

Policy for PH Tenant Receivable and Allowance for Doubtful Account

**POLICY:** Tenant account receivable records should be accurate, complete and maintained in a manner to indicate the length of time the tenant debt has been outstanding.

**GENERAL:** Tenant account receivable arises from tenant monthly rent. The Agency will use the HAPPY software program to generate the Tenant Rental Register on a monthly basis that details all changes to the tenant account, tenant payments and outstanding balance owed. In addition, the HAPPY software will also generate an aged tenant receivable report that details the tenant balance by the length of time outstanding.

**PROCEDURES:** On a regular basis (every 6 months), the Fee Accountant will review the aged receivable report to identify balances that should be recorded for Allowance for Doubtful Account. The Fee Accountant will use his discretions to determine that balance for doubtful account. The following logic will go into this analysis:

• Balance owed > 90 days	100% allowance for doubtful account
• Balance owed 60-90 days	90% allowance for doubtful account
• Balance owed 30-60 days	80% allowance for doubtful account
• Balance owed <30 days	0% allowance for doubtful account

Based on this analysis the Fee Accountant will record a journal entry to set-up a bad debt expense. The entry will be as follows:

Bad Debt Expense	DR	
Allowance for Doubtful Account		CR

Management will review the tenant with outstanding balance to determine which balances should be written off. A list of all tenants to be written off will be generated and approved by the Director. The approved list will be forwarded to the Fee Accountant to write off the balance from the accounting records. The following journal entry will be prepared and entered in the accounting records:

Allowance for Doubtful Account	DR
Tenant Account Receivable	CR