

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**FINANCIAL STATEMENTS**  
**WITH REPORT OF INDEPENDENT AUDITORS**  
**31 DECEMBER 2021 AND 2020**

Copy

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The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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## Audit Report of Independent Auditors

### **Independent Auditors' Report Translated from Chinese**

To Sunshine Social Welfare Foundation

#### **Opinion**

We have audited the accompanying balance sheets of Sunshine Social Welfare Foundation (the "Foundation") as of 31 December 2021 and 2020, and the related statements of income and expense, changes in fund and cash flows for the years ended 31 December 2021 and 2020, and notes to the financial statements, including the summary of significant accounting policies (together "the financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the balance of assets, liabilities and funds of the Foundation as of 31 December 2021 and 2020, and its income and expense and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the National Social Welfare Foundation Accounting and Financial Statement Preparation Standards, Generally Accepted Accounting Principles and related interpretations.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the requirements of National Social Welfare Foundation Accounting and Financial Statement Preparation Standards, Generally Accepted Accounting Principles and related interpretations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern of the Foundation, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Foundation.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Foundation. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the accompanying notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Fuh, Wen Fun  
Ernst & Young, Taiwan  
26 March 2022

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Notice to Readers

The accompanying financial statements are intended only to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Financial Statements Originally Issued in Chinese

Sunshine Social Welfare Foundation

Balance Sheets

31 December 2021 and 2020

						Unit: New Taiwan Dollar					
		31 December 2021		31 December 2020				31 December 2021		31 December 2020	
Assets	Notes	Amount	%	Amount	%	Liabilities	Notes	Amount	%	Amount	%
<b>Current assets</b>						<b>Current liabilities</b>					
Cash and cash equivalents	4 , 6.(1) & 11	\$245,983,322	42	\$262,642,364	46	Accounts payable	4 & 11	\$960,500	-	\$1,347,856	-
Accounts receivable	4 , 6.(2) & 11	28,619,831	5	22,544,398	4	Other payables	6.(7) & 11	51,372,584	9	53,634,926	10
Inventories	4 & 6.(3)	4,491,291	1	2,575,818	1	Other current liabilities		6,931,459	1	7,440,252	1
Other current assets		4,746,523	1	1,255,543	-	Total current liabilities		59,264,543	10	62,423,034	11
Total current assets		283,840,967	49	289,018,123	51	<b>Non-current liabilities</b>					
<b>Non-current assets</b>						<b>Other non-current liabilities</b>					
Funds	4 , 6.(4) & 11	52,391,000	9	52,391,000	9	Total non-current liabilities	11	495,000	-	405,000	-
Property, plant and equipment	4 & 6.(5)	195,253,665	34	197,587,540	35	Total liabilities		59,759,543	10	62,828,034	11
Intangible assets	4	14,369,135	3	17,682,724	3	<b>Net value</b>					
Other non-current assets	6.(6) & 11	29,887,584	5	9,642,017	2	Permanently restricted net value	4 & 6.(9)	213,529,032	38	213,529,032	38
Total non-current assets		291,901,384	51	277,303,281	49	Unrestricted net value	4 & 6.(9)	294,644,646	51	282,155,208	50
						Other net value	4 & 6.(9)	7,809,130	1	7,809,130	1
						Total net value		515,982,808	90	503,493,370	89
Total assets		\$575,742,351	100	\$566,321,404	100	Total liabilities and net value		\$575,742,351	100	\$566,321,404	100

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

English Translation of Financial Statements Originally Issued in Chinese

Sunshine Social Welfare Foundation  
Statements of Income and Expenses  
For The Years Ended 31 December 2021 and 2020

	Notes	2021		Unit: New Taiwan Dollar 2020	
		Amount	%	Amount	%
<b>Revenue and incomes</b>					
Service revenue	4	\$4,389,979	1	\$5,432,672	1
Subsidy revenue from government	4	2,986,849	-	2,339,956	-
Government project revenue	4	18,278,355	3	21,228,984	4
Donations revenue	4 & 6.(10)	154,888,252	25	126,588,337	22
Interest income	4	1,717,806	-	2,172,665	-
Sales or service revenue	6.(11)	426,728,187	69	386,886,870	67
Operating revenue from subsidiaries	6.(14)	9,237,120	1	14,698,743	3
Other revenue	4 & 6.(12)	3,397,544	1	19,158,188	3
Total revenue and incomes		<u>621,624,092</u>	<u>100</u>	<u>578,506,415</u>	<u>100</u>
<b>Expenses and losses</b>					
Fundraising and development expenses	6.(15)	136,261,304	21	142,383,352	24
General and administrative expenses	6.(15)	22,717,060	4	21,589,545	4
Sales or service costs	6.(13)	426,327,575	69	381,948,170	66
Operating expenses from subsidiaries	6.(14)	23,828,715	4	24,360,184	4
Total expenses and losses		<u>609,134,654</u>	<u>98</u>	<u>570,281,251</u>	<u>98</u>
Surplus (Deficit)		12,489,438	2	8,225,164	2
Income tax expense	4 & 6.(16)	-	-	-	-
Surplus (Deficit) after tax		<u>12,489,438</u>	<u>2</u>	<u>8,225,164</u>	<u>2</u>
Other comprehensive surplus (deficit)		-	-	-	-
Total comprehensive surplus (deficit)		<u>\$12,489,438</u>	<u>2</u>	<u>\$8,225,164</u>	<u>2</u>

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

English Translation of Financial Statements Originally Issued in Chinese

Sunshine Social Welfare Foundation  
 Statements of Changes in Net Value  
 For The Years Ended 31 December 2021 and 2020

Unit: New Taiwan Dollar

Items	Restricted net value		Unrestricted net value		Other net value	Total
	Permanent	Temporary	Designated funds	Deficit		
Balance as of 1 January 2020	\$225,979,032	\$1,387,121	\$-	\$272,542,923	\$8,571,507	\$508,480,583
Surplus in 2020	-	-	-	8,225,164	-	8,225,164
Transfer between restricted net value and unrestricted net value						
Service reserve provision	-	(1,387,121)	-	1,387,121	-	-
Foundation funds reduction	(12,450,000)	-	-	-	-	(12,450,000)
Increase or decrease of other net value	-	-	-	-	(762,377)	(762,377)
Balance as of 31 December 2020	\$213,529,032	\$-	\$-	\$282,155,208	\$7,809,130	\$503,493,370
Balance as of 1 January 2021	\$213,529,032	\$-	\$-	\$282,155,208	\$7,809,130	\$503,493,370
Surplus in 2021	-	-	-	12,489,438	-	12,489,438
Balance as of 31 December 2021	\$213,529,032	\$-	\$-	\$294,644,646	\$7,809,130	\$515,982,808

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

English Translation of Financial Statements Originally Issued in Chinese

Sunshine Social Welfare Foundation  
 Statements of Cash Flows  
 For The Years Ended 31 December 2021 and 2020

Unit: New Taiwan Dollar

	2021	2020
Cash flows from operating activities		
Surplus before tax	\$12,489,438	\$8,225,164
Adjustments:		
Depreciation expenses	7,668,536	14,880,115
Amortization expenses	5,894,573	2,476,811
Interest income	(1,722,930)	(2,181,825)
Losses (Gains) on disposal of property, plant and equipment	2,498,516	(2,281,600)
Other revenue	-	(12,450,000)
Total adjustments to reconcile surplus	26,828,133	8,668,665
Change in operating current assets and liabilities		
Increase in accounts receivable	(6,273,014)	(5,205,323)
(Increase) Decrease in inventories	(1,915,473)	1,592,726
(Increase) Decrease in other current assets	(3,490,980)	2,187,332
(Decrease) Increase in accounts payable	(387,356)	231,725
Decrease in other payables	(2,262,342)	(6,453,311)
(Decrease) Increase in other current liabilities	(508,793)	348,874
Total changes in operating current assets and liabilities	(14,837,958)	(7,297,977)
Cash generated from operating activities	11,990,175	1,370,688
Interest received	1,920,511	2,313,931
Net cash inflow from operations	13,910,686	3,684,619
Cash flows from investment activities		
Purchase of property, plant and equipment	(8,201,273)	(1,259,348)
Proceeds from disposal of property, plant and equipment	528,096	14,750,000
Purchase of intangible assets	(1,827,413)	(12,487,952)
Decrease (Increase) in guarantee deposits paid	2,451,956	(289,858)
Increase in prepayments for equipment	(23,611,094)	(358,857)
Decrease in funds	-	1,387,121
Net cash (outflow) inflow from investment activities	(30,659,728)	2,099,963
Cash flows from financing activities		
Increase in other non-current liabilities	90,000	104,360
Net cash inflow from financing activities	90,000	104,360
Net (decrease) increase in cash and cash equivalents	(16,659,042)	5,888,942
Cash and cash equivalents at beginning of year	262,642,364	256,753,422
Cash and cash equivalents at end of year	\$245,983,322	\$262,642,364

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

SUNSHINE SOCIAL WELFARE FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
31 DECEMBER 2021 AND 2020  
(In New Taiwan Dollars Unless Otherwise Stated)  
English Translation of Financial Statements Originally Issued in Chinese

1. History and organization

Sunshine Social Welfare 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 registration and main operation address is 3F., No.91, Sec. 3, Nanjing E. Rd., Taipei City.

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, physical rehabilitation and social education for people with facial disfigurement, burns and oral cancer.

The Foundation established the Chian-He Social Enterprise in December 1992, the Business Department in June 2010, the Songshan Carwash Center in March 2011, the Shih-Min Social Enterprise Gas Station in January 2012, the Nangang Carwash Center in December 2013, the Sunvis Center (Jiankang), the name was changed to the Sunvis Center (Songjiang) in March 2021, in March 2018, the Sunvis Center (Bade) in February 2020, as well as the Jianbei Social Enterprise Gas Station in June 2021 as affiliated business units.

The Foundation established the Sunshine Half-Way House in July 1989 and the Taipei Rehabilitation Center in August 1992 as subsidiaries.

2. Date and procedures of authorization of financial statements for issue

The financial statements of the Foundation for the years ended 31 December 2021 and 2020 were authorized for issue by the Board of Trustees on 26 March 2022.

3. Changes in significant accounting policies

None.

4. Summary of significant accounting policies

(1) Statement of compliance

The financial statements of the Foundation for the years ended 31 December 2021 and 2020 have been prepared in accordance with the National Social Welfare Foundation Accounting and Financial Statement Preparation Standards, Generally Accepted Accounting Principles and related interpretations.

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

English Translation of Financial Statements Originally Issued in Chinese

(2) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The financial statements are expressed in New Taiwan Dollars (“\$”) unless otherwise stated.

(3) Current and non-current distinction

An asset is classified as current when:

- (a) The Foundation expects to realize the asset, or intends to sell or consume it, in its normal operating cycle
- (b) The Foundation holds the asset primarily for the purpose of trading
- (c) The Foundation expects to realize the asset within twelve months after the reporting period
- (d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (a) The Foundation expects to settle the liability in its normal operating cycle
- (b) The Foundation holds the liability primarily for the purpose of trading
- (c) The liability is due to be settled within twelve months after the reporting period
- (d) The Foundation does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(4) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(5) Foreign currency transactions

The Foundation’s financial statements are presented in New Taiwan Dollars, which is also the Foundation’s functional currency.

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

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Transactions in foreign currencies are initially recorded by the entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions

(6) Financial instruments

Financial assets are recognized when the Foundation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of National Social Welfare Foundation Accounting and Financial Statement Preparation Standards are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Foundation are classified as loans and receivables. The Foundation determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs. The effective interest method amortization is recognized in profit or loss.

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

English Translation of Financial Statements Originally Issued in Chinese

Impairment of financial assets

The Foundation assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

Loss events include:

- i. significant financial difficulty of the issuer or obligor; or
- ii. a breach of contract, such as a default or delinquency in interest or principal payments;  
or
- iii. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- iv. the disappearance of an active market for that financial asset because of financial difficulties; or
- v. a significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost.

For held-to-maturity financial assets measured at amortized cost, the Foundation first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Company of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

English Translation of Financial Statements Originally Issued in Chinese

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

Derecognition of financial assets

A financial asset is derecognized when:

- i. The rights to receive cash flows from the asset have expired
- ii. The Foundation has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- iii. The Foundation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. In other words, the transferee can sell the transferred asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer. Under these circumstances, the financial asset is derecognized, any rights or obligations created or retained as a result of the transfer are recognized separately as assets or liabilities.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(b) Financial liabilities

Financial liabilities are classified as financial liabilities measured at amortized cost upon initial recognition.

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

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Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include payables that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(7) Inventories

Inventories are carried at the lower of cost or net realizable value.

Costs incurred in bringing each inventory to its condition and location available for sale or production. The purchase costs are determined using the “weighted-average” cost method.

(8) Property, plant and equipment

Property, plant and equipment are recognized at cost at time of acquisition. Property, plant and equipment 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 disposal is treated as offset to fixed assets and asset funds. Starting from 2010, depreciation will be applied for newly acquired property, plant and equipment.

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
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Property, plant and equipment acquired by the Foundation and affiliated business units from 2010 are recognized at acquisition cost, and then measured and stated net of accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress. Subsequent cost of property, plant and equipment comprises additions and replacement of parts of property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced in intervals, the Foundation recognized such parts as individual assets with specific economic lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of National Social Welfare Foundation Accounting and Financial Statement Preparation Standards. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	21 years
Building improvement	3~20 years
Machinery and equipment	3~6 years
Rehabilitation equipment	3~5 years
Computer equipment	3 years
Transportation equipment	3~5 years
Other equipment	3~8 years
Leasehold improvements	The shorter of lease terms or economic lives
Kitchen equipment	7 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

(9) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The cost of deferred charges is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

English Translation of Financial Statements Originally Issued in Chinese

(10) Leases

The Foundation as a lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

(11) Impairment of non-financial assets

The Foundation assesses at the end of each reporting period whether there is any indication that an asset in the scope of National Social Welfare Foundation Accounting and Financial Statement Preparation Standards may be impaired. If any such indication exists, the Foundation estimates the asset's or its cash-generating unit's ("CGU") recoverable amount. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use.

(12) Net Value

Permanently restricted net value approved by the relevant authority as of 27 July 2020 was \$213,529,032.

The Foundation's policy for reimbursement of operation-required expenses is to use interests generated from net value and donations received after establishment. Permanently restricted net value shall not be disposed of without a resolution from the Board of Trustees and the authorization from the relevant authority.

(13) Revenue recognition

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

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

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

For loans and receivables, interest income is recorded using the effective interest rate method and recognized in profit or loss.

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Revenue from car beauty service and sports fitness service are separately priced or negotiated, and provided based on contract period. As the Foundation provides the services over the contract period, the customers simultaneously receive and consume the benefits provided by the Foundation. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by straight line method over the contract period.

(14) Matching of costs with revenues

The expenses of the Foundation are recognised together with the relevant income when the conditions for revenue recognition have been met and the amount of expenses can be reliably measured.

(15) Post-employment benefits

The Foundation's payment for employees post-employment benefits are based on the contributions required by law and recognized as expenses in the period the employees render services.

(16) Income taxes

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

5. Significant accounting judgements, estimates and assumptions

The preparation of the Foundation's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The management of the Foundation keeps monitoring the estimates and assumptions, and recognizes the adjustment in the changing period and the affected future period.

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6. Contents of significant accounts

(1) Cash and cash equivalents

	<u>31 Dec. 2021</u>	<u>31 Dec. 2020</u>
Cash on hand and petty cash	\$786,058	\$600,058
Checking accounts and demand deposits	21,547,264	24,882,306
Time deposits	<u>223,650,000</u>	<u>237,160,000</u>
Total	<u>\$245,983,322</u>	<u>\$262,642,364</u>

The annual interest rate in 2021 for time deposits is 0.33%~0.8%, and the expiry date expires between January to November 2022.

The annual interest rate in 2020 for time deposits is 0.29%~1.035%, and the expiry date expires between January to December 2021.

(2) Accounts receivable

	<u>31 Dec. 2021</u>	<u>31 Dec. 2020</u>
Government grants receivable	\$8,746,876	\$11,174,142
Donations receivable	8,516,905	4,300,333
Accounts receivable	10,552,050	6,145,665
Notes receivable	88,200	-
Others	<u>715,800</u>	<u>924,258</u>
Total	<u>\$28,619,831</u>	<u>\$22,544,398</u>

(a) The Government grants receivable are mainly the disability resource center subsidy, the rehabilitation center subsidy and the service fee of welfare service center for the disabled subsidy.

(b) The account receivable is mainly oil receivable.

(3) Inventories

	<u>31 Dec. 2021</u>	<u>31 Dec. 2020</u>
Inventories	<u>\$4,491,291</u>	<u>\$2,575,818</u>

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(4) Funds

	31 Dec. 2021	31 Dec. 2020
Time deposits		
Establishment fund	\$30,000,000	\$30,000,000
Refunds from capital reduction of stock	22,391,000	22,391,000
Subtotal	52,391,000	52,391,000
Physical and Psychological Rehabilitation Service Fund for the Survivors of the Formosa Fun Coast Water Park Explosion	-	-
Total	\$52,391,000	\$52,391,000

- (a) The Foundation registered foundation funds based on the above-mentioned establishment fund and refunds from capital reduction of stock upon acquiring, which are deposited in banks as time deposits and shall not be disposed of without prior resolution from the Board of Trustees and the authorization of the authority.
- (b) The Foundation set up the “Physical and Psychological Rehabilitation Service Reserve Provision for the Survivors of the Formosa Fun Coast Water Park Explosion,” in accordance with the Charitable Solicitation Approval No. 1040119640 issued by the Ministry of Health and Welfare. The implementation of this project was from 29 June 2015 to 28 June 2020. The Foundation raised donations amounting to \$269,024,547 in total through the project and reserved full provision for the purpose of implementation of the project. The plan was implemented completely in May 2020.

Movements for the “Physical and Psychological Rehabilitation Service Reserve Provision for the Survivors of the Formosa Fun Coast Water Park Explosion” project were as follows:

	2020	2019	2018	2017	2016	2015
Initial balance	\$1,387,121	\$19,231,623	\$48,444,651	\$106,422,807	\$174,361,932	\$269,024,547
Use of provision	(1,387,121)	(17,844,502)	(29,213,028)	(57,978,156)	(67,939,125)	(94,662,615)
Balance at end of year	\$-	\$1,387,121	\$19,231,623	\$48,444,651	\$106,422,807	\$174,361,932

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(5) Property, plant and equipment

(a) The Foundation and affiliated business units

	<u>31 Dec. 2021</u>	<u>31 Dec. 2020</u>
<u>Foundation and affiliated business units</u>		
Cost - Land	\$103,856,486	\$103,856,486
Cost - Buildings	27,281,546	27,281,546
Cost - Building improvements	20,209,443	20,026,543
Cost - Leasehold improvements	25,900,165	26,707,093
Cost - Machines and equipment	14,245,507	14,245,507
Cost - Rehabilitation equipment	5,875,610	9,766,911
Cost - Computer equipment	1,201,128	742,720
Cost - Transportation equipment	7,302,491	6,564,035
Cost - Kitchen equipment	190,476	488,000
Cost - Other equipment	16,905,039	18,929,010
Subtotal	<u>222,967,891</u>	<u>228,607,851</u>
Accumulated depreciation	<u>(58,731,641)</u>	<u>(63,292,964)</u>
Total	<u>\$164,236,250</u>	<u>\$165,314,887</u>

The Foundation and affiliated business units recorded depreciation expenses for property, plant and equipment amounting to \$6,924,526 and \$13,725,324 in 2021 and 2020, respectively.

(b) The subsidiaries of the Foundation

	<u>31 Dec. 2021</u>	<u>31 Dec. 2020</u>
<u>Taipei Rehabilitation Center</u>		
Cost - Leasehold improvements	\$2,630,936	\$4,346,150
Cost - Other equipment	253,244	245,714
Subtotal	<u>2,884,180</u>	<u>4,591,864</u>
Accumulated depreciation	<u>(2,107,511)</u>	<u>(2,731,145)</u>
Total	<u>776,669</u>	<u>1,860,719</u>
<u>Sunshine Half-Way House</u>		
Cost - Land	16,418,000	16,418,000
Cost - Buildings	13,582,000	13,582,000
Cost - Building improvements	179,760	399,760
Cost - Rehabilitation equipment	169,490	264,280
Cost - Other equipment	280,070	280,070
Subtotal	<u>30,629,320</u>	<u>30,944,110</u>
Accumulated depreciation	<u>(388,574)</u>	<u>(532,176)</u>
Total	<u>30,240,746</u>	<u>30,411,934</u>
Property, plant and equipment - net value	<u>\$31,017,415</u>	<u>\$32,272,653</u>

The subsidiaries of the Foundation recorded depreciation expenses for property, plant and equipment amounting to \$744,010 and \$1,154,791 in 2021 and 2020, respectively.

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(6) Other non-current assets

	<u>31 Dec. 2021</u>	<u>31 Dec. 2020</u>
Prepayments for equipment	\$23,611,094	\$913,571
Guarantee deposits	6,276,490	8,728,446
Total	<u>\$29,887,584</u>	<u>\$9,642,017</u>

(7) Other payables

	<u>31 Dec. 2021</u>	<u>31 Dec. 2020</u>
Accrued salaries and bonuses	\$27,823,757	\$25,406,158
Accrued project and activity expenses	11,734,263	13,616,817
Accrued financial aid payments	154,180	1,177,842
Accrued miscellaneous expenses	2,899,592	6,647,718
Others	8,760,792	6,786,391
Total	<u>\$51,372,584</u>	<u>\$53,634,926</u>

(8) 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 was \$8,903,796 and \$8,830,618, respectively, in 2021 and 2020.

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 6.3% 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 pension reserve contributed in 2021 and 2020 was \$1,359,950 and \$1,373,512, respectively. The pension expense recognized in 2021 and 2020 was \$1,360,373 and \$1,376,688, respectively.

(9) Net value

(a) Permanently restricted net value

The list of foundation funds was as follows:

	<u>31 Dec. 2021</u>	<u>31 Dec. 2020</u>
Property	\$161,138,032	\$161,138,032
Time deposits	52,391,000	52,391,000
Total	<u>\$213,529,032</u>	<u>\$213,529,032</u>

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As of 31 December 2021, the total foundation funds approved by the authorities amounted to \$213,529,032.

The Foundation disposed real estate amounting to \$12,450,000 for operation and applied for registration of foundation funds in 2020. The total foundation funds approved by the authorities amounted to \$213,529,032 on 27 July 2020.

(b) Other net value

Asset funds

Before 2010, the Foundation recorded property, plant and equipment and asset funds simultaneously upon acquiring property, plant and equipment, and reversed property, plant and equipment and asset funds upon disposal of property, plant and equipment. As of 31 December 2021 and 2020, asset funds both amounted to \$7,809,130.

(10) Donations revenue

	<u>2021</u>	<u>2020</u>
Charity fundraising	\$54,325,763	\$42,195,561
General fundraising	<u>100,562,489</u>	<u>84,392,776</u>
Total	<u>\$154,888,252</u>	<u>\$126,588,337</u>

In 2021, the Foundation obtained the approved fundraising amount of \$43,192,735 for the fundraising plan in accordance with Approval No. 1091363818 issued by the Ministry of Health and Welfare; In addition, Approval No. 1101363289 issued by the Ministry of Health for the fundraising plan amounting to \$11,133,028 will be approved in November 2022.

In 2020, the Foundation obtained the approved fundraising amounts of \$33,451,892 and \$8,743,669, respectively, for the fundraising plan in accordance with Approval No. 1081368797 and No. 1091363818 issued by the Ministry of Health and Welfare.

In 2021, Orient Europharma CO., Ltd donated the Foundation the nutritional products amounting to \$360,894, and the Foundation transferred all nutritional products as daily necessities to the service objects of the Foundation.

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(11) Sales or service revenue

The year ended 31 December 2021

Item	Business Department	Sunvis Center (Songjiang) (Note)	Sunvis Center (Bade)	Shih-Min Social Enterprise Gas Station	Jianbei Social Enterprise Gas Station	Chian-He Social Enterprise	Total
Sales revenue	\$45,776	\$-	\$1,199	\$374,158,161	\$9,329,740	\$483,130	\$384,018,006
Sales return	-	-	-	-	-	-	-
Sales discounts and allowances	-	-	-	-	-	-	-
Subtotal	45,776	-	1,199	374,158,161	9,329,740	483,130	384,018,006
Service revenue	-	4,369,518	8,546,258	-	-	29,999,525	42,915,301
Service return	-	(187,192)	(17,928)	-	-	-	(205,120)
Service discounts and allowances	-	-	-	-	-	-	-
Subtotal	-	4,182,326	8,528,330	-	-	29,999,525	42,710,181
Total	\$45,776	\$4,182,326	\$8,529,529	\$374,158,161	\$9,329,740	\$30,482,655	\$426,728,187

Note : Because of the relocation of the business location, the name of the Sunvis Center (Jiankang) was changed to Sunvis Center (Songjiang) in March 2021.

The year ended 31 December 2020

Item	Business Department	Sunvis Center (Jiankang)	Sunvis Center (Bade)	Shih-Min Social Enterprise Gas Station	Chian-He Social Enterprise	Total
Sales revenue	\$103,522	\$1,206,279	\$6,806	\$335,427,068	\$660,734	\$337,404,409
Sales return	-	-	-	-	-	-
Sales discounts and allowances	-	-	-	-	-	-
Subtotal	103,522	1,206,279	6,806	335,427,068	660,734	337,404,409
Service revenue	-	9,245,122	8,609,951	-	31,848,000	49,703,073
Service return	-	(220,612)	-	-	-	(220,612)
Service discounts and allowances	-	-	-	-	-	-
Subtotal	-	9,024,510	8,609,951	-	31,848,000	49,482,461
Total	\$103,522	\$10,230,789	\$8,616,757	\$335,427,068	\$32,508,734	\$386,886,870

(12) Other Revenue

Item	2021	2020
Charity sale revenue	\$3,397,544	\$4,619,671
Foreign exchange gain	-	5,397
Gains on disposal of property, plant and equipment	-	14,533,120
Total	\$3,397,544	\$19,158,188

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(13) Sales or service costs

The year ended 31 December 2021

Item	Business Department	Sunvis Center (Songjiang) (Note)	Sunvis Center (Bade)	Shih-Min Social Enterprise Gas Station	Jianbei Social Enterprise Gas Station	Chian-He Social Enterprise	Total
Sales costs	\$-	\$54,642	\$24,873	\$310,145,748	\$7,958,753	\$898,198	\$319,082,214
Service costs	-	2,730,361	2,420,211	-	-	25,317,139	30,467,711
Operating costs							
Salaries	3,270	1,285,229	3,915,907	25,718,997	1,243,164	2,231,327	34,397,894
Project expense	163,381	-	-	11,981,858	-	156,472	12,301,711
Insurance	326	180,708	620,034	3,765,928	453,848	197,560	5,218,404
Post and communication	65	90,492	85,191	2,515,226	83,979	194,278	2,969,231
Meals	100	64,367	91,726	636,321	47,981	-	840,495
Pension	236	59,196	267,733	1,543,808	117,052	94,404	2,082,429
Utilities expense	-	138,563	171,384	924,293	23,722	963,456	2,221,418
Rent expense	-	1,543,139	28,572	28,800	-	27,432	1,627,943
Advertisement expense	-	625	-	3,341,882	-	2,720	3,345,227
Depreciation and amortization	14,964	1,591,932	544,371	-	20,834	199,865	2,371,966
Employee benefits	12	63,624	73,660	778,235	5,000	5,000	925,531
Other	18,952	3,720,068	883,137	1,938,391	496,918	1,417,935	8,475,401
Subtotal	201,306	8,737,943	6,681,715	53,173,739	2,492,498	5,490,449	76,777,650
Total	\$201,306	\$11,522,946	\$9,126,799	\$363,319,487	\$10,451,251	\$31,705,786	\$426,327,575

Note : Because of the relocation of the business location, the name of the Sunvis Center (Jiankang) was changed to Sunvis Center (Songjiang) in March 2021.

The year ended 31 December 2020

Item	Business Department	Sunvis Center (Jiankang)	Sunvis Center (Bade)	Shih-Min Social Enterprise Gas Station	Chian-He Social Enterprise	Total
Sales costs	\$-	\$288,106	\$47,354	\$271,198,346	\$1,045,528	\$272,579,334
Service costs	-	3,061,093	2,084,170	-	26,144,839	31,290,102
Operating costs						
Salaries	23,257	1,526,275	3,198,407	25,967,603	1,620,204	32,335,746
Project expense	57,745	1,196,587	458,593	9,750,371	905,851	12,369,147
Insurance	8,903	277,399	569,222	3,890,517	166,829	4,912,870
Post and communication	210	175,236	59,130	2,182,099	196,909	2,613,584
Meals	685	79,200	76,727	698,592	106,364	961,568
Pension	1,680	91,393	209,569	1,726,471	116,556	2,145,669
Utilities expense	-	176,355	115,761	891,886	1,064,766	2,248,768
Rent expense	-	2,128,248	21,429	439,048	27,432	2,616,157
Advertisement expense	7,920	500	-	3,667,462	29,197	3,705,079
Depreciation and amortization	107,045	2,169,733	344,890	4,862,017	197,954	7,681,639
Employee benefits	37,200	60,081	75,280	867,001	16,600	1,056,162
Other	13,970	692,449	1,101,059	1,735,532	1,889,335	5,432,345
Subtotal	258,615	8,573,456	6,230,067	56,678,599	6,337,997	78,078,734
Total	\$258,615	\$11,922,655	\$8,361,591	\$327,876,945	\$33,528,364	\$381,948,170

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(14) Operating profit/loss from subsidiaries

	2021	%	2020	%
<u>Taipei Rehabilitation Center</u>				
Income				
Government subsidy income	\$1,594,110	23	\$1,189,000	10
Assistive equipment income	3,969,104	56	8,804,115	73
Donation income	935,028	13	1,532,233	13
Service income	510,212	7	499,197	4
Charity sale revenue	69,450	1	22,903	-
Interest income	249	-	321	-
Total income	<u>7,078,153</u>	<u>100</u>	<u>12,047,769</u>	<u>100</u>
Costs	<u>5,692,178</u>	<u>80</u>	<u>5,424,006</u>	<u>45</u>
Gross profit	<u>1,385,975</u>	<u>20</u>	<u>6,623,763</u>	<u>55</u>
Expenses				
Salaries	8,573,297	121	7,746,637	64
Project expense	117,064	2	1,062,545	9
Financial aid	477,946	7	484,804	4
Insurance	1,056,111	15	766,827	6
Meals	353,491	5	331,095	3
Pension	585,138	8	790,721	7
Depreciation	572,822	8	933,380	8
Amortization	78,749	1	42,000	-
Other	417,649	6	460,597	4
Total operating expenses	<u>12,232,267</u>	<u>173</u>	<u>12,618,606</u>	<u>105</u>
Loss of Taipei Rehabilitation Center	<u>(10,846,292)</u>	<u>(153)</u>	<u>(5,994,843)</u>	<u>(50)</u>
<u>Sunshine Half-Way House</u>				
Income				
Government subsidy income	1,555,400	73	1,793,149	68
Donation income	300,820	14	446,400	17
Service income	297,872	13	402,586	15
Interest income	4,875	-	8,839	-
Total income	<u>2,158,967</u>	<u>100</u>	<u>2,650,974</u>	<u>100</u>
Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gross profit	<u>2,158,967</u>	<u>100</u>	<u>2,650,974</u>	<u>100</u>
Expenses				
Salaries	3,378,968	157	3,807,236	144
Project expense	328,567	15	207,140	8
Insurance	432,074	20	451,516	17
Meals	137,644	6	142,144	5
Pension	154,564	7	176,034	7
Depreciation	171,188	8	221,411	8
Other	1,301,265	60	1,312,091	49
Total operating expenses	<u>5,904,270</u>	<u>273</u>	<u>6,312,572</u>	<u>238</u>
Loss of Sunshine Half-Way House	<u>(3,745,303)</u>	<u>(173)</u>	<u>(3,666,598)</u>	<u>(138)</u>
Net loss from subsidiaries	<u><u>\$(14,591,595)</u></u>		<u><u>\$(9,661,441)</u></u>	

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(15) Staff, depreciation and amortization expenses

	2021			
	the Foundation		Subsidiaries	Total
	Operating costs	Operating expenses	Operating expenses	
Staff costs				
Salaries	\$58,019,962	\$83,236,852	\$15,429,773	\$156,686,587
Labor and health insurance	8,507,217	10,070,143	1,900,949	20,478,309
Pension	3,908,343	5,409,784	946,042	10,264,169
Meals	2,180,794	3,802,217	674,153	6,657,164
Welfare	1,219,516	1,470,973	102,600	2,793,089
Depreciation	1,665,620	5,258,906	744,010	7,668,536
Amortization expense	706,346	5,109,478	78,749	5,894,573

	2020			
	the Foundation		Subsidiaries	Total
	Operating costs	Operating expenses	Operating expenses	
Staff costs				
Salaries	\$56,814,837	\$82,379,534	\$16,126,649	\$155,321,020
Labor and health insurance	7,794,438	9,252,125	1,836,307	18,882,870
Pension	3,905,391	5,335,160	966,755	10,207,306
Meals	1,908,576	3,623,108	685,448	6,217,132
Welfare	1,362,762	1,129,382	156,400	2,648,544
Depreciation	6,819,448	6,905,876	1,154,791	14,880,115
Amortization expense	862,191	1,572,620	42,000	2,476,811

(16) Income tax

The Foundation qualified as the foundation exempt from income tax stated in Standards of Income Tax Exemption for Educational, Cultural, Public Welfare, Charitable Organizations or Groups, promulgated in accordance with Article 4.13 of the Income Tax Act.

Income tax filing was approved by the tax authority up to 2019.

7. Significant transactions with related parties

None.

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8. Assets pledged as security

None.

9. Commitments and contingencies

- (1) The Foundation renewed the agreement with the Taipei City Foreign and Disabled Labor Office for the operation of Chian-He Social Enterprise in November 2021. The agreement period is from 1 January 2022 to 31 December 2026. Those with outstanding performance may apply for an extension of the contract, and the maximum extension period is two years.
- (2) The Foundation renewed the agreement with the Taipei City Foreign and Disabled Labor Office for the operation of Jian-Bei Gas Station in September 2019. The agreement period is from 2 August 2019 to 31 May 2023. Due to soil and groundwater pollution issues, the Taipei City Foreign and Disabled Labor Office issued the Approval No.1093083380 on 3 August, 2020, by which it agreed to change the contract period from 1 August, 2021 to 31 December, 2024.
- (3) The Foundation entered into the agreement with the Jia-Guan Engineering Co., Ltd. for the construction of the oil tank and oil pipe of Jian-Bei Gas Station in June 2021. The agreed amount on the agreement is \$5,450,000. As of December 31 2021, the Foundation has paid \$4,905,000 and the remaining amount will be paid one month after the commencement of operation and upon completion of acceptance inspection.
- (4) The Foundation entered into the agreement with Henlius Construction Co., Ltd. for the production of image branding of Jian-Bei Gas Station in October 2021. The agreed amount on the agreement is \$6,800,000. As of December 31 2021, the Foundation has paid \$2,040,000 and the remaining amount will be paid \$4,080,000 upon completion of acceptance inspection and \$680,000 upon confirmation of normal operation after two months of operation, respectively.
- (5) The Foundation entered into the agreement with Henlius Construction Co., Ltd. for the land, electricity and water work projects of Jian-Bei Gas Station in July 2021. The agreed amount on the agreement is \$16,900,000. As of December 31 2021, the Foundation has paid \$11,830,000 and the remaining amount will be paid one month after the commencement of operation and upon completion of acceptance inspection.
- (6) The Foundation entered into the agreement with the Well Hawk Inc. for the construction of the oil tanks, sink oil pumps, oil recovery and oil metering systems, and electronic leak detection system of Jian-Bei Gas Station in August 2021. The agreed amount on the agreement is \$4,320,000. As of December 31 2021, the Foundation has paid \$864,000 and the remaining amount will be paid \$3,024,000 upon completion of acceptance inspection and \$432,000 upon confirmation of normal operation after one months of operation, respectively.

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**

English Translation of Financial Statements Originally Issued in Chinese

10. Significant subsequent events

There is no significant subsequent event that would affect the financial position of the foundation between the period from 31 December 2021 to the date of independent auditor's report.

11. Other disclosures

(1) Categories of financial instruments

Financial assets

	31 Dec. 2021	31 Dec. 2020
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand)	\$245,197,264	\$262,042,306
Accounts receivable	28,619,831	22,544,398
Funds	52,391,000	52,391,000
Guarantee deposits paid	6,276,490	8,728,446
Total	\$332,484,585	\$345,706,150

Financial liabilities

	31 Dec. 2021	31 Dec. 2020
Accounts payable	\$960,500	\$1,347,856
Other payables	51,372,584	53,634,926
Guarantee deposits received	495,000	405,000
Total	\$52,828,084	\$55,387,782

(2) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Foundation to measure or disclose the fair values of financial assets and financial liabilities:

The carrying amount of cash and cash equivalents, accounts receivable, guarantee deposits paid, accounts payable and guarantee deposits received approximate their fair value due to their short maturities.

English Translation of Financial Statements Originally Issued in Chinese

Sunshine Social Welfare Foundation  
The Statements of Functional Expenses  
For The Years Ended 31 December 2021 and 2020

Table 1

Unit: New Taiwan Dollar

2021						
Function	Fundraising and development expense				Total	General and administrative expense
	Physical and psychosocial rehabilitation	R&D and promotion	Grants and rewards	Fundraising expense		
Personnel costs	78,333,617	5,749,103	-	6,916,524	90,999,244	12,990,725
Service expenses	9,272,297	489,846	-	5,333,512	15,095,655	2,370,539
Supplies and materials	2,786,562	35,937	-	1,134,272	3,956,771	838,503
Rental expenses	5,023,787	10,187	-	156,964	5,190,938	3,154,251
Depreciation and amortization expenses	8,907,765	-	-	-	8,907,765	1,460,619
Donation expenses	-	-	9,693,722	-	9,693,722	-
Training expenses	283,839	15,422	-	1,292	300,553	242,800
Others	2,041,449	56,668	-	18,539	2,116,656	1,659,623
Total	106,649,316	6,357,163	9,693,722	13,561,103	136,261,304	22,717,060

2020						
Function	Fundraising and development expense				Total	General and administrative expense
	Physical and psychosocial rehabilitation	R&D and promotion	Grants and rewards	Fundraising expense		
Personnel costs	77,507,890	5,809,014	-	6,643,111	89,960,015	11,759,294
Service expenses	10,900,787	347,386	-	6,066,496	17,314,669	3,385,108
Supplies and materials	6,464,573	46,119	-	1,786,672	8,297,364	571,751
Rental expenses	4,872,565	31,245	-	66,802	4,970,612	2,892,644
Depreciation and amortization expenses	7,268,847	-	-	-	7,268,847	1,209,649
Donation expenses	-	-	12,020,383	-	12,020,383	-
Training expenses	339,187	22,086	-	28	361,301	404,704
Others	2,153,201	11,723	-	25,237	2,190,161	1,366,395
Total	109,507,050	6,267,573	12,020,383	14,588,346	142,383,352	21,589,545

Note 1: The Foundation did not pay any salary and compensation to board of trustees.

Subsidiaries of Sunshine Social Welfare Foundation  
Statements of Income and Expenses  
For The Years Ended 31 December 2021 and 2020

Table 2

Unit: New Taiwan Dollar

Account Name	2021		2020	
	Amount	%	Amount	%
<b>Revenue</b>				
Operating revenue				
Sales or service revenue	-	-	-	-
Subsidy revenue from government	3,149,510	34	2,982,149	20
Rehabilitation equipment revenue	3,969,104	43	8,804,115	60
Donations revenue	1,235,848	13	1,978,633	14
Service revenue	808,084	9	901,783	6
Charity sale revenue	69,450	1	22,903	-
Interest income	5,124	-	9,160	-
Other revenue	-	-	-	-
Total revenue	9,237,120	100	14,698,743	100
<b>Expense</b>				
Operating costs				
Sales or service costs	-	-	-	-
Fundraising and development expenses	23,828,715	258	24,360,184	166
General and administrative expense	-	-	-	-
Other expense	-	-	-	-
Total expenditure	23,828,715	258	24,360,184	166
<b>Budget deficit</b>	(14,591,595)	(158)	(9,661,441)	(66)

**SUNSHINE SOCIAL WELFARE FOUNDATION**  
**Other explanations and disclosures to the financial statements**  
**For the The year ended 31 December 2021 and 2020**  
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For the suggestions of the Taipei City Foreign and Disabled Labor Office, the Foundation provides additional information on contracts and profits and losses related to the Services and Operation Project of the 6th and 7th floors of Taipei SE Square.

1. Commitments and contingencies

The Services and Operation Project of the 6th and 7th floors of Taipei SE Square the Foundation signed with the Taipei City Foreign and Disabled Labor Office in January 2020 stipulates that the current year's surplus of the project shall be distributed according to the following proportions :

- (1) Employee dividends : 50%
- (2) Subsidizing agencies to purchase physical fitness training supplies : 30%
- (3) Physical and mental, life and occupational rehabilitation services for burns, facial damage, and physical disabilities : 20%

After deducting the above items 1. to 2. from the surplus of the Services and Operation Project of the 6th and 7th floors of Taipei SE Square in 2020, the balance of income and expenditure was \$305,729. It has been fully allocated to the Foundation and recognized as the psychological and social function expenses. The implementation project is the psychological and social function plan.

Due to the impact of COVID-19, the operating of the Services and Operation Project of the 6th and 7th floors of Taipei SE Square was in poor condition in 2021, resulting in a loss of \$227,508 before distribution. Since the deficit, no distribution will be made for the time being in 2021.

2. Statements of Income and Expenses before surplus distribution

The Services and Operation Project of the 6th and 7th floors of Taipei SE Square should be submitted the Annual Achievement Report including operating results, inventory of assets, profit and loss before surplus distribution (the distributions for the year of 2020 were employee dividends of \$764,322 and project expenses of \$458,593) to the Taipei City Foreign and Disabled Labor Office by the end of February of the following year. The income and expenses before the distribution in 2021 and 2020 is as follows :

	2021	2020.1.17~2020.12.31
Income		
Sales revenue	\$1,199	\$6,806
Service revenue	8,546,258	8,609,951
Government project revenue	300,000	-
Interest income	3,809	1,706
Other revenue	65,953	48,857
Total income	8,899,291	8,667,320
Costs		
Sales costs	24,873	47,354
Service costs	2,420,211	1,776,483
Total Costs	2,445,084	1,823,837
Gross profit	6,454,207	6,843,483
Expenses		
Salaries	3,915,907	2,741,772
Other	2,765,808	2,573,067
Total operating expenses	6,681,715	5,314,839
(Loss) Gain of Sunvis Center (Bade)	\$(227,508)	\$1,528,644

### 3. The relief offer of royalties

According to “the Rent relief for municipal real estate in response to covid-19”, the Taipei City Foreign and Disabled Labor Office reduced royalties for bail-outs. As a result, there were several changes in the royalty contracts of the Services and Operation Project of the 6th and 7th floors of Taipei SE Square were made in 2021 and 2020, and the relevant changes are as follows :

The year ended 31 December 2021

No.	Content	Period	The royalty paid in the current year after modify	The total royalty of the contract
	Original		\$321,600	\$1,527,600
	The first time reduction	May to July 2021	281,400	1,487,400
	The second time reduction	May to July 2021	261,300	1,467,300
	The third time reduction	August to October 2021	221,100	1,427,100

The year ended 31 December 2020

No.	Content	Period	The royalty paid in the current year after modify	The total royalty of the contract
	Original		\$321,600	\$1,608,000
	The first time reduction	March to May 2020	281,400	1,567,800
	The second time reduction	March to August 2020	241,200	1,527,600