



REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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

REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

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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, 2019 and 2018 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, 2019 and 2018, and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 19, 2020

Nanette K Miller CPA PC

**UNITED STATES JAPAN EXCHANGE AND
TEACHING PROGRAMME ALUMNI ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018**

	2019	2018
ASSETS		
Cash in banks	\$ 198,399	\$ 181,229
Grants and accounts receivable	785	26,285
TOTAL ASSETS	\$ 199,184	\$ 207,514
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 7,210	\$ 9,325
Grants payable	-	12,585
	7,210	21,910
 Net Assets		
Net assets with donor restrictions	\$ 55,020	\$ 80,713
Net assets without donor restrictions	136,954	104,891
	191,974	185,604
TOTAL LIABILITIES AND NET ASSETS	\$ 199,184	\$ 207,514

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, 2019**

Support, Revenue and Gains	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Government grants	\$ -	\$ 75,706	\$ 75,706
Foundation grants	-	54,366	54,366
Corporate grants	971	-	971
Individual contributions	3,232	-	3,232
Membership dues	1,450	-	1,450
Investment income	3,496	-	3,496
Investment income	960	-	960
	<u>10,109</u>	<u>130,072</u>	<u>140,181</u>
Released from grant restrictions	<u>155,765</u>	<u>(155,765)</u>	<u>-</u>
Expenses and Losses			
USJETAA programs and initiatives	<u>108,286</u>	<u>-</u>	<u>108,286</u>
Total program expenses	<u>108,286</u>	<u>-</u>	<u>108,286</u>
General and administration	17,650	-	17,650
Fund raising	7,875	-	7,875
	<u>25,525</u>	<u>-</u>	<u>25,525</u>
Total expenses	<u>133,811</u>	<u>-</u>	<u>133,811</u>
Change in net assets	32,063	(25,693)	6,370
Net assets, beginning	<u>104,891</u>	<u>80,713</u>	<u>185,604</u>
Net assets, ending	<u>\$ 136,954</u>	<u>\$ 55,020</u>	<u>\$ 191,974</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, 2018**

Support, Revenue and Gains	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Government grants	\$ -	\$ 101,776	\$ 101,776
Corporate and foundation grants	1,067	52,070	53,137
Individual contributions	11,089	-	11,089
Investment income	94	-	94
	<u>12,250</u>	<u>153,846</u>	<u>166,096</u>
Released from grant restrictions	<u>121,680</u>	<u>(121,680)</u>	<u>-</u>
Expenses and Losses			
USJETAA programs and initiatives	<u>104,331</u>	<u>-</u>	<u>104,331</u>
General and administration	12,355	-	12,355
Fund raising	6,839	-	6,839
	<u>19,194</u>	<u>-</u>	<u>19,194</u>
Total expenses	<u>123,525</u>	<u>-</u>	<u>123,525</u>
Change in net assets	10,405	32,166	42,571
Net assets, beginning	<u>94,486</u>	<u>48,547</u>	<u>143,033</u>
Net assets, ending	<u><u>\$ 104,891</u></u>	<u><u>\$ 80,713</u></u>	<u><u>\$ 185,604</u></u>

**UNITED STATES JAPAN EXCHANGE AND
TEACHING PROGRAMME ALUMNI ASSOCIATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	USJETAA Programs and Initiatives	General and Administrative	Fund Raising	TOTAL
Expenses				
Grants, scholarships and contributions	\$ 29,266	\$ -	\$ -	\$ 29,266
Honoraria	3,200	-	-	3,200
Audit and accounting fees	-	4,865	-	4,865
Consultants and legal fees	36,184	10,345	7,364	53,893
Program supplies and materials	625	-	-	625
Software and technology	3,832	51	350	4,233
Conference, events and meetings	15,339	311	94	15,744
Travel and entertainment	18,006	541	-	18,547
Insurance	-	1,250	-	1,250
Advertising and promotion	-	-	67	67
Office expenses and other	1,834	287	-	2,121
Total Expenses	\$ 108,286	\$ 17,650	\$ 7,875	\$ 133,811

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, 2018

	USJETAA Programs and Initiatives	General and Administrative	Fund Raising	TOTAL
Expenses				
Grants, scholarships and contributions	\$ 24,428	\$ -	\$ -	\$ 24,428
Honoraria	900	-	-	900
Audit and accounting fees	-	4,735	-	4,735
Consultants	33,533	4,756	3,170	41,459
Software and technology	9,472	70	2,821	12,363
Conference, events and meetings	20,606	-	-	20,606
Travel and entertainment	15,098	102	6	15,206
Insurance	-	1,250	-	1,250
Advertising and promotion	-	83	842	925
Office expenses and other	294	1,359	-	1,653
	\$ 104,331	\$ 12,355	\$ 6,839	\$ 123,525

**UNITED STATES JAPAN EXCHANGE AND
TEACHING PROGRAMME ALUMNI ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

OPERATING ACTIVITIES	<u>2019</u>	<u>2018</u>
Change in Net Assets	\$ 6,370	\$ 42,571
Adjustments to reconcile Change in Net Assets to net cash provided by operations:		
Decrease (increase) in accounts and pledges receivable	25,500	18,331
Increase (decreases) in accounts payable	(2,115)	5,523
Increase (decreases) in grants payable	<u>(12,585)</u>	<u>9,255</u>
Net cash provided by Operating Activities	17,170	75,680
Cash at beginning of period	<u>181,229</u>	<u>105,549</u>
Cash at end of period	<u>\$ 198,399</u>	<u>\$ 181,229</u>

Supplemental Non Cash Information:

**There were no non-cash investing and financing transactions
for the year ended December 31, 2019 and 2018.**

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 2018 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 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, 2019 and 2018 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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018, 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, 2017- 2019. 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, 2019 and 2018, 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. 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 net assets with donor restrictions. When a stipulated time restriction ends or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. 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.

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, 2019 and 2018, 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, 2019 and 2018, respectively.

Note 2: Concentration of Credit Risk

In accordance with FASB ASC Topic 275, Risks and Uncertainties, for the years ended December 31, 2019 and 2018, there were five grantors each contributing over 10% of USJETAA's total revenue and support. The grants and contributions of these five donors, in the aggregate totaled \$130,072 and \$153,846 representing 93% of total revenue for the years ended December 31, 2019 and 2018, respectively.

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, 2019 and 2018, USJETAA did not exceed FDIC insurance limits on any bank accounts.

UNITED STATES JAPAN EXCHANGE AND TEACHING PROGRAMME ALUMNI ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 and 2018

Note 3: Related Party Transactions

USJETAA receives donated office space and has one board member in common with a primary donor, Japan-United States Friendship Commission. Additionally USJETAA has two common board members with a nonprofit, a 501 (c)(3) organization, U.S.-Japan Bridging Foundation (USJBF).

Note 4: Net Assets With Donor Restrictions

Net assets with donor restrictions as of December 31, 2019 and 2018 consisted of the following:

Program	2019	2018
Japan Foundation Center for Global Partnership	\$ 15,720	\$ 19,938
Japan-United States Friendship Commission	21,468	23,548
Japan Local Government Center (CLAIR)	2,772	5,778
United States Department of State - US Embassy Tokyo	1,129	14,464
Sasakawa Peace Foundation (USA)	13,931	16,985
	\$ 55,020	\$ 80,713

For the years ended December 31, 2019 and 2018, the following were released from donor restrictions and spent on program specific activities:

Program	2019	2018
Japan Foundation Center for Global Partnership	\$ 33,973	\$ 45,965
Japan Local Government Center (CLAIR)	26,700	35,533
United States Department of State– US Embassy Tokyo	33,540	10,892
Japan-United States Friendship Commission	27,080	21,952
Ministry of Foreign Affairs (MOFA)	6,808	258
Sasakawa Peace Foundation (USA)	27,664	7,080
	\$ 155,765	\$ 121,680

Note 5 - Liquidity

In accordance with FASB ASC Topic 958 and Accounting Standards Update (ASU 2016-14) - Liquidity, as of December 31, 2019 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	\$ 198,399
Grants and accounts receivable	785
Accounts payable and accrued expenses	(7,210)
Net assets with donor restrictions	(55,020)
Total	\$ 136,954

Note 5 - Liquidity (continued)

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. Net liquid assets not subjected to donor restrictions as of the statement of financial position date meet these current obligations by \$136,954. 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 6: Subsequent Events

Subsequent events have been reviewed through November 19, 2020. All items affecting the financial statements for December 31, 2019 have been included in the accompanying financial statements and disclosures.