

## DIOCESE OF SAN DIEGO WRITE-OFF OF ACCOUNTS RECEIVABLE PROCEDURES

Accounts Receivable Items with a bill date at least one year old with no payments within the prior six months are eligible to be written off. Upon review, approval, and sign off by the Pastor or Principal, these bills should be written off for accounting purposes. Collections activity may still continue on bills that have been written off.

### Example

Prepare the entry to record the write-off of a \$1,000 account receivable.

**Step 1: Record the amount approved for write-off:**

	<u>Debit</u>	<u>Credit</u>
Allowance for Bad Debt	1,000	
Accounts Receivable		1,000
<i>To write-off uncollectible tuition (insert family name) from 2014-15</i>		

This entry reduces both the allowance and the accounts receivable.

If a payment is received *after* the write-off occurs, use the following entry to record the deposit:

	<u>Debit</u>	<u>Credit</u>
Cash (School Checking)	500	
Prior Year's Tuition		500
<i>To record payment received on previously written-off uncollected tuition.</i>		