

Silverstone Ranch Association
RESOLUTION
Allowance for Doubtful Accounts Policy

WHEREAS Section 7.3 of the Declaration (CC&Rs) gives the Board of Directors the powers and duties necessary to conduct the affairs of the Silverstone Ranch Association (Association) and to make such rules and regulations as the Directors deem in the best interests of the Association; and

WHEREAS the Association's auditor, Butler Hanson, PLC, recommended the Association adopt a policy and procedure for establishing and adjusting the balance of the Allowance for Doubtful Accounts to strengthen internal controls and enhance operating efficiencies;

THEREFORE, the Board hereby adopts the rules, policies, and procedures regarding the calculation of the Allowance for Doubtful Accounts balance as follows:

The Allowance for Uncollectible Accounts is a contra-asset account on the balance sheet representing accounts receivable, i.e., Assessments, the Association does not expect to collect.

The Allowance for Uncollectible Accounts (Allowance) shall be adjusted semiannually on June 30 and December 31 of each calendar year to maintain a minimum balance equal to 50% of the aged accounts receivables balance at 90-days or more past due ("50% standard"). If the balance in the Allowance is less than the 50% standard, then an additional Allowance expense provision shall be made and added to the Allowance account. If the Allowance is greater than the 50% standard, a reversal of the Allowance expense shall be made and deducted from the Allowance on the balance sheet.

CERTIFICATION

I, Greg Klick, the President of the Board of Directors of the Silverstone Ranch Association, affirm that on this 24th day of March, 2021, the members of the Board of Directors of Silverstone Ranch Association, an Arizona non-profit corporation, met in a duly noticed regularly held meeting of the Board of Directors and adopted the above Resolution, Procedures, and Policies regarding the **Allowance for Doubtful Accounts Policy**, and that notice of their adoption shall be given to the Membership within (15) days of today's date.



Greg Klick, President
Silverstone Ranch Association