

UNITED STATES AND JAPAN TEACHING  
PROGRAMME ALUMNI ASSOCIATION

REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

UNITED STATES JAPAN EXCHANGE AND TEACHING  
PROGRAMME ALUMNI ASSOCIATION

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
United States Japan Exchange and Teaching Programme  
Alumni Association  
Washington D.C .

***Report on Financial Statements***

We have audited the accompanying financial statements of United States Japan Exchange and Teaching Programme Alumni Association (USJETAA) (a Delaware not-for-profit organization based in the District of Columbia) which comprises the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities and changes in net assets, 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 USJETAA'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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States Japan Exchange and Teaching Programme Alumni Association as of December 31, 2017 and 2016, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Nan Miller CPA*

October 3, 2018

**United States Japan Exchange and Teaching Programme Alumni Association**  
**STATEMENT OF FINANCIAL POSITION**  
As of December 31, 2017 and 2016

	<b>2017</b>	<b>2016</b>
<b>ASSETS</b>		
Cash in banks	\$ 105,549	\$ 81,885
Accounts and pledges receivable	44,616	49,700
<b>TOTAL ASSETS</b>	<b>\$ 150,165</b>	<b>\$ 131,585</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 3,802	\$ 8,660
Grants payable	3,330	-
	7,132	8,660
 <b>Net Assets</b>		
Temporarily restricted net assets	\$ 118,251	\$ 117,958
Unrestricted net assets (deficiency)	24,782	4,967
	143,033	122,925
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 150,165</b>	<b>\$ 131,585</b>

The accompanying footnotes are an integral part of these financial statements.

**United States Japan Exchange and Teaching Programme Alumni Association**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2017

<b>Support, Revenue and Gains</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Government grants	\$ 350	\$ 57,330	\$ 57,680
Foundation grants	-	37,620	37,620
Individual contributions	3,990	-	3,990
JET30 conference income	114,889	-	114,889
	<u>119,229</u>	<u>94,950</u>	<u>214,179</u>
<b>Released from grant restrictions</b>	<u>94,657</u>	<u>(94,657)</u>	<u>-</u>
<b>Expenses and Losses</b>			
USJETAA programs and initiatives	94,657	-	94,657
JET30 conferencce	85,202	-	85,202
<b>Total program expenses</b>	<u>179,859</u>	<u>-</u>	<u>179,859</u>
General and adminstration	12,083	-	12,083
Fund raising	2,129	-	2,129
	<u>14,212</u>	<u>-</u>	<u>14,212</u>
<b>Total expenses</b>	<u>194,071</u>	<u>-</u>	<u>194,071</u>
<b>Change in net assets</b>	19,815	293	20,108
Net assets, beginning	<u>4,967</u>	<u>117,958</u>	<u>122,925</u>
<b>Net assets, ending</b>	<u>\$ 24,782</u>	<u>\$ 118,251</u>	<u>\$ 143,033</u>

The accompanying footnotes are an intergral part of these financial statements.

**United States Japan Exchange and Teaching Programme Alumni Association**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the Year Ended December 31, 2016

<b>Support, Revenue and Gains</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Government grants	\$ -	\$ 50,835	\$ 50,835
Foundation grants	7,481	90,000	97,481
Individual contributions	2,742	-	2,742
	<u>10,223</u>	<u>140,835</u>	<u>151,058</u>
<b>Released from grant restrictions</b>	<u>105,954</u>	<u>(105,954)</u>	<u>-</u>
<b>Expenses and Losses</b>			
USJETAA programs and initiatives	<u>105,955</u>	<u>-</u>	<u>105,955</u>
<b>Total program expenses</b>	<u>105,955</u>	<u>-</u>	<u>105,955</u>
General and administration	4,385	-	4,385
Fund raising	<u>870</u>	<u>-</u>	<u>870</u>
	<u>111,210</u>	<u>-</u>	<u>111,210</u>
<b>Change in net assets</b>	4,967	34,881	39,848
Net assets, beginning	<u>-</u>	<u>83,077</u>	<u>83,077</u>
<b>Net assets, ending</b>	<u><u>\$ 4,967</u></u>	<u><u>\$ 117,958</u></u>	<u><u>\$ 122,925</u></u>

**United States Japan Exchange and Teaching Programme Alumni Association**  
**Statement of Functional Expenses**  
For the Year Ended December 31, 2017

	<b>USJETAA Programs and Initiatives</b>	<b>JET30 Conference</b>	<b>General and Administrative</b>	<b>Fund Raising</b>	<b>TOTAL</b>
<b>Expenses</b>					
Grants, scholarships and contributions	\$ 11,658	\$ -	\$ -	\$ -	\$ 11,658
Grants to chapters	7,804	-	-	-	7,804
Grant funds returned to donors	21,280	-	-	-	21,280
Professional fees	2,891	250	4,250	750	8,141
Consultants	40,235	1,680	5,950	1,050	48,915
Printing and copying	-	1,819	-	-	1,819
Materials and supplies	1,970	1,494	71	13	3,548
Conference, events and meetings	7,126	79,675	-	-	86,801
Travel	689	-	291	51	1,031
Insurance	-	-	1,250	-	1,250
Office expenses and other	1,004	284	271	265	1,824
<b>Total Expenses</b>	<b>\$ 94,657</b>	<b>\$ 85,202</b>	<b>\$ 12,083</b>	<b>\$ 2,129</b>	<b>\$ 194,071</b>



**United States Japan Exchange and Teaching Programme Alumni Association**  
**Statement of Functional Expenses**  
For the Year Ended December 31, 2016

	<b>USJETAA Programs and Initiatives</b>	<b>General and Administrative</b>	<b>Fund Raising</b>	<b>TOTAL</b>
<b>Expenses</b>				
Grants, scholarships and contributions	\$ 28,703	\$ -	\$ -	\$ 28,703
Professional fees	6,509	1,489	-	7,998
Consultants	44,366	2,300	870	47,536
Printing and copying	-	365	-	365
Materials and supplies	5,000	166	-	5,166
Conference, events and meetings	8,780	-	-	8,780
Travel	11,714	-	-	11,714
Office expenses	883	65	-	948
	<u>883</u>	<u>65</u>	<u>-</u>	<u>948</u>
<b>Total Expenses</b>	<b><u>\$ 105,955</u></b>	<b><u>\$ 4,385</u></b>	<b><u>\$ 870</u></b>	<b><u>\$ 111,210</u></b>

United States Japan Exchange and Teaching Programme Alumni Association

**Statement of Cash Flows**

For the Year Ended December 31, 2017 and 2016

<b>OPERATING ACTIVITIES</b>	<u><b>2017</b></u>	<u><b>2016</b></u>
Change in Net Assets	\$ 20,108	\$ 39,848
Adjustments to reconcile Change in Net Assets to net cash provided by operations:		
Decrease (increase) in accounts and pledges receivable	5,084	33,377
Increase (decreases) in accounts payable	<u>(1,528)</u>	<u>8,660</u>
Net cash provided by Operating Activities	23,664	81,885
Cash at beginning of period	<u>81,885</u>	<u>-</u>
<b>Cash at end of period</b>	<u><b>\$ 105,549</b></u>	<u><b>\$ 81,885</b></u>

**Supplemental Non Cash Information:**

**There were no non-cash investing and financing transactions  
for the year ended December 31, 2017 and 2016.**

## **Note 1: Organization and Significant Accounting Policies**

### *Nature of Organization*

The United States Japan Exchange and Teaching Programme Alumni Association (USJETAA) is a 501(c)(3) nonprofit educational and cultural organization that promotes grassroots friendship and understanding between the U.S. and Japan through the personal and professional experiences of over 30,000 Americans who have participated on the JET Programme since its inception in 1987.

USJETAA was established as a result of an initiative developed by the U.S.-Japan Bridging Foundation in 2016 and funded by The Japan Foundation Center for Global Partnership with support from all 19 JETAA chapters around the U.S. The impetus for its creation was in response to a growing recognition by the bi-national committee, CULCON, of the impact JET alumni have as individuals and as a group on U.S.-Japan.

### *Basis of accounting*

The financial statements of USJETAA have been prepared on the accrual basis of accounting, in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Not-for-Profit Entities.

### *Basis of presentation*

The accompanying financial statements are presented in accordance with Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Topic 958 accounting for contributions received and contributions made financial statements of not-for-profit organizations. Contributions are recognized as revenue when they are received or unconditionally pledged. FASB ASC Topic 958 eliminates the utilization of fund accounting for financial reporting purposes requires that net assets be classified as (1) unrestricted; (2) temporarily restricted; or (3) permanently restricted depending on limitations placed on the net assets by donors. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Unrestricted net assets* - Net assets that are not subject to donor imposed stipulations. Per FASB ASC Topic 958 Board restricted funds, if any, are considered unrestricted for the purposes of the Statement of Financial Position.

*Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. As of December 31, 2017 and 2016 temporarily restricted net assets totaled \$131,356 and \$117,958, respectively. See Note 5.

**Note 1: Organization and Significant Accounting Policies (continued)**

*Basis of presentation (continued)*

*Permanently restricted net assets* - net assets subjected to donor imposed stipulations that these funds be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2017 and 2016, USJETAA has no permanently restricted net assets.

*Cash and cash equivalents*

For the purposes of the Statement of Cash Flows, short-term, highly liquid investments with maturities of three months or less are considered to be cash equivalents. Money market accounts, if any, are considered cash equivalents.

*Furniture and equipment*

Office furniture and equipment are carried at cost. Depreciation is computed using the straight-line methods over the estimated useful lives of the furniture and equipment. As of December 31, 2017 and 2016, there were no furniture and equipment.

*Income taxes*

USJETAA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code is subject to income tax. For the years ended December 31, 2017 and 2016, USJETAA had no unrelated business income subject to federal income tax.

*Uncertain Tax Positions*

USJETAA is exempt from Federal income taxes under Section 501 (c) (3) of the Internal Revenue Code (the Code) whereby only unrelated business income, as defined by Section 512(a) (1) of the Code, is subject to Federal income tax.

USJETAA is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on any net income derived from activities related to its exempt purpose. This code section enables USJETAA to accept donations that qualify as charitable contributions to the donor. USJETAA is subject to tax on net income from unrelated business activities. For the years ended December 31, 2017 and 2016, USJETAA did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

**Note 1: Organization and Significant Accounting Policies (continued)**

*Uncertain Tax Positions (continued)*

USJETAA is not aware of any activities that would jeopardize its tax-exempt status that would require recognition in the accompanying financial statements, pursuant to *Accounting Standards Codification (ASC) for Income Taxes*. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. The open tax years are December 31, 2015, 2016, and 2017. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is USJETAA's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2017 and 2016, USJETAA had no accruals for interest and/or penalties as there were no uncertain tax positions.

*Use of estimates and functional expenses*

In the ordinary course of fulfilling their not-for-profit objectives, certain estimates have been used to allocate common costs amongst the programs. These allocations are based upon management's best estimate of the benefit derived from these expenses by programmatic activity.

*Revenue Recognition*

USJETAA's primary source of revenue is contributions from individuals, corporations, foundations and the U.S. government. USJETAA reports unconditional contributions and grants of cash and other assets as unrestricted and available for general operations, unless specifically restricted by the donor. If contributions and grants are received with donor stipulations that limit the use of the donated funds or assets to a particular purpose or to specific time periods, the Organization reports the contributions and grants as temporarily restricted. When a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

Unconditional contributions and grants that are expected to be collected in the future are recorded as pledges receivable when the promises are made. Unconditional pledge receivables that are expected to be collected within one year are reported at net realizable value. Unconditional pledge receivables that are expected to be collected beyond one year are reported at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the promises are to be received.

Non-cash contributions, such as marketable securities or other valuables easily converted into cash, are recorded at the fair market value on the date of the contribution. Any gain or loss on the subsequent sale is reported in the Statement of Activity as a realized gain/loss and is considered unrestricted revenue. For the years ended December 31, 2017 and 2016, there were no non-cash donations received by USJETAA.

UNITED STATES JAPAN EXCHANGE AND TEACHING PROGRAMME ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

**Note 2: Concentration of Credit Risk**

USJETAA maintains its cash balances in various financial institutions. At December 31, 2017, the balances were insured, up to \$250,000, by the Federal Deposit Insurance Corporation ("FDIC"). As of December 31, 2017 and 2016, USJETAA maintained cash balances in one financial institution and this balance does not exceed the FDIC/SPIC coverage limits.

**Note 3: Temporarily Restricted Net Assets**

Temporarily restricted net assets as of December 31, 2017 and 2016 consisted of the following:

Program	2017	2016
Japan Foundation Center for Global Partnership	\$ 60,036	\$ 73,181
Japan-United States Friendship Commission	24,000	20,000
Japan Local Government Center (CLAIR)	27,581	14,335
United States Department of State - US Embassy Tokyo	4,284	1,839
Sasakawa Peace Foundation (USA)	2,350	8,603
	<b>\$ 118,251</b>	<b>\$ 117,958</b>

For the year ended December 31, 2017 and 2016, the following were released from donor restrictions and spent on program specific activities:

Program	2017	2016
Japan Foundation Center for Global Partnership	\$ 42,765	\$ 74,896
Japan Local Government Center (CLAIR)	9,884	1,500
Ministry of Foreign Affairs	-	5,000
United States Department of State – US Embassy Tokyo	11,755	8,161
Japan-United States Friendship Commission	16,000	-
Sasakawa Peace Foundation (USA)	14,253	16,397
	<b>\$ 94,657</b>	<b>\$ 105,954</b>

**Note 4: Related Party Transactions**

In 2016, USJETAA entered into a fiscal agency agreement with a nonprofit, 501 (c)(3) organization, U.S.-Japan Bridging Foundation (USJBF) to accept and administer grant funds and related expenditures from the Japan Foundation Center for Global Partnership. As part of the fiscal agency agreement, USJETAA's financial results were included as a USJBF program for the years ended December 31, 2013-2016.

UNITED STATES JAPAN EXCHANGE AND TEACHING PROGRAMME ALUMNI ASSOCIATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017 and 2016

**Note 4: Related Party Transactions (continued)**

On June 1, 2016, USJETAA began management of its own funding. The financial results for from January 1, 2016 through May 31, 2016, although presented as program revenue and expenses in USJBF audited financial statements, this activity has also been included as part of these financial statements of USJETAA for comparative purposes and fair presentation program activities.

The financial activity reported by USJBF as USJETAA program revenue and expenses included as part of USJBF's audited financial statements and IRS Form 990 for the years ended December 31, 2017 (final) and 2016 was as follows:

Account	2017	2016
<b>Funds carried forward from prior periods</b>	\$ 44,700	\$ 83,077
<b>Revenue:</b>		
Foundation grants	-	\$ 1,481
<b>Expenses:</b>		
Consultants	\$ -	\$ 23,036
Grants and contributions	-	4,706
Travel, meetings and conferences	-	10,719
Professional fees	-	949
Printing, copying and supplies	83	448
	<b>\$ 83</b>	<b>\$ 39,858</b>
<b>Funds to be transferred to USJETAA</b>	<b>\$ 44,616</b>	<b>\$ 44,700</b>

The remaining funds held by USJBF as of December 31, 2017 and 2016 from USJETAA's grant from the Japan Foundation Center for Global Partnership, totaling \$44,616 and \$44,700, respectively, have been recorded by USJETAA as an accounts receivable from USJBF. Management considers the entire outstanding balance to be fully collectible.

Additionally, two board member of USJBF are also board members of USJETAA.

**Note 5: Subsequent Events**

Subsequent events have been reviewed through October 3, 2018 All items affecting the financial statements for December 31, 2017 have been included in the accompanying financial statements and disclosures.