



ANNUAL REPORT 2016

THE KELLNER FAMILY FOUNDATION

3	The Chairwoman's Statement
4	Profile
7	Core Projects
16	Other Selected Projects
17	Gifts Received and Grants Awarded
18	Appendix 1
19	Appendix 2
20	Financials
21	Auditor's Report
25	Balance Sheet
31	Income Statement
34	Notes to the Financial Statements

Content

The Chairwoman's Statement

Dear Friends,

I am delighted that over the eight years of the existence of THE KELLNER FAMILY FOUNDATION we have been able to distribute funds totaling CZK 533 million to children and students, teachers and researchers. The Foundation is a source of joy not only for us but also the children and students whom it helps, so that regardless of their social background they can receive quality education, see their dreams come true, fully use their talents and grasp the opportunities that emerge for them.

As usual, nearly half of the CZK 90 million distributed by the Foundation in 2016 was disbursed in need-based grants to students of Open Gate, an eight-year grammar school in Babice near Prague. In the current twelfth academic year, 237 students are enrolled at Open Gate, 94 of which are on the need-based grant list; twelve of them come from foster care, eight from children's homes, and others from socially disadvantaged families. We also reward the academic achievements of our grammar school students; last year, the Foundation distributed CZK 1.1 million in academic grants.

The second-largest sum of money granted by the Foundation, nearly CZK 37 million, was to the Helping Schools Succeed [Pomáháme školám k úspěchu] project, which helps schools to network and learn from each other about how to bring each individual child to success. Through the 400 teachers involved, we help 6,000 students attain educational excellence at public elementary schools. Last year, we also produced two issues of the Kritická gramotnost [Critical Literacy] journal, focused on the crucial issue of understanding and interpreting texts. More than 1,300 teachers and interested members of the public have subscribed to this quarterly to date.

As part of the Universities Project, we are also helping 50 students to pay the costs of attending university and other higher education institutions in the Czech Republic and beyond. The Foundation has assisted 120 Czech students to date, providing them with financial grants for school fees and the costs of living incurred in studying abroad. Having graduated, some are now at the beginning of their professional careers. I would like to highlight the success achieved by brothers Šimon and Matouš Michal, violin players from Bezděkov nad Metují, a small village in eastern Bohemia who joined the famous Chicago Symphony Orchestra in January 2016 after graduation from the school of their dreams, The Juilliard School of Music.

Dear friends, each and every one of us can do a lot of things for a better Czech Republic. When setting up THE KELLNER FAMILY FOUNDATION, with my husband we wanted to contribute to the development of a society that strongly promotes high-quality education. We believe that supporting motivated and educated young people is the future of every nation. My thanks go to all who are helping our Foundation pursue this vision.



Renáta Kellnerová
Chairwoman, Board of Trustees
THE KELLNER FAMILY FOUNDATION

Profile

Mrs. Renáta Kellnerová and Mr. Petr Kellner established THE KELLNER FAMILY FOUNDATION in 2009 and merged it with the Educa Foundation two years later, which until then had been providing grants to Open Gate grammar school students. THE KELLNER FAMILY FOUNDATION has continued with Educa's mission, supporting academically gifted children and young people growing up in children's homes, broken families or otherwise challenging socio-economic environments. Later, additional efforts included improving the quality of teaching at public elementary schools in the Czech Republic, and broadening the opportunities for teachers to learn new and better ways to teach their students.

In 2016, the Foundation focused its efforts on three projects. The **Open Gate** provides opportunities for socially disadvantaged students to attend the eight-year grammar school of the same name. Since the school was opened in 2005, approximately half of its students have received full or partial grants from the Foundation. As the renowned school also offers boarding to the students, it is accessible for talented young people from all over the country regardless of their financial standing. The Open Gate curriculum offers the opportunity for students to achieve the International Baccalaureate (IB).

Meanwhile, **Universities** follows up on the idea of supporting talented grammar school students and opens doors to universities in the Czech Republic and abroad. Under this scheme the Foundation provides grants to graduates from Czech secondary schools, including grammar schools, enabling them to continue their education at universities in the Czech Republic and beyond. The Foundation pays tuition fees as well as other costs, such as travel or the costs of living abroad for the students.

Motivated by the belief that the Czech educational system should provide an excellent education to students from the very beginning, the Foundation also focusses on public elementary schools. In 2010, the Foundation set up the **Helping Schools Succeed** project. It provides elementary schools with resources to help teachers and administrators improve their skills, learn new teaching methods and have more time to dedicate to their students in full. The experts enlisted in this scheme also prepare various teaching and guidance materials such as instructive videos and the *Kritická gramotnost* [Critical Literacy] quarterly journal.

The Foundation does not exclusively focus on education, but it also enables scientists to work on research that one day could revolutionise current practices in medicine, offering hope for those suffering from certain diseases. In addition to its core educational projects, the Foundation also grants contributions to other individuals and institutions in scientific research, culture, and the promotion of good health.

Since its inception, THE KELLNER FAMILY FOUNDATION has contributed more than CZK 533 million to projects pursuing philanthropic causes.

Foundation Bodies as of December 31, 2016

Mrs. Renáta Kellnerová and Mr. Petr Kellner are the founders of THE KELLNER FAMILY FOUNDATION.

**Mrs. Renáta Kellnerová,
THE KELLNER FAMILY FOUNDATION founder
and Chairwoman of KFF's Board of Trustees**

Mrs. Renáta Kellnerová and her husband, Mr. Petr Kellner help gifted children from socially disadvantaged environments. They channel significant effort and financial resources into their goal of raising the quality of education in the Czech Republic. Upon the initiative of Mrs. Renáta Kellnerová, the Open Gate private eight-year boarding grammar school, was set up in 2005 in Babice near Prague. It was the first purely Czech school to receive certification permitting its students to sit for International Baccalaureate examinations, which facilitates their enrolment at leading universities outside the Czech Republic. THE KELLNER FAMILY FOUNDATION grants help to provide a high-quality education to gifted children who have not had the fortune to be born into privileged backgrounds.

Mrs. Renáta Kellnerová also co-founded the Educa Foundation, provided need-based grants to Open Gate students and sponsored further education of graduates from Czech secondary schools under the Universities program. Educa also provided financial assistance to other social and educational projects such as the Half-Way House, a shelter for young people deprived of familial support. Thanks to Educa's contribution, the Little Chateau magazine for children living in children's homes was launched. In 2011, Educa was merged into THE KELLNER FAMILY FOUNDATION, which continues Educa's projects.

Mrs. Renáta Kellnerová and Mr. Petr Kellner are raising four children together. They enjoy the visual arts, which they also collect. They own, among other things, one of the largest collections of Josef Sudek's photographs. They spend their leisure time actively, mainly outdoors, and engage in various sports, including snowboarding, kiting and biking.

**Petr Kellner,
THE KELLNER FAMILY FOUNDATION
founder and trustee**

Mr. Petr Kellner is a founder of PPF Group and manages the Group's strategic development. Over the last twenty-five years, PPF has become one of the biggest investment groups in Central and Eastern Europe. It invests in a number of sectors ranging from banking and financial services, to telecoms, biotechnology, insurance, retail services, real estate and farming. PPF Group operates in Europe, Asia, and the U.S.

In December 2002, Mr. Petr Kellner and his wife Renáta set up the Educa Foundation, which provided funds for building and operating the Open Gate eight-year grammar school in Babice, central Bohemia. Following the merger of Educa into the new THE KELLNER FAMILY FOUNDATION, Open Gate students receive need-based grants totalling around CZK 40 million per year for school fees.

Mr. Petr Kellner also contributes to other individuals and institutions for their educational, good health promotion and cultural projects, both personally and through his PPF Group companies. It is thanks to PPF's financial contributions that a number of cultural institutions including the Jára Cimrman Theatre, the Summer Shakespeare Festival, the Prague art galleries, the Josef Sudek Studio and the Václav Špála Gallery continue to thrive. Six string instruments, valued at a total of CZK 20 million, have enriched the Czech Philharmonic Orchestra's sound thanks to PPF; and through its CETIN subsidiary, PPF is the general partner for the world-renowned Prague Spring music festival.

Board of Trustees

Mrs. Renáta Kellnerová, Chairwoman
Mr. Petr Kellner, Trustee
Mr. Jan Leiner, Trustee

Supervisory Board

Mrs. Karina Divišová, Chairwoman
Mr. Richard Sedláčko, Member
Mr. Tomáš Vališ, Member

Date of establishment April 7, 2009, in a document establishing Nadace THE KELLNER FAMILY FOUNDATION

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

Endowment as of December 31, 2016 CZK 1,000,000

Registered office Nadace THE KELLNER FAMILY FOUNDATION, Evropská 2690/17, 160 41 Praha 6-Dejvice, Reg. No.: 28902254, Tax Reg. No.: CZ28902254

Auditor KPMG Česká republika Audit, s.r.o.

Bank and account number PPF banka a.s., account number: 2012010002/6000



Core Projects

The family foundation of Mrs. Renáta Kellnerová and Mr. Petr Kellner seeks to help students of elementary and secondary schools, universities and other higher education institutions to acquire a quality education through long-term educational projects. It seeks out young people with outstanding academic potential from underprivileged social backgrounds and provides them with access to good education.

The core projects into which THE KELLNER FAMILY FOUNDATION is channelling its funds include need-based grants for Open Gate students, grants under the Universities programme for students of higher education institutions and universities and grants to the Helping Schools Succeed project for public elementary schools.

OPEN GATE

The Open Gate grammar school and elementary school in Babice near Prague is one of the top-rated schools in the Czech Republic. Children from orphanages and financially disadvantaged families study together with those whose parents pay school fees at the eight-year grammar school.

The academic year 2016/2017 is the twelfth year of the Open Gate grammar school. It has 237 students, of whom around half are assisted by need-based grants from THE KELLNER FAMILY FOUNDATION. Eight come from orphanages, twelve grantees are in foster care, and other Foundation grantees are from socially disadvantaged environments.

Open Gate grammar school graduates achieve some of the best results in end of school examinations in the Czech Republic. In 2016, the students graduating from Open Gate have achieved an excellent average mark of 1.125 in all subjects covered by the Czech school-leaving examination, half of them with straight 1's [= straight A's]. In the International Baccalaureate (IB), with their average of 36.2 points Open Gate students placed among the most successful of the 150,000 students sitting the IB around the globe in May 2016.

In 2016, THE KELLNER FAMILY FOUNDATION paid a total of CZK 40.5 million in need-based grants for Open Gate grammar school students.



IB at Open Gate

In 2016, almost 150,000 students in 136 countries passed the International Baccalaureate (IB) examinations. While the students achieved an average rating of 30 points globally, Open Gate grammar school graduates scored the excellent average of 36.2 points.

IB opens up the door for enrolment at prestigious international universities for students. Sixteen students in the last year at Open Gate decided to sit for the IB examination in 2016. Ten students passed the IB examinations in the complete range of subjects and six of them selected subjects from two to three groups. Four students scored 38 or more points, which is an excellent result.



Volunteering

Volunteering is an integral part of Open Gate students' life. Examples include care for ill children and the elderly, or visiting them at home or at homes for the elderly as well as cleaning up the environment, maintaining the school compounds and other beneficial activities. Students learn to tackle complicated social situations, develop their feeling of responsibility for the environment and acquire a valuable social conscience.

Specifically, students help at the Mukařov Home for the Elderly and at the Pod Kavčí Skálou Home in Říčany near Prague. They help children learn foreign languages at the Oliva Children's Sanatorium in Říčany and at several elementary schools and kindergartens around Prague. Students also help each other, in the school campus and in Babice. They also travel to India to help restore local villages and infrastructure, and to Banat in Romania, on a regular basis.

Debating

As in previous years, Asociace debatních klubů [the Czech association of debating clubs] opened the new season at Open Gate by holding training events for beginner debaters and judges. Friday evening saw the start of a series of seminars, workshops and debates in Czech and English. A total of 26 teams competed in the subsequent matches on hot issues such as the risks in YouTube watching, ownership of large corporations by politicians, and whether "the EU should prefer mitigating income inequality to economic growth" using reference literature and the internet.

A large number of Open Gate students take part in debating competitions in the Czech Republic and beyond, and many of them are active judges in the debate face-offs. In 2016, the Foundation sponsored student Thea Kratochvilová's participation in the Zagreb Winter Holiday Open, Bratislava Debating Tournament and Prague Debate Spring tournaments.

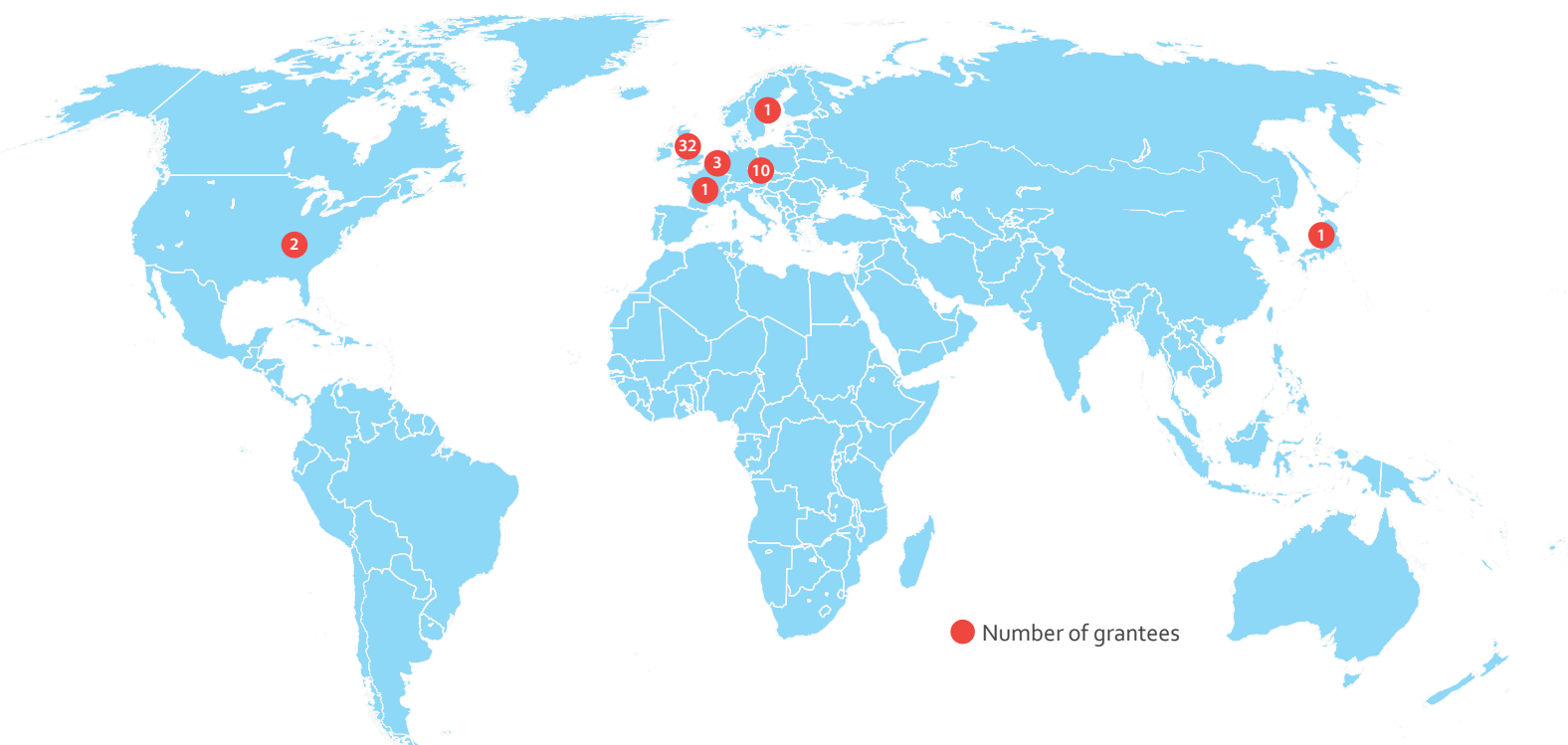


UNIVERSITIES

Studying abroad should not be an impossible dream. Thanks to THE KELLNER FAMILY FOUNDATION'S financial grants, young people can meet talented Czech students in Oxford and Cambridge and at other prestigious universities. Through financial grants, the Universities scheme supports Czech students at foreign and Czech universities. Students achieving excellent academic results can apply for the grants.

In 2016, the Foundation distributed CZK 7.45 million to 50 university students from across the whole country.

List of universities attended by UNIVERSITIES grantees in the 2016/2017 school year



The Czech Republic

- Charles University's 1st, 2nd and 3rd Faculties of Medicine
- Johann Amos Comenius University
- Anglo-American University in Prague
- University of Chemistry and Technology, Prague
- CEVRO Institute [school of political studies]
- The Institute of Hospitality Management, Prague
- Akcent College
- Faculty of Arts, Charles University in Prague

France

- Conservatoire à Rayonnement Régional de Paris

Japan

- Keio University

The Netherlands

- University of the Arts-Codarts, Rotterdam
- Maastricht University
- Erasmus Universiteit Rotterdam

USA

- Grinnell College
- Geisel School of Medicine at Dartmouth

Sweden

- Royal College of Music in Stockholm

United Kingdom

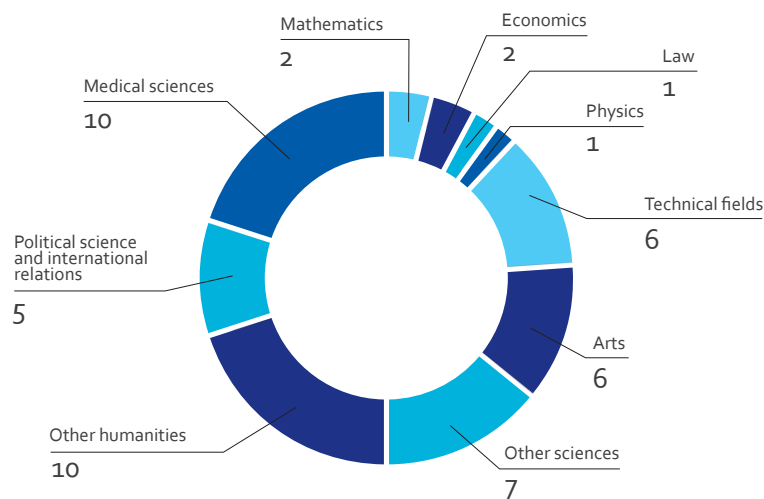
- Coventry University
- Durham University
- Imperial College London
- London School of Economics
- Royal Academy of Music, London
- The University of Edinburgh
- University College London
- University of Aberdeen
- University of Bristol
- University of Cambridge
- University of Derby
- University of Exeter
- University of Glasgow
- University of Manchester
- University of Oxford
- University of Reading
- University of Southampton

Universities grantees in the 2016/2017 school year

The Foundation sponsors 50 grantees in the 2016/2017 school year; 23 of those are new grantees in their first year, and 27 continue from preceding years; 28 of the 50 sponsored students are Open Gate graduates.

In addition to the countries in which students from the Czech Republic are enrolled most frequently, this year University grantees also went to study in Japan, Sweden and France.

Grantees' fields of study (2016/2017 school year)



Universities: Graduates in the 2015/16 school year

Adam Lalák is studying for a Master's in arts and teaches logic at the University of Cambridge

Adam Pečeňa joined Amplifi, a London-based media investment arm of Dentsu Aegis Network, as a Junior Media Trader in September 2016

Anežka Svobodová continues at the London School of Economics and Political Science, majoring in Local Economic Development

Augustýn Židek researches artificial intelligence at DeepMind in London

Eliška Zlámalová continues at the University of Cambridge on the MPhil in Genetics programme, a course combined with research

František Berger continues at Johann Amos Comenius University, majoring in Social and Media Communication

Jakub Vošmera continues at Charles University's Faculty of Mathematics and Physics

Jakub Čaloun continues at the University of Edinburgh, studying for a Master's in Public Policy

Jitka Vrtělová has become a researcher at Harvard Law School Kauffman, and is now working for Legal Action Worldwide, a U.K. non-profit, in Geneva, Switzerland

Jolana Venenyová is working as a media analyst in the U.K.

Jonáš Jelínek continues at the London School of Economics and Political Science, reading for a Master's in International Development and focusing on sub-Saharan Africa

Kristýna Hříbalová continues at the London School of Economics and Political Science, studying for a Master's in Economics and Management

Markéta Hrehorová continues at the Anglo-American University in Prague, has transferred to Art History, and has won a grant for full tuition fees from the university

Martin Kábrt worked in Brussels for the European Union until the end of April 2017, and in May 2017 joined a London-based consultancy as an economic analyst

Ondřej Hajda continues at BPP University Law School, London

Pavel Kohout works as a consultant at Melbourne Science Park (UK), part of The Technology Partnership group

Petr Paleček works in the Prague offices of McKinsey & Company

Prokop Šícha is completing a Bachelor's degree at Technische Universität Dresden, Germany

Stanislav Mach works as a supervisor at the University of Warwick's Mathematics Department

Šimon Podhajský continues as a postgraduate at Yale's Decision Neuroscience Lab

Tereza Hausmanová is volunteering in various countries (in Nicaragua in February 2017)

Tereza Kroupová continues at the University of Oxford on the DPhil in Particle Physics programme

Tomáš Jordán continues at Dartmouth College, majoring in Engineering Science

HELPING SCHOOLS SUCCEED

HELPING SCHOOLS SUCCEED is an educational project targeted at teachers of public elementary schools in the Czech Republic. The Foundation initiated this project in 2010 and continues to fund it. An independent charitable organization, Pomáháme školám k úspěchu o.p.s. is responsible for operating the project which was set up for this purpose by THE KELLNER FAMILY FOUNDATION.

Helping Schools Succeed pursues the ambition of improving the quality of teaching, emphasising a personalised approach by teachers to students. Its underlying philosophy is that long-term educational, financial and personal support will help teachers better discern students' individual needs and then adjust their teaching style, thereby achieving the best possible teaching results.

The helping Schools Succeed project is running under the aegis of the Ministry of Education, Youth and Sports.

In 2016, the Foundation directly supported more than 400 teachers and, through them over 6,000 students at public elementary schools in the Czech Republic. Ten schools in eight Czech regions are involved in the project. Thanks to events such as the Festival of Teaching Inspiration, several hundred teachers in the whole country receive useful information and inspiration.

The experts who are involved in the project are developing an extensive range of teaching materials and guidance texts, which are publicly accessible at pomahameskolam.cz and on the project's YouTube channel. They include teaching videos and the Kritická gramotnost [Critical Literacy] quarterly.

THE KELLNER FAMILY FOUNDATION granted CZK 36.7 million to this project in 2016.



Schools enrolled in the project in 2016

ZŠ Kunratice (in Prague)
 ZŠ a MŠ Mendelova, Karviná (the Moravian-Silesian Region)
 ZŠ Zdice (the Central Bohemian Region)
 ZŠ a MŠ Horka nad Moravou (the Olomouc Region)
 ZŠ Tomáše Šobra a MŠ Písek (the South Bohemian Region)
 ZŠ Staňkov (the Plzeň Region)
 ZŠ Liberec, Křížanská 80 (the Liberec Region)
 2. ZŠ – Škola Propojení Sedlčany (the Central Bohemian Region)
 ZŠ a MŠ Dobronín (the Vysočina Region)
 ZŠ a MŠ Hranice in Šromotovo (the Olomouc Region)

Highlights of 2016

Festival of Teaching Inspiration, Karviná

The interest in the Festival in Karviná surpassed all expectations. The Mendelova Elementary School and Kindergarten in Karviná hosted the Festival of Teaching Inspiration, subtitled Didactica Magna, on March 30, 2016. The one-day Festival was attended by 200 teachers from all over the Czech Republic. The Festival's main theme was promoting children's reading.

Launch of a reading continuum online platform

The new online platform is accessible for teachers who have passed the initial training in work with the reading continuum. The reading continuum shows the child's development from a non-reader to an independent thoughtful reader at six back-to-back levels. It describes what the student should gradually master when forming a relationship with reading, learning to read, thinking about the read text and using the read texts in their life. The reading continuum serves as a map: it helps to find the point reached by the student on their path, and advises on the direction to follow.

In addition to the reading continuum, the online platform also offers dozens of examples of children's reading skills and attitudes illustrated by audio and video footage. The platform also offers teachers a number of texts and additional guidance that they can find useful in classes.

The annual April conference

The regular April conference co-organised with the Ministry of Education, Youth and Sports, SKAV z.s. [Standing Conference of Education Associations], EDUin o.p.s. [a charitable organisation] and DOX [Centre for Contemporary Art] has become a tradition. It is the springboard for the year's work of a group of 50 organisations promoting the objectives of the Success for Every Student initiative. The topic of the conference, held at the DOX centre in Prague on April 26, 2016, was Cooperation as the Key to Success. The 200 seats available were snapped up in 24 hours from the start of registration.

The summer school of reading

The one-week summer school of reading was attended by 60 teachers from 40 schools all over the Czech Republic. Its programme focused on enhancing instruction in reading using the reading continuum, and on reading and critical literacy.

The Kritická gramotnost [Critical Literacy] journal

The journal, which promotes reading and critical reading competences was printed twice in 2016. The electronic journal brings inspirational teaching classes and experts' treatises on reading to teachers. We symbolically concluded the first school year in which the journal was published by producing a special print version that was distributed to all public elementary schools in the Czech Republic and to more than 1,300 subscribers.

„I hope the Critical Literacy journal will find its audiences. It deserves it. It is packed with interesting information that helps teachers educate children to become critically thinking people. Not an easy task. I look forward to the upcoming issues.“

Blanka Drozdková, Principal, Kyjovice elementary school

„Dear colleagues, thank you for the high-quality materials and inspiration!“

Milan Polák, Department of Czech Language and Literature, Faculty of Education, Palacký University in Olomouc

„I would like to extend sincere thanks to you for issuing the Critical Literacy journal. My colleagues and I have been focusing on reading skills and reading in various subjects for some time and when the Kritické listy [Critical Newsletters] journal folded, we were missing a journal that would bring us insight and inspiration, practice, and news of reading on the national scale.“

Tomáš Otisk, maths teacher and deputy principal of the Koperníkova Elementary School and Kindergarten in Třinec

Other selected projects in 2016

Logic Olympiad organised by Mensa Czech Republic

In 2016, THE KELLNER FAMILY FOUNDATION, together with the Open Gate grammar school were the General Partner of the Logic Olympiad competition for thoughtful children and young people from across the country for the fifth time. Mensa Czech Republic organises the Logic Olympiad in an effort to extend the range of activities for children and young people to include a competition focusing on independent and logical thinking.



Prague Student Summit

The Foundation has long been the General Partner of the Model United Nations at the Prague Student Summit. It is an annual educational and social event intended for students of Czech secondary and tertiary educational institutions. The delegates simulate the deliberations of the real United Nations, honing their skills of communicating and of defending and promoting their interests.

The Zámeček magazine

For several years now, the Foundation has been contributing funds to the Duha [Rainbow] civic association for producing its Zámeček [Little Chateau] magazine. Zámeček has been distributed to children in orphanages and other foster care institutions since 1997. Lukáš Kotlár, an Open Gate graduate and now also a Universities grantee, is the editor of the magazine.

Scholarship for a talented Czech pianist at Berklee

Tomáš Kačo is a typical example of the kind of gifted and motivated students KFF gladly sponsors. Despite his difficult socioeconomic background, he has succeeded in graduating from the conservatory and from the Academy of Performing Arts, and was subsequently accepted to study at the prestigious Berklee College of Music in Boston, USA. There, he will be able to continue studying the piano thanks to support provided by THE KELLNER FAMILY FOUNDATION.

Gifts Received and Grants Awarded

Gifts received in 2016

Donor	in CZK thousands
Česká telekomunikační infrastruktura a.s.	22,000
PPF a.s.	2,000
PPF banka a.s.	130,000
Total	154,000

Grants awarded in 2016

Beneficiary	in CZK thousands
Grants for OPEN GATE grammar school students*	40,480
Pomáháme školám k úspěchu o.p.s. [Helping Schools Succeed]	36,710
Grants for UNIVERSITIES students**	7,450
Grants – SCIENCE program Palacký University in Olomouc	2,500
Grant for a talented Czech pianist at Berklee (Nadace HAMU***)	300
Individual gifts ****	1,518
Total	88,958

In its financial management, the Foundation adhered to the rules for the provision of foundation grants under Sections 353 to 356 of the Civil Code. This overview of gifts received and grants awarded was published in compliance with Section 358(3)(b) and (d) of the Civil Code.

* For reasons set out in Section 359(1) of the Civil Code, grants to individual students of OPEN GATE – gymnázium a základní škola, s.r.o. are not disclosed

** See Appendix 1

*** Former name: Nadace Hudební fakulty AMU [the Foundation of the Music and Dance Faculty of the Academy of Performing Arts in Prague]

**** See Appendix 2

Appendix 1

Grants to students included in the UNIVERSITIES program total CZK 7,449,505

	CZK		CZK
Andrle Daniel	107,528	Mácha Lukáš	162,474
Baďurová Aneta	210,658	Maňas Petr	189,060
Benda Mikuláš	83,379	Marková Nikola	212,682
Berger František	81,000	Marták Tomáš	155,067
Buráň Michal	104,062	Michalčák Ján	188,364
Cimbalová Agatha	249,887	Musil Jakub	166,701
Deingruber Tomáš	80,000	Musilová Eva	271,000
Demovič Daniel	38,359	Mysliveček Libor	288,648
Doležal Petr	96,334	Nová Denisa	5,917
Fišerová Kristýna	65,000	Paleček Petr	83,132
Fuchsová Nina	78,000	Růžičková Tereza	139,999
Gelnarová Michaela	84,000	Řehák Milan	58,360
Hassan Alinnur	397,828	Skalník Marek	184,957
Hausner Daniel	100,000	Sova Martin	199,620
Horská Karolína	152,442	Stejskalová Barbora	85,000
Hrdlička Aleš	72,917	Studená Lucie	100,000
Hříbalová Kristýna	107,029	Svoboda Marek	199,144
Chalupa Lukáš	44,830	Svobodová Anežka	262,491
Jaškeová Nikola	88,259	Ševčíková Adéla	279,999
Jirman Tomáš	163,606	Šícha Prokop	100,000
Kábrt Martin	199,353	Švejkar Marek	54,138
Klustová Anežka	80,416	Titěra Tomáš	190,055
Kotlár Lukáš	50,595	Trčková Dominika	-301,193*
Krajník Jan	192,010	Třebický Jiří	16,868
Kroupová Tereza	45,260	Vinárek Michal	227,619
Lalák Adam	122,118	Za Nzambi Jennifer	172,477
Leopoldová Zuzana	108,069	Zemachová Michaela	125,000
Licková Viktorie	121,398	Zíková Adéla	150,000
Mach Stanislav	33,067	Zlámalová Eliška	124,518
		Celkem	7,449,505

* grant refund upon changing university

Appendix 2

Individual gifts total CZK 1,518,101

	CZK
ARCUS – ONKO CENTRUM	100,000
Duha, Zámeček	100,000
Jan Geisselreiter	49,137
Jana Hejnová	7,883
Martin Janda	150,000
MEDUKA	10,000
Mensa International – Mensa Czech Republic	185,000
Foundation for the Preservation and Renewal of Jizerské hory	150,000
The Svárov Bell Society	50,000
The Beroun High School and Elementary School	115,000
Milan Svoboda	80,249
Kryštof Zachar	13,988
Elementary School and Kindergarten for Physically Disabled Children	20,000
Loděnice Elementary School, Beroun District	380,590
Filip Zaykov	106,254
Total	1,518,101





Financials

Auditor's Report



KPMG Česká republika Audit, s.r.o.

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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.

Independent Auditor's Report to the Board of Trustees of Nadace THE KELLNER FAMILY FOUNDATION

Opinion

We have audited the accompanying financial statements of Nadace THE KELLNER FAMILY FOUNDATION ("the Foundation"), prepared in accordance with Czech accounting legislation, which comprise the balance sheet as at 31 December 2016 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 notes. Information about the Foundation is set out in Note 1 and 2 of the notes to these financial statements.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Foundation as at 31 December 2016 and of its financial performance for the year then ended in accordance with Czech accounting legislation.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors, and Auditing Standards of the Chamber of Auditors of the Czech Republic, consisting of International Standards on Auditing (ISAs) as amended by relevant application guidelines. Our responsibilities under those regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation 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 accordance with Section 2(b) of the Act on Auditors, other information is defined as information included in the annual report other than the financial statements and our auditor's report. The statutory body 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 laws and regulations, in particular, whether the other information complies with laws and regulations in terms of formal requirements and the procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with those 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 matters that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- the other information has been prepared in accordance with applicable laws and regulations.

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

Responsibilities of the Statutory Body and Supervisory Board for the Financial Statements

The statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation and for such internal control as the statutory body 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 statutory body is responsible for assessing the Foundation'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 statutory body either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for the oversight of the Foundation's financial reporting process.

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 the above regulations 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 regulations, 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the statutory body.
- Conclude on the appropriateness of the statutory body's 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 Foundation'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 Foundation 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 those charged with governance 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.



Statutory Auditor Responsible for the Engagement

Veronika Strolená is the statutory auditor responsible for the audit of the financial statements of Nadace THE KELLNER FAMILY FOUNDATION as at 31 December 2016, based on which this independent auditor's report has been prepared.

Prague
5 May 2017

KPMG Česká republika Audit
KPMG Česká republika Audit, s.r.o.
Registration number 71

Veronika Strolená
Veronika Strolená
Director
Registration number 2195

Balance Sheet

Full length as of December 31, 2016 (in CZK thousands)

Ref.	Description	Row No.	Opening balance at the first day of the accounting period	Closing balance at the last day of the accounting period
a	b	c	1	2
ASSETS		1		
A.	Total fixed assets	2	1,268	952
A. I.	Total intangible fixed assets	3	2,077	2,077
1.	Research and development	4		
2.	Software	5	744	744
3.	Valuable rights	6	452	452
4.	Low value intangible fixed assets	7		
5.	Other intangible fixed assets	8	881	881
6.	Intangible fixed assets in progress	9		
7.	Advance payments for intangible fixed assets	10		
A. II.	Total tangible fixed assets	11	169	169
1.	Land	12		
2.	Works of art, items and collections	13		
3.	Buildings	14		
4.	Individual movable assets and sets of movable assets	15	169	169
5.	Cultivated areas	16		
6.	Grown breeding and draft animals	17		
7.	Low value tangible fixed assets	18		
8.	Other tangible fixed assets	19		
9.	Tangible fixed assets in progress	20		
10.	Advance payments for tangible fixed assets	21		

Full length as of December 31, 2016 (in CZK thousands)

Ref.	Description	Row No.	Opening balance at the first day of the accounting period	Closing balance at the last day of the accounting period
a	b	c	1	2
A. III.	Total long-term investments	21	495	495
1.	Equity investments in subsidiaries	22		
2.	Equity investments in associates	23		
3.	Long-term debt securities held to maturity	24		
4.	Loans to branches	25		
5.	Other long-term loans	26	495	495
6.	Other long-term investments	27		
A. IV.	Total accumulated depreciation and amortization	28	-1,473	-1,789
1.	Accumulated amortization of research and development	29		
2.	Accumulated amortization of software	30	-78	-328
3.	Accumulated amortization of valuable rights	31	-452	-452
4.	Accumulated amortization of low value intangible assets	32		
5.	Accumulated amortization of other intangible fixed assets	33	-844	-881
6.	Accumulated depreciation of buildings	34		
7.	Accumulated depreciation of individual movable assets and sets of movable assets	35	-99	-128
8.	Accumulated depreciation of cultivated areas	36		
9.	Accumulated depreciation of breeding and draft animals	37		
10.	Accumulated depreciation of low value tangible fixed assets	38		
11.	Accumulated depreciation of other tangible fixed assets	39		

Full length as of December 31, 2016 (in CZK thousands)

Ref.	Description	Row No.	Opening balance at the first day of the accounting period	Closing balance at the last day of the accounting period
a	b	c	1	2
B.	Total current assets	40	202,649	265,075
B. I.	Total inventories	41	0	0
1.	Material in stock	42		
2.	Material in transit	43		
3.	Work in progress	44		
4.	Internally developed semi-finished products	45		
5.	Finished goods	46		
6.	Young and other animals	47		
7.	Goods on stock and in stores	48		
8.	Goods in transit	49		
9.	Advance payments for inventories	50		
B. II.	Total receivables	51	148	300
1.	Customers	52	147	
2.	Bills of exchange to be paid	53		
3.	Receivables for discounted securities issued	54		
4.	Operating advances paid	55		
5.	Other receivables	56		
6.	Receivables from employees	57	1	
7.	Receivables from social security authorities and public health insurance	58		
8.	Income tax	59		
9.	Other direct taxes	60		
10.	Value added tax	61		

Full length as of December 31, 2016 (in CZK thousands)

Ref.	Description	Row No.	Opening balance at the first day of the accounting period	Closing balance at the last day of the accounting period
a	b	c	1	2
11.	Other taxes and charges	62		
12.	Entitlements to subsidies and other settlements with the national budget	63		
13.	Entitlements to subsidies and other settlements with budgets of regional authorities	64		
14.	Receivables from consortium members	65		
15.	Receivables from fixed-term transactions and options	66		300
16.	Receivables from bonds issued	67		
17.	Other receivables	68		
18.	Estimated receivables	69		
19.	Provision for receivables	70		
B. III.	Total short-term financial assets	71	202,432	264,747
1.	Cash on hand	72		
2.	Cash equivalents	73	60	52
3.	Cash in banks	74	162,307	95,713
4.	Equity securities for trading	75		
5.	Debt securities for trading	76		
6.	Other securities	77	40,065	168,982
7.	Cash in transit	78		
B. IV.	Total other assets	79	69	28
1.	Prepaid expenses	80	69	28
2.	Accrued revenues	81		
3.	Foreign exchange rate gains	82		
	TOTAL ASSETS	83	203,917	266,027

Full length as of December 31, 2016 (in CZK thousands)

Ref.	Description	Row No.	Opening balance at the first day of the accounting period	Closing balance at the last day of the accounting period
a	b	c	1	2
LIABILITIES				
A.	Foundation's total holdings	1	203,558	265,589
A. I.	Net holdings	2	198,588	260,619
	1. Endowment	3	1,000	1,000
	2. Funds	4	197,856	261,710
	3. Valuation difference on the revaluation of financial assets and liabilities	5	-268	-2 091
A. II.	Total profit (loss)	6	4,970	4,970
	1. Profit (loss) account	7		
	2. Profit (loss) to be approved	8		
	3. Retained earnings, accumulated losses	9	4,970	4,970
B.	Total liabilities	10	359	438
B. I.	Total provisions	11	0	0
	1. Provisions	12		
B. II.	Total long-term liabilities	13	0	0
	1. Long-term loans	14		
	2. Bonds issued	15		
	3. Leasing payables	16		
	4. Long-term advances received	17		
	5. Long-term bills of exchange payable	18		
	6. Estimated payables	19		
	7. Other long-term payables	20		
	Total short-term liabilities	21	359	438
	1. Suppliers	22	169	268
	2. Bills of exchange payable	23		
	3. Advances received	24		
	4. Other payables	25		

Full length as of December 31, 2016 (in CZK thousands)

Ref.	Description	Row No.	Opening balance at the first day of the accounting period	Closing balance at the last day of the accounting period
a	b	c	1	2
5.	Employees	26	52	53
6.	Other payables to employees	27		
7.	Payables to social security authorities and public health insurance	28	35	35
8.	Income tax	29	59	79
9.	Other direct taxes	30		
10.	Value added tax	31		
11.	Other taxes and charges	32		
12.	Liabilities to the national budget	33		
13.	Liabilities to budgets of regional authorities	34		
14.	Liabilities from subscribed outstanding securities and investments	35		
15.	Payables to consortium members	36		
16.	Payables arising from fixed-term transactions and options	37	42	
17.	Other payables	38	2	3
18.	Short-term bank loans	39		
19.	Discount loans	40		
20.	Short-term bonds issued	41		
21.	Bonds held	42		
22.	Estimated payables	43		
23.	Other short-term financial borrowings	44		
B. IV.	Total other liabilities	45	0	0
1.	Accrued expenses	46		
2.	Deferred revenues	47		
3.	Foreign exchange rate losses	48		
	TOTAL LIABILITIES	49	203,917	266,027

Income Statement

Full length for the year ended December 31, 2016

Ref.	Description	Row No.	Core activity	Economic activity	Total
a	b	c	1	2	3
A.	Expenses	1			
I.	Consumed purchases and purchased services	2	1,727	610	2,337
1.	Consumed materials, energy and other non-storable supplies	3	207		207
2.	Goods sold	4			0
3.	Repairs and maintenance	5	31		31
4.	Travel expenses	6	4		4
5.	Entertainment costs	7	37		37
6.	Other services	8	1,448	610	2,058
	Changes in internally-developed inventories and capitalization	9	0	0	0
7.	Changes in the stock of internally-developed products	10			0
8.	Capitalization of materials, goods and intra-organization services	11			0
9.	Capitalization of fixed assets	12			0
	Total personnel costs	13	1,275	0	1,275
10.	Wages and salaries	14	924		924
11.	Statutory social security contributions	15	320		320
12.	Other social security contributions	16			0
13.	Statutory social expenses	17	21		21
14.	Other social expenses	18	10		10
	Taxes and charges	19	2	0	2
15.	Taxes and charges	20	2		2

Full length for the year ended December 31, 2016

Ref.	Description	Row No.	Core activity	Economic activity	Total
a	b	c	1	2	3
V.	Other expenses	21	135	4,713	4,848
16.	Contractual penalties, late charges, other fines and penalties	22			0
17.	Bad debt written off	23			0
18.	Interest expense	24			0
19.	Foreign exchange rate losses	25	22	3,661	3,683
20.	Gifts	26	26		26
21.	Deficits and damage	27			0
22.	Other and sundry expenses	28	87	1,052	1,139
VI.	Depreciation and amortization, asset disposals, provisioning	29	279	31,716	31,995
23.	Depreciation and amortization of fixed assets	30	279	37	316
24.	Fixed assets sold	31			0
25.	Securities and investments sold	32		31,679	31,679
26.	Materials sold	33			0
27.	Additions to and reversal of reserves and provisions	34			0
VII.	Contributions paid	35	0	0	0
28.	Paid membership dues and contributions accounted for between organizational units	36			0
VIII.	Income tax	37	0	326	326
29.	Income tax	38		326	326
	Total expenses	39	3,418	37,365	40,783

Full length for the year ended December 31, 2016

Ref.	Description	Row No.	Core activity	Economic activity	Total
a	b	c	1	2	3
B.	Income	40			
I.	Operating subsidies	41	0	0	0
1.	Operating subsidies	42			0
II.	Contributions received	43	0	0	0
2.	Received contributions accounted for between organizational units	44			0
3.	Received contributions (gifts)	45			0
4.	Received membership dues	46			0
III.	Revenues from production and goods	47		37	37
IV.	Other revenues	48	1,262	4,341	5,603
5.	Contractual penalties, late charges, other fines and penalties	49			0
6.	Payments for receivables written off	50			0
7.	Interest income	51	5	28	33
8.	Foreign exchange rate gains	52	8	1 171	1 179
9.	Transfer of assets from Funds to operating	53	1,214		1,214
10.	Other and sundry revenues	54	35	3,142	3,177
V.	Proceeds from asset disposal	55	0	35,143	35,143
11.	Proceeds from the sale of intangible and tangible fixed assets	56			0
12.	Proceeds from the sale of securities and investments	57		31,827	31,827
13.	Proceeds from the sale of materials	58			0
14.	Proceeds from short-term financial assets	59		3,316	3,316
15.	Revenues from long-term investments	60			0
	Total revenues	61	1,262	39,521	40,783
	Profit (loss) before tax	62	-2,156	2,482	326
	Profit (loss) after tax	63	-2,156	2,156	0

Notes to the Financial Statements

Year ended December 31, 2016 (in CZK thousands)

1. NAME AND REGISTERED OFFICE OF THE ACCOUNTING UNIT

Nadace THE KELLNER FAMILY FOUNDATION

Evropská 2690/17
160 41 Praha 6 – Dejvice
Reg. No.: 28902254
Legal form: Foundation

2. DESCRIPTION AND CORE ACTIVITIES

Establishment and description of the Foundation

Nadace THE KELLNER FAMILY FOUNDATION (hereinafter referred to as “the Foundation”) was registered 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.

The endowment (the financial expression of which is now termed ‘the foundation capital’) totals CZK 1,000,000. Upon establishment, the Foundation had an endowment (‘the foundation capital’) of CZK 500,000; the endowment (‘the foundation capital’) was increased by another CZK 500,000 due to a merger with the Educa Foundation. The merger was entered in the Register of Foundations on July 27, 2011. The funds equaling the endowment are deposited in a separate account kept at PPF banka a.s., account number 2012010002/6000. They are composed of the founders’ financial contributions, with the contribution made by each of the founders amounting to CZK 500,000.

The Foundation is an apolitical non-profit legal entity serving the public good as well as philanthropic causes. 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, for socially beneficial philanthropic activities, for the organizational development of non-governmental non-profit organizations, for the improvement of public health, for solutions to social problems and to foster equal opportunities throughout society, for community development, development of public spaces and environmental improvements, for science and research and development, and by providing support in the event of natural and humanitarian disasters, and support for sports, and for cultural development, art, and the protection of cultural heritage.

The Foundation is the sole founder of the charitable organization Pomáháme školám k úspěchu o.p.s., Reg. No.: 29005469, having its registered office at Praha 4 - Nusle, Hvězdova 1716/2b, postal code 140 00 (hereinafter “the Company”). The Company was incorporated in the Register of Charitable Organizations, Section O, File 702, on December 16, 2009. The Foundation made no investment in the Company, and therefore does not carry the Company in its books as an equity interest.

3. BOARD OF TRUSTEES AND SUPERVISORY BOARD AS OF DECEMBER 31, 2016

Board of Trustees as of December 31, 2016:

Chairwoman	Mrs. Renáta Kellnerová
Trustee	Mr. Petr Kellner
Trustee	Mr. Jan Leiner

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

Supervisory Board as of December 31, 2016:

Chairwoman	Mrs. Karina Divišová
Member	Mr. Richard Sedláčko
Member	Mr. Tomáš Vališ

Changes in the Register of Foundations in 2016

On May 27, 2016, Mr. Tomáš Vališ's three-year Supervisory Board membership expired. As of May 28, 2016, he was re-elected to the Supervisory Board for the next three-year term. The change was entered in the Register of Foundations on December 13, 2016.

On March 3, 2016, the founding document of the Foundation was amended. The amendment was entered in the Register of Foundations on September 29, 2016. The Board of Trustees approved the new Charter of the Foundation on March 3, 2016.

4. ACCOUNTING PERIOD COVERED BY THE FINANCIAL STATEMENTS AND THE BALANCE SHEET DATE

The unit's accounting period is the calendar year 2016. Under Section 19(1) of Act No. 563/1991 on Accounting, December 31, 2016 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.

Funds received are recognized in the Income Statement to credit the Transfer of assets from Funds to operating account, in the costs incurred by projects or by operating activities in each year.

(b) Endowment (= ,the foundation capital')

'The foundation capital' means the financial expression of the endowment. The Foundation's foundation capital is entered in a public register and amounts to CZK 1,000,000.

(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.

(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 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 other intangible assets with an acquisition cost of up to CZK 60,000 are expensed in the month of acquisition.

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.

(f) Long-term investments

Long-term investments are comprised of debt securities held to maturity, and are carried at the acquisition cost. The acquisition cost includes direct costs incurred in acquisition, for example, fees and commissions for brokers, advisers and stock exchanges.

As of the balance sheet date, debt securities held to maturity are valued at the acquisition costs increased/decreased by interest income/interest expense.

Income from these assets is included in income from long-term investments.

(g) Short-term financial assets

Short-term financial assets include, in particular, funds held in checking accounts in banks.

Short-term financial assets also include the debt securities that the accounting unit holds primarily for the purpose of trading. Short-term financial assets are valued at the acquisition cost. The acquisition cost includes direct costs incurred in acquisition, such as fees and commissions for brokers, advisers and stock exchanges.

At the balance sheet date, debt securities held for trading are restated at their fair value. The change in the fair value of the securities held for trading is stated in the relevant account of account group 54 Other Costs, or, as applicable, 64 Other Income, corresponding to the relevant account in account group 92 Assets and Liabilities Revaluation.

Income from the above financial assets is included in income from short-term financial assets.

Sale of securities is charged to the respective account in account group 65 Proceeds from Sale of Assets, Reversal of Provisions. Disposals of securities are carried in the respective account in account group 55 Depreciation and Amortization, Sold Assets, and Provisioning.

(h) Derivatives

Derivatives for trading

Financial derivatives held for trading are stated at fair value and the gain (loss) from changes in fair values is shown in the income statement in the item "Additional Other Income" or, as applicable, "Additional Other Costs".

(i) Currency translation

The accounting unit uses the Czech National Bank's daily rates of exchange for translating transactions in foreign currencies into Czech crowns. During a year, the Foundation only posts realized foreign exchange gains and losses.

Assets and liabilities in foreign currencies are translated as of the balance sheet date using the forex market rate declared by the Czech National Bank. Unrealized foreign exchange gains and losses of short-term financial assets are shown in the result.

(j) Income tax

Income tax liability is calculated using the applicable tax rate, from the accounting profit, increased or decreased by permanently or temporarily non-deductible costs or, as applicable, non-taxable revenues.

(k) Accounting for expenses and revenue

Expenses and revenues are recognized on an accrual basis, i.e. booked to the period to which they relate. In line with the principle of caution, the Foundation charges to costs any provisions to cover all risks, losses and impairments of which the Foundation is aware as of the day of the preparation of the financial statements.

6. ADDITIONAL INFORMATION ABOUT THE BALANCE SHEET

(a) Short-term financial assets

Money is deposited in checking accounts and held as cash on hand in Czech crowns and in each of the foreign currencies, translated into Czech crowns using the procedure described in note 5(i). On December 31, 2016, the balance in bank accounts stood at CZK 95,713,000 (2015: CZK 162,307,000). On December 31, 2016, cash on hand amounted to CZK 52,000 (2015: CZK 60,000).

As of December 31, 2016 the Foundation had the following short-term financial assets:

2016						
Securities	Number of units	Acquisition cost (w/o PRI)	Pro rata interest income (PRI)	Carrying value (acquisition cost + PRI)	Revaluation difference	Fair value, incl. PRI
Bonds						
ARCELORMITTAL 5.25 05/08/2020	500	13,179	315	13,494	732	14,226
BK SANTANDER BRAS 4.625 13/02/17	500	12,401	221	12,622	438	13,060
CESZBR VAR 27/01/2022	3	9,001	81	9,082	-497	8,585
EPH FINANCING 4.2 30/09/2018	5,800	5,946	61	6,007	-145	5,862
ERST BANK SUB P+301. 5 29/04/23	114	11,857	63	11,920	-420	11,500
HB REAVIS 23/03/2021	900	9,001	108	9,109	17	9,126
HCFB BK SUB 9.375 24/4/2020 C18	800	20,513	358	20,871	691	21,562
IN. CER. PPFB CZK 3.50 10/2020	400	35,061	--	35,061	290	35,351
IN. CER. PPFB ZERO 20/01/2020	400	35,006	--	35,006	450	35,456
ING BANK NV L+83 30/11/2017	100	5,061	4	5,065	-31	5,034
RUSSIAN FEDERAL 3.25 4/4/2017	1	4,664	40	4,704	474	5,178
SKODA TRANSPORTATION 3 26/06/20	2	5,949	92	6,041	92	6,133
Total bonds		167,639	1,343	168,982	2,091	171,073

2015						
Securities	Number of units	Acquisition cost (w/o PRI)	Pro rata interest income (PRI)	Carrying value (acquisition cost + PRI)	Revaluation difference	Fair value, incl. PRI
Bonds						
CEB L+50 02/07/2021	100	2,789	7	2,796	-81	2,715
CITY TOWER HOLD. ZERO 20/11/2017	9	8,041	0	8,041	334	8,375
HZL SBERBANK CZ 3.2 11/10/2016	10000000	10,348	70	10,418	-200	10,218
ING BANK NV L+83 30/11/2017	100	5,061	5	5,066	2	5,068
RUSSIAN FEDERAL 3.25 4/4/2017	1	4,664	39	4,703	287	4,990
SKODA TRANSPORTATION 3 26/06/20	2	5,949	92	6,041	53	6,094
ZAPADOSLOV. ENRG 2.875 14/10/18	100	2,984	16	3,000	-127	2,873
Total bonds		39,836	229	40,065	268	40,333

(b) Liabilities due to fixed term operations and options

2016	Contract amounts		
	Receivables (CZK thousands)	Payables (CZK thousands)	Fair value (CZK thousands)
Currency swaps			
SWAP USD/CZK 25,7775 31/01/2017	51,031	-50,731	300
Total currency swaps	51,031	-50,731	300

2015	Contract amounts (in CZK thousands)		
	Receivables (CZK thousands)	Payables (CZK thousands)	Fair value (CZK thousands)
Currency swaps			
SWAP EUR/CZK 26,96 29/01/2016	5,391	-5,406	-15
SWAP USD/CZK 24,65 29/01/2016	3,993	-4,020	-27
Total currency swaps	9,384	-9,426	-42

(c) Receivables

At December 31, 2016, the Foundation does not report any receivables from customers (2015: CZK 147,000).

(d) Payables

At December 31, 2016, payables to suppliers totaled CZK 268,000 (2015: CZK 169,000).

All payables had been paid by the date of preparation of these financial statements.

(e) Fixed assets

Intangible fixed assets (in CZK thousands)

	Software	Valuable rights	Other IFA	Total
Acquisition cost				
Balance on January 1, 2016	744	452	881	2,077
Additions	--	--	--	--
Disposals	--	--	--	--
Transfer	--	--	--	--
Balance on December 31, 2016	744	452	881	2,077
Accumulated amortization				
Balance on January 1, 2016	78	452	844	1,374
Amortization	250	--	37	287
Accumulated amortization of disposals	--	--	--	--
Balance on December 31, 2016	328	452	881	1,661
Net book value on January 1, 2016	666	--	37	703
Net book value on December 31, 2016	416	--	--	416

Tangible fixed assets

	Plant and machinery	Total
Acquisition cost		
Balance on January 1, 2016	169	169
Additions	--	--
Disposals	--	--
Transfer	--	--
Balance on December 31, 2016	169	169
Accumulated depreciation		
Balance on January 1, 2016	99	99
Depreciation	29	29
Accumulated depreciation of disposals	--	--
Transfer	--	--
Balance on December 31, 2016	128	128
Net book value on January 1, 2016	70	70
Net book value on December 31, 2016	41	41

(f) Prepaid expenses

Prepaid expenses totaled CZK 28,000 (2015: CZK 69,000) and were comprised of unconsumed office supplies and cost of asset insurance for the subsequent period.

7. HOLDINGS ALLOCATED TO COVERING FIXED AND CURRENT ASSETS

	Registered endowment	The organization's Funds	Revaluation differences	Retained profit	Total
Balance on January 1, 2016	1,000	197,856	-268	4,970	203,558
Financial gifts received	--	154,000	--	--	154,000
Financial grants awarded	--	-88,932	--	--	-88,932
Gifts in kind provided	--	-26	--	--	-26
Transfer from Funds to cover administrative costs	--	-1,188	--	--	-1,188
Securities revaluation difference	--	--	-1,823	--	-1,823
Profit (loss) for 2016	--	--	--	--	--
Balance on December 31, 2016	1,000	261,710	-2,091	4,970	265,589

The items "Gifts in kind provided" and "Transfer from Funds to cover administrative costs" constitute the item "Transfer of Assets from Funds to operating" shown in the Income Statement.

8. ADDITIONAL INFORMATION ABOUT THE INCOME STATEMENT

(a) Income (in CZK thousands)

	2016
Revenue from own activity	1,262
Revenue from economic activity	39,521
Total	40,783

The Foundation's income was comprised of the following: royalties of CZK 37,000 from the use of a copyrighted work and interest income of CZK 33,000, of which CZK 5,000 was interest accrued on a term deposit holding the endowment, which is exempt from tax; further, exchange rate gains of CZK 1,179,000 and transfer of assets from Funds of CZK 1,214,000. "Additional other income" of CZK 3,177,000 includes the re-measurement of bonds and derivatives. Additional income liable to tax includes proceeds from the sale of bonds, amounting to CZK 31,827,000. Related to this amount is interest income from bonds amounting to CZK 3,316,000.

(b) Expenses (in CZK thousands)

	2016
Costs of own operation (administration)	3,392
Costs of grants awarded (in cash)	--
Costs of grants awarded (in kind)	26
Costs of economic activity, including income tax	37,365
Total	40,783

The costs of core activity include mainly CZK 3,392,000 in Foundation administration costs. The costs of economic activity, amounting to CZK 37,365,000, were largely incurred in the sale of securities; of this amount, CZK 31,679,000 is the residual price of the securities sold, CZK 3,661,000 is foreign exchange losses, CZK 1,052,000 is re-measurement of the securities as of the balance sheet date, and CZK 610,000 is the cost of the intermediating services procured. The balance of the cost of economic activity, CZK 37,000, is amortization of a copyrighted work, which the Foundation sells.

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

	2016
Profit (loss) from core activity	-2,156
Profit (loss) from non-core activity after tax	2,156
Total	--

9. GIFTS RECEIVED AND GRANTS AWARDED**(a) Gifts received (in CZK thousands)**

Donor	2016	2015
CITY TOWER, a.s.	--	9,000
Česká telekomunikační infrastruktura a.s.	22,000	--
PPF a.s.	2,000	3,000
PPF banka a.s.	130,000	140,000
Private donors	--	5
Total	154,000	152,005

(b) Grants awarded (in CZK thousands)

Donee	2016	2015
Students, to the account of OPEN GATE – gymnázium a základní škola, s.r.o.	40,480	38,751
Pomáháme školám k úspěchu o.p.s. [Helping Schools Succeed]	36,710	30,800
Contributions to students at foreign universities	7,450	8,956
Charles University in Prague	--	3,600
Palacký University in Olomouc	2,500	2,500
Institute of Biotechnology, ASCR, v.v.i.	--	2,400
Loděnice Elementary School	381	331
Nadace HAMU *	300	300
The municipality of Chyňava	--	250
Other	1,137	875
Total	88,958	88,763

*) Former name was Nadace Hudební fakulty AMU [the Foundation of the Music and Dance Faculty of the Academy of Performing Arts in Prague]

10. EMPLOYEES AND MANAGERS

Average number of employees and managers, and personnel costs for 2016 and 2015:

2016	Number of employees	Wage costs (CZK thousands)	Social security and health insurance costs (CZK thousands)	Social costs (CZK thousands)
Employees	2	924	320	31
2015	Number of employees	Wage costs (CZK thousands)	Social security and health insurance costs (CZK thousands)	Social costs (CZK thousands)
Employees	2	907	314	17

In 2016, the Foundation did not provide any financial or non-financial remuneration to the members of the Board of Trustees and the Supervisory Board.

11. LIABILITIES UNDER SOCIAL SECURITY AND HEALTH INSURANCE

Liabilities under social security and health insurance in 2016 amount to CZK 35,000 (2015: CZK 35,000), of which CZK 25,000 (2015: CZK 25,000) represents liabilities under social security and CZK 10,000 (2015: CZK 10,000) represents liabilities under health insurance. All these liabilities were paid within statutory time limits.

12. INFORMATION ABOUT FEES FOR STATUTORY AUDITORS (in CZK thousands)

	2016	2015
Statutory audit	6	6
Total	6	6

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

13. CORPORATE INCOME TAX

(a) Tax base

In the calculation of the corporate income tax, the option of reducing the taxable income by as much as 30%, set out in Section 20(7) of the Income Tax Act was used. For the 2016 fiscal period, the estimated corporate income tax is CZK 326,000.

(b) Tax relief from 2015 applied in 2016

The tax liability saving of CZK 721,000 (2014: CZK 448,000), achieved by applying tax relief in 2015, was used for advertising and promoting the Foundation's core activity in 2016.

(c) In the fiscal period of 2016, the Foundation used tax relief for accepted gifts under Section 19b(2)(b)(1) of the Income Tax Act.

14. SIGNIFICANT SUBSEQUENT EVENT

No significant subsequent event that could have an impact on the financial statements as of December 31, 2016 had occurred by the date of the preparation of the financial statements.

Date: May 5, 2017

Signature of the responsible person: Renáta Kellnerová





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