



Frank Bold Society

a member of the Frank Bold Group

# 2019 Annual Report



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# Contents

Frank Bold's 2019 .....	5
About Frank Bold Society .....	6
Frank Bold's Leadership and Employees .....	6
Student internships .....	8
Responsible Companies.....	9
Corporate transparency .....	9
Corporate accountability.....	10
Sustainable corporate governance and directors' duties .....	11
Responsible Energy.....	12
Efforts to Speed the Coal Power Industry Phaseout.....	12
We Continue Our Fight for a Clean Atmosphere .....	14
Legal Service for Citizens .....	16
A free legal consulting service and other online educational activities.....	16
Partner 2.0.....	17
Reconstruction of the State.....	18
Mandatory Internet Publishing of State Enterprises' Contracts .....	18
Effective Freedom of Information for Citizens.....	18
7 Guarantees for an Independent Judiciary.....	18
Unconstitutional Actions by the Czech President.....	18
Independence of Public Media .....	19
Digitalization of the State Administration.....	19
Communication .....	19
Engaging Active Citizens.....	20
Lobbying Workshops.....	20
The Network for the Defense of Democracy .....	21
Financing .....	21
Our Donors .....	22
Grants and Contributions.....	23
Individual Donors .....	24



Financial Report.....	28
The Financing of Frank Bold’s Sections .....	28
Preventing For-profit/Non-profit Conflicts of Interest in the Group .....	29
Frank Bold Society’s Expenses and Revenues .....	29





## Frank Bold's 2019

For Frank Bold, 2019 was a year of major shifts and changes. Right at its very beginning, we took a fundamental step: restructuring our entire organization. We founded Frank Bold, s. r. o. as a parent company with all the consortium's activities—including those of Frank Bold Society's non-profit projects—subordinated to it. One goal of the transformation was to support our public-benefit activities. As a part of it, the members of the Frank Bold consortium promised to contribute 10% of their pre-tax profits to the activities of Frank Bold Society.

Frank Bold Society definitely deserves support, because in 2019 it confirmed its fundamental importance for European society. One major source of this importance was our [assessment of the non-financial reports](#) of one thousand of Europe's largest corporations, which drew attention across the continent and even served as a reference for the European Commission as it was updating the guidelines on non-financial reporting in the EU.

Nationally, the key theme of Frank Bold Society's work last year was protecting the climate and water. Our largest case was one for protecting the Frýdlant Promontory from a complete loss of its water—one possible effect of the planned deepening of the brown-coal mine in Turów, Poland. We are battling this threat in cooperation with affected communities and the administration of the Liberec Region. We are likewise striving to team up with the Ministry of the Environment. Thanks to our engagement, the Czech government has put forth a clearly negative stance towards this harmful mine extension.

Alongside this fight, via the Reconstruction of the State platform, Frank Bold Society also voiced its opinion on Czech anti-corruption

legislation. Elsewhere, we have contributed to protecting the independence of the judiciary by providing an expert study. We also stopped a reform of the act on public prosecutors that would have reduced its independence from the Ministry of Justice, as well as an amendment to the Freedom of Information Act that would have lowered the standard for acquiring information from state institutions. We additionally paved the way to an expansion of the public Contract Register, the publishing of all verdicts in electronic form in 2020, and more. We negotiated cooperation with the prime minister and the Office of the Government on preparations for a reform of the Office for the Protection of Competition and contributed to the Ministry for Local Development's decision to issue a Methodology for Small-scope Contracts.

Besides our efforts towards a better environment and better work by the state, we also supported citizen activists engaged in defending public interests. Our web-based legal advice center has grown to become the second most visited legal advice site in the nation. In 2019, over 800,000 visitors sought our advice, and thanks to help from Frank Bold Attorneys and law-student volunteers, we were able to offer analyses and individual legal counsel hundreds of times.

As should be clear from all this, we do what we can to help companies, the State, regions, communities and citizens to make good decisions. Support us, and keep your fingers crossed for us.

**Pavel Franc,**  
**CEO of Frank Bold**





# 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. 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 and future generations.

## Frank Bold's Leadership and Employees

Frank Bold Society is a registered association. Its Members' Meeting is its highest authority. Its statutory body is the Committee. Between sessions of the Members' Meeting, the society's activities are managed by the director. The Society is divided into four topic-based working sections, with employees in support teams (administration, finances, HR, and PR) helping them to carry out their activities.

### The Members of the Committee

**Pavel Franc**, director (CEO)

**Stanislav Kutáček** (CFO)

**Martin Fadrný**

### The Working Sections and Their Team Leaders

#### Reconstruction of the State

Josef Karlický

#### Legal Service for Citizens

Michal Kuk

#### Responsible Energy

Kristína Šabová

#### Responsible Companies

Filip Gregor



The Frank Bold Society's Employees in 2019				
Reconstruction of the State	Legal Service for Citizens	Responsible Energy	Responsible Companies	Management and Support Teams
Josef Karlický	Michal Kuk	Kristína Šabová *	Filip Gregor	Pavel Franc (CEO)
Lukáš Kraus	Markéta Cooiman *	Laura Haiselová (Otýpková)	Susanna Arus	Stanislav Kutáček (CFO)
Tereza Křištofová	Hana Sotoniaková *	Eliška Beranová		Jana Kravčíková (CPO)
Věnek Bonuš	Petr Kalíšek	Petra Urbanová		Michala Chatrná
Dora Nováková	Petra Marie Andrášik			Pavel Pražák
Petr Bouda	Lukáš Prnka			Pavčina Gbelcová *
Kristýna Menclová	Kristýna Ryšavá			Žaneta Goňová *
Markéta Voborníková				Kateřina Kováčová
Olga Pek				Kristýna Špačková
Jitka Nesrstová				Barbara Gregorová
Ervín Hausvater				Petra Zelenáková
Jakub Kvapil				Martin Fadrný *
Lucie Jonáčková				Eva Johana Šteinigerová
Adam Wichera				

The employees cooperating with FBS in 2019 who are marked with a \* were on parental leave or unpaid leave.

Additionally, the following persons were engaged in Frank Bold's activities based on contracts for services: Kristýna Vejvodová, Dan Urbánek, Petr Šťastný, Blanka Šoulavá, Denisa Skládalová, Věra Nováková, Viktorie Nováková, Petr Mareš, Adam Kubička, Daniel Kostić, Hana Chmelová, Petra Hubatková, Veronika Hrtoňová, Ondřej Havel.



## Student internships

For many years now, Frank Bold has been engaging university students in its activities as part of its [student internship program](#). These internships are for students at faculties of law as well as other fields, such as finance, IT, psychology and other social sciences. We strive to offer these students useful and meaningful practice while also contributing to their development both in the field of their studies and in their value approach. Alongside the internship program itself, we also engage in teaching activities, primarily at faculties of law, and we participate in legal summer schools and trade fairs. In November 2019, we also held an Alumni Meeting for internship alumni, with 25 former interns alongside other guests, including the dean of Masaryk University Faculty of Law, doc. JUDr. Mgr. Martin Škop, Ph.D.



*"My internship at Frank Bold has widened my horizons and shown me that there are places out there where everyone is trying to truly change things rather than chasing profits. Not only did I learn how essential independence, organization, and thoroughness are; I also learned that I needn't be afraid to ask for help or advice, because at Frank I'll always find support and, above all, possibilities for further self-development." – Dominika, HR intern, psychology student*

A total of 38 students had internships at Frank Bold in 2019, including 26 law students and 12 students from other fields.

### Frank Bold Interns in 2019

Barbora Baránková	Veronika Motyčková
Lucie Benešová	Tomáš Münzberger
Šárka Butulová	Paige Otto
Miroslav Crha	Eva Pernicová
Kristina Čermáková	Aneta Peychlová
Jakub Hadaš	Nikola Pospíšilová
Jana Hajdučková	Michaela Romanová
Sára Hrubešová	Hynek Růžička
Petra Hubatková	Adéla Řiháková
Hana Chlupová	Denisa Skládalová
Marek Jahn	Patrik Sysel
Dalibor Jirda	Natálie Škrdllová
Alexander Jones	Dominika Štejdířová
Anna Kačmaříková	Lukáš Šulc
Anna Kocourková	Jakub Vašíček
Adéla Kolářová	Kristýna Vejvodová
Daniel Kostič	Kristýna Zahálková
Vojtěch Kratochvíl	Tomáš Zejda
Renata Krišpínová	Kristýna Zindulková



# Responsible Companies

**We develop and promote new business models that better integrate societal interests into corporate purpose and governance, as well as EU regulation to improve corporate transparency and accountability. We recognize the key role that corporations play in the current economy and its relevance in society, but we also see the struggles of the corporate sector to act sustainably, ethically and the shortcomings in their responses to fundamental challenges such as climate change and human rights. By working with leading scholars, companies, investors and NGOs, we strive to review 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

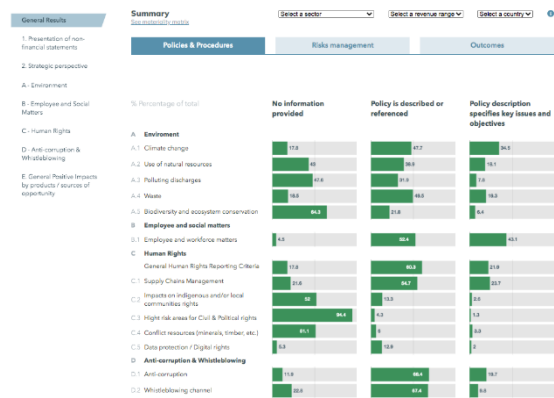
- a) mainstream a new model for corporate governance that focuses on the long-term interests of the company and ensures that it is managed to operate within planetary boundaries and social foundations
- b) adopt EU laws that ensure corporate accountability for the adverse impacts of business activities on human rights and environment.

## •What We Worked on in 2019•

### Corporate transparency

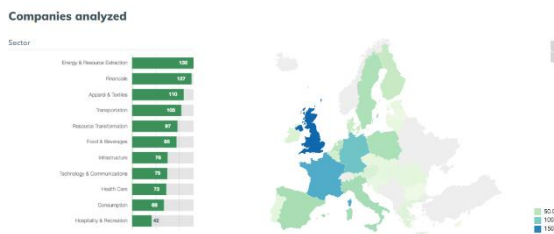
The European Commission has confirmed that the EU Non-Financial Reporting Directive will be reformed and is set to publish a proposal by the end of 2020 (or early 2021) to ensure comprehensive human rights and environmental disclosures by companies. This is a central piece of the EU Green Deal and the Sustainable Finance agenda.

The reform and improvement of this Directive has always been the main objective of the [Alliance for Corporate Transparency](#) ever since the launch of the project, in 2018. The Alliance is an initiative set up by Frank Bold, bringing together leading NGOs to provide evidence-based recommendations to policy-makers and companies on the need for such a reform. As part of this project, we carried out an assessment of 1000 European companies' non-financial reports in 2019 and published the results in a [public access database](#) where you can filter findings per country and sector. Similarly, the project produced a [Research report](#) with the main conclusions extracted from the research. The project launched a renewed [interactive website](#) to promote these results, which represent the largest study of this type to date, providing strong evidence for the need to improve the corporate sustainability disclosure legal framework.



Screenshot of the publicly accessible database with the results of our assessment of 1000 corporations' reports

The findings of the research point out that in general, companies' reporting is too vague to allow understanding of corporate impacts, risks or even plans to mitigate impacts and risks.



List of analyzed corporations by region and industry sector

The Alliance for Corporate Transparency project will continue to develop specific policy proposals and aim to build broad multi-stakeholder consensus for the reform of the Directive and the development of EU standards. For this purpose, we're coordinating an engagement process with sustainability leaders from companies, investors, standard-setters and reporting initiatives. Lastly, Filip Gregor, Head of Responsible Companies at Frank Bold, has been engaged in the [Corporate Reporting Lab](#) at the European Financial Reporting Advisory Group, which has been tasked with providing advice to the EU Commission on good sustainability reporting practice.

## Corporate accountability

We continue to steer and collaborate with the European Coalition for Corporate Justice (ECCJ), whose 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 affected people.

In 2019, important developments took place in this area in Europe, as the European Commission acknowledged the need for inquiry into policy options to ensure corporate respect for human rights and the environment, and commissioned a study to explore such possibilities.

The study was carried out by the British Institute for International and Comparative Law (BIICL) to map the options for introducing mandatory human rights due diligence in EU company law, a topic we have been championing through our work in close collaboration with the ECCJ since 2008. We were consulted by the authors of this study, which was [released in February 2020 \(available here\)](#). In addition to contributing to the development of the ECCJ's thinking in this area, Filip Gregor, Head of Responsible Companies Section, represented the coalition at several events, most notably at the [Finnish EU Presidency Business and Human Rights Conference](#), where he spoke on behalf of European civil society in the session focused on mHRDD and mandatory sustainability reporting.





*Finnish EU Presidency Business and Human Rights Conference*

## Sustainable corporate governance and directors' duties

The European Commission has also taken first steps to explore options of integrating sustainability in directors' duties and how corporate governance can better protect the interests of stakeholders, as well as sustainability and a company's long-term interests. The commitment of the European Commission to do so stems from the European Commission Action Plan on Sustainable Finance, adopted in 2018.

Frank Bold was involved in the consultation rounds held as part of the study into these matters commissioned by DG Justice of the European Commissions, and guided the contributions of several other NGOs. The focus of the study corresponds to the recommendations of the [Purpose of Corporation Project](#), which we implemented between 2014 and 2016, and of our [research paper](#) on clarifying directors' duties in the EU published in 2018. Last but not least, in collaboration with Dr. Jeroen Veldman from Nyenrode Business University and Prof. Andrew Johnston from Sheffield University, we coordinated and published [a statement "Corporate Governance for Sustainability"](#)

endorsed by more than 60 leading company law academics. The statement was crafted to provide guidance to the European Commission. Our long-standing collaboration with the above-mentioned scholars was recognized by the [2019 International Impactful Collaboration Award](#), which is given to international collaborations between academics and external stakeholders that have achieved demonstrable, external impact.



# Responsible Energy

Climate change is one of the greatest global challenges today. To prevent dangerous global warming, humanity must fundamentally reduce its greenhouse gas emissions by 2030. Therefore, Frank Bold establishes and encourages legal initiatives that promote a shift in orientation for EU countries towards carbon-neutral 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 phasing out of coal-based energy—especially in Central and Eastern Europe.

In the long term, we focus on two goals. The first is a law-powered effort to restrict the operations of the largest carbon polluters: 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 emission-limits exceptions.

The second is an effort to improve air quality in the nation's most heavily polluted localities. Using legal tools, we work to make the Ministry of Environment enforce compliance with legal emissions limits in every region of the country.

## •What We Worked on in 2019•

### Efforts to Speed the Coal Power Industry Phaseout

#### **We're eliminating illegal exceptions for coal power plants**

Under European legislation, new emissions limits for coal plants should come into force by 2021. In 2019, we monitored every request by coal plants for exceptions from the new emissions limits with the aim of taking part in the most important proceedings.

We took an active part in the proceedings on the exception for the Chvaletice power plant, whose operator requested, among other things, the possibility of releasing over 2,426.88 kg more mercury than can be released under the new limits.

The office of first instance accommodated the plant's exception request entirely and uncritically. We therefore joined individual citizens and representatives of local communities in turning to the Ministry of Environment with an appeal pointing out the entirely fundamental legal and procedural defects of the decision in question.

The Ministry agreed that we were correct in the points of this appeal. They annulled the illegal exception for the Chvaletice plant and returned the matter to the office of first instance for renegotiation. In its decision, the Ministry of Environment set forth—in accord with the appeal—basic requirements for the evaluation of requests for exceptions to new emissions limits, which will be binding for authorities of first instance in their future decision-making.

This is an important precedent that will positively affect similar future proceedings. Thanks to our appeal, the Ministry confirmed





that the authorities may not grant exceptions en masse and that, to acquire them, power plants' operators must provide proof for all relevant assertions.

## **We're protecting drinking water from an expansion to the Turów mine**

The Turów brown-coal mine lies directly on the Czech-Polish border, not far from Liberec.



*The Turów mine*

Its planned expansion and the continuation of mining in 2020–2044 would mean a loss of drinking water and an increase in noise and dust levels for the surrounding communities. The resulting drainage of underground water would not just be a threat to citizens; the drying out of the area would destroy entire ecosystems and cause significant agricultural damage. Already today, this mine covers 45 square kilometers and is 225 meters deep. Over its history it has caused underground water levels in the Liberec Region to drop by up to 60 meters.

Despite all this, the Polish party refuses to adjust the mining continuation plan so as to eliminate any significant impacts on the Czech Republic, and does not accept the existence of any environmental impacts or need for compensation. The plan likewise does not count on any arrangements for a replacement source of drinking water.

We are working alongside our partners to minimize the plan's impacts on Czech territory.

Within the Environmental Impact Assessment procedure, we prepared an extensive expert statement pointing out the factual deficiencies in the documentation presented by the investor and requested the drafting of a new plant variant that would not represent a significant burden for water sources in the Liberec area. We subsequently participated in the public negotiations on the plan in Chotyně, where we confronted the investor with our criticisms directly.

We have also been in close communication with Czech politicians and the Czech public regarding the plan's impact on the nation's environment. As a result, the Czech Republic has issued a negative statement regarding the plan, wherein it expressed its disagreement with the plan's execution in its current form.

We have been in fruitful communication with international media as well. Thanks to this work, the Washington Post and the New York Times, as well as one of the best-selling Polish dailies, Gazeta Wyborcza, informed on the case in early December.



*We're supporting local citizens in the Liberec Region.*



## **We organized a meeting to better the “permit process culture” for industrial activities permits**

In December we organized a meeting of the non-governmental organizations Client Earth and European Environmental Bureau as well as representatives of several EU member states on improving the milieu surrounding permit processes for industrial activities.

At this all-day meeting in Brussels, our lawyer Laura Otýpková joined in the discussions alongside experts from Sweden, Germany, France, Belgium, and the Netherlands (Flanders). Participants discussed the possibilities for improving the permit processes that set the conditions under which industrial facilities are allowed to operate. This issue is important because it closely relates to the ongoing revision of the guidelines for industrial emissions being worked on by the European Commission.

Speaking with the other participants of the meeting, we shared our views on setting conditions in—for example—integrated permit processes, emission-limits exceptions, access to information, and public participation in proceedings. We also listened to their experiences and the best practices they presented.

## **We Continue Our Fight for a Clean Atmosphere**

### **The Right to Clean Air project draws to a successful end**

In November 2019, we brought our [Right to Clean Air](#) project to its successful conclusion. This was a joint project with the German environment organization [Deutsche Umwelthilfe](#). Its main goal was to inform the

public of the applicable EU regulations governing atmospheric protection and to promote better fulfillment of them within the Czech Republic. This is crucially important: the nation’s atmospheric quality has been poor and in conflict with the law for many years. In 2018, emissions limits were exceeded on 12.7% of Czech territory, inhabited by roughly 36% of the population. That means that every third inhabitant breathes air that is polluted beyond the legal limit, subjecting them to corresponding health risks. The specific emissions limits violated within the Czech Republic are those for PM10 coarse particulate matter, nitrogen oxides, and carcinogenic benzo(a)pyrene.

Within this project we have (among other activities) prepared a suit for, and provided legal representation to a citizen living near 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 equally long-term failure to take sufficient measures to remedy this state of affairs.

Our partner organization Deutsche Umwelthilfe has also achieved enormous successes within this project; their activities have brought about the drafting of 23 new plans for air-quality improvement in formerly highly polluted German cities such as Stuttgart and Darmstadt. The newly approved plans for improving air quality contain measures supporting public transportation and cycling, as well as restrictions on especially polluting vehicles. Through these plans, emissions limits



have now been met, and air quality in the given regions has improved significantly.

The end of this project does not, however, mean an end to our efforts to improve air quality. We continue to exchange experience with other environmental organizations throughout Europe and help our partners to achieve better air quality using the tools provided by law. We will also continue to participate in the relevant administrative proceedings and strive to prevent major polluters from receiving exceptions to the legally defined emissions limits—and to convince the Ministry of Environment and officials to do everything the law requires of them for a clean environment.



# 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 also improve citizens' access to justice and simplify 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.

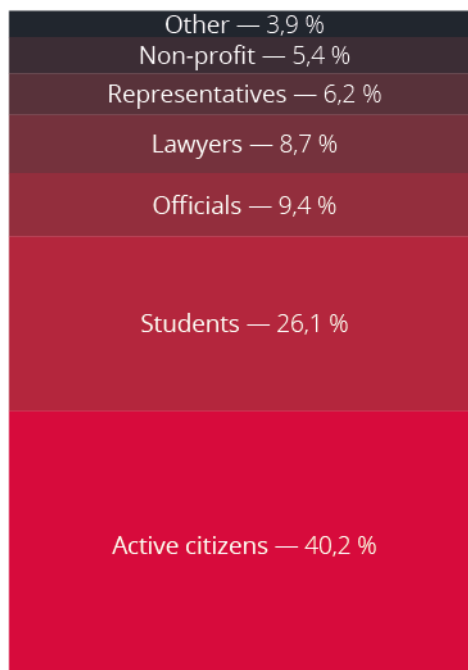
**The Service's long-term goal** is to serve public interest, support civil society, and enable citizens and local initiatives to be more independent in e.g. monitoring local administrations, negotiating with officials and politicians, taking part in proceedings, and planning public spaces. Our activities can also influence the work of officials and representatives who not only use services of our legal counselling center but may also be former active citizens themselves.

## •What We Worked on in 2019•

### A free legal consulting service and other online educational activities

The content of our [online advice center](#) was viewed in 2019 by 427,712 users, which is 33% percent more than in 2018. Last year, we [cleanly organized and grouped](#) the individual legal manuals and advice articles into nine categories—down from twelve. We also interlinked the manuals with the relevant legal templates and related questions. Additionally, all of our [legal templates](#) saw major revisions. We unified and simplified their contents, and we created an easy-to-read guide on how to use and fill each of them out.

#### Online counselling center visitors



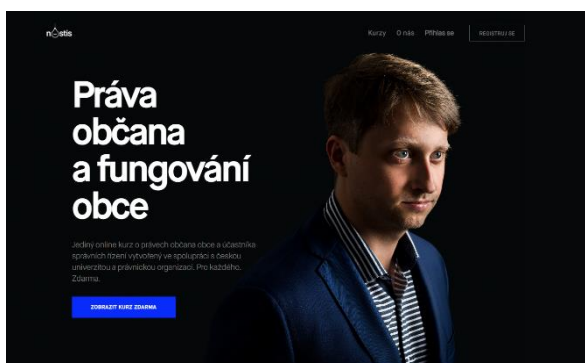
In 2019, Frank Bold's free legal consulting service for individuals remained closed in April and during the Summer holidays. We were forced into this step by the unexpected



discontinuation of stable long-term financing from the Ministry of Interior, and we thus needed to secure replacement funding for the service before continuing. Despite this, we were still able to handle 383 queries, 79 of which involved complex legal analyses.

Queries answered by the legal consulting service	383
Hours worked in the service by interns and supervisors	563
Visitors to the service's website in 2019	427,712

At the beginning of May, we launched a free video course named [Citizens' Rights and the Legal Workings of Communities](#). This online course uses educational videos to lead citizens through the basics of administrative law—primarily surrounding the legal workings of communities and public involvement in proceedings. The project was carried out in cooperation with the [Nostis](#) association and with the support of the [BLÍŽKSOBĚ Foundation](#).



Our "Citizens' Rights and The Legal Workings of Communities" Course

Mid-year, we launched our online Tool for Founding Associations, which was used over 330 times by year's end. This tool automatically provided these users with founding documents customized to their preferences. In 2020 an entirely new version of this tool will be completed; it will offer more functions, a guide to constitutive meetings, integration with public registers, and more.

## Partner 2.0

In the second half of the year, our long-running Partner 2.0 program drew to its end. This project, launched in 2011, had met its founding goals; there was thus no need to maintain it further. Successes within this project include e.g.:

- protecting a drinking water source in Holešov in cooperation with the Healthy and Beautiful Holešov Association,
- preventing the construction of a municipal waste dump and improving the quality of life for the citizens of Krhová in cooperation with the Castles Without Dumps Association,
- eliminating the illegally established territorial reserves for underground tunnels in Ústí nad Labem—which had not been adequately discussed with the city's citizens—in cooperation with the Stop the Tunnels Association,
- contributing to the protection of valuable natural areas in the Jeseníky Protected Area, in cooperation with two associations: Terra Natura and Actaea.

Thanks to our online legal counselling center, all the local groups continue to have access to free legal help should they need it.





## Reconstruction of the State

Reconstruction of the State is a project promoting responsible and transparent governance. In 2019 we watched over relevant laws that have already been pushed through, launched a nine-points anti-corruption campaign, and protected the principles our democracy stands upon.

### •What We Worked on in 2019•

#### Mandatory Internet Publishing of State Enterprises' Contracts

In June, after years of striving, we achieved the [elimination of unwarranted exceptions](#) from publishing in the Contract Register. Now all state enterprises will publish at least a portion of their contracts; this includes České dráhy, ČD Cargo, ČEZ, and ČEPS.

#### Effective Freedom of Information for Citizens

In July Czech MPs cooperated with Reconstruction of the State to [prevent the de facto shattering of the Freedom of Information Act](#). And on top of that—they pushed through a proposal for better enforceability of the right to information, which will prevent protracted FOIA disputes between applicants and authorities.

#### 7 Guarantees for an Independent Judiciary

In April, as a part of our work to guard the boundaries of democracy, we called

the government to approve [7 guarantees for an independent judiciary](#). We are negotiating on an amendment to the act on public prosecutors and are reaching out to both MPs, Prime Minister Andrej Babiš and Minister of Justice Marie Benešová. In the second half of the year, we helped to [prevent the approval of a ministerial proposal that would have carried grave risks](#).



*Pavel Franc presents the 7 guarantees for an independent judiciary*

#### Unconstitutional Actions by the Czech President

In September we organized a round table at the Czech Chamber of Deputies with leading constitutional experts. Participants reached the consensus that in certain cases, President Miloš Zeman had indeed violated the Constitution. Through this, we provided the only holistic expert review of the president's actions prior to the vote on bringing a suit on the matter to the Constitutional Court—although the MPs subsequently voted against this.



*Round table for deputies on the topic of violations of the Constitution*

## Independence of Public Media

Reconstruction of the State has repeatedly pointed out obstructions in this area and has called Parliament to end the pressure that it places upon Czech Television's Council and management by threatening not to approve its annual reports. In 2016 and 2017, Parliament finally approved these annual reports in October.



*Representatives from Reconstruction of the State—the We Stand Behind Czech Television demonstration*

## Digitalization of the State Administration

In November, Parliament passed an act on the right to digital services, which later won "Law of the Year" in a public survey. We continue to oversee this area closely, as regards not only

simplifying citizens' communication with the state, but also protecting their privacy and personal information.

## An End to Political Backscratching

Among our major successes was the [passing of the Nomination Act](#), which establishes a requirement for transparent selection procedures for state enterprises' management positions. This is an entirely new anti-corruption law—and also one that Reconstruction of the State has been working towards since 2013.

## Communication

In 2019 we launched the first version of **Reflektor**: our mobile app for direct communication between citizens and politicians. We update this app with a feed containing notifications on important events in our area of focus and enable users to rate politicians on specific actions and contact them over email. This was the first app of its kind nationwide. By November, it had already led us to achieving the first place in the Participation category of the [Open Society Foundation's](#) Opening up Data Together competition.



*Photograph from the presentation of the OSF award.*



Our **patrons** during 2019 included personalities such as Taťána G. Brzobohatá, Jan Sokol, Tonya Graves, Michal Horáček, Nora Fridrichová, Osamu Okamura, and Petra Nesvačilová. Among other things, this pleasant situation allowed us to raise funds at year's end with a 2020 calendar containing portraits of the 13 patrons taken by photographer Goran Tačevský.



*Photo from the calendar's launch ceremony*

In Spring, we launched a brand new [Reconstruction of the State website](#), which has delighted us with an increase in traffic—but not only that. It boasts illustrations by Patrik Antczak for which he won second place at Czech Grand Design 2019 in the Illustrator of the Year category. Our [masaryk official](#) Instagram account skyrocketed as well, boasting 8,000 followers by year's end.



*From our Instagram: @masaryk official*

## Engaging Active Citizens

2019 was a year of building up and **strengthening our base of active citizens** engaged in Reconstruction of the State—our ambassadors. We met with them personally more often than in the past, and Brno and Liberec ambassador cells reawoke to rejoin the one in Prague. We grew the ranks of our ambassadors by 25% in 2019—in part thanks to new activities to promote the ambassadors program. The ambassadors brought Reconstruction of the State several thousand new supporters at promotional tents during gatherings nationwide, and twenty of them made public appearances as speakers in support of an independent judiciary. Over a hundred students provided us with “civic lobbying” at the **Freedom Festival** as well. But above all, active citizens helped significantly to support our lobbying goals—they **contacted politicians nearly 2,500 times and met personally with them dozens of times** to request support for measures to fight corruption and support democracy.

## Lobbying Workshops

In Autumn of 2019, we launched a series of lobbying workshops for the public in the nation's individual regions, with the goals of breaking down the taboo around lobbying and passing on our know-how so as to ensure that their communication with politicians is constructive, has a maximum of impact, and does not end in disillusionment.





*A lobbying workshop*

This workshop series was launched in Moravia and continued in Bohemia in 2020. Ambassadors additionally had a chance to take part in a private training session led by a lobbying expert with European-level experience and an expert in contact campaigns.

## The Network for the Defense of Democracy

We worked in 2019 to develop a network whose aim is to interconnect everyone who—no matter how different their opinions may be—is prepared to share in protecting our shared democratic foundation. This network provides ongoing expert monitoring of trends in areas that are key for a democracy's healthy functioning and makes it possible to address a large number of contacts quickly during any major threat to basic democratic principles.

## Financing

Reconstruction of the State's budget for 2019 was **8.8 million crowns**. Of this, roughly 2 million crowns was acquired via grants; the rest came in as gifts from private donors. We increased our budget by nearly two million crowns relative to 2018.

In 2019 we began to cultivate the concept named **efficient philanthropy** at Frank Bold.

This new global trend among donors focuses on results and responsibility. Its main goal is to secure financial, expert, and managerial support for publicly beneficial projects and non-governmental organizations so as to maximize their activities' social impact.



*The team behind Reconstruction of the State*



## Our Donors

We would like here to **express our thanks towards everyone who supported the activities of any of our non-profit teams during the last year.** We could not have made it without your help.

We are especially pleased that gifts from individual donors and companies made up over three quarters of the **Reconstruction of the State** budget. Over 450 individuals, organizations, and companies took part in promoting anti-corruption laws and guarding the boundaries of responsible democratic government alongside us. We accept all of our donations via a publicly viewable Reconstruction of the State account and under a set of pre-established rules.

Our Legal Service for Citizens saw significant support from individual donors as well. Meanwhile, this service was under grave threat in 2019 after it failed to receive a grant from the Ministry of Interior. We faced the prospect of having to terminate the activities of this free consulting service for citizens, which we have been operating since the very founding of Frank Bold. But we ultimately overcame this negative turn of events—in part thanks to support from our donors.

**We also deeply appreciate our institutional support and thank the organizations** that supported us with grants, contributions, and non-financial aid.



## Grants and Contributions

 <p>BLÍŽKSOBĚ NADACE</p>	 <p>OPEN SOCIETY FOUNDATIONS</p>	 <p>NADACE OPEN SOCIETY FUND PRAHA</p>	<p>NADAČNÍ FOND RODINY ORLICKÝCH</p> 
Supporter of Reconstruction of the State	Supporter of Reconstruction of the State	Supporter of Reconstruction of the State	Supporter of Legal Service for Citizens
	 <p>NADACE VIA</p>	 <p>European Climate Foundation</p>	
Supporter of Reconstruction of the State	Supporter of Legal Service for Citizens	Supporter of Responsible Energy	Supporter of Responsible Companies
 <p>THE JOSEPH ROWNTREE CHARITABLE TRUST</p>	 <p>Friends Provident Foundation</p>	 <p>zeměkvět nadační fond</p>	 <p>Visegrad Fund</p>
Supporter of Responsible Companies	Supporter of Responsible Companies	Supporter of Reconstruction of the State	Supporter of Responsible Companies
<p>SIGRID RAUSING TRUST</p>	<p>WALLACE GLOBAL FUND</p>	<p>Laudes ——— — Foundation</p>	<p>Supported by:</p>   <p>based on a decision of the German Bundestag</p>
Supporter of Responsible Companies	Supporter of Responsible Companies	Supporter of Responsible Companies	Supporter of Responsible Companies
			
Supporter of Responsible Energy	Supporter of Responsible Companies		



## Individual Donors

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

<b>Fortemix, s.r.o.</b>	<b>Supported: Legal Service for Citizens</b>
<b>Mateřská škola Safirka s.r.o.</b>	<b>Supported: Legal Service for Citizens</b>
<b>Jan Barta</b>	<b>Supported: Reconstruction of the State</b>
<b>Y Soft Corporation, a.s.</b>	<b>Supported: Reconstruction of the State</b>
<b>STUDENT AGENCY, k.s.</b>	<b>Supported: Reconstruction of the State</b>
<b>Martin Hájek</b>	<b>Supported: Reconstruction of the State</b>
<b>Libor Winkler</b>	<b>Supported: Reconstruction of the State</b>
<b>Dušan Šenkypf</b>	<b>Supported: Reconstruction of the State</b>
<b>Qminers, s.r.o.</b>	<b>Supported: Reconstruction of the State</b>
<b>MEGAPIXEL s.r.o.</b>	<b>Supported: Reconstruction of the State</b>

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

<b>Josef KVAPIL a.s.</b>	<b>Supported: Legal Service for Citizens</b>
<b>JABLOTRON ALARMS a.s.</b>	<b>Supported: Reconstruction of the State</b>

**We would also like to thank the following parties for their support:**

3G Consulting Engineers s.r.o., Acrosun s.r.o., Jan Angelovič, AT Offix s.r.o., Anna Baginová, Vratislav Balík, Václav Balint, Pavel Baráček, Petr Barcal, Jan Bárta, Jiří Bartoš, Pavel Bartoš, Petr Bartoš, Bohumil Bartošek, Robert Batůšek, Michal Bazik, Tomáš Bednár, Alice Bednárová, Luděk Bednarz, Martin Běloch, Věra Bémová, Leo Beneš, Pavla Bergmannová, Petr Běťák, Miroslav Bielko, Adam Bílek, Antonín Bílý, Jiřina Bischoffiová, Vojtěch Biskup, Klára Bittnerová, Radek Blahuš, Jan Blahut, Ivan Blažíček, Petr Boháč, Michal Bolina, Ondřej Bouda, Jiří Brádka, Filip Braun, Martin Braun, František Brázdilík, Václav



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# Financial Report



**Frank Bold Society** is a non-profit organization and a member of the Frank Bold group. This other members of this group in the Czech Republic are the attorneys' office **Frank Bold Attorneys**, the accounting and consulting office **Frank Bold Advisory**, the company **Frank Bold Energy** and the **Frank Bold Kids** association, which operates a children's nursery in the forest (Sýkorka) and a children's forest club (Medláňka). 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 Energy is a 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.
- Frank Bold Attorneys law office is among these donors. It contributes both materially—the Society can utilize its infrastructure freely—and financially.
- The non-profit Fundacja Frank Bold is financed through grants and its own income.

Each entity's financing is separate. However, the entities do have financial relationships; as mentioned above, donations can occur from the Frank Bold Attorneys law office to the other individual associations. Additionally, 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.

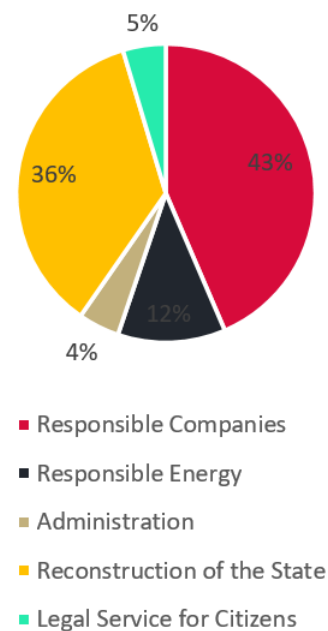
## Frank Bold Society's Expenses and Revenues

The overview below shows Frank Bold Society's expenses and revenues for 2019. 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. The donation listings shown below are amounts accepted in the given year, which, however, may not necessarily have been used in the same year.

Ratios of Individual Teams' Expenses





<b>EXPENDITURES</b>	<b>EUR</b>	<b>REVENUES</b>	<b>EUR</b>
Office supplies	7 675	Own revenue	31 654
Literature	478	Donations – Reconstruction of the state	268 081
Travel Costs	14 008	Donations - Others	50 872
Representation (mainly refreshment)	11 124	Bank interest	226
Communication costs	7 946	Others	70 319
Print, copies, promotion	66 154	<i>Grants from public budgets and EU budget</i>	
Office rent (including services connected to rent)	43 659	European Commission – LIFE +	3 862
Short term rent (hire of venues)	6 850	Foundation BLÍŽKSOBĚ	39 631
Legal fees and services	668	<i>Grants from foundations and civic associations</i>	
Expertise	279 476	European Climate Foundation	57 775
Translations	377	Open Society Initiative for Europe	22 043
Training and seminars	1 397	Laudes Foundation (C&A Foundation)	67 802
Software	1 011	Visegrad Fund	2 624
Labor costs	361 401	Orlicky Family Fund	1 574
Taxes, health and social insurance	109 064	Deutsche Gesellschaft für Internationale Zusammenarbeit	8 529
Donations	1 295	Joseph Rowntree Charitable Trust	8 694
Bank fees	1 181	Centre for Research on Multinational Corporations (SOMO)	5 737
Other (exch. rate losses, penalties, audits, ...)	39 876	Friends Provident Foundation	93 850
<b>TOTAL EXPENDITURES</b>	<b>953 640</b>	Wallace Global Fund	69 778
		Sigrid Rausing Trust	44 307
		Charles Léopold Mayer Foundation for the Progress of Humankind	59 631
		<b>TOTAL REVENUES</b>	<b>906 989</b>
<b>PROFIT/LOSS</b>			<b>-46 651</b>
Exchange rate EUR/CZK, 31/12/2019: 25,41			



**22HLAV**  
audit & consult

MSI Global Alliance  
Independent Member Firm

**INDEPENDENT AUDITOR'S REPORT**  
**on the 2019 Financial Statements**

**of**

**Frank Bold Society, z.s.**

**Prague, 9<sup>th</sup> November 2020**



## **INTRODUCTORY DATA**

### **Audited entity**

Frank Bold Society, z.s.  
Údolní 567/33, Brno-město, 602 00 Brno  
CRN: 653 41 490  
Subject of activity:

- Organizing campaigns and petition activities for the protection of the environment, cultural monuments, consumer rights, human rights, protection against discrimination, implementation and protection of other public interests
- Participation in the administration and other proceedings in which the interests of environmental protection, consumer rights and other public interests may be affected

### **Audit Report receiver**

Senior Management of the Company

### **Subject of the audit**

Financial Statements for the year ended 31 December 2019 – accounting period 1.1.2019 – 31.12.2019

### **Audit dates**

26.8.2020 – 9.11.2020

### **Audit performed and Audit Report prepared by**

22HLAV s.r.o.  
Všebořická 82/2, Ústí nad Labem  
The Chamber of Auditors license no. 277  
Member of MSI Global Alliance,  
Legal & Accounting Firms

responsible auditor: Ing. Jan Černý, The Chamber of Auditors license no. 2455



# INDEPENDENT AUDITOR'S REPORT

for the founder of Frank Bold Society, z.s.

## Financial Statements Audit Report

### Opinion

We have audited the accompanying financial statements of Frank Bold Society, z.s. (hereinafter also the “Organization”) prepared in accordance with accounting principles generally accepted in the Czech Republic, which comprise the balance sheet as at 31 December 2019, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of the Organization, see introductory paragraph in notes to the financial statements.

In our opinion, the financial statements **give a true and fair view of the financial position of Frank Bold Society, z.s. as at 31 December 2019 and of its financial performance for the year then ended** in accordance with accounting principles generally accepted in the Czech Republic.

### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, Regulation (EU) No. 537/2014 of the European Parliament and the Council, and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under this law and regulation are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor’s report thereon. The Committee of the Association is responsible for the other information.

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.



Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Organization obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

### **Responsibilities of the Committee of the Association for the Financial Statements**

The Committee of the Association is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the Czech Republic and for such internal control as the Committee of the Association determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee of the Association is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee of the Association either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above law or regulation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee of the Association.
- Conclude on the appropriateness of the Committee's of the Association use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related



disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Committee of the Association regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

22HLAV s.r.o.

Member of MSI Global Alliance, Legal & Accounting Firms

Všebořická 82/2, 400 01 Ústí nad Labem

The Chamber of Auditors license no. 277

Ing. Jan Černý

The Chamber of Auditors license no. 2455

In Prague, 9<sup>th</sup> November 2020



This Auditor's Report includes the following attachments:

1. Balance sheet as of 31.12.2019
2. Income statement for the year ended 31.12.2019
3. Notes for the year ended 31.12.2019

This Audit Report is a translation of the Czech Audit Report for the audit of the 2019 financial statements.

R1


**BALANCE SHEET**  
as of 31 December 2019  
(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**

<b>ASSETS</b>		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>A.</b>	<b>Total fixed assets (lines 02 + 10 + 21 – 28)</b>	1	0	<b>80</b>	
<b>A.I.</b>	<b>Intangible fixed assets (lines 03 through 09)</b>	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	
<b>A.II.</b>	<b>Total tangible fixed assets (lines 11 through 20)</b>	10	0	<b>84</b>	
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	84	
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	
<b>A.III.</b>	<b>Long-term financial assets (lines 22 through 27)</b>	21	0	<b>2</b>	
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	2	
Sent on: 30 June 2020		Official stamp: <b>Frank Bold</b> <b>Frank Bold Society, z.s.</b> Údolní 33, 602 00 Brno Tel.: + 420 545 575 229 E-mail: <a href="mailto:info@frankbold.org">info@frankbold.org</a> Identification No. (IČO): 653 414 90		Signature of the head of the accounting unit: Ing. Stanislav Kutáček, Ph.D.  <i>illegible signature</i>   Person responsible for data accuracy: Ing. Stanislav Kutáček, Ph.D. Tel.: 770 111 260	



		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.	<b>Total accumulated depreciation and accumulated amortization on fixed assets (lines 29 through 39)</b>	28	0	-6
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	-6
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.	<b>Total short-term assets (lines 41 + 51 + 71 + 80)</b>	40	<b>5,509</b>	<b>6,588</b>
B.I.	<b>Total inventories (lines 42 through 50)</b>	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.	<b>Total receivables (lines 52 through 70)</b>	51	<b>2,403</b>	<b>4,459</b>
B.II.1.	Trade debtors (311)	52	279	57
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	23
B.II.5.	Other receivables (315)	56	0	0
B.II.6.	Receivables due from employees (335)	57	4	0
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	53	41
B.II.10.	Value added tax (343)	61	2	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	274	0
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	1,771	4,338
B.II.18.	Estimated receivables	(388)	69	0	0
B.II.19.	Adjustment to receivables	(391)	70	0	0
B.III.	<b>Total short-term financial assets (lines 72 through 79)</b>		71	2,322	1446
B.III.1.	Cash on hand	(211)	72	35	292
B.III.2.	Stamps, coupons and vouchers	(213)	73	0	0
B.III.3.	Cash at bank	(221)	74	2,285	1,154
B.III.4.	Shares and other securities for trading	(251)	75	2	0
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.	<b>Total other assets (lines 81 + 82)</b>		80	784	682
B.IV.1.	Prepaid expenses	(381)	81	784	682
B.IV.2.	Accrued revenues	(385)	82	0	0
	<b>TOTAL ASSETS (lines 1 + 40)</b>		83	<b>5,509</b>	<b>6,668</b>
	Check figure (lines 1 through 83)		997	<b>22,036</b>	<b>26,670</b>

<b>LIABILITIES</b>		Line number	Balance as of the first day of accounting period	Balance as of the last day of accounting period
c		d	3	4
<b>A.</b>	<b>Total equity (lines 85 + 89)</b>	84	<b>2,723</b>	<b>2,723</b>
<b>A.I.</b>	<b>Total assets (lines 86 through 88)</b>	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
<b>A.II.</b>	<b>Total profit (lines 90 through 92)</b>	89	2,593	1,407
A.II.1.	Profit/loss (+/-963)	90	X	-1,185
A.II.2.	Profit/loss to be approved (+/-931)	91	-358	X
A.II.3.	Retained earnings, accumulated losses from previous years (+/-932)	92	2,951	2,593
<b>B.</b>	<b>Total liabilities (lines 94 + 96 + 104 + 128)</b>	93	<b>2,688</b>	<b>5,032</b>
<b>B.I.</b>	<b>Total reserves (line 95)</b>	94	0	0
B.I.1.	Reserves (941)	95	0	0
<b>B.II.</b>	<b>Total long-term liabilities (lines 97 through 103)</b>	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>B.III.</b>	<b>Total short-term liabilities (lines 105 through 127)</b>	104	<b>999</b>	<b>2,153</b>
B.III.1.	Trade creditors (321)	105	178	1,294
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	44	2
B.III.5.	Employees (331)	109	495	543
B.III.6.	Other liabilities toward employees (333)	110	6	51
B.III.7.	Liabilities due to social security and public health insurance institutions (336)	111	256	265
B.III.8.	Income tax (341)	112	20	0
B.III.9.	Other direct taxes (342)	113	0	0
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 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>B.IV.</b>	<b>Total other liabilities (lines 129 + 130)</b>	128	1,689	2,879
B.IV.1.	Prepaid expenses (383)	129	0	0
B.IV.2.	Accrued revenues (384)	130	1,689	2,879
	<b>TOTAL LIABILITIES (lines 84 + 93)</b>	131	<b>5,509</b>	<b>6,668</b>
	Check figure (lines 84 through 131)	998	<b>22,036</b>	<b>26670</b>

**PROFIT AND LOSS ACCOUNT**  
as of 31 December 2019  
(in thousands rounded up to the next CZK)

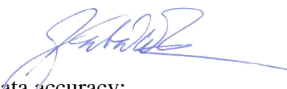
Identification No. (IČO)  
65341490

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
<b>A.</b>	<b>Costs (line 39)</b>	<b>1</b>	<b>22,639</b>	<b>1,593</b>	<b>24,232</b>
<b>A.I.</b>	<b>Total consumed purchases and purchased services (line 3 through 8)</b>	<b>2</b>	<b>11,887</b>	<b>0</b>	<b>11,887</b>
A.I.1	Consumed materials, energy and other non-inventory items (501-3)	3	207	0	207
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	356	0	356
A.I.5	Entertainment and promotion expenses (513)	7	283	0	283
A.I.6	Other services (518)	8	11,041	0	11,041
<b>A.II.</b>	<b>Change of levels of inventories from own activities and capitalization of materials, merchandise, internal services and fixed assets (lines 10 through 12)</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>A.III.</b>	<b>Total personnel costs (lines 14 through 18)</b>	<b>13</b>	<b>10,589</b>	<b>1,593</b>	<b>12,182</b>
A.III.10	Wages and salaries (521)	14	7,994	1,189	9,183
A.III.11	Statutory social insurance (524)	15	2,077	404	2,481
A.III.12	Other social insurance (525)	16	0	0	0
A.III.13	Statutory social expenses (527)	17	290	0	290
A.III.14	Other social expenses (528)	18	227	0	227
<b>A.IV.</b>	<b>Total taxes and fees (line 20)</b>	<b>19</b>	<b>33</b>	<b>0</b>	<b>33</b>
A.IV.15	Taxes and fees (53x)	20	33	0	33
<b>A.V.</b>	<b>Total other costs (lines 22 through 28)</b>	<b>21</b>	<b>91</b>	<b>0</b>	<b>91</b>
A.V.16	Contractual penalties, default interests and other fines and penalties (541)	22	0	0	0
A.V.17	Write-off of uncollectible account receivable (543)	23	0	0	0
A.V.18	Cost interests (544)	24	1	0	0
A.V.19	Foreign exchange losses (545)	25	89	0	89
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	1	0	1
<b>A.VI.</b>	<b>Total depreciation and amortization, assets sold and creation of reserves and adjustments (lines 30 through 34)</b>	<b>29</b>	<b>6</b>	<b>0</b>	<b>6</b>
A.VI.23	Amortization of fixed intangible assets and depreciation of tangible fixed assets (551)	30	6	0	6
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
<b>A.VII.</b>	<b>Total contributions provided (line 36)</b>	<b>35</b>	<b>33</b>	<b>0</b>	<b>33</b>
A.VII.28	Provided membership fees and contributions settled between branches (58x)	36	33	0	33
<b>A.VIII.</b>	<b>Total income tax (line 48)</b>	<b>37</b>	<b>0</b>	<b>0</b>	<b>0</b>
A.VIII.29	Income tax (59x)	38	0	0	0
	<b>TOTAL COSTS</b>	<b>39</b>	<b>22,639</b>	<b>1,593</b>	<b>24,232</b>

Line number	Item	Line number	Core activities	Economic activities	Total
			1	2	3
B.	<b>Revenues (line 67)</b>	40	<b>21,342</b>	<b>112</b>	<b>23,047</b>
B.I.	<b>Operating subsidies (line 42)</b>	41	1,105	0	1,105
B.I.1	Operating subsidies (691)	42	1,105	0	1,105
B.II.	<b>Total contributions received (lines 44 through 46)</b>	43	19,345	0	19,345
B.II.2	Received contributions settled between branches (681)	44	0	0	0
B.II.3	Contributions (gifts and donations) received (682)	45	19,345	0	19,345
B.II.4	Membership fees received (684)	46	0	0	0
B.III.	<b>Total revenues from own products, services and merchandise (lines 48 through 50)</b>	47	693	112	804
B.III.1	Revenues from own products (601)	48	0	0	0
B.III.2	Revenues from services sold (602)	49	693	112	804
B.III.3	Revenues from merchandise sold (604)	50	0	0	0
B.IV.	<b>Total other revenues (lines 52 through 57)</b>	51	199	1593	1793
B.IV.5	Contractual penalties, default interest and other fines and penalties (641-2)	52	0	0	0
B.IV.6.	Payments for write off of trade debtors (643)	53	3	0	3
B.IV.7	Interest receivable (644)	54	6	0	6
B.IV.8	Foreign exchange gains (645)	55	182	0	182
B.IV.9	Funds settlement (648)	56	0	0	0
B.IV.10	Other proceeds (649)	57	9	1,593	1,602
B.V.	<b>Total revenues from sales of assets and settlement of reserves and adjustments (lines 59 through 63)</b>	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
	<b>TOTAL REVENUES</b>	64	<b>21,342</b>	<b>1,705</b>	<b>23,047</b>
C.	<b>PROFIT/LOSS BEFORE TAX (lines 39 – 64 + 38)</b>	65	<b>-1,297</b>	<b>112</b>	<b>-1,185</b>
A.VIII.29	Income tax (591)	66	0	0	0
D.	<b>PROFIT/LOSS AFTER TAX (lines 65 – 66)</b>	67	<b>-1,297</b>	<b>112</b>	<b>-1,185</b>
	Check figure (lines 1 through 67)	999	172,637	13,303	185,940

Sent on: 30 June 2020	Official stamp: <b>Frank Bold</b> <b>Frank Bold Society, z.s.</b> Údolní 33, 602 00 Brno Tel.: + 420 545 575 229 E-mail: <a href="mailto:info@frankbold.org">info@frankbold.org</a> Identification No. (IČO): 653 414 90	Signature of the head of the accounting unit: Ing. Stanislav Kutáček, Ph.D.  <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 2019

### **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 2019 and 31 December 2019.

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; 4<sup>th</sup> and 5<sup>th</sup> 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.

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 2019.

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 2019 (in CZK thousands):

Subsidies from public budgets and EU budgets	1,105
Subsidies from foundations and associations	11,361

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 25 full-time equivalent employees in 2019. 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.



## 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 2019) and the date of the compilation of the final financial statements. In 2019, the income from secondary activities (sublease of office premises) amounted to CZK 111,705.77 and assignment amounted to CZK 1,593,066. According to the 2019 tax return, said income was duly taxed.

*In Brno, on 30 June 2020*

Official stamp:

## **Frank Bold**

**Frank Bold Society, z.s.**

Údolní 33, 602 00 Brno

Tel.: + 420 545 575 229

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Identification No. (IČO): 653 414 90

*illegible signature*

Stanislav Kutáček

