

Bad Debt Policy

Purpose

The purpose of this policy is to establish guidelines for the treatment of bad debts and the management of accounts that have become doubtful for collection by the North Peace Housing Foundation. This policy ensures proper accounting and reporting of bad debts while allowing continued efforts for debt collection when opportunities arise.

Recording Doubtful Accounts

Any account with an outstanding balance on their ledger in excess of six months may be considered doubtful for collection ("Doubtful Accounts"). Doubtful Accounts shall be recorded as an Allowance for Doubtful Accounts in the Foundation's financial statements.

Regardless, no account will be recorded as Doubtful without prior approval of the Board.

1. Tenant Accounts

Vacated tenant accounts shall be considered doubtful 6 months after the end of the tenancy. At the end of each quarter, all Doubtful Accounts on the regular AR subledger shall be assessed, and bad debts shall be recorded accordingly on the Vacated Tenants subledger.

2. Other Accounts

Other accounts deemed uncollectable shall be presented to the Board for consideration as a Doubtful Account.

Treatment of Accounts to be Written Off

Doubtful Accounts that remain unpaid after one year will be presented to the Board for consideration to be written off. On Board approval, balances owed on these accounts shall be written off the Foundation's books. Despite writing off the balances, efforts to collect the debts shall continue should opportunities for collection arise.

Exceptions may be made in cases where the debt has been determined uncollectable and may be considered immediately for write off.

Debt Collection Efforts

The Foundation shall actively pursue the collection of outstanding debts even after balances are written off. Collection efforts may include communication with debtors, negotiation of payment plans, and any other legal means available. In the event that a debt is collected after it has been written off, the appropriate adjustments shall be made to reflect the recovered amount in the Foundation's financial records.

Reporting

The Foundation shall maintain accurate records of Doubtful Accounts and bad debts, including supporting documentation and correspondence related to debt collection efforts. Regular reporting shall be

conducted to provide updates on the status of Doubtful Accounts, bad debts, and any significant changes in the Allowance for Doubtful Accounts.

Review and Evaluation

This Bad Debt Policy shall be periodically reviewed and evaluated to ensure its effectiveness and compliance with applicable laws and regulations. Any necessary revisions shall be made to address changing circumstances and improve debt management practices.