

The ICSOM Emergency Relief Fund

The ICSOM Emergency Relief Fund (ERF) provides loans to ICSOM orchestras requesting financial aid during work stoppages or other emergencies, under conditions set forth in the ICSOM bylaws.

The ERF was conceived and created by ICSOM orchestras in 1965, five years before the establishment of the AFM Symphony-Opera Strike Fund. In its early years, the ERF was able to lend amounts up to \$2,000 to orchestras that needed help during strikes and lockouts. The money could be used to aid musicians in any way as determined by the orchestra.

In 1974, when it became clear that the ERF could not continue to provide adequate loans without an increase in assets, ICSOM orchestras ratified a bylaw permitting an amount equal to \$2 per musician in each member orchestra to be taken from dues payments and added to the assets of the ERF. As a result, the amount of money available to member orchestras increased from \$10,000 to \$23,000 in one year. This procedure was suspended in 1980. The bylaw amendment passed at the 2003 ICSOM conference and subsequently ratified reinstated this \$2 per musician annual increase so that more funds could be made available to orchestras who need to utilize the ERF. (The fund would have at least \$200,000 more in it, had the \$2 surcharge continued through those suspended years.)

As provided for in Article VIII, Section 4, of the ICSOM bylaws, member orchestras whose dues are fully paid and who have no outstanding loans from the ERF may borrow an amount equal to up to fifteen percent (15%) of the cash balance in the Fund as of the previous June 30*. That figure is currently \$53,671 based on the June 30, 2011 balance of \$357,807. This figure is up \$2010 over last year, perhaps enough to save someone's house from foreclosure.

An orchestra needing ERF funds is required to submit a written request for a specific amount of money to the ICSOM treasurer, who responds with a loan agreement and note. The note must be signed by five members of the orchestra committee, who thereby agree to assure the repayment of the loan; the orchestra as a whole is considered responsible for repayment. A sample copy of the note is provided following this summary.

Borrowed funds are free of interest for one year from the date that the work stoppage is settled, or that the crisis that gave rise to the loan is resolved; thereafter, borrowing orchestras are charged the then-current prime rate *per annum*. Orchestras are encouraged to repay loans as quickly as possible so that funds are immediately available for other orchestras in need.

ICSOM bylaws also provide that the ICSOM Governing Board may borrow from the ERF such amounts as it deems necessary. It must repay its loans on the same terms and conditions as any ICSOM orchestra, except that the term of a loan cannot be longer than one year. During FY 2011, due to the generosity of ICSOM orchestras and others, no such loans were necessary.

During FY 2011 no orchestra applied to the ERF for emergency loans, and no other loans are outstanding.

Opening balance July 1, 2010:	\$344,410.14
Closing balance June 30, 2011*:	\$357,806.83
Increase in fund balance FY 2011:	\$13,396.69

Credits:

Loan paybacks:	\$0
\$2 per capita ERF assessment deposit:	\$8,008.00
Interest appreciation:	\$5,388.69
Total Income:	\$13,396.69

Debits: None outstanding

*Article VIII Section 6(b) was changed last year for the ERF balances to coincide with the fiscal year. Previously the date was July 31. Funds are deposited into a \$210,000 CD at MetLife Bank and in a \$147,135 money market account at Brookhaven Bank in Atlanta. For FDIC insurance reasons, we are using two different banks.

Analysis:

The fund is very healthy, has not lost a cent in the current economic downturn, and continues to grow, albeit at a slower rate; but perhaps it is time to take steps to increase the fund enough to be able to loan orchestras \$100,000 or more. At the 15% payout rate, the ERF's assets would need to increase an additional \$308,861.

Michael Moore, ICSOM Treasurer,
July 10, 2011