

SCIENCE MEDIA CENTER TAIWAN

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

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CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITORS' REPORT

The Board of Directors
Science Media Center Taiwan

Opinion

We have audited the accompanying balance sheets of Science Media Center Taiwan ("SMC Taiwan") as of December 31, 2023 and 2022, and the related statements of revenues and expenses, changes in net assets, and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial positions of Science Media Center Taiwan as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations on Disposal of the Financial Affairs of Social Associations" and related rules and regulations made by Ministry of the Interior of the Republic of China.

Basis for opinion

We conducted our audits in accordance with the "Regulations on Disposal of the Financial Affairs of Social Associations" and related rules and regulations made by Ministry of the Interior of the Republic of China. Our responsibilities under those standards are further described in the section of Auditor's Responsibilities for the Audit of the Financial Statements of our report. We are independent of Science Media Center Taiwan in accordance with the Norm of Professional Ethics for Certified Public Accountants, 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 "Regulations on Disposal of the Financial Affairs of Social Associations" and related standards made by Ministry of the Interior of Republic of China, 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 of SMC Taiwan to continue as a going concern, disclosing, as applicable, matters related to going

CERTIFIED PUBLIC ACCOUNTANTS

concern and using the going concern basis of accounting unless management either intends to liquidate SMC Taiwan 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 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 in the Republic of China, we exercise professional judgment and 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 SMC Taiwan internal control.
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 in the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of SMC Taiwan to continue as a going concern. 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

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based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause SMC Taiwan cease to continue as a going concern.


5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, 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.

FIDELITY UNION & CO.
Certified Public Accountants

Chen, Hsiao-Wen

May 30, 2024


 Science Media Center Taiwan
 Balance Sheets
 As of December 31, 2023 and 2022
 (Expressed in New Taiwan Dollars)

December 31, 2023

December 31, 2022

Assets	Amount	%	Amount	%
Current assets				
Cash and cash equivalents (Note 3&4)	\$ 478,503	53.18	\$ 990,413	88.87
Accounts receivable (Note 5)	93,000	10.34	70,000	6.28
Total current assets	<u>571,503</u>	<u>63.52</u>	<u>1,060,413</u>	<u>95.15</u>
Non-current assets				
Property, plant and equipment (Note 6)	274,326	30.49	-	-
Refundable deposit	54,000	5.99	54,000	4.85
Total non-current assets	<u>328,326</u>	<u>36.48</u>	<u>54,000</u>	<u>4.85</u>
Total Assets	<u>\$ 899,829</u>	<u>100.00</u>	<u>\$ 1,114,413</u>	<u>100.00</u>
Liabilities & Equity				
Current liabilities				
Accrued expenses	\$ 36,876	4.10	\$ 36,845	3.31
Other current liabilities	8,180	0.91	37,937	3.40
Payables to related parties (Note 9)	200,000	22.23	-	-
Total current liabilities	<u>245,056</u>	<u>27.24</u>	<u>74,782</u>	<u>6.71</u>
Total liabilities	<u>245,056</u>	<u>27.24</u>	<u>74,782</u>	<u>6.71</u>
Net Assets (Note 3&7)				
Provident funds	100,000	11.11	100,000	8.97
Accumulated surplus	554,773	61.65	939,631	84.32
Total net assets	<u>654,773</u>	<u>72.76</u>	<u>1,039,631</u>	<u>93.29</u>
Total Liabilities & Net Assets	<u>\$ 899,829</u>	<u>100.00</u>	<u>\$ 1,114,413</u>	<u>100.00</u>


(The accompanying notes are integral part of the financial statements)

Science Media Center Taiwan
 Statements of Revenues and Expenses
 For the years ended in December 31, 2023 and 2022
 (Expressed in New Taiwan Dollars)



	2023		2022	
	Amount	%	Amount	%
Revenues (Note 3)				
Contribution revenues	\$ 4,225,477	94.80	\$ 2,587,312	74.96
Membership fee	69,000	1.55	105,500	3.06
Government grants	40,000	0.90	30,000	0.87
Commision revenues	-	-	555,700	16.10
Interest income	3,473	0.07	4,373	0.13
Exchange gains	-	-	122,909	3.56
Other revenues	119,349	2.68	45,600	1.32
Total revenues	4,457,299	100.00	3,451,394	100.00
Expenses (Note 3)				
Personnel expenses	3,167,258	71.06	1,822,659	52.81
Office expenses	765,799	17.18	385,817	11.18
Operating expenses	909,100	20.40	630,412	18.27
Asset acquisition expenses	-	-	104,476	3.03
Total expenses	4,842,157	108.64	2,943,364	85.29
Net surplus (Deficit) before income tax	(384,858)	(8.64)	508,030	14.71
Income tax (Note 3&7)	-	-	-	-
Net surplus (Deficit) after income tax	(384,858)	(8.64)	508,030	14.71
Other comprehensive surplus	-	-	-	-
Total comprehensive income	\$ (384,858)	(8.64)	\$ 508,030	14.71


(The accompanying notes are integral part of the financial statements)



 Science Media Center Taiwan
 Statements of Changes in Net Assets
 For the years ended in December 31, 2023 and 2022
 (Expressed in New Taiwan Dollars)

Items	Provident funds	Accumulated surplus	Total
Balance at January 1, 2022	\$ 58,314	\$ 473,287	\$ 531,061
Net surplus for 2022	-	508,030	508,030
Allocated to provident funds	41,686	(41,686)	-
Balance at December 31, 2022	100,000	939,631	1,039,091
Net deficit for 2023	-	(384,858)	(384,858)
Allocated to provident funds	-	-	-
Balance at December 31, 2023	<u>\$ 100,000</u>	<u>\$ 554,773</u>	<u>\$ 654,233</u>

(The accompanying notes are integral part of the financial statements)



 Science Media Center-Taiwan
 Statements of Cash Flows
 For the years ended in December 31, 2023 and 2022
 (Expressed in New-Taiwan Dollars)

	2023	2022
<u>Cash flows from operating activities</u>		
Net surplus	\$ (384,858)	\$ 508,030
Adjusted items :		
Adjustments to reconcile net surplus		
Interest income	(3,473)	(4,373)
Depreciation expense	108,511	-
Changes in current assets and current liabilities related to operating activities		
Accounts receivable	(23,000)	(70,000)
Accrued expenses	31	36,845
Other current liabilities	(29,757)	37,937
Unearned Receipts	-	(19,000)
Cash inflow generated from operating	(332,546)	489,439
Interest received	3,473	4,373
Net cash flows from operating activities	(329,073)	493,812
<u>Cash flows from investing activities</u>		
Increase in refundable deposits	-	(54,000)
Acquisitions of Property, plant and equipment	(382,837)	-
Net cash flows from investing activities	(382,837)	(54,000)
<u>Cash flows from financing activities</u>		
Increase in Payables to related parties	200,000	-
Net cash flows from financing activities	200,000	-
Net increase in cash and cash equivalents	(511,910)	439,812
Cash and cash equivalents, beginning of period	990,413	550,601
Cash and cash equivalents, end of period	\$ 478,503	\$ 990,413

(The accompanying notes are integral part of the financial statements)


SCIENCE MEDIA CENTER TAIWAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2023 and 2022
(Expressed In New Taiwan Dollars)

1. Organization and operations

Science Media Center Taiwan (SMC Taiwan) was established on October 27, 2022 upon the permission of Ministry of the Interior of the Republic of China. SMC Taiwan is a member of the international SMC network, which includes the UK, Australia, New Zealand, Germany, Canada, Spain, and Kenya. SMC Taiwan follows the same core values as all SMCs around the world: provide evidence-based information and engage the mass media. By holding press briefings, asking for evidence, and encouraging discussion, SMC Taiwan actively correct the wrong messages delivered by the mass media.

SMC Taiwan's goal is to cultivate a healthy media environment for public discourse which is based on evidence.

2. The authorization of financial statements

The financial statements were authorized for issuance by the Board of Directors on May 30, 2024.

3. Summary of significant accounting policies

(1) Statement of Compliance

The accompanying financial statements of SMC Taiwan have been prepared in conformity with the "Regulations on Disposal of the Financial Affairs of Social Associations" and related standards made by Ministry of the Interior of the Republic of China.

(2) Basis of preparation

The accompanying financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

(3) Classification of current and noncurrent assets and liabilities

Assets that meet one of the following criteria are classified as current assets; otherwise

they are classified as non-current assets:

- a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operating cycle;
- b) Assets held mainly for trading purposes;
- c) Assets that are expected to be realized within twelve months from the balance sheet date; or
- d) Cash, excluding restricted cash and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- a) Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;
- b) Liabilities arising mainly from trading activities;
- c) Liabilities that are to be paid off within twelve months from the balance sheet date;
- d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(4) Foreign currency transactions

SMC Taiwan maintains its accounts in New Taiwan Dollars. Transactions in foreign currency are recorded in New Taiwan Dollars at the exchange rates prevailing on the transaction dates. Profits or losses realized upon settlement are included in the period in which the transaction is settled. At the end of financial year, foreign currency assets and liabilities (other than those arising from forward contracts) are adjusted to reflect the prevailing exchange rates with the related profits and losses reflected in income.

(5) Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of value changes resulting from fluctuations in interest rates. Time deposits can be classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

(6) Provident funds

According to the Article 15 of "Regulations on Disposal of the Financial Affairs of Social Associations", social associations may allocate a proper sum into the provident

fund each year, and the sum shall be not more than twenty percent (20%) of the total amount of the budget. The fund referred to in the preceding paragraph and its interest incomes shall be deposited in a special account according to its purpose, and may not be used without the consent of the board of directors.

(7) Revenues and expenses

Revenues are recognized when the earning process is substantially completed and they are realized. Expenses are recognized as incurred.

(8) Defined contribution plans

Effective July 1, 2005, SMC Taiwan adopted the “Labor Pension Act” (the Act), which prescribes a defined contribution pension plan for those employees who were covered by the “Labor Standards Act” prior to the enforcement of the Act but chose to be subject to the pension mechanism under the Act, and those employees employed after the enforcement of the Act. SMC Taiwan makes monthly contributions to individual employee pension fund accounts at a rate of 6% of the employee’s monthly wages. The contributions are accounted for as current pension expense.

(9) Income tax

SMC Taiwan conforms with the income tax exemption standards applicable to education, cultural, public-service and charitable foundations. As such, SMC Taiwan is exempt from income tax except for sale or merchandise and labor services.

4. Cash and cash equivalents

	2023.12.31	2022.12.31
Petty cash	\$ 10,774	\$ 5,471
Deposits in banks	467,729	984,942
Total Cash and cash equivalents	\$ 478,503	\$ 990,413

5. Accounts Receivable

As of December 31, 2023 and 2022, the accounts receivable were from membership fees receivable.

6. Property, plant and equipment

	<u>Office equipment</u>	<u>Total</u>
Cost		
Balance at January 1,2023	\$ —	\$ —
Additions	382,837	382,837
Disposals or retirements	—	—
Balance at December 31,2023	<u>382,837</u>	<u>382,837</u>
Accumulated depreciation and impairment		
Balance at January 1,2023	—	—
Additions	108,511	108,511
Disposals or retirements	—	—
Balance at December 31,2023	<u>108,511</u>	<u>108,511</u>
Carrying amounts at December 31,2023	<u>\$ 274,326</u>	<u>\$ 274,326</u>

7. Provident funds

	<u>2023.12.31</u>	<u>2022.12.31</u>
Provident funds	<u>\$ 100,000</u>	<u>\$ 100,000</u>

8. Income tax

- (1) SMC Taiwan is exempt from income tax in accordance with Article 2 and Article 3 of the “Income tax exemption standards applicable to education, cultural, public-service and charitable foundations” of the Republic of China in 2023 and 2022.
- (2) SMC Taiwan’s income tax has been assessed and approved by the Tax Authority through 2022.

9. **Related party transactions:**

Item: Payables to related parties

Related Party Categories	2023.12.31	2022.12.31
President	\$ 200,000	\$ —

10. **Assets pledged as collateral:** None

11. **Significant contingent liabilities and unrecognized commitments:** None

12. **Significant subsequent events:** None

13. **Other important events:** None