

Livermore Music

Financial Policies

I. BASIS OF ACCOUNTING

Livermore Music uses the cash basis of accounting. The cash basis is the method of accounting whereby revenue is recorded during the period they are received, and expenses are recorded in the period in which they are actually paid.

- a. The books are closed no later than the 2nd week after the close of the month. Invoices received after closing the books will be counted as current-month expense.
- b. At the close of the fiscal year, this rule is not enforced. All expenses that should be paid in the prior fiscal year are entered as the last day of the last month, in order to ensure that year-end financial statements reflect all expenses incurred during the fiscal year. Year-end books are closed no later than 60 days after the end of the fiscal year.
- c. Revenue is always recorded in the month in which it was received.

II. INTERNAL CONTROLS

Livermore Music employs several safeguards to ensure that financial transactions are properly authorized, appropriated, executed, and recorded through the following

a. Lines of Authority

The Board has authority to approve policies & procedures. These policies and procedures are to be reviewed as needed.

The Membership has the authority to approve budget changes over \$1,000.00. These include increases, additions and adjustments of currently approved budget.

The Board has the authority to approve budget changes up to \$1,000.00. These include increases, additions and adjustments of currently approved budget. The Board is required to update the Membership at the next Board/Membership meeting of the approval.

Neither the Board nor the Membership can change the designated use of a donation.

Members that volunteer to assist either the Band Representative or the Uniform Chairperson may be assigned tasks related to Asset Management. They will report their findings to the appropriate person. That person will report to the Membership at the designated meeting.

b. Revenue Recognition

All contributions will be recorded in accordance with GAAP, with specific attention to standards FASB 116 and 117. Contributions are recorded as pledged or received in accordance with FASB 116, and must be credited to the appropriate revenue lines as presented in the annual budget and coded as designated in the organization's Chart of Accounts. If there is a question or uncertainty about how to recognize a particular contribution, the Treasurer will ensure that the donor is contacted to clarify the intent of the contribution and the clarification documented.

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c. Expense Approval & Payment

All expenses must be approved by the President after the Treasurer has determined if the expense is covered by the current budget. If the expense is from the President, or the President is unavailable to approve the expense, the Vice President is to review and approve the expense. The check to pay for the expense can be signed at the same time as the expense form. Expenses are to be paid within 30 days of receipt, unless approval is denied.

If an expense is not approved due to is not being covered by the current budget it will be returned to the person that submitted it. It will then be up to the Treasurer to advise the Board and/or Membership – per section II.a – what expense was requested and why it was denied. The Board and/or membership will then determine if the budget shall be adjusted.

d. Independent Contractors

Independent contractors for coaching students are recruited by the Livermore High School Instrumental Music Director. Prior to signing a contract the following must be obtained:

- i. The cost must be approved and in the budget per section II.a.
- ii. The contractor must have a completed W9 on file with Livermore Music.
- iii. The contractor must be cleared by the Livermore Valley Joint Unified School District as a volunteer.

e. Asset Management

Assets are items that are either purchased by, or donated to, Livermore Music and are not donated directly to any school within Livermore Valley Joint Unified School District. Assets are inventoried at least annually. Student use is tracked and a parent/guardian must sign a form acknowledging financial responsibility for items student is using. These include, but are not limited to:

- Student Items: Uniforms, shoes, shakos, windbreakers, marching band t-shirts, color guard poles, color guard rifles, color guard sabers, flags, material for back drops, etc.
- Equipment: Carts, Z-Racks, uniform racks, shako holders, tables, shelving, back drops, copier, steamer, clothing press, coolers, traffic management items, dolly, etc.
- Spirit Items: Seat cushions, umbrellas, fans, etc.

Assets that are not managed are items that are purchased and/or donated to Livermore Music that have a limited life span. For Example:

- Clothing hangers, hair supplies, labels, markers, socks, towels, etc.

**Adopted by Board,
February 8, 2018**