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REPORT ON THE STATE OF SLOVAK FOUNDATIONS

2004 Data Analysis

Slovak Donors' Forum, October 2005

Report on the state of Slovak foundations for 2004 (hereinafter referred to as “Report”) tries to provide objective, transparent and relevant information on the state and composition of Slovak foundation sector in 2004.

Focus of the analysis

The analysis focuses on foundations and their activities in the framework of non-government non-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, which took effect on 1st March 2002. The foundation is established by the day of its registration in the Register of Foundations administered by the Slovak Ministry of Interior. The Register of Foundations is a public list that contains all statutory information concerning foundations. The Law on Foundations also obliges the foundations to work out the annual report within a period decided by the Board of Directors or the foundation deed, however, not later than by 15th May of the next calendar year.

Report on the state of Slovak foundations for 2004 was carried out on the basis of data recorded in **the Register of Foundations** administered by the Slovak Ministry of Interior (it is available at www.civil.gov.sk) as well as data stated in foundations’ **annual reports for 2004** delivered to Slovak Ministry of Interior in statutory term. As of 31st December 2004, the Register of Foundations included 297 foundations; three of them were in liquidation. Therefore, the analysis focused on 294 foundations recorded in the Register of Foundations and 253 annual reports delivered to the Slovak Ministry of Interior. All data used in the analysis were drawn from these sources.

Areas under the focus

Report evaluates the following data on Slovak foundation sector for 2004:

- I. Specific Data on Foundations
 - I. 1. Categorization
 - I. 2. Incomes
 - I. 3. Expenses
 - I. 4. Establishment
- II. Registered Foundations’ Endowment
- III. Data on Grants Awarded
- IV. Areas of Support and Interests
- V. Regional Distribution of the Support

With the aim to examine the areas under the survey in more detail, the analysed data were divided and subsequently analysed according to the following criteria:

A. Type of the foundation

B. Fulfilment of foundations’ mission (in 2004)

A. Type of the foundation

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

Category “Other foundations” includes foundations founded by a legal entity established for other than business purpose (**corporate foundations**) and foundations without particularity 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 institutions of public administration
- 3.5. Independent foundations – foundations working individually and independently of other institutions
- 3.6. Other foundations


However, given the incompleteness of published data, the categorization of “other foundations” into defined sub-categories is very difficult and inaccurate, and therefore we have decided not to further divide this category.

B. Fulfilment of foundations' mission (in 2004)

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

The foundation can fulfil its mission either by implementation of programmes and projects of its own (**operating foundations**) or by allocation of funds to third parties (**grant-making foundations**). In case that the foundation did not carry out any activity in 2004, it is included in the group of **passive foundations**. The foundation that implemented own programmes or had own grant-making system is included in the group of **grant-making foundations**.

BASIC INFORMATION

-  **In 2004, 86% of foundations satisfied the statutory obligation to deliver annual reports to the Slovak Ministry of Interior.**

On the basis of analysed data we can state that the quality of making the data available is very diverse. Foundations should inform more openly about their mission and specialization and publish also basic information such as the compliance to the Code of Ethics or implementation of Conflict of Interest Policy.

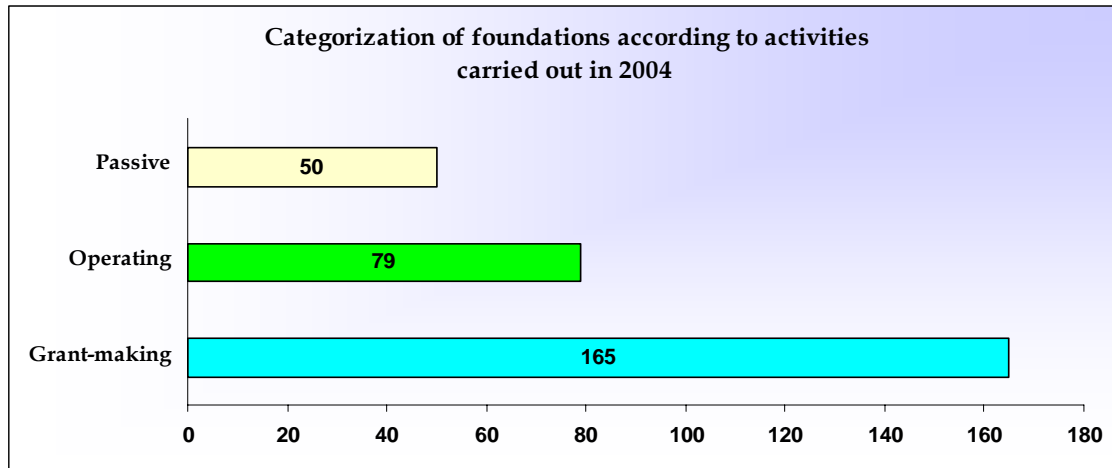
I. SPECIFIC DATA ON FOUNDATIONS

- I. 1. CATEGORIZATION
- I. 2. INCOMES
- I. 3. EXPENSES
- I. 4. ESTABLISHMENT

I. 1. CATEGORIZATION

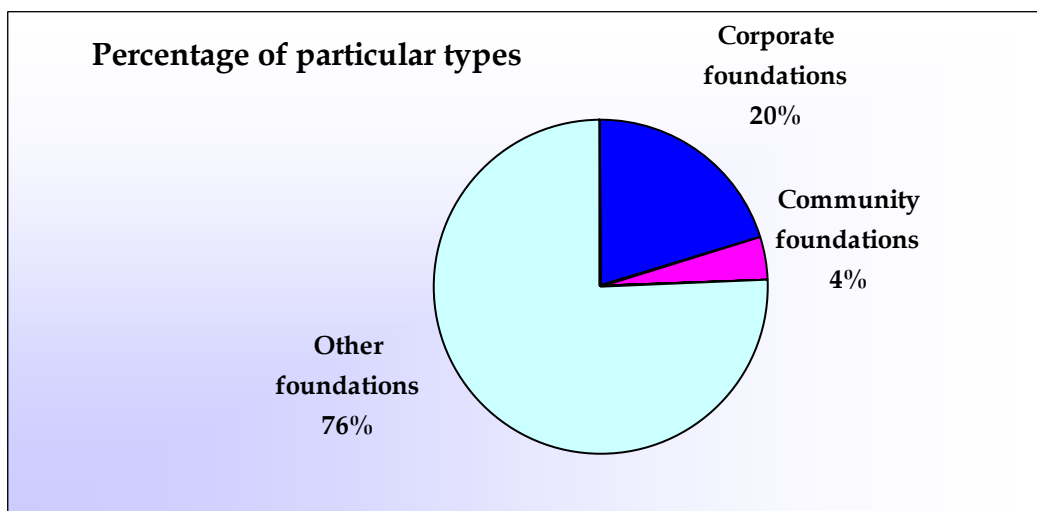
The way in which foundations fulfil their mission, i.e. whether they carry out grant-making activities, implement own programmes or are passive, depends on the volume of funds raised from both internal and external resources. Foundations incomes present an inconstant quantity that is influenced by different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

Based on data available for 2004, the foundations can be divided according to the way in which they fulfil their mission as follows:



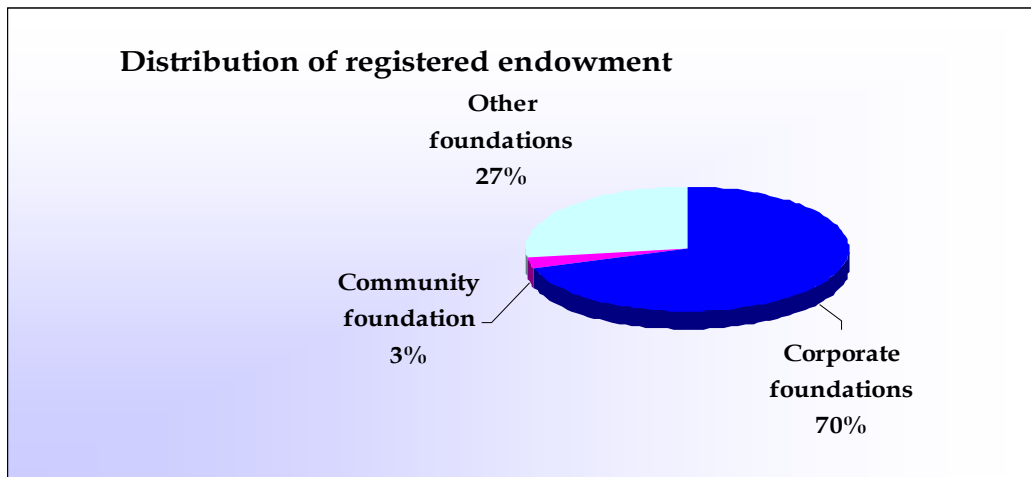
Graph 1. Source: Register of Foundations and annual reports, N = 294.

As of 31st December 2004, the Register of Foundations included 60 corporate foundations, 12 community foundations, and 222 other foundations. Graph 2 illustrates the participation of individual types of foundations in foundation sector as a whole.



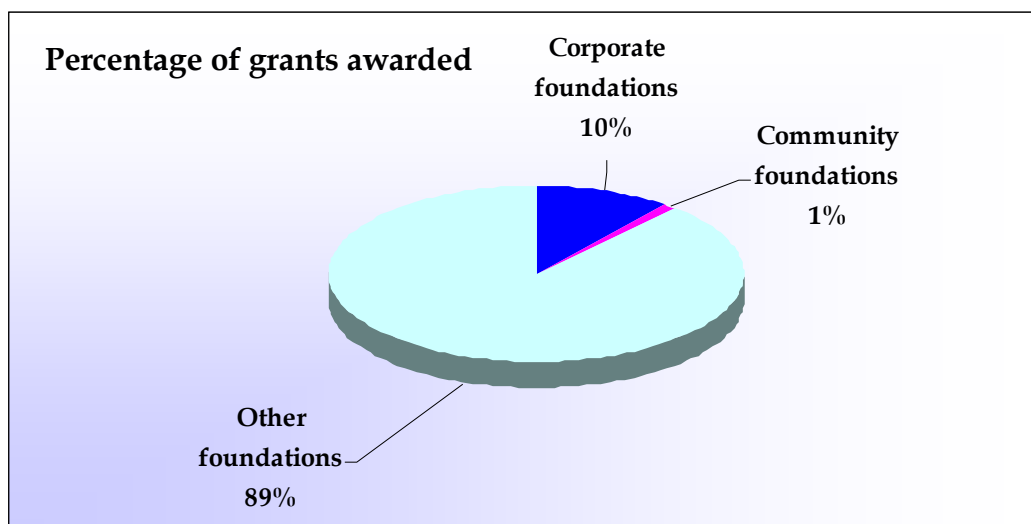
Graph 2. Source: Register of Foundations, N = 294.

Although corporate foundations represent only 20% of a foundation sector, their registered endowment presents 70% of a total volume of registered foundation endowment (see Graph 3).



Graph 3. Source: Register of Foundations, N = 294.

In order to provide a complete picture of corporate foundations in 2004, we put the previous two data into relation with the volume of grants awarded in 2004. In spite of the fact that 70% of registered endowment concentrated in corporate foundations in 2004, corporate foundations awarded only 10% of all grants.

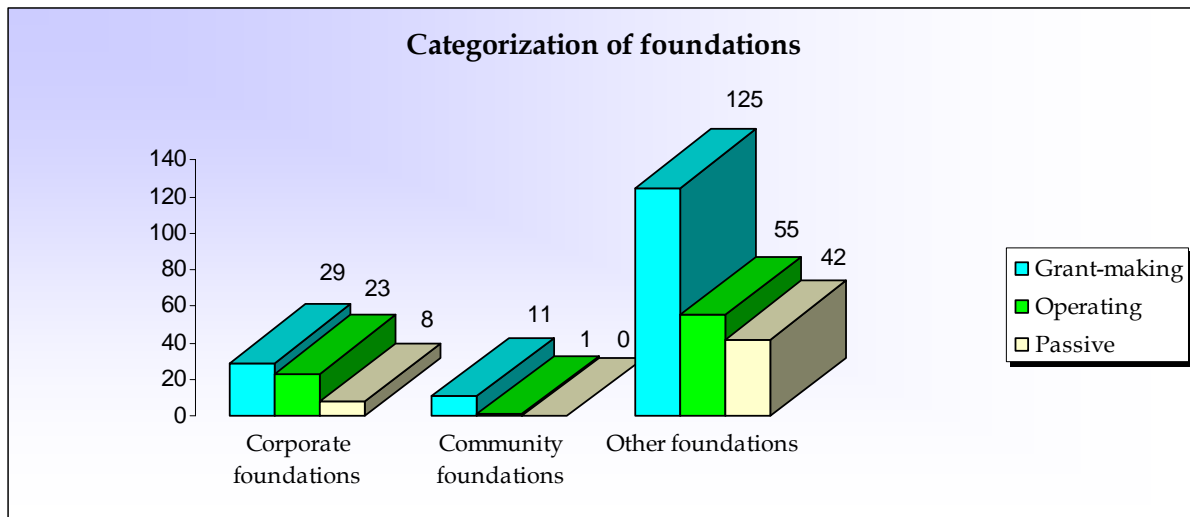


Graph 4. Source: Register of Foundations and annual reports, N = 294.

Data for 2004 can be transparently arranged into the following table and graph that quantify foundations according to the two defined criteria.

	Total	Grant-making	Operating	Passive
Corporate foundations	60	29	23	8
Community foundations	12	11	1	0
Other foundations	222	125	55	42

Tab. 1. Source: Register of Foundations and annual reports, N = 294.



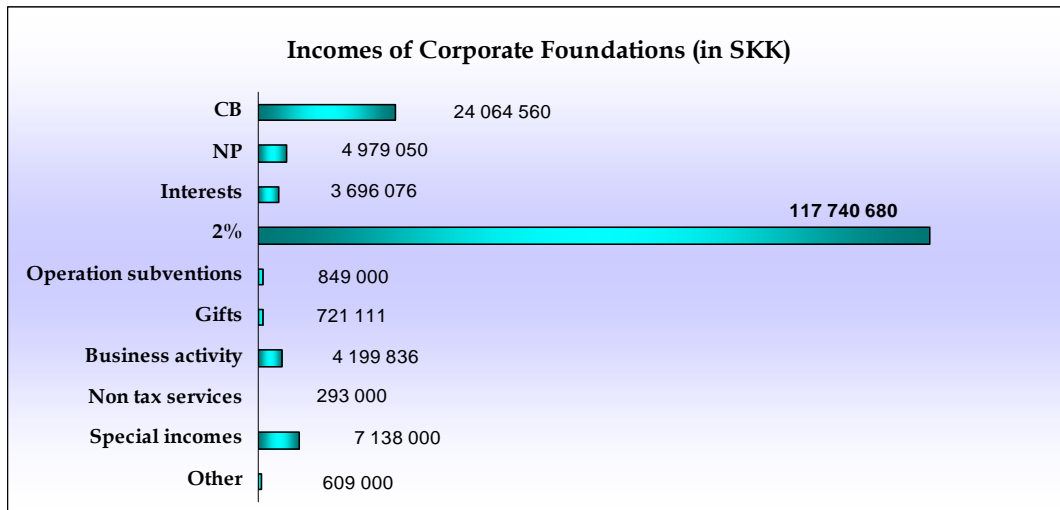
Graph 5. Source: Register of Foundations and annual reports, N = 294.

I. 2. INCOMES

✚ **Incomes of Slovak foundations in 2004 amounted to SKK 1,079,052,565.**

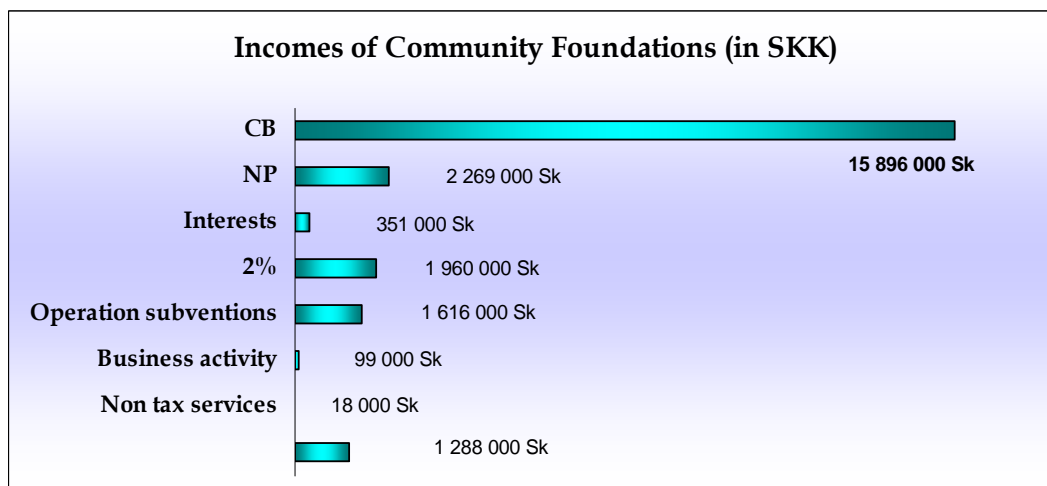
While corporate foundations abroad create an integral part of foundation sector for a long period, in Slovakia they can be considered a phenomenon of last few years since they started to be established after 1993. Considerable increase in the number of corporate foundations was observed in the years 2002, 2003 and 2004. This was caused by many factors. Based on the incomes of corporate foundations in 2004, one of these factors could also be the introduction of the mechanism of the assignation of 2% income tax of both legal bodies and natural persons. In 2004, incomes from 2% tax assignation presented 71.7% of corporate foundations' overall incomes. However, in order to have the full and objective picture it is necessary to say that data are distorted by incomes of SPP Foundation that received a total amount of SKK 109,701,000 due to the mechanism of 2% tax assignation in 2004.

Graph 6 provides more detailed information on corporate foundations' income in 2004.

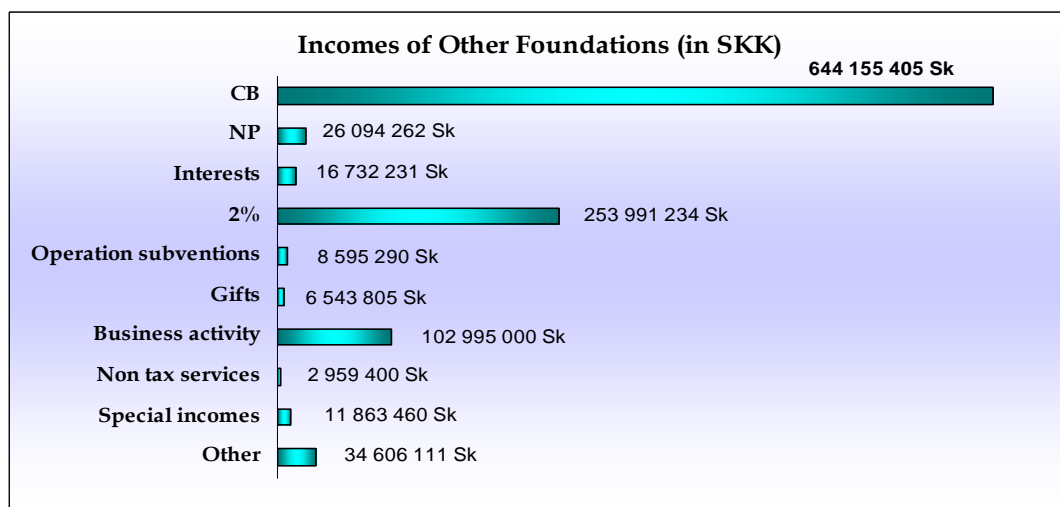


Graph 6. Source: Register of Foundations and annual reports, N = 294.

In order to have the full picture we also state data on incomes of community foundations (see Graph 7) and other foundations (see Graph 8) in 2004.



Graph 7. Source: Register of Foundations and annual reports, N = 294.



Graph 8. Source: Register of Foundations and annual reports, N = 294.

I. 3. EXPENSES

✚ In 2004, foundations' expenses presented SKK 1,045,062,015.

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

- **own activities** that include expenses for own programmes and expenses for administration of the foundation
- **grant-making activities** – allocation of funds to third parties

Share of these activities on foundations' expenses in 2004 was as follows:

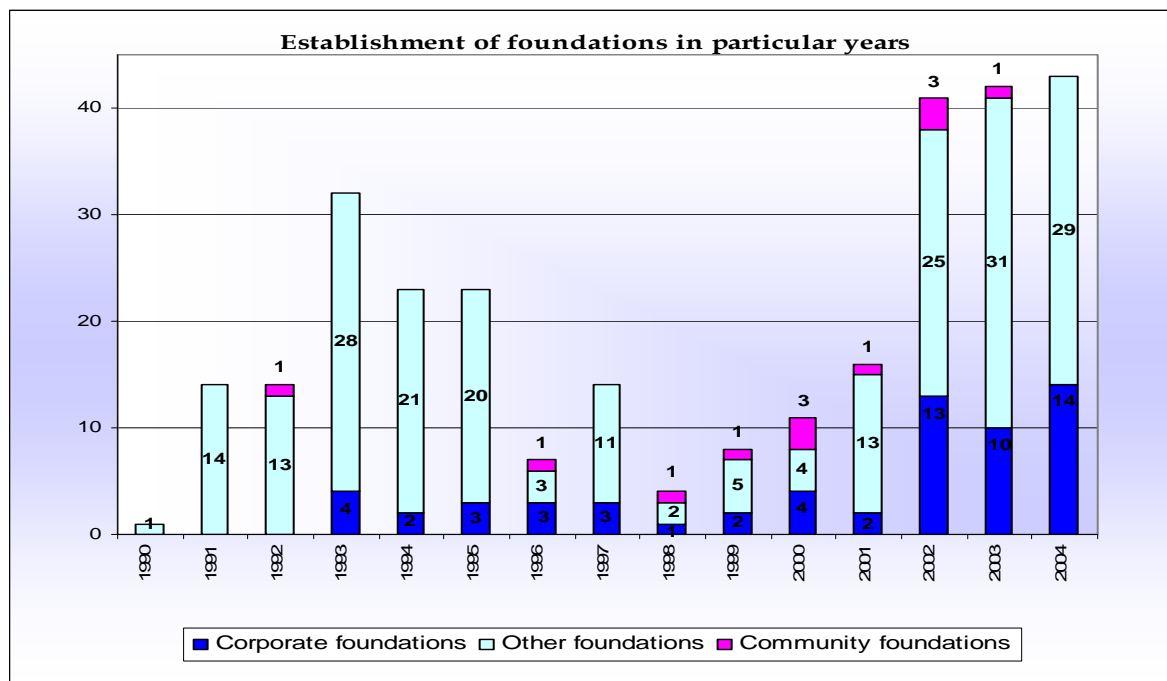
	Own activity	Grant-making activity
Corporate foundations	20%	80%
Community foundations	60%	40%
Other foundations	43%	57%

Tab. 2. Source: Register of Foundations and annual reports, N = 294.

I. 4. ESTABLISHMENT

Since data on fulfilment of foundations' missions are not related to the date of foundation's establishment and differ year by year, we have examined the establishment of foundations in individual years primarily according to the type of a foundation.

In the years 2002, 2003 and 2004 we could observe an above-average increase in the number of registered foundations (see Graph 9). The figures for 2002 are partially influenced by the change in legislation and the obligation to register foundations again in compliance with the amendment to the Law on Foundations that took effect on 1st March 2002. In 2003 and 2004, the interest in registration of foundations could also be influenced by the introduction of a mechanism of 2% tax assignation. We suggest that the mechanism of 2% tax assignation also influences increased interest in establishment of corporate foundations.



Graph 9. Source: Register of Foundations, N = 294.

II. REGISTERED FOUNDATIONS' ENDOWMENT

Registered endowment is foundation's asset registered in the Register of Foundations. The value of a basic endowment must be at least SKK 200,000, and it must include only financial means and estates. Provided that the value 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 registered endowment cannot be decreased.

- ✚ As of 31st December 2004, registered endowment of Slovak foundations amounted to SKK 307,675,792.
- ✚ Eighty-three percent of all foundations registered in the Register of Foundations dispose of the endowment in a statutory amount, i.e. SKK 200,000.
- ✚ Slovenska sporitelna Foundation has the largest amount of registered endowment, namely SKK 200,000,000.
- ✚ An average amount of the registered endowment presents SKK 1,046,516.

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

Registered endowment in total	307,675,792 SKK	100%
Corporate foundations	214,096,543 SKK	70%
Community foundations	10,056,900 SKK	3%
Other	83,522,349 SKK	27%

Tab. 3. Source: Foundations Register, N = 294.

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

Registered endowment in total	307,675,792 SKK	100%
Grant-making foundations	76,408,508 SKK	25%
Operating foundations	217,084,010 SKK	70%
Passive foundations	14,183,274 SKK	5%

Tab. 4. Source: Register of Foundations, N = 294.

III. DATA ON GRANTS AWARDED

- ✚ In 2004, grant-making foundations awarded the third parties a total amount of SKK 609,910,638.
- ✚ Grant-making and operating foundations implemented own programmes in a total amount of SKK 434,728,800.
- ✚ In 2004, TOP 10 of foundations allocated funds in the amount that presented 71.54% of a total amount of grants awarded.

	Amount of grants 2004 (in SKK)	Own activity * (in SKK)
Grant-making foundations	609,910,638	398,441,488
Operating foundations	--	36,287,312
TOTAL	609,910,638	434,728,800

Tab. 5. Source: Annual reports, N = 253.

* Own activities of the foundation include own programmes and administration expenses.

The following table presents TOP 10 of the largest Slovak foundations in 2004 according to the volume of grants awarded. The list is supplemented with data on the volume of funds invested into own programmes.

	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 of Pázmány Péter Alapítvány	Galanta	192,471,000	7,923,000	200 394 000	31.6%
2.	Foundation for the University of Ján Sely	Komárno	49,000,000	65,696,000	114 696 000	8.03%
3.	Open Society Foundation (NOS-OSF)	Bratislava	46,787,000	40,914,000	87 701 000	7.67%
4.	Foundation of SPP	Bratislava	39,560,000	6,595,000	46 155 000	6.49%
5.	Civil Society Development Foundation	Bratislava	24,614,000	5,920,000	30 534 000	4.04%
6.	Carpathian Foundation	Košice	22,647,000	14,484,000	37 131 000	3.71%
7.	SOCIA - Foundation for the Support of Social Changes	Bratislava	17,527,000	3,861,000	21 388 000	2.87%
8.	Pontis Foundation	Bratislava	14,698,000	10,874,000	25 572 000	2.41%
9.	Ekopolis Foundation	B. Bystrica	14,516,967	2 428 855	16 945 822	2.38%
10.	Children of Slovakia Foundation	Bratislava	14,261,000	12 621 000	26 882 000	2.34%
	TOTAL		436,081,967	171 316 855	607 398 822	71.54%

Tab. 6. Source: Annual reports, N = 253.

According to the type of a foundation we can arrange the data for 2004 into the following lists of the largest and the smallest grant-making foundations:

Corporate foundations	SPP Foundation	39 560 000 SKK
	Foundation - Gift to the health	4 000 SKK
Community foundations	Community foundation Bratislava	2 989 000 SKK
	Community foundation Veľký Šariš	22 000 SKK
Other foundations	Foundation Pázmány Péter Alapítvány	192 471 000 SKK
	Foundation Good Roma fairy Kesaj	2 000 SKK

IV. AREAS OF SUPPORT AND INTERESTS

✚ **The largest support is directed to the area of education.**

- As much as 113 grant-making foundations and 48 operating foundations declared their interest in support of educational activities.
- On the basis of the classification according to the type of a foundation it presents 5 community foundations, 45 corporate foundations and 140 other foundations.

✚ **On the contrary, the smallest support is directed to the area of international activities.**

Composition of a transparent list of areas supported by Slovak foundations has been complicated by the fact that individual foundations use different categorisation of supported areas. For this reason, we have decided to use a common International classification of NGOs (ICNPO) created by the Centre for Civil Society Studies at John Hopkins' University.

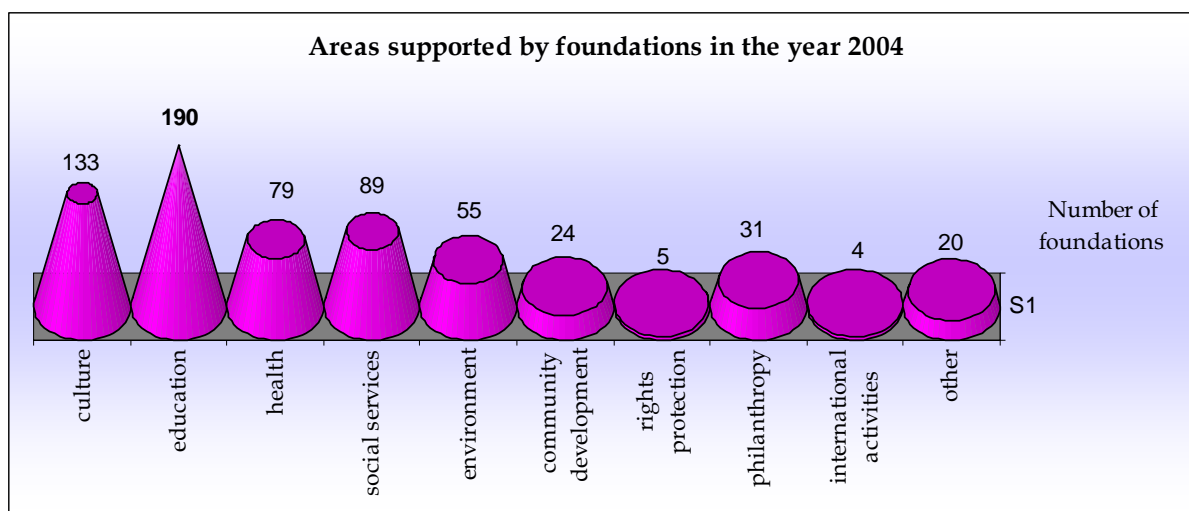
ICNPO classification is intended for NGOs and includes 12 main categories:

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 include in first 11 categories

Data published in annual reports were classified in accordance with the above-mentioned classification. The category No. 12 includes activities such as establishment of specific foundation's 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 could state several areas of their interests and support.

The following graph illustrates division of Slovak foundation sector interests in 2004.



Graph 10. Source: Register of Foundations, N = 294.

V. REGIONAL DISTRIBUTION OF THE SUPPORT

When carrying out the Report, we have examined regional distribution of foundations' headquarters as well.

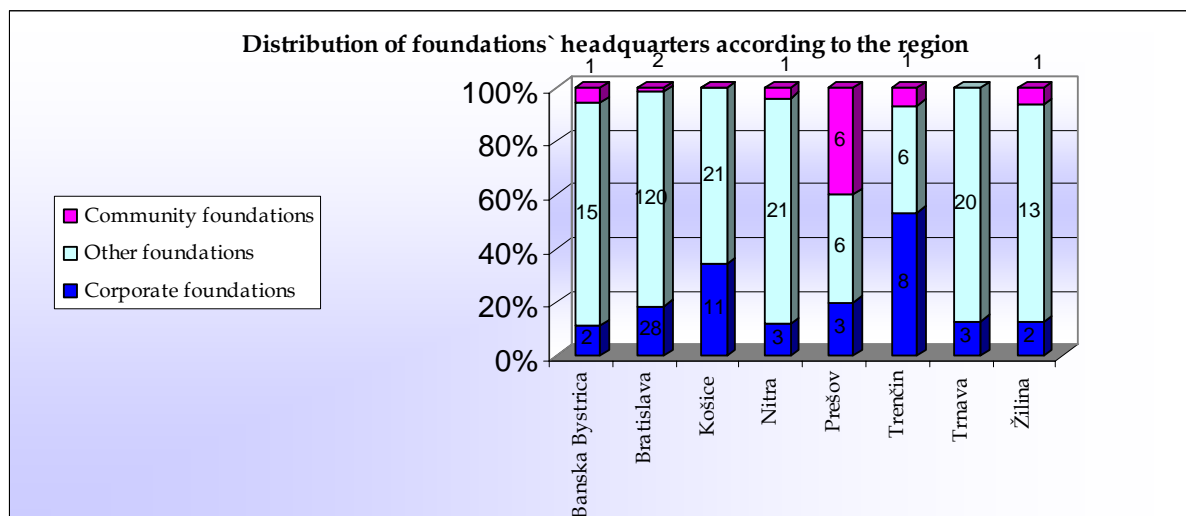
✚ The region of Bratislava takes first place in several categories. In the region of Bratislava, 51% of all foundations; 68% of passive foundations; 48% of grant-making foundations; 45% of operating foundations; 46.7% of corporate foundations, and 54% of other foundations are located.

✚ Fifty percent of all community foundations are based in the region of Prešov.

	Number of inhabitants	Total	Corporate	Community	Other	Grant-making	Operating	Passive
Region of Banská Bystrica	662,121	18	2	1	15	13	3	2
Region of Bratislava	599,015	150	28	2	120	80	36	34
Region of Košice	766,012	32	11	0	21	18	10	4
Region of Nitra	713,422	25	3	1	21	15	9	1
Region of Prešov	789,968	15	3	6	6	11	3	1
Region of Trenčín	605,582	15	8	1	6	7	5	3
Region of Trnava	551,003	23	3	0	20	9	9	5
Region of Žilina	692,332	16	2	1	13	12	4	0
TOTAL	5,379,455	294	60	12	222	165	79	50

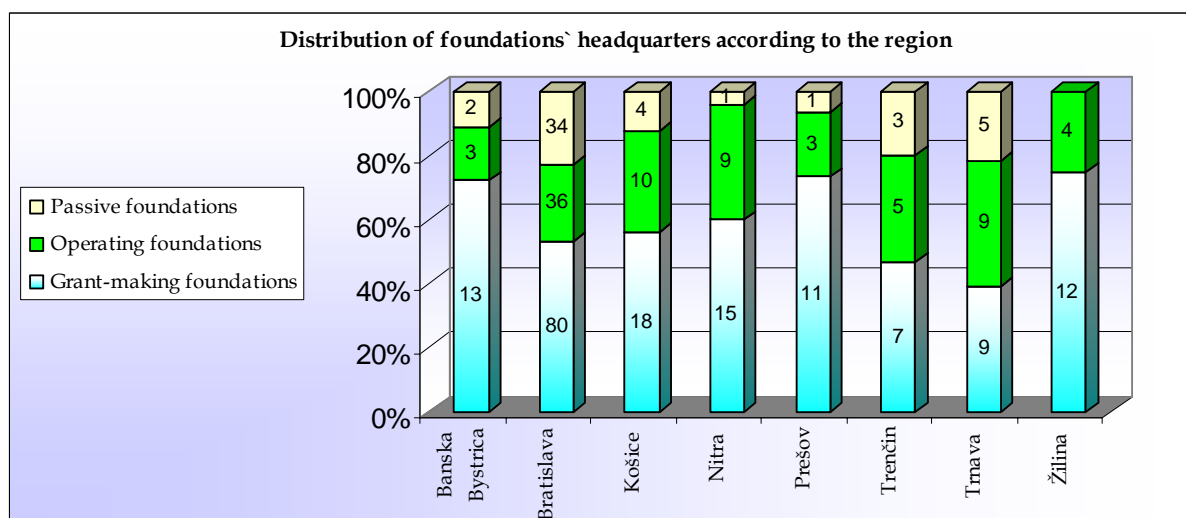
Tab. 7. Source: Register of Foundations and annual reports, N = 294.

Distribution of foundations' headquarters according to the type of a foundation:



Graph 11. Source: Register of Foundations, N = 294.

Distribution of foundations' headquarters according to the way in which they fulfil their mission in particular region:



Graph 12. Source: Register of Foundations and annual reports, N = 294.

The following table offers a short overview of the distribution of foundations' headquarters as well as of the regional orientation of their support according to data published in foundations' annual reports. Annual reports of more than 52.7% of foundations do not include information on regional orientation of the support.

	Number of inhabitants	Foundations' headquarters	Field of foundations' activities
Region of Banska Bystrica	662,121	18	5
Region of Bratislava	599,015	150	12
Region of Košice	766,012	32	9
Region of Nitra	713,422	25	8
Region of Prešov	789,968	15	10
Region of Trenčín	605,582	15	3
Region of Trnava	551,003	23	4
Region of Žilina	692,332	16	6
Southern Slovakia			1
Carpathian Euro-region			1
Eastern Slovakia			3
SR			99
Not specified			133

Tab. 8. Source: Register of Foundations, N = 294.