

Act No. 34/2002
dated 18th December 2001
on Foundations
and on the change of the Civil Code
in the text of later amendments by the Acts No. 445/2008, No. 478/2009,
No. 352/2013 and No. 463/2013.

The National Council of the Slovak Republic
adopted the following law:

PART I

Schedule One

FUNDAMENTAL STIPULATIONS

§ 1

Object of regulation

This law regulates the status and legal conditions of foundations and of establishing foundation trusts.

§ 2

The Foundation

- (1) The Foundation shall be a purposeful grouping of property established for the support of publicly beneficial purpose.
- (2) The Foundation is legal person; it has to be registered in the Registry of Foundations, maintained by the Ministry of Interior of the Slovak Republic (hereinafter “Ministry”).
- (3) For the purpose of this Act, as the publicly beneficial purpose is primarily considered: the development and protection of spiritual and cultural values, the implementation and protection of human rights or other humanitarian goals, the protection and creation of environment and preservation of natural values, the protection of health, the protection of children and youth rights, the development of science, education, fitness and sport and the provision of humanitarian aid aiming at an individual or at a group of people in danger of life or in need of an emergency assistance after a natural disaster.
- (4) The name, under which the Foundation is registered in the Registry of Foundations, shall be the name of the Foundation. The name must include the term “nadácia (Foundation)”. No other natural or legal person can use this term in its name or commercial designation. The name of the Foundation has to be different from the name of other, already registered, Foundation and must not be interchangeable with the name of other, already registered, Foundation.

- (5) If the name of the Foundation is to include the family name of a natural person, different from the founder, the proposal of the Foundation's registration into the Registry of Foundations has to include the approval of this natural person; in case of his/her decease it has to include the approval of his/her heirs, if known.
- (6) For the purpose of this Act, the activities of the Foundation are:
 - (a) Providing of monetary and non-monetary resources from the assets of the Foundation to third parties/persons.
 - (b) Administration of the property of the Foundation, including the foundation trusts.
- (7) The Foundation can perform other activities in accordance with the publicly beneficial purpose of the Foundation and with the implementation of the Foundation's activities, unless this law specifies otherwise.

§ 3

Property of a foundation

- (1) The property of the Foundation consists of the foundation endowment, foundation trust and other assets of the foundation.
- (2) The foundation endowment shall be registered in the Register of Foundations. At the time of establishment, the foundation endowment consists of property deposits by individual founders. The value of each property deposit of each of the founders must be at least €663. The total initial value of the foundation endowment must be at least €6,638; this value should represent exclusively monetary assets or real estates. The value portion exceeding the limit of €6,638 may represent also movable things, securities, as well as other property rights and values that can be assigned a monetary value. The value of the foundation endowment cannot be reduced.
- (3) The foundation trust is formed by money, which are not a part of the foundation endowment or other assets of the foundation.
- (4) Other assets of the foundation, which are not a part of the foundation endowment or the foundation trust are formed by money, securities, as well as other property rights and values that can be assigned a monetary value.

Schedule Two

ESTABLISHMENT AND INCORPORATION OF THE FOUNDATION AND CREATION OF A FOUNDATION TRUST

§ 4

Establishment of a Foundation

- (1) A Foundation can be established by a natural person or by a juridical person (hereinafter referred to as **the founder**).

- (2) A Foundation is established by a foundation agreement signed by all its founders. (hereinafter referred to as **the Foundation Deed**). The validity of the signatures must be officially verified. A single founder may also establish a foundation; the validity of his/her signature must be officially verified.
- (3) Until incorporation of the foundation, the founders collectively or the Foundation Administrator shall act in all matters related to the incorporation of the Foundation.
- (4) The title to the real estate property goes over to the Foundation to the date of the entry of the title to the Cadaster of Real Estates (hereinafter referred to as **the Cadaster**) made upon the written proclamation of the founder, whose signature on it must be officially verified. The Foundation Administrator shall submit the proposal to entry the title to the real estate into the Cadaster within 15 days from the day of incorporation of the Foundation. The Foundation Administrator has to send to the Ministry a copy of the proposal to entry the title to the real estate with an imprint of the Cadaster Office official stamp within 15 days from the day on which the Cadaster Office earmarked on the written proposal to entry the title to the real estate into the Cadaster the date of its acceptance.
- (5) In the case when the Cadaster Office declines the proposal to make the entry, the Foundation Administrator shall ask the founders to replace the value of the non registered real estate by other real estate or by monetary assets within 30 days since the Cadaster decision not to entry the title into the Cadaster entered into force.

§ 5

The Foundation Deed

- (1) The Foundation Deed shall contain:
 - a) name and site of the Foundation,
 - b) the publicly beneficial purpose, which the Foundation shall support
 - c) the name and family name (firm name), birth number (identification number) and permanent address (site) of all founders,
 - d) the total value of the foundation endowment,
 - e) the value and object of the deposits of each of the founders into the foundation endowment at the time of establishment of the Foundation,
 - f) the period of time for which the Foundation is being established,
 - g) the number of members of each body of the Foundation, the length of term of their service and the manner of their election into the position,
 - h) the manner of convening, voting and proceeding of the Foundation's bodies,
 - i) the name and family name, birth number and permanent address of the first Foundation Administrator (see § 6, par. 5, § 41 Par. 2) and of the first members of other bodies of the Foundation, when they are established,
 - j) the conditions under which the Foundation shall make use of its

- property,
- k) the definition of a circle of persons to which the Foundation may provide support from its sources,
 - l) the conditions under which the Foundation may support from its sources third persons,
 - m) any other issues that the founder considered important to be entered.
- (2) The founder may stipulate in the Foundation Deed such provisions, that must not be changed by a decision of any body of the foundation.
- (3) Anybody has the right to review the Foundation Deed and make notes or extracts from it. The Foundation is obliged to make the Foundation Deed accessible upon request.

Incorporation of the Foundation

§ 6

- (1) The Foundation is considered a juridical person (incorporated) to the date of its entry to the Register of Foundations (hereinafter referred to as **the Register**).
- (2) The written proposal for entering the Foundation into the Register shall be submitted to the Ministry in written. The signature of the Foundation Administrator must be officially verified.
- (3) To the proposal for incorporation of the Foundation into the Register must be attached the Foundation Deed in two originals, a written declaration of the Foundation Administrator about deposition of the monetary contributions of the founder, written declaration of the founder confirming contribution of a real estate; the signature of the Foundation Administrator on the written declaration must be officially verified and the excerpt from the penalty register about the Foundation Administrator must not be older then three months.
- (4) If the founder is a juridical person that is not established or created by a special law, there has to be attached also the excerpt from the Business Register or another register, which must not be older then 30 days. In the case of a foreign juridical person there has to be attached a document proving that the foreign person is a juridical person, and who is its statutory body.
- (5) If the Foundation Administrator is a foreign natural person, there has to be attached to the proposal for incorporation of the Foundation into the Register also the document proving the right for long-term stay on the territory of the Slovak Republic.

§ 7

- (1) The procedure of incorporating into the Register begins on the day in which the Ministry received the proposal including the documents as defined in § 6.

- (2) In the case when the proposal of incorporating into the Register does not include the documents as defined in § 6, Par. 2 to 5, the Ministry shall notify the Foundation Administrator within 15 days from receiving the proposal on the postponement of the procedure of incorporating into the Register until the deficiencies of the proposal shall be eliminated.

§ 8

- (1) The Ministry shall refuse to incorporate the Foundation into the Register, if it follows from the document as defined in § 6 Par. 2 to 4, that
- a) this is not a case of a purposeful grouping of property,
 - b) the purpose of the Foundation is not publicly beneficial,
 - c) the Foundation Deed is not consistent with the law.
- (2) The Ministry shall decide about refusal to incorporate the Foundation into the Register within 30 days from the beginning of the registration procedure.
- (3) The Foundation Administrator may submit the legal remedy proposal against the refusal to incorporate the Foundation into the Register to the Highest Court of the Slovak Republic.¹

§ 9

- (1) If the Ministry does not find a ground for the refusal to incorporate the Foundation into the Register, it shall file the incorporation of the Foundation into the Register within 30 days from the beginning of the registration procedure and within this term it shall deliver one copy of the Foundation Deed to the Foundation Administrator, on which it marks the day of the incorporation of the Foundation onto the Register.
- (2) The Ministry shall notify the Statistical Office of the Slovak Republic about the incorporation of the Foundation as a juridical person, its name and seat within ten days from the incorporation of the Foundation into the Register.

Register of Foundations

§ 10

- (1) The Register of Foundations is a public list, into which are filed the data concerning foundations as stipulated by the law.
- (2) The Register includes a collection of documents, which contains the Foundation Deed, the Contract on Establishment of the foundation trust or the decision of the Board of Trustees on establishing a foundation trust, and the annual report on activities and management of the Foundation (hereafter only **the Annual Report**)

¹ See §§ 244 to 250s of the Civil Court Procedural Code

- (3) Data registered in the Register are effective with respect to anybody from the day of incorporating the Foundation into the Register. Against a person that acts with a honest believe in the truth of the data filed into the Register cannot anybody, to whom the entry in the Register refers, demure by stating that the entry in the Register does not correspond to actual situation.

§ 11

- (1) In the Register shall be filed:
- a) the name, seat and identification number of the organization,
 - b) the publicly beneficial purpose that is supported by the Foundation
 - c) the first name and family name (firm name), birth number (identification number of the organization) and permanent address (seat) of the founder,
 - d) the value and object of the foundation endowment including
 1. total sum of monetary assets,
 2. real estates and their market prices as determined by an expert appraisal form,
 3. movable things and their values as determined by an expert appraisal form,
 4. securities and their market prices as determined by an expert appraisal form,
 5. other property rights and monetary appraisable other property values as determined by an expert appraisal form
 - e) the first name, family name, birth number and permanent address of the Foundation Administrator.
- (2) Into the Register there are filed also any changes or termination of registered data. The Foundation Administrator is obliged to submit to the Ministry the proposal for filing the changes of registered data within 15 days form the day, on which the changes took place; on the proposal must be the signature of the Foundation Administrator officially verified. To the proposal thee must be attached the decision of the Board of Trustees on making the change in the Foundation Deed and the appendix to the Foundation Deed in two originals, both of which must be signed under office by the chairman of the Board of Trustees.
- (3) In the Register there shall be further earmarked
- a) The entry of the Foundation into liquidation including the first name, family name, birth number and permanent address of the Liquidation Officer,
 - b) Proclamation of bankruptcy including first name, family name, birth number and permanent address of the custodian of the liquidation balance,
 - c) Legal reason for the termination of the Foundation.
- (4) The Ministry assigns to the Foundation its identification number of organization.

§ 12

- (1) The obligations taken over by the founders on behalf of the Foundation before the day of its incorporation shall bound the founders commonly and indivisibly.
- (2) The liabilities having arisen pursuant to paragraph (1) shall go over to the Foundation on the day of its incorporation, unless the Foundation refuses to take them over denied within three months from on the ground that their taking over would be inconsistent with the publicly beneficial purpose which the Foundation is pursuing.

§ 13

The Foundation Trust

- (1) In order to support a publicly beneficial purpose, the Foundation may establish a foundation trust upon a decision of the Board of Trustees or upon a written agreement concluded with a natural or a juridical person.
- (2) The foundation trust does not possess legal personality.
- (3) The decision of the Board of Trustees on establishing the foundation trust must contain
 - a) The name of the Foundation that is establishing the foundation trust,
 - b) The name of the foundation trust; the name must include the name of the Foundation that is establishing the foundation trust,
 - c) The purpose for which is the foundation trust established,
 - d) The period of time for which is the foundation established.
- (4) The objective of the agreement on establishing the foundation trust concluded between a natural or a juridical person is the definition of conditions for raising monetary assets and for their use to support a predefined publicly beneficial purpose. The agreement on establishing the foundation trust must further include
 - a) The denomination of the contracting parties,
 - b) The name of the foundation trust the name must include the name of the Foundation that is establishing the foundation trust,
 - c) The purpose for which is the foundation trust established,
 - d) The period of time for which is the foundation established,
 - e) The remuneration of the Foundation, if contracted,
 - f) The conditions according to which there shall be distributed the funds of the foundation trust in the case, when the purpose of the foundation trust is bounded to collecting a concrete sum of money and if the sum has not been collected or the purpose, for which the foundation trust has been established died away,
 - g) The prerequisites for the final report on the use of the assets of the foundation trust or of the annual report on the use of the assets of the foundation trust, if it has been created for a time exceeding one year or for an indefinite period of time.
- (5) The Foundation Administrator is obliged to submit to the Ministry within 15 days from establishing the foundation trust the decision of the Board of Trustees or the written agreement on establishing the foundation trust.

Schedule Three

TERMINATION AND CANCELLATION OF THE FOUNDATION

Termination of the Foundation

§ 14

The Foundation is terminated by:

- a) passing out of the specified period of time for which it has been established,
- b) fulfillment of the purpose for which it has been established,
- c) the decision of the Board of Trustees of termination of the Foundation
- d) the proclamation of bankruptcy or by rejection of the proposal to proclaim bankruptcy due to insufficiency of property
- e) the decision of the founders or by an agreement of the founders, if the Board of Trustees is non functioning for at least one year.

§ 15

- (1) The court shall terminate the Foundation upon the proposal of a founder, the Ministry or a person that proves a legal interest and orders its liquidation, if
 - a) the foundation endowment decreased,
 - b) the Foundation did not file within the term determined in the penalty decision according to the § 36, Par. 3 the annual report into the public section of the Register of Balance Sheets²
 - c) the Foundation violates the provision of the § 29, Par. 3,
 - d) there were not elected the bodies of the Foundation, to which the term elapsed within more then six months, or when the bodies of the Foundation were not completed to the requested number of members,
 - e) The Foundation is not active as required by the § 2, Par. 6 for a period of time exceeding one year
 - f) The Foundation uses its assets in violation of this law or the Foundation Deed.
- (2) The court may terminate the Foundation upon the proposal of a founder, the Ministry or a person that proves a legal interest or order its liquidation, if the Foundation violates by any other serious manner or repeatedly the provisions of this law.

§ 16

Cancellation of the Foundation

- (1) The foundation shall cease to exist as of the day of its erasure from the Register of Foundations. Such a cancellation shall be preceded by termination, with or without liquidation.
- (2) The liquidation is not required, if

² See § 23 of the Act No. 431/2002, on Accounting

- a) the property and obligations of the Foundation after its cancellation shall pass over to another Foundation,
- b) the proposal for declaring bankruptcy is rejected due to insufficiency of property,
- c) after bankruptcy proceedings there remains no property with the Foundation.

§ 17

Termination of the Foundation without liquidation

- (1) The Foundation may merge only with another Foundation based upon a written agreement on merging, if the Foundation Deeds of these Foundations do not prohibit it.
- (2) The agreement on merging shall contain the designation of contracting parties and data on property, liabilities, rights and obligations of the Foundation, which is being merged. The agreement on merging must be signed by statutory bodies of the merged Foundations. The foundation endowment of the Foundation, which takes over the property and obligations of the merged Foundation, has to be increased by adding the foundation endowment of the merged Foundation.
- (3) The proposal to cancel the merged Foundation from the Register shall be submitted by its statutory body; the signature has to be made under office. To the proposal on cancelling the merged foundation from the Register shall be attached the agreement on merging, the decision of the Board of Trustees on cancellation of the Foundation without liquidations and the decision of the founder, when it was the founder's decision to terminate the Foundation.
- (4) Upon the day of cancellation of the merged Foundation from the Register goes the property, as well as rights and obligations of the merged Foundation to the Foundation with which it is being merged.
- (5) In the case of fusion the property of the cancelled foundations goes over to the Foundation, which is created as a result of the fusion.
- (6) The Foundation may change its legal form to a Non-Investment Fund. In such a change the Foundation terminates without liquidation, if to the day of submission of the proposal for cancellation of the Foundation from the Register there have been fulfilled all prerequisites for establishing a Non-Investment Fund.
- (7) In the case of a change, the foundation endowment shall be transferred to another Foundation or to a community where the terminated Foundation had its seat.
- (8) The Ministry shall erase the terminated Foundation from the Register and enters the record on the change of the Foundation, which had taken over the property and obligations of the terminated Foundation as of the same day.

Termination of the Foundation with Liquidation

- (1) The enter of a Foundation to liquidation shall be filed into the Register. During the time of liquidation there shall be used the name of the Foundation with a supplement “v likvidácii” (“in liquidation”).
- (2) By the day of filing the liquidation of the Foundation into the Register, the activities of the Foundation Administrator regarding acting on behalf of the Foundation shall go over to the Liquidation Officer filed in the Register.
- (3) The Board of Trustees appoints the Liquidation Officer, unless this law stipulates otherwise. When the Liquidation Officer is not appointed without unnecessary delay, the court appoints him/her. Only a natural person may serve as a Liquidation Officer. When the liquidation of the Foundation is made upon the decision of the court, then the Liquidation Officer is appointed by the court that decided on the liquidation.
- (4) Liquidation Officer reports about his/her activities in the same manner as the Foundation Administrator.
- (5) The Liquidation Officer acts on behalf of the Foundation only in matters aiming to the liquidation of the Foundation.
- (6) If the Liquidation Officer finds out that the Foundation has debts in excess, he/she is obliged to propose declaration of bankruptcy without unnecessary delay.
- (7) The Liquidation Officer prepares to the date of entry of the Foundation into liquidation the financial report and is obliged to send the overview of the assets and obligations to all members of the Board of Trustees.
- (8) To the day of liquidation end the Liquidation Officer shall prepare a balance sheet and submits it to the Board of Trustees for approval together with the final report on liquidation procedure and with proposal of distribution of the property balance.
- (9) The Liquidation Officer is obliged to offer the liquidation balance to another Foundation or to the community, in which the terminated Foundation had its seat. When the community accepts the liquidation balance, it may use it exclusively for a publicly beneficial purpose. The property that forms the foundation endowment may be offered only to another Foundation registered according to this law.
- (10) The Liquidation Officer shall submit the proposal for erasing the Foundation form the Register within 30 days from the end of liquidation process.
- (11) The remuneration if the Liquidation Officer shall be determined by the body, which appointed him/her.

Schedule Four

BODIES OF THE FOUNDATION AND THEIR AUTHORITY

§ 19

Bodies of the Foundation

- (1) Bodies of the Foundation are:
 - a) the Board of Trustees,
 - b) the Foundation Administrator,
 - c) the Supervisory Board, if the property of the foundation exceeds €165,969; otherwise, if it determines the Foundation Deed,
 - d) an Inspector, when the Supervisory Board is not established,
 - e) another body, when determined by the Foundation Deed.

- (2) The members of the Foundation bodies are obliged to pursue their activity in such a manner that prevents damaging the interests of the Foundation; they must not use the assets of the Foundation for their own objectives. The members of the Foundation bodies must be impeccable and fully capable of legal acts. For the purpose of this law, a person is not considered impeccable, if it has been lawfully sentenced for an intentional criminal act. The impeccability shall be proved, when an excerpt from the Penalty Register not older than three months is submitted.

§ 20

The Board of Trustees

- (1) The Board of Trustees is the highest body of the Foundation

- (2) The Board of Trustees
 - a) decides about termination of the Foundation, when not forbidden in the Foundation Deed,
 - b) elects and recalls the chairman and members of the Board of Trustees, elects and recalls the Foundation Administrator, unless the Foundation Deed stipulates otherwise,
 - c) decides on changes of the Foundation Deed, when not forbidden in the Foundation Deed,
 - d) appoints the Liquidation Officer,
 - e) annually approves the budget of the Foundation as proposed by the Foundation Administrator,
 - f) decides on increasing the foundation endowment, on changes in the composition of the foundation endowment,
 - g) decides on establishment of the foundation trust, approves the final report on the use of assets of the foundation trust or an Annual Report on the use of assets of the foundation trust, if it has been established for a period of time longer than one year or for an indefinite period of time,,
 - h) determines the remuneration for the service of the Foundation

Administrator,

- (3) The Board of Trustees decides on other matters in the scope and under the conditions determined in the Foundation Deed.
- (4) The Board of Trustees is obliged to provide in written the grounds for its resolution as regards Par. 2, letter g).

§ 21

- (1) The Board of Trustees has at least three members. Only a natural person fully able to make legal acts is eligible for membership in the Board of Trustees.
- (2) The membership in the Board of Trustees is incompatible with the position of the Foundation Administrator or membership in any other body of the same Foundation (§19).
- (3) A person that receives monetary resources from the assets of the Foundation cannot be a member of its Board of Trustees.
- (4) The membership in the Board of Trustees is an unpaid position. The members of the Board of Trustees are entitled for a compensation of expenses related to the execution of the position according to a special regulation³.

§ 22

- (1) The Foundation Deed regulates the manner of election of the members of the Board of Trustees and the lengths of their term. The Founder appoints the first members of the Board of Trustees, unless the Foundation Deed stipulates otherwise.
- (2) The Board of Trustees has to elect to the vacancy within 60 days since the vacancy occurred a new member of the Board of Trustees to serve until the end of the term. When in a vacancy case the number of the members of the Board of Trustees decreases below three, the Board of Trustees cannot make any decision except electing new members,.
- (3) Every member of the Board of Trustees may propose a person to be elected to the membership in the Board of Trustees or be recalled from it, unless the Foundation Deed stipulates otherwise.
- (4) The membership in the Board of Trustees terminates
 - a) by passing over of the term,
 - b) by a written resignation delivered to the Foundation Administrator or to the Board of Trustees,

³ See the Act No. 119/1992, on Travel Compensation

- c) by recall decision of the Board of Trustees
- d) due to the death.

§ 23

- (1) The Board of Trustees elects from its members a Chairman, who convenes the Board of Trustees and presides to its proceedings. The Chairman may authorize another member of the Board of Trustees to convene it into session and preside to its proceedings.
- (2) For electing or recalling the Chairman there must be a consent of a majority of all members of the Board of Trustees.

§ 24

- (1) Unless the Foundation Deed stipulates otherwise, the Board of Trustees shall have the quorum in the presence of a majority of its members. Resolutions of the Board of Trustees shall be accepted with a majority of all present members.
- (2) The members of the Board of Trustees may accept resolutions also outside of a session, except of the decisions according to § 20. Par 2, Letters a) and b). In such a situation, the proposed resolution shall be submitted to every member of the Board of Trustees individually together with the notice on the term within which the members have to provide a written statement to the proposed resolution. If the member does not express his/her statement within the given term, it holds that he/she does not agree with the proposed resolution. The Chairman of the Board of Trustees communicates the results of the ballot to the members of the Board of Trustees.

The Foundation Administrator

§ 25

- (1) The Foundation Administrator is a statutory body of the Foundation, who manages the activities of the Foundation and acts on its behalf. The Foundation Administrator decides on all matters of the Foundation that this law or the Foundation Deed do not assign to the field of action of other bodies.
- (2) The Board of Trustees elects and recalls the Foundation Administrator. The founder appoints the first Foundation Administrator in the Foundation Deed.
- (3) Unless the Foundation Deed stipulates otherwise, the Board of Trustees may limit the right of the Foundation Administrator to act on behalf of the Foundation. Such limitation is not effective with regards to third persons.
- (4) The Foundation Administrator cannot be a member of the Board of Trustees or another body of the Foundation. The Foundation Administrator is authorized to participate in sessions of the Board of Trustees with advisory vote.

- (5) Only a person with a permanent residency or long-term residency in the Slovak Republic may be elected to the office of The Foundation Administrator.

§ 26

- (1) The Board of Trustees shall recall The Foundation Administrator, if
- a) he/she has been lawfully sentenced for a willful criminal act or when he/she has been lawfully sentenced for a criminal act and the court in his/her case did not decide on conditional suspension of the sentence to jail,
 - b) he/she has lost the capacity to make legally binding acts or when such a capacity has been lawfully limited
- (2) The Board of Trustees may recall the Foundation Administrator, if
- a) he/she is not able according to the medical statement for the reasons of health to operate in the position for a term longer than six months,
 - b) he/she is not fulfilling the obligations of the Foundation Administrator, and even after the written notice of the Board of Trustees does not make a remedy,
 - c) he/she has lost the trust of the members of the Board of Trustees.
- (3) The Foundation Administrator may resign in written from his/her position without providing grounds.
- (4) In the case, when the Board of Trustees has recalled the Foundation Administrator according to the Par. 1 and 2, or when the Foundation Administrator resigns according to the Par. 3, the Board of Trustees must within 30 days from occurrence of the vacation elect new Foundation Administrator. The Chairman of the Board of Trustees acts on behalf of the Foundation until the new Foundation Administrator is elected. However, the Chairman may make only such decisions, which are necessary and may not be postponed.
- (5) For electing or recalling the Foundation Administrator is necessary consent of the majority of all members of the Board of Trustees. In the case of recalling the Foundation Administrator according to the Par. 2, letter c) there is needed a consent of two thirds of all members of the Board of Trustees.
- (6) Every member of the Board of Trustees may propose a person to be elected to the position of the Foundation Administrator.

§ 27

The Supervisory Board (The Inspector)

- (1) The Supervisory Board is the inspecting body of the Foundation.
- (2) The Board of Trustees elects and recalls the members of the Supervisory Board (the Inspector). The manner of establishment of the Supervisory Board

and election of its members shall be similarly governed by the rules relating to the Board of Trustees. The term of service for the Inspector is three years long.

- (3) The members of the Supervisory Board are entitled to review all documents and records in connection with activities of the Foundation, and to check, whether the book-keeping is maintained in accordance with the special law, and whether the Foundation operates in compliance with generally mandatory provisions of laws and with the Foundation Deed.
- (4) The Supervisory Board (the Inspector) in particular:
 - a) reviews and inspects the book-keeping,
 - b) approves the balance sheet and the Annul Report of the Foundation,
 - c) notifies the Board of Trustees about any detected defects and proposes the ways how to remedy these.

Schedule Five

THE USE OF THE PROPERTY OF THE FOUNDATION

§ 28

Expenditures of the Foundations

- (1) The assets of the Foundation may be used only in compliance with the publicly beneficial purpose and conditions as determined in the Foundation Deed, and to cover the expenses related to the foundation administration. The amount of expenditures for foundation administration shall the Board of Trustees determine annually in the scope necessary for maintaining the operations of the Foundation.
- (2) The expenditures on foundation administration include:
 - a) protection and appreciation of the Foundation property,
 - b) promotion of the publicly beneficial purpose of the Foundation or of the foundation trust,
 - c) operation of the Foundation,
 - d) remuneration of the Foundation Administrator,
 - e) compensations of the expenditures according to a special regulation⁴,
 - f) staff wages and related payments,
 - g) expenditures related to operating a charitable lottery⁵,
 - h) other expenditures on activities related to operating the Foundation.
- (3) The Foundation Deed may stipulate a more detailed structuring of the expenditures then in Par. 2.
- (4) Then Foundation accounts separately for expenditures related to foundation administration

⁴ See the Act No. 119/1992, on Travel Compensation

⁵ See § 9a of the Act No. 171/2005, on Hazardous Games and

§ 29

Other usage of the Foundation's property

- (1) The Foundation may not participate in entrepreneurial activities with the exception of running a charitable lottery⁶, renting a real estate, organizing cultural, educational, social or sport activities, if such an activity allows for a more efficient use of its property and if the activity is in compliance with the publicly beneficial purpose of the Foundation.
- (2) The Foundation may not conclude a contract on silent partnership.
- (3) The property of the Foundation must not be used to finance the activity of political parties and political movements, as well as in the benefit of a candidate to an elected position⁷.

§ 30

The usage of the Foundation Endowment

- (1) The property that forms the foundation endowment (§ 3. Par- 2) cannot be donated, may not be deposited into a commercial company, alienated or used as a security of the liabilities of the Foundation, nor used for securing the liabilities of third persons.
- (2) The Foundation is obliged to deposit the monetary assets forming a part of the foundation endowment to an account at a bank or at a branch of a foreign bank⁸ that possess a banking license on the territory of the Slovak Republic.
- (3) The monetary assets that form a part of the Foundation endowment may the Foundation use for buying
 - a) state bonds and state treasury bonds,
 - b) securities accepted on the market with listed securities and shares of the open unit trusts,
 - c) mortgage coupons,
 - d) deposit slips, deposit certificates and taps,
 - e) a real estate.

§ 31

Liability for the Foundation Obligations

- (1) The Foundation is liable for its obligations with all its property excluding the assets of the Foundation trust established for the purpose of an individually determined humanitarian assistance to an individual or to a group of persons, who are in life danger or who urgently need an assistance due to a natural disaster.

⁶ See § 9a of the Act No. 171/2005, on Hazardous Games and

⁷ For example the Act No. 46/1999, on the Elections of the President of the Slovak Republic

⁸ See § 2, Par. 1 to 6 of the Act No. 483/2001, on Banks

- (2) In the case, when the Foundation Administrator does not submit according to § 13, Par. 5 to the Ministry the written contract or a decision of the Board of Trustees on formation of the foundation trust established for the purpose of an individually determined humanitarian assistance to an individual or to a group of persons, who are in life danger or who urgently need an assistance due to a natural disaster, the Foundation is liable for its obligations including the assets of such a trust.

Purpose-Determined Usage of Assets

§ 32

- (1) If the value of a donation or the value of a grant exceeds €331, the Foundation is obliged to provide the donor with a precise specification of the usage of the donation within 60 days from the usage of the donation or the grant, unless the donor does not specify otherwise.
- (2) If the donor provided the Foundation with a donation or a grant for a specified publicly beneficial purpose, the Foundation may use it for another purpose only with a previous consent of the donor.

§ 33

- (1) A natural person or a juridical person that was provided assets by the Foundation is obliged to use these assets only to the publicly beneficial purpose for which it has been provided and, on request, inform the Foundation how the assets were used.
- (2) A natural person or a juridical person that does not fulfill the obligations according to Par. 1 is obliged to return the received assets to the Foundation without unnecessary delay.
- (3) A natural person or a juridical person that have received assets of the Foundation in violation of this law, is obliged to return these assets.
- (4) The assets of the Foundation determined for being used for a publicly beneficial purpose cannot be provided to the founder, to a member of the Board of Trustees, to the Foundation Administrator, to a member of any other Foundation body and to persons related to these persons⁹. This does not apply in a case of providing the assets from a foundation trust established for the purpose of an individually determined humanitarian assistance to an individual or to a group of persons, who are in life danger or who urgently need an assistance due to a natural disaster.

⁹ See § 116 of the Civil Code

Schedule Six

BOOK-KEEPING AND ANNUAL REPORT

§ 34

Book-keeping

- (1) The Foundation accounts according to a special regulation¹⁰.
- (2) The Foundation keeps in its accounting books the assets forming the foundation endowment.
- (3) The annual balance sheet must be verified by a licensed auditor, if the incomes of the Foundation from external sources to the day of closing the balance sheet exceeds the sum of €200,000. For this purpose the incomes from external sources are considered the incomes received from natural persons or juridical persons, incomes from a part of income tax, incomes from public collections and subsidies. This does not eliminate the obligation to audit the balance sheet according to special regulations¹¹.

§ 35

The Annual Report

- (1) The Foundation is obliged to elaborate after the end of a calendar year an Annual Report within the term determined by the Board of Trustees or the Foundation Deed, but not later than before May 15th of the following calendar year.
- (2) The annual report shall contain
 - a) An overview of activities that took place during the reporting period of time with earmarking their relation to a publicly beneficial purpose of the Foundation,
 - b) The annual balance sheet and evaluation of the data presented in it with the statement of the auditor to the annual balance sheet,
 - c) An overview of the incomes according to their sources and origin,
 - d) An overview of donors, whose donations or grants exceeded in total the value of €331.
 - e) An overview of natural persons and juridical persons to which the Foundation provided assets for a publicly beneficial purpose for which the Foundation has been established and an information how these assets were used,
 - f) The total sum of expenditures structures further according to individual types of activities of the Foundation and specifically the amount of expenditures for foundation administration including the resolution of the board of Trustees according to § 28, Par. 1 structured further according to § 28, Par. 2 and 3,

¹⁰ See the Act No. 563/1991, on Accounting

¹¹ See § 19, Par. 4 of the Act No. 431/2002

- g) Any changes made in the Foundation Deed and in composition of the bodies that took place during the reported period of time,
 - h) The remuneration for operations of the Foundation Administrator and another body if established by the Foundation Deed,
 - i) An overview of activities of foundation trusts together with an overview of assets of these trusts
 - j) Any other data as determined by the Board of Trustees.
- (3) If after publishing the annual report there are discovered facts that require amending the Annual Report, the Foundation is obliged to do so without delay.
- (4) The Foundation shall file the Annual Report into the public section of the Register of Balance Sheets not later than on May 31st.

Schedule Seven

COMMON, TRANSORY AND CONCLUDONG PROVISIONS

§ 36

The Fines

- (1) If the Foundation fails to file the Annual Report according to § 35, Par. 4, the Ministry shall bestow a fine on the Foundation for violation of this obligation; the fine shall be in the value from € 331 to € 3,319.
- (2) The fine is payable within 30 days from the day in which the decision of the Ministry on bestowing the fine enters into force.
- (3) The Ministry provides a term for filing the Annual Report in its decision on bestowing the fine.
- (4) By bestowing the fine according to this law there are not affected the provision on damage compensation, nor cease to exist the obligations stipulated by this law.
- (5) The income from the fines is an income of the state budget.

§ 37

Inspection

- (1) The Ministry supervises the Foundation in how it fulfills the publicly beneficial purpose for which it was established. For this purpose the Ministry analyzes the content of the Annual Report.
- (2) If the Ministry detects any defects, it notifies the Foundation on the need to remedy the detected defects within a given term and to inform simultaneously the Ministry about measures taken in that direction.
- (3) If the Foundation fails to make a remedy according § 36, Par. 3, the Ministry

shall submit a proposal according to § 15, Par. 1.

§ 38

Protection of Anonymity of a Donor

- (1) If a donor insists on preservation of anonymity, his/her name and surname or firm name must not be presented in the overview of donors or otherwise published.
- (2) The provision of Par. 1 does not apply to the authority of supervisory bodies acting according to special regulations,¹² to the service of criminal police, to the service of financial police and to the bodies active in criminal proceedings when fulfilling the tasks according to special regulations.¹³

§ 39

Access to information

The Foundation provides information on its activity and on use of its property as a mandatory person according to the special regulation.¹⁴

Foreign Foundation

§ 40

- (1) Foreign Foundation is a juridical person with a seat outside of the territory of the Slovak Republic, if it is a Foundation according to the laws of the state where it has its seat.
- (2) The Foreign Foundation may perform its activities on the territory of the Slovak Republic exceptionally through its organizational branch under the same conditions and within the same scope as a Foundation established according this law.

§ 41

- (1) The right of the Foreign Foundation to operate on the territory of the Slovak Republic through its organizational branch that must be a juridical person with a seat on the territory of the Slovak Republic originates as of the day of incorporating the branch into the Register and ceases to exist as of the day when the branch was erased from the Register.
- (2) The Ministry shall incorporate the organizational branch of the Foreign Foundation established on the territory of the Slovak Republic, when the publicly beneficial purpose of the Foreign Foundation is consistent with § 2, Par. 3. The written proposal for incorporation of the organizational branch into the Register submits to the Ministry the Administrator of the organizational

¹² For example the Act No. 171/1994, on Inspection in State Administration and the Act No. 440/2000, on Reports of Financial Inspection

¹³ The Criminal Code; the Act No. 171/1993, on Police

¹⁴ See the Act No. 211/2000, on Free Access to Information

branch of the Foreign Foundation. The signature of the Administrator of the organizational branch of the Foreign Foundation must be officially verified. In the proposal for incorporation of the organizational branch there has to be also the name of the Foreign Foundation with a supplement showing that it is an organizational branch, and the first name and the surname, birth number and the address of long-term residence of the Administrator of the organizational branch, who is its statutory body.

- (3) To the proposal for incorporation there has to be attached a document not be older than three months proving that the Foreign Foundation is a juridical person, the decision of the Foreign Foundation on establishing the organizational branch on the territory of the Slovak Republic, including determination of the person that is appointed to the position of the administrator of the organizational branch, further the statutes or by-laws of the Foreign Foundation and a document proving that the value of property contribution to the organizational branch corresponds to the provisions of this law.
- (4) To the registration processing and decision-making shall apply § 7 similarly.

§ 42

Temporary provisions

- (1) A Foundation established pursuant to previous regulation shall be considered a Foundation pursuant to this law, if the Foundation Administrator submits until December 31st, 2002, the proposal for entering the changes of registered data in the Register, and proves the creation of the foundation endowment according to § 3, Par. 2 to the day of submitting the proposal and attaches to it the Foundation Deed of the Foundation.
- (2) The Board of Trustees of the Foundation may, until December 31st, 2002, decide upon transformation of the Foundation into a Non-Investment Fund or it may decide on termination of the Foundation with liquidation. The Foundation Administrator has to report without unnecessary delay to the Ministry the termination of the Foundation and its entry into liquidation.
- (3) Should the measures stipulated by Par. 1 and 2 remain unrealized, or should the authority responsible for incorporation decline the proposal on incorporation, then the Foundations not registered according to this law shall be deemed to be cancelled as of January 1st, 2003; the Foundation Administrators of these Foundations are obliged to begin with the liquidation process.

§ 42a

Transitory Provision for the Amendment that enters into force on January 1st, 2014

The provision of § 34, Par. 3 in the text that enters into force on January 1st, 2014

shall be used for the first time when auditing the balance sheet to the date of December 31st, 2014.

§ 43

Cancelling provisions

The Act No. 207/199, on Foundations in the text of the Act No. 147/1997, is being cancelled.

PART II

[Amendment of the civil code:

1. §§ 20b to 20e are deleted
2. In § 477 the Par. 2 is deleted]

PART III

Entry into effect

This law enters into effect on March 1st, 2002.

Rudolf Schuser
President of the Republic

Jozef Migaš
Chairman of the Slovak National Council

Mikuláš Dzurinda
Prime Minister