

**SASAKAWA PEACE FOUNDATION USA, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
MARCH 31, 2010 AND 2009  
(SEE ACCOUNTANTS' REVIEW REPORT)**

**MURRAY, JONSON, WHITE & ASSOCIATES, LTD., P.C.**  
Certified Public Accountants  
Falls Church, Virginia

**SASAKAWA PEACE FOUNDATION USA, INC.**

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**Board of Directors  
Sasakawa Peace Foundation USA, Inc.**

We have reviewed the accompanying statements of financial position of the Sasakawa Peace Foundation USA, Inc. (a nonprofit organization) as of March 31, 2010 and 2009 and the related statements of activities and cash flows for the years then ended in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Sasakawa Peace Foundation USA, Inc.

A review consists principally of inquiries of Organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

*Murray, Jonson, White & Associates, Ltd., P.C.*

**Certified Public Accountants**

July 26, 2010

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**SASAKAWA PEACE FOUNDATION USA, INC.**

**STATEMENTS OF FINANCIAL POSITION**  
**March 31, 2010 and 2009**

**SASAKAWA PEACE FOUNDATION USA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**March 31,**

**(See Accountants' Review Report)**

**ASSETS**

	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 368,426	\$ 653,427
Accounts receivable	2,209	3,881
Prepaid excise taxes - Note 5	559	1,011
Grants receivable - Note 3	<u>-</u>	<u>1,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u>371,194</u>	<u>659,319</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	1,200,000	1,200,000
Building and improvements	3,327,426	3,278,795
Furniture and equipment	338,581	319,494
Collections of books	<u>150,938</u>	<u>149,203</u>
	5,016,945	4,947,492
Less: Accumulated depreciation	<u>(2,038,190)</u>	<u>(1,915,871)</u>
<b>NET PROPERTY AND EQUIPMENT</b>	<u>2,978,755</u>	<u>3,031,621</u>
<b>OTHER ASSETS</b>		
Lease acquisition costs	317,885	317,885
Less: Accumulated amortization	<u>(135,608)</u>	<u>(83,309)</u>
<b>NET LEASE ACQUISITION COSTS</b>	182,277	234,576
Investments - Government bond fund - Note 4	1,509,723	1,128,435
Website development costs	16,000	-
Security deposit	<u>-</u>	<u>2,500</u>
<b>TOTAL OTHER ASSETS</b>	<u>1,708,000</u>	<u>1,365,511</u>
<b>TOTAL ASSETS</b>	<u>\$ 5,057,949</u>	<u>\$ 5,056,451</u>

The accompanying notes to financial statements are an integral part of this statement.

**LIABILITIES AND NET ASSETS**

	<u><b>2010</b></u>	<u><b>2009</b></u>
CURRENT LIABILITIES		
Accounts payable	\$ 126,700	\$ 104,674
Accrued vacation	11,173	11,173
Grants payable	5,000	9,835
Deferred rental income	<u>3,174</u>	<u>56,442</u>
TOTAL CURRENT LIABILITIES	<u>146,047</u>	<u>182,124</u>
OTHER LIABILITIES		
Security deposits	<u>97,247</u>	<u>97,085</u>
TOTAL LIABILITIES	243,294	279,209
NET ASSETS - UNRESTRICTED	<u>4,814,655</u>	<u>4,777,242</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>5,057,949</u>	\$ <u>5,056,451</u>

**SASAKAWA PEACE FOUNDATION USA, INC.**

**STATEMENTS OF ACTIVITIES**  
**For the Years Ended March 31,**  
**(See Accountants' Review Report)**

	<u>2010</u>	<u>2009</u>
REVENUES, GAINS, AND OTHER SUPPORT		
Revenues and other support		
Rental - Note 6	\$ 1,766,447	\$ 1,714,414
Grants - Note 3	-	5,000
Loss on asset disposals	(259)	-
Interest and dividends	<u>6,788</u>	<u>20,250</u>
 TOTAL REVENUES, GAINS, AND OTHER SUPPORT	 <u>1,772,976</u>	 <u>1,739,664</u>
 EXPENSES		
Program services		
Library	113,252	99,904
Seminars	325,577	279,633
Grants	40,000	94,835
General and administrative	264,230	199,611
Fund raising - Rental property expenses	<u>992,504</u>	<u>947,704</u>
 TOTAL EXPENSES	 <u>1,735,563</u>	 <u>1,621,687</u>
 CHANGE IN NET ASSETS	 37,413	 117,977
 Net assets - Beginning of year	 <u>4,777,242</u>	 <u>4,659,265</u>
 NET ASSETS - END OF YEAR	 \$ <u>4,814,655</u>	 \$ <u>4,777,242</u>

The accompanying notes to financial statements are an integral part of this statement.

**SASAKAWA PEACE FOUNDATION USA, INC.**

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended March 31,**  
**(See Accountants' Review Report)**

	<u><b>2010</b></u>	<u><b>2009</b></u>
<b>OPERATING ACTIVITIES</b>		
Change in unrestricted net assets	\$ 37,413	\$ 117,977
Adjustments to reconcile change in unrestricted net assets to net cash provided (used) by operating activities		
Loss on asset disposals	259	-
Depreciation and amortization	184,007	183,913
(Increase) decrease in accounts receivable	1,672	(3,881)
(Increase) decrease in prepaid excise taxes	452	(1,011)
(Increase) decrease in grants receivable	1,000	4,000
(Increase) decrease in security deposit receivable	2,500	(2,500)
Increase (decrease) in accounts payable	22,026	71,086
Increase (decrease) in property taxes payable	-	(122,752)
Increase (decrease) in accrued vacation	-	(2,559)
Increase (decrease) in excise taxes payable	-	(510)
Increase (decrease) in grants payable	(4,835)	1,545
Increase (decrease) in deferred rental income	(53,268)	13,555
Increase (decrease) in security deposits	<u>162</u>	<u>815</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>191,388</u>	<u>259,678</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments - Government bond fund - net	(381,288)	(76,514)
Outlays for building improvements	(48,631)	-
Outlays for website development	(16,000)	-
Purchase of book and videos	(1,735)	(2,183)
Purchase of equipment	<u>(28,735)</u>	<u>(1,597)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(476,389)</u>	<u>(80,294)</u>
Increase (decrease) in cash and cash equivalents	(285,001)	179,384
Cash and cash equivalents - Beginning of year	<u>653,427</u>	<u>474,043</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ <u>368,426</u>	\$ <u>653,427</u>

**Supplemental Disclosures of Cash Flow Information**

Cash paid during the year for:

Excise taxes	\$ <u>15,000</u>	\$ <u>16,408</u>
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The accompanying notes to financial statements are an integral part of this statement.



**SASAKAWA PEACE FOUNDATION USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**(See Accountants' Review Report)**

**NOTE 1 - ORGANIZATION, PURPOSE, AND SIGNIFICANT ACCOUNTING POLICIES**

Sasakawa Peace Foundation USA, Inc. (the Foundation) was incorporated on September 24, 1990 as a not-for-profit private foundation and commenced operations in March 1991. The Foundation's initial program emphasis was on fostering a better understanding of contemporary Japan in the United States by providing a library of research, survey and other noncommercial publications, and by maintaining an art gallery. In October 1996, after the re-evaluation of its activities, the Foundation terminated the art gallery operations and has initiated new programs to promote better understanding and dialogue between the U.S. and Asia.

The Foundation received a grant from the Sasakawa Peace Foundation Japan (SPF-Japan) in order to accomplish the initial program goal, and the Foundation invested the grant, as required by SPF-Japan, to acquire a building in Washington, DC to house a library and an art gallery. The library and art gallery opened on December 2, 1992 after extensive renovation to the acquired building. The Foundation derives income from renting space in the building to commercial tenants and uses the income to maintain the building and support the Foundation's activities.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- (a). Financial Statement Presentation - The Foundation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. There are currently no temporarily or permanently restricted net assets.
- (b). Cash and Cash Equivalents - The Foundation considers substantially all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.
- (c). Investments - All investments in debt and equity securities are carried at fair value, with gains and losses included in a statement of activities. Gains and losses on investments reflected in the accompanying statement of activities include gains and losses realized upon sales and unrealized gains and losses resulting from fluctuations in market values of investments. Gains and losses upon sales are calculated using the first-in first-out method.
- (d). Accounts Receivable - Receivables are carried at their estimated collectible amounts and primarily consist of outstanding rents, which may bear interest. Such amounts are periodically evaluated for collectability based on the past credit history of the tenant. No allowance for doubtful accounts is considered necessary for the years ended March 31, 2010 and 2009.
- (e). Property and Equipment - Property and equipment are carried at cost, less accumulated depreciation. Depreciation is recorded as an expense using the straight-line method based on the estimated useful lives of the assets, which are five years for equipment, seven years for furniture, fifteen years for qualified building improvements and thirty-nine years for other property improvements.

**SASAKAWA PEACE FOUNDATION USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**(See Accountants' Review Report)**  
**(Continued)**

**NOTE 1 - ORGANIZATION, PURPOSE, AND SIGNIFICANT ACCOUNTING POLICIES: Continued**

- (f). Collections of Books - Collections of books that are exhaustible are capitalized and depreciated over an estimated useful life of five years.
- (g). Revenue Recognition - Rent from the Foundation's building is recorded as revenue on a straight-line basis over the terms of the respective leases.
- (h). Income Taxes - The Foundation is classified as a private foundation by the Internal Revenue Service under Sections 501(c)(3) and 509(a) of the Internal Revenue Code. Accordingly, the Foundation is exempt from federal income tax, but subject to certain excise taxes on any net investment income. The Foundation is also exempt from the District of Columbia income and franchise, personal property, and sales and use taxes.
- (i). Lease Acquisition Costs - Commission fees due to the property management company for locating tenants are amortized over the terms of the respective lease agreements.
- (j). Website Development Costs - The costs incurred to redesign the Foundation's website are amortized over its useful life of three years.
- (k). Estimates - The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Foundation to concentration of credit risk consist principally of temporary cash investments. The Foundation places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of Federal Deposit Insurance. The Foundation does not consider its credit risk to be significant.

The Foundation receives rental income from office space leased in Washington, DC and is subject to the normal fluctuations and risk associated with the real estate market in this area.

**NOTE 3 - GRANTS**

In March 1991, the Foundation received an initial grant from SPF-Japan of 2,970,000,000 Japanese Yen (\$21,655,122) for the purpose of acquiring an office building at 1819 L Street in Washington, DC. The building was acquired in May 1991 at a cost of \$19,074,660, and the remaining balance of the grant was used to renovate the building and fund the initial program. The Foundation's Board of Directors has approved that the rental income be applied to fund current operations for the library and other programs of the Foundation.

**SASAKAWA PEACE FOUNDATION USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**(See Accountants' Review Report)**  
**(Continued)**

**NOTE 4 - INVESTMENTS**

Investments were recorded at fair value based on the following level of hierarchy as of March 31,:

	<b>2010</b> <b>(Level 1)</b>	<b>2009</b> <b>(Level 1)</b>
Government bond fund	\$ <u>1,509,723</u>	\$ <u>1,128,435</u>

Level 1 inputs include quoted market prices in active markets for identical assets. There were no level 2 (significant observable) or level 3 (significant unobservable) inputs used to determine the fair value of the investments for the years ended March 31, 2010 and 2009.

**NOTE 5 - FEDERAL EXCISE TAXES**

The Foundation is subject to federal excise taxes on net investment income. The Foundation reported net investment income of \$772,613 and \$744,333 and incurred excise taxes of \$15,452 and \$14,887 in 2010 and 2009, respectively. Prepaid federal excise taxes totaled \$559 and \$1,011 at March 31, 2010 and 2009, respectively.

Under the Internal Revenue Code, the Foundation is required to make certain minimum qualifying distributions of funds related to their exempt purpose. Qualifying distributions of \$708,351 and \$608,169 were less than the minimum distributable amounts of \$805,757 and \$811,235 for the years ended March 31, 2010 and 2009, respectively. As of March 31, 2010, the Foundation had \$21,280 of undistributed income which must be distributed before April 1, 2011 in order to avoid the 30% excise tax on this amount.

**NOTE 6 - LEASE ARRANGEMENTS**

The Foundation is the lessor of commercial space under operating leases expiring in various years through 2018. In addition to the base rent, the tenant generally pays an allocation of the property's real estate tax. The leases usually contain provisions for renewal options. The terms of the leases generally require basic rent payments at the beginning of each month.

Minimum future rentals to be received as of March 31, 2010 for each of the next five years and in the aggregate are as follows:

2011	\$ 1,641,682
2012	1,359,829
2013	1,240,963
2014	670,681
2015	500,707
2016 and Thereafter	<u>1,209,023</u>
<b>TOTAL MINIMUM FUTURE RENTALS</b>	<b>\$ <u>6,622,885</u></b>

**SASAKAWA PEACE FOUNDATION USA, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**(See Accountants' Review Report)**  
**(Continued)**

**NOTE 7 - RETIREMENT PLAN**

Effective March 10, 2006, the Foundation adopted a retirement plan which is qualified under Section 401 of the Internal Revenue Code and which has a 401(k) provision. Employees with twelve months of service are eligible for participation in the plan. All employees are 100% vested in their contributions and vest in the discretionary employer contributions over a five year period at 20% a year. The Foundation provided discretionary contributions totaling \$7,206 and \$8,679 to the plan for the years ended March 31, 2010 and 2009, respectively.

**NOTE 8 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through July 26, 2010, the date which the financial statements were available for issue. No events have occurred that would require adjustment to or disclosure in the financial statements.