

# **Law on Associations and Foundations (Republika Srpska) (2001)**

## **THE LAW ON ASSOCIATIONS AND FOUNDATIONS**

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### **Part I**

#### **GENERAL PROVISIONS**

##### **Article 1**

The Law on Associations and Foundations (hereinafter: the Law) regulates the foundation, registration, internal governance and dissolution of an association and foundation.

##### **Article 2**

An association, as defined by this Law, is any form of voluntary affiliation of natural and/or legal persons established in order to accomplish and improve common or public interests or goals, in accordance with the law and Constitution, whose basic statutory purpose is not to generate profit.

A foundation is a legal person without its own membership, intended to manage specific property for the accomplishment of public or common interests.

Associations and Foundations shall enjoy customs, tax and other privileges, in accordance with the law.

##### **Article 3**

Associations and foundations shall freely determine their goals and activities, in compliance with the Constitution and the law.

The statute and activities of an association or foundation may not be contrary to the constitutional order, or directed at the violent overthrow of the constitutional order, nor may they be aimed at disseminating of ethnic, racial or religious hatred or discrimination prohibited by the Constitution and the law.

The goals and activities of an association or foundation shall not include engagement in political campaigns and fundraising for political parties and political candidates, or financing of political parties and political candidates.

##### **Article 4**

An association or foundation may engage in economic activities only if generating profit is not its principal statutory goal.

A surplus of income generated from the association or foundation's economic activities may only be used for advancing the principle statutory goals of the association or foundation. The surplus of income generated from economic activities may not be distributed, directly or indirectly, among founders, the members of an organization, the members of managing bodies, persons authorized to represent the organization, employees or any other persons.

The limitation set out in the previous paragraph does not apply to payment of appropriate reimbursement for the work or for the coverage of expenses incurred in connection with the realization of the organization's statutory goals and activities.

An association or foundation may directly engage in economic activities related to the fulfillment of its basic statutory goals and activities (related economic activities).

An association or foundation may engage in economic activities not related to the fulfillment of its basic statutory goals and activities (unrelated economic activities) only through a separately established legal person.

No provision of this Article shall limit the property of the association or foundation as referred to in the Article 35 of this Law.

#### **Article 5**

An association and foundation shall submit an annual report on its activities and a financial report in accordance with law, other regulations and statutory provisions.

#### **Article 6**

An association and foundation shall have its own name and seat.

In performing its activities, an association and foundation shall use their names.

The name of an association and foundation having a seat in the Republic of Srpska shall be in the official language of the Republic of Srpska.

An association and foundation may have its own logo.

The name and logo of an association and foundation must be clearly distinguishable from the name and logo of other associations or foundations.

The name of the association or foundation, if so envisaged by its statute, may be entered into the registry book in one or more foreign languages, provided that the name in the official language is entered first.

Notwithstanding paragraphs 3 and 6 of this Article, the name of the association or foundation may contain certain words in foreign language if those words represent a name of the international organization of which the association or foundation is a member, if those words are commonly used in the official language, if there are no equivalent words for them in the official language or if they are part of the ancient language which is no longer in use.

Along with its full name, an association or foundation may also use its abbreviated name.

If two or more associations or foundations submit applications for entry into the registry under the same name, the request that has been submitted earlier shall be approved. Provisions of Art.29, paragraphs 1 and 2 of this Law shall apply to the request that has been submitted later.

When such entry into the registry has already been conducted, the registration body shall issue a decision ordering the subsequently registered association or foundation to change its name within 30 days. If an association or foundation fails to comply with such decision, the procedure for removal from the registry will be initiated against such an association or foundation, in accordance with this Law.

### **Article 7**

If the activity of an association or foundation is not contrary to the provisions of this Law, an association or foundation that has a seat in the territory of the Federation of Bosnia and Herzegovina shall be free to conduct its activities in the territory of the Republic of Srpska, without additional administrative requirements.

#### **Article 8**

An association or foundation may be entrusted to perform public competencies.

## **PART II**

### **ASSOCIATIONS**

#### **Article 9**

### **The Establishment of an Association**

An association may be established by at least 3 natural or legal persons.

An association shall be established by a founding act.

An established association may acquire the status of a legal person by entering into the registry (principle of voluntary registration).

#### **Article 10**

The founding assembly of an association shall enact a founding act and the statute, and shall appoint the managing bodies.

#### **Article 11**

The founding act of an association shall contain:

- The names, surnames and the addresses of the founders;
- The name, seat and the address of an association;
- The basic goals for which the association is established;
- The name and surname of a person who is authorized to apply for registration of an association;
- The signatures and citizens identification numbers, if the founders are citizens of the Republic of Srpska and Bosnia and Herzegovina.

#### **Article 12**

The statute of an association shall contain provisions regulating:

- The name and seat of an association;
- The goals and activities of an association;
- The procedure for admission and expulsion of members;
- The rights and responsibilities of the members of an association;
- The bodies of an association, their power, manner of their election and dismissal, duration of terms, quorum and voting rules, including specific issues to be decided by a qualified majority, the procedure of convening the assembly;
- The manner in which financial report and report on activities are submitted;
- The rules for acquisition and disposal of the association's property, and organ competent to supervise the utilization of these resources;
- The procedure for enacting and amending of the statute; the body authorized to enact other general acts and the procedure for their enactment;
- Form and content of association's seal;
- Rules on agency;
- The conditions and procedures for merger, separation, transformation and dissolution of an association;
- The procedure for distribution of the remaining property in case of dissolution of an association.

The statute may contain other provisions that are not contrary to the provisions of this Law.

#### **Article 13**

An association may merge, separate or transform into another association or foundation.

An association may establish offices, branches, clubs and other organizational forms which do not have a status of legal entity, in compliance with its statute.

#### **Article 14**

A member of an association may be any natural or legal person who voluntarily joins an association in compliance with the conditions set out in the statute.

Minors may participate as members in the association's activities in a manner prescribed by the statute.

#### **Article 15**

An association shall have an assembly.

Unless otherwise regulated by the statute, all members of an association are the members of the assembly with equal voting rights.

The statute of an association may envisage other organs of an association.

If the statute does not envisage the management board or other managerial body, the assembly shall appoint one or more persons to represent an association in legal transactions.

#### **Article 16**

The assembly shall:

- Enact the statute, its amendments, and other acts as determined by the statute;
- Ratify legal acts committed on behalf of an association in the process of establishment, prior to registration;
- Decide on merging, separation, transformation and dissolving of the association, as well as on other changes in the status of the association;
- Appoint and dismiss members of the management board, or a person authorized to represent an association;
- Check and approve the financial report and the report on activities prepared by the management board or by the representative of an association;
- Decides on all other issues that are not within the competence of other organs of an association.

#### **Article 17**

The management board, or a person authorized to represent the association, shall:

- Prepare meetings of the assembly;
- Prepare and propose the amendments in the statute and other acts enacted by the assembly;
- Implement the policies, conclusions and other decisions enacted by the assembly;
- Manage the property of the association;
- Submit financial report and the report on the activities of the association;
- Perform other duties set out in the statute.

### **PART III**

## **FOUNDATIONS**

### **1. The Establishment of a Foundation**

#### **Article 18**

A foundation can be established by one or more physical or legal persons (hereinafter: the founder).

A foundation can be established by contract, will or other valid legal act.

Unless otherwise provided by the statute, it shall be deemed that the foundation is established for an unlimited period of time.

A founder or a person authorized by the founder shall enact the memorandum of incorporation and the statute of the foundation.

#### **Article 19**

The memorandum of incorporation of a foundation shall include:

- The name, surname and the address of the founder, or its name and seat;
- The name, seat and the address of the foundation;
- The basic goals for which foundation is established;
- Monetary assets or other forms of capital assets endowed by the founder;
- The name of the person authorized to handle foundation's registration;
- Signature of the founders and citizen's ID number if the founders are citizens of Bosnia and Herzegovina.

#### **Article 20**

The statute of a foundation shall include:

- The name and seat of the foundation;
- The goals and activities of the foundation;
- The organs of the foundation, manner of their appointment and dismissal, their competencies, quorum and voting rights, including the scope of issues to be decided by a qualified majority,
- The manner in which financial and activity reports are submitted;
- The rules of utilizing the assets of the foundation;
- Possible beneficiaries of the foundation's assets;
- The procedure for enacting and amending the statute and other general acts of the foundation
- The form and content of the logo if the foundation decides to have a logo;
- The manner of enactment of other general acts;
- The conditions and procedures for merger, separation or dissolution of the foundation;
- The procedure for distribution of property remaining in case of dissolution of the foundation.
- The representation of the foundation;
- The form and content of foundation's seal.

The statute may contain other provisions that are not contravening the law.

#### **Article 21**

A foundation may merge, separate, or transform into another foundation.

A foundation may establish offices, branches, and other organizational forms which do not have a status of legal entity, in compliance with its statute.

## **2. The Organs of a Foundation**

### **Article 22**

The managing organ of a foundation is the management board.

A founder or other person authorized by the founder shall appoint the management board.

The statute may envisage other organs for the foundation.

### **Article 23**

The management board shall:

- Bear responsibility for the implementation of foundation's statutory goals;
- Approve legal acts committed in the name of the foundation before it was entered into the registry;
- Manage the property of the foundation;
- Amend the statute and other acts, unless provided otherwise by the statute;
- Appoint a person authorized to represent foundation;
- Decide on merger, separation, transformation or dissolution of the foundation;
- Prepare financial and other reports and perform other duties in compliance with the law and the statute;
- Perform other duties in compliance with law and the statute.

### **Article 24**

The managing board shall consist of at least three members.

A member of the managing board may be a physical or legal person through its representative.

The following may not be the members of the management board:

- Employees of the foundation;
- Members of other organs of the foundation;
- Persons supervising foundation's activities.

## **PART IV**

### **REGISTRATION OF ASSOCIATIONS AND FOUNDATIONS**

#### **Article 25**

An association or a foundation may be entered into the registry book of associations and foundations kept by the district court on whose territory the association or foundation has its seat.

Registration and dissolution of an association or foundation is conducted in accordance with the provisions of the non-litigious procedure.

The registry shall be open to the public during the working hours. Anyone may request a copy of any entry from the registry or any document from the application file of the registered association or foundation. The request may be made personally or through the postal services.

Notwithstanding the provisions of the previous paragraph, an authorized representative of an association or a foundation may request the registration court (hereinafter 'court') to prohibit disclosure of certain data entered into the registry if the disclosure of such data could undermine the personal integrity of the founders or members of the association or foundation. The court shall

decide upon such a request in a separate decision. The decision shall be submitted to the Ministry of Administration and Local Self-Governance within eight days after the decision becomes final.

#### **Article 26**

The following documents shall be submitted with the application for entry into the register of an association or foundation:

- The memorandum of incorporation;
- The statute of the association or foundation;
- A list of the members of managing bodies and a list with the names of persons authorized to represent the association or foundation;

#### **Article 27**

The court shall render a decision on registration within 15 days of the date of application for registration.

If the court fails to render a decision until the deadline set fourth in paragraph 1 of this Article, it shall be deemed that the association is entered into the registry on the first day following the expiration of the deadline.

The court shall have further 8 days to issue a certificate, stating the facts set out in the previous paragraph.

#### **Article 28**

A decision to allow registration of an association or foundation shall include:

- Date of the entry;
- Registry number of the entry;
- Name and seat of the association or foundation;
- Goals and activities of the association or foundation;
- Names of authorized representatives.

#### **Article 29**

If the court establishes that the statute does not fulfill the requirements set forth in Article 12 and Article 30 of this Law, or that the application for registration does not contain all documents enumerated in Article 26 of the Law, it shall notify the applicant to that effect and shall set a period for rectification which may not be shorter than 30 days.

If the applicant fails to rectify the application within the period set by the court, the court shall issue a decision rejecting the application for entry into the registry.

If the court establishes that the statutory goals or activities of the association or foundation are contrary to the provisions of Article 3, paragraphs 2 and 3 and Article 4 paragraph 1 of this Law, the court shall issue a decision denying the application for entry into the registry.

#### **Article 30**

The founders may lodge an appeal against the decision rejecting or denying registration. The appeal shall be lodged with the competent appellate court within 15 days.

#### **Article 31**

An association and foundation shall notify the court about any changes of data entered into the registry within 30 days after those changes occur.

### **Article 32**

The decision on registration and on the dissolution of an association or foundation shall be published in the "Official Gazette of the Republic of Srpska".

The costs of publishing shall be borne by the association or foundation.

### **Article 33**

The Ministry of Administration and Local Self-Governance of the Republic of Srpska shall maintain the central registry of associations and foundations. It shall also maintain the central registry of foreign and international non-governmental organizations that have registered their branches on the territory of the Republic of Srpska.

The registry shall be open to the public during the working hours. Anyone may request a copy of any entry from the registry or any document from the application file of the registered association or foundation, except in the situation prescribed by Article 25(4) of this Law. The request may be made personally or through the postal services.

## **PART V**

### **REGISTRATION OF FOREIGN AND INTERNATIONAL NON-GOVERNMENTAL ORGANIZATIONS**

#### **Article 34**

Rules on registration of associations and foundations prescribed by this Law shall also apply to registration of a branch office of foreign and international association or foundation, or other foreign non-governmental organization, unless otherwise prescribed by the Law (hereinafter: foreign non-governmental organizations).

Along with the application for entry into registry, the following documents shall be submitted to the competent court:

- decision on registration of the foreign non-governmental organization in the country of domicile;
- decision on establishment of an office, branch or other form of organization in the Republic of Srpska;
- name and address of the person authorized to represent foreign non-governmental organization in the Republic of Srpska; copy of the identification document of the authorized person;
- the seat and address of the office in the Republic of Srpska.

If the law of the country of domicile of the foreign non-governmental organization does not require entering into the registry, the organization shall, *in lieu* of submitting the decision on registration in the country of domicile, submit any other written document attested by the public notary or the clerk of the court as a proof that it has acquired a status of the legal person in the country of its domicile.

If the decision on registration in the country of domicile does not indicate goals and activities of the organization, the foreign non-governmental organization shall submit the statute or any other internal act indicating the goals of the organization.

## **PART VI**

### **THE PROPERTY OF ASSOCIATIONS AND FOUNDATIONS**

#### **Article 35**

The property of an association or foundation may consist of voluntary gifts and contributions of some monetary value, financial assets allocated from the state budget or customs, subventions and contracts concluded with natural and legal persons, revenue from interests, dividends, profits on capital, rents, fees and similar sources of passive revenue, revenue acquired in the course of



fulfilling the goals and activities of the association or foundation, membership fees and other revenues acquired through lawful utilization of the organization's assets and property.

An association and foundation shall dispose of their property in accordance with law and the statute.

#### **Article 36**

The use and disposal of the property of an association or foundation shall be supervised by an organ of the association or foundation designated in the statute.

#### **Article 37**

An association or foundation shall keep business records and shall prepare financial reports in accordance with the law.

#### **Article 38**

The bodies of an association or foundation shall manage the property of the association or foundation with a diligence of a prudent common person. If an association or foundation engages in economic activities in accordance with the provisions of this Law, the members of the management board shall manage the property used for such activity with a diligence of a prudent businessperson.

A member of the organ of an association or foundation may not vote on issues in which his/her financial interests, or the financial interests of his/her spouse or relative, either by blood or by marriage up to the third degree, may conflict with the financial interests of the association or foundation.

Legal transactions referred to in the previous paragraph must be concluded at market price, or under conditions that are more favorable for the association or foundation.

### **PART VII**

#### **ABOLISHMENT FROM THE REGISTRY**

#### **Article 39**

An association or foundation shall be abolished from the registry once the decision on dissolving the association or foundation becomes final or if the judgement prohibiting its operation becomes final.

#### **Article 40**

An association or foundation shall dissolve:

- following a decision of the competent body of the association or foundation dissolve, merge, separate or transform the association or foundation;
- if the conditions set forth in the last paragraph of Article 6 of this Law are met, or if it is established that an association or foundation has ceased to operate.

It shall be considered that an association or foundation has ceased to operate:

- If the assembly of the association or the management board of the foundation has not convened regular meetings for a period twice as long as the period provided for in the statute for holding such meetings;
- If the number of the association's members falls beyond the threshold prescribed by this Law for establishing an association, and the assembly has not decided on admitting new members within three months of the occurrence of this circumstance.

Notwithstanding the second subparagraph of the previous paragraph, the association shall not be dissolved if the admission of the new members is not possible because of objective circumstances caused by the nature of statutory goals of the association.

Upon determining the conditions set out in paragraph 1 of this Article, the court shall order dissolution of the association or foundation.

#### **Article 41**

Association or foundation shall be prohibited from operating if:

- it operates in contravention to the provisions of the second paragraph of the Article 3 of this Law;
- continues to perform activity for which it has been fined pursuant to Article 47 Paragraph 1, points 1 and 4.

The court of registration shall, in accordance with the Law of Criminal Procedure, initiate the proceedings to prohibit the work of an association or foundation.

#### **Article 42**

The remaining property of an association or foundation abolished from the registry shall be distributed in accordance with the decision of the competent organ of the association or foundation, in compliance with the statute.

Notwithstanding the previous paragraph, if an association or foundation has received tax deductible contributions, customs exemption and other benefits, or has received support from the state-budget, citizens or legal persons in the amount exceeding 10,000 KM in previous or current calendar years, the remaining property of such an association or foundation shall be distributed to another association or foundation registered in Republic of Srpska whose statutory activities are identical or similar to those of the dissolving association.

If the competent organ of an association or foundation fails to render a decision on distributing the property before the abolishment from the registry, the court shall decide on the distribution of the remaining property to another foundation or association, in accordance with the provisions of this Article.

### **PART VIII**

#### **SUPERVISING LEGALITY OF THE WORK OF AN ASSOCIATION OR FOUNDATION**

#### **Article 43**

The supervision of the legality of work of the work of an association or foundation shall be carried out by the administrative body of the Republic of Srpska whose competence encompasses monitoring the area of activities in which the association or foundation is engaged.

#### **Article 44**

As part of their administrative supervision over the exercise of entrusted public competencies, the supervisory bodies referred to in Article 43 of this Law shall, in particular, have the right and duty to:

- decide on appeals lodged against the administrative acts rendered in the course of performing entrusted public competencies,
- exercise other rights that the law confers on appellate bodies in administrative proceedings;
- provide expert guidelines and clarifications on applying laws, other regulations and general legal acts pertinent to the exercise of entrusted public competencies.

#### **Article 45**

An association or a foundation entrusted with performing public competencies shall, at least once a year, submit a report on performance of entrusted public competencies to the administrative body supervising the activities of the association or foundation.

#### **Article 46**

If an association or foundation that performs public competencies does not exercise entrusted activities in accordance with its duties, the competent supervisory administrative body shall notify in writing the managing organ of the association or foundation to that effect, propose measures to remedy perceived deficiencies and propose other measures falling within the scope of its competencies and duties.

## **PART IX**

### **PUNITIVE PROVISIONS**

#### **Article 47**

A fine for misdemeanor ranging from 300 to 3 000 KM shall be imposed on an association or foundation which:

1. conducts activities not in accordance with the statutory goals of the association or a foundation (Article 3 paragraph 3, Article 4 paragraph 1, Article 21, Article 11);
2. fails to use its registered names in legal transactions (Article 6, paragraph 2);
3. fails to notify the registration court about the change of data to be entered into registry in the course of 30 days after the change of data has occurred (Article 31);
4. fails to use surplus generated from economic activities in a way prescribed by the laws and the statute (Article 4, paragraph 2).

For misdemeanors stated in the previous paragraph a fine ranging from 100 KM to 1 000 KM shall be imposed against the responsible person in the association or foundation.

## **PART X**

### **TRANSITORY AND CLOSING PROVISIONS**

#### **Article 48**

Already registered associations and foundations shall adjust their internal documents in accordance to the provisions of this Law within six months from the date on which this Law comes into force.

The process of adjusting the documents referred to in the previous Article shall not be subject to any court fees.

#### **Article 49**

Registration proceedings not completed until the date on which this Law comes into force shall be completed in accordance with the provisions of this Law.

#### **Article 50**

The Minister of Administration and Local Self-Governance shall enact regulation on maintenance of the registry books within two months of the date on which this Law comes into force.

#### **Article 51**

The provisions of this Law shall be applicable to associations and foundations subject to their entrance into the registry of associations and the registry of foundations.

The provisions of this Law shall apply accordingly to umbrella organizations and other forms of cooperation of associations and foundations having acquired the status of legal person.

The provisions of this Law shall also apply to associations and foundations whose activities are regulated by a special law (*lex specialis*), unless this would be contrary to the provisions of the special law.

#### **Article 52**

As of the day on which this Law comes into force, the Law on Citizens' Associations (Socialist Republic of Bosnia and Herzegovina Official Gazette, No. 5/90, 21/90) and the Law on Associations, Foundations and Funds (The Republic of Srpska Official Gazette No. 14/94) shall be repealed.

**Article 53**

This Law shall come into effect on the eighth day following its publication in "The Republic of Srpska Official Gazette".