



Frank Bold Society

Member of the Frank Bold Consortium

2013 Annual Report



Table of Contents

Responsible Companies.....	4
Launching the Purpose of the Corporation Project	4
Driving the Discussion on Access to Justice	4
Non-financial Reporting Legislation	5
Responsible State	6
Reconstruction of the State Launched.....	6
Reconstruction of the State Pledge.....	7
Reconstruction of the State Campaign	7
Services for Citizens.....	8
Free Legal Counselling Centre	8
Local Cases of Strong Public Interest	8
Citizen 2.0 Networking.....	9
Responsible Energy.....	10
Restricting access to free emission allowances for the energy companies in the Czech Republic.....	10
Implementation of Industrial Emissions Directive in the Central and Eastern European Countries ..	10
Legal support for the partners in the EU.....	10
Lignite Mine Gubin in Poland	10
The Establishment of Frank Bold.....	11
Thank to our donors	12
Our team in 2013.....	14
Law students that helped us in 2013	14
Financial statement	15
Independent Auditor's Report	17



Frank Bold Changes the World. Legally

In 2013 we set up Frank Bold – a consortium of Frank Bold Society, a non-profit organization formerly known as the Environmental Law Service, and the Šikola & Partners Law firm.

Both organizations will continue to operate independently, but at the same time together we are creating a purpose-driven law firm using the power of business and a non-profit approach to solve social and environmental problems.

We are a **fifty-person** law organization operating **six branches in three EU countries**. Since 1995, we have served individuals, municipalities, and businesses. We promote **corporate and governmental accountability** and provide **legal support to civil society in human rights, environmental, and anti-corruption cases**.

We explore and demonstrate new ways to combine profit and non-profit techniques effectively to deliver solutions for contemporary challenges. This type of entrepreneurship requires frankness and boldness to inspire others. To reflect this integration we adopted a new name for our non-profit organization – Frank Bold Society. This annual report concerns its activities.



Photo: Frank Bold Launch, October 2013



Responsible Companies

Building on nineteen years of practical experience, we develop and promote legal frameworks for corporate accountability. We aim to bridge existing global governance gaps and to strengthen the enforcement of laws and people's ability to assert their rights.

Our main achievements in 2013

Launching the Purpose of the Corporation Project

In 2013, we started to develop the idea of a project to re-open a public discussion on the purpose of the corporation. We intended to create a safe and apolitical space for the relevant actors to challenge the legacy of the paradigm of maximising shareholder value and to engage in a discussion of the purpose of corporations and of the implications of the outcomes of this discussion for policy-making and business management.

In September 2013, we arranged a meeting of leading critical academics in the European Parliament to explore how their work can be translated into an accessible format for a wider audience. This meeting resulted in an agreement on a series of short disciplinary memos summarising the critique of the shareholder primacy from the perspective of company law, accounting, management, politics, and economics. These memos provided a starting ground for a larger public conference that we organised in the European Parliament in February 2014 to officially launch this project.

In the *Purpose of the Corporation* project, we draw upon academic works from a wide range of disciplines, collaborating with experts from the Modern Corporation Project at Cardiff Business School, the Critical Corporation Project at Cass Business School, and the Sustainable Companies Project convened by the University of Oslo, Faculty of Law. Our work is also informed by initiatives pursued by organizations in the United States, including the Drucker Institute, the Aspen Institute, and the Tellus Institute.

More information about this project is available at: <http://www.purposeofcorporation.org/>

Driving the Discussion on Access to Justice

The right to an effective remedy for human rights abuses is well established in international law. In 2011, the United Nations Human Rights Council unanimously endorsed the UN Guiding Principles on Business and Human Rights, which confirmed that victims must have access to effective remedies, and that the States have a duty to ensure that an effective judicial remedy is available.

The endorsement of the Guiding Principles presents a great opportunity for civil society to open a policy discussion on necessary legal reforms. Aiming to stimulate and support such discussion, we developed the Access to Judicial Remedy Project in partnership with the International Corporate Accountability Roundtable and the UK Corporate Responsibility Coalition, and with the European Coalition for Corporate Justice, which we represented in this project.

The project research, carried out by Professor Olivier De Schutter, Professor Gwynne Skinner, and Professor Robert McCorquodale, resulted in a report called *The Third Pillar: Access to Judicial Remedies for Human Rights Violations by Transnational Business*, launched in December 2013 at the United Nations Second Annual Forum on Business and Human Rights.

This Report shows that, two years after the agreement of the UN Guiding Principles on Business and Human Rights, States are failing in their obligation to ensure access to effective judicial remedies to victims of human rights violations by businesses operating outside their territory. The Report



identifies and analyses the barriers to remedy in the United States, Canada, and Europe, setting out detailed recommendations for the actions States should take to address the issue.

Building on this report, we organised a follow-up project with leading European organizations in the corporate accountability field (the Association Sherpa, CORE Coalition, the European Center for Constitutional and Human Rights, and the European Coalition for Corporate Justice) entitled *Civil Justice in the Context of Transnational Business Activities & Human Rights*. The project will organise a series of high-level conferences in 2014, gathering relevant legal professionals, NGOs, and policy-makers in the UK, France, and Germany, and at the EU level. Participants will discuss tangible activities to support EU and domestic policy-makers' efforts to implement the access to remedy pillar of the UN Guiding Principles. A plan of recommended actions will explore activities relating to reform and clarify desired applications of existing EU and domestic law, in particular private international law and civil procedure, and capacity building.

More information about this project is available at: <http://www.accessjustice.eu>

Non-financial Reporting Legislation

In April 2013, the European Commission presented a legislative proposal to improve corporate disclosure of 'non-financial' information, i.e. information on companies' impact on and governance of environmental, social, and human rights matters. This marked an important victory in our long-term efforts to get the EU to start addressing governance and accountability gaps in the operations of multinational enterprises. Throughout 2013, we worked closely with the [European Coalition for Corporate Justice](#)* to ensure that this new framework will address the major gaps in current practice. An agreement on the new Directive was eventually reached by European Parliament and the Council in early 2014. It will bring about several significant improvements. It will require large listed companies to report annually on principal risks to human rights, on the environmental and social impacts linked to their operations, relationships, products, and services, as well as aspects related to bribery and diversity, and on their due diligence procedures for identifying, preventing, and mitigating those risks. The reform recognises that such risks must be disclosed regardless of what a company considers relevant, i.e. material, to the interests of its shareholders, which was the organising principle of the accounting law until now. This legislation is the first step in embedding into EU law the corporate responsibility to respect human rights and the environment as it is expressed in the UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.

*We collaborate on the international corporate accountability agenda with *the European Coalition for Corporation Justice (ECCJ)*, of which we are a Steering Group member and to which we provide legal expertise for its advocacy work. The ECCJ brings together national platforms of civil society organizations including NGOs, trade unions, consumer groups, academic institutions, and law firms from all over Europe. ECCJ represents over 250 organizations.



Responsible State

We are reforming politics in the Czech Republic by pushing through nine important laws significantly reducing corruption.

We develop, promote, and enforce laws that prevent systemic corruption. In the Czech Republic, we have joined forces with the most prominent anti-corruption organizations to create for the first time a united and focused long term advocacy project of civil society in this area. We target specifically the responsibility of politicians and executives for handling public assets, the abuse of these assets for financing political parties, and the transparency of law-making process.

Our main achievements in 2013

Reconstruction of the State Launched

We initiated and coordinate a joint national advocacy project, *Reconstruction of the State*, which aims at passing nine specific anti-corruption laws. In this campaign, leading anti-corruption organizations in the country were brought together with experts, individual citizens, and members of the business community, thereby creating the first unified voice of civil society against corruption—a voice that has grown strong enough for politicians to hear it.

Reconstruction of the State has been supported by more than three dozen companies and entrepreneurs, the Association of Small and Medium-Sized Enterprises and Crafts of the Czech Republic, which brings together more than a quarter million businesses and entrepreneurs, as well as the British, Nordic and American Chambers of Commerce. From the beginning, we have been supported by the U.S. Embassy and have established cooperation with the British, Dutch, German and Canadian Embassies. The thousands of citizens who have supported our organization also include significant public figures, such as the entrepreneur Radim Jančura or the actors Tomáš Hanák and Bára Poláková.



Photo: Reconstruction of the State Launch, March 2013



Reconstruction of the State Pledge

Before the elections in October 2013, we approached most of the candidates from the twelve main political parties. A *Pledge of support for Reconstruction of the State* was signed by 1517 candidates. After the elections, we counted 164 deputies who supported the project (by signing the Pledge). All measures are included in the Coalition Agreement and the Policy Statement of the Government and in the Legislative Programme for year 2014.



Photo: Reconstruction of the State Launch, March 2013

Reconstruction of the State Campaign

Before the elections, information about the project was spread by the most popular regional daily newspaper (MF Dnes), and a leaflet with the campaign results was delivered to approx. 3 million homes. More than a hundred local ambassadors support the project, directly communicating with politicians and turning active citizenship into concrete and positive action. The media write every month about *Reconstruction of the State*. All of the political party leaders mentioned us in key pre-election debates. More than a half a million people watched our viral videos.



Services for Citizens

We systematically work to empower citizens and local communities in the Czech Republic by helping them to assert their rights and actively participate in public affairs. By providing support to active individuals and local initiatives, we aim to strengthen civic society, being the basis for the solution to systemic corruption that is deeply embedded in our governance systems.

Our main activities in 2013

Free Legal Counselling Centre

We provide free legal counselling on a large range of topics, with an emphasis on environmental protection, public maladministration, clientelism, and corruption. Our counselling centre provided consultation in more than 1500 cases and updated more than 130 web manuals for our on-line counselling centre. We have enhanced our unique legal internship programme. In 2013, thirty interns were involved in the Czech Republic, carrying out a combined 4365 hours of legal practice.



Photo: Interns' training, September 2013

Local Cases of Strong Public Interest

Our efforts focus on the support of active grassroots initiatives dealing with cases of strong public interest. This covers extended legal aid, involving law students in supporting and implementing the case strategy, non-legal help such as publicity, and building a network of grassroots initiatives to help these active citizens to get in touch, share their know-how, and regularly co-operate and support each other's activities. In 2013, we provided local grassroots initiatives in Czech Republic with more than 400 hours of this extended support. From the beginning of 2013, three of our lawsuits filed in the legal case of an industrial zone (constructed just above the important water source) in Holešov were successful before administrative courts.



Citizen 2.0 Networking

In 2013, we organized three meetings of local active citizens in the Czech Republic where people from across the country met and shared their experiences.

In November 2013, we organized the seventh meeting of local partners, which was unique in its format (linking up partners with experts) and the number of participants. Thanks to the networking and organizing meetings of local partners, we extended the network of local initiatives up to forty local partners across all regions. Almost half of them become active ambassadors for *Reconstruction of the State project*. By the end of 2013, the broader network of Citizens 2.0 interested in civic involvement amounted to more than 1,000 members who receive our regular legal advice and suggestions for what to engage in. Since 2012, these described activities have also been developed in Poland. For example, we organized a meeting where thirteen civic associations from all over Poland met in Krakow in November.



Photo: Citizen 2.0 Encounter, November 2013



Responsible Energy

We develop and promote legal initiatives contributing to a step-by-step transformation towards clean and decentralized energy production and consumption in EU countries, along with development of renewable energy sources.

We think that further massive development of coal-based energy sources should not continue in Europe as every such project contributes to the continuation of the current state for many decades. Our major activities in this area in 2013 included the following.

Our main activities in 2013

Restricting access to free emission allowances for the energy companies in the Czech Republic

To challenge the questionable application of derogation under the European Union Emission Trading System prepared by the Czech Republic and approved by the European Commission, we submitted a legal action to the Court of Justice of the European Union challenging the decision of the European Commission. The approval of this derogation will have a considerable impact on the electricity generating sector of the Czech Republic in the upcoming years and is, in our opinion, in breach of the European legislation.

Implementation of Industrial Emissions Directive in the Central and Eastern European Countries

The Industrial Emissions Directive presents a major piece of legislation regarding the regulation of the industrial installations in the EU. In 2013, we analysed the obligations and requirements stemming from the Directive for the specific installations in the Czech Republic and we provided legal support for our partners from Poland, Hungary, and Slovenia. Together with European NGOs, we communicated with the European Commission on the possible shortcomings in the application in the various EU countries.

Legal support for the partners in the EU

In 2013, we provided legal advice to our partners. With our legal expertise in the environmental and energy fields, we supported their activities focused on preventing the development of large coal projects. We followed up on our legal actions concerning Šoštanj Power Plant project in Slovenia and we provided partners from Romania and Bulgaria with legal consultations and advice.

Lignite Mine Gubin in Poland

The mammoth lignite mine in Gubin in western Poland is one of the largest mining projects in the CEE region. It would lead to the resettlement of several local villages. Although the project was already rejected by local citizens in a referendum, the state administration does not respect the referendum outcome and continues to push the project into spatial regulation at both national and local levels. In 2013, we continued to help concerned municipalities to challenge the flawed spatial planning procedures in local (the Regional Spatial Plan) and Constitutional courts (the State Spatial Conception), and we provided legal support for the organization of another local referendum initiated by the concerned public.



The Establishment of Frank Bold

Frank Bold was first officially presented in October 2013 as a consortium of the former Ekologický právní servis (Environmental Law Service; now the Frank Bold Society) and the Šikola & Partners Law firm.

The main reason for changing the name from Environmental Law Service to the new brand Frank Bold is that Environmental Law Service did not sufficiently reflect the broad range of issues we work on. The old name referred to our past, when our prevailing activity was providing active citizens with free legal help in environmental matters.

However, we now work on a much broader range of issues. We still help active citizens in environmental cases, but also in cases of maladministration. We do climate litigation that is a service activity as well as a strategic one. A great amount of our work is now devoted to promoting systemic changes in corporate and governmental accountability. To avoid the limitations that the old name imposed on us, we decided for a new brand which better aligns with the issues we focus on and goes beyond the environmental topic.

As for the name itself, it is not the name of a person; it's the way we do things. Frank Bold refers to the frankness and boldness owed to any activity aimed at making a positive change.

The scope of our activities is not determined by a single issue, but rather a result of our reflection on the pressing problems facing our society and on what we as lawyers can do about it. It is impossible to describe the focus of our work in one or two words, as they would need to include our anti-corruption, climate change, grassroots organising, and corporate accountability teams. Therefore we have decided that our brand should flag the qualities that we – our organization and society as a whole – have to possess in order to change the world for the better.

In 2009, the ELS lawyers founded a law firm named after its first partner, First Last. The aim of this firm was to help to fund the non-profit work of ELS through ethical operations. Over the years, the Šikola & Partners Law firm developed into a relatively big organization and de facto a benefit corporation, i.e. a for-profit company, which has values and a purpose exceeding mere profit making.

We realized that it would be beneficial to integrate both entities – ELS (now called the Frank Bold Society) and the Šikola & Partners Law firm – under a single brand. Therefore FBS, a non-profit organization, and the Šikola & Partners Law firm, a for-profit corporation, now form a consortium called Frank Bold. This partnership has two major benefits. First, it enables us to show that things can be done differently and that business and public interest work can be integrated, to lead by example, and to utilize the expertise and reputation of our senior lawyers in public debates. Second, it ensures that the purpose and operation of the law firm, which is required by law to operate independently, will stay closely aligned with the mission and values of our non-profit work.

The resulting entity – Frank Bold – is a new kind of business. It is a company that integrates commercial activities, broader societal purpose, and a non-profit approach. This purpose is embedded in the non-profit operations carried out by the Frank Bold Society and in the commercial activities of the Šikola & Partners Law firm. Legally and practically speaking, the Šikola & Partners Law firm and the non-profit Frank Bold Society will continue to operate as legally independent entities with distinct operations. The newly formed consortium and single brand we developed facilitate the cooperation between the two and ensure that the purpose and ethos of the law firm does not degenerate into a limited number of corporate social responsibility activities, but rather stays an integral part of them.



Thank to our donors

European Climate Foundation	Legal strategies to support a gradual transformation of energy sector in the Czech Republic, Poland and Slovenia towards less fossil intensive and more decentralized alternatives
European Climate Foundation	Legal strategies to support a gradual transformation of energy sector in the Czech Republic and Poland towards less fossil intensive and more decentralized alternatives
European Commission - Europe for Citizens Programme	Accountability, Lobbying, Transparency and Ethics Regulation: Citizens have a right to know (ALTER-Citizens)
European Commission - Europe for Citizens Programme	CEE partnership on grassroots empowerment: towards an active civil society through learning and practising
European Commission - Prevention of and Fight Against Crime Programme	Involving European civil society players into detection and prevention of political corruption and public money fraud: coalitions and capacity building in Czech Rep., Poland and Slovakia
National Agency for European Educational Programs - Grundtvig	Life-Long Learning Program - Project of the Grundtvig Partnership
Isvara Foundation	Legal support to grassroots initiatives challenging coal projects in the Eastern European Countries
Joseph Rowntree Charitable Trust	Corporate Accountability Programme
Ministry of the Interior	Prevention of Corruption - "Engaging citizens in anti-corruption activities - from the local level to system solutions"
ESF, Ministry of Education, Youth and Sports	Long-Term Partnership of Research, Training, and Law Education
ESF, Ministry of Education, Youth and Sports	Theory - Skills -Training: Innovations in the Study of Law
Partnership Foundation	Civil Society Network
Partnership Foundation - Swiss Funds	Satellites of Legal Eco-Counselling
Partnership Foundation - Swiss Funds	Strengthening and Development of Environmental Legal Advice in Moravian-Silesian, Zlín and Olomouc Regions
Partnership Foundation - Swiss Funds	Encouraging active citizenship towards environmental protection
Via Foundation	Reconstruction of the State: talk to your MP



Vodafone Foundation	Environmental Law Service and Šikola and partners law firm together under one brand
Open Society Fund	State and local firms as a factor of political corruption in the Czech Republic
Open Society Fund	Reconstruction of the State votes against corruption
Open Society Institute	Anti-Corruption project 2011-2013
Open Society Institute – Think Tank Fund	State-Owned Enterprises, clientele networks and financing of political parties: to solve the puzzle
Open Society Institute – Think Tank Fund	State-Owned Enterprises, clientele networks and financing of political parties: to solve the puzzle II
Open Society Institute	Advocacy project of Czech anti-corruption NGOs "RECONSTRUCTION OF THE STATE"
Sigrid Rausing Trust	Corporate accountability
Sigrid Rausing Trust	Corporate accountability Programme
Embassy of the United States of America	Building civil society – asserting active citizenship 2.0 through experience
Embassy of the United States of America	Joint NGO Anti-Corruption Platform Project
Wallace Global Fund	Support for The Purpose of the Corporation Project

Our work was also supported by many individuals, Citizens 2.0 and companies, including **Jan Barta, Václav Dejčmar, Delikomat, Martin Ducháček, Ondřej Fryc, KPMG, Vladimír Orlický, Oto Otépka, Radiocom s.r.o., UNIMEX GROUP a.s., W.A.G., Payment solutions, Libor Winkler, Y Soft Corporation** and many more.

Thank you! Without your help it would not work.



Our team in 2013

Jaroslava Al-Khatib Al-Jashi	Administration
Eliška Bartošová	Public Relations
Petr Bouda	Lawyer
Jiří Boudal	Coordinator
Markéta Cooiman	Lawyer, now on maternal leave
Pavel Černý	Lawyer
Martin Fadrný	Lawyer
Pavel Franc	CEO
Žaneta Goňová	Economist
Filip Gregor	Lawyer
Barbara Gregorová	Internship Coordinator
Christopher Halburd	Lawyer
Matěj Hollan	Public Relations
Zdeněk Horák	IT
Michala Chatrná	Coordinator
Martina Janečková	Administration
Libor Jarmič	Lawyer
Josef Karlický	Lawyer
Magdaléna Klimešová	Coordinator
Jitka Kmošková	Lawyer
Tereza Kněžourková	Coordinator
Jana Koukalová	Lawyer, now on maternal leave
Jana Kravčíková	Lawyer
Barbara Kubátová	Lawyer, now on maternal leave
Stanislav Kutáček	Executive Director
Jiří Nezhyba	Lawyer
Anna Ondrušová	Public Relations
Eva Pavlorková	Lawyer
Lukáš Prnka	Lawyer
Hana Sotoniaková	Lawyer
Kristína Šabová	Lawyer
Pavčina Šafránková	Office Manager
Jan Šrytr	Lawyer

Law students that helped us in 2013

Bobák Martin, Bouška Michal, Buršík Pavel, Čerešňáková Kateřina, Domčíková Tereza, Dušková Daniela, Giňová Petra Marie, Holečková Petra, Honzová Ivana, Hrčka Daniel, Hrčková Jana, Hynčicová Kateřina, Jungwirth Tomáš, Kaska Vojtěch, Keseli Tomáš, Kodetová Kristýna, Mahmoud Martina, Marečková Markéta, Mikolášková Martina, Nečas Filip, Novosadová Kristýna, Palička Radek, Porkertová Jitka, Staněk Ondřej, Studnička Martin, Suchánek Petr, Svoboda Tomáš, Špulák Ondřej, Vršťala Štěpán, Vsetečka Tomáš, Výchopňová Jana, Zagarová Zuzana, Zůbková Donika



Financial statement

Exchange rate (2013-12-31) 1 EUR = 27,425 CZK

EXPENDITURES	IN EUR
office supplies (including copier operation)	3 652
literature and periodicals	255
working expenses (energy and repairs)	693
travel costs	20 181
representation (mainly refreshment)	9 964
communication costs (incl. postage)	8 522
printing, copying, promotion	85 506
office rent (including service connected to the rent)	17 457
short-term rent (hire of venues)	7 901
legal services and fees	3 813
expert opinions and reports	20 733
translations and interpreting	3 860
trainings and seminars	4 318
software	1 966
wages	281 266
taxes, health and social insurance	84 519
donations	918
bank charges	1 080
other (exchange-rate loss, sanctions, audits...)	7 862
EXPENDITURES TOTAL	564 465
INCOME	IN EUR
own activities	25 232
<i>grants from public budgets and EU budget:</i>	
- Labour office	2 188
- ESF, Education for Competitiveness OP (ECOP)	11 914
- European Commission: Europe for Citizens Programme	64 385



- European Commission: Prevention of and Fight Against Crime Programme	39 821
- Ministry of the Interior of the Czech Republic	18 122
<i>grants from foundations and civic associations:</i>	
- European Climate Foundation	50 264
- Open Society Fund Prague	35 485
- Open Society Institute	45 403
- Open Society Institute Think Tank Fund	47 498
- Partnership Foundation - Swiss funds	31 685
- Partnership Foundation	1 520
- Grundtvig	10 479
- Embassy of the United States in Prague	21 913
- VIA Foundation	3 039
- Isvara Foundation	4 046
- Wallace Global Fund	5 038
- Sigrid Rausing Trust	63 457
- Joseph Rowntree Charitable Trust	30 607
- Vodafone Foundation	3 028
- Fundacja Frank Bold (financing of Polish activities)	-29 423
- Justice and Environment (co-financing of LIFE+ project)	-17 080
donations from natural and legal persons	114 478
credit interest	184
other (exchange-rate profit, re-invoicing, funds)	31
TOTAL INCOMES	583 313
ECONOMIC RESULT	18 848



Independent Auditor's Report

Addressed to the members of the Frank Bold Society

Report on the verification of financial statements

We have audited the accompanying financial statements of civic association Frank Bold Society, which consist of the balance sheet up to 31.12.2013, the profit and loss account ending 31.12.2013, as well as notes to the financial statements containing a description of significant accounting methods and other explanatory information. Other information concerning the civic association Frank Bold Society is presented in the Annex of the financial statements.

Responsibility of the Statutory Body accounting entity for the Financial Statements

The statutory body of civic association Frank Bold Society is responsible for the preparation of the financial statements, which reflect a true and fair view in accordance with Czech accounting regulations, as well as providing an internal control system, which is considered essential for the preparation of these financial statements in order to ensure that there are no significant material errors caused by fraud or fault.

Auditor's Responsibility

It is our responsibility to express our view concerning the financial statements based upon our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing as well as related, applicable clauses of the Chamber of Auditors of the Czech Republic. According to these regulations we are required to uphold ethical obligations and to plan and execute the audit in such a way that we gain adequate certainty, that the financial statements contain no significant material errors.

The audit includes the performance of auditing procedures, which help to acquire detailed evidence regarding the amounts and data disclosed in the financial statements. The selection of such procedures are dependent on the auditor's own judgement, including the assessment of any risks present in significant material errors of the data presented in the financial statements caused by fraud or fault. During the risk assessments, the auditor will determine the appropriate internal control system used for the preparation of the financial statements in a true and fair way. The target of this determination is to suggest relevant auditing procedures, not however to express any opinions as to the effectiveness of the accounting entity's internal control system. The audit also includes the evaluation of the suitability of the accounting methods used, the adequacy of the accounting estimates made by the management and also the evaluation of the overall presentation of the financial statements.

We believe that all evidence and information we have gathered provide a satisfactory and appropriate foundation for our audit opinion.



Statement of the Auditor

In our opinion the financial statements give a true and fair view of the assets and liabilities of civic association Frank Bold Society up to 31.12.2013, as well as of the expenditures and income and financial results of the year ending 31.12.2013, in accordance with Czech accounting regulations.

Emphasis of Matter

Although we are not expressing any reservations, we would like to bring to your attention to the matter indicated on page 1 of these financial statements, which states that an organization, for the purposes of providing a true and fair view of the financial situation, had written off old claims from granted projects of preceding years, even though such solutions have no support within corresponding laws of accounting. Such claims should have been correctly written off in preceding periods together with approved projects. In using the elected procedure, the organisation avoided an unfair distortion of the financial results of the current period.

BMV Audit s.r.o

Member of the international association of independent professional companies

MSI Global Alliance, Legal & Accounting Firms

Všebořická 82/2, 400 01 Ústí nad Labem

Certificate of KAČR no. 277

Ing. Miroslava Nebuželská

KAČR Certificate No. 277

Prague, dated 19th August 2014