

A u d i t o r ' s R e p o r t

on the verification of financial statements

**of „Člověk v tísni - společnost při České televizi, o.p.s.“
(PEOPLE IN NEED)**

for the period of 1 January 2002 – 31 December 2002

The Report is designed for the founder and statutory body of „Člověk v tísni – společnost při České televizi, o.p.s.“ (PEOPLE IN NEED)

Identification data:

Name of the accounting entity: **Člověk v tísni – společnost při České televizi, o.p.s.
(PEOPLE IN NEED)**

Registered office: Prague 4,
140 70 Kavčí Hory

Id number: 25 75 52 77

Date of foundation: 16 April 1999

Date of the execution of the Report: 20 July 2003

Auditing firm: **AUDIT SERVIS, spol. s r.o.**
140 00 Praha 4, Kloboučnická 14
Licence of the Chamber of Auditors of the Czech
Republic no. 10

Auditor – statutory representative: **Květoslava Vyleťalová**
Licence of the Chamber of Auditors of the Czech
Republic no. 256

1. LEGAL RELATIONSHIPS OF THE AUDITED ORGANIZATION

1.1. Entry in the Register of Benevolent Societies

„Člověk v tísni – společnost při České televizi, o.p.s.“ (“PEOPLE IN NEED” furthermore referred as to “The Organization”) was entered in the Register of Benevolent Societies kept with the Regional Commercial Court in Prague on 16 April 1999.

As of the date of drawing up of the financial statements no circumstances were recorded that would require a change in the data entered in the Register of Benevolent Societies.

1.2. Seat of the Organization, founders and the Organization’s objectives

Registered office:	140 70 Prague 4, Kavčí hory.
Id number:	25 75 52 77
Name of the Organization:	Člověk v tísni – společnost při České televizi, o.p.s. (PEOPLE IN NEED)
Founders:	Česká televize (Czech Television), Jaromír Štětina, Šimon Pánek.

The Organization has been founded in order to pursue the following activities:

- organizing humanitarian and development aid both abroad and in the Czech Republic
- providing assistance to politically, racially or otherwise persecuted persons both abroad and in the Czech Republic
- providing assistance to young journalists and independent press both abroad and in the Czech Republic
- organizing assistance to local governments and other local organizations
- organizing assistance to minorities both abroad and in the Czech Republic
- social consultancy
- public education
- organization of workshops and training
- organization of cultural and sports events

Additional activities:

- creation and distribution of audio-visual programmes
- advertising activity
- brokerage in the field of advertising and promotion

1.3. Statutory bodies of the Organization

Statutory bodies of the Organization:

- Executive Board,
- Supervisory Board,
- Managing Director.

Executive Board is the supreme body of the Organization, in the period of 2002 it consisted of:

- Kristina Taberyová – chairwoman,
- Milan Maryška – member,
- Jaromír Štětina – member.

Supervisory Board is the supervising body of the Organization, in the period of 2002 it consisted of:

- Marek Žák – chairman,
- Jan Urban - member,
- Vlasta Lajčáková - member.

Managing Director is in charge of the regular operation of the Organization, he acts on behalf of the Organization in the scope of powers of attorney granted to him by the Executive Board. In the period of 2002 this post was held and is still being held by Mr. Tomáš Pojar.

2. AUDIT COMMISSIONING AND PERFORMANCE

2.1. Audit specification

Based on the requirement of Mr. Tomáš Pojar, Managing Director of the Organization, a contract was concluded on 17 October 2002 for providing auditing services covering the period of 1 January 2002 – 31 December 2002 between the Organization and the auditing firm Audit servis, spol. s r.o. („Auditor“).

The contract specifies the rights and duties of the two contractual parties, apart from general contractual provisions particularly the manner of verification and the duties of Auditor, the duties of the Organization, the time framework of the performance of the contract, the cost and manner of payment.

2.2. Period, duration, place of audit

The audit was performed in the course of 2002 (preliminary audit and preparatory works) in the office of the Organization and in the Auditor’s office. The source materials for the Report were evaluated and the Final Report was drawn up in the Auditor’s office in Prague 5, Nádražní ulice no. 116/61, tel.: +420 257 318 993, +420 257 318 994, fax : +420 257 326 165.

2.3. Auditor

The audit of the financial statements of the Organization was performed by the auditing firm AUDIT SERVIS, spol. s r. o., licence of the Chamber of Auditors of the Czech Republic no. 10. Authorized to act on behalf of the legal entity was Květoslava Vyleťalová – the statutory representative and auditor, licence of the Chamber of Auditors of the Czech Republic no. 256.

2.4. Persons providing information

The following representatives of the Organization were available to Auditor for providing information:

- Šimon Pánek,
- Tomáš Pojar,
- Jan Kamenický,
- Klára Boučková,
- Ondřej Blažek,
- Anna Spružinová,
- Hana Lamblová – representative of external accounting firm.

2.5. Source materials for the audit

The following written documents and records of the Organization were used as source materials for the audit:

- Charter of Foundation of 12 November 1998,
- A copy of the entry in the Register of Benevolent Societies kept with the Regional Commercial Court in Prague,
- Statute of the Organization,
- Minutes from the meetings of the Executive Board and the Supervisory Board of the Organization,
- Bank statements, cash documents, incoming and issued invoices, internal accounting documents,
- Balance sheet - Výkaz O.P.S. Úč NO 1-01 as of 31 December 2002,
- Profit and loss account – Výkaz O.P.S. Úč NO 2-01 as of 31 December 2002,
- Notes to financial statements as of 31 December 2002,
- Income tax return for 2002,
- Annual Report of the Organization for 2002,
- Accounting books of the Organization,
- Other instruments documenting the nature and type of income – deeds of donation, grants, etc.,
- Stocktaking documentation of the Organization as of 31 December 2002,
- Internal regulations relating to the statute of the Organization,
- Settlement for received subsidies (contributions) and public collections from the Ministry of the Interior, the Ministry of Foreign Affairs, the City of Prague and other entities.

2.6. Subject, purpose and manner of the performance of the audit

The subject of the verification are the regular financial statements as of 31 December 2002 and the Annual Report of the Organization for 2002.

The audit used a selective mode while respecting the principle of relevance of the verified facts. It does not exempt the Organization from the responsibility for bookkeeping and for the correctness and truthfulness of the reported accounting information in the financial statements and the Annual Report of the Organization.

2.7. Statement of entirety

The statement of entirety of 20 July 2003 signed by the chairwoman of the Executive Board Mrs. Kristina Taberyová and Financial Director of the Organization Mr. Jan Kamenický confirms that the financial statements submitted for audit include all assets and liabilities of the Organization and that there do not exist any other obligations, declarations of guarantees or security.

2.8. Auditor's opinion

In compliance with Act on Auditors and audit regulations of the Chamber of Auditors of the Czech Republic we audited the financial statements of The Organization as of 31 December 2002.

The Executive Board of the Organization „PEOPLE IN NEED” is responsible for drawing up regular financial statements and proper bookkeeping in such a way to make it complete, evidential and correct in compliance with the valid legislation and regulations.

Our responsibility is to express our opinion on the financial statements as a whole on the basis of the result of the verification. Our duty was to acquire all information that we according to our knowledge considered necessary for the proper verification of the financial statements. We received a written statement of the statutory representative of the Organization that we were provided with any and all documents and information required for the verification. At the same time the statutory representative declared that the submitted financial statements included all economic operations subject to the duty of posting in the accounting period being verified. The data were verified using the selective mode while respecting the relevance of the reported facts.

Within the verification of the regular financial statements we found no facts that would indicate that the accounting records on the basis of which the financial statements were drawn up would be incomplete, not evidential or incorrect in any material item.

Our findings from the verification of accounting documents and other related information are in our view sufficient to express the conclusion that the funds received from grant providers and donors are spent for purposes that are in compliance with the mission of the Organization.

In our view the financial statements give a true and fair view of the state of the assets, liabilities, equity and financial situation of Organization “PEOPLE IN NEED” as of 31 December 2002 and the economic result for 2002 in compliance with Act on Accounting and the respective regulations of the Czech Republic.

The Organization shows for the period of 1 January 2002 – 31 December 2002 a loss in the amount of EUR 39,399. The equity of the Organization includes sufficient reserves to cover this loss.

AUDITSERVIS, spol.s r.o. – Member of Chamber of Auditors of the Czech Republic (licence no.10)

Registered in Commercial Register: Commercial Court Prague 1, Section C, Insert 1617,

Date of Registration: 17.4.1991 – Office: Nádražní 116, 150 00 Prague 5

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The Annual Report contains description of the main activities of the Organization in the period of 2002. Part of the Annual Report for 2002 of the Organization is also a financial overview including the main data taken over from the financial statements of the Organization. The accounting information included in the Annual Report complies with the data in the financial statements for 2002.

Balance sheet, Profit and loss account and Notes to the financial statements are Annexes 1, 2 and 3 hereto.

Date: 20 July 2003

Auditing firm: AUDIT SERVIS, spol. s r.o.
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