

**Mendel university in Brno**  
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**System of Financing in the Selected Organization**

Diploma thesis

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## **Declaration**

I declare that I have made diploma thesis of theme: “System of Financing in the Selected Organization and Its Importance for Regional Development LIPKA – školské zařízení pro environmentální vzdělávání, Brno, Lipová 20” individually and I used only sources that I quote and mention in the attached list of literature.

Date 20.5.2016

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### **Acknowledgment**

I would like to thank my diploma thesis' supervisor Ing. Veronika Svatošová, Ph.D. for guidance, assistance, valuable advice, comments and consultations which she provided during preparation of my diploma thesis.

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## **Abstract**

For the Diploma thesis was chosen contributory organization Lipka - školské zařízení pro environmentální vzdělávání, Brno, Lipová 20 (Lipka). It is a contributory organization, whose founder is the South Moravian Region. The thesis is focused on system of financing of Lipka and to closely analyze their activities and financial resources in accordance with their mission.

The thesis consists of two parts. The first part defines the theoretical bases and sources, which serve to analyze the practical part. The practical part is focused on the activities of individual departments of Lipka from history to the present. The practical part analyzes forms of funding and comparison of selected projects co-financed from the operational programmes of the European Union. Summary results of the thesis evaluates regional and supraregional significance of Lipka in the field of the environmental education and recommendations that will serve the sustainability of Lipka in the future.

**Keywords:** Regional and supraregional significance, analysis, environmental education, contributory organization, nongovernmental organization, forms of financing, co-financing, European Union, subsidies, Lipka, Rychta, Jezírko, Kamenná, Rozmarýnek.

## **Abstrakt**

Pro diplomovou práci byla vybrána příspěvková organizace Lipka – školské zařízení pro environmentální vzdělávání, Brno, Lipová 20 (Lipka). Jedná se o příspěvkovou organizaci, jejímž zřizovatelem je Jihomoravský kraj. Práce je zaměřena na systém financování Lipky s cílem podrobně analyzovat jejich činnosti a finanční zdroje v souladu s jejich posláním.

Práce se skládá ze dvou částí. V první části jsou vymezeny teoretické zdroje a východiska, které slouží k analýze praktické části. Praktická část je zaměřena na činnosti jednotlivých pracovišť Lipky od historie po současnost. Praktická část analyzuje formy financování a komparaci vybraných projektů kofinancovaných z operačních programů Evropské unie. Souhrnné výsledky práce hodnotí financování Lipky a její regionální význam v oblasti environmentálního vzdělávání a doporučení, která budou sloužit k udržitelnosti Lipky do budoucna.

**Klíčová slova:** Regionální i nadregionální význam, analýza, environmentální vzdělávání, příspěvková organizace, nezisková organizace, formy financování, kofinancování, Evropská unie, dotace, Lipka, Rychta, Jezírko, Kamenná, Rozmarýnek.

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## 1 Introduction

Given that one of the activities of Lipka is advising for authors of thesis, care for trainees, for those interested in practice, for those interested in consulting and eco-consultancy it was foundation of my interest to write diploma thesis about funded organizations of the South Moravian region called **Lipka – školské zařízení pro environmentální vzdělávání, Brno, Lipová 20.**

For the thesis it was selected public sector organization - contributory organization of South Moravian region - Lipka - školské zařízení pro environmentální vzdělávání, Brno, Lipová 20 (hereinafter referred to Lipka). Necessary data were taken from literature, annual reports of Lipka, from internet sources, legislation and materials that have been provided by the director and employees of Lipka.

Lipka is an exception among nongovernmental organizations because it is an contributory organization of South Moravian region. This implies that the South Moravian region is interested in environmental education for all citizens of the region and also that South Moravian region wants to be a region that supports environmental protection, regional development and promotes education in this field. From its budget South Moravian region contributes to the implementation of all programmes of Lipka for pupils, students and the general public.

We can speak about sustainability only if economic development is applied with regard to the social and cultural impacts with respect to the limits of environment which are given by an immutable fact that the Earth is just one, and its resources are not inexhaustible and indestructible. All three pillars (Economic, Environmental, Social) should be in balance<sup>1</sup>.

Historical and therefore by time and event-proven experience shows that the balance of economic, social and environmental pillars is necessary condition for the successful future development of the region<sup>2</sup>.

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<sup>1</sup> BLAŽEK, J.- VLČEJ, J. a kol.: *Európa na križovatke*. Stredoeurópska vysoká škola v Skalici. Košice. Lavacom. 2015. s. 23, 24. ISBN 978-80-89391-36-3.

<sup>2</sup> MINAŘÍK, B. – BORŮVKOVÁ, J. – VYSTRČIL, M. *Analýzy v regionálním rozvoji*. 1. vyd. Praha: Professional Publishing, 2013. 11 s. ISBN 978-80-7431-129-1.

The theoretical part defines the financing of public sector organizations, its structure and forms of financing of nongovernmental organizations (hereinafter referred to NGO).

The practical part of thesis is focused on cost and revenue analysis of Lipka for the last five years (2009-2014). The practical part is further focused on multi-source financing of the above mentioned contributory organization Lipka including the co-financing from financial subsidies of operational programmes of the European Union.

A part of the practical part of the thesis is the analysis of economic management in 2009-2014, situational analysis of Lipka and comparison of four selected projects that Lipka implemented in the years 2010-2014 that were co-financed from EU funds, from the state budget and from the budget of the South Moravian region.

The main objective of this thesis is to analyze and evaluate current forms of financing in the selected organization and evaluate its importance for long-term development and on the basis of obtained results to suggest recommendations for improvement of the solved problem.

## **2 Goal of work and methodology**

The diploma thesis analyses activities of the environmental education of contributory organization of the South Moravian region - Lipka including the analysis of multi-source financing of Lipka, analysis and comparison of subsidies received from the operational programmes of the European Union.

In the theoretical part of the thesis is used method of analysis of available resources and comparison of available materials. In the practical part is used method of structured interviews with employees of Lipka, method of consultation, analysis of internal documents of Lipka, analysis of internal documents of Lipka's founder - South Moravian region, Altman Z score, SWOT analysis and PEST analysis.

**The goal** of theoretical part of the thesis is the description of public sector organizations (contributory organizations, nongovernmental organizations, organizational units) focusing on the form, structure and funding.

**The main objective** of this thesis is to analyze and evaluate current forms of financing in the selected organization and evaluate its importance for long-term development and on the basis of obtained results to suggest recommendations for improvement of the solved problem.

**Another aim** is to analyze multi-source financing of Lipka.

**The final aim** is to compare and evaluate selected projects co-financed by subsidies from the EU operational programmes, by the state budget and by the South Moravian region focused on long term development in the field of environmental education.

**The hypothesis** is whether the current system of multi-source financing of Lipky contributes to its long-term development.

### 3 Literature review

#### 3.1 Public sector organization

The public sector is represented in the practice by public administration<sup>3</sup>. Organization of public administration are funded from the public budgets. The public sector is an important part of national economy<sup>4</sup>. The public sector provides services for its clients (citizens) which serve to meet the needs of the public funded from the public budgets. Public administration is a system of public sector entities which includes institutions with the central competence and institutions with territorial jurisdiction (municipalities, regions)<sup>5</sup>.

##### Division of public sector

The public sector is structured according to the criteria of needs.

- The sector of social needs (public administration, police, army)
- The sector of human development (Education, culture, healthcare, social services)
- The sector of knowledge and information (science and research)
- The sector of technical infrastructure (transport, energetics, communications, waste management)
- The sector of private farms supported from public funds (housing, forestry, fisheries)
- Existential security (employment, environment)<sup>6</sup>.

#### 3.2 Financial Policy

Public finances are a tool for the implementation of public policy and affect public sector organizations. Public finances represent part of the financial system of the national

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<sup>3</sup> NAHODIL, F. *Veřejná správa a financování veřejného sektoru*. Aleš Čeněk, s.r.o. Plzeň, 2014. s. 9. ISBN 978-80-7380-536-4.

<sup>4</sup> NAHODIL, F. *Veřejná správa a financování veřejného sektoru*. Aleš Čeněk, s.r.o. Plzeň, 2014. s. 9. ISBN 978-80-7380-536-4.

<sup>5</sup> NAHODIL, F. *Veřejná správa a financování veřejného sektoru*. Aleš Čeněk, s.r.o. Plzeň, 2014. s. 9. ISBN 978-80-7380-536-4.

<sup>6</sup> REKTOŘÍK, Jaroslav a kol. *Ekonomika a řízení odvětví veřejného sektoru*. Praha: Ekopress, s.r.o., 2002. s. 19. ISBN 80-86119-60-2.

economy which passes through the redistributive process through public budgets and they are subject to public control<sup>7</sup>.

The key role of financing contributory organizations has the state budget and also municipal budgets (municipal and regional) then further subsidy policy of individual ministries and EU operational programmes. Another key task of financing contributory organizations is to have created strategic financial plan.

The nongovernmental organization must develop a strategic financing plan to ensure its longterm fiscal health. The absence of identifiable shareholders does not relieve the financial manager from operating the organization as a business and strategically planning its fiscal health<sup>8</sup>.

### **3.3 Budget of European Union**

International capital flows have a high contribution to the greater interconnectedness of the world economy<sup>9</sup>. Currently the Czech Republic is a recipient of grants from the European Union. This primarily involves the income from the Structural and Cohesion Funds, the Common Agricultural Policy and Rural Development. In terms of the gross domestic product of the Czech Republic in 2013, the amount of income was 3,2% of GDP.

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<sup>7</sup> REKTOŘÍK, Jaroslav a kol. *Ekonomika a řízení odvětví veřejného sektoru*. Praha: Ekopress, s.r.o., 2002. s. 77. ISBN 80-86119-60-2.

<sup>8</sup> ZIETLOW, J, HANKIN ANN, J, SEIDNER ALAN, G. *Financial Management for Nonprofit Organizations: Policies and Practices*. John Wiley & Sons. 2011. s. 412. ISBN 978-0-471-74166-4.

<sup>9</sup> ROLNÝ, I. LACINA, L. *Globalizace – Etika – Ekonomika*. Nakladatelství A. Navrátila 15, Boskovice, 2001. 211 s. ISBN 80-7326-000-X.

## **4 Contributory organization**

According to founder we distinguish between contributory organization, local government units (municipalities, counties and associations of municipalities) and organizational units.

Contributory organization is a legal entity, which is established by lower and higher local governmental units. It is established by the Founding Charter, Act No. 218/2000 Coll., On budgetary rules<sup>10</sup> and act no. 250/2000 Coll., On budgetary rules of territorial budgets<sup>11</sup>.

### **4.1 Financial management of contributory organization**

A contributory organization manages a balanced budget laid down by the founder. It includes expenses and revenues related to services provided, which represent the principal activity. Contributory organizations may display additional activities from which the contributory organization improve financial result. Contributory organization is governed by the rule of respect for economy, efficiency and effectiveness of the use of financial resources<sup>12</sup>. The principal sources for the economic analysis are profit and loss statement and balance sheet, whose scope and content are revised by legislation in force<sup>13</sup>.

The basic legislation governing the financial management of contributory organizations:

- Act no. 250/2000 Coll., On Local Budget Rules
- Act no. 563/1991 Coll., On Accounting
- Act no. 320/2001 Coll., On financial control
- Act no. 218/2000 Coll., On Local Budget Rules

### **4.2 Sources of financing a contributory organization**

A contributory organization manages the funds, which the founder gets into the budget.

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<sup>10</sup> Act no. 218/2000 Coll., On budgetary rules

<sup>11</sup> Act no. 250/2000 Coll., On Local Budget Rules§27

<sup>12</sup> Act no. 320/2001 Coll., On financial control

<sup>13</sup> NÝVLTOVÁ, R., MARINIČ, P. *Finanční řízení podniku*. GRADA Publishing, a.s., 2010. s. 162. ISBN 978-80-247-3158-2.

Another financial source can be:

- Donations
- Subsidies
- Supporting additional activity (own profit)
- Management of the generated funds

Contributory organization consists of funds used for their activities<sup>14</sup>. The Reserve Fund are unspent appropriations by the end of the calendar year and serves as a source of financing in the next period. Balance of monetary funds shall be transferred to the following year. The fund of cultural and social needs is governed by Ministry of Finance Decree no. 114/2002 Coll., On the fund of cultural and social needs<sup>15</sup>.

- Reserve fund (is formed from an improved economic result at the end of the year and serves to further development of the organization and for the payment of penalties imposed for breach of budgetary discipline)
- The investment fund (composed of financial means of depreciation of tangible and intangible assets and is used to finance investment, maintenance and repair of assets, for acquisition and technical improvement of fixed assets)
- Remuneration fund (It is formed from an improved economic result and serves for rewarding of employees)<sup>16</sup>
- The fund of cultural and social needs (composed of 1% of the cost of employee salaries and can only be used in accordance with the Ministry of Finance Decree no. 114/2002 Coll.)<sup>17</sup>

### **4.3 Organizational unit**

Local government units and ministries as central government authorities may establish contributory organizations and organizational units.

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<sup>14</sup> Act no. 250/2000 Coll., On Local Budget Rules§27

<sup>15</sup> Decree no. 114/2002 Coll., On the cultural fund and social needs

<sup>16</sup> Act no. 250/2000 Coll., On Local Budget Rules§27

<sup>17</sup> Decree no. 114/2002 Coll., On the cultural fund and social needs

Organisational unit of the state is not an accounting entity , it is attached to the budget of the founder. Governed by the founding charter, by Act no. 218/2000 Coll., On budgetary rules<sup>18</sup>, and by Act no. 219/2000 Coll., On the property of the Czech Republic and its acting in legal relations<sup>19</sup>. It is founded by the founding charter and announced in the Official Journal of the Czech Republic.

### **Contributory organization**

- It has a legal personality
- Manages its own budget
- It is a separate accounting entity
- Creates funds
- May have additional activities

### **Organizational unit**

- It has no legal personality
- It is connected to the budget of the founder
- It is not a separate accounting entity
- It does not enter into complex economic and legal relations<sup>20</sup>

## **5 Nongovernmental organizations and ways of financing**

Nongovernmental nonprofit sector exists outside the state structures, but it serves the public interest<sup>21</sup>. Great expansion of NGOs in the Czech Republic was recorded after 1989. A growing number of spontaneous non-governmental organizations, civic associations, foundations, churches and associations focusing on sports, charity, for environmental protection and others.

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<sup>18</sup> Act no. 218/2000 Coll., On budgetary rules

<sup>19</sup> Act no. 219/2000 Coll., On the property of the Czech Republic and its representation in legal relations

<sup>20</sup> Act no. 250/2000 Coll., On Local Budget Rules§24

<sup>21</sup> ŠKARABELOVÁ, S. a kolektiv. *Když se řekne nezisková organizace*. Nadace Open Society Fund. Praha. 2002. s. 7. ISBN 80-210-3031-3.



## 5.1 Characteristics of Nongovernmental organization

NGOs are not barred from earning profits. Indeed, many NGOs consistently show an annual accounting surplus. Rather, the critical characteristics of a NGO is that it is barred from distributing any profits it earns to persons who exercise control over the firm such as its members, officers, directors or trustees. This does not mean that a nongovernmental organization cannot pay reasonable compensation to anyone who supplies labor or capital to the organization, it is only residual earnings that cannot be distributed<sup>22</sup>.

- Institutionalized - they have institutional structure, regardless of whether they are legally registered or not.
- Private – they are institutionally separated from the state administration
- Nongovernmental – they can make a profit, but it can only be used for the objectives of the mission of the organization, they do not reallocate profits
- Self-governing and independent – they manage themselves, they are not controlled by the state
- Voluntary – they use voluntary participation in their activities.<sup>23</sup>

The approach to strategy in the public sector is significantly different from how strategy is presented in the private sector<sup>24</sup>.

Strategy has its Greek origins in the military word "strategos." In the business context, however, the definition of strategy varies. Miles & Snow (1978) defined strategy in terms of strategic stance orientations of Defender, Prospector, Analyzer, or Reactor. Ginsberg (1984) defined the concept of strategy as coherence, activeness, and normality. Coherence means that strategy has an internal integrative logic, activeness refers to strategic posture as being static or dynamic, and normality means that strategy is operationalized as unique.

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<sup>22</sup> HANSMANN, H. *The Ownership of Enterprise*. Harvard University Press. 2009. s. 228. ISBN 0-674-00171-0.

<sup>23</sup> ŠKARABELOVÁ, S. a kolektiv. *Když se řekne nezisková organizace*. Nadace Open Society Fund. Praha. 2002. s. 7. ISBN 80-210-3031-3.

<sup>24</sup> NDORO TENDAI, D. *Strategy & Organizational Sustainability in Intermediary Nonprofit Organizations: Understanding the Revenue Diversification Strategic Actions of Managerial Leadership in the Small Business Development Centers (SBDCs)*. ProQuest. 2007. s. 33. ISBN 13 9780549378235.

Joubert (1988) defined strategy as "an all embracing view of the business in which senior managers were looking outwards to the environment, inwards to the resources of the business and the boundary between the two and how they interact." Galloway (2001) defined strategy as the "changing pattern of a company's business and social purpose"<sup>25</sup>.

## **5.2 Sources of financing Nongovernmental organization**

NGOs are receiving grants based on applications into their budgets from ministries, regions and municipalities. Another source of funding to keep its own activities are donations from sponsors, own economic activity, membership fees and public collections and philanthropy.

Philanthropy is often associated with wealthy people giving large amounts of money to a charitable organization and indirectly to people they do not personally know: for example, Andrew Carnegie's and Bill Gates's commendable support of libraries<sup>26</sup>.

Another source of financing NGOs may be fundraising. It is the gaining of financial and non-financial support for the activities of NGOs to fulfill the objectives and purpose of the organization<sup>27</sup>. A person who carries out fundraising for the organization is known as fundraiser.

The most common methods of obtaining resources by fundraising include personal visits of telephone communication, postal communications, public collections etc. For fundraising is good to establish an action plan within a certain timeframe. In most of the small NGOs each member can be fundraiser. Large NGOs have specified fundraiser.

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<sup>25</sup> NDORO TENDAI, D. *Strategy & Organizational Sustainability in Intermediary Nonprofit Organizations: Understanding the Revenue Diversification Strategic Actions of Managerial Leadership in the Small Business Development Centers (SBDCs)*. ProQuest. 2007. s. 8. ISBN 13 9780549378235.

<sup>26</sup> OTT STEVEN, J, DICKE, L. *The nature of the Nonprofit Sector*. Westview Press. 2011. s. 311. ISBN 978-0-8133-4491-1.

<sup>27</sup> PODPORA Z NÁRODNÍCH ZDROJŮ: [online], 2016. Available at (Quated 14/04/2015): <http://www.mfcr.cz/cs/verejny-sektor/podpora-z-narodnich-zdroju>

**Table no. 1: Comparison of subsidies provided by NGOs between years 2000 and 2009 to 2011 (in thous. CZK)<sup>28</sup>**

<b>Year</b>	<b>2000</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Regional and municipal budgets	3 161 071 <sup>29</sup>	2 672 417	2 578 671	2 727 343	2 889 148
Funds	Not identified	225 265	573 991	781 735	677 965
<b>Total</b>	<b>3 161 071</b>	<b>2 897 682</b>	<b>3 152 662</b>	<b>3 509 078</b>	<b>3 567 113</b>

*Source: Author's processing<sup>30</sup>*

Table no. 1 shows the provision of grants to NGOs in the year 2000 and later in years 2009-2011. Regional and municipal budgets are without the capital city of Prague. In Table No. 1 "Funds" represent - Environmental Protection Fund, Housing Fund, Culture Fund, Industry Fund, Agriculture Fund, Forestry and Fishery Fund and Fund of education and school services.

To the date 1<sup>st</sup> of January 2012 in the Czech Republic are registered more than 100,000 of NGOs. The main data source is database brought by individual chapters of the state budget. These are the organizations that the Government Council for NGOs (GCNGO) refer to "Nongovernmental organizations"<sup>31</sup>.

Table no. 1 shows that subsidies from regional and municipal budgets to NGOs in year 2000 were higher compared to the year 2012 by 272 million CZK. From years 2000 - 2012 the total proportion of subsidies to nongovernmental organizations is higher only by 8,86%.

### **5.3 Forms of financing Nongovernmental organization**

NGO financing in relation with the public budgetary system can be of two kinds:

- Direct
- Indirect

<sup>28</sup> VLÁDA ČESKÉ REPUBLIKY: [online], 2016. Available at (Quated 01/02/2015): [http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozb\\_2012\\_material\\_pro\\_web.pdf](http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozb_2012_material_pro_web.pdf)

<sup>29</sup> ŠKARABELOVÁ, S. a kolektiv. *Když se řekne nezisková organizace*. Nadace Open Society Fund. Praha. 2002. s. 39. ISBN 80-210-3031-3.

<sup>30</sup> VLÁDA ČESKÉ REPUBLIKY: [online], 2016. Available at (Quated 01/02/2015): [http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozb\\_2012\\_material\\_pro\\_web.pdf](http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozb_2012_material_pro_web.pdf)

<sup>31</sup> VLÁDA ČESKÉ REPUBLIKY: [online], 2016. Available at (Quated 01/02/2015): [http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozb\\_2012\\_material\\_pro\\_web.pdf](http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozb_2012_material_pro_web.pdf)

Direct financing is the provision of grants, subsidies, financial assistance from public funds. Indirect financing is sponsorship donations from profitable entities or individuals which is affected by tax legislation, both in terms of donors - sponsors and donors and in terms of beneficiaries<sup>32</sup>.

NGO financing is divided into two basic groups: public and private. The system of public funding involves public administration institutions (state and local authorities). Private forms of financing are revenues from its own activities and income from donors and sponsor contributions.

### 5.3.1 The form of public financing

The basic source of public funding for NGOs is the **state budget**. Financial resources for NGOs in the environmental field can be extracted from the Ministry of Environment. Financing of the environment creates a basic precondition for the preparation of projects that can be realized from public funds and EU funds, which aim to improve the individual components of the environment and to support sustainable development<sup>33</sup>. It is financed by the Ministry of Agriculture (Forest Management), Ministry of Labour and Social Affairs (contributions for wages) and the Ministry of Education, Youth and Sports (environmental education).

Among the grant programmes funded from national resources to support the care of nature and the landscape belong Landscape Care Programme, Support for restoration of natural functions of the region and The subprogramme Administration of inalienable state property in specially protected areas.

Among the European grant programmes belong the Operational Programme Environment, Rural Development Programme, the Operational Programme Fisheries, LIFE+ (for the environmental protection in the EU), the Regional Operational Programmes NUTS II for the sustainability of regions<sup>34</sup>.

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<sup>32</sup> HAMERNÍKOVÁ, B. *Financování ve veřejném a neziskovém nestátním sektoru*. Praha. Eurolex Bohemia. 2000. 213 s. ISBN 80-902752-3-0.

<sup>33</sup> HISTORIE A POSLÁNÍ MŽV 2008-2015: [online], 2016. Available at (Quated 14/04/2014): <http://www.mzp.cz/cz/ministerstvo>

<sup>34</sup> HISTORIE A POSLÁNÍ MŽV 2008-2015: [online], 2016. Available at (Quated 14/04/2014): <http://www.mzp.cz/cz/ministerstvo>

## Municipal and regional budgets

Regional authorities regularly publish offers of subsidies and grants together with the conditions that the applicant must meet.

For the year 2015 one of the programmes in the South Moravian Region was subsidy programme called Environmental Education and Awareness approved by CSMR on 14<sup>th</sup> of January 2015<sup>35</sup>.

**Table no. 2: Financing of NGOs from public budgets in 2009 to 2013 (in million CZK)**<sup>36</sup>

Year	2009	2010	2011	2012	2013
The financial volume of subsidies to NGOs	5603	5767	5741	6680	7011
The number subsidies distributed	8038	7620	8403	8825	7196
The number of subsidy recipients	3006	3215	3036	3075	2413

*Source: Author's processing*<sup>37</sup>

Table no. 2 about financing NGO from public budgets in 2009-2013 shows that from the state budget, state funds, budgets of local governments and co-financing of EU subsidies more than 7 billion CZK are distributed for nongovernmental organizations.

The largest amount of grants was provided in 2013 from the Ministry of Education, Youth and Sports and Ministry of Labour and Social Affairs<sup>38</sup>. Interesting fact is that the number of financial resources for NGOs is increasing, but the number of subsidy recipients and also the total amount of subsidies distributed are reducing (in the year 2009 there are 8 038 million of subsidies and in the year 2013 there are only 7196 million of subsidies). It means that one subsidy has higher amount of money. The clearing of subsidies is a complex process where many applicants are unable to deplete and clear properly.

<sup>35</sup> The processing of internal materials of region

<sup>36</sup> VLÁDA ČESKÉ REPUBLIKY: [online], 2016. Available at (Quated 15/04/2014): <http://www.vlada.cz/cz/clenove-vlady/pri-uradu-vlady>

<sup>37</sup> VLÁDA ČESKÉ REPUBLIKY: [online], 2016. Available at (Quated 01/02/2015): [http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozb\\_2012\\_material\\_pro\\_web.pdf](http://www.vlada.cz/assets/ppov/rnno/dokumenty/rozb_2012_material_pro_web.pdf)

<sup>38</sup> VLÁDA ČESKÉ REPUBLIKY: [online], 2016. Available at (Quated 15/04/2014): <http://www.vlada.cz/cz/clenove-vlady/pri-uradu-vlady>

### **5.3.2 The form of private financing**

Form of private funding is income from its own activities, income from donors, sponsorships and various tax benefits.

#### **Income from own activities**

This group includes contributions from the main (non-profit) and the additional (economic) activity of the organization. The main activity is mostly about the sale of own products (eg. the products of sheltered workshops for the disabled people, which the organization operates or magazine and publication that is published by the organization)<sup>39</sup>. Additional activity, which is also known as the business activity may include lectures, educational seminars, auctions and receptions.

NGOs have sort of the contradictory attitude to its own business because the business is indeed perceived as a mean to maintain their independence from the state, but there is also a concern that the business can distract them from their mission<sup>40</sup>. It is important for the organization not to lose its nongovernmental identity while connect nongovernmental activities with business activities.

#### **Income from donors**

Income from individual donors are an integral part of the financial resources of NGOs. Donors provide financial resources to those organizations that are close to them because of its mission and goals. Among the donors may belong also members of the organization, volunteers, subscribers of magazines or people with common interests. Individual donors are an important source of money and it depends on the organization how they approach donors to obtain them for cooperation.

Obtaining individual donors is a long-term matter which should not be underestimated because early supporters of the organization may become occasional donors, then after

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<sup>39</sup> ŠKARABELOVÁ, S. a kolektiv. *Když se řekne nezisková organizace*. Nadace Open Society Fund. Praha. 2002. 130 s. ISBN 80-210-3031-3.

<sup>40</sup> BOUKAL, P. VÁVROVÁ, H. NOVOTNÝ, J. *Ekonomika a řízení neziskových organizací*. 1. vyd. Vysoká škola ekonomická Praha. 2003. ISBN 80-245-0604-1.

some time they can become permanent donors or even major donors, which at the end of their lives can bequeath their entire wealth to the organization<sup>41</sup>.

Donorship is not only a communication strategy for companies but also it is a long-term commitment. It can be a good opportunity for the company to make itself visible but especially it should be a part of a planned process of increase in the value of "brand"<sup>42</sup>.

### **Sponsorship contributions**

The sponsor provides financial or other resources for services in return, thereby differs from the donor. Full amount of sponsorship contribution is included in expenses of the company and by that it reduces its taxable profit, which differs from the donation, that can not be included in expenses, but can be just deducted from the tax base. Sponsorship contribution is taxable income and the beneficiary must include it in the income tax base in contrast to the donation where beneficiary is exempt from tax<sup>43</sup>.

### **Tax advantages**

Tax advantages, which are classified into indirect sources, also belongs to financial support of NGOs. It is a relief to income taxes, inheritance taxes, real estate taxes and gift taxes. Conditions are governed by Act no. 586/1992 Coll., On income taxes.

Indirect tax support to ensure and maintain resources to finance non-profit activities consists in the possibility of reducing the generated tax base by a limited amount, and thus use more revenues from any additional activities to finance loss-making non-profit activities<sup>44</sup>.

Generally speaking, the highest share of funding of NGOs is for wages and social security and health insurance, operation, maintenance, repair and rent the buildings where they run their activities and mission. However, grants and various donations and sponsorship donations are donated always purposefully targeted on a specific event of NGOs which is why most NGOs struggle with the costs that are needed for essential operation of the

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<sup>41</sup> ŠKARABELOVÁ, S. a kolektiv. *Když se řekne nezisková organizace*. Nadace Open Society Fund. Praha. 2002. 130 s. ISBN 80-210-3031-3.

<sup>42</sup> BOUKAL, P. VÁVROVÁ, H. NOVOTNÝ, J. *Ekonomika a řízení neziskových organizací*. 1. vyd. Vysoká škola ekonomická Praha. 2003. ISBN 80-245-0604-1.

<sup>43</sup> BOUKAL, P. VÁVROVÁ, H. NOVOTNÝ, J. *Ekonomika a řízení neziskových organizací*. 1. vyd. Vysoká škola ekonomická Praha. 2003. ISBN 80-245-0604-1.

<sup>44</sup> Act no. 586/1992 Coll., of the Income Tax

organization. NGOs workers are mostly temporary employees for the duration of project. Human resources development and management of human resources practically does not exist in NGOs. Very often the NGOs are working with volunteers on the basis of Act no. 198/2002 on volunteer service<sup>45</sup>.

NGOs are not creative enough in addressing individual donors, probably for historical reasons (during totalitarian regime NGOs did not exist in this form).

Another problem may be an obligation to publish annual reports (only for some NGOs) and thus poor accessibility and lack of transparency affects the credibility of NGOs which leads to limitations of donations<sup>46</sup>.

### **5.3.3 Methods of financing school contributory organization**

The basic financial resources of contributory organization are funds for operating expenses and salaries. School contributory organizations have another source of income - development programmes (specific subsidies) each year announced by the Ministry of Education, Youth and Sports (MoEYS).

#### **Direct expenditures for education**

These direct expenditures for education are for salaries, compensation of salaries, wages and remuneration for work readiness, expenses for payment of social security premiums and contributions to the state employment policy and for payment of premium for general health insurance, allocations to fund of cultural and social needs, for training of teachers and for non-investment expenditures associated with the operation of school facilities<sup>47</sup>. They are provided from the state budget for all teachers and other employees. Direct expenditures for education are treated as performance per unit.

For purposes of calculating are used National normative rates, which sets the MoEYS to unit per year. Each region can calculate its own normatives according to the number of

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<sup>45</sup> Act no. 198/2002 Coll., On voluntary service

<sup>46</sup> NEZISKOVKY: [online], 2016. Available at (Quated 29/04/2015): <http://neziskovsky.cz/data/zprava-o-stavu-NNO>

<sup>47</sup> Act no. 561/2004 on preschool, primary, secondary, higher vocational and other education (Education Act) §160



established contributory organizations. The calculation is based on a long-term intent of education and development of the educational system in the region<sup>48</sup>.

### **Operating expenditures**

Operating expenditures are allocated for contributory organization by the founder. These are non-investment expenditures. Contribution to the operation includes depreciation of property, services and teaching tools. The calculation is determined as normative times the highest amount of reimbursed performance and fee for employee meals. The founder may determine an extra nonnormative contribution to its contributory organization for extra activities which are performed by the contributory organization for its founder

### **Development programmes**

Ministry of Education, Youth and Sports provides financial resources for educational institutions from the state budget for "development programmes" so called purpose subsidies, which schools does not receive normatively. These are subsidies that are announced each year by the Ministry of Education, Youth and Sports for school facilities. These specific subsidies are focused on targeted support for individual specific areas that serve to develop education for example support of technical education, funding for teacher assistants, support for pupils and students with physical and social handicaps. It follows from Act no. 561/2004 (the Education Act) § 163<sup>49</sup>. Financial resources are provided by the regional authorities for predetermined purpose.

### **Types of development programmes of Ministry of Education, Youth and Sports**

- Free Czech lessons adapted to the needs of students - 1 year for foreigners from third countries
- Equipment of educational guidance facilities - diagnostic tools
- Financing teacher assistants for children, pupils and students with disabilities and for children, pupils and students with social disadvantages (it applies to all founders therefore also for private and religious schools)
- Compensatory teaching tools (used to facilitate teaching)

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<sup>48</sup> Act no. 561/2004 on preschool, primary, secondary, higher vocational and other education (Education Act) §161

<sup>49</sup> Act no. 561/2004 on preschool, primary, secondary, higher vocational and other education (Education Act) §163

- Support for the preparation of sports talents in schools
- Securing free preparation for integration to basic education for children of people who are nationals of a different Member State of the European Union and securing conditions for the basic education of minor asylum seekers, persons using additional protection, applicants for international protection in the Czech Republic and children of foreigners placed in detention facilities for foreigners
- Development programme for support of vocational training
- Development programme for support of school psychologists, school special education teachers and methodologists
- Support for logopedic prevention in pre-school education in 2016
- Evaluation of pupils and schools according to the results of competitions in 2016 - Excellence of secondary schools
- Supporting the implementation of ethics in education in primary schools and in the lower classes of grammar schools.

For the year 2016 it has been allocated 590 milion CZK from the budget of the Regional Education<sup>50</sup>.

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<sup>50</sup> ROZVOJOVÉ PROGRAMY: [online], 2016. Available at (Quated 17/04/2016):

<http://www.msmt.cz/vzdelavani/skolstvi-v-cr/ekonomika-skolstvi/rozvojove-programy-skupiny-pro-vzdelavani>

## **6 Financing from EU funds**

For proper project management organization must define the staff (management), which will prepare projects and effectively implement them from project identification to project implementation, completion, project evaluation and publicity. For good project management is necessary to use various suitable tools eg. analysis.

### **6.1 Operational Programme Environment (OPE)**

According to the amount of financial resources OPE is the second largest operational programme. In the years 2007-2013 OPE offers from the Cohesion Fund and the European Regional Development Fund the amount of 5 billion EUR. The aim of this programme is to protect and improve the environment in the Czech<sup>51</sup>.

Applicants can be state and local governments, research institutes and NGOs.

The priority Axis:

- Improvement of air quality and reduction of emissions
- Sustainable use of energy resources
- Improving waste management and removal of old environmental burdens
- Limitation of industrial pollution and environmental risks
- Improvement of Nature and Landscape
- Development of infrastructure for environmental education, consultancy and awareness<sup>52</sup>

### **The State Environmental Fund**

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<sup>51</sup> OPERAČNÍ PROGRAM ŽIVOTNÍ PROSTŘEDÍ: [online], 2016. Available at (Quated 14/04/2014): <http://www.opzp.cz/sekce/16/strucne-o-opzp>

<sup>52</sup> OPERAČNÍ PROGRAM ŽIVOTNÍ PROSTŘEDÍ: [online], 2016. Available at (Quated 14/04/2014): <http://www.opzp.cz/sekce/16/strucne-o-opzp>

Incomes from the fund consist of payments for pollution and environmental degradation, fees for waste disposal and wastewater discharges. These incomes are not included in the state budget.

The State Environmental Fund is specifically oriented institution, which is a significant funding source to protect and improve the environment. It is one of the fundamental economic tools to meet the obligations arising from international conventions on environmental protection and obligations arising from membership in the EU and the State Environmental<sup>53</sup>.

### **Operational programmes Cross-border cooperation**

Operational programmes Cross-border cooperation are intended for neighboring regions of the Czech Republic (Poland, Austria, Slovakia). Supported activities include the development of border infrastructure, development of cycling trails, hiking and ski trails, cooperation in education, interpersonal relations, cultural and leisure<sup>54</sup>.

### **Operational Programme Human Resources Development (OP HRD)**

OP HRD was the basic programme in the years 2004-2006 in the field of human resources development. Financial resource were drawn from the European Social Fund.

### **Operational Programme Education and Competitiveness (OP EC)**

OP EC was intended to strengthen the competitiveness of the Czech Republic through the modernization of initial, tertiary and further system of education in 2007-2013. Areas of support were focused on improving the quality of education, equal opportunities for children and pupils, higher technical education and university education.

## **6.2 Financial management of projects**

Contributory organizations within the part of drawing financial resources from EU structural funds set a financial manager for project management. Cost management and financial management includes all activities that are required for planning, monitoring and

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<sup>53</sup> STÁTNI FOND ŽIVOTNÍHO PROSTŘEDÍ ČR: [online], 2016. Available at (Quated 15/04/2014): <http://www.sfzp.cz/sekce/92/statni-fond-zivotniho-prostredi-cz>

<sup>54</sup> OPERAČNÍ PROGRAMY PŘEŠHRANIČNÍ SPOLUPRÁCE 2014-2020: [online], 2016. Available at (Quated 17/04/2016): <http://dotacni-noviny.cz/operacni-programy-preshranicni-spoluprace-2014-2020/>

controlling costs during the project lifecycle, including project<sup>55</sup>. For a given project, it is necessary to select appropriate financing (own resources) and co-financing of EU finance or loan from a bank. Sources of funding may be short-term loans and supplier credits which are cheaper than long-term loans<sup>56</sup>.

Financial management must take steps to determine the realistic financial size of the project and choose the method of financing. In the case of repeated use of subsidies in other projects, the financial manager uses his own previous experience and knowledge. Project costs must include the expected inflation.

Cost planning and budget planning of the project is part of the planning phase and it follows up primarily on time planning of the project and resource planning. The budget can be defined as the total amount of resources allocated to the project<sup>57</sup>.

The financial manager must provide information about the financial requirements of the project, check payments and use resources<sup>58</sup>.

### 6.3 Project management

A project manager is determined as a responsible person for the project management who must be competent, willing, qualified and suitable. Good cooperation and interaction with management department of human resource managers is a condition for a productive and effective personnel management<sup>59</sup>. The project manager may not always have the right of selection of people to his team, which can be both good or bad<sup>60</sup>. It is better if the quality of the selected personnel is supervised by qualified person who is experienced and has a feeling for selection. It is important to select an independent experienced worker which leads to self-confidence of the project team.

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<sup>55</sup> DOLEŽAL, J., MÁCHAL, P., LACKO, B., a kolektiv. *Projektový management podle IPMA*. Grada Publishing, a.s. s. 185. 2009. ISBN 978-80-247-2848-3.

<sup>56</sup> JINDŘICHOVSKÁ, I. *Finanční management*. Nakladatelství C.H. Beck. 2013. s.164. ISBN 978-80-7400-052-2.

<sup>57</sup> DOLEŽAL, J., MÁCHAL, P., LACKO, B., a kolektiv. *Projektový management podle IPMA*. Grada Publishing, a.s. s. 187. 2009. ISBN 978-80-247-2848-3.

<sup>58</sup> DOLEŽAL, J., MÁCHAL, P., LACKO, B., a kolektiv. *Projektový management podle IPMA*. Grada Publishing, a.s. s. 456. 2009. ISBN 978-80-247-2848-3.

<sup>59</sup> DOLEŽAL, J., MÁCHAL, P., LACKO, B., a kolektiv. *Projektový management podle IPMA*. Grada Publishing, a.s. s. 445. 2009. ISBN 978-80-247-2848-3.

<sup>60</sup> DOLEŽAL, J., MÁCHAL, P., LACKO, B., a kolektiv. *Projektový management podle IPMA*. Grada Publishing, a.s. s. 448. 2009. ISBN 978-80-247-2848-3.

Think globally and act locally<sup>61</sup> is a keystone for the selection of a project manager for project management at the regional level.

## 6.4 SWOT analysis

The preparation of project management is using method of SWOT analysis - method of strengths, weaknesses, opportunities and threats. This analysis is used to the fact that the author of the project will identify the pros and cons of the project and when processing project the SWOT analysis is used.

**Table no. 3: SWOT analysis of the EU project**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Obtaining resources for project implementation</li> <li>• Sufficient financial resources for project implementation</li> <li>• Good team</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• A subjective insight of the project</li> <li>• Low project literacy</li> <li>• Project partners</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Implementation of the project from the beginning to the end</li> <li>• Financial contribution to the development of the region</li> <li>• Regional benefits from the project</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Lack of financial resources</li> <li>• Ineligible project expenses</li> <li>• Abuse of NPOs for purposes of financing terrorism</li> </ul>

*Source: Author's processing*

The instances of abuse of NPOs for purposes of financing terrorism mentioned in Financial Action Task Force, government, media, academic articles, and documents cover NPOs raising, transferring, and disbursing funds for terrorist purposes<sup>62</sup>.

<sup>61</sup> ARMSTRONG, M. *Řízení lidských zdrojů*. Grada Publishing, a.s. 2007. s 107. ISBN 978-80-247-1407-3.

<sup>62</sup> DOES DE WILLEBOIS, E. *Nonprofit Organizations and the Combatting of Terrorism Financing: A Proportionate Response*. World Bank Publications. 2010. s. 3. ISBN 978-0-8213-8547-0.

## 6.5 PEST analysis

PEST analysis is used to identify external influences on the implementation of the project. P - political and legal influence, E - economic influence, S - socio - cultural influence and T - technological influence. Due to threats of the project by external influences the PEST analysis is prepared.

**Table no. 4: PEST analysis of EU project**

<p><b>Political and legal influence</b></p> <ul style="list-style-type: none"> <li>• Change of legislation during project implementation</li> <li>• Environmental Protection</li> <li>• Taxation</li> </ul>	<p><b>Economic influence</b></p> <ul style="list-style-type: none"> <li>• Economic fluctuations (recession, expansion)</li> <li>• The tax increase</li> <li>• Implementation of new taxes (eg. Environmental protection)</li> </ul>
<p><b>Socio - cultural influence</b></p> <ul style="list-style-type: none"> <li>• Level of education</li> <li>• Change of use of free time</li> <li>• Multicultural influence - change of project partners</li> </ul>	<p><b>Technological influence</b></p> <ul style="list-style-type: none"> <li>• Implementation of new technologies</li> <li>• State support</li> <li>• Faster life</li> </ul>

*Source: Author's processing*

## 6.6 Financial analysis

### 6.6.1 Altman's model

Altman's model belongs to bank models. It is a simple model for evaluating the financial health of companies. It is based on indexes calculation of the overall evaluation. This calculation is determined as the sum of five standard indicators. The most important indicator is return on assets<sup>63</sup>. In this model is used so-called discriminatory method for the prediction of the business risk. According to this model is identified whether the company

<sup>63</sup> RŮČKOVÁ, P.: Finanční analýza. Praha: GRADA Publishing, a.s. 2007. ISBN 978-80-247-1386-1. s.73.

is healthy or on the edge of bankruptcy. The model is used to estimate the future financial position of a organization.

Equation:

$$Z = 1,2 X_1 + 1,4X_2 + 3,3 X_3 + 0,6 X_4 + 1X_5$$

Where:

$X_1$  = Net working capital / Total assets

$X_2$  = Retained earnings / Total assets

$X_3$  = EBIT / Total assets

$X_4$  = Shareholder's equity / Total liabilities

$X_5$  = Sales / Total assets<sup>64</sup>

In case of result higher than 2,99 the health of company is satisfactory. If the result is between 1,81 – 2,98 the company is not very successful. And if value of result is lower than 1,88 it indicates financial problems of the company.

If the Company is not publicly traded on the stock market the Altman model uses similar equation which is used for publicly traded companies on the stock market. The difference is only in the values of individual indicators.

$$Z = 0,717 X_1 + 0,847X_2 + 3,107 X_3 + 0,42 X_4 + 0,998X_5$$
<sup>65</sup>

The calculated values that are lower than 1,2 means that the company is in zone of bankruptcy. Values from 1,2 to 2,9 means not very successful company or so-called the grey zone. And values higher than 2,9 indicates that company is in the zone of prosperity.

Altman's model is considered to be the best and the most effective tool to detect inadequate loan risk. Altman's model is therefore suitable supplement of financial analysis.<sup>66</sup>

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<sup>64</sup> RŮČKOVÁ, P.: Finanční analýza. Praha: GRADA Publishing, a.s. 2007. ISBN 978-80-247-1386-1. s.73.

<sup>65</sup> RŮČKOVÁ, P.: Finanční analýza. Praha: GRADA Publishing, a.s. 2007. ISBN 978-80-247-1386-1. s.73.

<sup>66</sup> RŮČKOVÁ, P.: Finanční analýza. Praha: GRADA Publishing, a.s. 2007. ISBN 978-80-247-1386-1. s.74.



## 6.6.2 Debt ratios

Companies use liabilities to finance their activities which we call the debt. The use of liabilities affects revenues but it is also associated with risk. In the real economy is not an option to finance all the company's assets from its equity or liabilities.

In case of using equity it clearly entails reducing overall profitability of the registered capital. In contrast financing by mainly liabilities would be associated with difficulties of its acquisition.

The analysis of indebtedness compares balance sheet items and based on its findings it shows the extent of financing company's assets by liabilities.<sup>67</sup>

$$\text{Total debt ratio} = \left( \frac{\text{total liabilities}}{\text{total assets}} \right) * 100$$

Indicator of total debt ratio is known as an indicator of creditor risk. The higher the indicator the higher the indebtedness of the company's total assets and also it means higher risk for creditors that their debt will not be paid. Indebtedness affects the risk of creditors but also the overall profitability of the company.

$$\text{Long – term debt ratio} = \left( \frac{\text{long – term liabilities}}{\text{total assets}} \right) * 100$$

$$\text{Short – term debt ratio} = \left( \frac{\text{short – term liabilities}}{\text{total assets}} \right) * 100$$

Long-term and short-term indebtedness has the same meaning as the total indebtedness. After sum of these two indicators it expresses total indebtedness. They express the percentage share of short - term debt and long - term debt on total indebtedness.<sup>68</sup>

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<sup>67</sup> RŮŽIČKOVÁ, P.: Finanční analýza. 1. vyd. Praha: GRADA Publishing, 2007, ISBN 978-80-247-1386-1.

<sup>68</sup> SYNEK, M.: Manažerská ekonomika. 4.vyd. Praha: GRAHA Publishing, 2007, ISBN 978-80-247-1992-4.

### 6.6.3 Liquidity ratios

Part of the financially healthy company is indicator of solvency. Solvency of the company means that the company can pay its liabilities within the specified time. In the case that the company is unable to pay its liabilities we are talking about insolvency.

We distinguish between three concepts: **solvency** - own the means to cover the liabilities, **liquidity** - a measure of ability to pay immediately liabilities, **degree of liquidity** - the degree of realization difficulty of the transformation of assets into cash. Solvency indicator is measured by indicator so-called current liquidity.

$$\text{Current ratio} = \frac{\text{current assets}}{\text{short – term liabilities}}$$

Current liquidity measures the number of times the current assets cover short-term liabilities. It means how many times the company is able to satisfy its creditors when turning all the current assets at a time into cash. The recommended value of this indicator is 2.<sup>69</sup>

$$\text{Quick ratio} = \frac{(\text{current assets} - \text{inventory})}{\text{short – term liabilities}}$$

Quick liquidity is constructed in an attempt to exclude the least liquid part of current assets which is an inventory.<sup>70</sup>

From the view of creditors a higher value of this indicator is preferable. From the view of the owner is no longer a higher value of this indicator so desirable. Because the financial resources which are bound here the company could use it more effectively. The recommended value of this indicator is 1 – 1,5.<sup>71</sup>

$$\text{Cash ratio} = \frac{\text{cash}}{\text{short – term liabilities}}$$

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<sup>69</sup> KISLINGEROVÁ, E.: Manažerské finance. 1.vyd. Praha: C.H.Beck, 2004. ISBN 80-7179-802-9.

<sup>70</sup> KISLINGEROVÁ, E.: Manažerské finance. 1.vyd. Praha: C.H.Beck, 2004. ISBN 80-7179-802-9.

<sup>71</sup> ŽIVĚLOVÁ, I.: Podnikové finance. 1. vyd. Brno: ediční středisko MZLU, 2007. ISBN 978-80-7375-035-0.

Cash liquidity means all cash (not just the amount of money on the bank accounts and in cash but also short-term securities and interests and short-term financial assets in progress). The recommended value of this indicator is from 0,2 to 0,5.<sup>72</sup>

#### 6.6.4 Profitability ratios

Profitability indicators are a measure of the ability of company to create new sources and to achieve a profit using the registered capital. Generally these indicators serve to assess the overall effectiveness of given activity. Profitability indicators express rate of profit out of business.<sup>73</sup>

The most important categories of profit is profit before interest and taxes where interest and taxes are not considered and profit after tax where interest and taxes are already deducted and it is net profit.<sup>74</sup>

ROA (Return on assets):

$$\text{Return on assets} = \frac{(Z + U * (1 - d))}{\text{total assets}}$$

Where:

Z – profit after tax

U – interest expenses

d – income tax

Another indicator is the return on equity. It expresses the return on capital invested by business owners. By using this indicator investors can determine whether their capital is reproduced with adequate intensity corresponding to the risk of investment. If the value of indicators is consistently lower than the return of securities issued by the state the company is convicted to extinction.<sup>75</sup>

ROE (Return on equity):

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<sup>72</sup> KISLINGEROVÁ, E.: Manažerské finance. 1.vyd. Praha: C.H.Beck, 2004. ISBN 80-7179-802-9

<sup>73</sup> ŽIVĚLOVÁ, I.: Finanční řízení podniku I. Brno: ediční středisko MZLU, 2003. ISBN 80-7157-339-6. s.65.

<sup>74</sup> RŮŽIČKOVÁ,P.: Finanční analýza. 1. vyd. Praha: GRADA Publishing, 2007, ISBN 978-80-247-1386-1.

<sup>75</sup> RŮŽIČKOVÁ,P.: Finanční analýza. 1. vyd. Praha: GRADA Publishing, 2007, ISBN 978-80-247-1386-1.

$$\text{Return on equity} = \frac{\text{profit after tax}}{\text{equity}}$$

For long-term invested capital is used indicator of long-term return on registered capital.

$$\text{Long – term return on registered capital} = \frac{Z + U(1 - d)}{DZ + VJ}$$

Where:

Z – profit after tax

U – interest expenses

d – income tax

DZ – long-term liabilities, long-term bank loans

VJ – equity

## 7 Practical part

### 8 Lipka – školské zařízení pro environmentální vzdělávání, Brno, Lipová 20

**Lipka – školské zařízení pro environmentální vzdělávání, Brno, Lipová 20** (hereinafter as Lipka) an organization that has been operating in the South Moravian Region as a training facility for environmental education for 20 years.

Lipka was included in the network of schools, preschool and school facilities as of March 25, 1996<sup>76</sup> and the founder was the Educational Office Brno-city with its registered office at Krizova 22/22, 603 00 Brno. Its name was Lipka – the House for Environmental Education, Brno, Lipová 20<sup>77</sup>. With the reform of public administration, the owner of this facility was also changed and from June 21, 2001 Lipka became a contributory organization of the South Moravian Region. From September 1, 2005 the name got changed to Lipka – educational institution for environmental training, Brno, Lipová 20<sup>78</sup>.

Environmental education, training and raising of public awareness (EETA) is an educational process which should enhance knowledge and awareness of people about not only the environment but also related issues<sup>79</sup>.

The fundamental document of Lipka is the charter, which defines:

- name of the organization
- name of the founder
- addresses of the places where the activities are performed
- main purpose of the organization
- determination of the movable and immovable property which the organization is given to administer

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<sup>76</sup> Personally processed internal materials of RAoSMR

<sup>77</sup> Personally processed internal materials of RAoSMR

<sup>78</sup> New charter from August 26, 2005

<sup>79</sup> Act no. 17/1992 Coll., on environment

- determination of Lipka's individual places of work
- the organization's property rights and obligations
- financial management
- supplementary activities
- determination of the period for which the contributory organization is established<sup>80</sup>.

The original educational institution for environmental training of children and youth in the South Moravian Region was beginning its activities in a renovated villa in Brno at Lipová 20 with camping events, artistic groups and environmental lessons which were very popular in the 90s. The Earth Day became a tradition already in the year 1991 and it continues today.

Lipka has five training facilities (remote places of work) in the South Moravian region. They are workplaces focused on the environmental education of children and adults through work with natural materials both in nature and in specialized classrooms. Educational programmes are also focused on pupils with special educational needs.

What is environmental science? It is a field of study which examines the interaction between humans and ecosystems, it includes the nature conservation, prevention of environmental pollution, remedying damages and undesirable interference<sup>81</sup>.

## **8.1 Lipka – workplace Lipová**

Lipka – educational institution for environmental training with its registered office at Lipová, Brno is one of the oldest organizations in the Czech Republic which is dedicated to environmental education of children and adults<sup>82</sup>. Lipka has been dedicated to its activities for 24 years. The original focus of Lipka was educational programmes within the environmental science for schools, afternoot groups for children and training of teachers. Later, the education was extended to groups for adults, environmental consulting, craft courses, educational events for the public and also university education. Furthermore Lipka

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<sup>80</sup> New charter from August 26, 2005

<sup>81</sup> ENVIRONMENTALISTIKA A EKOLOGIE: [online], 2016. Available at (Quated 17/01/2015): <http://www.schoolsin.eu/tag/environmentalistika/>

<sup>82</sup> Lipka's annual report of 2013

began to develop conceptual materials within environmental education for the South Moravian region – its founder.

Lipka works closely with many schools in the South Moravian region and also in other regions. It has established cooperation with universities and has the status of a faculty facility of the Pedagogical Faculty of Masaryk University in Brno<sup>83</sup>. Lipka is also a member of a nationwide network of Centres for Environmental Education “Pavučina”.

Lipka implements educational programmes for groups of students in kindergartens, primary and secondary schools. The lessons take place in natural terrain or at Lipka’s individual places of work.

Lipka’s mission is to contribute to the adoption of considerate and responsible attitudes of a person to the nature and inspire to lasting interest in an active environmental care. Educational programmes for schools of all types serve to this purpose. And also field programmes, interest groups and educational events for teachers and university students. Creative classes of work with natural materials designed for adults from the public, the leaders of interest groups and for teachers and educators are an integral part of Lipka’s activities.

Craftmanship first developed as ceramic interest groups for children and adults. Later a loom for weaving carpets was acquired. Another activity was basket weaving which has become a very popular activity for all ages and lecturers. On that basis, the club “Slaměnka” was established as a free association of people who are interested in working with natural materials and improving in old traditional crafts.

The courses are usually run by our staff, but sometimes experts are invited. One of the lecturers, who won the award “Bearer of the Tradition of Folk Crafts”, is Mrs. Iveta Dandová, who leads the work with cattail in workshops, from which she teaches to weave baskets, bowls and hats. She is one of the latest processors and producers of products made from cattail.

Another interesting material is wood and the manufacture of stringed musical instrument kantele led by Mr. Karel Hanzlík. Furthermore, basket weaving led by Mr. Šabata.

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<sup>83</sup> Lipka’s annual report from 2013

What is the important result of these workshops? Another view on the man's handiwork, natural materials, value of a product, use of natural materials, recycling, which is guidance of all students, students' children to the sustainable development of the region. When exploring the local region, it is good to use non-traditional methods and forms of education leading to the sustainable development<sup>84</sup>.

The place Lipová 20, Brno is a functionalist house designed by the architect Zikmund Kerekes, which belonged to JUDr. Artur Morgenstern and MUDr. Ida Pollakova-Morgensternova. They were Jews who were transported to the extermination camps on March 31, 1942 from which they have never returned<sup>85</sup>. In the year 1946, the villa was nationalized and later in the 60s it was administratively divided into 3 apartments, and 3 families have lived here since 1957<sup>86</sup>.

The Jewish architect Kereks managed to emigrate to Israel before the Holocaust and he adopted a new name Ašer Hiram. He has built significant monuments worshipping fallen soldiers in Jerusalem and Junction Golani (Northern Israel) and then architecturally composed the military cemetery on Mount Herzl in Jerusalem, which is a very important landmark of this city<sup>87</sup>.

## 8.2 Lipka – workplace Rychta

Another Lipka's place of work is Rychta Krasensko near the Moravian Karst. The building of Rychta used to be a municipal property and in the 90s of the last century it was sold to a private person. The municipality sold it to raise money for the gas installation in the village Krasensko. There used to be a tavern, but it did not prosper. The building was bought by the Civil Association "Rezekvítek". (The Civil Association Rezekvítek has been protecting nature and engaged in protection of small protected areas, reclamation of quarries and the creation of green landscape for 24 years)<sup>88</sup>. Rezekvítek rents premises to Lipka for the implementation of residential educational programmes. Reconstruction and repairs were finances from the budget of the Ministry of Education and the State Environmental Fund.

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<sup>84</sup> KÚHNLOVÁ, H. *Život našem regionu*. Fraus, Plzeň, 2007. p. 11. ISBN 978-80-7238-662-8.

<sup>85</sup> Internal materials of Lipka – educational institution for environmental training

<sup>86</sup> Internal materials of Lipka – educational institution for environmental training

<sup>87</sup> OSOBNOSTI BRNA: [online], 2016. Available at (Quated 31/1/2015): [http://encyklopedie.brna.cz/home-mmb/?acc=profil\\_osobnosti&load=5476](http://encyklopedie.brna.cz/home-mmb/?acc=profil_osobnosti&load=5476)

<sup>88</sup> REZEKVVÍTEK, z.s.: [online], 2016. Available at (Quated 31/01/2015): <http://www.rezekvitek.cz/?idm=11>



Natural ecological programmes (Nature for real, Geography – gateway to the landscape, Man versus wilderness, Week for sustainable development, Elements alive, Winter nature) are part of the weekly visits. Furthermore there are various field excursions (Expedition to the Ice Age, The valley of Josef, The journey to sinking, Secret of the hollow rocks, Valley of the bones, etc.)<sup>89</sup>. Other events at Rychta are one day projects, such as Life in the trees, Jungle under your feet, Project day with wetlands, Fish on drugs, etc.). Usually they are educational programmes for pupils in 2<sup>nd</sup> grade in elementary school. Other activities intended for secondary school students are so called “Víkendovky” (Weekend activities) (Survival in the nature, Víkendovka in Sumava, Víkendovka in Beskydy, Víkendovka with Earth Day, Víkendovka Krkonoše, Víkendovka Jeseníky etc.). On weekends, Rychta is usually used by Scouts and the Movement Brontosaurus.

In the summer, the Craft Summer, a week-long event for interested adults where they learn craft techniques with the use of renewable sources, takes place at Rychta. The program includes discussions and lectures, exploring the natural surroundings, waste sorting, cooking organic food, sales of Fair Trade products. The participants spontaneously adopt the principles of the sustainable development, efficient use of renewable resources, the Decalogue of domestic ecology in practice and in wider environmental context.

### **8.3 Lipka – workplace Jezírko**

Lipka – the workplace Jezírko no. 97 is in the middle of deep forests in Brno – Soběšice. In 2014 Jezírko celebrated 10 years of its environmental activities. A forest cabin used to be where the building stands today. Since the second half of the last century, the building slowly fell into ruins, which is why the owner of the property Training Forest Enterprise Masaryk Forest Křtiny (at that time belonging to Mendel University) began to consider reconstruction of the house<sup>90</sup>. A reconstruction to a forest school should have taken place. Although the reconstruction of the original building was not possible for its bad state and so it was necessary to start building from scratch. Today, Jezírko is a replica of the original lodge and its operation commenced in October 2004<sup>91</sup>. Since then, the facility has changed because an additional building with accommodation capacity was built. A barn, which is

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<sup>89</sup> PRACOVÍŠTĚ RYCHTA: [online], 2016. Available at (Quated 31/01/2015): <http://search.seznam.cz/?q=Lipka-Rychta&aq=-1&su>

<sup>90</sup> ECOLISTS, South Moravian Region, Printing Office Helbich, a.s., Brno, September 2014. p.16.

<sup>91</sup> ECOLISTS, South Moravian Region, Printing Office Helbich, a.s., Brno, September 2014. p.16.

used as a gardening workshop and a place for teaching, was repaired in the garden. Lipka – the workplace Jezirko offers suburban camps, residential camps, afternoon interest groups, events for the public, for example, Opening of wells or From Martin to the Three Kings<sup>92</sup>.

Basically, the theory “School by play” is confirmed here, because the forest is the best classroom. Jezirko is in the middle of forests and it also determines the topics, on which the educational programmes focus in Jezirko. Educational programmes are designated for children, adults, the handicapped and also for seniors. Non-traditional educational aids (the root system of spruce, they can explore what lives under the bark of trees, forest conversion during the 4 seasons, model of anthill, forest educational trail, wooden xylophone – classes of the sounds of wood and others) have the effect that emotional connection to nature and its preservation awakens among graduates of the educational programmes. That is the aim of the environmental training of Lipka and it also serves the purpose of the tendency to sustainable development.

By means of the new charter with the reference number 98/38 from June 16, 2005, Jezirko (as real estate) was transferred by the South Moravian Region (as the founder) to Lipka (as a contributory association of the South Moravian Region) into its management<sup>93</sup>.

#### **8.4 Lipka – workplace Kamenná**

Lipka – the workplace Kamenna is the Lipka’s youngest work of place. It bears an honourable name of the Training centre of Ales Zavesky, which commemorates the creator of the Czech conception of eco pedagogy. The workplace Kamenna is developing the system of training teachers from the long-term specialized course for coordinators of environmental education in schools to individual thematic seminars for teachers of various disciplines at all school levels<sup>94</sup>.

#### **History of the workplace Kamenná**

The idea for the construction of a workplace focused on education of adults (students and teachers) has been developing in Lipka since its founding in 1991. In 2001, an application

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<sup>92</sup> JEZÍRKO: [online], 2016. Available at (Quated 31/01/2015):  
<http://www.lipka.cz/jezirko?idm=23>

<sup>93</sup> New charter of the contributory association of the South Moravian Region Ref. no. 98/38 (from August 26, 2005)

<sup>94</sup> KAMENNÁ: [online], 2016. Available at (Quated 30/01/2015):  
<http://www.lipka.cz/kamenna?idm=24>

for a grant from the State Environmental Fund of the Czech Republic was submitted for reconstruction of the building Kamenna 20 in the amount of CZK 8 millions and for granting an exemption because grants were not applying to contributory associations. The problem was that the building Kamenna was not a contributory association of the South Moravian Region at that time, but it was a property of the city of Brno. In 2004, there was an exchange of a building and the building Kamenna 20, Brno came into the possession of the South Moravian Region – the founder of Lipka. Again a request was sent to the SEF of the Czech Republic and a support in the amount of CZK 17,5 million was approved in April 14, 2005<sup>95</sup>. The situation got complicated by the fact that of the neighbours at Kamenna 20 appealed against the planning permission and a new valid building permit was not issued. On March 26, 2008 the Municipal Authority of Brno-Centre, Department of construction and land development issued an approval and a building permit. Final inspection of the building took place in September 2009.

In the building Kamenna natural materials are used – clay plaster. For their production, no chemical additives were used and they are absolutely recyclable. They contain a large proportion of clay by only crushing and drying, aromatic herbs are added to them and they have eight shades of warm tones. The most important quality is the regulation of humidity in the room, they accumulate heat which is beneficial to allergic persons.

Another natural material, which was used in the reconstruction of this building, is Moroccan plaster (tadelakt) which is used in the lobby and serves as a counter. The furniture is made of wood, the floor is covered by oak parquets, pavement or carpets. The spruce wood is treated with an environmentally friendly oils<sup>96</sup>.

**Stone colony** – is one of the most remarkable sights of Brno. It was founded in the exhausted quarry in the year 1926. In 1929 the colony had about a hundred houses. The original inhabitants were poor labourers from the Kohn's brickyard<sup>97</sup>. In the seventies of the last century actors, musicians and artists began to move to the settlement. Most of the houses are protected landmarks. The unique character of the colony still remains and the inhabitants hold a small music and theatre festival once a year.

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<sup>95</sup> Internal materials of Lipka – educational institution for environmental training

<sup>96</sup> Internal materials of Lipka – educational institution for environmental training

<sup>97</sup> KOHNOVA CIHELNA: [online], 2016. Available at (Quated 28/01/2015): <http://search.seznam.cz/?q=Kohnova+cihlena+Brno>

## **Natural Garden**

The natural garden at Kamenna is an example of the use of minimum space in the middle of metropolitan buildings to increase biodiversity. The connection between man and nature can be seen here. Part of it is a quiet tone for teaching in nature and shade plants, which bloom from spring to autumn, grow here. Small lakes with hygrophilous plants are used for decoration and in the part which is sunlit grow medicinal plants and vegetables. Pavement is laid down on the yard, but these are steps that have been taken from the original building and used in the garden.

## **Ekological workplace**

At Kamenna people live ecologically. Only recycled paper is used for everything (toilet paper, paper towels, paper promotional materials). Furthermore, cleaners only those which have a strict a certification marked as an eco-friendly product.

At seminars and events, which are held at Kamenna, only refreshments that are certified as Fair Trade are available. These are coffee, tea and other products that cannot grow in our geographical latitudes and are imported mainly from developing countries.

**Rezekvítek** – Association for Environmental Education and Conservation resides in close proximity to Kamenna. Lipka has been working with them for many years. Rezekvítek unites citizens who volunteer to protect nature.

**Cycle trail** – Kamenna is situated on the cycling trail in Brno which connects Bystrc, Komin and Modřice. Therefore, Kamenna becomes accessible without the use of motorized transport.

## **8.5 Lipka – workplace Rozmarýnek**

Lipka – the workplace Rozmarýnek is Lipka's second oldest work of place<sup>98</sup>. Rozmarýnek started its operations in 1998 as a Centre for Environmental Education and became the first detached workplace of Lipka. The building in garden, locality Jundrov, Rozmarýnová 6 is situated near forest ideal for environmental education. A small house used to be in the garden, but during the year 2013, the building of a low-energy eco-house began. Health

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<sup>98</sup> ROZMARÝNEK: [online], 2016. Available at (Quated 31/01/2015): <http://www.lipka.cz/rozmarynek>

and nature friendly technology were used there. Insulation made from natural materials, clay plaster, green roofs, air recovery, biomass heating, solar systems and rainwater recovery were also used. Three classrooms for 50 students, a training kitchen and facilities for teachers were built. The garden is natural, unkempt and the original habitat of plant communities is maintained.

In addition to educational programmes, interest groups and camps for children, Rozmarýnek even organizes programmes for the adults, for example, Permaculture Design – professional designing of natural and edible communities consisting of trees, bushes and herbs leading to the sustainability of environmentally friendly gardens, farms, parks, lakes and other areas with an individual approach and with regard to the environment.

## **9 Forms of financing Lipka**

Lipka is financed from various sources. Basic funding for its operation and employees' salaries comes from the state budget. There are the direct costs of education. South Moravian Region contributes to the operations and employees' salaries from its own budget. Other revenues are revenues from additional activities of Lipka, grants from the Ministry of Education, grants for the environment education from the City of Brno and the most important revenues are grants from the operational programmes co-financed from the funds from the European Union.

### **9.1 Direct expenditure on education**

The direct expenditure on education (salaries, compensation for salaries, wages and bonuses)<sup>99</sup> are provided from the state budget for teachers, educators in free time and also to other employees.

Lipka's financing is divided into direct expenditures on education and operating expenditure from the founder (SMR), Lipka should be financed as a leisure centre, which is established by the South Moravian Region. However, Lipka has a different status – educational facility for environmental training.

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<sup>99</sup> Act no. 561/2004 on preschool, primary, secondary, higher vocational and other education (Education Act) §160

Direct expenditures on education are financed from the state budget. The council of SMR (C SMR) and the Assembly of SMR (A SMR) take it into account. Direct expenditure on education are assessed as an output per unit.

***Calculation of the output:***

- Regular leisure activity in Lipka (participant who is registered and visits the interest groups from September to June, who periodically meets to do leisure activities organized by Lipka during the whole year and has paid the participation fee for the whole year = 1 output/1 employee)
- Camps and stay events organized by Lipka (1 student for five days at camp = 1 output/1 employee)
- The above recalculated outputs are statistically reported and based on them the direct expenditures on education are paid out up to the 1002 outputs (Lipka has more outputs, although only 1002 outputs are paid into the budget for the whole year) – it is approved by the Council of the South Moravian Region<sup>100</sup>

Another criterion for the allocation of funds to Lipka is the establishment of a norm on teaching and non-teaching employee in accordance with the Decree no. 492/2005 on regional norms<sup>101</sup>. It is an exercise of delegated powers.

***Norm on teaching and non-teaching employee:***

- There is 195 units of output determined for one teaching employee (1002/195=5.14)
- The limit for the teaching employees in Lipka for one year is set to 5.14
- There is 390 units of output determined for one non-teaching employee (1002/390=2.57)
- The limit for the non-teaching employees in Lipka for one year is set to 2.57

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<sup>100</sup> Personally processed information from the department of education – department of budget and finance

<sup>101</sup> Decree no. 492/2005 Coll., on regional norms

The region reallocated 7.7 jobs from the direct expenditures on education to Lipka from the state budget for the year 2015. The number of jobs does not correspond to the excessive activity in Lipka within the environmental education for children and adults in the South Moravian Region and other regions with international scope.

Lipka shall have 7.7 jobs allocated. Another 22 jobs which Lipka requires to cover its activity is paid by its founder – South Moravian Region.

**Table no. 5: Direct expenditure on education for Lipka in 2015 in CZK**

Expenditure on wages	2 013 000
Contributions to social and health insurance + Fund for cultural and social needs	704 000
Other non-investment expenses	16 000
<b>TOTAL AMOUNT</b>	<b>2 733 000</b>

*Source: Author's processing of materials of Regional Authority of South-Moravian Region*

In the table no. 5, the direct expenditure on education for Lipka in 2015 in CZK, direct expenditures on education provided to Lipka from the state budget in the total amount of CZK 2.733.000 are monitored.

**Table no. 6: FTEs for Lipka in 2015**

<b>Lipka's activities</b>	<b>Number of FTEs</b>
Direct expenditures on education in Lipka	7.7 FTEs
Increase of jobs because of the extra activities of Lipka	22.0 FTEs
Additional activities	10.0 FTEs
Funds from operational programmes of EU	12.8 FTEs
<b>TOTAL AMOUNT</b>	<b>52.5 FTEs</b>

*Source: Author's processing of internal materials of Regional Authority of South-Moravian Region*

In the table no. 6: FTEs for Lipka in 2015, the jobs are divided according to the activities carried out by Lipka. Lipka gets a normative contribution of 7.7 jobs from the direct

expenditure on education, for its extra activities the region shall increase the jobs by 22 jobs, Lipka shall cover 10 jobs from its additional activities and another 12.8 jobs from operational programmes of EU. The total number of jobs for the year 2015 is 52.2.

### ***Rationale of the increase of jobs in Lipka***

The South Moravian Region contributes to the budget of Lipka on the basis of “permanent extraordinary influences”. The financial resources are used for securing extra services which are also the interests of the founder (SMR). Among other, Lipka is involved in specialized activities, such as coordination of the Concept EETA of South Moravian Region and the Action Plan<sup>102</sup>.

Lipka’s activities:

- Leisure activities
- Coordination of the Concept EETA of SMR
- Training activities for the founder, for kindergartens, secondary schools, universities, teaching employees and the public
- Lecturing activities in specialized studies for the school coordinators of EETA from the entire Czech Republic
- Consultancy
- Lectures for universities
- Support for practical training of university students
- Methodological assistance in integrating environmental education into lectures, creation and use of school natural gardens
- Creation of new applications and projects for the utilization of foreign resources for Lipka including their monitoring and ensuring the sustainability of projects
- Public courses

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<sup>102</sup> Internal materials of Lipka – educational institution for environmental training



- Programmes for participants with physical and mental handicaps
- Presentation of Lipka in regional and supra-regional events (trade fairs, conferences)
- Stay educational programmes (schools in nature)
- Consultancy and seminars on natural gardens and ecological engineering
- South Moravian Earth Day
- School programmes School for sustainable life and Eco-school
- Participation in the National Network of Healthy Cities
- Local agenda 21
- Participation in the working group Healthy South Moravian Region
- Cooperation with Krasenko (Village of the year 2010), etc.<sup>103</sup>

## 9.2 Operational expenditure

Lipka receives so called contribution for operation for its operational expenditure (non-investment expenses) from its founder. Contribution for operation includes depreciation, teaching aids and other services. Contribution for operation is CZK 1,140,000 for the year 2015.

The total contribution is approved by the Council of the South Moravian Region in the amount of CZK 10,990,000 as a binding indicator for the year 2015.

### *The calculation of the contribution should be set at:*

- Normative of the calculation of the contribution for operation is 270\*1002 (the maximum reimbursed output) = CZK 270,540
- Plus flat rate for meals for the employees CZK 1086/1 employee (52.5\*1086 = CZK 43,983)

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<sup>103</sup> Internal materials of Lipka – educational institution for environmental training

- $270,540 + 43,983 = 314,523$  Kč (CZK 315 thous.)
- Lipka's budget is CZK 10,990,000 ( $10,990,000 - 314,523 =$  CZK 10,675,477)
- The analysis shows that Lipka receives more than 10.5 million CZK outside of normative financing
- 

**Table no. 7: Founder's contribution to the operation for Lipka in 2015 in CZK**

Operational expenditure	1 140 000 (314 523 from it according to the normative)
Expenditure on wages	7 350 000
Contributions to social and health insurance + Fund for cultural and social needs	2 500 000
<b>TOTAL AMOUNT</b>	<b>10 990 000</b>

*Source: Author's processing of internal materials of Regional Authority of South-Moravian Region*

Founder's financial resources outside of normative financing are:

$$10\ 990\ 000 - 314\ 523 = 10\ 675\ 477\ \text{CZK}$$

Lipka receives its resources outside of normative financing from its founder for its extra activities which it carries out for the South Moravian Region in environmental.

- Implementation of environmental education and raising of public awareness in public administration (it regularly provides information about the new regulations within EETA to public administration employees and representatives of municipalities)
- Support of the environmental activities focusing on cooperation with the public, municipalities and schools in the EETA area
- Environmental education and raising awareness of the public sector (searching for examples of good practice in business and stating them in the South Moravian Eco-newspapers which Lipka issues within its publications)

- Support for educational events and events for raising awareness of the public organized by the South Moravian Region for the public (Earth Day, Enersol-innovation of alternative sources of energy, organic fairs, etc.)
- Arranging conferences for KONEV and Konvička, the teaching public, (meetings of teachers from the whole region focused on environmental issues)
- Provision of training and consultancy for the environmental operation of schools and creation of school gardens (education of non-teaching employees in the area of healthy eating, ecological operation of buildings – eco-operation, cleaning, certification of nature gardens in schools)
- Provision of network of schools MRKEV and Mrkvička (informing the representatives of all schools about the possibility of involvement in the EETA network, providing teaching aids and materials for teaching employees of kindergartens, elementary schools, secondary schools and universities)
- Environmental education at universities (awarding the best diploma and bachelor works focused on the environmental protection in the South Moravian Region, organizing student conferences and announcement of winners, publishing the collection of works with annotations, providing professional experience to student of universities)<sup>104</sup>.

### **9.3 Development programmes**

Financial resources from the state budget are provided for the “development programmes” to school organizations. These are block grants which schools do not receive on the basis of a normative. Every year, Ministry of Education announces grants for programmes with specific purpose (support for technical education, financing teachers’ assistants, support for students with disabilities, support of multi-year grammar schools, free lessons of the Czech language for foreigners, for compensating aids, etc.)<sup>105</sup>.

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<sup>104</sup> Internal materials of Lipka – educational institution for environmental training

<sup>105</sup> Act no. 561/2004 on preschool, primary, secondary, higher vocational and other education (Education Act) §163

Development programmes are specifically designed for beneficiaries – kindergartens, elementary and secondary schools. Development programmes do not apply to Lipka. In 2015, a new development program to cover the rest of the tariff tables (increase according to the salary grade or level) for the employees in contributory organizations was announced. This program did not apply to Lipka. In the event of the announcement of a “Development program” for leisure activities, Lipka would be a beneficiary of the grant.

#### 9.4 Analysis of Lipka’s expenditures and revenues in the years 2010-2014

Weighting of Lipka’s expenditures and revenues and monitoring business results were chosen for the analysis of Lipka’s expenditures and revenues during the last 5 years ( years 2010-2014), which Lipka shows in their published annual reports (see Annex no. 6 Annual reports of Lipka 2010 - 2014). Furthermore, the way funds from the European Social Fund (EU Structural Funds and financial instrument for implementing the European Employment Strategy) and cross-border projects (CP) contribute to revenues of Lipka.

**Table no. 8: Cost-benefit analysis in 2010-2014 including the provided subsidies in CZK<sup>106</sup>**

Year	Total revenues	Total costs	The economic result	Labor costs	ESF and TP subsidies	Subsidies from municipality, the MoE and foundation subsidy	The share of ESF and TP subsidies on costs	The share of labor costs on total costs	The share of subsidies on the economic result
2010	25 806 286	25 662 209	144 077	11 465 415	5 089 506	481 000	19.83%	44.68%	2.8%
2011	32 326 860	32 185 153	141 707	12 806 000	8 348 073	617 992	25.94%	39.79%	1.6%
2012	33 581 651	33 114 552	467 099	12 920 135	11 638 230	528 000	35.15%	39.02%	4.01%
2013	35 254 365	35 184 755	69 610	13 293 000	9 052 755	480 000	25.73%	37.78%	0.7%
2014	37 550 048	37 545 639	4 409	14 347 678	11 045 703	620 599	29.42%	38.21%	0.039
<b>TOTAL</b>	<b>164 519 210</b>	<b>163 692 308</b>	<b>826 902</b>	<b>31 476 228</b>	<b>45 174 267</b>	<b>2 727 591</b>	<b>Average 27.60%</b>	<b>Average 19.23%</b>	<b>Average 1.83%</b>

*Source: Author's processing of financial statements of Lipka (see Annex no. 6)*

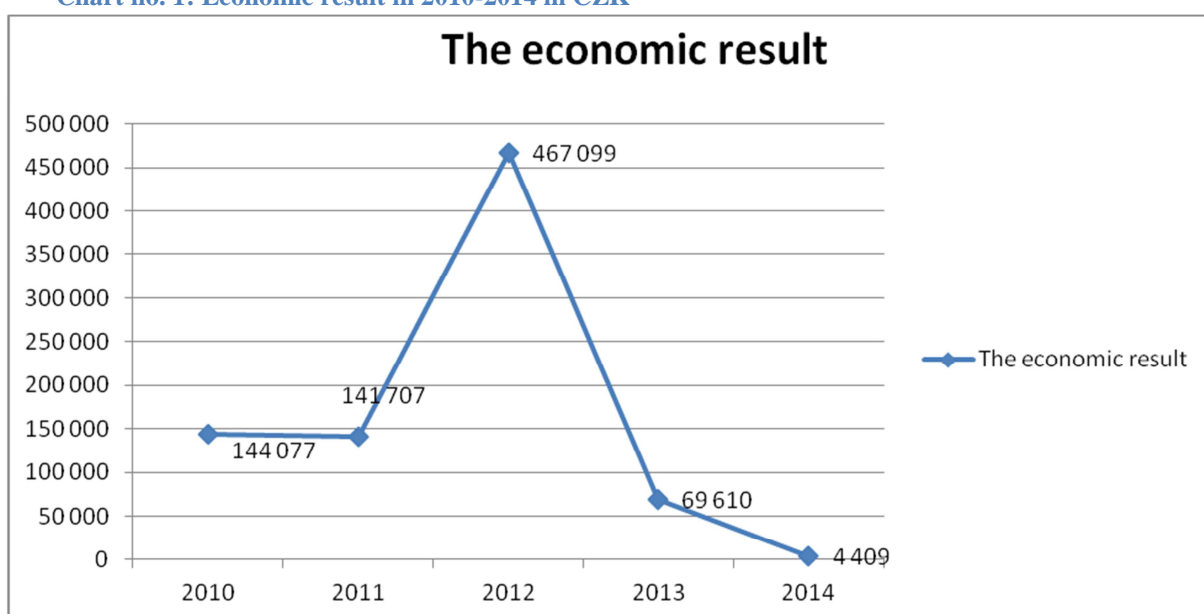
Table number 8 shows that Lipka has positive economic results in the whole reporting period from 2010 to 2014.

<sup>106</sup> Lipka’s annual report of 2010 - 2014

The economic result in the year 2012 was higher due to higher income of EU subsidies and in the years 2013 and 2014 there was an increase in the costs of publicity and the payment of bonuses to employees.

The share of subsidies on the economic result is in average of 1.83%. However in 2012 there was a significant increase in the share of subsidies on the economic result to 4.01% which is more than double amount of the average. At that time Lipka began with publishing activities and increased costs in Lipka so that in the years 2013 and 2014 there was a decrease in the percentage share of subsidies on the economic result.

**Chart no. 1: Economic result in 2010-2014 in CZK**

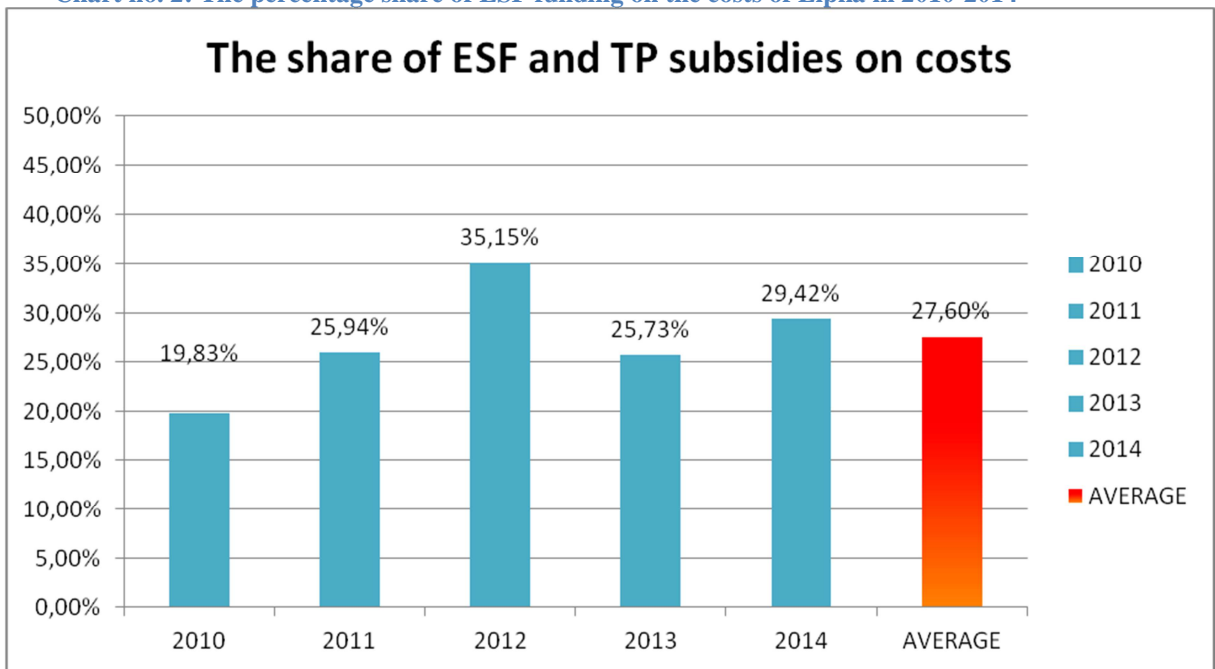


*Source: Financial statements, author's calculation*

Chart number 1 shows the economic results of Lipka in years 2010 to 2014. In years 2010 and 2011 the economic result stays around 140 thousands of CZK. In 2012 there was a significant increase to 467 099 CZK which was influenced by increase of financial resources from EU subsidies. The total economic result in the whole reporting period was 826 902 CZK.

Lipka submitted a proposal to the Council of South Moravian Region for the distribution of economic result to the funds (either to the reserve fund or to the reward fund). The Council of South Moravian Region decides about the distribution of economic result.

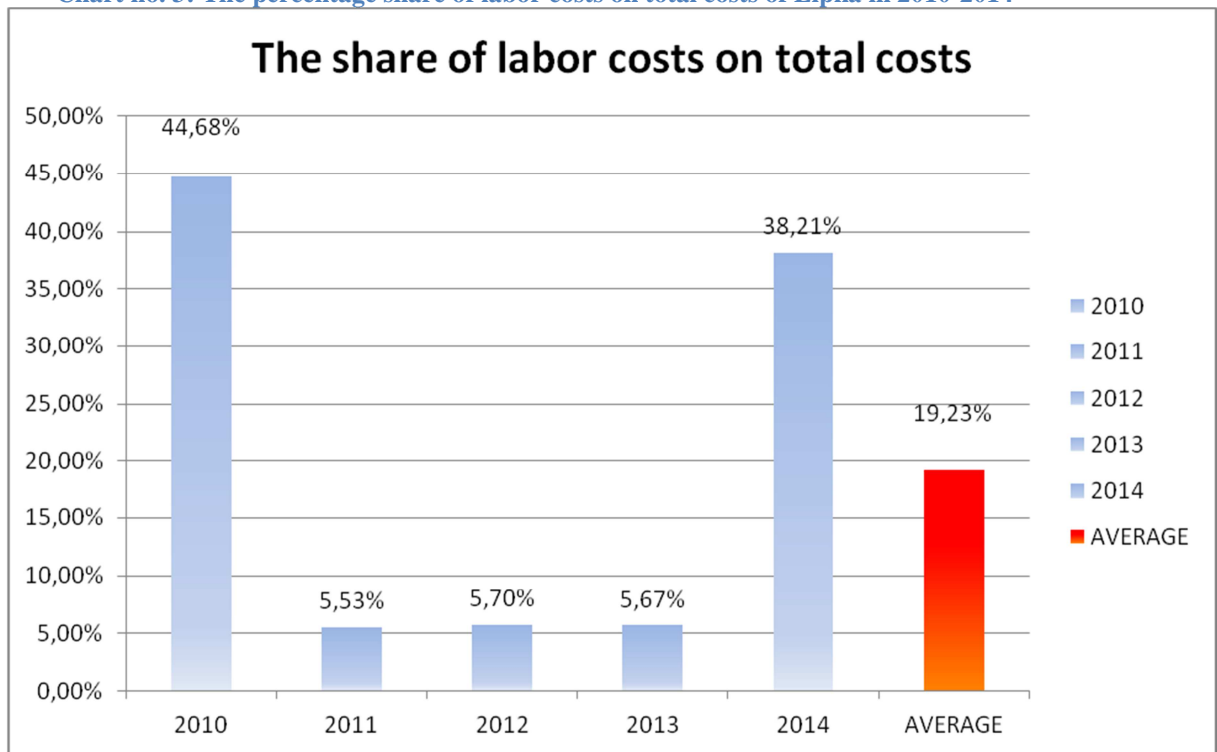
Chart no. 2: The percentage share of ESF funding on the costs of Lipka in 2010-2014



Source: Financial statements, author's calculation

From chart number 2 it is evident that the income from subsidies of the ESF is one quarter of total income of Lipka. In 2012 the share of ESF and TP subsidies was 35.15% which is the highest percentage share in the whole reporting period. It is an important source of income for environmental activities of Lipka.

Chart no. 3: The percentage share of labor costs on total costs of Lipka in 2010-2014



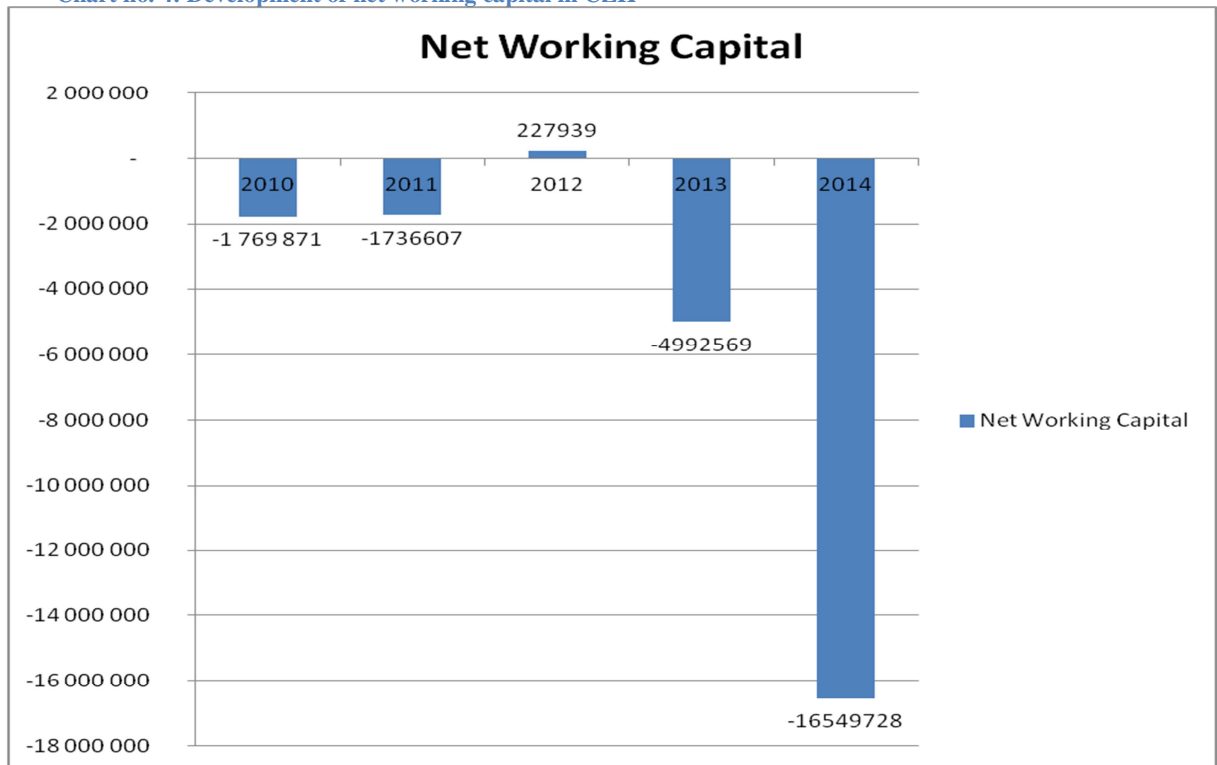
Source: Financial statements, author's calculation

The chart number 3 shows that the overall average share of labor costs on total costs of Lipka is 19.23%. The highest share of labor costs on total costs of Lipka was in the year 2010 with amount of 44.68%.

## 9.5 Analysis of working capital

Working capital more precisely net working capital represents means which are available for the company for its normal operating activities. This is a manipulation space of management which on one side takes into account of utilizable current assets and on the other hand it reduces its value by means of representing the amount of the liability which is necessary to be paid.

Chart no. 4: Development of net working capital in CZK



Source: Financial statements, author's calculation

From chart number 4 Lipka has negative values in the whole reporting period except for the year 2012 when net working capital has a positive value of 227.9 thousand CZK. The highest negative value of 16.5 million CZK is reported in year 2014. Net working capital is mainly affected by high amount of loan to pre-finance cross-border projects. Net working capital shows the negative trend in 2014 mainly because of the above mentioned reason.

## 9.6 Financial distress prediction of firm

### 9.6.1 Altman's model

Altman's model was chosen for analysis because of the specificity of Lipka as contributory organization (not publicly traded company on the stock market) which is established by the Regional Authority and authorized to deal with education and training in the field of nature conservation.



I used the Altman model which is a little different from the model for publicly traded companies.

Altman Z-score model for not publicly traded companies:

$$Z = 0,717 x1 + 0,847 x2 + 3,107 x3 + 0,420 x4 + 0,998 x5$$

Optimal values of Altman Z-score are:

- values lower than 1.2 = zone of bankruptcy
- values in range from 1.2 to 2.9 = grey zone
- values higher than 2.9 = zone of prosperity

**Table no. 9: Development of partial indicators of altman's Z-score**

AZ Score	2010	2011	2012	2013	2014
x1	-0,02694	-0,02396	0,003153	-0,06296	-0,151942518
x2	0,001504	0,001988	0,00196	0,005891	0,000639096
x3	0,002193	0,001955	0,00646	0,000878	4,04789E-05
x4	21,69829	20,02188	16,47958	7,732517	4,585223777
x5	0,006508	0,010147	0,010994	0,015777	0,013440698

*Source: author's calculation*

**Table no. 10: Results of Altman's Z-score**

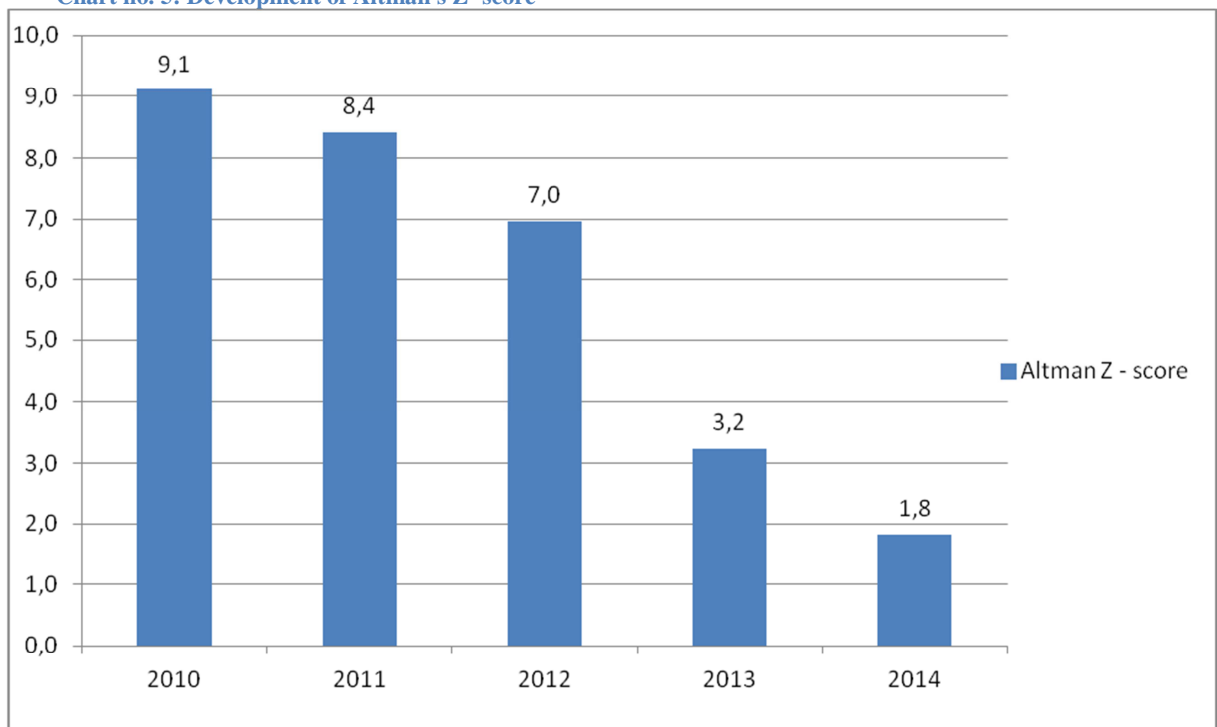
AZ score	2010	2011	2012	2013	2014
<b>Z</b>	9,108546	8,409894	6,95639	3,225976	1,8309321

*Source: author's calculation*

According to chart number 5 it is shown that in the years 2010-2013 contributory organization Lipka is located in the zone of prosperity with the highest value of 9.1 in 2010 and the lowest value of 3.2 in 2013. However the overall trend tends to the grey zone. In 2014 it has a value of 1.83. Contributory organization can not be considered as a private company. The founder of Lipka gives her subsidies and advises balanced management. Otherwise in the next fiscal year the founder would approve reduced subsidies for Lipka. In 2014 Lipka had a large profit from the main activities of 354 thousands CZK (from the

revenues of main activities bonuses to employees were paid and thus profits shrank to 4.4 thousands CZK). This influenced the value of prosperity for Altman's Z-score. Even though it can be said that in the whole reporting period the organization is primarily located in the zone of prosperity.

Chart no. 5: Development of Altman's Z -score



Source: Financial statements, author's calculation

## 9.6.2 Debt ratios

The below table number 11 is including all calculated debt ratios which are further analyzed.

**Table no. 11: Debt ratios**

Ratio	2010	2011	2012	2013	2014
Total Debt Ratio (%)	4,0%	3,8%	4,8%	17,9%	34,6%
Long-term debt ratio (%)	0,0%	0,0%	0,2%	1,8%	3,0%
Current debt ratio (%)	4,0%	3,8%	4,1%	11,2%	17,6%
Equity multiplier (%)	95,4%	95,1%	93,7%	88,5%	82,1%
Debt-equity ratio	0,04	0,04	0,05	0,20	0,42

*Source: author's calculation*

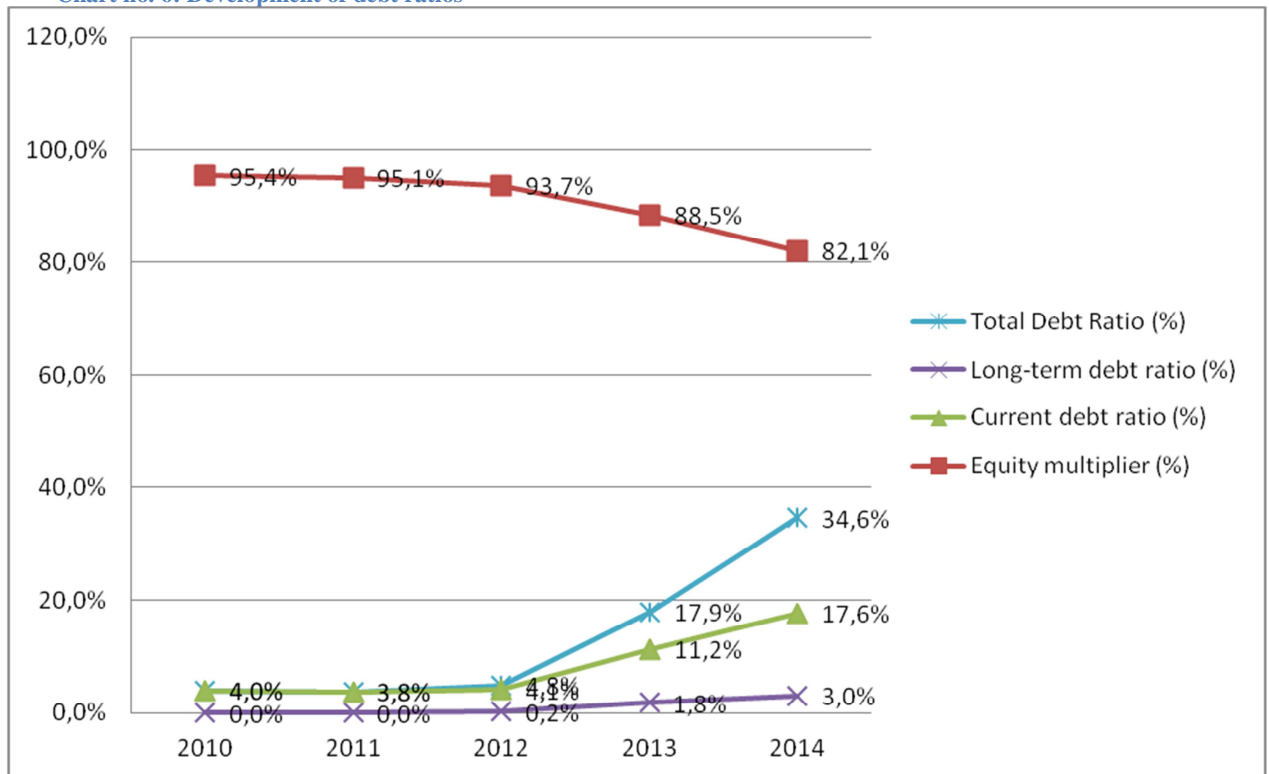
Chart number 6 represents indebtedness development of Lipka in years 2010 - 2014.

According to the chart number 6 in whole reporting period the company shows increasing values of total debt ratio and shows also a decreasing trend of equity multiplier. It shows high proportion of equity in the company than of liabilities.

Total debt ratio reaches the highest value of 34.6% in year 2014 and the lowest value of 3.8% in 2011. Chart shows that in Lipka is co-financed by equity the most from the whole reporting period in the year 2010.

Total debt can be further divided into long-term debt and current debt. From the chart number 6 is obvious that the total debt is composed mainly from current debt. Current debt values fluctuate between 3.8% in 2011 and 17.6% in 2014 so it means that current debt has an increasing trend.

Chart no. 6: Development of debt ratios



Source: Financial statements, author's calculation

The higher the value of equity multiplier is the more independent the company is and business owners do not need to worry about indebtedness of company. The indicator develops with an decreasing trend from 95.4% in 2010 to 82.1% in 2014.

Indicator of debt to equity increases with an increase of proportion of liabilities in the financial structure of the company. During the whole reporting period debt to equity increases a little from 0.04 in 2010 to 0.42 in 2014. It can be evaluated as positive because in average throughout the whole reporting period 1 CZK of equity equals to 0.15 CZK of debt. It has an increasing trend.

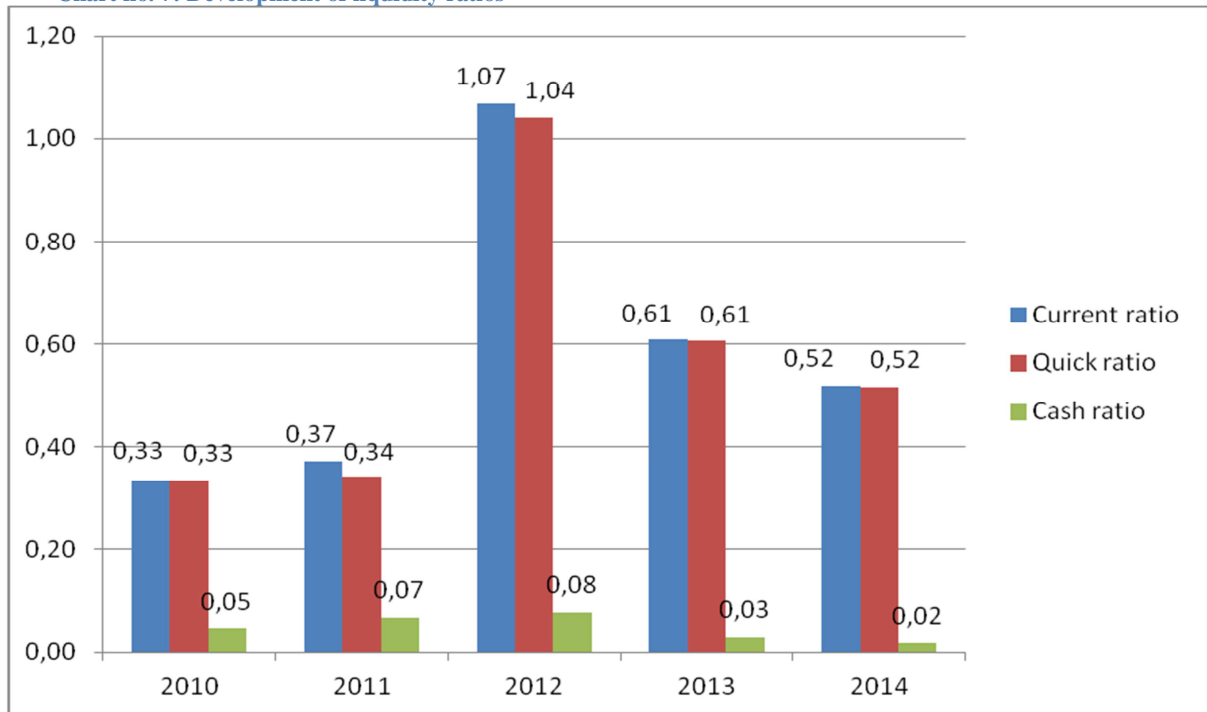
### 9.6.3 Liquidity ratios

I chose the three most used indicators of liquidity to evaluate financial solvency of the company. It includes current ratio, quick ratio and cash ratio.

Current ratio expresses how many times the company is able to satisfy its creditors if in a given time the firm would turn all the current assets into cash. The optimal value of this indicator is 2. As we can see in chart number 7 Lipka did not reach the optimal value in the

whole reporting period. Current ratio fluctuated from value 0.33 in year 2010 to 1.07 in 2012.

Chart no. 7: Development of liquidity ratios



Source: Financial statements, author's calculation

Quick ratio measures only current assets with current liabilities. Higher value of this indicator is preferable from the creditor point of view. Higher value of the indicator means a higher volume of cash that could be used more productively. The optimal value is 1 – 1.5. Its peak quick ratio reaches in 2012 with a value of 1.04 which is within the limit. In other years it fluctuates from 0.33 in year 2010 to 0.61 in year 2013. Except the year 2012 values are below the limit of 1 which means that the cash is not spent quite effectively.

Indicator of cash liquidity includes money in cash, money on bank accounts, term deposits and short-term financial assets. Optimal value is 0.2 – 0.5.

Lipka has lack of cash in the whole reporting period from 2010 to 2014 which means that this company can get into financial insolvency and may not be able to pay its liabilities.

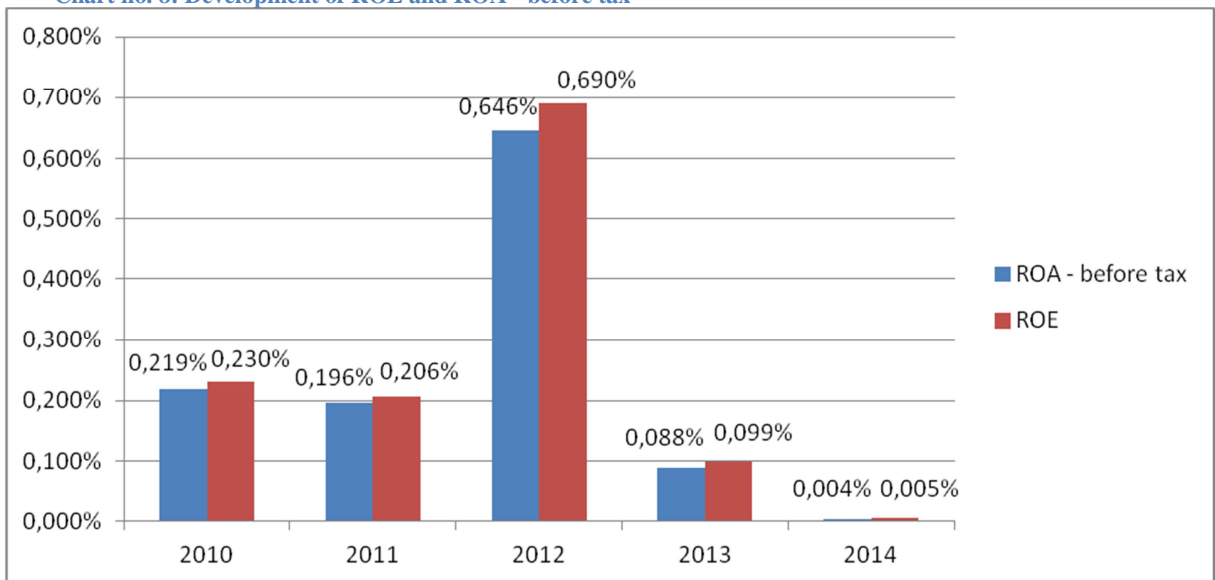
### 9.6.4 Profitability ratios

In the chart number 8 are graphically shown achieved results of profitability indicators.

I chose return on assets (ROA) - before tax because of better predictability which is not influenced by capital structure of firm and profit tax rate. Return on assets is calculated as in before tax version. It tells us about real ability of the firm to produce a profit with given assets.

Return on equity (ROE) is a measure for business owners and it tells us how embedded resources were evaluated.

Chart no. 8: Development of ROE and ROA - before tax



Source: Financial statements, author's calculation

The chart number 8 shows positive values of ROA - before tax during the whole reporting period. It has a decreasing trend and values fluctuate from 0.219% in 2010 to 0.004% in 2014 except the year 2012 where ROA - before tax reaches its peak value of 0.646%.

From the chart number 8 we can see that ROE has also decreasing trend except the year 2012 where we can see an increase and also where the company reaches its highest value of 0.69%.

According to the chart number 8 the value of the ROE is higher than the value of the ROA during the whole reporting period which means that the firm used liabilities effectively.

## **9.7 Grants from the EU operational programmes**

Lipka has been preparing projects for its activity since the Czech Republic joined the European Union and it has exhausted its financial resources from EU since 2005 in the amount exceeding CZK 140 million. These are investment and non-investment projects, all focused either on increasing the capacity of education on environmental protection or teaching and educating in this area.

### **Operational Program Environment (OP E)**

OP E is focused on the minimisation of risks associated with the protection of natural wealth and welfare, on improving the environmental quality, environmental education and raising awareness of the environmental area of people, supporting biodiversity, restoring the landscape structures, reconstruction of the equipment and increasing the capacity of facilities which engage in environmental protection.

**Lipka** has received a grant for the project “The Additional Building Lipová and Jezirko” from this operational program. It was an investment project and it was used to reconstruct the distribution of heat, replacement of boilers for ecological boilers, exchange of sanitary facilities, solar heating and so on.

### **State Environmental Fund (SEF)**

SEF serves as an economic tool for the performance of obligations arising from international conventions on environmental protection and also performance of the obligations arising from the membership in EU and it fulfils state environmental policy.

**Lipka** received the SEF grant for the reconstruction of the Aleš Zavesky College, the additional building to increase capacity of the workplace Jezirko and workplace Lipová, etc.

## **The Cross-border Cooperation Program Slovak Republic – Czech Republic, Czech Republic - Austria**

The Cross-border cooperation programmes are intended for the implementation of programmes which support neighbouring states in the area of common training in environmental education, exchange of experience in the tourism industry, tourism, building cycle trails.

Within these projects **Lipka** has received grants for the support of tourism in Moravsky karst, exchange of experience with other states in the area of ecology, arranging a camp for talented students focused on biology etc.

### **Operational program Human Resources Development (OP HRD)**

OP HRD served to support the development of human resources. The aim was to achieve a stable level of employment while respecting the principles of a sustainable development. In the Czech Republic, within the framework of OP HRD, finances were spent from the European Social Fund

**Lipka** used OP HRD to build a network of environmental education, ecological consultancy was created, natural trails were constructed, discussions and lectures were held and in the next project the network of environmental education was supplemented. For example, the project ACOR was focused on improving the quality of education and professional preparation of students of pedagogy and social fields.

### **Operational program Education for Competitiveness (OP EC)**

OPEC serves for the development of education of the society in order to strengthen economic competitiveness. OP EC prepares graduates for adaptability and flexibility for success on the job market.

In the scope of this program which was announced as the Global Grant of the South Moravian Region, Lipka has got financial resources for publishing the handbook “good practice”, for the APUS project – development of a pilot field program NATURA 2000 – methodology for teaching, methodology for teaching natural sciences, setting interdisciplinary links, etc.

(Annex no. 1 List of Lipka’s projects from EU Operational Programmes).



### ***Contribution of the projects:***

- A large source of funds
- Increase of jobs
- Construction of facilities for environmental education
- Building of additional facilities leads to the expansion of activities under EETA
- Improving the quality of activities
- Increase of the capacity of equipment for regional and national stay school trips in nature
- Strengthening the awareness of children and adults about environmental protection of the region and state

When the EU grant period ends – to keep the environmental education so that all it would be available to everyone (a pessimistic scenario would mean a price increase of stay trips and other activities of Lipka).

## **9.8 Lipka's own resources from additional activities**

In the Article VIII. of the Charter<sup>107</sup> of Lipka, the founder – South Moravian Region – permits an additional activity which follows the main activity to Lipka. It also specifies the implementation of the additional activity so that the main activity, which is the purpose of the contributory association, would not be disturbed. Another condition is a separate monitoring of the additional activities and financial management in compliance with Section 28 of the Act no. 250/2000 Col., on budgetary rules of territorial budgets<sup>108</sup>.

Permitted additional activities:

- Organizing professional courses, trainings and other educational events including lectures
- Real estate activities

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<sup>107</sup> New charter of the contributory organization of the South Moravian Region Ref. no. 98/38 (from August 26, 2005)

<sup>108</sup> Act no. 250/2000 Coll., On Local Budget Rules§28

- Buying and selling
- Catering
- Working in the protected areas
- Issuing methodical materials
- Preparation of technical designs
- Services in the area of administration and organizational and economic services
- Research and development in natural and technical sciences or social sciences
- Consultancy in social sciences and personal development
- Organizational and economic consultants
- Accommodation services<sup>109</sup>.

**Table no. 12: Revenues from Lipka's additional activities in the years 2010 - 2014 in CZK<sup>110</sup>**

2010	6 940 794
2011	10 021 118
2012	8 148 358
2013	10 828 723
2014	10 404 307
<b>TOTAL</b>	<b>46 343 300</b>

*Source: author's calculation of Lipka's annual reports from the years 2010-2014 (see Annex no. 6 of Lipka's Annual reports from 2010-2014)*

<sup>109</sup> New charter of the contributory organization of the South Moravian Region Ref. no. 98/38 (from August 26, 2005)

<sup>110</sup> Lipka's Annual reports from the years 2010 - 2014

Table no. 12 Revenues from Lipka's additional activities in the years 2010-2014 in CZK shows the revenues from the activity, which Lipka carries out outside its main activity. The total revenue from the additional activity in the years 2010-2014 exceeds CZK 46 mil.

Lipka has income from its own publishing activity (a small publisher), where it prints publications in the area of environment for children, teachers, professional public and consultancy. Other incomes are from renting of premises, accommodation and meals for stay events without lectures.

## 9.9 SWOT analysis of Lipky

SWOT analysis of Lipka has been conducted to identify the strengths, weaknesses, threats and opportunities.

Table no. 13: SWOT analysis of Lipka

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• The professional team consisting of permanent and external employees</li> <li>• Long-term effective acquisition and use of financial resources for the environmental activity of the organization</li> <li>• Implementation of projects supported from the EU operational programmes</li> <li>• Implementation of projects announced by other institutions</li> <li>• Sufficient funds for implementation of the project</li> <li>• Strong support from the founder - SMR</li> <li>• Lipka's regional contribution to the environmental education and environmental protection</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Not spending whole funds provided from the EU operational programmes</li> <li>• The arrival of new employees without experience</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Not spending whole funds for the project (saving costs)</li> <li>• Increase of the capacity at workplaces of Lipka and spreading education</li> <li>• Educational programmes for everyone from kindergartens, elementary schools, secondary schools, universities, the general public including the handicapped</li> <li>• Contribution of the region in the EETA area and investment</li> <li>• Readiness of Lipka's team to arrange other finances from subsidy programmes in the new planning period 2014-2020</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• The professional team leaving because of the large workload</li> <li>• Sustainability and use of the increased capacity for environmental education</li> <li>• Ineligible project expenses</li> <li>• Lipka's insufficient funds for the co-financing of projects</li> <li>• Change of the founder's decision on financing Lipka out of norm</li> <li>• The decrease of interest in environmental education</li> </ul>

Source: author's processing

The SWOT analysis shows us that the biggest strength of Lipka is its professionalism in the environmental education with a strong support of the founder SMR. The readiness to arrange finances from operational programmes in this field in the new planning period 2014-2020 is an opportunity for Lipka. The departure of experienced employees and decrease of interest in environmental education would be a threat to Lipka and its weakness is the arrival of new unskilled employees.

## 9.10 PEST analysis of Lipka

PEST analysis of Lipka was conducted. This analysis evaluates external factors (political, legislative, economic, social, cultural and technological) which affect the organization. The PEST analysis was conducted because of the potential threat to Lipka of external benefit for Lipka.

**Table no. 14: PEST analysis of Lipka**

<p><b>Political and legislative factors</b></p> <ul style="list-style-type: none"> <li>• Long-term strategic document of SMR in the area of support from EETA</li> <li>• Strong support from the founder and its stability</li> <li>• Change of the regulations and laws concerning environmental education and environmental protection</li> <li>• Change in taxes (reduction)</li> <li>• Changes in society as a result of resolving global crises</li> </ul>	<p><b>Economic factors</b></p> <ul style="list-style-type: none"> <li>• Threats to the stability of EU due to migration crisis</li> <li>• Discontinuation of the grants from EU operational programmes</li> <li>• Change in taxes (increase)</li> <li>• Reduction of Lipka's out of norms financing</li> <li>• Not filling educational programmes because of the public savings</li> </ul>
<p><b>Social and cultural factors</b></p> <ul style="list-style-type: none"> <li>• Increase of the level of environmental education for everyone including the handicapped</li> <li>• The synergy between environmental protection, economic development, tourism and the establishment of international cooperation</li> <li>• Lipka's multicultural friendship</li> <li>• Returning to nature</li> </ul>	<p><b>Technological factors</b></p> <ul style="list-style-type: none"> <li>• Continuing technological changes may lead to the return to nature</li> <li>• Continuing technological changes may lead to a diversion from nature</li> <li>• Diversion of interest in the environment directly at Lipka's workplaces due to the use of new technologies</li> <li>• Change of Lipka's offer and price change of programmes</li> </ul>

*Source: author's processing*

The analysis shows that Lipka's founder ensures security and stability of Lipka's activities on the basis of long-term strategic documents. Socio-political threats could have a negative effect on Lipka's financial stability due to global crisis.

## **9.11 Structured interviews**

Within collecting and analysing detailed information on financing and activities of Lipka, I conducted structured interviews (see annex no. 7 Structured Interviews) at Lipka's workplaces to find out interesting information from Lipka's director and also individual managers directly at the places of work.

Open-ended questions were asked.

Using the method of **structured interviews** confirmed that the employees "live" for Lipka. They provide environmental education while extremely dedicated to it, so that their environmental activity would get even more interest not only in the South Moravian Region. Lipka wants to provide EETA at a god price so that eco-education would be accessible to everyone. The most significant resource of revenues for Lipka is the founder and grants from the EU operational programmes. The structured interviews were ended by Lipka's director overlooking the future when the Czech Republic will not be a recipient of grants from EU OP. Lipka reckons that it will obtain 60% of the income from its founder and 40% of its income from providing eco-education, which is of great interest (programmes sold out a year in advance). Another option of gaining income is from Lipka's supporters, who would become donors. Lipka is also focused on cooperation with foreign partners. It gains experience and information on environmental education in other countries from them. By spreading its knowledge it supports the sustainability of its organization into the future.

By structured interviews it was observed interesting additional information about activities, funding and the future of Lipka. Given that Lipka draws a significant portion of income from EU OP. The most important information from the director of Lipka about future funding after year 2020, when ends the Czech Republic as a recipient of subsidies from EU OP. The director ended the dialogue by saying "I am not worried about the future of Lipka."

## **10 Analysis of selected Lipka's projects from EU subsidies**

Four most important investment and non-investment projects implemented in the years 2010-2014 were selected due to the projects recency for analysis in this thesis. The projects

were funded from EU subsidies, from the state budget and from statutory authority's budget. The sustainability time scale is 5 years in all projects.

***Co-financing of presented projects co-financing:***

- 85 % from EU sources of finance
- 10 % from the founder of South Moravian county
- 5 % from the state budget

All four projects were implemented at Lipka workplace (Lipová, Jezírko, Kamenná, Rozmarýnek).

**Table no. 15: Assumed costs and actual expenses of selected projects implemented in Lipka in years 2010-2014 in CZK**

<b>Project name</b>	<b>Assumed project costs</b>	<b>Actual project expenses</b>	<b>Implementation timeline</b>
Lipka's capacity increasing for environmental education programmes	22 382 000	22 382 000	1.7.2010-31.3.2013
ACT WELLL! (79% was spent from subsidy)	9 512 294	7 514 712	1.10.2011-31.12.2014
Horticultural therapy (72% was spent from subsidy)	8 217 370	5 916 506	1.2.2012-31.8.2014
MONA-Moving Nature (87% was spent from subsidy)	21 612 380	18 802 770	1.6.2012-31.12.2014
<b>Total</b>	<b>61 724 044</b>	<b>54 615 988</b>	<b>Difference between assumed costs and actual expenses is 7 108 056 CZK</b>

*Source: author's processing*



In table number 15 there is a difference between assumed costs of selected projects before implementation and actual projects expense in amount of 7 108 056 CZK. Actual costs are lower due the realized changes during the project and cheaper implementation activities of project then it was assumed (lower prices were won in competitions in project than it was assumed such as – translations, printing, transport, course change fee – when the project started it was 25 CZK, later 27.5 CZK – so if the amount in monitoring report is dividend by 27.5 CZK insted of 25 CZK therefore spending works out less in euros though in CZK the spending percentage would be higher).

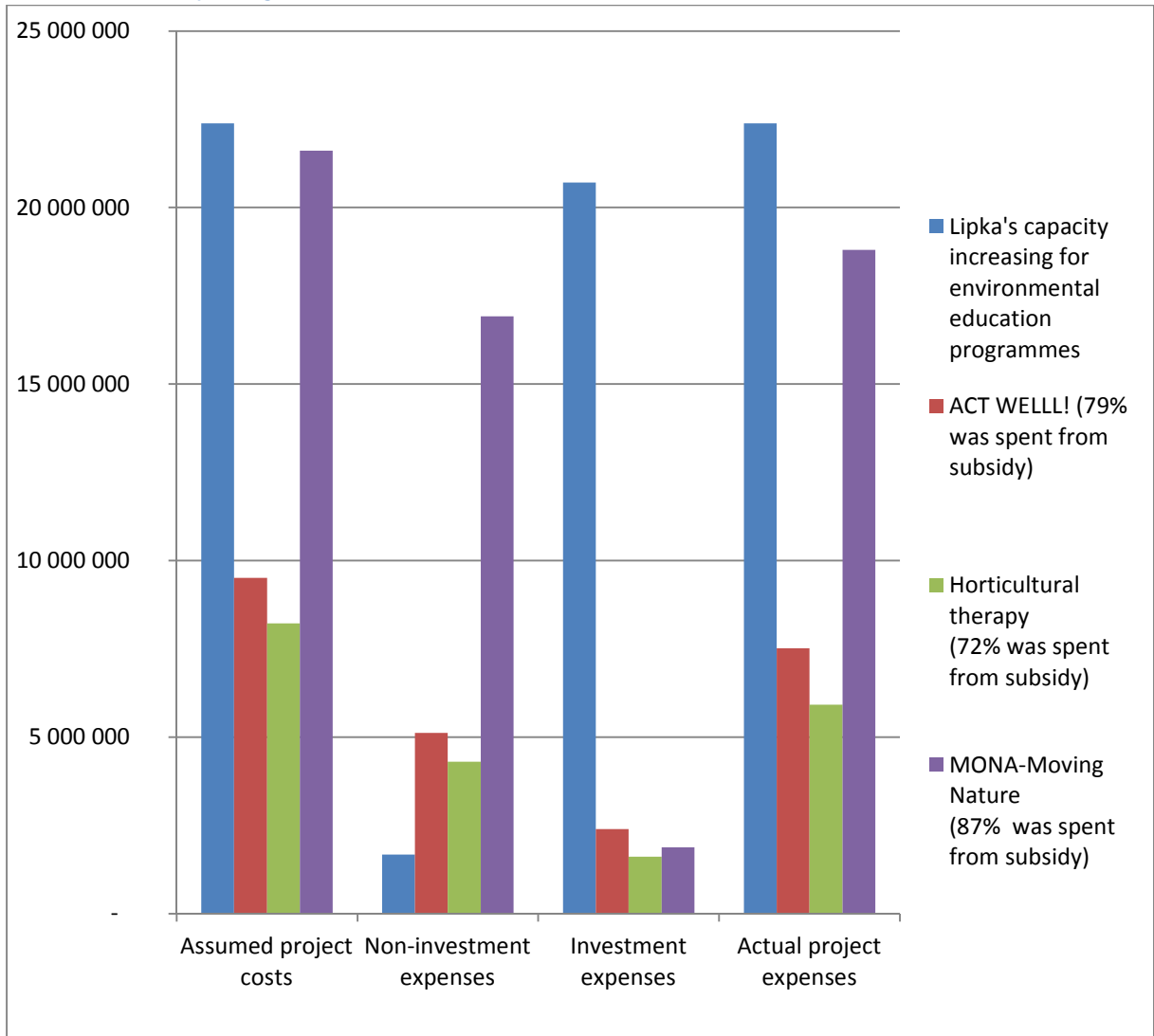
**Table no. 16: Investment and non-investment expenses of selected Lipka's projects in years 2010 - 2014 in CZK**

<b>Project name</b>	<b>Non-investment expenses</b>	<b>Investment expenses</b>	<b>Total (actual projects expenses)</b>
Increasing Lipka's capacity for EEP	1 673 000	20 709 000	22 382 000
ACT WELLL!	5 117 239	2 397 473	7 514 712
Horticultural therapy	4 300 016	1 616 490	5 916 506
MONA-Moving Nature	16 920 045	1 882 725	18 802 770
<b>Total</b>	<b>28 010 300</b>	<b>26 605 688</b>	<b>54 615 988</b>

*Source: author's processing*

In table number 16 there is a ration of non-investment expense and total project costs higher in comparison with investment expenses. The ration of investment expenses in comparison with total projects costs is 48.7%.

Chart no. 9: Share of investment and non-investment expenses of selected Lipka's projects in years 2010 - 2014 in CZK



Source: author's processing

## 10.1 Lipka's capacity increase for EEP (ecological educational programmes)

### Time implementation schedule 1.7.2010 - 31.3.2014

Due to long-term increased demand for Lipka's educational programmes it was decided and project of Lipka's capacity increase for ecological training programmes was realized. In workplace Lipka-Lipová there was a classroom built in the form of building extension and the boiler room was reconstructed (see Annex no. 2 The built extension in Lipka –

workplace Lipová ). The extension is realized in low energy standard. Savings of operational costs is the output of this extension. Another re-adjustment was realized at the garden. There were new educational features built such as pier at the pond and a greenhouse.

In Lipka – Jezírko workplace there was an accommodation facility built for supplying residential educational programmes<sup>111</sup>.

***The aim of the project:***

- Extension of educational premises in Lipka – workplace Lipová
- Capacity increase at Lipová workplace for ecological educational programmes and extracurricular activity
- Reconstruction of boiler room at Lipová workplace
- Capacity broadening at Lipová by residential educational programmes
- Increasing sustainability with the aid of revenues from residential programmes

Total costs are 22 382 000 CZK (of this investment costs are 20 709 000 CZK)

- Thereof EU subsidies (OPE) 15 769 000 CZK
- Thereof subsidies from founder 4 940 000 CZK
- Thereof state budget 1 673 000 CZK

## **10.2 ACT WELLL!**

### **Time implementation schedule 1.10.2011 - 31.12.2014**

ACT WELLL! means Austrian Czech Team Widens Evocative Life Long Learning. It is the first project realized for Lipka by cross - border cooperation executed with Austrian partner Umweltildung Wien and in participation of another partner - Vysočina region and

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<sup>111</sup> PROJEKTY LIPKY : [online], 2016. Available at (Quated 18/04/2015): <http://www.lipka.cz/projekty?idm=54>

Chaloupky charitable trust. The project was implemented and supported by operational programme European Territorial Cooperation Austria – Czech Republic 2007-2013.

The project was design for teachers of primary and nursery school, lecturers and teachers of extracurriculum activities. Participating classes of nursery and primary schools (Austrian and Czech) will meet each other and work within the project ACT WELLL! (see Annex no. 3 Czech-Austrian cooperation).

***The aim of the project:***

Systematic training strengthens the principles of experiential environmental pedagogy and it is aimed at:

- Children's garden
- Soil life
- Children's farm
- Insect's hotels
- Biodiversity
- Forest as a living space<sup>112</sup>

***Teachers will undertake:***

- Basic Training
- Soft Skills - methods of experiential pedagogy and development of social skills
- Facility Trainings – familiarization with new devices for education of partner organizations of EETA
- Special Trainings – teachers will engage in projects activities

The total anticipated costs were 9 512 294 CZK, the actual costs were only 79%, ie. 7 514 712 CZK (of which investment costs were 2 397 473 CZK). The project was

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<sup>112</sup> PROJEKTY LIPKY : [online], 2016. Available at (Quated 18/04/2015): <http://www.lipka.cz/projekty?idm=54>

implemented under the Operational Programme Cross-border Cooperation Austria – Czech Republic 2007 - 2013.

### **10.3 Horticultural therapy**

#### **Time implementation schedule 1.2.2012 - 31.8.2014**

The horticultural therapy is next cross-border project of Lipka. This is a pilot project of new field of *horticultural therapy* in the Czech Republic. The project is supported from European Regional Development Fund within the frame of European Territorial Cooperation Programme Austria – Czech Republic 2007 - 2013<sup>113</sup>.

#### ***Lipka's cooperation with partners:***

- Brno University Hospital
- Home for the elderly people of Master Křišť'an Prachatice
- Federacy of nature protection Citizens and environment - Natur im Garden in St. Pölten
- Hochschule für Agra rund Umweltpädagogik in Vienna<sup>114</sup>

#### ***The aim of the project:***

- A series of training seminars for employees of involved organizations
- Completion of accompanying infrastructure at workplaces Lipka – Jezírko a Lipka – Rozmarýnek
- Creation of educational programmes in therapeutical gardens for disadvantaged children and adults. (see Annex no. 4 Garden opening at Bohunice University Hospital)
- Creation of conception of programmes for the elderly people and suggestions for leisure use of garden therapeutic elements of public

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<sup>113</sup> PROJEKTY LIPKY : [online], 2016. Available at (Quated 18/04/2015): <http://www.lipka.cz/projekty?idm=54>

<sup>114</sup> Personally processed internal materials of Lipka

- Publishing publications to promote new field area of horticultural therapy

The total anticipated costs were 8 217 370 CZK, the actual costs were only 72%, ie. 5 916 506 CZK (of which investment costs were 1 616 490 CZK). The project was implemented under the Operational Programme of Cross-border Cooperation Austria – Czech Republic 2007-2013.

## **10.4 MONA – Moving Nature**

### **Time implementation schedule 1.6.2012 - 31.12.2014**

Lipka broadens its cooperation within cross-border projects with above mentioned project - MONA - Moving Nature. Austrian organization for environmental education Umweltbildung Austria is the project partner. Within the frame of the project the weekend residence programmes about healthy life style were realized. Czech and Austrian participants took part in cookery and created considerate and ecological household model in new built up Eco-house at Lipka workplace – Rozmarýnek. Eco-house proves the entity of healthy living-in (insulating materials, walls made of straw bales, biomass heating, green roofs, solar systems, equipment for suppressing smog, use of rainwater, air recovery etc.).

Within the frame of the project new conceptions of weekly residential stays in nature were built-up "Olympics of healthy life style"<sup>115</sup> (see Annex no. 5 Living in the nature "Olympics of healthy life style").

The total anticipated costs were 21 612 380 CZK, the actual costs were only 87%, ie. 18 802 770 CZK (of which investment costs were 1 882 725 CZK). The project was implemented under the Operational Programme of Cross-border Cooperation Austria – Czech Republic 2007 - 2013.

The four selected projects of Lipka define firstly investment activity (building and increasing capacity for residential events focusing on activities to conserve nature) and non-investment grants for environmental education in order to increase sustainability of Lipka in future years.

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<sup>115</sup> PROJEKTY LIPKY : [online], 2016. Available at (Quated 18/04/2015): <http://www.lipka.cz/projekty?idm=54>

For the analysis of the selected projects **SWOT analysis** was generated to provide a picture of the strengths and weaknesses of projects implemented by Lipka in period 2010 - 2014.

**Table no. 17: SWOT analysis of 4 selected projects in years 2010 - 2014**

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Obtaining financial resources from Operational Programme Environment</li> <li>• Obtaining additional resources from the founder the South Moravian Region</li> <li>• Obtaining additional resources from the state budget</li> <li>• Implementation of all projects</li> <li>• Sufficient funds for project implementation</li> <li>• Experienced team</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Not sufficient drawing of funds provided from EU Operational Programmes</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• Lower project cost than it was anticipated</li> <li>• Increased capacity for EEP</li> <li>• Educational programmes for disadvantaged children and adults</li> <li>• Financial contribution to the region</li> <li>• Usage of the experienced team for the implementation of other projects for planned period 2014 - 2020</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Leaving of experienced employees after the drawing of EU subsidies</li> <li>• Sustainability and increased capacity utilization for EEP in future</li> <li>• Ineligible project expenses</li> </ul>

*Source: author's processing*

From the table no. 17 it is obvious that expertise to draw of subsidies from EU Operational Programmes is the strength of Lipka. Equally the Lipka's opportunity is to continue to benefit from experienced teams who can complete projects strictly according to Lipka's focus. Insufficient drawing of allocated financial means is the weakness. The reasons are as follows: the use of cheaper materials during building up of investments, many educational

activities are not realized due to various general causes. The threat of Lipka's activities could occur in the event when experts leave.

To next analysis of 4 selected projects in years 2010 - 2014 **PEST analysis** was chosen. This evaluates the environmental effects on Lipka (political, legislative, economic, social, cultural, technological).

**Table no. 18: PEST analysis of 4 selected projects in years 2010 - 2014**

<p><b>Political and legislative effects</b></p> <ul style="list-style-type: none"> <li>• Raising of awareness about the implementation of renewable resources</li> <li>• Deepening of aid for environmental protection</li> <li>• Legislative state support during the design of changes in the field of environmental protection</li> </ul>	<p><b>Economic effects</b></p> <ul style="list-style-type: none"> <li>• Support the activities of Lipka from the highest administrative offices</li> <li>• Support the Lipka's activities from the South Moravian Region</li> <li>• Increasing sustainability of Lipka by using revenues from residential programmes</li> <li>• The political decision to introduce a tax on environmental protection</li> </ul>
<p><b>Socio-cultural effects</b></p> <ul style="list-style-type: none"> <li>• Increase the level of environmental education</li> <li>• Change of leisure time usage</li> <li>• Cross-border cooperation Czech - Austrian partnership</li> <li>• Awareness of environmental protection in other European countries</li> </ul>	<p><b>Technological effects</b></p> <ul style="list-style-type: none"> <li>• Use of renewable resources</li> <li>• The introduction and use of new technologies friendly to nature</li> <li>• Better Earth for all</li> </ul>

*Source: author's processing*

In table no. 18 there are stated the environmental effects on project realized by Lipka. Important thing for Lipka in the field of nature preservation would be a decision of politicians to change the allocation of taxes directly aimed at protecting nature and each year to guarantee income to non-profit organizations which protect environment.



Lipka has socio-cultural effect to increase environmental education for a very wide public (from children to senior people including people with disabilities). It reinforces the level of environmental awareness of the broaden masses of the population in the region and it acts with supraregional field of action (training is provided to schools and educational facilities in the whole Czech Republic). Lipka takes full advantage of renewable resources in building and expanding capacity of Lipka by using new techniques and technologies friendly to nature with the aim of a better **Earth** for all of us.

## 10.5 Regional importance of Lipka

Lipka has a significant share of regional development by education and awareness in the protection of the environment and protection of biodiversity within its own region but also outside the region (training of students and adults in the Czech Republic). Estimated annual number of participants:

- Small club, club and camp activities for children (small clubs are visited by about 500 children, the camps have 1 000 children per year)
- Half-day, a day or residential environmental education programmes for schools (about 20 000 primary school and secondary school students per year)
- Public events (about 7 000 people yearly)
- Environmental education of teachers, field trips, seminars for faculties, thematic workshops, long-term seminars (weekly stays), conferences, consultations of specialized studies which about 1 500 teachers pass annully
- Environmental education of students, teaching for partner universities - about 1 400 students
- Publications, methodology collections of ideas for teachers, worksheets, tools, atlases
- Services provided for the founder (competition of theses, upgrade of strategic documents (Eco-school network for the environmental performance of schools, School for sustainable life for development of locally anchored tuition)<sup>116</sup>

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<sup>116</sup> TRÁVNÍČEK, J. *Výrobní strategie organizace Lipka – školské zařízení pro environmentální vzdělávání*. Písemná práce k modulu Operační management. BIBS, 39 s. 2014.

Lipka is helping to meet the specific objectives of key strategic and development documents of the South Moravian Region which lead to its development.

### **Strategy of the South Moravian Region 2020**

Lipka in its activity helps to update the strategic vision of Strategy of South Maravian Region 2020. Lipka responds with its activities mainly on:

#### *Priority 2: High-quality and adequate supply of public services*

Measure 2.1 Expanding services for seniors and persons with disabilities (courses for seniors in the workplace Kamenná)

Measure 2.2 Improvement and expansion of proposal of lifelong education and cultural activities (events for further education for teachers and public events)

Measure 2.3 Improving the quality of school education of children and youth - Events besides regular lessons<sup>117</sup>

### **South Moravian Region Development Program 2014 - 2017**

Lipka fulfills specific objectives within measure of priority 3

3.c. The development of quality of education - a specific goal 10 (SC 10) - an increase in education of people linked to the labor market

3.c.9 support of information literacy, financial literacy, environmental education - to establish and maintain partnerships between primary and secondary schools (field trips etc.)

### **The Regional Innovation Strategy of the South Moravian Region 2014 - 2020**

It is a fundamental strategic document of the SMR and the city of Brno in support of competitiveness<sup>118</sup>

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<sup>117</sup> ZÁSADY ÚZEMNÍHO ROZVOJE JIHOMORAVSKÉHO KRAJE: [online], 2016. Available at (Quated 15/04/2016): <http://www.kr-jihomoravsky.cz/Default.aspx?PubID=212277&TypeID=2>

<sup>118</sup> ZÁSADY ÚZEMNÍHO ROZVOJE JIHOMORAVSKÉHO KRAJE: [online], 2016. Available at (Quated 15/04/2016): <http://www.kr-jihomoravsky.cz/Default.aspx?PubID=212277&TypeID=2>

Key area D European high education - improving material conditions to improve the quality of primary and secondary education in the SMR, a new formulation of educational policy of region as part of care for long-term prosperity of the region, enhancing the quality of university education

Strategic objective D.5 Raising quality and attractiveness of training for the teaching profession in the region through the Masaryk University in Brno where Lipka provides training to several teaching subjects including practices realized at Lipka<sup>119</sup>

### **Long-term plan for education and the education system of SMR 2016**

Lipka fulfills priority B – it has its representatives in the preparatory groups of the Regional Action Plan

B.1.b Support for teaching staff and school directors

B.1.b.6 To support functioning of existing system of further education of teachers

B.1.b.3 EETA education, methodology of teaching of foreign languages, foreign language education, methods of education of pupils – foreigners

B.1.b.6 Support by sharing of good practice among schools

B.1.c Support of polytechnic education including EETA and education for sustainable development<sup>120</sup>

### **Human Resources Development Strategy of SMR**

#### *Priority I Developing of human capital*

1.1 Lifelong learning for all and its implementation - supporting the creation of regional information center for lifelong learning

1.2 The quality of education within the regional education system - focusing on the creation of FEP and SEP - curriculum reform for more effective education

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<sup>119</sup> ZÁSADY ÚZEMNÍHO ROZVOJE JIHOMORAVSKÉHO KRAJE: [online], 2016. Available at (Quated 15/04/2016): <http://www.kr-jihomoravsky.cz/Default.aspx?PubID=247486&TypeID=2>

<sup>120</sup> DLOUHODOBÝ ZÁMĚR VZDĚLÁVÁNÍ A ROZVOJE VZDĚLÁVACÍ SOUSTAVY JIHOMORAVSKÉHO KRAJE 2016-20: [online], 2016. Available at (Quated 16/04/2016): <http://www.kr-jihomoravsky.cz/Default.aspx?ID=280458&TypeID=2>

1.6 Increasing professionalism and society status of teaching staff in regional education - ensuring the required quality of teachers, support of talented and motivated people in education<sup>121</sup>

### **Concept of environmental education, training and awareness of the South Moravian Region for 2011 - 2020**

South Moravian Region set up for the implementation of Environmental training, education and awareness specialized contributory organization Lipka. Lipka is by the statutory authority accredited to complete selected tasks entrusted to the action plan, organize conferences for teachers, create methodical publications and aids, methodological assistance to teachers, editor South Moravian eco-papers.

Statutory authority of South Moravian Region financially supports Lipka and Lipka **implements training and awareness** for employees of regions, public administration employees, representatives of municipalities and schools and in the private sector it seeks examples of "good practice".

Furthermore Lipka is involved in education for non-teaching staff in the areas of healthy eating, ecological operations of buildings, use of ecological detergent for cleaning. The result of this training is **good eating habits** in case of children or even adults<sup>122</sup>.

Lipka is one of the first organizations in the region to begin to develop projects for drawing on financial resources of Operational Programmes of the European Union to support regional development and Lipka enriched the region, increased the value of buildings and property of SMR in its field of activity by more than 150 million CZK by year 2015 (such as capacity expansion of educational space in the workplaces of Lipka, reconstruction of boiler rooms, construction of ecological sites, gardens for kids, children's farm, insect hotel, forest as living space, to build gardens for garden therapy for the sick people, to establish cooperation with other countries).

Regarding education in the region within the environmental science an estimated 500 thousand people were educated for the period of Lipka's activity as contributory

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<sup>121</sup> STRATERIE ROZVOJE LIDSKÝCH ZDROJŮ JIHOMORAVSKÉHO KRAJE: [online], 2016. Available at (Quated 16/04/2016): <http://www.kr-jihomoravsky.cz/Default.aspx?PubID=51443&TypeID=2>

<sup>122</sup> OPERAČNÍ PROGRAMY PŘESHRAŇIČNÍ SPOLUPRÁCE 2014-2020: [online], 2016. Available at (Quated 17/04/2016): <http://dotacni-noviny.cz/operacni-programy-preshranicni-spoluprace-2014-2020>

organization in the region. Education in this area contributes to future generations to live in a beautiful and **people respected and protected nature** (the sustainability of natural resources, ecosystems and biodiversity).

## 11 Discussion and recommendations

Lipka - educational facility for environmental education has the status of a contributory organization of the South Moravian Region. It operates in the South Moravian region and provides training in the field of environment protection for pupils, students and adults throughout the whole year and during the holidays. It also works supraregionally because their teaching programmes are provided to interested persons from all over the Czech Republic. Evidenced by the environmental programmes sold out one year in advance for anyone interested primarily from South Moravian Region but also from other regions.

The main objective of the thesis was to analyze and evaluate current forms of financing and the importance for the future development of the organization.

For the analysis of this organization was chosen period of years 2010 - 2014 and methods of analysis of direct expenditures on education, analysis of operating expenses, cost benefit analysis, analysis of the most important investment and non-investment projects co-financed by the EU, the method of structured interviews, Altman's Z-score model, SWOT and PEST Analysis.

Analysis showed that Lipka use multi-source financing. The basic source of financing is a subsidy for salaries of employees (direct expenditure on education) from the state budget (Lipka is registered in the register of schools and educational institutions) and subsidies for the operation from the budget of the South Moravian Region. Other incomes are revenues from additional activities (training courses, lecturing, publishing methodological materials, services, consulting services) and revenues based on completed projects co-financed by the European Union.

By the analysis of **direct expenditure** on education it was found that Lipka has determined number of FTEs for the year 2015 which is 7.7 FTEs of salaries but the operation of Lipka needs another 22 FTEs which are financed by the region. Others FTEs to the total amount of 52.5 FTEs are paid by the organization from additional activities and from subsidy programmes co-financed from the EU funds.

Further an analysis of **operating expenses** was performed. Normative contribution to the operation in 2015 amounted to 314.5 thousands CZK. However region supports the operation of Lipka with over-normativ own sources of more than 10.5 million CZK per year. These over-normativ sources are received by Lipka based on its above standard activities carried out for the South Moravian Region in the environmental field (implements environmental education and awareness in public sector, works with schools, the public and municipalities, issues publications in this area, also supports global and educational events, provides conferences for educators, provides counseling for the environmental performance of schools and others).

By the **cost-benefit analysis** it was found that Lipka has positive economic result. In 2012 the economic result amounted to 467 thousands CZK due to increased income from the EU Operational Programmes in comparison with 2013 when the economic result was only 69.6 thousands CZK. In 2014 the value of the economic result was the lowest (4.4 thousands CZK) due to the payment of bonuses to employees from revenues of Lipka's main activities. In the whole reporting period 2010 - 2014 labor costs has an increasing trend because Lipka was finishing a large number of projects from EU OP however the share of labor costs on total costs is in average only 19.23%. By the year 2014 the share of labor costs has an increasing trend but in early of 2015 10 employees who worked on projects co-financed by the EU were fired.

By the analysis of the most important **investment and non-investment** projects in the years 2010 - 2014 it was found that Lipka obtained a total amount of 61.7 million CZK from EU OP for four projects. Contribution of projects was the realization of increasing capacity of individual Lipka's facilities to provide more services in the field of environmental education to a larger number of applicants (renovation of existing facilities, increasing capacity for educational programmes, reconstruction of boiler room, increasing sustainability of Lipka through income from residential programmes).

Lipka is ready for the new programming period for drawing subsidies from the EU 2014 - 2020 in the area of "Cross-border cooperation" - the exchange of experiences, educational programmes, improvement of the environment, care for the border areas, protection of biotopes, improvement of the ecological stability and services.

Within the OPE 2014-2020 Lipka will be involved with their projects for setting the high-quality support system of the environment in the Czech Republic leading to sustainable growth and economic and social cohesion.

By using the method of **structured interviews** was confirmed the enthusiasm and the relationship to the activities of Lipka of individual interviewed employees including the director of Lipka. On this environmental field they work with a very high effort so that their work would be requested and to be able to provide professional programmes within the eco-education for the South Moravian region and to provide education for a good price, accessible to everyone and to establish cooperation with foreign partners and to promote the sustainability of their organization. After subsidy programmes supported by the EU end Lipka considers that 60% of the income will be obtained from its founder and 40% of the income will be obtained from the provision of EETA. Another source of income could be a donorship and also Lipka is currently working with supporters of ecology (with potential donors).

Due to analysis of **net working capital** can be stated that the organization has negative values in the whole reporting period except for 2012, when net working capital has a positive values of 227.9 thousand CZK. In 2011 it is reported the lowest negative value of 1.73 million CZK and in 2014 is the highest negative value of 16.5 million CZK. Net working capital is mainly influenced by high loans (debts). About 15 million CZK in 2014 to pre-finance cross-border projects. In 2013 and 2014 net working capital shows the negative trend because of the above mentioned reasons.

In the years 2010 - 2013 according to the Altman's Z-score contributory organization Lipka is in the zone of prosperity with the highest value of 9.1 and the lowest 3.2. However in 2014 Lipka tends to the so called grey zone with a value of 1.83. In 2014 Lipka had a large profit from the main activities of 354 thousands CZK (increased costs for publicity and from the revenues of main activities bonuses to employees were paid and thus profits shrank to 4.4 thousands CZK). This influenced the value of prosperity for Altman's Z-score. Even though it can be said that in the whole reporting period the organization is primarily located in the zone of prosperity.



Lipka has a significant contribution for regional development with education and awareness in the field of environmental protection and biodiversity protection within their own region, but also outside the region (training of pupils, students and adults in the whole Czech Republic)

By the SWOT analysis it was found that the strength of Lipka is a professional drawing of funds from EU subsidies for environmental activities and strong financial support of the founder. Lipka's weakness is the financial uncertainty (non-normative financing) and the eventual leaving of employees due to hard work and constant insecurity of stable employment.

PEST analysis - for political and legislative influence is considered the founder stability and support, socio-cultural influence is to build synergies between environmental protection and long-term development of Lipka.

The **hypothesis** of this thesis was the question of whether the current system of multi-source financing of Lipka contributes to its long-term development. Multi-source financing of Lipka with support of South Moravian Region is currently sufficient and leads to the development of the organization in the long term (the projects, the building of investment - increasing capacity at Lipka for the future provision of educational programmes). After 2020 when the Czech Republic will not be a recipient of grants from the EU Lipka will need new financial resources. Firstly the support of the founder, donorship and resources from additional activities. Lipka currently establishes very good contacts and interpersonal relationships. This could lead to increased donorship for ecology by supporters of Lipka. The change from the founder side could be that the overnormative financing (10.6 million CZK per year) would become a normative financing and thereby Lipka would gain certainty in its long term development. The current system of multi-source financing contributes to its long-term development. The hypothesis was confirmed.

**I recommend** for Lipka to prepare itself for a period when the Czech Republic will not be a recipient of subsidies from the EU Operational Programmes (Lipka will have a decrease in income) to develop set sustainability of individual Lipka's facilities and to contribute to maintain a healthy planet for future generations and to lead citizens to a healthy lifestyle with relation to biodiversity.

Lipka did not yet use fundraising but due to performed analyzes I **recommend** to Lipka to prepare and educate one essential employee in the field of fundraising activities and to focus on those individuals who have the same or a similar opinion as Lipka for environmental education and protection of nature. Offer to donors an involvement in environmental policy of Lipka as multiplier effect for addressed donors or firms.

I **recommend** to Lipka to remain its activities involved in the fulfillment of indicators of regional development by fulfilling the environmental policy of the region (its founder) and by establishing a cultural and social cooperation with other regions and other European countries.

I **recommend** to politicians to support tax changes in terms of tax relief or tax exemptions to support the financing of nonprofit activities in the field of environment.

I **recommend** looking for new service offerings that clients of Lipka still lack. To determine services I recommend to perform a survey of the general public including schools.

Another **recommendation** for Lipka could be the implementation of annual membership fee for supporters and members of this environmental organization. In the case of 500 members / 200 CZK annual fee would be an income of 100 thousands CZK per year for Lipka's operation.

By the analysis of all activities of Lipka it was found that the activities of Lipka and its environmental educational programmes have a very good reputation and people appreciate their work. This is evidenced by consistently high attendance of all activities of Lipka and educational programmes sold out a year ahead at all workplaces of Lipka for the general public. The demand exceeds supply of services of Lipka. I believe that the long-term development and the sustainability of Lipka is realistic.

## 12 Conclusion

Before year 1989 the so-called environmental education was not widespread as now 25 years after the so-called "Velvet revolution". In the totalitarian regime there were interest groups like "Pioneer" and "Natural Science stations" and some large ecological center did not exist and society did not care about limited natural resources. After 1989 it started a society-wide boom with respect to environmental protection, the society started to deal with the scarcity of natural resources and their irreplaceability. This led the government to support projects and the building of centers for environmental education.

At present the issue of sustainable development comes to the forefront because nature is the natural environment and the condition of human existence<sup>123</sup>.

When the Earth's resources (water, soil, sources of raw materials) are considered common, and not properly managed it will be an inevitable consequence of its devastation and destruction<sup>124</sup>.

Lipka is the only and significant contributory organization which is currently involved in ecological education and in all related activities related in the area of South Moravian Region and supra-regional level (provides education and schools in nature trips for interested people from all over the Czech Republic and also cooperates with foreign schools).

Lipka got the opportunity to prove its eligibility, has a good reputation and has become a respected partner of the South Moravian Region, schools, educational institutions, officials, journalists and others environmentally focused organizations in Brno.

Lipka got its name from the linden tree and its fetus is spherical nut. During the more than twenty years Lipka grew up into the strong tree.

Advantages of multi-source financing of Lipka is that in cases where one source of funding expires, the organization do not have to terminate its activity, but the organization can overcome the crisis with other generated resources . Another advantage is the high increase

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<sup>123</sup> BLAŽEK, J.- VLČEJ, J. a kol.: *Európa na križovatke*. Stredoeurópska vysoká škola v Skalici. Košice. Lavacom. 2015. s. 191. ISBN 978-80-89391-36-3.

<sup>124</sup> BLAŽEK, J.- VLČEJ, J. a kol.: *Európa na križovatke*. Stredoeurópska vysoká škola v Skalici. Košice. Lavacom. 2015. s. 207. ISBN 978-80-89391-36-3.

of financial sources from the project co-financed from EU OP for increase of capacity of Lipka, which brings an income for Lipka in the future from the educational and residential programmes in which Lipka will not have to invest.

The **main objective** of the diploma thesis was to analyze and evaluate current forms of financing in selected organization Lipka - educational facility for environmental education and to evaluate if multi-source financing contributes to long-term development of Lipka and based on the obtained results suggest recommendations for improvement for the solved problem.

The **objective** of theoretical part of the diploma thesis was to describe public organizations, their structure and funding. Then description of contributory organizations and non-profit organizations and their forms and sources of financing. For a comparison of activities of such organizations there were theoretically defined analyzes such as SWOT analysis, PEST analysis and Altman Z-score model.

**Another aim** of thesis was to analyze the financing of Lipka by founder (SMR) and comparison of multi-source financing of Lipka. It was conducted the analysis of direct expenditures on education, analysis of operating expenses, cost-benefit analysis, Altman Z-score model and SWOT and PEST analysis. Lipka receives a normative contribution for activities of interest and camps, but it is not enough for other activities. Lipka's other activities are paid from overnormative contribution by region and a large part of their income for activities is received from the EU Operational programmes. By the analysis it was found that the South Moravian Region financially supports Lipka's activities in the environmental field and Lipka is considered as its respected partner. Lipka's activity in the region ensures sustainable development that maintains the ability to meet basic living needs for present and future generations while not reducing biodiversity and maintaining ecosystem functions<sup>125</sup>.

The **last objective** was to compare and evaluate four selected projects in the period of 2010-2014 co-financed by subsidies from the EU Operational Programmes, the state

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<sup>125</sup> Act no. 17/1992 Coll., On the environment

budget and the South Moravian Region, aimed at developing the region in the field of environmental education.

From the analysis of these projects it is clear that Lipka contributes to the fulfillment of **indicators of regional development** (economically - drawing subsidies from the EU, fulfilling of environmental policy of region, establishing cultural and social cooperation with other regions and European countries, the use of new technologies with regard to ecology), and also expands its capacity to provide training programmes for a large number of interested parties in future period, thus ensuring the future development and sustainability of Lipka.

In conclusion, despite the fact that by the year 2020 subsidies from the EU Operational Programmes will end, I wish Lipka to develop the set sustainability of its projects and maintain it for the benefit of environmental education and building of human potential leading to a healthy planet and to healthy life style with regard to biodiversity, environmental protection and to the life of future generations.

I wish Lipka to obtain the overnormative financial support for operating expenses as the normative one from the founder (10.5 million per year) and thus to have greater security for its operation.

By the analysis of my thesis it was found that Lipka carries out its activities with a love for people, love for nature, love to use natural materials and with love to use traditional processing techniques of natural materials with minimal costs and demand for its activities exceed supply.

Environmental education at Lipka leads to long-term development of the organization and to the sustainable development of the Earth with the use of renewable resources.

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88. Structured interview with Mgr. Hana Korvasová – Director of Lipka

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## List of Abbreviations

RAoSMR	Regional Authority of the South Moravian Region
MoEYS	Ministry of Education, Youth and Sports
EU	The European Union
SEF	The State Environmental Fund
SMR	The South Moravian Region
MRD	Ministerstvo pro místní rozvoj The Ministry for Regional Development
MoI	Ministry of Interior
MoH	Ministry of Health
NGO	Nongovernmental organizations
GC NGO	The Government Council for NGOs
FoCSN	The fund of cultural and social needs
CBA	Cost Benefit Analysis
CoSMR	The Council of the South Moravian Region
AoSMR	Assembly of the South Moravian Region
CR	Czech Republic
EETA	Environmental education, training and raising of public awareness
NS	Nursery schools
PS	Primary schools
SS	Secondary schools
HVS	Vyšší odborné školy Higher Vocational School
BCH	Brno City Hall
EEP	Ecological educational programme
ONIE	Other non-investment expenditures
OP E	Operational Programme Environment

SB	State budget
EU OP	European Union Operational Programmes
CP	Cross-border project
MoE	Ministry of the Environment
DSoSMR	Development strategy of SMR 2020
OP RDE	Operational Programme Research, Development and Education
SEP	School educational programme
FEP	Framework educational programme
ER	The economic result
OP HRD	Operational Programme Human Resources Development
OP EC	Operational Programme Education and Competitiveness
FTE	Full time employee

# 14 Annex

## Annex no. 1 List of Lipka's projects from EU Operational Programmes

Projekty Lipka podpořené z fondů EU a jiných grantových zdrojů (OKD, Partnerství, SFZP, ...)									
přehled k 21.8.2014									
Lipka – příjemce (realizátor)									
Projekt	Zdravka	Dotační Kč	Dotační program	Ročník projektu / rok Lipka	Pracovník	Zahájení	Ukončení	Výstupy	
1	Moving Nature - MOHA	MOHA	17 500 000	OP EÚS AT-ČR	Lipka - školské zařízení pro environmentální vzdělávání, Bmo, Lipová 20	Jezko, Rozmarýnek	1.6.2012	12.31.2014	Postavený sčm za 14 908 000 Kč. Součástí domu didaktické prvky o šesti technologiích (např. fotovoltaika). V zahradě rozšíření stávajícího altánu o 20m <sup>2</sup> . Vytvoření nové vzdělávací nabídky: víkendový mezinárodní workshop pro děti o vaření a fungování ekosystému. Bude zařazen do pravidelné vzdělávací nabídky Rozmarýnku. Realizace workshopů pro dopolední - stávkou ze slámy, zelené střechy, hliněné omítky aj. (3 víkendy). Vytvoření letáku - manuálu a šesti zelených technologiích v domě - 6 letáku.
2	Profesní a osobnostní rozvoj školních koordinátorů environmentální výchovy	PROFI VUR	2 185 279	1.3 - Další vzdělávání pracovníků škol a školních zařízení	Lipka - školské zařízení pro environmentální vzdělávání, Bmo, Lipová 20	Kamená	1.8.2013	12.31.2014	Projekt je určen pro pedagogy MŠ, ZŠ, SŠ a školních zařízení na území Olomouckého kraje. V jeho rámci bude inovováno elektronické informační centrum pro DVPP "E-studovna", vznikne motivační seminář "STIMUL", problemně dlouhodobý vzdělávací kurz Studia k výkonu specializovaných činností v oblasti EV, seminář pro koordinátory, seminář o ekopsychologii, Malá konference o aktuálních problémech životního prostředí. Ukončení se doplňují studium pro koordinátory EVVO a studijní zahraniční cesta na Slovensko, vznikne publikace zaměřená na ekopsychologii a sorník příkladů dobré praxe. Projekt je představen na stránkách <a href="http://www.lipka.cz/projety?id=1829">http://www.lipka.cz/projety?id=1829</a> .
3	Rozšíření vybraných profesí o environmentální přehled	PROFES ENVI	3 654 942	Podpora nabídky dalšího vzdělávání - 7.3.2	Lipka - školské zařízení pro environmentální vzdělávání, Bmo, Lipová 20	Rychta	1.9.2013	6.30.2015	V rámci projektu nabídneme (na Jižní Moravě) vzdělávací kurzy pro nepedagogické profese: pro uklízečky, správce budov, administrativní a ekonomické pracovníky, kucháře a zahradníky. Vzdělávací kurzy jsou podobně představeny na samostatném webu <a href="http://www.ecoelctnik.cz">www.ecoelctnik.cz</a> (jinak projekt je na <a href="http://www.lipka.cz/projety?id=1845">http://www.lipka.cz/projety?id=1845</a> ).
4	Turismus v kraze a kras v turismu (38 822,50 EUR) (Fond mikroprojektů)	KRT Kras	970 563	Program ochranné spolupráce Slovenská republika - Česká republika 2007 - 2013	Lipka - školské zařízení pro environmentální vzdělávání, Bmo, Lipová 20	Rychta	1.4.2013	11.30.2014	Odborný svůdnosť pro začínající jazykáře "Iskry tam a zase zpátky" (tiskárny i elektronické). Tiskárny průvodce Moravským krasem "Světly části Krasu" a k němu vydaný A3 leták s dvěma typy na výlet. Realizace 6 interaktivních workshopů představující území Moravského krasu a Velké Faty (3 WS v ČR, 3 WS v SR). Samostatný projektový web <a href="http://www.kras-turismus.eu">www.kras-turismus.eu</a> . Jinak projekt je představen na <a href="http://www.lipka.cz/projety?id=2271">http://www.lipka.cz/projety?id=2271</a> .
5	Jak se žilo v pravěku	Jak se žilo v pravěku	150 000	Program ochranné spolupráce Slovenská republika - Česká republika 2007 - 2013	Lipka - školské zařízení pro environmentální vzdělávání, Bmo, Lipová 20	Lipová	6.12.2013	30.9.2014	Týdenní workshop (téma experimentální archeologie a environmentální výchova), pozdními setkání slovenských a českých účastníků.
6	Vzdělávání pedagogů MŠ zaměřené na praktickou regionální polytechnickou výchovu	Jak funguje svět	3 603 720	OP Vzdělávání pro konkurenceschopnost	Lipka - školské zařízení pro environmentální vzdělávání, Bmo, Lipová 20	Kamená	1.6.2014	30.6.2015	Spolupráce se dvěma partnery - Lipka, Nadace Partnerství. Vytvoření a realizace Letního kurzu v Otevřené zahradě (5 sešitů, celkem 40h vzdělávání) zaměřené na posílení letních dovedností v terénu výuce na modelu areálu Otevřené zahrady. Vytvoření a realizace dvou letních vzdělávacích kurzů DÍTĚ A SVĚT (Třídenní prezentační studia - Sjednocení a 2 dvouhodinové setkání. Vzdělávání zaměřené na tvorbu vzájemné programů a profilaci na vzdělávání dětí a svět, na aktivní úlohy dětí PV a formování podnětného prostředí v MŠ.) Víceletní terénní kurzy k interaktivnímu využití místně význačných lokalit (zaměření na třídní práci s materiálem přímo v přírodě, rozlišování povědomí o prostředí, v němž lze realizovat předškolní vzdělávání) - jeden třídní kurz se zaměřením na aktivní využívání interaktivní stopy. Jeden třídní kurz se zaměřením na aktivní využívání místních přírodních specifíků. Seminářové a ošny zaměřené na posílení kompetencí v oblasti polytechnického vzdělávání v MŠ - 14 vzdělávacích kurzů - témata: práce s přírodními materiály, prvky v zahradách MŠ, outdoorové pomůcky, originální výukové pomůcky, tvorba pomůcek. Praktické kurzy zaměřené na fixaci pracovních postupů a návrhů - 2 kurzy - témata: ohov životních, péče o volně žijící zvířata, pracovní postupy při péči o životní, kontakt s živými zvířaty. Publikace - Dotiskání a inovace publikace "Nápadky pro mršata a šivřata" Tisk populárně naučné zahraniční publikace o kontaktu s živými zvířaty.
7	Podpora rozvoje environmentální výchovy v ZŠ Rosoš na Ukrajině a vzájemné spolupráce s Lipkou a MŠ Podolí	Rosoš Ukrajina	150 000	JMK (Kancelář Jihomoravského kraje pro meziregionální spolupráci, p. o.)	Lipka - školské zařízení pro environmentální vzdělávání, Bmo, Lipová 20	Kamená	7.5.2014	30.9.2015	Vytvoření a vydání učebnice regionální vlastivědy Svaljavska. Metodický pomoc vydání učebnicíček pro environmentální výchovu v ukrajinské. Metodický výjezd pedagogů Lipky do Rosoš. Studijní pobytové učitelů ZŠ Rosoš v Jihomoravském kraji. Pozvánka pobytu Jihomoravských učitelů do Zlatopanské oblasti Ukrajiny. Společné vytvoření školní koncepce EVVO, prezentační semináře apod.
8	Zdravě a bezpečně v Jihomoravském kraji	ZaB	8 171 003,94	OP Vzdělávání pro konkurenceschopnost	Lipka - školské zařízení pro environmentální vzdělávání, Bmo, Lipová 20	Kamená	1.9.2014	31.7.2015	V projektu je s Lipkou zapojeno šest partnerů - JMK, SVČ Pohodlota, SZŠ a VOŠ Bmo Mělnárouka, SZŠ a VOŠ Znojmo, Račovice, MŠ a ZŠ Salmova Blansko. Projekt je zaměřen na vzdělávání v oblasti zdravého životního stylu a dopravní výchovy. V rámci klíčových aktivit (1) Komponované a výukové programy pro žáky věnované zdravému životnímu stylu, 2. Rozvoj sítě a setkávání škol podporujících zdraví v JMK, 3. Podpora a rozvoj dopravní výchovy na ZŠ, 4. Polykové výukové programy pro žáky věnované zdravému životnímu stylu a 5. Intenzivní výchova k zdravému životnímu stylu a dopravní výchova pro žadatele a partnery) propojuje 41 škol. Vše se budou náležitě opakovat. Bude vytvořeno 11 nových produktů, z toho 4 s komponentou ZB, bude podpořeno 8772 osob (žáci škol a školních zařízení), JMK, 666 podpořených osob pracovníků v dalších vzdělávání a 66 podpořených osob poskytovatelů služeb. Vytvářena bude metodika k zapojení střední volného času do sítě škol podporujících zdraví a inovována metodika pro výuku dopravní výchovy.
Celkem realizující se za			28 214 483						







<b>Lipka - recapitulation of projects</b>	
Lipka - implementing	28 214 403
Lipka - partner	8 656 359
Lipka - subcontractor	312 500
Finished	119 422 394
<b>Total amount of received subsidies</b>	<b>156 605 656</b>

**Annex no. 2 The built extention in Lipka – workplace Lipová**



### Annex no. 3 Czech - Austrian cooperation



**Annex no. 4 Garden opening at Bohunice University Hospital**



**Annex no. 5 Living in the nature "Olympics of healthy life style"**



## Annex no. 6 Annual reports of Lipka 2010 - 2014

FINANCOVÁNÍ A HOSPODAŘENÍ

VÝROČNÍ ZPRÁVA 2014

Konečná rozvaha	
AKTIVA	2014
<b>1. Hmotný investiční majetek</b>	
– stroje a zařízení	1 334 304
– budovy	76 597 459
– pozemky	7 132 781
– nedokončené investice	146 152
HIM celkem	85 210 696
<b>2. Oběžná aktiva</b>	
– pohledávky	16 923 656
– materiál na skladě	940 967
<b>3. Finanční majetek</b>	
– pokladna	112 386
– běžný účet	5 733 275
– ceniny	-
<b>4. Přechnodné účty ak.</b>	
Obežná aktiva celkem	23 710 284
<b>AKTIVA CELKEM</b>	<b>108 920 980</b>
<b>PASIVA</b>	<b>2014</b>
<b>VLASTNÍ ZDROJE</b>	
<b>1. Majetkové fondy</b>	
– fond dlouhodobého majetku	85 509 181
Celkem	85 509 181
<b>2. Finanční fondy</b>	
– fond odměn	162 399
– fond sociální	213 487
– fond rezervní	3 391 025
– fond reprodukce inv. majetku	139 637
Finanční fondy celkem	3 906 548
<b>3. Hospodářský výsledek</b>	<b>4 408</b>
<b>CIZÍ ZDROJE</b>	
<b>1. Krátkodobé závazky</b>	
– závazky z obchodního styku	1 323 000
– závazky k zaměstnancům	1 388 428
– závazky k soc. zabezpečení	736 340
– daňové závazky	484 236
– krátkodobé úvěry	15 200 011
– krátkodobé zálohy	82 325
Vyrovnání se SR	-
Jiné závazky	2 402
Celkem	19 216 742
<b>2. Dohadné účty pasivní</b>	<b>284 101</b>
<b>PASIVA CELKEM</b>	<b>108 920 980</b>

Přehled výnosů a nákladů		
VÝNOSY	2014	
	Kč	%
<b>Provozní dotace od ÚSC</b>	<b>14 347 678</b>	<b>38%</b>
z toho:		
– mzdové náklady a OPPP	2 759 678	
– ONIV a dotace na provoz	11 588 000	
<b>Výnosy z vlastní činnosti</b>	<b>10 404 307</b>	<b>28%</b>
z toho:		
– tržby z prodeje zboží	784 959	
– tábory, kurzy, zájezdy	3 180 741	
– výukové programy	3 131 868	
– služby, doplňková činnost	679 015	
– příprava stravy a ubytování	2 294 161	
– tržby z pronájmu	333 563	
<b>Ostatní výnosy celkem</b>	<b>12 798 063</b>	<b>34%</b>
z toho:		
– použití fondů	161 247	
– úroky	307	
– dotace na obce	534 000	
– dotace MŽP	28 600	
– dotace od úřadu práce	57 999	
– ostatní výnosy – odpisy	970 207	
– projekty ESF	3 949 290	
– projekty přeshraniční	7 096 413	
<b>VÝNOSY CELKEM</b>	<b>37 550 048</b>	<b>100%</b>
<b>NÁKLADY</b>	<b>2014</b>	
	Kč	
Spotřeba materiálu	4 486 090	
Spotřeba energie	669 946	
Nákup zboží	432 975	
Opravy a udržování	248 878	
Cestovné	274 777	
Ostatní služby	5 613 146	
Mzdové náklady	18 076 009	
Zákonné sociální pojištění	5 595 260	
Odpisy	1 917 031	
Jiné státní náklady	231 527	
<b>NÁKLADY CELKEM</b>	<b>37 545 639</b>	
<b>Hospodářský výsledek</b>	<b>4 409</b>	



Konečná rozvaha	
AKTIVA	2013
– stroje a zařízení	857 222
– budovy	57 970 257
– pozemky	7 132 781
– nedokončené investice	2 148 413
HIM celkem	68 108 673
2. Oběžná aktiva	
– pohledávky	6 861 328
– materiál na skladě	886 728
3. Finanční majetek	
– pokladna	89 038
– běžný účet	3 350 713
– ceniny	–
4. Přechodné účty ak.	
Obežná aktiva celkem	11 187 807
<b>AKTIVA CELKEM</b>	<b>79 296 480</b>
PASIVA	2013
VLASTNÍ ZDROJE	
1. Majetkové fondy	
– fond dlouhodobého majetku	68 407 078
Celkem	68 407 078
2. Finanční fondy	
– fond odměn	162 399
– fond sociální	158 044
– fond rezervní	839 256
– fond reprodukce inv. majetku	587 465
Finanční fondy celkem	1 747 165
3. Hospodářský výsledek	69 611
CIZÍ ZDROJE	
1. Krátkodobé závazky	
– závazky z obchodního styku	2 281 264
– závazky k zaměstnancům	1 349 491
– závazky k soc. zabezpečení	685 941
– daňové závazky	686 037
– krátkodobé úvěry	3 868 946
– krátkodobé zálohy	–
Vyrovnání se SR	–
Jiné závazky	
Celkem	8 871 679
2. Dohadné účty pasivní	200 948
<b>PASIVA CELKEM</b>	<b>79 296 480</b>

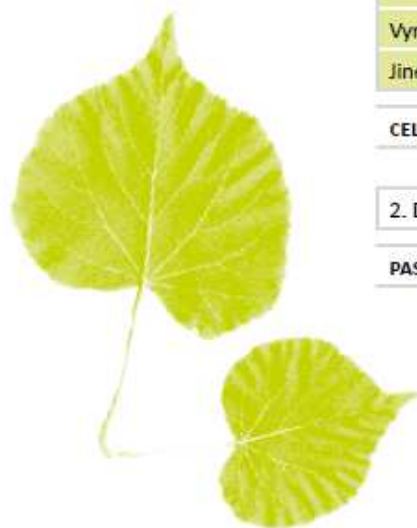
Přehled výnosů a nákladů		
VÝNOSY	2013	
	Kč	%
Provozní dotace od ÚSC	13 293 000	37
z toho:		
– mzdové náklady a OPPP	1 994 000	
– zákonné pojištění	713 000	
– ONIV a dotace na provoz	10 586 000	
Výnosy z vlastní činnosti	10 828 723	31
z toho:		
– tržby z prodeje zboží	423 122	
– tábory, kurzy, zájezdy	3 646 582	
– výukové programy	3 325 295	
– služby, doplňková činnost	827 904	
– příprava stravy a ubytování	2 605 820	
Ostatní výnosy celkem	11 132 642	32
z toho:		
– použití fondů	484 462	
– úroky	141	
– tržby z pronájmu	346 618	
– dotace na obce	480 000	
– dotace nadační	–	
– ostatní výnosy	768 666	
– projekty ESF	9 052 755	26
<b>VÝNOSY CELKEM</b>	<b>35 254 365</b>	<b>100</b>
NÁKLADY	2013	
	Kč	%
Spotřeba materiálu	4 089 357	12
Spotřeba energie	692 427	2
Nákup zboží	241 737	0,7
Opravy a udržování	361 093	1
Cestovné	416 843	1,2
Ostatní služby	6 202 754	18
Mzdové náklady	16 279 976	46
Zákonné sociální pojištění	5 076 387	14
Odpisy	1 583 362	4,5
Jiné státní náklady	240 819	0,6
<b>NÁKLADY CELKEM</b>	<b>35 184 755</b>	<b>100</b>
<b>Hospodářský výsledek</b>	<b>69 610</b>	

Konečná rozvaha	
AKTIVA	2012
1. Hmotný investiční majetek	
- stroje a zařízení	479 807
- budovy	57 635 666
- pozemky	7 132 781
- nedokončené investice	375 545
HIM celkem	65 623 799
2. Oběžná aktiva	
- pohledávky	2 951 220
- materiál na skladě	594 440
3. Finanční majetek	
- pokladna	77 551
- běžný účet	3 055 951
- ceniny	
4. Přechnodné účty ak.	
Obežná aktiva celkem	6 679 162
<b>AKTIVA CELKEM</b>	<b>72 302 961</b>
PASIVA	2012
VLASTNÍ ZDROJE	
1. Majetkové fondy	
- fond dlouhodobého majetku	65 914 999
Celkem	65 914 999
2. Finanční fondy	
- fond odměn	68 999
- fond sociální	73 971
- fond rezervní	1 167 578
- fond reprodukce inv. majetku	500 614
Finanční fondy celkem	1 811 162
3. Hospodářský výsledek	467 099
CIZÍ ZDROJE	
1. Krátkodobé závazky	
- závazky z obchodního styku	746 629
- závazky k zaměstnancům	1 032 261
- závazky k soc. zabezpečení	524 828
- daňové závazky	218 569
- krátkodobé úvěry	384 167
- krátkodobé zálohy	27 100
Vyrovnaní se SR	815 000
Jiné závazky	
Celkem	3 748 554
2. Dohadné účty pasivní	361 147
<b>PASIVA CELKEM</b>	<b>72 302 961</b>

Přehled výnosů a nákladů		
VÝNOSY	2012	
	Kč	%
Provozní dotace od ÚSC	12 920 135	38,0
z toho:		
- mzdové náklady a OPPP	1 889 135	
- zákonné pojištění	680 000	
- ONIV a dotace na provoz	10 351 000	
Výnosy z vlastní činnosti	8 148 358	24,0
z toho:		
- tržby z prodeje zboží	361 722	
- tábory, kurzy, zájezdy	2 849 348	
- výukové programy	3 117 120	
- služby, doplňková činnost	433 195	
- příprava stravy a ubytování	1 386 973	
Ostatní výnosy celkem	12 513 158	38,0
z toho:		
- použití fondů		
- úroky	365	
- tržby z pronájmu	266 036	
- dotace na obce	518 000	
- dotace nadační	10 000	
- ostatní výnosy	80 527	
- projekty ESF	11 638 230	35,0
<b>VÝNOSY CELKEM</b>	<b>33 581 651</b>	<b>100,0</b>
NÁKLADY	2012	
	Kč	%
Spotřeba materiálu	2 892 524	9,0
Spotřeba energie	637 573	2,0
Nákup zboží	211 711	0,6
Opravy a udržování	135 857	0,4
Cestovné	488 748	1,5
Ostatní služby	6 767 606	20,0
Mzdové náklady	15 200 107	46,0
Zákonné sociální pojištění	4 911 850	15,0
Odpisy	1 725 558	5,0
Jiné státní náklady	143 018	0,5
<b>NÁKLADY CELKEM</b>	<b>33 114 552</b>	<b>100,0</b>
Hospodářský výsledek	467 099	

## KONEČNÁ ROZVAHA

AKTIVA	2011	PASIVA	2011
<b>1. Hmotný investiční majetek</b>		<b>VLASTNÍ ZDROJE</b>	
stroje a zařízení	750 629	<b>1. Majetkové fondy</b>	
budovy	59 021 019	fond dlouhodobého majetku	67 338 528
pozemky	7 132 781	<b>CELKEM</b>	<b>67 338 528</b>
nedokončené investice	142 900		
<b>HIM CELKEM</b>	<b>67 047 329</b>	<b>2. Finanční fondy</b>	
		fond odměn	69 000
<b>2. Oběžná aktiva</b>		fond sociální	66 614
pohledávky	689 134	fond rezervní	1 422 352
materiál na skladě	341 600	fond reprodukce inv. majetku	40
<b>3. Finanční majetek</b>		<b>FINANČNÍ FONDY CELKEM</b>	<b>1 558 006</b>
pokladna	163 879	<b>3. Hospodářský výsledek</b>	<b>141 708</b>
běžný účet	4 237 361		
ceniny	0	<b>CIZÍ ZDROJE</b>	
<b>4. Přechnodné účty aktivní</b>	<b>0</b>	<b>1. Krátkodobé závazky</b>	
<b>OBEŽNÁ AKTIVA CELKEM</b>	<b>5 431 976</b>	závazky z obchodního styku	583 755
<b>AKTIVA CELKEM</b>	<b>72 479 305</b>	závazky k zaměstnancům	1 338 280
		závazky k soc. zabezpečení	636 216
		daňové závazky	209 090
		Vyrovnaní se SR	205 085
		Jiné závazky	
		<b>CELKEM</b>	<b>2 972 426</b>
		<b>2. Dohadné účty pasivní</b>	<b>468 637</b>
		<b>PASIVA CELKEM</b>	<b>72 479 305</b>



## PŘEHLED VÝNOSŮ A NÁKLADŮ

## VÝNOSY 2011

	KČ	%
<b>PROVOZNÍ DOTACE OD ÚSC</b>	12 806 000	40
z toho:		
mzdové náklady a OPPP	1 780 000	
zákonné pojištění	640 000	
ONIV a dotace na provoz	10 386 000	
<b>VÝNOSY Z VLASTNÍ ČINNOSTI</b>	10 021 118	31
z toho:		
tržby z prodeje zboží	343 502	
tábory, kurzy, zájezdy	2 960 346	
výukové programy	4 751 812	
služby, doplňková činnost	391 964	
příprava stravy a ubytování	1 573 494	
<b>OSTATNÍ VÝNOSY CELKEM</b>	9 499 742	29
z toho:		
použití fondů	146 410	
úroky	1 059	
tržby z pronájmu	164 457	
dotace na obce	476 000	
dotace nadační	141 992	
ostatní výnosy	221 751	
projekty ESF	8 348 073	26
<b>VÝNOSY CELKEM</b>	32 326 860	100

## NÁKLADY 2011

	KČ	%
Spotřeba materiálu	4 154 398	13
Spotřeba energie	653 811	2
Nákup zboží	310 366	1
Opravy a udržování	330 844	1
Cestovné	461 778	1
Ostatní služby	5 219 246	16
Mzdové náklady	14 383 198	45
Zákonné sociální pojištění	4 731 527	15
Odpisy	1 817 215	5,5
Jiné státní náklady	122 770	0,5
<b>NÁKLADY CELKEM</b>	32 185 153	100
<b>HOSPODÁŘSKÝ VÝSLEDEK</b>	141 707	



Konečná rozvaha					
AKTIVA	2006	2007	2008	2009	2010
<b>1. HMOTNÝ INVESTIČNÍ MAJETEK</b>					
– stroje a zařízení	4 282 958	2 030 080	1 541 540	1 210 410	1 285 292
– budovy	11 046 529	11 471 170	11 122 600	38 984 220	38 130 357
– pozemky	6 303 180	6 303 180	6 303 180	6 303 180	6 303 180
– nedokončené investice	0	1 920 670	7 986 790	754 130	13 392 494
<b>HIM celkem</b>	<b>21 632 667</b>	<b>21 725 100</b>	<b>26 954 110</b>	<b>47 251 940</b>	<b>59 111 323</b>
<b>2. OBEŽNÁ AKTIVA</b>					
– pohledávky	119 654	1 451 910	59 880	1 824 230	593 962
– materiál na skladě	54 852	103 730	196 460	186 110	293 868
<b>3. FINANČNÍ MAJETEK</b>					
– pokladna	75 206	143 520	171 310	59 180	31 033
– běžný účet	7 311 850	4 730 610	7 989 260	3 459 440	5 642 647
– ceniny	150		850	13 130	12 351
<b>4. PŘECHODNÉ ÚČTY AKTIVA</b>	<b>4 866</b>	<b>5 930</b>	<b>30 240</b>	<b>0</b>	<b>0</b>
<b>Obežná aktiva celkem</b>	<b>7 566 578</b>	<b>6 435 700</b>	<b>8 447 200</b>	<b>5 542 090</b>	<b>6 573 861</b>
<b>AKTIVA CELKEM</b>	<b>29 199 245</b>	<b>28 160 800</b>	<b>35 401 310</b>	<b>52 794 030</b>	<b>65 685 184</b>

PASIVA	2006	2007	2008	2009	2010
<b>VLASTNÍ ZDROJE</b>					
<b>1. Majetkové fondy</b>					
– fond dlouhodobého majetku	21 632 666	21 725 100	26 954 110	47 251 940	59 282 523
<b>Celkem</b>	<b>21 632 666</b>	<b>21 725 100</b>	<b>26 954 110</b>	<b>47 251 940</b>	<b>59 282 523</b>
<b>2. Finanční fondy</b>					
– fond odměn	31 999	35 000	35 000	69 000	69 000
– fond sociální	91 413	98 910	102 790	63 360	73 592
– fond rezervní	131 850	182 240	326 100	150 540	1 605 668
– fond reprodukce inv. majetku	670 311	619 080	1 957 490	1 368 960	1 622 831
<b>Finanční fondy celkem</b>	<b>925 573</b>	<b>935 230</b>	<b>2 421 380</b>	<b>1 651 860</b>	<b>3 371 091</b>
<b>3. Hospodářský výsledek</b>	<b>53 388</b>	<b>283 810</b>	<b>173 000</b>	<b>98 820</b>	<b>144 078</b>
<b>CIZÍ ZDROJE</b>					
<b>1. Krátkodobé závazky</b>					
– závazky z obchodního styku	5 380 970	3 681 950	890 170	2 842 150	1 092 245
– závazky k zaměstnancům	166 621	164 520	150 500	138 970	945 845
– závazky k soc. zabezpečení	346 524	282 710	430 070	400 320	494 286
– daňové závazky	91 572	76 820	110 830	108 890	125 325
Vyrovnaní se SR	214 834	802 830	4 052 200	86 430	0
Jiné závazky	252 842				
<b>Celkem</b>	<b>6 453 093</b>	<b>5 008 830</b>	<b>5 633 770</b>	<b>3 576 760</b>	<b>2 657 701</b>
<b>2. Dohadné účty pasivní</b>	<b>134 525</b>	<b>207 830</b>	<b>219 050</b>	<b>214 640</b>	<b>229 790</b>
<b>PASIVA CELKEM</b>	<b>29 199 245</b>	<b>28 160 800</b>	<b>35 401 310</b>	<b>52 794 030</b>	<b>65 685 184</b>



Přehled výnosů a nákladů										
VÝNOSY	2006		2007		2008		2009		2010	
	Kč	%	Kč	%	Kč	%	Kč	%	Kč	%
Provozní dotace od ÚSC	9 986 000	61	11 405 000	49	10 613 875	43	11 740 000	55	12 923 000	50
z toho:										
- mzdové náklady a OPPP	5 504 000		3 406 000		1 758 000		1 813 000		1 802 000	
- zákonné pojištění	2 034 000		1 257 000		615 000		653 000		648 000	
- ONIV a dotace na provoz	2 448 000		6 742 000		8 240 875		9 274 000		10 473 000	
Výnosy z vlastní činnosti	4 254 186	26	5 445 968	24	6 256 564	25	6 946 407	33	6 940 794	27
z toho:										
- tržby z prodeje zboží	41 011		147 520		235 498		204 840		213 738	
- tábory, kurzy, zájezdy	1 745 926		2 511 507		2 821 555		1 899 245		2 579 336	
- výukové programy	1 618 209		1 962 715		2 097 949		2 580 443		3 108 982	
- služby, doplňková činnost	200 408		141 379		288 360		120 410		213 738	
- příprava stravy	648 632		682 847		813 202		868 724		825 000	
Ostatní výnosy celkem	2 095 053	13	6 410 624	28	7 949 052	32	2 533 683	12	5 942 492	23
z toho:										
- použití fondů	48 914		4 200		145 901		437 730		126 845	
- úroky	617		1 213		755		14 790		2 753	
- tržby z pronájmu	50 008		90 748		78 230		88 560		143 762	
- dotace na obce	252 000		357 000		242 000		321 000		451 000	
- dotace nadační	10 000		16 000		24 800		76 200		30 000	
- ostatní výnosy	4 037		56 985		1 639 901		41 455		98 626	
- projekty ESF	1 729 477	11	5 884 478	25	5 817 465	23	1 553 948	7	5 089 506	20
<b>VÝNOSY CELKEM</b>	<b>16 335 239</b>	<b>100</b>	<b>23 261 592</b>	<b>100</b>	<b>24 819 491</b>	<b>100</b>	<b>21 220 090</b>		<b>25 806 286</b>	
<b>NÁKLADY</b>										
	Kč	%	Kč	%	Kč	%	Kč	%	Kč	%
Spotřeba energie	350 115	2	357 336	2	365 437	1	613 003	3	408 447	2
Nákup zboží	33 685	0	144 196	1	164 136	1	171 248	1	164 760	1
Opravy a udržování	78 767	1	154 681	1	81 947	0	89 905	0	148 772	1
Cestovné	218 068	1	260 784	1	312 338	1	223 472	1	429 686	2
Ostatní služby	2 759 331	17	5 436 013	24	5 513 237	22	3 028 147	14	4 392 910	17
Mzdové náklady	7 216 637	44	8 983 738	39	9 615 221	39	9 123 503	43	11 465 415	45
Zákonné sociální pojištění	2 543 685	16	3 257 550	14	3 405 151	14	3 050 737	14	4 023 300	16
Odpisy	851 133	2	818 370	4	837 114	3	929 560	4	1 401 596	5
Jiné státní náklady	163 498	1	96 378	1	1 752 103	7	152 962	1	153 438	1
<b>NÁKLADY CELKEM</b>	<b>16 281 851</b>	<b>100</b>	<b>22 977 738</b>	<b>100</b>	<b>24 646 492</b>	<b>100</b>	<b>21 121 271</b>	<b>100</b>	<b>25 662 209</b>	<b>100</b>
<b>HOSPDÁŘSKÝ VÝSLEDEK</b>	<b>53 388</b>		<b>283 809</b>		<b>172 999</b>		<b>98 819</b>		<b>144 077</b>	

## **Annex no. 7 Authentic Structured Interviews (in Czech language)**

### ***Řízený rozhovor s Mgr. Pavlínou Žilkovou – vedoucí pracoviště Lipky – Jezírko***

*Paní Žilková, máte nějaké zkušenosti, jak je environmentální vzdělávání poskytované a placené v zahraničí?*

*V rámci příhraničních projektů jsme byli na zkušené ve Vídni. Město Vídeň na ekologické vzdělávání přispívá žákům a studentům v plné výši, takže je zdarma.*

*V Londýně běžné jednodenní výukové programy platí rodiče žáků a studentů, takže environmentální vzdělávání již není pro všechny. My na Lipce chceme environmentalistiku poskytovat všem zájemcům od mateřských škol po dospělé včetně handicapovaných za dobrou cenu, aby eko-vzdělávání bylo pro dostupné všem.*

### ***Řízený rozhovor s Ing. Lenkou Appelovou – finanční manažerkou a zástupkyní ředitelky Lipky***

*Paní Appelová, od koho dostáváte nadační dotace a dotace obce a kdo vás podporuje nejvíce?*

*Lipka kromě dotací od zřizovatele a dotací ze strukturálních fondů EU získává i dotace od Magistrátu města Brna a od nadací jako je Nadace Veronica, Nadace Partnerství atd. Nejvýznamější je pro nás zřizovatel (JMK), který nám na EVVO přispívá i nadnormativně.*

### ***Řízený rozhovor s Mgr. Hanou Korvasovou – ředitelkou Lipky***

*Paní Korvasová, jak se připravujete na dobu, kdy ČR nebude příjemcem dotací z EU a Lipka tím ztratí velký podíl příjmů na realizaci svých činností?*

*Lipka má štěstí, že je příspěvkovou organizací kraje a Jihomoravský kraj bude Lipku i nadále podporovat. Lipka má pracovité a zkušené zaměstnance a to je její další štěstí. Víme, že se naše příjmy po roce 2020 znatelně sníží, proto se chceme do budoucna zaměřit na získání financí fundraisingem (prozatím jsme nevyužívali), již teď na tom začínáme pracovat. Potřebovali bychom získat 60% příspěvek od kraje i státního rozpočtu a o zbytek se musíme postarat sami kvalitním vzděláváním, o které bude celoroční zájem, tak jako je*

*nyní. Naše pobytové ekologické programy jsou vyprodány rok dopředu. O Lipku se  
nebojím.*