

Sell and Redeem Gift Cards in Jackrabbit

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Gift cards and certificates are a great way to add a new revenue stream for your business and bring in new customers. Whether it's a birthday celebration, graduation, anniversary or other occasion, a gift card is the perfect way to spoil someone. Sell them year-round to bring in additional revenue on top of your usual services and products.

Gift cards are like cash to the recipient, but how they are handled on your end of things is not quite as straightforward. The initial sale of the gift card creates a liability for your business (an obligation to provide goods or services for the value of the card). That liability does not become revenue until the gift card is redeemed. This makes it vital to be able to track each gift card sold and know how much is still outstanding at any time.



While gift cards are great sources of revenue it's important to adhere to accounting rules (GAAP) when recording them and comply with local legislation related to accounting for unused gift cards, known as breakage revenue. Consult your accountant or tax preparer for guidance.

Use the following process to record the sale and redemption of gift cards. This method allows you to retain an accurate breakdown of your revenue, correctly report your organization's liability (unredeemed gift cards), and comply with tax and accounting requirements.



Get Set Up

Before you get started selling gift cards, there are a few things to set up in Jackrabbit.

Jackrabbit is not an accounting program; it tracks revenue and accounts receivable, but is not designed to handle liabilities. Because gift cards are a liability until redeemed, there is a need for a little creativity in recording the sale and redemption of gift cards in Jackrabbit.

With the method stepped out in this article, the sale of a gift card takes the payment in, records the sale as 'revenue', and puts it into a Category 1 which will be labeled "Gift Card Sales (Liability)" to allow you to differentiate it from your actual revenue categories.

When a gift card is redeemed in Jackrabbit, it will be recorded as a Payment (Credit) and will be included in your Deposit Slip. Creating a Payment Method of "Gift Card Redeemed" allows you to distinguish which payments were monetary vs which were redeemed gift cards. See the [example](#) below for an illustration of how this appears on Jackrabbit reports.



Gift card sales WILL appear on your revenue statements and gift card redemptions WILL appear on your Deposit Slip report. It is necessary to follow this set up to ensure the visibility you will need to adjust things in your accounting program.

Create drop-down list values	<ul style="list-style-type: none">• Category 1 "Gift Card Sales (Liability)"• Payment Method "Gift Card Redeemed"• Transaction Type "Gift Card - Sale (Debit)"

Add store items for the gift cards with set denominations

Add Item

Item Info
 Item #/Barcode: GC-\$100 Item Name: \$100 Gift Card
 Track Qty on Hand: No
 Description: Gift Card valued at \$100
 Status: Active

Transaction Defaults
 Item Price: 100.00 Item Tax: No Tax
 Category 1: Gift Card Sales (Liability)
 Transaction Type: Gift Card - Sale (Debit)
 Transaction Sub-Type:

Vendor Info
 Vendor:
 Vendor Item #:
 Item Cost:

Item #	Name	Description	Item Price	Cat1	Trans Type
GC-\$100	\$100 Gift Card	Gift Card	100.00	Gift Card Sales (Liability)	Gift Card - Sale (Debit)
GC-\$25	\$25 Gift Card	Gift Card	25.00	Gift Card Sales (Liability)	Gift Card - Sale (Debit)
GC-\$50	\$50 Gift Card	Gift Card	50.00	Gift Card Sales (Liability)	Gift Card - Sale (Debit)

If you use Jackrabbit's QuickBooks integration

Map the "Gift Card Sales (Liability)" Category 1 value to a Gift Card liability account that you have set up in your QuickBooks Chart of Accounts (not a revenue account).

Sell a Gift Card

Gift cards are sold using the *Select Store Items* section of the **Make Sale/Post Fees** screen (from a *Family* record or the *Store* menu).

Make Sale / Post Fees

← RETURN

Store Details

Pro Shop Store/Family Search **Current Balance 0.00**
[View Transaction History](#)

Address 9820 Northcross Center Court
 Huntersville, NC 28078

Transaction Date 12/19/2019

Sale Summary

Sub-Total	50.00
Tax	0.00
Total	50.00

Payment Options

Select Store Items

Return Item	Location*	Item #	Item Name	Qty	Student	Class/Event	Note	Price	Discount	Amount
<input type="button" value="Return Item"/>	EDU	GC-\$50	\$50 Gift Car	1			#20115	50.00	0.00	50.00

Override the note and record the gift card number

- Select the required denomination from the store items you added in the **set up**.
- Override the *Note* field (automatically filled with the item name) and record the gift card number. **Note: This must be done to allow you to track**

outstanding card balances.

Redeem a Gift Card

Gift cards are redeemed by recording them as a payment in the **Payment Transaction Entry** screen (from a *Family* record or the *Store* menu > *Make Sale*).

Payment Transaction Entry

Cash, Checks, Other Credits

Save Payment Save & Make Another Payment

Family/Acct **Ager** [View Transaction History](#)
2016 Hummingbird Crescent
Huntersville, NC 28078
Home Phone (704) 374-2415

Trans Date* 12/18/2019

Pmt Type **Payment** Subtype Method* **Gift Card Redeemed**

Note Chk# 1532214

- Set the *Pmt Type* to **Payment**.
- Select the **Gift Card Redeemed Method** (payment) drop-down value you added during **set up**.
- Record the **gift card number** in the *Chk#* field. **Note: This must be done in order to allow you to track outstanding card balances.**

Report on Gift Cards

There are several Jackrabbit reports that will allow you to track the sale and redemption of gift cards, and calculate the balances on gift cards that have not been fully redeemed.

Sales Detail <i>Store menu > Store Reports</i>	<ul style="list-style-type: none">• Displays a listing of all gift cards sold over the selected period (looks to the store items created during set up)
Deposit Slip <i>Reports menu > Transactions/Financials</i>	<ul style="list-style-type: none">• Summarizes all gift cards redeemed during the selected time period

	(looks to the <i>Transaction Type</i> = Payment (Credit) and the <i>Payment Method</i> Gift Card Redeemed that was added during set up)
Paid Fees <i>Reports menu ></i> <i>Transactions/Financials</i>	<ul style="list-style-type: none"> Provides details of gift cards sold during the selected period (looks to the <i>Transaction Type</i> = Payment (Credit) and the <i>Category 1</i> Gift Card Sales (Liability) that was added during set up)
Transaction Search <i>Transactions menu ></i> <i>Search</i>	<ul style="list-style-type: none"> When filtered for <i>Transaction Types</i> = Payment (Credit) and Gift Card Sale (Debit), provides a register of gift card sales and gift card redemptions with the gift card numbers. Export to Excel and sort by the columns with the card number to calculate outstanding gift card balances.



See the **example below** to follow through a business scenario and see what these reports look like in action!

Example

This example outlines a business scenario where gift cards are sold were redeemed. It illustrates the various reporting options when the transactions are recorded in Jackrabbit using the process outlined above.

On December 18, 2019:

- 4 gift cards were sold totaling \$200, and payment was received.
- 3 gift cards were redeemed, totaling \$140:
 - The Ager family paid an event fee (\$25) and December dance tuition (\$75) with their \$100 gift card #1532214
 - The Brown family bought some merchandise (\$25) with their \$25 gift card #1532216
 - The Evans family used part of their \$25 gift card #1532217 to pay the balance owing on a tuition fee (\$15). There is \$10 remaining on their gift card.

The reports for that day are:

Sales Detail

Sales Detail Report							
← RETURN							
View 1 - 5 of 5 Print Export Refresh 1 columns hidden Show/Hide Columns Restore Columns							
Date	Item Number	Item Name	Qty	Amount	Discount	Total	Note
<input type="text" value="Search"/>	<input type="text" value="Search"/>	<input type="text" value="Search"/>	<input type="text" value="Search"/>	<input type="text" value="Search"/>	<input type="text" value="Search"/>	<input type="text" value="Search"/>	<input type="text" value="Search"/>
12/18/2019	GC-\$100	\$100 Gift Card	1	100.00	0.00	100.00	1532214
12/18/2019	GC-\$25	\$25 Gift Card	1	25.00	0.00	25.00	1532216
12/18/2019	GC-\$25	\$25 Gift Card	1	25.00	0.00	25.00	1532217
12/18/2019	GC-\$50	\$50 Gift Card	1	50.00	0.00	50.00	1532215
12/18/2019	PS-55975	Club Bag	1	25.00	0.00	25.00	Club Bag

Deposit Slip

Deposit Slip

12/18/2019 - 12/18/2019

Item #	Date	Chk#	Account(Billing Contact)	Amount
Pmt Method: Check				
1	12/18/2019	114	Pro Shop ()	100.00
Sub-total:				100.00
Check total:				100.00
Pmt Method: Gift Card Redeemed				
2	12/18/2019	1532214	Ager (Holly Ager)	100.00
3	12/18/2019	1532216	Brown (Janice Brown)	25.00
4	12/18/2019	1532217	Evans (Taylor Evans)	15.00
Sub-total:				140.00
Gift Card Redeemed total:				140.00
Pmt Method: Visa				
5	12/18/2019		Pro Shop ()	100.00
Sub-total:				100.00
Visa total:				100.00
Refunds Total: 0.00				
Net Total:				340.00
# of Items:				5

Paid Fees

Paid Fees Detail

12/18/2019 - 12/18/2019

Cat1	Pmt Date	Family/Acct	Fee Date	Trans Type	Note	Pmt Method	Fee Amt	Tax	Pmt Amt
Dance									
	12/18/19	Ager	12/1/19	Tuition Fee	December	Gift Card Redeemed	67.50		7.50
	12/18/19	Ager	12/1/19	Tuition Fee	December	Gift Card Redeemed	67.50		67.50
	12/18/19	Evans	12/2/19	Tuition Fee	part redeem - bal \$10	Gift Card Redeemed	15.00		15.00
Tuition Fee Subtotal:								0.00	90.00
Dance Total:								0.00	90.00
Gift Card Sales (Liability)									
	12/18/19	Pro Shop	12/18/19	Gift Card - Sale	1532214	Check	100.00		100.00
	12/18/19	Pro Shop	12/18/19	Gift Card - Sale	1532215	Visa	50.00		50.00
	12/18/19	Pro Shop	12/18/19	Gift Card - Sale	1532216	Visa	25.00		25.00
	12/18/19	Pro Shop	12/18/19	Gift Card - Sale	1532217	Visa	25.00		25.00
Gift Card - Sale Subtotal:								0.00	200.00
Gift Card Sales (Liability) Total:								0.00	200.00
Merchandise									
	12/18/19	Brown	12/18/19	Merchandise	Club Bag	Gift Card Redeemed	25.00		25.00
Merchandise Subtotal:								0.00	25.00
Merchandise Total:								0.00	25.00
Parent's Night									
	12/18/19	Ager	12/13/19	Event Fee		Gift Card Redeemed	25.00		25.00
Event Fee Subtotal:								0.00	25.00
Parent's Night Total:								0.00	25.00
# of Items: 9									Total: 0.00 340.00

Search Transactions

Search Transactions filtered for Transaction Types *Payment (Credit)* and *Gift Card Sale (Debit)*

				Date	Type	Amt	Unpaid Amt	Family/Acct	Balance	Note	Pmt Method	Cat1
				12/18/2019	Payment	-25.00		Brown	150.00		Gift Card Redeemed 1532216	
				12/18/2019	Payment	-15.00		Evans	564.00	part redeem - bal \$10	Gift Card Redeemed 1532217	
				12/18/2019	Payment	-100.00		Pro Shop	21.00		Visa	
				12/18/2019	Gift Card - Sale	25.00		Pro Shop	21.00	1532217	Visa	Gift Card Sales (Liability)
				12/18/2019	Gift Card - Sale	25.00		Pro Shop	21.00	1532216	Visa	Gift Card Sales (Liability)
				12/18/2019	Gift Card - Sale	50.00		Pro Shop	21.00	1532215	Visa	Gift Card Sales (Liability)
				12/18/2019	Payment	-100.00		Pro Shop	21.00		Check 114	
				12/18/2019	Gift Card - Sale	100.00		Pro Shop	21.00	1532214	Check 114	Gift Card Sales (Liability)
				12/18/2019	Payment	-100.00		Ager	276.90		Gift Card Redeemed 1532214	
						-140.00	0.00					