



Finance and Accounting Procedures

Version 2.0

11 June 2010

1 Introduction

This policy documents the finance and accounting procedures followed by the Forum as of 9 November 2009 unless otherwise noted. The procedures have been reviewed and approved by the Forum's CEO and Treasurer.

On 13 January 2009, the Forum Board of Directors approved the following resolution:

As a not-for-profit organization, the Forum is focused on maximizing the value provided to its members. The financial strategy for the Forum shall be aligned with this value proposition, utilizing the annual revenue stream to accomplish established objectives in a cost effective manner. The Forum shall endeavor to operate at a break-even position for revenue and expenses, within a reasonable margin (+/- 2%) and at an appropriate level of liquidity (with net assets maintained at approximately 50% of annual expenditure for normal operations).

2 Definitions

- "the Bylaws" means the Bylaws of the Corporation.
- "Corporate Administration" means the employees and contractors retained by the Forum to manage day to day operations of the Corporation. This includes, but is not limited to, the CEO, Deputy CEO, Office Manager, attorneys, technical editor and marketing.
- "Internal Control" means all of the coordinated methods adopted by the Corporation to safeguard its assets, verify the accuracy and reliability of its data, promote operational efficiency, encourage adherence to prescribed managerial policies, and comply with legal and regulatory requirements.
- "Operations Plan" refers to the annual Operating Plan of the Forum, which includes the defined work projects, as approved by the Forum Board of Directors, and associated budget.

3 Accounting Method

The Forum shall operate on a modified cash basis, as set by resolution of the Board of Directors on 18 September 2007.

4 Fiscal Year

The Fiscal Year of the Forum shall be from 1 July to 30 June.

5 Internal Controls

It is the Forum's Policy to maintain sound internal controls. As a part of their oversight responsibility, the CEO, Treasurer and external auditor shall periodically evaluate the system of internal controls and recommend changes to corporate administration or the Board of Directors as appropriate.

Other primary participants in the internal controls process shall be the Deputy CEO, who has responsibility for managing the corporation's financial assets on a day to day basis, and the Office Manager who issues the invoices, tracks payments and maintains the general ledger for the Forum. It is the responsibility of the Forum's corporate administration to administer the system of internal controls, which includes such processes as annual budgets, forecasts of year end results against budget, metrics reports on business processes, audits of compliance with policy and procedures, etc.

Checks may be signed by the Deputy CEO, the CEO, and the Treasurer, but those individuals may not make entries or modifications to the Forum's books. Only the Office Manager may make entries or modifications to the books and the Office Manager may not sign checks.

All expenditure transactions require dual control— initiation and approval by two of the following: Office Manager, Deputy CEO, CEO, or Treasurer.

The Office Manager will prepare the checklist provided in Appendix 1 each month detailing the Forum's performance against controls established in these Financial Procedures. Checklists will be provided to the Auditors during the annual review. Discrepancies will be reported to the CEO or the Treasurer by the Office Manager as appropriate.

5.1 Positive Pay

The Office Manager pays bills by the 10th of each month. After checks are created by the Office Manager, a list of all newly created checks is downloaded onto an Excel Spreadsheet with the following columns: Routing/transit number, Account number, Serial number, Issue date, Amount, Transaction type, Optional data (payee name). The spreadsheet will then be imported into the Positive Pay System. Detailed information can be found on the portal in the ARP Register Maintenance User Guide, pg 14-15. In addition to importing the spreadsheet into the Positive Pay System, the Office Manager will also send the CEO, Deputy CEO and Treasurer a copy of the spreadsheet for review and approval. The Office Manager will then send the checks to the Treasurer, with stamped envelopes, ready for the Treasurer to sign and mail the checks. If other checks are written throughout the month, the same procedure will be followed.

5.2 Daily Maintenance

The Office Manager will check the Positive Pay Account daily after 9 a.m. PDT for any exceptions (if a check comes through the checking account which was not included on the spreadsheet sent to the bank). If there are exceptions, refer to the Image Positive Pay Manual on the portal. Other fraudulent activity will be emailed to the Office Manager for action to be taken. An immediate response will need to be made to the bank regarding these actions. If the Office Manager is unavailable to receive emails or check the account daily for exceptions, the Office Manager will notify the Deputy CEO, who will cover this responsibility.

6 Reporting Requirements

6.1 Audited Financial Statements

An audited financial statement shall be prepared for the Corporation on an annual basis, as defined in the Forum Bylaws.

6.2 Annual Budget

The CEO, working in cooperation with the Forum's officers, shall produce an annual budget supporting the annual Operating Plan. The budget shall be prepared based on "project" classes to include separate budgets for each committee, each meeting, the annual conference, the smart radio challenge, and general operations. The operations budget shall include corporate administration and shall separately report Marketing and Public Relations, Professional Fees, Capital Equipment, Travel (when not associated with a separate project class), Memberships, and Office Expenses.

The budget shall be initially reviewed and approved by the Forum's Finance Committee. Once approved, the Treasurer will submit the budget to the Board of Directors requesting a motion to release the budget to the membership for balloting. The budget shall then be balloted by the membership following the rules established in the Bylaws.

Once the budget has been approved, no additional approval shall be required to expend funds against the budget, as established by the Board of Directors on 18 September 2007. Variances in project spending greater than 10% must be brought back to the Board for renewed approval.

Budgets for new projects that may come after approval of the annual budget shall be independently approved by the Board of Directors and managed separately.

6.3 Monthly and Quarterly Reviews

The CEO will review the Forum's financial statements (activity statement and balance sheet) by the 15th of each month and coordinate with the Office Manager to correct any discrepancies found. The CEO, working with the Office Manager, will prepare quarterly

financial statements (activity statement and balance sheet) forecasting revenue and expenses against budget and explaining any significant variations. The Finance Committee shall review the results and report to the Board of Directors, requesting approval on variances as necessary.

7 Banking

7.1 *Checking accounts and savings accounts*

The Forum shall maintain a checking and savings account to facilitate day to day operations. Interest from these accounts will be recorded as revenue to the appropriate general ledger code on a monthly basis. A reconciliation meeting will be held between the Office Manager and the CEO by the 12th of each month. At this time the reconciled bank statements will be reviewed for discrepancies and for approval by CEO. The CEO will post approved statements to the Group Portal.

Deposits of checks and cash to the Forum's accounts will be made by the Deputy CEO, the CEO, or the Treasurer. The office manager will be notified of deposits and will enter the deposits in the books and confirm the deposit when the bank statements are received.

7.2 *Investment accounts*

A portion of the reserve funds for the Forum may be stored in an investment account as defined in the Bylaws and directed by the Forum Board of Directors. Interest and gains accrued in these funds shall be recorded in the general ledger on a monthly basis. The Office Manager will record the fluctuation in market value in a QuickBooks income account called "Unrealized Gains (Losses) on Investments". The QuickBooks investment account should match the Investment Account bank statement each month. A Reconcile meeting will be held between the Office Manager and the CEO by the 12th of each month. At this time the reconciled bank statements will be reviewed for discrepancies and for approval by CEO. The CEO will post approved statements to the Group Portal.

7.3 *Credit Cards*

Corporate credit cards with a limit of \$25,000 USD each may be issued to the CEO and Deputy CEO as per the resolution of the Board of Directors on 14 March 2008.

8 Accounts Receivable

8.1 *Revenue Categories*

The Forum shall classify revenue in the following general ledger codes

- Membership Payments
- Facility Fees



- Sponsorships
- Exhibitor fees
- Government Grants
- Unrelated Business Income
- Interest/Investment Income
- Other

8.2 Membership Renewal

The process for facilitating membership renewals shall be as follows:

- 1) Membership renewal will be done automatically through the MemberClicks renewal system (or equivalent). An email notice will be sent to the billing representative from each organization 90 days before their Membership comes due. If there is not a billing representative listed, the notice will go to the Principal Representative. The representative will be given a username and password and they will have the opportunity to go into the MemberClicks database and update their organization's information, i.e. address and telephone updates, representative changes, etc. They will also have the option to indicate how they will be paying for their member dues – they can request an invoice, indicate that they will send a check or pay by wire transfer, or pay directly into the system by credit card. As soon as they complete this renewal process, their membership is considered renewed and the date will automatically change in the system to the following year. The office manager will check the MemberClicks report often for updates and will send invoices to organizations as requested. The office manager will also continue to track Membership Renewal on an Excel spreadsheet and will track when payments are actually received by Organizations if they have not paid through MemberClicks.
- 2) If the Organization has not renewed their membership within 30 days of the member's anniversary date, a reminder email will be sent to the billing contact and/or the principal representatives.
- 3) If the renewal has not been processed two weeks prior to the anniversary date, a third notice will be sent to the representative letting them know that their organization's membership is about to expire. The CEO, Deputy CEO or Office Manager will contact the representative at this time to check the renewal status.
- 4) If the Membership has not been renewed at the end of the anniversary date, another notice will be sent to the representative indicating that the membership has expired and the member is in the grace period as defined by the Bylaws or other resolution of the Board of Directors.

- 5) The CEO shall follow up with delinquent members to facilitate membership renewal.
- 6) A meeting shall be held between the CEO, Deputy CEO and Office Manager on a monthly basis reviewing the membership status. The CEO shall report this status to the Board of Directors at the end of each month.

8.3 Facility Fees

Facility fees are fees that are charged to member representatives and guests during the registration process for attendance at meetings, the annual technical conference and other events. Registration for an event is handled through MemberClicks or equivalent. The Office Manager receives an automatic email when a person registers for an event and exports the registration information from the MemberClicks site to an Excel Spreadsheet. Payments can be made directly in MemberClicks and receipts are issued to each registered attendee automatically. The Office Manager tracks registrants who did not pay automatically when registering and makes sure payments are received.

Facility Fees are classified by event in QuickBooks. For each event, the Office Manager shall prepare a reconciliation report mapping registration against fees received and post it to the group portal. The CEO will review the event reconciliation report for accuracy by the 15th day of the month following the event, and will send a report to the Treasurer noting any discrepancies that are found.

8.4 Other Online Forms

Registration for New Memberships, Exhibitions and other services may be made available through the online MemberClicks (or equivalent) form. Use of these forms will include the option of paying by credit card, by sending a check, by wire transfer or by requesting an invoice. The office manager will check the forms report in MemberClicks often and send invoices as needed and will follow up regarding payment.

8.5 Invoices

Invoices for new memberships, sponsorships, exhibitor fees and other revenue categories shall be sent by the Office Manager via email and regular post as necessary; the invoices will be entered into the books. Terms of the invoice will state 60 day payment terms (Net 60) unless otherwise approved by the CEO. A courtesy copy of the invoice will be supplied to the CEO and Deputy CEO.

A meeting shall be held between the CEO, Deputy CEO and Office Manager on a monthly basis reviewing invoice payment status. Actions will be defined at that time to follow up on delinquent payments.

8.6 Receipt of Payment

Payments may be made to the Forum in one of 5 ways, each with associated controls:



- Online Credit Card – Credit Card Payments may be made through the Forum's Authorize.net account. Payments shall be automatically deposit at the time of receipt by the Deputy CEO.
- In-person Credit Card – Credit Card numbers may be supplied directly to Forum personnel over the phone or at a meeting or event. In person credit card payments shall be processed by the Deputy CEO using the Forum's Authorize.net account. The officer manager or other personnel may also process these credit cards, as necessary and with approval of the CEO, to support in person event registration or other times when the Deputy CEO may not be available.
- Check – Payments received by Check will come to the Office Manager in regular mail. Checks will be recorded against outstanding payments and forwarded to the Deputy CEO for deposit. These deposits shall be made by the first week of the month following the meeting unless previously approved by the CEO.
- Wire Transfer – Wire Transfers will be checked and recorded by the Office Manager and reported to the CEO and Deputy CEO
- Cash – Payments by cash will be acknowledged by receipt with two signatures. Signatures may be by Forum staff or officers. Receipts will be submitted to the Office Manager and cash will be deposited by the Deputy CEO.

9 Accounts Payable

9.1 Notification

Payments terms associated with all new contracts will be discussed with the Office Manager and CEO immediately upon signing. Once an action against a contract is executed, the office manager will be notified that an invoice against that contract will be forthcoming.

The office manager will track expected invoices and should they not be received in a timely manner, will notify the CEO, who will follow up to identify the cause of the delay.

9.2 Invoice Payments

Invoices are collected by the Office Manager and distributed as appropriate for review and approval. Regular invoices, as designated by the CEO, are automatically approved. These include items such as the Forum's monthly telecom services. Invoices related to meeting and events, and infrastructure items are approved by the Deputy CEO. All other invoices are reviewed and approved by the CEO. All invoices are reviewed for accuracy, assigned an appropriate ledger code and project class. Discrepancies are reported to the CEO and Treasurer and a follow-up plan is established to resolve the discrepancy.

Invoices, time sheets, and expense reimbursement vouchers for corporate administration are forwarded to the CEO for approval. Expense reimbursement vouchers for the CEO are forwarded to the Treasurer for approval.



Once invoices have been approved, they are forwarded to the Office Manager, who posts them as appropriate and generates the checks. Checks are forwarded with an envelope to the Forum Treasurer for final review and signature.

9.3 Credit Card Payments

Credit card statements are received and reviewed by the Office Manager and each item is mapped against expense reimbursement vouchers and approved invoices. Discrepancies are reported to the CEO and a follow-up plan is established to resolve the discrepancy against approved invoices and expenses.

Once the credit card review is complete, the Office Manager posts the entries as appropriate and generates a check for the credit card company. The check is forwarded with an envelope to the Forum Treasurer for final review and signature.

9.4 1099 Forms

The Office Manager will send 1099 Forms to the appropriate individuals as outlined by the IRS rules and regulations.

9.5 Wire Transfers

Some payments of invoices or payroll items require wire transfers from the Forum's checking account direct to the payee's bank account. These transactions may be initiated by the office manager, Deputy CEO, or CEO and must be approved by another member of that group.

The process for generating a wire transfer is:

1. Sign on to the Wells Fargo Commercial Electronic Office (WF CEO)
2. Click 'wire transfer'
3. Initiate a 'freeform wire'
4. Select 'domestic' or 'international'
5. Select the debit account 'SDRForum'
6. Select type of currency (US\$ or destination currency)
7. Enter beneficiary information (amount of transfer, account number, account name), bank information (name, routing number or address), additional originator to beneficiary information (invoice number or purpose)
8. Enter WF CEO login password and click 'submit'
9. Notify approver that a wire transfer has been initiated and needs approval
10. Approver must sign in and approve the transfer

In addition, the ACH exception folder must be checked daily to insure that wire transfer debits are paid. Since no automatic ACH debits are permitted, only those debits approved by the office manager, the Deputy CEO, or CEO will be allowed. This folder will be checked by the office manager or, in her absence, by the Deputy CEO.



9.6 Foreign currency charges

Currency conversion fees will be charged to the same class as the underlying charge on which they are predicated. For instance, if a hotel room is paid in a foreign currency and there is an additional charge for that transaction, the additional charge will be included as part of the original hotel expense.

10 Invited Guests

Committee members may, from time to time, invite a guest to participate in a meeting. Facility fees for these guests will generally go against the committee budget as follows:

- The expense for the guest will be recorded as a complementary facility fee against the committee budget.
- An offsetting facility fee will be recorded as meeting revenue.

Travel expenses for invited guests approved by the committee chair will go directly against the committee budget.

11 Approvals of time sheets for employees

Time sheets for the CEO will be approved by the Treasurer, time sheets for the all other employees will be approved by the CEO.

12 Payroll Procedures

The office manager of the Forum will act as the primary payroll administrator for the Forum.

12.1 US Payroll

Employees will be paid on the 15th and on the last day of the month. If one of these dates falls on Saturday, payday will take place Friday; if one of the dates falls on Sunday, payday will be on Monday. Employees will have Direct Deposit set up for their paychecks.

Office Manager reports payroll information to the current payroll company twice monthly. The payroll company then sends Office Manager a Payroll Summary. Office Manager then records a journal entry of the payroll information into the appropriate QuickBooks Class as follows:

1. 6563 Payroll Expenses = Debit - Gross amount paid to Employee
2. 2310 Fica/Federal Taxes = Credit - Federal taxes withheld

3. 2310 Fica/Federal Taxes = Credit – OASDI and Medicare totaled together (double this amount for Employer taxes and Employee taxes)
4. 6564 Payroll Expenses = Debit – OASDI and Medicare totaled together – employer taxes only (half the amount of Step 3).
5. 2320 State Tax W/H = Credit - State taxes withheld
6. 1010 Cash = Credit - Net amount paid to employee (should match payroll statements from Wells Fargo Bank and should balance in journal entry)

Next Step – start a new journal entry:

1. 2310 Fica/Federal Taxes = Debit – Federal Taxes withheld
2. 2310 Fica/Federal Taxes = Debit – OASDI and Medicare totaled together (double this amount for Employer taxes and Employee taxes)
3. 2320 State Tax W/H = Debit – All State withholdings
4. 6565 Payroll Expenses = Debit - All other withholdings such as FUI, etc.
5. 1010 Cash = Credit – The amount that appears on journal entry (should match payroll summary from Wells Fargo Bank)
6. 6560 Payroll Expense Fees – Debit – Fee charged to payroll service provider (WFB)
7. 1010 Cash = Credit – Same as #6.

The payroll company will send W2 forms to employees and handle payment of all taxes. The office manager will enter all payroll information within 5 days of payroll. The office manager will also report vacation days used by employees to the payroll company.

12.2 Canadian Payroll

The payroll calendar for Canadian payroll will be established in December for the following calendar year. Canadian payroll will then be entered against that calendar twice a month using the online tools provided by the payroll provider (Ceridian). Payroll will be entered at least 5 days prior to the payroll date.

Procedures that will be followed in entering payroll will include:

- Reviewing the account to ensure there are adequate funds available for the payroll
- Entering any vacation associated with the current pay period
- Reviewing the payroll to insure the pay and deductions are correct
- Submitting the payroll for processing

Payroll statements received at the end of each payroll will be reviewed by the office manager.

Canadian payroll will be drawn from a Canadian in-trust payroll account. Money will be transferred to the in-trust account once a month. Foreign exchange gains and losses associated with the in-trust payroll account will be evaluated and entered into the books quarterly by the office manager in the following manner:

- From the US bank statement, find the Canada payment. Calculate this into Canadian dollars by dividing this amount by the US amount – this will give the Canadian rate that will be used for all other calculations in the payroll entry process e.g. $CAD \$12430.50 / US\$15000 = .8287$. Note: the Canada payment is made the month prior to payroll – e.g. Jan 25 payment is for February payroll.
- Look at employee's Canada payroll statement and determine the amount paid to employee – e.g. \$6875 – multiply this by $.8287 = \$5697.32$. Do the same with the service charges – example $\$26.50 \times .8287 = \21.96 . Make journal entry into Quickbooks Account 1040.
- After both payroll entries of the month (15th & 30th) are entered, look in Quickbooks Account 1040 and find the ending balance before the next month's payment is made to the Canada payroll company.- e.g. \$2919.50
- Look for the balance on employee's last Canada payroll statement of the month. Multiply this amount by the exchange rate. e.g. $\$3194.02 \times .8287 = \2646.89 .
- Subtract $\$2919.50 - 2646.89 = \272.70 . This is the exchange gain or loss that should be entered into the Quickbooks Account 1040. A journal entry is then made – dated before the next month's payment to the Canada payroll company - to reflect this amount.

Year end processing will be done by the payroll provider and T4 slips will be issued. Any issues found in T4 processing will be corrected before the last payroll of the year.

Vacation hours for each employee for the upcoming year will be entered into that employee's record in conjunction with the first payroll of the year.

12.3 Bonus Payments

Bonus payments for the CEO are approved by the ECCP after evaluation by the ECCP of which objectives have been achieved. Bonus payments for other Forum employees are approved by the CEO following confirmation that objectives have been achieved. Confirmation of approval must be provided to the office manager prior to bonus distributions in employee's payroll.

13 Archives

All contracts obligating the Forum financially will be filed with the Office Manager and will be scanned and placed on the Forum's Group Portal. These files will be made available to auditors.

Similarly, the Forum's member database will be updated monthly by the Office Manager and will be archived on the Group Portal. These files will be made available to auditors.



14 Policy Duration

This document will be in effect from the time approved until July 1, 2011 unless otherwise updated.



Appendix 1

Software Defined Radio Forum Monthly Accounting Checklist

Date: _____

	<u>Initial</u>	<u>Date</u>
CASH		
1 Match receipts to the credit card statements and expense reimbursement forms. If a receipt is missing, request one from the applicable person. (Note: this will always be 1 month behind as receipts are mailed in)	_____	_____
2 Receive approval of expense reimbursements from CEO via email (if applicable). Save the email(s) in a separate file on the computer for future reference	_____	_____
3 Receive approval for expense reimbursements for CEO from Treasurer if applicable. Save the email in separate file on computer for future reference	_____	_____
4 Prepare an email for CEO, Deputy CEO and Treasurer detailing the cash disbursements for the month	_____	_____
5 Receive approval of cash disbursements from CEO or Deputy CEO, as applicable, via email. Save the email(s) in a separate file on the computer for future reference	_____	_____
6 Mail checks for cash disbursements to the Treasurer.	_____	_____
7 Reconcile the corresponding cash receipts spreadsheets for SDR's events to the trial balance. Reconcile the deposits per spreadsheet to the deposits per the bank statements. Add any other credit amounts to the spreadsheet and note any deposit's in transit.	_____	_____
8 Prepare bank reconciliation and email the bank statement and detailed reconciliation to CEO for review and approval.	_____	_____
INVESTMENTS		
1 Reconcile the investment balances to the brokerage statement. The FMV listed on the brokerage statement should match the investment balance on the balance sheet. The YTD income should also tie to the income statement.	_____	_____



PAYROLL

- 1 Receive the payroll entries from the payroll company. Print the currency conversion rates as of the date the payroll was deducted from the Canadian payroll account. _____
- 2 Reconcile the beginning and ending balances of the Canadian payroll account to the trial balance. Check the beginning balance to the prior report to ensure all the activity in the account has been recorded. _____

TRIAL BALANCE REVIEW

- 1 After all the reconciliations are done for the month print a year to date trial balance from QuickBooks. Review the balances for any unusual items (there should not be any prepaid or accrued expenses, payables, or receivables listed on the trial balance). Trace the bank account, brokerage account, and payroll account reconciliations to the trial balance verifying that they match. _____