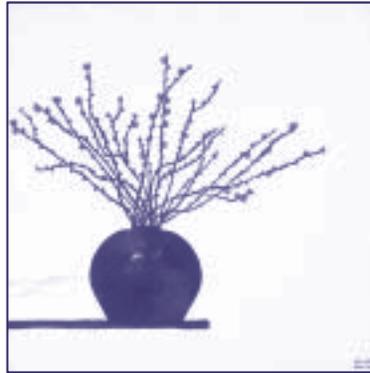


# biennial report 2001 - 2002



**Maureen and Mike Mansfield Foundation**





**Cover art: "Tet 1996" acrylic on canvas, 30" x 30" Desaix Anderson 1996**

Desaix Anderson, born in Mississippi on February 12, 1936, studied history, literature, and philosophy at Princeton University and literature at the University of California at Berkeley. Inspired by his mother, talented Mississippi artist Elizabeth Bailey Anderson, Desaix began painting in 1989 in Tokyo, where he served as Minister at the United States Embassy. He participated in a United States Embassy exhibition in 1989, and in an exhibition in Georgetown, Washington, DC in 1995. As the first US envoy to Vietnam after diplomatic relations were established in 1995, Desaix's art was on continuous exhibition to thousands of visitors in the American Embassy residence in Hanoi.

Desaix's preference for minimalist composition reflects his many years living in Japan, but earthy, peasant themes and colors appeared in his painting during his residence in Vietnam. He also loves rich color, reflecting both his passion for life and frequent travel in Mexico and living in Thailand. Desaix frequently exhibits his work in New York and Washington, DC galleries.

Desaix has been a member of the Maureen and Mike Mansfield Foundation's Board since 1993.

# Mike Mansfield

March 16, 1903 - October 5, 2001

# Maureen Hayes Mansfield

March 25, 1905 – September 20, 2000

*Mike and Maureen Mansfield's remarkable careers as teachers and public servants are rooted in the state of Montana.*

*Mike was born in New York City, the son of Irish immigrants. He was a toddler when his mother died, and his father sent Mike and his two sisters to Great Falls, Montana to live with his father's aunt and uncle. Mike wanted to see the world starting at an early age, and ran away from home twice before finishing the eighth grade. The first time, he got 20 miles out of town; the second time he made it to a Wenatchee, Washington lumber camp 500 miles away. With the outbreak of World War I, he enlisted in the Navy, only 14 years old, serving for the duration of the war, then joined the Army for a year as a medical corpsman, and finally joined the Marines for another two years, traveling to Manila, China and Japan. Still a teenager, he returned to Montana to work as a miner in Butte.*

*Mike met Maureen Hayes, a Butte high school teacher, who was impressed with his unusual talents. Maureen urged him to complete his education. He quit work and with her financial and moral support applied to Montana State University in Missoula (known today as The University of Montana), earning a bachelor's degree in 1933 and a master's degree in history and political science in 1934. Maureen also continued her studies and received her M.A. in English the same year. She wrote her master's thesis on the biographies of Emily Bronte; he wrote his on Korean-American diplomatic relations. The University employed him as an administrator and professor of Latin American and Far Eastern history until 1942. For six more decades, he remained a permanently tenured Professor of History.*

*Encouraged by Maureen to run for political office, Mike Mansfield was elected to the United States Congress in 1942, serving five terms as Representative of Montana's Western District. He represented President Franklin D. Roosevelt on a fact-finding tour of China before the end of World War II. Sympathetic to China, Mike survived attacks at the height of McCarthyism to be elected Montana's Senator in 1952. An early supporter of Ngo Dinh Diem in 1954, by the late 1960s he emerged as a leading voice in Washington to end the war in Vietnam. As Senate Majority Leader from 1961 to 1976, Senator Mansfield was pivotal in the rapprochement between Washington and Beijing. President Carter appointed him American Ambassador to Japan in April 1977, a position he continued to hold under President Reagan until 1989.*

*After retiring from public service in 1989, the Mansfields returned to Washington, DC where he advised American and Asian leaders on the large questions of the Pacific Rim and American-Asian relations.*



*Mansfield Foundation*

# Board of Directors



**L. Desaix Anderson**  
*Painter and Writer*  
*New York, New York*



**John T. Chain, Jr.**  
*General (Retired)*  
*United States Air Force*  
*Fort Worth, Texas*  
*Edwards, Colorado*

**Chairman**



**Michael C. Delaney**  
*Retired Partner*  
*Goldman, Sachs & Co., Inc.*  
*Bigfork, Montana*  
*Jupiter Island, Florida*

**President**  
**2002-Present**



**George M. Dennison**  
*President*  
*The University of Montana*  
*Missoula, Montana*



**Charles D. Ferris**  
*Senior Partner, Mintz, Levin,*  
*Cohn, Ferris, Glovsky &*  
*Popeo*  
*Washington DC*

**Vice Chairman**



**Thomas S. Foley**  
*Partner*  
*Akin, Gump, Strauss,*  
*Hauer and Feld*  
*Washington DC*



**Maxine C. Johnson**  
*Retired Professor & Director*  
*Bureau of Business & Economic Research*  
*The University of Montana*  
*Bigfork, Montana*  
*Lake Oswego, Oregon*

**President**  
**1993-2002**



**Robert M. Kimmitt**  
*Executive Vice President*  
*Global and Strategic Policy*  
*AOL Time Warner*  
*Washington DC*



**Burton Levin**  
*Visiting Professor,*  
*Carleton College,*  
*Northfield, Minnesota*  
*Sherborn, Massachusetts*



**Yoichi Morishita**  
*Chairman of the Board*  
*Matsushita Electric Industrial Co., Ltd.*  
*Tokyo, Japan*



**Jerry R. Norskog**  
*President*  
*McNeil Consumer*  
*Health Care*  
*Guelph, Ontario, Canada*



**Lester C. Thurow**  
*Professor, Sloan School of*  
*Management, Massachu-*  
*setts Institute of Technology*  
*Cambridge, Massachusetts*



**Shoichiro Toyoda**  
*Honorary Chairman*  
*Toyota Motor Corporation*  
*Toyota, Japan*

# The Maureen and Mike Mansfield Foundation

In 1983, the United States Congress appropriated five million dollars to establish the Maureen and Mike Mansfield Foundation to honor the Mansfields' distinguished careers. The mission of the Foundation is to advance Maureen and Mike Mansfield's lifelong efforts to promote understanding and cooperation among the nations and peoples of Asia and the United States. This mission is achieved by:

*Identifying significant issues affecting United States and Asian relationships*

*Setting priorities to achieve the mission of the Foundation*

*Developing integrated innovative programs in response to the priorities*

*Engaging key American and Asian leaders in the mission and programs of the Foundation*

*Communicating the mission and programs of the Foundation and Centers to the public in Asia and the United States*

*Perpetuating the vision and ideals of the Mansfield legacy*

*Conducting the activities and programs of the Foundation in concert with that legacy*

*Developing appropriate measures to evaluate progress in achieving the mission*

The Foundation's administrative offices are on the campus of The University of Montana in Missoula. It supports two centers: The Maureen and Mike Mansfield Center at The University of Montana and the Mansfield Center for Pacific Affairs with offices in Washington, DC, Missoula and Tokyo. The Centers seek to fulfill the Foundation's mission by offering outreach and educational programs.

The Foundation is a 501 (c) (3) nonprofit organization.

**The Maureen and Mike Mansfield Foundation**  
**Mansfield Library, 4th Level**  
**The University of Montana**  
**Missoula, MT 59812**

**Tel: (406) 243-2215**

**Fax: (406) 243-2181**

**E-mail: [OlesonEA@mso.umt.edu](mailto:OlesonEA@mso.umt.edu)**

**<http://www.umt.edu/mansfield/foundation>**



# The Mansfield Center for Pacific Affairs

## *Committed to Spanning Distances and Differences*

The Mansfield Center for Pacific Affairs is the public policy and outreach center of the Maureen and Mike Mansfield Foundation. In honor of the lifelong interest in Asia of Ambassador Mike Mansfield and his wife Maureen, MCPA's programs, exchanges and publications seek to promote understanding and cooperation among policy makers, government officials, scholars and the public. Focusing on new voices and audiences, MCPA's programs inform, explore the underlying issues that influence policies and facilitate dialogue among Asians and Americans to enhance policy formation. The Center has offices in Washington, D.C., Missoula, Montana, and Tokyo, Japan.

This report provides an overview of MCPA programs, activities and publications during fiscal years 2001 and 2002. More detailed information may be found on the MCPA Web site: <http://www.mcpa.org>.

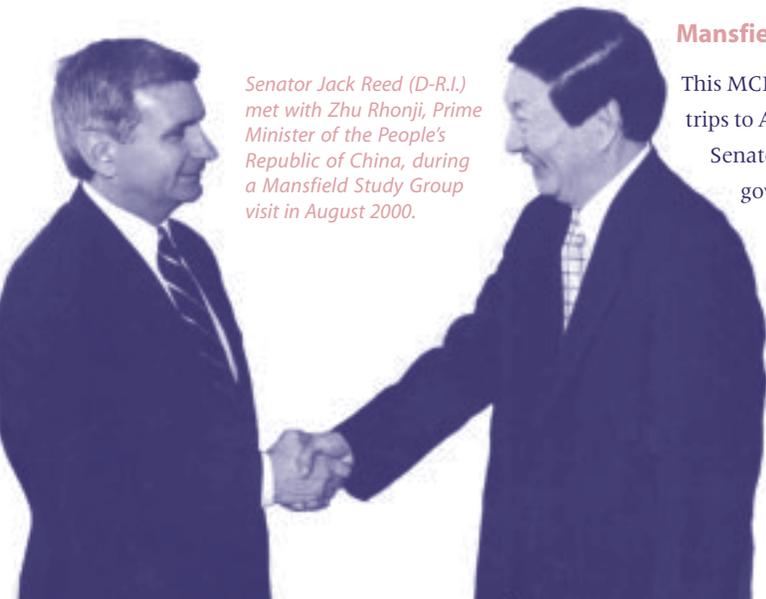
### **The Mike Mansfield Fellowship Program**

The U.S. Congress created the Mansfield Fellowship Program in 1994 to build a corps of U.S. federal government employees with proficiency in the Japanese language and experience working inside the government of Japan. Each year, up to 10 two-year Fellowships are awarded to qualified U.S. government officials. The Fellows spend a year working full-time in Japanese government offices, preceded by a year of full-time rigorous language and area studies training in the United States.

During the two-year program, Mansfield Fellows develop valuable networks of contacts in Japan and an in-depth understanding of the political, economic and strategic dimensions of the U.S.-Japan relationship. Once they return from Japan, Fellows serve at least two additional years in the federal government where their skills, expertise and network of contacts benefit the U.S. government's Japan-related policies and programs.

MCPA implements the program, with the United States Department of State, Bureau of Educational and Cultural Affairs, as grantor. Since the program was established, the U.S. Congress has appropriated more than \$16 million to support the Fellowships. The Government of Japan also provides in-kind support of approximately \$100,000 annually, and Northwest Airlines and Ishikawa Prefecture provide in-kind support.

As of July 2002, 53 Fellows have been named, representing 19 agencies of the U.S. government. Forty-one Fellows have completed the program and returned to work for the federal government; seven are working in Japan; and five are in training.



*Senator Jack Reed (D-R.I.) met with Zhu Rhonji, Prime Minister of the People's Republic of China, during a Mansfield Study Group visit in August 2000.*

### **Mansfield Study Group on Asia**

This MCPA program enables a bipartisan group of U.S. Senators to make annual trips to Asia over a period of several years. These educational visits allow the Senators to build specialized expertise on U.S.-Asia issues by meeting with government officials, business leaders, economists, scholars and journalists.

During this biennium, Senator Evan Bayh (D-Ind.) made two trips to China, Hong Kong and Tibet, and Senator Jack Reed (D-R.I.) traveled to Beijing, Taiwan, and Beidaihe, where he met with Prime Minister Zhu Rhonji. Senator Conrad Burns (R-Mont.) met with Diet members in Tokyo and participated in a breakfast briefing by the Mansfield Fellows in Japan. The Starr Foundation and the Japan-U.S. Friendship Commission fund the Study Group.

### Mansfield American-Pacific Lecture Series

These annual lectures, during which an American and a Japanese speaker address the same topic in each other's capital, allow Americans and Japanese to better understand each other's perspectives and the issues that underlie important policy debates.

Five lectures were held during this biennium: Thomas L. Friedman, foreign affairs columnist for *The New York Times*, and Tadashi Yamamoto, president of the Japan Center for International Exchange, addressed "Responsive Governance in the 21<sup>st</sup> Century"; Haruo Shimada, professor of economics at Keio University, and Charlene Barshefsky, former United States Trade Representative, lectured on "Reaching for Reform: Implications for U.S.-Japan Relations"; and James K. Glassman, columnist and author spoke on "Corporate Governance and the Democratization of Finance." The text of these lectures is posted on the MCPA Web site: <http://www.mcpa.org>.

### Rule of Law in Asia

With a grant from The Starr Foundation, the Center continued its Rule of Law program, begun in 1999. MCPA held dialogues in September 2000 in Hanoi, Ho Chi Minh City, Taipei and Seoul. The discussions in Asia were followed by a retreat and conference in Missoula, Montana, and a conference in Washington, D.C., co-sponsored with the Woodrow Wilson Center. With funding from The Starr Foundation, MCPA published ten of the most outstanding papers from the Rule of Law dialogues in a compendium entitled *The Rule of Law: Perspectives from the Pacific Rim*. The program continued in May 2002 with a conference and retreat in Taiwan, sponsored by National Taiwan University Law School and the Taipei Economic and Cultural Representative Office in the United States.

### Mansfield Pacific Retreats

MCPA and the Maureen and Mike Mansfield Center at The University of Montana collaborated on the 2002 Mansfield Pacific Retreat, which focused on climate change in the Asia-Pacific region. The Retreat drew more than 55 policy makers, government officials, scientists, NGO leaders and business executives to the Glacier Park region of Montana for four days of in-depth presentations, candid discussions and site visits. A summary of the Retreat proceedings is posted at: [http://www.mcpa.org/programs/retreats/past\\_2002/2002.htm](http://www.mcpa.org/programs/retreats/past_2002/2002.htm)

### Administrative Reform in Japan

MCPA organized two focus groups in Washington, D.C., and a colloquium in Japan to examine recent administrative reforms in Japan and implications for the U.S.-Japan relationship. Mansfield Fellows joined Japan experts, government officials and business executives as participants.

### Asia Perspectives

*Asia Perspectives* is published twice a year and reaches more than 3,800 government officials, scholars, business leaders, think tank representatives and other specialists in U.S.-Asia relations, both in the United States and Asia. The publication is also posted on <http://www.mcpa.org>. During the biennium, *Asia Perspectives* covered the following themes: Leadership in U.S.-Japan relations, entrepreneurship in Asia, global climate change, and U.S.-Asia security relations post-9/11.

### Distinguished Speakers/Special Events

The MCPA organizes lunches, small discussion groups or a series of meetings for distinguished Asian visitors already in the United States, enabling them to meet with members of the U.S. Congress and their staff, business executives and representatives from think tanks and other organizations. During the biennium, MCPA collaborated with the Tokyo American Center, Hudson Institute, Atlantic Council, Japan-American Society, New America Foundation and other organizations to organize more than 20 roundtables, workshops and speeches.

*Tadashi Yamamoto, president of the Japan Center for International Exchange, recalled Mike Mansfield's many contributions to U.S.-Japan relations during his Mansfield-Pacific Lecture on responsive governance, November 2000.*



## Rural Health Care in Japan and the United States

In two conferences in June and July 2001, the first in Hokkaido, Japan, and the second in Bozeman, Montana, the Mansfield Center brought together health care experts, policy makers and practitioners to address access to health care in rural areas. The conferences were followed by the publication of a proceedings report and papers in a book entitled *Rural Health Care in Japan and the United States: Shared Challenges and Solutions*. The program received major support from the Japan Foundation Center for Global Partnership and the Japan-U.S. Friendship Commission, among others.

### *Washington, DC*

**1401 New York Avenue, NW, Suite 740**

**Washington, DC 20005-2102**

**Tel: (202) 347-1994**

**Fax: (202) 347-3941**

**E-mail: [LGflake@mcpa.org](mailto:LGflake@mcpa.org)**

**<http://www.mcpa.org/>**

### *Missoula, MT*

**Mansfield Library, 4th Level**

**The University of Montana**

**Missoula, MT 59812-9946**

**Tel: (406) 243-2214**

**Fax: (406) 243-2181**

### *Tokyo, Japan*

**No. 32 Kowa Building 2F**

**5-2-32 Minami-Azabu, Minato-ku**

**Tokyo 1006-0047, Japan**

**Tel: 81-3-3441-8296**

**Fax: 81-3-3444-5898**



*The Mansfield Center for Pacific Affairs staff gathered for their 2002 retreat. Front row from left to right: Niharika Joe, Gordon Flake, Nia Lizanna, Wes Konishi, Teruyo Kuramoto. Back row from left to right: Linda Wickman, Ray Dockstader, Paige Cottingham-Streater, Susan Gillespie, Mary-Jane Atwater, Teruo Iwai, Chie Igarashi.*



*The Honorable Masanori Tanimoto, Governor of Ishikawa Prefecture, welcomes the Mansfield fellows to Japan, 2002.*

# The Maureen and Mike Mansfield Center

*The University of Montana*

The Mansfield Center at The University of Montana strives to increase American understanding of Asian histories and culture, as well as Asia's increasing economic and political impact on the United States. The Center faculty and staff achieve this goal through classroom teaching, research and publications, conferences, retreats and dialogues.

## Classroom Teaching

The Center collaborates with, and provides funding for, the University's Asian Studies Program. Additionally, the Mansfield professors teach core classes in the University's Asian Studies curriculum. Courses taught by Center faculty in the past two years are:

- **East Asian Civilization**
- **History of Modern Japan**
- **History of Modern China**
- **US East Asian Relations**
- **Headlines in Asia**
- **American Foreign Policy since Vietnam**
- **Asia in the World Economy**
- **The Vietnam War in History and Culture**
- **Literature of World War II in Asia**
- **Honors Internships – Independent Study**
- **East Asian Cultures and Histories\***

In 2002, the Mansfield Honors Internship Program was created, in collaboration with The Davidson Honors College, to expose students to various aspects of public policy formulation and implementation, thereby increasing students' understanding of the workings of democratic government. The internships gave three students the opportunity to enrich their academic studies with work experience in Washington, DC in congressional offices and the State Department. The inaugural interns also completed the program's reading and writing requirements and received three UM credits.

## Research and Publications

Since 1997, Center staff research efforts have focused on the development of a digital teaching library (DTL) featuring America's wars in Asia during the twentieth century. Through the accessibility of the Internet, cultural materials (art, articles, biographies, photos and film clips) from the US, China, Japan, and Korea are available for teachers in public school and college classrooms to use in teaching about Asia and American-Asian relations. The DTL is also available for use by international professionals working in American-Asian relations. The materials demonstrate the human experience during war and the powerful hold of military conflict on the historic and public imagination. In addition to the core funding from the Mansfield Foundation, the National Endowment for the Humanities, the United States-Japan Foundation and the Henry R. Luce Foundation generously funded development of this electronic library. The website can be viewed at <http://awiadtl.ito.umt.edu/>.



*The 2002 Mansfield Honors Interns gained public policy experience during their Washington, DC assignments. From left to right: Erin Nugent of Missoula, Montana (US Senate Subcommittee on Tax); Gerald Fetz, Dean of the Davidson Honors College; Julianna Crowley of Missoula, Montana (US Senate Subcommittee on Trade); Joanna Shelton, Interim Director, Mansfield Center; Lysandra Wolberd of Livingston, Montana (US Department of State, Bureau of European and Eurasian Affairs).*

\* National Consortium for Teaching About Asia graduate course for Western Montana School Teachers, funded by the Freeman Foundation

During the biennium, the Center published a collection of essays edited by Philip West and Suh, Ji-moon Remembering the “Forgotten War”: The Korean War Through Literature and Art, (M.E. Sharpe, 2000), and provided subvention fees in support of the publication of Desaix Anderson’s An American in Hanoi, America’s Reconciliation with Vietnam, (M.E. Sharpe, 2002).

### Conferences, Retreats and Dialogues

The biennium featured the nineteenth and twentieth Mansfield Conferences, which combine lectures, panel discussions and artistic performances around a common theme. The 2000 conference focused on *Feeding the Hungry*, food security and genetic technology. Guest speakers included Dr. Robert Paarlberg of Harvard and Wellesley, and Dr. Frances Moore Lappe, author of Diet for a Small Planet. The 2001 conference dealt with issues related to *The Experience of War*, focusing on the Asia Pacific theatre of World War II. The keynote speaker was Ambassador George McGovern.

In collaboration with the Mansfield Center for Pacific Affairs, the fifth Mansfield Pacific Retreat was held in June 2002 in Bigfork, Montana, where delegations from the United States, Japan, China, Korea and Taiwan met to discuss climate change in the Asia Pacific region. The retreats are conducted in informal settings conducive to promoting open, productive discussions among political, corporate and academic leaders.

#### The Maureen and Mike Mansfield Center

Mansfield Library, 4th Level

Missoula, MT 59812-9946

Tel: (406) 243-2988

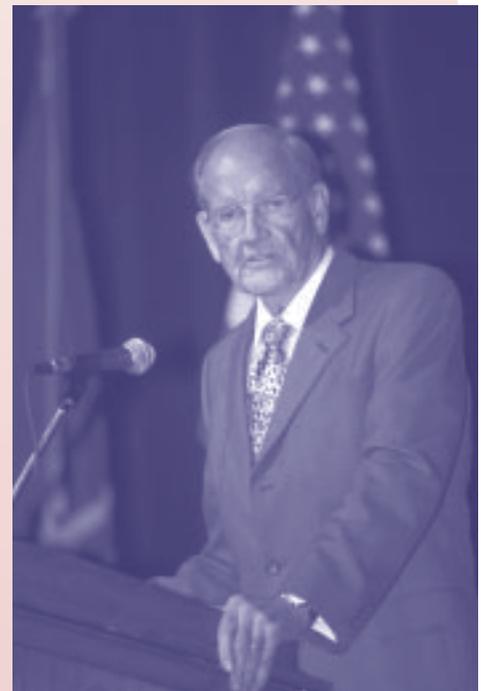
Fax: (406) 243-2181

E-mail: [laurab@selway.umt.edu](mailto:laurab@selway.umt.edu)

<http://www.umt.edu/mansfield/>

*George McGovern, presenting the keynote speech at the Twentieth Mansfield Conference, “Time of Crisis Time of Strength: Reflections of an American Veteran.” McGovern served as South Dakota’s senator from 1963-1981, was the Democratic Presidential nominee in 1972, and worked on world hunger issues as a United Nations Ambassador.*

*Former Congressman Pat Williams reflects on Mike Mansfield’s legacy at a memorial gathering on The University of Montana campus. Listening left to right: the University’s President, George Dennison; the Mansfield Center’s inaugural director, Paul Lauren; and the Mansfield Foundation’s President, Maxine Johnson.*



# Statements of Financial Position

June 30, 2002 and 2001

<u>ASSETS</u>	<u>2002</u>	<u>2001</u>
CURRENT ASSETS		
Cash and temporary investments	\$ 811,730	\$ 1,117,187
Receivables:		
Accrued interest	78,929	90,924
Contributions/grants	144,650	324,100
Current portion of contract	7,865	2,600
Prepaid expenses and other current assets	241,412	223,049
Total current assets	<u>1,284,586</u>	<u>1,757,860</u>
INVESTMENT SECURITIES	<u>10,178,565</u>	<u>11,390,926</u>
CONTRACT RECEIVABLE, net of current portion	<u>85,354</u>	<u>18,683</u>
PROPERTY AND EQUIPMENT, at cost		
Leasehold improvements	164,776	165,620
Furniture and equipment	<u>267,282</u>	<u>319,870</u>
	432,058	485,490
Less accumulated depreciation	<u>356,881</u>	<u>373,249</u>
	75,177	112,241
	<u>\$ 11,623,682</u>	<u>\$ 13,279,710</u>
<u>LIABILITIES</u>	<u>2002</u>	<u>2001</u>
CURRENT LIABILITIES		
Current portion of long-term contract	\$ 7,865	\$ -
Accounts payable	243,872	307,730
Accrued expenses	88,413	84,193
Due to The University of Montana	92,993	51,474
Refundable grant advances	181,568	120,511
Total current liabilities	<u>614,711</u>	<u>563,908</u>
LONG-TERM CONTRACT, net of current portion	<u>85,354</u>	-
NET ASSETS		
Unrestricted:		
Undesignated	750,000	750,000
Designated by the Board for:		
Foundation operating fund	23,891	35,856
Maureen and Mike Mansfield Center at The University of Montana	3,217	57,482
Mansfield Center for Pacific Affairs	37,091	49,750
Endowment purposes	4,315,117	5,944,285
Temporarily restricted	178,268	299,821
Permanently restricted	<u>5,616,033</u>	<u>5,578,608</u>
	<u>10,923,617</u>	<u>12,715,802</u>
	<u>\$ 11,623,682</u>	<u>\$ 13,279,710</u>

# Statements of Activities

Years ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<b>UNRESTRICTED NET ASSETS</b>		
Revenue and support:		
Investment income (loss)	\$ (822,561)	\$ (892,626)
Interest income on temporary cash investments and contracts	25,855	44,044
Grant revenue	2,136,078	2,165,873
Other income	27,637	3,441
	<u>1,367,009</u>	<u>1,320,732</u>
Net assets released from restrictions	<u>309,347</u>	<u>480,724</u>
Total unrestricted revenue and support	<u>1,676,356</u>	<u>1,801,456</u>
Program expenses:		
Maureen and Mike Mansfield Center at The University of Montana:		
Mansfield Conferences	81,041	84,210
Asia-American Dialogue Series	3,868	62,288
Mansfield Pacific Retreats	187,020	77,083
Asia and the Environment	2,969	7,066
American Wars in Asia	50,827	89,546
Teaching, Research, and Public Education	148,403	123,795
Miscellaneous	-	8,829
Mansfield Center for Pacific Affairs:		
Mike Mansfield Fellowship Program	2,134,499	2,175,614
Senate Study Groups	100,250	93,398
Montana Programs	77,000	146,896
Asian Distinguished Visitors	14,163	32,590
Rule of Law Conference and Lexicon	102,075	270,791
American-Pacific Lectures	71,630	56,814
"Asia Perspectives" Magazine	65,122	81,962
Mansfield Pacific Retreats	34,165	-
North Korea NGOs	77,526	-
Miscellaneous Programs	51,417	96,824
Total program expenses	<u>3,201,975</u>	<u>3,407,706</u>
General and administrative expenses:		
Salaries and payroll	\$ 405,224	\$ 412,736
Office	174,448	190,482
Insurance	8,612	6,983
Repairs and maintenance	1,941	4,933
Travel	24,067	22,398
Board meetings	8,669	15,441
Professional fees	86,290	95,521
Fundraising expenses	40,902	-
Interest expense	5,778	-
Hospitality and program development	5,411	10,602
Depreciation	41,954	51,188
Miscellaneous	13,318	16,644
Total general and administrative expenses	816,614	826,928
Less indirect costs allocated to programs	<u>(634,176)</u>	<u>(673,888)</u>
Total expenses	<u>3,384,413</u>	<u>3,560,746</u>
Decrease in unrestricted net assets	<u>(1,708,057)</u>	<u>(1,759,290)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Temporarily restricted support	289,271	423,226
Temporarily restricted assets returned to donors/grantors	(35,402)	-
Investment income (loss)	<u>(66,075)</u>	<u>50,620</u>
	<u>187,794</u>	<u>473,846</u>
Net assets released from restrictions:		
Purpose restrictions accomplished	<u>(309,347)</u>	<u>(480,724)</u>
Decrease in temporarily restricted net assets	<u>(121,553)</u>	<u>(6,878)</u>

	<u>2002</u>	<u>2001</u>
<b>PERMANENTLY RESTRICTED NET ASSETS</b>		
Contributions to the Endowment Fund	37,425	31,525
Decrease in net assets	(1,792,185)	(1,734,643)
Net assets at the beginning of the year	12,715,802	14,450,445
Net assets at the end of the year	<u>\$ 10,923,617</u>	<u>\$ 12,715,802</u>

## Statements of Cash Flows *Years ended June 30, 2002 and 2001*

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Decrease in net assets	\$ (1,792,185)	\$ (1,734,643)
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	41,943	51,840
Realized and unrealized losses on investments	1,286,008	1,305,647
Donated investment security	(99,816)	(99,615)
Permanently restricted contributions	(37,425)	(31,525)
Change in assets and liabilities:		
(Increase) decrease in current assets:		
Receivables	191,445	(287,820)
Prepaid expenses and other assets	(18,363)	(78,077)
Increase (decrease) in current liabilities:		
Accounts payable	(22,339)	61,563
Accrued expenses	4,220	11,108
Refundable grant advances	61,057	70,511
Net cash used in operating activities	<u>(385,455)</u>	<u>(731,011)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investment securities	2,186,135	4,063,326
Purchase of investment securities	(2,159,966)	(3,142,685)
Purchase of property and equipment	(4,879)	(30,374)
Principal payments received on contracts receivable	24,899	2,567
Net cash provided by investing activities	46,189	892,834
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Permanently restricted contributions	37,425	31,525
Principal payments made on contract payable	(3,616)	-
Net cash provided by financing activities	33,809	31,525
Net increase (decrease) in cash and temporary investments	(305,457)	193,348
CASH AND TEMPORARY INVESTMENTS, beginning of year	1,117,187	923,839
CASH AND TEMPORARY INVESTMENTS, end of year	<u>\$ 811,730</u>	<u>\$ 1,117,187</u>
<b>NON-CASH INVESTING ACTIVITY:</b>		
Donated investment security	\$ 99,816	\$ 99,615

# Notes to Financial Statements

*June 30, 2002 and 2001*

## **NOTE I. BACKGROUND INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Reporting Entity:**

The Maureen and Mike Mansfield Foundation (the Foundation), a nonprofit corporation licensed by the State of Montana, was established to pay tribute to Maureen and Mike Mansfields' distinguished careers. The corporate office is located in Missoula, Montana. The Foundation sponsors and organizes a program center, named the Mansfield Center for Pacific Affairs, to improve understanding and relations among the peoples of the Pacific area. The Mansfield Center for Pacific Affairs has offices in Missoula, Montana; Washington, D.C.; and Tokyo, Japan. The Foundation also sponsors and organizes a program center, named the Maureen and Mike Mansfield Center at The University of Montana, for teaching, research, and public education on modern Asian affairs and on ethical questions in public policy. It is located in Missoula, Montana.

### **Accounting Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

### **Promises to Give:**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grant awards are classified as refundable advances until expended for the purposes of the grant.

Contributions receivable represent conditional promises to give where the condition has been satisfied, but the money has not yet been received.

### **Restricted and Unrestricted Revenue and Support:**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires or is met through expenditure, temporarily restricted net assets are reclassified to unrestricted net assets.

### **Designated Unrestricted Net Assets:**

The Board of Directors designates the funding amounts of three operating funds: the Foundation operating fund, the Maureen and Mike Mansfield Center at The University of Montana and the Mansfield Center for Pacific Affairs. In addition, the Board has designated a portion of unrestricted net assets for endowment purposes.

### **Cash and Temporary Investments:**

For purposes of the statement of cash flows, cash and temporary investments include all checking, savings and money market accounts, cash equivalent funds with brokers, and certificates of deposit with an original maturity of three months or less. At June 30, 2002 and 2001, the Foundation held \$43,785 and \$87,172, respectively, at one financial institution in excess of the FDIC insured limit of \$100,000.

### **Investment Securities:**

The Foundation carries its marketable equity and debt securities at fair value. Interest and dividends subject to donor restrictions are reported as increases in temporarily restricted net assets. When the restrictions are met, they are reclassified to unrestricted net assets. Unless gains and losses on donor-restricted investments are specifically restricted by the donor, they are reported as increases or decreases in unrestricted net assets.

### **Depreciation:**

Depreciation is computed using the straight-line method over the following useful lives:

Leasehold improvements	19 years
Furniture, fixtures and equipment	3-10 years

The Foundation capitalizes all purchases over \$500 where the asset acquired provides benefit to future periods.

### **Contributed Services:**

The Foundation receives the services of members of the Board of Directors without compensation. These contributions are not reflected in the accompanying financial statements.

Professional services are provided to the Foundation at less than their fair market value. In-kind contribution support and in-kind expenses are recorded for the difference between the fair value of the services and the amount charged to the Foundation.

### **Functional Allocation of Expenses:**

The costs of the Foundation's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Income Taxes:**

The Foundation is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. It is not considered a private foundation.

**Foreign Currency Transactions:**

The Foundation pays some of its expenses in yen. A foreign currency transaction gain or loss is recorded for any material changes in the dollar-yen exchange rate between the time the transaction is recorded or entered into and the time it is paid or June 30, whichever occurs first.

**Reclassifications:**

Certain reclassifications were made to the 2001 financial statements to conform to the 2002 presentation. These reclassifications have no effect on the Foundation's previously reported net assets or the changes therein.

**NOTE 2. INVESTMENT SECURITIES**

Investments are carried at fair value and are summarized as follows:

	<u>COST</u>	<u>FAIR VALUE</u>	<u>UNREALIZED APPRECIATION (DEPRECIATION)</u>
<b>2002:</b>			
Marketable equity securities	\$ 5,999,575	\$ 5,470,280	\$ (529,295)
Marketable debt securities	<u>4,520,126</u>	<u>4,708,285</u>	<u>188,159</u>
	\$ <u>10,519,701</u>	\$ <u>10,178,565</u>	\$ <u>(341,136)</u>
<b>2001:</b>			
Marketable equity securities	\$ 5,601,868	\$ 6,448,410	\$ 846,542
Marketable debt securities	<u>4,894,912</u>	<u>4,942,516</u>	<u>47,604</u>
	\$ <u>10,496,780</u>	\$ <u>11,390,926</u>	\$ <u>894,146</u>

The following summarizes the investment return and its classification in the statements of activities:

	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>	<u>TEMPORARILY TOTAL</u>
<b>2002:</b>			
Interest and dividend income	\$ 396,799	\$ 573	\$ 397,372
Realized and unrealized gains (loss)	<u>(1,219,360)</u>	<u>(66,648)</u>	<u>(1,286,008)</u>
Total investment return (loss)	\$ <u>(822,561)</u>	\$ <u>(66,075)</u>	\$ <u>(888,636)</u>
<b>2001:</b>			
Interest and dividend income	\$ 463,180	\$ 461	\$ 463,641
Realized and unrealized gains (loss)	<u>(1,355,806)</u>	<u>50,159</u>	<u>(1,305,647)</u>
Total investment return (loss)	\$ <u>(892,626)</u>	\$ <u>50,620</u>	\$ <u>(842,006)</u>

Investments include marketable equity securities valued at \$260,639 at June 30, 2002 and \$227,470 at June 30, 2001, restricted by the donor for purposes of carrying out the Senate Study Group program.

**NOTE 3. CONTRACT RECEIVABLE AND RELATED LIABILITY**

The Mike Mansfield Fellowship program requires that after completion of the program, a fellow remain in federal public service for a period of two years or repay the federal government the salary and expenses paid to him or her during the second year of the program.

During fiscal 2002, the Foundation entered into an unsecured contract with a former fellow who did not fulfill the public service requirements. The contract stipulates monthly payments from the fellow to the Foundation of \$1,174 until August 2010. Interest of 5.6% has been imputed on the contract. In turn, the Foundation is obligated to remit the payment to the Department of State. No allowance on the receivable is considered necessary because any uncollected amounts will reduce the off-setting liability.

At June 30, 2002, the accompanying statement of financial position contains the following receivable from the fellow and the payable to the Department of State:

<u>Due in Fiscal Year</u>	<u>Amount</u>
2003	\$ 7,865
2004	9,553
2005	10,101
2006	10,682
2007	11,296
Thereafter	<u>43,722</u>
Total receivable and payable	\$ <u>93,219</u>

# Notes to Financial Statements *June 30, 2002 and 2001 continued*

## **NOTE 4. NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the expiration of time.

	<u>2002</u>		<u>2001</u>
Purpose restrictions accomplished:			
Maureen and Mike Mansfield Center			
at The University of Montana:			
Mansfield Conferences	\$ 14,300	\$	14,000
Mansfield Pacific Retreats	40,064		-
Asia-America Dialogue Series	-		15,000
Teaching, Research, and Public Education	2,349		20,714
Miscellaneous	-		9,035
Foundation administration	3,200		5,461
Mansfield Center for Pacific Affairs:			
Mike Mansfield Fellowship Program, non-federal support	111,353		102,823
Senate Study Groups	82,682		73,738
Montana Programs	1,000		-
Miscellaneous Programs	1,924		78,784
Rule of Law Conference and Lexicon	<u>52,475</u>		<u>161,169</u>
	<u>\$ 309,347</u>	<u>\$</u>	<u>480,724</u>

## **NOTE 5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30 are available for the following purposes:

	<u>2002</u>		<u>2001</u>
Mansfield Pacific Retreats	\$ 15,716	\$	25,000
Senate Study Groups	162,552		274,821
	<u>\$ 178,268</u>	<u>\$</u>	<u>299,821</u>

## **NOTE 6. PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2002</u>		<u>2001</u>
The programs and operations of the Foundation	\$ 5,216,083	\$	5,178,658
Conferences and Retreats of The Maureen and Mike Mansfield Center at The University of Montana	250,000		250,000
Maureen and Mike Mansfield Center at The University of Montana	100,000		100,000
Asian Studies at The University of Montana	<u>49,950</u>		<u>49,950</u>
	<u>\$ 5,616,033</u>	<u>\$</u>	<u>5,578,608</u>

## **NOTE 7. LEASE OBLIGATIONS**

The Foundation leases office space under operating lease agreements. Rent expense for fiscal 2002 and 2001 was \$120,411 and \$116,785, respectively. Minimum future lease commitments are:

FISCAL YEAR ENDING		OPERATING LEASES
2003	\$	134,376
2004		100,070
2005		102,072
2006		105,790
2007		108,245
Thereafter		<u>347,485</u>
Total minimum lease payments	<u>\$</u>	<u>898,038</u>

## **NOTE 8. RETIREMENT PLAN**

The Foundation contributes 7.5% of full-time domestic employees' salaries to individual annuity contracts. Full-time employees are eligible to participate in the contributory plan after six months of employment. The retirement plan expense was \$41,569 and \$38,845 for fiscal years 2002 and 2001, respectively.

The Foundation accrues deferred compensation in lieu of currently contributing to retirement benefits for full-time Japanese employees. Accrued deferred compensation was \$37,463 and \$34,965 at June 30, 2002 and 2001, respectively.

**NOTE 9. RELATED PARTY TRANSACTIONS**

The University of Montana (the University) provides the Foundation with office space, certain computer services, and other related items at below market rates. This nonmonetary contribution, which is not considered material to the financial statements of the Foundation taken as a whole, is not reflected in the accompanying financial statements.

The activities of the Foundation's Maureen and Mike Mansfield Center at The University of Montana (the Center) include educational programs and conferences at the University. The Center Director reports to the Provost of the University and also to the Foundation's Board of Directors. Funding and budgeting for the Center is primarily the responsibility of the Foundation's Board of Directors.

At June 30, 2002 and 2001, the Foundation owed the University \$92,993 and \$51,474, respectively, for reimbursement of expenses.

The accompanying financial statements include \$14,300 and \$29,000 cash and in-kind support received by the Foundation in fiscal years 2002 and 2001, respectively, from the University and its foundation in support of the Center's conferences and teaching and research activities.

Some of the University's support for the Center's activities is not paid directly to the Foundation. The portion of the cost-sharing support provided by the University is not included in the accompanying financial statements. Total identifiable cost-sharing support by the University amounted to \$363,983 and \$443,999 in 2002 and 2001, respectively, for teaching and research and the digital teaching library.

**NOTE 10. CONTINGENCY**

The Foundation receives significant funding to support the Mike Mansfield Fellowship Program from the U.S. Department of State. Expenses charged to this program, including indirect costs, are subject to review and approval by the U.S. Department of State.

Indirect costs were charged to federal programs as a percentage of direct expenses. The actual indirect cost rates were 26.07% and 26.25% in fiscal 2002 and 2001, respectively. These rates are awaiting final approval by the U.S. Department of State. In addition, the provisional rates for 1999 and 2000 are awaiting approval by the U.S. Department of State.

**NOTE 11. CONTRIBUTED SERVICES**

Contributed services are recorded in the statement of activities as in-kind contributions and in-kind expenses for the benefit of the following programs or activities:

	<b>2002</b>		<b>2001</b>
"Asia Perspectives" magazine	\$ 250	\$	-
Mike Mansfield Fellowship Program	111,353		105,323
Montana Programs	-		696
Asia-America Dialogue Series	1,675		2,266
Mansfield Pacific Retreats	4,050		-
Administrative services	-		2,173
	<b>\$ 117,328</b>	<b>\$</b>	<b>110,458</b>

*“ We are living in a fast changing world that is shrinking. We’re going to become closer neighbors still. We are going to have to understand each other better. And we’ll have to recognize that regardless of where we come from, no matter what our color or background, we all initially sprang from the same source.*

*We’ll have to learn to get along with one another. So we should listen to the other person. It will be a matter of accommodation and compromise, knowledge and understanding.*

*I have no doubt future generations will be able to cope with events as they occur no matter how rapidly, if for no other reason than they have no choice. As we could cope and our predecessors could, future generations can cope too. I hope they will devote their efforts to preserving the environment, preserving the rights guaranteed to all under the First Amendment, Freedom of Speech, Freedom of Religion, Freedom of Assembly and Freedom of the Press.*

*Future generations haven’t been given much of a legacy, but have been given a great challenge and what they do will determine what their successors will be.*

*So I wish you all good luck and, as the Asians usually say, good health, good fortune, much happiness, and a long life. //*

**Mike Mansfield,  
in a message to  
American Youth,  
November 1989.**

