KPMG

Fundacja "Microfinance Centre" Group

Opinion

of the Independent Auditor

Financial Year ended

31 December 2016

OPINION OF THE INDEPENDENT AUDITOR

KPMG

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OPINION OF THE INDEPENDENT AUDITOR

To the Supervisory Board of Fundacja "Microfinance Centre"

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is Fundacja "Microfinance Centre" with its registered office in Warsaw, Noakowskiego 10/38 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management of the Parent Entity is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted by the National Council of Certified Auditors as National Standards on Assurance.

Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 of the Parent Entity, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements of Fundacja "Microfinance Centre" Group:

- give a true and fair view of the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- comply, in all material respects, with applicable regulations that apply to the consolidated financial statements of the Group.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Monika Król	Mirosław Grabarek
Monika Król	Mirosław Grabarek
Key Certified Auditor	Limited Liability Partner
Registration No.12202	with power of attorney

15 May 2017

FINANCIAL STATEMENTS

FUNDACJA "MICROFINANCE CENTRE"

Consolidated Financial Statements

as of and for the year ended 31 December 2016

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Fundacja "Microfinance Centre"
Consolidated Statement of Comprehensive Income for the year ended 31 December 2016
(All amounts are stated in PLN rounded to nearest zł)

	Note	12 months ended 31 December 2016	12 months ended 31 December 2015
Earned revenue			
Membership fees		156 339	159 200
Program revenue	6	3 800 172	3 094 223
Other operating income	5	25 870	33 715
Total revenue		**3 982 381**	**3 287 138**
Program expenses			
Staff expenses	11	492 269	419 651
Non-staff expenses		1 788 499	1 266 128
Total program expenses	7	**2 280 768**	**1 685 779**
Administrative expenses			
Staff expenses	11	415 584	372 073
Non-staff expenses		344 007	314 004
Other operating expenses	9	7 872	12 202
Total administrative expenses	8	**767 463**	**698 279**
Total expenses		**3 048 231**	**2 384 058**
RESULT FROM OPERATING ACTIVITIES		**934 150**	**903 080**
Finance income	10	541 342	415 080
Finance costs	10	(25)	(75)
Net finance income		**541 317**	**415 005**
Profit before income tax		**1 475 467**	**1 318 085**
Income tax expense	12	214 534	187 941
Net result after tax		**1 260 933**	**1 130 144**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**1 260 933**	**1 130 144**

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Finance & Administrative Managei

Consolidated statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 24

Fundacja "Microfinance Centre"
Consolidated Statement of Financial Position as at 31 December 2016
(All amounts are stated in PLN rounded to nearest zł)

		2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	13	482	1 639
Deferred tax assets	16	-	9 860
Total non-current assets		**482**	**11 499**
Current Assets			
Accounts receivable	15	1 741 594	1 971 713
Cash and cash equivalents	14	13 529 217	11 219 547
Total current assets		**15 270 811**	**13 191 260**
TOTAL ASSETS		**15 271 293**	**13 202 759**
Equity			
Own Funds			
Founding capital	20	2 100	2 100
Retained earnings		11 951 240	10 690 307
Total own funds		**11 953 340**	**10 692 407**
Total Funds attributable to equity holders of the Fundation		**11 953 340**	**10 692 407**
Liabilities			
Accounts payable	18	117 162	233 921
Accruals	19	3 176 320	2 276 431
Deferred tax liabilities	16	24 471	-
Total Accounts Payable and Accruals		**3 317 953**	**2 510 352**
TOTAL LIABILITIES		**15 271 293**	**13 202 759**

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Finance & Administrative Manager

Consolidated balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 24

Fundacja "Microfinance Centre"
Consolidated Statement of Cash Flow for the year ended 31 December 2016
(All amounts are stated in PLN rounded to nearest zł)

	12 months ended 31 December 2016	12 months ended 31 December 2015
Cash flow from operating activities		
Net profit	1 260 933	1 130 144
Adjustments:		
Depreciation and amortisation	1 157	1 547
Exchange rate differences	(621 089)	295 727
Interest income	(22 638)	(33 515)
Income tax expense	266 472	117 112
	884 835	1 511 015
Change in receivables and deferred tax assets	239 979	(1 559 461)
Change in accounts payable and accruals	807 601	999 303
Change in deferred income related to dedicated and general funds	-	-
	1 932 415	950 857
Interest received	22 638	33 515
Income tax received / (paid)	(266 472)	(117 112)
Net cash flow from operating activities	**1 688 581**	**867 260**
Cash flow from investing activities		
Purchase of fixed assets	-	-
Net cash flow from investing activities	**-**	**-**
Net cash flow from financing activities	**-**	**-**
Net inflow (outflow) of cash	**1 688 581**	**867 260**
Cash and cash equivalents at the beginning of the financial year	**11 219 547**	**10 648 014**
Effect of exchange rate fluctuations on cash held	**621 089**	**(295 727)**
Cash and cash equivalents at the end of the financial year	**13 529 217**	**11 219 547**
- restricted cash	**-**	**-**

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Finance & Administrative Manager

Consolidated statement of cash flow is to be read in conjuction with the notes to and forming part of financial statements set out on pages 6 to 24

Fundacja "Microfinance Centre"
Consolidated Statement of Changes in Fund Balances for the year ended 31 December 2016
(All amounts are stated in PLN rounded to nearest zł)

	2016	2015
OWN FUNDS		
Founding capital opening balance	2 100	2 100
- increases in funding capital	-	-
- decreases in funding capital	-	-
Founding capital closing balance	**2 100**	**2 100**
Retained earnings opening balance	10 690 307	9 560 163
Net profit of the year	1 260 933	1 130 144
Retained earnings closing balance	**11 951 240**	**10 690 307**
Total own funds	**11 953 340**	**10 692 407**

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Finance & Administrative Manager

Consolidated statement of changes in fund balances is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 6 to 24

1. GENERAL INFORMATION

Fundacja "Microfinance Centre" (the "Parent Entity" or "Foundation") was established pursuant to a notarial deed from 8 December 1997. The address of the Foundation's registered office is Noakowskiego 10/38, 00-666 Warsaw, Poland.

The Foundation was registered in the XII Commercial Department of the National Court Register (KRS) under the number KRS 0000101471 on 5 April 2002.
The legal name of the Foundation was changed from Fundacja Centrum Organizacji Pożyczkowych (Microfinance Centre) to Fundacja "Microfinance Centre" according to the decision of Council of the Foundation made on October 9, 2011. On July 6, 2012 the updated charter of the Foundation was registered.

The consolidated financial statements as at 31 December 2016 include the accounts of the Foundation and MFC Sp. z o. o., a wholly owned subsidiary (the "Subsidiary").

The Foundation serves as access to finance resource centre and a membership-based network in Europe and Central Asia and provider – through wholly owned subsidiary - of training and consulting services. The Foundation's mission is to maximize access to effective financial services for low income people by facilitating stakeholder partnerships and promoting innovative and highly valued solutions as a recognized knowledge leader. The subsidiary provides training and consulting services.

In accordance with the statute of the Foundation the Founders of the Foundation are represented by: Mrs. Rosalind Sarah Copisarow, Mrs. Maria Nowak-Przygodzka and Mr. Kenneth Dan Vander Weele.

Board of Directors of the Foundation are represented as at 31.12.2016 by: Mr. Cristian Jurma, Mrs. Lucija Popovska, Mrs. Izabela Norek, Mr. Armen Gabrielyan, Mr. Kalin Radev, and Mrs. Sanavbar Sharipova.

The average number of employees in the Foundation and its subsidiary during the year ended 31 December 2015 and the year ended 31 December 2016 amounted to 11.

2. BASIS OF PREPARATION

The Foundation and its subsidiary maintain their accounting records in Polish Zloty in accordance with the accounting principles and practices employed by foundations and enterprises in Poland as required by the Accounting Act of 29 September 1994 (Journal of Law of 2016, item 1047 with subsequent amendments) and Act on Foundations dated 6 April 1984 (Official Journal no. 21, item 97 with subsequent amendments). The IFRS consolidated financial statements reflect the reclassifications necessary to restate the Foundation's accounts in accordance with IFRS.

The accounting policies have been consistently applied by the Group.

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
The consolidated financial statements were authorized for issue by the directors of the Foundation on 15 May 2017.

(b) Standards, Interpretations and amendments to published Standards

Standards and interpretations not yet endorsed by the EU:

- **IFRS 9 Financial Instruments (2014)** - Effective date for periods beginning as the date or after that date 1 January 2018
- **IFRS 15 Revenue from Contracts with Customers** - 1 January 2018

- **IFRS 16 Leases -** 1 January 2019
- **Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 Income Taxes)** - 1 January 2017
- **Diclosure initiative (Amendments to IAS 7 Statement of Cash Flows)** - 1 January 2017
- **Amendments to IFRS 15 (Revenue from Contracts with Customers)** - 1 January 2018

The Group has elected not to adopt these amendments in advance of their effective dates. The Group anticipates that the adoption of these amendments will have no material impact on the financial statements of the Group in the period of initial application.

The following amendments to the existing standards issued by the International Accounting Standards Board and adopted by the European Union are effective for the current period:

- **Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions** - Effective date for periods beginning as the date or after that date 1 February 2015 (the IASB effective date is 1 July 2014)
- **Improvements to IFRS (2010-2012) -** Effective date for periods beginning as the date or after that date 1 February 2015 (the IASB effective date is 1 July 2014)
- **Accounting for Acquisitions of Interests in Joint Operations** (Amendments to IFRS 11 Joint Arrangements) - Effective date for periods beginning as the date or after that date 1 January 2016
- **Agriculture: Bearer Plants (Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture)** - Effective date for periods beginning as the date or after that date 1 January 2016
- **Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets)** - Effective date for periods beginning as the date or after that date 1 January 2016
- **Improvements to IFRS (2012-2014)** - Effective date for periods beginning as the date or after that date 1 January 2016
- **Disclosure initiative (Amendments to IAS 1 Presentation of Financial Statements)** - Effective date for periods beginning as the date or after that date 1 January 2016
- **Equity Method in Separate Financial Statements (Amendments to IAS 27 Separate Financial Statements)** - Effective date for periods beginning as the date or after that date 1 January 2016

The adoption of these amendments to the existing standards has not led to any changes in the Group's accounting policies.

(c) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

(d) Functional and presentation currency

These consolidated financial statements are presented in Polish Zloty (PLN), rounded to the nearest Zloty, which is the Parent Entity's functional currency.

(e) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the note 3 (k) "Revenue Recognition".

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(i) Subsidiaries

Subsidiaries are those enterprises controlled by the Foundation. Control exists when the Foundation has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency transactions

Foreign currency transactions are translated to PLN at exchange rates prevailing at the date of the transactions, set by the National Bank of Poland ("NBP"). Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to PLN at exchange rate set by the National Bank of Poland ("NBP") at that date. Gains and losses arising on translation are recognised in the consolidated statement of comprehensive income.

(c) Financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents and trade and other payables. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Accounting for finance income and expense is discussed in note (j).
Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(d) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer policy note f).

(ii) Depreciation

Depreciation is charged to the consolidated statement of comprehensive income using the straight line method to write off the cost of each asset over its estimated useful life. Low-value assets which are written off when brought into use. Depreciation commences from the first day of the month following the month in which a fixed asset is brought into use.

The estimated range of useful lives is as follows:

Computer software	2 years
Computer equipment	3 years
Other office equipment	5 years
Other furniture and fixtures	5 years

(e) Contributed materials and services

The work of the Foundation is dependent on the voluntary service of many members and others. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, contributed services are not recognized in these consolidated financial statements.

(f) Impairment

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on a individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.
A provision is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Accruals

An accruals are expenses for which invoices have not been received at the end of an accounting year and expenses or assets recognized before they are paid.

(j) Finance income and expenses

Finance income comprises interest income and foreign currency gains. Interest income is recognised as it accrues, using the effective interest rate method.
Finance expenses comprise interest expense on borrowings, foreign currency losses. All borrowing costs are recognised in profit or loss using the effective interest rate method.

(k) Revenue recognition

The main sources of MFC income include the fees from the annual conference for Microfinance Institutions, training courses and consulting as well as grants for various research and policy projects financed by donors.
The grants are recognised in the statement of comprehensive income when there is reasonable assurance that such grant will be received and all related conditions are complied with. Revenues from government grants are recognized as net of expenses.
Foundation's revenue constitutes also annual membership fees paid by Microfinance Institutions.
Revenue from the sale of goods is recognised in the statement of comprehensive income when the significant risks and rewards have been transferred to the buyer. Revenue from services rendered is recognised in the statement of comprehensive income in proportion to the stage of completion of the project or service at the balance sheet date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Interest income is recognised as it accrues unless the collectability is in doubt.
Dedicated contributions are recognised as revenues of the appropriate dedicated fund in the year when qualifying cost where incurred up to the level such costs if the amount receivable can be reasonable estimated and collection is reasonably assured. In cases where contribution agreements assume additional surplus of contribution to be received over qualifying costs incurred, this surplus is recognised as revenues in accordance with a stage of completion of particular programme realised.
Non-dedicated (core) contributions, which are designated to cover operational expenses not relating to specific program, are recognised as revenue of the General Fund in the year when received or receivable if the amount to be received can be reasonable estimated and collection is reasonably assured. In cases when expenses incurred are lower than contribution received, revenue from contribution is recognised up to level of cost and surplus is carried forward to the next year.

(I) Fund summary

The consolidated financial statements separately disclose the activities of the following funds maintained by the Group:

Own and General funds - reflects the activities associated with the Foundation's day-to-day operations including its short and long-term capital requirements.

Building female professionals and promoting women entrepreneurship development in rural regions of Azerbaijan (*EU AMFA project*) – reflects the activities related to European Commission funding for activities strengthening women capacities in rural area to enable them to manage household finance or/and increase their employment opportunities through equipping them with skills needed to start own business or find job in financial sector which expands their employment and service offer to them.
This year, 20 local financial education trainers were certified; each had to deliver at least two trainings as part of this process. 513 low-income people (mostly rural women) attended those trainings. Afterwards, MFC held an evaluation meeting with trainers to discuss their experiences, challenges and insights around the training materials. MFC also compared the results of pre- and post-training participant questionnaires; these looked at knowledge and attitudes around budgeting, saving and borrowing.

Regional Cross Border CEO Events and Peer Exchanges *(EBRD MFI Forum project)* – the project aims at supporting the growth and sustainability of the microfinance industry in selected EBRD countries of operations by facilitating a series of interactions at two levels, that of CEOs (CEO Events) and of other staff (Peer Exchanges). Participating microfinance institutions (MFIs) have an opportunity to engage on topics of interest and importance for future growth and sustainability, and to share experiences, both positive and negative.
The overall objectives of the project are to:

- assist MFIs in developing appropriate strategies for sustainability and applying best practices;
- facilitate an effective and efficient exchange of knowledge and experience between the MFIs;
- enable MFIs to enhance their institutional development.

In 2016 MFC organized the CEO Summit in Tirana, Albania on June 24-25, 2016. The program of the Summit consisted of two parts. The first part was devoted to managing crisis situations and the CEOs challenges in navigating the increasing complexity. The second part explored the application of strategic foresight to microfinance.
In addition to its work with CEOs, MFC organized one short technical workshop for the MFIs senior managers:

- The Chief Credit Officers Peer Exchange Workshop was organized in Istanbul, Turkey on May 26–28, 2016. The workshop was a unique opportunity for chief credit officers and risk managers of MFIs to discuss their challenges and share their experience in an effort to improve the efficiency and risk strategies.

In addition to the on-site meetings, MFC provided executive coaching to help CEOs improve their own performance as CEOs and accomplish the goals of their MFIs.

EaSI Technical Assistance *(EaSI project)* – the project aims at providing capacity building to European microcredit providers (MCPs) as part of a large initiative to support the development of the microfinance sector in Europe.
Microfinance Centre as part of the consortium (together with Frankfurt School of Finance & Management – leading partner and European Microfinance Network) is implementing capacity building for microcredit providers (MCPs) in areas such as good governance (including social performance), Management Information Systems (MIS), Strategic Planning, and Risk Management. MFC also assists MCPs with the implementation of self-regulation guidelines in form of the "European Code of Good Conduct for Microcredit Provision". These training, advisory and coaching activities make up the operational support the project will be providing. The project also calls for the provision of horizontal support, in the form of a help desk, events, conferences, seminars, to share and disseminate best practices throughout the sector and to increase awareness of microfinance in Europe.
All microcredit providers in the 28 member states of the European Union may respond to dedicated calls for expression of interest to request operational technical assistance and include microcredit providers in the EU, EU candidate and EU pre-candidate countries, as well as Switzerland, Liechtenstein, Norway and Iceland, the latter being members of the European Economic Area.
The EaSI Technical Assistance is part of the Employment and Social Innovation (EaSI) Programme which is an EU level financing instrument.

Through the first call, 25 MCPs from 11 countries have been selected to receive technical assistance in 2016.

"Invest in people of the cross-border area" – "MicroStars" *(KEPA project)* - the purpose of the project is to create a sustainable structure in order to provide business development services (BDS) in the cross border area that will support micro-entrepreneurs and facilitate the establishment of start-ups, aiming at the enhancement of their productivity, profitability and competitiveness. The target groups that will directly benefit from the project are unemployed that desire to develop business activity as well as new and existing micro-entrepreneurs of the area covered by the program. The location of activities of the project is the Regional Units of Thessaloniki and Kilkis on the Greek side and the Region of Pelagonia (Bitola and Prilep) on the former Yugoslav Republic of Macedonia side.
MFC worked with KEPA on developing their operational systems and processes to launch "MicroStars", a new microcredit and business development institution that will work with self-employed and small business. The overall objective of "MicroStars" is to support entrepreneurship thorough improved access to finance and appropriate business support services including business counselling and training.
MFC helped KEPA by:

- developing an operational manual, business plan and financial model for microcredit;
- developing an operational manual and a business plan for business development services;
- training staff in microcredit and business development services;
- developing an initial offer of business development services, including a development of a new business start-up course;
- advising KEPA management on the start-up process;
- working with Alpha consulting to develop a suite of an on-line training courses for small businesses.

SP Fund 3 (*Ford Foundation III project*) – this 30 months project has started in October 2015 as a continuation of SP Fund 2. The core objective of the program is to accelerate the rate of adoption of the Universal Standards for Social Performance by promoting usage of SPI4 – a tool for assessment and reporting. The Fund targets primarily microfinance national associations, microfinance institutions and investors. Through mix of capacity building (awareness raising events, webinars), off-site support (for MFIs, networks, and credit analysts) and financial support (grants to networks, co-financing MFI SPI4 assessments, and SPTF meeting scholarships) the Fund promotes the systematic integration of SPM in order to ensure responsible and inclusive microfinance. In 2016, 12 national associations were supported and 11 MFIs. The Fund conducted 13 country events and 11 webinars.

Study on the Indebtedness Levels of Microcredit Clients in Lebanon *(SANAD Lebanon project)* - the funding from SANAD Fund for MSME was made available to measure indebtedness levels of active microcredit clients at individual and household level in Lebanon. In light of the limited data availability in Lebanon, the research methodology combines a mix of different methods, including quantitative and qualitative analyses. In 2015, data on the sample of clients were collected from the Credit Registry and from participating microfinance institutions and the analysis of the indebtedness levels and borrowing patterns was conducted. Additionally, focus group discussions were organized with microfinance clients. All findings were summarized in a comprehensive report and distributed among the participating MFIs.

Support to the Development of the National Strategy for Financial Education in Moldova *(EFSE Moldova project)* - the funding from EFSE was made available to support the NBM to develop a national strategy for financial education that would equip Moldovan citizens with the knowledge and understanding of financial terms and concepts which would promote responsible financial behaviour and encourage greater trust in the financial sector. In 2015, MFC carried out the assessment of the current level of financial education in Moldova by conducting the national survey to create a baseline financial competencies. Further, after the consultations with the stakeholders, the draft strategy was prepared by MFC and presented during the strategy workshop in Chisinau, Moldova. The revised version of the National Strategy for Financial Education was submitted to the National Bank of Moldova for approval.

SME Banking Summer Academy by Frankfurt School of Finance: MFC delivered a half day workshop at the Summer Academy of Frankfurt School. The workshop covered the basics of Social Performance Management and targeted global audience of microfinance managers.

Housing loan product development for: Salym Finance (Kirgizstan), Sunrise (Bosnia and Herzegovina), JSC Microfinance Organization Crystal (Georgia), SC Vitas IFNB (Romania), Lebanese Association for Development-AlMajmoua, Lebanon, Microfund for Women (Jordan), *(HFHI projects)*: each project aims at providing technical assistance to the MFIs, which are partners of Habitat for Humanity International. The goal of technical assistance is to support the MFIs in housing product development. Each project covers the same steps: current product evaluation (or market research in case there is no housing product), assistance in product development, staff training and end product evaluation.

My Place, my Responsibility *(Batory Foundation project)* - MFC, together with its partners Habitat for Humanity and Youth Delinquent Center, conducted an innovative project on financial education and energy efficiency for delinquent youth.
A group of young men, aged 16-19, based in youth delinquent center, was about to graduate from the center and become almost independent. For the next 1-2 years they are to live in the temporary owned place - an apartment provided together by Habitat and the Center. Under discrete control of the Center, they will take responsibility for managing the apartment: rent and utilities payment, facility management, and providing for themselves. The project undertaken by the partners, aims at equipping them in skills necessary to effectively take responsibility for their own place. This includes the knowledge and skills necessary for effective household budget management as well as for energy efficient apartment management. The developed training material, addressing the educational preferences of young people, will be tested with the first group of youth and their tutors. Next, it will be made available to other foster care centers and youth delinquent centers. The step by step project activities cover:

- Qualitative research of educational needs and preferences
- Training curriculum development
- Tutors training
- Curriculum delivery and testing
- Evaluation meeting
- Scale up

EU program *(EU project)* – funded by the European Commission. The program has several objectives including: establishing and ensuring effective communication with EC; Increasing capacity of MFC members and non-members to serve more low-income clients, micro-entrepreneurs and social business enterprises; Increasing member institutions awareness of relevant EU policies; Assisting member institutions in reaching out to country level governments in order to raise awareness of the EU policies concerning access to finance; Preventing over-indebtedness.
The 2016 activities included: intensifying communication with the EU representatives in Brussels, strengthening cooperation with European Microfinance Network, organizing various country events and workshops including 2nd Microfinance European Days. The MFC conducted research about start-ups environment in Bulgaria, Hungary and Romania resulting with case studies and recommendations being published.

The competition for the best microentrepreneur 2016 *(Citi project)*- The competition, funded by Citi Foundation, is dedicated to promote innovative and traditional micro-enterprises and encourage people to set up new businesses in Poland. It provides a network to discuss future business opportunities, promote entrepreneurship locally and discuss challenges and barriers to entrepreneurship.
The Competition is open to all registered micro- enterprises in Poland employing no more than 10 people and not exceeding yearly sales of Euro 2 million. Micro-enterprises can enter the Competition by nominating themselves, they can also be nominated by a public institution supporting entrepreneurship. Through the competition the best microentrepreneur of the year 2016 will be selected by special jury consisting representatives of organizations working with businesses and promoting entrepreneurship. In addition the awards will be given in 5 categories: Start, Progress, Senior, Female Entrepreneur and Young Business.

PREF: Partnership for Financial Education in Poland (PREF project) - Recognizing its importance as one of the crucial skills in 21st century, the Partnership aims at contributing to increasing the access and quality of financial education delivery to all inhabitants of Poland. The financial education should be available to everyone no matter their age and should be aligned with their educational needs. The Partnership identifies the knowledge sharing, cooperation and coordination of stakeholders as driving factors to achieve its vision.

This informal network, initiated by MFC, is not a first initiative to try to bring together in dialogue the diverse range of actors involved in financial education across Poland, but is definitely the most successful so far. We managed to gain interest and engagement of different stakeholders, working together and producing tangible outcomes such as the standards of work of financial education trainers and educators, the draft version of financial education competencies for different age groups, as well as the up to date review of available reports on the status of financial literacy in Poland. The cooperation will continue in 2017.
The partnership is well position to eventually unite the sector of financial education in Poland in order to achieve greater scale of better quality intervention for various target groups.
During 2016, successful enlargement of the network (membership doubled during 2016) and gained interest from public institutions, including Ministry of Finance, Civil Rights Spokesman, Financial Rights Spokesman. Within the partnership, various members hosted a series of meetings, devoted to sharing experience and developing solutions to identified needs of the sector. The work was finalized by organizing a working seminar for all the sector stakeholders, well attended and attracting key decision makers.

Development of the Financial Literacy Services Tools *(KEPA II project)* – In 2016, MFC developed a set of 11 counselling session scenarios on a variety of financial education topics, ranging from financial planning, savings strategies, and smart borrowing. Next, MFC trained 7 staff from 2 MFC members (KEPA and Horizonti) over 3 days, in a workshop that included hands-on practice with financial education counseling. The project was co-funded by the European Union and by National Funds of the Participating Countries under the IPA Cross-Border Programme "Greece – the Former Yugoslav Republic of Macedonia 2007 – 2013"

Financial Literacy Training in Kosovo *(IFC Kosovo project)* – This year, MFC continued to work with IFC on supporting their partners in providing financial education. One of the goals of IFC engagement into the topic of financial education is to raise awareness on the role of financial infrastructure, to increase education and consumer awareness through outreach to clients with training modules and broad information campaigns. Based on our 2015 work in Kosovo, the MFC delivered training to staff of MFIs in Kosovo. The training covered two modules: providing short workshops and delivering financial education counselling to clients. The topics covered household budget management, savings and wise borrowing. This hands-on training was a second event of this type in Kosovo, delivered by MFC. The 23 participants appreciated not only that the new tools will help them work with their clients – they also took away a lot for their own household budget management.

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(a) Taxation

The Foundation is exempt from income taxation under Article 17 of the local Corporate Taxation Act dated 15 February 1992.
Income tax for the year in the statement of comprehensive income comprises current and deferred tax and relates solely to MFC Sp. z o. o.
Current tax is the tax payable on the taxable income for the year, using tax rate applicable for the reporting period.
Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(All amounts are stated in PLN rounded to nearest zloty)

4. DETERMINATION OF FAIR VALUES

A number of the Foundation's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following method.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

5. OTHER OPERATING INCOME

	2016	2015
Unutilized bonus provision	24 465	27 362
Other operating income	1 405	6 353
	25 870	**33 715**

6. PROGRAM REVENUE

	2016	2015
Governments grants	(198 714)	(210 842)
Non-governments grants	1 411 414	840 756
Trainings	1 161 793	535 566
Consultings	959 646	1 532 072
Annual Conference	466 033	396 224
Other	-	447
	3 800 172	**3 094 223**

7. PROGRAM EXPENSES

	2016	2015
Marketing, web page, newsletters, other publications	38 705	36 497
SP-Fund *(Ford Foundation II and Ford Foundation III projects)*	701 936	256 344
Fundacja im. S.Batorego (*Batory Foundation project*)	52 393	42 642
Housing Center *(HC HFHI project)*	-	6 223
EU AMFA project	56 605	62 465
MetLife Foundation	63 056	141 890
Microentrepreneur of the year *(Citi Foundation project)*	4 082	-
Annual Conference expenses	140 376	108 150
Training expenses	596 266	201 260
Consulting expenses	626 241	809 561
Other projects	1 108	20 747
	2 280 768	**1 685 779**

8. ADMINISTRATIVE EXPENSES

	2016	2015
Staff salaries, bonuses and benefits	415 584	372 073
Travel and conferences	14 376	19 101
Office and administrative	122 000	98 608
Amortisation	1 157	1 547
Accounting and auditors services	162 136	125 532
Other	44 338	69 216
Other operating expenses	7 872	12 202
	767 463	**698 279**

(All amounts are stated in PLN rounded to nearest zloty)

9. OTHER OPERATING EXPENSES

	2016	2015
Withholding tax (WHT)	-	3 183
Other operating expenses	7 872	9 019
	7 872	**12 202**

10. FINANCE INCOME AND FINANCE EXPENSES

	2016	2015
Interest income	22 638	33 515
Foreign exchange rate income	1 297 132	1 094 919
Foreign exchange rate loss	(778 428)	(713 354)
Finance income	**541 342**	**415 080**
Interest expenses	25	75
Finance expenses	**25**	**75**
Net finance income	**541 317**	**415 005**

11. PERSONNEL EXPENSES

	2016	2015
Program staff expenses	1 118 550	1 023 388
Program staff expenses – government grants	(626 281)	(603 737)
Administrative staff expenses	415 584	372 073
	907 853	**791 724**

12. INCOME TAX EXPENSE

Recognised in the Consolidated Statement of Comprehensive Income

Current tax expense	2016	2015
Current year	180 203	198 566
	180 203	**198 566**
Deferred tax expense		
Origination and reversal of temporary differences	34 331	(10 625)
Total income tax expense in the consolidated statement of comprehensive income	**214 534**	**187 941**

Reconciliation of effective tax rate

	2016	2015
Pre-tax result	1 475 467	1 318 085
Without the Parent Entity result and eliminations made for consolidation purposes	(303 418)	(205 994)
Pre-tax result of subsidiary (MFC)	1 172 049	1 112 091
Income tax using the Group's domestic tax rate (19%)	222 689	211 297
Permanent differences	(8 155)	(23 235)
	214 534	**187 941**
Effective tax rate	18,30%	16,90%

(All amounts are stated in PLN rounded to nearest zloty)

Deferred tax expense relates solely to wholly owned subsidiary MFC Sp. z o. o. and presented effective tax rate is calculated on the basis of the pre-tax result of the subsidiary.

Regulations regarding VAT, corporate income tax, personal income tax and social security contributions are subject to frequent changes. These changes result in there being little point of reference and few established precedents that may be followed. The binding regulations also contain uncertainties, resulting in differences in opinion regarding the legal interpretation of tax regulations both between government bodies, and between government bodies and companies. Tax and other settlements (e.g. customs or foreign currency settlements) may be subject to inspection by administrative bodies authorised to impose significant penalties and fines, and any additional taxation liabilities calculated as a result must be paid together with interest. The above circumstances mean that tax exposure is significantly greater in Poland than in countries that have a more established taxation system.

Tax settlements may become subject to inspection by the tax authorities for a period of five years. Accordingly, the amounts shown in the financial statements may change at a later date as a result of the final decision of the tax authorities.

13. PROPERTY, PLANT AND EQUIPMENT

Cost	
As at 1 January 2015	297 587
Additions	-
Disposals	-
As at 31 December 2015	**297 587**
As at 1 January 2016	297 587
Additions	-
Disposals	-
As at 31 December 2016	**297 587**
Depreciation	
As at 1 January 2015	294 401
Depreciation charge	1 547
Disposals	-
As at 31 December 2015	**295 948**
As at 1 January 2016	295 948
Depreciation charge	1 157
Disposals	-
As at 31 December 2016	**297 105**
Carrying amount	
As at 1 January 2015	3 186
As at 31 December 2015	**1 639**
As at 1 January 2016	1 639
As at 31 December 2016	**482**

Fixed assets don't have any restrictions on ownership title.

(All amounts are stated in PLN rounded to nearest zloty)

14. CASH AND CASH EQUIVALENTS

	2016	2015
Cash in hand	30 106	67 827
Cash at bank	13 499 111	11 151 720
Cash and cash equivalents	**13 529 217**	**11 219 547**
Restricted cash	-	-

The balance of restricted cash represents restricted funds, which are included in the non-current deferred grants and deferred income related to dedicated funds.

15. ACCOUNTS RECEIVABLE

	2016	2015
Trade receivables	1 135 991	1 318 641
Amounts receivable from European Commission	391 174	447 965
Tax receivables	9 512	21 005
Other receivables	28 691	28 691
Prepayments	176 226	155 411
	1 741 594	**1 971 713**

The Group has no past due amounts in respect of such receivables. The Group has no receivables due more than 3 years. As of 30 April 2017, 71% of "Trade receivables" were paid by the recipients of services.
The gross value of receivables is equal to its net value as there is no impaired receivables as of 31 December 2016 and 31 December 2015.

16. DEFERRED TAX

Recognised deferred tax assets

Deferred tax assets are attributable to the following items:

	Assets	
	2016	2015
Reserve for staff holidays compensation	636	1 991
Staff annual bonus reserve	6 528	6 270
Temporary foreign exchange gain	83	3
Reserve for annual audit	4 532	4531
Reserve for trade payables	1 026	10 300
Assets	**12 805**	**23 095**

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following items:

	Liabilities	
	2016	2015
Temporary foreign exchange loss	36 541	12 528
Other items	735	707
Liabilities	**37 276**	**13 235**
Net tax liabilities (assets)	**24 471**	**(9 860)**

(All amounts are stated in PLN rounded to nearest zloty)

17. CONSOLIDATED SATEMENT OF CHANGES IN DEFERRED INCOME RELATED TO DEDICATED FUNDS BALANCES AND GENERAL FUNDS FOR THE YEAR ENDED 31 DECEMBER 2016

As of 31 December 2016 and 31 December 2015 there were no dedicated funds.

18. ACCOUNTS PAYABLE

	2016	2015
Trade payables	39 795	21 421
Social Security	20 760	14 291
Current income tax liabilities	39 088	125 357
Tax liabilities	17 519	72 852
	117 162	**233 921**

	2016	2015
Accounts payable up to 3 months	90 195	233 921
Accounts payable 3-6 months	26 967	-
Accounts payable 6-12 months	-	-
Accounts payable over 12 months	-	-
	117 162	**233 921**

The Group has no past due amounts in respect of payables.

19. ACCRUAL

	2016	2015
Prepayments received for future services	174 503	27 359
Prepayments received for Ford Foundation III project	2 041 304	1 683 650
Prepayments received for HC HFHI project	20 896	19 505
Prepayments received for Rockdale Foundation project	126 257	117 852
Prepayments received for Citi Foundation project	443 777	-
Prepayments received for EU AMFA project	-	2 337
Prepayments received for Batory project	-	26 299
Prepayments received for membership fee	6 636	-
Staff holidays compensation	99 739	95 443
Staff bonus fund	173 380	164 400
Provision for audits	77 786	77 785
Provisions for other expenses	12 042	61 801
	3 176 320	**2 276 431**

	2016	2015
Balance at 1st January	**2 276 431**	**1 404 105**
Accrual for the period	978 284	1 458 931
Utilisation for the period	78 395	586 605
Balance at 31st December	**3 176 320**	**2 276 431**

20. OWN FUNDS

The founding capital of PLN 2 100 represents own funds received from the Founders of the Foundation which has been contributed in equal parts, i.e. PLN 700 each.
In accordance with the statute of the Foundation the Founders of the Foundation are represented by: Mrs. Rosalind Sarah Copisarow, Mrs. Maria Nowak-Przygodzka and Mr. Kenneth Dan Vander Weele.

Retained earnings will be used for the statutory purposes of the Foundation and increased reserve capital of the subsidiary.

21. REMUNERATION OF KEY MANAGEMENT

Total remuneration paid to Management Board amounted to PLN 564 thousand (in 2015 PLN 524 thousand).
No loans have been granted and no other transactions settled with Key Management Personnel during the financial year.

22. TRANSACTIONS WITH RELATED PARTIES

During the year ended 31 December 2016 and 31 December 2015 the Group has not had any transaction with related parties.

23. FINANCIAL RISK MANAGEMENT

Primary policies for managing risk
Management has overall responsibility for the establishment and oversight of the Company's risk management framework, including identification and analysis of the risks faced by the Company, setting appropriate limits and controls, and monitoring the risks and their adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from debt instruments. The objective of risk management is to maintain a stable and sustainable, in terms of quality and value, portfolio of loans granted and other investments in debt instruments, achieved by the policy of setting credit limits for contract parties.
Financial assets which expose the Group to concentrations of credit risk consist principally of trade receivables and cash. Cash is placed with high credit quality financial institutions. Trade receivables are not significant. Accordingly, the Group has no significant concentration of credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial instrument. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses, or risking damage to the Company's reputation.
The Group is not subjected to liquidity risk because the costs are covered by grants received from donator in advance. The cash flows and the liquidity of the Group are monitored and managed by the Management Board, in order to guarantee an effective and efficient management of its financial resources.

c) Operational risk

Operational risk is the possibility of achieving the losses resulting from the inadequacy or failure of internal processes, people and systems or external events. Operational risk applies to all business processes undertaken by the Group, including activities carried out by external contractors under outsourcing and executed with third parties.
Objective of operational risk management is to minimize the likelihood of the occurrence and/or reduce the effects of unexpected adverse events. The Group identifies ongoing risks existing processes and risk estimates for the probability and consequences of potential threats. As part of the self-assessment analysis of potential risks affecting the activities of the Group is carried out periodically.

d) Interest rate risk

Interest rate risk is the risk that changes in market prices, such as interest rates will affect the Company's income or the value of its financial instruments.
The Group has no borrowing or significant interest bearing loans. Therefore the Group does not hedge against interest rate risk.

e) Foreign currency risk and sensivity analysis

Currency risk is the risk that changes in market prices, such as exchange rates will affect the Company's income or the value of its financial instruments. The objective of currency risk management is to manage and control currency risk exposures within acceptable parameters, while optimizing return.
A considerable part of cash contributions are received in other than PLN currencies (mostly USD and EUR). Some expenses are also denominated in foreign currencies. Thus to some extend a natural hedge exists. Group is not using any instruments to hedge against exchange rate risk.

Appreciation of PLN against EURO as of 31 December 2016 by 5% would result in decrease in net profit and equity by PLN 417 thousand. Depreciation of PLN against EURO as of 31 December 2016 by 5% would result in increase in net profit and equity by PLN 417 thousand.
Appreciation of PLN against USD as of 31 December 2016 by 5% would result in decrease in net profit and equity by PLN 77 thousand. Depreciation of PLN against USD as of 31 December 2016 by 5% would result in increase in net profit and equity by PLN 77 thousand.

	PLN	USD	EUR	GBP	TOTAL 2016	PLN	USD	EUR	GBP	TOTAL 2015
ASSETS										
Non-current assets										
Property, plant and equipment	*482*	-	-	-	482	*1 639*	-	-	-	1 639
Deferred tax assets	-	-	-	-	-	*9 860*	-	-	-	9 860
Total non-current assets	***482***	-	-	-	482	***11 499***	-	-	-	11 499
Current Assets										
Trade receivables	*1 350*	*54 801*	*1 079 840*	-	**1 135 991**	*7 375*	*170 418*	*1 140 848*	-	**1 318 641**
Other receivables	*28 691*	-	-	-	**28 691**	*28 691*	-	-	-	**28 691**
Prepayments	*15 833*	*138 387*	*22 006*	-	**176 226**	*12 438*	*77 627*	*65 346*	-	**155 411**
Tax receivebles	*9 512*	-	-	-	**9 512**	*21 005*	-	-	-	**21 005**
Amounts receivable from EC grants	-	-	*391 174*	-	**391 174**	-	-	*447 965*	-	**447 965**
Cash and cash equivalents	*2 493 910*	*4 067 044*	*6 966 663*	*1 600*	**13 529 217**	*1 320 770*	*3 929 023*	*5 967 955*	*1 799*	**11 219 547**
Total current assets	***2 549 296***	***4 260 232***	***8 459 683***	***1 600***	15 270 811	***1 390 279***	***4 177 068***	***7 622 114***	***1 799***	13 191 260
TOTAL ASSETS	***2 549 778***	***4 260 232***	***8 459 683***	***1 600***	15 271 293	***1 401 778***	***4 177 068***	***7 622 114***	***1 799***	13 202 759
Equity										
Own Funds										
Founding capital	*2 100*	-	-	-	**2 100**	*2 100*	-	-	-	**2 100**
Retained earnings	*2 069 286*	*1 546 229*	*8 334 125*	*1 600*	**11 951 240**	*788 786*	*2 350 893*	*7 548 829*	*1 799*	**10 690 307**
Total own funds	***2 071 386***	***1 546 229***	***8 334 125***	***1 600***	11 953 340	***790 886***	***2 350 893***	***7 548 829***	***1 799***	10 692 407
Total Funds attributable to equity holders of the Fundation	***2 071 386***	***1 546 229***	***8 334 125***	***1 600***	11 953 340	***790 886***	***2 350 893***	***7 548 829***	***1 799***	10 692 407
Liabilities										
Non current deferred grants related to dedicated funds										
-	-	-	-	-	-	-	-	-	-	-
Total non current deferred grants	-	-	-	-	-	-	-	-	-	-
Trade liabilities	*12 828*	*26 967*	-	-	**39 795**	*21 421*		*27 359*	-	**48 780**
Tax liabilities	*81 078*	-	-	-	**81 078**	*198 209*			-	**198 209**
Social Security	*20 760*	-	-	-	**20 760**	*14 291*			-	**14 291**
Provisions	*90 588*	-	-	-	**90 588**	*90 829*	*5 168*	*43 589*	-	**139 586**
Prepayments received for grants	-	*2 632 235*	-	-	**2 632 235**	*26 299*	*1 821 007*	*2 337*	-	**1 849 643**
Prepayments received for membership fees	-	-	*6 636*	-	**6 636**				-	-
Other liabilities	*273 138*	*54 801*	*118 922*	-	**446 861**	*259 843*			-	**259 843**
Total Accounts Payable and Accruals	***478 392***	***2 714 003***	***125 558***	-	***3 317 953***	***610 892***	***1 826 175***	***73 285***	-	**2 510 352**
Current deferred grants related to dedicated funds										
-	-	-	-	-	-	-	-	-	-	-
Total deferred income related to dedicated funds	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	***2 549 778***	***4 260 232***	***8 459 683***	***1 600***	15 271 293	***1 401 778***	***4 177 068***	***7 622 114***	***1 799***	13 202 759

(All amounts are stated in PLN rounded to nearest zloty)

f) Effective interest rates

In respect of income-earning financial assets the following tables indicates their average effective interest rates at the reporting date and the periods in which they mature.

2016

	Average effective interest rate	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Cash and cash equivalents	0,21%	13 529 217	13 529 217	-	-	-	-

2015

	Average effective interest rate	**Total**	**6 months or less**	**6-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
Cash and cash equivalents	0,16%	11 219 547	11 219 547	-	-	-	-

24. EVENTS AFTER THE BALANCE SHEET DATE

No subsequent events after the balance sheet date were identified which could have a material impact on these consolidated financial statements.

25. FAIR VALUES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	2016		**2015**	
	Carrying amount	Fair value	Carrying amount	Fair value
Accounts receivable	1 741 594	1 741 594	1 971 713	1 971 713
Cash and cash equivalents	13 529 217	13 529 217	11 219 547	11 219 547
Accounts payable	117 162	117 162	233 921	233 921

26. GOING CONCERN

These consolidated financial statements have been prepared on a going concern basis. Parent Entity's management is not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

27. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2016	**2015**
Less than one year	89 746	93 648
Between one and five years	-	89 746
More than five years	-	-
	89 746	**183 393**

The Group leased one apartment as its shared office at Noakowskiego 10 Street apt. 38 and the lease agreement expires 17 December 2017. The monthly charge remains at rate PLN 7 804 (ca. USD 1,867) per month.

28. CONTINGENT LIABILITIES

As of 31 December 2016 and 31 December 2015 there were no contingent liabilities.

Grzegorz Galusek
Executive Director

Katarzyna Pawlak
Deputy Director

Ewa Romanowska
Finance & Administrative Manager

Warsaw, 15 May 2017