

TI-TURKEY

**01.01.2010 - 31.12.2010 TERM
SUPERVISION REPORT OF
OPERATING ACCOUNT TABLE**

NAMIK KEMAL KOÇ

SWORN-IN CERTIFIED PUBLIC ACCOUNTANT

İSTANBUL - 30.06.2011

SUPERVISOR'S

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ASSOCIATION'S

Name/Title : ŞEFFAFLIK DERNEĞİ
Objective : democratic, social and economic development of the country; and to
make dominant the principles of transparency, honesty and
accountability over every region of the country
Adress : 19 Mayıs Mahallesi Operatör Raif Bey Sokak Niyazi Bey Apt
No:30/5 ŞİŞLİ - İSTANBUL
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TO THE BOARD OF DIRECTORS OF TI-TURKEY ASSOCIATION

SUPERVISION'S

TOPIC : 31.12.2010 Dated, Supervision of Statement Table

TERM : 01.01.2010 - 31.12.2010

In consequence of that supervision, whose topic and term stated above; of the Association's accounts, documents, association books consist of those document records, and bank statements (*Banka Ekstresi*); we come up with a conclusion below.

1. INTRODUCTION

The investigation involves the term of 01.01.2010 - 31.12.2010. It's been investigated by us whether 31.12.2010 dated statement table is in accordance with the legal association books; then whether documents recorded in association books are in accordance with "Tax Procedural Law" (*Vergi Usul Kanunu*) or not; and whether the Association activities within 01.01.2010 - 31.12.2010 term is in accordance with 04.11.2004 dated, 5253 numbered "Law on Associations" (*Dernekler Kanunu*); and with 31.03.2005 dated, 25772 numbered, published in Official Gazette "Associations Regulations" (*Dernekler Yönetmeliği*); and with the regulations "2007/2 Numbered Notification About the Information, required to be present in the Minute Book, Document Record Book, Plent Ledger and Operating Account Book and About the Form of Books" which published in Official Gazette on the date of 02.08.2007, number 26601; or not.

2. PROCEDURAL INVESTIGATIONS

2.1. Book-keeping Procedure of Association

Association keeps income and expense accounts in accordance with "Associations Regulations" (*Dernekler Yönetmeliği*) and in view of Operation Account Principle (*İşletme Hesabı Esası*); and records income-expense documents on Operating Ledger (*İşletme Defteri*)

2.2. Books kept by Association

name of book	approval position	approval date and number
Minute Book	Governorship	29.08.2008 - 1410

Plent Ledger	of İstanbul	04.09.2008 - 1410
Member Registry	Provincial	04.09.2008 - 1410
Certificate of Receipt Registry	Directorate	04.09.2008 - 1410
Operating Ledger	of	04.09.2008 - 1410
Document Record Book	Associations	04.09.2008 - 1410

It's been fixed that the Association, legally on time, had "Governorship of İstanbul Provincial Directorate of Associations" (*İstanbul Valiliği İl Dernekler Müdürlüğü*) approved books which have to be kept and approved indispensably, according to "Associations Regulation" (*Dernekler Yönetmeliği*).

According to the associations statute (dernekler mevzuatı), it's regulated that approved books shall be used till end of the pages and shall be approved whenever completion of the pages; due to the keeping business-type book.

Association's listed above books are not completed yet, and used at present.

2.3. Printed Documents, used by the Association

2.3.1. Association Income Certificate of Receipt :

It's been fixed that 1st Volume was printed and recorded in Certificate of Receipt Book in previous terms. By way of the 03.10.2010 dated, 16 numbered decision of Board of Directors, it has been assigned to print plus 10 piece of 000051-0000550 numbered Association Income Certificate of Receipt. It's been also fixed that 000001-000050 numbered 1st Volume, printed in previous term was used and finished completely; and later on printed and start with 000051 numbers, 2nd Volume was last used on the date of 27.04.2011 and the page of 000076 while the examination. Other certificates of receipt are checked, as result they are blank and being kept. The 2nd volume of the documents are continued to be used.

2.3.2. Expense Voucher/Note

It's been fixed that Note of Expenses was one-volume and used thereby the approval of Beyoğlu 37th Notary with the date of 18.09.2009 and the number of 24307. Documents; 1 - 49 numbered. The last used document, 25.04.2011 dated; was 44 numbered while the date of

supervision.

2.4. Declarations and Proclamations, necessary to arrange and get by Association

2.4.1. Obligations to the Tax Office

It's fixed that the Association had realized (*tahakkuk ettirmek*) the "withholding tax return" (*Muhtasar Beyannamesi*) whose term is 2010/January-February-March, on the date of 22.04.2010 concerning Investigation term for employees; and had paid 1.879,49 TL original tax, 11,59 TL late fee on the date of 04.05.2010 with the 000267 numbered Tax Receipt (*Vergi Alındı Makbuzu*) from Mecidiyeköy Tax Office.

It's fixed that the Association had realized the withholding tax return whose term is 2010/April-May-June, on the date of 19.07.2010; and had paid 3.323,45 TL on the date of 30.07.2010 with the Garanti Bank's(Online Banking) OÇ-44460 numbered Tax Receipt.

It's fixed that the Association had realized the withholding tax return whose term is 2010/July-August-September, on the date of 20.10.2010; and had paid 4.534,87 TL original tax, 28,45 TL late fee on the date of 08.11.2011 with the 000115 numbered Tax Receipt from Mecidiyeköy Tax Office; and had realized the first correction withholding tax return whose term is 2010/July-August-September, on the date of 25.10.2010; and had paid 73,40 TL original tax, 2,00 TL late fee on the date of 08.11.2011 with the 000116 numbered Tax Receipt from Mecidiyeköy Tax Office; and realized the second correction withholding tax return whose term is 2010/July-August-September, in Mecidiyeköy Tax Office on 17.01.2011.

It's also fixed that the Association had realized the withholding tax return whose term is 2010/October-November-December, on the date of 17.01.2011; and had paid 6.109,39 TL original tax, 18,49 TL late fee on the date of 01.02.2011 with the 000169 numbered Tax Receipt from Mecidiyeköy Tax Office.

2.4.2. Obligations to the Social Security Institution

It's fixed that the Association had realized, legally on time, the Social Security Institution Monthly Premium and Service Document Premium Declaration (*Sosyal Güvenlik Kurumu Aylık Prim ve Hizmet Belgesi Primi Bildirgeleri*) whose term is 2010/March-April-May-June-July-August-September-October-November and December, concerning Investigation term for employees.

March 2010 premium had been paid to Beşiktaş Social Security Center on the date of

10.05.2010.

SGK (Social Security Institution'SSI') insurance premiums whose term is 2010/04-12 are paid by the Association's Garanti Bank Deposit Account through online banking. The table about the declaration and payments to SSI is down there.,

DECLARATION	REALIZATION		DATE of	BANK and BRANCH
PERIOD	DATE	AMOUNT	PAYMENT	PAYMENT MADE to
March 10	22.04.2010	813,89	10.05.2010	Beşiktaş Social Security Office
April 10	18.05.2010	1.621,62	31.05.2010	Garanti Bank Ortaklar Cd.
May 10	22.06.2010	2.336,19	30.06.2010	Garanti Bank Ortaklar Cd.
June 10	07.07.2010	2.544,57	30.07.2010	Garanti Bank Ortaklar Cd.
July 10	06.08.2010	2.545,09	31.08.2010	Garanti Bank Ortaklar Cd.
August 10	02.09.2010	2.605,57	30.09.2010	Garanti Bank Ortaklar Cd.
September 10	05.10.2010	2.543,83	28.10.2010	Garanti Bank Ortaklar Cd.
October 10	12.11.2010	2.612,19	29.11.2010	Garanti Bank Ortaklar Cd.
November 10	03.12.2010	2.619,12	29.12.2010	Garanti Bank Ortaklar Cd.
December 10	10.01.2011	3.039,08	31.01.2011	Garanti Bank Ortaklar Cd.

2.5. Bank Accounts, used by the Association

It's fixed that the Association deposits Board of Directors' income obtained from members to the bank accounts which are opened by the name of the Association according to

The Association has accounts before Garanti Bank Ortaklar Caddesi Branch;

-6296557 Numbered, Drawing TL Account from 2010 to the extent of CIMAP Project,

-6297033 Numbered, Drawing TL Account from the beginning of the Association,

-9084668 Numbered, Drawing Euro Account in 2010 to the extent of ALAC Project,

-9084669 Numbered, Drawing Euro Account from 2010 to the extent of CIMAP Project,

-9086615 Numbered, Drawing Euro Account for the sake of 10.000 EURO aid from TRANSPARENCY INTERNATIONAL,

-6296537 Numbered, ALAC Drawing TL Account in 2010.

31.12.2010-dated balance of 6296557 Numbered, Drawing TL Account is 347,51 TL; balance as the last account activity on the date of 30.05.2011 while the investigation date, is 366,13 TL.

31.12.2010-dated balance of 6297033 Numbered, Drawing TL Account is 6.696,60 TL; balance as the last account activity on the date of 14.06.2011 while the investigation date, is 477,40 TL.

31.12.2010-dated balance of 9084668 Numbered, Drawing Euro Account is 18.601,36 €; balance as the last account activity on the date of 17.06.2011 while the investigation date, is 138,27 €.

31.12.2010-dated balance of 9084669 Numbered, Drawing Euro Account is 2,63 €; balance as the last account activity on the date of 30.05.2011 while the investigation date, is 6.116,63 €.

31.12.2010-dated balance of 9086615 Numbered, Drawing Euro Account is 730,66 €; balance as the last account activity on the date of 20.06.2011 while the investigation date, is 48.280,61 €.

31.12.2010-dated balance of 6296537 Numbered, Drawing TL Account is 269,26 TL; balance as the last account activity on the date of 17.06.2011 while the investigation date, is 238,15 TL.

2.6. Expense Documents, used by the Association

It's regulated by the "Associations Regulations" and "2007/02 Numbered Notification" that Expense Documents, used by the Associations shall fit the documents, regulated in the Tax Procedural Law. Due these regulations, the Association, about its expenses, can use Bill (*Fatura*), Retail Sales Slip (*Perakende Satış Fişi*), Self-Employment Receipt (*Serbest Meslek Makbuzu*), Note of Expenses (*Gider Pusulası*), Expense Voucher (*Gider Makbuzu*) and monthly wage Payrolls drawn for employees as expense documents. In consequence of the investigation, it's fixed that for the expenses recorded in operating ledger by the Association; compliant-to-statute documents are obtained and redemised the records.

2.7. Number of Members of the Association

It's been fixed that the Association has registered 29 members in total and 4 of them are

corporate members and one of the corporates has dropped out on the date of 17.01.2011 as of investigation date.

It's been fixed that 17.01.2011-dated, 18 numbered Board of Directors' Decision was made about the dropping out and decision are recorded in 18th page of the book stated at the beginning of our report and there are signatures of members of board.

It's been fixed that 2 new member have been registered and 25.04.2011-dated, 19 numbered Board of Directors' Decision was made about the new memberships and decision are recorded in 19th page of the book stated at the beginning of our report and there are signatures of members of board.

At this stage, the presence of registered and active 28 members of the Association has been fixed by the investigation of Member Registry.

3. ACCOUNT EXAMINATION

3.1. Term Income (01.01.2010 - 31.12.2010)

Incomes fixed from bank statement, operating ledger and association declaration are below.

Membership Fees	: 26.800,00 TL
Foreign Exchange Gain from Bank	: 96,92 TL
Donations and Aid	: 183.539,33 TL
Assets	: 1.000,00 TL
Other Incomes	: 528,87 TL
Debts	: 10.068,13 TL
Total Amount of Income	: 222.032,25 TL

It's asserted the assets transferred from 2009, is totally **7.440,45 TL** sum of **214,00 TL** from **Case** and **7.226,45 TL** from **Bank Drawing Account in accordance with 2009 Term ASSOCIATION DECLARATION.**

At this stage, **total income** becomes **229.473,70 TL** as of the investigation term of 01.01.2010 – 31.12.2010.

Information concerning revenue items are in detail down there.

3.1.1. Assets, Transferred From the Previous Term

Below is the transfers from 2009 term. Amounts are both in 2009 and 2010 term associations declaration(*dernekler beyannamesi*).

31.12.2009 term, **Case** transfer : **214,00 TL**

31.12.2009 term, **Bank** transfer : **7.226,45 TL**

2009 total transfer : **4.440,45 TL**

3.1.2. Term Membership Fees

26.800,00 TL amounted membership fee and donation income is generated in term of investigation. That amount is recorded in operating ledger as income and declared in 2010 term association declaration as income.

3.1.3. Term Foreign Exchange Gain from Bank

Exchange difference in foreign currency banking transaction is 96,92 TL in term of investigation. Exchange difference is recorded in operating ledger as income and declared in 2010 term association declaration as income.

3.1.3. Donations and Aid

In term of investigation, the Association has received 14,188,20 EURO amounted financial aid from abroad-established TRANSPARENCY Association to the extent of CIMAP Project on the date of 02.03.2010 and 77.078,88 EURO amounted financial aid from EUROPEAN COMISSION to the extent of ALAC Project on the date of 30.04.2010 and 1.500,00 EURO amounted financial aid from abroad-established TRANSPARENCY Association on the date of 08.10.2010.

So-called aid, received from abroad is asserted to Directorate of Associations(*Dernekler Müdürlüğü*).

Central Bank's Buying Rate of Exchange(*Merkez Bankası Döviz Alış Kuru*) is 2,0707 TL on the date of 02.03.2010, so TL equivalent of the aid is 29.379,50 TL. Central Bank's Buying Rate of Exchange is 1,9616 TL on the date of 30.04.2010, so TL equivalent of the aid is 151.197,93 TL. Central Bank's Buying Rate of Exchange is 1,9746 TL on the date of 08.10.2010, so equivalent of the aid is 2.961,90 TL.

According to the Associations Statute; so-called aid, received from abroad is audited followed in the Garanti Bank Ortaklar Caddesi Branch, 357-9086615 numbered Account and 31.12.2010 period-end balance(*dönem sonu bakiyesi*) is 730,66 €. . Central Bank's Buying Rate of Exchange is 2,0491 TL on the date of 31.12.2010, so total TL equivalent of the amount is 1.497,20 TL.

In 2010 term, details of donations and details of aids/monies, received from abroad to the extent of several projects and recorded in operating ledger as income; are such in following table with dates. This amount is asserted as aid, received from abroad with 2010 Associations Declaration.

02.03.2010	CIMOP PROJECT INCOME – TRANSPARENCY	29.379,50
30.04.2010	ALAC PROJECT INCOME – EUROPEAN COMISSION	151.197,93
08.10.2010	1500 EURO REMITTANCE – TRANSPARENCY	2.961,90
	GENERAL TOTAL	183.539,33

3.2. Term Expenses (01.01.2010 – 31.12.2010)

According to 29.04.2011 dated ASSOCIATIONS DECLARATION, operating ledger and bank statement, the Association has asserted **173.842,78 TL** term expense, sum of **18.244,75 TL General Expenses, 1.584,60 TL Debt transferred from prior year** and **154.013,43 TL Objective and Service Expenses; 55.630,92 TL transfer to 2010**, sum of **481,65 TL Case** and **46.840,14 TL Bank** and **8.309,13 TL Asset Transfer**.

At this stage, the Association has made **229.473,70 TL** Expense statement according to 2010 period operating ledger, bank statement and Association Declaration(including transfer assets to 2010).

3.3. Year-End Assets

Operating account table, according to association operating ledger, bank statements and association declaration is such in following table.

Bank deposits transferred to 2011 are totally 46.840,14 TL sum of 7.313,37 TL amounted TL account and 39.526,77 TL (19.334,65 €) amounted Euro account.

(ADDITION – 16)			
OPERATING ACCOUNT TABLE			
TI-TURKEY OPERATING ACCOUNT TABLE			
01/01/2010 – 31/12/2010 TERM			
EXPENSES	(TL)	INCOMES	(TL)
Debt, transfer from prior period	1.584,60	Income, transfer from prior period	8.440,45
		a)Case	214,00
		b)Bank	7.226,45
Advance Payment	8.309,13	c)Assets	1.000,00
General Expenses	18.244,75	Membership Subscription Fees	26.800,00
Personnel Expenses		Financial Incomes	
Objective and Service Expenses	154.013,43	Commercial Enterprise Incomes	
Other Expenses		Donations and Aid	183.539,33
Case	481,65	Government Subvention	
Bank	46.840,14	Other Incomes	528,87
Stocks and Shares		Advance Inflow	10.068,13
Assets	8.309,13	Exchange Difference Income	96,92
General Total	229.473,70	General Total	229.473,70

It's fixed that total period income including 2009 transfers is 229.473,70 TL and total period expense is 182.151,91 TL. So, total amount transferred to 01.01.2011 is 47.321.79 TL. 46.840,14 TL of this amount is in the Garanti Bank Ortaklar Caddesi Branch Drawing TL (357-6297033; 357-6296557; 357-6296537) and Drawing Euro (357-9084668; 357-9086615 357-9084669) accounts. Therefore; 481,65 TL must be in the Association Case. It's determined by investigating bank assets and bank account statements. Census operation is not taken in the Association Account on the date of 31.12.2010 because of the fact that supervision is made in June 2011 by our Accountancy.

4. STATE OF ASSOCIATION'S ACTIVITIES WITHIN the ASSOCIATION STATUTE AND ASSOCIATION CHARTER (*dernek tüzüğü*)

It's been investigated by *whether* the Association activities within 01.01.2010 - 31.12.2010 term is in accordance with 04.11.2004 dated, 5253 numbered "Association

Law"(*Dernekler Kanunu*); and with 31.03.2005 dated, 25772 numbered, published in Official Gazette "Associations Regulations"(*Dernekler Yönetmeliği*); and with the regulations "2007/2 Numbered Notification About the Information, required to be present in the Minute Book, Document Record Book, Plent Ledger and Operating Account Book and About the Form of Books" which published in Official Gazette on the date of 02.08.2007, number 26601; and with the regulations, which are determined by 01.0.2008-established and 34-302711 registry numbered TI-TURKEY ASSOCIATION's Charter *or not*.

Thereby;

4.1. It's fixed that the Board has recorded so-called arbitrariness in the matter of initiation and resignation in Minute Book and Member Registry.

4.2. It's fixed that the Association had received aid from abroad according to bank statements and operating ledger records and notified Directorate of Associations about this aid according to associations statute.

4.3. It's fixed that Supervised Association Books are in accordance with the regulations, determined in Associations Statute and approved on time; approved books' pages are not run out of and used continuously; decisions of Board are written in Minute Book with respect to date and number sequence; members' id information and membership entrance date are recorded in Member Registry; coming-going documents are recorded in Document Record Book and document samples are classified.

4.4. It's fixed that investigated spendings of the Association are in accordance with objectives, determined in the association charter and there is no spending out of purpose.

4.5. It's fixed that in (2.2.)-titled part of our report; books, kept by the Association are at present and protected while report date; and records in the books are obvious-clear.

4.6. ADDITION-21 Associations Declaration, regulated in Associations Regulation and situated in the addition of this Regulation; is electronically drafted on the date of 29.04.2011 and asserted legally on time; and a copy of so-called declaration is given to local authority with the date of 02.05.2011 and the number of 5.

4.7. In the term of investigation, it's **not** fixed that the Association made charity collection activity and gained income from activity and placed on records

5. CONCLUSION

In consequence of supervision of Operating Account Table of 01.01.2010 – 31.12.2010 period; on the Association's books and documents; we come up with a conclusion below;

a) Association books are in accordance with "Associations Law" (*Dernekler Kanunu*), and with "Associations Regulations" (*Dernekler Yönetmeliği*); and approval of books are done legally on time in accord with Association Law and Associations Regulations; and records in the book are made in accord with the regulations, determined in "2007/2 Numbered Notification About the Information, required to be present in the Minute Book, Document Record Book, Plent Ledger and Operating Account Book and About the Form of Books" and "Tax Procedural Law" (*Vergi Usul Kanunu*),

b) Documents, recorded in association books; are in accord with the regulations determined in "Associations Regulations" and "2007/2 Numbered Notification" and "Tax Procedural Law",

c) In accord with Associations Regulations, accounts of the Association are kept in compliance with Operating Account Basis and that has regulatory compliance,

d) According to operating ledger, bank statements and associations declaration; total income of the Association in 01.01.2010-31.12.2010 period is 229.473,70 TL including transferred assets from 2009 term; and total expenditures in same period is 182.151,91 TL; and transferred

amount on the date of 01.01.2011 is (sum total of 481,65 TL Case; 46.840,14 TL Bank Drawing-TL/Euro) 47.321,79 TL.

e) As a result of examination over minute book, coming-going documents book, member registry; Decisions of Board of the Association and meetings-correspondences-communications, within the members or relevant institutions and organizations; are concordantly consistent with the area of activity, indicated in the Association Charter about the goal and to achieve the goal,

Those are conviction or comment and conclusion, reached by ourselves.

NAMIK KEMAL KOÇ

Sworn-in Certified Public Accountant