

UNITED STATES-JAPAN FOUNDATION
FINANCIAL STATEMENTS
DECEMBER 31, 2002 and 2001

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, 2002 and 2001, 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, 2002 and 2001, 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.

Eisner LLP

New York, New York
March 5, 2003

UNITED STATES-JAPAN FOUNDATION

Statements of Financial Position

	December 31,	
	<u>2002</u>	<u>2001</u>
ASSETS		
Cash	\$ 113,060	\$ 126,636
Accrued income receivable	31,695	31,705
Investments	69,302,578	85,521,712
Property and equipment, net	741,504	807,301
Prepaid federal excise tax	20,000	112,768
Other assets	<u>116,252</u>	<u>42,429</u>
	<u>\$ 70,325,089</u>	<u>\$ 86,642,551</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Grants payable	\$ 1,499,712	\$ 2,211,228
Accounts payable and accrued expenses	<u>71,121</u>	<u>72,678</u>
	1,570,833	2,283,906
Commitment (Note D)		
Net assets - unrestricted	<u>68,754,256</u>	<u>84,358,645</u>
	<u>\$ 70,325,089</u>	<u>\$ 86,642,551</u>

UNITED STATES-JAPAN FOUNDATION

Statements of Activities

	Year Ended December 31,	
	2002	2001
Investment income:		
Dividends	\$ 2,466,120	\$ 2,546,819
Interest	<u>129,957</u>	<u>424,873</u>
	2,596,077	2,971,692
Less investment expenses	<u>811,259</u>	<u>923,590</u>
Net investment income	<u>1,784,818</u>	<u>2,048,102</u>
Expenses:		
Grants	2,161,563	3,709,143
US-Japan Leadership Program	499,848	446,426
Program	993,180	1,036,080
Administrative	<u>460,381</u>	<u>463,950</u>
	<u>4,114,972</u>	<u>5,655,599</u>
Excess of expenses over net investment income before net realized and unrealized losses on investments	(2,330,154)	(3,607,497)
Net realized and unrealized losses on investments	<u>(13,274,235)</u>	<u>(8,643,861)</u>
Decrease in net assets - unrestricted	(15,604,389)	(12,251,358)
Net assets - unrestricted, January 1	<u>84,358,645</u>	<u>96,610,003</u>
Net assets - unrestricted, December 31	\$ <u>68,754,256</u>	\$ <u>84,358,645</u>

UNITED STATES-JAPAN FOUNDATION

Statements of Cash Flows

	<u>Year Ended December 31,</u>	
	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Decrease in net assets	\$ (15,604,389)	\$ (12,251,358)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Net realized and unrealized losses on investments	13,274,235	8,643,861
Depreciation and amortization	70,481	84,624
Gain on disposal of property and equipment	(763)	
Changes in:		
Accrued income receivable	10	60,418
Prepaid federal excise tax	92,768	99,464
Other assets	(73,823)	(258)
Grants payable	(711,516)	(1,134,346)
Accounts payable and accrued expenses	(1,557)	(35,932)
Net cash used in operating activities	<u>(2,954,554)</u>	<u>(4,533,527)</u>
Cash flows from investing activities:		
Purchases of investments	35,188,980	52,277,851
Proceeds from sales of investments	(32,244,081)	(47,746,966)
Purchases of property and equipment	(3,921)	(3,206)
Net cash provided by investing activities	<u>2,940,978</u>	<u>4,527,679</u>
Net decrease in cash	(13,576)	(5,848)
Cash - January 1	<u>126,636</u>	<u>132,484</u>
Cash - December 31	<u>\$ 113,060</u>	<u>\$ 126,636</u>

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2002 and 2001

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Foundation:

The 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, 2002 and 2001

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 were \$6,271,806 and \$6,031,065 for the years ended December 31, 2002 and 2001, respectively. Unrealized losses were \$6,979,759 and \$2,682,448 for the years ended December 31, 2002 and 2001, 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 losses/(gains) on forward exchange currency contracts were \$22,670 and (\$69,652) for the years ended December 31, 2002 and 2001, respectively.

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

	December 31,			
	2002		2001	
	Fair Value	Cost	Fair Value	Cost
Common stocks	\$ 32,296,864	\$ 37,288,496	\$ 46,912,861	\$ 45,378,197
Limited partnerships	9,385,505	12,316,578	12,312,994	14,856,139
Mutual funds	24,668,020	26,115,108	25,254,198	26,655,812
Money market and other temporary investments	<u>2,952,189</u>	<u>2,960,443</u>	<u>1,041,659</u>	<u>1,029,852</u>
Total investments	<u>\$ 69,302,578</u>	<u>\$ 78,680,625</u>	<u>\$ 85,521,712</u>	<u>\$ 87,920,000</u>

Approximately 37 percent and 43 percent of the Foundation's marketable securities were held by a highly capitalized financial institution, SunTrust Banks, Inc., for the years ending December 31, 2002 and 2001, 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, 2002, the Foundation has no commitments to provide additional capital investments.

Investments valued by the general partner of limited partnerships relating to not-readily-marketable securities aggregated approximately \$950,000 and \$1,100,000 at December 31, 2002 and 2001, respectively.

NOTE C - PROPERTY AND EQUIPMENT

The costs 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 \$70,481 and \$84,624 for each of the years ended December 31, 2002 and 2001, respectively.

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2002 and 2001

NOTE C - PROPERTY AND EQUIPMENT (CONTINUED)

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

	December 31,	
	2002	2001
Cooperative apartment	\$ 790,725	\$ 790,725
Cooperative apartment improvements	242,700	242,700
Leasehold improvements	400,535	400,535
Equipment	201,452	203,359
Furniture and fixtures	<u>411,325</u>	<u>405,879</u>
	2,046,737	2,043,198
Less accumulated depreciation and amortization	<u>1,305,233</u>	<u>1,235,897</u>
	<u>\$ 741,504</u>	<u>\$ 807,301</u>

The maintenance charges on the cooperative apartment were \$36,925 and \$33,726 for the years ended December 31, 2002 and 2001, respectively.

NOTE D - LEASES

At December 31, 2002, future minimum lease payments under noncancellable leases (with expirations through 2007) are as follows:

2003	\$ 121,160
2004	121,160
2005	124,774
2006	125,820
2007	<u>20,970</u>
	<u>\$ 513,884</u>

Rent expense was \$171,875 and \$169,772 for each of the years ended December 31, 2002 and 2001, respectively.

NOTE E - RETIREMENT PLAN

The Foundation has a defined-contribution retirement plan for the benefit of its employees. Contributions were \$100,004 and \$87,218 for the years ended December 31, 2002 and 2001, respectively.

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2002 and 2001

NOTE F - GRANT ACTIVITY

The Foundation's grant activity for the year ended December 31, 2002 was as follows:

Recipient Name and Purpose	Unpaid January 1, 2002	Net Grants Authorized 2002	Paid	Unpaid December 31, 2002
Precollege Education				
Aichi University of Education (Kariya City, Japan)				
To support the third year of a three-year project that assists Japanese schoolteachers to increase their awareness about the US, with a view to improving elementary and secondary education about America in Japan.	\$ 114,361	\$ (6,291)	\$ 108,070	
AmerAsian School in Okinawa (Okinawa, Japan)				
To support the enhancement of the bi-lingual / bi-cultural education provided to students at the AmerAsian School in Okinawa through the hiring of two American teachers.		50,000	25,000	\$ 25,000
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.	111,763		111,763	
Association for Asian Studies, Inc. (Ann Arbor, MI)				
To support the production and distribution of two special sections in two issues of <i>Education About Asia</i> focusing on ways to integrate Japanese history into world history courses and Japanese literature into literature courses at the secondary level.	18,263		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	
College of Charleston (Charleston, SC)				
To support a one-week training workshop for teachers of Japanese at the elementary level in South Carolina.		5,941	5,941	
Densho (Seattle, WA)				
To support a bilingual education website that will use paintings by the artist Roger Shimomura to instruct middle-school children in the United States and Japan about the World War II incarceration of Japanese Americans.		68,724	34,362	34,362
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.	68,708		68,708	
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.	6,287	(521)	5,766	
Grand Forks Public School District (Grand Forks, ND)				
To support the second year of a three-year program to establish and sustain Japanese courses 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.		62,114	31,057	31,057
Hokkaido University of Education (Sapporo, Japan)				
To support the second year of a three-year American study program for precollege teachers from Hokkaido.	7,479	(620)	6,859	
Hokkaido University of Education (Sapporo, Japan)				
To support the third year of a three-year American study program for precollege teachers from Hokkaido.	<u> </u>	<u>112,661</u>	<u>105,764</u>	<u>6,897</u>
(carried forward)	351,059	292,008	545,751	97,316

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Notes to Financial Statements December 31, 2002 and 2001

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 2002	Net Grants Authorized 2002	Paid	Unpaid December 31, 2002
(brought forward)	\$ 351,059	\$ 292,008	\$ 545,751	\$ 97,316
Precollege Education (continued)				
Hyogo University of Teacher Education (Japan) To support a professional development program on American Studies for elementary, junior high, and high school teachers from throughout Hyogo Prefecture.		98,439		98,439
Japan-America Society of Washington, DC (Washington, DC) To support a national language competition and supporting regional competitions for high school students of Japanese.	51,533		51,533	
Mississippi State University (Mississippi State, MS) To support the third year of a three-year project in Japanese studies for middle and high school social studies teachers from across Mississippi.		77,696	38,848	38,848
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 curriculum.	29,011	(2,405)	26,606	
Miyagi University of Education (Sendai, Japan) To support the third 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 curriculum.		107,937	107,937	
Newton Country Day School of the Sacred Heart (Newton, MA) As part of the Elgin Heinz Outstanding Teacher Award in support of a project that will make the resources of a teaching unit titled, "War in Pacific: Multiple Perspectives," available in "Teaching Kit" format and disseminated to six sites in addition to conducting a symposium on US-Japan relations.		5,000	5,000	
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.	47,230	(615)	46,615	
Palo Alto High School (Palo Alto, CA) As part of the Elgin Heinz Outstanding Teacher Award in support of a project that will develop students' Japanese and technology skills through enhancing the school's computer lab.		4,995	4,995	
Parents Association of the Bronx High School of Science (Bronx, NY) To support the Fourth Year Honors Japanese class.		11,500	11,500	
Seafair (Seattle, WA) To support a symposium on international issues for high school students from Washington State that competitively selects US students to travel to Kobe, Japan as "ambassadors."		5,000	5,000	
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.	106,101		106,101	
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.		20,000	20,000	
(carried forward)	584,934	619,555	969,886	234,603

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Notes to Financial Statements December 31, 2002 and 2001

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 2002	Net Grants Authorized 2002	Paid	Unpaid December 31, 2002
(brought forward)	\$ 584,934	\$ 619,555	\$ 969,886	\$ 234,603
Precollege Education (continued)				
The 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.	72,879	(1,978)	70,901	
The Japan-America Society of Washington, DC (Washington, DC) To support the eleventh year of a national language competition and supporting regional competitions for high school students studying Japanese		122,954	61,477	61,477
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.	172,946		115,297	57,649
The Laurasian Institution (Tokyo, Japan) To support the third year of a three-year Japan studies program for eight teams of two teachers and four of their students from US Great Lakes States.		204,674	25,154	179,520
The Midori Foundation (New York, NY) To support the Adopt-A-School Program and new family workshops that will improve music education in New York City's schools as well as to honor Midori's outstanding commitment to this cause.		10,000	10,000	
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.	104,828		104,828	
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.	75,073		75,073	
University of Oregon (Eugene, OR) The first year of a three-year project to support the creation of a national system of articulation in Japanese language based on clear and measurable standards.		99,607		99,607
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.	140,180		140,180	
University of Pennsylvania (Philadelphia, PA) To support the third year of a three-year teacher-training program in Japan studies for precollege educators in the Greater Philadelphia Region.		160,141		160,141
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.	185,884		185,884	
University of Tennessee at Chattanooga (Chattanooga, TN) To support the third 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.		205,233		205,233
(carried forward)	1,336,724	1,420,186	1,758,680	998,230

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Notes to Financial Statements December 31, 2002 and 2001

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 2002	Net Grants Authorized 2002	Paid	Unpaid December 31, 2002
(brought forward)	\$ 1,336,724	\$ 1,420,186	\$ 1,758,680	\$ 998,230
Precollege Education (continued)				
University of the 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.	12,327	(1,022)	11,305	
University of the Ryukyus (Okinawa, Japan) To support the third year of a three-year teacher-professional program in American Studies for social studies and English teachers from Okinawa.		88,821	83,137	5,684
University of Vermont (Burlington, VT) To promote the study of Japan in schools throughout Vermont under the guidance of two full-time educators at the University of Vermont.		100,931		100,931
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.	32,421		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.	6,560	(543)	6,017	
Yamaguchi University (Yamaguchi, Japan) To support the second year of a three-year project designed to give teachers and pupils from primary to high school a wider and deeper understanding of America.		119,957	113,157	6,800
Subtotal for Precollege Education	<u>1,388,032</u>	<u>1,728,330</u>	<u>2,004,717</u>	<u>1,111,645</u>
US-Japan Policy				
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.	40,000		40,000	
Henry L. Stimson Center (Washington, DC) To support the second year of a three-year fellowship program that brings Japanese military / security specialists to Washington, DC for an intense two- to three-month period of research and networking.		70,000	25,000	45,000
Int'l Council for Local Environmental Initiatives (ICLEI), Japan Office To support the first year of a two-year exchange and research program linking six U.S. and Japanese cities in a joint investigation of barriers to implementing local climate protection policies.		73,749		73,749
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.	72,896	(1,981)	70,915	
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.	<u>95,306</u>	<u>(348)</u>	<u>75,640</u>	<u>19,318</u>
(carried forward)	208,202	141,420	211,555	138,067

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Notes to Financial Statements December 31, 2002 and 2001

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 2002	Net Grants Authorized 2002	Paid	Unpaid December 31, 2002
(brought forward)	\$ 208,202	\$ 141,420	\$ 211,555	\$ 138,067
US-Japan Policy (continued)				
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.	65,000		65,000	
The Monterey Institute of International Studies (Washington, DC) To support a series of policy research and discussion meetings by American and Japanese arms control specialists to supplement the work of the US-Japan Commission on Arms Control, Disarmament, Non-Proliferation and Verification.		35,000		35,000
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.	<u>40,865</u>	<u>(2,736)</u>	<u>38,129</u>	
Subtotal for US-Japan Policy	<u>314,067</u>	<u>173,684</u>	<u>314,684</u>	<u>173,067</u>
Communications/Public Opinion				
Chicago Council on Foreign Relations (Chicago, IL) To support the Japan component of an opinion survey and analysis of the American public and policymakers on their attitudes toward US foreign policy, which will inform the US policy-making process and the strategic dialogue with Japan, especially in light of its new role as a partner in combating global terrorism.		40,000	40,000	
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.	45,000		45,000	
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.	60,000		60,000	
Forest Trends (Washington, DC) To support the translation, publication and dissemination of "Developing Markets for Water Services from Forests" and foster greater US-Japan cooperation in the areas of forest conservation and addressing the problem of global warming in advance of the group's Fall conference in Tokyo.		10,000	10,000	
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 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 second year of a three-year, 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.		<u>240,000</u>	<u>60,000</u>	<u>180,000</u>
(carried forward)	172,829	290,000	282,829	180,000

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Notes to Financial Statements December 31, 2002 and 2001

NOTE F - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 2002	Net Grants Authorized 2002	Paid	Unpaid December 31, 2002
(brought forward)	\$ 172,829	\$ 290,000	\$ 282,829	\$ 180,000
Communications/Public Opinion (continued)				
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.	187,500		187,500	
Japanese American National Museum (Los Angeles, CA)				
To support the first year of a three-year project that will bring together younger leaders from Japan and the Japanese American community in the United States to collaborate on issues of mutual concern in advancing US-Japan relations.		50,000	25,000	25,000
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.	30,000		30,000	
National Bureau of Asian Research (NBR) 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.	16,300		16,300	
National Bureau of Asian Research (NBR) (Seattle, WA)				
To support the commissioning of ten short research papers from leading specialists in Japan and the United States on contemporary bilateral issues for online dissemination and structured debate on the "Japan-US E-mail Discussion Forum."		20,000	10,000	10,000
National Endowment for Democracy (NED) (Washington, DC)				
To organize a working conference in Tokyo to discuss ways to extend Japan's involvement in promoting democracy abroad and move to create a Japanese Working Group on establishing a foundation to support such activities.		25,000	25,000	
Public Radio International (Minneapolis, MN)				
To support coverage of Japan through the <i>Marketplace</i> (US public radio program) Japan Desk.	37,500		37,500	
Smithsonian Institution (Washington, DC)				
To support the completion of a shooting script and begin production of <i>The Japanese American Saga</i> , a three-hour series documentary chronicling the history of this ethnic group from pre-emigration to the present.	25,000		25,000	
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.	40,000		40,000	
Subtotal for Communications/Public Opinion	<u>509,129</u>	<u>385,000</u>	<u>679,129</u>	<u>215,000</u>
Subtotal	2,211,228	2,287,014	2,998,530	1,499,712
Prior years' awards withdrawn/returned in current year		(113,751)	(113,751)	
Total	<u>\$ 2,211,228</u>	<u>\$ 2,173,263</u>	<u>\$ 2,884,779</u>	<u>\$ 1,499,712</u>

(a) Net Grants Authorized reflect the additions of net currency losses which totaled (\$11,700) 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.