



3.110 - Debt

Policy Purpose and Scope

The purpose of this policy is to outline the process utilized by PhotoBiz for the recording and tracking of debt related to the business.

Roles and Responsibilities

The Controller is responsible for establishing and implementing procedures related to the recording of debt. The Assistant Controller is responsible for maintaining and updating the policy to ensure the most current procedures are documented.

Operational Procedures

Currently, PhotoBiz does not have any debt associated with the business. However, should debt be incurred by PhotoBiz, the following procedures would apply.

Prior to any debt being recorded, approval authorizing the debt must be obtained from management. Any accompanying loan documentation, i.e. closing settlement statement, amortization schedule, loan guarantees, etc., should be maintained in a separate binder for future reference. Once the debt is recorded it must be monitored on a monthly basis. As each monthly payment is made, the appropriate entry will be made to adjust the principle amount and related interest expense so that the total outstanding debt is always current. For tax purposes and to ensure the accuracy of any outstanding debt reported, the Assistant Controller will confirm the outstanding debt amount with the appropriate financial institution once a year. Additionally, any outstanding debt will be reviewed by management to determine if current ratios, i.e. debt to asset, are within tolerable limits.