S

FINANCIAL STATEMENTS  
for the year ended December 31, 2015



RASMUSSEN, TELLER, O'NEIL & CHRISTMAN

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-10



# RASMUSSEN, TELLER, O'NEIL & CHRISTMAN

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

May 20, 2016

## 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, 2015, 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' 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.

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

Board of Directors  
May 20, 2016

*Opinion*

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of U S as of December 31, 2015, and the changes in its net assets and 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, 2015

**ASSETS**

**Current Assets:**

Cash		\$	400,554
Certificates of deposit			1,081,426
Accounts receivable			249
Inventory			12,767
Prepaid expenses			20,180
Total current assets			1,515,176

**Furniture and Equipment:**

Furniture and equipment	\$	140,411	
Less accumulated depreciation		122,498	
Total furniture and equipment			17,913

**Other Assets, emergency fund**

			100,000
Total assets			\$ 1,633,089

**LIABILITIES AND NET ASSETS**

**Current Liabilities:**

Accounts payable		\$	64,096
Accrued compensation			30,474
Total current liabilities			94,570

**Net Assets:**

Unrestricted	\$	1,514,231	
Temporarily restricted		24,288	
Total net assets			1,538,519
<b>Total liabilities and net assets</b>			<b>\$ 1,633,089</b>

The accompanying notes are a part of the financial statements.

**U S**

STATEMENT OF ACTIVITIES

for the year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Combined
<b>Revenue and support:</b>			
Contributions	\$ 1,682,776	\$ 5,748	\$ 1,688,524
Investment income	4,694	-	4,694
Other income	55,051	-	55,051
Loss on retirement of equipment	(1,549)	-	(1,549)
	1,740,972	5,748	1,746,720
Net assets released from restrictions in satisfaction of program restrictions	272	(272)	-
	1,741,244	5,476	1,746,720
<b>Expenses:</b>			
Program services, including research and education	1,297,224	-	1,297,224
Management and general	240,477	-	240,477
Fund raising	106,907	-	106,907
	1,644,608	-	1,644,608
Total increase in net assets	96,636	5,476	102,112
<b>Net Assets, beginning of year</b>	1,417,595	18,812	1,436,407
	\$ 1,514,231	\$ 24,288	\$ 1,538,519

The accompanying notes are a part of the financial statements.

**U S**  
**STATEMENT OF CASH FLOWS**  
for the year ended December 31, 2015

Increase (Decrease) in Cash

**Cash Flows from Operating Activities:**

Increase in net assets		\$ 102,112
Adjustments to reconcile the increase in net assets to cash provided by operating activities:		
Depreciation	\$ 4,857	
Loss on disposal of furniture and equipment	1,549	
Changes in current assets and liabilities:		
Accounts receivable	\$ 1,518	
Inventory	4,716	
Prepaid expenses	(9,645)	
Accounts payable	(19,638)	
Accrued compensation	<u>7,973</u>	
Net change in current assets and liabilities		<u>(15,076)</u>
 Total adjustments		 <u>(8,670)</u>
 Cash provided by operating activities		 93,442

**Cash flows from Investing Activities:**

Maturities of certificates of deposit		4,077,036
Purchase of certificates of deposit		<u>(3,845,297)</u>
		231,739
Purchase of furniture and equipment		<u>(10,083)</u>
Cash provided by investing activities		221,656
 Net increase in cash		 <u>315,098</u>

<b>Cash, beginning of year</b>		85,456
 <b>Cash, end of year</b>		 <u><u>\$ 400,554</u></u>

The accompanying notes are a part of the financial statements.

# US

## NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

US (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 research and reform, language policies, and conservation of natural resources.

The Organization’s major project is ProEnglish which is 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. It is financed by contributions from approximately 15,000 members and supporters throughout the nation. ProEnglish seeks to achieve its goal primarily through public education, research, publications, and litigation.

Administrative and fund raising costs are identified and reported separate from program costs.

### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Organization uses the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized 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 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 temporarily restricted donations are expended for their designated purposes during the year in which they are received, the donations are recorded as unrestricted contributions and the related expenses are recorded as expenses of unrestricted funds. Any unexpended temporarily restricted contributions at year end are recognized as temporarily restricted net assets.

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 two through five present the combined totals of all funds, with all inter-fund transactions eliminated.

## U S

### NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

**Financial instruments:** 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 February 5, 2016 through July 19, 2016. 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, 2015.

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 financial institutions.

**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 under the straight-line method. Depreciation expense for 2015 was \$4,857.

**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.

**Compensated absences:** The organization's employees earn hours of vacation pay at various rates depending on length of employment. Each employee may carryover from year-to-year up to one year of their accrued vacation. At year end an accrual is recorded for any unused vacation that complies with this limitation.

U S

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

**Major maintenance costs:** The Organization's policy is to expense maintenance costs when incurred, including any maintenance costs that might be considered major. During 2015 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, 2015 the Reserve was stated at its maximum amount. It is invested in certificates of deposit.

**NOTE C – TEMPORARILY RESTRICTED NET ASSETS:**

At December 31, 2015 temporarily restricted net assets included unspent donor restricted contributions specified for environmental projects, outdoor lighting conservation, and preservation of the Garrett Hardin web site. The amounts are:

Environmental projects	\$18,003
Outdoor lighting conservation	1,285
The Garrett Hardin web site	<u>5,000</u>
Total	<u>\$24,288</u>

**NOTE D – RENT:**

The Organization rented office space in Petoskey, Michigan and Arlington, Virginia on a month-to-month basis. The Petoskey rental arrangement continued throughout 2015; the Arlington arrangement was terminated effective July 31, 2015 with rental of office space in Washington, D.C. under a two-year lease through July 31, 2017.

The 2015 monthly rental rate for Petoskey was \$2,708 throughout 2015. The monthly rental rate for Arlington was \$3,000 through July 31, 2015. Under terms of the new lease, the Organization paid a security deposit of \$6,234 and monthly rentals of \$3,117 commencing the third month of the lease. The lease contains an automatic renewal provision for additional two-year periods at the then current rental rates. The future minimum lease payment under the lease for the year ended December 31, 2016 and 2017 is \$37,404 and \$21,819, respectively.

Annual rental expense for the two offices was \$66,879, including some special amenities.

U S

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

**NOTE E – 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 2012 through 2014 are subject to examination.

**NOTE F – 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 2015 was \$33,764.

**NOTE G – MAJOR DONORS:**

Each year the Organization solicits funds from the general public, including foundations and other philanthropic organizations. During 2015, one foundation accounted for approximately 71.1 percent of the Organization's contribution revenue.

**NOTE H – 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 2015 were:

ProEnglish	\$ 516,613
Other public interest projects	<u>780,611</u>
Total	<u>\$1,297,224</u>

The major costs associated with the other public interest projects include the cost of sponsoring an annual conference, publication expenses, fees for research and reports on areas of ecological and social concern, personnel costs, and grants for projects administered by other organizations.

# U S

## NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2015

### **NOTE I – ALLOCATION OF JOINT COSTS:**

During 2015, the Organization incurred joint costs of \$232,217 for educational materials and activities that included fundraising appeals. Of those costs, \$44,141 was allocated to fundraising expenses and \$188,076 to program services expenses.

### **NOTE J – 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 \$686,089 are insured by FDIC or SIPC. The balance, \$895,891, is not covered by such insurance.

### **NOTE K – COMMITMENTS:**

The Organization, through its ProEnglish project, has a program whereby it assists with the financing of litigation to preserve the use of English in the work place and classroom and defend the right of governments to adopt official English laws. In prior years contributions were received designated for this purpose. During 2013, the Organization initiated a suit on behalf of a student at an Arizona college who was denied the right to have her classes conducted in English thereby exhausting these designated contributions during that year.

As of December 31, 2015 the initial decision has been appealed and the Organization has agreed to continue to support this litigation using unrestricted funds. The ultimate amount that this support may involve is undeterminable.

### **NOTE L – SUBSEQUENT EVENTS:**

Subsequent events were evaluated through May 20, 2016, the date this report became available for publication. No events occurred during that period that required disclosure.

