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The Act No. 34/2002 Coll.,

as of December 18, 2001,

On Foundations and the Change of the Civil Code as Amended by Later Acts.

The National Council of the Slovak Republic has adopted the following Act:

Article 1
PART ONE
BASIC PROVISIONS

§ 1
Subject

This Act shall govern position and legal conditions of the Foundations and the establishing of Funds.

§ 2
Foundation

- (1) A Foundation shall be a purposeful grouping of property established for the support of public benefit 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, public benefit purpose is primarily development and protection of spiritual and cultural values, implementation and protection of human rights or other humanitarian goals, protection and creation of environment, preservation of natural values, protection of health, rights protection of children and youth, development of science, education, fitness and sport and providing of a humanitarian aid aiming at individual or 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 property of the Foundation to third parties/persons.
 - (b) Administration of the property of the Foundation, including the Funds.
- (7) The Foundation can perform other activities in accordance with the public benefit purpose of the Foundation and with the implementation of the Foundation's activities, if not stated otherwise in this Act.

§ 3

Property of the Foundation

- (1) The property of the Foundation shall include the Endowment of the Foundation, the Fund (Trust) and other property of the Foundation.
- (2) Endowment shall be the property of the Foundation registered in the Register of Foundations. Endowment shall be established by contributions of the individual Founders during establishment of the Foundation. The value of the contribution of each of the Founders shall not be less than SKK 20 000. The basic value of the Endowment shall be not less than SKK 200,000; this basic value can be formed exclusively of monetary assets and real estates. The movables, securities as well as other property rights and property values financially appraised may form the part of the Endowment in its value exceeding SKK 200,000. The value of the Foundation's Endowment cannot be decreased.
- (3) The Fund (Trust) shall include financial resources, which are not part of the Endowment or other property of the Foundation.
- (4) The other property of the Foundation, not being part of the Endowment or the Fund (Trust), is composed of monetary resources, securities as well as other property rights and property values financially appraised.

PART TWO

FOUNDING AND ESTABLISHMENT OF THE FOUNDATION AND OF THE FUND (TRUST)

§ 4

Founding of the Foundation

- (1) The Foundation may be founded by natural or legal person (hereinafter "Founder")
- (2) Written Foundation Deed signed by all Founders founds the Foundation. The authenticity of their signatures shall be officially verified. A single Founder may found the Foundation also; the authenticity of his/her signature shall be officially verified.
- (3) Prior to the establishing of the Foundation, Founders jointly or the Administrator of the Foundation act in the matters connected with it's establishing.
- (4) The Foundation gains the property rights for the immobility upon registration in the Registry of Land and Real Estates based on the written statement of the Founder, whose signature must be officially verified. The Administrator of the Foundation shall submit the motion for the registration of the property right to the Registry of Land and Real Estates within 15 days from the establishment of the foundation. The Administrator shall send a copy of the proposal for the registration of the property

right for the immobility, together with the seal print of the Registry of Land and Real Estates to the Ministry. This shall happen within 15 days starting from the day, when the Registry of Land and Real Estates marks on the written proposal for the registration the date of its delivery.

- (5) If the Registry of Land and Real Estates denies registering the real estate, the Administrator of the Foundation shall invite the Founders to substitute the value of non-registered real estate with another real estate or with monetary resources, within a time limit of 30 days from the entry into force of the decision to deny the registration.

§ 5

Statute of the Foundation

- (1) The Foundation Deed shall include:
 - a) Name and headquarters of the Foundation,
 - b) Public benefit purpose that the Foundation will support,
 - c) Name and surname (designation), personal number (identification number) and permanent residence (headquarters) of all the Founders,
 - d) Value of the Endowment of the Foundation,
 - e) Value and subject of the property undertaken by each Founder to contribute to Endowment during the establishment of the Foundation,
 - f) Period for which the Foundation has been established,
 - g) Number of members of the Foundation bodies, length of the terms and method of their appointment,
 - h) The methods of conveying, voting and discussion of the Foundation bodies,
 - i) Name, surname, personal number and address of permanent residence or long-term residence of the first Administrator of the Foundation (§ 6(5), § 41(2)) and first members of other bodies of the Foundation, if established,
 - j) Conditions of the Foundation's property use,
 - k) Scope of persons that the Foundation may provide the resources to,
 - l) Conditions of providing the Foundation resources to third parties,
 - m) Further information/items, if the Founder considers it necessary to include them.
- (2) The Founder may determinate in the Foundation Deed that certain provisions cannot be changed by a decision of any body of the Foundation.
- (3) Anybody has a right to look into the Foundation Deed, make abstracts and extracts out of it. The Foundation is obliged to make the Foundation Deed available upon request.

Establishment of the Foundation

§ 6

- (1) The Foundation is established as of the day of the registration in the Register of Foundations.
- (2) The Administrator of the Foundation shall submit the written motion for the registration of the Foundation to the Ministry of Interior. The signature of the Administrator shall be officially verified.
- (3) The motion for the registration of the Foundation shall include attached the Foundation Deed in two copies, the written declaration of the Administrator on the

payment of the monetary contribution of the Founder, the written declaration of the Founder on contributing a real estate into the Endowment of the Foundation; the signature of the Administrator of the Foundation on the written declaration shall be officially verified and the extract from the Criminal Record of the Administrator of the Foundation must not be older than three months.

- (4) If the Founder of the Foundation is a legal person, who is not established or set up by law, the motion for the registration of the Foundation shall include extract of the Commercial Register or other Register, which cannot be older than 30 days. The foreign legal person shall include document proving her legal personality and identifying her statutory authority.
- (5) If the Administrator of the Foundation is a foreign natural person, the motion for the registration of the Foundation shall also include a long-term residence permit for the territory of the Slovak Republic.

§ 7

- (1) The procedure of the registration in the Register of Foundations starts with the date when the Ministry receives the motion of the registration of the Foundation, which includes the documents under § 6.
- (2) If the motion for registration failed to include documents of §6 (2)-(5), the Ministry shall, within 15 days from the date of delivery of the motion, notify the Administrator of the Foundation about the fact, that the registration procedure will start only after the deficiencies had been eliminated.

§ 8

- (1) The Ministry shall reject the registration if from the documents of § 6 (2) - (4) can be concluded that
 - a) It is not a purposeful grouping of property,
 - b) The purpose of the Foundation is not of public benefit,
 - c) The Foundation Deed does not comply with the law.
- (2) The Ministry shall decide on the rejection of the registration within 30 days from the start of the procedure.
- (3) The Administrator of the Foundation may file for legal remedy with the Supreme Court of the Slovak Republic against the decision on the rejection of the registration.¹

§ 9

- (1) If Ministry does not determine any reasons for rejection of the registration, it will register the Foundation within 30 days from the start of the procedure of the registration and, within the same time limit, send to the Administrator of the Foundation one copy of the Foundation Deed, with marked date of registration.

¹ See § 244 to 250 of the Civil Judicial Order.

- (2) The Ministry shall, within 10 days from the Foundation's registration, notify the State Statistics Office on the establishment, the name and the headquarters of the Foundation.

Register of Foundations

§ 10

- (1) The Register of Foundations shall be a public list where the data required by law regarding Foundations are being incorporated.
- (2) The Register of Foundations shall constitute of a set of documents including the Foundation Deed, the agreement on establishment of the Fund (Trust) or the decision of the Board on establishment of the Fund (Trust) and the Annual Report on activity and management of the Foundation (hereinafter "the Annual report").
- (3) Facts registered in the Register of Foundations shall be effective to everyone as of the day of the Foundation's registration to the Register of Foundations. Objections concerning the accuracy of the data registered in the Register of Foundations may not be raised by the subject of the registration against any person acting in good faith of the data registered in the Register of Foundations.

§ 11

- (1) Following data shall be registered in the Register of Foundations:
- a) Name, headquarters and identification number of the Organization,
 - b) Public benefit purpose, that the Foundation will support,
 - c) Name and surname (designation), personal number (identification number) and permanent residence (headquarters) of the Founder,
 - d) Value and object of the Endowment of the Foundation, including
 - 1. Amount of monetary resources,
 - 2. Immovable property and their market value as appraised by an expert opinion,
 - 3. Movable property and its value as appraised by an expert opinion,
 - 4. Securities and their nominal value,
 - 5. Other property rights and financially appraisable property values as appraised by an expert opinion.
 - e) Name and surname, personal number and permanent residence of the Administrator of the Foundation,
- (2) The Register of Foundations shall also include modification or cancellation of any registered data. The Administrator of the Foundation is obliged to file the motion for the registration of changes of the registered data to the Ministry within 15 days from their implementation; the authenticity of Administrator's signature on the motion must be officially verified. To the motion shall be attached the decision of the Board of Directors of the Foundation on implementation of the changes in the Statute and a

supplement to the Foundation Deed in two copies, where the signature of the chairman of the Board of Directors shall be officially verified.

- (3) The Register of the Foundation shall further mark
 - a) Commencement of the liquidation proceeding against the Foundation including the name and surname, personal number and permanent residence of the Liquidator,
 - b) Declaration of bankruptcy, including the name and surname, personal number and permanent residence of the Trustee in bankruptcy.
 - c) Legal justification for the erasure of the Foundation.
- (4) The Ministry shall assign the Identification Number of the Organisation to the Foundation.

§ 12

- (1) The Founders shall have joint and several liability for the obligations assumed by the Founders on behalf of the Foundation until the date of its establishment.
- (2) The obligations under Section 1 shall be transferred to the Foundation as of the day of its establishment, unless rejected by the Foundation within three months due to the fact that the adoption of such obligation would be in discrepancy with the public benefit purpose of the Foundation.

§ 13

The Fund (Trust)

- (1) In order to support its public benefit purpose, the Foundation may establish a Fund (Trust) based on the decision of the Board of Directors or on a written agreement with a natural or a legal person.
- (2) The Fund (Trust) shall not have legal personality.
- (3) The decision of the Board of Directors on the establishment of the Fund (Trust) must include
 - a) Name of the Foundation establishing the Fund (Trust),
 - b) Name of the Fund (Trust); the name of the fund must include the name of the Foundation establishing the Fund (Trust),
 - c) Purpose to be fulfilled by the establishing of the Fund (Trust),
 - d) Term of the Fund (Trust).
- (4) The objective of the Agreement on the establishment of the Fund (Trust) between a natural or a legal person and the Foundation consist in setting up the conditions for fundraising and for providing contributions from the Fund (Trust) for a specific public benefit purpose agreed beforehand. The Agreement on the establishment of the Fund (Trust) shall further include
 - a) Identification of the Parties to the Agreement,
 - b) Name of the Fund (Trust); the name of the Fund (Trust) must include the name of the Foundation establishing the Fund (Trust),
 - c) Purpose to be fulfilled by the establishing of the Fund (Trust),
 - d) Term of the Agreement,
 - e) Foundation's reward, providing it has been agreed,
 - f) Conditions for the use of the Fund's (Trust's) resources,

- g) Conditions for the distribution of Fund's (Trust's) resources in case that the purpose of the Fund (Trust) is bound to the collecting of a concrete amount of money; and if the amount has not been reached or if the purpose for which the Fund (Trust) was established had ceased to exist,
- h) Requirements of a final report on use of the Fund's (Trust's) resources or of an Annual Report on use of the Fund's (Trust's) resources, providing that the Fund (Trust) was established for the term exceeding one year or for an indefinite term.

PART THREE TERMINATION AND LIQUIDATION OF THE FOUNDATION

Termination of the Foundation § 14

The Foundation shall be terminated due to:

- a) The expiration of the term for which it was established,
- b) The fulfillment of the public benefit purpose for which it was established,
- c) The decision of the Board of Directors on termination of the Foundation,
- d) The court decision on the termination of the Foundation,
- e) The declaration of bankruptcy or rejection of the motion for bankruptcy for the lack of property,
- f) The decision of the Founders or the agreement of the Founders, in the case when the Board of Directors has not been operational for at least one year.

§15

- (1) At the request of the Founder, the Ministry or a person proving its legal interest, the Court shall decide on termination of the Foundation and order its liquidation if
 - (a) The Endowment of the Foundation has decreased,
 - (b) The Foundation fails to send its Annual Report to the Ministry within the time limit prescribed in the decision on imposing a fine under § 36 (3),
 - (c) The Foundation violates the provision of § 29 (3),
 - (d) Those Foundation bodies, whose electoral term expired more than 6 months ago, have not been elected or the Foundation bodies have not been completed up to the required number of members,
 - (e) The Foundation has not performed its activities under § 2 (6) for a period longer than one year,
 - (f) The Foundation's use of property is in violation with this Act or with the Foundation Deed.
- (2) At the request of the Founder, the Ministry or a person proving its legal interest, the Court may decide on the termination of the Foundation or order its liquidation if the Foundation has by other serious manner or repeatedly violated the provisions of this Act.

§ 16

Winding up of the Foundation

- (1) The Foundation shall cease to exist from the day of its erasure from the Register of Foundations. The winding up is preceded by the termination with or without liquidation.
- (2) The liquidation shall not be necessary if
 - a) The property and obligations of the Foundation after its winding up is transferred to another Foundation,
 - b) The motion for bankruptcy has been rejected due to the lack of property,
 - c) There is no foundation property left at the end of the bankruptcy proceedings.

§ 17

Termination of the Foundation without liquidation

- (1) The Foundation may merge only with another Foundation on the basis of a written Agreement on the Merger, providing the Foundation Deeds of these Foundations do not prohibit it.
- (2) The Agreement on the Merger shall include name of the Parties to the Agreement and information on property, obligations, rights and duties of the Foundation, which merges with the other Foundation. The statutory bodies of both merging Foundations must sign the Agreement on Merger. The Endowment of the Foundation, which is taking over the property and obligations of the merging Foundation, shall be increased by the Endowment of the merging Foundation.
- (3) The motion to erase the merging Foundation from the Register of Foundations is filed by its statutory body, whose signature on the motion must be officially verified. The agreement on the Merger, the decision of the Board of Directors on termination of the Foundation without liquidation and the decision of the Founder, if he/she decided on the termination shall be enclosed to the motion to erase the merging Foundation from the Register of Foundations.
- (4) The property, rights and obligation of the merging Foundation shall pass on the Foundation with which it is merging as of the day when the merging Foundation is erased from the Register.
- (5) In the case of a fusion, the property of foundations, which terminate their existence due to the fusion, shall be transferred to the Foundation resulting from the fuse.
- (6) The Foundation may be transformed into a non-investment fund. At the transformation, the hitherto Foundation is terminated without liquidation if, as of the day of filing the motion to erase the Foundation out of the Register of Foundations, the prerequisites for the establishment of a non-investment fund have been fulfilled.
- (7) When transforming the Foundation, the Endowment of the Foundation is transferred to other Foundation or to the municipality of the seat of the terminating Foundation.
- (8) The Ministry shall erase the merging Foundation and register the change of the Foundation, which is taking over the property and obligation of the merging Foundation, effective as of the day of merger.

Termination of the Foundation with liquidation

- (1) The commencement of the liquidation proceeding by the Foundation shall be registered in the Register of Foundations. The name of the Foundation during liquidation shall be used with the supplement “in liquidation”.
- (2) Upon the registration of the commencement of the liquidation proceeding by the Foundation, the competencies of the Administrator of the Foundation to act on behalf of the Foundation shall be passed to the Liquidator registered in the Register of Foundations.
- (3) Unless this Act stipulates otherwise, the Board of Directors appoints the Liquidator. If the Liquidator is not appointed without undue delay, the court will appoint him/her. Only natural person can be appointed as Liquidator. When the liquidation of the Foundation is based on the decision of the court, the court deciding on the liquidation liquidator shall appoint the Liquidator.
- (4) The Liquidator is responsible for his/her performance in the same way as the Administrator of the Foundation.
- (5) Liquidator performs on behalf of the Foundation only acts leading to the liquidation of the Foundation.
- (6) In the case, when the Liquidator discovers the Foundation to be overcapitalised, he/she shall without undue delay file a motion for the Foundation being declared bankrupt.
- (7) The Liquidator shall, as of the day of the commencement of the liquidation proceeding, draft a liquidation book of accounts and is obliged to send the overview of property and obligations of the Foundation to all members of the Board of Directors.
- (8) To the day of the closing of liquidation, the Liquidator shall draft a closing aggregate balance sheet and shall submit it for approval to the Board of Directors together with the final report on the proceedings of liquidation and the proposal for the division of the liquidation balance.
- (9) The Liquidator shall offer the liquidation balance to another Foundation or municipality where the terminating Foundation had its seat. If the municipality accepts the liquidation balance, it shall use it exclusively for a public benefit purpose. Property consisting of the Endowment of the Foundation can be offered only to other Foundation registered according to this Act.
- (10) The liquidator shall file the motion to erase the Foundation from the Register of Foundation within 30 days of the end of the liquidation.
- (11) The body, which appointed the Liquidator, shall decide upon his/her remuneration.

PART FOUR
BODIES OF THE FOUNDATION AND THEIR COMPETENCIES

§ 19
Bodies of the Foundation

- (1) The Bodies of the Foundation shall be
 - a) Board of Directors,
 - b) Administrator of the Foundation
 - c) Board of Supervisors, if the property of the Foundation exceeds SKK 5,000,000, otherwise if so stipulates the Foundation Deed,
 - d) Inspector, if Board of Supervisors is not established,
 - e) Other bodies if so stipulated in the Foundation Deed.
- (2) Members of the Foundation's bodies are obliged to perform their activities in such a manner that shall not harm interests of the Foundation; must not use the property of the Foundation for personal purposes. Members of the Foundation's bodies shall be impeccable and having full capacity to take legal actions. For the purpose of the present Act a person is considered impeccable if he/she has not been finally sentenced for a premeditated criminal act. The impeccability shall be proved by the extract from the Criminal Record not older than three months.

Board of Directors
§ 20

- (1) The Board of Directors shall be the supreme body of the Foundation
- (2) The Board of Directors shall
 - a) Decide on the dissolution of the Foundation, unless it is prohibited by the Foundation Deed,
 - b) Elect and recall the Chairman and members of the Board of Directors, appoints and recalls the Administrator of the Foundation and the Inspector, unless stipulated otherwise in the Foundation Deed,
 - c) Decides on the changes in the Foundation Deed, unless prohibited to do so in the Foundation Deed,
 - d) Appoints the Liquidator,
 - e) Approves annual budget of the Foundation submitted to it by the Administrator of the Foundation,
 - f) Decides on the use of the property of the Foundation in accordance with the public benefit purpose of the Foundation and under the terms stipulated in this Act and in the Foundation Deed,
 - g) Decides on the increase of the Endowment and on the changes in the subject structure of the Endowment,
 - h) Decide on the establishment of a Fund (Trust), approves the final report on use of the Fund's (Trust's) resources or the Annual Report on use of Fund's (Trust's) resources, providing that the Fund (Trust) has been established for the term exceeding one year or for indefinite time,

- i) Determines the remuneration for the performance of the function of the Administrator of the Foundation.
- (3) The Board of Directors shall also decide on any other facts within the scope and under the terms as determined in the Foundation Deed.
- (4) The Board of Directors is obliged to justify in writing its decisions according to Section 2 (g).

§ 21

- (1) The Board of Directors shall have at least three members. A member of the Board of Directors may only be a natural person having full capacity to take legal actions.
- (2) Membership in the Board of Directors shall be incompatible with the function of the Administrator or a member of another body (§ 19) of the same Foundation.
- (3) A person receiving monetary assets from the Foundation property may not serve as the member of the Board of Directors.
- (4) The membership in the Board of Directors is unpaid. A member of the Board of Directors is entitled for reimbursement of the expenses occurred during performance of the office as specified in the special decree².

§ 22

- (1) The manner of elections and the terms of the office of members of the Board of Directors shall be determined by the Foundation Deed. The Founder appoints the first members of the Board of Directors in the Foundation Deed when establishing the Foundation. The Foundation Deed can also regulate the conditions for the performance of the membership in the Board of Directors.
- (2) If a post in the Board of Directors becomes vacant, the Board must elect a new member of the Board within 60 days from the day the vacancy occurred, for the rest of the term or for the next term. If due to the vacancies in the Board of Directors the number of the members of the Board of Directors drops under three, the Board of Directors cannot, with the exception of electing new members, accept any decision, until its members be completed.
- (3) Any member of the Board of Directors may submit the proposal for the election and removal of the Board of Directors members.
- (4) Membership in the Board of Directors shall cease by
 - a) The expiration of the term,
 - b) Written resignation delivered to the Administrator of the Foundation or to the Board of Directors,
 - c) Removal by the Board of Directors,
 - d) Death.

² Act No. 119/1992 Coll., on Travel Reimbursements, as amended by later Acts.

§ 23

- (1) The Board of Directors shall elect the Chairman from among its members that shall convene and chair meetings of the Board. The Chairman may empower in writing any member of the Board to convene and chair meetings.
- (2) A simple majority of all members of the Board of Directors is required to elect and recall the Chairman.

§ 24

- (1) The Board of Directors shall have the quorum if a simple majority of its members is present, unless stipulated otherwise in the Foundation Deed. Consent of a simple majority of all present members shall be required to adopt a decision.
- (2) The Board of Directors members may adopt decision also outside the sessions of the Board except decisions under § 20 Sec. 2 (a) and (b). In such an event, the draft resolution of the Board of Directors shall be submitted to individual members for comments with a time period for written comments to the draft being set. Should any member fail to give her/his comments within the given period of time, the draft resolution shall be deemed not being supported by that member. The Chairman of the Board of Directors shall inform the members of the Board of Directors on the outcome of the voting.

The Administrator of the Foundation

§ 25

- (1) The Administrator of the Foundation shall be a statutory representative of the Foundation that manages its activity and acts on its behalf. He/she shall decide on all matters of the Foundation, unless the competencies on these matters are vested under this Act or the Foundation Deed into other bodies of the Foundation.
- (2) The Board of Directors elects and recalls the Administrator of the Foundation. The Founder appoints the first Administrator of the Foundation in the Foundation Deed upon the establishment of the Foundation.
- (3) Unless stipulated otherwise in the Foundation Deed, the Board of Directors may limit the right of the Administrator of the Foundation to act on behalf of the Foundation. Such limitations shall not be effective with respect to any third party.
- (4) The Administrator of the Foundation must not be a member of the Board of Directors or any other body of the Foundation. He/she shall be entitled to participate at the meetings of the Board of Directors with an advisory vote.
- (5) Any natural person with permanent or long-term residence in the territory of the Slovak Republic may be appointed as the Administrator of the Foundation.

§ 26

- (1) The Board of Directors shall remove the Administrator of the Foundation if
 - a) He/she has been lawfully convicted for committing a criminal act or has been lawfully convicted for a crime and the court has not decided in his/her case on conditional suspending of the sentence,
 - b) He/she had lost the capacity for legal actions or this capacity for legal action has been proclaimed limited.
- (2) The Board of Directors may remove the Administrator of the Foundation if
 - a) According to a medical statement, he/she is unable to perform this function for health reasons for more than six months,
 - b) He/she fails to carry out his/her duties and makes no improvement within given period of time after being notified in writing by the Board of Directors,
 - c) He/she lost the trust of the members of the Board of Directors.
- (3) The Administrator of the Foundation may resign on his/her function in written without stating the reason thereof.
- (4) If the Board of Directors recalls the Administrator of the Foundation under Sec. 1 and 2 or if the Administrator resigns under Sec. 3, the Board of Directors must elect the new Administrator of the Foundation within 30 days of the occurred vacancy. Until that time, the Chairman of the Board of Directors shall act on behalf of the Foundation, being authorized to perform only the acts not permitting any delays.
- (5) Electing and recalling of the Administrator of the Foundation requires a simple majority of votes of all members of the Board of Directors. A majority of two thirds of all members of the Board of Directors is required to recall the Administrator pursuant to Sec. 2 c).
- (6) Any member of the Board of Directors may submit proposal to election and recall of the Administrator of the Foundation.

§ 27

The Board of Supervisors (The Inspector)

- (1) The Board of Supervisors (the Inspector) is a supervisory body of the Foundation.
- (2) The Board of Directors elects and recalls members of the Board of Supervisors (the Inspector). The provisions on Board of Directors are applied in appropriate way for the manner of establishing and membership in the Board of Supervisors. The provisions on the Administrator of the Foundation apply in appropriate way for the Inspector. The Inspector serves for the term of three years.
- (3) Members of the Board of Supervisors (the Inspector) are authorized to examine all documents and records dealing with the activities of the Foundation and to check, whether the accounting books are kept in accordance with special regulation and whether the Foundation acts in accordance with generally binding regulations and its Foundation Deed.
- (4) In particular, the Board of Supervisors (the Inspector)
 - (a) Checks the accounting books keeping,
 - (b) Approves the closing balance of sheets and the Annual Report of the Foundation,
 - (c) Advise the Board of Directors on identified deficiencies and submits proposals on their removal.

PART FIVE
THE USE OF THE FOUNDATION'S PROPERTY

§ 28

Expenses (costs) of the Foundation

- (1) The property of the Foundation may be used only in accordance with the public benefit purpose and the conditions stipulated in the Foundation Deed and to cover the expenses (costs) related to the administration of the Foundation. The Board of Directors determines annually the limit of the expenses (costs) related to the administration of the Foundation in the amount necessary to secure the activities of the Foundation.
- (2) The expenses (costs) for the administration of the Foundation include expenses (costs) for
 - a) Protection and valorization of the Foundation's property,
 - b) Promotion of the public benefit purpose of the Foundation or of the purpose of its Fund (Trust),
 - c) Administration of the Foundation,
 - d) Remuneration of the Administrator of the Foundation,
 - e) Compensation of expenses according to special regulation³
 - f) Salaries of employees of the Foundation
 - g) Other expenses (costs) related to administering the Foundation.
- (3) The Foundation Deed may specify a more detail itemization of expenses then in Sec. 2.
- (4) The expenses (costs) related to administration of the Foundation must the Foundation account for separately from other expenses (costs).

§ 29

Other use of the property of the Foundation

- (1) The Foundation may not conduct business, except for renting real estates, organizing cultural, educational, social or sport activities, if these activities contribute to more effective use of its property and if these activities comply with the public benefit purpose of the Foundation.
- (2) The Foundation may not enter into agreement on silence partnership.
- (3) The property of the Foundation must not be used neither for financing the activity of political parties and political movements, nor for the benefit of a candidate for an elected post.⁴

³ See note 2

⁴ E.g. Act No. 46/1999 Coll., on electing the President of the Slovak Republic, on Public Referendum and its Cancellation and on Amendment of Certain other acts; se also the Act of the National Council of the Slovak Republic No. 346/1990, Coll., on Elections to the Bodies of Self-Government of Communities as amended by later provisions.

§ 30

The use of the Endowment of the Foundation

- (1) Registered property of which consist the Endowment of the Foundation (§ 3 Sec. 2) may not be donated, invested as a deposit into a commercial company, pledged or otherwise used to secure any obligations of the Foundation nor to secure obligations of third parties.
- (2) The Foundation is obliged to put all the monetary assets forming a part of the Endowment to an account at a bank or at a foreign bank branch⁵, which is allowed to undertake its activities as a bank on the territory of the Slovak Republic.
- (3) The monetary assets forming a part of the Endowment may be used only to purchase
 - a) Public securities and governmental treasury vouchers,
 - b) Securities accepted on the market of listed securities and shares of open investment funds,
 - c) Mortgage bonds,
 - d) Bank deposits, savings certificates and deposit certificates,
 - e) Real estates.

§ 31

Liability for the obligations of the Foundation

- (1) The Foundation shall be liable for its obligations by its whole property except the asserts of the Fund (Trust) established for the purpose of individually determined humanitarian assistance for an individual or a group of persons in danger of life or in need of an emergency assistance after being affected by a natural disaster.
- (2) If the Administrator of the Foundation doesn't deliver to the Ministry pursuant to § 13 (5) the written agreement or the decision of the Board of Directors on the establishment of the Fund (Trust) for the purpose of humanitarian assistance for an individual or a group of people in danger of life or in need of an emergency assistance after being effected by a natural disaster, the Foundation shall be liable for its obligation also including the resources of such a Fund (Trust).

Earmarked resources

§ 32

- (1) If the value of the gift or of the contribution exceeds SKK 10,000, the Foundation is obliged to inform the donor about the exact specification of its use within 60 days since the date of the use of the gift or contribution, unless otherwise specified by the donor.
- (2) If a donor provided the Foundation with a gift or a contribution for a specific public benefit purpose, the Foundation shall be entitled to use it for a different purpose only with the prior consent of this donor.

§ 33

⁵ See § 2 Sections 1 to 6 of the Act No. 483/2001 Coll., on Banks and on Modification and Amendments of Certain Acts.

- (1) Any natural or legal person for to which the Foundation provided its resources is obliged to use such resources only for the public benefit purpose for which they were provided; upon request the person is obliged to document the use of the resources to the Foundation.
- (2) Any natural or legal person failing to comply with the obligation under Sec. 1 is obliged to immediately return the said resources to the Foundation.
- (3) Any natural or legal person that received any resources of the Foundation in violation to the provisions of this Act is obliged to return such resources.
- (4) The resources of the Foundation allocated for the fulfillment of its public benefit purpose may not be provided to a Founder, a member of the Board of Directors, the Administrator of the Foundation or to a member of any other body of the Foundation nor to the persons closed to them.⁶ This shall not apply if the resources come from the Fund (Trust) established for the purpose of a humanitarian assistance for an individual or a group of people in danger of life or in need of an emergency assistance after being affected by a natural disaster.

PART SIX ACCOUNTING AND ANNUAL REPPORT

§ 34 Accounting

- (1) The Foundation shall keep accounting books pursuant to a special regulation⁷.
- (2) The Foundation shall keep in its accounting books the resources of a Fund (Trust) separately from other resources.
- (3) An auditor shall verify the annual financial statement.

§ 35 The Annual Report

- (1) The Foundation is obliged to prepare an Annual Report by the term determined by the Board of Directors or the Foundation Deed after the end of the calendar year but not later then by 15 May of the next calendar year.
- (2) The Annual Report of the Foundation shall include
 - a) The overview of activities carried out in the evaluated period together with the statement of their relevance to the public benefit purpose of the Foundation.
 - b) The annual financial statement, the assessment of its basic data, as well as the verdict of the auditor regarding the annual financial statement,
 - c) The overview of the incomes (yields) according to their sources and origin,
 - d) The overview about the donors, if the value of the gifts or contributions, donated by the same donor, exceeded SKK 10, 000,
 - e) The overview about natural and legal persons that were given resources by the Foundation to fulfil the public benefit objective for which the Foundation has been established and the information on how such resources were used,

⁶ § 116 of the Civil Code

⁷ Act 563/1991 Coll. on Accounting as amended by later regulations.

- f) The overall expenses (costs) sorted by categories for individual types of activities of the Foundation, and separately the amount of expenses (costs) for administering the Foundation, including the expenses related to the decision of the Board of Directors under § 28 Sec. 1 and itemized according to the § 28, Sec. 2 and 3,
 - g) The changes made in the Foundation Deed and in the composition of the bodies during the evaluated period,
 - h) The remuneration for the Administrator of the Foundation and any other Foundation body it such has been established by the Foundation Deed,
 - i) The overview of the activities of the Funds (Trusts) together with the overview of the resources of these Funds (Trusts),
 - j) Other facts as determined by the Board of Directors.
- (3) If any facts are discovered after the publication of the Annual Report that would cause the need of its amendment, the Foundation is obliged to carry out such amendments without undue delay.
- (4) The Foundation shall send one copy of the Annual Report to the Ministry not later then on 31 May. The Foundation shall send one copy of the auditor's verdict for publication to the Commercial Bulletin not later then on 31 May.

PART SEVEN

JOINT, TRANSITORY AND FINAL PROVISIONS

§ 36

Fines

- (1) If the Foundation fails to send the Annual Report to the Ministry under § 35 Sec. 4, the Ministry shall impose a fine to the Foundation for violating this obligation in the amount from SKK 10,000 to SKK 100,000.
- (2) The fine is due within 30 days from the date of the entry into force of the decision on imposing the fine.
- (3) The Ministry shall, in its decision on the imposing of the fine, set a reasonable time limit for submitting the Annual Report.
- (4) Imposing of the fine under this Act does not infringe the provisions on the compensation for damages, nor does it make the obligations enacted by this Act void.
- (5) The yield from the fines is part of the income of the State Budget.

§ 37

Supervision

- (1) The Ministry shall supervise the performance of the Foundation's activities in accordance with public benefit purpose of its establishment. For this reason the Ministry shall evaluate the content of the Annual Report.
- (2) If the Ministry finds any deficiencies, it shall invite the Foundation to correct those deficiencies within a given time limit and simultaneously to inform the Ministry about undertaken measures.
- (3) If the Foundation has not redress the deficiencies under § 36 Sec. 3, the Ministry will file a petition under § 15 Sec. 1.

§ 38

Protection of Donors Anonymity

- (1) If the donor wishes to remain anonymous, its name and surname or its designation must not be stated in the list of donors nor shall be otherwise publicly disclosed.
- (2) Provision of Sec. 1 shall not apply to the powers of the supervisory bodies operating under special regulations⁸, service of the criminal police, service of the financial police and bodies active in criminal proceedings when operating under special regulations⁹.

§ 39

Access to information

The Foundation provides information on its activities and on the dealing with its property as a compulsory person under special regulation¹⁰.

Foreign Foundation

§ 40

- (1) The Foreign Foundation is a legal person with its headquarters outside the territory of the Slovak Republic, if being recognized as Foundation under the domestic law of the State of its headquarters' location.
- (2) The Foreign Foundation may carry out its activities on the territory of the Slovak Republic only through its Organizational Branch under the same conditions and within the same framework as the Foundation established in accordance with this Act.

§ 41

⁸ E.g. Act of the National Council of the Slovak Republic No. 10/1996 Coll., on Supervision in the Public Administration, Act No. 440/2000 Coll., on the Reports of Financial Supervision as amended by Act 150/2001 Coll.

⁹ The Criminal Code and the Act of the National Council of the Slovak Republic No. 171/1993 Coll., on Police Forces as amended by later regulations.

¹⁰ Act n. 211/2001 Coll., on Free Access to Information and on Modification and Amendments of Certain Acts (Act on Freedom of Information).

- (1) The authorization of the Foreign Foundation to carry out its activities on the territory of the Slovak Republic through its Organizational Branch is valid as of the day of the registration of the Organizational Branch to the Registry of Foundations and it terminates as to the day of the expunction of the Organizational Branch from the Registry of Foundations.
- (2) The Ministry shall register the Organizational Branch of the Foreign Foundation established on the territory of the Slovak Republic if the public benefit interest of the Foreign Foundation complies with § 2 Sec. 2. Written motion to register the Organizational Branch in the Registry of Foundations shall be submitted to the Ministry by the Administrator of the Organizational Branch of the Foreign Foundation. The authenticity of the signature of the Administrator of the Organizational Branch must be officially verified. The motion for registration shall include the name of the Organizational Branch, which must include the name of the Foreign Foundation with a supplementary stating that this is the Organizational Branch of the said Foreign Foundation, as well as identification of the headquarters of the Organizational Branch and the name, surname, personal number and long-term residence address of the Administrator of the Organizational Branch, who serves as its statutory representative.
- (3) To the motion for the registration shall be attached the document not older than 3 months certifying, that the Foreign Foundation has a legal personality, the decision of the relevant body of the Foreign Foundation on the establishment of the Organizational Branch on the territory of the Slovak Republic including the designation of the Administrator of the Organizational Branch; the Statute of the Foreign Foundation and the certificate proving that the value of the property contribution to the Organizational Branch corresponds to the provisions of this Act.
- (4) The procedure and decision on the registration is likewise carried out under § 7.

§ 42

Transitory provisions

- (1) A Foundation established pursuant to current regulations shall be deemed to be considered a Foundation according to this Act, if until the 31 December 2002, the Administrator of the Foundation files a motion for the change of the registered data in the Register of Foundations and certifies the constitution of the Endowment as required under § 3 Sec. 2 as of the date of the submission of the proposal; the Foundation Deed of the Foundation shall be attached.
- (2) Until 31 December 2002, instead of submitting the motion as required under Sec. 1, the Board of Directors of the Foundation may decide on the transformation of the Foundation to a Non-for-Profit Organization Providing Public Benefit Services or to a Non-Investment Fund, or it may decide on termination of the Foundation and commencement of its liquidation. The decision on termination of the Foundation and its entering into liquidation procedure shall be announced to the Ministry by the Administrator of the Foundation without necessary delay.
- (3) If measures in accordance with Sec. 1 and 2 are not taken or the appropriate registration body rejects the motion for registration, the Foundations not being registered pursuant to this Act shall be deemed as terminating as of 1 January 2003.

The Statutory body of these Foundations is obliged to terminate the Foundation with liquidation.

- (4) During the validity of international agreements setting up the conditions for providing foreign assistance to the Slovak Republic which are binding for the Slovak Republic, the provision under § 29 Sec. 1 shall not be applicable for Foundations established under § 20b of the Civil Code before 1 September 1996, if their establishment had been the precondition for drawing of foreign assistance by the Slovak Republic and if these Foundations as of the day of effect of this Act use their resources for the support of entrepreneurial undertakings.

§ 43

Annulment provision

The Act of the National Council of the Slovak Republic No. 207/1996 Coll., on Foundations, as amended by Act No. 147/1997 Coll. shall be annulled.

Art. II

Act No. 40/1964 Coll. Civil Code as amended by Act No. 58/1969 Coll., Act No. 131/1988 Coll., Act No. 94/1998 Coll., Act No. 188/1988 Coll., Act No. 87/1990 Coll., Act No. 105/1990 Coll., Act No. 116/1990 Coll., Act No. 87/1991 Coll., Act No. 509/1991 Coll., Act No. 264/1992 Coll., Act of the National Council of the Slovak Republic No. 278/1993 Coll., Act of the National Council of the Slovak Republic No. 249/1994 Coll., Act No. 153/1997 Coll., Act No. 211/1997 Coll., Act No. 252/1999 Coll., Act No. 218/2000 Coll., Act No. 261/2001 Coll. and Act No. 281/2001 Coll., shall be amended as follows:

1. §§ 20b to 20e including the head shall be omitted.
2. In § 477, the Section 2 is omitted.

Simultaneously the sign Section 1 is cancelled.

Art. III

Entry into force

This Act shall enter into force on March 1, 2002.

Rudolf Schuster, b.h.o.h.

Josef Migaš, b.h.o.h.

Mikuláš Dzurinda, b.h.o.h.

The text as in the document “Foundation.doc” provided by ICNL has been amended according to the official text of the Act No. 34/2002 by Petr Pajas on March 25, 2002. The amendments in the original English text did not include any grammatical or language corrections besides those evidently needed to avoid misinterpretation of the law.