

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION

ANNUAL FINANCIAL STATEMENTS
ANNUAL REPORT OF ACTIVITY
INDEPENDENT AUDITORS' REPORT
31 December 2016

This version of the financial statements is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the report takes precedence over this translation.

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION

Executive director: Sarah Marie Perrine

Address of Management: Sofia, Sredets Region, 64 Patriarh Evtimii B

Preparer: AFA OOD

Servicing bank: Bulgarian-American Credit Bank AD
UniCredit Bulbank AD

Auditor: PricewaterhouseCoopers Audit OOD

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
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Independent Auditor's Report

To the Board of Directors of Trust for Social Achievement Foundation

Our Opinion

We have audited the financial statements of Trust for Social Achievement Foundation (the "Foundation"), which comprise the balance sheet as at 31 December 2016, and the profit and loss statement, the statement of changes in net assets and the cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with National Accounting Standards (NAS) applicable in Bulgaria.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Independent Financial Audit Act that are relevant to our audit of the financial statements in Bulgaria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Independent Financial Audit Act.

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Registered with the Sofia City Court under company file number 13424/1997.

This version of our report/the accompanying documents is a translation from the original, which was prepared in Bulgarian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

We have nothing to report in this regard.

Additional Matters to Be Reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the Annual Activity Report, we have also performed the procedures added to those required under ISAs in accordance with the Guidelines of the professional organisation of certified public accountants and registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA), issued on 29 November 2016 and approved by its Management Board on 29 November 2016. These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion on whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act applicable in Bulgaria.

Opinion in Connection with Art. 37, Paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

- a) The information included in the Annual Activity Report for the financial year for which the financial statements have been prepared is consistent with those financial statements.
- b) The Annual Activity Report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with National Accounting Standards (NAS) applicable in Bulgaria, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Milka Damianova
Registered Auditor



Rositsa Boteva
PricewaterhouseCoopers Audit OOD

27 June 2017
Sofia, Bulgaria



**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT
31 DECEMBER 2016**

The Trust for Social Achievement Foundation (“TSA” or the “Foundation”) is a Bulgarian non-profit organization, 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, individuals and others 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.

As at December 31, 2016 the members of the Board of Directors are as follows: Sarah Perrine, Emilia Karadocheva, Lachezar Bogdanov and Rosen Ivanov.

As at 31 December 2016, the Foundation was represented by the Executive Director Sarah Marie Perrine. As at 31 December 2016, the total number of Foundation's personnel was 18 employees (31.12.2015: 16 employees).

Governance (continued)

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 2016 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.

As at 31 December 2016, the total number of Foundation's personnel was 18 employees (31.12.2015: 16 employees).

Activity Overview

TSA has been established in August 2012 and in October 2012 funding has been 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 in Bulgaria. 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.

ABF is the main source of funding for the activities of TSA. As at 31.12.2016 the amount of funding from ABF, which was approved for the first grant for the period October, 2012 to October, 2017, equals BGN 19.2 million, while the remaining ABF commitment is at the amount of BGN 4.2 million.

On 04.05.2016 TSA and ABF signed a separate grant agreement with a 48-month duration and a total approved amount of BGN 1.2 million. The funds are intended for implementation of “Building Capital – Partnering with a Local Business to Zone and Legalize a Roma Neighborhood (Oreshaka)” project as part of the „Family Economic Success“ area. As at 31.12.2016 the remaining conditional funding from ABF for this grant amount to BGN 1.1 million.

For the period January 1, 2016 to December 31, 2016 TSA received from ABF conditional funding amounting to BGN 3.3 million compared to 3.9 million for the same period of the previous year.

On 19.08.2016 TSA and the US Embassy in Bulgaria signed a grant contract for 33 months and a total approved amount of USD 154 thousand. The funding is intended for the implementation of “A Step toward Success: Access to English for youth in Roma Communities” project as part of the „Family Economic Success“ area. As of 31.12.2016 the remaining conditional funding from the US Embassy in Bulgaria is at the amount of USD 84 thousand.

Activity Overview (continued)

In addition to the abovementioned funding, the Foundation received funding from other sources and individuals at the amount of BGN 57 thousand in comparison to BGN 72 thousand in 2015. Total funding received on a cash basis in 2016 was BGN 3.5 million in comparison to BGN 4 mln in 2015.

The total gross funding as per grant contracts is respectively at the amount of BGN 2.5 million in 2016 and BGN 2.5 million in 2015. At December 31, 2016 TSA had outstanding commitments for grants at the amount of BGN 1.8 million and since its inception in 2012 had disbursed a total of BGN 9.4 million while the total amount of beneficiaries is above 80,000. Detailed information on commitments and disbursements by program area is provided in Note 17 to the Annual Financial Statements.

In 2016 TSA continued to very actively work on both demand-driven grant-making as well as TSA initiated projects. In 2016, programs and projects expenses amounted to BGN 704 thousand compared to BGN 687 thousand in 2015 or a 2.5% increase.

The two biggest TSA-initiated projects in the program area "Early Child Development" are "Springboard for School Readiness" (SSR Project) and the Nurse Family Partnership Program ("Together - Healthy Baby, a Healthy Future" or NFP) and a total of BGN 400 thousand was used for their implementation during the year.

The goal of the SSR Project is to help inform state policy by providing important information with respect to how to most cost-effectively increase enrollment and kindergarten attendance of children from marginalized families, and to increase their participation in early childhood education in Bulgaria. The Strategic Impact Assessment Fund of the World Bank financed a large-scale, multi-arm randomized control trial, with the aim to improve participation rates in kindergarten among poor children between the ages of 3 and 5 in Bulgaria. Together with the Poverty Action Lab, the World Bank undertook this impact assessment of the TSA's SSR project to determine which of the proposed interventions is most cost effective. Such a study, based on a national randomized control trial, was carried out for the first time in SE Europe. The preliminary results of this research were announced in late 2016, with the plan to present the final, official report to the public during the first half of 2017. In addition to the research, the TSA continued to support kindergarten participation for approximately 1,100 children during the 2016-2017 school year.

The implementation of the NFP Project ("Together - Healthy Baby, a Healthy Future") has gained momentum over the year. Activities included adaptation of program materials, training and creation of a team of qualified midwives and nurses at hospital "Sheynovo" Plc. and launching a customer recruitment campaign. In brief, the program offers between 50 and 65 home visits to low-income first-time mothers by registered nurses from the early pregnancy until the child reaches 2 years of age.

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
31 DECEMBER 2016**

Activity Overview (continued)

The TSA used BGN 237 thousand to support TSA-initiated projects in the program area “Family Economic Success.” During the year, work continued actively on the projects “Zone and Legalize Two Marginalized Neighbourhoods,” and “Building Capital – Partnering with a Local Business to Zone and Legalize a Roma Neighborhood (Oreshaka)”. The TSA project “Busiyness Achievement” also continued, with a new cohort of young entrepreneurs graduating in 2016.

In the “Educational Achievement” program area and in the “Capacity Building” program area, BGN 69 thousand were used to support various projects, including scholarships for pupils and students, as well as specialized trainings for representatives of partner organizations.

In 2016, TSA awarded 46 grants to 29 NGO partners to support our work in Early Childhood Development, Educational Achievement, Family Economic Success, and Capacity Building.

In addition in 2016, TSA’s management continued working on strengthening the organization and its team. As of December 31, 2016 TSA had 18 full-time employees compared to 16 at December 31, 2015.

As of December 31, 2016 current assets were BGN 574 thousand (31 December 2015: BGN 1,111 thousand), of which cash and cash equivalents of BGN 482 thousand and other receivables and prepayments of BGN 58 thousand. Current liabilities amounted to BGN 316 thousand (31 December 2015: BGN 841 thousand), of which BGN 180 thousand are financing for current expenses, BGN 25 thousand are financing for fixed assets, BGN 103 thousand – payables to suppliers and BGN 8 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, 2016 total assets amounted to BGN 1,152 thousand, and the result from non-profit activity for the period was BGN 9 thousand. For comparison at 31 December, 2015 total assets amounted to BGN 1,686 thousand, and the result from non-profit activity for the period was BGN 8 thousand.

The Foundation does not own equity or other interests in other legal entities, does not have related parties, does not belong to any economic group and has not entered into related parties transactions for the period 1 January 2016 to 31 December 2016. For avoidance of doubt, in November, 2016 a grant to Bauersachs Foundation to implement the project "Equal Opportunity for Career Development" to the program "Family Economic Success" was approved unanimously by the members of the Board. One of TSA’s Board members, which might be deemed a related party recused himself from the vote. The grant is for the amount of BGN 46.5 thousand, as at 31 December, 2016 BGN 33 thousand have been allocated.

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
31 DECEMBER 2016**

Activity Overview (continued)

During the period 1 January 2016 to 31 December 2016 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.

The Foundation does not undertake activities in the area of research and development.

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 2016 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 2016

	<i>Loans and receivables</i> BGN '000
Financial assets	
Cash and cash equivalents	482
Total	<u>482</u>

	<i>Other financial liabilities</i> BGN '000
Financial liabilities	
Payables to suppliers	103
Total	<u>103</u>

31 December 2015

	<i>Loans and receivables</i> BGN '000
Financial assets	
Cash and cash equivalents	1,060
Total	<u>1,060</u>

	<i>Other financial liabilities</i> BGN '000
Financial liabilities	
Payables to suppliers	62
Total	<u>62</u>

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
31 DECEMBER 2016**

Currency risk

The Foundation is exposed to currency risk of change in foreign exchange rates in regards to the cash and cash equivalents in USD. As of 31.12.2016 the Foundation has cash on current and deposit accounts in USD amounting to USD 141 thousand or BGN 262 thousand (31.12.2015: USD 79 thousand or BGN 141 thousand).

The following exchange rates are applicable for 2016 and 2015:

	<i>Average applicable rate for the year</i>		<i>Exchange rate on 31 December</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
1 USD	1.7680	1.7708	1,8554	1.7907

With an increase in the exchange rate by 10%, the result of non-profit activities will increase by BGN 26 thousand (2015: by BGN 14 thousand).

With a decrease in the exchange rate by 10%, the result of non-profit activities will decrease by BGN 26 thousand (2015: by BGN 14 thousand).

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 balance sheet. 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

<i>31 December 2016</i>	At sight and up to 1 month	From 1-3 months	Total
	BGN '000	BGN '000	BGN '000
Financial assets			
Cash and cash equivalents	482	-	482
Total	482	-	482
Financial liabilities			
Payables to suppliers	-	103	103
Total	-	103	103

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
31 DECEMBER 2016

Liquidity risk (continued)

Maturity analysis (continued)

<i>31 December 2015</i>	At sight and up to 1 month BGN '000	From 1-3 months BGN '000	Total BGN '000
Financial assets			
Cash and cash equivalents	1,060	-	1,060
Total	1,060	-	1,060
Financial liabilities			
Payables to suppliers	-	62	62
Total	-	62	62

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

<i>31 December 2016</i>	<i>With fixed interest % BGN '000</i>	<i>Interest-free BGN '000</i>	Total BGN '000
Financial assets			
Cash and cash equivalents	80	402	482
Total	80	402	482
Financial liabilities			
Payables to suppliers	-	103	103
Total	-	103	103
 <i>31 December 2015</i>			
	<i>With fixed interest % BGN '000</i>	<i>Interest-free BGN '000</i>	Total BGN '000
Financial assets			
Cash and cash equivalents	75	985	1,060
Total	75	985	1,060
Financial liabilities			
Payables to suppliers	-	62	62
Total	-	62	62

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
31 DECEMBER 2016**

Main indicators of the economic environment

The main economic indicators of the business environment that have affected the Foundation activities throughout the period 2014 – 2016, are presented in the table below:

Indicators	2014	2015	2016
GDP in million levs	83,634	88,571	92,635
Actual growth of GDP	1.3%	3.6%	3.4%
Year-end inflation	(2.0)	(0.9)	(0.5)
Average exchange rate of USD for the year	1.47	1.76	1.77
Exchange rate of the USD at the year-end	1.61	1.79	1.86
Basic interest rate at the year-end	0.03	0.01	0.00
Unemployment rate at the year-end	10.7%	10.0%	8.0%

Source: BNB, NSI

Important events after the end of the reporting period

On February 17th, 2017 ABF and TSA signed a new grant agreement with a duration of 36 months and a total ABF commitment of BGN 10.887 million. The funds will be used to implement the project "Institutional support for the development of the Trust for a Social Alternative Foundation - continuation". No other 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 2017

In 2017 the Foundation intends to continue to support activities in its three program areas through grant-making and the design and implementation of operational programs, as well as through capacity-building activities.

TSA does not plan for any material asset acquisitions in 2017.

Management Responsibilities

The Management is required by the Bulgarian legislation to prepare annual financial statements that give a true and fair view of the state of affairs of the Foundation as at the year end, its financial result and change in cash flows for the year in accordance with the National Accounting Standards.

The Management confirms that the financial statements were prepared in accordance with the specified accounting standards and on a going concern basis.

The Management is responsible for keeping proper accounting records, for safeguarding the assets of the Foundation and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

June 20, 2017

Executive Director:

Sarah Marie Perrine



TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
PROFIT AND LOSS STATEMENT
for the year ended 31 December 2016

	Note	2016 BGN '000	2015 BGN '000	Notes	2016 BGN '000	2015 BGN '000
I. Expenses						
<i>A. Expenses for regulated activity</i>						
1. Financing expenses	5	2,370	2,252			
2. Programs and projects expenses	5	704	687	4	4,095	3,900
Total A:		3,074	2,939		4,095	3,900
<i>B. Administrative expenses</i>	6	1,021	961			
Total I:		4,095	3,900			
II. Finance costs						
3. Foreign currency exchange losses		8	6		1	2
Total II:	7	8	6	7	17	14
III. Total expenses		4,103	3,906		4,112	3,914
IV. Result form non-profit activities for the year (total revenues - total expenses)		9	8		-	-
Total (III + IV)		4,112	3,914		4,112	3,914

The accompanying notes on pages 13 to 36 form an integral part of these financial statements.

The financial statements on pages 9 to 36 were approved by the Founder and by the Board of Directors for issue and signed on 20 June 2017.

Sarah Marie Perrine
Executive director

Signed in accordance with Independent Auditors' Report:

Milka Damianova
Registered Auditor



Valia Iordanova, General Manager
AFA OOD
Preparer

Rositsa Boteva
PricewaterhouseCoopers Audit OOD

27 -06- 2017

27 -06- 2017

This is a translation from Bulgarian of the financial statements of Trust for Social Achievement Foundation for year 2016.

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
BALANCE SHEET
as at 31 December 2016

	Note	31.12.2016 BGN '000	31.12.2015 BGN '000	Note	31.12.2016 BGN '000	31.12.2015 BGN '000
ASSETS						
A. Non-current (long-term) assets						
I. Intangible assets						
1. Concessions, patents, licences, trademarks, software and other similar rights and assets		7	20		465	456
2. Advances granted and intangible assets in progress		52	-		456	448
Group I total:	8	59	20		9	8
II. Tangible fixed assets						
1. Land and buildings, including:		483	506		465	456
- land		7	7		465	456
- buildings		476	499			
2. Equipment and other		37	49			
Group II total:	9	520	555	13	103	62
Section A total:		579	575		103	62
B. Current (short-term) assets						
I. Debtors						
1. Trade debtors		35	-		7	4
2. Other receivables		7	1		7	4
Group I total:	10	42	1		1	1
II. Other current assets						
III. Cash and cash equivalents, including:		34	36		111	67
- cash in current bank accounts (deposits)		482	1,060		111	67
Group III total:	11	482	1,060			
Section B total:	12	558	1,097		111	67
C. Deferred expenses						
TOTAL ASSETS (A + B + C)	10	1,152	1,686	15	576	1,163
LIABILITIES						
A. Net assets of the Foundation						
I. Reserves						
1. Other reserves, including:						
- from prior years						
- for the current year						
Group I total:						
Section A total:						
B. Creditors						
1. Trade creditors, including:						
up to 1 year						
2. Other liabilities, including:						
payables to personnel, including:						
up to 1 year						
payables for social security, including:						
up to 1 year						
Section B total, including:						
up to 1 year						
Section C total, including:						
up to 1 year						
TOTAL NET ASSETS OF THE FOUNDATION AND LIABILITIES (A + B + C)		1,152	1,686		1,152	1,686

The accompanying notes on pages 13 to 36 form an integral part of these financial statements.

The financial statements on pages 9 to 36 were approved by the Founder and by the Board of Directors for issue and signed on 20 June 2017.

Sarah Marie Perrine
Executive director

Signed in accordance with Independent Auditors' Report:

Milka Damianova
Registered Auditor

Valia Jordanova, General Manager
AFA OOD
Preparer

Rositsa Boteva
PricewaterhouseCoopers Audit OOD



27-06-2017

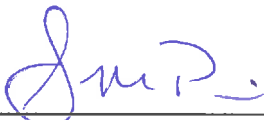
27-06-2017

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
CASH FLOW STATEMENT
for the year ended 31 December 2016

	Note	31.12.2016	BGN '000	31.12.2015	BGN '000
I. Cash and cash equivalents at 1 January			<u>1,060</u>		<u>847</u>
II. Cash flows from non-profit activities					
A. Cash proceeds from non-profit activities					
1. Proceeds from conditional financing			3,497		4,004
2. Proceeds from bank and currency transactions			15		16
Total cash proceeds from non-profit activities			<u>3,512</u>		<u>4,020</u>
B. Cash paid for non-profit activities					
1. Financing granted			2,370		2,252
2. Cash paid for programs and projects			610		687
3. Cash paid to employees and for social security			633		544
4. Cash paid to suppliers			395		220
5. Other taxes paid			66		61
6. Payments for bank and currency transactions			11		10
7. Other payments			5		33
Total cash paid for non-profit activities			<u>4,090</u>		<u>3,807</u>
C. Net cash flows from non-profit activities			<u>(578)</u>		<u>213</u>
III. Cash and cash equivalents at 31 December	12		<u>482</u>		<u>1,060</u>
IV. Change in the cash flows for the year			<u>(578)</u>		<u>213</u>

The accompanying notes on pages 13 to 36 form an integral part of these financial statements.

The financial statements on pages 9 to 36 were approved by the Founder and by the Board of Directors for issue and signed on 20 June 2017.



Sarah Marie Perrine
Executive director

**TRUST
FOR SOCIAL
ACHIEVEMENT**



Valia Iordanova, General Manager
AFA OOD
Preparer



Signed in accordance with Independent Auditors' Report:



Milka Damianova
Registered Auditor



Rositsa Boteva
PricewaterhouseCoopers Audit OOD

27 -06- 2017



27 -06- 2017

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION


STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 December 2016


	Financial result from non-profit activity			Total net assets BGN '000
	Other reserves BGN '000	Financial result from prior years BGN '000	Financial result for the current year BGN '000	
1. Balance at 1 January 2015	435	13	-	448
2. Financial result from non-profit activity for the year	-	-	8	8
3. Ttransfer to other reserves	13	(13)	-	-
4. Balance at 31 December 2015	448	-	8	456
5. Financial result from non-profit activity for the year	-	-	9	9
6. Ttransfer to other reserves	8		(8)	-
7. Balance at 31 December 2016	456	-	9	465

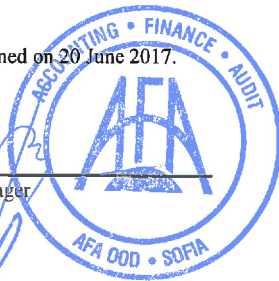
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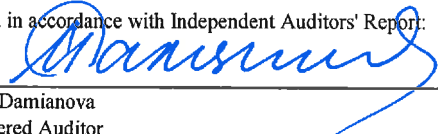
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 Sarah Marie Perrine
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 Preparer



Signed in accordance with Independent Auditors' Report:

 Milka Damianova
 Registered Auditor


 Rositsa Boteva
 PricewaterhouseCoopers Audit OOD

27 -06- 2017



27 -06- 2017

1. BACKGROUND INFORMATION ON THE FOUNDATION

The Trust for Social Achievement Foundation is a non-profit organization, 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 2016, the Foundation was represented by the Executive Director Sarah Marie Perrine.

As at 31 December 2016, the total number of Foundation's personnel was 18 employees (31.12.2015: 16 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.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION

The significant accounting policies applied during the process of preparation of the financial statements are listed below, as far as not disclosed in the notes above. The policies have been subsequently applied for all periods represented, except else is explicitly disclosed.

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 (new) Accountancy Act effective as of 1 January 2016 (SG 95/08.12.2015) and National Accounting Standards (NAS), approved by the Council of Ministers by CMD No 46/2005 (SG 30/07.04.2005) and amended and supplemented by CMD No 251/2007 (SG 86/26.10.2007) and by CMD 394/2015 (SG 3/12.01.2016), in force as of 1 January 2016. These are Company's first financial statements under NAS after the one-off transition to this framework following the procedure set out in paragraph 8 in the of the new Accountancy Act. Until 31 December 2015 the Foundation applied 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), and which are endorsed by the Commission of the European Union.

The Foundation keeps its accounting books in Bulgarian Levs (BGN) and prepares its official financial statements in accordance with Bulgarian accounting legislation. The data in the annual financial statements and the notes thereto is presented in thousand Bulgarian Levs (BGN'000). These annual financial statements have been prepared on a historical cost basis.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION (CONTINUED)

2.1. Basis for the preparation of the financial statements (continued)

The financial statements have been prepared on a going concern basis, which assumes that the Foundation will continue its business in the foreseeable future. The future viability of the Foundation depends upon the continuing support of its owners. The Management of the Foundation is not aware of information, which may lead to uncertainty on the ability of the Foundation to continue its business operations, and deem it appropriate to prepare the financial statements on the basis of the going concern principle.

2.2. Transition to NAS. Initial application of the new Accountancy Act, effective as of 1 January 2016, and National Accounting Standards

The Foundation prepared its opening balance sheet under National Accounting Standards (NAS) on 1 January 2015 in compliance with the requirements of AS 42 "First-time Adoption of National Accounting Standards", and this date was accepted as the date of transition to NAS.

No material changes have arisen upon the transition to NAS that require adjustments to the reporting items and transactions or amendments to the accounting policies in order to present the data in the annual financial statements for 2016 in line with NAS requirements.

Starting from 1 January 2016 there is a new Accountancy Act in force, which revokes entirely the Accountancy Act effective until 31 December 2015. With the new law, the rules and requirements of Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, are transposed into the national accounting legislation. The amendments that affect the financial statements of the Foundation in relation to the application of the new Accountancy Act refer to

- With regard to non-profit legal entities (NPLE), regardless of their classification as small undertakings, the Law requires that they shall prepare their annual financial statements on the basis of AS 9 "Presentation of Financial Statements of Non-profit Entities". The NPLE management has complied with the legal requirements and has drawn financial statements under NAS by observing the specific requirements of AS 9.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION (CONTINUED)

2.3. Uncertainty of accounting estimates

The presentation of the financial statements in accordance with National Accounting Standards requires the management to make best estimates, accruals and reasonable assumptions that affect the reported values of assets and liabilities, 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.

Information about items presuming a higher level of subjective assessment or complexity or where the assumptions and accounting estimates are material for the financial statements, is presented below:

Useful life of depreciable assets

Management reviews the useful lives of depreciable assets at the end of each reporting period. As of 31 December 2016, the management determines the useful life of the assets, which represents the estimated useful life of the assets by the Foundation. Asset transfer values are analyzed in Notes 8 and 9. Actual useful life may differ from the valuation due to technical obsolescence, mainly software and computer equipment.

2.4. Comparatives

The Foundation presents comparative information in these financial statements for the period till 31 December 2015. Where necessary, comparative data is reclassified and/or restated in order to achieve compatibility in view of the current period presentation changes.

2.5. 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

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.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION (CONTINUED)

2.5. Functional currency and recognition of exchange differences(continued)

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 included in the profit and loss statement at the moment of occurrence and treated as finance income/ cost.

2.6. 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 recognized on a systematic basis in the periods in which the Foundation recognizes 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 recognized 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 recognized over the useful life of the acquired building.

Income from unconditional financing is recognized when originated.

Finance income consists of interest income on bank deposits and positive exchange rate differences related to cash, trade payables denominated in a foreign currency and is included in the profit and loss statement when incurred.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION (CONTINUED)

2.7. Expenses

Expenses of the Foundation are recognized 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 authorized number and amount of grants in each of the project areas related with the fulfilment of its mission as a non-profit organization for performing activities in public benefit.

Deferred expenses are put off and recognized as current expenses in the period whereto they refer. Financial costs consist of negative exchange rate differences related to cash, trade payables denominated in a foreign currency and are included in the profit and loss statement when incurred.

2.8. 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.

Fixed tangible assets that consist of identifiable components meeting the criteria for a tangible fixed asset separately are treated as separate tangible fixed assets and amortized on the basis of the useful life of the separate identifiable parts.

**2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION
(CONTINUED)**

2.8. Property, plant and equipment(continued)

Subsequent measurement

The approach chosen by the Foundation 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 recognized 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 reconstruction, are capitalized in the carrying amount of the respective asset whereas the residual useful life is reviewed at the capitalization date. At the same time, the non-depreciated part of the replaced components is derecognized from the carrying amount of the assets and is recognized in the current expenses for the period of reconstruction.

Depreciation methods

The Foundation applies the straight-line depreciation method for machinery and equipment. Depreciation of assets begins in the month following the month in which the depreciable asset is acquired or put into 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.

**2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION
(CONTINUED)**

2.8. Property, plant and equipment (continued)

Depreciation methods (continued)

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 as well as the accrued amortization for the current and future periods.

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 recognized in the profit and loss statement.

Gains and losses on disposal (sale)

Tangible fixed assets are derecognized 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. Revenues from sale are reported as "other revenues", while the carrying amount is reported as "other expenses" in the profit and loss statement.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION (CONTINUED)

2.9. Intangible assets

Intangible assets are stated in the financial statements at acquisition cost (cost) less accumulated amortization and any impairment losses in value. The acquisition cost comprises the purchase price, including customs duties and any directly attributable costs of bringing the asset to working condition for its intended use. They include software and licenses used by the Foundation.

The Foundation applies the straight-line amortization 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 profit and loss statement.

Intangible assets are derecognized from the balance sheet 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. Revenues from sale are reported as "other revenues", while the carrying amount is reported as "other expenses" in the profit and loss statement.

2.10. Trade and other receivables

Trade receivables are presented and reported at the amount of the original invoice issued less the amount of impairment for uncollectible amounts.

An estimate of allowances for doubtful and bad debts is made when significant uncertainty exists as to the collection of the full amount. Uncollectible receivables are written-off when the legal grounds for that are identified or when a particular trade receivable is judged as fully uncollectible. The write-off is made at the account of the formed allowance. Impairment losses and written-off trade receivables are represented in the profit and loss statement in the item "Impairment losses and derecognition of financial assets".

2.11. Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts as well as deposits with maturity date up to 3 months.

For the purpose of the statement of cash flows:

- cash paid to suppliers is presented at gross amount, including value added tax (20%);
- gross expenditure on contracts for the provision of grants and returned (unused) funded by grant beneficiaries are presented net.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION (CONTINUED)

2.12. 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. Liabilities are derecognised when there are legal grounds for doing so. Derecognized liabilities, which represent financial liabilities, are included in the finance income in the profit and loss statement in the item "Derecognition of financial liabilities".

2.13. 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.

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).

The pension plans, that are 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 recognized as a current expense in the profit and loss statement 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.

**2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION
(CONTINUED)**

2.13. Pensions and other payables to personnel under the social security and labour legislation
(continued)

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 recognized as an expense in the profit and loss for the period when the service thereon has been rendered and/or the requirements for their receipt have been met 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

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 foundation 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.

The calculation of these liabilities necessitates the participation of qualified actuaries in order to determine their present value at the reporting date, to be included in the balance sheet and respectively. the change in value –to be included in the profit and loss statement.

At the end of the reporting period, based on its experience and judgment of the number and composition of staff as an age and length of service in the Foundation, the management has defined retirement indemnities as immaterial and therefore has not used the services of a certified actuary.

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 recognizes 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 balance sheet at their present value.

2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION (CONTINUED)

2.14. 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 balance sheet at their amortized 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 recognized in the balance sheet at fair value net of the directly attributable transaction costs and are subsequently measured at amortized cost using the effective interest method except when they are past due, re-negotiated and under the condition for pre-term payment.

3. EFFECTS OF TRANSITION TO NATIONAL ACCOUNTING STANDARDS

3.1. Reconciliation of the net assets of the Foundation on 1 January 2015 (the date of transition from IFRS to NAS).

No adjustments have arisen with regard to the components of assets, liabilities and net assets of the Foundation on 1 January 2015.

3.2. Reconciliation of the net assets of the Foundation on 31 December 2015 upon the transition from IFRS basis of accounting to NAS basis of accounting.

No adjustments have arisen with regard to the components of assets, liabilities and net assets of the Foundation on 31 December 2015.

3.3. Reconciliation of the financial result from non-profit activity in the statement of activity for 2015 and the financial result from non-profit activity in the profit and loss statement for 2015.

No adjustments have arisen with regard to the components of revenue and expenses for the year ended 31 December 2015.

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

4. NET REVENUE FROM CONDITIONAL FINANCING

Net revenues from conditional financing include revenues 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.

	2016	2015
	BGN '000	BGN '000
Net revenues from conditional financing, including:		
<i>Educational Achievement</i>	1,308	1,351
<i>Early Childhood Development</i>	1,737	1,494
<i>Family Economic Success</i>	974	956
<i>Capacity Building</i>	41	62
<i>Financing for acquisition of non-current assets up to the amount of depreciation charge (Notes 7 and 8)</i>	34	30
<i>Other</i>	1	7
Total	4,095	3,900

5. EXPENSES FOR REGULATED ACTIVITY

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 2016 the Foundation approved and concluded grant contracts whereas the gross expenses on the awarding of this grant amounted to BGN 2,512 thousand (2015: BGN 2,548 thousand) (Note 17).

The net expenses on the awarding of grants amounted to BGN 2,370 thousand (2015: BGN 2,252 thousand). They are formed as difference between gross expenses on the grant contracts and returned (unused) financed by the grant beneficiaries.

5. EXPENSES FOR REGULATED ACTIVITY (CONTINUED)

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:

	2016 BGN '000	2015 BGN '000
Materials and consumables used	42	17
Hired services expense	384	288
Amortization	3	-
Employee benefits expense	131	128
Other expenses	144	254
Total	704	687

6. ADMINISTRATIVE EXPENSES

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

	2016 BGN '000	2015 BGN '000
Materials and consumables used	50	43
Hired services expense	143	144
Depreciation and amortization expense	75	90
Hired services expense	690	595
Other expenses	63	89
Total	1,021	961

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

7. FINANCE INCOME AND FINANCE COSTS

Finance income

	2016 г.	2015 г.
Interest on bank deposits	1	2
Foreign currency exchange gains	16	12
Total	17	14

Finance costs

	2016 г.	2015 г.
Foreign currency exchange losses	8	6
Total	8	6

8. INTANGIBLE ASSETS

	<i>Software</i>		<i>Licenses</i>		<i>Construction of assets in progress</i>		<i>Total</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Book value								
Balance at 1 January	87	87	42	42	-	-	129	129
Additions	-	-	11	-	52	-	63	-
Balance at 31 December	87	87	53	42	52	-	192	129
Accumulated depreciation								
Balance at 1 January	67	24	42	42	-	-	109	66
Depreciation for the year	20	43	4	-	-	-	24	43
Balance at 31 December	87	67	46	42	-	-	133	109
Carrying amount at 31 December	-	20	7	-	52	-	59	20

The licenses were acquired through gratuitous selective financing obtained under contracts for donation with Microsoft. The depreciation costs for these assets during 2016 are at the amount of BGN 4 thousand (2015: nil).

The acquisition costs of intangible assets are associated with new software that has not been put into operation at the reporting date.

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

9. PROPERTY, PLANT AND EQUIPMENT

	<i>Land</i>		<i>Office</i>		<i>Computer hardware</i>		<i>Motor vehicles</i>		<i>Office equipment and furniture</i>		<i>Total</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>	<i>BGN</i>
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Book value												
Balance at 1 January	7	7	570	570	43	32	47	47	37	37	704	693
Additions	-	-	-	-	15	22	-	-	4	-	19	22
Disposals	-	-	-	-	-	(11)	-	-	-	-	-	(11)
Balance at 31 December	<u>7</u>	<u>7</u>	<u>570</u>	<u>570</u>	<u>58</u>	<u>43</u>	<u>47</u>	<u>47</u>	<u>41</u>	<u>37</u>	<u>723</u>	<u>704</u>
Accumulated depreciation												
Balance at 1 January	-	-	71	48	28	29	35	24	15	9	149	110
Depreciation for the year	-	-	23	23	13	7	12	11	6	6	54	47
Depreciation written-off	-	-	-	-	-	(8)	-	-	-	-	-	(8)
Balance at 31 December	<u>-</u>	<u>-</u>	<u>94</u>	<u>71</u>	<u>41</u>	<u>28</u>	<u>47</u>	<u>35</u>	<u>21</u>	<u>15</u>	<u>203</u>	<u>149</u>
Carrying amount at 31 December	<u>7</u>	<u>7</u>	<u>476</u>	<u>499</u>	<u>17</u>	<u>15</u>	<u>-</u>	<u>12</u>	<u>20</u>	<u>22</u>	<u>520</u>	<u>555</u>

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. Depreciation costs for these assets are at the amount of BGN 30 thousand (2015: BGN 30 thousand).

10. RECEIVABLES AND PREPAYMENTS

Receivables

	31.12.2016	31.12.2015
	BGN '000	BGN '000
Receivables from advances to suppliers	35	-
Other receivables	<u>7</u>	<u>1</u>
Total	<u><u>42</u></u>	<u><u>1</u></u>

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
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for the year ended 31 December 2016

10. RECEIVABLES AND PREPAYMENTS (CONTINUED)

Deferred expenses

Prepaid deferred expenses amounting to BGN 15 thousand (31.12.2015: BGN 14 thousand) include insurance and subscriptions.

11. OTHER CURRENT ASSETS

Other current assets amounting to BGN 34 thousand (31.12.2015: BGN 36 thousand) represent land acquired in 2015 intended for donation – BGN 33 thousand (31.12.2015: BGN 33 thousand); laptops intended for donation – BGN 1 thousand (31.12.2015: BGN 1 thousand) and products in kind intended for donation – BGN 2 thousand as at 31.12.2015, which were donated in 2016.

12. CASH AND CASH EQUIVALENTS

	31.12.2016	31.12.2015
	BGN '000	BGN '000
Cash at a current bank account in BGN	218	919
Cash at a current bank account in foreign currency	184	66
Cash at bank deposit accounts in BGN	2	-
Cash at a current bank account in foreign currency	78	75
Total	482	1,060

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.

13. TRADE PAYABLES

The trade payables amounting to as at 31 December are composed of accruals for:

	31.12.2016	31.12.2015
	BGN '000	BGN '000
Consultancy services	87	33
Accounting services	5	4
Audit services	4	10
IT services	3	-
Materials	2	-
Membership fees	-	10
Others	2	5
Total	103	62

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

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14. PAYABLES TO PERSONNEL AND FOR SOCIAL SECURITY

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

	31.12.2016	31.12.2015
	BGN '000	BGN '000
Accruals for payments on unused paid leaves	7	4
Accruals for social security contributions on unused paid leaves	1	1
Total	8	5

15. FINANCING

Financing for non-current assets

The financing for non-current assets are recognized as current revenues from financing up to the amount of the depreciation charge for the year (Notes 8, 9).

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

Term	31.12.2016	31.12.2015
	BGN '000	BGN '000
Up to one year	25	30
Two-level office (to the amount of funding)	18	18
Motor vehicle (car)	-	12
Licenses	7	-
Over one year	371	389
Two-level office (to the amount of funding)	364	382
Land plot	7	7
Total	396	419

Financing for non-current assets of the Foundation for the next 12 months are presented in the balance sheet as current portion of financing for non-current assets.

Funding for current expenses

	31.12.2016	31.12.2015
	BGN '000	BGN '000
Funding for current expenses	180	744
	180	744

The amounts received 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 balance sheet as financing for the current expenses.

16. RELATED PARTY TRANSACTIONS

In 2016 and 2015 the Foundation has not executed deals with related parties. In 2015 for avoidance of any doubt the Board of Directors unanimously approved a grant contract with Bauersax foundation, as the member of Board of directors, who can be considered related with the grant addressee didn't participate in the vote. The grant totals BGN 47.1 thousand and has been fully drawn down in 2015. In 2016 the project was successfully closed.

In November 2016, the Board of directors unanimously approved a grant agreement with the Bauerzax Foundation for the implementation of the "Equal Opportunity for Career Development" project in the „Family Economic Success“ area. The member of the TSA Board, who could be considered to be related to the grantor, did not participate in the vote. The amount of this grant is BGN 46.5 thousand. As at 31.12.2016 it has been allocated BGN 33 thousand for the grant.

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.

17. CONTINGENT ASSETS AND LIABILITIES

Contingent receivables

As at 31 December 2016 and 31 December 2015 the Foundation had contingent receivables resulting from the terms and conditions of the grant contracts as follows:

A commitment of America for Bulgaria Foundation (ABF) as per a grant agreement dated 4 October 2012 and subsequent annexes to the agreement for a period of 60 months (from October 2012 to September 2017) amounts to BGN 19.2 million, while the remaining contingent receivables from ABF amounts to BGN 4.2 million.

A commitment of ABF as per a grant agreement dated 4 May 2016 with a duration of 48 months and with a total approved amount of BGN 1.2 million. As of 31.12.2016 the remaining contingent receivables from ABF for this grant amounts to BGN 1.1 million.

A commitment of the US Embassy in Bulgaria as per a grant agreement dated 19 August 2016 with a duration of 33 months and a total approved amount of USD 154 thousand. As of 31.12.2016 the remaining contingent receivables from the US Embassy in Bulgaria for this grant amounts to USD 84 thousand.

Contingent liabilities

As at 31 December 2016 the Foundation had also contingent payables resulting from the terms and conditions of the grants awarded by the Foundation in four or programs that work:

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

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 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 for the year ended 31 December 2016

17. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Contingent liabilities(continued)

31 December 2016

Program	<i>Contingent liabilities at 1 January 2016</i>	<i>Total grants amount on the contracts at 31 December 2016</i>	<i>Gross amount granted in 2016 (Note 5)</i>	<i>Gross amount granted at 31 December 2016</i>	<i>Contingent liabilities at 31 December 2016</i>
	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>
<i>Educational Achievement</i>	994	4,368	1,023	3,938	430
<i>Early Childhood Development</i>	232	3,698	9,554	3,490	208
<i>Family Economic Success</i>	656	3,187	530	1,980	1,207
<i>Capacity Building</i>	-	31	4	31	-
Total	1,882	11,284	2,512	9,439	1,845

31 December 2015

Program	<i>Contingent liabilities at 1 January 2015</i>	<i>Total grants amount on the contracts at 31 December 2015</i>	<i>Gross amount granted in 2015 (Note 4)</i>	<i>Gross amount granted at 31 December 2015</i>	<i>Contingent liabilities at 31 December 2015</i>
	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>	<i>BGN '000</i>
<i>Educational Achievement</i>	553	3,975	1,041	2,981	994
<i>Early Childhood Development</i>	807	2,756	938	2,524	232
<i>Family Economic Success</i>	340	2,050	554	1,394	656
<i>Capacity Building</i>	25	27	15	27	-
Total	1,725	8,808	2,548	6,926	1,882

In 2016 the Foundation concluded new contracts/annexes to existing grant contracts. The total amount of grants approved as at 31.12.2016 (capitalized since 2012) amounts to BGN 11,284 thousand (31.12.2015: BGN 8,808 thousand), or the total increase of total grant amount during the current financial year amounts to BGN 2,476 thousand.

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

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 2016 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 2016	<i>Loans and receivables</i>
	BGN '000
Financial assets	
Cash and cash equivalents	482
Total	482
	<i>Other financial liabilities</i>
	BGN '000
Financial liabilities	
Payables to suppliers	103
Total	103
31 December 2015	<i>Loans and receivables</i>
	BGN '000
Financial assets	
Cash and cash equivalents	1,060
Total	1,060
	<i>Other financial liabilities</i>
	BGN '000
Financial liabilities	
Payables to suppliers	62
Total	62

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

The Foundation is exposed to currency risk of change in foreign exchange rates in regards to the cash and cash equivalents in USD. As of 31.12.2016 the Foundation has cash on current and deposit accounts in USD amounting to USD 141 thousand or BGN 262 thousand (31.12.2015: USD 79 thousand or BGN 141 thousand).

The following exchange rates are applicable for 2016 and 2015:

	<i>Average applicable rate for the year</i>		<i>Exchange rate on 31 December</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
1 USD	1.7680	1.7708	1.8554	1.7907

With an increase in the exchange rate by 10%, the result of non-profit activities will increase by BGN 26 thousand (2015: by BGN 14 thousand).

With a decrease in the exchange rate by 10%, the result of non-profit activities will decrease by BGN 26 thousand (2015: by BGN 14 thousand).

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 balance sheet. 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.

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2016

18. FINANCIAL RISK MANAGEMENT (CONTINUED)

Maturity analysis

	At sight and up to 1 month	From 1-3 months	Total
	BGN '000	BGN '000	BGN '000
31 December 2016			
Financial assets			
Cash and cash equivalents	482	-	482
Total	482	-	482
Financial liabilities			
Payables to suppliers	-	103	103
Total	-	103	103
31 December 2015			
Financial assets			
Cash and cash equivalents	1,060	-	1,060
Total	1,060	-	1,060
Financial liabilities			
Payables to suppliers	-	62	62
Total	-	62	62

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

	<i>With fixed interest %</i>	<i>Interest-free</i>	Total
	BGN '000	BGN '000	BGN '000
31 December 2016			
Financial assets			
Cash and cash equivalents	80	402	482
Total	80	402	482
Financial liabilities			
Payables to suppliers	-	103	103
Total	-	103	103
31 December 2015			
Financial assets			
Cash and cash equivalents	75	985	1,060
Total	75	985	1,060
Financial liabilities			
Payables to suppliers	-	62	62
Total	-	62	62

19. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2017, the American Foundation for Bulgaria (ABF) and the Trust for Social Alternative Foundation (TSA) signed a new 36-month funding contract and a total amount of the ABF's commitment to TSA of BGN 10.9 million. The funding is provided to TSA for "Institutional support for the development of the Trust for a Social Alternative Foundation" - continuation.