



# POLISH-AMERICAN FREEDOM FOUNDATION

2007 ANNUAL REPORT

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LETTER FROM THE PAFF  
LEADERSHIP

We are pleased to present to you the 2007 Annual Report of the Polish-American Freedom Foundation; during this year the Foundation continued its work to strengthen civil society, democracy and a market economy in Poland, as well as to share the Polish experience of transformation with other countries of Central-Eastern Europe.

In 2007 we consistently placed strong emphasis on the development of educational initiatives, especially those aimed at equalizing opportunities of young people from rural areas and small towns, as well as those improving the general quality of education.

There were several such new initiatives this year, in particular, within the 'Learning Schools' Program. One of them, under the motto 'Good teaching and grading in local public schools', promotes a new model that serves to raise the students' competencies through a so-called formative assessment. This undertaking is carried out in cooperation with the Ministry of National Education, educational offices and local governments. Last year more than 200 schools and 75 local governments participated and some 6,000 teachers took part in training courses. Another example of new activities in the 'Learning Schools' Program was the launching of Post-graduate Studies for Educational Leaders by the Program Manager – the Center for Citizenship Education – together with Collegium Civitas. The initiative has a potential to play a major role in future in-service training for school principals from various school categories.

Further development of the 'Equal Opportunities' Program is also noteworthy. More than 1,600 people – leaders of student groups, teachers, school principals, representatives of non-governmental organizations and local governments – participated in four Regional Educational Forums. These provided an opportunity to present the best local projects funded by the Program, among other things.

Last year interest in the 'Entrepreneurship Education' Program increased considerably – more than 50,000 students and 1,500 teachers from 850 schools engaged in creating school 'mini-enterprises'. The scale of the 'Student Volunteers' Program also increased – in its present one-year edition, 3,500 university student volunteers participated. They carried out 2,200 educational projects for 35,000 pupils from small localities. The Program was supported by two former prime ministers: Professor Jerzy Buzek and Professor Marek Belka who conducted classes for school youth for one week during the summer vacation.

Among new initiatives, the most important event in 2007 was PAFF's establishment of contact with the world's largest non governmental grant-giving institution – the Bill and Melinda Gates Foundation – which has resulted in the decision to launch the 'Library Program' in Poland. The Program will be implemented within the larger 'Global Libraries' undertaking; in selected countries, the Gates Foundation creates partnerships in order to provide citizens with free access to information and communication technologies through public libraries. In Poland the four-year Program, to be operated by the PAFF-established Information Society Development Foundation, in cooperation with numerous institutions and organizations, will be addressed to at least 2,000 public libraries in rural areas and small towns. The modernized libraries will be given the ability to become centers for information, education, culture and civil activity, serving both to fulfill individual aspirations of residents and develop local communities.

In the 'Library Program', experiences and resources from other PAFF undertakings will be used, especially the 'Village in Transition: Developing Information Society' Program (e-VITA). Knowledge gained in 2004-2006 made it possible to develop a comprehensive offer for planning and implementing initiatives aimed at taking advantage of information and communication technologies in rural areas and small towns; such initiatives may be financed by the European funds. Local governments will be able to use the 'e-VITA Method' to carry out projects in their communities with local residents' involvement.

Increasingly PAFF's experience in Poland is being applied in other countries. For example, last year, within the 'Region in Transition' Program (RITA), we hosted representatives of local authorities and non-profit organizations from Ukraine who learnt about the solutions developed in the 'Transparent Poland' Program to improve the work of local governments, raise the standards of public life in local communities and enhance civic participation.

The increase in the scale of our program activities was related to growth of the Foundation's endowment. From inception until the end of 2007, the Foundation received \$218.5 million from the Polish-American Enterprise Fund. Despite the difficult situation in the financial markets in the second half of last year, PAFF's net assets increased to nearly \$280 million. Annual spending on Foundation programs exceeded \$10 million two years ago and since 2000 PAFF has allocated more than \$50 million to the implementation of initiatives. Approximately 4,000 local projects and more than 16,000 scholarships were funded, including 9,000 Bridge Scholarships for gifted secondary school alumni from small towns and villages, especially from former state-owned farms, of which nearly half would not have taken up university-level studies without the prospect of receiving a scholarship.

We wish to thank the civic leaders, non-governmental organizations and other institutions engaged in PAFF programs. We are grateful that PAFF has found in you friendly, creative and cooperative partners. We would also like to express gratitude to the Members of the Board of Directors whose knowledge and support has been extremely important in the evolution of the Foundation and the development of its initiatives.

New York/Warsaw, May 2008



John P. Birkelund  
Chairman of the Board of Directors



Jerzy Koźmiński  
President and Chief Executive Officer

**Initiatives in Education**



- Polish Educational Portal "Interk@s"
- English Teaching (ET)
- Equal Opportunities
- Learning Schools (LES)
- Student Volunteers
- Entrepreneurship Education
- Bridge Scholarships
- For Children
- Third Age Universities (UTA)



**Development of Local Communities**



- Support for NGOs: MIS@NGO/FIM@NGO/EURO-NGO+
- Act Locally
- PAFF Leaders
- Work in Poland
- Village in Transition: Developing Information Society (e-VITA)
- "Pro Publico Bono" Competition



**Citizen in a Democratic State of Law**



- Transparent Poland
- Citizen and Law



**Sharing the Polish Experiences in Transformation**



- The Lane Kirkland Scholarships
- Region in Transition (RITA)



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EIGHTH YEAR OF OPERATION

## Education on the Internet – Polish Educational Portal “Interkl@sa”

The non-commercial, educational portal [www.interklasa.pl](http://www.interklasa.pl) is one of the first, and currently the largest, such portals in Poland, addressed to students, teachers and parents. It has been in operation since 2001. It is a joint undertaking with the Interkl@sa Initiative. The modern technological infrastructure is provided by the Poznań Supercomputing and Networking Center.

The Portal offers a wealth of educational resources and multimedia teaching aids, including school literature, examinations, lesson scenarios, thematic websites, e.g. “Frantice”, dedicated to teaching French, and also a Multimedia Library with some 200 publications. The Portal’s editorial staff organizes educational competitions and, in cooperation with European Schoolnet, provides information on European school projects. It also provides users with e-mail, chat rooms, forums and many other services, including “Virtual Class” (a distance learning aid) and “Interactive Map of Schools”, offering contact details of nearly 30,000 educational institutions.

The “Interkl@sa” Portal is also engaged in international events, including the “European Spring Day” celebrations and “Science Picnic”. The most interesting reports from these undertakings are published on a

special site of the Portal. The Portal serves to support the modernization of education and the equalization of educational opportunities for students from different backgrounds. Its resources are regularly used by nearly 50,000 registered users and it is visited by an average of over one million people per month and gains new partners each year.

The “Interkl@sa” Portal was found to be the best Polish educational website by the magazine “Komputer Świat”. In 2007, it was also honored with awards for child-friendly websites: the Safe Website certificate, awarded by the website [www.sieciaki.pl](http://www.sieciaki.pl) and the Child-Friendly Website award of the [kidprotect.pl](http://kidprotect.pl) Foundation.

PAFF granted a total of \$1,874,789 for the Program, including \$409,570 in 2007.

**Program Manager:**

The Foundation for Economic Education

### MATHEMATIC “INTERKL@SA” DETECTIVE

*The Polish Educational Portal “Interkl@sa” popularizes modern learning methods. One of them is the “Mathematic Interkl@sa Detective”, which is a set of problems, riddles and brain-teasers containing carefully selected, unusual mathematical problems of varying degrees of difficulty. Solving them makes it possible to master the content of school curricula, not only mathematics but also history and biology.*

*A new approach to teaching mathematics was presented during the 11th Science Picnic “Mathematics and We”, organized in May 2007 in Warsaw, in which organizations from 20 countries representing 199 institutions participated.*

*The participants in the Picnic were particularly interested in solving mathematical riddles and mysteries. 1,700 people participated in the competition organized by the Portal, including preschoolers, grade schoolers, junior-high students, and arts and sciences students at universities. This was an exceptional opportunity to participate in a joint game for all, irrespective of age and education.*

*“Interkl@sa.pl” Portal made it possible also for Internet users to participate in the mathematical game, solving the problems via the Internet. Many young people from all over Poland, unable to travel to Warsaw, benefitted from this.*

*The campaign demonstrated that mathematics can be a lot of fun.*





## English Teaching (ET)

This Program supports activities that promote the English language and improve the quality of English teaching with children and youth from small towns and rural areas. The objective is to help equalize educational opportunities through English teaching.

The Program is the only non-commercial initiative of its kind in Poland that promotes large-scale English teaching and at the same time stimulates and reinforces related initiatives in small communities. The results of these initiatives often go beyond the initial objectives. An added value is in providing the individuals and institutions applying to the ET Program with the skills to raise EU funds.

In the editions of the Program to date, (2000-2007), English Language and Anglo-Saxon Culture Clubs were set up in many Polish schools thanks to 453 local projects funded via competition. Children and young people got a chance to watch original versions of English-language films and to discuss a variety of topics with native speakers. Libraries with English literature and press were created, and theater circles, quizzes on English-language writers, culture and history, as well as song festivals were organized. More than 32,000 people

directly participated in the projects: students, teachers, parents as well as other members of local communities.

Language training courses and language camps were organized within the Program, including the 57 "Teaching English Teachers" weekend training courses for 1,900 teachers mainly from small localities.

Five nationwide educational meetings, "English Teaching Markets", were held for teachers of English and for interested institutions, organizations, schools and publishers. Over 2,500 people participated. Out of these meetings, the permanent ET teachers' cooperation network was launched, supported by the quarterly Program Bulletin.

PAFF granted a total of \$2,391,677 for the Program, including \$543,674 in 2007.

### Program Manager:

The "Nida" Development Foundation

## THE "WE WANT MORE ENGLISH" PROJECT

*This project, implemented in 2007 in Bakalarzewo (in Podlaskie Voivodeship), enabled the students of a local elementary school to learn English and familiarize themselves with the culture of English-speaking countries in an unconventional manner, employing interesting extracurricular classes that developed the talents and passions of the participants.*

*The cooking classes, during which the children were able to cook and taste dishes from English-speaking countries, using recipes they had found on the Internet, were very popular. Those interested in sports learned about the rules of team sports such as rugby or cricket, while dance enthusiasts tried their hand at English waltz and Irish dances.*

*Young actors wrote a script for a play based on information they had gathered about famous people and places in Great Britain, and staged the play for the local community. The students also watched English-language films in the original versions, then wrote reviews. Literature lovers participated in creative writing classes where they wrote their own poems, songs and short stories. These works were collected in a small volume of children's writings, which is available in the school library.*

*The achievements of the project participants were presented during the English-language country culture picnic, attended by local authorities and residents of Bakalarzewo and surroundings.*



## Equal Opportunities

The objective of this Program, implemented since 2001, is to support civil initiatives that help equalize educational opportunities and provide a better start for school youth in rural areas and small towns.

Under the Program, non-governmental organizations, non-school educational institutions and informal youth groups apply for grants for projects that favor the development of young people's skills in achieving their objectives, stimulate their cognitive and creative aspirations, develop pro-active and open-minded attitudes, and encourage them to act for the benefit of their own communities.

Through these projects the young people are able to participate in activities extending beyond the standard curricula offered by schools. A database of undertakings worthy of replication has been developed within the Program and is updated on a regular basis. The information is published on the website [www.rownacszanse.pl](http://www.rownacszanse.pl). Thirteen Regional Educational Forums have been organized, presenting examples of model projects financed by the Program. In total, nearly 4,300 people have attended the Forums.

The result of the six editions of the Program has been the implementation of 1,296 educational projects as well as the mobilization and integration of local communities involving activities for children and

youth. Additionally, more than 140 new, local non-governmental organizations were established and numerous projects continue to operate beyond termination of financial support for the Program.

In 2007, the seventh edition of the Equal Opportunities Program attracted a record number of applications: 889 for the National Competition, to which, for the first time only non-governmental organizations could apply (65 grants were awarded) and 1,724 to the Regional Competition.

In 2008, the National Grant Competition will be carried out using a new, two-stage formula: in the first phase, the project authors must present a needs and context analysis and, after passing to the second phase, a project based on this analysis. The Regional Grant Competition will be continued in cooperation with the Program's four regional partners.

PAFF granted a total of \$5,427,483 for the Program, including \$1,016,071 in 2007.

**Program Manager:**  
The Polish Children and Youth Foundation



## THE "FILM SQUADRON" PROJECT

*The authors of this project, the Archivists of the North Association, are a group of young people from Kowale Oleckie (Warmińsko-Mazurskie Voivodeship) created to document the life of the local community in the form of newsreels. To implement this project the organization received a grant through the "Equal Opportunities" 2007 National Grant Competition. The creation of the Association was initiated by another project with the same name, implemented in 2006 also because of PAFF's Program.*

*The young filmmakers immortalized the residents of Kowale Oleckie, Stożne and Sokółki; their work (the activity of a 100-year-old brickyard), everyday life and history (a documentary about the oldest residents of the district). All the newsreels were sent on DVD to schools and libraries in the district. The materials created by the Archivists of the North gained the recognition of the local authorities in the town of Olecko. The result was the realization of a series of monthly newsreels displayed in the movie theater "Mazur".*

*During the project a Polish Television crew made a documentary about the project's authors. It was broadcast in July 2007 on Channel 1 of Polish Television.*

*Another outcome of the project was the creation of an association in the neighboring commune of Monety. Young people from Kowale Oleckie have infected their neighboring peers with enthusiasm and passion for the cinema and with the will to work on behalf of the local community. The organizations have now undertaken joint activities.*

## Learning Schools (LES)

The purpose of this Program, implemented together with the Center for Citizenship Education since 2000, is to improve the quality of schools by introducing the "learning organization" principles to the daily practice of teachers. The starting point is a self-evaluation performed in accordance with the guidelines developed through the experience of the European Program "Evaluating Quality in School Education". The work of the schools focuses on improving quality in these key areas: teaching effectiveness, teaching and learning, the school as an institution, as well as the school and the outside world. The Program places particular emphasis on working with schools from rural areas and small towns.

Schools that have completed the training and introduced a quality assurance system are eligible to join the Learning Schools Club. The educational institutions affiliated with the Club develop a quality assurance system, help each other with self-evaluation, train teachers and cooperate by sharing materials and experiences. Thanks to the "LES" Program, teamwork improves in the schools and the schools become more open to contact with the outside world.

The "LES" Summer School and the Polish-American Principals' Academy are important elements of the Program, serving to popularize good practices and innovative teaching methods. In 2007, with the participation of experts from the US, 52 teachers - leaders and 48 principals became familiar with the most recent developments and trends in education, pedagogy and management of educational institutions.

In September 2007, a pilot undertaking called "Good Teaching and Grading in Local Public Schools" was launched in cooperation with

the Ministry of National Education and conducted jointly with the Methodological Center of Psychological and Pedagogical Assistance. Its purpose is to promote a school model that concentrates on equalizing educational opportunities, preventing school drop-outs and improving key skills. The objective of the pilot stage is to illustrate the opportunities local governments have to develop and implement local educational policies that help schools improve the effectiveness of their teaching and grading methods. 202 schools are taking part in the pilot project.

Post-graduate Studies for Educational Leaders is a new initiative also launched in 2007 under the "LES" Program. Forty-eight principals and deputy principals of grade schools, junior-high schools and high schools enrolled.

In 2002, the "Learning Schools" Program provided the inspiration for launching the "School with Class" mass campaign, conducted by the Center for Citizenship Education in cooperation with "Gazeta Wyborcza" daily newspaper. Over 5,000 schools from all over Poland have completed it. The campaign was followed by the "Teacher with Class" project, launched in 2005, and the "Student with Class" initiative, begun in 2006. The Polish-American Freedom Foundation was a partner in these ventures.

PAFF granted a total of \$2,200,195 for the Program, including \$710,239 in 2007.

**Program Manager:**  
Center for Citizenship Education

## POST-GRADUATE STUDIES FOR EDUCATIONAL LEADERS

*Post-graduate Studies for Educational Leaders is a new initiative in the "Learning Schools" Program, jointly launched in 2007 by PAFF, the Center for Citizenship Education, Collegium Civitas and the All-Poland Management Staff Association. The purpose of these studies is to create a modern form of in-service training for education management staff: principals, heads of school management teams, supervisory employees and education office staff.*

*In the 2007/2008 academic year, several dozen principals and deputy principals of grade schools, middle schools and high schools enrolled.*

*The initiative, which builds on the past experience of the "LES" Program, met with great interest. In the first academic year the organizers decided to start an additional class for people interested in education management.*

*The management of educational institutions requires direct contact with modern knowledge from other countries; this is confirmed by statements from the students of the Post-Graduate Studies for Educational Leaders. "I believe that all the school principals should be here because these studies are broadening. They offer a wider approach to school and education", says Sabina Rybakowska, principal of the School Complex in Benice (Wielkopolskie Voivodeship) and graduate of the first year.*



## Student Volunteers

This Program is aimed at equalizing the educational opportunities for children and youth living in rural areas and small towns. Under this Program groups of student volunteers (from two to five persons) implement educational projects they have prepared themselves to develop the knowledge, skills and interests of children and youth. The projects are conducted in free time during the school year and during summer and winter vacations. 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 promotes active attitudes among both school and university students, developing their sense of social responsibility and solidarity, at the same time enabling them to pursue their passions and interests using an attractive method.

In the 2004 pilot edition of the Program, over 300 educational projects were conducted throughout Poland. The following editions generated even more interest: in 2005, more than 621 projects were

implemented in over 250 schools; in 2006, 662 projects; and last year 2,100 projects were supported in 291 schools and other educational institutions (i.e. youth clubs and residential schools for students with special educational needs), in which nearly 2,500 university students and some 36,000 school students participated.

Under the Program a network of institutional partners is being created, involving universities, local authorities and media. Currently, over 40 institutions are involved in cooperation, including the National Bank of Poland, the PGNiG Foundation, the TP Group Foundation, Jagiellonian University and the portal [www.pracuj.pl](http://www.pracuj.pl) specializing in recruitment via the Internet.

PAFF granted a total of \$1,319,651 for the Program, including \$654,458 in 2007.

### Program Manager:

The Polish Association of Pedagogues and Animators "KLANZA"

## EX-PRIME MINISTER VOLUNTEERS

*The summer vacations can be a good occasion not only for students to implement interesting projects. In 2007, ex-prime ministers Professor Jerzy Buzek and Professor Marek Belka participated in the "Student Volunteers" Program.*

*During his journey, Professor Jerzy Buzek talked about the "Student Volunteers" Program, explained the concept and promoted it: "Once upon a time one had to fight and die for Poland; now, one has to know how to work well and with satisfaction", said the former prime minister. He gave the best example himself of how to dedicate part of the vacation to useful activities by playing with and teaching children. The prime minister initiated a nine-day tour of Poland on July 19, in Wieprz, where he held a class on the subject of Europe.*

*Children gathered in crowds for these meetings. Some of their statements showed their satisfaction: "I thought he would be stiff, but he's cool. Not like politicians I've seen on TV", says twelve-year-old Kamil Mazur, from the Grade School in Futoma after a soccer game. Thirteen-year-old Przemek Rzęsa, who scored two goals against the prime minister, ran directly home to boast. Another important public figure who accepted the challenge of volunteering was Professor Marek Belka. He spent a week in small towns in Roztocze, holding classes for children, together with university students. The main subject of the classes the ex-prime minister held was the UN and global problems.*



## Entrepreneurship Education

The Program supports initiatives aimed at stimulating and fostering an entrepreneurial spirit among junior-high and high school students, especially in small towns and rural areas.

The first component of the Program is a continuation of the earlier "Junior-High Enterprise" initiative, which was implemented together with the Junior Achievement Foundation and supported teachers in their efforts to promote creative and entrepreneurial attitudes and teamwork skills among school students. In its current version the Program also motivates young people to take an interest in the needs of others and of the community. It promotes responsibility for decisions-making, encourages the students to develop their own interests and teaches them how to plan and organize work. It teaches self-reliance: the teacher acts as a partner of the student and does not make any decisions on his/her behalf, instead the teacher assists him/her in analyzing consequences and drawing conclusions.

To meet the needs of this Program, an Internet system to distribute educational materials was created at the website of the Junior Achievement Foundation. More than 1,000 teachers from 718 schools all over Poland made use of it. Training courses for teachers as well as workshops for principals and school staff promoting the Program are held. A CD and supplementary methodological materials useful to teachers in their work with students were issued.

The Program participants can take part in the National Competition for Best Student Initiatives "IDEA". Its purpose is to encourage young people to undertake useful initiatives in their schools and local communities, and to make it possible for students from different parts of Poland to present their achievements to each other and to exchange knowledge and experiences.

The second component of the Program is support for the National Entrepreneurship Olympics, implemented by the Foundation for the Promotion and Accreditation of Economic Education. In December 2007, the school preliminaries for the 3rd edition of the contest took place. More than 15,000 students from over 800 schools applied. An innovation of this year's selection process resulted in 1,500 competitors making it to the district preliminaries. The district preliminaries were scheduled for March 2008 at the Warsaw School of Economics, Cracow University of Economics and the Universities of Economics in Katowice, Poznań and Wrocław. The final, where the winners of the Olympics are to be selected, will take place in April 2008.

PAFF granted a total of \$427,952 for the Program, including \$195,352 in 2007.

### Program Manager:

The Junior Achievement Foundation

## NATIONAL ENTREPRENEURSHIP OLYMPICS

*In June 2007, at the University of Economics in Katowice, the awards ceremony for the 2nd edition of the National Entrepreneurship Olympics took place. The Polish-American Freedom Foundation supports organization of the Olympics under the "Entrepreneurship Education" Program.*

*The thematic range of the Contest coincides with the curriculum of entrepreneurship teaching in high schools. The motto of this year's edition of the Contest was "Creating Business Values", with special consideration given to issues related to intellectual capital as a source of business values, as well as ways of developing businesses and raising funds for development strategies.*

*The 50 best students, selected from over 19,000 students in 931 schools from all over Poland, participated in the final. From the 50 finalists, 25 winners were selected based on a written test, who then held oral presentations on one of three subjects related to the theme of the Olympics.*

*The winner of the first prize was Mateusz Frankowski from the Secondary School in Komarówka Podlaska. The best participants received laptops, palmtops and digital cameras and were granted admission to the universities that organized the Olympics. Their tutors also received awards.*



## Bridge Scholarships

This Program was launched in 2002 in response to a serious social problem – the disparity of access to higher education between young people living in rural areas and those in urban areas. The Program helps talented young people from small towns and rural areas, especially from former state-owned farm areas, to decide to begin studying at the university level by offering them the possibility of receiving scholarships for the first year of studies. In the subsequent years of studies, scholarship assistance is offered to high-performing students as part of the “Top Student” competition, the corporate scholarship initiative and the “Study Abroad” project. In the 2007/08 academic year, under the 6th edition of the Program, 1,118 scholarships were awarded for a 10-month period.

The Program is a joint undertaking of PAFF, the National Bank of Poland, the PZU (State Insurance Group) Foundation, the BRE Bank Foundation, the Jan Kanty Steczkowski Foundation, the Agricultural Property Agency, the TP Group Foundation, the Rural Development Foundation, the Training and Competence Academy, and a coalition of more than 70 local, non-governmental organizations. Nearly 31 million PLN has been earmarked by the donors for the previous editions of the Program, including more than 15 million PLN from PAFF.

In 2006, a new initiative was taken up under this Program, called “Diploma of Dreams”. It is a joint effort of PAFF, the Educational Enterprise Foundation and the “Rzeczpospolita” daily. Its objective is to encourage and support new, local non-governmental organizations to implement scholarship projects in line with the concept of the “Bridge Scholarships” Program. As a result, over 80 new, local organizations have provided assistance to 350 scholarship holders.

More than half the bridge scholarship holders stated that they would not have been able to undertake university studies without financial assistance. Over 90 percent of scholarship holders continue their studies after the assistance from the Program has ceased. One fourth of the first-year scholarship holders achieve average grades of at least 4.0. Nearly 90 percent maintain a high average in their second year as well. To date, 7,500 high school alumni received scholarships for the first year for full-time studies leading to a Bachelor’s (“Masters” in Poland) degree. 1,342 winners of the five editions of the “Top Student” competition for best average grades during the first year of studies have been selected, 115 corporate scholarships have been awarded and another 54 scholarships as part of the “Study Abroad” initiative.

The latest initiative is for internships abroad, directed to the best participants in the Program. Companies associated with the American Chamber of Commerce in Warsaw that were ready to accept Polish scholarship holders for internships were invited to participate.

Another segment of the Program consists of scholarships for outstanding young people from small towns and rural areas studying economics at private universities and business schools. In 2007, 595 such scholarships were awarded.

PAFF granted a total of \$7,388,314 for the Program, including \$1,460,566 in 2007.

**Program Manager:**  
The Educational Enterprise Foundation

### ANNA SZYBIAK – “TOP STUDENT” COMPETITION WINNER

*Anna Szybiak comes from Dubiecko, a small town in Podkarpackie Voivodeship.*

*In 2006, thanks to excellent grades in high school, she received a scholarship for the first year of studies under the “Bridge Scholarships” Program that enabled her to study Swedish at Jagiellonian University in Cracow. “When I passed the final exams in high school, I faced a difficult choice for a path in life. I set high standards for myself. The assistance offered by the Foundation made my start in adult life easier; it allowed me to develop and fulfill dreams”, recalls Anna Szybiak.*

*The high average grade (4.86) in the first year allowed Anna Szybiak to participate in the “Top Student” competition where the award is a scholarship for the second year of studies, funded by the Polish-American Freedom Foundation. Anna was one of the winners of this competition in 2007. “The idea of “Top Student” is beautiful. I was very happy when I found out I was a winner. The greatest thing is that my work and efforts have been appreciated. I now have enough strength and self-confidence to move forward, since, as the Latin proverb goes, “not to go forward is to go backward”, says Anna.*

*In the near future, Anna intends to take up a second major to increase her chances in a difficult labor market. She believes the assistance she has received will bear fruit and that she will one day be able to support young ambitious and talented people by persuading them that it is worth it to acquire knowledge and not give up one’s dreams.*



## For Children

This Program, launched in 2005, aims at creating equal educational opportunities for children from rural areas and small towns by creating the best possible developmental environment and improving the quality of elementary education.

In the Program's first edition, carried out in 2005-2006, selected rural communes took part in the pilot project "Improving the Quality of Elementary Education at the Local Level". Moreover, the participating partnerships, involving non-governmental organizations and local governments, received grants to put elements of the strategy into practice in their areas. Ten grants were awarded. The projects consisted of organizing extracurricular activities for children, setting up day-care centers and conducting speech therapy. Altogether, the Program encompassed more than 1,500 children and over 4,000 adults, including teachers. The experiences of the Program were presented in the publications "Young Children in our Community – How to Raise the Quality of Elementary Education", and "Good Practices".

Another component of the Program was the creation of a database of non-governmental organizations supporting elementary education. The information is available on the website [www.dladzieci.org.pl](http://www.dladzieci.org.pl) (at present, information on 461 organizations is available). A result of the Program was the preparation of the "Report on the Situation of Young Children in Poland", one of the first such publications in our country.

In the Program's second edition, launched in 2007, 24 non-governmental organizations are taking part in training courses propagating modern

methods of working with young children. At the same time, cooperation continues with all the communes that participated in the first edition plus 15 new ones. They are to take part in a training course helping to create a Commune Strategy for Elementary Education and will be eligible for grants to finance projects that implement the elements of that strategy.

One innovation has been the creation of a Consulting Point for non-governmental organizations and communes at the Program website. Its task is to provide conceptual and technical assistance in the preparation of grant applications for funds from various sources to finance activities that support the development and education of young children.

In 2007, the 2nd National Education Forum "Together for Children" was organized under the Program, during which 29 non-governmental organizations presented their programmatic offers and teaching materials.

PAFF granted a total of \$366,219 for the Program, including \$172,199 in 2007.

### Program Manager:

The Comenius Foundation for Child Development

## "TOGETHER FOR CHILDREN" EDUCATION FORUM

*In September 2007, the 2nd Education Forum, a national meeting between practitioners (parents, teachers, and educators as well as employees of community centers and non-governmental organizations) and Polish and European experts in the field of early education, was held in Warsaw. The event, organized by the Comenius Foundation for Child Development, was an element of the "For Children" Program.*

*The Forum was dedicated to the issue of raising the quality of preschool education. Among the speakers was Irena Dzierzgowska, ex-Deputy Minister of National Education, who presented an analysis of solutions applied in Poland and in Europe on the quality of preschool education. The Deputy Mayor of Warsaw, Włodzimierz Paszyński, pointed out the importance of early education for equalizing educational opportunities.*

*During the Forum, an international seminar was held in which 150 people participated. The participants in the seminar heard speeches by foreign guests. They became familiar with the experience of the National Quality Framework for Early Childhood Education in Ireland, presented by Heino Schonfeld (Centre for Early Childhood Development & Education) and of the Berlin Early Education Program, co-created by Annette Hautumm (Sozialpädagogisches Fortbildungswerk Berlin-Brandenburg).*

*Teachers, parents, educators and others working with young children on a daily basis also had an opportunity to participate in workshops prepared by 29 Polish non-governmental organizations working on behalf of children. The workshops addressed such issues as: supporting the educational and upbringing role of school by employees of Psychological and Pedagogical Clinics, creating concepts for art classes for children, working with parents of problem children, and teaching values.*

*Nearly 800 teachers attended the Forum. One outcome of the Forum was the creation of the Partnership for the Development and Education of Young Children, consisting of organizations working for young children. The 3rd Education Forum will be organized in September 2008.*



### Third Age Universities (UTA)

The purpose of this Program, launched in 2005, is to support the education and stimulate the social energy of seniors by providing support for Universities of the Third Age. This undertaking is being implemented at two different levels – the first is a grant competition and the second a cooperation platform for exchange of experience between Universities of the Third Age (the website [www.utw.pl](http://www.utw.pl) and periodic national conferences).

In the three editions of the grant competition, 131 grants have been awarded. In the first edition, primarily projects improving the quality of the educational offer of UTAs were financially supported, including computer courses and initiatives reaching out to a broader audience of senior citizens with the UTA offer. In the second and third editions, the competition's priorities have been expanded to include stimulation of the involvement of elderly people in activities for their local communities, particularly in the form of volunteering.

Representatives of all UTAs have an opportunity to share their experiences during a national conference organized each year within the Program with the active cooperation of local UTAs. Thus far these meetings have been held in Cracow, Bydgoszcz, Slupsk and Plock. PAFF's Program contributes considerably to the increase in the number of Universities of the Third Age each year.

PAFF granted a total of \$825,715 for the Program, including \$304,488 in 2007.

**Program Manager:**  
The Foundation for the Jagiellonian University



### THE "JACEK AND AGATKA" PROJECT

*The "Live a Colorful Life" University of the Third Age in Ustka (Pomorskie Voivodeship) has been operating since 2005. From the very beginning, it has actively participated in the life of the local community and an important element of its activities has been the contact with the young generation. The students of the UTA frequently host children and young people from schools in Ustka and organize games for them on St Nicholas' Day and on Children's Day.*

*In 2007, within the 3rd edition of the "Third Age Universities" Program, the UTA from Ustka carried out the "Jacek and Agatka" Project, the aim of which was to prepare a show for a multigenerational audience. A team of twelve people took part in theater workshops where they worked on the show, "A Fairy Tale about the Stars", under the tutelage of professionals. The premiere took place before an audience of 200 people as a part of the Good Deed Day celebration, organized throughout Poland by the "Arka" Environmental Foundation. The show was attended by children from an integrated class at one of the schools in Ustka and students from other grade schools and high schools, their parents, representatives of the local authorities and the media, as well as guests from an UTA in Plock.*

*The "Jacek and Agatka" Project was one of many activities of the UTA in Ustka addressed to children and young people and implemented in cooperation with local schools. In order to finance this type of initiative members of the UTA raise funds in various ways: they organize raffles, participate in grant competitions and apply for EU funds.*



## Support for NGOs: MIS@NGO/FIM@NGO/EURO-NGO+

This Program consolidates the offers of non-grant support for civil initiatives that were previously implemented as three separate PAFF programs: "MIS@NGO" (Mutual Information Society – an Information System for and about Non-Governmental Organizations), "FIM@NGO" (Financial Management for Non-Governmental Organizations) and "EURO-NGO" (EU Funds for NGOs).

The aim of the Program is to provide institutional support to non-governmental organizations and community leaders in Poland, especially in small towns and rural areas. The support includes access to information, advice and training. The idea is to improve the organizations' quality of operation and management, thereby enabling more effective implementation of civic projects.

In 2007, the Program comprised three parallel paths. The first one – "Mutual Information Society" (MIS@NGO) – was aimed at further developing basic resources of the information system for non-governmental organizations such as: the "ngo.pl" Portal for non-governmental organizations; the information center with the 0-801-646-719 hotline; and research and publications including the free brochures "It's Worth Knowing It More" and the "gazeta.ngo.pl" monthly. Also the quarterly "Trzeci Sektor" ("Third Sector"), published by the Institute of Public Affairs, was subsidized. The second path – "FIM@NGO" – includes training courses, counseling and publications for people, mostly from small towns, responsible for managing the finances of non-governmental organizations. Finally, within the "EURO-NGO+" path, information activities and expert support were

provided to non-governmental organizations, aimed at obtaining EU funds by these organizations. This was a continuation of the "EURO-NGO" Program, implemented in 2003-2006 by the SPLOT Network and by the Association for the Forum of Non-Governmental Initiatives. The result of the Program was the creation of a widely available system of information and advice on the principles and mechanisms of EU funds operated by trained "EURO-NGO" Specialists.

PAFF granted a total of:

- "MIS@NGO": \$1,249,005, including \$69,920 in 2007
- "FIM@NGO": \$476,573, including \$23,280 in 2007
- "EURO-NGO+": \$1,157,151, including \$51,982 in 2007

### Program Managers:

"MIS@NGO" path: The Klon/Jawor Association

"FIM@NGO" path: The Civil Society Development Foundation

"EURO-NGO+" path: The Klon/Jawor Association and the Association for the Forum of Non-Governmental Initiatives

## "GAZETA.NGO.PL" – MAGAZINE FOR SOCIALLY COMMITTED PEOPLE

The "gazeta.ngo.pl" monthly is co-financed by the Polish-American Freedom Foundation within the "MIS@NGO" path of the "Support for NGOs" Program. It is presently the only title in Poland addressed directly to non-governmental organizations. It has been published for 5 years.

"gazeta.ngo.pl" is an educational magazine available by subscription. It deals with the most important issues for associations and foundations, such as: changes in law, significant events in the third sector, information on EU funds, and interesting civic initiatives. A significant part of the published texts contains practical information helping non-governmental organizations in their daily work. Each issue has a main theme. In 2007, the main themes included new technologies, fundraising and social economy.

The readers of the magazine, which has a circulation of 2,000, are non-governmental organizations in all of Poland as well as informal groups and private individuals engaged in community activities who do not have regular access to the Internet and thereby cannot use the resources of the "ngo.pl" Portal. Another important group of readers are officials and employees of institutions that cooperate with the third sector – plenipotentiaries for non-governmental organizations and social workers.

The Warsaw-based editorial team of the magazine is composed of journalists related to the "ngo.pl" Portal, who cooperate with local correspondents from all over Poland and use the support of the 14 regional ngo.pl websites.



## Act Locally

The objective of the Program, operating since 2000, is to support civil initiatives that help solve local problems and stimulate new aspirations among rural and small town communities. Through grants awarded in open grant competitions, assistance is offered to help build active local communities, the members of which independently define their own needs and undertake common initiatives. In every community, people are different as are their resources, needs, traditions and experiences. Therefore, the "Act Locally" Program supports diverse undertakings. Each community chooses its own ways to achieve its goals.

Under the first three editions of the "Act Locally" Program, 357 projects were supported in national grant competitions, to which PAFF contributed over \$1 million. Since the 4th edition of the Program, a new, decentralized formula for awarding grants is being developed. In that edition – implemented in 2005 and 2006 – 99 projects received co-financing in national competitions and 519 grants were awarded through 30 Local Grant Organizations (LGOs).

In 2007, the 5th edition of the Program, the partner network that was expanded to 45 Local Grant Organizations, awarded 1,028 grants. The LGO contribution amounted to nearly \$430,000 and the contribution of the local beneficiaries was over \$2 million from their own resources. Through the national competition another 10 organizations interested in joining the LGO network were selected.

This decentralized way of awarding grants aroused considerable interest. In the 5th edition a total of 2,158 applications were submitted. Information about local competitions reaches community members

directly (the LGO network covered more than 500 communes by the end of the 5th edition of the Program) and a concentration of 8-10 projects in small areas enhances stimulation of citizens and the development of local social capital. Support was given to: cultural and educational projects, projects concerning the development of tourism, entrepreneurship and vocational activation, social services for elderly and handicapped people, projects aimed at preventing social ills among children and youth, improving public safety, as well as reconstructing cultural heritage and protecting the environment.

Their common denominator was local activity, thanks to which the residents acquired news skills, and learned how to better organize themselves and how to react to new problems.

Last year, once again PAFF supported the "Benefactor of the Year" Competition, which is the most recognized initiative in Poland promoting corporate social responsibility. The Foundation was the founder of the category "Local Dimension of Corporate Social Commitment", promoting the commitment of firms to the development of local communities in places where Local Grant Organizations operate.

PAFF granted a total of \$4,261,989 for the Program, including \$882,773 in 2007.

**Program Manager:**

The Academy for the Development of Philanthropy in Poland

### ORŁOWO SUMMER CENTER FOR LOCAL ACTIVITY



*Orłowo is a small village close to Nidzica (Warmińsko-Mazurskie Voivodeship) with 218 residents, the majority of whom are unemployed, former state-owned farm workers. After the farm was shut down it was difficult for the inhabitants to find their place in the new reality. The village was neglected and the most common meeting place for children and young people was a bus stop.*

*A grant received in the 5th edition of the "Act Locally" Program in 2007 provided the impetus for change. The residents tidied up the park in Orłowo, constructed a modest playground and renovated and equipped the village hall. Next, they organized two outdoor exhibitions: "Orłowo Past and Present" and "What Does Orłowo Remind You of?", happily visited by people from surrounding villages.*

*Another result of the project was the integration of the local community and the foundation of the Orłowo Summer Center for Local Activity association. This initiative, an outgrowth of the "Act Locally" Program, brings increasing benefits to the inhabitants of Orłowo.*

*In July 2007, with the help of volunteers of the Citi Handlowy Bank, the people made benches for the amphitheater that was being constructed, planted trees and bushes, and extended the children's playground. The volunteers also bought encyclopedias and books for the village hall. The association currently has 21 members, including 18 from Orłowo.*

*In addition, the association in Orłowo has established cooperation with a Local Grant Organization in Nidzica and, through another grant competition of the "Act Locally" Program, it received support for the "Rescue from Oblivion" project. The inhabitants marked and described interesting and historical places that are points of interest in the area. They prepared materials and information boards to promote their village, and thanks to the cooperation with the University of Warmia and Mazury in Olsztyn, they updated the maps of geological resources in the Orłowo area.*

*The village looks completely different today, and the inhabitants became convinced that it was worth it to "act locally" and that together they could not only change their surroundings but also each other. "We do it for the children. We want to show them that one can live better", says Kazimierz Kujawski, mayor of Orłowo and initiator of the Summer Center for Local Activity Association.*

## PAFF Leaders

The objective of this Program, implemented by the School for Leaders Association, is to support the development of qualifications and skills by persons undertaking activities for the benefit of their communities. This is achieved mainly through the use of an innovative tutoring method in the third sector based on constant cooperation between the participants in the Program and experienced tutors. The Program is addressed to active participants of local projects funded by programs of the Polish-American Freedom Foundation, in particular: "Act Locally", "Equal Opportunities", "English Teaching", "EURO-NGO", "Region in Transition" (RITA), "Village in Transition: Developing Information Society" (e-VITA), "For Children" and "Citizen and Law".

The leaders also have the opportunity to obtain small grants for projects serving their communities where they can apply the knowledge they acquire in the Program. The offer is supplemented by internships in non-governmental organizations as well as the support of experts in various fields. Another component of the Program is a series of training courses adapted to the needs and priorities of the participants, taking into account the following issues: team building,

project management, running an organization, strategic planning, interpersonal communication, involving the community, as well as building local partnerships and fund-raising.

The skills acquired and the contacts established during the Program help the participants increase the scale of their community activities.

The outcomes of the three editions of the Program have been: improvement of the skills of 180 local leaders from all over Poland and creation of an active national network of leaders, as well as training of a group of 33 tutors specialized in the application of tutoring methods.

The Program's fourth edition began in February 2008.

PAFF granted a total of \$799,306 for the Program, including \$333,282 in 2007.

### Program Manager:

The School for Leaders Association

## ADAM WAWOCZNY – PARTICIPANT IN THE 3RD EDITION

*Adam Wawoczny comes from Sumina (Śląskie Voivodeship). He runs the "SUMINA" for Revitalization and Development of Upper Silesia association and is active in several local non-governmental organizations.*

*In 2007 he participated in the 3rd edition of the "PAFF Leaders" Program and was awarded a grant for activities aimed at raising his own skills in order to change the work organization in the "SUMINA" association. The aim of his project was to gain skills in delegating tasks, motivating members of the organization and involving them in undertakings implemented by the association.*

*As a result of the two-month study visit in the Social Initiative Development Center in Rybnik, Adam acquired practical knowledge about how an effective non-governmental organization with a large dynamic team operates. He became familiar with this organization's structure, the way it was managed and how tasks were delegated. Using the experience gained during the study visit, he organized workshops for the members of his association. During the project Adam learned how to better lead people in his association. He also convinced them to take responsibility for common undertakings.*

*Adam Wawoczny sums up the effects of his project: "Now I know that one can make the changes about which I was once skeptical; I assumed they were impossible to achieve. I learned that people in fact expect this from me. They are eager to cooperate. I'm convinced that other people have additional skills and ideas that can help in running the organization".*



## Work in Poland

This undertaking stems from the experience of the “Undoing Unemployment” Program, implemented from 2001 to 2006. Its purpose is to improve the competence and efficiency of non-governmental organizations in providing labor market services.

The program comprises several interconnected segments: research and analyses, education and information activities addressed to non-governmental organizations, and grants funding labor market projects using information technology. The implementation of the Program also involves information activities (the [www.bezrobocie.org.pl](http://www.bezrobocie.org.pl) portal) and education activities (seminars and training courses) addressed to non-governmental organizations working on behalf of the unemployed and to the local government partners of these organizations.

As part of the first segment, a team of experts drafted two reports. The first one is a result of the work of a research team and expert workshops concerning the Polish labor market in the context of migration and the role of NGOs in solving related problems. The second is a diagnosis of the possibilities and needs of NGOs operating on the labor market and an assessment of their potential and competence, particularly as regards the use of modern information technologies (IT).

In 2007, 5 seminars and training courses were organized for non-governmental organizations on the condition of the labor market in the context of migration. The non-governmental organizations that prepared the best projects during the training courses will be eligible for grants in a grant competition. Several projects dedicated to the subject of migration using modern information technologies will be co-financed. And, 10 organizations will receive advisory support in the form of assistance of labor market experts. The organizations will also be eligible for financial support to introduce modern technologies.

In addition, a publication will be developed containing examples of IT methods and tools applied to labor market activities, including experiences from other countries.

PAFF granted \$188,694 for the Program.

### Program Manager:

The Foundation for Social and Economic Initiatives

## THE REPORT “CONTEMPORARY MIGRATION PROCESSES IN POLAND AND THE ACTIVITY OF NON-GOVERNMENTAL ORGANIZATIONS RELATED TO THE LABOR MARKET”

*The aim of this report is to present a comprehensive and in-depth view of the contemporary migration of Poles as well as of the presence of foreigners in Poland, and to connect both these processes to the Polish labor market. The report formulates guidelines and recommendations useful in the creation and implementation of independent and innovative projects in the next stage of the “Work in Poland” Program.*

*The authors took on the task of providing a broader context and identifying areas in which activities of non-governmental organizations seem to be not only useful, but indispensable in the preventing undesirable effects of migration.*

*According to the authors, migration may have a positive impact on local labor markets and communities, for example by mobilizing people. Still, there are regions where migration is the main reason for passivity. “The families become addicted to the money transfers, they prefer the transitory nature of the cyclical, seasonal work abroad to a stable employment at home”, says Dr Joanna Tyrowicz of the University of Warsaw, co-author of the report. “For many people, there is no suitable work where they live. When having to choose whether to go to a large city or abroad they choose the latter, even though they often work below their qualifications”, explains Dr Paweł Kaczmarczyk, co-author of the publication.*

*The report, which constitutes a sort of compendium of information about contemporary migration processes in Poland, may be an inspiration for activities in many communities; for those already affected by the negative effects of migration as well as those wanting to prevent them. A number of non-governmental organizations – independently or in cooperation with local governments – have noticed the problems diagnosed by the report and have taken measures to address them.*

*The entire report is available at the portal [www.bezrobocie.org.pl](http://www.bezrobocie.org.pl).*



## Village in Transition: Developing Information Society (e-VITA)

This undertaking was preceded by the "Village in Transition" (VITA) Program, implemented in 2001-2003. Its objective is to promote the use of information technologies in local development. The "e-VITA" Program is addressed to rural and small town communities – in particular, to local governments, entrepreneurs, non-governmental organizations and young people.

The pilot stage of the "e-VITA" Program was implemented in 2004-2005 in six communes selected by competition: Białogard, Cekcyń, Mały Płock, Recz, Stoszowice and Żelów. In these communes, a program of telecommunications and IT infrastructure was planned and developed in 41 local government institutions. The institutions (including schools, libraries, Municipal Councils and Municipal Information Centers) were equipped with public broadband Internet access. In addition, the Program offered training courses, advisory services and grants for the implementation of local IT projects.

The Program enabled the inhabitants of the participating communes to develop and improve their skills in using computers and the Internet for job seeking, business development and implementation of different social projects. The local government also acquired knowledge indispensable for preparing projects financed by the EU structural funds.

Implementation of the second edition started in February 2006 with a

grant competition for local partnerships consisting of local governments, non-governmental organizations and other institutions. 66 partnerships applied, from which 13 were invited to the Program (8 new and 5 that had participated in the pilot program). As a result of the second edition of the Program 11 commune, non-commercial computer networks were set up, enabling the residents of 60 villages to gain access to the Internet (by the end of 2007, more than 1,500 subscribers were connected to the Internet). In 11 villages, public Internet-access facilities were set up. In 12 communes, 1,360 inhabitants enhanced their computer and Internet literacy through locally organized training courses, and 500 people took part in an Internet training course in project development. A number of initiatives involving the Internet were carried out, including the creation of social and educational commune websites. In addition, IT strategies were developed for 13 communes.

PAFF granted a total of \$1,207,634 for the Program, including \$392,880 in 2007.

**Program Manager and Co-Financing Partner:**  
The Rural Development Foundation

### "e-VITA" METHOD

*Preparations for the "e-VITA" Program showed the complexity of the development of information society at local level. The implementation of the Program made it possible to develop and verify the "e-VITA" method of bringing information technology that is tailor-made for the Polish reality*

*The method was developed by the Polish-American Freedom Foundation and the Rural Development Foundation; it is based on the experiences of the "Village in Transition: Developing Information Society" (e-VITA) pilot program implemented in 2004-2005 and aimed at using information technologies (IT) for the social and economic development of rural areas and small towns.*

*The method consists of extensive activities leading to the use of information technologies for the development of local communities and takes into account technical, economic as well as social factors. It can be implemented using national and foreign financial resources, including EU funds. It makes it possible to effectively activate local communities to solve their problems and take on new challenges using information technologies.*

*In 2007, a publication entitled "e-VITA Method" was issued, presenting experience gathered during the introduction of IT to 6 communes in the first edition of the Program. It is a guide for local authorities that presents comprehensive know-how, including setting up and using computer networks, and practical uses of the Internet in local communities. The electronic version of the publication is available on the portal [www.witrynawiejska.org.pl](http://www.witrynawiejska.org.pl).*



## “Pro Publico Bono” Competition

The “Pro Publico Bono” Competition for the Best Civil Initiative was initiated in 1999 by then prime minister Jerzy Buzek. Since 2000, the Polish-American Freedom Foundation funded the prizes awarded in the Competition.

The purpose of the Competition, organized under the auspices of the Polish Ombudsman, is to support the development of civil society each year by selecting and promoting the most valuable initiatives of non-governmental organizations – at the national, regional and especially the local levels – in the fields of: education, culture and national heritage, health care, social aid and charity, regional development and environmental protection, as well as public diplomacy and European integration.

The Competition Chapter (Jury), chaired by Professor Andrzej Zoll, is composed of well-known personalities as well as the main award winners from the previous edition. The first Honorary Chairman of the Chapter was Jan Nowak-Jeziorański.

When evaluating the initiatives, the Chapter takes into account their social significance, innovativeness, their impact on the development and competitiveness of local communities, and the efficiency and

transparency in the use of public resources. In addition, the Chapter considers the stability of the organization, compliance with ethical standards in its activities, and also the quality of cooperation with public administration and other institutions. The winning organizations receive cash awards which are usually used to continue their undertakings.

In 2007, in the 9th edition of the Competition, the Chapter awarded 18 organizations. The Award Ceremony took place on November 11 in Cracow. The top prize went to the “Barka” Foundation for Mutual Help from Poznań for creating a European Networks for Migrant Integration in London and Dublin. Honorary prizes were awarded to the Kronenberg Foundation and the Krzyżowa Foundation for Mutual Understanding in Europe from Grodziszczce.

PAFF granted a total of \$1,382,148 for the Program, including \$266,992 in 2007.

**Program Manager:**  
The Pro Publico Bono Competition Foundation

### THE “BARKA” FOUNDATION FOR MUTUAL HELP – WINNER OF THE TOP PRIZE IN 2007

*This foundation focused on helping disabled people, homeless people, people leaving prisons and psychiatric hospitals, single mothers, children and young people at risk, and addicts in their rehabilitation and development, based on the teachings of the Roman Catholic Church. The main direction of activities is to create and support different forms of mutual help, organized by formal and informal groups and by people in need.*

*“Barka” fulfills its mission in local communities by: stimulating the creation of mutual help associations, integration communities and clubs, inspiring the creation of social enterprises, supporting the education of local leaders and self-education groups, inspiring the creation of centers for social integration, counseling and information, in Poland and abroad, developing communal housing programs, as well as building local partnerships at both the national and European levels.*

*It also works in the field of innovative social economy initiatives.*

*“Barka’s” cooperation with other organizations as well as with local and public authorities goes beyond the borders of Poland. The activity on behalf of Polish emigrants in London and Dublin, for which “Barka” was given an award in the “Pro Publico Bono” Competition, is an example of a professional, large-scale social welfare campaign.*



## Transparent Poland

The "Transparent Poland" Campaign is the product of a partnership between the Polish-American Freedom Foundation, the Foundation in Support of Local Democracy, the Stefan Batory Foundation, the daily "Gazeta Wyborcza", the Agora Foundation, the Center for Citizenship Education Foundation, and the World Bank.

The primary objective of the Campaign is to improve the quality of public life and the functioning of local governments, as well as to stimulate civic activity, particularly in small towns and rural areas. The participants in the Campaign are local governments that, in cooperation with their local communities, introduce and improve the application of the six principles of good governance of the Transparent Poland Model in their communes and districts: transparency, social participation, predictability, professionalism, accountability and zero tolerance for corruption. Specific tasks are attached to each principle, including: creating an ethical code of behavior for officials and councilors, drafting a map of local initiatives, developing materials to familiarize people with the commune's strategy and budget, and drawing up lists of services provided by the local government.

The Campaign was launched in 2004 with the implementation of its pilot stage called "Transparent Community". It consisted of a year-long program carried out in fifteen communes and one district. In 2005, the 16 local governments that had taken part in the pilot phase acted as consultants together with the Program's experts for the participants in the "Transparent Poland" mass campaign, in which nearly 800 local governments from all over Poland (including many from larger cities) took part. Of these, 426 implemented the mandatory tasks and completed the Program and received a special certificate. From that group, 128 local governments implemented other tasks in the 2006 continuation of

the Campaign. The participating local governments were able to obtain expert support – in total, more than 3,000 local officials underwent training. The participants carried out more than 4,000 tasks, which they reported at an Internet platform created specifically for the Program.

In response to the demand of local governments the support for the winners of the Campaign continued in 2007. The Transparent Poland Forum was created, which is a cooperation platform affiliating the 47 most active local governments that are most advanced in implementing the principles. The activities of the Forum in 2007 led to a new version of the Transparent Poland Model.

Other activities conducted in the Program included popularization of the experiences and good practices among many local governments that did not participate in the Program as well as preparing tools for evaluation and improvement of the procedures implemented during the Campaign. Additionally, experiences from the Campaign were shared with interested local governments in other countries, including Ukraine, Georgia, Bulgaria, Romania, Armenia, Azerbaijan, Kazakhstan and the Balkan countries. In some of these countries pilot projects have now been launched to test the principles developed during "Transparent Poland".

PAFF granted a total of \$451,765 for the Program, including \$127,206 in 2007.

### Program Manager:

The Foundation in Support of Local Democracy

## TRANSPARENT POLAND FORUM

*The Forum was created in 2007 with the idea of enabling the most active local governments to exchange experiences and good practices, to evaluate their effectiveness and to verify the tasks implemented during the "Transparent Poland" Campaign.*

*The participants in the Forum – 47 local government units from 16 voivodeships – reviewed selected tasks implemented in the 2005 and 2006 Campaign in order to evaluate their effectiveness and to verify the Public Information Bulletins. Local government officials availed themselves of support of the Program's experts in the form of consultations and training courses – in total, 54 training courses were held, in which almost 1,000 local government employees benefitted. In total, 155 obligatory and optional tasks were audited. All participants received a certificate of participation in the Forum.*

*The activities of the Forum led to the creation of a new version of the Transparent Poland Model, available on the website [www.przejrzystapolska.pl](http://www.przejrzystapolska.pl) (also in English and Russian).*

*"The Forum is a valuable place for exchanging thoughts and ideas about the transparency of authorities' actions in the broad sense of the term. This transparency is very important, since commune and district administration cannot be limited to passive execution of legal regulations, and the inhabitants want and have the right to know what the local authorities do and how they work", says Jaroslaw Kielar, mayor of Kluczbork, a participant in the Forum.*



## Citizen and Law

The purpose of this Program, launched in 2002, is to support the development of various forms of civic and legal advice for individuals by supporting non-governmental organizations that offer free, specialist legal information and advice as well as to encourage citizens to exercise their rights in the public sphere. The Program provides assistance to people in difficult situations and stimulates public debate on reforming the system of access to legal assistance.

During the first edition of the Program 22 projects, conducted by various advisory organizations, received funding, including the Citizens' Advice Bureaus and University Law Clinics. 30,000 people benefited from the projects, including people from socially marginalized groups, e.g., victims of violence, abused children, ethnic minorities, families of missing persons and people who are ill.

From the beginning of 2005, in the second edition of the Program, two types of parallel activities were launched. 29 non-governmental advisory organizations received support for projects selected via a grant competition, whereas the Program's newly established Expert Committee formulated recommendations concerning systemic solutions facilitating citizens' access to legal assistance and commissioned their pilot implementation through 5 projects. These projects addressed the following issues: strategic litigation of a selected problem connected with citizens' access to legal assistance, effective methods of developing and distributing legal guides for citizens, promotion of civil mediation as an alternative dispute resolution method, and cooperation between non-governmental organizations and bar associations to expand access to legal assistance by the poor.

In the third edition of the Program, implemented from April 2006 to January 2008, support for non-governmental organizations and the work of the Expert Committee continued. In the grant competition,

25 projects of advisory organizations were supported with a total of \$297,000. The grant recipients made their own contributions to the projects amounting to \$142,000. Support for the third edition of the Program made it possible to dispense nearly 24,000 pieces of legal and citizens' advice, conduct 179 training courses, issue 31 publications, set up 42 counseling points and organize 43 meetings and conferences.

Within the work of the Expert Committee the continuation and expansion of two "systemic" projects from the previous edition were funded. This led to the creation of the portal [www.mediacjajestemza.pl](http://www.mediacjajestemza.pl) and of a film, directed to a wide audience, promoting civil mediation as a dispute resolution method. In addition, a Pro Bono Center was set up to facilitate the solving of legal problems by non-governmental organizations, through the pro bono assistance of law firms. The Expert Committee also launched public debates. During three public seminars attended by representatives of the legal community and media, the following issues were discussed: restricted access to the legal professions, challenges facing the judiciary, and the problems with citizens' access to free legal assistance. The results of the activities of the Expert Committee were circulated among non-governmental advisory organizations, in the legal community, and to the decision-makers and the administration of the judiciary.

The daily "Rzeczpospolita" was the media partner of the "Citizen and Law" Program in 2007.

PAFF granted a total of \$1,336,720 for the Program, including \$404,431 in 2007.

### Program Manager:

The Institute of Public Affairs

## THE PRO BONO CENTER

*This undertaking initiated in 2007 under the third edition of the Citizen and Law Program is modeled after clearing houses in English-speaking countries. It works as an agency in the field of free legal assistance linking law firms and non-governmental organizations. The Pro Bono Center invited the largest Polish law firms to cooperate, thanks to which non-governmental organizations can obtain the advice of highly regarded lawyers, especially on problems where the solutions can be useful to other organizations.*

*The Pro Bono Center is primarily a legal advice agency. Any organization can submit a problem requiring professional legal advice to the Center by filling in a special form on the website [www.centrumprobono.pl](http://www.centrumprobono.pl). After initial verification by the Center's coordinator, the problem is delegated to one of about a dozen law firms cooperating with the Center.*

*The Pro Bono Center also carries out educational activities. It organizes training courses for non-profit organizations aimed at introducing legal issues to their managers.*

*In addition, the Center coordinates activities aimed at removing legal barriers to pro bono activity; an example is the initiative to abolish VAT on free legal assistance.*

*The Pro Bono Center is run by the Legal Clinics Foundation and is based in Warsaw, 5/5 Szpitalna St. For more information see the website [www.centrumprobono.pl](http://www.centrumprobono.pl).*





## The Lane Kirkland Scholarships

This Program, implemented since 2000, is aimed at sharing the Polish experience of systemic transformation with representatives of Central and Eastern European countries during two semesters of studies at Polish universities. The Program is currently addressed to candidates from Ukraine, Belarus and Russia, as well as Armenia, Azerbaijan, Kazakhstan, Georgia and Moldova. Under individual educational programs, the Kirkland scholarship holders focus on selected aspects of economics and management, business and public administration, law, and social and political science.

The Program begins with an introduction course, the purpose of which is to provide and structure knowledge about the history of Poland, as well as its political and social conditions. Next, the scholarship holders pursue individual programs at the Universities of Warsaw, Cracow, Poznań, Wrocław and Lublin. They prepare papers and theses under the supervision of academic tutors. Integration meetings, seminars and internships in public or private institutions are organized.

In 2000-2007, 273 scholarship holders have participated in the Program: 136 from Ukraine, 78 from Belarus, 16 from Russia (Kaliningrad District), 12 from Lithuania, 10 from Slovakia, 11 from Georgia, 6 from Moldova, 3 from Armenia and 1 from Azerbaijan. The largest groups represented the following fields: economics and management – 96 people, law – 46, and public administration – 45. The majority were academics, business people and civil servants.

Contact with the alumni is maintained through a newsletter, alumni reunions and the website [www.programkirklanda.engo.pl](http://www.programkirklanda.engo.pl).

PAFF granted a total of \$4,502,548 for the Program, including \$818,730 USD in 2007.

### Program Manager:

The Polish-U.S. Fulbright Commission

## DAVID MAMATSASHVILI-RUKHKYAN

*David Mamatsashvili-Rukhkyan is a scholarship holder of the current edition of the Kirkland Program (2007/08).*

*He graduated from the Tbilisi University in English and military science. From the beginning of his professional career he has been related to military science – as a teacher at the military institute at the University and as a translator and expert. He has cooperated with the Cubic Defense Applications Group and the Ministry of Defense of Georgia where he helped prepare specialists to work with NATO issues. Since 2006 he has been a political and military consultant for the magazine “Svobodnaya Gruzia”.*

*During his stay in Poland under the Lane Kirkland Scholarship Program he is studying at the Institute of International Relations in the Faculty of Social Sciences, University of Wrocław, where he is becoming familiar with Poland’s road to NATO under the tutelage of Professor Elżbieta Stadtmüller. This was also the subject of his thesis entitled “The Road to NATO – Poland’s Experiences and Georgia’s Membership Aspirations (Political Aspects)”. He also took an internship at the Lower Silesian Center of Strategic Studies in Wrocław.*

*After the conclusion of his Kirkland Scholarship David wants to use the knowledge he acquired in Poland to support Georgia’s Euro-Atlantic efforts. He also plans to actively work on behalf of the development of the Club for Kirkland Program Scholarship Holders in Georgia as well as with Program alumni from other countries.*



## Region in Transition (RITA)

This Program was initiated in 2000 and is addressed to non-governmental organizations and educational institutions willing to share Poland's experiences of social and economic transformation with partners from other Central and Eastern European countries.

Under the Program, grants are awarded in two categories: "We Cooperate Locally" – for cross-border initiatives implemented together with partners from neighboring countries; and "We Share Polish Experiences" – for Polish non-governmental organizations that share their experience and knowledge of the transformation, particularly in the areas of civil society development, strengthening of the third sector, transformation of local governments, development of education, and free media. In total, 452 projects have been funded in both categories.

Since 2004, the "Study Tours to Poland" (STP) initiative has been organized under the Program, targeted mainly at student leaders and young professionals. The purpose of the study tours is to familiarize citizens of Ukraine, Belarus and the Russian Federation with the Polish and European reality. Participants in the Program have the opportunity to meet public servants and representatives from academic and business circles, and to become familiar with the activities of non-governmental

organizations, local governments, as well as to establish other valuable contacts. 244 student leaders, selected by a qualification board from a large number of applicants, visited Poland in 2007.

The study tours for professionals offer an opportunity for the representatives of different professional groups from Ukraine, Belarus, Moldova and Georgia to become acquainted with Poland's achievements in the field of political transformation and with the experiences on the road to EU membership. In 2007, 424 people participated.

From 2004 to 2007 some 2,000 people, mostly from Ukraine, Georgia and Belarus, participated in the "Study Tours to Poland" initiative.

PAFF granted a total of \$6,271,360 for the Program, including \$1,172,725 in 2007.

### Program Managers:

"RITA" – The Education for Democracy Foundation  
 "Study Tours to Poland" – The Jan Nowak-Jeziorański College of Eastern Europe

## THE "STRONG PEOPLE – THE STRENGTH OF ORGANIZATIONS, POLISH-GEORGIAN NON-GOVERNMENTAL INSPIRATION" PROJECT

*This undertaking, carried out in 2007 within the "RITA" Program by the Foundation for Civil Activity from Lublin and the Georgian "Atinati" Foundation from Zugdidi, was aimed at exchanging experience between representatives of Polish and Georgian local communities about the work of non-governmental organizations and their cooperation with local governments to solve social problems.*

*Within the project, workshops were held for young local leaders, representatives of non-governmental organizations and volunteers from Georgia. They focused on strategic planning of activities of non-governmental organizations, project management, development of local partnerships, promotion of volunteering, and fundraising. In addition, a guide about effective management of non-governmental organizations was issued in Georgian.*

*The coordinator of the project was Monika Dominik, participant in the first edition of the "PAFF Leaders" Program. She shared her rich experience in developing local partnerships and informal self-help groups with the guests from Georgia.*

*The Foundation for Civil Activity continues cooperation with its Georgian partner. As a part of Polish Aid, the organizations jointly implemented two projects addressed to local communities in western Georgia.*



# 4

## FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITORS

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

In our opinion, the accompanying statement of financial position and the related statements of activities and of cash flows present fairly, in all material respects, the financial position of the Polish-American Freedom Foundation (the "Foundation") at December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.



May 7, 2008

## Statement of Financial Position as of December 31, 2007

### Assets

#### ASSETS

Investments, at fair value:

Equity investments (Note 5)	\$ 229,036,560
Fixed income investments (Note 5)	43,407,987
Cash equivalents (Note 5)	11,031,050
	<u>283,475,597</u>

Cash and cash equivalents	440,887
Fixed assets, net (Note 6)	111,860
Prepaid expenses and other assets	67,676
Total assets	<u>\$ 284,096,020</u>

### Liabilities and Unrestricted Net Assets

#### LIABILITIES

Grants payable (Note 3)	\$ 4,845,349
Accounts payable and accrued expenses	205,792
Total liabilities	<u>5,051,141</u>

UNRESTRICTED NET ASSETS (Note 2)	279,044,879
Total liabilities and unrestricted net assets	<u>\$ 284,096,020</u>

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

## Statement of Activities for the Year Ended December 31, 2007

Changes in unrestricted net assets:

Income:

Interest and dividend income	\$ 5,141,231
Net realized and unrealized appreciation on investments	19,441,980
Support	<u>2,000,000</u>
Total income	<u>26,583,211</u>

Expenses:

Employee compensation and benefits	1,018,946
Operating expenses	589,269
Occupancy	151,236
Depreciation and amortization	<u>39,818</u>
Total operating expenses	<u>1,799,269</u>

Excess of income over expenses, before grants	24,783,942
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Grants (Note 3)	<u>(10,963,768)</u>
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Total increase in unrestricted net assets	13,820,174
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Unrestricted net assets, beginning of the year	<u>265,224,705</u>
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Unrestricted net assets, end of the year	<u><u>\$ 279,044,879</u></u>
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*The accompanying notes are an integral part of these financial statements.*

## Statement of Cash Flows for the Year Ended December 31, 2007

Cash flows from operating activities:	
Increase in unrestricted net assets	\$ 13,820,174
Adjustments to reconcile increase in net assets to net cash used in operating activities:	
Net realized and unrealized appreciation on investments	(16,860,973)
Depreciation and amortization	39,818
Increase in prepaid expenses and other assets	(11,744)
Increase in accounts payable and accrued expenses	57,826
Increase in grants payable	907,318
Net cash used in operating activities	<u>(15,867,755)</u>
Cash flows from investing activities:	
Proceeds from sales/redemption of investments	153,410,445
Cost of investments purchased	(151,077,859)
Cost of fixed assets purchased	(38,431)
Net cash provided by investing activities	<u>2,294,155</u>
Net increase in cash and cash equivalents	246,574
Cash and cash equivalents, beginning of year	<u>194,313</u>
Cash and cash equivalents, end of year	<u>\$ 440,887</u>

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

## Notes to Financial Statements as of December 31, 2007

### 1. Organization

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

The Foundation concentrates its efforts in four main program areas: (i) Initiatives in Education, (ii) Development of Local Communities, (iii) Citizen in a Democratic State of Law, and (iv) 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.

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

### 2. Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations, the Foundation is required to classify information regarding its financial position and activities into certain classes of net assets. Pursuant to the Grant Agreement (defined in note 4), at December 31, 2007, the entire balance of net assets was classified as unrestricted. Unrestricted net assets are those net assets that are not restricted by donor imposed stipulations.

### 3. Summary of Significant Accounting Policies

#### Use of Estimates

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

#### Investments

Equity and fixed income investments are generally valued based upon the closing price as quoted on major exchanges. However, certain securities are valued based upon yields or prices of securities of comparable quality, coupon, maturity and type as well as indications as to values from brokers and dealers. Investments that are determined by a fund manager to be illiquid and/or lacking a readily accessible market value ("Special Investments") are valued using current estimates provided by the fund manager. Since Special Investments are not readily marketable, their estimated value may differ from the value that would have been used had a ready market existed.



The Foundation records investment transactions on the trade date. Interest and dividend income and unrealized and realized gains and losses are reported in the statement of activities. Purchases and sales of securities are reflected on a trade date basis. The Foundation engages professional investment managers who make investment decisions according to the Foundation's investment policy and monitor the Foundation's investments.

#### **Cash and Cash Equivalents**

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

#### **Grants**

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

#### **Translation of Foreign Currency**

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

Translation adjustments are reflected in the statement of activities.

#### **Donated Services**

The Foundation's American directors receive no compensation or fees for serving as directors. Such directors donate significant amounts of their time to the Foundation. No amounts have been reflected in the accompanying financial statements for such donated services, inasmuch as no objective basis is available to measure the value of such services. The Foundation's non-executive Polish directors receive a fee for providing advice and assistance to the Foundation. For the year ended December 31, 2007 the total fees paid to all Polish directors amounted to \$53,000.

#### **Depreciation and Amortization**

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

#### **Operating Expenses**

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

#### **Credit risk**

Credit risk is the possibility that loss may occur from counter party failure to perform according to the terms of a contract. Unless noted otherwise, collateral or other security is not normally required by the Foundation to support financial instruments with credit risk. At December 31, 2007, the Foundation had credit exposure mainly from debt instruments in the Foundation's investment portfolio. The maximum risk of accounting loss from these financial instruments is represented by their respective statement of financial position amounts.

#### 4. Polish-American Enterprise Fund Grant

Pursuant to an agreement signed in 1999 between the Fund and the U.S. Government and in consultation with the Government of Poland, the Fund has returned \$120 million of the Fund's assets to the U.S. Treasury and has contributed \$218.5 million to the Foundation through December 31, 2007. During the year ended December 31, 2007, \$2 million was contributed by the Fund to the Foundation. Subsequent to December 31, 2007, the Fund contributed \$19 million to the Foundation, bringing the total amount contributed to \$237.5 million.

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

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

#### 5. Cash and Cash Equivalents and Investments

##### Cash and cash equivalents:

As of December 31, 2007, the Foundation's cash and cash equivalents consisted of \$11.0 million in cash (principally money market funds) that was held on deposit at various high-quality financial institutions by the Foundation's various investment managers.

##### Investments:

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

	Costs	Fair Value	% of Fair Value
U.S. fixed income mutual funds	\$ 13,093,983	\$ 13,339,798	4.7%
Polish Government treasury bills	30,017,554	30,068,189	10.6%
Fixed income investments	<u>43,111,537</u>	<u>43,407,987</u>	<u>15.3%</u>
Common stock	40,659,044	54,078,281	19.1%
U.S. equity mutual funds	37,186,446	39,027,876	13.8%
International equity mutual funds	65,828,457	90,418,406	31.8%
Alternative investments	<u>34,340,503</u>	<u>45,511,997</u>	<u>16.1%</u>
Equity investments	178,014,450	229,036,560	80.08%
Cash equivalents	11,022,751	11,031,050	3.9%
	<u>\$ 232,148,738</u>	<u>\$ 283,475,597</u>	<u>100.0%</u>

Investments and cash equivalents held in Polish Zlotys were translated into US dollars at the year end exchange rate. As a result, a translation adjustment of \$3,579,503 increased investments and cash equivalents at December 31, 2007, recorded in net realized and unrealized appreciation on investments in the statement of activities. The Foundation evaluates investment manager performance on a total return basis, net of custodial, investment management and advisory fees and reports income net of such fees. The total amount of such fees reflected in the statement of activities was \$841,887, which represents 0.3% of the total value of investments under management at December 31, 2007. Of this amount, \$727,113 was reflected in net realized and unrealized appreciation on securities and \$114,774 was reflected in interest and dividend income. Included in the amount reported as interest and dividend income in the Statement of Activities is approximately \$2.0 million that represents amounts distributed from and classified by the Foundation's various mutual fund investments as dividend income. Part of the Foundation's investment in three alternative investment funds consists of \$5,786,655 (2.0% of the total fair value of investments) of Special Investments.

## 6. Fixed Assets

As of December 31, 2007, fixed assets consisted of:

Computer equipment and software	\$ 132,063
Furniture and equipment	94,461
Automobiles	58,463
Leasehold improvements	3,654
	<hr/>
	288,641
Less - Accumulated depreciation	176,781
Net book value	<hr/> <u>\$ 111,860</u>

## 7. Commitments

At December 31, 2007, the Foundation had approved 18 grants totaling \$13.4 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, 2007 the Foundation signed 17 of these grant agreements, totaling \$9.1 million.

In addition, the Foundation is committed to make minimum annual rental payments for office space under an operating lease which expires December 31, 2008. Lease commitments for the twelve months are approximately \$148,000 for 2008.

## 8. Tax Status

### United States

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

### Poland

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

## Board of Directors

**John P. Birkelund** - *Chairman*

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

**Marek Belka**

Former Prime Minister of Poland, Under-Secretary-General of the United Nations,  
Executive Secretary of the United Nations Commission for Europe

**Joseph C. Bell**

Senior Partner, Hogan & Hartson

**Frederick M. Bohlen**

Former Executive Vice President and Chief Operating Officer, The Rockefeller University

**Michał Boni** - till January 2008

Secretary of State in the Chancellery of the Prime Minister of the Republic of Poland,  
former Minister of Labor and Social Policy, Labor Market and Social Policy Expert

**Zbigniew Brzeziński**

Former National Security Advisor to the U.S. President,  
Counselor and Trustee at the Washington Center for Strategic and International Studies (CSIS),  
Director of the Polish-American Enterprise Fund

**Robert G. Faris**

Chairman of the Board of Directors of Enterprise Investors Corporation,  
President, Chief Executive Officer and Director of the Polish-American Enterprise Fund

**Anna Fornalczyk**

Former President of the Polish Office for Competition and Consumer Protection

**Aleksander Koj**

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

**Jerzy Koźmiński**

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

**Krzysztof Pawłowski**

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

**Nicholas A. Rey**

Former U.S. Ambassador to Poland, Director of the Polish-American Enterprise Fund

**U.S. Government Liaison to the Board****Victor Ashe**

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

## Management and Staff

President and Chief Executive Officer

**Jerzy Koźmiński**

Administrator of the Representative Office

**Grzegorz Jędryś**

Treasurer and Chief Financial Officer

**Norman E. Haslun III**

Secretary to the Board of Directors

**C. Douglas Ades**

Program Directors

**Jacek Michałowski**

**Radosław Jasiński**

**Anna Wojakowska-Skiba**

Program Officers

**Renata Koźlicka-Glińska**

**Robert Milewski**

**Rafał Kramza**

Chief Accountant

**Agnieszka Kwiatkowska**

Financial Analyst

**Mira Osiecka**

Information and Public Relations

**Przemysław Zaroń**

Program Assistants and Secretariat

**Kalina Grzeszuk-Zajczkowska**

**Agnieszka Łukasik**

**Katarzyna Świątkiewicz**

## Contact

### **Polish-American Freedom Foundation**

410 Park Avenue 15th Floor  
New York, NY 10022, USA  
Tel. (917) 210-8083

### **Representative Office in Poland**

ul. Dobra 72  
00-312 Warszawa  
Tel. (22) 828-43-73  
Fax (22) 828-43-72  
e-mail: [paff@pafw.pl](mailto:paff@pafw.pl)  
[www.pafw.pl](http://www.pafw.pl)