

**(CONVENIENCE TRANSLATION OF THE REPORT AND THE FINANCIAL
STATEMENTS ORIGINALLY ISSUED IN TURKISH)**

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

**THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

(CONVENIENCE TRANSLATION OF THE REPORT AND THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of
Türkiye Eğitim Gönüllüleri Vakfı

1) **Opinion**

We have audited the accompanying financial statements of Türkiye Eğitim Gönüllüleri Vakfı (the "Foundation"), which comprise the balance sheet as at 31 December 2017, and the statement of income, statement of changes in equity and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements of the Foundation for the period ended 31 December 2017 are prepared, in all material respects, in accordance with General Communiqué on Accounting System Application ("GCASA").

2) **Basis for Opinion**

We conducted our audit in accordance with Independent Auditing Standards (IAS) which is a part of the Turkish Auditing Standards as published by Public Oversight, Accounting and Auditing Standards Authority (POA). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management of Foundation is responsible for the preparation and fair presentation of the financial statements in accordance with GCASA, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

4) Auditor's Responsibilities for the Audit of the Financial Statements

Auditor's responsibilities for the audit are as follows:

The objectives of our audit 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 ISAs 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 ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

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.

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 Foundation's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

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.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**


Ali Çiçekli, SMMM
Partner

İstanbul, 12 April 2018

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TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NONCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

ASSETS	Note	31 December 2017	31 December 2016
CURRENT ASSETS			
Cash and cash equivalents	3	34.499.608	31.674.020
Marketable securities	3	65.371.828	62.295.931
Advances given	3	89	81.049
Prepaid expenses and income accruals		206.996	460.799
Personnel advances		-	7.500
Other current assets		14.072	3.326
Total current assets		100.092.593	94.522.625
NON-CURRENT ASSETS			
Deposits and guarantees given	3	88.026	64.070
Subsidiaries	3	1.139.925	1.139.925
Property, plant and equipment	3	5.587.776	5.761.350
Intangible assets	3	4.369.113	4.115.489
Prepaid expenses		117.288	127.170
Total non-current assets		11.302.128	11.208.004
TOTAL ASSETS		111.394.721	105.730.629

The accompanying notes form an integral part of nonconsolidated financial statements.

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NONCONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

LIABILITIES AND EQUITY	Note	31 December 2017	31 December 2016
CURRENT LIABILITIES			
Trade payables		1.020.552	446.393
Other payables	3	129.232	79.926
<i>Other payables to related parties</i>		76.582	78.969
<i>Other payables to third parties</i>		52.650	957
Taxes ve other liabilities	3	397.693	339.431
Other payables and provisions	3	1.653.399	1.486.921
Deferred income	3	-	15.695
Total current liabilities		3.200.876	2.368.366
NON-CURRENT LIABILITIES			
Provision for employment termination benefit	2	3.957.505	3.382.955
Deposits and guarantees taken		35.212	64.457
Total non-current liabilities		3.992.717	3.447.412
EQUITY			
Capital		5.000	5.000
Increase in capital	2	81.543.345	81.664.504
Profit reserves		22.158.771	14.676.598
<i>Special funds</i>	2	13.369.153	8.548.670
<i>Extraordinary reserves</i>		216.122	216.122
<i>Fixed assets follow-up fund</i>	2	3.573.496	3.911.806
<i>Statutory reserves</i>		5.000.000	2.000.000
Net income surplus for the period		494.012	3.568.749
Total equity		104.201.128	99.914.851
TOTAL LIABILITIES AND EQUITY		111.394.721	105.730.629

The accompanying notes form an integral part of nonconsolidated financial statements.

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NONCONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

STATEMENT OF INCOME		1 January- 31 December 2017	1 January- 31 December 2016
	Note		
Retained income surplus		3.568.749	934.035
Donations and grants		13.464.078	13.633.787
Gross profit from activities		17.032.827	14.567.822
General administrative expense (-)	3	(3.698.873)	(3.359.640)
Goal-oriented expenses (-)	3	(20.396.423)	(17.323.256)
Provision for employment termination benefit (-)		(574.550)	(677.289)
Operating expenses		(24.669.846)	(21.360.185)
OPERATING PROFIT		(7.637.019)	(6.792.363)
Interest income	3	2.681.064	3.876.646
Gains on sales of marketable securities	3	10.748.745	8.395.120
Foreign exchange gain		43.941	39.401
Dividend income		249.844	189.443
Other operating income		13.723.594	12.500.610
Other income and profits		1.281.265	1.232.691
Income from other operations		1.281.265	1.232.691
Loss on sale of marketable securities	3	(3.470.287)	(2.759.710)
Foreign exchange losses		(26.584)	(40.938)
Other expense and losses		(376.957)	(71.541)
Expenses from other operations (-)		(3.873.828)	(2.872.189)
NET INCOME SURPLUS FOR THE PERIOD		3.494.012	4.068.749
Transfers to statutory reserves	3	(3.000.000)	(500.000)
NET INCOME SURPLUS FOR THE PERIOD AFTER TRANSFERS TO STATUTORY RESERVES		494.012	3.568.749

The accompanying notes form an integral part of nonconsolidated financial statements.

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NONCONSOLIDATED STATEMENT OF MOVEMENT OF FUNDS AS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

Funds	Balances at 31/12/2016	Donations received (Note 2)	Other increase/ (decrease)(*)	Funds and shares used	Balances at 31/12/2017
Ankara ve Antalya Eğitim Parkları Sahiplenme	-	1,740,600	-	(1,740,600)	-
Eskişehir Eğitim Parkı Sahiplenme	-	600,000	-	(600,000)	-
Urfa Eğitim Parkı Sahiplenme	-	881,400	-	(881,400)	-
Mustafa Koç EP	884,453	350	195,342	-	1,080,145
Öğücü Ailesi Öğrenim Birimi Sahiplenme	1,080,000	1,055,000	128,985	-	2,263,985
Adana Öğrenim Birimi Sahiplenme	-	90,653	-	(90,653)	-
Pervari Öğrenim Birimi Sahiplenme	-	189,187	-	(189,187)	-
Bitlis Öğrenim Birimi Sahiplenme	-	40,000	-	(40,000)	-
İpek Kırac Öğrenim Birimi Sahiplenme	-	228,900	-	(228,900)	-
Kilis Öğrenim Birimi Sahiplenme	46,500	-	-	-	46,500
Zeyrek Öğrenim Birimi Sahiplenme	-	106,926	-	(106,926)	-
Nahum Ailesi Ateşböceği Sahiplenme	-	110,500	-	(110,500)	-
Orjin Deri Ateşböceği Sahiplenme	-	70,524	-	(70,524)	-
Aygaz 1-2-3-4-5 Ateş Böcekleri Sahiplenme	-	579,255	-	(579,255)	-
İş Bankası Ateş Böceği Sahiplenme	-	94,565	-	(94,565)	-
Mercedes Ateş Böceği Sahiplenme	-	133,680	-	(133,680)	-
Tırsan Ateş Böceği Sahiplenme	-	114,087	-	(114,087)	-
Bosch-1 AB Sahiplenme	-	101,895	-	(101,895)	-
Bosch-2 AB Sahiplenme	-	66,150	-	(66,150)	-
Düş Gezgin AB Sahiplenme	-	36,138	-	(36,138)	-
Rotary 1 Ateşböceği Sahiplenme	-	20,000	-	(20,000)	-
Ateşböceği ÖB Adım Adım Sahiplenme	-	692,166	-	(692,166)	-
Düşler Atölyesi+Drama Eğitim Programı Sahiplenme	67,002	-	-	(45,364)	21,638
Algo Dijital Eğitim Projesi	-	1,899,700	-	(1,463,319)	436,381
Fen Matematik Eğitim Programı Sahiplenme	212,466	542,837	-	(568,900)	186,403
Alta Mane-Düş Gezgin Eğitim Programı Sahiplenme	-	72,456	-	(28,207)	44,248
İyi Yaşam Eğitim Programı Sahiplenme	50,378	-	-	(50,378)	-
Eğlen Öğren Hijyen Eğitim Programı Sahiplenme	-	200,000	-	(172,560)	27,440
Okuyorum Oynuyorum Eğitim Programı Sahiplenme	74,977	532,166	-	(501,738)	105,405
Renkli Kalemler	-	45,000	-	(30,295)	14,705
Bilim Ateş Böceği Eğitim Programı Sahiplenme	94,668	55,888	-	(59,529)	91,027
Matra-Giha Eğitim Programı	-	38,539	-	(38,539)	-
Diğer Şarh Bağışlar	-	2,622,133	-	-	2,622,133
Diğer Şarh Sahiplenme Projeleri	74,732	303,860	-	(239,436)	139,156
Yardım Toplama Kampanyası	-	248,125	-	(248,125)	-
Eğitim Fonları	3,176,591	-	160,734	-	3,337,325
Öğrenim Birimi Fonu	160,000	-	-	-	160,000
Sağlık Fonu	1,407,680	-	101,080	-	1,508,760
Ateş Böceği Fonları	897,444	-	50,035	-	947,479
Anaparası Harcanmayacak Fon Faizleri	14,990	-	14,644	-	29,634
Aynı Fonlar (Maksut-Ayten Çavdar)	63,789	-	-	-	63,789
Mesut-Selma Kavurt	243,000	-	-	-	243,000
Nirun Şahingiray Anavamlık Fonu Harcamaları	-	121,159	-	(121,159)	-
	8,548,670	13,633,837	650,820	(9,464,173)	13,369,153

(*) Other increase/(decrease) is initially comprised of interest income and foreign currency differences on relevant funds.

The accompanying notes form an integral part of nonconsolidated financial statements.

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NONCONSOLIDATED STATEMENT OF MOVEMENT OF FUNDS AS AT 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

Funds	Balances at 31/12/2015	Donations received (Note 2)	Other increase/ decrease(*)	Funds and shares used	Balances at 31/12/2016
Ankara ve Antalya Eğitim Parkları Sahiplenme	-	1,644,120	-	(1,644,120)	-
Eskişehir Eğitim Parkı Sahiplenme	-	291,000	-	(291,000)	-
Urfa Eğitim Parkı Sahiplenme	-	825,120	-	(825,120)	-
Mustafa Koç EP	-	884,453	-	-	884,453
Öğücü Ailesi Öğrenim Birimi Sahiplenme	-	1,080,000	-	-	1,080,000
Adana Öğrenim Birimi Sahiplenme	-	75,292	-	(75,292)	-
Giresun Öğrenim Birimi Sahiplenme	-	133,998	-	(133,998)	-
Midyat Öğrenim Birimi Sahiplenme	-	130,528	-	(130,528)	-
Kahramanmaraş Öğrenim Birimi Sahiplenme	-	102,294	-	(102,294)	-
Hakkari Öğrenim Birimi Sahiplenme	-	1,509	-	(1,509)	-
Bitlis Öğrenim Birimi Sahiplenme	-	20,000	-	(20,000)	-
İpek Kırac Öğrenim Birimi Sahiplenme	-	173,400	-	(173,400)	-
Kilis Öğrenim Birimi Sahiplenme	35,000	11,500	-	-	46,500
Muradiye Öğrenim Birimi Sahiplenme	-	122,336	-	(122,336)	-
Zeyrek Öğrenim Birimi Sahiplenme	-	88,132	-	(88,132)	-
Nahum Ailesi Ateşböceği Sahiplenme	-	87,000	-	(87,000)	-
Orjin Deri Ateşböceği Sahiplenme	-	59,116	-	(59,116)	-
Düş Gezgin Ateşböceği Sahiplenme	-	34,794	-	(34,794)	-
Aygaz 1-2-3-4-5 Ateş Böcekleri Sahiplenme	-	523,740	-	(523,740)	-
İş Bankası Ateş Böceği Sahiplenme	-	86,015	-	(86,015)	-
Mercedes Ateş Böceği Sahiplenme	-	105,941	-	(105,941)	-
Tırsan Ateş Böceği Sahiplenme	-	194,367	-	(194,367)	-
Bosch-1 AB Sahiplenme	-	88,530	-	(88,530)	-
FİBA Ateşböceği Sahiplenme	-	81,434	-	(81,434)	-
Ateşböceği ÖB Adım Adım Sahiplenme	-	515,414	-	(515,414)	-
Düşler Atölyesi+Drama Eğitim Programı Sahiplenme	-	376,326	-	(309,324)	67,002
Demokratik Vatandaşlık ve İnsan Hakları Projesi	32,777	-	(25,053)	(7,723)	-
Fen Matematik Eğitim Prrogramı Sahiplenme	274,338	492,638	-	(554,510)	212,466
Alta Mane-Düş Gezgin Eğitim Programı Sahiplenme	-	48,729	-	(48,729)	-
İstka-Düş Gezgin Eğitim Programı Sahiplenme	-	42,416	-	(42,416)	-
İyi Yaşam Eğitim Programı Sahiplenme	124,819	20,000	-	(94,441)	50,378
Eğlen Öğren Hijyen Eğitim Programı Sahiplenme	371,229	385,647	-	(756,876)	-
Okuyorum Oynuyorum Eğitim Programı Sahiplenme	45,290	527,450	-	(497,763)	74,977
Gönüllü İnsan Hakları Projesi Sahiplenme	243,167	-	-	(243,167)	-
Bilim Ateş Böceği Eğitim Programı Sahiplenme	388,576	-	-	(293,908)	94,668
Koç Sosyal Sorumluluk Projesi- 1	46,500	-	-	(46,500)	-
Diğer Şartlı Sahiplenme Projeleri	29,196	689,879	-	(644,343)	74,732
Yardım Toplama Kampanyası	-	1,452,854	-	(1,452,854)	-
Eğitim Fonları	2,787,572	-	389,019	-	3,176,591
Öğrenim Birimi Fonu	160,000	-	-	-	160,000
Sağlık Fonu	1,163,040	-	244,640	-	1,407,680
Ateş Böceği Fonları	776,348	-	121,096	-	897,444
Anaparası Harcanmayacak Fon Faizleri	5,389	-	9,601	-	14,990
Aynı Fonlar (Maksut-Ayten Çavdar)	63,789	-	-	-	63,789
Mesut-Selma Kavurt	-	243,000	-	-	243,000
	6,547,030	11,638,971	739,302	(10,376,633)	8,548,670

(*) Other increase/(decrease) is initially comprised of interest income and foreign currency differences on relevant funds.

The accompanying notes form an integral part of nonconsolidated financial statements.

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

1) ORGANIZATION AND NATURE OF OPERATIONS:

Türkiye Eğitim Gönüllüleri Vakfı (“TEGV” or “Foundation”) was established to support the primary education provided by the government based on the conception of “Ensuring bright minds in the future of Turkey is predicated on superior education of our children today.”

In accordance with this purpose, the Foundation provides educational programs and activities to help our elementary education level children become citizens who are loyal to the basic tenets of our republic, who are rational, prudent, self-confident, creative, pacifist, respectful of different beliefs and thoughts, and who do not discriminate based on gender, nationality, religion or language.

Türkiye Eğitim Gönüllüleri Vakfı strives to improve the primary education with the specific educational programs and the methods and techniques to implement the programs created by TEGV.

The address of it’s head office Raufpasa Hamı Sokak No:42 Acıbadem/ İstanbul.

Türkiye Eğitim Gönüllüleri Vakfı is a non-profit foundation as other foundations in Turkey. Thus, in addition to the donations obtained to perform the projects, the Foundation established Türkiye Eğitim Gönüllüleri Vakfı İktisadi İşletmesi (“Commercial Enterprise”) to generate income in 1996. Commercial Enterprise is a subsidiary of TEGV and the Foundation have the shares of Commercial Enterprise at the rate of 99.9%. The operations of Commercial Enterprise comprise of printing and distribution of schoolbooks for primary education approved by Ministry of National Education Head Council of Education and Morality, printing of new year and holiday cards and book sales. Unconsolidated balance sheets, statement of profit or loss and movement of funds are presented by the management.

As of 2017, the Foundation has 10 educational parks including İstanbul Bakırköy Educational Park, Eskişehir Educational Park, Van Educational Park, Fındıkzade Educational Park, Ankara Educational Park, Antalya Educational Park, Samsun Educational Park, Gaziantep Educational Park, İzmir Educational Park and Urfa Educational Park. Educational parks are the facilities where educational and cultural activities carried out and which are located in 15-20 acres and 1,000-1,500 m² closed area.

Learning units are established in small low-income residential areas with a restricted educational opportunities and socioeconomically underdeveloped neighborhoods in big cities with 250-300 m² closed area for educational and cultural purposes. Learning units are the same as educational parks in respect of volunteering, educational modal and activities. As of 2017, the Foundation has 38 settled Learning Units and 14 Mobile Firefly Learning units all around Turkey.

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The following financial statements are prepared in accordance with generally accepted accounting standards in Turkey. The Foundation maintains its books of accounts and statutory financial statements (“Statutory Financial Statements”) in accordance with Turkish Commercial Code (“TCC”) and tax legislation. Within this scope, the books of accounts are prepared in accordance with General Communiqué on Accounting System Implementation with Serial No 1 of the Ministry of Finance, published in the Official Gazette dated 26 December 1992 and numbered 21447 and General Communiqué on Accounting System Implementation with Serial No 2 of the Ministry of Finance, published in the Official Gazette dated 16 December 1993 and numbered 21790.

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd):

These communique anticipate that the financial statements are prepared as usual by using the uniform chart of accounts and basic accounting and reporting terms starting from the year of 1994 and those reporting terms will be completed with the accounting standards to be published later.

The uniform chart of accounts and standard financial statements for the foundations were published in Article 50 of Foundation Regulations published in Official Gazette dated 27 September 2008 and numbered 27010. The association is subject to Law of Associations No 5253.

Chart of accounts, basic accounting and reporting terms applied by the Foundation are compatible with uniform chart of accounts and reporting terms of Ministry of Finance and General Directorate for Foundations. On the ground that the final accounting standards which completes with uniform chart of account and basic accounting terms by the Ministry of Finance and General Directorate for Foundations have not been published until then, summarized accounting principles applied for preparing the financial statements as of 31 December 2017 are as follows:

Funds and donations

Restricted donations are included in principal asset or relevant fund account and unrestricted donations are recognized as income in the statement of profit or loss

Funds with contingent use are deducted from fund balances. While the interest and the unrealized portion of marketable securities income obtained from the restricted funds with principals and exchange income/expense differences of foreign currency funds are added to the funds, the interests accrued on the other funds are presented under interest income and gains on sales of marketable securities in profit or loss.

The differences between income and expense are included in equity. Besides, a portion of income is allocated for the funds launched in line with the aim of foundation based on the decision by the board of directors

Assets are followed up collectively on fund by fund basis.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand and time deposits. As of the balance sheet date, accrued interest of time deposits are classified under income accruals.

Marketable securities

Marketable securities held for sale or with a maturity less than one year and common stocks held for investment are represented as short-term marketable securities.

Common stocks is presented at cost at the acquisition date declared by Borsa İstanbul.

Investment funds are initially represented at the cost value and valued at current value in the periods following the recognition

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd):

Property, plant and equipment and intangible assets

Property, plant and equipment purchased or constructed are carried at acquisition cost while the others acquired by donations are recognized at the transfer value on deed. The Foundation recognizes property, plant and equipment as goal-oriented expenses in the year they incurred. Investment expenditure relating to educational parks and learning units are represented in goal-oriented expenses. The Foundation did not depreciate its property, plant and equipment in its legal records until 2004. As of 2004, the Foundation has recognized expenses in the year which property, plant and equipment used depending on the purpose have been recorded and recorded fixed assets recognized as expense under the "Fixed Asset Follow-up Fund" account under the equity to follow up the accumulated depreciation. The Foundation consumes this fund by transferring it to the accumulated depreciation over the economic life of the asset.

The Foundation recorded fixed assets in legal records under "Tangible Fixed Assets" and "Fixed Asset Tracking" accounts to follow up the accumulated depreciation and the Foundation determined the effects of furniture and fixtures used depending on the purpose and not followed in 2006. Also, the Foundation represented the necessary adjustments in the financial statements prepared as of 31 December 2005. These furniture and fixtures are totally depreciated as of 31 December 2011 (cost TL 706,574 - accumulated depreciation TL 706,574).

The Foundation has not provided depreciation for the container, which is referred to as mobile learning unit as part of the "Firefly Project" started in 2000. In addition, two apartment buildings received as a donation during the foundation, a building obtained as donation in 2003 and seven buildings and two office buildings obtained as donations in 2010 due to the death of Nirun Şahingiray are not depreciated.

Long-term marketable securities, subsidiaries and associates

Long-term marketable securities, subsidiaries and associates were recognized on the cost basis

Foreign currency transactions

Foreign currency transactions in the current year are translated into TL using exchange rates prevailing at the transaction date. Assets and liabilities valued through the buying rate of the Central Bank are presented on the financial statements at the end of the period. Special funds with principal are included in the relevant funds and currency differences of other funds are presented under income and expense from operations.

Employment termination benefits

Under Labor Law, lump sum payments are made to employees retiring or involuntarily leaving the Foundation. The retirement pay is represented and calculated on 30 days wage based on the cost at the date of layoff or retirement for each year providing that it does not exceed TL 5,001 as of 31 December 2017 (31 December 2016: TL 4,297). As of 2015, the Foundation has provided employment termination benefits to subcontracted workers. As of 31 December 2017, the provision for employment termination benefits is TL 3,957,505 (31 December 2016: TL 3,382,955)

Other balance sheet items

Other balance sheet items are mainly represented at recorded values.

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

3) NOTES TO THE BALANCE SHEET

- a. **Total amount of advances extended to the board of trustees and managers:** None (31 December 2016: None).
- b. **Total insurance coverage on assets:** As of 31 December 2017, total insurance coverage on property, plant and equipment is TL 25,010,684 (31 December 2016: TL 23.202.576).
- c. **Guarantees obtained:** As of 31 December 2017, the Foundation has obtained TL 95,000 from Ulusal Güvenlik for the security services and TL 285,000 from Yenigün Temizlik ve Servis Hizmetleri for cleaning of educational parks (31 December 2016: TL 200,000)
- d. **Foreign currency denominated items held on hand and at banks:**

	31 December 2017	31 December 2016
- Demand deposits	4,840,275	2,071,172
Turkish Lira	4,698,102	2,071,172
American Dollar (USD)	142,174	-
- Time deposits	29,656,015	29,600,408
Turkish Lira	24,991,804	25,209,970
American Dollar (USD)	4,664,211	4,390,438
	34,496,290	31,671,580

(*) As of 31 December 2017, cash on hand is TL 3,318 (31 December 2016: TL 2,440).

(i) As of 31 December 2017 and 2016, time deposit in Turkish Lira is as follows:

31 December 2017

Bank	Deposits amount	Maturity	Effective interest rate (%)
Yapı ve Kredi Bankası A.Ş.	2,125,000	1/2/2018	7.65%
Türkiye Garanti Bankası A.Ş.	10,000,000	1/31/2018	12.96%
Türkiye Garanti Bankası A.Ş.	1,500,000	1/31/2018	12.96%
Türk Ekonomi Bankası A.Ş.	9,000,000	1/25/2018	12.75%
Türk Ekonomi Bankası A.Ş.	1,138,785	1/25/2018	12.75%
Türk Ekonomi Bankası A.Ş.	160,000	1/25/2018	12.75%
Türk Ekonomi Bankası A.Ş.	1,068,019	1/25/2018	12.75%
	24,991,804		

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

3) NOTES TO THE BALANCE SHEET (Cont'd)

d. Time deposits and stock of foreign currencies at banks (Cont'd):

31 December 2016

Bank	Deposits amount	Maturity	Effective interest oranı (%)
Türk Ekonomi Bankası A.Ş.	10,000,000	2/1/2017	9.52
Türk Ekonomi Bankası A.Ş.	750,000	4/1/2017	9.35
Yapı ve Kredi Bankası A.Ş.	9,000,000	5/1/2017	9.56
Yapı ve Kredi Bankası A.Ş.	1,138,785	5/1/2017	9.56
Yapı ve Kredi Bankası A.Ş.	1,000,000	9/1/2017	9.52
Yapı ve Kredi Bankası A.Ş.	1,000,000	2/1/2017	7.01
Türk Ekonomi Bankası A.Ş.	1,000,000	31/1/2017	9.78
Yapı ve Kredi Bankası A.Ş.	941,185	5/1/2017	9.56
Yapı ve Kredi Bankası A.Ş.	220,000	2/1/2017	6.8
Yapı ve Kredi Bankası A.Ş.	160,000	5/1/2017	9.56
25,209,970			

ii) As of 31 December 2017 and 2016, foreign currency demand deposit account is as follows:

31 December 2017:

Bank	Currency	Amount	Exchange Rate	Equivalent of TL
Yapı ve Kredi Bankası A.Ş.	USD	37,693	3.7719	142,174
				142,174

31 December 2016:

None.

(iii) As of 31 December 2017 and 2016, foreign currency time deposit account is as follows:

31 December 2017:

Bank	Currency	Deposit amount	Exchange rate	Equivalent of TL	Maturity	Effective interest rate (%)
Fibabanka A.Ş.	USD	634,000	3.7719	2,391,385	28/12/2018	3.74%
Fibabanka A.Ş.	USD	600,068	3.7719	2,263,396	28/12/2018	3.74%
Yapı ve Kredi Bankası A.Ş.	USD	2,500	3.7719	9,430	29/6/2018	1.57%
						4,664,211

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

3) NOTES TO THE BALANCE SHEET (Cont'd)

d. Time deposits and stock of foreign currencies at banks (Cont'd):

31 December 2016:

Bank	Currency	Deposit amount	Exchange rate	Equivalent of TL	Maturity	Effective interest rate (%)
Fibabank A.Ş.	USD	1,234,068	3.5192	4,342,932	28/12/2017	3.27%
Yapı ve Kredi Bankası A.Ş.	USD	13,499	3.5192	47,506	30/1/2017	1.52%
				4,390,438		

(iv) As of 31 December 2017 and 2016, the Foundation has demand deposits in Turkish Lira amounting to TL 3,569,374 (All of them are Portfolio Management Derivatives Exchange guarantees) and TL 1,924,605 (All of them are Portfolio Management Derivatives Exchange guarantees) relatively.

e. **Incentives and investment discount obtained:** None.

f. **Deposits and guarantees given:** As of 31 December 2017 there is no trade payables. There is deposits and guarantees given amounting to TL 88,026 (31 December 2016: TL 64,070).

g. **Main asset, increase in main asset and profit reserves:** The Foundation was initially founded with main asset amounting to 5 thousand TL. Further added main asset comprises of principal transfers regarding donations in cash for Foundation purposes and donations of non-cash building and company shares

Türkiye Eğitim Gönüllüleri Vakfı provided statutory reserves amounting to TL 3,000,000 from income surplus in 2017 based on article 17 of Foundation deed and represented it in the following financial statements (31 December 2016: TL 500,000)

The special funds were initially collected under three titles with the decision of the board of directors no. 1, dated 13 January 2003 and increased to four titles by adding up "Learning Units Fund" with the decision of the board of directors no. 06 dated 30 May 2006. These funds are followed up by name and currency. As of 31 December 2017 and 2016, the funds comprising special funds are as follows:

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

3) NOTES TO THE BALANCE SHEET (Cont'd)

h. Main asset, increase in main asset and profit reserves (Cont'd):

Education funds

Education funds is where the resources are collected in order to develop educational programs to be implemented in educational parks, learning units and Ateş böceği mobile learning units, finance the educational books, tools and equipment, and train the volunteers. Education funds are as follows:

Anadolu Deniz, Dutih Denizcilik ve Tur. Depremzede Ailelere Destek Fonu
ATS Anadolu Deniz Ticaret A.Ş. Deprem Bölgesi Öğretim Birliği Eğitim Araçları Destek Fonu
ATS Depremzede Ailelere Destek Fonu
ATS Depremzede Başarılı Öğrenci Destek Fonu
ATS Rehberlik ve Danışmanlık Fonu
Birgül Vargı Eğitim Parkları Genel Destek Fonu
Fatma Zehra Sanver Üniversite Eğitim Destek Fonu
Feriha İnkaya El sanatları Geliştirme Fonu
Fethiye Korel Karaçam Genç Gönüllüler Fonu
Garanti Bankası Eğitim Programlarını Geliştirme Fonu
Hayrünissa Köni Çocuklar için Felsefe Fonu
Hukukçu Osman Ziya ve Zehra Tekeli Kardeşler Temel Hukuk Bilgileri Fonu
Kent Club Yabancı Dil Eğitim Programları Destek Fonu
Nevhiz Pak Sanat Programları Destek Fonu
Osman Hidayet Betil Mesleki Eğitim Fonu
Rabia Nevin Betil Eğitim Programları Teknik Teçhizatı Yenileme Fonu
Robert Gibbons Eğitim Parkları Genel Destek Fonu
Sevgi Gönül Genç Gönüllüler Eğitim Destek Fonu
Şifo Mehmet Eğitim Program ve Öğretim Birliği Destek Fonu
T.C. Ziraat Bankası Avrupa. Ülkelerinden Eğitim Teknolojisini Gelişim ve Destek Fonu
T.C. Ziraat Bankası Eğitim Programları Geliştirme Fonu
T.C. Ziraat Bankası Öğrenim Birimleri Genel Destek Fonu
Uysal Kardeşler Kitap Fonu
Yunus Kazım Köni Çocuklar için Felsefe Fonu

The funds above are classified under "Education funds" in the statement of movement of fund.

Health fund

Health fund is comprised to produce educational content, provide materials and instructional programmes. Health funds are as follows:

İbrahim Etem ve Seyide Ulagay Sağlık Eğitim Fonları

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

3) NOTES TO THE BALANCE SHEET (Cont'd)

h. Main asset, increase in main asset and profit reserves (Cont'd):

Firefly funds

Ateş böceği funds are conditional donations comprised to meet the annual operating expenses of mobile educational units called Ateş böceği. Ateşböceği funds are as follows:

Aktekin Kardeşler Ateş Böceği Fonu
Genel Ateş Böceği Fonları
İş Bankası Ateş Böceği Fonları

Learning units funds

Bibinoğlu Öğrenim Birimi Fonu

i. Marketable securities:

As of 31 December 2017 and 2016, marketable securities are as follows:

31 December 2017:

Investment Funds	Value	Nominal value	Maturity/date of sale
-Kare Yatırım B Type Investment Fund	57,781,172	-	-
-Kare Yatırım A Type Investment Fund	7,590,656	-	-
	65,371,828		

31 December 2016:

Investment Funds	Value	Nominal value	Maturity/date of sale
-Kare Yatırım B Type Investment Fund	51,517,497	-	-
-Kare Yatırım A Type Investment Fund	10,778,434	-	-
	62,295,931		

As of 31 December 2017, interest income accruals amounting to TL 123,735 calculated on time deposits is represented in short-term income accruals (31 December 2016: TL 346,264).

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

3) NOTES TO THE BALANCE SHEET (Cont'd)

j. Share of parent company, subsidiaries and associates:

As of 31 December 2017 and 2016, share of parent company, subsidiaries and associates are as follows:

Name	31 December 2017			31 December 2016		
	Share (%)	Carrying Value	Net Profit	Share (%)	Carrying Value	Net Profit
Subsidiaries						
Simpar Oto San. A.Ş.	99.90%	1,089,925	917,071	99.90%	1,089,925	1,279,346
TEGV İktisadi İşletmesi	100.00%	50,000	77,883	100.00%	50,000	93,948
		1,139,925			1,139,925	

k. Property, plant and equipment:

Movements of property, plant and equipment is summarized as follows:

Type	1 January 2017	Additions	Disposals	Transfers	31 December 2017
Buildings	4,430,912	-	-	-	4,430,912
Motor vehicles	2,384,342	-	-	-	2,384,342
Furniture and fixtures	3,806,457	389,923	(1,330)	-	4,195,050
Total cost	10,621,711	389,923	(1,330)	-	11,010,304
Accumulated depreciation (-)	(4,858,001)	(564,970)	443	-	(5,422,528)
Net book value	5,763,710				5,587,776

Type	1 January 2016	Additions	Disposals	Transfers	31 December 2016
Buildings	4,187,912	243,000	-	-	4,430,912
Motor vehicles	2,384,342	-	-	-	2,384,342
Furniture and fixtures	3,349,511	456,946	-	-	3,806,457
Total cost	9,921,765	699,946		-	10,621,711
Accumulated depreciation (-)	(4,300,692)	(559,669)		-	(4,860,361)
Net book value	5,633,612				5,761,350

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

3) NOTES TO THE BALANCE SHEET (Cont'd)

l. Intangible Assets:

Type	1 January				31 December 2017
	2017	Additions	Disposals	Transfers	
Rights	1,651,238	640,953	-	-	2,292,191
Leasehold improvements	6,369,896	24,649	-	-	6,394,545
Total cost	8,021,134	665,602	-	-	8,686,736
Accumulated amortization (-)	(3,908,005)	(409,618)	-	-	(4,317,623)
Net book value	4,113,129				4,369,113

Type	1 January				31 December 2016
	2016	Additions	Disposals	Transfers	
Rights	1,452,913	198,325	-	-	1,651,238
Leasehold improvements	5,904,257	265,856	-	199,783	6,369,896
Total cost	7,357,170	464,181	-	199,783	8,021,134
Accumulated amortization (-)	(3,476,191)	(429,454)	-	-	(3,905,645)
Net book value	3,880,979				4,115,489

m. **Short and long term bank loans and relevant interest provisions:** None.

n. **Other payables:** As of 31 December 2017, other payables to related parties is TL 76,583 and total other payables is TL 129,232 (2016: TL 79,926).

o. **Tax and other liabilities to be paid:** As of 31 December 2017 and 2016, tax and other liabilities to be paid are as follows:

	31 December 2017	31 December 2016
Social security premiums	193,056	176,753
Income tax withholding	142,331	123,400
SSSC	20,469	14,040
Unemployment insurance	16,787	15,369
Stamp tax	7,712	5,754
Other	17,338	4,115
	397,693	339,431

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

3) NOTES TO THE BALANCE SHEET (Cont'd)

- p. Other payables and expense provisions:** As of 31 December 2017, the portion amounting to TL 1,653,399 other payables and expense provisions are comprised of income tax withholding to B type investment funds (2016: TL 1,486,921).
- r. Deferred income:** None. (31 December 2016: TL 15,695).
- s. Average number of personnel:** Average number of personnel is 151 and 149 for the years between 1 January – 31 December 2017 and 2016.
- t. Approval of balance sheet:** The balance sheet of the Foundation will be approved in the meeting of board of trustees in 25 April 2018.
- u. Tax provisions:** The Foundation was exempted from tax obligations with the decision of council of minister's numbered 9 October 1995 dated 95/7445.
- v. Events after balance sheet date:** The ceiling amount of retirement pay is increased to TL 5,001 which is in effect since 1 January 2018 (see Note II).
- y. Off balance sheet commitments and liabilities:** None.
- z. Other matters:** None.

4) NOTES TO THE STATEMENT OF INCOME

- a. Income for the period:** As stated in the Foundation deed, the Foundation is required to allocate 66.6% of the income to its main purposes (2016: 66.6%). The total income of TL 24,595,110 in 2017 (2016: TL 24,494,289) as the total of donations and grants, other operating income and income from other activities less foreign currency losses, other gains and losses, interest income added in donations based on donation terms are deducted, namely, it is realized as expenditure for return purposes amounting to TL 20,396,423 (2016: TL 17,323,256). These expenditures also include severance pay amounting to TL 357,936 (2016: TL 257,090). Accordingly, in 2017 approximately 83% of income was allocated to the Foundation's main purposes (2016: 72%).
- b. Compensation and other benefits to the board of trustees and management:** There are no compensation and other benefits to the board of directors and management provided. General manager and managers of the Foundation were paid TL 1,581,711 in 2017 (2016: TL 1,299,707)

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

4) NOTES TO THE STATEMENT OF INCOME (Devamı)

c. **General administrative expenses:** General administrative expenses for the year between 1 January – 31 December 2017 and 2016 are as follows:

	2017	2016
Compensation and other benefits	1,794,542	1,662,786
Advertisement expenses	589,082	580,504
Other general administrative expenses	495,347	392,257
Consultancy expense	330,699	255,220
Depreciation expense	244,557	231,199
Rent expenses	105,874	124,962
Representation ve accommodation expenses	55,787	28,315
Vehicles	37,581	30,477
Taxes and dues	35,796	32,205
Repair and maintenance expenses	9,608	21,715
	3,698,873	3,359,640

d. **Goal-oriented expenses:** Goal-oriented expenses for the year between 1 January – 31 December 2017 and 2016 are as follows:

	2017	2016
Other head office expenses	6,012,749	4,612,196
Learning units expenses	5,245,874	4,279,076
Educational parks expenses	4,922,655	4,949,788
Educational programs expenses	2,205,038	1,499,288
Firefly mobile learning units expenses	1,907,589	1,913,821
Other goal-oriented expenses	102,518	69,087
	20,396,423	17,323,256

e. **Interest income and gain on sales of marketable securities:** The Foundation has net gain on sales of marketable securities amounting to TL 7,278,454 (2016: TL 5,635,410) from purchase and disposals of marketable securities and interest income amounting to TL 2,681,064 from banking transactions in the year (31 December 2016: 3,876,646). Interest income incurred in 2017 is comprised of interest income on bank deposits. In 2016, interest income and gains on sale of marketable securities are comprised of interest income on bank deposits amounting to TL 3,862,530 and interest income on private sector bonds amounting to TL 14,116.

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

NOTES TO THE NONCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

(Amounts expressed in Turkish Liras (TL) unless otherwise stated.)

4) NOTES TO THE STATEMENT OF INCOME (Cont'd)

f. **Income from other operations:** Income from other operations for the year between 1 January – 31 December 2017 and 2016 is as follows:

	2017	2016
Rent income (*)	475.097	575.078
Government Grants (**)	647.389	517.674
Other Income	158.779	139.939
	1.281.265	1.232.691

(*) Rent income comprises of rental income of properties transferred through inheritance.

(**) The portion amounting to TL 339,266 of SSI discount relates to 5% rate of employer's share premium incentives (2016: TL 295,255)

5) EVENTS AFTER THE REPORTING PERIOD

None.