

I, Jason Wang, do hereby declare, state, and certify that:

1. I am familiar with both Chinese and English (File name: 2015 Financial Report) in their form and am fully qualified to translate from Chinese to English.
2. To the best of my knowledge and belief, the attached translation is a true and accurate rendition into Chinese of the attached documents written in English.

Executed on 2016-05-16 at Taipei, Taiwan.

Translator: _____



TO WHOM THIS MAY CONCERN

I, the undersigned, being the director of Elites Translation Service
(Business Code: 24331677) registered in Taipei City Government, the Republic of China, hereby certify:

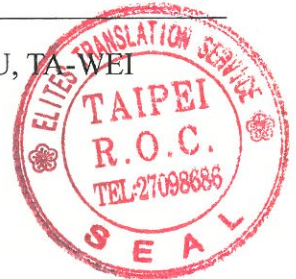
That the above translator is well qualified in translating such documents, and that I have carefully read the attached translation and compared same with the original document, being a true and correct English version of such original in Chinese.

IN WITNESS WHEREOF, I have hereunto set my signature and seal on 2016-05-16.

Director: _____



CHOU, TA-WEI



Sunshine Social Welfare Foundation

Financial Statements and Independent Auditors Report
For the Years 2015 and 2014

Address: 3F, 91, Nanking East Road, Section 3,
Jhongshan District, Taipei City

Telephone: (886-2) 2507-8006

To the Sunshine Social Welfare Foundation:

We have completed the audit of Sunshine Social Welfare Foundation assets, liabilities and statements of funds as of December 31 for the years 2015 and 2014. This includes statements of income and expenditure, statements of changes in funds and cash flow statements from January 1 to December 31, for the years 2015 and 2014 respectively. Preparation of these financial statements is the responsibility of foundation management. Opinion on these financial statements based on audit findings is the responsibility of the independent auditors.

The audit was conducted in accordance with *Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants* and generally accepted auditing standards in order to obtain reasonable assurance of financial statement validity. The audit includes random checks of the amounts listed in financial statements and evidence of the events disclosed, assessment of the accounting principles used by management in preparing financial statements and significant accounting estimates, as well as evaluation of the overall financial statement presentation. We believe that the audit work provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, in all material respects, were prepared in accordance with provisions in the *Business Accounting Law* and *Guidelines Governing Business Accounting* relating to financial accounting standards and generally accepted accounting principles, as well as the various explanations of statements of financial accounting standards as published by the Financial Reporting Standards Committee of the Accounting Research and Development Foundation. Statements are adequate in expressing Sunshine Social Welfare Foundation assets, liabilities and fund balances as of December 31 for the years 2015 and 2014, and balance of income and expenditure and cash flows from January 1 to December 31 for the years 2015 and 2014.

Deloitte & Touche, CPAs
Accountant HUANG Shiu-Chun
March 26th, 2016

Sunshine Social Welfare Foundation
Balance Sheet and Statement of Funds
December 31, 2015 & 2014

Unit: New Taiwan Dollar

Assets	<u>December 31, 2015</u>		<u>December 31, 2014</u>		Liabilities and Funds	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets					Current liabilities				
Cash (note 4)	\$ 393,917,166	4	\$ 113,752,472	30	Accounts payable	\$ 2,468,625	-	\$ 2,569,882	-
Accounts receivable (notes 3 and 5)	21,705,967	3	16,387,804	4	Accrued expenses (note 10)	48,909,876	6	29,823,441	8
Inventory (notes 3 and 6)	2,664,510	-	2,775,765	1	Other current liabilities	<u>31,035,151</u>	<u>3</u>	<u>10,447,221</u>	<u>3</u>
Restricted assets (note 8)	195,563,562	22	38,634,322	10	Total current liabilities	<u>82,413,652</u>	<u>9</u>	<u>42,840,544</u>	<u>11</u>
Prepaid expenses and other current assets	<u>4,571,649</u>	<u>1</u>	<u>1,383,518</u>	<u>-</u>	Other liabilities				
Total current assets	618,422,854	71	172,933,881	45	Accrued pension liabilities (notes 3 and 11)	119,256	-	116,843	-
Fund time deposits (notes 2, 3, 7 and 17)	51,549,380	6	45,573,410	12	Guarantee deposits received	<u>30,000</u>	<u>-</u>	<u>257,803</u>	<u>-</u>
Financial assets valued at cost (notes 2, 3, 7 and 17)	841,620	-	6,817,590	2	Total other liabilities	<u>149,256</u>	<u>-</u>	<u>374,646</u>	<u>-</u>
Fixed assets – net value (notes 3, 9 and 17)	192,995,079	22	148,138,933	39	Total liabilities	<u>82,562,908</u>	<u>9</u>	<u>43,215,190</u>	<u>11</u>
Other assets	<u>7,690,404</u>	<u>1</u>	<u>7,130,215</u>	<u>2</u>	Funds				
					Foundation funds (notes 2, 3, 7 and 17)	162,276,000	19	162,276,000	43
					Asset funds (notes 3, 9 and 17)	11,414,649	1	11,414,649	3
					Reserves (notes 8 and 17)	205,369,653	24	50,767,356	13
					Balance of income and expenses	<u>409,876,127</u>	<u>47</u>	<u>112,920,834</u>	<u>30</u>
					Total funds	<u>788,936,429</u>	<u>91</u>	<u>337,378,839</u>	<u>89</u>
Total assets	<u>\$871,499,337</u>	<u>100</u>	<u>\$380,594,029</u>	<u>100</u>	Total liabilities and funds	<u>\$ 871,499,337</u>	<u>100</u>	<u>\$ 380,594,029</u>	<u>100</u>

The accompanying notes are an integral part of the financial statements.

Chairman: MA Hae-Shya

CEO: SHU Ching-Shien

Accounting Officer in charge: TSAI Kuo-Ruey

Sunshine Social Welfare Foundation
Statement of Income and Expenditures
January 1 to December 31, 2015 & 2014

Unit: New Taiwan Dollar

	2015		2014	
	Amount	%	Amount	%
Income and benefits				
Income from donations (notes 2, 3, 8, 12 and 17)	\$ 613,172,238	91	\$ 155,532,403	78
Income from subsidiaries (note 2, 3 and 13)	36,321,811	5	28,812,665	14
Income from sale of assistive devices (notes 2 and 3)	10,123,941	2	6,073,216	3
Income from interest (note 2)	3,679,365	1	1,614,649	1
Income from charity sales (notes 2 and 3)	2,195,869	-	4,731,656	2
Income from services	341,416	-	946,906	1
Foreign exchange gain (note 3)	247,324	-	56,491	-
Net profit from operating subsidiaries (notes 15)	2,379,707	-	-	-
Other income	<u>4,895,353</u>	<u>1</u>	<u>2,194,867</u>	<u>1</u>
Total income and benefits	<u>673,357,024</u>	<u>100</u>	<u>199,962,853</u>	<u>100</u>
Expenditure and losses				
Salaries (note 14)	82,095,017	12	61,876,058	31
Project and activity expenditures	35,009,328	5	23,210,273	12
Financial aid	53,020,640	8	22,090,409	11
Repair and renovations	3,193,202	1	1,688,448	1
Insurance (note 14)	9,784,500	1	7,366,781	4
Post and communication	1,805,709	-	1,231,504	1
Meal allowance (note 14)	3,326,883	1	2,559,113	1
Pension fund (notes 3, 11 and 14)	5,261,763	1	4,206,726	2
Utilities	1,919,292	-	1,218,094	1
Travel	1,304,709	-	664,310	-
Stationery	880,113	-	634,841	-
Rentals	5,303,009	1	2,835,042	1
Depreciation (notes 3, 9 and 14)	7,180,702	1	2,320,469	1
Net loss from operating subsidiaries (notes 15)	-	-	10,373,397	5
Other (attachment 1)	<u>11,714,567</u>	<u>2</u>	<u>4,884,244</u>	<u>3</u>
Total expenditure and losses	<u>221,799,434</u>	<u>33</u>	<u>147,159,709</u>	<u>74</u>

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	2015		2014	
	Amount	%	Amount	%
Budget surplus before tax	\$ 451,557,590	67	\$ 52,803,144	26
Income tax expenditure (notes 3 and 16)	-	-	-	-
Budget surplus (notes 8 and 17)	<u>\$ 451,557,590</u>	<u>67</u>	<u>\$ 52,803,144</u>	<u>26</u>

The accompanying notes are an integral part of the financial statements.

Chairman: MA
Hae-Shya

CEO: SHU
Ching-Shien

Accounting Officer
in charge:

TSAI
Kuo-Ruey

Sunshine Social Welfare Foundation
Statement of Changes in Funds
January 1 to December 31, 2015 & 2014

Unit: New Taiwan Dollar

	Foundation funds (Notes 2, 3, 7 and 17)	Asset funds (Notes 3, 9 and 17)	Reserves (Notes 8 and 17)		Sub-Total	Income and expenditures	Total of Funds
			Business Incubator Reserve Fund	Service Reserve Fund			
Balance as of January 1, 2014	\$ 162,276,000	\$ 11,922,873	\$ 13,120,716	\$ -	\$13,120,716	\$97,764,330	\$285,083,919
Disposal of asset fund – fixed assets	-	(508,224)	-	-	-	-	(508,224)
Balance of income and expenditures in 2014	-	-	-	-	-	52,803,144	52,803,144
Allowance for Service Reserve Fund	-	-	-	38,634,322	38,634,322	(38,634,322)	-
Business Incubator Reserve Fund expenditures	-	-	(987,682)	-	(987,682)	987,682	-
Balance as of December 31, 2014	162,276,000	11,414,649	12,133,034	38,634,322	50,767,356	112,920,834	337,378,839
Balance of income and expenditures in 2015	-	-	-	-	-	451,557,590	451,557,590
Allowance for Service Reserve Fund	-	-	-	174,361,932	174,361,932	(174,361,932)	-
Service Reserve Fund expenditures	-	-	-	(17,432,692)	(17,432,692)	17,432,692	-
Business Incubator Reserve Fund expenditures	-	-	(2,326,943)	-	(2,326,943)	2,326,943	-
Balance as of December 31, 2015	<u>\$ 162,276,000</u>	<u>\$ 11,414,649</u>	<u>\$ 9,806,091</u>	<u>\$195,563,562</u>	<u>\$205,369,653</u>	<u>\$409,876,127</u>	<u>\$788,936,429</u>

The accompanying notes are an integral part of the financial statements.

Chairman: MA Hae-Shya

CEO: SHU Ching-Shien

Accounting Officer in charge:

TSAI Kuo-Ruey

Sunshine Social Welfare Foundation
Statement of Cash Flow
January 1 to December 31, 2015 & 2014

Unit: New Taiwan Dollar

	2015	2014
Cash flow from operation		
Budget surplus	\$ 451,557,590	\$ 52,803,144
Depreciation	8,817,198	10,323,547
Diverse amortization	490,704	609,820
Loss from disposal of fixed assets	52,403	516,214
Accrued pension liabilities	2,413	4,340
Net change in operating assets and liabilities		
Accounts receivable	(5,318,163)	(5,960,308)
Inventory	111,255	714,539
Restricted assets	(156,929,240)	(38,634,322)
Prepaid expenses and other current assets	(3,188,131)	706,578
Accounts payable	(101,257)	358,856
Expenses payable	19,086,435	7,300,249
Other current liabilities	<u>18,688,370</u>	<u>1,694,347</u>
Net cash inflow from operations	<u>333,269,577</u>	<u>30,437,004</u>
Cash flow from investment activities		
Purchase of fixed assets	(51,826,187)	(15,398,421)
Other assets	(1,265,714)	(1,318,805)
Refundable deposits	<u>214,821</u>	<u>640,510</u>
Net cash outflow from investment activities	<u>(52,877,080)</u>	<u>(16,076,716)</u>
Cash flow from financing activities		
Increase (decrease) in guarantee deposits received	(<u>227,803</u>)	<u>2,500</u>
Cash inflow (outflow) from financing activities	<u>(227,803)</u>	<u>2,500</u>
Net cash increase	280,164,694	14,362,788
Cash balance – Beginning of year	<u>113,752,472</u>	<u>99,389,684</u>
Cash balance – End of year	<u>\$ 393,917,166</u>	<u>\$ 113,752,472</u>
Supplemental disclosures of cash flow information		
Income tax paid during the year	<u>\$ 12,527</u>	<u>\$ 16,391</u>

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	<u>2015</u>	<u>2014</u>
Investment activities influencing both cash and non-cash items		
Increase in fixed deposit of funds	\$ 5,975,970	\$ 1,945,630
Refunds from financial asset capital reductions valued at cost	(<u>5,975,970</u>)	(<u>1,945,630</u>)
	<u>\$ -</u>	<u>\$ -</u>
Increase in fixed assets	\$ 53,725,747	\$ 16,012,308
Increase in construction and equipment cost payable	(<u>1,899,560</u>)	(<u>613,887</u>)
Cash payment for purchase of fixed assets	<u>\$ 51,826,187</u>	<u>\$ 15,398,421</u>

The accompanying notes are an integral part of the financial statements.

Chairman: MA
Hae-Shya

CEO: SHU
Ching-Shien

Accounting Officer
in charge:

TSAI
Kuo-Ruey

Sunshine Social Welfare Foundation
Notes on Financial Statements
2015 and 2014

Unit: New Taiwan Dollar

1. Purpose and history of the Foundation

The Foundation was established on October 5, 1982 in accordance with foundation related provisions under the *Civil Code* and other related laws. Formerly known as the Sunshine Culture & Education Foundation of the ROC, the name was changed to Sunshine Social Welfare Foundation in 1999 following a second approval from the Ministry of the Interior.

The purpose of the foundation is to provide social welfare services, including psychological and employment counseling, vocational training, legal services, education, nursing, special education, financial aid, medical rehabilitation and social education for people with facial disfigurement, burns and oral cancer. The Foundation respectively established the Chian-He Social Enterprise (formerly Heping Car Wash Center) in December 1992, the Business Department in June 2010, the Zhonghe and Guandu Carwash Centers in October 2010, the Songshan Carwash Center in March 2011, the Shih-Min Social Enterprise Gas Station (formerly Chian-Hsiao Gas Station) in January 2012, the Donghu Carwash Center in August 2013, the Nangang Carwash Center in December 2013. The Guandu Carwash Center ceased operations in October 2014.

As of the end of 2015 and 2014, the number of Foundation employees was 367 and 284 respectively.

2. Funds and sources of income

Foundation total asset value as verified by the court and relevant authority as of July 20, 2011 was NT\$162,276,000.

The Foundation's main sources of income include donations, government subsidies, income from sale of assistive devices, interest generated from funds, income from charity sales and so on.

The foundation's policy in paying all operation-required expenses is to use interest generated from funds and donations received after establishment. Fund registered assets may not be disposed of without a resolution from the Board of Trustees and the permission from the relevant government supervising authority.

3. Summary of significant accounting policies

Financial statements are prepared in accordance with *Business Accounting Law* (promulgated on June 3, 2009), *Guidelines Governing Business Accounting* (promulgated on November 30, 2006) and the various explanations of statements of financial accounting standards as published by the Financial Reporting Standards Committee of the Accounting Research and Development Foundation. Significant accounting policies are summarized as follows:

i. Foreign currency transactions

Non-derivative foreign-currency transactions of various foreign currency assets, liabilities, revenues or expenses are recorded in New Taiwan dollars at the rates of exchange in effect when the transactions occur. Exchange differences arising from settlement of foreign-currency assets and liabilities are recognized in profit or loss.

At the balance sheet date, foreign-currency monetary assets and liabilities are revalued using prevailing exchange rates and the exchange differences are recognized in profit or loss.

ii. Accounting estimates

In following the above-mentioned laws and principles in preparing financial statements, the Foundation had to use reasonably estimated amounts for allowance for uncollectible accounts, allowance for loss on inventories, depreciation of fixed assets, income tax, appropriation of pensions and asset impairment. Estimates may differ from actual results.

iii. Standard for distinguishing between current and non-current assets and liabilities

Current assets include cash, assets held primarily for trading purposes or assets which are expected to be realized within one year of the balance sheet date. Fixed assets and other assets that are not current assets are classified under non-current assets. Current liabilities include those incurred mainly for trading purposes and liabilities which must be settled within one year of the balance sheet date. Liabilities not classified as current liabilities are non-current liabilities.

iv. Assessment of impaired accounts receivable

The Foundation assesses accounts receivable for impairment indicators at each balance sheet date. The accounts receivable are deemed impaired when objective evidence shows that their estimated future cash flows have been affected by one or more events occurring after the initial acknowledgement of the accounts receivable. The objective evidence of impairment loss might include:

1. Obvious financial difficulties of the debtor; or
2. Probable overdue accounts receivable; or
3. Probability that the debtor will close down or start other financial reorganization

The accounts receivable that are determined not to be individually impaired shall also be evaluated for impairment on a collective basis. Objective evidence of impairment loss for a receivables combination may include the past collection experiences of the Foundation, delayed payment conditions of said combination, and observable economic changes related to the late payment of receivables.

Furthermore, the impairment loss amount shall be the difference between the asset's carrying amount and the present value of the estimated future cash flows (the effect of collateral or guarantee has already been reflected), discounted at the financial asset's original effective interest rate. The carrying amount of accounts receivable shall be adjusted through allowance. Once an account receivable is deemed uncollectible, it shall be written off against the allowance account. The subsequent recovery of amounts that had been previously written off shall be credited against the allowance account. The carrying amount changes of an allowance account shall be recognized as bad debt loss.

v. Inventory

Inventories were valued by the weighted average method.

vi. Financial assets valued at cost

Equity investments which cannot be valued at reliably measurable fair value are unlisted (OTC) stocks given as bequests. These assets are listed at their net value on the stock transfer date. Cash dividends paid by invested companies are recognized as income. Funds recovered from capital reduction are used to offset investment cost. When stock dividends are paid, only the increase in the number of shares is listed with no increase in

the book value. If there is objective evidence of value reduction, then a loss is recognized and the amount is not further offset.

vii. Fixed assets

Foundation fixed assets are listed at cost at time of acquisition. Listed fixed assets are recognized in the asset funds and as expenditures in facilities and equipment. According to relevant laws, if real estate is registered with the court and the relevant authority as foundation assets, then real estate should be transferred from asset funds to foundation funds. Fixed assets ordinarily are not depreciated; retirement or disposition is listed as offset to fixed assets and asset funds. Starting in 2010, depreciation will be calculated for newly added fixed assets of the foundation.

Fixed assets of gas station, car wash centers and foundation have been added in 2010 to fixed assets and have been valued at cost less accumulated depreciation. Major renovations and improvements are listed as capital expenditures. Repairs and maintenance expenditures are listed as expenses for that year. Fixed assets are depreciated based on the linear method or durability and are fully depreciated in three to twenty years. When fixed assets are disposed, in addition to writing off related costs and accumulated depreciation, the loss or income from disposal is listed for that year.

Should there be a significant loss if the recoverable amount of fixed assets is used to measure their book value, the value reduced is recognized as a loss. If later the recoverable amount of fixed assets increases, then the reduction in loss is recognized as income. However, fixed asset book value after recognition of the loss reduction shall not exceed the book value of the asset before recognition of the loss reduction minus the provision for depreciation.

viii. Revenue recognition

Donations are recognized as revenue when they are paid to the Foundation in cash, equipment or supplies.

Revenue from sales of goods is recognized when the Foundation has transferred to the buyer the significant risks and rewards of ownership of the goods, because the earnings process has been completed and the economic benefits associated with the transaction have been realized or are realizable.

The grant income should not be recognized until it is satisfactory to the conditions of government grant and may receive such grant over the periods when related costs are

expected to incur in accordance with SFAS No. 29 “Accounting for Government Grant”.

ix. Pension

Pension cost under a defined benefit plan is determined by contributing the equivalent of 6.3% of employee monthly salary in employee individual pension accounts. Pension cost under a defined contribution plan is determined by the period of service of employee, and the funds set aside are recognized as pension cost during the year.

x. Income Tax

According to Article 2.1.8 of the amended *Standards of Income Tax Exemption for Educational, Cultural, Public Welfare, Charitable Organizations or Groups* promulgated by the Executive Yuan on February 26, 2013, if the expenses of an organization or group for activities related to its founding purpose (including expenses for sale and non-sale of goods or services) are not less than 60% of the sum of the income from activities related to its founding purpose (including income from sale and non-sale of goods or services) plus the income not related to its founding purpose and the income from subsidiaries, then the income of the organization or group and its subsidiaries is exempt from income tax.

4. Cash

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Cash on hand and petty cash	\$ 714,813	\$ 569,813
Checking accounts and demand deposits	25,710,957	32,456,981
Time deposits, annual interest rate of 0.28% - 1.42% in 2015, maturing between January and September 2016; 0.88% - 1.38% in 2014, maturing between January and July 2015	<u>367,491,396</u>	<u>80,725,678</u>
	<u>\$ 393,917,166</u>	<u>\$ 113,752,472</u>

5. Accounts receivable

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Government grants receivable	\$ 11,337,312	\$ 9,043,577
Donations receivable	3,259,334	1,337,499
Accounts receivable	4,366,900	4,499,821
Others	<u>2,742,421</u>	<u>1,506,907</u>
	<u>\$ 21,705,967</u>	<u>\$ 16,387,804</u>

6. Inventory

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Inventory of goods and gifts	<u>\$ 2,664,510</u>	<u>\$ 2,775,765</u>

7. Financial assets measured at cost - non-current

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Domestic non-listed (OTC) common stocks		
CX Venture Capital Co., Ltd.	<u>\$ 841,620</u>	<u>\$ 6,817,590</u>

Due to a lack of active public quotations for evaluation of fair value, the above shares held by the Foundation are measured at cost. CX Venture Capital Co., Ltd. reduced its capital in 2015 and in 2014, returning NT\$5,975,970 and NT\$1,945,630 in cash respectively. The Foundation recovered cash based on its shareholding percentage subsequently reducing the carrying amount of investment.

The Foundation registered the above-mentioned stocks at time of acquisition under foundation funds, which may not be disposed of without prior resolution from the Board of Trustees and the permission of the government supervising agency. The company reduced its capital in 2015 and on December 31, 2014, returning NT\$21,549,380 and NT\$15,573,410 respectively, which were recorded as fund time deposits.

8. Restricted assets

- i. According to the Charitable Solicitation Approval No. 1031340617 issued by the Ministry of Health and Welfare, the Foundation set up the “Physical and Psychological Rehabilitation Service Fund for Burn Survivors of the August 1st Kaohsiung Gas Explosion and Southern District.” The implementation time of this project is from August 1st, 2014 to July 31st, 2017. This project raised donations for a total of NT\$53,407,973, and as of December 31, 2014, a total of NT\$38,634,322 remained in the fund’s designated bank account. The Foundation recorded the totality of the remaining funds as reserve funds for the period of implementation of the project. Actual use of funds for the project during the year 2015 was as follows:

	<u>2015</u>
“Physical and Psychological Rehabilitation Service Fund for Burn Survivors of the August 1 st Kaohsiung Gas Explosion and Southern District.”	<u>\$ 17,432,692</u>

- ii. According to the Charitable Solicitation Approval No. 1040119640 issued by the Ministry of Health and Welfare, the Foundation set up the “Physical and Psychological Rehabilitation Service Fund for the Survivors of the Formosa Fun Coast Water Park Explosion.” The implementation time of this project is from June 29, 2015 to June 28, 2020. This project raised donations for a total of NT\$269,024,547, and as of December 31, 2015, a total of NT\$174,361,932 remained in the fund’s designated bank account.

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9. Fixed assets – net value

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
<u>Foundation</u>		
Cost - Land	\$ 79,502,000	\$ 79,502,000
Cost - Buildings	34,826,014	34,864,864
Cost - Leasehold Improvements	32,719,810	916,788
Cost – Machines and Equipment	321,195	
Cost - Rehabilitation Equipment	18,995,959	6,351,230
Cost – Computer Equipment	4,890,771	3,929,621
Cost - Transportation Equipment	7,893,144	6,601,489
Cost - Other Equipment	<u>14,485,795</u>	<u>11,970,226</u>
Total	193,634,688	144,136,218
Accumulated depreciation (note 3)	(11,958,943)	(5,045,890)
Pre-payment for equipment	<u>1,530,400</u>	<u>5,914,197</u>
Foundation fixed assets net value	<u>183,206,145</u>	<u>145,004,525</u>
 <u>Chian-He Social Enterprise (formerly Heping Car Wash Center)</u>		
Cost - Leasehold Improvements	\$ 1,235,927	421,500
Cost - Machinery Equipment	4,696,677	1,966,677
Cost - Computers Equipment	260,358	260,358
Cost - Other Equipment	<u>910,972</u>	<u>146,711</u>
Total	7,103,934	2,795,246
Accumulated depreciation (note 3)	(<u>2,224,971</u>)	(<u>1,608,746</u>)
Net value of Chian-He Social Enterprise (formerly Heping Car Wash Center) fixed assets	<u>\$ 4,878,963</u>	<u>1,186,500</u>

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	December 31, 2015	December 31, 2014
<u>Business Department</u>		
Cost - Leasehold Improvements	-	\$ 300,000
Cost - Machinery Equipment	-	145,000
Cost - Computers Equipment	-	112,054
Cost - Other Equipment	103,086	111,181
Total	103,086	668,235
Accumulated depreciation (note 3)	(62,292)	(588,209)
Pre-payment for equipment	60,000	-
Net value of Business Department fixed assets	100,794	80,026
<u>Songshan Car Wash Center</u>		
Cost - Leasehold Improvements	1,111,921	1,111,921
Cost - Machinery Equipment	-	197,700
Cost - Computers Equipment	-	55,000
Cost - Other Equipment	-	124,575
Total	1,111,921	1,489,196
Accumulated depreciation (note 3)	(772,150)	(874,956)
Net value of Songshan Car Wash Center fixed assets	339,771	614,240
<u>Shih-Min Social Enterprise Gas Station (formerly Chian-Hsiao Gas Station)</u>		
Cost - Leasehold Improvements	11,792,430	11,357,390
Cost - Machinery Equipment	10,811,970	7,478,636
Cost - Computers Equipment	214,728	214,728
Cost - Other Equipment	104,900	-
Total	22,924,028	19,050,754
Accumulated depreciation (note 3)	(19,607,624)	(19,050,754)
Net value of Gas Station fixed assets	3,316,404	-

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	December 31, 2015	December 31, 2014
<u>Donghu Carwash Center</u>		
Cost - Leasehold Improvements	\$ 642,609	\$ 642,609
Cost - Other Equipment	<u>202,000</u>	<u>202,000</u>
Total	844,609	844,609
Accumulated depreciation (note 3)	(<u>335,413</u>)	(<u>194,641</u>)
Net value of Donghu Carwash Center fixed assets	<u>509,196</u>	<u>649,968</u>
<u>Nangang Carwash Center</u>		
Cost - Leasehold Improvements	841,997	673,334
Cost - Other Equipment	<u>81,905</u>	<u>81,905</u>
Total	923,902	755,239
Accumulated depreciation (note 3)	(<u>280,096</u>)	(151,565)
Net value of Nangang Carwash Center fixed assets	<u>643,806</u>	<u>603,674</u>
Fixed assets – Net value	<u>\$ 192,995,079</u>	<u>\$ 148,138,933</u>

In 2015 and 2014, expenses related to the depreciation of Foundation fixed assets were NT\$7,180,702 and NT\$2,320,469 respectively. In 2015 and 2014, the total depreciation of subsidiary fixed assets was NT\$1,636,496 and NT\$8,003,078 respectively.

10. Accounts payable

	December 31, 2015	December 31, 2014
Accrued salaries and bonuses	<u>\$23,718,574</u>	<u>\$20,653,855</u>
Accrued project and activity expenses	3,678,729	-
Accrued financial aid payments	2,061,651	2,446,466
Accrued reserve of Chian-He Social Enterprise	1,047,926	-
Accrued miscellaneous purchases	1,993,088	358,975
Other	<u>16,409,908</u>	<u>6,364,145</u>
	<u>\$48,909,876</u>	<u>\$29,823,441</u>

11. Pension

The applicable pension system in the *Labor Pension Act* is a defined retirement contribution approach, where the Foundation contributes the equivalent of 6% of employee monthly salary in employee individual pension accounts at the Labor Insurance

Bureau. The Foundation's cost of pension in 2015 and 2014 was NT\$6,643,027 and NT\$5,585,353 respectively.

The applicable pension system in the *Labor Standards Act* is a defined retirement benefit scheme. For each employee the pension payment is based on years of service and the average salary six months before the approved retirement date. The Foundation contributed in the pension fund the equivalent of 6% of employee total monthly salary for the period between January 2013 and August 2013, and the equivalent of 6.3% of employee total monthly salary from September 2013 onward. Funds are then handed to the labor retirement reserve supervisory committee which deposits them into a designated account at the Bank of Taiwan in the committee's name. The retirement reserve fund in 2015 and 2014 was NT\$1,394,415 and NT\$1,378,322 respectively. The provision for the annual pension cost in 2015 and 2014 was NT\$1,396,828 and NT\$1,382,662 respectively.

12. Income from donations

	2015	2014
Formosa Fun Coast Water Park Explosion	<u>\$269,024,547</u>	\$ -
August 1 st Kaohsiung Gas Explosion	-	<u>53,403,973</u>
Income from other recurrent donations	<u>344,147,691</u>	<u>102,128,430</u>
	<u>\$613,172,238</u>	<u>\$155,532,403</u>

13. Income from grants

	2015	2014
Income from government grants	<u>\$12,577,705</u>	<u>\$15,085,593</u>
Income from government contracted projects	10,812,491	6,808,342
Income from United Way Taiwan grants	<u>12,931,615</u>	<u>6,918,730</u>
	<u>\$36,321,811</u>	<u>\$28,812,665</u>

14. Staff, depreciation and amortization expenses

2015				
Subsidiaries				
	Foundation	Operating costs	Operating expenses	Total
Staff costs				
Salaries	\$ 82,095,017	\$ 21,532,946	\$ 33,280,517	\$ 136,908,480
Labor and health insurance	9,423,480	2,817,145	2,720,433	14,961,058
Pension	5,261,763	1,675,953	1,102,139	8,039,855
Meals	3,326,883	664,903	390,469	4,382,255
Welfare	-	527,602	1,237,792	1,765,394
	<u>\$ 100,107,143</u>	<u>\$ 27,218,549</u>	<u>\$ 38,731,350</u>	<u>\$ 166,057,042</u>
Depreciation	<u>\$ 7,180,702</u>	<u>\$ 1,636,496</u>	<u>\$ -</u>	<u>\$ 8,817,198</u>
Amortization expense	<u>\$ 362,878</u>	<u>\$ -</u>	<u>\$ 127,826</u>	<u>\$ 490,704</u>
2014				
Subsidiaries				
	Foundation	Operating costs	Operating expenses	Total
Staff costs				
Salaries	\$ 61,876,058	\$ 20,420,524	\$ 31,645,651	\$ 113,942,233
Labor and health insurance	7,058,858	2,623,444	2,896,263	12,578,565
Pension	4,206,726	1,798,497	962,792	6,968,015
Meals	2,559,113	1,244,195	1,111,530	4,914,838
Welfare	-	507,494	372,904	880,398
	<u>\$ 75,700,755</u>	<u>\$ 26,594,154</u>	<u>\$ 36,989,140</u>	<u>\$ 139,284,049</u>
Depreciation	<u>\$ 2,320,469</u>	<u>\$ 8,003,078</u>	<u>\$ -</u>	<u>\$ 10,323,547</u>
Amortization expense	<u>\$ 169,648</u>	<u>\$ -</u>	<u>\$ 440,172</u>	<u>\$ 609,820</u>

15. Operating profit/loss of subsidiaries

	2015		2014	
	Amount	%	Amount	%
<u>Chian-He Social Enterprise</u> <u>(formerly Heping Car Wash</u> <u>Center)</u>				
Income	\$ 32,813,610	100	\$ 22,103,601	100
Costs	<u>26,019,548</u>	<u>79</u>	<u>21,389,507</u>	<u>97</u>
Gross profit	<u>6,794,062</u>	<u>21</u>	<u>714,094</u>	<u>3</u>
Expenses				
Salaries (note 14)	4,704,878	14	2,280,643	10
Insurance (note 14)	227,832	1	291,044	1
Pension (note 3, 11 and 14)	110,250	-	123,323	-
Meals (note 14)	72,020	-	134,680	1
Post and communication	160,144	1	160,099	1
Project expenditures	2,683	-	1,686,101	8
Other (attachment 1)	<u>1,166,943</u>	<u>4</u>	<u>153,834</u>	<u>1</u>
Total operating expenses	<u>6,444,750</u>	<u>20</u>	<u>4,829,724</u>	<u>23</u>
Profit (Loss) of Chian-He Social Enterprise (formerly Heping Car Wash Center)	<u>349,312</u>	<u>1</u>	(<u>4,115,630</u>)	(<u>20</u>)
<u>Business Department</u>				
Income	221,384	100	615,109	100
Costs	<u>58,765</u>	<u>27</u>	<u>326,631</u>	<u>53</u>
Gross profit	<u>162,619</u>	<u>73</u>	<u>288,478</u>	<u>47</u>
Expenses				
Salaries (note 14)	\$ 138,248	62	3,016,845	490
Insurance (note 14)	15,244	7	315,265	51
Pension (note 3, 11 and 14)	11,328	5	230,990	38
Meals (note 14)	4,407	2	55,300	9
Amortization expenses (note 14)	102,184	46	-	-
Social enterprise	3,860,695	1,743	-	-
Other (attachment 1)	<u>143,423</u>	<u>66</u>	<u>247,770</u>	<u>40</u>
Total operating expenses	<u>4,275,529</u>	<u>1,931</u>	<u>3,866,170</u>	<u>628</u>
Loss of Business Department	(<u>4,112,910</u>)	(<u>1,858</u>)	(<u>3,577,692</u>)	(<u>581</u>)
<u>Guandu Car Wash Center</u>				
Income	-	-	1,904,426	100
Costs	<u>-</u>	<u>-</u>	<u>3,486,750</u>	<u>183</u>
Gross loss	<u>-</u>	<u>-</u>	(<u>1,582,324</u>)	(<u>83</u>)
Expenses (attachment 1)	<u>-</u>	<u>-</u>	<u>544,634</u>	<u>29</u>
Loss of <u>Guandu</u> Car Wash Center	<u>-</u>	<u>-</u>	(<u>2,126,958</u>)	(<u>112</u>)

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	2015		2014	
	Amount	%	Amount	%
<u>Songshan Car Wash Center</u>				
Income	3,111,103	100	3,064,869	100
Costs	<u>3,681,474</u>	<u>118</u>	<u>3,724,542</u>	<u>122</u>
Gross loss	(570,371)	(18)	(659,673)	(22)
Expenses (attachment 1)	<u>77,662</u>	<u>3</u>	<u>74,621</u>	<u>3</u>
Loss of Songshan Car Wash Center	(<u>648,033</u>)	(<u>21</u>)	(<u>734,294</u>)	(<u>24</u>)
<u>Donghu Car Wash Center</u>				
Income	2,409,315	100	2,345,491	100
Costs	<u>3,088,532</u>	<u>128</u>	<u>2,935,441</u>	<u>125</u>
Gross loss	(679,217)	(28)	(589,950)	(25)
Expenses (attachment 1)	<u>69,465</u>	<u>3</u>	<u>59,127</u>	<u>3</u>
Loss of Donghu Car Wash Center	(<u>748,682</u>)	(<u>31</u>)	(<u>649,077</u>)	(<u>28</u>)
<u>Nangang Car Wash Center</u>				
Income	2,164,904	100	1,419,971	100
Costs	<u>3,186,692</u>	<u>148</u>	<u>3,054,919</u>	<u>215</u>
Gross loss	(1,021,788)	(48)	(1,634,948)	115
Expenses (attachment 1)	<u>52,778</u>	<u>2</u>	<u>54,499</u>	<u>4</u>
Loss of Nangang Car Wash Center	(<u>1,074,566</u>)	(<u>50</u>)	(<u>1,689,436</u>)	<u>119</u>
<u>Shih-Min Social Enterprise Gas Station (formerly Chian-Hsiao Gas Station)</u>				
Income	\$ 389,672,758	100	502,587,838	100
Costs	<u>331,240,908</u>	<u>85</u>	<u>456,368,103</u>	<u>91</u>
Gross profit	<u>58,431,850</u>	<u>15</u>	<u>46,219,735</u>	<u>9</u>
Expenses				
Salaries (note 14)	28,437,391	7	\$ 26,348,163	5
Advertisement	5,326,967	2	4,986,725	1
Post and communication	2,442,300	1	3,140,332	1
Insurance (note 14)	2,477,357	1	2,289,954	1
Meals (note 14)	314,042	-	921,550	-
Water, electricity, gas	932,313	-	934,261	-
Maintenance	521,023	-	540,437	-
Amortization expense (note 14)	25,642	-	440,172	-

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	2015		2014	
	Amount	%	Amount	%
Project expenses	4,643,106	1	649,020	-
Pension (note 3, 11 and 14)	980,561	-	608,479	-
Other (attachment 1)	<u>3,716,562</u>	<u>1</u>	<u>2,250,840</u>	<u>-</u>
Total expenses	<u>49,817,264</u>	<u>13</u>	<u>43,700,045</u>	<u>7</u>
Profit of Gas Station	<u>8,614,586</u>	<u>2</u>	<u>2,519,690</u>	<u>2</u>
Net profit (loss) from subsidiaries	<u>\$ 2,379,707</u>		<u>(\$ 10,373,397)</u>	

16. Income Tax

The Foundation belongs to the category of “organizations or institutions, which are established for educational, cultural, public welfare or charitable purposes” as outlined in Article 4 of the *Income Tax Act*. Because in 2015, the Foundation set up the “Physical and Psychological Rehabilitation Service Fund for the Survivors of the Formosa Fun Coast Water Park Explosion,” which received a high amount of donations, the expenditure used for the purpose of the initial project was less than 60% of annual interest income and other income in 2015. However, the Foundation plans to have the balance amount used for the programs in initial foundation related activities within four years from the next year and will submit the plans to competent authority for approval. For 2014, apart from meeting Article 2.1.8 of the *Standards of Income Tax Exemption for Educational, Cultural, Public Welfare, Charitable Organizations or Groups* regarding exemption from income tax, the estimated tax payable for sale of goods or services was processed according to regulations. The Foundation was exempt from income tax for 2014. Income tax was approved by the tax authority up to 2013.

17. Reserve funds

i. Foundation funds

The total amount of foundation funds approved by the court and the government supervising agency is NT\$162,276,000. The list of foundation funds is as follows:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Real estate	\$109,885,000	\$109,885,000
Time deposits	51,549,380	45,573,410
Shares	<u>841,620</u>	<u>6,817,590</u>
	<u>\$162,276,000</u>	<u>\$162,276,000</u>

ii. Asset funds

Before 2010, Foundation fixed assets were listed at cost at time of acquisition. Listed fixed assets are recognized in the asset funds and as expenditures in facilities and equipment. Retirement or disposition was listed as offset to fixed assets and asset funds. At the end of 2015 and December 31, 2014, the amount of asset funds was NT\$11,414,649.

iii. Reserves

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Business Incubator Reserve Fund	\$9,806,091	\$ 12,133,034
Service Reserve Fund	<u>195,563,562</u>	<u>38,634,322</u>
Total	<u>\$205,369,653</u>	<u>\$ 50,767,356</u>

The Foundation signed an agreement with Taipei City Government on December 27, 2005 for the operation of the Sunshine Gas Station. Based on operation plan as outlined in the agreement, the Foundation must place surpluses from the Sunshine Gas Station in the Business Incubator Reserve Fund. This Business Incubator Reserve Fund will provide funds for the future establishment of sheltered workshops, the development of employment services, as well as the planning of staff employment. Actual use of funds from the Business Incubator Reserve Fund in 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Expansion plan of carwash centers	\$ -	\$ 987,682
New social enterprise development	<u>2,326,943</u>	<u>-</u>
	<u>\$ 2,326,943</u>	<u>\$ 987,682</u>

The Service Reserve Fund is related to the implementation in 2014 and 2015 by the Foundation of “Physical and Psychological Rehabilitation Service Fund for Burn Survivors of the August 1st Kaohsiung Gas Explosion and Southern District” and “Physical and Psychological Rehabilitation Service Fund for the Survivors of the Formosa Fun Coast Water Park Explosion” respectively. Please refer to note 8.

18. Major commitments

- i. The Foundation renewed its agreement with the Taipei City Foreign and Disabled Labor Office on December 2014 for the operation of the Shih-Min Social Enterprise Gas Station (formerly Chian-Hsiao Sheltered Workshop Gas Station). Contract period is from January 1, 2015 to December 31, 2017.
- ii. The Foundation renewed its lease for the Chian-He Social Enterprise (formerly Heping Car Wash Center) with the Taipei City Foreign and Disabled Labor Office on December 1, 2014. The lease started on December 1, 2014 and will end on November 30, 2019.
- iii. Through an agreement signed with the New Taipei City Social Welfare Department on January 2014, the Foundation was entrusted with operating the Family Resource Center for People with Disabilities. Contract period is from January 1, 2014 to December 31, 2015. Upon expiration of the contract, both parties are still in the process of discussing a renewal of contract.

**Sunshine Social Welfare Foundation
Breakdown of Other Expenses for 2015 and 2014**

Attachment 1

	Foundation		Chian-He Social Enterprise (formerly Heping Carwash Center)		Business Department		Guandu Carwash Center		Songshan Carwash Center		Shih-Min Social Enterprise Gas Station (formerly Chian-Hsiao Gas Station)		Donghu Carwash Center		Nangang Carwash Center		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Stationery	\$ -	\$ -	\$ 25,033	\$ 40,532	\$ 4,904	\$ 51,151	\$ -	\$ 310	\$ 1,949	\$ 6,252	\$ 54,557	\$ 65,067	\$ 5,584	\$ 4,313	\$ 2,340	\$ 7,568	\$ 94,367	\$ 175,193
Post and communication	-	-	-	-	22,879	19,963	-	26,896	71,465	63,226	-	-	63,881	54,814	48,713	44,240	206,938	209,139
Transportation	241,316	121,151	16,547	21,186	10,393	36,995	-	1,214	648	1,543	9,916	10,902	-	-	-	2,680	278,820	195,671
PR expenses	218,592	164,790	-	-	43,455	26,340	-	-	-	-	4,169	4,942	-	-	-	-	266,216	196,072
Newspapers and magazines	113,414	58,339	24,060	19,655	712	-	-	-	3,600	3,600	-	-	-	-	-	-	141,786	81,594
Training	-	-	1,047,926	6,412	561	-	-	-	-	-	269,799	571,122	-	-	-	-	1,318,286	577,534
Taxes	120,089	65,860	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,089	65,860
Contributions to Department of Labor	368,344	360,480	-	-	-	-	-	-	-	-	-	-	-	-	-	-	368,344	360,480
Shipping costs	80,160	56,279	-	930	-	-	-	-	-	-	-	-	-	-	-	-	80,160	57,209
Miscellaneous purchases	7,023,013	1,823,437	-	-	1,300	-	-	-	-	-	516,354	295,969	-	-	-	-	7,540,667	2,119,406
Rentals	-	-	28,572	28,572	-	-	-	-	-	-	28,572	590,112	-	-	-	-	57,144	618,684
Employee benefits (note14)	-	-	23,355	36,300	-	-	-	-	-	-	1,214,437	336,604	-	-	-	-	1,237,792	372,904
Others	3,549,639	2,233,908	1,450	247	59,219	113,321	-	516,214	-	-	1,618,758	966,234	-	-	1,725	-	5,230,791	3,829,924
	<u>\$ 11,714,567</u>	<u>\$ 4,884,244</u>	<u>\$ 1,166,943</u>	<u>\$ 153,834</u>	<u>\$ 143,423</u>	<u>\$ 247,770</u>	<u>\$ -</u>	<u>\$ 544,634</u>	<u>\$ 77,662</u>	<u>\$ 74,621</u>	<u>\$ 3,716,562</u>	<u>\$ 2,840,952</u>	<u>\$ 69,465</u>	<u>\$ 59,127</u>	<u>\$ 52,778</u>	<u>\$ 54,488</u>	<u>\$ 16,941,400</u>	<u>\$ 8,859,670</u>

