

SAHA DERNEĐİ

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
AND INDEPENDENT AUDITOR'S REPORT**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Saha Derneği
Istanbul

Tel : +90 (212) 366 6000
Fax : +90 (212) 366 6010
www.deloitte.com.tr

Mersis No: 0291001097600016
Ticari Sicil No : 304099

We have audited the accompanying financial statements of Saha Derneği (the "Association") which comprise the statement of financial position as at 31 December 2016, 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 Communiqué 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.

Opinion

In our opinion, the financial statements of Saha Derneği for the year ended 31 December 2016 are prepared, in all material respects, in accordance with GCASA.

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



H. Ali Bekçe
Partner

Istanbul, 27 March 2017

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.

CONTENTS	PAGES
STATEMENT OF FINANCIAL POSITION.....	1
STATEMENT OF PROFIT OR LOSS	2
STATEMENT OF CHANGES IN NET ASSETS.....	3
STATEMENT OF CASH FLOWS	4
NOTES TO THE FINANCIAL STATEMENTS.....	5-17

SAHA DERNEĞİ**STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2016**

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

ASSETS	Note	Curent Period 31 December 2016	Prior Period 31 December 2015
Current Assets		2,534,639	1,329,062
Cash and cash equivalents	3	2,523,056	1,281,354
Business advances	4	7,172	43,673
Inventories	5	4,411	4,035
Non-current Assets		3,476	8,327
Tangible assets	6	699	5,319
Intangible assets	7	2,777	3,008
TOTAL ASSETS		2,538,115	1,337,389
LIABILITIES	Note	Curent Period 31 December 2016	Prior Period 31 December 2015
Current Liabilities		56,277	29,575
Trade payables	8	11,338	581
Taxes and dues payable	9	44,939	28,994
Net Assets		2,481,838	1,307,814
Retained earnings		1,307,814	1,136,831
Excess of income for the period		1,174,024	170,983
TOTAL LIABILITIES		2,538,115	1,337,389

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

SAHA DERNEĐİ**STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	Note	Current Period 1 January - 31 December 2016	Prior Period 1 January - 31 December 2015
Revenue, Gains, and Other Supports		2,863,689	2,196,142
Goal-oriented revenue, funds and contributions	13	2,441,642	1,880,898
Revenue and income from other activities	16	422,047	315,244
Total Expenses and Losses		(1,689,665)	(2,025,159)
Goal-oriented expenses	14	(1,112,270)	(1,532,150)
Operating expenses	15	(439,086)	(278,840)
Expenses and losses from other activities	17	(138,309)	(214,169)
Excess of Income Before Taxation		1,174,024	170,983
Taxation		-	-
Excess of Income for the Year		1,174,024	170,983

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 2016**

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

	Retained Earnings	Excess of Income for the Period	Total
1 January 2015, opening balance	879,560	257,271	1,136,831
Transfers	257,271	(257,271)	-
Excess of income for the year	-	170,983	170,983
31 December 2015, closing balance	1,136,831	170,983	1,307,814
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

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

SAHA DERNEĞİ**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016**

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

	Note	Current Period 1 January - 31 December 2016	Current Period 1 January - 31 December 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of income for the period		1,174,024	170,983
Adjustments to reconcile net cash provided by operating activities:			
Expense accruals	9	44,939	28,994
Exchange (gains) / losses on cash and cash equivalents		(224,468)	(63,769)
Depreciation and amortization expenses	15	4,851	7,366
Interest income	16	(46,117)	(30,274)
Operating cash flows before changes in working capital		953,229	113,300
Changes in other current receivables	4	36,501	(40,846)
Changes in inventories	5	(376)	1,519
Changes in trade payables	8	10,757	(73)
Changes in other current payables and liabilities	9	(28,994)	(23,791)
Cash generated from operating activities		971,117	50,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	16	46,117	30,274
Acquisition of tangible and intangible assets		-	(1,399)
Cash generated from investing activities		46,117	28,875
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,017,234	78,984
Exchange differences on cash and cash equivalents		224,468	63,769
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	3	1,281,354	1,138,601
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	3	2,523,056	1,281,354

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

SAHA DERNEĐİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

1. ORGANISATION AND NATURE OF OPERATIONS

Saha Derneđi (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 34420 Istanbul / Turkey
T: +90 212 293 5152 - F: +90 212 251 9573 – info@saha.org.tr
www.saha.org.tr

The Association has 91 registered members (31 December 2015: 83 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.

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 revenues.

As of the balance sheet date, the Association has 4 employees (31 December 2015: 3 employees).

Approval of Financial Statements

The accompanying financial statements were approved for issue by the Board of Directors on 31 March 2017.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(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: 1 "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 2016 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.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(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.

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 2016

(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.

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.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(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.

SAHA DERNEĐİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(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.

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.

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.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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

3. CASH AND CASH EQUIVALENTS

	31 December 2016	31 December 2015
Cash on hand	288,603	222,677
Time deposits	2,223,157	1,055,945
Other cash and cash equivalents	11,296	2,732
	<u>2,523,056</u>	<u>1,281,354</u>

Interest rates for TL denominated time deposit is 7.78% as at 31 December 2016 (31 December 2015: 12.75%), whereas interest rates for foreign currency denominated time deposit is 0.40% as at 31 December 2016 (31 December 2015: 0.75%).

4. BUSINESS ADVANCES

	31 December 2016	31 December 2015
Work advances	1,284	42,334
Prepaid expenses	5,888	1,339
	<u>7,172</u>	<u>43,673</u>

5. INVENTORY

	31 December 2016	31 December 2015
Promotional inventories	4,411	4,035
	<u>4,411</u>	<u>4,035</u>

SAHA DERNEĞİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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

6. TANGIBLE ASSETS

	31 December 2016	31 December 2015
Furniture and fixtures	699	5,319
	699	5,319

Furniture and fixtures balance as of 31 December 2016 represents of computers with acquisition cost of TL 20,881 (31 December 2015: TL 20,881) setoff accumulated depreciation of TL 20,182 (31 December 2015: TL 15,562).

7. INTANGIBLE ASSETS

	31 December 2016	31 December 2015
Rights	2,777	3,008
	2,777	3,008

Intangible assets as of 31 December 2016 represents of software with acquisition cost of TL 26,201 (31 December 2015: TL 26,201) setoff accumulated amortization of TL 23,424 (31 December 2015: TL 23,193).

8. TRADE PAYABLES

	31 December 2016	31 December 2015
Trade payables	11,338	581
	11,338	581

9. TAXES AND DUES PAYABLE

	31 December 2016	31 December 2015
Taxes and dues payable	44,939	28,994
	44,939	28,994

As of 31 December 2016, taxes and dues payable consists of withholding taxes and social security payables related to personnel.

SAHA DERNEĐİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(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 projects for which applications are made until the year ended 31 December 2016, approved by Board of Directors of the Association in 2016 and will be realized in 2017 are as below:

SAHA will support the production of Mürüvvet Türkyılmaz and Selim Birsnel’s collaborative new project for their show at the Candyland held between 19 February and 12 March 2017.

SAHA will support the production of Barış Doğrusöz’s new work for the group exhibition at the Kadist Foundation held between 24 February and 16 April 2017.

SAHA will support the production of the new works by Hale Tenger and Nevin Aladağ to take part in the 57th edition of International Art Exhibition of la Biennale di Venezia

Support will be provided by SAHA for the production of the new works and publication by Ali Kazma in the solo exhibition at the Jeu de Paume in Paris, held between 17 October 2017 and 21 January 2018.

SAHA will continue its annual grant program entitled “Grant for the Sustainability of Independent Art Initiatives” for the realization of programs, projects and publications of up to five independent artist run spaces in Turkey.

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, Independent Curators International (“ICI”), Rijksakademie, The International Studio & Curatorial Program (“ISCP”), and Witte de With.

SAHA DERNEĞİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

(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 2016 and 2015 foreign currency balances in banks are as follows:

31 December 2016	EUR	USD	Equivalent of TL
Bank deposits	43,944	2,189,127	2,233,071
Net foreign currency position	43,944	2,189,127	2,233,071

31 December 2015	EUR	USD	Equivalent of TL
Bank deposits	1,597	863,958	865,555
Net foreign currency position	1,597	863,958	865,555

13. REVENUE

	1 January - 31 December 2016	1 January - 31 December 2015
Founder membership fees	280,040	170,435
Membership fees	1,370,048	1,119,757
Donations	791,154	590,706
Other	400	-
	2,441,642	1,880,898

14. EXPENSES

	1 January - 31 December 2016	1 January - 31 December 2015
Goal-oriented expenses of the Association	(1,112,270)	(1,532,150)
	(1,112,270)	(1,532,150)

SAHA DERNEĞİ**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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

15. OPERATING EXPENSES

	1 January - 31 December 2016	1 January - 31 December 2015
Personnel expenses	(238,868)	(126,038)
Consultancy expenses	(75,559)	(67,257)
Technical and administrative expenses	(38,915)	(33,427)
Depreciation and amortization expense	(4,851)	(7,366)
Office expenses	(40,529)	(7,227)
Taxes and dues paid	(9,842)	(6,253)
Other expenses	(30,522)	(31,272)
	<u>(439,086)</u>	<u>(278,840)</u>

16. REVENUE AND INCOME FROM OTHER ACTIVITIES

	1 January - 31 December 2016	1 January - 31 December 2015
Foreign exchange gains	375,930	283,800
Interest income on time deposits	46,117	30,274
Other	-	1,170
	<u>422,047</u>	<u>315,244</u>

17. EXPENSES AND LOSSES FROM OTHER ACTIVITIES

	1 January - 31 December 2016	1 January - 31 December 2015
Foreign exchange losses	(138,309)	(214,169)
	<u>(138,309)</u>	<u>(214,169)</u>

18. SUBSEQUENT EVENTS

None.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(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 248 artworks and 18 publications, reaching out to 395 artists and curators in a total of 119 projects. In 2016, SAHA provided support for 17 projects and collaborated with 7 international institutions.

The exhibition entitled "Istanbul: Passion, Joy, Fury" curated by Hou Hanru, Ceren Erdem, Elena Motisi, and Donatella Saroli was held between 11 December 2015 – 1 May 2016 at MAXXI in Rome. SAHA provided support for the production of new works by participating artists, the exhibition publication, and the position of independent curator Ceren Erdem.

SAHA supported the production of Cevdet Ereğ's new work for his solo show at the Kasseler Kunstverein held between 22 January and 27 March 2016.

SAHA provided support for the production of Şakir Gökçebağ's new work for his solo exhibition at the Kunstverein Ludwigshafen held between 23 January and 10 April 2016.

SAHA supported the production of the new work by Ergin Çavuşoğlu in the exhibition "The Image Generator II" at the Extra City held between 5 and 28 February 2016.

The group exhibition "Through the Fog: Describing the Present" was curated by Nick Aikens, and included works by six artists spanning video, photography and installation, many of them produced specifically for the exhibition or shown in Athens for the first time. SAHA supported the production of the new work by Didem Pekün in the exhibition "Through the Fog: Describing the Present" at the State of Concept in Athens held between 6 February and 1 April 2016.

SAHA provided support for the production of works for the "This yearning is ours!" exhibition curated by Lora Sariaslan at the Centre of Contemporary Art Znaki Czasu.

Support was provided by SAHA for the production of Serkan Taycan, Hera Büyüktaşçıyan and Suat Öğüt's new works for the exhibition series "A Particular Scenario" at Corridor Project Space, held between 28 May and 20 August 2016.

Halil Altındere was invited to the ninth edition of Berlin Biennale (4 June – 18 September 2016) titled "The Present in Drag" curated by the New York based collective DIS, composed of Lauren Boyle, Solomon Chase, Marco Roso, and David Toro. SAHA provided support for the production of the new video work by Halil Altındere.

Hamburger Bahnhof staged a solo exhibition of Gülsün Karamustafa's work in a museum setting for the first time outside of Turkey, introducing her work to a wider international audience. SAHA supported the production of the new publication on Gülsün Karamustafa, published on the occasion of the exhibition titled "Gülsün Karamustafa. Chronographia" held between 10 June 2016 and 15 January 2017.

The curatorial concept developed by Christian Jankowski for Manifesta 11 looked at the various professions practiced in Zurich, aiming to explore the significance of one's profession in defining one's identity in contemporary culture. SAHA provided support for the production of the new work titled "Muthoscapes" by Aslı Çavuşoğlu participating in Manifesta –The European Biennial of Contemporary Art held between 11 June and 18 September 2016.

SAHA DERNEĞİ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

(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)

Ahmet Ögüt was invited to the eleventh edition of the Gwangju Biennale (2 September – 16 November 2016) titled "The Eighth Climate (What does art do?)", directed by Maria Lind and curated by Binna Choi. SAHA provided support for the production of the new animation video work "United" by the artist.

The 32nd Bienal de São Paulo was curated by Jochen Volz and co-curated by Gabi Ngcobo, Júlia Rebouças, Lars Bang Larsen and Sofia Olascoaga. SAHA provided support for the production of the new work by Güneş Terkol participating in the Biennial.

SAHA supported the production of Pınar Yoldaş's new works for her solo show at the Röda Sten Konsthall held between 24 September and 13 November 2016.

SAHA supported the production of the new works by Lara Ögel for the solo exhibition organized by Protocinema, held between 8 November and 4 December 2016 in Paris.

SAHA provided support for the production of the new work by artist Müge Yılmaz and the exhibition by curator Didem Yazıcı at the 11th Shanghai Biennale held between 11 November 2016 and 12 March 2017.

SAHA supported the production of Fatma Bucak's new works for her solo exhibition at Brown University David Winton Bell Gallery held between 19 November 2016 and 5 February 2017.

SAHA provided support for the operations of Corridor Project Space, MARSistanbul, Orta Format, Space Debris, and TOZ Artist Run Space 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 short and long-term collaborations with 7 international institutions in 2016 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.

Ashkal Alwan, Beirut

Delfina Foundation, London

DEPO, Istanbul

Independent Curators International ("ICI"), New York

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

Spring Workshop, Hong Kong

Witte de With | Center for Contemporary Art, Rotterdam