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To the Board of Directors of  
Association for Supporting Contemporary Living  
Evliya Çelebi Mah. Şimal Sok. No:10  
Şişhane – İstanbul

We have reviewed the fact that the activities of the Association for Supporting Contemporary Living are entered into the accounting system as of 31.12.2021 in accordance with the laws, legislation and association by-law, the compliance of its assets and expenditures to the related law and decisions, the procedures and applications regarding the operation of its internal control system and the issues and recommendations considered significant are submitted for your attention.

Kind regards,

KPMG YEMİNLİ MÜŞAVİRLİK A.Ş.

[Seal of Timur Çakmak Sworn-in Certified Public Accountant]

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## **I. GENERAL INFORMATION**

### **1. Legal Ground**

This report has been prepared in the framework of the provisions of the Law of Associations dated 04/11/2004 and numbered 5253 and Regulation on Associations dated 31/03/2005 and numbered 25772 published within the scope of such law and Communiqués prepared as per Article 102 of the mentioned Regulation in accordance with Association's Audit Agreement dated 15.09.2021 and numbered 202106K10386381 signed with the Association for Supporting Contemporary Living (the "ÇYDD") regarding the fiscal period of 01.01.2021-31.12.2021 and the mentioned agreement has been attached to the report (**Annex:1**).

### **2. Information on the Association**

#### **2.1.Name, Address and Registry Information**

The name of the institution is the "Association for Supporting Contemporary Living". (Hereinafter it shall be referred to as the "Association" in our report.) The purpose of the Association is to protect, develop, disseminate the rights that have been realized with Atatürk principles and revolutions (Kemalism) and to reach contemporary human and contemporary society through contemporary education and its central address is at "Evllya Çelebi Mah. Şimal Sok. No:10 Şiřhane – İstanbul".

The Association has been included among the associations working for the public interest with the Decree of the Council of Ministers dated 04.09.1997 and numbered 1997/9886. The contact information of the Association is as follows:

Telephone : (212) 252 44 33  
Fax : (212) 252 65 95

#### **2.2.Information regarding the Central Address, Liaison Offices and Storehouses of the Association**

As of 31.12.2021, apart from the center of the Association, it has 120 branch offices. The branch office addresses and information obtained from the representatives of the Association are attached to our report. (**Annex: 2**)

#### **2.3.Registered Tax Office and Tax Number**

Tax Office : Beyođlu Tax Office  
Tax Identity Number: 217 005 3250

#### **2.4.Working Principles of the Association**

As stated under Article 4 of the by-law of the Association for Supporting Contemporary Living, the working principles of the Association are as follows; the realization, protection and development of the democratic, secular society and social law state order respecting universal human rights in line with the universal law principles, Constitution and laws, development of legal, political, economic, cultural, social status of individuals, enabling them to exercise all human rights and freedoms, expanding awareness in society regarding the environmental consciousness and cultural heritage and dealing with environmental matters, ensuring the social, cultural and physical development of children and youth in line with the purpose, providing support for solving of health problems, ensuring the increase of the schooling percentage of girls in order to overcome inequality of opportunity in education, making works in order for women to become educated and professional individuals, leading modernization and reform works in education.

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## 2.5. Association Bodies

Bodies of the Association are as follows:

- General Assembly
- Board of Directors
- Auditing Board
- Honorary Board

### 2.5.1. Board of Directors of the Association

The Board of Directors is elected by the General Assembly as 9 principle members and 9 substitute members. The term of office is between two general assemblies with election. In case there is a vacancy in the principal membership, it is obligatory to call the substitute member to duty within six days.

As of 31.12.2021, the members of the board of directors of the Association and the names and duties of the managers of the Association are as follows:

<u>Name Surname</u>	<u>Duty</u>
Prof. Dr. Ayşe Yüksel	General President
Att. Sedat Durna	Deputy General President
Ayşe Lale Pilatin	Deputy General President
Gülşen Akbulak	General Secretary
Nilgün Polat Gevrek	Member
Prof. Dr. Cihan Demirci Tansel	Member
Tijen Mergen	Member
Garip Başakçı	Member
At. Fatma Nur Gerçel	Member

### 2.5.2. Auditing Board of the Association

The Auditing Board consists of five principal members and five substitute members to be elected among the members of the Association by the General Assembly. Its term of duty is between two general assemblies with election.

As of 31.12.2021, the members of the auditing board of the Association and the names and duties of chairman and members are as follows:

<u>Name Surname</u>	<u>Duty</u>
Sebahattin Keskin	Chairman of Auditing Board
Gülser Alparslan	Member
Hikmet İşler	Member
Hatice Leyla Sürmeli	Member
Mustafa Özmen	Member

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### 2.5.3. Honorary Board of the Association

The Honorary Board consists of five principal members and five substitute members to be elected among the members of the Association by the General Assembly. Its term of duty is between two general assemblies with election.

As of 31.12.2021, the members of the honorary board of the Association and the names and duties of chairman and members are as follows:

<u>Name Surname</u>	<u>Duty</u>
Att. Hüseyin Karataş	Chairman of Honorary Board
Att. Hasan Murat Topçuoğlu	Member
Att. Ali Gürbüz	Member
Prof. Dr. H. Filiz Meriçli	Member
Prof. Dr. Cahide Nergiz Mütevellioğlu	Member

### 2.6. Loans Used During the Examination Period and Banks which Provided Loans

There is no bank loan used by the Association during the examination period.

### 2.7. Accounting Responsible

The Member of the Board of Directors and General Secretary Nilgün Polat Gevrek is responsible from the accounting and financial affairs of the Association.

## II. PROCEDURAL EXAMINATIONS

### 1. Information regarding the Certification of Legal Ledgers

Principles regarding keeping ledgers have been regulated under Article 31 of the Regulation on Associations numbered 25772 and dated 31.03.2005 published by the Ministry of Interior as follows: “Associations with the status of working for the public interest and associations of which annual gross income exceeding five thousand Turkish Lira shall keep ledgers according to the balance sheet basis commencing from the following fiscal period.

Within such scope, the Association keeps ledgers according to the balance sheet basis and the certification information regarding the ledgers required to be kept as per the Law of Tax Procedure in the fiscal period of 01.01.2021 – 31.12.2021 to which the examination is related is as follows:

<u>Type of Ledger</u>	<u>Certification Date</u>	<u>Certification Authority</u>	<u>Certification Number</u>
General Journal	24.12.2020	Beyoğlu 47 <sup>th</sup> Notary Public	17575
General Ledger	24.12.2020	Beyoğlu 47 <sup>th</sup> Notary Public	17576
Inventory Ledger	24.12.2020	Beyoğlu 47 <sup>th</sup> Notary Public	17577

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**2. Whether the Documents Constituting a Basis to the Ledger Records are Duly, Whether These Reflect the Truth, Whether the Ledger Records are in accordance with the Ordinance of Recording, General Communiques on Accounting System Implementation and General Accounting Rules**

In the examinations made with the exemplification method, it has been observed that the ledgers where the transactions were recorded and documents, the subject matter of the examination, constituting the basis were prepared duly and reflect the truth, and in accordance with the principles and procedures specified under the General Communiques on Accounting System Implementation and General Accounting Rules, via computer and in detail.

**3. Whether the Tax Returns have been Submitted on time**

With regard to the fiscal period of 01.01.2021-31.12.2021 of the Association; it has been determined that it submitted the withholding tax returns, which it has required to submit according to the tax laws, in line with the legislation and within the legal periods to the related tax office.

**4. Issues Determined regarding the Resolution Ledger**

**4.1. Resolutions Signed by the Members of the Board of Directors**

It has been stated under Article 32 of the Regulation on Associations, numbered 25772 and dated 31.03.2005 published by the Ministry of Interior, where the ledgers required to be kept by the associations have been specified, that; "The resolutions of the Board of Directors shall be stated in the resolution ledger in the order of date and number and the resolutions shall be signed by the members attending the meeting." Furthermore, it has been stated under sub-clause 2 of Article 5 of the Communique numbered 2007/2 of the Ministry of Interior regarding the information required to be found in such ledgers to be kept by associations and form of such ledgers, that; "... the resolutions taken at meetings shall be stated under the – Resolution Text – section and resolutions shall be signed by the members attending the meeting."

In the examination of the sampling resolution ledger made in your Association; no error has been observed and it has been determined that the resolution ledgers have been kept duly.

**4.2. Periods when No Board of Directors Resolution has been Taken**

In the examination made in your branch office; it has been observed in our control of the resolution ledger that the Board of Directors resolution has been taken every month and there was no period when no Board of Directors resolution was taken.

**5. Issues Determined regarding the Member Registration Ledger**

It has been stated under sub-clause 2 of Article 32 of the Regulation on Associations, numbered 25772 and dated 31.03.2005 published by the Ministry of Interior, where the ledgers required to be kept by the associations have been specified, that; "*Identity information of those who become members of the association, dates of entry and exit of the members to the association shall be recorded in such ledger. The entrance and annual fee amounts paid by members may also be recorded in such ledger.*" Furthermore, obligatory information required to be found in the member registration ledger, specified under Article 5 of the Communique numbered 2006/1 of the Ministry of Interior regarding the information required to be found in such ledgers to be kept by associations and form of such ledgers, are explained as follows:

- Name, surname, T.R. identity number, nationality, mother's name, gender, entry and exit dates of the membership of the real person member, whose application is accepted by the Board of Directors of the Association upon the membership application in writing, must be stated in the ledger. Furthermore, her/his profession, residence address and e-mail address may also be stated. In case there are foreigners among the members, the citizenship number and similar information of her/his country of nationality shall be indicated on the T.R. identity number line of such member.

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- In case there are legal entities or foreign associations or non-profit organizations other than association and foundation among the members of the association; the entry and exit dates of such legal entity to the membership shall be indicated, the trade name of the legal entity shall be indicated on the name and surname line of such ledger, tax number, if any, shall be indicated on the T.R. identity line, the country where the headquarter of the legal entity is located shall be indicated on the nationality line, the legal status of the legal entity (association, foundation, non-profit organization, limited liability/joint stock company) shall be indicated on the profession line. Furthermore, the residence address and e-mail address may also be stated in the ledger.

In the examination of the sampling member registration ledger made in your Association; it has been determined that the information obligatory to be kept in the registration ledger have been stated.

### **6. Issues Determined regarding the Document Registration Ledger**

It has been stated under sub-clause 3 of Article 32 of the Regulation on Associations, numbered 25772 and dated 31.03.2005 published by the Ministry of Interior, where the ledgers required to be kept by the associations have been specified, that; *“Incoming and outgoing documents shall be recorded in this ledger in the order of date and number. Originals of the incoming and copies of the outgoing documents shall be filed. Documents sent and received via e-mail shall be stored by printing out of the same.”* Furthermore, obligatory information required to be kept under the document registration ledger have been explained under Article 6 of the Communique numbered 2007/2 of the Ministry of Interior regarding the information required to be found in such ledgers to be kept by associations and form of such ledgers, as follows: *“Document registration ledger; shall be kept in two sections –Incoming Documents and Outgoing Documents- on facing pages. The incoming documents shall be indicated in the incoming document section, and the outgoing documents shall be indicated in the outgoing document section, and information regarding the related document shall be stated on each line. The registration sequence number of incoming and outgoing documents shall start with (1) sequence number at the beginning of each year. The incoming and outgoing document registration ledger may be kept separately as –Incoming document registration ledger- and –Outgoing document registration ledger-. Ledgers kept in such a manner may also be retained as one ledger by putting them together.”*

In the examination of the sampling document registration ledger made in your Association; it has been determined that the registration ledger was kept duly.

### **7. Certificate of Receipt Registration Ledger and Issues Determined regarding the Issuance of the Certificate of Receipt**

The ledgers required to be kept by the associations have been specified under Article 32 of the Regulation on Associations, numbered 25772 and dated 31.03.2005 published by the Ministry of Interior and the Certificate of Receipt Registration Ledger has not been stated among the obligatory ledgers within the scope of the related article.

It has been informed within the framework of the information that we have received from your Association that such ledger has been kept for following-up purposes and the certificates of receipts in the income and expense procedure have been indicated under Article 44 of the Regulation on Associations numbered 25772 and numbered 31.03.2005. Such ledger records have been kept in line with such procedures and principles as follows.

- The certificates of receipts received by the Accountant of the Association shall be recorded in the Certificate of Receipt Registration Ledger. The certificate of receipts shall be delivered with the minutes among the former and recent accountants.
- Unused pages of the certificates of receipts returned without using all, for any reason shall be determined and shall be stated in the minutes by the accountant and the person to whom such pages are returned. Volumes of the certificate of receipt returned in such a manner may be given to another person who will collect income or shall not be used again by stating “cancelled” with capital letters on such pages in a visible manner.
- Also the certificates of receipts in the form of forms or continuous forms shall be grouped in a manner that consist fifty original and fifty coupon pages with the initial and end numbers and shall recorded and used in accordance with the above-mentioned method.



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## 8. Issues with regard to the Declaration of Association

As per Article 19 of the Law of Associations numbered 5253 and Article 83 of the Regulation on Associations put into effect upon its publication in the Official Gazette dated 31/03/2005 and numbered 25772, which regulate the obligation to submit a declaration;

- The declarations of association shall be submitted to the civil administrative authority within the first four months of each calendar year for the previous year.
- Branch offices are obliged to submit one copy of the declarations, to be submitted to the civil administrative authority, also to the association to which they are affiliated.
- Representative offices shall not submit a declaration. However, the information regarding the representative offices shall be indicated in the declaration.
- Financial information, activity information and other information deemed necessary stated under the declarations of associations which keep ledgers on the balance sheet basis shall be published on the website of the General Directorate and the association. Procedures and principles regarding the information to be published shall be determined by the General Directorate.
- The General Directorate is authorized to determine the sub-groups of classifications specified in the declaration of association or to make changes in such sub-groups. However, sub-groups of classifications of the purposes of the associations, their activity fields and economic activities and occupational and education status of the members, personnel or other officers of the associations shall be determined by taking into consideration of sub-groups of the United Nations' International Classification of Non-Profit Organizations, European Union's Classification of Economic Activities, United Nations' International Standard Classification of Occupations, and United Nations' International Standard Classification of Education.
- The information required to be provided in the tables with sub-headings of "1.2. Real Person Members:" and "1.3. Legal Entity Members" in the 1<sup>st</sup> question of the third section with the "Member and Employee Information" heading of the declaration of association shall be notified to the Association Union System (DERBIS) within 30 days as of the transaction date without delay for the submission period of the declaration stated in the paragraph one under the circumstances where there is an acceptance to the membership or unsubscribing or cancelling the membership or automatic termination of the membership. Associations which are not the user of DERBIS shall submit such information in writing to the civil administrative authority in the same procedure and period of time.

The declaration of association for 2020 prepared by your Association was submitted to the Istanbul Governorship on 28.04.2021 and the confirmation has been made. (**Annex:3**)

## III. EXAMINATION OF ACCOUNT

Issues and evaluations determined in the examination of transactions of the Association in the fiscal period of 01.01.2021 – 31.12.2021 in terms of the Law of Associations, Regulation on Associations and Law of Tax Procedure are as follows:

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## A. EXAMINATIONS REGARDING BALANCE SHEET ACCOUNTS

It has been observed that the account balances of the general ledger in the balance sheet of the Association dated 31.12.2021 attached to our report were compatible with the records of the legal ledgers and reflected the truth, and the balance sheet were in compliance with the principles stated under the general communiques on accounting system implementation.

Primary issues in the balance sheet items related to the tax legislation and our determinations and opinions regarding these are as follows:

### 1. Cash

The balance of the “Cash” account in the balance sheet of the Association dated 31.12.2021 consists of 1.315,89-TRY.

As a result of the audit conducted, it has been observed that the cash account has been used only for individual and transactions with low balances, and all other collections and payments have been made via bank accounts.

### 2. Banks

The balance of the “Banks” account, which was stated as 100.517.900,07-TRY in the balance sheet of the Association dated 31.12.2021, has been checked with the bank account statements shared by your Association and no difference has been determined. The part of such account balance in the amount of 33.255.960,74-TRY consists of foreign exchange deposit accounts with balances in foreign exchange.

It has been confirmed that the exchange rate assessments of the foreign exchange deposit accounts with balances in foreign exchange have been made as of 31.12.2021.

Type of Currency	Currency Amount	Exchange Rate	Balance (TRY)
USD	1.769.281,72	12,9775	22.960.853,52
EUR	679.321,58	14,6823	9.974.003,24
GBP	4.142,00	17,4530	72.290,33
CHF	6.911,00	14,1207	97.588,16
CAD	12.295,00	10,1258	124.496,71
AUD	2.845,00	9,3950	26.728,78
TOTAL			<b>33.255.960,74</b>

### 3. Public Sector Bonds and Notes

The balance of the “Private Sector Bonds and Notes” account, which was stated as 6.200.004,49-TRY in the balance sheet of the Association dated 31.12.2021, fully consisted of the balances of fund accounts belonging to the Association. Bank account statements of such fund accounts have been obtained and the compromise has been made with the trial balance dated 31.12.2021.

### 4. Deposits and Guarantees Given

The balance of the “Deposits and Guarantees Given” account, which was stated as 10.621,40-TRY in the balance sheet of the Association dated 31.12.2021, consists of the deposit for the electricity subscription in the amount of 278,40-TRY, the deposit for the Türkel Minibaş Cultural House in the amount of 127,00-TRY, the deposit for the Aydın branch office building’s water subscription in the amount of 216,00-TRY, and the deposit for Filo Yönetim A.Ş. in the amount of 10.000,00-TRY.

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## 5. Due from Personnel

The balance of the “Due from Personnel” account, which was stated as 9.250,01-TRY in the balance sheet of the Association dated 31.12.2021, fully consists of installment advances provided to the personnel. It has been confirmed that the calculation of interest for the number of days was made with the Interest Rate Applied on Advance Transactions published by the CBRT for the remaining of such due from personnel.

## 6. Other Receivables

The balance of the “Other Receivables” account, which was stated as 730.387,34-TRY in the balance sheet of the Association dated 31.12.2021, consists of the minimum living allowance in the amount of 13.254,57-TRY, the monetary fine of the Association’s immovable property tax in the amount of 10.792,58-TRY, the receivables regarding the damages that the former employee of the Association named Olgay Kocatepe caused during his work in the Association in the amount of 676.752,70-TRY, the debts granted to commercial enterprises in the amount of 27.482,49-TRY, and other kinds of receivables in the amount of 2.105,00-TRY.

According to the information that we have received from your Association regarding the criminal lawsuit of Olgay Kocatepe: The decision of Istanbul 44<sup>th</sup> Criminal Court of First Instance with the 2014/158 lawsuit main number was reversed by the Court of Cassation. Its new lawsuit main number is 2020/69. The lawsuit is before the Court of Cassation and has not been finalized. Within the scope of Article 155/2 of the Turkish Criminal Code, it was decided to sentence the accused to 1 year and 15 days of imprisonment, and as a result, to sentence the accused to 1 year and 15 years of imprisonment and to an administrative monetary fine of five days (to pay 100-TRY from 20-TRY per day). In the period when the collection of such receivables become impossible, such amount shall be transferred to the expense accounts with the resolution of the Board of Directors. In order to realize this, the completion of the Court of Cassation’s process is required.

## 7. Other Doubtful Receivables

It has been observed that the full amount of the balance of the “Other Doubtful Receivables”, which was stated as 72.500,00-TRY in the balance sheet of the Association dated 31.12.2021, consists of the advance provided to Adesa Prefabrik Yapı Ltd. Şti. Since such advance could not have been refunded, such receivables are followed up in the doubtful trade receivables account. According to the information that we have received from your Association regarding the status of the lawsuit; “the execution file before the Istanbul 21<sup>st</sup> Execution Office with the file main number 2012/8828 has been closed down.

In the circumstance where the legal opinion, which states that the collection of such receivable is impossible, is obtained, such balance can be transferred to the expense accounts as per the resolution of the Board of Directors to be taken.

## 8. Other Inventories

The entire amount of the balance of the “Other Inventories”, which was stated as 1.765.992,78-TRY in the balance sheet of the Association dated 31.12.2021, consists of the donations in kind and inventories purchased for donations by your Association.

In such account; after a donation in kind is obtained, a “Certificate of Receipt of Donation in kind” is issued and recognized by recording it to the receivable of the 602 account in exchange for the debt account of the “157 Other Inventories” account. The donations in kind obtained by the Association with invoices in line with the project-related needs are delivered with a “Certificate of Delivery of the Donation in kind”.

Such deliveries are recorded to the receivable of the “157 Other Inventories” account, and in exchange for this, these are recognized by recording them to the debt of “740 Project Expenses” account.

We kindly would like to state that it is required to recognize the inventories obtained for donation by your Association by transferring from inventory accounts to the expense accounts on the date when the Certificates of Receipt of Donation in kind are obtained by your Association after the donation of such inventories.

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Information has been received from the accounting department that the inventory has not been counted, and once the inventory counting is made, the complete information will be accessed to whether the inventories recorded in previous years still exist. Since the recorded inventory amounts shall be in compliance with the actual inventory amounts, the inventory counting is important.

### 9. Income Accruals

The amount of the balance of the “Income Accruals”, which was stated as 880.183,99-TRY in the balance sheet of the Association dated 31.12.2021, consists of the deposit account income accruals in the amount of 825.184,87-TRY and the amounts of the donations collected via credit card belong of Çelenk team in the amount of 54.999,12-TRY that have not been transferred yet to the bank account.

### 10. Work Advances

The entire amount of the balance of the “Work Advances”, which was stated as 14.434,49-TRY in the balance sheet of the Association dated 31.12.2021, consists of the work advances provided to the personnel.

### 11. Subsidiaries

The entire amount of the balance of the “Subsidiaries”, which was stated as 802.000,00-TRY in the balance sheet of the Association dated 31.12.2021, consists of the amounts sent to the commercial enterprises as a capital advance.

The summary of such account in such period is as follows:

<b>Subsidiaries</b>	<b>Amount (TRY)</b>
<b>Subsidiaries Stated in the Balance Sheet Dated 31.12.2020</b>	<b>867.000,00</b>
Subsidiaries’ Account Increase in the Fiscal Period of 01.01.2021-31.12.2021	100.000,00
Subsidiaries Account Decrease in the Fiscal Period of 01.01.2021-31.12.2021	(165.000,00)
<b>Subsidiaries Stated in the Balance Sheet Dated 31.12.2021</b>	<b>802.000,00</b>

The Association decided to make a capital increase in the amount of 100.000,00-TRY to the ÇYDD Bursa Commercial Enterprise with a resolution of the Board of Directors dated 17.02.2021 and numbered 057 and such capital increase has been confirmed with the bank receipt.

It was decided to close down the commercial enterprises of the Association located at Ayvalık and Çanakkale. The inspections for such commercial enterprises were made by the revenue administration.

Since the commercial enterprises were closed down, a total of 165.000,00-TRY remaining in the subsidiaries account was transferred to the expense accounts.

### 12. Tangible and Intangible Fixed Assets

The documents and ledgers’ records regarding the purchase and sale of fixed of the Association have been examined by sampling and it has been observed that the records have been duly made, however the amortization has not been calculated. The statements of the fixed assets of the Association within the period are as follows:

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Fixed Assets	Land	Building	Plant, Machinery and Equipment	Motor Vehicles	Furniture and Fixtures	Rights	Other Intangible Fixed Assets
<b>31.12.2020 Opening Balance</b>	<b>20,00</b>	<b>9.537.049,00</b>	<b>9.808,16</b>	<b>356.493,18</b>	<b>571.116,16</b>	<b>7.719,41</b>	<b>229.649,28</b>
01.01.2021-31.12.2021 Purchases	1,00	380.047,00	0,00	0,00	29.724,63	0,00	0,00
01.01.2021-31.12.2021 Sales	1,00	4,00	0,00	0,00	0,00	0,00	0,00
<b>31.12.2021 Balance</b>	<b>20,00</b>	<b>9.917.100,00</b>	<b>9.808,16</b>	<b>356.493,18</b>	<b>600.840,79</b>	<b>7.719,41</b>	<b>229.649,28</b>

Due to the failure of the calculation of amortization, the period-end income/expense surpluses are higher or lower than necessary.

It has been regulated under Articles 4/e and 14/c of the Immovable Property Tax Law numbered 1319 that the building and land of associations working for the public interest are exempted permanently from the building and land tax, provided that there are not leased out and do not belong to enterprises subject to the corporate tax or are not being allocated to these.

According to such provisions, we kindly would like to remind that the buildings and lands of the Association shall be exempted permanently from the building and land tax, provided that these are not leased out and do not belong to enterprises subject to the corporate tax or are not being allocated to these.

### 13.Prepaid Expenses for the Following Years

The entire amount of the balance of the “Prepaid Expenses for the Following Years”, which was stated as 4.310,53-TRY in the balance sheet of the Association dated 31.12.2021, consists of the workplace fire policy and automobile insurance expenses.

### 14.Suppliers

The entire amount of the balance of the “Suppliers”, which was stated as 136.135,83-TRY in the balance sheet of the Association dated 31.12.2021, consists of the trade debts.

### 15.Credit Cards

The entire amount of the balance of the “Credit Cards”, which was stated as 1.259,49-TRY in the balance sheet of the Association dated 31.12.2021, consists of the credit cards statements.

### 16.Deposits and Guarantees Received

The amount of the balance of the “Deposits and Guarantees Received”, which was stated as 55.110,00-TRY in the balance sheet of the Association dated 31.12.2021, consists of the rent deposits. 51.910,00-TRY of the balance consists of the currency account and its details are as follows:

Type of Currency	Currency Amount	Exchange Rate	Balance (TRY)
USD	4.000,00	12,9775	51.910,00

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## 17. Other Liabilities

The entire amount of the balance of the “Other Liabilities”, which was stated as 7.569,34-TRY in the balance sheet of the Association dated 31.12.2021, consists of other liabilities due to personnel.

## 18. Other Taxes and Funds Payable

The entire amount of the balance of the “Other Taxes and Funds Payable”, which was stated as 110.810,73-TRY in the balance sheet of the Association dated 31.12.2021, consists of the amounts declared in the withholding tax return for the period of December 2021. The auxiliary controls with the withholding tax return regarding the January-December have been made and it has been observed that these are in compliance.

## 19. Social Security Withholdings Payable

The entire amount of the balance of the “Social Security Withholdings Payable”, which was stated as 168.202,46-TRY in the balance sheet of the Association dated 31.12.2021, consists of the personnel premiums for December. The auxiliary controls with the Social Security Institution accruals for January-December have been made and it has been observed that there are in compliance.

## 20. Expense Accruals

The entire amount of the balance of the “Expense Accruals”, which was stated as 8.140,66-TRY in the balance sheet of the Association dated 31.12.2021, consists of the invoice amounts. All these invoices have been provided.

## B. EXAMINATIONS REGARDING INCOME STATEMENT ACCOUNTS

It has been observed that the income expenses accounts in the income statement of the Association for the period of 01.01.2021-31.12.2021 attached to our report are in compliance with the legal ledger records and general communiques of accounting system implementation.

Primary issues regarding the income statement items and our determinations and opinions regarding these are as follows:

### 1. Other Incomes

The provisions regarding the “Procedures in income and expenses and associations’ ledgers” have been regulated under Article 11 of the Law of Associations:

Such provision is as follows: *“Article 11 – Incomes of the association shall be collected with a certificate of receipt and expenses shall be made with a certificate of expense. In case the incomes of the association are collected through banks, the receipt or account statement issued by the bank shall supersede the certificate of receipt. The retention period of the certificate of receipt and certificate of expense is five years. The certificates of receipts to be used while collecting the incomes of the association shall be issued with a resolution of the board of directors. The form of the certificates of receipt, their issuance, approval and usage and issues regarding the authorization certificate to be used while collecting the incomes of the association shall be regulated under a regulation. Person who will collect the incomes of the association shall be determined by the board of directors and the authorization certificate shall be issued in their name. The procedures and principles regarding the ledgers and records to be kept by the association shall be regulated under a regulation. Such ledgers are obliged to be approved by the unit of the associations or by a notary public.”*

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The “Other Incomes” account balance in the income statement of the Association for the period of 01.01.2021-31.12.2021 has been stated as 53.864.897,15-TRY. The income accounts subject matter of the audit have been examined by ways of sampling and it has been observed that these have been certified with the certificate of receipt of donation or bank statements, in line with the provisions of the article stated above.

### 2. Dividend Incomes from Subsidiaries

The balance of the “Dividend Incomes from Subsidiaries” account, which was stated as 54.523,93-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021, consists of the amounts of share of profit distributed by the commercial enterprises.

### 3. Interest Income

The balance of the “Interest Income” account, which was stated as 10.261.771,00-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021, consists of the deposit account interest incomes in the amount of 9.613.041,47-TRY, the interest incomes regarding the scholarship funds in the amount of 647.265,97-TRY and incomes of interest for the number of days calculated regarding the due from personnel in the amount of 1.463,56-TRY.

### 4. Profit on Sale of Marketable Securities

The balance of the “Profit on Sale of Marketable Securities” account, which was stated as 1.187.201,64-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021, consists of the gross sale incomes of marketable securities obtained from the investment funds within the year.

### 5. Foreign Exchange Profits/Losses

The “Foreign Exchange Profits” account was stated as 15.212.771,94-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021 and the “Foreign Exchange Losses” was stated as 1.466.867,04-TRY in the same. The exchange differences occurred in the balances belonging to the foreign exchange profits and foreign exchange losses consist of exchange differences regarding the currency accounts in the banks and other accounts.

### 6. Other Operational Incomes and Profits

The entire balance of the “Other Operational Incomes and Profits” account, which was stated as 366.177,50-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021, consists of the rental incomes of immovable properties.

### 7. Other Extraordinary Incomes and Profits

The balance of the “Other Extraordinary Incomes and Profits” account, which was stated as 7.079.808,09-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021, consists of the incomes and immovable property incomes sent from the branch office for the purpose of the immovable property in the amount of 6.087.336,00-TRY, the inheritance income belonging to Mehmet Cemal Türkoğlu deposited to bank in the amount of 986.122,04-TRY and the SSI incentive numbered 6661 in the amount of 6.350,00-TRY.

### 8. Other Extraordinary Expenses and Losses

The balance of the “Other Extraordinary Expenses and Losses” account, which was stated as 224.940,53-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021, consists of the closing records of the commercial enterprises closed down within the period in the amount of 165.000,00-TRY, the refund of the share of profits distributed by the commercial enterprises in the amount of 54.523,93-TRY, the expenses made for the immovable property donations in the amount of 4.677,65-TRY and the rounding off differences in the amount of 738,95-TRY.

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### 9. Cost of Production of Services

The amount of the “Cost of Production of Services” account was stated as 40.358.749,31-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021. In the controls made by way of sampling, it has been observed that the certificated documents and accounting records are in compliance. The detailed breakdown of such account has been submitted in the trial balance attached to our report. (Annex:4)

### 10. General Administrative Expenses

The amount of the “General Administrative Expenses” account was stated as 7.908.836,01-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021. The account balance consists of personnel wages working within the structure of the Association, outsourced services and payments of taxes, charges and duties. In the controls made by way of sampling, it has been observed that the certificated documents and accounting records are in compliance. The detailed breakdown of such account has been submitted in the trial balance attached to our report. (Annex:4)

### 11. Financing Expenses

The entire balance of the “Financing Expenses” account, which was stated as 408.597,19-TRY in the income statement of the Association for the period of 01.01.2021-31.12.2021, consists of amounts regarding the paid up taxes via deduction from the bank.

## IV. CONSEQUENCE

The Association for Supporting Contemporary Living has been keeping and preparing the “Association’s” ledgers and legal financial statements in accordance with the Turkish Commercial Code and accounting principles determined by the tax legislation and the Association is subject to the Law of Associations numbered 5253 and the following has been determined as a result of the examination made on the accounting records made daily, auxiliary ledgers, trial balance and documents that;

1. As stated in the tables attached to the report and explained in details in previous sections of the report, the details of the income surpluses of the Association for the period of 01.01.2021-31.12.2021 is given in the table given below.

<u>Account Code</u>	<u>Account Name</u>	<u>Amount (TRY)</u>
602	Other Incomes	53.864.897,15
641	Dividend Incomes from Subsidiaries	54.523,93
642	Interest Incomes	10.261.771,00
645	Profit on Sale of Marketable Securities	1.187.201,64
646	Foreign Exchange Profits	15.212.771,94
649	Other Operational Incomes and Profits	366.177,50
656	Foreign Exchange Losses (-)	(1.466.867,04)
679	Other Extraordinary Incomes and Profits	7.079.808,09
689	Other Extraordinary Expenses and Losses (-)	(224.940,53)
740	Cost of Production of Services	(40.358.749,31)
770	General Administrative Expenses	(7.908.836,01)
780	Financing Expenses	(408.597,19)
<b>Income Surplus</b>		<b>37.659.161,17</b>

2. The total amount of the income of the Association obtained within the year was 88.027.151,25-TRY and the amount of its expense made for its purpose was 48.676.182,51-TRY, and thus the Association has





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fulfilled the minimum expenditure requirement of ½, which is required for the association to be considered as an association working for the public interest stated under Article 49/d of the Regulation of Associations, within the fiscal period of 01.01.2021-31.12.2021.

<b>Explanation</b>	<b>Amount (TRY)</b>
<b>A</b> Total Amount of the Income of the Association for the Period of 01.01.2021-31.12.2021	88.027.151,25
<b>B</b> Half of the Incomes of the Association (B=A/2)	44.013.575,63
<b>C</b> Amount of Expense Made for the Purpose	(48.676.182,51)
<b>D</b> Ratio of Expenses Made for the Purpose to the Income Accounts	<b>%55,30</b>

3. It has been observed that the resolutions taken by the board of directors within the period of 01.01.2021-31.12.2021 were in compliance with the financial process and no contradictions. The administrative and financial affairs of the Association did not enter into a significant expense or obligations other than the ones stated in the related resolutions.

**[Seal of Timur Çakmak Sworn-in Certified Public Accountant]**

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**Kind regards,**

**KPMG YEMİNLİ MÜŞAVİRLİK A.Ş.**

**Istanbul, 26.05.2022**

**Annexes:**

1. Association's Audit Agreement dated 15.09.2021 and numbered 202106K10386381
2. Association's Branch Office List
3. Declaration of Association for the period of 01.01.2021-31.12.2021
4. Trial Balance dated 31.12.2021



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