

SAHA DERNEĐİ

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
AND INDEPENDENT AUDITOR'S REPORT**

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

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

INDEPENDENT AUDITOR'S REPORT

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

1) Opinion

We have audited the accompanying financial statements of Saha Derneği (the "Association") which comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2017, in accordance with General Communique on Accounting System Application ("GCASA").

2) Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management of Association 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.

In preparing the financial statements, management of association is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the standards on auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control).
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



H. Ali Bekçe, SMMM
Partner

Istanbul, 31 March 2018

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SAHA DERNEĞİ**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2017**

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

ASSETS	Note	Current Period 31 December 2017	Prior Period 31 December 2016
Current Assets		3,451,119	2,534,639
Cash and cash equivalents	3	3,399,812	2,523,056
Other receivables	4	45,692	7,172
Inventories	5	5,615	4,411
Non-Current Assets		8,189	3,476
Tangible assets	6	5,643	699
Intangible assets	7	2,546	2,777
TOTAL ASSETS		3,459,308	2,538,115

LIABILITIES	Note	Current Period 31 December 2017	Prior Period 31 December 2016
Current Liabilities		51,073	56,277
Trade payables	8	516	11,338
Taxes and dues payable	9	50,557	44,939
Net Assets		3,408,235	2,481,838
Retained earnings		2,481,838	1,307,814
Excess of income for the period		926,397	1,174,024
TOTAL LIABILITIES		3,459,308	2,538,115

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

SAHA DERNEĞİ**STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2017**

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

		Current Period	Prior Period
		1 January -	1 January -
	Note	31 December 2017	31 December 2016
Total Income		3,917,059	2,863,689
Goal-oriented revenue, funds and contributions	13	2,916,417	2,441,642
Revenue and income from other activities	16	1,000,642	422,047
Total Expenses		(2,990,662)	(1,689,665)
Goal-oriented expenses	14	(2,055,980)	(1,112,270)
Operating expenses	15	(476,837)	(439,086)
Expenses and losses from other activities	17	(457,845)	(138,309)
Excess of Income Before Taxation		926,397	1,174,024
Taxation		-	-
Excess of Income for the Year		926,397	1,174,024

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 2017**

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

	Retained Earnings	Excess of Income for the Period	Total
1 January 2016, opening balance	1,136,831	170,983	1,307,814
Transfers	170,983	(170,983)	-
Excess of income for the period	-	1,174,024	1,174,024
31 December 2016, closing balance	1,307,814	1,174,024	2,481,838
1 January 2017, opening balance	1,307,814	1,174,024	2,481,838
Transfers	1,174,024	(1,174,024)	-
Excess of income for the period	-	926,397	926,397
31 December 2017, closing balance	2,481,838	926,397	3,408,235

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

SAHA DERNEĞİ**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017**

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

	Note	Current Period 1 January - 31 December 2017	Prior Period 1 January - 31 December 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income for the period		926,397	1,174,024
Adjustments to reconcile net cash provided by operating activities:			
Expense accruals	9	50,557	44,939
Exchange gains/(losses) on cash and cash equivalents		(489,725)	(224,468)
Depreciation and amortization expenses	15	2,345	4,851
Interest income	16	(53,072)	(46,117)
Operating cash flows before changes in working capital		436,502	953,229
Changes in other current receivables	4	(38,520)	36,501
Changes in inventories	5	(1,204)	(376)
Changes in trade payables	8	(10,822)	10,757
Changes in other current payables and liabilities	9	(44,939)	(28,994)
Cash generated from operating activities		341,017	971,117
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	16	53,072	46,117
Acquisition of tangible and intangible assets		(7,058)	-
Cash generated from investing activities		46,014	46,117
NET CHANGE IN CASH AND CASH EQUIVALENTS		387,031	1,017,234
Exchange differences on cash and cash equivalents		489,725	224,468
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	3	2,523,056	1,281,354
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	3	3,399,812	2,523,056

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

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

1. NATURE OF OPERATIONS AND ORGANIZATION OF THE ASSOCIATION

Saha Derneği (the "Association") is founded on 28 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 34420 Istanbul / Turkey
T: +90 212 293 5152 - F: +90 212 251 9573 – info@saha.org.tr
www.saha.org.tr

The Association has 104 registered members (31 December 2016: 91 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. All written applications for membership are reviewed by Board of Directors and Board of Directors sends a notification to the address stated in the application relating to the decision of the application within 30 (thirty) days following the date of application. The Board of Directors are not obligated to provide a reason for the rejection. As of the balance sheet date, the Association does not have any honorary members (31 December 2016: None).

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 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 income.**

As of the balance sheet date, the Association has 5 employees (31 December 2016: 4 employees).

Approval of Financial Statements:

The accompanying financial statements were approved for issue by the Board of Directors on 31 March 2018.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 2017 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 do 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.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

Revenue, Funds, and Contributions:

Conditional contributions are recognized in net assets or specific fund accounts and unconditional contributions are recognized as income in the statement of profit or loss table.

Interest generated from funds is used for conditional contributions. Interest income and gain on sales on marketable securities generated from conditional contributions and interest income generated from unconditional contributions are recognized under interest income and gain on sales on marketable securities in profit or loss table.

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

Investments related to conditional funds are recognized separately.

Interest income 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 inflows through the expected life of the financial asset to that asset's net carrying amount.

Dividend income generated from marketable securities 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, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognized 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 the end of each reporting period, 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 tangible assets 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.

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.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 intangible assets are amortised based on the estimates regarding the economic benefits that will be provided to the Association in the future periods.

Financial Instruments:

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.

Fair values of financial assets traded in the stock exchange are calculated by using its stock exchange price or market values. 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 is the rate that exactly discounts estimated cash to be collected through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

Financial Instruments (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.

Following the provision for doubtful receivables, in case of all or part of doubtful receivables are collected, collected amount deducted from the provision for doubtful receivables amount and recognized in the statement of profit/loss table.

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 are recognized in profit or loss in the period in which they arise.

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.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

(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 (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the 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, taking into account the risks and uncertainties surrounding the obligation.

When 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.

Employee Benefits / Termination and retirement benefits:

Under Turkish law and union agreements, the Association is obligated to pay termination and retirement benefits to employee retiring and who has completed one year of service or voluntarily leaving and whose employment is terminated without due cause.

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 re-payment schedules these sources.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

3. CASH AND CASH EQUIVALENTS

	31 December 2017	31 December 2016
Demand deposits	98,597	288,603
Time deposits	3,287,868	2,223,157
Cash on hand	13,347	11,296
	<u>3,399,812</u>	<u>2,523,056</u>

Interest rates for TL denominated time deposit is 13.25% as at 31 December 2017 (31 December 2016: 7.78%), whereas interest rates for foreign currency denominated time deposit is 0.90% as at 31 December 2016 (31 December 2016: 0.40%).

4. OTHER RECEIVABLES

	31 December 2017	31 December 2016
Advances given (*)	1,632	1,284
Prepaid expenses	44,060	5,888
	<u>45,692</u>	<u>7,172</u>

(*) Amounting to TL 40,002 included in prepaid expenses consist of payments for the signboard named "Your Ego Is My Lego" to be distributed to the members and donors by Saha Derneği within the year 2018.

5. INVENTORIES

	31 December 2017	31 December 2016
Promotional inventories	5,615	4,411
	<u>5,615</u>	<u>4,411</u>

SAHA DERNEĞİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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

6. TANGIBLE ASSETS

	31 December 2017	31 December 2016
Furniture and fixtures	5,643	699
	5,643	699

Furniture and fixtures balance as of 31 December 2017 represents of computers with acquisition cost of TL 22,357 (31 December 2016: TL 20,881).

7. INTANGIBLE ASSETS

	31 December 2017	31 December 2016
Rights	2,546	2,777
	2,546	2,777

Intangible assets as of 31 December 2017 represents of software with acquisition cost of TL 26,201 (31 December 2016: TL 26,201) setoff accumulated amortization of TL 23,655 (31 December 2016: TL 23,424).

8. TRADE PAYABLES

	31 December 2017	31 December 2016
Trade payables	516	11,338
	516	11,338

9. TAXES AND DUES PAYABLE

	31 December 2017	31 December 2016
Taxes and dues payable	50,557	44,939
	50,557	44,939

As of 31 December 2017, taxes and dues payable consists of withholding taxes and social security payables related to personnel.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

10. 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.

11. COMMITMENTS AND OFF-FINANCIAL STATEMENT LIABILITIES

The exhibition entitled "AAAAA" by Cevdet Ereğ's new works for his solo exhibition will be supported by SAHA held between 20 January and 29 April 2018 at M HKA.

SAHA will support the production of Hasan Özgür Top's new works for the solo exhibition organized by Protocinema, held between 25 January and 24 February 2018 at Proyecto AMIL in Peru.

SAHA will support the production of the new works by Hera Büyüktaşçıyan who was invited to "Planetary Planning" art exhibition of Dhake Art Summit, held between 2 and 10 February 2018.

SAHA will support the production of new Works by Erdem Taşdelen' solo exhibition held between 14 February and 31 March 2018 at VOX Centre de l'image.

SAHA will continue to support the production of new works by artists from Turkey invited to the 4th Mardin Biennale.

The support for the Sustainability of Independent Arts Initiative project launched in Turkey conducted by the curators and artists from Turkey will continue to support 5 spaces with new applications in coming years.

SAHA will continue to support the artists, researchers, curators and writers from Turkey through its collaborations with the institutions namely Ashkal Alwan, Delfina Foundation, DEPO, FLORA ars+natura, Independent Curators International ("ICI"), The International Studio & Curatorial Program ("ISCP"), New Museum, Pioneer Works, and Rijksakademie in 2018.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

12. FOREIGN CURRENCY POSITION

The foreign currency position of the Association consists of demand deposits. As of 31 December 2017 and 2016, foreign currency balances in banks are as follows:

31 December 2017	TL Equivalent of USD	TL Equivalent of EURO	TL Equivalent of GBP	Total Equivalent of TL
Cash on hand	5,422	4,860	60	10,342
Bank deposits	10,885	3,024,308	-	3,035,193
Net foreign currency position	16,307	3,029,168	60	3,045,535

31 December 2016	TL Equivalent of USD	TL Equivalent of EURO	TL Equivalent of GBP	Total Equivalent of TL
Cash on hand	5,059	5,510	51	10,620
Bank deposits	43,944	2,189,127	-	2,233,071
Net foreign currency position	49,003	2,194,637	51	2,243,691

13. REVENUE

	1 January - 31 December 2017	1 January - 31 December 2016
Founder membership fees	229,879	280,040
Other membership fees	1,956,672	1,370,048
Donations	729,386	791,154
Other income	480	400
	2,916,417	2,441,642

14. GOAL-ORIENTED EXPENSES

	1 January - 31 December 2017	1 January - 31 December 2016
Goal-oriented expenses of the Association	(2,055,980)	(1,112,270)
	(2,055,980)	(1,112,270)

SAHA DERNEĞİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017**

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

15. OPERATING EXPENSES

	1 January - 31 December 2017	1 January - 31 December 2016
Personnel expenses	(288,231)	(238,868)
Consultancy expenses	(76,109)	(75,559)
Technical and administrative expenses	(39,302)	(38,915)
Depreciation and amortization expenses	(2,345)	(4,851)
Office expenses	(22,867)	(40,529)
Taxes	(11,201)	(9,842)
Other expenses	(36,782)	(30,522)
	<u>(476,837)</u>	<u>(439,086)</u>

16. REVENUE AND INCOME FROM OTHER ACTIVITIES

	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange gains	947,570	375,930
Interest income on time deposits	53,072	46,117
	<u>1,000,642</u>	<u>422,047</u>

17. EXPENSES AND LOSSES FROM OTHER ACTIVITIES

	1 January - 31 December 2017	1 January - 31 December 2016
Foreign exchange losses	(457,845)	(138,309)
	<u>(457,845)</u>	<u>(138,309)</u>

18. SUBSEQUENT EVENTS

None.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

To date, SAHA has supported the production of 300 artworks and 20 publications, reaching out to 497 artists and curators in total of 157 projects. In 2017, SAHA provided support for 27 projects and collaborated with 8 international institutions.

SAHA supported the production of Mürüvvet Türkyılmaz and Selim Birsel's new works for their show at the Candyland held between 24 February and 12 March 2017.

SAHA provided support for the production of the new work by Barış Doğrusöz who was invited to the exhibition entitled "Conceal, cover with sand, replicate, translate, restore" at Kardist held between 24 February and 16 April 2017 in Paris.

SAHA supported the production of Derya Akay's new works for her solo exhibition at Campbell River and District Public Art Gallery held between 31 March and 17 May 2017.

SAHA provided support to the project of İpek Duben who was invited to Fabrica within the scope of Brighton Festival.

SAHA supported the production of new work by Nil Yalter who was invited to the exhibition entitled "The Absent Museum" at WIELS located in Brussels held between 20 April and 13 August 2017.

The Venice Biennale to the 57th edition of International Art Exhibition titled "Viva Arte Viva" curated by Christine Macel was opened at Giardini and Arsenal. Nevin Aladağ and Hale Tenger from Turkey were invited for this edition of Biennale held between 13 May and 26 November 2017. SAHA provided support for the artist's work productions.

SAHA provided production support for Cevdet Ergin's work entitled "ÇİN" where it was exhibited in Turkey Pavilion at the 57th Venice Biennale.

SAHA supported the production of new work by Sena Başöz who was invited to the exhibition entitled "Notes on a Parallel Life" invited to S.Y.P Art Space Experimentierfeld in Tokyo.

SAHA supported the production of new work entitled "On Water" by Ayşe Erkmen who was invited to Skulptur Project 2017, held between 10 June and 1 October 2017.

SAHA supported the exhibition Fahrelnissa Zeid at Tate Modern held between 13 June and 8 October 2017.

SAHA supported the production of Viron Erol Vert's new work for his solo exhibition at the Kunstraum Kreuzberg / Bethanien held between 24 June and 27 August 2017.

Pınar Yoldaş, artist, produced new works for her first solo exhibition inspired from concept of the 'speculative biology' in Holland. SAHA supported for the production of Pınar Yoldaş's new works for her solo exhibition held between 9 July and 3 September 2017 at Zone2Source.

SAHA supported the production of the new works by Mehtap Baydu who was invited to the exhibition entitled "Kiss. From Rodin to Bob Dylan" art exhibition, held between 15 June and 3 October at Bröhan Museum in Berlin.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

SAHA provided support for the Ali Miharbi’s new production who is invited to the museum to create projects by Horniman Museum and Gardens located in London.

6th edition of International Sinop Biennale with titled “Aktarım” held between 19 August and 17 September 2017 was organized in Sinop. SAHA provided support for the new productions by artists invited from Turkey.

Elmas Deniz was invited to the Cinnamon Colomboscope Festival held between 22 August and 10 September 2017. SAHA supported the production of Elmas Deniz’s new works.

SAHA provided support for the production of new works entitled “Arşivlerde İzim Bulunmasın İsterdim (Mekanım Datça Olsun)” and “Black Thread” by Didem Erk who was invited to the TarraWarra International 2017, held between 2 September and 12 November 2017.

The “Goteborg International Biennial for Contemporary Art,” exhibition entitled with “Wheredolendandyoubegin - On Secularity” held between 9 September and 19 November 2017 curated by Nav Haq. SAHA provided support for the new productions of Fatma Bucak invited from Turkey to the Biennale.

The 15th edition of Istanbul Biennale was held between 16 September and 12 November 2017. SAHA provided support for the new productions of artists participating from Turkey.

The 7th Moscow Biennale entitled under the name “Clouds⇌Forests” curated by Yuko Hasegawa was held between 18 September 2017 and 18 January 2018. SAHA provided support to Hussein Chalayan who was invited to Biennale.

Support was provided by SAHA for the production of Merve Ünsal and Onur Ceritoğlu invited to City Link Festival, held between 21 and 24 September 2017.

SAHA provided support for the new work production by Zeynep Dağlı invited to DLECTIRCITY, an exhibition on art and light, organized at Detroit held between 22 and 23 September 2017.

SAHA supported the production of Ali Kazma’s new work for his solo exhibition at the Jeu de Paume held between 17 October 2017 and 21 January 2018.

While the exhibition “Money without Nationality” is examining the cities as an organic structures and their physiological and physical aspects, perceiving them as control points for the distribution of mass information. SAHA supported the production of Fahrettin Örenli’s new work for his solo exhibition at Art Sonje Center held between 4 November and 3 December 2017.

A poetical and philosophical approach brought to a phenomena that exists everywhere at Sefer Memişoğlu’s solo exhibition at Bradwolff Project in Amsterdam. SAHA supported the production of Sefer Memişoğlu’s new work for his solo exhibition at Bradwolff Project held between 19 November and 17 December 2017.

The curators Çelenk Bafra, Tuğçe Karataş, Zeynep Öz, Önder Özengi and Derya Yücel from Turkey attended to the symposium named “Humans of the Institution” held between 25 and 27 November 2017 in Amsterdam. SAHA supported the participation of curators to the symposium.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

The Support for Sustainability of Independent Art Initiatives, created by SAHA continues to be sustained to contribute to the non-profit organizations. SAHA provided support for the operations of Loading, MARS, OJ, Orta Format, and Tasarım Bakkalı within the grant program “Grant for the Sustainability of Independent Art Initiatives” which was established in order to support the sustainability of Independent Art Initiatives.

SAHA built collaborations with 8 international institutions in 2017 with the mission of enhancing international networks and contributing to the development of contemporary art in Turkey.

The list of institutions collaborated with is noted below.

Apartman Project, Berlin
Ashkal Alwan, Beiru
Delfina Foundation, London
DEPO, Istanbul

As explained in Note 2, under Turkish law and union agreements, the Association is obligated to pay termination and retirement benefits to employee retiring and who has completed one year of service or voluntarily leaving and whose employment is terminated without due cause. Within this context, the liability of the Association, which does not meet payment conditions determined with relevant laws but in case of realization, amounts to TL 28,711 (31 December 2016: TL 21,277) for retirement pay provision and TL 7,174 (31 December 2016: TL 2,501) for unused pay provision as of 31 December 2017. With regards these amounts, no provision has been provided in the accompanying financial statements.