

**TRANSLATION OF THE AUDITOR'S REPORT
TO THE FINANCIAL STATEMENTS**
of the company The Project Syndicate, o.p.s.
for the year 2014

Identification items:

Name of the accounting unit:	The Project Syndicate, o.p.s.
Company address:	Prague 2 – Na Kozacce 7, 120 21
Registration number:	282 49 429
Recipient of the report:	Nicolas Chatara Morse statutory representative
Responsible auditor:	Jitka Kolářová - JK tax & audit Licence No. 1787, Id. Nr. 16239547 Klímova 335/2, 150 00 Prague 5 - Radlice
Date of issue	January 28, 2015

REPORT OF THE INDEPENDENT AUDITOR ON THE FINANCIAL STATEMENTS FOR THE YEAR 2014

For the executive of the company The Project Syndicate, o.p.s.

We have audited the accompanying financial statements of The Project Syndicate, o.p.s., which comprise the balance sheet as at December 31, 2014, the income statement for the year 2014 and the explanatory notes. General information about the company The Project Syndicate, o.p.s. are stated on page 2 and 3 of these notes to the financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of The Project Syndicate, o.p.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting regulations and for such internal control as statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of The Project Syndicate, o.p.s. as of December 31st, 2014, and of its financial performance for the year then ended in accordance with Czech accounting regulations.

Prague, January 28, 2015

Jitka Kolářová - JK tax & audit
Auditor, License Nr. 1787
Id. Nr. 16239547
Klimova 335/2
150 00 Praha 5 - Radlice

ENCLOSURES

- Balance sheet as at 31.12. 2014
- Profit and Loss Accounts for the year 2014
- Notes to financial statements for the year 2014

Balance sheet prepared in
compliance with Annex I to
Regulation No. 504/2002 Coll.

Long-form Balance Sheet

as of 31 December 2013
(in whole CZK '000)

Name, registered office, and legal
status of the entity
The Project Syndicate, o.p.s.
Na Kozačce 7
Prague 2
120 21

**Copies to be delivered by the
entity:**

One copy to the competent
finance authority

ID Number
28249429

Designation	ASSETS	Row number	Balance as at the first day of the accounting period	Balance as at the last day of the accounting period
a	b	c	1	2
A.	Total fixed assets	Sum of I. through IV.	102	54
I.	Total intangible fixed assets	Sum of I.1. through I.7.		
1.	Research and development	(012)		
2.	Software	(013)		
3.	Valuable rights	(014)		
4.	Low-value intangible fixed assets	(018)		
5.	Other intangible fixed assets	(019)		
6.	Intangible fixed assets under construction	(041)		
7.	Prepayments made for intangible fixed assets	(051)		
II.	Total tangible fixed assets	Sum of II.1. through II.10.	345	345
1.	Land	(031)		
2.	Works of art, objects and collections	(032)		
3.	Structures	(021)		
4.	Individual tangible movable assets and sets of tangible movable assets	(022)	345	345
5.	Perennial crops	(025)		
6.	Livestock and draught animals	(026)		
7.	Low-value tangible fixed assets	(028)		
8.	Other tangible fixed assets	(029)		
9.	Tangible fixed assets under construction	(042)		
10.	Prepayments made for tangible fixed assets	(052)		
III.	Total non-current financial assets	Sum of III.1. through III.7.		
1.	Investments in controlled entities	(061)		
2.	Investments in entities under significant influence	(062)		
3.	Debt securities held to maturity	(063)		
4.	Borrowings granted to branch offices	(066)		
5.	Other long-term borrowings	(067)		
6.	Other non-current financial assets	(069)		
7.	Acquired non-current financial assets	(043)		
IV.	Total accumulated depreciation/amortisation of fixed assets	Sum of IV.1. through IV.11.	(243)	(291)
1.	Accumulated amortisation of research and development	(072)		
2.	Accumulated amortisation of software	(073)		
3.	Accumulated amortisation of valuable rights	(074)		
4.	Accumulated amortisation of low-value intangible fixed assets	(078)		
5.	Accumulated amortisation of other intangible fixed assets	(079)		
6.	Accumulated depreciation of structures	(081)		
7.	Accumulated depreciation of individual tangible movable assets and sets of tangible movable assets	(082)	(243)	(291)
8.	Accumulated depreciation of perennial crops	(085)		
9.	Accumulated depreciation of livestock and draught animals	(086)		
10.	Accumulated depreciation of low-value tangible fixed assets	(088)		
11.	Accumulated depreciation of other tangible fixed assets	(089)		

Designation	ASSETS	Row number	Balance as at the first day of the accounting period	Balance as at the last day of the accounting period	
a	b	c	1	2	
B.	Total current assets	Sum of B.I. through B.IV.	41	22,361	46,623
I.	Total inventory	Sum of I.1. through I.9.	51		
1.	Material in stock	(112)	42		
2.	Material in transit	(119)	43		
3.	Work in progress	(121)	44		
4.	Internally developed semi-finished products	(122)	45		
5.	Products	(123)	46		
6.	Livestock	(124)	47		
7.	Goods in stock and at sales points	(132)	48		
8.	Goods in transit	(139)	49		
9.	Prepayments made for inventory	(314)	50		
II.	Total receivables	Sum of II.1. through II.19.	71	9,993	16,046
1.	Trade receivables	(311)	52		
2.	Bills of exchange to be collected	(312)	53		
3.	Receivables for discounted securities	(313)	54		
4.	Operating prepayments made	(314)	55	313	198
5.	Other receivables	(315)	56		1
6.	Receivables from employees	(335)	57		
7.	Receivables from social security and healthcare 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 charges	(345)	62		
12.	Entitlements to grants and other settlements involving the state budget	(346)	63		
13.	Entitlements to grants and other settlements involving budgets of local self-government unit authorities	(348)	64		
14.	Receivables from members associated in the company	(358)	65		
15.	Receivables from fixed term operations and options	(373)	66		
16.	Receivables from bonds issued	(375)	67		
17.	Other receivables	(378)	68	9,680	15,847
18.	Estimated receivables	(388)	69		
19.	Provision against receivables	(391)	70		
III.	Total current financial assets	Sum of III.1. through III.8.	80	12,013	29,058
1.	Cash on hand	(211)	72	28	38
2.	Cash equivalents	(213)	73		
3.	Cash at bank	(221)	74	11,985	29,020
4.	Equity securities held for trading	(251)	75		
5.	Debt securities held for trading	(253)	76		
6.	Other securities	(256)	77		
7.	Acquired current financial assets	(259)	78		
8.	Cash in transit	(261)	79		
IV.	Total other assets	Sum of IV.1. through IV.3.	84	355	1,519
1.	Deferred expenses	(381)	81	24	29
2.	Accrued income	(385)	82		
3.	Foreign exchange rate losses	(386)	83	331	1,490
	Total assets	Sum of A. through B.	85	22,463	46,677

Designation	LIABILITIES		Row number	Balance as at the first day of the accounting period	Balance as at the last day of the accounting period
a	b		c	3	4
A.	Total equity funds	Sum of A.I. through A.II.	86		
I.	Total equity	Sum of I.1. through I.3.	90		
1.	Equity	(901)	87		
2.	Funds	(911)	88		
3.	Valuation difference on the revaluation of financial assets and liabilities	(921)	89		
II.	Total profit or loss	Sum of II.1. through II.3.	94		
1.	Profit or loss account	(963)	91	x	
2.	Profit or loss to be approved	(931)	92		x
3.	Accumulated profits brought forward, outstanding loss of previous years	(932)	93		
B.	Total liabilities	Sum of B.I. through B.IV.	95	22,463	46,677
I.	Total reserves	Value of I.1.	97		
1.	Reserves	(941)	96		
II.	Total long-term liabilities	Sum of II.1. through II.7	105	7,843	9,002
1.	Long-term bank loans	(951)	98		
2.	Bonds issued	(953)	99		
3.	Rent payables	(954)	100		
4.	Long-term advances received	(955)	101		
5.	Long-term bills of exchange to be paid	(958)	102		
6.	Estimated payables	(389)	103		
7.	Other long-term liabilities	(959)	104	7,843	9,002
III.	Total short-term liabilities	Sum of III.1. through III.23.	129	215	337
1.	Trade payables	(321)	106		21
2.	Bills of exchange to be paid	(322)	107		
3.	Advances received	(324)	108		
4.	Other liabilities	(325)	109	6	7
5.	Employees	(331)	110	56	135
6.	Other payables to employees	(333)	111	4	4
7.	Payables to social security and healthcare insurance institutions	(336)	112	26	64
8.	Income tax	(341)	113	20	5
9.	Other direct taxes	(342)	114	3	1
10.	Value added tax	(343)	115		
11.	Other taxes and charges	(345)	116		
12.	Payables to the state budget	(346)	117		
13.	Payables to the budget of local self-government unit authorities	(348)	118		
14.	Payables for subscribed but unpaid securities and investments	(367)	119		
15.	Payables to members associated in the company	(368)	120		
16.	Payables from fixed term operations and options	(373)	121		
17.	Other liabilities	(379)	122		
18.	Short-term bank loans	(231)	123		
19.	Discounted loans	(232)	124		
20.	Short-term bonds issued	(241)	125		
21.	Own debt securities	(255)	126		
22.	Estimated payables	(389)	127	100	100
23.	Other short-term financial borrowings	(249)	128		

Designation	LIABILITIES	Row number	Balance as at the first day of the accounting period	Balance as at the last day of the accounting period
a	b	c	3	4
IV.	Total other liabilities	133	14,405	37,338
	Sum of IV. through IV.3.			
1.	Accrued expenses	130		
	(383)			
2.	Deferred income	131	13,995	35,912
	(384)			
3.	Foreign exchange rate gains	132	410	1,426
	(387)			
	Total liabilities	134	22,463	46,677
	Sum of A. through B.			

Prepared on: 28 January 2015		Signature of the entity's statutory body or the specimen signature of the natural person who constitutes the entity:
Legal status of the entity:	Area(s) of operation: Non-profit organisation	Note:

Profit & loss account prepared
in compliance with Annex 2 to
Regulation No. 504/2002 Coll.

PROFIT & LOSS ACCOUNT

Name and registered office of the
entity:
The Project Syndicate, o.p.s.
Na Kozačce 7
Prague 2
120 21

**Copies to be delivered by the
entity:**

One copy to the competent
finance authority

as of 31 December 2014
(in whole CZK '000)

ID Number
28249429

Designation	Name of the indicator	Row number	Operations		
			Major areas	Economic activities	Total
			5	6	7
A.	Expenses	1			
I.	Total consumed purchases Sum of I.1. through I.4.	2	409		409
1.	Consumed material (501)	3	383		383
2.	Consumed energy (502)	4	26		26
3.	Consumed other non-storable supplies (503)	5			
4.	Goods sold (504)	6			
II.	Total services Sum of II.5. through II.8.	7	8,179		8,179
5.	Repairs and maintenance (511)	8			
6.	Travel expenses (512)	9	131		131
7.	Entertainment expenses (513)	10			
8.	Other services (518)	11	8,048		8,048
III.	Total staff costs Sum of III.9. through III.13.	12	1,705		1,705
9.	Payroll costs (521)	13	1,273		1,273
10.	Statutory social insurance (524)	14	389		389
11.	Other social insurance (525)	15			
12.	Statutory social expenses (527)	16	39		39
13.	Other social expenses (528)	17	4		4
IV.	Total taxes and charges Sum of IV.14. through IV.16.	18			
14.	Road tax (531)	19			
15.	Real estate tax (532)	20			
16.	Other taxes and charges (538)	21			
V.	Total other expenses Sum of V.17. through V.24.	22	1,171		1,171
17.	Contractual penalties and default interest (541)	23			
18.	Other penalties and sanctions (542)	24			
19.	Write-off of bad debt (543)	25			
20.	Interest (544)	26			
21.	Foreign exchange rate losses (545)	27	719		719
22.	Gifts (546)	28			
23.	Shortages and damage (548)	29			
24.	Various other expenses (549)	30	452		452
VI.	Total depreciation, sold assets, creation of reserves and provisions Sum of VI.25. through VI.30.	31	48		48
25.	Depreciation/amortisation of intangible and tangible fixed assets (551)	32	48		48
26.	Net book value of sold intangible and tangible fixed assets (552)	33			
27.	Sold securities and investments (553)	34			
28.	Sold material (554)	35			
29.	Creation of reserves (556)	36			
30.	Creation of provisions (559)	37			
VII.	Total contributions paid Sum of VII.31. through VII.32.	38			
31.	Contributions settled between branch offices (581)	39			
32.	Membership fees paid (582)	40			
VIII.	Total income tax Value of VIII.33.	41			
33.	Additional income tax payments (595)	42			
	Total expenses Sum of I. through VIII.	43	11,512		11,512

Designation	Name of the indicator	Row number	Operations		
			Major areas	Economic activities	Total
			5	6	7
B.	Income	44			
I.	Total sales of own production and goods 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 (604)	48			
II.	Total changes in internal inventory Sum of II.4. through II.7.	49			
4.	Change in work in progress in stock (611)	50			
5.	Change in semi-finished products in stock (612)	51			
6.	Change in finished products in stock (613)	52			
7.	Change in livestock (614)	53			
III.	Total capitalization 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 intangible fixed assets (623)	57			
11.	Capitalization of tangible fixed assets (624)	58			
IV.	Total other income Sum of IV.12 through IV.18.	59	4,521		4,521
12.	Contractual penalties and default interest (641)	60			
13.	Other penalties and sanctions (642)	61			
14.	Payments for write-offs of receivables (643)	62			
15.	Interest (644)	63	1		1
16.	Foreign exchange rate gains (645)	64	4,520		4,520
17.	Appreciation of funds (648)	65			
18.	Various other revenues (649)	66			
V.	Total proceeds from sold assets, recording of reserves and provisions Sum of V.19. through V.25.	67			
19.	Proceeds from sold intangible and tangible fixed assets (652)	68			
20.	Proceeds from sold securities and investments (653)	69			
21.	Proceeds from sold material (654)	70			
22.	Revenues from current financial assets (655)	71			
23.	Recording of reserves (656)	72			
24.	Revenues from non-current financial assets (657)	73			
25.	Settlement of provisions (659)	74			
VI.	Total contributions received Sum of VI.26. through VI.28.	75	6,996		6,996
26.	Received contributions settled between branch offices (681)	76			
27.	Contributions (gifts) received (682)	77	6,996		6,996
28.	Membership fees received (684)	78			
VII.	Total operating grants Value of VII.29.	79			
29.	Operating grants (691)	80			
	Total income Sum of I. through VII.	81	11,517		11,517
C.	Profit or loss before taxes Income minus expenses	82	5		5
34.	Income tax (591)	83	5		5
D.	Profit or loss after taxes C minus r. 34.	84			

Prepared on: 28 January 2015		Signature of the entity's statutory body or the specimen signature of the natural person who constitutes the entity:	
Legal status of the entity:	Area(s) of operation: Non-profit organisation	Note:	

Notes to the Financial Statements

as of 31 December 2014

The Project Syndicate, o.p.s.
Na Kozačce 7
120 00 Prague 2 – Vinohrady

Prepared on: 28 January 2014	Signature of the person responsible for the preparation of the financial statements	Signature of the statutory body or natural person who constitutes the entity:
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1. General Information

1.1 Incorporation and Description of the Company

Company name:	<i>The Project Syndicate, o.p.s.</i>
Recorded in the Register of Companies under File No.:	O 555, maintained by the Municipal Court in Prague
Registered office:	120 00 Prague 2, Vinohrady, Na Kozačce 7
Legal status:	Beneficiary society
Identification number:	282 49 429
Date of entry in the Register of Companies:	26 February 2008

Areas of Operation

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

Type of beneficiary services entered in the register of beneficiary societies:

- (1) Global research of newspapers, magazines and other media that are interested in joining (or will upon request join) the international network operated by The Project Syndicate (hereinafter "PS");
- (2) Providing for the distribution of articles and commentaries to newspapers, magazines and other media within the PS-supported network which were written by leading authors recommended and approved by the Editorial Board on an international level;
- (3) Providing for 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 the 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, the authors and other clients, whenever there is the necessary capacity available;
- (7) Assistance in handling accounting and legal issues of administrative character concerning the services mentioned in items 1 through 5 above; and
- (8) Organisation of conferences and seminars on technical topics as determined by the Management Board.

Management Board:

Chairman of the Management Board: William Newton-Smith, born on 25 May 1943
Powys, Builth Wells, Cefnperfedd Uchaf, Maesmynis LD2 3HU
Performing the position since: 26 February 2008
Member of the Management Board since: 26 February 2008

Member of the Management Board: Kenneth Murphy, born on 20 October 1955
London, West Hampstead, Skardu Road 6 NW2 3ER
United Kingdom of Great Britain and Northern Ireland
Member of the Management Board since: 26 February 2008

Member of the Management Board: Roman Frydman, born on 29 February 1948
New York, Washington Square Village 4, 10012
United States of America
Member of the Management Board since: 26 February 2008

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

Supervisory Board:

Supervisory Board member: Rebecca Berlow, born on 12 August 1959
New York, Riverside Drive 460, 10027
United States of America
Member of the Management Board since: 26 February 2008

Supervisory Board member: Andrej Rapaczynski, born on 26 November 1947
New York, Riverside Drive 460, 10027
United States of America
Member of the Management Board since date: 26 February 2008

Supervisory Board member: Klaudiusz Weiss, born on 7 June 1944
New York, 5th Avenue 1212 apt. 12B, 10029
United States of America
Member of the Management Board since: 26 February 2008

Founder:

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

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

The Company holds no investments in other companies.

1.2 Year-on-Year Changes in and Amendments to the Register of Companies

No changes were made in the Register of Companies year-on-year.

2. Applied accounting principles

The Company's accounting books and records are maintained and the financial statements were prepared in accordance with the Accounting Act No. 563/1991 Coll., as subsequently amended; Regulation No. 504/2002 Coll., which provides implementation guidance on certain provisions of the Accounting Act, as subsequently amended, for reporting entities that have been engaged in a major area of operation other than commercial business, and Czech Accounting Standards for these entities.

The accounting records are maintained in compliance with general accounting principles, specifically the historical cost valuation basis, the accruals principle, the prudence concept and the going concern assumption.

2.1 Receivables

Upon origination, receivables are stated at their nominal value. Receivables acquired for consideration or through an investment are stated at the acquisition cost. The value of doubtful receivables is reduced by appropriate provisions.

Provisions against receivables are established on the basis of the reconciliation procedure if the receivables' value is found to not reflect the actual state of affairs. The Company establishes provisions against doubtful amounts with reference to an internal analysis of the financial health of the Company's customers. The Company applies the procedures as specified in Act No. 593/1992 Coll., on Reserves for Tax Base Determination, as amended, to tax provisions against receivables.

2.2 Translation of Foreign Currencies

Transactions denominated in foreign currencies are translated using the official exchange rate of the Czech National Bank prevailing on the date of the transaction, with the exception of the cases mentioned in Note 2.6 to the Financial Statements. During the year, the Company only recognises realised foreign exchange rate gains and losses.

At the balance sheet date, assets and liabilities denominated in a foreign currency are translated using the effective exchange rate promulgated by the Czech National Bank as of that date. Unrealised foreign exchange rate gains and losses from the translation of current financial assets are recorded to foreign exchange rate gains or losses, as appropriate, in the profit & loss account. Unrealised foreign exchange rate gains and losses from receivables and payables denominated in foreign currencies are recorded on the face of the balance sheet in compliance with Regulation No. 504/2002 Coll.

2.3 Income and Expense Recognition

Income and expenses are recorded on an accruals basis, i.e. in the period, to which they relate on the timely and factual basis.

2.4 Reserves

The Company charges to expenses reserves and provisions intended to cover all risks, losses and impairments known as at the date of the preparation of the financial statements.

2.5 Grants

Projects financed from grants can never generate a profit or loss in compliance with the terms and conditions of grant agreements. As a result, no profit or loss can be recorded in a project's accounting records.

Therefore, the Company opted for the following method in recognising grants provided in a foreign currency:

Upon the signature of a contract with the donor, the Company recognises the whole entitlement to the grant as "Other Receivable" against deferred income. At the year-end, the Company records a reduction of deferred income against income up to the level of the consumed granted finance.

2.6 Year-on-Year Changes in the Accounting Methods

No changes in the applied accounting methods were made in 2014 year-on-year.

3. Additional Information on the Balance Sheet and the Profit & Loss Account

3.1 Other Receivables

Other receivables primarily include unused entitlement in the amount of CZK 15,847 thousand for a grant from entities other than the state budget and budgets of territorial self-government units for projects in progress.

3.2 Other Payables

Other payables include CZK 9,002 thousand in a loan from the founders. The loan is interest free and repayable on demand.

3.3 Deferred Income

Other payables in the amount of CZK 35,912 thousand represent unused portion of grant entitlements.

3.4 Staff Costs

	2014	2013
Average headcount	10	5

The Company's Director did not receive any loans, guarantees or any other benefits in addition to his wage in 2013 and 2014.

3.5 Services

	2014	2013
Travel expenses	131	1,454
Consulting services	4,665	3,374
Rent	838	575
Lease-related services	2,445	2,547
Other	100	1,349
Total	8,179	8,724

3.6 Received Grants

	2014	2013
Bill & Melinda Gates Foundation	3,562	6,211
European Journalism Centre	0	483
Foundation to Promote Open Society	3,433	3,616
Total	6,995	10,309

3.7 Subsequent Events

No significant events occurred at the Company after the balance sheet date that would have an impact on the Company's financial statements.

3.8 Other Information

No security interests in the Company's property have been established. The Company does not carry any other contingent liabilities or off-balance sheet commitments.