

Notes on Financial Statements

1. Key accounting policies

Beginning this fiscal year, the Foundation has applied the accounting standards for nonprofit organizations (*Koeki hojinto no shido kantokuto ni kansuru kankei shocho renrakukaigi moshawase* ["Agreement in liaison council of relevant agencies concerning guidance, supervision, etc. of nonprofits and other organizations"], final revision, 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 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 individual claims, such as those for which default risk concerns exist.

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

3) In preparation to pay retirement benefits to employees, the amount 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 benefits 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. The difference arising upon the change in accounting standards (40,003,466 yen) has been booked as an expense in one lump sum in the fiscal year in which it arose.

4) In preparation to pay retirement benefits to executives, the amount payable as of the end of the fiscal year has been 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. Increases/decreases in foundation assets and specified assets and balances thereof

Increases and decreases in foundation assets and specified assets and the balances of such assets are shown below.

(Units: yen)

Account	Balance at end of previous fiscal year	Increase in current fiscal year	Decrease in current fiscal year	Balance at end of current fiscal year
Foundation assets				
Land	14,703,073,248	0	0	14,703,073,248
Deposits	2,515,286,444	998,614,000	1,900,000,000	1,613,900,444
Money trusts	10,000,000,000	0	0	10,000,000,000
Securities	3,262,858,000	1,910,893,191	998,614,000	4,175,137,191
Subtotal	30,481,217,692	2,909,507,191	2,898,614,000	30,492,110,883
Specified assets				
Loan funds	202,900,000,000	103,054,500,000	101,454,500,000	204,500,000,000
Loan fund reserve assets	21,286,100,000	49,233,400,000	52,878,600,000	17,640,900,000
Long-term loans	181,613,900,000	53,821,100,000	48,575,900,000	186,859,100,000
Operating-cost parity fund reserve assets	21,617,700,000	2,128,584,394	299,640,000	23,446,644,394
Fixed-asset acquisition fund reserve assets	3,675,800,000	304,167	0	3,676,104,167
Retirement benefits reserve assets	891,802,058	107,512,879	61,371,719	937,943,218
Nonperforming loan reserve assets	1,000,000,000	0	350,000,000	650,000,000
Reserve for nonperforming loans	1,000,000,000	0	349,049,502	650,950,498
Subtotal	229,085,302,058	105,290,901,440	101,816,462,217	232,559,741,281
Total	259,566,519,750	108,200,408,631	104,715,076,217	263,051,852,164

3. 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)
Foundation assets				
Land	14,703,073,248	(553,554,668)	(14,149,518,580)	(-)
Deposits	1,613,900,444	(20,000,000)	(1,593,900,444)	(-)
Money trusts	10,000,000,000	(0)	(10,000,000,000)	(-)
Securities	4,175,137,191	(0)	(4,175,137,191)	(-)
Subtotal	30,492,110,883	(573,554,668)	(29,918,556,215)	(-)
Specified assets				
Loan funds	204,500,000,000	(0)	(204,500,000,000)	(-)
Loan fund reserve assets	17,640,900,000	(0)	(17,640,900,000)	(-)
Long-term loans	186,859,100,000	(0)	(186,859,100,000)	(-)
Operating-cost parity fund reserve assets	23,446,644,394	(0)	(23,446,644,394)	(-)
Fixed-asset acquisition fund reserve assets	3,676,104,167	(0)	(3,676,104,167)	(-)
Retirement benefits reserve assets	937,943,218	(0)	(0)	(937,943,218)
Nonperforming loan reserve assets	650,000,000	(0)	(650,000,000)	(-)
Reserve for nonperforming loans	650,950,498	(0)	(650,950,498)	(-)
Subtotal	232,559,741,281	(0)	(231,621,798,063)	(937,943,218)
Total	263,051,852,164	(573,554,668)	(261,540,354,278)	(937,943,218)

4. Fixed-asset acquisition price, cumulative depreciation, and balance at end of fiscal year

The acquisition price, cumulative depreciation, and balance at the end of the current fiscal year for fixed assets are shown below.

(Units: yen)

Account	Acquisition price	Cumulative depreciation	Balance at end of current fiscal year
Buildings	5,767,991,206	3,011,266,334	2,756,724,872
Structures	224,412,131	86,333,005	138,079,126
Machinery and equipment	2,992,637	2,902,858	89,779
Vehicles and transportation equipment	26,731,855	12,926,070	13,805,785
Fixtures	582,946,336	344,090,642	238,855,694
Software	659,592,038	322,652,991	336,939,047
Trademarks	895,620	93,835	801,785
Total	7,265,561,823	3,780,265,735	3,485,296,088

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

A breakdown of bonds intended to be held to maturity, as well as their book values, market values, and revaluation gains/losses, are shown below.

(Units: yen)

Issue, etc.	Book value	Market value	Revaluation gains/losses
Treasury bonds	899,563,567	902,650,000	3,086,433
Municipal bonds	3,050,682,698	3,094,113,300	43,430,602
Bank debentures	1,698,715,368	1,704,430,000	5,714,632
Special bonds	21,486,373,119	21,289,275,000	197,098,119
Money trusts	15,000,000,000	15,297,363,970	297,363,970
Total	42,135,334,752	42,287,832,270	152,497,518

6. Impairment losses

Impairment losses have been booked for the following fixed assets:

(Units: yen)

Type	Location	Amount of impairment losses
Land	Shibuya-ku, Tokyo	1,475,026,800
Land	Ashigara-shimo-gun, Kanagawa Prefecture	85,608,100
Land	Agatsuma-gun, Gunma Prefecture	2,033,321
Total		1,562,668,221

(Method of calculating valuation amounts)

Based on information including appraised value of real estate

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 benefits obligations and breakdown thereof

(Units: yen)

(i) Retirement benefits obligations	973,036,456
(ii) Pension assets	132,502,052
(iii) Unprocessed amount of difference arising upon change in accounting standards	0
(iv) Retirement benefit reserves ((i) + (ii) + (iii))	840,534,404

(3) Retirement benefits expenses

(Units: yen)

(i) Labor costs	96,350,003
(ii) Processed amount of cost differential arising upon change in accounting standards	40,003,466
(iii) Retirement benefits expenses ((i) + (ii))	136,353,469

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

Retirement benefits obligations have been calculated based on the amount of benefits payable for employees leaving voluntarily as of the end of the year under the system of lump-sum retirement benefits and the amount of liability reserves according to pension finance calculations under the corporate pension fund system.

(5) The difference arising upon the change in accounting standards has been booked in one lump sum for the current fiscal year.