Write-Off Policy for Accounts Receivable
Rockville Economic Development, Inc.

Purpose
The purpose of this policy is to establish guidelines for evaluating and writing off uncollectible accounts receivable to ensure accurate and transparent financial reporting for Rockville Economic Development, Inc. (REDI). This policy will also outline criteria for allowances on accounts deemed unlikely to be collected in full.

Scope
This policy applies to all accounts receivable (A/R) due to REDI/MWBC, including amounts owed by participants in the Shop Local program, SBA payments, and other receivables.

Policy Guidelines

1. **Monthly Review of Accounts Receivable**
    - Each month, the finance team will review the outstanding accounts receivable to assess the collectability of each item. This review will include an evaluation of the likelihood of payment and any related documentation.
2. **Documentation of Collectability**
    - For each outstanding A/R item, the finance team will document its status, including any relevant information regarding collectability or reasons for potential uncollectible. This documentation will support decisions regarding whether to retain, create an allowance, or write off the item.
3. **Criteria for Write-Offs**
    - The following conditions may lead to an account being considered for write-off:
        - The receivable is a nonstandard amount (e.g., small balances under $200) related to program participants who are no longer engaged with REDI (such as those who have left the Shop Local program).
        - A/R items with extended delinquency periods and no clear expectation of payment despite documented follow-ups.
        - Receivables that, based on internal and external evidence, are determined to be uncollectible.
4. **Allowance for Doubtful Accounts**
    - For accounts not deemed fully uncollectible but with a low likelihood of collection, an allowance may be recorded in accordance with Generally Accepted Accounting Principles (GAAP).
    - The amount of the allowance will be calculated based on the aging of the receivable and any other relevant factors to estimate potential losses accurately.

5. **Approval Process**
    - Write-off recommendations will be submitted monthly to the Executive Director, including supporting documentation. Final approval will rest with the Executive Director or Finance Committee, depending on the amount and context of the receivable.
    - All write-offs will be recorded in the financial statements with appropriate supporting notes.
6. **Documentation and Reporting**
    - Written documentation of the review, including accounts deemed uncollectible, accounts placed in allowance, and any accounts written off, will be maintained for audit purposes.
    - Summaries of monthly A/R activity, including write-offs and allowances, will be reported to the Finance Committee to ensure ongoing oversight.

Policy Review
This Write-Off Policy will be reviewed annually by the Finance Committee and updated as necessary to reflect any changes in REDI's operations, financial environment, or applicable accounting standards.