



**U.S.-JAPAN COUNCIL**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023 AND 2022**

U.S.-JAPAN COUNCIL

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DECEMBER 31, 2023 AND 2022

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## **Independent Auditor's Report**

The Board of Directors  
U.S.-Japan Council  
Washington, D.C.

### ***Opinion***

We have audited the accompanying financial statements of U.S. Japan Council (USJC), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USJC as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 USJC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 USJC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***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 auditor's 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 generally accepted auditing standards 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.

*Auditor's Responsibilities for the Audit of the Financial Statements (Continued)*

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 USJC'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 USJC'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.

*Councilor, Buchanan + Mitchell, P.C.*

Bethesda, Maryland  
July 30, 2024

Certified Public Accountants

**U.S.-JAPAN COUNCIL**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 748,031	\$ 3,099,561	\$ 3,847,592
Investments	1,093,762	24,680,764	25,774,526
Promises to Give	48,333	371,666	419,999
Prepaid Expenses	200,047	-	200,047
Due from USJC-Japan	299,894	-	299,894
Other Receivable	82,830	-	82,830
Total Current Assets	2,472,897	28,151,991	30,624,888
Promises to Give, Long-Term	-	381,359	381,359
Operating Lease Asset	210,461	-	210,461
Finance Lease Asset, Net of Accumulated Amortization of \$4,932	10,029	-	10,029
Property and Equipment, Net	-	-	-
<b>Total Assets</b>	<b><u>\$ 2,693,387</u></b>	<b><u>\$ 28,533,350</u></b>	<b><u>\$ 31,226,737</u></b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 97,895	\$ -	\$ 97,895
Operating Lease Liability	71,747	-	71,747
Finance Lease Liability	3,423	-	3,423
Accrued Expenses	59,770	-	59,770
Accrued Vacation	101,401	-	101,401
Deferred Revenue	100,000	-	100,000
Total Current Liabilities	434,236	-	434,236
Operating Lease Liability, Net of Current Portion	159,779	-	159,779
Finance Lease Liability, Net of Current Portion	5,736	-	5,736
Total Liabilities	599,751	-	599,751
<b>Net Assets</b>			
Without Donor Restrictions	2,093,636	-	2,093,636
With Donor Restrictions	-	28,533,350	28,533,350
Total Net Assets	2,093,636	28,533,350	30,626,986
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,693,387</u></b>	<b><u>\$ 28,533,350</u></b>	<b><u>\$ 31,226,737</u></b>

*See accompanying Notes to Financial Statements.*

**U.S.-JAPAN COUNCIL**

**STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 2,976,182	\$ 3,966,058	\$ 6,942,240
Investments	-	21,011,083	21,011,083
Promises to Give	121,613	204,999	326,612
Prepaid Expenses	<u>14,793</u>	<u>5,434</u>	<u>20,227</u>
Total Current Assets	3,112,588	25,187,574	28,300,162
Operating Lease Asset	277,780	-	277,780
Finance Lease Asset, Net of Accumulated Amortization of \$5,388	9,353	-	9,353
Property and Equipment, Net	<u>970</u>	<u>-</u>	<u>970</u>
<b>Total Assets</b>	<b><u><u>\$ 3,400,691</u></u></b>	<b><u><u>\$ 25,187,574</u></u></b>	<b><u><u>\$ 28,588,265</u></u></b>
<b>Liabilities and Net Assets</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$ 29,235	\$ -	\$ 29,235
Operating Lease Liability	68,939	-	68,939
Finance Lease Liability	5,325	-	5,325
Accrued Expenses	131,285	-	131,285
Accrued Vacation	115,053	-	115,053
Deferred Revenue	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Total Current Liabilities	624,837	-	624,837
Operating Lease Liability, Net of Current Portion	231,706	-	231,706
Finance Lease Liability, Net of Current Portion	<u>4,028</u>	<u>-</u>	<u>4,028</u>
Total Liabilities	860,571	-	860,571
<b>Net Assets</b>			
Without Donor Restrictions	2,540,120	-	2,540,120
With Donor Restrictions	<u>-</u>	<u>25,187,574</u>	<u>25,187,574</u>
Total Net Assets	<u>2,540,120</u>	<u>25,187,574</u>	<u>27,727,694</u>
<b>Total Liabilities and Net Assets</b>	<b><u><u>\$ 3,400,691</u></u></b>	<b><u><u>\$ 25,187,574</u></u></b>	<b><u><u>\$ 28,588,265</u></u></b>

*See accompanying Notes to Financial Statements.*

**U.S.-JAPAN COUNCIL**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Activities</b>			
<b>Revenue</b>			
Program Revenue	\$ 1,881,197	\$ 1,066,576	\$ 2,947,773
Contributions	292,918	-	292,918
Grants	92,267	1,564,927	1,657,194
Administrative Fees	2,000	-	2,000
Other Income	101,361	-	101,361
Donated Services	91,919	-	91,919
Net Assets Released from Restrictions	2,392,853	(2,392,853)	-
	<u>4,854,515</u>	<u>238,650</u>	<u>5,093,165</u>
<b>Expenses</b>			
Program Services			
General Education	2,959,926	-	2,959,926
TOMODACHI	860,052	-	860,052
Supporting Services			
General and Administration	995,466	-	995,466
Fundraising	472,598	-	472,598
	<u>5,288,042</u>	<u>-</u>	<u>5,288,042</u>
Change in Net Assets from Operations	(433,527)	238,650	(194,877)
<b>Nonoperating Activities</b>			
Investment Return, Net	(12,957)	3,107,126	3,094,169
	<u>(12,957)</u>	<u>3,107,126</u>	<u>3,094,169</u>
Net Assets, Beginning of Year	2,540,120	25,187,574	27,727,694
	<u>2,540,120</u>	<u>25,187,574</u>	<u>27,727,694</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 2,093,636</u></u>	<u><u>\$ 28,533,350</u></u>	<u><u>\$ 30,626,986</u></u>

*See accompanying Notes to Financial Statements.*

**U.S.-JAPAN COUNCIL**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Operating Activities</b>			
<b>Revenue</b>			
Program Revenue	\$ 1,940,549	\$ 1,196,740	\$ 3,137,289
Contributions	310,751	10,000,000	10,310,751
Grants	267,349	-	267,349
Administrative Fees	1,600	-	1,600
Other Income	26,134	-	26,134
Donated Services	117,150	-	117,150
Net Assets Released from Restrictions	<u>1,462,879</u>	<u>(1,462,879)</u>	<u>-</u>
 Total Revenue	 4,126,412	 9,733,861	 13,860,273
<b>Expenses</b>			
Program Services			
General Education	3,165,756	-	3,165,756
TOMODACHI	619,845	-	619,845
Supporting Services			
General and Administration	1,021,354	-	1,021,354
Fundraising	<u>438,377</u>	<u>-</u>	<u>438,377</u>
 Total Expenses	 <u>5,245,332</u>	 <u>-</u>	 <u>5,245,332</u>
 Change in Net Assets from Operations	 (1,118,920)	 9,733,861	 8,614,941
<b>Nonoperating Activities</b>			
Investment Return, Net	<u>151,128</u>	<u>(3,184,244)</u>	<u>(3,033,116)</u>
 Total Nonoperating Activities	 151,128	 (3,184,244)	 (3,033,116)
 Net Assets, Beginning of Year	 <u>3,507,912</u>	 <u>18,637,957</u>	 <u>22,145,869</u>
 <b>Net Assets, End of Year</b>	 <u><u>\$ 2,540,120</u></u>	 <u><u>\$ 25,187,574</u></u>	 <u><u>\$ 27,727,694</u></u>

*See accompanying Notes to Financial Statements.*



**U.S.-JAPAN COUNCIL**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>General Education</u>	<u>TOMODACHI</u>	<u>Total Program Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 1,048,687	\$ 201,169	\$ 1,249,856	\$ 691,016	\$ 426,705	\$ 2,367,577
Professional Services	160,595	900	161,495	165,249	685	327,429
Facilities and Equipment	39,689	12,268	51,957	13,782	6,495	72,234
Grant Expense	287,308	2,660	289,968	-	-	289,968
Scholarships	178,990	-	178,990	-	-	178,990
Program Implementation Fees	83,617	509,235	592,852	2,133	19	595,004
General and Office Expenses	55,006	27,252	82,258	3,650	1,876	87,784
Telecommunication	9,258	124	9,382	56,326	1,257	66,965
Travel and Meetings	994,990	100,801	1,095,791	19,322	21,692	1,136,805
In-Kind	75,119	-	75,119	16,800	-	91,919
Bank and Other Fees	9,671	374	10,045	20,262	11,079	41,386
Depreciation and Amortization	3,072	965	4,037	1,131	511	5,679
Insurance	13,924	4,304	18,228	5,795	2,279	26,302
<b>Total</b>	<u><u>\$ 2,959,926</u></u>	<u><u>\$ 860,052</u></u>	<u><u>\$ 3,819,978</u></u>	<u><u>\$ 995,466</u></u>	<u><u>\$ 472,598</u></u>	<u><u>\$ 5,288,042</u></u>

*See accompanying Notes to Financial Statements.*

**U.S.-JAPAN COUNCIL**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>General Education</u>	<u>TOMODACHI</u>	<u>Total Program Services</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 1,099,755	\$ 128,138	\$ 1,227,893	\$ 728,749	\$ 402,041	\$ 2,358,683
Professional Services	212,561	1,909	214,470	157,778	192	372,440
Facilities and Equipment	52,137	10,256	62,393	16,239	6,838	85,470
Grant Expense	334,670	-	334,670	-	-	334,670
Scholarships	322,296	2,762	325,058	-	-	325,058
Program Implementation Fees	35,868	404,940	440,808	-	-	440,808
General and Office Expenses	62,759	31,089	93,848	3,415	2,877	100,140
Telecommunication	7,057	-	7,057	48,437	2,592	58,086
Travel and Meetings	899,460	33,941	933,401	18,434	12,199	964,034
In-Kind	95,850	-	95,850	21,300	-	117,150
Bank and Other Fees	13,251	413	13,664	17,865	7,791	39,320
Depreciation and Amortization	16,325	3,212	19,537	5,085	2,141	26,763
Insurance	13,767	3,185	16,952	4,052	1,706	22,710
<b>Total</b>	<b><u>\$ 3,165,756</u></b>	<b><u>\$ 619,845</u></b>	<b><u>\$ 3,785,601</u></b>	<b><u>\$ 1,021,354</u></b>	<b><u>\$ 438,377</u></b>	<b><u>\$ 5,245,332</u></b>

*See accompanying Notes to Financial Statements.*

**U.S.-JAPAN COUNCIL**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets	\$ 2,899,292	\$ 5,581,825
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	5,679	26,763
(Gain) Loss on Investments	(2,200,258)	3,754,645
Operating Lease Expense	68,692	87,483
(Increase) Decrease in Assets		
Promises to Give	(474,746)	266,933
Other Receivable	(82,830)	-
Due to/from USJC-Japan	(299,894)	(38,249)
Prepaid Expenses	(179,820)	84,849
Increase (Decrease) in Liabilities		
Accounts Payable	68,660	(2,491)
Accrued Expenses	(71,515)	84,520
Accrued Vacation	(13,652)	23,571
Deferred Revenue	(175,000)	264,999
Operating Lease Liability	(70,492)	(64,618)
Net Cash (Used in) Provided by Operating Activities	<u>(525,884)</u>	10,070,230
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	(4,206,707)	(10,228,964)
Sales of Investments	1,643,520	879,110
Net Cash Used in Investing Activities	<u>(2,563,187)</u>	<u>(9,349,854)</u>
<b>Cash Flows from Financing Activities</b>		
Principal Payments on Finance Lease Liability	(5,577)	(5,388)
Net Cash Used in Financing Activities	<u>(5,577)</u>	<u>(5,388)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	<u>(3,094,648)</u>	714,988
Cash and Cash Equivalents, Beginning of Year	6,942,240	6,227,252
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 3,847,592</u></u>	<u><u>\$ 6,942,240</u></u>
<b>Supplementary Disclosures of Cash Flow Information</b>		
Cash and Cash Equivalents	\$ 748,031	\$ 2,976,182
Restricted Cash	3,099,561	3,966,058
<b>Total Cash and Cash Equivalents and Restricted Cash</b>	<u><u>\$ 3,847,592</u></u>	<u><u>\$ 6,942,240</u></u>
<b>Noncash Transactions from Investing Activities</b>		
Establishment of Right-of-Use Operating Lease Asset	\$ -	\$ 277,780
Establishment of Right-of-Use Finance Lease Asset	-	9,353
Establishment of Operating Lease Liability	-	72,967
Establishment of Finance Lease Liability	-	9,353

*See accompanying Notes to Financial Statements.*

## U.S.-JAPAN COUNCIL

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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#### 1. ORGANIZATION

U.S.-Japan Council (USJC) is a not-for-profit corporation incorporated in the State of California in December 2008 that contributes to strengthening U.S.-Japan relations by bringing together diverse leadership, engaging stakeholders, and exploring issues that benefit communities, businesses, and government entities on both sides of the Pacific. USJC promotes people-to-people relations as crucial to a strong U.S.-Japan relationship. USJC has offices in Washington, D.C., and Los Angeles, California.

In 2012, U.S.-Japan Council (Japan) (USJC-J) was created to support the administration of the TOMODACHI Initiative (see Note 10) and is a Public Interest Corporation (*Koeki Zaidan Hojin*). USJC-J maintains an office in Tokyo, Japan.

USJC is supported primarily by contributions and contract revenue related to its programs.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of accounting policies followed in the preparation of USJC's financial statements.

##### *Basis of Accounting*

The financial statements are prepared on the accrual basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred.

##### *Adoption of Accounting Standards Codification Topic 326*

During the year ended December 31, 2023, USJC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. All assets that fall within the scope of ASU 2016-13 were evaluated to determine if the measurement of expected credit losses is material. USJC adopted ASU 2016-13 and the effect of the adoption was not material to the financial statements.

##### *Adoption of Accounting Standards Update 2016-02*

During the year ended December 31, 2022, USJC adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2016-02, *Leases (Topic 842)*, which supersedes the leasing guidance in *Topic 840*. USJC also adopted the following ASUs, which amend and clarify *Leases (Topic 842)*: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2021-05, *Leases (Topic 842): Lessors - Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. The most significant change in the new lease guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the statements of financial position.

U.S.-JAPAN COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Adoption of Accounting Standards Update 2016-02 (Continued)*

USJC adopted the leasing standards effective January 1, 2022, using the modified retrospective approach with January 1, 2022, as the initial date of application. Management has elected to apply all practical expedients available under the new guidance.

The most significant impact was the recognition of right-of-use assets and lease liabilities for all leases with terms greater than twelve months. Accordingly, an operating lease asset and lease liability totaling approximately \$338,000 and \$338,000, respectively, was recognized as of January 1, 2022. In addition, a finance lease asset and lease liability totaling approximately \$15,000 and \$15,000, respectively, was recognized as of January 1, 2022.

*Financial Statement Presentation*

USJC has presented its financial statements in accordance with *U.S. Generally Accepted Accounting Principles*. Under those principles, USJC is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* - resources that are available for general operations and resources designated by USJC's Board of Directors for approved expenditures.
- *Net Assets With Donor Restrictions* - resources that are subject to donor-imposed restrictions; temporary or permanent. Temporary restrictions are those that expire either by passage of time or fulfillment of purpose by actions of USJC. Permanent restrictions are that neither expire by passage of time nor fulfillment of purpose.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Income Taxes*

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

USJC 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. USJC does not believe its financial statements include, or reflect, any uncertain tax positions.

USJC's IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities, generally for three years after filing.

U.S.-JAPAN COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Cash and Cash Equivalents*

Cash and cash equivalents include cash on hand and other highly liquid instruments with initial maturities of less than three months when purchased.

*Promises to Give*

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are to be received. Accretion of the discounts is included in contributions. The allowance method is used to determine the uncollectible amounts.

The allowance is based upon prior years' experience and management's analysis of subsequent collections. Promises to give are considered past due and allowances on promises to give are recorded when circumstances indicate collection is doubtful for particular promises to give or as a general reserve for all promises to give. Promises to give are written off if reasonable collection efforts prove unsuccessful. As of December 31, 2023 and 2022, all promises to give were deemed to be collectible.

*Due from and to USJC-Japan*

USJC has a mutual service agreement with USJC-Japan under which counterparties supply staff and resources timely in the United States or in Japan, where joint annual conferences and various programs are conducted. The parties maintain due from and due to accounts to maintain receivables and liabilities and transfer money to pay off outstanding balances after offsetting due from and due to account balances.

Due from and due to USJC-Japan consists of amounts due within one year related to interorganizational services that are presented at net amount. Furthermore, due from USJC-Japan is presented in the statements of financial position at the net of credit losses. USJC uses the loss-rate method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability.

Historical credit loss experience provides the basis for the estimation of expected credit losses and adjustments are made for differences in current and forecasted risk characteristics and economic conditions. In addition, allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Due from USJC-Japan accounts that do not share risk characteristics are evaluated on an individual basis.

USJC writes-off due from USJC-Japan amounts from the allowance in the period the receivable is considered uncollectible. Any recoveries of amounts that were previously written off are recorded when the cash is received. During the year ended December 31, 2023, USJC had no write-offs or recoveries.

U.S.-JAPAN COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Investments*

Marketable equity securities consist of money market fund, equity funds and fixed income mutual funds. Investments in equity securities and investment funds with readily determinable fair values and all investments in debt securities are carried at their fair values in the statements of financial position.

In 2022, USJC drew funds from non-marketable investments and other investment funds and transferred the funds to marketable equity securities. As of December 31, 2023, all investments are maintained in money market fund, equity funds, and fixed income mutual funds.

*Property and Equipment*

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of three years for furniture, fixtures, and office equipment. USJC capitalizes all furniture and equipment purchases over \$500.

Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

*Operating Lease Assets and Lease Liabilities*

The determination of whether an arrangement is a lease is made at the lease's inception. Under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring USJC's right-of-use assets and lease liabilities. Operating lease expense and finance lease amortization expense is allocated over the remaining lease term on a straight-line basis. Finance lease interest expense is calculated using a risk-free rate that approximates the remaining term of the lease multiplied by the outstanding finance lease liability.

USJC considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability. In addition, USJC does not separate non-lease components from lease components (if any) when determining the payments for leases of office equipment.

## U.S.-JAPAN COUNCIL

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### *Donated Services*

Donated services are recognized as contributions, at fair value, if the services (a) create nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by USJC.

##### *Grants and Contributions*

Grants and contributions are recognized when a donor makes an unconditional promise to give or when a donor makes a conditional promise to give, and the condition is met. Grants and contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. 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 and changes in net assets as net assets released from restrictions.

Contributions received with donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

##### *Revenue Recognition*

Membership dues are recognized as revenue over time, on a pro-rata basis over the term of the membership period. Sponsorships and events are recognized as revenue at the point in time when the related event occurs. Amounts received in advance are included in deferred revenue. For the year ended December 31, 2022, USJC deferred revenue of approximately \$275,000 all of which was recognized as revenue in 2023. For the year ended December 31, 2023, dues received of \$100,000 were deferred to future periods.

##### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and the statements of functional expenses. Accordingly, 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 expenses that are allocated include compensation, benefits, and general expenses, which are allocated on the basis of estimates of time and effort by employees. Expenses directly identifiable to specific programs and supporting activities are allocated accordingly.

##### *Reclassification*

Certain reclassifications have been made to the December 31, 2022 financial statements to make them comparable with the December 31, 2023 financial statements.

#### 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

USJC's cash flows have seasonal variations due to the timing of grants, contributions, program revenues, and vendor payments. USJC manages its liquidity to meet general expenditures, liabilities, and other obligations as they become due.



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**NOTES TO FINANCIAL STATEMENTS  
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**3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)**

The following reflects USJC's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general operating expenditure within one year:

Description	2023	2022
Cash and Cash Equivalents	\$ 3,847,592	\$ 6,942,240
Investments	25,774,526	21,011,083
Promises to Give within One Year	419,999	326,612
Due from USJC-Japan	299,894	-
Other Receivable	82,830	-
Plus Amount Expected to be Appropriated by the Endowment Fund	<u>800,000</u>	<u>447,566</u>
Total Financial Assets and Liquidity Resources Available in One Year	31,224,841	28,727,501
Less Amounts Unavailable for General Expenditures within One Year Due to		
Restricted Cash and Cash Equivalents	3,099,561	3,966,058
Investments Subject to Donor Restrictions	<u>24,680,764</u>	<u>21,011,083</u>
Financial Assets and Liquidity Resources Available to Meet		
Cash Needs for General Expenditures within One Year	<u>\$ 3,444,516</u>	<u>\$ 3,750,360</u>

**4. CONCENTRATIONS**

USJC maintains cash balances at financial institutions in the Washington, D.C., metropolitan area, California, and Tokyo, Japan. The accounts at the U.S. institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to the maximum amount allowed by law. While the amounts, at times, exceed the amount insured by federal agencies and, therefore, bear some risk, USJC has not experienced, nor does it anticipate, any loss of funds.

USJC invests in professionally managed portfolios that contain mutual funds. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amount reported in the financial statements.

**5. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

USJC has categorized its financial instruments based on fair value hierarchy as follows:

**Level 1** - values are based on quoted prices for identical assets in an active market.

**Level 2** - values are based on quoted prices for similar assets in active or inactive markets.

**Level 3** - values are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. The fair value measurement objective is to determine an exit price from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs reflected USJC's judgment about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include USJC's own data. Marketable equity securities are valued at the net asset value (NAV) of shares held by USJC at year end.

**U.S.-JAPAN COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**5. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair values of assets at December 31, 2023, are as follows:

	2023			
	Fair Value	Level 1	Level 2	Level 3
Money Market Fund	\$ 2,814,011	\$ 2,814,011	\$ -	\$ -
Equity Funds	16,420,264	16,420,264	-	-
Fixed Income Funds	6,540,251	6,540,251	-	-
<b>Total Investments Measured at Fair Value</b>	<b>\$ 25,774,526</b>	<b>\$ 25,774,526</b>	<b>\$ -</b>	<b>\$ -</b>

Fair values of assets at December 31, 2022, are as follows:

	2022			
	Fair Value	Level 1	Level 2	Level 3
Money Market Fund	\$ 582,594	\$ 582,594	\$ -	\$ -
Equity Funds	14,298,233	14,298,233	-	-
Fixed Income Funds	6,130,256	6,130,256	-	-
<b>Total Investments Measured at Fair Value</b>	<b>\$ 21,011,083</b>	<b>\$ 21,011,083</b>	<b>\$ -</b>	<b>\$ -</b>

Investment return for the years ended December 31, 2023 and 2022, is as follows:

Description	2023	2022
Interest and Dividends	\$ 893,913	\$ 721,529
Unrealized Gains (Losses) on Investments, Net	2,685,726	(3,575,409)
Realized Losses on Investments, Net	(432,575)	(131,560)
Investment Fees	(52,895)	(47,676)
<b>Total Investment Return</b>	<b>\$ 3,094,169</b>	<b>\$ (3,033,116)</b>

**6. CONTRIBUTIONS AND PROMISES TO GIVE**

Unconditional promises to give are recorded as receivables and revenue when received. USJC distinguishes promises to give between each net asset category in accordance with donor-imposed restrictions. Promises to give which have not been received are recorded after being discounted to the anticipated net present value of the future cash flows.

Certain contributions are restricted for use for the TOMODACHI program. Promises to give for the program at December 31, 2023 and 2022, represent unconditional pledges receivable as follows:

	2023	2022
Unconditional Pledges	\$ 878,333	\$ 326,612
Unamortized Discount	(76,975)	-
<b>Promises to Give, Net</b>	<b>\$ 801,358</b>	<b>\$ 326,612</b>

**U.S.-JAPAN COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022**

**6. CONTRIBUTIONS AND PROMISES TO GIVE (CONTINUED)**

As of December 31, 2023 and 2022, promises to give are expected to be realized in the following periods:

	<u>2023</u>	<u>2022</u>
In One Year or Less	\$ 419,999	\$ 326,612
Within Two Years	<u>458,334</u>	<u>-</u>
	<u>\$ 878,333</u>	<u>\$ 326,612</u>

Promises to give with due dates extending beyond one year are discounted using Treasury bill rates for similar term investments. The applicable rates at December 31, 2023, were 4.09% - 4.33%. Amortization of the discount is recorded as interest income and reported in contributions revenue in the statements of activities and changes in net assets.

**7. ANNUAL CONFERENCE**

In 2023 and 2022, U.S.-Japan Council (US) and U.S. Japan Council (Japan) held a joint Annual Conference in Washington, D.C. and Tokyo, Japan, respectively. Total event revenue, expenses, and net proceeds were shared between the two entities based on the ratio of revenue received and expenses paid which were agreed by both U.S.-Japan Council (US) and U.S.-Japan Council (Japan).

**8. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2023 and 2022:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Furniture and Fixtures	\$ 39,342	\$ 39,342
Office Equipment	<u>142,109</u>	<u>142,109</u>
	181,451	181,451
Less Accumulated Depreciation	<u>(181,451)</u>	<u>(180,481)</u>
Net	<u>\$ -</u>	<u>\$ 970</u>

**9. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available for the following purposes at December 31, 2023 and 2022:

<u>Description</u>	<u>2023</u>	<u>2022</u>
<i>With Temporary Donor Restrictions</i>		
TOMODACHI	\$ 3,459,698	\$ 2,629,503
Watanabe Endowment Fund - Scholarships	2,978,002	535,945
Silicon Valley Japan Platform (SVJP)	2,095,531	2,022,126
<i>With Permanent Donor Restrictions</i>		
Watanabe Endowment Fund - Scholarships	<u>20,000,119</u>	<u>20,000,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 28,533,350</u>	<u>\$ 25,187,574</u>

## U.S.-JAPAN COUNCIL

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

#### 9. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The temporarily restricted portion of the Watanabe Endowment Fund reflects the accumulation of market activity over time.

Net assets were released from donor restrictions during 2023 and 2022 as follows:

Description	2023	2022
TOMODACHI	\$ 803,937	\$ 237,779
Watanabe Endowment Fund - Scholarships	595,864	895,465
Silicon Valley Japan Platform (SVJP)	993,052	329,635
Total	<u>\$ 2,392,853</u>	<u>\$ 1,462,879</u>

#### 10. TOMODACHI

USJC and the U.S. Embassy in Tokyo, with support from the government of Japan, formed a public-private partnership (TOMODACHI), to support the long-term recovery of Japan following the March 11, 2011 Great East Japan Earthquake. TOMODACHI supports programs in educational exchange and leadership development that invest in the next generation of young Japanese and Americans in ways that deepen the friendship between the United States and Japan.

TOMODACHI raises funds from contributors in the U.S. and Japan. Donors have the option of contributing to U.S.-Japan Council (US) or to a separate and independent public benefit corporation, U.S.-Japan Council (Japan). Management and program services are provided to U.S.-Japan Council (US) through a Management Agreement to support TOMODACHI activities in Japan.

#### 11. SILICON VALLEY JAPAN PLATFORM

The Silicon Valley Japan Platform (SVJP) is an initiative of USJC and the International House of Japan. SVJP aims to connect the technological dynamism of the Silicon Valley with current and future needs of economic revitalization in Japan. SVJP holds regular programs featuring speakers on cutting-edge topics and organizes meetings with corporate leaders to discuss future trends and opportunities for partnerships between Japan and the Silicon Valley.

#### 12. DONOR RESTRICTED ENDOWMENTS

USJC's endowment consists of the donor-restricted Toshizo Watanabe Endowed Scholarship Fund and the TOMODACHI Toshizo Watanabe Leadership Program (together, the Funds). The Funds were created to provide study abroad scholarships to American and Japanese students who demonstrate leadership potential and financial need. The scholarships assist in supporting the cost of tuition and/or living expenses for a student's academic study in Japan and the United States. The scholarship program seeks to promote cross-cultural education between the two countries.

As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

U.S.-JAPAN COUNCIL

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023 AND 2022

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12. DONOR RESTRICTED ENDOWMENTS (CONTINUED)

The Board of Directors of USJC has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the District of Columbia as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, USJC classifies as net assets with permanent donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets with permanent donor restrictions are classified as net assets with temporary donor restrictions until those amounts are appropriated for expenditure by USJC in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, USJC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of USJC, and (7) USJC's investment policies.

*Investment Return Objectives, Risk Parameters, and Strategies:* USJC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets. Endowment assets shall exist into perpetuity and therefore be invested with the objective of preserving its long-term real purchasing power while providing for the annual spending distribution. The primary investment objective of the Fund, measured over five to seven rolling periods, is to earn an annualized return of at least 4.0 percent, net of fees.

The secondary investment objective of the Fund is to be competitive over the long term (defined as five- to seven-year rolling periods) relative to its market benchmark. The Fund will also be reviewed relative to a peer universe of endowment funds with recognition that the Fund is likely to have a different total return and risk profile than many of the endowments in universe comparisons.

In December 2019, the USJC Investment Committee discussed and approved change to the Endowment spending policy. The distribution shall be based on the average of the prior three years' investment portfolio, times the approved spending rate. The average will be calculated using the past 12 quarter ending balances as of September 30 of the year; the spending rate will be 4%, unless changed by action of the Board.

**U.S.-JAPAN COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
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**12. DONOR RESTRICTED ENDOWMENTS (CONTINUED)**

Composition and changes in endowment net assets for the years ended December 31, 2023 and 2022, were as follows:

	With Donor Restrictions		Total
	With Purpose Restricted	With Permanently Restricted	
Endowment Net Assets, January 1, 2022	\$ 4,624,575	\$ 10,000,000	\$ 14,624,575
Investment Return	(3,193,165)	-	(3,193,165)
Contributions	-	10,000,000	10,000,000
Appropriation of Endowment Assets for Expenditure	(895,465)	-	(895,465)
<b>Endowment Net Assets, December 31, 2022</b>	<b>535,945</b>	<b>20,000,000</b>	<b>20,535,945</b>
<b>Investment Return</b>	<b>3,037,921</b>	<b>-</b>	<b>3,037,921</b>
<b>Contributions</b>	<b>-</b>	<b>119</b>	<b>119</b>
<b>Appropriation of Endowment Assets for Expenditure</b>	<b>(595,864)</b>	<b>-</b>	<b>(595,864)</b>
<b>Endowment Net Assets, December 31, 2023</b>	<b>\$ 2,978,002</b>	<b>\$ 20,000,119</b>	<b>\$ 22,978,121</b>

**13. DONATED SERVICES**

The value of donated services and facilities and the corresponding functional expense categories for the years ended December 31, 2023 and 2022, are as follows:

Description	2023	2022
<i>General Education</i>		
Contributed Flights	\$ 75,119	\$ 75,350
Services	-	20,500
Meetings	-	4,500
Facilities and Equipment	16,800	16,800
Total	\$ 91,919	\$ 117,150

**14. RELATED PARTY TRANSACTIONS**

Board members of USJC made contributions to support USJC. USJC obtained insurance policies through an insurance brokerage of which the owner is a board member of USJC. These transactions occurred in the normal course of USJC business and the members did not receive economic benefits in return of the transactions.

**15. RETIREMENT PLAN**

USJC has a 401(k) retirement plan (the Plan). Employees may elect to defer a portion of compensation by enrolling in the Plan. All employees over the age of 21 and completing three months of service are eligible to receive an employer matching contribution equal to 100% of their deferrals up to 6% of their compensation. Employees' and USJC's contributions to the Plan are 100% vested upon participation. During the years ended December 31, 2023 and 2022, USJC's contributions to the Plan were \$116,643 and \$107,355, respectively.

U.S.-JAPAN COUNCIL

NOTES TO FINANCIAL STATEMENTS  
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16. LEASES

*Operating Lease under Topic 842*

USJC is obligated under a non-cancelable operating lease for office space. The office lease commenced in February 2019 as a fourth amendment to the lease, and it was scheduled to expire in January 2022. The lease was amended in December 2021, commenced on February 1, 2022, and expires on January 31, 2027. The lease includes a 2.5% annual rent escalation and four months of rent abatement. The lease contains an option to extend the lease term for an additional 5-year period or terminate the lease at the end of 2027. Neither option is considered reasonably certain for the calculation of the related right-of-use asset and lease liability, which are presented in the statements of financial position as of December 31, 2023 and 2022.

Under accounting principles generally accepted in the United States of America (GAAP), operating lease expense is recognized on a straight-line basis over the remaining lease term. Operating lease expense for the years ended December 31, 2023 and 2022, were approximately \$70,500 and \$65,000, respectively, and is included in facilities and equipment on the statements of functional expenses.

Maturity of the operating lease liability as of December 31, 2023, is as follows:

For the Years Ending December 31,

2024	\$ 75,067
2025	76,951
2026	78,877
2027	6,587
Total Undiscounted Minimum Lease Payments	237,482
Less Discount to Present Value	(5,956)
Total Operating Lease Liability	\$ 231,526

The supplementary qualitative operating lease information is as follows:

Supplementary Qualitative Operating Lease Information

Weighted-Average Remaining Lease Term	4 Years
Weighted-Average Discount Rate	1.63%

*Finance Lease under Topic 842*

USJC was obligated under a non-cancelable finance lease for office equipment commencing January 2022 through September 2024. In September 2023, USJC entered into a non-cancelable finance lease by terminating the first lease agreement. Amortization on the finance right-of-use asset totaled \$4,706 and \$5,388, respectively, and are included in depreciation and amortization expense on the statements of functional expenses for the years ended December 31, 2023 and 2022. The accumulated amortization on the finance right-of-use asset was approximately \$1,144 and \$5,400, respectively, as of December 31, 2023 and 2022. Interest expense on the finance lease liability totaled \$186 and \$114, respectively, for the years ended December 31, 2023 and 2022.

**U.S.-JAPAN COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
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**16. LEASES (CONTINUED)**

*Finance Lease under Topic 842 (Continued)*

Maturity of the finance lease liability as of December 31, 2023, is as follows:

For the Years Ending December 31,

2024	\$ 8,979
2025	5,736
2026	<u>2,346</u>
Total Undiscounted Minimum Lease Payments	17,061
Less Discount to Present Value	<u>(7,902)</u>
Total Operating Lease Liability	<u><u>\$ 9,159</u></u>

The supplementary qualitative finance lease information for the year ended December 31, 2023, is as follows:

Supplementary Qualitative Finance Lease Information

Cash Paid for Amounts Included in the Measurement of Finance Lease Liabilities - Operating Cash Flows	\$ 191
Cash Paid for Amounts Included in the Measurement of Finance Lease Liabilities - Financing Cash Flows	5,577
Weighted-Average Remaining Lease Term	2.67 Years
Weighted-Average Discount Rate	4.45%

**17. COMMITMENTS AND CONTINGENCIES**

*Future Commitments*

USJC entered into various contracts for events and programs for future years. In case of cancellations, USJC would be responsible for certain fees. USJC has future commitments as follows:

<u>For the Year Ending December 31,</u>	<u>2023</u>
Event Management	\$ -
Event Venue	208,041
Climate and Sustainability Initiative Promotion	-
Leadership Delegation Services	-
	<u><u>\$ 208,041</u></u>

Commitments Due in the Year

2023	\$ -
2024	101,178
2025	<u>106,863</u>
Total Future Commitments	<u><u>\$ 208,041</u></u>



**U.S.-JAPAN COUNCIL**

**NOTES TO FINANCIAL STATEMENTS  
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**18. EMPLOYEE RETENTION CREDIT**

The Employee Retention Credit (ERC) was created as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) in response to COVID-19 and provides employers a refundable tax credit against certain employment taxes after March 12, 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended the ERC through June 30, 2021.

USJC has applied for and received the ERC for the first quarter of 2021. USJC recognized the ERC during 2023 when USJC received a notice from the Internal Revenue Service for the refundable tax credit. \$82,830 is included in other income on the statement of activities and changes in net assets for the year ended December 31, 2023.

**19. SUBSEQUENT EVENTS**

In March 2024, USJC entered into a partnership with the United States Department of State to launch the Mineta Ambassadors Program (MAP), an education endowment program to support exchange opportunities between U.S. and Japanese students. As of the date of this report, USJC received \$5,200,000 in contributions and \$6,000,000 in promises to give for the MAP program.

USJC has evaluated subsequent events through July 30, 2024, the date on which the financial statements were available to be issued.