

F19.0 EXTENSION OF CREDIT AND COLLECTION OF GENERAL RECEIVABLES

PREAMBLE

It is recommended that sales staff encourage the use of cash, cheque, credit card or debit card. Credit may be granted however if the number of sales to a client is high or if the cost of a sale is significant. Managers of sales and service outlets need to be aware and knowledgeable of the *Society's* credit and collection procedures to minimize the loss of revenue resulting from accounts that cannot be collected.

SCOPE

This policy will apply to all general accounts receivable of the *Society*.

POLICY

To establish guidelines for extending credit thereby improving the *Society's* cash flow.

EXTENDING CREDIT PRIVILEGES TO CLIENTS

1. The Director of Finance will be responsible for establishing the credit limits that will be extended to individual clients. These limits must at all times protect the *Society's* exposure to non-collectable accounts.
2. When goods or services in excess of ten thousand dollars are provided, and credit is being granted, a formal written agreement signed by two Board of Directors¹ is required.
3. Extension of credit beyond the regular thirty-day payment period² may only be granted when justified by unusual circumstances. In such situations the extended credit terms must be shown on the face of the invoice and must have been agreed to by the *Society's* Director of Finance.

CRITERIA FOR GRANTING CREDIT

1. Granting credit privileges is based on the following:
 - credit worthiness
 - past payment record
 - amount of credit extended

¹ Typically these members have been designated signing officers.

² The thirty-day period begins on the date that the invoice is prepared.

2. When a single sale is fifty dollars or less, only cash or cheque will be accepted as payment.
3. When a single sale is greater than fifty dollars the client may be invoiced. Credit terms of thirty days from date of invoice will apply to all such invoices, and interest will normally be charged on overdue accounts.
4. GST must be charged on all applicable sales. If the sale is tax exempt it must be indicated as such on the face of the invoice.

COLLECTION OF ACCOUNTS RECEIVABLE

1. Collection of general account receivables is the responsibility of the Director of Finance. When a client contests the charge, the appropriate sales department will be responsible in resolving the contested items.
2. There will be a twenty-dollar service charge levied on all payments on account that are returned to the *Society* by the Bank.

NON-COLLECTABLE ACCOUNT AND WRITE-OFFS

1. Clients who have failed to respond to collection notices will have their credit privileges withdrawn and a notice of cancellation of credit privileges will be forwarded to all sales departments. All future transactions with these clients will be on a cash basis only.
2. After all means of collection have been exhausted without success, the account receivable will be written-off and charged to the department that received the original credit. The Director of Finance must approve all account write-offs.
3. Credit terms will not be granted to persons other than through the methods stated by this policy.