



UNITED STATES-JAPAN FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021





UNITED STATES-JAPAN FOUNDATION

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees of
United States-Japan Foundation

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the United States-Japan Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the United States-Japan Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 United States-Japan Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the United States-Japan Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CalibreCPAGroup, PLLC

Bethesda, MD
December 5, 2022



UNITED STATES-JAPAN FOUNDATION

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 13,247,619	\$ 12,324,113
Accounts receivable	-	959
Prepaid expenses	250,154	39,862
Other assets	<u>35,348</u>	<u>36,311</u>
Total current assets	13,533,121	12,401,245
Investments	92,595,869	85,863,715
Net property and equipment	<u>45,394</u>	<u>49,150</u>
Total assets	<u>\$ 106,174,384</u>	<u>\$ 98,314,110</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 85,671	\$ 72,214
Grants payable	365,908	-
Deferred rent	98,625	94,469
Deferred excise tax liability	<u>114,295</u>	<u>157,267</u>
Total liabilities	664,499	323,950
Net assets		
Without donor restrictions	<u>105,509,885</u>	<u>97,990,160</u>
Total liabilities and net assets	<u>\$ 106,174,384</u>	<u>\$ 98,314,110</u>

See accompanying notes to financial statements.



UNITED STATES-JAPAN FOUNDATION

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Revenue		
Contributions	\$ 10,000	\$ 11,000
Investment income		
Interest and dividends	1,889,623	1,703,934
Net appreciation in fair value of investments	10,179,818	12,338,475
Investment expenses	(209,376)	(116,832)
Net investment income	11,860,065	13,925,577
Gain on sale of property and equipment	-	4,198,312
Other income	135	222
Total revenue	11,870,200	18,135,111
Expenses		
Program services	3,573,950	2,145,002
Management and general	776,525	735,273
Total expenses	4,350,475	2,880,275
Net change	7,519,725	15,254,836
Net assets without donor restrictions		
Beginning of year	97,990,160	82,735,324
End of year	\$ 105,509,885	\$ 97,990,160

See accompanying notes to financial statements.

UNITED STATES-JAPAN FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program		Management and General		Grand Total
	US Japan Relations	US Japan Leadership Program	Administrative	Investment Related Activities	
			Total	Total	
Grant expenses, net	\$ 1,409,018	\$ -	\$ 1,409,018	\$ -	\$ 1,409,018
Salaries	866,908	251,684	1,118,592	124,738	1,455,722
Payroll taxes and employee benefits	378,816	98,967	477,783	45,458	597,409
Occupancy	255,131	-	255,131	11,529	322,950
Office expenses	104,410	52,165	156,575	7,250	198,506
Travel, meetings and conferences	3,358	1,554	4,912	1,235	6,970
Professional fees	119,941	-	119,941	98,218	266,535
Federal excise tax	-	-	-	-	56,199
State tax	-	-	-	-	1,750
Depreciation and amortization	7,608	705	8,313	-	11,731
Other expenses	23,685	-	23,685	-	23,685
	<u>\$ 3,168,875</u>	<u>\$ 405,075</u>	<u>\$ 3,573,950</u>	<u>\$ 288,428</u>	<u>\$ 4,350,475</u>

See accompanying notes to financial statements.

UNITED STATES-JAPAN FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program		Management and General		Grand Total
	US Japan Relations	US Japan Leadership Program	Total	Investment Related Activities	Total
Grant expenses	\$ 134,551	\$ -	\$ 134,551	\$ -	\$ 134,551
Salaries	813,990	207,558	1,021,548	117,124	316,551
Payroll taxes and employee benefits	376,106	93,012	469,118	45,132	118,769
Occupancy	266,191	-	266,191	12,029	70,760
Office expenses	106,568	25,137	131,705	7,400	43,528
Travel, meetings and conferences	21,699	11,372	33,071	7,980	13,300
Professional fees	59,400	-	59,400	48,642	72,600
Federal excise tax	-	-	-	-	95,000
Depreciation and amortization	10,605	742	11,347	-	4,765
Other expenses	18,071	-	18,071	-	-
	<u>\$ 1,807,181</u>	<u>\$ 337,821</u>	<u>\$ 2,145,002</u>	<u>\$ 238,307</u>	<u>\$ 735,273</u>
					<u>\$ 2,880,275</u>

See accompanying notes to financial statements.

UNITED STATES-JAPAN FOUNDATION

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 7,519,725	\$ 15,254,836
Adjustments to reconcile change in net assets to net cash used for operating activities		
Net appreciation in investments	(10,275,473)	(12,409,623)
Gain on sale of property and equipment	-	(4,198,311)
Depreciation and amortization	11,731	16,112
Change in assets		
Due from broker	-	231,786
Accounts receivable	959	(959)
Other assets	963	(348)
Prepaid expenses	(210,292)	(17,613)
Change in liabilities		
Accounts payable and accrued expenses	13,457	(51,737)
Federal excise taxes payable	-	(235,932)
Deferred excise taxes payable	(42,972)	102,639
Grants payable	(365,908)	(5,000)
Net cash used for operating activities	(3,347,810)	(1,314,150)
Cash flows from investing activities		
Purchases of investments	(10,194,063)	(10,478,134)
Purchase of property and equipment	(7,975)	(28,519)
Proceeds from sales of property and equipment	-	4,400,378
Proceeds from sale or maturity of investments	14,473,354	19,611,264
Net cash provided by investing activities	4,271,316	13,504,989
Net change in cash and cash equivalents	923,506	12,190,839
Cash and cash equivalents		
Beginning of year	12,324,113	133,274
End of year	\$ 13,247,619	\$ 12,324,113
Supplemental disclosure of cash flow information		
Excise taxes paid	\$ 193,150	\$ 355,000

See accompanying notes to financial statements.



UNITED STATES-JAPAN FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1. NATURE OF ACTIVITIES

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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of the Foundation have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America ("U.S. GAAP"), as applicable to not-for-profit organizations.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Cash and Cash Equivalents - For financial reporting purposes, the Foundation considers highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents, except for those amounts held as part of the investment portfolio.

Investments - The Foundation's investments in equity securities and mutual funds are reported at their fair values in the statements of financial position based on quoted market prices. Cash and cash equivalents held as part of the Foundation's investment portfolio are also included in the balances reported as investments.

The Foundation also has investments in limited partnerships and limited liability companies which are considered to be alternative investments, for which readily determinable fair values do not exist. The fair value of the alternative investments has been estimated based on the respective net asset value ("NAV") per share (or its equivalent unit) of each investment, as reported by the particular investment manager. Because of the complex management structures and nature of the underlying investments and the inherent uncertainty of the valuation of the alternative investments, the Foundation's management and its various investment managers monitor their positions to reduce the risk of potential losses due to changes in fair values or the failure of counterparties to perform on a routine basis. Management believes the carrying amount of the investments in non-publicly traded securities is a reasonable estimate of their fair value. However, such estimated fair values may differ significantly from the values that would have been used had a ready market for these investments existed.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain of the Foundation's portfolio managers for the alternative investments enter into derivative contracts held or issued for trading purposes. These investments are subject to various market risks, which arise from changes in securities values and other market conditions. As part of their overall trading strategies, the investment managers may engage in the purchases and sales of index and equity options, for the purpose of generating profit and/or mitigating market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

The Foundation's investments, in general, are subject to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment vehicles, it is at least reasonably possible that changes in the values of those securities could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment transactions are recorded on a trade-date basis. Realized gains and losses on investments sold, and unrealized appreciation and depreciation on investments held, are reported in the statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted through donor stipulation. Realized gains and losses on investments are determined by comparison of the cost of acquisition to proceeds at the time of disposition. Unrealized gains and losses on investments are determined by comparing the investment's cost to the fair value at the end of each year. The earnings from dividends and interest are recognized when earned.

Investment expenses include the services of investment managers and custodians. The balances of investment management fees disclosed in the statements of activities are those specific fees charged by the Foundation's various investment managers in each year; however, they do not include those fees that are embedded in various other investment accounts and transactions.

Due from Broker - From time-to-time, investment transactions may be initiated prior to year-end, but may not be settled until the beginning of the following year. Accordingly, amounts to be received by the Foundation are reported as "due from broker" in the statements of financial position.

Translation of Foreign Currency - Any cash accounts and investments denominated in foreign currencies are translated at the closing rates of exchange at the end of the reporting period. Foreign transactions occurring during the year, including purchases and sales and income and expenses, are translated at the prevailing exchange rate on the dates of the transactions, and are reported within realized gains and losses on the statements of activities.

Property and Equipment - Property and equipment are stated at their original costs at the date of acquisition, or, if contributed, at their fair values at the dates of donation, net of accumulated depreciation and amortization. The Foundation capitalizes items of property and equipment that have a cost of \$2,000 or more and a useful life greater



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

than one year, whereas minor costs of repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the assets' estimated useful lives. Equipment is depreciated over five to seven years; and furniture and fixtures are depreciated over five to fifteen years. Leasehold improvements are amortized over the term of the lease or useful life, whichever is shorter.

Financial Statement Presentation - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic Not-for-Profit Entities - Presentation of Financial Statements. Under those principles, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These net assets are available to finance the general operations of the Foundation. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, and the purposes specified in its organizing documents.

Net assets with donor restrictions - These net assets result from contributions and other inflows of assets, the use of which by the Foundation is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

As of December 31, 2021 and 2020, the Foundation did not have any net assets with donor restrictions.

Revenue and Recognition - Contributions to the Foundation are recognized as revenue upon the receipt of cash or other assets, or unconditional pledges. Contributions are reported as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of the Foundation's management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Grants - Grants are recognized as obligations at the time of approval by the Board of Trustees. Grants approved by the Board, but unpaid as of year-end, are reported as liabilities in the statements of financial position. Grants are expected to be paid within the upcoming year. Grant funds that have been awarded and that have been returned to, or withdrawn by, the Foundation are reported net with total grant expense.

Functional Allocation of Expense - The costs of providing the Foundation's programs and activities have been summarized on a functional basis in the statements of functional expenses. Management considers certain "investment-related" expenses to be included in the "management and general" functional allocation which are



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

allocated indirect costs specifically related to overseeing the Foundation's investment portfolio. Accordingly, direct costs have been allocated among the program and supporting services based on the nature of the expense. Indirect costs have been functionalized on the basis of time and space usage among employees. The Foundation incurs no significant fund-raising expenses.

NOTE 3. TAX STATUS AND INCOME TAXES

The Foundation qualifies as a tax-exempt private foundation under Section 501(c)(3) Internal Revenue Code (IRC) and, accordingly, is not subject to either federal or state income taxes, except on income from unrelated activities. The Foundation is, however, subject to a federal excise tax of 1.39% for 2021 and 2020, on net investment income, including realized gains, as defined in the IRC. The Foundation was subject to an excise tax of \$56,199 and \$95,000 in 2021 and 2020, respectively.

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. The IRC allows for an organization to distribute any under-distributed income over the subsequent year. The required minimum qualifying distributions for 2021 and 2020 were approximately \$5,008,000 and \$4,380,000, respectively. During 2021, the Foundation made qualifying distributions of approximately \$3,971,000 plus carryover from prior years of approximately, \$252,000, thereby satisfying the distribution requirement and leaving a remaining distribution carryover to future years of approximately \$785,000. During 2020, the Foundation made qualifying distributions of approximately \$2,530,000 plus carryover from prior years of approximately \$2,100,000, thereby satisfying the distribution requirement.

The Foundation is also subject to the Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes, as it relates to accounting and reporting for uncertainty in income taxes, which sets forth a threshold for financial statement recognition, measurement and disclosure of a tax position taken, or expected to be taken, on a tax return. Such guidance requires the Foundation to determine whether a tax position of the Foundation is more likely than not to be sustained upon examination by the applicable taxing authority based on the technical merits of the position. Since the Foundation has always recorded the potential tax liability for excise and unrelated business income taxes, and, due to its general not-for-profit status, management believes ASC Topic 740 has not had, and is not anticipated to have, a material impact on the Foundation's financial statements. As of December 31, 2021 and 2020, the Foundation had not recorded a liability for any unrecognized tax uncertainties.

NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Foundation invests cash in excess of its current requirements in a portfolio of investments designed to maximize long-term earning with acceptable risk to investment principal.

The following table represents the Foundation's financial assets available to meet a cash needs for general expenditures within one year of December 31, 2021 and 2020:

	2021	2020
Total assets at end of year	\$ 106,174,384	\$ 98,314,110
Less: nonfinancial assets		
Prepaid expenses	250,154	39,862
Other	35,348	36,311
Net property and equipment	45,394	49,150
Total financial assets at end of year	105,843,488	98,188,787
Less amounts unavailable for general expenditures within one year		
Investments subject to redemption restrictions	13,243,334	13,541,566
Total financial assets available for general expenditures within one year	\$ 92,600,154	\$ 84,647,221

NOTE 5. INVESTMENTS

At December 31, 2021 and 2020, investments consisted of the following:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Short-term cash investments	\$ 45	\$ 45	\$ 45	\$ 45
Mutual funds				
Domestic equity	33,399,116	28,888,419	36,035,508	28,888,419
Foreign equity	45,953,374	31,797,302	36,286,596	31,797,302
Alternative investments				
Private credit fund	253,747	305,054	227,605	305,054
Private equity fund	11,938,084	7,850,687	11,815,265	7,850,687
Private real estate funds	1,051,503	1,155,113	1,498,696	1,155,113
	<u>\$ 92,595,869</u>	<u>\$ 69,996,620</u>	<u>\$ 85,863,715</u>	<u>\$ 69,996,620</u>

NOTE 5. INVESTMENTS (CONTINUED)

Fair Value Measurement

Accounting standards provide the framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include other significant observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following table sets forth, by level within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2021:

Description	Total Investments at 12/31/21	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term cash investments	\$ 45	\$ 45	\$ -	\$ -
Mutual funds	79,352,490	79,352,490	-	-
Total	79,352,535	<u>\$ 79,352,535</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV*	13,243,334			
Investments at fair value	<u>\$ 92,595,869</u>			

NOTE 5. INVESTMENTS (CONTINUED)

The following table sets forth, by level within the fair value hierarchy, the Foundation's investment assets at fair value as of December 31, 2020:

Description	Total Investments at 12/31/20	Quoted Market Prices for Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Short-term cash investments	\$ 45	\$ 45	\$ -	\$ -
Mutual funds	72,322,104	72,322,104	-	-
Total	72,322,149	<u>\$ 72,322,149</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at NAV*	13,541,566			
Investments at fair value	<u>\$ 85,863,715</u>			

*Investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table and the table on the previous page are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

Level 1

Mutual funds are traded in active markets on national and international securities exchanges and are valued at closing prices on the last business day of each period.

Short-term cash investments are valued at cost which approximates fair value.

Investments in Investment Entities

Authoritative guidance on fair value measurements permits the Foundation to measure the fair value of an investment in an investment entity that does not have a readily determinable fair value based upon the NAV of the investment. This guidance does not apply if it is probable that the investment will be sold at a value different than NAV. The net asset value per share is the amount of the investee's net assets attributable to each unit share of ownership interest.

The Foundation's investment in investment entities is subject to the terms of the respective private placement memoranda and governing agreements. Income or loss from investments in these investment entities is net of the Foundation's proportionate share of fees and expenses incurred or charged by these investment entities.

The Foundation's risk of loss in these entities is limited to its investment. The Foundation may increase or decrease its level of investment in these entities at its discretion.

NOTE 5. INVESTMENTS (CONTINUED)

The following table summarizes the Foundation's investments in certain entities that calculate NAV per share as fair value measurement as of December 31, 2021 and 2020 by investment strategy:

Description	Fair Value (in millions) 2021	Unfunded Commitments (in millions) 2021	Fair Value (in millions) 2020	Unfunded Commitments (in millions) 2020	Redemption Frequency	Redemption Notice Period
a. Private credit funds	\$ 0.25	\$ 0.14	\$ 0.23	\$ 0.14	Upon liquidation	N/A
b. Private equity funds	11.80	1.77	11.82	3.54	Upon liquidation	N/A
c. Private real estate funds	1.05	0.86	1.50	0.86	Upon liquidation	N/A

- (a) Invest in distressed companies primarily in North America and Western Europe.
- (b) Invest in U.S. growth capital, small and middle market buyout investments, in addition to private equity investments with the primary purpose of obtaining control or influence in small to mid-size companies.
- (c) Invest directly or indirectly in public or private debt, equity or other interest relating to real estate assets on a global basis, with primary focus in the United States.

NOTE 6. PROPERTY AND EQUIPMENT

At December 31, 2021 and 2020, property and equipment consisted of the following:

	2021	2020
Leasehold improvements	\$ 249,581	\$ 249,581
Furniture and fixtures	61,078	61,078
Equipment	204,801	196,826
Website	22,400	22,400
Less: accumulated depreciation	(492,466)	(480,735)
Net property and equipment	<u>\$ 45,394</u>	<u>\$ 49,150</u>

In February 2020, the Foundation's cooperative apartment in New York City was sold for \$4,400,000, which resulted in a gain on sale of \$4,198,312.



NOTE 7. DEFERRED EXCISE TAXES PAYABLE

The Foundation provided for a deferred excise tax on the total unrealized appreciation in the fair value over the original cost of its investments of \$114,295 and \$157,267 for the years ended December 31, 2021 and 2020, respectively, which represented excise tax rates of 1.39% for the years ended December 31, 2021 and 2020, respectively.

NOTE 8. GRANT EXPENSES

The Foundation provides grants to a number of organizations each year, whose goal is to bring awareness and strengthen the US-Japan Relations through education, research, and special programs. In 2021, grants were awarded to Amerasian School in Okinawa (Okinawa, Japan), Asia Pacific Initiative (Tokyo, Japan), Beyond Tomorrow (Tokyo, Japan), Boston Higashi School, Inc. (Randolph, MA), Brookings Institution Center for East Asian Policy Studies (Washington, DC), Center for the Study of the Presidency & Congress (Washington, DC), Dr. Lucy Jones Center for Science and Society (Los Angeles, CA), Fish Family Foundation (Boston, MA), Human Security Forum (Tokyo Japan), Globalize DC (Washington, DC), International House of Japan (Tokyo, Japan), Institute for Advanced Studies of Asia (Tokyo, Japan), Japan-America Society of Washington, DC (Washington, DC), Japan Society, Inc. (New York, NY), Kizuna Across Cultures (Washington, DC), Knox English Network (Tokyo, Japan), Kyoto University (Kyoto, Japan), Okinawa Institute of Science and Technology Graduate University (Okinawa, Japan), Old Dominion University Research Foundation (Norfolk, VA), Public Radio Exchange, Inc. (Cambridge, MA), Texas Tech University (Lubbock, TX), The America Japan Society, Inc. (Tokyo, Japan), The German Marshall Fund (Washington, DC), The International School (Washington, DC), The National Bureau of Asian Research (Seattle, WA), The Trustees of Columbia University (New York, NY), Women's Eye (Tohoku, Japan), and Yokosuka Council Asia Pacific Studies (Yokosuka, Japan). The Foundation provided grants totaling \$1,409,018 and \$134,551 for 2021 and 2020, respectively.

NOTE 9. RETIREMENT PLAN

The Foundation's New York office has a defined-contribution retirement plan, established under Section 403(b) of the Code. Under the terms of the plan, after one year of service, the Foundation may provide a discretionary contribution of 17% of an employee's annual salary. The Foundation's Tokyo office has a National Pension Plan and Nomura Security Pension Plan. The Foundation's total contributions to the plans were \$172,431 and \$124,725 for 2021 and 2020, respectively.

NOTE 10. COMMITMENTS

Leases - The Foundation leases office space in New York City and Tokyo, Japan. The leases are effective through February 28, 2027 and are subject to escalation clauses based on increases in the cost of living and real estate taxes.



NOTE 10. COMMITMENTS (CONTINUED)

At December 31, 2021, future minimum lease payments under noncancellable leases are as follows:

Year Ending December 31,

2022	\$	286,454
2023		293,852
2024		298,532
2025		273,042
2026		281,233
Thereafter		<u>47,101</u>
		<u>\$ 1,480,214</u>

Rent expense was \$289,446 and \$290,872 in 2021 and 2020, respectively.

Employment agreement - The Foundation has a three-year employment contract extending through October 2022 with its President. The employment agreement has not been renewed.

NOTE 11. CONCENTRATION OF CREDIT RISK

The Foundation places its cash and cash equivalents with high credit quality financial institutions in amounts that, from time to time, may exceed federal insurance limits. The Foundation's management believes there is no substantial risk of loss associated with the failure of these financial institutions.

NOTE 12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 5, 2022, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.