

WIRELESS POWER CONSORTIUM, INC. FINANCIAL REPORTING POLICY

This is the Financial Reporting Policy of the Wireless Power Consortium, Inc. ("WPC"). The Policy describes the content and frequency of reports provided by the Treasurer to the Board of Directors (also referred to as "Board" or "BOD"), Executive Director (or "ED"), and WPC Membership.

This Policy takes effect January 1, 2024, and remains in force until amended by the Executive Director and/or the Treasurer at the request of the WPC Board or the WPC Operational Review Committee.

1 Overview

The Treasurer has various responsibilities including, but not limited to:

- Preparing WPC's annual budget with the Executive Director
- Overseeing the financial operations of WPC:
 - Annual Membership renewal cycle and associated member fee revenue generation
 - Revenue generation from other sources – certification fees, member meeting fees, and other fees related to certain Member activities.
 - Vendor payment processing, processing of reimbursement requests and other payments or monetary transfers
 - Review of contracts and agreements in addition to ED and Legal counsel review when needed.
 - Maintaining the WPC balance sheet
 - Providing budgeting and financial data for Ecosystem and SWG business plan reviews
- Preparing monthly and quarterly financial reports and analysis
- Preparing and/or coordinating the completion of all compliance reporting such as US Form 1099 statements, US Form 990 Annual Tax Return and reports the District of Columbia may require.

The remainder of this document defines specific reporting provided by the Treasurer based on a monthly, quarterly or annual basis.

1 Monthly Reports

Finance provides the following monthly reports for review by the Board:

- Monthly Financial Reporting Package
- Monthly Financial Forecast & Variance Analysis
- Monthly Membership Metrics Update

1.1 Monthly Financial Reporting Package

The Financial Reporting Package is prepared at the close of each calendar month and includes Statements and Schedules typically included in the financial reporting of not-for-profit organizations. Example of Statements and Schedules are below. The Schedules may be revised as WPC's operations and organizational structure evolve.

- Month and Year-to-date Statement of Activities
- Rolling Twelve Months Statement of Activities
- (new) Monthly P&L Qi -SWG, HI-SWG
- Statement of Work Group expenses MTD
- Statement of Work Group expenses YTD
- Rolling Twelve Months Statement of Position
- Month and Year to Date Actual vs Budget
- Rolling Twelve Months Cash Flow Statement
- Actual vs Budget - General & Administrative
- Actual vs Budget - Quality
- Actual vs Budget - HI SWG
- Actual vs Budget - Operations & PMO
- Actual vs Budget - Member Meetings
- Actual vs Budget - Marketing Communications
- Actual vs Budget - Regulatory WG
- Actual vs Budget - Qi SWG
- Actual vs Budget - Information Technology
- AR Aging
- AP Aging

The P&L for each ecosystem will be defined by:

- Ecosystem direct expenses
- Allocated expenses by the WPC Member Services Organization (MSO)

The monthly Financial Reporting Package is provided as an exhibit to the BoD in its "Off Quarterly Cycle" meetings. The monthly Financial Reporting Package is thereafter posted on the WPC Website with the Approved Body meeting minutes.

1.2 Monthly Financial Forecast & Variance Report

A financial forecast and variance analysis report is prepared monthly. The report provides actual revenues and expenses as provided in the latest Monthly Financial Reporting Package and includes forecasted amounts for the remainder of the calendar year. Variance analysis, by definition, calculates the difference between BUDGET and the combination of ACTUALS (year to date) and the remaining FORECAST for the calendar year. The report highlights significant variances (Greater than +/-5% and +/-

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\$50,000) and includes a descriptive narrative of the variance and corrective action, if any, that should be taken. The ED, Treasurer, and SWG Chairs will meet to address negative variances and determine a "gap fill strategy" should the need arise in a given SWG. In detail:

- Treasurer first obtains forecasts from each of QI SWG Chair, HI SWG Chair, (Member Services Organization) MSO functional budget managers.
- Treasurer rolls-up the forecasts for each QI SWG, HI SWG, and MSO budget managers and assess variances.
- Treasurer provides the forecast vs. budget variance financial analysis to QI SWG, HI SWG and MSO budget managers
- Treasurer requests "gap fill action plan" for significant unfavorable variances from each of QI SWG, HI SWG and MSO budget managers.
- ED and Treasurer vet the full forecast to budget and "gap fill action plan" and approves the final variance analysis reports.
- The final variance analysis reports are published to QI SWG, HI SWG and MSO budget managers.
- Any significant unfavorable variance (which are unrecoverable) to 2024 budgets are escalated to the BoD, **which can include the ED proposing a 2024 intervention for re-plan.**

The ED and Treasurer are ultimately responsible for the financial health of ecosystem P&Ls and WPC as a whole. The Monthly Financial Forecast and Variance Analysis is provided to the Board of Directors and the SWG Chairs.

REPORTING:

The Executive Director provides an update of the Financial data KPI in the WPC Plan KPI Dashboard posted on the WPC website in the PMO reporting section monthly. KPI data is sourced from the Monthly Financial Forecast & Variance Analysis and highlights WPC's annual budget vs forecasted spending and the status of WPC's running above and below budget.

1.3 Monthly Membership Metrics Update

The Monthly Membership Metrics Update includes:

- 24-month rolling membership graph of Adopter, Regular and Total Members
- Counts in table format used for the 24-month graphic
- Regular member Ecosystem Member Counts as raw numbers and percentages.
- Graphs of HI Ecosystem regular members between HI as a primary member and participating in HI as a secondary ecosystem member

For 2024, the Monthly Membership Metrics Update is provided as an exhibit to the BoD in its "Off Quarterly Cycle "meetings. The Update is also available with the other Operational Reports posted by WPC's PMO to the members' website.

Commented [VB1]: See comments above.

2 Quarterly Reports

2.1 Regular Member Meeting Report

The Treasurer will provide the Membership a high-level summary of the Monthly Forecast and Variance Report. The report will be limited to P&L information for:

- Qi SWG ecosystem
- HI SWG ecosystem
- Aggregate for the WPC entity (WPC Inc.)

This Report will include a new set of ORC-approved graphs to communicate financial status.

Like all exhibits at Regular Member Meeting Opening Sessions, this Report will be posted on the WPC website with the Approved Minutes of the Opening session

3 Annual Reporting

Like all companies, WPC has a set of reports surrounding the financial results of the current year, financial planning for the next year, and statutory tax filing for the previous fiscal year. Specifically, WPC prepares the following annual reports, which are provided to the Board for review:

- Annual Budget for the next calendar year
- Annual Financial Report
- Annual US Tax Return

3.1 Annual Budget

The Treasurer will deliver a final Annual Budget for the next calendar year for WPC BoD approval (typically in the first week of December). Once approved, an overview of this budget is provided to all members at the Opening Session of the Regular Member Meeting of the new year, along with the approved WPC Annual Plan for the organization that the budget supports. Once approved, the Annual Budget can only be amended by Board approval.

Prior to the final Annual Budget, the Treasurer, ED, WPC staff, and Working Group Chairs draft and align preliminary plans along with revenue models and a range of proposals for WPC fees to support the requested Budget. The WPC Board reviews the preliminary planning package and provides feedback to the Treasurer and ED at an appropriate BoD meeting in July-September. This ensures that any change of Member Fees can be communicated to the Members before October 1st when Membership Renewal Notices are typically issued.

The specific steps for the development of the annual budget are as follows:

- KICK-OFF:

- ED proposes tops-down strategy and KPIs to the BoD for approval or change based on BoD feedback; this includes financials and non-financial metrics that are clear and measurable
- DEVELOPMENT:
 - ED and Treasurer request each Qi SWG Chair, HI SWG Chair, and MSO budget managers to provide a bottoms-up strategy, KPIs, and expenses; this includes direct expenses Qi SWG and HI SWG as well as MSO budget managers for allocated expenses
 - Treasure will fully allocate MSO expenses to each Qi SWG Chair and HI SWG Chair
 - ED and Treasurer will vet the Qi SWG and HI SWG business plans as well as the MSO KPIs and expenses
 - BoD will review and approve or amend the PRELIMINARY Qi SWG business plan, HI SWG business plan, KPIs for total WPC Inc as well as P&L for WPC Inc, HI SWG, HI SWG
- BoD FINAL APPROVAL
 - BoD will review and approve or amend the FINAL Qi SWG business plan, HI SWG business plan, KPIs for total WPC Inc, and P&L for WPC Inc, HI SWG, HI SWG.
 - The ED, Treasurer, Qi SWG Chair, HI SWG Chair, and MSO managers will integrate KPI in the WPC ANNUAL PLAN.

3.2 Annual Financial Report

Once all outstanding WPC accounts can be closed for December (the final month in the WPC fiscal year), the Treasurer can create the Annual Financial Report. This report is consistent with data provided in section 1.1 Monthly Financial Reporting Package. In addition, an executive summary will be provided to the Board, which will include P&L and financial variance information based on the format and reporting style of section 1.2 Monthly Financial Forecast and Variance Report.

3.3 Annual US Tax Return Filing

WPC is a Washington DC-based not-for-profit corporation and is required to file annual US federal tax returns. The Treasurer works with and provides detailed data to tax professionals, who then prepare a draft return. The return undergoes multiple reviews, ultimately leading to WPC BoD review and approval of the final return. Upon BoD approval, WPC's ED is able to sign off on the return, and it is filed electronically by the tax return preparers with the US Internal Revenue Service.