

BULGARIAN CHARITIES AID FOUNDATION

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

DECEMBER 31, 2012

(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, Southern Africa, Australia, Brazil and Singapore. 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.

Content

Annual report and Independent Auditor’s Report

- Introduction.....4
 - What was 2012 like for BCAF.....4
- Advocating for a favorable giving environment6
 - What was 2012 like for Philanthropy in Bulgaria.....6
- Developing the giving culture.....10
- Supporting responsible companies.....18
 - Corporate Social strategies and programmes19
 - Corporate volunteering.....22
 - Corporate Volunteering initiatives23
 - More and More – Payroll giving programme.....24
- Supporting Individual giving.....25
 - The Giving Platform25
 - Probono Professionals.....25
- Supporting the non-profit organizations.....26
 - Giving mechanisms.....26
 - Work with local communities.....29
 - Training for NPOs.....30
 - Grantmaking.....31
- BCAF people.....36
- Financial indicators- funding sources and Expenditure.....40
- Financial Statements and Independent Auditor’s Report

INTRODUCTION

WHAT WAS 2012 LIKE FOR BCAF?

The natural disasters in 2012 were a big challenge for all of us – citizens, institutions, organisations and professionals, working in the field of philanthropy.

The floods in Southern Bulgaria, the earthquake in Pernik region, the fires in Vitosha Mountain, managed to mobilize Bulgarian society. People donated money, in-kind contributions; they organised themselves and formed volunteer communities to provide support.

Bulgarian Charities Aid Foundation, of course, could not stay out of action - we supported the "Bulgaria is With You" campaign of the Bulgarian National Television, in benefit of the victims from Bisser village. The funds - 309 680, 52 BGN were used to build 4 houses.

BCAF continued to work on its **long-term priorities** and to support fundraising campaigns, related to increasing the quality of life and education, service provision for children and elderly people with disabilities, environmental protection.

In 2012, The **Giving Platform** of BCAF was used by **50 causes, divided in 9 categories**. In addition, we continued to introduce important social causes to the corporate sector and provided consultancy on the development of their CSR programmes and policies.

In 2012 we raised 1 566 625 BGN for our causes.

(in comparison to 2011, when the sum total of the attracted donations was 864 579 BGN.)

We achieved **an increase in donations** through two of our main giving mechanisms. **Payroll giving** provided some 164 950 BGN for its causes (100 628 BGN in 2011) and the DMS project (a partnership project of BCAF, BDF, Teracomm and the three mobile operators) doubled the donations from the previous year raising 852 235 BGN (430 237 BGN in 2011) through the **Unified Giving Number DMS 17 777**.

Within the frames of the pan-European economic crisis and the financial difficulties that are experienced by Bulgarian citizens and companies, we report an increase in the volumes of donations as a sign of empathy and commitment of givers towards socially important issues and necessities, and a sign of actual social responsibility on behalf of the corporate sector. We would like to thank you all for your trust in BCAF and for our active partnership.

2012 was another successful year for the corporate projects, BCAF was involved in.

Six CSR programmes with the active participation of BCAF were nominated for the BBLF Responsible Business Awards in February 2012. Three of them were awarded: **M-Tel's** "For the people" programme; the bio-garden at the children's home in Dragalevtsi, created by **Armina** Ltd. and the charitable campaign of **Raiffeisenbank** "Choose to help", that had BCAF's Medical treatment and rehabilitation fund as a beneficiary.

The campaign of **Raiffeisenbank** "Choose to help" was also awarded at the 7th edition of the Annual Awards of the Bulgarian Donors Forum in October 2012. In the category "Biggest impact through employee volunteering programme" for 2012, two programmes, supported and executed by BCAF, were awarded: the volunteer programme of **UniCredit Bulbank** took the first place in the category with a budget of 25 924 BGN, followed by **M-Tel** – respectively with a budget of 16 717 BGN.

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 2012 LIKE FOR PHILANTHROPY IN BULGARIA?

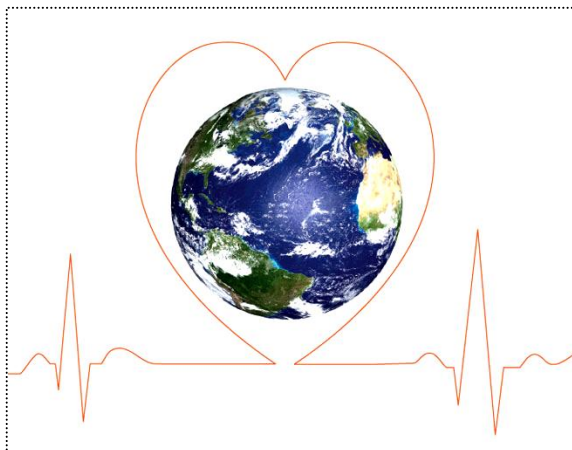
World Giving Index

Bulgaria takes 137th place out of 146, together with Serbia

Nearly one in three Bulgarians (31%) helped a stranger in a typical month, according to the new CAF World Giving Index 2012 – the most comprehensive report on charitable behaviour in the world so far.

One in 10 Bulgarians has donated money in the previous month, when the survey was carried out, a higher figure than Russia (7%) and Ukraine (7%) but behind Slovakia (37%) Poland (28%) and Hungary (26%).

Only 4% of the people interviewed said they volunteered time.



CAF World Giving Index for 2012 uses data on individual giving in 146 countries thus covering about 95% of the population around the globe. The report measures three key indicators of giving – giving money, giving time and helping a stranger.

In general the world became a less generous place last year – according to the new report. And, following a previously unrevealed trend,

charitable giving worldwide appears to be mirroring global economic patterns.

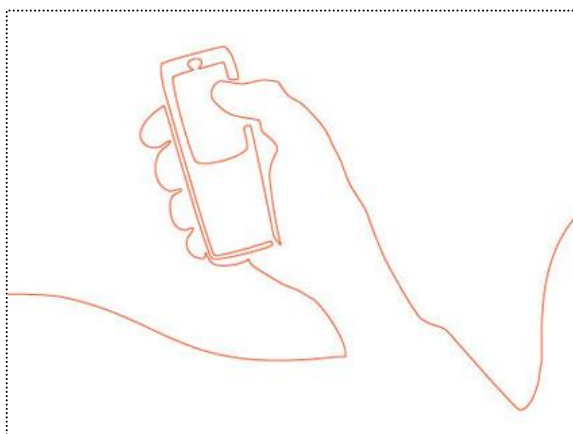
Analysis of global giving over the past five years shows giving dropped in 2009, the year after the 2008 financial crisis, slightly recovered in 2010, and then sharply declined in 2011.

Overall, the index found that Australia was the most generous country on earth, followed in second place by Ireland. Canada was the third most charitable nation and New Zealand - the fourth, followed by USA- 5th; Netherlands – 6th; Indonesia - 7th; United Kingdom – 8th; Paraguay -9th and Denmark – 10th.

Around the world, women donated more money than men in 2011, but men were more likely to volunteer time and help a stranger .

The report also indicates that there is a generational gap in giving worldwide. Over the past five years, 16-24 year olds have been as much as 10 percentage less likely than people in their 50s to donate money.

Without VAT for the donations through SMS



Following the decision of the Ministry of Finance from Aug 31st 2012, (stating that the donations made through SMS and through landline calls should be VAT-exempt), as of December 2012 this was adopted by all three mobile operators. VIVACOM was the first company to adopt it, followed by Mobiltel and GLOBUL in December. As a result, charitable SMS for contract - subscribers will cost 1 BGN.

2012 was the most successful year since the start of the giving platform "Unified Charitable

Number DMS".

Strategy for support of development of civil society organisations in Bulgaria 2012 - 2015

The strategy paper was developed by the working group, initiated in January 2012 by the Minister for EU Funds Management Mr. Tomislav Dontchev. Together with the strategy, a project was developed, targeting **"A vision for creating a mechanism for funding the civil society."**

During the consultation period of the Strategy, BCAF - as a stakeholder - gave recommendations regarding Measure 2: specifying the steps necessary for encouraging philanthropy, formulated after discussions with donors. BCAF suggested that, in addition, some measures need to be put in place providing prerequisites for private donors' participation as a contribution of state funding and not as a substitute to it. This is especially valid for provision of ongoing public services that need should not be discontinued. This continuity could be achieved by revision of delegated state funding, public-private partnerships, etc.

The financial limit on medical treatment for Bulgarian children abroad not approved



In March 2012, the Health minister Mrs. Dessislava Atanassova made a proposition to turn down the financial limit of 180 000 BGN on medical treatment of Bulgarian children abroad, provided by the National Fund for medical treatment of children. The withdrawal of the limit was among the first changes, which Mrs. Atanassova announced she would initiate after she was elected Health Minister. The Government approved the proposal in April.

The change was made possible after a group of non-profit organisations announced publicly that the limit should be waived. Among these, were the initiative "Spasi, dari na...", the Bulgarian Donors Forum, The Centre for protection of health rights, The national network for children and the Bulgarian Charities Aid Foundation, as well as parents of children, who needed urgent medical treatment abroad..

The Informal network CIVIC PARTICIPATION FORUM became an association

On the 6th of July the Civic Participation Forum Association was founded. BCAF was a member of the Coordinating Council and became a founding member.

The Civic Participation Forum Association was created three years ago as an informal network of organisations, working for the inclusion of citizens in the processes of decision-making and implementation of coordinated actions with the authorities at local, regional and national levels.

For the three years of its existence the Forum gathered more than 120 Bulgarian NGOs from all over the country and proved the power of unification by development and coordination of opinions and positions, defending common causes related to local governance, regional development and the development of Bulgaria and the EU during the next years.

For the purpose of sustainability of the network and its greater effectiveness, the members of the Forum decided to formalize the structure and create a legal entity.

Among the biggest achievements of the Forum are the dialogue with the Government that led to the development of the [A Vision and a Strategy supporting the development of civil organisations in Bulgaria for the period 2012-2015, as well as a mechanism for funding NGOS](#).

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 for 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.

Fourth Annual Conference

"Responsible company-responsible employees"

On 4th and 5th April 2012, BCAF hosted the Fourth Annual Conference "Responsible company- responsible employees". The event took place at the Sofia Sheraton Hotel Balkan in Sofia.

The event gathered more than 100 representatives from both the corporate and non-profit sectors.

"Unusual and extremely useful" – these were the words, used by participants to describe the event.



Frankly and openly speaking about their personal motivation to engage with a social cause; about the reasons and satisfaction - that is how the morning session was opened by the politician Mr. Solomon Passi and the businessman Mr. Sasho Donchev, the actor Vladi Vurgala and Mrs. Stanimira Georgieva, HR manager at UniCredit



Consumer Finance, Romania and Mr. Derek Ray-Hill, Senior Company Relations Manager at CAF-UK.

An inspiring talk with the Dr. Plamen Dimitrov – chairman of the Bulgarian Psychological Society - emphasized on not treating people as a resource and focused on the only unlimited resource – human ideas, talents and imagination.

After the presentations of the Communication specialists: Mrs. Radina Ralcheva, Go Green Communications and Mrs. Manuela Toteva, Aurubis Bulgaria, the participants worked in groups on specific cases.

The second day of the conference was dedicated to traditions and policies for encouraging philanthropy and volunteering from the workplace, supported with case-studies from the USA and the United Kingdom. Together with representatives of the big business associations, the Ministry of Labour and Social Policy, responsible for the implementation of the Bulgarian policy for corporate Social responsibility at national level, the participants discussed key initiatives that would change the situation in the country.

The conference was held with the support of: the American Chamber of Commerce in Bulgaria, Bulgarian Donors Forum, the Bulgarian network of the UN Global Compact, Bulgarian Business Leaders Forum, and the Bulgarian Human Resource Management and Development Association.

Photo competition “Philanthropy through the lens”



In 2012 BCAF, in partnership with the Bulgarian Donors Forum, organised the first edition of the national photo competition “Philanthropy through the lens”.

The competition aims at increasing the popularity of philanthropy in society. It has a nationwide scope and is open for participation for professional photographers and amateurs, children and adults.

„Biblical“, Vlado Trifonov
Winner in the “My Hero” category

Among our partners in 2012 there were: “Yanka Kyurkchieva” Photo academy, Bulgarian photographic association and friends, Photo Forum, Off-road- Bulgaria.com, VIVACOM, Metromedia, Sofia – a candidate for European capital of Culture 2019.

Media partners: Vesti.bg, cultural –information guide “Programata”, NPO portal, Bulgarian National Television.

The participants competed in 9 categories, and the Jury consisted of: Boris Misirkov, Elitsa Barakova, Krassimira Velichkova, Nadejzda Pavlova, Nadejda Chileva and Yavor Popov.



The 10th winner was selected by the general public through voting on the website of the competition.

With 1923 votes the public chose as its favourite the photo “[A friend in need is a friend indeed](#)”. It has been shot during the fundraising campaign in favour of Irina Mishonova’s medical treatment.

The awarded photos were exhibited at the VIVACOM Art Hall and printed in a special catalogue, published in partnership with the cultural-information guide – “Programata”

The winners received awards, provided by the sponsors: Raiffeisenbank, Aurubis Bulgaria, Olympus, Photomania magazine and others.

The photo competition “Philanthropy through the lens” was realized with the support of America for Bulgaria Foundation.

The Photo competition “Philanthropy through the lens” was welcomed very warmly by both the NGO sector and the professional photographers. The travelling exhibition with the awarded photos visited 10 towns and we do expect even greater interest during next year.



BCAF Challenges

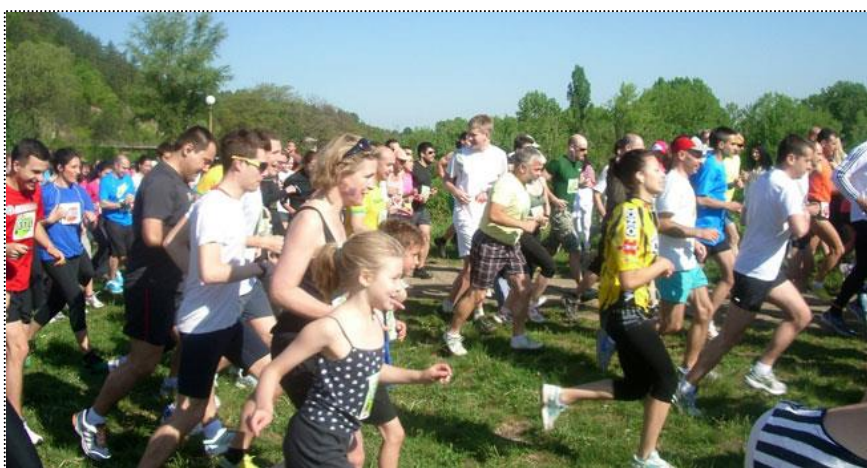
For BCAF, 2012 was the year of “charity challenges”, as we wanted to make more popular this form of philanthropy.



Our Colleague, Iva Petrova climbed the snowy Ararat peak (5 137 meters high) with a cause: she dedicated her [Ararat challenge](#) to the professional development of BCAF staff.

In the spring of 2012, we joined efforts with **the Begach running club**, raising funds for water therapy for children with various chronic diseases. The members of the club are people with various origin and professional background, brought together by their passion for running, their love of sport activities and their desire to help others.

For the eight months of our partnership, these athletes organised four charity marathons for their cause: on the 6th of May, near the Pancharevo lake,, within the frames of the Sofia



Marathon on Oct 24th, during the charity duathlon "1000 km Balkan Charity Challenge" (10-19 November); and the Sofia Evening Run in the Borissova garden (Nov 17th).

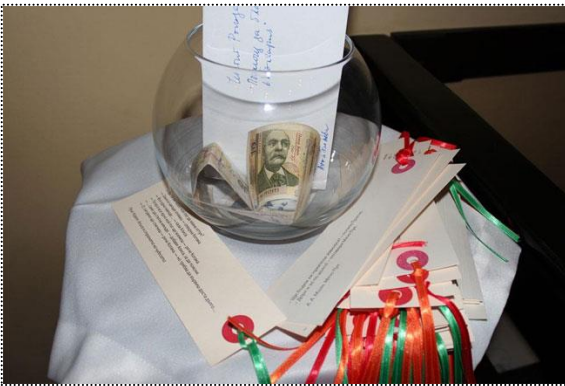
The funds, raised for the cause, amount to 3 405 BGN.

Another amazing event was the cross – border marathon - **1000 km Balkan Charity Challenge**, initiated by marathon runners from Bulgaria and Romania (BEGACH Club and "RO Club Maraton"). The UniCredit group supported this initiative, and BCAF was the main charity partner for Bulgaria. The marathon



popularized Romanian and Bulgarian charitable causes and raised over 12 000 EUR and what is more it brought warmth, empathy, positive energy that will inspire others to participate next time.

BCAF dedicates its birthday to a charitable cause



On Nov 16th BCAF celebrated its 17th birthday. This birthday was, however, different for us – we decided to support the campaign for buying new books for the Children’s Department of Sofia City Library. We encouraged our guests – instead of bringing gifts, sweets and flowers – to make a small contribution for the cause. We raised 800 BGN during the party and all our guests also received a small gift – a bookmark with a famous quote from a favourite children’s

book.

Volunteering Days

May – October 2012

The national Volunteering Days is a joint initiative of the **Bulgarian Charities Aid Foundation and the American Chamber of Commerce in Bulgaria** since 2008, and has already had 10 editions.

[The Volunteering Days Initiative](#) is especially tailored for companies and their employees – this is what distinguishes it from all other similar events. The Volunteering Days give the companies the opportunity to support the efforts of their employees to work in benefit of various social causes.

The IX-th edition of the „Volunteering Days“

May 2012. The ninth edition of the Volunteering Days was dedicated to the Night of the Museums. Eight museums (2 in Plovdiv and 6 in Sofia) invited volunteers to help them with cleaning, gardening, distribution of flyers during the day preceding the Night of the Museums.

Volunteers also worked for 20 NGOs, helped improve the urban environment, supported day-care centers for children and young people with disabilities. Every host prepares a list of needs and volunteers are able to choose their favorite cause from the Volunteering Catalogue.



Some 23 companies and more than 600 of their employees volunteered in 10 locations: Varna, Gabrovo, Plovdiv, Sliven, Sofia, Stara Zagora, Triavna, Dren, Bogrov and Skravena. Besides supporting the efforts of their employees to volunteer, the companies provide all the necessary equipment and materials – paint, gloves, seedlings, etc.

The X-th edition of the „Volunteering Days“



October 2012. The focus of the 10th edition of the Volunteering Days was education. Our volunteers could choose to present themselves at schools in more than 10 cities: Sofia, Plovdiv, Rousse, Blagoevgrad, Varna, Pleven, Stara Zagora, Pernik, Sliven, Zlatna Panega, Yablanica, etc. Traditionally, they also visited and volunteered at Day-care

centers for children and young people with disabilities, helped improve the surrounding areas and the buildings of centers for informal education such as libraries, community centers, museums, etc.



This new and challenging part of our volunteer days has become very successful and gave the start of a new programme - **Pro-bono Professionals at School**. We proved that education can concentrate and distribute a lot of positive energy for change – both for volunteers and students. Schools stated that the professionals provided valuable support for children in the process

of choosing their future profession, and contributed for broadening their horizons and opening new themes for discussion, introducing innovative approaches, and presenting the schools as institutions, open for collaborating with society.

During a three week period, employees of Bulgarian and international companies entered



more than 30 schools, and spoke to students from 5th to 12th grade about their educational choices, their career paths and the way to success. People were coming from various business sectors – banks and financial institutions, telecommunications, energy sector, IT, lawyers, HR, state administration, media.

To answer the eternal question “Why should I study that”, the classroom entered: the Minister for EU Funds Management Mr. Tomislav Dontchev, Mr. Totyu Mladenov – Minister



of Labour and Social Welfare, Mr. Nikolay Mladenov – Minister of Foreign Affairs, Mrs. Nancy Bartley – professor at the American University in Blagoevgrad, Anna Vdovichina and Eva Bencheva from AIMS Human Capital Bulgaria; Gergana Pavlova - IBM Bulgaria, Vassil Ararski from Sopharma, journalists from Bulgarian National Television, etc.

Pro Bono Professionals at School Programme expands



On Dec 3rd 2012, at VIVACOM Art Hall, organizers, hosts, volunteers and partners in the 10th edition of the Volunteer Days gathered to discuss The Pro-bono Professionals - the new component of the volunteering programme of American Chamber of Commerce in Bulgaria and the Foundation. Representatives from 10 companies, journalists, representatives of

the Regional inspectorate of Education in Sofia and the Ministry of education took part in the round table discussion.

The participants talked about the benefits for both schools and business from the volunteer programme. They shared the difficulties in an open dialogue between educational institutions, companies and state institutions besides the initiative. The idea that volunteering in the area of education should become an all-year round initiative was clearly outlined. The participants also suggested that the programme could expand to smaller towns and locations. The Ministry of Education and the Regional Inspectorate declared their readiness to support the future development of the initiative.

The educational institutions and the business declared their interest in organizing joint meetings, which would have a motivational effect on young people, create relationships between school subjects and real business, and create opportunities for professional orientation. All participants reassured they are ready to continue taking active part in the next editions of the Volunteering Days programme.

SUPPORTING RESPONSIBLE COMPANIES

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

Our services: To companies, we offer advice, training, consultancy and assessment of the effectiveness of their CSR programmes, as well as development and management of CSR programmes and strategies

Corporate Social responsibility has become 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 2012, BCAF worked for the CSR programmes of ACTAVIS, AIMS Human Capital, American College of Sofia, Anglo-American School of Sofia, Astra Zeneca, Atos IT Solutions and Services EOOD, BNP Paribas, CMS Cameron McKenna, Coca Cola Co., COLLIERS International Bulgaria, ContourGlobal Maritsa East 3 AD, DHL, Dundee Precious Metals Inc., eCommera, ELANA Financial Holding, Fama Consulting OOD, Kraft Foods, Mtel, PPD, PWC, Sopharma AD, TBP, Titan Zlatna Panega Cement, Unicredit Bulbank, VMware, Aurubis, Bulstrad Vienna Insurance Group, Libra AD, Omega Soft, PCT Holding, Raiffeisenbank, CITI bank, GEA Events, Manpower, A-TEAM, Texprom Ltd, Mania stores, Globul, etc.

We attracted:

- 164 950,61 BGN through payroll giving,
- 210 706,61 BGN through corporate donations,
- 338 732,64 BGN through donations for our appeals

Those funds we invested in socially responsible programs.

CORPORATE SOCIAL STRATEGIES AND PROGRAMMES

BCAF provides support in the planning process, in identifying trustful partners to implement the programmes, and in the very process of implementation of the corporate giving programmes. We use our knowledge on active non-profit organizations and projects to build a programme, adequate to the needs of beneficiaries and compliant with existing policies in the specific area. No matter if we organize a local programme for a few thousand BGN or a bigger grants programme, at BCAF we will give you all the attention and professionalism that you need to be successful.

Client: M-TEL

Programme: M-Tel Eco Grant



On Feb 27th 2012, Mobiltel announced the 4th edition of its annual grants programme in partnership with BCAF. The goal of the programme was to provide support to small-scale, but valuable environmental initiatives, with a focus at preservation of Bulgarian nature through preservation of the biodiversity of wild and domestic species, encouraging organic farming practices and reforestation along river beds in the regions that suffered most from the devastating floods during 2012. From a broader point of view, environmental protection is associated with realizing individuals' personal responsibility and contribution. That's why the projects had to contribute to raising the awareness and promote active civic participation in local communities.

Some seven environmental projects were awarded grants. They were selected among 30 applications and the total funding reached 110 000 BGN.

- **"The enchanting garden – applying organic bio gardening methods for preservation of rare herbs in the Rhodope mountain area"** project of *Future Now 2006 Community Centre (Chitalishte)* for organic herbs garden in a Rhodopi-based village
- **"Together with the children at the bio-garden"**, *Agrolink Association* for organic gardens in urban environment, applied in 2 social institutions for children
- **"Preservation of the otter – through conflicts prevention and knowledge "** - *Vitosha Initiative Group* for preservation of the otter populations in fish farms in the region of Batak, Devin, Dospat.



- **"Preservation of world threatened and rare birds species in Bulgaria"**, *Green Balkans – Stara Zagora* for tracking the behavior of 6 released back to nature injured birds, included in the Red Book of threatened species.
- **"Together for the Falco vespertinus "**, *Bulgarian Society for Birds Protection* for reintroduction in Bulgaria of a rare threatened by extinction kind of falcons
- **" To preserve the unique herons of Kurdzhali "**, *"Unity" Community Centre (Chitalishte)* – Kurdzhali for preservation of the unique herons' colony within the town of Kurdzhali
- **"Hand in hand for the future floods prevention in Svilengrad"** , *Together for Svilengrad Association* for reforestation of the banks of a Kanakliyska river.

BCAF's role included development and design of the programme areas, aims, procedures, application forms, assessment of the applications, recommendations for funding, re-granting, monitoring and reporting. All successful applications participated in a workshop on monitoring and evaluation and communication with media prior to the launch of their projects. We have also linked the granting process with the requirements for strict and well-organised media coverage of each of the initiatives.



Client: MANIA Stores chain
Programme: Mania helps

In March 2012, Magazini Mania® entrusted the management of their social programme to BCAF. The budget for the year equals 30 000 BGN. Till the end of the calendar year, 8 individuals were supported with a total sum of 24 140 BGN.

The programme MANIA helps aims at providing financial support for the medical treatment of individuals, who need to cover the costs for medical services - surgical operations, manipulations and recovery treatment at hospital; costs for transport; for buying medicines and medical devices. Eligibility criteria are: 1. Urgent need for funding 2. Used other existing resources of state / municipal support; 3. Finished stage of treatment, rather than a regular medical procedure.



Client: UniCredit Bulbank

Programme: 1000 km Balkan Charity Challenge

The Charitable marathon **1000 Balkan Charity Challenge** (<http://1000balkan.com>) started on Nov 10th from Bucharest, Romania, came to Bulgaria through Rousse and Pleven and arrived in Sofia on Nov 12th and back again to Romania. The athletes covered 500 km by bike and 500 km by running – a great physical challenge which attracted over 80 people that took part in the whole marathon or covered parts of the 1000km trace.



The first part – bicycle riding continued for 3 days from Bucharest to Sofia. The way back took 8 days, each day covering about 65 km. The oldest participant was 63 years old, the youngest – 24.

The goal of the 1000 km. Charity Marathon going through Bulgaria and Romania was to raise funds and awareness for 18 charitable causes of organisations from the two countries and managed to raise over 12 000

EUR.



The eight Bulgarian charitable causes, proposed and administered by BCAF included: Home care for elderly people – Caritas Rouse; Day-care centre for children with disabilities – St. Minas- Sofia; Get ready to succeed – scholarship programme of BCAF; Home for elderly people and a day-care centre 'Alexandrovska – Bankya; Restoration project of the Bogdan mountain hut of the Bulgarian Tourist Union; Hypo-therapy and water therapy for children and young people with disabilities – BALIZ,

Pleven; Sports for children with chronic diseases; Day-care center for elderly people with intellectual disabilities – Maria's World – Sofia.



Client: Sopharma AD

Programme: Eco-educational camp "With the smell of resin"

A charitable exhibition with photos of natural sights at the open art space "Open Heart, Open Mind" in the Sopharma Business Towers was the initiative, chosen by Sopharma AD to celebrate the Earth Day.

The exhibition supported the informal education programme of Bikerea Association called "With the smell of resin". The funds raised during the exhibition and the additional funds



provided by the company reached a total of 3000 BGN. BCAF was involved with monitoring and evaluation of the project, as well as its reporting.

Some 15 students from socially disadvantaged families from the region of Rakitovo were selected to participate in the eco-educational camp. In addition to the social criteria (single-parent families or unemployed parents) the applicants had to provide an essay on an eco topic, and the competition was organized with the support of the secondary school in Rakitovo.

CORPORATE VOLUNTEERING

Volunteering gives the opportunity to the individuals to express themselves, to connect with other people and causes by donating their time, skills and efforts. 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 personal satisfaction to volunteers through knowing they are part of a socially responsible company. It helps for the establishment of the social policies and adds value to the corporate philosophy,

Volunteering days in partnership with the American Chamber of Commerce

In 2012 we organized 2 editions of the Volunteering Days – on the 19th of May and on the 13th of October.

Companies that took part in the events: 3M, ABBOTT, Aims Human Capital, Amgen Bulgaria EOOD, ATOS, Experian, HP, IBM, IBS, Interallis, ISG technology Ltd, JCI, JTI, Mars Incorporated Bulgaria, MBL, MSD, Sensata, Siemens, VIVACOM, VMWare, Worley Parsons, American College of Sofia, American University, Anglo-American School, Astral Holidays, Auto France, Balkan Star Automotive Ltd, Balkan Star

thus working towards achieving a more positive image of the company in society.

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

Retail Ltd, BNT, Vaptech, VUZF, Djingov, Guginski, Kjuchukov and Velichkov, Kempinski Hotel Zagaphski, Colliers International, Contour Global, Quadrant, Maya Tour, Neochimiki, Overgas, Park Inn, PostBank, Radisson Blue Hotel Sofia , Citibank, Sopharma, Stanton Chase, TITAN.

Achievements: over 1000 volunteers took part in the volunteering activities in 2012; and for the first time they participated in projects at educational and cultural institutions.

Corporate volunteering initiatives

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



Client: **MobilTel**

Programme: **Corporate volunteering 2012**

More than 50 volunteers from the company dedicated 2 days to support cultural institutions. They helped with cleaning and gardening of the territory of the Earth and Man National Museum and the National History Museum.

Client: **Atos IT Solutions and Services**



Programme: 38 volunteers from Atos IT Solutions and Services worked together with their families at the Boyana Church yard and transformed the small park into a more beautiful and attractive place

for the visitors. For a second consecutive year the company is using the services of BCAF to organize the volunteering days programme for its employees.



Client: **Bulstrad Life Vienna Insurance Group**

Programme: BCAF organised 6 groups of volunteers in 4 cities, to benefit 2 Day-care Centers for rehabilitation and integration of young people with disabilities; 2 day-care centers for children with

disabilities, the Pulmonary Clinic at the Haskovo hospital and the Boyana Church. Some 50 employees from Bulstrad Life Vienna Insurance Group and Bulstrad Vienna Insurance Group took part in the initiative.



Client: Colliers International

Programme: Volunteer day of Colliers Bulgaria

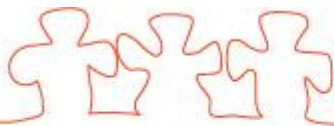
Over 50 employees of Colliers International volunteered on 21st October 2012. They went to 2 locations in Sofia – The Boyana Church and the Day-care Center for children with disabilities St. Minas.

MORE AND MORE – PAYROLL GIVING PROGRAMME

Payroll giving gives the opportunity to any individual with a labour contract to donate a small sum for charity of his/her choice on a monthly basis, with the support of the Employer. The funds from his/her colleagues and other participants in the programme are added up to achieve more impressive results. Some companies choose to double the funds, raised by their employees, showing their support and encouragement.

During 2012 the payroll giving programme was joined by: Atos IT Solutions and Services, Colliers, WM Ware, Elana Investment.

Future prospects: many companies are turning to BCAF for 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



Blue summer” a gift from payroll givers and volunteers to the children with disabilities in Buzovgrad

Sports events, workshops on fine arts, photography and theatre as well as horse-riding, swimming, visits to the zoo – all that a child could dream for. These activities were all part of the summer programme, provided through the “Blue Summer” project for over 60 children with disabilities or chronic diseases from the children’s institution in Buzovgrad and the 15 children with disabilities from the Day-care Center.

The students from the high schools in Kazanluk also contributed to the execution of the project. During their summer holidays they volunteered at the institution,

helping the staff with all activities. The funding was provided by the employees of eCommera through their payroll giving programme.

SUPPORTING INDIVIDUAL GIVING

Our goal: To facilitate individual gifts, to motivate more individuals to support important public causes

Our services: We reach individuals through their employers and offer them various ways to support public causes. We distribute information to help individuals make their choice. To individuals we offer options for online giving, giving through DMS and volunteering.

THE GIVING PLATFORM

BCAF's Giving Platform is an information service integrated into BCAF's website. It's a useful tool for individual donors to support important public causes and for organizations working in public benefit. It was created in 2011.

During 2012, on the Giving Platform BCAF has published and updated the information about 50 public causes of NGOs and public institutions, divided in 9 categories: +healthcare; +education; +environmental support; +children, deprived of parental care; + people with disabilities; +elderly people; +arts and culture; +charitable events; +human rights; +cities and communities.

The profiles contain details about the cause and the activities of the organisations, about their beneficiaries, about the financial aims of their campaigns, photo and video materials, and online giving payment processor: (<http://bcaf.bg/bg/nestopanski-organizacii-1/daritelska-platforma>)

PRO BONO PROFESSIONALS

„Pro bono Professionals" is a long-term initiative of BCAF, ongoing since 2010. BCAF serves as a mediator between companies' employees and experts from different spheres, who would like to provide professional pro bono services, and the organisations and public institutions that need them. Until now, we have pro bono services provided by experts in the spheres of communications, advertizing, commerce, culture, etc.

During 2012, some 10 organisations worked with the support of pro bono professionals within the frames of "Let us achieve more" - a programme designed by BCAF aiming to provide training and support in fundraising, funded by America for Bulgaria Foundation. Non-profit organisations, alumni organisations and School Boards of Trustees developed their fundraising campaigns and received training, grants and professional consultants' support.

At the moment we have formed 4 focus groups with 8 pro bono professionals from Overgas, Contour Global, Bulgarian National Radio, Bulstrad Insurance group, Allianz, KPMG, etc. The group also features an actress, one famous blogger and a cultural projects manager, who provided support to the organisations from our programme. Two PR agencies – Mark Publicis and Saatchi & Saatchi also contributed to the success of two of the campaigns. Two PR specialists and journalist from the Bulgarian National Television also organised free of charge training programme for the participants.

SUPPORTING THE NON-PROFIT ORGANISATIONS

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

Our services: We organize trainings and provide consultancy. To NPOs we provide access to various fundraising mechanisms, we help them promote their causes and 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.

Payroll giving is one of the most successful fundraising mechanisms over the past year. In 2012, we raised 164 950 BGN for our causes, while in 2011 the funds received were 100 628 BGN.

In 2012 the Day-care center for children with disabilities “St Minas” – Sofia achieved success in attracting new payroll givers

In 2012, our monthly flow of donations reached 10 000 BGN and we introduced a 5% fee to cover the administrative costs of the programme.

DMS campaigns

The DMS project helps organizations to raise support for their causes from a very wide range of supporters. During 2012, 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 treatments.

The charitable SMSs sent to the unified charitable number DMS 17 777 (a partnership project of BCAF, BDF, Teracomm and the three mobile operators) doubled in number in comparison to the previous year. The funds raised by the campaigns during 2012 reached 852 235, 77 BGN (in 2011, the sum raised was 430 237 BGN).

The funds redistributed to campaigns were **825 639,72 BGN**.

Number of campaigns in 2012, in comparison to 2011 and 2010.

Campaigns	2010	2011	2012
Individuals	103	124	98
NPOs	35	49	51
Other – municipalities, hospitals, institutions	6	15	30
Total	144	188	179

“Bulgaria is with you” - Fundraising campaign for the victims of the floods



On the 6th of February 2012 Bisser village, Haskovo region, was flooded. There were 11 victims, 4 of them from Bisser. More than 130 families suffered severe losses; some 50 houses were totally destroyed. The Maritsa river went out of its bed, several more villages in the region were inundated with water.

Immediately after the tragic events several charitable campaigns were initiated. The very same day, the Bulgarian National Television launched their fundraising campaign, named “Bulgaria is with you”, in partnership with BCAF. The aim of the campaign was the establishment of one unified fund for support of the victims of the disastrous floods in Haskovo region.

Within the frames of the “Bulgaria is with you” campaign (from 6th Feb till 23rd May) 310 696,77 BGN were donated through bank transfer, the online giving platform of BCAF and through SMSs sent to 17 777.

14 404 BGN were spent during the first days after the tragedy to cover emergency needs – for transport, food, heating, etc. BNT agreed that the rest of the donations should be spent on building and reconstruction works for the destroyed homes of the victims from Bisser and Leshnikovo – Haskovo Municipality. The exact distribution of funds, execution of the work and reporting was assigned to the Bulgarian Red Cross Community council which includes a member of the Bulgarian National Television.

As a result of this decision of the initiator of the campaign – BNT, BCAF re-granted the sum of 294 290, 98 BGN to the account of BRC.

By the end of January 2013, Bulgarian Red Cross reported to BCAF that 280 523, 78 BGN were used for the building of 4 family houses in Bisser. They will be used by the families of Ivan Nalbantov (105 sq.m.), by the heirs of Kiril Grozinov (105 sq.m.), the family of Antoaneta Arabadjieva and Nedialka Drungova (85 sq.m.) and of Lozko Chaushev (85 sq.m.).

The rest of the donated financial resources equal to 13 557, 99 BGN was used in the reconstruction of the other 28 houses from total of 32 houses, built with the support of BRC. The procedure for issuing certificates for use is already underway.

We would like to express our deepest gratitude to all donors for their trust , generosity and compassion with the people who lived through the tragic events in Bisser village!

WORK WITH LOCAL COMMUNITIES

Helen L. Rinker Ashley Fund, CAF America

The goal of the Rinker Ashley Fund, owned by CAF America, is to fund a wide range of activities in Bulgaria –these will range from reconstruction of public infrastructure to supporting elementary education. The majority of the funded projects are anticipated to benefit the village of Voditsa due to the relationship of the donor with additional projects to be funded in the Region of Popovo and throughout Bulgaria.

CAF America has chosen BCAF to provide support in implementation of this programme.

For the last one year in Voditsa there were three major community meetings and small projects started. After the refurbishment of the school all teachers attended training on topics they requested to be helped. Voditsa Association was created and recruited first membership. Two applications were supported to bid for funding from LAG Popovo Foundation.

Several other projects are waiting and need improvements but could be funded: improving the conditions in the medical center, kindergarten and pensioners' club, and a project for increasing the village safety. All funded projects must be approved by CAF America.

Since the donation was made, BCAF has faced challenging obstacles that have prevented important work to be done in Voditsa. As many other villages in Bulgaria its main issues are about depopulation, unemployment, public services going down. Addressing these needs adequately together with the local people is our greatest challenge. In 2013, CAF America and BCAF together are working to overcome these challenges by promoting formalized procedures for projects applications. BCAF has been assigned to proactively develop fundable projects within the objectives of the legacy.

TRAINING FOR NPOs

Trainings in Fundraising and organisation of fundraising campaigns



Let us Achieve More Programme With the support of America for Bulgaria Foundation

The programme focuses on enhancing the capacity of NGOs and public institutions to raise funds, to achieve more, to work better. Development of giving relationships between the organisations and their clients, members, alumni, audiences, as well as socially responsible companies is a way towards their autonomy and independence from donors' funding. We invited organisations, which have a big pool of potential donors, motivation and enthusiasm to organize fundraising campaigns. We addressed more than 70 NGOs, public institutions, big membership organisations and informal groups supporting social causes, working in the following spheres – culture, education, environmental protection and social welfare. A separate group was formed by educational institutions and alumni organisations. The programme encourages secondary schools and universities to organise and develop their alumni communities – their best Ambassadors and natural supporters.

28 organizations took part in the 2 –stage trainings. It included 3 modules and lecturers from BCAF and 2 pro bono specialists in the area of CSR and philanthropy – motivation, methods and building relationships with corporate donors, sales skills, negotiations, presentation skills, work with social media.

We signed grant contracts, supporting the execution of the fundraising plans of 11 finalists: *Teach for Bulgaria* Foundation; National History Museum; *For the Nature* Coalition; *Future Now* Community Centre; *Green Balkans* Foundation; Association for Development of Sofia; Bulgarian Tourist Union; Caritas Bulgaria; Sofia Mathematics School; English Language School - Burgas, and the Alumni Association of First English Language School – Sofia and Sofia mathematical high school.

The grants covered costs for website development, audio-video clips, printed PR materials, organisation of fundraising special events, data-base development, negotiations with corporate donors.

Our team was constantly providing support and consultations to the selected organisations, helping them improve their presentation materials, websites, address companies and find media partners.

Results:

- the participants are definitely much more knowledgeable about fundraising; all have identified what their major deficits and mistakes had been
- all provide feedback that they have increased their confidence to address potential individual givers and companies and to present clearly their causes
- A total of 130 000 BGN were raised by participants, and we expect at least half of them to reach their fundraising targets by May 2013.

GRANTMAKING

Thematic Funds

BCAF manages 6 thematic Funds, supported by private and corporate donations. Four of the Funds provide funding for NGOs, working in public benefit: the Elderly people Fund; the Fund for Environmental protection; the Fund for support to young people from institutions and the Fund for organisations, working for people with disabilities.

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.

Support for organizations working with people with disabilities

<i>Starting balance</i>	<i>Income</i>	<i>Expenditure</i>	<i>Closing balance</i>
14615,40	5730,59	10967,70	9378,22

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

<i>Starting balance</i>	<i>Income</i>	<i>Expenditure</i>	<i>Closing balance</i>
19198,12	12050	11759,50	19488,62

A sum total of 13 524 BGN were contracted between BCAF and organisations, working with young people over 18 years old, leaving the social-care homes for children deprived of



parental care. We funded five out of the 8 organisations that applied with their ideas, supporting their efforts to provide professional training courses for young people and negotiate with potential employers on their job placement. These were: The Movement of Bulgarian mothers, Protected Home "Zaedno – Together"; Foundation for social change and inclusion; Star of Hope Foundation; August Moser Association- Varna. Some 14 young people

finished their training courses in gardening, hotel management, courses for Bar tenders, bakery courses and obtained a driving license. 10 of them got a job after the training period. The funds were provided by members of the American Chamber of Commerce through the charitable Thanksgiving dinner. The owner of JobTiger consulted the organisations on issues related to negotiations with Employers.

Fund for Medical treatment and rehabilitation for children

<i>Starting balance</i>	<i>Income</i>	<i>Expenditure</i>	<i>Closing balance</i>
81282,03	76530,64	76938,85	80873,82



Some 155 children got support for their medical treatment, in 99 of the cases we supported the priority theme of the Fund – additional rehabilitation for children, suffering from cerebral paralysis. Besides the payroll donations, the fund received 45 000 BGN from the “Choose to help” campaign organized by Raiffeisenbank Bulgaria.

Get Ready to Succeed Scholarship Programme

<i>Starting balance</i>	<i>Income</i>	<i>Expenditure</i>	<i>Closing balance</i>
107 827,59	154 175,51	134 094,22	127 908,88

Get Ready to Succeed scholarship programme is a joint initiative of BCAF and Sirak/Orphan Foundation. It supports high school and university students without parents or from single-parent families, who had achieved excellent academic results.



During 2012-2013 academic year, the scholarship was awarded to 87 students: 32 of them are high school students and 55 are university students.

In 2012, the programme was supported by 12 companies, The International Women Club, the American Chamber of Commerce and Bulgarian – American Society, and their donations reached 129 000 BGN.

Host of the awarding ceremony was "@лма @лтер" Theatre of the Sofia University.

Corporate Grantmaking

BCAF manages corporate grant making programmes and provides general support to corporate donors to identify NPO beneficiaries, to implement their programme or to provide grants to NPO projects. In 2012, we provided support to Mobiltel AD, UniCredit Bulbank, Raiffeisenbank Bulgaria, Mania Stores, eCommera, etc.

Donor	Starting balance	Income	Expenditure	Closing balance
M-Tel grant	10 967, 84	100 000,00	88 560,00	22 407,84
M-Tel We Believe	29 503,35	0	29 503,35	0
Raiffeisenbank	69 114,11	45 351,89	66 673,87	47 792,13
UniCredit Bulbank	0	3 911,66	3 911,66	0
Mania Stores	0	30 000 ,00	24 140 ,00	5 860,00
Other companies	4 500,15	19 870,00	19 241,40	5 128,75

Other Grants Programmes

In 2012 BCAF organized 2 grants competitions and gave grants to 3 schools and 8 NPOs under the programme funded by the America for Bulgaria Foundation.

In 2012 BCAF re-granted a total of BGN 1 571 096.58, as follows:

	Number of beneficiaries	Type of beneficiaries	Sums in BGN
<i>Corporate grants programmes</i>			243 603.34
M-Tel grant	7	NPO	88 560,00
M-Tel We Believe	2	NPO, Hospital	29 503,35
UniCredit Bulbank	6	NPO	3 911,66
Raiffeisenbank and employees	99	individuals, 3 Hospitals, 3 NPOs	66 673,87
Mania stores	8	individuals	24 140
PPD	6	5 institutions, 1 NPO	11 573.06
Other companies	19	1 individual, 9 institutions and 9 NPOs	19 241,40
<i>More and More</i>			70 806,28
Medical treatment of children	33	individuals and Hospitals	16 752.49
More & More Grants	16	NPO	54 053.79
<i>Appeals</i>			462 524.40
Get ready to succeed	1	NPO	134 094,22
American Chamber of Commerce – transitional homes for disadvantaged young people	5	NPO	11 759,50
Bulgaria is With You Campaign	1	NPO	308 694.98
People with disabilities Fund	2	NPO	6 325.70
Begach sport club	1	NPO	1 650.00
DMS grants	179	Individuals, NPO and institutions	706 498.56*
<i>Grantmaking – funding projects</i>			87 664
America for Bulgaria Foundation	8	NPO	73 815.00
Other projects	6	NPO	13 849

*without DMS donations of the *Bulgaria is with you* appeal, reported in the Appeals category.

In memoriam



Mrs. Olga Alexeeva left us in July 2011 – she was a very dear friend and colleague, who dedicated 17 years of her life to CAF and the development of philanthropy worldwide.

BCAF decided to establish a special prize in her name. The memorial prize “Olga Alexeeva” will be awarded annually to an organisation or an individual, who has contributed for a positive change in the policies regarding children with autism and

for better living conditions and environment for them and their families.



Tacitus Association became the first award winner of that prize. They received it during the awards ceremony of the “Little Prince” Award on Dec 3rd 2012.

„The consistency and the scope of Olga’s plans for development of philanthropy in developing economies are missed today by many of us. With this prize we remember and honor her today as a professional and as a mother of a child with autism. We hope to be able to support charismatic

individuals like her” – said Elitsa Barakova , Executive Director of BCAF.

BCAF PEOPLE

Elitsa Barakova

Executive Director

Yana Rupeva

Donor Programmes Director (on maternity leave since October 2012)

Lyudmila Atanassova

NPO Programmes Director

Penka Tsvetkova

Advisor Business Development and International Relations

Vesselina Yordanova

Donor Programmes Coordinator (on maternity leave till September 2012)

Iva Petrova

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

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 Tiriatic Bank, Bukurest, Romania

Sasha Bezuhanova

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

BCAF COUNCIL OF FOUNDERS

Boriana Kadmonova

Eureka Foundation

Georgi Stoychev

Open Society Institute – Sofia (At the end of 2012 a decision was taken by the Open Society Institute to leave the Council of Founders)

Michael Tachev

St. St. Cyril and St. Methodius International Foundation

Mihail Boyadjiev

Union of Bulgarian Foundations and Associations

Michael Brophy

BCAF is registered in the Central Register for legal entities with non-for-profit aims working in public benefit. Registered charity number №20021107001.

Address: 65 blvd. Vitosha, floor.2,
Sofia 1000, Bulgaria

T:(+ 359 2) 988 00 80
(+ 359 2) 981 19 01

F: (+ 359 2) 987 15 74

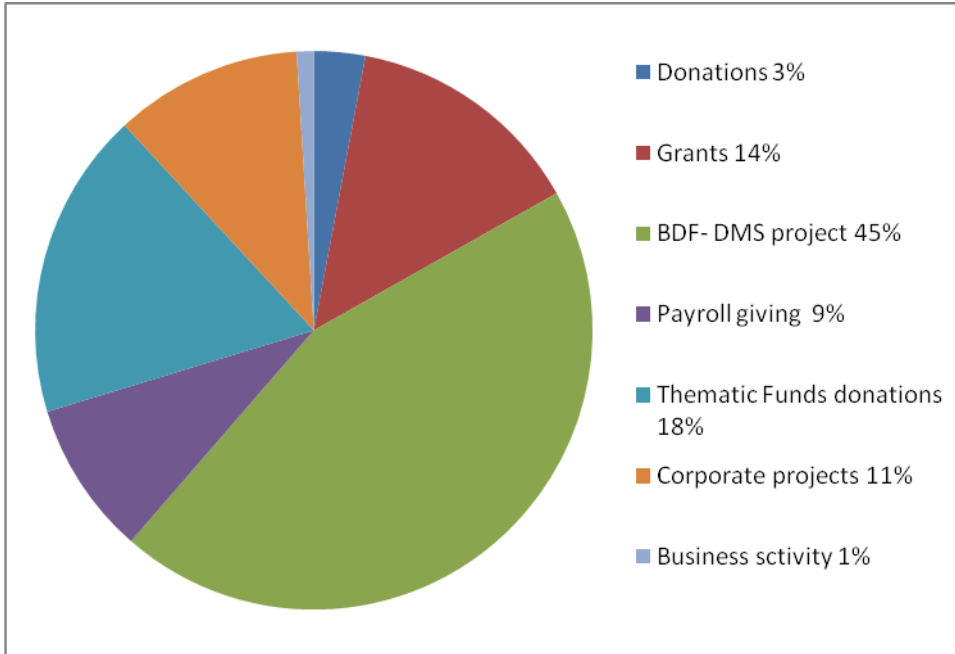
W: www.bcaf.bg

facebook: FPBBulgaria

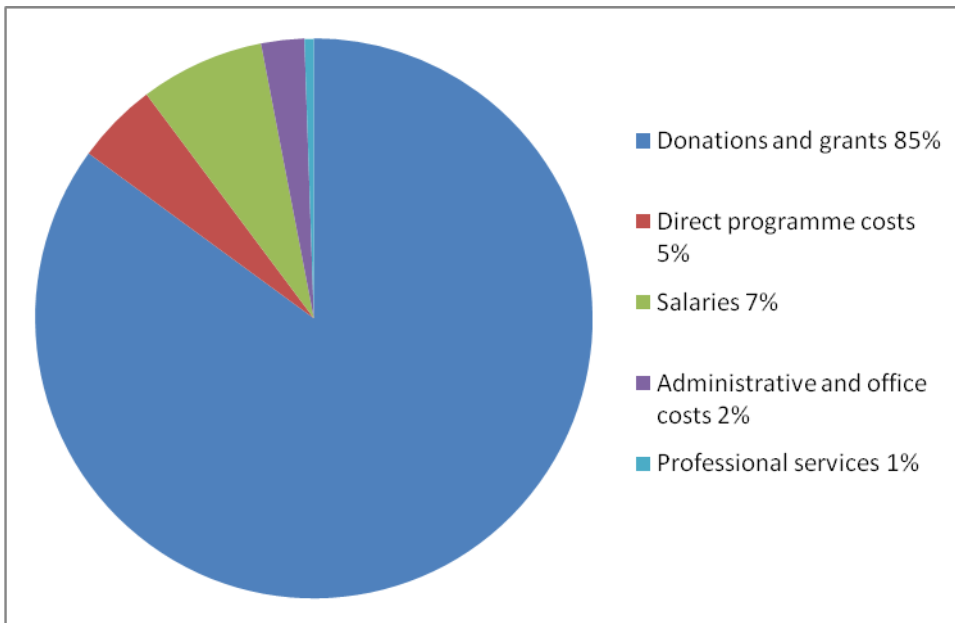
YouTube: BulgarianCAF

FINANCIAL REPORT

Income as per 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, 2012, 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, 2012, 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.

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, 2012, 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, 2012

All amounts are in thousands of Bulgarian levs unless otherwise stated

	Note	As of 31.12.2012	As of 31.12.2011
ASSETS			
Non-current assets			
Property, plant and equipment	5	-	-
Total non-current assets		-	-
Current assets			
Cash	4	1,518	1,390
Current receivables	6	190	18
Total current assets		1,708	1,408
TOTAL ASSETS		1,708	1,408
TOTAL EQUITY AND LIABILITIES			
Equity			
Share capital		10	10
Other reserves		298	223
Profit for the year		30	75
Total equity		338	308
Current liability			
Short-term payables	7	7	8
Deferred income	8	1,363	1,092
Total current liabilities		1,370	1,100
TOTAL EQUITY AND LIABILITIES		1,708	1,408

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 INCOME AND EXPENSES FROM NON-PROFIT ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2012

All amounts are in thousands of Bulgarian levs unless otherwise stated

	Note	Year ended 31.12.2012	Year ended 31.12.2011
OPERATING INCOME			
Income from conditional donations	9	1,734	1,034
Income from unconditional donations	9	58	58
TOTAL INCOME FROM OPERATIONS		1,792	1,092
OPERATING EXPENSES			
Expenses for donations	10	(1,565)	(875)
Administrative expenses	11	(229)	(239)
TOTAL EXPENSES FOR OPERATIONS		(1,794)	(1,114)
FINANCE INCOME (NET)	12	32	97
RESULT FROM NON-PROFIT ACTIVITY		30	75

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

/signed/

Elitsa Barakova
Executive Director

/signed/

Preparer
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BULGARIAN CHARITIES AID FOUNDATION

STATEMENT OF INCOME AND EXPENSES FROM PROFIT ACTIVITY
FOR THE YEAR ENDED DECEMBER 31, 2012

All amounts are in thousands of Bulgarian levs unless otherwise stated

Note	Year ended 31.12.2012	Year ended 31.12.2011
OPERATING INCOME		
	11	6
Income from sale of services	<u>11</u>	<u>6</u>
TOTAL OPERATING INCOME	<u>11</u>	<u>6</u>
OPERATING EXPENSES		
Hires services	(1)	(1)
Remuneration	(7)	(4)
Social security	(3)	(1)
TOTAL OPERATING EXPENSES	<u>(11)</u>	<u>(6)</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“

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 CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012

All amounts are in thousands of Bulgarian leva unless otherwise stated

	Year ended 31.12.2012	Year ended 31.12.2011
CASH FLOWS FROM NON-PROFIT ACTIVITY		
Proceeds from non-profit activity		
Received conditional donations	1,833	1,739
Received unconditional donations	61	108
Proceeds from banking and currency operations	45	102
Other cash flows from operating activity	4	3
Total proceeds from non-profit activity	<u>1,943</u>	<u>1,952</u>
Payments for non-profit activity		
Paid donations	(1,565)	(880)
Paid salaries	(117)	(108)
Paid social securities	(17)	(18)
Payments on banking and currency operations	(12)	(7)
Payments for services	(95)	(109)
Other payments	(9)	-
Total payments for non-profit activity	<u>(1,815)</u>	<u>(1,122)</u>
Net cash flows from non-profit activity	<u>128</u>	<u>830</u>
CASH FLOWS FROM PROFIT ACTIVITY		
Proceeds from profit activity		
Proceeds from sale of assets and services	11	6
Total proceeds from profit activity	<u>11</u>	<u>6</u>
Payments for profit activity		
Paid dividends	(11)	(6)
Total payments for profit activity	<u>(11)</u>	<u>(6)</u>
Net cash flows from profit activity	<u>-</u>	<u>-</u>
CHANGE IN CASH DURING THE PERIOD	<u>128</u>	<u>830</u>
CASH AT THE BEGINNING OF THE PERIOD	1,390	560
CASH AT THE END OF THE PERIOD (note 4)	<u>1,518</u>	<u>1,390</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, 2012

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, 2011	10	223	233
Result from non-profit activity for 2011	-	75	75
BALANCE AS OF DECEMBER 31, 2011	10	298	308
Result from non-profit activity for 2012	-	30	30
BALANCE AS OF DECEMBER 31, 2012	<u>10</u>	<u>328</u>	<u>338</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, 2012

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, 2012 and 2011 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.

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.

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

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. \

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.

3 Definition and valuation of the balance sheet items (continued)**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, 2012 and 2011.

4 Cash

As of December 31, 2012 and 2011 cash are as follows:

	As of 31.12.2012	As of 31.12.2011
Cash at bank accounts	404	201
Cash at bank deposits	1,112	1,182
Cash on hand	2	7
TOTAL	1,518	1,390

BULGARIAN CHARITIES AID FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012

All amounts are in thousands of Bulgarian leva unless otherwise stated

5 Property, plant and equipment

	Machinery and equipment	Total
COST		
Balance as of 01.01.2011	11	11
Acquired assets	-	-
Balance as of 31.12.2011	11	11
Acquired assets	-	-
Balance as of 31.12.2012	11	11
АМОРТИЗАЦИЯ		
Balance as of 01.01.2011	11	11
Accrued	-	-
Balance as of 31.12.2011	11	11
Accrued	-	-
Balance as of 31.12.2012	11	11
CARRYING AMOUNT AS OF 31.12.2011	-	-
CARRYING AMOUNT AS OF 31.12.2012	-	-

6 Current receivables

	As of 31.12.2012	As of 31.12.2011
Receivables under donation agreements	187	15
Other receivables	3	3
TOTAL	190	18

7 Short-term payables

	As of 31.12.2012	As of 31.12.2011
Payables to personnel	1	3
Other current payables	6	5
TOTAL	7	8

8 Deferred income

	Amount
Amount of received conditional donations as of 31.12.2010	497
Received conditional donations in 2011	1,629
Expenses for conditional donations in 2011	(1,034)
Amount of received conditional donations as of 31.12.2011	1,092
Received conditional donations in 2012	2,005
Received conditional donations in 2012	(1,734)
Amount of received conditional donations as of 31.12.2012	1,363

9 Income from donations

	Year ended 31.12.2012	Year ended 31.12.2011
Income from conditional donations	1,734	1,034
Income from unconditional donations	58	58
TOTAL	1,792	1,092

10 Expenses for donations

	Year ended 31.12.2012	Year ended 31.12.2011
Expenses for donations	1,565	875
TOTAL	1,565	875

11 Administrative expenses

	Year ended 31.12.2012	Year ended 31.12.2011
Salaries	123	104
Social security	20	18
Other administrative expenses	86	117
TOTAL	229	239

12 Finance income (net)

	Year ended 31.12.2012	Year ended 31.12.2011
Currency exchange rate gains	-	70
Currency exchange rate losses	(19)	(14)
Interest income	51	41
TOTAL	32	97

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 2012 they amount to BGN 28 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.