

UNITED STATES-JAPAN FOUNDATION

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ANNUAL REPORT

December 31, 1998 and 1997

The United States-Japan Foundation grew out of the vision and generosity of Ryoichi Sasakawa (1899-1995), who conceived an entirely independent foundation dedicated to strengthening cooperation and understanding between the two countries. Originally endowed by what is now the Nippon Foundation, USJF was founded on October 21, 1980, and is governed by a board of prominent Japanese and American private citizens. It is the only private American grant-making foundation dedicated to the mutual interests of the American and Japanese people.

United States-Japan Foundation

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The United States-Japan Foundation is pleased to announce its new web site at:

<http://www.us-jf.org>

The site contains information on the Foundation's:

- Grant programs and program guidelines
- Application process
- History and mission
- Founder, Honorary Advisors, Trustees and Staff
- Recent grants and other Foundation news
- Links to other WWW U.S.-Japan resources
- Answers to frequently asked questions about the Foundation

FOUNDER

Mr. Ryoichi Sasakawa (1899-1995)

HONORARY ADVISORS

Hon. Jimmy Carter
Former President of the United States

Hon. Gerald Ford
Former President of the United States

BOARD OF TRUSTEES

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Former Chancellor, State University of New York

Amb. Moriyuki Motono, **Vice Chairman**
Former Ambassador to France

Mr. Yusuke Saraya, **Board Secretary**
President, Saraya Co., Ltd.

Dr. George R. Packard, **President**
Dean Emeritus, SAIS, Johns Hopkins University

Dr. John Brademas
President Emeritus, New York University

Prof. Gerald L. Curtis
Burgess Professor of Political Science, Columbia University

Ms. Robin Chandler Duke
National Co-Chairperson, Population Action International

The Hon. William Frenzel
The Brookings Institution

Mr. Shinji Fukukawa
CEO, Dentsu Institute for Human Studies

Mr. Minoru Inouye
Advisor, The Bank of Tokyo-Mitsubishi, Ltd

Mr. Thomas S. Johnson
Chairman & CEO, GreenPoint Bank

Mr. Yohei Sasakawa
President, The Nippon Foundation

Amb. Sumiko Takahara
President, Japan Baseball Central League

Mr. Jiro Ushio
Chairman & CEO, Ushio, Inc.

OFFICERS AND STAFF

Mr. Takeo Takuma
Vice President & Director, Tokyo Office

Ms. Maria Cristina Manapat-Sims
Assistant Secretary & Treasurer of the Corporation

Mr. Allan Y. Song
Program Officer

Ms. Jill C. Villatoro
Program Officer
(August 1999)

Mr. Nathaniel Bolin
Assistant to the President & Program Officer

Ms. Teresa L. Sham
Executive Assistant & Office Manager

Ms. Setsuko Wada
Administrative Assistant, Tokyo Office

Ms. Aya Mizushima
Assistant Program Officer, Tokyo Office
(July 1999)

LEGAL COUNSEL

McDermott, Will & Emery

AUDITORS

Richard A. Eisner & Co., LLP



The history of the relationship between Japan and the United States has been filled with swings from tension — and even war — to mutual admiration and inter-reliance. For most of the last four decades, the relationship has been so close and multi-faceted that an outside observer might assume that it would be smooth and unquestioned. Yet it is difficult to

remember a moment when voices were not worrying loudly about the controversy of the moment, perhaps a trend that if projected far enough would cause unacceptable strains, or a change from the status quo that would affect the two countries differently and could produce ominous ramifications, or uncertain changes in relations with a third country.

Only occasionally is the point made that along with broad and productive interactions, controversies of the moment are also frequent in relations between democratic partners. The relationship between great and powerful partner countries — especially democracies — is not a problem to be solved but a process to be tended.

From that perspective, we might use less energy speculating about possible dangerous consequences in every controversy, and put more energy into expanding the fundamental underpinnings of the relationship. Haven't we lived through enough "crises of the year" to have confidence that the interests of the two countries are so inextricably interwoven that we will get through the

issue of the moment? In the end, we do pay sufficient heed to each others' concerns.

But confidence should not imply complacency. There is much to be done in strengthening the fundamentals that help to contain each specific controversy. In the relations between two huge democracies, the perceptions that develop among citizens and leaders, the educational programs about each other that create realistic understanding, and the existence of accurate flows of information, in the long run help to build the relationships that control the controversy of the moment. That is the perspective that underlies the work of the United States-Japan Foundation. The Foundation continues to plug away at strengthening fundamental underpinnings of a vital and historic partnership that has been evolving steadily, and for the most part positively, for four decades. We remain the only private foundation explicitly established for that purpose.

Fortunately, the massive everyday working realities of our economic, political, and cultural relationships do almost all of the job of holding the two nations together. But we in the United States-Japan Foundation work at key points in pre-collegiate education, the examination of great policy issues that the two countries share, and media and information processes that help the two publics to communicate.

At the Foundation, some important evolution in programs is in the air with the leadership of our new President, George R. Packard. I look forward next year to new initiatives that will add innovative programs, but not new purposes, to our work.

A handwritten signature in blue ink that reads "Thomas A. Bartlett". The signature is written in a cursive, flowing style.

Dr. Thomas A. Bartlett
Chairman



The summit meeting between President Clinton and Prime Minister Obuchi on May 3, 1999 was remarkable as much for what didn't happen as for what did happen. Missing from this encounter were the growling and barking of bureaucrats and politicians who have grown accustomed to sniping at each other in public on narrow economic issues. Instead the

two leaders addressed each other, and their respective publics, in an atmosphere of mutual respect, befitting two statesmen heading up the wealthiest and most powerful democratic nations on earth.

President Clinton, in his toast to the Japanese leader, declared that "Japan is a world leader for all that is best in humanity." Prime Minister Obuchi said that the US-Japan alliance could become "the strongest partnership in history."

Of course serious economic and other problems were discussed. But for a change, they were handled mostly in private negotiations instead of in blazing headlines. The Noh chorus of Super-301 clubbers on Capitol Hill was strangely silent.

What has happened? Is it possible that leaders in each nation are listening to their own people? A recent Gallup poll of US public and elite opinion showed that Americans trust Japan today more than at any time since 1960, when the poll was first taken. Parallel findings show the Japanese people steadfast in their friendship for the United States and in their support for the security treaty.

This is progress. But we still have miles to go before we sleep. We have spent the past year re-examining our programs in pre-college education, policy studies and in communications and public opinion. Our board, recognizing that we cannot fund all the good ideas out there, has approved some new guidelines which keep us flexible and responsive to new challenges, but also keep us focused on projects where we can have maximum impact.

The core of our philosophy is that abstract words such as "alliance," partnership, cultural exchange and the like are in the end no stronger than the specific ties between Japanese and American human beings who interact and learn from and about each other. We are committed to strengthening these human bonds as much as possible.

We are embarked on an exciting new five-year program to bring young leaders from a variety of different professions and careers together for an intensive week of

conversation. Twenty Americans and twenty Japanese between the ages of 28-42 will be nominated and selected to participate each year. Similar programs between the US and Britain and between the US and Germany have been highly successful. We expect that the first such conference will take place in the summer of 2000. The idea is to create a lasting network of future leaders who can serve as shock-absorbers and informed sounding boards in the private sectors as the US-Japan relationship evolves in the 21st Century. Interested persons can visit our web site (www.us-jf.org) for updates on this and our other projects.

Allan Song, our program officer in policy studies, has sharpened the criteria for new projects in this area. They must involve substantive new research and produce publishable results which can have impact on the policy-making process. And they must focus primarily on resolving the common problems facing our two nations.

Nathaniel Bolin, education program officer, has consulted informally with more than two dozen experts and practitioners in the field of pre-college education and has developed a clear new "road-map" for grants in this area. One new departure in this field is that we will respond to perceived needs by experts in the field rather than relying on our own preconceptions. We will support programs which take advantage of new technology to bring Japanese and American teachers and students together. We will build human networks in schools and help develop new curriculum materials in both countries. And we will support projects in Japanese language education based on national standards and performance assessment. We want continually to learn from and encourage the best in the education world.

In communications and public opinion, we will continue to support exchanges of key media leaders, but we will also be looking for new ways to inform the publics in each country about the other, using conventional media and also films, documentaries and the Internet.

As we round the bend into the 21st Century, the US-Japan Foundation is excited about the prospects for finding and closing the critical gaps in understanding between our two peoples. Your ideas and proposals for ways to do this better will always be welcome.

A handwritten signature in blue ink that reads "George R. Packard". The signature is written in a cursive, flowing style.

Dr. George R. Packard
President

The United States-Japan Foundation is committed to promoting stronger ties between the US and Japan through greater mutual knowledge and understanding, to increasing broad awareness of important policy issues, and to addressing common concerns in the Asia-Pacific region through the US-Japan perspective.

TO APPLY FOR A GRANT

1. Applicants should submit a preproposal letter of inquiry of 2-3 pages. This should include: a brief description of the proposed project and its objectives, any necessary background information on the project and applicant, and a brief budget estimate.
2. Preproposal letters of inquiry will be reviewed by the Foundation's staff upon receipt and a response will be sent promptly. If there is interest, the applicant will be invited to prepare a full proposal. Please note that unsolicited full proposals will not be reviewed and will not be returned to the applicant.
3. Deadlines for application: Preproposal letters of inquiry are accepted on a rolling basis. The USJF Board meets in April and October, when funding decisions are made. Applicants are then notified within one month.

NOTES AND LIMITATIONS

Before applying for a grant, please take the time to carefully review the following notes and limitations:

- The following types of projects fall outside of the Foundation's guidelines: undergraduate education, cultural performances or exhibitions, student exchanges, sports exchanges, publication subsidies, scientific research and research conferences. Grants cannot be made to individuals or for-profit organizations. Foundation grants may not be used for lobbying or to support election to public offices. The Foundation does not award grants as contributions to capital campaigns, endowment funds, deficit operations or for the construction or maintenance of buildings or other physical premises.
- The Foundation accepts no responsibility for keeping any part of a request confidential and reserves the right to discuss a proposal with outside consultants to assist the program staff in its evaluation.

UNITED STATES-JAPAN FOUNDATION FINANCIAL STATEMENTS

DECEMBER 31, 1998 and 1997

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Richard A. Eisner & Company, LLP
Accountants and Consultants

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INDEPENDENT AUDITORS' REPORT

Board of Directors
United States-Japan Foundation
New York, New York

We have audited the accompanying statements of financial position of United States-Japan Foundation (the "Foundation") as of December 31, 1998 and 1997 and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Foundation. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform our 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements enumerated above present fairly, in all material respects, the financial position of United States-Japan Foundation as of December 31, 1998 and 1997, and the results of its activities and its cash flows for the years then ended in conformity with generally accepted accounting principles.


New York, New York
March 24, 1999

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	1998	1997
ASSETS		
Cash	\$ 19,331	\$ 614,433
Accrued income receivable	70,657	22,858
Investments, at market value	98,355,259	94,799,403
Property and equipment (net of accumulated depreciation and amortization of \$993,627 in 1998 and \$913,858 in 1997)	1,019,005	1,039,632
Loans receivable and other assets	708,653	720,691
	<u>\$ 100,172,905</u>	<u>\$ 97,197,017</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Grants payable	\$ 2,651,361	\$ 2,900,198
Accounts payable and accrued expenses	38,984	138,686
	<u>2,690,345</u>	<u>3,038,884</u>
Commitment		
Net assets - unrestricted	<u>97,482,560</u>	<u>94,158,133</u>
	<u>\$ 100,172,905</u>	<u>\$ 97,197,017</u>

See Notes to Financial Statements

STATEMENTS OF ACTIVITIES

	Year Ended December 31,	
	1998	1997
INCOME:		
Dividends	\$ 3,864,709	\$ 4,370,355
Interest	754,519	1,391,055
	<u>4,619,228</u>	<u>5,761,410</u>
Less investment expenses	737,981	1,020,136
	<u>3,881,247</u>	<u>4,741,274</u>
EXPENSES:		
Grants	3,945,261	3,733,817
Program	1,091,648	1,114,069
Administrative	395,627	462,942
	<u>5,432,536</u>	<u>5,310,828</u>
Excess of expenses over net investment income before federal excise tax	(1,551,289)	(569,554)
Federal excise tax	20,359	389,940
	<u>(1,571,648)</u>	<u>(959,494)</u>
Excess of expenses over net investment income before net realized and unrealized gains on investments	(1,571,648)	(959,494)
Net realized and unrealized gains on investments	4,896,075	4,711,649
	<u>3,324,427</u>	<u>3,752,155</u>
Increase in net assets	3,324,427	3,752,155
Net assets - January 1	94,158,133	90,405,978
	<u>97,482,560</u>	<u>94,158,133</u>
Net assets - December 31	\$ 97,482,560	\$ 94,158,133

See Notes to Financial Statements

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	1998	1997
Cash flows from operating activities:		
Increase in net assets	\$ 3,324,427	\$ 3,752,155
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Net realized and unrealized gains on investments	(4,896,075)	(4,711,649)
Reinvested income	(4,165,038)	(5,372,000)
Depreciation	79,769	75,183
Loss on fixed assets		9,623
Changes in:		
Accrued income receivable	(47,799)	426,856
Loans receivable and other assets	(78,775)	21,962
Grants payable	(248,837)	(9,071)
Accounts payable and accrued expenses	(99,702)	(23,925)
Net cash used in operating activities	<u>(6,132,030)</u>	<u>(5,830,866)</u>
Cash flows from investing activities:		
Investments	(55,200,226)	(93,655,139)
Distributions from investments	60,796,296	99,990,374
Purchases of property and equipment	(59,142)	(175,636)
Net cash provided by investing activities	<u>5,536,928</u>	<u>6,159,599</u>
Net increase (decrease) in cash	(595,102)	328,733
Cash - January 1	<u>614,433</u>	<u>285,700</u>
Cash - December 31	<u>\$ 19,331</u>	<u>\$ 614,433</u>

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1998 AND 1997

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Foundation:

United States-Japan Foundation (the "Foundation") was organized during 1980 for the purpose of promoting understanding and cooperation between the peoples and institutions of the United States and Japan.

[2] Federal excise taxes:

The Foundation qualifies as a tax exempt charitable organization under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, is not subject to Federal income taxes. However, the Foundation is subject to an excise tax, not to exceed 2% on net investment income, including realized gains as defined in the Code. In addition, the Foundation must make certain minimum distributions in an amount equal to 5% of the average fair value of its assets held during the year.

[3] Accrual basis financial statements:

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

[4] Net assets:

The Foundation's net assets which are unrestricted, represent resources available for current operations as no donor restrictions exist on the use of these assets.

[5] Fair value of financial instruments:

Financial instruments represent cash and loans receivable and other assets, the carrying value of which approximates their fair value due to the short terms to maturity of instruments. Similarly, the carrying amounts of liabilities are estimated to approximate their fair value. Investments are valued at fair market value.

[6] Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amount of assets, liabilities, income and expenses reported. Actual results could differ from those estimates.

NOTE B - INVESTMENTS

[1] Investments are stated at aggregate fair value and investment transactions are recorded as of the trade date.

Management records its investments in limited partnerships at estimated fair value based upon financial statements provided by the general partner of such limited partnerships.

Investments denominated in foreign currencies are translated at the closing rate of exchange at the end of the period. Transactions during the year, including purchases and sales and income and expenses, are translated at the rate of exchange prevailing on the dates of the transactions.

Realized and unrealized gains or losses on investments are determined by comparison of specific costs of acquisition to proceeds at the time of disposal or market values at the balance sheet date. Realized and unrealized gains or losses include the effects of currency translation with respect to foreign security transactions.

A forward exchange currency contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in net realized gain (loss) on investments. The net realized gain on forward exchange currency contracts was \$5,736 and \$600,348 for the years ended December 31, 1998 and 1997.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

NOTE B - INVESTMENTS (CONTINUED)

[2] The cost and fair value of the Foundation's investments were as follows:

	December 31,			
	1998		1997	
	Fair Value	Cost	Fair Value	Cost
United States Investments:				
Common stocks	\$ 23,844,056	\$ 18,154,151	\$ 13,628,526	\$ 13,135,353
Limited partnerships	16,072,764	15,616,077	16,422,746	14,678,480
Mutual funds	57,900,752	58,509,791	64,001,384	68,408,495
Money market and other temporary investments	537,687	545,812	455,709	456,917
	98,355,259	92,825,831	94,508,365	96,679,245
Foreign Investments:				
Common stocks			291,038	331,569
Total investments	\$ 98,355,259	\$ 92,825,831	\$ 94,799,403	\$ 97,010,814

Approximately twenty five percent and fifteen percent respectively of the Foundation's marketable securities were held by Crestar Bank N.A. and by Bankers' Trust Company, respectively, for the years ending December 31, 1998 and 1997, respectively, which as the custodial banks are highly capitalized. In addition, at December 31, 1998, the Foundation's limited partnership interests were invested by one asset management company.

At December 31, 1998 and 1997, investments valued by the general partner of limited partnerships relating to not readily marketable securities aggregated approximately \$6 million and \$4 million, respectively.

In connection with investment activity, the Foundation selects various investment vehicles including limited partnerships. Under the terms of the limited partnership agreements, the Foundation may make an initial capital contribution and may commit to funding additional capital. At December 31, 1998, commitments to provide additional capital aggregated approximately \$400,000.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 1998 AND 1997

NOTE C - PROPERTY AND EQUIPMENT

The cost of a cooperative apartment, its improvements and furnishings, office furnishings, equipment and leasehold improvements have been capitalized. The apartment and related improvements are depreciated over forty years. Office furnishings and equipment are

depreciated over five years. Leasehold improvements are amortized over the life of the lease. Depreciation and amortization expense was \$79,769 for the year ended December 31, 1998 and \$75,183 for the year ended December 31, 1997.

Property and equipment are as follows:

	December 31,	
	1998	1997
Cooperative apartment	\$ 790,725	\$ 790,725
Cooperative apartment improvements	242,700	240,300
Leasehold improvements	400,535	413,107
Equipment	179,931	152,963
Furniture and fixtures	398,741	356,395
	2,012,632	1,953,490
Less accumulated depreciation and amortization	993,627	913,858
	<u>\$ 1,019,005</u>	<u>\$ 1,039,632</u>

NOTE D - LEASES

Minimum lease payments under noncancellable leases with expirations through 2007 at December 31, 1998 are as follows:

1999	\$ 142,090
2000	119,607
2001	121,160
2002	121,160
2003	121,160
Thereafter	392,993
	<u>\$ 1,018,170</u>

Rent expense for the years ended December 31, 1998 and 1997 was \$150,809 and \$151,002, respectively. Additionally, maintenance charges on a cooperative

apartment for 1998 and 1997 were \$32,667 and \$35,318, respectively.

NOTE E - RETIREMENT PLAN

The Foundation has a defined contribution retirement plan for the benefit of its employees. The related expense

of this retirement plan was \$20,892 and \$25,994 for the years ended December 31, 1998 and 1997, respectively.

Financial Statements

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

NOTE F - GRANT ACTIVITY

Recipient Name and Purpose	Unpaid January 1, 1998	Net Grants Authorized 1998	Paid	Unpaid December 31, 1998
EDUCATION				
American Foreign Service Association (Washington, DC) To support the development and field-testing of on-line curriculum modules for precollege educators about US-Japan relations.	\$ 62,593	\$ (26,210) (a)	\$ 36,383	
Association for Asian Studies, Inc. (Ann Arbor, MI) To support the production and dissemination of a special section on Japan-US relations in Education About Asia, an AAS journal devoted to improving teaching about Asia.	30,825		30,825	
Association of Teachers of Japanese (Boulder, CO) To support the third and final year of a fellowship program to provide intensive Japanese-language training for non-native-speaking high school teachers of Japanese (preceded by a six-month pilot project, 95-03).	124,086		124,086	
Association of Teachers of Japanese (Boulder, CO) To support the first year of the development of a National Working Group on Japanese Language Competency Goals.		119,000	59,500	\$ 59,500
Association of Teachers of Japanese (Boulder, CO) To support the second year of the development of a National Working Group to Implement Japanese Language Competency Goals and the implementation of these goals through eleven model programs.		268,623	134,312	134,311
Children's Museum (Boston, MA) To support the third and final year of a teacher-training program in Japan studies for precollege educators in the Boston metropolitan region.	157,504		157,504	
City College of the City University of New York (New York, NY) To support the development of a program on online linkages between ten American and ten Japanese schools through collaborative learning projects and teacher-training.		92,983	69,738	23,245
Columbia University (New York, NY) To support a project to produce an Internet-based curriculum unit entitled "Contemporary Japan: A Teaching Workbook on the Web."	8,872		8,872	
Columbia University (New York, NY) To support the development of a "Contemporary Japan Series," featuring cameo audio-visual presentations by leading specialists on Japanese government, economy, and society, as part of a new library of Asian Topics on the Web for teachers and students.		59,700	29,850	29,850
Fukushima University (Fukushima, Japan) To support a teacher-training program in American studies for precollege educators.		146,058 (a)	16,617	129,441
Hachinohe Junior Chamber, Inc. (Aomori, Japan) To support the third year of a study of education and aging societies in the United States.	16,369	(1,238) (a)	15,131 (b)	
(carried forward)	400,249	658,916	682,818	376,347

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 1998	Net Grants Authorized 1998	Paid	Unpaid December 31, 1998
(brought forward)	\$ 400,249	\$ 658,916	\$ 682,818	\$ 376,347
EDUCATION (continued)				
Japan Association for Cultural Exchange (ACE Japan) (Tokyo, Japan) To support a seminar on Global Education for Teachers.		21,615 (a)	21,615	
Japan Society of Northern California (San Francisco, CA) To support the development of a curriculum-based online resource on Japan for students, teachers and the public.	17,500		17,500	
Japan-America Society of Washington, DC (Washington, DC) To support a language competition for high school students of Japanese.	80,225		80,225	
Japan-America Society of Washington, DC (Washington, DC) To support the second year of a Japanese language competition for high school students of Japanese.		118,100	59,050	59,050
Joetsu University of Education (Niigata, Japan) To support a teacher-training program in American studies for precollege educators.		125,039 (a)	125,039	
Nautilus Institute (Berkeley, CA) To support the development of an on-line curriculum on energy, security and environment in Northeast Asia.	30,017		15,000	15,017
Social Science Education Consortium, Inc. (Boulder, CO) To support the first year (18 months) of the Japan Studies Leadership Program.	196,139		196,139	
Social Science Education Consortium, Inc. (Boulder, CO) To support the second year of the Japan Studies Leadership Program.		187,306	46,827	140,479
Stanford University (Stanford, CA) To support the third year of the development of curriculum units on US-Japan relations for use at the secondary school level.	38,355	(39) (a)	38,316	
Stanford University (Stanford, CA) To support the development and dissemination of three curriculum modules on Japan and US- Japan relations that meet the diverse needs of large metropolitan-area and inner-city students.		60,200		60,200
University of Arkansas at Little Rock (Little Rock, AR) To support the first year (18 months) of a teacher - training program for teachers in urban school districts in the southern United States.	97,811		97,811	
(carried forward)	860,296	1,171,137	1,380,340	651,093

Financial Statements

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 1998	Net Grants Authorized 1998	Paid	Unpaid December 31, 1998
(brought forward)	\$ 860,296	\$ 1,171,137	\$ 1,380,340	\$ 651,093
EDUCATION (continued)				
University of Arkansas at Little Rock (Little Rock, AR)				
To support the second year of a teacher-training program for teachers in urban school districts in the southern United States, with additional preparatory activities for possible third year of the project.		168,919	42,230	126,689
University of Pennsylvania (Philadelphia, PA)				
To support the second year of a teacher-training program in Japan studies for precollege educators in Philadelphia.	162,890		162,890	
University of Pennsylvania (Philadelphia, PA)				
To support the third and final year of a teacher-training program in Japan studies for precollege educators in Philadelphia.		153,200	38,300	114,900
World Affairs Council of Northern California (San Francisco, CA)				
To support a teacher-training program in Japan studies for precollege educators in the Oakland Public School system.		134,665	67,332	67,333
Worldlink Foundation (San Francisco, CA)				
To support the second year of a curriculum-based website for secondary teachers and students to learn about Japan and the US-Japan experience of interacting with their marine environment.		30,000	15,000	15,000
	1,023,186	1,657,921	1,706,092	975,015
PUBLIC POLICY				
Berkeley Roundtable on the International Economy (BRIE) (Berkeley, CA)				
To support the second year of a three-year US-Japan-China policy study group on free trade and investment in the Asia-Pacific region.	270,000		270,000	
Brookings Institution (Washington, DC)				
To support the establishment of the Center for Northeast Asian Policy Studies (CNAPS) at the Brookings Institution.		100,000		100,000
Carnegie Council on Ethics and International Affairs (New York, NY)				
To support the first year (18 months) of a policy study of values in public policy making in Japan, the United States, China and India.	127,667		63,833	63,834
Cato Institute (Washington, DC)				
To support a conference in Tokyo, Japan, in collaboration with the Keidanren on deregulation in Japan.		20,000	20,000	
Center for Strategic and International Studies (Washington, DC)				
To support the first year (18 months) of a project to foster US-Japan parliamentary exchange and leadership in the 21st century.	70,000		40,000	30,000
(carried forward)	467,667	120,000	393,833	193,834

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 1998	Net Grants Authorized 1998	Paid	Unpaid December 31, 1998
(brought forward)	\$ 467,667	\$ 120,000	\$ 393,833	\$ 193,834
PUBLIC POLICY (continued)				
Council on Foreign Relations (New York, NY)				
To support a study group consisting of American experts to explore new parameters for US policy toward Japan in the realm of the bilateral trade relationship.		41,000	41,000	
East-West Center (Honolulu, HI)				
To support the first year of a two-year project to explore the concept and practice of security "order" in the Asia-Pacific and to suggest how the findings could guide policy debate and formulation.		85,000	21,250	63,750
Foundation for Advanced Studies on International Development (FASID) (Tokyo, Japan)				
To support the first year of a project to study and support new avenues of ODA-NGO cooperation.	23,265		23,265	
Foundation for Advanced Studies on International Development (FASID) (Tokyo, Japan)				
To support the final year of a two-year project to explore ways to improve efficiency and effectiveness of ODA by developing new policies and procedures for cooperation between donors and recipients.		120,000	90,000	30,000
Fund for Peace Inc. (Washington, DC)				
To support the first year of a two-year project to analyze the US government documents pertaining to US-Japan relations secured by the Freedom of Information Act.		133,400	66,700	66,700
Graduate School and University Center of the City University of New York (New York, NY)				
To support a conference to bring together Japanese and American women politicians to discuss women in politics and women's issues.		19,180	19,180	
Graduate School and University Center of the City University of New York (New York, NY)				
To support the second year of a policy study group on US-Japan cooperation on Asian regional security issues.	41,775		41,775	
Graduate School and University Center of the City University of New York (New York, NY)				
To support the third and final year of a policy study group on US-Japan cooperation on regional security issues.	87,500		87,500	
Harvard University (Cambridge, MA)				
To support the first 18 months of a policy study on implications of history of US-China-Japan relations on current policy.	100,000		75,000	25,000
Henry L. Stimson Center (Washington, DC)				
To support a one-time planning grant to allow grantee to finalize the necessary organizational arrangements in Japan to carry out a researcher-in-residency program.		3,500	3,500	
(carried forward)	720,207	522,080	863,003	379,284

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 1998	Net Grants Authorized 1998	Paid	Unpaid December 31, 1998
(brought forward)	\$ 720,207	\$ 522,080	\$ 863,003	\$ 379,284
PUBLIC POLICY (continued)				
Institute for International Economics (Washington, DC)				
To support an eighteen-month study of the impact of the structural changes in the US and Japanese economy over the past decade, with the goal of assessing how best to manage the bilateral relationship in the future.		100,000	25,000	75,000
Japan Center for International Exchange (Tokyo, Japan)				
To support an eighteen-month-long project to study the nature of the challenges to governance in Japan and the US brought on by globalization.		150,000	37,500	112,500
Japan Institute of International Affairs (Tokyo, Japan)				
To support the second year of a policy study group on the potential for US-Japan consultation and cooperation on nuclear issues in South Asia.	62,591	(6,521) (a)	56,070	
Japan Institute of International Affairs (Tokyo, Japan)				
To support the first year of a two-year project to examine the roles of Japan and the US in the UN.		32,657		32,657
Japan Society of Northern California (San Francisco, CA)				
To support a series of four one-day seminars examining the basic state of US-Japanese relations.		45,000	11,250	33,750
Nautilus Institute (Berkeley, CA)				
To support the second year of a policy study group on energy, security and environment in Northeast Asia.	114,345		114,345	
Nautilus Institute (Berkeley, CA)				
To support the third and final year of a project that will explore US-Japan joint policy initiative(s) on sustainable and secure energy in Northeast Asia.		150,000	37,500	112,500
Pacific Forum CSIS (Honolulu, HI)				
To support the first year of a study of post-unification security cooperation among the US, Japan, and Korea.	120,000		120,000	
Pacific Forum CSIS (Honolulu, HI)				
To support the second and final year of a project which explores various scenarios for unification on the Korean Peninsula and appropriate US-Japanese policy responses to each of them.		238,000	178,500	59,500
Philippine American Foundation (Washington, DC)				
To support the third and final year of a policy study group on women's workplace issues in the US, Japan, and the Philippines.	130,827		130,827	
(carried forward)	1,147,970	1,231,216	1,573,995	805,191

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 1998	Net Grants Authorized 1998	Paid	Unpaid December 31, 1998
(brought forward)	\$ 1,147,970	\$ 1,231,216	\$ 1,573,995	\$ 805,191
PUBLIC POLICY (continued)				
Regents of the University of California (Berkeley, CA)				
To support the final year of a three-year US-Japanese-Chinese study on how to promote and ensure an open trade and investment structure in the Asia-Pacific region.		220,000	55,000	165,000
Research Institute for Peace and Security (RIPS) (Tokyo, Japan)				
To support the first year of a two-year research project and consultative group focusing on nuclear weapons in East Asia.	111,952		111,952	
Research Institute for Peace and Security (RIPS) (Tokyo, Japan)				
To support the final year of a two-year project to explore how best to reduce the risks posed by nuclear weapons in East Asia in the post-Cold War era.		138,750	69,375	69,375
UGA Foundation, GLOBIS Support Fund (Athens, GA)				
To support a conference to discuss productive ways in which the US, Japan, China, and North and South Korea could construct more peaceable international relations on the Korean peninsula and in the Northeast Asia region.	45,000		45,000	
Women's Foreign Policy Group (Washington, DC)				
To support six public lectures/programs involving Japanese and American women leaders to discuss US-Japanese relations in the global context.		42,000	42,000	
	1,304,922	1,631,966	1,897,322	1,039,566
COMMUNICATION/PUBLIC OPINION				
Chicago Council on Foreign Relations (Chicago, IL)				
To support an opinion poll of both the American public and policy-makers on their attitudes toward US foreign policy, including specifically toward Japan, and an analysis of the opinion poll data.		42,000	21,000	21,000
Eastern Educational Television Network (Boston, MA)				
To produce, in conjunction with Ward Television Corporation, a program called "One World: Japan."		268,647		268,647
East-West Center (Honolulu, HI)				
To support a visit in Japan by five mid-career American journalists who have been selected as 1998 Jefferson Fellows.		10,000	10,000	
(carried forward)		320,647	31,000	289,647

Financial Statements

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1998 AND 1997

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 1998	Net Grants Authorized 1998	Paid	Unpaid December 31, 1998
(brought forward)		\$ 320,647	\$ 31,000	\$ 289,647
COMMUNICATION/PUBLIC OPINION (continued)				
Hawaii International Film Festival (Honolulu, HI)				
To support a documentary film on Japan's internationally acclaimed director/writer which will show Itami's unique insight into Japanese life and culture, and the impact of that same society on him and his work.		100,000		100,000
Japan Society (New York, NY)				
To support the third year of fellowships for Japanese and American media professionals and a US-Japan media dialogue.	\$ 250,000		187,500	62,500
Jefferson Media Foundation (Washington, DC)				
To support This is America with Dennis Wholey's coverage of US-Japan-Asia issues.	37,500		37,500	
National Public Radio (Washington, DC)				
To support the production of a radio series to provide a broad, in-depth analysis of Japan, its internal political, social, and economic struggles and outlook for change, and Japan and its role within Asia.		95,515	71,637	23,878
Persephone Productions, Inc. (Arlington, VA)				
To support the first year of To the Contrary's coverage of US-Japanese workplace and political issues.	50,000		50,000	
Public Radio International (Minneapolis, MN)				
To support the coverage of Japan through the Marketplace Japan Desk.		100,000	50,000	50,000
Roper Center for Public Opinion Research, Inc. (Storrs, CT)				
To support a project for promoting better Japanese-American understanding through extending access to JPOLL, an on-line public opinion information system for survey data from Japan.		147,674	36,919	110,755
Thirteen/WNET (New York, NY)				
To support Think Tank with Ben Wattenberg's coverage of US-Japan issues.	112,500		112,500	
University of California, Berkeley Graduate School of Journalism (Berkeley, CA)				
To support the first year of a fellowship program for young journalists from China, Japan, and the US.	122,090		122,090	
	572,090	763,836	699,146	636,780
Subtotal	2,900,198	4,053,723	4,302,560	2,651,361
Prior years' awards withdrawn/returned in current year		(108,462)	(108,462)	
	<u>\$ 2,900,198</u>	<u>\$ 3,945,261</u>	<u>\$ 4,194,098</u>	<u>\$ 2,651,361</u>

(a) Net Grants Authorized reflect the additions of net currency losses which totaled \$10,205 for the year.

Current year reductions in awards have been netted against the original award.

(b) Unexpended funds returned in the current year are netted against payments.

米日財団

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