

**AMERICA FOR BULGARIA FOUNDATION**

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

**31 DECEMBER 2024**

## American optimism meets Bulgarian potential

### MANAGEMENT'S STATEMENT OF FINANCIAL RESPONSIBILITY

The Management of the America for Bulgaria Foundation (the "Foundation" or "ABF") has responsibility for the preparation, integrity, and reliability of the standalone financial statements and related financial information. The standalone financial statements were prepared in accordance with generally accepted accounting principles and include necessary judgments and estimates by Management.

Management has established and is responsible for maintaining an internal control environment designed to provide reasonable assurance as to the integrity and reliability of the standalone financial statements, the protection of assets, and the prevention and detection of fraudulent financial reporting.

The Board of Directors, primarily through the Audit Committee, oversees the adequacy of the Foundation's control environment. The Committee, whose members are neither officers nor employees of the Foundation, meets regularly with Management and the Foundation's independent auditors, who are selected by the Audit Committee.


The Foundation's standalone financial statements have been audited by Baker Tilly Klitou and Partners EOOD which confirms that its audit was conducted in accordance with generally accepted auditing standards and include such audit procedures as it considers necessary to express the opinion in its report that follows. Baker Tilly Klitou and Partners EOOD has full and free access to the Audit Committee to discuss its audit work, the Foundation's internal controls, and financial reporting matters.

Management recognizes that there are inherent limitations in the effectiveness of any internal control environment. Management believes, however, that as of December 31, 2024 and 2023, the Foundation's internal control environment has provided reasonable assurance as to the integrity and reliability of the standalone financial statements and related financial information.

May 30, 2025



Nancy L. Schiller  
President & Chief Executive Officer



Bojana Kourteva  
Chief Financial Officer

## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of AMERICA FOR BULGARIA FOUNDATION

#### *Opinion*

We have audited the accompanying standalone financial statements of America for Bulgaria Foundation (the "Foundation"), which comprise the standalone statements of financial position as of December 31, 2024 and 2023 and the related standalone statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the standalone financial statements.

In our opinion, the standalone financial statements referred to above present fairly, in all material respects, the financial position of America for Bulgaria Foundation as of December 31, 2024 and 2023 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Responsibilities of Management for the Standalone Financial Statements*

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the standalone financial statements are available to be issued.

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Baker Tilly Klitou and Partners EOOD trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

***Auditors' Responsibilities for the Audit of the Standalone Financial Statements***

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the standalone financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the standalone financial statements.
- 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the standalone financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

**Audit company Baker Tilly Klitou and Partners EOOD, № 129:**



**Galina Lokmadjieva-Nedkova**  
**Registered Auditor**

**Managing Director**  
**Baker Tilly Klitou and Partners EOOD**  
**5, Stara Planina Str., 5th floor**  
**Sofia, 1000, Bulgaria**

**30 May 2025**

**America for Bulgaria Foundation**  
**Standalone Statements of Financial Position**  
**December 31, 2024 and 2023**

<i>in USD (000)</i>	<i>Note</i>	<b>2024</b>	<b>2023</b>
<b>Assets</b>			
Cash and cash equivalents	4a	\$ 26,716	2,031
Restricted cash	4a	2,729	2,103
Investments, at fair value			
ETF and public mutual funds	4b,c	223,022	207,609
Private mutual funds	4b,c,d	132,268	114,460
Bonds	4b,c	107,182	123,711
Total Investments	4b	462,472	445,780
Dividends and interest receivable	4b	243	163
Prepaid expenses and other assets		98	98
Fixed assets and intangibles, net	5	8,051	8,413
Investment in subsidiaries	9	692	692
Total Assets		\$ 501,001	459,280
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Grants payable	6	\$ 24,567	28,727
Accounts payable and accrued payroll		240	216
Total Liabilities		24,807	28,943
Net Assets - without donor restrictions		476,194	430,337
Total liabilities and net assets		\$ 501,001	459,280

See accompanying notes to standalone financial statements

**America for Bulgaria Foundation**  
**Standalone Statements of Activities and Changes in Net Assets**  
**Years Ended December 31, 2024 and 2023**

<i>in USD (000)</i>	<i>Note</i>	<b>Without Donor Restrictions</b>	
		<b>2024</b>	<b>2023</b>
Changes in net assets:			
Proceeds from liquidation of subsidiary	9	\$ -	322
Reversed grants income		159	89
Other income / (loss)		-	2
Investment income			
Interest income		5,315	2,880
Dividend income		4,165	4,767
Net realized gain / (loss) on investments	4b	11,311	13,112
Net unrealized gain / (loss) on investments	4b	43,491	48,184
Realized exchange rate gain / (loss)	4b	61	(37)
Unrealized exchange rate gain / (loss)	4b	1,218	(743)
Total Investment income / (loss)		65,561	68,163
Less investment management fees	4b	(1,365)	(1,285)
Investment income / (loss), net		64,196	66,878
 Total Income / (Loss)		 64,355	 67,291
 Grant expenses	7	 (12,403)	 (32,201)
Program related and donation expenses		(669)	(1,097)
Management and general expenses		(4,983)	(5,534)
Depreciation and amortization	5	(443)	(452)
Total Expenses	8	(18,498)	(39,284)
 Changes in net assets		 45,857	 28,007
Net assets, beginning of the year		430,337	402,330
Net assets, end of the year		\$ 476,194	430,337

See accompanying notes to standalone financial statements

**America for Bulgaria Foundation**  
**Standalone Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

<i>in USD (000)</i>	<i>Note</i>	<b>2024</b>	<b>2023</b>
<b>Cash Flows from Operating Activities</b>			
Grant payments	\$	(15,029)	(11,247)
Grant refunds		43	68
Cash paid to suppliers and employees		(5,681)	(6,664)
Net cash used in operating activities		<u>(20,667)</u>	<u>(17,843)</u>
<b>Cash Flows from Investing Activities</b>			
Proceeds from investments		138,624	77,610
Proceeds from dividends		3,852	4,427
Proceeds from interest		5,609	2,761
Purchase of fixed assets		(81)	(35)
Purchase of investments		(100,643)	(72,611)
Investment fees paid		(1,311)	(1,304)
Proceeds from liquidation of subsidiary		-	322
Net cash from investing activities		<u>46,050</u>	<u>11,170</u>
<b>Effect of exchange rate changes on cash</b>		<u>(72)</u>	<u>7</u>
Net increase / (decrease) in cash, cash equivalents and restricted cash		25,311	(6,666)
Cash, cash equivalents and restricted cash at the beginning of year		4,134	10,800
Cash, cash equivalents and restricted cash at end of year	4a \$	<u>29,445</u>	<u>4,134</u>

See accompanying notes to standalone financial statements

# **AMERICA FOR BULGARIA FOUNDATION**

## **Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)**

### **(1) Nature of Operations**

The America for Bulgaria Foundation (the “Foundation”, “ABF”) is a U.S. not-for-profit incorporated in Delaware on December 16, 2019 and operating as a 501(c)(4) organization under the U.S. Internal Revenue Code (“the Code”) since January 1, 2020. Prior to that, the Foundation conducted its activities as a 501(c)(3) organization incorporated in Delaware on December 18, 2006.

The Foundation works in partnership with Bulgarians to support the country’s private sector and related democratic institutions.

The Foundation seeks to enhance the longstanding legacy of goodwill and friendship between the American and Bulgarian people to promote the US – Bulgaria people-to-people contacts.

The Foundation concentrates its efforts in the following four main program areas: (i) Business, Entrepreneurship, and Technology; (ii) Developing and Retaining Human Capital; (iii) Business Enabling Environment; and (iv) Cultural Heritage and Nature Tourism. The Foundation works with various organizations in Bulgaria and the U.S. in conducting its activities and executing the objectives of each grant.

Through its registration at the Ministry of Justice of Bulgaria, the Foundation has opened a Branch in Bulgaria (the “Branch”) whose purpose is to represent the Foundation in Bulgaria and to engage in activities to promote the Foundation’s purposes. The financial position as of and results of operations for the years ended December 31, 2024 and 2023 of the Branch are included in the financial statements of the Foundation. The Branch prepares financial information for statutory purposes only and does not have separate audited financial statements.



## **AMERICA FOR BULGARIA FOUNDATION**

### **Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)**

#### **(2) Net Assets**

In accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations, the Foundation is required to classify information regarding its financial position and activities into certain classes of net assets. As of December 31, 2024 and 2023, the entire balance of net assets was classified as net assets without donor restrictions. Net assets without donor restrictions represent net assets that are not restricted by donor stipulations.

#### **(3) Summary of Significant Accounting Policies**

##### ***a. Basis of Accounting***

The accompanying standalone financial statements have been prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”).

##### ***b. Basis of Presentation***

The accompanying financial statements have been prepared on a standalone basis as of December 31 each year.

##### ***c. Measure of Operations***

The Foundation includes all revenues and expenses in its measure of operations, except for changes in the fair value of subsidiaries, which are excluded as they are not considered part of ongoing operating activities.

##### ***d. Investments***

Investments in equity and debt securities are stated at fair value. Fair value is determined based on quoted market prices and/or other inputs, as described in “Fair Value” below. Unrealized gains or losses on investments resulting from market fluctuations are recorded in the Statement of Activities and Changes in Net Assets in the period that such fluctuations occur or upon the reversal of unrealized gains or losses at the time an investment is realized. Realized and unrealized gains or losses on investments are determined by comparison of specific costs of acquisition to proceeds at the time of disposal, or market values at the last day of the fiscal year, respectively, and include the effects of currency translation with respect to transactions and holdings of foreign securities.

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

Investment sales and purchases are recorded on a trade-date basis, which results in both investment receivables and payables on unsettled investment trades. Dividend income is recorded based upon an ex-dividend date, and interest income is recorded as earned on an accrual basis.

#### *e. Fair Value*

U.S. GAAP 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 Foundation relies on market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. The Foundation's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy levels.

U.S. GAAP also establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 820 "Fair Value Measurements" are as follows:

- |         |  |
|---------|--|
| Level 1 | Valuation based on unadjusted quoted prices in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date, and where transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.   |
| Level 2 | Valuation based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets, or liabilities in markets that are not active, that is markets in which there are few transactions, prices are not current, or prices vary substantially over time. |
| Level 3 | Valuation based on inputs that are unobservable for an asset or liability and should be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. This input, therefore, reflects the entity's  |

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The inputs used in the determination of fair value require significant judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had an active market for these assets and liabilities existed.

Inputs used in applying various valuation techniques refer to assumptions used by market participants to make valuation decisions. Inputs may include price information, credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation considers observable data to be market data which is readily available and reliable and provided by independent sources. Thus, the placement of a financial instrument within the hierarchy is based on the transparency of its pricing rather than the Foundation's assessment of the instrument's risk.

Pursuant to FASB Accounting Standards Update ("ASU") 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, investments measured at Net Asset Value ("NAV") as a practical expedient to estimate fair value are not categorized in the fair value hierarchy. These investments are disclosed separately to permit reconciliation to total investments measured at fair value.

Cash, Money Market Funds, Term Deposits and Restricted Cash – These assets are held either as cash, money market funds, or bank term deposits, which are public investment vehicles, valued using \$1 per unit for the net asset value and are classified within Level 1 of the valuation hierarchy.

Public Mutual and Exchange Traded Funds ("ETF") – These assets are public investment vehicles valued using the NAV provided by the administrator of the fund. The NAV is determined based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. These investments are traded on active markets with readily determinable prices and are classified within Level 1 of the fair value hierarchy.

Private Mutual Funds – These assets are private investment vehicles valued using the NAV provided by the administrator of the fund, which is used as a practical expedient to estimate fair value in accordance with ASC 820 "Fair Value Measurements". These investments do not have a readily determinable fair value and the NAV is not publicly available. The NAV is calculated based on the fair value of the underlying assets held by the fund, less liabilities, divided by the

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

number of shares outstanding. Each fund's financial statements are prepared in accordance with U.S. GAAP, and their portfolios are accounted for at fair value. The NAV is recalculated monthly, and redemptions occur at NAV in accordance with the fund agreements. These investments are excluded from the fair value hierarchy pursuant to ASU 2015-07 and are presented in a separate category of investments measured at NAV. The Foundation has no plans to sell investments at amounts different from NAV.

Bonds – These assets are government (USA and Bulgaria) fixed-income investment vehicles valued using the latest trading value of the obligations. United States Treasury instruments are classified within Level 1 of the valuation hierarchy because they have a unit price that is quoted on an active public market. Bulgarian Government Bonds are classified within Level 2 of the valuation hierarchy because they are traded on markets in which there are few transactions and prices are not current, but their fair value can be determined based on other data values or market prices.

Investment in subsidiaries – As the fair value of these investments is not readily determinable, management considers that the net assets of the subsidiaries are sufficiently close to and represent reliable fair value approximation to be used in making the accounting estimate of the recoverable amount of the investments.

Other Assets and Liabilities – Due to the short-term nature of receivables, prepaid expenses and other assets, grants payable, accounts payable and accrued payroll, their fair value approximates carrying value.

#### *f. Grant Expenditures*

Grant expenditures are recognized in the period the grant agreement is signed by both the Foundation and the grantee, provided the grant is not contingent upon future conditions. Conditional grants are recognized as both grant expenses and grants payable in the period in which the grantee meets the specified conditions. If payments of the unconditional promise to give are to be made to a recipient over several periods and the recipient is subject only to routine performance requirements, a liability and an expense for the entire amount payable is recognized at the time of the agreement. Grants payable that are due in more than one year are discounted to their present value to reflect the time value of money. Initially the discount reduces the grants payable and the grant expenses and subsequently the periodic unwinding of the discount is recognized as grant expense.

## **AMERICA FOR BULGARIA FOUNDATION**

### **Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)**

#### ***g. Cash, Cash Equivalents, and Restricted Cash***

Cash and cash equivalents consist of cash of US and foreign currencies, money market funds, and highly liquid investments with original maturities of three months or less at the date of acquisition, except for United States Treasury instruments which are held as part of the investment portfolio.

Restricted cash consists of cash held at bank accounts, pledged in favor of two banks in Bulgaria to secure the implementation of a certain program. The use of that cash is limited through the end of the program.

#### ***h. Interest and Dividend Income***

Interest and dividend income is recorded when earned.

#### ***i. Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***j. Translation of Foreign Currency***

The Foundation's functional currency is the U.S. dollar. Revenues and expenses transacted in other currencies are translated into U.S. dollars at rates in effect at the dates of such transactions. Investments and cash equivalents in foreign currencies were translated to U.S. dollars at the year-end exchange rate. The functional currency of the Branch is the Bulgarian Lev. Remeasurement and translation adjustments are reflected in the Statement of Activities and Changes in Net Assets.

#### ***k. Contributions***

Contributions, including unconditional promises to give, are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Contributions of assets other than cash are measured at their estimated fair values. Unconditional promises to give are recognized as revenue in the period when the promise was made and received. Conditional promises to give, which depend on the occurrence of a specified future and uncertain event to bind the promisor and also contain a right of return or release, are recognized

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

when the conditions on which they depend are substantially met, that is when the conditional promise becomes unconditional.

#### *l. Investment Expenses*

Investment expenses include fees for bank trustees, investment managers, and custodians and are recognized as incurred.

#### *m. Depreciation and Amortization*

Fixed assets are recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets, as follows:

Building	25 years
Equipment	4 years
Hardware, purchased software, and telecommunications	3 years
Furniture and fixtures	10 years
Vehicles	5 years

At the time a fixed asset is acquired, its cost is capitalized unless it has a value of BGN 1 (or its equivalent in USD or EUR) or less in which case the asset is expensed in the period acquired. Amounts paid for property with an estimated useful life of 12 months or less with a value of BGN 1 (or its equivalent in USD or EUR) or less are expensed in the period acquired as well. Management will periodically review these levels and make any modifications necessary.

Intangible assets are measured at acquisition cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated to write off the cost of intangible assets less estimated residual values using the straight-line method over their estimated useful lives, as follows:

Website Development Costs	3 years
Internal-Use Software	3 years

The Foundation annually reviews the fixed assets records as well as intangible assets for impairment of value and records any adjustments necessary to reflect material impacts in value.

## **AMERICA FOR BULGARIA FOUNDATION**

### **Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)**

#### ***n. Presentation of Expenses***

The cost associated with providing support to the various programs and other activities has been allocated between grants, charitable donations, and direct program support. Other administrative costs related to operational support and activities have been allocated to management and general expenses.

The financial statements present certain categories of expenses (Program related and donation expenses and Management and general expenses) that are attributable to program and management functions of ABF. Those expenses are allocated based on estimates of time and effort of the employees, management, and directors involved.

The Foundation does not engage in fundraising activities and, as such, has not incurred any fundraising expenses.

#### ***o. Recent Accounting Pronouncements***

ASU 2024-03 – Segment Reporting: Improvements to Reportable Segment Disclosures: Issued in 2024, this ASU requires public entities to disclose disaggregated significant expense categories within each reportable segment to improve transparency. Although primarily applicable to public entities, nonpublic entities are encouraged to evaluate its relevance based on user needs and internal reporting practices. The Foundation management is currently evaluating the impact of this guidance. As a nonpublic entity, it is not required to adopt this ASU but will consider early adoption or voluntary disclosure if such information is deemed useful to stakeholders.

ASU 2024-02 – Codification Improvements: Amendments to Remove References to the Concepts Statements: In March 2024, the Financial Accounting Standards Board issued ASU 2024-02, which eliminates references to the FASB Concepts Statements from the Accounting Standards Codification. The amendments clarify that the Concepts Statements are nonauthoritative and are not intended to override or supplement authoritative accounting guidance. The amendments affect various sections of the Codification by removing or replacing references to the Concepts Statements to avoid potential misinterpretation. The changes do not create new accounting requirements but are intended to improve consistency and clarity. The ASU is effective for fiscal years beginning after December 15, 2025 for nonpublic entities. Early adoption is permitted. The Foundation management is currently evaluating the impact of this guidance but does not expect it to have a material effect on its financial statements.

**AMERICA FOR BULGARIA FOUNDATION**

**Notes to the Standalone Financial Statements**  
**December 31, 2024 and 2023**  
**(in thousands)**

**(4) Cash, Cash Equivalents, Restricted Cash and Investments**

***a. Cash, Cash Equivalents, and Restricted Cash***

As of December 31, 2024 and 2023, the Foundation's cash and cash equivalents consisted of \$26,716 and \$2,031, respectively, comprised mainly of money market and checking accounts that were deposited in various financial institutions in the United States and Bulgaria.

As of December 31, 2024 and 2023, the Foundation's restricted cash consisted of \$2,729 and \$2,103, respectively, comprised of cash held in bank accounts, pledged in favor of two banks in Bulgaria, with regards to the implementation of a mission-driven program. To secure the realization of the program, the Foundation established a pledge in favor of Tokuda Bank JSC in August 2020, and Eurobank Bulgaria JSC in July 2024, corresponding to specific bank accounts opened at each bank. The use of these funds is restricted until the end of the program.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash for the years ended December 31, 2024 and 2023 reported within the statement of financial position that sums to the total of the same such amounts shown in the statement of cash flows:

		<b><u>December 31, 2024</u></b>	<b><u>December 31, 2023</u></b>
Cash and cash equivalents	\$	26,716	2,031
Restricted cash		<u>2,729</u>	<u>2,103</u>
Cash, cash equivalents and restricted cash shown in the statement of cash flows	\$	<u><u>29,445</u></u>	<u><u>4,134</u></u>



# AMERICA FOR BULGARIA FOUNDATION

## Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

### *b. Investments*

Investment activity for the years ended December 31, 2024 and 2023 was as follows:

	December 31, 2024				December 31, 2023			
	Fair value	Cumulative unrealized Gain / (Loss) on Foreign Exchange	Cumulative unrealized Gain / (Loss) on Investment	Cost	Fair value	Cumulative unrealized Gain / (Loss) on Foreign Exchange	Cumulative unrealized Gain / (Loss) on Investment	Cost
ETF and public mutual funds	223,022	-	120,977	102,045	207,609	-	95,795	111,814
Private mutual funds	132,268	-	45,655	86,613	114,460	-	27,857	86,603
Bonds	107,182	(427)	3,431	104,178	123,711	(358)	2,920	121,149
	<u>\$ 462,472</u>	<u>(427)</u>	<u>170,063</u>	<u>292,836</u>	<u>445,780</u>	<u>(358)</u>	<u>126,572</u>	<u>319,566</u>

Net realized gain/(loss) on investments for the years ended December 31, 2024 and 2023 are presented in the table below:

		2024	2023
ETF and public mutual funds	\$	9,675	13,057
Private mutual funds		-	(530)
Bonds		1,636	585
	\$	<u>11,311</u>	<u>13,112</u>

Net unrealized gain/(loss) on investments for the years ended December 31, 2024 and 2023 are presented in the table below:

		2024	2023
ETF and public mutual funds	\$	25,182	24,171
Private mutual funds		17,798	21,877
Bonds		511	2,136
	\$	<u>43,491</u>	<u>48,184</u>

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

Investments and cash equivalents held in different currencies are reported at the year-end exchange rates. As a result, a translation adjustment of approximately \$1,279 and \$(780) increased/ (decreased) the investments and cash, cash equivalents, and restricted cash as of December 31, 2024 and 2023, respectively, and was recorded in net realized and unrealized exchange rate gain/(loss) in the Statement of Activities and Changes in Net Assets for each year.

The bonds line item consists of investments in United States Treasury instruments and Bulgarian Government Bonds.

As of December 31, 2024, the United States Treasury instruments were valued at \$106,109, including principal of \$105,931 and accrued interest receivable of \$178. As of December 31, 2023, the United States Treasury instruments were valued at \$122,555, including principal of \$122,008 and accrued interest receivable of \$547.

As of December 31, 2024, the Bulgarian Government Bonds were valued at \$1,073, including principal of \$1,058 and accrued interest receivable of \$15. As of December 31, 2023, the Bulgarian Government Bonds were valued at \$1,156, including principal of \$1,140 and accrued interest receivable of \$16.

Dividends and interest receivable of \$243 and \$163 as of December 31, 2024 and 2023, respectively, represent dividends and interest income earned but not received.

Investment expenses for the years ended December 31, 2024 and 2023 were \$1,365 and \$1,285, respectively.

#### *c. Fair Value of Financial Instruments*

See “Fair Value” in Note 3(e), above, for discussions of the methodologies and assumptions used to determine the fair value of the Foundation’s financial instruments.

Below are the Foundation’s financial instruments carried at fair value on a recurring basis by U.S. GAAP hierarchy levels described in Note 3(e):

# AMERICA FOR BULGARIA FOUNDATION

## Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

### At December 31, 2024

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value (NAV)	Total
Cash and cash equivalents	\$	26,716	-	-	26,716
Restricted cash		2,729	-	-	2,729
ETF and public mutual funds		223,022	-	-	223,022
Private mutual funds		-	-	132,268	132,268
Bonds		106,109	1,073	-	107,182
	\$	<u>358,576</u>	<u>1,073</u>	<u>132,268</u>	<u>491,917</u>
		72.89%	0.22%	26.89%	100%

### At December 31, 2023

		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Net Asset Value (NAV)	Total
Cash and cash equivalents	\$	2,031	-	-	2,031
Restricted cash		2,103	-	-	2,103
ETF and public mutual funds		207,609	-	-	207,609
Private mutual funds		-	-	114,460	114,460
Bonds		122,555	1,156	-	123,711
	\$	<u>334,298</u>	<u>1,156</u>	<u>114,460</u>	<u>449,914</u>
		74.30%	0.26%	25.44%	100%

### *d. Investments measured at NAV*

As of December 31, 2024 and 2023, the Foundation's investments measured at NAV include investments in private mutual funds that do not have readily determinable fair value.

The following table represents the liquidity and redemption restrictions on the investments measured at NAV as of December 31, 2024:

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

	Fair Value at Year End	Redemption Frequency	Redemption Notice Period
International, Emerging Market and Global Equity	\$ 132,268	Monthly	30 Days
	<u>\$ 132,268</u>		

The primary objective of International, Emerging Market and Global Equity funds is to achieve long-term growth. This goal is pursued primarily by investing in a diversified portfolio of equity securities of companies ordinarily located in any country other than the United States and Canada. As many companies have multinational operations, a company's location will be determined primarily by its jurisdiction of incorporation. To achieve their objectives, the funds generally seek to invest in a portfolio of securities that possesses fundamental investment value.

#### *e. Concentration of risk*

The Foundation maintains commercial accounts in the United States and Bulgaria. Accounts in the United States are insured by the Federal Deposit Insurance Corporation ("FDIC") and accounts in Bulgaria are insured by the Deposit Investment Fund ("DIF").

As of December 31, 2024 and 2023, the Foundation had amounts that were in excess of the insurance limits. The Foundation performs ongoing evaluations of commercial banks to limit its concentration of credit risk exposure. The Foundation has not sustained a loss of funds maintained in commercial banks.

The Foundation holds investments in United States Treasury instruments and securities, mutual funds and corporate debt, and equity issues which are managed by outside investment advisors. These balances are insured up to \$500 by the Securities Investor Protection Corporation (SIPC).

The Foundation has invested \$158,449 or 31.6% of its assets in two investment funds with a single investment manager. This represents an insignificant holding compared to the investment managers' and the funds' asset size. The two funds are Level 1 of the fair value hierarchy and are highly liquid.

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

The Foundation's investment portfolio is reviewed at least quarterly by the Investment Committee of the Board of Directors of the Foundation. During this review, the concentration of risk as well as the performance of all investments is assessed. All new investments of the Foundation are pre-approved by the Investment Committee. In addition, the Foundation uses external investment managers and advisors to manage the risk of the portfolio.

#### *f. Liquidity*

As of December 31, 2024, the Foundation has \$488,115 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$26,716 and liquid investments of \$461,399. The liquid investments include ETF and public mutual funds of \$223,022, private mutual funds of \$132,268, and United States Treasury instruments of \$106,109.

As of December 31, 2023, the Foundation has \$446,655 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$2,031 and liquid investments of \$444,624. The liquid investments include ETF and public mutual funds of \$207,609, private mutual funds of \$114,460, and United States Treasury instruments of \$122,555.

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a goal to maintain financial assets, which consist of cash and liquid investments, on hand to meet 90 days of normal operating expenses.

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**AMERICA FOR BULGARIA FOUNDATION**

**Notes to the Standalone Financial Statements  
December 31, 2024 and 2023  
(in thousands)**

**(5) Fixed Assets and intangibles**

As of December 31, 2024 and 2023, fixed assets consisted of the following:

	<u>2024</u>	<u>2023</u>
Building	\$ 9,329	9,329
Furniture and fixtures	262	260
Hardware, purchased software and telecommunications	200	249
Vehicles	242	242
Equipment	5	5
Assets under construction	129	58
	<u>10,167</u>	<u>10,143</u>
Less accumulated depreciation	<u>(2,116)</u>	<u>(1,730)</u>
	<u>\$ 8,051</u>	<u>8,413</u>

Depreciation expenses for the years ended December 31, 2024 and 2023 amount to \$443 and \$452, respectively.

As of December 31, 2024 and 2023, intangible assets were fully amortized over their useful life, and consisted of the following:

	<u>2024</u>	<u>2023</u>
Website development costs	\$ 52	52
Internal-Use Software	122	122
	<u>174</u>	<u>174</u>
Less accumulated amortization	<u>(174)</u>	<u>(174)</u>
	<u>\$ -</u>	<u>-</u>

Amortization expenses for the years ended December 31, 2024 and 2023 amount to \$0.

# AMERICA FOR BULGARIA FOUNDATION

## Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

### (6) Grants payable

Grants payable totaling \$24,567 and \$28,727 as of December 31, 2024 and 2023, respectively consisted of approved grant commitments for unconditional grants or conditional grants for which the grantee has met the conditions of the grant, discounted to their present value. The Foundation applies present value discounting to long-term grants payable for financial reporting purposes in accordance with FASB Accounting Standards Codification 958 “*Not-For-Profit Entities*”.

As of December 31, 2024, the current portion of the grants payable, due within one year, is \$11,947. The non-current portion of the grants payable, due beyond one year, is \$12,620, discounted to its present value with \$1,368.

As of December 31, 2023 the current portion of the grants payable, due within one year, is \$11,809. The non-current portion of the grants payable, due beyond one year, is \$16,918, discounted to its present value with \$2,172.

As of December 31, 2024 based on the specific grant agreements, grants payable are expected to be paid in the following years:

	Gross	Present value
2025	11,947	11,947
2026	6,962	6,437
2027	5,177	4,602
Longer than 3 years	1,849	1,581
	<u>\$ 25,935</u>	<u>24,567</u>

The schedule below reconciles grant activity throughout the year ended December 31, 2024:

Grants payable, 2024 beginning balance	\$ 28,727
New and supplemental grants	11,599
Grant amendments	(116)
Grant payments	(15,029)
Realized FX on grants paid	(132)
Unrealized FX on grants	(1,286)
Discounting adjustment to present value of grants payable	804
Grants payable, 2024 ending balance	<u>\$ 24,567</u>

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

#### (7) Grant expenses

For the years ended December 31, 2024 and 2023, the Foundation made grants in its main program areas, described in Note 1 “Nature of Operations”. Grant expenses to recipient entities were recognized under the following programs:

		<b>2024</b>	<b>2023</b>
Business, Entrepreneurship, and Technology	\$	2,220	2,426
Developing and Retaining Human Capital		2,405	25,723
Business Enabling Environment		5,752	5,745
Cultural Heritage and Nature Tourism		1,222	479
Discounting adjustment to present value of grants payable		804	(2,172)
	\$	<u>12,403</u>	<u>32,201</u>

The effect of discounting grants payable to their present value as of December 31, 2024 and 2023, as described in Note 6, was presented as a part of the grant expenses through a discounting adjustment. For the year ended December 31, 2024, the net impact of the unwinding of previously recognized discounts and the application of new discounting was an increase of \$804 in reported grant expenses (for the year ended December 31, 2023: a decrease of \$2,172 in reported grant expenses).



## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

#### (8) Classification of Expenses

As of December 31, 2024 and 2023, the Foundation's classification of expenses was as follows:

	2024			2023		
	Program expenses	Support expenses	Total expenses	Program expenses	Support expenses	Total expenses
Grant Expenses (Note 7)	12,403	-	12,403	32,201	-	32,201
Charitable Donations	71	-	71	69	-	69
Direct Program Support	598	-	598	1,028	-	1,028
	669	-	669	1,097	-	1,097
Payroll and benefits	1,924	824	2,748	2,060	883	2,943
Travel and related expenses	137	5	142	97	4	101
Occupancy and telecommunications	-	246	246	-	221	221
General and administrative	-	77	77	-	73	73
Communications, advertising and promotion	-	269	269	-	631	631
Professional fees	88	617	705	66	741	807
Directors expenses	134	571	705	103	549	652
Insurance	-	91	91	-	106	106
	2,283	2,700	4,983	2,326	3,208	5,534
Depreciation and amortization	-	443	443	-	452	452
	<u>\$ 15,355</u>	<u>3,143</u>	<u>18,498</u>	<u>35,624</u>	<u>3,660</u>	<u>39,284</u>

The financial statements present certain categories of expenses that are attributable to program and management functions of ABF as described in Note 3(n).

The Foundation has not incurred any fundraising expenses during the years ending December 31, 2024 and 2023.

#### (9) Investment in subsidiaries

As of December 31, 2024 and 2023, the Foundation has an investment in one subsidiary - ABF Property EOOD, of which it is the sole owner and ultimate controlling party.

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

ABF Property EOOD is a for-profit company registered to perform real estate transactions, and all other activities, permitted by Bulgarian laws. As of December 31, 2024 and 2023, the investment of the Foundation in ABF Property EOOD was \$692. During 2024 and 2023 no capital contributions were distributed to ABF Property EOOD.

In February 2023, ABF as a sole owner of Muzeiko EOOD, decided to start the liquidation of the legal entity Muzeiko EOOD effective March 1, 2023. On April 19, 2023, a liquidation procedure of Muzeiko EOOD was opened and the company was fully liquidated on December 19, 2023. The Foundation received proceeds from the liquidation in the amount of \$322 upon the closing of Muzeiko EOOD's bank accounts in December 2023.

#### **(10) Related Party Transactions**

Parties are considered to be related if one party directly or indirectly through one or more intermediaries, controls or has significant influence over, is controlled by, or is under common control with an entity. The Foundation considers as a related party as of December 31, 2024 ABF Property EOOD, Friends of the Basilica Foundation, and Tokuda Bank JSC. Muzeiko Foundation was a related party through August 13, 2024, when the entity was fully liquidated. No transactions occurred between ABF and Muzeiko Foundation in 2024.

The type of relationship with each of the related parties is described below.

Transactions with related parties:

##### ***a. Restricted Cash***

Pursuant to an agreement between ABF and Tokuda Bank JSC, the America for Bulgaria Foundation has restricted cash in a bank account at Tokuda Bank JSC as of December 31, 2024 and 2023 in the amount of \$2,078 and \$2,103, respectively, as described in Note 4(a).

##### ***b. Grants and Charitable Donations Paid and Received***

No grants and donations were paid to or received from related parties during 2024. In July 2023, a donation of \$17 was made to the Muzeiko Foundation.

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

#### *c. Directors*

Two members of the Board of Directors of the Foundation are in the management of Tokuda Bank JSC: one of them is a member of the Supervisory board; the other is a member of the Management Board of the Bank in 2024 and 2023.

Certain members of the Board of Muzeiko Foundation are part of America for Bulgaria Foundation's management in 2024 and 2023 through its liquidation on August 13, 2024.

#### *d. Friends of the Basilica Foundation*

In 2018, the Friends of the Basilica Foundation was established with the goal of promoting and supporting the Bishop's Basilica of Philippopolis, one of the Foundation's signature projects. A member of the Foundation's staff is a founder of the Friends of the Basilica Foundation. During 2024 and 2023 respectively, there were no transactions between the two parties.

#### *e. Tokuda Bank JSC*

Pursuant to an agreement between ABF and Tokuda Bank JSC with regards to the implementation of a mission-driven program, during 2024 and 2023 the Foundation paid Tokuda Bank JSC premium for good management in the amount of \$25 and \$15, respectively.

### (11) Market risk

#### *a. Currency Risk*

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

The investments held by the Foundation denominated in foreign currency at December 31, 2024 and 2023, respectively are presented below:

	<u>2024</u>	<u>2023</u>
Bonds in EUR	1,073	1,156

## AMERICA FOR BULGARIA FOUNDATION

### Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)

#### *b. Price Risk*

The Foundation is exposed to market price risks related to its investments. As a result of the global geopolitical and economic developments, the financial markets remain volatile which may lead to changes in the valuation of investments and cause uncertainty regarding the accounting estimates in future periods.

### (12) Commitments and contingencies

#### *a. Grants*

The Foundation has signed certain conditional grant agreements, or conditionally approved grants, for which the grantee has not met the grant conditions and the amount of the grant has not been included in grant expense. The amount of such grants as of December 31, 2024 and 2023 was \$12,706 and \$12,024, respectively.

As of December 31, 2024, conditional grant liabilities are expected to be paid in the following years:

2025	\$	2,344
2026	\$	361
2027	\$	345
Longer than 3 years	\$	<u>9,656</u>
	\$	<u>12,706</u>

#### *b. Lease Commitments*

The Foundation does not have any material lease commitments as of December 31, 2024 and 2023.

## **AMERICA FOR BULGARIA FOUNDATION**

### **Notes to the Standalone Financial Statements December 31, 2024 and 2023 (in thousands)**

#### **(13) Tax Status**

##### *a. United States*

The Foundation is exempt from U.S. Federal income taxes under Section 501(c)(4) of the U.S. Internal Revenue Code. The Foundation had no uncertain tax positions for the years ended December 31, 2024 and 2023.

##### *b. Bulgaria*

Pursuant to a bilateral agreement between the Government of the United States of America and the Government of the Republic of Bulgaria regarding cooperation to facilitate the provision of assistance, the Foundation is exempt from taxation on income received in connection with the implementation of the U.S. assistance programs.

#### **(14) Subsequent Events**

Management evaluated events subsequent to December 31, 2024 but prior to May 30, 2025, which is the date the standalone financial statements were available to be issued.

No subsequent events were identified that require adjustment to or disclosure within the standalone financial statements.