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| Operation/Task: | Credit | | | Equipment: | N/A |
| Owner: | Accounts Receivable Manager | Date Prepared: | 6/12/15 | Department Responsibilities: | |
| | | Revision History: | See last page | | |

ALERTS (see below): Critical Step  Quality Check  Tip  Team Safety 

Purpose: This SOP/work instruction documents procedures for credit and collections.

| Step # | Alerts | Step Description - "What to Do" | "How to Do it" | "Why to Do it" |
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| 1 | | Opening a New ENPOINTE Customer | <ul style="list-style-type: none"> The Credit Department assigns a new customer number. The customer information is entered into the PrintStream customer maintenance file. The SIC Code is assigned to the new customer using the list in the Definitions section. | To have the ability to open job and invoice a new customer. |
| 2 | | Assign Credit Limit to New Customer | <ul style="list-style-type: none"> The credit limit is assigned based upon the Est. Sales \$ of First Order line on the Customer Input Form ACCT 002. If the credit limit requested by the salesperson is under \$5,000 the Credit Dept. will assign amount. If the credit limit requested is over \$5,000 leave the amount at \$0. If the salesperson needs the job opened immediately evaluate the amount and make a decision. The new customer number gets emailed to the salesperson. | To manage the credit risks with a new customer. |
| 3 | | Credit Report & Customer Credit Forms | <ul style="list-style-type: none"> Send credit application, credit application letter, Mailer Information form MAIL078, and sales tax exemption information via email to the new customer. A credit report is obtained from credit reporting agency. Upon return of the Mailer Information form, Accounting forwards to Lettershop – Elizabeth McMullen. | To have a legal signed document stating customer agrees with the ENPOINTE terms of the contract. To minimize the credit risk. Mailer Information form provides Lettershop with needed information. |

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| 4 | ◆ | New Customer Procedure The salesperson gives a completed Customer Input Form ACCT 002 to the AR Department. The AR Department assigns a new customer number. The customer information is entered into the PrintStream customer maintenance file. | The SIC Code is assigned to the new customer using the list below: Customer Input Form Options 1110 Agriculture Fishing & Hunting 2110 Mining, Oil & Gas 2210 Utilities 2360 Construction 3390 Manufacturing – 3110 4230 Wholesale Trade 4560 Retail Trade 4840 Transportation & Warehousing 5110 Information 5210 Finance and Insurance 5310 Real Estate, Rental & Leasing 5416 Professional, Scientific, Tech – 5411 5610 Services: Admin & Support 6113 Educational Services 6220 Healthcare/Social Assistance 7110 Arts, Entertainment, Rec - Perf Arts & Spectator Sports 7130 Arts, Entertainment, Rec – Amusement, Gambling & Rec 7210 Accommodation & Food Services 8110 Other (Except Public Admin) Repair and Maintenance 9210 Public Administration | To recognize the types of customers ENPOINTE has. |
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| 5 | | New Customer Credit Limit Policy | <ul style="list-style-type: none"> • 0 - \$5,000 job can be put into production upon completion of a customer input form and acceptable credit report. • \$5,000 - \$50,000 job cannot be put into production without a completed credit application on file and an acceptable credit report. • Credit Limit customers over \$50,000 will be approved by the Credit and Costing Manager and may be reviewed with the Chief Financial Officer after reviewing the completed credit application and the credit report. <ul style="list-style-type: none"> ○ It will be determined at that point if completed credit reference letters are necessary before proceeding with the job. • Upon return of the credit application letter by the customer, trade letters will be sent out to the trade references listed. • The tax status code is entered into the customer maintenance system when the exemption form is received from the customer. • If the tax status is ES the customer's tax ID number is entered into the customer maintenance file. • Upon return of trade letters, the customer folder will be filed and the salesperson will be notified if there are any concerns or comments on the credit. • A credit limit will be assigned based on the salesperson's amount requested over \$5,000.00. • Discount Customer: any Customer requesting discount terms require approval from the CFO on Form ACCT016 which will be maintained in the customer file. • Payment Terns: ENPOINTE standard terms are Net 30 Days. Any customer requesting other terms require approval from the CFO via email. The email copy will be maintained in the customer file. | To limit the level of risk with New Customers. |
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| 6 | | Entering First Customer Invoice | <ul style="list-style-type: none"> • Enter the correct tax code based on information supplied by the Credit Department. • If the customer has any special billing or taxing issues, the Invoicing Lead will add them to the billing specialties list. • If the credit application has not been returned upon the first invoice, the customer will be charged tax and the tax status will remain OR. • The Invoice Lead will check with the Credit Department when entering their next invoice to see if we have received tax info. | |
| 7 | | Collections | <ul style="list-style-type: none"> • Collection calls will be placed to customers when an invoice is 45-50 days old. <ul style="list-style-type: none"> ○ Priority is given to calls reaching a 75 day aging. ○ The salesperson will be notified at this point via email. • For customers receiving an initial collection call, the salesperson is emailed to verify if placing a call is agreeable and for any special contact information. • The sales staff is given aging reports at each sales meeting, usually once a month. • Statements are run on a monthly basis after the previous month has closed and sent to the customers having invoices aged more than 30 days. | If payment of invoices is not made within terms calls are placed to be paid as quickly as possible from then. |
| 8 | | Customer Accounts | <ul style="list-style-type: none"> • The AR Department reconciles payment overages, shortages and credit memos. • Credit memo approval is required for credits on sales dollars over \$100.00 by the V.P. Sales & Marketing. • Credits of tax amounts or credits with no change in sales dollars don't need approval. • Credit for discounts due to rework don't need approval if the amount is being captured as a rework. • The sales person is consulted on short paid invoices to see if the AR Department should notify the customer or if a credit is necessary. | Management of invoice issues. |

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| 9 | | Customer Credit | <ul style="list-style-type: none"> • If a customer exceeds their credit limit upon opening a new job, the AR Department is notified to increase the credit limit. • Based upon their payment history and amount requested, the limit is increased. • The AR Department may consult with the CFO for approval on large increases or questionable credit situations. | To manage credit limits and limit credit risk. |
| 10 | | New Customer Credit Report Investigation | <ul style="list-style-type: none"> • Any customer with a questionable credit report will be communicated with the salesperson and the AR Manager. <ul style="list-style-type: none"> ○ A questionable credit report may be lacking information at which time an investigation is ordered from the credit report company. ○ The results of the investigation will be communicated with the salesperson. • It will be determined whether the job will be held until credit reference letters are returned or if a payment arrangement will be made with the customer prior to starting the job. | To limit credit risk. |

Notes:

Definitions:

| Revision History | Description of Changes | Requested by | Date |
|-------------------------|---|---------------------|-------------|
| Rev 1 | Revised SOP to new format | Jan Hemmelgarn | 6/12/15 |
| Rev 2 | Added Revision History table | Jan Hemmelgarn | 8/1/16 |
| Rev 3 | Added verbiage to Step 5 What to Do and How it Works | Jan Hemmelgarn | 3/17/17 |
| Rev 4 | Added verbiage to Steps 3 and 5. | Jan Hemmelgarn | 1/22/18 |
| Rev 5 | Updated gray header bar, changed owner to Accounts Receivable Manager, changed GLS references to ENPOINTE | Cristi Oakvik | 3/9/21 |

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| Rev 6 | Changed references of Credit Department to AR Department in Steps 4, 8, and 9. Changed title of Costing and Credit Manager to AR Manager in Step 10. Changed Operation/Task title. | William Graham | 4/22/21 |
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Rev. Date 4/20