

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



Diploma Thesis

Non-profit Organisations Analysis

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DIPLOMA THESIS ASSIGNMENT

Bc. Lucie Kunová

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Thesis title

Non-profit Organisations Analysis

Objectives of thesis

The thesis is focused on the issue of financing of non-profit organisations. The goal is to explore different methods of sustainable fund-raising and viable financial management. The main objectives are to provide a comprehensive overview of various opportunities, assess the current financial management of the biggest student non-profit organisation in the European Union: Erasmus Student Network and propose new possible opportunities.

Methodology

The practical part of the thesis deals with the financial management of a student nonprofit organisation Erasmus Student Network. Methodological tools are a SWOT analysis of the organisation and its financial statement analysis.

The proposed extent of the thesis

60 – 80 pages

Keywords

volunteering, fund-raising, non-profit, financial statement analysis, SWOT analysis

Recommended information sources

Finance Fundamentals for Nonprofits; BOWMAN Woods; John Wiley & Sons, Inc.; 2011; ISBN: 9781118385913

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The Nonprofit Sector; POWELL Walet W., STEINBERG Richard; Yale University Press; 2006; ISBN: 9780300109030

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Declaration

I declare that I have worked on my diploma thesis titled "Non-profit Organisations Analysis" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on March 29, 2019

Lucie Kunová

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Non-profit Organisations Analysis

Abstract

The diploma thesis focuses on the assessment of the financial situation the international level of the largest student non-profit organisation in Europe and aims to proposes recommendations for the future based on the findings from the analysis. The theoretical part reviews and explains the non-profit sector and its position in the national economy. The concept of non-profit organisation is explained detailing its definition, governance, types of activities and legal framework with a focus on Belgian legislature as the analysed organisation is based in Brussels, Belgium. The last part offers an explanation of different types of financial analysis tools. The practical part utilises the theoretical components to analyse the financial statement of the organisation between the years 2013 and 2018. The various components of the finances of the organisation are explained in detail to achieve understanding of the work of the organisation. The results show that the organisation is doing well with its financial management but may face complications in the future due to its ever-growing size.

Keywords: volunteering, fund-raising, non-profit, financial statement analysis, third sector, international organisation

Analýza neziskových organizací

Abstrakt

Diplomová práce se zaměřuje na zhodnocení finanční situace mezinárodní úrovně největší studentské neziskové organizace v Evropě a dává si za cíl navrhnout doporučení do budoucnosti na základě výsledků finanční analýzy. Teoretická část práce vysvětluje neziskový sektor a jeho pozici v národní ekonomice. Je vysvětlen koncept neziskových organizací včetně definice, řízení, typů aktivit a právní formy se zaměřením se na belgickou legislativu, jelikož analyzovaná organizace sídlí v Bruselu v Belgii. Poslední část vysvětluje různé typy nástrojů pro finanční analýzu. Praktická část využívá teoretických poznatků k analyzování finančních výkazů v letech 2013 až 2018. Jednotlivé části výdajů a příjmů jsou vysvětleny do detailu za účelem pochopení náplně organizace. Výsledky ukazují, že organizace obstojně spravuje svoje finance nicméně může v budoucnosti čelit následkům z důvodu růstu organizace.

Klíčová slova: dobrovolnictví, neziskový sektor, fundraising, mezinárodní organizace, analýza finančního výkazu

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List of abbreviations

AB – Arbitration board

AC – Auditing committee

AISBL – association international sans but lucratif, i.e. International non-profit organisation

AGM – Annual General Meeting

EU - European Union

EC – European Commission

ESN - Erasmus Student Network

ESN CZ - Erasmus Student Network Czech Republic

ESN CULS Prague – Erasmus Student Network Czech University of Life Sciences Prague

CNR - Council of National Representatives

CLR - Council of Local Representatives

CoE – Council of Europe

HEI - Higher Education Institution

NP - National Platform

INPO - international non-profit organisation

NPO - Non-profit organisation

IB - International board

NB - National board

LB - Local board

TSO - Third sector organisation

1 Introduction

Forms of non-profit organisation have a long history in society. They bring together people who are ready to change a reality they are not satisfied with. These people share opinions, values and work together to achieve their mission.

Their activities cover interests such as health, education, tolerance, poverty, hunger and culture. Non-profit organisations often tend to take on big tasks and step up where governments fail. Nonetheless, non-profit organisations are commonly seen as simply a hobby and a way for volunteers to spend free time. However, the non-profit sector, sometimes also referred to as a third sector, begins to get more attention from the media, lawmakers and the general public.

With the younger generation becoming more and more involved in the challenges we face as humanity, whether it should be social, environmental, humanitarian or legal, NPOs and their role and position in society is now more present than ever. A dissatisfaction of one high school student with the lack of action by European lawmakers recently quickly turned into a worldwide call for action. Students at high schools protested against the climate change in cities in 112 countries. Such protests usually spark movements and can use the momentum to translate passion and determination to a non-profit organisation which actually can achieve a goal by multiple activities.

The most successful organisations often focus on a problem that is widely accepted as a problem across the society, regardless of age. Everyone can agree that education and cultural understanding do matter. Due to the changes in society in the past couple of years it is imperative that non-profit organisations focusing on such important issues are seen as a real hope for a change and as an ally for lawmakers and business who are not impartial to complicated concerns. International non-profit organisations such as the Erasmus Student Network (ESN) are a great example of cooperation throughout society. ESN aims at fostering intercultural understanding, creating a positive change in society and does so by complementing the efforts of the European study exchange programme Erasmus+.

The paper therefore focuses on analysing the financial structure and management of the above-mentioned organisation with the main objective of proposing recommendations for the future and thus hopefully helping ESN to continue making positive impact on society.

2 Objectives and Methodology

2.1 Objectives

The theoretical part firstly explains the position of the third sector in the national economy and defines non-profit organisations. As the thesis looks into the issue of financing non-profit organisations, the different methods of fund-raising and a viable financial management are explained in the theoretical part. The goal is to provide a comprehensive overview of various opportunities. Lastly, the theory explains the tools which can be used for a financial analysis of a non-profit organisation.

The practical part focuses on the assessment of the Erasmus Student Network. In order to understand the complexity of the organisation, each level of its structure is explained but the biggest importance is given to the international level as it is analysed in the practical part.

Its financial statements from the past years are analysed in detail and an explanation of the results is provided. The steps taken to assess the financial management of the organisation of this size include:

- Defining the main and secondary activity of the organisation
- Performing selected tools of financial analysis
- Judgement of the financial management based on the result of the analysis
- Proposing recommendations for the future of the organisation

The main focus of the thesis is the assessment of the current financial management of the largest student non-profit organisation in Europe, the Erasmus Student Network, through a financial analysis and a proposition of recommendations for improvement.

2.2 Methodology

The thesis consists of two main parts. The first part reviews literature on the topic of non-profit organisations, their funding and financial management. The main sources are books and reports by published authors, complimented with research of various interviews, documents by institutions and website articles.

The practical part applies the tools explained in the theoretical part to assess the financial management of a student non-profit organisation called the Erasmus Student Network. It firstly explains the history, governance and activities of the organisation. The

overview of the organisation is based on personal knowledge and official documents, such as the statutes and standing orders of ESN.

In order to analyse the organisation, the different sources of incomes are explained in detail as well as the expenses of the organisation between the years 2014 and 2018. Financial analyses, both horizontal and vertical are applied to assess finances of ESN in the fiscal years between 2013 and 2018. The analysis is made for the revenues and expenditures as well as for assets and liabilities and is expressed in the form of a percentage comparison.

The sources used for the computation of horizontal and vertical analysis were financial statements (balance sheets and income statements) from the years 2013 until 2018 received from the organisation. Each year was analysed individually using the vertical analysis and compared to the previous years with the usage of the horizontal analysis. To assess the liquidity of the organisation, current ration analysis was computed. The data used are balance sheets between the years 2013 and 2018. To evaluate how well does the organisation plans its finances for each year, budget proposals of the years 2014 to 2018 are compared with the final financial report. The real values which were reported after the end of each fiscal year are compared to the latest approved budgetary proposal and expressed as a percentage of the amount in the budget. In order to evaluate the situation of the organisation, a basic SWOT analysis is provided. The analysis is based on personal experience and internal publications of the organisation.

Supported by the results, recommendations are offered for the future functioning of the organisation.

The vertical analysis compares the categories of the balance sheets and income statements and expresses their value as the percentage of the total amount as a percentage.

Equation 1 Vertical analysis

$$\text{Percentage of base} = \frac{\text{amount of individual item}}{\text{amount of base}} \times 100$$

The horizontal analysis shows a percental change in each category between two fiscal years. The data from 2013 is included in order to provide a base year for 2014.

Equation 2 Horizontal analysis

$$\text{annual change} = \frac{(\text{amount in comparison year} - \text{amount in base year})}{\text{amount in base year}} \times 100$$

The current ratio explains the ability of any entity to cover its current liabilities.

Equation 3 Current ratio

$$\text{Current ratio} = \frac{\text{current ratio}}{\text{current liabilities}}$$

The budgetary compliance in expressed percentages is the ratio between actual reported values and the proposed value in the budget.

Equation 4 Budgetary compliance

$$\text{Compliance} = \frac{\text{real amount reported}}{\text{amount presented in budget}} \times 100$$

3 Literature Review

The literature review first describes the non-profit sector in general and defines its place in the national economy. It further explains the main attributes of a non-profit organisation. Different types of non-profit organisations are explained with regards to the field of activity and geographical effect. Special emphasis is put on the Belgian legal framework as it is the country where the Erasmus Student Network is registered on the highest level of its structure. The chapter also explains how non-profit organisations are governed and structured.

As the thesis focuses on financing of non-profit organisation an overview of possible funding sources is provided, explaining how they are categorised. Each source of income or support is described in detail.

The last part of the literature review explains the principles of analysing a financial statement as a tool for the analysis later applied in the description of the financial management and financial health of the Erasmus Student Network.

3.1 The non-profit sector

The non-profit sector, also referred to as the third sector, is gaining significantly more importance and sparks conversations between economists, politicians and citizens. Furthermore, in order to understand non-profit organisations and their position in society and economy, it is important to first describe the sector they belong to.

3.1.1 Position of the third sector in national economy

To explain the different sectors in the national economy and their interaction, Swedish economist Victor A. Pestoff uses a triangle divided into multiple parts. Three lines divide the main triangle into smaller shares with the third sector positioned in the middle. This allows for combinations of all characteristics and attributes. The sizes of different triangles can signify the share of the gross domestic product that each triangle represents or the number of employees in each sector. (Pestoff, 2005)

Public or private

The horizontal line divides the triangle into two parts with the upper smaller one representing the public sector (state) and the bottom one representing the private sector (community and market).

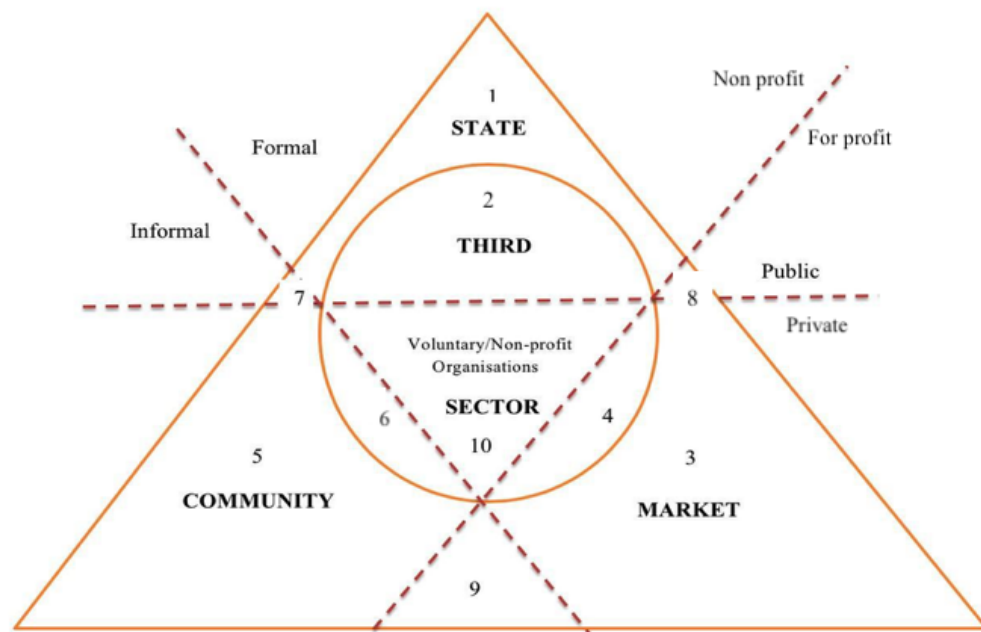
Formal or informal

This line divides the triangle into two parts. The smaller one, informal, represents community (families, households or neighbourhoods). The larger part represents formal entities (state and market). They are considered a legal entity.

For profit or non-profit

The for-profit segment represents firms, corporations and businesses whose main purpose is generating profit. Non-profit segment represents state and community since their main purpose is other than making a profit.

Picture 1 Position of the third sector in national economy



Source: (Defourney & Pestoff, 2008)

Area 1 represents the role of the state in the economy. The sector is characterised as formal and non-profit. The segment includes public goods such as public schools and universities, public medical treatment centres, public roads or facilities.

Area 2 demonstrates the involvement of the state in third sector activities. They are also formal and non-profit.

Area 3 represents private and formal organisations motivated by making profit. The firms or corporations falling under this category are often accused of neglecting welfare issues and having a very individualistic and competitive approach. The companies often act only in their self-interest with disregard to other consequences.

Area 4 represents the firms and businesses which are not blind to current issues and challenges in society. They participate in combating these problems through various activities and a general support of volunteering. Firms main motive still remains making a profit however they support their goal by undertaking corporate social responsibility (CSR) such as supporting fundraising events or sponsoring a cause related to the company's mission.

Area 5 represents consumption expenditures by individuals and households in the economy.

Area 6 captures informal participations of individuals in voluntary activities. These acts would involve individuals participating in volunteering activities without monetary compensation or giving individual monetary donations to charities or NPOs.

Area 7 includes any activity undertaken by the public sector in an informal manner, for example communal works by any government agency or ministry, such as cleaning a communal area.

Area 8 captures the involvement of government agencies in the economy but with a profit motive in mind. An example of such involvement can be reducing administrative burden or lowering the level of public spending.

Area 9 involves informal activities by the private sector in the economy. These might include street businesses without a valid license.

Area 10 depicts non-governmental non-profit organisations. They are formal, private and non-profit. (Defourney & Pestoff, 2008)

3.1.2 Definition of the third sector

According to Anheier it is very difficult to specify the sector and different types of organisations because of the great diversity of different forms. (Anheier, 2005)

As Prof Lester M. Salamon, a Senior Research Professor at the Johns Hopkins School of International Studies Bologna Center and Director of the Johns Hopkins Center for Civil Society Studies summarizes very well in his interview for the European Commission, the third sector is still exposed to a certain disagreement and it is not easy to determine the commonalities between the vast array of organisations, foundations, etc. around the EU. (Salamon, 2015)

However, he states that in order for an entity to be considered in the third sector it must:

- Be an organisation. Organisations are bound by some form of legislation and have to follow rules and obligations.
- Be private. Organisations are allowed to function under the support of a state however a majority of members should not be government employees.
- Be self-governed. Each organisation has an internal set of rules for functioning, usually called statutes and standing orders, to navigate processes within the organisation.
- Be non-compulsory. An organisation can have employees however it should mainly operate through volunteers.
- Be totally or significantly limited from distributing any surplus earned. In case the organisation reaches a surplus in its income it should be used to achieve the organization's purpose and never distributed to its members.

He adds that third sector entities should primarily serve a social or public purpose, i.e., to create something of value primarily to the broader community and not primarily to oneself or one's family. (Salamon, 2015)

3.1.3 Specifications of the third sector in the European Union

Unfortunately, the third sector still lacks a comprehensive and reliable source of data in order to accurately analyse it. The United Nations have released a handbook with the hopes of collecting data on the third sector across the world. (United Nations, 2018)

Such need was recognised by the Council of the European Union which in 2015 called the social economy a “key driver of economic and social development in Europe” and urged statistical authorities to implement such recommendations.

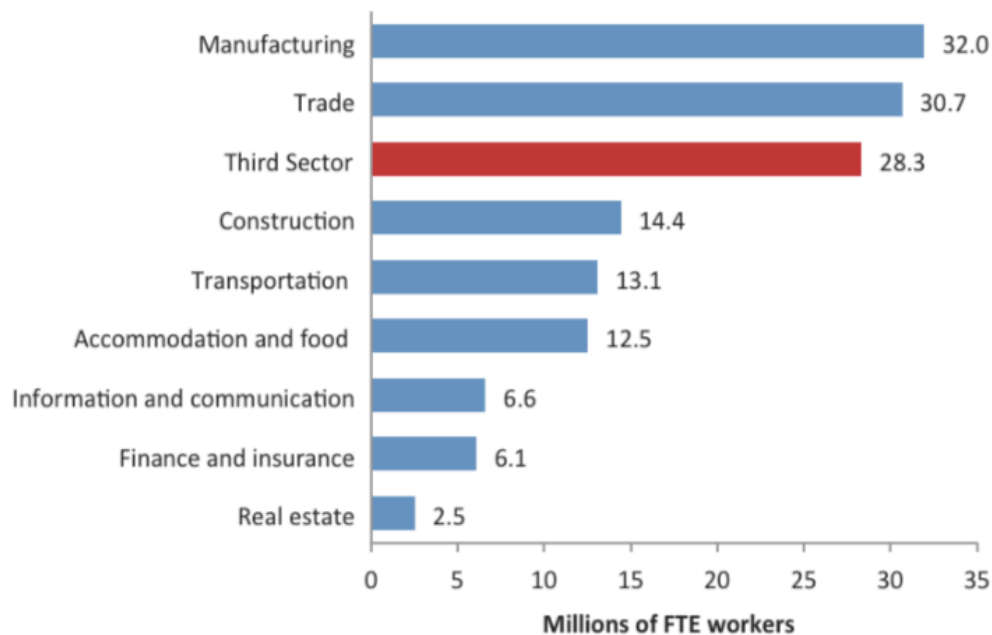
However, available sources from a study called Comparative Non-Profit Sector Project by the John Hopkins University, a report by International Centre of Research and Information on the Public Social and Cooperative Economy and Nonprofit Institution Satellite Accounts issued by national agencies and various surveys allowed for an estimated review of the third sector and launched the Third Sector Impact Project.

The importance of such research is supported by receiving funding through the EU's Seventh Framework Programme for research, technological development and demonstration. The third sector impact project was set out to fill knowledge gaps in

identifying the third sector in Europe. Among other goals, its main objective was to clarify the concept of the third sector in Europe and to identify the major contours of the sector meaning structure, composition, sources of funding and size. (Salamon, et al., 2018)

According to the data accessible in 2014, the third sector was estimated to have 28.3 million workers in the European Union and Norway as shown in graph 1. The number includes workers both paid and on volunteer basis. The number accounts for approximately 13% of the total European workforce. This makes the third sector the third largest industry after trade with 30.7 million workers and manufacturing with 32 million workers. (Salamon & Sokolowski, 2014)

Graph 1 Size of the workforce in major industries in 29 European countries in 2014



Source: (Salamon & Sokolowski, 2014)

The total numbers of workers in the third sector include paid employees as well as volunteers. Volunteers make up over a half of the group with 16 million people (56 %) and the remaining 12.3 million (43 %) were paid employees.

Salamon and Sokolowski also focused on regional differences in the third sector within the 28 EU countries and Norway.

Regarding the employment, North-Western region scored above the average as having 15% of total employment in the third sector. Scandinavia placed second with 14.4% and in the Southern Europe region employment was 13.2%. The lowest percentage of employment in the third sector had Central-Eastern Europe with 9.5%.

According to Salomon the activities of the third sector can be divided into three major categories:

- a) service
- b) expressive
- c) other

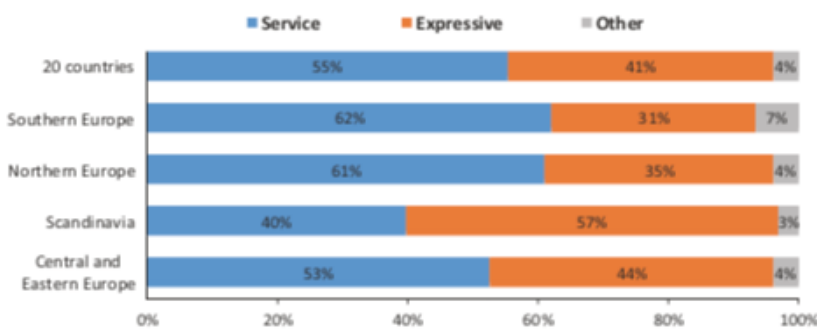
The service function comprises of medication, social services, healthcare, housing and community development and therefore includes direct volunteer action. The direct volunteer actions mean it is not mediated by an organisation but carried out directly for persons outside of their households.

The expressive function comprises activities in culture or recreation membership organisations such as labour unions, professional organisations, environmental organisations and religious congregations.

The other function includes charitable foundations, international organisations and unclassified activities.

In 2014, the distribution of the 29 million workers was estimated to be 72% in the service function, 24% in expressive and 4% in other. (Salamon, et al., 2018)

Graph 2 Distribution of workforce in the third sector based on activity function



Source: (Salamon, et al., 2018)

Graph 2 shows a distribution of the workforce based on the activity function they were involved in. Unfortunately, data regarding the scope of activity in regions around the EU was only available for 20 countries. According to available data, the Southern region had 62% of workforce in the service function, almost identical to Northern Europe. Scandinavia on the other hand had 57% in the expressive function, the only region with value

over 44%. Central and Eastern region copies the countries average with 53% in the service function, 44% in the expressive function and 4% in other. (Salamon, et al., 2018)

3.2 Non-profit organisations

Definitions can be broad and imply that some corporations, governmental units or household could fall under the non-profit organisations. Corporations differ as they aim to “engage in market production” and “generate profit for their owners”. Government establishments are established by political processes with the authority to raise funds by collecting taxes. Households differ in being a small grouping of individuals sharing their wealth and consuming goods and services collectively. (United Nations, World Bank, OECD, IMF, Eurostat, 1993)

One common definition of non-profit organisations (NPOs) does not exist. However, the European Center for Not-for-Profit Law recommends an extensive definition of NPOs to be used on the European level. It defines a non-profit as “organisations, legal or natural persons, legal arrangements or other types of body that engage in the raising and/or disbursing funds for charitable, religious, cultural, educational, social or fraternal purposes, or for the carrying out of other types of good works.” (European Center for Not-for-Profit Law, 2005)

As Stejskal states, non-profit organisations are important for society, can serve as an indicator of the development of civil society and often indicate a social change. According to the European Commission this is especially true when it comes to the social field, such as social inclusion. (Stejskal, et al., 2012)

3.2.1 Types of non-profit organisations

There are multiple possible criteria that can be used to classify non-profit organisations. The most common grouping is by the scope of operation, such as local, national, international and global. The type can also be based on the type of activities the organisation is focused on.

Types based on the scope of operation

Local

Local NPOs usually influence and work in a city or neighbourhoods. They are involved in local development and regeneration. (Anheier, 2005)

National

The national level already gives NPOs a higher level of influence. They focus on topics which are valid for the whole country such as welfare, education, healthcare or cultural services. (Anheier, 2005)

International

International non-governmental organisations (INGOs) perform activities with effect in multiple countries. The rise of INGOs has been significant in the last years. (Anheier, 2005)

Global

Consistently with the rest of the sector there has been a rise in the number of organisations whose mission is transnational. They usually have a complex organisational structure. A great example of a global NPO is Amnesty International with around 1 million members and subscribers in over 140 countries in the world. (Anheier, 2005)

Types based on activities

The United Nations use a twelve-group classification system of non-profit organisations based on their activities.

Group 1 Culture and recreation

- culture and arts, sports, other recreations, social clubs, publishing of books, newspapers, journal, radio and television broadcasts, museum activities, sporting activities

Group 2 Education and research

- primary and secondary education, higher education, other education, research

Group 3 Health

- hospitals and rehabilitation, nursing homes, mental health and crisis intervention, other health services, social work, sanitation

Group 4 Social services

- social services, emergency and relief, income support and maintenance

Group 5 Environment

- environment, animal protection, agricultural and animal husbandry, nature reserves, veterinary activities

Group 6 Development and housing

- economic, social and community development, housing, employment and training, civil engineering, consultancy activities, preparation of sites, social work, adult education and training

Group 7 Law, advocacy and politics

- civic and advocacy organisations, law and legal services, political organisations, public order and safety

Group 8 Philanthropic intermediaries and voluntarism promotion

- grant making foundations, other philanthropic intermediaries and voluntarism promotion

Group 9 International

- international activities

Group 10 Religion

- religious congregations and associations

Group 11 Business and professional associations, unions

- business associations, professional associations, labour unions

Group 12 Not elsewhere classified (United Nations, 2003)

3.2.2 The legal framework regarding non-profit organisations

Currently there is no common legal framework on the European level. Therefore, each organisation falls under the national law of a state in which it operates. They do however have to comply with any EU regulation imposed on legal entities, such as for example the General Data Protection Regulation (GDPR).

Many international non-profit organisations (INPO) functioning on the European level are registered in Belgium and reside in Brussels to have a better possibility of cooperating with European institutions. Such organisations have a legal status AISBL; association *internationale sans but lucratif*, the French equivalent of an international non-profit organisation. These organisations are operating according to the law about non-profit organisations, foundations, political parties and European political foundations from 1921, reformed in 2002 and 2016.

The law states that an international non-profit organisation is an organisation which is open to the citizens of Belgium and foreigners and pursues a non-profit goal with an international utility. As such it has to comply with the following principles and rules.

The principle of internationality

The principle of internationality is ensured by the non-profit having a goal with an international utility. The goal of an organisation as well as a description of its activities must be mentioned in its statutes.

The headquarters

The headquarters of the organisation must be situated in Belgium.

Statutes

Once the organisation has set its goal and intention, it must present its statutes which will represent the principles of the organisation.

Members

The members of an INPO are not allowed to receive any material compensation or advantage. The law does not require a minimal number of members but supposes there are at least two. To avoid an equal decision, it is recommended to have at least three members. The status of the members has to be described in the statutes. This is where the law leaves freedom to the founders. (Moniteur Belge, 2002)

Legal status

An INPO is its own legal entity independent from its members meaning that it has its own rights and obligations. The members have a limited responsibility. (Service public fédéral belge, 2019)

Governance of the INPO

An INPO consists of two bodies: managerial and administrative whose powers and functioning must be described in the statutes.

Compliance with accounting requirements

Even though the INPO does not have an attributed capital, it must still comply with certain accounting requirements. The duration of an accounting period is twelve months but does not have to be in accordance with the calendar year. The book keeping should be done in the form of double-entry bookkeeping. The NPO has an obligation to present the financial report of the previous fiscal period and present a budget for the next period at the organisation's general assembly. All members of the NPO should be given access to the financial data either at the headquarters offices, internal document depositories or verbally. The organisation itself has a duty to archive its report for ten years. (National Bank of Belgium, 2004) Large NPOs have a duty to submit its annual financial reports within 30 days after the general assembly which are the submitted and kept by the Commercial Court in Brussels. An NPO is considered to be large if it meets at least two of the following three criteria:

- more than five full-time employees
- revenue higher than 250,000 EUR
- 1,000,000 EUR of the balance.

Dissolvement of an INPO

In case the INPO is not capable of continuing its activity or has fulfilled its goal and has to be dissolved the law states that all of its remaining assets have to be transferred to another non-profit organisation.

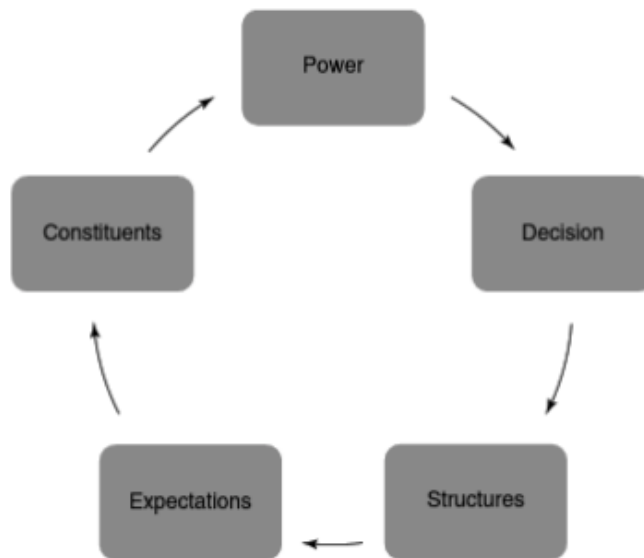
3.2.3 Governance of non-profit organisations

The term governance expresses *being responsible for*. It is defined as a process that allows power to a body inside a system in order to make decisions through structures and fulfil expectations of constituents. (Francois, 2014)

It represents the capacity to coordinate multiple actors influencing reaching the goal of an organisation at the same time. The governance of NPOs usually shows differences in decision making, its implementation tools, structures and focuses. There is a greater relevance given to reaching a consensus when it comes to the decision-making process.

Cooperation between multiple actors throughout the organisation is often welcomed compared to a business or government where solely the top-level management is making decisions. (Gnan, et al., 2013)

Picture 2 Representation of governance in NPOs



Source: (Francois, 2014)

A system in this case represents an organisation, decisions can range from strategic to administrative, structures represent a board or a committee, expectations represent goals and objectives and constituents would be members of such an organisation.

In order to ensure that there is good governance in an NPO, the power should be granted to the board of directors through active participation of the members and legitimacy of electoral procedures. (Francois, 2014)

Therefore, every non-profit organisation should have its statutes, sometimes referred to as bylaws, which form a founding document of an organisation. Such document would usually include:

- a name and purpose of the organisation
- members (definition of its members including their rights)
- authority and duties of directors and/or officers (roles of the board as well as their rights and duties)
- administration of finances
- definition of advisory boards
- definition of records and archives (Francois, 2014)

3.3 Financial management of a non-profit organisation

No company or entity can successfully fulfil its goal without appropriate funding. However, one specification of the third sector is that there are often external or internal changes that cannot be foreseen which make the financing of an NPO very risky and unstable. That means that non-profit organisations constantly need to come up with new ways to generate an income or funding to achieve their goals. This chapter describes different sources of incomes that non-profit organisations can use to cover the expenses that need to be made to fulfil organisation's goals. (Heyman, 2015) There are a few principles that every NPO should follow regarding its financial management:

Multiple sources of financing

For every non-profit organisation to be able to continuously work on its goals and mission is absolutely vital to develop a sustainable fundraising plan. The best way to achieve that is diversifying its incomes. In case one of the contributors decides to change their mind and stop contributing, the organisation will be able to continue from its other sources.

Self-financing

The non-profit organisation should try to be able to cover its expenses from its own incomes – meaning generated from its activity. If successful, the NPO becomes more independent on any external influences. It is unrestricted to make its decision and not is free from obligations which often come with any form of public funding or commercial partnerships.

Fundraising

As many NPOs are unable to be financially independent, they participate in so-called fundraising. Meaning they resort to obtaining necessary resources from external actors, be it monetary or not. (Heyman, 2015)

Maintaining being a non-profit

A non-profit organisation can be characterized as an organisation which does not create revenue in order to then redistribute it between its owners but uses the money within its organisation. (Nadace Neziskovsky.cz, not dated) It is crucial for the non-profit organisation to be trustworthy and transparent about its funding. Transparency is achieved

by publishing annual reports and complying with the law. Maintaining a good reputation can attract more partners and is crucial for a good functioning of the organisation.

The non-profit organisation can however generate an income. Each organisation has its main activity, also called mission, but is allowed to perform a secondary activity which can be business related. It then allows the organisation to generate a level of funds which can cover a part of the loss caused by the organisation's main activity.

Taxation

Non-profit organisations must comply with the law of the country they operate in regarding their tax duties. However, in many countries NPOs operating with a financial amount below a certain value can enjoy tax benefits such as tax exemption. Same advantage is given to contributors and corporations which donate to NPOs in the form of a tax benefit. (Norton, 2013)

3.3.1 Budgets of non-profit organisations

As the purpose of an NPO cannot simply be to make profit, it is even more important for them to have a mission. Every organisation should be founded with a clear idea and vision of what it wants to achieve. A vision statement is crucial for the strategic planning that an organisation must do to be successful. (David, 2011)

However, to achieve its vision, the organisation must be well funded, and budgets play a crucial role in successful financial management of any organisation, mainly in a non-profit. It enables to plan ahead and allocate available resource according to priorities and goals. It is an easy tool how to express expected incomes and expenses in monetary terms. (Francois, 2014)

A budget should start by setting goals for the year. Data should be gathered, and expected amounts should reflect facts and trends. If possible, a past budget analysis should be conducted as it helps to avoid past mistakes of either being too optimistic with expected incomes or allocating too much money for a lower expense. It is recommended to ask for an input from internal stakeholders as they might offer another opinion or knowledge. Moreover, the members are then being part of the budget creation and will easier adhere to the budget as a tool to achieve the organization's goals.

The budget then becomes a proposal and is ready for a review from either the managers or the boards of directors. Depending on the statutes of the organisation, relevant authorities then need to approve the budget proposal. It is usually presented, explained and

then voted on. Afterwards the result needs to be communicated to the rest of the organisation to ensure proper implementation of each department and members. Throughout the rest of the year, the budgets should be monitored frequently to ensure that the decisions and expenses made are in line with the approved budget. (Francois, 2014)

3.3.2 Financial resources

Any non-profit organisation has multiple ways of financing itself. Sources of funding can be classified by various criteria such as the source of an income, character of the income or the subject which offered a source of income.

Source of the incomes

Internal

Internal sources of incomes are a result of the organisations secondary activity. It can be sales of products, tickets, interests accumulated on bank accounts. These funds are generated from the organisation's activity or from its members. These are important as they can form a financial reserve for future years.

External

External sources from outside the organisation. They can be public or private, monetary or material.

By its character

Monetary

An example of a monetary income is a donation or grant funding.

Material

Gifts, information and time in the form of volunteering represent an important asset.

By the subject which offered the sources:

Public

Public funding can be awarded by international institutions and governments.

Even though by definition non-governmental organisations are independent from the government, they do rely on its funding and grant opportunities quite heavily.

Private

Private sources include individual donations and donations from corporations.

Examples of financial resources can include the following:

Membership fees

An example of an internal resource. The obligation and amount should be stated in the statutes of an organisation. It is an important source of income as it is highly predictable and stable.

Sales

The NPO can also generate an income from its activity, e.g. events entrance fees. The possibility to gain money from a business-related activity, however cannot be in violation of the organisations' statutes and the law.

Grants or tenders

Grants are a solution for an organisation to gain money especially when it comes to larger projects. It however comes with giving up freedom as there is a very strict process of grant applications, project management and evaluation of the finished project. (Aubrey, 2013) There are many kinds of grant opportunities and they can be offered by municipalities, governments or the European Union. Tenders can be obtained as a joint tender, meaning a group of organisations can apply for a one tender. In such case, all members have liability towards the authority. One organisation is highlighted as a point of contact. This organisation can sign the contract on behalf of the other members with power of attorney. (European Commission, 2016) Grants are a perfect solution for a bigger project. In total, the ERASMUS+ funding programme has an allocated budget of 14.7 billion EUR within the multiannual financial framework of 2014 – 2020. (European Commission, 2018) They do however take a lot of time and administrative work which can take toll on a non-profit organisation. There are nine steps usually associated with applying for grants or tenders.

1) Creation of a detailed project proposal

The project proposal must contain the main objective. The proposal should contain all the important information such as time frame, organisation, technical, legal and financial aspects.

2) Finding a relevant programme

Every project is required to have a structure and clearly determined goals. Afterwards it is important to find the programme which corresponds with the goals of the project. The managing authorities are the ones who publish this information.

3) Submission of an application

The quality of the application plays a big role in whether the project will receive funding or not. Every operational programme provides a manual with guidelines. The whole application with annexes is then submitted electronically within the appropriate call for application.

4) Evaluation of an application

The authorities assess all the applications according to predetermined criteria and recommendations are given to proposals with the highest amount of points obtained.

5) Implementation of the project

After the contract is signed, project starts to be implemented as stated in the contract. The list of beneficiaries is public to maintain transparency. If there is a need to change the implementation process, the managing body must be informed, and all changes must be approved. In case this procedure isn't followed properly, the beneficiary faces risks of losing or not receiving the grant all.

6) Application of the project is documented, evaluated and payments are requested

Payments are made either as reimbursements or are paid before the expenses are made. These decisions are all up to the managing body or authority. There are certain conditions that each expenditure must meet so that it can be refunded. Expenses should be effective, economical, efficient, transparent and in accordance with the project goals.

It is very important to be able to show appropriate documentation (receipts, invoices, photos, attendance sheets etc.) In case everything is correct and justified the expense is pronounced as eligible and can then be subsequently refunded. Beneficiaries are required to send requests regarding payments to the managing authority or body when a stage of a project is finished or alternatively after the end of the whole project.

7) The project is inspected

The controllers are either members of the managing body or provided by an external service which is an expert in the field, authorized by the managing body. Usually, the process is evaluated, meaning the documentation, physical implementation of the project and of course the financial side. Every control ends with a summary report where every aspect is evaluated and in case there is a mistake in the implementation, it also contains necessary steps that must be taken by the beneficiary in order to avoid sanctions and complete the project successfully.

These controls therefore ensure feedback and should be taken seriously by the beneficiary. It is in their best interest to have the documentation in order (including all correspondence, meetings' minutes etc.), so the controls can go smoothly and can be useful. As with every project it is vital to communicate and avoid any kind of misunderstandings especially when it comes to changes in the project implementation.

8) Project publicity

As the financing is from public funds and the results of these projects are meant to serve the entire society, every project must be as transparent as possible. There are guidelines and manual available to help the beneficiaries with the project publicity and the ways of implementing project publicity usually depends on the scale of the project (posters, billboards etc.). Of course, it also depends on the beneficiary if they wish to promote the project in any other ways and how broad their campaign may be (radio, TV, newspapers, social media etc.). As one of the most influential visual tools for publicity are before and after photos, it is important to think about project publicity before starting the project.

9) Project sustainability

Every project has its longer-term goal and purpose therefore it does not end with physically finishing it and obtaining money from the fund as the projects must be maintained. This step might be difficult to plan but certainly cannot be underestimated. The costs and difficulty of maintaining the project depend on its field and area. Educational and training projects can also have very specific conditions and rules which are even set up individually.

As with the process of implementation, even the process of sustainability must be checked-upon and reported on regularly to the managing authority. To comply with the rules about publicity and transparency, even the sustainability of the project must be documented and meet the monitoring indicators. If these rules are broken, the beneficiary is risking

obtaining a fine and in extreme cases returning a part of the fund or even in its whole entirety. When it comes to the sustainability of the project, it really makes a difference how well the project was prepared, thought through and implemented. (Aubrey, 2013)

Tax breaks

The quantity of a tax benefit differs in the European Union but usually there is a limit of revenues which if isn't exceeded, the NPO either does not have to pay taxes or can have them refunded. (Norton, 2013)

Fundraisers

Fundraiser refers to a one-day type of event where influential people are invited and asked to donate for a charity or for a specific person and cause or a project.

Individual donations

Charitable donations can be made by individuals or companies. They are either one-time donations or a subscription type of a donation. An example are funds for a medication in a country of need. (Heyman, 2015)

Sponsorship

This very much depends on the type and the cause of the organisation. A business may give donations either in a monetary form or gifts such as food, equipment, furniture, its products. In return, the business gains a positive image from possible customers and partners. Today is also very important to share information about such contributions on social media.

Corporate philanthropy or Corporate Social Responsibility

The two terms often overlap in practice; however, both of these practices focus on positive concepts where the company gives away a part of its resources for a good cause and often times participates in the execution of the NPOs activity.

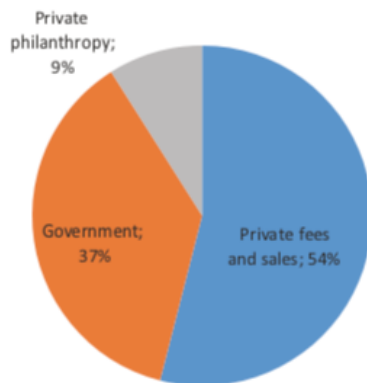
Corporate donations

Unlike the Corporate philanthropy or CSR, donations do not require any action to be taken by the company.

Revenue structure of NPOs in Europe

It is generally believed that the charitable donations account to one of the main sources of an organisation's income. On average of the European countries they however made up only 9% of the overall income in 2014. Significantly larger share of 37 % was obtained through governmental funding, however the largest percentage of 54 % was acquired from private fees and sales as shown on graph 2. (Salamon, et al., 2018)

Graph 3 Sources of income of non-profit organisations in the EU and Norway



Source: (Salamon, et al., 2018)

The regional distribution showed the highest percentage of incomes from own activity was recorded in Scandinavia with 57 % and lowest in Northern Europe with only 35 %. Governmental funding played the biggest role in Northern Europe with 57% and lowest in Southern region and Scandinavia with 35%. The highest percentage of income from individual philanthropy was seen in Central and Eastern Europe with 19%, way above the 9% average overall. (Salamon, et al., 2018)

3.4 Tools for an analysis of a non-profit organisation

The chapter explains the financial statement and its components. Furthermore, tools which are commonly used to evaluate a business but can be applied to any form of an organisation are presented.

3.4.1 Financial statement

A financial statement reports on company's assets, liabilities, owners' equity, revenue and expenditures for a set period of time. It is mainly used to determine the financial health of a company or organisation. It consists of a balance sheet, income statement and

statement of cash flows. The statements tend to be audited by governments, especially in the non-profit sector to make sure they are accurate and legal. Also, to determine the bases for the tax.

Balance sheet

Balance sheet can be defined as a financial statement that reports on company's assets, liabilities, and shareholders' equity at a specific point in time and provides a basis for computing rates of return and evaluating its capital structure.

It can also be referred to as *net worth* or *statement of financial position*. The balance sheet is divided in two parts where the left side explains assets which comprise of current assets and non-current assets. (Lang, et al., 2017)

Current assets usually include items such as:

- Cash and cash equivalents
- Inventories
- Accounts receivable, net and other

Non-current assets include:

- Property and equipment
- Goodwill
- Other assets (Temte, 2003)

The right side of a balance sheet is also divided into two and consists of current liabilities and non-current liabilities. Total shareholders' equity consists of share capital and retained earnings. The items tend to be classified by liquidity. (Lang, et al., 2017)

Current liabilities consist of:

- Accounts payable
- Accrued expenses and other
- Unearned revenue
-

Non-current liabilities include:

- Long-term debt
- Other long-term liabilities

- Commitments and contingencies

Stockholders equity includes:

- Preferred stock
- Common stock
- Treasury stock
- Additional paid in capital
- Accumulated other comprehensive loss
- Retained earnings (Temte, 2003)

The basic control of a correct balance sheet is that the value of assets must always be equal to the combined value of liabilities and equity.

Income statement

This part of the financial statement shows the profit and loss over a period of time. The most common is a monthly statement especially for internal reporting which is then however displayed either quarterly or annually. The income statements display total revenue and gross profit, expenses in categories as well as total, earnings before tax, taxes and finally net earnings. (Lang, et al., 2017)

3.4.2 Financial analysis

Financial statements are the basis for the financial analysis. From the data, ratios can be calculated with the purpose of financial performance evaluation.

The steps of any analysis are:

- 1) Selection
- 2) Evaluation
- 3) Interpretation

The analysis can use historical data in order to evaluate the financial health of the entity as well as predict the future development of the organisation. The analysis can be either a common size analysis, such as the horizontal or the vertical. Other type of financial analysis are ratio analyses, such as the current ration analysis. Ratios can usually be classified into categories to determine profitability, efficiency, solvency or liquidity. (Lang, et al., 2017)

Horizontal analysis

This type of a financial analysis compares one item of the financial statement over the period of time and explains its development. It explains the changes in the value of this item. The number is obtained by selecting one year as a base year and expressing the following years as a percentage of the base amount.

Vertical analysis

Vertical analysis is a type of a common size analysis. The analysis allows to express a value of one category as a percentage of the total value and therefore evaluate the distribution of an income, revenue, asset or liability.

Current ratio

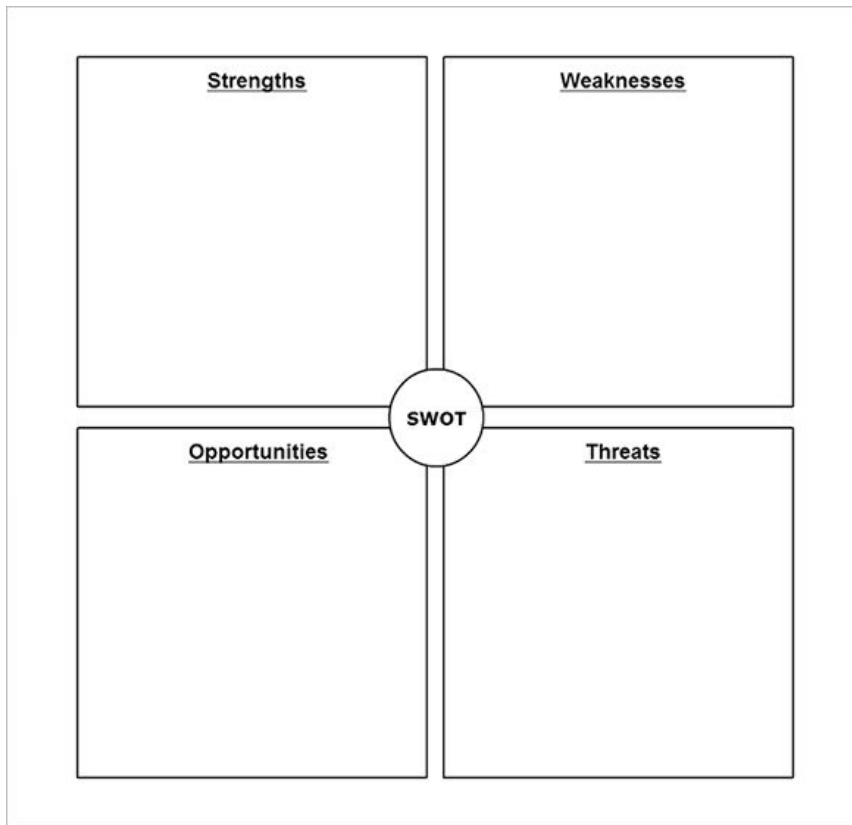
This ratio is computed to assess the organisations liquidity. It expresses if the assets that the organisations dispose with will be sufficient to cover its short-term obligations. (Temte, 2003)

3.4.3 SWOT analysis

The SWOT analysis is used commonly to evaluate competitiveness of a business, organisation or any entity. The name represents the four parts of each analysis, where S stands for strengths, W for weaknesses, O for opportunities and T for threats. The strengths and weaknesses come from an internal analysis of the entity while opportunities and threats focus on the external factor that might influence the company or organisation. It was designed to offer a realistic overview based on facts and data. It is crucial to analyse the entity accurately and realistically. The data used should be both internal and external. Otherwise the analysis cannot serve its purpose of assessing the performance, risk, potential for the future. This tool is widely used to assess strategies for partial projects and for strategic development.

The end product of the analysis is shown on picture 3. The analysis represents an area divided into four squares representing strengths, weaknesses, opportunities and threats. A main advantage of such analysis is its visual simplicity and quick understandability. (Grant, 2019)

Picture 3 An example of a SWOT analysis



Source: www.duyudu.com

Strengths represent the advantages that an entity has and what it excels in. Weaknesses on the other hand are qualities of the organisations that it is not content with. (Madsen, 2016) These internal factors may include resources and experiences which may involve activities, human resources, actual physical resources and even past experiences and intangible achievements such as a value of a brand. They should also express the perception of other from outside the organisation or company. (Renault, 2018)

Opportunities and threats represent external forces that might influence the entity either positively or negatively. They can be economic, social, cultural, demographic, political, legal or technological. To this end, the data on these possible categories should be gathered. (David, 2011)

4 Practical Part

The practical part firstly introduces the organisation called the Erasmus Student Network (ESN). As the organisation is an international NPO it has a complex structure and a great range of operations on a local, national and international level.

The idea for the organisation was started after former students of the Erasmus students got together in 1989 to evaluate their experience abroad. The common points that the students saw as the biggest obstacles during their exchange led to the creation of the Erasmus Student Network through the most important motto of “students helping students”.

Since then the organisation has seen a significant expansion and today is present in 39 countries. Each year approximately 13 000 young volunteers spend their free time helping 350 000 international students during their study exchange abroad.

An organisation of this size needs to have stable funding and financial management on the international level to support the administrative and strategic direction of the whole network.

4.1 Introduction to the Erasmus Student Network

October 10th, 1990 marks the founding of ESN at the first Annual General Meeting (AGM) held in Copenhagen. As an international non-profit organisation, ESN was legally registered in Belgium in November 2005. In accordance with the Belgian law, ESN has its official seat in Belgium, currently in Brussels.

The main aim of the organisation is to help students who are spending either a part or entire education at a higher education institution in a country other than the one of their origin and advocate for international students regarding education and training in the European Higher Education Area through

- improvement of integration of international students at their receiving institution
- representation of the needs of international students on local, national and international level
- provision of relevant information about academic exchange programmes
- contribution to the evaluation of different exchange programmes
- motivation of students to spend a part of their formal education abroad
- provision of opportunities for cultural understanding, training and self-development.

Picture 4 Logo of Erasmus Student Network



Source: www.esn.org

The mission of ESN is to represent international students and provide opportunities for cultural understanding and self-development under the principle of Students Helping Students.

The vision for the upcoming years 2019 – 2025 for the organisation is to be a global network of the Erasmus Generation, committed to improving international education and providing self-development opportunities to two million young people, fostering intercultural understanding and creating positive change in society.

In case of a dissolution all assets will be turned over to UNICEF.

4.1.1 Organisational structure of ESN

ESN has a complex structure in order to maintain a level of democracy. There are three levels, each with the same goal and mission but slightly different purpose.

Local level

On the so-called local level are the members of the organisations. They are defined as any non-profit organisation which has its headquarters within the borders of the European Higher Education Area and operates legally and in accordance with the principles and Statutes of ESN. On the local level, sections operate at HEI, such as a university. That organisation is represented as such by its president or other legal entity and is based in its country of origin. Such member organisation is called a “section”. After approval of membership, its members are considered to be individual members of ESN.

Every section also has responsibilities it has to follow otherwise risking being expelled. Those include paying the membership fee, not providing information for the

current year about its functioning or not fulfilling any other financial obligations toward ESN. Every section has the right to vote at the AGM and National Platform (NP) which is the statutory meeting of an ESN country.

The first ESN section was founded on 16th of October 1989, in Utrecht (The Netherlands). Another example of a section is ESN CULS Prague, operating at the Czech University of Life Sciences which became a full member in 2015.

Every local section has its own Statutes which have to be in accordance with the national legislature of a country in which it operates and with the Statues of ESN. A section is usually led by its Local Board (LB) represented by the President, Local Representative and Treasurer. On the national level, sections are represented by the Local Representative.

Distribution of ESN sections according to ESN countries

Currently, there are 527 local sections present in 39 countries. The following table represents the countries in which ESN is currently active and the number of sections it has.

Table 1 The distribution of ESN sections according to countries in 2019

Austria	16	Iceland	2
Azerbaijan	1	Italy	53
Belgium	17	Liechtenstein	1
Belarus	1	Lithuania	15
Bosnia and Herzegovina	1	Luxembourg	1
Bulgaria	11	Latvia	4
Croatia	6	Malta	1
Cyprus	1	Netherlands	18
Czech Republic	18	Norway	8
Germany	36	Poland	37
Denmark	6	Portugal	14
Estonia	5	Romania	13
Spain	37	Serbia	3
Finland	17	Russia	5
France	36	Sweden	15
United Kingdom	17	Switzerland	16
Georgia	1	Slovenia	5
Greece	21	Slovakia	10
Hungary	15	Turkey	39
Ireland	4		

Source: (Erasmus Student Network, 2019), own elaboration

The highest number of sections is by far in Italy, followed by Turkey, Poland, Germany and France.

National level

The National level represents ESN countries. They do not have any executive power but are very important for local sections as they can provide support, knowledge and help the network grow on the national level.

National Board

The idea of National Boards was introduced in 2007 and its internal structure depends on the country and its Statutes and Standing orders. In the example of ESN Czech Republic, the National Board consists of a President, Vice-President, Communication Manager, Treasurer, Partnership Manager, National Representative and Web Project Administrator. They are elected with a one-year mandate by the National Platforms of ESN CZ. They get advice and are supervised by a 3-member Advisory Board.

On the international level, countries are represented by a National Representative.

International level

ESN International, also referred to as ESN represents the highest level of the organisational structure of the organisation. The team is led by the International Board with the help of a secretariat.

International Board (IB)

ESN is managed by the International Board which consists of 5 members (President, Vice – President, Treasurer, Communication Manager and Web Project Administrator) elected with a one-year mandate. The Board is elected at the Annual General Meeting of ESN. The IB represents the highest executive body of ESN and its purpose is to conduct operational tasks, manage and represent ESN.

Secretariat

The IB is supported by the Secretariat (also based in Brussels) which takes care of the administration and has a structure based on the current needs of the network. It currently has positions such as the Director, Office Manager, Financial Assistant, Partnership Manager, SocialErasmus Project Coordinator, Web Developers and interns.

Annual General Meeting (AGM)

The AGM is the highest decision-making body and must be convened once a year. It is a general assembly and consists of the sections of ESN.

Council of National Representatives (CNR)

The body is composed of all National Representatives. Its purpose is to monitor the work of the International Board and be consulted regarding budgets, strategies and policies. The IB is required to meet with the CNR at least five times a year. The CNR can revise a decision by the Board (including an approval or expulsion of a section).

Audit Commission (AC)

AC conducts the internal audit of ESN and supports the International level regarding financial and procedural matters. The three-member commission is elected by the CNR with a one-year mandate. Its activity and internal audit report must be reported to the AGM and CNR at least once a year.

Arbitration Board (AB)

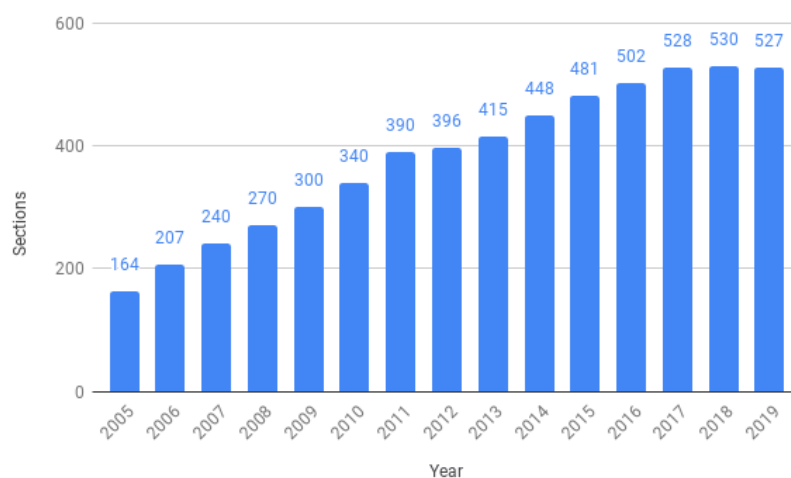
AB is a judicial body of ESN and assists while resolving disputes due to interpretation of the official documents. The AB is elected by the CNR with a two-year mandate. As the AC, the AB also has a duty to report its activity at least once a year.

Size of the network

Graph 4 shows clearly that the network has seen a tremendous growth since its registration in Belgium in 2005. The last fourteen years show an increase from 164 local sections in 2005 to 527 in the beginning of 2019. That translates to a 221 % increase of the number of sections. The last three years however show a stagnation in the number of members. The number of newly admitted sections is increasing slightly, but the number of sections expelled increases more. This is due to the incompliance of sections with the rules set in the Statutes.

The growth of the network is shown in multiple areas. The individual members come from more diverse backgrounds and the possible increase in the future puts pressure on the governance structure.

Graph 4 Number of sections in ESN 2005 - 2019



Source: Annual reports of ESN 2004 - 2019

International committees

To be able to navigate the growing network by only five IB members, ESN has introduced the format of Committees in 2009. There are five committees, each has member from all over the network and is supervised by one IB member.

International Committee for Education (ICE)

ICE supports the President of ESN, as well as the National Presidents, Education Officers, and Liaison Officers by providing relevant resources to support their efforts. The goals of ICE are to contribute to the status of ESN as an important organisation in the field of youth policies and higher education on the local, national and European levels; to support the development of an advocacy strategy; and to obtain knowledge to implement the network's advocacy strategy.

Network Committee (NEC)

NEC supports the Vice-President and its activities are focused on network care and interaction, human resources, as well as on fostering knowledge transfer and information management.

Finance Committee (FICO)

FICO supports the Treasurer and assists the network with finance-related materials. The committee is responsible for the creation, coordination, and implementation of long-term strategies in this area.

Communication Committee (ComCom)

ComCom works under the supervision of the Communication Manager. The general purpose is to execute the communication strategy of the IB and to assist with communication-related needs of the network as a whole.

IT Committee (ITcom)

ITcom supports the Web Project Administrator and is responsible for providing the network with the IT tools and solutions they need in order to be as productive and effective as possible.

4.1.2 Activities of ESN

Throughout the organisation, ESN participates in many projects to carry out its goals. It is difficult to pin point one category of activities. In the Belgian legal registry, ESN is simply classified as a Youth organisation.

Causes

In 2017 ESN has changed its strategy slightly and began to focus on six of so-called causes. Causes are the overarching aims then fulfilled by several projects and projects teams.

The health and well-being cause focuses on body and mind as a whole. It looks at the lifestyle of the individual such as nutritional deficiencies, causes of stress and the causes of a lack of good health and well-being. Under the cause sections organise sporting events or relaxation classes for international students as well as themselves.

Skills and employability concentrate on the importance of soft skills and having various skills in general. It also aims to provide members with possible job opportunities. ESN is often involved in job fair at universities.

Environmental sustainability deals with the challenges of climate change and environment in general. National platforms or the Annual General Meeting with over 800 participants produce a not negligible amount of waste. Through this Cause members are taught to be more considerate to the environment and shown that they can also make a change.

Social Inclusion is the combination of SocialErasmus+ and ExchangeAbility projects. The main goals are widening participation in Erasmus+ of students from underrepresented groups and social engagement of volunteering in the host community.

Education and youth Cause supports the widening of the Erasmus+ programme in the future and of education of the members.

Culture Cause educates on the importance of tourism, discovering new countries and cultures as well as sharing traditions.

Projects and Teams

The following overview picks only a small number of the vast count of projects in order to illustrate the scope of ESNs activity and give examples of how causes are implemented in the network.

Eduk8

Eduk8 is ESN's international training programme which aims to empower ESN members with soft skills that allow them to perform better in their ESN daily tasks. Eduk8 also aims to raise trainers with sufficient knowledge needed to educate and develop fellow members in the network as well as at partner organisations and higher education institutions.

ESNcard

The ESNcard is the membership card of the Erasmus Student Network. It is a proof of membership in an ESN section and thus indirectly of the ESN network. The ESNcard is also used as a discount card in many cities and countries around Europe. It has existed since September 2004 and its main objective is to support and give opportunities to international students during and after their exchange period. Currently the ESNcard is used annually by over 172.000 students in 39 countries.

The ESNcard service offers a platform, where ESN gathers its members and provides a range of services for its users. Furthermore, the platform aims to generate commercial income for both ESN International and the network, while providing discounts to students. The platform consists of the website ESNcard.org and the ESNcard itself. The website offers the opportunity of uploading discounts and offers of the partners of ESN sections and countries, thus, providing marketing for them. Alternatively, sections can personalise and print the logos of their partners directly on the ESNcard itself. Since 2017 the platform is managed by an external company and coordinated by the Secretariat.

Mov'in Europe

The focus of the project is promotion of mobility and its benefits. The goal of informing about mobility is achieved through social media channels and competitions offered to international students.

ESNsurvey

ESNsurvey is a Europe-wide research project covering different topics concerning mobility and education. It is the largest project of its kind carried out solely by volunteers. Its aim is to explore current issues connected to academic and non-academic mobility and education and to get a better insight into student issues in order to represent their real needs.

SocialErasmus+

Aims to better integrate exchange students in local societies and spread intercultural awareness and tolerance at a younger age. The goal of SocialErasmus+ is to create the necessary tools for stakeholders to implement local volunteering in educational frameworks in order to ensure intercultural awareness and mutual tolerance in society.

ExchangeAbility

ExchangeAbility raises awareness about mobility opportunities for students with disabilities. On the local level ESN volunteers organise accessible activities which bring attention of young people to challenges faced by some of their peers and give the opportunity to local students with disabilities to experience the international and intercultural atmosphere in their city. At the same time ESN is developing online services such as Mapped! - a platform providing information on the accessibility level of European Higher Education Institutions, student life and services provided for students with disabilities.

Responsible Party

The project raises awareness among students on the negative health effects of excessive alcohol consumption. In collaboration between Pernod Ricard and ESN, is the first pan-European program tackling the topic of unhealthy alcohol-related habits among young adults. By now almost 600 Responsible Parties in 32 countries have been organised, involving 367.000 participants.

4.1.3 Partners of ESN

In order to fulfil its goals and mission, ESN cooperates with many partners. They are usually either institutional or commercial partnerships and are present at all levels of ESN. All partners are chosen carefully with importance given to shared values with ESN.

On the international level, ESN is a member of multiple associations and non-profit organisations such as:

European Youth Forum (YFJ)

The European Youth Forum (YFJ) is a platform of 104 youth organisations in Europe and represents both National Youth Councils and International Non-Governmental Youth Organisations.

Erasmus+ Student and Alumni Association (ESAA)

ESAA brings together four organisations working in the field of mobility and professional development with Erasmus+. The cooperation increases the impact of activities and provides space for networking and personal development.

European Movement International (EMI)

The EMI consists of 39 National Councils and 39 International Organisations that aim to contribute to the establishment of a united Europe founded on the principles of peace, democracy, liberty, solidarity, and respect for basic human rights. For ESN, the membership offers a platform for networking and providing opportunities for ESN members to get actively involved in supporting the European project.

European Citizen Action Service (ECAS)

ECAS is an international, Brussels-based non-profit organisation with a pan-European membership and 27 years of experience. ESN collaborates with ECAS in the field of digital democracy, particularly through the project Digital Ecosystem for E-Participation linking Youth (DEEP YOUTH project).

Lifelong Learning Platform (LLL)

LLL brings together 41 European networks covering all sectors of education and training, including networks for higher education and training, vocational education, adult education and many more. The Lifelong Learning Platform provides a wide range of

information on the work of the EU and in addition, plays an important role in the advocacy for better education systems for all.

Furthermore, ESN has multiple institutional partners on the international level which mainly support the its vision and goals. The institutions and organisations involved are the European Commission, the Council of Europe, the European University Foundation, European Network on Cultural Management and Policy, Asia-Europe Foundation and the Class of 2020.

European Commission (EC)

Most importantly, ESN collaborates with the European Commission as there is a mutual interest in the betterment of the ERASMUS+ programme and education on general. The cooperation is important from a financial point of view as well as the EC supports some ESN projects.

Council of Europe (CoE)

An organisation fighting for human rights and democracy, principals very close to ESN. Also, a participation allows ESN to be involved in policy making process of youth policies. Same as the EC, Council of Europe offers a financial support to certain projects (mainly ExchangeAbility and Eduk8).

European University Foundation (EUF)

The European University Foundation aims at strengthening and accelerating the development of the European Higher Education Area (EHEA). Through innovative and concrete examples, new kinds of mobility schemes are developed in support of this aim. ESN has collaborated with EUF on several aspects to improve mobility and international experience: through the development of the Online Learning Agreement, the Erasmus+ App and through participation in each other's key events.

ESN also has a great number of commercial partnerships on all levels. Commercial partners offer discounts to student with an ESNcard thus adding value to the organisation while promoting their products and helping international students to lower their expenses abroad.

The commercial partnerships on the international level cover areas such as:

- accommodation (Uniplaces, Hostelling International, Spotahome)
- education (Study Portals)
- insurance (Dr. Walter)
- technology (logitech)
- banking services (N26)
- traveling (Ryanair)

Several corporations support ESN by cooperation on specific projects, such as the involvement of Pernod Ricard in the Responsible Party project, or offering services for the network (Politico, Microsoft).

4.2 Finances in ESN

The finances of an organisation of this size are adequately complex. According to the statutes, the person responsible for the finances on behalf of the IB is the Treasurer. He or she is responsible for the accounting of the financial means of the organisation and for presenting the report which has to be approved by the AGM. The statutes further state that each year a budget has to be presented and approved by the statutory body. The fiscal year of ESN runs from the 1st of January to 31st of December.

4.2.1 Analysis of cash flow statements

This chapter of the practical part describes in detail the various expenses and incomes made on the international level.

Expenses

On the international level, ESN has many different expenses. This chapter describes the cash flow of expenses that ESN had in the past five years and their development during this period of time.

Table 2 of expenses is used in a simplified version. Each year, expenses are split into categories such as staff, headquarter charges, equipment, subcontracting, meetings, projects, network sponsorship, extraordinary costs and capital provision.

The overall expenses have increase from 656 209 € in 2013 to 977 97 € in 2018. The highest total expense of over 1 million € was reported in 2017, which resulted in the obligation of submitting the financial statement to the Belgian Commerce Court.

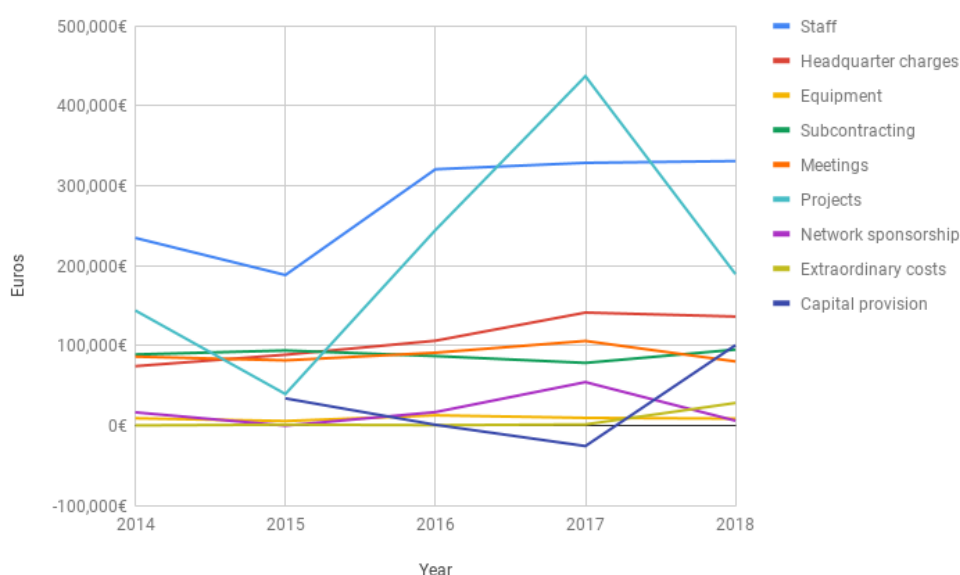
Table 2 Expenses of ESN 2014 – 2018 (in €)

Year	2014	2015	2016	2017	2018
Staff	234,889	188,526	320,739	328,775	331,005
Headquarter charges	74,586	88,865	106,394	141,580	136,629
Equipment	9,439	6,000	13,134	9,945	8,990
Subcontracting	89,221	94,180	87,210	78,668	95,271
Meetings	86,517	81,836	91,417	106,101	80,481
Projects	144,172	39,774	244,712	437,052	189,693
Network sponsorship	16,849	239	17,146	54,653	6,416
Extraordinary costs	536	1,441	816	1,759	28,579
Capital provision	0	34,324	1,291	-25,298	100,843
Total	656,209	535,185	882,859	1,133,235	977,907

Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Graph 5 illustrates how the value of expenses in each category has changed over the past five years with regards to the distribution of the total expenses.

Graph 5 Distribution of expenses in ESN 2014–2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

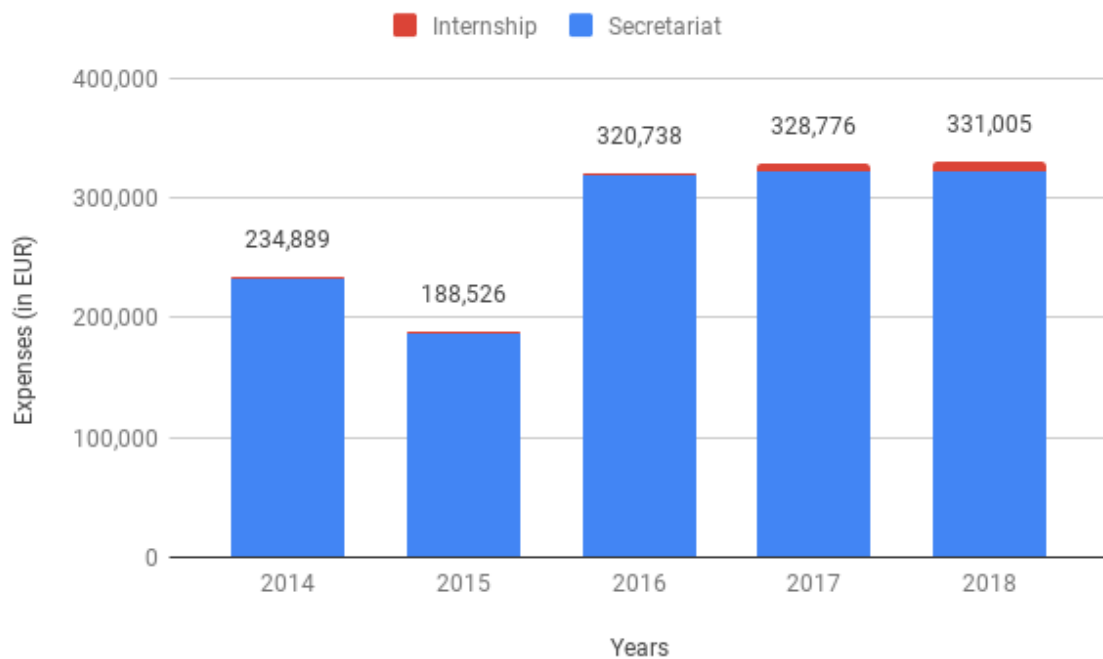
Each line of the expenses consists of subcategories which will be explained in detail in order to understand some of the high changes of particular costs as seen on graph 5.

Staff

The expense category includes salary costs employees and interns of the secretariat. Full time interns are permanently in Brussels with an Erasmus Traineeship. ESN provides accommodation for these interns at the ESN house, pays a monthly allowance and covers their transportation in Brussels. These increased expenses are directly compensated by the EVS grant.

It is clearly visible from graph 6 that the salary of full-time employees makes up the overwhelming majority of staff expenses. In 2018, ESN paid 322,107 EUR for seven full-time employees and one part-time employees combined per year.

Graph 6 Staff expenses in ESN 2014–2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Headquarter charges

Rent

ESN pays a monthly rent for both the house and the office. Since 2017 ESN pays the full rent and invoices other three tenants of the office. It is the highest contributor to the total amount of the headquarters charges expenses as seen in graph 7.

Communications

Communications expense includes the internet charges for both the ESN House and the ESN Office. In addition, it includes mobile phone subscriptions for the Board and some employees, and also the costs for the fixed phone line in the ESN office.

Postal costs

This category of the headquarter charges consists of the costs for regular mail and smaller postal services in the ESN office.

Office supplies

These expenses cover all the basic material that are used in the office on a daily basis. The amount includes supplies for the whole office and therefore other tenants are invoiced for the respective amounts.

Printing

The expenses cover any printing needed to be done at the office excluding bigger amounts such as for publications.

Maintenance

ESN pays for occasional small maintenance of both the house and the office.

External charges

The external charges cover the costs of server and domain charges, health insurance of the IB members and insurance for equipment in the ESN office, membership fees to other organisations and the Belgian administrative charges.

Transportation

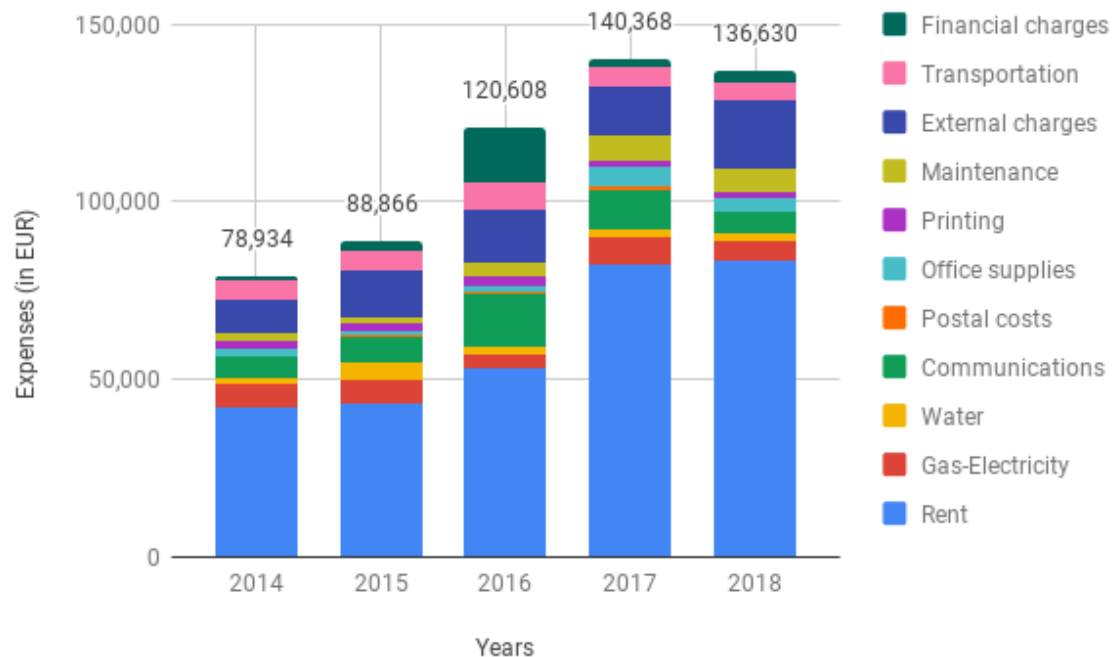
Transportation charges include the public transportation in Brussels and travel costs home for the members of the IB when their mandate is over.

Financial charges

The charges include a regional tax which needs to be paid for the ESN house in Brussels and a tax for the ESN office as it is registered as a commercial building. There are

also some bank charges which need to be paid and other administrative charges such as submitting the revised statutes every year after the AGM.

Graph 7 Headquarters charges expenses of ESN 2014-2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Equipment

The category includes equipment for the ESN house and ESN office such as smaller electronics and computers. As portrayed in graph 5, the equipment expense does not change in value in the recent years and stays around 10 000 € per year.

Subcontracting

General services

For several important services, external companies are hired. This includes accounting and audit, legal advisory (for example after the introduction of GDPR), graphic design and professional training for the IB and Secretariat.

Production

All costs related to the production of ESNcards, gadgets (ESN merchandise such as t-shirts etc.), promotional material and shipment charges. As seen on graph 8 the production

forms the largest part of the subcontracting expenses consistently throughout the past five years.

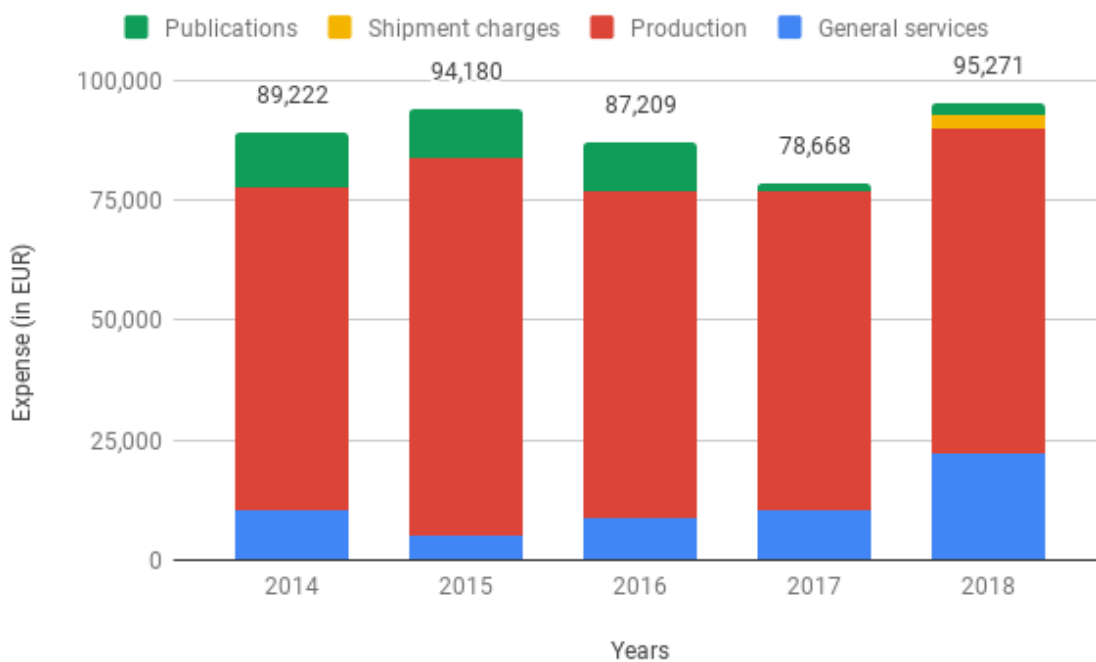
Publications

Printing of materials needed for external representation of ESN.

Shipment charges

The charges include expenses related to delivery of any merchandise ordered outside of the previously agreed shipment deadlines.

Graph 8 Subcontracting expenses in ESN 2014-2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Meetings

ESN Events

Every ESN event is paid by participants and therefore this expense covers the participation fees and travel expenses of the Board and employees to statutory meetings. However, the IB often visits regional and national platforms in order to either deliver a workshop, present updates from the international level, gain a feedback or insight for a project or simply to connect with the members.

ESN Activities

The category includes expenses of travelling to candidate sections and any other costs due to development of the Network. Furthermore, a budget is allocated to each committee for travel expenses if needed (around 1200 € per committee).

A certain amount is allocated to reimburse expenses to the organisers and coordinators of statutory meetings such as CNR or AGM. For NRs which would otherwise be incapable of attending a statutory meeting a travel fund was created to help with necessary reimbursement. Same help is offered to several other members that are required to attend.

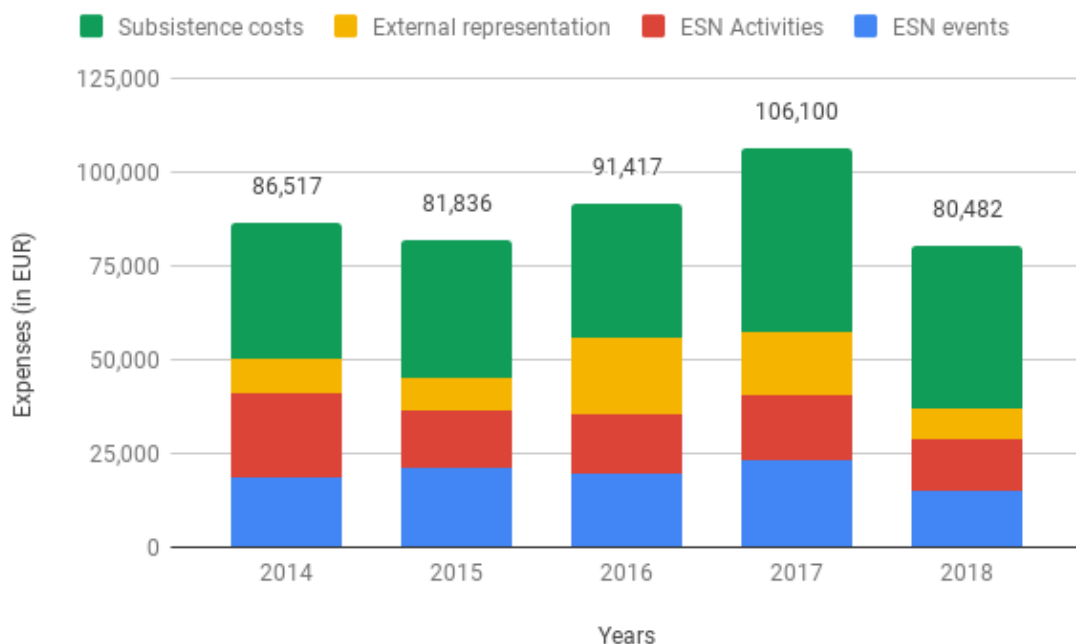
External representation

Expenses needed by the Board and ESN volunteers capable of representing ESN towards externals, such as conferences. The category also includes cost incurred when meeting with (potential) commercial partners and the annual summer reception where the board invites partners, institutional representatives and other important guests.

Subsistence cost

Includes the allowances of the Board which are supposed to cover personal expenses of the board members when performing their responsibilities.

Graph 9 Meetings expenses of ESN 2014-2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Projects

Project teams

The category covers the expenses of project teams related to the meetings of the teams and their attendance to international events if needed. These include SocialErasmus, ESNsurvey, ExchangeAbility, Eduk8, ESNcard, Mov'in Europe, video team, ICT Projects and Responsible Party. Any costs related to Responsible party project are however reimbursed by the company partner Pernod Ricard.

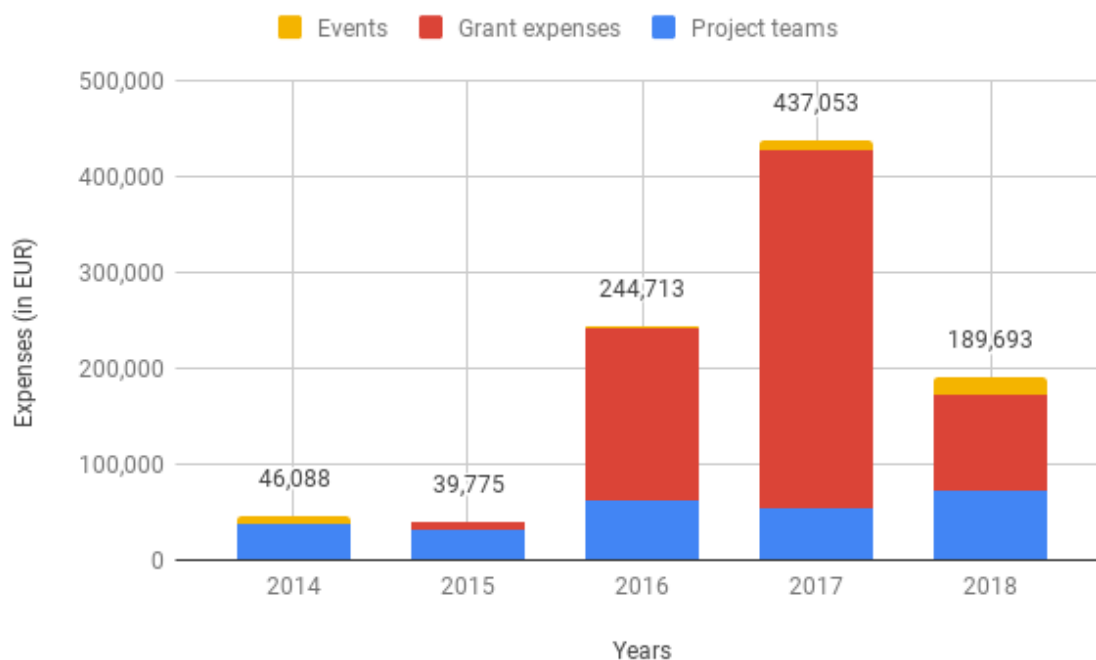
Grant expenses

These are expenses for managing the project, attending/organizing project meetings, and others.

Events

Any costs related to organisation of position specific meetings throughout the network (e.g. meeting of Presidents or Communication managers).

Graph 10 Project expenses of ESN 2014-2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Partnership expenses

Expenses related to partnerships, including social media promotion on behalf of the partners, web linkage sponsorships for the network, etc.

Extraordinary costs

This category includes any unforeseen incomes.

Capital provision

Capital provision is needed to balance out any cash flow fluctuations and provide financial stability.

Incomes

As well as the expenses, incomes of the organisation are increasing in the past years. The incomes are divided into four main categories: headquarters, network, external incomes and extra incomes.

Table 3 Incomes of ESN 2014-2018 (in €)

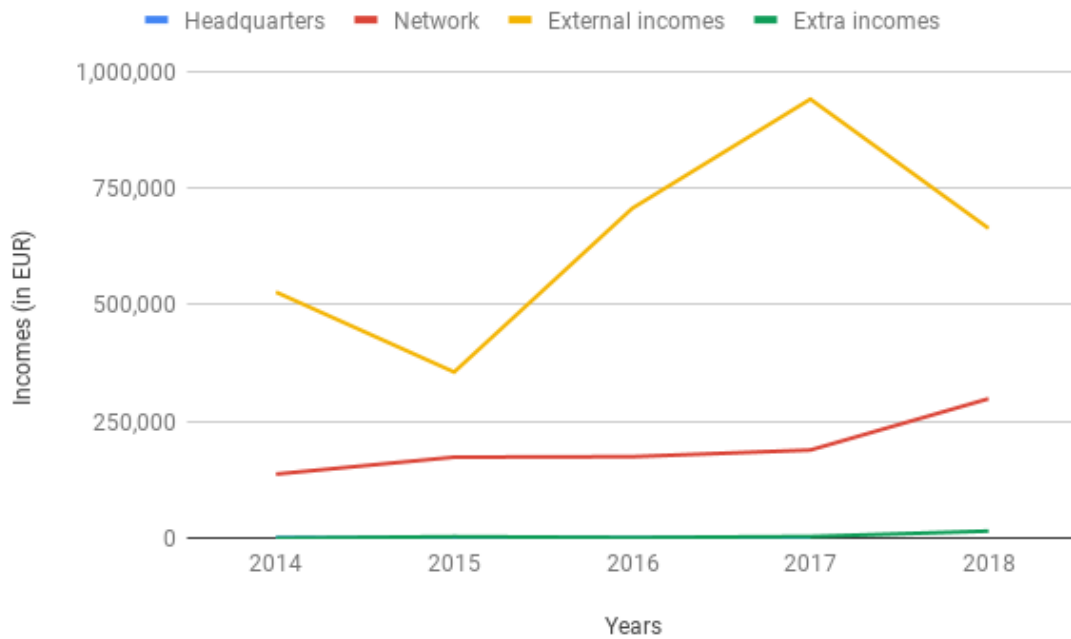
Year	2014	2015	2016	2017	2018
Headquarters	392	0	149	67	0
Network	137,122	173,449	174,499	188,722	298,697
External incomes	527,431	355,969	707,115	941,254	664,258
Extra incomes	1	2,885	1,095	3,193	14,951
Total	664,946	532,303	882,858	1,133,236	977,906

Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Table 3 shows the absolute value of incomes reported. The highest recorded value of incomes was in the year 2017 at over 1 million €. Due to this fact ESN had to submit its financial statements to the Commercial Court in Brussels.

Graph 11 represents the distribution of different categories of incomes in the past five years. External incomes form the highest share of income totalling over 500,000 € with the only exception of 2015.

Graph 11 Distribution of incomes of ESN 2014-2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Headquarters

This category of income represents the interest earned on the savings account. The graph 11 is unable to properly show the value as it coincides with the value of extra incomes. The highest value in of 392 EUR was reported in 2014 and decreased to 149 EUR in 2016 and only 67 EUR in 2017.

Network

Membership fees

Every section pays a membership fee to ESN International. In 2017, the agreed amount was 60 EUR per year per section. The newly approved sections pay half within 60 days of their approval. The membership fee is annual, and its amount has to be approved by the AGM.

Revenue of goods

This category entails income made from sales of ESNcards and merchandise.

Graph 12 Network incomes of ESN 2014-2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

External income

The category includes income from commercial partners and public grants or tenders.

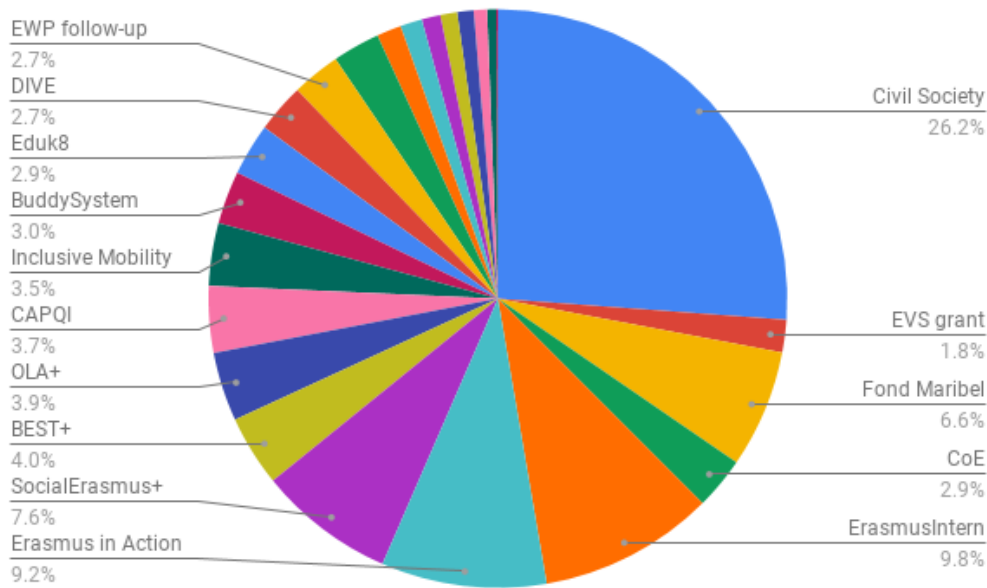
Grants

Grants represent a large part of ESN's income. They are mainly a type of a project-specific Erasmus+ grant and a few are operating grants awarded by institutions such as the European Commission, Council of Europe or by the Belgian government. In 2018, operating grants amounted to 37.5 % of all awarded grant incomes and project specific grants formed the remaining 62.5 %.

Graph 13 shows the total distribution of grants in the year 2018 as an example.

Civil Society Cooperation is a grant awarded as an operating grant by the European Commission. It is used to cover staff costs, office rent, phone charges, internet connection etc. It is awarded for three years of which 2018 was the first, therefore the grant will also continue for the year 2019 and 2020. Fond Maribel is also an operational grant is awarded by the Belgian government and directly funds the salary costs of the Office Manager. EVS Grant is given to ESN International to host EVS volunteers at the headquarters in Brussels. CoE is an operating grant by the Council of Europe, first awarded in 2018.

Graph 13 Distribution of grants funding of ESN in 2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

The project-specific types of grants are definitely more volatile and harder to predict. They are awarded to carry out a specific project and therefore are inconsistent throughout the years. In 2018 grants were awarded for projects such as ErasmusIntern, Erasmus Impact Study, Empl-oi, EuropeHome, DEEP YOUTH, SHEILA, BEST+, CAPQI, Erasmus+ App, SocialErasmus+, Online Learning Agreement+, etc.)

Subrenting

As ESN is the main tenant at the Brussels office since 2016 and pays the full rent it invoices three other organisations their respective amounts for rent, gas, electricity, water, phone and internet charges.

Partnerships

This income is from the various commercial partners ESN International has.

Network Sponsorship

This income is specifically from commercial partners that are later transferred directly to the network, in exchange for promotional efforts.

Partnership, reimbursement

Depending on the agreements with partners, ESN International can be reimbursed by partners for certain activities that fall within the scope of the partnership agreement.

Donations

Donations are mostly related to reimbursements collected by the Board and ESNers in different grant projects and conferences. When the allocated reimbursement is higher than the expenses incurred by the participants, the surplus is donated to ESN.

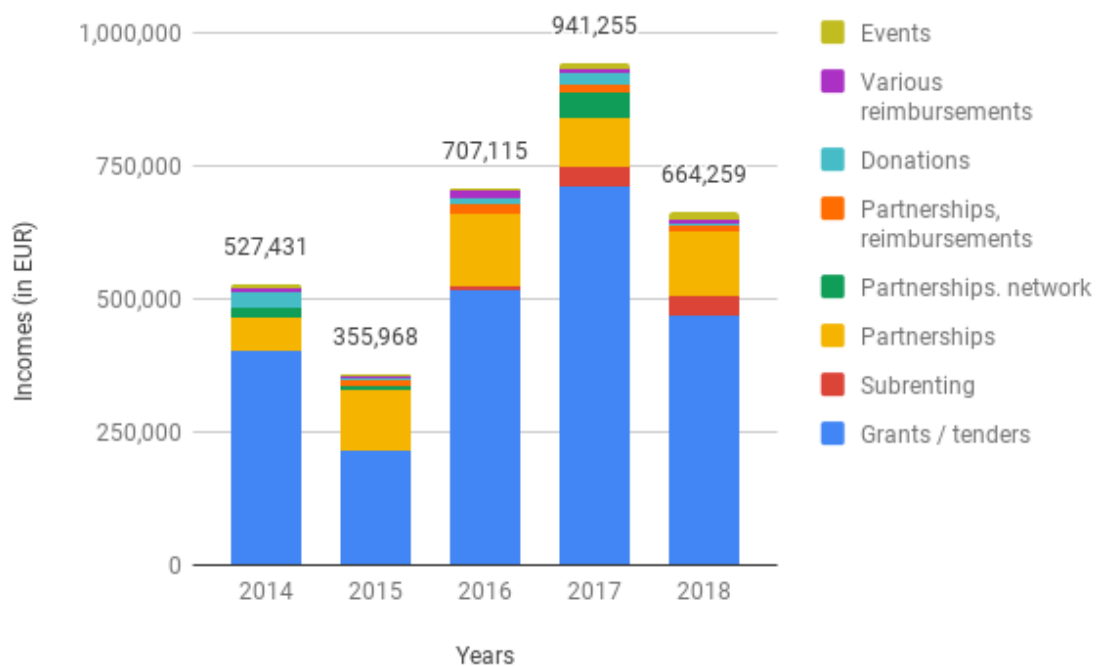
Various reimbursements

This income incurs when participation to external conference are reimbursed by the organizing institution. It can also include other reimbursements for any kind of service or expense made by ESN that does not fall within the scope of the other budget lines.

Events

When position specific meetings are taking place during the year, participants pay the participation fee to cover the cost of the meeting.

Graph 14 External incomes of ESN 2014-2018



Source: financial statements of ESN AISBL from years 2014-2018, own elaboration

Extra incomes

The category includes either unexpected or one-time incomes.

4.2.2 Budgetary compliance

Budget proposals for an upcoming year are presented to the network at the AGM. The IB presents the budget report of the previous year at the AGM. Based on the available data, the Treasurer of the IB suggests a budget for the next year. The budget is voted on and has to be approved by the AGM. If during the year discrepancies or adjustments need to be made, the IB can present a revised budget proposal at any CNR and has to be voted upon again.

Budgetary compliance of incomes

Table 4 Budgetary compliance of incomes of ESN 2014-2018 (in %)

Year	2014	2015	2016	2017	2018
Headquarters	49.00	-	29.80	13.40	-
Network	91.60	109.22	96.78	101.47	109.01
External incomes	93.31	124.90	92.71	116.93	107.31
Extra incomes	-	-	100.27	-	-
Total	92.90	119.94	93.46	114.28	109.51

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

The organisation is doing well with estimating its incomes. As table 4 shows, 2018 has been the most successful year in estimation of the incomes so far. The real income was higher by 9.51% than the income that was budgeted for. The highest deviation from the budget was in 2015 but fortunately the by a positive number as the real income was almost 20 % higher than expected.

In 2014 and 2016 ESN has underestimated expected incomes, however in the most recent year it is obvious that the current International Board is doing better in estimation and ESN has actually received more higher incomes. Some comparisons were not possible because no amount was expected in the proposed budget.

Budgetary compliance of expenses

Table 5 Budgetary compliance of expenses of ESN 2014-2018 (in %)

Year	2014	2015	2016	2017	2018
Staff	104.03	112.25	97.86	105.07	98.75
Headquarter charges	89.27	110.46	93.50	99.21	95.88
Equipment	101.49	100	130.62	106.94	99.89
Subcontracting	90.76	123.76	85.45	95.01	97.61
Meetings	100.02	107.96	103.32	102.91	88.73
Projects	91.08	203.97	95.85	132.39	145.81
Network sponsorship	-	1.33	39.81	280.27	-
Extraordinary costs	13.40	-	27.20	175.90	114.32
Capital provision	0.00	-	113.84	159.61	160.32
Total	89.33	125.63	96.02	111.64	108.79

Source: budget proposals of ESN AISBL from years 2014-2018, own elaboration

Table 5 shows how the IB was able to estimate the budgets of the years 2014 until 2018. The most accurate estimation of expenses was in 2016, however in 2014 only 89,33 % of planned expenses were actually an expense. It is also the biggest underestimation of income. It is a better situation than what happened in 2015 when the budget was too optimistic, and the money could have been useful elsewhere. In years 2015, 2017 and 2018 total expenses were budgeted for a smaller amount than was the reality.

4.2.3 Analysis of the income statements

The chapter focuses on the income statements between the years of 2013 until 2014. The horizontal analysis uses the previous year as a base year to determine year-on-year changes. The fiscal year of 2013 was added to this chapter for the ability to provide results of five annual changes and therefore a base year for 2014.

The income side of the balance sheets includes the revenues from the sales of merchandise and ESNcards, incomes from membership fees, incomes gained through sources such as commercial partners and public grants and any extra income.

Table 6 Revenues of ESN 2013-2018 (in €)

Fiscal year	2013	2014	2015	2016	2017	2018
Revenue of goods	115,957	108,622	144,529	143,839	157,252	241,565
Membership	25,830	28,500	28,920	30,660	31,470	57,132
Income from other actions	295,521	527,823	355,969	707,264	934,392	664,158
Extraordinary incomes	15,777	1	2,885	1,095	3,266	17,352
Total of revenues	453,085	664,946	532,303	882,858	1,126,380	980,207

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

Table 6 shows a significant increase of total revenues. The year 2018 marks a 108 % increase compared to 2013. That is mainly due to the growth of the network. In 2018 ESN consisted of 530 sections, compared to 415 sections in 2013. As the organisation grows and gains a larger base of members, it increases its chances on additional funding as it becomes more interesting for commercial partners. In 2013, the income compared to the size of the network is 1,091.7€ per section whereas in 2018 it increases to 1849.4€ per section. The largest absolute value is seen however in the year 2017.

The expenditures part of the balance sheet combines its expense into the general management costs of the ESN house, office and network in general, expenses related to any fulfilment of projects, costs of ESNcards and merchandise, unforeseen costs and depreciation of equipment.

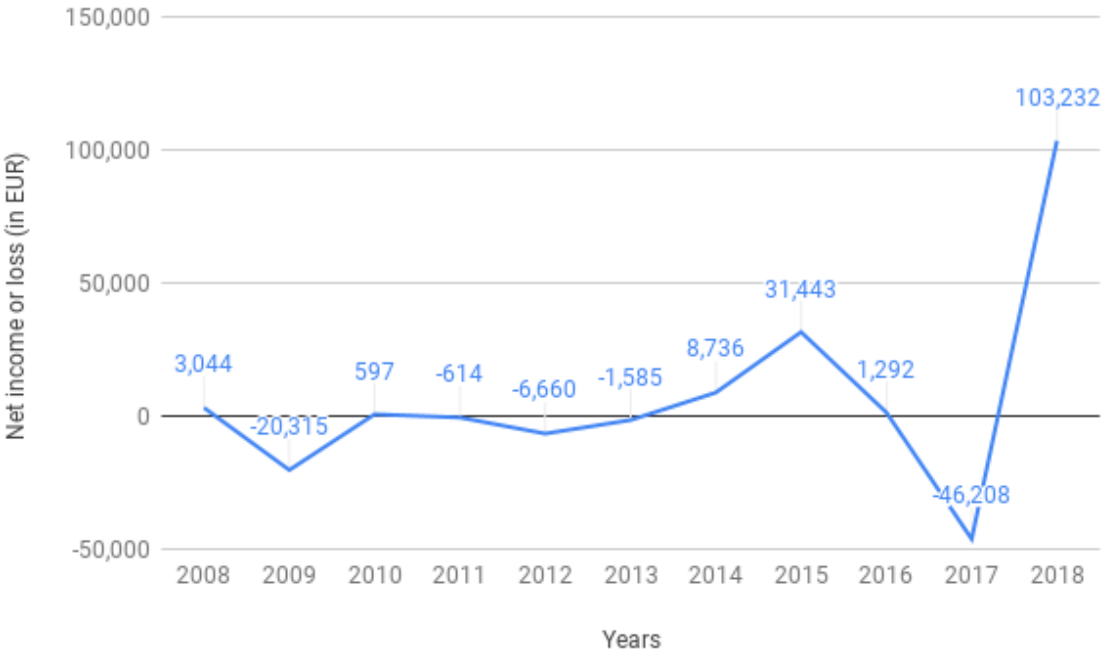
Table 7 Expenditures of ESN 2013-2018 (in €)

Fiscal year	2013	2014	2015	2016	2017	2018
General Management	341,348	439,950	373,792	560,964	640,468	584,138
Projects	26,523	144,172	42,966	244,712	436,583	189,519
Cost of sold products	60,304	67,544	78,686	68,007	66,806	70,256
Extraordinary cost	22,879	536	1,441	816	23,428	28,665
Depreciation	3,616	4,008	3,975	7,068	5,303	4,397
Total of expenditures	454,670	656,210	500,860	881,566	1,172,588	876,975

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

The incomes are growing consistently with the increase of incomes of the expenses of the network as is visible from table 7. In 2018 expenses were 192 % higher than in 2013. However, the highest value was seen in 2017 of 1,172,588 €. This value resulted in a significant loss of almost 50,000 € as seen on graph 15. The year 2018 shows a very positive result which is caused by the effort of the International Board to decrease expenses as much as possible and build a reserve in case of future shortage of incomes.

Graph 15 Net income and loss of ESN 2008-2018



Source: financial statements of ESN AISBL from years 2008-2018, own elaboration

Graph 15 shows the result of the income statement during the past ten years in order to illustrate the changes over a longer period of time. The recent significant changes can be attributed to the high growth of the network as well as several internal changes and a higher focus on projects.

Vertical and horizontal analysis of revenue

Table 8 shows the result of the vertical analyses of revenue. The result amount is always 100 as the combined result of each year represents 100 %.

Table 8 Vertical analysis of revenues of ESN 2013 – 2018 (in %)

Fiscal year	2013	2014	2015	2016	2017	2018
Revenue of goods	25.59	16.34	27.15	16.29	13.96	24.64
Membership	5.70	4.29	5.43	3.47	2.79	5.83
Income from other actions	65.22	79.38	66.87	80.11	82.96	67.76
Extraordinary incomes	3.48	0	0.54	0.12	0.29	1.77
Total of incomes	100	100	100	100	100	100

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

The table 8 shows the vertical analysis of revenues in the past 6 years. Throughout the years the composition of incomes is fairly consistent. Incomes from other actions create the biggest part of income ranging from 65 % in 2013 up to 83 % of overall incomes in 2017. The highest percentage in that year can be explained by receiving a significant grant opportunity for the SocialErasmus+ project. 2018 however shows a positive result of the efforts of the IB to be less dependent on external resources as the revenue of goods represented almost 25 % of the overall incomes.

Table 9 Annual changes of revenues of ESN 2013 – 2018 (in %)

Fiscal year	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Revenue of goods	-6.33	33.06	-0.48	9.33	53.62
Membership	10.34	1.47	6.02	2.64	81.54
Income from other actions	78.61	-32.56	98.69	32.11	-28.92
Extraordinary incomes	-99.99	288,400.00	-62.05	198.26	431.29
Total of incomes	46.76	-19.95	65.86	27.58	-12.98

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

Table 9 shows the result of a horizontal analysis with the preceding year being the base for the analysis of each year. The biggest increase in the revenue of goods by almost 54 % is seen in 2018 compared to 2017 and reflects that ESN introduced a new extended

line of merchandise and optimised its web shop, making it easier for individual members to make a purchase. Also, a higher price of ESNcards was approved at the AGM in 2017. A higher volume of ESNcards sold can be attributed to a partnership with Ryanair which made the purchase of an ESNcard more attractive for international students.

In 2016 there has been a significant increase compared to 2015 due to higher funding obtained for the Mapped! Project fulfilling the objectives of the Social Inclusion cause.

The changes in extraordinary income show a high variation of annual changes as during multiple years there were either very low or very high unexpected incomes.

Vertical and horizontal analysis of expenditures

The distribution of expenditures during each year from 2013 until 2018 is expressed in table 10 through results of a vertical analysis.

Table 10 Vertical analysis of expenses of ESN 2013 – 2018 (in %)

Fiscal year	2013	2014	2015	2016	2017	2018
General Management	75.08	67.04	74.63	63.63	54.62	66.61
Projects	5.83	21.97	8.58	27.76	37.23	21.61
Cost of sold products	13.26	10.29	15.71	7.71	5.70	8.01
Extraordinary cost	5.03	0.08	0.29	0.09	2	3.27
Depreciation	0.80	0.61	0.79	0.80	0.45	0.50
Total of expenditures	100	100	100	100	100	100

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

As was also clear from the explanation of expenditures and graph 5, operating costs of ESN consistently account for the highest expense. With the exception of 2017, they formed over 60 % of expenses. Project expenses vary in the last years nevertheless they stay between 20 % and 40 % of the overall expenses. The extraordinary costs remain low with the maximum 5.03 % in 2013 which shows restriction and compliments the results of the budgetary compliance.

Table 11 shows the annual changes in expenditures. For every fiscal year, the previous fiscal year is used as a base year.

Table 11 Horizontal analysis of expenditures 2013 – 2018 (in %)

Fiscal year	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
General Management	28.89	-15.04	50.07	14.17	-8.80
Projects	443.57	-70.20	469.55	78.41	-56.59
Cost of sold products	12.01	16.50	-13.57	-1.77	5.16
Extraordinary cost	-97.66	168.84	-43.39	2,771.80	22.35
Depreciation	10.84	-0.82	77.81	-24.98	-17.08
Total of expenditures	44.33	-23.67	76.01	33.01	-25.21

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

High annual changes of expenditures are caused mainly by the high variation of project expenses. The project expenses increased significantly in 2016 due to an increase of number of projects that received funding for execution. More projects however translated into more expenses for the project team meetings and travels.

There is also a notable variation of extraordinary costs. However as seen in table 9 the amounts were very small compared to the total of expenditures and therefore the result for extraordinary cost are insignificant.

4.2.4 Analysis of the balance sheet

The chapter analyses the balance sheet of ESN on the international level in the years 2013 to 2018.

Vertical and horizontal analysis of assets

The balance sheet of assets is divided into two part, non-current and current assets. ESN does not own any property or large equipment and therefore the only item includes the value of computers and electronic equipment for the office.

The current assets represent the stocks and orders in progress, accounts receivable which combine trade debtors and other receivable accounts, cash and bank accounts and any deferred charges and accrued income.

The stocks and orders in progress represent the value of ESNcards and gadgets which were in stock to the date of 31st December of each year. Trade debtors include invoices which are yet to be paid by either the members or by commercial partners. Other accounts

receivable includes grant funding which was not yet obtained in the fiscal year but was promised.

Cash and bank accounts represent the value to the date of 31st of December of the year and consists of the current account, the business account a deposit for the office, a deposit for the house, savings account, bonus account, PayPal account and cash box.

The deferred charges represent incomes which were received during that specific fiscal year but should have been allocated to the previous one.

Table 12 Vertical analysis of assets 2013 – 2018 (in %)

Assets	2013	2014	2015	2016	2017	2018
Non-current	1.27	4.07	0.64	4.53	4.81	3.65
Machines and equipment	100	100	100	100	100	100
Current	98.73	95.93	99.36	95.47	95.19	96.35
Stocks and orders in progress	2.51	5.63	3.99	3.40	2.97	2.50
Accounts receivable	28.70	78.84	35.05	56.79	54.98	26.58
<i>Trade debtors</i>	<i>44.78</i>	<i>23.61</i>	<i>62.56</i>	<i>50.17</i>	<i>20.85</i>	<i>19.50</i>
<i>Other accounts receivable</i>	<i>55.22</i>	<i>76.39</i>	<i>37.44</i>	<i>49.83</i>	<i>79.15</i>	<i>80.50</i>
Cash and bank accounts	68.31	13.49	60.88	24.60	37.95	67.85
Deferred charges and accrued income	0.48	2.04	0.08	15.21	4.11	3.06
Total assets	100	100	100	100	100	100

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

The table 12 shows that consistently non-current assets represent less than 5% of all assets. The non-current assets represent small equipment bought for the ESN house and for the ESN office. As ESN does not own any property or bigger equipment, the amount represents a small percentage of the overall assets.

Current assets consistently represent over 95% of all assets. Accounts receivable and cash and bank accounts show the highest fluctuations in their value. Since the values include not yet obtained membership fees, the fluctuation can be caused by uneven admission of new member sections. Another explanation is that many position or committee meetings are

organised in January since many students have Christmas vacations. Furthermore, the venue for meetings and conferences is often the university nearby the ESN house and is more available during this time. However, the IB issues invoices already in December. The participation fees that the attendees have to pay then does not translate to its respective year.

Table 13 Horizontal analysis of assets 2013–2018 (in %)

Assets	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Non-current	113.76	-60.25	730.07	-3.61	-18.61
Machines and equipment	113.76	-60.25	730.07	-3.61	-18.61
Current	-35.40	163.30	12.10	-9.47	8.59
Stocks and orders in progress	45.08	86.78	-4.58	-21.02	-8.27
Accounts receivable	77.44	17.05	81.64	-12.36	-47.49
Trade debtors	-6.43	210.13	45.67	-63.58	-50.90
Other accounts receivable	145.44	-42.63	141.73	39.22	-46.60
Cash and bank accounts	-87.24	1087.84	-54.70	39.63	94.15
Deferred charges and accrued income	171.93	-89.90	21698.53	-75.56	-19.17
Total assets	-33.51	154.20	16.67	-9.21	7.28

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

The biggest difference in non-current assets is between the years 2015 and 2016. The number can be explained by the fact that ESN became the main tenant in the office in Brussels and had to purchase new equipment. The most significant change is the change in deferred charges and accrued income of 21 000 % between 2015 and 2016. The multiannual change is so large because the value of deferred charges in 2015 was 273 € and the 2016 value has increased to 59,510 €. The amount refers to merchandise which will arrive the following year.

Vertical and horizontal analyses of liabilities

The equity consists of the initial capital invested in the organisation of 84 068 euros adjusted with the accumulated result over the years. The changes in the following tables reflect the result carried forward as the issued capital stays the same.

The line named creditors includes short term loans, accounts payable, taxes, salaries and various items. All of the liabilities are current as ESN does not have any long-term loans.

Accounts payable consist of trade debts (invoice received during the year but to be paid in the next) and invoices to receive (invoices for services occurring in that year but with no invoice received yet).

Accrued charges and deferred incomes are prepayments which were received in that year but should be allocated to the next.

Table 14 Vertical analysis of liabilities 2013–2018 (in %)

Equity and Liabilities	2013	2014	2015	2016	2017	2018
Equity	28.70	49.49	29.24	25.38	15.53	40.34
Creditors	29.32	47.86	21.30	58.76	59.74	31.98
Short term loan	0	0	0	16.61	0	0
Accounts payable	55.91	55.40	60.21	66.55	11.44	36.40
Tax, salaries and social debts	0	0	14.29	4.21	3.45	9.17
Salaries and social charges	21.60	23.88	25.50	10.51	29.48	45.93
Various	22.49	20.72	0	2.12	55.63	8.50
Accrued charges and deferred incomes	41.99	2.65	49.46	15.86	24.73	27.68
Total	100	100	100	100	100	100

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

Equity takes up the highest percentage of the years 2014 and 2018 due to a high result carried forward from the previous year. Short term liabilities usually take up the highest percentage of all current liabilities, mainly accounts payable. Accrued charges and deferred incomes were the highest in the years 2013 and 2015 due to high prepayments made in that year which should be allocated to the upcoming year. A cause of such difference was possible obtaining a grant funding in those years which would however be used in the following fiscal year.

Table 15 Horizontal analysis of liabilities 2013 – 2018 (in %)

Equity and Liabilities	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018
Equity	14.65	50.20	1.26	-44.43	178.66
Creditors	8.54	13.14	221.83	-7.70	-42.57
Short term loan	0.00	0.00	0.00	-100.00	0.00
Accounts payable	7.54	22.97	255.70	-84.13	82.68
Tax, salaries and social debts	-	-	-5.14	-24.47	52.87
Salaries and social charges	19.99	20.84	32.64	158.87	-10.53
Various	0.00	-100.00	-	2,321.58	-91.22
Accrued charges and deferred incomes	-95.80	4,638.11	-62.58	41.55	20.08
Total	-33.51	154.20	16.67	-9.21	7.28

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

Equity consists of capital which remains the same throughout the years in the value of 84,068 €. The annual changes are therefore caused by the high inconsistencies of the result carried forward from the fiscal year.

The significant annual change between the years 2015 and 2016 regarding creditors is due to a high increase of obligations ESN had to suppliers. A role also plays the decision to acquire a short-term loan which the IB has decided to do since most of the grant funding that year showed possibility to be received in the beginning of 2017 instead of the end of 2016.

Current ratio analysis

The current ration of the past six years was computed to determine the liquidity of the organisation.

Table 16 Current ratio of ESN 2013-2014

	2013	2014	2015	2016	2017	2018
Current assets (in €)	205,176	132,540	348,974	391,211	354,145	384,556
Current liabilities (in €)	238,099	314,246	305,775	248,514	99,791	148,172
Current ratio (in %)	0.86	0.42	1.14	1.57	3.55	2.60

Source: financial statements of ESN AISBL from years 2013-2018, own elaboration

Table 16 shows quite a significant variability in the current ratio of the organisation. In the years 2013 and 2014 the ratio indicates that the organisation had a lower chance of paying its invoices on time. The year 2017 however shows a great independence which might make it seem to the members and other potential partners that the organisation does not need any additional funding.

4.2.5 SWOT analysis

The analysis is put together based on personal observations of the functioning of the organisation for multiple years and active participation in many discussions. The following table shows a simple version of a SWOT analysis in order to propose few recommendations when finding new possible commercial partnerships.

Table 17 SWOT analysis of ESN

Strengths	Opportunities
<ul style="list-style-type: none"> - A larger and well-established network with great presence - Long tradition - Diversity of activities - Established discount platform of the ESNcard used as a discount card - Strong feeling of belonging of its members (dedication) - Good budgetary compliance 	<ul style="list-style-type: none"> - Companies focusing on CSR - Support of European institutions - Official recognition of volunteering - Growing interest of young students in European affairs
Weaknesses	Threats
<ul style="list-style-type: none"> - High fluctuation of volunteers - Low human resources - Usually higher expenses than estimated 	<ul style="list-style-type: none"> - Changes in the Erasmus+ programme - High volatility of project-based funding - High number of other youth organisations

Own elaboration

5 Conclusion

The main goal of the thesis was to assess the financial management of an international student non-profit organisation, Erasmus Student Network and offer possible improvements for the future.

In the theoretical part the literature review offered an insight into the non-profit sector, non-profit organisations and tools used for analysis of financial statements. The research showed that the non-profit sector covers a significant part of the workforce in the European Union.

As any other organisation, an NPO cannot function without proper funding and will never be able to fulfil its mission. Against a common misconception, non-profit organisations are allowed to have an income as a result of their secondary activity. This is a preferable form of funding for NPOs as they can target the consumers directly. Another significant source of income for NPOs are grant and tender funding. On the European level, the literature review has shown that non-profit organisations usually gain around 54 % of their revenue from their secondary activity.

The analysis in the practical part showed that ESN does not align with this research as ESN actually gets most of its income from grant funding mainly due to the support of European institutions and a close connection of its main activity to the goals of the Erasmus+ programme. The organisation should be very careful in the future when relying on a large portion of the income from public funding. There are efforts to raise the revenue from sales of goods such as the ESNcards and merchandise. The setup of the new web shop and introduction of a new line of clothing appear to have raised the revenue of goods in 2018. However more time will be needed to truly see the impact of this change.

The current international board is succeeding to keep the expenses lower compared to the previous year and make up for the loss in 2017. They are also complying with the budget proposal in 2018 showing that consistency of leadership for two years is better than changes after only one mandate. It is visible from the analysis that ESN is improving with its financial management.

As the organisations expands, the expenditures increase annually. However, the International Board tries to gain more internal and external incomes to cover its operational costs. The results of the analyses show that the Erasmus Student Network is doing better in the last year financially. The organisation does not have any external loans and bank related liabilities. The operational costs of the organisations keep increasing as due to the growth of the network and require more employees of the secretariat.

The recommendations for diversification of incomes includes the obtaining of the new partnerships and to continue to strive for a unification of the network with participation on all levels. In 2018 incomes obtained thanks to partnerships represented almost 20 % of the incomes from external sources. That is not an insignificant amount, but the number can be raised and subsequently allow the network for more independence from grant regulations and rules. The organisation is doing well with organising various types of activities under the umbrella of Causes. Companies that are interested in CSR which would like to be more than simply a commercial partner offering a discount to international students, seem like the best match. Even if the company is not large or does not have additional funds to spare, material support could be used for meetings and conferences the ESN organises for its members. If possible, ESN should invest itself in a cooperation with an institution or a business into a research of the impact of its projects such as the SocialErasmus+ or ExchangeAbility. Not only because the projects are important but also to hopefully attract corporations that would wish to cooperate with ESN and at the same time raise their public image.

The best example of the NPO-business cooperation is the Responsible Party partnership with Pernod Ricard which participates on the project since they share values of ESN regarding this project. Pernod Ricard reimburses participants for their attendance at Responsible Party conferences and there is possibility to have such partner for each of the Causes.

The network should also think about using technologies more for its meetings. Some conferences and trainings have to be in person, but regular meetings of the project teams could be done on IT platforms supplied to the network by a possible new partner in the technological field. The measure would save money from the budget for the travelling expenses related to meetings of teams.

Due to the growth of the network the IB should call upon the enlargement of the Financial Committee team along with the establishment of a sponsorship team which could focus on collecting data and active seeking of new grant opportunities. The sponsorship team should also cooperate with other non-profit organisations with experience in fund-raising. The organisation should invest in its human resource strategies and try to recruit individual members from throughout the network to ensure a diversity of the team and a spectrum of opinions.

Furthermore, ESN should try to use the support of the European institutions and attempt getting volunteering a more official recognition. Such advantage could make a big difference in dealing with human resource problems.

Managing and navigating such a diverse and extensive network of student volunteers is an extraordinary challenge. That said, if the network together puts its efforts in, cooperates on the financial strategies and helps with the looking for more funding opportunities it surely can achieve its ambitious goals.

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Financial Report 2013

Balance sheet

ASSETS	31.12.13	31.12.12
Machines and equipment	2.630 €	3.085 €
241 Equipment	2.630 €	3.085 €
Stocks and orders in progress	5.142 €	6.405 €
340 Stock of goods	5.142 €	6.405 €
Accounts receivable	58.889 €	88.952 €
Trade debtors	26.368 €	42.637 €
400 Invoices	26.368 €	42.637 €
404 Product to receive	- €	- €
406 Account received	- €	- €
Others accounts receivable	32.521 €	46.314 €
411 VAT recoverable	8.020 €	8.592 €
414 Grants to receive	21.910 €	35.940 €
416 Various debts	2.591 €	1.782 €
Cash and bank accounts	140.152 €	22.731 €
55 Current account	23.428 €	9.613 €
55 Business account	- €	- €
55 Deposit - Office	2.569 €	2.717 €
55 Deposit - House	5.295 €	5.223 €
55 Savings account	101.001 €	- €
55 Bonus account	5 €	2.555 €
55 PayPal account	2.379 €	541 €
57 Cash Box	5.475 €	2.083 €
58 Internal transfer	- €	- €
Deferred charges and accrued income	994 €	2.376 €
490 Charges to report	994 €	2.376 €
TOTAL ASSETS	207.806 €	123.549 €

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EQUITY AND LIABILITIES	31.12.13	31.12.12
Equity	59.634 €	61.219 €
Issued Capital	84.068 €	84.068 €
1 Capital	84.068 €	84.068 €
Result carried forward	- 24.433 €	- 22.848 €
14 Accumulated results	- 22.848 €	- 16.189 €
669 Result of the year	- 1.585 €	- 6.660 €
Creditors	60.925 €	17.408 €
Accounts payable	34.065 €	11.566 €
440 Trade debts	5.802 €	8.151 €
444 Invoice to receive	28.262 €	3.415 €
Tax, salaries and social debts	- €	139 €
453 Taxes	- €	- €
451 VAT to pay	- €	- €
453 Charges withheld	- €	139 €
Salaries and social charges	13.159 €	5.703 €
454 ONSS	- €	53 €
455 Salary	- €	245 €
456 Provision charges	13.159 €	5.406 €
Various	13.701 €	- €
163 Provision for grant repayment	13.701 €	- €
489 Various debts	- €	360 €
Accrued charges and deferred incomes	87.248 €	44.562 €
492 Grant received to transfer	87.248 €	- €
493 Product to report	- €	44.562 €
499 Temporary account	- €	- €
TOTAL LIABILITIES	207.806 €	123.189 €



Income statement

Incomes	2013	2012	2011
Revenue of goods	€ 115.957	€ 97.126	€ 79.334
Membership	€ 25.830	€ 26.238	€ 21.900
Income from other actions	€ 295.521	€ 339.934	€ 284.830
Extraordinary incomes	€ 15.777	€ 2.369	€ 1.749
Total of incomes	€ 453.084	€ 465.667	€ 387.813
Expenses	2013	2012	2011
General Management	€ 367.871	€ 425.022	€ 336.691
Cost of sold products	€ 60.304	€ 35.382	€ 40.037
Extraordinary cost	€ 22.879	€ 2.406	€ 9.620
Depreciation	€ 3.616	€ 2.857	€ 2.079
Total of expenditures	€ 454.670	€ 465.667	€ 388.427
Result	-€ 1.585	€ 0,00	-€ 614,19
<i>Provision for grants</i>	<i>0,00 €</i>	<i>-6.659,54 €</i>	<i>0,00 €</i>





Financial Report 2014

Balance sheet

ASSETS	31.12.14	31.12.13
Machines and equipment	5,622 €	2,630 €
241 Equipment	5,622 €	2,630 €
Stocks and orders in progress	7,460 €	5,142 €
340 Stock of goods	7,460 €	5,142 €
Accounts receivable	104,493 €	58,889 €
Trade debtors	24,672 €	26,368 €
400 Invoices	24,672 €	26,368 €
404 Product to receive	- €	- €
406 Account received	- €	- €
Others accounts receivable	79,821 €	32,521 €
411 VAT recoverable	- 4,975 €	8,020 €
414 Grants to receive	81,956 €	21,910 €
416 Various receivables	2,840 €	2,591 €
Cash and bank accounts	17,886 €	140,152 €
55 Current account	9,328 €	23,428 €
55 Business account	- €	- €
55 Deposit - Office	2,583 €	2,569 €
55 Deposit - House	5,336 €	5,295 €
55 Savings account	7 €	101,001 €
55 Bonus account	5 €	5 €
55 PayPal account	135 €	2,379 €
57 Cash Box	497 €	5,475 €
58 Internal transfer	- 5 €	- €
Deferred charges and accrued income	2,703 €	994 €
490 Charges to report	2,703 €	994 €
TOTAL ASSETS	138,162 €	207,806 €

Erasmus Student Network AISBL
Rue Joseph II 120 – 1000 Brussels - BELGIUM



EQUITY AND LIABILITIES	30.11.14	31.12.13
Equity	68,371 €	59,634 €
Issued Capital	84,068 €	84,068 €
1 Capital	84,068 €	84,068 €
Result carried forward	- 15,697 €	- 24,433 €
14 Accumulated results	- 24,433 €	- 22,848 €
669 Result of the year	8,737 €	1,585 €
Creditors	66,125 €	60,925 €
Accounts payable	36,634 €	34,065 €
440 Trade debts	24,728 €	5,802 €
444 Invoice to receive	11,906 €	28,262 €
Tax, salaries and social debts	- €	- €
453 Taxes	- €	- €
451 VAT to pay	- €	- €
453 Charges withheld	- €	- €
Salaries and social charges	15,790 €	13,159 €
454 ONSS	- 5,767 €	- €
455 Salary	- €	- €
456 Provision charges	21,557 €	13,159 €
Various	13,701 €	13,701 €
163 Provision for grant repayment	13,701 €	13,701 €
489 Various debts		
Accrued charges and deferred income	3,666 €	87,248 €
492 Grant received to transfer	- €	87,248 €
493 Product to report	4,205 €	- €
499 Temporary account	- 539 €	- €
TOTAL LIABILITIES	138,162 €	207,806 €



Income statement

Incomes	2014	2013	2012	2011
Revenue of goods	€ 108,622	€ 115,957	€ 97,126	€ 79,334
Membership	€ 28,500	€ 25,830	€ 26,238	€ 21,900
Income from other actions	€ 527,823	€ 295,521	€ 339,934	€ 284,830
Extraordinary incomes	€ 1	€ 15,777	€ 2,369	€ 1,749
Total of incomes	€ 664,946	€ 453,084	€ 465,667	€ 387,813

Expenses	2014	2013	2012	2011
General Management	€ 584,122	€ 367,871	€ 425,022	€ 336,691
Cost of sold products	€ 67,544	€ 60,304	€ 35,382	€ 40,037
Extraordinary cost	€ 536	€ 22,879	€ 9,066	€ 9,620
Depreciation	€ 4,008	€ 3,616	€ 2,857	€ 2,079
Total of expenditures	€ 656,209	€ 454,670	€ 472,327	€ 388,427

Result	€ 8,736.82	-€ 1,585.12	-€ 6,659.54	-€ 614.19
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Financial Report 2015

Balance sheet

ASSETS	31.12.15	31.12.14
Machines and equipment	2,235 €	5,622 €
241 Equipment	2,235 €	5,622 €
Stocks and orders in progress	13,934 €	7,460 €
340 Stock of goods	13,934 €	7,460 €
Accounts receivable	122,309 €	104,493 €
Trade debtors	76,515 €	24,672 €
400 Invoices	76,515 €	24,672 €
404 Product to receive	- €	- €
406 Account received	- €	- €
Others accounts receivable	45,794 €	79,821 €
411 VAT recoverable	- €	4,975 €
414 Grants to receive	45,794 €	81,956 €
416 Various receivables	- €	2,840 €
Cash and bank accounts	212,457 €	17,886 €
55 Current account	4,376 €	9,328 €
55 Business account	6,306 €	- €
55 Deposit - Office	2,593 €	2,583 €
55 Deposit - House	5,365 €	5,336 €
55 Savings account	189,854 €	7 €
55 Bonus account	5 €	5 €
55 PayPal account	168 €	135 €
57 Cash Box	3,791 €	497 €
58 Internal transfer	- €	5 €
Deferred charges and accrued income	273 €	2,703 €
490 Charges to report	273 €	2,703 €
TOTAL ASSETS	351,209 €	138,162 €

Erasmus Student Network AISBL
Rue Joseph II 120 – 1000 Brussels - BELGIUM



EQUITY AND LIABILITIES	31.12.15	31.12.14
Equity	102,695 €	68,371 €
Issued Capital	84,068 €	84,068 €
1 Capital	84,068 €	84,068 €
Result carried forward	18,627 €	15,697 €
14 Accumulated results	- 15,697 €	- 24,433 €
669 Result of the year	34,324 €	8,737 €
Creditors	74,816 €	66,125 €
Accounts payable	45,047 €	36,634 €
440 Trade debts	38,424 €	24,728 €
444 Invoice to receive	6,623 €	11,906 €
Tax, salaries and social debts	10,688 €	- €
453 Taxes	- €	- €
451 VAT to pay	10,688 €	- €
453 Charges withheld	- €	- €
Salaries and social charges	19,081 €	15,790 €
454 ONSS	- 0 €	- 5,767 €
455 Salary	3,213 €	- €
456 Provision charges	15,868 €	21,557 €
Various	- €	13,701 €
163 Provision for grant repayment	- €	13,701 €
489 Various debts		
Accrued charges and deferred income	173,699 €	3,666 €
492 Grant received to transfer	- €	- €
493 Product to report	173,817 €	4,205 €
499 Temporary account	- 118 €	- 539 €
TOTAL LIABILITIES	351,209 €	138,162 €



Income statement

Incomes	2015 Q1	2014	2013	2012	2011
Revenue of goods	€ 144,529	€ 108,622	€ 115,957	€ 97,126	€ 79,334
Membership	€ 28,920	€ 28,500	€ 25,830	€ 26,238	€ 21,900
Income from other actions	€ 355,969	€ 527,823	€ 295,521	€ 339,934	€ 284,830
Extraordinary incomes	€ 2,885	€ 1	€ 15,777	€ 2,369	€ 1,749
Total of incomes	€ 532,302	€ 664,946	€ 453,084	€ 465,667	€ 387,813

Expenses	2015 Q1	2014	2013	2012	2011
General Management	€ 416,758	€ 584,122	€ 367,871	€ 425,022	€ 336,691
Cost of sold products	€ 78,686	€ 67,544	€ 60,304	€ 35,382	€ 40,037
Extraordinary cost	€ (1,441)	€ 536	€ 22,879	€ 9,066	€ 9,620
Depreciation	€ 3,975	€ 4,008	€ 3,616	€ 2,857	€ 2,079
Total of expenditures	€ 497,978	€ 656,209	€ 454,670	€ 472,327	€ 388,427

Result	€ 34,324.00	€ 8,736.82	-€ 1,585.12	-€ 6,659.54	-€ 614.19
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Erasmus Student Network AISBL
Rue Joseph II 120 – 1000 Brussels - BELGIUM





Financial Report 2016

Balance sheet

ASSETS	31.12.2016.	31.12.15
Machines and equipment	18,552 €	2,235 €
241 Equipment	18,552 €	2,235 €
Stocks and orders in progress	13,296 €	13,934 €
340 Stock of goods	13,296 €	13,934 €
Accounts receivable	222,157 €	122,309 €
Trade debtors	111,460 €	76,515 €
400 Invoices	106,249.06	76,515 €
404 Product to receive	5,210.66	- €
406 Account received	- €	- €
Others accounts receivable	110,697 €	45,794 €
411 VAT recoverable	5 €	- €
414 Grants to receive	110,692 €	45,794 €
416 Various receivables	- €	- €
Cash and bank accounts	96,248 €	212,457 €
55 Current account	68,817 €	4,376 €
55 Business account	- €	6,306 €
55 Deposit - Office	2,600 €	2,593 €
55 Deposit - House	5,375 €	5,365 €
55 Savings account	14,476 €	189,854 €
55 Bonus account	5 €	5 €
55 PayPal account	6,045 €	168 €
57 Cash Box	1,947 €	3,791 €
58 Internal transfer	- 3,016 €	- €
Deferred charges and accrued income	59,510 €	273 €
490 Charges to report	59,510 €	273 €
TOTAL ASSETS	409,763 €	351,209 €

Erasmus Student Network AISBL
Rue Joseph II 120 – 1000 Brussels - BELGIUM



EQUITY AND LIABILITIES	31.12.2016.	31.12.15
Equity	103,988 €	102,695 €
Issued Capital	84,068 €	84,068 €
1 <i>Capital</i>	84,068 €	84,068 €
Result carried forward	19,920 €	18,627 €
14 <i>Accumulated results</i>	18,629 €	15,697 €
669 <i>Result of the year</i>	1,291 €	34,324 €
Creditors	240,784 €	74,816 €
Short term loan	40,000 €	- €
420 <i>Short term loan</i>	40,000 €	- €
Accounts payable	160,230 €	45,047 €
440 <i>Trade debts</i>	154,675 €	38,424 €
444 <i>Invoice to receive</i>	5,555 €	6,623 €
Tax, salaries and social debts	10,139 €	10,688 €
453 <i>Taxes</i>	- €	- €
451 <i>VAT to pay</i>	10,139 €	10,688 €
453 <i>Charges withheld</i>	- €	- €
Salaries and social charges	25,309 €	19,081 €
454 <i>ONSS</i>	- €	0 €
455 <i>Salary</i>	- €	3,213 €
456 <i>Provision charges</i>	25,309 €	15,868 €
Various	5,106 €	- €
163 <i>Provision for grant repayment</i>	- €	- €
489 <i>Various debts</i>	5,106 €	- €
Accrued charges and deferred incomes	64,991 €	173,699 €
492 <i>Grant received to transfer</i>	1,573 €	- €
493 <i>Product to report</i>	68,882 €	173,817 €
499 <i>Temporary account</i>	-	118 €
TOTAL LIABILITIES	409,763 €	351,209 €



Income statement

Incomes	2016	2015	2014	2013	2012	2011
Revenue of goods	€ 143,839	€ 144,529	€ 108,622	€ 115,957	€ 97,126	€ 79,334
Membership	€ 30,660	€ 28,920	€ 28,500	€ 25,830	€ 26,238	€ 21,900
Income from other actions	€ 707,264	€ 355,969	€ 527,823	€ 295,521	€ 339,934	€ 284,830
Extraordinary incomes	€ 1,095	€ 2,885	€ 1	€ 15,777	€ 2,369	€ 1,749
Total of incomes	€ 882,857	€ 532,302	€ 664,946	€ 453,084	€ 465,667	€ 387,813

Expenses	2016	2015	2014	2013	2012	2011
General Management	€ 805,676	€ 416,758	€ 584,122	€ 367,871	€ 425,022	€ 336,691
Cost of sold products	€ 68,007	€ 78,686	€ 67,544	€ 60,304	€ 35,382	€ 40,037
Extraordinary cost	€ 816	€ (1,441)	€ 536	€ 22,879	€ 9,066	€ 9,620
Depreciation	€ 7,068	€ 3,975	€ 4,008	€ 3,616	€ 2,857	€ 2,079
Total of expenditures	€ 881,566	€ 497,978	€ 656,209	€ 454,670	€ 472,327	€ 388,427

Result	€ 1,291	€ 34,324	€ 8,737	-€ 1,585	-€ 6,660	-€ 614
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Erasmus Student Network AISBL
Rue Joseph II 120 – 1000 Brussels - BELGIUM



Appendix 5 Financial statement of ESN 2017

201	15/11/2018	BE 0876.728.263	13	EUR		
NAT.	Date du dépôt	N°	P.	D.	18722.00083	A-asbl 1.1

COMPTES ANNUELS EN EUROS

Dénomination: **Erasmus Student Network**

Forme juridique: Association internationale sans but lucratif

Adresse: Rue Joseph II N°: 120 Boîte:

Code postal: 1000 Commune: Bruxelles

Pays: Belgique

Registre des personnes morales (RPM) - Tribunal de Commerce de Bruxelles, francophone

Adresse Internet:

Numéro d'entreprise **BE0876728263**

Date du dépôt de l'acte constitutif ou du document le plus récent mentionnant la date de publication des actes constitutif et modificatif(s) des statuts. **07-09-2017**

COMPTES ANNUELS approuvés par l'assemblée générale* du **21-09-2018**

et relatifs à l'exercice couvrant la période du **01-01-2017** au **31-12-2017**

Exercice précédent du **01-01-2016** au **31-12-2016**

Les montants relatifs à l'exercice précédent sont identiques à ceux publiés antérieurement.

Documents joints aux présents comptes annuels:

Numéros des sections du document normalisé non déposées parce que sans objet:

A-asbl 5.2.1, A-asbl 5.2.2, A-asbl 5.2.3, A-asbl 5.3, A-asbl 5.4, A-asbl 5.6, A-asbl 5.7, A-asbl 6, A-asbl 8

LISTE COMPLÈTE avec nom, prénoms, profession, domicile (adresse, numéro, code postal et commune) et fonction au sein de l'association ou de la fondation des ADMINISTRATEURS ET COMMISSAIRES et, le cas échéant du représentant en Belgique de l'association étrangère

MOURATO PINTO JOAO CARLOS

Rue Major Pétilon 22
1040 Etterbeek
BELGIQUE

Début de mandat: 15-07-2017 Fin de mandat: 14-07-2018 Administrateur

STOJANOVIC TIJANA

Rue Major Pétilon 22
1040 Etterbeek
BELGIQUE

Début de mandat: 15-07-2017 Fin de mandat: 14-07-2018 Administrateur

BASTIAENS TIM

Driesstraat 101/A

1982 Weerde BELGIQUE			
Début de mandat: 15-07-2017	Fin de mandat: 14-07-2018	Administrateur	
OLCZYK KACPER MICHAL			
Rue Major Pétilion 22 1040 Etterbeek BELGIQUE			
Début de mandat: 15-07-2017	Fin de mandat: 14-07-2018	Administrateur	
VAN LENT JEROEN			
Rue Major Pétilion 22 1040 Etterbeek BELGIQUE			
Début de mandat: 15-07-2017	Fin de mandat: 14-07-2018	Administrateur	
SABUNI SAFI			
Radjursvaegen 52 14734 Stockholm SUÈDE			
Début de mandat: 15-07-2016	Fin de mandat: 14-07-2017	Administrateur	
CLEMO MATTHEW			
The mount, Hale barns 60 WA158TA Cheshire ROYAUME-UNI			
Début de mandat: 15-07-2016	Fin de mandat: 14-07-2017	Administrateur	
STANKOVIC JOVANA			
Pere Velimirovica 58			
SERBIE			
Début de mandat: 15-07-2016	Fin de mandat: 14-07-2017	Administrateur	
BIN ABDUL GANI ABDUL GAFFAR			
ul. Tonnekreek 101			
PAYS-BAS			
Début de mandat: 15-07-2016	Fin de mandat: 14-07-2017	Administrateur	
PAPPAS THOMAS			
michalakopoulou 111 Athens GRÈCE			
Début de mandat: 15-07-2016	Fin de mandat: 14-07-2017	Administrateur	
DGST RÉVISEURS D'ENTREPRISES (B00288)			
BE 0458.736.952 Avenue E. Van Becelaere 28/A 1170 Watermael-Boitsfort BELGIQUE			
		Réviseur d'entreprises	
Représenté directement ou indirectement			

par:

CRISI FABIO (A02297)

* Par le conseil d'administration dans le cas d'une fondation / par l'organe général de direction dans le cas d'une association internationale sans but lucratif.

MISSION DE VÉRIFICATION OU DE REDRESSEMENT

Mentions facultatives:

- Dans le cas où des comptes annuels ont été vérifiés ou redressés par un expert-comptable externe ou par un réviseur d'entreprises qui n'est pas le commissaire, peuvent être mentionnés ci-après: les nom, prénoms, profession et domicile de chaque expert-comptable externe ou réviseur d'entreprises et son numéro de membre auprès de son Institut ainsi que la nature de sa mission:

A. La tenue des comptes de l'association ou de la fondation,

B. L'établissement des comptes annuels,

C. La vérification des comptes annuels et/ou

D. Le redressement des comptes annuels.

- Si des missions visées sous A. ou sous B. ont été accomplies par des comptables agréés ou par des comptables-fiscalistes agréés, peuvent être mentionnés ci-après: les nom, prénoms, profession et domicile de chaque comptable agréé ou comptable-fiscaliste agréé et son numéro de membre auprès de l'Institut Professionnel des Comptables et Fiscalistes agréés ainsi que la nature de sa mission.
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COMPTE DE RÉSULTATS

	Ann.	Codes	Exercice	Exercice précédent
Produits et charges d'exploitation				
Marge brute d'exploitation (+)/(-)		9900	301.969	305.481
Ventes et prestations		70/74	1.125.470	879.128
Chiffre d'affaires		70	200.216	173.969
Cotisations, dons, legs et subsides		73	906.165	686.874
Approvisionnements, marchandises, services et biens divers		60/61	823.501	573.647
Rémunérations, charges sociales et pensions (+)/(-)	5.5	62	313.515	298.654
Amortissements et réductions de valeur sur frais d'établissement, sur immobilisations incorporelles et corporelles		630	3.270	4.736
Réductions de valeur sur stocks, sur commandes en cours d'exécution et sur créances commerciales: dotations (reprises) (+)/(-)		631/4		
Provisions pour risques et charges: dotations (utilisations et reprises) (+)/(-)		635/8		
Autres charges d'exploitation		640/8	13.620	218
Charges d'exploitation portées à l'actif au titre de frais de restructuration (-)		649		
Résultat positif (néгатif) d'exploitation (+)/(-)		9901	-28.436	1.873
Produits financiers	5.5	75	757	174
Charges financières	5.5	65	6.745	1.080
Résultat positif (néгатif) courant (+)/(-)		9902	-34.424	967
Produits exceptionnels		76	152	1.092
Charges exceptionnelles		66	11.936	750
Résultat positif (néгатif) de l'exercice (+)/(-)		9904	-46.208	1.292

AFFECTATIONS ET PRÉLÈVEMENTS

	Codes	Exercice	Exercice précédent
Résultat positif (néгатif) à affecter	(+)/(-) 9906	-26.287	19.921,13
Résultat positif (néгатif) de l'exercice à affecter	(+)/(-) 9905	-46.208	1.292
Résultat positif (néгатif) de l'exercice antérieur reporté	(+)/(-) 14P	19.921	18.629,13
Prélèvements sur les capitaux propres	791/2		
sur les fonds de l'association ou de la fondation	791		
sur les fonds affectés	792		
Affectations aux fonds affectés	692		
Résultat positif (néгатif) à reporter	(+)/(-) 14	-26.287	19.921

**ANNEXE
ETAT DES IMMOBILISATIONS**

	Codes	Exercice	Exercice précédent
IMMOBILISATIONS INCORPORELLES			
Valeur d'acquisition au terme de l'exercice	8059P	XXXXXXXXXX	1.216
Mutations de l'exercice			
Acquisitions, y compris la production immobilisée	8029		
Cessions et désaffectations	8039		
Transferts d'une rubrique à une autre	(+)/(-) 8049		
Valeur d'acquisition au terme de l'exercice	8059	1.216	
Amortissements et réductions de valeur au terme de l'exercice	8129P	XXXXXXXXXX	1.216
Mutations de l'exercice			
Actés	8079		
Repris	8089		
Acquis de tiers	8099		
Annulés à la suite de cessions et désaffectations	8109		
Transférés d'une rubrique à une autre	(+)/(-) 8119		
Amortissements et réductions de valeur au terme de l'exercice	8129	1.216	
VALEUR COMPTABLE NETTE AU TERME DE L'EXERCICE	21	0	

	Codes	Exercice	Exercice précédent
IMMOBILISATIONS CORPORELLES			
Valeur d'acquisition au terme de l'exercice	8199P	XXXXXXXXXX	25.391
Mutations de l'exercice			
Acquisitions, y compris la production immobilisée	8169	2.600	
Cessions et désaffectations	8179	1.973	
Transferts d'une rubrique à une autre (+)/(-)	8189		
Valeur d'acquisition au terme de l'exercice	8199	26.018	
Plus-values au terme de l'exercice	8259P	XXXXXXXXXX	
Mutations de l'exercice			
Actées	8219		
Acquises de tiers	8229		
Annulées	8239		
Transférées d'une rubrique à une autre (+)/(-)	8249		
Plus-values au terme de l'exercice	8259		
Amortissements et réductions de valeur au terme de l'exercice	8329P	XXXXXXXXXX	19.589
Mutations de l'exercice			
Actés	8279	3.270	
Repris	8289		
Acquis de tiers	8299		
Annulés à la suite de cessions et désaffectations	8309	1.973	
Transférés d'une rubrique à une autre (+)/(-)	8319		
Amortissements et réductions de valeur au terme de l'exercice	8329	20.886	
VALEUR COMPTABLE NETTE AU TERME DE L'EXERCICE	22/27	<u>5.132</u>	
DONT			
Appartenant à l'association ou à la fondation en pleine propriété	8349	5.132	

	Codes	Exercice	Exercice précédent
IMMOBILISATIONS FINANCIÈRES			
Valeur d'acquisition au terme de l'exercice	8395P	XXXXXXXXXX	12.750
Mutations de l'exercice			
Acquisitions	8365		
Cessions et retraits	8375		
Transferts d'une rubrique à une autre	(+)/(-) 8385		
Autres mutations	(+)/(-) 8386		
Valeur d'acquisition au terme de l'exercice	8395	12.750	
Plus-values au terme de l'exercice	8455P	XXXXXXXXXX	
Mutations de l'exercice			
Actées	8415		
Acquises de tiers	8425		
Annulées	8435		
Transférées d'une rubrique à une autre	(+)/(-) 8445		
Plus-values au terme de l'exercice	8455		
Réductions de valeur au terme de l'exercice	8525P	XXXXXXXXXX	
Mutations de l'exercice			
Actées	8475		
Reprises	8485		
Acquises de tiers	8495		
Annulées à la suite de cessions et retraits	8505		
Transférées d'une rubrique à une autre	(+)/(-) 8515		
Réductions de valeur au terme de l'exercice	8525		
Montants non appelés au terme de l'exercice	8555P	XXXXXXXXXX	
Mutations de l'exercice	(+)/(-) 8545		
Montants non appelés au terme de l'exercice	8555		
VALEUR COMPTABLE NETTE AU TERME DE L'EXERCICE	28	12.750	

RÉSULTATS**PERSONNEL ET FRAIS DE PERSONNEL****Travailleurs pour lesquels l'association ou la fondation a introduit une déclaration DIMONA ou qui sont inscrits au registre général du personnel**

	Codes	Exercice	Exercice précédent
Nombre total à la date de clôture	9086	7	
Effectif moyen du personnel calculé en équivalents temps plein	9087	6,9	6,6
Nombre d'heures effectivement prestées	9088	11.886	12.186

Frais de personnel

Rémunérations et avantages sociaux directs	620	236.917	217.372
Cotisations patronales d'assurances sociales	621	62.241	64.134
Primes patronales pour assurances extralégales	622		
Autres frais de personnel	623	14.357	17.147
Pensions de retraite et de survie	624		

RÉSULTATS FINANCIERS**Intérêts intercalaires portés à l'actif**

	6503		
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Montant de l'escompte à charge de l'association ou de la fondation sur la négociation de créances

	653		
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Montant par solde des provisions à caractère financier constituées (utilisées ou reprises) (+)/(-)

	656		
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Financial Report 2018

Balance sheet

ASSETS	31.12.2018	31.12.2017
Machines and equipment	14,555 €	17,882 €
241 Equipment	14,555 €	17,882 €
Stocks and orders in progress	9,633 €	10,501 €
340 Stock of goods	9,633 €	10,501 €
Accounts receivable	102,234 €	194,705 €
Trade debtors	19,932 €	40,593 €
400 Invoices	19,932 €	25,140 €
404 Products to receive	- €	2,937 €
406 Account received	- €	12,516 €
Others accounts receivable	82,302 €	154,112 €
411 VAT recoverable	- 454 €	1,794 €
413 Grants to receive	82,756 €	152,318 €
416 Various receivables	- €	- €
Cash and bank account	260,930 €	134,393 €
55 Bank account	237,456 €	131,075 €
55 PayPal account	576 €	3,124 €
57 Cash Box	190 €	194 €
58 Internal transfer	22,708 €	- €
Deferred charges and accrued income	11,758 €	14,546 €
490 Charges to report	11,758 €	14,546 €
TOTAL ASSETS	399,111 €	372,027 €

Erasmus Student Network AISBL
Rue Joseph II 120 – 1000 Brussels - BELGIUM



EQUITY AND LIABILITIES	31.12.2018	31.12.2017
Equity	161,012 €	57,781 €
Issued Capital	84,068 €	84,068 €
1 Capital	84,068 €	84,068 €
Result carried forward	76,945 €	- 26,287 €
14 Accumulated results	- 26,287 €	19,921 €
669 Result of the year	103,232 €	- 46,208 €
Creditors	127,628 €	222,249 €
Accounts payable	46,452 €	25,428 €
440 Trade debts	35,930 €	22,449 €
444 Invoice to receive	10,522 €	2,979 €
Tax, salaries and social charges	70,325 €	73,175 €
453 Taxes	10,963 €	7,658 €
451 VAT to pay	744 €	- €
454 ONSS	22,607 €	35,433 €
455 Salary	222 €	8 €
456 Provision charges	35,788 €	30,076 €
Various	10,851 €	123,646 €
489 Various debts	10,851 €	123,646 €
Accrued charges and deferred incomes	110,470 €	91,997 €
492 Accrued charges	578 €	562 €
493 Product to report	109,892 €	99,101 €
499 Temporary account	- €	- 7,666 €
TOTAL LIABILITIES	399,111 €	372,027 €



Income statement

Incomes	2018	2017	2016	2015
Revenue of goods	€ 241,565	€ 157,252	€ 143,839	€ 144,529
Membership	€ 57,132	€ 31,470	€ 30,660	€ 28,920
External Income	€ 664,158	€ 934,392	€ 707,264	€ 355,969
Extraordinary income	€ 17,352	€ 3,266	€ 1,095	€ 2,885
Total of incomes	€ 980,207	€ 1,126,380	€ 882,857	€ 532,303

Expenses	2018	2017	2016	2015
General Management	€ 584,138.14	€ 640,468.47	€ 560,963.97	€ 373,792
Projects	€ 189,518.89	€ 436,583.00	€ 244,712.00	€ 42,966
Cost of goods sold	€ 70,256.10	€ 66,806.16	€ 68,006.70	€ 78,686
Extraordinary cost	€ 28,664.74	€ 23,428.16	€ 815.80	€ (1,441)
Depreciation	€ 4,396.94	€ 5,302.50	€ 7,067.90	€ 3,975
Total of expenditures	€ 876,975	€ 1,172,588	€ 881,566	€ 497,978

Result	€ 103,232	-€ 46,208	€ 1,291	€ 34,324
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