



UNITED STATES-JAPAN FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2012 and 2011

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the United States-Japan Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Foundation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the United States-Japan Foundation as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.



New York, New York
October 2, 2013

UNITED STATES-JAPAN FOUNDATION

Statements of Financial Position

	December 31,	
	<u>2012</u>	<u>2011</u>
ASSETS		
Cash and cash equivalents	\$ 3,457,503	\$ 10,083,224
Investments	78,527,003	64,243,755
Due from broker		4,082,284
Accrued income receivable	99,337	64,605
Pledges receivable	245,666	170,880
Property and equipment, net	438,827	439,916
Prepaid federal excise taxes	123,395	83,965
Security deposits and other assets	47,966	58,987
	<u>\$ 82,939,697</u>	<u>\$ 79,227,616</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 53,891	\$ 43,538
Grants payable	180,496	138,126
Deferred excise taxes payable	96,794	46,741
	<u>331,181</u>	<u>228,405</u>
Commitments (Note G)		
Net assets:		
Unrestricted	82,362,850	78,728,331
Temporary restricted	245,666	270,880
	<u>82,608,516</u>	<u>78,999,211</u>
	<u>\$ 82,939,697</u>	<u>\$ 79,227,616</u>

UNITED STATES-JAPAN FOUNDATION

Statements of Activities

	Year Ended December 31,					
	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue:						
Contributions	\$ 86,675		\$ 86,675	\$ 197,425	\$ 24,332	\$ 221,757
Investment income:						
Dividends	1,544,741		1,544,741	964,087		964,087
Interest	10,965		10,965	2,645		2,645
Net undistributed share of ordinary earnings from partnership investments	(2,010)		(2,010)	119,394		119,394
	1,553,696		1,553,696	1,086,126		1,086,126
Investment expenses	(795,376)		(795,376)	(917,811)		(917,811)
Federal tax (expense) refunded	(22,909)		(22,909)	51,531		51,531
Net investment income	735,411		735,411	219,846		219,846
Total revenues before net assets released from restrictions	822,086		822,086	417,271	24,332	441,603
Net assets released from restrictions	25,214	\$ (25,214)	0	24,866	(24,866)	0
Total revenues	847,300	(25,214)	822,086	442,137	(534)	441,603
Expenses:						
Grants	1,045,523		1,045,523	619,798		619,798
US - Japan Leadership Program	579,507		579,507	698,055		698,055
Other programs	1,516,364		1,516,364	1,463,338		1,463,338
Administrative	393,602		393,602	391,159		391,159
Total expenses	3,534,996		3,534,996	3,172,350		3,172,350
Excess of expenses over contribution and net investment income before net realized and unrealized gains (losses) on investments	(2,687,696)	(25,214)	(2,712,910)	(2,730,213)	(534)	(2,730,747)
Realized gains on investments	1,532,580		1,532,580	2,673,608		2,673,608
Net unrealized appreciation (depreciation) in fair value of investments (net of deferred excise taxes (expense) benefit of \$(50,053) and \$111,181 in 2012 and 2011, respectively)	4,789,635		4,789,635	(5,131,445)		(5,131,445)
Change in net assets	3,634,519	(25,214)	3,609,305	(5,188,050)	(534)	(5,188,584)
Net assets – beginning of year	78,728,331	270,880	78,999,211	83,916,381	271,414	84,187,795
Net assets – end of year	\$ 82,362,850	\$ 245,666	\$ 82,608,516	\$ 78,728,331	\$ 270,880	\$ 78,999,211

See notes to financial statements

UNITED STATES-JAPAN FOUNDATION

Statements of Cash Flows

	Year Ended December 31,	
	2012	2011
Cash flows from operating activities:		
Change in net assets	\$ 3,609,305	\$ (5,188,584)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gains) losses on investments	(6,398,742)	2,457,837
Net undistributed share of ordinary earnings from partnership investments	2,010	(119,394)
Depreciation and amortization	37,035	34,780
Changes in:		
Due from broker	4,082,284	(3,791,055)
Accrued income receivable	(34,732)	73,988
Pledges receivable	(74,786)	534
Prepaid federal excise taxes	(39,430)	(83,965)
Security deposits and other assets	11,021	2,625
Grants payable	42,370	(308,927)
Accounts payable and accrued expenses	10,353	2,328
Excise tax payable		(82,566)
Deferred tax liability	50,053	(111,181)
Net cash provided by (used in) operating activities	<u>1,296,741</u>	<u>(7,113,580)</u>
Cash flows from investing activities:		
Purchases of investments	(20,263,812)	(23,224,811)
Proceeds from sales of investments	12,377,296	40,178,554
Purchases of property and equipment	(35,946)	(18,087)
Net cash (used in) provided by investing activities	<u>(7,922,462)</u>	<u>16,935,656</u>
Net change in cash	(6,625,721)	9,822,076
Cash - beginning of year	<u>10,083,224</u>	<u>261,148</u>
Cash - end of year	<u>\$ 3,457,503</u>	<u>\$ 10,083,224</u>
Supplemental information:		
Cash paid for excise tax	<u>\$ 10,000</u>	<u>\$ 21,014</u>

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES

[1] The Foundation:

The United States - Japan Foundation (the "Foundation") is a private foundation, incorporated in New York in 1980, for the purpose of promoting understanding and cooperation between the peoples and institutions of the United States and Japan.

[2] Tax status:

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 either federal or state income taxes. However, the Foundation is subject to a federal excise tax, not to exceed 2% on net investment income, including realized gains, as defined in the Code. The Foundation was subject to 1% tax in 2012 and 2% tax in 2011.

In addition, the Foundation must make certain minimum qualifying distributions, in the form of grants and expenses spent for charitable purposes, in an amount equal to 5% of the average fair value of its assets held during the year. At December 31, 2012, the Foundation had approximately \$965,000 of undistributed income. The Foundation made the required distribution for 2011.

[3] Basis of accounting:

The financial statements of the Foundation have been prepared using the accrual basis of accounting, as applicable to not-for-profit entities.

[4] Cash and cash equivalents:

The Foundation considers highly liquid investments with maturities of three months or less when purchased to be cash equivalents, except for those held as part of the investment portfolio.

[5] 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.

[6] Net assets:

The net assets of the Foundation are classified as follows:

(i) *Unrestricted:*

Unrestricted net assets represent resources available for current operations as there are no donor restrictions as to their use.

(ii) *Temporary restricted:*

Temporarily restricted net assets represent those resources that have been restricted by donors for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities as "net assets released from restrictions."

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[7] Financial reporting:

The costs of providing the Foundation's programs and activities have been summarized in the accompanying statements of activities. Program and administrative expenses represent costs associated with the grant-making and operational activities of the Foundation and have been allocated using appropriate measurement methodologies developed by management.

[8] Investments:

Investments are reported at their fair values, and costs are recorded on the trade dates. The investments in limited partnerships and hedge funds are reported at the Foundation's equity in the fair value of the underlying net assets, as determined by the applicable investment manager of each entity. The Foundation reviews and evaluates the values provided by the investment managers and believes the carrying amounts of the investments that are not held in publicly traded instruments are reported at reasonable estimates of their fair value. Estimated fair values may differ significantly from the values that would have been used had a ready market for these instruments existed. Mutual funds are invested in equity and fixed-income funds. The underlying cost basis of investments is the purchase price, except for limited partnerships' cost bases, and the limited liability companies' cost bases, which are adjusted for recognized income and losses, and capital additions and withdrawals.

Realized and unrealized gains and losses are determined by comparisons of specific costs at acquisition to the proceeds at the time of disposal, or to the fair values at year-end, and are reported in the accompanying statements of activities.

Any investments denominated in foreign currencies are translated at the closing rates 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 and are included in realized gains or losses in the accompanying statements of activities.

Certain of the underlying investments of the limited partnerships in which the Foundation has positions enter into various financial investments, in the normal course of their operations, including derivatives held or issued for trading purposes. These investments are subject to market risk, which arises from changes in securities values and other market conditions. The Foundation believes that its various managers monitor their positions continuously to reduce risk of losses due to changes in market values or the failures of third parties to perform.

[9] Fair-value of financial measurement:

The Foundation is subject to the Financial Accounting Standards Board's Accounting Standards Codification ("ASC") Topic 820-10-05 relating to fair-value measurement. Accordingly, the Foundation reports a fair-value measurement of all applicable financial assets and liabilities, including investments and grants payable.

[10] Property and equipment:

Property and equipment are stated at their costs at the dates of acquisition. Depreciation is calculated in accordance with the applicable tax method in the year acquired, using statutory rates pursuant to the Code and estimated useful lives ranging from five to ten years. Leasehold improvements are capitalized and amortized using the straight-line method over the remaining lease term, or the useful lives of the improvements, whichever is shorter.

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE A - THE FOUNDATION AND ITS SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

[11] Contributions and pledges receivable:

Contributions are recognized as revenue upon receipt of cash or unconditional pledges. Contributions are considered available for unrestricted use unless specifically restricted by the donor. Contributions to be received after one year are discounted to present value at an appropriate discount rate commensurate with the risk involved. Conditional promises to give are not included as revenue until such time as the conditions are substantially met.

The Foundation reports contributions in the temporarily restricted net-asset classification if they are received with donor stipulation or time consideration as to their use. When a donor's restriction is met, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions.

[12] Grants:

Grants are recognized as obligations at the time of approval by the Board of Directors. Grants approved by the Board, but unpaid as of year-end, are reported as liabilities in the accompanying statements of financial position. Grants are generally paid within the upcoming year.

[13] Income tax uncertainties:

The Foundation is subject to the provisions of ASC Topic 740-10-05 relating to accounting and reporting for uncertainty in income taxes. Since the Foundation has always recorded the potential tax liability for excise and unrelated business taxes, and due to its general not-for-profit status, ASC Topic 740-10-05 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements.

[14] Subsequent events:

The Foundation considers the accounting treatments, and the related disclosures in the current fiscal-year's financial statements, that may be required as the result of all events or transactions that occur after year-end through the date of the independent auditors' report.

NOTE B - INVESTMENTS

At each year-end, investments consisted of the following:

	December 31,			
	2012		2011	
	Fair Value	Cost	Fair Value	Cost
Money-market and other temporary investments	\$ 969,424	\$ 969,424	\$ 513,230	\$ 513,230
Equity securities	10,440,248	7,659,170	9,819,049	7,775,574
Mutual and fixed-income funds	34,083,949	32,972,883	19,935,567	20,450,377
Limited partnerships and limited liability companies	13,895,938	12,303,583	14,155,535	13,074,996
Private equity securities	3,289,866	3,668,307	3,933,821	4,391,323
Hedge funds	15,847,578	13,460,472	15,886,553	15,384,779
Total investments	<u>\$ 78,527,003</u>	<u>\$ 71,033,839</u>	<u>\$ 64,243,755</u>	<u>\$ 61,590,279</u>

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE B - INVESTMENTS (CONTINUED)

ASC Topic 820-10-05 establishes a three-level valuation hierarchy of fair-value measurements. These valuation techniques are based on observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. These two types of inputs create the following fair-value hierarchy:

Level 1: Valuations are based on observable inputs that reflect quoted market prices in active markets for those investments, or similar investments, at the reporting date.

Level 2: Valuations are based on (i) quoted prices for those investments, or similar investments, in active markets, or (ii) quoted prices for those investments, or similar investments, in markets that are not active, or (iii) pricing inputs other than quoted prices that are directly or indirectly observable at the reporting date. Level 2 assets include those investments that are redeemable at or near the balance sheet date and for which a model was derived for valuation.

Level 3: Valuations are based on pricing inputs that are unobservable and include situations where (i) there is little, if any, market activity for the investments, or (ii) the investments cannot be independently valued, or (iii) the investments cannot be immediately redeemed at or near the fiscal year-end.

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds, as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate fair value of Foundation's interest therein, its classification in Level 2 or 3 is based on Foundation's ability to redeem its interest at or near the fiscal year-end. If the interest can be redeemed in the near term, the investment is classified as Level 2.

The classification in the fair-value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The following tables summarize the fair values of the Foundation's assets at each year-end, in accordance with the ASC Topic 820-10-05 valuation levels:

	December 31, 2012			Total
	Level 1	Level 2	Level 3	
Money-market and other temporary investments	\$ 969,424			\$ 969,424
Equity securities	10,440,248			10,440,248
Mutual and fixed-income funds	23,869,868	\$ 10,214,081		34,083,949
Limited partnerships and limited liability companies	2,637,781	2,115,352	\$ 9,142,805	13,895,938
Private equity securities			3,289,866	3,289,866
Hedge funds			15,847,578	15,847,578
Total investments	<u>\$ 37,917,321</u>	<u>\$ 12,329,433</u>	<u>\$ 28,280,249</u>	<u>\$ 78,527,003</u>

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE B - INVESTMENTS (CONTINUED)

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Money-market and other temporary investments	\$ 513,230			\$ 513,230
Equity securities	9,819,049			9,819,049
Mutual and fixed-income funds	15,053,713	\$ 4,881,854		19,935,567
Limited partnerships and limited liability companies	2,368,644	1,854,994	\$ 9,931,897	14,155,535
Private equity securities			3,933,821	3,933,821
Hedge funds			15,886,553	15,886,553
Total investments	<u>\$ 27,754,636</u>	<u>\$ 6,736,848</u>	<u>\$ 29,752,271</u>	<u>\$ 64,243,755</u>

The following tables summarize the activity for financial instruments classified within Level 3:

	Year Ended December 31, 2012			
	Limited Partnerships and Limited Liability Companies	Private Equity Securities	Hedge Funds	Total
Balance - January 1, 2012	\$ 9,931,897	\$ 3,933,821	\$ 15,886,553	\$ 29,752,271
Net purchases	1,862,990	2,343	575,693	2,441,026
Net sales	(3,254,272)	(892,388)	(2,556,720)	(6,703,380)
Realized gains	652,835	167,029	56,720	876,584
Unrealized gains	(50,645)	79,061	1,885,332	1,913,748
Balance - December 31, 2012	<u>\$ 9,142,805</u>	<u>\$ 3,289,866</u>	<u>\$ 15,847,578</u>	<u>\$ 28,280,249</u>

	Year Ended December 31, 2011			
	Limited Partnerships and Limited Liability Companies	Private Equity Securities	Hedge Funds	Total
Balance - January 1, 2011	\$ 7,352,575	\$ 4,653,981	\$ 19,868,459	\$ 31,875,015
Net purchases	3,621,878	100,397	3,532,064	7,254,339
Net sales	(768,164)	(1,162,846)	(6,420,355)	(8,351,365)
Realized (losses) gains	(56,341)	521,192	(226,930)	237,921
Unrealized losses	(218,051)	(178,903)	(866,685)	(1,263,639)
Balance - December 31, 2011	<u>\$ 9,931,897</u>	<u>\$ 3,933,821</u>	<u>\$ 15,886,553</u>	<u>\$ 29,752,271</u>

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE B - INVESTMENTS (CONTINUED)

The following tables lists investments in other investment companies by major category:

	December 31, 2012			
	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Private equity securities	\$ 3,289,866	\$ 569,191	None	N/A
Limited partnerships and limited liability companies	\$ 5,562,253 3,667,308 2,028,596 <u>2,637,781</u>		Liquidated subsequent to year-end Annually Semi-Annually Monthly	N/A 90 days 45 days 9-45 days
	<u>\$ 13,895,938</u>			
Hedge funds	\$ 7,199,887 2,913,681 2,221,422 <u>3,512,588</u>		Annually Semi-Annually Quarterly Rolling 2-year lock-up; afterward 1/8 redemption of capital account allowed quarterly	90 days 60-65 days 60 days 65 days
	<u>\$ 15,847,578</u>			

NOTE C - PLEDGES RECEIVABLE

The pledges receivable at each year-end represent amounts promised to the Foundation's capital campaign for its US - Japan Leadership Program, but which had not yet been collected as of that date. Such pledges are classified as temporarily restricted.

Outstanding pledges are expected to be collected as follows:

	December 31,	
	<u>2012</u>	<u>2011</u>
Less than one year	\$ 64,751	\$ 64,866
One to five years	<u>194,501</u>	<u>119,600</u>
	259,252	184,466
Reduction of pledges due in excess of one year to present value at 3.00%	<u>(13,586)</u>	<u>(13,586)</u>
	<u>\$ 245,666</u>	<u>\$ 170,880</u>

Management expects to fully collect the balance of pledges receivable, and accordingly, has not established an allowance for doubtful accounts.

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE D - 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 being depreciated over forty years. Office furnishings and equipment are being depreciated over five years. Leasehold improvements are being amortized over the life of the underlying leases.

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

	<u>December 31,</u>	
	<u>2012</u>	<u>2011</u>
Cooperative apartment	\$ 790,725	\$ 790,725
Cooperative apartment improvements	241,370	241,370
Leasehold improvements	230,685	230,685
Equipment	138,324	102,378
Furniture and fixtures	<u>286,452</u>	<u>286,452</u>
	1,687,556	1,651,610
Less accumulated depreciation and amortization	<u>1,248,729</u>	<u>1,211,694</u>
	<u>\$ 438,827</u>	<u>\$ 439,916</u>

The maintenance and utility charges on the cooperative apartment were \$52,892 and \$52,338 for 2012 and 2011, respectively.

NOTE E - DEFERRED FEDERAL EXCISE TAXES

For 2012 and 2011, the Foundation was subject to the 2% federal excise tax rate and provided for deferred excise taxes on the total unrealized appreciation in fair value over the original cost of its investments. Deferred excise taxes payable at December 31, 2012 and 2011 were \$96,794 and \$46,741, respectively.

NOTE F - US - JAPAN LEADERSHIP PROGRAM

The Foundation manages the US - Japan Leadership Program (the "Program"), which develops a network of communication, friendship and understanding among the next generation of leaders in each country. The Program brings selected young leaders together through annual conferences, a dedicated website, a semiannual newsletter and frequent reunions.

NOTE G - COMMITMENTS

At December 31, 2012, future minimum lease payments under noncancellable leases (with expirations through 2017) are as follows:

<u>Year</u>	<u>Amount</u>
2013	\$ 243,212
2014	244,967
2015	206,153
2016	212,337
2017	<u>35,562</u>
	<u>\$ 942,231</u>

Rent expense was \$254,406 and \$246,439 in 2012 and 2011, respectively.

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE H - RETIREMENT PLAN

The Foundation has a defined-contribution 403(b) retirement plan for the benefit of its employees. The Foundation's contributions to the plan were \$139,279 and \$150,878 for 2012 and 2011, respectively.

NOTE I - CONCENTRATION OF CREDIT RISK

The Foundation's balances in money-market funds and temporary investments frequently exceed federally insured limits. The Foundation places its investments with large, high-quality financial institutions and diversifies its investments in hedge funds, mutual funds, and the equity securities of financially strong corporations. Management believes the Foundation is not exposed to the risk of any significant loss due to the failure of any of the financial institutions.

NOTE J - RESTRICTED NET ASSETS

Temporarily restricted net assets relate to the Foundation's US-Japan Leadership Program. During 2012 and 2011, \$25,214 and \$24,866, respectively, of such restrictions were satisfied.

UNITED STATES-JAPAN FOUNDATION

**Notes to Financial Statements
December 31, 2012 and 2011**

NOTE K - GRANT ACTIVITY

The Foundation's grant activity for 2012 was as follows:

Recipient Name and Purpose	Unpaid January 1, 2012	Net Grants Authorized 2012	Paid	Unpaid December 31, 2012
Precollege Education				
AmerAsian School in Okinawa (Okinawa, Japan) To support the salary for a qualified teacher at the school.	\$ 33,018	\$ (2,242)	\$ 30,776	
AmerAsian School in Okinawa (Okinawa, Japan) To support the salary for a qualified teacher at the school.		31,313		\$ 31,313
Association of American Geographers (Washington, DC) To support the first year of a two-year project to develop online educational resources that support teaching collaborations between high schools in the United States and Japan.		30,000	30,000	
Boy's School of St. Paul's Parish (Brooklandville, MD) To support the purchase of technology to help improve the reading, writing, listening, and speaking skills of students in Mr. William Matsuzaki's Japanese language classes as part of the 2012 Elgin Heinz Outstanding Teacher Award.		5,000	5,000	
Cooperating School Districts of the St. Louis Suburban Area (St. Louis, MO) To support an in-depth professional development program for St. Louis area high school teachers to critically examine U.S.-Japan relations through a careful reading and analysis of four books by John Dower.		31,922	31,922	
Five Colleges (Amherst, MA) To support year two of a series of Japan-focused webinars taught by expert faculty for K-12 teachers throughout the United States.		9,438	9,438	
Foundation for International School in Asia, Karuizawa (Tokyo, Japan) To support five full scholarships for American junior high school students to attend the summer camp in Karuizawa, Japan from July 20 to 30, 2012 directed by the International School of Asia.		25,853	25,853	
Global Fund for Educational Assistance (Beyond Tomorrow) (Tokyo, Japan) To support a summer leadership program that provides opportunities for highly motivated high school students from Tohoku, Japan to experience various leadership and educational modules in the United States.		50,000		50,000
Hiroshima University (Higashi-Hiroshima, Japan) To support a peace education and intercultural understanding project between U.S. School Teachers and Japanese Junior High School Students in Hiroshima, Japan.		14,036	14,036	
Japan-America Society of Washington, DC (Washington, DC) To support a national Japanese language and culture competition for high school students.		50,490	50,490	
Lincoln Memorial University (Harrogate, TN) To support the LMU-Kanto study abroad program.		7,000	7,000	
Midori Foundation (New York, NY) To support Midori and Friends' music education programs in underprivileged elementary schools in the New York City area.		30,000	30,000	
(carried forward)	33,018	282,810	234,515	81,313

UNITED STATES-JAPAN FOUNDATION

**Notes to Financial Statements
December 31, 2012 and 2011**

NOTE K - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 2012	Net Grants Authorized 2012	Paid	Unpaid December 31, 2012
(brought forward)	\$ 33,018	\$ 282,810	\$ 234,515	\$ 81,313
Precollege Education (continued)				
President and Fellows of Middlebury College (Monterey, CA) To support the first year of a three-year education program designed to promote awareness of nonproliferation and international peace and security issues and the development of critical thinking skills among high school students in the US and Japan.		50,118	50,118	
Primary Source (Watertown, MA) To support an educational program focused on Japanese history and culture through the use of film and as part of the United States-Japan Foundation's Distinguished Service Award.		10,000	10,000	
The Board of Trustees of the Leland Stanford Junior University (Stanford, CA) To support the creation of new theme-focused materials for teaching Japanese language, taking the Great East Japan Earthquake and Tsunami of 3/11/11 as the centripetal point.		50,875	50,875	
The Mountain Institute (Washington, DC) To support the third year of the development of new and innovative middle to high school level curricula that use the virtual climb of each mountain as the central study themes to introduce American and Japanese students to the history, culture, geography, and environmental issues of each other's countries in new and engaging ways.	40,000		40,000	
The Young Mens Christian Association of Oak Park, Illinois (Oak Park, IL) To support the Global Teen Service-Learning Program in Japan.		20,000	20,000	
Trinity College (Hartford, CT) To support the Scott M. Johnson '97 Memorial Fund that supports the College's partnership with the Institute of International Education's Scholar Rescue Fund in order to bring to the College Visiting Scholars in Residence who are foreign nationals whose academic and intellectual work has put his or her career, liberty, and/or personal safety at hazard in his or her home country.		15,000	15,000	
University of Colorado Foundation (Boulder, CO) To support a professional development program for secondary world history teachers in the Rocky Mountain and Plains states focused on Japan's intercultural and foreign relations throughout history.		35,969	35,969	
University of Pennsylvania (Philadelphia, PA) To support the second year of a program to prepare educators in the Greater Philadelphia Region to teach about contemporary Japan in the aftermath of the 2011 disasters.		78,426	78,426	
White River Rotary Charitable Fund (White River Junction, VT) To support the creation of a new non-profit organization titled US-Japan Technical Connections.		9,200	9,200	
Youth Arts New York (New York, NY) To support interactive workshops in NYC high schools and the UN that provide an opportunity for atomic bomb survivors (hibakusha) to pass the legacy of the bombings of Hiroshima and Nagasaki to a new generation to empower them to build a world free of the threat of nuclear war.		24,000	24,000	
Subtotal for Precollege Education	<u>73,018</u>	<u>576,398</u>	<u>568,103</u>	<u>81,313</u>

UNITED STATES-JAPAN FOUNDATION

**Notes to Financial Statements
December 31, 2012 and 2011**

NOTE K - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 2012	Net Grants Authorized 2012	Paid	Unpaid December 31, 2012
US-Japan Policy				
Council on Foreign Relations (New York, NY) To support the third year of a study to analyze domestic political change in Japan and its effect on the U.S.-Japan alliance.		\$ 46,683		\$ 46,683
Institute for International Policy Studies (Tokyo, Japan) To support a research project that will examine ways to overcome domestic restrictions in Japan that impede the US-Japan Alliance during a time of change the Northeast Asian strategic environment.		63,806	\$ 63,806	
National Committee on American Foreign Policy (New York, NY) To support a track II US-Japan-ROK strategic dialogue on enhancing trilateral security cooperation.		25,000	25,000	
Rebuild Japan Initiative Foundation (Tokyo, Japan) To review Japan's lost decade.		50,101	30,101	20,000
Research and Development Initiative, Chuo University (Tokyo, Japan) To support a program that brings together a bi-national team of leading academics to draw up a grand strategy for Japan with the aim of enhancing the US-Japan alliance.	\$ 2,608	(2,608)		
University of Niigata Prefecture (Tokyo, Japan) To support a project on how to reinvent the Japan-US Alliance.		8,409	8,409	
Subtotal for US-Japan Policy	<u>2,608</u>	<u>191,391</u>	<u>127,316</u>	<u>66,683</u>
Communications / Public Opinion				
Asian Cultural Council (New York, NY) To support a project titled Voices from Japan: Despair and Hope from Disaster.	30,000		30,000	
Chicago Council on Global Affairs (Chicago, IL) To support an in-depth examination of US perceptions of Japan and the US-Japan alliance as part of the Council's 2012 Public Opinion Study "Global Views 2012."		30,000	30,000	
International Center for Journalists (Washington, DC) To support reporting tours to Japan for select US journalists in order the understand Japan's present challenges and opportunities against the backdrop of the Japan-US relationship.		45,609	45,609	
Japan Cultural Center and Gardens of Saginaw, Inc. (Saginaw, MI) To support a Japan Festival to be held in September 2012.		3,000	3,000	
Japan Society of Boston (Boston, MA) To support a feasibility study for the creation of a permanent home for the Japan Society of Boston.		10,000	10,000	
John Manjiro-Whitfield Commemorative Center for International Exchange (US) (New York, NY) To support an operating partnership with the National Association of Japan-America Societies to establish a permanent presence for CIE-U.S.in the United States, with the aim of strengthening and institutionalizing its America-Japan Grassroots Summit program.		30,000	30,000	
(carried forward)	30,000	118,609	148,609	

UNITED STATES-JAPAN FOUNDATION

Notes to Financial Statements December 31, 2012 and 2011

NOTE K - GRANT ACTIVITY (CONTINUED)

Recipient Name and Purpose	Unpaid January 1, 2012	Net Grants Authorized 2012	Paid	Unpaid December 31, 2012
(brought forward)	\$ 30,000	\$ 118,609	\$ 148,609	
Communications / Public Opinion (continued)				
Key West Harry S. Truman Foundation (Key West, FL) To support research about President Harry S. Truman's decision to drop the atomic bomb as well as the impact the bombing had on the people of Hiroshima and Nagasaki.		14,950	14,950	
President William McKinley High School (Honolulu, HI) To support events and talks at McKinley High School in Hawaii related to an upcoming dedication ceremony of an original Sadako Sasaki origami crane to the Pearl Harbor Visitor Center and as part of the 2012 Elgin Heinz Outstanding Teacher Award.		5,000	5,000	
S&R Foundation (Washington, DC) To support Overtures: S&R Foundation Artist Concert Series at the Kennedy Center during the Centennial Celebration of the gift of cherry trees from Japan.		10,000	10,000	
Shelburne Art Center (Shelburne, VT) To support the production of a book on traditional Japanese boat building by Mr. Douglas Brooks, an American who has apprenticed with four master boat builders in Japan.	32,500			\$ 32,500
Simmons College (Boston, MA) To support year three of a series of workshops in Japan that aims to strengthen the capacity of women to provide leadership and work effectively in the non-profit sector.		51,590	51,590	
Solomon R. Guggenheim Foundation (New York, NY) To support educational and public outreach components of the Solomon R. Guggenheim's exhibition titled Gutai: Splendid Playground.		50,000	50,000	
The Japanese Medical Society of America (New York, NY) To support for travel to Japan by members of the 9/11 community in order to help residents of Tohoku, Japan recover from the March 11, 2011 disasters.		50,000	50,000	
Subtotal Communications / Public Opinion	<u>62,500</u>	<u>300,149</u>	<u>330,149</u>	<u>32,500</u>
Prior-year's awards withdrawn/returned in current year		<u>(26,851)</u>	<u>(26,851)</u>	
Total	<u>\$ 138,126</u>	<u>\$1,041,087</u>	<u>\$ 998,717</u>	<u>\$ 180,496</u>

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

(b) Net grants authorized reflect the additions of net currency gains which totaled \$4,436 for the year. Current-year reductions in awards have been offset against the original award.