SUBSTANTIVE REPORT ON THE ACTIVITIES OF AUSCHWITZ-BIRKENAU FOUNDATION IN 2013

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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 will finance conservatory work at the Memorial Site Auschwitz-Birkenau.

I. FORMAL INFORMATION

Auschwitz-Birkenau Foundation
KRS (National Court Register) No.: 0000328383, REGON (statistical number): 141817074.
Registered office:
Warsaw (00-104), ul. Twarda 6.

Official website: www.fundacja.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 Rozdziezcer-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 are 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 official website (fundacja.auschwitz.org).

The information regarding income and its sources, as well as the costs of implementation of the statutory objectives, is detailed in the Financial Statement for the year 2013. The Statement also presents information on salaries and the value of the Foundation’s assets in 2013. The document has been published at the Foundation’s official website (fundacja.auschwitz.org).

Information regarding the balance of the Foundation’s bank accounts (as of December 31, 2013):

- PLN current accounts: PLN 1,274,296.01
- EUR current accounts: PLN 1,306,620.11
- USD current accounts: PLN 3,012,099.34

- EUR Short-term deposit, yield 0.45 % maturity: 20.01.2014: EUR 1,106,035.57
- EUR Short-term deposit, yield 0.45 % maturity 20.01.2014: EUR 639,098

Accrued interests – short term deposits: PLN 485.09

Banks: PKO BP and PEKAO S.A.

Information on securities purchased by the Foundation:

In 2013, the Foundation purchased government and corporate bonds worth PLN 78,205,828.63, issued by the following entities: Dexia Group, 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, Landesbank Berlin, City of Warsaw.

The total value of the long-term bonds in the Foundation’s possession as at December 31, 2013 was PLN 143,938,707.88 (according to the balance sheet as at December 31, 2013).

The total value of the short-term bonds in the Foundation’s possession as at December 31, 2013 was PLN 21,808,770.33 (according to the balance sheet as at December 31, 2013).
All securities transactions in 2013 were made through PKO BP, PEKAO S.A. and Societe Generale S.A.

**Information on other purchased fixed assets:**

In 2013, the Foundation purchased the following fixed assets:
2 computers with the total gross value of PLN 9,999.72.

**Information on assets and liabilities for statistical purposes:**

<table>
<thead>
<tr>
<th>Assets</th>
<th>PLN 220,420,357.75</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td>PLN 349,134.57</td>
</tr>
</tbody>
</table>

**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 2013. As of December 31, 2013, short-term liabilities to the Tax Office (US) and Social Insurance Institution (ZUS) due to salaries totalled PLN 19,691.65.

In November 2011, the Foundation was assigned the status of a 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 the total annual or average monthly remuneration paid to the members of the Management Board and other Foundation’s bodies:**

In the financial year, the total net remuneration paid by the Foundation to the members of the management and supervisory bodies was PLN 189,415.78.

**Information on remuneration paid for contract services:**

Contract services in 2013 totalled PLN 70,307.74 net.

**Information on controls performed at the Foundation:**

There were no controls at the Foundation in 2013.

II. 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), Agnieszka Magdziak-Miszewska, Eleonora Bergman, Jürgen Rüttgers, Serge Klarsfeld, Józef Wancer, Piotr Kadičik, Edward Kosakowski, Zbigniew Nosowski, Paweł Machcewicz, Marek Zając,
Henryk Wujec (from June 19, 2013), Wojciech Soczewica (from June 19, 2013). In 2013, the meeting of the Council was held on June 19.

In 2013, the Council adopted unanimously the following resolutions, both during the meeting and by circulation:

- Selection of the statutory auditor to audit the Foundation’s financial statements (March 20, 2013);
- Approval of the Substantive Report on the Foundation’s activity in 2012, delivered by the Board (June 19, 2013);
- Approval of the financial statements of the Foundation for year 2012 (June 19, 2013);
- Acceptance of the annual action plan of the Foundation and the financial plans for 2013 (June 19, 2013);
- Granting approval on the performance of duties of the President of the Management Board in 2012 to Piotr Cywiński (June 19, 2013);
- Granting approval on the performance of duties of the Vice-President of the Management Board in 2012 to Rafał Pióro (June 19, 2013);
- Granting approval on the performance of duties of the Vice-President of the Management Board in 2012 to Łukasz Rozdeiczer-Kryszkowski (June 19, 2013);
- Granting approval on the performance of duties of the Member of the Management Board and Director General in 2012 to Jacek Kastelaniec (June 19, 2013);
- Appointment of members of the International Committee of the Foundation (June 19, 2013);
- Appointment of members of the Council of the Foundation (June 19, 2013);
- Dismissal of members of the International Committee of the Foundation (November 28, 2013);
- Approval of the investment strategy for the Foundation’s Perpetual Capital (November 28, 2013).

2. Management Board of the Foundation

The Management Board of the 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-Kryszkowski (Vice-President), Jacek Kastelaniec (Member of the Board, Director General).

In 2013, the Management Board held 6 meetings (February, May, June, July, September, November). Its particular duties were to: prepare the action plans and financial plans for the Foundation, managing the Foundation’s assets, determining the size of the Foundation’s staff and the amount of funds spent on salaries of the employees, according to the approved financial plan, accepting donations, inheritances, bequests, subsidies and donations. In managing the Foundation’s current activities, the Management Board is supported by the Foundation Office, operating in premises rented on concessional terms from the Jewish Community of Warsaw.
In 2013, the Board’s activities still focused on soliciting further financial declarations for the Perpetual Fund through, among others, developing relations with diplomatic missions of foreign governments in Warsaw, as well as direct relations in selected countries. The activities in the USA were continued.

In 2013, the Management Board also concentrated on passing further income on the Perpetual Capital for the conservation of the Memorial Site. 2013 was the second year during which the Foundation financed the conservation work in the area of the Auschwitz-Birkenau State Museum. In the financial year 2013, a sum of PLN 3,500,000.00 was allocated to the performance of such conservation work (Resolution of the Management Board No. 2/2013 dated February 11, 2013 on allocation of the profit earned on the Perpetual Capital in 2012 to statutory purposes, i.e. conservation of the Memorial Site), including PLN 2,144,991.00 transferred to the account of the Auschwitz-Birkenau State Museum. The remaining amount may be used by the Museum at any time as needed under the Global Conservation Plan.

Donations in 2013 by projects:

Title: Preparatory works necessary to carry out further conservation and construction activities in the area of the former Auschwitz II Birkenau.
Description: Multi-stage project including, among others, geodetic inventory, cleaning historic sewage system, and geological surveys.
The amount transferred: PLN 612,000.00.

Title: Conservation surveys necessary to carry out further work in connection with the implementation of the Global Conservation Plan.
Description: Multi-stage project implemented in the whole area of the Memorial Site by leading Polish research and development institutions, aimed to determine the condition of the preservation of the facilities, identify destroying factors and develop conservation methods.
The amount transferred: PLN 801,335.84

Title: Preservation and conservation of BI section along with all related facilities.
Description: Multi-stage project under which, among others, intervention work is carried out. BI section is located in the area of Birkenau, where 62 residential barracks, 10 shower rooms, 2 kitchens, 2 baths and 2 warehouses were located in the final phase of the camp existence.
The amount transferred: PLN 673,721.01

Title: Conservation and protection of brick buildings in the area of former KL Auschwitz I (home camp), conservation and protection of reserve block No. 28.
The amount transferred: PLN 57,934.15

In 2013, the activity of the Foundation was made possible thanks to funds donated by KPMG to administration activities, 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 2013, Auschwitz-Birkenau Foundation employed five persons full time:

- Director General, Jacek Kastelaniec;
- Office Manager, Maciej Antosik;
- Specialist on international relations, Anna Miszewska;
- Project Manager, Anna Barbur;
- Financial Assistant, Katarzyna Złoch.

The structure of administrative costs in 2013 financed from the donation of KPMG Audyt Sp. z o.o. sp.k. (PLN 73,800.00), and the statutory part of profit from the Perpetual Fund, is presented below.

<table>
<thead>
<tr>
<th>I. Fixed costs</th>
<th>710,977.05</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and contracts</td>
<td>651,614.03</td>
</tr>
<tr>
<td>Accounting and payroll</td>
<td>33,460.92</td>
</tr>
<tr>
<td>Rent</td>
<td>12,000.00</td>
</tr>
<tr>
<td>Medical services</td>
<td>13,902.10</td>
</tr>
</tbody>
</table>

| II. Other costs (including depreciation) | 385,764.95 |

Total 1,096,742.00

Detailed information on the cost of salaries and other costs is included in explanatory notes of the Foundation’s Financial Statements for the financial year 2013.

In 2013, an audit was conducted in the Foundation’s Office for the year 2012. Following the resolution of the Council of the Foundation, the audit was conducted by KPMG. In the audit report, the auditor expressed no objections. The audit report as well as all statements in Polish and English are available at the Foundation’s website (fundacja.auschwitz.org).

3. Financial Committee

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

In 2013, the Committee held 5 meetings. It developed the investment strategy for the Perpetual Capital, approved on November 28, 2013 by resolution of the Council of the Foundation. The Committee monitors the Foundation’s assets and advises to the Management Board on investment decisions on the on-going basis.

4. International Committee
The International Committee of the Auschwitz-Birkenau Foundation gathers the representatives of donor states. The Committee was established to provide the donor 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 opinions. On October 17, 2013, the third meeting of the International Committee took place.

The meeting was attended by:

- Stella Avallone – representing the Republic of Austria;
- Robin Barnett – representing the United Kingdom of Great Britain and Northern Ireland;
- Lukas Beglinger – representing Swiss Confederation;
- Paul Beckers – representing the Kingdom of the Netherlands;
- Philippe Cerf – representing the Republic of France;
- Raoul Delcorde – representing the Kingdom of Belgium;
- Nadav Eshcar – representing the State of Israel;
- Ketevan Esiashvili – representing the Republic of Georgia;
- Georges Faber – representing Grand Duchy of Luxembourg;
- Claude Giordano – representing the Principality of Monaco;
- Ivan Gyorcsik – representing Hungary;
- Henry Hedman – representing the Republic of Finland;
- Wendy Hinton – representing New Zealand;
- Pamela Isfeld – representing Canada;
- Claas-Dietrich König – representing the Federal Republic of Germany;
- Hans Fredrik Lehne – representing the Kingdom of Norway;
- Edmund Mortimer – representing the Commonwealth of Australia;
- Patricia Beatriz Salas – representing the Republic of Argentina;
- John P. Schutte – representing the United States;
- Jan Sechter – representing the Czech Republic;
- Sabine Sparwasser – representing the Federal Republic of Germany;
- Ertan Tezgör – representing the Republic of Turkey.

During the meeting, a Report on the Foundation’s Activity in 2012, Financial Statements, Foundation’s employment structure and audit report were presented, and activities within the Global Conservation Plan were discussed. The situation of the Perpetual Capital and the activities of the Financial Committee were also presented.

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 forty countries about the key intentions of the Auschwitz-Birkenau Foundation, as well as the task to collect 120 million euro for the Perpetual Capital, was received very well among many governments and heads of states.
In 2013, the Foundation received payments and declarations of payment from:

- Azerbaijan (198,705.00 EUR);
- Georgia (50,000.00 EUR);
- Ireland (5,000.00 EUR);
- Russia (1,000,000.00 USD);
- Hungary (120,000.00 EUR).

The following countries decided to increase their contributions to the Perpetual Capital:

- New Zeeland (additional 50,000.00 EUR);
- Sweden (additional 109,556.00 EUR);
- Switzerland (additional 1,000,000.00 EUR);
- Turkey (additional 50,000.00 EUR).

All of the above payments combined with payments and declarations from previous years amount to the total sum of ca. 101 million Euro, which provides an optimistic outlook on the plans of complex conservation of the former Nazi German concentration and extermination camp Auschwitz-Birkenau according to the intentions of the authorities of the Auschwitz-Birkenau State Museum and will of the International Auschwitz Council. In 2014, other states are expected to join the project. The Auschwitz-Birkenau Foundation conducts intensive negotiations with Italy, Spain, Slovakia, Slovenia, Chile, Morocco, Kazakhstan and India. Further, also negotiations with Belgium, the Netherlands and Norway are being held on an increase in their respective contributions to the Perpetual Capital. The Polish Ministry of Foreign Affairs took active part in the organisation of 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

The greatest individual donors of the Foundation are:

- Frank Lowy: 1,000,000.00 USD;
- Jolanta and Leszek Czarnecky: 100,000.00 USD.

The year 2012 brought intensified activities of the Auschwitz-Birkenau Foundation in the United States. Friends of Auschwitz-Birkenau Foundation was established – an American organization raising funds for the Foundation. In 2013, the Foundation continued these activities. Friends of Auschwitz-Birkenau Foundation was assigned the 501c3 status whereby donors will be able to deduct donations from tax.

Friends of Auschwitz-Birkenau Foundation employs two persons in the USA: Beata Schulman, who is responsible for fundraising on the East Coast, and Marek Rothman, who fulfills the same function on the West Coast. Christa Kaufmann, a fundraiser with many years of experience, who wants to be active for the Foundation on pro bono basis, decided to support the activity of Friends of Auschwitz-Birkenau Foundation.
IV. EXTERNAL SUPPORT FOR THE STATUTORY ACTIVITIES

In 2013, the Foundation continued cooperation with law and accounting firms that have been supporting its work. Legal assistance is provided free of charge by Weil, Gotshal & Manges law firm.

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 an independent auditor, KPMG, on *pro bono* basis.

PR support is still provided by Edelman PR on *pro bono* basis.

V. PLANS FOR 2014

In connection with the 70th anniversary of the liberation of KL Auschwitz on 27 January 2015, the Auschwitz-Birkenau Foundation plans to conclude the fundraising activity prior to that date.

In 2014, the main emphasis will be put on soliciting individual donors, both in the USA and Europe, under the “18 Pillars of Memory” Campaign. The Foundation will continue negotiations with states which have not confirmed their participation in the project yet and which may decide to increase their contribution to the Perpetual Capital.