# TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION

## *ANNUAL FINANCIAL STATEMENTS*
## *ANNUAL REPORT OF ACTIVITY*
## *INDEPENDENT AUDITORS' REPORT*
## *31 December 2014*

NOTES TO THE FINANCIAL STATEMENTS

## ANNUAL REPORT OF ACTIVITY

### Overview

The Trust for Social Achievement Foundation ("TSA" or the "Foundation) is a Bulgarian non-profit organisation, registered for public benefit. The activity of the Foundation is governed by the Non-profit Legal Entities Act and the acts and regulations related to it.

TSA was established in August, 2012 and is registered under Company File 524/2012 of Sofia City Court, BULSTAT 176356758. The Foundation was entered in the Central Registry of Non-profit Legal Entities designated for public benefit activities at the Ministry of Justice under № 20120831005.The seat and registered address of the Foundation is: Sofia, Sredets Region, 64 Patriarh Evtimii Blvd. and its website is: http://socialachievement.org/

The TSA tests and supports innovative, results-driven approaches that increase self-sufficiency and improve life outcomes for Bulgaria's poor, with a focus on the Roma. To achieve this, we honor and help develop professionalism, collaboration, and integrity in our partners. Our aim is for Bulgaria's disadvantaged to achieve educational and economic success and to thereby break the poverty cycle, so that all of society can develop and prosper.

According to the Articles of Association – Statute of the Foundation, its objectives are:

- ✓ To provide support at the local level for initiatives that improve educational achievement for at-risk pupils, with an emphasis on ethnic minorities and youth from impoverished and marginalized communities;
- ✓ To provide support at the local level for initiatives that improve the economic self-sufficiency for at-risk persons, with an emphasis on ethnic minorities and youth from impoverished and marginalized communities;
- ✓ To improve capacity at the local level for accountability and administration of grants, as well as the capacity for impact evaluation and assessment of results.

To achieve its mission TSA raises funds from donor organizations and provides grants in three areas: „Family Economic Success", „Early Childhood Development" and „Educational Achievement". Besides, TSA sets aside resources for improving the capacity of its partner organizations.

### Governance

According to its Articles of Association – Statute, the Foundation has the following governance bodies – Founder, Board of Directors ("Board") and Executive Director. Only individuals can be members of the Board. Board members are appointed and relieved by the Founder.

At December 31, 2014 the Board had four members. Whenever necessary the activity of the Board is consulted by two volunteers at the TSA advisory board – Ron Haskins, co-director of the Center on Children and Families at the Brookings Institution and Sue Lehman, member of the Executive Committee of the Board of Teach for America.

The members of the Board are not related to each other and do not receive any remuneration by TSA for their service on the Board.

In 2014 none of the members of the Board has entered into any transactions with TSA.

Articles of Association – Statute has been adopted on July 19, 2012 and has not been changed or amended since that date. In 2013 the court registered a change in the Executive Director position of TSA and Sarah Perrine took over from Emilia Karadocheva.

**Activity Overview**

TSA has been established in August, 2012 with funding provided by the America for Bulgaria Foundation („ABF") with the intent to continue ABF's activities in the social area. Across all of its program areas, ABF is supporting efforts to build and strengthen a vibrant market economy. To achieve this goal, Bulgaria's disadvantaged poor must be included. There are extremely high levels of unemployment and very low levels of education among the disadvantaged. Roma comprise an estimated 10% of the population and make up a significant portion of the poor.

In August 2014 ABF approved additional funding to the TSA in the amount of BGN 805 thousand for the project "Zone and Legalize Two Marginalized Neighbourhoods" with a duration of 42 months. With that the funding from ABF for the period October, 2012 to October, 2017 increased from BGN 18.5 million to BGN 19.3 million. For the period January 1, 2014 to December 31, 2014 TSA received from ABF conditional funding amounting to BGN 5.0 million compared to 1.8 million for the same period of the previous year or an increase by 178%.

In November 2014, the Foundation received a donation in the amount of BGN 38 thousand (USD 25 thousand) under the condition that the funds will be used for the Educational Achievement Program and children's support.

In 2014 TSA approved and signed 58 new grant contracts with a total commitment of BGN 3.0 million. For comparison, in 2013 TSA approved and signed 30 new grant contracts with a total commitment of BGN 3.0 million. Disbursed grant amounts in 2014 and 2013, respectively were BGN 3.2 million and 1.1 million or an increase by 191%. Detailed information on commitments and disbursements by program area is provided in Note 17 to the Annual Financial Statements.

In 2014 TSA stepped up significantly its activation on own operative programs and projects implemented by the TSA. Seven such programs and projects were started during the year, on which BGN 398 thousand were spent. By comparison, in 2013 there were 3 such projects for a total amount of BGN 23 thousand. The Springboard for School Readiness project is by far the largest. The project is being developed and implemented by the TSA in collaboration with the World Bank's Strategic Impact Evaluation Fund and the Poverty Action Lab. The Springboard for School Readiness project was started on a national scale in the end of June 2014 for the school year 2014 – 2015 and provides support to more than 4000 children in nearly 200 kindergartens and settlements throughout Bulgaria. The goal of the project is to help inform state policy by providing important information with respect to increased enrollment and kindergarten attendance by children of marginalized families, and to increase their participation in early childhood education in Bulgaria.

In addition in 2014, TSA's management continued working on strengthening the organization and its team. As of December 31, 2014 TSA had 14 full-time employees compared to 12 at December 31, 2013.

As of December 31, 2014 current assets were BGN 879 thousand (31 December 2013: BGN 255 thousand), of which cash and cash equivalents of BGN 847 thousand and other receivables and prepayments of BGN 24 thousand. Current liabilities amounted to BGN 658 thousand (31 December 2013: BGN 63 thousand), of which BGN 610 thousand are financing for current expenses, BGN 14 housand – payables to suppliers and BGN 4 thousand represented payables to personnel and social security.

The available cash and the expected disbursement of funds under the ABF grant are sufficient to support TSA's liquidity.

At December 31, 2014 total assets amounted to BGN 1,525 thousand, and the result from non-profit activity for the period was BGN 13 thousand. For comparison at 31 December, 2013 total assets amounted to BGN 947 thousand, and the result from non-profit activity for the period was BGN 15 thousand.

The Foundation does not own equity or other interests in other legal entities, does not have any related parties, does not belong to any economic group and has not entered into any related parties transactions for the period 1 January 2014 to 31 December 2014. During this period there were no unusual events that could have a material adverse impact on TSA's activities, its financial condition and the results from its non-profit activity.

TSA has not received or provided any loans or loan guarantees. The Foundation has not used financial instruments and has no branches.

TSA's policy for managing its financial resources is adequate and it has sufficient resources to meet its liabilities and to finance its activities.

**Important events after the end of the reporting period**

No significant events have occurred after the reporting date that would require adjustments or disclosures in the financial statements of the Foundation.

**Expected Developments and Plans for 2015**

In 2015 the Foundation intends to continue its activities in providing grants in its three program areas. TSA also plants to start a new program of significant scale in the early childhood development program area. The Nurse Family Partnership is a maternal health program, which introduces vulnerable first-time parents to caring maternal and child health nurses thus providing their babies with the best possible start in life. The program was developed by Prof. David Olds from the University of Colorado. A number of independent evaluations have ranked this program as one of the most effective in the world in the area of early childhood development. TSA is in the process of signing a license agreement that would allow the program's launch in Bulgaria.

TSA does not plan for any material asset acquisitions in 2015.

May 18, 2015

Executive Director:
Sarah Perrine

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# INDEPENDENT AUDITOR'S REPORT

**To the Founders of**
**Trust for Social Achievement Foundation**
**Sofia**

## Report on the Financial Statements

We have audited the accompanying financial statements of **Trust for Social Achievement Foundation**, which comprise the statement of financial position as of 31 December 2014, and the statement of activity, statement of changes in net assets 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 fair presentation of these financial statements in accordance with International Financial Reporting Standards, as adopted by EU, and the Bulgarian legislation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*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 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 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 entity'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 entity'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 **Trust for Social Achievement Foundation** as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by EU and the Bulgarian legislation.

**Report on Other Legal and Regulatory Requirements – Management's report for the year ended 31 December 2014**

We have reviewed the management's report for the year ended 31 December 2014 of **Trust for Social Achievement Foundation**, which is not part of the financial statements. The historical financial information in the management's report complies in its main aspects with the financial information, presented in the financial statements for the year ended 31 December 2014, prepared in accordance with International Financial Reporting Standards, as adopted by EU and the national legislation. The preparation of the management's report is responsibility of the management.

**Mariy Apostolov**
**Registered Auditor**
**Managing partner**

**Grant Thornton Ltd.**
**Auditing Company**

25 May 2015
Bulgaria, Sofia

**STATEMENT OF ACTIVITY**
**for the year ended 31 December 2014**

| | Notes | 2014<br>BGN '000 | 2013<br>BGN '000 |
|---|---|---|---|
| Income from conditional financing | 3 | 4,474 | 1,896 |
| Financing expenses | 4 | (3,234) | (1,110) |
| Programes and projects expenses | 4 | (398) | (23) |
| Administrative expenses | 5 | (842) | (754) |
| **Income from non-profit activities** | | **-** | **9** |
| Finance income | | 16 | 7 |
| Finance costs | | (3) | (1) |
| **Finance income, net** | 6 | **13** | **6** |
| **Result from non-profit activities for the year** | | **13** | **15** |
| **TOTAL RESULT FOR THE YEAR** | | **13** | **15** |

*The accompanying notes on pages 8 to 33 form an integral part of these financial statements.*

*The financial statements on pages 1 to 33 were approved for issue by Board of Directors and signed on 18 May 2015*

*Executive Director:* / Sarah Marie Perrine / *Preparer: AFA OOD*

*Signed in accordance with Independent Auditors' Report on 25.05.2015:*
*Marii Apostolov*
*Registered Auditor responsible for the audit*
*Manager*

*Grant Thornton*
*Specialized Audit Company*

София
Рег. №032
"Грант - Торнтон" ООД

## STATEMENT OF FINANCIAL POSITION
**as at 31 December 2014**

| | Notes | 31.12.2014 BGN '000 | 31.12.2013 BGN '000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 583 | 627 |
| Intangible assets | 8 | 63 | 65 |
| | | **646** | **692** |
| **Current assets** | | | |
| Receivables and prepayments | 9 | 24 | 11 |
| Other current assets | 10 | 8 | - |
| Cash and cash equivalents | 11 | 847 | 244 |
| | | **879** | **255** |
| **TOTAL ASSETS** | | **1,525** | **947** |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Long-term financing for non-current assets | 12 | 419 | 449 |
| | | **419** | **449** |
| **Current liabilities** | | | |
| Short-term financing for non-current assets | 12 | 30 | 50 |
| Financing for current expenses | 13 | 610 | - |
| Trade payables | 14 | 14 | 9 |
| Payables to personnel and for social security | 15 | 4 | 4 |
| | | **658** | **63** |
| **TOTAL LIABILITIES** | | **1,077** | **512** |
| **NET ASSETS OF THE FOUNDATION** | | | |
| Result from non-profit activities from prior period | | 435 | 420 |
| Result from non-profit activities for the year | | 13 | 15 |
| | | **448** | **435** |
| **ОБЩО НЕТНИ АКТИВИ И ПАСИВИ** | | **1,525** | **947** |

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*The financial statements on pages 1 to 33 were approved for issue by Board of Directors and signed on 18 May 2015*

*Executive Director:* / Sarah Marie Perrine / *Preparer: AFA OOD*

*Signed in accordance with Independent Auditors' Report on 25.05.2015:*

*Marii Apostolov* — *Registered Auditor responsible for the audit Manager*

*Grant Thornton* — *Specialized Audit Company*

София
Рег. №032
"Грант Торнтон" ООД

## STATEMENT OF CASH FLOWS
**for the year ended 31 December 2014**

| | Notes | 2014<br>BGN '000 | 2013<br>BGN '000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Contingent financing received | | 5,034 | 1,845 |
| Financing granted | | (3,234) | (1,110) |
| Cash paid on programs and projects | | (398) | (23) |
| Cash paid to suppliers | | (186) | (202) |
| Cash paid to employees and for social security | | (489) | (446) |
| Taxes paid | | (48) | (42) |
| Bank charges paid | | (2) | (1) |
| Foreign currency exchange gains/(losses), net | | 6 | (1) |
| Other payments, net | | (38) | (36) |
| **Net cash flows from/ (used in) operating activities** | | **645** | **(16)** |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment | | (11) | (25) |
| Purchases of intangible assets | | (41) | (45) |
| Interest received | | 10 | 7 |
| **Net cash flows used in investing activities** | | **(42)** | **(63)** |
| **Net increase /(decrease) in cash and cash equivalents** | | **603** | **(79)** |
| Cash and cash equivalents at 1 January | | **244** | **323** |
| **Cash and cash equivalents at 31 December** | 11 | **847** | **244** |

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*Executive Director:* *Preparer: AFA OOD*

/ Sarah Marie Perrine /

*Signed in accordance with Independent Auditors' Report on 25.05.2015:*

*Marii Apostolov* *Grant Thornton*

*Registered Auditor responsible for the audit Manager* *Specialized Audit Company*

София
Рег. №032
"Грант - Торнтон" ООД

## STATEMENT OF CHANGES IN NET ASSETS
**for the year ended 31 December 2014**

| | Operating result for the year BGN '000 | Total net assets BGN '000 |
|---|---|---|
| **Balance at 1 January 2013** | **420** | **420** |
| Net result for the year | 15 | 15 |
| **Balance at 31 December 2013** | **435** | **435** |
| Net result for the year | 13 | 13 |
| **Balance at 31 December 2014** | **448** | **448** |

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*Executive Director:* / Sarah Marie Perrine /

*Preparer: AFA OOD*

*Signed in accordance with Independent Auditors' Report on 25.05.2015:*
*Marii Apostolov*
*Registered Auditor responsible for the audit*
*Manager*

*Grant Thornton*
*Specialized Audit Company*

## 1. BACKGROUND INFORMATION ON THE FOUNDATION

The Trust for Social Achievement Foundation is a non-profit organisation, registered by virtue of the Non-profit Legal Entities Act under Company File 524/2012 of Sofia City Court. The seat and registered address of the Foundation is: Sofia, Sredets Region, 64 Patriarh Evtimii Blvd.

The Foundation was entered in the Central Registry of Non-profit Legal Entities designated for public benefit activities at the Ministry of Justice.

### *1.1. Ownership and management*

The Foundation is managed by a Board of Directors and an Executive Director. The members of the Board of Directors are as follows: Sarah Perrine, Emilia Karadocheva, Lachezar Bogdanov and Rosen Ivanov.

As at 31 December 2014, the Foundation was represented by the Executive Director Sarah Marie Perrine.

As at 31 December 2014, the total number of Foundation's personnel was 14 employees (31.12.2013 г.: 12 employees).

### *1.2. Principal activities*

The Trust for Social Achievement Foundation has been established for the purpose to perform non-profit activities, including charity and educational activities and initiatives in public interest and benefit.

The mission of the Foundation is focused on the achievement of the following objectives:

- ✓ to provide local level support of initiatives that improve the educational achievements of students at risk and more specifically, such from ethnic minorities and children from impoverished and marginal communities;
- ✓ to provide local level support of initiatives that improve the economic independence of persons at risk and more specifically, such from ethnic minorities and the young people from impoverished and marginal communities;
- ✓ to improve local capacity for financial accountability and management of financial aids as well as the skills for systematic monitoring, assessment and demonstration of achievements through performance indicators for envisaged activities and through specific results.

### *1.3. Main indicators of the economic environment*

The main economic indicators of the business environment that have affected the Foundation activities throughout the period 2012 – 2014, are presented in the table below:

| Показател | 2012 | 2013 | 2014 |
|---|---|---|---|
| GDP in million levs * | 80,044 | 80,282 | 82,029 |
| Actual growth of GDP ** | 0.5 | 1.1 | 1.9 |
| Year-end inflation * | 2.8 | (0.9) | (2.0) |
| Average exchange rate of USD for the year | 1.52 | 1.47 | 1.47 |
| Exchange rate of the USD at the year-end | 1.48 | 1.42 | 1.61 |
| Basic interest rate at the year-end | 0.03 | 0.02 | 0.02 |
| Unemployment rate at the year-end * | 11.4 | 11.8 | 10.7 |

** preliminary data for 2014,*
*** preliminary data as at 30.09.2014*
Source: *BNB, NSI*

## 2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION

### *2.1. Basis for the preparation of the financial statements*

The financial statements of Trust for Social Achievement Foundation have been prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS), which comprise Financial Reporting Standards and the International Financial Reporting Interpretations Committee (IFRIC) interpretations, approved by the International Accounting Standards Board (IASB), as well as the International Accounting Standards (IAS) and the Standing Interpretations Committee (SIC) interpretations, approved by the International Accounting Standards Committee (IASC), which are effectively in force on 1 January 2014 and have been accepted by the Commission of the European Union.

Considering the specific status of the Foundation as a non-profit legal entity, certain IFRS principals, rules and methods have been modified to achieve a more fair and reliable presentation of the specific reporting items in the financial statements. The principles, rules and methods, which are of significance for the understanding of these financial statements, are disclosed in Notes 2.3 to 2.11.

For the current financial year the Foundation has adopted all new and/or revised standards and interpretations, issued by the International Accounting Standards Board (IASB) and respectively, by the International Financial Reporting Interpretations Committee (IFRIC), which are relevant to its activities.

The adoption of these standards and/or interpretations, effective for annual periods beginning on 1 January 2014, has not caused changes in Foundation's accounting policies, except for some new disclosures and the expansion of those already adopted, however, not resulting in other changes in the classification or valuation of individual reporting items and transactions.

These standards and interpretations include:

- IAS 27 (as revised in 2011) "Separate Financial Statements" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application in the European Union for annual periods beginning on or after 1 January 2014).
- IAS 28 (as revised in 2011) "Investments in Associates and Joint Ventures" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application in the European Union for annual periods beginning on or after 1 January 2014).
- IAS 32 (amended) "Financial Instruments: Presentation" (in force for annual periods beginning on or after 1 January 2014 – endorsed by EC) – regarding the offsetting of financial assets and financial liabilities.
- IFRS 10 "Consolidated Financial Statements" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application in the European Union for annual periods beginning on or after 1 January 2014); Transitional guidance (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC as of 1 January 2014) – regarding the first-time application of this standard.
- IFRS 11 "Joint Arrangements" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application in the European Union for annual periods beginning on or after 1 January 2014). Transitional guidance (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC as of 1 January 2014) – regarding the first-time application of this standard.
- IFRS 12 "Disclosing of Interest in Other Entities" (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC – for mandatory application in the European Union for annual periods beginning on or after 1 January 2014). Transitional guidance (in force for annual periods beginning on or after 1 January 2013 – endorsed by EC as of 1 January 2014) – regarding the first-time application of this standard.

- IAS 36 (amended) "Impairment of Assets" (in force for annual periods beginning on or after 1 January 2014 – endorsed by EC) – regarding recoverable amount disclosures for non-financial assets.
- IAS 39 (amended) "Financial Instruments: Recognition and Measurement" (in force for annual periods beginning on or after 1 January 2014 – endorsed by EC) – regarding novation of derivatives and continuation of hedge accounting.
- IFRIC 21 "Levies" (in force for annual periods beginning on or after 1 January 2014 –endorsed by EC) – regarding levies imposed by a government.

At the date when these financial statements have been approved for issue, there are several new standards and interpretations as well as amended standards and interpretations, issued but not yet in force for annual periods beginning on or after 1 January 2014, which have not been adopted by the Foundation for early application. The management has done research and has concluded that these amendments would not affect materially the accounting policies, and the value and classification of Foundation's assets, liabilities, transactions and performance.

- IAS 19 (as revised in 2011) "Employee Benefits" (in force for annual periods beginning on or after 1 July 2014 – endorsed by EC).
- Annual Improvements to IFRSs 2010-2012 Cycle (December 2013) – improvements to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 (in force for annual periods beginning on or after 1 July 2014 – endorsed by EC).
- Annual Improvements to IFRSs 2011-2013 Cycle (December 2013) – improvements to IFRS 1, IFRS 3, IFRS 13, IAS 40 (in force for annual periods beginning on or after 1 July 2014 – endorsed by EC).
- IFRS 9 "Financial Instruments" (in force for annual periods beginning on or after 1 January 2018 – not endorsed by EC).
- IFRS 15 "Revenue from Contracts with Customers" (in force for annual periods beginning on or after 1 January 2017 – not endorsed by EC).
- IFRS 7 (amended) "Financial Instruments: Disclosures" – regarding the relief from the requirement to restate comparatives and the related thereto disclosures when applying IFRS 9 (in force for annual periods beginning on or after 1 January 2018 – not endorsed by EC).
- IFRS 14 "Regulatory Deferral Accounts" (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).
- IAS 1 (amended) "Presentation of Financial Statements" – regarding disclosure initiative (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).

- Annual Improvements to IFRSs 2012-2014 Cycle (September 2014) – improvements to IFRS 5, IFRS 7, IAS 19, IAS 34 (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).

- IFRS 10 (amended) "Consolidated Financial Statements" and IAS 28 (amended) "Investments in Associates and Joint Ventures" – regarding the sale or contribution of assets between an investor and its associate or joint venture (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).

- IAS 27 (amended) "Separate Financial Statements" – regarding the equity method in separate financial statements (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).

- IAS 16 (amended) "Property, Plant and Equipment" and IAS 41 (amended) "Agriculture" – regarding bearer plants (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).

- IAS 16 (amended) "Property, Plant and Equipment" and IAS 38 (amended) "Intangible Assets" – regarding the acceptable methods of depreciation and amortisation (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).

- IFRS 11 (amended) "Joint Arrangements" – regarding acquisitions of interests in joint operations (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).

- IFRS 10 (amended) "Consolidated Financial Statements", IFRS 12 (amended) "Disclosure of Interests in Other Entities" and IAS 28 (amended) "Investments in Associates and Joint Ventures" – regarding investment entities (in force for annual periods beginning on or after 1 January 2016 – not endorsed by EC).

The financial statements have been prepared on a historical cost basis.

The Foundation maintains its accounting books in Bulgarian Lev (BGN), which is accepted as being its presentation currency. The data in the financial statements and the notes thereto are presented in thousand Bulgarian Levs (BGN'000).

The presentation of the financial statements requires the management to make best estimates, accruals and reasonable assumptions that affect the reported values of assets and liabilities, of income and expenses, and the disclosure of contingent receivables and payables as at the date of the financial statements. These estimates, accruals and assumptions are based on the information, which is available at the date of the financial statements, and therefore, the future actual results might be different from them (whereas in the conditions of financial crisis the uncertainties are more significant).

***2.2. Comparatives***

The Foundation presents comparative information in these financial statements for the previous financial year 2013.

Where necessary, comparative data is reclassified and/or restated in order to achieve compatibility in view of the current period presentation changes.

In the annual financial statements for 2014 the Foundation changed the presentation of expenses in the statement of activity, presenting them by function. The data in the comparative period in the statement of activity and statement of cash flows are presented the same way in order to achieve comparability between periods.

***2.3. Functional currency and recognition of exchange differences***

The functional and presentation currency of the Foundation is the Bulgarian Lev. BGN is fixed under the BNB Act to the official currency of the European Union, the Euro, at the ratio of BGN 1.95583:EUR 1.

Upon its initial recognition, a foreign currency transaction is recorded in the functional currency whereas the exchange rate to BGN at the date of the transaction or operation is applied to the foreign currency amount. Cash and cash equivalents, receivables and payables denominated in foreign currency are recorded in the functional currency by applying the exchange rate as quoted by the Bulgarian National Bank (BNB) for the last working day of the respective month. At 31 December, these amounts are presented in BGN at the closing exchange rate of BNB.

The non-monetary items in the statement of financial position, which are initially denominated in a foreign currency, are accounted for in the functional currency by applying the historical exchange rate at the date of the transaction and are not subsequently revalued at the closing exchange rate.

Foreign exchange gains or losses arising on the settlement of foreign currency transactions or the recording of foreign currency transaction at rates different from those at which they were converted on initial recognition, are treated as current operating income/expenses and are presented net.

### *2.4. Income*

The income of Trust for Social Alternative Foundation is from received financing – either contingent or unconditional.

The income from contingent financing requires the execution of certain obligations. It is recognised on a systematic basis in the periods in which the Foundation recognises as expense the respective costs that the gratuitous funds are intended to compensate so that the preliminary set condition is satisfied.

Income from financing, contingent on conditions for acquisition of non-current assets, is recognised up to the amount of depreciation expenses charged on the assets acquired through gratuitous funds in the period.

The gratuitous funds, related with the non-depreciable asset of the Foundation "Land in a built-up yard", are recognised over the useful life of the acquired building.

Income from unconditional financing is recognised when originated.

Finance income is included in the statement of activity when earned and comprises: interest income from bank deposits.

Exchange rate differences related to cash, trade payables denominated in foreign currencies are included in the statement of activity when they arise and are presented net under "financial income and costs".

### *2.5. Expenses*

Expenses of the Foundation are recognised as they are incurred, following the accrual and matching concepts.

The Foundation spends its financial resources in line with a budget, approved by the Board of Directors, which covers all operating expenses and the overall plan for financing of the authorised number and amount of grants in each of the project areas related with the fulfilment of its mission as a non-profit organisation for performing activities in public benefit.

Deferred expenses are put off and recognised as current expenses in the period whereto they refer.

***2.6. Property, plant and equipment***

Property, plant and equipment (tangible fixed assets) are presented in the financial statements at historical cost less the accumulated depreciation and any impairment losses in value.

***Initial acquisition***

Upon their initial acquisition, machinery and equipment are valued at acquisition cost (cost), which comprises the purchase price, including customs duties and any directly attributable costs of bringing the asset to working condition for its intended use. The directly attributable costs include the cost of site preparation, initial delivery and handling costs, installation costs, professional fees for people involved in the project, non-refundable taxes etc.

The Foundation has set a value threshold of BGN 700, below which the acquired assets, regardless of having the features of fixed assets, are treated as current expense at the moment of their acquisition.

***Subsequent measurement***

The chosen by the Foundation approach for subsequent measurement of property, plant and equipment, is the historical cost (cost) model, less any accumulated depreciation and any accumulated impairment losses in value.

***Subsequent costs***

Repair and maintenance costs are recognised as current expenses as incurred. Subsequent expenses incurred in relation to machinery and equipment having the nature of replacement of certain components, significant parts and aggregates or improvements and restructuring, are capitalised in the carrying amount of the respective asset whereas the residual useful life is reviewed at the capitalisation date. At the same time, the non-depreciated part of the replaced components is derecognised from the carrying amount of the assets and is recognised in the current expenses for the period of restructure.

***Depreciation methods***

The Foundation applies the straight-line depreciation method for machinery and equipment. Depreciation of an asset begins when it is available for use. The useful life of the groups of assets is dependent on their physical wear and tear, the characteristic features of the equipment, the future intentions for use and the expected obsolescence.

The useful life per group of assets is as follows:

- buildings – 25 years;
- computer hardware – 2 years;
- office equipment – 6.7 years;
- motor vehicles – 4 years;
- office furniture – 6.7 years.

The useful life, set for any tangible fixed asset, is reviewed at the end of each reporting period and in case of any material deviation from the future expectations of their period of use, the latter is adjusted prospectively.

***Impairment of assets***

The carrying amounts of machinery and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount might significantly differ from their recoverable amount.

If any indications exist that the estimated recoverable amount of an asset is lower than its carrying amount, the latter is adjusted to the recoverable amount of the asset.

The recoverable amount of machinery and equipment is the higher of the fair value less costs to sell or the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market conditions and assessments of the time value of money and the risks, specific to the particular asset. Impairment losses are recognised in the statement of activity.

***Gains and losses on disposal (sale)***

Tangible fixed assets are derecognised from the statement of financial position when they are permanently disposed of and no future economic benefits are expected therefrom or on sale. The gains or losses arising from the sale of an item of property, plant and equipment are determined as the difference between the consideration received and the carrying amount of the asset at the date of sale. They are stated net under 'other operating income/(losses)' on the face of the statement of activity.

***2.7. Intangible assets***

Intangible assets are stated in the financial statements at acquisition cost (cost) less accumulated amortisation and any impairment losses in value. Cost is the fair value of the respective asset as at the date of acquisition and includes purchase price and any other directly attributable transaction costs. They include software and licences used by the Foundation.

The Foundation applies the straight-line amortisation method for the intangible assets with determined useful life of 2 years.

The carrying amount of the intangible assets is subject to review for impairment when events or changes in the circumstances indicate that the carrying amount might exceed their recoverable amount. Then the impairment loss is included as an expense in the statement of activity.

Intangible assets are derecognised from the statement of financial position when they are permanently disposed of and no future economic benefits are expected from their use or on sale. The gains or losses arising from the sale of an item of intangible assets are determined as the difference between the consideration received and the carrying amount of the asset at the date of sale. They are stated net under 'other operating income/(losses)' on the face of the statement of activity.

***2.8. Cash and cash equivalents***

Cash and cash equivalents include current bank accounts.

For the purpose of the statement of cash flows, cash paid to suppliers is presented at gross amount, including value added tax (20%).

***2.9. Trade and other payables***

Payables to suppliers and other current amounts payable are carried at original invoice amount (cost), being the fair value of the consideration to be paid in the future for goods and services received. In case of payments deferred over a period exceeding the common credit terms, where no additional interest payment has been envisaged or the interest considerably differs from the common market interest rates, the payables are initially valued at their fair value and subsequently – at amortised cost, after deducting the interest incorporated in their nominal value and determined following the effective interest rate method (Note 2.11).

***2.10. Pensions and other payables to personnel under the social security and labour legislation***

The employment and social security relations with the workers and employees of Foundation are based on the provisions of the Labour Code and the effective social security legislation in Bulgaria.

***Short-term benefits***

Short-term benefits in the form of remuneration, bonuses and social payments and benefits (due for payment within 12 months after the end of the period when the employees have rendered the service or have satisfied the required terms) are recognised as an expense in the statement of comprehensive income (within profit or loss for the year) for the period when the service thereon has been rendered and/or the requirements for their receipt have been met, unless a particular IFRS requires capitalisation thereof to the cost of an asset, and as a current liability (less any amounts already paid and deductions due) at their undiscounted amount.

At the end of the reporting period, the Foundation measures the estimated costs on the accumulating compensated absences, which amount is expected to be paid as a result of the unused entitlement. The measurement includes the estimated amounts of employee's remuneration and the statutory social security and health insurance contributions due by the employer thereon.

***Long-term retirement benefits***

*Defined contribution plans*

The major duty of the Foundation as an employer in Bulgaria is to make the mandatory social security contributions for the hired employees to the Pensions Fund, the Supplementary Mandatory Pension Security (SMPS) Fund, to the General Diseases and Maternity (GDM) Fund, the Unemployment Fund, the Labour Accident and Professional Diseases (LAPD) Fund, the Guaranteed Receivables of Workers and Employees (GRWE) Fund and for health insurance. The rates of the social security and health insurance contributions are defined annually in the Law on the Budget of State Social Security and the Law on the Budget of National Health Insurance Fund for the respective year. The contributions are split between the employer and employee in line with rules of the Social Security Code (SSC) at the ratio 60:40 (2012: 60:40).

The pension plans, applied by the Foundation in its capacity as an employer, are defined contribution plans. Under these plans, the employer pays defined monthly contributions to the government funds as follows: Pensions Fund, GDM Fund, Unemployment Fund, LAPD Fund as well as to universal and professional pension funds – on the basis of rates fixed by law, and has no legal or constructive

obligation to pay further contributions if the funds do not hold sufficient assets to pay the respective individuals the benefits they have worked-out over the period of their service. The obligations referring to health insurance are analogous.
There is no established and functioning private voluntary social security fund at the Foundation.

The contributions, payable by the Foundation under defined contribution plans for social security and health insurance, are recognised as a current expense in the statement of comprehensive income (within profit or loss for the year) unless a particular IFRS requires this amount to be capitalised to the cost of an asset, and as a current liability at their undiscounted amount along with the accrual of the respective employee benefits to which the contributions refer and in the period of rendering the underlying service.

*Defined benefit plans*
In accordance with the Labour Code, the Foundation in its capacity as an employer in Bulgaria is obliged to pay to its personnel upon retirement an indemnity, which depending on the length of service at the entity varies between two and six gross monthly salaries as at the termination date of the employment. In their nature these are unfunded defined benefit schemes.
As at 31 December 2014 the Foundation has not calculated retirement liability due to the low average age of the employers.

***Termination benefits***
In accordance with the local provisions of the employment and social security regulations in Bulgaria, the Foundation as an employer is obliged, upon termination of the employment contracts prior to retirement, to pay certain types of indemnities.
The Foundation recognises employee benefit obligations on employment termination before the normal retirement date when it is demonstrably committed, based on a publicly announced plan, including for restructuring, to terminating the employment contract with the respective individuals without possibility of withdrawal or in case of formal issuance of documents for voluntary redundancy. Termination benefits due more than 12 months are discounted and presented in the statement of financial position at their present value.

## *2.11. Financial Instruments*

### *Financial assets*

The financial assets of the Foundation include other receivables from counterparts and third parties, cash and cash equivalents. They are measured in the statement of financial position at their amortised cost using the effective interest method less any allowance for impairment. These assets are included in the group of current assets when having maturity within 12 months or within a common operating cycle of the Foundation while the remaining ones are carried as non-current assets.

At the end of each reporting period, the Foundation assesses whether events and circumstances have occurred that indicate the existence of objective evidence necessitating receivables to be impaired.

### *Financial liabilities*

The financial liabilities of the Foundation include payables to suppliers and other counterparts. They are initially recognised on the statement of financial position at fair value net of the directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method except when they are past due, re-negotiated and under the condition for pre-term payment.

## *2.12. Estimation uncertainty*

When preparing the financial statements management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgments, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

### *Useful lives of depreciable assets*

Management reviews the useful lives of depreciable assets at each reporting date.

At 31 December 2014 management assesses that the useful lives represent the expected utility of the assets to the Foundation. The carrying amounts are analyzed in 7 and 8.

## 3. INCOME FROM CONDITIONAL FINANCING

Income from conditional financing including income from domestic and foreign financing for current activity and non-current assets. Their purpose is to cover the current costs of the projects and programs related to the regulated activities of the Foundation.

| | 2014<br>BGN '000 | 2013<br>BGN '000 |
|---|---|---|
| Income from conditional financing, including: | | |
| *Educational Achievement* | *1,491* | *1,115* |
| *Early Childhood Development* | *2,128* | *259* |
| *Family Economic Success* | *756* | *471* |
| *Capacity Building* | *43* | - |
| *Financing for acquisition of non-current assets up to the amount of depreciation charge (Notes 7 and 8)* | *50* | *51* |
| *Donation for program " Educational opportunities and achievements" and support for children* | *6* | - |
| **Total** | **4,474** | **1,896** |

## 4. FINANCING EXPENSES AND PROGRAMES AND PROJECTS EXPENSES

*Financing expenses*

For the purpose of attaining its objectives, the Trust for Social Achievement Foundation is entitled to co-finance and support with resources activities, initiatives and projects by awarding financing (grants). Only physical persons or legal representatives of juridical persons, which are non-profit associations, public institutions registered as juridical persons or trade entities performing non-profit activities, have the right to apply for and obtain project funding from the Foundation.

In 2014 the Foundation approved and concluded grant contracts whereas the gross expenses on the awarding of this grant amounted to BGN 3,246 thousand (2013: BGN 1,110 thousand) (Note 17).

The net expenses on the awarding of grants amounted to BGN 3,234 thousand (2013: BGN 1,110 thousand). They are formed as difference between gross expenses on the grant contracts and returned (unused) financed by the grant beneficiaries.

*Programs and projects expenses*

According to its mandate, the Foundation may independently organize and carry out their own operative programs and projects in three program areas in which it operates. The programs and projects expenses of the Foundation include:

| | 2014<br>BGN '000 | 2013<br>BGN '000 |
|---|---|---|
| Materials and consubales used | 8 | - |
| Hired services expense | 88 | 5 |
| Employee benefits expense | 22 | - |
| Other expenses | 280 | 18 |
| **Total** | **398** | **23** |

## 5. ADMINISTRATIVE EXPENSE

Administrative expense of the Foundation can not be directly identified as financing expense or programs and projects expenses. Administrative expense of the Foundation include:

| | 2014<br>BGN '000 | 2013<br>BGN '000 |
|---|---|---|
| Materials and consubales used | 37 | 60 |
| Hired services expense | 123 | 106 |
| Depreciation and amortisation expense | 98 | 74 |
| Hired services expense | 533 | 464 |
| Other expenses | 51 | 50 |
| **Total** | **842** | **754** |

## 6. FINANCE INCOME AND COSTS

### 6.1. FINANCE INCOME

| | 2014<br>BGN '000 | 2013<br>BGN '000 |
|---|---|---|
| Finance income from interest on deposits | 10 | 7 |
| Finance income from exchange rate differences | 6 | - |
| **Total** | **16** | **7** |

### 6.2. FINANCE COSTS

| | 2014<br>BGN '000 | 2013<br>BGN '000 |
|---|---|---|
| Finance costs from exchange rate differences | 3 | 1 |
| **Total** | **3** | **1** |

## 7. PROPERTY, PLANT AND EQUIPMENT

| | *Land* | | *Office* | | *Computer hardware* | | *Motor vehicles* | | *Office equipment and furniture* | | *Construction of assets in progress* | | *Total* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* |
| **Book value** | | | | | | | | | | | | | | |
| **Balance at 1 January** | 7 | 7 | 570 | 458 | 28 | 21 | 47 | 47 | 30 | 9 | - | 61 | 682 | 603 |
| Additions | - | - | - | 112 | 4 | 9 | - | - | 7 | 21 | - | - | 11 | 142 |
| Disposals | - | - | - | - | - | (2) | - | - | - | - | - | (61) | - | (63) |
| **Balance at 31 December** | 7 | 7 | 570 | 570 | 32 | 28 | 47 | 47 | 37 | 30 | - | - | 693 | 682 |
| **Accumulated depreciation** | | | | | | | | | | | | | | |
| **Balance at 1 January** | - | - | 25 | 3 | 14 | - | 12 | - | 4 | - | - | - | 55 | 3 |
| Accumulated depreciation | - | - | 23 | 22 | 15 | 14 | 12 | 12 | 5 | 4 | - | - | 55 | 52 |
| Depreciation written-off | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Balance at 31 December** | - | - | 48 | 25 | 29 | 14 | 24 | 12 | 9 | 4 | - | - | 110 | 55 |
| **Carrying amount at 31 December** | 7 | 7 | 522 | 545 | 3 | 14 | 23 | 35 | 28 | 26 | - | - | 583 | 627 |

The land, two-level office and the car were acquired through gratuitous selective financing obtained on the basis of a grant contract with America for Bulgaria Foundation.

## 8. INTANGIBLE ASSETS

| | *Software* | | *Licences* | | *Construction of assets in progress* | | *Total* | |
|---|---|---|---|---|---|---|---|---|
| | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* | *2014 BGN '000* | *2013 BGN '000* |
| **Book value** | | | | | | | | |
| **Balance at 1 January** | 5 | 1 | 42 | 42 | 41 | - | 88 | 43 |
| Additions | - | 4 | - | - | 41 | 41 | 41 | 45 |
| Transfer to intangible assets | 82 | - | - | - | (82) | - | - | - |
| **Balance at 31 December** | **87** | **5** | **42** | **42** | **-** | **41** | **129** | **88** |
| **Accumulated depreciation** | | | | | | | | |
| **Balance at 1 January** | 1 | - | 22 | 1 | - | - | 23 | 1 |
| Accumulated depreciation | 23 | 1 | 20 | 21 | - | - | 43 | 22 |
| **Balance at 31 December** | **24** | **1** | **42** | **22** | **-** | **-** | **66** | **23** |
| **Carrying amount at 31 December** | **63** | **4** | **-** | **20** | **-** | **41** | **63** | **65** |

The licences were acquired through gratuitous selective financing obtained under contracts for donation with Microsoft.

In 2014 the Foundation has made acquisition costs of intangible assets for the implementation of a management grants software in the amount of BGN 41 thousand (31.12.2013: BGN 41 thousand). In November 2014 the software with a book value of BGN 82 thousand is booked in the composition of intangible assets.

## 9. RECEIVABLES AND PREPAYMENTS

| | **31.12.2014 BGN '000** | **31.12.2013 BGN '000** |
|---|---|---|
| Prepaid deferred expenses | 13 | 10 |
| Receivables from advances to suppliers | 9 | - |
| Receivables from accountable persons | 2 | 1 |
| **Total** | **24** | **11** |

Prepaid deferred expenses include insurance and subscriptions.

## 10.OTHER CURRENT ASSETS

***Other current assets*** amounting to BGN 8 thousand (31.12.2013: none) represent purchased laptops that the Foundation plans to provide in the form of donations in 2015.

## 11. CASH AND CASH EQUIVALENTS

| | 31.12.2014 BGN '000 | 31.12.2013 BGN '000 |
|---|---|---|
| Cash at a current bank account in BGN | 772 | 208 |
| Cash at a current bank account in foreign currency | 40 | - |
| Cash at deposit accounts | 35 | 36 |
| **Total** | **847** | **244** |

The cash existing as at 31 December are at current accounts of the Foundation with the Bulgarian-American Credit Bank (BACB) and Unicredit Bulbank AD.

The deposits of the Foundation as at 31 December 2014 include deposit in USD placed at deposit account with BACB agreed for 3-month term at annual interest rate of 1.15% (31.12.2013: one demand deposit with annual interest rate of 1.30%).

## 12. FINANCING FOR NON-CURRENT ASSETS

The financing for non-current assets are recognised as current income for financing up to the amount of the depreciation charge for the year (Notes 7, 8).

As at 31 December 2014, the financing of the Foundation for non-current assets represents a selective funding for the acquisition of:

| Term | 31.12.2014 BGN '000 | 31.12.2013 BGN '000 |
|---|---|---|
| **Up to one year** | **30** | **50** |
| Two-level office (till the amount of funding) | 18 | 18 |
| Motor vehicle (car) | 12 | 12 |
| Licences | - | 20 |
| **Over one year** | **419** | **449** |
| Two-level office (till the amount of funding) | 401 | 419 |
| Motor vehicle (car) | 11 | 23 |
| Licences | 7 | 7 |
| **Total** | **449** | **499** |

Financing for non-current assets of the Foundation for the next 12 months are presented in the statement of financial position as current portion of financing for non-current assets.

## 13. FUNDING FOR CURRENT EXPENSES

| | 31.12.2014 BGN '000 | 31.12.2013 BGN '000 |
|---|---|---|
| Funding for current expenses | 610 | - |
| | 610 | - |

The amounts received by the America for Bulgaria Foundation to finance the current expenses are recognized to the extent of the actual expenses of regulated activities.

The remain part of the amount is recognized in the statement of financial position as financing for the current expenses.

## 14. TRADE PAYABLES

***The trade payables*** amounting to BGN 14 thousand are composed of accruals for:

| | 31.12.2014<br>BGN '000 | 31.12.2013<br>BGN '000 |
|---|---|---|
| Audit services | 4 | 4 |
| Legal services | 4 | - |
| Accounting services | 3 | 3 |
| IT services | 2 | - |
| Trade payables on invoices for office consumables | 1 | 2 |
| **Total** | **14** | **9** |

The trade payables are denominated in BGN and settled in the beginning of the following reporting period.

## 15. PAYABLES TO PERSONNEL AND FOR SOCIAL SECURITY

Payables to personnel and for social security at 31 December include:

| | 31.12.2014<br>BGN '000 | 31.12.2013<br>BGN '000 |
|---|---|---|
| Accruals for payments on unused paid leaves | 3 | 3 |
| Accruals for social security contributions on unused paid leaves | 1 | 1 |
| **Total** | **4** | **4** |

## 16. RELATED PARTY TRANSACTIONS

In 2014 and 2013 the Foundation has not executed deals with related parties.

## 17. CONTINGENT ASSETS AND LIABILITIES

As at 31 December 2014 and 31 December 2013 the Foundation had contingent receivables resulting from the terms and conditions of the grant contract concluded with America for Bulgaria Foundation and were as follow:

| | |
|---|---|
| Contract term: | 5 years |
| Purpose: | Financing of the *Trust for Social Achievement* project |
| Maturity: | 01.09.2017 г. |

| | ***31.12.2014*** **BGN '000** | ***31.12.2013*** **BGN '000** |
|---|---|---|
| ***Contingent receivables at 1January*** | ***15,582*** | ***17,390*** |
| *Допълнително финансиране:* | *805* | - |
| | ***16,387*** | ***17,390*** |
| ***Total grant amount, including:*** | *19,309* | *18,504* |
| ➢ drawn *unconditional* amount for regulated activities and performed services | 4,996 | 1,808 |
| ***Contingent receivables at 31 December*** | ***11,391*** | ***15,582*** |

In March 2014 America for Bulgaria Foundation approved additional funding to the Foundation in the amount of BGN 805 thousand for the project "Zone and Legalize Two Marginalized Neighbourhoods" with a duration of 42 months.

As at 31 December 2014 the Foundation had also contingent payables resulting from the terms and conditions of the grants awarded by the Foundation in three areas or programs that work:

1) "Educational Achievement Program";
2) "Early Childhood Development Program";
3) "Family Economic Success Program ";
4) "Capacity Building Program ".

**31 December 2014**

| Program | *Contingent liabilities at 1January 2014* | *Total grants amount on the contracts at 31 December 2014* | *Gross amount granted in 2014 (Note 4)* | *Gross amount granted at 31 December2014* | *Contingent liabilities at 31December 2014* |
|---|---|---|---|---|---|
| | *BGN '000* | *BGN '000* | *BGN '000* | *BGN '000* | *BGN '000* |
| *Educational Achievement* | 1,141 | 2,493 | 1,270 | 1,940 | **553** |
| *Early Childhood Development* | 131 | 2,393 | 1,430 | 1,586 | **807** |
| *Family Economic Success* | 669 | 1,180 | 534 | 840 | **340** |
| *Capacity Building* | - | 37 | 12 | 12 | **25** |
| **Total** | **1,941** | **6,103** | **3,246** | **4,378** | **1,725** |

**31 December 2013**

| Program | *Contingent liabilities at 1January 2013* | *Total grants amount on the contracts at 31 December 2013* | *Gross amount granted in 2013 (Note 4)* | *Gross amount granted at 31 December2013* | *Contingent liabilities at 31December 2013* |
|---|---|---|---|---|---|
| | *BGN '000* | *BGN '000* | *BGN '000* | *BGN '000* | *BGN '000* |
| *Educational Achievement* | - | 1,811 | 670 | 670 | **1,141** |
| *Early Childhood Development* | - | 287 | 156 | 156 | **131** |
| *Family Economic Success* | 52 | 975 | 284 | 306 | **669** |
| **Total** | **52** | **3,073** | **1,110** | **1,132** | **1,941** |

## 18. FINANCIAL RISK MANAGEMENT

In the course of its ordinary activities the Trust for Social Achievement Foundation can be exposed to a variety of financial risks the most important of which are currency risk, price risk, credit risk, liquidity risk and interest risk.

The ***structure of Foundation's financial assets and liabilities*** as at 31 December 2014 is presented below by category. It includes all financial assets in one group 'loans and receivables' and all financial liabilities in one group 'other financial liabilities'.

| **31 December 2014** | *Loans and receivables* **BGN '000** |
|---|---|
| **Financial assets** | |
| Cash and cash equivalents | 847 |
| **Total** | **847** |
| | *Other financial liabilities* **BGN '000** |
| **Financial liabilities** | |
| Payables to suppliers | 14 |
| **Total** | **14** |

| **31 д December 2013** | *Loans and receivables* **BGN '000** |
|---|---|
| **Financial assets** | |
| Cash and cash equivalents | 244 |
| **Total** | **244** |
| | *Other financial liabilities* **BGN '000** |
| **Financial liabilities** | |
| Payables to suppliers | 9 |
| **Total** | **9** |

***Currency risk***

The Foundation is not exposed to currency risk since its transactions are performed in BGN.

***Price risk***

The Foundation is not exposed to price risk, performing only non-profit activities.

***Credit risk***

The Foundation is not exposed to credit risk, performing only non-profit activities.

Cash transactions are limited to several reputable banks with liquid stability.

***Liquidity risk***

Liquidity risk is the adverse situation when the Foundation encounters difficulty in meeting unconditionally its obligations within their maturity.

The table below presents the financial non-derivative assets and liabilities of the Foundation, grouped by remaining term to maturity, determined against the contractual maturity at the date of the statement of financial position. The table is prepared on the basis of undiscounted cash flows and the earliest date on which the receivable and respectively, the payable becomes due for payment.

*Maturity analysis*

| ***31 December 2014*** | **At sight and up to 1 month** | **From 1-3 months** | **Total** |
|---|---|---|---|
| | **BGN '000** | **BGN '000** | **BGN '000** |
| **Financial assets** | | | |
| Cash and cash equivalents | 847 | - | 847 |
| **Total** | **847** | **-** | **847** |
| **Financial liabilities** | | | |
| Payables to suppliers | 8 | 6 | 14 |
| **Total** | **8** | **6** | **14** |

| ***31 December 2013*** | **At sight and up to 1 month** | **From 1-3 months** | **Total** |
|---|---|---|---|
| | **BGN '000** | **BGN '000** | **BGN '000** |
| **Financial assets** | | | |
| Cash and cash equivalents | 244 | - | 244 |
| **Total** | **244** | **-** | **244** |
| **Financial liabilities** | | | |
| Payables to suppliers | 9 | - | 9 |
| **Total** | **9** | **-** | **9** |

***Risk of interest-bearing cash flows***

The Foundation does not have a significant portion of interest-bearing assets except for cash.

In general, the Foundation is not exposed to interest risk of its liabilities because they are usually trade ones.

| *Interest analysis* | *With fixed interest %* | *Interest-free* | Total |
|---|---|---|---|
| **31 December 2014** | | | |
| | **BGN '000** | **BGN '000** | **BGN '000** |
| **Financial assets** | | | |
| Cash and cash equivalents | 35 | 812 | 847 |
| **Total** | **35** | **812** | **847** |
| **Financial liabilities** | | | |
| Payables to suppliers | - | 14 | 14 |
| **Total** | - | **14** | **14** |

| **31 December 2013** | *With fixed interest %* | *Interest-free* | Total |
|---|---|---|---|
| | **BGN '000** | **BGN '000** | **BGN '000** |
| **Financial assets** | | | |
| Cash and cash equivalents | 36 | 208 | 244 |
| **Total** | **36** | **208** | **244** |
| **Financial liabilities** | | | |
| Payables to suppliers | - | 9 | 9 |
| **Total** | - | **9** | **9** |

## 19. EVENTS AFTER THE REPORTING PERIOD

There are no significant events occurred after the reporting date that would require adjustments or disclosures in the financial statements of the Foundation.