

Treasurer's Report to the AGMM June 29, 2023

**BALANCE SHEET FISCAL 2022-20
COMPARED TO PREVIOUS YEAR**

Assets and receivables:	March 2023	March 2022
Cash and bank	53.99	53.05
Account receivable & others	29.04	24.83
Total cash and receivable	83.03	77.88
Fixed assets :		
Deposit and investment	167.18	143.67
Tangible and intangible assets	611.36	652.99
Grand total assets receivable	861.57	874.54
Liabilities and payables:		
Total payables	31.02	18.20
Deposit and reserved funds	77.86	79.80
Employees retirement and others	108.69	103.44
Future relocation fund	60.00	60.00
Fixed asset deficit	584.00	613.10
Grand total payables and liabilities	861.57	874.54

List of assets
As of March 31st, 2023

(Unit: JPY)

Items of Balance Sheet		Details	Purpose of use, etc.	Amount
(Current assets)				
	Cash on hand		Working capital	624,824
	Cash in banks	<Current & Time Deposits>		
		Head Office, MUFG Bank	Working capital	28,851,220
		Shinbashi Branch, MUFG Bank	Working capital	1,082,426
		Marunouchi Branch, Sumitomo	Working capital	20,335,759
		Tokyo Chuo Branch, Risona	Working capital	3,097,363
	Members accounts receivable	Uncollected dues from members	Monthly dues and chits for public interest services and revenue services	26,685,654
	Accounts receivable	Uncollected payments from (K.K.) Ariso	Facility rent for revenue services	656,513
	Prepaid expenses	For FCCJ staffs, The Dai-Ichi Life Insurance Co., Ltd. etc.	Staff transportation, Damage Insurance, etc.	1,028,564
	Advances/Suspense payments	Advances for members	Public interest services	11,702
	Inventories	FCCJ original goods	Sales to members	659,924
Total current assets				83,033,949
(Non-current assets)				
Specified assets				
	Fund for Deposit from Venders	<Time Deposits>		
	Asset for retirement benefit	Head Office, MUFG Bank	Deposits from Venders	2,800,000
		<Time Deposits>		
		Head Office, MUFG Bank	Retirement benefits for employees	53,558,879
		<Investment trust>		
		Sawakami Asset Management Inc.	Retirement benefits for employees	17,821,213
	Accumulated fund for scholarship	<Time Deposits>		
		Head Office, MUFG Bank	Scholarship program	11,018,231
	Accumulated fund for members deposit	<Time Deposits>		
		Head Office, MUFG Bank	Deposits from members	61,986,000
	Fund for future relocation	<Time Deposits>		
		Head Office, MUFG Bank	Future relocation fund	20,000,000
Other non-current assets				
	Facilities attached to buildings	Construction, Electrical, air conditioning, sanitation, etc.	Used for public interest services and revenue services	571,370,191
	Equipment and Fixtures	Furnitures, Sound equipment, etc.	Used for public interest services and revenue services	17,598,059
	Software	POS system, etc.	Used for public interest services and revenue services	1,804,369
	Deposit	Mitsubishi Jisho Property Management Co., Ltd.	Used for public interest services and revenue services	20,586,300
Total non-current assets				778,543,242
Total assets				861,577,191
(Current liabilities)				
	Accounts payable	For W&D LLC, (K.K.) Ariso, and others	For public interest services and revenue services	28,285,011
	Income taxes payable	Tokyo Metropolitan Government Tax Office (Chiyoda Branch)	Corporate Tax to Tokyo Metropolitan Government	70,000
	Accrued consumption taxes	Kojimachi Tax Office	Consumption Tax	525,800
	Advances received	From members, and others	For public interest services and revenue services	1,370,000
	Deposits	From staff employees, and others	Income tax, resident tax, and others	535,540
	Provisional payments	From members	Books and Magazines	238,466
Total of current liabilities				31,024,817
(Non-current liabilities)				
	Deposits	From members	Deposits from members	61,986,000
	Deposits	From (K.K.) Ariso	Deposit from (K.K.) Ariso	2,800,000
	Retirement Benefits	For staff employees	Retirement benefits for employees	105,887,031
	Provision for future relocation	Future relocation	Future relocation	60,000,000
Total of non-current liabilities				230,673,031
Total of liabilities				261,697,848
Total net assets				599,879,343
Total of liabilities and net assets				861,577,191

CASH RESERVE

March 2022	53.06	September 2022	49.26
April 2022	58.34	October 2022	45.04
May 2022	57.36	November 2022	42.76
June 2022	40.32	December 2022	45.18
July 2022	38.16	January 2023	40.86
August 2022	40.39	February 2023	41.55
		March 2023	53.99

Balance sheet ratio

	Actual March 2023	Recommended
Available cash	The cash balance of Y53.99 looks good. but the real cash balance is 13.99, because it owes 40 million to relocation fund	Y100 million
Fixed assets	Y778	It is positive because it is about 190 million more than MEC donated asset (584.01)
Account payable and current liabilities	Y31.02	It is positive because it is far less than current cash and receivables (Y83.03)
Members deposit account	Y61.98	For all members category
Staff pension account	Y71.38	Covers about 67%
Scholarship fund	Y11.01	Positive enough

P/L SHEET FISCAL 2022-2023 COMPARED TO PREVIOUS YEAR

	March 2023	March 2022
Operating income	314.12	300.58
Operating expenditure	369.38	347.96
Gross profit/loss	-55.26	-47.38
Non-operating revenue	29.78	29.51
Non-operating expenditure	3.61	7.24
Gros profit/loss	26.17	22.27
TOTAL NET PROFIT/LOSS	-29.09	-25.10

COMMENT ON P/L SHEET FISCAL 2022-2023

Although March 2023 operating revenue (314.12) compared to March 2022 (300.58) has increased Y13.54 or 4.31%, operating expenditure of March 2023 (369.38) compared to March 2022 (347.96) increased more Y21.42 or about 5.8%. Revenue increased because of more F&B related events was held after pandemic restriction was over. And the reason for higher expenditure is the out of budget payment for lawyer fees and some office equipment. Unfortunately this resulted a Y29.09 million loss for fiscal 2022.2023.

**CLUB'S MARCH 2023 MAIN REVENUE EARNER ITEMS
COMPARED TO FEBRUARY 2023 AND MARCH 2022**

	MARCH 2023		February 2023		March	2022	Comment
Number Due	1,369	20.77	1,380	20.73	1,406	21.28	37 membership drop and Y0.51 million less monthly due since March 2022
Initiation fee		0.62		0.26		1.68	4 new members joined in March 2022
Room rental		1.79		1.73		0.93	Since Pandemic started we have very few private party to generate room rental fee
Outsourcing commission		1.57		1.31		0.46	Slightly more than last month

Delinquencies

At the end of March 2023, the number of delinquent members and their overdue amount is as follow:

<u>Number of month</u>	<u>Number of members</u>	<u>Overdue amount Yen</u>
4 months overdue	2	Y95,863
5 months overdue	3	466,473
6 months overdue	4	662,414
<u>Suspended</u>	<u>17</u>	<u>3,427,367</u>
Total	26	4,652,117

Treasurer's comment

Although Club ended fiscal 2022-2023 with a cash reserve of Y53.99 million, which looks satisfactory, but because of below mentioned reason, Club possibly within two years would face financial difficulty and needs special attention and work to prevent shortage of cash and possible insolvency:

- 1- This year, 3 long time staffs would retire, which Club would have to pay Y42 million retirement allowance to them, and again next year two other staffs would be retiring, which their retirement allowance is about Y28 million. These two payments would dry-out staffs retirement fund completely, and there would be now any cash ready for those staffs which going to retire in the next 5 years.
- 2- The second and still big problem, Club's continued membership decline. In 2018, Club's membership number stood at 1,870, with monthly dues of Y27.52. In March 2023, the membership has fallen to 1,369, with monthly dues of Y20.77. since 2018 Club not only have 500 less members, also Y6.75 million less monthly dues or income, which is huge amount considering the expenses remains the same.

**What measure Club should take in helping
Club's shaky financial condition**

- a) Should take any possible action to increase the membership number to at least to 1,800.
- b) Reduced monthly rent to MEC is very vital to Club survival, and Club should strongly convince the MEC to keep the rent amount at present reduced level permanently.
- c) Now that pandemic danger is almost over, Club should return to pre-pandemic situation and start

F&B and entertainment event as same as before was held regularly.
- d) Hold as much as private banquets as much as possible and increase hourly room rental fees or any other way to increase room rental revenue.
- e) Any other possible way which earns more revenue for the Club.

With highest respect
Mehdi Bassiri
Treasurer