

# **A. B O M B I K**

**Kancelaria Biegłego Rewidenta Spółka z o.o. [Ltd.]**

04-314 Warsaw ul. Chłopickiego 11/13 tel. 22 612 16 01 tel.22 612 16 05 tel./fax 22 612 15 97

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## **REPORT OF INDEPENDENT STATUTORY AUDITOR ON AUDIT OF THE ANNUAL FINANCIAL STATEMENTS**

For: Assembly of Founders and Audit Committee of the Foundation for the Preservation of Jewish Heritage with its registered office in Warsaw (00-105), ul. Twarda 6.

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

#### **Qualified Opinion**

We audited the enclosed annual financial statements ("*financial statements*") of the Foundation for Preservation of Jewish Heritage with its registered office in Warsaw (00-105), ul. Twarda 6, drawn up in XML format, which comprises:

- balance sheet drawn up as of 31/12/2019, where on the side of assets and liabilities & equity is the amount of PLN 19 688 685.87,
- profit and loss account for the period from 01/01/2019 to 31/12/2019 indicating net profit of PLN 776 603.42,
- notes to the financial statements including introduction to the financial statements and additional information and explanations.

a person drawing it up: Honorata Szmitka on 15/06/2020 at 10:08 am  
and Board of Directors:

1. Alicja Kobus on 19/06/2020 at 14:42
2. Tadeusz Jakubowicz on 17/06/2020 at 14:53
3. Romuald Junka on 23/06/2020 at 12:16
4. Włodzimierz Kac on 23/06/2020 at 10:21
5. Michał Samet on 22/06/2020 at 13:18
6. Lili Haber on 22/06/2020 at 15:06

Management Board Members:

1. Evan Hochberg on
2. Gideon Taylor on
3. Shlomo Werdiger on
4. Herbert Block on

did not sign the financial statements and delivered a declaration about lack of a possibility to append an electronic signature under the financial statements because of the COVID pandemic and closing the offices in New York. The office closing caused lack of the access to electronic signature in spite of getting familiar with the financial statements by the members of the Board and confirmation of their content.

In our opinion, except for the effects of the issue described in section *Basis for the Qualified Opinion*, the enclosed financial statements:

- reliably and clearly present the property and financial position of the Foundation as of 31 December 2019, as well as its financial result for the financial year ended on that day, compliant with the applicable legal regulations of the Accounting Act of 29 September 1994 (the "Accounting Act" - consolidated text of Journal of Laws of 2019, item 351 as amended) and the adopted accounting principles (policy),
- are compliant as regards their form and content with the provisions of law applicable to the Foundation and the statutes,
- were prepared on the basis of the correctly kept accounts, according to regulations of chapter 2 of the Accounting Act.

### **Basis for the Qualified Opinion**

In the assets: long-term investments in immovable properties, the Foundation shows the immovable properties valued at the market price. In accordance with Article 28 sec. 1 point 1 a of the Accounting Act the immovable properties, recognized as the investments are valued not less often than as of the balance sheet date. The Foundation elected valuation at the fair value as the valuation method. At the end of 2019 an employee of the Foundation made such valuation based only on a few valuations made by the appraisers. As the Foundation holds several hundred of the properties we could not confirm based on the presented sample that the conclusions made in the valuation are true. As a consequence, we are not able to assess the correctness of the valuation of the immovable properties investments.

The audit of the financial statements was conducted by us appropriate to the regulations of:

- 1) Act of 11 May 2017 on Statutory Auditors, Audit Firms and Public Oversight (consolidated text of Journal of Laws of 2019, item 1421 as amended) ("*Statutory Auditor Act*"),
- 2) National Auditing Standards („NSA”) worded as the International Standards on Auditing issued by the National Council of Statutory Auditors in Poland under resolution no. 3430/52a/2019 of 21 March 2019.
- 3) regulations of the Accounting Act of 29 September 1994 (consolidated text of Journal of Laws of 2019, item 351 as amended) (hereinafter referred to as the Accounting Act) as applicable to the Financial Statements audit,
- 4) contained in the contract for the financial statements audit of 16/02/2020.

Our responsibility compliant with such standards was further described under the section of our report: Responsibility of the statutory auditor for audit of the financial statements.

We are independent of the Foundation in accordance with the Ethical Code of the International Federation of Accountants (the „IFAC Code”) adopted under resolution of the National Council of Statutory Auditors and other ethical requirements, applicable to financial statements audit in Poland. We fulfilled our other ethical obligations according to such requirements and the IFAC Code. During the audit, the key statutory auditor and audit company were independent of the Foundation according to the independence requirements specified in the Act on Statutory Auditors.

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

### **Explanation with drawing attention to the event after the end of the reporting period.**

We draw your attention that because of the COVID-19 virus spread both in Poland and in the world a part of the Foundation's activities related to domestic and international tourism was limited. Although the statutory auditor shares the Foundation's Board's opinion about a possibility to continue the Foundation's activities, it points out that the statutory activity will be limited to some extent in the nearest period. Our opinion does not contain a qualification as regards this issue.

### **Responsibility of the Board and Supervisory Board for the financial statements**

The Board and Audit Committee shall be responsible for the preparation of the financial statements on the basis of the correctly kept accounts, which give a true and fair view of the property and financial situation as well as the financial result of the Foundation compliant with the Accounting Act, adopted accounting principles (policy) and the provisions of law applicable to the Foundation as well as the contract, and for the internal control which is considered by the Board and Audit Committee necessary to draw up the financial statements that are free from material misstatements, whether due to fraud or error.

While preparing the financial statements, the Board and Audit Committee are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and adopting the going concern basis of accounting unless the Board of Directors or Audit Committee either intend to liquidate the Foundation or to cease operations or there is no realistic alternative but to do so.

The Board and Audit Committee shall be responsible to ensure that the financial statements meet the requirements of the Accounting Act.

### **Responsibility of a statutory auditor for audit of the financial statements**

Our objectives are to obtain a reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud or error and to issue an Auditors' Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with NSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if individually or in aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of such financial statements.

The audit shall not include any assurance of any future profitability of the Foundation or efficiency of its business conducted by the Foundation's Board of Directors at present and in the future.

During the audit compliant with the NSA we make a professional judgement and we maintain a professional scepticism and also:

- we identify and assess a risk of material misstatements in the financial statements due to fraud or error, we develop and conduct the audit procedures corresponding to such risks and obtain the audit evidence that is sufficient and appropriate to provide a basis for our opinion. A risk of not detecting a material misstatement arising from fraud is higher than the risk due to error as fraud can relate to a plot, forgery, intentional omissions, misleading or evading the internal control;
- we obtain understanding of the internal control appropriate for the audit in order to develop the audit procedures that are appropriate in the specific circumstances but not to express our opinion about efficiency of the Foundation's internal control;
- we assess correctness of the applied accounting principles (policy) and legitimacy of the accounting estimates and disclosures made by the Foundation's Board of Directors as related to them;

- we draw a conclusion about the appropriateness of application by the Foundation's Board of Directors of the going concern basis of accounting and based on the audit evidence obtained in the course of the audit whether there is a material uncertainty, related to any events or conditions that may cast significant doubt about the Foundation's ability to continue as a going concern. If we draw a conclusion that a material uncertainty exists, we are required to draw attention to the related disclosures in the financial statements in our statutory auditor's report or if such disclosures are inadequate, we shall modify our opinion. Our conclusions are based on the audit evidence obtained until drawing up our statutory auditor's report, however the future events or conditions can cause the Foundation to cease its operations;
- we assess a general presentation, structure and content of the financial statements, including disclosures and whether the financial statements present the transactions and events being a basis for them in such a manner which assures a reliable presentation.

The key statutory auditor responsible for audit, a result of which is this Report of the Independent Statutory Auditor, is Agnieszka Baklarz, acting for and on behalf of A.Bombik Kancelaria Biegłego Rewidenta Sp. z o. o., with its registered office in Warsaw, entered into the list of audit companies under number 228, on behalf of which the key statutory auditor has audited the financial statements.

Signed with a qualified electronic signature

Agnieszka Baklarz

Registration number 12469

Place: Warsaw

Date of audit report: 28/06/2020