

Balance Sheets

March 31, 2022 & 2021

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	2022	2021	Fluctuation
<b>Assets</b>			
Current assets:			
Cash on hand and in banks	3,655,643,340	3,433,562,770	222,080,570
Accounts receivable	24,353,649	38,096,432	△13,742,783
Prepaid expenses	9,095,389	7,941,121	1,154,268
Expenses on preparation	4,517,239	2,730,443	1,786,796
Total current assets	3,693,609,617	3,482,330,766	211,278,851
Fixed assets			
Fundamental assets			
Quasi-Endowments	3,000,000	3,000,000	-
Total fundamental assets	3,000,000	3,000,000	-
Restricted assets			
Yukio Itonaga educational scholarship fund	20,273,939	22,773,555	△2,499,616
Iwao and Kei Kusama educational scholarship fund	83,032,059	103,732,059	△20,700,000
Tamami Togo educational scholarship fund	60,776,252	81,176,252	△20,400,000
MUFG educational scholarship fund	500,000,000	-	500,000,000
The Great East Japan Earthquake orphans support fund	3,029,855,969	3,027,413,582	2,442,387
Retirement benefit fund	471,487,337	410,351,883	61,135,454
Scholarship fund	2,200,000,000	3,700,000,000	△1,500,000,000
Ashinaga Africa Initiative Fund	1,000,000,000	1,000,000,000	-
Total restricted assets	7,365,425,556	8,345,447,331	△980,021,775
Unrestricted			
Educational scholarship loans	30,020,932,592	28,360,878,863	1,660,053,729
Buildings	2,325,013,996	2,402,474,323	△77,460,327
Facilities attached to buildings	48,631,463	70,137,173	△21,505,710
Structures	8,018,472	14,954,050	△6,935,578
Furniture and fixtures	21,317,833	27,932,506	△6,614,673
Land	1,743,400,000	1,743,400,000	-
Bequeathed building	85,702,663	8,734,264	76,968,399
Bequeathed land	738,510,877	106,087,862	632,423,015
Software	29,139,202	51,170,574	△22,031,372
Construction in progress	125,554,000	138,204,000	△12,650,000
Telephone subscription rights	1,352,624	1,352,624	-
Guaranty deposits receivable	107,857,016	108,241,016	△384,000
Money trust	16,834,013	-	16,834,013
Claims in bankruptcy, reorganization claims, and similar claims	382,708,250	359,719,500	22,988,750
Allowance for scholarship loans exemption	△1,268,891,350	△1,280,036,872	11,145,522
Total unrestricted	34,386,081,651	32,113,249,883	2,272,831,768
Total fixed assets	41,754,507,207	40,461,697,214	1,292,809,993
Total assets	45,448,116,824	43,944,027,980	1,504,088,844
<b>Liabilities</b>			
Current liabilities:			
Accrued amounts payable	63,601,395	71,612,473	△8,011,078
Deposits received	9,885,148	6,650,757	3,234,391
Suspense receipt	12,000	3,119,500	△3,107,500
Accrued bonuses	54,086,498	49,620,394	4,466,104
Total current liabilities	127,585,041	131,003,124	△3,418,083
Long-term liabilities:			
Allowance for retirement benefits	471,487,337	410,091,803	61,395,534
Asset Retirement Obligations	376,984,493	375,408,033	1,576,460
Total long-term liabilities	848,471,830	785,499,836	62,971,994
Total liabilities	976,056,871	916,502,960	59,553,911
<b>Net assets</b>			
Restricted net assets			
Yukio Itonaga educational scholarship fund	20,273,939	22,773,555	△2,499,616
Iwao and Kei Kusama educational scholarship fund	83,032,059	103,732,059	△20,700,000
Tamami Togo educational scholarship fund	60,776,252	81,176,252	△20,400,000
MUFG educational scholarship fund	500,000,000	-	500,000,000
Total restricted net assets	664,082,250	207,681,866	456,400,384
Amount appropriated to fundamental assets	-	-	-
Amount appropriated to restricted assets	(664,082,250)	(207,681,866)	(456,400,384)
Unrestricted net assets	43,807,977,703	42,819,843,154	988,134,549
Amount appropriated to fundamental assets	(3,000,000)	(3,000,000)	-
Amount appropriated to restricted assets	(6,229,855,969)	(7,727,673,662)	(△1,497,817,693)
Total net assets	44,472,059,953	43,027,525,020	1,444,534,933
Total liabilities and net assets	45,448,116,824	43,944,027,980	1,504,088,844

Statements of Changes in Net assets

Year ended March 31, 2022 and 2021

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	2022	2021	Fluctuation
Increase and decrease in unrestricted net assets			
Ordinary increase and decrease			
Ordinary revenues			
Investment profit from restricted net assets			
①Interest income from restricted net assets	2,442,387	2,333,550	108,837
Donation received			
①Donations received	5,956,663,374	6,781,219,661	△824,556,287
②The Great East Japan Earthquake and Tsunami orphans donations	176,843,872	204,066,963	△27,223,091
③Donation transfer on Yukio Itonaga educational scholarship fund	2,500,000	5,000,000	△2,500,000
④Donation transfer on Iwao and Kei Kusama educational scholarship fund	20,700,000	45,950,000	△25,250,000
⑤Donation transfer on Tamami Togo educational scholarship fund	20,400,000	21,000,000	△600,000
Miscellaneous incomes			
①Board and lodging charges of "Kokoro Juku"	10,890,000	7,820,000	3,070,000
②Interest income on cash in banks	1,460,362	2,401,432	△941,070
③Other revenues	1,772,982	1,130,543	642,439
Total ordinary revenues	6,193,672,977	7,070,922,149	△877,249,172
Ordinary expenditures:			
Activity expenditures:			
Salaries and allowances	638,030,829	614,678,644	23,352,185
Retirement benefit expenses	38,909,415	39,856,252	△946,837
Legal welfare expenses	87,123,688	85,968,409	1,155,279
Traveling and transportation expenses	17,113,164	32,352,792	△15,239,628
Communication and haulage expenses	84,189,460	76,650,014	7,539,446
Depreciation of buildings	77,460,327	77,460,327	-
Depreciation of facilities attached to buildings	19,490,072	25,013,450	△5,523,378
Depreciation of structures	6,935,578	9,310,780	△2,375,202
Depreciation of furniture and fixtures	4,357,779	6,835,429	△2,477,650
Depreciation of intangible assets	889,232	889,232	-
Software development expenses	95,271,912	13,104,363	82,167,549
Furniture and fixtures expenses	6,685,387	5,247,925	1,437,462
Supplies expenses	5,577,218	6,792,546	△1,215,328
Repair expenses	66,005,252	12,642,406	53,362,846
Print and bookbinding expenses	25,274,848	24,139,445	1,135,403
Utilities expenses	33,014,543	29,208,209	3,806,334
Rent expenses	85,578,086	87,644,352	△2,066,266
Insurance expenses	4,528,427	3,571,979	956,448
Remuneration expenses	15,509,651	13,276,574	2,233,077
Taxes and dues	40,304,900	18,894,538	21,410,362
Consignment expenses	223,638,788	221,425,225	2,213,563
Miscellaneous expenses	4,129,967	8,934,421	△4,804,454
Remittance commission	30,165,347	34,015,874	△3,850,527
Book purchase expenses	9,274,240	10,840,000	△1,565,760
Account transfer commission	2,512,059	2,534,576	△22,517
Supply foods expenses	31,192,273	30,519,503	672,770
Staff training expenses	5,462,443	5,751,245	△288,802
Student fund-raising campaign expenses	4,654,514	4,825,915	△171,401
Full educational scholarship benefit payments	2,448,890,000	2,223,215,000	225,675,000
Full educational scholarship benefit payments (Iwao and Kei Kusama benefits)	10,350,000	10,550,000	△200,000
2020 torrential rain emergency education support fund	-	2,900,000	△2,900,000
2019 Typhoon lump-sum payments for housing aid	-	500,000	△500,000
Emergency support grant	-	2,504,800,000	△2,504,800,000
Overseas study support expenses	184,437,114	197,187,215	△12,750,101
Support expenses for staying	-	101,000	△101,000
Overseas offices support expenses	408,496,948	346,091,428	62,405,520
Bequest execution expenses	66,835,478	148,185,400	△81,349,922
Interest Expenses	1,576,460	1,576,460	-
Provision for Allowance for scholarship loans exemption	10,306,407	566,380,449	△556,074,042
Total activity expenditures	4,794,171,806	7,503,871,377	△2,709,699,571

	2022	2021	Fluctuation
General and administrative expenses			
Salaries and allowances	147,627,706	158,034,830	△10,407,124
Retirement benefit expenses	32,893,202	15,584,178	17,309,024
Legal welfare expenses	26,879,624	30,104,867	△3,225,243
Traveling and transportation expenses	5,497,891	5,816,504	△318,613
Communication and haulage expenses	4,583,612	4,573,557	10,055
Depreciation of facilities attached to buildings	2,015,638	2,015,638	-
Depreciation of furniture and fixtures	2,809,694	3,351,834	△542,140
Depreciation of intangible assets	25,841,340	24,580,214	1,261,126
Furniture and fixtures expenses	2,432,935	1,885,504	547,431
Supplies expenses	2,231,774	1,877,828	353,946
Repair expenses	11,385	110,889	△99,504
Print and bookbinding expenses	1,134,162	1,806,763	△672,601
Utilities expenses	1,871,672	1,690,774	180,898
Rent expenses	27,908,103	27,782,343	125,760
Insurance expenses	110,153	1,083,851	△973,698
Remuneration expenses	-	160,000	△160,000
Taxes and dues	4,981,000	806,240	4,174,760
Consignment expenses	73,315,088	90,468,445	△17,153,357
Miscellaneous expenses	9,951,853	14,365,879	△4,414,026
Remittance commission	1,278,433	2,391,706	△1,113,273
Staff training expenses	1,336,944	3,093,121	△1,756,177
Directors' compensations	23,344,413	17,460,410	5,884,003
Audit fees	13,310,000	4,950,000	8,360,000
Total general and administrative expenses	411,366,622	413,995,375	△2,628,753
Total ordinary expenditures	5,205,538,428	7,917,866,752	△2,712,328,324
Increase and decrease in ordinary expenses	988,134,549	△846,944,603	1,835,079,152
Nonrecurring increase and decrease			
Nonrecurring revenues			
Total nonrecurring revenues	-	-	-
Nonrecurring expenditures			
Loss on disposal of fixed assets	-	4	△4
Total nonrecurring expenditures	-	4	△4
Increase and decrease in nonrecurring amount	-	△4	4
Increase and decrease in unrestricted net assets	988,134,549	△846,944,607	1,835,079,156
Balance of unrestricted net assets at the beginning of year	42,819,843,154	43,666,787,761	△846,944,607
Balance of unrestricted net assets at the end of year	43,807,977,703	42,819,843,154	988,134,549
Increase and decrease in restricted net assets			
①Donations received			
MUFG educational scholarship fund	500,000,000	-	500,000,000
Total donation received	500,000,000	-	500,000,000
②Interest income			
Yukio Itonaga educational scholarship fund	384	2,128	△1,744
Total interest income	384	2,128	△1,744
③Transfer to unrestricted net assets			
Yukio Itonaga educational scholarship fund	△2,500,000	△5,000,000	2,500,000
Iwao and Kei Kusama educational scholarship fund	△20,700,000	△45,950,000	25,250,000
Tamami Togo educational scholarship fund	△20,400,000	△21,000,000	600,000
Total transfer to unrestricted net assets	△43,600,000	△71,950,000	28,350,000
Increase and decrease in restricted net assets	456,400,384	△71,947,872	528,348,256
Balance of restricted net assets at the beginning of year	207,681,866	279,629,738	△71,947,872
Balance of restricted net assets at the end of year	664,082,250	207,681,866	456,400,384
Balance of net assets at the end of year	44,472,059,953	43,027,525,020	1,444,534,933

## Notes to Financial Statements

### 1. Summary of significant accounting policies

The accompanying financial statements are English translation of audited financial statements in Japanese of Ashinaga Foundation ("the Organization").

#### (1) Valuation standards and methods for significant assets

##### ① Money in trust

The Organization adopts the market value method. However, assets which have same nature with deposit are recorded at acquisition cost on the balance sheet amount.

#### (2) Depreciation of fixed assets

Straight-line method is applied.

#### (3) Accounting standard for allowances

##### ① Allowance for retirement benefits

The Organization provided an allowance for employees' retirement benefits at the end of the current year, based on the estimated amounts of projected benefit obligation.

##### ② Allowance for scholarship loans exemption

For provision of exemption of scholarship loans, the estimated amount is accounted based on the ratio of the past record for non-specific receivables, as well as the estimated irrecoverable portion of specific doubtful receivables accounted on an individual basis.

##### ③ Accrued bonuses

The provision of accrued bonuses to employees is determined based on estimated amounts to be paid in the subsequent period.

#### (4) Consumption taxes

Each amount of financial statement items includes consumption taxes.

### 2. Increase and decrease in fundamental assets and restricted assets, and their balances

Increase and decrease in fundamental assets and restricted assets, and their balances are as follows:

	Balance at beginning of year	Increase in current year	Decrease in current year	Balance at end of year
Fundamental assets	3,000,000	-	-	3,000,000
Restricted assets				
Yukio Itonaga educational scholarship fund	22,773,555	384	2,500,000	20,273,939
Iwao and Kei Kusama educational scholarship fund	103,732,059	-	20,700,000	83,032,059
Tamami Togo educational scholarship fund	81,176,252	-	20,400,000	60,776,252
MUFG educational scholarship fund	-	500,000,000	-	500,000,000
The Great East Japan Earthquake orphans support fund	3,027,413,582	2,442,387	-	3,029,855,969
Retirement benefit fund	410,351,883	69,461,433	8,325,979	471,487,337
Scholarship fund	3,700,000,000	-	1,500,000,000	2,200,000,000
Ashinaga Africa Initiative Fund	1,000,000,000	-	-	1,000,000,000
Total	8,348,447,331	571,904,204	1,551,925,979	7,368,425,556

yen

3. Details of financial resources for fundamental and restricted assets

Details of financial resources for fundamental and restricted assets are as follows:

yen

	Balance at end of year	Amount appropriated from restricted net assets	Amount appropriated from unrestricted net assets	Amount corresponding to liabilities
Fundamental assets	3,000,000	–	(3,000,000)	–
Restricted assets				
Yukio Itonaga educational scholarship fund	20,273,939	(20,273,939)	–	–
Iwao and Kei Kusama educational scholarship fund	83,032,059	(83,032,059)	–	–
Tamami Togo educational scholarship fund	60,776,252	(60,776,252)	–	–
MUFG educational scholarship fund	500,000,000	(500,000,000)	–	–
The Great East Japan Earthquake orphans support fund	3,029,855,969		(3,029,855,969)	–
Retirement benefit fund	471,487,337	–	–	(471,487,337)
Scholarship fund	2,200,000,000	–	(2,200,000,000)	–
Ashinaga Africa Initiative Fund	1,000,000,000	–	(1,000,000,000)	–
<b>Total</b>	<b>7,368,425,556</b>	<b>(664,082,250)</b>	<b>(6,232,855,969)</b>	<b>(471,487,337)</b>

4. Acquisition cost, accumulated depreciation and book value of fixed assets

Acquisition cost, accumulated depreciation and book value of fixed assets are as follows:

yen

	Acquisition Cost	Accumulated Depreciation	Book Value
Buildings	2,551,168,830	226,154,834	2,325,013,996
Facilities attached to buildings	126,257,913	77,626,450	48,631,463
Structures	33,787,254	25,768,782	8,018,472
Furniture and fixtures	50,491,980	29,174,147	21,317,833
Land	1,743,400,000	–	1,743,400,000
Software	114,072,009	84,932,807	29,139,202
Construction in progress	125,554,000	–	125,554,000
<b>Total</b>	<b>4,744,731,986</b>	<b>443,657,020</b>	<b>4,301,074,966</b>

5. The amount transferred from restricted net assets to unrestricted net assets

Details of the amount transferred from restricted net assets to unrestricted net assets are as follows:

yen

Amount transferred to ordinary revenues	
Restricted cancellation in scholarship loan or sponsorship benefits	43,600,000
<b>Total</b>	<b>43,600,000</b>

6. Retirement benefits

(1)The lump-sum payment system under a defined benefit plan is adopted

(2)Details of liabilities for retirement benefits

	yen
Projected benefit obligation	<u><u>△ 471,487,337</u></u>

(3)Expense on retirement benefits

	yen
Service costs	<u>71,802,617</u>
Retirement benefits expense	<u><u>71,802,617</u></u>

(4)Calculation on liabilities for retirement benefits

The allowance for retirement benefits is calculated as the expected amount of retirement benefits at end of the year, under a lump-sum payment system.

7. Other

At the end of the current fiscal year, the Executor has notified the Corporation that it is the beneficiary of the bequest, and the bequest assets have been recorded in the financial statements at the appropriate valuation; however, the contents and valuation of some bequest assets are unknown, and these have not been recorded in the financial statements.

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## The Supplementary Schedules

### 1. Details of fundamental assets and restricted assets

Since it has indicated to Notes to Financial Statements 2. "Increase and decrease in fundamental assets and restricted assets, and their balances", the details of fundamental assets and restricted assets are omitted.

### 2. Details of allowances

	Balance at beginning of year	Increase in current year	Decrease in current year		Balance at end of year
			purpose	others	
Allowance for scholarship loans exemption	1,280,036,872	1,268,891,350	21,451,929	1,258,584,943	1,268,891,350
Accrued bonuses	49,620,394	54,086,498	49,620,394	-	54,086,498
Allowance for retirement benefits	410,091,803	69,721,513	8,325,979	-	471,487,337

(Note) Decrease of allowance for scholarship loan exemption in current year (Others) was due to reversals by accounting adjustments.

## **Independent Auditor's Report**

June 10, 2022

To the Board of Directors of Ashinaga Foundation:

KPMG AZSA LLC  
Tokyo Office, Japan

Nobuo Shibata  
Designated Limited Liability Partner  
Engagement Partner  
Certified Public Accountant

### **Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, and the related notes, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of Ashinaga Foundation. (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 124-2-1 of the Act on General Incorporated Associations and General Incorporated Foundations which will be applied *mutatis mutandis* Article 199 of the same Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Corporate Auditors for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.



## **Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. Corporate auditors are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules 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 a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the

accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Notes to the Reader of Independent Auditor's Report:**

This is an English translation of the Independent Auditor's Report as required by the Act on General Incorporated Associations and General Incorporated Foundations for the conveniences of the reader.