

date of meeting	24 th of May 2022 between 13 h– 15 h
location	Kecskemét
subject	Board of Trustees Meeting
participants	Ágnes Simonyi (online), Anna Ungár (online), Andrea Duca (online), AloTammsalu, Gábor Balás, Gergely Kiss, Péter Szalay, Krisztina Vámosi, Krisztina Kindla, Léna Szilvási, Ágnes Romet-Balla, Szabolcs Pechan, Timea Lovig, Róbert Dezső (online), Éva Gyöngyösy, Sára Nemoda
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Agenda points:

1. **Welcome and introduction to the agenda**
2. **Update on our newly established Emergency Response Program – Dilemma on spending out of the budget framework to pre-finance the program (10 minutes)**
 Presenter: Szabolcs Pechan (YC&FSD), Gergely Kiss (ND)
 Participants: NMT members
3. **Current development regarding property sales (10 minutes)**
 Presenter: Szabolcs Pechan (YC&FSD), Gergely Kiss (ND)
 Participants: NMT members
4. **Approval of the internal regulation “A01 Rules of Organization and Operation” and “A02 Authorisations, signatory rights and deputations” (30 minutes)**
 Presenter: Gergely Kiss (ND)
5. **Report on the findings of the Supervisory Board about the activities of SOS HU in 2021 to the Board of Trustees (15 minutes)**
 Presenter: Dr. Róbert Dezső (Chairman of the Supervisory Board)
6. **Auditor's report for 2021 (15 minutes)**
 Presenter: Representatives of the Auditor (ASJ Audit Kft.)
 Invited: Krisztina Vámosi (F&OD)
7. **Approval of the audited Annual Financial Statement for the financial year 2021 (10 minutes)**
 Presenter: Gergely Kiss (ND)
8. **Decision about the auditor company for next year's audit (10 minutes)**
 Presenter: Krisztina Vámosi (F&OD)
9. **Others, upcoming events (10 minutes)**
 Presenters: NMT members

1. Welcome and introduction to the agenda

Gábor Balás greeted the participants and asked them to vote for the agenda. They accepted the agenda.

Anna Ungár and Péter Szalay are volunteer to sign the Memo when it will be ready.

Gábor Balás asked the online participants if they could stay by the end, insuring the quorum of the Board Meeting. Adjusting the order of the topics to this aim, the meeting continued with topic number 3.

3. Current development regarding property sales (Szabolcs Pechan, Gergely Kiss)

"The Foundation had been grappling with the sales process of Kőszeg CV for more than 10 years" - started his presentation Szabolcs Pechan - who projected the map of the village to make clear the difficulties to deal with the sales of this big territory in the middle family houses and other community event buildings. For better sales opportunities serious construction works would be needed which would not fit in our profile. Cooperating closely with the municipality and deciding on what level do we need to maintain the condition of the buildings (ex. roof) are our other challenges. As a first step, we sold the 4 smaller territories (right hand side of the map) to a local entrepreneur at the end of 2018. He paid the price we asked for in several instalments in 2 years, and he has already started constructions. With the support of the Mayor in Kőszeg, who at the beginning of 2021 linked us to a company called Cayenne Investments Ltd. finally we found a serious buyer for the remaining part of the property. (the whole Children's Village). The former buyer of the four separated plots also expressed its interests so we organized a bidding process (with the help of our legal advisor). Cayenne Investments Ltd. won the sales tender with 501 million HUF. After prolonged legal consultation, we could sign the contract on the 2nd of March 2022. The buyer should have paid until 1 April (from which HUF 75 million is the deposit). Unfortunately it did not happen. We had to offer a new deadline, when the delay reached 30 days. Since it passed without the buyer transferring the money determined in the contract, we withdrew from it.

There are two possibilities to continue the sales process:

1. There are few new inquirers about the possibility to buy the territory. We can contact all the applicants who showed any interest for buying the CV. We present the best offer to the Board of Trustees.
2. The runner-up of the last year tender is open to buy the CV on a lower price (HUF 460 000 000) we can start the contracting process with him.

This is where we are now." Then he passed the word to Gergely Kiss. "It is a sad story. Szabolcs worked the most on that project, the pro-bono lawyer and myself were involved a lot as well. The question is to go back to the previous sales process, or to start a new one. To start a new one would most probably be a protracted process, but surely more profitable. Not easy to accept the result of this sales process, but in one hand, it is nice to hear that there are already other inquiries; on the other hand, our results of 2020 and 2021 showed that we have our financial balance. Nothing urges us.

"Any question or comment?" asked Gábor Balás. "Anna, do you have any comment as property investment expert?" Anna Ungár suggested advertising not only on local but on Austrian property market as well, using international database. She recommended using a design engineer office creating possible design plan for nursing home, residential complex etc. to have an attractive advertisement. Szabolcs Pechan added, that there are already a few design plans that he will share with Anna Ungár. "Thank You for comments. If there are, no more questions let us continue with topic number 4" told Gábor Balás. Szabolcs Pechan left the meeting at this point, as he had no more topic to present.

4. Approval of the internal regulation "A01 Rules of Organization and Operation" and "A02 Authorisations, signatory rights and deputations" (Gergely Kiss)

Gergely Kiss started his presentation by presenting the existing organigram. Traditionally the amendment of the Rules of Organization and Operation used to happen once a year in our November Board of Trustees meeting. However, we have several reasons to administer changes in our Organigram in the middle of the year this time.

As the result of the unfolding crisis in Ukraine and the international funding available SOS Hungary got involved in the emergency response to the refugee situation. Although we are working together with implementing partners, still, we have to build up our own organisational capacity to run the program. Using this opportunity, we would like to administer other necessary modifications to the organisational structure as well. We consulted with Gábor Balás together when due to the Ukraine situation, we needed to react urgently whether wait for the Board

Meeting in May or not. We decided to take the risk to be able to find the best expert for our Foundation as soon as possible. There were also a few HR and operational challenges that needed to be solved quickly.

- **Establishing the project team for the Emergency Response Program**

The *Emergency Response Program Director* will be the member of the management team. (To put the necessary emphasis on the role and to ensure that the ERP becomes the organic part of our operation). A 3-member project team will help the work of the director. Their task will be the administration of the project, the cooperation with the implementing partners and the quality management of the service provided to the beneficiaries.

- **Separation of the finance and operation functions**

Instead of having *Finance & Operation Managers* who are responsible for a certain location or facility, we are creating the position of *Finance Manager* who is responsible for the budgets of all the programs and facilities of SOS Hungary (except the National Office) and the position of *Operational Manager* who is responsible for the maintenance of properties in every location. The Op. Manager also looks after construction projects, telecommunication, car fleet etc. The reason behind the idea is to strengthen functional setup (instead of location-based approach) and to bring in the expertise needed.

- **Changes in the setup of the National Foster Care Network**

We would like to merge the Foster Family Care Director (FCD) and Deputy Director FFC positions, in order to have more integrated leadership in the nationwide foster care network. We created the Deputy Director FFC position two years ago in order to support the director and let him/her concentrate on managerial tasks, instead of fieldwork. In the last half year, the Director position was vacant and our recruitment efforts were unsuccessful. During that time, the deputy director acted as a substitute, which showed that the two merged positions could work smoothly and effectively. In the same time, we would like to strengthen the leadership role of the Lead Foster Family Care Counsellors and we would like to create a new leadership position, Lead Psychologist who will also support the Director.

Regarding the internal regulation "A02 Authorisations, signatory rights and deputations", it means that the Emergency Response Program Director and the Operational Manager will receive certain authorisation and signatory rights in line with the rights of similar positions.

We believe that the proposed changes will help SOS Hungary to properly address the organisational challenges ahead and proceed with the implementation of the Reinforced Sustainability Strategy in the coming period.

We also needed to recruit an **online content creator for FR team** in the person of an outside contractual partner, a young tiktok expert colleague.

Proposed resolution:

The Board of Trustees approves the proposed amendments of the internal regulations A01 Rules of Organization and Operation" and "A02 Authorisations, signatory rights and deputations" according to the attached documents.

Gábor Balás asked the Board members to vote on the organigram and proposed resolution presented and sent before the meeting. The Board unanimously accepted it.

2. Update on our newly established Emergency Response Program – Dilemma on spending out of the budget framework to pre-finance the program (Gergely Kiss)

Gergely Kiss started his presentation thanking the work of the new Emergency Response Program Director, also thanking the commitment of Léna Szilvási and Edit Köles, who put huge energy when starting this new activity. He gave information regarding the **actions already started:**

Mapping partners, authorities, Building up ERP team, Conversation with GSC and PSA on funding. Also presented short, middle and long-term initiatives.

He shared that the Emergency Response Program will be financed from different sources: Canadian Public Fund, SOS International Fund, and SOS HU Crisis Fund.

Presented the great result of HU FR campaign activities: 24 m HUF has been collected so far.

Ágnes Romet-Balla added at this point, that this huge amount is a result of a 1,5 week campaign, which was cancelled after that short period because of 2 reasons. First: we did not want that this Ukrainian

Aid Campaign obscures our general campaign, which supports our usual activities. Second: within the frame of our usual transparency and ethic attitude we wanted to spend this amount really on Ukrainian families, and having no capacity to do this, we wanted to be sure that through our partners, we will be able to use all this amount on the purpose that we received the donations for.

Funding is not yet secured due to technical and contractual challenges, but the Foundation will soon receive approx. 90 000 000 HUF normally by July, and International SOS Fund is ready as well to support us from its 50 000 000 EUR donation mass.

Gergely Kiss mentioned, that although the 1-4 month budget plan-fact report is not 100% ready, it is clear from the quick report already that we can finance without any risk our programs, until the money from international donation will arrive. *Gergely Kiss* gave the word to *Timea Lovig* to continue with a few information regarding IDP project activities. Provision of safe specialised shelter for children living with disabilities and their families at the Strázsa Tanya Shelter, 2 paid social workers at BMSZKI (Budapest Methodology & Social Centre and its Institution) for shelters, two child-friendly spaces established, train local organizations working with Ukrainian child migrants on trauma. *Timea Lovig* talked about the challenge -among others- the daily changing circumstances. *Gergely Kiss* reinforced that there are also dilemmas regarding this program in connection with implementation of quality measurements and CPP protocol.

Gábor Balás mentioned that in the future the Foundation would need to work on vis major situations and protocols (refugee situations, flood etc.). It is important to work out procedures for unexpected situations. *Péter Szalay* added that he agrees, that emergency plan should be done for future, but "actually we are in a moral situation and all the activities done by the Foundation were done perfectly correctly." He proposed, that the Board define the maximized level of possible use of the yearly profit in emergency situation. *Alo Tammsalu* added, that the regional office was continuously informed, emergency response office was contacted and informed. They are really satisfied regarding all the activities realized and all the decisions made by Hungarian SOS. "In case You would not receive the fund from Canada, International Funding is there to support You" told he. *Geri Kiss* thanked and told: "although the refugee program was of course not in our original yearly strategy, but the development of family strengthening and the cooperation with partners were there, in this way we are acting perfectly within the frame of the strategy approved by the Board. In case this emergency situation/program would be prolonged for 2 or 3 years, we would of course unable to start our family strengthening programs, anyway we will include this topic in our next Board Meeting in September."

At this point *Róbert Dezső* and *Andrea Duca* joined the Meeting on line.

Ágnes Simonyi contributed to the emergency topic based on her previous experience in Kosovo. "The service that you are providing now through other service providers are a totally different service, with totally other kind of organizational work that you experienced in SOS. Searching for benchmark in other countries like Poland and other organisation and a lot of brainstorm can help to establish in which domain you wish to continue your activities". *Gábor Balás* agreed with *Ágnes* and added, that in case this emergency activity would be transformed into another long-term program, like Roma integration program what was mentioned, which was not at all in the profile of SOS until now, I ask you to bring back this topic to the Board. *Gergely Kiss* thanked the comment of *Ágnes Simonyi* he share all her dilemmas and thoughts.

"As we have *Róbert Dezső* already among us we can continue our meeting with topic number 5" took back the word *Gábor Balás*.

5. Report on the findings of the Supervisory Board about the activities of SOS HU in 2021 to the Board of Trustees (15 minutes) Presenter: dr. Róbert Dezső

"I will be short" started dr Róbert Dezső Chairman of the Supervisory Board. We have a realistic and up to date picture regarding Foundation's activity. I am in continuous contact with Krisztina Vámosi and Gergely Kiss. On the name of the SB I can say, that the operation and all actions of SOS HU is exemplary within NGOs. There are two little points to improve: first, is the delay in the court registration. Second is more a request to be vigilant regarding the external colleagues (outsourced positions). Please be critical and ask proofs that they work for other companies as well. ÁSZ state audit is really looking for formal mistakes, everything was ok, only one missing signature which they handled in a nonflexible way, MÁK (Hungarian State Treasury) audit, which is a really detailed one was OK. "He sleeps well" and convinced in the good transparent functioning of the foundation, the Supervisory Committee suggests for acceptance of the report.

Gergely Kiss thanked the voluntary work of the Supervisory Board. *Balás Gábor* asked, "As there are no more comments to this subject, let's go to our next topic, the Audit.

6. Auditor's report for 2021 Presenter: Representatives of ASJ Audit Kft.

Krisztina Vámosi introduced *Sára Nemoda*, owner of ASJ Audit Ltd. with whom she worked together on 2021 Audit, instead of the previous auditing partner KPMG, based on the approval of the Board. It was our first cooperation this spring. After saying, a few words regarding the Ltd. *Sára Nemoda* said that they started to work with *Krisztina Vámosi*, already in Autumn, measuring the possible risks, mapping, and understanding all the processes.

"We have audited the accompanying annual financial statements of SOS Children's Villages Hungary Foundation. It comprise: the balance sheet as at 31 December 2021 in which the balance sheet total is THUF 2.232.846, the profit after tax for the year is THUF 313.685, the related income statement for the year then ended, and supplementary notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying annual financial statements give true and fair view of the financial position of the Foundation as at 31 December 2021, and of its financial performance for the year then ended, in accordance with the provisions of Act C of 2000 on Accounting in force in Hungary.

* summarized *Sára Nemoda*.

Gábor Balás asked if anyone have question. *Krisztina Vámosi* shared the details of the database of the Audit regarding the results as per as the document sent before meeting. She mentioned the duty exemption that the foundation can benefit in case of real estate or car procurement and talked about the details of device movement and number of beneficiaries. The foundation will publish the document the last day of May.

Gergely Kiss mentioned „ I am very satisfied with the results, which is much more divers, than it was before, approximately 1/8 part of our income is from international support only, 2/8 part is the support from HU government, and 4/8 is from donations. 1/8 of it is coming from other sources such as utilising our properties (renting out) and from local municipalities who are financing our family strengthening program.

Gábor Balás had a question regarding the nature of the provision. *Krisztina Vámosi* explained that this amount is the reserve of HR reorganization in connection with the planned sales of *Közseg* properties. A few semantic comments were added regarding the document. It was agreed that *Krisztina* will make the corrections.

Gábor Balás asked the participants to vote if the foundation can publish the document as it is.

The Board unanimously accepted to publish the Auditor's report for 2021 presented.

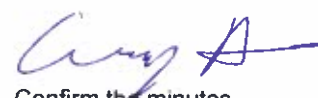
8. Decision about the auditor company for next year's audit.


Krisztina Vámosi asked the Board to approve to continue to cooperate with ASJ Audit Kft. for the audit of financial year 2022.

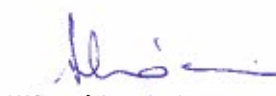
After making sure that SOS CV financial rules make possible for the foundation to work during 5 years with the same Auditor partner, *Gábor Balás* asked the participants to vote for the continuation of cooperation with ASJ Audit Kft.

The Board unanimously accepted the proposal.


Confirm the minutes
Mr Péter Szalay


Confirm the minutes
Ms Anna Ungár


Confirm the minutes
Mr Gábor Balás
Chair of the Board


Writer of the minutes
Ms Judit Almási