



CERTIFIED PUBLIC ACCOUNTANTS

**JAPAN CENTER FOR INTERNATIONAL
EXCHANGE, INC.**

**FINANCIAL STATEMENTS AND INDEPENDENT
ACCOUNTANTS' REVIEW REPORT**

YEAR ENDED JUNE 30, 2023

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

YEAR ENDED JUNE 30, 2023

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Japan Center for International Exchange, Inc.
New York, New York

L.M. Cohen & Co. LLP Certified Public Accountants (“LMC Certified Public Accountants”, “we”, “us”, or “our”) have reviewed the accompanying financial statements of Japan Center for International Exchange, Inc. (a not-for-profit organization), (the “Center”), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management’s financial data and making inquiries of the Center’s 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.

Accountants’ Responsibility

Our responsibility is to conduct the review engagement 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.

We are required to be independent of the Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants’ Conclusion

Based on our review, 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.



Report on 2022 Financial Statements

The June 30, 2022 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated May 2, 2023. We have not performed any auditing procedures since that date.

LMC 
Certified Public Accountants
February 20, 2024

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023 (Reviewed)	2022 (Audited)
ASSETS		
Current assets		
Cash	\$ 102,251	\$ 641,043
Investments, at fair value	1,391,802	1,225,432
Pledges receivable	204,798	177,375
Advances to JCIE - Japan	-	70,000
Prepaid expenses and other current assets	3,831	50
Due from JCIE - Japan	-	8,250
Total current assets	1,702,682	2,122,150
Property and equipment, net	126,861	149,927
Security deposits	7,493	7,493
Total assets	\$ 1,837,036	\$ 2,279,570
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 8,948	\$ 26,892
Due to JCIE - Japan	73,695	-
Total current liabilities	82,643	26,892
Net assets		
Without donor restrictions	1,462,290	1,616,633
With donor restrictions	292,103	636,045
Total net assets	1,754,393	2,252,678
Total liabilities and net assets	\$ 1,837,036	\$ 2,279,570

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
	(Reviewed)	(Audited)
Changes in net assets without donor restrictions:		
Revenues and gains		
Contributions	\$ 354,398	\$ 842,853
Interest and dividend income	27,201	21,298
Net realized and net change in unrealized gains (losses) on investments	<u>141,650</u>	<u>(174,836)</u>
Total revenues and gains without donor restrictions	523,249	689,315
Net assets released from restrictions		
Satisfaction from program restrictions	<u>623,504</u>	<u>125,837</u>
Total revenues, gains and other support without donor restrictions	<u>1,146,753</u>	<u>815,152</u>
Expenses		
Program services		
Human Security and Global Cooperation	344,088	400,920
Global Think Net	663,523	219,895
Legislative Exchange	<u>145,398</u>	<u>89,559</u>
Total program services	1,153,009	710,374
Supporting services		
Management and general	<u>148,087</u>	<u>179,772</u>
Total expenses	<u>1,301,096</u>	<u>890,146</u>
Changes in net assets without donor restrictions	<u>(154,343)</u>	<u>(74,994)</u>
Changes in net assets with donor restrictions:		
Contributions	279,562	448,276
Net assets released from restrictions	<u>(623,504)</u>	<u>(125,837)</u>
Changes in net assets with donor restrictions	<u>(343,942)</u>	<u>322,439</u>
Net change in net assets	(498,285)	247,445
Total net assets - beginning of year	<u>2,252,678</u>	<u>2,005,233</u>
Total net assets - end of year	<u><u>\$ 1,754,393</u></u>	<u><u>\$ 2,252,678</u></u>

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023 (REVIEWED)

	Program Services			Total Program Services	Supporting Services	Total Expenses
	Human Security and Global Cooperation	Global Think Net	Legislative Exchange		Management and General	
Salaries and benefits	\$ 331,463	\$ 50,959	\$ 31,492	\$ 413,914	\$ 99,211	\$ 513,125
Occupancy	19,748	10,971	6,582	37,301	6,582	43,883
Communication	2,993	1,551	931	5,475	931	6,406
Equipment and supplies	-	-	-	-	2,042	2,042
Professional fees	26,682	14,823	8,894	50,399	11,439	61,838
Travel	27,323	32,520	75,407	135,250	8,400	143,650
Program expenses	58,189	4,577	7,092	69,858	-	69,858
Depreciation	-	-	-	-	23,066	23,066
Miscellaneous	-	-	-	-	2,666	2,666
Total before JCIE - Japan contributions	466,398	115,401	130,398	712,197	154,337	866,534
Contributions to (outlay from) JCIE - Japan	(122,310)	548,122	15,000	440,812	(6,250)	434,562
Total	\$ 344,088	\$ 663,523	\$ 145,398	\$ 1,153,009	\$ 148,087	\$ 1,301,096

See Independent Accountants' Review Report and Notes to the Financial Statements.

**JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022 (AUDITED)**

	Program Services			Total Program Services	Supporting Services	Total Expenses
	Human Security and Global Cooperation	Global Think Net	Legislative Exchange		Management and General	
Salaries and benefits	\$ 366,685	\$ 44,607	\$ 34,549	\$ 445,841	\$ 127,608	\$ 573,449
Occupancy	22,720	11,164	6,698	40,582	6,698	47,280
Communication	7,401	2,578	1,547	11,526	1,547	13,073
Professional fees	18,189	1,299	-	19,488	12,992	32,480
Travel	55,319	492	602	56,413	4,551	60,964
Program expenses	56,716	17,814	6,163	80,693	2,459	83,152
Depreciation	-	-	-	-	23,066	23,066
Miscellaneous	17,967	332	-	18,299	851	19,150
Total before JCIE - Japan contributions	544,997	78,286	49,559	672,842	179,772	852,614
Contributions to (outlay from) JCIE - Japan	(144,077)	141,609	40,000	37,532	-	37,532
Total	\$ 400,920	\$ 219,895	\$ 89,559	\$ 710,374	\$ 179,772	\$ 890,146

See Independent Accountants' Review Report and Notes to the Financial Statements.

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
	(Reviewed)	(Audited)
<i>Cash Flows from Operating Activities</i>		
Net change in net assets	\$ (498,285)	\$ 247,445
Adjustments to reconcile net change in net assets to net cash (used in) provided by operating activities:		
Depreciation	23,066	23,066
Net realized and net change in unrealized gains (losses) on investments	(141,650)	174,836
Changes in operating assets and liabilities:		
Pledges receivable	(27,423)	(75,000)
Advances to JCIE - Japan	70,000	(70,000)
Prepaid expenses and other current assets	(3,781)	14,981
Due from JCIE - Japan	8,250	102,009
Accounts payable and accrued expenses	(17,944)	15,087
Due to JCIE - Japan	73,695	-
	<u>(514,072)</u>	<u>432,424</u>
<i>Cash Flows from Investing Activities</i>		
Purchase of investments	(24,720)	(46,460)
Proceeds from sale of investments	-	875
	<u>(24,720)</u>	<u>(45,585)</u>
Net change in cash	(538,792)	386,839
Cash - beginning of year	<u>641,043</u>	<u>254,204</u>
Cash - end of year	<u><u>\$ 102,251</u></u>	<u><u>\$ 641,043</u></u>

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)

NOTE 1 - NATURE OF OPERATIONS

Japan Center for International Exchange, Inc. (a not-for-profit organization), (the "Center") was incorporated in June 1976 as a non-profit corporation chartered by the State of New York. The Center was created for the purpose of promoting, enhancing, and contributing to the advancement of world peace, international cooperation, and mutual understanding between Japan and the United States in political, social, cultural, and other areas.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Center follows the requirements of the Not-for-Profit Entities, Presentation of Financial Statements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958. Under this Topic, the Center is required to report information regarding its financial position and activities according to two classes of net assets, net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Center considers all highly liquid instruments available for current use with an initial maturity of three months or less to be cash equivalents.

Investment Valuation and Income Recognition

Investments in mutual funds are valued at the net asset value of the shares held by the Center at year-end and are reported at their fair values in the statements of financial position. Net change in unrealized gains and losses are included in the statements of activities and changes in net assets. Interest income is reported on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Fair Value Measurements

The accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting Center (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting Center's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair Value Measurements *(Continued)*

- Level 1 inputs are quoted prices in active markets for identical investments that management has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

Financial assets and liabilities are categorized based on the lowest level of input that is significant to the fair value measurement. The Center's assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Contributions

The Center complies with the FASB issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities (ASC Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 clarifies the guidance for evaluating whether a transaction is reciprocal (an exchange transaction) or nonreciprocal (a contribution) and for distinguishing between conditional and unconditional contributions.

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property and Equipment

Property and equipment are stated at cost, less depreciation and amortization. The cost of additions and improvements is capitalized and expenditures for repairs and maintenance are expensed as incurred. Fully depreciated assets are retained in property and depreciation accounts until they are removed from service. When assets are retired or otherwise disposed of, their cost and related accumulated depreciation and amortization are removed from the accounts and resulting gains or losses are included in operations. Depreciation of property and equipment is accounted for using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is calculated using the straight-line method over the shorter of the term of the related lease or the useful lives of the improvements.

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 Tax Status

The Center is a not-for-profit organization that is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements.

The Center evaluates the effect of uncertain tax positions, if any, and provides for those positions in accordance with the provisions of ASC Topic 450, Contingencies.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort, as well as other certain expenses. All other expenses are directly applied to the related program or supporting service category when identifiable and possible.

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (ASC Topic 606), requiring an entity to recognize the amount of the revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. generally accepted accounting principles (U.S. GAAP) when it became effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In June 2020, the FASB issued ASU 2020-05, which deferred the effective date of ASU 2014-09 one year, making it effective for years beginning after December 15, 2019, and interim reporting periods within annual reporting periods beginning after December 15, 2020. The Center adopted ASC Topic 606 with a date of initial application on July 1, 2020.

The Center recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, and determines revenue by applying the following 5-step model:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognize revenue as the performance obligations are satisfied.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (ASC Topic 842). ASC Topic 842 establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the statement of financial position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASC Topic 842, making it effective for years beginning after December 15, 2021, and interim reporting periods within years beginning after December 15, 2022. Under the new guidance, lessees are required to recognize lease assets and liabilities on the statements of financial position for all leases with terms longer than 12 months, if material. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of activities and changes in net assets.

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)

NOTE 3 - INVESTMENTS

The Center complies with the provisions of the ASC Topic 820, Fair Value Measurements. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value in various levels. Level 1 consists of unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

The following table sets forth by level, within the fair value hierarchy, the Center's assets at fair value as of June 30, 2023 and 2022:

<u>Investments, at fair value</u>	2023 (Reviewed) (Level 1)	2022 (Audited) (Level 1)
Mutual funds:		
Blend funds	\$ 1,043,774	\$ 874,032
Fixed income funds	348,028	351,400
Total	\$ 1,391,802	\$ 1,225,432

NOTE 4 - PLEDGES RECEIVABLE

Pledges receivable are recorded at fair value. For pledges receivable that are expected to be collected in future years, fair value is the present value of the estimated future cash flows discounted using a risk-free rate. At June 30, 2023 and 2022, pledges receivable were due in less than one year.

Pledges receivable consist of the following as of June 30th:

	2023 (Reviewed)	2022 (Audited)
Pledges with donor restrictions	\$ 204,798	\$ 177,375
Amounts due in:		
Less than 1 year	\$ 204,798	\$ 177,375

**JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)**

NOTE 5 - ADVANCES TO JCIE - JAPAN

The Center is an affiliate of Japan Center for International Exchange - Japan ("JCIE - Japan"). The Center advanced funds in the amount of \$-0- and \$70,000 at June 30, 2023 and 2022, respectively, to be expended by JCIE - Japan within one year for the Global Think Net programs.

NOTE 6 - DUE FROM / (TO) JCIE - JAPAN

The Center paid for certain program expenses on behalf of their affiliate for joint programs for which funding was obtained by the Center. At June 30, 2023, the Center owed the affiliate \$73,695 and at June 30, 2022, the affiliate owed the Center \$8,250.

During the years ended June 30, 2023 and 2022, the Center contributed \$773,381 and \$313,424 to JCIE - Japan, respectively. During the years ended June 30, 2023 and 2022, the Center received \$338,819 and \$275,892 from JCIE – Japan, respectively, for reimbursement of funds expended by the Center on behalf of JCIE - Japan.

NOTE 7 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following as of June 30th:

	Estimated Useful Lives (Years)	2023 (Reviewed)	2022 (Audited)
Leasehold improvements	10	\$ 230,658	\$ 230,658
Less: Accumulated depreciation		103,797	80,731
Property and equipment, net		<u>\$ 126,861</u>	<u>\$ 149,927</u>

Depreciation expense is included within management and general expenses in the amount of \$23,066 and \$23,066 for the years ended June 30, 2023 and 2022, respectively.

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)

NOTE 8 - RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time. Time restricted net assets with donor restrictions at June 30, 2023 and 2022, were restricted for use by donors for the following purposes:

	2023	2022
	(Reviewed)	(Audited)
Human Security and Global Cooperation programs	\$ 16,626	\$ 309,373
Global Think Net programs	192,936	231,710
Legislative Exchange programs	82,541	94,962
Total	\$ 292,103	\$ 636,045

NOTE 9 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Center's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	Financial Assets as of	
	June 30th	
	2023	2022
	(Reviewed)	(Audited)
Financial assets at year-end	\$ 1,702,682	\$ 2,122,100
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	292,103	636,045
Financials assets available to meet cash needs for general expenditures within one year	\$ 1,410,579	\$ 1,486,055

As part of the Center's liquidity management, it invests cash in short-term investments such as mutual funds.

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)

NOTE 10 - RISKS AND UNCERTAINTIES

Concentration of Credit Risk

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash. The Center deposits its cash in major financial institutions, in amounts which at times exceed the Federal Deposit Insurance Corporation (FDIC) limit. No losses have been incurred to date.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Leases

The Center conducts its operations from a facility leased under an operating lease expiring on December 31, 2028. The lease includes an escalation clause for real estate taxes and operations.

Minimum future annual rental payments under the noncancelable operating lease as of June 30, 2023 are as follows:

<u>Years ending June 30th</u>	<u>Amount</u>
2024	\$ 38,068
2025	38,449
2026	38,883
2027	39,222
2028	39,614
Thereafter	19,905
Total minimum future rental payments	<u>\$ 214,141</u>

Rent expense for the years ended June 30, 2023 and 2022 amounted to \$36,765 and \$36,664, respectively.

Tax Returns

The Center files tax returns in jurisdictions it deems appropriate. The returns are subject to audit by the taxing authorities as long as the statute of limitations remains open.

JAPAN CENTER FOR INTERNATIONAL EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 (REVIEWED) AND 2022 (AUDITED)

NOTE 12 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 20, 2024, the date the financial statements were available to be issued.

212.967.2300

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