

AMERICA FOR BULGARIA FOUNDATION

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

31 DECEMBER 2025



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 financial statements and related financial information. The 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 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 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, 2025 and 2024, the Foundation's internal control environment has provided reasonable assurance as to the integrity and reliability of the financial statements and related financial information.

May 29, 2026

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 financial statements of America for Bulgaria Foundation (the "Foundation"), which comprise the statements of financial position as of December 31, 2025 and 2024 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of America for Bulgaria Foundation as of December 31, 2025 and 2024 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 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 Financial Statements

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

In preparing the 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 financial statements are available to be issued.

Auditors' 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 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 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 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 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule to the Financial Statements is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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



Galina Lokmadjieva-Nedkova
Registered auditor responsible for the audit
Managing Director



Socrates Efstratiou
Managing Director

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

29 May 2026

America for Bulgaria Foundation
Statements of Financial Position
December 31, 2025 and 2024

<i>in USD (000)</i>	<i>Note</i>	<u>2025</u>	<u>2024</u>
Assets			
Cash and cash equivalents	4a	\$ 44,090	26,716
Restricted cash	4a	4,309	2,729
Investments, at fair value			
ETF and public mutual funds	4b,c	285,282	223,022
Private mutual funds	4b,c,d	158,037	132,268
Bonds	4b,c	12,419	107,182
Total Investments	4b	<u>455,738</u>	<u>462,472</u>
Dividends and interest receivable	4b	735	243
Prepaid expenses and other assets		880	98
Fixed assets and intangibles, net	5	8,565	8,051
Investment in subsidiary	9	692	692
Total Assets		<u>\$ 515,009</u>	<u>501,001</u>
Liabilities and Net Assets			
Liabilities			
Grants payable	6	\$ 20,908	24,567
Accounts payable and accrued payroll		376	240
Total Liabilities		<u>21,284</u>	<u>24,807</u>
Net Assets - without donor restrictions		493,725	476,194
Total liabilities and net assets		<u>\$ 515,009</u>	<u>501,001</u>

See accompanying notes to the financial statements

America for Bulgaria Foundation
Statements of Activities and Changes in Net Assets
Years Ended December 31, 2025 and 2024

<i>in USD (000)</i>	<i>Note</i>	Without Donor Restrictions	
		2025	2024
Changes in net assets:			
Contributions received	\$	25	-
Reversed grants income	7b	5,222	159
Other income / (loss)		2	-
Investment income			
Interest income		5,405	5,315
Dividend income		7,468	4,165
Net realized gain / (loss) on investments	4b	24,666	11,311
Net unrealized gain / (loss) on investments	4b	28,587	43,491
Realized exchange rate gain / (loss)	4b	474	(71)
Unrealized exchange rate gain / (loss)	4b	427	(69)
Total Investment income / (loss)		67,027	64,142
Less investment management fees	4b	(1,336)	(1,365)
Investment income / (loss), net		65,691	62,777
 Total Income / (Loss)		 70,940	 62,936
 Grant expenses	7a	 (43,153)	 (12,403)
Realized exchange rate gain / (loss) on grants		(868)	132
Unrealized exchange rate gain / (loss) on grants		(1,741)	1,287
Program related and donation expenses		(1,269)	(669)
Management and general expenses		(5,939)	(4,983)
Depreciation and amortization	5	(439)	(443)
Total Expenses	8	(53,409)	(17,079)
 Changes in net assets		 17,531	 45,857
Net assets, beginning of the year		476,194	430,337
Net assets, end of the year	\$	493,725	476,194

See accompanying notes to the financial statements

America for Bulgaria Foundation
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

<i>in USD (000)</i>	<i>Note</i>	2025	2024
Cash Flows from Operating Activities			
Contributions received	\$	25	-
Grant payments		(49,284)	(15,029)
Grant refunds		5,085	43
Cash paid to suppliers and employees		(7,990)	(5,681)
Net cash used in operating activities		<u>(52,164)</u>	<u>(20,667)</u>
Cash Flows from Investing Activities			
Proceeds from investments		145,550	138,624
Proceeds from dividends		6,667	3,852
Proceeds from interest		5,349	5,609
Purchase of fixed assets and intangibles		(766)	(81)
Purchase of investments		(84,995)	(100,643)
Investment fees paid		(1,386)	(1,311)
Net cash from investing activities		<u>70,419</u>	<u>46,050</u>
Effect of exchange rate changes on cash		<u>699</u>	<u>(72)</u>
Net increase / (decrease) in cash, cash equivalents and restricted cash		18,954	25,311
Cash, cash equivalents and restricted cash at the beginning of year		29,445	4,134
Cash, cash equivalents and restricted cash at end of year	4a \$	<u>48,399</u>	<u>29,445</u>

See accompanying notes to the financial statements

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

(1) Nature of Operations

The initial America for Bulgaria Foundation (“ABF Old”) was a United States (“U.S.”) not-for-profit corporation incorporated in Delaware on December 16, 2019 and operated as a 501(c)(4) organization under the U.S. Internal Revenue Code (“the Code”) beginning 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 America for Bulgaria Foundation 3.0 (“ABF New”) is a U.S. not-for-profit corporation incorporated in Delaware on July 29, 2024. It did not conduct any activities prior to July 1, 2025, when it commenced operations as a 501(c)(4) organization under the U.S. Internal Revenue Code. America for Bulgaria Foundation 3.0 has the same management team and Board of Directors as America for Bulgaria Foundation.

On July 1, 2025, America for Bulgaria Foundation 3.0 merged with America for Bulgaria Foundation pursuant to a Certificate of Merger and continued the charitable operations in the same manner as before. The purpose of the merger was to preserve the tax-exempt status of America for Bulgaria Foundation 3.0, while maintaining the same activities previously conducted by America for Bulgaria Foundation. Following the merger, the surviving entity was renamed America for Bulgaria Foundation (the “Foundation” or “ABF”) pursuant to a Certificate of Amendment to the Certificate of Incorporation of America for Bulgaria Foundation 3.0. ABF continued the activities of the former America for Bulgaria Foundation as a 501(c)(4) organization.

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 fields of work: (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 its mission.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

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, 2025 and 2024 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.

(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, 2025 and 2024, 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 financial statements have been prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”) and as of December 31 each year.

b. Basis of Preparation

The accompanying financial statements for the year ended December 31, 2025, have been prepared in accordance with *Accounting Standards Codification (“ASC”) 958-805, Not-for-Profit Entities—Business Combinations*.

As of July 1, 2025, the date on which the merger became effective (“merger date”), the Foundation applied the carryover method of accounting. Under this method, the assets, liabilities, and net assets of the merging entities were combined at their respective carrying amounts as of the merger date. In addition, the cumulative effect of revenues, expenses, gains, and losses up to the merger date was reflected in the net assets of ABF, the surviving entity.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

As of the merger date, total assets amounted to \$494,322, total liabilities amounted to \$24,392, and net assets totaled \$469,930. These amounts include the effects of present-value discounting related to grants payable.

The combined Statement of Activities and Changes in Net Assets and the combined Statement of Cash Flows for the year ended December 31, 2025, present the results of operations and the cash flows of the entities under common management and control. These statements combine the activities of ABF Old and ABF New for the period prior to the merger, and of the surviving entity, ABF, for the period July 1, 2025 – December 31, 2025.

In addition, certain notes to the financial statements for the year ended December 31, 2025 are presented on a combined basis to reflect the activities of the entities under common management and control prior to the merger.

c. 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.

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

d. 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.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

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 Standards Board ("FASB") 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 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. |

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

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 inputs to be market data which is readily available and reliable and obtained from independent sources. Thus, the placement of a financial instrument within the hierarchy is based on the transparency of the inputs used in its valuation 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 fund administrator. 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 fund administrator as a practical expedient for estimating 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 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.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

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.

e. 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.

f. 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.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

g. Interest and Dividend Income

Interest and dividend income are recognized when earned.

h. 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.

i. 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.

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

k. Investment Expenses

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

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

l. 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 the equivalent amount in USD or EUR) or less, in which case the cost 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 the equivalent amount 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.

m. 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.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

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.

n. Recent Accounting Pronouncements

ASU 2025-06 *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*: Issued in September 2025, this ASU modernizes the accounting guidance for internal-use software costs by revising the criteria for capitalization and aligning the guidance with current software development practices, including agile development methodologies. The amendments are effective for fiscal years beginning after December 15, 2027, with early adoption permitted. Management is currently evaluating the impact of the adoption of this guidance on the Foundation's financial statements.

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

a. Cash, Cash Equivalents, and Restricted Cash

As of December 31, 2025 and 2024, the Foundation's cash and cash equivalents consisted of \$44,090 and \$26,716, respectively, comprised mainly of money market and checking accounts that were deposited in various financial institutions in the United States and Europe.

As of December 31, 2025 and 2024, the Foundation's restricted cash consisted of \$4,309 and \$2,729, respectively, comprised of cash held in bank accounts, pledged in favor of two banks in Bulgaria, with regard 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 and Eurobank Bulgaria JSC corresponding to specific bank accounts opened at each bank. The use of these funds is restricted until the end of the program.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash for the years ended December 31, 2025 and 2024 reported within the statement of financial position that sums to the total of the same such amounts shown in the statement of cash flows:

		<u>December 31, 2025</u>	<u>December 31, 2024</u>
Cash and cash equivalents	\$	44,090	26,716
Restricted cash		<u>4,309</u>	<u>2,729</u>
Cash, cash equivalents and restricted cash shown in the statement of cash flows	\$	<u>48,399</u>	<u>29,445</u>

b. Investments

Investment activity for the years ended December 31, 2025 and 2024 was as follows:

	<u>December 31, 2025</u>				<u>December 31, 2024</u>			
	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	285,282	-	135,067	150,215	223,022	-	120,977	102,045
Private mutual funds	158,037	-	62,684	95,353	132,268	-	45,655	86,613
Bonds	12,419	1	899	11,519	107,182	(427)	3,431	104,178
	<u>\$ 455,738</u>	<u>1</u>	<u>198,650</u>	<u>257,087</u>	<u>462,472</u>	<u>(427)</u>	<u>170,063</u>	<u>292,836</u>

Net realized gain/(loss) on investments for the years ended December 31, 2025 and 2024 are presented in the table below:

		<u>2025</u>	<u>2024</u>
ETF and public mutual funds	\$	21,250	9,675
Private mutual funds		1,962	-
Bonds		<u>1,454</u>	<u>1,636</u>
	\$	<u>24,666</u>	<u>11,311</u>

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

Net unrealized gain/(loss) on investments for the years ended December 31, 2025 and 2024 are presented in the table below:

		2025	2024
ETF and public mutual funds	\$	14,090	25,182
Private mutual funds		17,029	17,798
Bonds		(2,532)	511
	\$	<u>28,587</u>	<u>43,491</u>

Investments and cash equivalents held in different currencies are reported at the year-end exchange rates. As a result, a translation adjustment of approximately \$901 and \$(140) increased/(decreased) the investments and cash, cash equivalents, and restricted cash, as of December 31, 2025 and 2024, 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.

On September 29, 2025, the Bulgarian Government Bonds reached maturity. Upon maturity, the Foundation received proceeds totaling \$1,206, including principal of \$1,172 and accrued interest receivable of \$34. 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, 2025, the United States Treasury instruments were valued at \$12,419, including principal of \$12,407 and accrued interest receivable of \$12. 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.

Dividends and interest receivable of \$735 and \$243 as of December 31, 2025 and 2024, respectively, represent dividends and interest income earned but not received.

Investment expenses for the years ended December 31, 2025 and 2024 were \$1,336 and \$1,365, respectively.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

c. Fair Value of Financial Instruments

See “Fair Value” in Note 3(d), 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(d):

At December 31, 2025				
	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	\$ 44,090	-	-	44,090
Restricted cash	4,309	-	-	4,309
ETF and public mutual funds	285,282	-	-	285,282
Private mutual funds	-	-	158,037	158,037
Bonds	12,419	-	-	12,419
	<u>\$ 346,100</u>	<u>-</u>	<u>158,037</u>	<u>504,137</u>
	68.65%	0.00%	31.35%	100%

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%

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

d. Investments measured at NAV

As of December 31, 2025 and 2024, 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, 2025:

	Fair Value at Year End	Redemption Frequency	Redemption Notice Period
International, Emerging Market and Global Equity	\$ 135,843	Monthly	30 Days
Short-Duration Fixed Income Strategy	\$ 22,194	Monthly	15 Days
	<u>\$ 158,037</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.

The primary objective of the Short-Duration Fixed Income Strategy is to generate current income while maintaining limited interest rate sensitivity. This goal is pursued primarily by investing in a diversified portfolio of short-maturity fixed income securities, including investment-grade and high-yield corporate bonds, asset-backed securities, commercial mortgage-backed securities, and other income-producing debt instruments. To achieve its objective, the strategy seeks to identify securities that offer attractive risk-adjusted returns through fundamental credit analysis and active sector allocation.

e. Concentration of risk

The Foundation maintains commercial accounts in the United States and Europe. Accounts in the United States are insured by the Federal Deposit Insurance Corporation ("FDIC") and accounts maintained in Europe are insured under applicable European deposit guarantee schemes.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

As of December 31, 2025 and 2024, 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 \$147,996 or 28.7% 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.

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, 2025, the Foundation has \$499,828 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 \$44,090 and liquid investments of \$455,738.

The liquid investments include ETF and public mutual funds of \$285,282, private mutual funds of \$158,037, and United States Treasury instruments of \$12,419.

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.

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.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

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 manages its financial assets to ensure they are available to meet its general expenditures, liabilities, and other obligations as they become due.

(5) Fixed Assets and intangibles

As of December 31, 2025 and 2024, fixed assets consisted of the following:

	<u>2025</u>	<u>2024</u>
Building	\$ 9,329	9,329
Furniture and fixtures	105	262
Hardware, purchased software and telecommunications	193	200
Vehicles	242	242
Equipment	5	5
Assets under construction	990	129
	10,864	10,167
Less accumulated depreciation	(2,384)	(2,116)
	<u>\$ 8,480</u>	<u>8,051</u>

Depreciation expenses for the years ended December 31, 2025 and 2024 amount to \$437 and \$443, respectively.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

As of December 31, 2025 and 2024, intangible assets consisted of the following:

	2025	2024
Website development costs	\$ 52	52
Internal-Use Software	154	122
WIP Internal-Use Software	55	-
	261	174
Less accumulated amortization	(176)	(174)
	\$ 85	-

Amortization expenses for the years ended December 31, 2025 and 2024 amount to \$2 and \$0, respectively.

(6) Grants payable

Grants payable totaling \$20,908 and \$24,567 as of December 31, 2025 and 2024, 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, 2025, the current portion of the grants payable, due within one year, is \$11,332. The non-current portion of the grants payable, due beyond one year, is \$9,576, net of a discount to present value of \$876.

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, net of a discount to present value of \$1,368.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

As of December 31, 2025 based on the specific grant agreements, grants payable are expected to be paid in the following years:

	Gross	Present value
2026	11,332	11,332
2027	7,993	7,390
2028	2,459	2,186
\$	<u>21,784</u>	<u>20,908</u>

The schedule below reconciles grant activity throughout the year ended December 31, 2025:

Grants payable, 2025 beginning balance	\$ 24,567
New and supplemental grants	42,661
Grant amendments	(137)
Grant payments	(49,284)
Realized FX on grants paid	868
Unrealized FX on grants	1,741
Discounting adjustment to present value of grants payable	492
Grants payable, 2025 ending balance	<u>\$ 20,908</u>

(7) Grant Expenses and Reversed Grants Income

a. Grant Expenses

For the years ended December 31, 2025 and 2024, the Foundation made grants in its main fields of work, described in Note 1 “Nature of Operations”. Grant expenses to recipient entities were recognized under the following fields of work:

	2025	2024
Business, Entrepreneurship, and Technology	\$ 2,946	2,220
Developing and Retaining Human Capital	35,019	2,405
Business Enabling Environment	4,385	5,752
Cultural Heritage and Nature Tourism	311	1,222
Discounting adjustment to present value of grants payable	492	804
\$	<u>43,153</u>	<u>12,403</u>

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

The effect of discounting grants payable to present value as of December 31, 2025 and 2024, as described in Note 6, was presented as a part of the grant expenses through a discounting adjustment. For the year ended December 31, 2025, the net effect of the unwinding of previously recognized discounts and the application of new discounting resulted in an increase of \$492 in reported grant expenses (for the year ended December 31, 2024: an increase of \$804 in reported grant expenses).

b. Reversed Grants Income

For the years ended December 31, 2025 and 2024 the Foundation recognized reversed grants income, resulting from grant amendments and refunds, under the following fields of work:

	2025	2024
Business, Entrepreneurship, and Technology	\$ 1	113
Developing and Retaining Human Capital	5,099	32
Business Enabling Environment	8	2
Cultural Heritage and Nature Tourism	114	12
	<u>\$ 5,222</u>	<u>159</u>

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

(8) Classification of Expenses

As of December 31, 2025 and 2024, the Foundation's expenses were classified as follows:

	Program expenses	Support expenses	Total expenses	Program expenses	Support expenses	Total expenses
Grant Expenses (Note 7a)	\$ 43,153	-	43,153	12,403	-	12,403
Realized exchange rate gain/(loss) on grants	868	-	868	(132)	-	(132)
Unrealized exchange rate gain/(loss) on grants	1,741	-	1,741	(1,287)	-	(1,287)
Charitable Donations	44	-	44	71	-	71
Direct Program Support	1,225	-	1,225	598	-	598
	1,269	-	1,269	669	-	669
Payroll and benefits	2,057	881	2,938	1,924	824	2,748
Travel and related expenses	123	3	126	137	5	142
Occupancy and telecommunications	-	285	285	-	246	246
General and administrative	-	79	79	-	77	77
Communications, advertising and promotion	-	220	220	-	269	269
Professional fees	565	846	1,411	88	617	705
Directors expenses	160	635	795	134	571	705
Insurance	-	85	85	-	91	91
	2,905	3,034	5,939	2,283	2,700	4,983
Depreciation and amortization	-	439	439	-	443	443
	\$ 49,936	3,473	53,409	13,936	3,143	17,079

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

The Foundation has not incurred any fundraising expenses during the years ending December 31, 2025 and 2024.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

(9) Investment in subsidiary

As of December 31, 2025 and 2024, the Foundation has an investment in one subsidiary - ABF Property EOOD, of which it is the sole owner and ultimate controlling party.

ABF Property EOOD is a for-profit company registered to perform real estate transactions, and all other activities, permitted by Bulgarian law. As of December 31, 2025 and 2024, the investment of the Foundation in ABF Property EOOD was \$692. During 2025 and 2024 no capital contributions were distributed to ABF Property EOOD.

(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, 2025 ABF Property EOOD and Tokuda Bank JSC (as of December 31, 2024: ABF Property EOOD, Friends of the Basilica Foundation, and Tokuda Bank JSC).

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 bank accounts at Tokuda Bank JSC as of December 31, 2025 and 2024 in the amount of \$2,216 and \$2,078, 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 2025 and 2024.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (in thousands)

c. Directors

One member of the Foundation's Board of Directors served on the Management Board of Tokuda Bank JSC during 2025 and 2024. In addition, a former member of the Foundation's Board of Directors, who retired effective December 31, 2024, served on the Supervisory Board of the bank during 2025 and 2024.

d. Friends of the Basilica Foundation

In 2018, the Friends of the Basilica Foundation was established to promote and support the Bishop's Basilica of Philippopolis, one of the Foundation's signature projects. A member of the Foundation's staff served as a founder and a member of the Management Board of the Friends of the Basilica Foundation. During 2025 and 2024 there were no transactions between the two parties. Effective May 2025, the relationship was discontinued, as the staff member ceased serving on the board of the Friends of the Basilica Foundation. Accordingly, transactions occurring after May 2025 are no longer considered related-party transactions.

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 2025 and 2024 the Foundation paid Tokuda Bank JSC premium for good management in the amount of \$32 and \$25, 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.

There are no investments held by the Foundation denominated in foreign currency as of December 31, 2025.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (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, 2025 and 2024 was \$12,578 and \$12,706, respectively.

As of December 31, 2025, conditional grant liabilities are expected to be paid in the following years:

2026	\$	1,522
2027	\$	1,259
2028	\$	1,377
Longer than 3 years	\$	8,420
	\$	<u>12,578</u>

b. Lease Commitments

The Foundation does not have any material lease commitments as of December 31, 2025 and 2024.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements December 31, 2025 and 2024 (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, 2025 and 2024.

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, 2025 but prior to May 29, 2026, the date the financial statements were available to be issued.

Subsequent to December 31, 2025, a change in the ownership structure of Tokuda Bank JSC was announced. As a result of this change, the Foundation determined that Tokuda Bank JSC no longer meets the criteria for classification as a related party. Accordingly, transactions and balances with Tokuda Bank JSC occurring after the change in ownership are no longer considered related-party transactions.

Subsequent to December 31, 2025, Bulgaria adopted the euro as its official currency. As the Foundation conducts a substantial portion of its operations and grant-making activities in Bulgarian lev ("BGN"), management evaluated the potential impact of the transition on the Foundation's currency risk exposure. Because the Bulgarian lev has historically been fixed to the euro under a currency board arrangement, management does not expect the adoption of the euro to have a material impact on the Foundation's financial position, results of operations, or cash flows. However, the transition may result in operational, administrative, and contractual changes affecting future transactions denominated in BGN.

AMERICA FOR BULGARIA FOUNDATION

Notes to the Financial Statements

December 31, 2025 and 2024

(in thousands)

On 28 February 2026, a joint operation by the United States and Israel against strategic targets in Iran commenced. As a result, leading global financial markets have experienced volatility and increased uncertainty related to the conflict, along with a sustained impact on energy prices. The impact on the global economy will depend on the duration and the extent of damage to infrastructure and industries in the region, in particular on whether the increases in energy prices will be temporary or prolonged. The conflict may have a significant effect on the global economy across a number of indicators, including inflation, economic growth, and others. The Foundation is closely monitoring developments and performs ongoing analyses and assessments of the potential consequences and effects of the conflict on the Foundation, its operations, assets, and future prospects.

No subsequent events other than those disclosed above were identified that require adjustment or disclosure in the financial statements.

AMERICA FOR BULGARIA FOUNDATION
Supplemental Schedule to the Financial Statements
December 31, 2025
(in thousands)

The following supplemental schedule Combined Statement of Activities and Changes in Net Assets for the year ended December 31, 2025, presents additional information related to the financial statements and should be read in conjunction with the accompanying financial statements and notes thereto. The supplemental schedule is presented for purposes of additional analysis and is considered an integral part of the financial statements.

America for Bulgaria Foundation
Supplemental Combined Statement of Activities and Changes in Net Assets
Year Ended December 31, 2025

<i>in USD (000)</i>	<i>Without Donor Restrictions</i>		
	ABF Old & ABF New (January 1 - June 30, 2025)	ABF (July 1 - December 31, 2025)	Combined 2025
Changes in net assets:			
Contributions received	\$ -	25	25
Reversed grants income	67	5,155	5,222
Other income / (loss)	-	2	2
Investment income			
Interest income	3,186	2,219	5,405
Dividend income	2,931	4,537	7,468
Net realized gain / (loss) on investments	13,630	11,036	24,666
Net unrealized gain / (loss) on investments	16,114	12,473	28,587
Realized exchange rate gain / (loss)	745	(271)	474
Unrealized exchange rate gain / (loss)	137	290	427
Total Investment income / (loss)	36,743	30,284	67,027
Less investment management fees	(665)	(671)	(1,336)
Investment income / (loss), net	36,078	29,613	65,691
 Total Income / (Loss)	 36,145	 34,795	 70,940
 Grant expenses	 (36,022)	 (7,131)	 (43,153)
Realized exchange rate gain / (loss) on grants	(148)	(720)	(868)
Unrealized exchange rate gain / (loss) on grants	(2,405)	664	(1,741)
Program related and donation expenses	(455)	(814)	(1,269)
Management and general expenses	(3,160)	(2,779)	(5,939)
Depreciation and amortization	(219)	(220)	(439)
Total Expenses	(42,409)	(11,000)	(53,409)
 Changes in net assets	 (6,264)	 23,795	 17,531
Net assets, beginning of the period			476,194
Net assets, end of the period	\$		493,725