



**Stowarzyszenie Żydowski Instytut
Historyczny w Polsce**

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2015**

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 2015

OPINION OF THE INDEPENDENT AUDITOR



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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 of 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 2015, 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 correctness of the accounting records, the preparation and fair presentation of these financial statements in accordance with the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 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 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 and International Standards on Auditing as adopted by the National Council of Certified Auditors as the 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 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 Association'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 Association'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 have been prepared and present fairly, in all material respects, the financial position of the Association as at 31 December 2015 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 Association's articles of association that apply to the Association'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

9 May 2016

Signed on the Polish original

.....
Mirosław Matusik
Limited Liability Partner
with power of attorney

REPORT OF THE INDEPENDENT AUDITOR

**Stowarzyszenie Żydowski Instytut
Historyczny w Polsce**

**Supplementary report
on the audit of the
financial statements
Financial Year ended
31 December 2015**

**The supplementary report contains 9 pages
The supplementary report on the audit
of the financial statements
for the financial year ended
31 December 2015**

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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 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 2015, 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.

In connection with the death of prof. Felix Tych on 16 February 2015, the appointment as the Board Member has expired.

According to the resolution of the General Meeting of the Association dated 31 May 2015, Ms. Agnieszka Milbrandt, Mr. Krzysztof Rozen, Mr. Michał Majewski and Mrs. Barbara Kirshenblatt-Gimblett were appointed to the position of Members of the Management Board, and Mr. Jak Doktor was appointed to the position of 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 Audyt 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 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 2014 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The financial statements were approved at the General Meeting of the Association on 31 May 2015.

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

This report was prepared for the General Meeting of Stowarzyszenie Żydowski Instytut Historyczny w Polsce with its registered office in Warsaw, ul. Tłomackie 3/5 and relates to the financial statements comprising: the introduction to the financial statements, the balance sheet as at 31 December 2015, the profit and loss account for the year then ended and the supplementary information and explanations.

The financial statements were audited in accordance with the contract dated 18 December 2015, concluded on the basis of the resolution of the General Meeting of the Association dated 31 May 2015 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 2013, item 330 with amendments) ("the Accounting Act") and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance.

We audited the financial statements at the Association during the period from 21 March 2016 to 1 April 2016.

Management of the Association 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 Association'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 Association 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 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 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 2015, item 1011 with amendments).

2. Financial analysis of the Association

2.1. Summary analysis of the financial statements

2.1.1. Balance sheet

ASSETS	31.12.2015 PLN '000	% of total	31.12.2014 PLN '000	% of total
Non-current assets				
Intangible assets	29.8	0.2	-	-
Tangible fixed assets	8.176.2	50.7	8.459.0	51.0
	<u>8.206.0</u>	<u>50.9</u>	<u>8.459.0</u>	<u>51.0</u>
Current assets				
Inventories	14.2	0.1	-	-
Short term receivables	66.1	0.4	106.2	0.6
Short term investments	7.850.3	48.6	8.028.6	48.4
	<u>7.930.6</u>	<u>49.1</u>	<u>8.134.8</u>	<u>49.0</u>
TOTAL ASSETS	<u>16.136.6</u>	<u>100.0</u>	<u>16.593.8</u>	<u>100.0</u>
EQUITY AND LIABILITIES				
	31.12.2015 PLN '000	% of total	31.12.2014 PLN '000	% of total
Equity				
Statutory fund	10.753.6	66.6	10.753.6	64.8
Net financial result	4.744.7	29.4	4.317.9	26.0
	<u>15.498.3</u>	<u>96.0</u>	<u>15,071.5</u>	<u>90.8</u>
Liabilities and provisions for liabilities				
Short term liabilities and special funds	136.6	0.9	612.0	3.7
Accruals and deferred income	501.7	3.1	910.3	5.5
	<u>638.3</u>	<u>4.0</u>	<u>1,522.3</u>	<u>9.2</u>
TOTAL EQUITY AND LIABILITIES	<u>16.136.6</u>	<u>100.0</u>	<u>16.593.8</u>	<u>100.0</u>

2.1.2. Profit and loss account

	1.01.2015 - 31.12.2015 PLN '000	% of total sales	1.01.2014 - 31.12.2014 PLN '000	% of total sales
Statutory revenue				
Other statutory revenue	10,666.6	100.0	50,344.8	100.0
	10,666.6	100.0	50,344.8	100.0
Operating costs				
Materials and energy	(4.0)	-	(28.9)	-
External services	(482.4)	4.5	(41,514.5)	82.5
Taxes and charges	(9.5)	-	(166.7)	0.3
Payroll, social security and other benefits	(1,184.1)	11.2	(2,626.5)	5.2
Depreciation	(304.6)	2.9	(296.8)	0.6
Other expenses	(4,452.5)	41.7	(1,758.3)	3.4
	(6,437.1)	60.3	(46,391.7)	92.1
Other revenues	405.9	3.8	17.2	-
Other expenses	(11.9)	0.1	(91.1)	0.2
Finance income	121.2	1.1	438.7	0.9
Net financial result	4,744.7	44.5	4,317.9	8.6

2.2. Selected financial ratios

	2015	2014	2013
1 Operating activities costs ratio			
<u>operating costs</u> x 100%	60.3%	92.1%	45.2%
statutory revenues			
2 Debt ratio			
<u>liabilities and accruals</u> x 100%	4.0%	9.2%	6.2%
total equity and liabilities			
3 Current ratio			
<u>current assets</u>	12.4	5.3	13.2
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 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.

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 Association 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.

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

9 May 2016

Signed on the Polish original

.....
Mirosław Matusik
Limited Liability Partner
with power of attorney