



Financial Policy

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Board Amended and Approved 13 June 2018

This document is subject to further changes.

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Release History

| Date | Version | Description |
|------------|---------|---|
| 2004-03-03 | 1.0 | First Board-approved policy. |
| 2005-03-08 | 1.1 | Amended by the Board: 8 March 2005 |
| 2008-02-27 | 1.2 | Amended by the Board: 27 February 2008 |
| 2009-06-16 | 1.3 | Amended by the Board: 16 June 2009 |
| 2009-12-01 | 1.4 | Amended by the Board: 1 December 2009 |
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| 2014-01-22 | 1.6 | Board Amended and Approved: 22 January 2014 |
| 2015-06-16 | 1.7 | Board Amended and Approved: 16 June 2015 |
| 2015-10-01 | 1.8 | Board Amended and Approved: 1 October 2015. Conversion to current template. |
| 2016-06-14 | 1.9 | Board Amended and Approved: 14 June 2016 |
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MIPI Alliance Financial Policy

Fiscal Year

MIPI Alliance fiscal year is 1 January through 31 December.

Budget

MIPI Alliance shall prepare an annual budget, which shall include a reasonable amount of written substantiation.

Membership Dues

The membership dues for the following fiscal year shall be determined and approved by the MIPI Alliance Board of Directors (“Board”) before the close of the current fiscal year. MIPI Alliance shall issue membership dues renewal invoices for the following year no later than 15 November of the current year.

Discounted Membership Dues

Member companies with revenue below certain thresholds are eligible for a discount on membership dues.

| Membership Level | Annual Revenue (US Dollars) | Discount on MIPI Membership Dues |
|------------------|-------------------------------|----------------------------------|
| All | Above \$250 Million | no discount available |
| Adopter | Under \$250 Million | 50% discount |
| Contributor | \$10 Million to \$250 Million | 50% discount |
| | Under \$10 Million | 75% discount |

As detailed below, member companies desiring the discount:

- Must specifically request the discount,
- Must initially substantiate that their revenue meets the requirements, and
- Must re-substantiate their revenue annually at membership renewal time.

Failure to timely substantiate qualifying revenue as detailed below will result in loss of the discount.

Requesting Membership Dues Discount

New Member: A new member company qualifying for a membership dues discount can request it when applying for membership via the online application form, subject to substantiation of company annual revenue (see below).

Existing Member: An existing member company qualifying for a membership dues discount can request it at any time by emailing admin@mipi.org. However after non-discounted membership dues have been paid for a given period, MIPI has no obligation to issue refunds to a member company that subsequently requests a discount for that period.

Renewing Member: MIPI will invoice renewing member companies for membership dues annually, at the same discount rate as received for the prior year, subject to re-substantiation of company annual revenue (see below). For example, a member company receiving a 50% discount for 2017 will also be invoiced at a 50% discount for 2018. Member companies are obligated to report to MIPI any annual revenue increase that would disqualify the company from receiving the discount, see Company Revenue Changes (below).

If a member company fails to provide substantiation of annual revenue by 31 October as required, MIPI will issue an invoice for the full membership dues amount (i.e., no discount applied).

33 **Substantiating Company Revenue**

34 A member company requesting a membership dues discount must substantiate company annual revenue by
35 providing fiscal year financial statements, including annual revenue of all Affiliates of the member company.

36 **New Member:** A new member company must provide the most recently available fiscal year financial
37 statements as of the date of application.

38 **Renewing Member:** A renewing member company must provide the most recently available fiscal year
39 financial statements as of 31 October.

40 **Company Revenue Changes**

41 If a member company receiving a membership dues discount ceases to qualify for that discount rate due to
42 an increase in company annual revenue, then the member company must immediately report the change in
43 writing to admin@mipi.org.

44 Examples:

- 45 • A member company receiving the 50% discount ceases to qualify for any discount when annual
46 revenue exceeds \$250 million.
- 47 • A Contributor member company receiving the 75% discount ceases to qualify for that discount
48 when annual revenue exceeds \$10 million. If the new annual revenue does not exceed \$250
49 million, then the member company can request the 50% discount (note that the company must
50 make this request, as MIPI does not automatically apply the discount).

51 In the event that MIPI discovers that a member company received (or has been invoiced for) a membership
52 dues discount for which its annual revenue did not (or does not currently) qualify, MIPI reserves the right to
53 adjust any such prior year (or current) membership dues invoice accordingly.

54 **Membership Year**

55 The membership year is identical to the MIPI Alliance fiscal year.

56 Except as otherwise provided in the MIPI bylaws with respect to former members reapplying for
57 membership, members that join during Q2 and Q3 will have their dues prorated on a quarterly basis based
58 on the first day of the quarter in which they sign the membership agreement. For example, a member that
59 signs the membership agreement on 5 July will be invoiced for Q3 and Q4.

60 Members who join after 1 October will have their dues prorated on a monthly basis, based on the first day of
61 the month in which they sign the membership agreement, and will be invoiced for the prorated monthly fees
62 and the subsequent year annual fee. For example, a member that signs the membership agreement on 2
63 December will be invoiced for December plus the following year.

64 Participation in MIPI membership activities will not commence until the membership dues are paid in full.

65 **Revenue and Income Recognition**

66 Membership dues revenue is recognized on a monthly basis during the applicable membership year.

67 **Terminations**

68 MIPI Alliance bylaws and membership agreements provide for membership termination. Upon termination,
69 outstanding invoices are immediately due and refunds of membership dues shall not be considered unless
70 explicitly granted by the Board in its sole discretion.

71 **Membership Dues Invoice Terms**

72 Standard terms for new membership dues invoices shall be Net 30 days. Standard terms for membership
73 renewal dues invoices shall be Net 60 days. The Board must approve alternate terms.

74 **Membership Roster**

75 The ISTO shall maintain the official membership roster of the organization. The most current version of this
76 roster shall be available via the MIPI Alliance members' website.

77 **Payments in Kind**

78 MIPI Alliance shall accept no payments in kind related to membership dues.

79 **Payments by Credit Card**

80 MIPI will charge a 3% processing fee for membership dues payment by credit card.

81 **Accounting**

82 The ISTO shall perform all accounting functions for the MIPI Alliance, under the direction of the Board and
83 its Treasurer. All ISTO finance staff shall be properly bonded.

84 **Payments to Members**

85 Where it makes sense, MIPI members are free to bid on the provision of goods or services to MIPI Alliance
86 Inc. MIPI Alliance and affected member companies shall make every effort to insure that such transactions
87 are established with arms-length, neutral considerations that provide the most efficient and optimal use of
88 MIPI Alliance funds. Participants may be selected as vendors only if they are the best candidates to supply
89 the service, without preference for any company's membership status.

90 **Dues Delinquent**

91 Each member will be responsible for payment of annual dues as set by the Board. The MIPI Alliance
92 Secretary will send out renewal invoices sixty (60) days prior to the membership due date of 1 January each
93 calendar year. A reminder notice for annual dues should be distributed to members who have not paid within
94 30 days of distribution of the initial renewal invoice. The Secretary will promptly send out a written notice
95 ("Dues Notice") to any member that has not paid its dues thirty (30) days after the invoice due date. A
96 member will be considered delinquent in its dues ("Dues Delinquent") if the Secretary does not receive the
97 required dues payment sixty (60) days after the invoice due date. MIPI Alliance shall send out a written notice
98 notifying the delinquent member that it has become Dues Delinquent, which notice shall state a final date
99 ("Final Date") of 1 April of the current renewal year. If the delinquent dues are not paid by 1 April of the
100 current renewal year, the membership of the Dues Delinquent member shall terminate without any further
101 action.

102 **Upgrades and Downgrades**

103 If a member upgrades their membership level, MIPI Alliance will allow that company to apply its previously
104 paid member dues toward the new membership dues for the year of upgrade. Members that upgrade during
105 the year will have their dues prorated based on the first day of the quarter in which their upgrade is effective.
106 Members who downgrade, or are terminated, are not eligible for any refund unless explicitly granted by the
107 Board in its sole discretion.

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