

Sunshine Social Welfare Foundation

Financial Statements and Independent Auditors Report For the Years 2010 and 2009

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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 2010 and 2009. This includes statements of income and expenditure, statements of changes in funds and cash flow statements. 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. Statements are adequate in expressing Sunshine Social Welfare Foundation assets, liabilities and fund balances as of December 31 for the years 2010 and 2009, and balance of income and expenditure and cash flows from January 1 to December 31 for the years 2010 and 2009.

Deloitte & Touche, CPAs
Accountant HUANG Shiu-Chun
March 4th, 2011

Sunshine Social Welfare Foundation
Balance Sheet and Statement of Funds
December 31, 2010 & 2009

Unit: New Taiwan Dollar

Assets	<u>December 31, 2010</u>		<u>December 31, 2009</u>		<u>December 31, 2010</u>				<u>December 31, 2009</u>	
	Amount	%	Amount	%	Liabilities and Funds	Amount	%	Amount	%	
Current assets					Current liabilities					
Cash (notes 2 and 4)	\$102,079,198	36	\$101,277,581	37	Accounts payable	\$3,392,506	1	\$1,931,931	1	
Accounts receivable	5,255,042	2	3,692,964	2	Accrued expenses	14,571,288	5	6,204,239	1	
Inventory (notes 3 and 5)	912,190	-	781,590	-	Contributions to Department of Labor	-	-	21,234	-	
Prepaid expenses and other current assets	<u>1,486,825</u>	<u>1</u>	<u>173,563</u>	<u>-</u>	Other current liabilities	<u>1,416,039</u>	<u>1</u>	<u>1,256,008</u>	-	
Total current assets	<u>109,733,255</u>	<u>39</u>	<u>105,925,698</u>	<u>39</u>	Total current liabilities	<u>19,379,833</u>	<u>7</u>	<u>9,413,412</u>	<u>3</u>	
Fund time deposits (note 2)	30,000,000	11	30,000,000	11	Other liabilities					
Financial assets valued at cost (notes 3 and 6)	12,347,860	4	13,927,080	5	Accrued pension liabilities (notes 3 and 8)	751,165	-	43,621	-	
Fixed assets – net value (notes 2, 3, 7 and 9)	127,054,220	45	122,934,624	45	Guarantee deposits received	28,000	-	38,000	-	
Other assets	<u>3,547,554</u>	<u>1</u>	<u>1,324,560</u>	<u>-</u>	Entrusted assets	<u>36,588</u>	<u>-</u>	<u>6,200</u>	<u>-</u>	
					Total other liabilities	<u>815,753</u>	<u>-</u>	<u>87,821</u>	<u>-</u>	
					Total liabilities	<u>20,195,586</u>	<u>7</u>	<u>9,501,233</u>	<u>3</u>	
					Funds					
					Foundation funds (notes 2 and 3)	162,276,000	57	162,276,000	59	
					Asset funds (notes 3, 7 and 9)	12,007,363	4	12,180,363	5	
					Reserves (note 13)	38,075,450	14	38,075,450	14	
					Balance of income and expenses	<u>50,128,490</u>	<u>18</u>	<u>52,078,916</u>	<u>19</u>	
					Total funds	<u>262,487,303</u>	<u>93</u>	<u>264,610,729</u>	<u>97</u>	
Total assets	<u>\$282,682,889</u>	<u>100</u>	<u>\$274,111,962</u>	<u>100</u>	Total liabilities and funds	<u>\$282,682,889</u>	<u>100</u>	<u>\$274,111,962</u>	<u>100</u>	

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

Chairman: CHUAY Ho-Yen

CEO: SHU Ching-Shien

Accounting Officer in charge: CHANG Shu-Fen

Sunshine Social Welfare Foundation
Statement of Income and Expenditures
January 1 to December 31, 2010 & 2009

	2010		Unit: New Taiwan Dollar 2009	
	Amount	%	Amount	%
Income and benefits				
Income from donations (notes 2 and 3)	\$ 71,536,081	77	\$ 59,736,031	71
Income from subsidies (note 2)	13,179,696	14	12,990,213	15
Income from sale of assistive devices	2,661,570	3	2,289,540	3
Income from interest (note 2)	940,746	1	1,744,692	2
Income from charity sales (note 3)	3,126,563	3	5,932,922	7
Income from services	623,871	1	588,092	1
Income from dividend (note 3)	442,535	-	149,933	-
Other income	<u>693,456</u>	<u>1</u>	<u>650,010</u>	<u>1</u>
Total income and benefits	<u>93,204,518</u>	<u>100</u>	<u>84,081,433</u>	<u>100</u>
Expenditure and losses				
Salaries (note 10)	42,396,956	45	43,230,261	51
Reserve expenditures (note 13)	-	-	758,684	1
Project and activity expenditures	11,790,907	13	8,019,093	10
Training	803,093	1	419,266	1
Scholarships	3,941,000	4	2,791,500	3
Repair and renovations	541,832	1	610,089	1
Financial aid	6,003,704	6	4,831,660	6
Insurance (note 10)	4,532,709	5	4,526,544	5
Facilities and equipment (note 3 and 9)	-	-	2,959,759	4
Promotion and promotional material	3,300,073	4	570,906	1
Post and communication	1,258,601	1	1,162,689	1
Meal allowance	1,929,513	2	1,951,727	2
Pension fund (notes 3, 8 and 10)	3,077,753	3	2,750,476	3

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	2010		2009	
	Amount	%	Amount	%
Utilities	1,003,967	1	928,847	1
Production of charity sale items	1,800,121	2	3,712,840	4
Travel	535,292	1	339,232	-
Stationery	518,433	1	387,403	1
Rentals	1,525,690	2	1,406,180	2
Employee benefits	445,023	-	368,918	1
Depreciation (notes 2, 3, 7 and 10)	93,564	-	-	-
Exchange losses	108,165	-	14,844	-
Disposal of fixed assets losses	275,065	-	-	-
Inventory loss	9,141	-	-	-
Net loss on disposal of operating subsidiaries (notes 2 and 11)	6,841,943	7	5,405,586	6
Other (attachment 1)	<u>2,422,399</u>	<u>3</u>	<u>1,810,488</u>	<u>2</u>
Total expenditure and losses	<u>95,154,944</u>	<u>102</u>	<u>88,956,992</u>	<u>106</u>
Budget deficit before tax	(1,950,426)	(2)	(4,875,559)	(6)
Income tax expenditure (notes 3 and 12)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Budget deficit	<u>(\$ 1,950,426)</u>	<u>(2)</u>	<u>(\$ 4,875,559)</u>	<u>(6)</u>

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

Chairman: CHUAY Ho-Yen CEO: SHU Ching-Shien Accounting Officer in charge: CHANG Shu-Fen

Sunshine Social Welfare Foundation
Statement of Changes in Funds
January 1 to December 31, 2010 & 2009

Unit: New Taiwan Dollar

	Foundation funds (Notes 2 and 3)	Asset funds (notes 3, 7 and 9)	Reserves (Note 13) Business Incubator Reserve Fund	Income and expenditures	Total
Balance as of January 1, 2009	\$ 162,276,000	\$22,942,646	\$39,512,324	\$55,517,601	\$280,248,571
Acquisition of asset fund – Fixed assets	-	2,948,575	-	-	2,948,575
Disposal of asset fund	-	(13,710,858)	-	-	(13,710,858)
Deficit balance of income and expenditures in 2009	-	-	-	(4,875,559)	(4,875,559)
Reserve expenditures – Business Incubator	-	-	(1,436,874)	1,436,874	-
Balance as of December 31, 2009	162,276,000	12,180,363	38,075,450	52,078,916	264,610,729
Disposal of asset fund – Fixed assets	-	(173,000)	-	-	(173,000)
Income and expenditures deficit in 2010	-	-	-	(1,950,426)	(1,950,426)
Balance as of December 31, 2010	\$162,276,000	\$12,007,363	\$38,075,450	\$50,128,490	\$262,487,303
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-

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

Chairman: CHUAY Ho-Yen

CEO: SHU Ching-Shien

Accounting Officer in charge: CHANG Shu-Fen

Sunshine Social Welfare Foundation
Statement of Cash Flow
January 1 to December 31, 2010 & 2009

Unit: New Taiwan Dollar

	2010	2009
Cash flow from operation		
Budget deficit	(\$ 1,950,426)	(\$ 4,875,559)
Depreciation	484,748	204,291
Facilities and equipment expenditures	-	2,948,575
Disposal of fixed asset losses	275,065	-
Pension	707,544	(3,946,951)
Net change in operating assets and liabilities		
Net change in accounts receivable	(1,562,078)	11,376,588
Net change in inventory	(130,600)	185,422
Net change in prepaid expenses and other current assets	(1,313,262)	(44,779)
Net change in accounts payable	1,460,575	(4,457,186)
Net change in expenses payable	8,367,049	(10,775,461)
Contributions to Department of Labor	(21,234)	(8,875,922)
Net change in other current liabilities	(160,031)	(309,682)
Net cash inflow (outflow) from operations	(6,477,412)	(18,570,664)
Cash flow from investment activities		
Refunds from financial asset capital reductions valued at cost	1,579,220	1,853,920
Acquisition of fixed assets	(5,062,123)	(3,655,396)
Disposal of fixed asset cost	9,714	-
Other assets	(2,222,994)	(652,339)
Net cash outflow from investment activities	(5,696,183)	(2,453,815)
Cash flow from financing activities		
Decrease in guarantee deposits received	(10,000)	(6,500)
Increase in entrusted assets	30,388	6,200
Cash inflow (outflow) from financing activities	20,388	(300)
Net cash increase (decrease)	801,617	(21,024,779)
Cash balance – Beginning of year	101,277,581	122,302,360
Cash balance – End of year	\$ 102,079,198	\$ 101,277,581
Supplemental disclosures of cash flow information		
Income tax paid during the year	\$ 228,368	\$ 1,999,350

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

Chairman: CHUAY Ho-Yen	CEO: SHU Ching-Shien	Accounting Officer in charge: CHANG Shu-Fen
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Sunshine Social Welfare Foundation
Notes on Financial Statements
2010 and 2009

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 and burns. The Foundation respectively established the Heping Car Wash Center in December 1992, Nanking MRT Station Branch Store in March 1996, Beishin Car Wash Center in December 1998, Guting MRT Station Branch Store in March 2000, Sunshine Gas Station in March 2003 and Taichung Store in July 2003. The Nanking Branch, Taichung Branch, Beishin Car Wash Center, Guting Branch and Sunshine Gas Station ceased operations in July 2005, December 2004, October 2003 and December 2008 respectively. The Foundation also established the Guilin Car Wash Center in July 2009, a Business Department in June 2010, Guandu Car Wash Center and Zhonghe Car Wash Center in October 2010

As of the end of 2009 and 2010, the number of Foundation employees was 227 and 190 respectively.

2. Funds and sources of income

Foundation total asset value as verified by the court and relevant authority as of February 5, 2004 was NT\$162,276,000, including NT\$6,610,000 in bank deposits, NT\$30,000,000 in time deposits, NT\$15,781,000 in stocks and NT\$109,885,000 in real estate.

The Foundation's main sources of income include donations, government subsidies, interest generated from funds and net operational profits from subsidiaries.

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 authority.

3. Summary of significant accounting policies

Financial statements are prepared in accordance with *Business Accounting Law, Guidelines Governing Business Accounting* and generally accepted accounting principles. In following these regulations, laws and principles in preparing financial statements, the Foundation had to use reasonably estimated amounts for depreciation, reduction of fixed assets, income tax and appropriation of pensions. Estimates may differ from actual results.

Significant accounting policies are summarized as follows:

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.

Inventory

Inventories were valued by the weighted average method.

Financial assets valued at cost

Equity investments which can not 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.

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, stores 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 two to five 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.

Revenue recognition

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

Donated assets are listed based on valuation on an objective basis. They are not listed if there is a lack of objective basis for the valuation.

Revenue from sales and charity sales are recognized at the time they take place.

Pension

The Company classifies pension reserves as annual costs when they are set aside. When actual pension payments are made, if there is a deficiency, then the deficient portion is classified as annual costs for that year.

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 March 26, 2003, 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 70% 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, 2010</u>	<u>December 31, 2009</u>
Cash on hand and petty cash	\$ 409,362	\$ 456,818
Checking accounts and demand deposits	28,233,964	21,728,031
Time deposits, annual interest rate of 0.69% - 1.09% in 2010, maturing between January and September 2011; 0.30% - 0.92% in 2009, maturing between January and September 2010	<u>73,435,872</u>	<u>79,092,732</u>
	<u>\$ 102,079,198</u>	<u>\$ 101,277,581</u>

5. Inventory

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Inventory of goods and gifts	<u>\$ 912,190</u>	<u>\$ 781,590</u>

6. Financial assets measured at cost - non-current

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
Domestic non-listed (OTC) common stocks CX Venture Capital Co., Ltd.	<u>\$ 12,347,860</u>	<u>\$ 13,927,080</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. The company reduced its capital in 2009 and 2010 and returned NT\$1,853,920 and NT\$1,579,220 respectively in cash. The Foundation recovered cash based on its shareholding percentage subsequently reducing the carrying amount of investment.

7. Fixed assets – net value

	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>Foundation</u>		
Cost - Land	\$ 79,502,000	\$ 79,502,000
Cost - Buildings	30,383,000	30,383,000
Cost - Leasehold Improvements	93,293	93,293
Cost - Rehabilitation Equipment	2,802,155	2,337,155
Cost - Transportation Equipment	3,458,862	2,919,862
Cost - Other equipment	<u>7,541,336</u>	<u>6,830,053</u>
Total	123,780,646	122,065,363
Accumulated depreciation of transportation equipment, rehabilitation equipment and other equipment	(93,564)	-
Foundation fixed assets net value	<u>123,687,082</u>	<u>122,065,363</u>
<u>Heping Car Wash Center</u>		
Cost - Leasehold Improvements	231,350	
Cost - Machinery	852,800	742,000
Cost - Computers	117,500	75,381
Cost - Other equipment	<u>44,286</u>	<u>20,000</u>
Total	1,245,936	837,381
Accumulated depreciation of machinery and other equipment	(<u>633,882</u>)	(<u>474,431</u>)
Net value of Heping Car Wash Center fixed assets	<u>612,054</u>	<u>362,950</u>
<u>Guilin Car Wash Center</u>		
Cost - Leasehold improvements	-	136,629
Cost - Machinery	61,500	67,500
Cost – Computers	55,000	65,286
Cost – Office equipment	5,370	5,370
Cost - Other	<u>28,195</u>	<u>290,655</u>
Total	150,065	565,440
Accumulated depreciation of machinery and other equipment	(<u>45,045</u>)	(<u>59,129</u>)
Net value of Guilin Car Wash Center fixed assets	<u>105,020</u>	<u>506,311</u>

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	<u>December 31, 2010</u>	<u>December 31, 2009</u>
<u>Guandu Car Wash Center</u>		
Cost - Computers	71,429	-
Cost - Machinery	503,229	-
Cost - Leasehold improvements	1,390,476	-
Cost -Other equipment	<u>341,736</u>	=
Total	2,306,870	-
Accumulated depreciation of machinery and other equipment	(96,120)	-
Net value of Guandu Car Wash Center fixed assets	<u>2,210,750</u>	-
<u>Zhonghe Car Wash Center</u>		
Cost - Leasehold improvements	186,933	-
Cost - Computers	71,429	-
Cost - Machinery	99,100	-
Cost -Other equipment	<u>100,953</u>	=
Total	458,415	-
Accumulated depreciation of machinery and other equipment	(<u>19,101</u>)	-
Net value of Zhonghe Car Wash Center fixed assets	<u>439,314</u>	-
	<u>\$127,054,220</u>	<u>\$122,934,624</u>

In 2009 and 2010 the total depreciation of subsidiary fixed assets was NT\$204,291 and NT\$391,184 respectively. Expenses related to the depreciation of Foundation fixed assets totaled NT\$93,564.

8. Pension

The applicable pension system in the *Labor Pension Act* is a defined retirement contribution approach. The Foundation contributed 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 2009 and 2010 was NT\$3,114,989 and NT\$2,789,334 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 3% of employee total monthly salary for the period between January and July 2010, and the equivalent of 6% of employee total monthly salary for the period between August and

December 2010. 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 2009 and 2010 was NT\$3,712,551 and NT\$1,016,658 respectively. The provision for the annual pension cost in 2009 and 2010 was NT\$581,856 and NT\$1,724,202.

9. Facilities and equipment

In 2009, facilities and equipment expenditures were NT\$2,975,061, of which NT\$2,948,575 was used for the acquisition of miscellaneous equipment and other assets, and was included in the asset fund. (Year 2010: None)

10. Staff, depreciation and amortization expenses

	2010			
	Foundation	Subsidiaries		Total
		Operating costs	Operating expenses	
Staff costs				
Salaries	\$ 42,396,956	\$ 16,033,812	\$ 4,683,120	\$ 63,113,888
Labor and health insurance	4,347,279	1,782,442	271,052	6,400,773
Pension	<u>3,077,753</u>	1,140,531	292,252	4,510,536
	<u>\$49,821,988</u>	<u>\$18,956,785</u>	<u>\$5,246,424</u>	<u>\$74,025,197</u>
Depreciation	<u>\$ 93,564</u>	<u>\$ 391,184</u>	<u>\$ -</u>	<u>\$ 484,748</u>
	2009			
	Foundation	Subsidiaries		Total
		Operating costs	Operating expenses	
Staff costs				
Salaries	\$ 43,230,261	\$ 9,980,710	\$ 6,586,732	\$ 59,797,703
Labor and health insurance	4,285,394	1,011,427	293,670	5,590,491
Pension	<u>2,750,476</u>	<u>619,276</u>	<u>327,093</u>	<u>3,696,845</u>
	<u>\$ 50,266,131</u>	<u>\$ 11,611,413</u>	<u>\$ 7,207,495</u>	<u>\$ 69,085,039</u>
Depreciation	<u>\$ -</u>	<u>\$ 204,291</u>	<u>\$ -</u>	<u>\$ 204,291</u>

11. Operating profit/loss of subsidiaries

	2010		2009	
	Amount	%	Amount	%
<u>Heping Car Wash Center</u>				
Operating income	\$ 20,824,179	100	\$ 19,337,015	100
Operating costs	<u>20,970,101</u>	<u>101</u>	<u>15,891,187</u>	<u>82</u>
Gross operating profit (Loss)	<u>(145,922)</u>	<u>(1)</u>	<u>3,445,828</u>	<u>18</u>
Operating expenses				
Salaries	\$ 3,296,127	15	\$ 6,586,732	34
Insurance	358,230	2	685,293	4
Employee benefits	37,100	-	16,000	-
Pension	197,744	1	327,093	2
Meals	114,790	-	338,079	2
Post and communication	120,744	1	116,811	-
Project expenditures	14,750	-	82,326	-
Other	<u>338,076</u>	<u>2</u>	<u>151,852</u>	<u>1</u>
(attachment 1)				
Total operating expenses	<u>4,477,561</u>	<u>21</u>	<u>8,304,186</u>	<u>43</u>
Operating loss of Heping Car Wash Center	<u>(4,623,483)</u>	<u>(22)</u>	<u>(4,858,358)</u>	<u>(25)</u>
<u>Guilin Car Wash Center</u>				
Operating income	\$ 2,155,904	100	\$ 948,053	100
Operating costs	<u>2,844,887</u>	<u>132</u>	<u>1,478,836</u>	<u>144</u>
Gross operating loss	<u>(688,983)</u>	<u>(32)</u>	<u>(530,783)</u>	<u>(44)</u>
Operating expenses (attachment 1)	<u>52,315</u>	<u>2</u>	<u>16,445</u>	<u>14</u>
Operating loss of Guilin Car Wash Center	<u>(741,298)</u>	<u>(34)</u>	<u>(547,228)</u>	<u>(58)</u>
<u>Business Department</u>				
Operating income	\$ 9,900,085	100	-	-
Operating costs	<u>7,869,124</u>	<u>79</u>	-	-
Gross operating profit	<u>2,030,961</u>	<u>21</u>	-	-
Operating expenses				
Salaries	1,386,993	14	-	-
Insurance	142,314	2	-	-

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Employee benefits	500	-	-	-
Pension	94,508	1	-	-
Meals	21,600	-	-	-
Post and communication	22,530	-	-	-
Travel	19,452	-	-	-
Other (attachment 1)	<u>296,974</u>	<u>3</u>	-	-
Total operating expenses	<u>1,984,871</u>	<u>20</u>	-	-
Operating benefit of Business Department	<u>46,090</u>	<u>1</u>	-	-
<u>Guandu Car Wash Center</u>				
Operating income	498,523	100	-	-
Operating costs	<u>1,378,440</u>	<u>276</u>	-	-
Gross operating loss	(879,917)	(176)	-	-
Operating expenses (attachment 1)	11,157	<u>2</u>	-	-
Operating loss of <u>Guandu</u> Car Wash Center	(891,074)	(178)	-	-
	-	-	-	-
<u>Zhonghe Car Wash Center</u>				
Operating income	282,933	100	-	-
Operating costs	902,036	318	-	-
Gross operating profit	(619,103)	(218)	-	-
Operating expenses (attachment 1)	13,075	5	-	-
Operating loss of Zhonghe Car Wash Center	(632,178)	(223)	-	-
Net loss profit from subsidiaries	(\$ 6,841,943)		(\$ 5,405,586)	

12. Income Tax

For 2010 and 2009, the Foundation met Article 2.1.8 of the *Standards of Income Tax Exemption for Educational, Cultural, Public Welfare, Charitable Organizations or Groups* and was exempt from income tax. In addition, estimated tax payable for sale of goods or services was accrued in tax payable accounts. Income tax was approved by the tax authority up to 2008.

13. Commitments

(A) In 2009, the Foundation and the Guilin Car Wash Center both proposed projects which planned to withdraw NT\$758,684 and NT\$678,190 (2010 unused credit) from the Business Incubator Reserve Fund. Details of the actual withdrawals for the projects are as follows:

	<u>2009</u>
Development of supporting businesses	\$ 1,126,845
Dream Maker project	310,029
	<u>\$ 1,436,874</u>

(B) The Foundation renewed its lease for the Heping Car Wash Center with the Taipei City Department of Labor on December 1, 2009. The lease started on December 1, 2009 and will end on November 30, 2014.

Sunshine Social Welfare Foundation
Breakdown of Other Expenses for 2010 and 2009

Attachment 1

	Foundation		Heping Car Wash Center		Guilin Car Wash Center		Business Department		Guandu Car Wash Center		Zhonghe Car Wash Center		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Stationery	\$ -	\$ -	\$24,985	\$ 30,172	\$ 2,567	\$3,062	\$ 7,268	\$ -	\$3,079	\$-	\$4,611	\$ -	\$42,510	\$33,234
Post and communication	-	-	-	-	41,046	13,303	-	-	6,396	-	5,844	-	53,286	13,303
Transportation	330,519	70,872	3,619	6,239	-	80	33,425	-	898	-	-	-	368,461	77,191
PR expenses	94,219	50,493	845	2,000	-	-	8,118	-	-	-	-	-	103,182	52,493
Newspapers and magazines	122,907	33,754	11,448	7,200	-	-	-	-	-	-	-	-	134,355	40,954
Facilities and equipment	-	-	18,372	-	-	-	-	-	-	-	-	-	18,372	-
Taxes	50,058	48,787	-	-	-	-	-	-	-	-	-	-	50,058	48,787
Contributions to Department of Labor	-	-	-208,256	21,234	-	-	-	-	-	-	-	-	208,256	21,234
Labor service charges	85,450	180,000	-	-	-	-	48,000	-	-	-	-	-	133,450	180,000
Shipping costs	43,565	39,136	-	-	-	-	164	-	-	-	-	-	43,729	39,136
Miscellaneous purchases	518,206	19,695	7,219	2,500	-	-	-	-	-	-	-	-	525,425	22,195
Donations – CEO Office	-	119,775	-	-	-	-	-	-	-	-	-	-	-	119,775
Rentals	-	-	23,714	23,715	-	-	-	-	-	-	-	-	23,714	23,715
Promotional costs	-	-	-	32,340	-	-	200,000	-	-	-	-	-	200,000	32,340
Others	<u>1,177,475</u>	<u>1,247,976</u>	<u>39,618</u>	<u>26,452</u>	<u>8,702</u>	-	(1)	-	784	-	<u>2,620</u>	-	<u>1,229,198</u>	<u>1,274,428</u>
	<u>\$2,422,399</u>	<u>\$1,810,488</u>	<u>\$338,076</u>	<u>\$151,852</u>	<u>\$52,315</u>	<u>\$16,445</u>	<u>\$296,974</u>	<u>\$ -</u>	<u>\$11,157</u>	<u>\$ -</u>	<u>\$13,075</u>	<u>\$ -</u>	<u>\$3,133,996</u>	<u>\$1,978,785</u>