

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

**To the Management Board and Council of „POLSKA FUNDACJA DZIECI I  
MŁODZIEŻY”**

### **Report on the audit of annual financial statements**

#### **Opinion**

We have audited the annual financial statements of POLSKA FUNDACJA DZIECI I MŁODZIEŻY with its seat in Warsaw, Kredytowa 6/20 (“the Entity”), consisting of:

- Introduction to the financial statements
- Balance sheet, prepared as on December 31, 2020, which by the side of assets and equity with liabilities indicated the amount of **PLN 9.115.066,39**
- P&L for the period from January 1, 2020 till December 31, 2020, closed with the net profit in the amount of **PLN 975.828,65**
- Notes to the financial statements (“Financial Statements”).

This report was prepared in the form of an electronic file called "Raport\_finansowe\_2020\_PFD\_M\_ZH\_MO.xml" with electronic signatures on March 26, 2021 by the Entity's Management Board and by the person entrusted with keeping the accounting books.

In our opinion the attached annual financial statements of the Entity:

- give a true and fair view of the economic and financial situation of the Entity as at 31 December 2020 and its financial result and for cash flow for the financial year ended on that day, in accordance with the applicable provisions of the Accounting Act of September 29, 1994 (“Accounting Act”, Journal of Laws of 2021, item 217 with future changes) and the adopted accounting principles (policies),
- comply, in all material respects, with regard to form and content, with applicable laws and the provisions of the Entity's articles of association,
- were prepared based on properly maintained books of account in accordance with the provisions of Chapter 2 of the Accounting Act.

### ***Basis for Opinion***

Our audit of the financial statements was performed in accordance with National Standards on Auditing as amended by the International Standards on Auditing adopted by the resolution of the National Council of Statutory Auditors No. 3430/52a/ 2019 of March 21, 2019 regarding national standards on auditing and other documents with future changes ("KSB") as well as pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight ("the Act on Registered Auditors"- Journal of Laws of 2020, item 1415),

Our liability in accordance with these standards is further described in the section of our report: *Auditors' responsibility for audit of the financial statements*.

We are independent from the Entity in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethical Standards Board for Accountants ("IESBA Code") adopted by the resolution of the National Chamber of Statutory Auditors No 3431/52a/2019 of March 25, 2019 on the principles of professional ethics for statutory auditors and other ethical requirements that apply to the audit of financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IESBA Code. During the audit works, the key statutory auditor and the audit firm remained independent from the Entity in accordance with the independence requirements set out in the Act on Certified Auditors.

We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for expressing our opinion.

### ***Responsibility of the Management Board and the Council of the Foundation for the financial statements***

The Management Board of the Entity is responsible for the preparation, based on properly maintained books on account of financial statements and fairly presentation, in accordance with the provisions of the Accounting Act and the adopted accounting principles (policies), as well as the applicable laws, and the Entity's Articles of Association.

The Management Board of the Entity is responsible also for the internal control which is considered necessary to prepare a financial statement without significant distortion caused by fraud or error.

When preparing the financial statements, the Management Board is responsible for assessing the Entity's ability to continue its operations, disclosing, if applicable, matters related to going concern and adopting the principle of going concern as an accounting basis, except situation when the Management Board intends either to liquidate the Entity or to discontinue conducting business or if there is no viable alternative to liquidation or discontinuation of activity.

According to the Accounting Act, the Management Board and members of the Supervisory Board and the Council of the Foundation are required to ensure that the financial statements are in compliance with the requirements set forth in the Accounting Act. Members of the Council of the Foundation are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's responsibility for audit of the financial statements***

Our objectives are to obtain reasonable assurance that the financial statements (as a whole) do not contain any material misstatement due to fraud or error and to issue a report containing our opinion. Reasonable assurance is a high level of certainty, but it does not guarantee that the audit conducted in accordance with the KSBs will always detect the existing significant distortion. Distortions may arise as a result of fraud or error and are considered material if it can be reasonably expected that individually (or in aggregate) they could influence the users' economic decisions 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.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Draw a conclusion on the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements, based on the audit evidence obtained, whether there is material uncertainty related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that there is material uncertainty, it is required to 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 conclusions are based on audit evidence obtained up to the date of report issuance by the certified auditor, however, future events or conditions may cause the entity to discontinue its business operations;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## **Other information, including the Management 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.

The key statutory auditor responsible for the audit, which resulted in this report is Małgorzata Pomaska, acting on behalf of PBR AUDIT Spółka z ograniczoną odpowiedzialnością Sp. k. seated in Warsaw, 02-566, Puławska 12/3, entered on the list of audit firms under number 3270, on behalf of which the key statutory auditor audited the financial statements.

The original version of the Report on the audit has been drawn up in Polish version in electronic form and affixed with qualified electronic signature of the statutory auditor.

*Małgorzata Pomaska*

*Key statutory Auditor No. 10074:*

*Warsaw, June 4, 2021*

*(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**  
**Polska Fundacja Dzieci i Młodzieży**  
**for the period**  
**from January 1, 2020 till December 31, 2020.**

**Warsaw, June 2021**

**Index**

<b>1</b>	<b>GENERAL SECTION</b>	<b>3</b>
1.1	IDENTIFICATION OF THE EXAMINED ENTITY	3
1.2	IDENTIFICATION OF THE AUDITED FINANCIAL STATEMENTS	5
1.3	THE SCOPE AND THE BASIS OF THE AUDIT	6
1.4	THE INFORMATION ABOUT THE FINANCIAL STATEMENTS FOR PRECEDING YEAR	7
1.5	EXTERNAL INSPECTIONS	7
<b>2</b>	<b>THE FINANCIAL POSITION ANALYSIS</b>	<b>8</b>
2.1	SUMMARY THE FINANCIAL STATEMENTS	8
2.2	SELECTED FINANCIAL RATIOS	10
2.3	INTERPRETATION OF PRESENTED FIGURES AND RATES	10
<b>3</b>	<b>DETAILED SECTION</b>	<b>12</b>
3.1	CORRECTNESS AND FAIRNESS OF ACCOUNTING BOOKS	12
3.2	THE DATA ACCESS PROTECTION	12
3.3	THE REPORT ON ORGANISATION AND FUNCTIONING OF THE INTERNAL CONTROL SYSTEM IN THE FIELD OF BOOKKEEPING	12
3.4	THE ACCOUNTING DOCUMENTATION, THE ACCOUNTING BOOKS AND THE FINANCIAL STATEMENTS PROTECTION	13
3.5	STOCKTAKING	13
3.6	REPORT ON THE SIGNIFICANT POSITIONS OF THE FINANCIAL STATEMENTS	13
3.7	SUBSEQUENT EVENTS	14
3.8	CONTINGENT LIABILITIES AND GRANTED GUARANTIES AND WARRANTIES	14
3.9	NOTES TO THE FINANCIAL STATEMENTS	14
3.10	MANAGEMENT REPORT	14
3.11	LETTER OF REPRESENTATION	14
3.12	FINAL CLAUSE	15
<b>4</b>	<b>FINAL REMARKS</b>	<b>15</b>

## **1 GENERAL SECTION**

### **1.1 IDENTIFICATION OF THE EXAMINED ENTITY**

#### **1.1.1 Name and seat**

Polska Fundacja Dzieci i Młodzieży with the registered office in Warsaw; Kredytowa 6/20.

#### **1.1.2 The subject of business activity**

The activities listed in the Foundation Statute include the following:

- support and promote preventive programs for children and youth within the age bracket 5-20 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 business activity**

In the fiscal year 2020 the Foundation operated on the basis of the following:

- The Foundation Statute,
- The Act about foundations dated April 6, 1984 (Journal of Laws of 2020, pos. 2167),
- The Act on Accountancy as of September 29, 1994 (Journal of Laws of 2021, pos. 217 with subsequent amendments).

#### **1.1.4 Court Registration**

Polska Fundacja Dzieci i Młodzieży was incorporated on the base of the notarial deed Rep. A No 255/92 on April 6, 1992 and on base of rekord in foundations register dated May 5, 1992.

The Foundation was registered in the National Court Register under no KRS 0000113705 on May 24, 2002.

The last online extract from KRS is dated 26.05.2021.

#### **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 bodies:

- Council of Foundation
- The Management Board

The Foundation has no division.

The statutory fund of Foundation as at December 31, 2020 amounted to PLN 5.000.

#### **1.1.7 Council of Foundation**

In the fiscal year 2020 the Foundation's activity was supervised by Supervisory Board consisting in the following Members:

- Marek Grzybowski,
- Piotr Nesterowicz.

#### **1.1.8 The representation of the Foundation**

The Foundation was manager in 2020 by the Board of Directors consisting of the following members:



- Michał Olszański – President of the Foundation
- Wojciech Olewniczak – Vice President and Treasurer of the Foundation to 17.02.2020
- Maria Zaguła-Holzer – Member – Director of the Foundation

The following persons are authorized to sign on behalf of Foundation:

- in scope of ordinary actions – Director of the Foundation solely,
- in scope of 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, Kredytowa str. 3A/150, entitled to run the business in compliance with the identification certificate No. 8049/2004 issued by the Minister of Finance.

#### **1.1.9 Employment**

The employment in the fiscal year 2020 looked as follows:

- average employment in the year - 4,62 posts
- the state of employment as on 31.12.2020 - 4 persons

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

The financial statements, subjected to the audit, include the following:

- Introduction to the financial statements
- Balance sheet, prepared as on December 31, 2020, which by the side of assets and equity with liabilities indicated the amount of **PLN 9.115.066,39**
- P&L for the period from January 1, 2020 till December 31, 2020, closed with the net profit in the amount of **PLN 975.828,65**
- Notes to the financial statements including: general information and explanatory notes to the balance sheet and profit and loss account

This report was prepared in the form of an electronic file called "Raport\_finansowe\_2020\_PFDm\_AP\_MZH\_MO.xml" with electronic signatures on March 26, 2021 by the Foundation's Management Board and by the person entrusted with keeping the accounting books.

Our opinion on the financial statements, which was published in a separate document, does not include the report on the entity's operations.

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

According to the agreement concluded March 19, 2021, the Management Board engaged PBR Audit Limited Partnership located in Warsaw, ul. Puławska 12/3 – the entity entitled to statutory audits, registered by Polish Audit Oversight Agency in Poland under No 3270 - to audit the financial statements of Polska Fundacja Dzieci i Młodzieży for the fiscal year from January 1, 2020 till December 31, 2020.

In accordance to the resolution no 1 of Council of Foundation dated March 8, 2021, PBR AUDIT Limited Partnership Certified Public Accountants was chosen as auditor for the year 2020.

The audit was carried out by the certified auditor Małgorzata Pomaska reg. no. 10074.

PBR Audit as well as the auditor carrying out the audit are independent from the Entity in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethical Standards Board for Accountants ("IESBA Code") adopted by the resolution of the National Chamber of Statutory Auditors No 3431/52a/2019 of March 25, 2019 on the principles of professional ethics for statutory auditors and other ethical requirements that apply to the audit of financial statements in Poland. We have fulfilled our other ethical obligations in accordance with these requirements and the IESBA Code. During the audit works, the key statutory auditor and the audit firm remained independent from the Entity in accordance with the independence requirements set out in the Act on Certified Auditors.

The planned scope of audit works was not limited in any way. In the course of the audit works the auditors were provided with the all demanded information and data.

The Board of Directors provided the auditors with the Letter of Representation confirming:

- completeness and reliability of the Foundation's books and financial statements,
- disclosure of all events, which occurred after the balance date and which could significantly influence 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,10 2021 to the date of this memorandum.

Our audit of the financial statements was performed in accordance with National Standards on Auditing as amended by the International Standards on Auditing adopted by the resolution of the National Council of Statutory Auditors No. 3430/52a/ 2019 of March 21, 2019 regarding national standards on auditing and other documents with future changes ("KSB") as well as pursuant to the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight ("the Act on Registered Auditors"- Journal of Laws of 2020, item 1415).

The aim of the audit was to prove the lack of essential errors in the financial statements and in the books kept. The audit consisted of the evaluation of the Accounting Principles, applied by the Foundation, as well as the general evaluation of the statements presented.

Possible punishable events e.g. abuses or other incorrectness occurring outside the accounting system, were beyond the scope of audit.

#### **1.4 THE INFORMATION ABOUT THE FINANCIAL STATEMENTS FOR PRECEDING YEAR**

The financial statements as on December 31, 2019, approved on June 3, 2020 by the resolution of the Board of Directors, were the base of opening the accounting books of the Foundation on January 1, 2020.

Before the approval, the financial statements 2019 have been audited by entitled firm reg. no. 3470 Błaszowski Advisory Services in Warsaw, and obtained the unqualified opinion.

#### **1.5 EXTERNAL INSPECTIONS**

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 THE FINANCIAL POSITION ANALYSIS

### 2.1 SUMMARY THE FINANCIAL STATEMENTS

#### 2.1.1 Balance sheet

The Foundation's financial and property-related situation and the result on the activity are presented below.

ASSETS	31.12.2018	% of total	31.12.2019	% of total	31.12.2020	% of total
<b>Non-current assets</b>	<b>3.645.851,17</b>	<b>39,77</b>	<b>3.483.585,75</b>	<b>36,27</b>	<b>3.512.447,05</b>	<b>38,53</b>
Tangible fixed assets	429.794,96	4,69	412.834,88	4,30	395.874,80	4,34
Long term receivables	0,00	0,00	0,00	0,00	0,00	0,00
Long term investments	3.216.056,21	35,08	3.070.750,87	31,97	3.116.572,25	34,19
<b>Current assets</b>	<b>5.521.600,52</b>	<b>60,23</b>	<b>6.120.134,55</b>	<b>63,73</b>	<b>5.602.619,34</b>	<b>61,47</b>
Inventory	0,00	0,00	0,00	0,00	5.776,78	0,06
Short term receivables	1.268.966,40	13,84	1.599.516,98	16,66	13.344,00	0,15
Short term investments	3.681.678,39	40,16	3.259.142,78	33,94	4.254.190,17	46,67
Short term prepayments and deferent expenses	570.955,73	6,23	1.261.474,79	13,13	1.329.308,39	14,59
<b>TOTAL ASSETS</b>	<b>9.167.451,69</b>	<b>100,00</b>	<b>9.603.720,30</b>	<b>100,00</b>	<b>9.115.066,39</b>	<b>100,00</b>

EQUITY AND LIABILITIES	31.12.2018	% of total	31.12.2019	% of total	31.12.2020	% of total
<b>Fund</b>	<b>7.400.348,54</b>	<b>80,72</b>	<b>6.765.879,05</b>	<b>70,45</b>	<b>7.787.529,08</b>	<b>85,44</b>
Statutory fund	5.000,00	0,05	5.000,00	0,05	5.000,00	0,05
Fund from the update	736.410,77	8,03	326.750,87	3,40	372.572,25	4,09
Previous years - profit (loss)	5.780.523,08	63,06	6.658.937,77	69,34	6.434.128,18	70,59
Net profit (loss)	878.414,69	9,58	(224.809,59)	(2,34)	975.828,65	10,71
<b>Liabilities and provisions for liabilities</b>	<b>1.767.103,15</b>	<b>19,28</b>	<b>2.837.841,25</b>	<b>29,55</b>	<b>1.327.537,31</b>	<b>14,56</b>
Provisions for liabilities	-	-	-	-	-	-
Short term liabilities	538.720,32	5,88	1.263.145,52	13,15	1.327.537,31	14,56
Accruals and deferred incomes	1.228.382,83	13,40	1.574.695,73	16,40	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9.167.451,69</b>	<b>100,00</b>	<b>9.603.720,30</b>	<b>100,00</b>	<b>9.115.066,39</b>	<b>100,00</b>

## 2.1.2 Profit and loss account

	01.01.2018- 31.12.2018	% of total revenues from statute activity	01.01.2019- 31.12.2019	% of total revenues from statute activity	01.01.2020- 31.12.2020	% of total revenues from statute activity
<b>A. Revenues from statutory activities</b>	<b>4.800.897,36</b>	<b>100,00</b>	<b>3.445.842,28</b>	<b>100,00</b>	<b>4.284.880,50</b>	<b>100,00</b>
I. Income from unpaid public benefit activity	4.800.897,36	100,00	3.445.842,28	100,00	4.284.880,50	100,00
II. Income from paid public benefit activity	0,00	0,00	0,00	0,00	0,00	0,00
III. Income from other statutory activities	0,00	0,00	0,00	0,00	0,00	0,00
<b>B. Costs of realization of statute activity</b>	<b>3.922.768,48</b>	<b>81,71</b>	<b>4.332.867,92</b>	<b>125,74</b>	<b>3.369.005,95</b>	<b>78,63</b>
I. Costs of unpaid public benefit activity	3.922.768,48	81,71	4.332.867,92	125,74	3.369.005,95	78,63
II. Costs of paid public benefit activities	0,00	0,00	0,00	0,00	0,00	0,00
III. Costs of other statutory activities	0,00	0,00	0,00	0,00	0,00	0,00
<b>C. Profit (loss) on statutory activity (A-B)</b>	<b>878.128,88</b>	<b>18,29</b>	<b>(887.025,64)</b>	<b>(25,74)</b>	<b>915.874,55</b>	<b>21,37</b>
<b>D. Income from business activity</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>E. Costs of business activity</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>F. Profit (loss) on business activity (D-E)</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>G. General administrative expenses</b>	<b>50.349,23</b>	<b>1,05</b>	<b>7.176,38</b>	<b>0,21</b>	<b>7.253,78</b>	<b>0,17</b>
<b>H. Operating profit (loss) (C+F-G)</b>	<b>827.779,65</b>	<b>17,24</b>	<b>(894.202,02)</b>	<b>(25,95)</b>	<b>908.620,77</b>	<b>21,21</b>
<b>I. Other operating income</b>	<b>2.420,79</b>	<b>0,05</b>	<b>6.640,58</b>	<b>0,19</b>	<b>1,43</b>	<b>0,00</b>
<b>J. Other operating cost</b>	<b>2,28</b>	<b>0,00</b>	<b>3,19</b>	<b>0,00</b>	<b>9,02</b>	<b>0,00</b>
<b>K. Financial income</b>	<b>48.216,54</b>	<b>1,00</b>	<b>662.852,78</b>	<b>19,24</b>	<b>67.215,47</b>	<b>1,57</b>
<b>L. Financial expenses</b>	<b>0,01</b>	<b>0,00</b>	<b>56,74</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>M. Gross profit (loss) (H+I-J+K-L)</b>	<b>878.414,69</b>	<b>18,30</b>	<b>(224.768,59)</b>	<b>(6,52)</b>	<b>975.828,65</b>	<b>22,77</b>
<b>N. Income tax</b>	<b>0,00</b>	<b>0,00</b>	<b>41,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>
<b>O. Net profit (loss) (M-N)</b>	<b>878.414,69</b>	<b>18,30</b>	<b>(224.809,59)</b>	<b>(6,52)</b>	<b>975.828,65</b>	<b>22,77</b>

**2.2 SELECTED FINANCIAL RATIOS**

Specification	2018	2019	2020
<b>Net profitability of sales (%)</b>	<b>18,30</b>	<b>(6,52)</b>	<b>22,77</b>
Financial result on activities x 100%			
Revenues from statute activity			
<b>Profitability of assets (%)</b>	<b>9,58</b>	<b>(2,34)</b>	<b>10,71</b>
Financial result on activities x 100%			
Total assets			
<b>Liquidity – liquidity ratio I (current ratio) (times)</b>	<b>10,25</b>	<b>4,85</b>	<b>4,22</b>
Current assets (total)			
Short-term liabilities			
<b>Liquidity – liquidity ratio III (times)</b>	<b>6,83</b>	<b>2,58</b>	<b>3,20</b>
Short-term financial assets			
Short-term liabilities			
<b>Indebtedness rate (%)</b>	<b>19,28</b>	<b>29,55</b>	<b>14,56</b>
Total liabilities + Provisions for liabilities			
Total equity with liabilities			

**2.3 INTERPRETATION OF PRESENTED FIGURES AND RATES**

Total assets decreased during the year by 6,1% (by 488,7 PLNk). The biggest down was indicated in short term receivables (1.586,2 PLNk). This decrease is related to the inflow of all tranches resulting from the subsidy agreements concluded by the Foundation.

Current assets have the biggest share in the structure of assets – 61,5%, similarly to prior year – 63,7%. The main component of current assets is short-term investments figure – 75,9% of current assets. This rate increased about 22,7% in comparison to 2019.

Own funds increased by 1.021,7 PLNk as the profit was incurred in the year 2020.

Total incomes from the donations received by Foundation during 2020 year increased by 839,0 PLNk in comparison to prior year. Costs of statute activity decreased by 963,9 PLNk. The above relation between income and costs, decreased of financing operations result by 595,6 PLNk was affected of positive financial result on the Foundation for the year 2020 in the amount 976,8 PLNk.

**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- 47% of the balance sheet sum at the end of 2020. In 2020, the

**Polska Fundacja Dzieci i Młodzieży for the period I – XII 2020.**

---

liquidity ratio I decreased (as at 31 December 2019 amounted to 4,8), while at the end of the audited period it was at the level of 4,2. The liquidity ratio III in 2020 increased compared to the previous year and indicates, 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.

**Going concern**

When analyzing the Foundation's balance sheet, it can be stated that the funds held by the Foundation and other assets secure its existence in the foreseeable future and in the coming year there is no threat to the continuation of activities by the Polish Children and Youth Foundation.

### **3 DETAILED SECTION**

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

The Foundation possesses the documentation describing applied accounting rules, 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 2020 the Foundation's accounting books were kept using the software accounting system RAKSSQL.

The above software tool used allow to obtain current information on the Foundation's business activity results and its financial standing. 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 business transactions,
- fairness, accuracy and verifiability of the books of account, including the matching of accounting entries with supporting documentation and the financial statements,
- compliance of the adopted policies relating to safeguarding of accounting records, books of account and the financial statements with the Accounting Act.

On the basis of the work performed we have not identified material irregularities 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 data access protection, the software has embedded protection system against not entitled users.

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

In the Polska Fundacja Dzieci i Młodzieży there functions the internal control system involving functional control which is based on supervisory functions of the Director of Foundation and the Board of Directors.

The basis of information registered in the books are the 'accounting documents' in the meaning of the Accounting Act. These documents are filed, numbered and stored in accounting office.



**Polska Fundacja Dzieci i Młodzieży for the period I – XII 2020.**

Accounting evidence, before they are accepted, are usually subjected to the functional internal control, which examines both formal accounting and matter-of-fact issues. It is conducted by the entitled persons and is documented by their signatures.

However, due to certain limitations typical of each system of the internal control and accountancy, some irregularities in that field might have been overseen in the course of audit.

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

The entity has the data protection and archive system for: documentation, according to art.10.1. of the Accounting Act,

- accounting evidence,
- accounting books (including computer files),
- stocktaking documentation,
- financial statements

according to Chapter 8 of the Accounting Act.

**3.5 STOCKTAKING**

The values of assets and liabilities disclosed in the balance sheet have been confirmed by the stocktaking carried out using confirmation letters method, referred:

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

**3.6 REPORT ON THE SIGNIFICANT POSITIONS OF THE FINANCIAL STATEMENTS****3.6.1 Long-term investments – long-term financial assets**

As on 31.12.2020 the Foundation disclosed in this line the participation units.

	<b>Purchase price</b>	<b>Valuation</b>	<b>market value fair value</b>
Treasury bonds	2.100.000,00	91.350,00	2.191.350,00
Fundusz ING Parasol FIO Subf. Obligacji	322.000,00	108.820,45	430.820,45
Fundusz ING Subf. Globalny Spółek Dywidendowych (L)	322.000,00	172.401,80	494.401,80
<b>RAZEM</b>	<b>2.744.000,00</b>	<b>372.572,25</b>	<b>3.116.572,25</b>

Participation units and treasury bonds were valued at market value, i.e. pursuant to art. 28 para. 1 point 3 and art. 35 para. 4 of the Accounting Act. The gain on revaluation as at December 31, 2020 in the amount of PLN 372.572,25 was transferred to the revaluation fund.

### 3.6.2 Cash in hand and cash at bank

On December 31, 2020 the amount of **PLN 4.254.190,17** was engaged in the financial items. The amount presented in the balance sheet includes cash at the bank.

The balance disclosed in the balance sheet includes:

<b>Specification</b>	<b>Value</b>	<b>Share (%)</b>
Current banks	954.190,17	22,43
Deposits	3.300.000,00	77,57
<b>Total</b>	<b><u>4.254.190,17</u></b>	<b><u>100,00</u></b>

Accounts balances were confirmed by the banks as on 31.12.2020.

### 3.7 SUBSEQUENT EVENTS

According to the Letter of Representation, no events have occurred after the balance date, which would significantly influence on the audited financial statements.

### 3.8 CONTINGENT LIABILITIES AND GRANTED GUARANTIES AND WARRANTIES

According to the Letter of Representation no other contingent liabilities, guaranties and warranties than those disclosed in the financial statements have occurred.

### 3.9 NOTES TO THE FINANCIAL STATEMENTS

The Foundation prepared the notes to the financial statements in accordance with the regulations of 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 i.e. 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 position, the results of its operations and profitability.

### 3.10 MANAGEMENT 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

The Director of the Foundation submitted written representation letter confirming complete disclosure of the data in the accounting books, disclosure any contingent liabilities and material 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, 2020 till December 31, 2020. 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 Independent Auditor's Report on the financial statements for the period from January 1, 2020 till December 31, 2020 is the separate document.

## **4 FINAL REMARKS**

The information memorandum contains 15 subsequently numbered pages.

The polish version of the information memorandum constitutes the original.

Małgorzata Pomaska, Reg. No 10074

Key certified auditor carrying out the audit on behalf of:  
PBR AUDIT Spółka z ograniczoną odpowiedzialnością Sp. k., No 3270  
02-566 Warsaw, ul. Puławska 12 lok. 3

Warsaw, June 4, 2021.

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