

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS AND AUDITOR'S REPORT
AT 31 DECEMBER 2016 AND 2015**

(ORIGINALLY ISSUED IN TURKISH)



**INDEPENDENT AUDITOR'S REPORT
(ORIGINALLY ISSUED IN TURKISH)**

To the Board of Directors of
Türkiye Eğitim Gönüllüleri Vakfı;

Opinion

1. In our opinion, the accompanying financial statements of Türkiye Eğitim Gönüllüleri Vakfı (the "Foundation") present fairly, in all material respects, the financial position of the Foundation as at 31 December 2016, and its financial performance for the year then ended based on the Uniform Chart of Accounts related with Foundations and accounting policies stated in Note II.

What we have audited

Türkiye Eğitim Gönüllüleri Vakfı's financial statements comprise:

- the statement of financial position as at 31 December 2016;
- the statement of income for the year then ended;
- the statement of changes in the funds movement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

2. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

3. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Responsibilities of management and those charged with governance for the financial statements

4. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Uniform Chart of Accounts related with Foundations and Note II, 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.

Auditor's responsibility for the audit of the financial statements

5. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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.
- 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.

PwC Bağımsız Denetim ve
Serbest Muhasebeci Mali Müşavirlik A.Ş.

A handwritten signature in blue ink, consisting of a large, stylized initial 'B' followed by a series of loops and flourishes.

Beste Gücümen, SMMM
Partner

Istanbul, 1 March 2017

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

UNCONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Assets	31 December 2016	31 December 2015
Current assets		
A. Cash and cash equivalents	31.674.020	50.512.328
1. Cash on hand	2.440	2.061
2. Cash in banks	31.671.580	50.510.267
3. Checks given and payment orders (-)	-	-
4. Checks in portfolio	-	-
5. Other cash and cash equivalents	-	-
B. Marketable securities (Note III)	62.295.931	37.100.755
C. Trade receivables	-	334.374
1. Accounts receivable	-	-
2. Checks receivable	-	334.374
3. Doubtful receivables	-	-
4. Deposits and guarantees given	-	-
5. Other trade receivables	-	-
D. Other receivables	-	-
1. Other receivables	-	-
E. Inventories	81.049	17.378
1. Raw materials	-	-
2. Work in process	-	-
3. Trade goods	-	-
4. Goods in transit	-	-
5. Other inventories	-	-
6. Advances given	81.049	17.378
F. Prepaid expenses and income accruals	460.799	731.099
1. Prepaid expenses	107.270	271.314
2. Income accruals	353.529	459.785
G. Other current assets	10.826	25.766
1. VAT transferred	-	-
2. VAT deductible	-	-
3. Prepaid taxes and funds	-	-
4. Job advances	-	-
5. Advances given to personnel	7.500	22.500
6. Other current assets	3.326	3.266
Total current assets	94.522.625	88.721.700
Non-current assets		
A. Trade receivables	64.070	58.663
1. Deposits and guarantees given	64.070	58.663
2. Checks receivable, long term	-	-
3. Other receivables	-	-
B. Financial assets	1.139.925	1.139.925
1. Long-term marketable securities	-	-
2. Participations	-	-
3. Subsidiaries	1.139.925	1.139.925
C. Tangible assets (Note III)	5.766.070	5.633.612
1. Land	-	-
2. Land improvements	-	-
3. Buildings	4.430.912	4.187.912
4. Vehicles	2.384.342	2.384.342
5. Furniture and fixtures	3.806.457	3.349.511
6. Accumulated depreciation (-)	(4.858.001)	(4.300.692)
7. Construction in progress	2.360	12.539
8. Advances given	-	-
D. Intangible assets (Note III)	4.110.769	3.868.440
1. Rights	1.648.878	1.440.374
2. Leasehold improvements	6.369.896	5.904.257
3. Accumulated amortization (-)	(3.908.005)	(3.476.191)
E. Prepaid expenses and income accruals	127.170	-
1. Prepaid expenses	127.170	-
F. Other non-current assets	-	-
Total non-current assets	11.208.004	10.700.640
Total assets	105.730.629	99.422.340

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

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

UNCONSOLIDATED BALANCE SHEETS AT 31 DECEMBER 2016 AND 2015

(Amounts are expressed in Turkish Lira ("TRY") unless otherwise indicated.)

Liabilities	31 December 2016	31 December 2015
Current liabilities		
A. Financial liabilities	-	-
B. Trade payables	446.393	385.406
1. Suppliers	408.414	346.979
2. Deposits and guarantees received	-	-
3. Other trade payables	37.979	38.427
C. Other payables	79.926	98.766
1. Payables to subsidiaries	78.969	98.766
2. Due to personnel	545	-
3. Other payables	412	-
D. Taxes, duties and other liabilities	339.431	325.614
E. Provisions	1.486.921	1.034.943
1. Provision for taxes	-	-
2. Other provisions	1.486.921	1.034.943
F. Deferred income	15.695	11.385
Total current liabilities	2.368.366	1.856.114
Non-current liabilities		
A. Financial liabilities	-	-
B. Provisions	3.382.955	2.705.666
1. Provision for employment termination benefits (Note II)	3.382.955	2.705.666
C. Other payables	64.457	51.762
1. Deferred income	-	-
2. Expense accruals	-	-
3. Deposits and guarantees taken	64.457	51.762
Total non-current liabilities	3.447.412	2.757.428
Equity		
A. Net worth	5.000	5.000
B. Increase in net worth	81.664.504	81.664.504
C. Profit reserves	14.676.598	12.205.259
1. Other profit reserves	-	-
2. Special funds (Note II)	8.548.670	6.547.030
3. Extraordinary reserves	216.122	216.122
4. Fund for tangible and intangible assets (Note II)	3.911.806	3.942.107
5. Special reserves (-)	2.000.000	1.500.000
D. Inflation adjustment (Note II)	-	-
E. Net current year income surplus	3.568.749	934.035
Total equity	99.914.851	94.808.798
Total liabilities and equity	105.730.629	99.422.340

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

TÜRKİYE EĞİTİM GÖNÜLLÜLERİ VAKFI

UNCONSOLIDATED PROFIT AND LOSS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

(Amounts are expressed in Turkish Lira (“TRY”) unless otherwise indicated.)

	1 January - 31 December 2016	1 January - 31 December 2015
A. Prior years income surplus	934.035	264.443
B. Gross sales	13.633.787	13.192.989
1. Domestic sales	-	-
2. Other sales	-	-
3. Donations (Note II)	13.633.787	13.192.989
C. Sales discounts (-)	-	-
D. Cost of sales (-)	-	-
1. Cost of service provided (-)	-	-
2. Cost of other sales (-)	-	-
Gross profit	14.567.822	13.457.432
E. Operating expenses (-)	(21.360.185)	(19.625.774)
1. General administrative expenses (-) (Note II)	(3.359.640)	(3.426.941)
2. Expenses related to Foundation’s mission (-) (Note II)	(17.323.256)	(16.009.965)
3. Provision for employment termination benefits (-)	(677.289)	(188.868)
(Loss) / income from operating activities	(6.792.363)	(6.168.342)
F. Other operating income	12.500.610	9.516.745
1. Interest income	3.876.646	4.507.792
2. Gain on sale of marketable securities	8.395.120	4.712.961
3. Foreign currency exchange gains	39.401	44.659
4. Dividend income from subsidiaries	189.443	251.333
G. Other operational income	1.232.691	834.463
1. Other income and gains	1.232.691	834.463
H. Other operational expenses (-)	(2.872.189)	(1.670.574)
1. Loss on sale of marketable securities (-)	(2.759.710)	(1.547.678)
2. Foreign currency exchange losses (-)	(40.938)	(39.872)
3. Other expenses and losses (-)	(71.541)	(83.024)
4. Interest income on donations included in funds (-)	-	-
5. Allowance for doubtful receivables (-)	-	-
I. Short term financial expense (-)	-	-
Operating income surplus	4.068.749	2.512.292
J. Extraordinary income	-	-
K. Extraordinary expense and losses (-)	-	(78.257)
L. Transfer to net worth, funds and reserves (-)	-	-
Net current year income surplus	4.068.749	2.434.035
Transfer to special reserves	(500.000)	(1.500.000)
Net current year income surplus after transfer to special reserves	3.568.749	934.035

The accompanying notes form an integral part of these financial statements