

**Society of Motion Picture and Television Engineers  
Finance/Administrative Operations Manual  
Version 2.4  
Approved by the Board of Governors 2019-06-24**

**Purpose and Scope**

*The purpose of this Operations Manual is to describe all the duties and responsibilities of the Executive Director and Staff of the Society. It also documents the procedures related to the financial administration of the Society. The primary audience of this Operations Manual is the Staff, the Officers, and the Board of Governors. The secondary audience is the members of the Society. The provisions of this manual shall not be inconsistent with the Bylaws.*

*Copies of this Operations Manual shall be made available to all Members in electronic form at no cost and, if requested, in printed form at cost.*

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## 1. Normative Text and Conformance Keywords

Normative Text is that which describes elements of this manual that are indispensable or which contains the conformance language keywords: "shall", "should", or "may".

Informative text is text that is potentially helpful to the user, but not indispensable, and can be removed, changed, or added editorially without affecting intent. Informative text does not contain any conformance keywords.

All text in this manual is, by default, normative, except any section explicitly labeled as "Informative" or individual paragraphs that start with "Note:".

The keywords "shall" and "shall not" indicate requirements strictly to be followed in order to conform to the document and from which no deviation is permitted.

The keywords, "should" and "should not" indicate that, among several possibilities, one is recommended as particularly suitable, without necessarily mentioning or excluding others; or that a certain course of action is preferred but not necessarily required; or that (in the negative form) a certain possibility or course of action is deprecated but not prohibited.

The keywords "may" and "need not" indicate courses of action permissible within the limits of the document.

The keyword "reserved" indicates a provision that is not defined at this time, shall not be used, and may be defined in the future.

The keyword "forbidden" indicates "reserved" and in addition indicates that the provision will never be defined in the future.

## 2. Executive Director

The Executive Director's function is to supervise and coordinate the operations of Society Home Office in accordance with Society Bylaws and the policies established by the Board of Governors as described in the Operations Manuals.

The Board of Governors shall appoint the Executive Director on such terms and conditions as the Board shall determine. The Executive Director may employ administrative, technical or other specialists to serve the Society. The Executive Director shall be responsible to the Board of Governors for the operation of the Home Office and such other offices as the Society may maintain, and shall be responsible to the Board for the supervision of the staff. The Human Resources Committee is responsible for reviewing the performance of the Executive Director in accordance with the [Governance Operations Manual](#).

### *2.1. Duties and Responsibilities*

The primary responsibility of the Executive Director shall be to organize and direct the Society Home Office staff in providing the services listed in this Operations Manual. Staff shall be

organized in such a manner as to provide most efficiently the services required for the maintenance and growth of the Society.

More specifically, the Executive Director shall carry out the management of the Society as described below.

### ***2.2. Board Administration and Support***

The Executive Director shall direct staff operations and administration in support of the volunteer governance organization by interfacing between Board and Staff, advising and informing Board members, as prescribed in the Society Bylaws and Operations Manuals, including but not limited to managing Board-level and Section-level elections and awards programs. Such efforts include, but are not limited, to

- Administering Society and Section elections, including preparation and distribution of ballots ([see Governance Operations Manual](#))
- Supporting awards and advancement activities in accordance with the [Governance Operations Manual](#)
- Providing support to Board and relevant committee meetings in accordance with the [Governance Operations Manual](#)
- Ensuring that adequate property and liability insurance policies are carried and maintained
- Retaining custody of the Society's records and seal

### ***2.3. Finance, Tax and Risk Management***

The Executive Director shall maintain the Society's accounts and shall support the work of the Finance Vice President as described in the [Governance Operations Manual](#). The Executive Director shall ensure compliance with applicable international laws and tax obligations in regard to operations outside of the United States.

Further description of financial responsibilities is called out in [Section 3](#) of this Operations Manual.

### ***2.4. Program, Product and Service Delivery***

The Executive Director shall oversee design, marketing, promotion, delivery and quality of SMPTE programs, products and services, including but not limited to Membership, Standards development and Educational services. Such efforts include, but are not limited, to

- Developing and growing Membership and related benefits that support individual and organizational needs (see Membership Operations Manual)

- Maintaining services to Standards Technology Committees (see Standards Operations Manual)
- Overseeing all business aspects related to the Society's Journal and other publications (see Education Operations Manual)
- Overseeing all business aspects related to the Society's digital library program
- Preparing, promoting, planning and/or managing the Society's conferences and symposia (see Education Operations Manual)
- Overseeing the business infrastructure to support marketing communications of the Society's portfolio of products and services
- Overseeing all business aspects related to the sales of advertising, sponsorship and exhibits for the Society's various events

### ***2.5. Public Relations and Marketing Communications***

The Executive Director shall ensure that the Society and its mission, programs, products and services are consistently presented to and recognized by relevant stakeholders with a strong, positive image. This also involves ensuring the continued relevance to the membership of existing programs and services, as well as exploring new services and programs to serve the membership and to develop new revenue sources. The Executive Director shall direct and conduct outreach to the public, academia, and the general media industry in a way that promotes the activities of the Society, while following approved policy of the Board. Such efforts include, but are not limited, to

- Authorizing publicity relating specifically to the Society's products and services
- Ensuring and enforcing correct use of the SMPTE brand, name and mark. The Society logo and usage policies are available at <https://www.smppte.org/about/logo>. See [Section 7.10](#) for detailed information on protection of the Society's corporate name and mark

### ***2.6. Relationships with External Organizations***

The Executive Director shall serve as the SMPTE representative on the IBC Partnership Board.

The Executive Director shall manage all business relationships with external organizations, but may delegate some or all responsibility for a specific business relationship to staff or Section Officers as required. Delegated responsibility may be withdrawn at the discretion of the Executive Director.

Examples of business relationships include, but are not limited to: co-promotion activities with other organizations, media and/or industry partnership arrangements, market research publishing arrangements, and so on.

Organizational relationships entered into and maintained for the development of Standards and other Engineering Documents shall be managed according to the policies and procedures defined in the Standards Operations Manual.

### ***2.7. Fundraising and Development***

The Executive Director shall oversee fundraising planning and implementation, including identifying resource requirements, researching funding sources, establishing strategies to approach funders, submitting proposals and administering fundraising records and documentation.

### ***2.8. Human Resource Management***

The Executive Director shall manage the Staff according to authorized personnel policies and procedures, which shall conform fully to applicable employment laws and regulations. Such efforts include, but are not limited, to

- Recruiting, hiring, and overseeing training and development of all staff, including professional and administrative.
- Establishing salary ranges for all staff positions
- Defining policies governing benefits, vacations, holidays and sickness leave
- Conducting annual performance and salary reviews with the department heads and/or employees
- Carrying and maintaining adequate property and liability insurance policies, and Workmen's Compensation coverage for the Society's employees

### ***2.9. Facilities Management***

The Executive Director shall direct maintenance and improvements, as necessary, of the Home Office facility and the supporting infrastructure system for publications, communications, IT and staff operations.

## **3. Accounts**

The funds of the Society shall be distributed among accounts of several types, as defined below.

### ***3.1. General and Operating Accounts***

#### ***3.1.1. Purpose***

Society funds intended for current operations shall be maintained in two accounts, which shall be checking accounts or savings accounts at the discretion of the Executive Director. These shall serve as unrestricted operating accounts to fund day-to-day operations of the Society.

*3.1.2. Guidelines*

- a) All accounts shall be deposited in financial institutions that the Executive Director has determined to be ranked highly in capital adequacy, asset quality, profitability and liquidity. If feasible, the financial institution used shall be rated four stars or higher by Bankrate.com, - Bauer Financial or similar financial rating service.
- b) All accounts shall be federally insured. The Executive Director shall monitor account balances to ensure that insurance limits are not exceeded on any account.
- c) Disbursement from these accounts shall be made only upon the signatures of two of the following: the Controller, the Executive Director, or a Staff Member, designated by the Executive Director.

**3.2. Petty Cash Fund**

*3.2.1. Purpose*

The Petty Cash Fund is intended to provide cash sufficient to cover minor expenditures. The use of petty cash funds should be limited to reimbursement of staff members and visitors for small expenses, generally not to exceed \$50, such as taxi fares, postage, office supplies, etc. Wherever possible, a credit card or check should be used instead of petty cash.

*3.2.2. Guidelines*

- a) Petty cash funds on hand shall be between \$50 and \$400.
- b) Petty cash funds shall not be used as an operating fund (e.g., petty cash funds shall not be used to pay invoices for goods or services, to pay salaries or wages or to make advances or loans).
- c) The Controller is assigned responsibility as custodian of the fund.
- d) The Controller shall maintain a Petty Cash Log including receipts for each disbursement. All disbursements should state business purpose, reimbursee and date.
- e) The Petty Cash Log shall be complete – petty cash on-hand plus receipts should always equal the original petty cash fund.
- f) The Controller shall replenish the fund when cash balance is low.
- g) Prior to replenishing the fund, the controller shall make sure that cash on-hand plus receipts equals the original balance of the fund.
- h) The Executive Director or their designee shall approve the replenishment request.
- i) The Controller shall be responsible for safeguarding petty cash funds and maintaining receipts and detail records to support all transactions.
- j) The Executive Director shall perform unannounced petty cash audits at least annually.
- k) Petty cash funds shall be maintained in a secure area such as a locked drawer or small safe.

### ***3.3. US-based Section Operating Accounts***

#### *3.3.1. Purpose*

In order to support efficient operations of US-based Sections, the Society may maintain an operating account for each active US-based Section in financial institutions located within the United States. These accounts shall be managed by the Sections with Home Office staff oversight. It shall be clear that any funds managed by a Section are ultimately the property of the Society.

#### *3.3.2. Guidelines*

- a) All accounts shall be deposited in financial institutions that the Executive Director has determined to be ranked highly in capital adequacy, asset quality, profitability and liquidity. If feasible, the financial institutions used shall be rated four stars or higher by Bankrate.com, Bauer Financial, or similar financial rating agency.
- b) All accounts shall be federally insured. The Executive Director shall monitor account balances to ensure that insurance limits are not exceeded on any account.
- c) Account balances generally should not exceed an amount equal to projected operations for a period of 12 months, or other greater amount and/or period as agreed and confirmed by the Executive Director.
- d) Funds in excess of the above target may be maintained in a separate account but shall be allocated as a portion of the Reserve Fund and managed in accordance with the guidelines in [Section 3.6](#) below.
- e) Disbursements from the accounts shall follow procedures outlined in [Section 3.6](#) of this Operations Manual.
- f) Bank Statements including records of all transactions for each US-based Section Operating Account shall be provided to the Executive Director, Section Chair and Section Secretary-Treasurer monthly. Bank records shall be available to the accountant/comptroller at the Home Office for ongoing monitoring of transactions.
- g) Fund Transfers from a US-based Section Operating Account to the General and Operating Accounts defined in [Section 3.1](#) above shall be made only with approval of the Executive Committee and after consultation with the Section Chair and/or Section Secretary/Treasurer.
- h) Reports on US-based Section Operating Account balances shall be included in each regular report of the Finance Vice President to the Board of Governors, and in the annual financial audit.
- i) A US-based Section Operating Account that the Executive Committee has determined to be no longer necessary shall be closed promptly, with all remaining funds transferred to the US General and Operating Accounts.

### ***3.4. Non-US Home Office Operating Account***

#### *3.4.1. Purpose*

In order to support efficient operations of programs outside the United States, or to comply with local laws and regulations, the Society may maintain operating accounts in financial institutions located outside of the United States, with funds denominated in currency other than US dollars. The Home Office staff, under the direction of the Executive Director, shall manage these accounts.

#### *3.4.2. Guidelines*

- a) In order to open a Non-US Operating Account, the Executive Director shall propose specific recommendations to the Executive Committee, including reasons for the account, recommended financial institution, fees, expenses, interest rates, currency to be used and projected operations budget.
- b) Executive Committee approval of the specific recommendations shall be required prior to a Non-US account being established.
- c) Accounts shall be established only with financial institutions that the Executive Director has determined to be ranked highly in capital adequacy, asset quality, profitability and liquidity.
- d) Non-US Operating Account balances generally should not exceed an amount equal to projected operations for a period of 12 months, or other greater amount and/or period as agreed and confirmed by the Executive Director.
- e) Funds in excess of the above target may be maintained in a separate Non-US account, denominated in currency other than US dollars, but shall be allocated as a portion of the Reserve Fund and managed in accordance with the guidelines in [Section 3.6](#) below.
- f) Disbursement from a Non-US Operating Account for non-Section activities, such as a Conference that the Home Office produces outside the US, shall be made only upon the signatures of two of the following: the Controller, the Executive Director or their designee.
- g) Fund Transfers to or from a Non-US Home Office Operating Account to the General and Operating Accounts defined in [Section 3.1](#) above shall be made only with Executive Committee approval.
- h) Reports on Non-US Operating Account balances shall be included in each regular report of the Finance Vice President to the Board of Governors, and in the annual financial audit.
- i) A Non-US Operating Account that the Executive Committee has determined to be no longer necessary shall be closed promptly, with all remaining funds transferred to the US General and Operating Accounts.

### ***3.5. Non-US Section Operating Accounts***

#### *3.5.1. Purpose*

In order to support efficient operations of Non-US Sections, or to comply with local laws and regulations, the Society, through its Sections, may maintain operating accounts in financial institutions located outside of the United States, with funds denominated in currency other than US dollars. The local Sections shall manage these accounts, unless the Executive Director, in consultation with the Executive Committee, deems it advisable due to local laws or regulations to engage a third party agent to administer the Section's finances. In either case there shall be Home Office Staff oversight of the operating accounts. It shall be clear that any funds managed by a Section are ultimately the property of the Society.

#### *3.5.2. Guidelines*

- a) In order to open a Non-US Section Operating Account, the Executive Director shall propose specific recommendations to the Executive Committee, including reasons for the account, recommended financial institution, fees, expenses, interest rates, currency to be used and projected operations budget. These recommendations may be initiated by and shall be developed in consultation with the officers and Managers of the Section(s) involved.
- b) Executive Committee approval of the specific recommendations shall be required prior to a Non-US account being established.
- c) Accounts shall be established only with financial institutions that the Executive Director has determined, with the advice of the Section Chair and/or Section Secretary/Treasurer, to be ranked highly in capital adequacy, asset quality, profitability and liquidity.
- d) Non-US Operating Account balances generally should not exceed an amount equal to projected Section operations for a period of 12 months, or other greater amount and/or period as agreed and confirmed by the Executive Director.
- e) Funds in excess of the above target may be maintained in a separate Non-US account, denominated in currency other than US dollars, but shall be allocated as a portion of the Reserve Fund and managed in accordance with the guidelines in [Section 3.6](#) below.
- f) Disbursements from the accounts shall follow procedures outlined in [Section 3.6](#) of this Operations Manual.
- g) Bank Statements including records of all transactions for each Non-US Section Operating Account shall be provided to the Executive Director, Section Chair and Section Secretary-Treasurer monthly. Bank records shall be available to the accountant/comptroller at the Home Office for ongoing monitoring of transactions.
- h) Fund Transfers from a Non-US Section Operating Account to the General and Operating Accounts defined in [Section 3.1](#) above shall be made only with

Executive Committee approval and after consultation with the Section Chair and/or Secretary/Treasurer.

- i) Reports on Non-US Section Operating Account balances shall be included in each regular report of the Finance Vice President to the Board of Governors, and in the annual financial audit.
- j) A Non-US Section Operating Account that the Executive Committee has determined to be no longer necessary shall be closed promptly, with all remaining funds transferred to the US General and Operating Accounts.

### **3.6. Reserve Fund**

#### *3.6.1. Definitions and Goals*

The Board of Governors shall define a designated fund, called the Reserve Fund. The Reserve Fund serves a dynamic role and shall be reviewed and adjusted in response to internal and external changes. Responsibility for the Reserve Fund is defined in the [Governance Operations Manual](#).

The Reserve Fund encompasses all accounts established for this purpose, including those reserve accounts defined in [Sections 3.3.2d](#), [3.4.2e](#) and [3.5.2e](#).

#### *3.6.2. Purpose*

The purpose of the Reserve Fund is to ensure the stability of the mission, programs, employment, and ongoing operations of the Society. The Reserve Fund is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. The Reserve Fund may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as Staff development, research and development, or investment in infrastructure.

The Reserve Fund is not intended to provide cash flow to take the place of a revenue stream that has been lost, or eliminate an ongoing budget gap.

It is the intention of the Society for the Reserve Fund to be used and replenished within a reasonably short period of time. The Reserve Fund policy shall be implemented in concert with the other governance and financial policies of the Society and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

#### *3.6.3. Size of reserves*

The target Reserve Fund balance shall be equal to at least twelve months of operating costs, based on an average of the actual expenses of the prior three years. Depreciation, in-kind, and other non-cash expenses are not included in the calculation. The amount of the Reserve Fund

target shall be calculated each year after approval of the annual budget, reported to the Board of Governors, and included in the regular financial reports.

#### *3.6.4. Funding of Reserves*

The Reserve Fund shall be funded with surplus unrestricted operating funds. In addition, the Board of Governors may from time to time direct that a specific source of revenue be set aside for the Reserve Fund. Examples may include one-time gifts or bequests, special grants, or special appeals.

#### *3.6.5. Use of Reserves*

Use of the Reserve Fund requires three steps:

##### *1) Identification of appropriate use of reserve funds*

The Board of Governors and/or the Executive Director shall identify the need for access to the Reserve Fund and confirm that the use is consistent with the purpose of the reserves as described in this Policy. The Executive Director shall provide analysis of the reason for the shortfall, the availability of any other sources of funds before using the Reserve Fund, and evaluate the time period that the funds will be required and replenished. The Society's goal shall be to replenish the funds used within eighteen months and to restore the Reserve Fund to the target minimum amount.

##### *2) Authority to use operating reserves*

The Executive Director shall submit a request to access the Reserve Fund to the Executive Committee. The request shall include the analysis and determination of the use of funds and plans for replenishment. The Executive Committee shall approve or modify the request and, if approved, shall recommend the request to the Board of Governors, who must approve the use of the Reserve Fund by majority of the Consensus Body.

##### *3) Reporting and monitoring*

The Executive Director shall be responsible for ensuring that the Reserve Fund is maintained and used only as described in the Investment Policy defined in [Section 4](#) of this Operations Manual.

Upon approval for the use of the Reserve Fund, the Executive Director shall maintain records of the use of funds and plan for replenishment. The Executive Director shall provide regular reports to the Board of Directors of progress to restore the fund to the target minimum amount.

#### *3.6.6. Excess Funds*

When the Reserve Fund's target balance is exceeded, the Finance Vice President shall recommend to the Board of Governors whether or not the excess funds should be transferred to the Operating Fund, Education Fund or other Restricted Fund. Board approval shall be required for the transfer of excess Reserve Funds.

### *3.6.7. Reporting*

The use of the Reserve Fund and current balance shall be included in each regular report of the Finance Vice President to the Board of Governors, and in the annual financial audit.

### *3.6.8. Investment of the Reserve Fund*

The Reserve Fund shall be invested according to the Society's Investment Policy as defined in [Section 5](#) of this Operations Manual.

### *3.6.9. Review of Reserve Fund Policy*

This Policy shall be reviewed every year, at minimum, by the Financial Advisory Committee, or more often if warranted by internal or external events or changes. The Financial Advisory Committee may propose changes to the Reserve Fund Policy. Changes shall be submitted to the Executive Committee for review and then submitted to the Board of Governors for approval.

## **3.7. Education Fund**

### *3.7.1. Purpose*

The Education Fund is a Designated Restricted Fund. The purpose of the Education Fund is to provide financial resources for educational projects specifically geared to students and SMPTE members in the beginning of their careers, as defined by the Education Operations Manual.

### *3.7.2. Funding*

The Education Fund may be funded with surplus from the Reserve Fund, unrestricted operating funds or through donations. In addition, the Board of Governors may from time to time direct that a specific source of revenue be set aside for the Education Fund. Examples may include one-time gifts or bequests, special grants, or special appeals.

### *3.7.3. Use of the Education Fund*

Any SMPTE Board member, Director, Section officer or the Executive Director may put forward a request to the Executive Committee to access the Education Fund. The proposal shall include:

- a) Specific proposed use of funds
- b) Intended beneficiaries
- c) Project organization and management, including accountable project owner
- d) Project duration and key milestones
- e) Expected outcome and success measures

The Executive Committee shall approve, deny or modify the request. If the request is denied, the requestor shall be so notified. If the request is modified, the requestor shall be so notified and shall have the opportunity to review the modified request and respond. If the request is approved, the Executive Committee shall forward the request to the Board of Governors, whose approval shall be required for the proposed use of the Education Fund.

In making its disposition of the request, the Executive Committee shall be mindful of the provisions of Section 501 c 3 of the US Internal Revenue Code and other applicable laws or

regulations regarding the permitted uses of such funds.

#### *3.7.4. Scholarships*

The Education Fund shall be the source of funds for Scholarships.

#### *3.7.5. Reporting*

The use and current balance of the Education Fund shall be included in each regular report of the Finance Vice President to the Board of Governors, and in the annual financial audit.

### **3.8. Other Restricted Funds**

#### *3.8.1. Purpose*

From time to time, the Board of Governors may elect to allocate funds to be used for a specific project. Examples of such projects include improving IT infrastructure, launch of a new professional development program or an acquisition. Funding allocated for such projects shall be designated as a Restricted Fund.

#### *3.8.2. Funding*

The Restricted Funds may be funded with surplus from the Reserve Fund or unrestricted operating funds. In addition, the Board of Governors may from time to time direct that a specific source of revenue be set aside for the Restricted Fund. Examples may include one-time gifts or bequests, special grants, or special appeals.

#### *3.8.3. Use of the Restricted Fund*

The Restricted Funds shall be used only as the Board of Governors specifically directs.

#### *3.8.4. Reporting*

The use and current balance of the Restricted Funds shall be included in each regular report of the Finance Vice President to the Board of Governors, and in the annual financial audit.

## **4. Section Account Signatories**

To promote auditability and protect against misuse, disbursements against Section-operated funds should require two signoffs per disbursement. The Society recognizes that some Sections will operate with officers who are geographically dispersed. For this reason, Home Office may approve a single-signatory regime, but this should not be taken to be normal operating procedures or desirable.

#### *4.1. Responsible Signatories*

Disbursement from a Section Operating Account shall require authorization by two approved signatories, except as provided in [Section 4.5](#). Signatories to such an account should include

- Section Chair

- Section Secretary/Treasurer
- Immediate past Chair and may include
- Current Section Manager who has served as Chair, Secretary/Treasurer or Governor
- Current Section Manager who has served at least two terms
- Other Section officer or SMPTE member as approved by the Executive Committee

#### *4.2. Number of Signatories*

The number of active and available signatories shall at all times be maintained to be at least one more than the number of authorizations required to operate the account.

#### *4.3. Account Management*

Account management may be conducted through use of two electronic authorizations per disbursement, entered either concurrently or sequentially, or by presence of two physical signatures per disbursement and where it can be demonstrated that the two authorizations could not have been made by the same person

#### *4.4. Signatories*

Where it can be demonstrated that a two-authorization regime is not possible or practical, the Executive Committee may approve creation of accounts that require a single signatory to operate.

#### *4.5. Single-Authorized Signatory*

Where an account requires only a single signatory, disbursements shall be

- a) preapproved by the Executive Director, or
- b) preapproved by two signoffs at a Section level, ensuring a physical or electronic audit trail to document the approval before a disbursement is made, or
- c) approved using a process documented and agreed with Home Office, such process to be reviewed no less frequently than annually.

## **5. Investment Policy**

### ***5.1. Purpose of Investment Policy***

The purposes of the following investment guidelines, which are to be reviewed annually by the Financial Advisory Committee, are to:

- Establish clear, reasonable and definable investment objectives, policies, guidelines and eligible securities relating to any investments owned or controlled by the organization and any of its subsidiary organizations.
- Identify the criteria against which the investment performance of the Society's investments will be measured.
- Communicate the above to the Board, staff, investment managers, and funding sources that may have involvement.

- Serve as a review document to guide the ongoing oversight of the management of the organizations' investments.

The investment policy shall be applied to all Society funds except General and Operating Accounts.

### ***5.2. Investment Objectives***

The investment objective for the Reserve Fund shall be as follows:

The Reserve Fund concentrates on a short to intermediate term portfolio of FDIC insured, brokered CDs that ensure the safety of principal as its primary objective. Capital appreciation is a secondary objective.

### ***5.3. Investment Guidelines***

The Fund must invest at least 80% or more of its total assets in FDIC insured, brokered CDs. The Fund may invest up to 20% in other fixed income or equity asset classes. The fund may not hold more than 10% in non-US investments.

#### ***5.3.1. Asset Allocation***

The investment portfolio shall be reviewed at least annually by the Financial Advisory Committee and allocated based on market conditions as follows:

- a) FDIC-insured interest bearing savings account(s) for potential short term needs.
- b) A rolling ladder of CDs shall be structured to ensure adequate liquidity in any given year.
- c) Multi-year (e.g., 1-10 year) FDIC-insured CD ladder for preservation of capital.

#### ***5.3.2. Fixed Income Guidelines***

The minimum criteria for non-FDIC fixed income investments shall be as follows:

- a) Par Value of the issue: \$100 million
- b) Quality of Issue: Rated AA or higher by Standard & Poor's, Aa2 or higher by Moody's or an equivalent rating by another qualified rating service.
- c) Maturity Guidelines: No single maturity may be longer than 15 years, with the average maturity of fixed income investments not exceeding 5 years.

The minimum criteria for FDIC CDs shall be:

- d) Each CD shall have an IDC rating of 200 or higher at time of purchase.
- e) No one concentration of CDs invested in banks shall exceed FDIC coverage limits.

### 5.3.3. *Prohibited Investments*

The Board of Governors shall not make investments in any organization where an officer of that organization is also a member of the Board of Governors. If an officer of an organization in which the Society has an investment is subsequently elected to the Board of Governors, then:

- a) The Board of Governors shall act to ensure that no conflict of interest is allowed to persist
- b) The Board of Governors shall determine if the Board Member is able to materially influence the performance of the investment
- c) The Board Member shall recuse himself or herself from any decision process related to the investment
- d) The Board may determine to divest the investment or request the elected Board Member to resign

The portfolio may include investment in organizations with which SMPTE has business or sponsorship relationships, so long as such investments are determined by the Board of Governors to be in compliance with the SMPTE investment policy and objectives.

### 5.4. *Performance Measurement Standards*

The benchmarks to be used in evaluating the performance of the two main asset classes will be:

- **Equities:** *S&P 500 Index*
- **Fixed Income:** *Lehman Brothers Government/Corporate Index*

## 6. Sources of Income

The Society may derive income from a variety of sources that are in alignment with its stated mission. Major forms of revenue include, but are not limited to, membership dues, standards participation fees, sale of various products, and conference fees. Additionally, the Society may accept donations and bequests as noted in [Section 6.1](#) below.

### 6.1. *Donations/Giving/Bequests*

Members and Non-members, including estate trusts, are encouraged to make donations to SMPTE. These donations may be to designated funds, e.g., the Education Fund, or as part of an estate planning effort.

## 7. Review and Oversight

As outlined in the [Governance Operations Manual](#), there shall be a Financial Advisory Committee, appointed by the President, under the chair of the Finance Vice President. The Financial Advisory Committee shall recommend plans and policies relative to the Society's long

range financial needs. This committee studies such matters as requirements for long-range investment, income retained for working capital and contingencies, and long-range budgeting.

The responsibility of the Financial Advisory Committee shall be to review regularly the performance of the investment account, fees and management expenses, and investment policy guidelines, and report to the Board of Directors at least annually with updates and recommendations as needed. Key occurrences, which could result in Investment Policy modification, include, but are not limited to:

- Impractical time horizons
- Changes in the operating environment or objectives and priorities
- Issues found to be important, but not covered by the Investment Policy
- Long-term changes in market trends, economic conditions, or investment opportunities that are materially different from those used to set the Investment Policy

### ***7.1. Fiscal Year***

The Society shall maintain a fiscal year which is equivalent to the Calendar Year (1 January to 31 December)

### ***7.2. Budget***

The Finance Vice President and the Executive Director shall prepare an annual budget containing best estimate of income and expenditures for the ensuing fiscal year. The Executive Committee shall review the annual budget and then the Finance Vice President shall present the annual budget to the Board of Governors for consideration for adoption at its final annual meeting, no later than October.

In order to ensure the financial well-being of the Society, as a general rule the total annual expense budget should be held to not more than 90 percent of the total anticipated income.

The Executive Director, in consultation with the Finance Vice President, shall prepare figures and charts of the proposed budget showing the performance of the Society over a period of two years, including previous year actuals and current year forecast. These figures shall be compared with the figures for the proposed budget for the following year. The Finance Vice President shall submit these figures and charts to the Executive Committee and Board of Governors as part of the presentation of the annual budget.

### ***7.3. Auditing***

A Certified Public Accountant who is qualified to perform audits shall audit the Society's financial accounts. The audit shall be performed annually, and at such other times as the Board of Governors or Executive Committee may direct. The Auditor's report, including audited

statements and the auditor's notes, shall be presented to the Audit Committee for its approval. Upon Audit Committee approval, the report shall be submitted to the Board for its review and approval.

#### **7.4. Reporting**

When presenting recurring financial statements of the Society to the Board of Governors, normal practice shall be to provide comparable statements covering corresponding periods of the previous fiscal year.

##### *7.4.1. Finance Vice President's Report*

The Finance Vice President, assisted by the Executive Director, shall prepare and present to the Board of Governors at each Board meeting a report showing the cash and investment position of the Society as of the last day of the month where actual financials are being reported.

##### *7.4.2. Statement of Operations*

In order to assist the Finance Vice President in the duties outlined in the [Governance Operations Manual](#), the Executive Director shall prepare a monthly statement of operations showing the financial status of the principal operations of the Society for the month, and also the cumulative financial status of these operations since the start of the current year. Every effort shall be made to present this statement of operations in a form that gives a ready and accurate financial picture of the operations, in order that it may most serve usefully as a tool to assist in the efficient management of the Society's affairs.

Starting in July, the Executive Director shall prepare a year-end forecast based upon the fiscal-year actual operations to date and upon planned and estimated operations for the remainder of the year. Corresponding figures for the currently approved budget also shall be shown for comparison.

This report, by anticipating as accurately as possible in advance the Society's financial position at year end, serves to determine whether planned services need be curtailed or can be expanded. It also assists in the preparation of the budget for the following year.

##### *7.4.3. Balance Sheet*

The Finance Vice President, assisted by the Executive Director, shall prepare and present to the Board of Governors at each Board meeting a balance sheet setting forth the assets, liabilities and retained income of the Society as of the month where actual financials are being reported.

##### *7.4.4. Conference Statements*

As early as possible after each Conference, the Executive Director shall prepare and present to the Board of Governors a financial statement detailing income and expenses incident to the various conference operations.

### ***7.5. Credit Policies***

Upon the authority of the Executive Director, the Society may set policies for accepting credit from agencies or firms for such items as exhibit spaces, publication subscriptions, and advertising.

In the event that the agency or firm's account associated with the credit agreement must be placed with a third party collector, the outside agency shall be responsible for all associated costs, including any and all reasonable attorney's fees, and court costs. If needed, SMPTE is authorized to investigate the requesting organization's credit history and bank references in order to facilitate the extension of credit.

### ***7.6. Contract Approval Authority***

The Board has responsibility for the Society's budget. Once the operational and capital budgets are approved, the Board does not need to provide additional approvals for budgeted expenses, which are the responsibility of the Executive Director.

The Executive Director is the only signature authority. The Executive director may delegate authority to execute specific contracts to appropriate members of the staff. Board members, Board Officers and Section Officers are not authorized to sign contracts except as specified in [Section 7.6.1](#) below.

The Executive Director shall not execute contracts that obligate the Society to actual or potential liabilities in excess of US\$100,000 without prior consultation with the Finance Vice President or other officer as designated by the President.

Any expenditure of material value which is outside the budget shall require Board approval. The Executive Committee is not authorized to make such decisions on behalf of the Board except under emergency circumstances.

#### ***7.6.1. Section Contract Approval Authority***

The Society recognizes that Sections should have the ability to transact business to a limited degree for such things as catering, room rental, and occasional small Section events.

Sections must follow the budget rules as outlined in the Membership Operations Manual. Signing authority for a Section Officer is limited to US\$2500 per contract.

Any contract where the total expenses and obligations exceed US \$2,500 shall require approval by Home Office. SMPTE Home Office will enter into the contract on behalf of the Section.

If a Section officer is unsure about terms, he/she should consult with the Home Office for business, legal or financial analysis and advice. If the Home Office believes that outside legal advice is required, the Home Office shall bear the legal expenses.

### **7.7. Insurance**

The Society shall carry such insurance coverage as the Board of Governors may deem prudent and reasonable in the light of the Society's operations and activities. The Executive Director shall from time to time review the coverage of the Society and shall recommend to the Executive Committee such additional coverage or changes in existing coverage as may appear warranted.

The Executive Director shall ensure that adequate insurance policies are carried for directors and officers, property and liability, and that Workmen's Compensation coverage is maintained for Staff.

### **7.8. Tax Status**

#### *7.8.1. Federal Income*

a) By letter dated November 4, 1937, from the then Acting Deputy Commissioner of Internal Revenue, the Society was ruled to be exempt from federal income taxes pursuant to Sec. 101(7) of the Revenue Act of 1936. (This provision of the 1936 Revenue Act corresponds with Sec. 501(c)(6) of the Internal Revenue Code of 1954.)

(b) By letter dated November 4, 1963, from the Chief of the Exempt Organizations Branch of the Internal Revenue Service, the Society was found to have been organized and operated exclusively for scientific purposes and was therefore ruled to be exempt from federal income taxes under Sec. 501(c)(3) of the Internal Revenue Code of 1954.

### **7.9. Postage Rates for the Journal**

In August 1952, the United States Postmaster General, on application by this Society, admitted the Journal to the mails at special postage rates prescribed by Postal Laws and Regulations for "Scientific" organizations not organized for profit, none of the net income of which inures to the benefit of any private stockholder or individual.

### **7.10. Protection of the Society's Corporate Name and Mark**

Members of the Society are encouraged to identify themselves with reference to their status as members. However, in no case should the identification be used in a context which implies that the Society condones, approves, or is in any way connected with the business ventures of members or with television, motion picture or other apparatus designed, produced or sold by them. For example, Sustaining Members may not represent their status as a Sustaining Member of the Society in product advertising where the use might create the impression that the Society certified, endorsed, or otherwise approved the products of such Sustaining Member. The Board believes it is incumbent upon all members to protect the good name and reputation of the Society, and it therefore requests that members report uses of the Society's name that come to their attention which they believe warrant investigation by the Society. As in the case of the

Society's mark, the Board will prosecute any person using the Society's name in the manner that is inconsistent with this statement or with its purpose and intent.

The corporate mark is the sole and exclusive property of the Society. No member or non-member may therefore use or appropriate such mark without the prior written consent of the Society. In no event shall the Board of Governors ever permit the mark to be used to identify or connect the Society with activities that might adversely reflect upon the Society's scientific status. Members are encouraged to report to the Executive Director any uses of the Society's mark which appear inconsistent with this policy or its purposes. The Society shall prosecute vigorously any person who uses the mark without the approval required by this policy statement.

The Society logo and usage policies are available at <https://www.smpete.org/about/logo>.

## **8. Joint Venture Policy**

In compliance with Internal Revenue Service guidelines for approval and management of any joint venture entered into by the Society the following guidelines shall apply.

### ***8.1. Activities Subject to this Policy***

For the purposes of this policy, the term "Joint Venture" is defined as any arrangement, including contractual or more formal arrangements undertaken through a limited liability company, partnership, or other entity, through which SMPTE and another entity jointly undertake any activity or business venture, or otherwise agree to joint ownership of any asset. A Joint Venture may include both taxable and tax-exempt activities. A Joint Venture does not include activities and relationships undertaken jointly with other Standards Development Organizations relating to the reference to or use of SMPTE standards.

### ***8.2. Approval and Management of Joint Activities***

Before making any decision to participate in a Joint Venture, the Executive Committee shall ensure that the Joint Venture furthers SMPTE's exempt purposes. The Executive Director shall negotiate at arm's length contractual and other terms of participation that safeguard SMPTE's exemption from federal income tax. Such terms shall be in writing in the operating agreement of the Joint Venture and shall include the following minimum requirements:

- With respect to any whole joint venture (that is, a joint venture in which SMPTE contributes substantially of its assets to the enterprise), SMPTE shall maintain control over the Joint Venture through fifty-one percent (51%) or more of the voting rights and/or veto power;
- With respect to any ancillary joint venture (that is, a joint venture to which a portion of SMPTE's resources are contributed), SMPTE would, at a minimum, maintain sole control over the tax-exempt aspects of the Joint Venture and would have voting and

ownership interests in the Joint Venture that are consistent with SMPTE's capital contributions;

- A requirement that any subsequent contract with SMPTE's partner in the Joint Venture be negotiated at arm's length and for fair market value;
- A requirement that the Joint Venture give priority to SMPTE's tax-exempt purposes over maximization of profit for the participants of the Joint Venture; and
- A prohibition on activities that would jeopardize SMPTE's tax-exempt status.

Where there is any question as to whether a particular Joint Venture being proposed may pose a risk to SMPTE's tax-exempt status, or whether a proposed Joint Venture poses any antitrust or other legal risk, the decision to enter into such Joint Venture will be made only in consultation with legal and/or tax counsel.

Board of Governors approval shall be required for all Joint Ventures.

## 9. Compensation Policy

In compliance with Internal Revenue Service guidelines for approval of Executive Director compensation, the Board of Directors shall follow the following review and approval guidelines. The Human Resources committee, as defined in the [Governance Operations Manual](#), shall review industry best practices and comparability data to determine the compensation of the Executive Director. This comparability data will demonstrate the fair market value of the compensation in question. Executive Committee and Board of Governors approval shall be required for Executive Director compensation.

The Executive Director shall determine all other staff compensation, consulting industry best practices and data. Additional details on staff procedures can be found in the Staff Handbook.

## 10. Policies

### *10.1. Document Retention Policy*

The Society acknowledges its responsibility to preserve information relating to litigation, audits and investigations. The Sarbanes-Oxley Act of July 30, 2002 makes it a crime to alter, cover up, falsify or destroy any document to prevent its use in an official proceeding. Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against SMPTE and its employees and possible disciplinary action against responsible individuals (up to and including termination of employment).

There is a separate document retention policy for Standards Development, which is defined in the Standards Operations Manual.

SMPTE's minimum, mandatory document retention and periodic destruction policy is as follows:

<b>Type of Document</b>	<b>Minimum Requirement</b>
Accounts payable ledgers and schedules	7 years
Audit reports	Permanently
Bank Reconciliations	2 years
Bank statements	3 years
Checks (for important payments and purchases)	Permanently
Contracts, mortgages, notes and leases (expired)	7 years
Contracts (still in effect)	Permanently
Correspondence (general) (both written & Electronic)	2 years
Correspondence (legal and important matters) (both written & Electronic)	Permanently
Correspondence (with customers and vendors) (both written & Electronic)	2 years
Deeds, mortgages, and bills of sale	Permanently
Depreciation Schedules	Permanently
Duplicate deposit slips	2 years
Employment applications	3 years
Expense Analyses/expense distribution schedules	7 years
Year End Financial Statements	Permanently
Insurance Policies (expired)	3 years

Insurance records, current accident reports, claims, policies, etc.	Permanently
Internal audit reports	3 years
Inventories of products, materials, and supplies	7 years
Invoices (to customers, from vendors)	7 years
Minute books, bylaws and charter	Permanently
Patents and related Papers	Permanently
Payroll records and summaries	7 years
Personnel files (terminated employees)	7 years
Retirement and pension records	Permanently
Tax returns and worksheets	Permanently
Timesheets	7 years
Trademark registrations and copyrights	Permanently
Withholding tax statements	7 years

### **10.2. Other policies**

In the [Governance Operations Manual](#), other policies that apply to staff regarding Obligations/Code of Responsibilities/Code of Ethics are outlined. Those include Fiduciary Responsibility, Whistle-Blower Policy, Conflicts of Interest, Confidentiality, Limitation of Liability and Indemnification.

The policy on Surplus Funds for Conferences Outside the U.S. is detailed in the Membership Operations Manual.

## **11. Certificate of Incorporation History**

The Certificate of Incorporation has been amended as follows:

March 22, 1950: The Society's name was changed to Society of Motion Picture and Television Engineers, Inc.

April 5, 1961: The purposes of the Society were amended to conform to Article II of the (old) Constitution.

November 14, 1962: Disposition of assets upon dissolution and restrictions upon the Society's powers were provided for.

March 30, 1966: The Society elected to continue its incorporation in the District of Columbia under the terms and provisions of the District of Columbia Non-Profit Corporation Act (P.L. 87-569; 76 Stat. 265) C.T. Corporation Systems has been appointed the Society's agent in the District of Columbia.

August 9, 1968: Provision that any merger or consolidation plan must be approved by a majority of the membership of the Board of Governors before it can be submitted to a vote of the members.

July 25, 1969: The requirements of Life Fellowship and Life Membership were amended to permit eligibility at 60 years of age instead of 65.

1982: The age of Life Fellow or Life Member is 65 years, or as may be amended by changes to the Bylaws.

1997: Formation of SMPTE Registration Authority

1998: Formation of SMPTE/IBC

2002: SMPTE Foundation

2010: New Bylaws approved

2011: SMPTE Foundation dissolves and remaining funds transfer to SMPTE for curation

2012/2013: New Operations Manuals approved

## 12. Definitions (Informative)

This section provides a summary of defined terms. This is intended to be an aid to the reader only. Refer to the referenced text for the precise definitions and context.

**BoG – Board - Board of Governors** - the top level governance of the Society

**Bylaws** – the governing rules of the Society. See <http://www.smppte.org/about/bylaws>

**Executive Committee** – a subset of the Board that provides more timely oversight of the Society. See the [Governance OM](#)

**Executive Director** – the senior Staff Member of the Society to which all other Staff Members report

**Home Office** – the location of the main offices of the Society

**Officer**– an elected or appointed individual as provided in the Bylaws and Governance OM

**Operations Manual** – one of several documents that provides administrative guidance, subordinate to the Bylaws

**Section** – a geographical entity of Society members organized to

**Society** – The Society of Motion Picture and Television Engineers (SMPTE)

**Staff Member** – a full or part time employee or contractor, including Volunteers, of the Society

**Surplus Funds** – 50% of profits

**Volunteer** – a non-paid Staff Member