

*TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION*  
*Independent auditor's report*  
*Annual activity report*  
*Annual financial statements*  
*31 December 2020*

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**

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*INDEPENDENT AUDITOR'S REPORT*  
*ANNUAL MANAGEMENT ACTIVITY REPORT*  
*ANNUAL FINANCIAL STATEMENTS*  
*31 December 2020*

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**  
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**31 DECEMBER 2020**

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## Independent Auditor's report

To the Board of Directors of Trust for Social Achievement Foundation

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### 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 2020, the profit and loss statement from non-profit activities, the profit and loss statement from business activities, the statement of equity 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 2020, and the its financial performance and its cash flows for the year then ended in accordance with National Accounting Standards (NAS) applicable in Bulgaria.

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### 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 Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for 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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### 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 regarding the new and enhanced auditor reporting and communication by the auditor" of the professional organization of registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion 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 are 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.

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### **Responsibilities of management for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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### **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.



Pavel Pirinski

Registered Auditor responsible for the audit

29 June 2021

Sofia, Bulgaria



Jock Nunan

Procurist

PricewaterhouseCoopers Audit OOD

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION  
ANNUAL ACTIVITY REPORT  
31 DECEMBER 2020**

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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 and in the Central Registry of Non-profit Legal Entities designated for public benefit activities at the Ministry of Justice under No 20120831005.

In September, 2018 TSA was preregistered in Commercial register and register of NPLE. 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 honour 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 the entire Bulgarian 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 of partner organizations 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: “Early Childhood Development” (which includes two sub-programs “First Foundations” and “Early Learning and Care”), “Educational Achievement”, and „Family Economic Success“ (with two sub-programmes, “Economic Development and Access to Employment” and “Home Conditions and Regulations). Additionally, TSA sets aside resources for improving the capacity of its partner organizations.

### **Governance structure**

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 dismissed by the Founder.

As at 31 December 2020 the members of the Board of Directors are as follows: Sarah Perrine, Emilia Karadocheva, Rosen Ivanov, Veneta Ilieva and Viktoriya Blazheva. 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 2020 none of the Board members entered into any transactions with TSA.

**Governance structure (continued)**

Articles of Association – Statute was adopted on July 19, 2012. In 2013, the court registered a change in the Executive Director position of TSA and Sarah Perrine took over from Emilia Karadocheva. On June, 13 2018 the Court registered the last changes in the Articles of Association.

As at 31 December 2020 and 31 December 2019, the Foundation was represented by the Executive Director Sarah Marie Perrine. As at 31 December 2020, the total number of Foundation's personnel was 26 employees (31 December 2019: 26 employees).

**Activity Overview**

TSA was established in August 2012 and in October 2012 a grant was awarded by the America for Bulgaria Foundation („ABF“) to TSA with the intent to further develop 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.

2020 was marked by the global COVID-19 pandemic, officially declared by the World Health Organisation on 11 March. Two days later, on 13 March 2020, the Bulgarian government declared a state of emergency in the country and imposed strict anti-epidemic measures on the population and business. This, of course, impacted the activity of TSA, too, and resulted in a number of challenges for our partners and the communities we support. Like most business in Bulgaria and around the world, we mainly re-focused our activities and content online, prioritized the raising of funds and the re-location, when possible, of funding from donors to immediate and urgent needs provoked by the pandemic. This included for instance the purchasing of masks, disinfectants, hygienic materials and food packages for families in need affected by the corona crisis. Since the situation and the measures taken by the state bodies are very dynamic, and it is hard even for biggest international institutions to forecast the economic consequences of the crisis, the Foundation’s management also finds it hard to assess the impact on its future financial position and results. The management knows and sees that the Foundation and its grant beneficiaries are and will be affected, and that there are some delays in the performance of activities, which might continue during the pandemic.

ABF is the main source of funding for the activities of TSA.

As at 31.12.2020, TSA has three active grant agreements with ABF for the total amount of BGN 13.4 million. At the end of the year the outstanding contingent receivables from ABF amount to BGN 9 million.

For the period from 1 January to 31 December 2020 TSA received from ABF conditional funding amounting to BGN 6 million compared to 4 million for the same period of the previous year.

Additionally, TSA was invited to participate in two international consortia and to develop project proposals, which were approved in 2018.

The first multi-national project, Romomater, worth BGN 129 thousand (EUR 66 thousand) was awarded by the European Commission DG Justice to address the attitudes of young Roma girls towards mothering. The project will engage teenage girls in activities that promote dialogue and reflection with girls and families about their vision for their own future. The project is implemented together with two partners in Spain and a partner in Romania as well as a quality control group located in Hungary and the UK.

**Activity Overview (continued)**

The second multi-national project, worth BGN 696 thousand (EUR 356 thousand), was awarded by EEA Norway within a call for Youth Employment projects and is called “Find Your Way to the World of Work”. Together with one partner in Bulgaria, one partner in Hungary, one partner in Romania, and one partner in Spain, the Trust will engage with professional high schools and employers in order to increase youth skills and build bridges with local employers.

In 2017 TSA won a grant worth BGN 108 thousand (USD 62 thousand) with Open Society Foundation Switzerland to support the development of a Roma Early Years Network (REYN), which is an international network of early years practitioners designed to increase knowledge and capacity for professionals working in early childhood development, with a focus on Roma children. In January 2017 the project was extended by another two years and additional funding was provided at the amount of BGN 95 thousand (USD 60 thousand).

In March 2017 TSA joined a consortia led by OSI Sofia and Workshop for Civic Initiatives to apply for a tender to administer the NGO program – Active Citizens Fund in Bulgaria - under the EEA and Norway Grant Financial Mechanism 2014-2021.

TSA took the lead on administering a Roma medical scholarship and a predefined project to provide mentorship to medical students. The total amount of the projects is BGN 2 million (EUR 1 million).

In addition TSA receives a management fee to serve as a member of the consortium acting as Fund Operator of the Active Citizens Fund Bulgaria and to provide capacity building support to NGOs serving vulnerable communities.

In November 2018, the TSA signed a grant agreement with Open Society Foundation Switzerland and Porticus Foundation worth USD 1.1 million with a duration of two years. In October 2020, the project was extended by another two years and received additional funding of BGN 127 thousand (USD 80 thousand). This project aims to build capacity of local partners to advocate for needed services and reforms in the areas of maternal and infant health. It also deepens and develops greater knowledge on nurturing care.

Together with Alpha Research Agency and the Fund for Community Investments – Peshtera Foundation, TSA applied for funding under the EC programme Rights, Equality and Citizenship. The main aim is to upgrade and make popular the best practices for regulation developed through our activity in Peshtera, Kyustendil, and Dupnitsa. In 2020, BGN 394 thousand was approved (EUR 201 thousand) for the development of the 18-month project, due to commence in 2021.

TSA applied at the Municipality of Sofia and was awarded BGN 15 thousand to purchase tablets and provide internet to all mothers under the project Together - Healthy Baby, a Healthy Future.

Moreover, the Foundation also applies to the Optimus Foundation at UBS Bank and received 10% co-funding for a grant disbursed by America for Bulgaria Foundation, at the amount of BGN 398 thousand (USD 250 thousand). The funds will be used to expand the projects "Together - Healthy Baby, a Healthy Future", "Together in a Colourful World", whose activities aim to decrease the share of school dropouts, and to monitor amendments to the Pre-School and School Education Act regarding eliminating kindergarten fees at a municipal level.

UNICEF assigned to TSA to develop an analysis regarding the portion of children in Bulgaria living in vulnerable families that have access to water. The funds disbursed amount to BGN 45,229 to conduct surveys and an analysis, and prepare a final report providing a recent overview of the situation in selected settlements. The survey was held as part of TSA’s programme for home conditions and regulations and is in line with the Foundation’s aim to provide support for improving living conditions,



**Activity Overview (continued)**

safety and the security of Romani people and people living in disadvantaged conditions by building sewerage and improving the infrastructure in the community's residential areas.

The Eurochild international network granted TSA funding of EUR 11 thousand as part of the Early Childhood Development (ECD) programme of the EU, initiated by Eurochild, the Step by Step International Association, the Fund for Romani Education and the European Alliance for Public Health. The aim is for early child development to become a priority of public policies. The position of national coordinator of the European democracy development campaign will be rotated between TSA and For Our Children Foundation. The campaign is held jointly with the national partners from 9 EU states and aims to inform European and national politicians of the importance of ECD, to commit civil organisations and to allow parents and facilities to protect their own rights and the rights of their children.

TSA received BGN 6,825 from the World Health Organisation – Rome, as part of an international alliance headed by a team of scientists – activists from Lancaster University for application of the COVID-19 Other Frontline initiative. It aims to provide a platform for people living in poverty and inequality prior to COVID-19 and have suffered the biggest health, social and economic impacts of the pandemic. Their experience needs to be shared directly, by allowing members of the community to tell their stories themselves. TSA gathers and supports a team of four bloggers from communities in Sofia and Plovdiv, who survey and exchange matters related to health and social injustice experienced by the Romani communities.

In addition to the abovementioned funding, the Foundation received funding from other sources and individuals at the amount of BGN 135 thousand in comparison to BGN 61 thousand in 2019.

Total funding received on a cash received on conditional basis in 2020 was BGN 8.7 million in comparison to BGN 4.7 million in 2019.

The total gross funding as per grant contracts is respectively at the amount of BGN 2.1 million in 2020 and BGN 2.1 million in 2019. At 31 December 2020 TSA had outstanding conditional commitments for grants at the amount of BGN 2.2 million and since its inception in 2012 had disbursed a total of BGN 17.3 million while the total amount of beneficiaries is above 100,000. Detailed information on commitments and disbursements by program area is provided in Note 18 to the annual financial statements for year 2020.

In 2020 TSA continued to very actively work on both demand-driven grant-making as well as TSA initiated projects. Programmes and projects expenses amounted to BGN 1,468 thousand compared to BGN 1,438 thousand in 2019, or an increase by 2%.

TSA has a number of projects that it has initiated. In the programme "Early Childhood Development", a total of BGN 1,989 was utilized in 2020. The two biggest projects within this programme are the "Springboard for School Readiness" and the Nurse Family Partnership Program ("Together - Healthy Baby, a Healthy Future" or NFP).

### **Activity Overview (continued)**

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 enrolment 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. A formal event was conducted on June 16, 2017 to mark the release of the results. The formal event was followed up by a number of international and national presentations of the results. In 2017, TSA launched a follow-on study in cooperation with the World Bank, designed to secure reliable baseline for a longitudinal study as well as to assess the school-readiness of 1700 children who were about to enter the first grade. In addition to the research, the TSA continued to support kindergarten participation for approximately 1,100 children during the 2016-2017 school year and approximately 520 children during the 2017-2018 school year. In 2019, TSA focused its efforts on dissemination of the evaluation and information about how to most effectively increase Roma participation in kindergarten. In December 2019, Bulgaria's National Assembly passed a State Budget Act that included an allocation to cover full-day kindergarten fees for children from disadvantaged families.

In late 2019, TSA joined a working group established to discuss and provide feedback on the structure and design of the government's program for kindergarten fee removal. In September 2020 the Parliament passed amendments to the Pre-School and School Education Act allowing municipalities to cover fees (which are currently paid by parents) by means of a transfer of funds from the national to the municipal budgets. The amendments do not explicitly state that they are aimed at disadvantaged groups, therefore, TSA started to monitor on a local level what difficulties municipalities encounter in enforcing the amendments and how hard they are to apply to children that live in areas of extreme poverty. Our aim is to provide feedback on the current situation in the country so that the national policy may be amended.

In 2017, TSA became licensed by the International Step by Step Association (ISSA) to deliver the Embracing Diversity training program. This training program was accredited by the Ministry of Education and Science. In 2018, trainers who were certified to lead this program began to test it with kindergarten teachers and NGO representatives. In December 2019, Porticus Foundation approved a project submitted by the University of Utrecht, in partnership with TSA, to conduct a randomized control trial of the Embracing Diversity program in order to assess its impact on teacher attitudes and child outcomes. In 2020 TSA trained another group of trainers to expand the project, and most of the activities were held online, in view of the COVID-19 pandemic.

The implementation of the NFP Project ("Together - Healthy Baby, a Healthy Future") has continued to gain momentum.

Activities included adaptation of program materials, ongoing training of a team of qualified midwives and nurses at hospital "Sheynovo" Plc. in Sofia and at University hospital "St. George" in Plovdiv.

The NFP project offers more than 65 home visits to low-income first-time mothers in Sofia and Plovdiv by registered nurses and midwives from the early pregnancy until the child reaches 2 years of age. The average length of each home visit per client is 70 minutes. Services are currently offered in 9 neighbourhoods in Sofia and in 5 neighbourhoods in Plovdiv. In total, 237 families received home visits by the nurses. In December 2019 TSA opened a medical centre in the history of Fakulteta neighbourhood to provide prenatal care in cooperation with the Health and Social Development Foundation. All medical equipment was purchased through donations, most of which were raised through a crowd-funding campaign in partnership with the Global Giving online platform. The centre

**Activity Overview (Continued)**

is fully operational after successfully passing the control visit of the National Health Insurance Fund, and continued operation in 2020.

The clients from the Nurse-Family Partnership Program in Sofia are also benefiting from the medical centre. Our nurses and midwives are accompanying them to the medical centre for regular prenatal and postnatal examination.

To implement its projects in year 2020 in the Economic Development and Access to Employment Programme, BGN 864 thousand was spent. During the year, active work continued on the project “Zone and Legalize Two Marginalized Neighbourhoods”. Another project - “Building Capital – Partnership with a Local Business to Zone and Legalize a Roma Neighbourhood (Oreshaka)” was frozen in accordance with the donor’s instructions until certain local milestones are met.

In the “Educational Achievement” program area through 2020, BGN 663 thousand was used to support various projects, including scholarships for high school pupils and university students, grants to support projects designed to decrease dropout rates and to increase graduation rates, etc.

In the “Capacity Building” program area, BGN 69 thousand was spent to support various projects, including building capacity and specialized trainings for representatives of partner organizations. TSA organized 5 seminars devoted to writing a successful project, which were attended by 100 people from all over the country. The seminars aim to enhance capacity as part of the commitment of the Active Citizens Fund. The content included project management, theory of change, assessing risk, constructing monitoring plans, budgeting, as well as an additional training on communications and storytelling.

In 2020, TSA approved and awarded 59 grants to 32 NGO partners to support our work in Early Childhood Development, Educational Achievement, Family Economic Success, and Capacity Building.

In addition in 2019, TSA’s management continued working on strengthening the organization and its team. As at 31 December 2020 TSA had 26 full-time employees, unchanged compared to 31 December 2019.

As at 31 December 2020, TSA’s current assets amount to BGN 5,865 thousand (1,693 thousand as at 31 December 2019), of which: cash and cash equivalents: BGN 5,813 thousand, receivables: BGN 22 thousand, and other current assets: BGN 30 thousand.

Prepayments for future periods amount to BGN 27 thousand.

Current liabilities amount to BGN 5,577 thousand (BGN 1,368 thousand as at 31 December 2019), of which BGN 5,534 thousand is for financing current expenses, BGN 18 thousand is the current portion of liabilities for PPE financing, BGN 4 thousand is payables to suppliers, BGN 16 thousand is payables to personnel and for social security, BGN 5 thousand is tax payables (mainly corporate tax for year 2020).

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**ANNUAL ACTIVITY REPORT (CONTINUED)**  
**31 DECEMBER 2020**

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**Activity Overview (Continued)**

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

As at 31 December 2020 TSA's assets amounted to BGN 6,341 thousand, and the result from non-profit activities is a loss of BGN 115 thousand. For comparison, as at 31 December 2019 TSA's assets amounted to BGN 2,220 thousand, and the result from non-profit activities was a profit of BGN 3 thousand.

The revenue from business activities in 2020 amounts to BGN 50 thousand, and the net profit generated is BGN 45 thousand. For comparison, as at 31 December 2019 revenue amounted to BGN 47 thousand, and the net profit was BGN 39 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 2020 to 31 December 2020.

During the period 1 January 2020 to 31 December 2020 there were no unusual events that could have a material adverse impact on TSA's activities, its financial condition and operating results.

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 2020 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':

<b>31 December 2020</b>	<i>Loans and receivables</i>
<b>Financial assets</b>	
Cash and cash equivalents	5,813
<b>Total</b>	<u>5,813</u>
<b>Financial liabilities</b>	
Payables to suppliers	4
<b>Total</b>	<u>4</u>

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**ANNUAL ACTIVITY REPORT (CONTINUED)**  
**31 DECEMBER 2020**

**Financial Risk Management (continued)**

<b>31 December 2019</b>	<i>Loans and receivables</i>
<b>Financial assets</b>	
Cash and cash equivalents	1,500
<b>Total</b>	<b>1,500</b>
	<i>Other financial liabilities</i>
<b>Financial liabilities</b>	
Payables to suppliers	8
<b>Total</b>	<b>8</b>

***Currency risk***

The Foundation is exposed to currency risk of change in foreign exchange rates in regard to the cash and cash equivalents in USD. As at 31 December 2020 the Foundation has cash on current and deposit accounts in USD amounting to USD 169 thousand or BGN 269 thousand (31 December 2019: USD 96 thousand or BGN 166 thousand).

The following exchange rates are applicable for years 2020 and 2019:

	<i>Average applicable rate for the year</i>		<i>Exchange rate on 31 December</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
<b>1 USD</b>	1.71632	1.74703	1.59386	1.74099

Upon an increase in the exchange rate by 10%, the result of non-profit activities will increase by BGN 27 thousand (2019: by BGN 17 thousand).

Upon a decrease in the exchange rate by 10%, the result of non-profit activities will decrease by BGN 27 thousand (2019: by BGN 17 thousand).

***Price risk***

The Foundation is not exposed to essential price risk from its commercial activity, because it performs particular services on which prices are preliminary negotiated with the clients.

***Credit risk***

The Foundation is not exposed to credit risk, because it performs services only to clients that are preliminary approved by the Board and whose receivables are collected in preliminary negotiated periods.

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.

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION  
ANNUAL ACTIVITY REPORT (CONTINUED)  
31 DECEMBER 2020**

**Financial Risk Management (continued)**

*Liquidity risk (continued)*

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

31 December 2020	On demand and within 1		Total
	month	1-3 months	
<b>Financial assets</b>			
Cash	5,813	-	5,813
<b>Total</b>	<b>5,813</b>	<b>-</b>	<b>5,813</b>
<b>Financial liabilities</b>			
Payables to suppliers	-	4	4
<b>Total</b>	<b>-</b>	<b>4</b>	<b>4</b>

31 December 2019	On demand and within 1		Total
	month	1-3 months	
<b>Financial assets</b>			
Cash	1,500	-	1,500
<b>Total</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>
<b>Financial liabilities</b>			
Payables to suppliers	-	8	8
<b>Total</b>	<b>-</b>	<b>8</b>	<b>8</b>

*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

31 December 2020	with fixed		Total
	interest %	interest-free	
<b>Financial assets</b>			
Cash	436	5,377	5,813
<b>Total</b>	<b>436</b>	<b>5,377</b>	<b>5,813</b>
<b>Financial liabilities</b>			
Payables to suppliers	-	4	4
<b>Total</b>	<b>-</b>	<b>4</b>	<b>4</b>

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION  
ANNUAL ACTIVITY REPORT (CONTINUED)  
31 DECEMBER 2020**

**Financial Risk Management (continued)**

*Liquidity risk (continued)*

*Interest analysis (continued)*

31 December 2019	with fixed interest %	interest-free	Total
<b>Financial assets</b>			
<b>Cash</b>	158	1,342	1,500
<b>Total</b>	158	1,342	1,500
<b>Financial liabilities</b>			
<b>Payables to suppliers</b>	-	16	16
<b>Total</b>	-	16	16

**Main indicators of the economic environment**

The main economic indicators of the business environment that have affected the Foundation's activities throughout the period 2017-2020 are presented in the table below:

Indicator	2017	2018	2019	2020
GDP in million levs*	102,308	109,695	118,669	118,605
Actual growth of GDP*	3.5%	3.1%	3.4%	-4.2%
Year-end inflation	1.8%	2.3%	3.1%	-0.3%
Average exchange rate of USD for the year	1.73	1.66	1.75	1.72
Exchange rate of the USD at the year-end	1.63081	1.70815	1.74099	1.59
Basic interest rate at the year-end	0.00	0.00	0.00	0.00
Unemployment rate at the year-end	7.1%	6.1%	5.9%	6.7%
Standard & Poor's credit rating for Bulgaria (long-term)	BB+	BBB-	BBB-	BBB
Moody's credit rating for Bulgaria (long-term)	Baa2	Baa2	Baa2	Baa1
Fitch credit rating for Bulgaria (long-term)	BBB-	BBB	BBB	BBB

*Note: \* BNB data as at 30 December 2020. Source: BNB  
Source: BNB, Ministry of Finance*

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

There are no important events after the end of the reporting period that require disclosure.

**Expected developments and plans for 2021**

In 2021 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 in the sectors where it works.

The Foundation does not plan significant capital investments in 2021.

**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.

Date: 28 June 2021



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Executive Director:  
Sarah Marie Perrine





**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION  
PROFIT AND LOSS STATEMENT FROM NON-PROFIT ACTIVITIES  
for the year ended 31 December 2020**

	Note	2020 BGN'000	2019 BGN'000	Note	2020 BGN'000	2019 BGN'000
<b>I. Operating expenses</b>						
<b>A. Expenses for regulated activities</b>						
1. Financing expenses	4	1,951	1,968			
2. Programs and projects expenses	4	1,468	1,438			
<b>Total A:</b>		<b>3,419</b>	<b>3,406</b>			
<b>B. Administrative expenses</b>						
<b>Total B:</b>	5	<b>1,090</b>	<b>1,076</b>			
		<b>4,509</b>	<b>4,482</b>			
<b>I. Revenues</b>						
<b>A. Revenues for regulated activity</b>						
1. Net revenue from conditional financing	3				4,509	4,482
2. Other revenue					18	5
<b>Total I:</b>					<b>4,527</b>	<b>4,487</b>
<b>II. Finance costs</b>						
1. Foreign currency exchange losses		152	18			
<b>Total II:</b>	6	<b>152</b>	<b>18</b>			
<b>III. Total expenses</b>						
<b>Total (II + III):</b>		<b>4,661</b>	<b>4,500</b>			
<b>IV. Profit from non-profit activities for the year (total revenues - total expenses)</b>						
<b>Total (I + IV):</b>		<b>4,661</b>	<b>4,500</b>		<b>115</b>	<b>3</b>
<b>V. Loss from non-profit activities for the year (total revenues - total expenses)</b>						
<b>Total (III + IV):</b>		<b>4,661</b>	<b>4,500</b>		<b>4,661</b>	<b>4,500</b>

The financial statements on pages 12 to 42 were approved by the Founder and the Board of Directors for issue and signed on 28 June 2021.

Sarah Marie Perrine  
Executive director

Signed in accordance with Independent Auditors' Report:

Pavel Pirinski  
Registered Auditor

**TRUST  
FOR SOCIAL  
ACHIEVEMENT**



Prepared by:  
AFA Consultants OOD  
Valia Jordanova, General Manager

Jock Numan  
PricewaterhouseCoopers Audit OOD

29-06-2021

29-06-2021

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION  
PROFIT AND LOSS STATEMENT FROM BUSINESS ACTIVITIES  
for the year ended 31 December 2020**

	Note	2020	2019	Note	2020	2019
		BGN'000	BGN'000		BGN'000	BGN'000
<b>A. Expenses</b>						
<b>1. Other expenses:</b>		-	4		50	47
<i>Total expenses for operating activity</i>	7	-	4		50	47
<b>Total expenses</b>		-	4	7	50	47
<b>2. Accounting profit for the year (total revenues – total expenses)</b>		50	43		-	-
<b>3. Tax expense on profit</b>	8	5	4		-	-
<b>4. Net profit for the year (3 - 4)</b>		45	39		-	-
<b>Total (Total expenses + 3 + 4)</b>		50	47		50	47

**B. Revenues**

**1. Net sales revenue, including:**

a) services

*Total operating revenues*

*Total revenues*

The financial statements on pages 12 to 42 were approved by the Founder and the Board of Directors for issue and signed on 28 June 2021.

Sarah Marie Perrine  
Executive director



Preparer:  
AFA Consultants OOD  
Valia Jordanova, General Manager

Signed in accordance with Independent Auditors' Report:

Pavel Pirinski  
Registered Auditor

Jock Nunan  
PricewaterhouseCoopers Audit OOD



29-06-2021

29-06-2021

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**BALANCE SHEET**  
**as at 31 December 2020**

	31 December		31 December	
	Note	BGN'000	Note	BGN'000
<b>ASSETS</b>			<b>LIABILITIES</b>	
<b>ASSETS</b>			<b>NET ASSETS AND LIABILITIES</b>	
<b>A. Non-current (long-term) assets</b>			<b>A. Net assets</b>	
<b>I. Intangible assets</b>			<b>I. Reserves</b>	
1. Concessions, patents, licences, trademarks, software and other similar rights and assets		- 5	1. Other reserves, including:	330 445
<b>Group I total:</b>	9	- 5	- from prior years	445 448
<b>II. Tangible fixed assets</b>			- for the current year	(115) (3)
1. Land and buildings, including:		392 414	<b>Group I total:</b>	<b>330 445</b>
- land		7 7	<b>II. Accumulated profit (losses) from business activities in prior years, including:</b>	
- buildings		385 407	- retained earnings	91 52
2. Equipment and other		57 80	<b>Group II total:</b>	<b>91 52</b>
<b>Group II total:</b>	10	<b>449 494</b>	<b>III. Current profit/(loss) from business activities</b>	<b>45 39</b>
<b>Section A total:</b>		<b>449 499</b>	<b>Section A total</b>	<b>466 536</b>
<b>B. Current (short-term) assets</b>			<b>LIABILITIES</b>	
<b>I. Debtors</b>			<b>B. Creditors</b>	
1. Trade debtors		17 136	1. Trade creditors, including:	14 4 8
2. Other receivables		5 7	up to 1 year	4 8
<b>Group I total:</b>	11	<b>22 143</b>	2. Other liabilities, including:	21 26
<b>II. Other current assets</b>	12	<b>30 50</b>	- payables to personnel, including:	15 13 13
<b>III. Cash and cash equivalents, including:</b>	13	<b>5,813 1,500</b>	up to 1 year	13 13
- cash in current bank accounts (deposits)		5,813 1,500	- payables for social security, including:	15 3 3
<b>Group III total:</b>		<b>5,813 1,500</b>	up to 1 year	3 3
<b>Section B total:</b>		<b>5,865 1,693</b>	- tax payables, including:	8 5 4
<b>C. Deferred expenses</b>	11	<b>27 28</b>	up to 1 year	5 4
<b>TOTAL ASSETS (A + B + C)</b>		<b>6,341 2,220</b>	<b>Section B total, including:</b>	<b>25 34</b>
			up to 1 year	25 34
			<b>C. Grants and deferred income, including:</b>	16 5,850 1,650
			- grants	5,850 1,650
			<b>TOTAL NET ASSETS AND LIABILITIES (A + B + C)</b>	<b>6,341 2,220</b>

The financial statements on pages 12 to 42 were approved by the Founder and the Board of Directors for issue and signed on 28 June 2021.

Sarah Marie Perrine  
Executive director

Signed in accordance with Independent Auditors' Report

Pavel Pirinski  
Registered auditor

29-06-2021

This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2020.



Preparer:  
AFM Consultants OOD  
Valia Jordanova, General Manager


Jock Nunan  
PricewaterhouseCoopers Audit OOD

29-06-2021

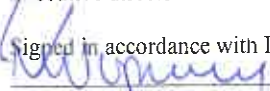
**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**CASH FLOW STATEMENT**  
**for the year ended 31 December 2020**

	Note	2020 BGN'000	2019 BGN'000
<b>I. Cash and cash equivalents at 1 January</b>	<b>13</b>	<b>1,500</b>	<b>1,214</b>
<b>II. Cash flows from non-profit activities</b>			
<b>A. Cash proceeds from non-profit activities</b>		8,709	4,742
1. Proceeds from conditional financing		18	10
2. Proceeds from bank and currency transactions		14	16
3. Other receivables		<u>8,741</u>	<u>4,768</u>
<b>B. Cash paid for non-profit activities</b>			
1. Financing granted		1,951	1,968
2. Cash paid for programs and projects		1,363	1,393
3. Cash paid to employees and for social security		694	603
4. Cash paid to suppliers		163	389
5. Other taxes paid		152	134
6. Payments for bank and currency transactions		155	23
7. Other payments		10	3
<b>Total cash paid for non-profit activities</b>		<u>4,488</u>	<u>4,513</u>
<b>C. Net cash flows from non-profit activities</b>		<u>4,253</u>	<u>255</u>
<b>III. Cash flows from business activities</b>			
<b>A. Cash proceeds from business activities</b>			
1. Proceeds from clients		60	56
<b>Total cash proceeds from business activities</b>		<u>60</u>	<u>56</u>
<b>B. Cash paid for business activities</b>			
1. Cash paid to suppliers		-	19
2. Tax payments		-	6
<b>Total cash paid for business activities</b>		<u>-</u>	<u>25</u>
<b>C. Net cash flows from business activities</b>		<u>60</u>	<u>31</u>
<b>IV. Cash and cash equivalents at 31 December</b>	<b>13</b>	<b>5,813</b>	<b>1,500</b>
<b>V. Change in the cash flows for the year</b>		<u>4,313</u>	<u>286</u>

The financial statements on pages 12 to 42 were approved by the Founder and the Board of Directors for issue and signed on 28 June 2021

  
 Sarah Marie Perrine  
 Executive director

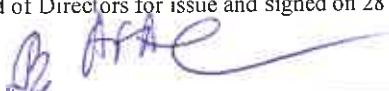
Signed in accordance with Independent Auditors' Report:

  
 Pavel Pirins  
 Registered auditor

29-06-2021

  
**TRUST  
 FOR SOCIAL  
 ACHIEVEMENT**



  
 Preparer:  
 AF Consultants OOD  
 Vania Jordanova, General Manager

  
 Jock Nunan  
 PricewaterhouseCoopers Audit OOD

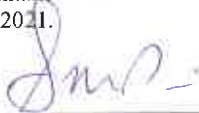
29-06-2021

*This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2020.*


**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 31 December 2020**

	Other reserves BGN '000	Financial result from non-profit activity for the current year BGN '000	Financial result from business activities		Total net assets BGN '000
			Retained earnings BGN '000	Net profit for the year BGN '000	
<b>1. Balance at 1 January 2019</b>	<b>445</b>	<b>3</b>		<b>52</b>	<b>500</b>
2. Financial result from non-profit activity for the year	-	(3)	-	-	(3)
3. Financial result from business activities for the year	-	-	-	39	39
3. Transfer to other reserves	3	(3)	52	(52)	-
<b>4. Balance at 31 December 2019</b>	<b>448</b>	<b>(3)</b>	<b>52</b>	<b>39</b>	<b>536</b>
5. Financial result from non-profit activity for the year	-	(115)	-	-	(115)
6. Financial result from business activities for the year	-	-	-	45	45
7. Transfer to other reserves	(3)	3	39	(39)	-
<b>8. Balance at 31 December 2020</b>	<b>445</b>	<b>(115)</b>	<b>91</b>	<b>45</b>	<b>466</b>

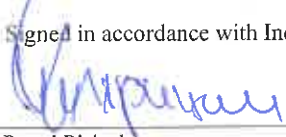
The financial statements on pages 12 to 42 were approved by the Founder and the Board of Directors for issue and signed on 28 June 2021.

  
 Sarah Marie Perrine  
 Executive director

  
**TRUST FOR SOCIAL ACHIEVEMENT**

  
 Preparer:  
 AFA Consultants OOD  
 Valia Iordanova, General Manager

Signed in accordance with Independent Auditors' Report:

  
 Pavel Pirinski  
 Registered auditor



  
 Jock Nunan  
 PricewaterhouseCoopers Audit OOD

29-06-2021

29-06-2021

## **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 and is registered in the Trade Registry. The seat and registered address of the Foundation is: Sofia, Sredets Region, 64 Patriarh Evtimii Blvd.

### **1.1. Ownership and management**

The Foundation is managed by a Board of Directors. As at 31 December 2020 and 31 December 2019, the members of the Board of Directors are as follows: Veneta Ilieva, Viktoria Blazheva, Emilia Karadocheva, Sarah Marie Perrine and Rosen Ivanov.

As at 31 December 2020 and 31 December 2019, the Foundation was represented by the Executive Director Sarah Marie Perrine.

As at 31 December 2020, the initial property contributions are at the amount of BGN 1,000.

As at 31 December 2020, the total number of Foundation's personnel was 26 employees (31 December 2019: 26 employees).

### **1.1. 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.

#### *Objectives*

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

- to provide local and national level support of initiatives with focus on mother's and children's health, and development of persons at risk, and more specifically, such from ethnic minorities, early childhood development, increased attendance in kindergarten, preschool groups and other;

## 1. BACKGROUND INFORMATION ON THE FOUNDATION (CONTINUED)

### 1.2. *Principal activities (continued)*

- to provide local and national level support of initiatives that improve the educational achievements of persons at risk and more specifically, such from ethnic minorities and the young people from impoverished and marginal communities, as well as preventing children from dropping out of school with a focus on improving school participation and learning and increasing the number of high school graduates;
- to provide local and national level support of initiatives that improve the access to opportunities for increasing personal incomes of people from risk groups and especially of ethnic minorities. That includes teachings for acquiring skills for finding a job, connecting with employers, entrepreneurship, promoting and helping of programs that legalizes districts and buildings;
- to improve non-profit organizations' local and national 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.

#### *Means to achieve the objectives*

In order to achieve its objectives, the Foundation develops the following activities:

- manages local and national partners' financial aids; projects, performs, monitors and assesses programs that improve the educational achievements of students at risk and more specifically, such from ethnic minorities and children from impoverished and marginal communities;
- projects, performs, monitors and assesses programs 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;
- projects and performs teachings of local partners in order to increase their 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.
- performs auxiliary activities related to its objectives.

## **1. BACKGROUND INFORMATION ON THE FOUNDATION (CONTINUED)**

### ***1.3. COVID-19 pandemic – impact, effects, actions and measures taken***

On 11 March 2020 the World Health Organisation declared a COVID-19 pandemic, and on 13 March 2020 the Bulgarian Parliament imposed a state of emergency in Bulgaria, as a result of which a number of restrictive measures were taken.

On 24 March 2020, the State of Emergency Act was promulgated, imposing measures for the period of the pandemic state of emergency in various areas – employment relations and social security, taxation and annual financial closure, default and forced execution, terms and deadlines, etc. Decisions and orders of the Council of Ministers and the Ministry of Health were adopted for introducing anti-epidemic measures on the territory of the country aimed to protect and preserve the population's life and health.

As a result of the restrictions imposed in Bulgaria and in most countries around the world, the normal operations of businesses in a number of economic sectors was disrupted. There were difficulties with the supplies of raw and other materials from suppliers, shipments to clients, and procuring workforce. Almost all entities, though to a different extent, had to impose certain actions and measures to reorganise business operations, work schedules, business communications and other aspects of their relations to counterparts, partners, and state institutions.

#### *Impact on the Company's operations and financial position*

As far as the Foundation's main activities are non-business ones, the management has not identified negative impacts of the pandemic on its financial position. The Foundation's management currently monitors compliance with the statutory requirements related to the state of emergency, as well as the trends and risks of meeting non-business objectives, takes the necessary measures, when needed, and maintains its readiness to take new ones in accordance with the circumstances of the business, health and legal environment.

The same trends have been observed in the beginning of year 2021.

#### *Effects on the items in the financial statements*

The Foundation's management has not identified areas in the financial statements on which the pandemic has direct and material impact and effects, incl. with respect to the measurement of individual assets and liabilities.



## **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) and CMD 27/2019 (SG 15/19.2.2019), by observing the specific requirements of NAS 9 "Presentation of Financial Statements of Non-profit Entities".

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.

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 activities, and deem it appropriate to prepare the financial statements on the basis of the going concern principle.

### **2.2 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

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

### **2.2 Uncertainty of accounting estimates (continued)**

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 at 31 December 20 the management determines the useful life of the assets, which represents the estimated useful life of the assets by the Foundation.

The carrying amounts of assets are analysed in Notes 9 and 10. The actual asset life may differ from the valuation made due to technical obsolescence, mainly of software and computer equipment.

### **2.3. Comparatives**

The Foundation presents comparative information in these financial statements for the period till 31 December 2019. Where necessary, comparative data is reclassified and/or restated in order to achieve compatibility in view of the current period presentation changes.

### **2.4. 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 balance sheet, 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

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2020**

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(all amounts are in BGN'000)

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

**2.4. Functional currency and recognition of exchange differences (continued)**

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.

**2.5. Revenue**

***Revenue from non-profit activities***

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

The revenue 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 they originate. 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.

***Revenue from business activities***

Upon rendering of services, revenue is recognised by reference to the stage of completion of the transaction at the balance sheet date, if this stage as well as the transaction and completion costs, can be measured reliably.

Revenue is measured on the basis of the fair value of the services sold, net of indirect taxes and any discounts granted.

**2.6. Expenses**

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

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2020**

(all amounts are in BGN'000)

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

**2.6. Expenses (continued)**

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.

**2.7. 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)

### 2.7. 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.

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.

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

### **2.7. Property, plant and equipment (continued)**

#### ***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.

#### ***Impairment of assets (continued)***

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.

### **2.8. 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.

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

**2.8. Intangible assets (continued)**

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.

**2.9. 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".

**2.10. 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.

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

***2.12. 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, 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.



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

**2.12. 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 an indemnity at the amount of the respective employee's gross remuneration for two months upon termination of employment relations due to retirement. If the employee has acquired within the company of the same Group ten years' service over the last twenty years, the indemnity amounts to the gross remuneration for six months. 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.

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

### 2.12. Pensions and other payables to personnel under the social security and labour legislation

#### (continued)

##### *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, including based on a publicly announced plan (for instance, 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.

### 2.13. 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.

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**3. 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.

	<b>2020</b>	<b>2019</b>
Net revenues from conditional financing, including:		
<i>Educational Achievement</i>	860	1,024
<i>Early Childhood Development</i>	2,471	2,692
<i>Family Economic Success</i>	1,074	725
<i>Capacity Building</i>	86	23
<i>Financing for acquisition of non-current assets up to the amount of depreciation charge (Notes 9 and 10)</i>	18	18
<b>Total</b>	<b>4,509</b>	<b>4,482</b>

**4. 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 individuals or legal representatives of legal entities, 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 2020 the Foundation approved and concluded grant contracts whereas the gross expenses on the awarding of this grant amounted to BGN 2,117 thousand (2019: BGN 2,141 thousand) (Note 18).

The net expenses on the awarding of grants amounted to BGN 1,951 thousand (2019: BGN 1,968 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:

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
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**4. EXPENSES FOR REGULATED ACTIVITY (CONTINUED)**

*Programs and projects expenses (continued)*

	<b>2020</b>	<b>2019</b>
Materials and consumables used	38	66
Hired services expense	328	444
Amortization	2	3
Employee benefits expense	527	501
Other expenses	573	424
<b>Total</b>	<b>1,468</b>	<b>1,438</b>

**5. ADMINISTRATIVE EXPENSES**

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

	<b>2020</b>	<b>2019</b>
Materials and consumables used	36	56
Hired services expenses	172	177
Depreciation and amortization expenses	71	94
Employee benefits expense	786	676
Other expenses	25	73
<b>Total</b>	<b>1,090</b>	<b>1,076</b>

**6. FINANCE INCOME AND FINANCE COSTS**

*Finance income*

	<b>2020</b>	<b>2019</b>
Foreign currency exchange gains	18	9
Interest income	1	1
<b>Finance income</b>	<b>19</b>	<b>10</b>

*Finance costs*

	<b>2020</b>	<b>2019</b>
Foreign currency exchange losses	152	18
<b>Total</b>	<b>152</b>	<b>18</b>

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
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**7. REVENUES AND EXPENSES FROM BUSINESS ACTIVITIES**

*Revenues from business activities* are at the amount of BGN 50 thousand for rendering of services (2019: BGN 47 thousand).

In 2020 the Foundation had no expenses for business activities (2019: BGN 4 thousand, which are other expenses).

**8. TAXATION**

The main components of the income tax expense for the year ended 31 December are:

	2020	2019
<b><u>Profit and loss statement of business activities</u></b>		
Tax profit for the period under the tax return	50	45
Current tax expense on profit for the period - 10%	5	4
Deferred income tax related to occurrence and reversal of temporary differences	-	-
	<hr/>	<hr/>
<b>Total tax expense on profit reported to the profit and loss statement of business activities</b>	<b>5</b>	<b>4</b>
<b><u>Reconciliation of tax expense on profit applicable to the pre-tax profit or loss</u></b>		
Accounting profit for the period	50	43
Tax expense on profit – 10%	5	4
From unrecognised amounts as per tax return		
Related to increases: none (2019: BGN 1 thousand)	-	-
	<hr/>	<hr/>
<b>Total tax expense on profit carried to the profit and loss statement of business activities</b>	<b>5</b>	<b>4</b>

As at 31 December 2020 the Foundation has *a liability for tax on profit from business activities* at the amount of BGN 5 thousand (31 December 2019 – BGN 4 thousand).

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
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**9. INTANGIBLE ASSETS**

	<i>Software</i>		<i>Licenses</i>		<i>Total</i>	
	2020	2019	2020	2019	2020	2019
<b>Book value</b>						
<b>Balance at 1 January</b>	166	166	53	53	219	219
Additions	-	-	-	-	-	-
Transfer to software	-	-	-	-	-	-
<b>Balance at 31 December</b>	<b>166</b>	<b>166</b>	<b>53</b>	<b>53</b>	<b>219</b>	<b>219</b>
<b>Accumulated depreciation</b>						
<b>Balance at 1 January</b>	161	139	53	53	214	192
Depreciation for the year	5	22	-	-	5	22
<b>Balance at 31 December</b>	<b>166</b>	<b>161</b>	<b>53</b>	<b>53</b>	<b>219</b>	<b>214</b>
<b>Carrying amount at 31 December</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>

The licenses were acquired through gratuitous selective financing obtained under contracts for donation with Microsoft. These assets are fully depreciated as at 31 December 2019 and 31 December 2020.

**10. 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>	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Book value</b>												
<b>Balance at 1 Jan</b>	7	7	570	570	137	110	70	70	54	50	838	807
Additions	-	-	-	-	19	33	-	-	4	35	23	68
Disposals	-	-	-	-	9	6	-	-	-	31	9	37
<b>Balance at 31 Dec</b>	<b>7</b>	<b>7</b>	<b>570</b>	<b>570</b>	<b>147</b>	<b>137</b>	<b>70</b>	<b>70</b>	<b>58</b>	<b>54</b>	<b>852</b>	<b>838</b>
<b>Accumulated depreciation</b>												
<b>Balance at 1 Jan</b>	-	-	163	140	109	89	37	20	35	33	344	282
Depreciation for the year	-	-	22	23	21	26	18	17	7	9	68	75
Depreciation written-off	-	-	-	-	9	6	-	-	-	7	9	13
<b>Balance at 31 Dec</b>	<b>-</b>	<b>-</b>	<b>185</b>	<b>163</b>	<b>121</b>	<b>109</b>	<b>55</b>	<b>37</b>	<b>42</b>	<b>35</b>	<b>403</b>	<b>344</b>
<b>Carrying amount at 31 Dec</b>	<b>7</b>	<b>7</b>	<b>385</b>	<b>407</b>	<b>26</b>	<b>28</b>	<b>15</b>	<b>33</b>	<b>16</b>	<b>19</b>	<b>449</b>	<b>494</b>

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. In 2020, depreciation costs for these assets are at the amount of BGN 18 thousand (2019: BGN 18 thousand).

*This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2020.*

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**11. RECEIVABLES AND PREPAYMENTS**

*Receivables*

	31.12.2020	31.12.2019
Receivables from advances to suppliers	17	136
Other receivables	5	7
<b>Total</b>	<b>22</b>	<b>143</b>

*Deferred expenses*

Prepaid deferred expenses amounting to BGN 27 thousand (31 December 2019: BGN 28 thousand) include insurance and subscriptions.

**12. OTHER CURRENT ASSETS**

Other current assets amounting to BGN 30 thousand (31 December 2019: BGN 50 thousand) include: residual amount after partial donation of land acquired in 2015 intended for donation and capitalised expenses for land use plan with an aggregate amount of BGN 30 thousand (31 December 2019: BGN 50 thousand).

**13. CASH AND CASH EQUIVALENTS**

	31.12.2020	31.12.2019
Cash at a current bank account in BGN	5,175	1,250
Cash at a current bank account in foreign currency	202	92
Cash at bank deposit accounts in BGN	369	84
Cash at a current bank account in foreign currency	67	74
<b>Total</b>	<b>5,813</b>	<b>1,500</b>

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.

**14. PAYABLES TO SUPPLIERS**

The payables to suppliers as at 31 December comprise:

	31.12.2020	31.12.2019
Legal services	2	-
Accounting services	2	2
Other	-	1
Insurance	-	2
Accommodation	-	2
Transport services	-	1
<b>Total</b>	<b>4</b>	<b>8</b>

*This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2020.*

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
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**14. PAYABLES TO SUPPLIERS (CONTINUED)**

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:

	31.12.2020	31.12.2019
Accruals for payments on unused paid leaves	13	13
Accruals for social security contributions on unused paid leaves	3	3
<b>Total</b>	<b>16</b>	<b>16</b>

**16. 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 (Note 10).

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

<b>Term</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
<b>Up to one year</b>	<b>18</b>	<b>18</b>
Two-level office (to the amount of funding)	18	18
<b>Over one year</b>	<b>297</b>	<b>316</b>
Two-level office (to the amount of funding)	290	309
Land plot	7	7
<b>Total</b>	<b>315</b>	<b>334</b>

*Financing for current expenses*

	31.12.2020	31.12.2019
Financing for current expenses	5,535	1,316
	<b>5,535</b>	<b>1,316</b>

The amounts received to finance the current expenses are recognized to the extent of the actual expenses of regulated activities.

The remaining part is recognized in the balance sheet as financing for current expenses.

*Financing for non-current assets and financing for current expenses* are stated in the balance sheet summarised on line "Grants and deferred income".



## **17. RELATED PARTY TRANSACTIONS**

In 2020 a donation was received from Next Generation Bulgaria Fund (NGBF), USA.

NGBF is a party, related with the executive director Sarah Perrine, because she takes part in its managing or controlling body. The received donation is at the amount of USD 17 thousand.

No related party transactions were executed in 2019.

Members of the Managing Board are not related between each other and do not receive remuneration for their activity.

## **18. CONTINGENT ASSETS AND LIABILITIES**

### *Contingent receivables*

As at 31 December 2020 the Foundation has contingent receivables resulting from the terms set in the grant contracts, the more significant ones being as follows:

A commitment of America for Bulgaria Foundation (ABF) as per a grant agreement (16 October 2020) for a period of 36 months and total amount of the approved amount BGN 12.1 million (USD 7.6 million).

As at 31 December 2020 the outstanding contingent receivables from ABF amount to BGN 8.1 million (USD 5.1 million).

A commitment of ABF as per a grant agreement dated 4 May 2016 with a duration of 60 months and with a total approved amount of BGN 1.2 million. As at 31 December 2020 the outstanding receivables from ABF for this grant amount to BGN 831 thousand.

A commitment of FAB as per a grant agreement dated 22 May 2020 with a duration of 36 months and a total approved amount of BGN 167 thousand (USD 105 thousand). As at 31 December 2020, the outstanding receivables from FAB for this grant amount to BGN 112 thousand (USD 70 thousand).

A commitment of European Financial Stabilisation Mechanism (EFSM) of European Economic Community (EEC) as per a grant agreement dated 17 May 2018 with a duration of 78 months and a total approved amount of BGN 2 million (EUR 1 million).

As at 31 December 2020, the outstanding contingent receivables from EFSM of EEC for this grant amount to BGN 1.4 million (EUR 511 thousand).

Contingent receivables in relation to the commitment for managing the consortium and support for capacity development of the NGOs working with vulnerable communities amount to a total of BGN 391 thousand (EUR 200 thousand). As at 31 December 2020, the outstanding amount is BGN 201 thousand (EUR 103 thousand).

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
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**18. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)**

*Contingent receivables (continued)*

A commitment of Foundation Autonomia – Hungary as per a grant agreement dated 15 October 2018 with a duration of 48 months and a total approved amount of BGN 593 thousand (EUR 303 thousand). As at 31 December 2020, the outstanding contingent receivables from Foundation Autonomia – Hungary for this grant amount to BGN 377 thousand (BGN 192 thousand).

A commitment of University of Seville – Spain and European Commission as per a grant agreement dated 4 December 2018 with a duration of 24 months and a total approved amount of BGN 188 thousand (EUR 53 thousand). As at 31 December 2020 the outstanding contingent receivables from University of Seville – Spain and European Commission for this grant amount to BGN 21 thousand (EUR 11 thousand).

A commitment of Foundation Open Society Institute – Switzerland as per a grant agreement dated 12 October 2020 with a duration of 24 months and a total approved amount of BGN 127 thousand (USD 80 thousand). As at 31 December 2020 the outstanding contingent receivables from Foundation Open Society Institute – Switzerland for this grant amounts to BGN 64 thousand (USD 40 thousand).

A commitment of Porticus Foundation as per a grant agreement dated 28 January 2019 with a duration of 24 months and a total approved amount of BGN 188 thousand (EUR 96 thousand). As at 31 December 2020 the outstanding amount of contingent receivables from Porticus Foundation for this grant amounts to BGN 13 thousand (EUR 6 thousand).

A commitment of Utrecht University as per a grant agreement dated 1 March 2020 with a duration of 24 months and total approved amount BGN 315 thousand (EUR 161 thousand). As at 31 December 2020 the outstanding amount of contingent receivables from Utrecht University for this grant amounts to BGN 78 thousand (EUR 40 thousand).

A commitment of Eurochild as per a grant agreement dated 8 October 2020 with a duration of 12 months and total approved amount BGN 22 thousand (EUR 11 thousand). As at 31 December 2020, the outstanding amount of contingent receivables from Eurochild for this grant amounts to BGN 8.6 thousand (EUR 4.4 thousand).

A commitment of the Rights, Equality and Citizenship EC Programme as per a grant agreement dated 1 November 2020 with a duration of 18 months and total approved amount BGN 394 thousand (EUR 201 thousand). As at 31 December 2020, the outstanding amount of contingent receivables for this grant amount to BGN 79 thousand (EUR 40 thousand).

*This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2020.*

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**18. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)**

*Contingent liabilities*

As at 31 December 2020 the Foundation also has contingent liabilities resulting from the terms and conditions of the grants awarded to the Foundation in four areas/programmes:

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

**31 December 2020**

<b>Programme</b>	<i>Contingent liabilities at 1 January 2020</i>	<i>Total grants amount on the contracts at 31 December 2020</i>	<i>Gross amount granted in 2020 (Note 4)</i>	<i>Gross amount granted at 31 December 2020</i>	<i>Contingent liabilities at 31 December 2020</i>
<i>Educational Achievement</i>	421	7,318	645	7,012	306
<i>Early Childhood Development</i>	758	8,034	1,225	6,983	1051
<i>Family Economic Success</i>	842	4,048	234	3,226	822
<i>Capacity Building</i>	-	70	13	70	-
<i>Family Economic Success</i>	-	-	-	-	-
<b>Total</b>	<b>2,021</b>	<b>19,470</b>	<b>2,117</b>	<b>17,291</b>	<b>2,179</b>

**31 December 2019**

<b>Programme</b>	<i>Contingent liabilities at 1 January 2019</i>	<i>Total grants amount on the contracts at 31 December 2019</i>	<i>Gross amount granted in 2019 (Note 4)</i>	<i>Gross amount granted at 31 December 2019</i>	<i>Contingent liabilities at 31 December 2019</i>
<i>Educational Achievement</i>	950	6,793	758	6,372	421
<i>Early Childhood Development</i>	279	6,542	1,224	5,784	758
<i>Family Economic Success</i>	815	3,829	154	2,987	842
<i>Capacity Building</i>	-	67	5	67	-
<b>Total</b>	<b>2,044</b>	<b>17,231</b>	<b>2,141</b>	<b>15,210</b>	<b>2,021</b>

In 2020 the Foundation concluded new contracts/annexes to existing grant contracts, and the total amount of approved grants as at 31 December 2020 (aggregated since 2012) is BGN 19,470 thousand (31 December 2019: BGN 17,231 thousand), or the total increase of total grant amount during the current financial year amounts to BGN 2,239 thousand.

*This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2020.*

**19. 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 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':

<b>31 December 2020</b>	<i>Loans and receivables</i>
<b>Financial assets</b>	
Cash and cash equivalents	5,813
<b>Total</b>	<b>5,813</b>
	<i>Other financial liabilities</i>
<b>Financial liabilities</b>	
Payables to suppliers	4
<b>Total</b>	<b>4</b>
<b>31 December 2019</b>	<i>Loans and receivables</i>
<b>Financial assets</b>	
Cash and cash equivalents	1,500
<b>Total</b>	<b>1,500</b>
	<i>Other financial liabilities</i>
<b>Financial liabilities</b>	
Payables to suppliers	8
<b>Total</b>	<b>8</b>

***Currency risk***

The Foundation is exposed to currency risk of change in foreign exchange rates in regard to the cash and cash equivalents in USD. As at 31 December 2020 the Foundation has cash on current and deposit accounts in USD amounting to USD 169 thousand or BGN 269 thousand (31 December 2019: USD 96 thousand or BGN 166 thousand).

The following exchange rates are applicable for 2020 and 2019:

*This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2020.*

**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Currency risk (continued)*

	<i>Average applicable rate for the year</i>		<i>Exchange rate on 31 December</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
<b>1 USD</b>	1.71632	1.74703	1.59386	1.74099

Upon an increase in the exchange rate by 10%, the result of non-profit activities will increase by BGN 27 thousand (2019: by BGN 17 thousand).

Upon a decrease in the exchange rate by 10%, the result of non-profit activities will decrease by BGN 27 thousand (2019: by BGN 17 thousand).

*Price risk*

The Foundation is not exposed to essential price risk from its commercial activity, because it performs particular services on which prices are preliminary negotiated with the clients.

*Credit risk*

The Foundation is not exposed to credit risk, because it performs services only to clients that are preliminary approved by the Board and whose receivables are collected in preliminary negotiated periods.

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 ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2020**

(all amounts are in BGN'000)

**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Liquidity risk (continued)*

Maturity analysis

<b>31 December 2020</b>	<b>On demand and within 1 month</b>	<b>1-3 months</b>	<b>Total</b>
<b>Financial assets</b>			
Cash	5,813	-	5,813
<b>Total</b>	<b>5,813</b>	<b>-</b>	<b>5,813</b>
<b>Financial liabilities</b>			
Payables to suppliers	-	4	4
<b>Total</b>	<b>-</b>	<b>4</b>	<b>4</b>

<b>31 December 2019</b>	<b>On demand and within 1 month</b>	<b>1-3 months</b>	<b>Total</b>
<b>Financial assets</b>			
Cash	1,500	-	1,500
<b>Total</b>	<b>1,500</b>	<b>-</b>	<b>1,500</b>
<b>Financial liabilities</b>			
Payables to suppliers	-	8	8
<b>Total</b>	<b>-</b>	<b>8</b>	<b>8</b>

*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

<b>31 December 2020</b>	<b>with fixed interest %</b>	<b>interest-free</b>	<b>total</b>
<b>Financial assets</b>			
Cash	436	5,377	5,813
<b>Total</b>	<b>436</b>	<b>5,377</b>	<b>5,813</b>
<b>Financial liabilities</b>			
Payables to suppliers	-	4	4
<b>Total</b>	<b>-</b>	<b>4</b>	<b>4</b>

*This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2020.*

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 December 2020**

(all amounts are in BGN'000)

**19. FINANCIAL RISK MANAGEMENT (CONTINUED)**

*Risk of interest-bearing cash flows (continued)*

<b>31 December 2019</b>	<b>with fixed interest %</b>	<b>interest-free</b>	<b>Total</b>
<b>Financial assets</b>			
Cash	158	1,342	1,500
<b>Total</b>	<b>158</b>	<b>1,342</b>	<b>1,500</b>
<b>Financial liabilities</b>			
Payables to suppliers	-	16	16
<b>Total</b>	<b>-</b>	<b>16</b>	<b>16</b>

**20. EVENTS AFTER THE END OF THE REPORTING PERIOD**

No significant events occurred after the end of the reporting period.