

Teach For Armenia Educational Foundation

Financial Statements and
Independent Auditor's Report
For the Year Ended 31 December 2020

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 2020

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 2020, 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 2020 were approved by management on 27 April 2021.

On behalf of the Management:


Larisa Virginia Hovann
Chief Executive Officer




Armine Shahinyan
Chief Accountant

Yerevan, Republic of Armenia
27 April 2021

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 2020, the statement of comprehensive income, statement of changes in net asset 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 2020, 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.


Srubhi Hakobyan
Executive Director
Deloitte Armenia cjsc
Yerevan, Armenia
27 April 2021




Arpine Ghevondyan
Audit Director


TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

In thousands of Armenian Drams, unless otherwise stated


| | Notes | 2020 | 2019 |
|---|-------|---------------|---------------|
| Income | | | |
| Income from release of funds | 5 | 1,024,069 | 881,371 |
| Other income | | 206 | 6,858 |
| Expenses | | | |
| Program expenses | 6 | (845,459) | (573,280) |
| Administrative expenses | 7 | (191,055) | (281,437) |
| Other expenses | | - | (6,108) |
| Expected credit losses on financial assets | 11 | (344) | 2,046 |
| Net foreign exchange gain/(loss) | | 42,704 | (4,650) |
| Finance cost | | (5,355) | (2,105) |
| Profit before income tax | | 24,766 | 22,695 |
| Income tax | | - | (172) |
| Profit and comprehensive income for the year | | 24,766 | 22,523 |

Approved for issue on 27 April 2021.


Larisa Virginia Hovannisian
Chief Executive Officer



Yerevan, Republic of Armenia


Armine Shahinyan
Chief Accountant

TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

In thousands of Armenian Drams, unless otherwise stated

| | Notes | 31 December 2020 | 31 December 2019 |
|--|-------|------------------|------------------|
| Assets | | | |
| <i>Non-current Assets</i> | | | |
| Property and equipment | 8 | 49,407 | 67,551 |
| Right of use asset | 9 | 28,332 | 47,770 |
| Prepayments for purchase of property and equipment | | 112,052 | 515 |
| Total non-current assets | | 189,791 | 115,836 |
| <i>Current assets</i> | | | |
| Cash and cash equivalents | 11 | 547,102 | 444,387 |
| Prepayments and other assets | 10 | 13,577 | 7,192 |
| Total current assets | | 560,679 | 451,579 |
| Total assets | | 750,470 | 567,415 |
| Liabilities | | | |
| <i>Non-current liabilities</i> | | | |
| Lease liability | 9 | 13,376 | 29,771 |
| Total non-current liabilities | | 13,376 | 29,771 |
| <i>Current liabilities</i> | | | |
| Trade and other payables | 13 | 67,475 | 52,085 |
| Lease liability | 9 | 19,588 | 18,782 |
| Restricted Funds | 12 | 511,805 | 353,317 |
| Total current liabilities | | 598,868 | 424,184 |
| Total liabilities | | 612,244 | 453,955 |
| Net assets | | | |
| Accumulated surplus | | 138,226 | 113,460 |
| Total liabilities and net assets | | 750,470 | 567,415 |

The notes on pages 8 to 29 form an integral part of these financial statements.

TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

AS AT 31 DECEMBER 2020

In thousands of Armenian Drams, unless otherwise stated

| | <u>Net Assets</u> |
|---------------------------------------|-------------------|
| Net assets at 31 December 2018 | 90,937 |
| Comprehensive income for the year | 22,523 |
| Net assets at 31 December 2019 | 113,460 |
| Comprehensive income for the year | 24,766 |
| Net assets at 31 December 2020 | 138,226 |

The notes on pages 8 to 29 form an integral part of these financial statements.

TEACH FOR ARMENIA EDUCATIONAL FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

In thousands of Armenian Drams, unless otherwise stated

| | Notes | 2020 | 2019 |
|---|-------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Receipts from contributions | 12 | 1,182,557 | 989,747 |
| Payments for administrative expenses, excluding payroll | | (137,864) | (150,707) |
| Payments to employees | | (368,460) | (274,987) |
| Payments to the state budget | | (117,372) | (109,967) |
| Payments for program expenses, excluding payroll | | (477,254) | (241,277) |
| Net cash flows from operating activities | | 81,607 | 212,809 |
| Cash flows from investing activities | | | |
| Proceeds from disposal of property and equipment | | - | 2,120 |
| Purchase of property and equipment | | (3,265) | (40,330) |
| Net cash flows used in investing activities | | (3,265) | (38,210) |
| Cash flows from financing activities | | | |
| Payments for leases | 9 | (21,891) | (28,592) |
| Net cash flows used in financing activities | | (21,891) | (28,592) |
| Net increase in cash and cash equivalents | | | |
| | | 56,451 | 146,007 |
| Net foreign exchange loss on cash and cash equivalents | | 46,608 | (2,414) |
| Cash and cash equivalents at the beginning of the year | | | |
| | | 445,173 | 301,580 |
| Cash and cash equivalents at the end of the year | 11 | 548,232 | 445,173 |

The notes on pages 8 to 29 form an integral part of these financial statements.