

INDEPENDENT AUDITOR'S REPORT

**To the management of
Teach for Bulgaria Foundation
Sofia**

REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Teach for Bulgaria Foundation (the Foundation)**, which comprise the balance sheet as at December 31, 2012, and the income statement, statement of changes in equity and cash flow statement then ended, and a summary of significant accounting policies and other explanatory notes (from page 7 to page 11).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bulgarian Financial Reporting Standards for Small and Medium-sized Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 present fairly, in all material respects the financial position of **Teach for Bulgaria Foundation** as of December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with the Bulgarian Financial Reporting Standards for Small and Medium-sized entities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIERMENTS – Management's report for the year ended 31 December 2012

We have reviewed the management's report for the year ended 31 December 2012 of **Teach for Bulgaria Foundation**, which is not part of the financial statements. The historical financial information in the Management's report, prepared by the management, complies in its main aspects with the financial information, presented in the financial statements for the year ended 31 December 2012, prepared in accordance with National Financial Reporting Standards for Small and Medium Enterprises (NFRSSME) and the national legislation. The preparation of the management's report is responsibility of the management.

**FOR AND ON BEHALF OF
ATA CONSULT LTD**


Radosveta Vesselinova
Certified public accountant
CEO



April 12, 2013

Sofia, Bulgaria

TEACH FOR BULGARIA FOUNDATION

BALANCE SHEET
as at 31 December 2012

ASSETS	Notes	31.12.2012 thous. BGN	31.12.2011 thous. BGN
Non-current assets, net			
Non-current tangible assets	3	27	35
Non-current investments		1	1
		<u>28</u>	<u>36</u>
Current assets			
Receivables and advance payments	4	15	3
Cash and cash equivalents	5	288	51
		<u>303</u>	<u>54</u>
Total assets		<u><u>331</u></u>	<u><u>90</u></u>
EQUITY AND LIABILITIES			
Equity and reserves			
Reserves		2	1
Results current year	6	119	1
		<u>121</u>	<u>2</u>
Non-current liabilities			
Financing for fixed assets	7	26	35
		<u>26</u>	<u>35</u>
Current liabilities			
Current liabilities	8	1	1
Unspent from financed project	9	183	52
		<u>184</u>	<u>53</u>
Total equity and liabilities		<u><u>331</u></u>	<u><u>90</u></u>

Manager:



12.4.2013

Compiler:


As per auditors report:



INCOME STATEMENT
for the year ended 31 december 2012

	Notes	2012 thous. BGN	2011 thous. BGN
Operating income	10	1 370	725
Financial income		1	-
Total incomes		1 371	725
Expenses by economic elements	11		
Cost of materials		(40)	(30)
Cost of hired services	12	(643)	(243)
Employee expenses	13	(523)	(417)
Depreciation		(16)	(12)
Other costs	14	(29)	(22)
Financial expenses		(1)	-
Total expenses		(1 252)	(724)
Result from non-economic activities		<u>119</u>	<u>1</u>
Profit/(loss) from economic activities		-	-
Result for the year		<u><u>119</u></u>	<u><u>1</u></u>

Manager:


"ТЕАЧНО В ЧАС"
Teach For Bulgaria

12.4.2013

Compiler:




As per auditors report:




STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012

	Reserves thous. BGN	Financial result thous. BGN	Total equity thous. BGN
Balance as at 31 December 2010	1	-	1
Financial result for the period	-	1	1
Balance as at 31 December 2011	1	1	2
Financial result for the period	-	119	119
Balance as at 31 December 2012	1	120	121

Manager:



12.4.2013

Compiler:



As per auditors report:



TEACH FOR BULGARIA FOUNDATION

CASHFLOW

for the year ended 31.12.2012

	2012	2011
	thous. BGN	thous. BGN
Cash flows non-economic activities		
Conditional financing received	1 374	751
Financing received	113	1
Payments to suppliers	(673)	(260)
Payments to employees and social security	(567)	(430)
Payments for long-term assets	(8)	(15)
Other cashflows from operating activities	(2)	(23)
Net cash flows from non-economic activities	237	24
Net change in cash and cash equivalents	237	24
Cash as at 01 January	51	27
Cash as at 31 December	288	51

Manager:


 "ЗАЕДНО В ЧАС"
 Teach For Bulgaria

12.4.2013

Compiler:




As per auditors report:




NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2012

1. Incorporation and registration.

The Foundation Teach for Bulgaria is established in 2010 in accordance with the Non-Profit Legal Entities Act and is listed with the Ministry of Justice as devoted to public benefit in the National Public Register for such NGO.

The Foundation's focus of activities:

The Foundation engages and organizes talented and promising young people in Bulgaria into an initiative aiming to improve the educational quality in the country and to overcome the discrepancies inherent to the education system. It also develops programs for improving the quality of access to education for disabled or economically challenged children; participates in national and international projects; offers trainings and qualifications in the field of improving education for disabled and poor children, living in marginalized communities, including schools in the villages and schools with students bodies, predominantly comprised of children from minorities; and is involved in other types of activities related to the Foundation's goals and purpose.

In order to achieve its goals for 2012, the Foundation is currently working on the projects "Teach for Bulgaria" and "High school scholarship program".

2. Description of the significant accounting policies

2.1. Basis for the preparation of the financial statements

The Foundation annual financial statements for the year 2012 have been prepared in accordance with the requirements of all the National Accounting Standards applicable in 2012, including as of the Balance sheet date of December 31, 2012.

The Foundation organizes and carries out the current accounting reports and prepares its financial statements in accordance with the requirements of the Bulgarian accounting, taxation and commercial legislation.

The Foundation financial statements for the year 2012 are prepared according to the requirements of the principles of accrual basis; going concern; primacy of content over form; prudence; comparability of income and expense; consistency.

These financial statements have been prepared on the basis of the accounting convention of historical price, modified in certain cases with the revaluation of some assets and liabilities in accordance with their fair value, that have been shown in the disclosures accompanying the statements.

All information disclosed for 2011 and 2012 is presented in this financial statement in thousands of Bulgarian leva (BGN in thousands).

2.2. Use of accounting estimates and assumptions

The preparation of financial statements under the National Accounting Standards requires that the management makes some accounting estimates and assumptions, which are related to the

