



# POLISH-AMERICAN FREEDOM FOUNDATION

2004 ANNUAL REPORT

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# Letter from the PAFF Leadership

The Annual Report for the calendar year 2004 is being finalized in May 2005, following a completed financial audit, which marks exactly five years since the Polish-American Foundation began its programmatic activity. This anniversary coincides with the fifteenth anniversary of establishing the Polish-American Enterprise Fund which was set up under the Support for East European Democracy Act (SEED) passed by the US Congress in 1989. During the nineties the Fund actively supported the development of a market economy in Poland. After that time, \$120 million was repaid to the US Treasury from the Fund's original capital of \$240 million – a first in the history of American foreign aid. With the US Congress's consent and in agreement with the Government of the Republic of Poland, the balance of the Enterprise Fund's capital was successively transferred, as investments were sold, to establish and develop a new institution – the Polish-American Freedom Foundation.

As the Foundation's endowment increased, which at present totals \$211 million, the Foundation's activities increased as well. Revenue from the endowment has also depended to a large degree on the situation in the financial markets. In the first year of our activity we were able to finance programs totaling \$1.5 million. In 2004, to which this Annual Report refers, we allocated \$6 million to our programs, and in 2005 we are projecting \$8 million of grants to be awarded. Since the beginning of the Foundation's activity, 24 programs have been implemented for which we allocated approximately \$22 million.

At its inception the Foundation was charged with the two primary tasks; first, acting to consolidate the Polish transformation which began in 1989 and second, sharing the Polish experience in transformation with other countries of Central and Eastern Europe. In view of limited resources of the Foundation as compared to vast social needs and expectations, these aims required focus. Therefore, in 2000 the Board of Directors of the Foundation made a decision to shape our activity in Poland in such a way that will first of all serve communities and groups requiring special support during the time of transformation.

Consequently, the two principal motifs permeate programs implemented by the Foundation: equalizing educational opportunities, particularly with reference to young people from small towns and rural areas; and second, stimulating and supporting civic initiatives serving to solve local problems and promote local development aspirations.

Through the several programs which strengthen and complement each other, we try to undertake and support initiatives that not only serve to equalize educational opportunities but also, help improve the quality of education and foster its modernization. An example of such initiatives is the "Education in the Internet" Program, implemented in cooperation with Interkl@sa, within the framework of which our joint Polish Educational Portal is operating. In 2004 the Portal was recognized by the magazine *Komputer Świat* as the best educational website in Poland; its usage has already reached nearly a million entries per month.

Regarding other initiatives connected with education, we are particularly pleased with the "Bridge Scholarships" Program which aims at helping rural youth, especially from former state-owned farming estates, with crossing the difficult threshold to a school of higher learning. The Program is a joint initiative of a coalition of various institutions and non-governmental organizations, including the National Bank of Poland and the Educational Enterprise Foundation. In three years nearly 4,500 scholarships have been awarded.

As far as the second leading motif in our activity is concerned, namely that of stimulating and strengthening civic energy in small towns and rural areas, the "Act Locally" deserves particular attention. Last year we closed its third edition, under which 187 valuable initiatives were supported – each of them worth replication. Within the present edition of the Program, which began in 2004, we will fund 211 new creative social projects.

Several of our undertakings directly reinforce Polish non-governmental organizations that are so important for social activation, development of civil society, strengthening local democracy, improving the quality of public life. The “EURO-NGO” Program, which aims to prepare NGO leaders for effective functioning in conditions of the Polish membership in the European Union, had trained nearly 7,200 individuals from more than 1,500 third sector organizations by the end of 2004. At the same time, the Polish-American Community Assistance Fund (PAFFPIO), by virtue of a decision of the Polish-American Enterprise Fund, set up a special \$4 million fund to offer loans to the non-governmental organizations that were trying to obtain grants for their projects from EU resources.

Apart from domestic programs the Foundation also continues the initiatives which aim to share the Polish experience in transformation with other countries of the Region. This is being realized through the two long-term programs.

The Lane Kirkland Scholarship Program annually invites a select group of young leaders, representing various professions in countries of Central and Eastern Europe, especially from Ukraine and Belarus, to leading Polish universities where they learn about aspects of the systemic transformation. In 2004/05 the Program is open to candidates from Georgia and Moldova, and beginning in the academic year 2005/06, scholarship holders from Armenia will start their studies in Poland as well.

Last year we initiated a new segment of the “Region in Transition (RITA)” Program entitled “Study Tours to Poland”. Every year a few hundred leaders representing various communities and institutions in our neighboring countries will be able to draw on the Polish experience. Most recently we played host to a large group of experts from Ukraine. On the one hand these contacts serve to share experience in building and strengthening civil society, democracy, state of law and market economy, and on the other hand they aim to establish and strengthen bonds between various communities in our countries. Now, that Poland has become a member of the European Union, it is essential to develop initiatives between Poland and other countries of the Region that are not members of the EU.

In 2004, among our new undertakings, the pilot edition of “Student Volunteers” Program has brought 350 interesting educational projects to over 200 schools, in which nearly 800 university students volunteered to work in disadvantaged places. The Minister of National Education and Sport has now assumed patronage of this initiative.

Among other new actions is the “Youth Mini-Enterprise”: a program implemented jointly with the Junior Achievement Foundation, to which 50 rural schools have applied. Within the “Leaders” initiative, which began at the end of 2004, the most active participants in our previous undertakings take part in individual programs developing the skills and knowledge useful in working for the benefit of local communities.

This five-year period has brought our Foundation a wealth of experience that provides a solid basis for development in the following years. We would like to thank the members of the Board of Directors most warmly for their commitment, valuable advice, and support they have offered us during this time. We would also like to acknowledge the leaders of non-governmental organizations and many other institutions, where from the very beginning, we have found friendly creative partners ready to cooperate. Because of you, we close our first five-years period with a sense of achievement, looking forward to the next five years during which together we will continue to serve Poland as well as our common Polish-American interests and values.



John P. Birkelund  
Chairman of the Board of Directors



Jerzy Koźmiński  
President and Chief Executive Officer

# Fifth Year of the Foundation's Operation

## Initiatives in Education

### The "Education on the Internet – Polish Educational Portal Interkl@sa" Program



The first professional, non-commercial educational portal ([www.interklasa.pl](http://www.interklasa.pl)) addressed to students, teachers, and parents. It has been operating since 2001. The Program is a joint undertaking of the Foundation and the Interkl@sa Initiative. A modern technological infrastructure is provided by the Poznań Super-Computer Network Center (Poznańskie Centrum Superkomputerowo-Sieciowe).

The Portal offers access to educational resources, multimedia teaching aids, readings, tests, lesson scenarios, thematic services – ex. Frantice (French language teaching aid), and Interkl@sa Multimedia Library. The Portal organizes numerous educational competitions and – cooperating with the European Schoolnet – provides information about school European projects. The Portal offers additional services, such as e-mail, chats, forum, it provides access to a Virtual Class (long-distance teaching aid) and an Interactive Schools' Map with a database of more than 28,000 educational centers.

The objective of the Program is to modernize the educational system and equalize opportunities of students from small towns and rural areas. The results of both independent research and the users' comments demonstrate the Portal's usefulness. Its popularity index is high – nearly 10 million hits a month. The Portal is quite popular among people living in small towns and villages (57,7 %).

Interkl@sa was recognized as the best Polish educational portal by "Computer World" magazine. It was also awarded the European Language Label Certificate for the Frantice service.

#### Facts and figures:

- Rich educational resources: 7,000 digital publications
- Over 20,000 registered users
- Over 35,000 bulletin subscribers
- Ratings: about 10 million hits a month

#### Program Manager:

The Foundation for Economic Education

### The "Computer Long Distance Training" Program

Encouraged by the results of the "Computer for a Teacher" Program, the Foundation initiated an undertaking consisting of "long distance" training. The Program – implemented between 2002-2004 – enabled all those interested teachers to participate in free on-line computer training.

Teachers learned the mechanisms to use and develop www sites, prepare multimedia presentations, and develop tools to test their students' knowledge (tests, quizzes). Educational materials and experts' support were developed especially for this Program. In order to obtain certificates for the completion of the training teachers had to complete two modules: distance learning through a service established by the Interkl@sa Portal, and on-site workshops organized near their place of residence.

Those who passed the final test obtained a partial refund of the cost of their Internet connection from the Foundation.

All those interested may still benefit from the Program's experience through the Interkl@sa Portal.

#### Facts and figures:

- 2,700 teachers in total participated in the training
- 1,700 completed its first stage
- 1,160 received certificates
- Development of educational resources available at [www.kurs.interklasa.pl](http://www.kurs.interklasa.pl)

Program Manager:  
The National Foundation for Computer Literacy

### The “English Teaching” Program

The objective of the Program is to equalize English language learning opportunities for children and youth from rural areas and small towns.



Under three editions of the Program, Anglo-Saxon Culture and English Language Fan Clubs were established in many schools. Children and youth were given a chance to watch original versions of English language movies and discuss a variety of issues with native speakers. Some schools opened libraries with English press and books. Theater circles, quizzes on Anglo-Saxon writers, culture and history, and festivals of songs were also organized. Nearly 18,000 students and 1,500 teachers participated in the various classes. The initiatives implemented under the Program indirectly affected nearly 46,000 people.

Two national educational meetings – “English Teaching Markets” – for English language teachers, interested institutions, organizations, schools and publishing houses took place; they were attended by 1,000 people. The first meeting fostered the development of a permanent cooperation network to assist “English Teaching”.

775 English language teachers attended 23 weekend training workshops on teaching methods. Thanks to the cooperation with the Kosciuszko Foundation, 40 teachers completed training delivered by American trainers, and 68 students took part in summer language camps organized by the Ministry of National Education and Sports and UNESCO. 236 students participated in a language camp in Warsaw,

while 4 students – the winners of the English Teaching Olympics – participated in classes at the English Language Institute at Pace University, USA.

#### Facts and figures:

- 145 educational projects
- 18,000 students and 1,500 teachers directly covered by the Program

Program Manager:  
The “Nida” Development Foundation

### The “Training for Health Care Managers” Program

In 2000 the PAFF, jointly with the Society of Health Care Managers, began to implement an initiative to modernize the management of the health care in Poland. 22 educational centers qualified for the Program that delivered post-graduate studies in the field of health care management. The centers that submitted the most interesting training improvement plans received grants to cover 50% of the training costs. Physicians from small towns and rural areas participating in post-graduate studies were offered scholarships to cover part of the fees.

Specialists from Denmark, the Netherlands, Great Britain, Portugal and the USA shared their experiences in the management of modern health care systems. The Program participants were presented the structure of health services in large metropolitan areas, such as New York City and Berlin. Four conferences were organized in Warsaw, Toruń, Kraków and Lublin. They were attended by over 1,000 physicians. Presentations by foreign experts were published in five books, both in Polish and English. Development and implementation of a system of accreditation of academic centers with post-graduate studies shall be the ultimate result of the Program.

#### Facts and figures:

- 407 scholarships for physicians from small towns and villages
- 22 training centers participating in the Program
- Over 1,000 participants of conferences devoted to the exchange of experiences

Program Manager:  
Society of Health Care Managers

**The "Equal Opportunities" Program**



The objective of the Program, initially implemented in 2000, is to support local initiatives aimed at equalizing educational opportunities for youth, mainly junior and high-school students from rural areas and towns of up to 20,000 inhabitants.

Non-governmental organizations, educational centers and informal groups of young people may apply for grants for the implementation of projects that foster the improvement of the effectiveness of learning process, stimulate cognitive aspirations, develop pro-active attitudes, and encourage young people to act for the benefit of local communities and society.

The results of past five editions of the Program include integration of local communities around a common objective of working for the benefit of children and youth. A few dozen new non-profits were set up and a number of projects are still implemented even though they are no longer financially supported under the Program.

The Program enabled young people to participate in various kinds of activities not offered by schools on a regular basis. A database of projects worth replicating is constantly being updated – it is available at [www.rownac-zanse.pl](http://www.rownac-zanse.pl).

**Facts and figures:**

- 519 grants
- 120,000 people participating in implemented projects
- 1,000 training participants

Program Manager:  
Polish Children and Youth Foundation

**The "Student Volunteers" Program**



The objective of the Program is to equalize educational opportunities of children and youth living in small towns and rural areas. Under the Program, groups of 2-5 university-level student volunteers implement their own, original educational projects to develop children's skills, interests, and knowledge. These projects are executed independently of regular classes; in free time, including weekends, winter and summer holidays. Each project focuses on a particular topic, or activity area such as: fine arts, sports, computing, theater, foreign language classes.

The Program fosters pro-active attitudes of both pupils and student volunteers which not only helps to develop a sense of social responsibility and solidarity, but also enables them to realize their passion in an interesting way.

Over 300 projects throughout Poland were implemented under the pilot edition of the Program. The total number of volunteers was nearly one thousand.

The Program is carried out under the patronage of the Ministry of Education and Sports.

**Facts and figures:**

- 335 educational projects implemented throughout Poland – that includes 168 holiday projects and 167 permanent ones
- 800 students-volunteers involved in the Program
- 200 schools cooperating with students

Program Manager:  
The Association "Voluntary Center"

## The “Bridge Scholarships” Program



The Program was initiated in 2002. It addressed a serious social problem, i.e. growing disparity between young people from rural areas and their counterparts from large cities in gaining access to university studies. The Program is aimed at helping talented young people from villages, especially from former state-owned farming estates to cross the threshold between high schools and universities by providing scholarships during the first year of studies. In the following years students may receive our financial support under the “Top Student” competition addressed to those scholarship holders who performed outstandingly well during their freshman year.

The Program is our joint undertaking with, and co-financed by: the National Bank of Poland, Agriculture Property Agency of the State Treasury, Bank Pocztowy S.A., Bank Gospodarstwa Krajowego, and a coalition of local non-profits cooperating with the Batory Foundation and the Academy for the Development of Philanthropy in Poland. There have been three editions of the Program implemented to date. The funding institutions managed to allocate PLN 16.5 million for the Program’s implementation – including PLN 6.3 million given by the PAFF.

Most of the scholarship holders claim they would not have been able to undertake studies without financial assistance. 22% of them managed to receive a grade point average above 4.0 during their freshman year. More than 90% of them continue their studies without our financial support.

The Program is implemented under media patronage of the “Rzeczpospolita” daily.

### Facts and figures:

- 4,400 scholarships granted
- Better than average performance of most of the scholarship-holders
- 45% of scholarship holders study at universities, 28% – at technical universities, 12% at colleges of agriculture, and 8% at teacher education colleges
- We managed to obtain an additional two zlotys from other donors for each zloty allocated by the PAFF.

Program Manager:  
Educational Enterprise Foundation

## The “Learning Schools” Program



The purpose of the Program, implemented jointly with the Center for Citizenship Education Foundation since 2000, is to improve the quality of schools by introducing the principles of the “learning organization” into a teachers’ daily practice. Self-evaluation performed in accordance with the rules developed under the European Pilot Project Evaluating Quality in School Education is the starting point. The primary objective is to improve the schools’ quality in a number of key areas: teaching effectiveness, teaching and learning, the school as an institution, and the school and the world outside. The Program is particularly focused on schools from small towns and rural areas.

Those of schools that successfully finish the preliminary training and introduce the quality assurance system, join the “LES Club”, which

currently numbers 450 schools. Membership in the Club is voluntary. Its members act to develop quality assurance system, help each other perform evaluations, and share experience and materials. The Program helps to enhance the quality of teamwork and the schools become open to contacts with the world outside their doors.

In 2002, the Program provided the inspiration and basis for the "School with Class" mass campaign, undertaken jointly by the Center for Citizenship Education Foundation and the

"Gazeta Wyborcza" daily, in which more than 6,000 schools took part.

**Facts and figures:**

- 450 schools – participants of the LES Club
- 4,171 participating in LES training
- Development of an Internet database of tools and materials

**Program Manager:**

Center for Citizenship Education Foundation

## Support for Local Communities

### The "Act Locally" Program



The objective of the Program, implemented since 2000, is to support civil initiatives that serve to solve local problems and stimulate new aspirations among local communities in small towns and villages. The grants, offered by open competitions, help to stimulate the activity of local communities the members of which define their common needs and undertake common initiatives.

Each community is unique: their needs, traditions, experiences, and available resources. Therefore the Program supports diverse projects and each community follows its own way to achieve their goals. The subsidies are provided by open grant competitions and through the agency of 30 Local Grant Organizations covering areas ranging from a few small communes to a few "poviats".

The "Act Locally" Program addressed a clear need since over 1,300 projects were submitted under its first three editions only. The funded projects included not only those directed at

educational and cultural needs, but also those promoting tourism and entrepreneurship. The initiatives include professional activation, social services for the elderly and handicapped, counteracting social pathology among children and youth, improvement of public safety, restoring the regions' cultural heritage, and environmental protection. There is one lasting result all these projects have in common: local activity helps the community members acquire new skills, learn to self-organize and react to new problems.

TVP3 channel was the media patron of the 3rd edition of the Program.

**Facts and figures:**

- 565 projects financially supported under 4 editions of the Program
- 5,200 open events
- Over 16,000 volunteers involved in realization of particular projects
- Development of model local initiatives – the examples available at [www.filantropia.org.pl](http://www.filantropia.org.pl)

**Program Manager:**

Academy for the Development of Philanthropy in Poland

### The "Mutual Information Society" Program (MIS@NGO)

The Program has been implemented since 2000. The purpose of the Program is to support both NGOs' and civil initiatives by providing easier access to the information necessary for them to suc-



cessfully operate. The Program offers direct access to information and knowledge on legal issues, accounting, and the interesting projects – civil initiatives, training, conferences, sources of funds. Valuable initiatives are also promoted among business circles, the media, public administration.

The MIS@NGO system consists of a number of communication tools the [www.ngo.pl](http://www.ngo.pl) Portal being the most important. It is a unique venture on a European scale. Other tools include: “Informatorium”, a national Info-line 0-801-646-719, a series of “It is Worthwhile to Know More” (3\*W) brochures – manuals for non-profits, and “Gazeta.ngo.pl” monthly published in 5,000 copies – a periodical that disseminates important information to the non-profits lacking Internet access.

Databases of non-profits are an important component of the Program. One of these databases includes information on public benefit organizations. A few dozen organizations cooperate in implementing the Program, while thousands of non-profits benefit from this joint effort.

#### Facts and figures:

- 10,000 hits a day at the [www.ngo.pl](http://www.ngo.pl) portal
- Publication of 3\*W brochures in 200,000 copies
- Nearly 20,000 consultations given

Program Manager:  
Klon/Jawor Society

### The “Financial Management for NGOs” Program (FIMANGO)

The Program, initiated in 2001, aims at improving the financial management of non-profits. There were three editions of the Program,



which involved 1,000 people, mostly from small towns and rural areas.

The Program participants learned the current Act on Accountancy, studied public order procedures, learned how to run one’s own business, prepare grant applications, cooperate with local authorities, and clear accounts with sponsors. Training on e-banking and computer assisted accounting were particularly popular. All the training involved modern, computer technologies.

“Ask the Expert” Internet service is a supplement to the Program. Educational series of manuals for accountants were also published. These publications were supplemented by CD-ROMs with current legal acts and documents’ patterns. The Program arouses considerable interest. Its participants evaluated highly the Program’s usefulness.

PAFF’s co-funding partner in the Program is the Leopold Kronenberg Banking Foundation established by Bank Handlowy SA in Warsaw.

#### Facts and figures:

- 1,000 people trained in 40 courses
- 7 manuals and 2 CD-ROMs
- “Ask the Expert” Internet service available at [www.frso.pl](http://www.frso.pl)

Program Manager:  
Civil Society Development Foundation

### The “Undoing Unemployment” Program

The objective of the Program, implemented since 2001, is to trigger and support local initiatives to actively fight unemployment and its results through outplacement, a methodology adjusted to the needs and capabilities of Polish non-profits and other local partners.

The Program involved 5 projects addressed to diverse professional and social groups: nurses, Polish State Railroad workers, farmers, and young people entering the labor market.

The Program not only promoted the outplacement methodology, but also offered training for labor market specialists. A grant competition was also organized as one of the Program’s components. Also, the Program supports labor market institutions by offering advisory services for preparation of projects that involve the outplacement methodology.

An Internet site [www.bezrobocie.org.pl](http://www.bezrobocie.org.pl) was set up under the Program that disseminates its results.

Facts and figures:

- 1,165 beneficiaries of 5 pilot projects – 45% of them found jobs just after the projects' completion
- 26 specialists completed a training program for outplacement trainers
- 199 participants of the "Outplacement Academy"
- grant competition: 8 projects currently implemented, other initiatives still being prepared
- "Undoing Unemployment" outplacement manual
- Advisory service at [www.bezrobocie.org.pl](http://www.bezrobocie.org.pl)

Program Manager:  
Foundation for Social and Economic Initiatives

**The "Village in Transition – Developing Information Society" (e-VITA)**



The undertaking is a continuation of the VITA Program, implemented between 2001 and 2003. Its objective is to promote the use of modern computer technologies in local development. The Program is addressed to small towns and rural communities – in particular, to local authorities, businessmen, non-profits and youth.

The Program is implemented in six communes: Białogard, Cekcyń, Mały Płock, Recz, Stoszowice, Żelów selected by competition. It provides for a pilot introduction of computer infrastructure accompanied by relevant training, advisory services and grants for the realization of local projects implementing new technologies. It is expected that the Program participants will learn to use computers and the Internet to find jobs, develop their own business initiatives and implement diverse social projects.

The experiences and knowledge gained through this pilot edition will be disseminated among other communities during seminars and by means of an Internet:

[www.witrynawiejska.org.pl](http://www.witrynawiejska.org.pl) portal.

Participating local governments will learn how to prepare projects financed under EU structural funds.

The PAFF's partners – Rural Development Foundation and Cisco Systems (Cisco Foundation) – contributed significant resources to the Program.

Facts and figures:

- 6 communes participated in the pilot edition of the Program
- 600 village inhabitants learned to use computers and the Internet
- 15 local projects focused on the implementation of IT are currently being prepared
- 1,200 people broadened their knowledge on local application of IT at seminars and conferences
- [www.witrynawiejska.org.pl](http://www.witrynawiejska.org.pl) became a valuable source of information

Program Manager:  
Rural Development Foundation

**The "Pro Publico Bono" Award**

The "Pro Publico Bono" Competition for the Best Civil Initiative was first announced by Prime-Minister Jerzy Buzek in 1999. Since 2001, the Competition has been conducted under the auspices of the Polish Ombudsman. Since 2000, the Polish-American Freedom Foundation has funded the prizes for the Competition.

The purpose of the Competition is to support the development of civil society by giving



awards to the most valuable and creative activities undertaken by non-governmental organizations – on national, regional, and especially local levels – in the fields of education, culture and national heritage, health protection, social and charitable assistance, environmental protection and regional development, public diplomacy and European integration. The Competition's Jury, headed by Professor Andrzej Zoll, includes well-known public figures as well as the previous year's Main Awards' winners. Evaluating submitted projects, the jury pays attention to the social importance of the initiative, its innovativeness, the impact on the development and competitiveness of local communities, the efficiency and transparency of how public funds were spent. Additionally, the jury considers the institutional stability of the nominee, its methods of operation raising no ethical questions, and its co-operation with public administration and other organizations.

The competition winners are rewarded with financial support given – in the majority of cases – for the continuation of their efforts. A formal Awards Ceremony takes place in Kraków on November 11th.

The competition laureates are networked with its former winners through an Internet discussion forum ([www.propublicobono.pl](http://www.propublicobono.pl)) and topical seminars and meetings.

To date, 114 initiatives and organizations have been awarded. These initiatives demonstrate the vitality and potential of civil society.

#### Facts and figures:

- 6 editions of the competition
- 114 initiatives awarded

Program Manager:  
"Pro Publico Bono" Competition Foundation

### The "Citizen and Local Government" Program

The Program, implemented between 2002 and 2004, was addressed to non-profits from communes of up to 50,000 inhabitants. Its objective was to improve relations between local governments and community members by developing lasting, transparent mechanisms of cooperation between local governments and non-profits.

22 projects, of the 186 submitted to the Program, were selected through competition. The projects were implemented in a tiny village of

Zaleszany, as well as in Cieszyn, Iława, Szczytno, Radlin and Żywiec. These initiatives involved members of local communities and convinced local authorities that they could rely on local non-profits when implementing important social projects.

A "Cooperation Card" – developed jointly by the representatives of local governments and non-profits – is one of the Program's products. The Program led to the creation of lasting mechanisms of exchanging information which include publications, study visits, etc. The results of the Program, and its independent evaluation, are available at [ww.frdl.org.pl](http://ww.frdl.org.pl). Based on the Program's experience, a pilot initiative called the "Transparent Community" was developed and implemented. It was followed by a broader undertaking called "Transparent Poland".

#### Facts and figures:

- 22 implemented projects
- development of 16 "Cooperation Cards"
- development of the "Transparent Community" initiative based on the Program's experiences

Program Manager:  
Foundation in Support of Local Democracy

### The "Transparent Community" Program

The Program – implemented since 2004 – is addressed to local governments. Its purpose is to stimulate, support and disseminate local efforts undertaken to improve the quality of public life in small communities.

The undertaking, which to a significant degree stems from the experience of the "Citizen



and Local Government” Program, is a joint initiative of the PAFF, Foundation in Support of Local Democracy, “Gazeta Wyborcza” daily, the Stefan Batory Foundation, the Center for Citizenship Education and the World Bank.

16 communes participated in the first, pilot stage of the Program called the “Laboratory”. In order to participate in the Program, the local governments and non-profits committed themselves to introduce the following principles: transparency (well informed citizens), public participation (active community members), predictability (development plans), accountability (clear budget), professionalism (hiring civil servants by competition), and zero-tolerance for corruption (a code of ethics for civil servants).

As a result of the pilot stage of the Program, 16 communes were prepared to act as consultants to 800 communes that were willing to introduce the principles and tasks worked out by the Laboratory communes under the “Transparent Poland” mass campaign. The “Transparent Poland” participants that manage to introduce particular tasks shall be promoted in the media and awarded participation certificates. Their efforts should result not only in lasting improvement of the local governments’ performance, but also in the increase of citizens’ and potential investors’ confidence in local authorities.

**Facts and figures:**

- 160 consultative visits
- 16 informative meetings for 762 local government representatives
- 35 meetings with NGOs’ leaders

Program Manager:  
Foundation in Support of Local Democracy

**The “EURO-NGO” Program**

The objective of the Program, implemented since 2003, is to contribute to the efficient functioning of non-profits following Poland’s accession to the European Union.

Under the Program, a national system which provides information about the rules and operating mechanisms of the European structural and community funds was created. The system is primarily addressed to the diverse civil initiatives and

non-profits. Within a year, 203 people selected to the Program by national competition (out of nearly 800 applicants) were trained as advisors – specialists in EU funds. They participated in training – totaling 100 hours – with experts in public and EU administration and NGOs. The training concluded with a final exam – the specialists were granted certificates confirming their competence.

Since 2004, the experts’ teams have delivered training addressed to the leaders of local non-profits – especially those from small towns and rural areas – on how to apply for EU funds effectively. To date, nearly 6,500 people have benefited from the specialists’ advisory services, approximately 11,000 people representing over 2,600 organizations participated in over 200 training and 170 informational meetings. The Program fosters cooperation between non-profits, local authori-



ties and businesses while planning and utilizing EU funds to promote regional development.

The EURO-NGO specialists cooperate with the structural funds’ liaison officers (appointed by the Stefan Batory Foundation) and the Representative Office of Polish NGO’s in Brussels.

**Facts and figures:**

- 203 specialists trained
- 11,000 participants of training conducted by EURO-NGO specialists
- Nearly 6,500 people benefited from the specialists’ advisory services
- Development of [www.euro-ngo.org.pl](http://www.euro-ngo.org.pl) website presenting all the necessary information

Program Manager:  
The Network of Support for NGOs “SPLIT”

## Citizen in a Democratic State of Law

### The “Citizen and Law” Program



The objective of the first edition of the Program (2002-2003) was to support the development of various voluntary forms of citizens' advice and legal information for those in difficult life and financial conditions. One means was the promotion of pro bono advice to the public from non-profits, lawyers, and law students. 22 citizens' projects, selected by competition, were granted financial support. The projects focusing on legal advice for the general public were implemented by the Citizen Advice Bureaus and University Legal Clinics. The projects focused on counseling for unemployed, handicapped, violence victims, patients in difficult situations and families threatened with social pathology were granted particular support.

The range of legal assistance was extended by setting up 85 new citizens' advice bureaus – in particular, in small towns and villages. The quality of assistance was improved by various means, including creation of databases and use of the Internet. Nearly 600 volunteers helped implement the Program. The total number of training sessions exceeded 300. More than 30,000 people were given approximately 40,000 pieces of advice. In addition, a platform for cooperation and exchange of experience was set up, aimed at organizations providing citizens with legal information. These organizations have begun to cooperate with the Ombudsman in monitoring citizens' legal problems.

The second, two-year edition of the Program was launched in 2005.

#### Facts and figures:

- 22 implemented projects
- Nearly 40,000 pieces of advice given to 30,000 people
- 600 volunteers involved
- 174 seminars and workshops, 24 publications
- Setting up of 85 new citizens' advice bureaus

Program Manager:  
The Institute of Public Affairs

### The “Supporting Legal Reforms – Computer Training” Program



In 2001 the Foundation initiated a Program to support the activities for the modernization and increased effectiveness of the Polish judiciary by organizing a system of computer technology training addressed to judges and the employees of judicial administration. Computer training centers were created in Białystok, Wrocław, Szczecin, Cracow, Gdańsk and Warsaw.

Each computer lab was equipped with 13 terminals and additional hardware – printers, scanners and projectors. The courses covered the following: the basics, word editors, professional legal software, the Internet as a communication means and source of information.

Thanks to efficient organization and personal involvement of participants who supervised the course of training in particular centers, the cost

of the courses was much lower than similar training in Poland. The training standards and the number of trained people proved the method to be effective.

Even though the PAFF no longer sponsors this training, they are still being conducted. The costs are now covered by the Ministry of Justice and particular courts.

**Facts and figures:**

- Creation of 6 computer training centers
- 4,000 people trained
- 322 computer courses
- Nearly 7,000 training hours

**Program Manager:**

Foundation Center for Judges Training „Iustitia”

## Sharing Polish Experiences in the Transformation

### The “Region in Transition” Program (RITA)



The Program was initiated in 2001 and is addressed to Polish non-profits and educational institutions that intend to share the Polish experiences of social and economic transformation with other countries of Central and Eastern Europe.

Under past editions of the Programs grants in two categories were provided:

- “We Cooperate Locally” – under which initiatives implemented jointly with partners from neighboring countries are supported,
- “We Share Polish Experiences” – in which Polish non-profits offer to share Polish experiences of transition – in particular, development of civil society, strengthening of the third sector, transformation of local government, development of educational services, and free media.

“Study Tours to Poland” were introduced in 2003, under which Polish non-profits arrange visits for students and young professionals – especially from Ukraine, Belarus, and the Kaliningrad District of the Russian Federation. The purpose of these visits is to present them with the reality of contemporary Poland and the European Union.

The “Abroad Group” is yet another initiative triggered under the Program. The Group was established by Polish non-profits working in other countries and has been an effective platform for cooperation and exchange of experiences.

**Facts and figures:**

- 250 projects implemented
- 300 study visits to Poland
- The “Abroad Group” – an effective cooperation platform

**Program Manager:**

The Foundation Education for Democracy

### The Lane Kirkland Scholarship Program



The objective of the Program, implemented since 2000, is to share Polish experience in systematic transformation with students from CEE countries with a two-semester, specialized course of studies at Polish universities. The Program is addressed to young people from Ukraine, Belarus, Russia, Georgia, Moldova,

Lithuania, Slovakia and – since 2005 – Armenia. Under individual educational projects, 50 Kirkland scholarship-holders focus on a number of topics: management and economy, public administration and business, law, social and political science.

Each edition of the Program begins with an “orientation program”, the purpose of which is to provide knowledge about the history of Poland as well as its current political and social situation. Afterwards, the Kirkland scholars proceed with their studies at one of the universities in Warsaw, Kraków, Poznań, Wrocław or Lublin. Under the supervision of academic tutors they prepare dissertations and thesis. The scholars participate in integration meetings and they are offered internships either in governmental or private institutions.

To date, 179 students have participated in the Program: 90 from Ukraine, 52 from Belarus, 11 from Russia (the Kaliningrad District), 11 from

Lithuania, 9 from Slovakia, 3 from Georgia, and 3 from Moldova. Most studied the following: economy and management – 68 people, public administration – 46 and law – 43. Most of the scholarship-holders were scientists (76), the representatives of business (30) and civil servants (25).

Once the Program terminates, its Manager maintains regular contact with the alumni. Twice a year they receive information bulletins. They are also informed about the course of current editions of the Program. Every other year a Kirkland Alumni Conference is organized for past and current Program participants.

**Facts and figures:**

- 179 scholarship-holders from 7 countries
- [www.programkirklanda.engo.pl](http://www.programkirklanda.engo.pl)  
Internet site

**Program Manager:**  
Polish-U.S. Fulbright Commission

# Programs

## Initiatives in Education

### **Polish Educational Portal “Interkl@sa”**

Program Manager: The Foundation for Economic Education  
[www.interklasa.pl](http://www.interklasa.pl)

### **Computer Long Distance Program**

Program Manager: National Foundation for Computer Literacy  
[www.interklasa.pl](http://www.interklasa.pl)

### **English Teaching**

Program Manager: The “Nida” Development Foundation  
[www.englishteaching.pl](http://www.englishteaching.pl)

### **Training for Health Care Managers**

Program Manager: Society of Health Care Managers  
[www.stomoz.pl](http://www.stomoz.pl)

### **Learning Schools (LES)**

Program Manager: Center for Citizenship Education Foundation  
[www.ceo.org.pl](http://www.ceo.org.pl)

### **Equal Opportunities**

Program Manager: The Polish Children and Youth Foundation  
[www.rownacszanse.pl](http://www.rownacszanse.pl)

### **Student’s Volunteers**

Program Manager: The Voluntary Center  
[www.wolontariat.edu.pl](http://www.wolontariat.edu.pl)

### **Bridge Scholarships**

Program Manager: Educational Enterprise Foundation  
[www.fep.lodz.pl](http://www.fep.lodz.pl)

## Citizen in a Democratic State of Law

### **Supporting Legal Reforms – Training & Computers**

Program Manager: The Foundation Center for Judges Training “Iustitia”  
[www.iustitia.pl](http://www.iustitia.pl)

### **Citizen and Law**

Program Manager: The Institute of Public Affairs  
[www.isp.org.pl](http://www.isp.org.pl)

## Support for Local Communities

### **Mutual Information Society**

Program Manager: Klon/Jawor Society  
[www.ngo.pl](http://www.ngo.pl)

### **Act Locally**

Program Manager: The Academy for the Development of Philanthropy in Poland  
[www.dzialajlokalnie.pl](http://www.dzialajlokalnie.pl)

### **Undoing Unemployment**

Program Manager: Foundation for Social and Economic Initiatives  
[www.bezrobocie.org.pl](http://www.bezrobocie.org.pl)

### **Village in Transition (e-VITA)**

Program Manager: Rural Development Foundation  
[www.witrynawiejska.org.pl](http://www.witrynawiejska.org.pl)

### **The “Pro Publico Bono” Award**

Program Manager: The “Pro Publico Bono” Competition Foundation  
[www.propublicobono.pl](http://www.propublicobono.pl)

### **The “EURO-NGO” Program**

Program Manager: The Network of Support for NGOs “SPLOT”  
[www.euro-ngo.pl](http://www.euro-ngo.pl)

### **Citizens and Local Government**

Program Manager: Foundation in Support of Local Democracy  
[www.frdl.org.pl](http://www.frdl.org.pl)

### **The Transparent Community Action**

Program Manager: Foundation in Support of Local Democracy  
[www.frdl.org.pl](http://www.frdl.org.pl)

## Sharing of Polish Experiences in the Transformation

### **The Lane Kirkland Scholarship Program**

Program Manager: Polish-U.S. Fulbright Commission  
[www.programkirklanda.engo.pl](http://www.programkirklanda.engo.pl)

### **Region in Transition (RITA)**

Program Manager: The Foundation Education for Democracy  
[www.edudemo.org.pl](http://www.edudemo.org.pl)

# Report of Independent Auditors

**To the Board of Directors of the  
Polish-American Freedom Foundation:**

In our opinion, the accompanying statement of financial position and the related statements of activities and of cash flows present fairly, in all material respects, the financial position of the Polish-American Freedom Foundation (the "Foundation") at December 31, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



March 15, 2005

# Financial Statements

## Statement of Financial Position as of December 31, 2004

### ASSETS

#### ASSETS:

Cash and cash equivalents (Note 6)	\$ 4,572,691
Fixed income investments (Note 6)	49,311,551
Equity investments (Note 6)	180,592,125
Fixed assets, net (Note 7)	45,726
Prepaid expenses and other assets	<u>88,971</u>
Total assets	<u>\$ 234,611,064</u>

### LIABILITIES AND NET ASSETS

#### LIABILITIES:

Grants payable (Notes 1, 5)	\$ 3,253,322
Accounts payable and accrued expenses	<u>231,210</u>
Total liabilities	<u>3,484,532</u>

#### NET ASSETS:

Unrestricted net assets (Notes 2, 4)	<u>231,126,532</u>
Total liabilities and net assets	<u>\$ 234,611,064</u>

The accompanying notes are an integral part of these financial statements.

## Statement of Activities for the Year Ended December 31, 2004

**Changes in unrestricted net assets:**

## Income:

Interest and dividend income	\$ 3,374,637
Support (Note 4)	3,000,000
Net realized and unrealized appreciation on investments	<u>18,630,648</u>
Total income	<u>25,005,285</u>

## Expenses:

Employee compensation and benefits	686,748
Operating expenses	388,248
Occupancy	132,664
Depreciation	<u>23,500</u>
Total expenses	<u>1,231,160</u>
Excess of income over expenses, before grants	23,774,125
Grants (Notes 1, 5)	<u>(7,920,742)</u>
Total increase in unrestricted net assets	15,853,383
Unrestricted net assets, beginning of the year	<u>215,273,149</u>
Unrestricted net assets, end of the year	<u>\$ 231,126,532</u>

The accompanying notes are an integral part of these financial statements.

## Statement of Cash Flows for the Year Ended December 31, 2004

### Cash flows from operating activities:

Increase in net assets	\$ 15,853,383
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Net realized and unrealized appreciation on investments	(18,630,648)
Depreciation	23,500
Increase in prepaid expenses and other assets	(45,945)
Increase in liabilities	49,039
Increase in grants payable	2,240,791
Net cash used in operating activities	<u>(509,880)</u>

### Cash flows from investing activities:

Proceeds from sales/redemption of investments	32,724,729
Cost of investments purchased	(30,739,480)
Cost of fixed assets purchased	(37,354)
Net cash provided by investing activities	<u>1,947,895</u>
Net increase in cash and cash equivalents	1,438,015
Cash and cash equivalents, beginning of year	<u>3,134,676</u>
Cash and cash equivalents, end of year	<u>\$ 4,572,691</u>

The accompanying notes are an integral part of these financial statements

## Notes to Financial Statements as of December 31, 2004

### 1. ORGANIZATION

The Polish-American Freedom Foundation (the "Foundation") is a U.S. not-for-profit corporation established on August 11, 1999 pursuant to an agreement between the Polish-American Enterprise Fund (the "Fund") and the U.S. Government. The Foundation was created to advance the purposes of the Support for East European Democracy Act of 1989 by building upon the successful assistance programs and sound practices established by the Fund, and to undertake other developmental initiatives designed to solidify Poland's successful transition to democracy and free markets.

The Foundation concentrates its efforts in four main program areas: (i) Initiatives in Education, (ii) Support for Local Initiatives, (iii) Regional Outreach – Sharing Polish Experience in Transformation, and (iv) Citizen in a State of Law. The Foundation generally seeks an external program manager (typically a well established non-governmental organization in Poland) to execute the objectives of each individual grant, thereby leveraging the Foundation's resources.

With the permission of the Minister of Foreign Affairs of Poland, the Foundation has opened a Representative Office in Poland whose purpose is to engage in activities to promote the Foundation and to provide information and consultation to the Foundation with respect to its activities.

### 2. BASIS OF PRESENTATION

In accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations, the Foundation is required to classify information regarding its financial position and activities into certain classes of net assets. Pursuant to the Grant Agreement (defined in note 4), at December 31, 2004, the entire balance of net assets was classified as unrestricted. Unrestricted net assets are those net assets that are not restricted by donor imposed stipulations.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Investments

Equity and fixed income investments are generally valued based upon the closing price as quoted on major exchanges. However, certain securities are valued based upon yields or prices of securities of comparable quality, coupon, maturity and type as well as indications as to values from brokers and dealers.

The Foundation engages professional investment managers who make investment decisions according to the Foundation's investment policy and monitor the Foundation's investments.

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid financial instruments with original maturity of three months or less to be cash equivalents.

#### Grants

Grants are recorded as grant expense in the statement of activities and grants payable in the statement of financial position when the grant is approved in accordance with policies set by the Board of Directors, negotiations have been finalized with the grantee, and the parties have signed the grant agreement.

### **Translation of Foreign Currency**

The functional currency of the Polish representative office is the Polish zloty. Expenses transacted in Polish zlotys are translated into United States dollars at the average exchange rates in effect during the period. Polish zloty denominated assets and liabilities are translated at the year-end spot currency rate. Translation adjustments are reflected in the statement of activities.

### **Donated Services**

The Foundation's directors receive no compensation or fees for serving as directors. Such directors donate significant amounts of their time to the Foundation's programs. No amounts have been reflected in the accompanying financial statements for such donated services, inasmuch as no objective basis is available to measure the value of such services. The Foundation's non-executive Polish directors receive a fee for providing advice and assistance to the Foundation. For the year ended December 31, 2004 the total fees paid to all Polish directors amounted to \$34,000.

### **Depreciation and Amortization**

Computer hardware, furniture, equipment and automobiles are depreciated on a straight-line basis over their estimated useful lives, ranging from three to five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their useful lives or the term of the lease.

### **Operating Expenses**

Professional services, expenses of Board of Directors meetings, expenses for travel, lodging and meals incurred in connection with the Foundation's operations and administrative expenses are classified as operating expenses.

### **Credit risk**

Credit risk is the possibility that loss may occur from counter party failure to perform according to the terms of a contract. Unless noted otherwise, collateral or other security is not normally required by the Foundation to support financial instruments with credit risk. At December 31, 2004, the Foundation had credit exposure mainly from debt instruments in the Foundation's portfolio. The maximum risk of accounting loss from these financial instruments is represented by their respective balance sheet amounts.

## **4. POLISH-AMERICAN ENTERPRISE FUND GRANT**

Pursuant to an agreement signed in 1999 between the Fund and the U.S. Government and in consultation with the Government of Poland, the Fund has returned \$120 million of the Fund's assets to the U.S. Treasury and has contributed \$211 million to the Foundation through December 31, 2004.

According to the terms of the grant agreement between the Fund and the Foundation, as amended, (the "Grant Agreement"), the Foundation shall be operated as a perpetual endowment, with the long-term objective of earning an average annual return on the Endowment Amount which exceeds average annual disbursements to beneficiaries and for expenses as defined in the Grant Agreement.

According to the terms of the Grant Agreement, the Fund has the right to require repayment or transfer of all or any portion of the Endowment Amount paid or transferred to the Foundation together with any interest thereon if foreign policy grounds exist, as described in Section 801 of the SEED Act.

## **5. GRANTS AND GRANTS PAYABLE**

### **Grants**

In accordance with accounting principles generally accepted in the United States of America, the Foundation is required to record the total amount of a grant as an expense at the time the grant agreement is signed. As programs develop, the Foundation and the grantee may agree to decrease the amount of a grant to reflect changes in a program not anticipated at the time the grant agreement was signed. For the year ended December 31, 2004, the Foundation signed \$7,921,636 of new grant agreements and reduced the amount of grant agreements signed in prior periods by \$894, resulting in a net expense for grants of \$7,920,742 reported in the accompanying statement of activities.

**Grants Payable**

Each time the Foundation records an expense to reflect the signing of a new grant agreement it also records a grant payable to reflect a liability to fund the full amount of the grant. In practice, the Foundation generally disburses grants to grantees over time, as funds are required to meet the costs of each program. As a result, the amount recorded as an expense for Grants in the statement of activities generally does not equal the amount of grants disbursed by the Foundation in a fiscal period. For the year ended December 31, 2004, the Foundation disbursed \$6,280,639 of grants as compared to \$7,920,742 of grants expense reported in the accompanying statement of activities. Grants payable increased by \$1,640,103 during 2004. Grants payable in Polish Zlotys were translated into US dollars at the year end exchange rate. As a result, a translation adjustment of \$600,688 increased grants payable to \$3,253,322 at December 31, 2004.

The following table sets forth the changes in grants payable for the year ending December 31, 2004:

Grants disbursed		\$ (6,280,639)
Grant agreements signed	\$ 7,921,636	
Decrease in amount of grant agreements signed in prior periods	(894)	
Grant expense reported in statement of activities		7,920,742
Net change in grants payable		1,640,103
Grants payable translation adjustment		600,688
Grants payable, beginning of period		1,012,531
Grants payable, end of period		\$ 3,253,322

In addition, as of December 31, 2004, the Foundation had approved 13 grants totaling \$7.0 million that were subject to the completion of grant negotiations and the signing of grant agreements to the satisfaction of all parties. Subsequent to December 31, 2004 the Foundation signed 12 of these grant agreements, totaling \$5.8 million.

**6. CASH AND CASH EQUIVALENTS AND INVESTMENTS****Cash and cash equivalents:**

As of December 31, 2004, the Foundation's cash and cash equivalents consisted of \$4.6 million in cash (principally money market funds) that was deposited in various high quality financial institutions in the United States. Substantially all of the cash and cash equivalents balance was held by the Foundation's various investment managers.

**Investments:**

Following is the cost, fair value and percentage of fair value by classification for investments in the Foundation's investment portfolio:

	Cost	Fair Value	% of Fair Value
U.S. fixed income mutual funds	\$ 43,983,113	\$ 43,724,915	19.0%
Polish Government treasury bills	5,479,301	5,586,635	2.4%
Total fixed income investments	49,462,414	49,311,550	21.4%
Common stock	53,398,465	65,808,151	28.6%
U.S. equity mutual funds	35,416,333	45,417,875	19.8%
International equity mutual funds	31,373,412	37,717,212	16.4%
Alternative investments	27,570,527	31,648,888	13.8%
	\$ 197,221,152	\$ 229,903,676	100.0%

Included in the captions U.S. fixed income mutual funds and U.S. equity mutual funds are two individual funds that individually represent 11.2% and 12.1%, respectively, of the fair value of investments at December 31, 2004.

Investments and cash held in Polish Zlotys were translated into US dollars at the year end exchange rate. As a result, a translation adjustment of \$614,362 increased investments and cash at December 31, 2004. The Foundation evaluates investment manager performance on a total return basis, net of custodial, investment management and advisory fees and reports income net of such fees. The total amount of such fees reflected in the statement of activities was \$742,934, which represents 0.3% of the total value of investments under management at December 31, 2004. Of this amount, \$728,615 was reflected in net realized and unrealized appreciation on securities and \$14,319 was reflected in interest and dividend income. Of the amount reported as interest and dividend income in the Statement of Activities, approximately \$2 million represents amounts distributed from and classified by the Foundation's various mutual fund investments as dividend income.

## 7. FIXED ASSETS

As of December 31, 2004, fixed assets consisted of:

Computer equipment and software	\$ 98,232
Furniture and equipment	71,384
Automobiles	36,444
Leasehold improvements	3,654
	<hr/>
	209,714
Less – Accumulated depreciation	163,988
Net book value	<hr/> <hr/> \$ 45,726

## 8. LEASE COMMITMENTS

The Foundation is committed to make minimum annual rental payments for office space under an operating lease which expires December 31, 2005. Lease commitments for the twelve months are approximately \$142,800 per annum for 2005.

## 9. TAX STATUS

### United States

The Foundation is exempt from U.S. Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"), and has been classified as an organization that is not a private foundation as defined in Section 509(a)(1) of the Code. In addition, the Foundation is exempt from payments of state and local income taxes.

### Poland

The Foundation's Representative Office in Poland is not subject to Polish corporate income taxation.

## Board of Directors

### **John P. Birkelund – Chairman**

Chairman of the Board of Directors of the Polish-American Enterprise Fund, Senior Advisor Saratoga Partners

### **Marek Belka**

Prime Minister of the Republic of Poland, former Polish Deputy Prime Minister and Finance Minister, former Economic Advisor to the President of the Republic of Poland. Because of Prof. Marek Belka's public roles, he has taken a leave of absence from the Board.

### **Joseph C. Bell**

Senior Partner in Hogan & Hartson

### **Frederick M. Bohlen**

Executive Vice President and Chief Operating Officer The Rockefeller University

### **Michał Boni**

Former Minister of Labour and Social Policy, former Advisor to Polish Deputy Prime Minister and Labour Minister

### **Zbigniew Brzeziński**

Former National Security Advisor to the U.S. President, Counselor at the Washington Center for Strategic and International Studies, Member of the Board of Directors of the Polish-American Enterprise Fund

### **Robert G. Faris**

President & Chief Executive Officer of the Polish-American Enterprise Fund

### **Anna Fornalczyk**

Professor at the High School of Business – National Louis University in Nowy Sącz, former President of the Polish Office for Competition and Consumer Protection

### **Victor Ashe**

U.S. Ambassador to Poland, ex-officio participating in the work of the Board of Directors

### **Aleksander Koj**

Professor at the Molecular Biology Institute at the Jagiellonian University, former Rector of the Jagiellonian University

### **Jerzy Koźmiński**

President and Chief Executive Officer of the Polish-American Freedom Foundation, former Polish Ambassador to the United States

### **Krzysztof Pawłowski**

Rector of the High School of Business – National Louis University in Nowy Sącz, former Polish Senator

### **Nicholas A. Rey**

Former U.S. Ambassador to Poland, Member of the Board of Directors of the Polish-American Enterprise Fund

# Management and Staff

## **Jerzy Koźmiński**

President and Chief Executive Officer

## **Ryszard Kruk**

Administrator of the Representative Office, former Vice President of the Polish-American Enterprise Fund

## **Norman E. Haslun III**

Chief Financial Officer

## **C. Douglas Ades**

Secretary to the Board of Directors

## **Jacek Michałowski**

Program Director

## **Radostaw Jasiński**

Program Director

## **Anna Wojakowska-Skiba**

Program Director

## **Renata Koźlicka-Glińska**

Program Officer

## **Robert Milewski**

Program Officer

## **Agnieszka Kwiatkowska**

Chief Accountant

## **Mira Osiecka**

Financial Analyst

## **Przemysław Zaroń**

Information and Public Relations

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