ALLOWSANCE POLICY

To accurately recognize revenues on its financial statements, the University must provide for the possibility that some present and future revenues may not be collectible. To assure the most accurate data, methods of estimating allowances for uncollectible amounts must be developed, based on actual experience and other relevant data.

This policy applies to the recording of all revenue in the University’s financial records.

The university shall calculate an allowance for any revenues for which uncertainty exists about the amount of future collections.

Examples of these include, but are not limited to:

- Student accounts receivable
- Student loans receivable
- Pledges receivable
- Grants & contracts receivable
- Notes receivable
- Summer programs accounts receivable
- Consulting Contracts

Method for Calculating Allowance

The method for calculating allowances shall be based on historical experience and shall be calculated at least annually prior to the fiscal year close, based on the most recent years’ experience as well as other known factors specific to the particular revenue.

Responsible Party

Financial Affairs, in collaboration with the departments responsible for the billing and administration of the accounts, is responsible for the calculation of an allowance which covers known or potentially uncollectible accounts. This calculation should be submitted to the Controller’s Office for review at least on an annual basis. Account write-offs and increases to the allowance are recorded in the department recording the revenue; therefore, the potential for uncollectible accounts should be considered during the annual budget process.