CCC Financial History - Surplus Allocation and Reserve Funds

Roger Jolliffe CCC Treasurer, Oct 4, 2020

Part 1 - Surplus Allocation History

1. **Our Surplus Allocation Policy** was first formalized by RWJ's February 1, 2004 memo. It defined:
   - **Operational Float** as $3000 - To ensure sufficient cash on hand *(eventually relabeled Operations)*
   - **A Tour Fund** comprised of the sum of all Fundraising dollars, saved to offset tour costs
   - **A CD reserve fund** from CD Grants and sales of CD less costs of development
   - **Unallocated** - Remainder of Surplus *(eventually relabeled 'Strategic' Fund)*

2. **Why was a Policy needed?** Many events over 2001-2003 necessitated a disciplined approach:
   - **In 2001-2002 fundraising started** with 50/50 draws and raffles, and over the next couple of years several fundraising events were undertaken. The intent was that this money be specifically be set aside for tours, and the treasurer tracked the "tour fund". Note that at the time a Maritimes tour was planned but it did not come to fruition.
   - **We had received grants** from the London Arts Council of $3500 in 2002 and $9000 in 2003 for our first and second CD respectively. With these grants there is an **obligation to rigorously track and report back** that the money is spent on what was intended.
   - Also in 2002 **we received grants of $5000 from LAC and $6000 from the Trillium Foundation** for our Nov 2002 performances of **Wind-In-The Willows**, which involved many musicians and other artists. In the grant application there apparently was a commitment given that money left over would be used to either help fund CD's. The concert turned out to be financially quite successful. The executive subsequently decided to evenly divide the net proceeds with **$3430 going to the CD fund and $3430 going to the Tour Fund**

3. **Major changes in 2012 (RWJ memo of Sept 11, 2012)**
   - **Key features**:
     - **The order of allocation (of Strategic and Tour funds)changed, retroactive for one year**
     - A maximum- minimum range was defined **for Operations Float (-$4K to $4K)**
     - A maximum- minimum range was defined **for the Strategic Fund ($4K to$8K)**.
     - No changes were made to the principle that **all Fundraising goes to the Tour fund**
     - **CD** segments and funds were relabelled **Recordings** *(briefly labelled Recording and Distribution)* reflecting that CD funds were now used for training and concert recordings, and also recognizing that alternate music distribution modes were evolving.
     - No changes were made to the Recording Reserve process
   - **The objectives** were to:
     - More fully define the process for the "Operations Float"
     - Respond to the pressure to enable as many members as possible to go on our UK tour particularly with fading fundraising dollars.
     - Ensure sufficient funds are regularly available for Strategic projects

3.Major changes in 2012 (continued)

- **The New Process**- Yearly sum of (**Basic Operations + Performances) profit or loss goes:**
  - **First to Operations Float** until it is at its maximum **($4K).**
  - **Second**, any **excess then goes to the Strategic Fund** until at its maximum **($8K)**
  - **Third, anything left goes to the Tour fund.**
  - **Losses work the opposite way**, with funds drawn:
    - **First** from Operations Float, until it is at its minimum **(-$4K)**
    - **Second** from Strategic fund unless it falls below its minimum **($4K)** and
    - **Third** from the Tour fund if the Strategic fund falls below its minimum
- **The Results**
  - In 2011-12 and 2012-13 the new allocation process respectively delivered $1.7K and $6.2K to the Tour fund. The pairing of Christmas concerts had delivered major profits. Also in 2013-14 there was virtually no strategic spending. As a result, with Operations Float and the Strategic Fund both already at maximum, this major "spill-over" into the Tour fund resulted.
  - In 2013-14 no Tour fund addition (beyond fundraising amounts) occurred because the Strategic Fund needed significant replenishing. 2013-2014 was a heavy year for special initiatives, primarily Commissioned music and material for woman's skirts and blouses.

4. More major changes in 2014-15

- **Key Features**
  - No change to Operations Float and Recording Reserve definitions or mechanics
  - Delinked Fundraising and Tours; fundraising efforts are now allocated with other profits
  - **"Operations"** defined as **(Basic Operations + Performances + Fundraising)**
  - **First, Operations profit goes to Operations Float** until it is at its maximum **($4K).**
  - **Second, 50% of any excess is added to the Strategic fund and 50% to the tour fund**
  - Losses will work in the opposite direction, as before
  - Operations Float will not be allowed to fall below - $4K
  - The Strategic Fund and Tour fund will have a minimum of $0, with no maximums
  - The allocation percentages will be confirmed annually by the Board
  - The expectation is that Tour Fund money will be used to directly offset common costs
- **Background Rational and Objectives**
  - Concerns expressed about the overall equity of subsidies given for the 2014 UK tour
  - Fundraising Survey and recent experience indicated fundraising enthusiasm was low
  - Tour Financial Support Survey of Choir members undertaken in October 2014
  - Survey confirmed expectation that choir funds should be used to support tour cost
  - Allocation change made for two reasons:
    - Ensures funds set aside for tours and other projects even with low fundraising
    - With some portion of any profit going to both Tour fund and Strategic fund, all members will benefit from any choir activity.
  - Some consideration was given to potentially winding down the Recording Reserve, given two CD's had just been completed. But the executive was not comfortable with making that call at this time, particularly with the potential of a major marketing video available.

Part 2 - Grants, Fundraising and Reserve Funds History

1. Grants History

Year	from	Amount	Purpose
2002	London Arts Council	$3,500	Here's to Song (Our first CD)
2002	London Arts Council	$6,000	Wind-in-the -Willows Concert Nov 2002
2002	Trillium Foundation	$5,000	Wind-in-the -Willows Concert Nov 2002
2003	London Arts Council	$9,000	Christmas Remembered (Our second CD)
2005	London Arts Council	$1,000	Year of Veteran Tribute Concert
2007	London Arts Council	$1,500	Music Costs
2010	London Arts Council	$1,000	Commissioning music
		$27,000	

2. Recording Reserve Components 2001-2020

CD Financial Activity to July 31, 2020	CD1	CD2	CD3	CD4	CD5	Total
Grants/Donations	$3,500	$9,000	$1,000	$0	$0	$13,500
Sales	$15,075	$16,495	$8,580	$8,137	$5,241	$53,528
Costs	($12,899)	($16,969)	($12,910)	($6,824)	($5,537)	($55,138)
Net Income	**$5,677**	**$8,526**	**($3,330)**	**$1,313**	**($296)**	**$11,890**

Recording Reserve at July 31, 2020	
CD Net Profit from Above	$11,890
plus1/2 Wind-in-Willows Profits (2002)	$3,433
plus DVD sales profit(2015)	$53
less Concert Recordings (2006-18)	($2,375)
less You-Tube Video (2015)	($2,750)
less May 2018 recording session	($1,284)
Equals Recording Reserve	**$8,967**

3. Strategic Fund History to 2013-14

Items Paid from Strategic Fund			Strategic Fund at end of Fiscal Years		
Item	**When**	**Amount**	**Year**	**Amount**	**Comment**
Enhanced Practice CD's	2004-06	$453	2004	$8,522	
Risers	2004-05	$968	2005	$11,095	
"	2012-04	$397	2006	$11,448	
10th anniversary party	2006-07	$1,819	2007	$8,306	
Music Library Equipment	2006-07	$409	2008	$8,306	
Tartan Ties	2011-12	$846	2009	$8,306	
Music Transcription Software	2013-14	$394	2010	$9,306	LAC Grant $1000
Cocnert Video	2013-14	$424	2011	$9,306	
Commissioned Music	2013-14	$4,827	2012	$8,000	Max Implemented
Material for Skirts & Blouses	2013-14	$1,951	2013	$8,000	
			2014	$4,545	
		$12,488			

4. CCC Fundraising and Tour Fund History 2002-2014

Year	Fundraising Revenue		Special Allocations		Tour Costs		Tour Fund
2002-03	Palace Theatre and Dinner (twice)	$1,214					
	Garage Sale (twice)	$796					
	Krispy Kreme Donut sale	$1,921					
	50/50s and raffles	$1,716					
		$5,646	Wind in the Willows	**$3,430**			**$9,077**
2003-04	Garage Sale	$276					
	Palace Theatre Tickets	$210					
	50/50 and Raffles	$778					
		$1,264					**$10,341**
2004-05	50/50 and Raffles	$983					
		$983					**$11,324**
2005-06	Palace Theatre Tickets	$260					
	50/50 and raffles	$619					
		$879					**$12,203**
2006-07	10th ann. DVD sales (Eric D.)	$150			Vimy Net Cost	$4,736	
	Jewelry (Daniel Castillos wife)	$129			Maui Deposit		
	VIMY DVD's (Eric Duggan)	$346					
	50/50 +Raffles/Sales	$843					
		$1,468				**$4,736**	**$8,934**
2007-08	50/50	$1,131			Maui Church Donation	-$992	
	Donations	$150			Maui Costs	$7,266	
		$1,281				**$6,274**	**$3,941**
2008-09	London Majors	$1,383					
	Christmas Cakes	$973					
	50/50	$712					
	Donations	$226					
		$3,294					**$7,236**
2009-10	London Majors	$1,121			*Recording Expense	$500	
	Christmas Cakes	$1,353			Maui Donation Refund	$1,067	
	50/50	$520					
	Donations	$327					
		$3,321				$1,567	**$8,990**
2010-11	Christmas Cakes	$941			*Recording, Pillar Cost	$135	
	50/50	$364					
	Donation	$27					
		$1,332				**$135**	**$10,186**
2011-12	Christmas Cakes	$895					
	Rainbarrels	$592					
	Grand Bend	$2,400					
	50/50	$563					
	Pennies	$50					
	Donation	$25					
		$4,526	Operations	**$1,655**			**$16,367**
2012-13	50/50	$772					
	Pennies	$58					
		$830	Operations	**$6,157**			**$23,354**
2013-14	50/50	$789			Tour Cost(29 @ $650)	$18,850	
	Donations	$375			Director Travel Ins.	$342	
		$1,164		**$0**		**$19,192**	**$5,326**
		$25,987		**$11,242**		**$31,904**	$5,326
					*Errors - should have been booked elsewhere		

5. Surplus Allocation Results for 2014-15 to 2017-18

Surplus Allocation History 2014-15 to 2017-18

Yearly Profit and Loss		Year-end Balances and Activity Through Each Fiscal Year							
		Strategic Fund		Tour Fund		Recording Reserve		Ops Float	Total
2014-15		*31-Jul-14*	**$4,554**	*31-Jul-14*	**$5,326**	*31-Jul-14*	**$8,533**	**$4,000**	**$22,413**
Basic Operations	-$4,114								
Performances	$8,929					CD4 Sales	$713		
Fundraising	$808					CD5 Sales	$959		
Operations total	**$5,622**	Ops Allocation	$2,811	Ops Allocation	$2,811	CD5 Costs	-$5		
Strategic Initiatives	$0					Other Sales	$7		
Recordings	$174					U-tube Video	-$1,500		
Tours	$0								
Surplus Total	**$174**								
Overall	**$5,796**								
2015-16		*31-Jul-15*	**$7,365**	*31-Jul-15*	**$8,137**	*31-Jul-15*	**$8,707**	**$4,000**	**$28,209**
Basic Operations	-$2,760								
Performances	$7,788					CD4 Sales	$402		
Fundraising	$355			Maritime Tour	-$564	CD5 Sales	$319		
Operations total	**$5,382**	Ops Allocation	$2,691	Ops Allocation	$2,691	U-tube Video	-$1,250		
Strategic Initiatives	$0					Other Sales	$35		
Recordings	-$494								
Tours	-$564								
Surplus Total	**-$1,058**								
Overall	**$4,324**								
2016-17		*31-Jul-16*	**$10,056**	*31-Jul-16*	**$10,264**	*31-Jul-16*	**$8,213**	**$4,000**	**$32,533**
Basic Operations	-$2,859								
Performances	$7,557					CD4 Sales	$732		
Fundraising	$510	Web Software	-$600	Maritime Tour	-$8,210	CD5 Sales	$985		
Operations total	**$5,207**	Ops Allocation	$2,604	Ops Allocation	$2,604	Concert Recordings	-$426		
Strategic Initiatives	-$600					Other Sales	$11		
Recordings	$1,302								
Tours	-$8,210								
Surplus Total	**-$7,508**								
Overall	**-$2,301**								
2017-18		*31-Jul-17*	**$12,060**	*31-Jul-17*	**$4,658**	*31-Jul-17*	**$9,515**	**$4,000**	**$30,232**
Basic Operations	-$4,414								
Performances	$9,056					CD4 Sales	$210		
Fundraising	$488	Piano Sound	-$907			CD5 Sales	$290		
Operations total	**$5,129**	Ops Allocation	$2,565	Ops Allocation	$2,565	Concert Recordings	-$904		
Strategic Initiatives	-$907					Recording Session	-$1,284		
Recordings	-$1,688								
Tours	$0								
Surplus Total	**-$2,595**								
Overall	**$2,534**								
		31-Jul-18	**$13,717**	*31-Jul-18*	**$7,222**	*31-Jul-18*	**$7,827**	**$4,000**	**$32,766**

6. Surplus Allocation Results for 2018-19 to 2019-20

Surplus Allocation History 2018-19 and 2019-20										
Yearly Profit and Loss		**Year-end Balances and Activity Through Each Fiscal Year**								
		Strategic fund		**Tour Fund**		**Recording Reserve**		**Ops Float**		**Total**
2018-19		31-Jul-18	**$13,717**	31-Jul-18	**$7,222**	31-Jul-18	**$7,827**	31-Jul-18	**$4,000**	**$32,766**
Basic Operations	-$4,262									
Performances	$8,338	Ops Allocation	$2,258	Ops Allocation	$2,258	CD4 Sales	$360			
Fundraising	$440	Fitzpatrick Funeral	-$243	Ireland Subsidy	-$5,000	CD5 Sales	$410			
Operations Total	**$4,516**	Women's Blouses	-$1,492							
Strategic Initiatives	-$2,431	Sash Pins	-$396							
Recordings	$770	Commissioning	-$300							
Tours	-$5,000									
Surplus Total	-$6,661									
Overall	-$2,145									
2019-20		31-Jul-19	**$13,544**	31-Jul-19	**$4,480**	31-Jul-19	**$8,597**	31-Jul-19	**$4,000**	**$30,622**
Basic Operations	-$5,748									
Performances	$2,104	Ops Allocation	-$1,645	Ops Allocation	-$1,645					
Fundraising	$353	Music Commissioning	-$235	Ireland Subsidy	-$5,000	CD4 Sales	$220			
Operations Total	-$3,291	Music Stands (South)	-$1,323	Ireland Refunds	$7,750	CD5 Sales	$150			
Strategic Initiatives	-$2,055	Music Carry Bag	-$130							
Recordings	$370	Music Software Upgrade	-$157							
Tours	$2,750	Two Wider Risers	-$100							
Surplus Total	$1,065	Square Card Reader	-$111							
Overall	-$2,226									
		31-Jul-20	**$9,844**	31-Jul-20	**$5,585**	31-Jul-20	**$8,967**	31-Jul-20	**$4,000**	**$28,396**