Teach For Armenia Educational Foundation

Financial Statements and
Independent Auditor's Report
for the Year Ended 31 December 2018

TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

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TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

Management is responsible for the preparation of the financial statements that present fairly the financial position of Teach for Armenia Educational Foundation (the "Foundation") as of 31 December 2018, and the results of its operations, cash flows and changes in net assets for the year then ended, in compliance with International Financial Reporting Standards ("IFRS").

In preparing the financial statements, management is responsible for:

- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Foundation's financial position and financial performance;
- Making an assessment of the Foundation's ability to continue as a going concern.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Foundation;
- Maintaining adequate accounting records that are sufficient to show and explain the Foundation's transactions and disclose with reasonable accuracy at any time the financial position of the Foundation, and which enable them to ensure that the financial statements of the Foundation comply with IFRS;
- Maintaining statutory accounting records in compliance with Republic of Armenia legislation and accounting standards;
- Taking such steps as are reasonably available to them to safeguard the assets of the Foundation; and
- Preventing and detecting fraud and other irregularities.

The financial statements of the Foundation for the year ended 31 December 2018 were approved by management on 5 April 2019.

On behalf of the Management:

Larisa Virginia Hovannisian Executive Director	Armine Shahinyan Chief Accountant

Yerevan, Republic of Armenia
5 April 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of "Teach for Armenia" Educational Foundation

Opinion

We have audited the financial statements of "Teach for Armenia" Educational Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2018, the statement of comprehensive income, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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* (the "IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of "Teach for Armenia" Educational Foundation for the year ended December 31, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on March 2, 2018.

During the reporting year the Foundation changed its accounting policy on recognition and measurement of contributions from partners and donor organisations. As part of our audit of the 2018 financial statements, we also audited the adjustments described in Note 5 that were applied to amend the 2017 corresponding figures, as a result of this accounting policy change.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

Srbuhi Hakobyan
Executive Director

Arpine Ghevondyan
Audit Director

Deloitte Armenia cjsc
Yerevan, Armenia
April 5, 2019

TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018
In thousands of Armenian Drams, unless otherwise stated

	Notes	2018	2017 Restated
Income			
Income from release of restricted funds	6	628,694	357,460
Income from unrestricted funds	6	23,162	3,850
Expenses			
Program expenses	7	(328,936)	(286,787)
Administrative and other expenses	8	(264,386)	(42,926)
Expected credit losses on financial assets	11	(1,190)	-
Net foreign exchange (loss)/gain		(1,960)	2,889
Comprehensive income for the year		**55,384**	**34,486**

Approved for issue on 5 April 2019.

Larisa Virginia Hovannisian
Executive Director

Armine Shahinyan
Chief Accountant

Yerevan, Republic of Armenia

The notes on pages 8 to 30 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018
In thousands of Armenian Drams, unless otherwise stated

	Notes	31 December 2018	31 December 2017 Restated	1 January 2017 Restated
Assets				
Non-current Assets				
Property and equipment	9	49,232	28,358	1,035
Prepayments for purchase of property and equipment		1,630	6,187	-
Total non-current assets		**50,862**	**34,545**	**1,035**
Current assets				
Cash and cash equivalents	11	298,748	301,917	44,708
Prepayments and other assets	10	10,480	1,219	448
Total current assets		**309,228**	**303,136**	**45,156**
Total assets		**360,090**	**337,681**	**46,191**
Liabilities				
Current liabilities				
Trade and other payables	13	24,212	2,076	342
Restricted funds	12	244,941	300,052	44,782
Total liabilities		**269,153**	**302,128**	**45,124**
Net assets				
Accumulated surplus		90,937	35,553	1,067
		90,937	**35,553**	**1,067**
Total liabilities and net assets		**360,090**	**337,681**	**46,191**

The notes on pages 8 to 30 form an integral part of these financial statements.

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 31 DECEMBER 2018
In thousands of Armenian Drams, unless otherwise stated

	Notes	Net Assets
Net assets at 1 January 2017, as previously reported		-
Restatement	5	1,067
Net assets at 1 January 2017, as restated		**1,067**
Comprehensive income for the year, as previously reported		302,568
Restatement	5	(268,082)
Comprehensive income for the year, as restated		34,486
Net assets at 31 December 2017, as previously reported		**302,568**
Restatement	5	(267,015)
Net assets at 31 December 2017, as restated		**35,553**
Net assets at 1 January 2018		**35,553**
Effect of change in accounting policy for application of IFRS 9		(1,642)
Net assets at 1 January 2018, as restated		**33,911**
Comprehensive income for the year		55,384
Release of restricted funds for the effect of adoption of IFRS 9		1,642
Net assets at 31 December 2018		**90,937**

TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018
In thousands of Armenian Drams, unless otherwise stated

	Notes	2018	2017
Cash flows from operating activities			
Receipts from contributions		598,387	616,580
Payments for administrative expenses		(86,303)	(47,973)
Payments to employees		(108,511)	(17,118)
Payments to the state budget		(40,023)	(5,628)
Payments for program expenses		(335,721)	(264,842)
Net cash flows from operating activities		**27,829**	**281,019**
Cash flows from investing activities			
Purchase of property and equipment		(27,663)	(26,699)
Net cash flows used in investing activities		**(27,663)**	**(26,699)**
Net increase in cash and cash equivalents		**166**	**254,320**
Net foreign exchange (loss)/gain on cash and cash equivalents		(503)	2,889
Cash and cash equivalents at the beginning of the year		**301,917**	**44,708**
Cash and cash equivalents at the end of the year	11	**301,580**	**301,917**

The notes on pages 8 to 30 form an integral part of these financial statements.

1. THE FOUNDATION

"Teach for Armenia" Educational Foundation (the Foundation or TFA) envisions an Armenia where all children, regardless of their socioeconomic circumstances, have the opportunity to unlock their full potential through an excellent education.

Through teacher leadership, the Foundation helps to ensure that educational excellence and opportunity will reach every child. The organization has consistently exceeded expectations in impact and influence. Expanded and replicated nationwide, this movement has the tremendous power to transform not only the education system in Armenia but the development of the country as a whole.

The Foundation recruits, trains, and places fellows to teach in Armenia's most underserved schools and disadvantaged communities for a minimum of 2 years. The fellows work in schools across the country as teachers, mentors, and leaders who continue to make a difference even after their two-year commitment.

"Teach for Armenia" Educational Foundation was founded by Ms Larisa Virginia Hovhannisyan and registered on 30 December 2015. The Foundation's legal office is Amiryan Str, 18/3, apt.12, Yerevan 002, Armenia. The Foundation operates at 38 Halabyan street, 0038 Yerevan, Armenia. Teach For Armenia is a partner of the Ministry of Education of the Republic of Armenia. The Foundation is also a partner organisation in the Global Education Network TEACH FOR ALL, Inc.

The Foundation's management and governance is overseen by the Board of Trustees, as its ultimate governing body. The Board of Trustees is represented by 10 Trustees (2017: 10). The Foundation receives contributions from its Armenian and international partners and individuals.

The number of employees of the Foundation as at 31 December 2018 was 29 (31 December 2017: 5 employees).

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The accounting policies, presentation and methods of computation that have been followed in the current year as were applied in the preparation of the Foundation's financial statements for the year ended December 31, 2017, except for the accounting policies change and impact of the adoption of the following new and amended Standards and Interpretations, as presented below.

Basis of preparation

These financial statements have been prepared on the assumption that the Foundation is a going concern, as the Foundation has adequate resources to continue its operational existence for the foreseeable future.

All financial information presented in thousand AMD, unless otherwise indicated.

The Foundation maintains its accounting records in accordance with requirements of the Armenian legislation. The foundation makes adjustments and reclassifications for the preparation and presentation of the financial statements in accordance with IFRS.

These financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Foundation takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Functional currency

Items included in the financial statements are measured using the currency of the primary of the economic environment in which the entity operates ("the functional currency"). The functional currency of the Foundation is the Armenian Drams ("AMD"). The presentational currency of the financial statements of the Foundation is AMD. All values are rounded to the nearest thousand Drams, except when otherwise indicated.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liability simultaneously. Income and expense is not offset in the statement of comprehensive income unless required or permitted by any accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Foundation.

The principal accounting policies are set out below. Accounting policies presented herein have been consistently applied throughout the entire periods presented in these financial statements.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Foundation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Leasing

The Foundation as lessee. Operating lease payments are not recognized in the Foundations statement of financial position but are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

Finance income and costs

Finance income comprises interest income on bank deposits and current accounts. Finance income is recognized as it accrues in comprehensive income, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

Foreign currency transactions

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising in retranslation are recognized in comprehensive income in the month when they arise.

The exchange rates used by the Foundation in the preparation of the financial statements as at year-end are as follows:

	31 December 2018	**31 December 2017**
AMD/1 US Dollar	483.75	484.10

Taxation

The Foundation is exempt from income tax except for operations outside its normal not-for-profit operations. During the reporting period no activity was conducted that would result in income tax liabilities for the Foundation.

Operating taxes. The Republic of Armenia also has various other taxes, which are assessed on the Foundation's activities. These taxes are included as a component of operating expenses in the statement of comprehensive income.

Property and equipment

Property and equipment is carried at historical cost less accumulated depreciation and any recognized impairment loss, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

An item of property and equipment is derecognized upon its disposal, or if no further economic benefits are envisaged from continuing use of the asset. Any gain or loss on disposal of an item of property and equipment is determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and is recognized net within other income/other expenses in comprehensive income.

Subsequent costs. The cost of replacing a component of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Foundation and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property and equipment are recognized in comprehensive income as incurred.

Depreciation. Items of property and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use. Depreciation is based on the cost of an asset less its residual value.

Depreciation is charged on the carrying value of property and equipment and is designed to write off assets over their useful economic lives. Depreciation is recognized in comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives of significant items of property and equipment for the current and comparative periods are as follows:

Computers and office equipment	1- 5 years
Fixtures and fittings	5 years
Vehicles	5 years

Contingencies

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognized in the statement of financial position but disclosed in the notes accompanying financial statements, when an inflow of economic benefits is probable.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, correspondent account balances, with original maturity of less or equal to 90 days, which may be converted to cash within a short period of time and are free from contractual encumbrances.

Impairment

Non-derivative financial assets. Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- The disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in comprehensive income.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to comprehensive income in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Non-financial assets. The carrying amounts of the Foundation's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognized in comprehensive income.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Contributions

Restricted income funds are received for particular purpose and are not available for general use of the Foundation. These funds are initially recorded as a liability and recognised as income from release of restricted funds in the statement of comprehensive income as long as the Foundation performs obligations prescribed by restricted funds donations agreements. As a rule income from such donations is recognised simultaneously with the related costs incurred to perform obligations. Unrestricted funds are available for the general purposes as set out in Foundation's governing documents. Therefore, donations into the unrestricted funds are recognised as income from unrestricted funds in the statement of comprehensive income when they become receivable.

Net Assets

Net assets of the Foundation at each reporting date generally consists of accumulated surplus or deficit from operations. Net assets of the Foundation are not distributable to its founders neither in ordinary course of operations nor at liquidation.

The accounting policies, presentation and methods of computation that were applied only in the preparation of the Foundation's financial statements for the year ended December 31, 2017

Financial instruments

Financial assets and financial liabilities are recognised when the Foundation becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in comprehensive income.

Financial assets. Financial assets are classified into the following specified categories: a) financial assets 'at fair value through profit or loss' ("FVTPL"), b) 'held to maturity' ("HTM") investments, c) 'loans and receivables' and d) 'available-for-sale' ("AFS"). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

a) Financial assets at FVTPL. Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Foundation manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Foundation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in comprehensive income.

b) Held to maturity investments. Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Foundation has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held to maturity investments are measured at amortized cost using the effective interest method less any impairment.

If the Foundation were to sell or reclassify more than an insignificant amount of held to maturity investments before maturity (other than in certain specific circumstances), the entire category would be tainted and would have to be reclassified as available-for-sale. Furthermore, the Foundation would be prohibited from classifying any financial asset as held to maturity during the current financial year and following two financial years.

c) Loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including other receivables) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

d) Available-for-sale financial assets. Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) financial assets at fair value through profit or loss, (b) held to maturity investments or (c) loans and receivables.

Derecognition of financial assets. The Foundation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Foundation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Foundation recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Foundation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Foundation continues to recognize the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in comprehensive income.

On derecognition of a financial asset other than in its entirety (e.g. when the Foundation retains an option to repurchase part of a transferred asset), the Foundation allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in comprehensive income. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial liabilities. Financial liabilities are classified as at FVTPL or as other financial liabilities.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the foundation manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Foundation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- It forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Other financial liabilities. Other financial liabilities (including scholarships payable, donations payable and other payables) are initially measured at fair value, net of transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities. The Foundation derecognizes financial liabilities when, and only when, the Foundation's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in comprehensive income.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Amendments to IFRSs affecting amounts reported in the financial statements. In the current year, the following new and revised Standards and Interpretations have been adopted; these new and revised Standards and Interpretations have not had significant effect on the amounts reported in these financial statements:

Impact of initial application of IFRS 9 Financial Instruments. In the current year, the Foundation has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow the Foundation not to restate comparatives. Corresponding information was not restated, as the modified retrospective approach was applied on transition, which allows recognition of differences to be accounted for in the opening net assets at the beginning of the period. Additionally, the Foundation adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:

1. The classification and measurement of financial assets and financial liabilities,
2. Impairment of financial assets, and
3. General hedge accounting.

Interest income and expense recognition. Interest income and expense for financial instruments are recognized in 'Net interest income' as 'Interest income' and 'Interest expense' in the profit or loss account using the effective interest method.

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees and points paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts.

The interest income/interest expense is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any expected credit loss allowance), or to the amortized cost of financial liabilities. For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

Fee and commission expense. Fee and commission expense include fees other than those that are an integral part of EIR (see above).

Fee and commission expenses with regards to services are accounted for as the services are received.

Financial assets. All financial assets are recognized and derecognized on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

All recognized financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.
Specifically:

- Debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI), are subsequently measured at amortized cost;
- Debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are SPPI, are subsequently measured at FVTOCI;
- All other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

Debt instruments at amortized cost or at FVTOCI. The Foundation assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Foundation's business model for managing the asset.
For an asset to be classified and measured at amortized cost or at FVTOCI, its contractual terms should give rise to cash flows that are solely payments of principal and interest on the principal outstanding (SPPI).

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is performed at the date of initial application of IFRS 9 to determine the classification of a financial asset. The business model applied retrospectively to all financial assets existing at the date of initial application of IFRS 9. The Foundation determines the business models at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Foundation's business model does not depend on management's intentions for an individual instrument, therefore the business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Foundation has one business model for managing its financial instruments which reflect how the Foundation manages its financial assets in order to generate cash flows. The Foundation's business models determine whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Foundation considers all relevant information available when making the business model assessment. However, this assessment is not performed on the basis of scenarios that the Foundation does not reasonably expect to occur, such as so-called 'worst case' or 'stress case' scenarios.

At initial recognition of a financial asset, the Foundation determines whether newly recognized financial assets are part of an existing business model or whether they reflect the commencement of a new business model.

Impairment. The Foundation recognizes loss allowances for ECLs on the following financial instruments that are not measured at FVTPL:

- Cash balances and term deposits;
- Loans to customers;
- Investment securities;
- Receivables.

ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that result from those default events on the financial instrument that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- Full lifetime ECL, i.e. lifetime ECL that result from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

ECLs are a probability-weighted estimate of the present value of credit losses. These are measured as the present value of the difference between the cash flows due to the Foundation under the contract and the cash flows that the Foundation expects to receive arising from the weighting of multiple future economic scenarios, discounted at the asset's EIR.

Credit-impaired financial assets. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit-impairment includes observable data about the following events:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past due event;

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Foundation compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognized. In making this assessment, the Foundation considers only quantitative information.

Modification and derecognition of financial assets. A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date.

Presentation of allowance for ECL in the statement of financial position. Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets;

Financial liabilities. Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities. Other financial liabilities, including loans and borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. For details on EIR see the "net interest income section" above.

Derecognition of financial liabilities. The Foundation derecognizes financial liabilities when, and only when, the Foundation obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Effect of transition. The transition IAS 39 and corresponding IFRS 9 classification and measurement categories and reconciles the IAS 39 and IFRS 9 carrying amounts for financial asset exposures as at 1 January 2018 as a result of IFRS 9 adoption was as follows: the Foundation created an allowance for impairment losses on cash and cash equivalents in the amount of AMD 1,642 thousand as at adoption date. The allowance for impairment losses on cash and cash equivalents determined as at reporting date, in accordance with IFRS 9 requirements, amounted to AMD 2,832 thousand.

IFRIC 22 Foreign Currency Transactions and Advance Consideration. IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The application of IFRIC 22 has not had a significant impact on the financial statements.

New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Foundation has not applied the following new and revised IFRS Standards that have been issued but are not yet effective:

IFRS 16 *Leases*
Amendments to IAS 1 and IAS 8 *Definition to Material*

The management do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Foundation in future periods, except as noted below:

IFRS 16 Leases

General impact of application of IFRS 16 Leases. IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 *Leases and the related Interpretations* when it becomes effective for accounting periods beginning on or after January 1, 2019. The date of initial application of IFRS 16 for the Foundation will be January 1, 2019.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17.

Impact of the new definition of a lease. The Foundation will make use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before January 1, 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

The Foundation will apply the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after January 1, 2019 (whether it is a lessor or a lessee in the lease contract).

Impact on Lessee Accounting

Operating leases: IFRS 16 will change how the Foundation accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet.

On initial application of IFRS 16, for all leases (except as noted below), the Foundation will:

(a) Recognise right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments;
(b) Recognise depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income;
(c) Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis.

Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Foundation will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

Management is in the process of assessing the impact of adopting IFRS 16 when it becomes mandatory for the Foundation's financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Foundation's accounting policies the Foundation management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

In thousands of Armenian Drams, unless otherwise stated

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Access to contributions. In the financing of its educational, social and cultural programs the Foundations is highly dependent on the income from contributions for that year. In the opinion of the management, the Foundation was able to accomplish sufficient funds for its programs till now and does not expect significant decline or reduction of these contributions in the foreseeable future. No material uncertainties related to events or conditions that may cast significant doubt about the ability of the Foundation to continue as a going concern have been identified by the management. Further, agreements for contributions for the upcoming periods from partner organisations were in place as of signing these financial statements. See Note 19.

5. RESTATEMENTS

In 2018 the Foundation's management reviewed the Foundation's accounting policy regarding recognition of contributions from partners and donor organisations. The management determined that recognising contributions first as restricted funds on the statement of financial position and then recognising those as income from release of restricted funds in line with incurring the respective expenditure improves the recognition and presentation of the Foundation's fulfilment of its obligations in relation to the contributions it receives. Therefore, the Foundation changed the respective accounting policy to defer the recognition of contributions received as income until respective expenses for which funding is received are incurred and obligations are fulfilled. Previously, the Foundation recognised contributions as income upon those becoming receivable. This change was applied retrospectively n accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", with the following effects on the previously presented financial information:

Financial statement line item	As previously reported	Adjustment	As restated
		31 December 2017	
Net assets	302,568	(267,015)	35,553
Restricted Funds			
- Related to assets	28,358	(28,358)	-
- Related to income	4,679	28,358	33,037
- Reversal of release of restricted funds to income	-	267,015	267,015
	33,037	267,015	300,052
Total comprehensive income	**302,568**	**(268,082)**	**34,486**
		1 January 2017	
Net assets	-	1,067	1,067
Restricted Funds			
- Related to assets	1,035	(1,035)	-
- Related to income	44,814	1,035	45,849
- Release of restricted funds to income	-	(1,067)	(1,067)
	45,849	(1,067)	44,782
Total comprehensive income	-	**1,067**	**1,067**

In thousands of Armenian Drams, unless otherwise stated

6. INCOME

	2018	2017 Restated
Income from release of restricted funds	628,694	357,460
Income from unrestricted funds	23,162	3,850
	651,856	**361,310**

The Foundation receives contributions, grants and other support from partner organisations and individuals. Were the use of contributions is restricted by donor imposed restrictions, these are recorded as restricted funds when are received and are released as income when restrictions are fulfilled by the actions of the Foundation. Restrictions relate to the usage of funds for the operations envisaged by the Charter of the Foundation, or are restricted by donor-stipulated purpose. The Foundation may also receive grants or donations not subject to restrictions in use, which are recognized as income from unrestricted funds.

Included in income from release of restricted funds is AMD 26,000 thousand received in 2018 in relation to program expenses incurred in 2017.

7. PROGRAM EXPENSES

	2018	2017
Support of TFA NGO operations	149,000	155,800
Financial aid to fellows	143,335	94,899
Educational and professional training expenses for fellows	34,040	35,088
Community projects	2,561	1,000
	328,936	**286,787**

Support to TFA NGO operations represents funds directed towards financing the TFA NGO's operations. The TFA NGO's operations are directed towards the implementation of Foundation's programs. See Note 18.

8. ADMINISTRATIVE AND OTHER EXPENSES

	2018	2017
Payroll and related expenses	159,780	24,120
Operating lease expenses	27,086	210
Representation and business trips	24,470	10,292
Marketing expenses	11,494	-
Depreciation	11,223	3,314
Professional services	9,116	1,400
Transportation and monitoring expenses	4,486	404
Office supplies, utilities and similar expenses	3,850	1,082
Insurance	2,006	47
Other expenses	10,875	2,057
	264,386	**42,926**

In prior periods partner organisations' contributions and program implementation were received and carried out by TFA NGO, also founded by the Founder. As the Foundation was founded on 30 December 2015, the program implementation is gradually shifted towards implementation by the Foundation, which also results in Foundation's direct receipt of contributions from partner organisations as well as Foundation's direct incurring of expenses. The increase of administrative and other expenses during the reporting period is explained by the more extensive shift of program implementation, staff and other expenses from TFA NGO to the Foundation. The support to TFA NGO operations as presented in Note 7 represents program expenses still implemented by the NGO. The management and Founder expects full transfer of remaining operations from the NGO to the Foundation, managed in line with fulfilment of various responsibilities and commitments of the NGO.

In thousands of Armenian Drams, unless otherwise stated

9. PROPERTY AND EQUIPMENT

	Motor vehicles	Computers and office equipment	Fixtures and fittings	Total
Cost				
Balance at 1 January 2017	-	1,067	-	**1,067**
Additions	18,987	7,300	4,350	**30,637**
Balance at 31 December 2017	**18,987**	**8,367**	**4,350**	**31,704**
Additions	15,899	11,018	5,305	**32,222**
Disposals	-	(128)	-	**(128)**
Balance at 31 December 2018	**34,886**	**19,257**	**9,655**	**63,796**
Accumulated depreciation				
Balance at 1 January 2017	-	32	-	**32**
Depreciation	214	2,936	164	**3,314**
Balance at 31 December 2017	**214**	**2,968**	**164**	**3,346**
Depreciation	5,067	4,578	1,578	**11,223**
Disposals	-	(3)	-	**(3)**
Balance at 31 December 2018	**5,281**	**7,543**	**1,742**	**14,566**
Net book value				
31 December 2016	**-**	**1,035**	**-**	**1,035**
31 December 2017	**18,773**	**5,399**	**4,186**	**28,358**
31 December 2018	**29,605**	**11,714**	**7,913**	**49,232**

10. PREPAYMENTS AND OTHER ASSETS

	31 December 2018	31 December 2017
Prepayments for fellow's educational expenses	6,785	-
Staff related deferred expenses	1,807	-
Prepayments for goods and services	1,192	1,219
Other assets and prepayments	696	
	10,480	**1,219**

Prepayments for fellow's educational expenses represent prepayments for fellow's masters programs tuitions fees.

11. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
Accounts held in local banks	301,580	301,917
Less: allowance for impairment losses	(2,832)	-
Total cash and cash equivalents	**298,748**	**301,917**

In thousands of Armenian Drams, unless otherwise stated

Accounts held in local banks represent balances held with one local bank (2017: one local bank).

All cash and cash equivalents are classified as current and are not impaired (31 December 2017: current and not impaired).

For the purpose of the statement of cash flows, cash and cash equivalents comprise of accounts held in local banks gross of allowance for impairment losses.

12. RESTRICTED FUNDS

	31 December 2018	31 December 2017 Restated
Balance at the beginning of the year	300,052	44,782
Receipt of restricted funds during the period	575,225	612,730
Release of restricted funds during the period:		
Released in relation to expenses incurred	(596,472)	(326,823)
Released in relation to purchase of property and equipment	(32,222)	(30,637)
Total release of restricted funds	(628,694)	(357,460)
Transfer from restricted funds to net assets	(1,642)	-
Balance at the end of the year	**244,941**	**300,052**

Transfer from restricted funds to net assets of AMD 1,642 thousand represents the effect of adoption new accounting policy in relation to IFRS 9 as of 1 January 2018.

Details of contributions received during the reporting periods of 2018 and 2017 are provided below:

	Currency	2018 In original currency	2018 In AMD thousands
Restricted funds received			
TEACH FOR ALL INC	USD	1,055,670	510,128
Ruben Vardanyan	USD	56,000	27,135
Raffi Manoukian	USD	50,000	24,126
Armenian Educational foundation	AMD	9,620,000	9,620
Fund For Armenian Relief, Armenian branch	AMD	2,436,350	2,436
Ernst & Young	AMD	1,480,000	1,480
ACBA bank	AMD	300,000	300
			575,225
Unrestricted funds received			
Karlos Potikyan	AMD	21,128,000	21,128
Varujan Grigoryan	AMD	1,000,000	1,000
Larisa Hovhannisyan	USD	1,260	610
Andre Gumuchjyan	USD	500	243
Veronika Zonabend	AMD	145,950	146
Hayk & Co LLC	AMD	25,000	25
Susanna Shamakhyan	AMD	10,000	10
			23,162
Total funds received			**598,387**

In thousands of Armenian Drams, unless otherwise stated

		2017	
	Currency	**In original currency**	**In AMD thousands**
Restricted funds received			
TEACH FOR ALL INC	USD	1,185,000	569,204
AGBU	USD	49,985	24,185
Armenian Educational Office Branch in RA	AMD	4,864,600	4,865
Armenian Educational foundation	USD	9,980	4,832
RA Government	AMD	3,000,000	3,000
Fund For Armenian Relief, Armenian branch	AMD	2,418,750	2,419
Rosgosstrakh Armenia	AMD	2,400,000	2,400
Armenian Missionary Association of America, Inc.	AMD	1,565,000	1,565
Repat Armenia	AMD	260,000	260
			612,730
Unrestricted funds received			
Karlos Potikyan	AMD	3,850,000	3,850
			3,850
Total funds received			**616,580**

See also Note 6.

13. TRADE AND OTHER PAYABLES

	31 December 2018	**31 December 2017**
Financial liabilities		
Payables for goods and services	9,261	177
Other	115	-
	9,376	**177**
Non-financial liabilities		
Payables to the state budget	8,098	1,423
Provision for unused vacation	6,738	476
	24,212	**2,076**

14. RISK MANAGEMENT

Management of risk is fundamental and essential element of the Foundation's operations. The Foundation has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Foundation's exposure to each of the above risks, the Foundation's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework. The Board of Trustees has overall responsibility for the establishment and oversight of the Foundation's risk management framework. The Management of the Foundation is responsible for developing and monitoring the Foundation's risk management policies. The Management reports regularly to the Board of Trustees on its activities.

The Foundation's risk management policies are established to identify and analyse the risks faced by the Foundation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Foundation's activities. The Foundation, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Foundation manages its expenditures and net assets to ensure that it will be able to continue as going concern while achieving its goals through the optimization of expenses. There have been no changes as to the way the Foundation measures risk or to the risk it is exposed or the manner in which these risks are managed and measured.

In thousands of Armenian Drams, unless otherwise stated

(a) Credit risk. The Foundation is exposed to credit risk which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation is mainly exposed to credit risk in relation to its bank balances held within cash and cash equivalents as at reporting date.

Exposure to credit risk. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	31 December 2018	31 December 2017
Cash and cash equivalents	298,748	301,917
	298,748	**301,917**

All assets in the table above are located in the Republic of Armenia and are with unrated entities.

(b) Liquidity risk. Liquidity risk is the risk that the Foundation will encounter difficulty in meeting the obligations associated with its financial liabilities when they are due. The Foundation limits liquidity risk exposure as operations are implemented according to budget. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Foundation's reputation.

The following table shows the liquidity analysis of non-derivative financial liabilities at 31 December 2018 and 31 December 2017. For non-derivative financial liabilities, the cash flows represent undiscounted cash flows on the basis of their earliest possible contractual maturity. It is not expected that cash flows included in these tables could occur significantly earlier, or at significantly different amounts.

	31 December 2018		
	1 to 3 months	**Total contractual cash flows**	**Carrying amount**
Non-derivative financial liabilities			
Financial liabilities, Note 13	9,376	9,376	9,376
	9,376	**9,376**	**9,376**

	31 December 2017		
	1 to 3 months	**Total contractual cash flows**	**Carrying amount**
Non-derivative financial liabilities			
Financial liabilities, Note 13	177	177	177
	177	**177**	**177**

The following table shows the expected maturity analysis of non-derivative financial assets and liabilities at their carrying amounts and based on their contractual maturities:

In thousands of Armenian Drams, unless otherwise stated

	31 December 2018	
	1 to 3 months	**Total**
Financial assets		
Cash and bank balances	298,748	**298,748**
Total financial assets	**298,748**	**298,748**
Financial liabilities		
Payables for goods, services and other	9,376	9,376
Total financial liabilities	**9,376**	**9,376**
Net position	**289,372**	**289,372**
Cumulative net position	**289,372**	

	31 December 2017	
	1 to 3 months	**Total**
Financial assets		
Cash and bank balances	301,917	301,917
Total financial assets	**301,917**	**301,917**
Financial liabilities		
Payables for goods, services and other	177	177
Total financial liabilities	**177**	**177**
Net position	**301,740**	**301,740**
Cumulative net position	**301,740**	

(c) Market risk. Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Foundation's financial performance or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk. Foreign currency risk is defined as the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation's operations are carried out primarily in Armenia and, as such, a significant portion of its operations are transacted in local currency - Armenian Drams.

The Foundation is exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Foundation's exposure to foreign currency exchange rate risk as at 31 December 2018 is presented in the table below:

	AMD	USD	Total
Non-derivative financial assets			
Cash and cash equivalents	6,778	291,970	298,748
Total non-derivative financial assets	**6,778**	**291,970**	**298,748**
Non-derivative financial liabilities			
Payable for goods and services	9,376	-	9,376
Total non-derivative financial liabilities	**9,376**	-	**9,376**
Open position	**(2,598)**	**291,970**	

The Foundation's exposure to foreign currency exchange rate risk as at 31 December 2017 is presented in the table below:

In thousands of Armenian Drams, unless otherwise stated

	AMD	USD	Total
Non-derivative financial assets			
Cash and cash equivalents	9,202	292,715	301,917
Total non-derivative financial assets	**9,202**	**292,715**	**301,917**
Non-derivative financial liabilities			
Payable for goods and services	177	-	177
Total non-derivative financial liabilities	**177**	**-**	**177**
Open position	**9,025**	**292,715**	

Currency risk sensitivity. The following table details the Foundation's sensitivity to a 10% increase and decrease in the AMD against the USD. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or net assets where the AMD weakens 10% against USD. For a 10% strengthening of the AMD against the USD, there would be a comparable impact on the profit or net assets, and the balances below would be negative.

	31 December 2018 Profit and Loss/ Net assets	31 December 2017 Profit and Loss/ Net assets
10% depreciation of AMD against USD (2017: 10%)	29,197	29,272
10% appreciation of AMD against USD (2017: 10%)	(29,197)	(29,272)

The above table demonstrates the effect of a change in a key assumption while other assumptions remain unchanged. In reality, there is a correlation between the assumptions and other factors.
It should also be noted that these sensitivities are non-linear, and larger or smaller impacts should not be interpolated or extrapolated from these results.

Interest rate risk. The Foundation is not exposed to interest rate risks as it did not hold interest bearing financial assets or liabilities as at reporting and prior period ends. Accordingly, management does not carry out formal interest rate sensitivity analysis for interest rate market changes.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimates presented herein are not necessarily indicative of the amounts the Foundation could realize in a market exchange from the sale of its full holdings of a particular instrument.

However, judgment is required to interpret market data to determine the estimated fair value. Republic of Armenia continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Fair values versus carrying amounts. Because of the short-term nature of financial assets and financial liabilities, management believes that their carrying amounts approximate their fair values.

16. CAPITAL MANAGEMENT

Given the nature of the Foundation's operations, the Foundation does not have a formal capital management policy. The Foundation is not subject to externally imposed capital requirements.

In the financing of its educational, social and cultural programs the Foundations is highly dependent on the income from contributions for that year. In the opinion of the Management, the Foundation was able to accomplish sufficient funds for its programs till now and does not expect significant decline or reduction of these contributions in the foreseeable future.

17. CONTINGENCIES

Litigation. The Foundation does not have any litigation that may have a material effect on the Foundation's financial position.

Legal proceeding. The Foundation has not been subject of material legal proceeding as at 31 December 2018 (31 December 2017: none). No provision has been made in these financial statements in these aspects.

Taxation. Commercial legislation of the Republic of Armenia, including tax legislation, may allow more than one interpretation. In addition, there is a risk of tax authorities making arbitrary judgments of business activities. If a particular treatment, based on management's judgment of the Foundation's business activities, was to be challenged by the tax authorities, the Foundation may be assessed additional taxes, penalties and interest. Particularly, tax authorities may have a different interpretation of the applicable tax legislation in relation to the calculation of personal income tax liabilities for financial aid provided to fellows. Management is of the belief that it has adequately calculated and accounted for these tax liabilities, however, should tax authorities have a different interpretation and succeed in enforcing this interpretation, the Foundation's additional tax liabilities for the period would amount to approximately AMD 50 million. Generally, taxpayers are subject to tax audits with respect to three calendar years preceding the year of the audit. Normally, the tax audit covers the three calendar years preceding the year of review. In case of breach of tax legislation, the tax authorities are not entitled to impose additional fines, penalties and other obligations, after the three year period have elapsed since the date of breach. Were such audit conducted, the additional tax liabilities for the above uncertainty would increase for the prior two periods effects.

Operating environment. Emerging markets such as Armenia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. The legal, currency, tax and regulatory frameworks continue development and are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Republic of Armenia. The future economic direction of Armenia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Armenia continues to undergo political and economic changes. As an emerging market, Armenia does not possess a developed business and regulatory infrastructure that generally exists in a more mature free market economy. The main obstacle to further economic development is a low level of economic and institutional development, along with a centralized economic base, regional instability and international economic crisis.

However, as the number of variables and assumptions involved in these uncertainties is big, management cannot make a reliable estimate of effect on these financial statements of the Foundation. The financial statements of the Foundation do not include the effects of adjustments, if any, which might have been considered necessary, had the effects of the factors described above become observable and reliably measurable in Republic of Armenia.

Commitments.

The program implemented by the Foundation represents two-year (22 month) fellowship program, and the cycle of which starts in each September and lasts until the end of June of the following year. The Foundation concludes contracts of financial aid with those fellows who successfully pass summer Institute training program and join the Foundation as a prospective fellow. As of 31 December 2018 the 3rd and 4th generation of fellowship programs were in force, which will last until June 2019 and June 2020, respectively. In respect of financial aid contracts concluded with these fellows, the Foundation's contractual commitments till the end of the fellowship programs are presented below:

In thousands of Armenian Drams, unless otherwise stated

	31 December 2018	31 December 2017
Less than 1 year	152,364	105,434
Later than 1 year and not later than 2 years	57,287	37,791
Total financial aid commitments	**209,651**	**143,225**

In addition, the Foundation has commitments in respect of tuition fees payable to partner universities for fellows' two year masters' degree program.

	31 December 2018	31 December 2017
Less than 1 year	9,860	3,710
Later than 1 year and not later than 2 years	3,075	3,710
Total tuition commitments	**12,935**	**7,420**

Operating lease commitments. Operating leases relate to leases of office premises with lease terms of less than 1 year. Operating lease contracts contain clauses for market rental reviews. The Foundation does not have an option to purchase the leased property at the expiry of the lease periods.

During the period the rent expense recognised was AMD 27,086 thousand (2017: AMD 210 thousand).

The Foundation is able to terminate its operating lease contracts within specified time periods; the liabilities for committed periods prior to cancellation are provided below:

	31 December 2018	31 December 2017
Less than 1 year	2,203	-
Total operating lease commitments	**2,203**	-

Operational risk. Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Foundation cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorization and reconciliation procedures, staff education and assessment processes.

18. TRANSACTIONS WITH RELATED PARTIES

(a) Board of Trustees

The Foundation's governance is overseen by its Board of Trustees. The Board of Trustees is comprised of 10 trustees and is chaired by Mr Sam Simonian. The Chair of the Trustees or other Trustees do not receive remuneration from the Foundation.

Related parties include Teach For All, Inc., as partner organisation, members of the Board of Trustees and also management representatives.

In thousands of Armenian Drams, unless otherwise stated

	2018		2017	
	Related party transactions	Total category as per the financial statements category	Related party transactions	Total category as per the financial statements category
Contributions received				
Teach For All, Inc	510,128	**598,387**	569,204	**616,580**
Trustees and parties related to Trustees	27,891	**598,387**	-	**616,580**
Program expenses				
Support of operations of TFA NGO	149,000	**328,936**	155,800	**286,787**
Administrative and other expenses				
Operating lease expenses	23,040	**264,386**	-	**42,926**

(b) Management remuneration

	2018		2017	
	Related party transactions	Total category as per the financial statements category	Related party transactions	Total category as per the financial statements category
Key management personnel:				
Total Comprehensive income				
Short-term employee benefits	39,298	**159,780**	17,439	**24,120**
Statement of financial position				
Prepaid expenses	1,807	**10,480**	-	**1,219**

19. SUBSEQUENT EVENTS

In February 2019 the Foundation signed an agreement with Teach For All, Inc. for a grant amount of USD3,880,000 to be received during the course of 2 years provided satisfactory fulfilment of donor-imposed restrictions.