

Power.org Financial Policy Version 2

PURPOSE: This document shows the policies used to manage Power.org finances. The Power.org Treasurer maintains it with assistance from the Finance Committee and staff.

1. **Fiscal Year**. Power.org operates on a calendar year basis.
2. **Budgets**. The Treasurer, with assistance from the Finance Committee and staff, prepares an annual budget for approval by the Board of Directors (“BoD”). Budgets will have a reasonable amount of written substantiation (including definition) to support the line items.
3. **Forecasts**. At least as frequently as the end of each calendar quarter, year-to-date income/expenses will be analyzed and a revised full-year forecast will be prepared for BOD review (the original budget will not be changed). This will allow reallocation of parts of the budget so that POWER.ORG continues to achieve the same budgeted goals; or the BOD may vote to adjust the year-end goals if needed.
4. **Finance Committee**. The Finance Committee consists of two BOD members, the Treasurer and a representative of the ISTO; its duties are to review the appropriate budgets (and quarterly forecasts) prior to board presentation and address any needed financial matters.
5. **Budget Review Committee**. The Budget Review Committee consists of the Budget Managers (typically one representative from each of the existing Committees or other POWER.ORG groups receiving budget funding), the Executive Director and the Finance Committee members; its duties are to help prepare the appropriate budgets (and quarterly forecasts) so that there is good flow of information between the Committee Chairs, the BoD and the staff prior to presenting the budget/forecast to the BOD.
6. **Budget Managers**. The Treasurer will appoint Budget Managers for assigned portions of the approved budget; such individuals shall be responsible for the approval of Power.org funds on a line-by-line basis in their portion of the annual budget as further described in this Policy.
7. **Membership Fee Schedule**. The Membership Fee Schedule is adopted or revised by resolution of the BOD.
8. **“Membership Year”**. For other than Developer Members, a Member’s “Membership Year” always starts at the first day of a particular month. For new Founders, Sponsors and Participants, if their Agreement is signed after the 15th of the month, their 12-month Membership Year begins on the first day of the following month; if the Agreement is signed on the 15th or earlier, their Membership Year begins on the 1st day of that month. Membership benefits will be provided to all classes of Membership upon receipt of their executed Membership Agreement. Because no fees are paid, Developer Member Agreements renew one calendar year from the date of the original effective date (which is not required to fall on the first of any month, and the term “Membership Year” does not apply to this class of Members).

9. **Revenue and Income Recognition.** Sponsor and Participant Membership Fee revenue will be recorded when a Membership Fee invoice is issued. The corresponding income will be recognized as POWER.ORG Income over the Member's Membership Year.
10. **Terminations.** The Membership Agreement provides for termination in section 6. Upon any termination, outstanding invoices are immediately due and refunds of paid Membership Fees are not normally provided; exceptions require explicit BOD approval. All previously unpaid dues must be paid in full before re-joining Power.org, unless the unpaid debts are waived by the BOD. If one member acquires another member, the remaining dues of the member being acquired may be credited to the acquiring member at the sole discretion of the treasurer.
11. **Advance Payments.** Members may make advance payments to accommodate their company budgets. Any such payments will be held as deferred revenue and applied to future invoices. Power.org will retain the interest received from these deposits as miscellaneous income.
12. **Membership Fee Invoice Terms.** Standard terms for Membership fee invoices are 30 calendar days after the date of the invoice, unless other provisions are made with the Treasurer. Invoices are normally issued 30 days prior to the end of the current Membership Year.
13. **Membership List.** POWER.ORG Staff will maintain the official Power.org Membership list on behalf of the Board of Directors, showing date of Agreement signature, first day of the Membership Year and class of Membership. Copies will be provided to Founders upon request, and Committee chairs notified of changes so that they may monitor attendance at meetings.
14. **Payments in Kind.** Absolutely no payments in kind are authorized without specific BoD approval.
15. **Approval Authority.** For expenses covered in an approved budgeted line item below \$50,000, and within the purview of a particular Budget Manager, the Budget Manager (with no further delegation) is authorized to approve the expenditure in the particular month by written or email confirmation to POWER.ORG Staff. In all cases, the Treasurer will provide a second confirmation for any single expense above \$50,000. In accordance with the Participant Program Agreement with IEEE-ISTO, the Treasurer authorizes the ISTO Liaison to allocate budgeted, routine direct expenses for payment by Power.org. .
16. **Contracts.** The Chairman, Secretary, Treasurer, and/or Executive Director are the only persons authorized to approve/authorize IEEE-ISTO to execute contracts on behalf of Power.org. Chairs should be cautious in implying any commitment without clear approval. Chairs may recommend contracts for approval by a Power.org Officer.
17. **Check Signing Authority.** IEEE-ISTO is authorized to expend funds for properly approved expenses, provided that any single expenditure over \$50,000, or any expenditure which reduces checking balances below \$200,000, must have explicit approval from the Treasurer.

18. **IEEE-ISTO Role.** IEEE-ISTO provides Power.org accounting activities (among other duties) and manages the receipt and disbursement of funds under direction of the Treasurer and/or Chairman.

19. **Exceeding Budget/Forecast Line Items or Moving Funds.** Within any given quarter, Budget Managers are not allowed to expend more than the amount budgeted for the particular line item within that quarter; funds cannot be moved between line items without permission from the Treasurer. Cash flow restrictions may prohibit early use of funds in a quarter, so expenditures may be required to follow the budget/forecast month-by-month model if necessary. If a particular line item is underspent in a quarter, the amount of the underspend is not automatically carried forward to the next quarter; this is handled by approval of a new forecast established at the beginning of the next quarter, which may or may not take into consideration the underspend.

20. **Neutral Transactions.** In any financial expenditure where Power.org members are recipients of Power.org funds, special care will be taken to insure that the transaction is established with arms-length, neutral considerations, always seeking the most efficient and optimal use of Power.org funds. Members may be selected as vendors only if they are the best candidates to supply the service, without preference given to being a Power.org Member. Companies shall not be present when the BoD discusses, or votes on, bids submitted by those companies. Board members cannot vote on their own bids. Every effort shall be made to get multiple proposals for each project.

21. **Large Payments.** In the event that any one company, whether Member or not, receives more than \$100,000 in any calendar year from the Power.org, both IEEE-ISTO and the Treasurer will insure the Finance Committee is notified; in this case, the Finance Committee will decide whether to bring this to the attention of the BoD.

22. **“Good Standing”.** A Member not fulfilling its Membership Fee obligations (subject to a reasonable opportunity to cure) shall be precluded from participation in Power.org activities, including participation in member meetings. To provide further clarification, “reasonable opportunity to cure” shall mean a period of not less than 14 days following notice from the Treasurer that an invoice is in default (14 days after the “Default Notice” is delivered). Prior to the “Default Notice”, follow-up notices will be sent after the invoice is 30 and 60 days overdue. If the obligation is not satisfied or acceptable terms arranged with the Treasurer during this period, then the Member may be determined by the Treasurer to be “Not in Good Standing” and precluded from participation in Power.org activities such as member meetings, Committee and the BoD meetings. In addition, the BoD may take action as provided for in Article 12.9 of the Power.org Bylaws to terminate the Member, or take other remedies available.

23. **“Bad Debt”.** When a Member terminates or is terminated, it is possible that some amount of Revenue (invoiced Membership Fee) has already been recorded as Income for months prior to the termination date. As it is improper to go back and correct previously recorded Income, the current month must account for this event by recognition of a Bad Debt expense; the annual POWER.ORG budget will include an

estimated “Bad Debt” expense for each month that estimates the amount of uncollectible Membership Fee invoices which might have been recorded as Income prior to termination. The budgeted amount will be estimated by the Treasurer based on past experience. The Accounts Receivable register will be reviewed each month to try to write off all uncollectible accounts that are 90 days or more old.

24. **Upgrades and Downgrades.** If a Member desires to upgrade their Membership (for example, Participant to Sponsor) during their Membership Year, POWER.ORG will allow them to apply any unused portion (e.g., not taken as Income yet) of their previously-paid Membership Fee for their Membership Year to the costs of the upgraded Membership (the Member’s Membership Year is not altered; the Member simply moves to a new class for the remainder of the Membership Year). For Downgrades, the Member may apply the unused portion to cover the Membership Fees due for the remainder of the current Membership Year in the lower class and will owe a new, full fee for the current class upon renewal at the end of the Membership Year (there is no refund for fees paid nor can those fees be used to offset the cost of the next Membership Year). For Terminations, no refund will be made.

25. Member Funded Activities **Using the “Power.org” name.** Any work done in the name of Power.org shall be approved by the Board of Directors regardless of who pays for the work. A Member may finance projects in the name of Power.org.