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(Entry into Force
on November 4, 1995)

THE FOUNDATIONS ACT

I. GENERAL PROVISIONS

Article 1 (Term)

A foundation (in Slovenian "ustanova") is property tied up for a certain purpose. Pursuant to the present Act, a foundation is a legal entity of the private law.

Article 2 (Purpose)

The purpose of a foundation shall be generally beneficial or charitable and, as a rule, permanent.

The purpose of a foundation is generally beneficial if the foundation has been established for the purposes in the fields of science, culture, sport, education and training, health care, child and disabled care, social welfare, environmental protection, conservation of natural treasures and cultural heritage, for religious purposes and similar.

The purpose of a foundation is charitable if it has been established for the purpose of helping persons who are in need of such help.

The conditions contained in the second and the third paragraph of this Article shall be fulfilled if the circle of persons who are to be considered as beneficiaries is limited, but not specified by names or limited to the family members only.

A foundation may engage in an activity which is necessary for implementation of the purpose it has been founded for, or which is intended for promotion of the same, unless otherwise specified by law.

Article 3 (Body Competent for Foundations)

In the course of the procedure of establishment, operation and termination of foundations, the ministry whose operating range covers the purpose the foundation has been established for (hereinafter referred to as: The Body Competent for Foundations) shall have the competences specified by the present Act.

In the event that a foundation has been established for several purposes, the ministry within whose competence lays the predominant purpose of the institution shall be competent.

In the event that it is not possible to appoint the competent ministry, the ministry competent for administration shall be competent.

II. ESTABLISHMENT

Article 4 (Founders)

A foundation may be established by a domestic or foreign natural person or legal entity (hereinafter referred to as: the Founder).

Article 5 (Prerequisites of Establishment)

The founder may found a foundation with a legal act between the living or in the event of death (hereinafter referred to as: The Deed of Establishment).

A foundation shall acquire a status of a legal entity when the Body Competent for Foundations has given its consent to the Deed of Establishment.

Article 6 (Deed of Establishment)

The Deed of Establishment shall comprise:

1. the name and the seat or the residence of the Founder,
2. the name or the seat of the foundation,
3. the statement of the original property and its value,
4. the purpose of the foundation,
5. the mode and the procedure of appointment of members of the Board of Trustees,
6. the members of the first Board of Trustees by names.

The Deed of Establishment may contain other provisions important for operation of the foundation.

If the foundation has been established with a legal act in the event of death and no name, seat or members of the first Board of Trustees are specified in this act, they shall be appointed by the Body Competent for Foundations.

If the Deed of Establishment contains no provisions on the mode and the procedure of the appointment of the members of the Board of Trustees, they shall be stipulated according to the regulations of the foundation.

Article 7
(Legal Act between the Living)

The Deed of Establishment as a legal act between the living shall be made up in the form of a notarial deed.

The notary shall immediately or within 15 days at the latest submit the notarial deed to the Body Competent for Foundations.

The evidence on actual existence of the property intended for the establishment of the foundation and the consent of the members of the first Board of Trustees to their appointment shall be enclosed with the notarial deed.

As of the day of making up of the notarial deed, the founder may not revoke the Deed of Establishment or avail of the original property and benefits any more.

Article 8
(Legal Act in the Event of Death)

The Deed of Establishment as a legal act in the event of death shall fulfil the conditions of legal form for one of the testaments according to the inheritance law.

The court with which the probate proceedings have been instituted shall without delay submit the Deed of Establishment as per the preceding paragraph to the Body Competent for Foundations.

Article 9
(Original Property)

The original property may consist of cash, movable property, immovable property and other property rights.

In the event that the original property consists of cash, it shall be remitted to a corresponding account (with the Agency of the Republic of Slovenia for Payment Transactions, Supervision and Information or with a bank).

In the event that the original property consists of movable property, immovable property and other property rights, it is necessary to submit an official appraisal of a sworn court appraiser.

The Founder shall endow the original property in such a way that the Body Competent for Foundations, the government trustee or the foundation freely avail of such property in accordance with the law and other regulations.

The value of the original property shall be appropriate to the implementation of the purpose of the foundation.

Within the framework of general records, separate records shall be kept on the original property.

The original property may be increased in accordance with the Deed of Establishment and the Regulations of the foundation.

Article 10
(Trust for the Property)

In the event that after service of the Deed of Establishment it is necessary to act in trust for property, the Body Competent for Foundations shall appoint a government trustee.

Article 11
(Admission of Establishment of the Foundation)

The Body Competent for Foundations shall issue its approval, provided that:

1. The Deed of Establishment fulfils the conditions specified by the present and other Acts,
2. The purpose of the foundation is generally beneficial or charitable,
3. The original property has been allocated,
4. The establishment is not contrary to the public order.

Article 12
(Approval of the Deed of Establishment)

The approval of the Deed of Establishment shall be issued by the Body Competent for Foundations within 30 days from receipt of the Deed of Establishment.

The approval of the Deed of Establishment shall be published in the Official Gazette of the Republic of Slovenia by the Body Competent for Foundations.

The costs of publication shall be borne by the foundation.

With the day of issue of the approval of the Deed of Establishment the property shall be transferred to the foundation, and the foundation can thereby begin to implement the purpose it has been established for. The approval contained in the first paragraph of the present Article shall be immediately delivered to the ministry competent for administration by the Body Competent for Foundations.

A complaint may be filed against the decision of the Body Competent for Foundations. The complaint shall be decided upon by the Government of the Republic of Slovenia.

Article 13
(Entry in the Records)

After receipt of the approval of the Deed of Establishment the ministry competent for administration shall file the foundation in the records of foundations according to its official duty.

The records of foundations are public, including the documents of the foundation which serve as a basis for entry into the records of foundations.

Article 14
(Data to be Entered)

Establishment, changes in status and termination of the foundation as well as other data significant for the legal relations, among them particularly:

- the name and the seat or residence of the founder;
- the name and the seat of the foundation;
- the purpose of the foundation;
- the original property;
- the date and the number of the Deed of Establishment;
- the names of the persons authorized for representation;
- the changes in status and termination.

More detailed provisions concerning keeping and contents of the records of foundations shall be prescribed by the minister competent for administration.

Article 15
(Name of the Foundation)

The name of the foundation shall contain the word foundation. Designation of the purpose, the founder or some other additional designation which allows for clear and unambiguous distinction from foundations already filed in the records of foundations should be added.

Concerning the possibility of the use of the name of a republic, a municipality or a town, a historical or other personality as well as concerning protection of the name, the provisions effective for establishments shall apply.

Article 16
(Seat of the Foundation)

The seat of the foundation shall be in the Republic of Slovenia and shall be specified by the founder.

III. CHANGE OF NAME, SEAT OR PURPOSE OF THE FOUNDATION

Article 17
(Change of Name, Seat or Purpose)

The name, the seat or the purpose of the foundation may be changed by the Board of Trustees in accordance with the Deed of Establishment.

Unless the Deed of Establishment contains the provisions on the change of the name, the seat or the purpose, the Board of Trustees shall, in case of such change, consider the will and purpose of the founder as well as the duty to manage the property with a due diligence of a prudent administrator.

The changes contained in the first and the second paragraph shall come into force after issue of an approval by the Body Competent for Foundations.

IV. DOCUMENTS OF THE FOUNDATION

Article 18
(Regulations of the Foundation)

The foundation shall have its rules and regulations (hereinafter referred to as: the Regulations) which shall be adopted by the founder within 30 days after issue of approval of the Deed of Establishment.

Unless the founder has adopted the Regulations within the term specified in the preceding paragraph, the adoption shall be effected by the Board of Trustees.

The Regulations govern particularly:

- the organization of the foundation;
- the bodies of the foundation;
- the rules of appointment of (new) Members of the Board of Trustees;
- the rules of decision-making;
- the provisions on management and representation of the foundation;
- the mode of disposition of income.

The Regulations shall be submitted to the Body Competent for Foundations within three months upon issue of the approval of the Deed of Establishment.

Unless the Board of Trustees submits the Regulations within the time specified in the preceding paragraph, the Body Competent for Foundations may relieve the Board of Trustees and appoint a new board in accordance with the Deed of Establishment.

Article 19
(Alteration of Regulations)

The Regulations may be altered in accordance with the Deed of Establishment.

The Board of Trustees is obliged to submit the alteration of the Regulations to the Body Competent for Foundations.

In the event that the Body Competent for Foundations establishes that the alteration of the Regulations contradicts the Deed of Establishment or the Act, it shall request the Board of Trustees to modify the alteration of the Regulations within 30 days.

If the Board of Trustees fails to modify the Regulations as per the preceding paragraph, the Body Competent for Foundations may remove it from office.

Article 20
(Other Documents of the Foundation)

The foundation may also be provided with other Documents which serve to regulate in more detail, in accordance with the Regulations, the questions of importance for operation of the foundation.

V. BODIES OF THE FOUNDATION

Article 21
(Types of Bodies)

The foundation is governed by the body of trustees.

In accordance with the Deed of Establishment and Regulations, the foundation may have other bodies as well.

Provided there are several founders of the foundation, they may create a common body of the founders, which, however, shall not be able to assume the obligations of the Board of Trustees.

Article 22
(Board of Trustees)

The Board of Trustees shall consist of at least three members.

The members of the Board of Trustees shall be appointed in accordance with the Deed of Establishment and the Regulations. Unless otherwise specified by the Deed of Establishment and the Regulations, the members of the Board of Trustees shall be appointed for a specified period of time.

In the event that on the basis of the Deed of Establishment or the Regulations it is not possible to appoint the Board of Trustees, the Board of Trustees shall be appointed by the Body Competent for Foundations.

Members of the Board of Trustees cannot be:

- persons who are not of age or have no legal capacity
- persons employed in the foundation,
- persons exercising supervision of the foundation.

The candidates for the Board of Trustees shall give their prior consent to their membership in the Board of Trustees.

Article 23

(Removal from Office of the Board of Trustees or the Members of the Board of Trustees)

If the Board of Trustees fails to fulfil their obligations as specified by this Act, the Deed of Establishment or the Regulations, the Founders or the Donors may propose their premature removal from office.

The Body Competent for Foundations shall make the decision concerning the premature removal from office.

The Body Competent for Foundations may remove the Board of Trustees from office in the event of non-fulfilment of obligations stated in the first paragraph of this Article.

In accordance with the first, the second and the third paragraph of this Article a member of the Board of Trustees may be removed from office as well if his activities fail to comply with the interests of the foundation.

A complaint may be filed against the decision of the body as per the second and the third paragraph. The complaint shall be decided upon by the Government of the Republic of Slovenia.

Article 24

(Obligations of the Board of Trustees)

The Board of Trustees shall take care of implementation of the purpose of the foundation, represent the foundation and perform other tasks in accordance with the present Act, the Deed of Establishment, and the Regulations.

The Board of Trustees shall include a chairman of the board elected by the members of the board.

The chairman of the Board of Trustees shall represent and act on behalf of the foundation to the extent specified by the Deed of Establishment and the Regulations.

The Board of Trustees shall manage the property of the foundation with a due diligence of a prudent businessman.

Article 25
(Decision-Making of the Board of Trustees)

The Board of Trustees shall make the decisions with a majority of votes of the members, unless otherwise specified by the Regulations. In case of equality of votes the chairman's vote shall prevail.

A member of the Board of Trustees may not decide upon matters concerning which the parties or he himself, his spouse or inclusive his relatives three times removed.

Article 26
(Remuneration for Members of Board of Trustees and Operative Costs of the Foundation)

The members of the Board of Trustees are entitled to reimbursement of travelling expenses, daily allowances and remunerations, determined by the Board of Trustees in consideration of rates specified in the Deed of Establishment or the Regulations.

The Body Competent for Foundations may specify the uppermost limit of the amounts from the preceding paragraph.

Other costs which may be apportioned for operation of the foundation (salaries, travelling expenses and daily allowances of employees, other operating costs and similar) shall not exceed the amount specified by the stipulations in the area of public administration unless specified otherwise in the Deed of Establishment and the Regulations.

Article 27
(Income of the Foundation)

The income of the foundation shall be created by management of the original property, gifts, other endowments, income from performance of activities as well as by other means.

The income of the foundation shall be spent exclusively for implementation of the purpose of the foundation and for the operation of the foundation.

Property may be endowed to the foundation both by domestic and foreign natural persons or legal entities (the donors).

Article 28
(Decrease of Original Property)

The original property may be decreased if such a decrease has been provided for in the Deed of Establishment or if the Board of Trustees decides upon such a decrease due to exceptional circumstances. The decision of the Board of Trustees shall come into force upon receipt of approval of the Body Competent for Foundations.

Article 29
(Limitation Concerning Disposition of Immovable Property)

The foundation may dispose of immovable property if the Body Competent for Foundations approves such disposition.

VII. SUPERVISION

Article 30
(Supervision of Property and Management)

The foundation shall keep books of account and produce annual reports in compliance with regulations which specify keeping of books of account and elaboration of financial reports for establishments.

By the end of March each year, the Board of Trustees shall submit a report on its work and financial management within the preceding calendar year to the Body Competent for Foundations.

The report on the financial management shall be submitted to other competent bodies as well. Supervision of financial management shall be carried out by competent public bodies or authorized organizations. It is necessary to exercise

special supervision of original property which may be decreased only under conditions stated in Article 28 of the present Act.

The Body Competent for Foundations may request an audit of financial management by a certified auditor.

VIII. TERMINATION OF THE FOUNDATION

Article 31 (Reasons for Termination of the Foundation)

The foundation shall be terminated in the event that:

- the property fails to be sufficient for further implementation of the purpose of the foundation,
- the purpose of the foundation becomes impossible,
- in other cases, when the Body Competent for Foundations has established that there are no conditions for further existence of the foundation,
- the purpose for which the foundation had been established has been fulfilled.

Article 32 (Consequences of Termination)

The Board of Trustees or the Body Competent for Foundations shall decide upon the termination of the foundation, whereby the will and the purpose of the founder shall be considered.

The decision of the Board of Trustees shall come into force upon issue of the relevant approval by the Body Competent for Foundations.

A complaint may be lodged against the decision of the Body Competent for Foundations concerning termination of the foundation. The complaint shall be decided upon by the government of the Republic of Slovenia.

The Body Competent for Foundations shall inform the court of the termination of the foundation.

The court shall institute the liquidation and bankruptcy proceedings in accordance with the Act on sequestration, bankruptcy and liquidation.

In accordance with the will and the purpose of the founder, the remainder of the property of the liquidation or bankrupt's estate shall be allocated to another foundation with the same purpose. If there is no such foundation, the property shall be allocated to a foundation with a similar purpose. The termination of the foundation shall be published in the Official Gazette of the Republic of Slovenia and the foundation shall be obliterated from the records of the foundations.

IX. SPECIAL BODY OF THE FOUNDATION

Article 33 (Government Trustee)

With the purpose of implementation of concrete assignments in respect of operation or termination of foundations the Body Competent for Foundations shall appoint a government trustee for foundations, or, when necessary, a trustee for a particular foundation.

The government trustee shall be an expert in the relevant field and may be chosen from outside the Body Competent for Foundations.

The government trustee shall look after the property of the foundation from the day of submittal of the Deed of Establishment to the Body Competent for Foundations to the day of issue of the relevant approval as well as in cases when the Board of Trustees has not been appointed as yet, and executes other assignments on instruction of the competent minister.

X. USE OF TERM "FOUNDATION"

Article 34 (Use of Term "Foundation")

The term "foundation" (in Slovenian "fundacija", in a narrower sense than "ustanova") may be used in the name or firm by legal entities which have established for generally beneficial or charitable purposes and do not pursue such purposes as a profit-oriented activity.

The legal entities from the preceding paragraph shall be entered in the register or the records of legal entities in compliance with the Act according to which they have been established.

XI. PENAL PROVISIONS

Article 35 (Penal Provisions)

A fine in the minimum amount of 200.000 SIT shall be imposed on the foundation in the event that:

1. the foundation engages in an activity contrary to the fifth paragraph of Article 2;
2. it does not act in accordance with the Deed of Establishment and the Regulations of the Foundation (Article 6, the first and the third paragraph of Article 18);
3. it does not use its name in accordance with Article 15;
4. it changes the name, the seat or the purpose of the foundation contrary to Article 17;

5. it fails to submit the regulations within the term stated in Article 16;
6. it reduces the original property contrary to Article 28;
7. it disposes of immovable property contrary to Article 29;
8. it fails to submit the reports from Article 30;
9. it fails to keep the books of account in accordance with the first paragraph of Article 30;

For an offence from the preceding paragraph, a fine in the minimum amount of 50.000 SIT shall be imposed on the responsible person of the foundation.

Article 36

A fine in the minimum amount of 50.000 SIT shall be imposed on a legal entity or an independent contractor in the event that:

- he operates as a foundation without acquisition of the approval of the Deed of Establishment (the fourth paragraph of Article 12);
- he uses the term foundation (in Slovenian ustanova) in the name or firm contrary to Article 15 or the term foundation (in Slovenian fundacija) contrary to Article 34.

For an offence from the preceding paragraph, a fine in the minimum amount of 10.000 SIT shall be imposed on the responsible person of the legal entity.

XII. TRANSITORY AND FINAL PROVISIONS

Article 37

(Amendment of the Present Foundations)

The present foundations and funds (in Slovenian fondacije, fundacije, fondi, skladi in ustanove) which have been established prior to entry into force of this Act shall amend their operation to the provisions of this Act within a year from the day of coming into force of this Act.

Other legal entities, organizational units or natural persons who use the term foundations or funds (fondacije, fundacije, fondi, skladi in ustanove) shall amend their documents and operation to the provisions of this Act or cease to use the name within a year after entry into force of this Act.

The provisions of the preceding paragraphs shall not apply to funds established by a separate act or are not legal entities.

After expiration of the term specified in the first and second paragraph of this Article, the competent body shall ex officio, after the conclusion of the liquidation proceedings, obliterate the legal entities who have failed to amend their documents to the provisions of this Act from registers they are filed in.

Article 38
(Implementing Regulations)

The provisions on keeping and contents of the records specified in the third paragraph of Article 14 of the present Act shall be issued by the minister competent for administration within 60 days after the day of entry into force of the present Act.

Article 39
(Entry into Force of the Act)

This Act shall enter into force on the fifteenth day after its publication in the Official Gazette of the Republic of Slovenia.

No 020-05 92-12 6
Ljubljana, on the day of October 5, 1995.

President
of the Parliament
of the Republic of Slovenia

Jožef Školč signed