



## MESSAGE FROM THE CHAIRMAN OF THE BOARD



### Distinguished Members, Dear "Darüşşafaka" Family,

As we draw closer to the 155th Anniversary of the establishment of Darüşşafaka, we are happy to share our 2017 Activity Report with you. As an institution that has strictly adopted the principles of transparency and accountability to the public, fairness, dependability and sustainability, we are proud to share all of Darüşşafaka's activities for 2017 in this report. As a symbol of equality in access to quality education since 1863, in 2017 Darüşşafaka has continued to be a home for goodness, fraternity, honesty, hope where the desire to work wholeheartedly for the development of Turkey is upheld. In the 2017 – 2018 academic year Ms. Ayşe Görey who had been the Principal of Darüşşafaka Middle School since 2013 was appointed to the position of the

Principal of Darüşşafaka High School, and Ms. Şule Uyar who had been the Deputy Principal for teachers and 6-7th grades in our school was appointed to the position of Principal of Darüşşafaka Middle School. As they have done so before, our principals will be carrying out their new roles to the highest degree and in accordance with the principles of Darüşşafaka.

### DARÜŞŞAFAKA SCHOOLS

Our school began the 2017 – 2018 academic years with 958 students from 69 provinces across our country. An academic and administrative staff (including tutors and academic instructors) of 193 works together to educate them as leading individuals who are equipped with 21st century skills, who have adopted universal values, who are self-confident, and who are aware of their duties and

responsibilities to their country and communities. The implementation of the "DEK Transformation Project" that we started implementing in 2016 in accordance with the 2015 – 2020 Strategic Plan continued without pause. Accordingly, in the new academic year the entire middle school started education with tablets, and plans were also made for high school. The hours of English lessons were increased for both middle school and high school. 250 procedures were drafted for the standardization of school management. We switched to a PLA (Planning, Learning, Assessment) based education system. STEM (Science, Technology, Engineering and Math) education was adopted in both middle school and high school and their implementations were continuously increased. DEKSIS (DEK School Information System), a school and

learning system where all of the data relating to the Darüşşafaka Education Institutions were digitally transferred, was launched. DEK teachers and administrators received more intense training compared to previous years. I would like to particularly express that I am happy to see that the desired happy school environment has been established.

#### **DONATION**

In 2017 over 47,000 charitable individuals and corporations made donations of 72,089,000 TRY to our Society. We are proceeding in accordance with our "regular donation" targets we determined in our 2015 – 2020 Strategic Plan that are highly important to being able to plan the future of Darüşşafaka, implement new projects and, in short, see ahead of us.

In 2017, the number of constant donors who contribute regularly every month to Darüşşafaka regardless of the size of their donation increased by 40% compared to the previous year, to reach 4,200. In 2017 our constant donors generated 3,553,000 TRY for our Society. 60 benefactors made legacy donations in 2017. Thereby, the number of legacy and property donors reached 438. Having adopted an approach of corporate social responsibility, 665 corporations and organizations, particularly İş Bankası, donated to our Society. Compared to the previous year there was a 25% increase in corporate donations.

#### **OUR "81 STUDENTS FROM 81 PROVINCES" PROJECT WITH İŞBANK ENTERS ITS 10th YEAR**

Within the scope of the 10th year of the "81 Students from 81 Provinces" project, the longest running social responsibility project in the area of education in our country, the number

of our students who expenses are fully covered by Türkiye İş Bankası increased to 618. While the project was extended for three further years in 2017, we were all also filled with pride as we sent the first graduates of the project off to university. Having graduated a year early as they started high school without studying a preparatory year, Hacı Ömer Güven, Aleyna Büyükgüçlü, Cem Numan Esin, Nehir Durmuşoğlu, Ömer Faik Borahan and Semih Börklüce started their university education as the first scholars graduating from the "81 Students from 81 Provinces" project. Additionally, the documentary titled "We are from Darüşşafaka" on the project prepared on by beIN İz TV by instruction of Türkiye İş Bankası was warmly received and appreciated by the public.

#### **DARÜŞŞAFKA RESIDENCES**

In 2016, 29 chose to reside in the Darüşşafaka residences and our residences hosted 486 donors. Our residence donors have always supported the Society, as they also did throughout the previous year. Throughout the year, 256 residence donors donated 7,164,000 TRY in total. In addition to this, 14 of our residence donors donated their legacies to the Society. Thus, the number of residence donors who have made legacy reached 143.

We have started to improve and restructure our residences and health services in line with our Strategic Plan and Mission.

#### **INCOME-EXPENSE BALANCE**

Our income for 2017 was 13% over the amount budgeted, whereas our expenses were 4% under the amount budgeted. Thus, 2017 was a successful year in terms of budget discipline.

#### **ALUMNI PROFILES AND SCHOLARSHIPS**

We gained 120 new students in 2017 while graduating 66 of our students. 62 of our graduates have been placed in universities and the overall success of the year was 95%. While one of our graduates chose to continue his further education abroad, another three graduates did not make any choices and preferred to take another year to prepare for the university examination. We provided a total of 1,688,000 TRY budget to 298 of our graduates, with 2 PhD, 8 master's degree and 288 bachelor's degree students. This year there was a significant increase in the number of donors providing "named scholarship donations" to our Society. 30 benefactors provided support to the university education of 72 of our graduates with "named scholarship funds" that they created so that their names or the names of their loved ones would live on. The choice of the 30 benefactors who chose Darüşşafaka to give life to the memory of their mother, father, child, spouse or sibling that they have lost is the result of the feeling of loyalty that Darüşşafaka has towards its donors. Everyone now knows that Darüşşafaka does not forget its donors, nor does it allow them to be forgotten... In some ways, Darüşşafaka is a good example of the sustainability of loyalty in our country.

#### **PLANTING ROOTS THROUGH PRESTIGE**

As we prepared to celebrate our 155th year, the communication efforts we carry out to introduce our Darüşşafaka to everyone aged 7 to 77, and to protect and increase its reputation also continued meticulously in 2017. With our campaign that was widely received in all mediums we reminded the public that "people can achieve real happiness



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by supporting meeting a real need, rather than momentary satisfaction". During the year, our public service announcement was broadcast 14,297 times on TV and 7,415 times on the radio. The visuals of our campaign were displayed free of cost on many billboards and digital screens across the country. Similarly, our public announcement spot was shown before the film in many cinemas. More than 900 articles were published about Darüşşafaka in printed press during 2017. Additionally, 170 TV news segments were made in relation to our Society. As I stated above, more than 47,000 individuals and corporations made donations to our Society. Each one of these donations have a story. All of which keep us alive and add to our responsibilities. One of such donations in 2017 deeply affected not only us, but all of Turkey. This was the story of "Klas Hamal" Mehmet Ateş, who made his

living as a porter in the Kandıra country of Kocaeli. The story of Mehmet Ateş, who donated a day of his earnings to our Society in May was widely reported in printed and visual press; particularly in the Hürriyet newspaper. In June we hosted Mehmet Ateş in our school and brought him together with our students. The representation of the traditional benefit concert for Darüşşafaka was assumed by the Megastar Tarkan. On February 18, Tarkan performed his schools in Volkswagen Arena for equal opportunities in education. This year we repeated our corporate governance rating survey that we first carried out in 2013. Our corporate governance rating was 9.43 in 2017, increased from the initial rating of 8.04 to begin with. I present my gratitude to all benefactors who have made donations of any amount for our 958 students in Darüşşafaka and who have allowed this home of education and compassion to survive

from 1863. I would also like to thank our academic staff who have contributed to our education journey, our 682 personnel at our Society and affiliated organizations who perform their duties selflessly and our parents whose supportive presence we always feel with us, and I congratulate our beloved students for their successes. As always, I pay tribute to our Great Leader Mustafa Kemal Atatürk and his fellows, our Founding Fathers Yusuf Ziya Pasha, Gazi Ahmet Muhtar Pasha, Sakızlı Ahmet Esat Pasha, Vidinli Hüseyin Tefik Paşa and Ali Naki, and all of our members, donors, managers, teachers and workers, contributing to Darüşşafaka with donation and efforts, who have passed away, with mercy and gratitude.

With love and best regards,

**M. Talha Çamaş**  
Chairman of the Board

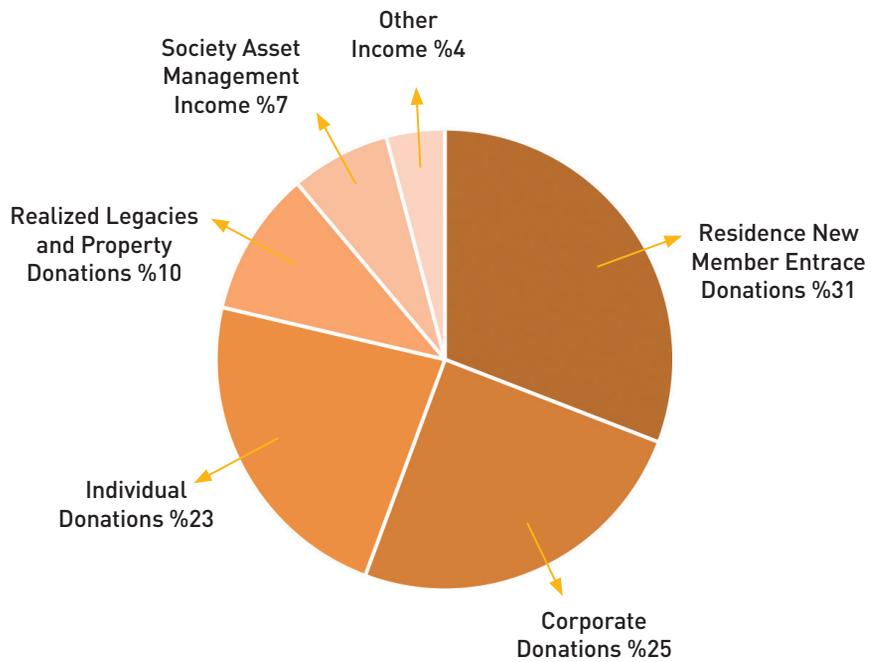


# 2017 FINANCIAL INDICATORS

## INCOME

- The total income in 2017 was 138,408 Thousand TRY. Incomes were 13% higher than the budgeted amounts.
- 31% of the income was from Residence New Membership Donations, 25% was from Corporate Donations, 23% was from Individual Donations while the rest 10% was from Realized Legacies and Property Donations and 7% was from the inputs of Society Asset Management Incomes.
- 29 new donors have been registered for the residences. Donors who stay at the residences have granted additional 12,252 Thousand TRY apart from the protocol. 3,252 thousand TRY of this amount was from unconditional donations, 3,842 thousand TRY was from conditional donations, 2,368 thousand TRY consisted of realized legacies and 2,790 thousand TRY was from donation of full ownership.
- Individual and corporate donations overpassed the 2017 budget target by 8% and amounted to 66,159 Thousand TRY.

## 2017 INCOME DISTRIBUTION

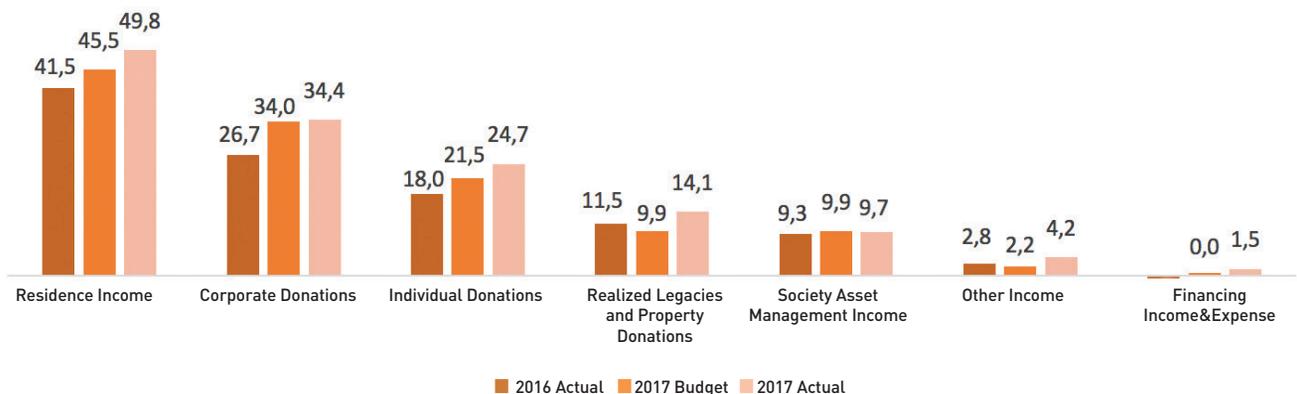


## EXPENSES

- The amount budgeted outside of financing for 2017 of 90,101 thousand TRY was spent as 86,338 thousand TRY in 2016 (96%).

“THE TOTAL INCOME IN 2017 WAS 138,408 THOUSAND TRY. INCOMES WERE 13% HIGHER THAN THE BUDGETED AMOUNTS”

## INCOME (M TRY)



- In 2017 49% of the whole expenses were spent on the staff, 19% were on food and cleaning services, 5% were for energy (electricity, water, heating), 7% were spent on donors' health expenses and 4% were for maintenance and repair costs. The other 16% consists of other expenses.

### OUT-OF-RESIDENCE INCOME AND EXPENSE ANALYSIS

- Out-of-residence incomes obtained by the Society are sufficient to meet expenses of Darüşşafaka Schools and Society Center, as well as the finance costs.

### EFFECTIVE AND TRANSPARENT MANAGEMENT

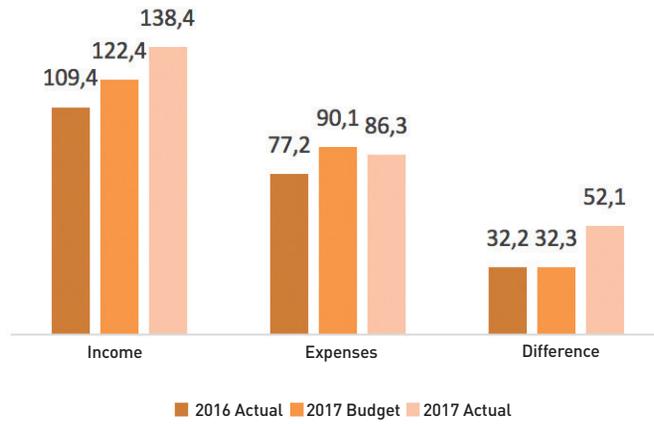
- Proportion of Society Center costs to the whole expenses in 2017 was 8,35%.
- In 2017, 11,995 TRY was paid for the Society's Executive Board Members against the expenses.
- Society's Executive Board Members donated 591,997 TRY in total, in 2017.

### INVESTMENTS

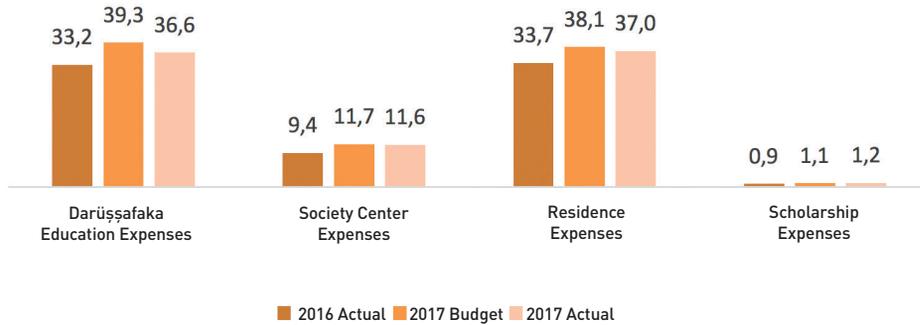
#### Maslak Campus

- A CCTV center was established in the campus and 450 fire detectors connected to 3 fire panels were installed.
- Sound broadcasting systems were installed in each building across the campus.
- The lighting systems in study rooms in the dormitory buildings were replaced with LED fixtures.
- The floor and ceiling of 2 laboratories in the education building were renewed.
- The mathematics department in the education building was separated into sections through architectural renovation.
- The safety rails of the male student house fire escape were raised to the standards of the fire regulation.
- A heating system was installed in the cafeteria.

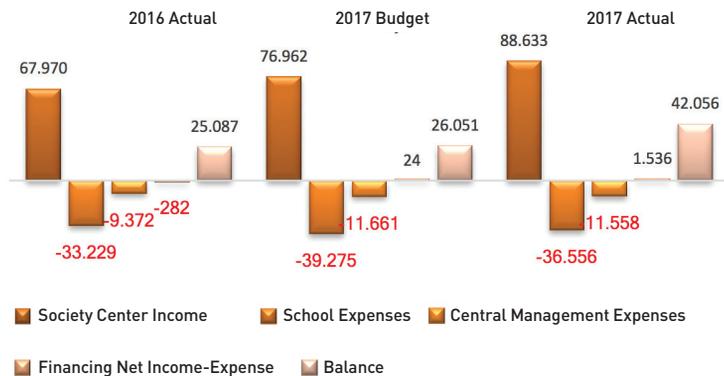
### INCOME-EXPENSES (M TRY)



### EXPENSES (M TRY)



### OUT-OF RESIDENCE INCOME AND EXPENSE ANALYSIS (000 TRY)

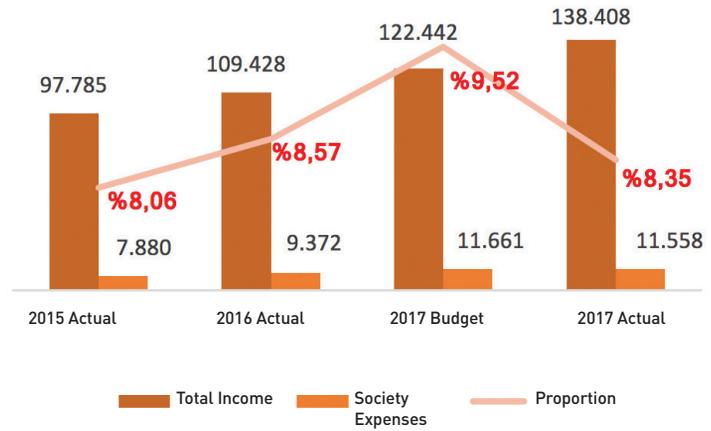




## 2017 FINANCIAL INDICATORS



### ANALYSIS OF MANAGEMENT EXPENSES (000 TRY)



- The echo level in the cafeteria was reduced by installing acoustic paneling to the roof and walls.
- The dormitory entrance floor doors of the female student house were changed in accordance with the fire regulations.
- Air-conditioning systems were installed in all of the toilets of the education building.

#### Maltepe Residence

- In accordance with the detections of the Istanbul Municipality Fire Department, a fire escape was constructed.
- The hot water and cold-water pipes were replaced in 11 shafts in the building.
- The coil of the steam generator the provided steam was replaced and put into service.
- Landscaping was carried out following the construction of the fire escape.

#### Maltepe Private Care Unit

- The hot water pipe and shaft lids were replaced.
- The lighting of the external garden was replaced with energy saving lighting.
- In accordance with the detections of the Istanbul Municipality Fire Department,

repairs were made to the fire escape.

- In accordance with Occupational Health and Safety, safety rails were constructed on the roof for the work to be done on the roof.

#### Yakacık Residence

- In accordance with the detections of the Istanbul Municipality Fire Department, improvements were made to the fire escape.
- The fire detection system was renewed.

#### Şenesevler Residence

- The restaurant roof was repaired, and the building downspouts were replaced.
- The current lighting of the general areas and member rooms were replaced with energy saving LED lighting.

#### Urİa Residence

- An automatic dosage and cleaning system was installed for the closed and open pool in the residence building.
- A steam generator was installed to activate the residence's laundry section. Additionally, the hot water boilers were connected to the steam pipes to ensure savings.

THE TOTAL INCOME IN 2017 INCREASED BY 6,963 THOUSAND TRY TO 58,731 THOUSAND TRY. 12,037 THOUSAND TRY (3,191 \$) FROM THIS AMOUNT WAS USED IN EURO BONDS.

- The camera system within the residence was replaced with an IP camera system.
- The construction and landscaping work was completed to create a new hobby garden for the members.
- As the sound of vibrations and compressors arising from the two air-cooled Chiller devices placed in the attic of Urla Residence disturbed the members, they were maintained and moved to a suitable place inside the garden.

#### Urla Yaşam

The camera systems in the 3rd floor of the private healthcare was replaced with an IP camera system.

#### LIABILITY (DEBT) MANAGEMENT

- Our foreign currency bank debts have decreased by 2,582 thousand US Dollars. 1,500 USD from this amount was paid to US Ex-Im Bank and the other 1,082 USD was paid against the principal payments for the credits borrowed from Garanti and İş Bankası in 2012, during the restructuring process of US Ex-Im Bank credits.
- Our revolving/spot credit debts on TRY basis to domestic banks of 14,463 thousand TRY have been paid in full.

#### CASH MANAGEMENT

- The amount of cash on hand became 58,731 thousand TRY in 2017, increasing by 58,731 thousand TRY. 12,037 thousand TRY (3,191 \$) from this amount was used in Euro Bonds.

#### DISTRIBUTION OF PROPERTIES

- By the end of 2016, appraised market value of property and lands was 1,1 Billion TRY. Total market value of service buildings is 695,483 Thousand TRY while 533,866 Thousand TRY from this amount belongs to Maslak Campus.

#### LIABILITY MANAGEMENT/ BANK LOANS (MILLION TRY)

