TEACHFORBULGARIA

# ANNUAL FINANCIAL STATEMENTS OF TEACH FOR BULGARIA FOUNDATION

## 2019

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# I.

# Annual Activity Report of Teach For Bulgaria Foundation

# Teach For Bulgaria Foundation
# Annual Report for 2019

## 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 trains and supports new teachers and school staff and builds partnerships in order to introduce a variety of good practices to our education system. 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 50 countries on six continents.

## KEY ACTIVITIES AND RESULTS FOR 2019

### 1. Recruitment campaign for new Teach For Bulgaria participants

In 2019 Teach For Bulgaria completed its 9th 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 49 teachers joined Teach For Bulgaria's eighth class of program participants and started teaching in September of 2019.

Teach For Bulgaria received 2732 applications over the course of the campaign. After an exceptionally rigorous selection process 130 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 at Plovdiv University, or in a two-semester teacher qualification program at Veliko Tarnovo University. A total of 39 participants from the class of 2019-2021 are in the process of getting their certification.

### 2. Maintaining and growing the network of partner schools

Alongside the 2019 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 2019 Teach For Bulgaria managed to establish partnerships with 60 schools in 11 regions of Bulgaria. 11 of them are new partners. In the school year of 2019/2020 Teach For Bulgaria worked with schools in Veliko Tarnovo, Vratsa, Lovech, Pazardzhik, Pleven, Plovdiv, Razgrad, Sofia City, Sofia Province, and Stara Zagora.

Teach For Bulgaria succeeded in growing its network of partner schools in Pleven and Veliko Tarnovo (new regions since 2017). There are 7 parner schools in Pleven and 7 parner schools in Veliko Tarnovo.

## KEY ACTIVITIES AND RESULTS FOR 2019 (CONTINUED)

### 3. Summer Institute 2019

The eighth Summer Institute took place from July 8 to August 23, 2019. 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 with 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 2019.

Teach For Bulgaria's training program has been inspired by student-centered methodologies and effective teaching techniques. It involves methods which allow every student to advance, regardless of their initial level. It is based on established educational models and pedagogical approaches. The training is adapted to the Bulgarian context and is based on Teach For Bulgaria's 10 years of experience.

The new participants had the opportunity to apply what they had learned during the ninth "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 800 students signed up for it. 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, HESED, etc.

### 4. Teach For Bulgaria class of 2017-2019 joined the alumni community

Teach For Bulgaria's seventh class of participants officially completed the leadership and professional development program in June of 2019. Forty-six participants successfully completed two challenging years as teachers in 11 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 308 people.

The class of 2017-2019 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 29, 2019. 89% of them still work in the education sector (as of October 2019).

## KEY ACTIVITIES AND RESULTS FOR 2019 (CONTINUED)

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

"A New Way for New Talents in Teaching" (NEWTT) was successfully completed in 2019. The goal of the project was to pave an alternative pathway to teaching for accomplished and motivated professionals with diverse backgrounds. 15 organizations from 5 countries took part in this KA 3, Erasmus + project.

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 completed in 2019. The third Bulgarian partner in the international consortium is Plovdiv University "Paisii Hilendarski".

The project was analyzed and assessed by a research team of independent evaluators from the University of Duisburg-Essen, Germany. The experts compared the skills and knowledge of alternative pathway teachers to the skills and knowledge of a control group of traditionally-trained teachers.

***The main results are:***

- The biggests motivators of the participants in the alternative programs are the desire to work with children and the aspiration to contribute towards a positive change in their country. Traditionally-trained teachers are mostly driven by their passion for the subject matter they teach and the desire to work with children. Factors such as job security are not that important to either of the two groups, but are significantly more prevalent among the teachers from the control group.
- Alternative pathway teachers perform on par or better than traditionally-trained teachers in terms of pedagogical knowledge and teaching skills in all five countries which participated in the project.

***The findings for Bulgaria are:***

- Bulgarian and Austrian alternative pathway teachers demonstrate better pedagogical knowledge than their traditionally-trained counterparts.
- Bulgarian alternative pathway teachers perform significantly better than their counterparts in the control group on their pedagogical exams and in terms of their practical teaching skills.
- Bulgarian and Basque alternative pathway teachers feel better prepared than their colleagues from all other countries in the project.
- Bulgarian alternative pathway teachers have a wider access to professional development opportunities than their traditionally-trained counterparts (including ongoing training and mentorship).
- All principals share that they would hire alternative pathway teachers again.

***After NEWTT: the basis for new national policies***

The goal of NEWTT is to turn the alternative pathway experience in different countries into a list of recommendations for national and European policies for the recruitment, training, professional development, and retention of new teachers.

The national program "Motivated Teachers", developed and launched by the Ministry of Education and Science in Bulgaria, is based on some of the conclusions and activities of NEWTT.

*You can find more information about NEWTT and its results at https://zaednovchas.bg/influence/newtt*

## KEY ACTIVITIES AND RESULTS FOR 2019 (CONTINUED)

### 6. New Chief Executive Officer

### Trayan Trayanov Is the New CEO of Teach For Bulgaria

*Evgenia Peeva-Kirova takes up the position of Chairperson of the Board of Directors*

This transition was officially announced on September 18, 2019, at a special event attended by current participants and alumni of the program, business partners, and partners from the civic and public sector. Trayan has been an integral part of the organization since its very beginning in 2010. In his new role as a CEO he will be responsible for Teach For Bulgaria's overall strategic development and sustainability. In his previous role as a Chief Program Officer Trayan oversaw the teams responsible for admissions, selection, teacher training, and alumni development. He was also responsible for the overall monitoring and impact assessment of the program.

## TEACH FOR BULGARIA'S REACH FOR 2019

**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* | 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% |
| 2019 | 2732 | 130 | 49 | 5% |

*This is the accurate number as of September 15 of each year and it includes all 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 the intensive 7-week summer training (Summer Institute). 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.

**TEACH FOR BULGARIA'S REACH FOR 2019 (CONTINUED)**

**Number of Teach For Bulgaria participants, alumni, and partner schools by region for 2019**

## TEACH FOR BULGARIA REACH 2018/2019

**104** TEACHERS
In their first and second year in the program

**308** ALUMNI

**60** SCHOOLS

**18K+** STUDENTS

Regions where the program operates as of 2019/2020

Planned expansion as of 2020/2021

*This information is accurate as of September 15, 2019*

**Number of Teach For Bulgaria participants by region for 2019**

## REGIONAL REACH 2019-2020

*NUMBER OF TEACHERS AND SCHOOLS BY REGION*

| | | |
|---|---|---|
| Vratsa | 6 | 3 |
| Montana | 0 | 0 |
| Pleven | 11 | 7 |
| Lovech | 1 | 1 |
| Veliko Tarnovo | 8 | 7 |
| Razgrad | 5 | 4 |
| Stara Zagora | 10 | 4 |
| Plovdiv | 18 | 12 |
| Pazardzhik | 2 | 1 |
| Sofia | 25 | 9 |
| Sofia Province | 17 | 8 |
| Pernik | 1 | 1 |

*This information is accurate as of September 2019*

## TEACH FOR BULGARIA'S REACH FOR 2019 (CONTINUED)

**Distribution of Teach For Bulgaria teachers by subjects as of September 15, 2019.**

# TEACHERS BY SUBJECT IN 2018/2019 SCHOOL YEAR

| SY 2019/2020 | STEM | ENGLISH | PRIMARY | OTHER |
|---|---|---|---|---|
| Year 1 | 6 | 10 | 23 | 10 |
| Year 2 | 6 | 11 | 21 | 17 |
| **Total** | **12** | **21** | **44** | **27** |

**Numbers as of September 15th 2019*

## TEACH FOR BULGARIA'S IMPACT FOR 2019

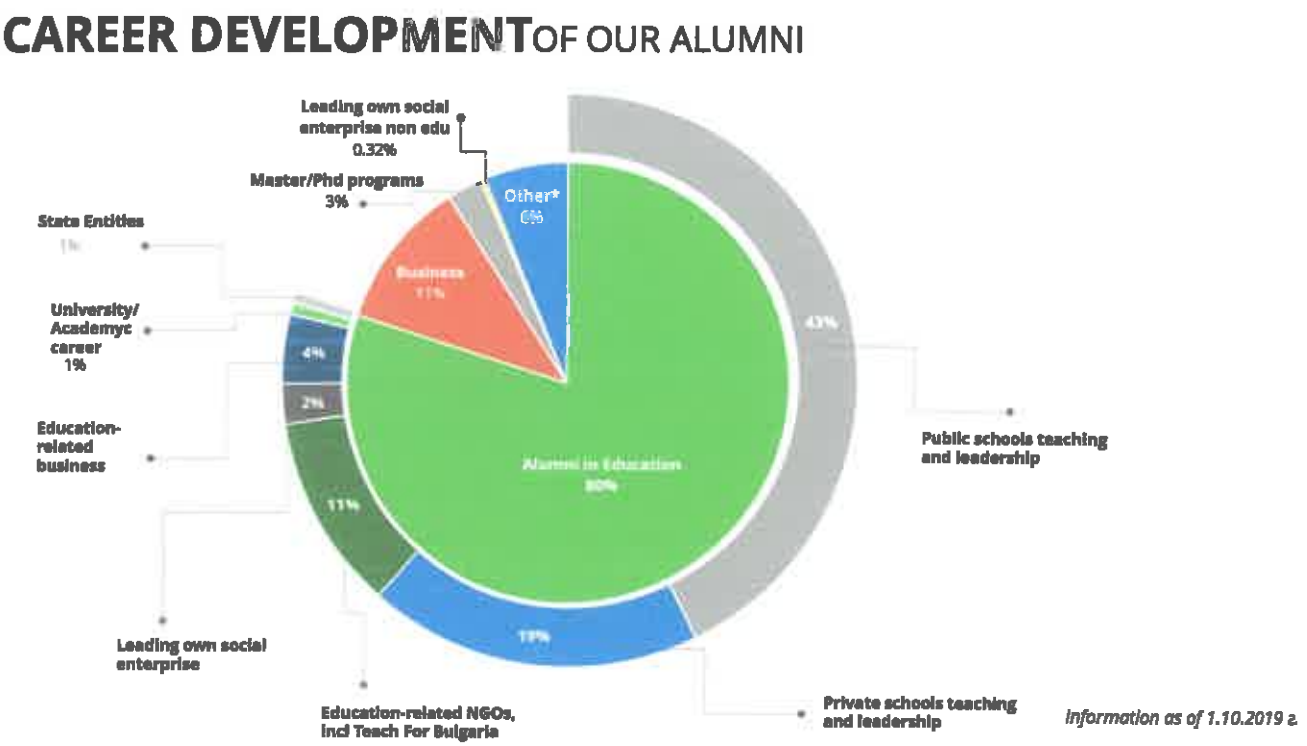
### 1. Alumni career paths

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 2019, 308 participants have successfully completed the program. They are actively engaged in the education sector - 80% of them work in education. 190 alumni are in the teaching profession and many of them see themselves in leadership positions in education in the future. As of October of 2019, 9 alumni work in leadership positions: Daniela Todorova (class of 2011-2013), Daniela Ivanova (class of 2012-2014), Maria Sendova (class of 2011-2013), Nikolay Borisov (class of 2016-2018), Rosen Bogomilov (class of 2015-2017), Stoyanka Yordanova (class of 2016-2018), Tsvetan Metodiev (class of 2017-2019).

## TEACH FOR BULGARIA'S IMPACT FOR 2019 (CONTINUED)

**Teach For Bulgaria alumni career paths**




Many alumni choose to start their own initiatives and organizations in order to meet different needs or address specific problems of the education system. There are 22 active organizations started by Teach For Bulgaria alumni as of October of 2019. They are mainly focused on training programs for teachers and principals, policy and advocacy, developing 21st century skills, and working with students 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", Sci-High Foundation and more.

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, Center for Inclusive Education, Center for Interethnic Dialogue and Tolerance "Amalipe", the Bulgarian Safer Internet Centre, Institute for Progressive Education, Ucha.se, etc.

## TEACH FOR BULGARIA'S IMPACT FOR 2019 (CONTINUED)

### 2. Sharing best practices

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

From Innovators in Inclusive Education to Real Scale Transfer (FIERST) 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 practices 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.

**One of the key conclusions at the end of the first year of the project was that sharing best practices and exchanging teaching resources was exceptionally crucial for teachers.**

Over 70 teachers from 8 schools located in different parts of Bulgaria participated in the first phase of the project last year. They received training and support aimed at teaching 21st century skills and establishing professional learning communities at school. At the beginning of the project every school picked one skill for all teachers to purposefully develop with their students throughout the school year. Every school team had the opportunity to share their experience at a special event on June 15, 2019. One of the big takeaways at the end of the first year was that **exchanging good practices and sharing educational resources was very useful for all teachers**.

"I believe it is very meaningful for teachers to work as a team. We have much more in common than we think. No matter who teaches what, we can always find a common goal - to serve our students," shared during the discussion Yovka Draganova, Teach For Bulgaria teacher at Vocational School for Agriculture "Tsanko Tserkovski" in the town of Pavlikeni. Her school chose to work on students' reading literacy.

"The most valuable resource that all teachers have at school is each other thanks to our collaboration," confirmed Kalina Tosheva from 97 Secondary School "Brothers Miladinov" in Sofia. "Teachers can rarely share their problems and solutions in front of a big audience," added Diana Yordanova from the National Vocational Technical High School "Sándor Petőfi" in Razgrad. Her school focused on developing students' digital skills.

The schools which participated in FIERST mostly used two main resources during their work - the handbook "How to Develop 21st Century Skills", written by Teach For Bulgaria teachers, and prepodavame.bg - a platform created by Teach For Bulgaria where teachers could find educational resources (prepodavame.bg will continue to grow as more and more best practices get added to it).

"The support of the principals is extremely important for all teachers," shared Pavlina Nenova, teacher at Primary School "Gen. Katsarov" in the village of Hristo Danovo, FIERST trainer, and Teach For Bulgaria alumna.

According to her, if principals were open to change, their teams would be more willing to participate in professional development initiatives such as professional learning communities. "There should be collaboration in the team - this is the most valuable aspect a principal can build upon," shared Stoyna Delcheva, principal of "Hristo Botev" school in the village of Dalgo Pole.

"The most important thing is for people to believe in themselves and in their abilities," added the principal of the vocational school in Kostenets Nikolina Cheresharova. She mentioned supportive partners as another crucial aspect for the development of a school community.

## TEACH FOR BULGARIA'S IMPACT FOR 2019 (CONTINUED)

### 2. Sharing best practices (Continued)

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

18 schools from different regions of Bulgaria are going to participate in the second phase of FIERST during the 2019/2020 school year. They will receive training and support aimed at teaching 21st century skills and establishing professional learning communities at school. Each school has to pick one skill and focus on developing it throughout the school year. At the end of the school year teachers and principals from all partner schools will have the opportunity to share their results with a wide audience of colleagues and experts at a special event.

The project trainers are Teach For Bulgaria alumni. They all have teaching experience and expert knowledge acquired in a variety of educational institutions and organizations.

*You can find more information about the project here https://zaednovchas.bg/influence/fierst/ and here https://www.fierstproject.eu/.*

### *2.2. Pilot project "From Vision to Results" with Sofia Municipality*

Four schools in Sofia participated in the pilot project "From Vision to Results" during the 2018/2019 school year. The project was created by Teach For Bulgaria and Sofia Municipality and its goal was to test and study a specific approach for the improvement of school-level efficiency and teacher support. "From Vision to Results" was part of Sofia Municipality's "Europe Program". The four participants were 90 Secondary School "Gen. José de San Martín", 106 Primary School "Gregory Tsamblack", 156 Primary School "Vasil Levski", and 159 Primary School "Vasil Levski".

The four schools proved that anyone could make significant progress on their goals during the school year, if:

- School management has a clear vision for the development of the school.
- School staff is encouraged to work towards this vision.
- Teachers have access to relevant training and support based on their professional needs.
- Everyone's approach and results are analyzed regularly and objectively.

The final conference took place on October 14 and allowed the project participants to share their conclusions, experience, lessons learned, and recommendations for future projects and school-level support.

***The most important conclusions from the project are that:***

- Teachers are more engaged and work more purposefully when the entire school team goes through a process of reflection on the necessity of change.
- Individual guiding conversations with principals help teachers focus.
- When principals are just as engaged as their staff, teachers are more likely to see the meaning behind the process of school-level transformation and not just think of it as "extra paperwork".
- School teams need to reflect on the progress they've made, share any challenges they're faced with, and find solutions together.
- Participants are motivated to work hard when they know that their experience will be shared with other schools.

Radostina Boycheva, Project Manager for Teach For Bulgaria, shared how important it was that the schools set their own goals, identified potential challenges, and created customized action plans. She also added that "you can't just tell someone there is a problem – they have to see it and want to solve it." The initial analysis helped schools identify optimization opportunities and decide how to accelerate the process with the help of Teach For Bulgaria and Sofia Municipality.

## TEACH FOR BULGARIA'S IMPACT FOR 2019 (CONTINUED)

### 2. Sharing best practices (Continued)

#### *2.2. Pilot project "From Vision to Results" with Sofia Municipality (Continued)*

After each school identified their needs and areas of improvement, they set clear goals for the following school year and specific success indicators in order to track their progress. Then they created school-specific action plans to overcome potential challenges and conducted a diagnostic assessment. The teams of every school were trained to set and pursue goals and to work with data. After this initial training every teacher had to determine next steps for working with students. At the end of the school year the teams analyzed their progress, measured the efficiency of their efforts, and set new priorities.

In order to make accurate initial assessments and set clear success indicators, all teachers, students, and parents had to fill out anonymous surveys. These surveys were based on "The Seven Cs of Effective Teaching" whose methodology was already successfully implemented in Teach For Bulgaria's leadership and professional development program. According to this framework, there are seven key elements of effective teaching – captivate, consolidate, clarify, care, confer, classroom management, and challenge. These were the main criteria which the teachers used to track their progress during the pilot year of the project.

The results at the end of the pilot school year showed improvement in the performance both for the students and their teachers. The number of students who think that their teacher is captivating increased by 25% by the end of the school year. The number of students who think that their teacher manages their classroom effectively also increased by 25%. The number of students who think that their teachers believe in their potential and recognize their needs increased by over 40%.

According to the data collected at the end of the year, twice as many teachers share that every student works hard, follows the rules in the classroom, and demonstrates an interest in the specific subject. Teachers also feel that their students appreciate their efforts and that collaborating with their colleagues leads to better academic results for the students.

The analysis also indicates better student performance in all subjects – this undoubtedly comes as a result of everyone's purposeful effort to work for the success of every child.

*You can find more information here - https://zaednovchas.bg/wp-content/uploads/2019/10/ot-vizia-kam-rezultati.pdf (in Bulgarian)*

#### *2.4. Regional forums for best practices in Razgrad, Lovech, Veliko Tarnovo*

Teach For Bulgaria focused on building relationships with regional partners and sharing best practices with schools and education experts during the 2018/2019 school year. The main goal is to foster co-learning and provide better support to all students. The Regional Management of Education Offices in Stara Zagora, Veliko Tarnovo, Lovech, and Razgrad, as well as teachers and principals from these four regions were valuable partners in the organization of four regional forums for best practices. 138 best practices were shared in workshops led by 37 local teachers and Teach For Bulgaria alumni. 516 experts, teachers, and principals from 216 schools participated in the four forums.

#### *2.5. Together in Education: for Every School's Success*

For the second year in a row Teach For Bulgaria alumni presented best practices and initiatives at the forum called "Together in Education: for Every School's Success". It took place on April 12, 2019 in Sofia and gathered current participants, alumni, principals and teachers from across the country, and representatives of national institutions and NGOs.

The goal was to provide a platform for Teach For Bulgaria's alumni, allow them to present their work, and give them the opportunity to meet other active members of the education sector to discuss how effective school-level practices can be scaled up.

The guests who made a special appearance on the discussion panels were Dr. Anelia Andreeva, Head of the National Inspectorate of Education, Emilia Ivanova, principal of 90 Secondary School "General José de San Martín", and Ilka Stoimenova, principal of 159 Primary School "Vasil Levski".

## TEACH FOR BULGARIA'S IMPACT FOR 2019 (CONTINUED)

### 2. Sharing best practices (Continued)

#### *2.5. Together in Education: for Every School's Success (Continued)*

They were on the panels with Teach For Bulgaria alumni Daniela Todorova, principal of Private School "Balgarsko Shkolo", Plamena Nikolova, program coordinator at the National Network for Children, and Daniela Ivanova, vice principal at 93 Secondary School "Al. Teodorov-Balan". The panelists discussed best practices in school management, development, and teacher support.

#### *2.6. Training programs in the Ministry of Education and Science's official register*

**13 of Teach For Bulgaria's training programs** were included in the professional development training register for teachers and principals. The register contains all training programs which have been approved by the Ministry of Education and Science. Teach For Bulgaria's training programs were approved and included in the register in January of 2019. Each of the newly-approved trainings has theoretical and practical modules and provides professional development credits for teachers and principals who manage to complete it successfully. The approved programs cover the majority of the trainings which are part of Teach For Bulgaria's leadership and professional development program.

Below is the complete list of Teach For Bulgaria's training programs which were officially approved by the Ministry of Education and Science and included in the professional development training register for teachers and principals:

- Preliminary Institute – induction training for Teach For Bulgaria participants;
- Summer Institute – intensive induction training for Teach For Bulgaria participants;
- Theory of Change – Quality Education for Every Child;
- Creating a vision for student development and classroom culture;
- Lesson and Unit Planning;
- Progress Tracking and Student Assessment;
- Planning Interactive Lessons and Facilitating Exploratory Learning;
- Summer Academy: Practical Work with Students;
- Student Assessment – Master Class;
- Student-Centered Learning;
- Collective Leadership in Education;
- Competition in the Classroom and in Life;
- Sustainability and Diligence in the Classroom.

This list is going to expand in 2020 as more Teach For Bulgaria trainings get added to the official register of the Ministry of Education and Science.

## TEACH FOR BULGARIA'S IMPACT FOR 2019 (CONTINUED)

### 2. Sharing best practices (Continued)

### 2.7. Teach For Bulgaria Published Martin Haberman's Seminal Work "Star Teachers of Children in Poverty" in Bulgarian

One of Teach For Bulgaria's main responsibilities is to support all new participants in the program so they feel prepared and confident as they take their first steps in teaching. Throughout the year, our team of trainers researches additional professional resources and seeks ways to create as effective experiences for teachers as possible. Haberman's book is just this kind of resource. It gives the unique perspective of exceptional teachers who work with students from different vulnerable communities. "Star Teachers of Children in Poverty" was translated into Bulgarian by Maya Stoyanova-Warner, Teach For Bulgaria alumna, and published by Teach For Bulgaria in the beginning of 2019.

The book is currently used for teacher trainings in the Teach For Bulgaria community, but it can also be found in the biggest libraries in the country. In the fall of 2019, it was given to over 300 educators from across the country at the annual Academy for Educational Leadership alumni meeting organized by the America for Bulgaria Foundation.

## KEY EVENTS OF 2019

| DATE/PERIOD | EVENT |
|---|---|
| January 2019 | The Ministry of Education and Science approved 13 of Teach For Bulgaria's training programs for teachers and principals.The training programs will provide qualification credits to all specialists who complete them successfully. The 13 approved programs cover the majority of the trainings which are already part of Teach For Bulgaria's leadership and professional development program. |
| March 2019 | Final conference for the European project NEWTT (A New Way for New Talents in Teaching). The event took place on March 14 in Sofia and gathered representatives from a number of international organizations and institutions.The project had an international consortium with partners from 5 EU countries. Teach For Bulgaria was the leading partner of the consortium, the Ministry of Education and Science and Plovdiv University were the other two partners from Bulgaria. The final conference presented solutions to the teacher shortage problem and fostered a discussion on potential policies on national and European level. |
| March 2019 | For yet another year in a row, Stara Zagora hosted a forum on best practices for student retention. The event was organized by Teach For Bulgaria and the Regional Management of Education in Stara Zagora. Teachers from 15 schools in the region of Stara Zagora led workshops and round tables. |
| March 2019 | The first Leadership Academy for Bulgarian students in Berlin organized by Teach For Bulgaria |
| April 2019 | For the sixth year in a row Darik Radio's leadership ranking 40 under 40 included successful and innovative professionals from Teach For Bulgaria's community. One of them was Tomislav Rashkov (class of 2014-2016). |
| April 2019 | Teach For Bulgaria published Martin Haberman's Star Teachers of Children in Poverty in Bulgarian. |
| April 2019 | The extracurricular project "Ludogorie Meeting", organized by Teach For Bulgaria teachers and alumni, encouraged students from three schools in Razgrad and Kubrat to develop their entrepreneurship skills by starting local social initiatives. |
| April 2019 | "Together in Education: for Every School's Success" took part on April 12 in Sofia. Its goal was to provide Teach For Bulgaria's alumni with a platform which would allow them to present their work, and give them the opportunity to meet other active members of the education sector to discuss how effective school-level practices can be scaled up. |
| May 2019 | Teach For Bulgaria teachers from across the country, principals, and partner schools were awarded for their work on National Education, Culture, and Slavonic Literature Day - May 24. You can find more information here (link in Bulgarian): https://zaednovchas.bg/24-may-2019-nagradi/ |
| June 2019 | Final conference at the end of the first year of the EU project FIERST on June 15, 2019 |

| | |
|---|---|
| June 2019 | Teach For Bulgaria class of 2017-2019 completed the program and had a commencement ceremony on June 29, 2019 |
| July 2019 | The intensive summer training for the new participants started on July 8 in Lukovit. |
| July 2019 | Teach For Bulgaria's 8th Summer Academy where children have fun and learn how to be successful started on July 29. |
| September 2019 | The new class of Teach For Bulgaria teachers started their first year as teachers on September 15. |
| September 2019 | The recruitment campaign for Teach For Bulgaria class of 2019-2021 started. |
| September 2019 | Teach For Bulgaria was awarded at the first Europe awards organized by Sofia Municipality in the civil society and culture category. |
| September 2019 | Trayan Trayanov became Teach For Bulgaria's new CEO and Evgenia Peeva-Kirova took up the position of Chairperson of the Board of Directors |
| September 2019 | 18 school from across Bulgaria were selected to participate in FIERST – From Inclusive Education to Real Scale Transfer. |
| September 2019 | Teach For Bulgaria's Leadership Academy for students in Sofia |
| October 2019 | Inspirational Leaders Charity Auction 2019 |
| October 2019 | Final conference for the project "From Vision to Results" in collaboration with Sofia Municipality |
| November 2019 | The regional forum "We Want to Go to School!" dedicated to best practices for students retention took part in Razgrad for the very first time. It was organized by Teach For Bulgaria teachers and the Regional Management of Education in Razgrad. |
| November 2019 | The regional forum "Hunting for Best Practices: the School of Our Dreams" took part in Lovech for the first time and was organized by Teach For Bulgaria and the Regional Management of Education in Lovech. |
| November 2019 | Teach For Bulgaria organized the first charity quiz in the UK. |
| November 2019 | The Future of Education Conference 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. |

## PLANS FOR FUTURE GROWTH

**Teach For Bulgaria marks its 10-year anniversary in 2020.**

Over the last decade we have gained recognition as a sustainable and effective organization which recruits, selects, trains, and supports people with no prior background in education to find their way to the students who need them the most. We have managed to build working partnerships with many principals, schools, staff, other non-governmental organizations, teachers' unions, European and national institutions. These partnerships make it possible for us to make the latest and most effective teaching methods accessible for as many people as possible. We have learned from all of our partners, they have helped us grow as specialists and discover many different points of view.

All of this has provoked us to change, develop, and live up to the demanding nature of our work. This is why 10 years after Teach For Bulgaria was founded we'd like to look into the future and focus our efforts on 4 main areas in order to support positive change in Bulgarian education and provide all children with equal access to quality education.

### *SCHOOL-LEVEL TRANSFORMATION*

We plan to create a program for school-level support and professional development of school staff which includes access to new teaching methods and school leadership development with the goal to improve every child's access to quality education.

### *NEW TEACHERS WHERE THEY ARE NEEDED THE MOST*

We continue our leadership and professional development program and are committed to recruit, select, train, and support people with no prior teaching experience and place them in target schools. Our focus is to provide our target schools with math, physics, biology, chemistry, English, and primary school teachers.

### *BEST PRACTICES IN SUPPORT OF SCHOOLS AND TEACHERS IN COLLABORATION WITH REGIONAL MANAGEMENT OF EDUCATION*

We are going to organize more need-based context-specific forums for best practices organized in collaboration with Regional Management of Education.

### *POLICY AND ADVOCACY*

We are going to work with regional, national, and international institutions to turn these best practices into policies.

## 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.

## FINANCIAL INFORMATION (CONTINUED)

### 1. Fundraising (Continued)

*Inspirational Leaders Charity Auction 2019*

The special event was organized for the eighth 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, Hilton, SEG, Villa Melnik, Kinstellar, and Coca-Cola HBC.

17 inspirational leaders, 140 guests, and 40 companies participated in the 2019 auction. They raised over 160,000 BGN in support of Teach For Bulgaria teachers.

The auction is Teach For Bulgaria's biggest annual charity initiative. Seventeen celebrities and over 40 companies from 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, actors, 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, leading workshops, giving inspirational talks, etc. The funds raised from all bids directly support Teach For Bulgaria's efforts to recruit, train, and develop capable, motivated professionals who teach at nearly 60 schools in 11 regions of Bulgaria.

*Challenges for a cause 2019*

In 2019 Teach For Bulgaria focused on helping supporters of the organization who wanted to organize their own donation campaigns to engage people from their social and professional circles. The majority of our supporters organized the so-called "challenges for a cause" or celebrated birthdays and other events by asking their friends to make a donation.

We had several very inspiring examples of celebrations and challenges for a cause in 2019. Here are some of them:

- Georgi Kardzhaliyski participated in the Chicago marathon and in 4 other half marathons in the US before that.
- Yavor Atanasov challenged himself for yet another year - this time he was determined to ride his bicycle around Iceland.
- Yavor Danailov completed a bicycle ride from London to his hometown of Sevlievo in order to support Teach For Bulgaria.
- While the three of them challenged themselves for a cause, Marieta Bencheva celebrated her birthday with a business challenge donation campaign for Teach For Bulgaria.

Find out more at https://zaednovchas.bg/en/support-us/adventure/

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

In 2019 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 2019.

## FINANCIAL INFORMATION (CONTINUED)

### 1. Fundraising (Continued)

*A fundraising campaign for the development of a methodology for teaching Bulgarian as a second language and learning resources for Bulgarian students whose first language is not Bulgarian*

Teach For Bulgaria teachers work with students whose mother tongue is not Bulgarian in almost all of our partner schools.The majority of these students are Roma, but our participants also work with refugees and with children whose mother tongue is Turkish. They agree that almost all of their students whose mother tongue is not Bulgarian need additional Bulgarian language training.

All subjects are taught in Bulgarian, so more often than not poor Bulgarian language skills cause children to lag behind their peers.

And besides, a good enough methodology for teaching Bulgarian as a second language hasn't even been developed yet. This presents a serious challenge for teachers who work with bilingual students. There is a complete lack of educational resources for additional language training and support tailored to the specifics of teaching Bulgarian as a second language.

This is why we partnered with EducArt and started a project for the development of educational resources for additional language training for primary school students whose mother tongue is not Bulgarian.

We started a Global Giving fundraising campaign to finance this project in 2019 and managed to activate many of our supporters from Bulgaria and across the globe. Over 200 people donated and we managed to raise over 50,000 EUR in less than 6 months. Thanks to our true supporter Nguyen Le the campaign was also supported by the European Bank for Reconstruction and Development via their Community Initiative. Thanks to EBRD and their Community Initiative the Global Giving donations were matched.

*Find out more about the project at https://zaednovchas.bg/en/impact/bulgarian-as-a-second-language/*

### 2. Financial indicators

In the past year the Foundation recognized revenue from conditional grants amounting to 3,974 thousand BGN (in 2018: 4,430 thousand BGN). The unconditional grants received by the Foundation in 2019 amount to 598 thousand BGN (in 2018: 495 thousand BGN). The result (profit) from non-profit activity in 2019 amounts to 183 thousand BGN (in 2018: 527 thousand BGN).

### 3. Remuneration, received in total during the year by the members of the councils

In 2019, the members of the Executive Board did not receive any remuneration.

### 4. The participation of the board members in trade companies as unlimited shareholders, the ownership of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperatives such as procurators, managers or board members;

**Name of the governing body: Executive Board**

EVGENIA KONSTANTINOVA PEEVA-KIROVA, STATE: BULGARIA – **She has no participation in another company;**

GEORGE KOSTADINOV SIDJIMKOV, STATE: BULGARIA – **He has participation in another company, but it does not exceed 25 percent of its capital;**

MIROSLAV IVANOV STOICHEV, STATE: BULGARIA – **He has participation in another company, but it does not exceed 25 percent of its capital;**

**FINANCIAL INFORMATION (CONTINUED)**

**4. The participation of the board members in trade companies as unlimited shareholders, the ownership of more than 25 percent of the capital of another company, as well as their participation in the management of other companies or cooperatives such as procurators, managers or board members (Continued)**

TSVETAN TODOROV LAGANSKI, STATE: BULGARIA – **He has participation in another company, exceeding 25 percent of its capital;**

TATYANA IVANOVA MARINOVSKA-NAIDENOVA, STATE: BULGARIA – **She has no participation in another company;**

NELI KOLEVA KOLEVA, STATE: BULGARIA – **She has no participation in another company;**

TRAYAN VALENTINOV TRAYANOV, STATE: BULGARIA – **He has no participation in another company;**

EKATERINA ANDREEVA GRAMENOVA, STATE: BULGARIA - **She has participation in another company, exceeding 25 percent of its capital;**

ROSEN MIROSLAVOV BOGOMILOV, STATE: BULGARIA – **He has no participation in another company;**

HRISTO EMILOV MANOV, STATE: BULGARIA - **He has participation in another company, exceeding 25 percent of its capital;**

**5. The financial instruments used by the entity, and when it is significant for valuing the assets, liabilities, financial condition and financial result, are disclosed and:**

**a) the entity's financial risk management objectives and policies, including its hedging policy for each major type of hedged item to which hedge accounting applies;**

"Teach for Bulgaria" Foundation has not developed a hedging policy, as the management believes that there are no indications of the occurrence of such a risk towards it.

**b) the entity's exposure to price, credit, liquidity and cash flow risk**

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.

## FINANCIAL INFORMATION (CONTINUED)

**5. The financial instruments used by the entity, and when it is significant for valuing the assets, liabilities, financial condition and financial result, are disclosed and: (Continued)**

**b) the entity's exposure to price, credit, liquidity and cash flow risk (Continued)**

### 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 2019 and 31 December 2018 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.

## SIGNIFICANT 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 occured after the balance sheet date.

## BRANCHES

The Foundation has no branches.

## RESEARCH AND DEVELOPMENT

The Foundation worked on several projects related to research and development in 2019.

As part of the EU project FIERST, an instrument which measures students' motivation and engagement in class was designed and tested in collaboration with New Bulgarian University. A report on it will be presented in September of 2020.

Teach For Bulgaria designed and validated an instrument which measures students' reading literacy skills in third grade in collaboration with the Bulgarian Association for Educational Measurement and Evaluation. It will be freely available on the website prepodavame.bg in 2020.

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

The main goal of these projects is to create context-specific valid instruments which can measure a wider range of key mindsets and competences of the 21st century; students' motivation, their attitude towards school and the effectiveness of the learning process in every subject. Long-term, this will support the education system's focus on students' performance on key competences for success in the 21st century based on objective data.

## 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, 2019, 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 2019.

Trayan Trayanov
Chief Executive Officer
Date: 05.08.2020

"Здравно в нас"
Teach For Bulgaria

# II.

# Independent Auditor's Report

KPMG Audit OOD
45/A Bulgaria Boulevard
Sofia 1404, Bulgaria
+359 (2) 9697 300
bg-office@kpmg.com
kpmg.com/bg

# 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 01 to 25, which comprise the separate statement of financial position as at 31 December 2019, and the separate statement of profit or loss and other comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

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 2019, 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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 Foundation 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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Identity Code 040595851

IBAN BG42STSA93001527484524
BIC STSABGSF
DSK Bank AD

## 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 presentation of the separate financial statements that give a true and fair view 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*

45/A Bulgaria Boulevard
Sofia 1404, Bulgaria

29 September 2020

Dobrina Kalovanova
*Registered auditor, responsible for the audit*

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 045 КПМГ ОДИТ ООД

# III.

# Separate Financial Statements for the year ended December 31st, 2019

**"Teach for Bulgaria" Foundation**

**Separate financial statements**

**for the year ended 31 December 2019**

**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 2019

*In thousands of BGN*

| Expenses | Note | 2019 | 2018 |
|---|---|---|---|
| I. Expenses for the activity | | | |
| A. Expenses for regulated activity | | | |
| 1. Expenses on grants | 6.1 | 1,212 | 1,049 |
| 2. Other expenses | 6.2 | 231 | 274 |
| Total A: | | 1,443 | 1,323 |
| B. Administrative expenses | 7 | 2,956 | 3,085 |
| Total I: | | 4,399 | 4,408 |
| II. Finance costs | | | |
| 3. Other finance costs for financial transactions | 8 | 26 | 16 |
| Total II: | | 26 | 16 |
| III. Total expenses | | 4,425 | 4,424 |
| IV. Profit from non-profit activities | | 183 | 527 |
| V. Result from business activities – profit or loss | | 3 | 1 |
| VI. Total result from profit and non-profit activities - profit | | 186 | 528 |

| Revenues | Note | 2019 | 2018 |
|---|---|---|---|
| I. Revenue from the activity | | | |
| A. Revenue from regulated activity | | | |
| 1. Revenue from conditional grants | 9.1 | 3,974 | 4,430 |
| 2. Revenue from unconditional grants | 9.2 | 598 | 495 |
| 3. Other revenue | | 16 | 14 |
| Total I: | | 4,588 | 4,939 |
| II. Finance income | | | |
| 4. Foreign currency exchange gains | 10 | 20 | 12 |
| Total II: | | 20 | 12 |
| III. Total revenue | | 4,608 | 4,951 |
| 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 25, which are integral part of the Separate financial statements.

The Separate financial statements were prepared on 05.08.2020 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 05.08.2020

Trayan Trayanov
*Executive Director*

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

Maria Peneva
*Authorised representative*

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

Dobrina Kaloyanova
*Registered Auditor, responsible for the audit*

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 045 КПМГ ОДИТ ООД

*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 2019

*In thousands of BGN*

| Expenses | Note | 2019 | 2018 |
|---|---|---|---|
| | | | |
| A. Operating expenses | | | |
| 1. Materials and service expenses incl.: | | - | - |
| a) service expenses | | - | - |
| | | | |
| *Total operating expenses* | | - | - |
| *Total expenses* | | - | - |
| 2. Accounting profit (total revenues – total expenses) | | - | 1 |
| 3. Tax (expense)/benefit on profit | | - | - |
| 4. Net profit for the year (2 - 3) | | - | 1 |
| *Total (Total expenses + 3 +4)* | | - | 1 |

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

The Separate income statement should be read together with the notes to the financial statements on page 8 to page 25, which are integral part of the Separate financial statements.
The Separate financial statements were prepared on 05.08.2020 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 05.08.2020.

Trayan Trayanov
*Executive Director*

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

Maria Peneva
*Authorised representative*

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

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 2019

| *In thousands of BGN* | Note | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| **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. Inventory | 14 | 19 | 38 |
| 2. Vehicles | | 15 | 22 |
| **Group II total:** | | 34 | 60 |
| **Section A total:** | | 51 | 77 |
| **B. Current (short-term) assets** | | | |
| **I. Debtors** | | | |
| 1. Other receivables | 15 | 8 | 18 |
| **Group I total:** | | 8 | 18 |
| **II. Investments** | | | |
| 1. Shares in affiliated undertakings | 23 | 3 | 3 |
| 2. Financial assets held to maturity | 22 | 892 | 892 |
| **Group II total:** | | 895 | 895 |
| **III. Cash and cash equivalents, including:** | | 1.154 | 923 |
| - cash in current bank accounts (deposits) | 16 | 1.154 | 923 |
| **Group III total:** | | 1.154 | 923 |
| **Section B total:** | | 2.057 | 1.836 |
| **C. Deferred expenses** | 17 | 38 | 25 |
| **Total assets (A + B + C)** | | 2.146 | 1.938 |

| | Note | 31.12.2019 | 31.12.2018 |
|---|---|---|---|
| **Equity and liabilities** | | | |
| **A. Equity** | | | |
| **I. Reserves** | | | |
| 1. Reserve as per incorporation documents | 18 | 1 | 1 |
| 2. Other reserves, including: | 18 | 1,825 | 1,639 |
| *- for prior years* | | 1 639 | 1 111 |
| *- for the current year* | | 186 | 528 |
| | | | |
| **Group I total:** | | 1,826 | 1,640 |
| **Section A total:** | | 1,826 | 1,640 |
| **B. Creditors** | | | |
| 1. Trade payables, including: | 19 | 25 | 43 |
| *up to 1 year* | | *25* | *43* |
| 2. Other payables, including | 20 | *61* | 102 |
| *up to 1 year* | | 61 | *102* |
| *- payable to personnel, including:* | | *40* | *77* |
| *up to 1 year* | | *40* | *77* |
| **Section B total, including:** | | 86 | 145 |
| ***up to 1 year*** | | *86* | ***145*** |
| | | | |
| **C. Grant and deferred income, including:** | 21 | 234 | 153 |
| - grants | | *234* | *153* |
| **Total net assets and liabilities (A + B + C)** | | 2,146 | 1,938 |

The Separate balance statement should be read together with the notes to the financial statements on page 8 to page 25, which are integral part of the Separate financial statements.
The Separate financial statements were prepared on 05.08.2020 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 05.08.2020.

Trayan Trayanov

*Executive Director*

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

ОДИТОРСКО ДРУЖЕСТВО София Рег. № 045 КПМГ ОДИТ ООД

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

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 2019

| *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 2019** | | **1** | **1,111** | **-** | **528** | **1,640** |
| 2. Financial result from for the year, including: | | - | - | - | 186 | 186 |
| *- result from business activities* | | - | - | - | *3* | *3* |
| *- result from non-profit activities* | | - | - | - | *183* | *183* |
| 3. Transfer to other reserves | | - | - | 528 | (528) | - |
| **4. Balance at 31 December 2019** | 18 | **1** | **1,111** | **528** | **186** | **1,826** |

The Separate statement of changes in equity should be read together with the notes to the financial statements on page 8 to page 25, which are integral part of the Separate financial statements.

The Separate financial statements were prepared on 05.08.2020 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 05.08.2020.

Trayan Trayanov
*Executive Director*

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

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 cash flow statement
## for the year ended 31 December 2019

*In thousands of BGN*

| | Note | 2019 | 2018 |
|---|---|---|---|
| **I. Cash and cash equivalents at the beginning of the period** | | **923** | **2,555** |
| **II. Cash flows from non-profit activities** | | | |
| **A. Proceeds from non-profit activities** | | | |
| 1. Conditional grants received | | 4,055 | 3,137 |
| 2. Unconditional grants received | | 599 | 493 |
| 3. Other operating proceeds | | 28 | 40 |
| **Total proceeds from non-profit activities** | | **4,682** | **3,670** |
| **B. Payments for non-profit activities** | | | |
| 1. Payments for grants | | 1,212 | 1,049 |
| 2. Payments for services rendered | | 1,896 | 2,007 |
| 3. Payments related to personnel and social security | | 1,318 | 1,281 |
| 4. Payments on banking and foreign currency transactions | | 25 | 15 |
| 5. Other payments | | - | 950 |
| **Total payments for non-profit activities** | | **4,451** | **5,302** |
| **B. Net cash flows from non-profit activities** | | **231** | **(1,632)** |
| **III. Cash flows from business activities** | | | |
| **A. Proceeds from business activities** | | | |
| 1. Receipts from customers | | - | - |
| **Total proceeds from business activities** | | - | - |
| **B. Payments for business activities** | | | |
| 1. Payments for services rendered | | - | - |
| **Total payments for business activities** | | - | - |
| **B. Net cash flows from business activities** | | - | - |
| **IV. Cash and cash equivalents at 31 December** | 16 | **1,154** | **923** |
| **V. Change in the cash flows for the year** | | **231** | **(1,632)** |

The Separate cash flow statement should be read together with the notes to the financial statements on page 8 to page 25, which are integral part of the Separate financial statements.

The Separate financial statements were prepared on 05.08.2020 and were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 05.08.2020.

"Заедно в час" Teach For Bulgaria

Trayan Trayanov
*Executive Director*

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

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

Одиторско дружество София Рег. № 045 КПМГ Одит ООД

Dobrina Kalaydzhieva
*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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## 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 2019. Foundation's personnel include 44 full time employees working under agreements (as at 31 December 2018.: 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 2018 and 2019.

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.

Notes to the financial statements

3. Significant accounting policies (continued)

*(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.

As at 31 December 2019 and 31 December 2018 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 2019 the Foundation has intangible assets in progress and there are no long-term intangible assets acquired for business purposes. As of December 31, 2018, the Foundation has intangible assets in progress and there are no long-term intangible assets acquired for business purposes.

**Notes to the financial statements**

**3. Significant accounting policies (continued)**

**(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.

**(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.

**Notes to the financial statements**

**3. Significant accounting policies (continued)**

**(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.

***(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.

**Notes to the financial statements**

**3. Significant accounting policies (continued)**

**(j) Revenue (continued)**

***(i) Income from grants (continued)***

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.

**(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.

**Notes to the financial statements**

**3. Significant accounting policies (continued)**

**(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 2019 and 31 December 2018 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.

Notes to the financial statements

## 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 2019 and 31 December 2018 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* | 2019 | 2018 |
|---|---|---|
| Expenses on grants | 1,212 | 1,049 |
| | **1,212** | **1,049** |

### 6.2. Other expenses

| *In thousands of BGN* | 2019 | 2018 |
|---|---|---|
| Expenses on business trips | 206 | 119 |
| Other | 25 | 155 |
| | **231** | **274** |

### 7. Administrative expenses, including:

### 7.1. Expenses on materials

| *In thousands of BGN* | 2019 | 2018 |
|---|---|---|
| Stationery and office consumables | 50 | 45 |
| Expenses on training and project activities | - | 18 |
| Expenses on fuel | 7 | 5 |
| Expenses on spare parts for cars | 4 | 2 |
| | **61** | **70** |

### 7.2. Expenses on hired services

| *In thousands of BGN* | 2019 | 2018 |
|---|---|---|
| Expenses on remuneration of teachers | 813 | 643 |
| Expenses related to project activities | 512 | 878 |
| Office and communication expenses | 177 | 175 |
| | **1,502** | **1,696** |

### 7.3. Employee benefit expenses

| *In thousands of BGN* | 2019 | 2018 |
|---|---|---|
| Wages and salaries | 1,124 | 1,109 |
| Compulsory social security contributions | 212 | 176 |
| | **1,336** | **1,285** |

The average number of the Foundation's personnel in 2019 is 43 employees (2018: 41 employees).

Notes to the financial statements

## 7.4. Expenses for taxes fees and etc.

*In thousands of BGN*

| Expenses for taxes fees and etc. | 2019 | 2018 |
|---|---|---|
| | 24 | - |
| | 24 | - |

## 7.5. Depreciation

*In thousands of BGN*

| | 2019 | 2018 |
|---|---|---|
| Depreciation | 33 | 34 |
| | 33 | 34 |

## 8. Other finance costs for financial transactions

*In thousands of BGN*

| | 2019 | 2018 |
|---|---|---|
| Bank charges | 18 | 8 |
| Foreign currency exchange costs | 8 | 8 |
| | 26 | 16 |

## 9. Revenue from regulated activity, including:

## 9.1. Revenue from conditional grants

In 2019 the Foundation recognises revenues from conditional grants at the amount of BGN 3,974 thousand. In 2018 the revenues from grants are BGN 4,430 thousand.

## 9.2. Revenue from unconditional grants

The received unconditional grants in 2019 are at the amount of BGN 598 thousand. In 2018 - BGN 495 thousand.

## 10. Foreign currency exchange gains

Foreign currency exchange gains are in result of transactions in foreign currency. In 2019 they are at the amount of BGN 20 thousand (2018: BGN 12 thousand).

## 11. Operating expenses from business activities

In 2019, the Foundation did not have any operating expenses from business activities (2018: 0 thousand).

## 12. Revenues from business activities

The revenues from business activities are from sale of fully depreciated and obsolete two cars from the Foundation to Ivan Bozhinov Petkov for amount of BGN 3,000 (2018: BGN 1,000).

## 13. Intangible assets

In 2019 the Foundation has intangible assets in progress amounting to BGN 17 thousand (2018: 17 thousand).

Notes to the financial statements

## 14. Non-current assets

*In thousands of BGN*

| | Transport vehicles | Fixtures and fittings | Total |
|---|---|---|---|
| ***Book value*** | | | |
| Balance at 1 January 2018 | 35 | 96 | 131 |
| Additions | 28 | 28 | 56 |
| Disposals | 11 | 16 | 27 |
| **Balance at 31 December 2018** | **52** | **108** | **160** |
| | | | |
| Balance at 1 January 2019 | 52 | 108 | 160 |
| Additions | | 7 | 7 |
| Disposals | 24 | 7 | 31 |
| **Balance at 31 December 2019** | **28** | **108** | **136** |
| | | | |
| ***Depreciation*** | | | |
| 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** |
| | | | |
| Balance at 1 January 2019 | 30 | 70 | 100 |
| Depreciation charge for the year | 7 | 26 | 33 |
| Depreciation of assets disposed | 24 | 7 | 31 |
| **Balance at 31 December 2019** | **13** | **89** | **102** |
| | | | |
| ***Carrying amounts*** | | | |
| At 1 January 2018 | - | 38 | 38 |
| At 31 December 2018 | 22 | 38 | 60 |
| **At 31 December 2019** | **15** | **19** | **34** |

## 15. Trade receivables

The receivables of the Foundation as at 31 December 2019 amount to BGN 8 thousand and are prepayments to suppliers. As at 31 December 2018 they amount to BGN 18 thousand.

## 16. Cash and cash equivalents

*In thousands of BGN*

| | 31 December 2019 | 31 December 2018 |
|---|---|---|
| Cash at current bank accounts (deposits) | 1,154 | 923 |
| | **1,154** | **923** |

Notes to the financial statements

## 17. Deferred expenses

As at 31 December 2019 deferred expenses amounted to BGN 38 thousand (2018: BGN 25 thousand). Deferred expenses as at 31 December 2019 include medical insurance of the personnel amounting to BGN 17 thousand, expenses on additional subscriptions amounting to BGN 11 thousand and event organization costs amounting to BGN 10 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 2019 reserves comprise non-profit activities result amounting to BGN 183 thousand and business activities result amounting to BGN 3 thousand. As at 31 December 2018 reserves comprise non-profit activities result amounting to BGN 527 thousand and business activities result amounting to BGN 1 thousand.

## 19. Trade payables

| *In thousands of BGN* | 31 December 2019 | 31 December 2018 |
|---|---|---|
| Payables to suppliers | 25 | 43 |
| | **25** | **43** |

## 20. Other liabilities

| *In thousands of BGN* | 31 December 2019 | 31 December 2018 |
|---|---|---|
| Payables to personnel and social security payables | 40 | 77 |
| Liable persons | - | 2 |
| Other liabilities | 21 | 23 |
| | **61** | **102** |

## 21. Payables on unutilised financing

| *In thousands of BGN* | 31 December 2019 | 31 December 2018 |
|---|---|---|
| ***Non-current portion*** | | |
| Financing for acquisition of property, plant and equipment | - | - |
| | - | - |
| ***Current portion*** | | |
| Financing for acquisition of property, plant and equipment | - | 9 |
| Financing for operating activities | 234 | 144 |
| | **234** | **153** |

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 01.01.2019 | Financing received in 2019 | Income from financing recognised in 2019 | Reclassification to unconditional grants | Fixed assets acquisition | Funds repaid in 2019 | Deferred income as at 31.12.2019 |
|---|---|---|---|---|---|---|---|
| Financing from America for Bulgaria Foundation | (39) | 2,600 | 2,525 | - | - | - | 36 |
| Financing from European commission | (20) | 1,172 | 1,141 | - | - | - | 11 |
| Financing from other donors | 203 | 283 | 299 | - | - | - | 187 |
| **Total** | **144** | **4,055** | **3,965** | **-** | **-** | **-** | **234** |

*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** |

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 01.01.2019 | Income from financing recognised in 2019 up to the amount of depreciation and amortization expense | Fixed assets acquisition | Deferred income as at 31.12.2019 |
|---|---|---|---|---|
| Financing from America for Bulgaria Foundation | 9 | 9 | - | - |
| **Total** | **9** | **9** | **-** | **-** |

*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** |

## 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 2018 |
|---|---|---|
| Cash and cash equivalents, cash in hand excluded | 1,154 | 923 |
| | **1,154** | **923** |

***Impairment losses***

As at 31 December 2019 and 31 December 2018 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 2019***

| *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 | 25 | (25) | (25) | - | - | - | - |
| | 25 | (25) | (25) | - | - | - | - |

Notes to the financial statements

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

| *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) | - | - | - | - |

## 23. Investments in affiliated undertakings

The Foundation reports investments in subsidiaries at acquisition cost.

| | 31 December 2019 | | 31 December 2018 | |
|---|---|---|---|---|
| | Shares | Amount | Shares | Amount |
| "Zaedno 2011" EOOD | 100% | 3 | 100% | 3 |

In 2019 the Foundation invested in financial assets held to maturity.

| | 31 December 2019 | 31 December 2018 |
|---|---|---|
| | Amount | Amount |
| Financial assets held to maturity | 892 | 892 |

## 24. Related parties

*Related party disclosures*

As at 31 December 2019 and 31 December 2018 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.

In 2019, the Foundation purchased goods from Breaktime AD in the amount of BGN 2,625.60 and as of December 31, 2019 there are no liabilities to the company.

***Remuneration of the key management personnel***

The remuneration of the key management personnel in 2019 amounts to BGN 246 thousand. In 2018 it amounted to BGN 235 thousand.

## Notes to the financial statements

### 24. Related parties (continued)

***Related party transactions***

In 2019, there are no transactions with related parties.

### 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 balance sheet date

On March 11, 2020, the World Health Organization declared the spread of the COVID-19 virus a pandemic, and on March 13, 2020, the Bulgarian government declared a state of emergency in the country. On May 13, 2020, the Bulgarian government lifted the state of emergency and introduced an emergency epidemic, with the restrictions imposed by the state of emergency gradually being lifted.

In response to the potentially serious threat that the Corona virus poses to human health, the Bulgarian government has adopted measures to limit the virus, including the introduction of restrictions on the cross-border movement of people, restrictions on the entry of foreign nationals and the "blocking" of certain industries in expectation of further development.

In particular, airlines and road transport have significantly reduced international human transport; schools, universities, restaurants, cinemas, theaters and museums and sports facilities, retailers other than grocers, grocery stores and pharmacies were closed. Also, some of the companies in Bulgaria instructed their employees to stay in their homes and limited or suspended their activities.

The larger economic impacts of these events include:

- Difficulties for trade operations and economic activity in Bulgaria, affecting the entire supply chains;
- Significant difficulty for the economic activity of some sectors, both within Bulgaria and on markets with high dependence on foreign supplies, and on foreign-oriented activities with high dependence on foreign markets. The sectors concerned include trade and transport, travel and tourism, leisure, manufacturing, construction, retail, insurance, education and financial services;
- Significant reduction in demand for goods and services other than basic necessities;
- Increased economic uncertainty, leading to volatility in asset prices and exchange rates.

## 26. Events after balance sheet date (continued)

The pandemic caused by COVID-19 is considered a significant, non-adjusting event after the date of the annual financial statements.

The management monitors the development of the COVID-19 pandemic and is in a constant process of assessing the potential effects for the Foundation and its financial condition. Management takes steps to assess this risk and its management as far as possible. The management takes into account and complies with all measures taken by the Bulgarian government in connection with limiting the spread of the pandemic in the country.

Based on publicly available information, management has considered the potential development of the outbreak and its expected impact on the Foundation and the economic environment in which the Foundation operates, and concludes that the Foundation's activities have not been significantly affected by the COVID-19 pandemic.

As of the date of approval of the financial statements, the next tranche of funding from the America for Bulgaria Foundation in the amount of BGN 1,300,000 has been received.

No other events have occurred since the balance sheet date that would require additional adjustments and / or disclosures in the Foundation's separate financial statements for the year ended 31 December 2019.