

## Requirements for the Establishment of a Social Welfare Foundation

In establishing a social welfare foundation, the following requirements must be met, in principle.

(The following is extracted from “Concerning the Approval of Social Welfare Foundations (notification by the Director-General)” of 2000.)

### 1. Organization

The board members of a social welfare foundations should consist of at least 6 directors and at least 2 auditors. The directors should include the people with knowledge and experience related to social welfare services or persons concerned with local community welfare and the head of a facility managed by a social welfare foundation.

It is not appropriate to elect personnel from the related ministries and agencies and those who cannot participate in the actual management of the foundation in name only as a board member. Election of those in special relationships such as relatives with board members is also restricted.

All foundations, except for the foundations providing only social welfare service under the placement system or managing day-care centers, must establish a council.

### 2. Assets

As basic properties, properties such as land and buildings, which are needed to provide social welfare service, should be prepared.

As operating assets, one-twelfth or more of annual facility operation costs should be prepared in cash, deposits, etc.

### 3. Services

A social welfare foundation is allowed to engage in public services and profit-making services in addition to the social welfare services listed on the previous page.

Public services are those services intended for public benefit but which do not fall into the category of social welfare services.(Services which have no relation to social welfare are not approved.) Specifically, this refers to in-home care service support programs and services which manage health care facilities for the elderly requiring long-term care, fee-charging homes for the elderly, etc.

Profit-making services refer to those services which profit is appropriated to run social welfare service or public interest service implemented by the foundation. Those services include the leasing management of buildings, parking lots and stores, main services. In addition, the assets to be used for these purposes should be managed separately from basic and operating assets.

### 4. Disclosure

By May in each year, the foundations must prepare statement of operations, general inventory, balance sheet and statement of revenue and expenses and by the end of June, they must submit a report on the current status of a social welfare foundation, having the above-mentioned documents included, to the competent agencies.

Each foundation must retain the above-mentioned documents and auditors' opinion in its office and offer them for public inspection except when there are due reasons.

It is appropriate to utilize external audit by certified public accountants and licensed tax accountants.

### 5. Counseling on Establishment

In the course of establishing social welfare foundations, the owners should consult with departments and bureaus in charge of social welfare foundation of prefectures, designated cities and core cities.

### 6. Others

Qualification for the head of a facility

The head of a social welfare facility must meet the qualifications provided in the ordinances of the Ministry of Health, Labour and Welfare and of the former Ministry of Health and Welfare and “Concerning the Head of Social Welfare Facilities Managed by Social Welfare Foundation(notification by the Director-General)” of 1972.

## Changes in the Number of Social Welfare Foundation

(As of March 31 of each year)

Year	1975	1980	1985	1990	1995	2000	2001
Under the jurisdiction of the Minister of Health, Labour and Welfare	6, 110	9, 471	11, 672	118	127	138	144
Under the jurisdiction of prefectural governor, etc.	–	–	–	13, 305	14, 705	16, 553	16, 959
Year	2002	2003	2004	2005	2006	2007	2008
Under the jurisdiction of the Minister of Health, Labour and Welfare	146	151	164	181	195	222	242
Under the jurisdiction of prefectural governor, etc.	17, 559	18, 162	18, 636	18, 642	18, 453	18, 412	18, 448

Source: Social Welfare and War Victims' Relief Bureau, MHLW

Note: All social welfare foundations were under the jurisdiction of the Minister of health, Labour and Welfare until April 1987.