



SUBSTANTIVE REPORT ON THE ACTIVITIES
OF AUSCHWITZ-BIRKENAU FOUNDATION IN 2012

Contents:

- I. Introduction: Formal information
 - II. Activities and competences of the Foundation's bodies
 - 1. Council of the Foundation
 - 2. Management Board
 - 3. Financial Committee
 - 4. International Committee
 - III. Soliciting declarations of financial support for the Perpetual Fund
 - 1. Countries
 - 2. Individual donors and cooperation with companies
 - IV. External support for the statutory activities
-

The Auschwitz-Birkenau Foundation was established in January 2009 by professor Władysław Bartoszewski. Its objective is to collect 120 million Euro for the Perpetual Fund, the profits from which shall finance conservatory work at the Memorial Place Auschwitz-Birkenau.

I. FORMAL INFORMATION

Auschwitz-Birkenau Foundation
KRS (National Court Registry) No.: 0000328383, REGON: 141817074.
Registered headquarters:
Warsaw (00-104), ul. Twarda 6

Official website: www.foundation.auschwitz.org

The Foundation is managed by the Management Board. The members of the Board are the following:

Piotr M. A. Cywiński – President of the Board
Rafał Pióro – Vice-President of the Board
Łukasz Rozdeiczner Kryszkowski – Vice-President of the Board
Jacek Kastelaniec – Member of the Board, Director General

The principles, forms and the extent of the Foundation's statutory activity have been detailed in the uniform text of the Auschwitz-Birkenau Foundation Statutes, adopted by the Council of the Foundation resolution no. 3/2011 of May 31, 2011. The document has been published at the Foundation's website (www.foundation.auschwitz.org).

The information regarding income and its sources, as well as the costs of implementation of statutory objectives, has been detailed in the Financial Statement for the year 2012. The Statement includes also information on salaries and the value of the Foundation's assets in 2012. The document has been published at the Foundation's website (www.foundation.auschwitz.org).

Information regarding the balance of the Foundations bank accounts as of December 31,2012:

Current bank accounts PLN: 662,327.26 zł
Current bank accounts EUR: 3,647,229.30 zł
Current bank accounts USD: 1,481,568.33 zł

Short-term deposit, yield 4.1%, maturity 27.03.2013: 14,291,000.00 zł
Short-term deposit, yield 4.8% maturity 21.01.2013: 7,195,281.89 zł
Accrued interests – short term deposits: 71,051.89 zł

Total: 27,348,458.67 zł

Bank: PKO BP i PEKAO S.A.

Information on securities purchased by the Foundation:

In 2012, the Foundation purchased government and corporate bonds of overall gross value 48,608,799.47 PLN issued by the following entities: DexiaGroup, Royal Bank of Scotland, PKO Finance, Depfa, Republic of Slovenia, Santander Bank, Morgan Stanley, Europejski Fundusz Leasingowy (EFL – European Leasing Fund), Republic of Poland, Kingdom of Belgium.

The overall value of all the securities in the Foundation's possession as of December 31, 2012 equals 105,503,538.80 zł

All transactions concerning securities in 2012 were made through PKO BP and PEKAO SA banks.

Information on other purchased fixed assets:

In 2012, the foundation did not purchase any fixed assets.

Information on assets and liabilities for statistical purposes

Assets: 132,885,749.46 PLN
Liabilities: 33,445.88 PLN

Information on the Foundation's settlements of incumbent tax liabilities and information on filed tax declarations:

PIT-4R and CIT-8 declarations were filed for 2012. As of December 31, 2012, the short-term liabilities to US and ZUS due to salaries totaled 16,766.47 PLN.

In November 2011, the Foundation received the status of Public Benefit Organization, which means that individuals paying income tax in Poland may now decide to donate 1% of the tax to the Foundation.

Information on total annual or average monthly remuneration paid to the members of the Management Board and other supervisory bodies:

Total remuneration paid to the members of the Management Board and other supervisory bodies in 2012 was 158,961.71 zł

Information on remuneration paid for contract services:

Contract services in 2012 totaled at 92,325.95 zł

Information on controls performed at the Foundation:

There were no controls at the Foundation in 2012.

I. ACTIVITIES AND COMPETENCES OF THE FOUNDATION'S BODIES

1. Council of the Foundation:

The Foundation is governed by the Council of the Auschwitz-Birkenau Foundation. The Council members are: Władysław Bartoszewski (Chairman), Eleonora Bergman, Agnieszka Magdziak-Miszewska, Jürgen Rüttgers, Serge Klarsfeld, Józef Wancer, Piotr Kadlčík, Edward Kosakowski, Zbigniew Nosowski, Paweł Machcewicz, Marek Zając. In 2012, the meeting of the Council was held on June 1. In 2011, the Council adopted 15 resolutions, both during the meeting and by circulation.

Resolution No. 1/2012 (March 13, 2012): The Council selected the statutory auditor to audit the Foundation's financial statements.

Resolution No. 2/2012 (March 13, 2012): The Council appointed members of Management Board for the term starting April 4, 2012

Resolution No. 3/2012 (June 11, 2012): The Council appointed members of the Council

Resolution No. 4/2012 (June 11, 2012): The Council appointed the Chairman of the Council

Resolution No. 5/2012 (June 11, 2012): The Council approved the Financial Committee's recommendation on the strategy for investing the Perpetual Capital

Resolution No. 6/2012 (June 11, 2012): The Council appointed members of the International Committee of the Foundation

Resolution No. 7/2012 (June 11, 2012): The Council approved the Substantive Report on the Foundation's activity in 2011, delivered by the Board

Resolution No. 8/2012 (June 11, 2012): The Council approved the financial statements of the Foundation for year 2011

Resolution No. 9/2012 (June 11, 2012): The Council accepted the annual action plan of the Foundation and the financial plans for 2012

Resolution No. 10/2012 (June 11, 2012): The Council granted approval on the performance of duties of the President of the Management Board to Piotr Cywiński

Resolution No. 11/2012 (June 11, 2012): The Council granted approval on the performance of duties of the Vice-President of the Management Board to Rafał Pióro
Resolution No. 12/2012 (June 11, 2012): The Council granted approval on the performance of duties of the Vice-President of the Management Board to Łukasz Rozdeiczer-Kryszkowski.
Resolution No. 13/2012 (June 11, 2012): The Council granted approval on the performance of duties of the Member of the Management Board and Director General to Jacek Kastelaniec.
Resolution No. 14/2012 (June 11, 2012): The Council changed the terms and conditions of the employment of a member of the Management Board – Director General
Resolution No. 15/2012 (June 11, 2012): The Council fixed the terms and conditions of the employment of the President of Foundation's Management Board.

2. Management Board

Management Board of Auschwitz-Birkenau Foundation is the body managing and representing the Foundation to external actors. Board members are: Piotr M.A. Cywiński, Ph.D. (President), Rafał Pióro (Vice-President), Łukasz Rozdeiczer (Vice-President), Jacek Kastelaniec (Member of the Board). In 2012, the Board held 4 meetings (March, May, July, November).

Its particular duties were to: prepare the annual action plan and financial plan for the Foundation, establish the procedures of the Board's work, managing the Foundation's assets, determining the size of Foundation's staff and the amount of funds spent on salaries of the employees, according to the approved financial plan, accepting donations, inheritances, subsidies and donations. In managing the Foundation's current activities, the Board is supported by the Foundation Office, operating in premises rented on concessional terms from the Jewish Community of Warsaw.

In 2012, the Board's activities focused on soliciting further financial declarations for the Perpetual Fund through developing relations with diplomatic representations of foreign governments in Warsaw, as well as direct relations in selected countries.

The activities also aimed at bringing private donors to the project. The Board successfully established a supporting organization of the Foundation, *Friends of Auschwitz-Birkenau Foundation*, in the United States, which shall allow donors in the USA to deduct their donation to the Perpetual Fund from the income tax for natural persons. The registration was managed by the Weil, Gotshal & Manges law firm, serving the Foundation *pro bono*.

In 2012, the Board also concentrated on passing first income on the Capital for the conservation of the Memorial Site, in the amount of 1,699,000.00 PLN. On June 6, 2012 the Museum celebrated the opening of the first conservation works. The new framework agreement was also signed between the Foundation and the Museum.

In 2012, the activity of the Foundation was made possible thanks to funds donated by KPMG company, and the profit on the investment of Perpetual Fund, part of which, in accordance with the Foundation's statute, was used to finance current activity.

In 2012, Auschwitz-Birkenau Foundation employed five persons full time:

Director General, Jacek Kastelaniec
Office manager, Maciej Antosik
Project Manager, Anna Barbur (since November 2012)
Specialist on international relations, Anna Miszewska
Office Assistant, Bogusława Madalińska

The structure of operational costs in 2012, financed from the donation from KPMG (73,800 PLN), and the profit from the Perpetual Fund, is presented below.

I. Fixed costs	533,496.77
Salaries and contracts	483,978.70
Accounting and payroll	31,911.12
Rent	12,000.00
Medical services	5,606.95
II. Other costs (incl. depreciation)	397,048.13
Total	930,544.90

Detailed information on the cost of salaries and other costs is included in explanatory notes No. 12, 13 and 14 of the Foundation's Financial Statements for year 2012.

2012 was the first year when the Foundation started to finance conservation works at the Auschwitz-Birkenau State Museum. The amount passed for conservation was 1,699,000.00 PLN.

In 2012, the audit was conducted in the Foundation's Office for the year 2011. Following the resolution of the Foundation Council, the audit was conducted by KPMG, resulting in "no objections" on behalf of the auditors. The audit, as well as all reports and statements in Polish and English are available at the Foundation website (foundation.auschwitz.org)

3. Financial Committee

The members of the Auschwitz-Birkenau Foundation Financial Committee are: Józef Wancer (Chairman), Włodzimierz Grudziński, Antoni F. Reczek, Ekkehard Thiesler, Claude Trink and Peter Hommelhoff.

In 2012, the Committee held 3 meetings (February, October, December). Its main tasks have been to develop recommendations regarding the method of investing funds from the Perpetual Capital, and to grant expert support to the Management Board in direct investment activity. The Committee also monitored the Foundation's negotiations with potential financial/investment partners, and the Committee members gave their personal support during the meetings.

4. International Committee

The Auschwitz-Birkenau Foundation International Committee gathers the representatives of donor states. The Committee was established to provide the participant states with full access to information, as well as to maintain full transparency of the Foundation's activities. The role of the Committee is to advise and express opinion.

On March 10, 2012, the second meeting of the International Committee took place. The meeting was attended by: Jean M. Dunn (Commonwealth of Australia), Hannah Lessing (Republic of Austria), Joachim Bleicker representing Cornelia Pieper (government of the Federal Republic of Germany), Robin Barnett (United Kingdom of Great Britain and Northern Ireland), Lukas Beglinger (Swiss Confederation), Raoul Delcorde (Kingdom of Belgium), Greg Houlahan (Canada), Nik Kiddle (New Zealand), Urmas Klaas (Republic of Estonia), Marcel Kurpershoek (Kingdom of the Netherlands), Christer Mattsson (Kingdom of Sweden), Zvi Rav-Ner (State of Israel), Jan Sechter (Czech Republic), Avner Shalev (State of Israel), Ertan Tezgör (Republic of Turkey), and Jens-Christian Wagner (Lands of the Federal Republic of Germany)

III. SOLICITING DECLARATIONS OF FINANCIAL SUPPORT FOR THE PERPETUAL CAPITAL

1. Countries

The letter sent out in February 2009 by Polish Prime Minister Donald Tusk, informing the leaders of over 40 countries about the key intentions of Auschwitz-Birkenau Foundation, as well as the task to collect 120 million euro for the Perpetual Fund, was received very well among many governments and heads of states.

In 2012 the Foundation received payments and declarations of payment from:

- Argentine Republic (5,000.00 EUR)
- Commonwealth of Australia (400,400.00 EUR)
- Republic of Finland (50,000.00 EUR)
- Canada (400,000.00 CAD)
- Grand Duchy of Luxembourg (100,000.00 EUR)
- Principality of Monaco (50,000.00 EUR)

All of the above payments combined with payments and declarations from previous years amount to the total sum of ca. 98 million Euro, which provides an optimistic outlook on the plans of complex conservation of the former Nazi German concentration and extermination camp Auschwitz-Birkenau, as well as opens the perspective of similar declarations from countries with which negotiations are being held: Italy, Spain, Slovakia, Slovenia, Hungary, Ukraine, Bosnia and Herzegovina, Serbia, and Croatia. The participation of Russian Federation in the Perpetual Capital seems also possible. Moreover, some countries that have already contributed to the Capital at the initial stage, are considering increasing their payments. They are Switzerland and Sweden.

The Polish Ministry of Foreign Affairs took active part in the visits of Board Members and the Foundation's employees to the aforementioned countries. Polish diplomats participated in numerous meetings abroad and helped establish and maintain many relations with members of foreign governments. The support of the Israeli diplomacy has also been very significant.

2. Individual donors and cooperation with companies

In 2012, the Foundation continued the successful cooperation with Edelman PR on *pro bono* basis. Together, in September 2012, they organized a series of meetings throughout Poland with high-school students and representatives of local authorities in four cities: Kołobrzeg, Piła, Wieluń, and Chrzanów. Each city declared the will to support the Foundation. The meetings were also attended by 2 Polish actors: Marcin Bosak and Mateusz Damięcki.

The year 2012 also brought intensified activities of the Foundation in the US. Friends of Auschwitz-Birkenau Foundation was established – an American organization raising funds for Perpetual Capital, whose chairmanship was taken by Gail Becker, previously supporting the Polish Foundation through Edelman PR in the US. The American organization has so far received much support also from the Polish diplomatic service in the US. The main goal of Friends of Auschwitz-Birkenau Foundation is to contact individual US donors who could contribute to the Capital with substantial donations.

IV. EXTERNAL SUPPORT OF THE STATUTORY ACTIVITIES

In 2012, the Foundation continued cooperation with law and accounting firms that have been supporting its work. Legal assistance is provided free of charge by Weil law firm. Tax advisory services are delivered by Ernst&Young on very preferential conditions. Courtesy of the Union of Jewish Religious Communities in Poland, the Foundation rents office space at the premises of the Jewish Community of Warsaw on concessional terms. Once again the audit was performed by KPMG on *pro bono* basis.