

BioBAT, Inc.
Invoice and Accounts Payable Policy

June 10, 2015

ARTICLE I

Purpose

The purpose of the Invoice and Accounts Payable Policy is to ensure that all disbursements of BioBAT funds are made in accordance with Generally Accepted Accounting Principles (GAAP) and that service to external and internal customers is as efficient, precise and prompt as possible. This policy covers payments made for any goods or services provided to BioBAT from both individuals and vendors and covers all BioBAT accounts including all restricted and unrestricted funds.

ARTICLE II

Definitions

The following definitions are included and made part of this policy:

Restricted Funds - funds associated with a specific contract or grant for which certain conditions apply to expenditures

Unrestricted Funds – funds not associated with a specific contract or grant and which are generally viewed as able to be applied to any qualified organizational expenditures

Generally Accepted Accounting Principles (GAAP) - refer to the standard framework of guidelines for financial accounting used in any given jurisdiction; generally known as accounting standards or standard accounting practice. These include the standards, conventions, and rules that accountants follow in recording and summarizing and in the preparation of financial statements.

Authorized Individual – any BioBAT Officer is empowered by the Board of Directors to execute documents or authorize payments on behalf of BioBAT. Other individuals may be authorized from time to time by the Board or by the President of BioBAT, subject to notice to the Board of Directors

Accounting/ Bookkeeping Service Provider – BioBAT lacks an internal accounting /bookkeeping staff and therefore retains the services of an external service provider to support the BioBAT accounting/bookkeeping function. This service provider must adhere to all BioBAT policies and procedures

ARTICLE III

Statement of Policy

Any payment made by BioBAT must be supported by a source document such as an invoice. The original invoice represents confirmation from a third-party that a product or service was provided to BioBAT and provides opportunity for BioBAT management to confirm that the payment corresponds to specific contractually described deliverables.

All invoices will be paid by BioBAT within the agreed amount of time provided deliverables have been provided. If deliverables have not yet been provided to BioBAT management will inform accounting staff to increase accounts payable by the corresponding amount and will furnish a copy of the original invoice for the requested payment.

All requests for payment made to BioBAT must contain underlying detail which includes services provided, deliverables achieved or contract milestones associated with a given payment.

ARTICLE IV

Invoice Payment and Accounts Payable Process

Upon receipt of an invoice it is the responsibility of management to take the following steps:

- Assess the validity of the invoice received. This includes the vendor name and payment address, actual product or service description, delivery dates, terms, cost and mathematical accuracy
- Any errors on the invoice must be clearly marked and returned to the vendor prior to payment
- An authorized individual, BioBAT Officer or management with signature authority, must sign and date the invoice, and provide a copy of the invoice to the accounting service provider
- Invoices totaling more than \$100,000 will require two authorized signatures for payment
- Once payment is issued a copy of the check and the invoice or wire advice will be provided to the accounting service provider for the corporate record
- Any invoices or contracts signed but not yet paid must be marked as "payment deferred" and a copy must be provided to the accounting service provider within 10 business days of receipt by BioBAT
- The accounting service provider will increase Accounts Payable for any deferred payments and will make any other adjustments as needed following receipt of invoices, checks or wire advice
- Any payments made to a vendor against a deferred payment account will be marked as such when approved by the authorized individual and a copy of such approval and notation will be provided to the accounting service provider
- Any payments in excess of \$600 annually made to an independent contractor or an unincorporated vendor for services require BioBAT, Inc. to prepare and mail a Form 1099 after the calendar year-end.

End of Document

Document Revision History

Revision: 0

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