JAPANESE AMERICAN CITIZENS LEAGUE

FINANCIAL STATEMENTS

DECEMBER 31, 2009

Armanino McKenna LLP
Certified Public Accountants & Consultants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Japanese American Citizens League
San Francisco, California

We have audited the accompanying statement of financial position of the Japanese American Citizens League ("JACL") (the "Organization") as of December 31, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of JACL's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from JACL's 2008 financial statements and, in our report dated October 23, 2009, we expressed an unqualified opinion on those financial statements.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 American Citizens League as of December 31, 2009, 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.

Armanino McKenna LLP
ARMANINO McKENNA LLP

September 13, 2010

JAPANESE AMERICAN CITIZENS LEAGUE
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2009
(With Comparative Totals for 2008)

	2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	2008
Public support and revenues					
Revenues, gains (losses) and other support					
Public support - contributions	$ 56,740	$ 200,642	$ 210,568	$ 467,950	$ 479,169
Membership income	821,592	-	-	821,592	907,450
Investment income, net	38,397	215,947	8,155	262,499	317,403
Net realized and unrealized gain (loss) on investments	93,089	796,161	34,011	923,261	(2,059,599)
Newspaper revenue	177,974	-	-	177,974	187,308
Book sales	2,069	-	-	2,069	250
Contributions	-	265,750	-	265,750	228,000
Fundraising	172,285	-	-	172,285	140,682
Conference revenue	32,373	-	-	32,373	123,713
Other revenue	52,136	-	-	52,136	60,494
Net assets released from restrictions	782,884	(782,884)	-	-	-
Total revenues, gains (losses) and other support	2,229,539	695,616	252,734	3,177,889	384,870
Expenses					
Program	1,484,913	-	-	1,484,913	1,617,162
General and administrative	519,894	-	-	519,894	553,702
Fundraising	216,845	-	-	216,845	341,623
Total expenses	2,221,652	-	-	2,221,652	2,512,487
Change in net assets	7,887	695,616	252,734	956,237	(2,127,617)
Net assets at beginning of year	951,274	224,336	6,232,543	7,408,153	9,535,770
Net assets at end of year	$ 959,161	$ 919,952	$ 6,485,277	$ 8,364,390	$ 7,408,153

The accompanying notes are an integral part of these financial statements

JAPANESE AMERICAN CITIZENS LEAGUE
Statement of Functional Expenses
For the Year Ended December 31, 2009
(With Comparative Totals for 2008)

		Supporting Services			
	Program Services	General and Administrative	Fundraising	2009 Total	2008 Total
Salaries	$ 434,994	$ 198,522	$ 80,349	$ 713,865	$ 720,197
Payroll taxes	36,413	16,805	6,816	60,034	59,784
Employee benefits	108,304	49,429	20,007	177,740	165,241
Postretirement benefits	18,490	11,313	4,783	34,586	28,670
Contract services	46,599	69,310	8,721	124,630	205,922
Depreciation	18,820	8,686	3,522	31,028	26,584
Awards	4,123	1,903	772	6,798	10,078
Dues, subscriptions and periodicals	2,893	1,335	541	4,769	7,149
Non-capitalizable equipment	6,203	2,863	1,161	10,227	31,047
Postage and delivery	12,140	5,603	29,469	47,212	40,737
Printing and copying	30,021	13,855	5,619	49,495	76,793
Office supplies	10,989	5,071	2,057	18,117	27,064
Telephone	15,290	7,056	2,862	25,208	28,061
Books and publications	449	207	84	740	864
Allocations to districts	18,317	-	-	18,317	23,431
Refunds	102,090	-	-	102,090	127,413
Meetings and conferences	71,010	32,771	13,290	117,071	189,506
Travel	47,991	22,148	8,982	79,121	121,034
National board	7,699	3,553	1,441	12,693	30,211
Advertising	3,091	-	-	3,091	5,386
Composition and presswork	40,291	-	-	40,291	46,092
Circulation and mailing	71,200	-	-	71,200	77,500
Maintenance	11,262	3,961	1,523	16,746	15,340
Occupancy costs	83,892	23,954	8,723	116,569	120,675
Utilities	12,337	3,897	1,460	17,694	11,204
Contributions	6,997	3,229	1,309	11,535	27,500
Insurance	55,273	25,509	10,345	91,127	90,281
Miscellaneous	16,073	7,418	3,009	26,500	28,235
Scholarships and student aid	191,662	-	-	191,662	168,788
Staff development	-	388	-	388	155
Organizational development	-	-	-	-	132
Personnel recruitment cost	-	1,108	-	1,108	1,413
	$ 1,484,913	$ 519,894	$ 216,845	$ 2,221,652	$ 2,512,487

The accompanying notes are an integral part of these financial statements

JAPANESE AMERICAN CITIZENS LEAGUE
Statement of Financial Position
December 31, 2009
(With Comparative Totals for 2008)

ASSETS

	2009	2008
Current assets		
Cash and cash equivalents	$ 363,238	$ 340,736
Contributions and other receivables, net	373,483	109,344
Inventories	4,535	4,535
Prepaid expenses and other current assets	93,459	83,057
Total current assets	834,715	537,672
Property and equipment, net	206,714	229,354
Cash and cash equivalents held for long-term purposes	581,171	1,812,701
Long-term investments	7,493,122	5,556,225
Total assets	$ 9,115,722	$ 8,135,952

LIABILITIES AND NET ASSETS

	2009	2008
Current liabilities		
Accounts payable and accrued liabilities	$ 243,516	$ 233,792
Deferred revenue	67,010	72,182
Current portion of accumulated postretirement benefit obligation	18,334	21,756
Total current liabilities	328,860	327,730
Accumulated postretirement benefit obligation	422,472	400,069
Total liabilities	751,332	727,799
Net assets		
Unrestricted		
Designated	966,233	850,591
Undesignated	(7,072)	100,683
Temporarily restricted	919,952	224,336
Permanently restricted	6,485,277	6,232,543
Total net assets	8,364,390	7,408,153
Total liabilities and net assets	$ 9,115,722	$ 8,135,952

The accompanying notes are an integral part of these financial statements

JAPANESE AMERICAN CITIZENS LEAGUE
Statement of Cash Flows
For the Year Ended December 31, 2009
(With Comparative Totals for 2008)

	2009	2008
Cash flows from operating activities		
Change in net assets	$ 956,237	$ (2,127,617)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	31,028	26,584
Net realized and unrealized (gain) loss on investments	(923,261)	2,059,599
Contributions of permanently restricted net assets	(210,568)	(116,045)
Changes in operating assets and liabilities		
Contributions and other receivables	(64,139)	3,452
Inventories, prepaids, and other assets	(10,402)	(5,864)
Accounts payable and accrued liabilities	9,724	33,166
Deferred revenue	(5,172)	(11,641)
Postretirement benefit obligation	18,981	10,542
Net cash used in operating activities	(197,572)	(127,824)
Cash flows from investing activities		
Purchases of investments	(2,080,895)	(1,390,094)
Sales or maturities of investments	1,067,259	1,732,084
Cash and cash equivalents held for long-term purposes	1,231,530	(458,550)
Acquisition of property and equipment	(8,388)	(732)
Net cash provided by (used in) investing activities	209,506	(117,292)
Cash flows from financing activities		
Contributions of permanently restricted net assets	10,568	116,045
Net change in cash and cash equivalents	22,502	(129,071)
Cash and cash equivalents, beginning of year	340,736	469,807
Cash and cash equivalents, end of year	$ 363,238	$ 340,736

The accompanying notes are an integral part of these financial statements

1. Organization and Significant Accounting Policies

Organization

The Japanese American Citizens League ("JACL") is a membership organization whose mission is to educate and bring about a better understanding with respect to the human and civil rights of Americans of Japanese ancestry and others and to promote and preserve the cultural heritage and values of Japanese Americans.

The financial statements of JACL include the accounts of the national organization which includes national headquarters, regional offices and a newspaper. The local chapters and district councils ("affiliates") are not included in these financial statements as JACL does not exercise control over such entities. Total expenses paid to or on behalf of affiliates during 2009 was $68,134. Revenues recognized from affiliates during 2009 were $85,602.

Basis of accounting

The financial statements are presented on the accrual basis of accounting.

Cash equivalents

JACL considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Allowance for doubtful accounts

JACL provides for possible losses from uncollectible contributions and other receivables. The allowance for doubtful accounts is based on historical experience and an evaluation of the outstanding receivables at the end of the year. Receivables are written off after management has exhausted all collection efforts. Bad debt recoveries are included in income when realized.

Basis of presentation

The activities of JACL are reflected as:

Unrestricted net assets

Unrestricted net assets represent unrestricted resources available to support JACL's activities and temporarily restricted resources which become available for use by JACL in accordance with the intention of the donors.

1. Organization and Significant Accounting Policies (continued)

Basis of presentation (continued)

Temporarily restricted net assets

Temporarily restricted net assets represent contributions that are limited as to use by JACL in accordance with donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of JACL according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and reported as unrestricted net assets. If expenses are incurred for purposes for which both unrestricted and temporarily restricted net assets are available, a donor-imposed restriction is deemed to have been fulfilled to the extent of the expense incurred.

Permanently restricted

Permanently restricted net assets represent contributions to be held in perpetuity as directed by the donor. A portion of the income from these investments is available to support activities of JACL as designated by such donors. The remaining portion is contributed back to the specific endowment account.

Contributions and contributions receivable

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Contributions receivable, which consist of unconditional promises to give, are recognized as contributions in the period in which the promise is made. Long-term contributions are recorded at the present value of estimated future cash flows using a discount rate consistent with the organization's long term investment return objectives. Amortization of the discount is included in contribution revenues. Conditional promises to give are recognized when the conditions on which they depend are substantially met. An allowance for doubtful contributions receivable, if necessary, is provided based upon management's judgment including such factors as prior collection history, type of contribution, and current aging of contributions receivable. Contributions receivable, all of which are due within one year and are deemed collectible, totaled $227,417 at December 31, 2009. Approximately 93% of the total $227,417 in contributions receivable at December 31, 2009 was due from one donor. There were no conditional promises to give as of December 31, 2009.

Inventories

Inventories consist of books held for sale to members and are valued at the lower of cost on the first-in-first-out (FIFO) basis or market.

1. Organization and Significant Accounting Policies (continued)

Property and equipment

Property and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets of 45 years for the building and ranging from 5 to 25 years for other property and equipment. JACL's capitalization policy is to capitalize all purchases greater than $500 with an estimated useful life in excess of one year. Contributed property and equipment are recorded at the estimated fair value of the property at the date of donation. Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the JACL's management, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. Any impairment losses identified are recognized when determined.

Fair value measurements

JACL adopted ASC 820, *Fair Value Measurements* (originally issued as Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*), as of July 1, 2008. ASC 820 clarifies the definition of fair value, describes methods used to appropriately measure fair value, and expands fair value disclosure requirements, but does not change existing guidance as to whether or not an instrument is carried at fair value.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The JACL determines the fair values of its assets and liabilities based on the fair value hierarchy established in ASC 820. The standard describes three levels of inputs that may be used to measure fair value (Level 1, Level 2 and Level 3). Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the JACL has the ability to access at the measurement date. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs reflect the JACL's own assumptions about the assumptions 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 and may include the JACL's own data.

1. Organization and Significant Accounting Policies (continued)

Fair value measurements (continued)

The following methods and assumptions were used to estimate the fair value of financial assets and liabilities:

(a) Investments (Level 1). Investment securities traded on security exchanges are valued at closing market prices on the date closest to December 31 (Level 1).

(b) Contributions and other receivables (Level 3). Contributions receivable are valued based on unobservable inputs that are developed based on the best information available in the circumstances. Contributions receivable are not measured at fair value on a recurring basis subsequent to initial recognition.

Revenue recognition

Membership revenues have elements of both a contribution and an exchange transaction. The contribution revenue portion is recognized upon receipt or when unconditionally promised. An amount equal to the fair value of benefits received by each member is recognized over the period to which the dues relate. Amounts to be recognized in future periods are recorded as deferred revenue.

JACL reports gifts of cash and other assets as restricted support if such gifts 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 a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

JACL is the beneficiary of various wills and trust agreements. The total realizable amounts from such future benefits are not readily determinable. JACL's share of such legacies is recorded when JACL obtains an irrevocable right to such assets and the future proceeds are measurable.

1. Organization and Significant Accounting Policies (continued)

Tax exempt status

JACL is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and had been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

JACL has evaluated its current tax positions and has concluded that as of December 31, 2009 the JACL does not have any significant uncertain tax positions.

Concentrations of credit risk

Financial instruments which potentially subject JACL to credit risk consist primarily of cash, cash equivalents, receivables and investments. JACL maintains cash and cash equivalents with major financial institutions. Cash equivalents include investments in money market funds. At times, such amounts may exceed FDIC limits. JACL believes its investments have been placed with high-quality counterparties. JACL closely monitors these investments and has not historically experienced significant credit losses.

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. These estimates and assumptions affect the reported amounts of 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.

Functional expense allocation

The costs of providing various programs, management and general and fundraising, have been summarized on a functional basis in the statement of functional expenses. Costs applicable to both programs and activities have been allocated among the programs and supporting services based upon payroll costs and management's judgment and analysis.

Comparative financial information

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with JACL's financial statements for the year ended December 31, 2008 from which the summarized information was derived.

2. Investments

Investments at December 31, 2009 consisted of the following:

U.S government obligations	$ 421,094
Corporate bonds	1,342,842
Mutual funds	3,103,375
Corporate equities	2,596,195
International securities	29,616
Total	$7,493,122

JACL's investments consist primarily of amounts restricted for long-term purposes, the income from which is to be utilized and held by JACL in accordance with donor imposed restrictions.

The following schedule summarizes the components of the total return from investments for the year ended December 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividend and interest income	$ 38,397	$ 215,947	$ 8,155	$ 262,499
Net realized and unrealized gains	93,089	796,161	34,011	923,261
Total investment return	$131,486	$1,012,108	$42,166	$1,185,760

3. Fair Value Disclosures

The following are the major categories of assets measured at fair value on a recurring basis during the year ended December 31, 2009, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Level 1: Quoted Prices in Active Markets For Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total at December 31, 2009
Investments	$7,493,122	$ -	$ -	$7,493,122

4. Property and Equipment

At December 31, 2009, property and equipment consisted of the following:

Land	$ 17,927
Building and improvements	493,132
Equipment	187,647
	698,706
Less accumulated depreciation	(491,992)
Property and equipment, net	$206,714

For the year ended December 31, 2009, depreciation expense totaled $31,028.

5. Restricted Net Assets and Net Assets Released From Restrictions

Temporarily restricted net assets were available for the following purposes at December 31, 2009:

Legacy	$539,073
Leadership development	324,876
Curriculum guide	17,643
Other	38,360
Total temporarily restricted net assets	$919,952

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of the restriction, by the passage of time, or by the occurrence of other specific events as follows for the year ended December 31, 2009:

Leadership Development	$706,384
Scholarships	59,000
Other	17,500
Net assets released from restrictions	$782,884

5. Restricted Net Assets and Net Assets Released From Restrictions (continued)

Permanently restricted net assets at December 31, 2009 are donor-restricted for the following purposes:

Legacy fund	$5,013,587
Scholarship fund	1,266,034
Masaoka Fellows fund	174,625
Student aid fund	16,435
Ways and means fund	12,533
Plant	2,063
Total permanently restricted net assets	$6,485,277

6. Endowment

The JACL's endowment consists of approximately six individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles ("GAAP"), 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.

Interpretation of relevant law

On September 30, 2008, the State of California adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), effective January 1, 2009. The Board of Directors has interpreted UPMIFA 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, the Organization 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.

6. Endowment (continued)

Interpretation of relevant law (continued)

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(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 the Organization
(7) The investment policies of the Organization.

Funds with deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were $82,806 as of December 31, 2009. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Return objectives and risk parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 7.5 percent annually. Actual returns in any given year may vary from this amount.

6. Endowment (continued)

Strategies employed for achieving objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy

The Organization has a policy of appropriating for distribution each year 4 percent of its endowment fund's average fair value over the prior 24 months through the month of January of the calendar year-end preceding the year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 3.5 percent annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment net asset composition by type of fund as of December 31, 2009 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (82,806)	$797,147	$6,485,277	$7,199,618
Board-designated endowment funds	966,233	-	-	966,233
Total funds	$ 883,427	$797,147	$6,485,277	$8,165,851

6. Endowment (continued)

Spending policy and how the investment objectives relate to spending policy (continued)

Changes in endowment net assets for the fiscal year ended December 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$649,137	$ 207,956	$6,232,543	$7,089,636
Investment return				
Investment income	38,397	215,947	8,155	262,499
Net appreciation (realized and unrealized)	207,416	681,834	34,011	923,261
Total investment return	131,486	897,781	42,166	1,185,760
Contributions	3,025	-	210,568	213,593
Appropriation of endowment assets for expenditure	(14,548)	(308,589)	-	(323,137)
Endowment net assets, end of year	$883,427	$ 797,147	$6,485,277	$8,165,851

7. Defined Contribution Pension Plan

JACL participates in a defined contribution plan (the "Plan") under Section 403(b) of the Internal Revenue Code covering substantially all of its employees. The Plan provides for discretionary tax-deferred contributions to be made by both participants and JACL. JACL makes contributions to the Plan on behalf of employees based upon years of service up to a maximum of 10% of eligible compensation as defined by the Plan. For the year ended December 31, 2009, JACL's contributions to the Plan were $56,239.

8. Postretirement Benefits

JACL provides lifetime health benefits to employees hired before November 5, 2005 who retire with at least 20 years of service and who are over age 60. Total active eligible participants at December 31, 2009 amounted to nine people. JACL uses a December 31 measurement date for its defined benefit pension plan obligations.

8. Postretirement Benefits (continued)

The following sets forth the funded status of the plan as of December 31, 2009,

Plan assets at fair value	$ -
Projected benefit obligation	440,806
Funded status recognized in Statement of Financial Position	$(440,806)

The accumulated benefit obligation represents the actuarial present value of benefits attributable to service rendered to date. The accumulated postretirement benefit obligation ("APBO") includes the following as of December 31, 2009:

Accumulated postretirement benefit obligation	
Retired employees	$ 19,575
Employees currently eligible to retire	222,244
Employees not yet eligible to retire	198,987
Accumulated postretirement benefit obligation	$440,806

Included in amounts not recognized in net periodic benefit cost as of December 31, 2009 are the net loss of $94,146 and net transition obligation of $16,203. The plan did not have any net prior service costs as of December 31, 2009.

The net periodic postretirement benefit cost are recognized in JACL's financial statements. The components of the net periodic postretirement benefit cost for the year ended December 31, 2009 is as follows:

Service cost - postretirement benefits earned during the period	$11,676
Interest cost on accumulated postretirement benefit obligation	23,715
Net amortization of transition obligation	8,051
Less: benefits paid	(8,856)
Net periodic postretirement benefit cost	$34,586

For the year ended December 31, 2009, the discount rate assumed for the actuarial calculation of the APBO was 5.90% and the assumed health care trend rate in measuring the APBO was 7.3%. Changes in these rates could have a significant effect on the amounts reported.

8. Postretirement Benefits (continued)

JACL expects future post retirement benefit obligation payments to be paid as follows:

2010	$ 18,334
2011	$ 18,342
2012	$ 17,085
2013	$ 24,532
2014	$ 24,774
2015 - 2019	$161,651

9. Commitments

JACL leases its facilities and office equipment under operating lease agreements, expiring at various times through October 2015, which currently require monthly payments ranging from approximately $1,200 to $5,000. Some of these leases stipulate scheduled rent increases over the life of the lease resulting in uneven cash flows. For the year ended December 31, 2009, JACL's management has determined that any resulting deferred rent was not material to the financial statements taken as a whole and, accordingly, has not recorded any such liabilities resulting thereon. Rent expense paid under these leases for the year ended December 31, 2009 was $116,569.

Future minimum annual lease payments required under these agreements are as follows:

2010	$112,262
2011	92,974
2012	86,932
2013	71,127
2014	73,371
Thereafter	53,996
Total	$490,662

10. Rental Income

The JACL sublets a portion of space in its office headquarters to unrelated third party entities on a month-to-month basis. For the year ended December 31, 2009, total sublease income received was approximately $16,000.

11. Subsequent Events

The JACL has evaluated subsequent events through June 28, 2010, the date the financial statements were available to be issued. No subsequent events have occurred that would have a material impact on the presentation of the JACL's financial statements.