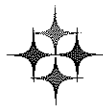


U S

FINANCIAL STATEMENTS  
for the year ended December 31, 2017

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# RASMUSSEN, TELLER, O'NEIL & CHRISTMAN

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

June 7, 2018

## 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, 2017, 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.

### *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.

U S  
June 7, 2018

*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, 2017, 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  
December 31, 2017

ASSETS

CURRENT ASSETS:

Cash	\$	926,839
Certificates of deposit		881,836
Inventory		9,611
Prepaid expenses		17,811
Mutual fund investment		6,664
Total current assets		1,842,761

FURNITURE AND EQUIPMENT

		143,090
Less accumulated depreciation		129,698
Total furniture and equipment		13,392

OTHER ASSET,

Emergency fund		100,000
Total assets	\$	1,956,153

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$	69,071
Accrued compensation		24,823
Total current liabilities		93,894

NET ASSETS:

Unrestricted		1,812,567
Temporarily restricted		49,692
Total net assets		1,862,259
Total liabilities and net assets	\$	1,956,153

The accompanying notes are a part of the financial statements.

U S  
STATEMENT OF ACTIVITIES  
for the year ended December 31, 2017

	Unrestricted	Temporarily Restricted	Combined
<b>REVENUES AND SUPPORT:</b>			
Contributions	\$ 1,992,197	\$ 12,737	\$ 2,004,934
Investment income	8,172	-	8,172
Other income	75,911	-	75,911
Total revenues and support	2,076,280	12,737	2,089,017
<b>EXPENSES:</b>			
Program services, including research and education	1,525,946	-	1,525,946
Management and general	194,841	-	194,841
Fundraising	111,101	-	111,101
Total expenses	1,831,888	-	1,831,888
Change in net assets	244,392	12,737	257,129
NET ASSETS, BEGINNING OF YEAR	1,568,175	36,955	1,605,130
NET ASSETS, END OF YEAR	\$ 1,812,567	\$ 49,692	\$ 1,862,259

The accompanying notes are a part of the financial statements.

U S  
STATEMENT OF CASH FLOWS  
for the year ended December 31, 2017

OPERATING ACTIVITIES:	
Change in net assets	\$ 257,129
Adjustments to reconcile the increase in net assets to net cash provided by operating activities:	
Depreciation	4,314
Donated stocks	(6,664)
Changes in assets and liabilities:	
Inventory	1,092
Prepaid expenses	(2,310)
Accounts payable	41,990
Accrued compensation	(5,853)
Net cash provided by operating activities	<u>289,698</u>
INVESTING ACTIVITIES:	
Certificate of deposit maturities	2,686,569
Certificate of deposit purchases	(2,739,421)
Purchase of furniture and equipment	(331)
Net cash used in investing activities	<u>(53,183)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	236,515
CASH, BEGINNING OF YEAR	<u>690,324</u>
CASH, END OF YEAR	<u><u>\$ 926,839</u></u>

The accompanying notes are a part of the financial statements.

U S  
NOTES TO FINANCIAL STATEMENTS  
for the year ended December 31, 2017

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 two major projects are ProEnglish and Mackinac Straits Raptor Watch. ProEnglish 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. Mackinac Straits Raptor Watch conducts studies for scientific and educational purposes of the migration of hawks and owls through Michigan's Straits of Mackinac region.

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.

**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. All certificates of deposit, including those allocated to the emergency fund, have maturity dates within one year of December 31, 2017. Those certificates not allocated to the emergency fund are classified as current assets.



U S  
NOTES TO FINANCIAL STATEMENTS  
for the year ended December 31, 2017

**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.

**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 2017 was \$4,314.

**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 2017 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 \$934,922 are insured by FDIC or SIPC. The balance, \$896,650, is not covered by such insurance.

**NOTE C – 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, 2017 the Reserve was stated at its maximum amount. It is invested in certificates of deposit.

U S  
NOTES TO FINANCIAL STATEMENTS  
for the year ended December 31, 2017

NOTE D – TEMPORARILY RESTRICTED NET ASSETS:

At December 31, 2017 temporarily restricted net assets are as follows:

Mackinac Straits Raptor Watch	\$ 40,149
Environmental projects	2,258
Outdoor lighting conservation	2,285
The Garrett Hardin web site	<u>5,000</u>
Total	<u>\$ 49,692</u>

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, 2019, with an automatic renewal provision for additional two-year periods at the then current rental rates.

Annual rentals under these two rental arrangements aggregated \$77,550 during 2017. Petoskey's annual rental was \$32,495; D.C.'s annual rental was \$45,055 including some special amenities. The future minimum lease payments under the D.C. lease for the years ended December 31, 2018 and 2019 are \$55,224 and \$32,214, respectively.

The Organization also leased other real estate and equipment under terms of short-term leases during 2017 at a total cost of \$4,512.

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 2014 through 2016 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 2017 was \$22,716.

U S  
NOTES TO FINANCIAL STATEMENTS  
for the year ended December 31, 2017

NOTE H – MAJOR DONORS:

Each year the Organization solicits funds from the general public, including foundations and other philanthropic organizations. During 2017, one foundation accounted for approximately 62.35 percent of the Organization's contribution revenue.

NOTE I – 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 2017 were:

ProEnglish	\$ 569,383
Other public interest projects	<u>956,563</u>
	<u>\$ 1,525,946</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.

NOTE J – ALLOCATION OF JOINT COSTS:

During 2017, the Organization incurred joint costs of \$431,220 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 \$363,802 allocated to program services expense and \$67,418 to fund raising expense.

NOTE K – SUBSEQUENT EVENTS:

Subsequent events were evaluated through June 7, 2018, the date this report became available for publication.

A threatened complaint by an ex-employee alleging misconduct by a ProEnglish manager who was terminated in April, 2017, was amicably settled in June, 2018. The settlement is not considered material to the organization's operations.