

Independent Auditor's Report

March 13, 2023

Médecins Sans Frontières Japon

To: Yuko Nakajima, President

KPMG AZSA LLC, Tokyo Office

Designated Limited Liability Partner

Managing Partner

Noriaki 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, 2022 through December 31, 2022, 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 scepticism 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.

Controller's Audit Report

Mar 13th, 2023

Médecins Sans Frontières, Japon

President: Yuko Nakajima

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 2022 and ended 31st December 2022.

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 2022 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 2022, 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.

Mitsuyo MORIKAWA, Controller

Not-for-Profit Organization Médecins Sans Frontières Japon

Balance Sheet

As of December 31, 2022

(Unit : JPY)

	2022	2021	Changes	
			Amount	%
I Assets				
1. Current Assets				
Cash and deposit with banks	2,810,506,330	2,998,662,913	(188,156,583)	-6.3%
Accounts receivable	220,130,359	367,281,098	(147,150,739)	-40.1%
Prepaid expenses	11,089,782	13,235,882	(2,146,100)	-16.2%
Other current assets	-	1,244,316	(1,244,316)	-100.0%
Total Current Assets	3,041,726,471	3,380,424,209	(338,697,738)	-10.0%
2. Non Current Assets				
Building structures	2,143,955	-	2,143,955	0.0%
Office equipment and fixtures	15,697,561	23,996,851	(8,299,290)	-34.6%
Software	52,128,673	43,026,623	9,102,050	21.2%
Long-term deposit	40,302,940	41,689,540	(1,386,600)	-3.3%
Total Non Current Assets	110,273,129	108,713,014	1,560,115	1.4%
Total Assets	3,151,999,600	3,489,137,223	(337,137,623)	-9.7%
II Liabilities				
1. Current Liabilities				
Accounts payable	1,909,236,726	2,250,998,631	(341,761,905)	-15.2%
Deposits received etc.	343,641	387,717	(44,076)	-11.4%
Total Current Liabilities	1,909,580,367	2,251,386,348	(341,805,981)	-15.2%
2. Non Current Liabilities				
Provisions for retirement benefits	53,993,400	50,386,000	3,607,400	7.2%
Total Non Current Liabilities	53,993,400	50,386,000	3,607,400	7.2%
Total Liabilities	1,963,573,767	2,301,772,348	(338,198,581)	-14.7%
III Net Assets				
Earmarked Net Assets	-	-		
Non-earmarked Net Assets	1,188,425,833	1,187,364,875	1,060,958	0.1%
Total Net Assets	1,188,425,833	1,187,364,875	1,060,958	0.1%
Total Liabilities and Net Assets	3,151,999,600	3,489,137,223	(337,137,623)	-9.7%

Statement of Financial Activities

For the year ended December 31, 2022

(Unit : JPY)

	2022		2021		Changes	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
I. Non-earmarked Net Assets Changes						
1. Changes in Operating Item						
(1) Operating Revenues						
① Donations	13,006,036,409	100.0%	11,170,418,816	100.0%	1,835,617,593	16.4%
Donations from private individuals	11,852,813,891	91.1%	10,434,880,219	88.4%	1,417,933,672	13.6%
Donations from private companies	955,455,551	7.3%	656,981,839	6.2%	298,473,712	45.4%
Donations from other organizations	197,766,967	1.6%	78,556,758	0.7%	119,210,209	151.8%
② Public institutional funds etc.	12,534,641		750,732,410		(738,197,769)	-98.3%
Grants from Other MSF	12,534,641		750,732,410		(738,197,769)	-98.3%
③ Other Revenues	5,110,898		6,361,028		(1,250,130)	-19.7%
Association membership fee	594,157		536,931		57,226	10.7%
Interest income and revaluation gains etc.	4,516,741		5,824,097		(1,307,356)	-22.4%
Total Operating Revenues	13,023,681,948		11,927,512,254		1,096,169,694	9.2%
(2) Operating Expenditures						
Social Mission Expenditures (① + ② + ③ + ④ + ⑤)	10,261,046,185	82.4%	9,485,403,525	82.7%	775,642,660	8.2%
① Program & Program Support	9,666,173,990	77.7%	8,855,453,542	79.3%	810,720,448	9.2%
Financial contribution to operational centers (Grants)	9,663,014,454		8,855,453,542		807,560,912	9.1%
Other Program Support etc.	3,159,536		-		3,159,536	-
② Operational Support Project	78,013,658	0.6%	81,064,702	0.5%	(3,051,044)	-3.8%
Personnel expenses	38,199,001		44,178,118		(5,979,117)	-13.5%
Others (Office rent, travel & depreciation etc.)	39,814,657		36,886,584		2,928,073	7.9%
③ Field HR management	163,954,908	1.3%	132,215,878	1.0%	31,739,030	24.0%
Personnel expenses	97,724,071		83,318,528		14,405,543	17.3%
Others (Office rent, travel & depreciation etc.)	66,230,837		48,897,350		17,333,487	35.4%
④ Advocacy activity	30,398,170	0.2%	29,321,904	0.1%	1,076,266	3.7%
Personnel expenses etc.	30,398,170		29,321,904		1,076,266	3.7%
⑤ Awareness-raising	322,505,459	2.6%	387,347,499	2.5%	(64,842,040)	-16.7%
Personnel expenses	130,835,105		109,598,695		21,236,410	19.4%
Humanitarian aid public relations activities	100,158,713		181,883,120		(81,724,407)	-44.9%
Agent service fee	42,584,016		59,298,173		(16,714,157)	-28.2%
Others (Office rent, travel & depreciation etc.)	48,927,625		36,567,511		12,360,114	33.8%
Fundraising	1,913,172,154	15.4%	1,781,002,410	14.8%	132,169,744	7.4%
Personnel expenses	222,714,054		176,405,827		46,308,227	26.3%
Fundraising campaign expenses	1,341,112,487		1,176,611,224		164,501,263	14.0%
Agency service fee and system maintenance fee	139,564,994		243,831,501		(104,266,507)	-42.8%
Communication and postage	70,303,348		71,103,979		(800,631)	-1.1%
Printing fee	26,650,378		23,475,436		3,174,942	13.5%
Others (Office rent, travel & depreciation etc.)	112,826,893		89,574,443		23,252,450	26.0%
Management & General Administration	273,934,634	2.2%	207,851,775	1.7%	66,082,859	31.8%
Personnel expenses	140,823,511		136,613,296		4,210,215	3.1%
Association related expenses (except personnel)	10,925,932		4,784,948		6,140,984	128.3%
Others (Office rent, travel & depreciation etc.)	122,185,191		66,453,531		55,731,660	83.9%
Other International Contributions etc.	574,468,017	-	441,367,989	-	133,100,028	30.2%
Contribution to DNDi	23,546,455		29,873,256		(6,326,801)	-21.2%
Contribution to Campaign for Access to Essential Medicine	32,321,439		36,008,365		(3,686,926)	-10.2%
Contributions to MSF International Office	232,714,577		184,026,918		48,687,659	26.5%
Financial support to MSF Korea	285,885,546		191,459,450		94,426,096	49.3%
Total Operating Expenditures	13,022,620,990	100.0%	11,915,625,699	100.0%	1,106,995,291	9.3%
Increase in Non-earmarked Net Assets	1,060,958		11,886,555		(10,825,597)	-
Non-earmarked Net Assets at Beginning of Year	1,187,364,875		1,175,478,320		11,886,555	-
Non-earmarked Net Assets at End of Year	1,188,425,833		1,187,364,875		1,060,958	-
II. Earmarked Net Assets Changes						
1. Accepted Earmarked Donations	182,373,659		184,639,207		(2,265,548)	-
2. Transfer to Non-earmarked Net Assets	182,373,659		184,639,207		(2,265,548)	-
Changes in Earmarked Net Assets	-		-		-	-
Earmarked Net Assets at Beginning of Year	-		-		-	-
Earmarked Net Assets at End of Year	-		-		-	-
III. Net Assets at End of Year to be carried forward	1,188,425,833		1,187,364,875		1,060,958	0.1%

Not-for-profit Organization Médecins Sans Frontières Japon

Summary of Assets
As of December 31, 2022

(Unit: JPY)

	2022	2021	Changes
I. Assets			
1. Current Assets			
Cash and cash equivalents	2,810,506,330	2,998,662,913	(188,156,583)
Petty cash	21,000	2,995,527	(2,974,527)
Ordinary account (MUFG Bank,Ltd.)	1,187,949,629	673,654,267	514,295,362
Ordinary account (Sumitomo Mitsui Banking Corp.)	419,013,647	856,735,920	(437,722,273)
Ordinary account (Mizuho Bank Ltd.)	110,102,522	72,156,054	37,946,468
Transfer Saving Account (Japan Post Bank Co., Ltd.)	883,077,936	1,235,546,058	(352,468,122)
Ordinary account (Rakuten Bank Ltd.)	31,244,241	11,154,716	20,089,525
Ordinary account (SBI Sumishin Net Bank,Ltd.)	28,686,672	8,880,645	19,806,027
Ordinary account (Sumitomo Trust and Banking Co Ltd..)	37,703,378	27,705,343	9,998,035
Ordinary account (MUFG Trust and Banking Ltd.)	11,354,652	9,017,259	2,337,393
Fixed deposit (Sumitomo Mitsui Banking Corp.)	100,000,000	100,000,000	-
PayPal	1,352,653	817,124	535,529
Accounts receivable	220,130,359	367,281,098	(147,150,739)
Donation receivable from outsourced vendor	119,460,022	115,543,434	3,916,588
MSF Korea	-	100,590,000	(100,590,000)
MSF France	13,857,596	79,740,536	(65,882,940)
MSF International Office etc.	12,902,864	36,007,972	(23,105,108)
Other MSF offices (Expatriates related expenses etc.)	70,251,566	32,242,478	38,009,088
Others	3,658,311	3,156,678	501,633
Prepaid expenses	11,089,782	13,235,882	(2,146,100)
Advances	-	-	0
Other current assets	-	1,244,316	(1,244,316)
Gold ingot	-	-	0
Supplies	-	-	-
Suspense payment	-	1,244,316	-
Total Current Assets	3,041,726,471	3,380,424,209	(338,697,738)
2. Non Current Assets			
1) Specific purpose funds	-	-	-
Reserve funds for grant to emergency program	-	-	-
2) Other Non Current Assets	2,143,955	-	2,143,955
Building structures	2,143,955	-	2,143,955
Leasehold Improvements	15,697,561	23,996,851	(8,299,290)
Office equipment and fixtures	1,681,622	1,867,553	(185,931)
Furniture	14,015,939	22,129,298	(8,113,359)
Equipment and fixtures	-	-	0
Video equipment	52,128,673	43,026,623	9,102,050
Software	40,302,940	41,689,540	(1,386,600)
Long-term deposit	40,302,940	41,689,540	(1,386,600)
Office rent and others	110,273,129	108,713,014	1,560,115
Total Non Current Assets	3,151,999,600	3,489,137,223	(337,137,623)
Total Assets	-	-	0
II. Liabilities			
1. Current Liabilities			
Accounts payable (Grants etc.)	1,285,448,042	1,911,960,149	(626,512,107)
Grants for MSF France	657,054,454	1,312,403,542	(655,349,088)
Grants for MSF Spain	314,380,000	342,600,000	(28,220,000)
Grants for MSF Switzerland	78,495,000	85,600,000	(7,105,000)
Grants for MSF Holland	78,528,588	85,600,000	(7,071,412)
Grants for MSF Belgium	78,495,000	85,600,000	(7,105,000)
Grants for WaCA	78,495,000	156,607	78,338,393
Grants for WaCA	623,788,684	339,038,482	284,750,202
Accounts payable (Other national expenses)	343,641	387,717	(44,076)
Deposits received etc.	343,641	387,717	(44,076)
Others	-	-	0
Total Current Liabilities	1,909,580,367	2,251,386,348	-341,805,981
2. Non Current Liabilities			
Provisions for retirement benefits	53,993,400	50,386,000	3,607,400
Total Non Current Liabilities	53,993,400	50,386,000	3,607,400
Total Liabilities	1,963,573,767	2,301,772,348	(338,198,581)
III. Net Assets			
Earmarked Net Assets	-	-	0
Non-Earmarked Net Assets	1,188,425,833	1,187,364,875	1,060,958
Total Net Assets	1,188,425,833	1,187,364,875	1,060,958
Total Liabilities and Net Assets	3,151,999,600	3,489,137,223	(337,137,623)
	-	-	0

Notes to Financial Statements

1. Significant Accounting Policies

(1) Basis of Preparation of Financial Statements

The "Accounting Standards for Public Interest Corporations" (April 11, 2008, amended on October 16, 2009 by the Public Interest Corporation Commission, Cabinet Office) is adopted.

(2) Depreciation and Amortization Methods for Fixed Assets

① Property, plant and equipment are depreciated using the straight-line method.

Buildings and fixtures	3-5 years
------------------------	-----------

Furniture, fixtures and video equipment	3-15 years
---	------------

② Software: Straight-line method. 3-5 years

(3) Revenue Recognition

In principle, donation income is recognized on a cash basis.

In addition to monetary donations, MSF Japan also receives in-kind donation such as pharmaceuticals and software. The value of these in-kind donation is reasonably estimated at the time of acquisition, recognized as "donation income," and expensed when the business is placed in service.

(4) Basis of Allowance

Allowance for retirement benefits

To provide for the payment of retirement allowances to employees, the amount required at the end of the fiscal year is recorded based on the retirement allowance regulations.

(5) Consumption taxes are accounted for by the tax-included method.

(6) Operating Expenses

Expenses are presented separately by major activity.

① Social mission

Costs to support activities, including humanitarian assistance, staff recruitment for field activities, medical care and research and development, public relations and advocacy costs, etc.

② Fundraising expenses

③ Administrative expenses

④ Other expenses for MSF overseas offices and support for essential drug campaigns and new drug development initiatives

2. Increase/decrease in basic assets and specific assets - Not applicable.
3. Breakdown of basic assets, etc. of basic assets and specific assets - Not applicable.
4. Assets pledged as collateral - Not applicable.
5. Acquisition cost, accumulated depreciation and balance at the end of the current fiscal year for fixed assets

Acquisition cost, accumulated depreciation and balance at the end of the current period for fixed assets are as follows

(Unit: Yen)

	Acquisition cost	Accumulated depreciation	Balance at end of current fiscal year
Building accessories	54,016,634	51,872,679	2,143,955
Office furniture and fixtures	99,457,346	83,566,326	15,891,020
furniture	22,507,931	20,826,309	1,681,622
Furniture and fixtures	70,242,327	56,226,388	14,015,939
video equipment	6,513,629	6,513,629	-
software	119,371,518	67,242,845	52,128,673
Total	272,652,039	202,681,850	69,970,189

6. Amount of receivables, allowance for doubtful accounts and balance of such receivables as of the end of the current period

The amounts of receivables, the allowance for doubtful accounts, and the balances of such receivables as of the end of the current period are as follows

(Unit: Yen)

	Amount of claims	Balance of allowance for doubtful accounts at the end of current period	Balance of receivables at the end of current period
accounts receivable	220,130,359	-	220,130,359
total	220,130,359	-	220,130,359

7. Contingent liabilities such as guarantee obligations - Not applicable.

8. Breakdown of transfers from restricted fund to general fund

The breakdown of the amount transferred from restricted fund to general fund is as follows

(Unit: Yen)

	Amount
Transfer to ordinary revenues	182,373,659
Total	182,373,659

9. Allowance for retirement benefits

(1) Outline of the retirement benefit plan adopted – lump-sum retirement benefit plan in accordance with internal rules.

(2) Retirement benefit obligation and its breakdown

50,386,000 yen Retirement benefit obligation,

50,386,000 yen Allowance for retirement benefits

(3) Retirement benefit expenses 1,866,439

10. Breakdown of the allocation of humanitarian aid program support for the current fiscal year.

(Unit: Yen)

	Donations from domestic supporters	Total Program Support Funds
MSF France	5,683,454,454	5,683,454,454
MSF Spain	1,989,780,000	1,989,780,000
MSF Switzerland	497,445,000	497,445,000
MSF Netherlands	497,445,000	497,445,000
MSF Belgium	497,445,000	497,445,000
MSF WaCA	497,445,000	497,445,000
Total	9,663,014,454	9,663,014,454

11. Significant subsequent events – Not applicable.