



**Błaszowski Advisory Services**

**POLSKA FUNDACJA DZIECI I MŁODZIEŻY  
IN WARSAW**

**INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE  
ANNUAL FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

**BŁASZKOWSKI ADVISORY SERVICES**

Auditor's report contains 3 pages  
Independent Auditor's report  
on the audit of the annual financial statements  
for the financial year ended  
31 December 2019



TRANSLATION

## **INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENT**

**To the Charity's Council „POLSKA FUNDACJA DZIECI I MŁODZIEŻY” in WARSAW.**

### **Opinion**

We have audited the annual financial statements of POLSKA FUNDACJA DZIECI I MŁODZIEŻY seated in Warsaw, ul. Kredytowa 6/20, consisting of:

- the balance sheet as at 31 December 2019, with total assets of and total liabilities of **PLN 9 603 720,30**;
- the profit and loss statement for the year ended 31 December 2019 with a net loss of **PLN -224 809,59**;
- and the supplementary information consisting the introduction to the financial statements, („financial statements”).

In our opinion, the audited financial statements:

- a) present fairly the financial position of the Charity as at 31 December 2019 and the results of its operations for the year then ended in accordance with the regulations of Accounting Act of September 29, 1994 ("The Accounting Act" –Journal of Laws of 2019, item 351) and adopted accounting principles (policies);
- b) are in compliance in the form and extent with the regulations that apply to the Charity and provisions of the Charity's statute;
- c) have been prepared on the basis of properly maintained, in relation to chapter 2 of the Accounting Act, accounting records.

### **Basis for opinion**

We conducted our audit in accordance with National Standards on Auditing in the wording of International Standards of Auditing adopted by the resolution of the National Council of Statutory Auditors No. 3430/52a/2019 of March 21, 2019 on national auditing standards and other documents, as amended (KSB) and as amended pursuant to the Act of May 11, 2017 on statutory auditors, audit companies and public oversight ("Certified Auditors Act" - Journal of Laws of 2019, item 1421, as amended). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.



We are independent of the Charity in accordance with the Code of Ethics for Professional Accountants of the International Federation of Accountants ("IFAC Code") adopted by the resolutions of the National Council of Statutory Auditors and other ethical requirements that apply to the audit of financial statements in Poland. We have fulfilled our other responsibilities under those ethical requirements and under IFAC Code of Ethics. During the audit, the key certified auditor and the audit firm remained independent of the Charity in accordance with the independence requirements set out in the Certified Auditors Act.

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

## **Management and Council responsibilities for the financial statements**

Management is responsible for the preparation, on the basis of properly maintained accounting records, and for the fair presentation of these financial statements in accordance with the Accounting Act, adopted accounting principles (policies) and with the regulations that apply to the Charity and provisions of the Charity's statute. Management is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparation of the financial statements, Management is responsible for assessment of the Charity's ability to continue operations, disclosing, if applicable, matters related to going concern and for adoption the principle of going concern as an accounting basis, except when the Management Board intends either to liquidate the Charity or to discontinue conducting business or there is no real alternative to liquidation or discontinuation of activity.

Management and Charity's Council members are responsible to ensure that the financial statements are prepared in compliance with the requirements as set out in the Accounting Act.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 NSAs ("National Standards of Auditing") 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 financial statements.

Scope of the audit does not include assurance regarding future entity's profitability neither current or future effectiveness or efficiency of its management.

During audit in accordance with the NSAs, we apply professional judgment and maintain professional skepticism, as well as:

- we identify and assess the risks of material misstatement of the financial statements due to fraud or error, design and conduct audit procedures that address these risks and obtain audit evidence that is sufficient and adequate to provide a basis for our opinion; the risk of unrevealed material misstatement due to fraud is greater than that resulting from the error, as the fraud may involve collusion, falsification, intentional omissions, misrepresentation or override of the internal control;



- we gain an understanding of the internal control appropriate to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control;
- we assess the appropriateness of the accounting principles (policy) applied and the reasonableness of accounting estimates and related management disclosures;
- we draw a conclusion on the appropriateness of the entity's Management's application of the going concern principle as an accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty related to events or conditions that may significantly doubt the entity's ability to continue as a going concern; if we come to the conclusion that there is significant uncertainty, we require that we draw attention in our auditor's report to related disclosures in the financial statements or, if such disclosures are inadequate, we modify our opinion; our applications are based on audit evidence obtained up to the date of our audit report, although future events or conditions may cause the entity to cease its operations;
- we assess the overall presentation, structure and content of the financial statements, including disclosure, and whether the financial statements present the underlying transactions and events in a manner that ensures a fair presentation.

## Other information, including Management Activity Report

Based on article 49 paragraph 1 of the Accounting Act, the Charity is not obliged to prepare Management Activity Report to be submitted together with the annual financial statements.

*Signed on the Polish original*

.....  
GRZEGORZ BŁASZKOWSKI

Certified Auditor, register no. 90085

*Key Certified Auditor responsible for the audit and conducting on behalf  
of the auditor's firm Błaszowski Advisory Services,  
on whose behalf the financial statements were audited*

### **BŁASZKOWSKI ADVISORY SERVICES**

ul. Jeziorowa 57 D

03-991 Warsaw

Certified auditor's firm no. 3470

Warsaw, 3 June 2020

*(the above document is translation of the Polish original prepared in electronic form and signed by the certified auditor with the electronic qualified signature)*



**Information Memorandum**  
**for**  
**Polska Fundacja Dzieci i Młodzieży**  
**for the period**  
**from January 1, 2019 to December 31, 2019**

Warsaw, 4<sup>th</sup> June 2020

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**TRANSLATION**

Table of contents

<b>1</b>	<b>GENERAL.....</b>	<b>1</b>
1.1	ENTITIE'S IDENTIFICATION .....	1
1.1.1	Name and registered office .....	1
1.1.2	Scope of activities .....	1
1.1.3	Legal basis of the activity .....	1
1.1.4	Registration in the National Court Register .....	2
1.1.5	Fiscal and statistical registration .....	2
1.1.6	Organisational structure .....	2
1.1.7	Foundation's Council .....	2
1.1.8	Foundatio's Management .....	2
1.1.9	Employment.....	3
1.2	IDENTIFICATION OF THE AUDITED FINANCIAL STATEMENTS.....	3
1.3	THE SCOPE AND THE BASIS OF THE AUDIT .....	3
1.4	PRIOR PERIOD FINANCIAL STATEMENTS .....	4
1.5	EXTERNAL CONTROLS .....	4
<b>2</b>	<b>FINANCIAL ANALYSIS .....</b>	<b>5</b>
2.1	BALANCE SHEET .....	5
2.2	PROFIT AND LOSS STATEMENT.....	6
2.3	SELECTED FINANCIAL RATIOS .....	7
2.4	INTERPRETATION OF SELECTED FINANCIAL RATIOS.....	8
<b>3</b>	<b>DETAILED REPORT .....</b>	<b>9</b>
3.1	CORRECTNESS AND FAIRNESS OF ACCOUNTING BOOKS .....	9
3.2	THE DATA ACCESS PROTECTION .....	9
3.3	ORGANISATION AND FUNCTIONING OF THE INTERNAL CONTROL SYSTEM IN THE FIELD OF BOOKKEEPING .....	10
3.4	THE ACCOUNTING DOCUMENTATION, THE ACCOUNTING BOOKS AND THE FINANCIAL STATEMENTS PROTECTION .....	10
3.5	INVENTORY .....	10
3.6	THE SIGNIFICANT POSITIONS OF THE FINANCIAL STATEMENTS.....	10
3.6.1	Long-term investments – long-term financial assets .....	10
3.6.2	Cash and cash equivalents .....	11
3.6.3	Accruals and deferred incomes .....	11
3.7	SUBSEQUENT EVENTS .....	11
3.8	CONTINGENT LIABILITIES, GRANTED GUARANTIES AND WARRANTIES .....	11
3.9	SUPPLEMENTARY INFORMATION.....	11
3.10	MANAGEMENT ACTIVITY REPORT .....	12
3.11	LETTER OF REPRESENTATION.....	12
3.12	FINAL CLAUSE.....	12
<b>4</b>	<b>FINAL REMARKS .....</b>	<b>12</b>

## **1 GENERAL**

### **1.1 ENTITIE'S IDENTIFICATION**

#### **1.1.1 Name and registered office**

Polska Fundacja Dzieci i Młodzieży („Foundation”) with registered office in Warsaw, ul. Kredytowa 6/20.

#### **1.1.2 Scope of activities**

The activities listed in the Foundation Statute include the following:

- support and promote preventive programs for children and youth within the age from 5 to 20 years that are established to:
  - facilitate the development of young people's practical skills and hence facilitate their transition to adult life,
  - provide opportunities to gain experience that strengthen self-confidence and positive attitudes toward the community,
  - facilitate mutual understanding and furtherance of integration,
  - develop positive personal qualities such as responsibility, emotionality, high self-esteem and tolerance,
  - encourage health awareness and health prevention,
  - equal opportunities of children and youth who have difficult living conditions or material situation,
  - counteract social pathologies,
  - organize leisure time for children and youth;
- maintain a database of verified and effective youth and children programs;
- organizing training courses for the youth, as well as training courses, conferences, seminars, symposia for the persons involved in activities related to education and upbringing, in particular, for teachers, form teachers and other persons working for the benefit of children and youth;
- promote and organize work of volunteers;
- provide technical, training and information-related support for non-governmental organizations in the scope specified in § 4 of Foundation statute

#### **1.1.3 Legal basis of the activity**

In 2019 the Foundation operated on the basis of the following:

- The Foundation's Statute,
- The Foundations Act dated April 6, 1984 (Journal of Laws of 2018, pos. 40 with subsequent amendments),
- The Accounting Act as of September 29, 1994 (Journal of Laws of 2019, pos. 351 with subsequent amendments).

#### **1.1.4 Registration in the National Court Register**

Polska Fundacja Dzieci i Młodzieży was incorporated, for an indefinite period, on the base of the notarial deed Rep. A No 255/92 on April 6, 1992. Entry into the register of charties is dated on May, 5 1992.

Registration in the National Court Register is dated on May, 24 2002 (KRS No. 0000113705).

The above data was confirmed on the basis of online register of the National Court Register dated on 27/05/2020.

#### **1.1.5 Fiscal and statistical registration**

The Foundation's statistical number REGON is: 011566612

The Foundation is registered as a VAT taxpayer under the number NIP: 525-14-34-543

#### **1.1.6 Organisational structure**

The organisational structure of the Foundation consists of the following:

- Foundation's Council
- Foundation's Management

The statutory fund of Foundation as at December 31, 2019 amounted to PLN 5.000.

#### **1.1.7 Foundation's Council**

In 2019 the Foundation's activity was supervised by the Council consisting of the following Members:

- Marek Grzybowski,
- Piotr Nesterowicz.

#### **1.1.8 Foundation's Management**

The Foundation was managed in 2019 by following Members of the Board:

- |                       |                             |
|-----------------------|-----------------------------|
| • Michał Olszański    | President of the Foundation |
| • Maria Zaguła-Holzer | Director of the Foundation  |

The following Members of the Board are authorized to sign on behalf of Foundation:

- in scope of the ordinary actions – Director of the Foundation solely,
- in scope of the extraordinary actions – Director of the Foundation and other Board Member jointly,
- the proxies in the range of the given them proxy.



The accounting books are kept by TAXUS Anna Pyrz-Rogozińska, seated in Warsaw, ul. Kredytowa 3A/150 - the identification certificate No. 8049/2004 issued by the Ministry of Finance.

### **1.1.9 Employment**

In the financial year 2018, employment was as follows:

- average employment in 2019 - 7,33 persons
- the state of employment as at 31.12.2019 - 14 persons

## **1.2 IDENTIFICATION OF THE AUDITED FINANCIAL STATEMENTS**

The financial statements prepared for 2019, that are the subject of this memorandum include:

- the introduction to the financial statements,
- the balance sheet as at 31 December 2019, with total assets of and total liabilities and equity of **PLN 9 603 720,30**;
- the profit and loss statement for the period ended 31 December 2019 with a net loss of **PLN - 224 809,59**;
- and the supplementary information consisting the supplementary information and explanations.

Our opinion on the financial statements, which was published in a separate document, does not include verification of the Management Activity Report.

## **1.3 THE SCOPE AND THE BASIS OF THE AUDIT**

According to the agreement concluded in February 2020 the Management Board engaged Błaszowski Advisory Services, Grzegorz Błaszowski located in Warsaw, ul. Jeziorowa 57d – the auditor's firm, registered by Polish Chamber of Statutory Auditors in Poland under No. 3470 - to audit of the financial statements of Polska Fundacja Dzieci i Młodzieży for the financial year from January 1, 2019 to December 31, 2019.

In accordance to the resolution of Foundation's Council dated February 25, 2020, Błaszowski Advisory Services was nominated as an auditor for the year 2019.

Grzegorz Błaszowski signed the independent auditor's report on the audit as a key certified auditor responsible for the audit and acting on behalf of the auditor's firm Błaszowski Advisory Services.

Both Błaszowski Advisory Services and the key certified auditor are independent of the Foundation in accordance with art. 69-73 of Act of May 11, 2017 on certified auditors, auditing companies and public oversight ("Certified Auditors Act" - Journal of Laws of 2019, item 1421) and in accordance with the Code of Ethics for Professional Accountants.

The planned scope of audit has not been limited. During the audit, auditors were provided with all requested data and information.

The Management provided the auditors with the Representation Letter confirming:

- completeness and reliability of the Foundation's accounting books and financial statements,
- disclosure of all events, which occurred after the balance date and which could significantly influence on the opinion on fairness and accuracy of the financial statements or valuation of corporate financial and property-related situation of the audited entity.

The audit has been carried out from May,14 2020 to the date of this memorandum.

We conducted our audit in accordance with National Standards on Auditing in the wording of International Standards of Auditing adopted by the resolution of the National Council of Statutory Auditors No. 3430/52a/2019 of March 21, 2019 on national auditing standards and other documents, as amended (KSB) and as amended pursuant to the Act of May 11, 2017 on statutory auditors, audit companies and public oversight ("Certified Auditors Act" - Journal of Laws of 2019, item 1421, as amended).

The objective of the audit was to prove that the financial statements and accounting books are free from material misstatements. The audit consisted in assessing the accounting principles, applied by the Foundation, as well in general assessing the financial statements.

#### **1.4 PRIOR PERIOD FINANCIAL STATEMENTS**

The financial statements prepared as on December 31, 2018, were the base of opening the accounting books of the Company on January 1, 2019.

The financial statements for 2018 have been audited by auditor's firm reg. no. 3470 Błaszowski Advisory Services, and obtained the unqualified opinion on 18 June 2019 year.

#### **1.5 EXTERNAL CONTROLS**

In accordance with the information received from the management and accounting office, in the audited period there were no external controls referring to the financial statements.

## 2 FINANCIAL ANALYSIS

The results of the Foundation's operations and its financial situation are presented in the tables below.

### 2.1 BALANCE SHEET

ASSETS		31.12.2019 (PLN)	% of total	31.12.2018 (PLN)	% of total
A.	NON-CURRENT ASSETS	3 483 585,75	36%	3 645 851,17	40%
I.	Intangible fixed assets	0,00	0%	0,00	0%
II.	Tangible assets	412 834,88	4%	429 794,96	5%
1.	Buildings and structures	412 834,88	4%	429 794,96	5%
2.	Plant and machinery	0,00	0%	0,00	0%
III.	Long-term receivables	0,00	0%	0,00	0%
IV.	Long-term investments	3 070 750,87	32%	3 216 056,21	35%
V.	Long-term deferred costs and prepayments	0,00	0%	0,00	0%
B.	CURRENT ASSETS	6 120 134,55	64%	5 521 600,52	60%
I.	Inventory	0,00	0%	0,00	0%
II.	Short-term receivables	1 599 516,98	17%	1 268 966,40	14%
III.	Short-term investments	3 259 142,78	34%	3 681 678,39	40%
1.	Cash and cash equivalents	3 259 142,78	34%	3 681 678,39	40%
IV.	Short-term deferred costs and prepayments	1 261 474,79	13%	570 955,73	6%
Total assets		9 603 720,30	100%	9 167 451,69	100%
EQUITY AND LIABILITIES		31.12.2019 (PLN)	% of total	31.12.2018 (PLN)	% of total
A.	FUND	6 765 879,05	70%	7 400 348,54	81%
I.	Statutory fund	5 000,00	0%	5 000,00	0%
II.	Other funds - revaluation fund	326 750,87	3%	736 410,77	8%
III.	Previous year profit (loss)	6 658 937,77	69%	5 780 523,08	63%
IV.	Net profit (loss)	-224 809,59	-2%	878 414,69	10%
B.	LIABILITIES AND PROVISIONS FOR LIABILITIES	2 837 841,25	30%	1 767 103,15	19%
I.	Provisions for liabilities	0,00	0%	0,00	0%
II.	Long-term liabilities	0,00	0%	0,00	0%
III.	Short-term liabilities	1 263 145,52	13%	538 720,32	6%
IV.	Accruals and deferred incomes	1 574 695,73	16%	1 228 382,83	13%
Total equity and liabilities		9 603 720,30	100%	9 167 451,69	100%

## 2.2 PROFIT AND LOSS STATEMENT

Item	01.01.2019 - 31.12.2019	% of total revenues from statutory activities	01.01.2018 - 31.12.2018	% of total revenues from statutory activities
<b>A. Revenues from statutory activities</b>	<b>3 445 842,28</b>	<b>100%</b>	<b>4 800 897,36</b>	<b>100%</b>
I. Income from unpaid public benefit activity	3 445 842,28	100%	4 800 897,36	100%
II. Income from paid public benefit activity	0,00	0%	0,00	0%
III. Income from other statutory activities	0,00	0%	0,00	0%
<b>B. Costs of realization of statute activity</b>	<b>4 332 867,92</b>	<b>126%</b>	<b>3 922 768,48</b>	<b>82%</b>
I. Costs of unpaid public benefit activities	4 332 867,92	126%	3 922 768,48	82%
II. Costs of paid public benefit activities	0,00	0%	0,00	0%
III. Costs of other statutory activities	0,00	0%	0,00	0%
<b>C. Profit (loss) on statutory activity (A-B)</b>	<b>-887 025,64</b>	<b>-26%</b>	<b>878 128,88</b>	<b>18%</b>
<b>D. Income from business activity</b>	<b>0,00</b>	<b>0%</b>	<b>0,00</b>	<b>0%</b>
<b>E. Costs of business activity</b>	<b>0,00</b>	<b>0%</b>	<b>0,00</b>	<b>0%</b>
<b>F. Profit (loss) on business activity (D-E)</b>	<b>0,00</b>	<b>0%</b>	<b>0,00</b>	<b>0%</b>
<b>G. General administrative expenses</b>	<b>7 176,38</b>	<b>0%</b>	<b>50 349,23</b>	<b>1%</b>
<b>H. Operating profit (loss) (C+F-G)</b>	<b>-894 202,02</b>	<b>-26%</b>	<b>827 779,65</b>	<b>17%</b>
<b>I. Other operating income</b>	<b>6 640,58</b>	<b>0%</b>	<b>2 420,79</b>	<b>0%</b>
<b>J. Other operating costs</b>	<b>3,19</b>	<b>0%</b>	<b>2,28</b>	<b>0%</b>
<b>K. Financial income</b>	<b>662 852,78</b>	<b>19%</b>	<b>48 216,54</b>	<b>1%</b>
<b>L. Financial expenses</b>	<b>56,74</b>	<b>0%</b>	<b>0,01</b>	<b>0%</b>
<b>M. Profit (loss) before taxation (H+I-J+K-L)</b>	<b>-224 768,59</b>	<b>-7%</b>	<b>878 414,69</b>	<b>18%</b>
<b>N. Income tax</b>	<b>41,00</b>	<b>0%</b>	<b>0,00</b>	<b>0%</b>
<b>O. Net profit (loss) (M-N)</b>	<b>-224 809,59</b>	<b>-7%</b>	<b>878 414,69</b>	<b>18%</b>

## 2.3 SELECTED FINANCIAL RATIOS

		unit	2019	2018
<b>Major items/ Ratios of structure</b>				
<b>Total assets (total equity and liabilities)</b>		zł	9 603 720,30	9 167 451,69
<b>Net profit (loss)</b>		zł	-224 809,59	878 414,69
<b>Revenues from statutory activities</b>		zł	3 445 842,28	4 800 897,36
<b>Stable fund</b>	(fund + long term liabilities)	zł	6 765 879,05	7 400 348,54
<b>Structure of assets</b>	(tangible assets/ current assets) * 100%	%	56,9%	66,0%
<b>Structure of equity and liabilities</b>	(fund/ liabilities and provisions for liabilities) * 100%	%	238,4%	418,8%
<b>Liquidity ratios</b>				
<b>Liquidity ratio I</b>	(current assets/ short-term liabilities)		4,8	10,2
<b>Liquidity ratio III</b>	(cash and cash equivalents/ short-term liabilities)		2,6	6,8
<b>Debt ratios</b>				
<b>Debt ratio</b>	(total liabilities/ total assets) * 100%	%	13,2%	5,9%
<b>Cost level ratio</b>	<b>Administrative cost level ratio</b> (administrative expenses/ statutory expenses) *100%	%	0,2%	1,3%

## **2.4 INTERPRETATION OF SELECTED FINANCIAL RATIOS**

### **Liquidity ratios**

Liquidity ratios at the end of the audited period were at high, safe levels, which is the effect of a significant cash balance- 34% of the balance sheet sum at the end of 2019. In 2019, the liquidity ratio I decreased (as at 31 December 2018 amounted to 10,2), while at the end of the audited period it was at the level of 4,8 due to the increase in the level of short-term liabilities resulting from grants awarded to the Foundation's beneficiaries in 2019, which were disbursed in the following year. The liquidity ratio III in 2019 also decreased compared to the previous year due to the increase in short-term liabilities. However, it indicates that the funds accumulated on the Foundation's bank accounts are almost three times higher than its short-term liabilities, which confirms the entity's high liquidity.

### **Debt ratios**

The general debt ratio at the end of 2019 amounted to 13,2% and remains at a safe level reflecting the ratio of the Foundation's total liabilities to its assets.

### **Administrative cost level ratio**

The level of administrative expenses, covering general administrative expenses in 2019 was at a very low level and amounted to 0,2%.

### **Going concern**

During the audit of the financial statements, we did not find any circumstances that would indicate the risk of discontinuance or significant limitation of the current activity and the inability to its continuance by the audited Foundation, at least in the following financial year. The main source of funding for the Foundation is the Polish-American Freedom Foundation, which transferred to the Foundation in 2019 a subsidy of over 85% of all statutory revenues of the audited entity.

Section 3.7 of this memorandum describes the impact of the COVID-19 virus pandemic on the Foundation's activity, in which it was noted that based on the comparison made by the Management Board of the level of subsidies received from the first half of 2019 and 2020, it was found that the level of subsidies was not lower in 2020 year. The Management Board expects that the programs started at the beginning of 2020 will be carried out. The form of contacts for project participants is carried out remotely and the trainings are conducted online. The foundation employees have been introduced the opportunity to work remotely and most have used this opportunity. In the current circumstances, the Management Board has not identified events that would significantly and permanently affect the Foundation's ability to continue as a going concern.

### **3 DETAILED REPORT**

#### **3.1 CORRECTNESS AND FAIRNESS OF ACCOUNTING BOOKS**

The Foundation possesses the documentation describing applied accounting principles, which is required by art. 10 of the Accounting Act.

Applied specification of synthetic and analytical accounts allows grouping the accounting data in sections necessary to prepare the financial statements in the patterns determined by appropriate legal regulations.

In 2019 the Foundation's accounting books were kept using the software accounting system RAKS SQL.

The above software tool used allow to obtain current information on the Foundation's activity results and its financial situation. They also enable immediate access to any data registered on the individual accounts and reconciling the transactions with customers.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system. Our assessment covered in particular:

- appropriateness and consistency of the accounting principles used,
- correctness of the documentation of transactions,
- fairness, accuracy and verifiability of the accounting books, including the matching of accounting entries with supporting documentation and with the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, accounting books and the financial statements with the Accounting Act.

In the course of the audit work we have not identified material misstatements in the accounting system which have not been corrected and that could have a material impact on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

#### **3.2 THE DATA ACCESS PROTECTION**

The entity has the instruction of the hardware and data access protection, and the software has embedded protection system against not entitled users.

### 3.3 ORGANISATION AND FUNCTIONING OF THE INTERNAL CONTROL SYSTEM IN THE FIELD OF BOOKKEEPING

Polska Fundacja Dzieci i Młodzieży has implemented the system of internal control based on supervisory functions exercised by the Director of the Foundation and the Management Board.

The basis for recording transactions in accounting books is accounting evidence as defined in the Accounting Act. The evidence is appropriately numbered according to the separate data sets and stored at the office of accounting office TAXUS Anna Pyrz-Rogosińska with its registered office in Warsaw ul. Kredytowa 3A / 150.

Accounting documents before their approval are usually verified both in terms of formal and accounting, as well as in substantive terms, by authorized persons - which is documented by the signatures on documents.

### 3.4 THE ACCOUNTING DOCUMENTATION, THE ACCOUNTING BOOKS AND THE FINANCIAL STATEMENTS PROTECTION

The entity has a data protection and archiving system:

- documentation according to art.10.1. of the Accounting Act,
- accounting documents,
- accounting books (including those kept using a computer),
- inventory documents,
- financial statements

according to Chapter 8 of the Accounting Act

### 3.5 INVENTORY

Assets and liabilities disclosed in the balance sheet that have significant values have been confirmed by inventory carried out in the form of written confirmation of balances regarding:

- cash balance on bank accounts,
- participation units in ING Funds,
- treasury bonds.

### 3.6 THE SIGNIFICANT POSITIONS OF THE FINANCIAL STATEMENTS

#### 3.6.1 Long-term investments – long-term financial assets

As at 31/12/2019, in this position, the Foundation recognized acquired participation units and treasury bonds with the total value disclosed in the balance sheet in the amount of PLN 3 070 750,87.

	Purchase price	Valuation	Market value
Bond Subfund	322 000,00	77 346,49	399 346,49
Global Subfund			
Dividend Companies	322 000,00	212 654,38	534 654,38
Treasury bonds	2 100 000,00	36 750,00	2 136 750,00
<b>TOTAL</b>	<b><u>2 744 000,00</u></b>	<b>326 750,87</b>	<b><u>3 070 750,87</u></b>



Participation units and treasury bonds were valued at market value, i.e. pursuant to art. 28 § 1 point 3 and art. 35 § 4 of the Accounting Act. The gain on revaluation as at December 31, 2019 in the amount of PLN 326 750,87 was transferred to the revaluation fund.

### **3.6.2 Cash and cash equivalents**

As at 31/12/2019, in this item, the Foundation disclosed the amount of PLN 3 259 142,78. This amount applies to the whole of cash assets - resources on the Foundation's bank accounts.

The balance disclosed in the balance sheet includes:

<b>Specification</b>	<b>Value</b>	<b>(%)</b>
Current bank accounts	178 142,78	5,5
Deposits	3 081 000,00	94,5
<b>Total</b>	<b><u>3 259 142,78</u></b>	<b><u>100,0</u></b>

### **3.6.3 Accruals and deferred incomes**

Deferred incomes recognized in liabilities in the amount of PLN 1 574 695,73 are subsidies granted to the Foundation but not paid by December 31, 2019 mainly donations from the Polish-American Freedom Foundation, which made payments in 2020 in accordance with the schedule included in the agreement signed with the Foundation. Deferred costs and prepayments are mainly grants awarded by the Foundation, but not paid by 31/12/2019 in the amount of PLN 1 258 931,00, which were transferred to beneficiaries in over 80% by the end of May 2020.

## **3.7 SUBSEQUENT EVENTS**

In the notes to the financial statements for 2019, the Foundation Management Board included information of the COVID-19 virus pandemic impact on its activities and stated, based on a comparison of the level of subsidies received from the first half of 2019 and 2020, that the level of subsidies is not lower in 2020. The Management Board expects that the programs started at the beginning of 2020 will be carried out. The form of contacts for project participants is carried out remotely and the trainings are conducted online. The foundation employees have been introduced the opportunity to work remotely and most have used this opportunity. In the current circumstances, the Management Board has not identified any events that would significantly and permanently affect the ability to continue the Foundation's operations.

## **3.8 CONTINGENT LIABILITIES, GRANTED GUARANTIES AND WARRANTIES**

According to the statement of the Foundation's director, no other contingent liabilities, guaranties and warranties other than those disclosed in the financial statements have occurred.

## **3.9 SUPPLEMENTARY INFORMATION**

The Foundation prepared the supplementary information to the financial statements in accordance with the regulations of the Accounting Act dated September 29, 1994, relevant to entities referred to in art. 3 paragraph 2 of the Act of 24, April 2003 on public benefit activities and voluntary work in accordance with Appendix 6 to the Accounting Act. The notes include information, which was not stated in the balance

sheet and profit and loss account, but is necessary for giving true and fair view of the Foundation's financial standing, the results of its operations and profitability.

### **3.10 MANAGEMENT ACTIVITY REPORT**

Based on article no. 49 paragraph 1 of the Accounting Act, the Foundation is not obliged to prepare Management Activity Report to be submitted together with the annual financial statements.

### **3.11 LETTER OF REPRESENTATION**

Foundation's Management submitted written representation letter confirming complete disclosure of the data in the accounting books, disclosure any contingent liabilities and significant events subsequent to the balance sheet day.

### **3.12 FINAL CLAUSE**

We audited the fairness and accuracy of the financial statements for the period from January 1, 2019 till December 31, 2019. Individual notes have been prepared in accordance with Appendix 6 to Accounting Act and they meet its requirements. In the process of the audit no law-breaking has been identified.

An audit includes examining, primarily on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well the items of settlements with the State. Concerning above, the discrepancies may occur between the results of the possible tax inspections, made by full, comprehensive method and the conclusions outlined in this memorandum.

The evaluation of the financial statements prepared for 2019 year is included in The Independent Auditor's Report on the financial statements, that is a separate document.

## **4 FINAL REMARKS**

The information memorandum contains 12 subsequently numbered pages, signed by the auditor.

The polish version of the information memorandum constitutes the original.

*Signed on the Polish original*

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GRZEGORZ BŁASZKOWSKI  
Certified Auditor, register no. 90085

### **BŁASZKOWSKI ADVISORY SERVICES**

ul. Jeziorowa 57 D  
03-991 Warsaw  
Certified auditor's firm no. 3470

Warsaw, 4<sup>th</sup> June 2020