



**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND
NUMBERSUSA SUPPORT ORGANIZATION
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

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SEPTEMBER 30, 2019 AND 2018**

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Independent Auditors' Report

Board of Directors
NumbersUSA Education & Research Foundation
and NumbersUSA Support Organization
Arlington, Virginia

We have audited the accompanying consolidated financial statements of NumbersUSA Education & Research Foundation (the Foundation) and NumbersUSA Support Organization (the Support Organization), (collectively referred to as the Organization), which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, 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 Consolidated 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 the consolidated 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 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 audits 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 auditors' 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 auditors consider 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors
NumbersUSA Education & Research Foundation
and NumbersUSA Support Organization

Emphasis of Matter

As discussed in Note 2 of the consolidated financial statements, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
January 9, 2020

Certified Public Accountants

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018**

	2019	2018
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,120,925	\$ 1,436,667
Investments	23,943,753	13,534,797
Contributions Receivable	4,182	10,001,958
Due from NumbersUSA Action	30,909	41,376
Prepaid Expenses	57,179	56,622
Total Current Assets	25,156,948	25,071,420
Net Fixed Assets	420,061	521,018
Deferred Compensation Investments	412,691	362,196
Security Deposit	24,781	24,781
Total Assets	\$ 26,014,481	\$ 25,979,415
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 99,855	\$ 106,632
Accrued Salaries and Benefits	82,452	77,276
Accrued Vacation	168,716	180,093
Grant Payable to NumbersUSA Action	475,000	540,000
Deferred Rent	88,020	81,640
Total Current Liabilities	914,043	985,641
Deferred Compensation Liability	412,691	362,196
Deferred Rent, Net of Current Portion	273,311	359,534
Total Liabilities	1,600,045	1,707,371
Net Assets		
Without Donor Restrictions	24,413,084	24,194,991
With Donor Restrictions	1,352	77,053
Total Net Assets	24,414,436	24,272,044
Total Liabilities and Net Assets	\$ 26,014,481	\$ 25,979,415

See accompanying Notes to Consolidated Financial Statements.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 6,474,232	\$ 1,352	\$ 6,475,584
Investment Income	979,599	-	979,599
Other Income	4,920	-	4,920
Net Assets Released from Restrictions	77,053	(77,053)	-
Total Revenue	7,535,804	(75,701)	7,460,103
Expenses			
Programs			
U.S. Population Growth, Rural Land Loss, and the American Quality of Life	1,234,664	-	1,234,664
Labor-Force Competition, Unemployment, Wage Depression, and Income Inequality	1,758,915	-	1,758,915
Research and Education on Immigration Legislation and Enforcement	1,922,776	-	1,922,776
Public Education	1,765,487	-	1,765,487
Total Programs	6,681,842	-	6,681,842
Management and General	501,670	-	501,670
Fundraising	134,199	-	134,199
Total Expenses	7,317,711	-	7,317,711
Change in Net Assets	218,093	(75,701)	142,392
Net Assets, Beginning of Year	24,194,991	77,053	24,272,044
Net Assets, End of Year	\$ 24,413,084	\$ 1,352	\$ 24,414,436

See accompanying Notes to Consolidated Financial Statements.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Contributions	\$ 24,097,407	\$ 77,053	\$ 24,174,460
Investment Income	652,943	-	652,943
Other Income	4,707	-	4,707
Net Assets Released from Restrictions	2,057,558	(2,057,558)	-
Total Revenue	26,812,615	(1,980,505)	24,832,110
Expenses			
Programs			
U.S. Population Growth, Rural Land Loss, and the American Quality of Life	2,821,877	-	2,821,877
Labor-Force Competition, Unemployment, Wage Depression, and Income Inequality	1,821,960	-	1,821,960
Research and Education on Immigration Legislation and Enforcement	1,877,001	-	1,877,001
Public Education	2,951,371	-	2,951,371
Total Programs	9,472,209	-	9,472,209
Management and General	555,854	-	555,854
Fundraising	172,098	-	172,098
Total Expenses	10,200,161	-	10,200,161
Change in Net Assets	16,612,454	(1,980,505)	14,631,949
Net Assets, Beginning of Year	7,582,537	2,057,558	9,640,095
Net Assets, End of Year	\$ 24,194,991	\$ 77,053	\$ 24,272,044

See accompanying Notes to Consolidated Financial Statements.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Public Education	U.S. Population Growth, Rural Land Loss, and the American Quality of Life	Labor-Force Competition, Unemployment, Wage Depression, and Income Inequality	Research and Education on Immigration Legislation and Enforcement	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 247,222	\$ 575,978	\$ 590,550	\$ 856,731	\$ 2,270,481	\$ 272,195	\$ 78,416	\$ 2,621,092
Advertising	938,530	128,371	508,870	256,605	1,832,376	25	25	1,832,426
Grant	-	47,500	190,000	237,500	475,000	-	-	475,000
Outside Labor	-	20,749	26,731	34,303	81,783	-	-	81,783
Payroll Taxes and Benefits	36,789	149,743	139,430	184,542	510,504	65,863	18,233	594,600
Consulting	479,969	92,468	96,043	53,917	722,397	11,868	-	734,265
Occupancy	47,059	54,160	53,044	101,759	256,022	5,946	4,460	266,428
Telephone and Internet	226	12,279	12,131	19,795	44,431	5,228	2,263	51,922
Depreciation and Amortization	-	39,977	39,977	39,977	119,931	5,157	3,869	128,957
Travel	4,123	31,207	25,066	33,716	94,112	23,383	3,266	120,761
Miscellaneous	2,757	10,695	5,326	5,785	24,563	1,386	853	26,802
Professional Fees	-	4,388	7,141	12,270	23,799	28,549	4,270	56,618
Dues and Subscriptions	8,812	12,083	15,113	28,811	64,819	1,489	8,472	74,780
Software	-	36,498	36,584	36,757	109,839	6,054	7,739	123,632
Supplies	-	7,176	7,305	14,144	28,625	4,273	652	33,550
Service Charges	-	-	-	-	-	8,325	891	9,216
Printing and Copying	-	8,707	4,347	4,907	17,961	184	243	18,388
Postage and Shipping	-	2,685	1,257	1,257	5,199	85	547	5,831
Insurance	-	-	-	-	-	32,150	-	32,150
Board Expenses	-	-	-	-	-	29,510	-	29,510
Total Expenses	\$ 1,765,487	\$ 1,234,664	\$ 1,758,915	\$ 1,922,776	\$ 6,681,842	\$ 501,670	\$ 134,199	\$ 7,317,711

See accompanying Notes to Consolidated Financial Statements.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Public Education	U.S. Population Growth, Rural Land Loss, and the American Quality of Life	Labor-Force Competition, Unemployment, Wage Depression, and Income Inequality	Research and Education on Immigration Legislation and Enforcement	Total Programs	Management and General	Fundraising	Total
Salaries	\$ 267,256	\$ 486,802	\$ 602,422	\$ 808,080	\$ 2,164,560	\$ 296,256	\$ 105,412	\$ 2,566,228
Advertising	1,155,881	1,814,853	454,978	234,787	3,660,499	-	-	3,660,499
Grant	-	54,000	216,000	270,000	540,000	-	-	540,000
Outside Labor	47,511	11,188	18,000	40,597	117,296	77	77	117,450
Payroll Taxes and Benefits	50,742	121,307	141,311	174,968	488,328	71,808	24,771	584,907
Consulting	1,365,706	140,066	188,117	119,172	1,813,061	13,726	4,867	1,831,654
Occupancy	47,007	53,457	56,550	64,608	221,622	10,000	4,330	235,952
Telephone and Internet	-	8,210	9,366	11,939	29,515	5,062	1,615	36,192
Depreciation and Amortization	-	38,444	38,444	38,444	115,332	6,407	6,407	128,146
Travel	8,768	25,138	24,336	29,339	87,581	21,878	3,539	112,998
Miscellaneous	1,000	6,680	6,148	6,851	20,679	860	832	22,371
Professional Fees	-	-	-	-	-	38,769	2,024	40,793
Dues and Subscriptions	7,500	11,022	16,546	25,742	60,810	2,864	7,649	71,323
Software	-	41,029	41,029	41,029	123,087	6,836	8,828	138,751
Supplies	-	5,979	6,428	8,549	20,956	5,640	570	27,166
Service Charges	-	-	-	-	-	14,521	342	14,863
Printing and Copying	-	1,669	1,394	1,718	4,781	490	331	5,602
Postage and Shipping	-	2,033	891	1,178	4,102	96	504	4,702
Insurance	-	-	-	-	-	31,112	-	31,112
Board Expenses	-	-	-	-	-	29,452	-	29,452
Total Expenses	\$ 2,951,371	\$ 2,821,877	\$ 1,821,960	\$ 1,877,001	\$ 9,472,209	\$ 555,854	\$ 172,098	\$ 10,200,161

See accompanying Notes to Consolidated Financial Statements.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	\$ 142,392	\$ 14,631,949
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities		
Depreciation and Amortization	128,957	128,146
Gain on Investments	(541,109)	(354,544)
(Increase) Decrease in Assets		
Contributions Receivable	9,997,776	(9,920,782)
Due from NumbersUSA Action	10,467	12,888
Prepaid Expenses	(557)	8,544
Deferred Compensation Investments	(50,495)	(53,982)
Increase (Decrease) in Liabilities		
Accounts Payable	(6,777)	(359,326)
Accrued Salaries and Benefits	5,176	21,182
Accrued Vacation	(11,377)	21,591
Grant Payable to NumbersUSA Action	(65,000)	115,000
Deferred Compensation Liability	50,495	53,982
Deferred Rent	(79,843)	(72,305)
Net Cash Provided by Operating Activities	9,580,105	4,232,343
Cash Flows from Investing Activities		
Purchases of Fixed Assets	(28,000)	(22,849)
Purchases of Investments	(12,917,847)	(11,788,726)
Proceeds from Sales of Investments	3,050,000	7,521,191
Net Cash Used in Investing Activities	(9,895,847)	(4,290,384)
Net Decrease in Cash	(315,742)	(58,041)
Cash and Cash Equivalents, Beginning of Year	1,436,667	1,494,708
Cash and Cash Equivalents, End of Year	\$ 1,120,925	\$ 1,436,667

See accompanying Notes to Consolidated Financial Statements.

NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

NumbersUSA Education & Research Foundation (the Foundation) is a nonprofit organization incorporated in the Commonwealth of Virginia on May 14, 2002. The Foundation provides a civil forum for Americans of all political and ethnic backgrounds to focus on a single issue, the numerical level of U.S. immigration. The Foundation educates opinion leaders, policymakers and the public on immigration legislation, policies and their consequences. The Foundation favors reductions in immigration numbers toward traditional levels that would allow present and future generations of Americans to enjoy a stabilizing U.S. population and a high degree of individual liberty, mobility, environmental quality, worker fairness and fiscal responsibility.

NumbersUSA Support Organization (the Support Organization) was founded during the year ended September 30, 2017, and is operated exclusively to carry out the purposes of the Organization.

The Organization is supported primarily by contributions.

The Foundation's major programs consist of the following:

Labor-Force Competition, Unemployment, Wage Depression, and Income Inequality: The Foundation provides public education on the impact of U.S. immigration policy on wages, workforce participation, working conditions, economic disparity and educational quality, particularly for the most vulnerable American workers and children. Educational efforts include TV, radio, internet and print media interviews and messaging, focusing on the plight of unemployed and underemployed Americans; and writings and papers on the topic made available to online participants and the public via press releases, emails, social media, website postings, presentations to university and civic organization audiences.

Research and Education on Immigration Legislation and Enforcement: The Foundation provides analysis of federal and state immigration legislation, as well as immigration-related administration rules and regulations along with judicial rulings. Particular focus is given on the numerical impacts of proposed immigration while educating the public, students, public officials, news media and non-government organizations on research findings.

U.S. Population Growth, Rural Land Loss, and the American Quality of Life: The Foundation provides research and public education (a) about U.S. population growth, projections for the future and the role of immigration policy; (b) about the implications for America's farmland, natural habitat and eco-systems, and for the United States' stewardship of those for the sake of future generations not only of Americans but humans worldwide; (c) and about the ability of local communities to maintain and determine their separate identities and of American individuals to achieve their preferred levels of mobility, personal freedom and overall quality of life. Interactive web-based tools, publications, videos, internet presentations are available to the public, used by online participants, including educational uses in colleges, civic and religious organizations and news media. Staff educates the public through regular appearances at academic conferences, university classes, civic events and on national, regional, and local TV, radio, social media, newspapers, blogs, and journals.

NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Public Education: The Support Organization's primary program is public education about the effects of U.S. immigration policy on jobs, wages, population change, environment, and quality of life through the use of messages on social media, internet-based tools and videos, television and radio advertising, and hosting educational conferences.

Principles of Consolidation

The consolidated financial statements include the accounts of the Foundation and the Support Organization, collectively, the Organization. Significant intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Presentation

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which requires the Organization report information regarding its financial position and activities according to the following net asset classifications.

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, the Foundation has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

The Support Organization is exempt from income taxes under Section 501(c)(3) of the Code. The Support Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code and meets the definition of a supporting organization within the meaning of Section 509(a)(3) of the Code.

The Organization requires that a tax position be recognized or derecognized based on a "more-likely-than-not" threshold. This applies to positions taken or expected to be taken in a tax return. The Organization does not believe its consolidated financial statements include, or reflect, any uncertain tax positions.

The Foundation's and the Support Organization's IRS Forms 990, *Return of Organization Exempt from Income Tax*, 990-T, *Exempt Organization Business Income Tax Return*, and VA Form

NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

500, *Virginia Corporation Income Tax Return*, are subject to examination by the federal and state authorities, generally for three years after filing.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and other highly liquid instruments with maturities of less than three months, when purchased or donated.

Investments

Investments consist of mutual funds and are recorded at fair value based on quoted market prices on national exchanges.

Fixed Assets

The Organization capitalizes all fixed asset acquisitions in excess of \$1,500. Fixed assets are recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation is provided on a straight-line basis over the estimated useful life of the asset. Leasehold improvements are amortized over the shorter of the estimated useful life of the asset or the remaining lease term.

Contributions

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Restricted support, for which the restrictions are met in the year received, are considered net assets without donor restrictions for financial statement purposes.

Contributions Receivable

Contributions receivable are considered to be fully collectible by management, and accordingly, no allowance for doubtful accounts is considered necessary.

Deferred Compensation Investment

The deferred compensation investments consist of mutual funds which are stated at fair market value.

Lease Commitment

Rent expense is recognized on a straight-line basis over the term of the lease.

NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expense Allocation

Certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The Organization's indirect expenses including salaries, employee benefits, and other operational expenses are allocated on a functional basis to program services, management and general, and fundraising, based on management's estimate of time related to each activity.

Reclassifications

Certain amounts for the year ended September 30, 2018, have been reclassified for comparative purposes.

2. ADOPTION OF ACCOUNTING STANDARDS UPDATE 2016-14

For the year ended September 30, 2019, the Organization adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update addresses the complexity and understandability of net asset classification and provides information about liquidity and availability of resources. The changes required by the update have been applied retrospectively to all periods presented. A key change under ASU 2016-14 is the terminology of net asset classes used in these consolidated financial statements. Amounts previously reported as temporarily restricted and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

3. LIQUIDITY AND AVAILABLE RESOURCES

The Organization's cash flows have seasonal variations due to the timing of contributions. The Organization manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.

As of September 30, 2019, the following financial assets and liquidity sources were available for general operating expenditures in the year ending September 30, 2020:

Financial Assets

Cash and Cash Equivalents	\$ 1,120,925
Contributions Receivable	4,182
Due from NumbersUSA Action	30,909
Investments Available for Operating Purposes	23,943,753
Less Amounts Purpose Restricted by Donors	<u>(1,352)</u>
Total Financial Assets Available within One Year	<u>\$ 25,098,417</u>

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

4. RETIREMENT PLAN AND DEFERRED COMPENSATION

The Foundation sponsors a 403(b) defined contribution retirement plan (the Plan). All full-time and qualified part-time employees are eligible to participate in the Plan provided they have been employed by the Foundation for at least one year and contribute at least two percent of their annual compensation to the Plan. The Foundation matches employee contributions at a rate between two and one-half and seven and one-half percent of annual compensation depending on the employee's length of service. For the years ended September 30, 2019 and 2018, the Foundation made contributions of approximately \$127,000 and \$115,000, respectively, to the Plan.

The Foundation established a nonqualified 457(f) and a 457(b) deferred compensation plan (the Deferred Plans) for its President. The Deferred Plans require the Foundation to establish and maintain a book entry account on behalf of the President for all contributions, deferrals, and investment experience related to the Deferred Plans. The Foundation is not liable for any specific investment success nor is it required to restore any loss of principal that may occur due to market conditions. Under current law, such funds remain the asset of the Foundation and, as such, are subject to the creditors of the Foundation. For the years ended September 30, 2019 and 2018, the Foundation made contributions of approximately \$29,000 to the Deferred Plans.

5. CONCENTRATIONS

The Organization maintains cash balances at a financial institution in the Washington, D.C. metropolitan area. The accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times during the year, the Organization's cash balances exceeded the FDIC limits. Management believes the risk in these situations is minimal.

As of September 30, 2018, 100% of the contributions receivable was from one donor.

For the years ended September 30, 2019 and 2018, approximately 48% and 93%, respectively, of contributions were received from one donor. In addition, during the year ended September 30, 2019, the Organization received four anonymous donations which represented approximately 32% of contributions.

6. RELATED PARTY TRANSACTIONS

The Foundation shares staff, office space and other related expenses and services with NumbersUSA Action, Inc. (Action). Action is exempt from federal income taxes under Section 501(c)(4) of the Code. In addition, the President of the Foundation is the Chairman of Action. The Foundation was reimbursed by Action for expenses of approximately \$426,000 and \$569,000, respectively, for the years ended September 30, 2019 and 2018.

During the years ended September 30, 2019 and 2018, the Foundation awarded grants to Action of \$475,000 and \$540,000, respectively.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

7. FIXED ASSETS

As of September 30, 2019 and 2018, the Organization's fixed assets consisted of the following:

Description	2019	2018
Furniture and Fixtures	\$ 49,313	\$ 44,371
Equipment	99,211	85,634
Leasehold Improvements	<u>696,785</u>	<u>696,785</u>
	845,309	826,790
Less Accumulated Depreciation and Amortization	<u>(425,248)</u>	<u>(305,772)</u>
Net Fixed Assets	<u><u>\$ 420,061</u></u>	<u><u>\$ 521,018</u></u>

8. LINE OF CREDIT AGREEMENT

The Foundation has a \$250,000 unsecured revolving line of credit (LOC) from a bank which expires April 29, 2020. The LOC may be terminated by the bank with sixty days written notice, requiring payment in full of any outstanding amounts. As of September 30, 2019 and 2018, there was no balance outstanding on the LOC. Interest on the LOC would be charged at the highest prime rate published in the Money Rates Section of the *Wall Street Journal*.

9. LEASING ARRANGEMENTS

During the year ended September 30, 2016, the Foundation entered into a lease agreement for office space in Arlington, Virginia. The lease period is from October 1, 2015 through April 30, 2023, with a one-time five year renewal option. The lease includes a rent abatement and a construction allowance. The Foundation is responsible for its prorata share of real estate taxes and operating expenses.

During the year ended September 30, 2017, the Foundation amended their original lease agreement to expand the leased premises. The amendment began August 11, 2017 and ends on April 30, 2023 and includes the same renewal clause as the original lease. The amendment includes a construction allowance.

During the year ended September 30, 2019, the Foundation entered into a lease agreement for secondary office space in Washington, D.C. The lease period is from February 1, 2019 through January 31, 2024.

The following is a schedule of future minimum lease payments:

<u>For the Years Ending September 30,</u>	<u>Amount</u>
2020	\$ 328,826
2021	337,293
2022	346,875
2023	250,155
2024	<u>13,500</u>
Total Future Minimum Lease Payments	<u><u>\$ 1,276,649</u></u>

Total future minimum lease payments have not been reduced by approximately \$20,000 of sublease rentals to be received in the future under non-cancelable subleases.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

9. LEASING ARRANGEMENTS (CONTINUED)

For the years ended September 30, 2019 and 2018, rental expense was approximately \$261,000 and \$222,000, respectively, net of sublease income of approximately \$18,000 and \$24,000, respectively.

10. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include mutual funds);

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds);

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs into the determination of fair value require significant management judgment (examples include certain private equity securities and split interest agreements).

The following presents the Organization's assets and liabilities measured at fair value as of September 30, 2019:

Description	Level 1	Level 2	Level 3	Total
Vanguard				
Inter-Term Inv Grade Adm	\$ 2,961,898	\$ -	\$ -	\$ 2,961,898
Short-Term Inv Grade Adm	1,980,204	-	-	1,980,204
Total Bond Mkt Index Fund Adm	4,239,705	-	-	4,239,705
Total Intl Bond Index Fund Adm	3,921,948	-	-	3,921,948
Total Stock Mkt Index Fund Adm	4,935,740	-	-	4,935,740
Total Intl Stock Index Adm	5,904,258	-	-	5,904,258
	<u>\$ 23,943,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,943,753</u>
Deferred Compensation Investment	<u>\$ 412,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,691</u>
Deferred Compensation Liability	<u>\$ 412,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,691</u>

The following presents the Organization's assets and liabilities measured at fair value as of September 30, 2018:

Description	Level 1	Level 2	Level 3	Total
Vanguard				
Inter-Term Inv Grade Adm	\$ 1,501,366	\$ -	\$ -	\$ 1,501,366
Short-Term Inv Grade Adm	1,001,004	-	-	1,001,004
Total Bond Mkt Index Fund Adm	2,493,527	-	-	2,493,527
Total Intl Bond Index Fund Adm	2,136,572	-	-	2,136,572
Total Stock Mkt Index Fund Adm	3,914,075	-	-	3,914,075
Total Intl Stock Index Adm	2,488,253	-	-	2,488,253
	<u>\$ 13,534,797</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,534,797</u>
Deferred Compensation Investment	<u>\$ 362,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,196</u>
Deferred Compensation Liability	<u>\$ 362,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 362,196</u>

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

11. NET ASSETS WITH DONOR RESTRICTIONS

As of September 30, 2019 and 2018, the Organization's net assets with donor restrictions were available for the following purposes:

<u>Purpose</u>	<u>2019</u>	<u>2018</u>
Protecting our Allies	\$ 1,352	\$ 72,034
Population Education for Scientists and Environment	-	5,019
Total Net Assets With Donor Restrictions	<u>\$ 1,352</u>	<u>\$ 77,053</u>

For the years ended September 30, 2019 and 2018, net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

<u>Purpose</u>	<u>2019</u>	<u>2018</u>
Media Awareness	\$ -	\$ 2,056,720
Population Education for Scientists and Environment	5,019	838
Protecting our Allies	72,034	-
Net Assets Released from Restrictions	<u>\$ 77,053</u>	<u>\$ 2,057,558</u>

12. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 9, 2020, which is the date the consolidated financial statements were available to be issued.



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Independent Auditors' Report on Consolidating Information

Board of Directors
NumbersUSA Education & Research Foundation
and NumbersUSA Support Organization
Arlington, Virginia

We have audited the consolidated financial statements of NumbersUSA Education & Research Foundation (the Foundation) and NumbersUSA Support Organization (the Support Organization) as of and for the years ended September 30, 2019 and 2018, and our report thereon dated January 9, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 3 and 4. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and are not required parts of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Councilor, Buchanan + Mitchell, P.C.

Washington, D.C.
January 9, 2020

Certified Public Accountants

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019**

	Foundation	Support Organization	Eliminations	Consolidated
Assets				
Current Assets				
Cash	\$ 386,494	\$ 734,431	\$ -	\$ 1,120,925
Investments	8,775,358	15,168,395	-	23,943,753
Contributions Receivable	4,182	-	-	4,182
Due from NumbersUSA Action	30,909	-	-	30,909
Due from NumbersUSA Support Organization	564,989	-	(564,989)	-
Prepaid Expenses	57,179	-	-	57,179
Total Current Assets	9,819,111	15,902,826	(564,989)	25,156,948
Net Fixed Assets	420,061	-	-	420,061
Deferred Compensation Investments	412,691	-	-	412,691
Security Deposit	24,781	-	-	24,781
Total Assets	<u>\$ 10,676,644</u>	<u>\$ 15,902,826</u>	<u>\$ (564,989)</u>	<u>\$ 26,014,481</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 66,532	\$ 33,323	\$ -	\$ 99,855
Accrued Salaries and Benefits	82,452	-	-	82,452
Accrued Vacation	168,716	-	-	168,716
Due to Foundation	-	564,989	(564,989)	-
Grant Payable to NumbersUSA Action	475,000	-	-	475,000
Deferred Rent	88,020	-	-	88,020
Total Current Liabilities	880,720	598,312	(564,989)	914,043
Deferred Compensation Liability	412,691	-	-	412,691
Deferred Rent, Net of Current Portion	273,311	-	-	273,311
Total Liabilities	1,566,722	598,312	(564,989)	1,600,045
Net Assets				
Without Donor Restrictions	9,108,570	15,304,514	-	24,413,084
With Donor Restrictions	1,352	-	-	1,352
Total Net Assets	9,109,922	15,304,514	-	24,414,436
Total Liabilities and Net Assets	<u>\$ 10,676,644</u>	<u>\$ 15,902,826</u>	<u>\$ (564,989)</u>	<u>\$ 26,014,481</u>

See Independent Auditors' Report on Consolidating Information.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2018**

	Foundation	Support Organization	Eliminations	Consolidated
Assets				
Current Assets				
Cash	\$ 709,013	\$ 727,654	\$ -	\$ 1,436,667
Investments	7,635,365	5,899,432	-	13,534,797
Contributions Receivable	1,958	10,000,000	-	10,001,958
Due from NumbersUSA Action	41,376	-	-	41,376
Due from NumbersUSA Support Organization	108,298	-	(108,298)	-
Prepaid Expenses	56,622	-	-	56,622
Total Current Assets	8,552,632	16,627,086	(108,298)	25,071,420
Net Fixed Assets	521,018	-	-	521,018
Deferred Compensation Investments	362,196	-	-	362,196
Security Deposit	24,781	-	-	24,781
Total Assets	<u>\$ 9,460,627</u>	<u>\$ 16,627,086</u>	<u>\$ (108,298)</u>	<u>\$ 25,979,415</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 106,632	\$ -	\$ -	\$ 106,632
Accrued Salaries and Benefits	77,276	-	-	77,276
Accrued Vacation	180,093	-	-	180,093
Due to Foundation	-	108,298	(108,298)	-
Grant Payable to NumbersUSA Action	540,000	-	-	540,000
Deferred Rent	81,640	-	-	81,640
Total Current Liabilities	985,641	108,298	(108,298)	985,641
Deferred Compensation Liability	362,196	-	-	362,196
Deferred Rent, Net of Current Portion	359,534	-	-	359,534
Total Liabilities	1,707,371	108,298	(108,298)	1,707,371
Net Assets				
Without Donor Restrictions	7,676,203	16,518,788	-	24,194,991
With Donor Restrictions	77,053	-	-	77,053
Total Net Assets	7,753,256	16,518,788	-	24,272,044
Total Liabilities and Net Assets	<u>\$ 9,460,627</u>	<u>\$ 16,627,086</u>	<u>\$ (108,298)</u>	<u>\$ 25,979,415</u>

See Independent Auditors' Report on Consolidating Information.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	Foundation	Support Organization	Eliminations	Consolidated
Revenue				
Contributions	\$ 6,475,309	\$ 275	\$ -	\$ 6,475,584
Investment Income	410,657	568,942	-	979,599
Other Income	4,920	-	-	4,920
Total Revenue	6,890,886	569,217	-	7,460,103
Expenses				
Programs				
U.S. Population Growth, Rural Land Loss, and the American Quality of Life	1,234,664	-	-	1,234,664
Labor-Force Competition, Unemployment, Wage Depression, and Income Inequality	1,758,915	-	-	1,758,915
Research and Education on Immigration Legislation and Enforcement	1,922,776	-	-	1,922,776
Public Education	-	1,765,487	-	1,765,487
Total Programs	4,916,355	1,765,487	-	6,681,842
Management and General	483,666	18,004	-	501,670
Fundraising	134,199	-	-	134,199
Total Expenses	5,534,220	1,783,491	-	7,317,711
Change in Net Assets	1,356,666	(1,214,274)	-	142,392
Net Assets, Beginning of Year	7,753,256	16,518,788	-	24,272,044
Net Assets, End of Year	\$ 9,109,922	\$ 15,304,514	\$ -	\$ 24,414,436

See Independent Auditors' Report on Consolidating Information.

**NUMBERSUSA EDUCATION & RESEARCH FOUNDATION
AND NUMBERSUSA SUPPORT ORGANIZATION**

**CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Foundation	Support Organization	Eliminations	Consolidated
Revenue				
Contributions	\$ 4,174,360	\$ 20,140,100	\$ (140,000)	\$ 24,174,460
Investment Income	546,704	106,239	-	652,943
Other Income	4,707	-	-	4,707
Total Revenue	4,725,771	20,246,339	(140,000)	24,832,110
Expenses				
Programs				
U.S. Population Growth, Rural Land Loss, and the American Quality of Life	2,821,877	-	-	2,821,877
Labor-Force Competition, Unemployment, Wage Depression, and Income Inequality	1,877,960	-	(56,000)	1,821,960
Research and Education on Immigration Legislation and Enforcement	1,961,001	-	(84,000)	1,877,001
Public Education	-	2,951,371	-	2,951,371
Total Programs	6,660,838	2,951,371	(140,000)	9,472,209
Management and General	519,648	36,206	-	555,854
Fundraising	161,169	10,929	-	172,098
Total Expenses	7,341,655	2,998,506	(140,000)	10,200,161
Change in Net Assets	(2,615,884)	17,247,833	-	14,631,949
Net Assets, Beginning of Year	10,369,140	(729,045)	-	9,640,095
Net Assets, End of Year	\$ 7,753,256	\$ 16,518,788	\$ -	\$ 24,272,044

See Independent Auditors' Report on Consolidating Information.