

Notes on Financial Statements

1. Key accounting policies

The Foundation applies the accounting standards for public interest corporations “*Agreement in liaison council of relevant agencies concerning guidance, supervision, etc. of public interest corporations and other organizations*”, October 14, 2004).

(1) Standards and methods for valuation of securities

The amortized cost method is applied to bonds intended to be held to maturity.

(2) Method of depreciation of fixed assets

Depreciable assets included in fixed assets are depreciated by the straight-line method.

(3) Standards for booking of reserves

1) Reserves for nonperforming loans are booked by the actual percentages of nonperforming loans for ordinary claims and booked in amounts expected to be nonrecoverable, based on a consideration of recoverability for specific claims, such as those associated with default risk concerns.

2) In preparation for the payment of bonuses to employees, the anticipated amount of employee bonuses payable attributable to the current fiscal year is booked as bonus reserves.

3) In preparation for payment of retirement benefits to employees, the amount of such benefits expected to arise at the end of the current fiscal year, based on retirement benefit obligations and pension assets at the end of the current fiscal year, is booked as employee retirement benefit reserves. Retirement benefit obligations are calculated based on the amount of benefits payable for employees leaving voluntarily as of the end of the year and the amount of liability reserves under pension finance calculations.

4) In preparation for payment of retirement benefits to executives, the amount payable as of the end of the fiscal year is booked as executive retirement benefit reserves.

(4) Accounting for consumption tax and other taxes

Consumption tax and other taxes have been booked by the tax-included method.

2. Additional information

The accounting categories of certain expenses booked as administrative expenses in the past have been changed as shown below, based on a review of the categories for operating costs and administrative expenses.

(1) Building management expenses:

Entire amount booked to the category of operating costs

(2) Business administration expenses:

Salaries, welfare expenses, transfers to bonus reserves, survey expenses, and miscellaneous expenses booked categorized into operating costs and administrative expenses

3. Increases/decreases in foundation assets and specified assets and balances thereof

Shown below are increases and decreases in foundation assets and in specified assets and balances of such assets.

(Units: yen)

Account	Balance at end of previous fiscal year	Increase during current fiscal year	Decrease during current fiscal year	Balance at end of current fiscal year
Basic Funds				
Land	14,703,073,248	0	0	14,703,073,248
Deposits	1,613,900,444	560,000,000	1,504,154,000	669,746,444
Money trusts	10,000,000,000		560,000,000	9,440,000,000
Securities	4,175,137,191	1,510,694,186	405,268	5,685,426,109
Subtotal	30,492,110,883	2,070,694,186	2,064,559,268	30,498,245,801
Specified assets				
Loan funds	204,500,000,000	109,905,500,000	109,905,500,000	204,500,000,000
Loan fund reserve assets	17,640,900,000	47,470,900,000	62,434,600,000	2,677,200,000
Long-term loans	186,859,100,000	62,434,600,000	47,470,900,000	201,822,800,000
Reserve for nonperforming loans	▲650,950,498	▲52,142,034	0	▲703,092,532
Operating cost parity fund reserve assets	23,446,644,394	13,561,217	0	23,460,205,611
		60,833	0	3,676,165,000
Fixed asset acquisition fund reserve assets	3,676,104,167	102,000,000	47,049,200	992,894,018
		53,092,532	0	703,092,532
Retirement benefit reserve assets	937,943,218			
Nonperforming loan reserve assets	650,000,000			
Subtotal	232,559,741,281	110,022,072,548	109,952,549,200	232,629,264,629
Total	263,051,852,164	112,092,766,734	112,017,108,468	263,127,510,430

4. Breakdown of sources of foundation assets and specified assets

A breakdown of sources of foundation assets and specified assets is shown below.

(Units: yen)

Account	Balance at end of current fiscal year	(Amount included in balance at left allocated from designated net assets)	(Amount included in balance at left allocated from general net assets)	(Amount included in balance at left corresponding to liabilities)
Basic funds				
Land	14,703,073,248	(553,554,668)	(14,149,518,580)	(—)
Deposits	669,746,444	(20,000,000)	(649,746,444)	(—)
Money trusts	9,440,000,000	(0)	(9,440,000,000)	(—)
Securities	5,685,426,109	(0)	(5,685,426,109)	(—)
Subtotal	30,498,245,801	(573,554,668)	(29,924,691,133)	(—)
Specified assets				
Loan funds	204,500,000,000	(0)	(204,500,000,000)	(—)
Loan fund reserve assets	2,677,200,000	(0)	(2,677,200,000)	(—)
Long-term loans	201,822,800,000	(0)	(201,822,800,000)	(—)
Reserve for nonperforming loans	▲703,092,532	(0)	(▲703,092,532)	(—)
Operating cost parity fund reserve assets	23,460,205,611	(0)	(23,460,205,611)	(—)
Fixed asset acquisition fund reserve assets	3,676,165,000	(0)	(3,676,165,000)	(—)
Retirement benefit reserve assets	992,894,018	(0)	(0)	(992,894,018)
Nonperforming loan reserve assets	703,092,532	(0)	(703,092,532)	(—)
Subtotal	232,629,264,629	(0)	(231,636,370,611)	(992,894,018)
Total	263,127,510,430	(573,554,668)	(261,561,061,744)	(992,894,018)

5. Fixed asset acquisition prices, cumulative depreciation, and balances at end of fiscal year

Shown below are acquisition prices, cumulative depreciation amounts, and balances at the end of the current fiscal year for fixed assets.

(Units: yen)

Account	Acquisition price	Cumulative depreciation	Balance at end of current fiscal year
Buildings	5,765,762,960	3,133,563,076	2,632,199,884
Structures	224,412,131	96,801,079	127,611,052
Machinery and equipment	2,992,637	2,932,784	59,853
Vehicles and transportation equipment	26,731,855	16,919,808	9,812,047
Fixtures	631,217,942	396,055,410	235,162,532
Software	689,719,648	439,092,713	250,626,935
Trademarks	1,048,235	196,546	851,689
Total	7,341,885,408	4,085,561,416	3,256,323,992

6. Breakdown of bonds intended to be held to maturity, book values, market values, and revaluation gains/losses

(Units: yen)

Issue	Book value	Market value	Revaluation gains/losses
Government bonds	399,874,800	400,892,400	1,017,600
Municipal bonds	3,266,716,111	3,338,186,100	71,469,989
Bank debentures	1,000,000,000	1,005,749,000	5,749,000
Special bonds	20,292,654,809	20,241,942,200	▲50,712,609
Money trusts	14,140,000,000	14,420,966,826	280,966,826
Total	39,099,245,720	39,407,736,526	308,490,806

7. Retirement benefits

(1) Summary of retirement benefit system employed

A defined-benefit corporate pension fund system and a defined-benefit system of lump-sum retirement benefits have been established.

(2) Retirement benefit obligations and breakdown thereof

(Units: yen)

(i) Retirement benefit obligations	▲1,042,295,926
(ii) Pension assets	138,511,586
(iii) Retirement benefit reserves ((i) + (ii))	▲903,784,340

(3) Retirement benefit expenses

(Units: yen)

(i) Labor costs	112,408,939
(ii) Retirement benefit expenses	112,408,939

(4) Basis for calculating retirement benefit obligations, etc.

Retirement benefit obligations were calculated from the amount of benefits payable to employees leaving voluntarily as of the end of the year under the system of lump-sum retirement benefits and from the amount of liability reserves indicated by pension finance calculations under the corporate pension fund system.