

DEED OF FOUNDATION

Dr. Csányi Sándor, in accordance with Articles 74/A-74/F§ of the Civil Code of Hungary, establishes a foundation functioning as a legal personality in accordance with the following:

I. The Founder

Name: Dr. Csányi Sándor
Date of Birth: Jászárokszállás, 1953.03.20
Mother's name: Ballagó Amalia
Domicile: 1025 Budapest Csátárka u. 31/b
ID Card Nr.: 547011 BA

In case of permanent and definite incapacity or death, the Founder delegates his power to:

Name: Csányi Erika
Date of birth: Budapest, 1967.02.18
Domicile: 1025 Budapest Cstárka u 31/b
Mother's name: Wágner Edit

II. The Name of the Foundation

Csányi Foundation for the Sake of Children
Foundation for the Public

III. The Short Version of the Foundation

Csányi Alapítvány

Csányi Foundation

IV. The Domicile of the Foundation

1125 Budapest Lóránt u 5/A

V. The Purpose of the Foundation

State and local governments have failed to provide equal opportunities to underprivileged groups. Relying on such governmental sources for social progress guarantees little hope for an effective solution. Therefore, the Foundation provides fair, efficient and real help for:

- families rearing children with incurable ailments
- families having more children and
- families struggling with a precarious livelihood.

Furthermore, the Foundation provides the following additional public benefits which are ensured by the government according to regulations and measures under the authority of the law:

- Act LXV of 1990 Article 8§ ensuring health and social care for children and youths
- Act IV of 1991 Article 16/A§ ensuring personal care

To accomplish its permanent purposes, the Foundation performs the following concrete activities:

- **maintains a supplementary parents' network in accordance with Act XXXI. of 1997 with Articles 49§ and 98§ of the Child Protection Law**
- **operates a home child care service in accordance with Article 44§ of the Child Protection Law**
- **operates an alternative child care service during the day in accordance with 41§(4) of the Child Protection Law.**

Maintaining the operation of the child protection system is the responsibility of state and local government in accordance with Act XXXI of 1997 with Articles 14§ (3) of the Child Protection Law.

The Foundation incurs expenses by accomplishing its purposes as described below. The Foundation:

- contributes to the elimination of starvation among nursery, kindergarten and school-aged children by providing direct monetary subsidies. Such assistance may partly or completely cover necessary expenses.
- partly or completely covers the schooling expenses of talented children living in low-income families. Thus, the Foundation assumes the duties of state and local governments which provide free education.
- partly or completely covers expenses related to therapy and equipment in families rearing sick children, with the purpose of improving the quality of their lives.
- provides home care facilities for children suffering from lingering illnesses.
- provides specialized personal care for defined purposes in accordance with III. of 1993 with Article 57(2)§ on the Civil Code.
- contributes to the decline in number of crimes against children by supplying information in order to make law-enforcement more efficient.
- provides buildings for educational purposes.

The Foundation enhances the collaboration of non-profit organisations and professionals working in the field of child protection, child care and education in order to increase efficiency by organising training and conferences and by performing scientific research. To the extent possible, the Foundation also co-ordinates and supports the activities of other foundations, non-profit organisations and associations in order to enable them to accomplish their tasks.

To accomplish these purposes the Foundation performs the above mentioned activities foremost in Hungary.

However, the Foundation supports not only domestic Hungarians but also cross-border Hungarian ethnic minorities by promoting initiatives preserving Hungarian cultural heritage and values in an effort to strengthen Hungarian communities irrespective of national borders.

For the benefit of the poor, especially children in need, the Foundation calls upon Hungarian prominents, the most successful businessmen, the wealthiest individuals of Hungary and prosperous companies to assume a greater social responsibility by raising funds.

VI. Status of the Foundation

The Foundation, in accordance with 26§ c. of KHTV (law upon benefit non-profit organisations), is a public benefit organisation because it performs such activities that are required for the accomplishment of the purpose of the Deed of Foundation:

1. conservation of health, prevention of illnesses, promotion of health, sanitary and rehabilitative activities
2. social activities, family service
3. promotion of equal opportunities within society for underprivileged groups, promotion of highly gifted but less favourably financially positioned children by supporting their studies, further education and language learning
4. reconnaissance of crimes and law-enforcement in the field of youth protection
5. education, personal ability development, dissemination of knowledge
6. cultural activity
7. child and youth protection
8. protection of human and civil rights

The Foundation

- performs, in accordance with the KHTV (law upon benefit non-profit organisations), public benefit activities and is liable to utilize its income and assets for the accomplishment of the purposes described in the Deed of Foundation
- performs its public benefit activities with the safe realisation of its non-profit aims
- the results achieved in the course of management cannot be divided, but shall be appropriated to activities defined in the Deed of Foundation
- is independent from party functions and
 - shall not provide financial aid to political parties,
 - shall not be involved in direct political activities.
 - The direct political activities are: party-political activities, allegation of county, metropolitan and municipal representatives and allegation of members of parliament.

The Foundation is open, with Hungarian, foreign, natural and legal affiliates if they accept the purpose of the Foundation and support the activities with their own assets, stock, shares, real estates, transfer of ownership or common rights.

VII. The Capital of the Foundation

The Founder consigned 1.000.000.000 HUF for the purposes of the Foundation justified by the financial institution.

The Board is the manager of the assets. The Board manages the utilization of the assets, in profitable undertakings serving the objects of the Foundation, with the smaller proportion of its actual assets to a maximum (50% to a maximum).

The Foundation provides financial support in accordance with the purposes of the Foundation. It can be given to organisations and natural and legal people through direct applications or observations if useful results are assured.

The actual assets of the Foundation are utilizable until the assets falls below 30% of the capital – below 300.000.000 HUF. Every natural and material allocation constitutes assets of the Foundation, based on the acceptance of the Board.

VIII. The Board

The Board, created by the Founder, is the asset manager and supreme decision maker. The Board was founded with 7 members, which the Founder expanded by another 2 members.

The Founder requests the chairperson and the members to serve for an indefinite period of time. The Founder is entitled, in justified cases, to implement changes to the number of the Board members. The Founder, in accordance with Article 74/C § (6) of the Civil Code, is entitled to repeal the Board or a member of the Board if it jeopardizes the Foundation's aims with its activity.

The chairman of the Board:

Name: Csányi Erika
Date of birth: Budapest, 1967.02.18.
Domicile: 1025 Budapest, Csatárka u 31/b.
ID Card Nr,: 554509 AA
Mother's name: Wágner Edit

The members of the Board:

Name: Csányi Péter
Date of birth: Budapest, 1984.11.14.
Domicile: 1125 Budapest, Kikelet u 50
ID Card Nr,: 1632992 AA
Mother's name: Bihari Judit

Name: Csányi Attila
Date of birth: Budapest, 1978.12.08.
Domicile: 1125 Budapest, Kikelet u 50
ID Card Nr,: 170225 AA
Mother's name: Bihari Judit

Name: Sztevanovity Zorán
Date of birth: Belgrád, 1942.03.04.
Domicile: 1026 Budapest, Nyúl u 18
ID Card Nr,: AJ 948364
Mother's name: Zemanovity Mária

Name: Pataki Ágnes
Date of birth: Budapest, 1951.09.05.
Domicile: 1052 Budapest, Váci u 10.
ID Card Nr,: 400338 CA
Mother's name: Korcsog Erzsébet

Name: Dr. Polony Istvánné Dr. Gödény Mária
Date of birth: Wolfsburg, 1945.09.01.
Domicile: 1037 Budapest, Táborhegyi út 7
ID Card Nr,: AF 935102
Mother's name: Lakatos Mária dr.

Name: John Charody
Date of birth: Budapest, 1927. 03.20.
Domicile: 1052 Budapest, Petőfi S. u. 7 II.em.3.
Passport Card Nr,: E 7045768
Mother's name: Köves Rozália

Name: Dr. Radoszáv Miklós
Date of birth: Battonya, 1959.08.11.
Domicile: 1067 Budapest Teréz krt.3.
ID Card Nr,: 445819 LA
Mother's name: Kimpán Kornélia

The Board holds its meetings as necessary but at least twice a year. The Board meetings must be called by the Chairperson in written form at least 8 days preceding the planned date of the meeting. In the invitation, the planned agenda, the place, and the date of the meeting must be announced. The meeting can be called on telephone, via fax, e-mail or mail. The meetings of the Board are public, but if the publicity offends personal rights then exclusive sittings may be ordered.

- The Board meeting with the members appointed in the Deed of Foundation has a quorum when, with or without the chairman, there are at least six members present.
- The consent of the simple majority of the members present is necessary for passing decisions.
- Persons with any family relationship with the Founder shall not be in majority by voting.
- In case of equal votes it is necessary to repeat the voting until a decision is made. An abstention is deemed a negative vote.
- A person cannot take part in a board resolution in attendance with Article 685 § b. of the Civil Code if he or a close relative or a spouse of his:
 - is realised from obligations or liabilities,

- or receives any benefit or otherwise interested in legal transaction.
- Minutes contain:
 - place and date of the meeting,
 - the quorum and the scope of the resolutions of the Board,
 - the number and the name of the members who vote for or against the proposal,
 - the name and the signature of every member of the Board present
- The chairman has to make the resolutions public and put them in written form on the Foundation's website and on a bulletin board placed in the office of the Foundation.
- The most important data and management of the Foundation shall be published in the national press.
- All documents that come into being in connection with the operation of the Foundation shall be accessible to anyone at the office of the Foundation by prior arrangement.
- In the interest of the reporting obligations, the Foundation edits a periodical and regularly releases coverage on its website about functioning, management and service.
- The Board ratifies and, if necessary, modifies the programme of the Foundation without offence against the rights of the Foundation
- The Board defines the rules of the procedures and approves the budget according to the guidelines for the operation of the Foundation.
- The Board may decide exclusively about the utilization of the assets of the Foundation.
- The Board informs the Founder every three months about its functioning, management and the utilization of assets.
- Wages to the members and the Chairman of the Board for the performance of their work shall not be provided but, upon the decision of the Board, they are entitled compensation covering such costs that are justified properly as required by the accounting rules.
- The Board shall decide:
 - the approval of the donations granted to the Foundation
 - the establishment of the guidelines for the operation of the Foundation and the tasks and the budget thereof
 - the approval of the budget and the strategic plan applicable for the next year

- the approval of the operation report and the public benefit report presented about the preceding year
- the approval of the rules of the Foundation
- the national press making the Foundation's data public (in accordance with measures)

The Chairman:

- is responsible for operating and managing the Board supported by the members
- exercises the employer powers
- is responsible for calling and holding the Board sittings
- is responsible for the execution of the strategic plan approved by the Board
- is responsible for preparing the draft of the budget in accordance with the measures
- is responsible for the accounting and for the implementation contained therein.

- The powers pertaining to the bank account of the Foundation may be exercised jointly with the signatures of the two Board members indicated on the bank registry slip
- The Board may authorize other members to jointly exercise the powers pertaining to the bank account.

- A Trustee represents the Board and the Foundation for an unlimited period of time
 - the Trustee's names are John Charody and dr. Radoszav Miklos
 - For representation, the trustee signs his name personally (on the given document before the hand-written or printed names of the Chairman and the two authorized members).
 - in case of his hindrance, other members of the Board (not in relation with the Trustee) are authorized with the joint exercising of the powers pertaining to the bank account. The powers are exercised via joint signature of the two authorized Board members (on the given document before the hand-written or printed names of the Chairman and the two authorized members).

- The Board appoints a Secretary for administrative, technical and certain coordination tasks. The Secretary
 - is not a legal person therefore cannot represent the Foundation and
 - works adequately to the Board's regulations promoting the accomplishment of the purposes of the Foundation in a general manner.

IX. Supervisory Board

The operation and the management of the Foundation are supervised by the Supervisory Board. The three members of the Supervisory Board are elected by the Founder for an indefinite period of time.

- The Supervisory Board shall seek information from the members of the Board about functioning and can examine the documents of the Foundation.
- The Supervisory Board holds its meetings as necessary but at least four times in a year before the Board meetings.
- The Supervisory Board meetings must be called by the Chairperson in written form at least 8 days preceding the planned date of the meeting.
 - The Superior Board decides its own agenda
 - In the invitation, the planned agenda, the place and the date of the meeting must be announced.
 - The meeting can be called on telephone, via fax, e-mail or mail.
 - Unanimous votes by the three members are necessary for passing decisions
 - The Supervisory Board is liable to examine (before the Board's decisions) the documents and the annual report, otherwise the Board cannot make a decision
 - is responsible for the presentation of the proposal regarding the activity of the Foundation planned to be performed in the forthcoming year.
- The Supervisory Board is liable to inform and call the Board together in case of an infringement of the law or collision with the interests of the Foundation.
- The Board's decision is demanded to obviate the effects. In this case the Board has to hold a sitting within 30 days. If it does not happen within 30 days, the Supervisory Board is liable to call the Board together. The prosecutor must be informed immediately by the Superior Board to relieve or obviate the effects.

- Wages to the members of the Supervisory Board for the performance of their work shall not be provided but they are entitled to compensation for costs that are justified properly as required by the accounting rules.

The three members of the Superior Board elected by the Founder are the following:

Name: Garancsi István
Date of Birth: Mátészalka, 1965.11.30.
Domicile: 1064 Budapest, Izabella u 65
IC Card Nr.: 066017 DA
Mother's name: Vadász Zsófia

Name: Dr. Ádámosi György
Date of Birth: Budapest, 1942.03.15.
Domicile: 1025 Budapest, Zöldkő u 2
IC Card Nr.: AH 415121
Mother's name: Deák Katalin

Name: Dr. Szűcs Ernő Péter
Date of Birth: Székesfehérvár, 1966.11.02.
Domicile: 6500 Baja, Szent I.u. 76
IC Card Nr.: 422939 DA
Mother's name: Madarász Edit Anna

X. Rules of Conflict of Interest

In accordance with Article 685 § b. of the Civil Code, a person may not take part in a Board resolution if, by virtue of such resolution, he or a close relative or spouse of his:

- is released from obligations or liabilities
- or receives any benefit or otherwise from the legal transaction.

In accordance with Act CLVI of 1997 Article 8§ (1) matters are not regarded as benefits.

In accordance with Act CLVI of 1997 Article 8§ (2) is not allowed to be chairman, member or accountant of the Supervisory Board who:

- is the chairman or the member of the Board
- is being employed by the organisation
- is entitled to get paid grants from the public benefit organisation – expect non-pecuniary services which may be used by anyone without restriction, and if this person gets paid a grant or grants by virtue of his/her membership in this organisation
- are relatives of the person determined in the points above.

In accordance with Act CLVI of 1997 Article 9§ /1-2, a person who has been in a management position for at least one year within two years prior to the dissolution of a public benefit organisation, which has left any public dept. according to the Act, shall not be allowed to take office in a management position of another public benefit organisation for two years following the aforementioned dissolution. An executive officer, or a person nominated as such, shall be required to notify all public benefit organisations in advance if he is employed in the same position at another public benefit organisation at the same time.

The members of the Board and the members of the Supervisory Board are liable

- to make a statement about the acceptance of their position
- to make a statement about the acceptance of the Rules of the Conflict of Interest

XI. Rules of the Report

The Foundation is liable to prepare a report on public benefit activities simultaneously upon approval of the annual report.

The approval of the public benefit report belongs to the executive power of the Board. The public benefit report contains:

- accounting statement (except depositing and disclosure of accountancy rules)
- use of support from the state budget
- report on the use of assets
- report on the paid grants
- report on the support from the state budget and from the governmental organisations
- report on the allowance for the officials
- report on the public benefit activities.

The public benefit report

- is accessible to everyone
- copies can be made at the expense of those wishing to view it.

The Foundation makes the most important data (in connection with the operation, husbanding and activities) public in a national press chosen by the Board.

XII. The general rules of management

- The Foundation is liable to utilize its income and assets for the accomplishment of purposes described in the Deed of Foundation.
- The Foundation is authorized to perform its business activity only to an extent of 50% of its assets
- The performance budget allows for normative expected support. The Foundation may obtain support based on a written contract. The contract shall contain the condition and manner of accounting.
- The maintenance opportunities
 - shall be posted in the office

- shall be made public on the Foundation's website
- must be advertised publicly including
 - the conditions
 - the level of benefit obtained
 - the manner and terms of evaluation
 - deadlines for submission and assessment
- must be applied for
- are judged by experts upon request of the Board
- The rules and regulations concerning the tenders and maintenance are written in the Foundation's Inner Rules of Procedure
- In accordance with the 18§ of the KHTV (law upon non-profit benefit organisations) the records of the incomes and expenses must be kept separately
- The Board is liable to prepare an annual report
- The approval of the annual report happens on the Board sitting
- In case of the Founder's presence on the Board sittings, his opinions and judgements must be registered in the Minutes
- Expenses are covered from the Foundation's assets if they arise validly in the interest of realising the Foundation's aims

XIII. Rules of the public fundraising

- The fundraising
 - may not entail the donators' harassment and the violation of their personal rights
 - happens based on the public benefit organisation's written authorisation
- The donations must be recorded based on their current value or, in the absence of this, on the usual market price

XIV. Other provisions

- The Foundation is established for an indefinite period of time
- The Foundation is established when it has been registered by the Court stipulated in 74§ (2) of the Civil Code
- The Founder may not annul the Foundation but in justified cases the Founder may modify the Deed of Foundation (except name, purpose and assets of the Foundation)
- The Foundation is terminated by the cancellation of its registration stipulated in 74§ (5) of the Civil Code
- The Foundation has legal personality
- The public prosecution practises legal supervision of the Foundation's operation
- In case of matters not covered in the Deed of Foundation
 - the Civil Code
 - the KHTV – law upon non-profit benefit organisations
 - the Foundation's Inner Rules of Procedures and
 - other relevant measures shall be applied for the Foundation

Budapest, 2010. december 06.

Dr. Csányi Sándor
the Founder

I accept the delegation of the founder in case of permanent and definite incapacity or death:

Csányi Erika

Countersigned:

Dr. Csigó Csaba

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Foundation for Public Benefit

2010.