



**Nadace THE KELLNER FAMILY FOUNDATION**

**Annual Report 2010**

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## **Bodies of Nadace THE KELLNER FAMILY FOUNDATION**

### **Board of Trustees as of December 31, 2010**

Mrs. Renáta Kellnerová, Chair

Mr. Petr Kellner, Trustee

Mr. Jan Leiner, Trustee

Mr. Aleš Minx, Trustee

### **Supervisory Board as at December 31, 2010**

Mrs. Marta Horáková, Chair

Mrs. Karina Divišová, Member

Mr. Tomáš Vališ, Member

### **Founders**

Mrs. Renáta Kellnerová

Mr. Petr Kellner

## **Key Information about the Foundation**

### **Date of establishment**

April 7, 2009, by the Nadace THE KELLNER FAMILY FOUNDATION Deed of Foundation

### **Form**

A foundation

### **Date of inception**

May 25, 2009, Register of Foundations maintained  
by the Municipal Court in Prague, Section N, File 746

### **Endowment as of December 31, 2010**

CZK 500,000

### **Registered office**

Nadace THE KELLNER FAMILY FOUNDATION,  
Evropská 2690/17, 160 41 Praha 6 - Dejvice  
Czech Republic  
E-mail: [info@kellnerfoundation.cz](mailto:info@kellnerfoundation.cz)  
Web: [www.kellnerfoundation.cz](http://www.kellnerfoundation.cz)  
Tel.: (+420) 224 174 423

Reg. No.: 28902254

Tax Reg. No.: CZ28902254

### **Auditor**

KPMG Česká republika Audit, s.r.o.

### **Bank**

PPF banka a.s., Evropská 2690/17, Praha 6, Czech Republic  
Account number: 2012010002/6000

**Significant subsequent event**

At the beginning of January 2011, the management of the Foundation made the decision to combine Nadace THE KELLNER FAMILY FOUNDATION and Nadace Educa ['Educa Foundation']. The combination was a merger whereby Nadace THE KELLNER FAMILY FOUNDATION would be the acquiring entity. The effective date of the merger was set for January 1, 2011. The above merger was entered in the Register of Foundations as of May 27, 2011.

## Nadace THE KELLNER FAMILY FOUNDATION Projects

**Nadace THE KELLNER FAMILY FOUNDATION** is a privately-held family foundation established by Mrs. Renáta Kellnerová and Mr. Petr Kellner in 2009.

**The foundation focuses on support for education in the Czech Republic, but it also pursues its charitable activities in other areas.**

The foundation's first major feat is its **Helping Schools Succeed long-term educational project**, which helps teachers improve the quality of instruction and institute an individual approach to students at mainstream elementary schools in the Czech Republic. For this purpose, the foundation has established a charitable organization, Pomáháme školám k úspěchu o.p.s. in 2009. In 2010, two elementary schools, ZŠ Kunratice in Prague and ZŠ Mendelova in Karviná, were included in the pilot stage of the Helping Schools Succeed project. Both of these schools received support in the form of a financial grant provided by THE KELLNER FAMILY FOUNDATION through Pomáháme školám k úspěchu o.p.s.

THE KELLNER FAMILY FOUNDATION also granted **financial contributions to five municipalities hit by the disastrous floods in the summer of 2010**. They were the municipalities of Chrastava, Raspenava, Hejnice, Hrádek nad Nisou and Frýdlant.

The foundation also contributed to the **publication of two remarkable works by Professor Martin Hilský**: a summary of the author's comments and studies, *SHAKESPEARE A JEVIŠTĚ SVĚT* [~ "Shakespeare and the World's Stage"] and the first Czech edition of the complete works of Shakespeare in a single volume by a single translator, *DÍLO – WILLIAM SHAKESPEARE* [~ "Works – William Shakespeare"].

In 2010, THE KELLNER FAMILY FOUNDATION also granted contributions to some **other institutions and individuals for educational and health projects**.

## Gifts Received and Grants Awarded

### Gifts received in 2010

Donor	in CZK thousands
PPF banka a.s.	11,000
Home Credit a.s.	33,000
<b>Total</b>	<b>44,000</b>

*The above overview was published in accordance with Section 25(2)(b) of the Foundations Act*

### Grants awarded in 2010

Beneficiary	in CZK thousands
Středisko společných činností AV ČR, v.v.i. [Czech Academy of Sciences]	200
Loděnice elementary school	86
The town of Frýdlant	3,000
Chrastava [municipality]	3,000
Raspenava [municipality]	2,000
Hejnice [municipality]	1,000
Hrádek nad Nisou [municipality]	2,000
Pomáháme školám k úspěchu o.p.s.	4,000
POHODA – Sdružení pro podporu zdravotně postižených dětí [an association supporting disabled children]	100
Others	50
<b>Total</b>	<b>15,436</b>

*The above overview was published in accordance with Section 25(2)(d) of the Foundations Act*

**Finances**



**Auditor's Report for the Board of Trustees of  
Nadace THE KELLNER FAMILY FOUNDATION**



KPMG Česká republika Audit, s.r.o.  
Pobřežní 648/1a  
186 00 Praha 8  
Česká republika

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This document is an English translation of the Czech auditor's report.  
Only the Czech version of the report is legally binding.

## Auditor's Report for the Nadace THE KELLNER FAMILY FOUNDATION Board of Trustees

### Financial statements

On the basis of our audit, on 28 March 2011 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Nadace THE KELLNER FAMILY FOUNDATION, which comprise the balance sheet as of 31 December 2010, and the income statement for the year then ended, and the notes to these financial statements including a summary of significant accounting policies and other explanatory notes. Information about the company is set out in Note 1 to these financial statements.

### *Statutory Body's Responsibility for the Financial Statements*

The board of trustees of Nadace THE KELLNER FAMILY FOUNDATION is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements give a true and fair view of the assets and liabilities of Nadace THE KELLNER FAMILY FOUNDATION as of 31 December 2010, and of its expenses, revenues and net result for the year then ended in accordance with Czech accounting legislation.”

**Annual report**

We have audited the consistency of the annual report with the audited financial statements. This annual report is the responsibility of the Nadace THE KELLNER FAMILY FOUNDATION’s board of trustees. Our responsibility is to express our opinion on the consistency of the annual report with the audited financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the annual report describing matters that are also presented in the financial statements is, in all material respects, consistent with the audited financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.

In our opinion, the information disclosed in the annual report is, in all material respects, consistent with the audited financial statements.

Prague, 30 June 2011

*KPMG Česká republika Audit*  
KPMG Česká republika Audit, s.r.o.  
Licence number 71

*Romana Benešová*  
Romana Benešová  
Partner  
Licence number 1834

**Financial Statements as of December 31, 2010**

**BALANCE SHEET**  
**full length**  
**as of December 31, 2010**  
(in CZK thousands)

Prepared under  
Regulation No. 504/2002  
as amended



Name and registered office  
of the accounting unit  
**Nadace THE KELLNER FAMILY**  
**FOUNDATION**  
Evropská 2690/17  
Praha 6  
160 41

Year	Month	IČ
2010	12	28902254

a		Indicator	Row No.	Balance at the	Balance at the
				beginning of the accounting period	end of the accounting period
		b	c	1	2
		<b>ASSETS</b>	001	9 158	37 099
A.		Fixed assets	002	892	1 168
A.	I.	<b>Intangible fixed assets</b>	003	<b>897</b>	<b>1 388</b>
A.	I.	1. Research and development	004	0	0
		3. Software	005	119	119
		4. Valuable rights	006	388	388
		5. Low value intangible fixed assets	007	0	0
		6. Other intangible fixed assets	008	0	881
		7. Intangible fixed assets in progress	009	390	0
		8. Advance payments for intangible fixed assets	010	0	0
A.	II.	<b>Tangible fixed assets</b>	011	0	0
A.	II.	1. Land	012	0	0
		2. Works of art, items and collections	013	0	0
		3. Buildings	014	0	0
		4. Individual movable assets and sets of movable assets	015	0	0
		5. Cultivated areas	016	0	0
		6. Breeding and draught animals	017	0	0
		7. Low value tangible fixed assets	018	0	0
		8. Other tangible fixed assets	019	0	0
		9. Tangible fixed assets in progress	020	0	0
		10. Advance payments for tangible fixed assets	021	0	0
A.	III.	<b>Long-term investments</b>	022	0	0
A.	III.	1. Equity investments in subsidiaries	023	0	0
		2. Equity investments in associates	024	0	0
		3. Long-term securities held to maturity	025	0	0
		4. Loans to branches	026	0	0
		5. Other long-term loans	027	0	0
		6. Other long-term investments	028	0	0
		7. Long-term investments in progress	029	0	0
A.	IV.	<b>Accumulated depreciation and amortization</b>	030	<b>5</b>	<b>220</b>
A.	IV.	1. Accumulated amortization of research and development	031	0	0
		2. Accumulated amortization of software	032	0	40
		3. Accumulated amortization of valuable rights	033	5	70
		4. Accumulated amortization of low value intangible assets	034	0	0
		5. Accumulated amortization of other intangible fixed assets	035	0	110
		6. Accumulated depreciation of buildings	036	0	0
		7. Accumulated depreciation of individual movable assets and sets of movable assets	037	0	0
		8. Accumulated depreciation of cultivated areas	038	0	0
		9. Accumulated depreciation of breeding and draught animals	039	0	0
		10. Accumulated depreciation of low value tangible fixed assets	040	0	0
		11. Accumulated depreciation of other tangible fixed assets	041	0	0

			Balance at the beginning of the accounting period	Balance at the end of the accounting period
a	Indicator	Číslo řádku	1	2
B.	Current assets	042	8 266	35 931
B. I.	<b>Inventories</b>	043	0	0
B. I.	1. Material in stock	044	0	0
	2. Material in transit	045	0	0
	3. Work in progress	046	0	0
	4. Internally developed semi-finished products	047	0	0
	5. Finished goods	048	0	0
	6. Animals	049	0	0
	7. Goods on stock and in stores	050	0	0
	8. Goods in transit	051	0	0
	9. Advance payments for inventories	052	0	0
B. II.	<b>Receivables</b>	053	33	110
B. II.	1. Customers	054	33	110
	2. Bills of exchange to be paid	055	0	0
	3. Receivables from securities issued	056	0	0
	4. Operating advances paid	057	0	0
	5. Other receivables	058	0	0
	6. Receivables from employees	059	0	0
	7. Receivables from social security authorities and public health insurance	060	0	0
	8. Income tax	061	0	0
	9. Other direct taxes	062	0	0
	10. Value added tax	063	0	0
	11. Other taxes and charges	064	0	0
	12. Entitlements to subsidies and other settlements with the national budget	065	0	0
	13. Entitlements to subsidies and other settlements with budgets of regional authorities	066	0	0
	14. Receivables from association members	067	0	0
	15. Receivables from fixed-term transactions and options	068	0	0
	16. Receivables from bonds issued	069	0	0
	17. Other receivables	070	0	0
	18. Estimated receivables	071	0	0
	19. Provision for receivables	072	0	0
B. III.	<b>Short-term financial assets</b>	073	8 109	35 703
B. III.	1. Cash on hand	074	7	7
	2. Cash equivalents	075	0	0
	3. Cash in banks	076	8 102	35 696
	4. Equity securities for trading	077	0	0
	5. Debt securities for trading	078	0	0
	6. Other securities	079	0	0
	7. Short-term investments in progress	080	0	0
	8. Cash in transit	081	0	0
B. IV.	<b>Total other assets</b>	082	124	118
B. IV.	1. Prepaid expenses	083	124	118
	2. Accrued revenues	084	0	0
	3. Foreign exchange rate gains	085	0	0
	Control number	998	36 652	149 276

a		Indicator	Row No.	Balance at the beginning of the accounting period	Balance at the end of the accounting period
		b	c	1	2
		LIABILITIES	086	9 158	37 099
A.		Foundation's total holdings	087	8 967	36 942
A.	I.	<b>Net holdings</b>	088	<b>8 967</b>	<b>36 942</b>
A.	I.	1. Endowment	089	500	500
		2. Funds	090	8 467	36 442
		3. Valuation difference on the revaluation of assets and liabilities	091	0	0
A.	II.	<b>Profit (loss)</b>	092	0	0
A.	II.	1. Profit (loss) account	093	0	0
		2. Profit (loss) to be approved	094	0	0
		3. Retained earnings, accumulated losses	095	0	0
B.		Liabilities	096	191	157
B.	I.	Provisions	097	0	0
B.	II.	Long-term liabilities	098	0	0
B.	II.	1. Long-term bank loans	099	0	0
		2. Bonds issued	100	0	0
		3. Leasing payables	101	0	0
		4. Long-term advances received	102	0	0
		5. Long-term bills of exchange payable	103	0	0
		6. Estimated payables	104	0	0
		7. Other long-term payables	105	0	0
B.	III.	<b>Short-term liabilities</b>	106	<b>191</b>	<b>157</b>
B.	III.	1. Suppliers	107	191	157
		2. Bills of exchange payable	108	0	0
		3. Advances received	109	0	0
		4. Other payables	110	0	0
		5. Employees	111	0	0
		6. Other payables to employees	112	0	0
		7. Payables to social security authorities and public health insurance	113	0	0
		8. Income tax	114	0	0
		9. Other direct taxes	115	0	0
		10. Value added tax	116	0	0
		11. Other taxes and charges	117	0	0
		12. Liabilities to the national budget	118	0	0
		13. Liabilities to budgets of regional authorities	119	0	0
		14. Liabilities from subscribed outstanding securities and investments	120	0	0
		15. Payables to association members	121	0	0
		16. Payables arising from fixed-term transactions	122	0	0
		17. Other payables	123	0	0
		18. Short-term bank loans	124	0	0
		19. Discount loans	125	0	0
		20. Short-term bonds issued	126	0	0
		21. Bonds held	127	0	0
		22. Estimated payables	128	0	0
		23. Other short-term financial borrowings	129	0	0
B.	IV.	<b>Other liabilities</b>	130	<b>0</b>	<b>0</b>
B.	IV.	1. Accrued expenses	131	0	0
		2. Deferred revenues	132	0	0
		3. Foreign exchange rate losses	133	0	0
		Control number	999	36 632	148 400

Date:	Signature of the responsible person:	Signature of the responsible person
March 28, 2011	Mr. Jan Leiner 	Mr. Aleš Minx 

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# INCOME STATEMENT

full length

as of December 31, 2010

Prepared under  
Regulation No. 504/2002  
as amended

Period Jan 1, 2010 - Dec 31, 2010

(in CZK thousands)

Year	Month	Reg. No.
2010	12	28902254



Name and registered office of the  
accounting unit

**Nadace THE KELLNER FAMILY  
FOUNDATION**  
Evropská 2690/17  
Praha 6  
160 41

a	INDICATOR b	Row No. c	Core activity 1	Economic activity 2	Total 3
<b>A.</b>	<b>EXPENSES</b>	<b>001</b>	<b>1 115</b>	<b>110</b>	<b>1 225</b>
<b>I.</b>	<b>Total consumed purchases</b>	<b>002</b>	<b>53</b>		<b>53</b>
	1. Consumed materials	003	53		53
	2. Consumed energy	004	0		0
	3. Consumed other non-storable supplies	005	0		0
	4. Goods sold	006	0		0
<b>II.</b>	<b>Total services</b>	<b>007</b>	<b>462</b>		<b>462</b>
	1. Repairs and maintenance	008	0		0
	2. Travel expenses	009	0		0
	3. Entertainment costs	010	0		0
	4. Other services	011	462		462
<b>III.</b>	<b>Total personnel costs</b>	<b>012</b>	<b>490</b>	<b>0</b>	<b>490</b>
	1. Wages and salaries	013	490		490
	2. Statutory social security contributions	014	0		0
	3. Other social security insurance	015	0		0
	4. Statutory social expenses	016	0		0
	5. Other social expenses	017	0		0
<b>IV.</b>	<b>Total taxes and charges</b>	<b>018</b>	<b>5</b>	<b>0</b>	<b>5</b>
	1. Road tax	019	0		0
	2. Real estate tax	020	0		0
	3. Other taxes and charges	021	5		5
<b>V.</b>	<b>Total other expenses</b>	<b>022</b>	<b>1</b>	<b>0</b>	<b>1</b>
	1. Contract penalties and late charges	023	0		0
	2. Other penalties and fines	024	0		0
	3. Bad debt written off	026	0		0
	4. Interest	027	0		0
	5. Foreign exchange rate losses	028	0		0
	6. Gifts	029	0		0
	7. Deficits and damage	030	0		0
	8. Other and sundry expenses	031	1		1
<b>VI.</b>	<b>Depreciation and amortization, asset disposals, provisioning</b>	<b>032</b>	<b>104</b>	<b>110</b>	<b>214</b>
	1. Depreciation and amortization of tangible and intangible fixed assets	033	104	110	214
	2. Net book value of tangible and intangible assets sold	034	0		0
	3. Securities and investments sold	035	0		0
	4. Materials sold	036	0		0
	5. Additions to reserves	037	0		0
	6. Additions to provisions	038	0		0
<b>VII.</b>	<b>Total contributions provided</b>	<b>039</b>	<b>0</b>		<b>0</b>
	1. Paid contributions accounted for between branches	040	0		0
	2. Membership dues paid	041	0		0
<b>VIII.</b>	<b>Total income tax</b>	<b>042</b>	<b>0,00</b>		<b>0,00</b>
	1. Additional payments of income tax	043	0,00		0,00



	INDICATOR	Row	Core	Economic	Total
a	b	No.	activity	activity	
		c	1	2	3
<b>B.</b>	<b>INCOME</b>	<b>044</b>	<b>1 115</b>	<b>110</b>	<b>1 225</b>
<b>I.</b>	<b>Revenues from production and goods</b>	<b>045</b>	<b>0</b>	<b>110</b>	<b>110</b>
	1. Revenues from production	046	0		0
	2. Revenues from services	047	0	110	110
	3. Revenues from goods	048	0		0
<b>II.</b>	<b>Total changes in intra-organization inventories</b>	<b>049</b>	<b>0</b>	<b>0</b>	<b>0</b>
	1. Changes in stock of work in progress	050	0		0
	2. Changes in stock of semi-finished products	051	0		0
	3. Changes in stock of products	052	0		0
	4. Changes in animal headcount	053	0		0
<b>III.</b>	<b>Capitalization</b>	<b>054</b>	<b>490</b>	<b>0</b>	<b>490</b>
	1. Capitalization of materials and goods	055	0		0
	2. Capitalization of intra-organization services	056	0		0
	3. Capitalization of intangible fixed assets	057	490		490
	4. Capitalization of tangible fixed assets	058	0		0
<b>IV.</b>	<b>Other revenues</b>	<b>059</b>	<b>625</b>	<b>0</b>	<b>625</b>
	1. Contract penalties and late charges	060	0		0
	2. Other penalties and fines	061	0		0
	3. Payments for receivables written off	062	0		0
	4. Interest	063	36		36
	5. Foreign exchange rate gains	064	0		0
	6. Transfer of assets from endowment to operating	065	589		589
	7. Other and sundry revenues	066	0		0
<b>V.</b>	<b>Proceeds from asset disposal, reversal of reserves and provisions</b>	<b>067</b>	<b>0</b>	<b>0</b>	<b>0</b>
	1. Proceeds from the sale of intangible and tangible assets	068	0		0
	2. Proceeds from the sale of securities and investments	069	0		0
	3. Proceeds from the sale of materials	070	0		0
	4. Proceeds from short-term financial assets	071	0		0
	5. Release of reserves	072	0		0
	6. Revenues from long-term investments	073	0		0
	7. Release of provisions	074	0		0
<b>VI.</b>	<b>Contributions received</b>	<b>075</b>	<b>0</b>	<b>0</b>	<b>0</b>
	1. Received contributions accounted for between branches	076	0		0
	2. Received contributions (gifts)	077	0		0
	3. Received membership dues	078	0		0
<b>VII.</b>	<b>Operating subsidies</b>	<b>079</b>	<b>0</b>	<b>0</b>	<b>0</b>
	1. Operating subsidies	080	0		0
<b>C.</b>	<b>PROFIT (LOSS) BEFORE TAX</b>	<b>081</b>	<b>0</b>	<b>0</b>	<b>0</b>
	1. Income tax	082	0	0	0
<b>D.</b>	<b>PROFIT (LOSS) AFTER TAX</b>	<b>083</b>	<b>0</b>	<b>0</b>	<b>0</b>

Date:	Signature of the responsible person:	Signature of the responsible person:
March 28, 2011	Mr. Jan Leiner 	Mr. Aleš Minx 

**Nadace THE KELLNER FAMILY FOUNDATION**  
**Notes to the Financial Statements**  
**for the year ending on December 31, 2010**

**1. Name and registered office of the accounting unit**

Nadace THE KELLNER FAMILY FOUNDATION  
Evropská 2690/17  
160 41 Praha 6 - Dejvice  
Czech Republic

Reg. No.: 28902254

Legal form: Foundation

**2. Description and core activities**

**N.B.: All financial amounts are hereinafter stated in Czech crowns (CZK) and, where applicable, rounded to whole thousands**

*Establishment and description of the foundation*

Nadace THE KELLNER FAMILY FOUNDATION (hereinafter “the Foundation”) was incorporated in the Register of Foundations maintained by the Municipal Court in Prague, Section N, File 746, on May 25, 2009.

Mrs. Renáta Kellnerová and Mr. Petr Kellner are the founders of the Foundation.

An endowment of CZK 500,000 was entered in the Register of Foundations on May 25, 2009 and deposited in a separate account kept at PPF banka a.s., account number 2012010002/6000. The endowment is composed of the founders’ financial contributions, with the contribution made by each of the founders amounting to CZK 250,000.

The purpose of the Foundation is to make a versatile contribution to the development of society and help improve the quality of life of the people in places where it operates, by providing support for education at all levels of society, through philanthropic activities in society, organizational development of non-governmental not-for-profit organizations, improvement of the health of people in society, solutions to social problems, and by providing support for equal opportunities in society, community development, development of public areas and environmental improvements, science and technological advancement, in the case of natural and humanitarian disasters and for cultural development, art, and protection of heritage.

The Foundation is the sole founder of the charitable organization Pomáháme školám k úspěchu o.p.s., Reg. No.: 29005469 (hereinafter “the Company”). The Company was incorporated in the Register of Charitable Organizations on December 16, 2009, Section O, File 702. The Foundation made no investment in the Company, and therefore does not carry the Company in its books as an equity interest.

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**3. Board of Trustees and Supervisory Board as of December 31, 2010**

*Board of Trustees as of December 31, 2010:*

Chair:	Mrs. Renáta Kellnerová
Trustee:	Mr. Petr Kellner
Trustee:	Mr. Jan Leiner
Trustee:	Mr. Aleš Minx

Either the Chair of the Board of Trustees shall act on behalf of the Foundation severally and to the fullest extent, or two Trustees shall jointly act on behalf of the Foundation.

*Supervisory Board as of December 31, 2010:*

Chair:	Mrs. Marta Horáková
Member:	Mrs. Karina Divišová
Member:	Mr. Tomáš Vališ

**4. Accounting period covered by the financial statements and the balance sheet date**

The unit's accounting period is the calendar year 2010.

Under Section 19 (1) of Act No. 563/1991 on Accounting, December 31, 2010 is the balance sheet date.

**5. Significant accounting policies used by the Foundation**

(a) Accounting procedures

The Foundation keeps double-entry accounting under the Act on Accounting, under the chart of accounts, and under Regulation No. 504/2002, as amended, for accounting units whose core activity is not carrying on a business.

Accepted financial gifts and gifts in kind in the form of tangible fixed assets, inventories and services provided, are carried in account 911 Funds, which forms a part of the Foundation's total holdings in the balance sheet.

(b) Endowment

Endowment is the financial expression of the aggregate of financial contributions entered in the Register of Foundations. Endowment amounts to CZK 500,000.

The Foundation is obligated to deposit all funds belonging to the endowment in a separate bank account, or it may use them to buy securities issued or guaranteed by the government. These funds may not be lent out.

(c) Costs incurred in the management of the Foundation

The costs incurred in the management of the Foundation specifically include, but are not limited to, the costs of maintaining and growing the Foundation's assets, the costs of promoting the purpose of the Foundation, and the costs incurred in the operation of the Foundation. The Foundation's total annual costs related to its management may not exceed 28% of the value of the grants annually awarded by the Foundation.

(d) Tangible and intangible fixed assets

Tangible and intangible fixed assets are carried at the acquisition cost, or at the value specified in the deed of gift, or on the basis of an expert appraisal. Tangible fixed assets with

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an acquisition cost of over CZK 40,000 and with a useful life of more than one year, and intangible fixed assets with an acquisition cost of over CZK 60,000 and a useful life of more than one year are carried in accounts of fixed assets and subject to accounting depreciation and amortization in line with the depreciation plan. Other tangible assets with an acquisition cost of up to CZK 40,000 and intangible assets with an acquisition cost of up to CZK 60,000 are expensed in the month of acquisition and carried in operating records.

The following table shows the methods and depreciation periods by asset category:

Asset	Method	Depreciation period
Individual movable assets and sets of movable assets	straight-line	3 years
Valuable rights	straight-line	6 years
Software	straight-line	3 years

(e) Leased assets

The Foundation is not carrying any leased assets as of the balance sheet date.

**6. Additional information about the balance sheet**

(a) Short-term financial assets

Money is deposited in checking accounts in Czech crowns and held as cash on hand in Czech crowns. On December 31, 2010, the balance in bank accounts stood at CZK 35,696,000 (2009: CZK 8,102,000). On December 31, 2010, cash in hand amounted to CZK 7,000 (2009: CZK 7,000).

(b) Receivables

On December 31, 2010, the Foundation reports CZK 110,000 (2009: CZK 33,000) in receivables from customers. All receivables had been paid by the date of these financial statements, i.e., March 28, 2011.

(c) Liabilities

On December 31, 2010, liabilities to suppliers totaled CZK 157,000 (2009: CZK 191,000). All payables had been paid by the date of these financial statements, i.e., March 28, 2011.

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(d) Fixed assets

Intangible fixed assets (in CZ thousands)				
	Software	Valuable rights	Other IFA	Total
<b>Acquisition cost</b>				
Balance on January 1, 2010	119	388	--	507
Additions	--	--	491	491
Disposals	--	--	--	--
Transfer	--	--	390	390
Balance on December 31, 2010	119	388	881	1,388
<b>Accumulated amortization</b>				
Balance on January 1, 2010	--	5	--	5
Amortization	40	65	110	215
Accumulated amortization of disposals	--	--	--	--
Balance on December 31, 2010	40	70	110	220
<b>Net book value on January 1, 2010</b>	<b>119</b>	<b>383</b>	<b>--</b>	<b>502</b>
<b>Net book value on December 31, 2010</b>	<b>79</b>	<b>318</b>	<b>771</b>	<b>1,168</b>

Additions to other intangible fixed assets are comprised of the operating manual for the Helping Schools Succeed project, which was put to use.

(e) Prepaid expenses

Prepaid expenses of CZK 118,000 (2009: CZK 124,000) are comprised of unconsumed office material (envelopes, business cards, paper folders).

**7. Holdings allocated to covering fixed and current assets (in CZK thousands)**

	Registered organization's endowment	The organization's funds	Revaluation differences	Retained profit, accumulated losses	Profit (loss) for the current period	Total
<b>Balance on January 1, 2010</b>	<b>500</b>	<b>8,467</b>	--	--	--	<b>8,967</b>
Financial gifts received	--	44,000	--	--	--	44,000
Financial grants awarded	--	-15,436	--	--	--	-15,436
Transfer from Funds to cover administrative costs	--	-589	--	--	--	-589
<b>Balance on December 31, 2010</b>	<b>500</b>	<b>36,442</b>	--	--	--	<b>36,942</b>

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**8. Additional information about the Income Statement**

(a) Income

	December 31, 2010 in CZK thousands
Revenues from core activity	1,115
Revenues from economic activity	110
<b>Total</b>	<b>1,225</b>

Totaling CZK 1,115,000 in 2010 (2009: CZK 472,000), the Foundation's income was comprised of the following: interest income of CZK 36,000 (2009: CZK 49,000), of this amount, interest income from term deposits was CZK 31,000 (2009: CZK 46,000) and the balance of CZK 5,000 (2009: CZK 3,000) was interest accrued on the Foundation's checking account; capitalized intangible fixed assets, CZK 490,000 (2009: CZK 390,000) and transfer of assets from Funds to operating, CZK 589,000 (2009: CZK 33,000).

(b) Expenses

	December 31, 2010 in CZK thousands
Costs of core activity	1,115
Costs of grants awarded	--
Costs of economic activity	110
<b>Total</b>	<b>1,225</b>

The costs of core activity include CZK 1,115,000 (2009: CZK 82,000) in Foundation administration costs. The limit on administrative costs defined in point 5 (c) was not exceeded.

(c) Profit (loss) broken down by core activity and non-core activity

	2010 in CZK thousands
Profit (loss) from core activity	--
Profit (loss) from non-core activity	--
<b>Total</b>	<b>--</b>

(d) Distribution of profit / compensation for loss of 2009

The profit (loss) for 2009 amounted to CZK 0.

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**9. Gifts received and grants awarded**

(a) Gifts received

	2010
Donor	in CZK thousands
PPF banka a.s.	9,000
PPF banka a.s.	2,000
Home Credit a.s.	33,000
<b>Total</b>	<b>44,000</b>

(b) Grants awarded

	2010
Donee	in CZK thousands
Středisko společných činností AV ČR, v.v.i.	200
Loděnice primary school	86
Town of Frýdlant	3,000
Chrastava	3,000
Raspenava	2,000
Hejnice	1,000
Hrádek nad Nisou	2,000
Pomáháme školám k úspěchu o.p.s.	4,000
POHODA – Sdružení pro podporu zdravotně postižených dětí	100
Other	50
<b>Total</b>	<b>15,436</b>

**10. Employees and managers**

In 2010, the Foundation had no permanent employees. In April 2010, remuneration was paid to ten employees under short-term contracts, amounting to CZK 490,000 (2009: eight employees, CZK 390,000).

In 2010 or 2009, the Foundation did not provide any financial or non-financial remuneration to the Trustees.

**11. Liabilities under social security and health insurance**

In 2010 or 2009, the Foundation did not incur any liabilities under social security or health insurance.

**12. Information about fees for statutory auditors**

In 2010 the fee for statutory audit amounted to CZK 6,000 (2009: CZK 0).

The Board of Trustees appointed KPMG Česká republika Audit, s.r.o. as the Foundation's auditor.

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**13. Corporate income tax**

Establishment of the tax base

The tax base of the corporate income tax equals zero, and corporate income tax for the fiscal year 2010 therefore amounts to CZK 0 (2009: CZK 0).

**14. Significant subsequent event**

At the beginning of January 2011, the management of the Foundation decided to combine Nadace THE KELLNER FAMILY FOUNDATION and Nadace Educa ['Educa Foundation']. The combination was a merger whereby Nadace THE KELLNER FAMILY FOUNDATION would be the acquiring entity. The effective date of the merger was set for January 1, 2011.

Date: March 28, 2011	Signature of responsible persons: Jan Leiner  Aleš Minx 
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