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REPORT BY THE INDEPENDENT AUDITOR
for the founders of the accounting unit The Project Syndicate, o.p.s.

We audited the enclosed financial statements of **The Project Syndicate, o.p.s.**, with its registered office at Na Kozačce 7, 120 21 Prague 2 – Vinohrady, identification No. 282 49 429, which consist of the balance sheet as at 12/31/2011, the profit and loss statement for the year ending 12/31/2011, and the annex to the said financial statements, containing a description of the used financial reporting methods and other supplementary explanations. The particulars of The Project Syndicate, o.p.s., are listed in the annex to the financial statements.

Liability of the statutory body

The statutory body of The Project Syndicate, o.p.s., is liable for compiling financial statements that provide a true and fair view in line with Czech financial reporting standards, and for installing the kind of internal controlling system which it considers necessary for ensuring that the financial statements are free from material inaccuracies due to fraud or human error.

Liability of the auditor

Taking position with respect to the said financial statements, based on our audit, falls within our responsibility. We performed our audit in line with the Auditors' Act, international auditing standards, and related rules of application issued by the Czech Chamber of Auditors. Under the above rules and regulations, we are obliged to adhere to ethical requirements, and to plan and carry out our auditing work such that we are able to establish, to a satisfactory degree of certainty, that the financial statements are free from material inaccuracies.

The audit entails carrying out procedures available to auditors for obtaining evidence on the figures and other information published in the financial statements. Choosing from these procedures is at the discretion of the auditor, who shall also assess the risk of material inaccuracies in the financial statements due to fraud or human error. In assessing these risks, the auditor reviews the internal controlling system of the organization to the extent that it is relevant for compiling financial statements that provide a true and fair view. The objective of this review is to propose suitable auditing procedures, rather than to make a statement on the efficiency of the organization's existing internal controlling system. The audit also comprises a review of the adequacy of the used financial reporting methods, of estimates made by the management and incorporated in the organization's books, and of the way in which the financial statements are presented in general.

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incorporated with the Brno Regional Court in Section C, file No. 7112 of the Commercial Register, identification No. 46964720

HZ Brno, spol. s r.o. is a member firm of the PKF International Limited network of legally independent firms and does not accept and responsibility or liability for the actions or inactions on the part of any other individual member firm or firms"]

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We are convinced that the evidence obtained by us provides a sufficient and adequate basis for certification by us.

Auditor's opinion

In our view, the financial statements provide a true and fair view of the assets and liabilities of The Project Syndicate, o.p.s., as at 12/31/2011, and of its expenses, revenues, and earnings for 2011, in accordance with the Czech financial reporting provisions.

[stamp: "Czech Chamber of Auditors // Auditor – license No. 416 // HZ Brno, spol. s r.o."]

Issued in Brno on 18 June 2012

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Auditor:
Ing. Jan Jareš
license No. 0823
issued by the Czech Chamber of Auditors

HZ Brno, spol. s r.o.
Nové sady 27, 602 00 Brno
license No. 416
issued by the Czech Chamber of Auditors

Balance sheet drawn up according to Annex 1 to Ordinance No. 504/2002 Coll., as amended Counterparts to be delivered by the accounting unit: 1x to the competent finance authority	Long-form balance sheet as at 31 December 2011 (in whole CZK '000) ID Number 28249429	Designation, registered office, and legal form of the accounting unit The Project Syndicate, o.p.s. Na Kozačce 7 Prague 2 120 21
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ASSETS		row number	Balance as at the first day of the accounting period	Balance as at the last day
a		b	1	2
A. Fixed assets total		Sum of I. through IV.	132	64
I. Fixed Intangible Assets Total	1. Intangible results of research and development (012)	2		
	2. Software (013)	3		
	3. Appraisable rights (014)	4		
	4. Sundry fixed intangible assets (018)	5		
	5. Other fixed intangible assets (019)	6		
	6. Unfinished fixed intangible assets (041)	7		
	7. Advances paid on fixed intangible assets (051)	8		
	Sum Total I.1. through I.7.	9		
II. Fixed Tangible Assets Total	1. Land (031)	10		
	2. Artwork, objects and collections of art (032)	11		
	3. Buildings (021)	12		
	4. Self-contained movable assets and sets of movable assets (022)	13	256	256
	5. Perennial crops (025)	14		
	6. Livestock and draught animals (026)	15		
	7. Sundry fixed tangible assets (028)	16		
	8. Other fixed tangible assets (029)	17		
	9. Unfinished fixed tangible assets (042)	18		
	10. Advances paid on fixed tangible assets (052)	19		
	Sum Total II.1. through II.10.	20	256	256
III. Fixed Financial Assets Total	1. Shares in controlled entities (061)	21		
	2. Shares in entities under material influence of the accounting unit (062)	22		
	3. Debenture bonds held to maturity (063)	23		
	4. Loans granted to branch offices (066)	24		
	5. Other long-term loans (067)	25		
	6. Other fixed financial assets (069)	26		
	7. Acquired fixed financial assets (043)	27		
	Sum Total III.1. through III.7.	28		
IV. Adjustment Items to Fixed Assets Total	1. Adjustment items to intangible results of research and development (072)	29		
	2. Adjustment items to software (073)	30		
	3. Adjustment items to appraisable rights (074)	31		
	4. Adjustment items to sundry fixed intangible assets (078)	32		
	5. Adjustment items to other fixed intangible assets (079)	33		
	6. Adjustment items to buildings (081)	34		
	7. Adjustment items to self-contained movable assets and sets of movable assets (082)	35	-124	-192
	8. Adjustment items to perennial crops (085)	36		
	9. Adjustment items to livestock and draught animals (086)	37		
	10. Adjustment items to sundry fixed tangible assets (088)	38		
	11. Adjustment items to other fixed tangible assets (089)	39		
	Sum Total IV.1. through IV.11.	40	-124	-192

ASSETS		row number	Balance as at the first day of the accounting period	Balance as at the last day
a		b	1	2
B. Short-time assets total		Sum of B.I. through B.IV.		
		41	12 084	8 211
I. Supplies Total	1. Material in stock (112)	42		
	2. Material in transfer (119)	43		
	3. Unfinished products (121)	44		
	4. Own semi-finished products (122)	45		
	5. Products (123)	46		
	6. Livestock (124)	47		
	7. Goods in stock and at salespoints (132)	48		
	8. Goods in transit (139)	49		
	9. Advances paid on supplies (314)	50		
Sum Total I.1. through I.9.		51		
II. Receivables Total	1. Trade receivables (311)	52		
	2. Bills of exchange sent for collection (312)	53		
	3. Discounted bonds and other debt obligations (313)	54		
	4. Advances to suppliers (314)	55	70	78
	5. Other receivables (315)	56		
	6. Receivables vis-à-vis employees (335)	57		
	7. Receivables vis-à-vis social security and health insurance institutions (336)	58		
	8. Income tax (341)	59		
	9. Other direct taxes (342)	60		
	10. Value-added tax (343)	61		
	11. Other taxes and fees (345)	62		
	12. Government subsidies receivable and other operations involving national funds (346)	63		
	13. Subsidies and other receivables owed by bodies of regional and local self-government (348)	64		
	14. Receivables owed by founders prior to incorporation (358)	65		
	15. Receivables from money-market operations (373)	66		
	16. Bonds issued (375)	67		
	17. Other receivables (378)	68		
	18. Estimated pre-payments and accruals which are assets (388)	69		
	19. Adjustment item to receivables (391)	70		
Sum Total II.1. through II.19.		71	70	78
III. Short-Term Financial Assets Total	1. Petty cash (211)	72	2	30
	2. Cash-in-hand equivalents (stamps etc.) (213)	73		
	3. Bank accounts (221)	74	11 935	8 014
	4. Tradable stocks & bonds (251)	75		
	5. Tradable debt securities (253)	76		
	6. Other securities (256)	77		
	7. Acquired short-term financial assets (259)	78		
	8. Cash in transit (261)	79		
Sum Total III.1. through III.8.		80	11 937	8 044

		row number	Balance as at the first day of the accounting period	Balance as at the last day
a		b	1	2
IV.	1. Prepaid expenses (381)	81	31	89
Other Assets	2. Accrued revenues (385)	82	46	
Total	3. Foreign exchange losses (386)	83		
Sum Total IV.1. through IV.3.		84	77	89
Assets total	Sum of A. through B.	85	12 216	8 275

LIABILITIES		row number	Balance as at the first day of the accounting period	Balance as at the last day
a		b	3	4
A. Equity total		Sum of A.I. through A.II.		
		86		
I. Equity Total	1. Equity (901)	87		
	2. Capital reserves (911)	88		
	3. Premium or discount on investments (921)	89		
Sum Total I.1. through I.3.		90		
II. Earnings	1. Profit/loss as accounted for in the Earnings account (963)	91	x	
	2. Profit/loss as per approval procedure (931)	92		x
	2. Profit/loss carried forward (932)	93		
Sum Total II.1. through II.3.		94		
B. Debt capital total		Sum of B.I. through B.IV.		
		95	12 216	8 275
I. Reserves	1. Reserves (941)	96		
Value of I.1.		97		
II. Long-Term Liabilities Total	1. Long-term bank credit (951)	98		
	2. Bonds payable (953)	99		
	3. Rent obligations (954)	100		
	4. Long-term advances payable (955)	101		
	5. Long-term bills of exchange payable (958)	102		
	6. Estimated prepayments and accruals which are liabilities (389)	103		
	7. Other long-term liabilities (959)	104	11 294	7 794
Sum Total II.1. through II.7.		105	11 294	7 794
III. Short-Term Liabilities Total	1. Accounts payable (321)	106	28	101
	2. Accepted bills of exchange (322)	107		
	3. Advances received from customers (324)	108		
	4. Other liabilities (325)	109		9
	5. Wages and salaries (331)	110	208	103
	6. Other liabilities vis-à-vis employees (333)	111	23	17
	7. Liabilities vis-à-vis social security and health insurance institutions (336)	112	84	61
	8. Income tax (341)	113	10	3
	9. Other direct taxes (342)	114	27	14
	10. Value-added tax (343)	115		
	11. Other taxes and fees (345)	116		
	12. Liabilities vis-à-vis the state budget (346)	117		
	13. Liabilities vis-à-vis bodies of regional and local self-government (348)	118		
	14. Payables owed for subscribed but unpaid shares (367)	119		
	15. Payables owed to founders (368)	120		
	16. Payables from fixed-term money-market operations (373)	121		
	17. Other liabilities (379)	122		
	18. Short-term bank credit facilities (231)	123		
	19. Discounted loans (232)	124		
	20. Payable short-term notes and bonds (241)	125		
	21. Treasury bonds (255)	126		
	22. Estimated prepayments and accruals which are liabilities (389)	127	77	173
	23. Other short-term financial liabilities (249)	128		
Sum Total III.1. through III.23.		129	457	481

		row number	Balance as at the first day of the accounting period	Balance as at the last day
a		b	1	2
IV. Other Liabilities	1. Accrued expenses (383)	130	465	
	2. Deferred revenues (384)	131		
	3. Foreign exchange gains (387)	132		
Sum Total IV.1. through IV.3.		133	465	
Liabilities total	Sum of A. through B.	134	12 216	8 275

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Signature of accountant-in-charge:

Compiled as at:

Phone number:

Balance sheet drawn up according to Annex 1 to Ordinance No. 504/2002 Coll., as amended

PROFIT AND LOSS STATEMENT

as at 31 December 2011
(in whole CZK '000)

ID Number
28249429

Designation and registered office of the accounting unit
The Project Syndicate, o.p.s.
Na Kozáčce 7
Prague 2
120 21

Counterparts to be delivered by the
accounting unit:
1x to the competent finance authority

Label	Designation of the relevant financial figure	Row number	Activities		
			Core activities	Commercial activities	Total
			5	6	7
A.	Expenses	1			
I.	Purchased consumables total Sum I.1. through I.4.	2	272		272
1.	Consumption of material (501)	3	168		168
2.	Consumption of energy (502)	4	104		104
3.	Consumption of other non-storable supplies (503)	5			
4.	Goods sold (504)	6			
II.	Services total Sum II.5. through II.8.	7	6 506		6 506
5.	Repairs and maintenance (511)	8	112		112
6.	Travel expenses (512)	9	102		102
7.	Entertainment expenses (513)	10			
8.	Other services (518)	11	6 292		6 292
III.	Personnel expenses total Sum III.9. through III.13.	12	3 145		3 145
9.	Expenses for wages and salaries (521)	13	2 372		2 372
10.	Statutory social insurance contributions (524)	14	653		653
11.	Other social insurance payments (525)	15			
12.	Statutory social security contributions (527)	16	120		120
13.	Other social security payments (528)	17			
IV.	Taxes and levies total Sum IV.14. through IV.16.	18	1		1
14.	Road tax (531)	19			
15.	Property tax (532)	20			
16.	Other taxes and fees (538)	21	1		1
V.	Other expenses total Sum V.17. through V.24.	22	1 997		1 997
17.	Contractual penalties and default interest (541)	23	13		13
18.	Other penalties and charges (542)	24			
19.	Write-off of bad claims (543)	25			
20.	Interest (544)	26			
21.	Loss from fx operations (545)	27	1 704		1 704
22.	Donations (546)	28			
23.	Shortfall and damage (548)	29			
24.	Various other expenses (549)	30	280		280
VI.	Depreciation, sold assets, creation of reserves, adjustment items total Sum VI.25. through VI.30.	31	68		68
25.	Depreciation of fixed intangible and tangible assets (551)	32	68		68
26.	Book value of sold fixed intangible and tangible assets (552)	33			
27.	Sold shares (553)	34			
28.	Sold material (554)	35			
29.	Creation of reserves (556)	36			

Label	Designation of the relevant financial figure	Row number	Activities		
			Core activities	Commercial activities	Total
			5	6	7
30.	Creation of adjustment items (559)	37			
VII.	Contributions paid total Sum VII.31. through VII.32.	38			
31.	Transfer of contributions between branch offices (581)	39			
32.	Membership fees paid (582)	40			
VIII.	Income tax total Value of VIII.33.	41	46		46
33.	Supplementary income tax payments (595)	42	46		46
	Expenses total Sum of I. through VIII.	43	12 035		12 035

Label	Designation of the relevant financial figure	Row number	Activities		
			Core activities	Commercial activities	Total
			5	6	7
B.	Revenues	44			
I.	Sales of own performances and goods total Sum of I.1. through I.3.	45			
1.	Sales of own products (601)	46			
2.	Sales of services (602)	47			
3.	Sales of goods sold (604)	48			
II.	Change of own supplies total Sum of II.4. through II.7.	49			
4.	Change of unfinished products in stock (611)	50			
5.	Change of semi-finished products in stock (612)	51			
6.	Change of finished products in stock (613)	52			
7.	Change of livestock (614)	53			
III.	Capitalization total Sum of III.8. through III.11.	54			
8.	Capitalization of material and goods (621)	55			
9.	Capitalization of own services (622)	56			
10.	Capitalization of fixed intangible assets (623)	57			
11.	Capitalization of fixed tangible assets (624)	58			
IV.	Other revenues total Sum of IV.12 through IV.18.	59	857	8	865
12.	Contractual penalties and default interest (641)	60			
13.	Other penalties and charges (642)	61			
14.	Payments for write-offs of bad claims (643)	62			
15.	Interest (644)	63	1	8	9
16.	Revenue from fx operations (645)	64	856		856
17.	Appreciation of funds (648)	65			
18.	Various other revenues (649)	66			
V.	Proceeds from sold assets, appreciation of reserves and of adjustment items total Sum of V.19. through V.25.	67			
19.	Proceeds from sold fixed intangible and tangible assets (652)	68			
20.	Proceeds from sold shares (653)	69			
21.	Proceeds from sold material (654)	70			
22.	Revenues from short-term financial assets (655)	71			
23.	Disbursement of reserves (656)	72			
24.	Revenues from fixed financial assets (657)	73			
25.	Settlement of adjustment items (659)	74			
VI.	Contributions received total Sum of VI.26. through VI.28.	75	11 172		11 172
26.	Transfer of contributions between branch offices (681)	76			
27.	Contributions (donations) received (682)	77	11 172		11 172
28.	Member fees received (684)	78			
VII.	Contributions towards day-to-day operation total Value of VII.29.	79			
29.	Contributions towards day-to-day operation (691)	80			
	Revenues total Sum of I. through VII.	81	12 029	8	12 037

Label	Designation of the relevant financial figure	Row number	Activities		
			Core activities	Commercial activities	Total
			5	6	7
C.	Earnings before taxes Revenues minus expenses	82	-6	8	2
34.	Income tax (591)	83	2		2
D.	Earnings after taxes C minus r. 34.	84	-8	8	

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Signature of accountant-in-charge:

Phone number:

Annex to the Financial Statements

Non-profit organization:

The Project Syndicate, o.p.s.

as at 12/31/2011

This annex to the financial statements has been drawn up in accordance with the Accounting Act (act No. 563/1991 Coll., as amended) and Ordinance No. 504/2002 Coll., as amended. The accounts were done in observance of the instructions contained in the Czech Financial Reporting Standards for organizations whose main line of activities is not for profit.

The data published in the annex is based on the accounting records of the organization (vouchers, books, and other accounting records) and other documents available to the organization. Unless stated otherwise, cash values are reported in whole thousands of Czech crowns.

The figures contained in the financial statements are the result of the entirety of accounting operations performed during the fiscal year from 1 January 2011 through 31 December 2011.

The accounting methods, general accounting standards, and valuation methods used are in line with the Accounting Act, as amended. The overview in chart form also states whether accounting operations and other specific operations and procedures during the accounting and fiscal period did occur ("yes") or not ("no/none exist/none"); an explanatory note may also be given.

1.	The asset valuation procedure is in line with Czech standards	Yes
1.1.	Provisions	None
1.2.	Valuation of fixed tangible and intangible assets created by the organization itself	No
1.3.	Valuation of securities and ownership interest	No
2.	Depreciation method – according to the approved plan of accounting and tax depreciations	Yes
3.	Adjustment items – none created	No
4.	Leasing agreements – accounting for same	None
5.	Conversion of foreign currency to Czech currency – conversion as at the last business day preceding the balancing date in accordance with the instructions of the Czech National Bank (ČNB)	Yes

Additional information regarding the Balance Sheet and the Profit and Loss Statement

1.	Items of relevance for the valuation of the organization's assets and financial position	None
1.1.	Supplementary income tax assessment for previous fiscal years – none. For 2009 and 2008, the organization determined after the fact that it owed income tax (on interest accrued on fixed deposits), which was eventually paid in 2011 into the account of the Finance Office.	It was found that the income tax on interest revenues from fixed deposits had not been calculated properly.
1.2.	Long-term bank credit facilities	None
1.3.	Deferred taxable liability or receivable	No
1.4.	Funds accepted towards the organization's activities	Yes
1.5.	Long-term interest-free loan granted by statutory bodies and accounted for in the books	No
2	Material events after the balance date (12/31/2011) – no occurrence	None
2.1.	Aggregate value of assets not included in the balance sheet	None
2.2.	Tangible assets under pledge	None
2.3.	Assets whose market value substantially differs from the book value	None
2.4.	Long-term equity shares and ownership interest	None held
3.	Equity, consisting of the capital stock and booked earnings	The charitable organization does not create equity; its activities are fully funded by debt capital – paid up
3.1.	Appropriation of profit / settlement of loss – as per the Charter	The organization does not account for profit or loss
3.2.	Capital stock registered in the Commercial Register	Charitable organizations do not account for such capital

4.	Receivables and liabilities – properly reported in the balance sheet	Yes
4.1.	Receivables past maturity:	No, see inventory
4.2.	Liabilities past maturity:	38k
4.3.	Receivables and liabilities vis-a-vis group entities	None
4.4.	Receivables and liabilities on grounds of the exercise of pledge titles and collateral	None
4.5.	Off-the-books receivables and receivables not included in the balance sheet	None
5.	Personnel costs	
5.1.	Volume of personnel costs for 2011	3 145k
5.2.	Liabilities vis-à-vis staff as at 12/31/2011	103k (this corresponds to payroll for 12/2011)

6.	Reserves – are replenished and used in accordance with the plan and have been inventoried	None
6.1.	Adjustment items for receivables	None were created
6.2.	Receivables and adjustment items vis-a-vis debtors in insolvency procedures	None

Legal particulars

Non-profit organization: **The Project Syndicate, o.p.s.**
Registered office: 120 00 Prague 2, Vinohrady, Na Kozačce 7

Legal form: charitable organization Identification number: 282 49 429

Type of charitable services:

Global research of information and potential contributors in newspapers, magazines, and other media who are interested in joining (or will upon request join) the international network supported by The Project Syndicate

Type of charitable services entered in the register of charitable organizations:

- 1) Global research of newspapers, magazines, and other media who are interested in joining (or will upon request join) the international network supported by The Project Syndicate ("PS")
- 2) Procuring the distribution of articles and commentaries to newspapers, magazines, and other media within the PS-supported network which were written by leading authors of global renown, recommended and approved by the Editorial Board
- 3) Procurement of translations of the works of authors recommended and approved by the Editorial Board on an international level, which are intended for publication in newspapers, magazines, and other media within the PS-supported network
- 4) Promoting the publishing of works by authors recommended and approved by the Editorial Board
- 5) Providing authors recommended and approved by the Editorial Board with information regarding the publication of their works in newspapers, magazines, and other media within the PS-supported network
- 6) Monitoring and rating articles in newspapers, magazines, and other media within the PS-supported network, and worldwide research of other suitable newspapers, magazines, and media in accordance with the requirements of the Editorial Board, authors, and other clients, whenever there is the necessary spare capacity available
- 7) Assistance with handling accounting and legal issues of administrative character concerning the services mentioned in items 1 through 5 above
- 8) Hosting conferences and seminars on expert topics as determined by the Board of Administration

Board of Administration:

Annex to the Financial Statements

The Project Syndicate o.p.s.
as at 12/31/2011

Chairman of the Board of Administration: William Newton-Smith, date of birth 25 May 1943
Powys, Builth Wells, Cefnperfedd Uchaf, Maesmynis LD2 3HU
Date on which the position/office was created: 26 February 2008
Board membership commencement date: 26 February 2008

Member of the Board of Administration: Kenneth Murphy, date of birth 20 October 1955
London, West Hampstead, Skardu Road 6 NW2 3ER
United Kingdom of Great Britain and Northern Ireland
Board membership commencement date: 26 February 2008

Member of the Board of Administration: Roman Frydman, date of birth 29 February 1948
New York, Washington Square Village 4, 10012,
United States of America
Board membership commencement date: 26 February 2008

Statutory body – Director Nicolas Chatara-Morse, date of birth 21 August 1977
Springfield, Stange Street 545, IL 62704
United States of America

Supervisory Board:

Supervisory board member: Rebecca Berlow, date of birth 12 August 1959
New York, Riverside Drive 460, 10027
United States of America
Board membership commencement date: 26 February 2008

Supervisory board member: Andrej Rapaczynski, date of birth 26 November 1947
New York, Riverside Drive 460, 10027
United States of America
Board membership commencement date: 26 February 2008

Supervisory board member: Klaudiusz Weiss, date of birth 07 June 1944
New York, 5th Avenue 1212 apt. 12B, 10029
United States of America
Board membership commencement date: 26 February 2008

Founder:

Roman Frydman, date of birth 29 February 1948
New York, Washington Square Village, 4, 10012, United States of America

Andrej Rapaczynski, date of birth 26 November 1947
New York, Riverside Drive 460, 10027, United States of America

The non-profit organization is entered in the register of charitable organizations kept by the Prague Municipal Court in Section O, file No. 555.

The data contained in the annex to the financial statements has been approved by the Director:
Nicolas Chatara Morse

Prague, on 1 June 2012