

Notes on Financial Statements

The Foundation 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In the cash flow statement, the funds (cash and cash equivalents) refers to the deposits that can be provisionally withdrawn and easily convertible assets, included within cash on hand and current assets; as well as short-term investments not subject to significant price fluctuations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. Change in the Disclosure Method

(Related to the Statement of Increase/Decrease in Net Assets)

- (1) Starting this fiscal year, expenditures on business expenses that were listed as “payment of donations” the

previous fiscal year will be listed as “Funds to foster a donation culture” because it is approved as a specific task under the Motorboat Racing Law.

(2) In previous financial statements, under the heading “Ordinary revenues,” the amount transferred from interest earned on securities to designated net assets was listed as “Interest earned on basic funds” or “Interest earned on specified assets,” in accordance with the amortized cost method, but starting this fiscal year, in order to increase transparency, it is listed as “Amount transferred to interest earned on basic funds” or “Amount transferred to interest earned on specified assets.” For the previous fiscal year, the figures for “Amount transferred to interest earned on basic funds” and “Amount transferred to interest earned on specified assets” were, respectively, ¥13,306,138 and ¥13,150,000.

3. 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	819,746,444	0	500,000,000	319,746,444
Money trusts	7,490,000,000	0	0	7,490,000,000
Securities	7,494,933,735	505,604,820	1,215,805	7,999,322,750
Subtotal	28,815,147,635	505,604,820	501,215,805	28,819,536,650
Specified assets				
Grant received	3,885,058,040	24,478,115,478	24,266,091,558	4,097,081,960
Donations received	2,518,477,076	3,331,079,938	3,544,907,476	2,304,649,538
Loan funds	204,500,000,000	89,256,700,000	89,256,700,000	204,500,000,000
Loan fund reserve assets	19,396,400,000	49,373,100,000	39,883,600,000	28,885,900,000
Long-term loans	185,103,600,000	39,883,600,000	49,373,100,000	175,614,100,000
Deposit Insurance Corporation support fund	-	5,250,000,000	0	5,250,000,000
Reserve for nonperforming loans	▲ 644,160,528	0	▲ 54,097,152	▲ 590,063,376
Operating cost parity fund reserve	20,577,298,255	1,008,522,731	0	21,585,820,986
Fixed asset acquisition fund reserve	3,676,165,000	1,000,000,000	0	4,676,165,000
Lump-sum retirement payment	180,186,720	23,000,000	437,500	202,749,220
Retirement benefit reserve assets	758,189,728	136,000,000	39,658,332	854,531,396
Nonperforming loan reserve assets	644,160,528	0	54,097,152	590,063,376
Buildings (specified)	2,248,933,390	15,960,000	113,948,017	2,150,945,373
Structures (specified)	106,674,904	0	10,467,837	96,207,067
Vehicles and transportation	120,944,047	0	109,755,467	11,188,580
Fixtures (specified)	158,870,553	32,720,127	47,433,490	144,157,190
Land (specified)	704,571,640	0	0	704,571,640
Software (specified)	138,147,924	0	64,010,391	74,137,533

Copyrights (specified)	3,524,500	0	0	3,524,500
Trademarks (specified)	2,072,369	0	270,154	1,802,215
Telephone subscription rights	3,299,292	0	0	3,299,292
Security deposits (specified)	578,380	6,687,280	0	7,265,660
Received donation	90,000,000	0	0	90,000,000
Subtotal	239,672,991,818	124,538,785,554	117,453,680,222	246,758,097,150
Total	268,488,139,453	125,044,390,374	117,954,896,027	275,577,633,800

4. 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	319,746,444	(319,746,444)	(0)	(—)
Money trusts	7,490,000,000	(7,490,000,000)	(0)	(—)
Securities	7,999,322,750	(7,999,322,750)	(0)	(—)
Subtotal	28,819,536,650	(28,819,536,650)	(0)	(—)
Specified assets				(—)
Received grant assets	4,097,081,960	(4,097,081,960)	(0)	(—)
Received donation assets	2,304,649,538	(2,304,649,538)	(0)	(—)
Loan funds	204,500,000,000	(204,500,000,000)	(0)	(—)
Loan funds reserve assets	28,885,900,000	(28,885,900,000)	(0)	(—)
Long-term loans	175,614,100,000	(175,614,100,000)	(0)	(—)
Deposit Insurance Corporation	5,250,000,000	(5,250,000,000)	(0)	(—)
Reserve for nonperforming	▲ 590,063,376	(▲ 590,063,376)	(0)	(—)
Operating cost parity fund reserve	21,585,820,986	(21,585,820,986)	(0)	(—)
Fixed asset acquisition fund	4,676,165,000	(4,676,165,000)	(0)	(—)
Executive lump-sum retirement	202,749,220	(—)	(0)	(202,749,220)
Retirement benefit reserve assets	854,531,396	(—)	(0)	(854,531,396)
Nonperforming loan reserve	590,063,376	(590,063,376)	(0)	(—)
Buildings (specified)	2,150,945,373	(2,150,945,373)	(0)	(—)
Structures (specified)	96,207,067	(96,207,067)	(0)	(—)
Vehicles and transportation	11,188,580	(11,188,580)	(0)	(—)

Fixtures (specified)	144,157,190	(144,157,190)	(0)	(—)
Land (specified)	704,571,640	(704,571,640)	(0)	(—)
Software (specified)	74,137,533	(74,137,533)	(0)	(—)
Copyrights (specified)	3,524,500	(3,524,500)	(0)	(—)
Trademarks (specified)	1,802,215	(1,802,215)	(0)	(—)
Telephone subscription rights	3,299,292	(3,299,292)	(0)	(—)
Security deposits (specified)	7,265,660	(7,265,660)	(0)	(—)
Received donation assets	90,000,000	(90,000,000)	(0)	(—)
Subtotal	246,758,097,150	(245,700,816,534)	(0)	(1,057,280,616)
Total	275,577,633,800	(274,520,353,184)	(0)	(1,057,280,616)

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.

(Unit: Yen)

Account	Acquisition price	Cumulative depreciation	Balance at end of current fiscal year
Buildings (specified)	4,210,808,465	2,059,863,092	2,150,945,373
Structures (specified)	224,412,131	128,205,064	96,207,067
Vehicles and transportation (specified)	235,442,972	224,254,392	11,188,580
Fixtures (specified)	667,385,865	523,228,675	144,157,190
Software (specified)	757,087,438	682,949,905	74,137,533
Trademarks (specified)	2,701,549	899,334	1,802,215
Total	6,097,838,420	3,619,400,462	2,478,437,958

6. 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	909,322,750	910,615,000	1,292,250
Special bonds	20,299,434,986	20,308,069,500	8,634,514
Money trusts	17,740,000,000	18,178,595,670	438,595,670
Total	38,948,757,736	39,397,280,170	448,522,434

7. 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	32 boat-race operators	3,885,058,040	24,478,115,478	24,266,091,558	4,097,081,960	Designated net assets
Total		3,885,058,040	24,478,115,478	24,266,091,558	4,097,081,960	

8. 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	25,000,752,743
Amount transferred for allocated administrative costs	829,412,956
Amount transferred for allocated depreciation costs	327,015,042
Amount transferred for nonrecurring revenue	
Amount undesignated from sale and elimination of fixed assets	18,870,314
Total	26,176,051,055

9. 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	¥1,042,070,734	Cash and demand deposits	¥1,779,440,258
Cash and cash equivalents	¥1,042,070,734	Cash and cash equivalents	¥1,779,440,258

(2) Important non-fund transactions

Previous fiscal year	Current fiscal year
¥302,022,750 in fixed assets from actual goods donated	—

10. 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	▲ 859,980,021
② Accrued retirement benefit	▲ 859,980,021

(3) Retirement benefit expenses

(Unit: Yen)

③	Labor costs	81,509,700
④	Retirement benefit expenses	81,509,700

(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.

11. Major subsequent events

There are no major subsequent events.