

# Balance Sheets

March 31, 2023 & 2022

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	2023	2022	Fluctuation
<b>Assets</b>			
Current assets:			
Cash on hand and in banks	3,620,658,243	3,655,643,340	△34,985,097
Accounts receivable	8,798,996	24,353,649	△15,554,653
Prepaid expenses	17,794,870	9,095,389	8,699,481
Expenses on preparation	26,050,000	4,517,239	21,532,761
Total current assets	3,673,302,109	3,693,609,617	△20,307,508
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	17,774,280	20,273,939	△2,499,659
Iwao and Kei Kusama educational scholarship fund	54,982,059	83,032,059	△28,050,000
Tamami Togo educational scholarship fund	40,676,252	60,776,252	△20,100,000
MUFG educational scholarship fund	1,074,680,000	500,000,000	574,680,000
Hisayo Funakoshi educational scholarship fund	90,000,128	-	90,000,128
The Great East Japan Earthquake orphans support fund	3,031,905,098	3,029,855,969	2,049,129
Retirement benefit fund	465,389,684	471,487,337	△6,097,653
Scholarship fund	2,200,000,000	2,200,000,000	-
Ashinaga Africa Initiative Fund	1,000,000,000	1,000,000,000	-
Total restricted assets	7,975,407,501	7,365,425,556	609,981,945
Unrestricted			
Educational scholarship loans	31,121,680,289	30,020,932,592	1,100,747,697
Buildings	2,247,553,669	2,325,013,996	△77,460,327
Facilities attached to buildings	40,132,073	48,631,463	△8,499,390
Structures	6,430,546	8,018,472	△1,587,926
Furniture and fixtures	16,604,246	21,317,833	△4,713,587
Land	1,743,400,000	1,743,400,000	-
Bequeathed building	59,727,766	85,702,663	△25,974,897
Bequeathed land	506,811,882	738,510,877	△231,698,995
Software	83,012,088	29,139,202	53,872,886
Construction in progress	125,554,000	125,554,000	-
Telephone subscription rights	1,352,624	1,352,624	-
Guaranty deposits receivable	107,622,016	107,857,016	△235,000
Money trust	107,893,286	16,834,013	91,059,273
Claims in bankruptcy, reorganization claims, and similar claims	434,381,250	382,708,250	51,673,000
Allowance for scholarship loans exemption	△1,215,307,958	△1,268,891,350	53,583,392
Total unrestricted	35,386,847,777	34,386,081,651	1,000,766,126
Total fixed assets	43,365,255,278	41,754,507,207	1,610,748,071
Total assets	47,038,557,387	45,448,116,824	1,590,440,563
<b>Liabilities</b>			
Current liabilities:			
Accrued amounts payable	59,976,722	63,601,395	△3,624,673
Deposits received	6,855,155	9,885,148	△3,029,993
Suspense receipt	4,375,987	12,000	4,363,987
Accrued bonuses	48,425,326	54,086,498	△5,661,172
Total current liabilities	119,633,190	127,585,041	△7,951,851
Long-term liabilities:			
Allowance for retirement benefits	465,389,684	471,487,337	△6,097,653
Asset Retirement Obligations	378,560,953	376,984,493	1,576,460
Total long-term liabilities	843,950,637	848,471,830	△4,521,193
Total liabilities	963,583,827	976,056,871	△12,473,044
<b>Net assets</b>			
Restricted net assets			
Yukio Itonaga educational scholarship fund	17,774,280	20,273,939	△2,499,659
Iwao and Kei Kusama educational scholarship fund	54,982,059	83,032,059	△28,050,000
Tamami Togo educational scholarship fund	40,676,252	60,776,252	△20,100,000
MUFG educational scholarship fund	1,074,680,000	500,000,000	574,680,000
Hisayo Funakoshi educational scholarship fund	90,000,128	-	90,000,128
Total restricted net assets	1,278,112,719	664,082,250	614,030,469
Amount appropriated to fundamental assets	-	-	-
Amount appropriated to restricted assets	(1,278,112,719)	(664,082,250)	(614,030,469)
Unrestricted net assets	44,796,860,841	43,807,977,703	988,883,138
Amount appropriated to fundamental assets	(3,000,000)	(3,000,000)	-
Amount appropriated to restricted assets	(6,231,905,098)	(6,229,855,969)	(2,049,129)
Total net assets	46,074,973,560	44,472,059,953	1,602,913,607
Total liabilities and net assets	47,038,557,387	45,448,116,824	1,590,440,563

Statements of Changes in Net assets

Year ended March 31, 2023 and 2022

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	2023	2022	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	2,049,129	2,442,387	△393,258
Donation received			
①Donations received	5,967,121,383	5,956,663,374	10,458,009
②The Great East Japan Earthquake and Tsunami orphans donations	149,236,927	176,843,872	△27,606,945
③Donation transfer on Yukio Itonaga educational scholarship fund	2,500,000	2,500,000	-
④Donation transfer on Iwao and Kei Kusama educational scholarship fund	28,050,000	20,700,000	7,350,000
⑤Donation transfer on Tamami Togo educational scholarship fund	20,100,000	20,400,000	△300,000
⑥Donation transfer on MUFG educational scholarship fund	241,320,000	-	241,320,000
⑦Donation transfer on Hisayo Funakoshi educational scholarship fund	10,000,000	-	10,000,000
Miscellaneous incomes			
①Board and lodging charges of "Kokoro Juku"	12,449,666	10,890,000	1,559,666
②Interest income on cash in banks	1,019,729	1,460,362	△440,633
③Other revenues	6,838,589	1,772,982	5,065,607
Total ordinary revenues	6,440,685,423	6,193,672,977	247,012,446
Ordinary expenditures:			
Activity expenditures:			
Salaries and allowances	550,277,468	638,030,829	△87,753,361
Retirement benefit expenses	34,235,306	38,909,415	△4,674,109
Legal welfare expenses	79,409,656	87,123,688	△7,714,032
Advertising expenses	9,521,016	-	9,521,016
Traveling and transportation expenses	72,728,309	17,113,164	55,615,145
Communication and haulage expenses	90,791,862	84,189,460	6,602,402
Depreciation of buildings	77,460,327	77,460,327	-
Depreciation of facilities attached to buildings	6,483,752	19,490,072	△13,006,320
Depreciation of structures	1,587,926	6,935,578	△5,347,652
Depreciation of furniture and fixtures	4,020,336	4,357,779	△337,443
Depreciation of intangible assets	18,727,114	889,232	17,837,882
Software development expenses	57,318,633	95,271,912	△37,953,279
Furniture and fixtures expenses	8,256,473	6,685,387	1,571,086
Supplies expenses	6,898,491	5,577,218	1,321,273
Repair expenses	65,974,017	66,005,252	△31,235
Print and bookbinding expenses	25,899,901	25,274,848	625,053
Utilities expenses	39,754,320	33,014,543	6,739,777
Rent expenses	91,694,844	85,578,086	6,116,758
Insurance expenses	8,679,217	4,528,427	4,150,790
Remuneration expenses	9,844,499	15,509,651	△5,665,152
Taxes and dues	62,829,991	40,304,900	22,525,091
Consignment expenses	239,953,146	223,638,788	16,314,358
Miscellaneous expenses	9,404,166	4,129,967	5,274,199
Remittance commission	27,077,107	30,165,347	△3,088,240
Book purchase expenses	583,924	9,274,240	△8,690,316
Account transfer commission	2,445,630	2,512,059	△66,429
Supply foods expenses	31,693,218	31,192,273	500,945
Staff training expenses	3,489,096	5,462,443	△1,973,347
AC advertising production costs	20,708,158	-	20,708,158
Student fund-raising campaign expenses	14,915,075	4,654,514	10,260,561
Full educational scholarship benefit payments	2,366,090,000	2,448,890,000	△82,800,000
Full educational scholarship benefit payments (Iwao and Kei Kusama benefits)	14,025,000	10,350,000	3,675,000
Full educational scholarship benefit payments (MUFG)	241,320,000	-	241,320,000
Overseas study support expenses	178,527,426	184,437,114	△5,909,688
Overseas offices support expenses	480,708,899	408,496,948	72,211,951
Bequest execution expenses	-	66,835,478	△66,835,478
Special contribution cost	196,982,636	-	196,982,636
Interest Expenses	1,576,460	1,576,460	-
Provision for Allowance for scholarship loans exemption	-	10,306,407	△10,306,407
Total activity expenditures	5,151,893,399	4,794,171,806	357,721,593

	2023	2022	Fluctuation
General and administrative expenses			
Salaries and allowances	114,109,786	147,627,706	△33,517,920
Retirement benefit expenses	13,067,603	32,893,202	△19,825,599
Legal welfare expenses	25,947,340	26,879,624	△932,284
Traveling and transportation expenses	6,888,240	5,497,891	1,390,349
Communication and haulage expenses	5,619,337	4,583,612	1,035,725
Depreciation of facilities attached to buildings	2,015,638	2,015,638	-
Depreciation of furniture and fixtures	2,918,554	2,809,694	108,860
Depreciation of intangible assets	-	25,841,340	△25,841,340
Furniture and fixtures expenses	1,191,686	2,432,935	△1,241,249
Supplies expenses	1,615,386	2,231,774	△616,388
Repair expenses	45,210	11,385	33,825
Print and bookbinding expenses	1,283,453	1,134,162	149,291
Utilities expenses	2,711,409	1,871,672	839,737
Rent expenses	23,982,671	27,908,103	△3,925,432
Insurance expenses	△661,459	110,153	△771,612
Taxes and dues	864,700	4,981,000	△4,116,300
Consignment expenses	68,795,445	73,315,088	△4,519,643
Miscellaneous expenses	4,005,043	9,951,853	△5,946,810
Remittance commission	1,346,152	1,278,433	67,719
Staff training expenses	971,116	1,336,944	△365,828
Directors' compensations	28,700,290	23,344,413	5,355,877
Audit fees	8,745,000	13,310,000	△4,565,000
Total general and administrative expenses	314,162,600	411,366,622	△97,204,022
Total ordinary expenditures	5,466,055,999	5,205,538,428	260,517,571
Increase and decrease in ordinary expenses	974,629,424	988,134,549	△13,505,125
Nonrecurring increase and decrease			
Nonrecurring revenues			
Reversal for Allowance for scholarship loans exemption	14,253,719	-	14,253,719
Total nonrecurring revenues	14,253,719	-	14,253,719
Nonrecurring expenditures			
Loss on disposal of fixed assets	5	-	5
Total nonrecurring expenditures	5	-	5
Increase and decrease in nonrecurring amount	14,253,714	-	14,253,714
Increase and decrease in unrestricted net assets	988,883,138	988,134,549	748,589
Balance of unrestricted net assets at the beginning of year	43,807,977,703	42,819,843,154	988,134,549
Balance of unrestricted net assets at the end of year	44,796,860,841	43,807,977,703	988,883,138
Increase and decrease in restricted net assets			
①Donations received			
MUFG educational scholarship fund	816,000,000	500,000,000	316,000,000
Hisayo Funakoshi educational scholarship fund	100,000,000	-	100,000,000
Total donation received	916,000,000	500,000,000	416,000,000
②Interest income			
Yukio Itonaga educational scholarship fund	341	384	△43
Hisayo Funakoshi educational scholarship fund	128	-	128
Total interest income	469	384	85
③Transfer to unrestricted net assets			
Yukio Itonaga educational scholarship fund	△2,500,000	△2,500,000	-
Iwao and Kei Kusama educational scholarship fund	△28,050,000	△20,700,000	△7,350,000
Tamami Togo educational scholarship fund	△20,100,000	△20,400,000	300,000
MUFG educational scholarship fund	△241,320,000	-	△241,320,000
Hisayo Funakoshi educational scholarship fund	△10,000,000	-	△10,000,000
Total transfer to unrestricted net assets	△301,970,000	△43,600,000	△258,370,000
Increase and decrease in restricted net assets	614,030,469	456,400,384	157,630,085
Balance of restricted net assets at the beginning of year	664,082,250	207,681,866	456,400,384
Balance of restricted net assets at the end of year	1,278,112,719	664,082,250	614,030,469
Balance of net assets at the end of year	46,074,973,560	44,472,059,953	1,602,913,607

## 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	20,273,939	341	2,500,000	17,774,280
Iwao and Kei Kusama educational scholarship fund	83,032,059	—	28,050,000	54,982,059
Tamami Togo educational scholarship fund	60,776,252	—	20,100,000	40,676,252
MUFG educational scholarship fund	500,000,000	816,000,000	241,320,000	1,074,680,000
Hisayo Funakoshi educational scholarship fund	—	100,000,128	10,000,000	90,000,128
The Great East Japan Earthquake orphans support fund	3,029,855,969	2,049,129	—	3,031,905,098
Retirement benefit fund	471,487,337	44,632,685	50,730,338	465,389,684
Scholarship fund	2,200,000,000	300,000,000	300,000,000	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>1,262,682,283</b>	<b>652,700,338</b>	<b>7,978,407,501</b>

yen

### 3. Details of financial resources for fundamental and restricted assets

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

	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	17,774,280	(17,774,280)	—	—
Iwao and Kei Kusama educational scholarship fund	54,982,059	(54,982,059)	—	—
Tamami Togo educational scholarship fund	40,676,252	(40,676,252)	—	—
MUFG educational scholarship fund	1,074,680,000	(1,074,680,000)	—	—
Hisayo Funakoshi educational scholarship fund	90,000,128	(90,000,128)	—	—
The Great East Japan Earthquake orphans support fund	3,031,905,098	—	(3,031,905,098)	—
Retirement benefit fund	465,389,684	—	—	(465,389,684)
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>7,978,407,501</b>	<b>(1,278,112,719)</b>	<b>(6,234,905,098)</b>	<b>(465,389,684)</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:

	Acquisition Cost	Accumulated Depreciation	Book Value
Buildings	2,551,168,830	303,615,161	2,247,553,669
Facilities attached to buildings	126,257,913	86,125,840	40,132,073
Structures	33,787,254	27,356,708	6,430,546
Furniture and fixtures	52,464,201	35,859,955	16,604,246
Land	1,743,400,000	—	1,743,400,000
Software	186,672,009	103,659,921	83,012,088
Construction in progress	125,554,000	—	125,554,000
<b>Total</b>	<b>4,819,304,207</b>	<b>556,617,585</b>	<b>4,262,686,622</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:

Amount transferred to ordinary revenues	
Restricted cancellation in scholarship loan or sponsorship benefits	301,970,000
<b>Total</b>	<b>301,970,000</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>△ 465,389,684</u>

(3)Expense on retirement benefits

	yen
Service costs	<u>47,302,909</u>
Retirement benefits expense	<u>47,302,909</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.

All expenses related to bequests were recorded as bequest execution expenses until the previous fiscal year, but from this fiscal year, they are recorded in the respective accounts. In addition, the amount borne by the Organizataion in connection with requests for reduction of bequests and bequests with burdens is recorded as special contribution cost.

## 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	1,268,891,350	1,215,307,958	39,329,673	1,229,561,677	1,215,307,958
Accrued bonuses	54,086,498	48,425,326	54,086,498	—	48,425,326
Allowance for retirement benefits	471,487,337	44,632,685	50,730,338	—	465,389,684

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

## **Independent Auditor's Report**

June 12, 2023

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, 2023 and for the year from April 1, 2022 to March 31, 2023 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.

### **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.

### **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.

### **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.