

FINANCIAL AND ACCOUNTING POLICY

TTA shall establish sound accounting practices that conform to generally accepted accounting principles and practices for professional associations and non-profit, 501 (c) (6) organizations in the state of Texas. Practices adopted shall enhance the integrity of authorizations, recordings, and custody.

The Finance Committee for TTA has been delegated the responsibility for financial functions and services of the organization.

Financial management provides information, which helps management allocate and use resources (for example, money, time, employees, equipment, etc.) more effectively. It also helps the public, investors, auditors, and others to evaluate how effective management is in achieving the goals of the organization. Sound practices include a continuous review or internal check of routine transactions, whereby the work of one person is proved independent of or complementary to the work of another. There should be a division of duties and responsibilities, so no person has complete control over all aspects of a financial transaction.

TTA will provide policies and procedures for all financial matters. The Finance Committee will aid in developing the policies, and the Executive Committee of the Board of Directors will review these policies and procedures at least annually. The following financial procedures shall apply:

1. *Banking, Checks and Deposits*

- The TTA shall have its Executive Director, or other staff member(s) as designated by the Treasurer, open and perform a cursory review of the organization's bank statements and cancelled checks (or other form as available) and prepare a report for the Treasurer's monthly report to the Board of Directors.
- The Treasurer or the Treasurer's designee shall authorize the Executive Director's payroll as often as determined by the Board of Directors.
- The TTA staff member responsible for financial tasks will reconcile the bank accounts and maintain a copy of the bank statement on file on a monthly basis by the 10th of the next month. The Executive Director will review the reconciliation reports.
- The Executive Director will open mail, record payments and review invoices and provide to staff member completing financial tasks.
- The Executive Director or Treasurer's designee will prepare deposits within 5 working days of receipt and provide to the Executive Director to maintain a copy of the report on file for review. The Executive Director or Treasurer's designee shall insure that all books reconcile with the appropriate bank statements, that all checks that have been cleared through the bank, as well as any deposits, service charges, interest payments, etc., are also recorded.
- TTA shall give check-signing authority to the Executive Director, the President, Treasurer or his/her designee, or Executive officers of the Board upon Board approval.
- The Executive Director of TTA will approve all requests for payment and documentation of approval kept on record.
- TTA shall see to it that all accounts are properly insured. If any account balance exceeds

\$250,000 (the limit for FDIC coverage) for a period of three months continuously, either a new account will be opened, or additional insurance will be purchased.

- TTA shall provide adequate supporting documentation for every transaction and retain proper records for every transaction.
- Petty cash will be kept on an as-needed basis. Petty cash on hand will not exceed \$100 unless otherwise approved by the board. Copies of petty cash expenditures shall be kept on file and a list prepared monthly of those transactions, shall be included in the monthly Treasurer's report to the Board of Directors. Currently TTA does not practice holding a petty cash account but does from time-to-time request cash to use for events and conferences.
- The Executive Director shall be responsible for ensuring the cash reserve and expenditures are in accordance with the Board's adopted financial policies.
- All accounts receivables will be due within 45 days of notice. If payment is not received, a second notice will be sent via mail and email at the 60-day date from date of notice. Staff responsible for financial transactions will contact those outstanding to recoup the outstanding amounts and make Executive Director aware of any outstanding.

2. Contracts

- The Executive Director has authorization to sign any contracts. All contracts will have been previously approved by the Board, Finance Committee, or TTA President prior to execution.
- All work plans, budgets, and supporting documentation for contracts or projects shall be submitted to the Executive Director who will review with the Treasurer and then submit to the Board of Directors for review and approval.
- Contracts over the minimum threshold for procurements will go through a competitive process prior to consideration by the Finance Committee.

3. Audits and Financial Reviews

- TTA will conduct at a minimum one annual financial review and/or audit by an outside accounting firm.
- The procedure is as follows:
 - Following a review by the Executive Director, the review/audit will be presented to the Treasurer or the Treasurer's designee for report to the Finance Committee for review and approval.
 - The presentation of the review/audit will be conducted by the outside accounting firm and may be made in person or via teleconference.
 - Upon completion of the presentation and review by the Finance Committee, a motion will be made to accept the Draft Financial Report and Draft Management Letter, along with a recommendation to submit the draft reports to the BOD at the next scheduled meeting.
 - Following review by the Board of Directors, a final recommendation will be made to accept the draft reports as final.

4. Credit & Bank Cards

- TTA shall issue a bankcard with a specific limit to all TTA Executive Director, and those staffers deemed necessary. The limited is determined by the Executive Director based upon job duties and responsibilities and need for use of card.

- Each employee is responsible for managing their individual bank card and no other employee may charge on their bank card without prior written approval from Executive Director. This action would be a disciplinary offense at the highest extent.
- The Executive Director must remit all receipts for bank card transactions to the Finance Committee for review on a quarterly basis. Any other TTA employees must remit their receipts and valid explanations to the staffer responsible for financial transactions that will compile and present to Executive Director for approval. Executive Director will pay these accounts online and provide documentation for record keeping of payment. These receipts will be kept on file with the bank account statements.
- Any paper bank statements shall be locked and secured. Monthly bank card and all bank statements will be sent directly to the Executive Director by the issuing institution. Only the following people will have signature access to TTA's checking and savings accounts: Executive Director, President, Vice President, & Treasurer.

5. *Financial Statements*

- The Executive Director must distribute the financial statements to the Finance Committee upon request.
- TTA shall allow its members to request and review any financial reports.
- TTA shall adopt a Public Disclosure Policy in accordance with the Exempt Organization Public Disclosure Requirements of the Internal Revenue Service.

6. *Budgets and Allotments*

- TTA shall operate on an annual budget with a fiscal year of September 1 through August 31, approved in accordance with its Bylaws. After the budget has been approved and the allotments have been made, the budget will be implemented by the Executive Director, with oversight by the Finance Committee.
- The Executive director will reconcile all expenses monthly to avoid any duplications and submit a monthly report to the Treasure for final review. The Treasure will provide a regular financial report to the board over all expenses and revenues for board approval.

7. *Revenues*

- Information concerning actual and unrealized income should be maintained and reported monthly for all funds by budgeted revenue categories as defined by the budget.
- Comparisons of current and periodic revenue projections with budget estimates of revenue are necessary for possible revision of expenditure budgets.
- All invoices created in secondary software will be downloaded and recorded into the accounting software for the monthly reconciliation.
- Each month all accounts receivable invoices will be shown in the accounting software whether payment is recognized or still outstanding.
- To ensure proper procedure of this action, it is recommended that all invoicing is "dumped" on the 15th and 31st (or 30th) of each month to capture all items. This can also be completed on a weekly basis should the Treasurer or the Treasurer's designee determine with Executive Director to be the procedure.

8. Reporting

- The Executive Director shall be responsible for providing required monthly, quarterly, and annual financial reports to the Treasurer to report to the Finance Committee for its review and oversight.

9. Major Meeting Cost Recovery

- TTA shall recover, through major meeting income, a minimum of all direct expenses associated with each major meeting.
- Major meetings include but are not limited to the Spring Conference and Expo, Semi-Annual Operator Meetings, Fall Training Workshops, the Winter Meeting, and the Legislative Conference.

10. Board Review of Form 990 and other tax filings:

- The organization's Board of Directors commits TTA to appropriate fiscal oversight. As such, TTA works to ensure the highest standards in review of its Internal Revenue Service Form 990.
- Each year, prior to the submission of the organization's Form 990 to the Internal Revenue Service, each member of the Board of Directors shall be provided with a copy of the draft Form 990 for review as completed by TTA's independent Certified Public Accountant.
- Members of the Board of Directors shall be provided with at least five business days to review the Form 990 and have the opportunity to raise questions, make suggestions, and address any potential problems or concerns with the Executive Director, Treasurer, and/or President.
- The review may be completed electronically, or through a regularly scheduled Board of Director's meeting, whichever means time permits. The Board of Director's will approve the draft 990 to which Executive Director will instruct preparation of the final to be prepared. The Executive Director will sign final document to be filed.
- Any 1099s completed by the outside accountants will be mailed within federal and state guidelines by the financial staffer. A review of the 1099s will be completed by the Executive Director.
- The financial staffer will work directly with the outside accountants on the audit/review for all items needed to complete on time and within guidelines.

11. Public Disclosure of Material Relating to Tax-Exempt Organizations

- According to the regulatory guidelines for tax-exempt organizations described in sections 501(c) or
- (d) and exempt under section 501(a) (other than private foundations) TTA shall make the following records available for public inspection:
- Form 990, 990EZ, 990 BL and Form 1065, including all schedules and attachments. TTA shall make available the most recent three years of these forms. TTA, at its discretion may elect not to disclose information detailing the names and addresses of contributors to the organization (i.e. Schedule Bon Form 990). Documents shall be made available within 180 days after the date of the publication of its availability.
- All correspondence submitted by the organization supporting the above documents as well as any correspondence issued by the IRS with respect to the above.

Exempt records:

- Form 990-T
- Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations
- Names and addresses of contributors

Place of inspection:

- Records shall be made available upon request for inspection at TTA's headquarters located by appointment at 100 Congress Ave, Suite 2000, Austin, TX 78701.

Reimbursement of expenses:

- TTA shall charge the inspector for photocopying and postage expenses. Photocopying expenses are \$1 for the first page and 25 cents for subsequent pages; actual costs will be charged for postage.

PROCUREMENT POLICY

TTA shall adhere to a procurement policy for all purchases and contracts. The procurement policy is as follows:

- Purchases greater than \$25,000 shall require full board approval.
- Purchases ranging between \$10,000-\$25,000 require the approval of the Executive Director, President of the Board, and the Treasurer.
- Purchases ranging between-\$3,000-\$10,000 require the approval of the Executive Director and the Treasurer.
- Purchases ranging between \$0-\$3,000 requires the approval of the Executive Director only.
- The executive director should ensure that any purchases or procurements follow the approval requirements. The executive director should have the liberty to conduct the day-to-day business of the association including, but not limited to payments for services, contracts, and reimbursements associated with items that have prior approval above-\$3,000-and any items deemed necessary that are less than-\$3,000.

Supplies, Expenditures; Obligating the Organization***Expenditures: approved budget items should support all purchases or financial obligations of TTA.***

Purchases, expenditures, or obligations exceeding the approved budget shall be submitted to the Board of Directors for consideration.

Only authorized persons may purchase supplies in the name of TTA. No employee whose regular duties do not include purchasing shall incur any expense on behalf of TTA or bind TTA by any promise or representation without supervisor's approval.

Assets and Purchasing

- TTA shall utilize the accrual basis accounting which is an accounting method that measures the performance and position of a company by recognizing economic events regardless of when cash transactions occur.
- TTA shall maintain a chart of accounts.

- TTA shall require bids for all expenses in accordance with the associated organization's grant procurement procedures. The decision to approve a vendor will be made jointly by the Board of Directors after appropriate recommendation by the Executive Director.
- TTA shall maintain an inventory of its assets with a value over \$500.

Statement of Policy

TTA shall conduct all procurement transactions in a manner that provides full and open competition as determined by the Federal Transit Administration (FTA). Full and Open Competition means all responsible contractors have equal opportunity to compete. This starts with publicizing requirements. Micro purchases do not require competition. All TTA purchases between \$3,000 and \$50,000 will be competed. Above \$50,000 TTA will advertise in a newspaper of general circulation or a trade journal and or electronic websites.

TTA has a written code of standards of conduct which provides that no employee, officer, agent, immediate family member, or Board member of the Recipient shall participate in the selection, award, or administration of a contract supported by FTA funds if a conflict of interest, real or apparent, would be involved. The Recipient defines such a conflict to be when any of the following has a financial or other interest in the firm selected for award:

- The employee, officer, agent, or Board member.
- Any member of his/her immediate family.
- His or her partner.
- An organization that employs, or is about to employ, any of the above.

TTA's code of conduct also provides that its officers, employees, agents, or Board members will neither solicit nor accept gifts, gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to sub-agreements and contains penalties, sanctions, or other disciplinary action for violation of such standards by the Recipient's officers, employees, or agents, or by contractors or their agents.

Disadvantage Business Enterprise

TTA will adhere to 43 Texas Administrative Code (TAC) §9.300 pertaining to engaging in business with disadvantage businesses. It is the policy of TTA to:

- Ensure that Small Business Enterprises shall have an equal opportunity to participate in the performance of contracts.
- Create a level playing field on which Small Business Enterprises can compete fairly for contracts and subcontracts.
- Help remove barriers to the participation of Small Business Enterprises in department contracts.
- Assist in the development of firms that can compete successfully in the marketplace outside the Small Business Enterprise program; and
- Develop and maintain a program in order to facilitate contracting opportunities for small businesses.

TTA will make a good faith effort of meeting this requirement.

Historically Underutilized Business

TTA will adhere to Texas Statutes Government Code, Chapter 216 and the Texas Administrative Code §20.14 pertaining to engaging in minority business. TTA promotes full and equal procurement opportunities for small, minority- and women-owned businesses. Companies interested in doing business with TTA are encouraged to become HUB certified.

Geographic Preference

TTA is prohibited from specifying in-state or local geographic preferences or evaluating bids or proposals in light of in-state or local geographic preferences, even if those preferences are imposed by state or local laws or regulations. In particular, 49 U.S.C. Section 5325(i) prohibits an FTA recipient from limiting its bus purchases to in-state dealers.

Written Procurement Procedures

TTA must maintain and follow written procurement procedures that address:

- Solicitations – Requirements for TTA solicitations.
- Necessity – Requirements related to TTA’s need for products or services.
- Lease Versus Purchase – Requirements related to the use of lease or purchase alternatives to achieve an economical and practical procurement.
- Metric Usage – Requirements related to the acceptance of products and services dimensioned in the metric system of measurement.
- Environmental and Energy Efficiency Preferences – Requirements related to preference for products and services that conserve natural resources, protect the environment, and are energy efficient.
- Procurement Methods – Descriptions of the procurement methods that TTA may use are addressed in FTA C 4220.1F.
- Legal Restrictions – Descriptions of Federal and State restrictions on TTA’s acquisitions.
- Third Party Contract Provisions – Specific third-party contract provisions required for each third-party contract and flow down requirements to subcontracts are found in FTA C4220.1F.
- Sources – Descriptions of the availability and use of various sources of products and services.
- Resolution of Third-Party Contracting Issues – Procedures related to the resolution of third-party contracting issues.

Protest Procedures

The TTA board is responsible for resolving all contractual and administrative issues, including protests of evaluations and contract awards, arising out of its third-party procurements using good administrative practices and sound business judgment.

In general, the Texas Department of Transportation will not substitute its judgment for that of TTA unless the matter is primarily a federal concern. Nevertheless, TxDOT can become involved in TTA’s administrative decisions when a TTA protest decision is appealed to TxDOT or to FTA, or when TTA seeks to use FTA assistance to support the costs of settlements or other resolutions of protests, disputes, claims or litigation.

TTA shall give timely notification to its funding source when it receives a third-party procurement protest and will keep TxDOT informed about the status of any such protest. TTA shall disclose all information about any third-party procurement protest to TxDOT upon request.

TTA's procedure for addressing third-party procurement protests is described. TTA shall insert its protest procedure in all solicitation documents for products and services having an estimated value of \$25,000 or greater.

Executive Director responsibilities include:

- ensuring that TTA Protest Procedure is included in all solicitation documents for products and services having an estimated value of \$25,000 or greater; and providing information to and assisting the Board with the resolution of protests.
- receiving and reviewing all procurement protests; and issuing the official TTA response to all procurement protests and appeals with TTA Board approval.
- reviewing all procurement protests; and advising and assisting the Board as needed with the resolution of all procurement protests.

Solicitation Provision

TTA shall insert the following provision in all solicitation documents for products and services having an estimated value of \$25,000 or greater:

Pre-Proposal Protests

All protests concerning solicitation specifications, criteria and/or procedures shall be submitted in writing (defined as being sent or received via letter or facsimile on official firm/agency letterhead or by electronic mail) to the Executive Director as specified below not later than 10 business days prior to the deadline for submission of bids/proposals.

The TTA Board may, within his or her discretion, postpone the deadline for submission of bids/proposals, but in any case, shall provide a written response to all protests not later than five (5) business days prior to the deadline for submission of bids/proposals. If the deadline for submission of bids/proposals is postponed by the Board as the result of a protest the postponement will be announced through an addendum to the solicitation.

The decision by the TTA Board shall be the final agency decision on the matter but shall be subject to judicial review or review by TxDOT or FTA as specified below.

Pre-Award Protests

With respect to protests made after the deadline for submission of bids/proposals but before contract award by TTA, protests shall be limited to those protests alleging a violation of Federal or State law, a challenge to the bids/proposal's evaluation and award process, TTA's failure to have or follow its protest procedures or its failure to review a complaint or protest. Such protests shall be submitted in writing (defined as being sent or received via letter or facsimile on official firm/agency letterhead or by electronic mail) to the Executive Director as specified below not later than five (5) business days after the Recommendation for Contract Award announcement by TTA.

The TTA Board may, within his or her discretion, postpone the award of the contract, but in any case, shall provide a written response to all protests not later than three (3) business days prior to the date that TTA shall announce the contract award.

The decision by the TTA Board shall be the final agency decision on the matter but shall be subject to judicial review or review by TxDOT or FTA as specified below.

Requirements for Protests

All protests must be submitted to TTA in writing (defined as being sent or received via letter or facsimile on official firm/agency letterhead or by electronic mail), with sufficient documentation, evidence and legal authority to demonstrate that the Protestor is entitled to the relief requested. The protest must be certified as being true and correct to the best knowledge and information of the Protestor, be signed by the Protestor, and be notarized. The protest must also include a mailing address to which a response should be sent.

Protests received after the deadlines for receipt of protests specified above are subject to denial without any requirement for review or action by TTA.

All protests must be directed in writing (defined as being sent or received via letter or facsimile on official firm/agency letterhead or by electronic mail) to:

Texas Transit Association
Attn: Executive Director
100 Congress Ave., Suite 2000
Austin, Texas 78701

Protest Response

The Executive Director shall issue written responses to all protests received by the required protest response dates. All protest responses shall be transmitted by first-class U.S. Postal Service to the address indicated in the protest letter.

For convenience, TTA will also send a copy of the response to a protest to the Protester by facsimile and/or electronic mail if a facsimile number and/or electronic mail address are indicated in the protest letter. The protest response transmitted by U.S. Postal Service shall be the official TTA response to the protest and TTA will not be responsible for the failure of the Protester to receive the protest response by either facsimile or electronic mail.

Review of Protests by TxDOT/FTA

All protests involving contracts financed with federal assistance shall be disclosed to the FTA in accordance with FTA Circular 4220.1F. Protesters shall exhaust all administrative remedies with TTA prior to pursuing protests with TxDOT/FTA. TxDOT/FTA limits its reviews of protests to a grantee's failure to have or follow its protest procedures; a grantee's failure to review a complaint or protest when presented an opportunity to do so; or violations of Federal law or regulation. Appeals to TxDOT/FTA must be received by the Texas Department of Transportation representative within five (5) working days of the date the Protester has received actual or constructive notice of TTA's final decision or within five (5) working days of the date the Protester has identified other grounds for appeal to TxDOT/FTA.

INVESTMENT POLICY

- TTA shall invest the operating and short-term funds of the Association so as to provide current income to support programs of the Association while maintaining safety of principal.

- Cash not required for current operations will be invested as approved by the Board and the Board will review investments annually.
- Investments must be government-secured and guaranteed. Investments may be made at the discretion of the (Treasurer and Executive Director) within the plan adopted by the Board, with the exception of any investments in securities with a maturity of more than (one year, 18 months, or two years) which must have the prior approval of the Board.
- Executive Director and Treasurer report to the board at least quarterly the status of investments, including the rate of return and current market value.

MERCHANT ACCOUNTS/CREDIT CARD POLICY

- TTA will provide and maintain a merchant account with Pay Pal to process credit card transactions for membership dues, donations, and organizational events.
- The purpose of this policy is to establish business processes and procedures for accepting credit card payments through TTA's web-based PayPal account that will minimize risk and provide the greatest value and security to both TTA and the end user.
- The policy is as follows:
 - When a good or service is purchased using a payment card and a refund is necessary, the refund must be credited back via a check from TTA and not refunded to the credit card. The refund must be equal to the amount charged. Any refunds must have approval of the Executive Director and follow TTA's refund and cancellation policies.
 - TTA must take all appropriate measures to protect sensitive information provided to make payments.
 - TTA's PayPal account is to be used solely as an intermediate between members and donors and the Association; therefore, all funds associated with payments made must be deposited into TTA's designated operating bank account automatically. Documentation of all transfers and deposits must be kept on file, accessible for review by the Executive Director and/or Treasurer or the Treasurer's designee at any time.

COMPENSATION REVIEW POLICY

In reviewing and approving the compensation of any TTA employee, including the Executive Director, the TTA Board of Directors may use one or a combination of the following:

- Personnel Committee-composed of current board members that make recommendations on executive director's performance for the full board to vote on.
- Comparability Data: When the Board of Directors or Executive Director is considering modifying the current pay structure of any employee, it may rely on comparability data that demonstrates the fair market value of the compensation in question.
 - For example, when structuring a compensation package, data will be secured that documents compensation levels for similarly qualified individuals in like positions at like organizations. This data may include the following:
 - Expert compensation studies by independent firms;
 - Written job offers for positions at similar organizations;
 - Documented communications about similar positions at both nonprofit and for-profit organizations;
 - Information obtained from the IRS Form 990 filings of similar organizations: and

- Geographic location relative to local economics of the areas surveyed compared to TTA's at the time of compensation review.
- Annual performance evaluations using metrics created by the Board of Directors.
- The Board of Directors shall document how it reached its decisions, and the date and time of such decision. All documentation is to be in a written or electronic format for record keeping purposes, (such as meeting minutes). The following information may be noted:
 - The terms of the compensation and the date it was approved;
 - The members of the Approval Body who were present during the debate on the compensation that was approved and those who voted on it;
 - The comparability data obtained and relied upon and how the data was obtained;
 - Any actions taken with respect to consideration of the compensation by anyone who is otherwise a member of the Board of Directors but who had a conflict of interest with respect to the decision on the compensation.

OTHER POLICIES

- It is the policy of TTA to prohibit loans to employees and, members, associate members, and/or private individuals under any circumstance.
- It is the policy of TTA to retain records as required by state and federal laws and to destroy them when appropriate.
- It is the policy of TTA to document all business dealings with a business agreement letter to be signed by the TTA Executive Director or Executive Board member and the authorized party from the vendor or business involved.
- It is the policy of TTA to keep all payroll and personnel files current. This process will include completed W-4's, any salary/wage adjustment forms needed, signed paycheck deduction forms (for such purposes as retirement or health insurance), signed applications, annual performance appraisals signed by both parties, signed documents explaining any disciplinary or general personnel issues, I-9 forms signed and with proper documentation, as well as any other documentation that is deemed necessary for documentation.
- It is the policy of TTA to remain aware that all accounting transactions need to be separated into as specific accounts as possible. New accounts will be added as needed. Periodically the Executive Director will examine the amount of money that has been assigned to the miscellaneous account and will make the determination if the transactions in said account need to be assigned to more appropriate accounts.

TRAVEL POLICY

Travel and Business Expenses

TTA's travel and business expense limitations and guidelines are as follows:

- The Board shall approve requests for out-of-state travel and all conferences in advance within the approval process of the fiscal year budget process.
- Personal Mileage -- Employees authorized and/or required to utilize their personal vehicle for TTA related travel would be reimbursed at the current rate set by the GSA Privately Owned Vehicle (POV) Mileage Reimbursement Rates. Employees will not be reimbursed for travel to and from their home and their place of work. Employees must keep accurate mileage records and submit them to the Executive Director monthly on the approved Expense Report. TTA shall review the reimbursement rate on an as needed basis.

- Lodging--expenses will be reimbursed for the basic room charge and applicable taxes. When possible, employees will request state government rates. Employees also have the liberty to choose a lodging location in the event that the cost is lower than regular going rates for conferences.
- Meals--Employees will be reimbursed for meals which were necessitated by TTA business. Meals for with others for recruitment, planning, and other TTA business will be covered, including events put on by TTA.
- Taxi, Telephone, Entertainment, Tips, Parking, Tolls, Hotels, and Car Rentals -- All necessary and customary costs associated with the conducting of TTA business will be reimbursed with appropriate receipts and documentation. Should receipts not accompany the item, full description is necessary on the Expense Report. The Executive Director will attempt a good faith effort to obtain the best rates available for all travel-related expenses.
- The Executive Director must approve all travel expenses of TTA employees. The TTA President will approve expenses for the Executive Director. It is the policy of TTA that all employees will turn in their expense reports by the 15th of the following month, recording all expenses incurred in the previous month. Furthermore, all TTA employees must also prepare an expense report when necessary in order for that report to be filed as supporting documentation.

FRAUD POLICY

Background and Scope

It is the intent of TTA to promote consistent organizational behavior by providing guidelines and assigning responsibility for the development of controls and conduction of investigations.

This policy applies to any act of fraud, or suspected act of fraud, involving an employee(s) as well as any shareholders, consultants, vendors, contractors, outside agencies or any other party conducting business with employee(s) of such agencies and/or any other parties with a business relationship with TTA.

Any investigative activity required will be conducted without regard to the suspected wrongdoer's length of service, position/title, or relationship to TTA.

Policy

Management is responsible for the detection and prevention of fraud, misappropriations, and other inappropriate conduct. Fraud is defined as the intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury. Each member of the management team will be familiar with the types of improprieties that might occur within his or her area of responsibility and be alert for any indication of irregularity.

Any fraud that is detected and/or suspected must be reported immediately to the Executive Director and/or President of the Board of Directors who will be responsible to coordinate all investigations with the Legal Department and/or designated law enforcement body either internal or external in nature.

Actions Constituting Fraud

The terms defalcation, misappropriation, and other fiscal wrongdoings, include, but are not limited to:

- Any dishonest or fraudulent act
- Forgery or alteration of any document or account belonging to TTA

- Forgery or alteration of a check, bank draft, or any other financial document Misappropriation of funds, securities, supplies, or other assets
- Impropriety in the handling or reporting of money or financial transactions Profiteering as a result of insider knowledge of company activities
- Disclosing confidential and proprietary information to outside parties
- Disclosing to other persons securities activities engaged in or contemplated by TTA Destruction, removal, or inappropriate use of records, furniture, fixtures, and equipment Any similar or related inappropriate act

Other Inappropriate Conduct

In instances where there are suspected improprieties concerning an employee's moral, ethical, or behavioral conduct it should be addressed and resolved by the Board of Directors of TTA. TTA has legal counsel of record to aid in any inappropriate conduct investigation.

Investigation Responsibilities

The Board of Directors of TTA has the primary responsibility for the investigation of all suspected fraudulent acts as defined within this policy. If the investigation substantiates that fraudulent activities have occurred, the Board of Directors of TTA will issue reports to appropriate designated personnel.

Decisions to prosecute or refer the examination results to the appropriate law enforcement and/or regulatory agencies for independent investigation will be made in conjunction with legal counsel and senior management, as will final decisions on disposition of the case.

Confidentiality

The Board of Directors of TTA shall treat all information received confidentially. Any employee(s) who suspects dishonest or fraudulent activity will notify the Executive Director and/or President of the Board of Directors immediately and should not attempt to personally conduct investigations or interviews/interrogations related to any suspected fraudulent act.

Investigation results will not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is important in order to avoid damaging the reputations of persons suspected, but subsequently found innocent of wrongful conduct and to protect TTA from potential civil liability.