

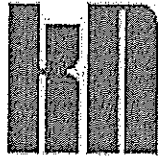
Financial Statements

U.S.-Japan Research Institute

*Years ended March 31, 2017 and 2016
with Independent Accountant's Review Report*

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Independent Accountant's Review Report

The Board of Trustees of
U.S.-Japan Research Institute

We have reviewed the accompanying financial statements of U.S.-Japan Research Institute ("USJI"), a not-for-profit organization, which comprise the statements of financial position as of March 31, 2017 and 2016, 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

New York, New York
May 10, 2017

KEN CPA, LLC

U.S. – Japan Research Institute

Statements of Financial Position

March 31, 2017 and 2016

	March 31	
	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash	\$ 293,096	\$ 370,946
Contributions receivable	32,135	26,643
Prepaid expenses	<u>6,973</u>	<u>7,295</u>
Total current assets	<u>332,204</u>	<u>404,884</u>
Property and equipment:		
Equipment	31,223	31,223
Accumulated depreciation	<u>(17,783)</u>	<u>(13,359)</u>
Property and equipment	13,440	17,864
Security deposits	<u>15,981</u>	<u>15,981</u>
Total assets	<u>\$ 361,625</u>	<u>\$ 438,729</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ -	\$ 1,229
Net assets - unrestricted	<u>361,625</u>	<u>437,500</u>
Total liabilities and net assets	<u>\$ 361,625</u>	<u>\$ 438,729</u>

See independent accountant's review report and accompanying notes.

U.S. - Japan Research Institute

Statements of Activities and Changes in Net Assets

Years ended March 31, 2017 and 2016

	March 31	
	2017	2016
Revenues:		
Corporate contributions	\$ 150,322	\$ 209,817
Contributions from founding universities	81,578	74,160
Additional contributions from Waseda University	176,747	174,627
Other contributions	9	8,400
Other	159	56
Total revenues	<u>408,815</u>	<u>467,060</u>
Expenses:		
Program service expenses	146,819	182,057
Supporting service and administrative expenses	337,871	299,774
Total expenses	<u>484,690</u>	<u>481,831</u>
Decrease in net assets	<u>(75,875)</u>	<u>(14,771)</u>
Net assets at beginning of year	<u>437,500</u>	<u>452,271</u>
Net assets at end of year	<u>\$ 361,625</u>	<u>\$ 437,500</u>

See independent accountant's review report and accompanying notes.

U.S. - Japan Research Institute

Statements of Functional Expenses
Years ended March 31, 2017 and 2016

	March 31	
	2017	2016
Program service expenses:		
Conference and convention	\$ 47,087	\$ 96,247
Guest speaker	9,300	13,100
Articles - writing, translation	10,699	4,875
Travel and transportation	43,115	31,512
Meal and entertainment	5,756	19,461
Printing and production	6,269	6,213
Telephone and communication	3,429	3,241
Adverting and promotion	19,830	5,792
Due and subscription	1,334	1,616
Program service expenses	<u>146,819</u>	<u>182,057</u>
Supporting service and administrative expenses:		
Payroll and payroll taxes	244,443	230,685
Rent	43,644	40,503
Legal and professional	37,220	30,093
Licence and registration fee	1,550	82
Office supply	2,100	1,778
Depreciation	4,424	4,396
Foreign exchange (gain) loss	(1,188)	(13,054)
Gift	68	1,422
Insurance	1,081	2,272
Postage and delivery	313	897
Bank fees	1,696	700
Repair and maintenance	2,520	-
Supporting service and administrative expenses	<u>337,871</u>	<u>299,774</u>
Total expenses	<u>\$ 484,690</u>	<u>\$ 481,831</u>

See independent accountant's review report and accompanying notes.

U.S. - Japan Research Institute

Statements of Cash Flows
Years ended March 31, 2017 and 2016

	March 31	
	<u>2017</u>	<u>2016</u>
Operating activities:		
Decrease in net assets	\$ (75,875)	\$ (14,771)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,424	4,396
Changes in operating assets and liabilities:		
Contributions receivable	(5,492)	6,701
Prepaid expenses	322	11,390
Accounts payable and accrued expenses	(1,229)	(4,153)
Net cash (used in) provided by operating activities	<u>(77,850)</u>	<u>3,563</u>
Investing activities:		
Cash flows from investing activities:		
Office equipment	-	(1,465)
Net cash used in investing activities	<u>-</u>	<u>(1,465)</u>
Net (decrease) increase in cash	(77,850)	2,098
Cash at beginning of year	370,946	368,848
Cash at end of year	<u>\$ 293,096</u>	<u>\$ 370,946</u>

See independent accountant's review report and accompanying notes.

U.S. – Japan Research Institute

Notes to Financial Statement March 31, 2017 and 2016

1. Organization and Operations

The U.S.-Japan Research Institute (“USJI”), a not-for-profit organization, was founded in Washington D.C., U.S., on April 14, 2009. USJI is sponsored by nine Japanese universities: Keio University, Kyoto University, Ritsumeikan University, University of Tokyo, Doshisha University, Kyushu University, University of Tsukuba, Sophia University and Waseda University. USJI receives annual contributions of Yen 1,000,000 each from these universities

The daily operations of USJI are managed by a representative from Waseda University. The expenses incurred by such representative are born by Waseda University as an additional contribution.

USJI promotes connecting scholars and researchers in the U.S. and Japan, as well as business community leaders of both countries to work together to influence, support and improve policy-making processes in a variety of fields affecting the US-Japan relationship under the rapidly changing global climate. Along with such collaborative activities, USJI also promotes developing human resources that will contribute to improving such a bilateral relationship.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accounting and reporting policies of USJI conform to accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Use of Estimates

The preparation of the financial statements in conformity with U.S. GAAP requires management of USJI to make a number of estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Contributions of services are recognized at their fair value if the services received (a) create or enhance net assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by a donation.

Donated properties are recognized at their fair value on the date of the donation.

Some members of sponsoring universities voluntarily contribute services for certain activities of USJI. Such contributed services were not recognized as income, and had no effect on net assets during the years ended March 31, 2017 and 2016.

The estimated net realizable values of unconditional promises to give are recognized as revenue, with a corresponding contributions receivable. Conditional promises to give are recognized when the conditions on which they depend are met

See independent accountant’s review report.

U.S. – Japan Research Institute

Notes to Financial Statement
March 31, 2017 and 2016

Unrestricted Net Assets

Net assets are not subject to donor-imposed restrictions.

Property and Equipment

Property and equipment are recorded at cost, and depreciated on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred, and expenditures that extend the useful lives of assets are capitalized.

Foreign Currency Transactions

Transactions in foreign currencies are translated into US dollar at the rate in effect on the transaction date. Subsequent gains and losses are recognized at the time of settlement or re-measurement of foreign- currency-denominated monetary assets and liabilities into U.S. dollar at the rate on the s date .

Income Taxes

USJI is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. USJI is classified as a private operating foundation.

Financial Statement Presentation

Certain items of the prior year's presentation were changed to conform with the current year's presentation.

3. Concentrations of Credit Risk

USJI maintains cash at federally insured financial institutions, which periodically exceed the Federal Deposit Insurance Corporation's ("FDIC") insured limits. The management believes USJI is not exposed to the significant credit risk, due to the highly rated financial strength of these institutions.

4. Lease Commitment

USJI leases the office space under a non-cancelable operating lease. The following is a schedule of future minimum repayments:

Years ending March 31:	
2018	\$ 43,126
2019	3,601
Total future minimum rental payments	<u>\$ 46,727</u>

See independent accountant's review report.

U.S. – Japan Research Institute

Notes to Financial Statement March 31, 2017 and 2016

Rent expenses included in the statements of functional expenses were \$43,644 and \$40,503, respectively, for the years ended March 31, 2017 and 2016.

5. Subsequent Events

The management evaluated the subsequent events occurring after the date of statement of financial position through May 10, 2017, the date that the financial statements were available to be issued, and determined that all material subsequent events and transactions have been disclosed in the financial statements.

See independent accountant's review report.