ANNUAL FINANCIAL STATEMENTS
OF

TEACH FOR BULGARIA
FOUNDATION

2018

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I.

Annual Activity Report of Teach For Bulgaria Foundation

TEACHFORBULGARIA

Teach For Bulgaria Foundation

Annual Report for 2018

INTRODUCTION

Teach For Bulgaria Foundation was initiated in July of 2010 with the generous financial support of the America for Bulgaria Foundation. The mission of the organization is to provide equal access to quality education for every child in Bulgaria, regardless of where they live, which school they go to, their ethnic background, and their family's socioeconomic status. Teach For Bulgaria recruits and rigorously selects motivated, high-achieving professionals with diverse backgrounds. Within the two-year leadership and professional development program all participants go through intensive training and are directly supported in the classroom and in other aspects of their work with students from vulnerable communities in different regions of Bulgaria. The organization has built a strong community of current teachers and alumni, as well as key partners from all sectors in order to ensure long-term, sustainable access to quality education for every child in Bulgaria. Teach For Bulgaria is part of the international network Teach For All whose approach is successfully adopted in over 40 countries on six continents.

KEY ACTIVITIES AND RESULTS FOR 2018

1. Recruitment campaign for new Teach For Bulgaria participants

In 2018 Teach For Bulgaria completed its eighth recruitment campaign for new participants in the two-year leadership and professional development program. The recruitment and selection of all participants took eight months and as a result 62 teachers joined Teach For Bulgaria's eighth class of program participants and started teaching in September of 2018.

Teach For Bulgaria received 1873 applications over the course of the campaign. After an exceptionally rigorous selection process 122 candidates received offers to participate in the program. These numbers indicate people's unwavering interest in Teach For Bulgaria's program over the past few years. They also show that the organization is highly selective and that no compromise should be made when selecting the future participants in the program.

The participants who needed teaching certification were enrolled either in a two-year master's program for teacher training at Plovdiv University, or in a two-semester teacher qualification program at Plovdiv University or at Veliko Tarnovo University. A total of 38 participants from the class of 2018-2020 are in the process of getting their certification.

KEY ACTIVITIES AND RESULTS FOR 2018 (CONTINUED)

2. Maintaining and growing the network of partner schools

Alongside the 2018 recruitment campaign, Teach For Bulgaria launched an information campaign targeting potential partner schools where the new teachers could start working. Our partner schools serve disadvantaged students who come from families with low socioeconomic status and often underperform at school. School placement takes place after detailed interviews with every participant and principal of a partner school.

In 2018 Teach For Bulgaria managed to establish partnerships with 59 schools in 11 regions of Bulgaria. 15 out of all 59 are new partners. In the school year of 2018/2019 Teach For Bulgaria works with schools in Veliko Tarnovo, Vratsa, Lovech, Montana, Pazardzhik, Pleven, Plovdiv, Razgrad, Sofia City, Sofia Province, and Stara Zagora.

Teach For Bulgaria succeeded in growing its network of partner schools in Pleven, Veliko Tarnovo (new regions since 2017), and Stara Zagora. The number of partner schools in the region of Pleven is 5, in Veliko Tarnovo - 4, and in Stara Zagora - 7.

3. Summer Institute 2018

The eighth Summer Institute took place from July 9 to August 24, 2018. The new class of participants went through an intensive training to master key pedagogical competencies, effective teaching practices, and methods. The institute was split in two parts - an intensive theoretical training during the first few weeks and a Summer Academy with students which was the practical part of the training in the following three weeks.

The participants who needed teaching certification had already started their teacher qualification programs at Plovdiv University or Veliko Tarnovo University before the beginning of the Summer Institute. The qualification programs comply to all state and university requirements regarding curricula, total number of classes, practice, and assessment.

The qualification programs took place alongside the ongoing training provided by Teach For Bulgaria which allowed all participants to master the basic skills and knowledge for effective teaching before the start of the school year in September of 2018.

The activities in the Summer Institute were aligned with the internationally recognized model called Teaching as Leadership, the basis of Teach For Bulgaria's teacher training program, which was developed to ensure the success of every student. The new participants had the opportunity to apply what they had learned during the eighth "Summer Academy where children have fun and learn how to be successful" which took place at two schools in Sofia - 90 Secondary School "General José de San Martín" in Lyulin neighborhood and 125 Secondary School "Boyan Penev" in Mladost neighborhood. The academy had gained popularity over the years, so nearly 1000 students signed up for it.

KEY ACTIVITIES AND RESULTS FOR 2018 (CONTINUED)

3. Summer Institute 2018 (Continued)

Some classes were fully booked within days after the registration was open and this was not the first Summer Academy for many of the students. This goes to show that the Summer Academy is highly appreciated and preferred by many parents and students. It got extensive media coverage and besides being a great practice opportunity for the teachers, it also helped many of the students catch up with school work and develop important skills during their summer break. To make sure that the Summer Academy serves children in need, Teach For Bulgaria partnered with other non-governmental organizations which work with children from vulnerable communities - refugees, minorities, children at risk, orphans, etc. These organizations are Caritas Bulgaria, UNHCR Bulgaria, HESED, etc.

4. Teach For Bulgaria class of 2016-2018 joined the alumni community

Teach For Bulgaria's sixth and largest class of participants officially completed the leadership and professional development program. Ninety-nine participants successfully completed two challenging years as teachers in 12 regions of Bulgaria where they worked towards strengthening their students' motivation, improving their results, and providing them with more opportunities for development. Thus, the program's alumni community grew to 262 people.

The class of 2016-2018 had the opportunity to share all lessons learned, celebrate their accomplishments, and map out future plans in the education sector at a special event on June 30, 2018. 86% of them still work in the education sector (as of October 2018).

5. The EU project "A New Way for New Talents in Teaching" (NEWTT)

Teach For Bulgaria continued working on NEWTT - "A New Way for New Talents in Teaching" as the lead partner delegated by the Ministry of Education and Science and as a project coordinator for the Bulgarian consortium.

The goal of the project is to test innovative policies in the recruitment, training, and retention of new teachers in the profession. The objective for Bulgaria is to train 140 participants in two years. NEWTT trainees are part of a large-scale study conducted by the University of Duisburg-Essen (Germany) which aims to test and identify successful approaches and good practices in the recruitment, motivation, training, and support of beginner teachers. The initial results were presented in the fall of 2018 at the largest forum dedicated to education in Bulgaria and organized by the leading education organizations in the country - "The Future of Education Conference". The presented results indicate that NEWTT trainees perform well even during the initial months of their work at school. What is more, their performance is on par with that of traditionally trained teachers. The study also analyzed the different motivators for NEWTT trainees and traditionally trained teachers to enter the profession.

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KEY ACTIVITIES AND RESULTS FOR 2018 (CONTINUED)

5. The EU project "A New Way for New Talents in Teaching" (NEWTT) (Continued)

NEWTT is an Erasmus+ project (Key Action 3, Contract Number 2015-3741/001-001) funded by the European Commission, launched in 2016 in Bulgaria, Latvia, Austria, Romania, and Spain, and planned to finish in 2019. The third Bulgarian partner in the international consortium is Plovdiv University "Paisii Hilendarski".

You can find more information about the project here - https://zaednovchas.bg/influence/newtt/. (In Bulgarian)

TEACH FOR BULGARIA'S REACH FOR 2018

Number of received applications for Teach For Bulgaria's program and accepted candidates over the years:

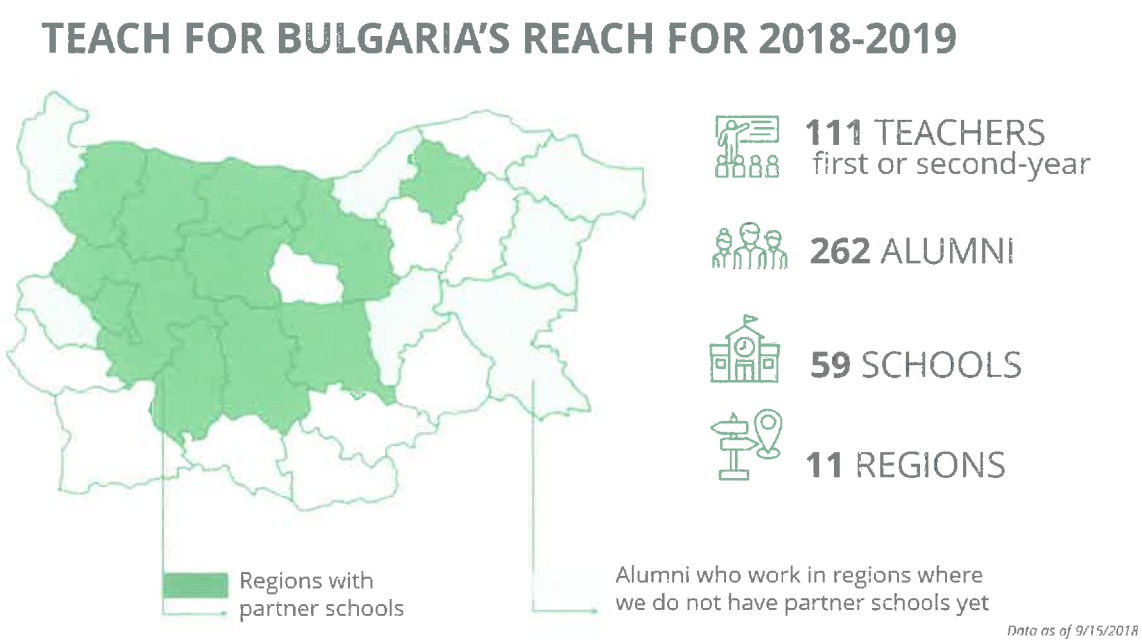
Year	Applications	Accepted candidates	Participants who start the school year[1]	Selection rate
2011	375	34	21	9%
2012	729	62	34	9%
2013	995	72	47	7%
2014	1211	90	53	7%
2015	1056	112	55	11%
2016	2465	212	121	9%
2017	2250	119	57	5%
2018	1873	122	62	6%

[1] Number of participants who have gone through the intensive summer training and have started teaching at school. "Accepted" are all candidates who have gone through the entire selection process and have received offers to participate in the program by the end of May of each year. Part of them reject their offers and another part drop out during their preliminary training. This process of self-selection happens as the participants become more and more aware of the responsibility they are about to take on as teachers and all the challenges they would have to face at school

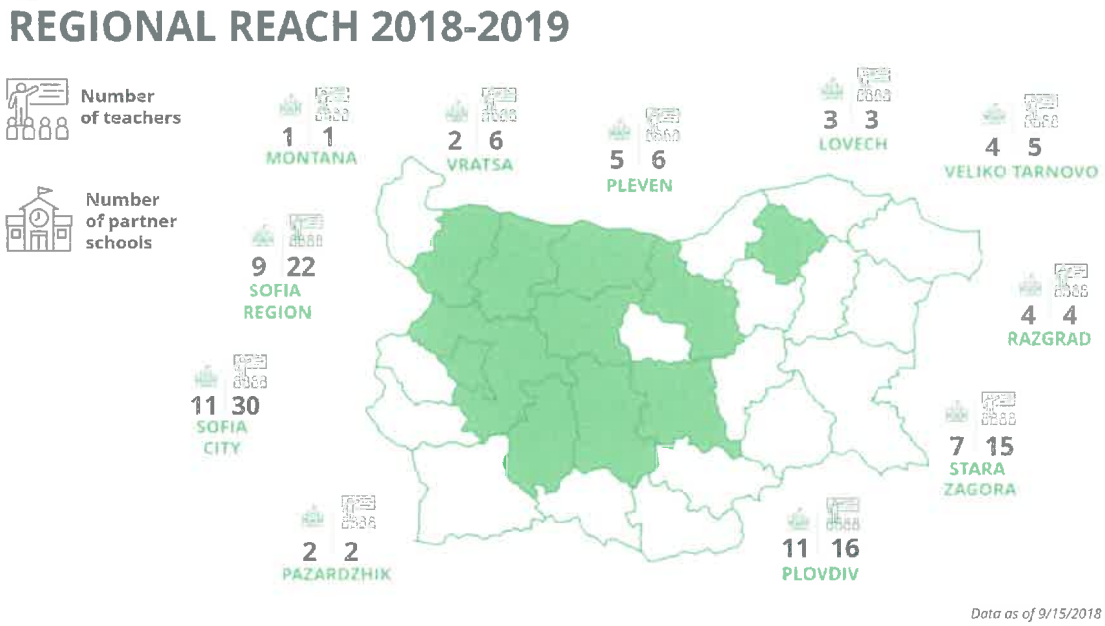
TEACHFORBULGARIA

TEACH FOR BULGARIA'S REACH FOR 2018 (CONTINUED)

Number of Teach For Bulgaria participants, alumni, and partner schools by region for 2018



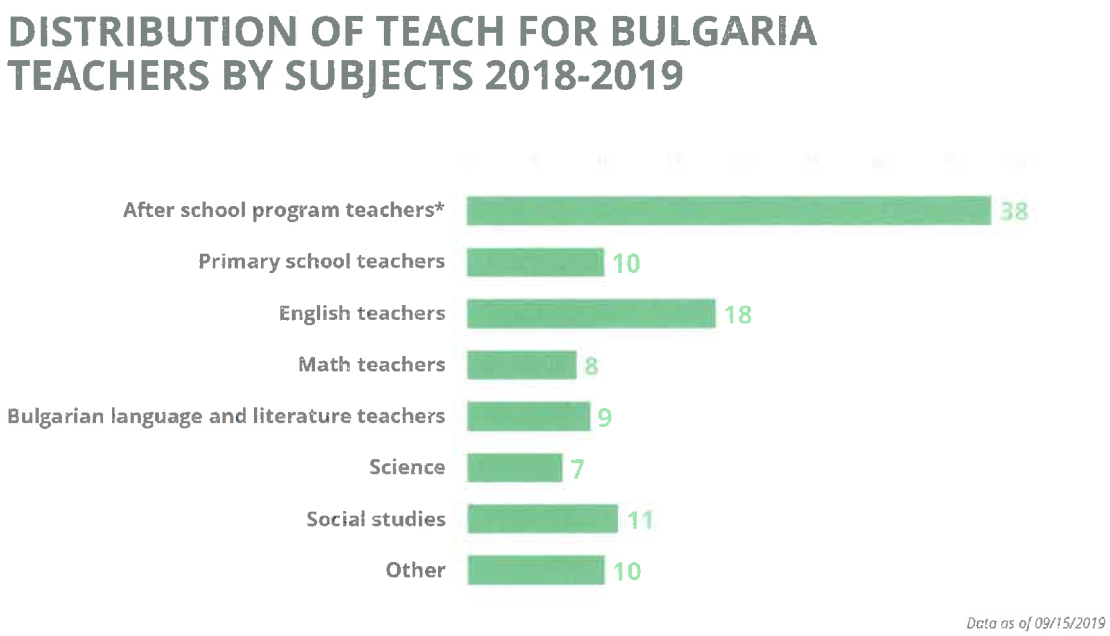
Number of Teach For Bulgaria participants by region for 2018



TEACHFORBULGARIA

TEACH FOR BULGARIA'S REACH FOR 2018 (CONTINUED)

Distribution of Teach For Bulgaria teachers by subjects as of September 15, 2018.



TEACHFORBULGARIA

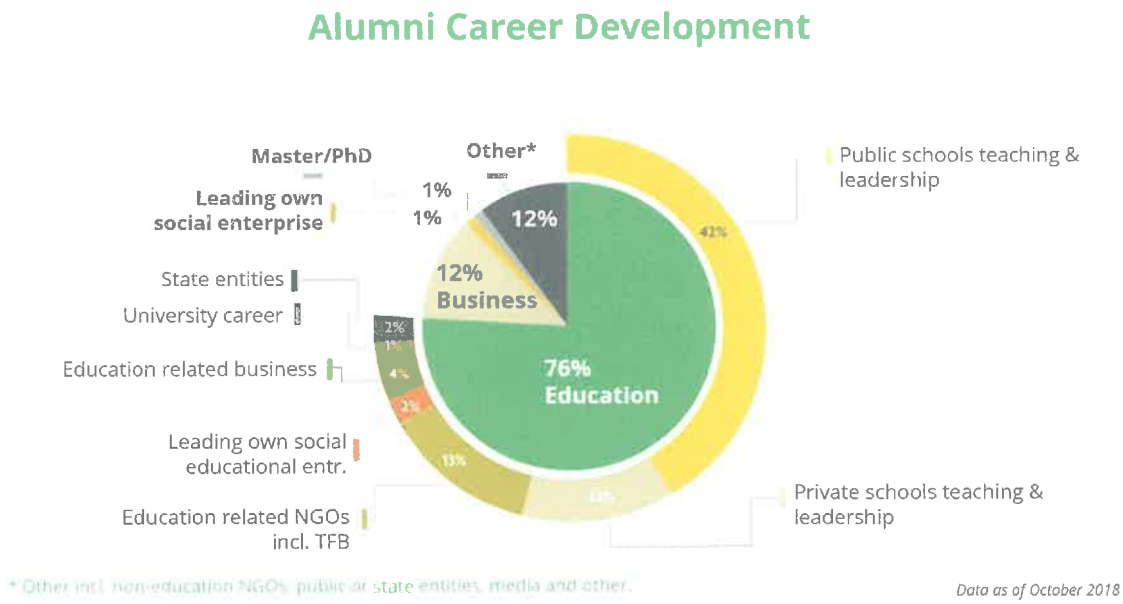
TEACH FOR BULGARIA'S IMPACT FOR 2018

1. Teach For Bulgaria alumni career paths

Providing every child in Bulgaria with equal access to quality education is a long-term goal which can only be accomplished with the joint effort of many committed people. This is why Teach For Bulgaria keeps supporting all participants even after the two-year program at school.

Our participants pursue different career paths, but our goal is for every single one of them to keep working towards better education in Bulgaria, inspired by their experience in the program and further professional development.

As of October of 2018, 262 participants have successfully completed the program. They are actively engaged in the education sector - 76% work in education. 142 alumni are in the teaching profession and many of them see themselves in leadership positions at school in the future.



Many alumni choose to start their own initiatives and organizations in order to meet different needs or address specific problems of the education system.

These projects and organizations are related to teacher training, principal training, public policy and advocacy, developing 21st-century skills, working with children from vulnerable communities. The list includes organizations such as Vratsa Software, Mestentseto, Steps Academy (Akademia NIKE), School Miracles, Education Bulgaria 2030, START Academy Sofia, The Academy of Knowledge in Varna, Education without Backpacks, Friends in Adventure, Blagichka - Cooking for a Cause, It's Up to Me Foundation, Foundation Svetal Lach, "The Event", the Gramotko initiative, Smarty Kids - Mental Arithmetic, Center for children with hearing impairment in Stara Zagora, "I, Teacher", and more.

TEACHFORBULGARIA

TEACH FOR BULGARIA'S IMPACT FOR 2018 (CONTINUED)

1. Teach For Bulgaria alumni career paths (Continued)

Teach For Bulgaria alumni work at various influential and established education organizations, participate in conferences, write handbooks and projects thus reaching more people in the education system. Teach For Bulgaria alumni work as experts at the following education and advocacy organizations: National Network for Children, Trust for Social Achievement, Center for Inclusive Education, Arete Youth Foundation, the Bulgarian Safer Internet Centre, Institute for Progressive Education, etc.

2. Sharing best practices

2.1. Best practices from innovative teachers and education experts in Bulgaria and across the EU - FIERST

From Inclusive Education to Real Scale Transfer (FIERST), project number 592133-EPP-1-2017-1-BG-EPPKA3-IPI-SOC-IN, is a three-year, Erasmus+, Key Action 3: Support for policy reform - Social Inclusion through Education, Training and Youth project. The main goal is to scale locally generated best practice for inclusive education which have been created, implemented, and tested by innovative teachers and education experts who work with students from vulnerable communities. The project is one of the 22 approved by the Education, Audiovisual and Culture Executive Agency (EACEA) out of 163 submitted project proposals. Teach For Bulgaria is the leading partner of the project consortium with a total of 7 partners from Bulgaria, Estonia, Romania, the UK, and Sweden. The partner organizations from Bulgaria are Teach For Bulgaria, the Ministry of Education and Science, and New Bulgarian University. The Bulgarian Union of Teachers is an associated partner.

The initial training of the selected partner schools for the project started in 2018. The key milestones of the project for Bulgaria are:

- Designing trainings based on the handbook "How to Develop 21st-century Skills in the Classroom" and training at least 200 teachers from 20 schools in Bulgaria;
- Designing and validating an instrument which measures students' motivation and engagement in class - in collaboration with New Bulgarian University;
- Sharing other measurement instruments implemented by Teach For Bulgaria which track the development and performance of trained teachers (a student feedback survey, a reading literacy test, a teacher questionnaire based on TALIS, etc.);
- Creating professional communities of practice for trained teachers;
- Compiling a resource bank of best practices, methods, and instruments which could be scaled to a national or international level and exchanged among project partners and other experts.

TEACHFORBULGARIA

TEACH FOR BULGARIA'S IMPACT FOR 2018 (CONTINUED)

2. Sharing best practices (Continued)

2.2. "Developing Students' Civic Literacy with Interactive Methods"

Bulgarian and European government simulations, EU institutions research assignments, case studies on the topic of civil rights, and EU-themed interactive quizzes. These were some of the best practices presented during the closing conference of the "Developing Students' Civic Literacy with Interactive Teaching Methods" project on June 20. The project was implemented by Teach For Bulgaria with the financial support of Sofia Municipality and Europe 2018 Program. Teachers from 13 schools in Sofia presented their best practices at the conference. All of them had completed a training at Steps Academy (Akademia NIKE) to build specific skills which would allow them to teach key elements of the so-called "civic literacy" in an engaging, interactive, and innovative way.

The goal of the project was to motivate young people to be socially active citizens and to help them get acquainted with all national and European institutions, the way they collaborate, what the decision-making process is and how they could participate in it.

You can find more information about the conference here: https://zaednovchas.bg/kak-da-razvivame-grazhdanska-gramotnost-u-uchenitsite/

2.3. Pilot project "From Vision to Results" in collaboration with Sofia Municipality

The pilot project "From Vision to Results" was launched in 2018. Teach For Bulgaria and Sofia Municipality aim to test a specific model for professional support by providing additional professional support to four schools in Sofia, so that teachers and principals are able to overcome challenges and help their students progress effectively. The project is part of Sofia Municipality's Europe Program. It is going to be completed by the end of 2018/2019 school year. In 2018 the four schools held meetings to define these challenges, barriers, and obstacles and identified potential causes. They also outlined their objectives, KPIs, and came up with school-specific professional support plans which would help them accomplish their goals.

Teach For Bulgaria is going to mentor and coach each school so that teachers and principals accomplish their objectives and create a strategic plan for the following school year.

TEACHFORBULGARIA

TEACH FOR BULGARIA'S IMPACT FOR 2018 (CONTINUED)

2. Sharing best practices (Continued)

2.4. Student Enrollment and Retention in Stara Zagora

Teachers and principals from 80 schools and representatives from municipalities in the region of Stara Zagora participated in a forum called "Successful Enrolment and Dropout Prevention in the Schools of Stara Zagora" organized by the Regional Management of Education in Stara Zagora and Teach For Bulgaria. The forum took place on March 26 at Primary School "Kiril Hristov" in Stara Zagora and on March 27 at Secondary School "Ekzarh Antim I" in Kazanlak.

The event had several goals - to discuss all aspects and the magnitude absenteeism, to establish the main causes behind it, and to exchange best practices for its prevention. Students from several vocational schools in Stara Zagora made a special appearance in the forum and shared their vision and ideas about what schools need to be like to keep young people engaged.

2.5. "Best Practices in Our School" Forum in Sofia

Best practices on improving students' reading literacy, co-planning lessons with fellow teachers, engaging special needs students in class, and developing students' creative potential were presented by teachers from five schools in Sofia at a forum called "Best Practices in Our School" which took place in February of 2018. The event was organized by the Regional Management of Education in Sofia and Teach For Bulgaria. The goal was to give teachers and principals the opportunity to exchange best practices and experience in teaching and school leadership.

Vanya Kastreva, Head of the Regional Management of Education in Sofia, opened the forum by saying that social change was driven by people's joint effort.

2.6. "Teachers of the Future" forum in Sofia - an event co-organized by the Ministry of Education and Science, the Bulgarian Union of Teachers, and Teach For Bulgaria

A discussion on teacher shortages in Bulgaria took place on October 16, 2018, at 18 Secondary School "William Gladstone" in Sofia. The event was co-organized by the Ministry of Education and Science, the Bulgarian Union of Teachers, and Teach For Bulgaria. The participants outlined the main challenges and areas of improvement. They also discussed potential national programs which could support the institutional efforts to recruit more and motivated teachers.

2.7. The Future of Education Conference

What did Bulgarian education need in order to be able to prepare young people for the future - this was the main topic of The Future of Education Conference which took place on November 23-24 at the National Palace of Culture in Sofia. The conference brought together professionals from the public and civic sectors, business companies, schools and kindergartens. Participants had the opportunity to map out the future of education.

TEACHFORBULGARIA

TEACH FOR BULGARIA'S IMPACT FOR 2018 (CONTINUED)

2. Sharing best practices (Continued)

2.7. The Future of Education Conference (Continued)

The goal of the forum was to showcase tried and true practices as well as possible solutions which would help prepare students for the jobs of the future so that they would be able to start successful careers in Bulgaria.

The main highlights at the conference were the discussions on education for economic growth, skills for success in any career, and innovative schools. The European Commission's 2018 Education and Training Monitor for Bulgaria was presented at the forum along with some good examples and ideas of public-private partnerships between the business and the municipalities. Teach For Bulgaria participated in the forum as a key organizer and moderator. There were practical workshops and panel discussions dedicated to the recruitment, training, and retention of teachers. One of the presenters was the Chair for Educational Research and Schooling at the University of Duisburg-Essen, Germany, Prof. Dr. Hermann Abs who shared some aspects of his research. He conducted a study which was part of the EU project called "A New Way for New Talents in Teaching" (NEWTT). Prof. Abs also shared some good practices in the recruitment and retention of new teachers.

3. Developing impact assessment instruments

In 2018 the Foundation worked on several projects related to the development and validation of a variety of instruments which can support the effort to measure the impact of the organization as well as some elements of the education system.

Teach For Bulgaria is designing and validating an instrument which measures students' motivation and engagement in class in collaboration with New Bulgarian University. This activity is part of an EU project called FIERST.

Teach For Bulgaria is designing and validating an instrument which measures students' reading literacy skills in third grade in collaboration with the Bulgarian Association for Educational Measurement and Evaluation.

Teach For Bulgaria is involved in the design and validation of an instrument which measures students' socio-emotional skills and mindsets. This activity is part of an external evaluation project.

The main goal of these projects was to develop instruments - validated to our context in Bulgaria - which can measure a variety of key mindsets and 21st-century competencies, students' motivation to learn, and their attitude toward the curricula and school in general. The long-term goal is to put emphasis on student performance focused on 21st-century competencies and based on objective data. The results from these projects will be finalized in 2019.

TEACHFORBULGARIA

KEY EVENTS OF 2018

DATE/PERIOD	EVENT
January 2018	Teach For Bulgaria's Chief Executive Officer, Evgenia Peeva-Kirova, was awarded "Young Manager of the Year" for 2017 at the EVRIKA Foundation award ceremony. The annual EVRIKA awards are given in several categories - young manager, inventor, farmer, and scientist. The awards originated 28 years ago and last year, for the very first time, a manager from the NGO sector was recognized as "Young Manager of the Year".
March 2018	Teachers and principals from 80 schools and representatives from municipalities in the region of Stara Zagora participated in a forum called "Successful Enrolment and Dropout Prevention in the Schools of Stara Zagora" organized by the Regional Management of Education in Stara Zagora and Teach For Bulgaria. The forum took place on March 26 at Primary School "Kiril Hristov" in Stara Zagora and on March 27 at Secondary School "Ekzarh Antim I" in Kazanlak.
March 2018	Emiliyan Kadiyski, Teach For Bulgaria alum from the first class of participants in the program, and his partners from Vratsa Software Community were recognized as "Worthy Bulgarians of the Year". Last year marked the 16th edition of the Worthy Bulgarians of the Year Award Ceremony which took place at the Military Club in Sofia. "Worthy Bulgarians of the Year" is an initiative by 24 Chasa.
March 2018	Teach For Bulgaria alumni had the opportunity to present their successful organizations and initiatives at a conference called "United in Education - for the Success of Every School" which took place on March 23 at Software University in Sofia. The conference was organized by Steps Academy (Akademia NIKE), Software University "SoftUni", and Teach For Bulgaria. Representatives of ten organizations and initiatives organized workshops and presented their work to the attending principals and teachers.
April 2018	For the fifth year in a row members of our community were included in Darik Radio 40 Under 40 - an exclusive list of successful Bulgarian innovators. Darik Radio 40 Under 40 class of distinguished young leaders for 2017 was announced on April 16 on their website and included professionals with diverse backgrounds. Teach For Bulgaria alumni Velizar Stefanov, Evgeniy Dimitrov, and Rosen Bogomilov were included in 40 Under 40 - Darik Radio's list of Bulgarian innovators for 2017.
April 2018	The third edition of the charity event QuizIT took place on April 24 at City Stage in Sofia. The fundraiser brought together motivated contestants who work at various tech and IT companies. The goal was to support children's equal access to quality education and the work of Teach For Bulgaria participants.

May 2018	Ten Teach For Bulgaria participants who teach in different regions in the country received formal recognition for their work on May 24 - Bulgarian Education and Culture and Slavonic Literature Day.
June 2018	The closing conference of the "Developing Students' Civic Literacy with Interactive Teaching Methods" project took place on June 20. The project was implemented by Teach For Bulgaria with the financial support of Sofia Municipality and Europe 2018 Program. Teachers from 13 schools in Sofia presented their best practices from their work with over 200 students at the conference.
June 2018	Teach For Bulgaria class of 2016-2018 completed the program on June 30.
June 2018	A two-day training co-organized by European Schoolnet and Teach For Bulgaria took place in Sofia on May 12 and 13. Thirty-six teachers from different schools and various locations participated in the training. Some of them were Teach For Bulgaria participants or alumni of the program who had the opportunity to take part in the training together with some of their colleagues at school.
June 2018	NGOs Reach for Change and Teach For Bulgaria launched a summer training program for aspiring social entrepreneurs. The program was designed for Teach For Bulgaria alumni and aimed to further expand their knowledge, develop their skills, and build their capacity to develop their projects as successful business models serving a social cause.
July 2018	The start of the intensive Summer Institute for Teach For Bulgaria class of 2018-2020 which took place in Lukovit.
July 2018	The start of the eighth Summer Academy where children have fun and learn how to be successful organized by Teach For Bulgaria on July 30.
August 2018	The selection process of the initial FIERST partner schools was completed. Erasmus+, Key Action 3 project - FIERST (From Innovators in Inclusive Education to Real Scale Transfer).
September 2018	Teach For Bulgaria class of 2018-2020 started their first year as teachers.
September 2018	The start of the recruitment campaign for Teach For Bulgaria class of 2019-2021.
September 2018	Blazhka Dimitrova, Teach For Bulgaria alumna, and Anjela Deyanska, Development and Fundraising Manager at Teach For Bulgaria, were included in last year's selection of young Bulgarian leaders - Forbes Bulgaria 30 Under 30. The new list of young Bulgarian leaders was announced at a big one-day forum on September 18 in Sofia.
September 2018	Teach For Bulgaria's leadership and professional development program was awarded as "Best Training Program" and "Best Professional Development Program" in this year's *Employer of the Year* awards, a national competition organized by the prestigious career expo "Career in Bulgaria. Why not?". The award ceremony took place during the 11th "Career in Bulgaria. Why not?" career

	expo on Sept. 20, 2018, in Sofia. Teach For Bulgaria was the only organization which received two 1st place awards in two different categories.
October 2018	Round table with the Ministry of Education and Science and the Bulgarian Union of Teachers on the teacher shortages in Bulgaria.
October 2018	Inspirational Leaders Charity Auction 2018
October 2018	Fourth edition of the charity event QuizIT on October 30
November 2018	Teach For Bulgaria organized the first Leadership Academy for Bulgarian university students who live and study in the UK. The academy took place from November 9 to November 11 in London.
November 2018	The Future of Education Conference which took place on November 23-24 at the National Palace of Culture in Sofia. Teach For Bulgaria was the key partner in the organization of the forum.

TEACHFORBULGARIA

PLANS FOR FUTURE GROWTH

The organizational focus of Teach For Bulgaria for the next few years is in the following area:

1. We keep growing and recruiting new people to join us in our cause of quality education for every child.

2. We increase our impact in regions and at schools where we are most needed to help them bring about qualitative change and improvement for the students.

3. We work with Teach For Bulgaria alumni in order to support them in their next steps - the implementation of workable solutions to overcome the unequal access to quality education.

4. Our partnerships get more effective over time; we share the same long-term vision, values, focus, and sense of urgency in our work to overcome the challenges in education in Bulgaria with our partners and supporters.

5. We deepen our understanding and improve our methods for the training, induction, and professional development of new teachers in the education system, along with their ability to teach key 21st-century skills, so that their students could be successful.

6. We share our experience with the new organizations which join the global network of Teach For All and facilitate the exchange of best practices in Bulgaria and internationally.

FINANCIAL INFORMATION

1. Fundraising

Teach For Bulgaria's work would be impossible without the financial support of various donors (foundations, individual, and corporate donors) who believe that quality education is a long-term investment in the economy and development of Bulgaria.

Teach For Bulgaria's main funding comes from a grant by the America for Bulgaria Foundation. ABF initiated Teach For Bulgaria in 2010.

Teach For Bulgaria strives to purposefully engage current donors and search for alternative sources of funding to ensure its sustainable long-term development.

1.1. Inspirational Leaders Charity Auction 2018

Inspirational public figures, celebrities, business leaders, and people working in the private sector proved that education is a cause which unites everyone at the annual Inspirational Leaders Charity Auction. The special event was organized for the seventh year in a row and took place on October 16, in Sofia. The auction was organized by Teach For Bulgaria in partnership with the Bulgarian Business Leaders Forum. It would not have been possible without the support of the America For Bulgaria Foundation, Bankia Mineral Water, Kinstellar, UniCredit Bulbank, Villa Melnik Family Winery, SEG, and Hilton.

TEACHFORBULGARIA

FINANCIAL INFORMATION (CONTINUED)

1. Fundraising (Continued)

1.1. Inspirational Leaders Charity Auction 2018

The auction is Teach For Bulgaria's biggest annual charity initiative. Sixteen celebrities and over 100 guests from 15 companies in different business sectors participated last year. All guests had the opportunity to bid in order to buy two hours of the time of inspirational entrepreneurs, artists, athletes, etc. These celebrities support Teach For Bulgaria's cause and donate their time to the highest bidders by participating in team building activities, hosting corporate events, giving inspirational talks, etc. The funds raised from all bids amounted to over 150 000 BGN. This money is going to directly support the mission of the organization to recruit, train, and develop capable, motivated professionals who can contribute and work long-term towards positive change in Bulgarian education.

1.2. A network of supporters and ambassadors from the Bulgarian diaspora around the world

In 2018 Teach For Bulgaria managed to develop the network of supporters, partners, and ambassadors among the Bulgarian diaspora mainly in Europe and USA. This stronger network helped Teach For Bulgaria raise significantly more individual donations. The number of individual donors from Bulgaria and around the world reached over 350 people in 2018.

2. Financial indicators

In the past year the Foundation recognized revenue from conditional grants amounting to 4,430 thousand BGN (in 2017: 4,289 thousand BGN). The unconditional grants received by the Foundation in 2018 amount to 495 thousand BGN (in 2017: 428 thousand BGN). The result (profit) from non-profit activity in 2018 amounts to 527 thousand BGN (in 2017: 419 thousand BGN).

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events which require corrections or additional disclosures in the financial statements of the Foundation which have occurred after the balance sheet date.

BRANCHES

The Foundation has no branches.

RESEARCH AND DEVELOPMENT

The Foundation is not active in research and development.

FINANCIAL RISKS

Information about the financial risks is included in the financial statements in note 22 (Financial instruments).

MANAGEMENT RESPONSIBILITY

According to Bulgarian legislation, the Management should prepare financial statements for every fiscal year which present a true and fair view of the state of the Foundation at the end of the year, its financial performance, and cash flows. The financial statements are to be prepared in accordance with the National Accounting Standards applicable in Bulgaria.

The Management confirms that it has consistently applied adequate accounting policies to prepare the annual financial statements as of December 31, 2018, and it has made reasonable and cautious assessments, assumptions, and estimates.

The Management also confirms that it has abided by the accounting standards in force and the financial statements have been prepared according to the going-concern principle.

The Management is responsible for the proper keeping of accounting records, appropriate asset management, and taking the necessary measures to prevent or detect potential abuse and other irregularities.

The Management confirms that in preparing the financial statements it has provided a true and fair presentation of the development and results of the Foundation's activities over the past period, as well as its financial state and major risks it may be facing.

The Management has approved the issuing of the annual report and financial statements for 2018.

Evgenia Peeva-Kirova

Chief Executive Officer

Date: 29.03.2019

"Заедно в час"
Teach For Bulgaria

II.

Independent Auditor's Report

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INDEPENDENT AUDITORS' REPORT

To the Founder of
Teach for Bulgaria Foundation

Opinion

We have audited the separate financial statements of Teach for Bulgaria (the Foundation) as set out on pages 1 to 23, which comprise the separate balance sheet as at 31 December 2018, and the separate income statement for non-profit activities, separate income statement for business activities, separate statement of changes in equity and separate cash flows statement for the year then ended, and notes to the separate financial statements, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements give a true and fair view of the unconsolidated financial position of the Foundation as at 31 December 2018, and of its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with Accounting Standard 9 *Presentation of financial statements of non-profit entities* and the relevant National Accounting Standards (NAS), applicable in Bulgaria.

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 'Auditors' Responsibilities for the Audit of the Separate Financial Statements' section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the separate financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the IFAA and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Audit OOD, a Bulgarian limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

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BIC TTBBBG22
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Information Other than the Separate Financial Statements and Auditors' Report Thereon

Management is responsible for the other information. The other information comprises the separate management report, prepared by management in accordance with Chapter Seven of the Accountancy Act, but does not include the separate financial statements and our auditors' report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Additional Matters to be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the separate management report, we have also performed the procedures added to those required under ISAs in accordance with the New and enhanced auditor's reports and auditor's communication Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria, the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion about whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in connection with Art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the separate management report for the financial year for which the separate financial statements have been prepared is consistent with those separate financial statements.

b) The separate management report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.

Responsibilities of Management for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with AS 9 and the relevant NAS applicable in Bulgaria and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the separate 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 Foundation's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

— Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

KPMG Audit OOD

Maria Peneva
Authorised representative

Dobrina Kaloyanova
Registered auditor, responsible for the audit

45/A Bulgaria Boulevard
Sofia 1404, Bulgaria

26 June 2019

III.

Separate Financial Statements for the year ended December 31st, 2018

"Teach for Bulgaria" Foundation

Separate financial statements

for the year ended 31 December 2018

With Independent Auditors' Report thereon

Unofficial translation from original separate financial statements in Bulgarian

Separate income statement for non-profit activities for the year ended 31 December 2018

In thousands of BGN

Expenses	Note	2018	2017
I. Expenses for the activity			
A. Expenses for regulated activity			
1. Expenses on grants	6.1	1,049	1,426
2. Other expenses	6.2	274	224
Total A:		**1,323**	**1,650**
B. Administrative expenses	7	**3,085**	**2,636**
Total I:		**4,408**	**4,286**
II. Finance costs			
3. Other finance costs for financial transactions	8	16	13
Total II:		**16**	**13**
III. Total expenses		**4,424**	**4,299**
IV. Profit from non-profit activities		**527**	**419**
V. Result from business activities – profit or loss		**1**	**2**
VI. Total result from profit and non-profit activities - profit		**528**	**421**

Revenues	Note	2018	2017
I. Revenue from the activity			
A. Revenue from regulated activity			
1. Revenue from conditional grants	9.1	4,430	4,289
2. Revenue from unconditional grants	9.2	495	428
3. Other revenue		14	
Total I:		**4,939**	**4,717**
II. Finance income			
4. Foreign currency exchange gains	10	12	1
Total II:		**12**	**1**
III. Total revenue		**4,951**	**4,718**
IV. Loss from non-profit activities		-	-
V. Result from business activities – profit or loss		-	-
VI. Total result from profit and non-profit activities - loss		-	-

The Separate income statement should be read together with the notes to the financial statements on page 8 to page 23, which are integral part of the Separate financial statements.

The Separate financial statements were prepared on 29.03.2019 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 29.03.2019.

"Заедно в час" Teach For Bulgaria

Evgenia Peeva-Kirova

Executive Director

Kreston BulMar Accounting services LTD
Metodi Hristov, *Authorised representative*
Preparer

Кристън БулМар ООД счетоводно обслужване София

In accordance with an Independent Auditors' Report:
KPMG Audit OOD

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 045 КПМГ ОДИТ ООД

Maria Peneva
Authorised representative

Dobrina Kaloyanova
Registered Auditor, responsible for the audit

Translation from the original Bulgarian version. In case of divergence the Bulgarian original shall prevail.

Separate income statement for business activities for the year ended 31 December 2018

In thousands of BGN

Expenses	Note	2018	2017
A. Operating expenses			
1. Materials and service expenses incl.:		-	26
a) service expenses	11	-	26
Total operating expenses		-	26
Total expenses		-	26
2. Accounting profit (total revenues – total expenses)		1	2
3. Tax (expense)/benefit on profit		-	-
4. Net profit for the year (2 - 3)		1	2
Total (Total expenses + 3 +4)		1	28

Revenues	Note	2018	2017
B. Revenue			
1. Net revenue, incl.:		-	28
a) services		-	28
B. Other revenue	12	1	-
Total income from operating activity		-	28
Total income		1	28
2. Accounting loss (total revenues – total expenses)		-	-
3. Net loss for the year (2 + line 3 from Section A)		-	-
Total (Total revenues +3)		1	28

The Separate income statement should be read together with the notes to the financial statements on page 8 to page 23, which are integral part of the Separate financial statements.
The Separate financial statements were prepared on 29.03.2019 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 29.03.2019.

Evgenia Peeva-Kirova

Executive Director

"Заедно в час" Teach For Bulgaria

Kreston BulMar Accounting services LTD
Metodi Hristov, *Authorised representative*
Preparer

Крестън БулМар О.С.А. счетоводно обслужване

In accordance with an Independent Auditors' Report:
KPMG Audit OOD

Maria Peneva
Authorised representative

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 045 КПМГ ОДИТ ООД

Dobrina Kaloyanova
Registered Auditor, responsible for the audit

Translation from the original Bulgarian version. In case of divergence the Bulgarian original shall prevail.

Separate balance sheet
As at 31 December 2018

In thousands of BGN	Note	31.12.2018	31.12.2017
Assets			
A. Non–current (long-term) assets			
I. Intangible assets			
1. Advances granted and intangible assets in progress	13	17	17
Group I total:		**17**	**17**
II. Tangible fixed assets			
1. Equipment and other	14	60	38
Group II total:		**60**	**38**
Section A total:		77	**55**
B. Current (short-term) assets			
I. Debtors			
1. Other receivables	15	18	4
Group I total:		**18**	**4**
II. Investments			
1. Shares in affiliated undertakings	23	3	3
2. Financial assets held to maturity	22	892	-
Group II total:		**895**	**3**
III. Cash and cash equivalents, including:		**923**	**2,555**
- cash in current bank accounts (deposits)	16	923	2,555
Group III total:		**923**	**2,555**
Section B total:		**1,836**	**2,562**
C. Deferred expenses	17	**25**	**19**
Total assets (A + B + C)		**1,938**	**2,636**

	Note	31.12.2018	31.12.2017
Equity and liabilities			
A. Equity			
I. Reserves			
1. Reserve as per incorporation documents	18	1	1
2. Other reserves, including:	18	1,639	1,111
- for prior years		1,111	690
- for the current year		528	421
Group I total:		**1,640**	**1,112**
Section A total:		**1,640**	**1,112**
B. Creditors			
1. Trade payables, including:	19	43	45
up to 1 year		*43*	*45*
2. Other payables, including:	20	102	65
up to 1 year		*102*	*65*
- payable to personnel, including:		*77*	*62*
up to 1 year		*77*	*62*
Section B total, including:		**145**	**110**
up to 1 year		***145***	***110***
C. Grant and deferred income, including:	21	**153**	**1,414**
- grants		*153*	*1,414*
Total net assets and liabilities (A + B + C)		**1,938**	**2,636**

The Separate balance statement should be read together with the notes to the financial statements on page 8 to page 23, which are integral part of the Separate financial statements.
The Separate financial statements were prepared on 29.03.2019 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 29.03.2019.

Evgenia Peeva-Kirova

Executive Director

"Заедно в час" Teach For Bulgaria

Kreston BulMar Accounting services LTD
Metodi Hristov, *Authorised representative*
Preparer

Кресиън БулМар ООД счетоводно обслужване София

In accordance with an Independent Auditors' Report:
KPMG Audit OOD
Maria Peneva
Authorised representative

Одиторско дружество София Рег. № 045 КПМГ ОДИТ ООД

Dobrina Kaloyanova
Registered Auditor, responsible for the audit

Translation from the original Bulgarian version, in case of divergence the Bulgarian original shall prevail.

Separate statement of changes in equity for the year ended 31 December 2018

In thousands of BGN	Note	Reserve as per incorporation documents	Other reserves	Financial result from prior years	Financial result for the current year	Total
1. Balance at 1 January 2018		**1**	**690**	**421**	**-**	**1,112**
2. Financial result from for the year, including:		-	-	-	528	528
- result from business activities		-	-	-	*1*	*1*
- result from non-profit activities		-	-	-	*527*	*527*
3. Transfer to other reserves		-	421	(421)	-	-
4. Balance at 31 December 2018	18	**1**	**1,111**	**-**	**528**	**1,640**

The Separate statement of changes in equity should be read together with the notes to the financial statements on page 8 to page 23, which are integral part of the Separate financial statements.

The Separate financial statements were prepared on 29.03.2019 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 29.03.2019.

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KPMG Audit OOD

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Registered Auditor, responsible for the audit

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Separate cash flow statement for the year ended 31 December 2018

In thousands of BGN

	Note	2018	2017
I. Cash and cash equivalents at the beginning of the period		2,555	1,496
II. Cash flows from non-profit activities			
A. Proceeds from non-profit activities			
1. Conditional grants received		3,137	4,942
2. Unconditional grants received		493	428
3. Other operating proceeds		40	19
Total proceeds from non-profit activities		3,670	5,389
B. Payments for non-profit activities			
1. Payments for grants		1,049	1,426
2. Payments for services rendered		2,007	1,698
3. Payments related to personnel and social security		1,281	1,126
4. Payments on banking and foreign currency transactions		15	12
5. Other payments		950	67
Total payments for non-profit activities		5,302	4,329
B. Net cash flows from non-profit activities		(1,632)	1,060
III. Cash flows from business activities			
A. Proceeds from business activities			
1. Receipts from customers		-	25
Total proceeds from business activities		-	25
B. Payments for business activities			
1. Payments for services rendered		-	26
Total payments for business activities		-	26
B. Net cash flows from business activities		-	(1)
IV. Cash and cash equivalents at 31 December	16	923	2,555
V. Change in the cash flows for the year		(1,632)	1,059

The Separate cash flow statement should be read together with the notes to the financial statements on page 8 to page 23, which are integral part of the Separate financial statements.

The Separate financial statements were prepared on 29.03.2019 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 29.03.2019.

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KPMG Audit OOD
Maria Peneva
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Dobrina Kaloyanova
Registered Auditor, responsible for the audit

Translation from the original Bulgarian version, in case of divergence the Bulgarian original shall prevail.

Notes to the Separate financial statements

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5. Financial risk management	15	18. Reserves	19
6. Expenses for regulated activity	16	19. Trade payables	19
7. Administrative expenses	16	20. Other liabilities	19
8. Other finance costs for financial transactions	17	21. Payables on unutilized financing	19
9. Revenue from regulated activity	17	22. Financial instruments	21
10. Foreign currency exchange gains	17	23. Investments in affiliated undertakings	22
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Notes to the financial statements

1. Status and principal activities

"Teach for Bulgaria" Foundation (the Foundation) was established in July 2010 as a non-profit legal entity working to the benefit of society. The Foundation was registered as a non-profit legal entity by virtue of Decision No 1 of 4 August 2010 under Foundation file No 460/2010 of Sofia City Court.
The seat and address of management of the Foundation is 1784 Sofia, 111V Tsarigradsko shose blvd., Collider Activity Center.
The principal activities of the Foundation are focused on:
-Work towards improvement of the access to high quality education for every child, regardless of the school they attend, the settlement where it is located and the financial position of the parents;
-Training and encouragement of ambitious young people from different academic backgrounds to tutor pupils suffering social and economic difficulties throughout the country;
-Establishment of alumni club for those who have graduated the programme;
-Enhancement of the prestige and respect towards the teachers' profession.

In addition to its non-profit activities, related to the attainment of the above-mentioned goals the Foundation may carry out other business activities associated with its principal objectives. Such business activities may be related to the organisation of events, rendering of advertising services, provision of consultancy services, etc.
The Foundation's management bodies include the Founder, Management Board and Executive Director.
As at 31 December 2018. Foundation's personnel include 44 full time employees working under agreements (as at 31 December 2017.: 39).

2. Basis of preparation

(a) Statement of compliance

The Separate financial statements of "Teach for Bulgaria" Foundation have been prepared in accordance with the (new) Accountancy Act effective as of 1 January 2016 (SG 95/08.12.2015) and National Accounting Standards (NAS), approved by the Council of Ministers by CMD No 46/2005 (SG 30/07.04.2005) and amended and supplemented by CMD No 251/2007 (SG 86/26.10.2007) and by CMD 394/2015 (SG 3/12.01.2016), in force as of 1 January 2016.
Since 01.01.2016 a new Accounting Act is into force, which repeals the existing Accounting Act till 31.12.2015. With the new Act are transposed into National Accounting Legislation the rules and requirements of Directive 2013/34/EU of the European Parliament and of the Council of 26.03.2013 on the Annual financial statements, consolidated financial statements and related reports of certain types of undertakings.
These are the Separate financial statements of the Foundation, which are prepared in accordance with the law. The Foundation does not prepare consolidated financial statements because the subsidiary of the Foundation is insubstantially contemplated simultaneously and individually as a whole.

On the basis of criteria, set by the Law, the Foundation is classified in the category of small undertaking according to the data in the financial statements for 2017 and 2018.
Regardless of the fact that the "Teach for Bulgaria" Foundation has been classified as a small undertaking, the Law requires that the Foundation shall prepare its annual financial statements on the basis of NAS 9 – Presentation of Financial Statements of Non-profit Entities. Therefore, the Foundation's management has taken a decision to keep the full financial statements model applied until 31 December 2016, following the specific requirements of NAS 9.

Notes to the financial statements

2. Basis of preparation (continued)

(b) Basis of measurement

The Separate financial statements have been prepared by observing the historical cost principle.

(c) Functional and presentation currency

These Separate financial statements have been presented in Bulgarian levs (BGN), which is the functional currency of the Foundation. The financial information presented in Bulgarian levs is rounded to the nearest thousand.

(d) Estimates and assumptions

The preparation of the financial statements in accordance with the National Accounting Standards requires the management to make estimates, judgements and assumptions that affect the application of the policies and the reported values of assets and liabilities, income and expenses. The actual results may differ from these expectations.

The estimates and major assumptions are reviewed in each reporting period. Changes in accounting estimates are recognised in the period when the respective estimate has changed, when it has impact on the current period only, or in the period of the change and prospectively, when it has impact on the current and future periods.

3. Significant accounting policies

The significant accounting policies presented below have been applied consistency throughout the periods presented in the financial statements.

(a) Foreign currency transactions

Foreign currency transactions are translated to the functional currency using the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency using the closing exchange rate on the balance sheet date. Foreign exchange gains or losses arising on monetary items represent the difference between the amortised amounts in functional currency at the beginning of the period, adjusted to reflect the effective interest rate and the payments made during the period and the amortised amounts in foreign currency, translated into the functional currency using the exchange rate prevailing at the end of the period. Non-monetary assets and liabilities measured at historical cost in foreign currency are translated to the functional currency using the exchange rate prevailing on the date of the original transaction (acquisition).

Foreign exchange differences arising from the translation to the functional currency are recognised in the income statement.

The exchange rate of the Bulgarian lev (BGN) is pegged to the Euro (EUR) since 1999. The exchange rate is BGN 1.95583 / EUR 1.0.

Notes to the financial statements

3. Significant accounting policies (continued)

(b) Financial instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and deposits with original maturing of less than 3 months.

Accounting for finance income and expenses is disclosed in Note 3 (m).

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Following initial recognition the Foundation measures receivables held to maturity at amortised cost, using the effective interest rate method, less an allowance for impairment.

Amortised cost is measured taking into account all premiums and discounts on acquisition, as well as the fees that are inherent to the effective interest rate and the transaction costs.

Gains and losses associated with the receivables are recognised in the income statements when the receivables are derecognised or impaired, as well as through the depreciation process.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are carried at cost less any accumulated depreciation and impairment losses.

The cost includes all expenses directly associated with the acquisition of the asset. The cost of assets constructed by the Foundation includes expenses on materials and labour, all other costs to bring the asset to a condition suitable for its envisaged use, as well as any decommissioning and site recovery costs. Software, without which equipment acquired cannot operate, is capitalised as part of such equipment. Borrowing costs related to the acquisition or construction of qualifying assets are recognised in the income statement as incurred.

When items of property, plant and equipment comprise components having different useful lives, such components are accounted for individually.

(ii) Subsequent costs

When part of an item of property, plant and equipment is replaced, subsequent costs incurred are capitalised in the carrying amount of the asset, if and only if it is probable that future economic benefits associated with this part of the asset will flow into the Foundation and when the costs can be measured reliably. The carrying amount of the replaced part is derecognised. Servicing costs related to the daily maintenance of the asset are taken to the income statement and expensed as incurred.

Gains or losses upon derecognition of the asset (being the difference between the net proceeds from the sale, if any, and the carrying amount of the asset) are taken to the income statement when the asset is derecognised.

(iii) Depreciation

Depreciation is charged to the income statement on the basis of the straight-line depreciation method over the estimated useful life of items of property, plant and equipment that are carried individually.

The estimated useful lives during the current and the prior period are as follows:

- Computer equipment 2 years
- Motor vehicles 4 years

The depreciation methods, useful lives and residual amounts of the assets are reviewed at each financial statements date.

Notes to the financial statements

3. Significant accounting policies (continued)

As at 31 December 2018 and 31 December 2017 the Foundation does not hold any property, plant and equipment, acquired for business purposes.

(d) Intangible assets

(i) Recognition

Intangible assets with finite useful lives acquired by the Foundation are carried at cost, less any accumulated depreciation and impairment losses.

(ii) Subsequent costs

Costs related to the maintenance of intangible assets are capitalised, if and only if they increase the future economic benefits generated by the asset. All other expenses are taken to the income statement as incurred.

(iii) Depreciation

Depreciation is charged to the income statement on the basis of the straight-line depreciation method over the estimated useful life of the intangible asset.

The useful lives of intangible assets are finite.

Intangible assets are depreciated over their estimated useful lives and are tested for impairment when indications exist that their values may be impaired. The Foundation reviews the useful lives and depreciation methods of intangible assets at least at the end of each financial year. Changes in the estimated useful lives or patterns of consumption of the future economic benefits of the intangible asset are accounted for through a change in the depreciation period or method, and are treated as changes in accounting estimates.

Gains or losses upon the derecognition of an intangible asset, representing the difference between the net proceeds from the disposal, if any, and the carrying amount of the asset are taken to the income statement, when the asset is derecognised.

The estimated useful lives are as follows:

- Software 2 years

As at 31 December 2018 the Foundation has intangible assets in progress and as at 31 December 2017 the Foundation does not have any non-current intangible assets acquired for business purposes.

(e) Leased assets

Lease contracts, which transfer to the Foundation all significant risks and rewards from the ownership over the asset, are classified as finance leases. Upon initial recognition the leased assets are accounted for at the lower of their fair value and the present value of the minimum lease payments. Following initial recognition the asset is carried in accordance with the accounting policies applicable to the respective asset.

Other lease contracts represent operating leases where the leased assets are not recognised on the Foundation's balance sheet.

(f) Inventories

Inventories are carried at the lower of their cost and their net realisable value. The cost of inventories is based on the weighted average cost method and includes costs incurred on their acquisition and costs incurred to bring the inventories to their current location and condition.

The net realisable value is the expected selling price in the ordinary course of business, less any estimated costs for completion and costs to make the sale.

Notes to the financial statements

3. Significant accounting policies (continued)

(g) Impairment

(i) Financial assets

The Foundation reviews the carrying amounts of its financial assets at each balance sheet date in order to assess whether indications for impairment exist. A financial asset is impaired if objective evidence exist that one or more events have had adverse impact on the expected future cash flows from the asset.

Impairment losses on financial assets carried at amortised cost represent the differences between their book values and the present value of the future cash flows, discounted using the original effective interest rate. Impairment losses on available-for-sale financial assets are estimated using the assets' fair values.

Financial assets that are significant individually are tested for impairment individually. All other financial assets are assessed collectively in groups that have similar credit risk features.

Impairment losses are recognised in the income statement.

Impairment losses are reversed only when the reversal can be objectively associated with an event occurring after the recognition of the impairment loss.

(ii) Non-financial assets

The carrying amounts of non-financial assets held by the Foundation, other than inventories and deferred tax assets, are reviewed at each balance sheet date to assess whether indications that the assets may be impaired exist. If any such indications exist the asset's recoverable amounts are assessed.

Impairment losses are recognised if the carrying amounts of the assets exceed their recoverable amounts. Impairment losses are taken directly to the income statement.

(h) Employee benefits

(i) Defined contribution plans

The government of the Republic of Bulgaria is responsible to pay pensions under defined benefit plans. The costs related to the Foundation's obligation to pay contributions to the defined benefit plans are recognised in the income statement as incurred.

(ii) Paid annual leaves

The Foundations recognises as a liability at the undiscounted amount of the estimated paid annual leaves expenses, which are expected to be paid to the employees in exchange for their services during the past reporting period.

(iii) Retirement benefits

The Foundation is obliged to pay retirement benefits to its employees that are retiring in accordance with the provisions of art. 222, § 3 of the Labour Code (LC). At the balance sheet date the management makes an assessment of the estimated potential expenses for all of its employees and if the amount is material to the financial statements as a whole, it accrues them.

(i) Provisions

Provisions are set aside when the Foundation has a legal or constructive obligation as a result of past events and when it is probable that the settlement of the obligation will require an outflow of economic benefits. Provisions are calculated by discounting the expected future cash flows using a pre-tax interest rate that reflects the current market time value of money and the obligation-specific risks.

(j) Revenue

Depending on whether the Foundation's objective is to generate profits, revenues are classified as revenues from business activities and from non-profit activities.

Notes to the financial statements

3. Significant accounting policies (continued)

(i) Income from grants

Grants represent funds received for the purpose of carrying out activities related to the Foundation's objectives and these are either linked to specific conditions (for example implementation of projects and budgets) or not.

Conditional grants include grants related to depreciable assets and grants related to current operating activities. Grants related to depreciable assets are recognised as income pro-rata to the depreciation charge of the assets acquired from the grant accrued over the respective period. Grants related to non-depreciable assets are recognised as income in the periods when the expenses related to the fulfilment of the conditions under the grant are incurred.

Conditional grants received, related to the operating activities of the Foundation, are recognised as income in the current period up to the portion utilised, i.e. up to the amount of the expenses incurred on the respective project during the current period.

Conditional grants not utilised as at the year-end are recognised in the balance sheet of the Foundation as a current or non-current liability on non-utilised financing, depending on the expected timing of their utilisation.

Unconditional grants received are recognised as an income in full at the time of their receipt.

The Foundation applies internal rules for classification of grants received as conditional or unconditional. If separate financial statements are submitted to the donor, the Foundation classifies the grant as conditional. As part of long term partnership strategy, fundraising and goodwill, Teach for Bulgaria Foundation creates an individual budget plan by cost to be covered by the respective partner despite such specifics might not be stated in the grant contract.

In case the grant received is not reported in donor's separate financial statements and its utilisation is not committed to any written or oral restrictions by the donator, the Foundation classifies the grant as unconditional.

(ii) Revenue from the sale of goods

Revenue from the sale of goods is recognised at the fair value of the consideration received or receivable, less any goods returned, discounts or rebates extended. Revenue from the sale of goods is recognised in the profit or loss when the significant risks and rewards related to the ownership rights are transferred to the buyer, receipt of the consideration is probable, the related costs and possible returns of goods can be measured reliably, there is no continuing involvement in the management of the goods and the revenue can be measured reliably.

(iii) Revenue from services rendered

Revenue from services rendered is recognised in the profit or loss proportionally to the stage of completion of the transaction as at the reporting date. The stage of completion is determined by reference to the analysis of the work carried out.

Notes to the financial statements

3. Significant accounting policies (continued)

(k) Expenses

Expenses are recognised as incurred in compliance with the accruals and matching principles. Initially expenses are accounted for by economic elements and are subsequently taken to business and non-profit activities depending on their functional purpose.

(l) Payments on lease contracts

Payments on operating lease contract are recognised in the income statement on a straight-line basis over the term of the lease contract. External benefits received are recognised in the income statement as integral part of the total lease costs.

Initial direct expenses incurred specifically in relation to the generation of operating lease revenue are recognised in the income statement in the period they were incurred.

The minimum lease payments on financially linked lease contracts are split between finance charges and the reduction of the outstanding liabilities. Finance charges are allocated over the term of the lease contract so as to achieve even periodic interest rate on the residual amount of the liability. Potential lease payments are accounted for based on an assessment of the minimum lease payments over the remaining term of the lease, when an adjustment in the lease has been confirmed.

(m) Finance income and expenses

Finance income include interest income on funds invested and gain on transactions in foreign currencies. Interest income is recognised as accrued under the effective interest rate method.

Finance costs include interest expenses, expenses resulting from the increase in the liability due to the approximation with one period to the date set for the utilisation of provision, and impairment of financial assets. All costs related to interest expense on loans are recognised in the profit or loss using the effective interest rate method.

(n) Income tax

The Foundation calculates income taxes on the financial result from business activities, if such have been carried out during the respective year. Income tax for the year comprises current and deferred taxes. Income taxes are recognised in the income statement with the exception of those related to items recognised directly in the reserves.

Current taxes are the expected taxes payable on the taxable profit for the year, calculated using the tax rates in effect as at the balance sheet dates, including certain adjustments in the taxes due, related to prior years, if any.

Deferred taxes are recognised for assets and liabilities classified as assets and liabilities from the Foundation's business activities. They are determined using the liability method on all temporary differences existing between the carrying amounts of assets and liabilities for financial statement purposes and their tax bases. Deferred taxes are measured based on the expectation that they will be utilised or deducted, using the tax rates that are enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred taxes are written down with an amount equal to those, for which it is no longer probable that future benefits will be available to utilise them against.

As at 31 December 2018 and 31 December 2017 the Foundation has not recognised any deferred taxes, as no temporary differences between the carrying amounts and the tax bases of the assets and liabilities from business activities have been identified.

The Foundation has applied the accounting basis set out in Note 2 above in determining the current and deferred taxes.

4. Fair value measurement

Certain accounting policies and disclosures require measurement of the fair values of financial assets and liabilities. Fair values have been determined for accounting and disclosure purposes based on the following methods. Where applicable, additional information is disclosed in the notes as to the assumptions made in determining the fair values of the specific asset or liability.

Trade and other receivables

The fair values of trade and other receivables are determined as the present value of the future cash flows, discounted using a market interest rate as at the balance sheet date.

5. Financial risk management

The Foundation is exposed to the following risks arising from the use of financial instruments:

- credit risk
- liquidity risk.

This note includes information as to the Foundation's exposure to each of the above risks, the objectives of the Foundation, the policies and processes to assess and manage risk, and the Foundation's capital management. Additional quantitative disclosures are included in the notes to the financial statements.

The management is responsible to identify and manage the risks that the Foundation is facing. This policy sets certain limits with respect to the risks undertaken by type, defines rules to control the risks and the compliance with the limits set. These policies are reviewed periodically in order to reflect the changes in the market environment and the Foundation's operations.

Credit risk

Credit risk is the risk that the Foundation may suffer financial losses if a client or counterparty to a financial instrument fails to discharge in full its contractual obligations. Credit risk arises mainly on receivables from clients and investments in financial instruments.

The Foundation limits the credit risk by concentrating its cash and payment transactions in a first class trade bank with high reputation and stable liquidity, which limits the risk for cash and cash equivalents.
As at 31 December 2018 and 31 December 2017 the Foundation is not exposed to credit risk arising from its trade receivables

Liquidity risk

Liquidity risk is the risk that the Foundation may fail to settle its liabilities as they fall due. The Foundation's approach it to ensure that liquid resources are made available to cover its liabilities in the ordinary course of business or in an unforeseen situation, without incurring undue losses or suffering damages on its reputation.

The financial planning process of the Foundation is aimed at covering its expenses and current liabilities over a period of 60 days, including settlement of its financial liabilities. Such planning excludes the potential effect of extraordinary circumstances that cannot be foreseen in a normal situation

Notes to the financial statements

6. Expenses for regulated activity, including:

6.1. Expenses on grants

In thousands of BGN

	2018	2017
Expenses on grants	1,049	1,426
	1,049	**1,426**

6.2. Other expenses

In thousands of BGN

	2018	2017
Expenses on business trips	119	152
Other	155	72
	274	**224**

7. Administrative expenses, including:

7.1. Expenses on materials

In thousands of BGN

	2018	2017
Stationery and office consumables	45	21
Expenses on training and project activities	18	10
Expenses on fuel	5	10
Expenses on spare parts for cars	2	3
	70	**44**

7.2. Expenses on hired services

In thousands of BGN

	2018	2017
Expenses on remuneration of teachers	643	786
Expenses related to project activities	878	458
Office and communication expenses	175	166
	1,696	**1,410**

7.3. Employee benefit expenses

In thousands of BGN

	2018	2017
Wages and salaries	1,109	998
Compulsory social security contributions	176	153
	1,285	**1,151**

The average number of the Foundation's personnel in 2018 is 41 employees (2017: 37 employees).

Notes to the financial statements

7.4. Depreciation

In thousands of BGN

	2018	2017
Depreciation	34	31
	34	**31**

8. Other finance costs for financial transactions

In thousands of BGN

	2018	2017
Bank charges	8	8
Foreign currency exchange costs	8	5
	16	**13**

9. Revenue from regulated activity, including:

9.1. Revenue from conditional grants

In 2018 the Foundation recognises revenues from conditional grants at the amount of BGN 4,430 thousand. In 2017 the revenues from grants are BGN 4,289 thousand.

9.2. Revenue from unconditional grants

The received unconditional grants in 2018 are at the amount of BGN 495 thousand. In 2017 - BGN 428 thousand.

10. Foreign currency exchange gains

Foreign currency exchange gains are in result of transactions in foreign currency. In 2018 they are at the amount of BGN 12 thousand (2017: BGN 1 thousand).

11. Operating expenses from business activities

In 2018, the Foundation did not have any operating expenses from business activities (2017: 26 thousand).

12. Revenues from business activities

Revenues from business activities are in result of the sale of a fully depreciated and out of date vehicle by the Foundation of ADELAN EOOD and amount to BGN 1 thousand (2017: BGN 28 thousand).

13. Intangible assets

In 2018 the Foundation has intangible assets in progress amounting to BGN 17 thousand (2017: 17 thousand).

Notes to the financial statements

14. Equipment and other

In thousands of BGN

	Transport vehicles	Fixtures and fittings	Total
Book value			
Balance at 1 January 2017	35	85	120
Additions	-	40	40
Disposals	-	29	29
Balance at 31 December 2017	**35**	**96**	**131**
Balance at 1 January 2018	35	96	131
Additions	28	28	56
Disposals	11	16	27
Balance at 31 December 2018	**52**	**108**	**160**
Depreciation			
Balance at 1 January 2017	30	58	88
Depreciation charge for the year	5	26	31
Depreciation of assets disposed	-	26	26
Balance at 31 December 2017	**35**	**58**	**93**
Balance at 1 January 2018	35	58	93
Depreciation charge for the year	6	28	34
Depreciation of assets disposed	11	16	27
Balance at 31 December 2018	**30**	**70**	**100**
Carrying amounts			
At 1 January 2017	5	27	32
At 31 December 2017	-	38	38
At 31 December 2018	**22**	**38**	**60**

15. Other receivables

The receivables of the Foundation as at 31 December 2018 amount to BGN 18 thousand and are prepayments to suppliers. As at 31 December 2017 they amount to BGN 4 thousand.

16. Cash and cash equivalents

In thousands of BGN

	31 December 2018	31 December 2017
Cash at current bank accounts (deposits)	923	2,555
	923	**2,555**

Notes to the financial statements

17. Deferred expenses

As at 31 December 2018 deferred expenses amounted to BGN 25 thousand (2017: BGN 19 thousand). Deferred expenses as at 31 December 2018 include medical insurance of the personnel amounting to BGN 18 thousand, expenses on additional subscriptions amounting to BGN 5 thousand and office insurance amounting to BGN 2 thousand.

18. Reserves

Reserve as per incorporation document

In accordance with the Incorporation document of the Foundation reserve amounting to BGN 1 thousand was set aside upon its establishment.

Other reserves

Other reserves include the Foundation's results from business and non-profit activities in previous years. As at 31 December 2018 reserves comprise non-profit activities result amounting to BGN 1,626 thousand and business activities result amounting to BGN 13 thousand. As at 31 December 2017 reserves comprise non-profit activities result amounting to BGN 1,099 thousand and business activities result amounting to BGN 12 thousand.

19. Trade payables

In thousands of BGN

	31 December 2018	31 December 2017
Payables to suppliers	43	45
	43	**45**

20. Other liabilities

In thousands of BGN

	31 December 2018	31 December 2017
Payables to personnel and social security payables	77	62
Liable persons	2	3
Other liabilities	23	-
	102	**65**

21. Payables on unutilised financing

In thousands of BGN

	31 December 2018	31 December 2017
Non-current portion		
Financing for acquisition of property, plant and equipment	-	8
	-	**8**
Current portion		
Financing for acquisition of property, plant and equipment	9	33
Financing for operating activities	144	1,373
	153	**1,406**

Notes to the financial statements

21. Payables on unutilised financing (continued)

Financing for operating activities

In thousands of BGN

Nature of the financing contract	Deferred income as at 01.01.2018	Financing received in 2018	Income from financing recognised in 2018	Reclassification to unconditional grants	Fixed assets acquisition	Funds repaid in 2018	Deferred income as at 31.12.2018
Financing from America for Bulgaria Foundation	97	2,700	2,836	-	-	-	(39)
Financing from European commission	1,015	-	1,035	-	-	-	(20)
Financing from other donors	261	474	532	-	-	-	203
Total	**1,373**	**3,174**	**4,403**	-	-	-	**144**

As at the date of approval of the financial statements the next instalment amounting to BGN 700 thousand from America for Bulgaria Foundation has been received.

The management has a high level of assurance that the expected funding from the European Commission will be received in 2019.

In thousands of BGN

Nature of the financing contract	Deferred income as at 01.01.2017	Financing received in 2017	Income from financing recognised in 2017	Reclassification to unconditional grants	Fixed assets acquisition	Funds repaid in 2017	Deferred income as at 31.12.2017
Financing from America for Bulgaria Foundation	618	2,100	2,581	-	40	-	97
Financing from European commission	35	2,333	1,353	-	-	-	1,015
Financing from other donors	76	509	324	-	-	-	261
Total	**729**	**4,942**	**4,258**	-	**40**	-	**1,373**

Notes to the financial statements

21. Payables on unutilised financing (continued)

Financing for fixed assets

In thousands of BGN

Nature of the financing contract	Deferred income as at 01.01.2018	Income from financing recognised in 2018 up to the amount of depreciation and amortization expense	Fixed assets acquisition	Deferred income as at 31.12.2018
Financing from America for Bulgaria Foundation	41	32	-	9
Total	**41**	**32**	-	9

In thousands of BGN

Nature of the financing contract	Deferred income as at 01.01.2017	Income from financing recognised in 2016 up to the amount of depreciation and amortization expense	Fixed assets acquisition	Deferred income as at 31.12.2017
Financing from America for Bulgaria Foundation	32	31	40	41
Total	32	31	**40**	41

22. Financial instruments

Credit risk

The book value of financial assets represents the maximum credit exposure. The maximum credit exposure as at the balance sheet date is as follows:

In thousands of BGN

	31 December 2018	31 December 2017
Cash and cash equivalents, cash in hand excluded	923	2,555
	923	**2,555**

Impairment losses

As at 31 December 2018 and 31 December 2017 the Foundation has no overdue receivables that require the recognition of impairment losses.

Liquidity risk

The contractual maturities of financial liabilities, including the expected interest payments, excluding the effect of any netting arrangements are presented below:

31 December 2018

In thousands of BGN	Carrying amount	Contractual cash flows	Up to 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Payables to suppliers	43	(43)	(43)	-	-	-	-
	43	(43)	(43)	-	-	-	-

Notes to the financial statements

22. Financial instruments (continued)
Liquidity risk (continued)

31 December 2017 *In thousands of BGN*	Carrying amount	Contractual cash flows	Up to 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Payables to suppliers	45	(45)	(45)	-	-	-	-
	45	(45)	(45)	-	-	-	-

23. Investments in affiliated undertakings

The Foundation reports investments in subsidiaries at acquisition cost.

	31 December 2018		31 December 2017	
	Shares	Amount	Shares	Amount
"Zaedno 2011" EOOD	100%	3	100%	3

In 2018 the Foundation invested in financial assets held to maturity.

	31 December 2018	31 December 2017
	Amount	Amount
Financial assets held to maturity	892	-

24. Related parties

Related party disclosures

As at 31 December 2018 and 31 December 2017 the related parties of the Foundation are as follows:

- „Zaedno 2011" EOOD – a subsidiary 100% owned by the Foundation
- "NIKE Academy" EOOD – 10% owned by the Foundation
- „Danube Capital Advisers" EOOD – a Foundation under the control of one of the members of the Management Board of the Foundation
- „Danube Capital Management Bulgaria" EAD – a Foundation under the control of one of the members of the Management Board of the Foundation
- LPM EOOD – a Foundation under the control of one of the members of the Management Board of the Foundation.
- "Breaktime" AD - a Foundation under the control of one of the members of the Management Board of the Foundation.

Remuneration of the key management personnel

The remuneration of the key management personnel in 2018 amounts to BGN 235 thousand. In 2017 it amounted to BGN 237 thousand.

Notes to the financial statements

24. Related parties (continued)

Related party transactions

In 2018 transactions with related parties were realized.

The Foundation has received a delivery from a related party "Akademie NIKE" EOOD at the amount of BGN 7 thousand.

The Foundation has received a delivery from a related party "Breaktime" AD at the amount of BGN 3 thousand.

25. Contingent liabilities

Lawsuits

No lawsuits have been filed against the Foundation and the Foundation is not party to any legal dispute.

26. Events after the date of the financial statements

No events have occurred after the date of the financial statements that require additional adjustments and / or disclosures in the Foundation's financial statements for the year ended 31 December 2018.