

TURKISH RED CRESCENT SUPPORT TO TRANSITION TO LABOR MARKET PROJECT (P171471)
WORLD BANK GRANT AGREEMENT NO. TF0B7814
Special Purpose Project Financial Statements and Independent Auditor's Report
Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

TURKISH RED CRESCENT

**SUPPORT TO TRANSITION TO
LABOR MARKET PROJECT (P171471)**

**WORLD BANK GRANT AGREEMENT
NO. TF0B7814**

Special Purpose Project Financial Statements and Independent Auditor's Report
Prepared as of 15.02.2023
For the Project Close Period of 31 December 2022

Ankara ; 20.05.2024

Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.

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IDENTIFICATION

Project Name:	Support To Transition to Labor Market Project
Location:	Turkey
PD No:	P171471
Implementing Partner:	Turkish Red Crescent (TRC)
Auditor:	Rehber Bağımsız Denetim ve YMM A.Ş.
Audit Period:	10 May 2022 to 31 December 2022

TURKISH RED CRESCENT SUPPORT TO TRANSITION TO LABOR MARKET PROJECT (P171471)
WORLD BANK GRANT AGREEMENT NO. TF0B7814
Special Purpose Project Financial Statements and Independent Auditor's Report
Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

INDEPENDENT AUDITOR'S OPINION

To the Management of the Turkish Red Crescent:

We have audited the accompanying special purpose project financial statements of *Support To Transition To Labor Market Project* (the "Project") financed under the Grant Agreement No. TF0B7814 dated 05 May 2022, implemented by Turkish Red Crescent ("TRC" or Implementing Partner"), which comprise the Project's statement of financial position as at 31 December 2022, the summary of sources and uses of funds, summary of expenditure by activity, statement of expenditure ("SOE") and designated account statements for the year ended 31 December 2022 and a summary of significant accounting policies and other explanatory notes (collectively referred to as the "special purpose project financial statements").

Unqualified opinion

In our opinion,

- a) The accompanying special purpose financial statements of the Project for the year ended 31 December 2022 are prepared, in all material respects, in accordance with the World Bank's Guidelines.
- b) TRC, as of December 31, 2022 has complied with, in all material respects, the requirements of the Grant Agreement Numbered TF0B7814.
- c) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursement of expenditures incurred, and these expenditures are eligible for financing under the Grant Agreement Numbered TF0B7814.
- d) The internal control mechanism of the IP has complied with, in all material respects, the requirements of the Grant Agreement Numbered TF0B7814.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the " Auditor's Responsibilities for the Audit of the Special Purpose Project Financial Statements " section of this report. We are independent of the Turkish Red Crescent within the meaning of ethical requirements and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note "2" to the special purpose project financial statements, which describes the basis of accounting. The special purpose project financial statements are prepared to assist the Project's management to comply with the financial reporting provisions of the Agreement, which requires the special purpose project financial statements to comply with the World Bank Guidelines.

RENBER
Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Turan Güne Bulvarı Galip Erdem Caddesi No: 43
Yıldırım (06550) Çankaya / ANKARA
Sicil No: 27690 / Vergi No: 734 005 5266

As a result, the special purpose project financial statements may not be suitable for another purpose. This report is intended solely for use by the Project's management in reporting the information to TRC and International Bank for Reconstruction and Development. This report is not intended for the benefit of any other third parties and we accept no responsibility or liability to any party other than the Project's management in respect of the report. Should any third party take decisions based on the contents of the report, the responsibility for such decisions shall remain with those third parties.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Grant Agreement Numbered TF0B7814, 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. Those charged with governance are responsible for overseeing the Turkish Red Crescent's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose project 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 an audit conducted in accordance with ISAs 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 special purpose project financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 are required to 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.



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

AUDITED SPECIAL PURPOSE PROJECT FINANCIAL STATEMENTS (PFS)

ANNEX-I: STATEMENT OF SOURCES AND USES OF FUNDS FOR THE AUDIT PERIOD

ANNEX -II: DESIGNATED ACCOUNT STATEMENT

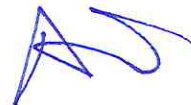
ANNEX -III: SUMMARY OF SUMMARY REPORTS AND SOEs

ANNEX IV: STATEMENT OF EXPENDITURE BY ACTIVITIES FOR THE AUDIT PERIOD

ANNEX -V: AUDITED BALANCE SHEET

ANNEX- A: BANK RECONCILIATION

EXPLANATORY NOTES FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS



TURKISH RED CRESCENT SUPPORT TO TRANSITION TO LABOR MARKET PROJECT (P171471)

WORLD BANK GRANT AGREEMENT NO. TF0B7814

Special Purpose Project Financial Statements and Independent Auditor's Report

Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

ANNEX-1: STATEMENT OF SOURCES AND USES OF FUNDS FOR THE AUDIT PERIOD

TURKISH RED CRESCENT SOCIETY

SUPPORT TO TRANSITION TO LABOR MARKET PROJECT

Grant No:TF0B7814

As of 31.12.2022 in EUR

SOURCES OF FUNDS	Notes	Project Budget	CUMULATIVE TO DATE			YEAR TO DATE		
			ACTUAL	PLANNED	VARIANCE BETWEEN PLANNED AND ACTUAL	ACTUAL	PLANNED	VARIANCE BETWEEN PLANNED AND ACTUAL
World Bank Funds Grant No TF0B7814		14.000.000	1.000.000	531.882	(468.118)	1.000.000	531.882	(468.118)
1- Direct Payment			0			0		
2- Special Account			1.000.000			1.000.000		
a) Advance	8		889.532			889.532		
b) SOE procedures	5		110.343			110.343		
c) Summary Sheets			0			0		
Reimbursement of the overexchanged EUR amount to DA			0			0		
Overpaid Amount			125			125		
Deductions by intermediary bank			(30)			(30)		
Total Sources of Funds		14.000.000	999.970	531.882	(468.088)	999.970	531.882	(468.088)

TURKISH RED CRESCENT SUPPORT TO TRANSITION TO LABOR MARKET PROJECT (P171471)

WORLD BANK GRANT AGREEMENT NO. TF0B7814

Special Purpose Project Financial Statements and Independent Auditor's Report

Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

USES OF FUNDS	PROJECT LIFE	CUMULATIVE TO DATE			YEAR TO DATE		
		ACTUAL	PLANNED	VARIANCE BETWEEN PLANNED AND ACTUAL	ACTUAL	PLANNED	VARIANCE BETWEEN PLANNED AND ACTUAL
	Grant Allocation						
Component 1: Support for intermediation, counseling services and employment support for people under temporary and international protection and Turkish Citizens	9.579.361,00	92.785,10	456.716,44	363.931,34	92.785,10	456.716,44	363.931,34
Recruitment of a Procurement Agent to carry out the Selection of Individuals to carry out TRC's project related activities	€ 62.500,00	€ -	€ -	€ -	€ -	€ -	€ -
Recruitment of field staff to carry out TRC's project related activities	€ 6.933.672,00	€ 62.540,31	€ 352.452,86	€ 289.912,55	€ 62.540,31	€ 352.452,86	€ 289.912,55
Recruitment of a Consulting Firm for the Design/Preparation of Training Modules for Soft Skills Trainings & Trainings required for Branch Capacity Building	€ 301.250,00	€ -	€ -	€ -	€ -	€ -	€ -
Organizational Services for Livelihood meetings and workshops with stakeholders	€ 135.000,00	€ -	€ -	€ -	€ -	€ -	€ -
Turkish Language Trainings' Materials and Services	€ 243.000,00	€ -	€ -	€ -	€ -	€ -	€ -
Recruitment of HQ staff to carry out TRC's project related activities	€ 1.591.439,00	€ 30.244,79	€ 104.263,58	€ 74.018,79	€ 30.244,79	€ 104.263,58	€ 74.018,79
Procurement of Technical Services for inventory development for beneficiaries	€ 312.500,00	€ -	€ -	€ -	€ -	€ -	€ -

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Special Purpose Project Financial Statements and Independent Auditor's Report

Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

TRCS Communication Cost (mobile, internet, cargo, phone etc.)	€	5.625,00	€	11,64	€	468,75	€	457,11	€	11,64	€	468,75	€	457,11
TRCS Cafeteria Expense	€	5.625,00	€	-	€	468,75	€	468,75	€	-	€	468,75	€	468,75
TRCS Cleaning Expense	€	5.625,00	€	-	€	468,75	€	468,75	€	-	€	468,75	€	468,75
TRCS Stationery	€	8.437,50	€	-	€	703,13	€	703,13	€	-	€	703,13	€	703,13
TRCS Vehicle Fuel	€	45.000,00	€	828,96	€	3.750,00	€	2.921,04	€	828,96	€	3.750,00	€	2.921,04
TRCS Vehicle Maintenance and other cost (parking, washing etc.)	€	40.500,00	€	1.061,93	€	3.375,00	€	2.313,07	€	1.061,93	€	3.375,00	€	2.313,07
TRCS Representation Expense	€	7.875,00	€	-	€	50,00	€	50,00	€	-	€	50,00	€	50,00
TRCS Translation	€	37.500,00	€	577,65	€	600,00	€	22,35	€	577,65	€	600,00	€	22,35
TRCS CC Rent	€	140.625,00	€	5.933,60	€	11.718,75	€	5.785,15	€	5.933,60	€	11.718,75	€	5.785,15
TRCS CC Utilities (electricity, water, natural gas, security alarm system etc)	€	101.250,00	€	583,44	€	8.437,50	€	7.854,06	€	583,44	€	8.437,50	€	7.854,06
TRCS CC Communication Cost (mobile, internet, cargo, phone etc.)	€	55.687,50	€	337,63	€	4.640,63	€	4.302,99	€	337,63	€	4.640,63	€	4.302,99
TRCS CC Cafeteria Expense	€	30.375,00	€	81,84	€	2.531,25	€	2.449,41	€	81,84	€	2.531,25	€	2.449,41
TRCS CC Cleaning Expense	€	30.375,00	€	-	€	2.531,25	€	2.531,25	€	-	€	2.531,25	€	2.531,25

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Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

TRCS CC Stationery	€	50.625,00	€	-	€	4.218,75	€	4.218,75	€	-	€	4.218,75	€	4.218,75
TRCS Vehicle Fuel	€	141.750,00	€	2.275,48	€	11.812,50	€	9.537,02	€	2.275,48	€	11.812,50	€	9.537,02
TRCS CC Vehicle Maintenance and other cost (parking, washing etc.)	€	81.000,00	€	505,97	€	6.750,00	€	6.244,03	€	505,97	€	6.750,00	€	6.244,03
TRCS CC Representation Expense	€	60.750,00	€	-	€	-	€	-	€	-	€	-	€	-
IT and Information Security	€	557.812,50	€	-	€	-	€	-	€	-	€	-	€	-
Occupational Health and Security	€	131.250,00	€	-	€	-	€	-	€	-	€	-	€	-
Internal Controlling	€	61.300,69	€	-	€	-	€	-	€	-	€	-	€	-
Legal Consultancy	€	56.250,00	€	-	€	-	€	-	€	-	€	-	€	-
HR Activities	€	67.686,81	€	-	€	-	€	-	€	-	€	-	€	-
TRCS Strategy and Risk Management	€	16.875,00	€	-	€	-	€	-	€	-	€	-	€	-
Kızılay Academy and Know How Transfer	€	88.125,00	€	-	€	-	€	-	€	-	€	-	€	-
Intermediary Bank Costs	€		€	30,00					€	30,00				
TOTAL USES OF FUNDS		14.000.000,00		110.343,16		531.882,07		421.568,90		110.343,16		531.882,07		421.568,90

REHBER
Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Turan Güneş Bulvarı Şişli Etiler Cad. No: 43
Yıldıztepe / 66550 / Şişli / Beşiktaş / İSTANBUL / TÜRKİYE
Sicil No: 271199 / Vergi Dairesi: 734 005 5256

TURKISH RED CRESCENT SUPPORT TO TRANSITION TO LABOR MARKET PROJECT (P171471)
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ANNEX -II: DESIGNATED ACCOUNT STATEMENT

SUPPORT TO TRANSITION TO LABOR MARKET PROJECT

Grant No:TF0B7814 STATEMENT OF SPECIAL ACCOUNT

(IBAN NO: TR570001500158048021574158) As of 31.12.2022

in EUR

DESIGNATED ACCOUNT STATEMENT		
Opening balance as of the beginning of the quarter		0,00
Cumulative unexplained discrepancy from prior periods		0,00
Advance received from Grant Account during the quarter (Replenishment)		1.000.000,00
Vakif Bank	999.970,00	
Intermediate Bank	30,00	
Refunds to Loan Account from Designated Account during the quarter (-)		
Amount advanced to Designated Account		1.000.000,00
Designated Account closing balance as of the end of the quarter		889.531,50
Amount of eligible expenditures paid during the quarter		110.343,16
Service or other charges to Designated Account during the quarter		0,00
Refunds to Designated Account during the quarter (-)		0,00
Total advance accounted for during the quarter		110.343,16
Discrepancy to be explained		125,34
DESIGNATED ACCOUNT RECONCILIATION (IF ANY)		
Discrepancy to be explained (*)		125,34
Service fee by intermediary bank (from GA to DA)		0,00
Refunds to Designated Account during the quarter (-)		0,00
Deposit to Agent Bank from the Designated Account		0,00
Expenditures claimed by Agent Bank for the quarter		0,00
Other (explain)*		125,34
Unspent balance of Agent Bank deposits for the quarter		125,34
Total Discrepancy Explained		125,34
Unexplained Discrepancy		0,00

Other (explain)*: The overpayment from the special account was collected in January and it was reflected in the report in Q1 2023.

ANNEX -III: SUMMARY OF SUMMARY REPORTS AND SOEs

TURKISH RED CRESCENT SOCIETY

SUPPORT TO TRANSITION TO LABOR MARKET PROJECT

Grant No:TF0B7814

SUMMARY OF SUMMARY REPORTS AND SOEs

As of 31.12.2022

in EUR

Application No	Expenditure Dates	Expenditure Category 1	Value Date	Total
1	DA-A	0	03-Oct-2022	1.000.000,00
2	DA-A	18.10.2022-30.12.2022	30-Dec-2022	(110.343,16)
3	Overpayment*			(125,34)
	TOTAL EXPENDITURE AMOUNT	110.343,16	TOTAL GRANT DISBURSED	889.531,50

(1) Goods, Consulting services, non-consulting services including audits, Training and Workshops, Operating Costs

* The overpayment from the special account was collected in January and it was reflected in the report in Q1 2023.

Summary Report method was not used for the project.

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Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

ANNEX IV: STATEMENT OF EXPENDITURE BY ACTIVITIES FOR THE AUDIT PERIOD
TURKISH RED CRESCENT SOCIETY
SUPPORT TO TRANSITION TO LABOR MARKET PROJECT
PROJECT USES OF FUNDS BY DISBURSEMENT COMPONENT
Grant No:TF0B7814 As of 31.12.2022 in EUR

	PROJECT LIFE	CUMULATIVE TO DATE			YEAR TO DATE		
		ACTUAL	PLANNED	VARIANCE BETWEEN PLANNED AND ACTUAL	ACTUAL	PLANNED	VARIANCE BETWEEN PLANNED AND ACTUAL
	Grant Allocation						
	9.579.361,00	92.785,10	456.716,44	363.931,34	92.785,10	456.716,44	363.931,34
Component 1: Support for intermediation, counseling services and employment support for people under temporary and international protection and Turkish Citizens							
Recruitment of a Procurement Agent to carry out the Selection of Individuals to carry out TRC's project related activities	€ 62.500,00	€ -	€ -	€ -	€ -	€ -	€ -
Recruitment of field staff to carry out TRC's project related activities	€ 6.933.672,00	€ 62.540,31	€ 352.452,86	€ 289.912,55	€ 62.540,31	€ 352.452,86	€ 289.912,55
Recruitment of a Consulting Firm for the Design/Preparation of Training Modules for Soft Skills Trainings & Trainings required for Branch Capacity Building	€ 301.250,00	€ -	€ -	€ -	€ -	€ -	€ -
Organizational Services for Livelihood meetings and workshops with stakeholders	€ 135.000,00	€ -	€ -	€ -	€ -	€ -	€ -
Turkish Language Trainings' Materials and Services	€ 243.000,00	€ -	€ -	€ -	€ -	€ -	€ -
Recruitment of HQ staff to carry out TRC's project related activities	€ 1.591.439,00	€ 30.244,79	€ 104.263,58	€ 74.018,79	€ 30.244,79	€ 104.263,58	€ 74.018,79
Procurement of Technical Services for inventory development for beneficiaries	€ 312.500,00	€ -	€ -	€ -	€ -	€ -	€ -

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Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

TRCS Per Diems-Monthly CC Visits	€	45.000,00	€	-	€	-	€	-	€	-	€	-
TRCS Per Diems-CC staff (2 staff*9CC)	€	81.000,00	€	702,82	€	1.000,00	€	297,18	€	1.000,00	€	297,18
TRCS Per Diem	€	6.750,00	€	-	€	-	€	-	€	-	€	-
TRCS Travel Cost-Monthly CC Visits	€	112.500,00	€	-	€	-	€	-	€	-	€	-
TRCS Travel Cost-CC staff (2 staff*9CC)	€	202.500,00	€	1.527,31	€	2.500,00	€	972,69	€	2.500,00	€	972,69
TRCS Travel Cost	€	42.187,50	€	-	€	-	€	-	€	-	€	-
TRCS Office Rent	€	90.000,00	€	2.259,70	€	7.500,00	€	5.240,30	€	7.500,00	€	5.240,30
TRCS Utilities (electricity, water, natural gas, security alarm system etc)	€	19.687,50	€	799,81	€	1.640,63	€	840,81	€	1.640,63	€	840,81
TRCS Communication Cost (mobile, internet, cargo, phone etc.)	€	5.625,00	€	11,64	€	468,75	€	457,11	€	468,75	€	457,11
TRCS Cafeteria Expense	€	5.625,00	€	-	€	468,75	€	468,75	€	468,75	€	468,75
TRCS Cleaning Expense	€	5.625,00	€	-	€	468,75	€	468,75	€	468,75	€	468,75
TRCS Stationery	€	8.437,50	€	-	€	703,13	€	703,13	€	703,13	€	703,13
TRCS Vehicle Fuel	€	45.000,00	€	828,96	€	3.750,00	€	2.921,04	€	3.750,00	€	2.921,04
TRCS Vehicle Maintenance and other cost (parking, washing etc.)	€	40.500,00	€	1.061,93	€	3.375,00	€	2.313,07	€	3.375,00	€	2.313,07
TRCS Representation Expense	€	7.875,00	€	-	€	50,00	€	50,00	€	50,00	€	50,00
TRCS Translation	€	37.500,00	€	577,65	€	600,00	€	22,35	€	600,00	€	22,35
TRCS CC Rent	€	140.625,00	€	5.933,60	€	11.718,75	€	5.785,15	€	11.718,75	€	5.785,15
TRCS CC Utilities (electricity, water, natural gas, security alarm system etc)	€	101.250,00	€	583,44	€	8.437,50	€	7.854,06	€	8.437,50	€	7.854,06
TRCS CC Communication Cost (mobile, internet, cargo, phone etc.)	€	55.687,50	€	337,63	€	4.640,63	€	4.302,99	€	4.640,63	€	4.302,99
TRCS CC Cafeteria Expense	€	30.375,00	€	81,84	€	2.531,25	€	2.449,41	€	2.531,25	€	2.449,41

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WORLD BANK GRANT AGREEMENT NO. TF0B7814

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Prepared as of 15.02.2023 For the Project Close Period of 31 December 2022

TRCS CC Cleaning Expense	€ 30.375,00	€ -	€ 2.531,25	€ 2.531,25	€ -	€ 2.531,25	€ 2.531,25	€ 2.531,25
TRCS CC Stationery	€ 50.625,00	€ -	€ 4.218,75	€ 4.218,75	€ -	€ 4.218,75	€ 4.218,75	€ 4.218,75
TRCS Vehicle Fuel	€ 141.750,00	€ 2.275,48	€ 11.812,50	€ 9.537,02	€ 2.275,48	€ 11.812,50	€ 9.537,02	€ 9.537,02
TRCS CC Vehicle Maintenance and other cost (parking, washing etc.)	€ 81.000,00	€ 505,97	€ 6.750,00	€ 6.244,03	€ 505,97	€ 6.750,00	€ 6.244,03	€ 6.244,03
TRCS CC Representation Expense	€ 60.750,00	€ -	€ -	€ -	€ -	€ -	€ -	€ -
IT and Information Security	€ 557.812,50	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Occupational Health and Security	€ 131.250,00	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Internal Controlling	€ 61.300,69	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Legal Consultancy	€ 56.250,00	€ -	€ -	€ -	€ -	€ -	€ -	€ -
HR Activities	€ 67.686,81	€ -	€ -	€ -	€ -	€ -	€ -	€ -
TRCS Strategy and Risk Management	€ 16.875,00	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Kızılay Academy and Know How Transfer	€ 88.125,00	€ -	€ -	€ -	€ -	€ -	€ -	€ -
Intermediary Bank Costs	€ 30,00	€ 30,00	€ -	€ -	€ -	€ -	€ -	€ -
TOTAL	14.000.000,00	110.343,16	531.882,07	421.568,90	110.343,16	531.882,07	421.568,90	421.568,90

YATIRIM MENKUL DEĞERLER A.Ş.
 Yatırımsız Dış Ticaret ve Yatırımlar Şirketi A.Ş.
 Turan Güneş Bulvarı, Galeri, Kat: 10, Kat No: 43
 Yıldızevler (06550) Çankaya / ANKARA
 Ticaret Sicil No: 272100 / Vergi Dairesi: 734 005 5286

ANNEX -V: AUDITED BALANCE SHEET

TURKISH RED CRESCENT SOCIETY
 SUPPORT TO TRANSITION TO LABOR MARKET PROJECT
 Grant No:TF0B7814
PROJECT BALANCE SHEET
 As of 31.12.2022
 in EUR

	NOTES	31.12.2022
<u>ASSETS</u>		<u>889.656,84</u>
Designated Account (DA)	8	889.531,50
Receivable (Excessive/improper payment)	9	125,34
<u>PROJECT DISBURSEMENTS</u>		<u>110.343,16</u>
Goods, Consulting services, non-consulting services including audits, Training and Workshops, Operating Costs		110.343,16
Refunds to DA		0,00
TOTAL ASSETS AND PROJECT DISBURSEMENTS		1.000.000,00
<u>LIABILITIES</u>		<u>0,00</u>
Payables to Contractors (Retention Money- if any)		0,00
<u>PROJECT FUNDS</u>		<u>1.000.000,00</u>
		1.000.000,00
Grant		
Beneficiary Contribution (if any)		0,00
Other Funds		0,00
TOTAL LIABILITIES AND PROJECT FUNDS		1.000.000,00

EXPLANATORY NOTES FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS

- 1. PROJECT BACKGROUND AND OBJECTIVES**
- 2. ACCOUNTING POLICY**
- 3. DESIGNATED ACCOUNT**
- 4. FINANCING, BUDGET IMPLEMENTATION AND COMPLETION OF THE PROJECT**
- 5. WITHDRAWAL METHODS**
- 6. STATEMENT OF EXPENDITURES**
- 7. PREPAYMENTS**
- 8. CASH**
- 9. DESIGNATED ACCOUNT RECONCILIATION**
- 10. EVENTS AFTER THE BALANCE SHEET DATE**
- 11. APPROVAL OF FINANCIAL STATEMENTS**

EXPLANATORY NOTES FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS

1. PROJECT BACKGROUND AND OBJECTIVES

1.1 Project Financing: The Grant Agreement TF0B7814 dated 05.05.2022 has been signed between The International Bank for Reconstruction and Development ("World Bank" or "Donor") and Turkish Red Crescent ("TRC" or "Implementing Partner"). According to the Agreement, World Bank grants EUR 14.000.000,00 to TRC for the Project. The project is to be carried out between 10.05.2022 and 31.12.2024.

1.2 Project Objectives: The project is implemented in cities such as Adana, Bursa, Gaziantep, Istanbul, Istanbul, Kocaeli, Konya and Şanlıurfa. The main objective of this project is to support access to the labour market and facilitate the transition of participants of the Emergency Social Safety Net (ESSN) programme into the labour force. Through various training activities offered at the Turkish Red Crescent Community Centers, the transition and adaptation of the participants within the scope of the project to the labor market is supported. With support such as counseling services, social skills development trainings and job and vocational Turkish trainings, the integration of participants into the labor market is facilitated.

1.3 Project Implementation: The project consists of the following parts:

Component 1- Support for intermediation, counseling services and employment support for people under temporary and international protection and Turkish Citizens

Component 2- CRM and Capacity Building

2. ACCOUNTING POLICY

Basis of Accounting

These special purpose project financial statements have been prepared in accordance with the World Bank's Guidelines and the accounting policies set out below. The special purpose project financial statements have been prepared on the cash basis of accounting. These special purpose project financial statements, in accordance with the provisions of the Agreement, are prepared to report the information to the TRC and World Bank.

Presentation of Special Purpose Project Financial Statements

Special Purpose Project Financial Statements consist of,

Statement of financial position, Statement of sources and uses of funds, Statement of uses of funds by project activity - Summary of summary reports and SOEs, - Statement of designated account, - Notes to the special purpose financial statements.

The Project is funded by World Bank. Payments under the Project are done directly from Special Account. Reporting currency of special purpose financial statements is EURO (EUR).

EXPLANATORY NOTES FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS

(continuing)

Funding

Project finance is accounted for as a source of funding when the cash inflow can be reasonably predicted, used and measurable at the time the cash is paid out. The first transaction in the project special account took place on 03.10.2022.

Foreign Currency Transactions

Functional Currency: These special purpose project financial statements are expressed in EURO ("EUR"). The use of resources and funds, the EUR and TL records of investment expenditures, the instant effective exchange rate at the time of collection and payment in the Vakıf Bank banking system are taken into account.

Fixed Assets

No fixed assets have been purchased by the project resources as of the 31.12.2022.

Taxes

324 – 13/h According to the Delivery and Services to the Turkish Red Crescent Society and the Delivery and Services of the Turkish Red Crescent Society, the Turkish Red Crescent Society is tax-exempt.

3. DESIGNATED ACCOUNT (SPECIAL ACCOUNT)

The Implementing Partner has opened a single Euro current account in accordance with the World Bank Agreement Financing Conditions. This account is the Project's designated payment account, which is held in EUR to ensure eligible expenditures are paid within established limits. The money deposited by the World Bank into the Project special account is not suitable for transfer to the account of another unit of the institution and/or used for other purposes, except for payments made to the beneficiary and refunds to the World Bank.

4. FINANCING, BUDGET IMPLEMENTATION AND COMPLETION OF THE PROJECT

4.1 Project Financing

The project receives funding only from the World Bank and the amount of funds committed pursuant to the Grant Agreement has been determined as 14.000.000,00 EUR.

Category	IBRD	Total
	EUR	EUR
Goods, non-consulting services, consulting services, Training and Operating Costs under Part 1(b) and Part 2 (a)iii of this project	14.000.000,00	14.000.000,00

EXPLANATORY NOTES FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS
(continuing)

4.2 Budget Implementation

Grant TF0B7814 Funding as of 31/12/2022	Category	
	Goods, non-consulting services, consulting services, Training and Operating Costs under Part 1(b) and Part 2 (a)iii of this project	
Cumulative Expenditures as of 31.12.2022	EUR	110.343,16
Total Budget	EUR	14.000.000,00
Execution	%	0,79%

4.3 Completion of the Project

The project has not been completed as of the period of the audit.

EXPLANATORY NOTES FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS (continuing)

5. WITHDRAWAL METHODS

Advance Withdrawal to Designated Account

The Implementing Partner withdraws appropriate amounts from the designated account and prepares replenishment requests and sends them to the World Bank with authorized signatures.

Replenishment requests and related documents will be reviewed by the World Bank and the approved amount will be transferred to the designated account.

Withdrawal to Special Account-Replenishment (Replenishment of Advance) Money transferred as advance to the project special account is renewed as it is used for eligible expenditures within the scope of the grant.

The special account is regularly replenished by making a withdrawal application with the necessary supporting documents to maintain sufficient funds. The terms and conditions stated in the Disbursement Letter for the project have been determined as 3.000.000,00 EUR for Fixed Ceiling, and the minimum value for Reimbursement, Direct Payment and Special Commitment applications is 100.000,00 EUR.

Two methods are used for withdrawal requests from the World Bank for the project special account. Method to be used will be determined according to the spending limits determined on the basis of the category. If the expenditure amount is below the determined limit, the SOE (Statement Of Expenditures) Method, and if it is above the determined limit, Summary Sheet Method will be used.

6. STATEMENT OF EXPENDITURES

In the scope of the Support To Transition to Labor Market Project (Project Number P171471) under the Grant Agreement numbered TF0B7814 with the World Bank, World Bank procurement procedures are applied for the procurement of budget lines other than Operational Costs specified in the project budget, and all procurements are conducted through tender procedures regardless of the amount of the procurement.

7. PREPAYMENT

The implementing partner has not made any prepayment for the Project.

EXPLANATORY NOTES FOR THE SPECIAL PURPOSE FINANCIAL STATEMENTS

(continuing)

8. CASH

		31.12.2022
Balance on Designated Account (Grant)	EUR	889.531,50
Total	EUR	889.531,50

The remaining balance in the Special Account as of 31.12.2022 has been determined as 889.531,50 EUR. The EURO rate equivalent of this payment will be determined from the instant effective rate in the Vakıf Bank banking system at the time of the payment from the special account.

9. RECONCILIATION OF DESIGNATED ACCOUNT

Designated Account reconciliations were made with Vakıf Bank as of the date of the only payment (03.10.2022), as of the period closing date (31.12.2022), balances on the designated account;

In the reconciliation dated 31.12.2022, an amount of 889.531,50 EUR was obtained and verified,

As a result of our controls,

The amount to be refunded to the World Bank (Reimbursement): There are no refunds as the project is ongoing. There are overinvested amounts that existed for the period. The amount of 125,34 Euros, which was over-deposited in 2022, will be returned to the account in the first quarter of 2023.

10. EVENTS AFTER THE BALANCE SHEET DATE

There has been no significant event requiring correction or disclosure in these special purpose project financial statements after the balance sheet date.

11. APPROVAL OF FINANCIAL STATEMENTS

Special purpose project financial statements were authorized for issue by TRC Management on 15.02.2023.

REHBER
Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.
Turan Güneş Bulvarı Çiğdem Erdem Caddesi No: 43
Yıldıztepe / Beştepe / Ankara / ANKARA
Sermayesi Yeterli / Sicil No: 27340055266