

Notes on Financial Statements

The Foundation, starting from the current fiscal year, applies the “accounting standards for public interest corporations” (established by the Japanese Cabinet Office’s Public Interest Corporation Commission on April 11, 2008, and revised on October 16, 2009).

1. Key accounting policies

(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 non-recoverable, 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 fiscal year and the amount of liability reserves under pension finance calculations.
- 4) In preparation for lump-sum retirement payment to executives, the amount payable as of the end of the fiscal year is booked as executive retirement benefit reserves.

(4) Scope of funds in the cash flow statement

In the cash flow statement, the funds (cash and cash equivalents) refers to the deposits that can be provisionally withdrawn and easily convertible assets, included cash on hand and current assets; as well as short-term investments not subject to significant price fluctuations that are redeemable within three months of the date of acquisition.

(5) Accounting for consumption tax and other taxes

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

2. Increases/decreases in basic funds and specified assets and balances thereof

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

(Unit: 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	13,010,467,456	0	0	13,010,467,456
Deposits	2,049,746,444	0	1,230,000,000	819,746,444
Money trusts	8,460,000,000	0	970,000,000	7,490,000,000
Securities	5,290,333,922	2,205,815,618	1,215,805	7,494,933,735
Subtotal	28,810,547,822	2,205,815,618	2,201,215,805	28,815,147,635
Specified assets				
Grants received	905,879,987	22,814,458,808	19,835,280,755	3,885,058,040
Donations received	568,831,908	4,909,782,804	2,960,137,636	2,518,477,076
Loan funds	204,500,000,000	87,608,500,000	87,608,500,000	204,500,000,000
Loan fund reserve assets	9,014,900,000	48,995,000,000	38,613,500,000	19,396,400,000
Long-term loans	195,485,100,000	38,613,500,000	48,995,000,000	185,103,600,000
Reserve for nonperforming loans	▲ 681,023,462	0	▲ 36,862,934	▲ 644,160,528
Operating cost parity fund reserve assets	23,468,751,933	0	2,891,453,678	20,577,298,255
Fixed asset acquisition fund reserve assets	3,676,165,000	0	0	3,676,165,000
Lump-sum retirement payment assets	198,154,045	27,770,675	45,738,000	180,186,720
Retirement benefit reserve assets	797,362,211	35,995,000	75,167,483	758,189,728
Nonperforming loan reserve assets	681,023,462	0	36,862,934	644,160,528
Buildings (specified)	2,353,426,500	0	104,493,110	2,248,933,390
Structures (specified)	117,142,978	0	10,468,074	106,674,904
Vehicles and transportation equipment (specified)	5,877,425	225,949,647	110,883,025	120,944,047
Fixtures (specified)	186,687,318	22,696,095	50,512,860	158,870,553
Land (specified)	704,571,640	0	0	704,571,640
Software (specified)	158,391,654	57,907,290	78,151,020	138,147,924
Copyrights (specified)	3,524,500	0	0	3,524,500
Trademarks (specified)	1,706,266	587,314	221,211	2,072,369
Telephone subscription rights (specified)	3,299,292	0	0	3,299,292
Security deposits (specified)	66,180	547,880	35,680	578,380
Donated goods received (specified)	0	90,000,000	0	90,000,000
Subtotal	237,649,838,837	115,794,195,513	113,771,042,532	239,672,991,818
Total	266,460,386,659	118,000,011,131	115,972,258,337	268,488,139,453

3. Breakdown of sources of basic funds and specified assets

A breakdown of sources of basic funds and specified assets is shown below.

(Unit: Yen)

Account	Balance at end of current fiscal year	Amount included in balance allocated from designated net assets (in parentheses)	Amount included in balance allocated from general net assets (in parentheses)	Amount included in balance corresponding to liabilities (in parentheses)
Basic funds				
Land	13,010,467,456	(13,010,467,456)	(0)	(—)
Deposits	819,746,444	(819,746,444)	(0)	(—)
Money trusts	7,490,000,000	(7,490,000,000)	(0)	(—)
Securities	7,494,933,735	(7,494,933,735)	(0)	(—)
Subtotal	28,815,147,635	(28,815,147,635)	(0)	(—)
Specified assets				
Grants received	3,885,058,040	(3,885,058,040)	(0)	(—)
Donations received	2,518,477,076	(2,518,477,076)	(0)	(—)
Loan funds	204,500,000,000	(204,500,000,000)	(0)	(—)
Loan funds reserve assets	19,396,400,000	(19,396,400,000)	(0)	(—)
Long-term loans	185,103,600,000	(185,103,600,000)	(0)	(—)
Reserve for nonperforming loans	▲ 644,160,528	(▲ 644,160,528)	(0)	(—)
Operating cost parity fund reserve assets	20,577,298,255	(20,577,298,255)	(0)	(—)
Fixed asset acquisition fund reserve assets	3,676,165,000	(3,676,165,000)	(0)	(—)
Executive lump-sum retirement payment assets	180,186,720	(0)	(0)	(▲ 180,186,720)
Retirement benefit reserve assets	758,189,728	(0)	(0)	(▲ 758,189,728)
Nonperforming loan reserve assets	644,160,528	(644,160,528)	(0)	(—)
Buildings (specified)	2,248,933,390	(2,248,933,390)	(0)	(—)
Structures (specified)	106,674,904	(106,674,904)	(0)	(—)
Vehicles and transportation equipment (specified)	120,944,047	(120,944,047)	(0)	(—)
Fixtures (specified)	158,870,553	(158,870,553)	(0)	(—)
Land (specified)	704,571,640	(704,571,640)	(0)	(—)
Software (specified)	138,147,924	(138,147,924)	(0)	(—)
Copyrights (specified)	3,524,500	(3,524,500)	(0)	(—)
Trademarks (specified)	2,072,369	(2,072,369)	(0)	(—)
Telephone subscription rights (specified)	3,299,292	(3,299,292)	(0)	(—)
Security deposits(specified)	578,380	(578,380)	(0)	(—)
Donated goods received (specified)	90,000,000	(90,000,000)	(0)	(—)
Subtotal	239,672,991,818	(238,734,615,370)	(0)	(▲ 938,376,448)
Total	268,488,139,453	(267,549,763,005)	(0)	(▲ 938,376,448)

4. 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.

(Unit: Yen)

Account	Acquisition price	Cumulative depreciation	Balance at end of current fiscal year
Buildings (specified)	4,210,965,065	1,962,031,675	2,248,933,390
Structures (specified)	224,412,131	117,737,227	106,674,904
Vehicles and transportation equipment (specified)	235,442,972	114,498,925	120,944,047
Fixtures (specified)	646,827,211	487,956,658	158,870,553
Software (specified)	757,087,438	618,939,514	138,147,924
Trademarks (specified)	2,701,549	629,180	2,072,369
Total	6,077,436,366	3,301,793,179	2,775,643,187

5. Breakdown of bonds, book value, market value, and revaluation of gains/losses

Shown below are the breakdown of bonds intended to be held to maturity, book values, market values, and revaluation gains/losses.

(Unit: Yen)

Item	Book value	Market value	Revaluation gains/losses
Municipal bonds	2,498,671,063	2,524,361,900	25,690,837
Special bonds	20,297,174,927	20,278,097,300	▲ 19,077,627
Money trusts	11,190,000,000	11,597,531,987	407,531,987
Total	33,985,845,990	34,399,991,187	414,145,197

6. Breakdown of subsidies, grant providers, and gains/losses and balances at end of the current fiscal year

The breakdown of subsidies, etc. and the grant providers, and the gains/losses and balances at the end of the current fiscal year are as follows.

(Unit: Yen)

Name of subsidy, etc.	Provider	Balance at end of previous fiscal year	Gain for current fiscal year	Loss for current fiscal year	Balance at end of current fiscal year	Classification listed for balance sheet
Grants based on the Motorboat Racing Law	33 boat-race operators	905,879,987	22,814,458,808	19,835,280,755	3,885,058,040	Designated net assets
Total		905,879,987	22,814,458,808	19,835,280,755	3,885,058,040	

7. Breakdown of amounts transferred from designated net assets to general net assets

The breakdown of the amounts transferred from designated net assets to general net assets are as follows.

(Unit: Yen)

Transfers	Amount
Amount transferred to ordinary revenue	
Amount transferred for allocated operating costs	24,895,403,540
Amount transferred for allocated administrative costs	747,695,513
Amount transferred for allocated depreciation costs	353,535,270
Amount transferred for extraordinary revenue	
Amount undesignated from sale and elimination of fixed assets	1,229,710
Total	25,997,864,033

8. Scope of funds in the cash flow statement and important non-fund transactions

(1) Cash and cash equivalents balance at the end of the previous fiscal year and the relation to the monetary figures listed in the balance sheet

Previous fiscal year		Current fiscal year	
Cash and demand deposits	¥999,199,028	Cash and demand deposits	¥1,042,070,734
Cash and cash equivalents	¥999,199,028	Cash and cash equivalents	¥1,042,070,734

(2) Important non-fund transactions

Previous fiscal year	Current fiscal year
Not applicable	¥302,022,750 in fixed assets from actual goods donated

9. Retirement benefits

(1) Summary of retirement benefit system employed

A system for retirement lump sum grants has been established.

(2) Retirement benefit obligations and breakdown thereof

(Unit: Yen)

① Retirement benefit obligations	▲ 818,128,653
② Retirement benefit reserves (①+②)	▲ 818,128,653

(3) Retirement benefit expenses

(Unit: Yen)

③ Labor costs	66,963,900
④ Retirement benefit expenses	66,963,900

(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.

10. Major subsequent events

There are no major subsequent events.