

BCAUSE FOUNDATION

**INDEPENDENT AUDITOR'S REPORT AND
ANNUAL FINANCIAL STATEMENTS**

DECEMBER 31, 2021

(Translation from Bulgarian)

BALANCE SHEET
of Bulgarian Charities Aid Foundation
as at December 31, 2021

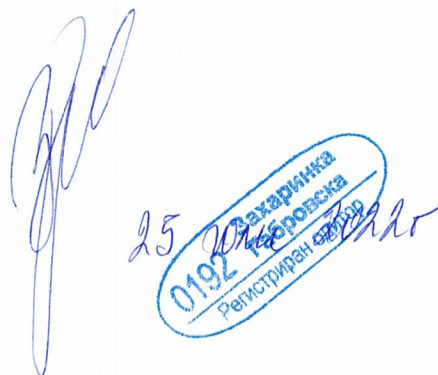
SECTIONS, GROUPS, ITEMS	in thousands BGN	
	Current year	Previous year
A	1	2
A NON-CURRENT ASSETS		
I Non-current tangible assets		
Other tangible fixed assets	1	-
Total for group	1	-
TOTAL FOR SECTION A:	1	-
B CURRENT ASSETS		
Other current receivables	1	130
Total for group	1	130
Cash and cash equivalents		
1 Cash in hand	51	23
2 Cash at bank	1 642	1 462
3 Deposits	764	724
Total for group	2 457	2 209
TOTAL FOR SECTION B:	2 458	2 339
TOTAL ASSETS (A+B)	2 459	2 339
C OFF-BALANCE SHEET ASSETS		

SECTIONS, GROUPS, ITEMS	in thousands BGN	
	Current year	Previous year
A	1	2
A SHAREHOLDER'S EQUITY		
I Capital	10	10
II Reserves	305	303
III Financial result	25	2
TOTAL FOR SECTION A:	340	315
B CURRENT LIABILITIES		
C Deferred income	2 119	2 024
TOTAL FOR SECTION C:	2 119	2 024
TOTAL EQUITY AND LIABILITIES (A+B+C)	2 459	2 339
D OFF-BALANCE SHEET LIABILITIES		

Date: June 20, 2022

Preparer of annual financial statements:
Nikolay Georgiev

Manager:
Elitza Ivanova Barakova



Enclosure 2 to NAS 9
Bulstat number 121029426

**PROFIT AND LOSS ACCOUNT
of Bulgarian Charities Aid Foundation
for the year 2021**

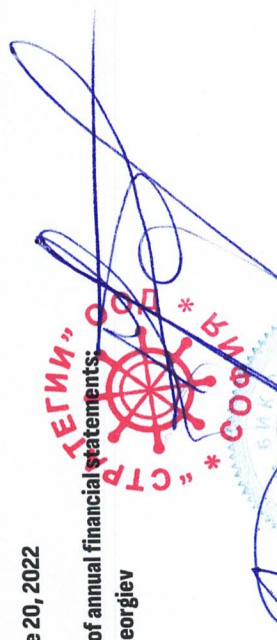


CLASSIFICATION OF EXPENSES	thousand BGN		CLASSIFICATION OF INCOME	thousand BGN	
	Current year	Previous year		Current year	Previous year
A	1	2	A	1	2
I. ACTIVITY EXPENSES			I. INCOME ACTIVITIES		
I. Expenses classified as defianed activity			A. Income from defined business activities		
Donations	3 484	6 111	Income from donations under special conditions	3 791	6 543
Other expenses	277	-			
Total for section A:	3 761	6 354			
B. Administrative expenses	72	139	Total for group I	3 791	6 543
Total for group I	3 833	6 493	III Financial income	7	12
II. Financial expenses	-	-	Interest income		
Interest expenses	-	-	Income from investments	60	-
Loss on dealing with financial assets and derivatives	-	60	Total for group II	67	12
Total for group II	-	60	VI. PROFIT OF OPERATING BUSINESS ACTIVITIES		
III. LOSS OF OPERATING BUSINESS			V. TOTAL INCOME	3 858	6 555
IV. TOTAL EXPENSES	3 833	6 553	RESULT	-	-
V. RESULT	25	2	TOTAL [IV+V]	3 858	6 555
TOTAL [IV+V]	3 858	6 555			

Date: June 20, 2022

Preparer of annual financial statements:

Nikolay Georgiev

Manager:
Eitza Ivanova Barakova



2022

CASH FLOW STATEMENT
of Bulgarian Charities Aid Foundation
for the year 2021

CLASSIFICATION OF CASH FLOWS	thousand BGN	
	Current year	Previous year
A	1	2
I CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2 209	1 840
II CASH FLOWS FROM NON-OPERATING ACTIVITIES		
A RECEIPTS FROM NON-OPERATING ACTIVITIES		
Receipts from donations under special conditions	3 886	6 905
Receipts from bank and foreign exchange operations	7	11
Other receipts from non-operating activities	130	
Total incoming cash flows from non-operating activities	4 023	6 916
B DISBURSEMENTS FOR NON-OPERATING ACTIVITIES		
Disbursements to donations	3 484	6 111
Disbursements for wages and salaries	199	177
Disbursements to social security	67	62
Disbursements for services	84	138
Disbursements for other non-operating activities	1	
Total disbursements for non-operating activities	3 835	6 488
C Net cash flow from non-operating activities	188	428
III CASH FLOWS FROM OPERATING ACTIVITIES		
A RECEIPTS FROM OPERATING ACTIVITIES		
Receipts from assets and services	3	11
Total cash flows from operating activities	3	11
B DISBURSEMENTS FOR OPERATING ACTIVITIES		
Disbursements for investment assets and services	3	3
Total disbursements for operating activities	3	3
C Net cash flow from operating activities		
the effect of changes in the exchange rate	60	(59)
IV. CASH AND CASH EQUIVALENTS AT END OF PERIOD	2 457	2 209
V NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	248	369

Date: June 20, 2022

Preparer of annual financial statements:
Nikolay Georgiev

Manager:
Elitza Ivanova Barakova



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0192 Закарпачка
Република Румуния
22 юни 2022г

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDING DECEMBER 31, 2021

All amounts are in thousands of Bulgarian levs, unless otherwise stated

1 Legal status

BCause Foundation is an expert organization which works for modern charity and strong and effective non-profit sector.

The foundation is part of the global network of Charities Aid organizations with a central office in United Kingdom.

The Foundation is established on November 16, 1995 and registered by Sofia city court on Jan 25th 1996 and registered in the Commercial Register and the Register of Non-Profit Legal Entities under the EIC 121029426.

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

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

The Foundation 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 to the latter –about 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 the Law on 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 trainings, seminars and awareness programs and research on problems within the scope of the Foundation; consultancy and information services.

The Foundation has a two-tier management system consisting of Council of Founders and 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 Accounting Standards (NAS), 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 for preparing the financial statement 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 foreign exchange rate differences arising from cash foreign exchange transactions, receivables, and liabilities denominated in foreign currency, or their reporting at rates other than those at which they were initially stated, are recognized in the income statement at the time of their occurrence.,. Monetary positions in foreign currency as of December 31, 2019 are valued in the present financial statements at the closing exchange rate of BNB.

Accounting assumptions and accounting estimates

The application of IFRS requires the management to make certain accounting assumptions and approximate accounting judgments when preparing the annual financial statements and when determining the value of certain assets, liabilities, income, and expenses. All of them are made based on the best judgment made by the management at the date of preparation of the financial statements.

Actual results could be different from those presented in this financial statement.

3 Definition and valuation of the items of the financial statements

Tangible fixed assets

Tangible fixed assets are recorded at acquisition cost, which includes the purchase price or construction cost of the asset, reduced by the amount of accrued depreciation and any impairment loss.

Tangible fixed assets are amortized using the straight-line method over the expected useful life period, determined of of the moment of asset acquisition. The depreciation rate of the Foundation's fixed tangible assets is as follows:

	<u>Annual depreciation rate</u>
<i>Computers / IT equipment</i>	50%

Financial assets (cash)

Cash includes cash on hand and at banks, both in Bulgarian leva and in foreign currency. For the purpose of the statement of cash flows preparation, the cash includes the available cash on hand and cash at banks which bear an insignificant risk of changes in value.

Short-term receivables

Short-term receivables are measured at the value at which they are expected to be settled in the future.

3 Definition and valuation of the items of the financial statements (continued)

Deferred income and financing

Income for future periods and financing represent donations under conditions, including donations related to depreciable fixed assets, as well as income that is expected to be realized in subsequent reporting periods. Donations are accounted for when there is sufficient assurance that the Foundation will comply with the accompanying conditions and that the 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 during which the costs of fulfilling the conditions of the donations are reflected;*
- *Donations related to depreciable assets – in proportion to the depreciation of assets acquired as a result of the donations charged for the relevant period*

Income and expense recognition

Income from conditional donations is recognized up the amount of the expenses incurred during the period.

Income from donations under the condition of acquisition of tangible fixed assets is recognized up to the amount of costs accrued during the period for amortization of the assets acquired through donation.

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 time of delivery of goods and rendering of service, regardless of cash receipts and payments.

Financial instruments

The Foundation's financial instruments include cash and bank accounts, current receivables and payables. Management considers that the fair value of financial instruments is approximate to their carrying amount. As fair value is considered 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 subject to taxation with corporate income tax according to the Bulgarian tax legislation. Income tax on profit is charged on the result from and economic activity only.

Deferred tax assets and liabilities occur for all temporary differences between the tax value of assets and liabilities and their carrying amount as of the date of the financial statements. Deferred tax assets and liabilities are determined by using the tax rates expected to be effective at their future realization.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. The Foundation has no recognized deferred tax assets and liabilities as of December 31, 2021.

4 Financial assets (cash)

As of December 31, 2021 and 2020, cash is as follows:

	<i>As of 31.12.2021</i>	<i>As of 31.12.2020</i>
<i>Cash at current bank accounts</i>	<u>1642</u>	<u>1462</u>
<i>Cash at bank deposits</i>	764	724

<i>Cash on hand</i>	51	23
TOTAL	<u>2457</u>	<u>2209</u>

5 Tangible fixed assets and intangible assets

	<i>Tangible fixed assets</i>	<i>Intangible assets</i>	<i>Total</i>
BOOK VALUE			
<i>Balance as of 01.01.2021</i>	-	-	-
<i>Acquired assets</i>	1	-	-
<i>Sold/derecognized assets</i>	-	1	1
<i>Balance as of 31.12.2021</i>	<u>1</u>	<u>-1</u>	<u>-</u>
DEPRECIATION			
<i>Balance as of 31.12.2020</i>	-	-	-
<i>Incurred</i>	1	-	1
<i>Derecognized</i>	-1	-	-1
<i>Balance as of 31.12.2021</i>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE VALUE AS OF 31.12.2020	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE VALUE AS OF 31.12.2021	<u>1</u>	<u>-</u>	<u>1</u>

6 Short-term receivables

<i>As of 31.12.2021</i>	<i>As of 31.12.2020</i>
<u> </u>	<u> </u>

<i>Payments under contracts</i>	0	130
TOTAL	<u>0</u>	<u>130</u>

7 Deferred income

	<i>Amount</i>
<i>Amount of reported conditional donations as of 01.01.2020</i>	<u>1704</u>
<i>Reported conditional donations in 2020</i>	6905
<i>Expenses for conditional donations in 2020</i>	(6543)
AMOUNT OF REPORTED CONDITIONAL DONATIONS AS OF 31.12.2020	<u>2024</u>
<i>Reported conditional donations in 2021</i>	3927
<i>Expenses for conditional donations in 2021</i>	(3833)
AMOUNT OF REPORTED CONDITIONAL DONATIONS AS OF 31.12.2021	<u>2119</u>

8 Income from donations

	<i>Year ended 31.12.2021</i>	<i>Year ended 31.12.2020</i>
<i>Income from conditional donations</i>	<u>3791</u>	<u>6543</u>
TOTAL	<u>3791</u>	<u>6543</u>

9 Expenses for donations and projects

	<i>Year ended 31.12.2021</i>	<i>Year ended 31.12.2020</i>
<i>Expenses for donations</i>	<u>3484</u>	<u>6111</u>
<i>Expenses on projects implementation</i>	277	243

TOTAL	3761	6354
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10 Administrative expenses

	<i>Year ended 31.12.2021</i>	<i>Year ended 31.12.2020</i>
Salaries	30	118
Social security	6	16
Other administrative expenses	36	5
TOTAL	72	139

11 Finance income/ (expense), net

	<i>Year ended 31.12.2021</i>	<i>Year ended 31.12.2020</i>
Foreign exchange rate differences	60	(60)
Interest income	7	12
TOTAL	67	48

12 Key management personnel

Key management personnel include the members of the Foundation's Board of Founders, the Foundation's Board of Directors 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 remunerations and insurances of the Executive Director and the management staff are reported as salary expenses and social security expenses and for 2021 they are in the amount of BGN 34 thousand.

The main indicators of the economic environment, which have an impact on the company's activity for the period 2019-2021, are presented in the table below:

Indicator	2019	2020	2021
-----------	------	------	------

<i>GDP in million BGN *</i>	<i>118,669</i>	<i>85,443</i>	<i>94,326</i>
<i>Real GDP growth *</i>	<i>3.7%</i>	<i>-4.2%</i>	<i>3,9%</i>
<i>Inflation at the end of the year</i>	<i>3,2%</i>	<i>-0,3%</i>	<i>6,6%</i>
<i>Average exchange rate of the US dollar for the year</i>	<i>1.75</i>	<i>1.72</i>	<i>1.65</i>
<i>Exchange rate of the US dollar at the end of the year</i>	<i>1.74</i>	<i>1.59</i>	<i>1.73</i>
<i>Prime rate at the end of the year</i>	<i>0.00%</i>	<i>0.00%</i>	<i>0.00%</i>
<i>Unemployment (at the end of the year)**</i>	<i>5.9%</i>	<i>6.7%</i>	<i>4.8%</i>

** - According to BNB data as of September 30, 2021, source: BNB ** - According to BNB data as of December 31, 2021, source: Bulgarian National Bank.*

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

**BCAUSE FOUNDATION
INDEPENDENT AUDITOR'S REPORT
AND ANNUAL FINANCIAL STATEMENTS**

December 31, 2021

INDEPENDENT AUDITOR'S REPORT

**To the Council of Founders
of BCause Foundation**

Opinion

We have audited the accompanying financial statements of BCause Foundation (Former name. Bulgarian Charities Aid Foundation) (the "Foundation"), which comprise the balance sheet as at December 31, 2021, the statement of income and expenses, the statement of equity and the statement of cash flows for the year ending on this date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and its financial performance and its cash flows for the year, ending on this date, in accordance with National Accounting Standards ("NAS"), applicable in Bulgaria.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the requirements of IFAA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Management are responsible for the other information. The other information comprises the annual report on activities, prepared by the management in accordance with Chapter Seven of the Accountancy Act, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, unless it is not specifically stated in our auditor's report and to the extent it is specifically stated.

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

We have nothing to report in this regard.

Additional matters, required to be reported by the Accountancy Act

In addition to our reporting responsibilities with respect to the annual report on activities, we have also performed the procedures, together with the required under ISA, hi accordance with the "Guidelines regarding new extended reports and communication by the auditor" of the Professional Organization of Registered Auditors in Bulgaria – Institute of Certified Public Accountants (ICPA). These procedures concern verifications for the availability, as well as verifications of the form and content of this other information in order to assist us in forming an opinion on whether the other information includes the disclosures and reports as required by Chapter Seven of the Accountancy Act, applicable in Bulgaria.

Opinion under Article 37, paragraph 6 of the Accountancy

Based on the procedures performed, in our opinion:

- a. The information included in the annual report on the activities for the financial year for which the financial statements have been prepared, is consistent with the financial statements.*
- b. The report on the activities has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act.*

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with NAS applicable in Bulgaria, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- *Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.*
- *Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.*
- *Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.*
- *Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.*
- *Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.*

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

The original auditor's report was signed by Zaharinka Gabrovska,

Registered Auditor, responsible for the audit

2 "Tsarkovnezavisimost", entr. V

Ruse, Bulgaria

July 25, 2022

[signature and stamp by Zaharinka Gabrovska, registered auditor, 0192]