

UNITED STATES & JAPAN TEACHING
PROGRAMME ALUMNI ASSOCIATION

REPORT TO THE BOARD OF DIRECTORS

DECEMBER 31, 2018

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

We have audited the financial statements of United States Japan Exchange and Teaching Programme Alumni Association (USJETAA) for the fiscal years ended December 31, 2018 and 2018, and we have issued our report thereon dated November 15, 2019. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, and could not independently verify beginning balances, there is a risk that material errors, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control of USJETAA. Such considerations are solely for the purpose of planning our audit procedures and not to provide any assurance about internal control. In connection with our audit of USJETAA, we have issued a report on internal accounting control in accordance Statement of Accounting Standards, No. 115, "Communicating Internal Control Related Matters Identified in an Audit". We noted no material weaknesses in USJETAA's system of internal accounting control as of and for the year ended December 31, 2018.

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of USJETAA's compliance with certain provisions of applicable US laws and federal regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by USJETAA are described in Note 2 to the financial statements. As of December 31, 2018, USJETAA's primary assets consist of cash and cash equivalents (87% of total assets) and grants receivable (12%). Cash controls surrounding bank reconciliations, deposits, disbursements and cash reporting are adequate given the size of the Organization and segregation of duties existed whenever possible to insure the safeguarding the Organization's assets.

We noted no transactions entered into by USJETAA during the year ended 2018 that were either or both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. There were no significant deficiencies or material weaknesses noted during our examination as defined by accordance Statement of Accounting Standards, No. 115, "Communicating Internal Control Related Matters Identified in an Audit".

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from management's current judgments. These accounting estimates on the simple level would include items such as depreciation and amortization expense. The more complex level would include in-kind contributions and expense allocations to restricted grants and other activities of the Organization. During the year ended December 31, 2018, USJETAA had no assets requiring depreciation or amortization. Additionally we reviewed USJETAA's allocation of expenses to specific grants and programs and found them to be reasonable and within industry standards.

USJETAA uses the direct charge 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.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments if not recorded by USJETAA could potentially cause future financial statements to be materially misstated. All proposed adjustments were discussed with the Treasurer and were recorded in the Organization's QuickBooks file online. These adjustments related to accrual basis accounting which is required by generally accepted accounting principles.

Other Information in Documents Containing Audited Financial Statements

The financial statements referred to above that were audited by us can be included in a published annual report prepared by USJETAA, if one is prepared, or posted to the Organization's website. Our responsibility under professional standards does not extend beyond the financial statements covered by our auditor's report, and we have no obligation to corroborate other information contained in the annual report or other documents in which the financial statements are included. We can only read this information, if asked, to consider whether it was materially inconsistent with the financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report, including management's judgments about accounting estimates. No such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, the only consultations were with the Organization's outside bookkeeper. If warranted, our firm does consult with other professionals if accounting and auditing issues were to arise requiring such consultation. As part of our quality control review, these audited financial statements are reviewed by a professional that works with our firm to insure that all required disclosures are included in the audited financial. This outside quality control reviewer is also bound by professional standards which include but are not limited to confidentiality.

Other Matters

For the year ended December 31, 2018, USJETAA was not required to comply with the requirements of Office of Management and Budget Circular A-133 since there were no federal grant expenditures during the year ended December 31, 2018 over the required threshold of \$500,000.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing our audit and feel we have an open line of communication with the Treasurer of Board of Directors. We found the Executive Director and the outside accountant to be knowledgeable, cooperative and able to perform the duties necessary to act in the benefit of the Organization. USJETAA management and their outside accountant may consult with us during the year, if the situation warrants it, to discuss methods of improving the Organization's current internal controls for the overall benefit of the Organization without incurring excessive or unnecessary costs.

This report is intended solely for the information and use of the board of directors, management, others within the organization, and is not intended to be and should not be used by anyone other than the specified parties.

November 15, 2019
Washington, DC