



POLISH-AMERICAN FREEDOM FOUNDATION



2017 Annual Report

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Letter from the PAFF Leadership



Andrew Nagorski
Chairman of the Board
of Directors



Jerzy Koźmiński
President and Chief
Executive Officer

Dear Friends,

We are pleased to present the Annual Report of the Polish-American Freedom Foundation for 2017, along with the financial statement and auditor's opinion. Last year we continued our mission in three programmatic areas: initiatives in education, supporting local community development, and sharing the Polish experience in transformation with other countries of the region.

Within this period we marked the 15th anniversary of the Bridge Scholarships Program. So far, a total of more than 21,000 scholarships have been awarded to young, gifted and ambitious people coming from low-income families in villages and small towns who wanted to continue their education at universities. During the anniversary gala Paul W. Jones, the U.S. Ambassador to Poland, congratulated the scholarship holders and representatives of organizations involved in the program. In his address, he referred to the 100th anniversary of establishing diplomatic relations between the U.S. and Poland, and in that context pointed to the important role of the PAFF initiatives that help develop special ties between both countries. He cited, in particular, the Polish-American Internship Initiative and the PAFF Leaders study tours to the U.S. under the International Visitor Leadership Program.

We are gratified by the awards that two of the Foundation's programs received last year. The "English Teaching" Program was awarded the prestigious European Language Label certificate for innovative teaching methods. The award seeks to promote effective methods and didactic achievements in teaching foreign languages. During the 18 years of the "ET" Program, nearly 1,000 projects encouraged children and young people from villages and small towns to learn English, over 70,000 pupils and 6,000 teachers participated in projects and methodological training, and native speakers conducted lessons in more than 120 schools all over Poland. Thanks to the assistance of the U.S. Embassy in Warsaw, kindergartens and schools taking part in the "English Teaching" Program received over 6,000 English books from libraries of closed U.S. military bases in Germany last year.

Another award went to the PAFF and University of Warsaw School of Education. After its inaugural year, the School of Education received the Quality Label certificate awarded in the "Studies with a Good Future" Competition organized

by the Education and Higher Education Development Foundation. The Competition honors the most innovative and modern faculties and programs conducted by Polish universities.

In 2017, we expanded our support of Polish non-profit organizations. This support includes “NGO Managers – PROMENGO” – a series of training sessions, held in a blended learning form for people managing NGOs, to improve their performance as well as interactive courses available at the Kursodrom.pl. e-learning platform. These courses are becoming more and more popular and the number of Kursodrom users exceeded 4,000. A new component of the training effort is the Fundraising Education Program launched in 2017. It is addressed to NGOs operating outside large urban areas that want to learn how to raise funds for their civic initiatives. All these activities are part of the “Support for NGOs” Program conducted by the Academy of Civic Organizations Foundation that was established by PAFF in 2013.

The “ICT for Local Development” Program reached a new stage of operation. It was renamed “Sector 3.0” but its objective continues to be teaching NGOs how to apply ICT in their civic activities. That is accomplished primarily by a network of TechClubs in 16 cities all over Poland, the Innovation Fund supporting creation of new ICT tools for non-profit organizations, “Sector 3.0” Festival international conferences, as well as Mobile Advisors – a network of 100 experts providing free training and ICT support to local NGOs.

In addition to domestic initiatives, we continued our activities supporting democratic and market-oriented transformations taking place in other countries of the region. After the Maidan events in 2014, we put special emphasis on our relations with partners in Ukraine. Our goal has been to share with them those Polish experiences that could be useful in implementing the reform of Ukrainian local governments as well as in activities aimed at integrating our eastern neighbor with European Union structures. Under the “Study Tours to Poland” Program from 2014 to 2017, we organized visits to numerous Polish localities for more than 1,760 Ukrainians.

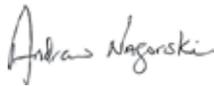
At the end of last year there were almost 750 alumni of the Lane Kirkland Scholarship Program – civic, political and economic leaders in the countries of Eastern Europe, the Caucasus and Central Asia. We are proud that so many former scholarship holders are involved in important alumni initiatives in their home countries and have created an active network to share their experiences. To meet alumni expectations, a new initiative – “Kirklanders visit Kirklanders” study tours – was launched in 2017; it is aimed at strengthening their cooperation, e.g. through initiating joint projects.

In our last year Annual Report, we paid tribute to Professor Zbigniew Brzeziński who died in May 2017. Several months later, in August 2017, we were deeply saddened to hear of the death of Robert G. Faris. Both were very active in the Polish economic and social transformation since its beginning and both played critical roles in carrying out the Foundation’s mission. Professor Brzeziński was one of the initiators of the Polish-American Enterprise Fund, a U.S. pioneer aid program for Poland which was later managed by Robert Faris who served as the Fund’s President and CEO. Thanks to the success of the Fund in the 1990s, it was possible to establish the Polish-American Freedom Foundation and launch its operation in 2000.

Both Zbigniew Brzeziński's and Robert Faris's contributions to the Foundation cannot be overstated; we could always count on their wisdom, diverse and rich experience, as well as on their valuable tips and suggestions. We remember them with the deepest gratitude and respect.

In summing up last year, we would like to thank our many partners for their commitment and creativity in implementing PAFF's programs. And we extend special thanks to our Board of Directors who continued to guide the Foundation with unfailing energy and enthusiasm, providing strong support to the PAFF Team.

New York/Warsaw, June 2018



Andrew Nagorski
Chairman of the Board of Directors



Jerzy Koźmiński
President and Chief Executive Officer

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ENGLISH TEACHING

THE FOUNDATION HAS DISBURSED

\$7,359,733

including \$328,704 in 2017.

PROGRAM MANAGER:

› The “Nida” Development Foundation

MORE INFORMATION AT:

www.englishteaching.org.pl

Introduced in 2000, this program launches and supports activities that promote the English language as well as improve the quality of English teaching to children and teenagers in small towns and rural areas. Thus it also promotes their equal access to educational opportunities. At the same time, the program contributes to the professional development of English language teachers working in small localities.

“English Teaching” is an undertaking designed to promote the study of English as well as to stimulate and to develop a variety of civic initiatives. The results often transcend the original goals and frequently stimulate activity of local communities. The program’s actions are mainly addressed to English language teachers at public elementary and junior high schools as well as kindergartens in rural areas and small towns. The program’s offer includes training for teachers and it provides them with the support

20,000 inhabitants. As a result, clubs of admirers of Anglo-Saxon culture and English language, little libraries of English-language books and press, as well as theater circles, were set up in many schools. Numerous contests of knowledge about English writers, culture and history as well as song festivals were held. Children and young people had a chance to watch English-language films in their original versions and take part in lessons conducted by native speakers. More than 64,000 students and approximately 4,000 teachers directly participated in the projects financed within the grant competitions. Indirectly they engaged over 165,000 parents and other members of local communities.

The program includes “Weekends with English Teaching” methodological training sessions for English language teachers in small localities. So far, 132 such training sessions have been conducted with more than 6,000 teachers participating.

The most active teachers participating in the program have a chance to expand their qualifications at a three-week Teaching English to Speakers of Other Languages (TESOL) Summer Institute, organized by Gonzaga University in the USA.

Under the program, 15 annual nationwide “English Teaching Market” meetings have been organized for teachers of English and interested institutions, organizations, schools and publishers. A total of approx. 7,000 people have



During the 2000-2017 period 947 projects were funded in grant competitions addressed to schools and non-governmental organizations from localities of up to 20,000 inhabitants.

necessary to carry out small projects as well as consultancy in their preparation.

Within the program’s editions to date, conducted in 2000-2017, 947 projects were funded in grant competitions addressed to schools and non-governmental organizations from localities of up to

participated in them. The meetings are aimed at the development of cooperation networks of English-language teachers from small localities and are additionally supported by the community portal and regular e-news on other educational

initiatives such as grants, training sessions and competitions.

In 2015, under the initiative of the English Teaching Program Ambassadors – the most active teachers participating in the program – the English Teaching

All-Poland English Teachers Association was established, whose objective is to carry out professional training for English teachers, especially those from villages and small towns, as well as advocacy activities on behalf of them.

EQUAL OPPORTUNITIES

THE FOUNDATION HAS DISBURSED

\$13,794,021

including \$829,587 in 2017.

PROGRAM MANAGER:

> The Polish Children and Youth Foundation

MORE INFORMATION AT:

www.rownaczsanse.pl

The objective of the program, implemented since 2001, is to support civic initiatives creating and promoting equal opportunities for a better start on the road to adulthood for young people from rural areas and small towns. That is achieved by improving their competencies and developing social skills, such as teamwork as well as the ability to win support for achieving one's goals and plan various activities.

Within the program, NGOs, community centers, libraries and informal groups apply for grants to finance projects stimulating the intellectual and creative aspirations of children and teenagers, developing their ability to achieve independently and realistically set goals, shaping active and open attitudes. Such projects also encourage efforts ben-

efiting their communities and enable young people to participate in activities extending beyond the standard curricula offered by schools. In 2017, a total of 124 projects were financed under the All-Poland Grant Competition and the Regional Grant Competitions. They cover a variety of subjects, including projects aimed at creating conditions for young people to act for their local communities, to learn about local traditions and history, as well as promoting a healthy lifestyle.

Rounding out the program are training sessions for project coordinators. The sessions deal with ways of conducting projects, particularly emphasizing the involvement of young people in the role of active creators, participants and direct implementers of an undertaking. The training offer for coordinators also covers such subjects as the use of ICT in educational projects' management and ICT popularization.

As in the past years, in 2017 another round of summer school for the most active participants of projects was organized.



The objective of the school is to improve skills required for implementing social initiatives benefiting the local environment and development of leadership competence. Summer school graduates have the opportunity to receive a grant for short-term projects benefiting their local community. Last year 24 people attended the summer school classes.

An important component of the “Equal Opportunities” Program is its Local Forums held by organizations participating in the program. The Forums is a place for institutions and individuals involved in activities benefiting the youth in their communities to discuss the potential of the local environment as well as obstacles limiting the development opportunities for young people living in small towns. Last year 13 local forums were held, participated in by over 380 users.

The program’s seventeen editions resulted in the implementation of more than 2,800 projects involving approximately 142,000 participants (indirectly

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The publications are available at the program’s website www.rownacszanse.pl. In addition, 150 local non-governmental organizations have been established and many projects are continued after the financial support provided by the program ceases.

Through the program the Foundation provides support to the “Young Explorer Clubs” initiative, which is an extension of the model project launched in 2002 by the Education Society of Kłodzko and currently implemented by the Copernicus Science Center. The goal of the “Young Explorer Clubs” is to promote interest in science among children and youth. The Clubs are based on learning through discovery and self-directed experiments with simple and easily accessible materials. Last year, the sixth edition of the “Young Explorer Clubs” Forum was held which gathered more than 300 people. The forum is the platform of contacts and exchange of experiences, serving also the promotion of “Young Explorer Clubs”. The “Young Explorer Clubs” network comprises almost 700 clubs, including those established in Ukraine, Belarus, Lithuania and Georgia.

THE LEARNING SCHOOLS (LES)

THE FOUNDATION HAS DISBURSED

\$11,245,594

including \$752,060 in 2017.

PROGRAM MANAGER:

› The Center for Citizenship
Education Foundation

MORE INFORMATION AT:

www.sus.ceo.org.pl

Under the program, implemented since 2000, comprehensive activities have been conducted to improve the quality of Polish education patterned on the best foreign models. The quality of work of Polish schools, especially those in rural areas and small towns, is enhanced primarily by improving the teaching techniques.

The “LES” Program introduces an original quality assurance system into the daily practice of schools, which ultimately increases the skills and autonomy of teaching staff, bolsters the position of the principal as the leader of her/his school’s transformation process and improves teamwork. All this leads to improved teaching results. It is a broad program that encompasses teacher

on-line training sessions and courses, staff workshops, post-graduate courses and conferences for principals, a systemic program of formative assessment and other innovative educational practices. Schools participating in the program develop organizational solutions that professionalize teaching, monitor the effects of their efforts, and share best practices. The program has

resulted in quality improvement in key areas of a school's activities: education (teaching and learning) effectiveness, the school as a learning institution, and the school's cooperation with the outside community.

In 17 years, almost 4,000 schools participated in the program; more than 1,400 of them took part in the core part which is aimed at comprehensive development of the school thanks to introducing the formative assessment. Also, more than 100,000 teachers have taken advantage of the training opportunities offered within all components of the "LES" Program.

academic year teachers can also choose a training course on "OK Notebook", a new tool that supports formative assessment. Each year ca. 1,000 teachers take part in on-line training courses.

The many-year experience gained in the implementation of the "LES" Program was used in various educational initiatives financed from EU funds, such as the "Students' Academy" Program, completed in 2015, or the "Digital School". The objective of "Students' Academy" was to promote innovative teaching methods, especially in math and life sciences. The programs were addressed to teachers and students from all over

for leaders of education conducted since 2007. "LES AEL" are post-graduate studies for 1,000 school and kindergarten principals or vice principals and subject team leaders from the Mazowieckie and Świętokrzyskie provinces aimed at improvement of educational institution managers' qualifications in development of students' key skills. The studies are run in cooperation with Collegium Civitas and the Maria Grzegorzewska University-Academy of Special Education, and are co-financed from EU funds.

PAFF is a partner of the "School with Class 2.0" initiative, promoting innovative educational solutions based on



In the course of the program's 17-year history, nearly 4,000 schools have participated (including more than 1,400 in the core part of "LES"). More than 100,000 teachers have taken advantage of the training opportunities offered within all components of the "LES" Program.

Since 2009 the "On-line Teachers Academy" (OTA) project has been carried out. It is implemented throughout Poland and involves an on-line distance training system for teachers of various subjects in different types and levels of schools as well as kindergartens. "OTA" courses make use of e-learning and on-line coaching and serve to prepare teachers to use modern information technologies in their work with pupils. "OTA" offers seven year-long courses of various types. Since the 2016/17

Poland and were participated in by more than 20,000 people.

Since the beginning of 2017/18 school year, "LES" has been implemented in a new environment resulting from broad changes introduced in the Polish educational system. Consequently, a part of the activities had to be adjusted to the new circumstances.

Based on the "LES" experience, in 2018, the "Learning School Academy of Education Leaders" (LES AEL) was launched as part of post-graduate studies

information and communication technologies and the design thinking method. It expands on the "School with Class" project, launched in 2002 and inspired by the "LES" Program. It was conducted by the Center for Citizenship Education Foundation (currently by the School with Class Foundation) in cooperation with the "Gazeta Wyborcza" daily. By the end of 2017, more than 9,000 schools from all over Poland and more than 150,000 teachers had participated. It included such initiatives as the "Teacher with Class", "Lego, Cogito, Ago", the "Student with Class" and the "School of Thinking". In 2014, the "First Class Teacher" project was launched offering training, expert support and inspiration for early childhood education teachers.

PAFF AND UW SCHOOL OF EDUCATION

THE FOUNDATION HAS DISBURSED

\$1,448,084

including \$879,797 in 2017.

PROGRAM MANAGER:

› The Foundation for Quality Education

MORE INFORMATION AT:

www.szkolaedukacji.pl

The School of Education is a joint undertaking of the Polish-American Freedom Foundation and the University of Warsaw. It is the only school in Poland that conducts daily post-graduate teacher certificate studies. The School is free of charge, and students may apply for a scholarship that will help them cover their costs of living, as well as accommodation at the UW dormitory.

The School of Education program has been prepared in cooperation with a prestigious teacher training institution – Columbia University Teachers College in New York.

Currently the School of Education is running its second round of studies, attended by 28 students in two paths – for teachers of Polish language and mathematics. In the future, courses for teachers of other subjects and for more students are planned to be launched.

parent-teacher conferences. Experimental knowledge gained at a given school is discussed during the students' academic classes on an on-going basis. The School of Education is responsible for the quality of the teaching practice and it cooperates with a network of carefully selected schools in Warsaw and surrounding areas.

The students have their individual tutors at the School of Education, and a mentor – a supporting teacher at the school where they do their internships. Academic classes are held for small groups. Great importance is paid to discussion and regular student progress self-evaluation.

Classes at the School of Education are conducted by persons experienced in school work, active in education, looking at it from various perspectives – practicing teachers, academics, and other people with passion for education. The lecturers represent various universities – they were trained by top American and European specialists in teachers' education.

There is also an Alumni Office at the PAFF and UW School of Education which offers long-term support to graduates, including assistance in finding a job. Graduates can also cooperate on a current basis with lecturers of the School, improving their teaching skills and sharing experiences.

Methods applied at the School of Education, along with its best practices are popularized at schools and institutions responsible for training both future and in-service teachers.

In 2017, the School of Education launched free-of-charge training courses in



Classes at the School of Education are conducted by persons experienced in school work, active in education, looking at it from various perspectives – practicing teachers, academics, people with passion for education.

An integral part of teacher training are daily practical classes at schools. The students spend their time both in academic classes at the School of Education and at a selected school – they observe lessons, participate in conducting them or conduct them on their own. They also take part in the school staff meetings, and in

literature and Polish language didactics, math didactics, and education and communication skills for in-service teachers, aimed at improving their subject and education skills. To date, they have been attended by 34 students. In parallel, the School

of Education's staff conducted workshops for teachers from schools where practical classes are held; those workshops have been attended by almost 250 people.

The School of Education is located in the UW Center of New Technologies (CENT)

building in Warsaw. The School was established thanks to the engagement and cooperation of PAFF, the University of Warsaw, the Foundation for Quality Education, and the Center for Citizenship Education.

PROJECTOR – STUDENT VOLUNTEERS

THE FOUNDATION HAS DISBURSED

\$6,421,105

including \$382,984 in 2017.

PROGRAM MANAGER:

> The Educational Enterprise Foundation

MORE INFORMATION AT:

www.projektor.org.pl

This program is aimed at equalizing educational opportunities for children and youth living in rural areas and small towns. Within the program groups of student volunteers (2 to 3 persons) implement educational projects they have prepared to develop the knowledge, skills and interests of children and youth. The projects are implemented in free time during the school year as well as during summer vacations and winter breaks.

The projects involve a specific field of knowledge, a subject or a selected area of activity, and consist of activities such as classes in fine arts, sports, information technology, theater, and linguistics. The program encourages pupils to develop their skills by promoting positive role models and shapes university students' sense of social responsibility while providing them with an attractive way to discover and fulfill their passions and interests.

Since 2003, in all program editions, over 34,000 educational projects have been carried out all over Poland in 2,390 schools involving more than 13,000 student volunteers and 340,000 pupils.

The program was supported by two former prime ministers, Professor Jerzy Buzek and Professor Marek Belka, who in 2007 volunteered to conduct vacation activities for children in several rural communes. In 2012, the Foundation for the Development of Voluntary Service, in cooperation with the Chancellery of the President of Poland, carried out the "Modern Patriotism" project, in which Ministers and Advisors at the Chancellery visited eight schools in small localities. The project under the honorary patronage of President Bronisław Komorowski was designed to popularize knowledge of patriotism, instill civic values among young people, teach local traditions and national symbols and foster tolerance and respect for other people.

Since 2011, the program has been monitored and projects carried out by student-volunteers have been evaluated on a regular basis. It serves both the direct measurement of the program results as



well as recognition of its impact. Among the greatest advantages mentioned by student-volunteers are the opportunity to gain new, practical experiences, the development of communication skills, the possibility to establish new contacts, and the fact that schools of higher education acknowledge their civic activity. Educational institutions also find the program beneficial. It broadens their educational offer and improves school attractiveness making parents pleased that their children are part of the undertaking.

In 2017, 25 summer projects carried out by IT female students were implemented.

Since 2003, under the program, over 34,000 educational projects have been carried out all over Poland in 2,390 schools involving more than 13,000 student volunteers and 340,000 pupils.

Their objective was to increase interest in technology and formal sciences. The participants learned the basics of programming and robotics, as well as of 3D printing applications. The projects were implemented thanks to cooperation with Perspektywy Education Foundation

which carried out the "IT for SHE" Program in Poland. A total of over 1,000 children from small towns and villages participated in these projects.

In the years 2005-2010 the Program was managed by the Polish Association of Pedagogues and Animators „Klanza”. Next, up until 2017, the program was managed by the Foundation for Development of Voluntary Service.

The Ministry of Science and Higher Education has assumed an honorary patronage over the program.

BRIDGE SCHOLARSHIPS

THE FOUNDATION HAS DISBURSED

\$21,881,662

including \$1,431,339 in 2017.

PROGRAM MANAGERS:

- › The Educational Enterprise Foundation
- › The Good Network Foundation (“My Scholarship” and “e-volunteering”)

MORE INFORMATION AT:

www.stypendia-pomostowe.pl

www.dobrasiec.org

This undertaking was launched in 2002 in response to a serious social problem – the clear disparity of access to higher education between urban and rural youth. The program helps talented young people from small localities, including former state-owned farm areas, make the decision to begin university studies by offering them first-year scholarships.

The Bridge Scholarships Program is a joint undertaking of many partners. It is financed by the Polish-American Freedom Foundation, the National Bank of Poland, the Rural Development Foundation, the Orange Foundation, the BGŻ Foundation and a coalition of some 100 local NGOs. The undertaking is implemented with the organizational assistance of the Agricultural Property Agency and in cooperation with Professor Bronisław Geremek’s Center as well as the Unit for Social Innovation and Research “Shipyard” Foundation. During the fourteen editions of the program the Partners have disbursed close to PLN 104 million, including PLN 80.6 million provided by the Polish-American Freedom Foundation. Since the beginning of the program, a total of over 21,700 scholarships have been awarded, including 15,500 scholarships for the first year of studies.

Since 2006, under the “Diploma of Dreams” campaign intended to encourage additional local NGOs to become involved in scholarship initiatives, 147 organizations have extended assistance to 4,060 scholarship holders.

The program is currently a scholarship system whose offer goes far beyond support for the first year of studies. Scholarship holders who do extremely well in their academic pursuits have a chance for assistance in successive years of study – for the second year they may enter the “Top Student” competition. They may also try for corporate scholarships for their third and fourth years, a “Study Abroad” initiative and doctoral scholarships. The program’s offer also includes language scholarships and workshops preparing scholarship holders for entering the job market.

Also available under the program are summer internships in the United States



(“the Polish-American Internship Initiative”), organized in cooperation with the U.S. Embassy in Warsaw. In the years 2011-2017, 89 students have worked as interns in 10 companies: Archer Daniels Midland Company, Boeing, Chevron North America, Citigroup, General Electric Hitachi, MoneyGram, Pittsburgh Glass Works LLC, Raytheon BBN Technologies, Sikorsky Aircraft Corporation and Westinghouse Electric Company.

Since the beginning of the program, a total of 21,700 scholarships have been awarded, including 15,500 scholarships for the first year of studies.

One segment of the program offered scholarships addressed to high-performing students of economics from small towns and rural areas, enrolled in non-

-state institutions and private business schools. Between 2001-2014, nearly 7,000 such scholarships were awarded.

A survey conducted among scholarship holders revealed that 94 percent of the program alumni believe the scholarship had significantly improved their financial situation when they were students, 90 percent of graduates had grade averages of “good” or better, 70 percent completed their courses without any delays, and only 4 percent dropped out.

Through its Bridge Scholarships Program, the PAFF also lends support to the scholarship initiatives and volunteer activities conducted by the Good Network Foundation. These include www.mojestypendium.pl portal, Poland’s largest Internet service dedicated to scholarships, as well as the “Good Scholarships” competition promoting the best scholarship programs carried out by local governments, schools of higher education, companies and non-governmental organizations.

The program’s media partners are “Rzeczpospolita” daily as well as “Forum Akademickie” (the Academic Forum) and “Perspektywy” (Perspectives) monthly.

THIRD AGE UNIVERSITIES (TAU)

THE FOUNDATION HAS DISBURSED

\$4,425,033

including \$324,365 in 2017.

PROGRAM MANAGER:

› The Association of the Creative Initiatives “e”

MORE INFORMATION AT:

www.seniorzywakcji.pl

The objective of this program, launched in 2005, is to support education and stimulate social energy of the elderly as well as intergenerational initiatives. It is mainly carried out by supporting and promoting civic initiatives of senior citizens and harnessing their potential, knowledge, experience and time to benefit communities. Support for the Third Age Universities’ environment is also provided.

Within the “Seniors in Action” competition, grants and training are offered to people over 60 years of age, who wish to carry out civic and intergenerational actions based on their own ideas.

They can do it on their own or in cooperation with a young person. The competition is addressed to active senior citizens involved in activities both within the framework of Third Age Universities



and in cooperation with various other organizations and institutions.

To date, 328 intergenerational projects stimulating seniors to act for the benefit of their neighborhood and promoting

senior volunteering were funded. 31 projects are carried out under the 10th round of the competition.

Within the framework of support for Third Age Universities, the program

So far 328 intergenerational projects stimulating seniors to act for the benefit of their communities and promoting their voluntary work have been carried out.

offers training, workshops and an opportunity to share experiences at national conferences for TAU representatives. In 2004-2012 all-Poland gatherings were held in Kraków, Bydgoszcz, Słupsk, Płock, Warsaw, Nowy Sącz and Katowice. In 2011-2013, the program gave its support to 14 regional meetings of the Third Age Universities. Within the program, events important to the TAU environment are also provided with support – the annual Third Age University Forum, which is a part of the International Economic Forum in Krynica, and the Nationwide TAU Conventions.



Development of Local Communities

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SUPPORT FOR NGOS

THE FOUNDATION HAS DISBURSED

\$8,865,217

including \$716,117 in 2017.

PROGRAM MANAGERS:

- › The Klon/Jawor Association ("MIS@NGO")
- › The Civil Society Development Foundation ("FIMANGO")
- › The Academy of Civic Organizations Foundation ("PROMENGO")

MORE INFORMATION AT:

www.ngo.pl

www.frso.pl

www.faoo.pl

The program provides institutional support for non-governmental organizations and community leaders in Poland, especially in small towns and rural areas. The support includes access to information, advice and training. It leads to improvement of the conditions in which non-profit organizations operate and thus to more effective operations and successful implementation of quality civic projects.

At present, the program operates along three paths.

The first is the "Mutual Information Society" ("MIS@NGO") – an information system for civil society organizations. Its main component is the ngo.pl portal – the largest internet service for and about non-governmental organizations in Poland, recognizable by 73 percent of Polish NGOs. The portal is visited by over 3 million users a year, and its data base contains information about 160,000 Polish civic organizations.

The second path is "EURO-NGO+" – it is aimed at increasing the non-profit organizations' ability to acquire European Union funds. It is a continuation of PAFF's "EURO-NGO" Program carried

out in 2003-2006, thanks to which Polish NGOs learned about structural funds and increased their competencies, which enabled them to apply successfully for EU funds. The program supported non-profit organizations in building partnerships, advocacy activities and becoming involved in planning structural funds for the years 2007-2013 and currently – 2014-2020. Information activities are carried out via the www.eu.ngo.pl service, while advocacy activities by the National Federation of Polish NGOs. The offer includes experts' support.

The third path – "NGO Training" – comprises two components. The first is the "Financial Management for NGOs" ("FIM@NGO") which includes training, counseling and publications for people responsible for financial management of non-profit organizations, mainly those operating beyond major metropolitan areas. All told, during the period 2000-2017 ca. 4,500 people representing 3,000 organizations from all over Poland took advantage of such training opportunities. The training courses are implemented by the Civil Society Development Foundation. The second part, launched in 2013, is a comprehensive education offer for NGO managers, comprised of the "PROMENGO" training program, the "Kursodrom" e-learning platform that has been used by over 4,200 people, and NGO-managing workshops whose



main component is the Fundraising Education Program addressed to those who are in charge of raising funds in non-profit organizations. A supplement to the offer is "The Third Sector" quarterly, an academic publication on research and analyses of issues important to NGO development in Poland. That part of the program is managed by the Academy of Civic Organizations Foundation established by PAFF.

Additionally, under the program, the PAFF has been a co-organizer of the

All told, during the period 2000-2017 ca. 4,500 people representing 3,000 organizations from all over Poland took advantage of training opportunities under the "Financial Management for NGOs" initiative.

annual meeting of rural organizations in Maróz. Nearly 300 representatives of 160 organizations from different re-

gions of Poland have participated in the meetings which promote integration, experience sharing, the acquisition of new knowledge and skills as well as cooperation. The meetings are organized by the Rural Development Foundation and the "Nida" Development Foundation. PAFF also supports the third sector research which is carried out cyclically.

ACT LOCALLY

THE FOUNDATION HAS DISBURSED

\$14,501,726

including \$1,176,066 in 2017.

PROGRAM MANAGER:

- › The Academy for the Development of Philanthropy in Poland

MORE INFORMATION AT:

www.dzialajlokalnie.pl

The objective of this program, launched in 2000, is to assist and encourage local communities in villages and small towns by lending support to civil initiatives that foster developmental aspirations, improve the quality of life as well as contribute to building social capital. Support is offered to encourage the activity of local communities, in which the members define their own needs and undertake joint initiatives. Because people are different, as are their needs, traditions, experiences, and available resources, the program supports a wide range of projects.

Grants are awarded at the local level in open grant competitions, organized each year by a network of Act Locally Centers (ALC) which encompasses associations and foundations in localities with up to 50,000 residents. Their area of activity may cover from four communes to several districts. The ALC network has successively expanded from 15 centers in 2004 to 70 organizations in 2017. At present, it involves 600 communes. There are at least two Act Locally Centers in each voivodship. They cooperate with other NGOs as well as local authorities and entrepreneurs. New ALCs are selected in open recruitment procedure by the Competition Committee. The beneficiaries of local competitions are NGOs and informal groups of citi-

zens on whose behalf applications may be submitted by organizations and local public institutions (schools, community centers, libraries) operating in localities of less than 20,000 inhabitants.

In the first three editions of the "Act Locally" Program 356 projects were supported in the national grant competition, involving more than \$1 million from PAFF funds. In 2004 local competitions were launched as well through the agency of Local Grant Organizations (currently known as Act Locally Centers). In the years 2004-2012, grants were awarded in nationwide competitions to 99 projects, while 4,886 grants were provided through the Act Locally Centers' network. In 2013-2014, in two competitions, 1578 grants were

awarded. In the next edition of the program a total of 1720 projects were supported with grants. In January 2017 the 10th edition was launched. To date, 891 local projects have been funded.

submitting 1% of the income tax to the public charity organization.

Improvement of the Act Locally Centers' operation is served by training sessions, workshops, regional meetings,

The experience thus acquired is put to good use by the Act Locally Centers in other Foundation's undertakings such as "PAFF Local Partnerships". There they can play a leadership role in coalitions with different participants of the Foundation's programs jointly engaged in projects benefiting the local community. In the "PAFF Leaders" Program, ALC representatives serve as leaders and tutors, and in the "Sector 3.0" Program they belong to the network of mobile advisors assisting other organizations in ICT use.

In 2016, the FIMANGO Local Advisors School was opened. It is based on two PAFF programs – "Act Locally" and "Financial Management for NGOs" (FIMANGO). The school offers an intensive training program to improve the competencies of ALC representatives in financial management counseling to smaller, local organizations cooperating with them. Additionally, in 2017, the Advisory Board for Development of the ALC Network was appointed. The Board is composed of representatives of the most experienced, certified ALCs and two independent experts.

"Act Locally" experiences are also shared with Ukrainian NGOs. "Act Locally in Ukraine", the initiative being currently implemented and aimed at inspiring Ukrainian NGOs to build a network modeled on ALC, is a continuation and extension of the Global Challenges Local Solutions pilot program funded by PAFF as part of the "Region in Transition" (RITA) Program in 2016-2017. The project is managed by the Academy for the Development of Philanthropy in Poland in cooperation with the Ukrainian ISAR Ednania Foundation.

Within the program, PAFF supports the "Benefactor of the Year" Competition and maintains patronage of the "Local Involvement" category. The Competition promotes civic engagement of companies, many of which contribute



All told, over 3.5 million participants including more than 220,000 volunteers joined forces to carry out more than 9,500 projects. The financially assisted initiatives mainly center around strengthening local community cooperation, creating new personal-development and leisure-time opportunities as well as enhancing the attractiveness of a given region. The common denominator of the assisted projects has been local involvement enabling residents to acquire new skills, learn how to self-organize better and react to new problems.

For those implementing financially assisted initiatives, a "Tell me..." competition has been organized. Prizes are presented for the most interesting ways of promoting and communicating about the undertaken activities. The best films are presented at the program's website. Also, for several years a competition has been organized awarding the most creative ideas for carrying out campaigns informing about the possibility of

Over 3.5 million participants including more than 220,000 volunteers joined forces to carry out more than 9,500 projects. The common denominator of the assisted projects has been local involvement.

study visits and webinars organized under the program. They make it possible to share best practices, improve knowledge and qualifications and strengthen cooperation within the network. ALCs meeting the highest standards in the implementation of the program are awarded with certificates. This is the form of appreciation for outstanding involvement and professionalism in carrying out activities aimed at the development and stimulation of local communities, which can serve as model for other organizations. So far, 23 Centers have been presented with certificates.

to long-term local changes in cooperation with ALCs. The Foundation is also the main partner of the “Civic Leader of the Year” Competition, organized by “Newsweek Polska” (the Academy for the Development of Philanthropy in

Poland is the strategic partner). The aim of the Competition is to award pro-civic attitudes and to promote the activities of individual people and organizations, standing behind them in solving various social problems.

The Foundation also supports the “Charity Stars” plebiscite organized by the Academy for the Development of Philanthropy in Poland. It awards well-known people for their charitable activities.

SECTOR 3.0

THE FOUNDATION HAS DISBURSED

\$2,002,695

including \$373,817 in 2017.

PROGRAM MANAGER:

› The Information Society
Development Foundation

MORE INFORMATION AT:

www.sektor3-0.pl

The program – formerly known as “ICT for Local Development” – has been implemented since 2012 and is a continuation of PAFF’s activities aimed at supporting the use of new information and communication technologies for local development. Its goal is to broaden the knowledge and skills of non-governmental organizations’ employees, particularly from small local communities, in an effective use of such technologies in their everyday work.

The implementation of the program was preceded by a series of analyses which had been carried out by the Unit for Social Innovation and Research “Shipyards” Foundation. Consultations with domestic and foreign experts were held. Information collected on the progress made by NGOs in the ICT field and on the knowledge and qualifica-

tions of their staff in that area has been made available.

Under the program, thematic training for NGOs was carried out showing examples of using modern technologies in communication, marketing and management. Subsequently, some of those organizations received grants for purchase of hardware and software as well as for financing projects focusing on the practical use of ICT in third sector activities. The program’s offer also includes an ICT Mobile Advisors’ Network – 100 experts providing free educational and technological support services for local NGOs. So far, Mobile Advisors have provided counselling 4,000 times and 5,000 NGOs’ representatives from all over Poland benefited from it.

The program also comprises the financial component in the form of the Fund supporting the creation of new ICT tools that can be then used by non-profit organizations. Particular emphasis is placed on providing knowledge on how to identify potential areas where information technologies can be harnessed by NGOs. A network of TechClubs has been



set up in 16 Polish cities where representatives of NGOs, business, local governments and the academic community meet on a cyclical basis to share experiences on putting the potential of modern technologies to practical use. Since 2012, the TechClub meetings have been participated by more than 15,000 people.

An important part of the program are annual international conferences – “Sector 3.0” Festivals – held in Warsaw.

So far, Mobile Advisors have provided counselling 4,000 times and 5,000 NGOs’ representatives from all over Poland benefited from it. In sixteen Polish cities the TechClub meetings have been participated by more than 15,000 people.

They gather representatives of non-governmental organizations, ICT pro-

fessionals from business circles, politicians, academics as well as foreign experts (including representatives of the USA, Great Britain, South Korea and India). They constitute a platform for the exchange of information about current trends in the ICT and Internet use in social/civic activities. In 2012-2017, over 3,300 people participated in six editions of the annual “Sector 3.0” conferences.

PAFF LEADERS

THE FOUNDATION HAS DISBURSED

\$4,340,803

including \$350,561 in 2017.

PROGRAM MANAGER:

› The School for Leaders Foundation

MORE INFORMATION AT:

www.liderzy.pl

The objective of this program, implemented by the School for Leaders Foundation, is to support the development of skills and qualifications of individuals working for the benefit of their communities. This is achieved mainly through the use of the tutorial method which involves the regular cooperation of an experienced tutor with a local leader.

The program is addressed to active participants of projects financed by various programs of the Polish-American Freedom Foundation: “Act Locally”, “Equal Opportunities”, “English

Teaching”, “Region in Transition” (RITA), “PAFF Local Partnerships” and the Library Development Program.

The core part of the program is a twelve-month cooperation between a leader and a tutor coupled with a series of training sessions adapted to the participants’ needs and priorities, which primarily focuses on interpersonal development planning, team building, managing an organization, communication, community involvement and building local partnerships. The skills acquired in the program help leaders undertake activities benefiting their local communities.

An essential component of the program is the offer for program graduates – the “Alumni Initiative”, which serves cooperation and experience sharing. It provides an opportunity to participate in meetings with well-known figures of public life and in workshops



adapted to alumni needs. Also, within the alumni initiative fund, the participants may obtain grants for carrying out projects. Through the electronic newsletter alumni regularly receive information about current undertakings carried out within the program. Leaders may also exchange experiences during annual meetings of participants as well as via civic portals.

Since 2008, study visits of selected leaders to the United States have been organized as part of the International

As a result of the program the qualifications of 580 local leaders from all over Poland have been improved, and an active nationwide network has emerged. In addition, more than 70 tutoring experts have been trained.

Visitor Leadership Program in cooperation with the American Embassy in Poland. In 2017, another group of leaders and tutors participated in such a

visit. To date, a total of more than 100 PAFF Leaders have visited the USA.

As a result of the program's twelve editions the qualifications of 580 local leaders from all over Poland have been improved, and an active nationwide network has emerged. In addition, more than 70 tutoring experts have been trained. In the 13th (current) edition, which began in 2017, 41 leaders and 12 tutors are participating.

“PRO PUBLICO BONO” COMPETITION

THE FOUNDATION HAS DISBURSED

\$2,465,979

including \$24,000 in 2017.

PROGRAM MANAGER:

- › The „Pro Publico Bono” Competition Foundation (2000-2014)
- › The Local Press Association

The “Pro Publico Bono” Competition for the Best Civil Initiative was launched in 1999 by Prime Minister Jerzy Buzek. Since 2000, the Polish-American Freedom Foundation has funded the prizes awarded in the Competition.

The objective of the Competition the PAFF got involved in was supporting the development of civil society by annual selecting and promoting the most valuable and creative NGO activities – on a national, regional, and especially local level – in the fields of education, culture and national heritage, health protection, social and charitable assistance, environment and regional development, as well as public diplomacy and European integration.

When considering an initiative submitted for the competition, the Competition Chapter (whose first honorary chairman was Jan Nowak-Jeziorański†) took into account the social significance of the initiative, its innovativeness, impact on the development and competitiveness of local communities, and the effectiveness and transparency with which it makes use of public funds. Also, the Chapter considered the institutional stability of the nominated organization,

compliance with ethical standards in its activity, and its cooperation with public administration and other institutions. The competition winners were rewarded with financial support which most frequently was allocated for the continuation of their efforts.

As part of the program, in 2007 PAFF took the role of a sponsor of Bolesław Wierzbiański Award for editorial staff of local press. Until 2011 the award was granted by the Polish Journalists Association, and currently it is awarded by the Local Newspapers Association. The winner of the 2016 Bolesław Wierzbiański Award was the editorial staff of the “Gazeta Jarocińska”, and in 2017 the award went to “Tygodnik Podhalański” weekly.

As part of the program, the Foundation also supported the Civic Congress organized by the Institute for Market Economics. The event, held annually since 2005, is a unique form of enga-

ging citizens in a dialogue about the directions of state development, the condition of society and common good. The Congress is an open event and each year it is attended by over one thousand participants, including representatives of central and local administration, NGOs, academics, student organiza-

tions, businesses, and local communities. The 12th Civic Congress which was held in 2017 under the motto "Partner and Common Poland" was attended by 800 participants. The "PAFF Local Partnerships" Program was a partner at the "Local Development Based on Partnership" thematic session.

THE LIBRARY DEVELOPMENT PROGRAM

THE FOUNDATION HAS DISBURSED

\$4,331,834

including \$454,602 in 2017.

PROGRAM MANAGER:

› The Information Society Development Foundation

MORE INFORMATION AT:

www.biblioteki.org

The program is addressed to public libraries and their branches in rural areas and small towns (up to 20,000 inhabitants). The principal goal of the Library Development Program was to assist them in transforming themselves into modern, multi-function information, cultural and education centers, stimulating civic involvement. Thanks to the assistance received by nearly 4,000 libraries, residents of small localities gained an opportunity to improve their quality of life. Raising librarians' competencies and building the prestige of their profession constituted an important component of the program.

Until April 2015, the program was carried out in partnership of the Polish-American Freedom Foundation and the Bill and Melinda Gates Foundation. It was part of "Global Libraries" – a broader project in which the Gates Foundation created partnerships in selected countries to provide citizens with free access to information and communication technologies via a public-library network.

In 2008, PAFF established the Information Society Development Foundation and in cooperation with it prepared the plan of assistance to Polish libraries by way of providing them with computer hardware and software as well as training opportunities for the librarians. PAFF also signed a cooperation agreement with the Ministry of Culture and National Heritage which launched a long-term program called "Library+" managed by the Book Institute. The aim

of PAFF and the Ministry was to shape both undertakings to reinforce and complement each other.

In 2009 the recruitment process was carried out by competition. As many as 1,873 libraries qualified for the first edition. 1,454 libraries qualified for the second edition of the program in 2011. In 2013, recruitment to the third edition was carried out, whose organization was possible thanks to the effective management of funds granted by the Gates Foundation and PAFF's additional financial contribution. All told, the program covers 3,808 libraries in 1,250 communes, which comprises almost 60 percent of all Polish libraries in villages and small towns.

Program participants received content-related support in the form of various training courses (such as library planning workshops, IT training and other training which helps profile

further development of the libraries to meet the needs of their local communities) and technical assistance in the form of modern computer equipment (including computers, laptops, tablets, multifunctional devices, printers, projectors and digital cameras) together with software provided for free by Microsoft. Libraries also had an opportunity to apply for grants to finance activities included in the libraries' development plans, which enhanced their offer for library users with computer and Internet courses, meetings with interesting people and organization of exhibitions. Also, they could receive grants for the organization of meetings for cooperating institutions aimed at integrating the local librarians' environment and sharing experiences. As a result, at present the libraries serve as "third places" in their local communities that is meeting places open to all.

authorities were established by the Information Society Development Foundation. Their task is to promote the modernization of public libraries in small localities. The partnerships for the development of libraries were also set up at the commune level. They are of an open character: in addition to local-governments other institutions important to social life at the local level may participate, such as schools, non-governmental

Until April 2015, the undertaking was carried out in partnership of the PAFF and the Bill and Melinda Gates Foundation. All told, the program covered 3,808 libraries in 1,250 communes, which comprises almost 60 percent of all Polish libraries in villages and small towns.



Within the program the Partnership for Library Development was supported. It brought together more than 100 representatives from the world of science, art, economy, the media, politics and the non-governmental sector. 16 Regional Partnerships with provincial

organizations, business entities, mass media as well as local leaders.

Actions were taken to promote libraries, such as social campaigns organized within the program, e.g. an all-Poland promotional-informational campaign "Library. A Place of Reading,

A Place of Activity" and an Internet competition "Let's Meet in the Library" as well as an all-Poland public libraries' convention held every year since 2010 with each single time participation of over 400 people, mainly librarians from small localities. The "LABiB" initiative is also being developed, which encompasses a network of a few dozen librarian-innovators, who, via a dedicated social networking site, create and popularize best practices in library' activities.

Also engaged in activities benefiting libraries were third sector organizations, such as the Center for Citizenship Education Foundation, the KARTA Center Foundation, the Comenius Foundation for Child Development and the Association of Creative Initiatives "e".

Within the "Non-governmental Organizations for Libraries" offer, they prepared proposals for joint actions and initiatives broadening the libraries' services. Other initiatives were also taken to enhance the entire library system by cooperating with the National Library, voivodship public libraries and the Association of Polish Librarians.

In 2012 the Ministry of Culture and National Heritage, the Ministry of Administration and Digitization, the Information Society Development Foundation and Orange Polska concluded an agreement important to the Library Development Program – extending for the next three years their joint efforts for the digitization of Polish public libraries. The agreement was first signed in 2009. The Orange Polska declared then to provide all commune public libraries with free Internet access via cable technology, and in other localities – a wireless system with the highest-capacity links at a given location, plus exemption from subscription fees. Approx. 3,500 libraries benefited from the offer.

In 2012, the Information Society Development Foundation was presented with

the “E-Inclusion Award for the Implementation of the Library Development Program 2012” in the competition organized by the European Commission. The competition awards initiatives aimed at promoting best practices in the use of new information and communication technologies as well as those countering digital exclusion.

After three years of the program’s implementation, the Unit for Social Innovation and Research “Shipyard” Foundation conducted quantitative and qualitative studies in communes covered by the program in order to discover how Poles benefit from library use. The research results were presented in the “What do Poles Need Libraries For?” report. The impact of the program on the libraries participating in it was also analyzed on the basis of the data provided by the Central Statistical Office and then described in the “What Has Changed in Libraries?” study publi-

shed in July 2014. Among other things the results showed that more and more libraries are playing the role of a “third place” that is friendly and open to everybody. They are also the site where residents can access new technologies – 37% of the library computer users have used the Internet for the first time in a library.

The Library Development Program was financed by \$31 million grant made available to PAFF by the Bill and Melinda Gates Foundation. Microsoft donated to the libraries (both participants and non-participants in the Library Development Program) computer software worth an estimated \$18 million. The implementation of the program in cooperation with the Gates Foundation ended in March 2015.

Support for libraries is continued as part of the strategy aimed at building the Library Development Program’s sustainability. It serves to reinforce the

changes in functioning of Polish public libraries, especially in rural areas and small towns, so that the libraries can contribute even more to local communities development. It also helps strengthen long-term effects such as popularization of modern information and communication technologies, facilitating access to information, knowledge, culture and education as well as stimulating civil activity. At present, activities under the program include training sessions and e-learning courses for librarians (including members of the LABiB network for library environment leaders) and their local partners; grants for improvement of technological capabilities of selected libraries; support for networking and cooperation aimed at local community development as well as establishing and development of innovation incubators based on the library infrastructure.

PAFF LOCAL PARTNERSHIPS

THE FOUNDATION HAS DISBURSED

\$2,170,547

including \$253,089 in 2017.

PROGRAM MANAGER:

› The Academy for the Development of Philanthropy in Poland

MORE INFORMATION AT:

www.lokalnepartnerstwa.org.pl

The purpose of the program is to initiate and develop cooperation among beneficiaries of various PAFF programs promoting the creation of partnerships around implementation of social projects important to local communities. The program uses the method of animating local communities and bringing them together around the idea of the common good, which is defined on the basis of a social diagnosis.

Thanks to PAFF’s broad and diversified program offer, in many local communities in Poland projects have been carried out which create opportunities to unleash new civic energy. The “PAFF Local Partnerships” Program offers an opportunity to create partnership projects utilizing this potential in work benefiting their local communities, helping to better consolidate local social capital through building synergies between

the experiences gained and results achieved as part of various initiatives. In the communes where PAFF programs have been implemented local partnerships emerge comprising participants of PAFF programs – who form the Initiative Group as the core of the coalition. They are then joined by local-governments, NGOs, institutions, firms and the local media that have not taken part in the Foundation’s programs in thus far.

Since 2014 the partnerships may also be led by organizations taking part in one of the following programs: “English Teaching”, “Equal Opportunities”, “The Learning Schools”, “PAFF Leaders”, Library Development Program, “Region in Transition” (RITA) and “The Third Age Universities”. Numerous local residents and volunteers are engaged in the implementation of the program.



Over five editions of the program, carried out from 2009 to 2017, 38 partnerships have been established. They cover 85 communes and their operations involve over 600 partners. It was thanks to partnership projects that the legal regulations were changed which required the reduction of air pollution in Żywiec. They also managed to set up an Internet civic TV in Grodzisk Mazowiecki, develop a public park in Biłgoraj, and establish a district volunteering center in Dębica. The results of the projects include popularization of local initiatives – the Carp Trail in the

Barycza River Valley or the Apple Trail near Warka, the Youth-friendly Places in Podkarpace Region and the Volcano Activity Center in Złotoryja where priority is given to actions involving young people, and the Youth Forest Guard in Niemce which cares for the cleanliness and beauty of the Kozłowieckie Forest and popularizes pro-ecological attitudes. Additional financial support

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granted by PAFF enables the partnerships to continue their operations and motivates them to develop strategies of embedding their project results as well as making them self-sufficient.

The program also popularizes a method of animating local communities,

developed in cooperation with experts of the Unit for Social Innovation and Research “Shipyard” Foundation and then presented in the publication “How to Build The Common Good? A Guide For Those Who Act Locally”. In 2015 the publication titled “How to Build Local Partnerships” was issued, presenting expert materials dealing with problems important to building coalitions and working on their sustainability. They are all exemplified with projects implemented under the program. Regular regional meetings, workshops and an e-bulletin of the program co-created by members of the partnerships help to enhance the sustainability of the partnerships and enable the sharing of experience.

Partnerships set up in the first three program editions take part in the alumni initiative, called the “Common Good Lab”. The Lab aims to popularize the cooperation of local communities working for the common good, promoting methods of animating local communities and enhancing the sustainability of existing partnerships. The initiative offers access to resources such as publications, films, workshop scenarios, civic games, experts’ support, participation in study tours and meetings enabling the sharing of best practices as well as the possibility to receive a mini-grant for the implementation of educational and training projects. 27 grants have been distributed so far to help develop tools required for local community animation, such as outdoor games, Internet quizzes, public campaigns, training scenarios, and workshops. Additionally, in the years 2013-2015, three alumni meetings were held.



Sharing the Polish Experiences in Transformation

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THE LANE KIRKLAND SCHOLARSHIP PROGRAM

THE FOUNDATION HAS DISBURSED

\$12,768,086

including \$760,767 in 2017.

PROGRAM MANAGER:

> The Leaders of Change Foundation

MORE INFORMATION AT:

www.kirkland.edu.pl

The objective of the program, implemented since 2000, is to share Polish experiences in transformation and European integration with representatives from Eastern Europe, the Caucasus and Central Asia during two-semester complementary studies at Polish universities. The program is currently addressed to candidates from Ukraine, Russia and Belarus as well as Moldova, Georgia, Armenia, Azerbaijan, Kazakhstan and Kyrgyzstan.

Under individual study programs, the scholarship holders study selected aspects of economics and management, public administration and business, law, social and political sciences, journalism, NGO management and culture management.

Wrocław and Lublin. They prepare their end-of-term papers and diploma dissertations under the supervision of academic tutors. They also participate in integration meetings, thematic integration gatherings and have traineeships at state institutions (including the Supreme Court, the National Bank of Poland and regional marshal offices) as well as non-governmental organizations. Courses on civic project implementation and teamwork supplement the curriculum.

In September 2016, the Kirkland Research Program, a new project was launched. It offers a one-semester research internship for people with established scholarly positions who come from countries covered by the program. Individual work under the eye of an academic tutor should result in a scientific article written by the intern.

Each year, the Lane Kirkland Scholarship Program is participated in by approximately 45 people. Between 2000 and 2017, 743 scholarship holders coming from 11 countries completed the program. Of that number 400 were from Ukraine, 143 from Belarus, 50 from Georgia, 45 from Russia, 27 from Armenia, 22 from Moldova, 18 from Kazakhstan, 12 from Lithuania, 10 from Slovakia, 8 from Kyrgyzstan and 8 from Azerbaijan. The majority of scholarship holders studied economics and management, and law as well as social science, journalism, political science, and international relations.



The program begins with an introductory course, the purpose of which is to provide students with and systematize their knowledge of the history as well as current political, social and economic situation of Poland. Kirkland scholarship holders then proceed with their individually-programmed studies at universities in Warsaw, Kraków, Poznań,

Academic staff have accounted for the largest professional group followed by public officials and experts.

The current edition (2017/18) is participated by 47 representatives of 5 countries. The majority of them come from Ukraine (33 people), while the remaining ones from Belarus, Russia, Armenia, Azerbaijan, Georgia, Moldova, and Kyrgyzstan. They are mostly lawyers, economists, journalists, and local government workers as well as non-governmental organizations' activists.

Following the program's completion, contact with graduates is regularly maintained thanks to the bulletin, reunions of graduates and the website www.kirkland.edu.pl. The alumni confe-

Each year, the Program is participated in by approximately 45 people. Between 2000 and 2017, 743 scholarship holders coming from 11 countries completed the program. Of that number 400 were from Ukraine, 143 from Belarus, 50 from Georgia, 45 from Russia, 27 from Armenia, 22 from Moldova, 18 from Kazakhstan, 12 from Lithuania, 10 from Slovakia, 8 from Kyrgyzstan and 8 from Azerbaijan.

rences, held every 4 years, help to maintain graduates' contacts with Poland and establish new contacts. They also make

the opportunity to broaden the Kirklanders' knowledge of Poland and the European Union and discuss possible directions of transformation that shall take place in the countries of the Region. Former scholarship holders are supported by the Coordinator of Post-Scholarship Projects whose task it is to maintain graduates' contacts with Poland and encourage them to undertake joint initiatives such as graduates' associations.

In the years 2001-2013, the program was managed by the Polish-U.S. Fulbright Commission. Then, until 2016 the Manager of the program was the Education for Democracy Foundation.

REGION IN TRANSITION (RITA)

THE FOUNDATION HAS DISBURSED

\$13,807,793

including \$473,588 in 2017.

PROGRAM MANAGER:

› The Education for Democracy Foundation

MORE INFORMATION AT:

www.programrita.org

The program, launched in 2000, is addressed to non-governmental organizations and educational institutions willing to share Poland's experiences of social and economic transformation with partners from other Eastern European countries, the Caucasus and Central Asia.

The program's open grant competitions award grants to Polish non-governmental organizations for projects designed to share Polish experiences, especially in building civil society, strengthening social activities, promoting local government transformation, reforming education, and functioning of the free media. The maximum grant amount is ca. \$17,500. About 40 grants are awarded annually.

Under the program, it is possible to apply for small travel grants which may be earmarked for project consultation before it is submitted, strengthening cooperation with a partner organization or evaluation of an implemented project. As part of a special path

the "RITA" Program grants may be used for co-financing a larger project for which a given organization has been awarded a grant from other sources – Polish or foreign. However, such projects must comply with the "RITA" Program's objectives as well as geographic and thematic areas of operation.

Additionally, the program offers Polish NGOs and schools training opportunities and experts' support as well as assistance in establishing contacts and developing cooperation with foreign partners. Every two years, the meetings of the "RITA" Program Polish grant recipients, named "Ambassadors of Transition in the Regions", are held. They serve integration



of the Polish non-governmental organizations operating abroad and experience sharing on the subject of international cooperation. The social networking

site www.civicportal.org which facilitates information-sharing between organizations and civic leaders is also available. The portal is also an e-learning

In the years 2000-2017 a total of 991 projects designed to share Polish experiences, especially in building civil society, strengthening social activities, promoting local government transformation, reforming education, and functioning of the free media, have been supported.

platform offering training to Polish and foreign NGOs.

The main grant competition is announced twice a year. Applications can be submitted by mid-March and by mid-October. Applications for travel grants and subsidies for larger projects are accepted on an on-going basis until the funds set aside for these activities are exhausted.

In the years 2000-2017 a total of 991 projects have been supported.

STUDY TOURS TO POLAND (STP)

THE FOUNDATION HAS DISBURSED

\$5,957,405

including \$702,238 in 2017.

PROGRAM MANAGER:

› The Leaders of Change Foundation

MORE INFORMATION AT:

www.studytours.pl

The program, launched in 2004, offers study tours to Poland to active students and professionals from Eastern European countries. The objective of the program is to demonstrate the realities of Poland and the European Union and at the same time develop and strengthen professional and personal contacts between leaders from Eastern Europe and their Polish hosts.

The students are offered 12-day long study tours to Poland; the eligible candidates have to be persons between the age of 18 and 21, coming from Belarus, Moldova, Ukraine and the Russian Federation (currently from the Briansk, Kaliningrad, Novgorod, Leningrad and St. Petersburg oblasts, as well as Moscow and Voronezh). Students participating in the "STP" have an opportunity to meet Polish academic

environment, civic organizations, leaders of public life as well as participate in lectures, workshops, seminars and cultural events.

Students apply to the program individually. The tours are organized for groups of 10-12 participants from various countries. They are held twice a year, in the spring and in the fall, and managed by experienced Polish NGOs selected in an open competition. The program



Between 2004-2017, almost 9,000 participants, both university students and professionals representing various environments took part in the study tours. Each year Poland is visited by more than 300 professionals and more than 200 students.

is coordinated by the “Borussia” Foundation from Olsztyn.

The offer for professionals is addressed to representatives of local governments, central administration, central public institutions, NGOs, media, educational sector and other professional groups from countries of Eastern Europe, Caucasus and Central Asia. The tours, aimed at sharing the Polish experiences in transformation and European integration, are held in cooperation with Polish NGOs as well as central and local administration. After the Maidan events in 2014, special emphasis in contacts with Ukraine has been placed on sharing experiences with people actively participating in local government reform implementa-

tion and activities aimed at Ukraine’s integration with EU structures. Between 2014-2017 more than 1,760 citizens of Ukraine participated in “Study Tours to Poland”.

The recruitment of participants in study tours for professionals must be preceded by a letter of intent sent to the program office in Warsaw by an interested institution and its partner organization from the countries of the region, or by a Polish NGO or institution.

Between 2004-2017, almost 9,000 participants, both university students and professionals representing various environments took part in the study tours. Each year Poland is visited by more than 300 professionals and more than 200 students.

Within the “Study Tours to Poland” Program, the Foundation supports the Warsaw Euro-Atlantic Summer Academy – WEASA – a common undertaking of PAFF, the German Marshall Fund of the United States and the College of Europe. WEASA offers two weeks of classes, based on the Natolin campus, addressed to experts from the Eastern Partnership countries, i.e. analysts, political and government advisors, NGO and think tanks staff, civic service representatives and journalists. The thematic scope encompasses political transformation, European integration and transatlantic relations. Students are offered lectures, workshops, and meetings with practitioners, with participation of prominent lecturers and experts from Poland and abroad. The hitherto five editions of WEASA (2013-2017) were participated by a total of 214 people from the Eastern Partnership countries, including: 24 students from Armenia, 18 from Azerbaijan, 23 from Belarus, 45 from Georgia, 29 from Moldova, and 77 from Ukraine.

MONITORING, EVALUATION AND ANALYSES (MEVA)

THE FOUNDATION HAS DISBURSED

\$2,018,018

including \$156,005 in 2017.

Launched in 2005, the program's mission is to conduct analytical work that serves to develop the Foundation programs and enhance their effectiveness.

The analytic work helps to find out to what extent the goals defined in these programs, the activities undertaken, and the results achieved correspond to existing needs, especially with regard to local communities. The methods developed as part of the program and the results of analyses also serve other NGOs in implementing their initiatives.



The results of the PAFF programs evaluation, e.g. the Library Development Program, "Act Locally", "PAFF Local Partnerships", "English Teaching" or "PAFF Leaders" serve both setting down the future program activities and modifying the existing ones. One of the "MEVA" duties is to monitor the initiatives completed by the Foundation in terms of the sustainability of achieved results.

Potential PAFF activities are considered in the context of existing and anticipated social needs. To that end, the selected

social groups are examined (e.g. village youth, librarians or NGO employees) and new initiatives tested. One of them is the study of trends in ICT use in Poland and abroad, which allowed to prepare the report that recommended launching the "ICT for Local Development" Program; or the analysis of impact of the Library Development Program on its participants in comparison with the libraries and communities that did not participate in the program.

Under the "MEVA" Program, mutually complementing and strengthening elements of PAFF programs are analyzed in order to improve the quality and effectiveness of the Foundation's activities. Among the projects serving that aim, there is the "Squared Evaluation" initiative helping develop the evaluation culture in the environment of organizations cooperating with PAFF, as part of which the "Evaluation – How do You Carry It out?" guide was prepared. Also, regular seminars on evaluation studies are held.

Another project of that kind is „Influence on the Social Capital in PAFF Communities" (the so-called „BOX") project whose aim was to work out a set of methods and research techniques (the toolbox) enabling program managers to define the changes in the social capital level resulting from the influence of the Foundation programs on local communities.

Within the program the Foundation also supports the Unit for Social Innovation and Research "Shipyards" Foundation (one of its co-founders was PAFF). A significant part of the "MEVA" Program is managed by The Unit for Social Innovation and Research "Shipyards" Foundation.

People, Projects, Initiatives

ENGLISH TEACHING

- › “English Teaching” Received the European Language Label Award

EQUAL OPPORTUNITIES

- › Escape Room in Węgrów

PROJECTOR – STUDENT VOLUNTEERS

- › „IT for SHE” that is IT female students implement educational projects

PAFF AND UW SCHOOL OF EDUCATION

- › Marcin Waincettel – a Student of PAFF and UW School of Education

BRIDGE SCHOLARSHIPS

- › Bogdan Marek – an Intern at the U.S. Congress

THIRD AGE UNIVERSITIES (TAU)

- › Fairy Tales to be Listened to, or How Technology Links Generations

ACT LOCALLY

- › Tracking Cieszyn Folk Songs

PAFF LEADERS

- › 10 Years of Cooperation with the International Visitor Leadership Program

LIBRARY DEVELOPMENT PROGRAM

- › Katarzyna Heród – Winner of the Olga Rok Scholarship Competition

PAFF LOCAL PARTNERSHIPS

- › Youth Forest Guard

SECTOR 3.0

- › The Amplifier Association – Kraków TechClub Promotes New Technologies

THE LANE KIRKLAND SCHOLARSHIP PROGRAM

- › “Kirklanders Visit Kirklanders” – New Project for Alumni

STUDY TOURS TO POLAND

- › “STP” Supports Development of New Crisis Management System in Ukraine

ENGLISH TEACHING

“English Teaching” Received the European Language Label Award



The ELL certificate awarded to the “English Teaching” Program is a source of great satisfaction to us.

Justyna Kowalczyk
the Program Coordinator

In 2017, the “English Teaching” Program run by PAFF and managed by the “Nida” Development Foundation, won the European Language Label – a prestigious European quality certificate in language teaching awarded for applying innovative methods and promoting methodological and didactic achievements.

“The ELL certificate awarded to the »English Teaching« Program is a source of great satisfaction to us,” says Justyna Kowalczyk, the Program Coordinator. The competition awards the most innovative initiatives aimed at developing foreign language teaching methods and filling gaps in students’ knowledge. “The objectives of projects implemented for a dozen years by teachers and local leaders of the »English Teaching« Program are exactly the same,” adds Justyna Kowalczyk.

The objective of the competition is to motivate the learning of foreign languages and developing self-learning skills, to improve professional competence of foreign language teachers, to raise awareness of cultural and language diversity of Europe and the world and the need for intercultural dialogue, as well as to promote multi- and plurilingualism.

There were 46 projects submitted to the 16th round of the European Language Label competition. The Competition Committee awarded four of them – one of the winners was the “English Teaching” Program.

The European Language Label competition has been held in Poland since 2001 by the Foundation for the Development of the Education System – Polish National Agency of the Erasmus+ Program and the Ministry of National Education. The winners receive certificates signed by the EU Commissioner for education, culture, multilingualism and youth, and the Minister of National Education.



EQUAL OPPORTUNITIES

Escape Room in Węgrów



While participating in the project, I had an opportunity to meet valuable people. When you work, you sometimes face problems but working together we were always able to solve them.

Karolina Klos
a project participant

Under that mysterious name you can find a new type of entertainment whose idea comes from virtual reality. A group of people is closed in a specially arranged room for a certain time (e.g. for an hour). Their task is to find the key necessary to get out of the room. To be able to do that the game participants have to collaborate and solve several riddles connected to each other.

The initiators of creating such a gameroom in Węgrów, Mazowieckie Province were local young people. “In the beginning I was afraid, everything seemed to me so difficult. I was scared when I thought that we would have to do everything ourselves, from top to bottom,” says Karolina Klos, one of the project participants.

Young people were working on the Escape Room in groups, and each group was responsible for a different task, such as the room redecoration, finance management, or creation of riddles. Each participant had an opportunity to develop his/her skills in a creative way – become independent in problem solving, learn creative planning and team work, and become more self-confident.

“While participating in the project, I had an opportunity to meet valuable people. When you work, you sometimes face problems but working together we were always able to solve them,” says Karolina Klos. “We are proud of the results. When you do something on your own, you can really feel satisfied,” she adds.

The project was implemented by a group of young people from Węgrów, in cooperation with the By The Way Foundation, as part of the “Equal Opportunities” Program.



PROJECTOR – STUDENT VOLUNTEERS

„IT for SHE” that is IT female students implement educational projects



Our priority was to help children progress from the role of mere consumers of technology to the position of technology creators, and show them tools which allowed them to develop their skills further.

Joanna Baran
a volunteer

“GIRLS byte” projects were run by 4 female students of IT and Mechatronics who are fluent in new technologies. Each of them is an expert in a different field but there is one thing they have in common – they want to show by their own example that women can be software developers or network administrators.

They met in Poznań, almost 700 kilometers away from Rzeszów, their home city, at the training workshops for “IT for SHE” held as part of the “PROJECTOR – Student Volunteers” Program. And they decided to share their hobby, teaching and inspiring others, as they realized how important a positive role model is for students who are developing their interests.

“GIRLS byte” implemented their educational projects in villages and small towns where access to new technologies is substantially more limited than in cities. Against all odds (in Poland, only 13 percent of IT students are women), the GIRLS byte volunteers wanted to persuade young girls that learning IT could be great fun. “We were teaching how to program, construct robots, design websites, instructing in how to be secure in cyberspace, sharing our knowledge of algorithmics, and while doing all this we had great fun. Our priority was to help children progress from the role of mere consumers of technology to the position of technology creators, and show them tools which allowed them to develop their skills further. We put emphasis on cooperation, analytical thinking and we were stimulating the children’s creativity,” says Joanna Baran, an IT student at Rzeszów University of Technology, and a “PROJECTOR” volunteer.

“GIRLS byte” educational projects were implemented in 2017 in cooperation with the “IT for SHE” initiative managed by the “Perspectives” Educational Foundation and the “PROJECTOR – Student Volunteers” Program.



PAFF AND UW SCHOOL OF EDUCATION

Marcin Waincettel – a Student of PAFF and UW School of Education



I am looking for new ways of accessing young people. That enthusiasm was born here, at the School of Education, and I wouldn't like to lose it.

—
Marcin Waincettel

Marcin graduated from Cultural Studies and Polish Philology at Wrocław University. He is a journalist specialized in culture, works for such magazines as “Nowa Fantastyka” or “Świat Wiedzy”, and is an editor of several literature websites. He writes reviews, conducts interviews, gives lectures at the opening of film screenings.

He heard about the School of Education of the Polish-American Freedom Foundation and the University of Warsaw on the last day of enrollment and decided to apply. “I wanted to have a go at something new, and that project seemed very innovative in such a way that, at least initially, looked utopian. I thought it was too good to be true. Individual tutor, mentor’s (an experienced teacher’s) support during the practice at school, very intense and comprehensive classes,” recites Marcin Waincettel. “On one hand, they offer us tools - e.g. Polish teaching classes which prepare us to teach, and on the other hand – the whole package of classes in psychology, sociology, educational leadership. All that together seemed improbable. But it’s just like that,” he adds.

What can you learn at the School of Education? How to keep your students focused, how to assign individualized tasks depending on an individual student’s predispositions, be in control of the group, and even how to control the length of classes. Studying at the PAFF and UW School of Education Marcin Waincettel found his own philosophy of teaching – which is working in various cultural contexts. Therefore, during his practical classes at the School of Education he spoke about “Balladyna” and “The Witcher” at the same lesson, while the “Myth of Sisyphus” he discussed with “The Matrix”. When he meets a new class, he always tries to learn from the students what kind of music they listen to, what books they find heart-touching, what movies they like to watch again and again, what they are looking for in TV series. Then he uses the information in his lessons.

He wants to be a competent teacher, who understands his students’ needs and keeps developing himself. “I am looking for new ways of accessing young people. That enthusiasm was born here, at the School of Education, and I wouldn’t like to lose it,” he concludes.



BRIDGE SCHOLARSHIPS

Bogdan Marek – an Intern at the U.S. Congress



For someone who is interested in politics doing the internship at the U.S. Congress is a dream come true.

—
Bogdan Marek

He is a 22-year-old holder of the bridge scholarship, born in Porąbka (a village in Limanowa rural commune) a student of the Quantitative Methods in Economics and Information Systems at Warsaw School of Economics. For his very good school and academic performance he was awarded not only the bridge scholarship for the 1st year of studies, but also the “Top Student” scholarship for the 2nd year, and the Economics+ scholarship for the 3rd year of his academic studies, as well as a scholarship for studying a foreign language.

He is a very active and involved student. He was the chairman of the Student Research on Competitiveness Club and the chairman of the WSE Students’ Union, and now he is a member of the Bureau for didactics of the Economic Universities Forum (at the Sector Committee of the Students’ Parliament of the Republic of Poland). He is also a judge of the biggest Oxford-style debate tournaments in Poland.

In 2017, thanks to the cooperation between the Bridge Scholarships Program and Transatlantic Future Leaders Forum, Bogdan Marek did a three-month internship at the U.S. Congress, at the office of Congressman Peter Roskam, a member of the Republican Party, Representative for Illinois.

“For someone who is interested in politics doing the internship at the U.S. Congress is a dream come true. I had an opportunity to take part in meetings at the Department of State, think-tanks such as Atlantic Council or Lugar Center, at international organizations such as World Bank or International Monetary Fund, or global firms like Boeing and Procter and Gamble. All that allowed me to learn in practice how a political system and its economic environment operate in the USA,” says Bogdan Marek, who wants to use the experience he gained in the USA in Poland.



THIRD AGE UNIVERSITIES (TAU)

Fairy Tales to be Listened to, or How Technology Links Generations



We wanted to encourage seniors and children to join hands using the opportunities offered by new technologies.

Joanna Bulandra
a project initiator

Illustrated audiobooks for children? “Really there is nothing like this available. These are audiobooks with a soundtrack but also with illustrations. Seniors were reading fairy tales while children were painting. We recorded all of that and then edited it. That way we wanted to encourage seniors and children to join hands using the opportunities offered by new technologies,” Joanna Bulandra, the “Fairy Tales to be Listened to” project initiator explains the idea.

The project, implemented in 2017 as part of the “Seniors in Action” grant competition, was the result of cooperation of the District Public Library, Branch No. 4 and Municipal Public Library in Rybnik, Śląskie Province. The participants were seniors – members of Silesia Pensioners Club and Municipal Social Welfare Home, senior library readers (60+), and children from the Day Care Center.

Thanks to the involvement of all participants of the project, they managed to prepare a unique publication of educational and therapeutic fairy tales – visual audiobooks – read by seniors and illustrated by children. “I was amazed as they made a mobile recording studio especially for me. I thought that my restricted mobility – I’m in a wheelchair – and medical problems would be an obstacle to my participation in the project, but it turned out that if you want to, you can break all the barriers,” one of the seniors notes.

As a result of the project, not only did the seniors learn new technologies, but also – or maybe primarily – intergenerational friends were made. “Seniors learn how to use smartphones and tablets, and children come to realize that they can use computers for more than playing games. They learn from each other and share their skills, but above all – build intergenerational relations,” concludes Joanna Bulandra.



ACT LOCALLY

Tracking Cieszyn Folk Songs



This way we want to honor people who devoted most of their life to popularization and promotion of Cieszyn Silesia folk songs.

—
Klaudiusz Zawada
the head of Zamarski village

The Zamarski Friends Association (Zamarski is a small village in Śląskie Province) used the grant, awarded to it in 2017 by the “Act Locally” Program, to implement the Tracking Cieszyn Folk Songs project. The objective of the project was to integrate the residents through joint learning about the history and tradition of the region and creating a new, local tourist product – the Avenue of Cieszyn Folk Song Stars.

The participants of that intergenerational project attended the music workshops where they learned Cieszyn folk songs. In addition to the singing, the seniors also shared their memories and the juniors had an opportunity to learn about the folk traditions of their region.

A part of the project was building the Avenue of Cieszyn Folk Song Stars in a beautiful park in Zamarski, of which local residents are very proud. The Avenue of Cieszyn Folk Song Stars visitors can look into the history of the region and learn about people who made valuable contributions to the region. “This way we want to honor people who devoted most of their life to popularization and promotion of Cieszyn Silesia folk songs,” says village head Klaudiusz Zawada, the author of the idea to build the Avenue. Among those honored are Jerzy Hadyna, a musician, and his son Stanisław Hadyna – the founder, conductor and director of the Śląsk Song and Dance Ensemble. Their families come from Zamarski.

The project also materialized in the form of the Tracking Cieszyn Folk Songs book which was published last fall and first distributed during the Zamarski Festival.

Implementation of the project helped local community people integrate around their common history and tradition, and the Avenue of Cieszyn Folk song Stars has attained status of a local attraction frequently visited by tourists.



PAFF LEADERS

10 Years of Cooperation with the International Visitor Leadership Program



Each year for the last ten years we have tried to design the program in such a way that it prepared you best to the role of leaders of your local communities. By participating in it you also act as ambassadors of Polish-American relations.

Paul W. Jones
the U.S. Ambassador to Poland

“Each year for the last ten years we have tried to design the program in such a way that it prepared you best to the role of leaders of your local communities. By participating in it you also act as ambassadors of Polish-American relations,” said U.S. Ambassador Paul W. Jones at a meeting with PAFF Leaders who have participated in study tours to the USA. The host of the meeting emphasized that the foundation of good Polish-American relations are close people-to-people ties.

The meeting was attended by Katarzyna Czayka-Chelmińska, the President of School for Leaders Foundation and Jerzy Koźmiński, the PAFF President and CEO.

The International Visitor Leadership Program is a prestigious professional and cultural exchange program for leaders active in politics, media, business, education, research and culture run by the U.S. Department of State. One of the objectives of the program is to establish relations between leaders of U.S. public life and those of partner countries. The program participants attend a series of visits, tailored to their needs and interests, in various regions of the United States.

“The tour to the USA meant a lot for us, although everyone has her own story. We learned a lot, and that will bear fruits in our activity as leaders,” says Marta Siciarek, a PAFF Leader who shared with us her impressions from her study tour to the United States.

During the past 10 years, 110 PAFF Leaders and tutors took part in study tours to the USA as part of IVLP. Each of these tours had different theme but they all served the sharing of experiences in the area of social change and activation of local community. PAFF Leaders have visited 30 cities in 17 States in total.



LIBRARY DEVELOPMENT PROGRAM

Katarzyna Heród – Winner of the Olga Rok Scholarship Competition



I love my town, I believe it's got great potential – that is why I work for it so willingly and actively.

Katarzyna Heród



“My friends say I am a local patriot, leader and a social activist, and I think I would describe myself in the same way. I love my town, I believe it's got great potential – that is why I work for it so willingly and actively,” says Katarzyna Heród, a librarian, the winner of the Olga Rok Scholarship Competition in 2017.

She is a Polish language teacher trained in special education. She wanted to become a teacher for a long time, as she says. But as a last-year student she visited the Book Gallery Library in Oświęcim and found its social projects fascinating. After a year of working there she knew for sure that this was the best job for her. In 2013 she was sent for a study tour to Naples as one of the Małopolska Region leaders. In 2014 she received an honorable mention in the Olga Rok Scholarship Competition for female librarians, and three years after, she won the main award in that competition.

She has implemented many projects for the local community of Oświęcim, such as Oświęcim Game Festival, Night Marathons of Knowledge, or High School Graduates Night. Working together with young people, she created micro libraries as part of the Literary Property project. For three years she was director of the Machina Fotografika Foundation and supported women by organizing and coordinating artistic and other projects, such as Time Box – Female Intergenerational Project, Women's Inspiration Space, and many others.

She believes that every implemented social project leads to real change – in people, space, and the town. And thanks to these changes the world becomes better and more beautiful.

PAFF LOCAL PARTNERSHIPS

Youth Forest Guard



The commune residents decided to take better care of their natural environment, and at the same time, they wanted to create space for young people to become involved in activities for the local community.

—
Mateusz Małyska
President of the Sempre a Frente Foundation,
a PAFF Leader

The Kozłowiecki Landscape Park and its vicinity, commonly known as Kozłowieckie Forests, are a common good and the only tourist attraction that local community of Niemce, a village in Lubelskie Province can offer.

The idea of setting up the Youth Forest Guard, initiated by a local partnership consisting of the Sempre a Frente Foundation, Rural Commune Center for Social and Vocational Activation and a complex of Educational Institutions in Ciecierzyn, was based on two premises: “The commune residents decided to take better care of their natural environment, and at the same time, they wanted to create space for young people to become involved in activities for the local community. The most important task of young guards was to ensure that forests in our neighborhood are clean,” explains Mateusz Małyska, President of the Sempre a Frente Foundation, a PAFF Leader.

54 students from all schools in the commune applied to the project. They attended workshops conducted by experts in various fields of study, they learned the basics of survival, how to read maps and live by camping, to recognize animal traces and sounds, and about the specificity of foresters’ work. They learned about the forest ecosystem and the protected species to be found in their neighborhood, what plants are edible and which are not, or how to recognize an ecological threat. They also had classes in video recording and photography, and in horseback riding.

On patrol, young guards take care of the local community’s natural environment, for example they regularly organize forest cleaning actions. Their activities are supported by the local government, NGOs, Lubartów Forest Inspectorate and schools. And the Youth Forest Guard has become a recognized brand of the Niemce commune.



SECTOR 3.0

The Amplifier Association – Kraków TechClub Promotes New Technologies



Representatives of NGOs ask our Association to advise them on how they could raise funds for their operation, how to effectively promote their actions, and how to cooperate with business.

—
 Marcin Gołąbek
 President of the Amplifier Association

Kraków is one of sixteen cities in Poland where TechClub meetings are held on a monthly basis. TechClubs are a unique initiative, implemented in Poland since 2014. The inspiration came from actions taken up by the U.S. NTEN Nonprofit Technology Network. The initiative imbedded in Poland by the Information Society Development Foundation, the manager of “Sector 3.0” Program, is very popular among non-profit organizations, business, the academic world, and the administration.

Kraków TechClubs are organized by the Amplifier Association. “That was an impulse for us to continue promoting the use of new technologies by non-profit organizations. We believed our activities make sense. Representatives of NGOs asked our Association to advise them on how they could raise funds for their operation, how to effectively promote their actions, and how to cooperate with business,” says Marcin Gołąbek, the Association President.

Kraków TechClubs success is based on the selection of interesting subjects for presentations and professional lecturers, as well as well-thought-out communication methods that enable them to inform broad groups of people about the subjects of the meetings. The reports of the meetings are published by social media. “We wondered if live reports would not discourage people from coming, but they definitely did not. And we got a lot of messages with thanks for these reports from those who could not attend our TechClubs,” says Marcin Gołąbek.

Since 2014, the Amplifier Association has held over 30 TechClubs meetings which were attended by almost 4,000 people. “We are glad that our involvement was appreciated by representatives of the American NTEN Nonprofit Technology Network,” Elżbieta Wróbel, the Kraków TechClubs coordinator emphasizes with satisfaction.



THE LANE KIRKLAND SCHOLARSHIP PROGRAM

“Kirklanders Visit Kirklanders” – New Project For Alumni



We were looking for such a format that would allow the alumni to share their knowledge in similar areas, exchange good practices and inspire each other.

—
Agata Wierzbowska-Miazga
the President of the Leaders of Change
Foundation

There are almost 750 alumni of the Lane Kirkland Scholarships Program. They come from Central and Eastern Europe, Caucasus and Central Asia.

Both the Leaders of Change Foundation, the manager of the Kirkland Program, and the alumni themselves initiate various activities that allow them to stay in contact with Poland and with each other, as well as to make new friends. Such activities create opportunities to improve their knowledge of Poland and the European Union, as well as to debate possible directions of transformation that goes on in countries of the region. “We are proud of our alumni associations in Georgia, Armenia, Moldova and Ukraine,” says Agata Wierzbowska-Miazga, the President of the Leaders of Change Foundation.

In 2017, a new project, “Kirklanders visit Kirklanders” was launched. Under the project, the Kirkland Program alumni can organize study tours. “We were looking for such a format that would allow the alumni to share their knowledge in similar areas, exchange good practices and inspire each other. And we decided to organize a competition which well meets these needs and supplements the package of post-scholarship activities,” explains Agata Wierzbowska-Miazga.

Among scenarios of study tours submitted by the alumni, the first two have been approved by the Competition Committee and will be awarded grants. One of them is a conference in Moldova aimed at strengthening the cooperation of Kirklanders from Moldova, Belarus, Kyrgyzstan and Ukraine who are active in the local development of rural and urban areas. The second study tour covers a tourism promotion strategy for Brest, Belarus. The alumni projects are planned for implementation in 2018.



STUDY TOURS TO POLAND (STP)

“STP” Supports Development of New Crisis Management System in Ukraine



Meetings with representatives of the Voluntary Fire Departments presented to the guests from Ukraine the rules governing the VFD operation, as well as the process of the service modernization and adjusting its operation to the European Union standards.

Mirosław Skórka
the “Study Tours to Poland” Program Director

In 2017, nineteen experts in crisis management from Ukraine visited Poland at the invitation of the “Study Tours to Poland” Program. Their study tour was organized at the initiative of Oleh Levchenko, a Kirkland Program alumnus, the director of Vinnica Center for Local Government Development in Ukraine.

“We invited experts of the Ministry of Regional Development of Ukraine, the State Emergency Service of Ukraine, National Police of Ukraine, representatives of three regional crisis management centers and leaders of new local government units (gromadas),” says Mirosław Skórka, the “Study Tours to Poland” Program Director.

During their study tour to Poland the guests from Ukraine learned about the tasks and powers of Polish institutions involved in security and crisis management at every level: central, province, county and municipality/rural commune. They had an opportunity to discuss security issues with the staff of Warsaw Security Center and acquaint themselves with the National Firefighting and Rescue System structure and organization. The guests from Ukraine were interested in the Polish crisis management system and its important element that are Volunteer Fire Departments. “Meetings with representatives of VFD in Brwinów and Ożarów Mazowiecki presented to the guests from Ukraine the rules governing the VFD operation and the process of the service modernization and adjusting its operation to the European Union standards,” explains Mirosław Skórka.

Experience gained in Poland has already started to bear fruit. In Vinnica, Sumy and Donetsk oblasts the first gromadas were appointed, where Security Centers will be established, and the representatives of Local Government Development Centers from these regions joined the working groups for improvement of response to crisis situations which operate at the Ministry of Regional Development of Ukraine.



Consolidated Financial Statements

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Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of the Polish-American Freedom Foundation (the "Corporation"), which comprise the consolidated statement of financial position as of December 31, 2017, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the consolidated 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 Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Warsaw, April 30, 2018



Consolidated Statement of Financial Position as of December 31, 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2017

ASSETS

ASSETS:

Investments, at fair value (Notes 3 and 5):

Common and Preferred Stocks	\$ 63,451,436
Public Mutual Funds - Equity	39,799,039
Fixed Income Securities	11,783,701
Public Mutual Fund – Fixed Income	6,501,131
Alternative Investments	115,533,911
Private Mutual Fund - Equity	29,658,359
Cash and cash equivalents (Notes 3 and 5)	22,177,050
Land and fixed assets, net (Note 6)	4,478,981
Loans, net of allowance for loan losses of \$547,483 (Note 7)	4,535,252
Prepaid expenses and other assets	<u>65,287</u>

Total assets	<u>\$ 297,984,147</u>
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LIABILITIES AND NET ASSETS

LIABILITIES:

Grants payable (Note 3)	\$ 6,717,116
Accounts payable and accrued expenses	<u>260,216</u>

Total liabilities	6 977 332
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UNRESTRICTED NET ASSETS (Note 2)	<u>291,006,815</u>
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Total liabilities and net assets	<u>\$ 297,984,147</u>
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The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>
Changes in net assets:	
Income:	
Interest and dividend income	\$ 1,743,938
Expenses:	
Employee compensation and benefits	1,232,046
Operating expenses	887,849
Occupancy	111,905
Depreciation and amortization	127,175
Total operating expenses	<u>2,358,975</u>
Grants (Note 3)	<u>(11,902,955)</u>
Grants and expenses in excess of income	(12,517,992)
Net realized gain on investments (Note 5)	9,361,059
Net unrealized appreciation on investments (Note 5)	33,973,376
Net currency remeasurement gain (Note 3)	<u>3,327,755</u>
Total increase in net assets	34,144,198
Net assets, beginning of the year	<u>256,862,617</u>
Net assets, end of the year	<u>\$ 291,006,815</u>

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

Cash flows from operating activities:	
Increase in net assets	\$ 34,144,198
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Net realized gain on investments	(9,361,059)
Net unrealized appreciation on investments	(33,973,376)
Net currency remeasurement gain	(3,327,755)
Provision for loan losses	171,627
Depreciation and amortization	127,175
Increase in accrued interest on loans	(8,719)
Decrease in accrued interest on investments	135,551
Increase in prepaid expenses	(7,405)
Increase in accounts payable and accrued expenses	29,194
Increase in grants payable	1,419,192
Net cash used in operating activities	<u>(10,651,377)</u>
Cash flows from investing activities:	
Proceeds from sales/redemption of investments	52,152,019
Cost of investments purchased	(35,524,169)
Loans disbursed	(4,037,664)
Proceeds from loan repayments	3,687,122
Purchase of fixed assets	(74,939)
Net cash provided by investing activities	<u>17,202,369</u>
Effects of exchange rate changes on cash and cash equivalents	<u>1,809,718</u>
Net increase in cash and cash equivalents	8,360,710
Cash and cash equivalents, beginning of year	<u>13,816,340</u>
Cash and cash equivalents, end of year	<u><u>\$ 22,177,050</u></u>

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

Notes to the Consolidated Financial Statements as of December 31, 2017

1. ORGANIZATION

The Polish-American Freedom Foundation (the "Foundation", and, together with its subsidiary, the "Corporation") is a U.S. not-for-profit corporation established on August 11, 1999. The Foundation was created by the Polish-American Enterprise Fund (the "Fund") 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 three main program areas: (i) Initiatives in Education, (ii) Development of Local Communities, and (iii) Sharing the Polish Experiences in Transformation. 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. The Foundation does not have ownership or control of the external program managers.

With the permission of the Minister of Foreign Affairs of Poland, the Foundation maintains a representative office in Poland (the "Representative Office"), the purpose of which is to engage in activities to promote the Foundation and to provide information and consultation to the Foundation with respect to its activities.

Polsko-Amerykanski Fundusz Pozyczkowy Inicjatyw Obywatelskich Sp. z o.o. ("PAFPIO") is a separately managed subsidiary of the Foundation which extends loans to non-governmental organizations, associations and other non-profit initiatives in Poland. On May 31, 2011, the Fund contributed 100% of the shares (the "Shares") of PAFPIO as a grant to the Foundation. PAFPIO is an independent and distinct business unit from the Foundation and, given that the Foundation owns all the outstanding shares, PAFPIO is consolidated with the accounts of the Foundation, as required by accounting principles generally accepted in the United States of America ("U.S. GAAP").

2. BASIS OF PRESENTATION

In accordance with U.S. GAAP, the Corporation is required to classify information regarding its consolidated financial position and consolidated activities into certain classes of net assets. At December 31, 2017, 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

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements are prepared in conformity with U.S. GAAP and include the accounts of the Foundation and PAFPIO, the Foundation's only subsidiary. All intercompany balances and transactions have been eliminated in consolidation.

USE OF ESTIMATES

The preparation of the consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

INVESTMENTS, AT FAIR VALUE

The Corporation records investment transactions on the trade date. Interest and dividend income, unrealized appreciation and depreciation and realized gains and losses are reported in the consolidated statement of activities. The Corporation's investments are assets of the Foundation. The Corporation engages professional investment managers and advisors who manage and monitor the Corporation's investments. See Note 5 for more detailed disclosures of the Corporation's investments. Investments, at fair value, are categorized according to the "fair value hierarchy" or measured at net asset value ("NAV"), as described below.

INVESTMENTS, AT FAIR VALUE, CATEGORIZED ACCORDING TO THE FAIR VALUE HIERARCHY

The Corporation's investments categorized according to "fair value hierarchy" are valued at fair value and disclosed according to the "fair value hierarchy" in the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, Fair Value Measurements and Disclosures. The fair value hierarchy defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Corporation's investments categorized according to fair value hierarchy are classified as described below:

- **Level 1:** Inputs to the valuation methodology are unadjusted quoted prices available in active markets for identical assets or liabilities as of the reporting date;
- **Level 2:** Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and
- **Level 3:** Inputs to the valuation methodology are unobservable in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk. The inputs into the determination of fair value require significant judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these assets and liabilities existed.

A financial instrument's level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. A description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the fair value hierarchy, is presented below:

- *Common and Preferred Stocks and Fixed Income Securities:* Equity and fixed income securities (primarily Polish government treasury securities) are valued based upon the closing price as quoted on major exchanges. Common and preferred stocks and certain fixed income securities are classified within level 1 of the fair value hierarchy.
- *Public Mutual Funds – Equity and Fixed Income:* These investments are public investment vehicles valued using the NAV provided by the administrator of the investment vehicle. The NAV for public mutual funds is a quoted market price and classified within level 1 of the fair value hierarchy.

INVESTMENTS, AT FAIR VALUE, MEASURED AT NET ASSET VALUE

Investments measured at NAV are valued using the NAV of the investment vehicle as a practical expedient. The NAV is based on the value of the underlying assets owned by the investment vehicle, minus its liabilities. The fair value of investments valued using NAV represents the portion of the NAV owned by the Corporation.

- **Alternative Investments:** These investments are private investment vehicles valued using the NAV provided by the investment vehicle manager. Underlying investments that are determined by the investment vehicle manager to be illiquid and/or lacking a readily accessible market value are valued using current estimates provided by the investment vehicle manager. Valuation inputs and methodologies are determined by the investment vehicle manager.
- **Private Mutual Fund – Equity:** This investment is a private investment vehicle valued using the NAV provided by the administrator of the investment vehicle. The NAV for this private mutual fund is the NAV's unit price which is quoted on a private market that is not active; however, the unit price is based on underlying investments which are traded on active markets and the Corporation can redeem its investment at the measurement date or within the near term without redemption restrictions.

CASH AND CASH EQUIVALENTS

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

GRANTS AND GRANTS PAYABLE

Grants are recorded as grant expense in the consolidated statement of activities and grants payable in the consolidated 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.

CONTRIBUTIONS

Contributions are reported as income in the consolidated statement of activities in the period the grant agreement between the Corporation and the donor is signed to the extent there are no donor-imposed conditions or there are donor-imposed conditions but the likelihood of the Corporation not meeting such conditions is remote.

INTEREST AND DIVIDEND INCOME

Interest income is recognized on an accrual basis. Dividend income is recorded in the period in which the dividend is declared and the Corporation was the holder of the security as of the record date.

FOREIGN CURRENCY

The Corporation's functional and reporting currency is the U.S. dollar. The functional currency of the Representative Office and PAFPIO is the Polish zloty. Income and expenses transacted in Polish zlotys are translated into United States dollars during the year at current exchange rates. Polish zloty denominated assets and liabilities are translated at the year-end spot currency rate. Remeasurement and translation adjustments are reflected in the consolidated statement of activities.

DONATED SERVICES

The Corporation's American directors receive no compensation or fees for serving as directors. Such directors donate significant amounts of their time to the Corporation. No amounts have been reflected in the accompanying consolidated financial statements for such donated services, inasmuch as no objective basis is available to measure the value of such services. The Corporation's chairman of the board of directors (the "Chairman") receives an honorarium in exchange for his services as the Chairman. The Corporation's non-executive Polish directors receive a fee for providing advice and assistance to the Corporation. For the year ended December 31, 2017, the total fees paid to all Polish directors and the Chairman amounted to \$81,849.

DEPRECIATION AND AMORTIZATION

Land and fixed assets are initially recorded at cost. All fixed assets, other than land, which is not depreciated, are depreciated on a straight-line basis over their estimated useful lives as follows: land improvements, 15 years, building, 39 years, and computer equipment, software, furniture, equipment and automobiles, from three to five years.

OPERATING EXPENSES

Professional services, expenses of Board of Directors meetings, expenses for travel, lodging and meals incurred in connection with the Corporation's operations, administrative expenses and PAFPIO Polish income tax and allowance for loan losses are classified as operating expenses.

CREDIT RISK

Credit risk is the possibility that loss may occur from counterparty failure to perform according to the terms of a contract. Unless noted otherwise, collateral or other security is not normally required by the Corporation to support financial instruments or loans with credit risk. At December 31, 2017, the Corporation had credit exposure mainly from debt instruments in the Corporation's

investment portfolio and loans extended by PAFPIO. The maximum risk of loss from these assets is represented by their respective consolidated statement of financial position amounts.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (“ASU-2016-14”). ASU 2016-14 amends the requirements for financial statements and notes in Accounting Standards Codification Topic 958, Not-for-Profit Entities. The main provisions of ASU 2016-14 that impact the Corporation would require the Corporation to (a) provide qualitative information regarding how the Corporation manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date, (b) provide qualitative information, either on the face of the balance sheet or in the notes, and additional qualitative information in the notes as necessary, that communicates the availability of the Corporations’ financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date, (c) provide amounts of expenses by both their natural classification and their functional classification, (d) provide the method(s) used to allocate costs among program and support functions, and, (e) report investment return net of external and direct internal investment expenses and no longer require disclosure of those netted expenses. ASU 2016-14 is required to be implemented by the Corporation for fiscal years beginning after December 15, 2017. Early adoption is permitted and the Corporation does not expect this amendment to have a material effect on its financial statements.

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 returned \$120 million of the Fund’s assets to the U.S. Treasury and contributed the Fund’s remaining assets to the Foundation pursuant to a grant agreement between the Fund and the Foundation (as amended, the “Grant Agreement”). The total amount the Fund contributed to the Foundation was \$255.3 million, which was recorded as unrestricted net assets. According to the terms of the final amendment to the Grant Agreement, the Grant Agreement terminated upon the Fund’s dissolution on December 27, 2011 except that certain provisions survived termination, including that the U.S. Government may require the Foundation to return the assets received from the Fund, together with any earnings generated thereby, to the U.S. Treasury if the U. S. Government determines that the Foundation has provided grants to or otherwise financed certain prohibited activities.

5. INVESTMENTS AT FAIR VALUE

See “Investments, at Fair Value” in Note 3, above, for discussion of the methodologies and assumptions used to determine the fair value of the Corporation’s Investments. The cost, fair value and accumulated unrealized appreciation (depreciation) on investments at December 31, 2017 is presented in the table below:

	Cost	Fair Value	Accumulated Unrealized Appreciation (Depreciation)
Investments Categorized According to the Fair Value Hierarchy:			
Common and Preferred Stocks	\$ 29,208,147	\$ 63,451,436	\$ 34,243,289
Public Mutual Funds - Equity	35,361,154	39,799,039	4,437,885
Fixed Income Securities	10,855,367	11,783,701	928,334
Public Mutual Fund - Fixed Income	5,716,428	6,501,131	784,703
Investments Measured at NAV:			
Alternative Investments	88,180,823	115,533,911	27,353,088
Private Mutual Fund - Equity	15,000,606	29,658,359	14,657,753
	<u>\$ 184,322,525</u>	<u>\$ 266,727,577</u>	<u>\$ 82,405,052</u>

The net unrealized appreciation (depreciation) and net realized gain / (loss) on investments for the year-ended December 31, 2017 is presented in the table below:

	Net Unrealized Appreciation (Depreciation)	Net Realized Gain / (Loss)
Investments Categorized According to the Fair Value Hierarchy:		
Common and Preferred Stocks	\$ 11,282,115	\$ 1,902,072
Public Mutual Funds - Equity	2,671,009	5,431,530
Fixed Income Securities	10,607	78,088
Public Mutual Fund - Fixed Income	795,363	(25,524)
Investments Measured at NAV:		
Alternative Investments	12,966,639	1,974,893
Private Mutual Fund - Equity	6,247,643	-
	<u>\$ 33,973,376</u>	<u>\$ 9,361,059</u>

Set forth in the table below are the Corporation's investments as of December 31, 2017, at fair value on a recurring basis by the hierarchy levels described in Note 3:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Measured at Net Asset Value	Total
Investments Categorized According to the Fair Value Hierarchy:			
Common and Preferred Stock	\$ 63,451,436	\$ -	\$ 63,451,436
Public Mutual Funds - Equity	39,799,039	-	39,799,039
Fixed Income Securities	11,783,701	-	11,783,701
Public Mutual Fund - Fixed Income	6,501,131	-	6,501,131
Investments Measured at NAV:			
Alternative Investments	-	115,533,911	115,533,911
Private Mutual Fund - Equity	-	29,658,359	29,658,359
	<u>\$ 121,535,307</u>	<u>\$ 145,192,270</u>	<u>\$ 266,727,577</u>
% of total	45.6%	54.4%	100.0%

As of January 1, 2018, \$8.9 million of the Corporation's cash was invested in a new alternative investment fund that employs a long only strategy that invests in emerging and frontier market companies. This fund will be valued at fair value, measured at NAV and redemptions may be made monthly.

Presented in the table below is information about the Corporation's investments valued using the NAV of the investment vehicle as a practical expedient, categorized by investment strategy, as of December 31, 2017:

	Fair Value	Redemption Frequency	Redemption Notice Period
Alternative Investments:			
Multi-strategy	\$ 37,928,275	See note.	45-65 days (a)
Emerging markets	17,275,890	Monthly.	20-60 days (b)
Long/short equity	32,440,164	See note.	30-90 days (c)
Long Only	18,939,693	See note.	30-45 days (d)
Private equity	8,949,889	Not able to redeem.	Not applicable. (e)
	<u>115,533,911</u>		
Private Mutual Fund – Equity:			
International	29,658,359	Monthly.	10 business days (f)
	<u>\$ 145,192,270</u>		

There are no unfunded commitments to the Corporation's investments other than as disclosed in note (e), below. It is probable that the amount ultimately received if investments measured at NAV were to be sold would be different than the fair value of these investments at December 31, 2017.

(a) *Multi-strategy*: This category includes alternative investment funds that pursue multiple investment strategies, including long/short equity, event driven, credit, merger arbitrage, distressed debt and private transactions primarily in North America, Europe, Asia, Australia and New Zealand. 75% of the investments in this category are redeemable quarterly. 22% of the investments in this category are redeemable over four consecutive quarters beginning March 31, 2019. The remainder of the investments in this category do not provide for redemptions as distributions are expected to be made as the underlying assets are sold by the fund. Due to the redemption restrictions, the amount ultimately received from the sale of these investments will likely be different from the present fair value.

(b) *Emerging markets*: This category includes two alternative investment funds that pursue a long-only strategy for investment in emerging markets. One of the funds representing 53% of this category invests solely in the Asia Pacific region excluding Japan, primarily in emerging markets, but may invest in Australia or New Zealand. The other fund representing 47% of this category invests in small/mid cap emerging markets equities. Redemptions may be made from these funds monthly.

(c) *Long/short equity*: This category includes alternative investment funds that pursue long/short equity strategies, with a focus on investment in global companies (31% of this category), value equities, event equities and distressed debt (27% of this category), and equities focused on the technology, media, telecom and communications sectors (42% of this category). 44% of the investments in this category may be redeemed quarterly. The percentages of investments in this category that cannot be redeemed currently are as follows: (a) 29%, which can be redeemed every three years beginning December 31, 2019, and (b), 27%, which can be redeemed over eight consecutive quarters.

(d) *Long Only*: This category is comprised of two investments which focus on equity investments in the healthcare, industrial, and consumer discretionary sectors. 62% of the investments in this category are redeemable monthly and the balance can be redeemed quarterly.

(e) *Private equity*: This category is comprised of (i) two investments in private equity funds that invest in the energy sector in North America; the Corporation has committed to invest \$9.0 million in these funds, \$4.5 million to each, and, at December 31, 2017, the Foundation's remaining commitment to both funds was a total of \$2.3 million, (ii) an investment in a private

equity fund that invests in expansion and growth-stage healthcare investments primarily in the specialty pharmaceuticals, medical technologies and healthcare services sectors; the Corporation has committed to invest \$4.0 million to this fund and, at December 31, 2017, the Foundation's remaining commitment to this fund was a total of \$2.0 million and (iii) an investment in a private equity fund that is a dislocation fund that is designed to invest during periods of market stress, with a focus on stressed and distressed securities, mainly in the United States and OECD countries; the Corporation has committed to invest \$5.0 million to this fund and, at December 31, 2017, the Foundation's remaining commitment to this fund was a total of \$4.8 million. These funds do not provide for redemptions as distributions are expected to be made as the underlying assets are sold by the funds; it is not possible to estimate the period of time over which the underlying assets will be sold; pursuant to the fund documents, all distributions are due to be made by the termination date of each fund (which may be extended for up to two years), which is in 2022 for the first energy fund, 2025 for the second energy fund, 2025 for the healthcare fund, and 2024 for the dislocation fund.

(f) *International*: This category has one investment fund whose objective is to achieve long-term growth primarily by investing in a diversified portfolio of non-tobacco equity securities of companies located in any country other than the United States. The fund invests primarily in established international markets; however a portion of the fund's assets may be invested in emerging market securities and currencies.

6. LAND AND FIXED ASSETS

As of December 31, 2017, land and fixed assets consisted of:

Land	\$ 1,913,359
Land improvements	174,158
Building	2,769,692
Computer equipment and software	162,282
Furniture and equipment	278,260
Automobiles	80,548
	<u>5,378,299</u>
Less - Accumulated depreciation and amortization	899,318
Net book value	<u>\$ 4,478,981</u>

7. LOANS AND ALLOWANCE FOR LOAN LOSSES

Loans are generated by PAFPIO and are stated at the principal amount outstanding plus accrued interest reduced by an allowance for loan losses. Interest on loans is credited to income based on principal amounts outstanding at applicable rates. The accrual of interest is discontinued when the loan agreement is terminated or there is doubt regarding collectability.

The allowance for loan losses is maintained at a level determined by PAFPIO management to adequately absorb potential losses in the loan portfolio. This determination is based on the exposure to loss related to specific borrower situations, including their financial position, payment history and collateral values, and other relevant factors and estimates which are subject to change over time. Estimating the risk of loss and amount of loss on any loan is necessarily subjective and ultimate losses may vary from current estimates. These estimates are reviewed by PAFPIO management periodically and, as adjustments become necessary, are reported in the periods in which they become known. The allowance for loan losses is (i) increased by provisions for loan losses charged to operations, (ii) decreased by recoveries of loans previously provided for in the allowance for loan losses and (iii) decreased by write-offs. Collection efforts continue after a loan is charged-off by PAFPIO Management and future recoveries may occur.

Changes in the PAFPIO allowance for loan losses for the year ended December 31, 2017 were as follows:

Beginning balance	\$ 374,980
Additional provision charged to operations	171,627
Recoveries of loans previously provided for in allowance for loan losses	(1,689)
Loans written-off	(80,594)
Foreign currency translation adjustment	83,159
Balance, end of year	<u>\$ 547,483</u>

8. COMMITMENTS AND OFF-BALANCE SHEET COMMITMENTS

As of December 31, 2017, the Corporation had approved 13 programs totaling \$14.0 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, 2017 the Corporation signed grant agreements for these approved programs in the total amount of \$6.5 million.

One of PAFPIO's revenue streams is fees received for granting guarantees. At December 31, 2017, PAFPIO had granted guarantees in the amount of \$271,000 to four Polish non-governmental organizations ("NGOs"). The guarantees are required by a grant provider of the NGOs to secure the NGOs' performance under the grants. The guarantees expire as follows: \$86,000 on March 17, 2018, \$172,000 on February 29, 2020, and \$13,000 on June 30, 2020. To the extent the NGO beneficiaries of these guarantees do not perform, PAFPIO would be obligated in the amounts set forth above.

9. TAX STATUS

UNITED STATES

The Foundation is exempt from U.S. Federal income taxes under Section 501(c)(4) of the U.S. Internal Revenue Code (the "Code"). In addition, the Foundation is exempt from state and local income taxes.

POLAND

The Representative Office is not subject to Polish corporate income taxation. PAFPIO is a Polish limited liability corporation subject to Polish Corporate income tax. For the year ended December 31, 2017, PAFPIO incurred \$31,023 of income tax expense, which is included in operating expenses in the consolidated statement of activities.

10. SUBSEQUENT EVENTS

The Corporation has evaluated subsequent events through April 27, 2018, the date the consolidated financial statements were available to be issued, and has determined there were no additional events requiring consideration as adjustments to, or disclosures in, the consolidated financial statements as of and for the year ended December 31, 2017.

› BOARD OF DIRECTORS	64
› MANAGEMENT AND STAFF	66

BOARD OF DIRECTORS

* as of June 2018

ANDREW NAGORSKI - CHAIRMAN

Award-winning journalist and author, former foreign correspondent and senior editor of Newsweek International

JOSEPH C. BELL

Senior Partner, Hogan Lovells

ALFRED B. BIEĆ

Former Undersecretary of State, Office of the Council of Ministers, Secretary of the Government's Economic Committee, former President and CEO of the Bank PEKAO New York and the Post Bank

ANNA FORNALCZYK

Former President of the Polish Office for Competition and Consumer Protection

CHRISTOPHER HILL

Chief Advisor to the Chancellor for Global Engagement and Professor of the Practice in Diplomacy, University of Denver; former U.S. Ambassador to Iraq, Republic of Korea, Poland, Macedonia, and Special Envoy to Kosovo, former Assistant Secretary for East Asia/Pacific Affairs

GEOFFREY HOGUET

Managing Member, GRH Holdings, LLC

JERZY KOŹMIŃSKI

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

DAVID NIEMIEC

Senior Advisor, Saratoga Partners

KRZYSZTOF PAWŁOWSKI

President of the High School of Business-National Louis University in Nowy Sącz, former Polish Senator

CARLA H. SKODINSKI

Vice President and Chief Investment Officer, KCM, LLC

SYLWIA WILKOS

Chief Executive Officer, Scorpio Studio; academic teacher in social and political studies

U.S. AMBASSADOR TO POLAND, PARTICIPATING IN THE WORK OF THE BOARD OF DIRECTORS

PAUL W. JONES

FORMER MEMBERS OF THE BOARD OF DIRECTORS:

JOHN P. BIRKELUND – Chairman until May 2012, currently: *Chairman Emeritus*

MAREK BELKA – 2000-2010

MICHAŁ BONI – 2000-2008

FREDERICK M. BOHEN † – 2003-2013

ZBIGNIEW BRZEZIŃSKI † – 2000-2015

JOHN H'DARMS † – 2000-2002

ROBERT G. FARIS † – 2000-2015

ALEKSANDER KOJ † – 2000-2010

NICHOLAS A. REY † – 2000-2009

MANAGEMENT AND STAFF

* as of June 2018

President and Chief Executive Officer

JERZY KOŹMIŃSKI

Head of the Representative Office

GRZEGORZ JĘDRYS

Program Directors:

RADOSŁAW JASIŃSKI

RENATA KOŹLICKA-GLIŃSKA

JOANNA LEMPART-WINNICKA

MARIANNA HAJDUKIEWICZ

Treasurer and Chief

Financial Officer

Secretary to the Board
of Directors

NORMAN E. HASLUN III

Program Officers:

MIROŚLAW CZYŻEWSKI

AGNIESZKA MAZUR

KATARZYNA ŚWIĄTKIEWICZ

KALINA GRZESZUK-ZAJĄCZKOWSKA

Senior Consultant

C. DOUGLAS ADES

Chief Accountant

AGNIESZKA KWIATKOWSKA

Programs' Financial Controller

MIRA OSIECKA

Public Relations Specialist

PRZEMYSŁAW ZARON

Accounting

GRAŻYNA SKRZYPIEC

Assistants / Administration:

JOANNA RECHNIO

KAROLINA REWSKA

TOMASZ WOJCIECHOWSKI

POLISH -AMERICAN FREEDOM FOUNDATION

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