

Financial Statements

Auschwitz-Birkenau Foundation

Period 01/01/2010- 31/12/2010

NIP 525-24-56-943

A. INTRODUCTION TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Auschwitz-Birkenau Foundation („Foundation”) was incorporated by Notarial Deed dated 15.01.2009 (rep. A nr 131/2009).

The Foundation was entered into the National Court Register kept by District Court for the city of Warsaw, XII Economic and Registry Department, Entry No. RHB 0000328383 on 23.04.2009.

The Foundation has been allocated NIP number: 525-24-56-943 and a statistical number REGON 141817074.

The Foundation's registered office is located at Twarda 6, Warsaw

The Foundation's period of operation is unlimited.

The goal of the Foundation is to look after the Memorial Site – the grounds and remnants of the former concentration camp KL Auschwitz I and Auschwitz II Birkenau concentration camp supervised by the Auschwitz-Birkenau State Museum in Oświęcim as well as to support the Museum's mission.

The Foundation achieves its statutory goals by:

- collecting funds for the preservation of the Memorial Site and its financing, including providing grants;
- supporting scientific, educational, publishing, exhibition as well as cultural activities connected with the Museum's mission;
- co-operating with natural and legal persons whose activities correspond to the Foundation's goals;
- co-operating with local and governmental authorities as well as non-governmental and academic and research organizations in Poland and world-wide in the scope mentioned in the goals of the Foundation's activity,
- initiating and financing its own projects, including projects in co-operation with the Museum as well as other organizations.

2. GOING CONCERN ASSUMPTION

The financial statements of the Foundation have been prepared on the basis that the Foundation is a going concern, for a period of 12 months from the balance sheet date 31.12.2010.

3. ACCOUNTING POLICIES INCLUDING METHODS OF ASSETS AND LIABILITIES VALUATION (INCLUDING DEPRECIATION), THE FINANCIAL RESULT MEASUREMENT AND PREPARATION OF FINANCIAL STATEMENTS.

3.1. Format and the basis of preparing the financial statements

The financial statements were prepared in accordance with the provisions of the Accounting Act of Poland dated 29 September 1994 (the uniform text Journal of Laws No 152 poz. 1233 dated 2009, with further amendments) [the "Act"] and the provisions of the Ministry of Finance regulation dated 15 November 2001 (Journal of Laws No 137, p. 1539 with further amendments).

3.2. Intangible assets

Intangible assets are recognised if it is probable that the future economic benefits that are directly attributable to the asset will flow to the Foundation. Initially, intangible assets are recorded at acquisition cost or cost of production. Following initial recognition, intangible assets are valued at acquisition cost or cost of production less accumulated amortisation and impairment losses. Intangible assets are amortised using the straight-line method over their estimated useful lives.

An assessment is made at each balance sheet date to determine whether the carrying amounts of the Foundation's assets exceed the amounts of estimated future economic benefits. If there is any evidence indicating that this is actually the case, the carrying amounts of the Foundation's assets are written down to their net realisable values. The resulting impairment losses are recognised under other operating expenses.

3.3. Tangible fixed assets

Tangible fixed assets are stated at acquisition cost, cost of production or re-valued amount, less accumulated depreciation and impairment losses.

Costs incurred on an asset already in use, such as repairs, overhauls or operating fees, are expensed in the reporting period in which they were incurred. If, however, it is possible to prove that such costs increase the expected future economic benefits to be derived from a given asset beyond the originally expected benefits, they are capitalised to the initial cost of the asset.

Tangible fixed assets, except for land, are depreciated using the straight-line method over their estimated useful lives, or over the shorter of their useful life and the term of the right to use the asset.

Tangible fixed assets with a low initial cost i.e. less than PLN 1 627 are expensed immediately.

An assessment is made at each balance sheet date to determine whether the carrying amounts of the Foundation's assets exceed the amounts of estimated future economic benefits. If there is any evidence indicating that this is actually the case, the carrying amounts of the Foundation's assets are written down to their net realisable values. The resulting impairment losses are recognised under other operating expenses.

3.4. Financial assets

Financial assets are initially valued at cost, being the fair value of the consideration given. After initial recognition, financial assets (financial assets held to maturity) are measured at amortised cost calculated using the effective interest rate.

3.5. Receivables and liabilities

Trade receivables and liabilities are stated at the amount due.

3.6. Foreign currency transactions

Transactions denominated in currencies other than Polish zloty are translated into Polish zloty at the rate of exchange actually applied or NBP rate prevailing on the date preceding the transaction date.

As at the balance sheet date, assets and liabilities expressed in currencies other than Polish zloty are translated into Polish zloty using the average NBP rate prevailing for the given currency at the year-end. Exchange differences resulting from translation are recorded under financial revenue or expenses, or – in cases defined in regulations – are capitalised in the cost of the assets.

The following exchange rates were used for valuation purposes:

	31 December 2010 roku
EUR	3,9603
USD	2,9641

3.7. Cash and cash equivalents

Cash in hand and at bank is stated at nominal value.

3.8. Prepaid and accrued expenses

The Foundation recognises prepayments if the costs incurred relate to future reporting periods. Accruals are recognised at the amount of probable liabilities relating to the current reporting period.

3.9. Provisions

Provisions are recognised when the Foundation has a present obligation (legal or constructive) as a result of a past event, such that an outflow of resources embodying economic benefits is certain or highly probable to be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.10. Revenues

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Foundation revenues derive from:

- domestic and foreign endowments
- income from the Foundation's assets
- interests on bank deposits

3.11. Interest

Interest revenue is recognised as the interest accrues (using the effective interest rate method), unless collectability is in doubt.

3.12. Taxation

The Foundation is exempted from corporate income tax pursuant to Article 17 of the Corporate Income Tax Act in the part of the income reserved for the statutory activities. The Foundation is not a taxpayer of the value added tax.

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BALANCE SHEET

ASSETS

PLN	As at 31.12.2010	As at 31.12.2009
A. Fixed assets	2 002 796,98	36 770,88
I. Intangible fixed assets	0,00	0,00
II. Tangible fixed assets	35 447,80	36 770,88
III. Long-term receivables	0,00	0,00
IV. Long-term investments	1 967 349,18	0,00
V. Long-term prepayments and deferred costs	0,00	0,00
B. Current assets	2 260 529,81	2 079 368,56
I. Inventory of tangible current assets	0,00	0,00
II. Short-term receivables	1 200,00	0,00
III. Short-term investments	2 253 503,59	2 079 368,56
1. cash in hand and at bank	2 253 503,59	2 079 368,56
2. other financial assets	0,00	0,00
IV. Short-term prepayments and deferred costs	5 826,22	0,00
Total assets	4 263 326,79	2 116 139,44

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BALANCE SHEET

EQUITY AND LIABILITIES

PLN	As at 31.12.2010	As at 31.12.2009
A. Equity	3 767 667,45	2 052 043,05
I. Statutory fund	0,00	0,00
II. Revaluation reserve	0,00	0,00
III. Net financial result for the period	3 767 667,45	2 052 043,05
1. Excess of income over expenses (plus)	3 767 667,45	2 052 043,05
2. Excess of expenses over income (minus)		
B. Liabilities and provisions for liabilities	495 659,34	64 096,39
I. The long-term liabilities from loans	0,00	0,00
II. Short-term liabilities and special funds	95 659,34	64 096,39
1. Loans	0,00	0,00
2. Other liabilities	95 659,34	64 096,39
3. Special funds	0,00	0,00
III. Provisions for liabilities	0,00	0,00
IV. Accruals and deferred income	400 000,00	0,00
1. deferred income	400 000,00	0,00
2. other accruals	0,00	0,00
Total equity and liabilities	4 263 326,79	2 116 139,44

PROFIT AND LOSS ACCOUNT

PLN	Year ended 31.12.2010	Year ended 31.12.2009
A. Revenues from statutory activities	4 476 551,95	2 135 401,28
1. Gross premiums defined by statute	0,00	0,00
2. Other revenues defined by statute	4 476 551,95	2 135 401,28
B. Costs of statutory activities	235 334,96	0,00
C. Financial result on statutory activities (A-B)	4 241 216,99	2 135 401,28
D. Administrative costs	466 423,49	114 067,92
1. Depreciation	8 151,28	0,00
2. Materials and energy	12 448,47	6 808,22
3. External services	90 907,65	24 671,64
4. Taxes and charges	210,00	0,00
5. Remuneration, social security and others	217 603,61	69 642,96
6. Other costs by type	137 102,48	12 945,10
E. Other revenues (other than in A i G)	0,00	0,00
F. Other costs (other than in B, D i H)	0,00	0,00
G. Financial income	28 509,17	30 711,89
H. Financial costs	35 635,22	2,20
I. Gross financial result (C-D+E-F+G-H)	3 767 667,45	2 052 043,05
J. Result on extraordinary items	0,00	0,00
I. Extraordinary gains (plus)	0,00	0,00
II. Extraordinary losses (minus)	0,00	0,00
K. Net financial result (I+/-J)	3 767 667,45	2 052 043,05
I. Difference increasing costs of the next year (negative figure)	0,00	0,00
II. Difference increasing revenues of the next year (positive figure)	3 767 667,45	2 052 043,05

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B. ADDITIONAL INFORMATION AND EXPLANATION

1. SIGNIFICANT PRIOR YEAR EVENTS RECOGNISED IN CURRENT YEAR FINANCIAL STATEMENTS

Up to the date of the preparation of these financial statements, there were no prior year events that were not, but should have been, disclosed in the financial statements.

2. SIGNIFICANT POST BALANCE SHEET EVENTS NOT REFLECTED IN THE FINANCIAL STATEMENTS

Between the balance sheet date and the date of the preparation of these financial statements, there were no events that were not, but should have been, disclosed in the financial statements for the financial year.

3. COMPARABILITY OF PRIOR YEAR FINANCIAL STATEMENTS WITH CURRENT YEAR FINANCIAL STATEMENTS

The financial statements for the current and previous reporting periods were prepared using the same accounting policies and data presentation methods.

4. TANGIBLE FIXED ASSETS

During the reporting year the Foundation purchased computer sets at the value of PLN 6 828,20. Depreciation of purchased fixed assets starts in 2011.

2010

PLN	Buildings and constructions	Plant and machinery	Other tangible fixed assets	Total
<u>Gross book value</u>				
Opening balance	-	36 770,88	-	36 770,88
Increases, including:				
Purchases	-	6 828,20	-	6 828,20
Decreases, including				
Liquidation and sale	-	-	-	-
Closing balance	-	43 599,08	-	43 599,08
<u>Accumulated depreciation</u>				
Opening balance	-	-	-	-
Increases, including:				
Charge for the year	-	8 151,28	-	8 151,28
Decreases, including				
Liquidation and sale	-	-	-	-
Closing balance, including:	-	8 151,28	-	8 151,28
Impairment write-downs	-	-	-	-
<u>Net book value</u>				
Opening balance	-	36 770,88	-	36 770,88
Closing balance	-	35 447,80	-	35 447,80

5. LONG-TERM INVESTMENTS

Long-term investments include 460 units of EUR securities of nominal value of EUR 1 000 each and the maturity date 05.02.2013.

2010	PLN	Securities held to maturity
Opening balance , of which:		-
Gross book value		-
Impairment write-downs		-
Increases, of which:		
Purchases		1 951 757,15
Revaluation – accrued interests		18 986,65
Other		-
Decreases, of which:		
Disposals		-
Revaluation – exchange loss		3 394,62
Other		-
Closing balance , of which:		1 967 349,18
Gross book value		1 967 349,18
Impairment write-downs		-

6. SHORT-TERM RECEIVABLES

As at the balance sheet date the Foundation had short-term receivables of PLN 1 200 resulting from returnable deposits paid to Era.

7. CASH AND CASH EQUIVALENTS

PLN	31 December 2010	31 December 2009
- current bank account PLN	2 251 113,11	70 882,84
- current bank account EUR	81,70	1 776 354,15
- current bank account USD	102,88	232 131,57
- accrued interests – short-term deposits	2 205,90	-
Total cash	2 253 503,59	2 079 368,56

8. PREPAYMENTS

PLN	31 December 2010	31 December 2009
- insurance	1 763,00	-
- telecommunication services	4 063,22	-
Total prepayments	5 826,22	-

9. SHORT TERM LIABILITIES

PLN	31 December 2010	31 December 2009
Domestic trade liabilities	-	14 486,19
Liabilities towards Tax Office and Social Security Office (personal income)	12 654,84	15 581,60
Liabilities arising from the settlements of employees advances and credit cards	18 847,50	11 528,60
Other liabilities arising from remuneration for Member of Management Board	-	22 500,00
Other liabilities from the reimbursement of the grant	64 157,00	-
Short term liabilities, total	95 659,34	64 096,39

10. LIABILITIES SECURED ON THE COMPANY'S ASSETS

As at the balance sheet date the Foundation did not have any liabilities secured on its assets.

11. CONTINGENT LIABILITIES, INCLUDING GUARANTEES AND SURETYSHIPS GRANTED BY THE COMPANY (INCLUDING BILLS OF EXCHANGE)

As at the balance sheet date the Foundation did not have any significant, contingent liabilities, including guarantees or suretyships granted.

12. OFF BALANCE SHEET LIABILITIES

As at balance sheet date the Foundation did not have any significant off balance sheet liabilities.

13. STRUCTURE OF INCOME

PLN	31 December 2010	31 December 2009
Endowments – Perpetual Fund	1 959 355,73	1 744 566,38
Other endowments received	465 153,17	390 834,90
Bank interests received – from the Perpetual Fund	6 634,44	189,57
Bank interests received – other	682,18	260,68
Bank interests accrued – from the Perpetual Fund	1 883,40	-
Bank interests accrued – other	322,50	-
Interests accrued - securities	18 986,65	-
Exchange gains	-	30 261,64
Income from previous year included in current year revenues	2 052 043,05	-
Total income, of which:	4 505 061,12	2 166 113,17
income from Perpetual Fund	27 504,49	189,57

Total profits from the Perpetual Fund earned in 2009-2010 amount to PLN 27 694,06.

14. COSTS OF STATUTORY ACTIVITIES

PERPETUAL FUND

PLN	2010	2009
Income:	1 986 860,22	1 744 755,95
Donations	1 959 355,73	1 744 566,38
Bank interests obtained	6 634,44	189,57
Bank interests accrued	1 883,40	0,00
Bank interests accrued – Treasury bonds	18 986,65	0,00
Usage:	1 951 757,15	0,00
Treasury bonds	1 951 757,15	0,00
Conservation work	0,00	0,00

OTHER DONATIONS

PLN	2010	2009
Income:	466 157,85	421 357,22
Donation from the German Government	404 298,54	156 700,00
Other donations received	60 854,63	234 134,90
Bank interests obtained	682,18	260,68
Bank interests accrued	322,50	0,00
The surplus of foreign exchange gains over losses	0,00	30 261,64
Usage:	737 393,67	114 070,12
Administrative expenses	466 423,49	114 067,92
Expenses of statutory activities	235 334,96	0,00
Other financial expenses	35 635,22	2,20

The revenue of the Foundation Perpetual Fund received in 2009-2010 are subject to investment in the form of bank deposits and treasury bonds. Administrative costs and others were funded from other donations.

15. COSTS OF STATUTORY ACTIVITIES

PLN	31 December 2010	31 December 2009
Conservation of the Memorial Site's collection	235 334,96	-

16. STATUTORY FUND

The Foundation does not have any statutory fund. Income of the Foundation consists of the investment capital (Perpetual Capital), unless the donor's declaration or the grant agreement clearly show different purpose of donation.

17. TENDENCIES OF CHANGES IN REVENUES AND COSTS, ASSETS AND SOURCES OF FINANCING

There will be no changes in revenues and costs or assets and their sources of financing.

18. INFORMATION ON AVERAGE EMPLOYMENT

As at the balance sheet date, the Foundation employed 2 people.

19. INFORMATION ON REMUNERATION, INCLUDING PROFIT BASED BONUSES, PAID OR PAYABLE TO MEMBERS OF MANAGEMENT AND SUPERVISORY BODIES

During the year ended 31 December 2010 the Foundation paid the remuneration to members of the Management Board in amount of PLN 78 891, including remuneration related to 2009 year in amount of PLN 22 500.

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20. INFORMATION ON LOANS AND OTHER SIMILAR BENEFITS GRANTED TO MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

During the year ended 31 December 2010 the Foundation did not grant any loans or other similar benefits to members of the management and supervisory bodies.

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The Management Board of Foundation Auschwitz-Birkenau

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31 May 2011

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Jacek Kastelaniec