

2016

Organization:
“CRYSTAL” FUND

Auditor: Georgian Audit
& Consulting Company
*Member Crowe Horwath
International*

“CRYSTAL” FUND

*Financial Statements for the year ended 31 December 2015
and Independent Auditors' Report*

“CRYSTAL” FUND

Financial Statements for the year ended 31 December 2015 and Independent Auditors’ Report

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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 2015, 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 and Consulting Company

Member Crowe Horwath International

May, 2016

*Georgian Audit
& Consulting Company*



“CRYSTAL” FUND*Financial Statements for the year ended 31 December 2015 and Independent Auditors’ Report*

BALANCE SHEET STATEMENTas of December 31, 2015 (*In GEL*)

	Note	2015	2014
Assets			
Current assets			
Cash	1	4,199	106,420
Tax requirements to budget		9,289	30,605
Other current assets	2	26,848	33,196
Total current assets		40,335	170,222
Long-term assets			
Fixed assets, net	3	8,375	601
Participation in other enterprise	4	1,475,593	1,475,593
Total long-term assets		1,483,968	1,476,194
Total assets		1,524,304	1,646,416
Liabilities and Equity			
Current liabilities			
Other short-term liabilities		121,021	(105)
Deferred profit tax		728	728
Liabilities before physical persons		1,328,171	1,328,171
Total current liabilities		1,449,920	1,328,794
Equity			
Last year’s accumulated profit		317,620	388,735
Current year’s net profit/loss		(243,236)	(71,113)
Total equity		74,384	317,622
Total liabilities and equity		1,524,304	1,646,416

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

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PROFIT AND LOSS STATEMENT

as of December 31, 2015 (In GEL)

	Note	2015	2014
Revenue			
Received dividends		-	126,798
Received Interest		15,768	2,728
Exchange rate difference		14,112	7,776
Income from operations		75,586	-
Total revenue		105,466	137,302
Expenses			
	5		
Other operating expenses		-	4,323
Wages		205,013	130,075
Membership costs		44,780	7,625
Representative expenses		1,127	4,585
Office equipment		563	603
Communication		313	365
Insurance		1,794	1,331
Rent		15,718	10,627
Consultation expenses		12,908	2,046
Depreciation		600	5,175
Web page production costs		-	681
Other expenses		24,650	40,980
Grant expenses		2,283	-
Computer expenses		200	-
Interest expenses		11,056	-
Total expenses		348,702	208,415
Profit / Loss before taxes		(243,236)	(71,113)
Profit tax		-	-
Accounting period’s net profit/loss		(243,236)	(71,113)

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

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CASH FLOW STATEMENT

as of December 31, 2015 (In GEL)

Cash flow from operating activities	2015	2014
Accounting period’s net profit/loss	(243,236)	(71,113)
Other Assets	-	(5,157)
Tax liabilities	21,316	430
Short-term receivables	6,347	3,692
Short-term liabilities	121,126	(105)
Net cash flow from operating activities	(94,448)	(72,255)
Cash flow from investing activities		
Change in fixed assets	(7,774)	4,450
Net cash flows from investing activities	(7,774)	5,175
Net cash flow	(102,222)	(67,080)
Cash balance at the beginning of the year	106,420	173,500
Cash balance at the end of the year	4,199	106,420

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

“CRYSTAL” FUND

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CHANGES IN SHAREHOLDERS EQUITY

as of December 31, 2015 (In GEL)

	2015	2014
Equity for the period start	<u>317,620</u>	<u>388,735</u>
Current year’s net profit/loss	<u>(243,236)</u>	<u>(71,113)</u>
Equity for the period end	<u><u>74,384</u></u>	<u><u>317,622</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, and 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.

On 02 September 2015 Fund Crystal has signed cooperative agreement with USAID, which will last until the 01 April, 2018

The Program – ‘‘Youth Entrepreneurial Skills for Advancing Employability and Income Generation in Georgia’’ (YES – Georgia) represents a targeted public-private partnership that builds institutional frameworks and models facilitating greater economic participation of youth through increased opportunities for self-employment by starting enterprises and for employment in established companies. This is a USAID-funded joint initiative of Crystal Fund, PH International and JSC MFO Crystal.

The program targets to enhance entrepreneurship development, capacity-building of youth-led small enterprises through innovative forms of access to finance, knowledge and expertise. Yes-Georgia will increase employability of young people by offering relevant training, improved financial capabilities, new forms of practical on-the-job training opportunities and encouraging youth-friendly corporate practices. Finally, the program shall contribute to a discourse on youth economic empowerment. The project will work with an estimated 1,000 youth, ages 17-25 in 20 municipalities of Georgia.

Crystal Fund is also implementing the initiatives on financial literacy, road safety and the rule of law. It also carries out the activities on cross-cutting themes, such as the public-private dialogue and women economic empowerment.

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 2015 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.

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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 2015 was:

	USD
GEL	<u>2.3949</u>

Revenue and expense recognition

Revenues and expenses are recognised on the accrual basis. Revenue consists of received dividends, interest revenues, and received grants from donors. 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 2015:

Cash in bank	2015	2014
National currencies resident bank	262.42	31,840
Foreign currencies resident bank	1.17	-
Foreign currencies resident bank GE23TB0300000103070175	3,934.97	-
Deposit GE02CN0000036804000017 (Constanta bank)	-	74,544
Business Card (Bakuradze Archil) USD	-	<u>36.21</u>
Total	<u>4,199</u>	<u>106,420</u>

2. Other Current Assets

Other current assets for the year ended December 31, 2015:

2015 **2014**

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Other short-term investments	16,670	16,670
Advances to suppliers	3	3
Liabilities from Suppliers and Service	8,020	16,523
Other short-term requirements	2,154	-
Total	26,848	33,196

3. Fixed Assets

Fixed assets for the year ended December 31, 2015:

	Office Equipment	Furniture and Fixture	Vehicles	Other Fixed Assets	Total
Historical Cost					
Balance for 31.12.14	25,876	500	-	-	26,376
Purchases during the period	8374	-	-	-	-
Liquidation and write off	-	-	-	-	-
Balance for 31.12.15	34,250	500	-	-	34,750
Accumulated Depreciation					
31 December 2014	25,275	500	-	-	25,775
Current Period Depreciation	600	-	-	-	600
Liquidation and write off	-	-	-	-	-
31 December 2015	25,875	500	-	-	26,375
Balance					
31 December 2014	601	-	-	-	601
31 December 2015	8,375	-	-	-	8,375

4. 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.

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5. EXPENSES**General and Administrative Expenses**

General and Administrative expenses for the year ended December 31, 2015:

	2015	2014
Expenses		
Other operating expenses	-	4,323
Wages	205,013	130,075
Membership costs	44,780	7,625
Representative expenses	1,127	4,585
Office supply for staff	563	603
Communication	313	365
Insurance	1,794	1,331
Rent	15,718	10,627
Consultation expenses	12,908	2,046
Depreciation	600	5,175
Web page production costs	-	681
Other expenses	24,650	40,980
Grant expenses	2,283	-
Computer accessories costs	200	-
Interest expenses	11,056	-
Total expenses	348,702	208,415

6. OTHER EXPENSES

Other expenses for the year ended December 31, 2015:

Bank fee	890
Board members Fredrick Hyde-Chambers visit cost in Georgia	2,557
Initiative "Rule of law"	7,171
Translation service	83
Statements, custom fee, notary	327
Business trip	5,985
Transportation cost	4,506
Stationery cost	1,719
Financing of financial educational project and the code of ethics	1,000
Other expenses	353
Placing of competition application	60
Total other expenses	24,650

7. GOING CONCERN

As of May 2016 the Crystal Fund represents going concern and there are no risks, which would endanger company’s future functioning.
