

**NIRENGİ
ASSOCIATION's
INDEPENDENT AUDITOR'S REPORT
FOR THE PERIOD BETWEEN
12.31.2020**

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NIRENGİ ASSOCIATION'S

**INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS
FOR THE ACCOUNT PERIOD 01.01,2020 -12.31,2020**

We have audited the enclosed balance sheet dated 31 December 2020 of Nirengi Association expressed in Turkish Liras and its financial statements of the same year ending on the same date. The responsibility of these financial statements belongs to Assembly management. Our responsibility is to state opinion on these financial statements at the end of our audit.

Our audit has been carried out in accordance with International Standards on Audit. These standards require us to form our audit plan and work as to provide there is not a significant fault in the financial statements. Audit includes examination of the evidences, supporting balances and auxiliary notes contained in the financial statements. At the same time audit includes evaluation of implemented accounting principles, important assumptions made by the management and general submission way of financial statements. We believe that the audit carried out constitute a reasonable ground for stating an opinion.

In our opinion, the financial statements mentioned in first paragraph reflects the financial position of Nirengi Association as at 31 December 2020 and operational results of year ending on the same date accurately in accordance with Generally Accepted Accounting Standards in Turkey.

We did not participate in cash count of the company as of 31 December 2020 because that we are appointed as auditors after these dates.

Istanbul, 7th June 2021

**ULUSAL BAĞIMSIZ DENETİM VE
YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.**

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Hakverdi YARADILMIŞ
CPA, Partner



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NIRENGI ASSOCIATION'S
INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2020
(Currency – in Turkish Lira (TRY) unless otherwise indicated.)

	Notes	December 31, 2020
ASSETS		
Current Assets		250.756
Cash and Cash Eq.	3	246.806
Inventories	6	3.950
Non-Current Assets		10.318
Property, plant, and equipment	8	10.318
TOTAL ASSETS		261.074

	Notes	December 31, 2020
LIABILITIES AND EQUITY		
Current Liabilities		54.420
Trade Payables	4	39.125
<i>Trade Payables to Unrelated Parties</i>		<i>39.125</i>
Other Payables	5	15.295
<i>Other Payables to Unrelated Parties</i>		<i>15.295</i>
Non-Current Liabilities		-
SHAREHOLDER'S EQUITY		206.654
Shareholder's Equity of the Parent Company		206.654
Previous Years' Profits/Losses	10	448.464
Net Profit/Loss for the Period	10	(241.810)
Minority Shares		-
TOTAL		261.074



NIRENGI ASSOCIATION'S
INCOME STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2020
(Currency – in Turkish Lira (TRY) unless otherwise indicated.)

	Notes	01.01 12.31, 2020
		As Audited by Auditors
PROFIT OR LOSS SECTION		
Revenue	11	329.911
Gross Profit/Loss from Activities		329.911
Operating Expenses (-)	13	(603.211)
PROFIT (LOSS) FROM OPERATING ACTIVITIES		(273.300)
Income and Profit from Other Operations	14	31.490
ORDINARY PROFIT OR (LOSS)		(241.810)
PROFIT/LOSS FOR THE PERIOD		(241.810)



NIRENGI ASSOCIATION'S
 STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY FOR THE PERIOD ENDED DECEMBER 31, 2020
 (Currency – in Turkish Lira (TRY) unless otherwise indicated.)

	Retained Earnings		
		Prior Years' Profits/Losses	Net Profit/Loss for the Period
			Shareholder's Equity Total
Balance as of January 01, 2020		-457.716	(9.252)
Transfers			
Net Profit/Loss for the Period		(9.252)	9.252
			(241.810)
Balance as of December 31, 2020		-448.464	(241.810)
			206.654



NIRENGI ASSOCIATION'S

CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31,2020

(Currency – in Turkish Lira (TRY) unless otherwise indicated.)

	Notes	01.01 12.31, 2020
		As Audited by Auditors
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit (Loss)	10	(241.810)
Changes in Working Capital		50.470
Adjustments for decrease (increase) in inventories	6	(3.950)
Adjustments for decrease (increase) in trade accounts receivable	4	
Adjustments for Decrease (Increase) in Other Receivables Related with Operations	7	
Adjustments for increase (decrease) in trade accounts payable	4	39.125
Adjustments for increase (decrease) in other operating payables	5,9	15.295
Cash Provided from Operating Activities		(191.340)
B. CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Cash Outflows from the Purchase of Tangible and Intangible Fixed Assets	8	10.318
C. CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		(181.022)
D. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(181.022)
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	3	427.828
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	3	246.806



NOTE 1 – ASSEMBLY'S ORGANIZATION AND FIELD OF ACTIVITY

The foundation is a non-governmental organization that works in the fields of individuals' living in accordance with human dignity, improving their psychosocial well-being and quality of life.

Nirengi Association, established in 11.04.2015 with Association Law number 5253.

The primary aim of the Nirengi Association is to contribute to individuals' living their lives in accordance with human dignity, increasing their psychosocial well-being and quality of life. For this purpose, it has been determined as sub objectives to work on psychosocial support, education, history, culture, management, science, art, social dialogue, economy, environment, development or to contribute to the support of institutions and organizations that carry out these studies.

The main areas of work of Nirengi Association were shaped based on the knowledge, and experience of the founders of the society; Psycho-social Support, Humanitarian Aid-Disaster and Emergency Management and Development, Direct Support for Vulnerable Groups, Advocacy and Networking, Policy Development, Social Dialogue and Development, Capacity Improvement and Research.

Most participants of the Organization's personal development, awareness, social responsibility, information-sharing and personal development workshops, later expressed a wide range of improvements such as improved skills of comprehending and solving problems, better parenthood, better relations with the family and relatives, being more self-confident and effective in work relations, internal peace and wellbeing and added that these workshops made their lives more fruitful and satisfactory.

Target group of the association is every part and every age group of the society. In particular, individuals and groups at risk (highly vulnerable) and institutions and organizations working with individuals and groups at risk also constitute the target group of the association.

The main areas of work of the Association are Advocacy and Networking, Quality and Accountability Standards (Sphere, INEE, CPMS, EU Guidelines for NGOs, etc.), Groups at Risk (women, children, individuals with special needs, minority groups, etc.) Support for Child Protection and Children's Rights, Humanitarian Aid-Disaster and Emergency Management and Development, Psycho-Social Support, Policy Making for Problem Areas, Social Dialogue and Development, Capacity Building and Research.

Nirengi Association prepares projects based on the needs analysis it collects. Within the framework of participatory approach, it develops projects with the support of groups that will benefit from the project and sharing ideas. Projects are submitted to funding organizations after they are written.



NOTE 1 – ASSEMBLY'S ORGANIZATION AND FIELD OF ACTIVITY (cont'd)

The Contact Information of Association is as follows:

Address: Nispetiye Neighborhood, Gazi Güçnar Street, Uygur İş Merkezi, Nu:4/A, Flat:1, Besiktas, ISTANBUL

Tel: +90 212 337 27 31 **Fax:** +90 212 337 27 60

Website: www.nirengidernegi.org

NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF FINANCIAL STATEMENTS

Preparation of Financial Statements in Hyperinflation Period

The Assembly prepares and keeps its book and statutory financial statements in accordance with the accounting principles set forth by the Turkish Commercial Code and tax legislation.

Comparative Accounting and Adjustments to Prior Period Financial Statements

Financial statements of the Assembly are prepared in comparison with the previous period in order to make or be able to conduct financial and performance trend analyzes. When the presentation and classification of components are changed to ensure comparability, prior period financial statements are reclassified accordingly. However, the accompanying financial statements have not been presented comparatively since the Association kept books on the Operating Account Principle in the previous periods.

While the association used to keep books on the basis of Operating Account in the previous periods, it has started to keep books on the basis of balance sheet as of 2020. For this reason, the accompanying financial statements is not presented in comparison with previous periods.

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, when they are paid as netted or when their collection is possible, or acquisition of the asset and fulfilling the liability takes places simultaneously.



NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

The Summary of Important Accounting Policies

Revenue Recognition

Revenue means the gross amount, which provides an economic benefit that is generated from assembly's main operations on condition that it increases shareholder's equity.

Revenues are generated from the ordinary activities of the assembly and might be called sales, interest, royalty and rent income depending on the status of the assembly.

Revenues are measured by collected or collectable fair value. Discounts and quantity discounts applied by the Assembly are considered as a discount item in determining revenues.

Tangible Assets

The tangible assets are settled according to the straight- line basis using the estimated useful lives of the assets starting from the date of entry to the balance sheet or installation dates.

In order to determine the possible effects of changes in estimates prospectively, expected useful life, residual value, and or the on method are reviewed annually.

Profits or losses originated from dispose of tangible fixed assets or their retirements are included in income statement as the determined difference between sales revenue and asset's book value.

Impairment of Assets

If the book value of the asset is higher than the collectable value by using or selling it, then it should be defined whether the asset is recorded at a value which is higher than the collectable value. This means there has been occurred a decrease in value of the asset and this value decrease must be included in financial statements.



NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Financial Instruments

-Financial Assets

Financial instruments are classified as assets for investment purposes, held for trade financial assets, held to maturity financial assets and on the for sale financial assets. Financial assets that are purchased to obtain profit from short-term deviations in prices are classified as held for trade financial assets and included in current assets. Financial assets in which the management is willing and able to keep until a fixed maturity with constant and certain payments are classified as held to maturity assets.

Financial assets that can be sold in order to cover the need for liquidity or because of the changes in interest rates and that are retained without any period consideration are classified as available for sale financial assets. Available for sale financial assets are included in non-current assets unless the management is willing to hold the financial assets less than 12 months after the balance sheet date or such assets shall not be required to be sold for an increase in the operating capital, in which case they are included in the current assets.

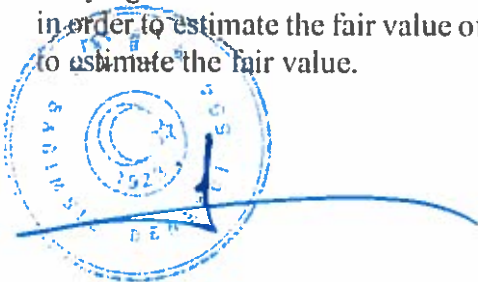
All financial assets are presented at fair cost including the investment-related purchasing expense. After the related financial asset is included in the financial statements, available for sale financial assets are presented with their estimated fair values as long as their estimated fair values can be calculated reliably.

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable willing parties in an arm's length transaction. Market value is the amount obtainable from the sale or payable on the acquisition, of a financial instrument in an active market, if one exists.

The estimated fair values of financial instruments have been determined by the Assembly using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to develop the estimated fair value. Accordingly, the estimates presented herein may not necessarily be indicative of the amounts the Assembly could realize in a current market exchange.

Bank deposits, receivables, contingent liabilities like letters of guarantee, letters of credit and other derivative instruments such as forward purchases and sales are key financial instruments which would have negative impacts on the financial structure of the Assembly if the other party failed to comply with the terms and conditions of the agreement.

The fair values of certain financial assets carried at cost are considered to be representative of carrying values due to the short-term nature. The following methods and assumptions were used in order to estimate the fair value of each class of financial instruments for which it is practicable to estimate the fair value.



NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Cash and Cash Equivalents

Cash and quasi cash items include cash money, short-term bank deposits, and investments that have maturity period of 3 months or less; which can be liquidated easily, and do not bear the risk of significant value change.

Effects of Change in Foreign Exchange

Transactions recorded in foreign currencies are converted to Turkish Lira at foreign exchange rate of transaction date. Monetary assets and liabilities in foreign currency in balance sheet are converted to Turkish Lira at foreign exchange rate of balance sheet date. Non-monetary items that are recorded with their fair values are converted to Turkish Lira at foreign exchange rate of the date at which fair value is determined. Non-monetary items that are recorded with their historical costs are not converted to Turkish Lira. Foreign exchange gains/losses originated from conversion of monetary items and collection and payment of foreign currency transactions are presented in income statement. Components that should be taken in consideration in this context:

- Exchange differences which are considered as adjustments to assets' costs and included in costs of such assets,
- Exchange differences originated from transactions that are carried out against foreign currency risks,
- Exchange differences originated from monetary debts or receivables based on foreign transactions which form a part of investment in foreign transactions, are recorded in foreign currency conversion adjustments and related with profit or loss from sales of net investment, and have not the intention or possibility to be paid.

Assembly's assets and liabilities in foreign transactions are converted to Turkish Lira at foreign exchange rate financial statements. Revenues and expenses are converted to Turkish Lira at average foreign exchange rate unless there are no big fluctuations throughout the period. Exchange difference is categorized as equity and transferred to Assembly's conversion fund. These conversion differences are recorded in profit or loss in the period in which foreign transaction is sold. Goodwill and fair value adjustments originated from purchase of foreign transaction are considered as asset and liability of foreign transaction and converted at exchange rate that is effective at the end of the period.

Events after the Reporting Period

Subsequent events cover all of the events that occur between the balance sheet date and the publication date of financial statements, even if the events for subsequent to public announcements that are related with the profit or other pre-selected financial information are made.

The Assembly adjusts its financial statements if the above explained subsequent events require any adjustments



NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Provisions, Conditional Liabilities and Conditional Assets

The provision takes place in the financial statements in the events that there is a present legal or implied liability resulting from the past events; that it is possible for the resources including economic benefit for fulfilment of the liability to come out of the enterprise and that amount of the liability can be estimated in a reliable manner and in the events that its effect is important, it is discounted in order to degrade to its current value.

Events that are based on past events and out of the Assembly's control and liabilities that can be confirmed are considered as conditional liabilities for the not included in financial statements; because there is a little possibility that economically beneficial resources go out of the Assembly or the amount of liability cannot be measured reliably enough which are necessary to fulfil the liability.

Assembly shows its conditional liabilities under the notes except there is a little possibility of using economically beneficial resources.

Changes in Accounting Policies, Estimates, and Errors

If there is a change in accounting policies and if a significant accounting error is identified, the financial statements for the previous periods are adjusted accordingly. If the change in the accounting estimate is related with only one period, they are applied only for the period in which the change occurred. On the other hand, if the changes in the accounting estimates are related with the forthcoming periods, they are applied both within the period in which the changes and for the subsequent periods.

Taxes Calculated over Profit

Taxes in the financial statements for the year comprise of current tax and the change in deferred taxes.

Current Tax

Current year's tax liability is calculated over the part of profit for the period which is subject to taxation. Because the profit that is subject to taxation excludes the taxable or reducible income items or expenses and non-taxable or irreducible items, it differs from the profit displayed in P&L.



NOTE 2 – PRINCIPLES RELATED TO PRESENTATION OF FINANCIAL STATEMENTS (cont'd)

Employee Benefits / Severance Pays

Under the effective laws, the Assembly is liable to make lump sum payments to employees retiring, involuntarily leaving the Assembly or whose employment is terminated due to conducts set forth in the Labour Law. As detailed under the note 24, International Accounting Standards No:19 “Benefits Provided to Employees” is applied to attached financial statements.

The total provision has been calculated and reflected in financial statements over the net current value of the liability amounts that will arise in the future due to retirement of employees.

NOT 3) CASH AND CASH EQUIVALENTS

	12.31, 2020
Banks	246.806
TOTAL	246.806

The breakdown of demand deposits in banks is presented below:

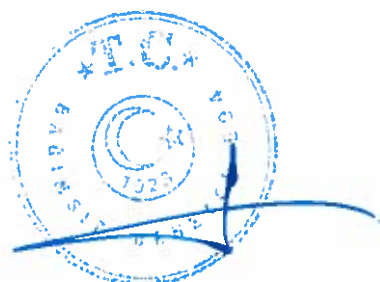
	12.31, 2020
Turkish lira	188.677
Euro	58.129
	246.806

NOTE 4) TRADE RECEIVABLES & PAYABLES

	12.31, 2020
Trade Payables	
Sellers	39.125
TOTAL	39.125

NOTE 5) OTHER RECEIVABLES AND PAYABLES

None.



NOTE 6) INVENTORIES

	12.31, 2020
Advances Given for Purchases	3.950
TOTAL	3.950

NOTE 7) OTHER CURRENT / FIXED ASSETS

None.

NOTE 8) TANGIBLE FIXED ASSETS

	12.31, 2020
Fixtures	10.318
TOTAL	10.318

NOTE 9) TAXES PAYABLE AND OTHER FISCAL LIABILITIES

	12.31, 2020
Short Term	
Taxes and Funds Payable	12.995
Social Security Withholdings Payable	2.300
TOTAL	15.295

NOTE 10) SHAREHOLDER'S EQUITY

	12.31, 2020
Shareholder's Equity	
Previous Year's Profits	448.464
TOTAL	448.464

	12.31, 2020
Net Profit / Loss for the Period	(241.810)



NOTE 11) INCOME, FUNDS AND ONATIONS

	12.31, 2020
Revenue	
Membership Fees	2.070
Donations	327.841
TOTAL	329.911

NOTE 13) OPERATING EXPENSES

Operating Expenses	12.31, 2020
General Administrative Expenses (-)	(603.211)
TOTAL	(603.211)

The distribution of General Administrative Expenses is as follows:

Genel Yönetim Giderleri	31.12.2020
Association Expenses (-)	(19.247)
Institutional Development Project Expenses (-)	(119.284)
Elâzığ Project Expenses (-)	(6.251)
Matra Project Expenses (-)	(324.377)
Sabancı II Project Expenses (-)	(128.553)
Civil Thought Project Expenses (-)	(5.500)
TOPLAM	(603.211)

NOTE 14) OTHER PROFIT / INCOME

	12.31, 2020
Other Profit / Income	
Exchange Profits	25.515
Incentives	5.975
TOPLAM	31.490

NOTE 15) OTHER LOSS / EXPENSE

None.

