

# **Financial Statements and Independent Auditor's Report**

## **“Teach For Armenia” Educational Foundation**

31 December 2022



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# Independent auditor's report

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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 of 31 December 2022, and 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 give a true and fair view of the position of the Foundation as of 31 December 2022, and of 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") together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Armenia, and we have fulfilled our other ethical responsibilities in accordance with those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Other Matter*

The comparative financial statements of the Foundation as of and for the year ended 31 December 2021 were audited by another auditor, whose auditor's report dated 26 May 2022 expresses an unmodified opinion on those financial statements.

## *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 those authorized by the legislation of the Republic of Armenia/management either intend 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 skepticism 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.

Armen Hovhannisyan  
Chief Executive Officer

Emil Vassilyan, FCCA  
Engagement Partner

2 June 2023





# Statement of comprehensive income

In thousand drams	Note	Year ended 31 December 2022	Year ended 31 December 2021
<i>Income</i>			
Income from grants	13	1,742,784	1,391,233
Other income		2,338	10,022
		<u>1,745,122</u>	<u>1,401,255</u>
<i>Expenses</i>			
Project expenses	11	(1,200,083)	(995,542)
Administrative expenses	12	(538,598)	(399,364)
Expected credit losses on financial assets		42	(516)
Finance cost	5	(2,051)	(2,578)
Net loss from exchange rate differences	14	(15,170)	-
		<u>(73,485)</u>	<u>(58,893)</u>
		<u>(1,829,345)</u>	<u>(1,456,893)</u>
Result before income tax		<u>(84,223)</u>	<u>(55,638)</u>
Income tax expense		-	-
Result for the year		<u>(84,223)</u>	<u>(55,638)</u>

The statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 23.

# Statement of changes in net assets

In thousand drams	Accumulated Result	Total
as of 1 January 2021	138,226	138,226
Result for the year	(55,638)	(55,638)
as of 31 December 2021	82,588	82,588
Result for the year	(84,223)	(84,223)
as of 31 December 2022	(1,635)	(1,635)

The statement of changes in net assets is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 23.

# Statement of cash flows

In thousand drams	Year ended 31 December 2022	Year ended 31 December 2021
Cash flows from operating activities		
Receipts from contributions	1,996,830	1,360,131
Cash flows from the provision of services	9,853	-
Other cash flows	1,249	-
Payments for administrative expenses, excluding payroll	(385,943)	(206,336)
Payments to employees	(528,131)	(467,116)
Payments to the State budget	(189,113)	(160,879)
Payments for project expenses, excluding payroll	(564,788)	(496,241)
<i>Net cash from operating activities</i>	<u>339,957</u>	<u>29,559</u>
Cash flows from investing activities		
Acquisition of property and equipment and intangible assets	(16,552)	(28,844)
<i>Net cash used in investing activities</i>	<u>(16,552)</u>	<u>(28,844)</u>
Cash flows from financing activities		
Lease payments	(21,169)	(21,553)
<i>Net cash used in financing activities</i>	<u>(21,169)</u>	<u>(21,553)</u>
Net increase/(decrease) in cash and bank balances	302,236	(20,838)
Foreign exchange effect on cash	(75,631)	(61,672)
Cash and bank balances at the beginning of the year	465,722	548,232
Cash and bank balances at the end of the year	<u>692,327</u>	<u>465,722</u>

The statement of cash flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 9 to 23.