



U.S. - JAPAN COUNCIL

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2017

U.S. - JAPAN COUNCIL

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Independent Auditors' Report

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

We have audited the accompanying financial statements of U.S. - Japan Council (USJC), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities 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.

Auditors' 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 auditors' 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 auditors consider 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 the entity'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 U.S. - Japan Council as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
U.S. - Japan Council

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of functional expenses for the year ended December 31, 2017, was presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
February 26, 2018

Certified Public Accountants

U.S. - JAPAN COUNCIL

**STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

Assets	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Current Assets				
Cash and Cash Equivalents	\$ 1,457,174	\$ 662,024	\$ -	\$ 2,119,198
Certificates of Deposit	20,609	-	-	20,609
Investments	350,000	2,494,612	10,000,000	12,844,612
Grants and Contributions Receivable	196,479	824,005	-	1,020,484
Due from USJC - Japan	728,355	-	-	728,355
Prepaid Expenses	24,327	-	-	24,327
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	2,776,944	3,980,641	10,000,000	16,757,585
Property and Equipment, Net	<hr/>	<hr/>	<hr/>	<hr/>
	34,365	-	-	34,365
Total Assets	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,811,309	\$ 3,980,641	\$ 10,000,000	\$ 16,791,950
 Liabilities and Net Assets				
Current Liabilities				
Accounts Payable	\$ 214,719	\$ -	\$ -	\$ 214,719
Accrued Expenses	210,421	-	-	210,421
Accrued Vacation	93,819	-	-	93,819
Deferred Revenue	63,251	-	-	63,251
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	582,210	-	-	582,210
Net Assets	<hr/>	<hr/>	<hr/>	<hr/>
	2,229,099	3,980,641	10,000,000	16,209,740
Total Liabilities and Net Assets	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,811,309	\$ 3,980,641	\$ 10,000,000	\$ 16,791,950

See accompanying Notes to Financial Statements.

U.S. - JAPAN COUNCIL

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue				
Grants and Contributions	\$ 355,329	\$ -	\$ -	\$ 355,329
TOMODACHI Contributions	-	1,450,960	-	1,450,960
Donated Services	218,250	-	-	218,250
Program Revenue	2,952,800	-	-	2,952,800
Gain on Investments	58	1,563,847	-	1,563,905
Foreign Exchange Income	22,187	-	-	22,187
Miscellaneous Income	38,837	-	-	38,837
Net Assets Released from Restrictions	<u>2,258,032</u>	<u>(2,258,032)</u>	-	-
 Total Revenue	 5,845,493	 756,775	 -	 6,602,268
Expenses				
Program Services				
General Education	2,992,467	-	-	2,992,467
TOMODACHI	2,186,569	-	-	2,186,569
Supporting Services				
General and Administration	309,002	-	-	309,002
Fundraising	127,701	-	-	127,701
 Total Expenses	 <u>5,615,739</u>	 <u>-</u>	 <u>-</u>	 <u>5,615,739</u>
 Change in Net Assets	 229,754	 756,775	 -	 986,529
Net Assets, Beginning of Year, As Originally Reported	1,999,345	3,039,411	10,184,455	15,223,211
Prior Period Adjustment	<u>-</u>	<u>184,455</u>	<u>(184,455)</u>	<u>-</u>
Net Assets, Beginning of Year, As Restated	<u>1,999,345</u>	<u>3,223,866</u>	<u>10,000,000</u>	<u>15,223,211</u>
 Net Assets, End of Year	 <u><u>\$ 2,229,099</u></u>	 <u><u>\$ 3,980,641</u></u>	 <u><u>\$ 10,000,000</u></u>	 <u><u>\$ 16,209,740</u></u>

See accompanying Notes to Financial Statements.

U.S. - JAPAN COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

Cash Flows from Operating Activities	
Change in Net Assets	\$ 986,529
Adjustments to Reconcile Change in Net Assets to Net Cash	
Used in Operating Activities	
Depreciation and Amortization	24,751
Gain on Investments	(1,119,893)
<u>(Increase) Decrease in Assets</u>	
Grants and Contributions Receivable	(138,156)
Due from USJC - Japan	(235,907)
Prepaid Expenses	(2,582)
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable	184,576
Accrued Expenses	98,492
Accrued Vacation	63,963
Deferred Revenue	<u>(370,803)</u>
Net Cash Used in Operating Activities	(509,030)
Cash Flows from Investing Activities	
Purchases of Fixed Assets	13,256
Net Purchases of Investments	<u>(1,421,271)</u>
Net Cash Used in Investing Activities	<u>(1,408,015)</u>
Net Decrease in Cash and Cash Equivalents	(1,917,045)
Cash and Cash Equivalents, Beginning of Year	<u>4,036,243</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,119,198</u></u>

See accompanying Notes to Financial Statements.

U.S. - JAPAN COUNCIL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

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, DC, and Los Angeles, California.

In 2012, the U.S. - Japan Council (Japan) (USJC-J) was created to support the administration of the TOMODACHI Initiative (see Note 8), 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.

Financial Statement Display

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 three classes of net assets:

- *Unrestricted Net Assets* - resources that are available for general operations and resources designated by USJC's board of directors for approved expenditures.
- *Temporarily Restricted Net Assets* - resources that are subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of USJC, pursuant to those stipulations.
- *Permanently Restricted Net Assets* - represents resources whose use by USJC is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of USJC. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

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.

U.S. - JAPAN COUNCIL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 it was filed.

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.

Grants and Contributions Receivable

Grants and contributions receivable consist primarily of amounts due from organization and individual pledges that were not received by USJC at year end. Management reviews the collectability of the accounts on a regular basis. No reserve for doubtful accounts is deemed necessary as all amounts are deemed to be fully collectible.

Investments

Investments consist of mutual funds, exchange traded funds, and private investment funds which are stated at fair market value.

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 \$1,000.

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

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.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions

Grants and contributions are recognized when a donor makes an unconditional promise to give. USJC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. CONCENTRATIONS

USJC maintains cash balances at financial institutions in the Washington, DC, metropolitan area, California, and Tokyo, Japan. The accounts at the U.S. institutions are insured by the Federal Deposit Insurance Corporation (FDIC). At times during the year, USJC's cash balances exceeded the FDIC insurance amounts. Management believes the risk in these situations to be minimal.

4. 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.

During 2017, USJC invested in certain investments of undivided interest in a fund of funds which invests in diversified interests. This partnership invests in private investment funds which have a variety of investment objectives. Each of these investments have certain restrictions with respect to rights of withdrawal by the partnership. At December 31, 2017, the balance in this fund was \$4,724,462.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Fair values of assets at December 31, 2017, are as follows:

	Fair Value	Level 1	Level 2	Level 3
Money Market Fund	\$ 230,674	\$ 230,674	\$ -	\$ -
Equity Funds	2,317,792	2,317,792	-	-
Exchange Traded Funds	469,737	469,737	-	-
Fixed Income Funds	4,751,947	4,751,947	-	-
Private Investments Funds	5,074,462	-	-	5,074,462
Total	<u>\$ 12,844,612</u>	<u>\$ 7,770,150</u>	<u>\$ -</u>	<u>\$ 5,074,462</u>

The preceding methods described may produce a fair value estimate that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although USJC believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) are as follows:

	Private Investment Funds
Balance, January 1, 2017	\$ 350,000
Purchases of Investments	4,555,000
Total Net Unrealized Gain Included in Changes in Net Assets, in Net Investment Income, Attributable to Assets Held at Year End	<u>169,462</u>
Balance, December 31, 2017	<u>\$ 5,074,462</u>

USJC recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the year ended December 31, 2017.

Investment income (loss) for the year ended December 31, 2017, is as follows:

	Amount
Interest and Dividends	\$ 444,012
Unrealized Gain	<u>1,119,893</u>
Total Investment Gain	<u>\$ 1,563,905</u>

5. CONTRIBUTIONS RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. USJC distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

5. CONTRIBUTIONS RECEIVABLE (CONTINUED)

Pledges are expected to be realized in the following periods:

In One Year or Less	\$ 359,911
Between One Year and Five Years	464,094
	<u>824,005</u>
Less Allowance for Uncollectible Pledges	-
	<u><u>\$ 824,005</u></u>

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2017:

<u>Description</u>	<u>Amount</u>
Furniture and Fixtures	\$ 31,478
Office Equipment	61,543
	<u>93,021</u>
Less Accumulated Depreciation	<u>(58,656)</u>
Net	<u><u>\$ 34,365</u></u>

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes at December 31, 2017:

<u>Description</u>	<u>Amount</u>
TOMODACHI	\$ 2,491,316
Watanabe Endowment - Scholarships	1,489,325
Total	<u><u>\$ 3,980,641</u></u>

Net assets were released from restrictions during 2017 as follows:

<u>Description</u>	<u>Amount</u>
TOMODACHI	\$ 2,004,433
Watanabe Endowment - Scholarships	253,599
Total	<u><u>\$ 2,258,032</u></u>

8. TOMODACHI

USJC and the U.S. Embassy in Tokyo 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 the 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.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017

9. ANNUAL CONFERENCE

In 2017, U.S. - Japan Council (US) and U.S. Japan Council (Japan) held a joint Annual Conference in Washington, DC. Total conference revenue, expenses, and net proceeds were shared between the two entities based on the ratio of revenue received and expenses paid which were 70% (US) and 30% (Japan). These distributions were approved by both Boards of Directors.

10. DONOR DESIGNATED ENDOWMENTS

USJC's endowment consists of the donor-restricted Toshizo Watanabe Endowed Scholarship Fund (the Fund). The Fund was 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.

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 permanently restricted net assets (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 permanently restricted net assets are classified as temporarily restricted net assets 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

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

10. DONOR DESIGNATED ENDOWMENTS (CONTINUED)

with recognition that the Fund is likely to have a different total return and risk profile than many of the endowments in universe comparisons.

Spending Policy: The Fund's annual minimum distribution requirement is \$200,000, less certain administrative fees. The Board has discretion to establish a prudent spending policy in excess of the minimum requirement. In any given year, the spending policy may range from not less than \$200,000 to approximately 4.0 percent of the market value of the Fund.

Composition and changes in endowment net assets for the year ended December 31, 2017, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment Fund	\$ -	\$ 1,489,325	\$ 10,000,000	\$ 11,489,325
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, Beginning of Year	\$ -	\$ 184,455	\$ 10,000,000	\$ 10,184,455
Investment Return	-	1,558,469	-	1,558,469
Contributions	-	-	-	-
Appropriation of Endowment Assets for Expenditure	-	(253,599)	-	(253,599)
Endowment Net Assets, End of Year	\$ -	\$ 1,489,325	\$ 10,000,000	\$ 11,489,325

11. DONATED SERVICES

The value of donated services and facilities and the corresponding functional expense categories for the year ended December 31, 2017, are as follows:

Description	General Education	TOMODACHI	General and Administration	Fundraising	Total
Travel	\$ 129,000	\$ -	\$ -	\$ -	\$ 129,000
Telecommunications	30,115	-	-	-	30,115
Meetings	42,441	-	-	-	42,441
Facilities and Equipment	16,694	-	-	-	16,694
Total	\$ 218,250	\$ -	\$ -	\$ -	\$ 218,250

12. 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. USJC's contribution to the Plan during the year ended December 31, 2017, was \$77,480.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

13. LEASES

Office Lease

USJC has a non-cancellable office lease that expires on January 31, 2019. The lease contains an annual increase of rent amounts and additional payments for operating charges.

Office Equipment Lease

USJC has entered into a lease of certain office equipment and is obligated under the lease through April 2020.

The minimum future lease payments under the above leases are as follows:

For the Years Ending December 31

2018	\$ 130,930
2019	13,099
2020	<u>788</u>
Total Future Minimum Lease Payments	<u>\$ 144,817</u>

14. PRIOR PERIOD ADJUSTMENT

As a result of a review of the treatment of the permanently restricted endowment fund, it was determined that the earnings on the investment for the Fund are temporarily restricted and were improperly treated as permanently restricted earnings in the prior year. Accordingly, USJC restated its financial statements for the year ended December 31, 2016. The effect of the correction was to decrease beginning permanently restricted net assets by \$184,455 and increase beginning temporarily restricted net assets by \$184,455. The prior year changes in net assets of \$184,455 were also transferred from permanently restricted to temporarily restricted. There is no effect on the 2016 total change in net assets.

15. SUBSEQUENT EVENTS

Subsequent events were evaluated through February 26, 2018, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

U.S. - JAPAN COUNCIL

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	<u>General Education</u>	<u>TOMODACHI</u>	<u>Total Programs</u>	<u>General and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Benefits	\$ 895,487	\$ 280,919	\$ 1,176,406	\$ 199,401	\$ 99,700	\$ 1,475,507
Program Implementation Services	1,674,662	1,820,333	3,494,995	-	-	3,494,995
Office Expenses	11,231	644	11,875	3,209	1,604	16,688
Travel	163,811	6,934	170,745	9,946	4,973	185,664
Meetings	55,121	-	55,121	3,623	1,811	60,555
Business and License Fees	1,080	639	1,719	309	154	2,182
Professional Services	30,233	1,779	32,011	8,638	4,319	44,968
Depreciation and Amortization	11,739	7,981	19,720	3,354	1,677	24,751
Rent	45,669	32,620	78,289	13,048	6,524	97,861
Facilities and Equipment	20,056	1,288	21,344	961	480	22,785
Computer Hosting and Maintenance	8,782	11,105	19,886	2,518	1,259	23,663
Supplies	9,796	1,960	11,756	2,763	1,382	15,901
Telecommunications	38,562	5,202	43,764	2,362	1,181	47,307
Printing	9,445	5,001	14,446	2,699	1,349	18,494
Insurance	8,391	4,263	12,653	173	87	12,913
Fees	7,391	5,360	12,751	55,711	1,056	69,518
Education and Training	1,011	544	1,555	289	144	1,988
	<u>\$ 2,992,467</u>	<u>\$ 2,186,569</u>	<u>\$ 5,179,036</u>	<u>\$ 309,002</u>	<u>\$ 127,701</u>	<u>\$ 5,615,739</u>