

# Ming Chuan University

**Financial Statements for the  
Years Ended July 31, 2020 and 2019 and  
Independent Auditors' Report**

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Ming Chuan University  
**Financial Statements for the**  
**Years Ended July 31, 2020 and 2019**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Supervisors  
Ming Chuan University

### **Opinion**

We have audited the accompanying financial statements of Ming Chuan University, which comprise the balance sheets as of July 31, 2020 and 2019, and the statements of Income, cash flows, comprehensive operation in cash for the years then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Ming Chuan University as of July 31, 2020 and 2019, and the results of its revenue and expenditure, its cash flows, and its revenue and expenditure in Cash for the years then ended in accordance with the Private School Law, the Regulation Governing the Accounting System Set Up By School Legal Persons and Their Schools, the Accounting System Set Up By School Legal Persons and Their Schools, and Enterprise Accounting, and relevant endorse.

### **Basis for Opinion**

We conducted our audits in accordance with the Notices for Audit of Financial Statements by Certified Public Accountants on behalf of the School Legal Persons and Their Institutions of Higher Education, the Rules Governing Auditing and certification 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 financial statements section of our report. We are independent of Ming Chuan University in accordance with The Norm of Professional Ethics for Certified Public Account of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements as of July 31, 2020. These matters were addressed in the context of our audit of the only financial statements as whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Ming Chuan University financial statements as of July 31, 2020 are stated as follows :

### Management of property, building and equipment

The property, building and equipment of Ming Chuan University are the main assets of Ming Chuan University, and the certified public accountants believe that the management of property, building and equipment is an area of high concern during the audit. For the accounting policies on property, building and equipment, please refer to Note II (VII) of the notes to the financial statements; for the notes on property, building and equipment please refer to Note IV (V) of the notes to the financial statements.

Our key audit procedures performed in respect of the above area included the following :

- 1.To understand and test the effectiveness of design and implementation of the main internal control system for the management of property, building and equipment of Ming Chuan University.
- 2.To find out whether the purchases, leases, dispositions and creations of encumbrance on property, building and equipment (including the sales, scrapping and mortgages of real estate) of Ming Chuan University for the financial year 2019 are in accordance with the Private Schools Law and the Fixed Assets Management Rules formulated by Ming Chuan University.
- 3.To find out whether the treatment of accounting affairs such as the accounting basis of property, building and equipment, depreciation withdrawal and scrapping of property, building and equipment are in accordance with the relevant laws and decrees and the Fixed Assets Management Rules formulated by Ming Chuan University.

- 4.To find out whether the equipment purchased by Ming Chuan University in the academic year 2019 with its grants received from the Ministry of Education is used in accordance with the grants program.
- 5.To understand the processing procedures for property, building and equipment inventory operations of Ming Chuan University, and to conduct a spot check and make an inventory for the major additions to the fixed assets for the academic year 2019.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Private School Law, the Regulation Governing the Accounting System Set Up By School Legal Persons and Their Schools, and Enterprise Accounting, and relevant endorse, 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 Ming Chuan University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the school or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of Ming Chuan University(including supervisor) are responsible for overseeing the school's financial reporting process.

### **Auditors' 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 misstatements, whether due to fraud or error, and to issue an auditors' 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 the 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 the 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 Company's 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 on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Ming Chuan University's ability 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 based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Ming Chuan University to 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of Ming Chuan University for the academic year 2019. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PKF TAIWAN

Taipei, Taiwan  
October 21, 2020

Ming Chuan University  
Balance Sheets  
as of 7/31/2020 and 7/31/2019

Asset	Notes	07/31/2020	07/31/2019	Unit: NTD Increase or decrease of amount
<b>Current Assets</b>				
	II			
Cash		\$ 621,078	\$ 611,034	\$ 10,044
Bank Deposit	IV ( I )	1,815,111,942	1,787,419,467	27,692,475
Receivables	IV ( II )	75,650,762	19,121,238	56,529,524
Prepayments	IV ( III )	19,213,848	21,567,106	(2,353,258)
Total Current Assets		<u>1,910,597,630</u>	<u>1,828,718,845</u>	<u>81,878,785</u>
<b>Long-term Investments, Receivables, and Fund</b>				
Special Funds	IV ( IV )	<u>29,112,622</u>	<u>28,753,695</u>	<u>358,927</u>
<b>Property, Building and Equipment-net</b>				
	II , IV ( V )			
Land		1,042,621,674	1,042,621,674	-
Improvements Over Lands		268,332,357	264,877,562	3,454,795
House and Buildings		3,880,989,285	3,880,989,285	-
Mechanical Instrumentation and Equipment		1,126,422,749	1,111,742,791	14,679,958
Books and Journals		850,324,204	836,871,869	13,452,335
Other Equipment		531,070,311	517,770,685	13,299,626
Assets in Purchase or Construction		42,316,250	42,316,040	210
Total Cost		<u>7,742,076,830</u>	<u>7,697,189,906</u>	<u>44,886,924</u>
Less : Accumulated Depreciation		<u>(2,769,164,273)</u>	<u>(2,660,946,000)</u>	<u>(108,218,273)</u>
Net Property, Building and Equipment		<u>4,972,912,557</u>	<u>5,036,243,906</u>	<u>(63,331,349)</u>
<b>Intangible Assets</b>				
	II , IV ( VI )			
Computer Software		68,513,642	66,768,446	1,745,196
Less : Accumulated Amortization		<u>(43,701,774)</u>	<u>(41,291,907)</u>	<u>(2,409,867)</u>
Net Intangible Assets		<u>24,811,868</u>	<u>25,476,539</u>	<u>(664,671)</u>
<b>Other Assets</b>				
Refundable Deposits		<u>14,899,616</u>	<u>18,010,078</u>	<u>(3,110,462)</u>
<b>Total Assets</b>		<u>\$ 6,952,334,293</u>	<u>\$ 6,937,203,063</u>	<u>\$ 15,131,230</u>
<b>Liabilities, Equity Fund and Surplus(Deficit)</b>				
<b>Current Liabilities</b>				
	II			
Accrued Payables	IV ( VII )	\$ 102,458,574	\$ 140,422,741	\$ (37,964,167)
Advance Receipts	IV ( VIII )	79,554,887	44,464,173	35,090,714
Receipts Under Custody	IV ( IX )	4,477,387	4,061,800	415,587
Total Current Liabilities		<u>186,490,848</u>	<u>188,948,714</u>	<u>(2,457,866)</u>
<b>Other Liabilities</b>				
Deposits Received		<u>18,853,983</u>	<u>22,052,908</u>	<u>(3,198,925)</u>
Total Liabilities		<u>205,344,831</u>	<u>211,001,622</u>	<u>(5,656,791)</u>
<b>Equity Fund</b>				
	II , IV ( X )			
Equity Fund For Specified Purposes		28,753,695	28,578,485	175,210
Equity Fund For Unspecified Purposes		<u>5,332,783,870</u>	<u>5,270,765,866</u>	<u>62,018,004</u>
Total Equity Fund		<u>5,361,537,565</u>	<u>5,299,344,351</u>	<u>62,193,214</u>
<b>Surplus/Deficit</b>				
Accumulated Surplus(Deficit)	II , IV ( XI )	<u>1,385,800,784</u>	<u>1,426,431,767</u>	<u>(40,630,983)</u>
<b>Other Equities</b>				
	II			
Accumulate Other Comprehensive Surplus/(Deficit)		<u>(348,887)</u>	<u>425,323</u>	<u>(774,210)</u>
Total Equity Fund and Surplus(Deficit)		<u>6,746,989,462</u>	<u>6,726,201,441</u>	<u>20,788,021</u>
<b>Significant Commitments and Contingencies</b>				
	VII			
<b>Total Liabilities, Equity Funds and Surplus(Deficit)</b>		<u>\$ 6,952,334,293</u>	<u>\$ 6,937,203,063</u>	<u>\$ 15,131,230</u>

(The accompanying notes are an integral part of these financial statements)



Ming Chuan University  
INCOME STATEMENTS  
2019 and 2018

Unit: NTD

Title	Year 2019 Budget	Year 2019 Final Accounts	Year 2018 Final Accounts	Comparison Between Final Account and Budget of 2019	
				Difference	%
<b>Revenues</b>					
Revenues From Tuitions and Fees	\$ 1,740,549,082	\$ 1,798,570,733	\$ 1,821,232,598	\$ 58,021,651	3
Revenues From Promoting Education	111,645,133	90,441,307	141,570,455	(21,203,826)	(19)
Revenues From Industry-Academy Cooperation	152,133,547	138,117,397	155,125,165	(14,016,150)	(9)
Revenues From Other Teaching Activities	500,000	850,795	899,500	350,795	70
Revenues From Subsidy and Donation	363,074,690	328,412,961	390,742,684	(34,661,729)	(10)
Financial Revenues	12,197,045	15,378,358	14,878,988	3,181,313	26
Other Revenues	133,351,614	150,558,950	156,444,741	17,207,336	13
<b>Total Revenues</b>	<b>2,513,451,111</b>	<b>2,522,330,501</b>	<b>2,680,894,131</b>	<b>8,879,390</b>	<b>-</b>
<b>Expenses</b>					
Board of Directors Expenses	1,100,000	420,583	1,609,798	(679,417)	(62)
Administrative Management Expenses	601,356,611	587,892,255	589,404,112	(13,464,356)	(2)
Teaching Research and Training Expenses	1,497,408,271	1,429,495,171	1,502,750,403	(67,913,100)	(5)
Scholarships and Grants Expenses	126,811,000	167,031,121	151,850,404	40,220,121	32
Expenses From Promoting Education	78,652,916	72,433,613	88,033,494	(6,219,303)	(8)
Expenses From Industry-Academy Cooperation	150,408,254	132,641,562	148,179,303	(17,766,692)	(12)
Expenses From Other Teaching Activities	480,000	283,598	267,647	(196,402)	(41)
Financial Expenses	-	1,126	156,698	1,126	-
Other Expenses	119,891,767	110,569,241	93,099,207	(9,322,526)	(8)
<b>Total Expenses</b>	<b>2,576,108,819</b>	<b>2,500,768,270</b>	<b>2,575,351,066</b>	<b>(75,340,549)</b>	<b>(3)</b>
<b>Net Surplus(Deficit)</b>	<b>\$ (62,657,708)</b>	<b>\$ 21,562,231</b>	<b>\$ 105,543,065</b>	<b>\$ 84,219,939</b>	<b>(134)</b>
<b>Other Comprehensive Surplus(Deficit)</b>					
Exchange Differences Arising On Translation					
Of Foreign Operation	(2,756)	(774,210)	108,237	(771,454)	27,992
<b>Total Comprehensive Surplus(Deficit)</b>	<b>\$ (62,660,464)</b>	<b>\$ 20,788,021</b>	<b>\$ 105,651,302</b>	<b>\$ 83,448,485</b>	<b>(133)</b>

(The accompanying notes are an integral part of these financial statements)

## Ming Chuan University

## Statements Of Cash Flows

2019 and 2018

Unit: NTD

	Year 2019	Year 2018
Cash Flows From Operating Activities :		
Net Surplus(Deficit)	\$ 21,562,231	\$ 105,543,065
Interest Income	(15,377,232)	(14,722,290)
Current Surplus(Deficit) Before Interest Income	6,184,999	90,820,775
Adjustment		
Add : Expenditures -No Cash-Generated Outflows	187,674,805	190,161,136
Less : Revenues - No Cash-Generated Inflows	(1,060,967)	(706,884)
Net (Increase) Decrease In Adjustments of Current Assets	(54,270,832)	2,801,099
Net Increase (Decrease) In Adjustments of Current Liabilities	1,458,038	(26,851,080)
Net Cash Inflows Generated Before Interest Income	139,986,043	256,225,046
Interest Received	15,472,924	14,674,810
Dividend Received	-	-
Interest Paid	(1,126)	(175,719)
Net Cash Flow Generated From Operating Activities	155,457,841	270,724,137
Cash Flows From Investing Activities :		
Proceeds from Disposal of Property, Plant and Equipment	90,420	-
Refundable Deposits Return	4,086,438	2,439,431
Less: Purchasing - Property, Building and Equipment	(122,409,092)	(125,194,840)
Purchasing - Intangible Assets	(4,299,564)	(3,314,394)
Refundable Deposits Payable	(1,665,976)	(12,122,538)
Net Cash Flow Used In Investing Activities	(124,197,774)	(138,192,341)
Cash Flows From Financing Activities :		
Receipts Under Custody	569,437,948	565,019,777
Deposits Received Received	8,931,700	14,191,948
Less : Payment Under Custody	(569,022,361)	(564,574,846)
Reduce Deposits Received	(12,130,625)	(10,198,752)
Repayment Of Short-/Long-Term Loans	-	(10,795,827)
Net Cash Flow Used In Financing Activities	(2,783,338)	(6,357,700)
Exchange Influence	(774,210)	108,237
Net Increase In Cash and Cash Equivalents	27,702,519	126,282,333
Cash and Bank Deposit Balances At Beginning Of Year	1,788,030,501	1,661,748,168
Cash and Bank Deposit Balances At End Of Year	\$ 1,815,733,020	\$ 1,788,030,501

(The accompanying notes are an integral part of these financial statements)

Ming Chuan University  
Statements of Comprehensive Operation In Cash  
2019 and 2018

Unit: NTD

	Year 2019	%	Year 2018	%
Operating Income - Cash				
Revenues From Tuitions and Fees	\$ 1,798,570,733	72	\$ 1,821,232,598	68
Revenues From Promoting Education	90,441,307	4	141,570,455	5
Revenues From Industry-Academy Cooperation	138,117,397	6	155,125,165	6
Revenues From Other Teaching Activities	850,795	-	899,500	-
Revenues From Subsidy and Donation	328,412,961	13	390,742,684	15
Financial Revenues	15,378,358	-	14,878,988	-
Other Revenues	150,558,950	6	156,444,741	6
Less : Revenues - No Cash-Generated Inflows	(1,060,967)	-	(706,884)	-
Increase (Decrease) In Adjustments Items				
Receivable and Advance Receipts	(21,438,810)	(1)	(11,934,812)	-
Interest and Dividend Adjustment	-	-	-	-
Total Operating Income - Cash	<u>2,499,830,724</u>	<u>100</u>	<u>2,668,252,435</u>	<u>100</u>
Operating Expenses - Cash				
Board of Directors Expenses	420,583	-	1,609,798	-
Administrative Management Expenses	587,892,255	24	589,404,112	22
Teaching Research and Training Expenses	1,429,495,171	57	1,502,750,403	56
Scholarship Expenses	167,031,121	7	151,850,404	6
Expenses From Promoting Education	72,433,613	3	88,033,494	3
Expenses From Industry-Academy Cooperation	132,641,562	5	148,179,303	6
Expenses From Other Teaching Activities	283,598	-	267,647	-
Financial Expenses	1,126	-	156,698	-
Other Expenses	110,569,241	4	93,099,207	4
Less: Expenditures - No Cash-Generated Outflows	(187,674,805)	(8)	(190,161,136)	(7)
Increase (Decrease) In Adjustments Items Accrued				
Payables and Prepayment	31,279,418	2	12,338,368	-
Interest Dividend Adjustment	-	-	-	-
Total Operating Expenses - Cash	<u>2,344,372,883</u>	<u>94</u>	<u>2,397,528,298</u>	<u>90</u>
Current Account - Cash Surplus(Deficit)	<u>155,457,841</u>	<u>6</u>	<u>270,724,137</u>	<u>10</u>
Cash Income from Asset Transaction	<u>90,420</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Outlay - Purchase of Movable Property, Intangible Assets and Other Assets :				
Machines and Equipment	64,151,889	3	66,151,045	2
Books and Journals	13,447,232	1	16,877,730	1
Other Equipment	26,813,930	1	29,534,791	2
Prepayments For Business Facilities	2,169,446	-	7,621,590	-
Computer Software	4,299,564	-	3,314,394	-
Total Cash Outlay - Purchase of Movable Property, Intangible Assets and Other Assets	<u>110,882,061</u>	<u>5</u>	<u>123,499,550</u>	<u>5</u>
Minus : Cash Surplus/(Deficit) Before Real Estate Expenditures	<u>44,666,200</u>	<u>1</u>	<u>147,224,587</u>	<u>5</u>
Cash Outlay - Purchase Of Real Estate				
Improvements Over Lands	3,454,795	-	-	-
Prepayments For Lands	9,671,800	-	-	-
Land and Unfinished Construction	2,700,000	-	5,009,684	-
Total Cash Outlay - Purchase of Real Estate	<u>15,826,595</u>	<u>-</u>	<u>5,009,684</u>	<u>-</u>
Current Cash Surplus	<u>\$ 28,839,605</u>	<u>1</u>	<u>\$ 142,214,903</u>	<u>5</u>

(The accompanying notes are an integral part of these financial statements)

Ming Chuan University  
Notes to Financial Statements  
July 31, 2020 and 2019

Unit : NTD

I. School history

Ming Chuan University (hereinafter referred to as the School) was founded in accordance with the relevant provisions of the University Act and the Private School Law, aiming on academic research, talent nurturing, culture enhancement, society services, and promotion of national development and establishment of school characteristics. Approved by the Ministry of Education, the School started in March 1957; on August 1<sup>st</sup> 1990, it was approved to upgrade to Ming Chuan College. Later as of 1997, it was renamed as "Ming Chuan University". On July 10<sup>th</sup> 2013, a completion report on the establishment of its branch school in the United States was approved by the Ministry of Education, Taiwan (file number Tai-Jiao-Gao-(3)-Tzi-Di 1020103032).

On February 15<sup>th</sup> 2020, the total registered amount of property of the School was updated as \$7,654,873,866. At the end of 2020 and 2019, the number of faculty members totaled in 1,848 and 1,881, respectively, whereas the number of students totaled in 18,308 and 18,533, respectively. And at the Branch School in the United States, the number of faculty members totaled in 11 and 9, respectively, whereas the number of students totaled in 12 and 13, respectively.

II. Summary of significant accounting policies

Accounting records and main financial statements of the School have been published and complied in accordance with the Private School Law, the Regulation Governing the Accounting System Set Up By School Legal Persons and Their Schools, the Accounting System Set Up By School Legal Persons and Their Schools, as well as Enterprise Accounting, and relevant endorse.

The financial statements were approved and authorized for issue by the Board of Directors on October 21, 2020.

This financial statement has adopted the main accounting policies as follows:

(I) Fiscal year

A fiscal year starts on August 1<sup>st</sup> of each year and ends on July 31<sup>st</sup> of the following year where the calendar of the Republic of China shall be adopted as fiscal years (Note that the calendar of the R.O.C shall be converted to the calendar of Anno Domini which is to be adopted in English versions of documents). The year of a financial statement shall fall onto the year of the starting date.

(II)The basis of accounting

Accounting records of the School shall be entered based on accrued basis.

(III)Accounting estimates

In the preparation of the financial statements in accordance with generally accepted accounting principles, the School shall undertake necessary measure, assessment, and disclosure on the amounts and all contingencies set forth in the financial statements, including choices of various assumptions and estimates which might vary from the actual results.

(IV)Classification standards for current and non-current assets and liabilities

The current assets shall comprise cashes or cash equivalents of unrestricted purpose, which are held for trading purposes, or held for a short period of time and expected to be liquidated within twelvemonth after the date of balance sheets, or expected to be liquidated, sold, or consumed during the normal operation of the School operating cycle. Any assets falling beyond the scope of current assets shall be regarded non-current assets.

The liabilities are expected to be liquidated within twelvemonth after the date of balance sheets, or expected to be liquidated during the normal operation of the School operating cycle. Any liabilities falling beyond the scope of current liabilities shall be regarded non-current liabilities.

(V)Foreign currency transactions

Accounting records of the School shall be entered in TWD. Any assets or liabilities valued in a foreign currency shall be entered based on the spot exchange rate on the date of the transaction, and shall be adjusted according to the spot exchange rate on the date of the balance sheet. And exchange differences arising from such adjustment shall be listed as exchange gains and losses. Any exchange differences arising from the settlement of assets or liabilities valued in a foreign currency shall be also listed in the current profits and losses.

(VI)Special funds

Scholarship Fund

Scholarship Funds donated from outside of the School for students have been designated for specific purposes and deposited into a special account as per provisions. They are reserved under the account of “Equity Fund For Specified Purpose”.

#### Law School Development Fund

Funds donated from outside of the School for the development of the law school have been designated for specific purposes and deposited into a special account as per provisions. They are reserved under the account of “Equity Fund For Specified Purpose”.

#### Alumni Service Promotion Fund

Funds donated by alumni for the promotion of alumni affairs and services has been designated for specific purposes and deposited into a special account as per provisions. They are reserved under the account of “Equity Fund For Specified Purpose”.

#### (VII)Property, building and equipment

Except for the Taoyuan campus land, a donation, of which value was entered at a basis of the published value in 1988, other property, building and equipment shall be entered at a basis of their cost upon acquisition or construction. Any expenditures for repair and maintenance shall be regarded as capital expenditures if they could prolong the life span or enhance the performance of an asset; otherwise, they shall be listed as current expenditures. When a property, building and equipment is scrapped, its listed amount shall be transferred to the relevant demerit account of property transaction according to the nature of the expenditure, except for books which shall be transferred to an account under depreciation and amortization. Revenues from the disposal of property, building and equipment shall be treated as a surplus from property transactions.

Except for fixed assets such as lands, books, and journals, the rest of the fixed assets shall be listed for depreciation in the linear method within their respective estimated life span as follows:

For any property as a part of special projects, they shall be listed for depreciation according to the implementation duration of a special project. For any property not as a part of any special projects, they shall be listed for depreciation according to year of usage over their life span such as: 5 to 40 years for improvements over lands, 8 to 60 years for houses and buildings, 2 to 25 years for mechanical instrumentation and equipment, 3 to 10 years for other equipment, and 5 years for improvements over leasing equities.

Books shall be listed for depreciation in depreciation-retirement method. Lands, inheriting assets (such as historic relics), and non-consumable collectibles (such as art works) shall not be listed for depreciation.

(VIII)Intangible assets

Intangible assets such as computer software, etc. shall be entered based on their costs and shall be amortized over two years in the linear method according to the duration of the performance provided.

(IX)Retirement Pension Fund

According to the provisions on the implementation of the new retirement pension system for faculty of private schools as stated in Articles 64 and 65 of Private School Law, as of January 1st 2010, the Management Committee of Retirement and Consolation Payment for Private School Teachers and Staff of R.O.C. (hereinafter referred to as the "Management Committee for Retirement Compensation Fund") was renamed as the Management Committee of Retirement, Consolation Payment, Resignation and Severance for Private School Teachers and Staff of R.O.C. (hereinafter referred to as the "Management Committee for Retirement Pension Fund"). Now the granting for the retirement, consolation payment, resignation, and severance of the faculty in private schools is to be governed by the articles (hereinafter referred to as Articles about the Retirement, Consolation Payment, Resignation, and Severance) newly set forth accordingly for school legal persons and faculty of their corresponding private schools. And the "Management Committee for Retirement Pension Fund" is to set up a "School Retirement Pension Fund Reserve Account" and an "Individual Retirement Pension Fund Special Account". Regarding the operation of the Retirement Pension Fund: First, 3% of the tuition fee is to be allocated under the "Management Committee for Retirement Pension Fund" where two thirds of the allocated amount is then allocated to the "School Retirement Pension Fund Reserve Account" as a reserve fund for the "Individual Retirement Pension Fund Special Account" which is to be allocated from the "Management Committee for Retirement Pension Fund" on a monthly basis in accordance with the provisions of the Articles about the Retirement, Consolation Payment, Resignation, and Severance. Should a particular monthly allocation fall short, then the School shall allocate to make up the supplement separately. Furthermore, the remaining one-thirds is to be allocated to the original Retirement Pension Fund of the School, prepared to cover payments for the retirement, consolation payment, resignation, and severance of the faculty who are eligible for previous articles prior to the implementation of the new Articles about the Retirement, Consolation Payment, Resignation, and Severance. In the academic year of 2019 and 2018, the School has allocated to the original

Retirement Pension Fund in the amount of \$13,437,262 and \$13,652,805, respectively, as well as to the "Management Committee for Retirement Pension Fund" \$35,207,434 and \$34,671,896, respectively.

Regarding any faculty members who should meet the criteria of the "Methods for Retirement, Consolation Payment, and Severance of Teachers and Staff" upon their retirement, they shall receive payments directly from the "Management Committee for Retirement and Consolation Payment, Fund", or otherwise from the School itself. In the academic year of 2019 and 2018, the retirement pension funds paid by the School itself amounted in \$5,509,855 and \$2,243,234, respectively.

The non-faculty members of the School shall receive their total salary on a monthly basis at a certain ratio (2%) in accordance with the retirement fund allocated under the Labor Standards Act (i.e. the old system) where the fund has been managed by the "Supervisory Committee for Labor Retirement Reserve Fund" under a special account at Taiwan Bank. Upon actual payments to the staff members, the payments shall first be drawn from the special account and then supplemented by funds listed as the current expenditures if any shortage in the special account. In the academic year of 2019 and 2018, the School has allocated into the retirement reserve in the amount of \$115,522 and \$136,526, respectively. At the end of the academic year 2019 and 2018, the balance remained under the special retirement account at Taiwan Bank totaled in \$2,871,820 and \$5,683,317, respectively.

The pension fund which a defined contribution is applied by the School has been allocated throughout the service years of non-faculty members at a fixed amount and listed as the current expenditures where the monthly allocation rate responsible by the School shall not be lower than 6% of the monthly salary of a labor. In the academic year of 2019 and 2018, the retirement fund allocated in this regard totaled in the amount of \$9,858,155 and \$9,356,561, respectively.

#### (X)Equity Funds

Various donations and any remnants from school operations shall be listed under this category, including the equity fund for specified purpose and equity fund for unspecified purposes.

Equity fund for specified purposes refer to those equity funds with designated purposes relating to contracts, laws and regulations, external donations, or allocations of funds due to certain procedures by the School. They shall be corresponding to the account of "Special Fund".



Equity fund for unspecified purposes shall include the accounts of “Surplus Equity Fund” and “Other Equity Fund” as follows :

Surplus Equity Fund :

According to the provisions of Article 46 of the Private Schools Law, if there should be any surplus after balancing the annual income and expenditure, they shall be listed under the “Surplus Equity Fund” within one month after filing the final accounting at the school authorities, provided any deficits carried forward from previous years have been supplemented.

Other Equity Fund:

Any undesignated equity funds other than the Surplus Equity Fund shall be listed under Other Equity Fund where the calculation formula shall be: “Net amount (Original costs for acquisition of lands, improvements over lands, houses, and construction, deduct the accumulated depreciation).”

(XI)Accumulated surplus/deficit and current surplus/deficit

1. Accumulated surplus or deficit means any accumulated surplus or accumulated deficit of the school as of the end of the period.
2. Accumulated surplus means any unappropriated accumulated surplus of the school as of the end of the previous period; accumulated deficit means any undistributed accumulated deficit of the school as of the end of the previous period.
3. Current surplus or deficit means any current surplus or deficit of the school.

(XII)Other equity items

The financial statements for the Branch School overseas shall be adjusted and converted to TWD currency where the exchange difference arising from the current exchange rate shall be accounted for the accumulated exchange adjustments to be listed under "Other Equity" items.

(XIII)Revenues and expenditures

Tuitions and fees are to be collected according to the fee standards stipulated by the Ministry of Education where all revenues have been listed in the budget. According to the result of budget execution and subject to revenues, relevant fees and expenditures are to be listed as the current expenditures upon accrual of rights and liabilities.

(XIV)Payment of excess annuities

This refers to the excess payment of annuities to faculty members in accordance with the Civil Servant and Teacher Insurance Act.

(XV) Income taxes

According to the provisions of the amended Education and Culture Public Welfare Charity or Community Fees and Fees based on the order No. Tai-Cai-zi 1030005149 issued by the Executive Yuan on February 26<sup>th</sup>, 2013, there shall incur no income taxes if expenditures for activities related to the initial objectives of the School should represent more than 60% of total sum of annual interests accrued from the Funds plus other incomes. Alternatively, there shall also incur no income taxes if the annual balance of the School should fall under \$500,000 – which shall be either verified by the competent authority for consent of the tax waiving or which shall be registered for change of total property amount in accordance with the provisions.

III. Reasons And Impacts of Accounting Changes : N/A

IV. Statements Of Major Accounting Items

(I) Bank Deposit

	<u>07/31/2020</u>	<u>07/31/2019</u>
Check And Demand deposit	\$ 216,131,941	\$ 147,293,104
Fixed deposit—		
Rate Of Interest Per Annum :		
0.23 %~2.30% as of		
07/31/2020 and 07/31/2019		
respectively	1,520,295,092	1,573,374,531
Foreign Exchange Deposits	21,710,005	23,420,400
Other Special Accounts	56,974,904	43,331,432
Total	<u>\$ 1,815,111,942</u>	<u>\$ 1,787,419,467</u>

The above bank deposits, including other special accounts such as those for the promotion of Industry-Academia cooperation, for fundraising, for faculty members, etc., have not involved in any guarantee, pledge, or usage constraint.

(II) Receivables

	<u>07/31/2020</u>	<u>07/31/2019</u>
Interest Receivable	\$ 5,012,352	\$ 5,106,918
Other Receivables	70,638,410	14,014,320
Total	<u>\$ 75,650,762</u>	<u>\$ 19,121,238</u>

(III) Prepayments

	<u>07/31/2020</u>	<u>07/31/2019</u>
Commodities	\$ 5,746,150	\$ 6,324,444
Education Supplies	7,409	7,409
Prepaid Expenses	12,935,254	14,672,718
Prepaid Insurance Premium	525,035	562,535
Total	<u>\$ 19,213,848</u>	<u>\$ 21,567,106</u>

(IV) Special Fund

	<u>07/31/2020</u>	<u>07/31/2019</u>
Scholarship Fund	\$ 15,586,651	\$ 15,869,327
Law School Development Fund	1,058,892	545,505
Alumni Service Promotion Fund	12,467,079	12,338,863
Total	<u>\$ 29,112,622</u>	<u>\$ 28,753,695</u>

(V) Property, Building and Equipment

Item	2019					Ending Balance
	<u>Beginning balance</u>	Curent <u>Increase</u>	Curent <u>Decrease</u>	Increase In <u>Reclassification</u>	Decrease In <u>Reclassification</u>	
<u>Cost</u>						
Land	\$ 1,042,621,674	\$ -	\$ -	\$ -	\$ -	\$ 1,042,621,674
Improvements over Lands	264,877,562	3,454,795	-	-	-	268,332,357
House and Buildings	3,880,989,285	-	-	-	-	3,880,989,285
Mechanical Instrumentation and Equipment	1,111,742,791	62,966,280	52,285,768	3,999,446	-	1,126,422,749
Books and Journals	836,871,869	13,939,234	486,899	-	-	850,324,204
Other Equipment	517,770,685	25,724,741	21,966,705	9,541,590	-	531,070,311
Assets in Purchase or Construction	42,316,040	13,541,246	-	-	13,541,036	42,316,250
Total Cost	<u>7,697,189,906</u>	<u>119,626,296</u>	<u>74,739,372</u>	<u>13,541,036</u>	<u>13,541,036</u>	<u>7,742,076,830</u>
<u>Accumulated Depreciation</u>						
Improvements over Lands	146,004,408	8,374,794	-	-	-	154,379,202
House and Buildings	1,388,198,429	75,276,900	-	-	-	1,463,475,329
Mechanical Instrumentation and Equipment	749,699,192	62,457,443	43,215,574	-	-	768,941,061
Other Equipment	377,043,971	23,043,077	17,718,367	-	-	382,368,681
<u>Accumulated Depreciation</u>	<u>2,660,946,000</u>	<u>169,152,214</u>	<u>60,933,941</u>	<u>-</u>	<u>-</u>	<u>2,769,164,273</u>
Net Amount	<u>\$ 5,036,243,906</u>	<u>\$ (49,525,918)</u>	<u>\$ 13,805,431</u>	<u>\$ 13,541,036</u>	<u>\$ 13,541,036</u>	<u>\$ 4,972,912,557</u>

2018

Item	2018					Ending Balance
	Beginning balance	Curent Increase	Curent Decrease	Increase In Reclassification	Decrease In Reclassification	
<u>Cost</u>						
Land	\$ 1,042,621,674	\$ -	\$ -	\$ -	\$ -	\$ 1,042,621,674
Improvements over Lands	257,917,562	-	-	6,960,000	-	264,877,562
House and Buildings	3,880,989,285	-	-	-	-	3,880,989,285
Mechanical Instrumentation and Equipment	1,114,577,163	60,758,047	63,592,419	-	-	1,111,742,791
Books and Journals	820,441,237	16,877,730	447,098	-	-	836,871,869
Other Equipment	520,671,341	23,319,124	27,059,780	840,000	-	517,770,685
Assets in Purchase or Construction	40,334,450	10,371,590	-	-	8,390,000	42,316,040
<b>Total Cost</b>	<b>7,677,552,712</b>	<b>111,326,491</b>	<b>91,099,297</b>	<b>7,800,000</b>	<b>8,390,000</b>	<b>7,697,189,906</b>
<u>Accumulated Depreciation</u>						
Improvements over Lands	137,730,863	8,273,545	-	-	-	146,004,408
House and Buildings	1,312,891,432	75,306,997	-	-	-	1,388,198,429
Mechanical Instrumentation and Equipment	738,724,171	63,575,309	52,600,288	-	-	749,699,192
Other Equipment	377,981,947	22,214,516	23,152,492	-	-	377,043,971
<b>Accumulated Depreciation</b>	<b>2,567,328,413</b>	<b>169,370,367</b>	<b>75,752,780</b>	<b>-</b>	<b>-</b>	<b>2,660,946,000</b>
<b>Net Amount</b>	<b>\$ 5,110,224,299</b>	<b>\$ (58,043,876)</b>	<b>\$ 15,346,517</b>	<b>\$ 7,800,000</b>	<b>\$ 8,390,000</b>	<b>\$ 5,036,243,906</b>

1. During 1992 to 1993, a new campus in Guishan District of Taoyuan (i.e. Xinlukeng Section and Datong Section) had been acquired where the costs for land deposit, engineering and equipment (among all the costs for the land, land transfer tax, and administration) amounted to \$42,316,250 (of which \$41,616,250 constituted the costs of the real estate of which the title is yet to be transferred) as of July 31<sup>st</sup>, 2020. Thus far, the ownership of this land has not been finalized, which is illustrated as follows:

(1) During 1992, the School entered into an "Agreement" with Kang Jiayu, et al., two successors of Kang Jianshi, via consultation where Kang Jiayu, et al. agreed to sell to the School two pieces of lands (located in the Xinlukeng Section, Taoyuan City) at the price of \$2.8 million. According to the Agreement, the School shall pay \$0.6 million first. However, due to some inheritance/ title transfer issue at the seller's side, the School was permitted to go ahead and make use of such lands. It was agreed that the balance of the price

shall be paid upon successful transferring of all titles of the lands. The lands have been under administration by the Government for over 15 years before transferred from Taoyuan City Government to the State Property Bureau. The School prepares to participate in the bidding to acquire the lands during open auctions held by the State Property Bureau. The balance of the prepaid land payment was NT\$600,000 until August 1, 2019. The school had bidden for the foregoing land and won the bid in April, 2020, and the bidding price was total NT\$9,671,800. The balance of the pending real estate of the foregoing land trade was NT\$10,271,800 until July 31, 2020. The school had applied for transfer of ownership of the real estate in August, 2020, and the transfer of ownership registration was completed on August 7, 2020.

(2) During 1993, the school purchased from Chen Tianlai, et al., three sellers respectively, partial agricultural and meadow lands in the Conservation area on the hillside of Datong Section and Xinlukeng Section (later renamed as Xingfu Section) in Guishan District of Taoyuan City – part of the land transfer was completed in the year of 2004. The School has also paid up the balance of \$29,081,750 and has secured the right of land usage. In order to smoothly complete the registration of transfer of land ownership, a mediation took place on August 13<sup>th</sup>, 2008 via the Civil Court of Taoyuan District Court. The School was to pay \$2,262,700 to the successors of Chen Tianlai et al., two of the original sellers, for the remaining part of lands after the original land deals with the original sellers. At the same time, the successors shall transfer all of the subject lands in Guishan District of Taoyuan City to a third party (i.e. the person whose name was entered into the registration in the first place) designated by the School. The aforesaid subsequent purchase of lands was passed by a resolution of the Board of Directors of the School, filed with the competent authority on December 16<sup>th</sup>, 2008. The abovementioned land in Xingfu Section made an agricultural farmland which cannot be registered in the name of the School unless the change of the zoning of the land. During the year of 2007, the School applied for transfer of the land title in accordance with the revised “Agricultural Development Articles”. Since the agricultural land has fallen beyond the scope of urban planning, it

cannot be undertaken by a private legal person in accordance with the existing law; therefore, the same third party (i.e. the person whose name was entered into the registration in the first place) designated by the School was to undertake the land transferred. Meanwhile, the School and the third party were to enter an agreement of name assignment for the purpose of land registration. Also, the School was raising funds, listing budget, prepared to apply for the change of land zoning. Later, when the development procedures are completed, it is planned to transfer the land title back to the School. On December 15<sup>th</sup> 2016 a letter (file number Ming Chuam Cheng-zong-zi-1050001419) was issued by the Higher Education Department of the 「Ming Chuan branch in Taoyuan Chan registration development plan application」. On December 30<sup>th</sup> 2016, a letter (file number Tai-Jiao-Gao-(3)1050178477) was issued apply by the very support. Later, when the development completed it is planned to transfer procedures are the land title back to school. As of July 31<sup>st</sup>, 2020, the abovementioned purchase of lands to be transferred has totaled in \$31,344,450 as the balance listed in a real estate account.

2. As of July 31<sup>st</sup> in 2020 and in 2019, the total amount of insured coverage for the fixed assets approximately totaled in \$3,442,828,000 and \$2,790,694,000, respectively.

(VI) Intangible Assets

	2019			
	<u>Beginning Amount</u>	<u>Current Increase</u>	<u>Current Decrease</u>	<u>Ending Amount</u>
Computer Software	\$ 66,768,446	\$ 2,750,869	\$ (1,005,673 )	\$ 68,513,642
Less :				
Accumulated Amortization	(41,291,907 )	(3,094,084 )	684,217	(43,701,774 )
Net Amount	<u>\$ 25,476,539</u>	<u>\$ (343,215 )</u>	<u>\$ (321,456 )</u>	<u>\$ 24,811,868</u>
	2018			
	<u>Beginning Amount</u>	<u>Current Increase</u>	<u>Current Decrease</u>	<u>Ending Amount</u>
Computer Software	\$ 63,980,979	\$ 4,727,265	\$ (1,939,798 )	\$ 66,768,446
Less :				
Accumulated Amortization	(38,829,127 )	(3,755,977 )	1,293,197	(41,291,907 )
Net Amount	<u>\$ 25,151,852</u>	<u>\$ 971,288</u>	<u>\$ (646,601 )</u>	<u>\$ 25,476,539</u>

(VII) Accrued Payables

	<u>07/31/2020</u>	<u>07/31/2019</u>
Notes payable	\$ 16,621,757	\$ 9,997,908
Accrued Expense	73,524,133	113,780,658
Payables On Equipment	12,312,684	16,644,175
Total	<u>\$ 102,458,574</u>	<u>\$ 140,422,741</u>

(VIII) Advance Receipts

	<u>07/31/2020</u>	<u>07/31/2019</u>
Tuition and miscellaneous fees received in advance	\$ 1,340,823	\$ 3,193,402
Industry-academy cooperation cooperation fees received in advance	41,867,103	22,558,188
Promoting education fees received in advance	14,077,742	9,842,738
Other fees received in advance	22,269,219	8,869,845
Total	<u>\$ 79,554,887</u>	<u>\$ 44,464,173</u>

(IX) Receipts Under Custody

	<u>07/31/2020</u>	<u>07/31/2019</u>
Agent for Foreign Students' Insurance Premium	\$ 4,009,026	\$ 3,713,947
Receipts Under Custody-Others	468,361	347,853
Total	<u>\$ 4,477,387</u>	<u>\$ 4,061,800</u>

(X) Equity Fund

1. Equity Fund For Specified Purposes

<u>Item</u>	<u>07/31/2019</u>	<u>Current Net change</u>	<u>07/31/2020</u>
Equity Fund For Specified Purposes	\$ 28,578,485	\$ 175,210	<u>\$ 28,753,695</u>

<u>Item</u>	<u>07/31/2018</u>	<u>Current Net change</u>	<u>07/31/2019</u>
Equity Fund For Specified Purposes	\$ 28,233,695	\$ 344,790	<u>\$ 28,578,485</u>

2. Equity Fund For Unspecified Purposes

Item	2019	2018
Surplus Equity Fund	\$ 1,758,695,085	\$ 1,616,480,182
Other Equity Fund	3,574,088,785	3,654,285,684
Ending Amount	\$ 5,332,783,870	\$ 5,270,765,866

(1) Surplus Equity Fund Changes

Item	2019	2018
Beginning Amount	\$ 1,616,480,182	\$ 1,482,321,945
Add : Balance Increase from Last Year Surplus Equity	142,214,903	134,158,237
Ending Amount	\$ 1,758,695,085	\$ 1,616,480,182

(2) Other Equity Fund Changes

Item	2019	2018
Beginning Balance	\$ 3,654,285,684	\$ 3,730,906,226
Less: Decrease of Similar to Real Estate	(80,196,899 )	(76,620,542 )
Ending Balance	\$ 3,574,088,785	\$ 3,654,285,684

(XI) Accumulated Surplus/Deficit

	2019	2018
Beginning Balance	\$ 1,426,431,767	\$ 1,378,771,187
Less: Surplus Last Year-Transfer Out For Specified Purposes Fund	(175,210 )	(344,790 )
Surplus Equity Fund from Surplus Last Year	(142,214,903 )	(134,158,237 )
Other Equity Fund from Increase of Similar to Real Estate	80,196,899	76,620,542
Net Surplus/Deficit	21,562,231	105,543,065
Ending Balance	\$ 1,385,800,784	\$ 1,426,431,767

(XII) Supplemental Cash Flow Information

1. Financing Activities Without Affecting Cash Flow

Item	2019	2018
Last Year Surplus Transferred To Equity Fund	\$ 142,214,903	\$ 134,158,237



2. Payment In Cash And Accrued Payables for Exchanging Property, Building And Equipment

Item	2019	2018
Current Purchase Of Property, Building And Equipment	\$ 119,626,296	\$ 111,326,491
Add:Decrease Of Payable On Equipment	2,782,796	13,948,349
Less:Donated Assets Received	-	(80,000)
Cash Payments	\$ 122,409,092	\$ 125,194,840

3. Payment In Cash And Accrued Payables for Exchanging Intangible Assets

Item	2019	2018
Current Purchase Of Intangible Assets	\$ 2,750,869	\$ 4,727,265
Add (Less):(Increase) Decrease Of Payable On Equipment	1,548,695	(1,412,871)
Cash Payments	\$ 4,299,564	\$ 3,314,394

V. Related Party Transaction : N/A

VI. Pledge of Asset : N/A

VII. Significant Commitment and Contingencies :

1. The university rented out its premises located at Dehe Road, Yonghe District, New Taipei City and signed a contract on May 25, 2017, whereby the lease period was two years from June 1, 2017 to May 31, 2019, and the monthly rental was NT\$19,000. Another contract was signed on September 24, 2019, whereby the lease period was 1 year and 8 months from October 1, 2019 to May 31, 2021, and the monthly rental was NT\$20,000. The deposit received as of July 31, 2020 and July 31, 2019 was NT\$40,000 and NT\$38,000 respectively. The rental of such premises was noticed in writing to the Ministry of Education. The Ministry of Education issued the letter T.J.G. (III) Zi No.1080068219 dated July 2, 2019 and approved for handling without prejudice to the development of the university and its affairs.
2. The university rented out its premises located at Huarong Street, Shilin District, Taipei City and signed a contract on December 5, 2017, whereby the lease period was 1 year and 10 months from December 21, 2017 to October 20, 2019, and the monthly rental was NT\$132,000. Another contract was signed on

November 21, 2019, whereby the lease period was 1 year and 11 months from November 21, 2019 to October 20, 2021, and the monthly rental was NT\$133,000. The deposit received as of July 31, 2020 and July 31, 2019 was NT\$266,000 and NT\$370,000 respectively. The rental of such premises was noticed in writing to the Ministry of Education. The Ministry of Education issued the letter T.J.G. (III) Zi No.1080137261 dated November 4, 2019 and approved for handling without prejudice to the development of the university and its affairs.

3. The amount of the assets and liabilities under trust, agency, and guaranty on July 31, 2020 was NT\$2,610,595, and the amount of the assets and liabilities under trust, agency, and guaranty on July 31, 2019 was NT\$1,581,298.

VIII. Significant Casualty Loss : N/A

IX. Significant Subsequent Events : N/A

X. Others

1. According to the provisions of Item 7 in the "Key Points for Expenditure Operations of School Foundations and Legal Persons under the Supervision of Ministry of Education": various remunerations and expenditures of the School's Board of Directors shall be listed clearly in the annual budget and final accounting of revenues and expenditures; whereas it shall be fully disclosed in the financial statements of the School to cover various remunerations and expenditures credited to the Chairman, the Directors, and the Supervisors individually on a yearly basis.

In the academic year 2019 and 2018, the relevant information about various remunerations and expenditures credited to the Chairman, the Directors, and the Supervisors are as follows:

Targets	2019			
	Non-paid Position			Total
	Attendance fee	Transportation fare	Other Items	
A(Director)	\$ -	\$ -	\$ -	\$ -
B(Director)	-	-	-	-
C(Director)	-	-	-	-
E(Director)	-	20,000	382	20,382
F(Director)	-	20,000	382	20,382

(Continued)

(Continued)				
G(Director)	-	20,000	382	20,382
H(Director)	-	20,000	382	20,382
I (Director)	-	20,000	382	20,382
J(Supervisor)	-	300,000	5,730	305,730
K(Director)		10,000	191	10,191
Total	\$ -	\$ 410,000	\$ 7,831	\$ 417,831
2018				
Non-paid Position				
Targets	Attendance fee	Transportation fare	Other Items	Total
A(Director)	\$ -	\$ 113,173	\$ 764	\$ 113,937
B(Director)	-	130,000	573	130,573
D(Director)	-	10,000	191	10,191
E(Director)	-	70,000	1,337	71,337
F(Director)	-	80,000	1,528	81,528
G(Director)	-	80,000	1,528	81,528
H(Director)	-	207,767	1,146	208,913
I (Director)	-	80,000	1,528	81,528
J(Supervisor)	-	-	-	-
K(Director)	-	40,000	764	40,764
Total	\$ -	\$ 810,940	\$ 9,359	\$ 820,299

- Description: (1) The director D resigned in 2019; the director C took office after reelection in 2019.
- (2) The account of travel expenditures is to list travel expenditures incurred by the Board of Directors.
- (3) Other items constituted the expenditures of supplemental insurance premiums, listing travel expenditures incurred by the Board of Directors.

2. Refer to Table 1 for the list of revenues of years 2019 and 2018.

3. Refer to Table 2 for the list of expenses of years 2019 and 2018.

4. Refer to Table 3 for the Computation of debt index of years 2019.

5. Refer to Table 4-1 and 4-2 for Ming Chuan University and its US Branch School's balance sheets of years 2019 and 2018.
6. Refer to Table 5-1 and 5-2 for Ming Chuan University and its US Branch School's income statements of years 2019 and 2018.
7. Refer to Table 6-1 and 6-2 for Ming Chuan University and its US Branch School's statements of cash flows of years 2019 and 2018.
8. Refer to Table 7-1 and 7-2 for Ming Chuan University and its US Branch School's statements of comprehensive operation in cash of years 2019 and 2018.

Table 1

Ming Chuan University  
Statements Of Revenues  
2019 and 2018

Items	Year 2019	Recurrent Income%	Year 2018	Recurrent Income%
Unit: NTD				
Revenues From Tuition Fees				
Revenues From Tuition	\$ 1,386,492,620	56	\$ 1,405,608,604	53
Revenues From Miscellaneous Fees	355,563,124	14	358,808,389	13
Revenues From Laboratory Fees	56,514,989	2	56,815,605	2
Subtotal	<u>1,798,570,733</u>	<u>72</u>	<u>1,821,232,598</u>	<u>68</u>
Revenues From Promoting Education	<u>90,441,307</u>	<u>4</u>	<u>141,570,455</u>	<u>5</u>
Revenues From Industry-Academy Cooperation	<u>138,117,397</u>	<u>5</u>	<u>155,125,165</u>	<u>6</u>
Revenues From Other Teaching Activities	<u>850,795</u>	<u>-</u>	<u>899,500</u>	<u>-</u>
Revenues From Subsidy And Donation				
Revenues From Subsidy	307,870,833	12	375,684,779	14
Revenues From Donation	<u>20,542,128</u>	<u>1</u>	<u>15,057,905</u>	<u>1</u>
Subtotal	<u>328,412,961</u>	<u>13</u>	<u>390,742,684</u>	<u>15</u>
Financial Revenue				
Interest revenue	15,153,804	-	14,650,121	-
Fund Income	<u>224,554</u>	<u>-</u>	<u>228,867</u>	<u>-</u>
Subtotal	<u>15,378,358</u>	<u>-</u>	<u>14,878,988</u>	<u>-</u>
Other Revenues				
Revenues From Examination Affairs Fees	16,838,153	1	16,700,191	1
Revenues From Accommodation Fees	92,798,866	4	95,356,813	3
Other Revenues	<u>40,921,931</u>	<u>1</u>	<u>44,387,737</u>	<u>2</u>
Subtotal	<u>150,558,950</u>	<u>6</u>	<u>156,444,741</u>	<u>6</u>
Total Operating Revenues	<u>\$ 2,522,330,501</u>	<u>100</u>	<u>\$ 2,680,894,131</u>	<u>100</u>

Table 2

Ming Chuan University  
Statements Of Expenditure  
Year 2019 and 2018

Unit: NTD

Items	Year 2019	Current Expenditure%	Year 2018	Current Expenditure%
<b>Board of Directors Expenses</b>				
Personnel Expenses	\$ -	-	\$ 753,728	-
Miscellaneous Fees	2,752	-	11,516	-
Attendance Fee and Travel Expenditures	-	-	24,255	-
Retirement Pension	417,831	-	820,299	-
Subtotal	<u>420,583</u>	<u>-</u>	<u>1,609,798</u>	<u>-</u>
<b>Administrative Management Expenses</b>				
Personnel Expenses	450,352,840	18	455,314,910	18
Miscellaneous Fees	59,667,346	2	65,384,458	3
Repairs and Maintenance	16,016,178	1	9,036,805	-
Retirement Pension	33,226,882	1	30,093,126	1
Depreciation and Amortization	28,629,009	1	29,574,813	1
Subtotal	<u>587,892,255</u>	<u>23</u>	<u>589,404,112</u>	<u>23</u>
<b>Teaching Research and Training Expenses</b>				
Personnel Expenses	931,847,621	37	927,589,677	36
Miscellaneous Fees	297,622,739	12	349,949,153	14
Repairs and Maintenance	25,696,740	1	51,891,156	2
Retirement Pension	30,418,281	1	29,443,463	1
Depreciation and Amortization	143,909,790	6	143,876,954	5
Subtotal	<u>1,429,495,171</u>	<u>57</u>	<u>1,502,750,403</u>	<u>58</u>
<b>Scholarships and Grants Expenses</b>				
Scholarships Expenses	85,627,337	4	71,881,802	3
Grants Expenses	81,403,784	3	79,968,602	3
Subtotal	<u>167,031,121</u>	<u>7</u>	<u>151,850,404</u>	<u>6</u>
<b>Expenses From Promoting Education</b>				
Personnel Expenses	41,899,093	2	48,006,226	2
Miscellaneous Fees	29,929,549	1	39,476,947	1
Retirement Pension	410,573	-	428,646	-
Depreciation and Amortization	194,398	-	121,675	-
Subtotal	<u>72,433,613</u>	<u>3</u>	<u>88,033,494</u>	<u>3</u>
<b>Expenses From Industry-Academy Cooperation</b>				
Personnel Expenses	69,388,137	3	69,574,220	3
Miscellaneous Fees	63,180,933	3	78,533,551	3
Retirement Pension	72,492	-	71,532	-
Subtotal	<u>132,641,562</u>	<u>6</u>	<u>148,179,303</u>	<u>6</u>
<b>Expenses From Other Teaching Activity</b>				
Staff Costs	22,200	-	25,000	-
Service Fee	261,398	-	242,647	-
Subtotal	<u>283,598</u>	<u>-</u>	<u>267,647</u>	<u>-</u>
<b>Financial Expenses</b>				
Interest Expenses	1,126	-	156,698	-
<b>Other Expenses</b>				
Examination Affairs Fees	14,263,070	1	15,649,669	1
Shortage From Property Transaction	13,549,568	-	15,546,020	1
Overfunded Pension	4,695,910	-	4,012,411	-
Miscellaneous expenses	78,060,693	3	57,891,107	2
Subtotal	<u>110,569,241</u>	<u>4</u>	<u>93,099,207</u>	<u>4</u>
Total Operating Expenses	<u>\$ 2,500,768,270</u>	<u>99</u>	<u>\$ 2,575,351,066</u>	<u>100</u>

Ming Chuan University  
Computation of Debt Index  
Year 2019

Unit: NTD

Items	Amount		
	Amounts	MCU (Branch School In USA excluded)	Branch School In USA
<b>Monetary Liabilities</b>			
Loan Amount Or Estimated Loan Amount	\$ -	\$ -	\$ -
Short-Term Bank Loans	-	-	-
Accrued Payables	102,458,574	102,456,750	1,824
Receipts Under Custody	4,477,387	4,477,387	-
Other Loans	-	-	-
Long-Term Debt Payable - Bank	-	-	-
Long-Term Accounts Payable	-	-	-
Deposits Received	18,853,983	18,853,983	-
Subtotal - Monetary Liabilities	125,789,944	125,788,120	1,824
<b>Dollar Asset</b>			
Cash	621,078	603,800	17,278
Bank Deposits	1,815,111,942	1,803,772,196	11,339,746
Current Financial Assets	-	-	-
Receivables	75,650,762	75,650,674	88
Special Fund	29,112,622	29,112,622	-
Refundable Deposits	14,899,616	14,899,616	-
Dollar Asset Subtotal	1,935,396,020	1,924,038,908	11,357,112
Net Bank Loan	<u>\$ (1,809,606,076)</u>	<u>\$ (1,798,250,788)</u>	<u>\$ (11,355,288)</u>
Cash Excess Before Deducting Real Estate	<u>\$ 4,466,200</u>	<u>\$ 48,717,644</u>	<u>\$ (4,051,444)</u>
Debt Index (Note)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Note : Debt Index = Net Bank Loan/Cash Excess Before Deducting Real Estate

(If the net bank loan is a negative value, the debt index will be counted as zero. )

Ming Chuan University and The Branch School In The United States  
Balance Sheet  
7/31/2020

Ending R=29.43  
Average R=29.56-31.35

Unit: NTD

Assets	Amount		
	2019(Note)	MCU (Branch School In USA excluded)	Branch School In USA
<b>Current Assets</b>			
Cash	\$ 621,078	\$ 603,800	\$ 17,278
Bank Deposit	1,815,111,942	1,803,772,196	11,339,746
Receivables	75,650,762	75,650,674	88
Prepayments	19,213,848	123,012,069	5,954,546
Total Current Assets	<u>1,910,597,630</u>	<u>2,003,038,739</u>	<u>17,311,658</u>
<b>Long-term Investments, Receivables, and Fund Special Funds</b>	<u>29,112,622</u>	<u>29,112,622</u>	<u>-</u>
<b>Property, Building and Equipment</b>			
Land	1,042,621,674	1,042,621,674	-
Improvements Over Lands	268,332,357	268,332,357	-
Houses and Buildings	3,880,989,285	3,880,989,285	-
Mechanical Instrumentation and Equipment	1,126,422,749	1,126,422,749	-
Books and Journals	850,324,204	850,324,204	-
Other Equipment	531,070,311	530,704,730	365,581
Assets in Purchase or Construction	42,316,250	42,316,250	-
Total Cost	<u>7,742,076,830</u>	<u>7,741,711,249</u>	<u>365,581</u>
Less : Accumulated Depreciation	<u>(2,769,164,273)</u>	<u>(2,768,988,858)</u>	<u>(175,415)</u>
Net Property, Building and Equipment	<u>4,972,912,557</u>	<u>4,972,722,391</u>	<u>190,166</u>
<b>Intangible Assets</b>			
Computer Software	68,513,642	68,513,642	-
Less : Accumulated Amortization	<u>(43,701,774)</u>	<u>(43,701,774)</u>	<u>-</u>
Net Intangible Assets	<u>24,811,868</u>	<u>24,811,868</u>	<u>-</u>
<b>Other Assets</b>			
Refundable Deposits	<u>14,899,616</u>	<u>14,899,616</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 6,952,334,293</u>	<u>\$ 7,044,585,236</u>	<u>\$ 17,501,824</u>
<b>Liability, Equity Fund and Surplus(Deficit)</b>			
<b>Current Liabilities</b>			
Accrued Payables	\$ 102,458,574	\$ 102,456,750	\$ 1,824
Advance Receipts	79,554,887	79,554,887	109,752,767
Receipts Under Custody	4,477,387	4,477,387	-
Total Current Liabilities	<u>186,490,848</u>	<u>186,489,024</u>	<u>109,754,591</u>
<b>Other liabilities</b>			
Deposits Received	<u>18,853,983</u>	<u>18,853,983</u>	<u>-</u>
Total Liabilities	<u>205,344,831</u>	<u>205,343,007</u>	<u>109,754,591</u>
<b>Equity Fund</b>			
Equity Fund For Specified Purposes	28,753,695	28,753,695	-
Equity Fund For Unspecified Purposes	5,332,783,870	5,332,783,870	-
Total Equity Fund	<u>5,361,537,565</u>	<u>5,361,537,565</u>	<u>-</u>
<b>Surplus/Deficit</b>			
Accumulated Surplus(Deficit)	<u>1,385,800,784</u>	<u>1,477,704,664</u>	<u>(91,903,880)</u>
<b>Other Equities</b>			
Accumulate Other Comprehensive Surplus(Deficit)	<u>(348,887)</u>	<u>-</u>	<u>(348,887)</u>
Total Equity Fund and Surplus(Deficit)	<u>6,746,989,462</u>	<u>6,839,242,229</u>	<u>(92,252,767)</u>
<b>Total Liabilities, Equity Funds and Surplus(Deficit)</b>	<u>\$ 6,952,334,293</u>	<u>\$ 7,044,585,236</u>	<u>\$ 17,501,824</u>

(Note: The amount of the current year \$109,752,767 has been offset which Ming Chuan University prepaid to the Branch School in the USA and the Branch School in the USA received \$109,752,767 from Ming Chuan University in advance.)



Ming Chuan University and The Branch School In The United States  
Balance Sheet  
7/31/2019

Table 4-2

Ending R=30.14  
Average R=30.67~31.55

Unit: NTD

Assets	Amount		
	2019(Note)	MCU (Branch School In USA excluded)	Branch School In USA
<b>Current Assets</b>			
Cash	\$ 611,034	\$ 607,780	\$ 3,254
Bank Deposit	1,787,419,467	1,771,240,043	16,179,424
Receivables	19,121,238	19,121,211	27
Prepayments	21,567,106	112,144,568	6,321,512
Total Current Assets	<u>1,828,718,845</u>	<u>1,903,113,602</u>	<u>22,504,217</u>
<b>Long-term Investments, Receivables, and Fund Special Funds</b>	<u>28,753,695</u>	<u>28,753,695</u>	<u>-</u>
<b>Property, Building and Equipment</b>			
Land	1,042,621,674	1,042,621,674	-
Improvements Over Lands	264,877,562	264,877,562	-
Houses and Buildings	3,880,989,285	3,880,989,285	-
Mechanical Instrumentation and Equipment	1,111,742,791	1,111,742,791	-
Books and Journals	836,871,869	836,871,869	-
Other Equipment	517,770,685	517,141,565	629,120
Assets in Purchase or Construction	42,316,040	42,316,040	-
Total Cost	<u>7,697,189,906</u>	<u>7,696,560,786</u>	<u>629,120</u>
Less : Accumulated Depreciation	<u>(2,660,946,000)</u>	<u>(2,660,792,562)</u>	<u>(153,438)</u>
Net Property, Building and Equipment	<u>5,036,243,906</u>	<u>5,035,768,224</u>	<u>475,682</u>
<b>Intangible Assets</b>			
Computer Software	66,768,446	66,768,446	-
Less : Accumulated Amortization	<u>(41,291,907)</u>	<u>(41,291,907)</u>	<u>-</u>
Net Intangible Assets	<u>25,476,539</u>	<u>25,476,539</u>	<u>-</u>
<b>Other Assets</b>			
Refundable Deposits	<u>18,010,078</u>	<u>18,010,078</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 6,937,203,063</u>	<u>\$ 7,011,122,138</u>	<u>\$ 22,979,899</u>
<b>Liability, Equity Fund and Surplus(Deficit)</b>			
<b>Current Liabilities</b>			
Accrued Payables	\$ 140,422,741	\$ 140,280,494	\$ 142,247
Advance Receipts	44,464,173	44,397,093	96,966,054
Receipts Under Custody	4,061,800	4,061,800	-
Total Current Liabilities	<u>188,948,714</u>	<u>188,739,387</u>	<u>97,108,301</u>
<b>Other liabilities</b>			
Deposits Received	<u>22,052,908</u>	<u>22,052,908</u>	<u>-</u>
Total Liabilities	<u>211,001,622</u>	<u>210,792,295</u>	<u>97,108,301</u>
<b>Equity Fund</b>			
Equity Fund For Specified Purposes	28,578,485	28,578,485	-
Equity Fund For Unspecified Purposes	<u>5,270,765,866</u>	<u>5,270,765,866</u>	<u>-</u>
Total Equity Fund	<u>5,299,344,351</u>	<u>5,299,344,351</u>	<u>-</u>
<b>Surplus/Deficit</b>			
Accumulated Surplus(Deficit)	<u>1,426,431,767</u>	<u>1,500,985,492</u>	<u>(74,553,725)</u>
<b>Other Equities</b>			
Accumulate Other Comprehensive Surplus(Deficit)	<u>425,323</u>	<u>-</u>	<u>425,323</u>
Total Equity Fund and Surplus(Deficit)	<u>6,726,201,441</u>	<u>6,800,329,843</u>	<u>(74,128,402)</u>
<b>Total Liabilities, Equity Funds and Surplus(Deficit)</b>	<u>\$ 6,937,203,063</u>	<u>\$ 7,011,122,138</u>	<u>\$ 22,979,899</u>

(Note: The amount of the current year \$96,898,974 has been offset which Ming Chuan University prepaid to the Branch School in the USA and the Branch School in the USA received \$96,898,974 from Ming Chuan University in advance.)

## Ming Chuan University and The Branch School In The United States

## INCOME STATEMENT

Year 2019

Ending R=29.43  
Average R=29.56~31.35

Unit: NTD

Title	Amount		
	2019	MCU (Branch School In USA excluded)	Branch School In USA
<b>Revenues</b>			
Revenues From Tuitions and Fees	\$ 1,798,570,733	\$ 1,796,104,191	\$ 2,466,542
Revenues From Promoting Education	90,441,307	90,441,307	-
Revenues From Industry-Academy Cooperation	138,117,397	138,117,397	-
Revenues From Other Teaching Activities	850,795	850,795	-
Revenues From Subsidy and Donation	328,412,961	328,412,961	-
Financial Revenues	15,378,358	15,378,358	-
Other Revenues	150,558,950	150,503,168	55,782
Total Revenues	<u>2,522,330,501</u>	<u>2,519,808,177</u>	<u>2,522,324</u>
<b>Expenses</b>			
Board of Directors Expenses	420,583	420,583	-
Administrative Management Expenses	587,892,255	572,672,450	15,219,805
Teaching Research and Training Expenses	1,429,495,171	1,427,960,808	1,534,363
Scholarships and Grants Expenses	167,031,121	166,298,588	732,533
Expenses From Promoting Education	72,433,613	71,064,009	1,369,604
Expenses From Industry-Academy Cooperation	132,641,562	132,641,562	-
Expenses From Other Teaching Activities	283,598	283,598	-
Financial Expenses	1,126	1,126	-
Other Expenses	110,569,241	109,553,067	1,016,174
Total Expenses	<u>2,500,768,270</u>	<u>2,480,895,791</u>	<u>19,872,479</u>
Net Surplus(Deficit)	<u>\$ 21,562,231</u>	<u>\$ 38,912,386</u>	<u>\$ (17,350,155)</u>
<b>Other Comprehensive Surplus(Deficit)</b>			
Exchange Differences Arising On Translation			
Of Foreign Operation	<u>(774,210)</u>	<u>-</u>	<u>(774,210)</u>
Total Comprehensive Surplus(Deficit)	<u>\$ 20,788,021</u>	<u>\$ 38,912,386</u>	<u>\$ (18,124,365)</u>

## Ming Chuan University and The Branch School In The United States

## INCOME STATEMENT

Year 2018

Ending R=31.04  
Average R=30.67~31.55

Unit: NTD

Title	Amount		
	2018	MCU (Branch School In USA excluded)	Branch School In USA
<b>Revenues</b>			
Revenues From Tuitions and Fees	\$ 1,821,232,598	\$ 1,816,952,838	\$ 4,279,760
Revenues From Promoting Education	141,570,455	139,708,055	1,862,400
Revenues From Industry-Academy Cooperation	155,125,165	155,125,165	-
Revenues From Other Teaching Activities	899,500	899,500	-
Revenues From Subsidy and Donation	390,742,684	390,742,684	-
Financial Revenues	14,878,988	14,878,988	-
Other Revenues	156,444,741	155,240,910	1,203,831
<b>Total Revenues</b>	<b>2,680,894,131</b>	<b>2,673,548,140</b>	<b>7,345,991</b>
<b>Expenses</b>			
Board of Directors Expenses	1,609,798	1,609,798	-
Administrative Management Expenses	589,404,112	570,725,447	18,678,665
Teaching Research and Training Expenses	1,502,750,403	1,500,734,088	2,016,315
Scholarships and Grants Expenses	151,850,404	151,019,258	831,146
Expenses From Promoting Education	88,033,494	87,956,189	77,305
Expenses From Industry-Academy Cooperation	148,179,303	148,179,303	-
Expenses From Other Teaching Activities	267,647	267,647	-
Financial Expenses	156,698	156,698	-
Other Expenses	93,099,207	92,673,018	426,189
<b>Total Expenses</b>	<b>2,575,351,066</b>	<b>2,553,321,446</b>	<b>22,029,620</b>
<b>Net Surplus(Deficit)</b>	<b>\$ 105,543,065</b>	<b>\$ 120,226,694</b>	<b>\$ (14,683,629)</b>
<b>Other Comprehensive Surplus(Deficit)</b>			
Exchange Differences Arising On Translation			
Of Foreign Operation	108,237	-	108,237
<b>Total Comprehensive Surplus(Deficit)</b>	<b>\$ 105,651,302</b>	<b>\$ 120,226,694</b>	<b>\$ (14,575,392)</b>

## Ming Chuan University and The Branch School In The United States

## Statements Of Cash Flows

2019

Ending R=29.43

Average R=29.56~31.35

Unit: NTD

	Amount		
	2019(Note)	MCU (Branch School	
		In USA excluded)	Branch School In USA
<b>Cash Flows From Operating Activities:</b>			
Net Surplus(Deficit)	\$ 21,562,231	\$ 38,912,386	\$ (17,350,155)
Interest Income	(15,377,232)	(15,377,232)	-
Current Surplus(Deficit) Before Interest Income	6,184,999	23,535,154	(17,350,155)
Adjustment			
Add : Expenditures -No Cash-Generated Outflows	187,674,805	187,479,709	195,096
Less : Revenues - No Cash-Generated Inflows	(1,060,967)	(1,060,967)	-
Net (Increase) Decrease In Adjustments of Current Assets	(54,270,832)	(67,491,530)	366,905
Net Increase (Decrease) In Adjustments of Current Liabilities	1,458,038	1,665,541	12,646,290
Net Cash Inflows Generated Before Interest Income	139,986,043	144,127,907	(4,141,864)
Interest Received	15,472,924	15,472,924	-
Dividend Received	-	-	-
Interest Paid	(1,126)	(1,126)	-
Net Cash Flow Generated From (Used In) Operating Activities	155,457,841	159,599,705	(4,141,864)
<b>Cash Flows From Investing Activities:</b>			
Proceeds From Sale of Fixed Assets	90,420	-	90,420
Refundable Deposits Return	4,086,438	4,086,438	-
Less: Purchasing Fixed Assets	(122,409,092)	(122,409,092)	-
Purchasing Intangible Assets	(4,299,564)	(4,299,564)	-
Refundable Deposits Payable	(1,665,976)	(1,665,976)	-
Net Cash Flow Generated From (Used In) Investment Activities	(124,197,774)	(124,288,194)	90,420
<b>Cash Flows From Financing Activities</b>			
Receipts Under Custody	569,437,948	569,437,948	-
Deposits Received Received	8,931,700	8,931,700	-
Less: Payment Under Custody	(569,022,361)	(569,022,361)	-
Reduce Deposits Received	(12,130,625)	(12,130,625)	-
Net Cash Flow Used In Financing Activities	(2,783,338)	(2,783,338)	-
Exchange Influence	(774,210)	-	(774,210)
Net Increase (Decrease) In Cash and Cash Equivalents	27,702,519	32,528,173	(4,825,654)
Cash and Bank Deposit Balances At Beginning Of Year	1,788,030,501	1,771,847,823	16,182,678
Cash and Bank Deposit Balances At End Of Year	\$ 1,815,733,020	\$ 1,804,375,996	\$ 11,357,024

(Note: The amount of the current year \$109,752,767 has been offset which Ming Chuan University prepaid to the Branch School in the USA and the Branch School in the USA received \$109,752,767 from Ming Chuan University in advance.)

## Ming Chuan University and The Branch School In The United States

## Statements Of Cash Flows

2018

Ending R=31.04

Average R=30.67~31.55

Unit: NTD

	Amount		
	2018(Note)	MCU (Branch School	
		In USA excluded)	Branch School In USA
<b>Cash Flows From Operating Activities:</b>			
Net Surplus(Deficit)	\$ 105,543,065	\$ 120,226,694	\$ (14,683,629)
Interest Income	(14,722,290)	(14,722,290)	-
Current Surplus(Deficit) Before Interest Income	90,820,775	105,504,404	(14,683,629)
Adjustment			
Add : Expenditures -No Cash-Generated Outflows	190,161,136	190,061,250	99,886
Less : Revenues - No Cash-Generated Inflows	(706,884)	(706,884)	-
Net (Increase) Decrease In Adjustments of Current Assets	2,801,099	(15,927,440)	(829,034)
Net Increase (Decrease) In Adjustments of Current Liabilities	(26,851,080)	(26,380,599)	19,087,092
Net Cash Inflows Generated Before Interest Income	256,225,046	252,550,731	3,674,315
Interest Received	14,674,810	14,674,810	-
Dividend Received	-	-	-
Interest Paid	(175,719)	(175,719)	-
Net Cash Flow Generated From Operating Activities	270,724,137	267,049,822	3,674,315
<b>Cash Flows From Investing Activities:</b>			
Refundable Deposits Return	2,439,431	2,439,431	-
Less: Purchasing Fixed Assets	(125,194,840)	(125,155,983)	(38,857)
Purchasing Intangible Assets	(3,314,394)	(3,314,394)	-
Refundable Deposits Payable	(12,122,538)	(12,122,538)	-
Net Cash Flow Used In Investment Activities	(138,192,341)	(138,153,484)	(38,857)
<b>Cash Flows From Financing Activities</b>			
Receipts Under Custody	565,019,777	565,019,777	-
Deposits Received Received	14,191,948	14,191,948	-
Less: Payment Under Custody	(564,574,846)	(564,574,846)	-
Reduce Deposits Received	(10,198,752)	(10,198,752)	-
Repayment Of Short-Term/Long-Term Loan	(10,795,827)	(10,795,827)	-
Net Cash Flow Used In Financing Activities	(6,357,700)	(6,357,700)	-
Exchange Influence	108,237	-	108,237
Net Increase In Cash and Cash Equivalents	126,282,333	122,538,638	3,743,695
Cash and Bank Deposit Balances At Beginning Of Year	1,661,748,168	1,649,309,185	12,438,983
Cash and Bank Deposit Balances At End Of Year	\$ 1,788,030,501	\$ 1,771,847,823	\$ 16,182,678

(Note: The amount of the current year \$96,898,974 has been offset which Ming Chuan University prepaid to the Branch School in the USA and the Branch School in the USA received \$96,898,974 from Ming Chuan University in advance.)

## Ming Chuan University and The Branch School In The United States

## Statement of Comprehensive Operation In Cash

2019

Ending R=29.43  
Average R=29.56~31.41  
Unit: NTD

	Amount		
	2019(Note)	MCU (Branch School In USA excluded)	Branch School In USA
<b>Operating Income - Cash:</b>			
Revenues From Tuitions and Fees	\$ 1,798,570,733	\$ 1,796,104,191	\$ 2,466,542
Revenues From Promoting Education	90,441,307	90,441,307	-
Revenues From Industry-Academy Cooperation	138,117,397	138,117,397	-
Revenues From Other Teaching Activities	850,795	850,795	-
Revenues From Subsidy and Donation	328,412,961	328,412,961	-
Financial Revenues	15,378,358	15,378,358	-
Other Revenues	150,558,950	150,503,168	55,782
Less : Revenues - No Cash-Generated Inflows	(1,060,967)	(1,060,967)	-
Receivables Increase (Decrease) In Adjustments of Item			
Receivable and Advance Receipts	(21,438,810)	(21,371,669)	12,786,652
Interest Adjustment	-	-	-
<b>Total Operating Income - Cash</b>	<b>2,499,830,724</b>	<b>2,497,375,541</b>	<b>15,308,976</b>
<b>Operating Expenses - Cash:</b>			
Board of Directors Expenses	420,583	420,583	-
Administrative Management Expenses	587,892,255	572,672,450	15,219,805
Teaching Research and Training Expenses	1,429,495,171	1,427,960,808	1,534,363
Scholarship Expenses	167,031,121	166,298,588	732,533
Expenses From Promoting Education	72,433,613	71,064,009	1,369,604
Expenses From Industry-Academy Cooperation	132,641,562	132,641,562	-
Expenses From Other Teaching Activities	283,598	283,598	-
Financial Expenses	1,126	1,126	-
Other Expenses	110,569,241	109,553,067	1,016,174
Less : Expenditures -No Cash-Generated Outflows	(187,674,805)	(187,479,709)	(195,096)
Increase (Decrease) In Adjustments Items Accrued			
Payables and Prepayment	31,279,418	44,359,754	(226,543)
Adjust interest	-	-	-
<b>Total Operating Expenses - Cash</b>	<b>2,344,372,883</b>	<b>2,337,775,836</b>	<b>19,450,840</b>
<b>Current Account - Cash Surplus(Deficit)</b>	<b>155,457,841</b>	<b>159,599,705</b>	<b>(4,141,864)</b>
<b>Cash Income from Asset Transaction</b>	<b>90,420</b>	<b>-</b>	<b>90,420</b>
<b>Cash Outlay : Purchase of Movable Property, Intangible Assets and Other Assets</b>			
Mechanical Instrumentation and Equipment	64,151,889	64,151,889	-
Books	13,447,232	13,447,232	-
Other Equipment	26,813,930	26,813,930	-
Prepayments For Business Facilities	2,169,446	2,169,446	-
Computer Software	4,299,564	4,299,564	-
<b>Total Cash Outlay : Purchase of Movable Property, Intangible Assets and Other Assets</b>	<b>110,882,061</b>	<b>110,882,061</b>	<b>-</b>
<b>Cash Surplus(Deficit) Before Real Estate Expenditures</b>	<b>44,666,200</b>	<b>48,717,644</b>	<b>(4,051,444)</b>
<b>Cash Outlay : Purchase Of Real Estate</b>			
Improvements Over Lands	3,454,795	3,454,795	-
Prepayments For Lands	9,671,800	9,671,800	-
Prepayments For Construction and Unfinished Construction	2,700,000	2,700,000	-
<b>Total Cash Outlay : Purchase Of Real Estate</b>	<b>15,826,595</b>	<b>15,826,595</b>	<b>-</b>
<b>Current cash Surplus/(Deficit)</b>	<b>\$ 28,839,605</b>	<b>\$ 32,891,049</b>	<b>\$ (4,051,444)</b>

(Note: The amount of the current year \$109,752,767 has been offset which Ming Chuan University prepaid to the Branch School in the and the Branch School in the USA received \$109,752,767 from Ming Chuan University in advance.)

## Ming Chuan University and The Branch School In The United States

## Statement of Comprehensive Operation In Cash

2018

Ending R=31.04

Average R=30.67~31.55

Unit: NTD

	Amount		
	2018(Note)	MCU (Branch School In USA excluded)	Branch School In USA
Operating Income - Cash:			
Revenues From Tuitions and Fees	\$ 1,821,232,598	\$ 1,816,952,838	\$ 4,279,760
Revenues From Promoting Education	141,570,455	139,708,055	1,862,400
Revenues From Industry-Academy Cooperation	155,125,165	155,125,165	-
Revenues From Other Teaching Activities	899,500	899,500	-
Revenues From Subsidy and Donation	390,742,684	390,742,684	-
Financial Revenues	14,878,988	14,878,988	-
Other Revenues	156,444,741	155,240,910	1,203,831
Less : Revenues - No Cash-Generated Inflows	(706,884)	(706,884)	-
Receivables Increase (Decrease) In Adjustments of Item			
Receivable and Advance Receipts	(11,934,812)	(11,971,045)	19,593,806
Interest Adjustment	-	-	-
Total Operating Income - Cash	2,668,252,435	2,660,870,211	26,939,797
Operating Expenses - Cash:			
Board of Directors Expenses	1,609,798	1,609,798	-
Administrative Management Expenses	589,404,112	570,725,447	18,678,665
Teaching Research and Training Expenses	1,502,750,403	1,500,734,088	2,016,315
Scholarship Expenses	151,850,404	151,019,258	831,146
Expenses From Promoting Education	88,033,494	87,956,189	77,305
Expenses From Industry-Academy Cooperation	148,179,303	148,179,303	-
Expenses From Other Teaching Activities	267,647	267,647	-
Financial Expenses	156,698	156,698	-
Other Expenses	93,099,207	92,673,018	426,189
Less : Expenditures -No Cash-Generated Outflows	(190,161,136)	(190,061,250)	(99,886)
Increase (Decrease) In Adjustments Items Accrued			
Payables and Prepayment	12,338,368	30,560,193	1,335,748
Adjust interest	-	-	-
Total Operating Expenses - Cash	2,397,528,298	2,393,820,389	23,265,482
Current Account - Cash Surplus(Deficit)	270,724,137	267,049,822	3,674,315
Cash Outlay : Purchase of Movable Property, Intangible Assets and Other Assets			
Mechanical Instrumentation and Equipment	66,151,045	66,151,045	-
Books	16,877,730	16,877,730	-
Other Equipment	29,534,791	29,495,934	38,857
Prepayments For Business Facilities	7,621,590	7,621,590	-
Computer Software	3,314,394	3,314,394	-
Total Cash Outlay : Purchase of Movable Property, Intangible Assets and Other Assets	123,499,550	123,460,693	38,857
Cash Surplus Before Real Estate Expenditures	147,224,587	143,589,129	3,635,458
Cash Outlay : Purchase Of Real Estate			
Prepayments For Construction and Unfinished Construction	5,009,684	5,009,684	-
Total Cash Outlay : Purchase Of Real Estate	5,009,684	5,009,684	-
Current cash Surplus	\$ 142,214,903	\$ 138,579,445	\$ 3,635,458

(Note: The amount of the current year \$96,898,974 has been offset which Ming Chuan University prepaid to the Branch School in the USA and the Branch School in the USA received \$96,898,974 from Ming Chuan University in advance.)

Ming Chuan University  
Internal Control Assessment  
Year 2019

1. We have also audited, in accordance with the Notices for Audit of Financial Statements by Certified Public Accountants on behalf of the School Legal Persons and Their Institutions of Higher Education, the Rules Governing Auditing and certification of financial statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China, the financial statements of Ming Chuan University as of and for the year 2019, on which we have issued an opinion on October 21, 2020. Our responsibility is to express an opinion on the school financial statements based on our audit. For this purpose, the auditor considers internal accounting control and the accounting procedures relevant to the entity's preparation of financial statements that give a true and fair view in order to plan and perform the audit procedures that are appropriate in the circumstances.

The school management shall be responsible for establishment and maintenance of the internal accounting control system that school assets shall be safeguarded against loss from unauthorized acquisition, use, or disposition, and shall provide a reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal accounting control over assets reporting was maintained in all material respects. A reasonable assurance is based on the principle that the cost arising from internal accounting control system shall not exceed the benefit arisen herein. The assessment of cost and benefit depend on the estimation and judgment of school management.

2. In planning and performing our work, we investigated and evaluated the reliability of the school internal accounting control system in accordance with the auditing standards generally accepted in the Republic of China as a basis for designing our planned scope and timing of the audit for the purpose of expressing our opinion on the financial statements, whether the financial position, its revenue and expenditure, and its cash flows are present fairly. Because of its inherent limitations, we did not test all of accounting records and relevant records, the investigation and assessment of the school internal accounting control system described in the preceding paragraph may not prevent or detect misstatements.



3. We identified certain deficiencies that we identify during our audit that we consider to be material weaknesses, and we provided the school our management letter. However, we did not identify any other significant deficiencies in school internal accounting control, Sufficient to influence the emergence of correct financial information.

PKF TAIWAN

Taipei, Taiwan  
October 21, 2020