

Audit of the Financial Statement of
DOCTORS OF THE WORLD ORGANIZATION (DÜNYA DOKTORLARI DERNEĞİ)

For the Period From

1 January 2023 to 31 December 2023

MAZARS DENGİ GAZİANTEP
MEMBER OF MAZARS
CERTIFIED PUBLIC ACCOUNTANTS
CPA.-SFA

forv/s
mazars

DENGİ
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Sermaye Piyasası Kurulu Kayıtlı Şirket No: 26.000.000.000.000
Sahipler: V. D. 29.1.2014 Şirketin Adı: GAZİANTEP

1. INDEPENDENT AUDITOR'S REPORT

Denge Gaziantep YMM ve Denetim A.Ş. (Member of Mazars)

Report to Doctors of the World Board (Dünya Doktorları Derneği)

Dünya Doktorları Derneği

Ömer Avni Mah. İnebolu Sok. Ekemen Han. No:1 K:2 D:8-9

Beyoğlu / İstanbul / Turkey

To the Board of Directors of Doctors of the World Organization

We have audited the accompanying financial statements of the Doctors of the World Organization (Dünya Doktorları Derneği) which comprise the statement of financial position as at 31st December 2023 and the related income statement for the year then ended and the related notes to the financial statements. These statements are the responsibility of "Doctors of the World Organization (Dünya Doktorları Derneği)" management. Our responsibility is to express an opinion on the accompanying statement based on our audit.

Management's Responsibility for the Financial Statements

The Doctors of the World Organization's management is responsible for the preparation and fair presentation of these financial statements in accordance with the generally accepted auditing standards 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 International Standards on Auditing (ISA) promulgated by the International Federation of Accountants. 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 entity's preparation and fair presentation 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 entity'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 overall 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.

Audit

We conducted our audit in accordance with International Standards on Auditing (ISA) promulgated by the International Federation of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

The Financial Statements are prepared on the accrual basis and we confirm, in line with the requirements, that the financial statements are prepared using the accrual basis and that all the financial commitments entered into during the period implementation.

Opinion

In our opinion, the financial statements (Statement of financial position, Income statements, Cash Flows) present fairly, in all material respects, give a true and fair view of the financial position of the Doctors of the World Organization as of 31 December 2023 in accordance with the generally accepted accounting principles.

We have considered The Doctors of the World Organization's internal control over financial reporting policies and procedures in order to form an opinion on the financial statements. We haven't observed any critical issue about the policies.

We have prepared this report on your specific instructions for the purpose of meeting the requirements stated in our engagement letter. As well as TOR this report should not be relied upon for any other purpose.

Our final report supersedes all previous drafts, work paper extracts and discussions held, and you may only rely on our final issued report (which is this document), subject to the terms and conditions of our engagement letter.

Yours faithfully,

Mehmet KALKINOĞLU
Partner, CPA, SFO, IA
Certified IA License # (BD/2013/04314)
Certified SFA, CPA License # (34104396)

MAZARS / DENG GAZİANTEP (MEMBER OF MAZARS)
Gaziantep, 05 August 2024

Denge
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2. INTRODUCTION

This Audit Report is outlining our findings and conclusions based on the procedures applied as defined in our engagement letter. This report is intended for the use of Doctors of the World Organization.

We have expressed an opinion on whether the financial statements for the Doctors of the World Organization funded programs presents fairly, in all material respects, revenues received, costs incurred for the period audited

These financial statements have been prepared in accordance with approved accounting standards, as applicable in Turkey Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board.

2.1 Scope of work and scope limitations

Scope of work

The objective of our work comprised the audit of the financial statements of the Doctors of the World Organization's resources under the Humanitarian Programs for the period between 1st January 2023 and 31 December 2023. Our Audit Report outlines our findings and conclusions based on the procedures to be applied as defined in our engagement letter.

Sources of information

We have indicated within this report the sources of the information presented, where applicable, that the information presented is consistent with other information which was made available to us in the course of our work in accordance with the terms of our engagement letter. We have, however, not sought to establish the reliability of the sources by reference to other evidence independent of Doctors of the World Organization.

During the course of our audit, we have performed reviews on all projects based on Doctors of the World Organization's records and documents in connection to their resources.

We have performed our audit by checking the following documents with respect to the projects,

- accounting records,
- reports,
- contracts
- and other documents (invoices, voucher, receipts, statements etc.)

As result of our audit, we have not encountered any inconsistency between the accounting data and the documents made available to us during our studies.

However, with respect to the conflict in Syria, we were not able to perform direct confirmations with third parties. Accordingly, our professional judgment is based on the documents made available to us during our audit.

Doctors of the World Organization had use Luca accounting program for the accounting records in related periods.

During the course of our audit, we have made inquiries with the following Doctors of the World Organization personnel

- Co-director
- Head of programmes,
- Head of finance,
- Accountant and other staff in Doctors of the World Organization's İstanbul Office.

2.2 Audit Report Certification:

Our audit report confirms and certify the following matters:

- The expenditures/disbursements are made in accordance with the activities and budgets of the approved and signed agreement, along with any approved and signed amendments.
- The expenditures are supported by adequate documentation.
- The financial reports are fairly and accurately presented.
- An appropriate management structure, internal controls, and recordkeeping system are maintained and functioning.
- The cash position reported by the office is accurate
- There is a sufficient control and safeguards are in place relating to the assets and equipment procured by the office.
- The procurement, use, control, and disposal of non-expendable equipment are in accordance with the requirements.

2.3 Statement of Financial Position on December 2023 (Balance Sheet)

DOCTORS OF THE WORLD
STATEMENT OF FINANCIAL POSITION AS AT 31 December 2023
(Amounts expressed in Turkish Lira (TL) unless otherwise indicated)

Description	2023
<u>Current Assets</u>	<u>49.480.761,70</u>
Cash and Cash Equivalents	46.000.727,83
Accounts Receivables	170.064,67
Other Inventories and Advances Given to Suppliers	3.224.365,81
Prepaid Expense for The Following Months	85.603,39
<u>Financial Fixed Assets</u>	<u>18.300.000,00</u>
Affiliated Companies	27.450.000,00
Share Capital Subsc. to Affiliated Companies (-)	-9.150.000,00
<u>TOTAL ASSETS</u>	<u>67.780.761,70</u>
<u>Liabilities And Net Assets Liabilities</u>	<u>3.557.965,46</u>
Accounts Payable	482.578,69
Accrued Tax	3.075.386,77
<u>Equity</u>	<u>64.222.796,24</u>
Opening Balance Equity	5.367.195,24
Net Income	58.855.601,00
<u>TOTAL LIABILITIES & EQUITY</u>	<u>67.780.761,70</u>

2.4 Income and Expenditure Account from January 01, 2023 To December 31, 2023 (Activity Statement)

**DOCTORS OF THE WORLD
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2023**

	2023
<u>Incomes and Donations</u>	
International Donations	355.649.694,80
Domestic Donations	5.149.547,38
Member Dues Incomes	71.300,00
<u>Total Incomes</u>	<u>360.870.542,18</u>
<u>Operating Expenses:</u>	-
Cash Donations	-472.120,27
In-Kind Donations	-28.637.109,59
Operating Expenses	-287.221.756,89
	-
	-
<u>Total Operating Expenses</u>	<u>-316.330.986,75</u>
<u>Net Ordinary Income</u>	<u>14.316.045,57</u>
Other Ordinary Expenses	-76.403,36
Exchange Gain or Loss	14.392.448,93
<u>Net Income</u>	<u>58.855.601,00</u>

2.5 Notes to And Forming Part of The Financial Statements

1. THE ORGANIZATION AND ITS OPERATIONS

According to Doctors of the World Organization, The Doctors of the World Organization is a non-governmental organization established in 2015 to provide humanitarian aid to people affected by natural and man-made disasters. The association is a humanitarian, spiritual and independent non-governmental organization.

Since 2016, the Doctors of the World Organization has been providing humanitarian aid to those in need, especially for Syrian refugees in Izmir, Istanbul and Hatay, who took refuge in Turkey after the start of the conflict in Syria.

The Doctors of the World Organization continues its health and MHPSS (Mental Health and Psycho-Social Support) services through health clinics in the north-west of Syria with various large grants from global donors.

Doctors of the World Organization's headquarters is currently based in İstanbul, Turkey.

Doctors of the World Organization (Dünya Doktorları Derneği);

İstanbul Governorate Registration Number: 34-216-058

Registration Date: 07 August 2015

Adress: Ömer Avni Mah. İnebolu Sok. Ekemen Han No: 1 K:2 D:8-9 Beyoğlu / İstanbul / Turkey

Tax Office - Number: Beyoğlu – 3220465144

Activities: According to Doctors of the World Organization, summary of activities is below.

DDD is a non-governmental organization established in 2015 to provide humanitarian assistance to people affected by natural and man-made disasters. The association is a humanitarian, spiritual and independent non-governmental organization.

Since 2016, the association has been providing humanitarian aid to those in need, especially for Syrian refugees in Izmir, Istanbul and Hatay, who took refuge in Turkey after the beginning of the conflict in Syria.

The association continues its health and MHPSS (Mental Health and Psycho-Social Support) service activity through health clinics brought to northern Syria with various large grants from global donors.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

The financial statements of Doctors of the World Organization have been prepared on the accrual basis of accounting under the historical cost convention in accordance with the generally accepted accounting principles (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Accounts Receivable

Accounts receivable are stated at net realizable value. Doctors of the World Organization utilizes the allowance method to account for potentially uncollectible accounts receivable. All accounts receivable are considered current and are due within one year.

3.2 Classification of Net Assets

The net assets of Doctors of the World Organization are reported as unrestricted net assets and represent the portion of expendable funds that are available for any purpose in performing the primary objectives of Doctors of the World Organization at the discretion of Doctors of the World Organization's management and the Board of Directors.

3.3 Property and Equipment

These are stated at cost less accumulated depreciation and impairment loss, if any. Cost of an item of property and equipment comprises purchase price, import duties and other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the management.

Gains and losses on disposals of an item of property and equipment are determined by comparing the proceeds from disposals with the carrying amounts of property and equipment, and are recognised in "other operating income".

Regarding tangible fixed assets, the association makes expense directly in the relevant period.

The cost of replacing a part of item of property and equipment is recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of the day-to-day servicing of the property and equipment are recognised in income and expenditure as incurred.

3.4 Financial Assets and Liabilities

Financial assets and financial liabilities are recognised when the Organization becomes a party to contractual provisions of the instrument. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value and amortised cost respectively, whichever is applicable. The Organization derecognizes financial assets and liabilities when it ceases to be a party to such contractual provisions of the instruments. The Organization recognizes the regular way purchase or sale of financial assets using settlement date accounting.

- Trade payables and accruals

Trade payables and accruals are liabilities to pay for goods or services that have been received or supplied and have been either invoiced or formally agreed with the suppliers or not.

- Offsetting financial instruments

A financial assets and a financial liability are offset and the net amount presented in the statement of financial position when, and only when, an entity currently has a legally enforceable right to set off amounts and intends either to settle in a net basis, or through realize the asset and settle the liability simultaneously.

- **Cash and cash equivalents**

Cash comprises cash on hand, current accounts and short-term deposits at banks with a maturity date of three months or less, which are subject to an insignificant risk of changes in value.

- **Trade receivables**

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Trade receivables are stated at invoices (claims) amount net of allowance for doubtful receivables which represents the collective impairment of receivables.

- **Contingent liabilities**

Contingent liabilities are possible obligations depending on whether some uncertain future events occur, or they are present obligations but payments are not probable or the amounts cannot be measured reliably.

Contingent liabilities are not recognized in the financial statements.

3.5 Revenue Recognition

Doctors of the World Organization recognizes all unconditional contributed support in the period in which the commitment is made. Contributions are considered unrestricted revenue and support and available for general operations unless specifically restricted by the donor. Doctors of the World Organization reports grants of cash and other assets as temporarily restricted revenue and support if they are received with donor stipulations that limit the use of the donated assets to a particular purpose. When the stipulated purpose of the restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

Restricted grants received for specific purpose are deferred when received and charged to income to the extent of actual expenditure incurred.

3.6 Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Expenses directly attributed to a program of Doctors of the World Organization are reported as expenses of those programs, while costs that are not attributable to a programmatic function are reported as general and administrative expenses.

3.6 Functional and presentation currency

Items included in these financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency), which is the Turkish Lira (TL).

Assets and liabilities in the financial statements in foreign currencies (US dollars, Euros etc.) at the end of the year are evaluated to the base currency Turkish liras on the basis of the exchange rate of the Turkish Central Bank at the end of the year.

All expense and revenue accounts in Turkish Lira are evaluated on the actual exchange rate of the transaction.

Exchange gains and losses resulting from dealing in foreign currencies are shown in the exchange rate profit and loss.

4. SUBSEQUENT EVENTS

The preparation of financial statements in conformity with the approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

3. SUMMARY ABOUT ORGANIZATION AND LEGAL REGISTRATION

3.1 Overview

Summary information on organization

According to Doctors of the World Organization, registered in Turkey in October 2015, Doctors of the World Organization has been providing humanitarian aid in multiple sectors; Food Security and Livelihood, Non-food Items and Shelter, Education, Health and Protection. We believe that humanitarian aid will be provided to people in need regardless of their language, sex, race, or nationality. Aid is to be prioritized solely on the basis of need. Equally, we believe that aid will not be used to further a particular standpoint. Doctors of the World Organization has been implementing sustainable programs that improve access of the most vulnerable families to both immediate lifesaving assistance and long-term recovery, increasing opportunities for future generations.

Doctors of the World Organization's headquarters is currently based in Istanbul, Turkey.

Doctors of the World Organization (Dünya Doktorları Derneği);

Istanbul Governorate Registration Number: 34-216-058

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3.2 Summary of Observations

Below we have provided a summary of observations reached as result of our audit at The Doctors of the World Organization.

Issue	Observations and Comments
Invoices	For operation inside Syria, there were no official invoices approved by the government in Syria due to the conflict and Doctors of the World Organization uses vouchers (payment voucher etc.) for the expenses.
Risks	We were not able to obtain any direct third-party confirmation from any of the suppliers and inventory in Syria due to conflict.
Authority	Doctors of the World Organization
Status of the Doctors of the World Organization with respect to Turkish Law	Doctors of the World Organization was established in 2015

4. OVERALL CONCLUSION

As result of our audit we have not encountered any material misstatement in Doctors of the World Organization's book of accounts and have not noted any significant inconsistency between the records and the related supporting documents.

4.1 Independent Audit Report on Internal Controls over Financial Reporting:

We have audited the accompanying Financial Statements of the Doctors of the World Organization for the period from 1 January 2023 to 31 December 2023. This statement is responsibility of the management of "Doctors of the World Organization".

The responsibility of establishing of proper internal control structure is the responsibility of the management of "Doctors of the World Organization".

We have considered the management's internal controls in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements.

Our consideration of internal controls was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal controls that might be significant deficiencies and therefore, there can be no assurance that all deficiencies and significant deficiencies have been identified.

4.2 Internal Control Audit Result:

We have not identified deficiencies in internal controls over financial reporting that we considered to be material deficiencies in addition to other immaterial weaknesses mentioned the management letter.

Doctors of the World Organization's The Financial Policy and Standards include the contents outlined in the further sections. We have observed and discussed the policies and standards with relevant managers whilst preparing this report.

Doctors of the World Organization's internal control system manual is intended for all staff, both in Programs and Finance. It outlines the key standards and procedures of financial management at field level.

Financial and administrative policies and procedures ensure that accurate and reliable financial data is processed and generated by Doctors of the World Organization on a timely basis in order to meet funding agencies strict reporting deadlines. In addition, they provide accountability to government, corporate and individual donors. Donors require 100% verification of expenses. If there are lapses in the system, it can cause concern about the financial integrity of the organization.

Managers and financial staff across the organization are responsible for communicating and implementing the standards, processes and procedures contained in this document to all staff. Financial Management is the responsibility of everyone in the organization. In carrying out their duties, all staff are responsible for considering the financial implications of their actions – for managing the resources entrusted to them in a cost-effective way. Strong financial management and accountability requires accurate, timely and reliable financial data and sound financial procedures.

4.3 Following Methods and Risk Ratings: Categorization of Audit Findings by Risk Severity

The audits were conducted in accordance with the following methods and risk ratings:

Sr. No.	Factors:	Rating of Findings
1	Risk of booking invoices or payments into wrong suppliers' accounts, due to manual bookkeeping.	High
2	Risk of employing personnel / organizations, which may related to terrorist activities	High
3	Risk of mistakes in account destination.	Medium
4	Risk of fraud due to cash payments	High
5	Risk of presenting misstated financial standings due to usage of different foreign exchange rates other than the correct ones.	Medium
6	Risk of utilizing cash which has been allocated to projects by other projects, which may lead delays or prevent the completion of the project due to cash problems.	Medium
7	Turkish legal registrations and any statement of Turkish government offices about their operations related to payments.	High
8	Risk of conflict of interest	High

Meaning of "Rating of Findings":

High	Failure to take action could result in major consequences and issues.
Medium	Action that is considered necessary to avoid exposure to significant risks. Failure to take action could result in significant consequences.
Low	Action is that is considered desirable and should result in enhanced control or better value for money.

4.4 Report Findings on Audit Observations and Recommendations

Observation No.	Audit Observation	Recommendation	Risk Severity
1	We observed that there is no insurance for employees and equipment inside Syria. As we know, there are so many number value equipment, vehicle and materials in Syria.	There should be a contract with insurance company for the personnel and the equipment in Syria.	Low

5. MANAGEMENT LETTER

5.1 Audit Findings and Recommendations

Finding 1:

Title: No insurance for the personnel and equipment in Syria

Observation: We observed that there is no insurance for employees and equipment inside Syria. As we know, there are so many number value equipment, vehicle and materials in Syria.

Risk Level: Low

Recommendations: There should be a contract with insurance company for the personnel and the equipment in Syria.

Management Response: Since there is no government or authority in Syria, no insurance company does insurance. When we find a company that will provide insurance, we will make the insurance process.