

Introduction to financial statements valid as at December 31, 2016

The financial statements is presented in USD at the exchange rate of 1 USD = 3,7471 PLN on 7/5/2017

1. Data identifying the Foundation

1.1 Name of the Foundation

“CENTRUM CYFROWE”

1.2 Registered office of the Foundation

Ul. Gen. Władysława Andersa 29, 00-159 Warsaw

1.3. Registration in the National Court Register

The Foundation was established on 09 June 2015 by its Founders: Szymon Gutkowski, Igor Ostrowski, Aleksander Tarkowski and Fundacja Projekt: Polska and it operates on the basis of the Act on Foundations of 6 April 1984 (Journal of Laws of 1991, No. 46, item 203 as amended) and in accordance with the provisions of its statutes.

On 22 October 2015 the Foundation was registered in the Register of Associations, Other Social and Professional Organizations, Foundations and Public Health Care Facilities and the Register of Entrepreneurs in the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register under number KRS 0000581817.

1.4 Basic scope and duration of the Foundation’s activity

The Foundation has been created in order to support:

- a) the development of digital society
- b) projects aimed at propagating and protecting freedom, human rights and civil liberties, as well as activities supporting the development of democracy;
- c) activities for the benefit of European integration and developing contacts and cooperation between societies;
- d) activities supporting economic development, including the development of entrepreneurship;
- e) activities supporting the development of local communities;
- f) science, education and schooling
- g) culture, art, protection of cultural and national heritage and education in the scope of history of film art.

The Foundation was established for an unspecified period of time.

The Foundation conducts economic activity.

1.5 Management Board of the Foundation

As at the preparation date of the financial statements, the Management Board of the Foundation was composed of:

Aleksander Tarkowski - President of the Management Board

During the period covered by the financial statements there were no changes on the management board.

1.6 Period covered by the financial statements

The financial statements were prepared for the period from 01.01.2016 to 31.12.20156.

1.7 Going concern assumption

The financial statements were prepared with the assumption that business activity will be continued for a period no shorter than 12 months from 31 December 2016.

1.8 Internal organizational units

The entity does not include any internal business units that prepare their financial statements independently.

1.9 Merger of units

No merger with another unit was completed in the current financial year.

2. Significant accounting principles

The financial statements were prepared with the application of the following accounting principles:

2.1 Basis for drafting the financial statements

The financial statements were prepared in line with the practice followed by entities operating in Poland, on the basis of the principles of accounting arising from the regulations of the Act of 29.09.1994 on accountancy (Journal of Laws of 2016 item 4017, as amended).

The principles adopted by the Foundation were applied continuously and they are compliant with the principles of accounting applied in the preceding financial year.

The Foundation prepared its profit and loss account in the single-step (comparative) variant.

2.2 Revenues, costs and the financial result

Revenues and costs are recognized on the accrual basis, i.e. in the periods they concern regardless of the date of receiving or making the payment.

Revenues and profits

The entity considers likely economic benefits expected in the reporting period as revenues and profits, if their value is credibly specified, in the form of increasing the value of assets or decreasing the value of liabilities.

Costs and losses

The entity considers a likely decrease in economic benefits expected in the reporting period as costs and losses, if their value is credibly specified, in the form of decreasing the value of assets or increasing the value of liabilities and reserves.

The financial result

The net financial result is composed of:

- the operational result, including the result from other revenues and operational costs (indirectly connected with operations),
- the result on financial operations,
- compulsory charges on the financial result from business activity due to the income tax and payables equal to it under separate regulations.

2.3 Tangible and intangible assets

Fixed assets and intangible assets are valued as per their purchase prices or costs of manufacture, decreased by depreciation or amortization write-offs and impairment charges.

Fixed assets under construction are valued in the amount of the total costs directly related to their acquisition or manufacture, minus impairment charges.

Alien fixed assets or intangible assets used on the basis of leasing agreements are included in fixed assets, if the agreement meets the conditions specified in the accountancy act.

Amortization is done with the straight line approach. The annual rate and period of amortization is set according to the period of economic usefulness of the asset or right of use, whichever is shorter. The adopted periods and amortization rates are verified at least at the end of each financial year.

Fixed assets and intangible assets of a low initial value not exceeding PLN 3,500.00 are written-off on a one-off basis in their full value against the costs in the month they were put into operation.

Fixed assets under construction are not amortized until put into operation.

2.4 Tangible current assets

Tangible current assets are valued not more seldom than as at the balance sheet date according to the prices of acquisition or costs of manufacture no higher than their net selling prices at as the balance sheet date.

Impairment charges of tangible current assets made in connection with their loss of value and resulting from valuation according to net selling prices instead of acquisition or purchase prices or costs of manufacture are included in other operational costs.

2.5 Receivables

In the financial statements, receivables are divided into long-term and short-term ones as well as receivables from affiliated and other entities. Short-term receivables include all receivables from supplies and services as well as all or some receivables from other sources which are not included in financial assets and which become payable within 12 months from the balance sheet date.

Receivables are shown in the payable amount, with the rule of caution, in the net value (minus impairment charges).

The value of receivables is adjusted taking into account the level of likelihood of their being paid by making an impairment charge in relation to:

- 1) receivables from debtors under liquidation or bankruptcy proceedings - up to the amount of receivables not covered by a guarantee or another security of receivables notified to the liquidator or judge commissioner in bankruptcy proceedings;
- 2) receivables from debtors if a petition for bankruptcy was dismissed, if the debtor's assets are not sufficient to satisfy the costs of bankruptcy proceedings - in the full amount of receivables;
- 3) receivables questioned by debtors and overdue receivables while according to the evaluation of the debtor's property and financial situation, the repayment of receivables in the agreed amount is not likely - up to the amount uncovered by guarantee or another security of receivables;
- 4) receivables equal to amounts increasing receivables which had been subject to an impairment charge - in those amounts, until their receipt or write-off.
- 5) overdue receivables or not overdue receivables of substantial likelihood of uncollectability in cases justified with the kind of business or structure of recipients - in the amount of a credibly estimated write-off, including a general one, for uncollectable receivables.

Impairment charges on receivables are included into other operational costs or financial costs, depending on the type of receivables that the impairment charge applies to. Extinguished, expired or uncollectible receivables decrease previously made impairment charges.

2.6 Cash equivalents

Cash equivalents include assets in the form of Polish money and foreign currencies. Cash equivalents also include other financial assets, including in particular interest accruing on financial assets.

2.7 Prepayments

Prepayments are made in relation to borne costs concerning future reporting periods.

Prepayments include:

-long-term prepayments which concern future reporting periods and last longer than 12 months since the balance sheet date.

-short-term prepayments which concern future reporting periods and last no longer than 12 months since the balance sheet date.

Prepayments are written-off in relation to the lapse of time or size of benefits. The time and manner of settlement is justified with the nature of settled costs, with the rule of cautious valuation.

2.8. Statutory Fund

The Foundation's statutory fund is compulsorily valued as at the balance sheet date in the nominal value, and posted in the books according to types and principles specified in the statutes of the Foundation.

2.9. Payables

In the financial statements, payables are divided into long-term and short-term ones as well as payables from affiliated and other entities. Short-term payables include all payables for supplies and services as well as all or some other payables which become payable within 12 months from the balance sheet date.

Other than financial payables are shown in the payable amount.

2.10 Income tax

Income tax shown in the profit and loss account covers the current part.

Entities whose annual financial statements are not subject to compulsory auditing and publication under Article 64 item 1 of the Accountancy Act are not obliged to set assets and reserves for deferred income tax.

Aleksander Tarkowski
President of the Management Board

Marek Wiechno
DEM Sp. z o.o.
Person who prepared the financial statements
Warsaw, 31.03.2017

BALANCE SHEET AS AT 31 Dec 2016

ASSETS

List of assets	As at 31 December 2016	31 December 2015
A. Fixed assets	0,00	0,00
I. Intangible assets	0,00	0,00
II. Tangible fixed assets	0,00	0,00
III. Long- term receivables	0,00	0,00
IV. Long- term investments	0,00	0,00
V. Long- term prepayments	0,00	0,00
B. Current assets	96721,69	833,98
I. Inventory	0,00	0,00
II. Short- term receivables	2255,08	787,81
3. receivables from other units	2255,08	787,81
a) for supplies and services of of repayment periods:	2133,65	787,81
i. up to 12 months	0,00	0,00
ii. above 12 months	2133,65	787,81
c) other	0,00	0,00
d) sought in court	121,43	0,00
	0,00	0,00
III. Short-term investments	94466,62	53,37
1. Short term financial assets	94466,62	53,37
c) cash and other pecuniary assets	94466,62	53,37
i. cash at hand and in bank	94466,62	53,37
IV. Short-term prepayments	0,00	0,00
C. Due contributions to the share capital	0,00	16572,82
D. Own shares (stock)	0,00	0,00
Total assets	96721,69	17414,00

Aleksander Tarkowski
President of the Management Board

Marek Wiechno
DEM Sp. z o.o.
Person who prepared the financial statements
Warsaw, 31.03.2017

LIABILITIES

List of liabilities	As at 31 December 2016	31 December 2015
A. Equity	94992,94	17404,93
I. Share capital	16626,19	16626,19
II. Supplementary fund	0,00	0,00
III. Revaluation reserve	0,00	0,00
IV. Other reserve funds	0,00	0,00
V. Profit (loss) from preceding years	778,74	0,00
VI. Net profit (loss)	77588,01	778,74
---	0,00	0,00
B Liabilities and provisions for liabilities	1728,76	9,07
I Other reserves for liabilities	0,00	0,00
II Long-term liabilities	0,00	0,00
III Short-term liabilities	1728,76	9,07
3. to other entities	1728,76	9,07
d) due to supplies and services payable in	431,00	9,07
i. up to 12 months	431,00	9,07
ii. more than 12 months	0,00	0,00
e) advances received towards supplies and services	0,00	0,00
f) bond of exchange liabilities	0,00	0,00
g) For taxes, customs, insurances and other benefits	1297,76	0,00
4. Special funds	0,00	0,00
IV. Accruals	0,00	0,00
Total	96721,69	17414,00

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President of the Management Board

Marek Wiechno
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Person who prepared the financial statements
Warsaw, 31.03.2017

PROFIT AND LOSS ACCOUNT
For the period from 01.01.2016 to 31.12.2016
Comparative method

Name of item	2016	2015
A. Net revenues from sales and equal, including	16831,10	787,81
- from affiliated entities	0,00	0,00
I. Net revenues from selling products	16831,10	787,81
II. Change in stock of finished goods	0,00	0,00
III. Costs of manufacturing products for own purposes	0,00	0,00
IV. Net revenues from selling goods and materials	0,00	0,00
B. Costs of operations	51865,87	9,07
I. Amortization	0,00	p
II. Consumption of materials and energy	0,00	p
III. Alien services	33983,38	p
IV. Taxes and fees, including:		9,07
- excise tax	0,00	0,00
V. Remunerations	16354,06	0,00
VI. Social insurances and other benefits, including	1033,05	0,00
- retirement pension	477,83	0,00
VII. Other prime costs	495,39	0,00
VIII. Value of goods and materials sold	0,00	0,00
C. Profit/loss from sales (A-B)	-35034,77	778,74
D. Other operational revenues	112544,04	0,00
II. Subsidies	112544,04	0,00
E. Other operational costs	0,00	0,00
III. Other operational costs	0,00	0,00
F. Profit/loss from operations (C+D+E)	77509,27	778,74
G. Financial revenues	78,74	0,00
II. Interest, including	78,74	0,00
- from affiliated entities	0,00	0,00
H. Financial costs	0,00	0,00
I. Gross profit/loss on operations (F+G-H)	77588,01	778,74
J. Income tax	0,00	0,00
L. Net profit/loss (K-L-M)	77588,01	778,74

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