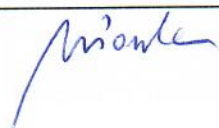


Information memorandum
Polska Fundacja Dzieci i Młodzieży
for the period
from January 1, 2017 till December 31, 2017.

Warsaw, May 2018

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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

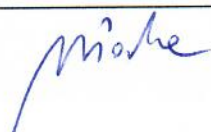
The activities listed in the Foundation Statute include the following:

- 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 2017 the Foundation operated on the basis of the following:

- The Foundation Statute,
- The Act about foundations dated April 6, 1984 (Journal of Laws of 2016, pos. 40 with future amendments)
- The Act on Accountancy as of September 29, 1994 (Journal of Laws of 2016, pos. 1047 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 18.05.2018.

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, 2017 amounted to PLN 5.000.

1.1.7 Council of Foundation

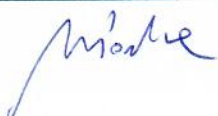
In the fiscal year 2017 the Foundation's activity was supervised by Supervisory Board consisting in the following Members:

- Marek Grzybowski
- Piotr Nesterowicz

1.1.8 The representation of the Foundation

The Foundation was manager in 2017 by the Board of Directors consisting of the following members:

- Wanda Chotomska – President to August 2, 2017. Mandat was killed as a result of her death,



- Michał Olszański – President from 15.11.2017 (previously it was Vice President)
- Władysław Bartoszewski – Vice President and Treasurer of the Foundation
- Maria Zaguła-Holzer – Member – Director of the Foundation
- Marek Matraszek – Member to 15.11.2017

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 2017 looked as follows:

- average employment in the year - 4,25 posts
- the state of employment as on 31.12.2017 - 4 persons

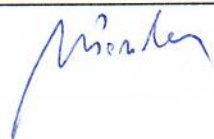
1.2 IDENTIFICATION OF THE AUDITED FINANCIAL STATEMENTS

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

- Introduction to the financial statements
- Balance sheet, prepared as on December 31, 2017, which by the side of assets and equity with liabilities indicated the amount of PLN **9.588.511,38**
- P&L for the period from January 1, 2017 till December 31, 2017, closed with the net loss in the amount of PLN **212.607,27**
- Notes to the financial statements including: general information and explanatory notes to the balance sheet and profit and loss account

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

The Management is responsible for the preparation of a report on the entity operations in accordance with the provisions of law.



Polska Fundacja Dzieci i Młodzieży for the period I – XII 2017.

In accordance with the Act on Statutory Auditors, our responsibility is to express an opinion on whether the report on entity's operation was prepared in accordance with the provision of law and is consistent with the information included in the annual financial statements. Our responsibility was also to make a statement, whether according to our knowledge on the entity and its environment, obtained during the audit of financial statements, we found any material misstatement and identifying what each such a material misstatement means.

In our opinion, the report on entity's operation was prepared in accordance with the provision of law and is consistent with the information included in the annual financial statements. Furthermore, according to our knowledge of the entity and its environment obtained during the audit of financial statements, we have not found any material misstatements in the report on the entity's operations.

1.3 THE SCOPE AND THE BASIS OF THE AUDIT

According to the agreement concluded April 19, 2018, the Management Board engaged PBR Audit Limited Partnership located in Warsaw, ul. Puławska 12/3 – the entity entitled to statutory audits, registered by National Council of Chartered Auditors in Poland under No 3270 - to audit the financial statements of Polska Fundacja Dzieci i Młodzieży for the fiscal year from January 1, 2017 till December 31, 2017.

In accordance to the resolution no 1 of Council of Foundation dated April 17, 2018, PBR AUDIT Limited Partnership Certified Public Accountants was chosen as auditor for the year 2017.

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 Foundation in the meaning of art. 69-73 of the Act on Statutory Auditors, Audit Firms and Public Oversight dated 11.05.2017 and in the meaning of Section 290 Independence – Audit and Review Engagements Contents of Code of Ethics for Professional Accountants.

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.

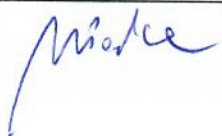
The Board of Directors provided the auditors with the Letter of Representation confirming:

- 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 in dates 9.05.2018 till 21.05.2018. Till the day of Auditor's opinion the audit works was continued in Auditor's seat.

The audit of financial statements has been conducted under the provisions of:

- the Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (Journal of Laws 2017, Item 1089) ("Act on Statutory Auditors"),



Polska Fundacja Dzieci i Młodzieży for the period I – XII 2017.

- National Auditing Standards based on International Standard on Auditing adopted by the National Council of Statutory Auditors with resolution no 2783/52/2015 in connection with resolution no 2041/37a /2018 of March 5, 2018 on National Professional Standards.

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.

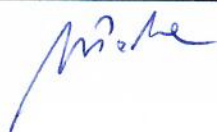
1.4 THE INFORMATION ABOUT THE FINANCIAL STATEMENTS FOR PRECEDING YEAR

The financial statements as on December 31, 2016, approved on June 5, 2017 by the resolution of the Board of Directors, were the base of opening the accounting books of the Company on January 1, 2017.

Before the approval, the financial statements 2016 have been audited by entitled firm reg. no. 3270 "PBR Audit Limited Partnership" in Warsaw, and obtained the unqualified opinion.

1.5 EXTERNAL INSPECTIONS

In the audited period there were no external inspections referring to the financial statements.



2 THE FINANCIAL POSITION ANALYSIS

2.1 SUMMARY THE FINANCIAL STATEMENTS

2.1.1 Balance sheet

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

ASSETS	31.12.2017	% of total	31.12.2016 transformed	% of total	31.12.2016 approved	% of total
Non-current assets	3.780.187,16	39,42	3.597.934,33	39,15	2.943.662,32	34,49
Tangible fixed assets	446.755,04	4,66	464.016,88	5,05	464.016,88	5,44
Long term receivables	0,00	0,00	0,00	0,00	0,00	0,00
Long term investments	3.333.432,12	34,76	3.133.917,45	34,10	2.479.645,44	29,05
Current assets	5.808.324,22	60,58	5.592.072,17	60,85	5.592.072,17	65,51
Short term receivables	2.519.737,33	26,28	2.073.441,15	22,56	2.073.441,15	24,29
Short term investments	2.832.096,08	29,54	3.032.585,95	33,00	3.032.585,95	35,53
Short term prepayments and deferent expenses	456.490,81	4,76	486.045,07	5,29	486.045,07	5,69
TOTAL ASSETS	9.588.511,38	100,00	9.190.006,50	100,00	8.535.734,49	100,00

EQUITY AND LIABILITIES	31.12.2017	% of total	31.12.2016 transformed	% of total	31.12.2016 approved	% of total
Fund	6.639.309,76	69,24	6.652.402,36	72,39	5.998.130,35	70,27
Statutory fund	5.000,00	0,05	5.000,00	0,06	5.000,00	0,06
Fund from the update	853.786,68	8,90	654.272,01	7,12	0,00	
Previous years - profit (loss)	5.993.130,35	62,51	7.408.289,44	80,61	7.408.289,44	86,79
Net profit (loss)	(212.607,27)	(2,22)	(1.415.159,09)	(15,40)	(1.415.159,09)	(16,58)
Liabilities and provisions for liabilities	2.949.201,62	30,76	2.537.604,14	27,61	2.537.604,14	29,73
Provisions for liabilities	0,00	0,00	0,00	0,00	0,00	0,00
Short term liabilities	484.859,86	5,06	484.276,14	5,27	484.276,14	5,67
Accruals and deferred incomes	2.464.341,76	25,70	2.053.328,00	22,24	2.053.328,00	24,06
TOTAL EQUITY AND LIABILITIES	9.588.511,38	100,00	9.190.006,50	100,00	8.535.734,49	100,00

2.1.2 Profit and loss account

	01.01.2017- 31.12.2017	% of total revenues from statute activity	01.01.2016- 31.12.2016 transformed	% of total revenues from statute activity	01.01.2016- 31.12.2016 approved	% of total revenues from statute activity
A. Revenues from statutory activities	3.681.174,73	100,00	5.250.001,75	100,00	5.250.001,75	100,00
Income from unpaid public benefit activity	3.681.174,73	100,00	5.250.001,75	100,00	5.250.001,75	100,00
B. Costs of realization of statute activity	3.878.553,96	105,36	6.515.052,76	124,10	6.515.052,76	124,10
I. a. Costs of statutory activity free of charge	-	-	-	-	6.515.052,76	124,10
I. b. Costs of unpaid public benefit activity	3.878.553,96	105,36	6.515.052,76	124,10	0,00	0,00
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
C. Profit (loss) on statutory activity (A-B)	(197.379,23)	(5,36)	(1.265.051,01)	(24,10)	(1.265.051,01)	-24,10
D. Income from business	0,00	0,00	0,00	0,00	0,00	0,00
E. Business expenses	0,00	0,00	0,00	0,00	0,00	0,00
F. Profit (loss) on business (D-E)	0,00	0,00	0,00	0,00	0,00	0,00
G. a. Administrative costs	0,00	0,00	0,00	0,00	197.439,15	3,76
G. b General administrative expenses	58.136,80	1,58	197.439,15	3,76	0,00	0,00
H. Profit (loss) from operations (C+F-G)	(255.516,03)	(6,94)	(1.462.490,16)	(27,86)	(1.462.490,16)	(27,86)
I. a Other operating income - other	4,53	0,00	3,64	0,00	3,64	0,00
I. b Other operating income - the difference from the previous year	0,00	0,00	0,00	0,00	2.174.179,05	41,41
J. Other operating cost	206,95	0,01	5,01	0,00	5,01	0,00
K. Financial income	49.362,32	1,34	47.353,63	0,90	47.353,63	0,90
L. Financial costs	6.251,14	0,17	21,19	0,00	21,19	0,00
M. Gross profit (loss) (H+I-J+K-L)	(212.607,27)	(5,78)	(1.415.59,09)	(2,70)	759.019,96	14,46
N. Income tax	0,00	0,00	0,00	0,00	0,00	0,00
O. Net profit (loss) (M-N)	(212.607,27)	(5,78)	(1.415.159,09)	(26,96)	759.019,96	14,46

2.2 SELECTED FINANCIAL RATIOS

Specification	2017	2016 transformed	2016 approved
Net profitability of sales (%)	(5,78)	(26,96)	14,46
Financial result on activities x 100%			
Revenues from statute activity			
Profitability of assets (%)	(2,22)	(15,40)	8,89
Financial result on activities x 100%			
Total assets			
Liquidity – liquidity ratio I (current ratio) (times)	11,98	11,55	11,55
Current assets (total)			
Short-term liabilities			
Liquidity – liquidity ratio III (times)	5,84	6,26	6,26
Short-term financial assets			
Short-term liabilities			
Indebtedness rate (%)	30,76	27,61	29,73
Total liabilities + Provisions for liabilities			
Total equity with liabilities			

2.3 INTERPRETATION OF PRESENTED FIGURES AND RATES

Total assets increased during the year by 4,3% (by 398,5 PLNk). The biggest down was indicated in short term receivables (446,3 PLNk).

Current assets have the biggest share in the structure of assets – 60,6%, similarly to prior year – 60,9%. The main component of current assets, together with short-term receivables, is short-term investments figure – 48,8% of current assets. This rate increased about 5% in comparison to 2016.

Own funds decreased by 13,1 PLNk as the loss was incurred in the year 2017.

Total incomes from the donations received by Foundation during 2017 year decreased by 1.568,8 PLNk in comparison to prior year. Costs decreased by 2.775,8 PLNk. The above relation between income and costs, decreased of financing operations result by 4,2 PLNk was affected of negative financial result on the Foundation for the year 2017 in the amount - 112.607,27 PLN.



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 2017 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.

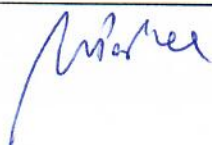
3.2 THE DATA ACCESS PROTECTION

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 2017.

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:

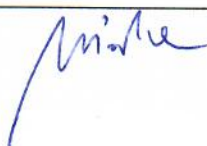
- cash in bank,
- customers accounts,

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

As on 31.12.2017 the Foundation disclosed in this line the participation units.

	Purchase price	Valuation	market value fair value
Fundusz ING FIO Stabilnego Wzrostu	1.835.645,44	666.551,04	2.502.196,48
Fundusz ING Parasol FIO Subf. Obligacji	322.000,00	45.493,62	367.493,62
Fundusz ING Subf. Globalny Spółek Dywidendowych (L)	322.000,00	141.742,02	463.742,02
RAZEM	2.479.645,44	853.786,68	3.333.432,12

Participation units 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, 2017 in the amount of PLN 853,786.68 was transferred to the revaluation fund.



3.6.2 Cash in hand and cash at bank

On December 31, 2017 the amount of **PLN 2.832.096,08** 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:

Specification	Value	Share (%)
Current banks	75.243,62	2,66
Deposits	2.755.000,00	97,28
Accrued interest on deposits	1.852,46	0,06
Total	<u>2.832.096,08</u>	<u>100,00</u>

Accounts balances were confirmed by the banks as on 31.12.2017.

3.6.3 Accruals and deferred incomes

The Foundation disclosed the amount **2.464.341,76 PLN**, including granted but not received donations.

Specification	Amount	Share (%)
Deferred incomes – long-term	-	-
Deferred incomes – short-term	2.464.341,76	100,00
Total	<u>2.464.341,76</u>	<u>100,00</u>

Till the end of March 2017 the Foundation received the donations in the amount 2.000,000 PLN what means 81,2% of short-term donations due.

3.7 SUBSEQUENT EVENTS

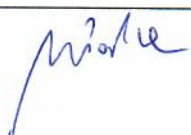
According to the Letter of Representation, no events have occurred after the balance date, which would significantly influence on the audited financial statements.

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 Company's financial position, the results of its operations and profitability.



3.10 MANAGEMENT REPORT

The management submitted the report on the activities of the company for the period from January 1, 2017 till December 31, 2017. The information included in the report consider the provision of the regulation Minister of Justice of 8 May 2001 on the Framework scope of the Activity of Foundations and are consistent with the information contained in the attached financial statements. Furthermore, in the light of the knowledge of the entity and its environment obtained during the audit of financial statements, we declare that we have not found significant distortions in the report on the activities.

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, 2017 till December 31, 2017. Individual statements 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 proved.

The audit contained random check of the accounting vouchers and records that underline the amounts and information included in the financial statements, as well as general evaluation of the submitted statements. Concerning above, the differences between the results of the possible tax inspection, made by comprehensive method and the assessments included in the memorandum might be disclosed.

The Independent Auditor's Report on the financial statements for the period from January 1, 2017 till December 31, 2017 is the separate document.

4 FINAL REMARKS

The information memorandum has been issued in 5 copies, including 4 for the Foundation.

The information memorandum contains 14 subsequently numbered pages, signed by the auditor.

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

PBR AUDIT
Spółka z ograniczoną odpowiedzialnością
Spółka Komandytowa
ul. Puławska 12/3
02-566 Warszawa
NIP 5213452177, REGON 141055954

Warsaw, May 30, 2018.