

UNITED STATES-JAPAN FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2001 and 2000

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of the United States-Japan Foundation (the "Foundation") as of December 31, 2001 and 2000, 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 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 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, 2001 and 2000, and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

New York, New York
March 7, 2002

UNITED STATES-JAPAN FOUNDATION

Statements of Financial Position

| | December 31, | |
|---------------------------------------|----------------------|-----------------------|
| | 2001 | 2000 |
| ASSETS | | |
| Cash | \$ 126,636 | \$ 132,484 |
| Accrued income receivable | 31,705 | 92,123 |
| Investments | 85,521,712 | 98,693,625 |
| Property and equipment, net | 807,301 | 888,719 |
| Prepaid federal excise tax | 112,768 | 212,232 |
| Other assets | 42,429 | 42,171 |
| | <u>\$ 86,642,551</u> | <u>\$ 100,061,354</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Grants payable | \$ 2,211,228 | \$ 3,342,737 |
| Accounts payable and accrued expenses | 72,678 | 108,614 |
| | 2,283,906 | 3,451,351 |
| Commitment (Note D) | | |
| Net assets - unrestricted | <u>84,358,645</u> | <u>96,610,003</u> |
| | <u>\$ 86,642,551</u> | <u>\$ 100,061,354</u> |

UNITED STATES-JAPAN FOUNDATION

Statements of Activities

| | Year Ended December 31, | |
|----------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|
| | 2001 | 2000 |
| Income: | | |
| Dividends | \$ 2,546,819 | \$ 2,430,046 |
| Interest | <u>424,873</u> | <u>780,601</u> |
| | 2,971,692 | 3,210,647 |
| Less investment expenses | <u>923,590</u> | <u>1,021,710</u> |
| Net investment income | <u>2,048,102</u> | <u>2,188,937</u> |
| Expenses: | | |
| Grants | 3,709,143 | 6,507,897 |
| US-Japan Leadership Program | 446,426 | 483,432 |
| Program | 1,036,080 | 1,198,540 |
| Administrative | <u>463,950</u> | <u>468,731</u> |
| | <u>5,655,599</u> | <u>8,658,600</u> |
| Excess of expenses over net investment income before federal excise tax and net loss/gain on investments | (3,607,497) | (6,469,663) |
| Federal excise tax | | <u>(134,998)</u> |
| Excess of expenses over net investment income before net realized and unrealized losses on investments | (3,607,497) | (6,604,661) |
| Net realized and unrealized losses on investments | <u>(8,643,861)</u> | <u>(5,916,008)</u> |
| Decrease in net assets | (12,251,358) | (12,520,669) |
| Net assets - January 1 - as restated (Note F) | <u>96,610,003</u> | <u>109,130,672</u> |
| Net assets - December 31 | \$ <u>84,358,645</u> | \$ <u>96,610,003</u> |

UNITED STATES-JAPAN FOUNDATION

Statements of Cash Flows

| | Year Ended December 31, | |
|------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|
| | 2001 | 2000 |
| Cash flows from operating activities: | | |
| Decrease in net assets | \$ (12,251,358) | \$ (12,520,669) |
| Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities: | | |
| Net realized and unrealized losses on investments | 8,643,861 | 5,916,008 |
| Reinvested income | 4,661,710 | 1,882,858 |
| Depreciation | 84,624 | 86,415 |
| Changes in: | | |
| Accrued income receivable | 60,418 | 22,708 |
| Other assets | (258) | 1,049 |
| Prepaid federal excise tax | 99,464 | (81,304) |
| Grants payable | (1,134,346) | 755,142 |
| Accounts payable and accrued expenses | (35,932) | 27,668 |
| Net cash provided by (used in) operating activities | <u>128,183</u> | <u>(3,910,125)</u> |
| Cash flows from investing activities: | | |
| Investments | 52,277,851 | 22,725,661 |
| Distributions from investments | (52,408,676) | (18,709,151) |
| Purchases of property and equipment | (3,206) | (145,653) |
| Net cash (used in) provided by investing activities | <u>(134,031)</u> | <u>3,870,857</u> |
| Net decrease in cash | (5,848) | (39,268) |
| Cash - January 1 | <u>132,484</u> | <u>171,752</u> |
| Cash - December 31 | <u>\$ 126,636</u> | <u>\$ 132,484</u> |

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Foundation:

United States-Japan Foundation (the "Foundation") is a private foundation, organized in 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 of accounting:

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

[4] Net assets:

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

[5] Fair value of financial instruments:

Financial instruments are composed of cash, loans receivable and other assets, the carrying values of which approximate their fair values. Similarly, the reported amounts of liabilities are estimated to approximate their fair value. Investments are reported at their fair market values.

[6] Use of estimates:

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

NOTE B - INVESTMENTS

[1] Investments are reported at their aggregate fair values, and investment transactions are recorded as of the trade dates.

Management records its investments in limited partnerships at their estimated fair values, based upon financial statements provided by the partnerships' general partners.

Any investments denominated in foreign currencies are translated at the closing rate of exchange at the end of the reporting 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.

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE B - INVESTMENTS (CONTINUED)

[1] (continued)

Realized and unrealized gains or losses on investments are determined by the comparison of specific costs of acquisition to the proceeds at the time of disposal and the market values at the balance-sheet date, respectively. Realized and unrealized gains or losses include the effects of currency translation with respect to foreign security transactions. Realized (losses) gains were \$(5,961,413) and \$9,598,078 for the years ended December 31, 2001 and 2000, respectively. Unrealized losses were \$(2,682,448) and \$(15,514,086) for the years ended December 31, 2001 and 2000, respectively.

A forward exchange currency contract is a commitment to purchase or sell a foreign currency at a future date, at a negotiated rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net realized losses on investments. The net realized gain on forward exchange currency contracts was \$69,652 and \$32,804, respectively, for the years ended December 31, 2001 and 2000.

[2] At each year-end, the cost and fair value of the Foundation's investments were as follows:

| | December 31, | | | |
|----------------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2001 | | 2000 | |
| | Fair Value | Cost | Fair Value | Cost |
| Common stocks | \$ 46,912,861 | \$ 45,378,197 | \$ 53,993,843 | \$ 35,384,366 |
| Limited partnerships | 12,312,994 | 14,856,139 | 18,592,151 | 19,098,357 |
| Mutual funds | 25,254,198 | 26,655,812 | 24,460,569 | 42,281,716 |
| Money market and other temporary investments | <u>1,041,659</u> | <u>1,029,852</u> | <u>1,647,062</u> | <u>1,668,579</u> |
| Total investments | <u>\$ 85,521,712</u> | <u>\$ 87,920,000</u> | <u>\$ 98,693,625</u> | <u>\$ 98,433,018</u> |

Approximately 46 percent and 29 percent of the Foundation's marketable securities were held by a highly capitalized financial institution, Suntrust, for the years ending December 31, 2001 and 2000, 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, 2001, the Foundation has no commitments to provide additional capital investments.

At December 31, 2001 and 2000, investments valued by the general partner of limited partnerships relating to not-readily-marketable securities aggregated approximately \$1,100,000 and \$2,000,000, respectively.

NOTE C - PROPERTY AND EQUIPMENT

The cost of a cooperative apartment owned by the Foundation (including subsequent improvements), office furnishings, equipment and leasehold improvements have been capitalized and are being depreciated over their anticipated useful lives. 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 \$84,624 and \$86,415 for the years ended December 31, 2001 and 2000, respectively.

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE C - PROPERTY AND EQUIPMENT (CONTINUED)

At each year-end, property and equipment consisted of the following:

| | December 31, | |
|------------------------------------------------|-------------------|-------------------|
| | 2001 | 2000 |
| Cooperative apartment | \$ 790,725 | \$ 790,725 |
| Cooperative apartment improvements | 242,700 | 242,700 |
| Leasehold improvements | 400,535 | 400,535 |
| Equipment | 203,359 | 202,717 |
| Furniture and fixtures | <u>405,879</u> | <u>403,316</u> |
| | 2,043,198 | 2,039,993 |
| Less accumulated depreciation and amortization | <u>1,235,897</u> | <u>1,151,274</u> |
| | <u>\$ 807,301</u> | <u>\$ 888,719</u> |

The maintenance charges on the cooperative apartment for the years ended December 31, 2001 and 2000 were \$33,726 and \$34,425, respectively.

NOTE D - LEASES

At December 31, 2001, future minimum lease payments under noncancellable leases (with expirations through 2007) are as follows:

| | |
|------------|-------------------|
| 2002 | \$ 121,160 |
| 2003 | 121,160 |
| 2004 | 121,160 |
| 2005 | 124,774 |
| 2006 | 125,820 |
| Thereafter | <u>20,970</u> |
| | <u>\$ 635,044</u> |

Rent expense for the years ended December 31, 2001 and 2000 was \$169,772 and \$170,068, respectively.

NOTE E - RETIREMENT PLAN

The Foundation has a defined-contribution retirement plan for the benefit of its employees. Contributions for the years ended December 31, 2001 and 2000 were \$87,218 and \$71,096, respectively.

NOTE F - ADJUSTMENT TO NET ASSETS

The Foundation has restated the 2000 net asset balance in the accompanying financial statements, to reflect on adjustment of \$146,768 to federal excise tax expense. As a result, the Foundation's prepaid federal excise tax has increased accordingly.

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE G - GRANT ACTIVITY

The Foundation's grant activity for the year ended December 31, 2001 was as follows:

| Recipient Name and Purpose | Unpaid January 1, 2001 | Net Grants Authorized 2001 | Paid | Unpaid December 31, 2001 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------|------------|--------------------------------|
| Precollege Education | | | | |
| Aichi University of Education (Kariya City, Japan) | | | | |
| To support the second year of a three-year project which assists Japanese school teachers to increase their awareness about the US, with a view to improving elementary and secondary education about America in Japan. | \$ 123,235 | \$ (13,311) | \$ 109,924 | |
| Aichi University of Education (Kariya City, Japan) | | | | |
| To support the third year of a three-year project that assists Japanese school teachers to increase their awareness about the US, with a view to improving elementary and secondary education about America in Japan. | | 114,361 | | \$ 114,361 |
| Alliance of Associations of Teachers of Japanese (Boulder, CO) | | | | |
| To provide fellowships for ten non-native-speaking precollege teachers of Japanese for intensive language pedagogy training at Middlebury College; program will also be open to other interested applicants on a fee-paying basis. | 50,000 | | 50,000 | |
| American Forum for Global Education (New York, NY) | | | | |
| To support the first year of a two-year bilateral US-Japan study program for teachers and students from Tokyo and New York City high schools. | 55,750 | | 55,750 | |
| Asia Society (New York, NY) | | | | |
| To support the first year of a two-year project to develop an Internet clearinghouse to facilitate connections between Japanese and American elementary-secondary students, teachers, and schools. | 101,250 | | 101,250 | |
| Asia Society (New York, NY) | | | | |
| To support the second year of a two-year project to develop an Internet clearinghouse to facilitate connections between Japanese and American junior and senior high school students, teachers, and schools. | | 149,017 | 37,254 | 111,763 |
| Association for Asian Studies, Inc. (Ann Arbor, MI) | | | | |
| To support the production and distribution of two special sections in two issues of Education About Asia focusing on ways to integrate Japanese history into world history courses and Japanese literature into literature courses at the secondary level. | 54,788 | | 36,525 | 18,263 |
| Capital Children's Museum (Washington, DC) | | | | |
| To support the development of a teacher resource guide to be used in conjunction with the Capital Children's Museum Japan Exhibit. | 24,198 | | | 24,198 |
| City College of the City University of New York (New York, NY) | | | | |
| To support a bilingual US-Japan studies on-line curriculum for high school teachers in the US and Japan. | 30,989 | | 30,989 | |
| East Carolina University (Greenville, NC) | | | | |
| To support the second year of a three-year joint US-Japan program in teacher professional development in US-Japan studies for precollege teachers from North Carolina to be conducted in cooperation with Osaka University of Education. | 14,044 | | 14,044 | |
| East Carolina University (Greenville, NC) | | | | |
| To support the third year of a three-year joint US-Japan program in teacher professional development in US-Japan studies for precollege teachers from North Carolina to be conducted in cooperation with Osaka University of Education and partner institutions in Japan. | | 91,611 | 22,903 | 68,708 |
| Fukuoka University of Education (Munakata City, Japan) | | | | |
| To support the second year of a three-year curriculum-development and teacher professional development program for precollege teachers in the Kyushu region. | 13,572 | (1,278) | 12,294 | |
| (carried forward) | 467,826 | 340,400 | 470,933 | 337,293 |

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE G - GRANT ACTIVITY (CONTINUED)

| Recipient Name and Purpose | Unpaid January 1, 2001 | Net Grants Authorized 2001 | Paid | Unpaid December 31, 2001 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------|------------|--------------------------------|
| (brought forward) | \$ 467,826 | \$ 340,400 | \$ 470,933 | \$ 337,293 |
| Precollege Education (continued) | | | | |
| Fukuoka University of Education (Munakata City, Japan) To support the third year of a three-year curriculum development and teacher professional development program for precollege teachers in the Kyushu region. | | 113,041 | 106,754 | 6,287 |
| Fukushima University (Fukushima, Japan) To support the third year of a three-year teacher-training program in American studies for precollege educators. | 113,719 | (12,178) | 101,541 | |
| Fukushima University (Fukushima, Japan) To support the third year of a three-year teacher-training program in American studies for precollege educators. | | | | |
| Grand Forks Public School District (Grand Forks, ND) To support the first year of a three-year program to establish a Japanese Studies class at high schools in Grand Forks, North Dakota and the surrounding area, as well as develop an Internet exchange program for students of Grand Forks, ND and Awano, Japan | | 27,588 | 27,588 | |
| Hokkaido University of Education (Sapporo, Japan) To support the first year of a three-year American study program for precollege teachers from Hokkaido. | 13,250 | (1,239) | 12,011 | |
| Hokkaido University of Education (Sapporo, Japan) To support the second year of a three-year American study program for precollege teachers from Hokkaido. | | 117,396 | 109,917 | 7,479 |
| Japan Forum (Tokyo, Japan) To support the second year of a three-year project to develop a multimedia curriculum based on the real lives of seven Japanese students for use in high school Japanese language courses. | 278,527 | (24,677) | 253,850 | |
| Japan-America Society of Washington, DC (Washington, DC) To support the fourth year of a national language competition and supporting regional competitions for high school students of Japanese. | 38,182 | | 38,182 | |
| Japan-America Society of Washington, DC (Washington, DC) To support a national language competition and supporting regional competitions for high school students of Japanese. | | 103,065 | 51,532 | 51,533 |
| Laurasian Institution (Paris, KY) To support the first year of a three-year Japan studies program for eight teams of two teachers and four of their students from the US Great Lakes States. | 142,500 | | 142,500 | |
| Library of Congress (Washington, DC) To support the conservation of fifty Ukiyo-e prints for use in the Library's Fall 2001 Exhibition of Japanese Art and Literature; a special one-time discretionary grant of \$50,000 in honor of the 50 th Anniversary of the San Francisco Peace Treaty. | 50,000 | | 50,000 | |
| Mississippi State University (Mississippi State, MS) To support the first year of a three-year project in Japanese studies for 28 high school social studies teachers from across Mississippi. | | | | |
| Mississippi State University (Mississippi State, MS) To support the second year of a three-year project in Japanese studies for 28 high school social studies teachers from across Mississippi. | | 57,170 | 57,170 | |
| Miyagi University of Education (Sendai, Japan) To support the second year of a three-year project to develop and implement an American studies curriculum in elementary, middle and high schools in Miyagi Prefecture and Sendai City through an intensive study program and teacher-developed curricula. | | 109,295 | 80,285 | 29,010 |
| (carried forward) | 1,104,004 | 829,861 | 1,502,263 | 431,602 |

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE G - GRANT ACTIVITY (CONTINUED)

| Recipient Name and Purpose | Unpaid January 1, 2001 | Net Grants Authorized 2001 | Paid | Unpaid December 31, 2001 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------|--------------|--------------------------------|
| (brought forward) | \$ 1,104,004 | \$ 829,861 | \$ 1,502,263 | \$ 431,602 |
| Precollege Education (continued) | | | | |
| Ohio State University (Columbus, OH) To support a Japan study program for 23 teachers from Ohio, to be held in conjunction with a Japanese Ministry of Education Program that annually sends Japanese precollege teachers to Ohio schools. | 101,250 | | 101,250 | |
| Osaka University of Education (Osaka, Japan) To support the second year of a three-year joint US-Japan program in teacher professional development in US-Japan studies for precollege teachers from Osaka, Hiroshima and Tokushima to be conducted in cooperation with East Carolina University and partner institutions in North Carolina. | 34,516 | (3,228) | 31,288 | |
| Osaka University of Education (Osaka, Japan) To support the third year of a three-year joint US-Japan program in teacher professional development in US-Japan studies for precollege teachers from Osaka, Hiroshima and Tokushima to be conducted in cooperation with East Carolina University and partner institutions in North Carolina. | | 88,509 | 41,279 | 47,230 |
| Shinshu University (Nagano City, Nagano Japan) To support the third year of a three-year professional development program in American studies for precollege teachers from the Nagano region. | | 106,100 | 106,100 | |
| Stanford University, Institute for International Studies (Stanford, CA) To support the development and dissemination of a curriculum unit that focuses on US and Japanese relations with Indonesia. | 19,250 | | 19,250 | |
| The American Forum for Global Education (New York, NY) To support the second year of a two-year bilateral US-Japan study program for teachers and students from Tokyo and New York City high schools. | | 212,201 | 106,100 | 106,101 |
| The Fletcher School of Law and Diplomacy (Medford, MA) A discretionary grant to support the John C. Perry Fellowship Fund. | | 5,000 | 5,000 | |
| The Fund for Public Schools, Inc. (Queens, NY) To support the first year of a three-year Japanese language and cultural exchange program for New York City Public High School students studying Japanese. | | 20,215 | 20,215 | |
| The Japan Forum (Shinjuku-ku, Japan) To support the third year of a three-year project to develop a multimedia curriculum based on the real lives of seven Japanese students for use in high school Japanese language courses. | | 213,717 | 140,838 | 72,879 |
| The Japan-America Society of Hawaii (Honolulu, HI) In support of the Ehime Maru Fund for the families of the Ehime Maru crew and the Uwajima Fisheries High School. | | 5,000 | 5,000 | |
| The Laurasian Institution (Tokyo, Japan) To support the second year of a three-year Japan studies program for 10 teams of two teachers and four of their students from US Great Lakes States. | | 230,594 | 57,648 | 172,946 |
| The Midori Foundation (New York, NY) To support the Adopt-A-School Music Program and in honor of the contributions made by Midori to music education in New York City and to encourage Japanese philanthropy in general as a sound investment in improved understanding between the United States and Japan. | | 5,000 | 5,000 | |
| Trinity College (Hartford, CT) To support the Scott M. Johnson Memorial Fund at Trinity College to honor the memory of Scott M. Johnson as well as the family of Mr. Thomas Johnson. | | 50,000 | 50,000 | |
| (carried forward) | 1,259,020 | 1,762,969 | 2,191,231 | 830,758 |

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE G - GRANT ACTIVITY (CONTINUED)

| Recipient Name and Purpose | Unpaid January 1, 2001 | Net Grants Authorized 2001 | Paid | Unpaid December 31, 2001 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------|--------------|--------------------------------|
| (brought forward) | \$ 1,259,020 | \$ 1,762,969 | \$ 2,191,231 | \$ 830,758 |
| Precollege Education (continued) | | | | |
| 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. | | | | |
| University of Arkansas at Little Rock (Little Rock, AR) To support the second year of a three-year teacher-training program for teachers in urban school districts in the southern United States, with additional preparatory activities for a possible third year of the project. | | | | |
| University of Arkansas at Little Rock (Little Rock, AR) To support the third year of a three-year teacher-training program for teachers in urban school districts in the southern United States. | 42,598 | | 42,598 | |
| University of Maryland Foundation (Adelphi, MD) To support the third year of a three-year program of Japan and US study and exchange that links four elementary schools in the US with four elementary schools in Japan for mutual learning, instruction, and collaboration on educational exchange. | | 139,770 | 34,942 | 104,828 |
| University of Maryland Foundation (Adelphi, MD) To support the second year of a three-year program of Japan and US study and exchange that links four elementary schools in the US with four elementary schools in Japan for mutual learning, instruction, and collaboration on educational exchange. | 143,715 | | 143,715 | |
| University of Oregon (Eugene, OR) To support the second year of a three-year project to develop a system of performance standards and assessment instruments for use in K-12 level Japanese language instruction in the US. | 111,864 | | 111,864 | |
| University of Oregon (Eugene, OR) To support the third year of a three-year project to develop a system of performance standards and assessment instruments for use in K-12 level Japanese language instruction in the US. | | 100,097 | 25,024 | 75,073 |
| University of Pennsylvania (Philadelphia, PA) To support the first year of a three-year teacher-training program in Japan studies for precollege educators in the Greater Philadelphia Region. | 122,016 | | 122,016 | |
| University of Pennsylvania (Philadelphia, PA) To support the second year of a three-year teacher-training program in Japan studies for precollege educators in the Greater Philadelphia Region. | | 186,907 | 46,727 | 140,180 |
| University of Tennessee at Chattanooga (Chattanooga, TN) To support the first year of a three-year Japan-studies project for high school teachers from Arkansas, Missouri, and Tennessee designed to enhance teaching about Japan in under-served rural and inner-city public schools. | 146,250 | | 146,250 | |
| University of Tennessee at Chattanooga (Chattanooga, TN) To support the second year of a three-year Japan-studies project for high school teachers from Arkansas, Missouri, and Tennessee designed to enhance teaching about Japan in under-served rural and inner-city public schools. | | 247,845 | 61,961 | 185,884 |
| University of Ryukyus (Okinawa, Japan) To support the first year of a three-year teacher-professional program in American Studies for social studies and English teachers from Okinawa. | 9,464 | (1,229) | 8,235 | |
| University of Ryukyus (Okinawa, Japan) To support the second year of a three-year teacher-professional program in American Studies for social studies and English teachers from Okinawa. | | 110,745 | 98,417 | 12,328 |
| (carried forward) | 1,834,927 | 2,547,104 | 3,032,980 | 1,349,051 |

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE G - GRANT ACTIVITY (CONTINUED)

| Recipient Name and Purpose | Unpaid January 1, 2001 | Net Grants Authorized 2001 | Paid | Unpaid December 31, 2001 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------|------------------|--------------------------------|
| (brought forward) | \$ 1,834,927 | \$ 2,547,104 | \$ 3,032,980 | \$ 1,349,051 |
| Precollege Education (continued) | | | | |
| World Affairs Council of Northern California (San Francisco, CA) To support the second year of a three-year Japan study program for teachers from the Oakland Unified School District. | 33,750 | | 33,750 | |
| World Affairs Council of Northern California (San Francisco, CA) To support the third year of a three-year Japan study program for teachers from the Oakland Unified School District. | 97,264 | | 64,843 | 32,421 |
| Yamaguchi University (Yamaguchi, Japan) To support the first year of a three-year project designed to give teachers and pupils from primary to high school a wider and deeper understanding of America. | <u> </u> | <u>88,686</u> | <u>82,126</u> | <u>6,560</u> |
| Subtotal for Precollege Education | <u>1,965,941</u> | <u>2,635,790</u> | <u>3,213,699</u> | <u>1,388,032</u> |
| US-Japan Policy | | | | |
| Brookings Institution (CNAPS) (Washington, DC) To support the second year of a three-year project to establish a Center for Northeast Asian Policy Studies (CNAPS) and Japan fellowship program at the Brookings Institution. | 65,000 | | 65,000 | |
| Carnegie Council of Ethics and International Affairs (New York, NY) To support the second and last phase of a three-year program to study the values in public policy making in Japan, United States, China and India regarding the environment. | 80,000 | | 40,000 | 40,000 |
| Columbia University (East Asian Institute) (New York, NY) To support the first year of a two-year project to explore the areas of policy coordination and cooperation between the US and Japan towards Indonesia. | | | | |
| Columbia University (East Asian Institute) (New York, NY) To support the second year of a two-year project to explore the areas of policy coordination and cooperation between the US and Japan towards Indonesia. | 206,385 | | 206,385 | |
| Harvard University (Cambridge, MA) To support the final conference and dissemination of a policy study on implications of the history of US-China-Japan relations on modern foreign policy. | 47,550 | | 47,550 | |
| Henry L. Stimson Center (Washington, DC) To support the second year of a two-year pilot researcher-in-residency program, inviting four Japanese fellows to take up residence in Washington, DC and study the latest methods in confidence building measures (CBMs). | 52,904 | | 52,904 | |
| International University of Japan (Niigata, Japan) To support the first year of a two-year project to examine how the memory of the Pacific War constrains contemporary US-Japan relations and suggest approaches for developing a "shared memory" that will strengthen the bilateral relationship. | 47,322 | (6,148) | 41,174 | |
| International University of Japan (Niigata, Japan) To support the second year of a two-year project to examine how the memory of the Pacific War constrains contemporary US-Japan relations and suggest approaches for developing a "shared memory" that will strengthen the bilateral relationship. | | 122,403 | 49,507 | 72,896 |
| Japan Center for International Exchange (JCIE) (New York, NY) To support a series of three public seminars in New York and Washington, DC that bring together veteran and younger Japanese and American scholars on the US-Japan relationship to discuss <i>New Perspectives on US-Japan Relations</i> . | <u> </u> | <u>25,000</u> | <u>25,000</u> | <u> </u> |
| (carried forward) | 499,161 | 141,255 | 527,520 | 112,896 |

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE G - GRANT ACTIVITY (CONTINUED)

| Recipient Name and Purpose | Unpaid January 1, 2001 | Net Grants Authorized 2001 | Paid | Unpaid December 31, 2001 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------|----------------|--------------------------------|
| (brought forward) | \$ 499,161 | \$ 141,255 | \$ 527,520 | \$ 112,896 |
| US-Japan Policy (continued) | | | | |
| Japan Society of Northern California(Berkeley, CA) To support an 18-month project bringing together young and veteran US-Japan specialists to examine past, present, and likely future of the bilateral relationship in a thematic context; timed to be featured at events marking the 50 th Anniversary of the San Francisco Peace Treaty. | 60,000 | | 60,000 | |
| Kansai Nichibei Koryu Forum (Osaka, Japan) To support the second year of a two-year study to explore whether and what kinds of shared values have emerged between the US and Japan in the post-war period. | 45,000 | | 45,000 | |
| Nautilus Institute (Berkeley, CA) To support the development of an on-line curriculum on energy, security and environment in Northeast Asia. | 15,017 | | 15,017 | |
| Osaka University (OSIPP) (Toyonaka, Japan) To support the second year of a two-year project to provide the analytical framework for building and improving Japan-US cooperation in crisis situations: financial, natural disaster, accident or other such challenges. | | 143,458 | 48,152 | 95,306 |
| Stanford University (Stanford, CA) To support the second year of a two-year project to study the implications of Japan's current recession of Japan's political economy. | | 59,950 | 59,950 | |
| The Henry L. Stimson Center (Washington, DC) To support the first year of a three-year fellowship program that brings four Japanese military/security specialists to Washington, DC annually for an intense two to three-month period of research and networking. | | 100,000 | 35,000 | 65,000 |
| Tokyo University (Tokyo, Japan) To support the first year of a two-year, binational project bringing pairs of young scholars together to research and discuss the growing disjunction between the bilateral US-Japan alliance and the growing regional security challenges in the region. | 21,285 | (3,180) | 18,105 | |
| University of Michigan (Ann Arbor, MI) To support an 18-month project to conduct a comparative study of the impact of shifts in women's economic status on family structure in Japan, the United States and Sweden. | 50,000 | | 50,000 | |
| University of Tokyo (Tokyo, Japan) To support the second year of a two-year, binational project bringing pairs of young scholars together to research and discuss the growing disjunction between the bilateral US-Japan alliance and changing regional security challenges in the region. | | 81,711 | 40,846 | 40,865 |
| Subtotal US-Japan Policy | <u>690,463</u> | <u>523,194</u> | <u>899,590</u> | <u>314,067</u> |
| Communications/Public Opinion | | | | |
| Children's Express (Washington, DC) To support the first 12 months of an 18-month collaborative education policy dialogue project led by student journalists in Japan and the United States. | 60,000 | | 60,000 | |
| Columbia University (Donald Keene Center) (New York, NY) To support the second year of a three-year pilot program to invite four leading Japanese intellectual figures in 2000-2001 for a long-term stay in the US involving extensive interaction with Americans around the country. | <u>135,000</u> | | <u>90,000</u> | <u>45,000</u> |
| (carried forward) | 195,000 | | 150,000 | 45,000 |

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2001 and 2000

NOTE G - GRANT ACTIVITY (CONTINUED)

| Recipient Name and Purpose | Unpaid January 1, 2001 | Net Grants Authorized 2001 | Paid | Unpaid December 31, 2001 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------|------------|--------------------------------|
| (brought forward) | \$ 195,000 | | \$ 150,000 | \$ 45,000 |
| Communications/Public Opinion (continued) | | | | |
| Community Television Foundation of South Florida, Inc. (Miami, FL) | | | | |
| To support the production by Nightly Business Report of 16 television reports on current issues in Japan-US economic and business relations and the distribution of a curriculum and teacher's guide based on these programs to high school social studies teachers across the United States. | 90,000 | | 90,000 | |
| East-West Center (Honolulu, HI) | | | | |
| To send six American and six Japanese Media Editors ("gatekeepers") to each other's countries for a three-week research tour, culminating in a joint conference at East-West Center in Hawaii. | 25,000 | | 25,000 | |
| East-West Center (Honolulu, HI) | | | | |
| To support a project that sends six American and six Japanese broadcast/print media editors ("gatekeepers") to each other's countries for a two-week research tour, culminating with a joint conference of the participants at the East-West Center. | | \$ 99,546 | 39,546 | 60,000 |
| Hawaii International Film Festival (Honolulu, HI) | | | | |
| To support a documentary film of Japan's internationally acclaimed director/writer Itami Juzo, which will show Itami's unique insight into Japanese life and culture, and impact of that same society on him and his work. | 33,333 | | | 33,333 |
| InterAction (Washington, DC) | | | | |
| To support a project by US and Japanese NGOs to create mechanisms for launching specific NGO-Private Sector cooperative projects in the US-Japan Common Agenda. | 60,000 | | 60,000 | |
| InterAction American Council for Voluntary Int'l Action (Washington, DC) | | | | |
| To support a four-month research project that will map out specific activities for US-Japan NGO cooperation on the ground in regional aid projects. | | 34,496 | | 34,496 |
| Japan Society (New York, NY) | | | | |
| To support the fifth year of a five-year fellowship program for Japanese and American media professionals. | 73,000 | | 73,000 | |
| Japan Society, Inc. (New York, NY) | | | | |
| To support an intensive fellowship program for Japanese and American media professionals, allowing them to reside, study and work for two to three months in the other country, focused on a research topic of their choice. | | 250,000 | 62,500 | 187,500 |
| National Association of Japan-America Societies (NAJAS) (Washington, DC) | | | | |
| To provide financial support during NAJAS' restructuring period and allow it to continue to provide programs and services to member societies while it recruits corporate members. | 90,000 | | 60,000 | 30,000 |
| National Bureau of Asian Research (Seattle, WA) | | | | |
| To support a one-year pilot project designed to enhance NBR's Japan-US Discussion Forum by facilitating multi-topic discussions and increasing Japanese participation. | | 36,300 | 20,000 | 16,300 |
| National Endowment for Democracy (Washington, DC) | | | | |
| To support a project that facilitates the travel and participation by Japanese non-profit representatives in the Second Assembly of the World Movement for Democracy and strengthen US-Japan relationships in this field. | | 15,000 | 15,000 | |
| (carried forward) | 566,333 | 435,342 | 595,046 | 406,629 |

UNITED STATES-JAPAN FOUNDATION

**Notes to Financial Statements
December 31, 2001 and 2000**

NOTE G - GRANT ACTIVITY (CONTINUED)

| Recipient Name and Purpose | Unpaid January 1, 2001 | Net Grants Authorized 2001 | Paid | Unpaid December 31, 2001 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------------------|---------------------|--------------------------------|
| (brought forward) | \$ 566,333 | \$ 435,342 | \$ 595,046 | \$ 406,629 |
| Communications/Public Opinion (continued) | | | | |
| Public Radio International (Minneapolis, MN) To support coverage of Japan through the <i>Marketplace</i> (US public radio program) Japan Desk. | | 75,000 | 37,500 | 37,500 |
| Smithsonian Institution (Washington, DC) To support the completion of a shooting script and begin production of The Japanese American Saga, a three-hour series documentary chronicling the history of this ethnic group from pre-emigration to the present. | | 50,000 | 25,000 | 25,000 |
| Tokyo Council of Social Welfare (Tokyo, Japan) To support the second year of a two-year project to create and carry out a formal "capacity building" program for emerging non-profit organizations (NPO's) in Japan through structured interaction, case studies and classes involving representatives from Japanese and American NPO's. | | 87,529 | 87,529 | |
| University of Montana (Mansfield Center) (Missoula, MT) To support the second year of a two-year project to collect American and Japanese cultural historical artifacts regarding the Pacific War and create a multi-media Internet resource for teaching about human experiences at war. | 120,000 | | 80,000 | 40,000 |
| Subtotal for Communications/Public Opinion | <u>686,333</u> | <u>647,871</u> | <u>825,075</u> | <u>509,129</u> |
| Subtotal | 3,342,737 | 3,806,855 | 4,938,364 | 2,211,228 |
| Prior years' awards withdrawn/returned in current year | | (168,238) | (168,238) | |
| Total | <u>\$ 3,342,737</u> | <u>\$ 3,638,617</u> | <u>\$ 4,770,126</u> | <u>\$ 2,211,228</u> |

- (a) Net Grants Authorized reflect the additions of net currency gains which totaled \$70,526 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.