

STATUTE

of the not-for-profit organization

**International Academy for Diaconia and Social Action,
Central and Eastern Europe, not-for-profit organization**
(hereinafter referred to as
„the organization“)

Founders:

1. Slezská diakonie

at its Český Těšín headquarters:
73701 CT, Na Nivách 7, Czech Republic
Company registration number: IČ 654 68 562

2. Helsingin Diakonissalaitoksen säätiö

(English: Helsinki Deaconess Institute Foundation)
at its headquarters: Alppikatu 2, FI - 00530, Helsinki,
Finland
Company registration number: 0116480-8

set up a not-for-profit organization: **International Academy for Diaconia and Social Action, Central and Eastern Europe, not-for-profit organization**, with its headquarters 737 01 Český Těšín, Dukelská 5, Czech Republic, by means of a Foundation agreement in form of a notarial registration, reference number 146/2008, N 156/2008, D.C.L. Pavla Doleželová, the notary public at her registered office in Havířov, dated 12.6.2008.

This organization entered in the register of not-for-profit organizations, administered by the Regional Court in Ostrava, Item -----, rider -----, dated -----.

According to the wording of § 13, subsection 1, letter a) Act No. 248/95 Collection of Laws, the Executive council issues this

Statute

Part I Opening Clause

Article 1

Name of Organization

International Academy for Diaconia and Social Action,
Central and Eastern Europe, not-for-profit organization

Article 2

Headquarters of the organization

737 01 Český Těšín, Dukelská 264/5, Czech Republic

Article 3

Time of Duration

The not-for-profit organization is being established with indeterminate duration.

Article 4

Legal Relationships of the organization

The not-for-profit organization is a legal entity providing public utility services on predetermined conditions of equal opportunities. Profit of any form cannot be used to the benefit of the founders, the members of its bodies or its employees but must be applied to the public utility service provision, for which the not-for-profit organization was established.

Legal relations of the organization abide by the Act No. 248/1995 Col. on not-for-profit organizations and on change and amendment of some acts, by other generally binding rules and by this Statute.

Part II.

Company property and establishment purpose

Article 1

Company property

Monetary investment:

Monetary investment of founder No.1) Slezská diakonie in the sum of 3 750 EUR.

Monetary investment of founder No.2)Helsingin Diakonissalaitoksen säätiö in the sum of 3 750 EUR.

Property:

The property comprises general tangible and intangible values which the not-for-profit organization attains within its duration while providing public utility services and complementary activities.

Article 2

Purpose of establishment

Provision of large-scale services to the public in the field of social cohesion, competence development of future social work staff - education, staff retraining, development and training methods accreditation aimed at work with people in want of special approach and social support. The educational programmes are intended to be developed both with national and international partners.

Article 3

**Type of Public Utility Service Provision and Conditions
For Provision of Particular Public Utility Services**

1. The organization will provide the type of public utility services outlined below:
 - Offer and provide supporting programmes for training and exchange of trainers, in order to strengthen the provision of education, learning and training within the Church, diaconia and similar organizations nationally & internationally in order to promote social cohesion
 - Offer and provision of training activities for those who are or who wish to be engaged in social work and diaconia (professional staff, volunteers and users/participants)
 - Offer and provide information and disseminating knowledge in order to promote the social cohesion and equal opportunities and thereby to contribute to the intercultural dialogue and creation the society in diversity
 - Promote efficiency & equity in training systems & to support a higher quality of provision

- Acceptance, promotion and publication of research results within social care
 - Develop learning activities (concrete modules) for diakonia in the EU framework (Central and Eastern European region)
 - Develop, offer and provide programmes that combine education and training with work experience as an important factor in developing life long learning
 - Support the exchange of professional staff as well as volunteer workers in diakonia and social action in order to improve work practice and develop new forms of practice
 - Support the development of pilot projects and to implement pilot and innovative projects in the field of diakonia and social action
 - Ensure the accreditation and recognition of the training offered
 - Develop and support cooperation with public sector, non governmental and governmental sector and the private sector on regional, national and international level
2. The public utility services, on account of which the organization is going to be established, will be open to the public and will be provided to all service users on an equal opportunities basis. The organization rules out possible preference of certain users.

Article 4

Complementary activities

1. The not-for-profit organization will be running the following types of complementary activities:
- Wholesale
 - Mediation of services and business
 - Organizing the exhibitions, sales, fairs, shows and other business events
 - Editorial and Publishing services
 - Counselling in the field of social science and personality development
 - Organizing trainings, seminars, and other educational activities, including the lecturing

2. These complementary activities are intended to strengthen the financial resources for the purpose of public utility service provision. Profits made out of these complementary activities must be used for the benefit of the public utility service provision.

Part III. Organization Bodies

The following bodies are included within the structure of the not-for-profit organization:

1. Executive Council
2. Advisory Board
3. Director
4. Honorary Council

Article 1

Executive Council

1. Executive Council has six members, who are appointed by the founders for a three-year period, but not more than twice consecutively. Following the first appointment of the executive body members, the term of office of one third of the members, determined by lot, will be terminated after one year and the term of office of a further third of the members, again selected by lot, will be terminated after two years and the last third of the members, will be terminated after three years.
2. The executive body members appoint a chairman among them.
3. The member of the executive council can be a physical entity only, impeccable who has the competence to perform legal acts and who either him/herself or his/her near relatives are not in labour or other relation. The executive body membership of the not-for-profit organization is incompatible with the advisory board membership of the same not-for-profit organization. Those body members do not get any remuneration for discharge of the member office. The not-for-profit organization can provide only cost reimbursement to executive council members and advisory board members to the amount specified by legal regulations.
4. Executive council membership expires through:
 - a) Administration expiry
 - b) Death
 - c) Abdication

d) Suspension from office

5. The founders remove an executive council member in case he/she ceases to fulfil membership condition in the executive board in compliance with Act No. 248/1995 Col., on not-for-profit organizations, as amended or if he/she offended against the law, the foundation agreement or the statute of the not-for-profit organization in a serious way or repeatedly.

The founders recall the executive council member within one month as from the date he/she learned the reason for recall, however at the latest within six month as from the date the reason turned up. In case the founders do not recall the executive board member at the stated time or if there are no founders and if the founders' rights did not devolve to other persons, the executive council member will be recalled by a particular municipality as to the residence of the not-for-profit organization namely on the proposal from statutory body or possibly from advisory body. Within 60 days at the latest there will be nominated or eventually according to the way defined in the foundation agreement appointed new members on the disengaged executive council member positions. After expiration of term in vain, the municipal authority of a relevant municipality as to the residence of the not-for-profit organization will nominate new executive council members, namely on the proposal of the statutory body, or eventually the advisory body.

6. Executive council is quorate, if the absolute majority of its members are present. The agreement of the absolute majority is necessary for making decisions. At even division of votes, the vote of executive council chairman is decisive. The executive council members choose a chairman among them who calls and moderates the executive council agenda.

7. Prior written approval, issued by the executive council, is needed in case of any legal act by means of which the not-for-profit organization

- a) acquires, disposes of, or hypothecates immovable assets,
- b) acquires or disposes of movable assets, establishes a real burden or a pre-emption right concerning movable assets whose price is higher than the value of a low-range public contract as defined by the act concerning public contracts,
- c) acquires or disposes of copyrights or industrial property rights,
- d) establishes another legal entity and makes financial or non-financial deposits on behalf of this entity.

8. Executive council approves

- a) the budget of the not-for-profit organization and its amendment and namely the operating costs (administration) of the not-for-profit organization,
- b) the annual financial statement and annual report of the not-for-profit organization,
- c) the subject and complementary activities extent of the not-for-profit organization beyond the scope specified in the foundation agreement.

9. The executive council decides over

- a) the dissolution and liquidation of the not-for-profit organization and the choice of the not-for-profit organization to which the liquidation remainders would be transferred,
- b) the statute which has to be released within six month time after the foundation of the not-for-profit organization and which shall define in details the internal organizational structure of the not-for-profit organization,
- c) the appointment and removal of the director of the not-for-profit organization,
- d) the approval of the organizational structure of the not-for-profit organization,
- e) further questions defined within the duties of the executive council by the foundation agreement.

10. The decisions of the executive council must be approved by the absolute majority of all the council members, as defined by the article 10.a)

11. Executive council sits at least twice a year.

12. The executive council pursues the original scope of the foundation of the not-for-profit organization and cares for proper management of the organization's property.

Article 2

Advisory Board

1. Advisory board is the inspection body of the not-for-profit organization.

2. Advisory board has 3 members who are appointed by the founders for a three-year period of time but not more than twice consecutively. After the first appointment of advisory board members the names of one third of the members will be determined by lot, whose term of office will be terminated after one year and one third of members whose term of office

will be terminated after two years and one third of members whose term of office will be terminated after three years.

3. To the way of advisory board establishment and its membership apply similarly the executive council provision.

4. The advisory board members vote their chairman who calls and moderates the advisory board negotiations.

5. Advisory board

a) Reviews the annual financial statement and the annual report of the not-for-profit organization

b) provides report on results of its inspection activity to the executive council at least once a year

c) Monitors if the not-for-profit organization develops in compliance with the laws and the foundation agreement of the not-for-profit organization

6. Advisory board is eligible to:

a) Submit proposal for withdrawal of the director

b) Inspect the account books and other documents and to check the data contained

c) Call an extraordinary session of the executive council providing interests of the not-for-profit organization require so.

The advisory board members have the right to take part in the executive council meeting; they must be recognized if they ask for.

Article 3

Director

1. The director acts as statutory body of the not-for-profit organization. The director acts on behalf of the organization. The activities of the not-for-profit organization are responsible to the director. The director is appointed and removed by the executive council which supervises the director's activities.

2. The organization has a director who manages the activity of the not-for-profit organization in all spheres of action that is neither by the legislative nor the foundation agreement, nor by the statute, stipulated into the scope of powers of the

executive council, respectively of other body of the not-for-profit organization. The director is accountable for his activities to the executive council.

3. Only morally irreproachable individuals of high moral standing can be nominated as the director. The director cannot be either an executive council or an advisory board member but he is entitled to take part in the executive council and cast an advisory vote.

4. To the basic obligation of the director belong complex management of the executive and operating structure of the organization, including labour-law and employer aspects, solving everyday matters of general kind necessary in order to ensure a smooth work of the organization, participation in planning preparation and realization of all activities within organization, cooperation with the executive council of the organization in strategic planning matters of the not-for-profit organization and the complementary activities. The director is in charge of other tasks that can be assigned to him by the executive council by giving reasons.

5. The director gets remuneration by a valid employment contract. The executive council decides on wages and other benefits of the director.

6. The director is empowered to act in the name of the organization in the labour-law relations, it means in the name of the organization to conclude employment or similar relations with the employees, to modify their content as well as terminate employment or similar relations in compliance with the labour code.

Article 4

Honorary council

1. The honorary council of the not-for-profit organization nominates eminent representatives of the church, diaconical institutions, educational organizations, culture, public health and economic sphere of action.

2. The honorary council meets at least once a year. The purpose of the honorary council is to be involved in the development and implementation of activities within the organization and to follow its aims and to raise finances and material support of the not-for-profit organization by the institutions in the Czech republic, Finland,

institutions of European Union and by the private sector as well.

Article 5

Acting and Signing on behalf of the organization

1. The director of the organization acts on behalf of the organization, namely by acting and signing independently.
2. The staff of the not-for-profit organization holds the authorisation to act on behalf of the organization within the range and under conditions given in § 20 clause 2 of the Civil Code.

Part IV.

Economy, Accountancy and Annual Report

Article 1

Economy

1. Except of public utility service provision for the purpose of which the organization has been established, the not-for-profit organization can provide other activities as well („complementary activities“) with the proviso that by means of the complementary activities the property will be utilized more effectively and at the same time the quality, range and availability of public utility services will not be endangered.
2. The not-for-profit organization must not participate in business activities of other subjects and outside the area of the Czech Republic it may even not establish any organizational branches.
3. To the self-funding resource of the not-for-profit organization belongs its equity:
 - a) Deposit amounts value of the founders
 - b) Value of accepted gifts
 - c) Funds of the not-for-profit organization
 - d) Subsidies
4. Returns resulting from the equity and funds economy made by

the complementary activities, are another funding resource of the not-for-profit organization.

5. The not-for-profit organization may also apply for subsidies from the budget of the state, municipalities or other territorial bodies, as well as for subsidies from European Union programmes, national funds or other international funds and foundations.

Article 2

Accountancy

The not-for-profit organization keeps double-entry accounting. The annual financial statement must be verified by the public accountant if:

- a) It will become subsidy recipient or recipient of other grant from the state budget, municipal budget or if appropriate from another regional authority or state fund budget and the total subsidy volume will exceed the amount of one million Czech crowns in the year for which the annual financial statement is being made up
- b) The amount of the net turnover will exceed ten millions Czech crowns.

Article 3

Annual Report

1. The not-for-profit organization elaborates and publishes the annual progress and financial report by the deadline which is being fixed by executive council, however within six month after closing the assessed period. A calendar year is considered the assessed period. The not-for-profit organization is obliged to publish the annual progress and financial report within eighteen month from its beginning at the latest. The annual report is overt at the seat of the organization.

2. The annual report is made public by the deadline specified by the executive council posted in the residence of the organization in a public place provided for this purpose. Advice of publishing the annual report is advertised twice consecutively in a regional bulletin.

The annual report of the not-for-profit organization comprises:

- a) Activity overview exercised in that particular year giving at the same time reference to the establishment purpose of the not-for-profit organization
- b) Annual financial statement and assessment of basic data included
- c) Public accountant award of the annual financial statement provided it has been verified
- d) Monetary receipts and expenditures overview
- e) Overview of entry amount (revenues) structured as per resources
- f) Development and balance closing of not-for-profit organization funds
- g) Balance and property and obligation flow of the not-for-profit organization
- h) Total volume of expenditures (costs) structured as per expenses (costs) spent for public utility service provision, complementary activity performance and for the particular activity (administration) of the not-for-profit organization
- i) Amendments in foundation agreement and structure of steering bodies which took place along the year
- j) Additional data specified by the executive council

3. The annual report is deposited in the document collection of the registration court. The director accounts for filing.

Part V.

Organizational Structure of the Organization

Article 1

Personnel of the Organization

In order to ensure the establishment purpose and provision of the approved complementary activities, the organization can recruit labour for employment or a similar relation in compliance with the needs and the approved organizational structure. The number of individual positions given in the structure is in virtue of the current state of staff and it can change depending on the organization needs.

Remuneration of the Staff

With regard to the purpose for which the staff is being recruited, the employees will be remunerated in accordance with the Act No. 1/1992 Col. and on the basis of the wage regulation issued by the director of the organization, with regard to the purpose.

Part VI. Common, Temporary and Final Provisions

Article 1

Liquidation and Dissolution of the Organization

1. The not-for-profit organization becomes extinct by the day of its erasure from the register.
2. Cancellation with liquidation or without liquidation goes before dissolution the not-for-profit organization. Liquidation is not required if it concerns cancellation the not-for-profit organization by consolidation, mergence or division. Relevant enactments of the Commercial Code refer to dissolution of a disestablished not-for-profit organization as well as to changeover of rights and obligations.
3. The not-for-profit organization can be consolidated or merged only with another not-for-profit organization and it can be split only into other not-for-profit organizations.
4. The not-for-profit organization starts its liquidation:
 - a) After expiry of a period for which it had been established
 - b) By achieving purpose for which it had been established
 - c) On the day referred-to in the executive council resolution on cancelling the not-for-profit organization. The executive council must notify this resolution in written at least two month before the day on which day the not-for-profit organization is to be defunct otherwise this resolution abates. Before the not-for-profit organization is, according to the executive council resolution, defunct, this resolution can be changed or cancelled by the founder, however he has to ensure activities of the not-for-profit organization at least to the extent that is in accordance with reasons for which the executive council resolution has been changed or cancelled
 - d) By consolidation, mergence with another not-for-profit organization or by division into two or more not-for-profit organizations (without liquidation)
 - e) On the day referred-to in the decision of the court on cancellation the not-for-profit organization, otherwise on the day on which this decision inures

f) By bankruptcy order or rejection of proposal for bankruptcy order due to lack of property

The Court will decide on liquidation on the proposal of public authority, the founders or the person who proves legal interest. The court will decide on liquidation if:

- Not a single executive council meeting of the not-for-profit organization was held in the passed year
- No bodies of the not-for-profit organization were established and the term of office of the previous bodies was terminated by more than one year
- The not-for-profit organization does not provide public utility services listed in the foundation agreement for more than six months
- During six months it repeatedly came about endangering the quality extension and availability of public utility services by complementary activities provision with the view of which the not-for-profit organization has been established
- The not-for-profit organization uses revenues of their activities and entrusted property contrary to law
- The not-for-profit organization counteracts the provision of law on not-for-profit organizations

The court can set a time limit for elimination of causes for which the liquidation of the not-for-profit organization has been proposed.

5. In order to administer liquidation the executive council nominates a liquidator.

6. If the liquidator has not been nominated by the executive council, a competent court will do so without undue delay, in compliance with the seat of the not-for-profit organization.

7. Liquidator initiates the liquidation:

- a) By checking if the founders of the not-for-profit organization have been acquainted with the liquidation in time
- b) By invitation call to the creditors and other persons affected by the liquidation to claim their rights and outstandings within a time limit that must not be shorter than three months.
- c) By making the liquidation start of the not-for-profit organization public in the business bulletin.
- d) By notice of liquidation start to the municipality where the not-for-profit organization has its residence as well as to the relevant revenue authority.

8. The liquidation procedure will be specified so that only property necessary for performance of engagements of the not-for-profit organization would be converted into cash.

9. Within 30 days after liquidation ending the liquidator files a proposal at the registration court for cancellation the not-for-profit organization from register.

Article 2

Final Provisions

1. Other legal relations not governed by the statute or the foundation agreement abide by relevant enactment No. 248/1995 Col. as amended and other generally mandatory statutes.

2. Amendments and annexes to the statute can be realized only by decision of the executive council, submitted in writing.

Discussed and approved by the executive council of the not-for-profit organization on -----

Executive Council Chairman of the
organization