

Fundacja Auschwitz - Birkenau

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2012**

The opinion contains 2 pages
The supplementary report contains 9 pages
Opinion of the independent auditor
and supplementary report on the audit
of the financial statements
for the financial year ended
31 December 2012

OPINION OF THE INDEPENDENT AUDITOR



KPMG Audyt
Spółka z ograniczoną
odpowiedzialnością sp.k.
ul. Chłodna 53
00-867 Warszawa
Poland

Telefon: +48 22 528 11 00
Fax: +48 22 528 10 09
E-mail: kpmg@kpmg.pl
Internet: www.kpmg.pl

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

OPINION OF THE INDEPENDENT AUDITOR

To the Council of Fundacja Auschwitz - Birkenau

Opinion on the Financial Statements

We have audited the accompanying financial statements of Fundacja Auschwitz - Birkenau, with its registered office in Warsaw, ul. Twarda 6 (“the Foundation”), which comprise the introduction to the financial statements, the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and the supplementary information and explanations.

Management’s Responsibility for the Financial Statements

Management of the Foundation is responsible for the correctness of the accounting records, the preparation and fair presentation of these financial statements and preparation of the Report on the Foundation’s activities in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330) (“the Accounting Act”) and related bylaws, and other applicable regulations. Management of the Foundation is also responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act, Management of the Foundation is required to ensure that the financial statements and the report on the Foundation’s activities are in compliance with the requirements set forth in the Accounting Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act, National Standards on Auditing issued by the National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the accompanying financial statements of Fundacja Auschwitz – Birkenau have been prepared and present fairly, in all material respects, the financial position of the Foundation as at 31 December 2012 and its financial performance for the year then ended in accordance with the accounting principles applicable to the territory of the Republic of Poland as set out in the Accounting Act and related bylaws, are in compliance with the respective regulations and the provisions of the Foundation's articles of association that apply to the Foundation's financial statements and have been prepared from accounting records that, in all material respects, have been properly maintained.

Report on the Foundation's Activities

As required under the Accounting Act, we report that the accompanying report on the Foundation's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Magdalena Paulinek
Key Certified Auditor
Registration No. 11528

Signed on the Polish original

.....
Wojciech Stopka
Certified Auditor
Registration No. 90060
Limited Liability Partner with power of attorney

17 June 2013

Financial Statements
Auschwitz-Birkenau Foundation
Period 01/01/2012- 31/12/2012
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 31.12.2012.

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.

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 2012	31 December 2011
EUR	4,0882	4,4168
USD	3,0996	3,4174

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 recognizes prepayments if the costs incurred relate to future reporting periods. Accruals are recognized at the amount of probable liabilities relating to the current reporting period.

3.9. The 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.

After the year end the donations paid into the Perpetual Fund in a year are transferred to the Statutory Fund - this methodology of creating the Statutory Fund will be used until € 120 million is collected.

3.10. Provisions

Provisions are recognized 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.

3.11. Revenues

The Foundation revenues are cash received and other financial assets from sources specified in the Statutes including membership fees.

The Foundation revenues derive from:

- domestic and foreign donations
- income from the Foundation's assets
- interests on investments, including bank deposits and securities (bonds)

3.12. Interest

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

3.13. 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.

Auschwitz-Birkenau Foundation
Financial statements for the year ended 31 December 2012

BALANCE SHEET AS AT 31.12.2012

ASSETS

PLN	As at 31.12.2012	As at 31.12.2011
A. Fixed assets	103 573 047,43	62 126 874,23
I. Intangible fixed assets	-	-
II. Tangible fixed assets	30 497,16	46 419,61
III. Long-term receivables	-	-
IV. Long-term investments	103 542 550,27	62 080 454,62
V. Long-term prepayments and deferred costs	-	-
B. Current assets	29 312 702,03	7 139 576,70
I. Inventory of tangible current assets	-	-
II. Short-term receivables	2 382,09	-
III. Short-term investments	29 309 447,20	7 138 794,23
1. Cash in hand and at bank	27 348 458,67	7 138 794,23
2. Other financial assets	1 960 988,53	-
IV. Short-term prepayments and deferred costs	872,74	782,47
Total assets	132 885 749,46	69 266 450,93

BALANCE SHEET AS AT 31.12.2012

EQUITY AND LIABILITIES

PLN	As at 31.12.2012	As at 31.12.2011
A. Equity	132 852 303,58	69 248 717,62
I. Statutory fund	61 021 330,57	3 703 922,11
II. Revaluation reserve	-	-
III. Net financial result for the period	71 830 973,01	65 544 795,51
1. Excess of income over expenses (plus)	71 830 973,01	65 544 795,51
2. Excess of expenses over income (minus)		
B. Liabilities and provisions for liabilities	33 445,88	17 733,31
I. The long-term liabilities from loans	-	-
II. Short-term liabilities and special funds	33 445,88	17 733,31
1. Loans	-	-
2. Other liabilities	33 445,88	17 733,31
3. Special funds	-	-
III. Provisions for liabilities	-	-
IV. Accruals and deferred income	-	-
1. Deferred income	-	-
2. Other accruals	-	-
Total equity and liabilities	132 885 749,46	69 266 450,93

PROFIT AND LOSS ACCOUNT

PLN	Year ended 31.12.2012	Year ended 31.12.2011
A. Revenues from statutory activities	74 524 278,01	57 860 451,02
1. Gross premiums defined by statute	-	-
2. Other revenues defined by statute	74 524 278,01	57 860 451,02
B. Costs of statutory activities	1 699 000,00	-
C. Financial result on statutory activities (A-B)	72 825 278,01	57 860 451,02
D. Administrative costs	930 544,90	658 661,95
1. Depreciation	15 922,45	14 437,22
2. Materials and energy	17 511,22	17 669,49
3. External services	218 000,18	201 738,32
4. Taxes and charges	30,00	510,00
5. Remuneration, social security and others	483 978,70	274 107,17
6. Other administration costs	195 102,35	150 199,75
E. Other revenues (other than in A i G)	-	-
F. Other costs (other than in B, D i H)	-	2 904,66
G. Financial income	4 665 548,72	8 373 420,87
H. Financial costs	4 729 308,82	27 509,77
I. Gross financial result (C-D+E-F+G-H)	71 830 973,01	65 544 795,51
J. Result on extraordinary items	-	-
I. Extraordinary gains (plus)	-	-
II. Extraordinary losses (minus)	-	-
K. Net financial result (I+/-J)	71 830 973,01	65 544 795,51
I. Difference increasing costs of the next year (negative figure)	-	-
II. Difference increasing revenues of the next year (positive figure)	5 607 882,05	8 227 387,05
III. Difference increasing the Statutory Fund of the next year (positive figure)	66 223 090,96	57 317 408,46

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

2012			
PLN	Plant and machinery	Other tangible fixed assets	Total
<u>Gross book value</u>			
Opening balance	50 008,11	19 000,00	69 008,11
Increases, including:			
Purchases	-	-	-
Decreases, including:			
Liquidation and sale	-	-	-
Closing balance	50 008,11	19 000,00	69 008,11
<u>Accumulated depreciation</u>			
Opening balance	19 738,50	2 850,00	22 588,50
Increases, including:			
Charge for the year	12 122,45	3 800,00	15 922,45
Decreases, including:			
Liquidation and sale	-	-	-
Closing balance, including:	31 860,95	6 650,00	38 510,95
Impairment write-downs	-	-	-
<u>Net book value</u>			
Opening balance	30 269,61	16 150,00	46 419,61
Closing balance	18 147,16	12 350,00	30 497,16

5. LONG-TERM INVESTMENTS

Long-term investments as at the balance sheet are bonds in EUR and PLN classified as investments held to maturity.

2012

PLN	Securities held to maturity
Opening balance, of which:	62 080 454,62
Gross book value	62 080 454,62
Impairment write-downs	-
Increases:	
Purchases	48 608 799,47
Valuation of investments to amortized cost	(2 353 860,80)
Revaluation – exchange differences	(4 792 843,02)
Decreases:	
Disposals	-
Other	-
Closing balance, of which:	103 542 550,27
Gross book value	103 542 550,27
Impairment write-downs	-

6. SHORT-TERM INVESTMENTS

6.1. Cash and cash equivalents

PLN	31 December 2012	31 December 2011
- current bank account PLN	662 327,26	775 132,22
- current bank account EUR	3 647 229,30	871 766,30
- current bank account USD	1 481 568,33	2 103,27
- short-term deposits PLN	21 486 281,89	5 481 000,00
- accrued interests – short-term deposits	71 051,89	8 792,44
Total cash	27 348 458,67	7 138 794,23

Short-term deposit in PLN include deposit in PKO BP bank on amount 7 195 281,89 PLN with maturities at the date of 21st January 2013 with annual equivalent rate of 4,8% and deposit in Pekao SA bank on amount 14 291 000,00 PLN with maturities at the date of 27th March 2013, with annual equivalent rate of 4,1%

6.2. Other financial assets

Other financial assets on amount 1 960 988,53 PLN include Polish government bonds 02/13 with maturities at the date of 5th February 2013.

Auschwitz-Birkenau Foundation
Financial statements for the year ended 31 December 2012

7. PREPAYMENTS

PLN	31 December 2012	31 December 2011
- insurance of property	688,27	737,47
- travel insurance	-	45,00
- domain	184,50	-
Total prepayments	872,74	782,47

8. SHORT TERM LIABILITIES

PLN	31 December 2012	31 December 2011
Liabilities towards Tax Office and Social Security Office (personal income)	16 766,47	7 389,12
Liabilities arising from the settlements of employees advances and credit cards	13 305,80	10 344,19
Other liabilities	3 373,61	-
Short term liabilities, total	33 445,88	17 733,31

9. LIABILITIES SECURED ON THE COMPANY'S ASSETS

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

10. 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 material contingent liabilities, including granted guarantees or suretyships (including bills of exchange).

11. OFF BALANCE SHEET LIABILITIES

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

Auschwitz-Birkenau Foundation
Financial statements for the year ended 31 December 2012

12. EXTERNAL SERVICES

PLN	31 December 2012	31 December 2011
Lease of premises	12 000,00	12 690,00
Telecommunications services	32 308,42	31 932,13
Postal, courier services	4 701,56	7 250,49
Translation service	5 718,63	2 665,20
Bank services fees	35 643,16	18 560,79
Accounting services	31 911,12	31 906,20
Notary services	0,00	642,06
Audit services	73 800,00	79 950,00
Repairs & car control	6 205,36	10 517,04
Maintenance, repair, overhaul	861,00	338,25
Press advertisement	203,20	3 186,20
Trainings and seminars	12 076,82	0,00
Registration the Foundation in the United States	1 106,85	0,00
Photographic services	354,60	0,00
Printing plates	1 109,46	0,00
Services connected with Board meetings	0,00	2 099,96
External services, total	218 000,18	201 738,32

13. REMUNERATION

PLN	31 December 2012	31 December 2011
Remuneration paid to Management Board members	158 961,71	72 061,60
Remuneration paid to other employees	265 358,87	175 163,56
Social security	59 658,12	26 882,01
Total	483 978,70	274 107,17

14. OTHER ADMINISTRATIVE COSTS

PLN	31 December 2012	31 December 2011
Business trips	164 417,28	143 992,96
Meetings of supervisors	15 988,35	0,00
Representation costs	4 327,48	2 231,19
Property insurance	4 762,29	3 975,60
Medical benefits	5 606,95	0,00
Other administrative costs, total	195 102,35	150 199,75

Auschwitz-Birkenau Foundation
Financial statements for the year ended 31 December 2012

15. STRUCTURE OF INCOME

PLN	31 December 2012	31 December 2011
Donations – Perpetual Capital	66 223 090,96	57 317 408,46
Other donations received on administrative costs	73 800,00	479 297,22
Income from previous year included in current year revenues	8 227 387,05	63 745,34
Total donations	74 524 278,01	57 860 451,02
Bank interests received – from the Perpetual Capital	615 640,94	176 649,37
Bank interests accrued – from the Perpetual Capital	62 259,45	6 586,54
Interests – securities	3 987 648,33	1 580 502,27
Exchange gains	-	6 609 682,69
Total income, of which:	79 189 826,73	66 233 871,89

Donations for the Foundation constituting the Perpetual Capital which were obtained in 2009-2012 were invested in bank deposits and the acquisition of bonds.

16. THE USAGE OF REVENUES FOR ADMINISTRATIVE EXPENSES

PLN	2012	2011
Sources funding the administrative expenses:	930 544,90	658 661,95
Donations for administrative costs	73 800,00	479 297,07
Profits from Perpetual Capital allocated to the cost of adm.	856 744,90	179 364,88
Usage:	930 544,90	658 661,95
Administrative expenses	930 544,90	658 661,95

Administrative and other expenses were financed by other donations and in part by profit on the Capital.

17. COSTS OF STATUTORY ACTIVITIES

PLN	31 December 2012	31 December 2011
Conservation of the Memorial Site	1 699 000,00	-

18. STATUTORY FUND

The Statutory Fund was established from donations paid into the Perpetual Capital:

YEAR	PLN
2009	1 744 566,38
2010	1 959 355,73
2011	57 317 408,46
Total Statutory Capital as at 31.12.2012	61 021 330,57

19. FINANCIAL INCOME

PLN	31 December 2012
- bank interests	677 900,39
- interest on securities	3 987 648,33
Financial income	4 665 548,72

20. FINANCIAL COSTS

PLN	31 December 2012
- excess of foreign exchange losses over gains	4 728 679,05
- budget interest	629,77
Financial costs	4 729 308,82

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

In 2012 the Foundation increased substantially income from donations for the Perpetual Capital – the received amount of PLN 66 223 090,96, it is more than 15 % higher than amount received in 2011.

According to the declarations, the predicted contributions to the Perpetual Capital will be about EUR 98 million by 2016.

In 2011, the Foundation's administrative expenses amounted to around 9% of net profits from investments in 2009-2011. In 2012, these costs amounted to around 18% of net profits for the year 2012. The difference is mainly due to the fact that in 2011, the Foundation had funded the administration costs of external purposeful grants and only partially benefited from the exercise of its profits in Perpetual Capital. In 2012, however, the administrative activities were almost fully financed from profits on Perpetual Capital (the second source was deliberate on administrative donation in amount of PLN 73 800,00).

22. INFORMATION ON AVERAGE EMPLOYMENT

As at the balance sheet date the Foundation employed 4 people under an employment contract.

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

During the year ended 31 December 2012 the Foundation paid the remuneration to members of the Management Board in amount of PLN 158 961,71.

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

During the year ended 31 December 2012 the Foundation did not grant any loans or other similar benefits to members of the management and supervisory bodies.

Prepared by:

The Management Board of Foundation Auschwitz-Birkenau

Ernst&Young Usługi Księgowe Sp.z o.o

Rondo ONZ 1, 00-124 Warszawa

.....
Piotr Cywiński

.....
Rafał Pióro

.....
Łukasz Rozdeicz -Kryzkowski

10 June 2013

.....
Jacek Kastelaniec

Signed on the Polish original

REPORT OF THE INDEPENDENT AUDITOR

Fundacja Auschwitz – Birkenau

Supplementary report
on the audit of the
financial statements
Financial Year ended
31 December 2012

The supplementary report contains 9 pages
The supplementary report on the
audit of the financial statements
for the financial year ended
31 December 2012

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1. General

1.1. General information about the Foundation

1.1.1. Foundation name

Fundacja Auschwitz - Birkenau

1.1.2. Registered office

ul. Twarda 6
00-104 Warszawa

1.1.3. Registration in the National Court Register

Registration court: District Court for the Capital City of Warsaw in Warsaw,
XII Commercial Department of the National Court Register
Date: 29 April 2009
Registration number: KRS 0000328383

1.1.4. Management of the Foundation

The Management Board is responsible for management of the Foundation.

As at 31 December 2012, the Management Board of the Foundation was comprised of the following members:

- Piotr Mateusz Cywiński – President of the Management Board,
- Rafał Pióro – Vice-President of the Management Board,
- Łukasz Rozdeiczer – Kryszkowski – Vice-President of the Management Board,
- Jacek Kastelaniec – Member of the Management Board - General Director.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname: Magdalena Paulinek
Registration number: 11528

1.2.2. Audit Firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: ul. Chłodna 51, 00-867 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City of Warsaw in Warsaw,
XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

1.3. Prior period financial statements

The financial statements as at and for the financial year ended 31 December 2011 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The financial statements were approved by the Council of Fundacja Auschwitz – Birkenau on 11 June 2012.

The Foundation has not submitted the financial statements to the Registry Court. The financial statements were not required to be published in Monitor Polski B.

1.4. Audit scope and responsibilities

This report was prepared for the Council of Fundacja Auschwitz - Birkenau with its registered office in Warsaw, ul. Twarda 6 and relates to the financial statements comprising: the introduction to the financial statements, the balance sheet as at 31 December 2012, the profit and loss account for the year then ended and the supplementary information and explanations.

The financial statements have been audited in accordance with the contract dated 27 February 2013, concluded on the basis of the resolution of the Council of Fundacja Auschwitz - Birkenau on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330) (“the Accounting Act”), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the financial statements at the Foundation during the period from 8 to 11 April 2013.

Management of the Foundation is responsible for the correctness of the accounting records and the preparation and fair presentation of the financial statements and preparation of the report on the Foundation’s activities in accordance with the Accounting Act and in compliance with the respective bylaws and other applicable regulations.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the financial statements and whether the financial statements have been prepared from properly maintained accounting records based on our audit.

Management of the Foundation submitted a statement, dated as at the same date as this report, as to the true and fair presentation of the accompanying financial statements, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the financial statements.

All required statements, explanations and information were provided to us by Management of the Foundation and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.



Fundacja Auschwitz - Birkenau
*The supplementary report on the audit of the financial statements
for the financial year ended 31 December 2012*
TRANSLATION

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Self-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649 with amendments).

2. Financial analysis of the Foundation

2.1. Summary analysis of the financial statements

2.1.1. Balance sheet

ASSETS	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
Non-current assets				
Tangible fixed assets	30.4	-	46.4	0.1
Long term investments	103,542.6	77.9	62,080.5	89.6
	103,573.0	77.9	62,126.9	89.7
Current assets				
Short term receivables	2.4	-	-	-
Short term investments	29,309.4	22.1	7,138.8	10.3
Short term prepayments and deferred expenses	0.9	-	0.8	-
	29,312.7	22.1	7,139.6	10.3
TOTAL ASSETS	132,885.7	100.0	69,266.5	100.0
EQUITY AND LIABILITIES				
	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
Equity				
Net result for the financial year	61,021.3	46.0	3,703.9	5.4
	71,831.0		65,544.8	
	132,852.3	100.0	69,248.7	100.0
Liabilities and provisions for liabilities				
Short term liabilities	33.4	-	17.8	-
	33.4	-	17.8	-
TOTAL EQUITY AND LIABILITIES	132,885.7	100.0	69,266.5	100.0

2.1.2. Profit and loss account

	1.01.2012 - 31.12.2012 PLN '000	% of financial result on statutory activities	1.01.2011 - 31.12.2011 PLN '000	% of financial result on statutory activities
Financial result on statutory activities				
Net revenues from the statutory activities	74,524.3	102.3	57,860.5	100.0
Cost related to the realization of statutory tasks	(1,699.0)	2.3	-	-
	<u>72,825.3</u>	<u>100.0</u>	<u>57,860.5</u>	<u>100.0</u>
Administrative expenses				
Depreciation	(15.9)	0.0	(14.4)	0.0
Materials and energy	(17.5)	0.0	(17.7)	0.0
External services	(218.0)	0.3	(201.8)	0.3
Taxes and charges	(0.1)	0.0	(0.5)	0.0
Payroll and social security and other benefits	(483.9)	0.7	(274.1)	0.5
Other	(195.1)	0.3	(150.2)	0.3
	<u>(930.5)</u>	<u>1.3</u>	<u>(658.7)</u>	<u>1.1</u>
Other expenses				
Other expenses	-	-	(2.9)	0.0
	<u>-</u>	<u>-</u>	<u>(2.9)</u>	<u>0.0</u>
Financial income				
Financial income	4,665.5	6.4	8,373.4	14.5
	<u>4,665.5</u>	<u>6.4</u>	<u>8,373.4</u>	<u>14.5</u>
Financial expenses				
Financial expenses	(4,729.3)	6.5	(27.5)	0.1
	<u>(4,729.3)</u>	<u>6.5</u>	<u>(27.5)</u>	<u>0.1</u>
Gross result on overall activities	<u>71,831.0</u>	<u>98.6</u>	<u>65,544.8</u>	<u>113.3</u>
Net financial result	<u>71,831.0</u>	<u>98.6</u>	<u>65,544.8</u>	<u>113.3</u>

2.2. Selected financial ratios

	2012	2011	2010
1. Debt ratio			
<u>liabilities and provisions for liabilities</u> x 100%	0.0%	0.0%	11.6%
total equity and liabilities			
2. Current ratio			
<u>current assets</u>	877.6	401.1	4.6
current liabilities			

- Current assets exclude trade receivables due in more than 12 months.
- Current liabilities are comprised of short-term provisions for liabilities, short-term liabilities (excluding trade liabilities due in more than 12 months) and other short-term accruals.

3. Detailed report

3.1. Accounting system

The Foundation maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system, which have not been corrected and that could have a material effect on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Foundation performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act and reconciled and recorded the result thereof in the accounting records.

3.2. Introduction and supplementary information and explanations to the financial statements

All information included in the introduction and the supplementary information and explanations to the financial statements is, in all material respects, presented correctly and completely. The introduction and supplementary information and explanations should be read in conjunction with the financial statements.

3.3. Report on the Foundation's activities

The report on the Foundation's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Chłodna 51
00-867 Warsaw

Signed on the Polish original

.....
Magdalena Paulinek
Key Certified Auditor
Registration No. 11528

17 June 2013

Signed on the Polish original

.....
Wojciech Stopka
Certified Auditor
Registration No. 90060
Limited Liability Partner with
power of attorney