

date of meeting	25 May 2023 between 9am-12am
location	online – via Microsoft Teams
subject	Board of Trustees Meeting
participants	all 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. **Discussion on the**
 - Report of the Supervisory Board about the activities of SOS HU in 2022
 - Auditor's report for 2022
 - **and approval of the audited Annual Financial Statement for the financial year 2022 (40 minutes)**
Presenters: dr. Róbert Dezső (Chairman of the Supervisory Board), Representatives of the Auditor (ASJ Audit Kft.), Krisztina Vámosi (F&OD) Gergely Kiss (ND)
 3. **Decision on the auditor company for next year's audit (10 minutes)**
Presenter: Krisztina Vámosi (F&OD)
 4. **Management and use of financial reserves of SOS Hungary (20 minutes)**
Presenter: Krisztina Vámosi (F&OD)
 5. **Framework for property purchasing and recent developments regarding property sales (20 minutes)**
Presenter: Szabolcs Pechan (YC&FSD), Gergely Kiss (ND)
Participants: NMT members
 6. **Update on SOS International issues etc. (10 minutes)**
Presenter: Alo Tammsalu (CVI Rep), Geri Kiss (ND)
 7. **Handing over our foster care service to the Mózeskosár foster care network and the supporting package we provide to them in the coming years (30 minutes)**
Presenter: Léna Szilvási (QMD) Ildikó Vass (FFCD), Gergely Kiss (ND)
 8. **Registration of Board members and the recruitment of new members**
Presenter: Gergely Kiss (ND)
 9. **Others, upcoming events (10 minutes)**
Presenters: NMT members
1. **Welcome and introduction to the agenda**
Gábor Balás presented the agenda what was unanimously accepted with one slight modification regarding the order of the points suggested by Gergely Kiss. Minutes will be certified by Anna Ungár and László Szászko. Minutes will be prepared by Judit Almási. **All the meeting organizational points were accepted unanimously.**

2. Discussion on the

- Auditor's report for 2022
- Report of the Supervisory Board about the activities of SOS HU in 2022
- **and approval of the audited Annual Financial Statement for the financial year 2022**

Krisztina Vámosi welcomed **Sára Nemoda representing ASJ Audit Kft** who started presenting the **2022 years Auditor's Report**. "It was an unusual year as the unplanned Ukrainian Refugee Program significantly modified the financial data. We found the accountancy of the donations coming from different sources properly administered. They booked the restricted funds according to the rules. As an effect of property sales the cash reserve increased over 1,5 billion HUF. The selling of Kecskemét property effected the balance positively. The selling process of Kőszeg property started in 2022 will influence 2023 year's balance. In 2022 this item, as deposit is still a demand in our register. All sorts of various accounts are correctly done. We certify the financial statement, and we issue today our report in case you all accept it."

Krisztina Vámosi presented a few pages to further explain the annual financial summary. She emphasised that as a result of our strategy the value of our fixed assets (mainly property) were reduced, the amount of money in current assets (mainly cash in bank deposit) increased. Similarly to the last two years the year-end balance shows significant surplus. Regarding the annex of the document she presented the number of employees: 82% of them working in direct contact with our beneficiaries. As our core activity is labour intensive the wages stand for around 1 billion HUF in our yearly budget. "We can summarize that the financial year was successful in total, without any need of corporate tax payment" -told she. Our foundation fits to the public benefit criterion. After the approval of the board we will publish our data and results within the frame of our transparency regulations based on legal requirements.

Representing the Supervisory Board (SB) **Dr Róbert Dezső** supported the approval of the financial statement of 2022. Following his formal statement as usual he gave a summary regarding the general activity of the foundation. In the future the Supervisory Board plans to focus more on continuous controls and connections with the management during the year, rather than administering one monitoring campaign in the spring. In order to avoid conflict of interest in connection with the court registration of Board members the SB would like to separate the supervisory role from the support role. At this point **Gergely Kiss** added: "we took the advice of the SB regarding this topic and started to cooperate with a law firm. They will help us in the court registration of Board members." **Dr Róbert Dezső** shared that the relatively slow -2 to 4 months - process of new board member legal registration will still remain in place for another 1 or 2 year. He also gave positive feedback regarding the activity of the foundation as an exemplary civil organization. **Gergely Kiss** thanked the committed and wise support of the SB. **Gábor Balás** put the **2022 years audited financial report** to the vote. **The Board unanimously accepted it.**

4. Management and use of financial reserves of SOS Hungary

Krisztina Vámosi summarized the situation of the **cash reserve** in a form of a diagram. She talked about the basic aspects, what the financial management took in consideration also the dilemmas regarding the future of this important financial topic.

The diagram showed the closing balance on the 30th of April 2023. The cash reserve was 2 milliard 22 million HUF.

Krisztina Vámosi explained the **main elements of the reserve** and its details like: sponsorship fund, liquidity reserve for 1 month, continuity reserve for 3 months, earmarked money & restricted funds for projects and freely available amount. All the elements reflects the SOS International standards. The Management is committed to safeguard the wealth of the Foundation as it is laid out in the statutes. As it is described in our strategy, the Foundation would like to invest to 3 main strategic directions from the reserve: social development; investment to enhance effectivity and reduce cost; explore fundraising investment opportunities. The intention is to invest in low risk financial assets but find the best possible investment opportunity on the market. The present investment form were chosen with the involvement of OTP, Erste and Magnet Bank Sales experts.

She mentioned that the Foundation is a premier client in both banks and after consultation with **Éva Gyöngyösi** Supervisory Board member even using the service of a professional asset management company the cash management could not be considerably more fruitful. The use of an Euro account in case of Euro payments is an example of the deliberate cash management as well. She also mentioned the positive financial situation after the 4-month closure comparing to the yearly budget of the Foundation.

The proposed decision was **to approve the main principles for the financial reserves as a part of A10 financial management regulation**. **Krisztina Vámosi** offered that in the future the cash management supplement of the regulation will be updated continuously. **Gergely Kiss** complemented the presentation by mentioning a few concrete examples of the financial strategical point's realization. He also launched a discussion about the possible bank commitment regarding a part of the sponsorship found. **Gábor Balás** added that in 2023 the Foundation can continue to proceed with short term bank deposits, but on long term there is a need to find the right ways of investments. **László Szász** drew attention to creative, flexible use of our financial assets like more short term investments and possible loan for other SOS countries' projects in the future. **Alo Tammsalu** gave the benchmark information how the Board in other countries decided regarding the use of their financial reserve. **Anna Ungár** proposed to invite as next new Board member an investment banker. She also mentioned that up to her it would be important to take as a priority the interest and benefit of Hungarian children. **Gábor Balás** summarized that the long term use of reserve and the liquidity reserve will be on the agenda of next Board meeting in Autumn. He asked the members to vote on the **Management and use of financial reserves of SOS Hungary for 2023. The board unanimously accepted it.**

5. Framework for property purchasing and recent developments regarding property sales

Szabolcs Pechan summarized the presentation that was sent before the meeting. Main points and suggestions were supporting transparency within the frame of the rules of SOS CVI.

The following main points were covered: Selling a property, and the detailed steps of Purchase a property. When to decide to buy, what kind of elements can ensure transparency and trustworthiness after the purchasing, how to decide regarding different possibilities and the proposed resolutions. After his presentation **Gergely Kiss** added that he contacted the Supervisory Board as well regarding this matter based on the principles of checks and balances and transparency. Answering the question of **Gábor Balás** **Szabolcs Pechan** told, that there is no emergency to vote this rule of procedures, there is no actual pressure. The real estate market is slowing down. In case the rules would be accepted he would work out a regulation making easier future purchase processes. **Anna Ungár** expressed that as the use of reserve will be a topic during next Board meeting in September, would be more relevant in the context to decide regarding purchasing procedure based on that. **The board accepted that the decision regarding the framework for property purchasing will be discussed and voted in September.**

3. Decision on the auditor company for next year's audit

The board of trustees approved the offer of ASJ Audit Kft. and invited them for the audit of the financial year 2023 of SOS Hungary with the agreed price 1.016.000 same amount for the last 2 years. **The board unanimously accepted the resolution.**

6. Update on SOS International issues by Alo Tammsalu

Safeguarding report will be issued soon, this report will not affect our region. This is one of the priority topics of the Federation. National Directors will hopefully get this report before it will be published. He gave information regarding SOS Russia issue, the HGFD minimum founding requirements that affects Hungary as well, and the Statute revision.

7. Handing over our foster care service to the Mózeskosár foster care network and the supporting package we provide to them in the coming years

Gergely Kiss, Léna Szilvási and Miklós Szabó.

"As You know in order to offer a more focused service we wanted to reduce the geographical stretch of our operation"-started Gergely Kiss. He also talked about the challenges of the recruitment and distance support of foster parents in the Western region of Hungary." Regarding

the scale and the attitude of Mózeskosár we selected them as handing over partner. During handover process our positive impressions and opinions were strengthened.”

Miklós Szabó, the representative of the Mózeskosár Foster Care Network, gave a general overview regarding their activity mentioning the main strategical points like: professional support of family reunion and adoption, psychological support, supervision, training activity, talent nurturing all this within the frame of personal attention. **Léna Szilvási** presented shortly the context and the main points of the handing over based on the previously sent presentation.

2022-11-17: Board informed about the decision to hand over to the Moses’ Basket Foster Care Network by June 30 2023. From January 2023 a planned process of hand over started. She presented the detailed numbers of the support package after hand over to maintain quality care and prevent risks (from 2023/07 to 2025/12) in total 25 million HUF. Strong wish of the management is that the process of hand over will develop into a long-term partnership and cooperation between SOS Children’s Villages and the foster care networks of the Lutheran Church in Hungary. She also mentioned that she is convinced that the handover was prepared in a high quality way due to personal meetings and workshops with the participation of the foster parents of both network. **Ildikó Vass** additionally gave some details regarding the activity of the “handover working group.” Small discussion started, after that Gábor Balás wished a lots of success for the cooperation and thanked the attendance of Miklós Szabó.

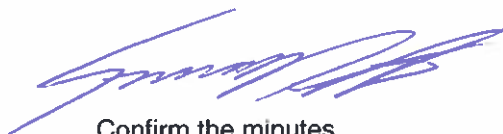
8. Registration of Board members and the recruitment of new members

Gergely Kiss gave information regarding the process of Registration of Board Members. “For the moment there are 7 Board members. Means that the Board has the quorum already with 4 members. In case we keep this system, we would need to modify the Articles of incorporation”-told he. “The other way of proceeding would be to start a recruitment process to have more Board members in autumn. Taking in consideration the quorum rules, in that case the practical would be to recruit another 2 Board members.” –continued he. “In the second case we can ask to join us the 2 candidates who participated –together with Anna Ungár- in the last recruitment process, or we can start a new process. **Gábor Balás** shared his thoughts regarding a future Advisory Board composed of ex NMT and Board members, who can support the Foundation. After a short discussion the Board agreed to function with 7 members till next meeting, they will discuss this topic in autumn.

9. Others, upcoming events (10 minutes)

Gergely Kiss invited the Board members to the Family Day on the 30th of June, he will share the detailed program later on.

Ágnes Romet-Balla proudly listed the prizes won by the Foundation: 3 prizes in relation with the 7th of October campaign and an HR prize as Reliable Employer.



Confirm the minutes
in the absence of Ms Anna Ungár
Mr Péter szalay



Confirm the minutes
Mr László Szászko



Confirm the minutes
Mr Gábor Balás



Writer of the minutes
Ms Judit Almási