

**Carpathian Foundation - Hungary**  
**DEED OF FOUNDATION**

**I. The Founder**

The 'Carpathian Foundation – Karpatská Nadácia' (Letná 27, 040 01 Kosice, Slovak Republik, Registration Number: 203/Na-96/82; Laura Dittel executive director) in accordance with Articles 74/A-74/F § of the Civil Code of the Hungarian Republic establishes a foundation for an indefinite period in accordance with the letter of intent attached to the present Deed of Foundation.

**II. The name and domicile of the Foundation:**

1. Name of the Foundation: Carpathian Foundation - Hungary
2. Domicile of the Foundation: 3300 Eger, Mekksey u. 1.
3. The Foundation can establish representations in the other countries of the Carpathian Euroregion.  
The address of the representation of the Foundation: 4700 Mátészalka, Jármi köz 1.
4. The Foundation will perform the following public benefit activities stipulated in sub article c) of Article 26. of the Act No CLVI. of 1997:
  - a. 5. cultural activities,
  - b. 19. promotion of the Euro-Atlantic integration,
  - c. 3. scientific activities, research,
  - d. 4. education, personal ability development, dissemination of knowledge,
  - e. 6. preservation of cultural heritage,
  - f. 7. preservation of historical monuments,
  - g. 8. nature preservation,
  - h. 9. environmental protection,
  - i. 11. promotion of equal opportunity within society for underprivileged groups,
  - j. 12. protection of human and civil rights,
  - k. 13. activities in connection with ethnic minorities living in Hungary,
  - l. 20. services provided to and available solely for public benefit organizations;
5. The Foundation independent from party functions and shall not provide financial aid to political parties.
6. The Foundation shall not involve in direct political activities.

**III. The status of the Foundation:**

The Foundation has legal personality and is a public benefit organization.

#### **IV. The purposes of the Foundation are:**

1. To enhance the collaboration of the non-profit or non-governmental organizations and local self-governments, -primarily in the rural areas of North-East Hungary- to protect the intangible, cultural values, and facilitate the regional development and the European integration of it.
2. To provide professional, technical and financial support for non-governmental organizations and local self-governments and other kind of development institutions for their democracy and cultural initiatives.
3. To maintain counselling service, organizes trainings and conferences, to promote good relations between non-governmental organizations and local self-governments.
4. To establish and develop the cross-border and inter-ethnic cooperation.
5. To promote cross-border cooperation, the sharing of information, and the replication of successful practices.
6. To encourage citizen participation in local and regional development.
7. To promote the inter-ethnic, neighbourly relationship between the countries, nations of the Carpathian Euroregion.
8. To establish, designate and grant scholarships for those persons who act in accordance with the purposes of the foundation or who promote the fulfillment of the objects of the Foundation.

To accomplish its permanent public benefit purpose the Foundation performs the following concrete activities:

Provides professional, technical and financial support:

1. to the initiatives of non-profit or non-governmental organizations and local self-governments;
2. to the establishment and development of cross-border and inter-ethnic cooperation;
3. to promote rural and regional development;
4. community economic development programs;
5. organizes trainings and conferences in the topics mentioned in lines 1-4, performs scientific activity and research;
6. distributes publications and means of demonstration;
7. maintains counselling service for non-governmental and non-profit organizations;
8. co-ordinates and supports the activities of its partner organizations;
9. performs such activities what are required for the accomplishment of the purpose of the Foundation.

#### **V. Financial sources of the Foundation:**

- a) Initial assets of the Foundation
- b) Donations from Hungarian, foreigner, natural and legal person
- c) State support
- d) Incomes from programs and public solicitation
- e) Incomes from the activities of the Foundation
- f) Interest
- g) Other sources

## **VI. The initial capital of the Foundation:**

The initial capital of the Foundation is 7.000.- seven thousand USD (American dollar) cash money, which is taken into a deposit account of the HVB Bank Rt. Eger within 60 days by the execution of this Deed of Foundation.

Utilization of the incomes and assets:

1. The Foundation can provide financial and moral sources in accordance with the purposes of the Foundation. It may be fulfilled through conduction of tenders, granting or other way.
2. The Foundation is liable to utilize its income and assets for the accomplishment of the purposes described in the Deed of Foundation

## **VII. The Board**

1. The Board with 4 members is the supreme organ of the Foundation.
2. The members and the chairperson are entitled by the Founder at the time of the execution of this Deed of Foundation:

Chairperson:	Köles Sándor (1118 Budapest, Törökugrató u. 6.)
Secretary:	Borsos Endre (1086 Budapest, Szerdahelyi u. 10.)
Members:	Lőrinczi Csaba (76 Glenpatrick Rd, Cochrane, Alberta, Canada T4C 1G7)
	Mátyás János (2112 Veresegyház Sportföld u. 31/b)

3. The function and competence of the Board:

The Board is the supreme generally prevailing administrative, representative and asset manager organ. The function of it is to accomplish the purposes and to manage the utilization of the assets in accordance with the object of the Foundation and with the legal prescriptions, and economic laws.

### The Board shall decide:

- a) In the utilization of the assets of the Foundation.
- b) On the conditions and judgement of the tenders and call for proposals to be announced by the Foundation.
- c) The approval of the donations granted to the Foundation.
- d) The approval of the assets and the values of law.
- e) The approval of the operational report and the public benefit report presented about the preceding year;
- f) Approval of the budget and the strategic plan applicable for the next year;
- g) The establishment of the guidelines for the operation of the staff and the tasks and budget thereof.
- h) Decision in each topic which does not belong to the powers of an other organ or person by virtue of the stipulations of the legal regulations in force and/or the prescriptions of the Deed of Foundation or occasionally approved internal statutes.
- i) The approval and establishment of the wage and cost compensation of the Executive Director and the granting of cost compensation to the members of the Board;
- j) The election and dismissal of the Executive Director.

- k) Determine and evaluate the activities of the Executive Director.
- l) Ratify and if necessary modify the programs of the Foundation.

The Board:

- a) Co-operates with the local, national and external organizations.
- b) Promotes the opportunity of joining to and supporting the Foundation.
- c) Co-operates with the local, national and external foundations.
- d) Makes coverage about its functioning.

Calling the Board meeting:

The Board holds its meetings as it is necessary but at least once a year.

It is the liability of the Chairperson of the Board to call the meeting in written form and the communication of the agenda and the proposals to the members and other persons who are concerned in advance at least 7 days preceding the planned date of the meeting.

For the request of the 2/3 of the Board, or for the request of at least two members of the Board, the Board meetings must be called by the Chairperson. In these cases the initiators' names, their reasons for the calling must be presented beside the planned agenda.

In urgent cases, the meeting can be also called on telephone or via e-mail.

The quorum of the Board:

The Board has a quorum when more than a half of the members are present at the meeting, otherwise the meeting has to be called again in 8 days.

The way of the quorum:

The Board meeting is leaded by the Chairperson. In hindrance of the Chairperson one of the requested members is the expletive person.

The consent of the simple majority of the members present is necessary for passing decisions. The Board decides on the agenda. When new point is initiated to be included into the agenda the Board has to decide with solid vote.

Recording the resolutions of the Board

A trustee requested by the Chairperson of the Board has to put the resolutions in writing.

The Minutes contains:

- a) the place and the date of the meeting,
- b) the names of the attendants,
- c) the quorum and the scope of the resolutions of the Board,
- d) the number and name of the members who vote for or against the proposal,
- e) the name and the signature of the keeper of the Minutes.

The Executive Director is responsible for drafting the protocols of the meetings and for putting the resolutions in writing and manages Minutes. The Minutes includes the content, date and scope of the resolutions of the Board, and the number and name of the members who vote for or against the proposal.

Publicity obligations

The meetings of the Board are publicly held. It is the responsibility of the Executive Director to inform the persons who are concerned about the decision in written form and to make the resolutions public on the website of the Foundation ([www.karpatokalapitvany.hu](http://www.karpatokalapitvany.hu)).

All the documents come into being in connection with the operation of the Foundation as a public benefit organization and the annual public benefit report shall be accessible by anyone after a precedent arrangement.

In the interest of reporting obligations, the Foundation edits brochures at least once a year, and regularly makes coverage on the website about its functioning, management and services.

The Board informs the persons who are concerned about its decision in written form in 30 days and makes the resolutions public in specialist periodical and on the website of the Foundation.

#### Membership of the Board

Those people shall be allowed to be the member of the Board, who are Hungarian citizens with a clean record, and are not under the prohibition of practicing public affairs and who are entitled by the Founder in this Deed of Foundation.

The members of the Supervisory Board are elected for a 3 year definite period which can be extended once with another 3 years at most.

The member of the Board is obligated to promote the accomplishment of the purposes of the Foundation, to be impartial in the decisions and take part in the meetings. In case when a member is absent without leave in two meetings of three years, or jeopardize the function or the purposes of the Foundation the Board may initiate the revocation of that member.

All the documents come into being in connection with the operation of the Foundation as a public benefit organization shall be accessible by the member of the Board.

Wages to the members and Chairperson of the Board for the performance of their work shall not be provided but upon the decision of the Board they are entitled for the compensation of such costs that are justified properly as required by the accounting rules.

The membership terminates in the case of:

- renouncement,
- revocation,
- death,
- termination of the Foundation,
- the court delegates a new controlling organ (committee).

### **VIII. Supervisory Board**

The operation and the management of the Foundation are supervised by the Supervisory Board.

#### **The members of the Supervisory Board:**

- Ráczné Dr. Horváth Ágnes (3300 Eger, Váci M. u. 100.)
- Tóth Elemér Kálmán (3300 Eger, Szüret u. 19.)
- Dr. Aradszky Zsolt (1065 Budapest, Nagymező u. 22-24.)

The members of the Supervisory Board are elected by the Founder for a 5 year definite period.

- The operation and the management of the Foundation are supervised by the Supervisory Board. The Supervisory Board shall enquire information from the director or the staff of the Foundation about its functioning, and they can examine the documents of the Foundation. The members of the Supervisory Board are allowed to attend on the Board meetings with right of discussion.
- The intervention of the Supervisory Board will be necessary in case of:
  - a) An infringement of the law, collision with the interests of the Foundation or an omission during the operation of the Foundation. To obviate or relieve the effects of these incidents the Board should make a decision.
  - b) A substantiated evidence of the responsibility of executive officers occurs to hand.
- The Board has to hold a sitting within 30 days for the suggestion of the Supervisory Board. If it does not happen in 30 days, the Supervisory Board is liable to call the Board together.
- The Board has to function legally; otherwise the Supervisory Board is liable to inform the organ responsible for the legal supervision.
- The members and the Chairperson of the Supervisory Board are entitled by the Supervisory Board.
- The Supervisory Board holds its sittings when the Board requires it but at least once a year.
- The Chairperson of the Board has to attend on the Supervisory Board meeting with right of discussion.
- The Supervisory Board has a quorum when all of the members are present at the meeting.
- The consent of the simple majority of the members present is necessary for passing decisions.
- A trustee has to take the Minutes which include the number and name of the members and the results of the vote.
- The Chairperson of the Supervisory Board has to sign the Minutes and confirm it with a member.
- The detailed rules of the Supervisory Board are determined by the regulations of the Supervisory Board.

## **IX. The Executive Director**

The election and dismissal of the Executive Director or the establishment of the wage thereof belong to the powers of the Board by virtue of the regulations of sub chapter VII/3. of this deed. The Executive Director may resign from its office with a written statement in any occasion without reasoning and application of notice period.

*The Executive Director is responsible for:*

- a) the execution of the strategic plan approved by the Board;
- b) the preparing of the draft of the budget of the forthcoming year and presents this to the Board for the purpose of discussion and approval;
- c) the preparation of a report to the Board made about the operation of the Foundation;
- d) the preparation of the meetings of the Board and the Supervisory Board if it is elected at all and the execution of the resolutions of these organs;
- e) the submitting of the proposals to the Board regarding the staff of the Foundation;

- f) the decision about the wages and cost compensations provided to the members of the staff;
- g) presentation of the proposal to the Board regarding the activity of the Foundation planned to be performed in the forthcoming year;
- h) organization of the fundraising activity of the Foundation;
- i) promoting the accomplishment of the purposes of the Foundation in a general manner;
- j) accomplishment of such tasks that are prescribed for him by the Deed of Foundation or the resolution of the Board.

#### **X. Conflict of interest of the executive officers:**

Not allowed to be chairperson, member or accountant of the Supervisory Board who is:

- a) the executive manager or the member of the organization,
- b) being employed by the organization,
- c) entitled to get paid grants from the public benefit organization - except non-pecuniary services which may be used by anyone without restriction, and except if this person gets paid grant by virtue of his/her membership in this organization,
- d) relatives of the persons determined in point a)-c)

A person who has been in a management position, for at least one year within two years prior to the dissolution of a public benefit organization which has left any public debt according to the Act on the Rules of the Procedures of the Taxation, shall not be allowed to take office in a management position of another public benefit organization for two years following the aforementioned dissolution.

An executive officer, or person nominated as such, shall be required to notify all public benefit organizations in advance if he is employed in the same position at another public benefit organization at the same time.

A person who has been in a management position, for at least one year within two years prior to the dissolution of a public benefit organization which has left any public debt according to the Act on the Rules of the Procedures of the Taxation, shall not be allowed to take office in a management position of another public benefit organization for two years following the aforementioned dissolution.

An executive officer, or person nominated as such, shall be required to notify the Board if he is in management position of another public benefit organization at the same time.

Executive officers by right of this Deed of Foundation are: the chairperson and members of the Board and the Supervisory Board.

A person may not take part in a Board resolution, if, by virtue of such resolution, he or a close relative or spouse of his:

- a) is released from obligations or liabilities,
- b) or receives any benefit or otherwise interested in the legal transaction.

## **XI. The representation of the Foundation**

1. The Foundation is represented by the Chairperson of the Board and the Executive Director elected by the Board with a separate resolution who both can act independently as representative of the Foundation.
2. The powers pertaining the bank account of the Foundation may be exercised jointly by the Chairperson of the Board and the Executive Director elected by the Board with a separate resolution. The Board with a separate resolution may authorize another employee of the Foundation with the joint exercising of the powers pertaining the bank account.
3. The power of remittance on accounting documents may be exercised independently by the Executive Director elected by the Board with a separate resolution.
4. The employment powers over the members of the staff are exercised by the Executive Director.
5. The Board is entitled to pass resolutions regarding the way and range of the power of representation provided to the Executive Director as an employee of the Foundation and to any other employee of the Foundation.

## **XII. The public benefit report:**

The Foundation as a public benefit organization shall prepare a report on public benefit activities simultaneously upon approval of the annual report until 31 May of the year succeeding the respective year.

The approval of the public benefit report belongs to the exclusive power of the Board.

The public benefit report contains:

- a) accounting statement;
- b) use of support from the state budget;
- c) report on the use of assets;
- d) report on the paid grants;
- e) report on the support from the governmental organizations
- f) report on the allowance for executive officers
- g) report on the public benefit activities

## **XIII. Reporting obligation:**

The Foundation shall make its public benefit report made regarding the respective year on the website, and in specialist periodical. The public benefit report is accessible by anyone at the office of the Foundation in working hours.

#### **XIV. Investment activity of the Foundation:**

The Foundation shall not intend to engage in such investment activity.

#### **XV. The management of the Foundation:**

The Foundation is liable to utilize its income and assets for the accomplishment of the purposes described in the Deed of Foundation. The Foundation is authorized to perform business activity secondarily, subordinated to its permanently public benefit purposes and public benefit activities and only to the extent that is considered reasonable for the accomplishment thereof.

The Foundation as a public benefit organization shall conduct entrepreneurial activities solely in the interest of and without jeopardizing its public benefit objectives and shall not distribute its business profits, but rather shall utilize such profits for the activities defined in its instrument of constitution.

The Foundation as a public benefit organization shall register its revenues and expenses derived from public benefit and business activities separately.

The Board shall decide in the utilization of the assets of the Foundation in accordance with the purposes of this Deed of Foundation.

#### **XVI. Termination of the Foundation:**

1. The Foundation terminates in case of Articles 74/E-F of the Civil Code of the Hungarian Republic.
2. The Foundation terminate the day of the cancellation of the Court registration.

#### **XVII. Closing provisions:**

1. The function of the Foundation is public. All the documents come into being in connection with the operation of the Foundation as a public benefit organization, and the public benefit report shall be accessible by anyone.
2. The Deed of Foundation is approved by the Founder and come into force on the day of approval.
3. Foundation is established when it has been registered by the Court.

Original date: February 07, 2002

Date of the last modification: October 16, 2008

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Carpathian Foundation – Karpataska Nadacija  
**Laura Dittel**  
Director  
Founder