

Adopted on December 24, 2002

THE LAW OF THE REPUBLIC OF ARMENIA ON FOUNDATIONS

Chapter 1. General Provisions

Article 1. Sphere of Application of the Law

1. This law, in accordance with the Civil Code of the Republic of Armenia (RA), defines the legal condition of foundations, regulates the legal relations, which arise in the process of establishment, activity implementation, reorganization and liquidation of foundations.
2. Application of the given law extends to foundations, which have been established and are being established in the Republic of Armenia.
3. Peculiarities and legal condition of other types of foundations are stipulated by different laws.
4. Peculiarities of the legal status, foundation, management bodies, charter, rights and obligations of the Deposit Guarantee Fund and its management bodies, as well as liquidation procedure, funds, including administrative expenses of the Deposit Guarantee Fund are stipulated by the RA law on “Guarantee of remuneration of banking deposits of physical persons”. The provisions of this law are applied to the Deposit Guarantee Fund, unless otherwise stipulated by the RA law on “Guarantee of remuneration of banking deposits of physical persons”.

Article 2. Legislation on Foundations

Legislation on foundations consists of the RA Constitution, the RA Civil Code, this law, other laws and legal acts, as well as international treaties signed by the Republic of Armenia.

Article 3. Legal Status of Foundations

1. Foundation is a non-commercial organization, which is established based on voluntary contributions of property on behalf of citizens and (or) legal persons, and which does not have members and pursues social, charitable, cultural, educational, scientific, public health, environmental or other public benefit goals.
2. The foundation is considered created from the moment of its state registration in accordance with the manner stipulated by the law.
3. The foundation is a legal person and has property separated from that of the founder, and expressed in its own balance.
4. The foundation, in its own name, may acquire and exercise property and personal nonproperty rights, bear duties, and be a plaintiff and a defendant in the court.

5. The foundation has the right to open bank accounts in the Republic of Armenia and in the banks of foreign countries in Armenian Drams or foreign currency in the manner stipulated by the law.

Article 4. Beneficiaries of Foundations

1. The foundations may have potential and actual beneficiaries.
2. The potential beneficiaries of foundations are those natural and legal persons, for whose benefit certain payments may be made, services may be provided or some part of the foundation's property may be transferred in accordance with the charter of the foundation.
3. The actual beneficiaries of foundations are those natural and legal persons, for whose benefit certain payments have been made, certain services have been provided or some part of the foundation's property has been transferred.
4. The founders of a foundation may only use the services provided by the foundation.

Article 5. Name and Symbol of Foundation

1. The foundation has a name, which must contain the word "foundation", as well as an indication regarding the field of its activities, in case if this information is not obvious from the name.
2. The name of the foundation must differ from that of other foundations, including those that have been liquidated within one year preceding the registration of the foundation.
3. The foundation may use in its name the name of a famous natural person, only by the consent of the latter, and in case if he/she is dead, only when the written agreement of all heirs, who have received his/her inheritance, is present. In case if there are not any heirs who have received inheritance, the name of the famous person may be used in the name of the foundation, if that person has won fame in a field that corresponds with the main field of activity of the foundation.
4. The foundation must have a round seal containing its name. The seal may also contain the name of the foundation in other languages, and its symbol.
5. The foundation may have a symbol. The image and the description of the symbol are included in the charter of the foundation.
6. The symbol of the foundation must not coincide with state symbols of the Republic of Armenia. It is prohibited to use the RA State Emblem as symbol of foundation, with the exception of those cases when the founder or one of the founders is the Republic of Armenia. In this case, the RA Government gives permission to use the RA State Emblem.
7. The foundation may have stamps and letterheads containing its name, as well as other means of individualization.

Article 6. Separated Subdivisions and Institutions of Foundations.

1. The foundation has the right to create separated subdivisions (branches and representations) and institutions in accordance with the law and other legal acts.

The creation of separated subdivisions and institutions in foreign countries is carried out in accordance with the laws and other legal acts of those countries, unless the international treaties signed by the RA stipulate otherwise.

2. The name of the separated subdivision or the institution of the foundation must include the name of the foundation that has created it.
3. The separated subdivisions and institutions of the foundation are considered created from the moment of adoption of the corresponding decision.
4. The separated subdivisions and institutions of the foundation are registered according to the manner stipulated by the law and other legal acts.

Article 7. Location of Foundation

1. The location of the standing body of the foundation (the executive body [or one of the bodies] stipulated by the charter) is considered as the location of the foundation.
2. The foundation may have a postal (e-mail) address, by means of which communication shall be maintained with the foundation. The delivery of mail and other correspondence to the postal (e-mail) address or to the place of location of the foundation is considered appropriate delivery.

Article 8. Property of Foundation

1. The foundation has separated property at its ownership and is responsible for its liabilities by this property.
2. Initial funds of the foundation are those material and (or) financial funds transferred to it at the moment of creation by the founder.
3. Property transferred to the foundation by the founder shall be in the possession of the foundation. The foundation shall use this property according to the goals stipulated by its charter.
4. Following are the sources that may be used for the formation of the foundation's funds:
 - 1) The founder's contribution;
 - 2) Donations and contributions from natural and legal persons, here including also donations and contributions from foreign natural and legal persons, and international organizations;
 - 3) Monetary allocations from the state budget;
 - 4) Grants;
 - 5) Funds received from entrepreneurial activities carried out by the foundation, or commercial organizations that were created by the foundation or to which the foundation participates;
 - 6) Fund raising – funds received from activities aimed at raising money (fund raising through cultural, sport, amusing and other events);
 - 7) Other ways unrestricted by the law.
5. Funds from the state budget may be allocated to support the activities of the foundation, only on competitive bases and only when the program of activities of the foundation has been officially certified as public benefit or charitable. Funds from the state budget may not be used to cover administrative-managerial expenses of the foundation.

6. The foundation property may not be used for the benefit of its founders, the members of the executive bodies, nor the staff of the foundation, with exception of expenses related to the payment of wages to the foundation employees and to compensation of expenses related to the fulfillment of duties of a member of the foundation bodies. The contributions donated to the foundation by legal or natural persons for the accomplishment of certain goals, may be used for other goals, only by the consent of the contributor. Funds received through fund raising may be spent only for the accomplishment of goals that have been announced in advance.
7. The expenditures of the foundation are:
 - 1) Expenditures spent for the accomplishment of statutory goals;
 - 2) Administrative-managerial costs;
8. The expenditures envisaged by paragraph 7, point (1) of this Article shall be marked in the budget of the foundation separately according to the goals and methods of application and (or) according to the subjects, among whom the funds will be distributed. These expenditures also include expenses for preservation, growth and repair of the foundation property, as well as communicational, communal-general, electricity and constructional expenses.
9. The expenditures envisaged by paragraph 7, point (2) of this Article include expenses for management of the foundation, and expenses for the payment of wages to the foundation employees and for compensating the work of the members of the foundation bodies.
10. The charter of the foundation stipulates the sum of money set for expenses envisaged by paragraph 7, point (2) of this Article. This sum should not exceed 20% of general annual expenses of the foundation.

Chapter 2. Creation of Foundation

Article 9. Creation of Foundation

A foundation may be created as a result of its establishment by the founders or reorganization of an existing foundation according to the manner stipulated by this law, and also as a result of reorganization of non-commercial organizations according to the manner stipulated by the law.

Article 10. Establishment of Foundation

1. Creation of a foundation through establishment is carried out by the decision of the founding assembly.
2. The foundation may be created by one person. In case if the foundation is being established by one person the decision, regarding the establishment is made (in written form) by that person solely.
3. The founders of a foundation shall sign a written agreement regarding the creation of the foundation, which shall include:
 - 1) Information about founders:
 - For natural persons: name, passport information, place of residence, phone number and other means of communication;

- For legal persons: full name of the firm, data on state registration, location (postal address), name of the director or the representative of the legal person, phone number and other means of communication.
 - 2) Manner of joint actions of founders in connection with the creation of the foundation;
 - 3) Goals of the foundation;
 - 4) Possible categories of potential beneficiaries;
 - 5) Terms of the foundation's activities;
 - 6) The rights and obligations of the founders in connection with the creation of the foundation;
 - 7) Data regarding formation of initial property of the foundation and manner of transferring this property.
 - 8) Distribution of responsibilities between founders for liabilities that have come up as a result of actions of the founders in the process of creating the foundation, in case if the foundation is considered failed or if the founding assembly does not approve the activities of the founders.
4. The establishment of a foundation by or with the participation of the Republic of Armenia or its Communities is carried out correspondingly by the decision of the Government or the Community Council (Avagani).

Article 11. Establishment of Foundation by Will

1. Foundation may be established by will.
If the foundation is being established by will, the decision regarding the establishment is made by the executor of the will (hereof executor) based on the Certificate on the Right of Succession. In this case, in addition to the information envisaged by Article 13 of this law, the decision must also contain the executor's and the testator's first and last names, the executor's passport information, place of residence, phone number and other means of communication.
2. In the Certificate on the Right of Succession issued by notary to the executor, the obligation of registering the foundation within a month on behalf of the testator shall be declared, unless the will stipulates a different time-period. If the executor avoids the execution of obligations arising from the will, then the court shall appoint a different executor upon the demand of interested persons.
3. If the will does not mention an executor than the court shall appoint one.

Article 12. Founders of Foundation

1. With exceptions of those people whose participation in foundations is prohibited or limited by the law, all citizens of the Republic of Armenia, foreign citizens, persons without citizenship, Armenian and foreign legal persons may become founders of a foundation.
2. In cases envisaged by Article 11 of this law, the testator becomes the founder of the foundation.
3. The Republic of Armenia and its Communities may become founders of foundations on equal bases as citizens and legal persons.

4. State or local self-governance bodies may not become founders of foundations.
5. The founders (founder) do not bear responsibilities for the liabilities of the foundation, and the foundation does not bear responsibilities for the liabilities of its founders (founder).
6. The founders of a foundation bear equal responsibility for liabilities that came up in connection with the creation of the foundation before its state registration.
The foundation shall bear responsibility for the founders' liabilities created in connection with the creation of the foundation, only in cases when the activities of the founders directed at the creation of the foundation receive the approval of the founding assembly.

Article 13. Founding Assembly of a Foundation

1. The founding assembly of a foundation (hereof founding assembly) shall gather no later than within 3 months after signing the agreement on creating the foundation.
2. The founding assembly is considered authorized, if all the founders or their representatives take part in it.
3. The founding assembly:
 - 1) Makes decisions regarding the establishment of foundation;
 - 2) Verifies the charter of the foundation;
 - 3) Forms the foundation's board of trustees;
 - 4) Appoints the manager of the foundation (executive director);
 - 5) Hears the report of the founders and (or) the person authorized by them regarding the expenses made before the establishment of the foundations.

Decisions defined by points (1) and (2) of this paragraph are made by unanimous agreement of the participants of the founding assembly.

For all other questions, decisions are made by simple majority of votes of the participants of the assembly, unless the charter provides for a greater number of votes.

4. The Government decision on establishment of foundations with the participation of the Republic of Armenia must include provisions regarding the establishment of the foundation, as well as the state governing body (bodies) that will act on behalf of the founder. Other authorities envisaged by paragraph 3 of this law may be reserved by the Government to the corresponding state governing body (bodies).
5. The decision on establishment of foundations with the participation of the Community must include provisions regarding the establishment of the foundation, as well as the authorized persons who will act on behalf of the founder. Other authorities envisaged by paragraph 3 of this law may be reserved by the Community Council to the authorized person.
6. In case of establishment of foundation by one person, the written decision of the founder must contain provisions regarding issues envisaged by paragraph 3, points (1) through (4), of this Article.

Article 14. Failed Foundations

The foundation is considered to have failed:

- 1) If the founding assembly has not gathered within the time period stipulated by paragraph 1 of Article 13, of this law;

- 2) If the foundation has not applied for state registration in the stipulated manner within 2 months after the decision regarding the establishment of the foundation has been made;
- 3) In case if the foundation has been rejected state registration, and the foundation has not appealed this rejection in the court within 3 months, or if the appeal has also been rejected and the decision has entered into legal force.

Article 15. Charter of the Foundation

1. The founding document of a foundation is the foundation's charter (hereof charter).
2. The charter defines:
 - 1) The name of the foundation;
 - 2) The location of the foundation;
 - 3) The goals of the foundation;
 - 4) List of the types of entrepreneurial activities that the foundation may engage in;
 - 5) Information about the founder (founders);
 - For natural persons: first name, last name, passport information, place of residence;
 - For legal persons: full name of the firm, data on state registration, location (postal address), name of the director or the representative of the legal person.
 - 6) The value of initial property of foundation, the manner of management and governance of the foundation's property;
 - 7) Categories of possible beneficiaries of the foundation;
 - 8) Terms of foundation's activity;
 - 9) Manner of formation of the foundation bodies, number of their staff and authorities, their decision making procedures, including decisions on those issues, that require unanimous agreement or qualitative majority of votes;
 - 10) Procedure for liquidating the foundation and the manner of usage of property in this case;
 - 11) Other provisions envisaged by this law, and not contradicting the law.
3. If the provisions of the charter contradict the RA legislation, than the provisions of the legislation shall be applied.
4. The bodies of the foundation may introduce changes into the charter of the foundation, if the charter envisages the possibility of such changes.

If the preservation of the charter without changes may bring to results, that could not have been predicted at the time when the foundation was being created, and the charter does not envisage the possibility of changing it, or if the body that has the authority to change the charter does not do this, then the court, based on the appeal from the foundation's bodies, implements the right of making those changes.

Article 16. State Registration of Foundations

1. Foundations are subject to state registration according to the manner stipulated by the law.

2. The foundation for state registration, no later than within 2 months after the day the decision on establishing the foundation has been made, must present to the state registration body the following documents:
 - 1) Application for state registration signed by the founders or the person authorized by them;
 - 2) At least two copies of the foundation's charter;
 - 3) Decision on establishing the foundation;
 - 4) Written agreement on creating the foundation;
 - 5) Receipt of payment of the state duty.If the name of the foundation contains the name of a famous natural person, than the agreement envisaged by Article 5, paragraph 3 of this law shall be presented.
3. Additions and changes to the charter, as well as newly adopted editions of the charter are subject to state registration according to the manner stipulated by the RA Law on Registering Legal Persons and this law.

Article 17. Terms of State Registration and Bases for Rejection

1. After submitting all the necessary documents to the state registration body and after making on that same day a record in the register of incoming documents, the state registration body of legal persons must register them no later than within 15 days.
2. The state registration of the foundation is rejected in the following cases:
 - 1) If the manner stipulated by this law for formation of a foundation has been violated;
 - 2) If the charter of the foundation contradicts the law;
 - 3) If the name of the foundation coincides with the name of some other foundation registered in the past;
 - 4) If not all the documents necessary for state registration, envisaged by this law, have been presented.
3. The rejection to register the foundation, as well as avoidance of registration may be appealed in the court.
4. It is not allowed to reject registration of a foundation based on inexpediency of creating it.
5. The rejection of state registration does not serve as an obstacle for submitting a new application for registration.

Chapter 3. Rights and Obligations of Foundation. Responsibility

Article 18. Rights of Foundation

1. The foundation according to its statutory purposes has the rights:
 - 1) To provide material assistance to natural and legal persons according to the manner stipulated by this law;
 - 2) To disseminate information about its activities without restraint;
 - 3) To establish press and other mass media means;

- 4) To receive information, necessary for the accomplishment of its statutory purposes, from state and local self-governance bodies, according to the manner stipulated by the law;
 - 5) To create separated subdivisions (branches, representations) and institutions;
 - 6) To create commercial organizations or to participate in them;
 - 7) To sign agreements with natural and legal persons;
 - 8) To carry out scientific researches and develop projects;
 - 9) To assist in the implementation of cultural, educational and scientific initiatives suggested by natural and legal persons;
 - 10) To implement other activities not forbidden by the law.
2. The foundation according to the legislation of the Republic of Armenia and its charter may become member of international and foreign non-governmental organizations.

Article 19. Entrepreneurial Activity of Foundation

1. The foundation may carry out entrepreneurial activities only in those cases, when it serves for the accomplishment of goals for which it has been created and corresponds to these goals. The foundation may carry out entrepreneurial activities directly, or it may create commercial organizations or participate in them.
2. The foundation has the right to carry out only in those types of entrepreneurial activities that are envisaged in its charter, in cases when it carries out those activities directly according to the manner stipulated by this law.

Article 20. Obligations and Responsibility of Foundation

1. The foundation is obliged:
 - 1) To act in accordance with the RA Constitution, this law and other laws and legal acts, as well as its charter;
 - 2) To keep records and accounting in the manner stipulated by the law;
 - 3) To present information and reports to state bodies in cases and in the manner stipulated by the law;
 - 4) To fulfill other obligations envisaged by this and other laws.
2. Upon demand of persons envisaged by points (1) through (4) of paragraph 4 of Article 8 of this law, as well as upon demand of authorized state bodies, the foundation within 5 days must grant that person an opportunity to get acquainted with its charter, and additions and changes to the charter. The foundation must provide a copy of its charter upon demand of that person. The fee collected for providing a copy of the charter, shall not exceed the expenses incurred for preparing it. The mentioned documents shall be provided to the authorized state bodies free of charge.
3. The foundation and its officials bear responsibility envisaged by the law, for carrying out illegal activities.

Chapter 4. Bodies of Foundation

Article 21. Bodies of Foundation

1. Foundation carries out its activities through its bodies. The bodies of the foundation are:
 - 1) Board of trustees of the foundation;
 - 2) Manager or executive director of the foundation (hereof manager).
2. The charter of the foundation may envisage other bodies as well (including corporate executive bodies), whose authorities shall be stipulated by the charter.

Article 22. Board of Trustees of Foundation

1. Board of trustees is the supreme management, as well as the supervising body of the foundation.
2. Able natural persons who have turned 18 may become members of the foundation board of trustees.
3. The founder shall assign the first membership of the foundation's board of trustees; meanwhile the executor shall do this in case of establishment by will, unless the will stipulates otherwise.

The number of members of the board of trustees is envisaged by the charter of the foundation and should not be less than 3.
4. Members of the board of trustees cannot serve as members of other bodies of the foundation.
5. The president or the co-presidents of the foundation's board of trustees are elected by and from the members of the board with simple majority of their votes, unless the charter envisages a greater number of votes.
6. The members of the board of trustees of the foundation shall fulfill their duties on social bases without any compensation. Compensation may be envisaged for the members of the board of trustees for those expenses that are connected with the fulfillment of their duties as members of the board of trustees. The board of trustees shall stipulate the manner of compensation payments.
7. Honorable Members of the board of trustees may participate in the works of the board of trustees with the right for an advisory vote. The title of an Honorable Member of the board of trustees is granted by the board of trustees in cases and in the manner envisaged by the charter.

Article 23. Terms of Authority of the Members of the Board of Trustees, Manner of Their Election

1. The terms of authority of the members of the board of trustees are not limited, unless the charter stipulates otherwise.
2. The authority of a member of the board of trustees shall cease in the following cases:
 - 1) Upon his/her written request;
 - 2) In case of the $\frac{3}{4}$ majority of the other members of the board when the member does not fulfill his/her responsibilities properly;
 - 3) In case when the term of his/her authority has expired, if the charter stipulates such a term;

The authorities of members (appointed by the Republic of Armenia or its Community) of a board of trustees of a foundation created with the participation of the

Republic of Armenia or its Community, may cease at any given moment according correspondingly to the decision of the RA Government or a member of the Community.

The authority of a member of the board of trustees shall be considered ceased in case of his/her death.

In cases envisaged by point (1) of the first part of this paragraph, the authorities of the members of the board of trustees shall be considered ceased following the day of submission of the request. In cases envisaged by point (3) of the first part of this paragraph the authorities of the members of the board of trustees shall be considered ceased following the day of electing new membership of the board of trustees.

3. In cases envisaged by paragraph 2 of this article the candidacy for the election of a new member is suggested by the founders, however if the founders do not exist, or if they do not make a suggestion of a candidate within 30 days following the appearance of the free spot in the membership of the board of trustees, then any member of the board of trustees can make this suggestion.

The founders must be properly notified about the appearance of a free spot in the membership of the board of trustees, no later than within 10 days after the spot appeared.

4. The new member of the board of trustees is elected by two-thirds majority of the votes of the members of the board, no later than within 60 days after the authorities of the previous member have ceased.

If none of the candidates gathers enough votes for being elected, than a second voting takes place between the two candidates having gathered the maximum number of votes. The candidate who gathers the maximum number of votes, that however should not be less than half of the votes of all the members of the board of trustees, shall be considered elected.

If none of the candidates is elected in the manner stipulated by this paragraph, then the elections of the member of the board of trustees are considered to have failed.

5. In case if the elections are considered to have failed, according to the manner stipulated by paragraph 4 of this article, the candidacy for the election of a new member is suggested by the founders, within 2 months after the election has been considered to have failed. However if the founders do not exist, or if they do not make a suggestion of a candidate within 45 days following the appearance of a free spot in the membership of the board of trustees, then any member of the board of trustees can make this suggestion. In this case the elections are held within 6 months after the time period for suggesting candidates has finished, in the manner stipulated by paragraph 4 of this article.

6. If the number of members of the board of trustees becomes less than the minimal number envisaged by paragraph 3 of Article 22 of this law and the membership of the board of trustees does not get completed within one year, than the foundation is subject to liquidation in the manner envisaged by this law.

7. In case of suspension of authorities of all members of the board of trustees on bases envisaged by this article, the founder of the foundation, within 3 months or in the manner stipulated by this article, shall complete the membership of the board of trustees or shall appeal to the court for liquidating the foundation. Otherwise the RA Minister of Justice shall appoint a board of trustees consisting from 3 members for a period of 3 months (hereof provisional board), which shall form a new board of trustees within 6 months after its appointment, according to the manner stipulated by law. In case of inability to

form a new board of trustees within the stated period, the provisional board shall appeal to the court for liquidating the foundation.

Article 24. Decisions of the Board of Trustees

1. The board of trustees fulfills its activities through sessions. The session of the board of trustees is considered authorized if more than half of its members participate in it, unless the charter envisages a greater number of participants. The decisions of the board of trustees are made by simple majority of votes of the members present at the session, unless this law and the charter of the foundation envisage a greater number of votes.
2. Decisions regarding the election and dismissal of the president of the board of trustees or the manager of the foundation, as well as decisions regarding reorganization or liquidation of the foundation, or changes and additions to be made in the charter (adoption of new editions of the charter) are made by majority of votes of all members of the board of trustees.
3. If during the session of the board of trustees, some issue shall be discussed concerning property or other interests of one of the members of the foundation's board or any person related to him/her (parent, spouse, child, brother, sister, the spouse's parent, child brother or sister), than this member of the board of trustees shall not participate in the voting.

Article 25. Competence of the Board of Trustees

1. Following issues fall within the competence of the board of trustees:
 - 1) Development of strategy of the foundation;
 - 2) Approval of the foundation's budget and its changes, the financial reports and the annual reports on foundation's activities;
 - 3) Approval of the procedure on management of the foundation's property;
 - 4) Decisions regarding reorganization of the foundation;
 - 5) Election of new members of the foundation's board of trustees and adoption of decisions regarding early suspension of authorities of members of the board of trustees;
 - 6) Decisions regarding the election of the president of the board of trustees, the manager of the foundation and other bodies envisaged by the charter, and early suspension of their authorities;
 - 7) Formation of other bodies of the foundation envisaged by the charter;
 - 8) Decisions concerning the adoption of changes and additions to the charter of the foundation, approval of new editions of the charter;
 - 9) Decisions regarding the creation of commercial companies or participation in them, as well as decisions regarding the creation of separated subdivisions and institutions and the adoption of the charters of the latter;
 - 10) Supervision of the financial-economic activities of the foundation;
 - 11) Hearing the reports of the manager of the foundation with regularity envisaged by the charter;
 - 12) Supervision of the process of implementation of the board of trustees' decisions;
 - 13) Election of the person who shall conduct audits (auditor);

- 14) Fulfillment of other authorities envisaged by this law, the charter, as well as those authorities that have not been reserved for other bodies of the foundation.
2. According to the charter, issues falling within the competence of the board of trustees may not be transferred to other bodies.
3. The board of trustees has the right to get acquainted with all the documents of the foundation.

Article 26. President of the Board of Trustees

1. The president of the board of trustees is elected by the members of the board according to the manner stipulated by this law and the charter.
At any time, the board of trustees may reelect the president or elect a new president by majority of votes of all its members.
2. The president of the board:
 - 1) Organizes the work of the board of trustees;
 - 2) Gathers the sessions of the board of trustees and chairs them;
 - 3) Organizes the recordings of the sessions.
3. In case if the president of the board of trustees is absent, one of the members, upon the decision of the board of trustees, performs the president's duties.
4. The president of the board of trustees shall gather the sessions of the board not less than once a year. The president of the board of trustees may also gather sessions of the board upon demand of 1/3 of its members within 30 days following the demand was made.
If the president of the board of trustees does not gather a session within the stated period, than the session may be gathered by those who made the demand.
5. Elected co-presidents, according to the manner and conditions stipulated by the charter, may fulfill the authorities of the president of the board of trustees.

Article 27. Manager of Foundation

1. The manager of the foundation directs the current activities of the foundation.
2. All issues regarding current activities of the foundation fall within the competence of the manager of the foundation, with exception of those issues that fall within the competence of the board of trustees as envisaged by this law and the foundation's charter.
The manager of the foundation organizes the implementation of decisions of the board of trustees.
The manager is elected and dismissed by the board of trustees. For the first time the manager may be appointed by the founder.
The rights and responsibilities of the manager of the foundation are stipulated by this law, the charter of the foundation and the contract signed with him/her. On behalf of the foundation, the contract is signed by the president of the board of trustees or some other person authorized by the board.
3. The manager of the foundation:
 - 1) Manages the property of the foundation, including financial means, and makes transactions on behalf of the foundation;
 - 2) Represents the foundation in the Republic of Armenia and abroad;
 - 3) Acts without a letter of attorney;

- 4) Issues letters of attorney;
- 5) In a stipulated manner signs contracts, including employment ones;
- 6) Opens the foundation's bank accounts, including foreign currency accounts and other ones;
- 7) Presents for the approval of the board of trustees the internal work manual of the foundation, the charters of the foundation's separated subdivisions and institutions and the commercial organizations established by the foundation, the foundation's administrative-organizational structure, the salary scale;
- 8) Within its competence issues orders and directions, gives instructions, the fulfillment of which is obligatory and supervises their implementation;
- 9) In a stipulated manner hires and dismisses from work the employees of the foundation;
- 10) Applies means of encouragement and disciplinary responsibility towards coworkers.

The charter may also stipulate other authorities of the manager of the foundation.

4. The manager of the foundation may hold paid positions at other organizations only with the consent of the board of trustees.
5. The board of trustees has the right to cancel the agreement signed with the manager at any moment according to the manner stipulated by the law, the charter of the foundation and the given agreement.

Article 28. Protocols of Sessions of the Board of Trustees

1. The sessions of the foundation's bodies are recorded. The protocol is formed within 5 days after the end of the session, in at least two copies, and all the members present at the session must sign it.
The chairman of the session bears responsibility for the truthfulness of information recorded in the protocol.
2. The following information shall be mentioned in the protocol:
 - 1) The date (year, month, day) and place of the session;
 - 2) Number of people who had the right to participate in the session;
 - 3) Number of participants;
 - 4) Agenda of the session.

The protocol must contain information about main ideas of speeches made during the session, the issues that were voted upon, the results of voting of these issues, and decisions made by the session.

Chapter 5. Reorganization and Liquidation of Foundation

Article 29. Reorganization of Foundation

1. The foundation may reorganize only through uniting or merging, if this is envisaged by the charter.
2. The reorganization of the foundation occurs by the decision of the board of trustees.

3. When the foundation reorganizes by means of merging, it shall be considered reorganized from the moment of state registration of the newly created foundation.
When the foundation reorganizes by means of uniting with another foundation, they shall be considered reorganized, from the moment of state registration of cessation of activities of the united foundation.
4. Within 30 days after the decision, regarding reorganization of the foundation, has been made the foundation must notify all its debtors about this. The notification must contain information about the date (year, month, day) when the decision on reorganization was made, the type and participants of reorganization, as well as about the succession of liabilities of the foundation.
5. Within 30 days after notification regarding the reorganization, the debtor of the reorganizing foundation has the right to demand additional guarantees of fulfillment of liabilities, discharge or early payment of liabilities, as well as compensation of damages.

Article 30. Merger of Foundations

1. The merger of foundations is the creation of a new foundation, by means of transferring to it the rights and obligations of more than two merging foundations accompanied by cessation of their activities.
2. The merging foundations shall sign an agreement regarding the merger. The decision regarding reorganization by means of merger must be accepted by the board of trustees of each of the merging foundations, which should also approve the agreement on merger, the transfer act, the procedure and conditions of merger.
3. The joint session of the boards of trustees of the foundations participating in the merger is considered the session of the board of trustees of the foundation created as a result of the merger, which is gathered by the body and within the period mentioned in the merger agreement and which makes decisions on issues envisaged by paragraph 3 of Article 10 of this law.
4. In case of merger of foundations, the rights and obligations of each of the foundations are transferred to the newly created foundation, according to the transfer act.
5. The merger agreement, the transfer act and other necessary documents, envisaged by the law for the purpose of state registration caused by the merger, are to be presented to the state registration body of legal persons.

Article 31. Union of Foundations

1. The union of foundations is the cessation of activities of one or several foundations, with the transfer of their rights and responsibilities to a different foundation.
2. The foundations participating in the union shall sign an agreement regarding the union. The decision regarding reorganization by means of uniting must be accepted by the board of trustees of each of the uniting foundations, which should also approve the agreement on the union, the transfer act, the procedure and conditions of the union.
3. The board of trustees of the foundation, which was enlarged due to the union, shall adopt decisions on making changes and additions to the charter of the enlarged foundation, on approving the union agreement and the transfer act, and in case of necessity on other issues as well.

4. In case of union of foundations, the rights and obligations of each of the uniting foundations are transferred to the foundation, which was enlarged due to the union, in accordance with the transfer act.
5. The union agreement (agreements), the transfer act (acts) and other necessary documents, envisaged by the law for the purpose of state registration caused by the union, are to be presented to the state registration body of legal persons.

Article 32. Agreement on Merger (Union)

1. The merger (union) agreement is concluded between the foundations participating in the merger (union), it is signed by the manager and is subject to approval by their boards of trustees.
2. The merger (union) agreement must contain the following information:
 - 1) Names of the participating parties, location, state registration data;
 - 2) Terms, procedures and conditions of merger (union);
 - 3) Terms and procedures for gathering and holding the joint session of the boards of trustees of the foundations participating in the merger (union);
 - 4) Procedure for voting during the joint session of the boards of trustees;
 - 5) Other information on discretion of participating parties of the merger (union).

Article 33. Transfer Act

The transfer act must contain provisions regarding the property of the reorganized foundation (foundations) and the succession of all their liabilities towards the debtors and creditors, including disputable ones.

Article 34. Liquidation of Foundation

1. Liquidation is the cessation of the foundation's activities without the transfer of its rights and liabilities to other persons in the order of succession.
2. Only the court, upon the demand of interested persons, may make a decision on liquidation of foundation.
3. The foundation may be liquidated for the following reasons:
 - 1) If the property of the foundation is not sufficient for the realization of its activities and the possibility of getting the necessary property is not real;
 - 2) If the foundation by its activities has deviated from the goals envisaged by the charter;
 - 3) If it is impossible to reach the goals of the foundation, or to make changes in these goals;
 - 4) If the activities of the foundation endanger the safety of state and society, social order, health and values of the community, rights and freedoms of others;
 - 5) If the foundation has committed numerous or gross violations of the law, or it has regularly carried out activities contradicting its statutory goals;
 - 6) If the founder, while establishing the foundation, has committed gross violations of the law or falsifications.

Article 35. Order of Liquidation of Foundation

1. After making decision on liquidating the foundation, the court shall form a Commission on Liquidation, and shall define the order and terms of liquidation in accordance with the RA Civil Code and this law.
2. Starting from the moment of its appointment, the commission on liquidation takes over the authority of managing the affairs of the foundation. The commission on liquidation acts on behalf of the foundation in the court.
3. Information regarding the fact of being in the process of liquidation (beginning and end of the process of liquidation, composition of the commission) is recorded in the register of state registration body of legal persons, based on application of the commission on liquidation.
4. The commission on liquidation shall put an announcement in mass media means that publish information about state registration of legal persons, information on liquidation of the foundation and the procedures and terms of presenting claims by the debtors. This term may not be less than 2 months starting from the moment of publication of information on liquidation, which is considered as the beginning of the process of liquidation.
5. The commission on liquidation shall reevaluate the property of foundation, and shall use measures for discovering debtors and receiving its debts, as well for informing debtors about liquidation of the foundation.
6. During the process of liquidation, the foundation has the right to conclude new agreements and undertake new liabilities, only in case of necessity of completing current activities needed for fulfilling its liabilities.
7. By the end of the term envisaged for presenting claims by the debtors, the commission on liquidation shall prepare a midterm liquidation balance, which shall contain information on the composition of the property of the liquidating foundation, the list of claims of debtors, as well as the results of discussions regarding those claims.
8. The court shall approve the midterm liquidation balance.
9. After the midterm liquidation balance is approved, the commission on liquidation shall sell the property of the foundation through public auctions, according to the manner stipulated by this law.
10. The commission on liquidation shall make payments to the debtors of the liquidating foundation in accordance with the sequence envisaged by Article 70 of the Civil Code and the midterm liquidation balance, starting from the moment of its approval.
11. After satisfying the claims of the debtors, as well as in case if at the moment of approval of the midterm liquidation balance the foundation has no liabilities towards debtors, the property is allocated for the accomplishment of statutory goals of the foundation, and if this is impossible, is transferred to the state budget.
12. After completely distributing the property of the foundation, the commission on liquidation shall prepare a liquidation balance and shall present it to the court for approval.
13. The commission on liquidation shall present the approved liquidation balance along with other documents envisaged by the law to the state registration body of legal persons in order to complete the state registration of liquidation of the foundation.

14. The liquidation of the foundation is considered complete, and its existence ceased, from the moment of state registration.

Chapter 6. Accounting and Reports. Information about Foundation

Article 36. Maintenance of the Foundation's Documents

1. The foundation must keep the following documents for the terms stipulated by the law and other legal acts:
 - 1) Certificate of state registration of the foundation, the charter, additions and changes made to the charter, the new edition of the charter, the decision and the agreement on establishment;
 - 2) Documents proving the property rights of the foundation towards the property indicated in the foundation balance;
 - 3) Internal documents approved by its bodies;
 - 4) Charters of its separated subdivisions and institutions;
 - 5) Annual reports;
 - 6) Accounting balance documents;
 - 7) Financial and statistical reports presented to public administration bodies;
 - 8) Protocols of the sessions of its bodies;
 - 9) Agreements signed by it;
 - 10) Documents dealing with its financial-economic and other activities.
2. The foundation shall keep the documents envisaged by paragraph 1 of this article at the place of its location.

Article 37. Accounting Balance

1. In accordance with the manner stipulated by the law and other legal acts, the foundation must keep an accounting balance and present financial and statistical reports.

The manager bears responsibility for organizing the maintenance of an accounting balance, its state and truthfulness, for submitting in time the annual, financial and statistical reports to the public administration bodies, envisaged by the law and other legal acts, as well as for the truthfulness of information being presented to the foundation bodies and other persons in accordance with the law, other legal acts and the charter.
2. The bookkeeping of administrative-managerial expenses of the foundation must be held separately from other expenses of the foundation.

Article 38. Supervision of Foundation's Activities

1. The supervision of compliance with the law of the foundation's activities is carried out by the RA Ministry of Justice, and in cases envisaged by the law, also by other competent state bodies, according to the procedures for their authorities, inspections and examinations stipulated by the law.
2. In case of detection of such violations of the foundation of the law requirements, that can be eliminated by measures to be undertaken by the foundation itself, the supervising body

or the authorized state body shall send to the foundation a written warning with suggestions on the manner and terms of eliminating the violations.

3. The foundation has to notify in writing the RA Ministry of Justice within 15 days after publishing the report envisaged by Article 39 of this law. In case if the foundation publishes an incomplete report within the stipulated period, the RA Ministry of Justice shall send to the foundation a written warning suggesting to fix the lacks within one month. If the foundation fails to publish the report within the defined time or does not fulfill the demands of the warning, the RA Ministry of Justice may appeal to the court with a demand on liquidating the foundation.

Article 39. Publicity of the Foundation's Activities

Within 6 month following the end of each fiscal year, the foundation has to publish the following information in mass media means that publish information about state registration of legal persons:

- 1) Report about its activities. The report has to include information about the programs accomplished; sources of funding; the total amount of financial means used in the fiscal year and in this total the amount of administrative-managerial expenses; the usage of property; the first and last names of the members of the board of trustees, the manager and persons engaged in the foundation's staff, if they have used the foundation's means and services within the accounting year.
- 2) Its annual financial report.
- 3) The conclusion about the financial report of the person who conducted the audit (auditor), if the value of the foundation's actives exceeds 10 million drams.

Chapter 7. Concluding Provisions

Article 40. Enactment of This Law

1. This law shall enter into force following 10 days after the day of its official publication.
2. Until creation of mass media means that publishes information about state registration of legal persons, the announcement envisaged by Article 39 of this law shall be published by any mass media mean with a circulation of at least 1000 copies.
3. The foundations created before the enactment of this law, are not subject to re-registration. Only those parts of their charters that do not contradict the law shall be acted upon (until the charters are brought to compliance in the stipulated manner).
4. Those organizations created before the enactment of this law, whose organizational-legal status is not that of a foundation, but whose names contain the word "foundation", must change their names (business name) within one year in the stipulated manner by removing from it the word "foundation". In case of failure to fulfill this requirement, the name of the foundation is subject to change through the court decision upon the demand of the RA Ministry of Justice.

January 31, 2003