

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
Independent auditor's report
Annual activity report
Annual financial statements
31 December 2022

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION

INDEPENDENT AUDITOR'S REPORT
ANNUAL MANAGEMENT ACTIVITY REPORT
ANNUAL FINANCIAL STATEMENTS
31 December 2022

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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Independent Auditor's Report

To the Board of Directors of Trust for Social Achievement Foundation

Our opinion

We have audited the financial statements of Trust for Social Achievement Foundation (the "Foundation"), which comprise the balance sheet as at 31 December 2022, 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 significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Trust for Social Achievement Foundation as at 31 December 2022, and the Foundation's financial performance and cash flows for the year then ended in accordance with National Accounting Standards (NAS) applicable in Bulgaria.

Basis for opinion

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

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

Independence

We are independent of the Foundation in accordance with the International 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.

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.

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.

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

26 September 2023

Sofia, Bulgaria



Boryana Dimova

Managing Director

PricewaterhouseCoopers Audit OOD

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
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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, “Employment and Entrepreneurship” 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 2022 the members of the Board of Directors are as follows: Sarah Perrine, Emilia Karadocheva, Rosen Ivanov, Veneta Ilieva, Viktoriya Blazheva and Iliana Sarafian.

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 2022 none of the Board members entered into any transactions with TSA.

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
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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 November, 4 2021 the Court registered the last changes in the Articles of Association.

As of 31 December 2022 and 31 December 2021, the Foundation is represented by the Executive Director Sarah Marie Perrine. As of 31 December 2022, the total number of Foundation's personnel is 28 employees (31 December 2021: 28 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 integrated.

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.

2022 as the previous one, continued to be marked by the global COVID-19 pandemic, officially declared by the World Health Organisation on 11 March 2020. 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. In 2022, TSA activities continued to be impacted by the pandemic. Like most businesses in Bulgaria and around the world, during the pandemic we mainly re-focused our activities and content online. As the pandemic wound down, we started gradually shifting back to hybrid and in-person events. Since the situation and the measures taken by the state bodies are very dynamic, and it is hard even for the 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 31.12.2022, 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 4.3 million.

For the period from 1 January to 31 December 2022 TSA received from ABF conditional funding amounting to BGN 227 thousand compared to BGN 5.5 million for the same period of the previous year.

Additionally, TSA participated in one international consortia which was approved in 2018.

Activity Overview (continued)

The multi-national project, worth BGN 785 thousand (EUR 401 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 partners from Bulgaria, Hungary, Romania, and 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 2020 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 2.1 million (EUR 1.1 million). The scholarship project was awarded with additional BGN 160 thousand (EUR 80 thousand) in 2021. The Fund Operator of the Active Citizens Fund (TSA together with Open Society Institute – Sofia and the Workshop for Civic Initiatives) and the National Focal Point initiated the launch of the Roma Policy Lab with an aim to promote results, good practices, cooperation, and mutual learning for CSOs, active citizens and public institutions on Roma inclusion; to create good quality media content in relation to supported projects; to counteract hate speech and negative stereotypes towards Roma CSOs and supported measures; to provide space for evidence-based discussions on Roma inclusion. TSA was awarded an additional 5860 euro for our work on this initiative.

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 activities in Peshtera, Kyustendil, and Dupnitsa.

In 2020, BGN 394 thousand was approved (EUR 201 thousand) for the development of the project, due to commence in 2021. A no-cost extension was approved, changing the duration of the project to 24 months.

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ANNUAL ACTIVITY REPORT (CONTINUED)
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Activity Overview (continued)

Moreover, the Foundation also applied to the Optimus Foundation at UBS Bank and received 10% co-funding for a grant disbursed by America for Bulgaria Foundation, at the amounts of BGN 1.4 million (USD 756 thousand) for the period 2020-2023. The funds will be used to expand the " Nurse-Family Partnership Program", Embracing Diversity, an experiential teacher training program focused on diversity and inclusion, support for activities to reduce drop-out rates, and activities to monitor implementation of the Pre-School and School Education Act regarding eliminating kindergarten fees at a municipal level.

TSA submitted a proposal to the Executive Agency of the Science and Education for Smart Growth Operational Programme and was awarded BGN 241 288 to execute Embracing Diversity trainings.

The project was implemented in partnership with a primary school in the Lukovit municipality, three kindergartens from the Targovishte municipality, and three high schools in the Varna municipality from January 2021 – June 2022. It received a no-cost extension to continue activities until October 2022. As a result of the project, 196 teaching professionals and ECD experts will attend a complex Embracing Diversity training program and each educational institution will develop a diversity and inclusion strategy and operational capacity building plans.

TSA received a grant from the International Step by Step Association worth BGN 38 thousand (USD 24 thousand) for the duration December 2020 – December 2022 to strengthen and position the REYN Initiative as a cohesive and influential international community of national REYN networks and to capacitate the network to advocate at the EU policy level for improved ECD policies.

In addition to the abovementioned funding, the Foundation received funding from other sources and individuals at the amount of BGN 192 thousand in comparison to BGN 274 thousand in 2021.

Total funding received on a cash received on conditional basis in 2022 was BGN 1 million in comparison to BGN 6.9 million in 2021.

The total gross funding as per grant contracts is respectively at the amount of BGN 2.7 million in 2022 and BGN 2.5 million in 2021. At 31 December 2022 TSA had outstanding conditional commitments for grants at the amount of BGN 1.5 million and since its inception in 2012 had disbursed a total of BGN 22 million while the total amount of project 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 2022.

TSA was included as a partner in a project awarded to the Municipality of Blagoevgrad for the project "Blagoevgrad Integrated Measures" by the EEA/Norway grant mechanism, receiving BGN 84,520. In 2022 we organized an event to set up a coordination mechanism and to increase the knowledge and capacity of service providers at the local level to better serve Roma communities. In addition, a series of public events took place dedicated to April 8th. Next steps include consultations on zoning activities and delivery of Embracing Diversity and Empowerment Evaluation trainings for local communities and local authorities.

TSA was included as a partner in a project awarded to the Municipality of Dupnitsa for the project "Dupnitsa Integrated Measures" by the EEA/Norway grant mechanism, receiving BGN 84,000. In 2022 TSA organized an event to set up a coordination mechanism and to increase the knowledge and capacity of service providers at the local level to better serve Roma communities. In addition, a series of public events took place dedicated to April 8th. Next steps include consultations on zoning activities and delivery of Embracing Diversity and Empowerment Evaluation trainings for local communities and local authorities.

Activity Overview (continued)

The Eurochild international network awarded a grant of EUR 15 000 to TSA in April 2022 with a grant period until December 2023 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 national coordinator's role is shared with For Our Children Foundation. The campaign is held jointly with the national partners from nine EU states and aims to inform European and national policy makers of the importance of ECD, to increase the commitment of civil society organizations for the issue, and to empower parents to protect their own rights and the rights of their children. Key achievements from 2022 include contributions to the development of the National Plan of the Child Guarantee, where 80 percent of the campaign's proposals ended in the final version of the Plan.

Importantly, one of the Plan's measures is the development of an overarching cross sectoral ECD strategy. Moreover, home visiting for vulnerable children is now high on the priority list of policy makers and public stakeholders.

In September 2022, the America for Bulgaria Foundation awarded BGN 161 thousand to TSA to support permanent personnel and to help defray the increased costs due to Bulgaria's inflationary environment.

In 2022 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 2,028 thousand compared to BGN 1,441 thousand in 2021, or an increase by 41%.

TSA has a number of projects that it has initiated. In the programme "Early Childhood Development", a total of BGN 2,004 was utilized in 2021. The two most significant projects within this programme are the "Springboard for School Readiness" and the Nurse Family Partnership Program ("Together - Healthy Baby, a Healthy Future" or NFP).

The goal of the Springboard for School Readiness 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.

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.

Activity Overview (continued)

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. In 2021 we published a monitoring report on the new policy to provide state support for kindergarten fees. The report presented information and recommendations to identify gaps in coverage and local barriers to kindergarten exclusion with a view to future scaling of the policy. In 2022 the state removed fees to kindergarten for every child in Bulgaria. This was an inspirational milestone. TSA continued its efforts in 2022 by surveying parents to understand which barriers continued to impede access and by collecting information on rural communities and mapping localities without easy access to kindergarten.

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 an evaluation of the Embracing Diversity program. The Porticus-funded RCT was delayed due to COVID-19 complications and in 2022 it was agreed that the funds would be used to develop and test tools to assess teacher knowledge, attitudes, and practices.

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 65 minutes. Services are offered in 15 neighbourhoods in Sofia and in 7 neighbourhoods in Plovdiv. A total of 400 families have received home visits from nurses. Around 72% of the visits were conducted in the homes of clients and 28% through Telehealth due to the COVID-19 pandemic and other illnesses. In December 2019 TSA opened a medical centre in the history of the 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 is fully operational after successfully passing the control visit of the National Health Insurance Fund, and continued operation in 2022.

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 prenatal and postnatal examinations.

To implement its projects in year 2022 in the Economic Development and Access to Employment Programme, BGN 1,366 thousand was spent. During the year, active work continued on the project "Zone and Legalize Two Marginalized Neighbourhoods". Work was also re-started on the project - "Building Capital – Partnership with a Local Business to Zone and Legalize a Roma Neighbourhood (Oreshaka)".

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Activity Overview (continued)

In the “Educational Achievement” program area through 2022, BGN 1,069 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, 26 BGN thousand was spent to support various projects, including building capacity and specialized trainings for representatives of partner organizations.

This included trainings within the auspices of the Active Citizens Fund such as an online training with guidance on how to plan and generate content to boost NGOs’ online presence.

In 2022, TSA approved and awarded 39 grants to NGO partners to support our work in Early Childhood Development, Educational Achievement, Family Economic Success, and Capacity Building.

In addition in 2022, TSA’s management continued working on strengthening the organization and its team. As at 31 December 2022 TSA had 28 full-time employees, compared to 28 full-time employees at 31 December 2021.

As at 31 December 2022, TSA’s current assets amount to BGN 3,258 thousand (8,291 thousand as at 31 December 2021), of which: cash and cash equivalents: BGN 3,194 thousand, receivables: BGN 58 thousand, and other current assets: BGN 6 thousand.

Prepayments for future periods amount to BGN 46 thousand.

Current liabilities amount to BGN 2,726 thousand (BGN 7,789 thousand as at 31 December 2021), of which BGN 2,663 thousand is for financing current expenses, BGN 18 thousand is the current portion of liabilities for PPE financing, BGN 17 thousand is payables to suppliers, BGN 22 thousand is payables to personnel and for social security, BGN 6 thousand is tax payables (6 thousand corporate tax for year 2022).

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

As at 31 December 2022 TSA’s assets amounted to BGN 3,681 thousand, and the result from non-profit activities is a loss of BGN 30 thousand. For comparison, as of 31 December 2021 TSA’s assets amount to BGN 8,740 thousand, and the result from non-profit activities is a profit of BGN 161 thousand.

The revenue from business activities in 2022 amounts to BGN 58 thousand, and the net profit generated is BGN 52 thousand. For comparison, as of 31 December 2021 revenue amounted to BGN 53 thousand, and the net profit was BGN 45 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 2022 to 31 December 2022.

During the period 1 January 2022 to 31 December 2022 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.

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
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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 2022 is presented below by category. It includes all financial assets in one group 'loans and receivables' and all financial liabilities in one group 'other financial liabilities':

31 December 2022	<i>Loans and receivables</i>
Financial assets	
Receivables from customers	5
Cash and cash equivalents	3,194
Total	<u>3,199</u>
	<i>Other financial liabilities</i>
Financial liabilities	
Payables to suppliers	17
Total	<u>17</u>
31 December 2021	<i>Loans and receivables</i>
Financial assets	
Cash and cash equivalents	8,217
Total	<u>8,217</u>
	<i>Other financial liabilities</i>
Financial liabilities	
Payables to suppliers	18
Total	<u>18</u>

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Financial Risk Management (continued)

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 2022 the Foundation has cash on current and deposit accounts in USD amounting to USD 374 thousand or BGN 686 thousand (31 December 2021: USD 3,572 thousand or BGN 6,169 thousand).

The following exchange rates are applicable for years 2022 and 2021:

	<i>Average applicable rate for the year</i>		<i>Exchange rate on 31 December</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
1 USD	1.86014	1.65377	1.83371	1.72685

Upon an increase in the exchange rate by 10%, the result of non-profit activities will increase by BGN 69 thousand (2021: by BGN 617 thousand).

Upon a decrease in the exchange rate by 10%, the result of non-profit activities will decrease by BGN 69 thousand (2021: by BGN 617 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.

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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 2022	On demand and within 1 month	1-3 months	Total
Financial assets			
Receivables from customers	-	5	5
Cash	3,194	-	3,194
Total	3,194	5	3,199
Financial liabilities			
Payables to suppliers	-	17	17
Total	-	17	17
31 December 2021	On demand and within 1 month	1-3 months	Total
Financial assets			
Cash	8,217	-	8,217
Total	8,217	-	8,217
Financial liabilities			
Payables to suppliers	-	18	18
Total	-	18	18

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 2022	with fixed interest %	interest-free	total
Financial assets			
Receivables from customers	-	5	5
Cash	103	3,091	3,194
Total	103	3,096	3,199
Financial liabilities			
Payables to suppliers	-	17	17
Total	-	17	17

Financial Risk Management (continued)

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
31 DECEMBER 2022**

Risk of interest-bearing cash flows (continued)

Interest analysis (continued)

31 December 2021	with fixed interest %	interest-free	Total
Financial assets			
Cash	282	7,935	8,217
Total	282	7,935	8,217
Financial liabilities			
Payables to suppliers	-	18	18
Total	-	18	18

Main indicators of the economic environment

The main economic indicators of the business environment that have affected the Foundation's activities throughout the period 2020-2022 are presented in the table below:

Indicator	2020	2021	2022
GDP in million levs*	120,553	139,012	165,384
Actual growth of GDP*	-4.0%	7.6%	3.4%
Year-end inflation	0.00%	6.6%	14.3%
Average exchange rate of USD for the year	1.72	1.65	1.86
Exchange rate of the USD at the year-end	1.59	1.73	1.83
Basic interest rate at the year-end	0.00%	0.00%	0.20%
Unemployment rate at the year-end	6.7%	4.8%	4.7%
Standard & Poor's credit rating for Bulgaria (long-term)	BBB	BBB	BBB
Moody's credit rating for Bulgaria (long-term)	Baa1	Baa1	Baa1
Fitch credit rating for Bulgaria (long-term)	BBB	BBB	BBB

Note: * Forecast data from NSI and BNB for 2022

Source: BNB, NSI and Ministry of Finance

Expected developments and plans for 2023

In 2023 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 2023.

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
ANNUAL ACTIVITY REPORT (CONTINUED)
31 DECEMBER 2022

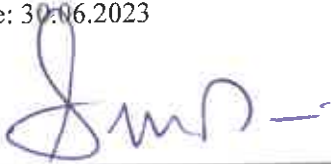
Management responsibilities

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: 30.06.2023



Executive Director:
Sarah Marie Perrine



TRUST
FOR SOCIAL
ACHIEVEMENT

**TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
PROFIT AND LOSS STATEMENT FROM NON-PROFIT ACTIVITIES
for the year ended 31 December 2022**

	Note	2022	2021	Note	2022	2021
		BGN'000	BGN'000		BGN'000	BGN'000
I. Operating expenses						
<i>A. Expenses for regulated activities</i>						
1. Financing expenses	4	2,437	2,198		6,094	4,767
2. Programs and projects expenses	4	2,028	1,441		-	10
Total A:		4,465	3,639		6,094	4,777
<i>B. Administrative expenses</i>						
Total I:	5	1,629	1,128			
		6,094	4,767			
II. Finance costs						
1. Foreign currency exchange losses		110	20		1	1
Total II:		110	20		79	170
III. Total expenses		6,204	4,787		6,174	4,948
IV. Profit from non-profit activities for the year (total revenues - total expenses)		-	161		30	-
Total (III + IV)		6,204	4,948		6,204	4,948

The financial statements on pages 13 to 41 are approved by the Founder and the Board of Directors for issue and signed on 30.06.2023.

Sarah Marie Perrine
Executive Director

Signed in accordance with Independent Auditors' Report:

Pavel Pirinski

Registered Auditor, responsible for the audit

26-09-2023

**TRUST
FOR SOCIAL
ACHIEVEMENT**



Preparer:
AFA Consultant OOD
Valia Jordanova, General Manager

Boryana Dimova, Managing Director
PricewaterhouseCoopers Audit OOD

26-09-2023

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
PROFIT AND LOSS STATEMENT FROM BUSINESS ACTIVITIES
for the year ended 31 December 2022

	Note	2022 BGN'000	2021 BGN'000	Note	2022 BGN'000	2021 BGN'000
A. Expenses						
1. Expenses for materials, external services, including:						
a) external services		-	3		58	53
<i>Total expenses for operating activity</i>	6	-	3		58	53
<i>Total expenses</i>		-	3	6	58	53
B. Revenues						
1. Net sales revenue, including:						
a) services					58	53
<i>Total operating revenues</i>					58	53
<i>Total revenues</i>				6	58	53
2. Accounting profit for the year (total revenues –total expenses)						
		58	50		-	-
3. Tax expense on profit	7	6	5			
4. Net profit for the year (2- 3)		52	45		-	-
<i>Total (Total expenses + 3 + 4)</i>		58	53		58	53

The financial statements on pages 13 to 41 are approved by the Founder and the Board of Directors for issue and signed on 30.06.2023.

Sarah Marie Perrine
Executive Director



Preparer:
AFA Consultants OOD
Valia Ivanova, General Manager

Signed in accordance with Independent Auditors' Report:

Pavel Pirinski
Registered Auditor, responsible for the audit



26-09-2023

26-09-2023

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
BALANCE SHEET
as at 31 December 2022

	31 December		31 December			
	2022	2021	2022	2021		
	Note	BGN'000	BGN'000	Note	BGN'000	BGN'000
ASSETS					LIABILITIES	
ASSETS					NET ASSETS AND	
A. Non-current (long-term) assets					LIABILITIES	
					A. Net assets	
					I. Reserves	
					I. Other reserves, including:	461 491
					- from prior years	491 330
					- for the current year	(30) 161
I. Tangible fixed assets					Group I total:	461 491
1. Land and buildings, including:	346	369			II. Accumulated profit (losses)	
					from business activities in prior	
					years, including:	
					- retained earnings	181 136
					Group II total:	181 136
					III. Current profit/(loss) from	
- land		7 7			business activities	52 45
- buildings		339 362			Section A total	694 672
2. Equipment and other		31 41				
Group I total:	8	377 410			LIABILITIES	
Section A total:		377 410			B. Creditors	
					1. Trade creditors, including:	12 17 18
					up to 1 year	17 18
					2. Other liabilities, including:	28 28
B. Current (short-term) assets					- payables to personnel, including:	13 19 19
I. Debtors					up to 1 year	19 19
1. Trade debtors		51 63			- payables for social security,	
					including:	13 3 3
2. Other receivables		7 5			up to 1 year	3 3
Group I total:	9	58 68			- tax payables, including:	7 6 6
II. Other current assets	10	6 6			up to 1 year	6 6
III. Cash and cash equivalents,					Section B total, including:	45 46
including:	11	3,194 8,217			up to 1 year	45 46
- cash in current bank accounts					C. Grants and deferred income,	
(deposits)		3,194 8,217			including:	14 2,942 8,022
Group III total:		3,194 8,217			- grants	2,942 8,022
Section B total:		3,258 8,291			TOTAL NET ASSETS AND	
C. Deferred expenses	9	46 39			LIABILITIES (A + B + C)	3,681 8,740
TOTAL ASSETS (A + B + C)		3,681 8,740				

The financial statements on pages 13 to 41 are approved by the Founder and the Board of Directors for issue and signed on 30.06.2023.

Sarah Marie Perrine
Executive Director

TRUST FOR SOCIAL ACHIEVEMENT

Preparer:
ATA Consultants OOD
Valia Iordanova, General Manager

Signed in accordance with Independent Auditors' Report:

Pavel Pirinski
Registered Auditor, responsible for the audit

Boryana Dimova, Managing Director
PricewaterhouseCoopers Audit OOD

26 -09- 2023

26 -09- 2023

This is a translation from Bulgarian of the annual financial statements of Trust for Social Achievement Foundation for the year ended 31 December 2022.

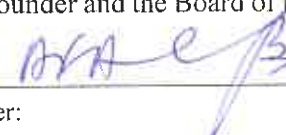
TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
CASH FLOW STATEMENT
for the year ended 31 December 2022

	Note	2022 BGN'000	2021 BGN'000
I. Cash and cash equivalents at 1 January	11	8,217	5,813
II. Cash flows from non-profit activities			
A. Cash proceeds from non-profit activities			
1. Proceeds from conditional financing		1,012	6,940
2. Proceeds from bank and currency transactions		79	170
3. Other receivables		-	10
Total cash proceeds from non-profit activities		1,091	7,120
B. Cash paid for non-profit activities			
1. Financing granted		2,437	2,198
2. Cash paid for programs and projects		1,955	1,393
3. Cash paid to employees and for social security		1,023	708
4. Cash paid to suppliers		441	306
5. Other taxes paid		187	147
6. Payments for bank and currency transactions		133	22
7. Other payments		-	1
Total cash paid for non-profit activities		6,176	4,775
C. Net cash flows from non-profit activities		5,085	2,345
III. Cash flows from business activities			
A. Cash proceeds from business activities			
1. Proceeds from clients		62	63
Total cash proceeds from business activities		62	63
B. Cash paid for business activities			
1. Cash paid to suppliers		-	4
Total cash paid for business activities		-	4
C. Net cash flows from business activities		62	59
IV. Cash and cash equivalents at 31 December	11	3,194	8,217
V. Change in the cash flows for the year		(5,023)	2,404

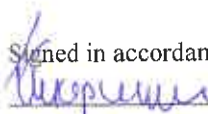
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Sarah Marie Perrine
Executive Director


**TRUST
FOR SOCIAL
ACHIEVEMENT**


Preparer:
AFA Consultants OOD
Valia Iordanova, General Manager

Signed in accordance with Independent Auditors' Report:


Pavel Pirinski
Registered Auditor, responsible for the audit
26 -09- 2023

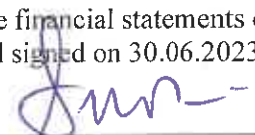



Boryana Dimova, Managing Director
PricewaterhouseCoopers Audit OOD
26 -09- 2023

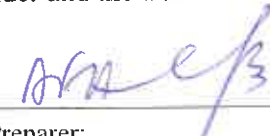
TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Other reserves BGN '000	Financial result from non-profit activity for the current year BGN '000	Financial result from business activities Retained earnings BGN '000	Net profit for the year BGN '000	Total net assets BGN '000
1. Balance at 1 January 2021	445	(115)	91	45	466
2. Financial result from non-profit activity for the year	-	161	-	-	161
3. Financial result from business activities for the year	-	-	-	45	45
4. Transfer to other reserves	(115)	115	45	(45)	-
5. Balance at 31 December 2021	330	161	136	45	672
6. Financial result from non-profit activity for the year	-	(30)	-	-	(30)
7. Financial result from business activities for the year	-	-	-	52	52
8. Transfer to other reserves	161	(161)	45	(45)	-
9. Balance at 31 December 2022	491	(30)	181	52	694

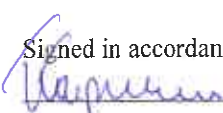
The financial statements on pages 13 to 41 are approved by the Founder and the Board of Directors for issue and signed on 30.06.2023.


 Sarah Marie Perrine
 Executive Director





 Preparer:
 AFA Consultants OOD
 Valia Iordanova, General Manager

Signed in accordance with Independent Auditors' Report:


 Pavel Pirinski
 Registered Auditor, responsible for the audit




 Boryana Dimova, Managing Director
 PricewaterhouseCoopers Audit OOD

26 -09- 2023

26 -09- 2023

1. BACKGROUND INFORMATION ON THE FOUNDATION

The Trust for Social Achievement Foundation (“the 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 2022 and 31 December 2021, the members of the Board of Directors are as follows: Veneta Ilieva, Viktoria Blazheva, Emilia Karadocheva, Sarah Marie Perrine, Rosen Ivanov and Iliana Sarafian. On 12 April 2023 Rosen Ivanov was released as a member of the Board of Directors.

As at 31 December 2022 and 31 December 2021, the Foundation was represented by the Executive Director Sarah Marie Perrine.

As at 31 December 2022, the initial property contributions are at the amount of BGN 1,000.

As at 31 December 2022, the total number of Foundation's personnel was 28 employees (31 December 2021: 28 employees).

1.2 Principal activities

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

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;
- design, 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;
- desing and performs training 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. Military conflict between Ukraine and Russia - impact, effects, actions and measures taken

At the end of February 2022, the military conflict between Russia and Ukraine began. This conflict continues as of the date of issue of this financial report, leading to turmoil in the world's leading financial markets. Additionally, the supply chain problems caused by the COVID-19 pandemic are expected to be further compounded by this conflict on the territory of Ukraine. Russia is facing increasingly broad economic sanctions from the European Union, the United States, and other countries. Consequently, a significant increase in the prices of oil, gas, electric energy, and other raw materials, as well as global inflation, is already observed and expected to persist.

Influence on the activity and financial condition of the Foundation

At this stage, management is actively monitoring and conducting ongoing analyses and assessments of the potential consequences of the conflict for the company, including its activities, assets, and prospects. In the short term, the assessment indicates that, given the absence of close economic ties or an exchange of goods and services with Russia and Ukraine, there is no immediate direct impact or affected exposures. However, an indirect impact on activity, assets, and markets is anticipated due to the expected significant increase in the prices of oil, gas, and other raw materials, as well as the rise in inflation.

The development and outcome of the conflict cannot be accurately predicted at this early stage, given numerous uncertain factors. It remains challenging to foresee its long-term effects, both on the global economic and social development of the European Union and the world at large, as well as on Bulgaria and the organization in particular.

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 15/19.02.2019), 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 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:

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

2.2 Uncertainty of accounting estimates (continued)

Useful life of depreciable assets Management reviews the useful lives of depreciable assets at the end of each reporting period. As at 31 December 2022 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 2021. 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.

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

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.

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

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.

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.

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

2.7. Property, plant and equipment (continued)

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.

Impairment of assets

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

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

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

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

2.7. Property, plant and equipment (continued)

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 upon 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.

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

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".

2.12. 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

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)**

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 similar.

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.

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.

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)

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 company 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.

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

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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2. 2. SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES OF THE FOUNDATION
(CONTINUED)

2.13. Financial instruments (continued)

current assets when having maturity within 12 months or within a common operating cycle of the Foundation while the remaining ones are carried as non-current assets.

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

Financial liabilities

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

3. 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.

	2022	2021
Net revenues from conditional financing, including:		
<i>Educational Achievement</i>	2,727	1,187
<i>Early Childhood Development</i>	1,859	2,245
<i>Family Economic Success</i>	1,455	1,233
<i>Capacity Building</i>	35	84
<i>Financing for acquisition of non-current assets up to the amount of depreciation charge (Note 8)</i>	18	18
Total	6,094	4,767

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 2022 the Foundation approved and concluded grant contracts whereas the gross expenses on the awarding of this grant amounted to BGN 2,658 thousand (2021: BGN 2,502 thousand) (Note 16).

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TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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4. EXPENSES FOR REGULATED ACTIVITY (CONTINUED)

The net expenses on the awarding of grants amounted to BGN 2,437 thousand (2021: BGN 2,198 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:

	2022	2021
Materials and consumables used	69	48
Hired services expense	394	214
Amortization	10	9
Employee benefits expense	789	709
Other expenses	766	461
Total	2,028	1,441

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:

	2022	2021
Materials and consumables used	53	37
Hired services expenses	242	167
Depreciation and amortization expenses	43	59
Employee benefits expense	1,215	833
Other expenses	76	32
Total	1,629	1,128

6. REVENUES AND EXPENSES FROM BUSINESS ACTIVITIES

Revenues from business activities are at the amount of BGN 58 thousand for rendering of services (2021: BGN 53 thousand).

In 2022 the Foundation had no expenses for business activities (2021: BGN 3 thousand hired services expenses).

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
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7. TAXATION

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

	2022	2021
<i><u>Profit and loss statement of business activities</u></i>		
Tax profit for the period under the tax return	58	50
Current tax expense on profit for the period - 10%	6	5
Total tax expense on profit reported to the profit and loss statement of business activities	6	5
<i><u>Reconciliation of tax expense on profit applicable to the pre-tax profit or loss</u></i>		
Accounting profit for the period	58	50
Total tax expense on profit carried to the profit and loss statement of business activities	6	5

As at 31 December 2022 the Foundation has *a liability for tax on profit from business activities* at the amount of BGN 6 thousand (31 December 2021 – BGN 5 thousand).

8. 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>	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Book value												
Balance at 1 Jan	7	7	570	570	162	147	70	70	58	58	867	852
Additions	-	-	-	-	16	29	-	-	4	-	20	29
Disposals	-	-	-	-	(1)	(14)	-	-	-	-	(1)	(14)
Balance at 31 Dec	7	7	570	570	177	162	70	70	62	58	886	867
Accumulated depreciation												
Balance at 1 Jan	-	-	208	185	130	121	70	55	49	42	457	403
Depreciation for the year	-	-	23	23	26	23	-	15	4	7	53	68
Depreciation written-off	-	-	-	-	(1)	(14)	-	-	-	-	(1)	(14)
Balance at 31 Dec	-	-	231	208	155	130	70	70	53	49	509	457
Carrying amount at 31 Dec	7	7	339	362	22	32	-	-	9	9	377	410

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 2022, depreciation costs for these assets are at the amount of BGN 18 thousand (2021: BGN 18 thousand).

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9. RECEIVABLES AND PREPAYMENTS

<i>Receivables</i>	31.12.2022	31.12.2021
Receivables from advances to suppliers	46	63
Receivables from customers	5	-
Other receivables	7	5
Total	58	68

Deferred expenses

Prepaid deferred expenses amounting to BGN 46 thousand (31 December 2021: BGN 39 thousand) include insurance and subscriptions.

10. OTHER CURRENT ASSETS

Other current assets amounting to BGN 6 thousand (31 December 2021: BGN 6 thousand) include: residual amount after partial donation of land acquired in 2015 intended for donation.

11. CASH AND CASH EQUIVALENTS

	31.12.2022	31.12.2021
Cash at a current bank account in BGN	2,483	1,839
Cash at a current bank account in foreign currency	608	6,096
Cash at bank deposit accounts in BGN	25	209
Cash at a current bank account in foreign currency	78	73
Total	3,194	8,217

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.

12. PAYABLES TO SUPPLIERS

The payables to suppliers as at 31 December comprise:

	31.12.2022	31.12.2021
Consulting services	10	8
Accounting services	4	2
Overheads	1	1
Other	2	7
Total	17	18

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

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13. PAYABLES TO PERSONNEL AND FOR SOCIAL SECURITY

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

	31.12.2022	31.12.2021
Accruals for payments on unused paid leaves	19	19
Accruals for social security contributions on unused paid leaves	3	3
Total	22	22

14. 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:

Term	31.12.2022	31.12.2021
Up to one year	18	18
Two-level office (to the amount of funding)	18	18
Over one year	261	279
Two-level office (to the amount of funding)	254	272
Land plot	7	7
Total	279	297

Financing for current expenses

	31.12.2022	31.12.2021
Financing for current expenses	2,663	7,725
	2,663	7,725

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".

15. RELATED PARTY TRANSACTIONS

In 2022 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 10 thousand (USD 70 thousand in 2021).

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

16. CONTINGENT ASSETS AND LIABILITIES

Contingent receivables

As at 31 December 2022 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 2022 the outstanding contingent receivables from ABF amount to BGN 3.8 million (USD 2.1 million).

A commitment of ABF as per a grant agreement dated 4 May 2016 with a duration of 90 months and with a total approved amount of BGN 1.2 million. As at 31 December 2022 the outstanding receivables from ABF for this grant amount to BGN 551 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 2.1 million (EUR 1.1 million).

As at 31 December 2022, the outstanding contingent receivables from EFSM of EEC for this grant amount to BGN 648 thousand (EUR 331 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 2022, the outstanding amount is BGN 102 thousand (EUR 52 thousand)

A commitment of Foundation Autonomia – Hungary as per a grant agreement dated 15 October 2018 with a duration of 54 months and a total approved amount of BGN 785 thousand (EUR 401 thousand).

TRUST FOR SOCIAL ACHIEVEMENT FOUNDATION
NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)
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16. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Contingent assets (continued)

As at 31 December 2022, the outstanding contingent receivables from Foundation Autonomia – Hungary for this grant amount to BGN 332 thousand (EUR 170 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 2022 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 2022 the outstanding amount of contingent receivables from Utrecht University for this grant amounts to BGN 78 thousand (EUR 40 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 2022, the outstanding amount of contingent receivables for this grant amount to BGN 78 thousand (EUR 40 thousand).

A commitment of Executive Agency “Programme Education” as per a grant agreement dated 7 January 2021 with a duration of 17 months and total approved amount BGN 241 thousand. As at 31 December 2022, the outstanding amount of contingent receivables for this grant amount to BGN 181 thousand.

A commitment of Optimus Foundation as per a grant agreement (11 November 2020) for a period of 36 months and total amount of the approved amount BGN 1.4 million (USD 756 thousand). As at 31 December 2022 the outstanding contingent receivables from Optimus Foundation amount to BGN 378 thousand (USD 256 thousand).

A commitment of Workshop for Civic Initiatives Foundation as per a grant agreement (13 December 2021) for a period of 36 months and total amount of the approved amount BGN 11 thousand (EUR 6 thousand). As at 31 December 2022 the outstanding contingent receivables from Workshop for Civic Initiatives Foundation amount to BGN 11 thousand (EUR 6 thousand).

A commitment of Municipality of Blagoevgrad as per a grant agreement (11 April 2022) for a period of 24 months and total amount of the approved amount BGN 84 thousand. As at 31 December 2022 the outstanding contingent receivables from Municipality of Blagoevgrad amount to BGN 67 thousand.

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16. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Contingent assets (continued)

A commitment of Municipality of Dupnitsa as per a grant agreement (11 April 2022) for a period of 24 months and total amount of the approved amount BGN 84 thousand. As at 31 December 2022 the outstanding contingent receivables from Municipality of Dupnitsa amount to BGN 67 thousand.

A commitment of Eurochild international network as per a grant agreement (19 April 2022) for a period of 21 months and total amount of the approved amount BGN 29 thousand (EUR 15 thousand). As at 31 December 2022 the outstanding contingent receivables from Eurochild international network amount to BGN 12 thousand (EUR 6 thousand).

Contingent liabilities

As at 31 December 2022 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 2022

Programme	<i>Contingent liabilities at 1 January 2022</i>	<i>Total grants amount on the contracts at 31 December 2022</i>	<i>Gross amount granted in 2022 (Note 4)</i>	<i>Gross amount granted at 31 December 2022</i>	<i>Contingent liabilities at 31 December 2022</i>
<i>Educational Achievement</i>	873	9,404	944	8,950	454
<i>Early Childhood Development</i>	1,026	9,972	1,165	9,263	709
<i>Family Economic Success</i>	990	4,448	549	4,127	321
<i>Capacity Building</i>	15	130	0	115	15
Total	2,904	23,954	2,658	22,455	1,499

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6. CONTINGENT ASSETS AND LIABILITIES (CONTINUED)

Contingent liabilities (continued)

31 December 2021

Programme	<i>Contingent liabilities at 1 January 2021</i>	<i>Total grants amount on the contracts at 31 December 2021</i>	<i>Gross amount granted in 2021 (Note 4)</i>	<i>Gross amount granted at 31 December 2021</i>	<i>Contingent liabilities at 31 December 2021</i>
<i>Educational Achievement</i>	306	8,879	994	8,006	873
<i>Early Childhood Development</i>	1,051	9,195	1,120	8,169	1,026
<i>Family Economic Success</i>	822	4,619	353	3,629	990
<i>Capacity Building</i>	-	130	35	115	15
Total	2,179	22,823	2,502	19,919	2,904

In 2022 the Foundation concluded new contracts/annexes to existing grant contracts, and the total amount of approved grants as at 31 December 2022 (aggregated since 2012) is BGN 23,954 thousand (31 December 2021: BGN 22,823 thousand), or the total increase of total grant amount during the current financial year amounts to BGN 1,131 thousand.

17. 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':

31 December 2022

Financial assets

Receivables from customers	5
Cash and cash equivalents	3,194
Total	3,199

Loans and receivables

Other financial liabilities

Financial liabilities

Payables to suppliers	17
Total	17

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17. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 December 2021

Loans and receivables

Financial assets

Cash and cash equivalents

8,217

Total

8,217

Other financial liabilities

Financial liabilities

Payables to suppliers

18

Total

18

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 2022 the Foundation has cash on current and deposit accounts in USD amounting to USD 374 thousand or BGN 686 thousand (31 December 2021: USD 3,572 thousand or BGN 6,169 thousand).

The following exchange rates are applicable for 2022 and 2021:

	<i>Average applicable rate for the year</i>		<i>Exchange rate on 31 December</i>	
	<i>2022</i>	<i>2021</i>	<i>2022</i>	<i>2021</i>
1 USD	1.86014	1.65377	1.83371	1.72685

Upon an increase in the exchange rate by 10%, the result of non-profit activities will increase by BGN 69 thousand (2021: by BGN 627 thousand).

Upon a decrease in the exchange rate by 10%, the result of non-profit activities will decrease by BGN 69 thousand (2021: by BGN 627 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.

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17. FINANCIAL RISK MANAGEMENT (CONTINUED)

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.

Maturity analysis

31 December 2022	On demand and within 1 month	1-3 months	Total
Financial assets			
Receivables from customers	-	5	5
Cash	3,194	-	3,194
Total	3,194	5	3,199
Financial liabilities			
Payables to suppliers	-	17	17
Total	-	17	17
31 December 2021	On demand and within 1 month	1-3 months	Total
Financial assets			
Cash	8,217	-	8,217
Total	8,217	-	8,217
Financial liabilities			
Payables to suppliers	-	18	18
Total	-	18	18

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17. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2022	with fixed interest %	interest-free	total
Financial assets			
Receivables from customers	-	5	5
Cash	103	3,091	3,194
Total	103	3,096	3,199
Financial liabilities			
Payables to suppliers	-	17	17
Total	-	17	17
31 December 2021	with fixed interest %	interest-free	Total
Financial assets			
Cash	282	7,935	8,217
Total	282	7,935	8,217
Financial liabilities			
Payables to suppliers	-	18	18
Total	-	18	18

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no significant events after the end of the reporting period.