

(Convenience translation of the report of applying agreed upon procedures originally issued in Turkish)

## **Report of independent auditors on Applying agreed-upon procedures**

### **To the Management of Argüden Governance Academy,**

We have performed the procedures based on the agreement date on February 12, 2019 and enumerated below with the respect to the operations of Argüden Governance Academy ("the Academy") in 2018, set forth in the accompanying Schedules. Our engagement was undertaken in accordance with the Turkish Standards on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey applicable to the agreed-upon procedures engagements.

The procedures were performed solely to assist you in evaluating the validity of the data and the "Resources" table disclosed and published in the Annual Impact Report 2018 of the Academy and are summarized as below;

1. To understanding the business and operations conducted during the study, detailed discussions with the process owners were conducted. The Impact Report for the financial information /data verified on selected samples and supporting written information/documentation were examined.
2. We have requested the confirmations of bank accounts with the Academy's records as of December 31, 2018. In accordance with "Conditional Donation Agreement" signed between the Academy and Boğaziçi University Foundation (BÜVAK) in December 1, 2014, BÜVAK has authorized to collect donations under the "Argüden Governance Academy Conditional Donation Fund". All monetary transactions such as received donations and expenses incurred are carried out through banks. Donations and expenses match with provided bank statements. Since all of the accounting related and financial transaction are conducted by the staff of Boğaziçi University Foundation (BÜVAK) and all the donations to the Academy are transferred to BÜVAK's bank account; the audit of balances were performed through reports presented by BÜVAK and it is observed to be in accordance with the tables. No procedures has been applied by us on BÜVAK records. BÜVAK has been audited by Directorate General of Foundations and another independent auditor.
3. The numbers listed in the "Resources" table of the Impact Report 2018 consists of two groups; "Expenditures" incurred in real terms and "Voluntary Contributions" calculated based on relevant data. "Expenditures" incurred for the group have been tested and confirmed by randomly selected 32 invoices amounting to TRY 361.811. Calculations of the "Voluntary Contributions" group is based on "the estimated monetary value of the activity" have been determined/verified by written quotes obtained for similar activities or declared by volunteers and registered by the Academy staff and monetary value of the volunteer time is calculated according to the standards set by Board of Director Decision dated December 15, 2018 the Academy's Board. Regarding Voluntarily Contribution Hours, 5 projects were selected by sampling from the Voluntary Hours of "General, Public, Private Sector and Civil Society" among the classifications made on sector basis by the Academy and monetary value of the volunteer time has been verified by the Decision of the Board of Directors.

Because the above procedures do not constitute either an audit or review made in accordance with Turkish Standards on Auditing or Turkish Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the "Resources" table as of December 31, 2018.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Turkish Standards on Auditing or Turkish Standards on Review Engagements, other matters might have come to our attention that would be reported to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose. This report relates only to the accounts and items specified above and does not extend to any financial statements of the Academy, taken as a whole.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



Ethem Kutucular  
Engagement Partner

April 2, 2019  
İstanbul, Türkiye

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**Findings related to the agreed-upon procedures performed**

Based on the agreed-upon procedures agreement dated on February 12, 2019 we have performed the procedures for cash inflow and outflows occurred throughout 2018.

Cash based revenue and expenditure for the year 2018, which are the bases of our work, are summarized as follows:

All monetary transactions related to donations are carried out through banks. Donations and expenses are matched with provided bank statements. Since all of the accounting related and financial transaction are conducted by the staff of Boğaziçi University Foundation (BÜVAK) and all the donations to the Academy are transferred to Boğaziçi University Foundation (BÜVAK)'s bank account; the audit of balances were performed through reports presented by BÜVAK and it is observed to be in accordance with the tables. No procedures has been applied by us on BÜVAK records.

**Donations Received:**

The Academy's BÜVAK Fund revenues for the year ended December 31, 2018 consist of 1 donations amounting to TRY 40.000 provided from 1 institution, exchange differences income amounting to TRY 288.681. Also, the Academy has TRY 1.125.661 outstanding balance from previous period and recognized from the instutiation of Economic Enterprise is TRY 29.148.

**Expenditures:**

The Academy's total expenditures in BÜVAK Fund and Economic Enterprise for the year ended December 31, 2018 amounting to TRY 1.409.982 and the details of these expenses are as below:

	Expenditures	Leverage	Voluntary Contribution	Voluntary Contribution
	TRY	TRY	TRY	Hour
Education	413.472	223.362	3.920	14
Research	397.139	0	91.560	327
Communication	371.597	476.784	52.360	187
Management	227.773	107.505	5.040	18
<b>Total</b>	<b>1.409.982</b>	<b>807.651</b>	<b>152.880</b>	<b>546</b>

The definitions of the term used in above table are as follows;

Expenditure TRY: The actual expenditure amount of the Academy.

Leverage TRY: Cash or in-kind contributions provided by the stakeholders of the Academy.

Voluntary Contribution TRY: The contributions of the volunteers (in terms of service or service hours dedicated) which is based on "the estimated monetary value of the activity" that has been determined/verified by written quotes obtained for similar activities or declared by volunteers and registered by the Academy staff. The monetary value of the "volunteer time" is calculated according to the standards set by the Board of Directors' Decision of the Academy dated December 15, 2018.