

date of meeting	30 November 2023 between 1pm-4pm
location	online – via Microsoft Teams
subject	Board of Trustees Meeting
participants	Board Members plus NMT members as per the agenda below
author	Ms Judit Almási

Agenda points (red highlight, where Board decision and quorum is required):

1. **Welcome and introduction to the agenda (10 minutes)**
Presenter: Gábor Balás (Chair of the Board of Trustees)
2. **Approval of the internal regulation “A01 Rules of Organization and Operation” and “A02 Authorisations, signatory rights and deputations” (45 minutes)**
Presenter: Gergely Kiss (ND)
3. **Approval of Budget 2024 of the Foundation with an outlook for 2025-2027 (60 minutes)**
Presenters: Krisztina Vámosi (F&OD), Szabolcs Pechan (OD)
4. **Children’s Villages International General Secretariat transformation process (30 minutes)**
Presenter: Gergely Kiss (ND)
5. **Children’s Villages International issues (15 minutes)**
Presenter: Alo Tammsalu,
6. **Upcoming events, others (10 minutes)**

1. Welcome and introduction to the agenda

Gábor Balás presented the agenda what was unanimously accepted. Minutes will be certified by Ágnes Simonyi and László Szászko. Minutes will be prepared by Judit Almási. **All the meeting organizational points were accepted unanimously.**

2. Approval of the internal regulation “A01 Rules of Organization and Operation” and “A02 Authorisations, signatory rights and deputations”

Gergely Kiss started his presentation - what was sent to all the participants before the meeting- by showing the actual organization chart as a reminder. After that he introduced the 2024 organigram for approval with some modification:

1. Minor change in HR: planning a Training Coordinator position for organisation and registration of trainings.
2. New position will be opened in FR department by introducing a new Fundraiser position under the Fundraising Leader who is responsible for loyalty issues.
3. Changing the Psychologist position to Psychologist/Counselling position

Changes on National Management Team level:

4. The Emergency Response Program Director becomes Project Director and takes over the responsibility for Public Funds.

5. Creating a „Clean” Youth Care & Family Strengthening Director position. Separating the roles not related to YC and FS (ICT, strategic projects etc.) and putting them under the responsibility of an Operative Director
6. The Operative Director will act as the deputy of the National Director till the end of September 2024.

The ND during the defined period of his engagement in the transformation process of SOS CVI will still play an active role regarding the Board of Trustees Meetings. He will also continue to act as the representative of the Foundation with sole signatory rights.. **Gergely Kiss** mentioned that he will take part in important meetings, like the 2 days yearly leadership team meeting in November. He will also conduct the yearly performance reviews of the colleagues reporting directly to him. Answering the question of **Ágnes Simonyi** he clarified the relation between the Quality Management Director and other program directors. This can be described more as a monitoring and consultation role than direct supervision.

Gábor Balás asked the members to vote on the internal regulation **A01 Rules of Organization and Operation and A02 Authorisations, signatory rights and deputations. These two connected points were accepted unanimously.**

3. Approval of Budget 2024 of the Foundation with an outlook for 2025-2027

Based on the documents sent to participants with the invitation **Szabolcs Pechan** started to present: “We will talk about our next year’s budget from different angles Myself, *Krisztina Vámosi, Léna Szilvási* and in case of any special question regarding income *Hajnalka Bán.*”

“As Gergely Kiss started his activity on international level I was the coordinator in this budgeting process. Our task was to prepare a budget in harmony with our strategy I believe we succeeded in this regard. However, reacting to the war in Ukraine we launched an Emergency Response Programme in March, 2022. As the need for the support for refugees from Ukraine is still existing, **SOS CV Hungary decided in 2023 to continue it until the summer of 2024. Due to this change some of the planned programs (launching a new mobile Family Strengthening programme in 2023) are postponed in a flexible way for 2025.**”-continued he.

On the **income side** of the budget we are calculating with *moderate FR income growth, slightly increasing governmental subsidy* and some *real estate sales.*

On the cost side we see a noticeable increase which derives from four main factors: salary increase (10%), investment to buy new properties, further investment in FR (mainly committed giving) and increased operational and maintenance costs as a result of the growing inflation.

“Due to the fact that we have been selling several properties, furthermore thanks to our diligent financial management and banking **financial reserve** would be HUF 2 710 million. As a non-profit organization in the social sector, we propose to continue using this reserve. According to **our proposal, in 2024 we are going to spend HUF 318 million from our reserve** on new program elements and on support of beneficiaries through partners.

Szabolcs Pechan presented the financial results on two level, showing the difference of results and expenditures. As per the above proposal – reinforcing the use of financial reserve- the forecast for the 2024-2027 period has a slightly negative balance, which can be of course positive as well, based on our experiences from the last years.

After his presentation a conversation started about the utilisation of reserve between **Ágnes Simonyi, Lászkó Szászki** and **Gábor Balás**. **Gergely Kiss** talked about the Reserve Policy of SOS CVI for different type of member countries. **Szabolcs Pechan** answered all the

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remaining questions regarding the use of reserve. **Alo Tammsalu** gave a benchmark picture of other self-sufficient countries' reserve policy like Estonia, where considering the reputational risk of having a big reserve as a foundation they also prepared budget with negative financial result for the upcoming years.

Krisztina Vámosi continued the 2024 Budget presentation with a recap to the Strategy 2022-2025: Sustained sustainability, focus on quality instead of quantity in alternative care and opening new windows and engaging in partnerships.

Léna Szilvási presented a table with all the beneficiary numbers between 2023 and 2027 in Foster Family Care, Youth Care, FS Crisis Shelter, FS Mobile Team, Emergency Response Programme and SOS Fund.

She talked about the experiences lived during cooperation with partners and about a *program designed for children in special needs*, which includes to define, describe and recruit parents for these children. She also gave information regarding the successful *Mentor Foster Parent* program. Both program costs were covered from reserve. Another important development was the closure of CV Kőszeg and the transfer of 8 foster families for another local Foster Care Network in 2023. The cooperation with the Mózeskosár Foster Care Network will continue till the end of 2025. The recruitment of Foster families slowed down due to the competitive job market- The number of children per family is decreasing in line with the strategy. The actual average number of children in a foster family is 2,2, although some families still look after 4-5 children. The number of young people in the **YC programme** is a bit less than originally planned. Major changes expected until 2025: 1. Recruitment of Foster Families for children with special needs in 2024 2. Transitioning the small group home into an after care home when all the children turn 18, in August 2024 3. Phasing out the Youth Care programme in Szombathely by the end of 2025,

Gábor Balás had a question regarding the follow up of 8 foster families transferred to another service provider, **Léna Szilvási** explained that there is a yearly report that SOS will receive, there is also twice a year an online personal meeting organized. There is an exchange and probably more knowhow sharing regarding other projects in the future from SOS side.

At this point **Krisztina Vámosi** mentioned, that there is also a financial follow up of the handover of ex Kőszeg families, as SOS is supporting their projects with 8.5-9 million HUF.

After that she continued to present the Budget with the different element of income:

1. decreasing income from abroad,

2. local income: The total budgeted local income is 1.984mHUF for 2024 (vs 2.330mHUF in B2023 -15%),

3. For the normative state subsidy, we have budgeted a 10% increase by 2024 due to rising inflation, and we also took into account, that the foster parent's wage is linked to the current mandatory minimum wage.

4. FR activity: For 2024, the fundraising team has projected an increase in gross FR income by +8% compared to the forecasted 2023 value (and 17% compared to the budget 2023).

Regarding Investments she mentioned. " **The 2024 investment amount (253mHUF)** can be divided into two main parts. The normal annual investment plan is 103mHUF, while the *real estate investment plan* is 150mHUF for independent flats in Szeged for young people in aftercare. She also mentioned as an investment the implementation of a cloud based Microsoft accounting Product "D-365".

"Our forecasted **actual RC will be 1% higher than the budget for 2023 (2.040mHUF vs 2.016mHUF)**. The slight overrun includes the unplanned but paid 13th month's salary with taxes

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and the extra 1 month's family budget for beneficiaries. **Overall, even with the overpayments, this year's forecasted running costs are close to the approved budget due to overbudgeted utility rates.** Last fall, it was not yet possible to see the exact rate of increase in utility fee, so we budgeted with a wide margin for utility costs.

The 2.203mHUF budgeted cost for 2024 is an 9% increase compared to last year's budget. The 10% wage increase is a cornerstone of the operating cost increase, as is the 10% increase in the family budget that we pay to our beneficiaries. We put emphasis on individual development of children, so the development budget per person has been increased by 20% (100.000HUF vs 120.000HUF/child/year). We are also significantly increasing the amount of start-up support for young people leaving the Foundation.

The Foundation must also play an increasingly responsible role in the SOS universe. As a self-financing member organization, **we have to pay our SOS membership fee, 33% from 2023, 66% from 2024 and the full amount from 2025 (the annual membership fee is around HUF 55 million).**

To ensure sustainable operations, we consider part of our costs to be project-based, with a fixed amount and a maximum project period of few years“ presented *Krisztina Vámosi*.

“In accordance with international SOS reserve principles we separated an amount covering 1 month of operating costs and an amount covering 3 months of operating costs.

The Money Gift (MG) Fund, which is managed as a restricted amount, helps our care leaving young people to start their independent lives. The restricted funds for projects also appear here.

In addition to these, a plan for a freely available cash reserve has been prepared within the new strategy. We would use the accumulated reserve for specific purposes each year. **3 main objectives have been linked to the use of the freely available reserve:**

1. a marketable real estate investment that either saves costs or provides better conditions for professional work
2. raising the quality and streamlining of the existing programs
3. start new professional activities or programs for a fixed period of time, within the framework of a project

She accentuated that **“the conservative budgeting approach is reflected in the fact that we are not planning to spend the full amount of the freely available reserve in the period of 2023-2027.**

After the presentation of the Budget *Szabolcs Pechan* encouraged the Board Members to be part of the Strategy Planning for the upcoming years as there could be different and creative path to create real value via new programs, tenders and cooperation with other providers and maybe countries. *Gergely Kiss* made sure that this time the Management asks approval for the 2024 budget, not for strategical directions of the following years.

Gábor Balás asked the members to vote on the **Budget of SOS Children's Villages Hungary for 2024 . The budget was accepted unanimously.**

4. Children's Villages International General Secretariat transformation process

Gergely Kiss gave a quick overview regarding his activity as Transformation Lead, about challenges and possibilities of transformation of the governance structure.

5. Children's Villages International issues

Alo Tammsalu talked about the governance reform of the federation, the activities of the working-teams and about the re-thinking of the cooperation and maybe modification of legal setup with the self-sufficient countries like Hungary in the future. He gave information regarding the support for Palestine as member country the voluntary actions of Egypt and Bosnia. Answering to the question of *Gábor Balás* *Alo Tammsalu* explained that these actions were initiated by the countries and coordinated by SOS International. *Gergely Kiss* added that he was

part of a global call organized for all NDs where the ND of Palestine and Israel were talking together about how they cooperate and how they support each other.

6. Others, upcoming events (10 minutes)

The Board members agreed to meet with the same frequency in 2024 : 4 meetings per year, third Thursday of each month in February, May, September and November.



Confirm the minutes
Ms Ágnes Simonyi



Confirm the minutes
Mr László Szász



Confirm the minutes
Mr Gábor Balás



Writer of the minutes
Ms Judit Almási

