

SAHA DERNEĞİ

**FINANCIAL STATEMENTS .
FOR THE YEAR ENDED 31 DECEMBER 2014**

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Saha Derneği
İstanbul**

We have audited the accompanying financial statements of Saha Derneği (the "Association") which comprise the statement of financial position as at 31 December 2014, and the statement of income, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with General Communique on Accounting System Application ("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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Independent Auditing Standards which is a part of Turkish Auditing Standards published by Public Oversight Accounting and Auditing Standards Authority. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation of the financial statements 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 Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Deloitte

Opinion

In our opinion, the financial statements of Saha Derneđi for the year ended 31 December 2014 are prepared, in all material respects, in accordance with GCASA.

DRT BAĐIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



H. Ali Bekçe
Partner

Istanbul, 27 March 2015

SAHA DERNEĞİ**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2014**

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

ASSETS	Note	Curent Period 31 December 2014	Prior Period 31 December 2013
Current Assets		1.146.982	872.942
Cash and cash equivalents	3	1.138.601	863.880
Other receivables	4	2.827	2.776
Inventories	5	5.554	6.286
Non-current Assets		14.294	25.677
Tangible assets	7	9.141	14.011
Intangible assets	8	5.153	9.491
Other non-current assets	6	-	2.175
TOTAL ASSETS		1.161.276	898.619
LIABILITIES	Note	Curent Period 31 December 2014	Prior Period 31 December 2013
Current Liabilities		24.445	19.059
Trade payables	9	575	1.014
Other payables	9	79	-
Taxes and dues payable	10	23.791	18.045
Net Assets		1.136.831	879.560
Retained earnings		879.560	819.987
Excess of income for the period		257.271	59.573
TOTAL LIABILITIES		1.161.276	898.619

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

SAHA DERNEĞİ**STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2014**

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

	Note	Current Period 1 January - 31 December 2014	Prior Period 1 January - 31 December 2013
Revenue, Gains, and Other Supports		1.907.229	1.402.050
Goal-oriented revenue, funds and contributions	14	1.796.724	1.209.988
Revenue and income from other activities	17	110.505	192.062
Total Expenses and Losses		(1.649.958)	(1.342.477)
Goal-oriented expenses	15	(1.269.336)	(1.124.733)
Operating expenses	16	(261.455)	(201.989)
Expenses and losses from other activities	18	(119.167)	(15.755)
Excess of Income before Taxation		257.271	59.573
Taxation		-	-
Excess of Income for the Year		257.271	59.573

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

SAHA DERNEĞİ**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 DECEMBER 2014**

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

	Retained Earnings	Excess of Income / (Loss) for the Period	Total
1 January 2013, opening balance	323.327	496.660	819.987
Transfers	496.660	(496.660)	-
Excess of income for the year	-	59.573	59.573
31 December 2013, closing balance	819.987	59.573	879.560
1 January 2014, opening balance	819.987	59.573	879.560
Transfers	59.573	(59.573)	-
Excess of income for the period	-	257.271	257.271
31 December 2014, closing balance	879.560	257.271	1.136.831

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

SAHA DERNEĞİ**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014**

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

	Note	Current Period 1 January - 31 December 2014	Current Period 1 January - 31 December 2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income for the period		257.271	59.573
Adjustments to reconcile net cash provided by operating activities:			
Expense accruals	9	23.791	18.045
Exchange (gains) / losses on cash and cash equivalents		23.711	(160.336)
Depreciation and amortization expenses		12.678	12.448
Interest income		(24.805)	(15.971)
Operating cash flows before changes in working capital			
		292.646	(86.241)
Changes in other current receivables and assets	4, 6	2.124	(2.867)
Changes in inventories	5	732	2.042
Changes in trade payables	9	(439)	(13.043)
Changes in other current payables and liabilities	9	(17.966)	(14.131)
Cash (used in) / generated from operating activities			
		277.097	(114.240)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income		24.805	15.971
Acquisition of tangible and intangible assets	7, 8	(3.470)	(22.821)
Cash used in investing activities			
		21.335	(6.850)
CASH FLOWS FROM FINANCING ACTIVITIES			
Conditional contributions to the Association		-	-
Cash used in financing activities			
		-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS			
		298.432	(121.090)
Exchange differences on cash and cash equivalents			
		(23.711)	160.336
CASH AND CASH EQUIVALENTS			
AT THE BEGINNING OF PERIOD			
	3	863.880	824.634
CASH AND CASH EQUIVALENTS			
AT THE END OF PERIOD			
	3	1.138.601	863.880

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

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

1. ORGANISATION AND NATURE OF OPERATIONS

Saha Derneği (the "Association") is founded on 27 July 2011 in Istanbul in order to contribute to the presence and visibility of contemporary art from Turkey on the international stage and to this end freely offers its support to artists, curators and critics.

The contact information of the Association is as follows:

Şah Kulu Mahallesi Şah Kapısı Sokak No: 10 Galata 34330 Istanbul / Turkey

T: +90 212 292 7958 - F: +90 212 251 9573 – info@saha.org.tr

www.saha.org.com.tr

The Association has 75 registered members (31 December 2013: 62 members). There are two different types of membership as principal members and honorary members. Principal members have the right to participate in the meetings of the General Assembly and to be elected as member of Board of Directors. Honorary members are elected by the decision of Board of Directors and they have the right to participate in the meetings of the General Assembly but do not have a right to vote. Membership is realized for the potential members, who filled the form of application by conforming the acceptance of the statutes of the Association, as a consequence of review and acceptance of the membership committee, which consists of three members of the Board of Directors. As of the balance sheet date, the Association does not have any honorary members.

Organs of the Association are as follows:

- General Assembly: As the most authorized organ of the Association consists of registered members. Each principal member has one voting right and otherwise stated in the statutes of the Association or in the relevant regulation decisions are taken by the favourable votes of the majority of the principal members.
- Board of Directors: The organ which is responsible to govern, represent and to determine representation rights of the Association. Board of Directors consists of nine principal and nine alternate members elected by the General Assembly for a period of two years.
- Audit Committee: The organ which is responsible to audit the operations of the Association to be performed in order to realize aim determined in the statutes of the Association and books, records and accounts kept in this respect. Audit Committee consists of three principal and three alternate members elected by the General Assembly for a period of two years.

The Association has the following revenue sources and all expenses are disbursed by using these sources.

- Membership fees: Membership fees are collected annually and determined by the General Assembly.
- Aids and contributions donated to the Association by real persons and legal.
- Revenues generated from conferences, excursions, entertainments, concerts and sports competitions organized by the Association. As of the reporting date, the Association does not have any revenue generated from such organizations.
- Revenues generated from assets of the Association. As of the reporting date, the Association does not have any revenue generated from assets.
- Aids and contributions collected in accordance with relevant regulation.
- Any profit from trading activities performed by the Association in order to realize its aim. As of the reporting date, the Association does not have any trading activities.
- Other revenues.

As of the balance sheet date, the Association has 3 employees (31 December 2013: 3 employees).

Approval of Financial Statements

The accompanying financial statements were approved for issue by the Board of Directors on 27 March 2015.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

2. BASIS OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Generally Accepted Accounting Standards in Turkey. The Association maintain its books of account and prepare its statutory financial statements ("Statutory Financial Statements") in accordance with accounting principles in the Turkish Commercial Code ("TCC") and tax legislation. In this respect the Association's accounting records, which are subject to balance sheet basis, are prepared in accordance with Communiqué Serial: I "General Communiqué on Application of Accounting System" announced by the Ministry of Finance in the Official Gazette numbered 21447 and dated on 26 December 1992 and Communiqué Serial: 2 "General Communiqué on Application of Accounting System" announced by the Ministry of Finance in the Official Gazette numbered 21790 and dated on 16 December 1993. Aforementioned Communiqués predicts that financial statements should prepared by using the uniform chart of accounts and certain basic accounting and financial reporting concepts starting from year 1994 and mentioned basic accounting concepts will be supported accounting standards to be announced later.

Additionally, with 50th Article of the Regulations for Foundations, which has been announced in the Official Gazette numbered 27010 and dated on 27 September 2008 and became effective, the uniform chart of accounts and standard financial statements for foundations has been published.

Although the chart of accounts, basic accounting and financial reporting principles used by the Association complies with the uniform chart of accounts and financial reporting principles announced by the Ministry of Finance and the Directorate General of Foundations, the following accounting principles are used for the preparation of the financial statements as of 31 December 2014 since the supporting accounting standards to the uniform chart of accounts and certain basic accounting and financial reporting principles used in the preparation of standard financial statements have not been published by the Ministry of Finance and the Directorate General of Foundations.

Changes in the Accounting Estimates and Errors:

If the application of changes to the accounting estimates affects the financial results of a specific period, the accounting estimate change is applied in that specific period, if they affect the financial results of current and following periods; the accounting policy estimate is applied prospectively in the period in which such change is made. The Association did not have any major changes in the accounting estimates during the current period.

Presentation and Functional Currency:

The functional currency of the Association is Euro. For the purpose of the financial statements the results and financial position is prepared and expressed in Turkish Lira ("TL"), which is the presentation currency of the Association.

Offsetting:

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Management's Estimates:

The preparation of financial statements requires estimates and assumptions regarding the amounts for the assets and liabilities at the balance sheet date, explanations for the contingent assets and liabilities as well as the amounts of income and expenses realised in the reporting period. Although these estimates and assumptions are based on the best information held by the Association's management, actual results may differ from these.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

2. BASIS OF THE FINANCIAL STATEMENTS (cont'd)

Revenue, Gains, and Other Supports:

Conditional contributions are recognized in net assets or specific fund accounts and unconditional contributions are recognized in the statement of income on cash basis where the value of the contributed asset could be measured reliably.

Interest income generated from conditional contributions is used for the same conditional aim. Interest income and gain on sales on marketable securities generated from conditional contributions and interest income generated from unconditional contributions are recognized in the statement of income and presented under interest income and gain on sales on marketable securities.

Excess of income / (loss) presents excess funds related to the projects and available for use in following periods.

Investments related to conditional contributions are recognized and accounted separately due to contributor-imposed restrictions.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend revenue from investments is recognized when the shareholders' rights to receive payment have been established.

Tangible Assets:

Tangible assets are carried at cost less accumulated depreciation and any accumulated impairment losses.

Assets are carried at cost, less any recognized impairment losses. Cost includes professional fees. For assets that need considerable time to be ready for sale or use, borrowing costs are capitalized in accordance with the Association's accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The Association depreciates its assets by using the straight-line method on a full year basis over the useful lives determined by the Ministry of Finance.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Tangible assets as of the date of the statement of financial position consist of computers with estimated 4 years of useful lives.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

2. BASIS OF THE FINANCIAL STATEMENTS (cont'd)

Intangible Assets:

Intangible assets comprise acquired computer software and other identifiable rights. These are recorded at their acquisition costs and amortised using the straight-line method on a full year basis over their estimated useful lives from the date of acquisition. When the carrying amount of any intangible asset is greater than its recoverable amount, it is immediately written down to its recoverable amount.

The Association has estimated 3 years of useful lives for the computer software and licences and 15 years of useful lives for the patent of brands. These intangibles are amortised based on the estimates regarding the economic benefits that will be provided to the Association in the future periods.

Impairment of Assets:

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial Assets:

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments which their maturities are three months or less from date of acquisition and that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Cash on hand and bank deposits denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date.

Financial assets / marketable securities

Financial investments, except financial assets classified at fair value through profit or loss and financial assets initially recognized at fair value, are recognized at fair value net of directly attributable transaction costs. Investments are recognized and derecognized on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

The fair values of quoted investments are calculated based on current market prices. If the financial asset is not traded in an active market, carrying value approximates its fair value.

Investments other than held-to-maturity debt securities are measured at fair value as of the balance sheet dates and gains and losses arising from changes in fair value are included in profit or loss for the period. The financial assets are carried at historical cost in the accompanying financial statements unless their fair values are not reliably measurable by using a quoted market price in an active market or other valuation methods.

Effective interest method

The effective interest method is calculating the amortized cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate discounts the estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income on financial assets other than the marketable securities is recognized by using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

2. BASIS OF THE FINANCIAL STATEMENTS (cont'd)

Financial Assets (cont'd):

Trade receivables and trade payables

Trade receivables that are originated by the Association by way of providing goods or services directly to a debtor are carried at amortised cost using the effective interest method. Trade receivables net of deferred finance income presents amortized cost of receivables recognized based on original invoice amounts and calculated by allocating interest income over the relevant period. Short-term trade receivables with no stated interest rate are measured at original invoice amount unless the effect of imputing interest is significant.

A credit risk provision for trade receivables is established if there is objective evidence that the Association will not be able to collect all amounts due. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of all cash flows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the originated receivables at inception.

If the amount of the impairment subsequently decreases due to an event occurring after the write-down, the release of the provision is credited to other operating income.

Foreign Currency Transactions:

The financial statements of the Association are presented in the currency of the primary economic environment in which the Association operates (its functional currency). For the purpose of the financial statements, the results and financial position of the Association are expressed in Turkish Lira ("TL"), which is the functional currency of the Association, and the presentation currency for the financial statements.

In preparing the financial statements of the Association, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are included in profit or loss for the period.

Events after the Reporting Date:

Events after the reporting date comprise any events between the reporting date and the date of authorization of the financial statements for issue, even if any events after the reporting date occurred subsequent to the announcement on the Association's profit or following the publicly disclosed financial information.

The Association restates its financial statements if such adjusting subsequent events arise.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

2. BASIS OF THE FINANCIAL STATEMENTS (cont'd)

Provisions, Contingent Assets and Liabilities:

Provisions are recognized when the Association has a present obligation as a result of a past event, and it is probable that the Association will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date considering the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Related Parties:

For the purpose of the accompanying financial statements, the founders of the Association, key management personnel and members of Board of Directors, in each case together with their families and companies controlled by/or affiliated with them, Joint Ventures and Subsidiaries are considered and referred to as related parties.

Taxation:

As being a not-for-profit organization, the Association is exempt from Corporate Tax. The Enterprises to be established on the other hand, will maintain its books of account and prepares its statutory financial statements in accordance with the Turkish tax legislation. Therefore, it will be subject to Corporate Tax.

Current tax

Tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Employment Termination Benefits:

The Association is obligated to pay employment termination benefits a requirement of Turkish Labour Law to each employee who has completed one year of service and retires, whose employment is terminated without due cause, who is called up for military service, or who dies.

Provision for employment termination benefits recognized in the balance sheet represents the estimated total reserve of the future probable obligation to the employees who is eligible in accordance with Labour Law.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

2. BASIS OF THE FINANCIAL STATEMENTS (cont'd)

Statement of Cash Flows:

In statement of cash flow, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities reflect cash flows mainly generated membership fees and contributions of the Association. Cash flows from investment activities express cash used in investment activities (direct investments and financial investments) and cash flows generated from investment activities of the Association. Cash flows relating to finance activities express sources of financial activities and payment schedules of the Association.

3. CASH AND CASH EQUIVALENTS

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Cash on hand	68.481	690.356
Time deposits	1.064.455	171.052
Other cash and cash equivalents	5.665	2.472
	<u><u>1.138.601</u></u>	<u><u>863.880</u></u>

Interest rates for TL denominated time deposits are 8,90 - 9,90% as at 31 December 2014 (31 December 2013: 8,00%), whereas interest rates for foreign currency denominated time deposits are 0,05 - 1,25% as at 31 December 2014 (31 December 2013: 2,05%).

4. OTHER RECEIVABLES

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Work advances	-	894
Business advances	148	-
Prepaid expenses	2.679	1.882
	<u><u>2.827</u></u>	<u><u>1.882</u></u>

5. INVENTORY

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Promotional inventories	5.554	6.286
	<u><u>5.554</u></u>	<u><u>6.286</u></u>

SAHA DERNEĞİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

6. OTHER LONG-TERM RECEIVABLES

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Deposits and guarantees given	-	2.175
	<u>-</u>	<u>2.175</u>

7. TANGIBLE ASSETS

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Furniture and fixtures	9.141	14.011
	<u>9.141</u>	<u>14.011</u>

Furniture and fixtures balance as of 31 December 2014 represents of computers with acquisition cost of TL 19.482 (31 December 2013: TL 19.482) netoff accumulated depreciation of TL 10.341 (31 December 2013: TL 5.471).

8. INTANGIBLE ASSETS

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Rights	5.153	9.491
	<u>5.153</u>	<u>9.491</u>

Intangible assets as of 31 December 2014 represents of software with acquisition cost of TL 26.201 (31 December 2013: TL 22.731) netoff accumulated amortization of TL 21.048 (31 December 2013: TL 13.240).

9. TRADE PAYABLES AND OTHER PAYABLES

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Trade payables	654	1.014
	<u>654</u>	<u>1.014</u>

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

10. TAXES AND DUES PAYABLE

	<u>31 December</u> <u>2014</u>	<u>31 December</u> <u>2013</u>
Taxes and dues payable	23.791	18.045
	<u>23.791</u>	<u>18.045</u>

11. NET ASSETS

In accordance with the Law of Associations No 5253, an association refers a legal entity which is formed by at least seven real persons or legal entities by compiling information and activities other than profit sharing in order to achieve a definite and common aim, which is not forbidden by laws. In this respect, associations do not have any capital or equity as detailed in Note 1. The net of revenues, which consist of membership fees, revenues generated from activities organized by association or from assets of an association and aids and contributions and all other expenses presents the net assets of associations.

12. COMMITMENTS AND OFF-BALANCE SHEET LIABILITIES

The projects for which applications are made during the year ended 31 December 2014, approved by the Association Management in 2014 and will be realized within the year 2015 are as below:

Aslı Çavuşoğlu is invited to the third edition of The Generational Triennial (25 February - 24 May 2015) organized by the New Museum. The Association will support the production of the new works by the artist.

The Association will support the production of the performance by Deniz Gül at Hyde Park Arts Center in Chicago on 6 April 2015

The Association will support the production of Ahmet Ögüt's new work for the solo exhibition that will be held between 24 April - 31 May 2015 at Chisenhale Gallery, London.

The Association will support the production of Elif Uras' new work for the solo exhibition that will be held between 3 May - 25 October 2015 at the Aldrich Museum in Connecticut.

The Association will support the production of the new work by Meriç Algün Ringborg to take part in the 56th Edition of International Art Exhibition of la Biennale di Venezia.

In 2015, as part of the 56th Venice Biennale, the Pavilion of Turkey will be presenting the work of artist Sarkis. The Association is the main supporter of the production of works by the artist.

The Association will support the production of İnci Eviner's new video work for the solo exhibition that will be held between 29 May - 28 June 2015 at the Drawing Center in New York.

The Association will initiate its annual grant program entitled "Supporting the Sustainability of Independent Art Initiatives 2015" for a second term for the realization of programs, projects and publications of up to five independent artist run spaces in Turkey .

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

12. COMMITMENTS AND OFF-BALANCE SHEET LIABILITIES (cont'd)

The Association will continue to support the artists, researchers, curators and writers from Turkey through its collaborations with the institutions namely Delfina Foundation, Independent Curators International ("ICI"), Rijksakademie van beeldende kunsten, The International Studio & Curatorial Program ("ISCP"), and Witte de With.

13. FOREIGN CURRENCY POSITION

The foreign currency position of the Association consists of demand deposits. As of 31 December 2014 and 2013 foreign currency balances in banks are as follows:

<u>31 December 2014</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Equivalent of TL</u>
Bank deposits	780.451	16.641	-	797.092
Net foreign currency position	780.451	16.641	-	797.092

<u>31 December 2013</u>	<u>EUR</u>	<u>USD</u>	<u>GBP</u>	<u>Equivalent of TL</u>
Bank deposits	601.267	1.238	3.554	606.059
Net foreign currency position	601.267	1.238	3.554	606.059

14. REVENUE

	<u>1 January - 31 December 2014</u>	<u>1 January - 31 December 2013</u>
Founder membership fees	192.539	163.519
Membership fees	889.549	566.296
Donations	714.635	480.173
	1.796.724	1.209.988

15. EXPENSES

	<u>1 January - 31 December 2014</u>	<u>1 January - 31 December 2013</u>
Goal-oriented expenses of the Association	(1.269.336)	(1.124.733)
	(1.269.336)	(1.124.733)

SAHA DERNEĞİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

16. OPERATING EXPENSES

	1 January - 31 December 2014	1 January - 31 December 2013
Personnel expenses	(92.228)	(74.022)
Technical and administrative expenses	(28.953)	(25.241)
Office expenses	(5.038)	(12.998)
Taxes and dues paid	(6.312)	(3.510)
Depreciation and amortization expense	(12.679)	(12.447)
Consultancy expenses	(70.682)	(60.474)
Other expenses	(45.563)	(13.297,00)
	<u>(261.455)</u>	<u>(201.989)</u>

17. REVENUE AND INCOME FROM OTHER ACTIVITIES

	1 January - 31 December 2014	1 January - 31 December 2013
Interest income on time deposits	24.805	15.971
Foreign exchange gains	85.700	176.091
	<u>110.505</u>	<u>192.062</u>

18. EXPENSES AND LOSSES FROM OTHER ACTIVITIES

	1 January - 31 December 2014	1 January - 31 December 2013
Foreign exchange losses	(119.167)	(15.755)
	<u>(119.167)</u>	<u>(15.755)</u>

19. SUBSEQUENT EVENTS

None.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

20. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS

Since its establishment the Association supported the production of 123 art works and 13 publications, reaching out to 167 artists and curators in a total of 62 projects. The Association has supported 25 projects and built 7 international collaborations in 2014.

The Association supported the production of Cevdet Ereğ's new work realized for the exhibition held between 15 February - 13 April 2014 at Spike Island, Bristol.

The Association provided support for the production of new works by the artists (Can & Aslı Altay, Burak Arıkan and Cevdet Ereğ) from Turkey invited to the 5th Edition of Marrakech Biennale (26 February - 31 March 2014).

The Association supported the production of Burak Delier's solo exhibition held between 26 March - 17 May 2014 at Iniva, London. Delier is the first recipient of Iniva's Commissions and Exhibitions Fund which aims to provide the next generation of artists from around the world with the opportunity to create new work.

The Association supported the production of new works by Serkan Taycan and Barbaros Kayan exhibited as part of the Helsinki Photography Biennial (HPB14) (27 March - 14 May, 2014). Additionally, as a part of Serkan Taycan's project "Tumulus", the Association supported the publication of the exhibition booklet on the occasion of the Biennial.

The Association supported Can Altay's project in Carricola, Spain developed in collaboration with Campo Adentro.

The Association supported the production of a new work by Iz Öztat for her solo exhibition at Heidelberger Kunstverein held between 17 May - 3 August 2014.

The Association supported the production of new works by Özlem Günyol and Mustafa Kunt for the exhibition entitled "Review: Özlem Günyol & Mustafa Kunt" held between 23 May - 20 July 2014 at Dortmunder Kunstverein.

The Association supported the production of a new publication named "The Rebirth of the Turkish Delight: Cool Istanbul" developed by Seçil Yersel and presented at Platform Munich (30 May - 13 June 2014).

The Association supported the annual program by curator Işın Önel who invited artists from Turkey (namely Ali Miharbi, Fatih Aydoğdu, and Pinar Yoldaş) to participate to the talks and exhibitions at Schauraum. Işın Önel participated as the guest curator for the programming and the organization of the specific focus activities of Schauraum, within the framework of the "Summer of Sounds" theme of the MuseumsQuartier.

The Association supported the production of the new work that Nevin Aladağ realized at Kunsthalle Basel which held between 15 June 2014 - 30 April 2015.

The 5th Edition of Sinopale - International Sinop Biennial under the title "Clusters and Crystals: Observing at Point Zero" took place in Sinop from 12 July to 31 August 2014. The Association supported the production of the works by the artists from Turkey.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

20. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (cont'd)

The Association supported the position of curator Fatoş Üstek as Associate Curator of the Gwangju Biennale held between 5 September - 9 November 2014. The tenth edition of the Biennial invited four artists from Turkey: Banu Cennetoğlu, Gülsün Karamustafa, Güneş Terkol, and Nil Yalter.

SAHA supported the artists and curators (Gülsün Karamustafa, Halil Altındere, Nilbar Güreş, Burak Arıkan, Zeyno Pekünlü, Fırat Genç, İmre Azem, Yaşar Adanalı, Vasıf Kortun, Ali Taptık, and Serkan Taycan) participating at the 31st São Paulo Biennial held between 6 September - 7 December 2014.

The Association supported the production of a group exhibition entitled "We All Live on the Same Sea" at Sirius Arts Centre in Cobh, Ireland between the dates 13 September - 12 October 2014 curated by Rana Ozturk.

The 4th Edition of International Çanakkale Biennial entitled "Only the Dead Have Seen the End of War" took place in Çanakkale, Turkey, from 27 September to 2 November 2014. The Association supported the production of the works by artists from Turkey participating in the 4th Çanakkale Biennial.

The Association supported the production of a new publication by Fatma Bucak on the occasion of her exhibition at Castello di Rivoli held between 7 November 2014 - 12 January 2015.

The Association supported the production of a new publication by Nasan Tur published on the occasion of the exhibition entitled "Layers" which was held between 8 November 2014 - 17 January 2015 at Kunstraum Innsbruck.

The Eli and Edythe Broad Art Museum at Michigan State University and Istanbul based art organization Protocinema organized a collaborative project. The project entitled "Day after Debt: A Call for Student Loan Relief" was initiated by Ahmet Ögüt and examined student debt in higher education in collaboration with Debt Collective. The Association supported the production of the project by Ahmet Ögüt for the exhibition at Broad Art Museum at Michigan State University.

The Association supported the production of the work which Elif Erkan realized for the solo show at Portikus, Frankfurt (6 December 2014 - 1 February 2015).

The Association initiated a grant program for the sustainability of independent art initiatives in order to facilitate the growth and development of independent non-profit art initiatives in Turkey, with an emphasis on ongoing public programming and activities. The Association supported three independent artist run spaces; 5533 (Istanbul), Pasaj (Istanbul), and Torun (Ankara) in the interim 2014 - 2015.

The Association built short and long-term collaborations with 7 international institutions in 2014 with the mission to enhance international networks and contribute to the development of contemporary art in Turkey.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

(Amounts expressed in of Turkish lira ("TL") unless otherwise indicated.)

20. OTHER ISSUES THAT SIGNIFICANTLY AFFECT THE FINANCIAL STATEMENTS OR OTHER ISSUES REQUIRED FOR THE CLEAR UNDERSTANDING OF FINANCIAL STATEMENTS (cont'd)

The list of institutions collaborated with is noted below.

Apartment Project, Berlin

Delfina Foundation, London

Independent Curators International (ICI), New York

Künstlerhaus Stuttgart

Rijksakademie, Amsterdam

The International Studio & Curatorial Program (ISCP), New York

Witte de With | Center for Contemporary Art, Rotterdam