

Balance Sheets

March 31, 2021 & 2020

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	2021	2020	Fluctuation
<b>Assets</b>			
Current assets:			
Cash on hand and in banks	3,433,562,770	2,895,104,499	538,458,271
Accounts receivable	38,096,432	18,612,416	19,484,016
Prepaid expenses	7,941,121	15,482,269	△7,541,148
Expenses on preparation	2,730,443	36,742,007	△34,011,564
Total current assets	3,482,330,766	2,965,941,191	516,389,575
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	22,773,555	27,771,427	△4,997,872
Iwao and Kei Kusama educational scholarship fund	103,732,059	149,682,059	△45,950,000
Tamami Togo educational scholarship fund	81,176,252	102,176,252	△21,000,000
The Great East Japan Earthquake orphans support fund	3,027,413,582	3,025,078,184	2,335,398
Retirement benefit fund	410,351,883	399,372,483	10,979,400
Scholarship fund	3,700,000,000	5,950,000,000	△2,250,000,000
Ashinaga Africa Initiative Fund	1,000,000,000	1,000,000,000	-
Total restricted assets	8,345,447,331	10,654,080,405	△2,308,633,074
Unrestricted			
Educational scholarship loans	28,360,878,863	26,928,145,092	1,432,733,771
Buildings	2,402,474,323	2,479,934,650	△77,460,327
Facilities attached to buildings	70,137,173	96,335,761	△26,198,588
Structures	14,954,050	24,044,830	△9,090,780
Furniture and fixtures	27,932,506	35,552,813	△7,620,307
Land	1,743,400,000	1,743,400,000	-
Bequeathed building	8,734,264	10,654,808	△1,920,544
Bequeathed land	106,087,862	155,680,808	△49,592,946
Software	51,170,574	69,085,220	△17,914,646
Construction in progress	138,204,000	86,922,000	51,282,000
Telephone subscription rights	1,352,624	1,352,624	-
Guaranty deposits receivable	108,241,016	108,229,016	12,000
Claims in bankruptcy, reorganization claims, and similar claims	359,719,500	218,651,500	141,068,000
Allowance for scholarship loans exemption	△1,280,036,872	△757,119,843	△522,917,029
Total unrestricted	32,113,249,883	31,200,869,279	912,380,604
Total fixed assets	40,461,697,214	41,857,949,684	△1,396,252,470
Total assets	43,944,027,980	44,823,890,875	△879,862,895
<b>Liabilities</b>			
Current liabilities:			
Accrued amounts payable	71,612,473	48,995,303	22,617,170
Deposits received	6,650,757	6,588,095	62,662
Suspense receipt	3,119,500	2,537,054	582,446
Accrued bonuses	49,620,394	46,148,868	3,471,526
Total current liabilities	131,003,124	104,269,320	26,733,804
Long-term liabilities:			
Allowance for retirement benefits	410,091,803	399,372,483	10,719,320
Asset Retirement Obligations	375,408,033	373,831,573	1,576,460
Total long-term liabilities	785,499,836	773,204,056	12,295,780
Total liabilities	916,502,960	877,473,376	39,029,584
<b>Net assets</b>			
Restricted net assets			
Yukio Itonaga educational scholarship fund	22,773,555	27,771,427	△4,997,872
Iwao and Kei Kusama educational scholarship fund	103,732,059	149,682,059	△45,950,000
Tamami Togo educational scholarship fund	81,176,252	102,176,252	△21,000,000
Total restricted net assets	207,681,866	279,629,738	△71,947,872
Amount appropriated to fundamental assets	-	-	-
Amount appropriated to restricted assets	(207,681,866)	(279,629,738)	(△71,947,872)
Unrestricted net assets	42,819,843,154	43,666,787,761	△846,944,607
Amount appropriated to fundamental assets	(3,000,000)	(3,000,000)	-
Amount appropriated to restricted assets	(7,727,673,662)	(9,975,078,184)	(△2,247,404,522)
Total net assets	43,027,525,020	43,946,417,499	△918,892,479
Total liabilities and net assets	43,944,027,980	44,823,890,875	△879,862,895

Statements of Changes in Net assets

Year ended March 31, 2021 and 2020

yen

	2021	2020	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	2,333,550	1,434,125	899,425
Donation received			
①Donations received	6,781,219,661	4,309,699,417	2,471,520,244
②The Great East Japan Earthquake and Tsunami orphans donations	204,066,963	282,849,729	△78,782,766
③Donation transfer on Yukio Itonaga educational scholarship fund	5,000,000	-	5,000,000
④Donation transfer on Iwao and Kei Kusama educational scholarship fund	45,950,000	-	45,950,000
⑤Donation transfer on Tamami Togo educational scholarship fund	21,000,000	20,400,000	600,000
Miscellaneous incomes			
①Board and lodging charges of "Kokoro Juku"	7,820,000	11,435,000	△3,615,000
②Interest income on cash in banks	2,401,432	2,361,980	39,452
③Reversal of Allowance for scholarship loans exemption	-	80,800,255	△80,800,255
④Other revenues	1,130,543	1,685,717	△555,174
Total ordinary revenues	7,070,922,149	4,710,666,223	2,360,255,926
Ordinary expenditures:			
Activity expenditures:			
Salaries and allowances	614,678,644	598,091,482	16,587,162
Retirement benefit expenses	39,856,252	36,334,458	3,521,794
Legal welfare expenses	85,968,409	82,979,414	2,988,995
Traveling and transportation expenses	32,352,792	228,729,542	△196,376,750
Communication and haulage expenses	76,650,014	75,428,990	1,221,024
Depreciation of buildings	77,460,327	71,234,180	6,226,147
Depreciation of facilities attached to buildings	25,013,450	27,076,014	△2,062,564
Depreciation of structures	9,310,780	9,522,424	△211,644
Depreciation of furniture and fixtures	6,835,429	7,616,365	△780,936
Depreciation of intangible assets	889,232	148,205	741,027
Software development expenses	13,104,363	-	13,104,363
Furniture and fixtures expenses	5,247,925	9,525,024	△4,277,099
Supplies expenses	6,792,546	7,622,972	△830,426
Repair expenses	12,642,406	6,008,121	6,634,285
Print and bookbinding expenses	24,139,445	28,538,695	△4,399,250
Utilities expenses	29,208,209	33,521,243	△4,313,034
Rent expenses	87,644,352	74,699,290	12,945,062
Insurance expenses	3,571,979	7,957,956	△4,385,977
Remuneration expenses	13,276,574	8,135,900	5,140,674
Taxes and dues	18,894,538	23,087,928	△4,193,390
Consignment expenses	221,425,225	199,574,253	21,850,972
Miscellaneous expenses	8,934,421	15,543,162	△6,608,741
Remittance commission	34,015,874	23,221,917	10,793,957
Book purchase expenses	10,840,000	660,000	10,180,000
Account transfer commission	2,534,576	2,535,743	△1,167
Supply foods expenses	30,519,503	38,152,312	△7,632,809
Staff training expenses	5,751,245	4,535,220	1,216,025
Student fund-raising campaign expenses	4,825,915	53,560,676	△48,734,761
Full educational scholarship benefit payments	2,223,215,000	1,875,600,000	347,615,000
Full educational scholarship benefit payments (Iwao and Kei Kusama benefits)	10,550,000	12,350,000	△1,800,000
2020 torrential rain emergency education support fund	2,900,000	-	2,900,000
2019 Typhoon lump-sum payments for housing aid	500,000	14,000,000	△13,500,000
Emergency support grant	2,504,800,000	-	2,504,800,000
Overseas study support expenses	197,187,215	247,507,575	△50,320,360
Support expenses for staying	101,000	-	101,000
Overseas offices support expenses	346,091,428	462,090,458	△115,999,030
Bequest execution expenses	148,185,400	84,702,057	63,483,343
Interest Expenses	1,576,460	262,743	1,313,717
Provision for Allowance for scholarship loans exemption	566,380,449	-	566,380,449
Total activity expenditures	7,503,871,377	4,370,554,319	3,133,317,058

	2021	2020	Fluctuation
General and administrative expenses			
Salaries and allowances	158,034,830	126,210,819	31,824,011
Retirement benefit expenses	15,584,178	15,185,538	398,640
Legal welfare expenses	30,104,867	24,469,866	5,635,001
Traveling and transportation expenses	5,816,504	13,557,162	△7,740,658
Communication and haulage expenses	4,573,557	5,380,240	△806,683
Depreciation of facilities attached to buildings	2,015,638	2,015,638	-
Depreciation of furniture and fixtures	3,351,834	4,418,326	△1,066,492
Depreciation of intangible assets	24,580,214	32,584,584	△8,004,370
Furniture and fixtures expenses	1,885,504	3,584,321	△1,698,817
Supplies expenses	1,877,828	3,369,466	△1,491,638
Repair expenses	110,889	188,574	△77,685
Print and bookbinding expenses	1,806,763	4,019,347	△2,212,584
Utilities expenses	1,690,774	2,011,035	△320,261
Rent expenses	27,782,343	28,533,042	△750,699
Insurance expenses	1,083,851	1,525,703	△441,852
Remuneration expenses	160,000	130,000	30,000
Taxes and dues	806,240	49,208,916	△48,402,676
Consignment expenses	90,468,445	87,391,238	3,077,207
Miscellaneous expenses	14,365,879	3,362,815	11,003,064
Remittance commission	2,391,706	1,491,392	900,314
Staff training expenses	3,093,121	4,177,406	△1,084,285
Directors' compensations	17,460,410	17,742,517	△282,107
Audit fees	4,950,000	11,430,000	△6,480,000
Total general and administrative expenses	413,995,375	441,987,945	△27,992,570
Total ordinary expenditures	7,917,866,752	4,812,542,264	3,105,324,488
Increase and decrease in ordinary expenses	△846,944,603	△101,876,041	△745,068,562
Nonrecurring increase and decrease			
Nonrecurring revenues			
Gain on acquisition of businesses	-	43,766,150,860	△43,766,150,860
Total nonrecurring revenues	-	43,766,150,860	△43,766,150,860
Nonrecurring expenditures			
Loss on disposal of fixed assets	4	487,068	△487,064
Total nonrecurring expenditures	4	487,068	△487,064
Increase and decrease in nonrecurring amount	△4	43,765,663,792	△43,765,663,796
Increase and decrease in unrestricted net assets	△846,944,607	43,663,787,751	△44,510,732,358
Balance of unrestricted net assets at the beginning of year	43,666,787,761	3,000,010	43,663,787,751
Balance of unrestricted net assets at the end of year	42,819,843,154	43,666,787,761	△846,944,607
Increase and decrease in restricted net assets			
①Donations received			
Total donation received	-	-	-
②Interest income			
Yukio Itonaga educational scholarship fund	2,128	2,151	△23
Total interest income	2,128	2,151	△23
③Transfer to unrestricted net assets			
Yukio Itonaga educational scholarship fund	△5,000,000	-	△5,000,000
Iwao and Kei Kusama educational scholarship fund	△45,950,000	-	△45,950,000
Tamami Togo educational scholarship fund	△21,000,000	△20,400,000	△600,000
Total transfer to unrestricted net assets	△71,950,000	△20,400,000	△51,550,000
④Gain on acquisition of businesses	-	300,027,587	△300,027,587
Increase and decrease in restricted net assets	△71,947,872	279,629,738	△351,577,610
Balance of restricted net assets at the beginning of year	279,629,738	-	279,629,738
Balance of restricted net assets at the end of year	207,681,866	279,629,738	△71,947,872
Balance of net assets at the end of year	43,027,525,020	43,946,417,499	△918,892,479

## 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. In addition the net transition obligation due to the change in accounting principle is amortized on a straight-line method over a period of time (15 years).

##### 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	27,771,427	2,128	5,000,000	22,773,555
Iwao and Kei Kusama educational scholarship fund	149,682,059	-	45,950,000	103,732,059
Tamami Togo educational scholarship fund	102,176,252	-	21,000,000	81,176,252
The Great East Japan Earthquake orphans support fund	3,025,078,184	2,335,398	-	3,027,413,582
Retirement benefit fund	399,372,483	51,363,934	40,384,534	410,351,883
Scholarship fund	5,950,000,000	-	2,250,000,000	3,700,000,000
Ashinaga Africa Initiative Fund	1,000,000,000	-	-	1,000,000,000
Total	10,657,080,405	53,701,460	2,362,334,534	8,348,447,331

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	22,773,555	(22,773,555)	–	–
Iwao and Kei Kusama educational scholarship fund	103,732,059	(103,732,059)	–	–
Tamami Togo educational scholarship fund	81,176,252	(81,176,252)	–	–
The Great East Japan Earthquake orphans support fund	3,027,413,582		(3,027,413,582)	–
Retirement benefit fund	410,351,883	–	(260,080)	(410,091,803)
Scholarship fund	3,700,000,000	–	(3,700,000,000)	–
Ashinaga Africa Initiative Fund	1,000,000,000	–	(1,000,000,000)	–
<b>Total</b>	<b>8,348,447,331</b>	<b>(207,681,866)</b>	<b>(7,730,673,662)</b>	<b>(410,091,803)</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	148,694,507	2,402,474,323
Facilities attached to buildings	126,257,913	56,120,740	70,137,173
Structures	33,787,254	18,833,204	14,954,050
Furniture and fixtures	49,939,180	22,006,674	27,932,506
Land	1,743,400,000	–	1,743,400,000
Software	109,372,809	58,202,235	51,170,574
Construction in progress	138,204,000	–	138,204,000
<b>Total</b>	<b>4,752,129,986</b>	<b>303,857,360</b>	<b>4,448,272,626</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	71,950,000
<b>Total</b>	<b>71,950,000</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>△ 410,091,803</u></u>

(3)Expense on retirement benefits

	yen
Service costs	51,443,414
Amortized amount of net transition obligation for change in accounting principles	3,997,016
Retirement benefits expense	<u><u>55,440,430</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.

(5) Amortization period of the obligation for change in accounting principle

15 years (processing completed in the current year)

7. Other

At the year-end, the Organization received the notifications that the Organization is bequeathed real estate properties from the executor. The appropriate values of real estate properties are recorded in the financial statements as of 31 March, 2021, but some real estate properties, which the details are not clear and they cannot be valued, are not recorded in the financial statements.

## 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	757,119,843	1,280,036,872	43,463,420	713,656,423	1,280,036,872
Accrued bonuses	46,148,868	49,620,394	46,148,868	–	49,620,394
Allowance for retirement benefits	399,372,483	51,103,854	40,384,534	–	410,091,803

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

## Independent Auditor's Report

June 7, 2021

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 supplementary schedules ("the financial statements and the supplementary schedules") of Ashinaga Foundation. ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 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 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 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 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 Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the 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 supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the 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.



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

Our objectives are to obtain reasonable assurance about whether the financial statements and the 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 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 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 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 supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the 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.