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**Letter from Sanders Davies, President, American Institute of Accountants, to Members and Associates of the AIA Re: How Best to Set Up In a Balance Sheet the Subscriptions to Liberty Bonds.**

W. Sanders Davies

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1918

AMERICAN INSTITUTE OF ACCOUNTANTS

20 Vesey Street, New York.

February 15, 1918.

To the Members and Associates of the  
American Institute of Accountants:

Gentlemen:-

The question having arisen as to how best the subscriptions to Liberty Bonds and liability thereon might be set up in a balance sheet, the Executive Committee took the matter up and discussed it at its meeting of February 1, 1918.

It was decided that, inasmuch as it was felt that it was the intention of the Government that the liability on Liberty Bonds should not work to the detriment of a subscriber to the bonds, there could not be any objection to setting up the subscription as an asset on the balance sheet and deducting therefrom the unpaid instalments not due and the amount of money actually borrowed for the purpose of paying for the bonds so subscribed. It was further thought advisable to submit this proposal to the Federal Reserve Bank of New York.

This was done and as the Federal Reserve Bank has accepted this view of the matter, it is suggested that members and associates of the Institute should use either of the following ways of showing the subscription and liability on Liberty Bonds in a balance-sheet.

U. S. Liberty Bonds (including \$20,000.00 subscribed by employees)	50,000.00	
<u>deduct: Unpaid instalments not due</u>	<u>20,000.00</u>	
	30,000.00	
<u>deduct: Payments by employees</u>	<u>10,000.00</u>	
		\$20,000.00

or

U. S. Liberty Bonds (including \$20,000.00 subscribed by employees)	50,000.00	
<u>deduct: Unpaid instalments not due</u>	<u>20,000.00</u>	
	30,000.00	
<u>deduct: Amount borrowed to invest in bonds</u>	<u>10,000.00</u>	
	20,000.00	
<u>deduct: Payments by employees</u>	<u>10,000.00</u>	
		\$10,000.00

Very truly yours,

*W. Paulus Davies*

PRESIDENT