



# Aurora Foundation Account Report

Aurora Foundation celebrates its 10<sup>th</sup> anniversary this year. It is a milestone for the Foundation to carry out its mission into a new decade. We would like to take a moment to share with you some financial highlights of the past 10 years since the inception on December 31, 1998.

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	Total
Total Revenue	\$ -	\$ 103,678	\$ 41,949	\$ 32,589	\$ 73,907	\$ 217,133	\$ 167,513	\$ 204,376	\$ 340,853	\$ 261,223	\$1,443,221

Aggregate revenue since the inception is about \$1.4 million. The main sources of revenue are cash and non-cash contributions, auction income, and proceeds from fundraising activities. The table above shows that in 2000, 2001 and 2002, the revenues were really sluggish compared to the first year of operation. In 2000, the Foundation did not host a fall benefit concert. The Foundation devoted more energy into scholarships, instead of hosting a concert. Unexpectedly, the Foundation's revenue significantly decreased. In 2001, the board members decided to host a fall concert again since the concert could not only raise funds for scholarships, but also provide the local communities with a great opportunity to deepen the understanding of Japanese culture and ultimately facilitate a friendly cultural relation between USA and Japan. Despite resuming the concert event, the revenue did not surpass the revenue from 1999 of \$103,678 until 2003. After 2002, the fall concert regained its public recognition once again. In later years of operation, the Foundation's revenue became more stable.

The Foundation now hosts three major events annually to raise funds to carry out its mission. They are the Film Screening, Charity Golf Classic, Fall Dinner and Benefit Concert. The amount of revenue spent for the Foundation's program services for the year was \$187,962.

Program Services	Total Cost
High School Speech Contest	\$ 27,498
Japanese Language Scholarship	\$ 86,036
Japan-US Cultural Exchange	\$ 74,428
	<u>\$ 187,962</u>

With powerful support from the communities, the Foundation has awarded 32 scholarship winners; 15 Japanese Language Scholarships, 9 Aurora Challenge Grants and 8 special scholarships. Total scholarships awarded for the past 10 years reached \$75,000 in 2007.

To make all of this happen, the Foundation's day-to-day operation has been supported by one full-time employee, and also by a leased employee, and many interns and volunteers on a project basis. As the Foundation grows, the staff and volunteers play important roles on every aspect. Without their efforts, the Foundation cannot sustain its endeavors. All members appreciate all of their great work!

In addition, the Foundation has a board-designated endowment fund, which was started in 2001. As of December 31, 2007, the balance of the endowment fund reached \$124,350.

Koki Saito  
Treasurer



**JAPANESE LANGUAGE SCHOLARSHIP**  
**FOUNDATION**

**dba AURORA FOUNDATION**

Financial Statements For The Year Ended  
December 31, 2007 and Independent  
Auditors' Report



**SASAKI SHISHIMA & CO.**

Certified Public Accountants

901 Corporate Center Drive, Suite 503  
 Monterey Park, CA 91754-7630  
 (823)265-2690  
 Fax (823)265-4960

INDEPENDENT AUDITORS' REPORT

Board of Trustees  
 Japanese Language Scholarship Foundation dba Aurora Foundation  
 Los Angeles, California

We have audited the accompanying statement of financial position of the Japanese Language Scholarship Foundation dba Aurora Foundation (a California nonprofit organization) as of December 31, 2007, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the management of the Japanese Language Scholarship Foundation dba Aurora Foundation. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Japanese Language Scholarship Foundation dba Aurora Foundation as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

*Sasaki Shishima & Co.*

July 14, 2008

JAPANESE LANGUAGE SCHOLARSHIP FOUNDATION dba AURORA FOUNDATION

STATEMENT OF FINANCIAL POSITION  
 DECEMBER 31, 2007

<u>ASSETS</u>	<u>Notes</u>	<u>Total</u>
Cash		\$ 1,864
Certificate of deposit		124,350
Accounts receivable		2,745
Inventory		371
Property and equipment	3	513
Deposit	4	5,000
<b>TOTAL</b>		<b>\$ 134,843</b>
 <u>LIABILITIES AND NET ASSETS</u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable		\$ 10,662
Other current liabilities		233
Total current liabilities		10,895
<b>NET ASSETS, unrestricted</b>		<b>123,948</b>
<b>TOTAL</b>		<b>\$ 134,843</b>

See notes to financial statements.



JAPANESE LANGUAGE SCHOLARSHIP FOUNDATION dba AURORA FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2007

Description	Unrestricted					Total
	General Fund	Designated Endowment	Film Screening	Dinner and Concert	Charity Golf	
<b>REVENUES:</b>						
Cash donations	\$ 8,239	-	\$ 9,270	\$ 27,558	\$ 37,281	\$ 82,348
Donated services, materials and facilities	30,120	-	-	18,440	19,288	67,848
Auction sales	-	-	-	9,095	1,080	10,175
Event sales	-	-	5,041	81,325	8,950	95,316
Membership dues	984	-	-	-	-	984
Interest income	41	\$ 4,511	-	-	-	4,552
Fund transfers	19,486	35,000	(9,316)	(24,908)	(20,262)	-
Total revenues	<u>58,870</u>	<u>39,511</u>	<u>4,995</u>	<u>111,510</u>	<u>46,337</u>	<u>261,223</u>
<b>EXPENSES AND COSTS:</b>						
<b>Program services:</b>						
High School Speech Contest	27,498	-	-	-	-	27,498
Japanese Language Scholarship	41,518	-	-	35,251	9,267	86,036
Japan-US Cultural Exchange	16,476	-	3,996	53,956	-	74,428
Total program services	<u>85,492</u>	<u>-</u>	<u>3,996</u>	<u>89,207</u>	<u>9,267</u>	<u>187,962</u>
<b>Supporting services and costs:</b>						
Accounting fees	800	-	-	-	-	800
Accounting fees, in-kind	3,100	-	-	-	-	3,100
Airfare	191	-	-	3,567	-	3,758
Auction item cost	578	-	-	1,832	656	3,066
Auto expenses	476	-	84	271	173	1,004
Auto expenses, in-kind	720	-	-	-	-	720
Bank charge	732	-	-	193	-	925
Credit card charge	407	-	-	99	-	506
Golf course fee	-	-	-	-	14,400	14,400
Honorarium	416	-	158	260	800	1,634
Meeting	460	-	5	153	745	1,363
Office expense	543	-	155	78	680	1,456
Outside service	5,030	-	-	-	-	5,030
Postage and shipping	83	-	49	332	202	666
Printing	237	-	132	1,492	1,255	3,116
Rent expense, in-kind	1,680	-	-	-	-	1,680
Research expense	800	-	-	320	-	1,120
Theater rental	-	-	75	1,291	-	1,366
Event expenses	31	-	296	12,367	18,159	30,853
Other supporting expenses	191	-	45	48	-	284
Total supporting services and costs	<u>16,475</u>	<u>-</u>	<u>999</u>	<u>22,303</u>	<u>37,070</u>	<u>76,847</u>
<b>TOTAL EXPENSES AND COSTS</b>	<u>101,967</u>	<u>-</u>	<u>4,995</u>	<u>111,510</u>	<u>46,337</u>	<u>264,809</u>
<b>CHANGE IN NET ASSETS</b>	(43,097)	39,511	-	-	-	(3,586)
<b>NET ASSETS, beginning of year</b>	<u>42,695</u>	<u>84,839</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,534</u>
<b>NET ASSETS, end of year</b>	<u>\$ (402)</u>	<u>\$ 124,350</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,948</u>

See notes to financial statements.

JAPANESE LANGUAGE SCHOLARSHIP FOUNDATION dba AURORA FOUNDATION

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ (3,586)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	342
Decrease in accounts receivable	625
Decrease in inventory	2,409
Increase in deposits	(5,000)
Decrease in accounts payable	(25,744)
Decrease in other current liabilities	(417)
Net cash used in operating activities	<u>(31,371)</u>
<b>CASH FROM INVESTING ACTIVITIES:</b>	
Increase in certificates of deposit	<u>(39,511)</u>
<b>NET DECREASE IN CASH</b>	<u>(70,882)</u>
<b>CASH, JANUARY 1, 2007</b>	<u>72,746</u>
<b>CASH, DECEMBER 31, 2007</b>	<u>\$ 1,864</u>

See notes to financial statements.



**JAPANESE LANGUAGE SCHOLARSHIP FOUNDATION dba AURORA FOUNDATION**

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

**1. GENERAL**

The Japanese Language Scholarship Foundation, doing business as Aurora Foundation, ("the Foundation"), was established on December 31, 1998 in Los Angeles, California. The mission of the Foundation is to assist U.S. citizens, who are Japanese language teachers or graduate students of Japanese language education, to experience living in Japan and further their understanding of the Japanese language, improve their teaching abilities, and enrich their appreciation of Japanese culture through scholarships. In addition, the Foundation contributes to local communities through its events by introducing Japanese films and inviting Japanese renowned singers to deepen USA and Japan cultural relations and their understanding. The Foundation's program services are achieved through contributions from corporations, individuals and fundraising activities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The financial statements of the Foundation have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and the provisions of the Audit and Accounting Guide, "Not-For-Profit Organizations", issued by the American Institute of Certified Public Accountants. The significant accounting policies are described below to enhance the usefulness of the financial statements.

**Recognition of Donor Restrictions** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. The three net asset classes should be based solely on the existence or absence of donor-imposed restrictions.

- a. **Unrestricted Net Assets** - These are net assets not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.
- b. **Temporarily Restricted Net Assets** - These are net assets that carry specific donor-imposed restrictions on the expenditure or other use of the contributed funds. Temporary restrictions may expire either due to the passage of time or through actions of the Foundation pursuant to the stipulations indicated by the donor.
- c. **Permanently Restricted Net Assets** - These are net assets resulting from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

The Foundation has no temporarily restricted net assets or permanently restricted net assets as of December 31, 2007.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Cash Equivalents** - The Foundation considers highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents are the primary form of concentration of credit risk to which the Foundation is subject. The Foundation places its cash and cash equivalents with high credit quality financial institutions.

**Fund Accounting** - The accounts of the Foundation are maintained in accordance with the principles of fund accounting. The Foundation accounts for all transactions within the following funds:

- a. **General Fund** - The General Fund is the Foundation's general operating fund and accounts for the operational transactions involved with providing scholarship programs. This fund includes the proceeds from fundraising activities and any contributions not specifically classified for one of the following funds.
- b. **Endowment Fund** - The Endowment Fund accounts for Board designated certificate of deposit with maturity of 11 months. Board designations do not meet the criteria for being classified as restricted net assets because they are not donor-imposed and are subject to change at the Board's discretion. The fund balance at December 31, 2007 was \$124,350. During the year, a total of \$35,000 was transferred from the General Fund to the Endowment Fund.
- c. **Film Screening Fund** - The Film Screening Fund accounts for transactions involved with the annual film screening event. Net proceeds are transferred to the General Fund.
- d. **Fall Dinner and Benefit Concert Fund** - The Fall Dinner and Benefit Concert Fund accounts for transactions involved with the annual scholarship awards dinner and benefit concert. Net proceeds are transferred to the General Fund.
- e. **Charity Golf Fund** - The Charity Golf Fund accounts for transactions involved with their annual golf event. Net proceeds are transferred to the General Fund.

**Property and equipment** - Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. The Foundation's policy is to capitalize only property and equipment in excess of \$1,000. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets. Repairs and maintenance are charged as expense when incurred.

**Inventory** - Inventory consists of donated goods and purchased goods on hand at December 31, 2007. Inventory is stated at the lower of cost or market.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services, Materials and Facilities - The Foundation records various types of donations in-kind. Donated materials and facilities are recognized as income in the period received at fair market value. Corresponding expenses are also recorded, if necessary, depending on types and nature of donation. Fair market values of donated goods, which the Foundation receives to be sold at auction, are determined by actual prices sold at auctions as they serve as the best fair value of donated goods. Donated services are recognized as income at fair market value in accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made", if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. Corresponding expenses are also recorded.

Income Taxes - The Internal Revenue Service has classified the organization as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. A similar determination was made by the California Franchise Tax Board.

Functional Expenses - The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classifications. Other expenses that are common to several functions are allocated by management. The fundraising expenses have been separately presented.

Contributed Services - A substantial number of unpaid volunteers have made significant contributions of their time and services to further the Foundation's mission. The value of this contributed time is not reflected in these financial statements, since it is not susceptible to objective measurement or valuation.

Use of Estimates - Management uses estimates and assumptions in preparing its financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported public support revenues and expenses. Actual results could differ from those estimates and assumptions.

3. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2007 is as follows:

Computer equipment	\$ 1,781
Less accumulated depreciation	<u>(1,268)</u>
	<u>\$ 513</u>

Depreciation expense for property and equipment amounted to \$342 for the year.

4. DEPOSITS

The Foundation made a \$5,000 deposit to Mesa Verde Country Club, where the 2008 golf fundraising event will be held.

5. RELATED PARTY TRANSACTIONS

During the year ended December 31, 2007, the Foundation had the following related party transactions:

- a. The Foundation received the use of office facilities and a vehicle from Creative Enterprise International, Inc., a production company owned by the President of the Foundation. The fair market value amounted to \$8,400 and \$3,600, respectively for the year.
- b. The Foundation paid \$13,129 for printing cost to Parachute America, a printing company owned by a member of the Board of Directors.
- c. The Foundation received donated accounting services from Oshima Saito LLP, an accounting firm in which the partner is a member of the Board of Directors. The fair value of the accounting service amounted to \$15,500.