



REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2021 and 2020

**UNITED STATES JAPAN EXCHANGE AND TEACHING
PROGRAMME ALUMNI ASSOCIATION**

REPORT AND FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The United States Japan Exchange
and Teaching Programme Alumni Association
Washington, DC

Opinion

We have audited the accompanying financial statements of The United States Japan Exchange and Teaching Programme Alumni Association (USJETAA) (a Delaware not-for-profit organization) which comprises the statements of financial position as of December 31, 2021 and 2020 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. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The United States Japan Exchange and Teaching Programme Alumni Association as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of The United States Japan Exchange and Teaching Programme Alumni Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about USJETAA's ability to continue as a going concern for the year ended December 31, 2021 and 2020.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonable be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about USJETAA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Washington DC
November 20, 2022

Nanette K Miller CPA PC

**UNITED STATES JAPAN EXCHANGE AND
TEACHING PROGRAMME ALUMNI ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020**

	2021	2020
ASSETS		
Cash in banks	\$ 179,208	\$ 215,962
Grants and accounts receivable	12,331	6,114
Prepaid expenses and other current assets	-	4,998
TOTAL ASSETS	\$ 191,539	\$ 227,074
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,870	\$ 6,797
Deferred revenue	35,692	75,902
	37,562	82,699
 Net Assets		
Net assets without donor restrictions	153,977	144,375
	153,977	144,375
TOTAL LIABILITIES AND NET ASSETS	\$ 191,539	\$ 227,074

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, 2021**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support, Revenue and Gains			
Government grants	\$ 80,534	\$ -	\$ 80,534
Corporate and foundation	39,900	-	39,900
Individual and membership	6,405	-	6,405
dues Investment income	19	-	19
Miscellaneous income	156	-	156
	<u>127,014</u>	<u>-</u>	<u>127,014</u>
Released from grant restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Expenses and Losses			
USJETAA programs and initiatives	95,846	-	95,846
Total program expenses	<u>95,846</u>	<u>-</u>	<u>95,846</u>
General and administration	10,004	-	10,004
Fund raising	11,562	-	11,562
	<u>21,566</u>	<u>-</u>	<u>21,566</u>
Total expenses	<u>117,412</u>	<u>-</u>	<u>117,412</u>
Change in net assets	9,602	-	9,602
Net assets, beginning	<u>144,375</u>	<u>-</u>	<u>144,375</u>
Net assets, ending	<u><u>\$ 153,977</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 153,977</u></u>

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, 2020**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support, Revenue and Gains			
Government grants	\$ 24,065	\$ -	\$ 24,065
Corporate and foundation grants	13,026	-	13,026
Individual contributions and membership dues	6,637	-	6,637
Miscellaneous income	2,377	-	2,377
Investment income	291	-	291
	<u>46,396</u>	<u>-</u>	<u>46,396</u>
Released from grant restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Expenses and Losses			
USJETAA programs and initiatives	<u>76,392</u>	<u>-</u>	<u>76,392</u>
General and administration	11,309	-	11,309
Fund raising	6,994	-	6,994
	<u>18,303</u>	<u>-</u>	<u>18,303</u>
Total expenses	<u>94,695</u>	<u>-</u>	<u>94,695</u>
Change in net assets	(48,299)	-	(48,299)
Net assets, beginning	<u>192,674</u>	<u>-</u>	<u>192,674</u>
Net assets, ending	<u>\$ 144,375</u>	<u>\$ -</u>	<u>\$ 144,375</u>

**UNITED STATES JAPAN EXCHANGE AND
TEACHING PROGRAMME ALUMNI ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	USJETAA Programs and Initiatives	General and Administrative	Fund Raising	TOTAL
Expenses				
Grants, scholarships and contributions	\$ 16,097	\$ -	\$ -	\$ 16,097
Honoraria	4,750	-	-	4,750
Professional fees	-	3,071	-	3,071
Consultants	61,201	5,421	9,710	76,332
Software and technology	4,307	96	1,728	6,131
Conference, events and meetings	-	3	4	7
Travel and entertainment	1,818	-	-	1,818
Insurance	-	1,250	-	1,250
Advertising and promotion	1,747	138	57	1,942
Return of unspent grant funds	4,869	-	-	4,869
Office expenses and other	1,057	25	63	1,145
Total Expenses	\$ 95,846	\$ 10,004	\$ 11,562	\$ 117,412

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

United States Japan Exchange and Teaching Programme Alumni Association
Statement of Functional Expenses
For the Year Ended December 31, 2020

	USJETAA Programs and Initiatives	General and Administrative	Fund Raising	TOTAL
Expenses				
Grants, scholarships and contributions	\$ 7,011	\$ -	\$ -	\$ 7,011
Honoraria	1,875	-	-	1,875
Professional fees	-	1,975	-	1,975
Consultants	49,628	7,069	6,994	63,691
Software and technology	7,119	-	-	7,119
Conference, events and meetings	1,848	-	-	1,848
Travel and entertainment	5,968	-	-	5,968
Insurance	-	1,250	-	1,250
Advertising and promotion	104	-	-	104
Program supplies	77	-	-	77
Return of unspent grant funds	2,085	-	-	2,085
Office expenses and other	677	1,015	-	1,692
Total Expenses	\$ 76,392	\$ 11,309	\$ 6,994	\$ 94,695

**UNITED STATES JAPAN EXCHANGE AND
TEACHING PROGRAMME ALUMNI ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Change in Net Assets	\$ 9,602	\$ (48,299)
Adjustments to reconcile Change in Net Assets to net cash provided by operations:		
Decrease (increase) in accounts and pledges receivable	(6,217)	(4,629)
Decrease (increase) in prepaid expenses	4,998	(4,998)
Increase (decrease) in accounts payable	(4,927)	(413)
Increase (decrease) in deferred revenue	(40,210)	75,902
Net cash provided by Operating Activities	(36,754)	17,563
Cash at beginning of period	<u>215,962</u>	<u>198,399</u>
Cash at end of period	<u>\$ 179,208</u>	<u>\$ 215,962</u>

Supplemental Non Cash Information:

**There were no non-cash investing and financing transactions
for the year ended December 31, 2021 and 2020.**

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 in 2015 as an outgrowth of an initiative housed within the U.S.-Japan Bridging Foundation and with support from all 19 JETAA chapters around the United States. 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 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. Contributions are recognized as revenue when they are received or unconditionally pledged.

FASB ASC Topic 958 and Accounting Standards Update (ASU 2016-14) eliminates the utilization of fund accounting for financial reporting purposes and requires that net assets be classified as (1) net assets without donor restrictions and (2) net assets with donor restrictions 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:

Net assets without donor restrictions - Net assets that are not subject to donor imposed stipulations are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its programs or supporting services.

Net assets with donor restrictions - Net assets with donor restrictions are comprised of funds, which are restricted by donors for specific purposes, which are not in the ordinary course of the Organization's operations and are comprised of cash and pledges receivable. Upon the expiration of either donor imposed time or purpose restrictions, net assets with donor restrictions are transferred to net assets without donor restrictions.

Note 1: Organization and Significant Accounting Policies (continued)

Basis of presentation (continued)

Net assets with donor restrictions also include contributions which donors have specified must be maintained in perpetuity. The related income from the related investments may be expended for such purposes as specified by the donor or, if none, then for any purpose of the Organization. The donors have stipulated that the revolving fund balance and net realized gains on investment transaction must be maintained in perpetuity. However, interest earned on the investment of such funds may be used for any purpose.

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 held by investment brokers are considered cash equivalents.

Grants and accounts receivable

The Organization utilizes the direct write-off method for bad debts based on management's experience. Management evaluates the collectability of its grants and accounts receivable on a regular basis. The Organization believes that all grants and accounts receivable at December 31, 2021 and 2020 are fully collectible, accordingly, no allowance for doubtful accounts has been established.

Furniture and equipment

Office furniture and equipment, if any, 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, 2021 and 2020, there were no furniture and equipment or other assets requiring depreciation and/or amortization.

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, 2021 and 2020, 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.

Note 1: Organization and Significant Accounting Policies (continued)

Uncertain Tax Positions (continued)

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, 2021 and 2020, USJETAA did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

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, 2019-2021. 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, 2021 and 2020, USJETAA had no accruals for interest and/or penalties as there were no uncertain tax positions.

Use of estimates and functional expenses

USJETAA uses the direct cost method for accounting for expenses. This method directly assigns the cost to a specific program and/or grant, administration, and/or fund raising. This methodology conforms to industry best practices and is the best method to use if expenditures can be directly identified and charged to a specific grant and/or program.

Revenue Recognition

USJETAA's primary source of revenue is contributions from individuals, corporations, foundations and the U.S. government agencies. USJETAA reports unconditional contributions and grants of cash and other assets as unrestricted and available for general operations. Grant funds for operations and USJETAA programs received in advance are recorded as deferred revenue and recognized in the year the expenditure takes place. Any unspent grant funds are returned to the grantor and recorded as an expense in the Statement of Activity. Contributions with donor restrictions received and spent within the same reporting year are classified as contributions without donor restrictions in accordance with generally accepted accounting principles.

Note 1: Organization and Significant Accounting Policies (continued)

Revenue Recognition (continued)

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. As of December 31, 2021 and 2020, grants receivable totaled \$12,331 and \$6,114, respectively, and are considered fully collectible.

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, 2021 and 2020, there were no non-cash donations received by USJETAA.

In-kind contributions

In accordance with FASB ASC Topic 958 - Accounting for In-Kind Contributions, in-kind contributions, if any, are recorded at their estimated fair market value on the date the unconditional promise to give the asset is made and transfer of the asset is assured. In-kind contributions can be included in the accompanying financial statements if the value of the donated services and materials can be objectively measured by an independent third party. For the year ended December 31, 2019, USJETAA received donated office space and donated time from its board of directors. These in-kind contributions could not be objectively measured, therefore they are not included in the accompanying financial statements as of and for the year ended December 31, 2021 and 2020, respectively.

Note 2: Risks and Uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2021, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Due to the COVID-19 outbreak they took steps to mitigate health risks to employees and the financial impact on the Organization.

Note 2: Risks and Uncertainties (continued)

On March 27, 2020 the President of the United States signed into law the “Coronavirus Aid, Relief and Economic Security (CARES) Act” to provide certain relief as a result of the COVID-19 outbreak. As of December 31, 2021, the Organization did not receive any funding under CARES.

Note 3: Concentration of Credit Risk

In accordance with FASB ASC Topic 275, Risks and Uncertainties, for the years ended December 31, 2021 and 2020, there three (3) grantors and in the aggregate contribute approximately 50% of USJETAA's total revenue and support.

At times during the year it is possible for USJETAA to maintain cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits of \$250,000 per financial institution/per organization on demand deposits, certificates of deposit, and money market accounts combined. Management considers the risk of loss relating to these bank accounts minimal. As of December 31, 2021 and 2020, USJETAA did not exceed FDIC insurance limits on any bank accounts.

Note 4: Related Party Transactions

USJETAA receives donated office space and has one board member in common with a primary donor, Japan-United States Friendship Commission.

Note 5: Reclassifications

For the year ended December 31, 2020, certain reclassifications and adjustments to beginning balances were made to correct prior period classification errors.

Note 6: Net Assets With Donor Restrictions

As of December 31, 2021 and 2020, USJETAA has no net assets with donor restrictions. All advance payments received by USJETAA has been recorded as deferred revenue and recognized in the period that expenditures are made. Unused funds are returned to the grantor.

Note 7 - Liquidity

In accordance with FASB ASC Topic 958 and Accounting Standards Update (ASU 2016-14) - Liquidity, as of December 31, 2021 USJETAA's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 179,208
Grants and accounts receivable	12,331
Accounts payable and accrued expenses	<u>(1,870)</u>
Total	<u><u>\$ 189,669</u></u>

As part of the Organization's liquidity management, USJETAA structures its financial assets, not subject to donor restrictions, to be available as its general and fund raising expenditures, liabilities and other commitments come due. Additionally, the Organization anticipates continued support for its programmatic activities from government agencies, corporations, foundations, and individuals in order to meet their annual operating needs.

Note 8: Subsequent Events

Subsequent events have been reviewed through November 20, 2022. All items affecting the financial statements for December 31, 2021 have been included in the accompanying financial statements and disclosures.