

Controller's Audit Report

Mar 10th, 2022

Médecins Sans Frontières, Japon

President: Takashi Kurumiya

In accordance with the Act on Promotion of Specified Non-profit Activities, Article 18, I have conducted the assessment of Médecins Sans Frontières, Japon (hereinafter MSFJ) for the business year started 1st January 2021 and ended 31st December 2021.

I. Summary of the methods used in the assessment:

(1) Financial Assessment

I attended the regular Board Meetings and got treasurer's report regarding the financial statements of MSFJ for 2021 discussed at Finance Committee as well as other important finance-related meetings. Furthermore, I obtained the explanation from the external auditors about the results of audit implemented for the Financial Statements for the above-mentioned period, in order to monitor and check the appropriateness of the method and process of the audit.

(2) Operational Assessment

I have monitored the appropriateness of the activities of the board members and operations of the MSFJ board for 2021, by obtaining explanation and opinions from the board members and office staff by attending the important meetings including regular board meetings.

II. Results of the Audit

(1) Financial Assessment

I believe that the methods and the results of audit implemented by the external auditors are appropriate. In my opinion, the financial statements referred to above are prepared without material misstatement, whether due to fraud or error, in accordance with the accounting standards generally accepted in Japan.

(2) Operational Assessment

In my opinion, the board members had engaged in proper activities in their execution of duties and there has been no serious violation of NPO Law of Japan as well as the Articles of Associations etc.

Richard SEBEL, Controller

Independent Auditor's Report

March 11, 2022

Médecins Sans Frontières Japon

To: Takashi Kurumiya, President

KPMG AZSA LLC, Tokyo Office
Designated Limited Liability Partner
Managing Partner
Tetsuaki Nomura, Certified Public Accountant

<Audit of Financial Statements>

Audit Opinion

We have audited the accompanying balance sheet of Médecins Sans Frontières Sans Frontières, a non-profit organization, as of January 1, 2021 through December 31, 2021, and the related statements of changes in net assets, notes to the financial statements, and an inventory of property (collectively, the audited (The documents are referred to as the "financial statements, etc.")). We have audited the financial statements, etc. (the "Financial Statements, etc.") of the Company.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations (changes in net assets) of the Company for the period, for which the financial statements were prepared, in conformity with accounting principles for public benefit corporations generally accepted in Japan.

Basis for Audit Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan.

Our responsibility is to express an opinion on these financial statements based on our audit. We are independent of the corporation and fulfill our other ethical responsibilities as auditors in accordance with the provisions of the Code of Professional Ethics in Japan. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

Responsibility of Board Members and Controller for Financial Statements, etc.

The board members are responsible for the preparation and proper presentation of financial statements, etc., in conformity with accounting standards for public interest corporations generally accepted in Japan. This includes the establishment and operation of such internal control as the board members determine is necessary to enable the preparation and fair presentation of the financial statements and other financial information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for evaluating whether it is appropriate to prepare the financial statements based on the going concern assumption, and for disclosing matters relating to the going concern if such disclosure is required under generally accepted accounting principles in Japan for public interest corporations. The following is a summary of the terms and conditions of the agreement.

The responsibility of the controller is to monitor the board members' performance of their duties in the development and

operation of the financial reporting process.

Auditor's Responsibility for the Audit of Financial Statements

The auditor's responsibility is to obtain reasonable assurance about whether the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, based on the audit performed by the auditor, and to express an opinion on the financial statements from an independent perspective in the auditor's report. A misstatement is considered to be material if it could have been caused by fraud or error and, individually or in the aggregate, could reasonably be expected to influence the decisions of users of the financial statements.

The auditor shall, in accordance with auditing standards generally accepted as fair and reasonable in Japan and throughout the course of the audit exercise professional judgement and maintain professional skepticism in doing the following

- Design and perform audit procedures that address the risks of material misstatement. The selection and application of audit procedures shall be at the auditor's discretion. In addition, obtain sufficient appropriate audit evidence to provide a basis for expressing an opinion.
- The purpose of an audit of financial statements is not to express an opinion on the effectiveness of internal control. However, in making those risk assessments, the auditor considers internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of the accounting policies and methods of application thereof adopted by the board members and the reasonableness of the accounting estimates made by the Director and the related notes.
- The board members concludes whether it is appropriate to prepare the financial statements on the going concern basis and, based on the audit evidence obtained, whether there is a material uncertainty about events or conditions that would cast significant doubt on the going concern basis. If a material uncertainty regarding the going concern assumption is recognized, the auditor is required to draw attention in the auditor's report to the notes to the financial statements or, if the notes to the financial statements are not appropriate with respect to the material uncertainty, to express an opinions with qualifications on the financial statements. The auditor's conclusion is based on audit evidence obtained up to the date of the auditor's report, but future events or circumstances may cause the corporation to cease to exist as a going concern.
- Evaluate whether the presentation and notes to the financial statements conform to generally accepted accounting principles for public benefit corporations in Japan, and whether the financial statements, including the related notes, present fairly the underlying transactions and accounting events, as well as the presentation, organization, and details of the financial statements and related notes.

The auditor shall report to the controller on the planned scope and timing of the audit, significant audit findings, including significant deficiencies in internal control, identified during the course of the audit, and other matters required by the audit standards.

Stake

We have no interest in or relationship with the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act.

Statement of Financial Activities

For the year ended December 31, 2021

(Unit : JPY)

	2021		2020		Changes	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
I. Non-earmarked Net Assets Changes						
1. Changes in Operating Item						
(1) Operating Revenues						
① Donations	11,170,418,816	100.0%	13,050,103,455	100.0%	(1,879,684,639)	-14.4%
Donations from private individuals	10,434,880,219	93.4%	11,539,600,859	88.4%	(1,104,720,640)	-9.6%
Donations from private companies	656,981,839	6.2%	1,424,682,326	6.2%	(767,700,487)	-53.9%
Donations from other organizations	78,556,758	0.7%	85,820,270	0.7%	(7,263,512)	-8.5%
② Public institutional funds etc.	750,732,410		806,586,772		(55,854,362)	-6.9%
Contributions to multilateral institutions	-		279,527,952		(279,527,952)	-
Grants from MSF Korea	750,732,410		527,058,820		223,673,590	42.4%
③ Other Revenues	6,361,028		13,234,340		(6,873,312)	-51.9%
Association membership fee	536,931		758,400		(221,469)	-29.2%
Interest income and revaluation gains etc.	5,824,097		12,475,940		(6,651,843)	-53.3%
Total Operating Revenues	11,927,512,254		13,869,924,567		(1,942,412,313)	-14.0%
(2) Operating Expenditures						
Social Mission Expenditures (①+②+③+④+⑤)	9,485,403,525	82.7%	11,078,389,799	83.5%	(1,592,986,274)	-14.4%
① Program & Program Support	8,855,453,542	77.2%	10,521,763,892	79.3%	(1,666,310,350)	-15.8%
Financial contribution to operational centers (Grants)	8,855,453,542		10,515,859,451		(1,660,405,909)	-15.8%
Other Program Support etc.	-		5,904,441		(5,904,441)	-100.0%
② Operational Support Project	81,064,702	0.7%	70,016,073	0.5%	11,048,629	15.8%
Personnel expenses	44,178,118		49,283,467		(5,105,349)	-10.4%
Others (Office rent, travel & depreciation etc.)	36,886,584		20,732,606		16,153,978	77.9%
③ Field HR management	132,215,878	1.2%	136,664,757	1.0%	(4,448,879)	-3.3%
Personnel expenses	83,318,528		80,533,955		2,784,573	3.5%
Others (Office rent, travel & depreciation etc.)	48,897,350		56,130,802		(7,233,452)	-12.9%
④ Advocacy activity	29,321,904	0.3%	19,335,706	0.1%	9,986,198	51.6%
Personnel expenses etc.	29,321,904		19,335,706		9,986,198	51.6%
⑤ Awareness-raising	387,347,499	3.4%	330,609,371	2.5%	56,738,128	17.2%
Personnel expenses	109,598,695		85,059,772		24,538,923	28.8%
Newsletter/Website related expenses	181,883,120		165,438,874		16,444,246	9.9%
Agent service fee	59,298,173		47,302,397		11,995,776	25.4%
Others (Office rent, travel & depreciation etc.)	36,567,511		32,808,328		3,759,183	11.5%
Fundraising	1,781,002,410	15.5%	1,966,949,938	14.8%	(185,947,528)	-9.5%
Personnel expenses	176,405,827		171,224,327		5,181,500	3.0%
Fundraising campaign expenses	1,176,611,224		1,346,362,480		(169,751,256)	-12.6%
Agency service fees and system-related costs	243,831,501		226,111,155		17,720,346	7.8%
Agent service fee	71,103,979		79,691,377		(8,587,398)	-10.8%
Printing fee	23,475,436		25,086,417		(1,610,981)	-6.4%
Others (Office rent, travel & depreciation etc.)	89,574,443		118,474,182		(28,899,739)	-24.4%
Management & General Administration	207,851,775	1.8%	225,477,099	1.7%	(17,625,324)	-7.8%
Personnel expenses	136,613,296		151,029,582		(14,416,286)	-9.5%
Association related expenses (except personnel)	4,784,948		7,984,290		(3,199,342)	-40.1%
Others (Office rent, travel & depreciation etc.)	66,453,531		66,463,227		(9,696)	0.0%
Other International Contributions etc.	441,367,989	-	414,766,886	-	26,601,103	6.4%
Contribution to DNDi	29,873,256		28,094,859		1,778,397	6.3%
Contribution to Campaign for Access to Essential Medicines	36,008,365		32,780,212		3,228,153	9.8%
Contributions to MSF International Office	184,026,918		157,565,381		26,461,537	16.8%
Financial support to MSF Korea	191,459,450		196,326,434		(4,866,984)	-2.5%
Total Operating Expenditures	11,915,625,699	100.0%	13,685,583,722	100.0%	(1,769,958,023)	-12.9%
Increase in Non-earmarked Net Assets	11,886,555		184,340,845		(172,454,290)	-
Non-earmarked Net Assets at Beginning of Year	1,175,478,320		991,137,475		184,340,845	-
Non-earmarked Net Assets at End of Year	1,187,364,875		1,175,478,320		11,886,555	-
II. Earmarked Net Assets Changes						
1. Accepted Earmarked Donations	279,210,576		3,087,992,427		(2,808,781,851)	-
2. Transfer to Non-earmarked Net Assets	279,210,576		3,120,765,784		(2,841,555,208)	-
Changes in Earmarked Net Assets	-		(32,773,357)		32,773,357	-
Earmarked Net Assets at Beginning of Year	-		32,773,357		(32,773,357)	-
Earmarked Net Assets at End of Year	-		-		-	-
III. Net Assets at End of Year to be carried forward	1,187,364,875		1,175,478,320		11,886,555	1.0%

Not-for-Profit Organization Médecins Sans Frontières Japon

Balance Sheet

As of December 31, 2020

(Unit : JPY)

	2021	2022	Changes	
			Amount	%
I Assets				
1. Current Assets				
Cash and deposit with banks	2,998,662,913	3,551,329,306	(552,666,393)	-15.6%
Accounts receivable	367,281,098	344,035,419	23,245,679	6.8%
Prepaid expenses	13,235,882	10,477,275	2,758,607	26.3%
Advances	-	1,125,398	(1,125,398)	-100.0%
Other current assets	1,244,316	31,533,949	(30,289,633)	-96.1%
Total Current Assets	3,380,424,209	3,938,501,347	(558,077,138)	-14.2%
2. Non Current Assets				
Building structures	-	8,952,589	(8,952,589)	-100.0%
Office equipment and fixtures	23,996,851	33,645,255	(9,648,404)	-28.7%
Software	43,026,623	14,208,491	28,818,132	202.8%
Long-term deposit	41,689,540	41,589,540	100,000	0.2%
Total Non Current Assets	108,713,014	98,395,875	10,317,139	10.5%
Total Assets	3,489,137,223	4,036,897,222	(547,759,999)	-13.6%
II Liabilities				
1. Current Liabilities				
Accounts payable	2,250,998,631	2,802,255,324	(551,256,693)	-19.7%
Deposits received etc.	387,717	9,554,778	(9,167,061)	-95.9%
Total Current Liabilities	2,251,386,348	2,811,810,102	(560,423,754)	-19.9%
2. Non Current Liabilities				
Provisions for retirement benefits	50,386,000	49,608,800	777,200	1.6%
Total Non Current Liabilities	50,386,000	49,608,800	777,200	1.6%
Total Liabilities	2,301,772,348	2,861,418,902	(559,646,554)	-19.6%
III Net Assets				
Earmarked Net Assets	-	-		
Non-earmarked Net Assets	1,187,364,875	1,175,478,320	11,886,555	1.0%
Total Net Assets	1,187,364,875	1,175,478,320	11,886,555	1.0%
Total Liabilities and Net Assets	3,489,137,223	4,036,897,222	(547,759,999)	-13.6%

Summary of Assets

As of December 31, 2021

(Unit: JPY)

	2021	2020	Changes
I. Assets			
1. Current Assets			
Cash and cash equivalents	2,998,662,913	3,551,329,306	(552,666,393)
Petty cash	2,995,527	132,369	2,863,158
Ordinary account (MUFG Bank, Ltd.)	673,654,267	1,264,395,695	(590,741,428)
Ordinary account (Sumitomo Mitsui Banking Corp.)	856,735,920	529,912,295	326,823,625
Ordinary account (Mizuho Bank Ltd.)	72,156,054	22,347,858	49,808,196
Transfer Saving Account (Japan Post Bank Co., Ltd.)	1,235,546,058	1,588,334,757	(352,788,699)
Ordinary account (Rakuten Bank Ltd.)	11,154,716	18,102,791	(6,948,075)
Ordinary account (SBI Sumishin Net Bank, Ltd.)	8,880,645	2,645,763	6,234,882
Ordinary account (Sumitomo Trust and Banking Co Ltd.)	27,705,343	18,687,129	9,018,214
Ordinary account (MUFG Trust and Banking Ltd.)	9,017,259	6,679,523	2,337,736
Fixed deposit (Sumitomo Mitsui Banking Corp.)	100,000,000	100,000,000	-
PayPal	817,124	91,126	725,998
Accounts receivable	367,281,098	344,035,419	23,245,679
Donation receivable from outsourced vendor	115,543,434	107,164,245	8,379,189
MSF Korea	100,590,000	76,907,849	23,682,151
MSF France	79,740,536	93,122,810	(13,382,274)
MSF International Office etc.	36,007,972	36,453,937	(445,965)
Other MSF offices (Expatriates related expenses etc.)	32,242,478	29,948,486	2,293,992
Others	3,156,678	438,092	2,718,586
Prepaid expenses	13,235,882	10,477,275	2,758,607
Advances	-	1,125,398	(1,125,398)
Other current assets	1,244,316	31,533,949	(30,289,633)
Gold ingot	-	31,256,089	(31,256,089)
Supplies	-	-	-
Suspense payment	1,244,316	277,860	966,456
Total Current Assets	3,380,424,209	3,938,501,347	(558,077,138)
2. Non Current Assets			
1) Specific purpose funds			
Reserve funds for grant to emergency program	-	-	-
2) Other Non Current Assets			
Building structures	-	8,952,589	(8,952,589)
Leasehold Improvements	-	8,952,589	(8,952,589)
Office equipment and fixtures	23,996,851	33,645,255	(9,648,404)
Furniture	1,867,553	1,989,597	(122,044)
Equipment and fixtures	22,129,298	31,655,658	(9,526,360)
Video equipment	-	-	-
Software	43,026,623	14,208,491	28,818,132
Long-term deposit	41,689,540	41,589,540	100,000
Office rent and others	41,689,540	41,589,540	100,000
Total Non Current Assets	108,713,014	98,395,875	10,317,139
Total Assets	3,489,137,223	4,036,897,222	(547,759,999)
II. Liabilities			
1. Current Liabilities			
Accounts payable (Grants etc.)	1,911,960,149	2,414,845,507	(502,885,358)
Grants for MSF France	1,312,403,542	1,555,795,507	(243,391,965)
Grants for MSF Spain	342,600,000	364,100,000	(21,500,000)
Grants for MSF Switzerland	85,600,000	91,250,000	(5,650,000)
Grants for MSF Holland	85,600,000	97,250,000	(11,650,000)
Grants for MSF Belgium	85,600,000	91,250,000	(5,650,000)
Grants for WaCA	156,607	215,200,000	(215,043,393)
Accounts payable (Other national expenses)	339,038,482	387,409,817	(48,371,335)
Deposits received etc.	387,717	9,554,778	(9,167,061)
Others	387,717	9,554,778	(9,167,061)
Total Current Liabilities	2,251,386,348	2,811,810,102	(560,423,754)
2. Non Current Liabilities			
Provisions for retirement benefits	50,386,000	49,608,800	777,200
Total Non Current Liabilities	50,386,000	49,608,800	777,200
Total Liabilities	2,301,772,348	2,861,418,902	(559,646,554)
III. Net Assets			
Earmarked Net Assets	-	-	-
Non-Earmarked Net Assets	1,187,364,875	1,175,478,320	11,886,555
Total Net Assets	1,187,364,875	1,175,478,320	11,886,555
Total Liabilities and Net Assets	3,489,137,223	4,036,897,222	(547,759,999)