

# Livermore Music

## Fiscal Policies

The Board of Livermore Music, and each of its members, has the fiduciary responsibility to ensure the survival and financial viability of our organization. This is a legal and ethical obligation owed to the public, as well as to our donors, and requires us to establish policies to protect our assets and ensure that our financial resources and revenues are managed properly.

In furtherance of this duty, the Board of Livermore Music hereby adopts the following set of fiscal policies. These policies will be reviewed at least annually, and augmented or amended as current circumstances require.

### I. BUDGETS.

**It is the policy of the Board that they shall budget and operate Livermore Music's revenues and expenditures on a positive cash basis.**

The Treasurer shall prepare, and submit to the Board for analysis a preliminary annual Operating Budget by April 1<sup>st</sup> of each year. This budget should be balanced, or targeted for a surplus, based upon sound and realistic projections. Deviations from a positive budget (e.g., use of an existing balance surplus to mitigate an anticipated ensemble shortfall) must be explained and accompanied with a contingency plan for returning to a positive budget. Once the Board determines the Operating Budget is appropriate, the Treasurer will submit the budget to the membership for approval at the June Meeting.

### II. OPERATIONAL RESERVES.

**It is the policy of the Board that Livermore Music shall establish and retain sufficient reserved funds to cover fiscal emergencies, such as short-term cash flow problems, or unanticipated reductions or losses of funding.**

The Operating Reserve shall be budgeted for \$30,000.00. Reserve funds shall be segregated from operating funds in the budget. Replenishment of reserves will be at 33% of the difference between the \$35,000 and reserve balance at the end of every fiscal year. Withdrawals from the Operating Reserve account must be approved by the Board. Replenishment of reserves will be performed at the end of the fiscal year by the Board based on available funds and the next fiscal year's proposed budget.

### III. UNIFORM RESERVES.

**It is the policy of the Board that Livermore Music shall establish and retain sufficient reserved funds to cover uniform replacement and additions.**

The Uniform Reserve shall be budgeted, built up to, and maintained at \$15,000.00 to support drum major, special size, and surge uniform procurements, and uniform life extension and sizing supplies. Reserve funds shall be segregated from operating funds in the budget. Withdrawals from the reserve account must be recommended by the Uniform Chairperson, and approved by

# Livermore Music

the Board. Replenishment of reserves will be decided at the end of the fiscal year by the Board. A complete replacement plan, including fundraising strategy, shall be developed when the uniforms are within 5 years of their end of life.