

TÜRKİYE GİRİŞİMCİLİK VAKFI

**CONVENIENCE TRANSLATION INTO ENGLISH OF
FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY-31 DECEMBER 2017
AND AUDITOR'S REPORT**



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Türkiye Girişimcilik Vakfı

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of Türkiye Girişimcilik Vakfı (the "Foundation") as at 31 December 2017, and its financial performance for the year then ended in accordance with General Communique on Accounting System Application ("GCASA"), the principles announced by General Directorate for Foundations and accounting policies stated in Note III.

What we have audited

The Foundation's financial statements comprise:

- the balance sheet as at 31 December 2017;
- the statement of income for the year then ended;
- the notes to the statutory financial statements, which include a summary of significant accounting policies.

Basis for opinion

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 statutory 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

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 statutory financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GCASA, the principles announced by General Directorate for Foundations, accounting policies stated in Note III 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 responsibilities for the audit of the statutory financial statements

Our objectives are to obtain reasonable assurance about whether the statutory 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 statutory 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 statutory 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 statutory 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 statutory financial statements, including the disclosures, and whether the statutory 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.

(Originally signed in Turkish)

Adnan Akan, SMMM
Partner

Istanbul, 8 August 2019

TÜRKİYE GİRİŞİMCİLİK VAKFI

FINANCIAL STATEMENTS AT 31 December 2017

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TÜRKİYE GİRİŞİMCİLİK VAKFI

BALANCE SHEET AT 31 DECEMBER 2017

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

| | 31 December 2017 | 31 December 2016 |
|--------------------------------------|------------------|------------------|
| I. <u>CURRENT ASSETS</u> | | |
| Cash and cash equivalents | 725,041 | 1,085,823 |
| Banks | 725,041 | 1,085,823 |
| Other current assets | 28,864 | 13,586 |
| Income Accual | 1,600 | 354 |
| Job advances | 27,264 | 13,232 |
| Total current assets | 753,905 | 1,099,409 |
| II. <u>NON-CURRENT ASSETS</u> | | |
| Tangible assets | 23,121 | 19,771 |
| Furniture and fixtures | 37,097 | 33,747 |
| Accumulated depreciation (-) | (13,976) | (13,976) |
| Intangible assets | 4,799 | 4,799 |
| Leasehold improvements | 8,294 | 8,294 |
| Accumulated amortization (-) | (3,495) | (3,495) |
| Total non-current assets | 27,920 | 24,570 |
| TOTAL ASSETS | 781,825 | 1,123,979 |

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

TÜRKİYE GİRİŞİMCİLİK VAKFI

BALANCE SHEET AT 31 DECEMBER 2017

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

| | 31 December 2017 | 31 December 2016 |
|---|------------------|------------------|
| I. <u>CURRENT LIABILITIES</u> | | |
| Loans | 2,272 | - |
| Loans | 2,272 | - |
| Trade payables | 88,903 | 58,713 |
| Suppliers | 88,903 | 57,988 |
| Other financial liabilities | - | 725 |
| Other payables | 4,532 | 201 |
| Due to personnel | - | 201 |
| Other payables | 4,532 | - |
| Taxes and other liabilities | 65,917 | 40,108 |
| Taxes and funds payable | 55,930 | 23,750 |
| Social security premiums payable | 9,987 | 16,358 |
| Total current liabilities | 161,624 | 99,022 |
| TOTAL LIABILITIES | 161,624 | 99,022 |
| II. <u>EQUITY</u> | | |
| Endowment | 479,000 | 479,000 |
| Surplus for the previous period | 545,957 | 257,006 |
| Deficit /surplus for the current period | (404,756) | 288,951 |
| TOTAL EQUITY | 620,201 | 1,024,957 |
| TOTAL LIABILITIES AND EQUITY | 781,825 | 1,123,979 |

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

TÜRKİYE GİRİŞİMCİLİK VAKFI

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017 AND FOR THE PERIOD FROM 10 APRIL 2015 (ESTABLISHMENT) TO 31 December 2016

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

| | 1 January - 31 December 2017 | 10 April - 31 December 2016 |
|---|---------------------------------|--------------------------------|
| Total revenue | 1,803,628 | 1,905,928 |
| Other contributions and donations | 1,070,172 | 1,329,125 |
| Project income | 290,047 | 208,399 |
| Membership fees | 371,487 | 280,483 |
| Financial income | 40,368 | 48,482 |
| Other income | 31,554 | 39,439 |
| Total expenses | (2,208,384) | (1,616,977) |
| Total expenses with regards to the purpose of the Foundation | (1,871,087) | (1,258,630) |
| Organisation expenses | (900,747) | (350,229) |
| Scholarship | (460,570) | (504,240) |
| Payroll | (343,767) | (271,608) |
| General expenses | (166,003) | (132,553) |
| Other expenses | (337,297) | (358,347) |
| Payroll | (118,842) | (95,086) |
| Other | (218,455) | (263,261) |
| SURPLUS/(DEFICIT) | (404,756) | 288,951 |

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

TÜRKİYE GİRİŞİMCİLİK VAKFI

NOTES TO THE FINANCIAL STATEMENTS

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

I. ORGANIZATION AND NATURE OF OPERATIONS

Türkiye Girişimcilik Vakfı (“Girişimcilik Vakfı” or “Foundation”) was established on 10 April 2014. The statute was published in the official gazette and the official status of the foundation was declared on 10 April 2014. Türkiye Girişimcilik Vakfı was established to support the people who have higher level of entrepreneurship potential and leadership capacity. In addition to that; the foundation was established in order to contribute improvement of culture of the entrepreneurship in Turkey. The foundation has 4 personnel, 41 trustee member and 5 board member and 3 substitute board member as at 31 December 2017.

Türkiye Girişimcilik Vakfı is exempt from corporation income tax.

The registered address of the Türkiye Girişimcilik Vakfı is:

İstanbul Beşiktaş Levent
Levent Mah. Eylül Sok. No:6

II. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The Foundation keeps its accounting record and prepares the statutory financial statement in Turkish Lira. The financial statement is prepared in accordance with the uniform chart of accounts announced by Ministry of Finance and the principles announced by General Directorate for Foundations.

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies used in the preparation of the financial statements are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks. Cash and cash equivalents are highly liquid short-term assets easily convertible into cash. Interest income are accounted on a cash basis at the end of the interest term.

Tangible and intangible assets and depreciation

Tangible and intangible assets consists of physical and non -physical assets are acquired to be used in the Foundation operations of which estimated useful lives are more than one year.

Amortization and depreciation is charged on a straight-line basis over the useful lives announced by Tax Procedure Law.

Useful lives of tangible assets are as follows:

| | |
|------------------------|---------|
| Furniture and fixtures | 3 years |
|------------------------|---------|

Useful lives of intangible assets are as follows:

| | |
|------------------------|---------|
| Leasehold improvements | 5 years |
|------------------------|---------|

TÜRKİYE GİRİŞİMCİLİK VAKFI

NOTES TO THE FINANCIAL STATEMENTS

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

III. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid expenses and income accruals

Prepaid expenses and income accruals represents the cash amounts paid in advance for the insurance services that are going to be benefited in next period.

Account payable

Trade payables are carried at their original invoice value.

Taxes and other liabilities

Taxes and other liabilities represent the cash amount that will be paid in 2016 for the liability of the tax and social security in relation to 2016.

Other balance sheet items

Other balance sheet items are recognized in the financial statements at cost.

Endowment

This amount is consists of TRY 479,000 donated by the founders.

Revenue recognition

Membership fees represent the amounts that are received from the board of trustees. Other donations and grants represent the amounts that are received in accordance with sponsorship agreements. Revenue is recognized when the amounts are received.

Expenses related to the foundation's activities

Operation expenses comprise of expenses related to the purpose of the foundation's operations.

IV. EXPLANATORY INFORMATIONS

a) Cash and Cash Equivalents

| | 31 December 2017 | 31 December 2016 |
|--|------------------|------------------|
| Cash in banks | 725,041 | 1,085,823 |
| - Demand deposits | 246,041 | 606,823 |
| - Time deposits with maturity 3 months | 479,000 | 479,000 |
| | 725,041 | 1,085,823 |

TÜRKİYE GİRİŞİMCİLİK VAKFI

NOTES TO THE FINANCIAL STATEMENTS

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

IV. EXPLANATORY INFORMATIONS (Continued)

Time deposits

| Currency | Interest (%) | Maturity | 31 December 2017 |
|--------------|--------------|---------------|------------------|
| Turkish Lira | 9,25 | February 2018 | 479,000 |
| | | | 479,000 |

Time deposits

| Currency | Interest (%) | Maturity | 31 December 2016 |
|--------------|--------------|---------------|------------------|
| Turkish Lira | 10 | February 2017 | 479,000 |
| | | | 479,000 |

b) Other contributions and donations

Other donations and grants represent the amounts that are received in accordance with sponsorship agreements.

| | 2017 | 2016 |
|--------------------|---------|------------------|
| Sponsorship income | 551,350 | 998,775 |
| Other donations | 518,822 | 330,350 |
| 1,070,172 | | 1,329,125 |

c) Expenses

Activity expenses are listed as below:

| | 2017 | 2016 |
|-------------------------------|---------|----------------|
| Organization service expenses | 772,890 | 206,677 |
| Printing expenses | 87,541 | 128,811 |
| Travel expenses | 40,316 | 14,741 |
| 900,747 | | 350,229 |

General and other expenses are listed as below:

| | 2017 | 2016 |
|-------------------------|---------|----------------|
| Rent expenses | 111,406 | 174,253 |
| Travel expenses | 43,347 | 12,134 |
| Advertisement expenses | 15,574 | 8,204 |
| Representation expenses | 8,837 | 34,496 |
| Consulting expenses | 5,608 | 12,414 |
| Translation expenses | 301 | 9,174 |
| Other expenses | 199,385 | 145,139 |
| 384,458 | | 395,814 |

TÜRKİYE GİRİŞİMCİLİK VAKFI

NOTES TO THE FINANCIAL STATEMENTS

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

V. OPERATIONS OF THE FOUNDATION

Fellow programme

The young people who are selected for the Turkish Entrepreneurship Foundation's Fellow Programme through a six-step scientific elimination process participate in “FellowUP” inspiration gatherings, network events, internships, and experience events once every two months.

The fellow programme is composed of five core components:

1. Network
2. Role Model
3. Scholarship
4. Start-up ambassadors
5. Giveback

Network

The program participants are part of a national and an international network and attend trainings and gatherings.

Role model

Once every two months, the participants come together with successful entrepreneurs and have the chance to be inspired by them. This way, they develop themselves in the most effective manner.

Scholarship

The foundation grants scholarships to university students. A total of 100 students qualified for a monthly scholarship in the period 1 January 2016 - 31 December 2017. There is a plan to increase this number by 40 students each year.

Start-up ambassadors

The program participants act as “start-up ambassadors” in their own universities in order to propagate the culture of entrepreneurship by creating a multiplier effect.

Giveback

The Entrepreneurship Foundation operates with the understanding that success can only be scaled and multiplied with practice of a “giveback” philosophy in which success, attained with the support of the public, is then progressively shared with the public itself. By that purpose, in order to popularize giveback inspiration in the society foundation organized giveback gala with EkoSistem.

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