

BioBAT, Inc.
Cash Receipts and Accounts Receivable Policy

June 10, 2015

ARTICLE I

Purpose

The purpose of the Cash Receipts and Accounts Receivable Policy is to ensure: (1) accurate and timely posting of cash receipts in order to maintain accurate cash balances, and (2) deposits into BioBAT accounts are made in accordance with Generally Accepted Accounting Principles (GAAP).

ARTICLE II

Definitions

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

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

ARTICLE III

Statement of Policy

Payment received by BioBAT from any source must be deposited into an appropriate account on the day it is received or as soon thereafter as practicable. Any payment that is not deposited on the day it is received must be kept secure until deposited. All deposits must be supported by a source document such as a remittance copy of an invoice previously sent for services rendered.

ARTICLE IV

Cash Receipts and Accounts Receivable Process

Upon receipt of a payment it is the responsibility of management to take the following steps:

- Assess the validity of the payment received using remittance copy of invoice sent (if available) or other form of a source document. All cash receipts should be reviewed to ensure that each check: date is valid (e.g. not stale dated or post dated, is made payable to BioBAT, Inc., includes the signature of the issuer, has dollar amounts numerically noted and spelled out in the appropriate areas, is physically undamaged to allow it through the bank deposit process, includes the proper BioBAT, Inc. account number to which it will be applied).
- The payee must be notified of any errors so appropriate action to rectify the discrepancy can be taken.
- An Authorized Individual must complete a deposit form that includes account information and provide all information related to the payment to the Accounting Service Provider.
- The Accounting Service Provider will decrease Accounts Receivable and will make any other adjustments as needed following receipt of payments.

End of Document

Document Revision History

Revision: 0

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