AMERICAN UNIVERSITY IN BULGARIA

CONSOLIDATED FINANCIAL STATEMENTS
as of and for the year ended June 30, 2024
and Independent Auditor's Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of the American University in Bulgaria

Opinion

We have audited the accompanying consolidated financial statements of the American University in Bulgaria (the "University") and its subsidiary the American University Service Company, AUSC (together "the Group"), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statement of activities, and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements of the Independent Financial Audit Act (IFAA) that are relevant to our audit of the consolidated financial statements in Bulgaria, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the requirements of IFAA. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Board of trustees, the Chair of the Board of trustees, and the President of the University (the "Management") are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with US GAAP, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit committee ("Those charged with governance") is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Audit OOD

Deloitte Audit OOD

Rositsa Boteva
Statutory Manager
Registered Auditor, in charge of the audit

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October 8, 2024

Consolidated Statements of Financial Position as of June 30, 2024 and June 30, 2023

	Note	June 30, 2024	June 30, 2023
ASSETS		USD'000	USD'000
Current assets			
Cash and cash equivalents	*3*	5,356	7,060
Cash and cash equivalents-restricted	*3*	278	314
Accounts receivable and prepayments	*4*	600	354
Contributions receivable	*5*	1,357	961
Inventories		227	171
Subtotal current assets		**7,818**	**8,860**
Long-term assets			
Long-term accounts receivable and prepayments	*4*	135	-
Long-term contributions receivable	*5*	88	14
Investments	*6*	33,410	27,273
Property, plant & equipment, and intangible assets	*7*	26,140	26,078
Operating leases – right of use assets	*15*	794	-
Other long-term assets	*8*	302	308
Subtotal long term assets		**60,869**	**53,673**
TOTAL ASSETS		**68,687**	**62,533**
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	*9*	729	442
Accrued liabilities and current portion of retirement benefits	*10*	1,091	946
Deferred revenue and other liabilities	*11*	974	771
Short-term Operating lease liabilities	*15*	66	-
Subtotal current liabilities		**2,860**	**2,159**
Long-term liabilities			
Retirement benefit provision	*12*	331	306
Long-term Operating lease liabilities	*15*	728	-
Subtotal long-term liabilities		**1,059**	**306**
TOTAL LIABILITIES		**3,919**	**2,465**
Net assets			
Without donor restrictions	*13*	48,870	46,382
With donor restrictions	*14*	15,898	13,686
TOTAL NET ASSETS		**64,768**	**60,068**
TOTAL LIABILITIES AND NET ASSETS		**68,687**	**62,533**

Signed on behalf of the American University in Bulgaria:

Mary T. Gray

Date: October 08, 2024

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Activities for the years ended June 30, 2024 and June 30, 2023

	Year ended June 30, 2024			Year ended June 30, 2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
REVENUES	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
UNDERGRADUATE PROGRAM						
Tuition	14,062	-	14,062	12,773	-	12,773
Institutionally-Funded Scholarships	(4,811)	-	(4,811)	(4,583)	-	(4,583)
Externally-Funded Scholarships	(710)	-	(710)	(1,216)	-	(1,216)
Net Tuition revenues	8,541	-	8,541	6,974	-	6,974
Interest on Student Loans	2	-	2	14	-	14
Other Student Fees, net of 3/2 externally-funded scholarships	773	-	773	702	-	702
SUBTOTAL UNDERGRADUATE PROGRAM	**9,316**	-	**9,316**	**7,690**	-	**7,690**
CONTRIBUTIONS AND GRANTS						
Federal Grants	-	52	52	-	313	313
Private Gifts and Grants	1,340	1,416	2,756	1,479	1,514	2,993
Grants write-offs	-	(2)	(2)	-	(133)	(133)
Income released for costs Financed from Pooled Endowment	212	(212)	-	184	(184)	-
Release from Restrictions, net	890	(890)	-	1,645	(1,645)	-
Amortization of capital gifts to construct long-term assets	413	-	413	413	-	413
SUBTOTAL CONTRIBUTIONS AND GRANTS	**2,855**	**364**	**3,219**	**3,721**	**(135)**	**3,586**
USAID ENDOWMENT INCOME DISTRIBUTED	**820**	-	**820**	**810**	-	**810**
OUTREACH ACTIVITIES						
English Language Institute	370	(6)	364	305	-	305
Conferences and Institutes/ External Events	243	-	243	142	-	142
Elieff Center Services & Executive Education	143	-	143	111	-	111
CIDC	4	324	328	12	16	28
CIDC Release from Restrictions, net	224	(161)	63	48	(48)	-
Center for European Programs and External Projects	11	20	31	85	(22)	63
Graduate Programs	346	-	346	402	-	402
SUBTOTAL OUTREACH ACTIVITIES	**1,341**	**177**	**1,518**	**1,105**	**(54)**	**1,051**
AUXILIARY ACTIVITIES						
Bookstore, net of 0/0 externally-funded scholarships	65	-	65	64	-	64
Residence Life, net of 4/10 externally-funded scholarships	1,264	-	1,264	1,095	-	1,095
Dining Services, net of 8/4 externally-funded scholarships	566	-	566	561	-	561
SUBTOTAL AUXILIARY ACTIVITIES	**1,895**	-	**1,895**	**1,720**	-	**1,720**
OTHER REVENUES	**125**	-	**125**	**94**	-	**94**
TOTAL REVENUES	**16,352**	**541**	**16,893**	**15,140**	**(189)**	**14,951**

Consolidated Statements of Activities for the years ended June 30, 2024 and June 30, 2023

	Year ended June 30, 2024			Year ended June 30, 2023		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
EXPENSES (note 15)	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
EDUCATION AND GENERAL						
Instruction and Research	4,894	-	4,894	4,536	-	4,536
Academic Support	2,066	-	2,066	1,881	-	1,881
Student Services	1,081	-	1,081	972	-	972
SUBTOTAL EDUCATION AND GENERAL	**8,041**	-	**8,041**	**7,389**	-	**7,389**
DEVELOPMENT AND UNIVERSITY RELATIONS	**954**	-	**954**	**757**	-	**757**
INSTITUTIONAL SUPPORT						
Division of Finance	493	-	493	450	-	450
Physical Plant	316	-	316	120	-	120
Operations and Administration	2,521	-	2,521	2,442	-	2,442
SUBTOTAL INSTITUTIONAL SUPPORT	**3,330**	-	**3,330**	**3,012**	-	**3,012**
OUTREACH ACTIVITIES						
English Language Institute	362	-	362	333	-	333
Conferences and Institutes/ External Events	224	-	224	116	-	116
Elieff Center Services & Executive Education	284	-	284	287	-	287
Center for European Programs and External Projects	16	-	16	59	-	59
Graduate Programs	354	-	354	346	-	346
CIDC	250	-	250	70	-	70
SUBTOTAL OUTREACH ACTIVITIES	**1,490**	-	**1,490**	**1,211**	-	**1,211**
AUXILIARY ACTIVITIES						
Bookstore	90	-	90	90	-	90
Residence Life	1,197	-	1,197	1,138	-	1,138
Dining Services	773	-	773	756	-	756
SUBTOTAL AUXILIARY ACTIVITIES	**2,060**	-	**2,060**	**1,984**	-	**1,984**
Scholarships for External Graduate Studies	**28**	-	**28**	-	-	-
Student Loans/ Fees Reversals	**(7)**	-	**(7)**	**(14)**	-	**(14)**
Other Expenses (incl. interest expenses)	-	-	-	**38**	-	**38**
TOTAL EXPENSES	**15,896**	-	**15,896**	**14,377**	-	**14,377**
OPERATING SURPLUS (DEFICIT)	**456**	**541**	**997**	**763**	**(189)**	**574**
USAID Endowment Income Distributed	**(820)**	-	**(820)**	**(810)**	-	**(810)**
Board-designated Distributed	**(63)**	-	**(63)**			
Investment return, net (incl. FX gains and losses)	**3,341**	**1,657**	**4,998**	**2,219**	**1,102**	**3,321**
Amortization of capital gifts to construct long-term assets	**(413)**	-	**(413)**	**(413)**	-	**(413)**
CHANGE IN NET ASSETS before reclassifications	**2,501**	**2,198**	**4,699**	**1,759**	**913**	**2,672**
Reclassifications	**(13)**	**14**	**1**	**(155)**	**155**	-
CHANGE IN NET ASSETS after reclassifications	**2,488**	**2,212**	**4,700**	**1,604**	**1,068**	**2,672**

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows for the years ended June 30, 2024 and June 30, 2023

	FY24	FY23
Cash flows from operating activities	USD'000	USD'000
Change in net assets	4,700	2,672
Adjustments to change in net assets:		
Revenue from fund-raising activities	(3,158)	(3,377)
Grants write-offs	3	140
(Increase) in accounts receivable, prepayments, and inventories	(437)	(73)
Increase in current liabilities and retirement benefits	660	351
Decrease in student loans receivable, net	5	1
Decrease in cash deposits for student loans guarantees	1	2
Depreciation and amortization (Note 7)	1,265	1,203
In-kind donation of property, plant and equipment and investment property	(6)	(15)
(Gain) from investing activities	(4,881)	(3,183)
Net cash used in operating activities other than fund-raising	**(1,848)**	**(2,279)**
Revenue from fund-raising activities	3,158	3,377
Grants write-offs	(3)	(140)
Decrease (Increase) in contributions receivable	(470)	769
Net cash provided by fund-raising activities	**2,685**	**4,006**
Net cash provided by operating activities	**837**	**1,727**
Cash flows from investing activities		
Construction and purchase of property, plant and equipment (Note 7)	(1,322)	(312)
(Purchase) of investment securities	(49,651)	(300)
Sale of investment securities	48,396	1,900
Cash flow provided by (used in) investing activities	**(2,577)**	**1,288**
Cash flow from financing activities		
Repayment of borrowings	-	(786)
Cash flow used in financing activities	**-**	**(786)**
Increase (Decrease) in cash, cash equivalents and restricted cash for the period	**(1,740)**	**2,229**
Cash, cash equivalents and restricted cash at the beginning of the period (Note 3)	**7,374**	**5,145**
Cash, cash equivalents and restricted cash at the end of the period (Note 3)	**5,634**	**7,374**

	FY24	FY23
Interest payments	-	27

The accompanying notes form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. HISTORY AND NATURE OF THE AMERICAN UNIVERSITY IN BULGARIA

The American University in Bulgaria ("AUBG" or "the University") is a not-for-profit organization registered in the State of Maine. The University is exempt from US Federal income tax under Section 501C(3) of the US Internal Revenue Code.

The establishment of the University in 1991 was facilitated through the joint cooperation of the Initiative Committee established by the Republic of Bulgaria, the City of Blagoevgrad, Bulgaria and private and public funding sources. At the time of the establishment of the University, the laws of Bulgaria did not provide for the establishment of private educational institutions; therefore the University was incorporated in the Blagoevgrad Regional Courts as a Bulgarian not-for-profit organization. Legislation was subsequently enacted by the Bulgarian National Assembly recognizing the University as an institution of higher learning. Furthermore, the Bulgarian Ministry of Finance has acknowledged the status of the University as a "budget institution" enjoying exemption from some taxes and duties such as taxes on profits and certain exemptions for Value Added Tax.

The University offers undergraduate and graduate programs. The American University in Bulgaria maintains a campus located in Blagoevgrad. In the academic year 2023-2024, the University enrolled 1039 undergraduate students from more than 40 countries.

At the end of 2001, the American University Service Company (AUSC), a wholly-owned subsidiary headquartered in Sofia, Bulgaria, was established. The company's activity is to organize and conduct educational courses. Currently, this entity is dormant.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

The consolidated financial statements of the University are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") for non-profit organizations. The consolidated statement of activities presents the activities by function and type of net assets related to the reporting periods. As permitted under US GAAP, the University has chosen to present in its statement of activities its operating result as a separate line. The operating result includes all revenue and expenses except: 1. the changes in the fair value of the investments in the endowment; 2. FX gains and losses; and 3. other non-operating items related to long-term assets financed by donors. The drawdowns from the Board-designated Quasi Endowment (USAID) are included in operating revenue as they are intended to finance general operating expenses.

2.2. Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates. Estimates are made in the areas of accounts receivable, contributions receivable, inventories, property, plant & equipment and intangible assets, investments, retirement benefits, and litigation risk disclosure.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of AUBG and AUSC, a wholly-owned subsidiary controlled by AUBG. Control is achieved where AUBG owns the majority voting interest, which is defined as direct or indirect ownership of fifty percent or more of the outstanding voting shares of another company.

Where necessary, adjustments are made to the financial statements of AUSC to bring the accounting policies used in line with those used by AUBG.

All significant inter-company transactions and balances between AUBG and AUSC have been eliminated in the accompanying consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4. Types of net assets

Net assets without donor restrictions are derived from educational and general operations of the University and from appropriations, gifts and grants and may be used at the discretion of the Board of Trustees or their designees to meet current expenditures for any purpose in achieving the primary objectives of the University. These net assets also include the amounts designated by the Board of Trustees to function as endowment as well as previously restricted gifts and grants for buildings that have been placed in service.

Net assets with donor restrictions are those subject to donor-imposed restrictions that will be met either by actions of the University or the passage of time. These gifts and grants may be used only to meet current expenditures for the purposes specifically identified by the donors or by sponsoring agencies. This category includes also gifts and grants, which should be invested as endowment funds, and only the income earned from the investment may be used to meet current expenditures for the purposes specifically identified by the donors.

2.5. Cash and cash equivalents

Cash includes cash on hand and bank deposits held by financial institutions that can be added to or withdrawn without limitation. Cash equivalents are short-term, highly-liquid investments that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk of changes in value because of changes in interest rates.

In November 2016, the FASB issued Accounting Standards Update (ASU) 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash that requires the statement of cash flows to explain changes during the period for the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the Consolidated Statement of Cash Flows. The following table summarizes cash, cash equivalents, and restricted cash reported on the Consolidated Statement of Cash Flows as of June 30, 2024 and June 30, 2023 in thousands of dollars:

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Cash and cash equivalents	5,356	7,060
Cash and cash equivalents-restricted	278	314
Total cash, cash equivalents, and restricted cash	**5,634**	**7,374**

2.6. Prepayments and advances

Prepayments and advances represent payments to suppliers for goods and services, which have not been received by the end of the period.

2.7. Inventories

Inventories are recorded at the lower of cost or net realizable value. They predominantly represent supplies at the Bookstore, fuel, and goods and beverages at the canteen and cafeterias. Inventories are expensed applying weighted-average cost method.

2.8. Student Loans Receivable

Student Loans Portfolio is valued at market value representing the principal value of student loans less the provision for uncollectible loans. The provision percentage is based on the best management estimate. The interest income is recognized in the period when its collection is most probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9. Accounts Receivable

Accounts receivable represents amounts due from customers arising from transactions in the ordinary course of business. Twice a year, a complete review of all outstanding accounts receivable is made, a determination of doubtful accounts is made and allowance for bad debts is determined. This procedure is applicable to individual receivables or to groups of similar types of receivables.

2.10. Accounts Payable

Accounts payable are obligations, the liquidation of which is reasonably expected to require the use of existing resources properly classified as current assets, or the creation of current obligation. Current liabilities include obligations arising from the acquisition of goods and services entering the operating cycle (accounts payable, taxes payable, wages payable and other miscellaneous payables) and other obligations maturing within the current operating cycle to be met through the use of current assets, or an overdraft.

2.11. Long-term Debt

The University's long-term debt is presented under the effective interest method.

Costs incurred for obtaining new loan or refinancing existing loans are deferred and amortized over the term of the respective loan, using the effective interest rate method. For better presentation, the interest expenses and costs associated with the long-term debt are presented as *Other expenses (incl. interest expenses)* in the Consolidated Statement of Activities.

2.12. Investments

Investments are carried at market value, and realized and unrealized gains and losses are reflected in the Statement of Activities. In accounting for investments, the University follows the guidance contained in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") #958-320 "Not-for-profit entities – Investments in Debt and Equity Securities" and ASC #820 "Fair Value Measurements". Investments in equities and securities with readily determinable fair values as well as all investments in debt securities are reported at fair value as of the date of the consolidated financial statements in the statement of financial position. Fair value of investments is classified according to the Fair Value Hierarchy at Level 2 - observable inputs other than Level 1 prices, such as quoted prices for similar assets and liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities (see Note 6). Gains and losses on investments are reported in the statement of activities as increases or decreases in the respective net assets as per explicit donor stipulations or law.

2.13. Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are recorded at cost when purchased or constructed, or at fair market value when acquired by gift. Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets as follows:

	Years
Buildings	40
Office equipment	2 – 6
Vehicles	7 – 12
Furniture and fixtures	3 – 7
Library books	5 – 7
Software	2 – 5

Payments for the maintenance, repairs and minor renewals and replacements are expended as incurred; major renewals and replacements are capitalized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13. Property, plant and equipment and intangible assets (continued)

Impairment of long-lived assets

Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recoverable. When such indicators are present, a long-lived asset to be held and used is tested for recoverability by comparing the estimate of future undiscounted net operating cash flows expected to be generated by the use of the long-lived asset over its remaining useful life and its eventual disposition to its carrying amount. Should the carrying value of the long-lived asset exceed its estimated future undiscounted net operating cash flows, impairment is measured based on the excess of the carrying amount over the fair market value of the long-lived asset.

2.14. Long-lived assets held and not used

Property initially recognized as investment property held for sale that no longer meet the criteria as per FASB 360-10-45 are recognized as long-lived assets held and not used. Such assets are acquired through donations and are not used in the University's activities. Management's intention is to sell the properties and is actively marketing them. The valuation process for land properties was completed in May 2023. The market valuation opinion significantly exceeds the current book value (based on tax valuation).The aim of the University's management is with focused efforts to realize these properties in order to use the funds for scholarship for students.

2.15. Leases

Effective July 1, 2022, the University adopted ASU 2016-02, Leases, which requires a lessee to recognize a right of use asset and a lease liability, initially measured at the present value of the lease payments, in its balance sheet.

The University determines if an arrangement is a lease at inception. The University has leases under which it is obligated as a lessee. Operating leases as a lessee are included in right-of-use assets-operating leases and operating lease obligations in the Consolidated Statements of Financial Position. Finance leases as a lessee are included in property, plant, and equipment and finance lease obligations in the Consolidated Statements of Financial Position. Lease liabilities are recognized at the present value of the fixed lease payments, using a discount rate based on the risk-free rate. Right of use assets are recognized based on the initial present value of the fixed lease payments, plus any direct costs from executing the leases. Lease assets are tested for impairment in the same manner as long-lived assets used in operations. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Interest expense is recognized as a component of the lease payment for finance leases.

The university has elected the short-term lease exception under ASC 842 for all leases, and therefore, leases with an initial term of 12 months or less are not included on the consolidated statements of financial position.

2.16. Contributions, gifts and grants

The University reports contributions, gifts of cash and other assets as restricted support if they are received with donor stipulations that set purpose and time restrictions on the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. The University reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The amounts of capital gifts for construction of long-lived assets are released to net assets without donor restrictions when the associated long-term asset is placed in service and these amounts are subsequently amortized into operations over the estimated useful life of the constructed asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16. Contributions, gifts and grants (continued)

The distributed amount (drawdown) of USAID Quasi-Endowment for the period is presented in a separate item within revenues in the statement of activities since it is not donor-restricted and is designated to finance general operating expenses.

The purpose of the drawdown from the Pooled Endowment is to cover the expenses or scholarships associated with the particular endowment fund. When we distribute the scholarships or incur the expenses, the respective amount is released from Net Assets with donor restrictions to Net Assets without donor restrictions at the time of its occurrence and is included in the "Income released for costs Financed from Pooled Endowment" line in the Statement of Activities. The release is recorded when the purpose restriction of the particular endowment fund is satisfied.

In case a donor revokes a contribution granted previously and the amount has to be refunded or the pledge receivable is cancelled, the grant written off is presented separately in the statement of activities in the period the revocation has occurred.

2.17. Pension plans

The government of Bulgaria through its national pension plan is responsible for providing pensions for Bulgarian citizens. A regular contribution is made to the State to fund the plan. In addition, since July 1, 2004, AUBG is making a BGN 40 (USD 22 as of June 30, 2024) monthly contribution for each full-time Bulgarian employee.

2.18. Retirement benefit provision

2.18.1. Retirement benefits to employees

In accordance with the Bulgarian Labor Code, the University owes retirement benefits to its employees. The retirement benefit for employees who have worked for the University for more than 10 years is 6 gross monthly salaries. Employees who have worked for the University for less than 10 years are entitled to 2 gross monthly salaries. The Retirement Benefit Provision represents the present value of the payable of these benefits.

2.18.2. Retirement bonus to faculty

In accordance with new Faculty Handbook, Section 4.7.2 "After eighteen years of full-time service at the University, faculty become eligible for the retirement bonus to be taken between the ages of 65 and 68. Faculty forfeit this benefit on their 68th birthday. Section 4.7.4 states that that this bonus "shall consist of a faculty member's gross wages for a maximum period of six months. The Retirement Bonus Provision represents the present value of the payable of these bonus. The Board of Trustees approved the new Faculty Handbook at its May 2022 meeting. This Handbook comes into effect on 1 July 2022.

2.19. Foreign currency translation

The University receives the majority of its funds and incurs a significant amount of costs in United States Dollars (USD). As a result, the functional currency is considered to be the USD. The University's accounting records in Bulgaria are maintained in dual currency, both in BGN and in USD. The following exchange rates were used to translate monetary assets and liabilities denominated in BGN: **BGN to one USD:** 1.82702 as of June 30, 2024 and 1.79995 as of June 30, 2023.

Non-monetary assets and liabilities denominated in BGN are measured using historical rates in order to produce the same results in terms of functional currency that would have occurred if those items had been initially recorded in the functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20. Revenue Recognition

The University adopted ASU 2014-09- Revenue from Contracts with Customers /Topic 606/ during the year ended June 30, 2020. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The University's revenue is derived primary from academic programs taught to students. Tuition and related fees are recognized as revenue over the course of the academic term or program for which it is earned. Non-tuition related revenue is recognized as services are performed or goods are delivered. The University elected to apply the standard only to contracts that are not completed as of June 30, 2020. Tuition and fees and certain auxiliary activities revenues are recorded as revenues in the year during which the related services are provided. Funds received in advance of services provided are included in Deferred revenue.

Contributions, including unconditional promises to give, are recognized as revenue in the period pledged or received and are reported as increases in the appropriate class of net assets. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate.

Other revenues are recognized at the time of delivery of goods, or providing of services, irrespective of the time when the cash is received.

2.21. Credit Risk

Credit risk is the risk that a party involved in a financial instrument may cause financial loss to the other party by non-fulfillment of an obligation. The financial instruments that may expose the University to credit risk are the loans provided to students, as well as the receivables from students, vendors, and donors. The University is exposed to risk that the respective counterparties will not fulfill their obligations.

Concentration of credit risk

The University occasionally maintains deposits in excess of the insured limits. FASB ASC #825 "Financial Instruments" identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions.

2.22. Exchange Rate Risk

The exchange rate risk is the risk that the valuation of the University assets and liabilities denominated in foreign currency may change due to a change in the exchange rates of the respective currency against the Bulgarian lev. The University receives most of its donations in US Dollars. Also, major portion of the cash, receivables, liabilities, revenues, and expenses (tuition revenue, expenses for salaries of foreign staff and faculty) are denominated in US Dollars, which exposes the University to a risk related to possible fluctuations in the exchange rate of the US dollar against the Bulgarian lev. The University does not apply any specific financial instruments for exchange rate risk hedging.

2.23. Interest Rate Risk

Interest rate risk is the risk that the value of the received loans may vary due to a change in the market interest rates. The financial instrument that exposes the University to interest rate risk is the Overdraft from Raiffeisen Bank Bulgaria.

2.24. Concentration Risk

The University is exposed to dependence on a small group of large donors in respect of externally funded scholarships. The University's Principles of Financial Sustainability aim at expansion of the donor base. As described in Note 13, besides the approved drawdown, the USAID Quasi-Endowment funds may be used for operating or capital needs after Board's approval, in the event of financial distress or an immediate liquidity need.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25. Risk Management

The University is exposed to various risks of loss: torts, theft, damage or destruction of assets, errors or omissions, job-related illnesses or injuries to employees, and health care claims on behalf of employees and their dependents. The University manages these risks through commercial insurance.

2.26. Litigation Risk

The University is a party to certain litigation cases – both as a plaintiff and as a defendant. In the instances where there are cases brought up against the University, AUBG management has considered all available evidence and obtained ample relevant legal advice. In our assessment the risks cannot be quantified at this point in time but Management believes that the probability of a negative outcome is low and that the pending litigations, based on today's assessment, will not materially affect the financial position or the results of the University's operations.

2.27. Fair Value Measurements

When assets or liabilities in the financial statements are to be measured at fair value, the University 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. The University has elected not to report any existing financial assets or liabilities at fair value that are not already reported as such.

2.28 Income tax

The University has no uncertain tax positions taken or expected to be taken as of June 30, 2024. The University has recognized no interest or penalties related to uncertain tax positions. The University is subject to routine audits by tax authorities.

2.29 Functional expenses method of allocation

The expenses in the Statement of Activities are presented by functional classification. It represents grouping of expenses by major classes of program activities (Education and General), and supporting services (Development and University Relations, Institutional Support, Outreach Activities-containing the graduate programs, and Auxiliary Activities). The general facilities overhead expenses (depreciation, consumables, maintenance and etc.) are allocated to each activity/function based on the ratio of the usable sq. m. assigned in this function in proportion to the total usable sq. m. of the respective building.

3. CASH AND CASH EQUIVALENTS

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Cash on hand/bank deposits	1,104	2,613
Vanguard Treasury Money Market Fund	1,959	
Vanguard Federal Money Market Fund / Commonfund State Street Institutional US Gov't Money Market Fund	2,293	4,447
Cash and cash equivalents-restricted (current assets)	278	314
Total	**5,634**	**7,374**

Vanguard Treasury Money Market Fund, Vanguard Federal Money Market Fund (as of June 30, 2024) and Commonfund State Street Institutional US Gov't Money Market Fund (as of June 30, 2023) are part of the endowment investments, redemption frequency is daily and notice period is 1 day.

Current cash and cash equivalents-restricted consists mainly of cash in bank accounts in relation with various European projects.

4. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Deferred expenses	506	231
Accounts receivable	27	24
Prepayments and advances	135	43
Receivables from students, net of USD 27 / 24 thousand allowance	65	54
Tax receivables	2	2
Total	**735**	**354**

Allowances for uncollectible student fees have been calculated as 100% of amounts past due over one year.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable falling due within one year comprise of:

	June 30, 2024	June 30, 2023
	USD'000	USD'000
America for Bulgaria Foundation	1,000	443
Gross amount	-	*445*
Less Discount for time value of money	-	*(2)*
European Union	77	46
CIPE	69	-
Poynter Institute	67	-
People Powered	50	-
Elvin Guri	47	47
Other	27	40
US Embassy	20	-
Michael McGoldrick estate	-	385
Total	**1,357**	**961**

Long-term contributions receivable comprise of:

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Tsotsorkov Foundation	77	-
Gross amount	*82*	-
Less Discount for time value of money	*(5)*	-
Other	11	14
Gross amount	*14*	*16*
Less Discount for time value of money	*(3)*	*(2)*
Total	**88**	**14**

All amounts are receivable within five years and are discounted using the interest rate for loans to non-profit organizations, for new businesses, up to 1 million Euro, contracted in Euro, published by the Bulgarian National Bank.

6. INVESTMENTS

	June 30, 2024 Fair Value USD'000	June 30, 2023 Fair Value USD'000
USAID Quasi – Endowment Fund		
SSgA S&P 500 Equal Weight Index N-L	-	6,401
SSgA S&P 500Index Non-Lending Strat.	-	4,116
High Quality Bond Fund	-	2,835
SSgA MSCI EAFE Index	-	2,869
SSgA MSCI Emerging Markets Fund	-	1,038
SSgA MSCI EAFE Small Cap Index Strategy	-	433
Vanguard Growth Index Fund Institutional Shares	5,939	-
Vanguard Value Index Fund Institutional Shares	5,304	-
Vanguard Developed Markets Index Fund Admiral Shares	3,117	-
Vanguard Total International Bond Index Fund Admiral Shares	1,460	-
Vanguard Emerging Markets Stock Index Fund Admiral Shares	1,220	-
Vanguard Short-Term Investment-Grade Fund Admiral Shares	1,003	-
Vanguard Strategic Equity Fund	858	-
Vanguard Intermediate-Term Investment-Grade Fund Admiral Sh.	760	-
Vanguard Long-Term Investment-Grade Fund Admiral Shares	425	-
Vanguard Explorer Fund Admiral Shares	360	-
Vanguard Core Bond Fund Admiral Shares	346	-
Subtotal USAID Quasi – Endowment Fund:	**20,792**	**17,692**
Pooled Endowment Fund		
Equity Index Fund	-	3,296
High Quality Bond Fund	-	1,957
SSgA MSCI EAFE Index	-	1,924
Multi-Strategy Equity Fund	-	1,429
SSgA S&P 500Index Non-Lending Strat.	-	537
SSgA MSCI Emerging Markets Fund	-	438
Vanguard Growth ETF	3,623	
Vanguard Value ETF	3,200	
Vanguard FTSE Developed Markets ETF	1,922	
Vanguard Total Intl Bond Index Fund Admiral Shares	871	
Vanguard FTSE Emerging Markets ETF	746	
Vanguard Short-Term Invest-Gr Fund Admiral Shares	595	
Vanguard Strategic Equity Fund	526	
Vanguard Inter-Term Invest-Gr Fund Admiral Shares	454	
Vanguard Long-Term Invest-Gr Fund Admiral Shares	256	
Vanguard Explorer Fund Admiral Shares	219	
Vanguard Core Bond Fund Admiral Shares	206	
Subtotal Pooled Endowment Fund:	**12,618**	**9,581**
Total	**33,410**	**27,273**

6. INVESTMENTS (CONTINUED)

Additionally, AUBG invested USD 2,293 thousand as of June 30, 2024 in *Federal Money Market Fund* (June 30, 2023: 4,447 thousand in *State Street Institutional US Government Money Market Fund)*, included in Note 3, Cash and Cash Equivalents. The management intends to hold the investments for a period longer than one year. AUBG's Endowment is invested with the help of USA professional investment advisors – Commonfund (as of June 2023) and Vanguard (as of July 2023, refer to Note 17).

The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used by the University for financial instruments measured at fair value on a recurring basis. The three levels of inputs are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation is based upon the lowest level of input that is significant to the fair value measurement.

The following is a description of the University's valuation methodologies for assets and liabilities measured at fair value:

The fair value for Level 1 is based upon quoted prices in active markets that the University has the ability to access for identical assets and liabilities. Market price data is generally obtained from exchange or dealer markets. The University does not adjust the quoted price for such assets and liabilities.

The fair value of Level 2 is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources including market participants, dealers and brokers.

Fair value for Level 3 is based on valuation techniques that use significant inputs that are unobservable, as they trade infrequently or not at all.

Fair value level of investments is determined according to Fair Value Hierarchy as follows:

6. INVESTMENTS (CONTINUED)

		Fair Value Measurement at Reporting Date Using			
	June 30, 2024 USD'000	**(Level 1)** USD'000	**(Level 2)** USD'000	**(Level 3)** USD'000	**Measured at Net asset value ***
Vanguard Growth Index Fund Institut. Shares	5,939	-	-	-	5,939
Vanguard Value Index Fund Institut. Shares	5,304	-	-	-	5,304
Vanguard Growth ETF	3,623	-	-	-	3,623
Vanguard Value ETF	3,200	-	-	-	3,200
Vanguard Developed Markets Index Fund Admiral Shares	3,117	-	-	-	3,117
Vanguard Total International Bond Index Fund Admiral Shares	2,331	-	-	-	2,331
Vanguard FTSE Developed Markets ETF	1,922	-	-	-	1,922
Vanguard Short-Term Investment-Grade Fund Admiral Shares	1,598	-	-	-	1,598
Vanguard Strategic Equity Fund	1,384	-	-	-	1,384
Vanguard Emerging Markets Stock Index Fund Admiral Shares	1,220	-	-	-	1,220
Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares	1,214	-	-	-	1,214
Vanguard FTSE Emerging Markets ETF	746	-	-	-	746
Vanguard Long-Term Investment-Grade Fund Admiral Shares	681	-	-	-	681
Vanguard Explorer Fund Admiral Shares	579	-	-	-	579
Vanguard Core Bond Fund Admiral Shares	552	-	-	-	552
Total:	**33,410**	-	-	-	**33,410**

		Fair Value Measurement at Reporting Date Using			
	June 30, 2023 USD'000	**(Level 1)** USD'000	**(Level 2)** USD'000	**(Level 3)** USD'000	**Measured at Net asset value ***
SSgA S&P 500 Equal Weight Index N-L	6,401	-	-	-	6,401
SSgA MSCI EAFE Index	4,793	-	-	-	4,793
High Quality Bond Fund	4,792	-	-	-	4,792
SSgA S&P 500Index Non-Lending Strat.	4,653	-	-	-	4,653
Equity Index Fund	3,296	-	-	-	3,296
SSgA MSCI Emerging Markets Fund	1,476	-	-	-	1,476
Multi-Strategy Equity Fund	1,429	-	-	-	1,429
SSgA MSCI EAFE Small Cap Index Strategy	433	-	-	-	433
Total:	**27,273**	-	-	-	**27,273**

* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

6. INVESTMENTS (CONTINUED)

AUBG manages its endowment and quasi-endowment funds in a way which protects the real purchasing power of the endowment over time, avoids large or no increases in some years, and preserves and enhances the growth of principal.

	Fair Value June 30, 2024 USD'000	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
Vanguard Growth Index Fund Institutional Shares	5,939	daily	1 business day
Vanguard Value Index Fund Institutional Shares	5,304	daily	1 business day
Vanguard Growth ETF	3,623	daily	1 business day
Vanguard Value ETF	3,200	daily	1 business day
Vanguard Developed Markets Index Fund Admiral Shares	3,117	daily	1 business day
Vanguard Total International Bond Index Fund Admiral Shares	2,331	daily	1 business day
Vanguard FTSE Developed Markets ETF	1,922	daily	1 business day
Vanguard Short-Term Investment-Grade Fund Admiral Shares	1,598	daily	1 business day
Vanguard Strategic Equity Fund	1,384	daily	1 business day
Vanguard Emerging Markets Stock Index Fund Admiral Shares	1,220	daily	1 business day
Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares	1,214	daily	1 business day
Vanguard FTSE Emerging Markets ETF	746	daily	1 business day
Vanguard Long-Term Investment-Grade Fund Admiral Shares	681	daily	1 business day
Vanguard Explorer Fund Admiral Shares	579	daily	1 business day
Vanguard Core Bond Fund Admiral Shares	552	daily	1 business day
Total:	**33,410**		

	Fair Value June 30, 2023 USD'000	**Redemption Frequency (If Currently Eligible)**	**Redemption Notice Period**
SSgA S&P 500 Equal Weight Index N-L	6,401	daily	2 business days
SSgA MSCI EAFE Index	4,793	weekly	5 business days
High Quality Bond Fund	4,792	daily	2 business days
SSgA S&P 500 Index Non-Lending Strat.	4,653	daily	2 business days
Equity Index Fund	3,296	daily	1 business day
SSgA MSCI Emerging Markets Fund	1,476	daily	2 business days
Multi-Strategy Equity Fund	1,429	monthly	5 business days
SSgA MSCI EAFE Small Cap Index Strategy	433	daily	2 business days
Total:	**27,273**		

6. INVESTMENTS (CONTINUED)

AUBG invests in high quality, investment grade securities and maintains a prudent diversification in its portfolios. AUBG's endowment fund is invested according to the following Strategic Asset Allocation (SAA) as of June 30, 2024 and June 30, 2023, approved by the Board of Trustees:

June 30, 2024	**Strategic Asset Allocation**	**of which USD**	**Int'l**
Cash & Money Market	5%	5%	-
Fixed Income	25%	15%	10%
Equities	70%	53%	17%
	100%	**73%**	**27%**

June 30, 2023	**Strategic Asset Allocation**	**of which USD**	**Int'l**
Cash & Money Market	5%	5%	-
Fixed Income	25%	15%	10%
Equities	70%	53%	17%
	100%	**73%**	**27%**

Any change to the SAA must be approved by the full Board. The Investment Committee is allowed to make tactical changes to the SAA and currency allocation without seeking full board approval as long as these changes remain within the range of +/– 10% of the SAA for each asset class.

At its February 2022 meeting, the Board of Trustees approved the Endowment Spending Policy as follows: FY2023 Endowment drawdown will be based on the average market value of the Endowment for the last 12 quarters ended 31 December 2021 multiplied by 4.25% for the Quasi endowment and 4.00% for the Pooled endowment.

Long-term investment activity for FY 2023-2024:

	Quasi-Endowment (without donor restrictions) * USD'000	**Pooled Endowment (with donor restrictions)** USD'000	**Total** USD'000
Endowment balance at beginning of year	20,734	10,986	31,720
Additions	-	224	224
Drawdowns	(852)	(398)	(1,250)
Investment return, net	3,299	1,709	5,008
Endowment balance at year end:	**23,181**	**12,521**	**35,702**

* The Board-designated endowments are included in the "Quasi Endowment" since there are no donor restrictions attached to them.

6. INVESTMENTS (CONTINUED)

Note 6	USD'000	Statement of Activities	USD'000
Investment return, net (Quasi-Endowment):	3,299	Investment return, net, without donor restrictions, USAID endowment	3,163
Investment return, net (Pooled Endowment):	1,709	Investment return, net, without donor restrictions, Board-designated Endowment	136
	-	Investment return, net, without donor restrictions, other investment income without donor restrictions	52
	-	Investment return, net, with donor restrictions, Pooled endowment	1,657
Subtotal:	**5,008**	**Subtotal:**	**5,008**
	-	Investment return, net, with donor restrictions, Investments in Bulgaria	-
	-	FX gains and losses	(10)
Total:	**5,008**	**Total:**	**4,998**

Endowment Net Asset Composition by Type of Fund as of June 30, 2024

	Quasi-Endowment (without donor restrictions) USD'000	**Pooled Endowment (with donor restrictions)** USD'000	**Total** USD'000
Board-designated endowment funds	23,182	-	23,182
Donor-restricted endowment funds:			
Original donor-restricted gift amount plus any subsequent additions and amounts required to be maintained in perpetuity by donor	-	7,945	7,945
Accumulated investment gains	-	8,269	8,269
Withdrawals	-	(3,693)	(3,693)
Total funds:	**23,182**	**12,521**	**35,703**

Long-term investment activity for FY 2022-2023:

	Quasi-Endowment (without donor restrictions) * USD'000	**Pooled Endowment (with donor restrictions)** USD'000	**Total** USD'000
Endowment balance at beginning of year	19,423	9,662	29,085
Additions	-	584	584
Drawdowns	(843)	(397)	(1,240)
Investment return, net	2,154	1,137	3,291
Endowment balance at year end:	**20,734**	**10,986**	**31,720**

* The Board-designated endowments are included in the "Quasi Endowment" since there are no donor restrictions attached to them. Withdrawals of $843K include $810K from USAID endowment and $33K from Board-designated endowments.

6. INVESTMENTS (CONTINUED)

Note 6	USD'000	Statement of Activities	USD'000
Investment return, net (Quasi-Endowment):	2,154	Investment return, net, without donor restrictions, USAID endowment	2,060
Investment return, net (Pooled Endowment):	1,137	Investment return, net, without donor restrictions, Board-designated Endowment	94
	-	Investment return, net, without donor restrictions, other investment income without donor restrictions	35
	-	Investment return, net, with donor restrictions, Pooled endowment	1,102
Subtotal:	**3,291**	**Subtotal:**	**3,291**
	-	Investment return, net, with donor restrictions, Investments in Bulgaria	-
	-	FX gains and losses	30
Total:	**3,291**	**Total:**	**3,321**

Endowment Net Asset Composition by Type of Fund as of June 30, 2023

	Quasi-Endowment (without donor restrictions) USD'000	**Pooled Endowment (with donor restrictions)** USD'000	**Total** USD'000
Board-designated endowment funds	20,734	-	20,734
Donor-restricted endowment funds:			
Original donor-restricted gift amount plus any subsequent additions and amounts required to be maintained in perpetuity by donor	-	7,721	7,721
Accumulated investment gains	-	6,560	6,560
Withdrawals	-	(3,295)	(3,295)
Total funds:	**20,734**	**10,986**	**31,720**

7. PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Land	**3,344**	**3,022**
Buildings	35,373	35,373
Less: accumulated depreciation	(14,019)	(13,124)
Buildings Net Book Value	**21,354**	**22,249**
Office machines and equipment	6,039	5,380
Less: accumulated depreciation	(5,265)	(5,041)
Office Machines and Equipment Net Book Value	**774**	**339**
Motor vehicles	169	90
Less: accumulated depreciation	(98)	(90)
Motor Vehicles Net Book Value	**71**	**-**
Furniture and fixtures	2,716	2,664
Less: accumulated depreciation	(2,623)	(2,605)
Furniture and Fixtures Net Book Value	**93**	**59**
Library books	1,086	1,054
Less: accumulated depreciation	(965)	(930)
Library Books Net Book Value	**121**	**124**
Other intangible assets	1,011	1,013
Less: accumulated amortization	(967)	(937)
Other Intangible Assets Net Book Value	**44**	**76**
Assets under construction	**339**	**209**
Total Book Value	**50,077**	**48,805**
Less: Depreciation and Amortization	**(23,937)**	**(22,727)**
Total Net Book Value	**26,140**	**26,078**

	July – June FY24	July – June FY23
	USD'000	USD'000
Depreciation expenses:		
Property, Plant and Equipment	1,232	1,167
Intangible Assets	33	36
Total	**1,265**	**1,203**

8. OTHER LONG-TERM ASSETS

Other long-term assets include:

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Long lived assets held, not used	295	295
Cash deposits for student loans guarantees, net	4	5
Student loans receivable, net	3	8
Total	**302**	**308**

9. ACCOUNTS PAYABLE

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Payables to vendors and others	370	219
Tax and social security payables	294	171
Payables to undergraduate students	65	52
Total	**729**	**442**

10. ACCRUED LIABILITIES AND CURRENT PORTION OF RETIREMENT BENEFITS

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Current portion of retirement benefit provision (Note 12)	382	420
Accrued vacation	357	343
Accrued expenses	209	183
Other provisions	143	-
Total	**1,091**	**946**

11. DEFERRED REVENUE AND OTHER LIABILITIES

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Deferred revenue from undergraduate students	820	535
Deferred revenue from graduate students	61	87
Advance payments for seminars	58	93
Advance ELI payments	35	56
Total	**974**	**771**

12. RETIREMENT BENEFIT PROVISION

The calculations of the Retirement Benefit Provision are based on the following assumptions:

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Discount rate *(interest rate for 10-year Government Bonds, source: Bulgarian National Bank)*	4.31%	4.31%
Turnover rate	10%	10%

12. RETIREMENT BENEFIT PROVISION (Continued)

The Retirement Benefits are expected to be paid:

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Current liability (within 1 year (Note 10))	**382**	**420**
Long-term liability:		
2 years	35	53
3 years	46	27
4 years	24	36
5 years	57	19
More than 5 years	169	171
Long-term liability	**331**	**306**
Total:	**713**	**726**

The expense for retirement benefits recognized in the consolidated statement of activities for FY24 is negative USD 13 thousand (FY23: USD 228 thousand).

New provision for faculty retirement bonus as of June 30, 2024 is USD 175 thousand, of which the short-term provision is USD 70 thousand (FY23: USD 245 thousand, of which the short-term provision is USD 141 thousand).

13. NET ASSETS WITHOUT DONOR RESTRICTIONS

	June 30, 2024	June 30, 2023
	USD'000	USD'000
Net assets without donor restrictions as of the beginning of the year	**46,382**	**44,778**
Reclassifications and corrections	(13)	(155)
Change in net assets without donor restrictions	2,501	1,759
Net assets without donor restrictions as of the end of the year	**48,870**	**46,382**

Net Assets without donor restrictions as of June 30, 2024 and June 30, 2023 include the following Board-designated endowment funds:

	June 30, 2024	June 30, 2023
	USD'000	USD'000
USAID Quasi-Endowment	22,203	19,859
Panitza Memorial Professorship Endowment	1,216	1,144
Total Board-designated endowment funds	**23,419**	**21,003**

USAID Quasi-Endowment was funded through a Cooperative Agreement with the United States Agency for International Development (USAID) dated in 2002. The endowment was intended to enable the University to achieve financial sustainability independent of U.S. Government assistance by 2008, which was achieved 2 years earlier, in FY06. Besides the approved drawdown, the funds may be used for operating or capital needs after Board's approval.

Panitza Memorial Professorship Endowment was created by the Board of Trustees to develop and stimulate interdisciplinary research and student interest into the social, cultural, political and economic effects of communist rule in recent Eastern Europe during the second half of the 20th century and their relevance for democracies in transition. Program activities may include creation of a part-time faculty position or a one-semester appointment, as well as lectures, seminars and research activities. Once the Endowed Fund has reached $1 million, the University shall appoint an individual, who shall be distinguished in teaching and research in one or more of the interdisciplinary areas pertaining to the study of Communism and post-Communism in Eastern Europe, to hold the Professorship.

14. NET ASSETS WITH DONOR RESTRICTIONS

	June 30, 2023 Balance	Contributions for the year	Scholarships	Satisfaction of program restrictions	Satisfaction of equipment acquisition	Program Income (Loss)	Reclass.	June 30, 2024 Balance
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Anna Tchaprachikoff	5,183	-	-	(31)	-	792	-	5,944
Athanas Zamphiroff	3,138	-	(128)	-	-	424	-	3,434
America for Bulgaria Foundation	377	111	(183)	(84)	-	-	-	221
Gifts to the Pooled Endowment	2,493	522	-	-	-	-	85	3,100
Lacezar Tsotsorkov Dist. Scholarship	(6)	159	-	-	-	-	-	153
Stiftung Usine Foundation	5	-	-	-	-	-	-	5
Dilian Pavlov Multitalent Quest Scholarship	87	-	(28)	-	-	-	-	59
Elvin Guri Scholarships	138	7	(35)	-	-	-	(6)	104
Draganov Family	270	-	(11)	(13)	-	7	1	254
AUBG Accelerator Fund	43	45	-	(44)	-	-	-	44
Other	1,958	977	(341)	(367)	(15)	434	(66)	2,580
Total	**13,686**	**1,821**	**(726)**	**(539)**	**(15)**	**1,657**	**14**	**15,898**

Note 14	USD'000	Statement of Activities	USD'000
Scholarships	(726)	Release from Restriction, net (Contribution and Grants)	(1,102)
Satisfaction of program restrictions	(539)	Release from Restriction, net (CIDC)	(161)
Satisfaction of equipment acquisition	(15)	Release from Restriction, net (CEP and External Projects)	(11)
		Release from Restriction, net (ELI)	(6)
Total:	**(1,280)**	**Total:**	**(1,280)**

14. NET ASSETS WITH DONOR RESTRICTIONS (continued)

	June 30, 2022 Balance	Contributions for the year	Scholarships	Satisfaction of program restrictions	Satisfaction of equipment acquisition	Program Income (Loss)	Reclass.	June 30, 2023 Balance
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Anna Tchaprachikoff	4,654	-	-	(22)	-	551	-	5,183
Athanas Zamphiroff	2,972	-	(128)	-	-	294	-	3,138
America for Bulgaria Foundation	1,021	22	(574)	(92)	-	-	-	377
Gifts to the Pooled Endowment	1,958	528	-	-	-	-	7	2,493
OSI Scholarships	6	-	(18)	-	-	-	12	-
Lacezar Tsotsorkov Dist. Scholarship	59	-	(65)	-	-	-	-	(6)
Stiftung Usine Foundation	18	-	(13)	-	-	-	-	5
Dilian Pavlov Multitalent Quest Scholarship	100	-	(13)	-	-	-	-	87
Elvin Guri Scholarships	109	54	(25)	-	-	-	-	138
Draganov Family	76	200	(10)	(1)	-	5	-	270
AUBG Accelerator Fund	35	45	-	(37)	-	-	-	43
Other	1,610	924	(386)	(535)	(43)	252	136	1,958
Total	**12,618**	**1,773**	**(1,232)**	**(687)**	**(43)**	**1,102**	**155**	**13,686**

Note 14	USD'000	Statement of Activities	USD'000
Scholarships	(1,232)	Release from Restriction, net (Contribution and Grants)	(1,829)
Satisfaction of program restrictions	(687)	Release from Restriction, net (English Language Institute)	(48)
Satisfaction of equipment acquisition	(43)	Release from Restriction, net (CEP and External Projects)	(85)
Total:	**(1,962)**	**Total:**	**(1,962)**

15. LEASES

The University determines if an arrangement is or contains a lease, and classifies the lease as either operating or financing depending upon the terms and conditions of the contract. The University categorizes leases with contractual terms longer than twelve months as either operating or finance. Finance leases are generally those leases that allow us to substantially utilize or pay for the entire asset over its estimated life. All other leases are categorized as operating leases. Identified lease are subsequently measured, classified, and recognized at lease commencement. The University uses a risk-free rate for a period comparable to the lease term to determine the present value of lease payments when the implicit rate is not readily available.

The University is the lessee of building under operating /rental/ lease. The lease of the building was concluded for ten years with the Municipality of Blagoevgrad on 01.06.2024. Operating lease right of use assets and associated lease liabilities are recognized based on the present value on the future minimum lease payments. Leases with contractual terms of 12 months or less are not recorded on the balance sheet. The University had no finance leases during FY24.

Operating lease expense is recognized within the operating expenses on the Statements of Activities on a straight-line basis over the lease term. On the Statements of Financial Position, right of use assets represent the University's right to use the underlying assets for the lease term and lease liabilities, net represents the University's obligation to make the lease payment arising from the leases. Right of use assets and lease liabilities for operating leases are included in "Operating leases – right of use assets" and "Operating lease liabilities", respectively, in the Statements of Financial Position.

Maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities /in thousands of dollars/:

	Operating Leases
	USD'000
FY 25	99
FY 26	99
FY 27	99
FY 28	99
FY 29	99
Thereafter	482
TOTAL OF LEASE PAYMENTS	**977**
Less: Imputed Interest	(183)
PRESENT VALUE OF LEASE LIABILITIES	**794**

Weighted-average remaining lease term and discount rate for operating leases were as follows:

Operating leases	**June 30, 2024**
Weighted average remaining lease term	10 years
Weighted average discount rate	4.31%

Rent expense related to operating leases, including short-term leases and variable lease payments, was 8 thousand in fiscal year 2024, respectively.

16. NATURAL CLASSIFICATION OF EXPENSES

Expenses by functional and natural expense categories for the year ended June 30, 2024 consist of the following:

FY24 (USD'000)	Supplies and Services	Depreciation	Salaries and social insurance	Other	Total
Education and General	1,076	182	5,338	178	**6,774**
Development and University Relations	340	40	507	48	**935**
Institutional Support	2,202	1,011	2,473	381	**6,067**
Outreach Activities	257	23	620	68	**968**
Auxiliary Activities	568	9	548	6	**1,131**
Other	-	-	-	21	**21**
Total:	**4,443**	**1,265**	**9,486**	**702**	**15,896**

Expenses by functional and natural expense categories for the year ended June 30, 2023 consist of the following:

FY23 (USD'000)	Supplies and Services	Depreciation	Salaries and social insurance	Other	Total
Education and General	980	153	4,808	111	**6,052**
Development and University Relations	306	37	369	17	**729**
Institutional Support	2,462	998	2,004	383	**5,847**
Outreach Activities	167	11	513	45	**736**
Auxiliary Activities	516	4	464	5	**989**
Other	-	-	-	24	**24**
Total:	**4,431**	**1,203**	**8,158**	**585**	**14,377**

17. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2024 and June 30, 2023, financial assets and liquidity resources available within one year for general expenditures are as follows:

	June 30, 2024	**June 30, 2023**
	USD'000	USD'000
Financial assets:		
Cash and cash equivalents (for unrestricted use)	5,356	6,860
Accounts receivable (excl. deferred expenses)	229	123
Contributions receivable within one year	1,357	961
Endowment drawdown	1,310	1,250
Total financial assets available within one year	**8,252**	**9,194**
Available overdraft	1,095	2,111
Total financial assets and liquidity resources available within one year	**9,347**	**11,305**

The University's cash flows have seasonal variations mainly due to tuition billing. To manage liquidity, the University maintains an overdraft facility at the amount of BGN 2,000 thousand / USD 1,095 thousand.

18. SUBSEQUENT EVENTS

Subsequent events have been evaluated through 08.10.2024, which is the date the consolidated financial statements were available to be issued and the management has concluded that, there were no such events that require adjustment to the consolidated financial statements or disclosure to the notes to the accompanying consolidated financial statements.