

**BULGARIAN CHARITIES AID FOUNDATION**

ANNUAL REPORT ON THE ACTIVITY,  
INDEPENDENT AUDITOR'S REPORT AND  
ANNUAL FINANCIAL STATEMENTS

DECEMBER 31, 2011

*(Translation from the original in Bulgarian)*



*Connecting good people*

**BULGARIAN  
CHARITIES AID  
FOUNDATION**

annual  
report  
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**BCAF** Bulgarian Charities  
Aid Foundation

### ***Vision***

A society where responsible giving is a recognized part of everyday life.

### ***Mission***

Bulgarian Charities Aid Foundation (BCAF) works to champion effective giving in Bulgaria, supported by an adequate legal framework.

### ***Our Goals***

We contribute to the development of modern philanthropy and strong not-for-profit sector by helping:

+ **business** - to achieve its community goals

+ **individuals** - to give easily and safely

+ **non-profit organisations** - to increase their resources and effectiveness.

BCAF is part of the International network of Charities Aid Foundation, represented in the United Kingdom, USA, Russia, Bulgaria, India, Australia, Brazil, Singapore and Southern Africa. CAF-UK is a unique organisation with enormous contribution to the development and provision of services for NGOs, corporate and individual donors. Together, all CAF organisations support charitable causes in more than 90 countries, distributing more than 1 million pounds every day.

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# INTRODUCTION

## WHAT WAS 2011 LIKE FOR BCAF

2011 was marked by our 15<sup>th</sup> anniversary – a year of self-evaluation and assessment of the achievements, shaping new development strategies and changes for good.

We expanded our portfolio of services in support of corporate donors and non-profit organisations, and we planned new services for individual donors.

Leading Edge IT Solutions Provider VEREO made us a present – they created BCAF's new website pro bono, including the built-in **Giving platform**. The platform allows donors to give online for various charitable causes, using through the EBG payment processor.

Our Anniversary Fund served as a base for restructuring our grant programmes for non-profit organisations. BCAF entered 2012 with **4 thematic funds**, covering several important spheres of society needs.

Despite the financial difficulties, in 2011 we raised **BGN 864 578.99** for our causes, of which **BGN 100 000** were donated via payroll giving. Among our new donors there are the employees of Libra AG, DHL Bulgaria, eCommera, M-Network; the largest monthly charitable contribution is still coming from the employees of MobilTel, and UniCredit Bulbank is the company with the largest employee giving matching fund.

The *Fund for medical treatment of children* and the "Get Ready to Succeed" scholarship programme raised a record-breaking volume of donations, thanks to the campaign of Raiffeisenbank Bulgaria, companies like: Eurofootball, AES, Contour Global and the donations from the Bulgarian American Society, AmCham and the International Women's club. We also received substantial donors' support for the *Fund for independent life for young people, who grew up in institutions*.

2011 was designated as the European Year of Volunteering and this gave an additional boost to positive public discussions on the topic, as well as to numerous volunteering projects. More than 4000 people from six regions in the country participated in our **Volunteer Days**. A small grant under the EUROPA programme of Sofia Municipality enabled us to start supporting municipal educational and cultural institutions.

The grant programme we realize with the support of the Trust for Civil Society in CEE, gave us the opportunity to work systematically with a group of non-profit organisations to

improve their presentation skills, resulting in over a 100 new payroll givers. The Trust for Civil Society also supported the autumn edition of the Volunteering Days that attracted two times more participants than previous year.

Thanks to the continuous core activities support , provided by the C.S. Mott Foundation we succeeded to fund a number of activities that are not self-sustainable, but are at the core of our mission – the DMS project, the activities with NPOs, the participation in various awareness and advocacy groups and committees.

In October the Council of Founders of BCAF released the Chairman Mr. Michael Tachev of his duties after 9 years of honorable service. Mr. Michael Boyadjiev was elected as the new Chairman - he has been a member of the Board of Directors of BCAF and a valuable volunteer to the foundation since 2002.

2011 was a ***year of recognition*** of our efforts, consistency and achievements:

BCAF and the American Chamber of Commerce were awarded in the category “Most successful partnership” in the annual competition *The Largest Corporate Donor* in Bulgaria, organised by the Bulgarian Donors Forum.

The Executive Director of BCAF, Mrs. Elitsa Barakova was nominated in the annual “Woman of the year” contest organised by GRACIA magazine.

Besides our professional achievements during 2011, we also had our personal accomplishments to be proud of: Mr. Stanislav Georgiev, member of BCAF’s Board of Directors and his wife Stanimira participated in a charity marathon and they ran 122 km altogether.

## THE 15<sup>th</sup> ANNIVERSARY

We celebrated our 15<sup>th</sup> anniversary with several special events.



January 2011  
*BCAF's giving calendar*

For our 15<sup>th</sup> anniversary we printed out and distributed among our partners a very special calendar, filled with a number of interesting ideas for everyone's individual charitable activities for the year. The calendar promotes payroll giving and presents some themed combinations of causes, illustrating the variety of possibilities for every donor.

A lot can be achieved with only a small amount of money!

16 March 2011

### *Sofia is interested to apply the London's experience in public-private partnerships*

The Chairman of Capital's Community Foundation of London, Mr. Michael Brophy was invited as a guest-speaker at a public discussion: "United for Sofia: building of public support for a socially important cause: the nomination of Sofia for European Cultural Capital for 2019", an event, organised Sofia Municipality, The Association for development of Sofia and BCAF.



16 March 2011  
*Fiends of BCAF – 15 years later*

The people, who have been a part of BCAF's management team during the last 15 years

are more than 30. They do not need individual presentation – their names are well-known in the spheres of non-profit organisations, business, politics and media. Very different in, terms of professions and lifestyles, they all have something in common- the trace, left in their CVs and the honorable title “Friend of BCAF”. On March 16, the ex-members of the first Board of Directors were introduced to their successors.

17 March 2011

***A company is a living organism and it should behave as a responsible collective citizen***

Michael Brophy, a member of the Council of Founders of BCAF and Chairman of the Board of the Capital Community Foundation of London was invited to speak at a business breakfast, organised by the American Chamber of Commerce to mark BCAF’s 15<sup>th</sup> anniversary. The focus of Michael’s presentation for applying policies for social responsibility in a company was set on having a well-developed plan, personal involvement and contributions from the top management, as well as an energetic and creative manager as a leader.



10 May 2011

***Openly about state policies and philanthropy***

John Low - CEO of CAF-UK participated in a meeting with members of the Bulgarian Donors Forum to discuss the place of philanthropy in the agenda of the British government and the common features with Bulgarian reality. John Low impressed the audience with examples of good and bad practices and surprised them with his critical view and thoughts on the events in the United Kingdom, which is unusual for typical meetings for exchange of foreign experience.

11 May 2011

***The CSR Council will turn to British experience for changing the law on Public procurement***

Mr. John Law, CEO of Charities Aid Foundation in Great Britain, was also invited by BCAF to participate in the second regular annual session of the Corporate Social Responsibility

Council at the Ministry of labour and Social Welfare. Mr. Law presented some good practices for establishing effective partnerships between the governmental structures and NPOs in the United Kingdom. The cases covered various public spheres – justice, healthcare, social services, etc., and focused on the role of the effective use of public funds in partnership with local NPOs and socially responsible companies for achieving substantial savings in the state funding.



11 May 2011

***The evening of BCAF***

Celebration: speeches, music, a big cake and plenty of conversations, starting with “do you remember when...” – this is how the Chairman of the Board of Directors Michael Tachev, John Low and Elitsa Barakova welcomed over 60 guests at BCAF’s birthday party. A special documentary, dedicated to the Foundation’s anniversary, impressed

everybody with kind words and old photos.

## ADVOCATING FOR A FAVOURABLE GIVING ENVIRONMENT

*Our goal: To contribute to the introduction of legislation that encourages giving and of public-oriented policies that support philanthropy.*

*Our activities: Based on our own experience, the experience of others and the existing analyses and researches, together with experts and colleagues we are developing proposals for new policies or legal changes and we advocate for better policies.*

### WHAT WAS LIKE 2011 FOR PHILANTHROPY IN BULGARIA?

To be able to find out if there is a stable increase in the volumes of financial donations in 2011, we have to wait for the data from the National revenue agency. The subjective opinion of experts and organisations, however, is that giving has kept the volumes from last year or suffered a slight decrease. The year was **financially weak**, due to the overall European financial crisis. However, giving to governmental institutions continues to grow, having in mind that 2011 was a year of 2 in 1 election campaigns – for President of the Republic and for local authorities.



According to the CAF World Giving Index *in 2011, Bulgaria has dropped to 145<sup>th</sup> place*, after being in 141<sup>st</sup> place in 2010. The overall giving index for the country is 17%: people, who have donated money are 13%; the volunteers – 5%, and the ones who “helped a stranger” -32%.

It is a true that the top-listed countries in the World Giving Index for 2011 do have some characteristics that we lack – like a couple hundreds of years of traditions, socially active churches and schools and governments concerned about philanthropy. But, despite these arguments, the most important reason for our low rating is our low self-esteem and underestimating the importance of small acts of goodness. Bulgarians’ giving behavior remains ad hoc and in small amounts, and, therefore – poorly recorded and reported.

Another trend in charitable giving is related to high net wealth individuals who are starting their own foundations. Their number is constantly growing and they attract the public attention not only due to their specific activities, but also because they are taking part in strategic discussions on the role of charitable giving. According to Bulgarian Donors Forum, this has influenced the increased volumes of individual investments.

Restricted finances have led to **greater concern about the efficiency and effectiveness** of projects and giving programmes, so we believe shrinking resources had positive sides, too.

**The lack of adequate policy and behavior of the state** is still a fact. There is no change in the mechanisms for encouraging philanthropy and these mechanisms do not bring any positive results, as they are not based on detailed analysis of existing practices and there is no long-term strategy. On one hand, these mechanisms are not considered to be economically motivating - according to a BCAF survey in October 2011 among some of the largest corporate donors, **businesses want bigger tax deductions**-to provide more tangible economic incentive, to stimulate businesses to give more in times of crisis. On the other hand, there is no discussion about provision of encouraging measures and policies, apart from tax deductions, such as –partnership in planning public and private resources and recognition for donors.

This leads to the already established model of leaving big social problems to be donors' responsibility – for example, introducing the limit of funding in the Fund for medical treatment of children by the Ministry of health, or the charitable campaigns led by Governmental figures, without putting any efforts in serious reformation of health services. The lack of quality and accessible non-stop care for families with children suffering from cerebral paralysis and other diseases is still a serious problem for BCAF, despite the increased volumes of donations.

Memorable moments during the year were **the scandals** with donations to the Ministry of Internal affairs and the limousine, donated in December to Metropolitan Cyril. The positive outcome of these, however, was the opening of public debate on **ethical and legal issues**, regulation of relationships between donors and beneficiaries, conflict of interests and philanthropy. As a result, the Ministry of Internal affairs will probably stop accepting donations, but generally speaking, we expect that the Ministries, municipalities and state enterprises will again top the list of largest recipients of donations in the country.

There are also large volumes of donations – made through SMS, from the workplace, anonymously made or not announced at all, that still cannot be “counted” i.e. measured and analysed.

## THE LAW ON VOLUNTEERING

There are attempts a Law on Volunteering to be written and accepted for the last 5 years. The work on the draft Law was re-launched in 2011, as an European Year of volunteering. The working group, was managed by the Ministry of culture. Representatives of 9 Ministries, agencies and 9 NPOs took part in the development of the law. BCAF was invited to take part in the group as an organization working actively with volunteers.

The aim of such a law is to regulate the legal norms concerning the volunteering, to establish the definitions of the status of the volunteer, his rights, responsibilities and obligations, the payment of the insurance during the volunteering activities hours. Definitions are needed for the various types of volunteering labour – short term, long term, corporate volunteering.

*Work:* 6 months and 7 sessions of the working group

*Contribution:* BCAF proposed the inclusion of the concept for corporate volunteering in the project, together with some ideas for its regulations. BCAF foresees possibilities for further encouragement of this type of corporate projects.

*Result:* The final draft Law, presented for public debates in December 2011 contains our proposition.

*Future:* The Ministry must present the draft law at the Council of ministers during 2012.

## CIVIC PARTICIPATION FORUM

In 2011 BCAF joined the Civil participation Forum and its actions. The Forum is a non-formal association, an independent platform for common actions of its members – Bulgarian non-profit organizations, aiming to improve the cooperation of the non-profit sector and the public authorities at local and national level. The Forum works for the strengthening of the direct participation of the civil society in the decision making processes concerning important political decisions through joining the resources of the civil society. Lyudmila Atanassova was elected Chairman of the constant group on the issues of funding for non-profit organizations. In 2011, The Forum negotiated with several ministries mechanism for coordination through members of the Forum. After a competition, Yana Rupeva was elected as a Deputy Representative of the Forum at the Ministry for Labour and Social Welfare.

## DEVELOPING THE GIVING CULTURE

*Our goal: To contribute to the development of an effective giving culture*

*Our activities: We carry out research and analysis of key aspects of philanthropy. We organize public forums/discussions and distribute information so that the society is well informed about the giving opportunities and results of it; and the organizations and companies to be well aware about the social attitudes and needs.*

Knowledge sharing is one of the core values and aims of BCAF. We strive to be a reliable and valuable source of information about philanthropy in Bulgaria. That is why we purposefully analyze our own experience, the experience gained through our consultancy services and we research the experience of our colleagues. The focus of our research is to study giving and philanthropy and to increase the understanding of their essence – motivation, mechanisms and development opportunities.

### WHY WE GIVE AND HOW WE MEASURE GIVING

At the end of 2011, donors and experts on philanthropy, sociologists, social analyzers and media representatives discussed how and why we measure giving. The forum was organized by the Bulgarian Charities Aid Foundation and the Bulgarian Donors forum on the occasion of the announcement of the results of CAF World Giving Index 2011. According to it, Bulgaria takes the 145<sup>th</sup> place. The research measures three aspects of giving- giving of money, giving of time (volunteering) and helping a stranger. The World Giving Index puts the nations all around the world based on the combination of the values of those three indicators.



The participants in the meeting debated over the connection between giving and values; between philanthropy and personal satisfaction and questioned if and how the sociological surveys succeed to capture the real volumes of giving as well as some traditional forms of support in the broader family and friendship circles of a person.

They agreed that tax deductions are the last incentive to make a donation. As a proof of that was pointed out the fact that the

smallest amounts of donations have been made in the areas that have biggest tax deductions, as for example the State Fund for medical treatment of children at the Ministry of social health (up to 50% of tax deductions) and the Fund for culture at the Ministry of culture (up to 15% of tax deductions).

The Spokesperson of the National Revenue Agency, Rossen Buchvarov, declared that the Agency is ready to put efforts and money to promote tax deductions, including those, made for donations.

There was also a discussion about the needs for researching the traditional mechanisms for help, which activate during times of crisis, a better description and measurement of giving, which would help the experts and organisations, working on that issue, to plan better their future programmes for philanthropy development.

## TAX INCENTIVES FROM THE STATE

### EXPERTISE AND REPORTING FROM NPOS

At the beginning of November, BCAF carried out a questionnaire among the eleven biggest corporate donors in Bulgaria – those who have very rich giving experience, interests and future plans. The questions were focused in the relation between the state and the donors.

**The findings were represented during the Conference “Donors and State” organized by the Bulgarian school for politics “Dimi Panica” and the Bulgarian Donors Forum on the 15<sup>th</sup> November 2011.**

Without being representative for the country, the blitz questionnaire of BCAF, registered sustainability of a long noticed tendencies. The big corporate donors in Bulgaria want from the State one thing – good regulations – to be able to produce, to make profit and to make donations. When we talk about social responsibility and charitable causes, they search for the partnership and expertise of the nonprofit organizations. In their face they see a reliable partner.

To be able make an increase in giving, the business needs adequate tax deductions – such that would give a real economic incentive for allocating more financial resources in times of crisis. The business would welcome also moral incentives on behalf of the government as for example giving of public awards. Moreover, the Business wants a dialogue with the State on the most important social issues – clear information about the social needs and the possible solutions.

There is 100 percent consent among the corporate donors about the necessity to withdraw the ban over announcement of donors in the electronic media. All participants in the questionnaire insist on changing this part of the Law on radio and television – mentioning the name or showing the logo of corporate donors in news emissions not to be treated as hidden advertising.

## 2011 – THE YEAR OF VOLUNTEERING

*Encouraging volunteering is a long term priority of BCAF, which we have been working on for years.* 2011 was announced as a European Year of Volunteering and this gave a boost to the public positive thinking and discussion on the topic as well as to a number of volunteering projects to be initiated. The public character of those events of solidarity gradually changes the public attitude towards the common surrounding, towards the most disadvantaged groups, towards the basic understanding of the volunteering itself.

***Volunteering is a form of participation and solidarity, a win-win situation for everyone.***

+ ***The companies*** – Corporate volunteering strengthens the team's spirit of the employees through sharing positive emotions and experiences. It brings personal satisfaction to the participants, by making them part of a socially responsible company. This also helps for the establishment of the social policy and the corporate philosophy of the company, as well as for its positive image among the society.

+ ***The Hosts*** – The non-profit organizations and public institutions, who invite volunteers, get valuable help at a very low cost. They can receive both professional support and pro bono expert advice.

+ ***The Volunteers***- they get satisfaction; connect with other individuals, learn new things.

### ***Volunteers for Sofia***

*Project, funded by the Sofia municipality*

*May July 2011*

The project builds over the experience of the **Volunteering Days** project, organized by BCAF and the American Chamber of Commerce every year. The idea was to expand the range of public institutions and organizations, who act as hosts and to include students from high schools in Sofia.

For most of the public institutions, the work with volunteers is a new practice.

We focused on the national and municipal cultural institutions, who participated in training sessions and meetings, to be able to identify the opportunities for qualified and non-qualified labor that they can suggest to the potential volunteers. As new hosts to corporate and students volunteers participated The National History museum, The National Museum of Military History, The National Museum of Natural History, Sofia City Library, the National Agency Archives.

Simultaneously, we invited the students' councils and students' parliaments of 20 secondary schools in Sofia, to participate in the May edition of the Volunteering days project.

We supported 7 students' organizations with funds for materials equal to 1600 BGN.

The spring edition of the Volunteering Days was organized on the 28<sup>th</sup> May 2011. In Sofia, some 29 companies with 435 employees took part in it, as well as 264 students from 7 high schools. We had 18 hosts – social institutions and hospitals, parks, cultural institutions. The activities included cleaning, painting fences, re-pairing activities, activities with the children in social institutions. The evening event, called July Evening was the final event for the volunteers, expressing our gratitude for their participation. It was celebrated in the National Museum of Military history with a rock concerts, performed by students rock bands.

*The future:*

- Potential for growth – cultural institutions, which are new to the project have expressed their will to continue their participation in the next edition of the Volunteering days, despite the initial hesitations and the lack of experience in working with external volunteers. The non-formal groups of students reported high level of motivation, as we encouraged them to propose their own initiatives.
- Improvement of the practices of communication with the cultural institutions – after the initial meeting some of them included the options for volunteering activities on their websites, all of the invited the media at the very day of the volunteering activities.

## Volunteering Days

March – October 2011



The National Volunteering Days are a joint initiative of the **Bulgarian Charities Aid Foundation and the American Chamber of Commerce in Bulgaria** since **2008** and have had their 8 editions already.

Twice a year employees from tens of companies work voluntarily for non-profit organizations and public institutions.

At the autumn edition in 2011, for the first time we included local coordinators – non-profit organizations from Sofia and five more towns – Shoumen, Tugovishte, Lovech, Smolian and Gabrovo

We announced a competition for local NPOs, who would be able to:

- + Encourage local organizations and institutions to assess the needs for volunteers support,
- + Encourage volunteering in their communities and to attract volunteers.

The aim of BCAF was to share the organization and logistic support with trustful regional partners, to increase the number of local hosts, local volunteers, including corporate volunteers and more projects between them.

Out of 35 applicants we selected 8 – The Bulgarian Red Cross – Shoumen, NPO Club – Turgovishte, Znanie Association – Lovech, YMCA-Gabrovo, Budeshte Sega – Community centre – Goudevitsa village, Smolian region and the Professional Forum for Education – Sofia.

### *Achievements:*

The local coordinators organised promotional meetings and attractions with more than 3000 people participating in them.



Some 1319 people participated in 48 local initiatives in 6 regions during the Volunteering Day, which was held on the 15<sup>th</sup> October, 2011.

Various activities were completed – cleaning of alleys, parks, eco-routes, green houses, river beds, natural monuments, cleaning of central parts of towns and

villages, repairing activities in educational and social centres.

After the completed actions a number of new projects were initiated, as for example work in the Dog shelter for street dogs of Animal Resque Sofia, in the village of Bogrov, re-painting the children ward in the Pirogov hospital. Besides, volunteers performed medical checks of elderly people, information campaign for safe driving, realized an initiative, called "living books" and wrote down the Cyril and Methodious alphabet on PLUSTS (this is a very specific and rare folk art).

Over 10 000 people received information about the Volunteering Day.

*Future:*

The autumn Volunteering Day succeeded to attract local corporate volunteers and the overall opinion is that this is an underestimated resource up till now.

## SUPPORTING RESPONSIBLE COMPANIES

*Our goal: to support sustainable corporate community investment of the companies*

*Our services: We offer advice, training, consultancy in assessment of the effectiveness and in the development of corporate social strategies and programmes, management on behalf of the companies of their CSR programmes.*

Corporate Social Responsibility is an integral part of the profile of every company. Thanks to our professional experience and knowledge of the needs of social, educational and environmental organizations, we provide consultancy to the companies in the development of recognizable and useful social programmes.

In 2011, BCAF worked for the CSR programmes of Mobiltel, Unicredit Bulbank, Coca Cola, PPD Bulgaria, Siemens, MKB Unionbank, Raifaisenbank Bulgaria, crafts, Carsberg bulgaira, Czi, Colliers, CMS Cameron McKenna, Microsoft, Experian, Postbank Eurobank EFG, Vivacom, Cisco, Deloitte, Pireus Bank, Amgen, Astra Zeneca, Johnsons Controls Electronics, Contour Global

We attracted:

- 100 628,64 BGN from payroll giving,
- 134 726, 45 BGN as corporate donations,
- 150 787, 88 BGN donations under our appeals,
- more than 10 000 hours of volunteering from corporate volunteers.

Those funds we invested in socially responsible programs.

## CORPORATE SOCIAL STRATEGIES AND PROGRAMMES

BCAF provides support in the planning process, in finding trustful partners to implement the programmes and in the very process of implementation of the corporate giving programmes. We use our knowledge about the active non-profit organizations, to build a programme, adequate to the needs and the policies in the respected area. No matter if we organize a local programme for a few thousands of leva or a massive grants programme, we at BCAF will give you the attention and professionalism that you need.



*Client : M-Tel*

*Programme: **Let us believe** ( 2011), pilot project in the town of Bourgas*

*Activities:* "Let us believe" is a charitable fund for raising and managing funds for development of a complex care for children, suffering of child cerebral paralysis and other disabilities. The project aims at sustainable change in the lifestyle of children with disabilities and their families. From the very start of the pilot project we aim at building local capacity for delivery of the services and the provision of ongoing continuous municipal and donor support. The donation, provided by M-Tel was invested in development of the service at a local institution, provider of medical and social care for children up to 3 years of age; for the training and support to the medical specialists and rehabilitators, as well as for the initial screening of 110 children from the local community and from the institution.

*Results:* The centre for early intervention and prevention of Child cerebral paralysis in Bourgas has the capacity to provide complex health, social and educational services for about 100 children in Bourgas and the region annually.

## CORPORATE VOLUNTEERING

Volunteering gives opportunity to the individuals to express themselves, to connect with other people and causes, by donating their time, skills and work. When they are supported by the company they work for, those initiatives can achieve greater effect.

Corporate volunteering helps both the community and the employer. It builds the team spirit of the employees by sharing positive emotions and experiences and brings to the participants personal satisfaction that they are part of a socially responsible company. It helps for the establishment of the social policy and the corporate philosophy of the company, as well as for achieving of a more positive image of the company in the society.

BCAF negotiates the programmes directly with the Human resource departments of the respective companies or with team-building agencies.

Traditionally, twice a year BCAF organizes jointly with the American Chamber of Commerce the **National spring and autumn volunteering days**.

*In 2011 the Bulgarian Charities Aid Foundation and the American Chamber of Commerce received the award in the category for "Most successful partnership" in the Annual awards for The Biggest Corporate Donor, organized by the Bulgarian Donors forum.*

### **Volunteering Days in partnership with the American Chamber of Commerce**

In 2011 we organized 2 editions of the Volunteering Days, - on the 28<sup>th</sup> May and the 15<sup>th</sup> of October.

*The companies, whose employees participated were: Carlsberg Bulgaria, C3i, Colliers, CMS Cameron McKenna, Microsoft, Experian, Postbank Eurobank EFG, Vivacom, Cisco, Deloitte, Pireus bank, Amgen, Astra Zeneca Johnsons Controls Electronics, Contour Global.*

*The results: Some 2700 volunteers and about 10 000 hours of volunteering activities: improved procedures and regional networks of local coordinators, for the first time volunteers participated in projects of educational and cultural institutions.*

## Individual volunteering initiatives

BCAF connects companies and hosts of volunteering projects and helps them in identifying how to make the most of their time and the skills of their employees.



Volunteers from M-Tel cleaned the regional assembly of Eastern Roumelia (at the regional history Museum in Plovdiv).

*Client:* **M-Tel**

*Programme:* **Corporate volunteering as a team-building tool (since 2010)**

In 2011 some 300 volunteers in 7 locations took part in the project. It focused on the tourist attractions and famous places from the top 100 of tourist attractions in Bulgaria.



In Sofia the volunteers worked at the Daily centre for children with disabilities "St. Minas" and at the Centre for social support "St. Sofia". The campaign included also Karin Dom in Varna, The Bulgarian Association for persons with intellectual difficulties in Pleven, and Equilibrium Association in Rousse

*Client:* **Kraft Foods**

*Programme:* **Kraft Foods Delicious Difference Week.** The company chose 3 projects from BCAF's catalogue. In the town of Kostinbrod, volunteers renovated the Gym at the local primary school, in Svoge they cleaned the river-bed, in Sofia the volunteers took part in the planting of Natural Park Vitosha.

*Client:* **Bulstrad Vieva Insurance group**

*Programme:* Volunteering day

BCAF provided consultancy and organized 5 different groups of volunteers in 4 towns to help socially disadvantaged children. The volunteers helped in some gardening, painting activities in daily centres for children at risk and children with disabilities, they also helped in the production of souvenirs and greeting cards for upcoming fundraising events



*Client: Pfizer*

*The task:* Joint initiative of the company for creative teambuilding  
Gea Events and BCAF

*The activities:* We met 120 employees of the pharmaceutical company Pfizer, willing to volunteer with five non-profit organizations Dechitsa Foundaton – Sofia, Budeshte sega – Community centre , Goudevica, Smolian region; We exist Association – Sofia; Daily centre St. Minas – Sofia, Children of the Balkans Foundation and youth group “The dolphins” – Varna.

Together with representatives of the organizations, the volunteers produced Christmas cards, small objects and souvenirs for the Christmas Charity Bazaars. The funds raised by selling those objects will support 5 causes.

Besides being volunteers, the company also paid for all the materials needs for the production of the souvenirs, providing 2000 BGN.

## MORE AND MORE – PAYROLL GIVING PROGRAMME

Payroll giving gives opportunity for everyone working on labour contract to donate on a monthly basis a small sum for a chosen by him cause with the support of his Employer. The funds from his colleagues and other participants in the programme are added to his donation. Some companies choose to double the funds, raised by their employees, showing their support and encouragement.

In 2011 the following companies joined the programme: Vezni AG, DHL Bulgaria, eCommera, M-Network.

The programme was re-launched in Actavis, the monthly sum was doubled.

*Future prospects:* More and more companies wish BCAF to organize for them programmes that combine volunteering and employee giving. The employers are ready to learn more about the motivation of their employees and to support long-term actions for their commitment.



## SUPPORTING INDIVIDUAL GIVERS

*Our goal: To facilitate the individual gifts, to motivate more individuals to support important community causes.*

*Our services: We reach individuals through their employers and we offer them various ways to support their chosen causes. We distribute information, which helps givers to make their choices. To individuals we offer options for online giving, gings through DMS and volunteering.*

To help individual donors outside their workplace, in 2011 we initiated actions for creating a common space for collecting information and increase the volumes of information about various causes, aiming also to make more popular the options and mechanisms for supporting a cause through our website, called

### THE GIVING PLATFORM

BCAF's Giving Platform is an information service for givers, who wish to support important community causes, and for organizations working in public benefit.

The Giving platform is integrated into BCAF's website and is developed pro bono by our partner VEREO.

BCAF very carefully selects the organizations and causes, which presents through the Giving Platform, aiming to guarantee to the givers that their contributions will reach their beneficiaries and will be invested fairly and reasonably. Last but not least the website provides to the givers information about numerous causes and NPOs, some of which do not have the opportunity to advertise their work otherwise.

The Giving platform helps donors to support their chozen causes through any of the following ways

- + online through eBG
- + trough bank transfer
- + payroll giving
- + volunteering
- + SMS donations (for those, who have a DMS number)

To make it easier for the givers, the causes are organized in several thematic groups: +healthcare; +education; +environmental support; +children, deprived of parental care; +children and elderly people with disabilities; +elderly people; +arts and culture; +charitable events; +human rights.

## SUPPORTING THE NON-PROFIT ORGANISATIONS

*Our goal: To help non-profit organizations to increase their effectiveness, to increase their resources and use them as effectively as possible.*

*Our services: We organize training and provide consultancy. We provide to the NPOs access to various fundraising mechanisms. We help them promote their causes and to raise support for them.*

### GIVING MECHANISMS

***Payroll giving*** is a fundraising mechanism, which the NPOs can use to fund their long-term activities. Securing a stable monthly income of regular donations helps the organization to become sustainable and to plan its activities.

In 2011 100 628, 64BGN were raised through payroll donations

In 2001 Tacitus Foundation and Balkani Association succeeded to attract new payroll givers.

### ***DMS campaigns***

The DMS project helps the organizations to raise support for their causes from a very wide range of supporters. During 2011 the project continued to gain popularity. The number of individual cases, NPO campaigns and the campaigns of other physical and legal entities continued to grow. Still the most popular and most successful in raising funds are the individual cases searching support for very expensive medical treatment. Some 430237, 02 BGN were raised.

Number of the campaigns in 2011 in comparison to 2010

Campaigns	2010	2011
Individuals	103	124
NPOs	35	49
Other – municipalities, hospitals, institutions	6	15
<b>Total</b>	<b>144</b>	<b>188</b>

## COMMUNITY DEVELOPMENT

### Helen L. Rinker Ashley Fund

In 2011, BCAF started working on the grant from CAF America. The funds come from the legacy of Ms. Helen Rinker Ashley, donated to CAF America.

The goal of the grant is related to improvement of the living conditions in the region of Voditsa, Popovo district. BCAF and CAF America agreed to develop two trends – employment through social enterprises and education.

During the year BCAF organized a number of individual meetings and one big community meeting for all the local people. BCAF ordered an energy efficiency Analysis of the schools building, analysis about the potential of development in the area of agriculture and Assessment of the poorest people in the village.

With the professional support of external experts BCAF assessed 8 concepts for business plans and provided feedback to all of them. BCAF organized a “Future Search Conference – Voditsa 2020” in the village and there the participants formulated a vision for the development of the village and marked the start of an autonomous organizing of a civil society structure for local development.

#### Funded projects:

- + In July BCAF organized a tender and funded the renovation (repair of the window frames) of the “Otetz Paisii” Primary School and the accompanying construction work to the amount of 60 664 BGN.
- + At the end of the year the Community centre /Chitalishte “Prosveta” received new books.
- + All the staff members of the School participated in a two-day training, dedicated to work with children from different ethnic groups and interactive forms of training.

In order to achieve better and more effective results under the various projects BCAF used the expert support of specialists in local economic and social development from the S.E.G.A. Foundation; European Institute, Devetashko Plato Association

At the beginning of 2012 BCAF started working on setting up a **Social Impact Fund** aiming to encourage employment opportunities in the village and the area; we take into account the opportunities to further leverage additional financial and other resources in favour of local development.

## TRAINING FOR NPOS

### Training in Fundraising with payroll giving

In 2011 the training activities focused on payroll giving as a source of funding.

BCAF worked with a group of organizations, chosen after a competition. Dechitsa Foundation – Sofia, We exist foundation – Sofia, Tacitus Foundation – Sofia, Association for protection of the wild nature Balkani – Soia, The movement of Bulgarian mothers – Sofia and Ravenstvo Association – Teteven.

From June until December 2011, BCAF organized a training programme, consultancy support and provided funding, aiming to increase the funds, donated through the payroll giving. We provided intensive consultations to the communication plans and materials of the organizations and we joined them in visiting various companies.

#### The results

- 82 companies were visited by the organizations; about 30% of them have very good perspectives to join the payroll giving scheme.
- 3 out of 6 organisations succeeded in attracting payroll givers.
- 96 individuals donate a total of 1109 BGN every month.

#### *Feedback from the organizations about the training programme and their achievements:*

- *We got new knowledge and skills how to present ourselves with success and how to communicate effectively with donors. Earlier we used long and complicated explanations about the essence of our work, problems, etc. Now we are able to provide clear, simple, comprehensive information about ourselves.*
- *I understood which information is necessary and which is not essential*
- *We got the opportunity to exchange ideas, to learn from other organizations, who share the same goals.*
- *We attracted new volunteers, thanks to the relations we built with other organizations in the group*

#### Future prospects:

In 2012 we plan to continue on a regular basis to help those organizations, as well as to expand the group with new NPOs, who wish to fundraise through payroll giving.

## GRANTMAKING

### A. Thematic Funds

BCAF manages 4 thematic Funds, which fund non-profit organizations, working in public benefit. The funds for all of them are provided by private and corporate donations. Up until now they existed more like Grantmaking priorities. At the end of 2011 and the beginning of 2012 we organized those priorities in the following funds: Elderly people Fund; Environmental protection Fund; Support to young people from institutions, using alternative forms of institutionalized care Fund; Daily centres for children and young people with disabilities Fund.

In addition, BCAF manages two other funds, whose beneficiaries are individuals, medical institutions and NPOs: The scholarship programme Get ready to Succeed and the Medical treatment and rehabilitation for children Fund.

#### Daily centres for children and young people with disabilities Fund

In 2011 the cause of this fund was supported by payroll donations, a corporate donation provided by Unicredit Bulbank and a matching grant on the occasion of the 15<sup>th</sup> Anniversary of BCAF from BCAF Fund.

Starting balance	Income	Expenditure	Closing balance
39,91	32 749,79	21 174,30	11 615,40

The theme of the competition was "Support to activities of the daily centres for children with disabilities, managed by parental associations.

We invited 12 organisations to apply and selected 7 of them to implement their ideas: Tacitus – centre for children with autism, BALIS Pleven, St. Minas Association – families with children with special needs- Dobrich; We exist Association, Equilibrium Association – Rousse; Future for the children with disabilities Association – Kazanluk; Izbor Association – Bansko.

The average grant was 4000 BGN.

We supported the basic everyday services and specialized care for the children, as well as some activities, which would have a long term effect after the end of the projects. For

example – training in new rehabilitation techniques, publication of handbooks on how to raise a child with disability at home (of basic need for the parents); innovative therapeutic methods for autistic children.

The projects started in December. We expect them to have a positive impact over the lives of over 100 children and their families.

### Environmental protection Fund

Starting balance	Income	Expenditure	Closing balance
3266,82	10 931,18	10 000	4 198



Again with a donation, made for the 15<sup>th</sup> Anniversary of BCAF Fund, we selected for funding the Balkani Wildlife Society Association BCAF granted a sum of 10 000 BGN to the association for renovation of the infrastructure of the Dragoman's marsh, which is a very valuable place for rare birds and plants. The work was completed by volunteers from Bulgaria and other European countries in September 2011. -

Building and putting on the site of new bridges over the marsh, repairing activities at the tower for birds watching, new steps towards the bridges. The project included and production of an educational interactive module for river ecosystems for children, students and tourists at the Visitors centre. With this module every visitor can create by himself floods and to watch other human interventions over the water resources.

### Support to young people from institutions, using alternative forms of institutionalized care

Starting balance	Income	Expenditure	Closing balance
10 155,88	13 640	4 597,76	19 198,12

The funds raised for this Fund were donated by the members of the American Chamber of Commerce during the Thanksgiving Day in 2010. BACF appealed to the givers to support the young people, raised in institutions to get vocational training, to enable



them to have better prospects at the labour market.

BCAF funded the project of Protected home "Zaedno" with 4802 BGN. The young people, living at the protected home in the village of Goumazovo, near Sofia, participated in a training programme for a period of 6 months, from May till October 2011. Two of the

young people completed a course in cooking; got diplomas valid in the EU, six others completed a driving course. It is very important that the training programmes took place outside the Home, out of the institutionalized environment. Even though limited in scale, this project gave to the young people better chance to become for independent and to believe in their own strengths.

### Medical treatment and rehabilitation for children Fund

Starting balance	Income	Expenditure	Closing balance
8823,22	171 598,06	99 133,25	81 282,03



*Децата с неврологични, психични и двигателни затруднения имат нужда от редовна работа с кинезитерапевт, физиотерапевт, логопед, психолог.*



*Затова е необходима достъпна услуга в техния собствен град.*



Some 117 children got support for their medical treatment, in 84 cases we supported the priority theme of the Fund – additional rehabilitation for children, suffering from cerebral paralysis. Besides the payroll donations, the fund received 148 838, 22 BGN from the two campaigns organized by Raiffeisenbank Bulgaria.

## Get Ready to Succeed Scholarship Programme

Starting Balance	Income	Expenditure	Closing Balance
78 455,92	160 682,17	131 310,50	107 827,59



The raised funds for scholarships for the 2011/2012 school year reach over 167 000 BGN. Some 111 scholarships to 56 university students and 55 high school students from all over the country were awarded.

The interest to the programme was enormous. We received 691 applications. The average school results of the scholarship holders this year was Excellent 5.96.

### ***B. Corporate Grantmaking***

BCAF manages corporate grant making programmes and in general helps corporate donors to identify NPO beneficiaries to implement their programme or to provide grants to NPO projects. In 2011 we provided support to MobilTel AD, UniCredit Bulbank, Raiffeisenbank Bulgaria and Siemens.

Giver	Starting balance	Income	Expenditure	Closing balance
M-Tel grant	25 267,98		14 304,14	10 963,84
M-Tel We Believe		50 050	20 564,65	29 503,35
Raiffeisenbank and employees	78 379,22	70 459	79 133,25	69 704
UniCredit Bulbank	5 000		5 000	
Other companies	2 552,27	12 217,45	12 549,68	2 220,04

### ***C. More and More – payroll grants***

A total of 18 organisations, who want to have a stable income, raise funds from individual givers through the payroll giving programme More and More. BCAF regularly allocates the raised funds. In 2011, some 12 organisations received grants.

#### ***D. Other Grants Programmes***

In 2011 BCAF organized a grants competition for schools and NPOs under the programme of the Trust for Civil Society in CEE and under the EUROPA programme of Sofia Municipality.



*BRC Shumen received financing from BCAF to coordinate Autumn days of volunteering in its town.*

In 2011 BCAF re-granted a total of BGN 860 747,00, as follows:

	Number of beneficiaries	Type of beneficiaries	Sums in BGN
<b>Corporate grants programmes</b>			<b>111 713</b>
M-Tel grant	6	NPOs	14 300
M-Tel <b>We Believe</b>	1	hospital	4 500
Unicredit Bulbank	1	NPO	5 000
Raiffaisenbank and employees	84	Individuals, 3 hospitals, 3 NPOs	79 667
Other campaigns	7	NPO	4 478
Other campaigns	3	Individuals	3 768
<b>More and More</b>			<b>59440</b>
Medical treatment of children	33	Individuals and hospitals	30 131
More & More Grants	16	NPO	29 309
<b>Appeals</b>			<b>178 718</b>
Get ready to succeed	1	NPO	129 120
American Chamber of Commerce – protected homes	1	NPO	4 7598
Others	1	Individuals	2 000
<b>DMS Grants</b>			<b>433 248,00</b>
DMS Grants	118	Individuals	321 168
DMS Grants	44	NPO and institutions	112 080
<b>Grantmaking – funding projects</b>			<b>77 628</b>
BCAF Anniversary Fund	8	NPO	31 147
Trust for CS in CEE	13	NPO	44 880
Sofia Municipality	5	schools	1601

## **BCAF PEOPLE**

**Elitsa Barakova**

Executive Director

**Yana Rupeva**

Donor Programmes Director

**Lyudmila Atanassova**

NPO Programmes Director

**Vesselina Mihailova**

Donor Programmes Coordinator (on maternity leave since March 2011)

**Iva Yankulova**

Donor Programmes Coordinator

**Dessislava Hurmuzova**

Treatment of Children Fund and DMS Individuals Campaigns Coordinator

**Lena Dragolova**

Programme and Office Coordinator

**Angel Atanassov**

IT and Database Maintenance

In 2011, the BCAF Board of Directors elected a new Chairman – Mr. Mihail Boyadjiev. Three new Board members added their expertise and support to the organisation: Sasha Bezuhanova, Beatrice Devlin and Stanislav Georgiev.

## BCAF BOARD OF DIRECTORS

### Chairman

**Mihail Boyadjiev**

Attorney at Law, Partner "*Dokovska, Atanassov & Associates*"

### Members

**Ivo Eugeniev**

Executive Director, *Khan Asparuh AD*

**David Hampson**

Executive Director, *Grenville Bulgaria*

**Boriana Kadmonova**

Executive Director *Eureka Foundation* (since July 2007)

**Michael Tachev**

Executive Secretary, *St. Cyril and St. Methodius International Foundation*

**Stanislav Georgiev**

CFO and Executive Vice President  
*UniCredit Tiriac Bank, Bukurest, Romania*

**Sasha Bezuhanova**

Director Public Sector, *Hewlett Packard Central & Eastern Europe*

**Beatrice Devlin**

Head of International Secretariat, *CAF*

### BCAF Council of Founders

**Boriana Kadmonova**

*Eureka Foundation*

**Georgi Stoychev**

*Open Society Institute - Sofia*

**Michael Tachev**

*St. St. Cyril and St. Methodius International Foundation*

**Mihail Boyadjiev**

*Union of Bulgarian Foundations and Associations*

**Michael Brophy**



**Register № 20021107001**

In the Central register of juridical entities with non-profit activity for performing  
community service

**Bulgarian Charities Aid Foundation Фондация " (BCAF)**

**Address:** 65 Vitosha Blvd., fl. 2, 1000 Sofia, Bulgaria

**Telephone:**

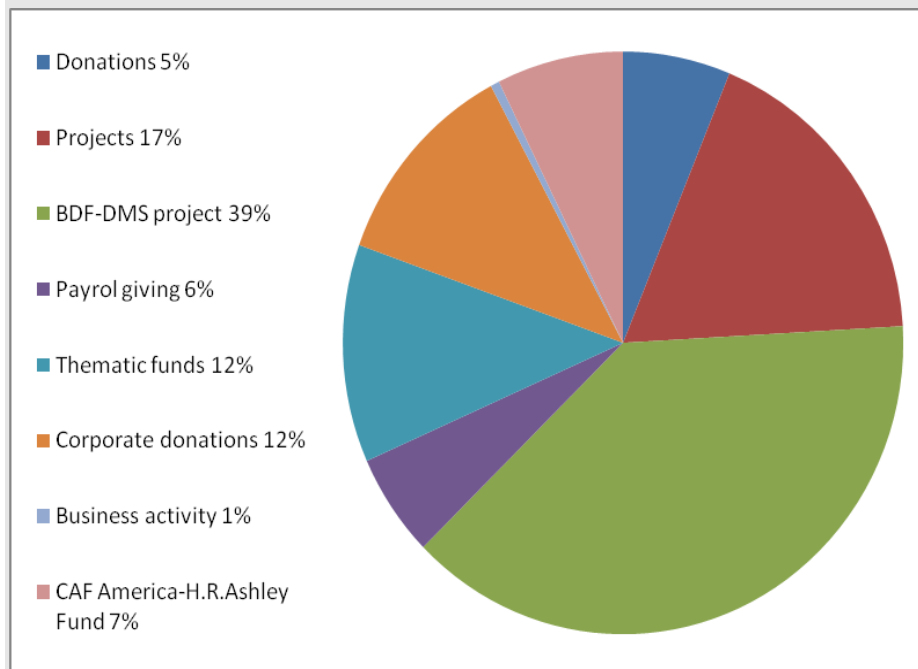
(+ 359 2) 988 00 80, (+ 359 2) 981 19 01

**Fax:** (+ 359 2) 987 15 74

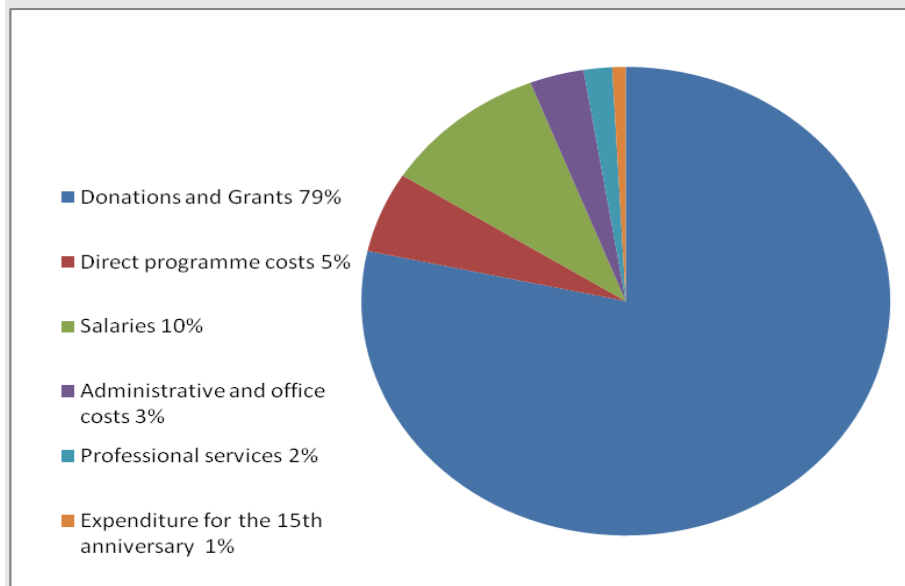
**Website:** [www.bcaf.bg](http://www.bcaf.bg)

# FINANCIAL REPORT

## Funding sources



## Expenditure



*This document is a translation of the original in Bulgarian text,  
in case of divergence the Bulgarian text shall prevail.*

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board of Directors of Bulgarian Charities Aid Foundation**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Bulgarian Charities Aid Foundation** ("the Foundation"), which comprise the balance sheet as of December 31, 2011, income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with National Financial Reporting Standards for Small and Medium-Sized enterprises, 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.

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2011, and of its financial performance and its cash flows for the year then ended in accordance with National Financial Reporting Standards for Small and Medium-Sized enterprises, applicable in Bulgaria.

*Other*

The financial statements of the Foundation for the year ended December 31, 2010 were audited by another auditor who issued unmodified auditor's report dated April 12, 2011.

**Report on Other Legal and Regulatory Requirements – Annual report on the activities of the Foundation, according to article 33 of the Accountancy Act**

Pursuant to the requirements of the Bulgarian Accountancy Act, article 38, paragraph 4 we have read the accompanying Annual report on the activities of the Foundation. The Annual report on the activities of the Foundation, prepared by the management is not a part of the financial statements. The historical financial information presented in the Annual report on the activities of the Foundation, prepared by the management is consistent, in all material respects, with the annual financial information disclosed in the financial statements of the Foundation as of December 31, 2011, prepared in accordance with National Financial Reporting Standards for Small and Medium-Sized enterprises, applicable in Bulgaria. Management is responsible for the preparation of the Annual report of the Foundation, dated June 9, 2014.

*The original auditor's report has been signed by Sylvia Peneva, Statutory Manager and Registered Auditor at Deloitte Audit OOD on June 9, 2014.*

BULGARIAN CHARITIES AID FOUNDATION

BALANCE SHEET

AS OF DECEMBER 31, 2011

All amounts are in thousands of Bulgarian leva unless otherwise stated

	Note	As of 31.12.2011	As of 31.12.2010 (restated)
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	5	-	-
Total non-current assets		-	-
Current assets			
Cash	4	1,390	560
Current receivables	6	18	182
Total current assets		1,408	742
<b>TOTAL ASSETS</b>		<b>1,408</b>	<b>742</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			
Equity			
Share capital		10	10
Other reserves		223	179
Profit for the year		75	44
Total equity		308	233
Current liability			
Short-term payables	7	8	12
Deferred income	8	1,092	497
Total current liabilities		1,100	509
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,408</b>	<b>742</b>

These financial statements have been approved on June 9, 2014 by:

/signed/

\_\_\_\_\_  
Elitsa Barakova  
Executive Director

/signed/

\_\_\_\_\_  
Preparer  
Consulting company „Strategies“

The accompanying notes are an integral part of these financial statements.

*The financial statements have been signed by Sylvia Peneva, Registered Auditor and Statutory Manager at Deloitte Audit OOD, on June 9, 2014.*

	Note	Year ended 31.12.2011	Year ended 31.12.2010 (restated)
<b>OPERATING INCOME</b>			
Income from conditional donations	9	1,034	1,073
Income from unconditional donations	9	58	71
<b>TOTAL INCOME FROM OPERATIONS</b>		<b>1,092</b>	<b>1,144</b>
<b>OPERATING EXPENSES</b>			
Expenses for donations	10	(875)	(944)
Administrative expenses	11	(239)	(200)
<b>TOTAL EXPENSES FOR OPERATIONS</b>		<b>(1,114)</b>	<b>(1,144)</b>
<b>FINANCE INCOME (NET)</b>	12	<b>97</b>	<b>44</b>
<b>RESULT FROM NON-PROFIT ACTIVITY</b>		<b>75</b>	<b>44</b>

These financial statements have been approved on June 9, 2014 by:

/signed/

\_\_\_\_\_  
Elitsa Barakova  
Executive Director

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Preparer  
Consulting company „Strategies“

The accompanying notes are an integral part of these financial statements.

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BULGARIAN CHARITIES AID FOUNDATION

STATEMENT OF INCOME AND EXPENSES FROM PROFIT ACTIVITY  
FOR THE YEAR ENDED DECEMBER 31, 2011

All amounts are in thousands of Bulgarian levs unless otherwise stated

Note	Year ended 31.12.2011	Year ended 31.12.2010
OPERATING INCOME		
Income from sale of services	6	20
TOTAL OPERATING INCOME	<u>6</u>	<u>20</u>
OPERATING EXPENSES		
Raw materials and materials	-	(2)
Hires services	(1)	(2)
Remuneration	(4)	(12)
Social security	(1)	(4)
TOTAL OPERATING EXPENSES	<u>(6)</u>	<u>(20)</u>
RESULT FROM PROFIT ACTIVITY	<u>-</u>	<u>-</u>

These financial statements have been approved on June 9, 2014 by:

/signed/

\_\_\_\_\_  
Elitsa Barakova  
Executive Director

/signed/

\_\_\_\_\_  
Preparer  
Consulting company „Strategies“

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BULGARIAN CHARITIES AID FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

All amounts are in thousands of Bulgarian leva unless otherwise stated

	Year ended 31.12.2011	Year ended 31.12.2010
<b>CASH FLOWS FROM NON-PROFIT ACTIVITY</b>		
Proceeds from non-profit activity		
Received conditional donations	1,739	1,092
Received unconditional donations	108	70
Proceeds from banking and currency operations	102	72
Other cash flows from operating activity	3	1
Total proceeds from non-profit activity	<u>1,952</u>	<u>1,235</u>
Payments for non-profit activity		
Paid donations	(880)	(933)
Paid salaries	(108)	(74)
Paid social securities	(18)	(8)
Payments on banking and currency operations	(7)	(2)
Payments for services	(109)	(117)
Other payments	-	(1)
Total payments for non-profit activity	<u>(1,122)</u>	<u>(1,135)</u>
Net cash flows from non-profit activity	<u>830</u>	<u>100</u>
<b>CASH FLOWS FROM PROFIT ACTIVITY</b>		
Proceeds from profit activity		
Proceeds from sale of assets and services	6	20
Total proceeds from profit activity	<u>6</u>	<u>20</u>
Payments for profit activity		
Paid dividends	(6)	(20)
Total payments for profit activity	<u>(6)</u>	<u>(20)</u>
Net cash flows from profit activity	<u>-</u>	<u>-</u>
<b>CHANGE IN CASH DURING THE PERIOD</b>	<u>830</u>	<u>100</u>
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<u>560</u>	<u>460</u>
<b>CASH AT THE END OF THE PERIOD (note 4)</b>	<u>1,390</u>	<u>560</u>

These financial statements have been approved on June 9, 2014 by:

/signed/

\_\_\_\_\_  
Elitsa Barakova  
Executive Director

/signed/

\_\_\_\_\_  
Preparer  
Consulting company „Strategies“

The accompanying notes are an integral part of these financial statements.

*The financial statements have been signed by Sylvia Peneva, Registered Auditor and Statutory Manager at Deloitte Audit OOD, on June 9, 2014.*

BULGARIAN CHARITIES AID FOUNDATION

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2011

All amounts are in thousands of Bulgarian levs unless otherwise stated

	<u>Share capital</u>	<u>Reserves</u>	<u>Total</u>
BALANCE AS OF JANUARY 1, 2010	10	179	189
Result from non-profit activity for 2010	-	44	44
BALANCE AS OF DECEMBER 31, 2010	10	223	233
Result from non-profit activity for 2011	-	75	75
BALANCE AS OF DECEMBER 31, 2011	<u>10</u>	<u>298</u>	<u>308</u>

These financial statements have been approved on June 9, 2014 by:

/signed/

\_\_\_\_\_  
Elitsa Barakova  
Executive Director

/signed/

\_\_\_\_\_  
Preparer  
Consulting company „Strategies“

The accompanying notes are an integral part of these financial statements.

*The financial statements have been signed by Sylvia Peneva, Registered Auditor and Statutory Manager at Deloitte Audit OOD, on June 9, 2014.*

## BULGARIAN CHARITIES AID FOUNDATION

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2011

All amounts are in thousands of Bulgarian levs unless otherwise stated

#### **1 Legal status**

Bulgarian Charities Aid Foundation (BCAF) is an expert organization which works for modern charity and strong and effective non-profit sector.

BCAF is part of the world network of organizations Charities Aid with head office in Great Britain.

BCAF is established on November 16, 1995. Registry № 20021107001 in the Central Registry of judicial persons with non-profit activity for performing community service.

The Foundation is with seat and management address Sofia, 65 Vitosha Blvd, fl. 3.

The main objective of the Foundation is to promote civil society in Bulgaria by supporting the development of the resources of charitable organizations in the nonprofit sector by increasing the donor culture and by improving the management and efficient use of resources to charitable organizations in Bulgaria.

BCAF encourages donations to charities by individuals, business organizations and the government by providing information to donors about the activities of potential recipients of donations and the latter - the policy of potential donors; facilitates and supports the implementation of the government of the tax system, improving the activities of charities and giving the motivation for potential donors.

Scope of activity: Publication and distribution of specialized literature; formation and participation in companies, according to Law for Non-Profit Organizations (LNPO) and the carrying out of economic activity is subject to the terms and conditions laid down by the laws governing the respective type of business; organization of paid training, seminars and awareness programs and research problems are being dealt by the Foundation; consultancy and information services.

The Foundation has one-tier management system with Board of Directors.

#### **2 Basis of preparation of the financial statements and accounting principles**

The Foundation keeps its accounting records and prepares its financial statements in accordance with the requirements of the Bulgarian legislation. The Foundation's financial statements have been prepared in accordance with the National Financial Reporting Standards for Small and Medium-sized Enterprises, applicable in Bulgaria.

These financial statements have been prepared on accrual basis in accordance with the historical cost convention and the going concern assumption.

#### **Functional and presentation currency**

In accordance with the Bulgarian accounting legislation the Foundation keeps its accounting records and prepares its financial statements in the national currency of the Republic of Bulgaria – Bulgarian Lev (BGN).

As of January 1, 1999 the Bulgarian Lev is fixed to the EUR at: BGN 1.95583 for EUR 1.

These financial statements are stated in thousand Bulgarian Levs (BGN'000).

**2 Basis of preparation of the financial statements and accounting principles (continued)****Foreign currency**

The transactions in foreign currency are accounted initially in levs by applying the central exchange rate of the Bulgarian National Bank (“BNB”) to the amount in foreign currency as of the date of the transaction. The exchange rate differences, arising from the settlement or from the reporting of such monetary positions at exchange rates, different from the initial rates, are reported as financial income or expenses for the period when they arise. Monetary positions in foreign currency as of December 31, 2011 and 2010 are valued in the present financial statements at the closing exchange rate of BNB.

**Accounting assumptions and accounting estimates**

The application of the National Financial Reporting Standards for Small and Medium-sized Enterprises requires from management to apply some accounting assumptions and accounting estimates in the annual financial statements preparation and valuation of some assets, liabilities, income and expenses. All assumptions are made on the basis of the best estimate, made by the management as of the date of the financial statements preparation. Actual results could differ from those stated in these financial statements.

**Restatement of comparative information**

For the purposes of more truthful presentation a reclassification has been made for some items as of December 31, 2010 in the balance sheet and the statement of income and expenses from non-profit activity for the year ended December 31, 2010 as follows:

	Before restatement 31.12.2010	After restatement 31.12.2010
<b>Balance</b>		
Current receivables	7	182
Other reserves	65	179
Current payables	1	12
Deferred income	447	497
	Before restatement Year ended 31.12.2010	After restatement Year ended 31.12.2010
<b>Statement of income and expenses from non-profit activity</b>		
Income from conditional donations	1,063	1,073
Income from unconditional donations	70	71
Expenses for donations	(933)	(944)

### 3 Definition and valuation of the items of the financial statements

#### Property, plant and equipment

Property, plant and equipment are reported at acquisition cost which comprises purchase price or the cost of self- construction of the asset less accumulated depreciation and impairment loss, if any.

Depreciation of property, plant and equipment is calculated based on the straight-line method over the expected useful life, determined as of the moment of asset acquisition.

The depreciation rates for the main groups of property, plant and equipment are as follows:

	<u>Annual depreciation rate</u>
Machinery and equipment	20%

#### Current receivables

Current receivables present receivables on donation agreements, receivables from employees and other receivables.

#### Cash

Cash comprise cash on hand and at banks in Bulgarian levs and in currency.

For the purpose of the statement of cash flows preparation, cash and cash equivalents include cash on hand, cash at banks which bear an insignificant risk of changes in value.

#### Current payables

Current payables are measured at the value at which they are expected to be settled in future.

#### Deferred income and financing

Deferred income and financing represent conditional donations including donations related to depreciable property, plant and equipment, as well as income which are expected to be realized in following reporting periods. Donations are reported if the Foundation has sufficient assurance that it will keep the conditions and donations will be received.

Donations are reported as financing which is recognized as income in the current period as follows:

- Donations related to non-depreciable assets – during the periods in which are reported the expenses for performing conditions for donations;
- Donations related to depreciable assets – proportionally to the accrued for the respective period depreciation of assets acquired as a result of donations. \

### **3 Definition and valuation of the balance sheet items (continued)**

#### **Income and expense recognition**

Income from conditional donations for acquisition of non-current assets is recognized to the amount of the incurred depreciation costs of acquired through donation assets during the period.

Income from unconditional donations is recognized at the moment of their occurrence.

Expenses for donations are accrued at the moment of their occurrence.

Other income and expenses are accrued at the moment of delivering the good and rendering the service regardless if cash proceeds and payments.

#### **Financial instruments**

The Foundation's financial instruments comprise cash on hand and at banks, current receivables and payables. Management considers that the fair value of financial instruments is approximate to their carrying amount. Fair value is regarded as the price which would be received for the sale of an asset or paid for the transfer of a liability in an ordinary transaction between market participants as of the evaluation date.

#### **Currency risk**

Currency risk is the risk that the assets and liabilities of the Foundation denominated in foreign currency will change in value as a result of changes in the currency exchange rates of the respective currency to the Bulgarian lev. The Foundation's management considers that the effect from possible change of currency rates is insignificant.

#### **Taxation**

The Foundation's main activity is non-profit and its result is not a subject to taxation with corporate income tax according to the Bulgarian tax legislation. Income tax on profit is a result from economic activity only.

Deferred tax assets and liabilities occur for all temporary differences between tax amount of assets and liabilities and their carrying amount as of the date of the financial statements. For determining the deferred tax assets and liabilities are applied expected tax rates effective at their future realization.

Deferred tax asset is recognized to the extent to which it is probable that there will be future taxable profit against which deductible temporary differences are used. The Foundation has not recognized deferred tax assets and liabilities as of December 31, 2011 and 2010.

BULGARIAN CHARITIES AID FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2011

All amounts are in thousands of Bulgarian leva unless otherwise stated

**4 Cash**

As of December 31, 2011 and 2010 cash are as follows:

	As of 31.12.2011	As of 31.12.2010
Cash at bank accounts	201	105
Cash at bank deposits	1,182	454
Cash on hand	7	1
<b>TOTAL</b>	<b>1,390</b>	<b>560</b>

**5 Property, plant and equipment**

	Machinery and equipment	Total
<b>COST</b>		
Balance as of 01.01.2010	11	11
Acquired assets	-	-
Balance as of 31.12.2010	11	11
Acquired assets	-	-
Balance as of 31.12.2011	11	11
<b>DEPRECIATION</b>		
Balance as of 01.01.2010	11	11
Accrued	-	-
Balance as of 31.12.2010	11	11
Accrued	-	-
Balance as of 31.12.2011	11	11
<b>CARRYING AMOUNT AS OF 31.12.2010</b>	<b>-</b>	<b>-</b>
<b>CARRYING AMOUNT AS OF 31.12.2011</b>	<b>-</b>	<b>-</b>

**6 Current receivables**

	As of 31.12.2011	As of 31.12.2010
Receivables under donation agreements	15	174
Other receivables	3	8
<b>TOTAL</b>	<b>18</b>	<b>182</b>

BULGARIAN CHARITIES AID FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2011

All amounts are in thousands of Bulgarian leva unless otherwise stated

**7 Short-term payables**

	As of 31.12.2011	As of 31.12.2010
Payables to personnel	3	1
Other current payables	5	11
<b>TOTAL</b>	<b>8</b>	<b>12</b>

**8 Deferred income**

	As of 31.12.2011	As of 31.12.2010
Conditional donations received	1,092	497
<b>TOTAL</b>	<b>1,092</b>	<b>497</b>

**9 Income from donations**

	Year ended 31.12.2011	Year ended 31.12.2010
Income from conditional donations	1,034	1,073
Income from unconditional donations	58	71
<b>TOTAL</b>	<b>1,092</b>	<b>1,144</b>

**10 Expenses for donations**

	Year ended 31.12.2011	Year ended 31.12.2010
Expenses for donations	875	944
<b>TOTAL</b>	<b>875</b>	<b>944</b>

**11 Administrative expenses**

	Year ended 31.12.2011	Year ended 31.12.2010
Salaries	104	70
Social security	18	12
Other administrative expenses	117	118
<b>TOTAL</b>	<b>239</b>	<b>200</b>

BULGARIAN CHARITIES AID FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2011

All amounts are in thousands of Bulgarian levs unless otherwise stated

**12 Finance income (net)**

	Year ended 31.12.2011	Year ended 31.12.2010
Currency exchange rate gains	70	30
Currency exchange rate losses	(14)	(2)
Interest income	41	16
<b>TOTAL</b>	<b>97</b>	<b>44</b>

**13 Key management personnel**

The key management personnel comprise the member of the Council of founders of BCAF, Board of Directors of BCAF and the Executive Director. The members of the Board of Directors and the Council of founders have accepted to work without receiving consideration to achieve the Foundation's goals. The remuneration and social security benefits for the Executive director have been reported as expenses for salary and social security and for 2011 they amount to BGN 25 thousand.

**14 Events after the reporting period end**

There are no significant events after the reporting period end which require additional adjustments and/or disclosures in the Foundation's financial statements.