



1978 - 1979

A NON-PROFIT CORPORATION

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# Latvian Foundation Inc.

## Transfer of Securities to the LF in the USA

A member of the LF can make payments towards his \$1000.- commitment by transferring ownership of securities to the LF, provided:

1. The securities are a gift. Payments in the form of loan cannot be made by transferring the ownership of securities.
2. The securities have an established market value which is regularly published in the Wall Street Journal or the New York Times

In order to contribute securities, the following steps should be taken:

1. Notify the Treasurer of the LF of the intent, stating the type of security to be transferred. He will provide the name of the broker to whom the securities should be sent.
2. Send the securities to the broker. The following method is recommended:
  - A. Mail the unendorsed certificate(s) by registered mail
  - B. In a separate envelope, mail the signed stock power for each certificate, with the assignment made to "The Latvian Foundation, Inc."

The member's account with the Latvian Foundation will be credited with an amount that is equal to the closing price of the securities on the day the certificate and the stock power are received at the broker.

Employer Identification Number of the Latvian Foundation is 23-7089477 N

Currently securities should be sent to the following:

~~Moors & Cabot, Inc.  
Att. Mr. R. H. Morse  
Account No. 11139  
111 Devonshire Street  
Boston, Mass. 02109~~

Nesbitt Thomson -  
attn. Karin Haas  
150 King St. W., Suite 1900  
Sun Life Tower, Sun Life Centre,  
Toronto, Ont. M5H 3W2

A. Padegs  
2-9-79

## ASSETS

Assets comprise all property owned by the LF. Stocks and bonds are listed at purchase price. For depreciable property, the net value after depreciation is listed. Assets include also the grants that have been made to the grantee in the form of a loan.

## LIABILITIES

### Loans from Members

Loans from Members comprise the payments from the membership that are made in the form of a loan to the LF. The loans can only be used for investment and are not available for grant or general operation expenditures.

### Grants payable

These funds have been designated, either by a vote of the membership or the Board of Trustees, to be payable for specific educational or cultural projects. Grants Payable comprises both gifts and loans to the grantee; the loans have to be repaid to the LF. Grants Payable includes grants allocated from both the General Fund and the Special Funds.

The instant when funds become part of Grants Payable depends on the type of allocation. When time is specifically designated, funds become part of Grants Payable at the time when the vote is announced that causes a grant of a specific amount to be made to a specific recipient. For grants providing for payments in a number of years, the funds for payments in the next and following years become payable and are transferred to Grants Payable on the day of the NNN of the corresponding year. Funds are not transferred to Grants Payable at the time the Board of Trustees decides on the total amount to be distributed in a particular year.

When a grant is cancelled, the funds revert to the LF General Fund except for any grants made from a Special Fund, which on cancellation revert back to that Special Fund.

## FUNDS

### General Fund

These funds are available for general operation or future grants. No specific commitments of these funds have been made.



All general income, investment income, and repayment of previous LF grants are credited to the General Fund, and it is the source of funds for grants and administrative expenses. All gains and losses due to changes in foreign exchange rates are also credited or charged to the General Fund.

General income includes:

- o Initiation fees (student, regular, and annual members),
- o Monthly dues (student and annual members),
- o Donations and bequests of less than \$500 that are not designated by the donor to be used for a specific purpose,
- o Donations that are specifically designated by the donor for use as general income.

Investment income includes:

- o Interest on bank accounts and bonds,
- o Dividends from stocks and other investments,
- o Gain and losses due to sale of securities.

General income is intended for administrative expenses of the LF, whereas investment income is intended for grant payments. However, when general income is not sufficient to cover administrative expenses, investment income may be used to cover such deficit. The Board of Trustees decides what portion of the total income, including capital gains and repayment of previous grants, is allocated for new grants or is retained in the General Fund to increase the capitalization of the LF.

Payments to the General Fund cannot be reclaimed by the contributor.

The General Fund comprises all LF assets that are in excess of those constituted by Loans From Members, Grants Payable, Restricted Contribution Fund, and Special Funds.

#### Restricted Contribution Fund

These funds have been donated to the LF by the membership for investment purposes. They are not available for grant or for general operation expenditures.

The following types of contributions are credited to the Restricted Contribution Fund:

- o Donations by members made as part of the member's commitment to contribute \$1,000,
- o Donations and bequests in excess of \$500 that are not designated by the donor to be used for a specific purpose.

#### Special Funds

These funds have been donated to the LF for making grants of a designated nature. The designation may restrict the type of cultural or educational project for which a grant may be made, may specify that the grant be made in the memory of some person, or may contain other conditions as agreed upon by the donor and the Board of Trustees.

Depending on the conditions established for a fund, the moneys may be expendable or may act as an endowment.

#### Handling of Foreign Exchange Rates

In documents submitted to the US Internal Revenue Service and on the Balance Sheet released to the membership, all assets, liabilities, fund balances, income, expenses, and cash flow are expressed in US currency.

Normally assets purchased with foreign currencies, as well as bank accounts, income, and expenses in foreign currencies, are kept on the books of the LF in the currency of that country. When a member makes a loan to the LF in a currency other than US dollars, the LF enters into an agreement with the member to repay the loan in the same currency and of the same face value. When a grant is made in a foreign currency, the LF makes a commitment of a specific amount in that currency. Both the loans and the grants payable in foreign currencies are maintained on the books of the LF in those currencies. When figures for the LF balance sheet are calculated, all foreign currencies are converted to the US currency using the exchange rates in effect on the day of the report. Any differences between the assets on one hand and liabilities and fund balances on the other hand resulting from changes in the foreign exchange rates are entered on the balance sheet as gain or loss due to foreign exchange rate. This gain or loss is not considered as part of income.

All payments from the membership in the form of initiation fees, general contributions, or restricted donations are converted to US currency once and from then on are maintained on the books of the LF in US currency.