

CARPATHIAN FOUNDATION STATUTES

I. NAME AND RESIDENCE OF THE FOUNDATION

Name of the Foundation is: **Karpatská nadácia**
English translation of the name of the Foundation is: **Carpathian Foundation**
Residence of the Foundation is: **Letná 27, 040 01 Košice**
Carpathian Foundation (hereinafter „Foundation“) operates in the countries of the Carpathian Euroregion, namely Hungary, Poland, Romania, Slovakia and Ukraine.

II. PUBLIC BENEFIT PURPOSE OF THE FOUNDATION AND ITS MISSION

The public - benefit purpose of the Foundation is to support good relations, social stability and economic growth, civil society development, protection of spiritual and cultural values, implementation and protection of human rights and preservation of the environment and natural values particularly in Eastern Slovakia, and in border areas of Hungary, Poland, Romania, Slovakia and Ukraine, the area known as the Carpathian Euroregion. The mission of the Foundation is the reduction of social poverty in the region, based on development activities of the local community. It is focused mainly on:

- Creating local, regional and cross-border partnerships between various sectors of the society (non-governmental, commercial, state) and supporting common decisions achieved by the cooperation,
- Developing social responsibility of companies and company philanthropy with the aim to create functional action partnership, presentation and recognition of good examples,
- Supporting civil and volunteer groups actively contributing to the solution of problems and challenges on local, regional and international levels,
- Supporting innovations, non-traditional and alternative approach and solutions,
- Strengthening of position of non-governmental non-profit organizations, civil and volunteer groups, their development and networking,
- Supporting international cooperation, exchange of experience and good solutions, and foreign development aid.

The Foundation accomplishes its mission mainly by:

- a) Providing financial aid in the form of grants, scholarships, etc.
- b) Providing education and technical aid,
- c) Creating and facilitating partnerships,
- d) Providing space for cooperation and networking,

- e) Organizing professional and social happenings (seminars, conferences, trainings, etc.)
- f) Publishing printed and electronic media and leading campaigns,
- g) Performing surveys, analyses, proposing solutions and strategies.

III. FOUNDER

The founder of the Carpathian Foundation is Carpathian Euroregion Development Foundation, identification number 31995420, residence at Hlavná 70, 040 01 Košice, Slovakia.

The Foundation was established in accordance with § 42 (1), of Act of National Council of Slovak Republic No. 207/1996 Coll. and its amendments, and by the resolution of its Executive Board from 2 June, 1997 concerning further activities of the Foundation registered on 16 November 1994.

IV. VALUE AND FORM OF ENDOWMENT AND VALUE AND FORM OF THE ENDOWED ASSETS

The Carpathian Foundation endowment is 7,302.66 € (seven thousand three hundred two EUR and sixty six eurocents), and it consists of financial deposit of the founder of the Foundation..

V. PERIOD OF FOUNDATION'S OPERATIONS

The Foundation has been established for an indefinite period of time.

VI. FOUNDATION BODIES, MEANS OF THEIR SUMMONING, VOTING, DELIBERATING AND THEIR COMPETENCES

1. Foundation bodies are:
 - a) Board of Directors;
 - b) Executive Director/ Chief Executive Director - CEO;
 - c) Controller.
2. The Foundation can decide to create other permanent or ad hoc bodies, for example boards or commissions. The creation, competences and personal nominations of such bodies are to be determined by the Board of Directors.
3. Members of the Foundation bodies are obliged to act in such ways as not to harm the interests of the Foundation, and shall not use the Foundation's property for their personal aims. Members of the Foundation bodies shall be morally irreproachable

with full legal capacity. A person convicted of an intentional criminal offence is deemed not to be morally irreproachable for the purposes of this Foundation Charter. Moral irreproachability is proven by the Criminal Record Certificate - extract from the records of the Slovak Police Force. The certificate shall not be older than three months from the day the new Foundation body member enters his office.

VII. FOUNDATION'S BOARD OF DIRECTORS

1. Board of Directors of the Foundation is the supreme body of the Foundation.
2. Board of Directors:
 - a) Makes decisions on merging, fusion and dissolving of the Foundation;
 - b) Appoints and removes the Chairman and members of the Board of Directors; appoints and removes the Foundation's Executive Director/ CEO, appoints and removes the Controller;
 - c) Decides about changes in the Foundation's Statutes;
 - d) Nominates the liquidator;
 - e) Annually approves of the Foundation's budget submitted by the Executive Director/ CEO;
 - f) Defines spending policies for the Foundation's assets in accordance with the public - benefit mission of the Foundation under the conditions defined in the Statutes and in the Foundations Law. This includes decisions on grant awards and delegation of authority to award grants, and approvals of grant making strategies and procedures;
 - g) Makes decisions on the growth of the Foundation's endowment, and on changes in the Foundation endowment form;
 - h) Makes decisions on creation of charitable funds held with the Foundation, approves of final and/ or annual reports of these funds;
 - i) Determinates the remuneration for the performance of the Executive Director / CEO function;
 - j) Approves of strategic plans of the Foundation;
 - k) Supports the Foundation in its fundraising activities;
 - l) Awards the Honorary Board Member.
3. Board of Directors is obliged to justify its decisions in writing in accordance with the section (2) g.
4. Board of Directors has 7 members. The term of the Board of Directors members is three years with the option to be re-elected.
5. Membership in the Board of Directors is incompatible with the role of the Foundation's Executive Director/ CEO.
6. A person who receives any funds from the Foundation assets cannot become Board of Directors member.
7. Board of Directors elects Chairman from among its members who convenes and presides over Board of Directors meetings. Chairman may authorize another member of the Board of Directors in writing to convene and preside over Board of Directors meetings.

8. Board of Directors meetings are held at least twice a year. Chairman is obliged to convene a meeting of the Board of Directors in case that no less than one third of the Board of Directors members request a meeting. Chairman convenes meetings in a form of an e-mail announcement sent to the Board of Directors members 15 days prior to the date of the meeting at the latest.
9. Board of Directors is quorate in such case when absolute majority of its members are present. Consent of the absolute majority of the present Board of Directors members, with the exception mentioned in paragraph (10) of this clause and in the Act on Foundations.
10. Consent of the majority of all members of Board of Directors is needed for passing of the following resolutions if the law or this Statutes don't require higher number of votes:
 - a) Election of a Board of Directors member and election and removal of Board of Directors Chairman;
 - b) Election and removal of the Executive Director/ CEO;
 - c) Decision on merging, fusion and dissolving of the Foundation;
 - d) Decision on changes in the Foundation's Statutes.
11. A member of the Board of Directors, whom a resolution, election or removal concerns, does not vote.
12. Each member of the Board of Directors and the Executive Director / CEO have a right to file a proposal for election or removal of a member of the Board of Directors, the latest of 30 days before a planned term of election. If a person who has not been a member of the Foundation bodies before is proposed, the attachment of a proposal for election will be his/her structured CV. A proposal for removal of a member of the Board of Directors must include written reasons. The members of the Board of Directors are elected and removed by public voting.
13. Written minutes are made from meetings of the Board of Directors, containing mainly the list of all discussed points, the proposed resolutions and the results of voting about them. All the minutes from meetings of the Board of Directors are available for insight at the residence of the Foundation.
14. Board of Directors members can pass resolutions also outside of Board of Directors meetings with the exception of the decisions identified in Clause VII (2) a) and b). In such case a draft of the Board of Directors resolution is provided to individual members for annotation, and the period in which they should submit their written opinion on the draft is announced. If a member does not submit his written opinion within the period given, it applies that he disagrees with the draft of the resolution. The passed resolution or an announcement that the resolution was not passed is to be sent to the members of the Board of Directors by e-mail within 15 days from the end of the given period for submitting their opinions on the proposal.
15. Board of Directors members execute their roles as voluntary unpaid roles without remuneration and other compensations. Board of Directors members are entitled to reimbursement of costs incurred in the process of their role execution, in accordance with Act no. 283/2002 Coll. concerning travel costs reimbursement.
16. Should a position in the Board of Directors become available, Board of Directors are obliged to elect a new member for the rest of the election period or for another election period within 60 days from when the vacancy occurred. If the number of

Board of Directors members becomes less than three members, Board of Directors cannot pass any decision, with the exception of election of new members.

17. Board of Directors membership expires by:
 - a) Expiration of the election period;
 - b) Written resignation delivered to the Foundation's Executive Director/ CEO, or to the Board of Directors;
 - c) Removal by the Board of Directors;
 - d) Death.
16. The Foundation's Board of Directors may wish to award the Honorary Board Member title to an individual. The title is awarded based on the consent of the absolute majority of votes within the Board. Honorary Board Member is eligible to attend the Board of Directors' meetings in the advisory capacity as a non-voting participant. The Board of Directors may, based on the consent of the absolute majority of votes within the Board, remove the Honorary Board Member title from the individual

VIII. FOUNDATION EXECUTIVE DIRECTOR/ CHIEF EXECUTIVE OFFICER

1. Foundation administrator is a Foundation statutory body, which manages all activities of the Foundation and acts on its behalf. Executive Director/ CEO is responsible for efficient operations of the Foundation in accordance with valid legislation.
2. Executive Director/ CEO:
 - a) Administers the Foundation endowment, and makes decisions on all matters of the Foundation which, according to the Foundation Law or according to this Statutes, do not belong to the authority of other Foundation's bodies;
 - b) Drafts the Foundation's budget and submits it to the Board of Directors for examination and approval;
 - c) Produces reports on Foundation activities;
 - d) Prepares Board of Directors meetings and Supervisory Board meetings;
 - e) Acts as a Foundation's statutory body in relation to Foundation's staff, and is in charge of all decisions on all matters related to the Foundation's staff, incl. creation, change and dissolution of work positions or similar relations;
 - f) Submits an annual plan of Foundation's activities to the Board of Directors for examination and approval;
 - g) Actively participates in all Foundation's fundraising activities;
 - h) Openly promotes the public benefit purpose, mission and goals of the Foundation.
3. Executive Director/ CEO is appointed and removed by Board of Directors. Executive Director/ CEO's election term is three years, with the option to be re-elected.

4. Executive Director/ CEO cannot be a member of the Board of Directors or any other Foundation body. He has the right to be present during Board of Directors meetings in an advisory capacity.
5. Any individual with permanent residence in the Slovak Republic can be elected as the Foundation's Executive Director/ CEO.
6. Board of Directors removes Executive Director/ CEO if:
 - aa. He / she has been convicted of an intentional criminal offence by a valid ruling of the court, or if he / she was convicted of a criminal offence by a valid ruling of the court and the court has not decided upon a suspended sentence in his / her case;
 - ab. He / she has lost legal capacity or this capacity has been limited.Board of Directors can remove Executive Director/ CEO if:
 - ba. He / she is not able to execute his / her role for the period longer than 6 months according to a medical opinion;
 - bb. He / she does not fulfill Executive Director/ CEO's duties and responsibilities and does not atone for it within the given period even after a written warning from the Board of Directors;
 - bc. He / she lost the Board of Directors members' trust.
7. Administrator can resign from his / her position without giving a reason but shall do so in writing.
8. If the Board of Directors removes Executive Director/ CEO according to section (6) of this clause, or if Executive Director/ CEO resigns from his/her position according to section (7), Board of Directors is obliged to elect a new Executive Director/ CEO within the 30 days from when the vacancy occurred. Until the election of a new Executive Director/ CEO, the Board of Directors Chairman acts on behalf of the Foundation and can execute only such acts which cannot be deferred.
9. Consent of an absolute majority of all members of the Board of Directors is needed for electing or removal of Executive Director/ CEO. In case of removal of Executive Director/ CEO in accordance with section (6) bc), a consent of two - third majority of all members of the Board of Directors is needed.
10. Any member of the Board of Directors can file a proposal for election or removal of Executive Director/ CEO.
11. Executive Director/ CEO function expires by:
 - a) Expiration of the election period;
 - b) Written resignation delivered to the Foundation's Board of Directors;
 - c) Removal by the Board of Directors;
 - d) Death.

IX. CONTROLLER

- (1) Controller is the controlling body of the Foundation.
- (2) Controller is appointed and removed by the Board of Directors. The controller's election term is three years, with the option to be re-elected.

- (3) Controller is authorized to review all documents and records related to the Foundation's operations and activities, and to investigate whether accounting is executed in accordance with the special provision, whether the Foundation acts in accordance with generally binding legal regulations and with this Statutes.
- (4) Controller mainly:
 - a. Monitors accounting and annual financial statements and submits his / her comments to the Board of Directors;
 - b. Approves of financial statements and the Foundation's annual report;
 - c. Brings the inadequacies found to the attention of Board of Directors, and proposes how to eliminate them,
- (5) The role of Controller is incompatible with Executive Director/ CEO's role and with Board of Directors membership.
- (6) A person who receives any funds from the Foundation cannot function as Controller.
- (7) Controller executes his / her role as a voluntary unpaid role without remuneration and other compensations. Controller is entitled to reimbursement of costs incurred in the process of his / her role execution, in accordance with Act no. 283/2002 Coll. concerning travel costs reimbursement.
- (8) Controller's role expires by:
 - a. Expiration of the election term;
 - b. Written resignation delivered to the Foundation administrator or to the Board of Directors;
 - c. Removal by the Board of Directors;
 - d. Death.

X. USE OF THE FOUNDATION'S ASSETS

A. Foundation expenditures:

1. The foundation assets shall be used only in accordance with the public - benefit purpose and conditions defined in the Statutes and for covering the expenses (costs) related to the Foundation's operations. The amount allocated for the expenses (costs) related to the Foundation administration is set by the Board of Directors of the Foundation annually in the amount necessary for the securing the Foundation's operation until 31 December 31 of the following fiscal year at the latest. Expenses (costs) related to the Foundation administration include expenses (costs) for the protection and development of the Foundation's endowment; promotion of the Foundation's public - benefit purpose or the purpose of charitable funds held with the Foundation; remuneration for the Executive Director / CEO's performance; operational costs of the Foundation include salaries and expenditures reimbursements in accordance with the special provision, provided to the members of the Foundation bodies in relation to the execution of their roles; expenses for the performance of charity lottery; and expenses for other activities related with the functioning of the Foundation.

2. Expenses (costs) related to the Foundation administration must be accounted for separately.
- B. Foundation's asset spending policies:
1. The Foundation may not operate business activities with the exception of renting out its real estate property; cultural, educational, social or sports events organization given that these activities help to effectively develop assets, and these activities are in harmony with the public - benefit purpose of the Foundation.
 2. The Foundation may not enter a silent partnership.
 3. Foundation assets may not be used to fund political parties and political movements' activities, nor to fund an individual candidate for elected position.
- C. Endowment spending policies:
1. The Foundation's endowment funds may not be given, invested into a trading company, debited or used for securing liabilities of the Foundation or liabilities of third parties.
 2. The Foundation is obliged to deposit the endowment funds into an account held by a bank or a branch of a foreign bank which holds the permission for banking operations in the Slovak Republic.
 3. The Foundation may use the endowment funds only in accordance with the Foundation Law.

XI. PERSONS TO WHOM FOUNDATION RESOURCES ARE PROVIDED

As decided by the Board of Directors, Foundation resources can be provided to legal persons, which are registered as non - profit non - governmental organizations; to local self - governments and other legal persons and, to individual persons with permanent residence in the Slovak Republic.

XII. CONDITIONS OF PROVISION OF THE FOUNDATION FUNDS TO THIRD PERSONS

1. Recipients of the Foundation's funds must have their residence registered in the Slovak Republic and, if possible, in the area of the Carpathian Euroregion, or operate for the benefit of this region.
2. Recipients of the funds must operate in accordance with the mission of the Carpathian Foundation and must use these funds solely for the support of the goals of the Foundation.

3. Recipients of the Foundation funds are obliged to use these funds solely for the public - benefit purpose for which these funds were awarded; and this use must be reported.
4. Foundation funds must not be awarded to Executive Director / CEO, to members of the Foundation's bodies or their close persons or to the members of the bodies of legal persons that provide resources to the Foundation. The exception to this regulation are expenses defined in Par. XI art. I.
5. Foundation funds obtained by donation or contribution are awarded by the Foundation to third persons in accordance with the public benefit purpose for which they were provided, and in accordance with the instructions of the donor, or with an agreement concluded with him. In case the amount of the donations or contributions exceeds 331 €, the Foundation is obliged to provide the donor with exact specification of their use within 60 days, unless the donor determines or agrees with the Foundation otherwise.

XIII. ACCOUNTING AND ANNUAL REPORT

1. The Foundation administers its accounting in accordance with a special provision.
2. The Foundation accounts the resources of charitable funds held with the Foundation separately.
3. Annual financial statements must be audited.
4. The Foundation produces annual reports in accordance with the Foundation Law until 15 May of the following calendar year at the latest.
5. Every year, the Foundation sends one copy of the annual report to Ministry of Interior of the Slovak Republic by 31 May at the latest. Every year, the Foundation sends the audit report for publication in Commercial Bulletin by May 31 at the latest.
6. Annual report of the Foundation is publicized at the Foundation's web site, and provided to the public in the office of the Foundation.

XIV. DISSOLUTION AND CLOSING OF THE FOUNDATION

1. Board of Directors has the authority to dissolve the Foundation and decide about merger or fusion with another foundation, or to dissolve the Foundation with liquidation, and to appoint a liquidator.
2. In the case of liquidation, liquidation balance will be transferred to another foundation or several foundations supporting the development of the Carpathian Euroregion, or to the municipality in which the Foundation held its residence. This will be decided by Board of Directors. The liquidation balance can be used only for a public - benefit purpose. The Foundation's endowment can only be offered to another foundation registered in accordance with a valid Foundation Law.
3. The Foundation ceases to exist on the day of erasure of its record from the Register of Foundations, in which it was entered upon its creation.

XV. FINAL PROVISIONS

1. This Statutes fully replace the Foundation's Statutes dated 23 November 1999.
2. All matters that are not explicitly governed by these Statutes are governed by the provisions of legal regulations valid in the Slovak Republic, mainly by the Act no. 34/2002 Coll. relevant to foundations.
3. These Statutes were approved by the resolution of the Board of Directors on 25 October 2002. It is kept in the office of the Foundation. The Foundation is obliged to provide the Statutes upon request. Everyone is entitled to examine it and copy its parts.

In Košice 11 November 2015

PhDr. Rastislav Puchala, PhD.
Board of Directors Chairman