

Write Off an Uncollectible Family Account (Bad Debt)

Last Modified on 03/06/2025 6:52 pm EST

Sometimes, despite your best efforts, a family's balance just can't be collected. Writing off bad debt helps keep your financial records accurate by removing amounts you're no longer expecting to receive.

Before writing off a bad debt, there's an important step to take first. Once that's done, you can efficiently write off uncollectible amounts when needed.

Add Drop-down List Values

To properly record the bad debt in Jackrabbit, you'll need to add a couple of new drop-down list values.

1. Go to the **Gear** (icon) > **Settings** > **General** > **Drop-down Lists** (left menu).
2. Select **Transaction Type** from the left menu.
3. Click the **Add Row** button.
4. Add a new Transaction Type named **Bad Debt** and select **Credit**. **Save Changes**.
5. Select **Payment Method** from the left menu.
6. Click the **Add Row** button.
7. Add a new Payment Method named **Write-off**. **Save Changes**.

Record the Bad Debt

Once you have created the new drop-down list values, follow these steps to record a bad debt.

1. Go to the record of the family with the uncollectable amount and click the **Payment/Credit** button.
2. Select **Bad Debt** from the *Transaction Type* drop-down.
3. A window will display advising that a *Transaction Type* that is set to anything other than Payment is considered non-monetary and does not appear on revenue reports, including the Paid Fees report. Click **OK**.
4. Select **Write-off** from the *Method* drop-down.
5. Optionally, add a **Note**.
6. Enter the uncollectable amount in the *Payment* field.
7. To select the fees to write off, click in the **Apply Amt** field. Click **Save Payment**.

The amount written off reduces the family balance, and the bad debt is linked to the appropriate fees. On the Transactions tab of the Family record, the *Transaction Type* (Type column) and Payment Method (Pmt Meth column) provide visibility into the transaction at a glance.

Bad Debt Reporting

Revenue reports are not impacted because the *Transaction Type* was changed to a non-monetary credit when the 'payment' was recorded.

However, you can report on bad debt write-offs using a few other reports.

- **Deposit Slip Report** - Set the *Type Search Criteria* to Bad Debt (Credit).

- **Transaction Listing Report** - Set the *Payment Method Search Criteria* to Write-off.

- **Transaction Search** (Transactions menu) - Set the *Type Search Criteria* to Bad Debt (Credit).

Your Bookkeeper/Accountant will need to be aware of these amounts as they are business expenses.
