

Financial Structure

78th International Council Meeting

09.11.2020

15h00 - 16h30

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ELSA Regulations

STATUTES

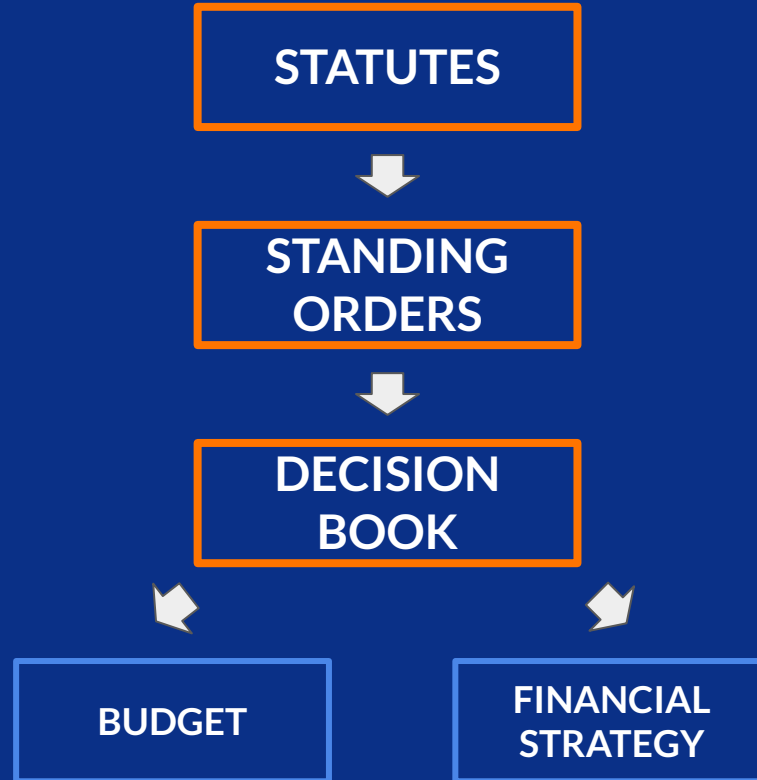
**STANDING
ORDERS**

**DECISION
BOOK**

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ELSA STRUCTURE



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Questions

Q: When a conflict arises between the different ELSA Regulations, which one prevails over which?

A: Statutes precedence over **Standing Orders** and **Decision Book**.

Q: Who can amend the ELSA Regulations and what is the majority needed for them to be amended?

A1: National Groups and IB

A2: Simple majority for amendments, 2/3 for proposals as a whole.

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STATUTES

Voting Rights

Each Member of ELSA has three votes in the International Council, regardless of the number of delegates attending the meeting.

A Member shall be suspended by the International Board for the duration of the International Council Meeting, thus not having voting rights but keeping the rights to attend and address the International Council.

Until it has:

a) fulfilled its financial obligations towards ELSA;

b) filled in the State of the Network Inquiry, sent prior to the respective International Council Meeting, and handed it in to the International Board;

c) submitted the letter of authorisation to the Secretary General of the International Board;

d) submitted the Local Group Report to the International Board

STATUTES

- **Financial year** - 1st of August until the 31st of July.
- **Income or profit from ELSA's activities** – Shall be used to carry out its aims, never for the profit of its members.
- **Membership fee** - Each member of ELSA is obliged to pay per financial year.
- **Interim Accounts** - first 6 months of the financial year.
- **Final Accounts** covering the full financial year.
- **Internal and External Auditors** examine the reliability of the Interim accounts and the Final accounts per financial year.

STANDING ORDERS

The Treasurer of the International Board is: (Article 9.2/c)

- in charge of the financial management of ELSA:
- responsible for the financial planning;
- management of ELSA's assets;
- accounting:
- the arrangement of financial control:
- billing and collecting the annual membership fees and other amounts;
- presenting the interim and final accounts to the International Council:
- other tasks related to ELSA's finances.



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STANDING ORDERS

Members and Observers organise their finance independently

In case the Membership or Observership of a National Group is terminated, any debts to ELSA International continue to exist (only the International Council can decide to wave the debt)

The International Board may agree to delay payments of any fees due through the means of a payment agreement

The International Council decides on the budget

All funds raised for the benefit of, or payable to, ELSA shall be paid into the accounts of ELSA International

The Final accounts and the Interim accounts shall include a Treasurer's report

Internal and External auditing procedure

Q: What is the difference between the absolute and the simple majority?

A: Absolute majority: Half the votes plus one. Simple majority: More votes in favour than against.

Q: What are the main parts of the Financial Strategy of ELSA International?

A: The main parts are: Implementation Procedure; Focus; Execution.

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DECISION BOOK

- Payment Agreements
- Reimbursements – monetary agreements paid for expenses made in behalf of ELSA International
- Damages caused to ELSA – monetary losses to ELSA caused directly by intent or by gross negligence of an International Board member



DECISION BOOK

→ Membership Fee

Is calculated through an define constant (C) multiplied by a coefficient (X) defined by the Annual General Income of the relevant National Group

AGI = Annual General Income

C = 500

$$MF = C * X$$

If $AGI < 1000$, $X = 0,2$

If $1000 < AGI < 4999$, $X = 0,5$

If $5000 < AGI < 9999$, $X = 1$

If $10000 < AGI < 19999$, $X = 2$

If $20000 < AGI < 29999$, $X = 4$

If $30000 < AGI < 49999$, $X = 5$

If $50000 < AGI < 69999$, $X = 8$

If $AGI > 70000$, $X = 10$

DECISION BOOK

Favoured and Non – Favoured Countries

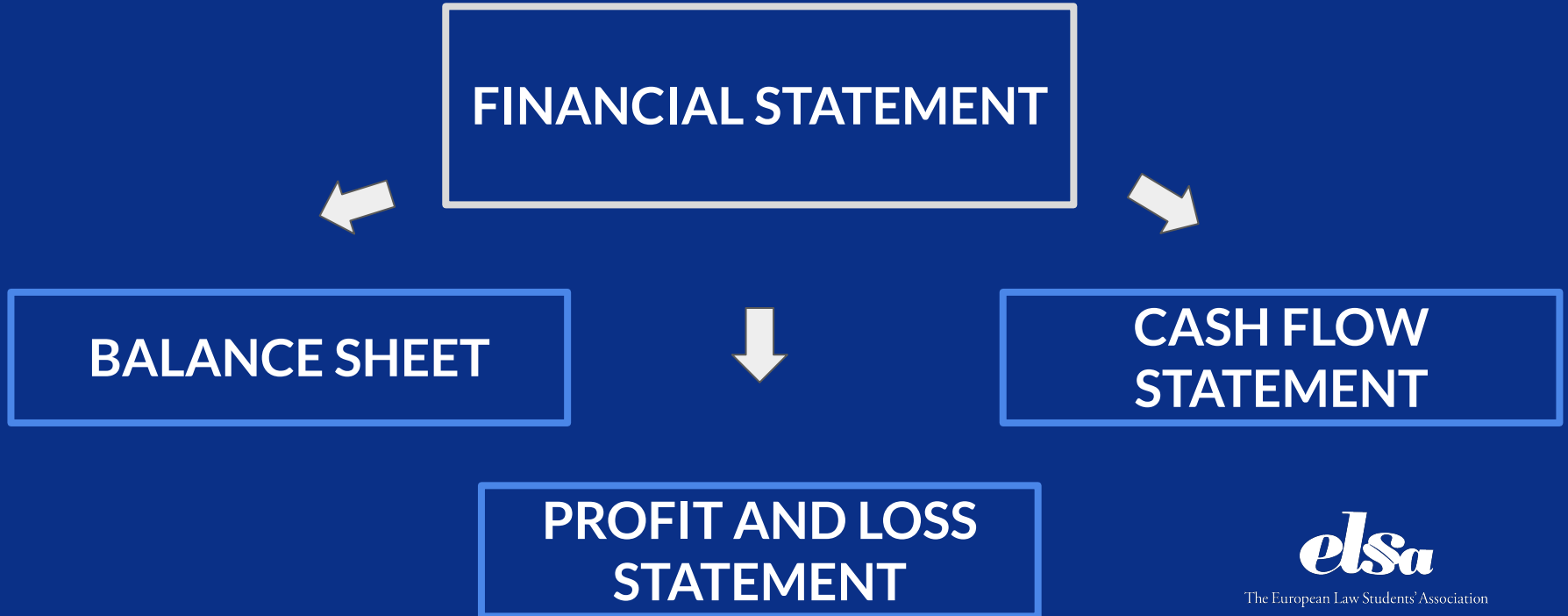
- The list of favoured countries is based on the GNI per capita (measured in PPP)

- The list of favoured countries consists of any country with **GNI per capita** (measured in PPP) equal to or lower than 21.000 International dollars.

Maximum Participation Fee for Statutory Meetings and International Meetings, International S&C events, International Conferences, ELSA Law Schools

- Administrative fee for ELSA Law Schools
- Remuneration of the International Board of ELSA
- EDF Regulations
- Grants Regulations
- Financial Strategy

ELSA STRUCTURE



Financial Structure | Balance sheet

- A snapshot at a specific point in time
- Lists Assets (on the left) and Liabilities or Debt (on the right)
- The totals on both sides must be the same

Assets	Liabilities (Debt)
Cash \$10,000	\$20,000
Equipment \$25,000	Equity
Inventory \$20,000	\$35,000
Total	Total
\$55,000	\$55,000

Financial Statements | Cash – Flow statement

What is cash flow? Two primary definitions:

- Balance of cash received less the amount of cash paid out over a period of time
- Moving cash in or out of an association

A financial statement using assumptions to forecast:

- Association's cash flowing in and out
- Future cash flow during a specific time period
- Project whether cash receipts (in flows) will be sufficient to cover projected cash disbursements (out flows).



Financial Statements | Profit and Loss Statement

A Profit and Loss Statement:

- Measures revenues and expenses over a period of time
- Tracks profitability: whether the association is making a profit on what it provides

Structure of Finances

- Investment Decision
- Financing Decision
- Asset management Decision



Investment Decisions (Capital Budgeting)

- **Investment decisions** revolve around how to best allocate money to maximize their value
- How, when, where and how much money will be spent on investment opportunities
- How to select the most appropriate assets for investment which will bring maximum benefit for the association
- What specific assets should be acquired?

Financing Decision (Capital Structure)

- *Financing decisions* revolve around how to pay for investments and expenses
- Find the least expensive sources of fund

Asset Management Decisions (Working Capital Management Decisions)

- How do we manage existing assets efficiently?
- Greater emphasis on **current asset management** than **fixed asset management**

EDF Statutes and Standing Orders

Future

Scope of Association

Purpose and Activities

Founder and Board

Control of the Private Foundation

Annual Accounts and Financial
Report

Dissolution and Distribution of
Capital

Q&A

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Roundtable

Composition of Regulations

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