



The Annual Report of the Frank Bold Society

A member of the Frank Bold Consortium



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Frank Bold's 2018

Another year has passed, and before us lies another annual report of the Frank Bold Society. Specifically, its nineteenth. But only the sixth under the name Frank Bold, and yet in a sense the first as well—because for the first time since the Environmental Law Service's last report, I'm taking the liberty of including my own brief introduction.

Six years ago, what was originally the Environmental Law Service became the Frank Bold Society. In that same year, we also launched what has been our largest anti-corruption project to date—Reconstruction of the State. Six years later, that project, as you'll read below, amounts to nearly half of the Society's labors. And it's no wonder. Reconstruction work always takes more time and money than was originally expected, and in public administration, there is always something to improve.

We are watching over the laws for which we successfully lobbied and striving to add five more that, if passed, will fundamentally help to heal the nation's environment of corruption. In response to the strange fashion in which our nation's democracy is often twisted, we have launched the Boundaries of Democracy project, to remind our prime minister, among others, of where the boundaries of rule are in a free and democratic society.

But to be fair, Frank Bold Society shall not live by Reconstruction alone. For example, this year its Responsible Companies section launched a new project focused on assessing current practice in non-financial reporting. Our goal here is to contribute to the planned amendment of the relevant European guideline and thereby help to make non-financial reporting a truly effective tool for

compelling large corporations to address their climate change impacts, the risks of human rights infractions in their supply chains, and more.

Responsible Energy is suing the Czech state with the goal of proving its co-responsibility for long-term life-threatening atmospheric damage in the Ostrava region. The unique thing about this suit is that we are defending a local inhabitant who has suffered from lung cancer due to the polluted atmosphere.

Our legal advisory service, Legal Service for Citizens, has jumped into the demanding and long-intended process of updating its services. Today, ordinary manuals and guides on the web are nothing unusual. The law and law-related services are moving more and more into the virtual environment. Our advisory service must follow this trend, and so we have, for example, begun developing an online platform that makes it easy to found your own association.

The people of Frank Bold Society are, in short, bold and daring, and so their projects are as well. And the same can be said of our supporters, without whom we wouldn't have been able to spend nearly 15 years fulfilling our dream—using law to change the world.

Pavel Franc,
CEO of Frank





About Frank Bold Society

Frank Bold Society (working under the name Environmental Law Service in 1995 through 2013) is a non-profit organization of lawyers who protect citizens' rights and the environment. It brings the law, the legal community, and law students to protect public interests—especially the environment and human rights. It provides free legal aid in selected cases and promotes accountability for society's key players. The Frank Bold Society is one of the Czech members of the European Environmental Bureau (EEB).

Our **vision** is a free society whose members feel a shared responsibility for public affairs, including the state of our planet, and where everyone can strive for their own happiness. Using primarily legal tools, we advocate for such a world for both our generation and future generations.

Frank Bold's Leadership and Employees

The Frank Bold Society is a registered association. Its Members' Meeting is its highest authority. The Membership Committee—which assembles its leaders—is its statutory authority. The association is divided into five working sections.

The Members of the Committee

Pavel Franc, CEO

Stanislav Kutáček, CFO

Martin Fadrný

The Working Sections and Their Team Leaders

Reconstruction of the State

Josef Karlický

Legal Service for Citizens

Petr Kalíšek

Responsible Energy

Kristína Šabová

Responsible Companies

Filip Gregor

Support Teams

Stanislav Kutáček

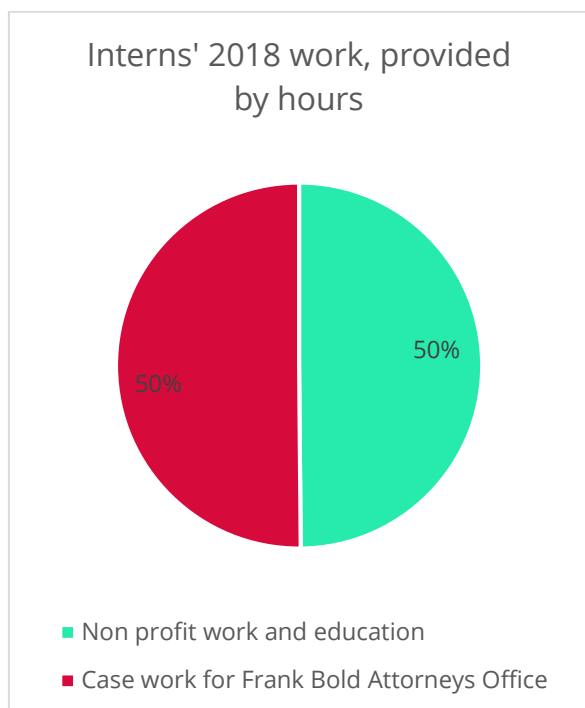


The Frank Bold Society's Employees in 2018 (* on parental leave)				
Reconstruction of the State	Legal Service for Citizens	Responsible Energy	Responsible Companies	Support Teams
Josef Karlický	Petr Kalíšek	Kristína Šabová *	Filip Gregor	Stanislav Kutáček
Petr Bouda	Markéta Cooiman *	Eliška Beranová	Susanna Arus	Barbara Gregorová
Tereza Křištofová	Hana Sotoniaková *	Laura Haiselová		Pavel Pražák
Věnek Bonuš	Michal Kuk			Kateřina Kováčová
Magdaléna Klimešová	Petra Marie Andrášik			Václava Černá
Lukáš Kraus	Lukáš Prnka			Pavel Franc
Kristýna Menclová	Kristýna Ryšavá			Pavčina Gbelcová *
Markéta Voborníková				Žaneta Goňová *
Olga Pek				Michala Chatrná
Gabriela Vondrušová				Kristýna Vojtíšková
Jitka Nesrstová				Jana Kravčíková
Adam Wichera				Petra Zelenáková
				Martin Fadrný
				Eva Johana Šteinigerová



Student Internships

Frank Bold has its very own long-established student internship program. This regular yearly program is designed for students of law schools and, newly as of 2018, non-law fields as well. We engage these interns in the Society's publicly beneficial activities, in supporting the clients of the Frank Bold Attorneys office, and in the whole organization's internal operations. For law students, this internship is often their first thorough "live" contact with the law, and it helps them to decide in which direction they wish to go professionally. In 2018, 34 students took part in our internships (20 interns in the 2017/2018 school year and 21 interns in the 2018/2019 school year). Five of these were non-law interns.



2017/2018 School Year	Martin Altmann	Gabriela Kaletová
	Kristýna Bílková	Jana Karkulíková
	Anna Blechová	Andrea Lančová
	Hana Breburdová	Dominik Macek
	Šárka Butulová	Barbora Marečková
	Jakub Hadaš	Ivan Matejič
	Jana Hajdučková	Michaela Romanová
	Petra Hubatková	Denisa Skládalová
	Pavel Chodúr	Kristýna Zahálková
	David Janků	Adam Zeman

2018/2019 School Year	Madison Anderson	
	Lucie Benešová	Vojtěch Kratochvíl
	Šárka Butulová	Aneta Psychlová
	Jakub Hadaš	Michaela Romanová
	Jana Hajdučková	Hynek Růžička
	Petra Hubatková	Adéla Říháková
	Karolína Chocholoušová	Denisa Skládalová
	Václav Janáč	Patrik Sysel
	Dalibor Jirda	Natálie Škrdllová
	Anna Kocourková	Kristýna Zahálková
	Daniel Kostič	Kristýna Vejvodová



Responsible Companies

We develop and promote new business models that better integrate societal interests into corporate purpose and governance, as well as EU regulations to improve corporate accountability. We recognize the key role that corporations play in today's economy and its relevance for society, but we also see the corporate sector struggling to behave sustainably and ethically, and the shortcomings in corporate responses to such fundamental challenges as climate change and human rights. By working with leading scholars, companies, investors, and NGOs, we aim to reassess 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.

Our long-term goals are to:

- a) mainstream a new corporate governance model that focuses on a company's long-term interests, ensuring that each company is managed so as to function within the planet's boundaries and society's foundations.
- b) Bring about the adoption of EU laws making companies accountable for the adverse impacts of business activities on human rights and the environment.

•What We Worked on in 2018•

Corporate Transparency

In 2018, we launched the [Alliance for Corporate Transparency](#) in collaboration with

the Spanish-based organization Sustentia. This project will provide a critical assessment of the content and quality of 1,000 EU companies' sustainability disclosure over the next three years. In 2018, the EU Non-Financial Reporting Directive came into effect, requiring large companies to disclose information on their impacts on the environment, human rights, and anti-corruption issues. And the aim of our project is to contribute to the expected reform of this Directive, which is in turn key for the success of the European Commission Sustainable Finance Action Plan, which aims to reorient capital flows towards sustainable investments.

The project has brought together leading civil society organizations promoting corporate transparency in various areas, including Business and Human Rights Resource Centre, CDP Europe, ClientEarth, CORE Coalition, Future-Fit Foundation, Germanwatch, Transparency International, Shift, Stockholm Environmental Institute, Themis Research, and WWF.



A discussion with partners and collaborators at the event, which presented the first results of our Alliance for Corporate Transparency project.

In the project's first year, we developed an assessment methodology and analyzed reports from 105 companies and six EU regions. The project has been welcomed by other NGOs, standard-setters, responsible



investors' initiatives, and Members of the European Parliament, as well as by the European Commission—which reflected the project's initial results in its review of the impact of the EU Non-Financial Reporting Directive. Frank Bold was invited to present the initiative's work at a [conference](#) organized by the Commission, and Responsible Companies head Filip Gregor was selected to be part of the recently established [European Corporate Reporting Lab](#).

The project's initial results have been published [online](#), included in a comprehensive [report](#), presented at a high-level conference in Brussels in February 2019. This conference had the support of speakers from the European Commission and Parliament, the UN Principles for Responsible Investment, the Novo Nordisk Global Reporting Initiative, and Vodafone (videos available [here](#)).

Furthermore, the project has crystalized the voice of the EU's civil society organizations concerning this topic through the publishing of a statement on the future of the corporate sustainability reporting that was signed by 27 leading European NGOs.



From right: Filip Gregor and Sustentia director Carlos Codero presenting research results for 2018.

Sustainable Corporate Governance and Directors' Duties

The Sustainable Finance Action Plan published by the European Commission in 2018 placed corporate governance among the 10 key areas in which EU regulators will work to shift financial flows towards support for a just, low-carbon economy. The Action Plan included measures for the EU Commission to:

- a) assess the effects of short-term pressures from capital markets on listed companies, and
- b) consider the need to clarify company directors' obligations as regards long-term and sustainability considerations.

This new commitment by the European Commission reflects, in part, our work so far, including the global roundtable series on corporate governance in 2014 through 2016, as well as our 2018 research paper on clarifying directors' duties in the EU. We continue to engage in this area by joining forces with other European NGOs in preparing [policy briefings and roadmaps](#) to provide documentation and guide future legal developments.

Corporate Accountability

We are continuing our collaboration with the European Coalition for Corporate Justice (ECCJ) and our service on their steering committee. The ECCJ's objective is to create a legal framework for corporate responsibility that ensures the protection of human rights and the environment in global supply chains and access to remedy for people affected by corporate actions.

Frank Bold has co-organized a session at the United Nations Business and Human Rights



Forum held in Geneva and participated at two other discussion events focused on human rights, due diligence, and corporate disclosure obligations. At the EU level, we have worked with the ECCJ to break the ground for a campaign for legislation that would require companies to perform human rights due diligence and extend their liability if they fail to do so.

In the area of access to justice, the European Commission has recently put forward new legislation concerning a collective redress mechanism for consumers that will allow such a collective to join forces in cases of corporate abuses of their rights, and ECCJ and Frank Bold worked with the European Parliament to protect and improve this proposal. They promoted a comprehensive collective redress option capable of covering all victims of corporate abuses connected with fundamental impacts on human rights and the environment.



Responsible Energy

Climate change is the planet's biggest challenge today. To prevent dangerous global warming, humanity must fundamentally reduce its emissions of greenhouse gases by 2030. This is why Frank Bold establishes and encourages legal initiatives promoting a shift in orientation in EU countries towards low-emissions energy production. We see the future of the European energy sector in the decentralization and democratization of energy production and the minimization of its negative impacts on the environment and human health. We also help to accelerate the phaseout of coal-based energy, especially in Central and Eastern Europe.

In the long term, we are focusing on two goals. The first is an improvement to the air quality in the most heavily affected localities. We are pushing the Ministry of Environment and public officials to use the law to rein in the largest polluters and to stop granting exceptions to legally defined emissions limits.

The second is a law-based effort to restrict the operations of the largest carbon polluters, that is, coal plants. In the Czech Republic, these plants are being kept open—despite the European-wide trend towards their gradual closure—on the basis of repeatedly granted emissions-limits exceptions.

•What We Worked on in 2018•

Efforts to Speed Abandonment of Coal-based Energy

We Work with the Ministry of Environment on Requests for Emissions-limits Exceptions

Under the stipulations of European legislation, new emissions limits for coal plants should come into force by 2021. In 2018, we monitored every request by coal plants for exceptions from the new emissions limits and participated in these proceedings. We became members of the Ministry of Environment's working group on the emissions-limits exceptions that are connected with "Best Available Techniques." Within this group, we help the Ministry of Environment to find legislative solutions for restricting exceptions for large coal plants. We have lectured on the subject of exceptions for large combustion plants at six conferences and published four articles written primarily for the officials who decide on these exceptions.



Laura Hasielová joined this working group in the name of Frank Bold.



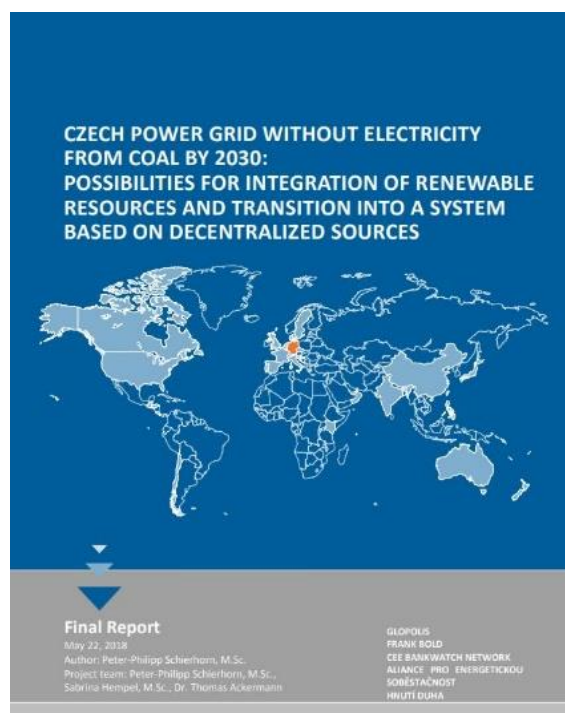
Our Continuing Dispute on the Chvaletice Power Plant Life Extension

In 2016, a modernization of the Chvaletice Power Station was greenlighted, extending this plant's life by at least 10 years. The Chvaletice Power Station is among the nation's largest sources of nitrogen oxide, sulfur oxide, dust, and mercury emissions. 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. In 2018 our cassation complaint before the Supreme Administrative Court of the Czech Republic succeeded, and so in 2019, the Prague City Court will make a new decision regarding the legitimacy of the construction permit that was issued.

Our Studies Assessing the Option of Removing Coal Plants from the Czech Distribution Grid

In 2018 we commissioned a study that assesses what effect it would have on the Czech distribution network if coal plants were to be taken out of operation. This study was written by the German company Energynautics, and the project saw participation by Frank Bold, Glopolis, Hnutí DUHA (Friends of the Earth Czech Republic), the Alliance for Energy Self-sufficiency, and CEE Bankwatch Network.

The study reached the conclusion that, with the aid of renewable energy sources and measures to balance out fluctuations in their output, electricity supply stability can be achieved in the Czech Republic even without coal. The state of the distribution network is not a technical obstacle for decarbonization. On the basis of a debate with the experts, we also had [three supplementary scenarios](#) drafted to accompany the study.



The first study was released in May, the supplementary scenarios in December.

We Continue Our Fight for a Clean Atmosphere

In Court with the Ministry of Environment Over Emissions-related Illness and Death

We have prepared a suit for, and provided legal representation to, a citizen living nearby Ostrava who is suing the Ministry of the Environment in a matter of liability for death



and harm to health. The plaintiff is seeking satisfaction for two cases of lung cancer: her own, which was cured, and her husband's, which led to his death. She sees these illnesses as having been caused by the long-term limit-exceeding concentration of atmospheric pollutants at her residence in Ostrava - Radvanice and the Ministry of Environment's insufficient measures to remedy this state of affairs. Frank Bold prepared and filed this suit within its [Right to Clean Air project](#).



Our autumn lawsuit made waves in the media. Besides two reports on Czech Television, an interview with our client was also published in Respekt, a major political weekly.

We Continue to Promote Legislative Atmospheric Protection in Poland

We are working with our Polish colleagues from Frank Bold Fundacja and their local partners to prepare and promote progressive legislative changes intended to improve air quality. We are also participating in the preparation of new atmospheric quality. We are representing the inhabitants of Rybnik, a town in Polish Silesia, in their dispute with the state over a violation of their right to a clean environment. The plaintiffs have also [received support from the Polish Ombudsman](#).



The Legal Service for Citizens

The Service is a partner to active citizens in the individual regions of the Czech Republic. It provides them with 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 civil society. Likewise, via web-accessible law manuals and tips, we strive to educate the public regarding good governance and the basics of legislation.

Besides comprehensibly presenting legal information, we are also improving citizens' access to justice and simplifying their work on public-interest cases. In our opinion, the future of legal advice lies in on-line automated services that will lead to an understanding of the processes and the fulfillment of each client's needs, while also still being personal and sensitively designed. And this is the direction we are taking in the redesign of our legal service and the development of new services. One good example of this is the tool we are developing to help citizens prepare the documents for founding an association, guiding them through the whole process.

The Service's long-term goal is to serve the public interest, support civil society, and enable citizens and local initiatives to be more independent in e.g. monitoring local administrations, negotiating with officials and politicians, taking part in proceedings, and planning public spaces. Our activities can also influence those of officials and representatives—which active citizens can also become.

•What We Worked on in 2018•

A free legal consulting service and other online educational activities

Producing e-learning material and infographics

In January 2018, we began work on an e-learning video course named [Citizens' Rights and Municipal Administration](#), produced in cooperation with Masaryk University and Nugis Finem, an educational association. This course uses infographics to explain basic terms, rights, and tools for involving active citizens in community affairs. The launch of this course is planned for spring of 2019. Topic expertise was provided by JUDr. David Hejč, Ph.D. from the Department of Administrative Sciences" of Masaryk University. This course



From an e-learning recording session with our colleague Lukáš Prkna.



will be available both on our website and at nostis.org.

As a part of our efforts for more “digestible” public law education, we have continued with what we have already begun in e-learning. We have taken the two areas of law with which active citizens frequently come into contact—those governing [how associations operate](#) and [conflicts of interest](#)—and diagrammed them and reworked them into infographics that should help citizens to navigate the whole process.

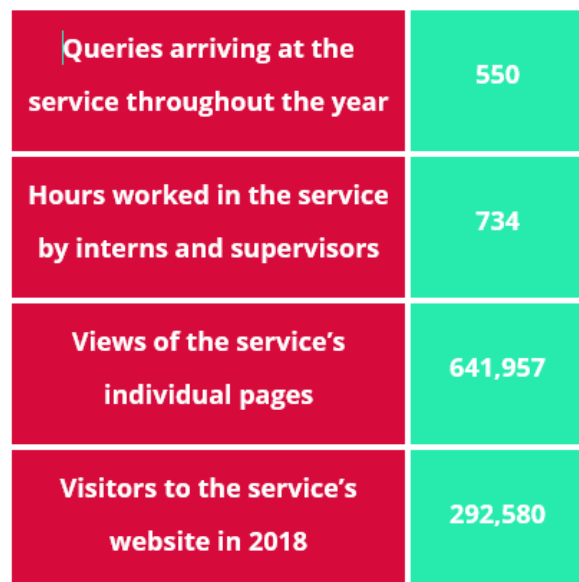
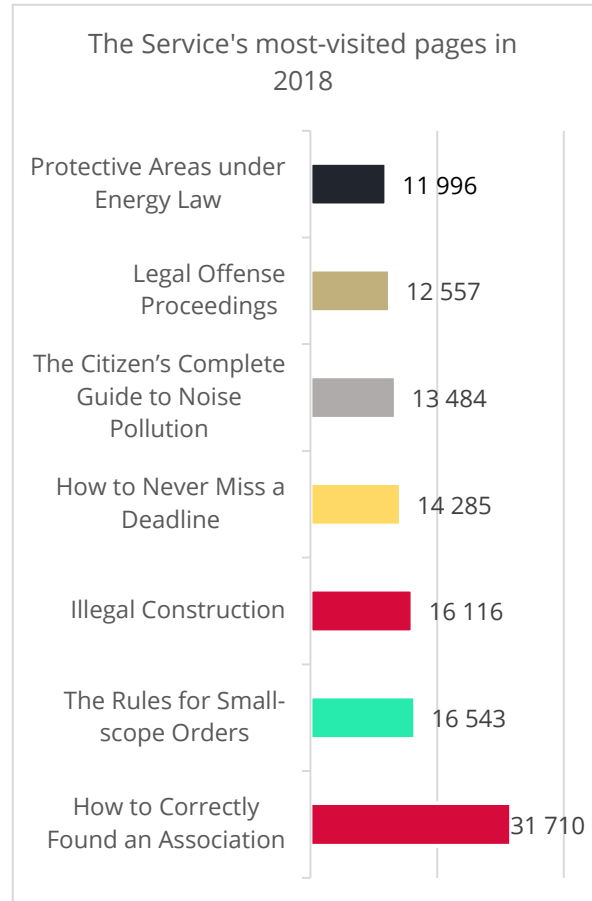


These infographics can be downloaded from our website.

Online Advisory Service

In January of 2018, we began changing and partially redesigning the advisory service’s website. The largest changes to its look and contents concern the guides and manuals—which we have reduced in number from 18 to

9 for easier reader orientation. All of the service’s content saw an audit with the goal of setting priorities and suggesting changes. The service’s annual activities are best described by its statistics:





The Citizen 2.0 Network

We are building up a network named Citizen 2.0, which regularly distributes a newsletter with information on our activities, and we are educating people by regularly mailing out “Advisor 2.0” legal-advice manuals.



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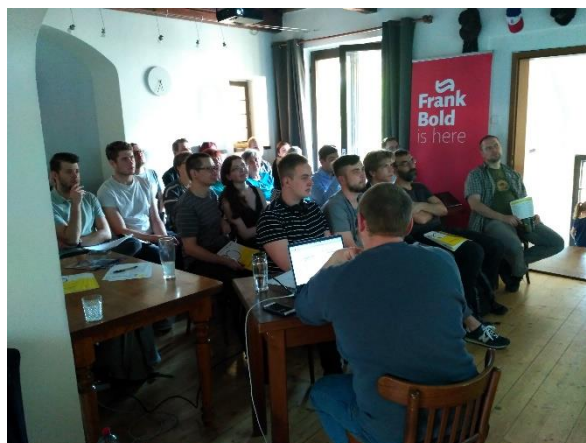
**new Citizen 2.0 members
joined us in 2018. That has brought us
to a total of 4,457.**

We sent members five newsletters on Frank Bold’s current cases and four Advisor 2.0 manuals with these topics:

- 1) What is a regulatory plan? What are public spaces?**
- 2) The most important construction law changes in brief**
- 3) Utilization of completed construction; final inspections**
- 4) Local and senate elections**

Our Roadshow Together with Watchdog of the State

At the beginning of 2018, we joined Reconstruction of the State and Watchdog of the State—an independent project—in organizing 11 practical workshops in regional capitals. Their goal was to teach participants how to use the Register of Contracts to watch over local and state institutions, officials, and politicians. The speaker was Watchdog of the State’s Michal Bláha, who guided participants through their entire project and explained how data from the contract register is processed and how it can be put to use. The program also included a presentation of the Contract Register Act, developments on the road to passing it, and citizens’ options for getting involved in the activities of all the participating entities.



Roadshow stop in České Budějovice

We went on to include this workshop in the program of our Partner 2.0 Meeting (see below) and the meeting of Reconstruction of the State ambassadors in Kněžnice, where we made a [video recording](#) that is now part of our website’s e-learning content.



Partner 2.0

Partner 2.0 is a meeting for the network of associations and active citizens to whose cases we have been providing **legal support** since 2011. We also administer a closed **Facebook group** where members can share their experience, know-how, and advice. Additionally, we organize an **educational and networking meetup** for members once a year.

Our November 2018 Partner 2.0 meeting was held in the Open Garden in Brno. A total of 11 partners participated. Besides learning about partners' successes and worries within their public-benefit activities, we covered diffusion studies (Alice Dvorská), the environmental representative (Lukáš Prnka), and the Watchdog of the State project (Michal Bláha).



From the November Partner 2.0 meeting

We performed over 130 hours of legal work for our Partners throughout the year. We had these successes in individual cases:

We stood by the side of **Zdravý Rožnov z.s.** to bring them victory in a second suit in a row against a siting decision for a shopping center, which the regional court annulled for the second time based on defects in the dispersion study and sent back to the regional authority. We prepared documents for this association to aid them in the ongoing court case, and we also helped them with supplementary application of the forensic finding. At present we are advising the association in the ongoing proceedings for a cassation complaint by the defendant.

Terra Natura is an association that has been working long-term to protect the Jeseníky Protected Landscape Area, where applications for exceptions to the law to allow various real estate development projects in the area's most strictly protected zone and in the Praděd National Nature Reserve had been accumulating. With our help, the association contested the change to the land-use plan that was to enable several development projects in the village of Malá Morávka. This change was annulled by the regional court, and we are currently waiting for a decision on the community's cassation complaint.

We have been advising the **Volunteer Citizens' Association** for many years in their suit against the land-use decision for the siting of a shopping center in the city of Náchod, which has turned out positively: the city council has definitively decided against the bypass plan. The siting had been in the city's historical center, and the construction of a shopping center with a high-capacity parking lot would have changed its character irreversibly. The Association strove to see the



creation of spaces serving multiple urban functions instead of this monofunctional complex. Citizens have two hopes for the more varied usage that was achieved: urban renewal and support for small businesses.



Reconstruction of the State

Reconstruction of the State is a project promoting responsible and transparent governance. In 2018 it crossed over into a new era. For the latest election period, we have decided for three civic-lobbying priorities:

- We are continuing to watch over the anti-corruption laws that have already been passed, because we know how easily they can be defanged.
- We are attempting to finalize systematic changes that will reduce the space for corruption and clientelism. And we are making this abstract striving concrete by promoting five new anticorruption laws.
- Within our Boundaries of Democracy project, we monitor the basic principles that a free and democratic society is based upon.

•What We Worked on in 2018•

Our support for anti-corruption laws and tools continues

Financial Disclosures by Politicians

Certain politicians from local governments began to criticize the free availability of politicians’ financial disclosures on the Internet. They began to promote a system wherein the register would only be accessible upon request. That, however, would greatly weaken its ability to support public oversight. In the end, Reconstruction of the State successfully negotiated a compromise thanks to which the register remains public; at the

same time, however, certain sensitive information for local politicians is not available there. The amendment to the act on conflicts of interest was passed by Parliament at the end of May.

The Contract Register

The contract register is an effective tool through which citizens can watch over the state’s spending. It currently contains over two million contracts with an overall value of over nine trillion crowns (as of May 28th, 2019). In 2018 we tried to teach as many people as possible about how to work with this useful tool. In March, with the help of the Watchdog of the State and the Legal Service for Citizens, we organized a number of related training sessions in the nation’s regions. The tour had 11 stops, and so we had appearances in nearly every region of the country. In cooperation with the Anti-corruption Endowment Fund, we also prepared a series of videos called “Minutes with the Register,” which shows how to use this anti-corruption tool in practice.



One of the Reconstruction of the State training sessions in the nation’s regions on the practical use of the contract register (also described above as our Roadshow with Watchdog of the State).

Fair Election Campaigning

Reconstruction of the State’s past successes include successfully lobbying for new rules for



more transparent election campaigning. We have also focused on being a watchdog of how candidates in presidential elections respect these rules. We have set up a website named rekonstrukce-hradu.cz where voters can compare brief bios for the individual candidates. This gives them an overview of how transparent individual campaigns are, who is paying for them, and how much they cost. We simultaneously gave people an opportunity to point out unmarked election advertisements at our website named FerVolby.cz.

New Laws for Systematic Change

Reconstruction of the State has always been concerned with laws for responsible governance. Laws that save taxpayers' money. We have thus identified five key anti-corruption laws that still need to be passed to bring a systematic change in the public sector.

1. Companies that do not make their real owners public should be excluded from tenders for public contracts and subsidies.
2. We want to see fair competition for small-scope public tenders.
3. State-run and general companies must be under the independent supervision of the Supreme Audit Office.
4. Citizens have the right to efficient access to information.
5. We want an end to cronyism in state-run companies.

Lobbying in the Executive and Legislative Branches

Bills proposed by the executive branch generally have greater support in Parliament than opposition bills. And we have successfully promoted the inclusion of all our key bills in

the platforms of premier Babiš's first and second governments. Representatives of Reconstruction of the State also successfully promoted the inclusion of the majority of these priorities in the Governmental Anti-corruption Philosophy for 2018–2022. We are continuing our active involvement in the government's Council for Coordinating the Fight Against Corruption. This lets us continue to push for the preparation of needed legislative changes.

The civic lobbyists and ambassadors who spend their precious free time writing letters to politicians, meeting with MPs and senators, and closely watching developments within individual topics are a great bulwark for Reconstruction of the State. In 2018 we strengthened our core of the most active of these citizens, who have already set up close communication with politicians and are able to pass on their experience. We have reviewed and deepened others' involvement, thereby laying the foundation for individualized work with volunteers in the years to come.

Our initiative has led to the founding of a parliamentary working group for the discussion of anti-corruption laws. It enables objective and expert discussion among representatives from all parliamentary political parties, relevant civic associations, professional associations, and affected local governments. **Reconstruction of the State provides source documents for their meetings** and strives towards compromises that are beneficial to all involved.



Fair Competition for Small-scope Public Contracts



A public event against the senseless fee for submitting a matter to the Office for the Protection of Competition in Brno.

Our goal here is still to adapt the law on public tenders into one that will ensure transparency by tendering parties even for contracts that are below the legal minimum sum for strict transparency requirements. This spring, we initiated a debate on this topic among experts. Then in July, we used a **public event** to point out an absurd practice of the Office for the Protection of Competition. The Office demands a fee of 10,000 CZK before it will attend to a matter. We used the example of the hospital in České Budějovice to show that this fee prevents citizens from turning to the Office. Ambassadors of Reconstruction of the State from South Moravia helped to organize and carry out this event.

The Anti-cronyism Bill

The Czech Republic still lacks an **anti-cronyism measure** – a law on the selection of persons for the steering and supervisory authorities of state-run firms. MPs from the Pirate Party introduced a bill intended to resolve this problem. We participated in commenting on this bill and in a round table on it in the Parliament. Although the bill itself did not pass on its first reading, it spurred the

government to present a bill of its own. However, the government's bill has several weaknesses; for example, it does not address the state's ownership policy. We therefore wish to focus on these passages of the bill in the upcoming legislative process.



A round table in Parliament about the bill on the selection of persons for the steering and supervisory bodies of state-run firms

The Boundaries of Democracy

Politicians must respect boundaries, which are the foundation of any functioning democracy. This is why we introduced our "**Boundaries of Democracy**" challenge in January of 2019. With help from experts, we defined specific threat indicators for judicial independence, media freedom, the professionalism of the state administration, the rights of the political opposition, the rights of citizens, and more. Since then we have been monitoring the situation in individual regions, and—with the help of a permanent group of experts—evaluating and calling attention to threats.

We have worked on the cabinet's systematization of the state administration, which has brought about the departure of many of the government's expert undersecretaries, which is in conflict with the Act on Civil Service. We have also focused on how premier Andrej Babiš has pressured the



director of the General Inspection of Security Forces to resign. Within both of these cases we have helped to publicize the conclusions of experts.

One great success of our challenge has been stopping the greatest threat to freedom of information since 1989. In March 2018, the executive branch introduced the GDPR bill with a rider that would have meant a blanket exception to the Freedom of Information Act. It would have blocked citizen and media access to a wide range of information with potential public-interest importance. Our experts, in cooperation with opposition MPs, presented an amendment that averted this danger. We gained the support of 146 MPs across multiple parties to get this amendment passed.

Public support has been a key factor for us from the very start. Already in our challenge's very first months, dozens of politicians and celebrities affiliated themselves with it. In 2018, nearly 7,000 citizens supported it with their signatures. We're expanding our network of partners, cooperating with new civic initiatives, and involving famous personalities. These have included the actors Tomáš Hanák, David Vavra, and Milan Šteindler, with whom we prepared a brief [video supporting our challenge](#). Each month, a new patron presents the challenge to citizens. In November 2018, the opera diva Dagmar Pecková became our first patron.



Boundaries of Democracy patron Dagmar Pecková.

The **Mantinely LIVE** project is another part of the challenge's presentation. Along with our ambassadors, we attend meetings of Parliament that are directly related to our challenge. We wish to show politicians that we are watching their negotiations closely. Thus in July, for example, we had to be there when Andrej Babiš's government finally received its vote of confidence after 263 days. We also personally attended negotiations on the GDPR, where we averted the introduction of blanket freedom-of-information exceptions.

We are also developing a **web and mobile app named Reflektor** to support communication between the public and politicians. Reflektor will serve as a tool for monitoring and evaluating politicians and simultaneously as a mobilization platform for any situation wherein any of the boundaries would be under serious threat.



Testing the first version of the Reflektor app at the Korzo Národní street festival



Our Donors

Without our brave donors, we would have a much harder time entering new, untested waters while maintaining a high standard for our work. This standard rises higher with every year of our operations, and we look with amazement and humility at the verve with which our supporters help us to achieve the goals we set.

Our donors' support is of key importance especially for our two working groups—the Legal Service for Citizens and Reconstruction of the State. Our donors regularly play the greatest role in securing the Reconstruction of the State program, whose financing possibilities are significantly restricted by its code of ethics. Specifically, out of principle, Reconstruction of the State does not compete for grants provided by the Czech state, so that we will not be tied down by individual grant mediators and subsidies. In our opinion, the non-profit sector should rest primarily upon support from citizens rather than support from the state.

The second area that is largely financed from private gifts is the Legal Service for Citizens. For this section, our donors' gifts enable us to provide assistance to active citizens. Over the last year, we have introduced [a pilot project for legal infographics](#), completely redesigned our service's [legal templates](#), and made them easier to use. We also worked on [Citizens' Rights and Municipal Administration](#), a brand-new e-learning course whose launch is planned for 2019. We also rode the republic in a roadshow with Michal Bláha from Watchdog of the State. Within this workshop series we explained to participants how to work with the contract register with aid from Watchdog of the State. We are also still maintaining our

Citizen 2.0 network, which is growing by an average of 500 subscribers a year.

Our plans for 2019 are ambitious once again. In the Service we are once again casting off into new waters: several innovative legal tools. We are developing an online platform that makes the whole process of founding an association easier and explains it understandably. We are also gearing up for a major reconstruction of our advisory service's website.

Last year Reconstruction of the State helped e.g. to push through new rules for more transparent election campaigning and prevent the greatest freedom-of-information rollback since 1989. In 2019, we will be focusing on measures to strengthen the oversight of state-run firms, continuing to watch over the boundaries of democracy, and newly also lobbying for seven safeguards of independent justice.

We are well aware that we could not have achieved any of the successes named here without our donors' support. We would therefore like to heartily thank everyone who contributed to our activities with a gift in the past year.



Grants, Contributions from Foundations, and Gifts

We thank all the organizations that have supported us through their grants, charity contributions, and gifts in kind

 <p>BLÍŽKOSOBĚ NADACE</p>	 <p>MINISTERSTVO VNITRA ČESKÉ REPUBLIKY</p>	 <p>NADACE OPEN SOCIETY FUND PRAHA</p>	<p>NADAČNÍ FOND RODINY ORLICKÝCH</p> 
<p>Supporter of the Legal Service for Citizens and Reconstruction of the State</p>	<p>Supporter of the Legal Service for Citizens</p>	<p>Supporter of Reconstruction of the State</p>	<p>Supporter of Reconstruction of the State</p>
	 <p>Deutsche Umwelthilfe</p>	 <p>European Climate Foundation</p>	
<p>Supporter of the Legal Service for Citizens and Reconstruction of the State</p>	<p>Supporter of Responsible Energy</p>	<p>Supporter of Responsible Energy</p>	<p>Supporter of Responsible Companies</p>
 <p>THE JOSEPH ROWNTREE CHARITABLE TRUST <i>Joseph Rowntree</i></p>		 <p>OPEN SOCIETY INSTITUTE</p>	
<p>Supporter of Responsible Companies</p>	<p>Supporter of Responsible Energy</p>	<p>Supporter of Reconstruction of the State</p>	<p>Supporter of Responsible Companies</p>
<p>SIGRID RAUSING TRUST</p>	<p>WALLACE GLOBAL FUND</p>	<p>JUDr. David Hejč, Ph.D. expert consultations that helped us to create the Citizens' Rights and Municipal Administration e-learning course</p>	 <p>FIDELITY CharitableSM</p>
<p>Supporter of Responsible Companies</p>	<p>Supporter of Responsible Companies</p>	<p>Supporter of the Legal Service for Citizens</p>	<p>Supporter of Responsible Companies</p>
 <p>zeměkvět nadační fond</p>			
<p>Supporter of Reconstruction of the State</p>			



We would like to thank all of the donors that have made contributions of 100,000 CZK or more:

Jan Barta	Supported Reconstruction of the State
Y Soft Corporation, a.s.	Supported Reconstruction of the State
STUDENT AGENCY, k.s.	Supported Reconstruction of the State
Martin Hájek	Supported Reconstruction of the State
Libor Winkler	Supported Reconstruction of the State
Zátiší Catering Group a.s.	Supported Reconstruction of the State
Václav Dejčmar	Supported Reconstruction of the State
TECHLAR a.s.	Supported Reconstruction of the State
MEGAPIXEL s.r.o.	Supported Reconstruction of the State

We would like to thank all of the donors that have made contributions of 50,000 CZK or more:

Lubomír Bárta	Supported Reconstruction of the State
Josef KVAPIL a.s.	Supported the Legal Service for Citizens

♥ We would also like to thank our other contributors ♥

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Financial Report

Frank Bold

zájmové sdružení právnických osob



The Frank Bold Society is a non-profit organization and a member of the **Frank Bold** group. This group's other members in the Czech Republic are the attorneys' office **Frank Bold Attorneys**, the accounting and consulting office **Frank Bold Advisory**, and the **Frank Bold Kids** association, which operates a children's nursery in the forest (Sýkorka) and a children's forest club (Medlánka). The group also has a Polish member, Fundacja Frank Bold.

The Financing of Frank Bold's Sections

- Frank Bold Attorneys is a law office financed through its own commercial projects.
- Frank Bold Advisory is a consulting and accounting company financed via commercial orders.
- Frank Bold Kids, engaged in children's preschool education, is financed from

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 Attorneys law office is among these donors. It contributes materially—the Society can utilize its infrastructure freely.
- The non-profit Fundacja Frank Bold is financed through grants and its own income.

Each entity's financing is separate. The entities do have financial relationships, however: the mentioned donations from the Frank Bold Attorneys law office to the individual associations. Additionally, the Frank Bold Society occasionally orders the services of Frank Bold Attorneys for its projects.



Preventing For-profit/Non-profit Conflicts of Interest in the Group

The activities of Frank Bold's commercial entities 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 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 Attorneys would be representing the other.

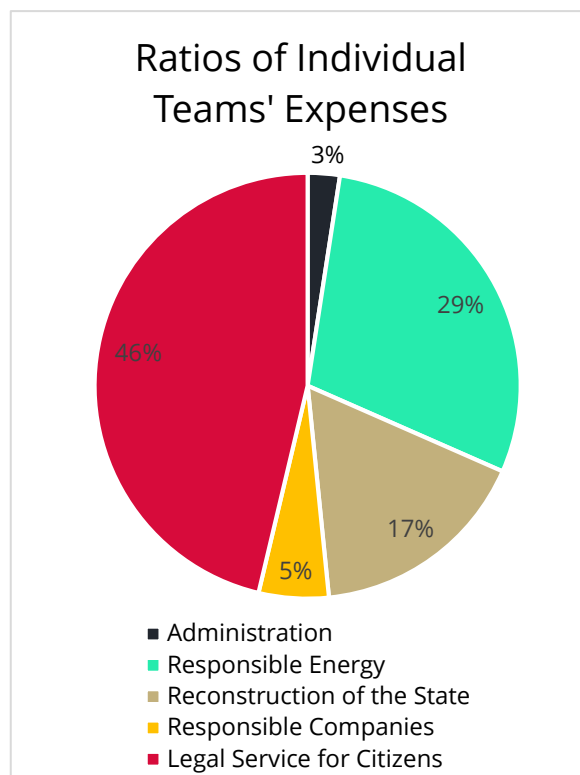
Frank Bold Attorneys has a strict [code of ethics](#), which also governs what orders it will accept. It does not represent parties engaged in corruption, the covering up of crimes, money laundering, harm to the environment, or violations of human rights. This office's clients have no influence on the activities and priorities of Frank Bold Society.

Frank Bold Society's Expenses and Revenues

The overview below shows Frank Bold Society's expenses and revenues for 2018. The graph summarizes the percentual division of the association's expenses among individual working groups to give a better idea of the financial demands produced by the individual teams' activities.

Regarding the information listed in the profit and loss report—for grants and subsidies, these are the funds used in the given year. Frank Bold Society performs its accounting, in accord with the binding methodology for these finances, in a fund-based manner, i.e. finances received are first booked to the fund and are only rebooked to revenues at the moment of their use in a given year. Finances left in the fund for use in future years thus do

not appear among the revenues for the current year. Meanwhile, the table does contain finances acquired in previous years that were used in the current year. Meanwhile, the donation listings shown below are amounts accepted in the given year, which, however, may not necessarily have been used in the same year.





EXPENDITURES	EUR	REVENUES	EUR
office supplies	3 026	own revenue	25 243
literature	401	donations - Reconstruction of the state	170 801
travel costs	9 219	donations - Others	33 431
representation (mainly refreshment)	4 384	bank interest	149
communication costs	4 632	others	53
print, copies, promotion	48 522	<i>grants from public budgets and EU budget</i>	
office rent (including services connected to rent)	21 989	European Comission, LIFE +	28 207
short-term rent (hire of venues)	7 329	Foundation BLÍŽKSOBĚ	39 979
legal fees and services	7 416	Czech Ministry of Interior	26 200
expertises	137 963	<i>grants from foundations and civic associations</i>	
translantions	2 465	European Climate Foundation	60 638
trainings and seminars	1 988	Open Society Initiative for Europe	23 538
software	355	Fidelity Charitable Gift Fund	50 196
labour costs	284 516	Open Society Institute	17 284
taxes; health and social insurance	69 821	Family Orlicky Fund	2 915
donations	17 982	Deutsche Umwelthilfe	3 356
bank fees	124	USA Embassy	14 728
other (exch. rate losses, penalties, audits...)	13 769	Centre for Research on Multinational Corporations (SOMO)	16 693
TOTAL EXPENDITURES	635 901	Wallace Global Fund	28 383
		Sigrid Rausing Trust	54 815
		Joseph Rowntree Charitable Trust	15 811
		Charles Léopold Mayer Foundation for the Progress of Humankind	15 087
		TOTAL REVENUES	627 507
PROFIT			-8 394

22HLAV / MSI Global Alliance
audit&consult Independent Member Firm

INDEPENDENT AUDITOR'S REPORT
on the verification of the final financial statements compiled
as of 31 December 2018

by
Frank Bold Society, z.s.

Prague, 9 September 2019

22HLAV s.r.o., Identification No. (IČ): 64052907, file No. C 10016 administered by the Regional Court in Ústí nad Labem,
Chamber of Auditors of the Czech Republic authorization No. 277
Chamber of Tax Advisors of the Czech Republic certificate holder
Registered office: Všebořická 82/2, Ústí nad Labem, postal code 400 01, branch office at Doudlebská 1699/5,
Prague 4, postal code 140 00
Tel.: +420 474745134, +420 230 234 554, e-mail: info@22hlav.cz, <http://www.22hlav.cz>

INTRODUCTORY DATA

Entity at which the verification was performed:

Organization: Frank Bold Society, z.s.
Address: Údolní 567/33, Brno-město, Brno, postal code 602 00
Identification No. (IČ): 653 41 490
Subject of business:

- Organization of campaigns and petition activities aimed at protection of the environment, cultural landmarks, consumers' rights, human rights and protection against discrimination, including protection of other public interests; and
- participation in administrative and other proceedings in which the interests of the protection of the environment, consumers' rights and other public interests may be affected

Report recipients:

Members of the association after negotiations with the statutory body

Subject of verification:

Final financial statements compiled as of 31 December 2018 for the accounting period from 1 January 2018 to 31 December 2018

Audit period:

From 28 August 2019 to 9 September 2019

Audit performed and auditor's report prepared by:

22HLAV s.r.o.
Všebořická 82/2, Ústí nad Labem
Chamber of Auditors of the Czech Republic authorization No. 277
member of the international association of independent professional firms
MSI Global Alliance, Legal & Accounting Firms

Responsible auditor: Ing. Jan Černý, Chamber of Auditors of the Czech Republic
authorization No. 2455

INDEPENDENT AUDITOR'S REPORT

for members of **Frank Bold Society, z.s.**

Report on verification of final financial statements

Auditor's award

We have performed an audit of the attached final financial statements of Frank Bold Society, z.s. (hereinafter the "**Organization**") compiled on the basis of Czech accounting regulations; said financial statements consist of Balance Sheet as of 31 December 2019, Profit and Loss Account for year ending on 31 December 2018 and the annex to said final financial statements containing a description of significant accounting methods used and other explanatory information. The data concerning the Organization are set out under point 1 of the Annex to said final financial statements.

In our opinion, the final financial statements **provide true and fair view of the assets and liabilities of Frank Bold Society, z.s. as of 31 December 2018 and its costs, revenues and operating results for the year ending on 31 December 2018** in compliance with Czech accounting regulations.

Background

We have performed the audit in compliance with the Act on Auditors, Regulation of the European Parliament and of the Council (EU) No. 537/2014 and auditing standards of the Chamber of Auditors of the Czech Republic, i.e. the International Standards on Auditing (ISA), supplemented and adjusted by potential related application clauses. Our liability set forth by the above-mentioned regulations is detailed in the section Auditor's liability for the auditing of the final financial statements. In compliance with the Act on Auditors and the Code of Ethics of the Chamber of Auditors of the Czech Republic, we are independent of the Organization and we have fulfilled other ethical obligations arising from the above-mentioned regulations. In our opinion, the evidence we collected provides sufficient and appropriate background for our award.

Liability of the Organization's committee for the final financial statements

The Organization's committee is liable for the compilation of the final financial statements providing true and fair view in compliance with Czech accounting regulations and for such internal inspection system that the committee considers necessary for the compilation of the final financial statements so that they do not contain any significant inaccuracies caused by fraud or error.

When compiling the final financial statements, the Organization's committee is obliged to assess whether the Organization constitutes a going concern, and if so, to describe in the annex to the final financial statements matters concerning said character of the Organization and to use the assumption of the existence as a going concern when compiling the final financial statements, except for when the committee plans to wind up the Organization or to terminate its activities or when the Organization has no actual alternative other than to do so.

22HLAV s.r.o., Identification No. (IČ): 64052907, file No. C 10016 administered by the Regional Court in Ústí nad Labem,
Chamber of Auditors of the Czech Republic authorization No. 277
Chamber of Tax Advisors of the Czech Republic certificate holder

Registered office: Všebořická 82/2, Ústí nad Labem, postal code 400 01, branch office at Doudlebská 1699/5, Prague 4,
postal code 140 00

Tel.: +420 474745134, + 420 230 234 554, e-mail: info@22hlav.cz, <http://www.22hlav.cz>

Auditor's liability for the auditing of the final financial statements

Our objective is to be reasonably assured that the final financial statements in their entirety do not contain any significant inaccuracies caused by fraud or error and to provide the auditor's report containing our award. The reasonable degree of assurance is a high degree of assurance, nonetheless it does not guarantee that the audit performed in compliance with the above-mentioned regulations will reveal in all cases a potential significant inaccuracy in the final financial statements. Inaccuracies may occur as a result of fraud or errors and are considered to be significant if it can reasonably be assumed that such inaccuracies, whether individually or in their entirety, could affect economic decisions that the users of the final financial statements will make on the basis of such financial statements.

When performing the audit in compliance with the above-mentioned regulations, we are obliged to make our expert judgment during the audit and to apply professional scepticism. We are also obliged:

- To identify and assess the risks of the occurrence of a significant inaccuracy of the final financial statements caused by fraud or error, to propose and perform auditing procedures responding to such risks and to obtain sufficient and appropriate evidence to be able to provide our award on the basis thereof. The risk that we will not reveal a significant inaccuracy that occurred as a result of fraud is higher than the risk that a significant inaccuracy caused by error will not be revealed, since fraud may also be based on collusions, falsifications, intentional omissions, untrue statements or circumvention of internal inspections on the part of CEO and the chairperson.
- To acquaint ourselves with the Organization's internal inspection system relevant for the audit to such an extent that we are able to propose auditing procedures that are appropriate in view of the given circumstances, not so that we are able to give our opinion concerning the effectiveness of its internal inspection system.
- To assess the appropriateness of the accounting rules used, reasonability of the accounting estimates and information stated by the Organization's CEO and chairperson stated in this respect in the annex to the final financial statements.
- To assess the appropriateness of the assumption of the existence as a going concern when compiling the final financial statements by the CEO and the chairperson and whether, with regard to the evidence obtained, any significant uncertainty arises from the events or conditions that may significantly question the Organization's capability to exist as a going concern. If we conclude that such significant doubts exist, we are obliged to draw attention in our report to the information stated in this respect in the annex to the final financial statements, and where such information is not sufficient, to provide a modified award. Our conclusions concerning the Organization's capability to exist as a going concern are based on the evidence that we obtained until the date of our report. Nevertheless, future events or conditions may cause that the Organization will no longer be able to exist as a going concern.
- To evaluate the entire presentation, breakdown and contents of the final financial statements, including the annex, and whether the final financial statements depict underlying transactions and events in a manner providing a true and fair depiction.

22HLAV s.r.o., Identification No. (IČ): 64052907, file No. C 10016 administered by the Regional Court in Ústí nad Labem,
Chamber of Auditors of the Czech Republic authorization No. 277
Chamber of Tax Advisors of the Czech Republic certificate holder

Registered office: Všebořická 82/2, Ústí nad Labem, postal code 400 01, branch office at Doudlebská 1699/5, Prague 4,
postal code 140 00

Tel.: +420 474745134, + 420 230 234 554, e-mail: info@22hlav.cz, <http://www.22hlav.cz>

We are obliged to inform the CEO and the chairperson of the Board of Directors and the Supervisory Board i.a. of the planned extent and timing of the audit and of the significant ascertainment that we obtained during the audit, including the significant inaccuracies we discovered in the internal inspection system.

22HLAV s.r.o.
member of the international association of independent professional firms
MSI Global Alliance, Legal & Accounting Firms
Všebořická 82/2, Ústí nad Labem, postal code 400 01
Chamber of Auditors of the Czech Republic authorization No. 277

In Prague, on 9 September 2019

illegible signature
Ing. Jan Černý
Chamber of Auditors of the Czech Republic authorization No. 2455

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The following annexes constitute integral parts of this Report:

1. Balance Sheet as of 31 December 2018
2. Profit and Loss Account for the period from 1 January 2018 to 31 December 2018
3. Annex to the Final Financial Statements for the period from 1 January 2017 to 31 December 2017

22HLAV s.r.o., Identification No. (IČ): 64052907, file No. C 10016 administered by the Regional Court in Ústí nad Labem,
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BALANCE SHEET
as of 31 December 2018
(in thousands rounded up to the next CZK)

Identification No. (IČO)
65341490

Name and registered office
of the accounting unit

Compiled in compliance with
Decree No. 504/2002, Coll.,
as amended

Frank Bold Society
Údolní 33
602 00 Brno

ASSETS		Line number	Balance as of the first day of accounting period	Balance as of the last day of accounting period	
a		b	1	2	
A.	Total fixed assets (lines 02 + 10 + 21 – 28)	1	0	0	
A.I.	Intangible fixed assets (lines 03 through 09)	2	0	0	
A.I.1.	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 in progress (041)	8	0	0	
A.I.7.	Advance payments for intangible fixed assets (051)	9	0	0	
A.II.	Total tangible fixed assets (lines 11 through 20)	10	0	0	
A.II.1.	Land (031)	11	0	0	
A.II.2.	Works of art and collections (032)	12	0	0	
A.II.3.	Assets under construction (021)	13	0	0	
A.II.4.	Tangible movable assets and sets thereof (022)	14	0	0	
A.II.5.	Grown-up 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 in progress (042)	19	0	0	
A.II.10.	Advances payments for tangible fixed assets (052)	20	0	0	
A.III.	Long-term financial assets (lines 22 through 27)	21	0	0	
A.III.1.	Shares – controlled or controlling person (061)	22	0	0	
A.III.2.	Shares – substantial interest (062)	23	0	0	
A.III.3.	Debt securities held until maturity (063)	24	0	0	
A.III.4.	Loans provided to branches (066)	25	0	0	
A.III.5.	Other long-term loans (067)	26	0	0	
A.III.6.	Other long-term financial assets (069)	27	0	0	
Sent on: 30 June 2019		Official stamp: Frank Bold Frank Bold Society, z.s. Údolní 33, 602 00 Brno Tel.: + 420 545 575 229 E-mail: info@frankbold.org Identification No. (IČO): 653 414 90		Signature of the head of the accounting unit: Ing. Petra Zelenáková <i>illegible signature</i> Person responsible for data accuracy: Ing. Stanislav Kutáček, Ph.D. Tel.: 770 111 260	

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		Line number	Balance as of the first day of accounting period	Balance as of the last day of accounting period
a		b	1	2
A.IV.	Total accumulated depreciation and accumulated amortization on fixed assets (lines 29 through 39)	28	0	0
A.IV.1.	Accumulated amortization – research and development (072)	29	0	0
A.IV.2.	Accumulated amortization – software (073)	30	0	0
A.IV.3.	Accumulated amortization – valuable rights (074)	31	0	0
A.IV.4.	Accumulated amortization – low value intangible fixed assets (078)	32	0	0
A.IV.5.	Accumulated amortization – other intangible fixed assets (079)	33	0	0
A.IV.6.	Accumulated depreciation – constructions (081)	34	0	0
A.IV.7.	Accumulated depreciation – separate tangible movable assets and sets thereof (082)	35	0	0
A.IV.8.	Accumulated depreciation – cultures and crops (085)	36	0	0
A.IV.9.	Accumulated depreciation – breeding and draught animals (086)	37	0	0
A.IV.10.	Accumulated depreciation – low-value tangible fixed assets (088)	38	0	0
A.IV.11	Accumulated depreciation – other tangible fixed assets (089)	39	0	0
B.	Total short-term assets (lines 41 + 51 + 71 + 80)	40	6,200	5,336
B.I.	Total inventories (lines 42 through 50)	41	0	0
B.I.1.	Material in stock (112)	42	0	0
B.I.2.	Material in transit (119)	43	0	0
B.I.3.	Work-in-process (121)	44	0	0
B.I.4.	Work-in progress (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.	Goods in stock and in shops (132)	48	0	0
B.I.8.	Goods in transit (139)	49	0	0
B.I.9.	Advances provided for inventories (314)	50	0	0
B.II.	Total receivables (lines 52 through 70)	51	1,129	2,230
B.II.1.	Trade debtors (311)	52	219	279
B.II.2.	Bills of Exchange to be collected (312)	53	0	0
B.II.3.	Receivables from discounting securities (313)	54	0	0
B.II.4.	Advance payments made (314+line 50)	55	20	20
B.II.5.	Other receivables (315)	56	0	0
B.II.6.	Receivables due from employees (335)	57	0	4
B.II.7.	Receivables due 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	0	0
B.II.10.	Value added tax (343)	61	0	0
B.II.11.	Other taxes and fees (345)	62	0	0
B.II.12.	Claims to subsidies and other settlements with state budget (346)	63	0	0
B.II.13.	Claims to subsidies and other settlements with budgets of independent territorial units (348)	64	0	0

			Line number	Balance as of the first day of accounting period	Balance as of the last day of accounting period
a			b	1	2
B.II.14.	Receivables due from from partners associated in the company	(358)	65	0	274
B.II.15.	Receivables from fixed forward operations and options	(373)	66	0	0
B.II.16.	Receivables from bonds issued	(375)	67	0	0
B.II.17.	Other receivables	(378)	68	889	1,651
B.II.18.	Estimated receivables	(388)	69	0	0
B.II.19.	Adjustment to receivables	(391)	70	0	0
B.III.	Total short-term financial assets (lines 72 through 79)		71	4,103	2,322
B.III.1.	Cash on hand	(211)	72	24	35
B.III.2.	Stamps, coupons and vouchers	(213)	73	3	0
B.III.3.	Cash at bank	(221)	74	4,074	2,285
B.III.4.	Shares and other securities for trading	(251)	75	2	2
B.III.5.	Debt securities for trading	(253)	76	0	0
B.III.6.	Other securities	(256)	77	0	0
B.III.7.	Short-term financial assets in progress	(259)	78	0	0
B.III.8.	Cash in transit	(+/-261)	79	0	0
B.IV.	Total other assets (lines 81 + 82)		80	968	784
B.IV.1.	Prepaid expenses	(381)	81	968	784
B.IV.2.	Accrued revenues	(385)	82	0	0
	TOTAL ASSETS (lines 1 + 40)		83	6,200	5,336
	Check figure (lines 1 through 83)		997	17,231	13,473

LIABILITIES		Line number	Balance as of the first day of accounting period	Balance as of the last day of accounting period
c		d	3	4
A.	Total equity (lines 85 + 89)	84	3,182	2,723
A.I.	Total assets (lines 86 through 88)	85	228	228
A.I.1.	Equity (901)	86	41	41
A.I.2.	Funds (911)	87	187	187
A.I.3.	Gains/losses from revaluation of financial assets and liabilities (921)	88	0	0
A.II.	Total profit (lines 90 through 92)	89	2,954	2,495
A.II.1.	Profit/loss (+/-963)	90	X	-456
A.II.2.	Profit/loss to be approved (+/-931)	91	-1,284	X
A.II.3.	Retained earnings, accumulated losses from previous years (+/-932)	92	4,238	2,951
B.	Total liabilities (lines 94 + 96 + 104 + 128)	93	3,018	2,613
B.I.	Total reserves (line 95)	94	0	0
B.I.1.	Reserves (941)	95	0	0
B.II.	Total long-term liabilities (lines 97 through 103)	96	0	0
B.II.1.	Long-term loans (953)	97	0	0
B.II.2.	Bonds issued (953)	98	0	0
B.II.3.	Liabilities on lease (954)	99	0	0
B.II.4.	Long-term advance payments received (955)	100	0	0
B.II.5.	Long-term liabilities for Bills of Exchange (958)	101	0	0
B.II.6.	Estimated payables (389)	102	0	0
B.II.7.	Other long-term liabilities (959)	103	0	0
B.III.	Total short-term liabilities (lines 105 through 127)	104	1,148	924
B.III.1.	Trade creditors (321)	105	191	178
B.III.2.	Bills of Exchange to be paid (322)	106	0	0
B.III.3.	Advance payments received (324)	107	0	0
B.III.4.	Other liabilities (325)	108	7	44
B.III.5.	Employees (331)	109	432	495
B.III.6.	Other liabilities toward employees (333)	110	0	6
B.III.7.	Liabilities due to social security and public health insurance institutions (336)	111	475	256
B.III.8.	Income tax (341)	112	0	0
B.III.9.	Other direct taxes (342)	113	44	-53
B.III.10.	Value added tax (343)	114	-1	-2
B.III.11.	Other taxes and fees (345)	115	0	0
B.III.12.	Liabilities from relation to state budget (346)	116	0	0
B.III.13.	Liabilities from relation to budgets of independent territorial units (348)	117	0	0
B.III.14.	Liabilities from subscribed unpaid securities and shares (367)	118	0	0
B.III.15.	Liabilities toward partners associated in the company (368)	119	0	0
B.III.16.	Liabilities from fixed forward operations and options (373)	120	0	0
B.III.17.	Other creditors (379)	121	0	0
B.III.18.	Short-term bank loans (231)	122	0	0
B.III.19.	Credits for discounted securities (232)	123	0	0
B.III.20.	Short-term bonds issued (241)	124	0	0
B.III.21.	Own bonds (255)	125	0	0
B.III.22.	Estimated liabilities (389)	126	0	0
B.III.23.	Other short-term debentures issued (379)	127	0	0
B.IV.	Total other liabilities (lines 129 + 130)	128	1,870	1,689
B.IV.1.	Prepaid expenses (383)	129	0	0
B.IV.2.	Accrued revenues (384)	130	1,870	1,689
	TOTAL LIABILITIES (lines 84 + 93)	131	6,200	5,336
	Check figure (lines 84 through 131)	998	24,800	21,344

PROFIT AND LOSS ACCOUNT
as of 31 December 2018
(in thousands rounded up to the next CZK)

Identification No. (IČO)
65341490

Compiled in compliance with
Decree No. 504/2002, Coll.,
as amended

Frank Bold Society
Údolní 33
602 00 Brno

Line number	Item	Line number	Core activities	Economic activities	Total
			1	2	3
A.	Costs (line 39)	1	16,496	0	16,496
A.I.	Total consumed purchases and purchased services (line 3 through 8)	2	6,863	0	6,863
A.I.1	Consumed materials, energy and other non-inventory items (501-3)	3	88	0	88
A.I.2	Merchandise sold (504)	4	0	0	0
A.I.3	Repairs and maintenance (511)	5	0	0	0
A.I.4	Travel expenses (512)	6	298	0	298
A.I.5.	Entertainment and promotion expenses (513)	7	113	0	113
A.I.6	Other services (518)	8	6,364	0	6,364
A.II.	Change of levels of inventories from own activities and capitalization of materials, merchandise, internal services and fixed assets (lines 10 through 12)	9	0	0	0
A.II.7	Changes of levels of inventories from own activities (56x)	10	0	0	0
A.II.8	Capitalization of materials, merchandise and internal services (57x)	11	0	0	0
A.II.9	Capitalization of fixed assets	12	0	0	0
A.III.	Total personnel costs (lines 14 through 18)	13	8,970	0	8,970
A.III.10	Wages and salaries (521)	14	6,852	0	6,852
A.III.11	Statutory social insurance (524)	15	1,796	0	1,796
A.III.12	Other social insurance (525)	16	0	0	0
A.III.13	Statutory social expenses (527)	17	191	0	191
A.III.14	Other social expenses (528)	18	131	0	131
A.IV.	Total taxes and fees (line 20)	19	55	0	55
A.IV.15	Taxes and fees (53x)	20	55	0	55
A.V.	Total other costs (lines 22 through 28)	21	120	0	120
A.V.16	Contractual penalties, default interests and other fines and penalties (541)	22	3	0	3
A.V.17	Write-off of uncollectible account receivable (543)	23	0	0	0
A.V.18	Cost interests (544)	24	0	0	0
A.V.19	Foreign exchange losses (545)	25	16	0	16
A.V.20	Gifts and donations (546)	26	0	0	0
A.V.21	Shortages and damages (548)	27	0	0	0
A.V.22	Other expenses (549)	28	101	0	101
A.VI.	Total depreciation and amortization, assets sold and creation of reserves and adjustments (lines 30 through 34)	29	0	0	0
A.VI.23	Amortization of fixed intangible assets and depreciation of tangible fixed assets (551)	30	0	0	0
A.VI.24	Fixed assets sold (552)	31	0	0	0
A.VI.25	Securities and shares sold (553)	32	0	0	0
A.VI.26	Material sold (554)	33	0	0	0
A.VI.27	Creation of reserves and adjustments (556-9)	34	0	0	0
A.VII.	Total contributions provided (line 36)	35	469	0	469
A.VII.28	Provided membership fees and contributions settled between branches (58x)	36	469	0	469
A.VIII.	Total income tax (line 48)	37	19	0	19
A.VIII.29	Income tax (59x)	38	19	0	19
	TOTAL COSTS	39	16,496	0	16,496

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Line number	Item	Line number	Core activities	Economic activities	Total
			1	2	3
B.	Revenues (line 67)	40	15,926	114	16,040
B.I.	Operating subsidies (line 42)	41	1,398	0	1,398
B.I.1	Operating subsidies (691)	42	1,398	0	1,398
B.II.	Total contributions received (lines 44 through 46)	43	13,878	0	13,878
B.II.2	Received contributions settled between branches (681)	44	0	0	0
B.II.3	Contributions (gifts and donations) received (682)	45	13,878	0	13,878
B.II.4	Membership fees received (684)	46	0	0	0
B.III.	Total revenues from own products, services and merchandise (lines 48 through 50)	47	617	114	731
B.III.1	Revenues from own products (601)	48	0	0	0
B.III.2	Revenues from services sold (602)	49	617	114	731
B.III.3	Revenues from merchandise sold (604)	50	0	0	0
B.IV.	Total other revenues (lines 52 through 57)	51	33	0	33
B.IV.5	Contractual penalties, default interest and other fines and penalties (641-2)	52		0	0
B.IV.6	Payments for write off of trade debtors (643)	53	3	0	3
B.IV.7	Interest receivable (644)	54	4	0	4
B.IV.8	Foreign exchange gains (645)	55	21	0	21
B.IV.9	Funds settlement (648)	56	0	0	0
B.IV.10	Other proceeds (649)	57	5	0	5
B.V.	Total revenues from sales of assets and settlement of reserves and adjustments (lines 59 through 63)	58	0	0	0
B.V.11	Revenues from sales of intangible and tangible fixed assets (652)	59	0	0	0
B.V.12	Revenues from sales of securities and shares (653)	60	0	0	0
B.V.13	Revenues from sales of material (654)	61	0	0	0
B.V.14	Revenues from short-term securities (655)	62	0	0	0
B.V.15	Revenues from long-term securities (657)	63	0	0	0
	TOTAL REVENUES	64	15,926	114	16,040
C.	PROFIT/LOSS BEFORE TAX (lines 39 – 64 + 38)	65	-570	114	-456
A.VIII.29	Income tax (591)	66	0	0	0
D.	PROFIT/LOSS AFTER TAX (lines 65 – 66)	67	-570	0	-456
	Check figure (lines 1 through 67)	999	128,548	684	129,232

Sent on: 30 June 2019	Official stamp: Frank Bold Frank Bold Society, z.s. Údolní 33, 602 00 Brno Tel.: + 420 545 575 229 E-mail: info@frankbold.org Identification No. (IČO): 653 414 90	Signature of the head of the accounting unit: Ing. Petra Zelenáková <i>illegible signature</i> Person responsible for data accuracy: Ing. Stanislav Kutáček, Ph.D. Tel.: 770 111 260
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Annex to final financial statements for 2018

Frank Bold Society, spolek

Údolní 567/33, Brno, postal code 602 00

Identification No. (IČ): 65341490

The accounting unit was incorporated on 11 November 1997 and entered into the register under the new name Frank Bold Society (the preceding name was Ekologický právní servis) on 1 January 2014.

The accounting period is the period between 1 January 2018 and 31 December 2018.

The books of accounts are maintained in compliance with the Accounting Act and the applicable accounting regulations.

Frank Bold Society (hereinafter “**FBS**”) is a small accounting unit keeping accounts in an electronic double-entry bookkeeping system using KELEXPRESS software of KELOC CS, s.r.o.

Members’ meeting comprising Mgr. Jiří Nezhyba, Mgr. Pavel Franc, Mgr. Martin Fadrný and Mgr. Pavel Černý is FBS’s statutory body.

FBS uses chart of accounts for not-for-profit organizations consisting of five-digit accounts; 4th and 5th digits represent analytical subaccounts as required from time to time.

Tangible and intangible fixed assets were removed from accounting records in 2010 since they are no longer used in FBS.

Low-value tangible fixed assets are recorded in off-balance sheet account No. 97128X “Day-to-day records of low-value inventories”. The assets are depreciated at the moment of purchase in accounts Nos. 50100 “Office supplies” and 50128 “Low-value assets accounted for directly as used”.

Cash financial transactions in foreign currencies are typically accounted using the current exchange rate as of the date of the relevant accounting operation. Another accounting procedure for foreign exchange transactions is used where donors so request. Such procedure is then described in the relevant conditions or grant agreements.

Material is accounted for directly as used at the moment of purchase. The Organization does not purchase any material for stock.

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Reimbursement for travel expenses and fares is stipulated in internal directives issued by members' meeting held on 3 January 2000; records concerning said directives are included in the corporate income tax return for 2003 submitted to the Financial Office in Tábor. Said directives remained unchanged until 2018.

A credited EPS ticket is recorded in account No. 21313 - "Stamps". Other stamps (such as fee stamps or postage stamps) are accounted directly as used at the moment of purchase and posted to the relevant cost accounts.

The income from grants, subsidies and certain special purpose gifts or donations, although no corporate income tax is to be paid on such items, are accounted as revenues in the amounts equalling the expenses in the relevant accounting period and relating to the individual sources of such income. In the case of instalments that significantly exceed the relevant expenses incurred in the relevant accounting year, accruals are accounted in account No. 98400 "Accrued revenues". Where the revenues only insignificantly exceed the costs in the case of individual concrete grants and subsidies and it is certain that such exceeding will be settled in the subsequent year and a complete billing will be provided to the relevant foundation, no accruals are applied.

Income from grants and subsidies in 2017 (in CZK thousands):

Subsidies from public budgets and EU budgets	1,398
Subsidies from foundations and associations	9,588

FBS's ongoing regular activities are performed by employees under main employment agreement; such employees include both full time employees and, in justified cases, also part time employees. On average, FSB had 21 full-time equivalent employees in 2018. One-time activities are performed under agreements outside employment relationship.

The Organization is a public utility taxpayer in compliance with Section 17a of Act No. 586/1992, Coll., the Income Tax Act, as amended (hereinafter the "**Income Tax Act**").

The Organization makes tax exempt gifts pursuant to Section 19b(2)(b) of the Income Tax Act whenever it is possible.

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Records of individual grants and activities

The accounting software used allows to divide the accounting into three categories: “centres”, “operations” and “orders”.

Code list “Centres”:

- Under numbers 79 through 89, this code list includes the categories of incomes and expenses that are not subject to the corporate income tax, including (i) gifts from individuals and legal entities that are subject to the gift tax pursuant to the applicable law, (ii) interests from the relevant current bank account and (iii) support centres passing through certain costs to other organizations.
- Under numbers 91 through 100, the code list includes individual fee-paying activities that arise from the association’s Statutes and that are separately subject to the corporate income tax.
- The other numbers in this code list are ancillary or historical and are not subject to the corporate income tax.

Code list “Operations”:

- This code list includes in particular all grants and gifts from foundations, i.e. movements that influence the operating results but are not subject to the corporate income tax. The numbers of the operations – “grants” have three digits.
- The other numbers in this code list are ancillary or historical and are not subject to the corporate income tax.

Code list “Orders”:

- The numbers of projects shown in this code list match with the numbers of the “operations” and in the code list “Orders” designate the costs shown as co-financed in the billings of said projects.
- The other numbers in this code list are ancillary or historical and are not subject to the corporate income tax.

No significant changes occurred between the balance sheet date (31 December 2018) and the date of the compilation of the final financial statements. In 2018, the income from secondary activities (sublease of office premises) amounted to CZK 114,202.16. According to the 2018 tax return, said income was duly taxed.

In Brno, on 30 June 2019

Official stamp:

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Petra Zelenáková

FBS Economist