US INCORPORATED

FINANCIAL STATEMENTS
for the year ended December 31, 2019

RASMUSSEN, TELLER, O'NEIL & CHRISTMAN

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

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RASMUSSEN, TELLER, O'NEIL & CHRISTMAN
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

August 12, 2020

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
US Incorporated:

We have audited the accompanying financial statements of US Incorporated (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses 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.

Auditor's Responsibility

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

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

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

231.347.5555 P 231.347.5639 F RTOCCPA.COM
555 MICHIGAN STREET, PETOSKEY, MICHIGAN 49770

Opinion

In our opinion, the financial statements referred to on page 1 present fairly, in all material respects, the financial position of US Incorporated as of December 31, 2019, 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.

US Incorporated
STATEMENT OF FINANCIAL POSITION
December 31, 2019

ASSETS

CURRENT ASSETS:		
Cash	$	822,266
Certificates of deposit		1,171,915
Accounts receivable		7,542
Inventory		5,296
Prepaid expenses		28,014
Total current assets		2,035,033
PROPERTY AND EQUIPMENT		153,371
Less accumulated depreciation		105,076
Total property and equipment		48,295
OTHER ASSET,		
Emergency fund		100,000
Total assets	$	2,183,328

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	$	175,922
Accrued compensation		15,043
Total current liabilities		190,965
NET ASSETS:		
Without donor restrictions		1,983,780
With donor restrictions, purpose restricted		8,583
Total net assets		1,992,363
Total liabilities and net assets	$	2,183,328

The accompanying notes are a part of the financial statements.

US Incorporated
STATEMENT OF ACTIVITIES
for the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Combined
REVENUES AND SUPPORT:			
Contributions	$ 1,883,799	$ -	$ 1,883,799
Investment income	18,029	-	18,029
Other income	64,648	-	64,648
Total revenues and support	1,966,476	-	1,966,476
EXPENSES:			
Program services, including research, education, and lobbying	1,479,723	-	1,479,723
Management and general	257,025	-	257,025
Fundraising	111,845	-	111,845
Total expenses	1,848,593	-	1,848,593
Change in net assets	117,883	-	117,883
NET ASSETS, BEGINNING OF YEAR	1,865,897	43,784	1,909,681
Less net assets attributed to Mackinac Straits Raptor Watch which separated from US Incorporated effective January 1, 2019	-	(35,201)	(35,201)
Remaining net assets, beginning of year	1,865,897	8,583	1,874,480
NET ASSETS, END OF YEAR	$ 1,983,780	$ 8,583	$ 1,992,363

The accompanying notes are a part of the financial statements.

US Incorporated
STATEMENT OF FUNCTIONAL EXPENSES
for the year ended December 31, 2019

	Program Services				
	Research and Education	Lobbying	Management and General	Fundraising	Total Expenses
Grants	$ 192,500	$ -	$ -	$ -	$ 192,500
Cost of sales including royalties	16,469	-	-	-	16,469
Salaries and wages	199,958	38,588	131,609	26,921	397,076
Payroll taxes and employee benefits	32,095	4,519	18,228	4,411	59,253
Research and writing fees	276,020	-		-	276,020
Professional and other fees	70,741	-	62,932	-	133,673
Direct mail costs	-	80,754	-	-	80,754
Media costs	118,563	-	-	-	118,563
Advertising	13,770	-	-	-	13,770
Occupancy	87,465	-	16,702	-	104,167
Office supplies	-	-	8,524	-	8,524
Telephone	-	-	2,948	-	2,948
Postage	11,012	-	3,942	(50)	14,904
Travel and education	64,957	-	7,758	-	72,715
State registration fees	-	-	-	10,297	10,297
Dues and subscriptions	11,405	-	(16)	-	11,389
Printing and publishing	260,530	-	-	70,266	330,796
Depreciation	-	-	2,424	-	2,424
Insurance	-	-	1,546	-	1,546
Miscellaneous	377	-	428	-	805
Total expenses	$ 1,355,862	$ 123,861	$ 257,025	$ 111,845	$ 1,848,593

The accompanying notes are a part of the financial statements.

US Incorporated
STATEMENT OF CASH FLOWS
for the year ended December 31, 2019

OPERATING ACTIVITIES:		
Change in net assets	$	117,883
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:		
Depreciation		2,424
Loss on retirement of fixed assets		120
Changes in assets and liabilities:		
Accounts receivable		(7,542)
Inventory		11,068
Prepaid expenses		(10,141)
Accounts payable		131,900
Accrued compensation		(14,476)
Net cash provided by operating activities		231,236
INVESTING ACTIVITIES:		
Certificate of deposit maturities		2,598,152
Certificate of deposit purchases		(2,697,319)
Purchase of leasehold improvements		(42,627)
Withdrawal of cash by the Mackinac Straits Raptor Watch Program Upon its separation from US Incorporated		(32,294)
Net cash used in investing activities		(174,088)
CHANGE IN CASH AND CASH EQUIVALENTS		57,148
CASH, BEGINNING OF YEAR		765,118
CASH, END OF YEAR	$	822,266

The accompanying notes are a part of the financial statements.

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 donor restricted, 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. This project 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.

Administrative and fund raising costs are identified and reported separately 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 net assets with donor restrictions. If restricted donations are expended for their designated purposes during the year in which they are received, such donations are recorded as contributions without donor restrictions and the related expenses are recorded as expenses of funds without donor restrictions. Any unexpended restricted contributions at year end are recognized as net assets with donor restrictions.

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 six present the combined totals of all funds, with all inter-fund transactions eliminated.

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. At December 31, 2019, all certificates of deposit, including those allocated to the emergency fund, have maturity dates within one year. Those certificates not allocated to the emergency fund are classified as current assets.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

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.

Property and equipment: Property and equipment consists of leasehold improvements, furniture, and equipment. They 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.

At December 31, 2019 leasehold improvements costing $7,506 were in use and those costing $42,628 were under construction to accommodate relocation of the Petoskey, Michigan office during early 2020. Office furniture and equipment costing $103,237 comprised the balance of property and equipment.

Property and equipment are being depreciated over their estimated useful lives under the straight-line method. Depreciation expense for 2019 associated with the leasehold improvements in use and office furniture and equipment was $2,424.

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.

Major maintenance costs: The Organization's policy is to expense maintenance costs when incurred, including any maintenance costs that might be considered major. During 2019 there were no maintenance expenses that management considered to be major maintenance expenses.

NOTE B – CONCENTRATION OF 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 $1,041,413 are insured by FDIC or SIPC. The balance, $1,052,768, is not covered by such insurance.

NOTE C – EMERGENCY FUND:

The Emergency Fund 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, 2019 the Fund was stated at its maximum amount. It is invested in certificates of deposit.

NOTE D – NET ASSETS WITH DONOR RESTRICTIONS:

At December 31, 2019 net assets with donor restrictions are as follows:

Environmental projects	$	2,258
Outdoor lighting conservation		1,325
The Garrett Hardin web site		5,000
Total	$	8,583

NOTE E – RENT:

The Organization rents office space in Petoskey, Michigan and Washington, D.C. The Petoskey office is rented under terms of a month-to-month agreement. The D.C. office is rented under terms of a two-year lease expiring July 31, 2021; it contains provisions for an annual inflationary rent adjustment and an automatic renewal provision for additional two-year periods at the then current rental rates. Future aggregate minimum lease payments under the D.C. lease through its 2021 expiration date total $91,618. In addition, the D.C. lease required a security deposit of $10,012.

During the latter of 2019, the Organization entered into a one-year lease expiring October 31, 2020 for a different Petoskey, Michigan office at an annual rate of $14,400. Under terms of the lease, the Organization has the option of renewing the lease for four additional periods of one-year each on a month-to-month basis with inflationary adjustments to the rental rate.

Annual rentals under these two rental arrangements aggregated $99,364 during 2019. Petoskey's annual rental was $32,496; D.C.'s annual rental was $66,868 including some special amenities.

NOTE F – 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 2016 through 2018 are subject to examination.

NOTE G – 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. The Organization contributes between five and seven and one-half percent of the employees' compensation to the plan for those who elect to contribute at least 2 percent of their gross pay to the plan. Plan cost for 2019 was $21,428.

NOTE H – MAJOR DONORS:

Each year the Organization solicits funds from the general public, including foundations and other philanthropic organizations. During 2019, one foundation accounted for approximately 74.2 percent of the Organization's contribution revenue.

NOTE I – FUNCTIONAL EXPENSES:

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salary and wages, payroll taxes and employee benefits, other fees including professional fees, occupancy, postage, travel and education, direct mail and media costs, dues and subscriptions, printing and publishing, and miscellaneous expenses, all of which are allocated on the basis of estimates of time and effort or other reasonable bases. Note K further explains the allocation of printing and publishing expenses.

NOTE J - 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 2019 were:

ProEnglish	$ 588,524
Other public interest projects	891,199
	$ 1,479,723

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 social concern, personnel costs, and grants for projects administered by other organizations.

NOTE K – ALLOCATION OF JOINT COSTS:

During 2019, the Organization incurred joint costs of $390,922 in printing and distributing various publications to its members and others. The publications included both educational material and fund raising appeals. Their total costs were allocated based on the relative space devoted to each topic, with $320,656 allocated to program services expense and $70,266 to fund raising expense.

NOTE L – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date:

Cash	$ 822,266
Certificates of deposit	1,271,915
Accounts receivable	7,542
Less unavailable for general expenditure within one year due to donor restriction for specific purpose	(8,583)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,093,140

General expenditures include management and general expenses, fundraising expenses, and some program expenses.

The Organization invests cash in certificates of deposit and a money market account as part of liquidity management.

NOTE M – SUBSEQUENT EVENTS:

Subsequent events were evaluated through August 12, 2020, the date this report became available for publication. No events occurred during that period that required disclosure.