

Bounced Check Charges

Example:

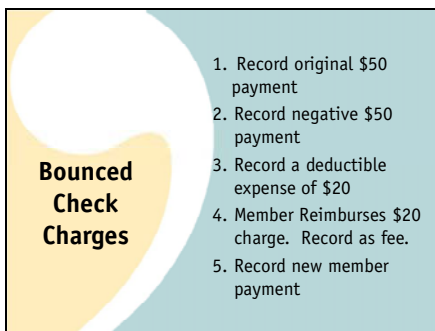
- \$50 check bounces
- \$20 overdraft fee

One type of expense clubs sometimes encounter is a bounced check charge. The charge itself is a deductible expense but there are several other accounting entries you will probably also need to make to cover everything that has happened.

Let's take an example of a

\$50 payment which bounces. Because of this, your broker charges your club a

\$20 overdraft fee.



Bounced Check Charges

1. Record original \$50 payment
2. Record negative \$50 payment
3. Record a deductible expense of \$20
4. Member Reimburses \$20 charge. Record as fee.
5. Record new member payment

You'll probably already have

entered a \$50 member payment for this person. (This is the deposit that will bounce)

Step 2-To reverse the original deposit, you'll have to record another payment of negative \$50. Record it on the date of the original payment. Use the same valuation date you used initially)

Step 3-Then, record a deductible club expense of \$20 on the date your club was charged the overdraft fee. This is the bounced check penalty your club was charged.

Step 4- If the member reimburses the club for the bounced check charge, record it as a fee of \$20 received from him or her.

Step 5-If the member also gives you a new check for his \$50 payment, record this as you usually do as a member payment on the date you receive it.