

STATUTES
(THE NEW EDITION)
OF THE SOCIETY

**Copyright and Communication
Consulting Agency / the Latvian
Authors Association**



Endorsed by decision of the General Assembly
of Members of the Society „Copyright and
Communication Consulting Agency /Latvian
Authors Association” on October 14, 2017
(the Minutes No. 14 of the General Assembly)
and amendments adopted by decision of the
Members’ General Assembly on December 14,
2017 (the Minutes No. 16 of the General Assembly)

I GENERAL CONDITIONS

Chapter 1

The „Copyright and Communication Consulting Agency / Latvian Authors association” (hereinafter the Society) is a society that unites authors with the purpose to implement collective management of the authors’ rights in compliance with the laws of the Republic of Latvia, its normative acts and international conventions and agreements the Republic of Latvia is a party whereof; as well as to pursue other activities targeted at the objectives quoted by the Statutes, as far as such activities are non-profit in purpose and character, and instead are focused on public good in the domains of education, science and culture, and serve provision of the guaranteed rights and legitimate interests stipulated by Article 113 of the Latvian Constitution.

Chapter 2. THE NAME OF THE SOCIETY

2.1. The name of the Society in Latvian is: Autortiesību un komunikēšanās konsultāciju aģentūra / Latvijas Autoru apvienība.

2.2. The English translation of the Society’s name is: Copyright and Communication Consulting Agency /Latvian Authors Association.

2.3. The acronym of the Society’s name is: AKKA/LAA.

Chapter 3. SYMBOLS

3.1. The Society’s symbol is a stylized image of the name of the Society.

Chapter 4. THE TERRITORY AND TIME OF OPERATION

4.1. The Society operates at the territory of the Republic of Latvia as well as abroad. The time of the Society’s operation is not restricted.

Chapter 5. THE LEGAL STATUS OF THE SOCIETY

5.1. The Society is a legal entity established and operating in compliance with the Latvian Law and its own Statutes. The Society holds all the rights of a legal entity assigned to it by the laws of the Republic of Latvia, including the rights to conclude agreements, acquire and shed economic rights and non-economic rights, to be a party in court. The society has its real-estate, property, balance, stamp, forms and other attributes, and it keeps accounts at credit institutions.

5.2. The Society assumes the rights of a legal entity simultaneously with its entry into the Register of societies and endowments (foundations).

5.3. The Society is not responsible for the liabilities of its members. The Society's members are not responsible for the Society's liabilities unless they have definitely and deliberately assumed such responsibility.

5.4. The Society loses the status of a legal entity simultaneously with its expulsion from the Register of societies and endowments (foundations).

5.5. The Society takes over the rights and responsibilities of the reorganized (merged) entities: the non-profit organization „Copyright and Communication Consulting Agency/ Latvian Copyright Agency Ltd.” and the public organization „Latvian Authors Union”.

II OBJECTIVES AND OPERATION OF THE SOCIETY

Chapter 6. OBJECTIVES OF THE SOCIETY

6.1. In its operation the Society pursues the following goals:

- 1) unification of authors in order to carry out collective management of copyright in compliance with the laws and normative acts of the Republic of Latvia as well as international conventions and agreements the Republic of Latvia is a party whereof;
- 2) harmonization of the copyright protection system in the Republic of Latvia;
- 3) promotion of cultural diversity in Latvia, providing the society with a possibility of legitimate use of foreign authors' works;
- 4) improvement of accessibility of works by Latvian authors and Latvian culture abroad;
- 5) collective management of rights on behalf of Latvian subjects of copyright in the Republic of Latvia and abroad;
- 6) collective management of rights on behalf of foreign subjects of copyright in the Republic of Latvia and abroad;
- 7) promotion of a healthy environment for creative activities by authors, protecting their copyright and defending their economic interests.

Chapter 7. OPERATION OF THE SOCIETY

7.1. The Society's creative, organizational and economic activities guarantee that the Society's objectives are met.

7.2. Focusing on the objectives stipulated by the Statutes,

- 1) the Society concludes agreements with subjects of copyright, their heirs and other recipients of the authors' economic rights,

- associations of copyright subjects and other organizations of collective management of copyright, regarding collective management of their rights at the territory of the Republic of Latvia and abroad;
- 2) in compliance with agreements of collective management or reciprocal representation agreements, the Society represents the rights and protects the legitimate interests of those copyright subjects at all countries, at courts and non-government institutions, commercial companies without the need of a special power of proxy, and concerning all issues ensuing such activities and following the concluded agreements;
 - 3) the Society becomes a member, and operates under the International Confederation of Societies for Authors and Composers (CISAC), and it collaborates with other international copyright organizations;
 - 4) the Society organizes consolidation of information, commissions statistical research regarding the use of authors' works and compliance with copyright;
 - 5) the Society applies to the Saeima (Parliament), the government, the municipalities, the creative associations and other governmental and non-governmental institutions with proposals, participates in working groups developing bills and draft decisions in matters concerning the interests of authors;
 - 6) the Society publishes periodicals dedicated to copyright agenda, as well as books, booklets, posters, CDs, multimedia and other products;
 - 7) the Society establishes prizes, scholarships and dedicated endowments serving the interests of copyright subjects, focused on encouragement of the authors' creative activities and support of education, culture and science;
 - 8) the Society gives advice and references to the Saeima, state and municipal institutions and NGOs on issues concerning copyright;
 - 9) as an auxiliary activity, the Society pursues economic activities concerning the maintenance and exploitation of its property, and takes other economic measures in order to reach the Society's targets;
 - 10) the Society acquires real estate and movables, purchases shares or bonds, uses its own fiscal resources to engage in diverse projects and activities, buys shares of commercial companies in order to meet the Society's objectives and to perform its functions and duties;
 - 11) the Society accepts donations and other material investments as well as aid in order to meet the Society's objectives and to perform its functions and duties as stipulated by the Society's Statutes;
 - 12) the Society develops and endorses the minimum of royalties (tariffs), as well as stipulates the procedures of collection, distribution and payment of royalties;
 - 13) the Society issues licenses to the users of works allowing to use such rights that are managed by the Society;

- 14) the Society collects royalties as stipulated by the licenses and in compliance with the minimum norms (tariffs);
- 15) the Society collects royalties from resales of artworks, for reproduction of authors' works for personal use, for use of authors' works in retransmission via wire or cable and for other methods of use of authors' works whichever the normative acts have assigned for collective management, i.e. which are to be handled by organizations of collective management of authors' economic rights;
- 16) the Society distributes the collected royalties and pays it to the subjects of copyright, as well as collects, distributes and pays other fees to other subjects of rights;
- 17) in order to meet the Society's objectives, the Society holds exhibitions and participates in exhibitions, seminars, conferences and symposia held by other organizations in Latvia and abroad, and is present at the technical commissions, committees, congresses etc. under the auspices of the International Confederation of Societies for Authors and Composers (CISAC);
- 18) the Society performs other tasks stipulated by agreements signed with subjects of copyright and subjects of other rights;
- 19) the Society addresses other issues related with the Society's objectives.

7.3. When concluding, terminating or amending agreements for collective management, the Society:

- 1) provides subjects of copyright with the possibility to enter into agreements for collective management, assigning for collective management such economic rights that are arbitrarily chosen by the subject of copyright, binding to arbitrarily chosen categories of works and territory if the rights to be managed, the works and the territory concerned fall under the scope of the Society's activities, and the Society has no objectively grounded justification to refuse to undertake collective management;
- 2) ensures that the agreement for collective management is done in writing, indicating those economic rights and those categories of works which are entrusted by the subject of copyright to the Society;
- 3) does not prevent the subjects of copyright from issuing licenses (waivers) for non-commercial use of their works, on the condition that the rules developed by the Society for granting such licenses are followed;
- 4) provides the subjects of copyright with a possibility to terminate or amend the agreement for collective management with regard to a specified right or specified category of works, globally or concerning arbitrary territories; the notice of such changes shall be communicated to the Society at least six months in advance, if the agreement does not

stipulate a shorter term for notices. The Society has the right to limit such rights of subjects of copyright, insisting that such changes or termination of agreement shall be bound to the end of financial year;

5) ensures that subjects of copyright receive royalties from management of rights collected on behalf of the respective subject of copyright for a term prior to conclusion of the respective agreement for collective management, termination of collective management with regard to certain rights or works, and in compliance with the licenses issued prior to the agreement of collective management, or termination of collective management with regard to certain rights or works;

6) provides the subjects of copyright whose rights, in compliance with the normative acts, are only managed collectively, with the possibility to receive the due royalties according to the distribution model for rights management income;

7) applies equal conditions of rights management to all subjects of copyright represented, including computation of royalties, management costs, collection and distribution and payment of rights management royalties, regardless of the representation model according to which the respective copyright subject's rights are managed.

III THE MEMBERS

Chapter 8. THE MEMBERS

8.1. A subject of copyright, an association of subjects of copyright or another organization of collective management may become a member of the Society, provided that:

- 1) the person is unable to benefit from, and manage author's economic with regard to certain kinds of usage of works on an individual basis;
- 2) the person has concluded a collective management agreement with the Society;
- 3) the person is interested in successful performance of the Society, agrees to, and undertakes to respect the present Statutes and the decisions of the Society's management bodies;
- 4) the copyright protection term is still valid for the respective subject of copyright, subjects of copyright represented by the association of subjects of copyright, or subjects of copyright represented by another organization for collective management of copyright.

Chapter 9. THE RULES OF ACCEPTANCE OF MEMBERS

9.1. The person wishing to become a member shall submit an application to the Council, according to the form stipulated by the Council.

9.2. If a legal entity wishes to become a member, it shall follow the procedure stipulated by its statutes to appoint a representative, a natural person, who is to hand in the application to the Council, according to the form adopted by the Council.

9.3. The Council accepts applications and documents and discusses them during the earliest session of the Council, where the members of the Council shall cast open ballots regarding admission. The Council's decision to deny membership to a person shall be motivated. The motivated denial to grant membership shall be done in writing.

9.4. The Council's decision to deny membership to a person can be appealed in written form, addressing the General Assembly. If the General Assembly rejects the applicant's petition as well, the applicant is not admitted and the same person may apply repeatedly no earlier than in a year.

Chapter 10. THE RULES OF EXPULSION OF MEMBERS

10.1. A person can be expelled from the members by decision of the Council, in case one of the following facts is found:

- 1) the member ignores the decisions of the General Assembly and the Council;
- 2) the member deliberately practises activities that compromise the progress towards the Society's objectives and hinders fulfilment of its duties;
- 3) the member has acted so as to cause material damage to the Society;
- 4) the member has acted so as to cause moral damage to the Society;
- 5) the member has terminated the agreement with the Society;
- 6) the member has not paid admission fee or membership fee according to the amount and procedure stipulated by the Council;
- 7) the economic copyright protection term has expired for the respective subject of copyright, subjects of copyright represented by the association of subjects of copyright, or subjects of copyright represented by another organization for collective management of copyright;
- 8) any other important cause is present.

10.2. The case of member expulsion is addressed by the Council during its nearest session where the member in question is invited and asked to take the floor.

10.3. Absence of the dischargeable person is no obstacle for decision of the Council. The Council shall take decision to discharge a member from the Society, and the motivation for its decision shall be communicated to the discharged person within 5 (five) days after adoption.

10.4. The society's member may ask the General Assembly to review the decision of the member's expulsion adopted by the Council.

Chapter 11. RIGHTS OF THE MEMBERS

11.1. The members are entitled:

- 1) to participate in the Society's governance following the procedures stipulated by the Statutes;
- 2) to receive information about the Society's operation, including access to the minutes and the decisions from sessions of the General Assembly or the Council;
- 3) to be part of the events organized by the Society, to hand in proposals about the Society's performance and its improvement and to defend their stance;
- 4) to benefit from the services delivered by the Society to its members;
- 5) to leave the Society submitting a written application to the Council.

Chapter 12. THE DUTIES OF THE MEMBERS

12.1. The duties of the members are:

- 1) to respect the Society's Statutes and to obey the decisions of the General Assembly and the Council;
- 2) to pay the admission fee and the membership fee according to the amount and procedure stipulated by the Council, on a regular basis;
- 3) to support realization of the Society's objectives and tasks with active collaboration;
- 4) to be active promoting the use, including publishing, of one's own works in collaboration with publishers, concert organizations, theatres, broadcasters and other users of authors' works;
- 5) to maintain the Society's good name and to prevent attempts to tarnish the Society's reputation in public.

IV REGULATORY BODIES

Chapter 13. THE GENERAL ASSEMBLY AND THE COUNCIL

13.1. The Society's regulatory bodies are the members' assembly (hereinafter the General Assembly) and the Society's Council, (hereinafter the Council).

Chapter 14. THE GENERAL ASSEMBLY

14.1. The General Assembly is the Society's supreme regulatory body.

Chapter 15. CONVENTION OF THE GENERAL ASSEMBLY

15.1. The ordinary General Assemblies are summoned by the Executive Director pending the Council's decision, at least once every year.

15.2. Extraordinary General Assemblies are summoned by the Executive Director in compliance with the Statutes – upon request of the Council or no less than 1/10 of the members, no later than one month after receipt of the request. The request shall indicate the reasons for convention and the desirable agenda.

15.3. The Council shall determine the time, the venue and the agenda of the General Assembly enabling the Executive Director to follow the duties imposed by Section 15.4 of the present Statutes.

15.4. The duty of the Executive Director is to summon the General Assembly and to announce its agenda so that the members may receive information concerning the time, the venue and the agenda no later than 14 (fourteen) days prior to the convention of the General Assembly.

15.5. The duty of the Council is to prepare material for the General Assembly in due course, so that the session might run business-like and the delegates might cast ballots for draft resolutions prepared beforehand.

Chapter 16. THE ORDER OF THE GENERAL ASSEMBLY SESSIONS

16.1. The General Assembly is opened by the President or a President's proxy.

16.2. The initial phase of the General Assembly is dedicated to checking the identities of the present members, the powers of the proxies, and election of the assembly's chairperson, the minute taker and two members who will endorse the minutes, as well as an editorial committee, speakers, as well as to discussion, adoption or rejection of proposals concerning the agenda and the regulations.

16.3. It is the Council's duty to specify the regulations very clearly and to distribute the issues demanding mandatory solutions evenly across the sections of the session so that the General Assembly is not overloaded.

16.4. Each member has the right to participate at General Assemblies using a proxy, whenever it does not threaten conflict of interests. The presence of conflict of interest is determined according to the Act of Collective Management of Copyright. The power issued to the proxy is valid for one General Assembly session only. The proxy's duty is to cast ballots according to the principal's instructions. One proxy may represent no more than four members at a General Assembly of the Society.

16.5. The members have the rights to participate at General Assemblies and execute their rights, using electronic means of communication. In such cases:

- 1) the member informs the Society of the member's intention to use the respective rights no later than ten weekdays prior to the General Assembly's session;
- 2) the Society provides the members with an opportunity to follow the Assembly's work on-line;
- 3) the Society provides the members and their proxies to take floor at the General Assembly using electronic communications, as well as to participate in decision-taking, casting their ballots by means of electronic communications;
- 4) the Society shall inform the member of the method to execute the respective rights no later than three days prior to the General Assembly session;
- 5) the member participating at a General Assembly session by means of electronic communications cannot be elected chairperson, minute taker, checker of the minutes, teller, or a member of the editorial committee.

Chapter 17. THE ORDER OF DECISION-TAKING AT THE GENERAL ASSEMBLY

17.1. The General Assembly has the right to adopt decisions if more than half of its members are present at the respective session, however, in order to take a decision on termination of the Society's activities, no less than $\frac{3}{4}$ of the members must be present. In cases when the General Assembly is not qualified to take decisions due to poor quorum, the Executive Director shall summon another session with the same agenda within three weeks. Such a reiterated session of General Assembly is empowered to take decisions regardless of the number of members present, on the condition, however that at least two members participate at the General Assembly session.

17.2. General Assembly takes all decisions by simple majority of ballots cast by those present, except the case when the General Assembly decides upon the Society's dissolution, in which case respective ballots must be cast by no less than 2/3 of the present members.

17.3. All ballots shall be cast in open way except cases when the General Assembly decides upon other order of voting.

Chapter 18. THE MINUTES OF THE GENERAL ASSEMBLY SESSIONS

18.1. Minutes shall be taken at all sessions of the General Assembly.

18.2. The minutes shall specify:

- 1) the name of the Society;
- 2) the body (person), that has summoned the General Assembly session;
- 3) the time of advising the members and the method of communication;
- 4) the venue and the time of the General Assembly session;
- 5) the total number of the Society's members, and in cases when, in compliance with the Statutes, members are represented by proxies, the number of proxies necessary to represent all members;
- 6) the number of members present at the General Assembly, including the number of proxies (regarding quorum);
- 7) the names and surnames of the General Assembly chairperson, minute taker, tellers and checkers of minutes;
- 8) the agenda of the General Assembly session;
- 9) the process of discussion of the agenda items, the contents, the most important findings, the measures and the proposals handed in to the General Assembly;
- 10) the adopted decisions with notes of ballots cast each case noting the voices in favour, against the respective proposal, as well as abstentions;
- 11) protests and objections;
- 12) other necessary information.

18.3. The minutes of General Assembly shall be signed by the chairperson, the minute taker as well as two representatives specially authorised by the General Assembly to verify the minutes. The final version of minutes of General Assembly shall be drawn up within three days after the final day of the General Assembly session.

18.4. The minutes of the General Assembly are accessible to the members. They are kept as part of the Society's file. Every member has the right to ask the President for a free copy of full text, a transcription or an excerpt of the minutes.

Chapter 19. THE COMPETENCE OF THE GENERAL ASSEMBLY

19.1. Only the General Assembly may:

- 1) endorse the corporate Statutes and amendments thereto;
- 2) stipulate the desirable number of Council Members;
- 3) elect the Council, evaluate the performance of the Council Members, endorse the principles and amounts of compensation for the President and the Council, as well as stipulate any other economic receivables by the President and the Council;
- 4) where no less than 1/3 of the members so request, discharge the President, the Council or separate members of the Council if they violate the law or the present Statutes or fail to fulfil the decisions of General Assembly;
- 5) examine claims against the actions of the Council;
- 6) adopt the decision of reorganization or dissolution of the Society, as well as the legal status of the real estate (property) affected;
- 7) endorse the Society's annual reports to the public;
- 8) endorse the general regulations concerning distribution of income from management of rights;
- 9) endorse the general regulations concerning management of non-payable income from management of rights;
- 10) endorse the general regulations concerning investments of income from management of rights;
- 11) endorse the general regulations concerning deductibles from income from management of rights including the deductibles to cover management costs, deductibles to cover costs of social, cultural and educational services.

19.2. The General Assembly has also the right to decide upon miscellaneous issues associated with the operation of the Society.

Chapter 20. THE COUNCIL

20.1. Council is the Society's supervisory body that represents the interests of the members during the periods between sessions of General Assembly, and monitors the work of the Executive Director in compliance with the present Statutes. General Assembly elects the Council from the members, for the term of three years. The Council Members who represent legal entities need not necessarily be members of the Society themselves. The number of Council Members shall be 9.

20.2. The Council Members fulfil their duties receiving compensation (salary).

20.3. A Council Member may be an accountable member of the Society. If a legal entity is a Council Member, it can be represented by proxy, where the proxy is an accountable natural person.

20.4. The Executive Director of the Society, any person who has concluded an employment agreement with the Society, or a person who is a member of the Board or Council of the respective subject of management may not become Council Members. Council Members have no rights to transfer their powers to third parties.

Chapter 21. COMPETENCE OF THE COUNCIL

21.1. The Council:

- 1) determines and realizes the Society's strategy, endorses all creative and financial programmes necessary for the Society's performance and draws in the respective resources;
- 2) organizes and checks fulfilment of its own decisions and those of the General Assembly;
- 3) endorses the annual budgets;
- 4) elects and discharges the Executive Director. The Executive Director may be discharged only in case of an important justification;
- 5) supervises the work of the Executive Director; also, if necessary, the Council may demand a report from the Executive Director reflecting the Society's current situation; it may analyze all decisions and actions of the Executive Director and check the documents of the Society;
- 6) decides upon acquisition, shedding or burdening of real-estate;
- 7) admits new members, decides upon expulsion of members;
- 8) endorses annual reports;
- 9) develops and endorses minimum royalties (tariffs), as well as the regulations for collection, distribution and payment of royalties;
- 10) determines the amounts and the order of payment of admission fees and membership fees;
- 11) hires and discharges Auditors, submits audit reports to the General Assembly;
- 12) determines the remuneration (salary) of the Executive Director;
- 13) endorses the Society's symbols and/or attributes;
- 14) develops amendments to the Statutes;

- 15) endorses the Executive Director's report on the results of the relevant year;
- 16) endorses the Auditor's report of the results of the audit;
- 17) endorses general regulations concerning management of investment risks;
- 18) endorses unifications and formation of associations, establishment of companies, procurement of other companies or shares of other companies;
- 19) endorses borrowing, lending and securities thereof, including warranties;
- 20) endorses rules concerning the rights of subjects of copyright represented by the collective management organization to issue licences (waivers) for non-commercial use of their works;
- 21) supervises delegation of the Society's functions to dependent subjects of management, including inspection of the Society's handling of the dependent subjects;
- 22) decides upon convention of extraordinary sessions of General Assembly if necessary according to the Society's interests;
- 23) addresses any other matters, solution of which does not fall with the exclusive competences of the General Assembly, the Executive Director, or the President.

21.2. The Council meets at least six times a year. The Council's session shall be deemed valid, and the Council is entitled to take decisions if more than half of its members are represented at the session. The decisions are adopted by open ballots, and simple majority of those present is required. Each member of the Council has one voice at the Council session.

21.3. Any member of the Council may quit the position of Council Member at any time by submitting a statement of reasons to the Society. In such cases the Society elects a new Council Member during the following session of General Assembly. The powers of such a new member terminate simultaneously with the end of the term for entire current Council.

21.4. If one or several Council Members have left their positions as Council Members, and operation of the Council is impossible without appointment of a temporary Council Member, the remaining Council Members shall decide to elect temporary Council Members from the group of candidates who were proposed for positions at the Council during the last election of Council but were not elected. The priority is given to those candidates who had collected more voices. If the Council is unable to elect temporary Council Members following the above procedure, or if none of the persons who had offered themselves as candidates during the last Council election wishes to become a temporary Council Member, temporary Council Members are elected being selected from all members of the Society. The powers of the temporary

Council Member last until the General Assembly elects a new Council Member.

21.5. Each Council Member shall submit an annual report to the General Assembly covering information about the following:

- 1) all interests the member represents at the Society;
- 2) salaries and any other benefits the member has received from the Society during the last financial year;
- 3) royalties the member has received during the last financial year as a subject of copyright represented by the Society;
- 4) presence of actual or potential conflict between the member's personal interests and those of the Society, or between liabilities to the Society and liabilities towards third persons.

Chapter 22. THE PRESIDENT

22.1. The President is selected by the Council from the Council Members and elected for three years. The term in office of the President lasts until election of the next President, however no longer than his/her term as a Council Member lasts. The President is a member of the Council and the chairperson of the council.

22.2. The duties of the President:

- 1) the President shall summon Council meetings at least six times per year;
- 2) the President shall supervise the Council's activities and chair the Council's meetings;
- 3) the President shall report to the General Assembly every year covering the Council's activities, including information on decisions taken regarding the issues delegated to the Council during the period since the last General Assembly;
- 4) the President shall supervise implementation of decisions taken by the General Assembly and the Council;
- 5) the President shall represent the Society at the Republic of Latvia and abroad, participating at press conferences, international congresses, conferences and alike;
- 6) in compliance with the Council's decision, the President shall conclude employment contract with the Executive Director.

V THE EXECUTIVE BODY

Chapter 23. EXECUTIVE DIRECTOR

23.1. The Society's executive body is the Executive Director elected by the Council.

23.2. The Executive Director fulfils his/her duties for remuneration (salary).

23.3. In cases when the Executive Director must take a decision or perform other actions appropriate to the position of Executive Director but causing conflict of interests, the Executive Director shall seek the Council's permission for the respective decision or action.

Chapter 24. THE TASKS OF EXECUTIVE DIRECTOR

- 1) the Executive Director shall summon members to sessions of General Assembly in compliance with the present Statutes;
- 2) the Executive Director shall ensure implementation of decisions of General Assembly and the Council;
- 3) the Executive Director shall manage and supervise the Society's affairs;
- 4) Without any special power the Executive Director shall represent the Society's interests at national and municipal institutions, organizations, commercial companies, NGOs, courts, arbitrations, as well as at foreign and international organizations;
- 5) the Executive Director shall issue powers and open accounts at banks;
- 6) the Executive Director shall supervise the Society's property and handle its resources and property in compliance with the Statutes and decisions of the General Assembly and the Council;
- 7) within the confines of the Society's budget, the Executive Director shall conclude civic contracts and organize expenditure;
- 8) the Executive Director shall prepare proposals concerning changes in the Society's operation, and submit the necessary documents to the Council for ratification;
- 9) according to the volume of tasks, the Executive Director shall determine the numeric and personal composition of the staff, as well as the amount of salaries and order of payment;
- 10) the Executive Director shall hire and dismiss the Society's employees;
- 11) the Executive Director shall organize accounting of the Society in compliance with the normative acts;
- 12) the Executive Director shall compose and sign the Society's annual report and submit it to the Council and the Auditor;
- 13) the Executive Director shall decide other routine items.

VI THE AUDITOR

Chapter 25. THE AUDITOR

25.1. The Auditor is appointed by the Council for a term of three years. The Auditor shall report to the General Assembly.

Chapter 26. COMPETENCE OF THE AUDITOR

26.1. The Auditor shall monitor and verify:

- 1) compliance with the Statutes, fulfilment of the decisions of General Assembly and the Council;
- 2) maintenance of the Society's property, legitimacy of agreements and economic operation, acquisition of tangible technical resources and fiscal resources, their expenditure, stock-taking, reporting (including annual reports) and settlement of accounts;
- 3) consideration of the members' complaints in due course.

26.2. After completion of the audit procedure the Auditor shall prepare a report on the results of the audit to be submitted to the General Assembly.

VII REAL-ESTATE, FINANCE, PROPERTY AND ECONOMIC ACTIVITIES

Chapter 27. REAL-ESTATE, PROPERTY, FINANCE AND ECONOMIC ACTIVITIES

27.1. The Society acts on the basis on property rights, through management, use and handling of its property that is only usable for objectives stipulated by the Statutes.

27.2. The Society may own real-estate, movables, stocks (bonds), shares of commercial companies, fiscal resources and any other property or material rights necessary to perform tasks stipulated by the Statutes.

Chapter 28. ORDER OF ACQUISITION OF REAL-ESTATE, PROPERTY AND FINANCIAL RESOURCES

28.1. The Society's resources are composed of:

- 1) admission fees and membership fees of the members;

- 2) income from economic activities, including deductions from collected royalties;
- 3) income from other economic activities, as well as from scientific and educational activities;
- 4) financing for target programmes and projects implemented by the Society, obtained from the State, the State Culture Capital Foundation, other institutions and private persons;
- 5) voluntary contributions from natural persons and legal entities;
- 6) resources from other sources not prohibited by Law of the Republic of Latvia.

Chapter 29. ORDER OF USAGE OF FINANCIAL RESOURCES

29.1. In compliance with the decisions of General Assembly, the Council and Executive Director, the Society's resources shall be used for:

- 1) implementation and functioning of the Society's objectives;
- 2) salaries of the employees;
- 3) formation of its own internal special endowments to be spent for objectives stipulated by the Statutes;
- 4) covering of other expenditure in connection with provision for the Society's functioning.

29.2. The surplus of income versus expenditure gained as a result of economic activities shall be spent only for objectives stipulated by the Statutes, and the surplus shall not be distributed among the members and the founders.

29.3. The Society pays taxes in compliance with the Republic of Latvia's Law and normative acts, takes care of stock-taking, accounting and collects statistics, and is responsible for credibility of above.

29.4. The Executive Director and the Council are responsible for expenditure of the Society's resources, each within the confines of their competence.

Riga, December 15, 2017

Inese Paklone, Executive Director of the Society /signature/