



Stowarzyszenie Żydowski Instytut Historyczny w Polsce

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2016**

OPINION OF THE INDEPENDENT AUDITOR

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
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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 General Meeting Stowarzyszenie Żydowski Instytut Historyczny w Polsce

Opinion on the Financial Statements

We have audited the accompanying financial statements of Stowarzyszenie Żydowski Instytut Historyczny w Polsce, with its registered office in Warsaw, ul. Tłomackie 3/5 ("the Association"), which comprise the introduction to the financial statements, the balance sheet as at 31 December 2016, the profit and loss account for the year then ended and the supplementary information and explanations.

Management's and Supervisory Board's Responsibility for the Financial Statements

Management of the Association is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ("the Accounting Act") and related bylaws, and other applicable regulations. Management of the Association 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 Association and members of the Supervisory Board are required to ensure that the financial statements 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 based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 of financial statements that give a true and fair view 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 of the Association, 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 Stowarzyszenie Żydowski Instytut Historyczny w Polsce:

- give a true and fair view of the financial position of the Company as at 31 December 2016 and of 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;
- comply, in all material respects, with applicable regulations and the provisions of the Company's articles of association that apply to the Company's financial statements; and
- have been prepared from accounting records that, in all material respects, have been properly maintained.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

.....
Anna Budzisz
Key Certified Auditor
Registration No. 11120

8 May 2017

Signed on the Polish original

.....
Marek Strugała
Limited Liability Partner
with power of attorney

REPORT OF THE INDEPENDENT AUDITOR



Stowarzyszenie Żydowski Instytut Historyczny w Polsce

**Report on the audit
of the financial statements**

Financial Year ended

31 December 2016

Stowarzyszenie Żydowski Instytut Historyczny w Polsce

The report on the audit of the financial statements
for the financial year ended 31 December 2016

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Stowarzyszenie Żydowski Instytut Historyczny w Polsce

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1. General

1.1. General information about the Association

1.1.1. Association name

Stowarzyszenie Żydowski Instytut Historyczny w Polsce

1.1.2. Registered office

ul. Tłomackie 3/5
00-090 Warsaw

1.1.3. Registration in the register of entrepreneurs of 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: 20 June 2001
Registration number: KRS 0000020904

1.1.4. Management of the Association

The Management Board is responsible for management of the Association.

As at 31 December 2016, the Management Board of the Association was comprised of the following members:

- Piotr Wiślicki – Chairman of the Management Board,
- Marian Turski – Vice Chairman of the Management Board,
- Agnieszka Milbrandt – Member of the Management Board,
- Krzysztof Rozen – Member of the Management Board,
- Michał Majewski – Member of the Management Board,
- Barbara Kirshenblatt-Gimblett – Member of the Management Board,
- Jan Jagielski – Treasurer,
- Jan Doktor – Secretary.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname: Anna Budzisz
Registration number: 11120

1.2.2. Audit Firm information

Name: KPMG Audył Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: ul. Inflancka 4A, 00-189 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 Audył 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.



Stowarzyszenie Żydowski Instytut Historyczny w Polsce

The report on the audit of the financial statements

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1.3. Prior period financial statements

The financial statements as at and for the financial year ended 31 December 2015 were audited by KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The financial statements were approved on 19 June 2016 by the General Meeting of the Association.

The financial statements were not subject to the obligation of submission to the Registry Court and were not subject to the requirement of publication in Monitor Sądowy i Gospodarczy.

1.4. Audit scope and responsibilities

The financial statements were audited in accordance with the contract dated 9 March 2017, concluded on the basis of the resolution of the General Meeting of the Association dated 19 June 2016 on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ("the Accounting Act") and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance.

We audited the financial statements at the Association during the period from 21 March 2017 to 23 March 2017.

Management of the Association is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with the Accounting Act and related bylaws, and other applicable regulations.

Our responsibility is to express an opinion and to prepare a report on the audit of the financial statements based on our audit.

Management of the Association submitted a statement, dated as at the same date as this report, as to the preparation of the financial statements that give a true and fair view, 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 Association and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

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 are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' as adopted by the resolution of National Council of Certified Auditors dated 13 June 2011 ("IESBA Code") and the impartiality and 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 2016, item 1000 with amendments) and have fulfilled other ethical responsibilities in accordance with these regulations and the IESBA Code.

Stowarzyszenie Żydowski Instytut Historyczny w Polsce

The report on the audit of the financial statements

for the financial year ended 31 December 2016

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2. Financial analysis of the Association

2.1. Summary analysis of the financial statements

2.1.1. Balance sheet

ASSETS	31.12.2016 PLN '000	% of total	31.12.2015 PLN '000	% of total
Non-current assets				
Intangible assets	51.6	0.3	29.8	0.2
Tangible fixed assets	7,970.0	42.1	8,176.2	50.7
	<u>8,021.6</u>	<u>42.4</u>	<u>8,206.0</u>	<u>50.9</u>
Current assets				
Inventories	-	-	14.2	0.1
Short term receivables	75.5	0.4	66.1	0.4
Short term investments	10,829.5	57.2	7,850.3	48.6
	<u>10,905.0</u>	<u>57.6</u>	<u>7,930.6</u>	<u>49.1</u>
TOTAL ASSETS	<u>18,926.6</u>	<u>100.0</u>	<u>16,136.6</u>	<u>100.0</u>
EQUITY AND LIABILITIES				
	31.12.2016 PLN '000	% of total	31.12.2015 PLN '000	% of total
Equity				
Statutory Fund	10,753.6	56.8	10,753.6	66.6
Net financial result	8,043.3	42.5	4,744.7	29.4
	<u>18,796.9</u>	<u>99.3</u>	<u>15,498.3</u>	<u>96.0</u>
Liabilities and provisions for liabilities				
Short term liabilities	6.7	-	136.6	0.9
Accruals and deferred income	123.0	0.7	501.7	3.1
	<u>129.7</u>	<u>0.7</u>	<u>638.3</u>	<u>4.0</u>
TOTAL EQUITY AND LIABILITIES	<u>18,926.6</u>	<u>100.0</u>	<u>16,136.6</u>	<u>100.0</u>

Stowarzyszenie Żydowski Instytut Historyczny w Polsce
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2.1.2. Profit and loss account

	1.01.2016 - 31.12.2016 PLN '000	% of total sales	1.01.2015 - 31.12.2015 PLN '000	% of total sales
Revenue				
Other statutory revenue	13,713.3	99.9	10,666.6	100.0
Net revenue from sales	17.1	0.1	-	-
	<u>13,730.4</u>	<u>100.0</u>	<u>10,666.6</u>	<u>100.0</u>
Expenses				
Materials and energy	(6.1)	-	(4.0)	-
Payroll, social security and other benefits	(475.3)	3.5	(1,184.1)	11.1
Depreciation	(324.9)	2.4	(304.6)	2.9
Other expenses	(5,149.1)	37.5	(4,944.4)	46.3
	<u>(5,955.4)</u>	<u>43.4</u>	<u>(6,437.1)</u>	<u>60.3</u>
Other revenues	46.9	0.3	405.9	3.8
Other expenses	(21.5)	0.2	(11.9)	0.1
Finance income	242.9	1.8	121.2	1.1
Net financial result	<u><u>8,043.3</u></u>	<u><u>58.6</u></u>	<u><u>4,744.7</u></u>	<u><u>44.5</u></u>



Stowarzyszenie Żydowski Instytut Historyczny w Polsce
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2.2. Selected financial ratios

	2016	2015	2014
1. Operating activities costs ratio			
<u>operating costs</u> x 100% statutory revenues	43.4%	60.3%	92.1%
2. Debt ratio			
<u>liabilities and accruals</u> x 100% total equity and liabilities	0.7%	4.0%	9.2%
3. Current ratio			
<u>current assets</u> current liabilities	84.08	12.4	5.3

- 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.



Stowarzyszenie Żydowski Instytut Historyczny w Polsce

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3. Detailed report

3.1. Accounting system

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

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.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
ul. Inflancka 4A
00-189 Warsaw

Signed on the Polish original

.....
Anna Budzisz
Key Certified Auditor
Registration No. 11120

8 May 2017

Signed on the Polish original

.....
Marek Strugała
Limited Liability Partner
with power of attorney