

Annual Report
The Bakala Foundation
2016

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DEAR FRIENDS AND SUPPORTERS

Let me share with you some significant moments of 2016. We continued our support to programmes, associations and individuals, with the common denominator being values such as freedom, free media, education, human rights and democracy, as well as responsibility and courage.

We believe that education changes our lives, helping us to be wiser, freer and more responsible. This is why Zdeněk and I have been financially supporting talented students at foreign universities for years – in 2016, we awarded scholarships through our family foundations for the seventh time. Over the time, you may have met our students at eighteen U.S., eleven British, two French, two German, one Dutch and one New Zealand universities. In total, 113 students received our scholarship.

In the current academic year, The Bakala Foundation awarded financial support to 47 students – 13 new ones who received the scholarship for the first time, and 34 who are continuing in their studies from previous years.

Also, our effort does not end with providing financial support: the foundation organises formal and informal meetings for the scholars on a regular basis, which has allowed us to establish and maintain personal and professional relationships with them. In autumn of last year, Zdeněk and I visited one of the “crime scenes” – Great Britain. Over two days in London and Cambridge, we met with 30 of our scholarship students. They showed us around their campuses, we discussed various social, political and study issues, and listened to their needs. We left Britain charged with new energy and belief that our scholarship programme is worthwhile and that our decision to support talents was right.

More than a year ago, we opened the Student Hub, a counselling and information centre where we organise public events several times a month and provide individual consultations to those interested in studying abroad; they may also borrow publications on admission procedures at foreign universities from our library.

We continued to support the education of prospective journalists. In 2016, they could attend two courses: a three-month course titled Achilles' Data intended for Czech students of journalism, or an international summer school titled Journey: Journalism Bootcamp.

In cooperation with The Design Museum and the Kaplicky Centre Endowment Fund, we organised a Kaplicky internship programme for graduates of architecture studies. The winner is now setting off for a three-month internship in one of the top studios worldwide – Zaha Hadid Architects in London. Through this, we give young architects a chance to work at the top architects' studios, which will help them in starting their careers.

Former president Václav Havel has always been a symbol for me – of the values on which our non-profit activity is based. Last year could truly be called Václav Havel's year: in October we commemorated his 80th birthday, in December five years passed since his death. We remember his legacy continuously – Zdeněk and I have been supporting the Václav Havel Library, and in 2016 the foundation facilitated the organisation of an exhibition of photographs commemorating the life of this significant defender of human rights.

More detailed information on the foundation's individual projects is to be found in this annual report and on www.bakalafoundation.org. If you are interested in other projects that we support within our family philanthropy, please visit www.bakalaphilanthropy.com.

To conclude, I would like to thank the board of trustees and the supervisory board for their excellent work. Let me also thank the foundation's entire team for their commitment in developing our projects.

I wish you an inspiring read,



Michaela Bakala
Chair of the board of trustees



BAKALA FOUNDATION PROGRAMMES IN 2016

SCHOLARSHIP

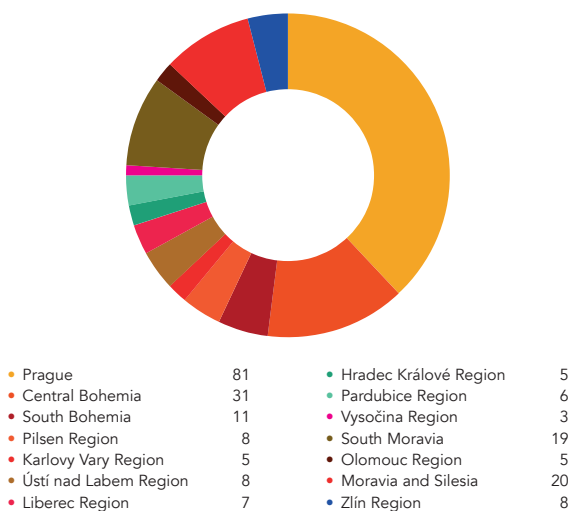
The foundation has been awarding the scholarships for 7 years through its prestigious scholarship programme for talented students of high schools and universities who want to attend a complete bachelor's or master's programme at the best foreign universities and are under 33 years of age. In 2016, there were 218 applicants, of whom 123 wanted to study in Great Britain – 23 applicants stated the University of Cambridge as their first choice, 21 wanted to study at Oxford, 13 were interested in a degree from UCL, 11 from LSE and eight from King's College. Apart from Britain, we received applications for scholarships at U.S. Ivy League schools and other elite universities for instance in the Netherlands, Germany, Scandinavia or Australia.

The top 22 applicants were invited for an interview before an selection committee, and 13 were awarded scholarships.

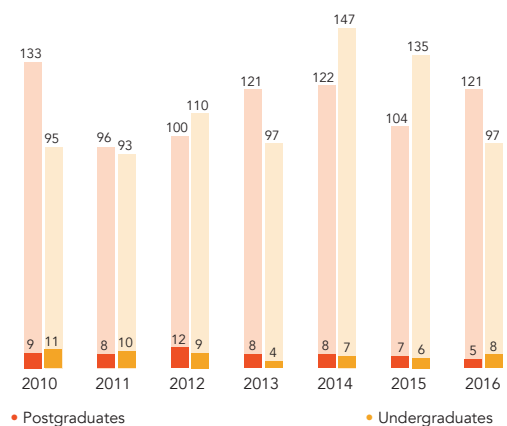
Within the scholarship programme, the foundation has already financially supported 113 students from the Czech Republic. The concrete amount of support differs depending on the school chosen and the students' financial situation. Subject to meeting the conditions, the foundation guarantees the students its support over the entire term of the study programme for which the support was granted.

In the academic year 2016/2017, 47 students received a financial contribution from The Bakala Foundation – 13 new students, who were awarded the scholarship for the first

Applicants for scholarships in 2016 by region.



Scholarship students admitted by type of scholarship Development in 2010 to 2016 (in absolute numbers of applicants).



time, and 34 students who continue their studies from previous years.

The total amount with which Mr and Mrs Bakala have so far supported Czech students studying abroad has reached nearly CZK 100 million.

The scholarship programme is organised by The Bakala Foundation in cooperation with the Swiss Fondation Zdenek et Michaela Bakala.



Opening of interviews for Scholarship 2016 — applicants for scholarships who have been invited for the final round.
Photo: HerminaPress.cz

Scholarship 2016 Interviews.
Photo: HerminaPress.cz

ROADSHOWS

Throughout the school year, Bakala Foundation scholars have been visiting high schools in the Czech Republic, talking to students about studying abroad. High school students mostly want to hear about admission procedures and the possibilities of financing their studies,

BAKALA FOUNDATION STUDENT HUB

At the end of 2015, the foundation opened in its premises a counselling and information centre for those interested in studying a complete bachelor's or master's programme abroad. Through the Student Hub, the foundation in close cooperation with scholars continuously provides applicants with necessary information, organises workshops on various topics and lectures with interesting guests, and also mediates contacts. Furthermore, the foundation offers individual consultations on various aspects of admission procedure, including help in choosing an academic programme.

but they often also ask about cultural differences and student life abroad. In 2016, a total of ten lectures were held in seven Czech towns (Hlinsko, Praha, Ivančice, Lány, Hradec Králové, Most, České Budějovice).

With the opening of the Student Hub, applicants have also been given access to a library of hundreds of volumes, where they may find information on admission procedures at foreign universities, for instance about SAT,



Our scholars Eva Michálková and Nikita Poljakov visited Gymnázium K. V. Raise in Hlinsko to talk to its students about the possibilities of studying abroad. In a lively discussion, many questions were answered.
Photo: Bakala Foundation archive

MUDr. Jiří Dvořáček, a director and senior doctor of Červený dvůr Psychiatric Clinic talked about substance addiction and what happens in the human brain when experiencing a quick pleasure induced by alcohol, drugs or other substances.
Photo: Mikeska Photography

Student Hub – a meeting with s Ruth Hálová, one of “Winton’s Children” saved from the transport to a concentration camp in 1939.
Photo: Ondřej Besperát

In the Student Hub, we organise popular workshops on the Scholarship programme. Questions are answered directly by the foundation’s study counsellor, together with our scholars. Our seminars focusing on admission procedures in Great Britain and the U.S. are also very well liked.
Photo: HerminaPress.cz

GRE tests or TOEFL/IELTS language exams. They can also borrow selected publications and take them home.

In the course of 2016, 19 workshops took place in the Student Hub, attended by over 500 people.

ANNUAL MEETING WITH SCHOLARS AND ELECTION OF THE PRESIDENT OF BAKALA SCHOLARS

At the end of the year, scholars regularly gather at an annual meeting. This time there were two panel discussions – first Ivan Hodač (president and founder of The Aspen Institute Central Europe) and Petr Kolář (former ambassador in Sweden, Ireland and Russia) discussed with scholars what effect Brexit and the election of Donald Trump as U.S. president may have on our lives. In the second debate, panellists Bohumil Kartous (EDUin), Michal Pěchouček (member of the foundation's board of trustees) and Jakub Tesař (Fulbright Commission) focused on what our scholars

could do to increase the quality of education in the Czech Republic.

At the annual meeting, scholars elect a president from among their midst. In 2016, Stanford University graduate Aleš Weiser was elected, replacing Ján Michalčák in the office.



Ivan Hodač and Petr Kolář discussed with scholars the effects that Brexit and Donald Trump may have on our lives.
Photo: Ondřej Besperát

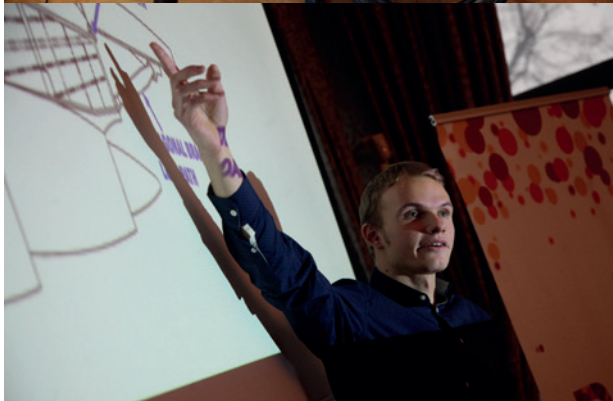
Debate on Czech education system. Panellists Bohumil Kartous, Michal Pěchouček and Jakub Tesař talked about what the scholars could do to improve the education in the Czech Republic.
Photo: Ondřej Besperát

Bakala Foundation scholars at the annual meeting.
Photo: Ondřej Besperát

Aleš Weiser was elected the new Bakala Scholars president. Aleš completed a master's programme in East Asian Studies at Stanford, and currently works in Great Britain for Mars Incorporated in its prestigious management programme.
Photo: Ondřej Besperát

CHRISTMAS TREAT

Every year, Bakala Foundation scholars prepare a Christmas treat of interesting information for one hundred Prague high school students. In 2016, they organised 15 workshops taking place in three classrooms simultaneously. Every student could choose five lectures to attend during the day, depending on their area of interest – some preferred humanities topics, some sciences. Last year, the Christmas Treat was attended by students of Open Gate, PORG and the Johannes Kepler Grammar School.



Markéta and Jakub Tomkovi
Workshop Evolution: why is it sometimes good to be a cannibal and other stories.
Photo: Ondřej Besperát

Patrik Procházka
Workshop Positive psychology in practice.
Photo: Ondřej Besperát

Daniel Demovič
Workshop How large civil aircraft are made and why they (sometimes) fall.
Photo: Ondřej Besperát

Petr Winkler
Workshop Stigmatisation of mental health.
Photo: Ondřej Besperát

Tereza Růžičková
Workshop Human brain or cooperation of physicians, neuroscientists and psychologists.
Photo: Ondřej Besperát

Minh Tri Pham
Workshop Self-driving cars and neural networks.
Photo: Ondřej Besperát

KAPLICKY INTERNSHIP 2016

The programme offers recent graduates of architectural studies from Czech universities an opportunity to spend three months on an internship in one of the prestigious London studios. In this way, they may work on major projects in the company of renowned architects. In 2016, the aspiring architects competed for an internship in Zaha Hadid Architects studio in London. The winner of the Kaplicky Internship 2016 scholarship was Petra Ross from the Faculty of Arts and Architecture of the Technical University of Liberec. She gained the award for her design of the London Public Library on a prominent plot of land situated on the embankment of the river Thames near Tower Bridge.

Before announcing the winner of Kaplicky Internship 2016 competition, a debate on

the work of Zaha Hadid was held, titled "Zaha Hadid: Work and Legacy". The panellists were: Jakub Klaška of Zaha Hadid Architects, Deyan Sudjic, director of The Design Museum in London, Melodie Leung of Zaha Hadid Architects and Jakub Cigler of Jakub Cigler architects.

The programme is organised by The Bakala Foundation in cooperation with The Design Museum in London and the Kaplicky Centre Endowment Fund.



The winner of Kaplicky Internship Petra Ross from the Faculty of Arts and Architecture of the Technical University of Liberec.
Photo: Michaela Říhová

Debate on the work of Zaha Hadid at the ceremonial announcement of the results of Kaplicky Internship. From left: Jakub Klaška, Deyan Sudjic, Melodie Leung and Jakub Cigler.
Photo: Michaela Říhová

ACHILLES' DATA

A three-month course for aspiring journalists and students of journalism and media from the Czech Republic. The course aims to familiarise its participants with the basic tools, current trends and methods of in-depth journalism. In 2016, it took place for the fourth time and was attended by six teams of 3 to 4 students from Prague and Ostrava. The aspiring journalists first attend a three-day series of workshops with leading specialists on individual topics from the Czech Republic and abroad. Each of the admitted teams is then assigned a journalist – mentor, under whose guidance the teams prepare a final project on an investigative topic of their choice. The winner of the competition was the Twin Peaks team of students of the Institute of Communication Studies and

Journalism of the Faculty of Social Sciences of the Charles University in Prague, working under the guidance of Tomáš Němeček. The committee appreciated their text named “The Crime between Canvases” about a prestigious exhibition at the Prague Castle that ended up in scandal.

The course is organised by Bakala Foundation in cooperation with the Czech Centre for Investigative Journalism.



Markéta Dobiášová of Reportéři ČT prepared a workshop titled “The Art of the Interview” for the participants.
Photo: Radúz Dětinský

Winners of Achilles' Data IV with their mentor.
Photo: Ondřej Besperát

Participants in Achilles' Data IV
Photo: Ondřej Besperát

JOURNEY — JOURNALISM BOOTCAMP

An intensive summer course for talented students of journalism and media from Europe and the United States focusing on current trends in the field and practical exercise. Over ten days, top professionals from renowned media and agencies devote their time to the participants. Daylong series of workshops and lectures alternate with field practice. Students are sent to the Prague city centre to bring back real time news and reports. Mentors and lecturers supervise observance of deadlines and provide feedback. In the course, students learn how to research and analyse data and how to write and present the content of the news

reports with confidence and with respect to strict ethical standards.

In the past, we welcomed lecturers from BBC, Bloomberg, CNN, The New York Times, ProPublica, Reuters, Storyful, Mashable.com or The Wall Street Journal, including several winners of the Pulitzer price, for instance Jesse Eisinger, Seymour Hersh, Charles Ornstein or Tracy Weber.



Participants in Journey: Journalism Bootcamp. Photo: Ondřej Besperát

The star of the 2016 course was the legendary American investigative journalist and Pulitzer Prize winner Seymour Hersh. Photo: Ondřej Besperát

In workshops with Doug Arellanes of Sourcefabric, students learned about current trends in on-line journalism. Photo: Ondřej Besperát



In 2016 The Bakala Foundation moved to new premises and changed its registered address. You may now find us in offices above Forum Karlín, at Pernerova 676/51 in Prague 8.

Many people have participated in the foundation's events and projects over the nine years of its existence. The foundation cooperates with numerous volunteers and helpers, and our scholars also contribute significantly to its activity. Thank you all!



FOUNDATION GRANTS AND DONATIONS

GRANTS

In 2016, The Bakala Foundation awarded grants totalling **CZK 4,203,560.17**. All grants were awarded in accordance with the law and the statutes.

OVERVIEW OF AWARDED GRANTS

DOX PRAGUE, a. s.	CZK 3,500,000.00
Ostravské centrum nové hudby, z.s.	CZK 200,000.00
Nadace policistů a hasičů - vzájemná pomoc v tísni	CZK 30,000.00
GERONIMO s.r.o.	CZK 150,000.00
Leoš Malec	CZK 38,000.00
Cambridge University Czech and Slovak Society	CZK 42,200.17
PKF - Prague Philharmonia, o.p.s.	CZK 188,760.00
Gabriela Franková	CZK 42,000.00
Stephanie Strauss	CZK 12,600.00

SUMMARY OF PROJECTS SUPPORTED BY FOUNDATION GRANTS

DOX PRAGUE, a. s. – HAVEL exhibition **CZK 3,500,000**

The Bakala Foundation supported an extensive exhibition held on what would have been Václav Havel's eightieth birthday. The exhibit presented photographs by two of the best Czech photographers – Tomki Němec and Bohdan Holomíček, who for a number of years had recorded important historical events as well as ordinary moments in the life of Václav Havel, playwright, politician, president, and citizen. Over three hundred photos were accompanied by hitherto unseen, artistically produced documentary film footage by Petr Jančárek. To find out more about the project, go to:

www.dox.cz/cs/vystavy/havel

Ostravské centrum nové hudby, z.s. – Space & Sound **CZK 200,000**

The Bakala Foundation also supported two concerts from the Space & Sound cycle, a monumental concert of three orchestras at Fórum Karlín and a concert of Ostravská banda at Prague's Archa theatre. To find out more about the project, go to:

www.newmusicostrava.cz/cz/space-sound

Nadace policistů a hasičů – vzájemná pomoc v tísni **CZK 30,000**

The Bakala Foundation provided a grant to support the families of deceased police officers and firefighters and to support police officers and firefighters experiencing health problems incurred as a result of their occupation. Find out more about the project:

www.nadacepah.cz

GERONIMO s.r.o. – Open Air Festival Trutnoff **CZK 150,000**

The Open Air Festival Trutnoff is the oldest festival of its kind in the Czech Republic. It is characterised by the types of music it annually presents and by specific atmosphere. The festival organisers profess community involvement and the legacy of the first Czech president - Václav Havel who was also the patron of the festival. The Bakala Foundation has been supporting this festival for a number of years.

www.festivaltrutnoff.cz/

Gabriela Franková – study at PrF MUNI **CZK 42,000**

Based on cooperation with the Czech Miss 2014 pageant, The Bakala Foundation paid Ms Frankova's tuition at the Law Faculty of Masaryk University in Brno.

Leoš Malec – finding and applying for a sports tuition **CZK 38,000**

Leoš Malec is a successful applicant for the grant within the Scholarship Programme. Leoš dreams of studying and playing basketball for a university team. The provided grant was used to cover expenses for finding a suitable university and sports tuition.

**The Cambridge University Czech & Slovak Society —
Václav Havel's Legacy & the Future of Central Europe** **CZK 42,200.17**

The Cambridge University Czech & Slovak Society held a symposium on Václav Havel's legacy and the future of Central Europe.

PKF – Prague Philharmonia, o.p.s. – Benefit concert **CZK 188,760**

The Bakala Foundation supported a beneficial concert of the Prague Philharmonic Orchestra. The proceeds from the concert could therefore be used to support the Saint Josef's Home in Žireč and the Bělobrádek Endowment Fund.

www.pkf.cz/163-beneficni-koncert

Stephanie Strauss – journalistic internship at RFE/RL **CZK 12,600**

Stephanie Strauss presented the best graduate project as part of the Journey - Journalism Boot Camp journalistic course. The grant was provided to cover expenses associated with an internship at Rádio Svobodná Evropa/Rádio Svoboda.

FOUNDATION DONATIONS

In 2016, the Foundation received donations totalling **CZK 10,685,322.60**.

OVERVIEW OF DONATIONS

Fondation Zdenek et Michaela Bakala	CZK10,516,881.00
Design Museum London	CZK 168,441.60

ANNUAL REPORT ATTACHMENTS:

Independent auditor's report for 2016
2016 financial statements

2016 FINANCIAL STATEMENTS

BALANCE SHEET

BALANCE SHEET by 504/2002 Sb. amended in 2016

Business name

Nadace The Bakala Foundation

Registered office

Pemerova 676/51

Praha 8

186 00

as at... **3 1 . 1 2 . 2 0 1 6**

in thousands CZK


ID no. **2 7 9 2 1 2 4 7**

Seal

Ident.	ASSETS	line	Accounting period		
			at the first day	balance at the last day	
A.	Fixed assets	A.I.+...+A.IV	001	+0	+0
A. I.	Intangible assets	A.I.1+...+A.I.x	002	+96	+96
A. I. 1.	Research and development	účet 012	003		
	2. Software	účet 013	004		
	3. Valuable rights (patents, copyrights, trademarks and brands)	účet 014	005		
	4. Low-value intangible fixed assets	účet 018	006		
	5. Other intangibles	účet 019	007	+96	+96
	6. Intangible assets under construction	účet 041	008		
	7. Advances for intangible assets Intangible assets	účet 051	009		
A. II.	Tangible fixed assets	A.II.1+...+A.II.x	010		
A. II. 1.	Land	účet 031	011		
	2. Artworks and collections	účet 032	012		
	3. Buildings and structures	účet 021	013		
	4. Machinery, equipment, vehicles, fixtures and fittings	účet 022	014		
	5. Orchards and vineyards	účet 025	015		
	6. Livestock (herd and draught animals)	účet 026	016		
	7. Low-value fixed assets	účet 028	017		
	8. Other tangible fixed assets	účet 029	018		
	9. Tangible fixed assets under construction	účet 042	019		
	10. Advances for tangible fixed assets	účet 052	020		
A. III.	Financial assets	A.III.1+...+A.III.x	021		
A. III. 1.	Investments in subsidiaries	účet 061	022		
	2. Investments in associates	účet 062	023		
	3. Bonds, debentures and similar securities held until maturity	účet 063	024		
	4. Loans to organisations teams	účet 066	025		
	5. Other long-term loans	účet 067	026		
	6. Other financial assets	účet 069	027		
A. IV.	Accumulated depreciations of long term property total	A.IV.1+...+A.IV.x	028	-96	-96
A. IV. 1.	Depreciations to immaterial results of sciene survey	účet 072	029		
	2. Accumulated depreciations of software	účet 073	030		
	3. Accumulated depreciations of valuable rights	účet 074	031		
	4. Accumulated depreciations of long - term immaterial property	účet 078	032		
	5. Accumulated depreciations of other long - term property	účet 079	033	-96	-96
	6. Accumulated depreciations of buildings	účet 081	034		
	7. Accumulated depreciations of movable assets and sets of movable assets	účet 082	035		
	8. Accumulated depreciations of cultivated areas	účet 085	036		
	9. Accumulated depreciations of livestock	účet 086	037		
	10. Accumulated depreciations of small long - term property	účet 088	038		
	11. Accumulated depreciations of other long term property	účet 089	039		
B.	Short-term property total	B.I.+...+B.IV	040	+13,769	+8,905
B. I.	Inventory	B.I.1+...+B.I.x	041		
B. I. 1.	Materials in store	účet 112	042		
	2. Materials in transit	účet 119	043		

Ident.	ASSETS	line	Accounting period	
			at the first day	balance at the last day
3.	Work-in-progress	účet 121 044		
4.	Semi-finished products	účet 122 045		
5.	Finished products	účet 123 046		
6.	Livestock (herd and draught animals)	účet 124 047		
7.	Merchandise in store	účet 132 048		
8.	Merchandise in transit	účet 139 049		
9.	Advance payments for inventory	účet 314 050		
B. II.	Receivables total	B.II.1+...+B.II.x 051	+124	+77
B. II. 1.	Customers	účet 311 052		
2.	Bills of exchange to be collected	účet 312 053		
3.	Receivables for discounted securities	účet 313 054		
4.	Advance payments made	účet 314 - f. 51 055	+124	+70
5.	Other receivables	účet 315 056		
6.	Receivables from employees	účet 335 057		
7.	Receivables from social security and health insurance institutions	účet 336 058		
8.	Income taxes	účet 341 059		
9.	Other direct taxes	účet 342 060		+6
10.	Value added tax	účet 343 061		
11.	Other taxes and fees	účet 345 062		
12.	Subsidies receivable from state budget	účet 346 063		
13.	Subsidies receivable from self-governing local area's budgets	účet 348 064		
14.	Receivables from participants in an association	účet 358 065		
15.	Receivables from fixed-term financial transactions	účet 373 066		
16.	Receivables from issued bonds	účet 375 067		
17.	Sundry receivables	účet 378 068		
18.	Estimated receivables	účet 388 069		+1
19.	Depreciations to receivables	účet 391 070		
B. III.	Short-term financial assets total	B.III.1+...+B.III.x 071	+13,621	+8,797
B. III. 1.	Cash on hand	účet 211 072	+26	+66
2.	Stamps and vouchers	účet 213 073		
3.	Bank accounts	účet 221 074	+13,595	+8,731
4.	Shares and similar securities for trading	účet 251 075		
5.	Bonds, debentures and similar securities for trading	účet 253 076		
6.	Other bonds, debentures and securities	účet 256 077		
7.	Cash in transit	účet 261 078		
B. IV.	Other assets total	B.IV.1+...+B.IV.x 079	+24	+31
B. IV. 1.	Deferred expenses	účet 381 080	+24	+31
2.	Accrued revenue	účet 385 081		
	TOTAL ASSETS	A.+B. 082	+13,769	+8,905

Ident.	LIABILITIES	line	Accounting period		
			at the first day	balance at the last day	
A.	Own resources	A.I.+...+A.II	001	+12,719	+8,275
A. I.	Equity	A.I.1+...+A.I.x	002	+12,719	+8,275
A. I. 1.	Own equity	účet 901	003	+2,000	+2,000
	2. Funds	účet 911	004	+10,719	+6,275
	3. Gains or losses from revaluation of assets and liabilities	účet 921	005		
A. II.	Profit or loss	A.II.1+...+A.II.x	006	+0	+0
A. II. 1.	Profit and loss account	účet +/-963	007	XXXXXXXXXXXX	+0
	2. Profit or loss to be approved	účet +/-931	008	+0	
	3. Retained earnings, accumulated losses from previous years	účet +/-932	009		
B.	Not-own capital total	B.I.+...+B.IV.	010	+1,050	+630
B. I.	Reserves Total	B.I.1+...+B.I.x	011		
B. I. 1.	Reserves	účet 941	012		
B. II.	Long - term payables total	B.II.1+...+B.II.x	013		
B. II. 1.	Long-term bank loans	účet 951	014		
	2. Own bonds issued	účet 953	015		
	3. Payables of lease	účet 954	016		
	4. Long-term advances received	účet 955	017		
	5. Long-term bills of exchange to be paid	účet 958	018		
	6. Estimated payables	účet 389	019		
	7. Other long-term payables	účet 959	020		
B. III.	Short-term payables	B.III.1+...+B.III.x	021	+1,050	+630
B. III. 1.	Suppliers	účet 321	022	+413	+143
	2. Bills of exchange to be paid	účet 322	023		
	3. Advance payments received	účet 324	024		+2
	4. Other payables	účet 325	025	+2	+2
	5. Employees	účet 331	026	+257	+199
	6. Other payables to employees	účet 333	027		+6
	7. Payables to social security and health insurance	účet 336	028	+157	+120
	8. Income taxes	účet 341	029		
	9. Other direct taxes	účet 342	030	+105	
	10. Value added tax	účet 343	031		
	11. Other taxes and fees	účet 345	032		
	12. Payables to state budget	účet 346	033		
	13. Payables to self-government local area's budgets	účet 348	034		
	14. Payables for unpaid subscribed shares and participations	účet 367	035		
	15. Payables to participants in association	účet 368	036		
	16. Payables to fixed-term financial transactions	účet 373	037		
	17. Sundry payables	účet 379	038		
	18. Short-term bank loans	účet 231	039		
	19. Credits for discounted securities	účet 232	040		
	20. Short-term bonds issued	účet 241	041		
	21. Own bonds issued	účet 255	042		
	22. Estimated payables	účet 389	043	+116	+158
	23. Other short-term financial assistance	účet 249	044		
B. IV.	Other liabilities	B.IV.1+...+B.IV.x	045		
B. IV. 1.	Accrued expenses	účet 383	046		
	2. Deferred revenue	účet 384	047		
	LIABILITIES	A.+B.	048	+13,769	+8,905

Date of compilation 9.6.2017	Signature of statutory body
Legal form	
Entrepreneurial activity	

PROFIT AND LOSS STATEMENT

PROFIT AND LOSS STATEMENT by 504/2002 Sb. amended in

Business name

Nadace The Bakala Foundation

as at **3 1 . 1 2 . 2 0 1 6**

From **1.1.2016** To **31.12.2016**

in thousands CZK

ID no. **2 7 9 2 1 2 4 7**

Registered office

Pernerova 676/51


Praha 8

186 00

Seal

Ident.	PROFIT AND LOSS STATEMENT	line	Accounting period		
			Main	Business	Total
A.	Expenses	A.I.+...+A.VIII 001	+10,947		+10,947
A. I.	Consumed spendings total	A.I.1+...+A.I.x 002	+4,811		+4,811
A. I. 1.	Consumed materials, energy consumption, consumption of other non-inventory items	účtv 501, 502, 503 003	+349		+349
2.	Merchandise sold	účet 504 004			
3.	Repairs and maintenance	účet 511 005	+5		+5
4.	Travelling expenses	účet 512 006	+192		+192
5.	Representation expenses	účet 513 007	+780		+780
6.	Other services	účet 518 008	+3,485		+3,485
A. II.	Change in work-in-progress and activation	A.II.1+...+A.II.x 009			
A. II. 7.	Change in work-in-progress	účtv 561, 562, 563, 564 010			
8.	Aktivation of material, goods and internal services	účtv 571, 572 011			
9.	Aktivation of intangibles	účtv 573, 574 012			
A. III.	Personal expenses total	A.III.1+...+A.III.x 013	+6,020		+6,020
A. III. 10.	Wages and salaries	účet 521 014	+4,525		+4,525
11.	Legal social insurance	účet 524 015	+1,494		+1,494
12.	Other social insurance	účet 525 016			
13.	Legal social security expenses	účet 527 017	+1		+1
14.	Other social security expenses	účet 528 018			
A. IV.	Taxes total	A.IV.1+...+A.IV.x 019			
A. IV. 15.	Taxes total	účtv 531, 532, 538 020			
A. V.	Other expenses total	A.V.1+...+A.V.x 021	+116		+116
A. V. 16.	Contractual fines, interest on late payments, other fines and penalties	účtv 541, 542 022			
17.	Write-off of receivables	účet 543 023			
18.	Interest expense	účet 544 024			
19.	Foreign exchange losses	účet 545 025	+14		+14
20.	Gifts	účet 546 026			
21.	Shortages and damage	účet 548 027			
22.	Other expenses	účet 549 028	+102		+102
A. VI.	Depreciations, sold property, additions to reserves total	A.VI.1+...+A.VI.x 029			
A. VI. 23.	Depreciation expenses of intangible and tangible fixed assets	účet 551 030			
24.	Net book value of intangible and tangible fixed assets sold	účet 552 031			
25.	Shares and ownership interests sold	účet 553 032			
26.	Materials sold	účet 554 033			
27.	Additions to reserves and provisions	účtv 556, 559 034			
A. VII.	Membership fees total	A.VII.1+...+A.VII.x 035			
A. VII. 28.	Membership fees and operating contributions paid to branch	účtv 581, 582 036			
A. VIII.	Income tax	A.VIII.1+...+A.VIII.x 037			
A. VIII. 25.	Income tax	účet 591 038			
	Expenses Total	039	+10,947		+10,947
B.	Revenues	040	+10,947		+10,947
B. I.	Operating subsidies	B.I.1+...+B.I.x 041			
B. I. 1.	Operating subsidies	účet 691 042			
B. II.	Accepted contributions total	B.II.1+...+B.II.x 043	+10		+10
B. II. 2.	Received operating contributions	účet 681 044			
3.	Received donations	účet 682 045	+10		+10
4.	Received membership fees	účet 684 046			
B. III.	Revenues from own efficient	účtv 601, 602, 603 047			

Ident.	PROFIT AND LOSS STATEMENT	line	Accounting period		
			Main	Business	Total
B. IV.	Other revenues total B.IV.1+...+B.IV.x	048	+10,937		+10,937
B. IV. 5.	Contractual fines, interest on late payments and other fines and penalties účet 641, 642	049			
6.	Revenue from written-off receivables účet 643	050			
7.	Interest účet 644	051	+5		+5
8.	Foreign exchange gains účet 645	052	+1		+1
9.	Accounting for funds účet 648	053	+10,925		+10,925
10.	Other revenues účet 649	054	+6		+6
B. V.	Revenues from sales of property B.V.1+...+B.V.x	055			
B. V. 11.	Revenues from sales of intangible and tangible fixed assets účet 652	056			
12.	Revenues from sale of shares and ownership interests účet 653	057			
13.	Revenues from sales of materials účet 654	058			
14.	Revenues from short-term financial assets účet 655	059			
15.	Revenues from long-term financial assets účet 657	060			
	Total revenues	061	+10,947		+10,947
C.	Profit (loss) before taxation (r. 63 - 33) B. - A.I.1+...-A.VII.x + C. x.	062	+0		+0
D.	Profit (loss) after taxation B. - A. + D. x.	063	+0		+0

Date of compilation 9.6.2017	Signature of statutory body
Legal form	
Entrepreneurial activity	

NOTES TO THE CZECH STATUTORY
FINANCIAL STATEMENTS

1/ DESCRIPTION AND PRINCIPAL ACTIVITIES

Accounting unit:	Nadace The Bakala Foundation ("the Foundation")
Identification number:	279 21 247
Registration:	The Register of Foundations kept by the Municipal Court in Prague, Section N, Insert 646
Registered office:	Pernerova 676/51, Praha 8 – Karlín, post code 186 00
Founder:	Zdeněk Bakala
Date of recording the Foundation in the Register:	24 July 2007
Statutory body:	Board of Trustees

MEMBERS OF THE BOARD OF TRUSTEES AS OF 31 DECEMBER 2016:

Chairperson: Michaela Bakala (*effective from 10 December 2009*)

Member: Christopher Lehmann (*effective from 27 May 2015*)

Member: Michal Pěchouček (*effective from 27 May 2015*)

Member: Melissa Maria Durda (*effective from 27 June 2016*)

The Chairperson of the Board of Trustees, or any member of the Board of Trustees authorised by the Chairperson, may represent the Foundation. Signing on behalf of the Foundation is done by affixing a signature to the written or printed name of the Foundation.

MEMBERS OF THE SUPERVISORY BOARD AS OF 31 DECEMBER 2016:

Chairperson: Pepper de Callier (*effective from 27 May 2015*)

Member: Irma Comstocková (*effective from 27 May 2015*)

Member: Aleš Konrád (*effective from 27 May 2015*)

Member: Daniel Rosický (*effective from 27 May 2015*)

The Supervisory Board replaced the office of the comptroller, which ceased to exist in 2015.

The Foundation's capital:	TCZK 2 000 (consisting of a monetary contribution deposited in account no. 229774637/0300 with ČSOB)
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THE FOUNDATION'S MISSION:

The principal activity is to:

- a) support individuals during their studies in the Czech Republic and abroad or during their work on a thesis or scientific project;
- b) support and creation of projects in the field of education, mass media, science, healthcare, charity, sports and environmental protection;
- c) support the cultural development and arts at any social level;
- d) support the development of civil society.

The Foundation did not carry out any other activities in the given period.

Changes in the Register of Foundations

In 2016, the following changes were made:

- As of 27 April 2016, Kamil Čermák resigned from his post of a member of the Board of Trustees. This change was recorded in the Register of Foundations on 12 May 2016.
- On 27 June 2016, Melissa Maria Durda was appointed as a member of the Board of Trustees. The change was recorded in the Register of Foundations on 28 July 2016.
- On 20 December 2016, a change of the Foundation's registered office was recorded in the Register of Foundations.

2/ SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE FOUNDATION

- a) Method of keeping and processing accounting records and place of their storage

The Foundation maintains bookkeeping in compliance with Act No. 563/1991 Coll., on Accounting, as amended, and Decree of the Ministry of Finance No. 504/2002 Coll., implementing certain provisions of the Act on Accounting, and internal policies. It also adheres to Act No. 586/1992 Coll., on Income Tax, as amended, regulating the reporting and taxation of profit or loss of non-profit organisations. The books are kept using the BYZNYS VR accounting software by VGD SPN, s.r.o. The accounting records are deposited at the book-keeping company's registered office.

- b) Tangible and intangible fixed assets

Intangible and tangible fixed assets are stated at acquisition cost, which includes the purchase price and other costs associated with the acquisition. Tangible and intangible fixed assets that are reported in the balance sheet are depreciated on a straight-line basis according to the asset type over the appropriate estimated useful life. Fixed assets reported in Class 0 are depreciated in compliance with Act No. 586/1992 Coll., on Income Taxes, as amended. Other intangible fixed assets (website) are depreciated on a straight-line basis over 36 months.

- c) Foreign currency translation

The Company applies the Czech National Bank official rate to foreign currency transactions. During the year, foreign exchange gains and losses are only recognised when realised at the time of settlement.

As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates. Unrealised foreign exchange gains and losses are reported in profit or loss.

d) Received and provided donations

The Foundation records funds received based on donation contracts in the "Funds" account and from this account funds are released according to their planned use or based on a request submitted by their donor as follows:

- they are transferred to the bank account of an individual or a legal entity chosen by the Board of Trustees;
- they are transferred to the income statement and credited to the Utilisation of Funds account up to the amount of expenses which have been approved by a responsible member of the Board of Trustees and which relate to project activities or the administration of the Foundation;
- they are transferred to the Foundation's capital based on a request of the donor and a decision of the Board of Trustees to increase the Foundation's capital.

The Foundation records non-monetary donations based on donation contracts in revenues (received donations) and expenses (provided donations).

3/ INTANGIBLE FIXED ASSETS

	Other intangible fixed assets	Total
Acquisition cost		
Balance at 1/1/2016	96	96
Additions	—	—
Disposals	—	—
Transfers	—	—
Balance at 31/12/2016	96	96
Accumulated amortisation		
Balance at 1/1/2016	96	96
Amortisation expense	—	—
Disposals	—	—
Transfers	—	—
Balance at 31/12/2016	96	96
Net book value 1/1/2016	—	—
Net book value 31/12/2016	—	—

4/ SHORT-TERM FINANCIAL ASSETS

Short-term financial assets comprise cash in hand of TCZK 66 (2015 – TCZK 26) and cash at the bank. Funds kept in current bank accounts are denominated in Czech crowns. The balance of bank accounts as at 31 December 2016 was TCZK 8 731 (2015 – TCZK 13 595).

5/ PREPAID EXPENSES

Prepaid expenses total TCZK 31 (2015 – TCZK 24) and comprise primarily deferred costs relating to domains, magazine subscription fees and insurance costs.

6/ OWN RESOURCES

	Registered capital	Funds	Retained earnings	Profit / (loss) for the current period	Total
Balance at 1/1/2016	2 000	10 719	—	—	12 719
Donations received	—	10 685	—	—	10 685
Contributions provided	—	-4 204	—	—	-4 204
Utilisation of funds	—	-10 925	—	—	-10 925
Balance at 31/12/2016	2 000	6 275	—	—	8 275

The structure of received donations is as follows:

Donor	Donation in TCZK
Fondation Zdenek et Michaela Bakala (FZMB)	10 517
Design Museum London	168
Total	10 685

The structure of provided contributions is as follows:

Recipient	Contribution in TCZK
Individuals (Scholarship programme)	—
Other individuals	93
Legal entities	4 111
Total	4 204

In 2016 the Foundation continued to develop the programme aimed at awarding scholarships as it has in previous years. However, since mid-January 2013, all scholarship payments within the Scholarship programme are, for practical reasons, made directly from the accounts of the “associated entity” – Fondation Zdenek et Michaela Bakala (“FZMB”). The legal grounds of this change are based on a contract of cooperation concluded between the Foundation and FZMB aimed at merging the activities of the Swiss foundation in the provision of scholarship programmes supported by Mr. and Mrs. Bakala in the Czech Republic and Switzerland. A detailed overview of provided contributions is supplied as part of the annual report.

7/ RECEIVABLES AND PAYABLES

Receivables total TCZK 77 (2015 – TCZK 124), none of which are overdue.

Short-term payables total TCZK 630 (2015 – TCZK 1 050), of which TCZK 0 is overdue.

The Foundation is not aware of any contingencies and commitments not reported in the balance sheet as of the balance sheet date.

8/ INCOME TAX

The Foundation recorded a zero income tax liability for 2016 and 2015

9/ ADMINISTRATIVE EXPENSES

Administrative expenses for 2016 totalled TCZK 1 740 (2015 – TCZK 2 869) and their structure is as follows:

2016	Administrative expenses (in TCZK)
Consumed purchases and purchased services	458
Change in internally produced inventories and capitalisation	—
Personnel expenses	1 233
Taxes and fees	—
Other expenses	49
Depreciation, fixed assets sold, creation of provisions and adjustments	—
Total	1 740

2015	Administrative expenses (in TCZK)
Consumed purchases	351
Representation costs	32
Services	1 169
Personnel expenses	1 284
Other expenses	33
Depreciation, fixed assets sold, creation of provisions and adjustments	—
Total	2 869

In accordance with the Foundation's Statutes, administrative expenses in one accounting period should not exceed 35% of the contributions provided by the Foundation during the year. In 2016 the Foundation exceeded the limit by TCZK 269 (2015 – TCZK 2 083).

The proportion of administrative expenses exceeded the limit primarily due to the fact that the scholarship payments within the Scholarship Programme are made directly by the partner foundation FZMB seated in Switzerland while the administration linked with this programme is carried out by Nadace The Bakala Foundation. In 2016, the Foundation arranged the granting of scholarships under the Scholarship Programme with a total value of over MCZK 13. The administrative expenses amount to 10% of total contributions paid out directly or intermediated.

10/ WAGES AND SALARIES

Average number of employees and personnel expenses for 2016 and 2015:

2016	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	5	2 740	891	1
Executives	2	1 785	603	—
	7	4 525	1 494	1

2015	Average number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	4	1 945	617	—
Executives	2	1 599	541	—
	6	3 544	1 158	—

11/ REMUNERATION AND LOANS PROVIDED TO STATUTORY AND SUPERVISORY BODIES

The members of the Board of Trustees and the Supervisory Board did not receive any remuneration for their work or any loans and advances in 2016.

Some business and lease contracts were concluded with entities that are related parties to the members of the Board of Trustees, the Supervisory Board or their family members. Such contracts were concluded under the usual business terms or the terms which were beneficial to the Foundation.

12/ SOCIAL SECURITY AND HEALTH INSURANCE LIABILITIES

Social security and health insurance liabilities total TCZK 120 (2015 – TCZK 157), of which TCZK 84 (2015 – TCZK 110) relates to social security liabilities and TCZK 36 (2015 – TCZK 47) to health insurance liabilities. None of these liabilities are overdue and all have been paid before their due date.

13/ TAX LIABILITIES AND SUBSIDIES

Tax liabilities totalled TCZK 0 (2015 – TCZK 105). None of these liabilities are overdue and all have been paid before the statutory deadlines.

14/ MATERIAL SUBSEQUENT EVENT

In 2017, no other material event has occurred that would require an adjustment to the financial statements for 2016.

Prague, on 9 June 2017

Signature:



Michaela Bakala, Chief of the Board of Trustees

AUDITOR'S REPORT





KPMG Česká republika Audit, s.r.o.
Pobřežní 1a
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Czech Republic
+420 222 123 111
www.kpmg.cz

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 Bakala Foundation

Opinion

We have audited the accompanying financial statements of Nadace The Bakala 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 to the 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:

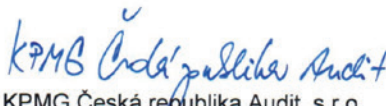
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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

Petr Škoda is the statutory auditor responsible for the audit of the financial statements of Nadace The Bakala Foundation as at 31 December 2016, based on which this independent auditor's report has been prepared.

Prague
9 June 2017


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


Petr Škoda
Partner
Registration number 1842

