



Frank Bold Society

a member of the Frank Bold Group

2017 Annual Report



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Responsible Companies

We develop and promote new business models that better integrate societal interests into corporate purposes, governance, and decision-making. We recognize the key role that corporations play in society, but we also see the struggles of the corporate sector to act sustainably and ethically and to respond to the fundamental challenges we face as a society, including climate change and inequality. By working with businesses, leading scholars, and NGOs, we strive to rework the corporation and its relationship with society. Additionally, in the area of business and human rights, we aim to bridge existing global governance gaps and strengthen the enforcement of laws and of individuals' ability to assert their rights.

Achievements in 2017

The Purpose of the Corporation Project

This [project](#) provides a strategic, "open-source" platform for a global debate on the purpose of the corporation, the role of corporations in society, and the future of corporate governance. In 2016, we completed a series of roundtables that brought together over 260 leaders in business management, investment, regulation, academia, and civil society, with the aim of identifying desired outcomes and principles for corporate governance that is fit for the challenges of the 21st century. We summarized the resulting recommendations in our study [Corporate Governance for a Changing World](#).

In 2017 we focused on promoting and contextualizing these recommendations. During the spring, we organized three events for topic experts to feed into the inquiry of the UK Parliament and the consultation of the UK government on director duties, board-level employee representation, and executive pay (see their conclusions [here](#)). At these events, held at London's Cass Business School, we engaged some of this subject's major stakeholders, including the Financial Reporting Council that is currently reforming the UK corporate governance code.

At the EU level, we engaged with the work of the [High-Level Expert Group on Sustainable Finance](#) (HLEG), which was set up by the European Commission to deliver concrete policy recommendations to transform the financial system into a sustainable one. The final recommendations of the HLEG included many positive recommendations that corresponded with the recommendations of the Purpose of the Corporation project, including two that were directly related to corporate governance: (a) improve and integrate sustainability in corporate disclosure and (b) reform the duties of European companies' directors.

Our reflections are summarized in our submission to the public consultation (see [here](#)) and in our analyses of the HLEG interim report in [EurActiv](#) and [Board Agenda](#). In response to the HLEG's recommendations, the European Commission announced the preparation of its own [Action Plan on Sustainable Finance](#) to implement them. We cooperated with a coalition of civil society organizations that composed a [joint position paper](#), to which we contributed a chapter on corporate governance. Frank Bold's specific recommendations were also taken up by the European Parliament's [own initiative on sustainable finance](#).



Non-financial Reporting

In 2017, we continued to focus on the EU framework for non-financial (sustainability) reporting by large companies, which is a central element both for sustainable corporate governance and for developing an effective framework for sustainable finance. EU directive 2014/95/EU requires such reporting for around 6,000 large companies with over 500 employees. These are companies that are either listed on EU-regulated markets or operating in the banking or insurance sectors. The first reports must be published in 2018, regarding the 2017 fiscal year.

We published an [in-depth comparative analysis of the transposition of the Directive into the frameworks of the UK, France, Germany, and Italy](#), pinpointing obstacles to effective implementation in practice. We also contributed to the development of the European Commission guidelines adopted in June 2017, which help companies disclose relevant information in a more consistent and comparable manner. Finally, in partnership with the [SMART project](#), a pan-European academic collaboration studying the barriers and drivers for market actors' contributions to the UN Sustainable Development Goals within planetary boundaries, we organized an [event hosted in September 2017 at the Norway House](#) that aimed to provide critical academic reflections on the current state-of-art for corporate sustainability and integrated disclosure and identify pathways to improve the EU NFI framework to meet the objectives of the sustainable finance agenda. Its speakers included representatives of the European Commission, responsible investors, and corporations, as well as academics.

Publications and media: We have produced a number of publications here, ranging from [summaries](#), [short guides](#), and [briefings](#) to academic [papers](#), and published several articles in [media outlets](#).

Business and Human Rights

Over the course of 2017, we continued our support for and cooperation with the European Coalition for Corporate Justice (ECCJ), which we also help to steer. The goal of the ECCJ is to create a more effective framework for corporate responsibility—one that ensures protection for human rights and the environment in global supply chains and contributes to a level playing field for responsible businesses.

In 2017, together with the ECCJ Secretariat, we encouraged the creation of the [Responsible Business Conduct working group at the European Parliament](#) (EP) under the leadership of the EP Vice-President Heidi Hautala, and the group's initial focus on parent-company liability, access to justice, and corporate governance.

Over the last six years we have performed research that has charted the way for the anchoring of the corporate responsibility to respect human rights—a key element of the UN Guiding Principles on Business and Human Rights—in legislation. In 2017, France adopted such a law, while the Swiss Responsible Business Initiative, proposing similar legislation, gathered over 100,000 signatures: the amount that is required for a proposal to be voted on in a referendum. With a view to these developments, we have helped the ECCJ to coordinate a study into the EU's competency to take action to harmonize the law in this respect in the EU Single Market as a whole. Concerns about the EU's competencies here have been so far the greatest obstacle in this debate.

At the request of the EU Fundamental Rights Agency, we participated in the consultations that shaped the [Opinion](#) on Improving Access to Remedy in the Area of Business and Human Rights at the EU level that was requested of them by the EU Council. Their final Opinion, which was released www.frankbold.org



on April 10th, 2017, recommended focusing on several key reforms that correspond with our earlier recommendations—notably regarding collective redress (class actions), access to evidence, burden of proof, and human-rights due diligence.



Filip Gregor during the debate organized in Brussels together with the SMART project.



Responsible Energy

We establish and promote legal initiatives that help towards a shift in orientation in the EU countries in the direction of low-emissions energy production. We see the future of the European energy sector in the decentralization of energy production and the minimization of its negative impacts on the environment and human health. We also help to speed up the phasing out of coal-based energy, especially in the countries of Central and Eastern Europe.

Achievements in 2017

We Strive to Improve Air Quality and Promote the Right to Clean Air

Air pollution is one of the most serious environmental and health problems in Poland and the Czech Republic. The region around the border between the two states has long been one of the most polluted in the entire EU. The binding limits for particulate matter, above all, have been exceeded for years. The European Commission has repeatedly called attention to this fact, appealing for these two countries to meet their obligations—especially those for implementing effective measures to reduce this pollution. The Czech Ministry of Environment prepared strategic documents, "*atmospheric quality improvement programs*," which were intended to serve as a tool for putting an end to air pollution in excess of the agreed limits.

However, in light of the available assessments, these documents could not be considered sufficient with regard to the requirements in European legislation, and so in 2016, we joined up with local initiatives for the four most afflicted regions—the Ostrava conurbation, Ústí nad Labem, Brno, and Prague—to file suits against the ministry's course of action in this matter.

In 2017, the Supreme Administrative Court of the Czech Republic affirmed our assertion that the Atmospheric Quality Improvement Program for the Ostrava/Karviná/Frýdek-Místek conurbation is insufficiently effective and specific, and it struck down a portion of the Program. Its precedential ruling, founded in both European and Czech law, identified the errors that the Ministry of Environment committed when drafting the Program. The Ministry of Environment must now rework the Program so that it meets all legal requirements, i.e. so that it ensures that air pollution is reduced to at most the legal limit, and does so in the shortest possible time.

We participated in the Programs' acceptance process from the very start, but the Supreme Administrative Court was the first to accept our objections. The Supreme Administrative Court's decision is a breakthrough one that takes a positive stance towards the legal protection of air quality, and has adjusted the decision-making practice for similar cases in the future.

Within our Right to Clean Air project, we have—in cooperation with our German partners Deutsche Umwelthilfe (DUH)—organized a topic seminar in Brno for officials, local administrations, and the public on the subject of improving communities' air quality. The speakers included domestic and foreign experts, officials, lawyers, and NGO representatives.

We worked on the lack of effective strategies for cleaner air in Poland as well. Together with a local initiative, we have commenced and are continuing a pilot case in the Lesser Poland Voivodeship, one of the most heavily polluted regions. After the administrative courts rejected our lawsuit against the air-quality improvement program for this region, we turned to the Constitutional Tribunal. Our



constitutional complaint is aimed at the program's provisions that fail to enable citizens use the court system to advance their right to clean air, as required by European guidelines. In other regions of Poland, we are participating in the preparation of new atmospheric quality improvement programs, offering consulting to local partners, and cooperating with local administrations.



The Improving Air Quality in Communities seminar was held in Brno in September of 2017.

Continuation of the court case on the life extension for the Chvaletice Power Station

In 2016, a modernization of the Chvaletice Power Station was greenlighted, thereby extending this plant's life by at least 10 years. The Chvaletice Power Station is among the Czech Republic's largest emissions sources for nitrogen oxides, sulfur oxides, dust, and mercury. Meanwhile, this extension was approved without an Environmental Impact Assessment (EIA)—and without the participation of the affected public. We consider this approach to be unlawful. We are therefore turning to the courts for the annulment of the construction permits for this modernization. Our goal is for an EIA to be performed, with the possibility for participation by the public, associations, and communities, so that they can express their opinions on the plan and to raise objections to its defects. During 2017 we continued this case, and it currently lies before the Supreme Administrative Court.



Reconstruction of the State

2017 was the planned final year for Reconstruction of the State; meanwhile, the decision was made to continue on with this project. In 2013, over 30 organizations and other partners made it their goal to push through, through their own efforts along with public support, nine important laws that can help to reduce corruption and clientelism in the Czech Republic. Over the course of four years, five of these laws were passed, and Reconstruction of the State is continuing in its efforts.

Achievements in 2017

We're Watching Over the Contract Register

Since 2016, we have been striving to keep the Contract Register—a register of almost all contracts drawn by state and public institutions that was a key legislative victory for Reconstruction of the State—free of blanket exceptions. During February of 2017, MPs made new amendment proposals, with exceptions for state-owned enterprises. Despite earlier promises by the governmental parties' leaders, the Chamber of Deputies then approved an amendment to the law that would hide information on public-funds flows worth up to 150 billion crowns a year from the public eye. We therefore informed the public via a special campaign (Facebook, online ads, posters, and billboards) as to which MPs supported the excepting of state-owned enterprises from state contract reporting requirements.



The Campaign to preserve the Contract Register act.



These politicians were very sensitive towards this campaign, because they were personally confronted with their own votes, which the majority of the public perceived very negatively. We also traveled out into the nation's regions with a campaign named "We Want to See It!" in which we informed citizens of the threat that this law would soon be cut back. The tour overall ended with a public event named "The 150 Bil. Happening" on Prague's Malostranská Square on the evening before the vote.

This public campaign, along with intensive lobbying, brought success: the senators passed amendment proposals that removed the blanket exceptions for the contracts of state and city enterprises. We arranged thank-you billboard advertisements for the senators who did the most to preserve the Contract Register. The vote in the Chamber of Deputies was postponed following this, with the justification that the heads of the political parties would try to push through a new, compromise version with an accelerated legislative process. This compromise proposal, which contained only a limited number of exceptions, which did not represent a fundamental alteration to the law, was accepted by the Chamber of Deputies at the end of June, and on August 18th, 2017, the amendment entered into effect. After five years of efforts, we have a functional Contract Register in the Czech Republic, and thanks to it every citizen can see for themselves how public finances are being managed.

We're Promoting the Party Financing Reform in Practice

One of the laws promoted by Reconstruction of the State is a reform to the financial management of political parties and voting campaigns. This reform introduces a number of key measures—a restriction to the amounts of gifts and possible donors, a ban on anonymous voting campaigns, mandatory marking of all campaign materials, mandatory registration of campaign workers in their own name, per-campaign financial limits that cannot be exceeded during an official campaign, and more. The new Office for Economic Supervision of Political Parties and Political Movements is in charge of monitoring observance of these new rules. Because this office has a limited capacity and possibilities, during the 2017 elections, we also called the public to monitor the observance of the rules via the **Fér volby** (Fair Elections) app, which enables all interested persons to record matters surrounding a specific campaign and point out both good practice and various failures (typically involving the marking of materials). We then processed this information and passed on relevant filings to the Office directly. We wish to use this site in a similar fashion for future elections as well.

We're Recognizing and Assessing Politicians

For Frank Bold, the elections to the Chamber of Deputies in October of 2017 meant a shift from four years of monitoring politicians' actions to presenting a final evaluation for citizens. We focused on how politicians voted on the anti-corruption laws that we monitor and on what proposals they made in regards to them. From our overall assessment it was evident that over half of all MPs were generally favorable towards anti-corruption laws, and that many of them do keep their word when it comes to supporting these laws.

We held a gala event at which we presented awards to those MPs that had most strongly supported anti-corruption legislation. Those MPs were Radek Vondráček (ANO), Jiří Mihola (KDU-ČSL), Jan Farský (STAN), Petr Gazdík (STAN), and Jan Sedláček (ANO). Reconstruction of the State decided to also publicly grant awards to three further MPs from parties that supported these laws: Vít Kaňkovský (KDU-ČSL), Gabriela Pecková (TOP09), and Jeroným Tejc (ČSSD). We likewise gave awards to three senators to recognize their support for anti-corruption laws: Libor Michálek (elected in the name of a



coalition of the Pirate Party, the Greens, and KDU-ČSL), Jitka Seitlová (KDU-ČSL), and Jaroslav Větrovský (ANO).

During this evening, we also presented our **Průvodce voliče** (Voter's Guide) bulletin, which we distributed to millions of Czech households, with versions tailored to each of the nation's regions. This guide informed the public as to which MPs in a region kept their promises, and which MPs, on the contrary, had hampered the progress of anti-corruption legislation.

Five Years Later: Retrospection and a Change in Priorities

Reconstruction of the State has concluded one five-year stage in its mission to promote nine key laws, which deputies had taken on as an obligation before the 2013 elections. This successful model unfortunately cannot be repeated in the new election period, and so the Reconstruction of the State platform has decided for a new direction. At a gala event on November 23rd, 2017, we presented a list of the topics we would cover in the new period.

Reconstruction of the State will now rest on three pillars. The first is monitoring of already accepted anti-corruption acts. The second lies in new topics—free access to information, a reduction to the limit for small-scale public orders, findability for the ultimate owners of companies, independence for the Public Prosecutor's Office, and an expansion to the authority of the Supreme Audit Office. The third is support for the upholding of the basic principles of responsible, democratic governance in the nation.



The Legal Service for Citizens

This legal service is a partner to active citizens in the nation's regions. Through it, they obtain practical legal knowledge and skills, which they then put to use for their long-term involvement in public affairs. By supporting active individuals and local initiatives, we aim to strengthen the nation's civil society. Likewise via web-accessible law guides, manuals, and tips, we strive to educate the public at large regarding good governance and the basics of legislation.

Achievements in 2017

Free Legal Consulting Service

We provide free legal consultations to the public regarding a number of issues of general interest. In 2017, our service reviewed over 180 legal guides, tips, and manuals and processed over 800 questions, which typically concerned the following areas:

- The founding and functioning of associations, and public participation during projects' approval and permit processes.
- Public participation in community-administration issues (petitions and referendums).
- The management of community property, legality assessments for the commissioning of public works, conflicts of interest among community representatives, etc.
- Public participation during changes to land-use plans and assessing the legality of a community's course of action.
- Providing information under the Freedom of Information Act.
- How citizens can take action during the approval and execution of grant projects.

Our interns—who process these questions under expert supervision—spent over 800 hours on legal work at the consulting center.

Support for Associations' Initiatives

We have established long-term cooperation with associations and initiatives of active citizens who are participating in local public-interest cases. Our basic advisory service includes a regular supply of legal advice and guides, and a chance to participate in trainings and partner meetings, where the partners themselves exchange experience and know-how. Above and beyond this foundation, our lawyers and interns aid associations with a number of legal matters, such as legal analyses, drawing up contracts, lawsuits, commenting on draft regulations, and raising publicity for their cases. In 2017 we provided these partners with over 150 hours of work by our lawyers and 100 hours of work by our interns. We actively cooperated with 13 associations. Here are some examples of this cooperation:

- We helped Zdravý Rožnov (Healthy Rožnov) to file the second lawsuit in a row against the same land-use decision for the siting of a shopping center, which the regional administration had confirmed again after the decision had already been annulled by the regional court. Besides consultations on how to proceed and tips regarding the individual points of their lawsuit, we also participated in round tables with the local citizens who are most affected by the project that is receiving the permit.
- We aided the association 8jinak! with procedural tasks such as a request to receive information on commenced proceedings, a crime complaint, proceedings with the Office for the Protection of Competition, and a request for information on the procedure in a matter.



- We helped SOS Karviná to participate in the permit process for mining activities; here we prepared arguments for an administrative-court case against a permit for unlawful mining activity.
- We helped Stop tunelům (Stop the Frauds) with their case against the local administrative body in the matter of the Milada lake, where a biotope-protection exception has been granted for a new port.
- We advised a civic association in Nalžovice regarding how citizens should proceed when a community is unlawfully managing public funds, and especially regarding the investigation of a case where a community is not acting to collect rent owed for the use of community property.
- Sbor dobrovolných občanů (the Volunteer Citizens Association) turned to us seeking help with a suit against the land-use decision for the siting of the Náchod bypass, repeatedly pointing out its suspicions of systemic bias at the local and regional building offices.

The Citizen 2.0 Network

We supplied the 4,000 members of the Citizen 2.0 network with information and advice. These are active citizens who are interested and involved in the matters around them. In 2017, they received five "2.0 Bulletins" with information on currently successful cases and nine "2.0 Advisors" with legal advice and guides. Each Citizen 2.0 also has the option of participating in regular meetings with lectures and know-how exchanges. 2017's meeting was mainly focused on the amendment to the Construction Act and on the EIA Act.



The meeting of partners from local associations and initiatives at Ostrava's Impact Hub on November 4th, 2017.



Employees and Interns in 2017

In 2017, Frank Bold Society had a total of 33 employees, who were distributed among the following teams:

Petr Bouda				Barbora Buchtová
Martin Fadrný				Václava Černá
Josef Karlický				Pavel Franc
Magdaléna Klimešová				Pavčina Gbelcová (maternity leave)
Lukáš Kraus				Žaneta Goňová (maternity leave)
Kristýna Menclová	Markéta Cooman (maternity leave)			Michala Chatrná
Olga Pek	Vojtěch Dědek			Jana Kravčíková
Jaroslava Vatay	Libor Jarmič			Stanislav Kutáček
Gabriela Vondrušová	Lukáš Prnka	Petra Marie Giňová		Veronika Sonnenscheinová
Adam Wichera	Kristýna Ryšavá	Laura Haiselová	Susanna Arus	Eva Johana Šteinigerová
Václav Zeman	Hana Sotoniaková (maternity leave)	Kristína Šabová (maternity leave)	Filip Gregor	Petra Zelenáková
Reconstruction of the State	Legal Service for Citizens	Responsible Energy	Responsible Companies	Support

Our law student internship program continued on in 2017. These students each work at Frank Bold under the leadership of an experienced lawyer and help in, among other things, the work of the above-mentioned legal service. 15 interns worked with us during the 2017/2018 school year, while 17 did so in 2016/2017.

2017/2018 School Year	Martin Altmann		2016/2017 School Year	Martin Altmann	
	Kristýna Bílková			Vincenc Bouček	Barbora Marečková
	Anna Blechová			Vladimír Čadek	Filip Mazel
	Hana Breburdová	Jana Karkulíková		Laura Haiselová	Daniela Petržilková
	Šárka Butulová	Andrea Lančová		Alena Chaloupková	Denisa Skládalová
	Jana Hajdučková	Dominik Macek		Pavel Chodúr	Petr Stejskal
	Pavel Chodúr	Barbora Marečková		Petr Kocmánek	Michaela Svobodová
	David Janků	Denisa Skládalová		Andrea Lančová	Martin Štípa
	Gabriela Kaletová	Adam Zeman		Simona Majdová	Kristýna Zahálková



Grants, Contributions from Foundations, and Gifts

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The International
Visegrad Fund



The Joseph Rowntree
Charitable Trust



The Czech Ministry of
Interior



The BLÍŽKSOBĚ
Foundation



The Open Society Fund
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The Orlický Family
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The Open Society
Institute

SIGRID
RAUSING
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The Sigrid Rausing Trust



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We would like to hereby thank all our other contributors:

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Frank Bold's Financing

Frank Bold Society, z. s. is a member of the Frank Bold Group. The Frank Bold Group's other Czech members are Frank Bold Kids, z.s. (which runs the Sýkorka forest-preschool program) and the Frank Bold Advokáti, s.r.o. law office. The group also includes the Polish member Fundacja Frank Bold.

The Financing of Frank Bold's Individual Parts

- Frank Bold Advokáti is a law office financed through its own commercial projects.
- Frank Bold Kids is financed through member contributions, gifts, loans, its own income, and grants from public budgets.
- Frank Bold Society is financed from its own income and above all a number of grants, foundations, and private and corporate donors. The Frank Bold Advokáti law office is among these donors. It contributes both financially and materially—the Society can utilize its infrastructure freely.
- The NGO Fundacja Frank Bold is financed through grants and its own income.

Each entity's financing is separate. Financially speaking, the sole relationships between the entities are the mentioned donations from Frank Bold Advokáti to Frank Bold Society and Frank Bold Kids. However, Frank Bold Society additionally also occasionally orders the services of Frank Bold Advokáti for its projects.

The Prevention of Conflicts of Interest Between the Associations and the Law Office

The activities of the law office and Frank Bold Society are separate. They are, however, governed by the same values and are not in conflict. The two entities coordinate their activities to the extent that is needed to prevent any conflicts of interest—for example any situation where Frank Bold Society would be aiding one side in a dispute, and Frank Bold Advokáti would be representing the other.

Frank Bold Advokáti has a strict ethical codex, which also governs what orders it will accept. It does not represent parties engaging in corruption, the covering up of crimes, money laundering, harm to the environment, or violations of human rights. This office's clients have no effect on the activities and priorities of Frank Bold Society.



Financial Report for 2017

exchange rate EUR/CZK, 2017-12-29 | 1€=25,540

COSTS	EUR	REVENUES	EUR
office supplies	5 605	from our own activities	21 011
literature and periodicals	364	<i>grants from public and EU budgets</i>	
repairs and maintenance	0	- European Commission - LIFE +	4 155
travel	18 178	- European Commission - DG Justice	9 140
prestige (primarily food at the Society's events)	3 425	- The BLÍŽ K SOBĚ Foundation	24 299
communication costs (including postage)	11 416	- The Czech Ministry of Interior	24 977
printing, copying, and publicity	100 894	<i>grants from foundations and associations</i>	
rent (incl. rent-related services and energy)	23 668	- The European Climate Foundation	80 570
short-term rentals (primarily rentals of spaces for events)	4 158	- The Open Society Fund Prague	21 653
legal services and fees	7 642	- Cass Business School	2 011
analyses and expert opinions	55 117	- The Open Society Institute	61 848
translations and interpreting	1 559	- The Orlický Family Charity Fund	6 407
training courses and seminars	455	- Deutsche Umwelthilfe	10 961
software	358	- The Embassy of the US to the Czech Republic	8 740
salary costs	333 078	- The Embassy of Canada to the Czech Republic	707
taxes, welfare insurance, and health insurance	86 957	- The International Visegrad Fund	1 693
donations and membership fees	20 762	- The Centre for Research on Multinational Corporations	14 194
banking fees	504	- The Wallace Global Fund	11 606
other (exchange losses, audits, and other services)	20 242	- The Sigrid Rausing Trust	91 083
TOTAL COSTS	694 563	- The Joseph Rowntree Charitable Trust	29 405
		- The Charles Léopold Mayer Foundation for the Progress of Humankind	320
		gifts from physical and legal persons – Reconstruction of the State	188 915
		gifts from physical and legal persons – other	52 563
		interest on credit	54
		other (exchange gains, pre-invoicing, funds)	10 836
		REVENUE TOTAL	677 149
FINANCIAL OUTCOME – LOSS			-17 414

INDEPENDENT AUDITOR'S REPORT
on audit of financial statements as of 31 December 2017

of the company
Frank Bold Society, z.s.

Prague, 24 August 2018

INTRODUCTORY DATA

Audited entity

Company: Frank Bold Society, z.s.
Address: Údolní 567/33, Brno-město, 602 00 Brno
Company Identification No.: 653 41 490
Business activity:

- Organization of campaigns and petition activities for the protection of environment, cultural monuments, consumer's rights, human rights, protection against discrimination, as well as protection of other public interests;
- Participation on administrative and other proceedings where the interests of protecting the environment, consumer's rights and other public interests might be affected.

Recipient of report

Members of the association after negotiations with a statutory body

Subject of audit

Financial statements as of 31 December 2017 for the accounting period from 1 January 2017 to 31 December 2017

Term of audit

16 August 2018 – 24 August 2018

Audit performed and auditor's report executed by

22HLAV s.r.o.

Všebořická 82/2, 40001 Ústí nad Labem

The Chamber of Auditors of the Czech Republic license No. 277

Member of MSI Global Alliance, Legal & Accounting Firms (international association of independent professional firms)

Responsible auditor: Ing. Miroslava Nebuželská, The Chamber of Auditors of the Czech Republic license No. 2092

INDEPENDENT AUDITOR'S REPORT

Designated for the members of Frank Bold Society, z.s.

Report on audit of financial statements

Auditor's opinion

We have audited the attached financial statements of Frank Bold Society, z.s. (hereinafter referred to as the "Company"), which consist based on the Czech accounting standards of the balance sheet as of 31 December 2017, profit and loss statement for the year ending on 31 December 2017, and of the Annex to the financial statements containing the description of major applied accounting policies and other explaining information. The data about the Company is listed in clause 1 of the Annex hereto.

In our opinion, the **financial statements provide a fair and true reflection of assets and liabilities of Frank Bold Society, z.s. as of 31 December 2017, of its expenses and revenues, and net income for the year ending on 31 December 2017**, in accordance with the Czech accounting standards.

Basis for the opinion

We performed the audit in accordance with the Act on Auditors, Regulation of the European Parliament and Council (EU) No. 573/2014, and auditing standards of the Chamber of Auditors of the Czech Republic, namely with the International Standards on Auditing (ISA), eventually supplemented and amended by relating application clauses. Our liability stipulated by these regulations is described in more detail in the section Auditor's liability for audit of financial statements. In accordance with the Act on Auditors and with the Ethics Code adopted by the Chamber of Auditors of the Czech Republic, we are independent on the Company and we have met also other ethical obligations arising from the mentioned regulations. We assume that the evidence we have collected provides a sufficient and suitable basis for the expression of our opinion.

Liability of the Company's committee for financial statements

The Company's committee is liable for preparing the financial statements which provide a true and fair view in accordance with the Czech accounting standards, and for such internal control system as it may consider necessary for the preparation of the financial statements free of significant (material) misstatements caused by fraud or error.

When preparing the financial statements, the committee is obliged to assess whether the Company is able to be operated constantly and, if relevant, describe in the Annex to the financial statements all the matters concerning its constant operation and application of a presumption of constant operation for the preparation of financial statements, except for the cases when the committee intends to dissolve the Company or terminate its activity, respectively when the committee does not have any other real possibility than to do so.

Auditor's liability for audit of financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements are free of significant (material) misstatements caused by fraud or error, and to issue an auditor's report containing our opinion. The reasonable level of assurance is a high level of assurance but it is not a guarantee that the audit performed in accordance with the above-mentioned standards reveals in all

cases any eventual existing significant (material) misstatement. The misstatements may be caused by frauds or errors and are considered as significant (material) if it may be assumed they, individually or collectively, might affect the economic decisions that the users of the financial statements adopt on their basis.

When performing the audit in accordance with the above-mentioned standards, our obligation is to apply an expert's opinion during the entire audit and keep professional skepticism. Furthermore, our obligation is to:

- Identify and assess the risks of the significant (material) misstatements of financial statements caused by fraud or error, suggest, and apply the auditing procedures reacting on these risks and gain sufficient and reasonable evidence to be able to express our opinion on its basis. The risk that we do not reveal any significant (material) misstatement caused by fraud is bigger than the risk that we do not reveal any significant (material) misstatement caused by error because the fraud may include secret agreements (collusions), falsifications, intentional omissions, untrue statements, or circumvention of internal inspections by the Company's Director and Chairman.
- Get acquainted with the internal control system of the Company, that is relevant for the audit, within such scope as to be able to suggest the appropriate auditing procedures with respect to the specific circumstances and not to express our opinion on the effectiveness of the internal control system.
- Assess the suitability of the accounting principles applied, the reasonability of accounting estimates made and information stated by the Company's Director and Chairman in this connection in the Annex to the financial statements.
- Assess the suitability of using the presumption of constant operation when preparing the financial statements and assess whether there is any significant (material) uncertainty with respect to the gathered evidence, arising from the events or conditions that may doubt significantly the Company's ability to be operated constantly. If we come to the conclusion that there is such significant (material) uncertainty, our obligation is to pay attention in our report to the information stated in this connection in the Annex to the financial statements. If this information is not sufficient, we are obliged to express a modified opinion. Our conclusions concerning the Company's ability to be operated constantly are based on the evidence we gained till the date of our report. Nevertheless, the future events or conditions may lead to the fact that the Company loses its ability to be operated constantly.
- Assess the overall presentation, division and contents of the financial statements including their Annexes, and assess whether the financial statements show the transactions and events in a manner that provides a true and fair view.

Our obligation is to inform the Director and Chairman and the Supervisory Board among others of the planned scope and schedule of the audit and of the significant findings we made during the audit, including the found significant insufficiencies of the internal control system.

22HLAV s.r.o.

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registered office: Všebořická 82/2, 40001 Ústí nad Labem, branch office: Doudlebská 1699/5, 14000 Praha 4, phone No.: +420 474745134, +420 230 234 554, e-mail: info@22hlav.cz, Internet: <http://www.22hlav.cz>

22HLAV
Audit&consult

MSI Global Alliance
Independent Member Firm

Všebořická 82/2, 40001 Ústí nad Labem

The Chamber of Auditors of the Czech Republic license No. 277

In Prague, on 24 August 2018

signature illegible

Ing. Miroslava Nebuželská

License No. 2092

The Chamber of Auditors of the Czech Republic,

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22HLAV s.r.o. (2)

The following Annexes form an integral part of this report:

1. Balance sheet as of 31 December 2017
2. Profit and loss statement for the period from 1 January 2017 to 31 December 2017
3. Annex to the financial statements for the period from 1 January 2017 to 31 December 2017

BALANCE SHEET
As of 31 December 2017
(In thousands CZK – TCZK)

Elaborated in accordance with
Decree No. 504/2002 Coll.,
as amended

Name and address of the accounting unit:

Frank Bold Society

Údolní 33

602 00 Brno

Company Identification No.
65341490

		line number	situation as of the first day of the accounting period	situation as of the last day of the accounting period
			1	2
ASSETS				
a		b	1	2
A.	Total fixed assets (L. 02 + 10 + 21 - 28)	1	0	0
A.I.	Intangible fixed assets (L. 03 to 09)	2	0	0
A.I.1.	Intangible results of research and development (012)	3	0	0
A.I.2.	Software (013)	4	0	0
A.I.3.	Valuable rights (014)	5	0	0
A.I.4.	Low-value intangible fixed assets (018)	6	0	0
A.I.5.	Other intangible fixed assets (019)	7	0	0
A.I.6.	Intangible fixed assets under construction (041)	8	0	0
A.I.7.	Advance payments for intangible fixed assets (051)	9	0	0
A.II.	Tangible fixed assets (L. 11 to 20)	10	0	0
A.II.1.	Land (031)	11	0	0
A.II.2.	Works of art, objects and collections (032)	12	0	0
A.II.3.	Constructions (021)	13	0	0
A.II.4.	Individual movable assets and sets of movable assets (022)	14	0	0
A.II.5.	Adult animals and their groups (025)	15	0	0
A.II.6.	Breeding and draught animals (026)	16	0	0
A.II.7.	Low-value tangible fixed assets (028)	17	0	0
A.II.8.	Other tangible fixed assets (029)	18	0	0
A.II.9.	Tangible fixed assets under construction (042)	19	0	0
A.II.10.	Advance payments for tangible fixed assets (052)	20	0	0
A.III.	Long-term financial assets (L. 22 to 27)	21	0	0
A.III.1.	Shares in controlled and managed organizations (061)	22	0	0
A.III.2.	Shares in accounting units with substantial influence (062)	23	0	0
A.III.3.	Debt securities held to maturity (063)	24	0	0
A.III.4.	Loans to organizational units (066)	25	0	0
A.III.5.	Other long-term loans (067)	26	0	0
A.III.6.	Other financial investments (069)	27	0	0

	line number	situation as of the first day of the accounting period	situation as of the last day of the accounti
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Sent on:

22 August 2018

Stamp:

Frank Bold Society, z.s.

Údolní 567/33, Brno-město, 602 00 Brno

Phone No.: +420 545 575 229

E-mail: info@frankbold.org

Comp. Id. No. 653 414 90

Signature of the accounting unit head:

Ing. Petra Zelenáková

signature illegible

Responsible for the data:

Ing. Stanislav Kutáček, Ph.D.

Phone No.:

770 111 260

The Chamber of Auditors of the Czech Republic,

License No. 277

22HLAV s.r.o. (2)

					ng period
a			b	1	2
A.IV.	Accumulated amortization on fixed assets (L. 29 to 39)		28	0	0
A.IV.1.	Accumulated amortization on intangible results of research and development	(072)	29	0	0
A.IV.2.	Accumulated amortization on software	(073)	30	0	0
A.IV.3.	Accumulated amortization on valuable rights	(074)	31	0	0
A.IV.4.	Accumulated amortization on low-value intangible fixed assets	(078)	32	0	0
A.IV.5.	Accumulated amortization on other intangible fixed assets	(079)	33	0	0
A.IV.6.	Accumulated amortization on constructions	(081)	34	0	0
A.IV.7.	Accumulated amortization on individual movable assets and sets of movable assets	(082)	35	0	0
A.IV.8.	Accumulated amortization on perennial crops	(085)	36	0	0
A.IV.9.	Accumulated amortization on breeding and draught animals	(086)	37	0	0
A.IV.10.	Accumulated amortization on low-value tangible fixed assets	(088)	38	0	0
A.IV.11.	Accumulated amortization on other tangible fixed assets	(089)	39	0	0
B.	Current assets (L. 41 + 51+ 71 + 80)		40	8,292	6,200
B.I.	Inventories (L. 42 to 50)		41	0	0
B.I.1.	Material in store	(112)	42	0	0
B.I.2.	Material in transit	(119)	43	0	0
B.I.3.	Work-in-progress	(121)	44	0	0
B.I.4.	Semi-finished products	(122)	45	0	0
B.I.5.	Finished products	(123)	46	0	0
B.I.6.	Young animals and their groups	(124)	47	0	0
B.I.7.	Merchandise in store and in retail shops	(132)	48	0	0
B.I.8.	Merchandise in transit	(139)	49	0	0
B.I.9.	Advance payments for inventories	(314)	50	0	0
B.II.	Receivables (L. 52 to 70)		51	1,732	1,129
B.II.1.	Consumers	(311)	52	494	219
B.II.2.	Bills for collections	(312)	53	0	0
B.II.3.	Receivables from discounted securities	(313)	54	0	0
B.II.4.	Operational advance payments	(314-L.50)	55	20	20
B.II.5.	Other receivables	(315)	56	0	0
B.II.6.	Receivables from employees	(335)	57	0	0
B.II.7.	Receivables from social security and public health insurance institutions	(336)	58	0	0
B.II.8.	Income tax	(341)	59	0	0
B.II.9.	Other direct taxes	(342)	60	32	0
B.II.10.	Value added tax	(343)	61	1	1
B.II.11.	Other taxes and fees	(345)	62	0	0
B.II.12.	Claims on subsidies and other clearing with state budget	(346)	63	0	0
B.II.13.	Claims on subsidies and other clearing with budget of local self-government unit authorities	(348)	64	0	0

			line number	situation as of the first day of the accounting period	situation as of the last day of the accounting period
a			b	1	2
B.II.14.	Receivables from shareholders grouped in company	(358)	65	0	0
B.II.15.	Receivables from fixed term COD operations and options	(373)	66	0	0
B.II.16.	Receivables on bonds issued	(375)	67	0	0
B.II.17.	Other receivables	(378)	68	1,185	889
B.II.18.	Estimated asset accounts	(388)	69	0	0
B.II.19.	Adjustment to receivables	(391)	70	0	0
B.III.	Current financial assets (L. 72 to 79)		71	5,784	4,103
B.III.1.	Cash on hand	(211)	72	49	24
B.III.2.	Valuables	(213)	73	120	3
B.III.3.	Bank accounts	(221)	73	5,613	4,704
B.III.4.	Shares and similar securities	(251)	75	2	2
B.III.5.	Bonds, debentures and similar securities	(253)	76	0	0
B.III.6.	Other realizable securities	(256)	77	0	0
B.III.7.	Acquired current financial assets	(259)	78	0	0
B.III.8.	Cash in transit	(+/- 261)	79	0	0
B.IV.	Other assets (L. 81 to 82)		80	776	968
B.IV.1.	Pre-paid expenses	(381)	81	776	968
B.IV.2.	Accrued revenues	(385)	81	0	0
	TOTAL ASSETS (L. 1 + 40)		83	8,292	6,200
	Check number (L. 1 to 83)		997	22,597	17,231

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LIABILITIES			line number	situation	situation
				as of the first day of the accounting period	as of the last day of the accounting period
c			d	3	4
A.	Own equity (L. 85 + 89)		84	3,730	3,181
A.I.	Total equity (L. 86 to 88)		85	228	228
A.I.1.	Own equity	(901)	86	41	41
A.I.2.	Funds	(911)	87	187	187
A.I.3.	Financial assets and liabilities revaluation differences	(921)	88	0	0
A.II.	Net income (L. 90 to 92)		89	3,502	2,953
A.II.1.	Net income account	(+/- 963)	90	X	-549
A.II.2.	Net income in process of approval	(+/- 931)	91	1,366	x
A.II.3.	Prior period retained earnings and losses	(+/- 932)	92	2,136	3,502
B.	Liabilities (L. 94 + 96 +104 +128)		93	4,562	3,019
B.I.	Provisions (L. 95)		94	0	0
B.I.1.	Provisions	(941)	95	0	0
B.II.	Long-term liabilities (L. 97 to 103)		96	0	0
B.II.1.	Long-term bank credits	(953)	97	0	0
B.II.2.	Bonds issued	(953)	98	0	0
B.II.3.	Liabilities from lease	(954)	99	0	0
B.II.4.	Long-term advance payments	(955)	100	0	0
B.II.5.	Long-term notes payable	(958)	101	0	0
B.II.6.	Estimated liability accounts	(389)	102	0	0
B.II.7.	Other long-term liabilities	(959)	103	0	0
B.III.	Current liabilities (L. 105 to 127)		104	1,340	1,149
B.III.1.	Suppliers	(321)	105	510	191
B.III.2.	Notes payable	(322)	106	0	0
B.III.3.	Advance payments	(324)	107	0	0
B.III.4.	Other liabilities	(325)	108	0	7
B.III.5.	Employees	(331)	109	508	432
B.III.6.	Other liabilities towards employees	(333)	110	148	0
B.III.7.	Social security and health insurance liabilities	(336)	111	174	475
B.III.8.	Income tax	(341)	112	0	0
B.III.9.	Other direct taxes	(342)	113	0	44
B.III.10.	Value added tax	(343)	114	0	0
B.III.11.	Other taxes and fees	(345)	115	0	0
B.III.12.	Liabilities to state budget	(346)	116	0	0
B.III.13.	Liabilities to budgetary authorities of local self-government units	(348)	117	0	0
B.III.14.	Liabilities from underwritten unpaid securities and deposits	(367)	118	0	0
B.III.15.	Liabilities to shareholders grouped in company	(368)	119	0	0
B.III.16.	Liabilities from fixed term COD operations and options	(373)	120	0	0
B.III.17.	Other liabilities	(379)	121	0	0

B.III.18.	Current bank credits	(231)	122	0	0
B.III.19.	Credits for discounted securities	(232)	123	0	0
B.III.20.	Current bonds issued	(241)	124	0	0
B.III.21.	Own bonds issued	(255)	125	0	0
B.III.22.	Estimated liability accounts	(389)	126	0	0
B.III.23.	Other current financial assistance	(379)	127	0	0
B.IV.	Other liabilities (L. 129 to 130)		128	3,222	1,870
B.IV.1.	Accrued expenses	(383)	129	0	0
B.IV.2.	Deferred revenues	(384)	130	3,222	1,870
	TOTAL LIABILITIES (L. 84 + 93)		131	8,292	6,200
	Check number (L. 84 to 131)		998	33,168	24,800

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22HLAV s.r.o. (2)

PROFIT AND LOSS STATEMENT

As of 31 December 2017
(In thousands CZK – TCZK)

Elaborated in accordance with

Name and address of the accounting unit:

Decree No. 504/2002 Coll.,

Frank Bold Society

as amended

Údolní 33**602 00 Brno**

Company Identification No.
65341490

Line No.	Item description	Line No.	Main activity	Economic activity	Total
			1	2	3
A.	Expenses (L. 39)	1	17,877	0	17,877
A.I.	Consumed purchases and purchased services (L. 3 to 8)	2	6,266	0	6,266
A.I.1	Material, energy and other utilities consumed (501-3)	3	52	0	52
A.I.2	Merchandise sold (504)	4	0	0	0
A.I.3	Repairs and maintenance (511)	5	0	0	0
A.I.4	Travelling expenses (512)	6	377	0	377
A.I.5	Entertainment expenses (513)	7	87	0	87
A.I.6	Other services (518)	8	5,750	0	5,750
A.II.	Change of inventories of the own activity and activation of material, goods, internal services and fixed assets (L. 10 to 12)	9	0	0	0
A.II.7	Change of inventories of the own activity (56x)	10	0	0	0
A.II.8	Activation of material, goods and internal services (57x)	11	0	0	0
A.II.9	Activation of fixed assets (57x)	12	0	0	0
A.III.	Personnel expenses (L. 14 to 18)	13	10,724	0	10,724
A.III.10	Wages and salaries (521)	14	8,507	0	8,507
A.III.11	Legal social security insurance (524)	15	2,051	0	2,051
A.III.12	Other social security insurance (525)	16	0	0	0
A.III.13	Legal social expenses (527)	17	151	0	151
A.III.14	Other social expenses (528)	18	15	0	15
A.IV.	Taxes and fees (L. 20)	19	117	0	117
A.IV.15	Taxes and fees (53x)	20	117	0	117
A.V.	Other expenses (L. 22 to 28)	21	240	0	240
A.V.16	Contractual penalties, late payment interests and other penalties and fines (541)	22	1	0	1
A.V.17	Irrecoverable receivable depreciation (543)	23		0	0
A.V.18	Interests (544)	24	12	0	12
A.V.19	Foreign exchange losses (545)	25	158	0	158
A.V.20	Gifts (546)	26	0	0	0
A.V.21	Shortages and losses (548)	27	0	0	0

A.V.22	Other expenses	(549)	28	69	0	69
A.VI.	Depreciation, assets sold, creation of provisions and adjustments (L. 30 to 34)		29	0	0	0
A.VI.23	Depreciation and amortization of long-term tangible and intangible assets	(551)	30	0	0	0
A.VI.24	Long-term tangible assets sold	(552)	31	0	0	0
A.VI.25	Securities and equity interests sold	(553)	32	0	0	0
A.VI.26	Material sold	(554)	33	0	0	0
A.VI.27	Creation of provisions and adjustments	(556-9)	34	0	0	0
A.VII.	Allowances (L. 36)		35	530	0	530
A.VII.28	Membership allowances and allowances cleared between organizational units	(58x)	36	530	0	530
A.VIII.	Income tax (L. 48)		37	0	0	0
A.VIII.29	Income tax	(59x)	38	0	0	0
	TOTAL EXPENSES		39	17,877	0	17,877

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License No. 277

22HLAV s.r.o. (2)

Line No.	Item description	Line No.	Main activity	Economic activity	Total
			1	2	3
B.	Revenues (L. 67)	40	17,328	0	17,328
B.I.	Operational subsidies (L. 42)	41	10,628	0	10,628
B.I.1	Operational subsidies (691)	42	10,628	0	10,628
B.II.	Allowances (L. 44 to 46)	43	5,887	0	5,887
B.II.2	Allowances cleared between organizational units (681)	44	0	0	0
B.II.3	Allowances (gifts) (682)	45	5,887	0	5,887
B.II.4	Membership allowances (684)	46	0	0	0
B.III.	Revenues from own activity and merchandise (L. 48 to 50)	47	537	0	537
B.III.1	Revenues from own products (601)	48	0	0	0
B.III.2	Revenues from sale of services (602)	49	485	0	485
B.III.3	Revenues from merchandise sold (604)	50	52	0	52
B.IV.	Other revenues (L. 52 to 57)	51	276	0	276
B.IV.5	Contractual penalties, late payment interests and other penalties and fines (641-2)	52		0	0
B.IV.6	Depreciated receivable payments 643	53	0	0	0
B.IV.7	Interests 644	54	1	0	1
B.IV.8	Foreign exchange profits 645	55	215	0	215
B.IV.9	Funds clearing 648	56	0	0	0
B.IV.10	Other revenues 649	57	60	0	60
B.V.	Revenues from sale of assets, clearing of provisions and adjustments (L. 59 to 63)	58	0	0	0
B.V.11	Revenues from sale of long-term intangible and tangible assets (652)	59	0	0	0
B.V.12	Revenues from sale of securities and equity interests (653)	60	0	0	0
B.V.13	Revenues from sale of material (654)	61	0	0	0
B.V.14	Revenues from current financial assets (655)	62	0	0	0
B.V.15	Revenues from long-term financial assets (657)	63	0	0	0
	TOTAL REVENUES	64	17,328	0	17,328
C.	EBITDA (L. 39 - 64 + 38)	65	-549	0	-549
A.VIII.29	Income tax (591)	66	0	0	0
D.	EAT (L. 65 - 66)	67	-549	0	-549
	Check number (L. 1 - 67)	999	139,722	0	139,722

Sent on:

22 August 2018

Stamp:

Frank Bold Society, z.s.

Údolní 567/33, Brno-město, 602 00 Brno

Tel: +420 545 575 229

Email: info@frankbold.org

Comp. Id. No. 653 414 90

Signature of the accounting unit head:

Ing. Petra Zelenáková

signature illegible

Responsible for the data:

Ing. Stanislav Kutáček, Ph.D.

Phone No.:

770 111 260

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22HLAV s.r.o. (2)

Annex to the financial statements of 2017**Frank Bold Society, z.s.**

Údolní 567/33, 602 00 Brno

Company Identification No.: 653 41 490

The accounting unit was established on 11 November 1997; the accounting unit was registered under a new name Frank Bold Society (former Ekologický právní servis) on 1 January 2014.

The accounting period is from 1 January 2017 to 31 December 2017.

Frank Bold Society is a small accounting unit and keeps double-entry accounting in an electronic form in the program called KELEXPRESS by KELOC CS, s.r.o.

The association's statutory body is General Meeting which members are: Mgr. Jiří Nezhyba, Mgr. Pavel Franc, Mgr. Martin Fadrný, Mgr. Pavel Černý.

The chart of accounts for nonprofit organizations is applied. The account numbers are five-figure numbers, the 4th and 5th number determine the analytical division according to current needs.

The tangible and intangible fixed assets were eliminated from the separate evidence in 2010 as it has not been used in the Company any more.

Low-value tangible fixed assets are registered at the balance sheet account 97128X "Low-value assets not registered in accounting". These assets are depreciated at the moment of their acquisition – account 50100 "Office supplies" and 50128 "Low-value assets consumed".

The cash financial transactions realized in foreign currency are accounted usually at the exchange rate valid as of a day of the accounting operation. A different method of accounting the exchange rates is applied if required by donators, donors. Thus, this procedure is described in the relevant terms and conditions or grant agreements.

Material is accounted as consumption at the moment of its purchase. The Company does not purchase the material as inventories.

The refund of travelling expenses is regulated by the internal directives issued by the General Meeting on 3 January 2000. The records on both directives are included in the Corporate Income Tax Return for 2003 submitted to the Tax Office in Tábor. These directives have not changed till 2017.

The accounts "Valuables" contain meal tickets – account 21301 and EPS credit ticket – account 21313. Other valuables (e.g. stamps, postal stamps) are accounted at the moment of their purchase as consumption at the relevant expense accounts.

The incomes from grants, subsidies and some purposely bound gifts, though they are not subject to the corporate income tax, are accounted as revenues in the amounts corresponding to the expenses in the specific accounting period and relating to the individual sources of such incomes. In case of instalments exceeding significantly the corresponding expenses of the accounting year, the accruals and deferrals are accounted as 38400 "Deferred revenues". If the revenues exceed significantly the expenses of individual divided grants and subsidies and it is sure that it will be settled in the following year and accounted towards the foundation without any balance, the accruals and deferrals shall not be applied.

Incomes from grants and subsidies in 2017 (in TCZK):

Subsidies from public budgets and EU budgets	1,598,045
Subsidies from foundations and associations	9,030,080

The systematic regular activity of FBS is ensured by its full-time employees, in reasonable cases by its part-time employees. The average calculated number of employees in 2017 is 26. One-time activities are carried out based on agreements beyond the employment.

The Company is a welfare payer in accordance with Section 17a of the Act No. 586/1992 Coll., on Income Taxes, as amended (hereinafter referred to as the "Income Tax Act").

The Company applies the exemption of gifts in accordance with Section 19b (2) b) of the Income Tax Act, if possible.

Keeping of records on individual grants and activities

The applied accounting program enables to divide the accounting in centers, actions and orders.

Codebook "centers":

- Under 79 – 89: incomes and expenses that are not subject to the corporate tax income. These are gifts from natural and legal persons, being registered for a gift tax in accordance with the relevant act, and interests from a common bank account and auxiliary centers for re invoicing of expenses to other companies.
- Under 91 – 100: individual paid activities arising from the Articles of Association and being separately subject to the corporate income tax.
- Other numerical indications in the codebook "centers" are only auxiliary or historic and do not have any relation to the corporate income tax.

Codebook "actions":

- Contains mainly all the grants and gifts from foundations, i.e. transactions influencing the net profit but not being subject to the corporate income tax. The numbers of actions – grants – are three-figure numbers.
- Other numerical indications in the codebook "actions" are only auxiliary or historic and do not have any relation to the corporate income tax.

Codebook "orders":

- Contains numbers of projects identical with the numbers of "actions". Those numbers are used to identify the expenses recorded in the statement of mentioned projects as co-financed.
- Other numerical indications in the codebook "orders" are only auxiliary or historic and do not have any relation to the corporate income tax.

There were no significant changes between the balance sheet date (31 December 2017) and the preparation of financial statements.

In Brno, on 22 August 2018

Petra Zelenáková

FBS economist

Signature illegible

Frank Bold Society, z.s.

Údolní 33, 602 00 Brno

Phone No.: +420 545 575 229

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Comp. Id. No. 653 414 90

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