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REPORT ON THE STATE OF SLOVAK FOUNDATIONS

2005 Data Analysis

Slovak Donors' Forum, November 2006

Slovak Donor's Forum draws up the Report on the state of Slovak foundations on annual basis with the aim to provide objective, transparent and relevant data on the state and composition of the Slovak foundation sector. The Report also offers the overview of year-on-year changes and trends in the development of Slovak foundations.

Report on the state of Slovak foundations

Report on the state of Slovak foundation, 2005 data analysis (hereinafter referred to as the "Report") provides data on foundation sector for 2005, notably on foundations' activities; areas of their support; foundations' assets, incomes and expenses. It also provides the comparisons with the year 2004.

Subject matter of the analysis

The analysis focuses on foundations and their activities in the framework of non-governmental, not-for-profit sector. The legal status of foundations is defined by the Law No. 34/2002 on foundations and the change of Civil Code as amended (hereinafter referred to as the "Law on Foundations") that came into force on 1st March 2002.

The foundation is established on the day of its registration in the Register of Foundations administered by the Slovak Ministry of Interior (hereinafter referred to as "SMI"). The Register of Foundations is a public list that contains all statutory information concerning foundations.

Pursuant to the Law on Foundations, the foundations are obligated to publish an annual report within the period set by the Board of Directors or the foundation deed, however, not later than by 15th May of the following calendar year.

Methodology

The 2005 Report was carried out according to data recorded in **the Register of Foundations** administered by SMI (it is available at www.civil.gov.sk) as well as according to data stated in foundations' **2005 annual reports** delivered to SMI in statutory period.

As of 31st December 2005, the Register of Foundations included 325 foundations; eight of them were in liquidation. The analysis focused on 325 foundations recorded in the Register of Foundations and 256 complete annual reports of foundations. All data used in the analysis were drawn from these sources.

Areas under the focus

The Report evaluates the following 2005 data on Slovak foundation sector:

- I. Specific Data on Foundations
 - I. 1. Categorisation
 - I. 2. Incomes
 - I. 3. Expenses
- II. Registered Foundations' Endowment
- III. Foundations' Assets
- IV. Data on Grants Awarded
- V. Areas of Support and Interest

In order to examine the areas under the focus in more detail, the analysed data were divided and subsequently analysed according to the following criteria:

A. Type of a foundation

B. Fulfilment of foundations' mission (in 2005)

A. Type of a foundation

1. Corporate foundations
2. Community foundations
3. Other foundations

The category "Other foundations" includes foundations not established by a legal entity established for a business purpose (**corporate foundations**) and foundations without particularities of **community foundations** (for more details see <http://akn.ddt.sk/charakteristika>).

Thematically, this category can be further divided into:

- 3.1. School foundations – foundations established by schools or school facilities
- 3.2. Medical foundations – foundations associated to hospitals, their particular departments, various social facilities, rehabilitation centres and sanatoriums
- 3.3. Religious foundations – foundations established for the purpose of renovation of religious monuments and propagation of religious belief
- 3.4. Governmental foundations – foundations established by public administration bodies
- 3.5. Independent foundations – foundations working individually and independently of other institutions
- 3.6. Other foundations

However, given the incompleteness of published data, the categorisation of individual foundations into defined sub-categories is very difficult and inaccurate, and therefore we have decided not to specify this category in the analysis of areas under the focus.

B. Fulfilment of foundations' mission (in 2005)

1. Grant-making foundations
2. Operating foundations
3. Passive foundations

The foundation can fulfil its public benefit mission either by the implementation of programmes and projects of its own (**operating foundations**) or by the allocation of funds to the third parties (**grant-making foundations**). The foundation that implemented its own programmes and at the same time awarded grants in 2005 is included in the group of **grant-making foundations**.

In the event that the foundation did not carry out any activity in 2005, it is included in the group of **passive foundations**. This group also includes foundations registered as foundations in liquidation in the Register of foundations.

BRIEF SUMMARY OF CONCLUSIONS

- In 2005, 256 foundations (78.7%) met the statutory obligation to deliver an annual report to the SMI.
- Slovak foundation sector comprised the operating, grant-making and passive foundations.
- As of 31st December 2005, the Register of Foundations included 325 foundations, namely 69 (21%) corporate foundations, 12 (4%) community foundations and 244 (75%) other foundations.
- As of 31st December 2005, the total volume of registered endowment amounted to SKK 314,818,649.
- As of 31st December 2005, an average amount of registered endowment presented SKK 968,673.
- As of 31st December 2005, the total volume of Slovak foundations` assets amounted to SKK 2,488,701,767.
- Incomes of Slovak foundations amounted to SKK 1,137,980,143.
- Expenses of Slovak foundations presented SKK 1,127,601,129.
- Grant-making foundations awarded grants in a total amount of SKK 703,271,216.
- The total amount of grants awarded by the TOP 10 of Slovak foundations presented 74.8% of the total amount of grants awarded in 2005.
- The most supported area in 2005 was education.

YEAR-ON-YEAR COMPARISONS: CHANGES AND TRENDS

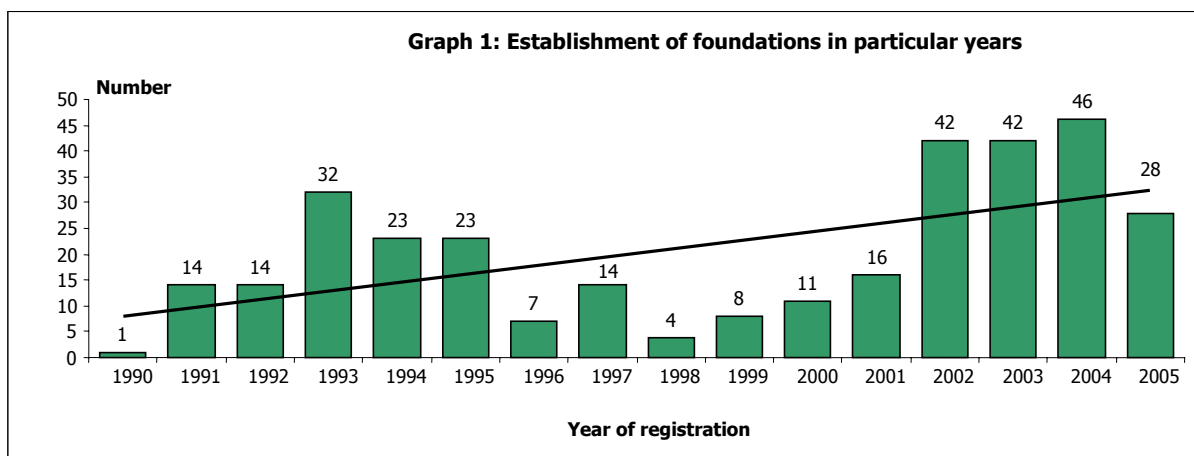
- In 2005, 28 foundations were registered.
- The number of grant-making foundations increased from 165 to 188.
- The number of passive foundations increased from 50 to 69.
- The number of operating foundations decreased from 79 to 68.
- The number of corporate foundations increased from 60 to 68, and the number of other foundations increased from 222 to 244.
- Compared to 2004, the foundations` incomes increased by SKK 58,927,578.
- Compared to 2004, the foundations` expenses increased by SKK 82,539,114.
- As of 31st December 2005, the total amount of registered foundation`s endowment increased by SKK 7,142,857.
- An average registered foundation`s endowment decreased by SKK 77,843.
- A total amount of grants awarded by the TOP 10 grant-making foundations increased by SKK 90,154,033 compared to 2004.
- Compared to 2004, the total volume of grants awarded increased by SKK 93,360,578.

I. SPECIFIC DATA ON FOUNDATIONS

- I. 1. CATEGORISATION
- I. 2. INCOMES
- I. 3. EXPENSES

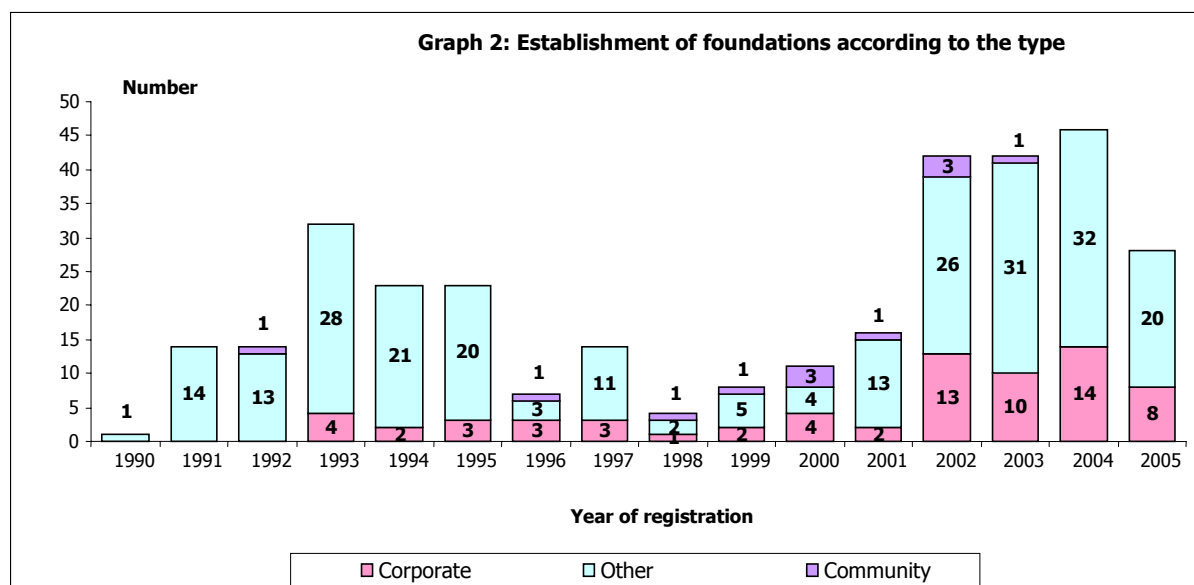
Strong and sustainable foundation sector is the basic pillar of the development of civil society, and plays an important role in the sustainability of the non-governmental sector. The factors, such as suitable legal environment, availability of funds, good conditions for building up the cross-sector partnerships, or the availability of international initiatives, influence foundations' activities and their effective operation, and at the same time they play a key role in decision-making on the selection of an appropriate legal form for the implementation of public benefit projects.

In 2002, 2003 and 2004, an above-average increase in the number of newly registered foundations can be seen (graph 1). The 2002 data are partially affected by legislative changes. The Law on Foundations, which came into force on 1st March 2002, imposed an obligation of pre-registration.



Source: Register of Foundations and annual reports, N = 325

Graph 2 summarises data according to the type of a foundation established in the period of 1990 - 2005.



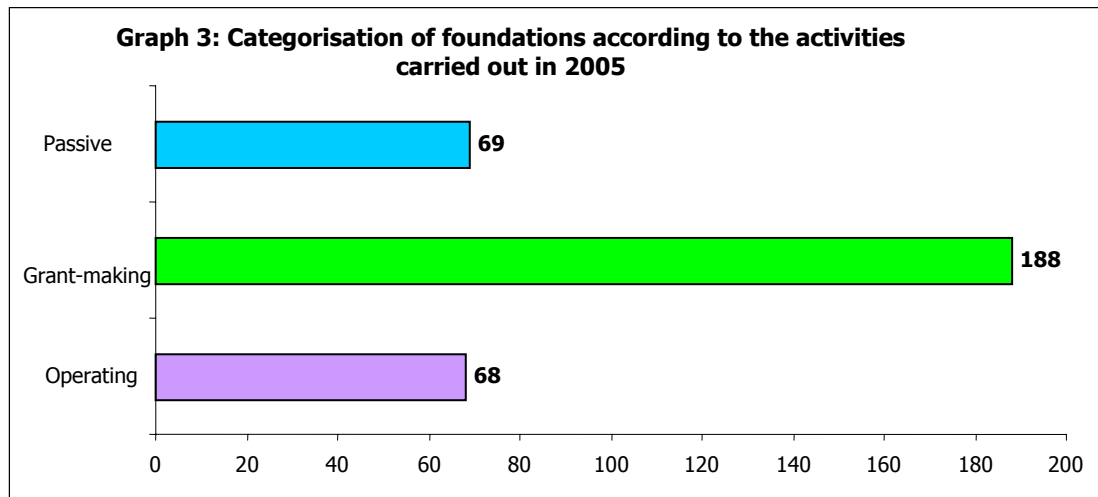
Source: Register of Foundations and annual reports, N = 325

I. 1. CATEGORISATION

Categorisation of foundations according to the way in which they fulfil their mission

The way in which the foundations fulfil their mission, i.e. whether they carry out grant-making activities, implement own programmes, or are passive, depends on the volume of funds raised from both internal and external resources. Foundations' incomes present an inconstant quantity that is influenced by different factors, such as the legislation, tax system, level of corporate philanthropy, social awareness of citizens, etc.

According to data available for 2005, the foundations can be divided according to the way in which they fulfil their mission as follows:



Source: Register of Foundations and annual reports, N = 325

Comparison with the year 2004

Compared to 2004, a positive trend in the number of grant-making foundations is visible. The number of grant-making foundations increased from 168 to 188. At the same, however, the number of passive foundations increased from 50 to 69, while the number of operating foundations decreased from 79 to 68 foundations.

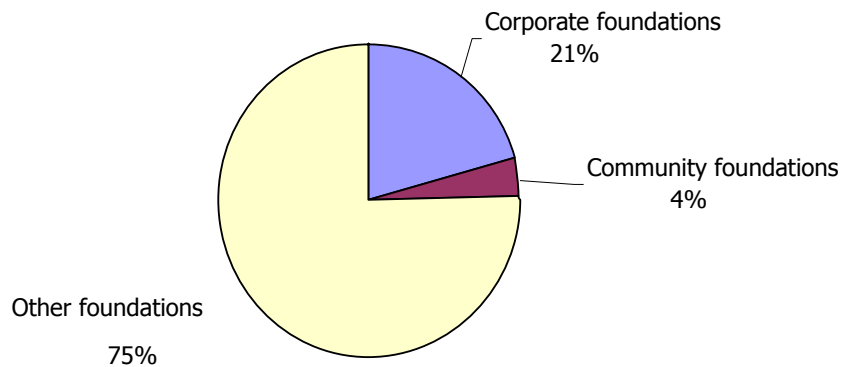
Categorisation according to the type of a foundation

As of 31st December 2005, the Register of Foundations included 69 corporate foundations, 12 community foundations, and 244 other foundations. Graph 4 transparently illustrates the share of each type on the total foundation sector.

Comparison with the year 2004

Compared to 2004, the number of corporate foundations increased from 60 to 68, and the number of other foundations increased from 222 to 244. The number of community foundations did not change.

Graph 4: Structure of foundation sector in 2005



Source: Register of Foundations and annual reports, N = 325

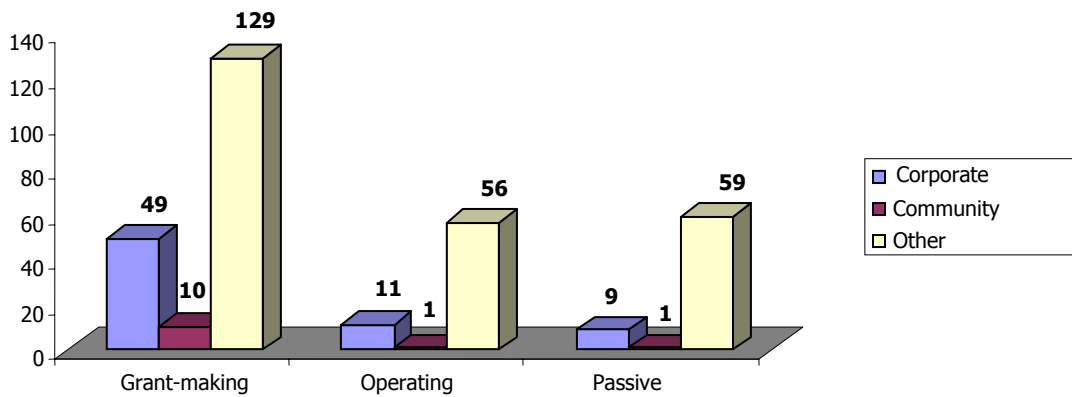
The 2005 data can be transparently arranged into the following table and graph that quantify the foundations according to the both defined criteria.

Table 1

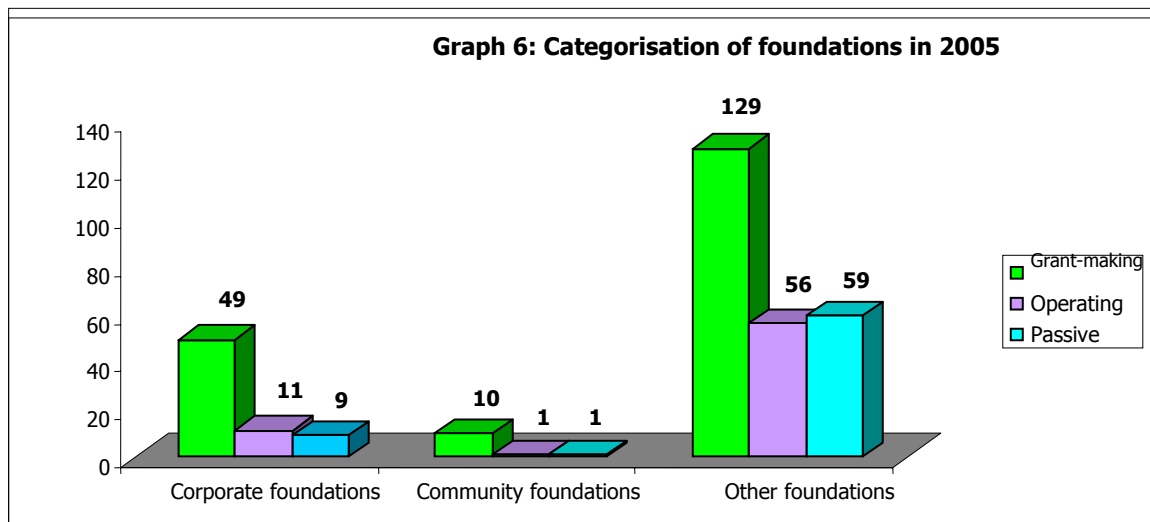
	Grant-making	Operating	Passive	Total
Corporate foundations	49	11	9	69
Community foundations	10	1	1	12
Other foundations	129	56	59	244
	188	68	69	325

Source: Register of Foundations and annual reports, N = 325

Graph 5: Categorisation of foundations 2005



Source: Register of Foundations and annual reports, N = 325



Source: Register of Foundations and annual reports, N = 325

I. 2. INCOMES

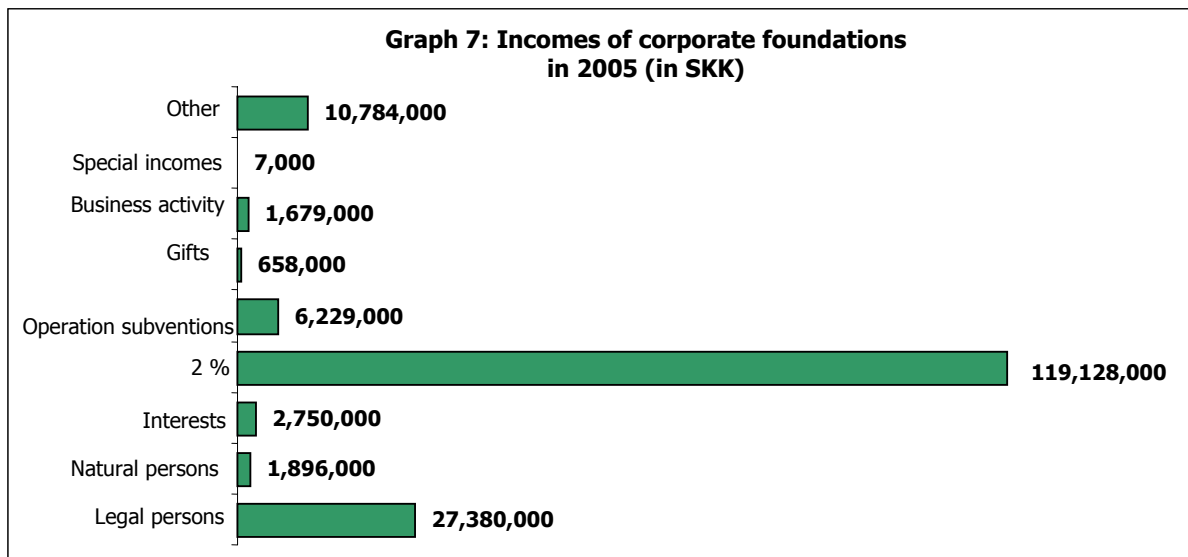
- **Incomes of Slovak foundations in 2005 amounted to SKK 1,137,980,143.**
- **Compared to 2004, incomes of Slovak foundations increased by SKK 58,927,578.**

Corporate foundations create an integral and natural part of our foundation sector. In Slovakia, the first corporate foundations were established in 1993. Considerable increase in the number of corporate foundations was observed in the years 2002, 2003 and 2004.

With respect to the amount of foundations' incomes in 2005 we can state that the existence of a mechanism of 2% tax assignation of both natural and legal persons plays an important role in foundations' operation. It is necessary to emphasize that the mechanism of tax assignation does not influence only corporate foundations but also the existence and efficiency of the whole foundation sector. This mechanism presents the second greatest resource of income for community and other foundations.

In 2005, the incomes of corporate foundations from the assignation mechanism presented 70% of the total incomes. However, it should be mentioned that these data are distorted by incomes of SPP Foundation, which received a total amount of SKK 88,785,000 due to the mechanism of 2% tax assignation in 2005.

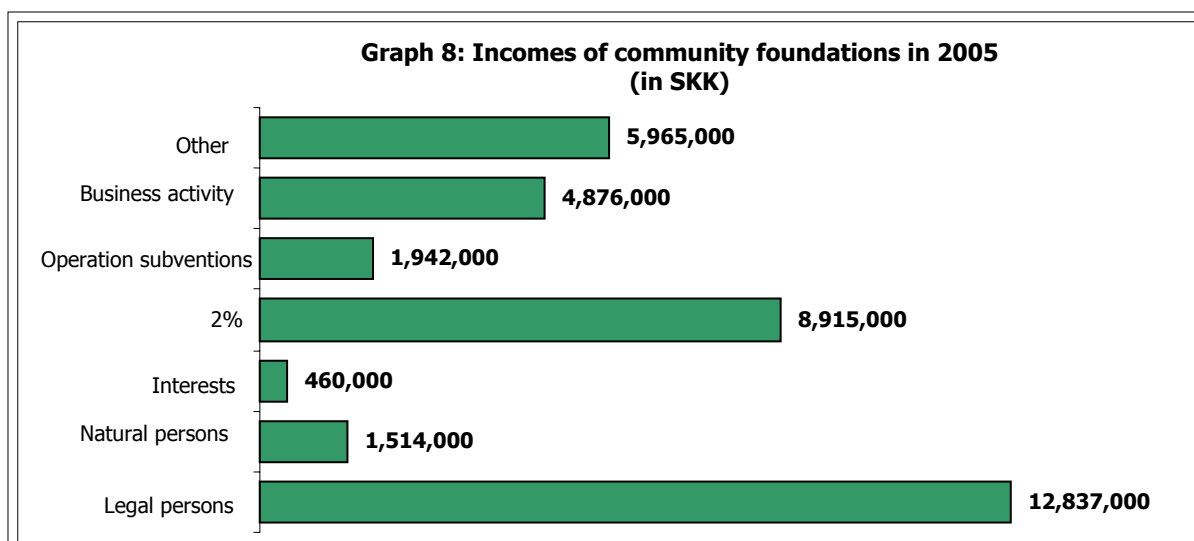
The following graphs provide more detailed information on the incomes of corporate foundations (see Graph 7), community foundations (see Graph 8), and other foundations (see Graph 9).



Source: Register of foundations and annual reports, N = 325

Comparison with the year 2004

- ☞ **decreased:** incomes from natural persons, 2% tax assignment and business activity¹
- ☞ **increased:** incomes from legal persons, interests, gifts

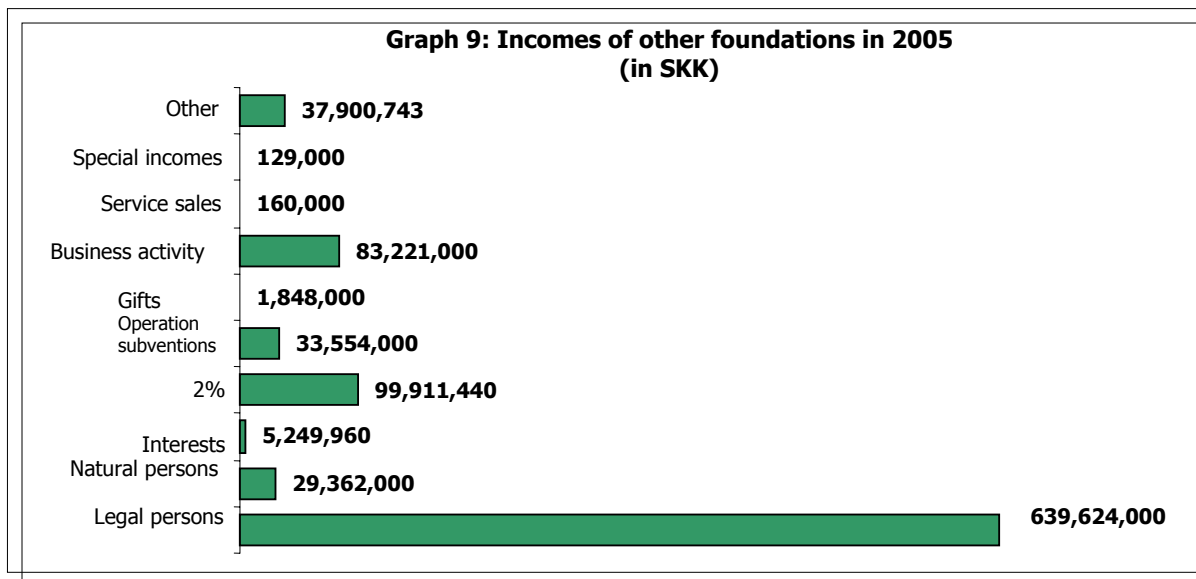


Source: Register of foundations and annual reports, N = 325

Comparison with the year 2004

- ☞ **decreased:** incomes from natural and legal persons
- ☞ **increased:** incomes from 2% tax assignment, interests, and business activity

¹ According to the Law on foundations, foundation cannot conduct business, except for leasing an estate, organizing the cultural, educational, social or sport events, provided this activity capitalises its assets more effectively and complies with public benefit purpose of the foundation (§ 29 of the Law on Foundations).



Source: Register of foundations and annual reports, N = 325

Comparison to the year 2004

- ☞ **decreased:** incomes from legal bodies, 2 %, gifts, incomes from business activity
- ☞ **increased:** incomes from natural persons

I. 3. EXPENSES

- **In 2005, the expenses of Slovak foundations amounted to SKK 1,127,601,129.**
- **Compared to 2004, the expenses of Slovak foundations increased by SKK 82,539,114.**

In general, foundations' expenses can be divided into the following categories:

- ☞ **own activities** that do not include expenses for ensuring the economic activities and expenses for administration of the foundation;
- ☞ **grant - making activities** – allocations of funds to the third parties.

Share of these activities on foundations' expenses in 2005 was as follows:

Table 2

	Own activities	Grant-making activity
Corporate foundations	1%	85%
Community foundations	16%	37%
Other foundations	6%	59%

Source: Register of Foundations and annual reports, N = 325

Comparison with the year 2004

Compared to 2004, grant-making activities of corporate foundations increased by 5% and of other foundations by 2%, and the grant-making activities of community foundations decreased by 3%.

II. REGISTERED ENDOWMENT

Endowment means foundation's nominal capital registered in the Register of Foundations. The value of a basic endowment must present at least SKK 200,000, and may only be represented by contributions in cash and estates. Provided the value of endowment exceeds SKK 200,000, it can also include tangible property, commercial documents as well as other property rights and values evaluated by money. The value of endowment cannot be reduced below the above-mentioned statutory limit.

- **As of 31st December 2005, registered endowment of foundations amounted to SKK 314,818,649, which is by SKK 7,142,857 more than in 2004.**
- **An average amount of the endowment presents SKK 968,673, which is by SKK 77,843 less than in 2004.**
- **Slovenska sporitelna Foundation has the largest amount of registered endowment.**

Distribution of registered endowment according to the type of a foundation:

Table 3

Registered endowment in total	SKK 314,818,649	100%
Corporate foundations	SKK 215,896,543	69%
Community foundations	SKK 10,056,900	3%
Other foundations	SKK 88,865,206	28%

Source: Register of foundations, N = 325

Distribution of registered endowment according to the way in which the foundations fulfil their mission:

Table 4

Registered endowment in total	SKK 314,818,649	100%
Grant-making foundations	SKK 277,064,772	88%
Operating foundations	SKK 20,519,077	7%
Passive foundations	SKK 17,234,800	5%

Source: Register of foundations and annual reports, N = 325

III. ASSETS

Foundation's assets include foundation's endowment, foundation's fund and other assets of a foundation. Other assets, which are not included in the endowment or fund, include the financial means, tangible property, commercial documents as well as other property rights and values evaluated by money (§ 3, letter (4) of the Law of Foundations).

The foundation can create the foundation fund for the public benefit purpose based on the decision taken by the Board of Directors, or on a written contract with the natural or legal persons. The foundation fund has no legal subjectivity and can only include financial means that are not included in foundation's endowment or other assets. According to 2005 annual reports, 16 foundations administer such funds.

- **As of 31st December 2005, Slovak foundations' assets amounted to SKK 2,488,701,767.**
- **Intenda Foundation has the largest amount of asset.**

IV. DATA ON GRANTS AWARDED

- In 2005, grant-making foundations awarded the third parties the grants in a total amount of SKK 703,271,216.
- In 2005, TOP 10 foundations awarded grants in a total amount of SKK 526,236,000 which presents 75% of the total volume of grants awarded.

The following table presents TOP 10 of the largest Slovak foundations in 2005 according to the volume of grants awarded. The list is supplemented with data on the volume of funds put in own programmes.²

Table 5

	Name of the foundation	Town	Amount of grants awarded (in SKK)	Own activity (in SKK)	TOTAL (in SKK)	Share on a total amount of grants awarded (in %)
1.	Foundation Pazmany Peter Alapítvány	Galanta	183,930,000	8,646,000	192,576,000	26
2.	SPP Foundation	Bratislava	97,044,000	6,804,000	103,848,000	14
3.	Civil Society Development Foundation	Bratislava	49,954,000	11,170,000	61,124,000	7
4.	Jan Selye University Foundation	Komarno	42,103,000	41,743,000	83,846,000	6
5.	SOCIA Foundation	Bratislava	30,581,000	15,172,000	45,753,000	4
6.	Open Society Foundation	Bratislava	29,735,000	24,521,000	54,256,000	4
7.	Ekopolis Foundation	B. Bystrica	26,867,000	8,454,000	35,321,000	4
8.	Central European Foundation	Bratislava	25,500,000	8,314,000	33,814,000	4
9.	MEDICAL Foundation	Bratislava	23,682,000	5,134,000	28,816,000	3
10.	Carpathian Foundation	Košice	16,840,000	8,103,000	24,943,000	2
	TOTAL		526,236,000	138,061,000	664,297,000	75

Source: Annual reports, N = 256

According to the type of a foundation we can arrange the data for 2005 into the following list of the largest and the smallest grant-making foundations:

Corporate foundations	SPP Foundation	SKK 97,044,000
	Kolaje Foundation	SKK 10,000
Community foundations	Community foundation Bratislava	SKK 5,858,000
	Community foundation Humenne	SKK 128,000
Other foundations	Foundation Pazmany Peter Alapítvány	SKK 183,930,000
	Foundation of nature protection and free living fauna	SKK 2,100

Comparison with the year 2004

- In 2005, the total amount of grants awarded by TOP 10 of the largest grant-making foundations increased by SKK 90,154,033 compared to 2004.

² TOP 10 list of the largest grant-making foundations does not include foundations that failed to deliver complete financial reports and audit for 2005 to the Slovak Ministry of Interior in statutory period.

- Eight out of ten foundations from the TOP 10 list of the largest foundations in 2005 figured in the TOP 10 list in 2004 as well.
- Compared to 2004, the total amount of grants awarded by grant-making foundations increased by SKK 93,360,578.

V. AREAS OF SUPPORT AND INTEREST

- **In 2005, like in the previous year, the largest support was channelled to the area of education.**
- **The smallest support was channelled to the area of religions and churches.**

The task to make a transparent list of areas supported by Slovak foundations has been complicated by the fact that individual foundations use different categorisation of supported areas. Therefore we have decided, like in the previous year, to use a common International classification of NGOs (ICNPO) created by the Centre for Civil Society Studies at John Hopkins' University.

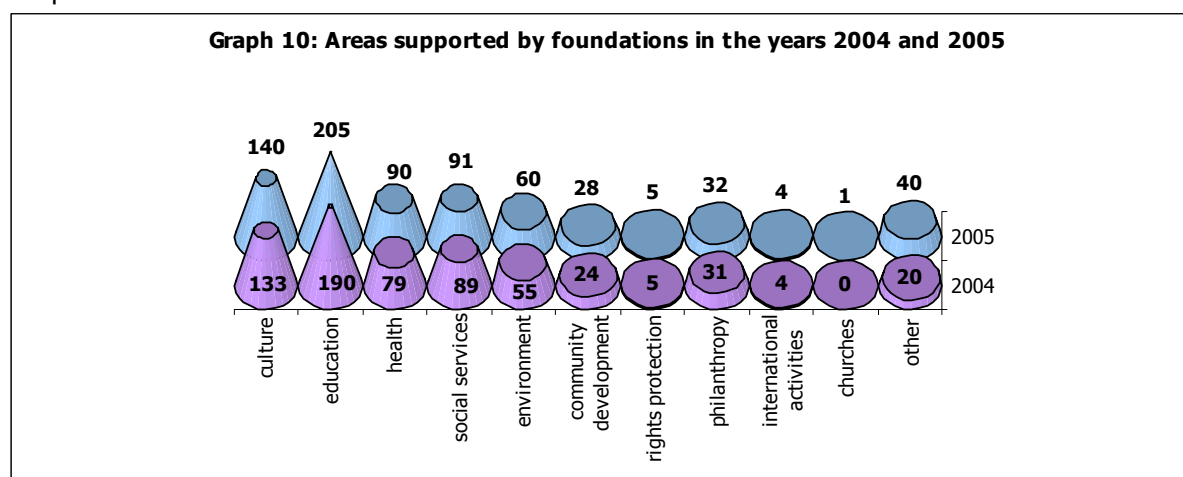
ICNPO classification is intended for NGOs and includes 12 main categories:

1. Culture, sport and leisure time
2. Education and research
3. Health
4. Social services
5. Environment
6. Community development and housing
7. Rights protection and advocacy, politics
8. Philanthropy and volunteerism
9. International activities
10. Religions and churches
11. Economic and profession associations, unions
12. Activities not included in the previous 11 categories

Data published in annual reports were classified in accordance with the above-mentioned classification, while the category No. 12 includes activities, such as establishment of specific foundation funds, organization of conferences and seminars, support of business freedom and liberal principles in economy, development of small business, support of after-privatisation revitalization of Slovak companies, historical vehicles, or enhancement of judges' professional level.

The foundations stated many areas of their interest and support.

The following graph illustrates division of Slovak foundation sector interests in 2005, as well as the comparison with 2004:



Source: Register of Foundations and annual reports , N = 325