

Okinawa Institute of Science and Technology School Corporation

Financial Statements

Year ended March 2018

From: April 1, 2017

To: March 31, 2018

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Balance Sheets

As of March 31, 2018

(Unit: Yen)

Assets			
I Noncurrent assets			
1 Properties, plants, and equipment			
Land		1,659,667,000	
Buildings	39,789,811,542		
Accumulated depreciation	<u>-9,842,251,022</u>	29,947,560,520	
Structures	6,702,004,198		
Accumulated depreciation	<u>-1,573,423,373</u>	5,128,580,825	
Machineries	235,768,696		
Accumulated depreciation	<u>-180,151,296</u>	55,617,400	
Equipment	21,411,830,033		
Accumulated depreciation	<u>-13,801,690,196</u>	7,610,139,837	
Books		5,585,063	
Ships and vessels	2,004,437		
Accumulated depreciation	<u>-1,280,383</u>	724,054	
Vehicles and transportation equipment	26,876,192		
Accumulated depreciation	<u>-20,843,048</u>	6,033,144	
Lease assets	1,732,083,956		
Accumulated depreciation	<u>-1,707,652,785</u>	24,431,171	
Construction in progress		<u>5,056,824,201</u>	
Total properties, plants, and equipment		49,495,163,215	
2 Intangible assets net of amortization			
Patents		41,345,489	
Trademark rights		615,367	
Software		706,771,561	
Patents (in the process of filing)		139,533,196	
Others		<u>27,232,158</u>	
Total intangible assets, net		915,497,771	
3 Investments and other assets			
Investments in securities		5,000	
Security deposits		2,170,500	
Lease investment assets (Long-term)		<u>4,315,982,720</u>	
Total investments and other assets		4,318,158,220	
Total noncurrent assets			54,728,819,206
II Current assets			
Cash and cash equivalents		3,259,069,051	
Accounts receivable		378,448,413	
Supplies		81,048,661	
Prepaid expenses		8,658,997	
Lease investment assets (Short-term)		<u>116,926,273</u>	
Total current assets			<u>3,844,151,395</u>
Total assets			<u>58,572,970,601</u>
Liabilities			
I Noncurrent liabilities			
Encumbrance for assets - subsidy for operation		13,686,652,093	
Encumbrance for assets - donation		108,822,503	
Encumbrance for assets - donated by Japan government		150,307	
Allowance-retirement benefits		117,008,200	
Long-term accrued amounts payable		4,330,473,238	
Long-term lease obligations		<u>2,146,392</u>	
Total noncurrent liabilities			18,245,252,733
II Current liabilities			
Advance received		90,706,734	
Deposits received - subsidy for operation			
Deposits received - subsidy for operation	636,775,970		
Deposits received - subsidy for facility	<u>4,942,736,229</u>	5,579,512,199	
Deposits received - donation		74,386,847	
Deposits received - Kakenhi		65,817,783	
Deposits received - others		86,251,810	
Accounts payable		2,476,269,855	
Short-term lease obligations		27,316,562	
Accrued expenses		<u>60,845,615</u>	
Total current liabilities			<u>8,461,107,405</u>
Total liabilities			<u>26,706,360,138</u>
Equities			
I Contributions			
Contributions from government		<u>24,317,681,264</u>	
Total contributions			24,317,681,264
II Additional paid-in contributions			
Additional paid-in contributions		17,201,236,529	
Accumulated depreciation - directly deducted from equity (-)		<u>-10,218,202,791</u>	
Total additional paid-in contributions			6,983,033,738
III Retained earnings			
Voluntary reserve funds			
Special reserve funds		80,532,854	
Accumulated net income		485,362,607	
(Net income/(-loss) for FY2017)		<u>(96,681,548)</u>	
Total retained earnings			<u>565,895,461</u>
Total equities			<u>31,866,610,463</u>
Total liabilities and equities			<u>58,572,970,601</u>

Profit and Loss Statements

For the year ended March 31, 2018

(Unit: Yen)

Ordinary revenues			
Tuition fees		68,940,000	
Subsidy for operation		12,709,808,083	
Subsidy for facility		12,610,188	
Sponsored research from national and local governments		140,426,592	
Sponsored research from nongovernments		156,299,881	
Joint research		41,633,114	
Donations		15,751,920	
Subsidy for other		63,004,443	
Property rent revenue		10,301,000	
Land rent revenue		13,055,234	
Reversal of encumbrance for assets - subsidy for operation		3,596,076,784	
Reversal of encumbrance for assets - donations		43,522,571	
Reversal of encumbrance for assets - donated by Japan government		29,496	
Financial revenues			
Interest income	106,883,536	106,883,536	
Miscellaneous revenues		120,699,837	
Ordinary revenues total		17,099,042,679	
Operating expenses			
Research and education expenses			
Personnel costs	4,955,756,430		
Other expenses			
Research supplies	1,212,670,800		
Supplies & Consumables	419,717,938		
Utilities	628,100,008		
Travel and transportation	554,335,924		
Communication and transportation expenses	87,521,047		
Rent	325,290,829		
Outsource	733,536,490		
Repair costs	152,991,116		
Maintenance fees	1,316,892,691		
Library expenses	208,952,961		
Depreciation	3,810,534,838		
Others	147,490,302	9,598,034,944	14,553,791,374
General and administrative expenses			
Personnel costs	1,376,527,163		
Other expenses			
Office supplies	28,823,516		
Travel and transportation	310,503,403		
Communication and transportation expenses	69,537,542		
Rent	8,867,295		
Outsource	212,591,788		
Service and advisory fees	62,456,157		
Advertising expenses	22,242,272		
Depreciation	15,898,093		
Others	227,585,300	958,505,366	2,335,032,529
Financial expense			
Interest expense	114,276,515		
Foreign currency transaction loss	1,128,556	115,405,071	
Miscellaneous loss		637,756	
Operating expenses total		17,004,866,730	
Net ordinary income/(-loss)		94,175,949	
Extraordinary income			
Reversal of encumbrance for assets - subsidy for operation		392,847	
Reversal of encumbrance for assets - donation		1,959,460	
Reversal of encumbrance for assets - donated by Japan government		1	
Gain on sales of fixed assets		2,505,600	
Total extraordinary income		4,857,908	
Extraordinary loss			
Loss on retirement of noncurrent assets		2,352,309	
Total extraordinary loss		2,352,309	
Net income/(-loss)		96,681,548	
Gross income/(-loss)		96,681,548	

Statements of Cash Flows

From April 1, 2017 to March 31, 2018

(Unit: Yen)

I Cash flows from operating activities		
Tuition fees		68,940,000
Funds received from government - subsidy for operation		16,580,308,044
Funds received from outside parties - sponsored research		332,702,913
Funds received from outside parties - donations		86,790,034
Funds received from government - subsidy for others		63,124,443
Funds received from employees - property rent - dormitory		10,301,000
Funds received from others		128,074,947
Net cash increase in advanced-received (Kakenhi:Grant-in-aid for scientific research)		36,160,254
Payments to employees		-6,330,005,030
Purchase of inventories		-14,782,378
Payments of other than payments to employees		-6,651,968,494
Returns to national government - subsidy for operation		-528,111,202
Net cash provided by operating activities		3,781,534,531
II Cash flows from investing activities		
Purchase of property, plant, and equipment		-8,279,762,721
Gain on sales of property, plant, and equipment		2,505,600
Purchase of intangible assets		-93,777,885
Funds received from government - subsidy for facility		1,837,313,641
Payments for other investing activities		436,544
Subtotal		-6,533,284,821
Received interest and dividend		3,192
Net cash used in investing activities		-6,533,281,629
III Cash flows from financial activities		
Payments for finance lease liabilities		-163,416,764
Net cash used in financial activities		-163,416,764
IV Foreign exchange translation differences		-1,128,556
V Net cash increase/(decrease) in cash and cash equivalents		-2,916,292,418
VI Cash and cash equivalents at beginning of year		6,175,361,469
VII Cash and cash equivalents at end of year		3,259,069,051

Profit Appropriation Statements
As of March 31, 2018

(Unit: Yen)

I Unappropriated retained earnings	
Gross profit	96,681,548
Retained earnings at the beginning of a period	388,681,059
II Retained earnings	<u><u>485,362,607</u></u>

Statements of Administrative Service Costs

From April 1, 2017 to March 31, 2018

(Unit: Yen)

I Ordinary expenses		
(1) Ordinary expenses stated on Profit and Loss Statements		
Research expenses	14,553,791,374	
General and administrative expenses	2,335,032,529	
Financial expenses	115,405,071	
Miscellaneous loss	637,756	
Extraordinary loss	2,352,309	17,007,219,039
 (2) (Less) Revenue from outside parties		
Tuition fees	△ 68,940,000	
Sponsored research	△ 296,726,473	
Joint research	△ 41,633,114	
Donations	△ 15,751,920	
Property rent revenue	△ 10,301,000	
Land rent revenue	△ 13,055,234	
Reversal of encumbrance for assets donation	△ 43,522,571	
Financial revenue	△ 106,883,536	
Miscellaneous income	△ 84,794,217	△ 681,608,065
Total ordinary expenses		16,325,610,974
 II Depreciation-directly deducted from equity		
		1,778,916,400
 III Impairment loss-directly deducted from equity		
 III Estimated allowance for retirement benefits		
		951,600
 IV Opportunity costs		
Opportunity costs of free rental fee or reduction rental fee from national/local government	154,127,178	
Opportunity costs of national/local government	16,380,394	170,507,572
 V Administrative service costs		
		18,275,986,546

Notes to Financial Statements

I. Important accounting policy

1. Supplies

Others are reported at lower of cost or progressive average inventory method.

2. Depreciation

(1) Property, plant, and equipment

Depreciation is recognized on the straight-line method under The Corporation Tax Law.

In accordance with OIST Accounting standards, Article 40 depreciation on specified assets is directly deducted from equity stated as "Accumulated depreciation-directly deducted from equity."

(2) Intangible Assets

Depreciation is calculated on the straight-line method.

Useful life of software for in-house use is amortized over three to five years.

3. Allowance for retirement benefits

(1) Allowance-retirement benefits

Allowance for retirement benefits for employees is recognized on liability for FY2017 within estimated payment amount in the future.

4. Opportunity costs on the statements of administrative service costs

(1) Calculation of opportunity costs of lending by means of free rental fee or reduction rental fee of the property of the national/local governments has been calculated based on the JASDF Onna Sub Base and agricultural land unit price.

(2) Interest rate used to calculate the opportunity cost pertaining to government contributions

Opportunity costs of the national/local government are calculated at the percentage of 0.045% which refers to the interest rate for 10-year government bonds at the end of March 2018.

5. Foreign currency transactions

Foreign currency transactions are converted to yen at the spot exchange rate as of the closing date, and the translation difference is recorded in profit and loss.

6. Leases

Finance lease transactions are calculated in accordance with standard sales transaction procedures.

Among those finance lease transactions, non-ownership transfer finance lease transactions where a total amount of leasing is less than 3 million yen, are calculated in accordance with standard operating lease transaction procedures.

7. Accounting standards for income and expenses

(1) Accounting standards related to income from finance leases (lessor)

Accounted for based on the method of allocating an amount equivalent to the interest to each period without posting sales.

8. Consumption tax

The tax-included method is adopted for consumption tax accounting.

II. Additional information

1. Summary of transactions and accounting treatment regarding the village zone housings

The University entered into a contract with OKINAWA SCIENTISTS VILLAGE Co., Ltd. (hereafter the "Business Operator") on September 30, 2011, regarding the housings maintenance business. The Business Operator, based on the corresponding contract, was to construct housings located on premises owned by the University that would be for use by students and faculty staff members and transfer the housings to the University after its completion. Construction of the housings was to consist of three phases. The first phase, the second phase, the third-(1) phase and the third-(2) phase were completed at each fiscal year 2012, 2013, 2014 and 2015. The housings were then delivered to the University. Upon completion of the received them from the Business Operator under a long-term installment purchase and at the same time entered into a building loan agreement by way of a periodic lease with the Business Operator, and is leasing the housings. The long-term installment purchase amount in accordance with the acquisition of the housings is the same amount as the lease payments relating to the housings. Further, the payment schedule and the amount to pay each year including interest are also set at the same amount. Hence, the payment amounts for each year are canceled out and no payments are made to each other. The building loan agreement by way of a periodic lease stipulates that the Business Operator cannot in principle cancel the lease contract during the term and that the housings will be returned to the University after the end of the lease term. Lease transactions between the University and the Business Operator are accounted for by treating them as a finance lease where ownership is not transferred (to the lessor). Furthermore, when accounting for such transactions they are treated as a finance lease where ownership is not transferred (to the lessor), and an amount equivalent to the interest is allocated to each period without posting sales and the housings that were handed over is stated as a lease investment asset.

III. Balance sheets

1. Subsidy for operation and facility

(1) Deposits received - subsidy for operation

Returns to National government	390,898,402 yen
Closing balance of encumbrance for construction in progress - subsidy for operation in SC	106,344,372 yen
Closing balance of encumbrance for patent - subsidy for operation in SC	139,533,196 yen
<u>Total of closing balance</u>	<u>636,775,970 yen</u>

(2) Deposits received - subsidy for facility

Closing balance of encumbrance for construction in progress - subsidy for facility in SC	4,942,736,229 yen
<u>Total of closing balance</u>	<u>4,942,736,229 yen</u>

IV. Statement of Cash Flows

(1) Breakdown of the balance sheet by year-end balance of funds

Cash and cash equivalent	3,259,069,051 yen
<u>Balance of funds at end of year</u>	<u>3,259,069,051 yen</u>

(2) Important non-financial transactions

Amount of investments related to finance leases (lessee) newly recognized in the term	3,389,040 yen
Amount of lease payable related to acquisition of lease assets newly recognized in the term	3,389,040 yen

V. Statements of administrative service costs

Estimated allowance for retirement benefits includes 951,600 yen concerning loaned employees from the government and other organizations.

VI. Notes to finance leases

1. Lessee

(1) Details of lease assets

Service vehicles (OIST bus) and research equipment (Regenerative Amplifier Laser System with Pump Lasers set)

(2) Depreciation method of lease assets

< Leased assets relating to ownership-transfer finance lease transactions >

Ownership-transfer finance lease transactions are depreciated using the same method adopted for self-owned fixed assets.

< Leased assets relating to finance lease transactions without the transfer of ownership >

Depreciated using the straight-line method over the useful life of the lease term, with no residual value.

2. Lessor

(1) Breakdown of investments in leases

(i) Investments and other assets

Portion of lease receivables	5,825,515,027yen
Amount equivalent to interest income	△1,509,532,307yen
<u>Lease investment assets</u>	<u>4,315,982,720yen</u>

(ii) Current assets

Portion of lease receivables	221,125,211yen
Amount equivalent to interest income	△104,198,938yen
<u>Lease investment assets</u>	<u>116,926,273yen</u>

(2) Scheduled recoverable amount of the lease receivables part pertaining to lease investment assets after the closing date

(i) Investments and other assets

	Within 1 year	More than 1 year but not more than 2 years	More than 2 year but not more than 3 years	More than 3 year but not more than 4 years	More than 4 year but not more than 5 years	More than 5 years
Portion of lease receivables	-	221,299,927	221,479,009	221,662,569	221,850,719	4,939,222,803

(ii) Current assets

	Within 1 year	More than 1 year but not more than 2 years	More than 2 year but not more than 3 years	More than 3 year but not more than 4 years	More than 4 year but not more than 5 years	More than 5 years
Portion of lease receivables	221,125,211	-	-	-	-	-

VII. Important subsequent events

Not applicable.

Annexed Detailed Statements

1. Acquisition, disposal and depreciation of fixed asset, and accumulated impairment loss

(Includes depreciation, which is excluded from ordinary expenses, specified in the OIST Accounting standards, Article 40, Accounting treatment for depreciation of specific asset).

(Unit: Thousand Yen)

Asset	Beginning balance	Increase	Decrease	Closing balance	Accumulated depreciation		Accumulated impairment loss		Closing net book value	Memo	
					Depreciation for FY 2017		Included in ordinary expenses FY2017	Excluded in ordinary expenses FY2017			
Property, plant, and equipment (Depreciation - Included in ordinary expenses)	Buildings	6,170,776	192,220	-	6,362,997	1,206,565	311,185	-	-	5,156,431	
	Structures	364,282	12,985	-	377,267	144,486	25,979	-	-	232,780	
	Machinery	191,527	5,982	4,821	192,687	161,630	19,948	-	-	31,057	
	Equipment	18,144,567	3,295,688	172,867	21,267,389	13,666,981	3,106,788	-	-	7,600,407	
	Books	4,702	882	-	5,585	-	-	-	-	5,585	
	Ship	2,004	-	-	2,004	1,280	400	-	-	724	
	Vehicle and transportation equipment	27,866	-	990	26,876	20,843	3,863	-	-	6,033	
	Lease assets	1,776,817	3,389	48,122	1,732,083	1,707,652	138,744	-	-	24,431	
Total	26,682,544	3,511,148	226,801	29,966,891	16,909,440	3,606,910	-	-	13,057,450		
Property, plant, and equipment (Depreciation - Excluded from ordinary expenses)	Buildings	33,425,863	950	-	33,426,814	8,635,685	1,502,959	-	-	24,791,128	
	Structures	6,235,601	89,135	-	6,324,736	1,428,936	270,507	-	-	4,895,800	
	Machinery	43,080	-	-	43,080	18,521	2,886	-	-	24,559	
	Equipment	144,440	-	-	144,440	134,708	2,508	-	-	9,732	
	Total	39,848,987	90,085	-	39,939,072	10,217,851	1,778,861	-	-	29,721,221	
Non-depreciable assets	Land	1,659,667	-	-	1,659,667	-	-	-	-	1,659,667	
	Construction in progress	3,651,961	1,490,243	85,380	5,056,824	-	-	-	-	5,056,824	
	Total	5,311,628	1,490,243	85,380	6,716,491	-	-	-	-	6,716,491	
Total property, plant, and equipment	Land	1,659,667	-	-	1,659,667	-	-	-	-	1,659,667	
	Buildings	39,596,640	193,171	-	39,789,811	9,842,251	1,814,144	-	-	29,947,560	
	Structures	6,599,883	102,120	-	6,702,004	1,573,423	296,487	-	-	5,128,580	
	Machinery	234,608	5,982	4,821	235,768	180,151	22,835	-	-	55,617	
	Equipment	18,289,008	3,295,688	172,867	21,411,830	13,801,690	3,109,296	-	-	7,610,139	
	Books	4,702	882	-	5,585	-	-	-	-	5,585	
	Ship	2,004	-	-	2,004	1,280	400	-	-	724	
	Vehicle and transportation equipment	27,866	-	990	26,876	20,843	3,863	-	-	6,033	
	Lease assets	1,776,817	3,389	48,122	1,732,083	1,707,652	138,744	-	-	24,431	
	Construction in progress	3,651,961	1,490,243	85,380	5,056,824	-	-	-	-	5,056,824	
Total	71,843,160	5,091,477	312,182	76,622,455	27,127,292	5,385,772	-	-	49,495,163		
Intangible assets (Depreciation - Included in ordinary expenses)	Patents	23,732	28,142	570	51,304	9,959	4,802	-	-	41,345	
	Trademark right	1,119	97	-	1,217	601	116	-	-	615	
	Software	1,133,709	51,847	80,861	1,104,694	397,923	210,007	-	-	706,771	
	Other intangible assets	51,785	-	-	51,785	24,912	3,942	-	-	26,872	
	Total	1,210,346	80,087	81,432	1,209,002	433,397	218,868	-	-	775,604	
Intangible assets (Depreciation - Excluded from ordinary expenses)	Other intangible assets	711	-	-	711	351	54	-	-	359	
Non-depreciable assets	Patent in the process of filing	124,126	60,237	44,830	139,533	-	-	-	-	139,533	
Total intangible assets	Patents	23,732	28,142	570	51,304	9,959	4,802	-	-	41,345	
	Trademark right	1,119	97	-	1,217	601	116	-	-	615	
	Software	1,133,709	51,847	80,861	1,104,694	397,923	210,007	-	-	706,771	
	Patent in the process of filing	124,126	60,237	44,830	139,533	-	-	-	-	139,533	
	Other intangible assets	52,496	-	-	52,496	25,264	3,996	-	-	27,232	
	Total	1,335,184	140,325	126,262	1,349,246	433,748	218,923	-	-	915,497	
Investments and other assets	Investments in securities	5	-	-	5	-	-	-	-	5	
	Security deposit	2,455	-	285	2,170	-	-	-	-	2,170	
	Prepaid expense (long-term)	114	-	114	-	-	-	-	-	-	
	lease investment assets	4,432,908	-	116,926	4,315,982	-	-	-	-	4,315,982	
	Total	4,435,483	-	117,325	4,318,158	-	-	-	-	4,318,158	

Notes:

1. Increased buildings : Lab2 fit-out construction work, etc. 66,604 thousand yen, Engineering Support Building(ESB) 16,445 thousand yen
2. Increased structures : Engineering Support Building(ESB) exterior 43,058 thousand yen, Parking lots development-related 33,698 thousand yen, Campus road infrastructure 13,444 thousand yen
3. Increased equipment : METIS Time of Flight Microscopy System 156,909 thousand yen, Ultra-high-speed DNA sequencing system 141,696 thousand yen, Ultra-High Resolution Scanning Electron Microscope 134,136 thousand yen
4. Increased construction in progress : Lab4-related 1,116,399 thousand yen, Land reclamation, etc. 116,753 thousand yen, Child Development Center second-stage construction 102,395 thousand yen

2. Supplies

(Unit: Thousand Yen)

Item	Beginning balance	Increase		Decrease		Closing balance	Memo
		Purchase and Transfer	Others	Consumption and Transfer	Others		
Research supplies	65,748	6,833	-	0	-	72,581	
Other	9,087	7,373	-	7,994	-	8,467	
Total	74,835	14,206	-	7,994	-	81,048	

3. Securities

Investments in securities

(Unit: Thousand Yen)

		Description	Acquisition cost	Amount of denomination	market value	Balance sheet	Profit and loss statement	Valuation difference of securities	Memo
Securities-other	Fair value		-	-	-	-	-	-	
	Non-fair value	Okinawa Protein Tomography Limited	-	-	-	5	-	-	Gratis allotment of stock acquisition rights 5,000
Total			-	-	-	5	-	-	

4. Voluntary use of national property

Category	Item	Address	Space (㎡)	Structure	Opportunity costs (Thousand yen)	Memo
Land	Campus	1919-1 Tancha, Onna-son Okinawa	631,410.60	-	152,315	
Land	Seragaki Marine Station	656 Seragakibaru, Seragaki, Onna-son Okinawa	7,511.50	-	1,811	
Total			638,922.10	-	154,127	

5.PFI

(Unit: Thousand yen)

Project	Outline	Type	Contractor	Contract term	Description
Okinawa Institute of Science and Technology Housing Development Project	Housing development(building) and maintenance, administration, management	BTO	OKINAWA SCIENTISTS VILLAGE INC.	From September 30, 2011 to March 31, 2045	First phase:Deliverd between August 2012 and January 2013 Second phase: Deliverd in June 2013 Third-1 phase: Deliverd in August 2014 Third-2 phase: Deliverd in August & October 2015

6.Allowance-retirement benefits

(Unit: Thousand yen)

Category	Beginning Balance	Increase	Decrease	Closing Balance	Memo
Total of accumulated benefits obligation	108,273	13,901	5,167	117,008	
Obligation of retirement lump-sum grants	108,273	13,901	5,167	117,008	
Unrecognized prior service cost	-	-	-	-	
Unrecognized net actual loss on assets	-	-	-	-	
Pension asset	-	-	-	-	
Allowance-retirement benefits	108,273	13,901	5,167	117,008	

7. Contribution and additional paid-in contribution

(Unit: Thousand Yen)

Category		Beginning Balance	Increase	Decrease	Closing balance	Memo
Contribution	Contribution from national government	24,317,681	-	-	24,317,681	
	Total	24,317,681	-	-	24,317,681	
Additional paid-in contribution	Additional paid-in contribution					
	Subsidy for Facility	17,111,151	90,085	-	17,201,236	Note (1)
	Total	17,111,151	90,085	-	17,201,236	
	Accumulated depreciation directly deducted from equity	8,439,286	1,778,916	-	10,218,202	
	Balance	8,671,864	△ 1,688,831	-	6,983,033	

Note(1): Increase in the subsidy for facility was mainly due to the Engineer Support Building(2nd phase) 44,390 thousand yen and Village zone parking area 21,143 thousand yen.

8. Changes in reserve fund

(Unit: Thousand yen)

Category	Beginning balance	Increase	Decrease	Closing balance	Memo
Special reserve fund	58,867	-	-	58,867	With regards to allowance-retirement benefits for employees in the previous corporation that were not posted in the balance sheet in accordance with accounting standards for an independent administrative institution, at the beginning of the first fiscal year, we posted the required amount for the reserve as a liability and handled the corresponding reserve amount as a school subsidy in the same fiscal year. In this way, we monetized the required amount for the reserve.
Special reserve fund	21,665	-	-	21,665	With regards to allowance-bonuses in the previous corporation that were not posted in the balance sheet in accordance with accounting standards for an independent administrative institution, at the beginning of the first fiscal year, we posted the required amount for the reserve as a liability and handled the corresponding reserve amount as a school subsidy in the same fiscal year. In this way, we monetized the required amount for the reserve.
Total	80,532	-	-	80,532	

9. Research expenses and general and administrative expenses

(Unit: Thousand Yen)

Account item	Amount	Memo
Research expenses		
Salaries - Base	4,058,433	
Salaries - Allowance	261,106	
Salaries - Commutation	46,063	
Salaries - Over time	61,873	
Salaries - Others	43,074	
Periodic retirement benefits	4,936	
Legal welfare	480,268	
Research supplies	1,212,670	
Supplies	248,284	
Consumables	171,433	
Utilities	628,100	
Travel and transportation - Domestic	114,743	
Travel and transportation - International	250,897	
Travel and transportation - Invite (Domestic)	65,542	
Travel and transportation - Invite (International)	116,088	
Travel and transportation - Others (Domestic)	3,127	
Travel and transportation - Others (International)	3,936	
Communication and transportation expenses	87,521	
Lease fees	42,286	
Rent fee - Land and buildings	249,639	
Rent fee - Others	33,364	
Welfare expenses	11,537	
Event expenses	2,216	
Payment commissions	3,138	
Membership fees	30,356	
Meeting expenses	8,858	
Training fees	12,668	
Professional fees	633	
Honorariums	14,110	
Outsource	733,536	
Repair costs	152,991	
Maintenance fees	1,316,892	
Insurance - Property	13,135	
Advertising expenses	5,632	
Depreciation - Buildings	311,185	
Depreciation - Structures	25,979	
Depreciation - Machinery	19,948	
Depreciation - Equipment	3,098,189	
Depreciation - Vehicle and transportation equipment	3,863	
Depreciation - Ships and vessels	400	
Depreciation - Intangible assets	212,223	
Depreciation - Lease assets	138,744	
Library expenses	208,952	
Taxes and dues	5,143	
Import consumption tax	5,085	
Other expenses	34,972	
Total:	14,553,791	
General and administrative expenses		
Executive salaries	122,904	
Salaries - Exe commutation	199	
Salaries - Base	967,288	
Salaries - Allowance	53,608	
Salaries - Commutation	17,937	
Salaries - Over time	43,876	
Salaries - Others	33,717	
Periodic retirement benefits	8,965	
Legal welfare	128,029	
Research supplies	20,088	
Supplies	112	
Consumables	28,711	
Utilities	4,992	
Travel and transportation - Domestic	42,343	
Travel and transportation - International	25,614	
Travel and transportation - Invite (Domestic)	57,014	
Travel and transportation - Invite (International)	152,176	
Travel and transportation - Others (Domestic)	18,373	
Travel and transportation - Others (International)	14,982	
Communication and transportation expenses	69,537	
Lease fees	3,199	
Rent fee - Land and buildings	3,179	
Rent fee - Others	2,488	
Welfare expenses	3,487	
Event expenses	29,762	
Payment commissions	11,704	
Membership fees	5,610	
Meeting expenses	8,675	
Training fees	5,791	
Professional fees	26,529	
Honorariums	35,926	
Outsource	212,591	
Repair costs	28	
Maintenance fees	4,642	
Insurance - Property	37,294	
Advertising expenses	22,242	
Patent expenses	16,589	
Depreciation - Equipment	9,253	
Depreciation - Intangible assets	6,645	
Library expenses	3,178	
Taxes and dues	60,838	
Import consumption tax	129	
Other expenses	14,773	
Total:	2,335,032	

10.Subsidy for operation

(Unit: Thousand yen)

Category	Received amount	Transactions				Memo
		Encumbrance for construction in progress	Encumbrance for patents in the process of filing	Encumbrance for assets	Revenue from Subsidy for operation	
The Granting of Subsidies to the Okinawa Institute of Science and Technology	16,106,097	73,205	48,753	3,287,022	12,697,117	
Total	16,106,097	73,205	48,753	3,287,022	12,697,117	

Notes: Revenue of Subsidy for operation on the P/L includes 12,690 thousand yen produced by transferring from Patents and construction (in the process of filing) acquired in the past fiscal year to patent other expenses.

11-1.Subsidy for facility

(Unit: Thousand yen)

Category	Received amount	Transactions				Memo
		Encumbrance for construction in progress	Additional paid-in contribution	Deposits received-subsidy for facility	Others	
OIST Subsidy for Facility as of February 16, 2016 Lab4	1,162,443	1,162,443	-	-	-	
OIST Subsidy for Facility as of April 10, 2017 Annual Infrastructure improvement	213,759	154,121	47,026	-	12,610	
OIST Subsidy for Facility as of October 24, 2016 Child Development Center (2nd phase)	100,473	100,473	-	-	-	
Total	1,476,675	1,417,038	47,026	-	12,610	

11-2 Other subsidies

(Unit: Thousand yen)

Category	Received amount	Transactions				Memo
		Encumbrance for assets	Deposits received - subsidy (long-term)	Revenue from Subsidy	Others	
OPG Grant: Project for Enhancement of Competitiveness of Medical Industry in Okinawa	34,949	2,896	-	32,053	-	
OGB Grant: Project for Support the Advancement of Strategic Core Technologies	2,578	588	-	1,989	-	
Okinawa Convention & Visitors Bureau Subsidy for MICE shuttle bus	1,270	-	-	1,270	-	
AMED Grant: Project for Support the Advancement of Life Science (drug development etc)	109,700	96,855	-	12,844	-	
Onna Village Subsidy for OIST Festival	50	-	-	50	-	
Total	148,547	100,339	-	48,207	-	

12. Personnel costs for executives and employees

(Unit: Thousand yen)

Category	Compensation/Salaries		Retirement benefits	
	Amount	Number of people	Amount	Number of people
Executives	(1,704)	(1)	(-)	(-)
	121,399	3	-	-
Employees	(79,056)	(44)	(-)	(-)
	5,507,924	682	5,167	1
Total	(80,760)	(45)	(-)	(-)
	5,629,323	685	5,167	1

Notes: 1. Payments of compensation/salaries and retirement benefits for executives (including part-time executives)

are made in conformity with the regulations as follows in principle:

Policy Library chapter 34 and chapter 35

2. Payments of compensation/salaries and retirement benefits for employees are made in conformity with

the regulations as follows in principle:

Policy Library chapter 34 and chapter 35

3. Number of people is stated on a yearly average basis.

4. Personnel costs on the P/L includes legal welfare costs (608,297 thousand yen) other than the figures in the above table.

5. Figures for part-time executives and employees are put in parentheses, which is not included in each total amount.

6. Total amounts doesn't include allowance-retirement benefits and allowance-bonuses.

13. Segment information

(Unit: Thousand Yen)

Category	Research Unit	Research Service	Education	Subtotal	Administration	Total
Ordinary revenue						
Tuition fees	-	-	68,940	68,940	-	68,940
Subsidy for operation	5,455,104	4,217,879	822,487	10,495,471	2,214,336	12,709,808
Subsidy for facility	-	12,610	-	12,610	-	12,610
Sponsored research	335,724	2,634	-	338,359	-	338,359
Donation	15,078	670	3	15,751	-	15,751
Subsidy for others	37,641	24,042	-	61,684	1,320	63,004
Reversal of encumbrance for assets - subsidy for operation	990,544	2,575,444	14,633	3,580,623	15,453	3,596,076
Reversal of encumbrance for assets - donation	36,901	4,368	2,252	43,522	-	43,522
Reversal of encumbrance for assets - donated by Japan government	-	-	-	-	29	29
Miscellaneous revenue	1,509	44,357	17	45,884	98,171	144,056
Financial revenue	-	106,880	-	106,880	3	106,883
Total	6,872,505	6,988,887	908,334	14,769,728	2,329,314	17,099,042
Operating expenses	6,863,029	6,956,884	861,385	14,681,299	2,323,567	17,004,866
Net ordinary income	9,476	32,003	46,949	88,428	5,747	94,175
Total assets	3,116,969	51,857,402	30,370	55,004,742	3,568,228	58,572,970

(Notes to segment information)

(1) Definition of segments and detailed activities

Contents of Activities

Research unit: Molecular science, neuroscience, promotion of research and development for mathematics and computer science, the training of researchers, etc.

Research service: Support for research units, dissemination of research results, etc.

Education: Matters related to graduate student enrollment and education

(2) Amounts that are not allocatable and categorized as "Administration" are mainly related to administrative divisions as following.

Personnel costs	1,365,895 thousand yen
Others	279,349 thousand yen
Travel and transportation	310,503 thousand yen

(3) Total assets categorized as Administration mainly include:

Cash and cash equivalents	3,259,069 thousand yen
Patents (in the process of filing)	139,533 thousand yen

(4) Depreciation (directly deducted from equity) and estimated allowance for retirement benefits by segment are indicated below.

(Unit: Thousand Yen)

	Research Unit	Research Service	Education	Subtotal	Administration	Total
Depreciation (directly deducted from equity)	-	1,778,916	-	1,778,916	-	1,778,916
Estimated allowance for retirement benefits	-	-	-	-	951	951

14. Donation

Category	Received amount (Thousand yen)	Case	Memo
Research Unit	94,312	8	Donation of goods 2 case: 68,769 Thousands yen
Research Service	9,205	1	
Education	-	-	
Administration	-	-	
Total	103,517	9	

15. Sponsored research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Sponsored Research Revenue	Closing Balance
Research Unit	12,903	309,747	296,726	25,925
Research Service	-	-	-	-
Administration	-	-	-	-
Total	12,903	309,747	296,726	25,925

16. Joint research

(Unit: Thousand yen)

Category	Beginning Balance	Received Amount	Joint Research Revenue	Closing Balance
Research Unit	40,166	65,695	41,633	64,229
Total	40,166	65,695	41,633	64,229

17. Primary assets, liabilities, expenses, and revenues

(1) Cash and bank deposits

(Unit: Thousand Yen)

Category	Amount
Cash	187
Bank deposits	3,258,881
Total	3,259,069

(2) Grant-in-aid for scientific research

(Unit: Thousand Yen)

Category	Received Amount	Number	Memo
Scientific research (S)	(29,400)	(2)	
	8,820	2	
Scientific research (A)	(2,400)	(2)	
	720	2	
Scientific research (B)	(12,259)	(11)	
	3,692	11	
Scientific research (C)	(27,614)	(26)	
	8,281	26	
Challenging Exploratory research	(1,411)	(3)	
	423	3	
Young scientists (A)	(15,000)	(2)	
	4,500	2	
Young scientists (B)	(28,508)	(17)	
	8,552	17	
JSPS Fellows	(26,309)	(30)	
	1,579	6	
Scientific Research on Innovative Areas (Research area proposed type)	(41,460)	(11)	
	11,760	10	
Start-up Support Allowance	(1,098)	(1)	
	329	1	
Research Support Allowance	(1,410)	(3)	
	-	-	
HFSP Grants	(11,798)	(1)	
	1,179	1	
Naito Memorial Specific Research Award	(2,500)	(2)	
	-	-	
Takeda Science Foundation Research Award	(2,000)	(1)	
	-	-	
International Joint Research for Accelerator	(10,100)	(1)	
	-	-	
Total	(213,270)	(113)	
	49,839	81	

Notes:1. Received amount indicates the amount for administrative activities, and the amount for research activities are put in parenthesis, which is not included in each amount.

2. Subsidized research subjects

- Scientific research (S)
 - Royal Epigenetics: Molecular basis of the extended longevity of reproductives in social insects
 - Receptor signal transduction by the transient molecular complexes and its regulation by actin filaments as studied by single-molecule imaging
- Scientific research (A)
 - Monitoring of coral reef ecosystem by underwater biological sounds
 - Development of line gamma ray astronomy by innovation of semiconductor Compton camera
- Scientific research (B)
 - Understanding mechanisms of establishment and maintenance of coral holobiont
 - Elucidation of coral larva dispersal distance by different field cooperation for coral preservation
 - Motivational neural circuits for motor rehabilitation
 - Elucidation of population maintenance system of coral reef organisms in the Kuroshio Sphere by seascape genomics approach
 - Molecular mechanisms of cell fate determination triggered by plasma membrane damage
 - Epigenetic control of intragenic heterochromatin in higher plants
 - Comparative genome scientific analysis of the origin and evolution of chordates
 - Construction of a new model for coral recruitments considered with synchronous spawning and fertilization efficiency
- Scientific research (C)
 - Brain activity of cephalopods during active and rest states.
 - Controllable Quantum Turbulence
 - Development of temperature-sensitive microfluidic tensiometer for precise interfacial tension measurements
 - Jet lag in a season-encoding circadian network
 - Molecular basis of immortality-to-mortality switch in the life cycle of Cnidaria
 - Dysregulation of gene expression regulated by poly(A) tail length causes lethal hepatitis and lipodystrophy
 - Studies on high resolution MR micro imaging by QSI and DTI
 - Understanding the interactions and emerging new properties in two-dimensional heterostructures
 - Epigenomics of the symbiotic dinoflagellates in corals
 - Rheology and flow simulation of shear thickening suspensions
 - Elucidation of neural mechanism of patience controlled by serotonin system
 - One step antibacterial of silk fibers using fibroin binding peptide
 - The role of the ion channel distribution in dendritic computation of the cerebellar Purkinje cell
 - Identification of information processing of spatio-temporal context in learning and memory
 - Neuronal Mechanism of Critical Period for vocal learning in zebra finches
 - Replica in conformal bootstraps and critical exponents
 - Elucidation of cell movement independent morphogenetic mechanisms in notochord formation
 - Molecular and cellular analysis of decision making in a small neural network of *C. elegans*
 - Evolutionary study of vertebrate genome based on the phylogenetic analysis and chromosome comparison
 - Function analyses of Ras-related protein Rap2 on Skin wound healing
 - Elucidation of the reality and maintenance mechanism of the coral community in the coastal area of Japan by integrated approach
 - Exploration to locate home of tropical freshwater fish: dispersal mechanism of amphidromous fish larvae
 - Neural coding of song syllable sequence by history dependent modulation of the auditory responses
- Challenging Exploratory research
 - Mutational robustness in ribozyme quasispecies
 - Cholinergic mechanisms for control of motor habit
 - AR-navigated transcranial endoscopic inner ear surgery
- Young scientists (A)
 - Genetic control of honeybee dance
 - Neural mechanisms underlying inhibition of habits
- Young scientists (B)
 - 21st Century monitoring tools to make Okinawa a natural laboratory for ecology and evolution
 - Behavior state related V1 layer 6 output
 - Carbon Xerogel based Hole Transport Layer for Hybrid Halide Perovskite solar cell
 - Deciphering the bacterial cell division machinery using advanced imaging methods
 - Novel terahertz sources based on antenna-coupled microcavities
 - Optical Bistability of Resonant Light in an Atom-Microcavity System
 - Storage of photon with orbital angular momentum based on an all-fiber system
 - Test of the universality class for the transition to turbulence in pipe flow
 - Analysis of the role of HLX1 in development and function of T helper cells
 - Mechanism of genome assembly of influenza virus in the host cell
 - Structural Characterization of Spliceosomal snRNP Biogenesis by Cryo-EM
 - Biological elucidation of neural plasticity using advanced MR imaging
 - Toward a global, high resolution framework for ant biodiversity informatics
 - Functional analysis of Type IX secretion system using nano scale biomolecule imaging approach
 - Genomic basis of the subfunctionalization of two brachyury genes in *Xenopus*
 - Systematic molecular imaging of the dynamics of neurotransmitters in the mouse models of psychiatric disorders.
- JSPS Fellows
 - Discrimination of parents on artificial seeds of the corals, and their utility on estimation of stock efficiency
 - Revealing evolutionary history of corals using whole genomes of five *Acropora* species
 - Elucidation of the role of monoamines in *C. elegans* decision making by reinforcement learning model
 - Cell entry of anthrax toxin by the coordinated action of actin and membrane nano-domains as studied by single-molecule imaging
 - Connectivity and phylogeography of *Galaxea* (Scleractinia) in the Indo-Pacific
 - Superfluidity of matter-wave bright soliton and its control in dipolar Bose-Einstein condensates
 - Mechanism of small spatial scale adaptive dissipation exploring from comparative genomics of dicyemids
 - Controlling vortex rings in Bose-Einstein condensates
 - Development of effective nanomaterials using microfluidic devices for delivery of medicinal molecules
 - Exploring Condensed matter and critical phenomena with magnons and phonons
 - Role of intratelencephalic nerve in bilateral coordinated movement of rat
 - Creation of oxidation catalyst and C-H bond activation catalyst with heterogeneous binuclear metal complex and transition metal complex in second coordination sphere
 - Genome and toxin biosynthesis of the symbiotic dinoflagellate *Amphidinium* sp.
 - The role of inhibition and the nucleus accumbens shell in the control of dopamine release during pavlovian conditioning
 - Flow instabilities in intersecting geometries
 - Temporal requirements for synaptic plasticity of the mouse corticostriatal synapses
 - Elucidate coral skeletal growth process focusing on the surface of the dynamics of calciblastic cells
 - Study of glioma infiltration in complex microenvironment on an automated microfluidic chip
 - Neural mechanisms underlying motivation for social play behavior
 - Analysis of cerebral plasticity and development of cerebral plasticity promotion by longitudinal brain imaging
 - Investigation of the neural mechanisms of novelty-evoked motivations
 - Developing theoretical frameworks for ecosystem assessment
 - Population dynamics of neurons based on voluntary and willful behavior in the cerebral cortex
 - Effects of Southeast Asian rubber farms on classification, function, population genetics and systematic diversity of ant communities
 - Tuning the master clock of the brain: Endocannabinoid modulation of the olivo-cerebellar system and animal behavior
 - Enhancement of neural plasticity by direct current brain stimulation
 - Search and function analysis of novel genes controlling aging-associated motor diseases
 - Genome decoding of brachiopod *Lingula Anatina*
 - The *Acantharia-Phaeocystis* symbiosis: an investigation of eukaryotic photosymbiosis and its ecological role in oligotrophic surface water
- Scientific Research on Innovative Areas
(Research area proposed type)
 - Chronic effects of non-24 hour solar days
 - Reproductive system of lincRNA/miR2118/phasiRNA in plant
 - A new method of rice fertilization by lincRNA and miR2118
 - Motivational control of memory formation in zebra finch song learning.
 - Non-invasive imaging technique for measuring neural circuit activity
 - Formation of international network of fusion research between artificial intelligence and brain science
 - Promotion of fusion research between artificial intelligence and brain science
 - Mathematical analysis of the role of mRNA degradation in mammalian circadian clock
 - Experience-dependent neural circuit of zebra finch song learning built by competing/integrating with the Innate circuit
 - Bioimaging Support Initiative
 - Elucidation of mathematical basis and neural mechanism of multi-layered expression learning
- Start-Up Support Allowance
 - Coordination between cell cycle and processes of sperm chromatin remodeling in mouse zygote
- Research Support Allowance
 - 3D structured diamond for neural tissue engineering applications.
 - Single Cell Approach to Deciphering the Cephalopod Visual System: Do Differences Make a Difference?
 - JSPS International Fellowships for Research in Japan: Invitational Fellowships for Research in Japan (Short-term S)
- HFSP Grants
 - The physics of social behavior in the 3-dimensional shoaling of zebrafish, *Danio rerio*
- Naito Memorial Specific Research Award
 - Naito Memorial Foundation FY2017 Specific Research Scholarships
- Takeda Science Foundation Research Scholarships
 - Takeda Science Foundation FY2017 Research Scholarships(Cancer)
- International Joint Research for Accelerator
 - Using machine vision to understand causes and consequences of collective behavior in a honey bee society

18. Related Public Corporations

FRIENDS OF OIST FOUNDATION, INC.

(1) The purpose of the Friends of OIST foundation is to:

- ① Promote science and technology to address global grand challenges through the support of research and educational activities conducted by the OIST and its collaborators and partners in the United States, Japan, and abroad.
- ② Promote the globalization of science and technology research and education originating in Japan by increasing awareness of OIST and its research programs in the United States, and by expanding its global impact.
- ③ Enable self-sustaining economic growth in Okinawa by fostering an environment that supports innovation, entrepreneurship, and the application of scientific and technological knowledge to meet the world's needs.

(2) Relationship between the Board of Directors and OIST

Jerome Friedman, one of OIST BOG members, is concurrently a Board of Directors of the Friends of OIST Foundation.

(3) Members of the Board of Directors:

- ① Jerome Friedman: Director
- ② Sachiko McAlinn: Director

(4) Status of Capital funds

There are no membership fees, contributions and etc., burdened by OIST to contribute to capital fund of the foundation, operating expenses, project costs and etc.

(5) Status of business transactions with OIST

Not applicable.