TSC Alliance
Systems Documentation

Revised and Approved by the TSC Alliance Audit Committee on October 22, 2026

I. BACKGROUND

National Tuberous Sclerosis Association, Inc., d.b.a TSC Alliance is a voluntary health nonprofit organization incorporated in the State of California on March 15, 1975 that improves the quality of life for everyone affected by tuberous sclerosis complex by catalyzing new treatments, driving research toward a cure and expanding access to lifelong support. This is accomplished through sponsorship of research into the diagnosis, cause, management and cure, development of programs to enable individuals and family members affected by tuberous sclerosis complex to seek support services and treatment, and the development and implementation of educational programs to heighten its awareness. TSC Alliance is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an other than private foundation under Section 509(a)(1) of the Internal Revenue Code

TSC Alliance Endowment Fund, Inc. (the Endowment Fund) is a nonprofit organization established on April 3, 1995. The Endowment Fund is a separate fiduciary organization specifically chartered to receive gifts that will be invested to generate an income stream that will help fulfill the mission of the TSC Alliance. The Endowment Fund is exempt from the payment of income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as an other than private foundation under Section 509(a)(3), as a Type II supporting organization under the Internal Revenue Code.

II. ENTITY AND ENVIRONMENT

1. Industry, Regulatory, and Other Factors

a. Industry Conditions – Competitive Environment

Per CEO – There are no true competitors for TSC Alliance although the closest competitor would be the LAM Foundation. TSC Alliance does partner with this Foundation on some program activities, such as the co-hosting of International TSC and LAM Research Conference, regional conferences, and other various events. There had been previous discussions between the two organizations of how their missions overlap and the possibility of merging operations and ultimately the TSC Alliance passed on exploring the opportunity further.

b. Industry Conditions – Supplier and Customer Relationships

The CEO and the Board are working to expand their contributions base through increasing support from grants, contracts and sponsorships from the pharmaceutical industry and corporate partners as well as individual major gifts. In addition, the TSC Alliance is increasing awareness through TSC publications, social media, media tours and the website educating the public on the similarities with TSC and other neurological abnormalities (such as epilepsy and autism), and how research for a cure to TSC will benefit these other abnormalities as well as cancer. In 2019, the TSC Alliance launched a research business plan and fundraising campaign with the goal to raise $40 million. To date, the campaign has raised $20.9 million specifically to implement research goals outlined in the plan.

c. Industry Conditions – Technological Developments

TSC Alliance has been using Sage Intacct accounting software since 2009. The software is a cloud-based system. This allows board and committee members to look at the financial (read-only) at any time. The TSC Alliance has been using Ramp for electronic expense and VISA reporting and approvals since November 2023. The Ramp cloud-based system interfaces with Intacct. In 2019, the TSC Alliance implemented the Classy software platform for team fundraising for the Step Forward to Cure TSC walk program, other event management and conference registrations. For ticketed events, such as Comedy for a Cure, the TSC Alliance utilizes School Auction. For large conferences, the organization is utilizing cloud-based Cvent platform for the International TSC Research Conferences and 2026 World TSC Conference. To help upload gifts

from Classy into the Raisers Edge constituent database, the TSC Alliance utilizes Import-o-matic. The TSC Alliance also use ScienceTrax, for the TSC Natural History Database.

d. Regulatory Environment – Relevant Accounting Pronouncements

TSC Alliance discusses relevant accounting pronouncements with their auditors and legal counsel. CEO and CFO try to stay on top of all issues that are relevant to the organization.

e. Regulatory Environment – Legal and Political Environment

No pending IRS/state tax examinations or audits or changes in activities noted. TSC Alliance conducts certain permitted lobbying activities; however, it does not conduct any political activities. Although the TSC Alliance has received limited support from the National Institutes of Health for its research conferences, it generally does not apply for or obtain significant government grants.

f. Regulatory Environment – Environmental Requirements

TSC Alliance has not encountered any specific environmental requirements.

g. Other External Factors – General Economic and Public Health Conditions

Changes in economic or public health conditions can adversely affect contributions revenue. Investment balances and income can also be affected by the economy.

h. Other External Factors – Other

No other external factors noted for the TSC Alliance.

2. <u>Nature of the Entity</u>

a. Operations

TSC Alliance operates on a fiscal year (December 31 year-end) and uses the accrual basis of accounting. The majority of the revenue streams for the TSC Alliance are from contributions, special events, and contracts. For the Endowment, the major revenue stream is contributions and investment income. For the TSC Alliance, a major portion of expenses are research, community outreach, public and professional health awareness campaign, fundraising, and administrative. The Endowment's major expense are the contributions to TSC Alliance and possibly investment losses.

b. Ownership

Per the articles of incorporation and bylaws, the TSC Alliance and Endowment do not have owners because they are not-for-profit organizations. In addition, both are both 501(c)(3) organizations.

c. Governance

TSC Alliance is governed by its Board of Directors, Executive, Finance, and Audit Committees. See governance in internal control below for more details. The Endowment Fund is overseen by a Board of Trustees.

d. Investments

The TSC Alliance has an Investment Policy. The TSC Alliance invests in short term cash and cash equivalent investments, such as money market accounts, cash insured sweeps and CDs. In 2023, the TSC Alliance purchased Treasury Bills to hold the funds of a large restricted contribution that will be used beginning in 2024, which was approved by the Finance Committee. The Endowment Fund invests directly in highly rated bonds, and in equities through mutual funds. The Endowment has a separate Investment Policy which is currently being reviewed by the Endowment Fund Investment Committee. The Endowment Fund Board and its Endowment Fund Investment Committee will administer the investment policy guidelines and review (along with the Investment Consultant) the asset allocation quarterly and during periods of severe market change, to assure that the target allocation is maintained. One of the roles of the

Investment Consultant is to oversee the Investment Manager. The TSC Alliance Board and Endowment Fund Board periodically review investment policies as needed.

e. Structure

TSC Alliance has a related party, the Endowment Fund (Endowment). All staff are employees of the TSC Alliance. The TSC Alliance prepares consolidated financial statements for both organizations. The TSC Alliance maintains an Organization Chart for its staff.

3. Objectives and Strategies and the Related Business Risks

a. Objectives (Overall Plans for the Entity)

TSC Alliance is working under a new five -year strategic plan which was approved on October 13, 2023 by the Board of Directors and implemented January 1, 2024.

b. Strategies (Operational Approaches to Achieve Objectives)

See objectives above for details on TSC Alliance's strategic plan.

c. Business Risks (Significant Conditions, Events, Circumstances, Actions, or Inactions that could Adversely Affect the Entity's Ability to Achieve its Objectives or Execute its Strategies)

One major risk for the TSC Alliance is an economic downturn such as was recently encountered during the COVID-19 pandemic. There are several factors that TSC Alliance cannot control: decrease in attendance at special events and contributions due to the poor economy, however, by moving the fundraising platform online and diversifying revenue sources, the organization was able to capture a significant portion of its pre-pandemic revenues.

Performance measures used (internal and external): TSC Alliance regularly evaluates its performance at staff meetings and also at Board and Committee meetings. The organization looks at projected cash flow, how net income compares to projections, in addition to evaluating how well the organization is meeting its goals. The Board prepares annual goals based on the strategic plan and each employee has key performance objectives tied to board goals to ensure success. Externally, the TSC Alliance takes into consideration how the organization is rated with Charity Navigator, Candid, GreatNonprofits and the Better Business Bureau. The TSC Alliance uses a Theory of Change results reporting model to measure the organization's impact. The Theory of Change model is tied to the Strategic Plan and the Board Goals serve as annual implementation plans. The Theory of Change was most recently updated on October 13, 2023.

III. INTERNAL CONTROL

Internal controls are described using the five elements of the COSO Framework.

1. Control Environment

The control environment sets the tone of an organization, influencing the control consciousness of its employees. The COSO report indicates that this component is the foundation for all other components of internal control, providing both discipline and structure to the organization. Integrity, ethical business practices, management philosophy, and a sense of business integrity all play key parts in the control environment.

The Control Environment element includes the following five principles:

1. Demonstrates commitment to integrity and ethical values
2. Exercises oversight responsibility
3. Establishes structure, authority, and responsibility
4. Demonstrates commitment to competence
5. Enforces accountability

a. Integrity and Ethical Values

Management values having high integrity, high ethics, and a strong interest in accurate financial reporting. Management has a conservative view on accounting policies. Management shows a concern for control with monthly reconciliations, segregation of duties, and appropriate review. Management and accounting personnel have background education and professional experience in the appropriate fields. The Board of Directors, CEO, and CFO set a high standard of ethics and integrity, setting the appropriate tone at the top.

TSC Alliance has a Conflict-of-Interest Policy, Whistleblower Policy, and Standards of Behavior & Employment Rules are in place and are outlined in the Employee Manual.

b. Board of Directors

The control environment over financial reporting from the Officers appears sufficient. The Audit Committee oversees the audit of the TSC Alliance. The Finance Committee takes an active role in the TSC Alliance's finances through the review of monthly financial statements, and by reporting on all financial activity to the Board of Directors. The Governance Committee assures that a proper legal governing structure is maintained. The Compensation Committee reviews the annual compensation pool and compensation for staff listed on the Form 990 in addition to consulting with legal counsel in approving updates to standard documents such as the Employee Handbook and HR forms.

The Board of Directors also considers high integrity and ethics to be of utmost importance in the management of the organization. Directly and through its Committees, the Board Management takes a high interest in financial reporting and frequent meetings to keep abreast of financial developments and review of management's performance.

The Board of Directors listing has been provided. The TSC Alliance has the following standing committees per the bylaws:

TSC Alliance Board Committees

Required Standing Committees per By-Laws:

- Executive Committee*
- Finance Committee*
- Audit Committee*
- Governance Committee
- Compensation Committee*

Other Board-Authorized Committees:

- Government Relations Committee
- Science & Medical Committee
- Global Relations
- Outreach Committee
- Strategic Planning

*Minutes are typically provided to the auditor for these committees.

c. Management's Philosophy and Accounting Personnel

Management sufficiently recognizes changes in the organization and organizational environment on their ability to prepare accurate financial statements. The Organization contracts with Clifton Larson Allen, outsourced accountant consultants, to assist with questions regarding the accounting software, Sage Intacct. Clifton Larson Allen would act as a back up to the CFO if the CFO was unable to perform duties for an extended period of time. Clifton Larson Allen primarily assists with budget imports, assisting with the Ramp interface and programming reports within Sage Intacct. As noted in the other Control Environment sections, management has a zero-tolerance policy for fraud or unlawful acts. Management has created, distributed, and recently updated an employee manual that highlights the key aspects of the philosophies and operating style of TSC Alliance.

Organizational Structure

Key Management:

Kari Luther Rosbeck, President & CEO
Dean Aguiar, Chief Scientific and Translational Officer
Jamie Saylor, Chief Financial Officer
Rachel Wojnilower, Chief Operating Officer
Emebet G/Micheal, Senior Accountant
Justin Martucci, Senior Manager Development Systems
Lisa Moss, VP of Donor Relations

d. Information Technology

The TSC Alliance has an appropriate IT infrastructure for the size of the organization. Each employee has a computer that is connected to the network. Appropriate IT safeguards are in place.

2. Risk Assessment

Risk assessment is the identification and analysis of relevant risks necessary to the achievement of the objectives, forming a basis for determining how the various identifiable risks should be managed. A mechanism should be in place which is designed to identify and address specific risks associated with the business and which is able to adjust to changing business environments.

The Risk Assessment element includes the following four principles:

1. Specifies suitable objectives
2. Identifies and analyzes risk
3. Assesses fraud risk
4. Identifies and analyzes constant change

a. Effects on Financial Statements

Management has assessed the effect of the following conditions on the TSC Alliance's ability to prepare financial statements that are free of material misstatement: (1) changes in TSC Alliance's operating environment; (2) new personnel; (3) new or revised information systems; (4) rapid growth; (5) new technologies in information systems or other processes; (6) new programs or activities.

Sufficient timely information is available to assist management in identifying and managing risks relevant to financial reporting. The effects of the risks relevant to financial reporting that management has decided to accept because of cost or other considerations are considered to be immaterial to the financial statements. Management consults with auditors on new accounting issues or pronouncements to ensure compliance with US GAAP.

b. Fraud Risks

Management understands its responsibility for establishing and monitoring the Organization's fraud risk assessment and monitoring activities, although they have not developed a specific fraud risk assessment or monitoring program. Management does not see a significant risk of fraud as the organization has appropriate controls in place in key areas. Management does not believe there is a significant risk of management override of controls since the Treasurer, President & CEO and CFO all carefully review internal financial reports, and there are multiple layers of review for all disbursements, including expense reports.

3. Control Activities

Control Activities (CA) are the policies and procedures that assist in ensuring that management directives are successfully implemented. They help ensure that the business entity takes the necessary action to address the various risks that may hinder the achievement of the business organization's objective. A Key Control Activity (KCA) is a control activity that is critical to the process to help prevent or detect material misstatements in the financial statements, whether from error or fraud. In other words, if all other controls fail, the KCA should catch the error.

The Control Activities element includes the following three principles:

1. The selection and development of control activities
2. The selection and development of general controls over technology
3. Deployment of controls through policies and procedures

A. Cash Receipts/Revenue

TSC Alliance's Financial Policies and Procedures are as follows:

1. The Executive Operations Coordinator or the Development Coordinator as back up, open the mail and log in the check number, the check amount and the name of the donor and description on a daily log. This is totaled in a batch, not to exceed 50 checks, in Excel.
2. The checks and backup are passed to the Senior Accountant for remote deposit to TD or Citi Bank. The deposit must equal the daily log. All documents are carefully assembled with the checks and supporting letter or email bundled with the daily log. That information and the printed remote check deposit report are kept in a locked drawer accessed only by Senior Accountant, Development Coordinator, Chief Operating Officer and Development Systems Senior Manager until it is posted to Raiser's Edge. After all process is complete the batches will be kept with Development Systems Senior Manager's office in a locked filing cabinet.
3. Accounts receivable cash receipts are entered into the Raiser's Edge database by the Development Systems Senior Manager and Development Coordinator as a backup.
4. Deposits received through the Classy platform go into Citibank and are entered into Raiser's Edge by the Development Systems Senior Manager or Development Coordinator.
5. Approximately every week, the Development Systems Senior Manager generates a cash receipts batch summary report which is emailed to the Senior Accountant, who organizes and reformats the files which are then adjusted and reviewed by the CFO, taking into consideration previously recorded pledges and grant commitments.
6. Once approved, the CFO uses a macro to convert the file format so that they can be uploaded as cash receipts journal entries into Intacct.

B. Cash Disbursements/Expenses

Note: In July of 2025, the TSC Alliance implemented Ramp's Bill Pay for all cash disbursements and expenses. Ramp's Bill Pay is an automated accounts payable solution fully integrated into Ramp's spend management platform.

1. Vendors are required to send all invoices via PDF through Ramp's Bill Pay System. Employees that receive invoices via email also forward invoices to the Ramp Bill Pay System.
2. Invoices are "created" by the Senior Accountant on a twice-weekly basis in Ramp. Coding is initiated by the Senior Accountant or CFO and the invoices are routed to the department responsible for approving the invoice. All invoices must receive at least two approvals before the payment is released by the CFO.
3. Prior to release the CFO verifies the following: vendors, amounts, account numbers, and supporting documentation (receipts)(Vendor invoices or emails). The payment must be approved by the CFO in Ramp before it is released. Disbursements over $25,000 require a third approval of either the President & CEO, CSO (President and CEO's back-up) or the Treasurer.
4. All payments are sent via Ramp through either ACH or check from Ramp on behalf of the TSC Alliance or the TSC Endowment Fund.
5. For international payments, the Sr. Accountant enters wiring information into Citi bank. The CFO (or CFO plus the President & CEO for payments over $25,000 or CSO in their absence) logs into Citibank and uses multifactor authentication to approve and release the international wire.
6. The original invoice is stored online through Ramp's Bill Pay system. Emergency blank checks are not imprinted with any organizational info and are stored in a cabinet in the Sr. Accountant's office.
7. Two approvals are required for all checks under $25,000, as mentioned above. Those $25,000 or greater require three approvals. No one can approve their own expenses.

The following individuals have check-signing authority:

-Kari Rosbeck, President & CEO
-Jamie Saylor, CFO
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-Rachel Wojnilower, COO will replace Steve Roberds prior to his retirement
-Brittany Smith, Immediate Past Chair
-Mark Spotts, Vice Chair

For Endowment accounts only:
-Kari Rosbeck, President and CEO
-Jamie Saylor, CFO
- Brittany Smith, Immediate Past Chair

Corporate Credit Cards:
Certain TSC Alliance staff have been issued corporate credit cards for use when traveling or for other business-related expenses. The CFO approves a credit limit for each card, in consultation with the card user's supervisor. TSC Alliance receives the master credit card bill which is reviewed and approved by the CFO, Employees log their expenses and supporting documents in Ramp's expense management system and their supervisors approve expenses for staff in their department. The CFO then gives a final review and approval of expenses in Ramp, checking for proper account coding and supporting documentation.

The following staff hold TSC Alliance credit cards;

- Kari Rosbeck (her statements are reviewed by the Board Chair)
- Jamie Saylor
- Lisa Moss
- Carly Kaye
- Steve Roberds
- Gail Saunders
- Katie Smith
- Dean Aguiar
- Dan Klein
- Justin Martucci
- Ryan Beebe
- Shelly Meitzler
- Rachel Wojnilower
- Elizabeth Skufca
- Zoe Fuchs
- Heather Radtke
- Ayat Abi
- Samantha Metzger
- Maddison Larrimore

C. Payroll

1. Employee personnel records are maintained by and kept in the CFO's office in a locked file cabinet and copies are saved electronically in a secure digital file in SharePoint. These records are the property of the TSC Alliance and may not be removed from the TSC Alliance offices except for use by the Senior Accountant or CFO to prepare payroll. The CEO or the Chair of the Board may only approve access to personnel records. Where appropriate, certain portions of an employee's personnel record will be deemed confidential and not approved for access. No confidential Personal Health Information as it applies to

HIPAA will be maintained at the TSC Alliance offices unless it is with the express written consent of the employee.

2. Payroll is processed by Paycor, a third-party payroll service.
3. All employee timecards are approved by his/her immediate supervisor (the President & CEO's timecard is approved by the Board Chair) electronically through Paycor.
4. Once approved, the Senior Accountant transfers the approved hours into the payroll processing module and prepares payroll online. PTO is calculated automatically in Paycor and a backup spreadsheet that accrues and deducts the PTO taken by each employee and its beginning balance is agreed to the Paycor generated PTO report.
5. PTO requests are submitted electronically through Paycor and reviewed and approved by the employee's supervisor. The CFO reviews the Preview Payroll report and if no changes are needed, the Senior Accountant submits the payroll and prints the final reports for review against the preview report.
6. The Senior Accountant prepares a journal entry to record payroll which is reviewed and approved by the CFO.
7. Salaries for the fiscal year are set as part of the annual budget and are approved by the Compensation Committee and then the Board of Directors.
8. The Compensation Committee approves a salary pool and the CEO with assistance from Supervisors determines what portion of the salary increase the employees receive from the total salary pool.
9. The salaries of the President & CEO, the CFO, and any employee appearing in the Form 990 are approved by the Compensation Committee of TSC Alliance.
10. Depending upon the position for which TSC Alliance is hiring, new hires are approved by the President & CEO, the exception being the President & CEO and the CFO positions, which require Compensation Committee approval. The Compensation Committee and other Board Committees may be asked to provide feedback on the hiring of other key positions.
11. On a monthly basis the Senior Accountant prepares a journal entry to allocate salaries based upon the time allocation schedules submitted by each employee and approved by their direct supervisors, following each month end.

D. Indirect Cost Allocation

Employee payroll costs are allocated based on employee time allocation schedules.

E. Computer & Accounting System

The TSC Alliance uses the following relevant computer systems:

Name	***Purpose***
Classy	Website–Fundraising – Community Alliance building
Import-o-matic	Classy to Raiser's Edge Import Tool
Intacct	Accounting system
Raiser's Edge	Membership and donor database
Ramp	Credit card travel and expense tracking and automated bill pay

Paycor	Payroll processing
Martus Solutions	Budgeting
School Auction	Website – Ticketed events for sponsorship and auction items
Cvent	Website – Registration for large conferences

The SOC (System Organization Control) reporting is based on SSAE 18 (Statement on Standards for Attestation Engagements No. 18), which is now a required part of the annual audit from our electronic service providers. The most recent reports are requested and reviewed for the integrity of the data for control of operating risk.

Raiser's Edge, School Auction, Cvent and Classy are password protected (CA), so only authorized users can access the software. Each user has varying levels of access and writing capabilities (CA). The Development Systems Senior Manager can create new Fund ID's. All other users can add/change addresses and notes to constituent profile to Raiser's Edge depending on their level of access.

The Classy and School Auction platforms collect the donor information from the website and is imported into Raiser's Edge through the Import-o-matic software.

Intacct software is password protected and at times requires two factor authentication. Only the President & CEO and accounting personnel can access the system and the Clifton Larson Allen accounting firm has full writing capabilities.

Data stored on the TSC Alliance network is stored on a cloud-based platform, Microsoft SharePoint. All data and servers are managed and maintained by our 3rd party technology provider, Optimal Networks.

The accounting software (Intacct), the constituent database (Raiser's Edge) and the payroll processor (Paycor) all house TSC Alliance data on their cloud-based servers. At the TSC Alliance office in Silver Spring, the primary phone and data connections are contained within a locked and ventilated IT closet. The IT service provider and CFO keep keys to the IT closet.

The budgeting software (Martus) is used for the annual budgeting process and is linked to data in the Intacct accounting software. Information from Intacct is uploaded into Martus on a nightly basis to help program directors track actual compared to budgeted expenses throughout the year. A password is required to either enter or view information in Martus. In addition, some staff are assigned viewing or data entry permissions that may limit their access to see or edit information relevant to their department(s).

F. Financial Statement Closing Process

The Sr. Accountant and CFO perform the month-end closing and prepare monthly financial statements. The monthly financial package is reviewed by the President & CEO and the Executive and Finance Committees - comparing budget to actual financials and reviewing cash balances and projections for the remainder of the year. An additional compensating control is that the President & CEO has access to the Intacct system and can review journal entries or any other financial activity recorded. Additionally, if there is a question, the Board or Treasurer could ask the CFO directly or have Clifton Larson Allen (CLA) look into the matter. CLA is able to act as back-up for the CFO.

G. Bank Reconciliation Process

The CFO receives all paper bank statements or has online access to those statements and reviews them for any unusual items. The President & CEO also has online access of the bank statements and can review them for any unusual items. Scanned copies of the detailed bank statements (with check copies) are maintained in the Accounting Drive to which the President & CEO has full access. The Citibank Endowment account, Citibank Operating and TD Bank account reconciliations are prepared by the Senior Accountant and reviewed by the CFO. The Sr. Accountant and the Development Systems Senior Manager can access the Citibank and TD Bank

statements online for reconciling deposits with Raiser's Edge. The completed reconciliations and resulting journal entries are approved by the CFO. Both the President & CEO and the Finance Committee do a thorough analysis of budget v. actual using the monthly financials.

4. Information and Communication

Information and significant data are captured and communicated to designated employees and other third parties in the form of reports, both written and oral. The information is generally viewed as necessary to the conduct of the business entity.

The Information and Communication element includes the following three principles:

1. Uses relevant information
2. Communicates internally
3. Communicates externally

a. Financial Reporting Information

Information is communicated during Board meetings and informally as information arises.

Limited financial reporting, other than the audited financial statements, is communicated externally. Certain grants / contracts require limited external reporting. Such reports are prepared and reviewed by the appropriate personnel in the organization prior to being released.

b. Internal Control Information

The TSC Alliance has a formal Accounting Policies and Procedures Manual. There is a current chart of accounts to maintain accountability and provide for the detailed functional reporting of expenses. Information relevant to financial reporting is identified, captured, processed, and distributed within the parameters established by the entity's control processes to support the achievement of financial reporting objectives.

c. Internal Communication

All personnel have an understanding of their duties and responsibilities. The Accounting Policies and Procedures Manual details policies regarding governance, business conduct, fraud, cash receipts/disbursements, conflicts of interest, reporting, budgeting, and audits. There are also policies for record retention and whistle-blower protection. The TSC Alliance also has an Employee Handbook detailing general employment expectations, including standards of conduct. The Handbook is reviewed and updated as needed every 2 years by legal counsel and the Compensation Committee. The receipt of the Handbook and written policies is acknowledged by employees during the on-boarding and orientation process. Employees are encouraged to report any suspected improprieties to senior management or the Audit Chair.

5. Monitoring

Monitoring is the process of evaluating and accessing the systems of internal controls to insure that the procedures are consistently applied over an extended period of time.

The Monitoring element includes the following two principles:

1. Conduct ongoing and/or separate evaluations
2. Evaluate and communicate deficiencies

a. Operations

Monitoring is the process of evaluating and accessing the systems of internal controls to insure that the procedures are consistently applied over an extended period of time.

Management is involved in the day-to-day operations and is able to identify significant variances from expectations. Data used in managing operations is periodically compared to and reconciled to financial budgets and other records. Management and the Audit Committee take appropriate

action to follow up on weaknesses in internal control identified by the auditors. Monthly reconciliations are performed internally. Monthly financial statements and budget forecasts are reviewed by the Finance Committee.

Employees also have annual evaluations in the first quarter of the calendar year and at least quarterly meetings with their supervisors to review key performance objectives.

b. Budget

A few months before the budget is scheduled to be presented to the Finance Committee, the CFO with the assistance of Department heads prepares and reviews the preliminary budget with the Executive Team (President & CEO, CSTO, and COO). Once approved by the President & CEO, the budget is presented to the Finance Committee and reviewed until changes are made and the budget is ready to be reviewed by the Joint Finance and Executive committee. Once it meets their satisfaction, the budget is presented to the Board of Directors (with a narrative) and approved prior to the start of the new fiscal year.

The CFO prepares monthly financial statements for the CEO, Vice President of Donor Relations, and Finance Committee to review. The Finance Committee receives financial statements at each of its meetings and on a monthly basis.

The Endowment Budget is approved by the Endowment Fund Board each year. The TSC Alliance has a Due to/ Due from Endowment for revenue and expenses between entities. This is reviewed monthly and funds are moved to reconcile the balances regularly. The Endowment typically makes a significant contribution once or twice a year to the TSC Alliance to support operations. The amount of the contribution is calculated based upon spending permitted by the Endowment's Investment Policy and approved in the annual Endowment budget by its Board of Trustees.

Management understands and uses the financial statements, and required reports, such as tax returns to monitor the organization's performance. Management is adequately involved in designing and approving financial reporting system and asset safeguarding procedures. Management and the board of directors take appropriate follow-up action for identified problems or weaknesses in internal controls (including any matters communicated by the auditors).

c. Human Resources – Monitoring

The employee handbook was updated in October 2026 and contains separate state supplements for various states of remote employees. The policies include objective-setting for each employee and 12-month performance reviews.

Hiring Process & Employee Records
Once hired, the new employee receives orientation training to reinforce the TSC Alliance's goals and help the new employee gain an understanding of the organization and his or her new role.

At the end of the first year, and annually thereafter, the employee will receive a performance evaluation from their supervisor. Performance reviews will be based on job responsibilities and key performance objectives (KPOs), and will take into account, among other things, conduct, demeanor and record of attendance. The evaluation will be reviewed (and may be subject to modification) by the supervisor's supervisor. At that time, the employee may be eligible for a merit increase, depending on their performance and the TSC Alliance's current financial condition. The final evaluation will be filed in the employee's personnel file.

Termination Process
Final Pay
Final paychecks are issued on the next scheduled payday and include any accrued Paid Time Off (PTO). A maximum of 80 hours can be carried over from one year to the next. The TSC Alliance, provides COBRA as part of our standard process upon termination. Employees may elect to continue health insurance coverage after employment termination by paying the full insurance premiums if they have resigned voluntarily or if they have been terminated for reasons other than for cause. For details, see the Plan booklet or insurance policy.

Resignation Notice
Exempt employees are requested to provide four (4) weeks or more written notice to their supervisor prior to resignation. Non-exempt employees are requested to provide at least two (2) weeks or more written notice to their supervisor prior to resignation.

Dismissal (Discharge) Not for Cause
Reasons for dismissal, other than those for cause, include but are not limited to: reduction in work force, lack of work, reorganization, poor performance, inability to meet job requirements, or any other reason that may be considered under the employment-at-will provision of the employee handbook or as required by state law.

Dismissal for Cause
Dismissal for cause includes but is not limited to theft, fighting, possession of firearms, falsification of official records, use of drugs or alcohol while on the job (except alcohol consumed during authorized business or social occasions), abusive language, abusive behavior toward other staff members, or violation of the standards of performance. An employee dismissed for cause may be terminated without notice.

Compensation and Reimbursement Policy
The TSC Alliance's compensation system is based upon "pay for performance." The goal is to attract, motivate, reward and retain capable employees by effectively using a merit program that directly links performance to pay.

Pay Procedures
Work Week & Work Day
For pay purposes, the workweek is Saturday to Friday. The TSC Alliance's hours of operation are 8:30 a.m. to 5:00 p.m., Monday through Friday. All employees are expected to take a half hour, lunch period.

Timecards
All employees are expected to accurately complete their timecards for time worked over each bi-weekly pay period. Timecards must be submitted to their supervisor for review and approval at the end of each pay period electronically in Paycor. It is very important that time sheets be complete and accurate. Falsifying time records is considered fraud and may be grounds for termination.

Pay Period & Pay Day
Employees are paid every two weeks. Payday is every other Thursday (Wednesday if Thursday is a holiday).

Direct Deposit
Employees authorize the TSC Alliance to deposit pay directly in the employee’s bank or credit union.

Overtime Pay
Non-exempt employees are eligible for overtime pay for hours worked in excess of 40 hours per week. Overtime pay is calculated at time and one-half the employee’s hourly wage. All overtime must be approved by the Supervisor in advance and that approval must be noted on the time sheet.

Reimbursement
Employees will be reimbursed for all business expenses approved by their supervisor or the CEO. To receive reimbursement, they must present an expense report form electronically via Ramp or the TSC Alliance Weekly Expense Report form, which includes: a description of the expense amounts; the purpose or project associated to each expense; and receipts for all expenses.

Benefit Plan
N.T.S.A., Inc. dba Tuberous Sclerosis Complex Alliance 401(k) Safe Harbor Plan is a contributory 401(k) plan that covers all employees after being employed for a full 3 months. After becoming eligible, the TSC Alliance contributes 3 percent of gross salary and incentive compensation for all

covered employees. Although not currently used, there is also a discretionary match of up to 3% available as a profit-sharing plan. A health, dental, vision, life, and disability package is also offered to all eligible employees as outlined in the employee handbook.