

# **Teach For Armenia Educational Foundation**

Financial Statements and  
Independent Auditor's Report  
for the Year Ended 31 December 2019

## 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 31 December 2019, 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 31 December 2019, 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.

### 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.

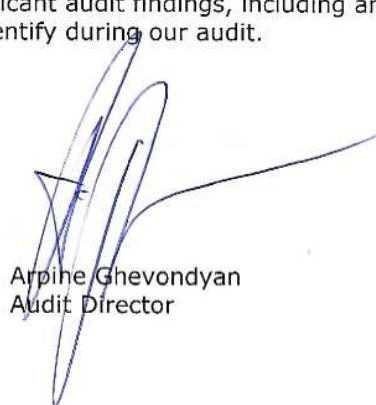
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.



Srбуhi Hakobyan  
Executive Director



Arpine Ghevondyan  
Audit Director

Deloitte Armenia cjsc  
Yerevan, Armenia  
March 16, 2020



## 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 2019

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 2019, 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 2019 were approved by management on 16 March 2020.

On behalf of the Management:

  
Larisa Virginia Hovhannisyan  
Executive Director



  
Armine Shahinyan  
Chief Accountant

Yerevan, Republic of Armenia  
16 March 2020

**TEACH FOR ARMENIA EDUCATIONAL FOUNDATION**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

*In thousands of Armenian Drams, unless otherwise stated*

	Notes	2019	2018
<b>Income</b>			
Income from release of funds	5	881,371	651,856
Other income		6,858	-
<b>Expenses</b>			
Program expenses	6	(573,280)	(438,316)
Administrative and other expenses	7	(281,437)	(155,006)
Other expenses		(6,108)	-
Expected credit recoveries/(losses) on financial assets	11	2,046	(1,190)
Net foreign exchange loss		(4,650)	(1,960)
Finance cost		(2,105)	-
Income tax		(172)	-
<b>Comprehensive income for the year</b>		<b>22,523</b>	<b>55,384</b>

Approved for issue on 16 March 2020.



Larisa Vardhania Hovhannisian  
Executive Director  
Yerevan, Republic of Armenia

*Armine Shahmyan*  
Armine Shahmyan  
Chief Accountant

The notes on pages 8 to 26 form an integral part of these financial statements.

**TEACH FOR ARMENIA EDUCATIONAL FOUNDATION**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2019**

*In thousands of Armenian Drams, unless otherwise stated*

	Notes	31 December 2019	31 December 2018
<b>Assets</b>			
<i>Non-current Assets</i>			
Property and equipment	8	67,551	49,232
Right of use asset	9	47,770	-
Prepayments for purchase of property and equipment		515	1,630
<b>Total non-current assets</b>		<b>115,836</b>	<b>50,862</b>
<i>Current assets</i>			
Cash and cash equivalents	11	444,387	298,748
Prepayments and other assets	10	7,192	10,480
<b>Total current assets</b>		<b>451,579</b>	<b>309,228</b>
<b>Total assets</b>		<b>567,415</b>	<b>360,090</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Lease liability	9	29,771	-
<b>Total non-current assets</b>		<b>29,771</b>	<b>-</b>
<i>Current liabilities</i>			
Trade and other payables	13	52,085	24,212
Lease liability	9	18,782	-
Funds	12	353,317	244,941
<b>Total current liabilities</b>		<b>424,184</b>	<b>269,153</b>
<b>Total liabilities</b>		<b>453,955</b>	<b>269,153</b>
<b>Net assets</b>			
Accumulated surplus		113,460	90,937
<b>Total liabilities and net assets</b>		<b>567,415</b>	<b>360,090</b>

The notes on pages 8 to 26 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN NET ASSETS  
AS AT 31 DECEMBER 2019**

*In thousands of Armenian Drams, unless otherwise stated*

	Notes	<b>Net Assets</b>
<b>Net assets at 1 January 2018</b>		<b>33,911</b>
Comprehensive income for the year		55,384
Release of funds for the effect of adoption of IFRS 9		1,642
<b>Net assets at 31 December 2018</b>		<b>90,937</b>
Comprehensive income for the year		22,523
<b>Net assets at 31 December 2019</b>		<b>113,460</b>

The notes on pages 8 to 26 form an integral part of these financial statements.

# TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

*In thousands of Armenian Drams, unless otherwise stated*

	Notes	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>			
Receipts from contributions		989,747	598,387
Payments for administrative expenses, excluding payroll		(150,707)	(86,303)
Payments to employees		(274,987)	(108,511)
Payments to the state budget		(109,967)	(40,023)
Payments for program expenses, excluding payroll		(241,277)	(335,721)
<b>Net cash flows from operating activities</b>		<u><b>212,809</b></u>	<u><b>27,829</b></u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property and equipment		2,120	-
Purchase of property and equipment		(40,330)	(27,663)
<b>Net cash flows used in investing activities</b>		<u><b>(38,210)</b></u>	<u><b>(27,663)</b></u>
<b>Cash flows from financing activities</b>			
Payments for leases		(28,592)	-
<b>Net cash flows used in financing activities</b>		<u><b>(28,592)</b></u>	<u><b>-</b></u>
<b>Net increase in cash and cash equivalents</b>			
Net foreign exchange loss on cash and cash equivalents		146,007	166
		(2,414)	(503)
<b>Cash and cash equivalents at the beginning of the year</b>		<u><b>301,580</b></u>	<u><b>301,917</b></u>
<b>Cash and cash equivalents at the end of the year</b>	11	<u><u><b>445,173</b></u></u>	<u><u><b>301,580</b></u></u>

The notes on pages 8 to 26 form an integral part of these financial statements.