

“CRYSTAL” FUND

*Financial Statements for the year ended 31 December 2013
and Independent Auditors' Report*

Table of Contents

INDEPENDENT AUDITOR’S REPORT 3

BALANCE SHEET STATEMENT 4

PROFIT AND LOSS STATEMETT 5

CASH FLOW STATEMENT..... 6

CHANGES IN SHAREHOLDERS EQUITY..... 7

NOTES TO FINANCIAL STATEMENTS 8

GENERAL INFORMATION 8

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES..... 8

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of "Crystal" Fund:

We have audited the accompanying Financial Statements of "Crystal" Fund, which comprises the Balance Sheet, Funds Accountability Statement, and the Cash Flow Statement prepared as at 31 December 2013, and for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with internationally accepted reporting standards. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the disbursements made and funds received for the given period, and of its financial performance.

*Georgian Audit
& Consulting Company*

Georgian Audit and Consulting Company
Member Crowe Horwath International

March, 2014



“CRYSTAL” FUND

BALANCE SHEET STATEMENT
as of December 31, 2013 (In GEL)

	Note	2013	2012
Assets			
Current assets			
Cash	1	173,500	53,043
Receivables from personnel		3,692	(131)
Tax requirements to budget		31,035	14,673
Other current assets		28,038	56,143
Total current assets		236,265	123,729
Long-term assets			
Fixed assets, net	2	5,776	10,226
Participation in other enterprise	3	1,475,593	1,475,593
Total long-term assets		1,481,369	1,485,819
Total assets		1,717,634	1,609,547
Liabilities and Equity			
Current liabilities			
Deferred profit tax		728	728
Liabilities before physical persons		1,328,171	1,328,171
Total current liabilities		1,328,899	1,328,899
Equity			
Reserves and financing		-	40,225
Last year's accumulated profit		280,648	308,153
Current year's net profit/loss		108,087	(67,729)
Total equity		388,735	280,648
Total liabilities and equity		1,717,634	1,609,547

The accompanying notes are an integral part of these financial statements.

“CRYSTAL” FUND

PROFIT AND LOSS STATEMENT
as of December 31, 2013 (In GEL)

	Note	2013	2012
Revenue			
Received dividends		226,088	-
Received Interest		2,857	-
Other revenue		41,459	92,704
Total revenue		270,404	92,704
Expenses			
	4		
Other operating expenses		28,857	42,084
Wages		104,308	76,650
Representative expenses		3,117	-
Equipment		568	359
Transporting expense		-	2,155
Communication		2,677	4,656
Utilities		212	
Insurance		1,038	721
Rent		5,844	-
Consultation expenses		5,898	7,837
Depreciation		5,300	12,946
Other tax expenses		-	550
Web-site cost		-	6,780
Other expenses		3,975	206
Non-operating loss		-	317
Interest cost		-	4,730
Other non-operating expenses		525	242
Budget fines and sanctions		-	200
Total expenses		162,318	160,433
Profit / Loss before taxes		108,087	(67,729)
Profit tax		-	-
Accounting period's net profit/loss		108,087	(67,729)

The accompanying notes are an integral part of these financial statements.

“CRYSTAL” FUND

CASH FLOW STATEMENT
as of December 31, 2013 (In GEL)

Cash flow from operating activities	2013	2012
Accounting period's net profit/loss	108,087	(67,729)
Other Assets	28,104	-
Tax liabilities	(16,361)	-
Short-term receivables	(3,823)	134
Short-term liabilities	-	46,936
Net cash flow from operating activities	116,007	(20,659)
 Cash flow from investing activities		
Change in fixed assets	4,450	12,946
Changes in investment in other enterprise	-	(1,178,683)
Net cash flows from investing activities	4,450	(1,165,737)
 Cash flow from financial activities		
Liabilities before physical persons	-	1,328,171
Reserves and financing	-	(92,704)
Net cash flow from financial activities	-	1,235,467
 Net cash flow	120,457	49,071
Cash balance at the beginning of the year	53,043	3,972
Cash balance at the end of the year	173,500	53,043

The accompanying notes are an integral part of these financial statements.

“CRYSTAL” FUND

CHANGES IN SHAREHOLDERS EQUITY
as of December 31, 2013 (In GEL)

	2013	2012
Equity for the period start	<u>280,648</u>	<u>348,377</u>
Current year’s net profit/loss	<u>108,087</u>	<u>(67,729)</u>
Equity for the period end	<u><u>388,735</u></u>	<u><u>280,648</u></u>

The accompanying notes are an integral part of this financial statement.

NOTES TO FINANCIAL STATEMENTS

GENERAL INFORMATION

Crystal Fund is a non-governmental, apolitical, non-profit organization, established in 2004 on the basis of the Micro-Lending Programme of the Charity Humanitarian Centre “Abkhazeti” (CHCA), the national NGO assisting displaced people. The goals of Crystal Fund are to increase the financial literacy among poor populations, bolster standards in the provision of financial services, develop new technologies to enhance access to financial services and to implement social and community investment projects.

Until 2007 Crystal Fund was undertaking microfinance activities, but at requirement of the legislation of Georgia, Crystal Fund stopped provision of microfinance services, went under reorganisation and reoriented its activities towards educational, social and community development objectives.

Crystal Fund is supervised by the Board and daily activities are managed by the Executive Director. Executive Director operates on the basis of strategy and internal regulations adopted by the Board of Crystal Fund.

In 2013, Crystal Fund was implementing the project “Reaching Georgia’s Rural Poor through Mobile Remittances”, funded by the International Fund for Agricultural Development. In addition, Crystal Fund initiated two new projects: Financial Literacy Initiative and Social Investment Initiative.

The legal address of the Crystal Fund is N29 Tabidze Street, Kutaisi, Georgia.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements as of 31 December 2013 consist of balance sheet and related statements of income cash flows and changes in equity.

The financial statements have been prepared in accordance with International Accounting Standards (IAS) on the historical cost basis of accounting. The principal accounting policies adopted are set out below.

The accompanying financial statements have been prepared in the national currency of Georgia, Lari (GEL), which is the Company’s functional currency.

Cash

Cash includes cash on bank accounts.

Currency Exchange

Transactions denominated in foreign currency are translated into GEL at the official exchange rate of National Bank of Georgia on the date of transaction. Calculation of cash assets and liabilities was made using exchange rate of transaction date. The official exchange rate for the principal currency as of 31 December 2013 was:

	USD
GEL	1.7363

“CRYSTAL” FUND

Revenue and expense recognition

Revenues and expenses are recognised on the accrual basis. Revenue consists of received grants from donors, interest revenues, fees for loan services, penalties and other revenues. Recognition of revenue from grants stated proportionally to the implemented expenditures.

Expenses are recognized at the moment of their implementation using accrual basis.

1. CASH

Cash of the fund for the year ended December 31 2013:

	<i>2013</i>	<i>2012</i>
Cash in bank	173,500	53,043
Total :	173,500	53,043

2. Fixed Assets

Fixed assets for the year ended December 31, 2013:

	Office Equipment	Furniture and Fixture	Vehicles	Other Fixed Assets	Total
Historical Cost					
Balance for 31.12.12	25,026	500	-	-	25,526
Purchases during the period	850		-		850
Liquidation and write off					-
Balance for 31.12.12	25,876	500	-	-	26,376
Accumulated Depreciation					
31 December 2012	14,925	375	-	-	15,300
Current Period Depreciation	5,175	125			5,300
Liquidation and write off					-
31 December 2013	20,100	500	-	-	20,600
Balance					
31 December 2012	10,101	125	-	-	10,226
31 December 2013	5,776	-	-	-	5,776

3. PARTICIPATION IN OTHER ENTERPRISE

Shareholding of 1,475,593 GEL represents investments of in the subsidiary JSC Microfinance Organisation “Crystal”, which consist 67,71% of free shares. Nominal value of noted shares is 1,475, 593 GEL.

“CRYSTAL” FUND

4. EXPENSES

General and Administrative Expenses

General and Administrative expenses for the year ended December 31, 2013:

		2013	2012
Expenses	4		
Other operating expenses		28,857	42,084
Wages		104,308	76,650
Representative expenses		3,117	-
Equipment		568	359
Transporting expense		-	2,155
Communication		2,677	4,656
Utilities		212	
Insurance		1,038	721
Rent		5,844	-
Consultation expenses		5,898	7,837
Depreciation		5,300	12,946
Other tax expenses		-	550
Web-site cost		-	6,780
Other expenses		3,975	206
Non-operating loss		-	317
Interest cost		-	4,730
Other non-operating expenses		525	242
Budget fines and sanctions		-	200
Total expenses		162,318	160,433

5. GOING CONCERN

As of March 2014 the Crystal Fund represents going concern and there are no risks, which would endanger company's future functioning.
