"Teach for Bulgaria" Foundation

Financial statements

for the year ended 31 December 2013

(together with Independent auditors' report)

Income statement
For the year ended 31 December 2013

In thousands of Bulgarian levs	**Note**	**2013**	**2012**
Revenue	6	1,980	1,371
Expenses on materials	7	(76)	(40)
Expenses on hired services	8	(757)	(672)
Personnel costs	9	(637)	(494)
Other expenses	10	(351)	(30)
Depreciation and amortisation		(15)	(16)
Operating result from non-profit activities		144	119
Net finance (costs) / income		(1)	(1)
Result from non-profit activities for the period		143	118
Result from business activities for the period	17	9	1
Result for the period		152	119

The income statement should be read together with the notes to the financial statements on page 7 to page 21, which are integral part of the financial statements.

The accompanying financial statements were approved for issue by the Executive Director of "Teach for Bulgaria" Foundation on 16 May 2014.

Evgenia Peeva
Executive Director

Rositsa Sechkova
Preparer

As per auditor's report:

Maria Peneva
General Manager
KPMG Bulgaria OOD

Dobrinka Kaloyanova
Registered Auditor

Balance sheet
As at 31 December 2013

In thousands of Bulgarian levs	Note	31 December 2013	31 December 2012
Assets			
Property, plant and equipment and intangible assets	11	41	26
Investments in subsidiaries		1	1
Total non-current assets		42	27
Receivables	12	1	15
Cash and cash equivalents	13	1,007	288
Deferred expenses and advances to suppliers		1	-
Total current assets		1,009	303
Total assets		1,051	330
Reserves			
Reserve as per incorporation documents	14	1	1
Other reserves	14	271	119
Total reserves		272	120
Liabilities			
Payables on non-utilised financing	16	22	11
Total non-current liabilities		22	11
Trade and other payables	15	8	1
Corporate tax payables		1	-
Payables on non-utilised financing	16	748	198
Total current liabilities		757	199
Total liabilities		779	210
Total reserves and liabilities		1,051	330

The balance sheet should be read together with the notes to the financial statements on page 7 to page 21, which are integral part of the financial statements.

Evgenia Peeva
Executive Director

Rositsa Sechkova
Preparer

As per auditor's report:

Maria Peneva
General Manager
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Dobrinka Kaloyanova
Registered Auditor

Statement of changes in the reserves
For the year ended 31 December 2013

In thousands of Bulgarian levs	Note	Reserve as per incorporation document	Reserves	Total
Balance at 1 January 2012		1	-	1
Result from non-profit activities		-	118	118
Financial result from business activities		-	1	1
Balance at 31 December 2012		**1**	**119**	**120**
Balance at 1 January 2013		**1**	**119**	**120**
Result from non-profit activities		-	143	143
Financial result from business activities		-	9	9
Balance at 31 December 2013	14	1	271	272

The statement of changes in reserves should be read together with the notes to the financial statements on page 7 to page 21, which are integral part of the financial statements.

Evgenia Peeva
Executive Director

Rositsa Sechkova
Preparer

As per auditor's report:

Maria Peneva
General Manager
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Registered Auditor

Cash flow statement
For the year ended 31 December 2013

In thousands of Bulgarian levs	Note	2013	2012
Cash and cash equivalents at the beginning of the period		**288**	**51**
Cash flows from non-profit activities			
Proceeds from non-profit activities			
Conditional grants received		2,395	1,374
Unconditional grants received		154	114
Other operating proceeds		14	3
Total proceeds from non-profit activities		2,563	1,491
Payments for non-profit activities			
Payments for grants		(298)	-
Payments to personnel and social security institutions		(743)	(567)
Payments for services rendered		(762)	(654)
Payments on banking and foreign currency transactions		(1)	-
Other payments		(50)	(34)
Total payments for non-profit activities		(1,854)	(1,255)
Net cash flows from non-profit activities		**709**	**236**
Cash flows from business activities			
Proceeds from business activities			
Proceeds from clients		24	-
Proceeds from subsidiaries		-	1
Total proceeds from business activities		24	1
Payments for business activities			
Payments for services and financial assets acquired		(6)	-
Payments to suppliers		(2)	-
Payments to personnel and social security institutions		(6)	-
Total payments for business activities		(14)	-
Net cash flows from business activities		**10**	**1**
Movements in cash during the period		719	237
Cash and cash equivalents at 31 December	13	**1,007**	**288**

The cash flow statement should be read together with the notes to the financial statements on page 7 to page 21, which are integral part of the financial statements.

Evgenia Peeva
Executive Director

Rositsa Sechkova
Preparer

As per auditor's report:

Maria Peneva
General Manager
KPMG Bulgaria OOD

Dobrinka Kaloyanova
Registered Auditor

Notes to the financial statements

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 company file No 460/2010 of Sofia City Court.

The seat and address of management of the Foundation is Sofia, 19, Ivan Denkoglu str.

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 2013 the Foundation's personnel include 22 full time employees working under labour agreements.

Notes to the financial statements

2. Basis of preparation

(a) Statement of compliance

The accompanying financial statements have been prepared in accordance with the National Financial Reporting Standards for Small and Medium-sized Enterprises (NFRSSME), adopted in Bulgaria.

The financial statements for the year ended 31 December 2013 were approved for issue by the Executive Director of the Foundation on 16 May 2014.

(b) Basis of measurement

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

(c) Functional and presentation currency

These 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 NFRSSME 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 than 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.

Notes to the financial statements

3. Significant accounting policies

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

(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(l).

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in 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 amortisation process.

Notes to the financial statements

3. Significant accounting policies (continued)

(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 separately.

(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 company and when the costs can be measured reliably. The carrying amount of the replaced part is derecognised. Servicing costs related to the daily maintenance of the asset are taken to the income statement and expensed as incurred.

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

(iii) Depreciation

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

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 2013 and 31 December 2012 the Foundation does not hold any property, plant and equipment, acquired for business purposes.

Notes to the financial statements

3. Significant accounting policies (continued)

(d) Intangible assets

(i) Recognition

Intangible assets with finite useful lives acquired by the Foundation are carried at cost, less any accumulated amortisation 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) Amortisation

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

The useful lives of intangible assets are finite.

Intangible assets are amortised 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 amortisation 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 amortisation 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 2013 and 31 December 2012 the Foundation does not have any non-current 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 average-weighted 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 Foundations 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 separately. 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. 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 to 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.

(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.

(i) 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.

The Foundation does not report any overheads (by function) because due to the specifics of its activities all potential overheads are financed from the unconditional or conditional grants received.

(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.

Notes to the financial statements

3. Significant accounting policies (continued)

(l) Payments on lease contracts (continued)

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

(m) Finance income and expenses

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

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

(n) Income tax

The Foundation calculates income taxes on the financial result from business activities. Income tax for the year comprise 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 2013 and 31 December 2012 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.

Notes to the financial statements

4. Fair value measurement

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

Trade and other receivables

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

5. Financial risk management

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

- credit risk
- liquidity risk.

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

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

Credit risk

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

Credit risk is mitigated through concentration of the Foundation's cash and payment transactions in a highly reputable, prime commercial bank, having stable liquidity. Thus the risk associated with cash and cash equivalents is mitigated.

As at 31 December 2013 and 31 December 2012 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. Revenue

In thousands of Bulgarian levs

	2013	2012
Income from conditional grants / sponsorship	1,826	1,252
Income from unconditional grants	154	115
Other revenue	-	4
	1,980	1,371

7. Expenses on materials

In thousands of Bulgarian levs

	2013	2012
Expenses on fuel	6	5
Stationery and office consumables	18	22
Expenses on training and project activities	52	13
	76	40

8. Expenses on hired services

In thousands of Bulgarian levs

	2013	2012
Expenses on remuneration of teachers employed under civil contracts	443	300
Social security contributions for teachers employed under civil contracts	48	29
Expenses related to project activities	233	323
Office and communication expenses	33	20
	757	672

9. Personnel costs

In thousands of Bulgarian levs

	2013	2012
Salaries and remunerations	566	442
Social security contributions and additional payments	71	52
	637	494

The average number of the Foundation's personnel as at 31 December 2013 is 18 employees (31 December 2012: 12 employees).

10. Other expenses

In thousands of Bulgarian levs

	2013	2012
Expenses on grants	297	-
Expenses on business trips	48	21
Taxes and fees	3	4
Other	3	5
	351	30

Notes to the financial statements

11. Property, plant and equipment

In thousands of Bulgarian levs	Transport vehicles	Fixtures and fittings	Total
Book value			
Balance at 1 January 2012	33	15	48
Additions	-	8	8
Disposals	-	-	-
Balance at 31 December 2012	33	23	56
Balance at 1 January 2013	33	23	56
Additions	24	13	37
Disposals	(22)	(1)	(23)
Balance at 31 December 2013	35	35	70
Depreciation			
Balance at 1 January 2012	6	8	14
Depreciation charge for the year	8	8	16
Depreciation of assets disposed	-	-	-
Balance at 31 December 2012	14	16	30
Balance at 1 January 2013	14	16	30
Depreciation charge for the year	8	7	15
Depreciation of assets disposed	(15)	(1)	(16)
Balance at 31 December 2013	7	22	29
Carrying amounts			
At 1 January 2012	27	7	34
At 31 December 2012	19	7	26
At 1 January 2013	19	7	26
At 31 December 2013	28	13	41

12. Receivables

In thousands of Bulgarian levs	31 December 2013	31 December 2012
Receivables from related parties (Note 19)	-	12
Other	1	3
	1	15

13. Cash and cash equivalents

In thousands of Bulgarian levs	31 December 2013	31 December 2012
Cash at current accounts	1,007	287
Cash on hand	-	1
Cash and cash equivalents as per the Cash flow statement	1,007	288

Notes to the financial statements

14. 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. As at 31 December 2013 reserves comprise non-profit activities result amounting to BGN 261 thousand and business activities result amounting to BGN 10 thousand. As at 31 December 2012 other reserves comprise non-profit activities result amounting to BGN 118 thousand and business activities profit amounting to BGN 1 thousand.

15. Trade and other payables

In thousands of Bulgarian levs	**31 December 2013**	**31 December 2012**
Payables to suppliers	3	1
Liable persons	5	-
	8	1

16. Payables on unutilised financing

In thousands of Bulgarian levs	**31 December 2013**	**31 December 2012**
Non-current portion		
Financing for acquisition of property, plant and equipment	22	11
	22	11
Current portion		
Financing for acquisition of property, plant and equipment	19	15
Financing for operating activities	729	183
	748	198

Notes to the financial statements

17. Result from business activities during the period

In 2013 the Foundation has carried out business activities, namely advertising and consultancy services and has organised an event related to one of its projects. The Foundation has not allocated any overheads to this activity, as no such have been reported in 2013. The result has been calculated as follows:

In thousands of Bulgarian levs	**2013**	**2012**
Revenue from services rendered	24	-
Revenue from joint participation	-	1
Expenses on materials	(2)	-
Expenses on hired services	(6)	-
Personnel costs	(6)	-
Accounting profit before tax	10	1
Income tax expense	(1)	-
Profit	9	1

Explanation of the effective tax rate

In thousands of Bulgarian levs	**2013** %	**2013**	**2012** %	**2012**
Profit before tax		10		1
Corporate tax as per statutory tax rate	10%	1	10%	-
		1		-

18. Financial instruments

Credit risk

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

In thousands of Bulgarian levs

	31 December 2013	**31 December 2012**
Cash and cash equivalents	1,007	287
	1,007	287

Impairment losses

As at 31 December 2013 and 31 December 2012 the Foundation has no overdue receivables that require the recognition of impairment losses.

Liquidity risk

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

31 December 2013

In thousands of Bulgarian levs	**Carrying amount**	**Contractual cash flows**	**Up to 6 months**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5 years**
Payables to suppliers	3	3	3	-	-	-	-
	3	3	3	-	-	-	-

Notes to the financial statements

18. Financial instruments (continued)

Liquidity risk (continued)

31 December 2012

In thousands of Bulgarian levs	Carrying amount	Contractual cash flows	Up to 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
Payables to suppliers	1	1	1	-	-	-	-
	1	1	1	-	-	-	-

19. Related parties

Related party disclosures

As at 31 December 2013 and 31 December 2012 the related parties of the Foundation are as follows:

- „Zaedno 2011" EOOD – a subsidiary 100% owned by the Foundation

Remuneration of the key management personnel

The remuneration of the key management personnel in 2013 amounts to BGN 170 thousand.

Related party transactions

Related party	Description	(Purchases)/ Sales 2013	Payments from / (to) the Foundation	Receivables 31.12.2013	Payables 31.12.2013
Zaedno 2011 EOOD	Repayment of a receivable at balance as at 31 December 2012	-	(12)	-	-
		-	(12)	-	-

Related party	Description	(Purchases)/ Sales 2012	Payments from / (to) the Foundation	Receivables 31.12.2012	Payables 31.12.2012
Zaedno 2011 EOOD	Payment of a liability on behalf of the related party	-	12	12	-
	Proceeds from subsidiaries	1	(1)	-	-
		1	11	12	-

20. Contingent liabilities

Lawsuits

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

21. Events after the date of the financial statements

No events have occurred after the date of the accompanying financial statements that require additional adjustments and / or disclosures in the Foundation's financial statements for the year ended 31 December 2013.

INDEPENDENT AUDITORS' REPORT

To the Founder of

"Teach for Bulgaria" Foundation

Report on the financial statements

We have audited the accompanying financial statements on page 2 to 21 of "Teach for Bulgaria" Foundation (the Foundation), which comprise the balance sheet as of 31 December 2013, and the income statement, statement of changes in reserves and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with National Financial Reporting Standards for Small and Medium-sized Enterprises, applicable in Bulgaria, and for such internal control system as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation of financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Foundation as of 31 December 2013, and of its financial performance and cash flows for the year then ended in accordance with National Financial Reporting Standards for Small and Medium-sized Enterprises, applicable in Bulgaria.

Other issues

The financial statements of the Foundation for the year ended 31 December 2012 have been audited by other auditor, who issued unmodified audit opinion on these financial statements on 12 April 2013.

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Maria Peneva,	Dobrinka Kaloyanova
General Manager	Registered Auditor

KPMG Bulgaria OOD

Sofia, 20 May 2014

sealed by KPMG Bulgaria OOD, Specialized Audit Firm, Reg. No 045, Sofia