churchwindows
MANAGEMENT SOFTWARE
Training Workbook

Accounts Receivable

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Accounts Receivable

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The **Accounts Receivable** feature is available as an add-on to the Church Windows Accounting module. To access the Accounts Receivable menus, you must enter a "key" code which will then be stored in your system files. The initialization of Accounts Receivable will prompt you for a **Chart of Accounts asset number** which enables you to enter all of your customer/clients as subaccounts to the accounts receivable ledger.

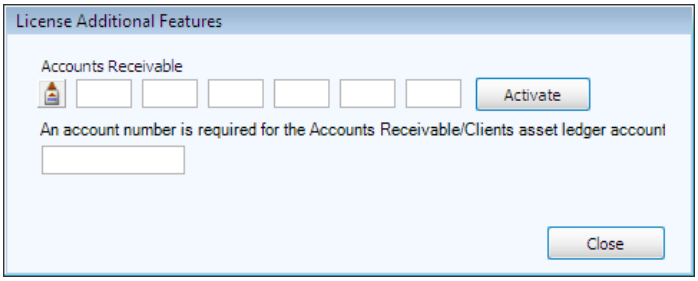
Activating Accounts Receivable

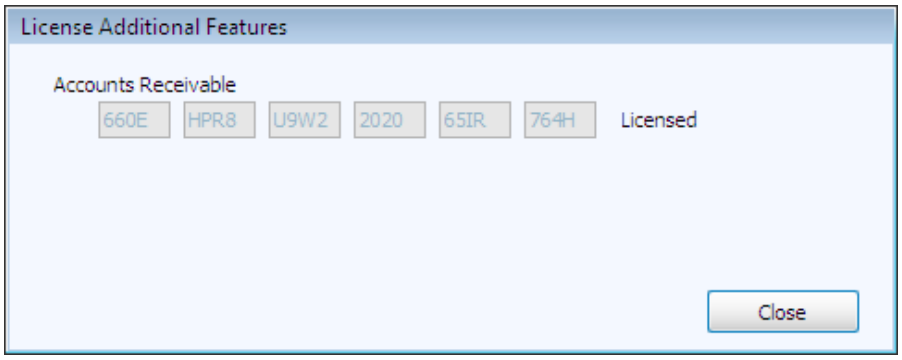
Whether you initialize the feature during the use of the setup wizard or after you have been using Accounting for a while, this screen appears:

- Click **Yes** to enter the **License Key**, click **No** to do so later.

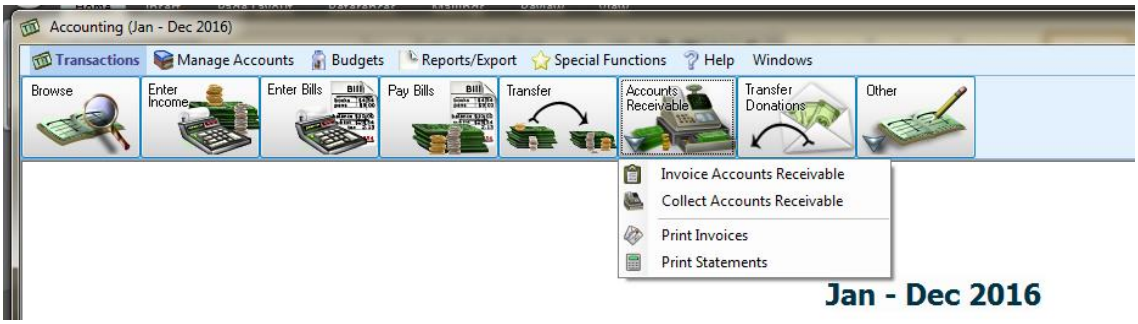
Clicking **Yes** opens the **License Additional Features** screen.

- Key in the **code** you were sent and set up a <u>number</u> for the **Accounts Receivable Asset** – it will begin with the number 1.
- Click **Activate**.
- Clicking <u>Activate</u> and you will see that the program has been **Licensed** for you.





Once the Accounts Receivable button has been enabled, the following menu items are available.

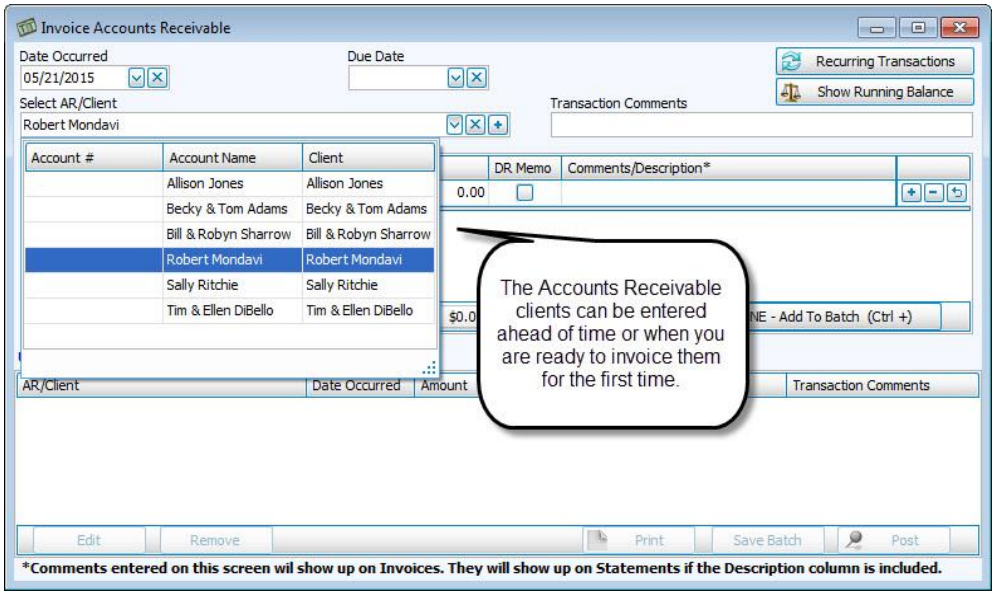


- Invoice Accounts Receivable
- Collect Accounts Receivable
- Print Invoices
- Print Statements

<u>In the Chart of Accounts, you will need a **#1 Asset account** for the clients you will be invoicing and one or more **#4 income accounts** for the income to be collected.</u>

Invoice Accounts Receivable Clients

This is where we enter the invoice information to bill our customers.



We will use the example of a preschool where the parents pay tuition.

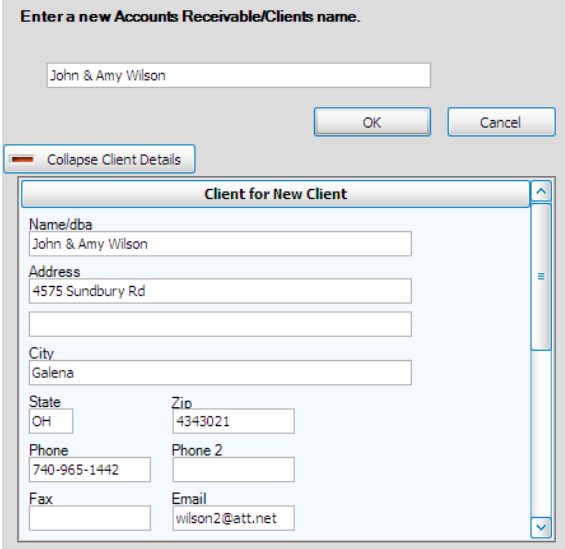
- **Date Occurred** – Click to select the correct date for the invoice: this is the date that will affect reports.
- **Due Date** – This is optional; it is only required if you would like to track overdue invoices.
- **Select AR/Client** – The accounts receivable clients need to be entered into the system.

A. To add a new client

- Click the **plus (+)** sign to open up the screen to add a client.

- If you wish to add the additional details for this client now, click the **More** button.

The following screen opens. Fill in the details on this client/customer.



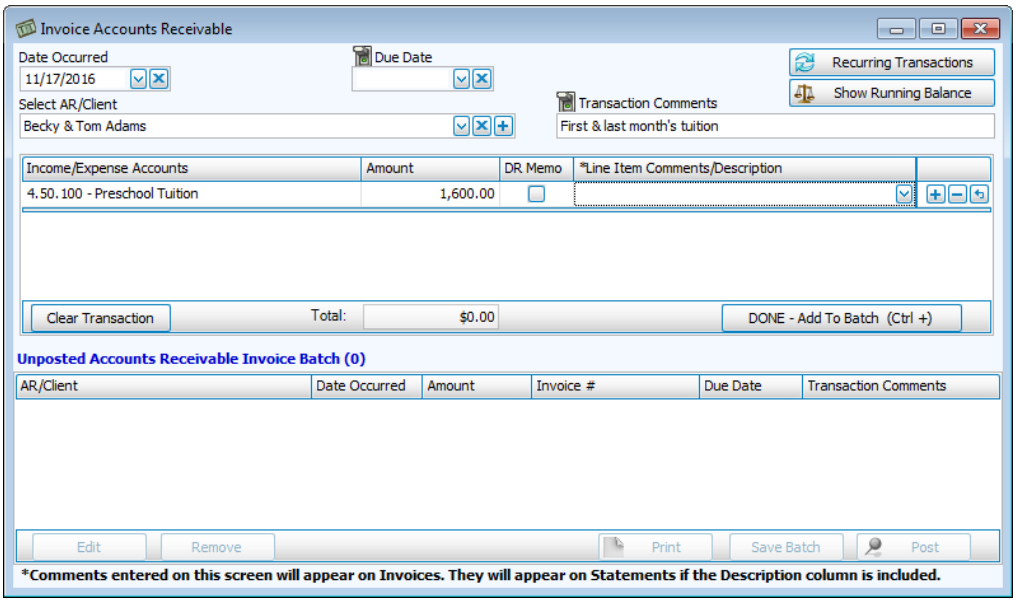
- When finished, click **OK**.

B. If the clients are already entered, find the Accounts Receivable/Client in one of several ways:

- Start typing the person's name and click on the name when it appears.
- Click the down arrow and scroll to the person's name.
- If you selected the wrong person, click the X button to wipe out the name that currently appears.

- **Transaction Comments** – This is optional information, enter any comments that apply to the whole invoice.
- **Income/Expense Account** – This is where you enter the income account(s) that reflects the sales or services provided. In our preschool example, this would be tuition.
- **Line Item Comments/Description** – This optional field is where you would enter comments that will show when the income/expense account is viewed.

Here's what the screen would look like at this point:



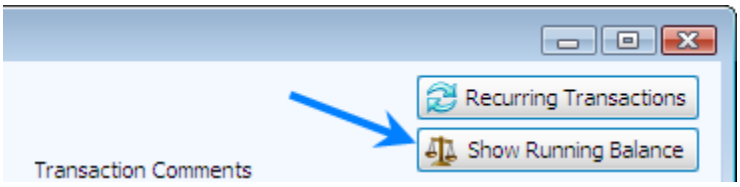
- If you would like to add another line to the invoice, click the **Plus (+)** sign to the right of the comments.
- If you would like to remove a line from the invoice, click the **Minus (-)** sign.
- If you have made a change to a field on a line and it was a mistake, click the backwards arrow to cancel the change you made.
- If you would like to clear the entire transaction, click the **Clear Transaction** button.
- If the transaction is complete and accurate, click **Done – Add to Batch**.

The transaction will now show in the batch section of the screen:

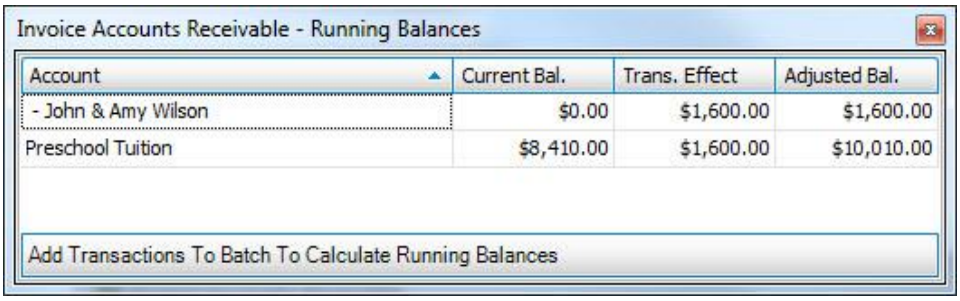
Show Running Balance

The **Show Running Balance** feature allows you to see the effect the transaction will have on the selected accounts before you post the transaction. The screen makes it easy for you to verify that you have entered the transaction correctly.

- After adding a transaction to the batch, click **Show Running Balance** in the upper right corner of the screen.



This is what we see for our transaction:



Account	Current Bal.	Trans. Effect	Adjusted Bal.
- John & Amy Wilson	$0.00	$1,600.00	$1,600.00
Preschool Tuition	$8,410.00	$1,600.00	$10,010.00

- Mr. & Mrs. Wilson's account will now show a balance due of $1600.00.
- Our income account will show the new balance in that account after this invoice is posted. The Treasurer's Report will reflect the income from tuition.

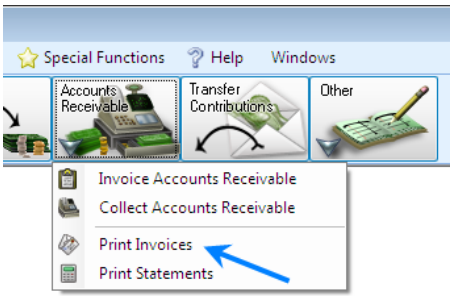
At this point, we can:

- Continue to add invoices for other clients.
- Save the batch and come back later to post it.
- Print the batch. (Note:The batch can be printed before or after posting.)
- Post the batch.

We will post our batch.

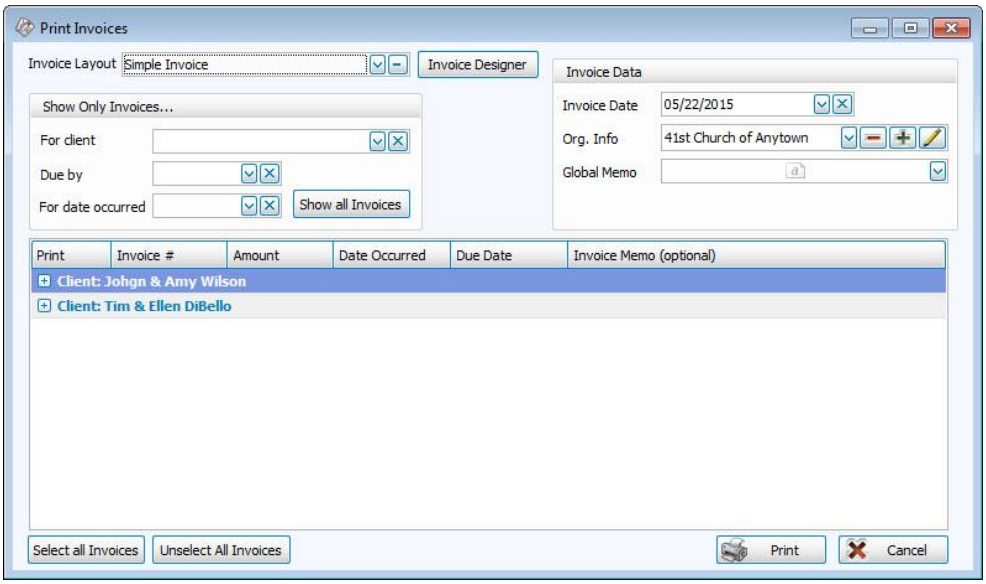
Print Invoices

Typically, this is the next step after invoices have been entered. On this screen, you can design your own invoices with different setups for different organizations.

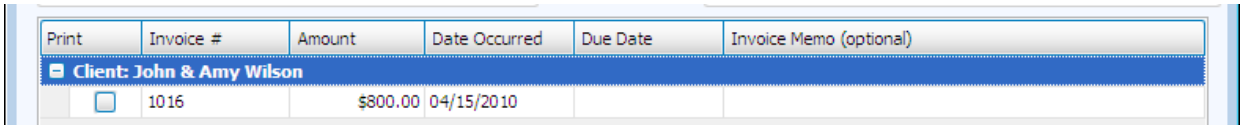


For example, you can design a heading at the top of the invoice for your church preschool that is different than the one you use for generic church invoices.

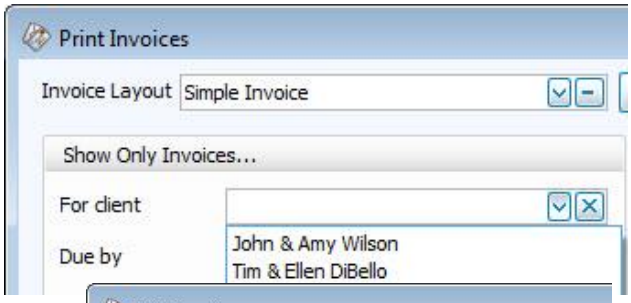
Here's the screen as it opens. We have two invoices to print.



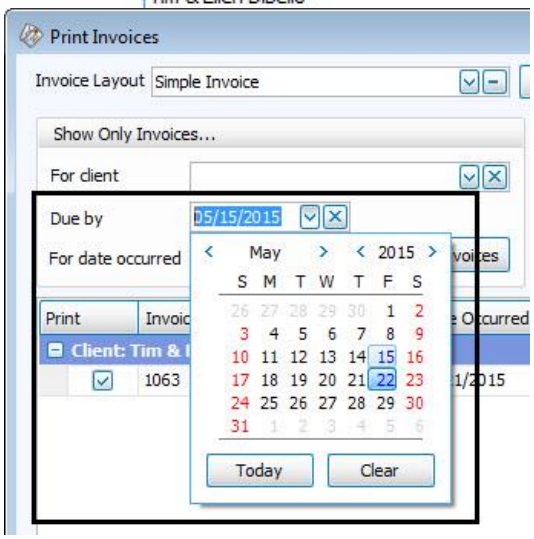
➢ Click the **plus (+)** sign beside the client's name to see the details of the invoice.



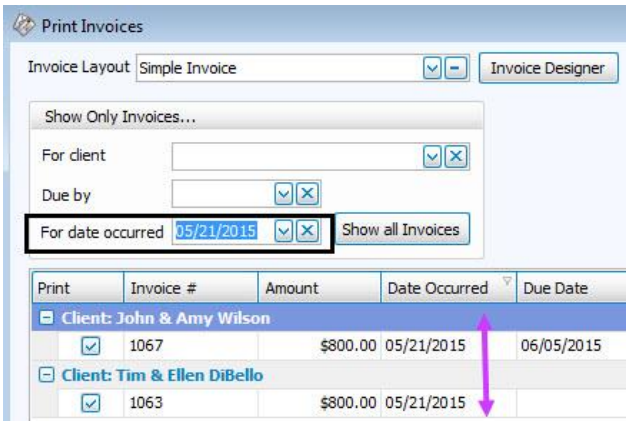
At the top of the screen in the **Show Only Invoices** box, there are several options:



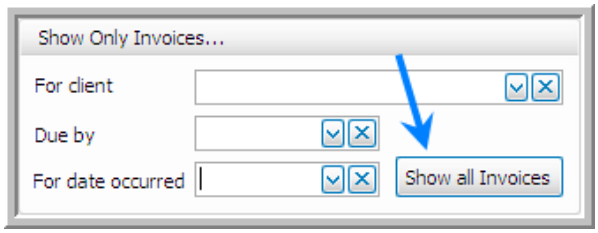
- Click to select **one of the clients** we have invoiced.



- Show only those **due on a given date**.

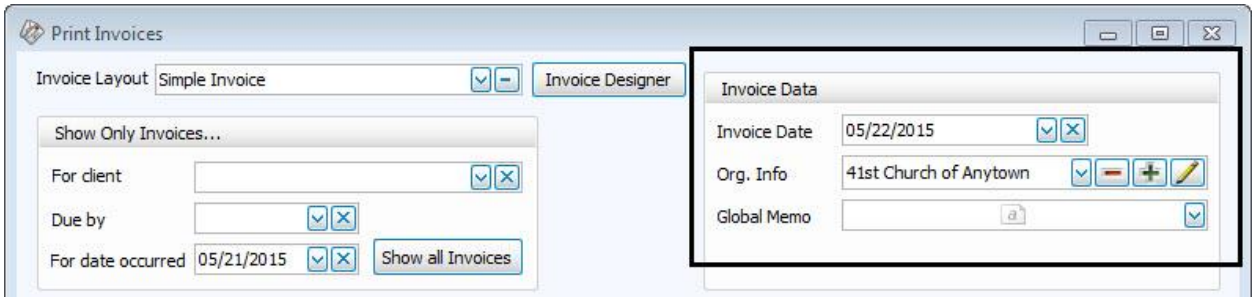


- Show only those with a specific **Date Occurred**.



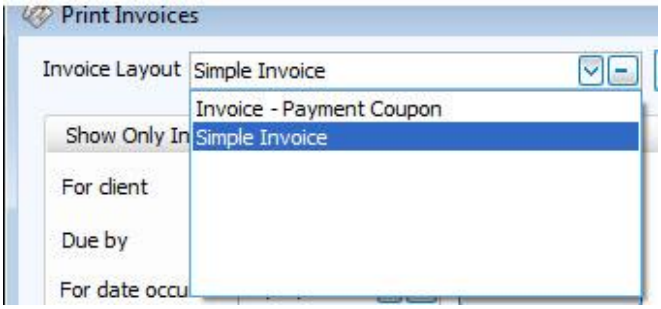
- **Show all Invoices**.

Invoice Data.

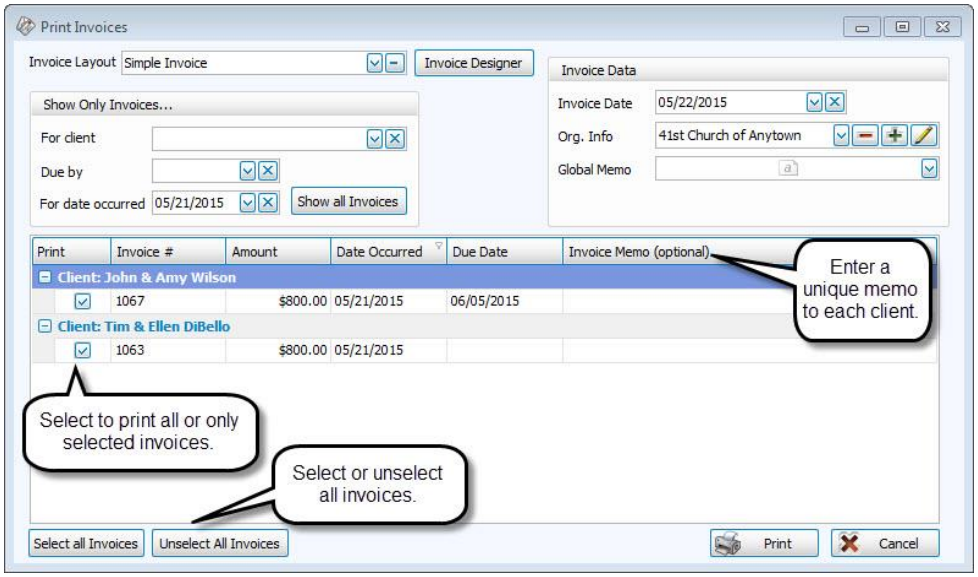


Select specific information to place on the invoice:

- **Date**
- **Organization Information** – You can have different information for different organizations.
- **Global Memo** – This allows you to enter one memo that will be placed on all invoices printed today.
- You can also enter a specific memo on each client's invoice by keying a memo in the **Invoice Memo** field.
- **Invoice Layout** – The program provides two pre-set layouts for your use: the Simple Invoice and the Invoice – Payment Coupon.

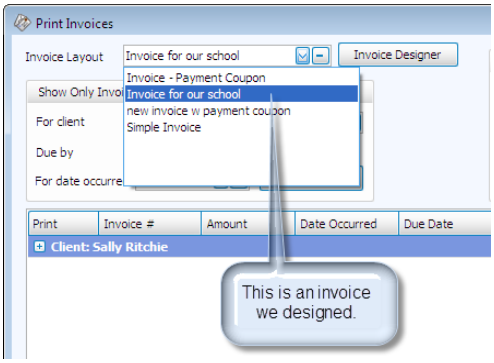


Samples of the two standard invoices are included at the end of this workbook.

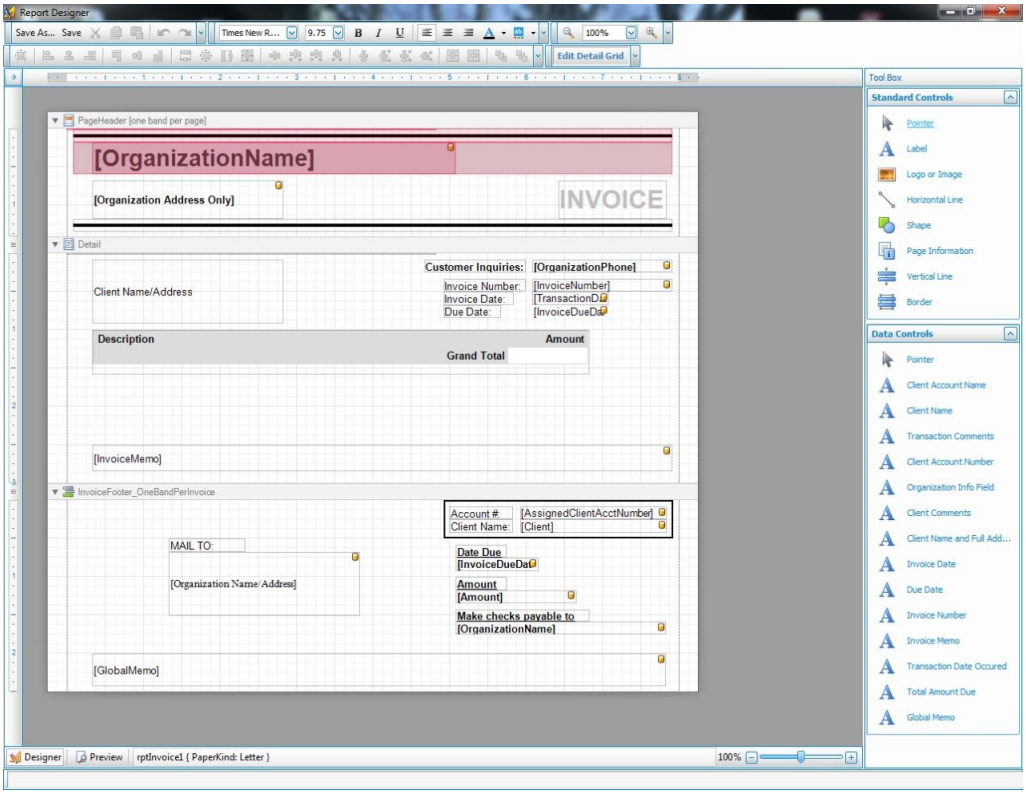


Designing an Invoice

Use the **Invoice Designer** to design an invoice as you prefer it to be. Once designed and saved under a title, it will be an option in the drop down list, as seen here.



- Clicking the **Invoice Designer**, we see that it is a “click and drag” function.

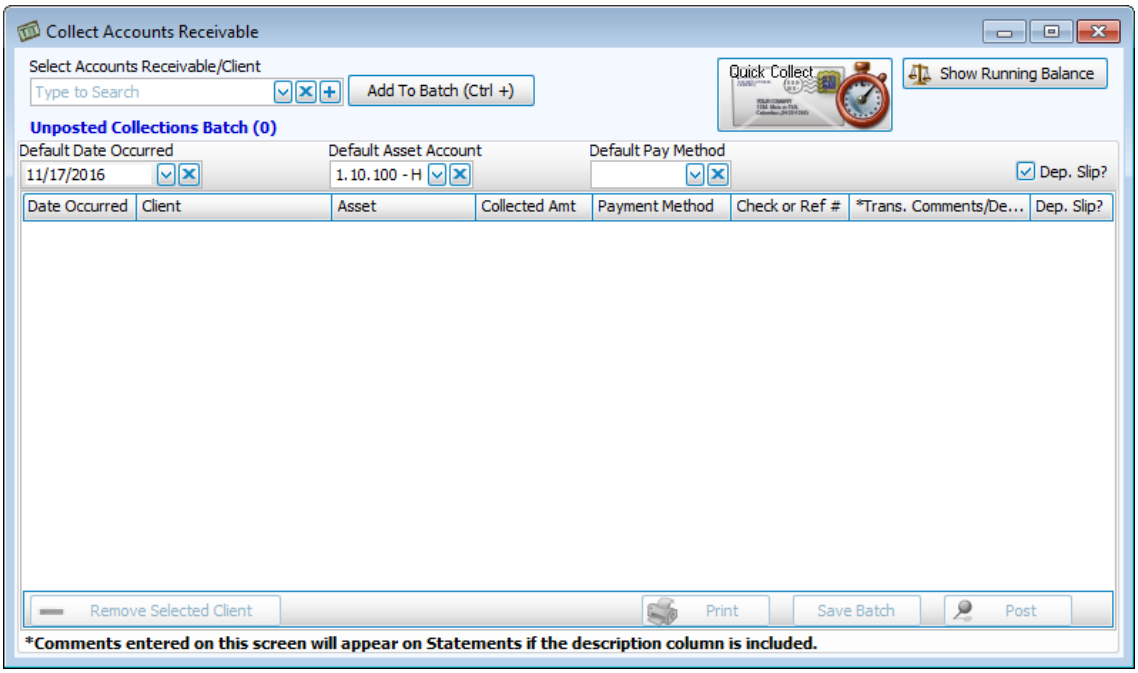


- To reposition an item on the layout, click on it and drag it to the desired position.
- To delete an item from the layout, right-click on it and left click on **Delete**.
- To place a new item on the layout, click on an item in the Standard Control box and drag it to the desired position.
- When finished making changes to the layout, click **Save As** and give it a new name.

For detailed instructions on the Invoice and Statements designer, from either Print Invoices or from Print Statements, click the **Statement Designer** button and then press the **F1** key on the keyboard to open the HELP topic on designing your own.

Collect Accounts Receivable

After customers receive their invoices and make a payment, we can enter their payments into the **Collect Accounts Receivable** section.

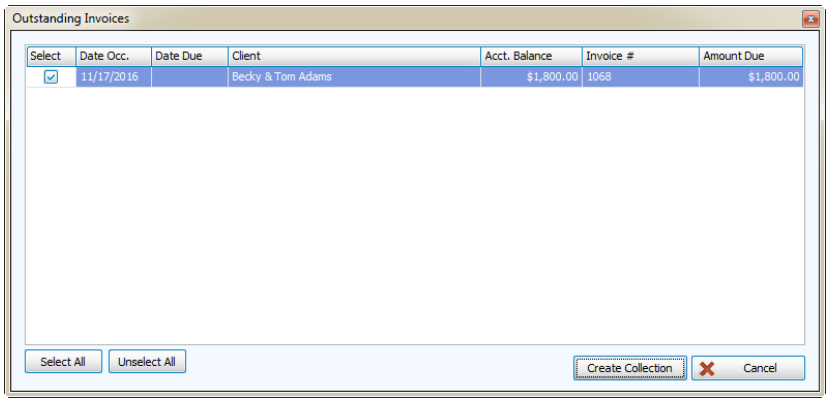


To select the client whose payment you are recording, use the **Quick Collect** which functions like the Quick Pay button in Accounting.

- **Collect Invoices Entered Today** - If we create an invoice for a customer and they pay that same day, we can choose Collect Invoices Entered Today. It will pull up only those invoices created on today's system date.

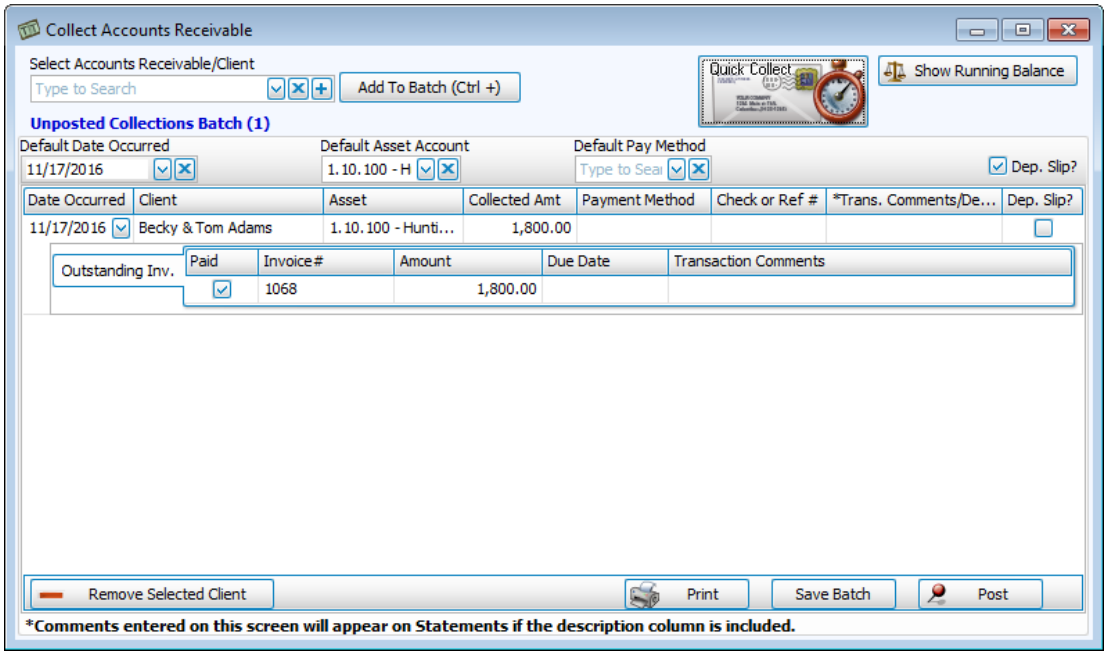
- **View Clients with a Balance** – Selecting this option lets us see all clients with a balance due on their account.

- **View Outstanding Invoices** – This option displays only those with invoices outstanding.

- Click 

  Select to select the client(s) from whom you have payments. This will place a check mark in the box. Click **Create payments**.

  The screen opens so the invoice can be processed.



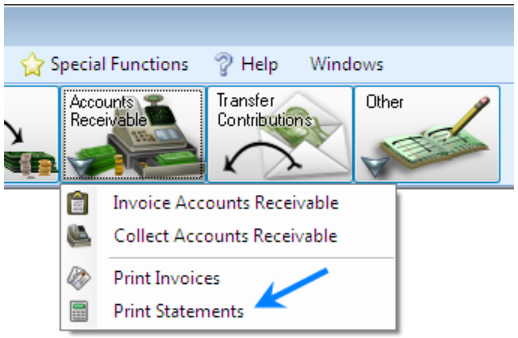
  To set the default for the asset and pay method, see Special Functions/ *Settings* in the Accounting module.

  - **Date Occurred** – make sure this is the date you wish to use. It is the date that the reports will be affected.
  - **Asset Account** – Click to select the asset in which the money will be deposited.
  - **Pay Method** – Select one method here for all payments. If the payments by the individuals is not the same, click in the **Payment Method** box for each client and select the payment method that was used. In this screenshot, one family paid with a check, the other with cash.
  - Make certain there is a check mark in the **Paid** box to show that the invoice was paid.

- **Trans Comments** here will show up on the Statements printed if the Description column is included on the statement.

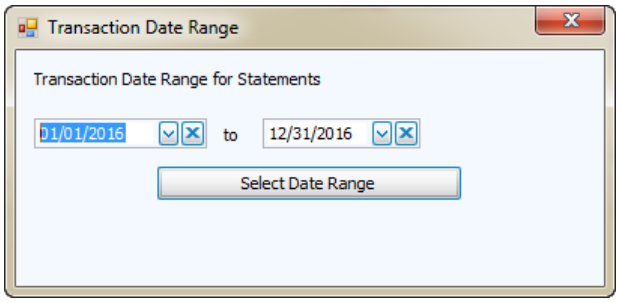
Print Statements

This is frequently the last step in the accounts receivable cycle. Clients can receive a statement showing that all invoices have been paid or conversely, those that a balance is still owed.

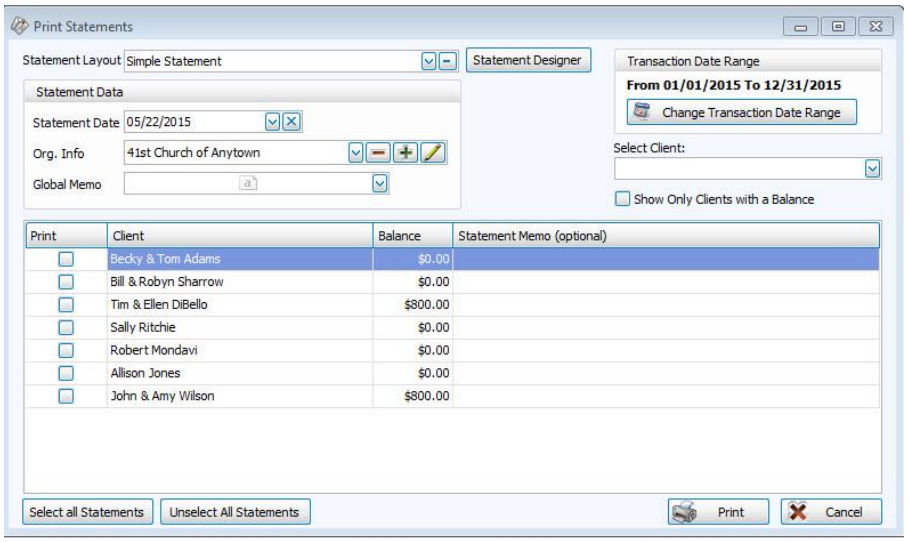


- Click **Accounts Receivable**, **Print Statements**.

- The **Transaction Date Range screen** opens, allowing you to limit the date range for statements. It defaults to the full year, but you may click the down arrow and select a given range.



- Once the range is set, click **Select Date Range**.



Statement Layout – The pre-formatted statement is called a **Simple Statement**. If you have designed other statements, click the down arrow to select the layout to be used.

Statement Designer – This button allows you to open a basic layout and design your own statement. It is a click and drag function:

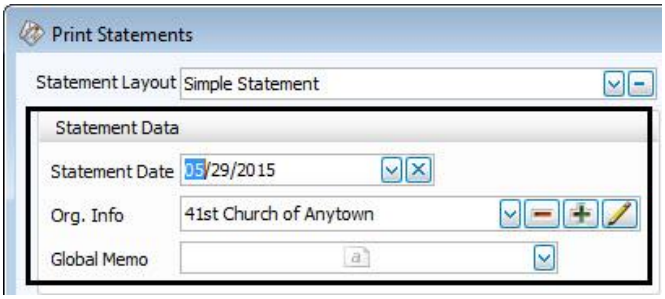
- To reposition an item on the layout, click on it and drag it to the desired position.
- To place a new item on the layout, click on an item in the Standard Control box and drag it to the desired position.
- To delete an item from the layout, right-click on it and left click on **Delete**.

  For more information on designing a statement, see the HELP program's **Accounting** manual, its book Transactions Menu, then *Accounts Receivable* and 'Design A/R Invoice and Statements.'

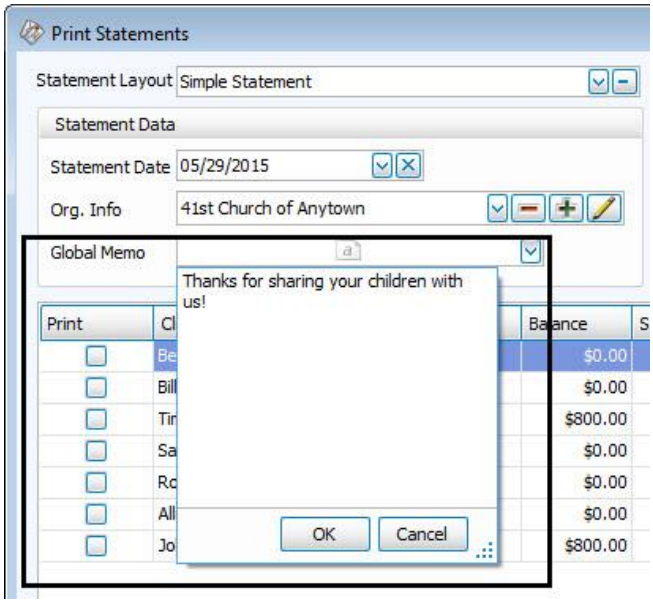
Statement Data

- **Statement Date** - Click to set the **Statement Date**; you can also type the date into the box.

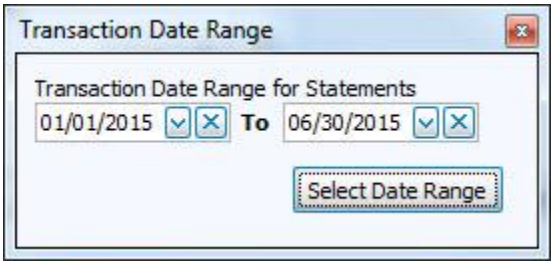
- **Info** - Your **Organization Information** pops in automatically but if you have set up more than one organization, you can click the down arrow to select a different organization.



- **Global Memo** – If you type a message into the Global Memo in the box, it will print on the statement. If you show a statement but do not wish to use it for these, delete the message.

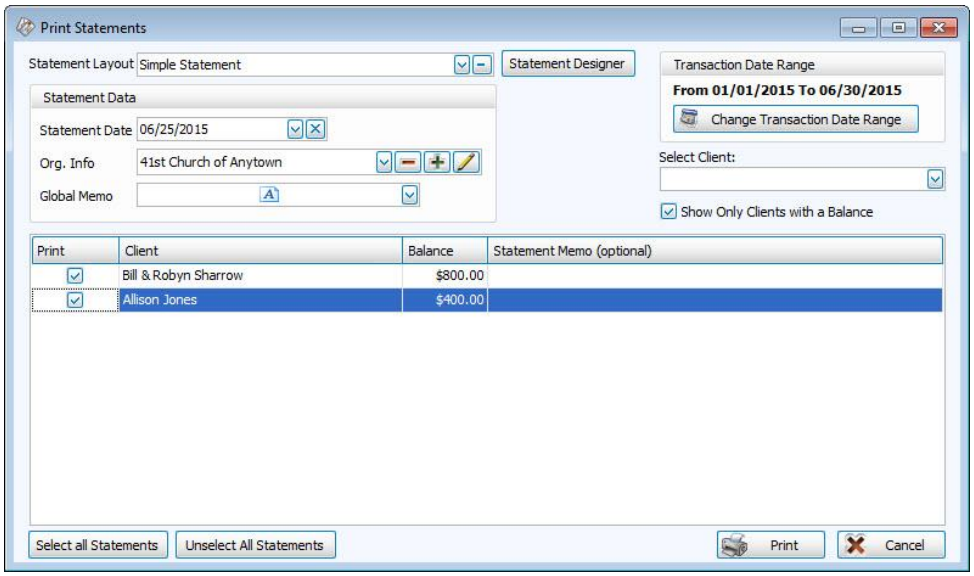


- **Transaction Date Range** – You may change the date range for the transactions that will show if you prefer. It brings over the range you selected when you opened Print Statements.



- **Select Client** – If you prefer to see the information on just one client, click the down arrow in the **Select Client** box to select just that one person.

- **Show Only Clients with a Balance** – Click to place a check mark in this box if you want to print statements for only those people with a balance. Our screen is set.



- The system defaults to selecting all statements for printing and has placed a check mark in the **Print** box beside each client's name, indicating that a statement for each client should be printed. If you made a mistake and do not want all selected, click to uncheck the ones you do not want. Or click Unselect All Statements and then manually click to place a check mark in the **Print** box to you choose specific people for whom a statement is needed.

- When everything is set, click **Print**.

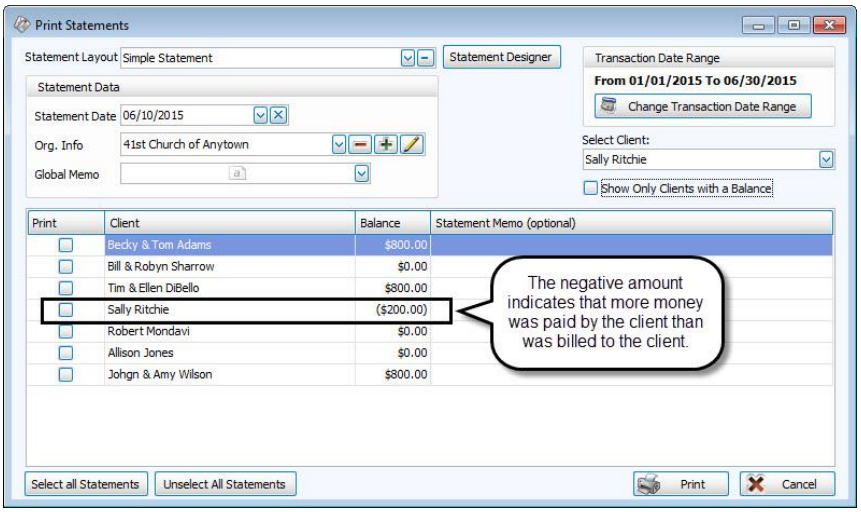
See our statement at the end of this workbook.

Special Situations in Accounts Receivable

Posting a Refund in Accounts Receivable

If an amount has been paid greater than the invoices posted and a check needs to be issued to the client, you will post a Transfer transaction from the checking account to the A/R Client to create the check.

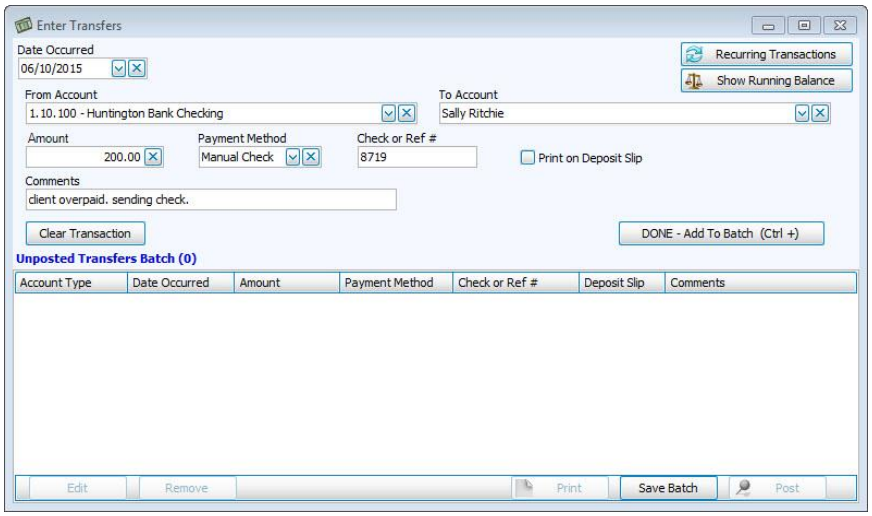
When a client has made an



overpayment, a statement run for that client should show a negative balance that is equal to the overpayment.

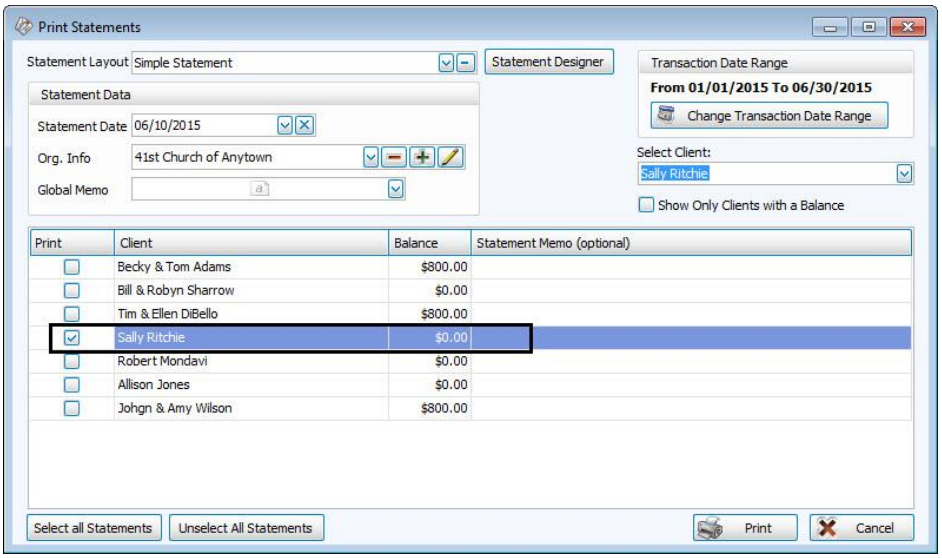
To post the transfer:

- Click the **Transfer** button under the Transactions menu.
- Select the applicable **checking account** name in the **From Account** box, and the **Client Name** from the **To Account** box.
- Enter the **Amount** being refunded.
- In the **Payment Method** box, choose between Computer Check and Manual Check. Select Computer Check if you wish to print a check using Print Checks feature in the Accounting module. If you wish to manually issue a check, select Manual Check and renter the check number in the **Check or Ref #** box.
- **Comments** are optional.



- Click **Done - Add to Batch (Ctrl +).**
- **Click Post**. You can print the transaction before or after you post it.
- Produce the check and send it to the client.

The transfer will show a positive amount to net out to zero on the A/R statement. That shows in this screenshot.

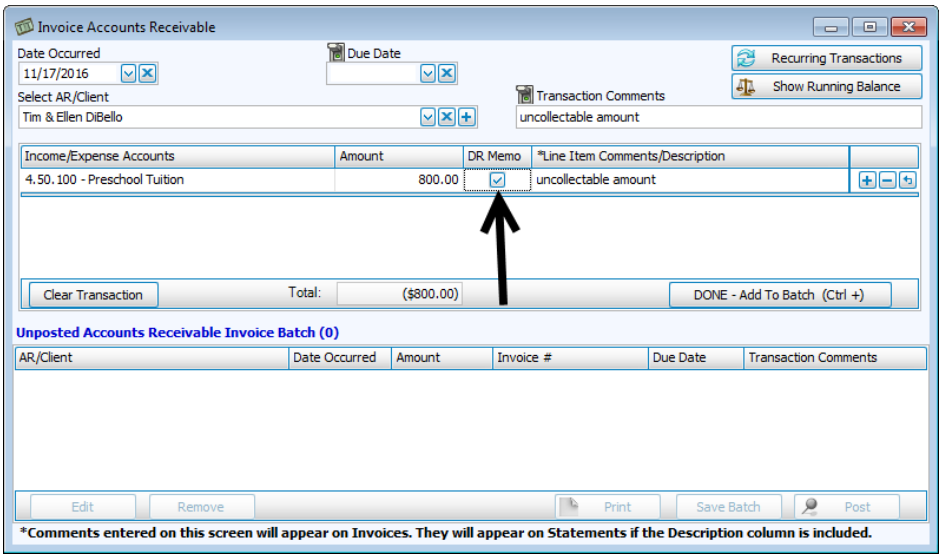


Writing Off Uncollectable Amounts in Accounts Receivable

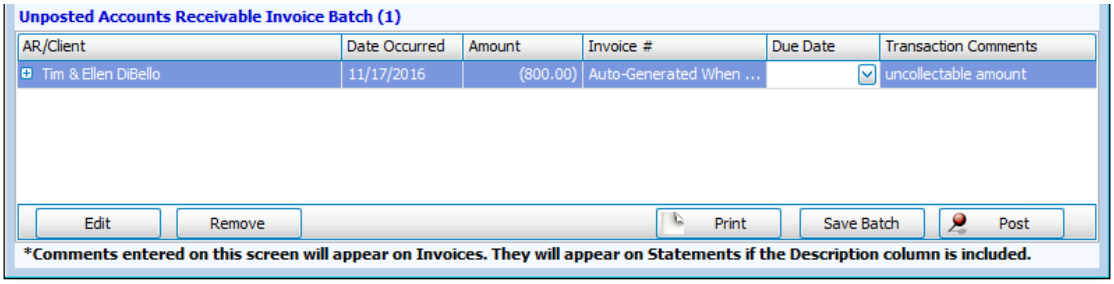
If you have invoiced clients but will not be collecting the money, you need to write off that uncollectable amount.

- Go to **Accounts Receivable** and post an invoice to the client for the uncollectable amount. Post it to the income account typically used for Accounts Receivable.

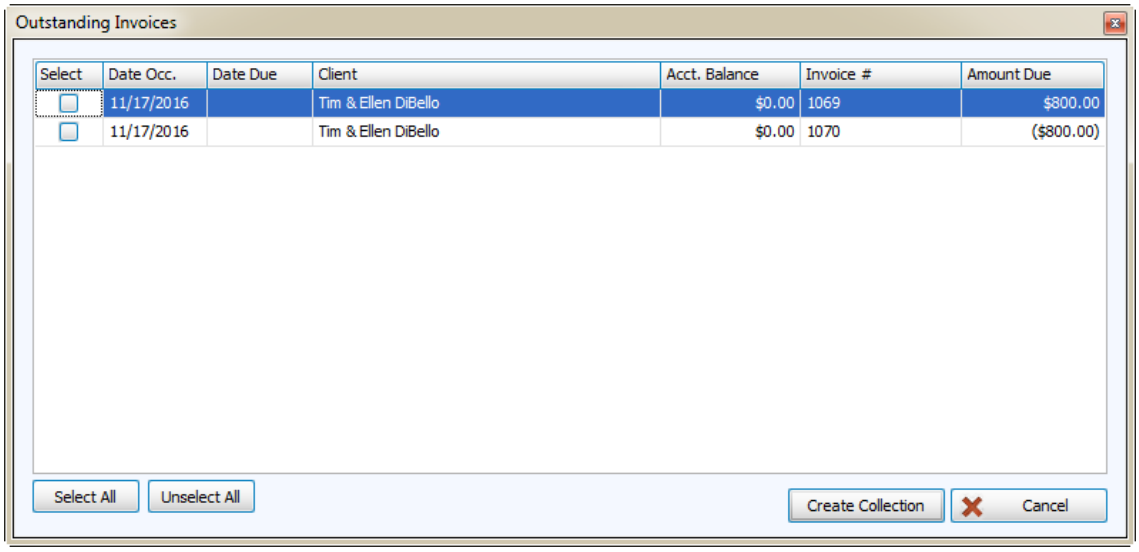
- Click to place a check mark in the **Debit Memo** box .
- **Comments** are optional.



- Click **Done-Add to Batch.**
  This will create a negative invoice to zero out the client.

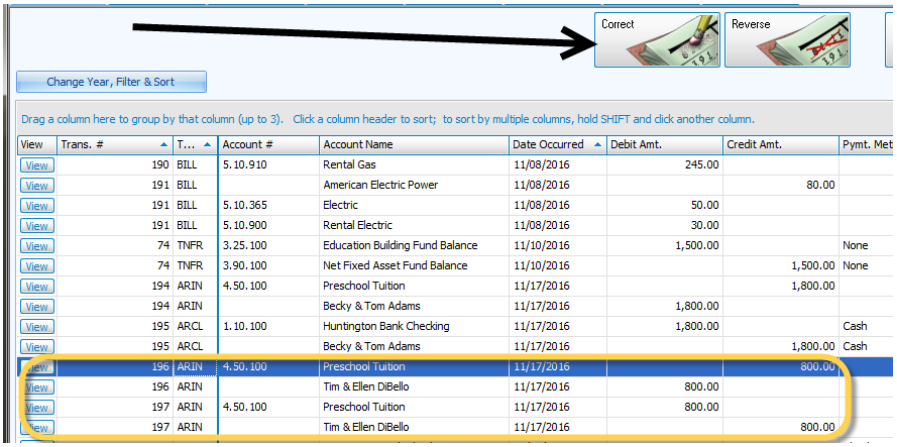


- **Post** the transaction. You can print the transaction if you wish.
- **Go to Accounts Receivable, Collect Accounts Receivable, Quick Collect, View Outstanding Invoices**.

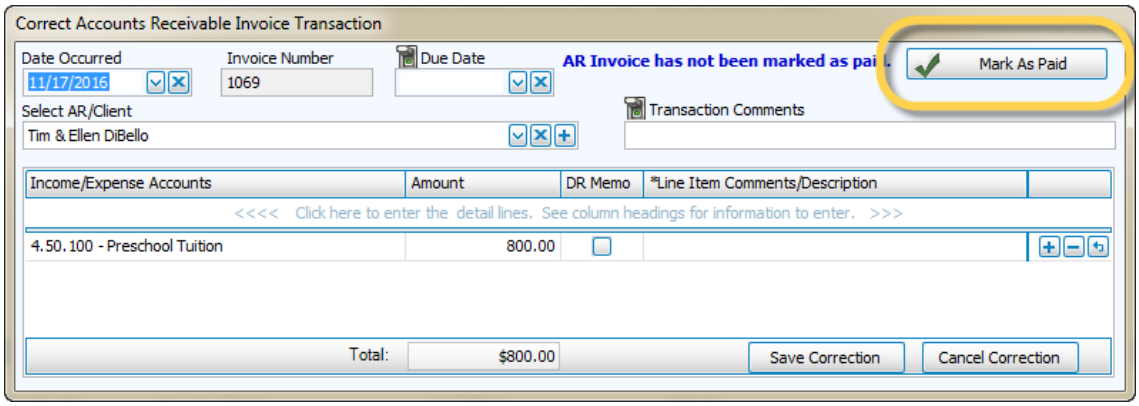


Both the <u>invoice</u> and the <u>debit memo</u> will show. Do nothing with them on this screen.

- Go to **Transactions**, **Browse** and find the outstanding invoice and debit memo.

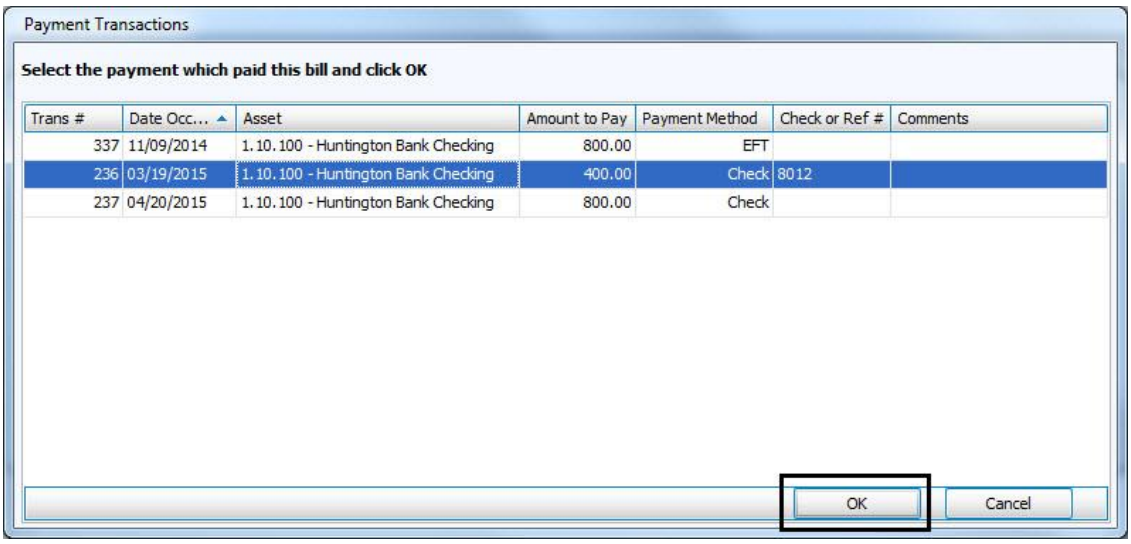


- Click to <u>highlight the line for the invoice transaction</u>, click **Correct** and click the **Mark as Paid** button.



A screen will come up with past collections.

- Highlight any one of the payments and click **OK**.



- Click **Save Correction** to save the correction.

Follow these same directions to correct the **Debit Memo**.

If there were no collections with which to associate the uncollectable invoices and debit memo, then:

- Post a collection for $1.00.
- Mark all the appropriate invoices and debit memo paid.
- Then post a Journal Entry in which you credit the Checking Asset and debit the A/R Client for $1.00. This will back out the $1.00 collection.

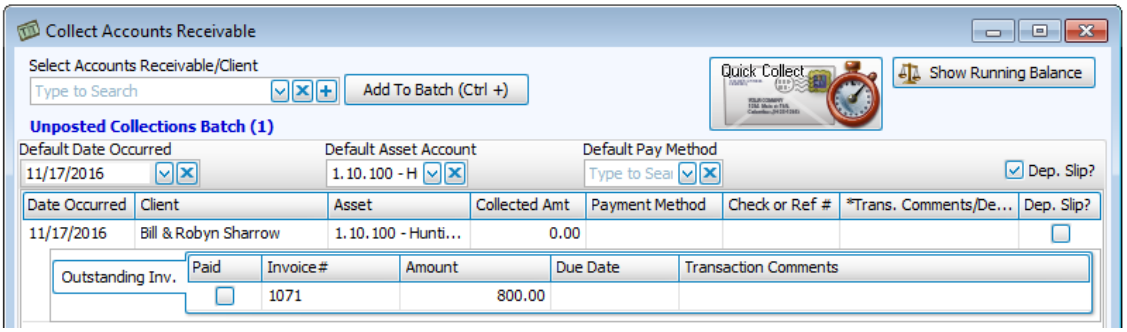
Note: On the next bank reconciliation for the checking account, mark the collection that will show under deposits and the Journal Entry that will show under withdrawals cleared to wash them out of the bank reconciliation.

Posting a Partial Payment in Accounts Receivable

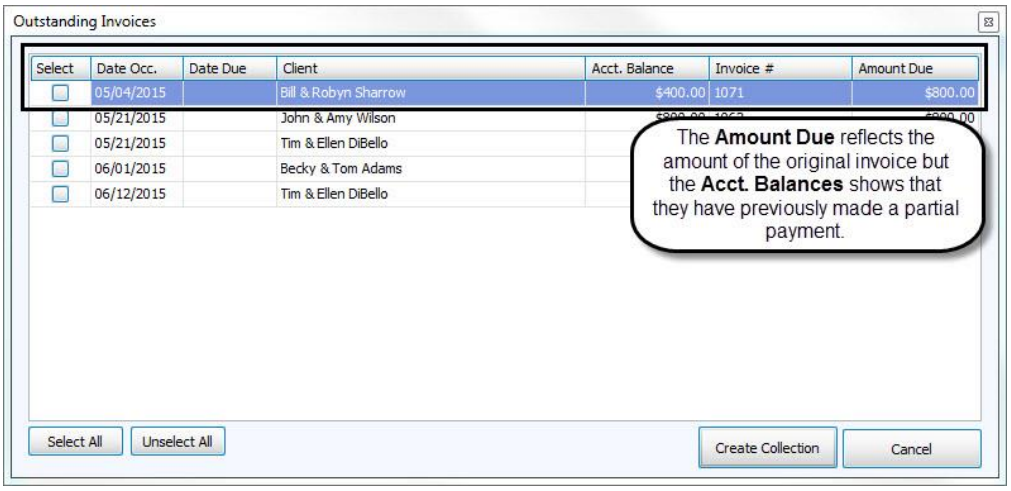
Sometimes a client makes a partial payment rather than paying the full amount. When a partial payment is made and the invoice is selected and marked paid, the invoice no longer shows but the client still has a balance. Then when the rest of the payment is received there is no invoice to select.

Posting Options:

1. When the client makes the partial payment, do not mark the invoice paid. It will remain as outstanding with the account balance netting out to the amount still owed.



When you go to **Collect Accounts Receivable**, **Quick Collec**t, and click **View Outstanding Invoices**, the original invoice is still there. The **Amount Due** is still the amount of the original invoice, but the **Account Balance** tells you that a partial payment was previously made.



When the client pays the remaining amount, mark the invoice paid but enter only the amount of the current payment. The invoice will be paid and the client balance will be zero.

2. Before going in to record the amount of the partial payment, go to **Browse Transactions**, find the <u>original invoice</u> and **correct** it to the <u>amount of the partial payment</u>.

   Collect on the invoice and mark that invoice paid

   Last, post a new invoice for the rest of the payment, making the date of the invoice the same date as the original.

3. When the client makes a partial payment, mark the original invoice paid.

When the client pays the remaining amount, go to **Collect Accounts Receivable**, **Quick Collect**, **View Clients with a Balance**. The client will show with a balance due. Record the payment.

Using this method means that you cannot print an invoice for the amount due because the invoice has been marked as paid. However, you can print a statement that will show the remaining amount due.

How do I know which clients still owe us money?
Go to Collect Accounts Receivable, Quick Collect, View Clients with a Balance.

What if I do not understand a balance on a client's account?
Print a general ledger report on that client and review all the transactions.

Handling an NSF Check in Accounts Receivable

Once in a while, a client's check may not clear the bank because of insufficient funds. To handle this situation, follow the instructions given below.

- Post a **Journal Entry** to Debit the A/R Client and Credit the Bank Account for amount= of the of the check. Indicate in the comments what check number was NSF.

- When you run the client's **Accounts Receivable statement**, it will show that amount as outstanding without affecting the prior transactions.

41st Church of Anytown

450 Beecher Rd
Columbus , OH 43230

Account #: **Customer Inquiries: 614-877-1289**
Amount Due: $800.00
Allison Jones Statement Date: 06/17/2015

Beginning Balance: 0.00

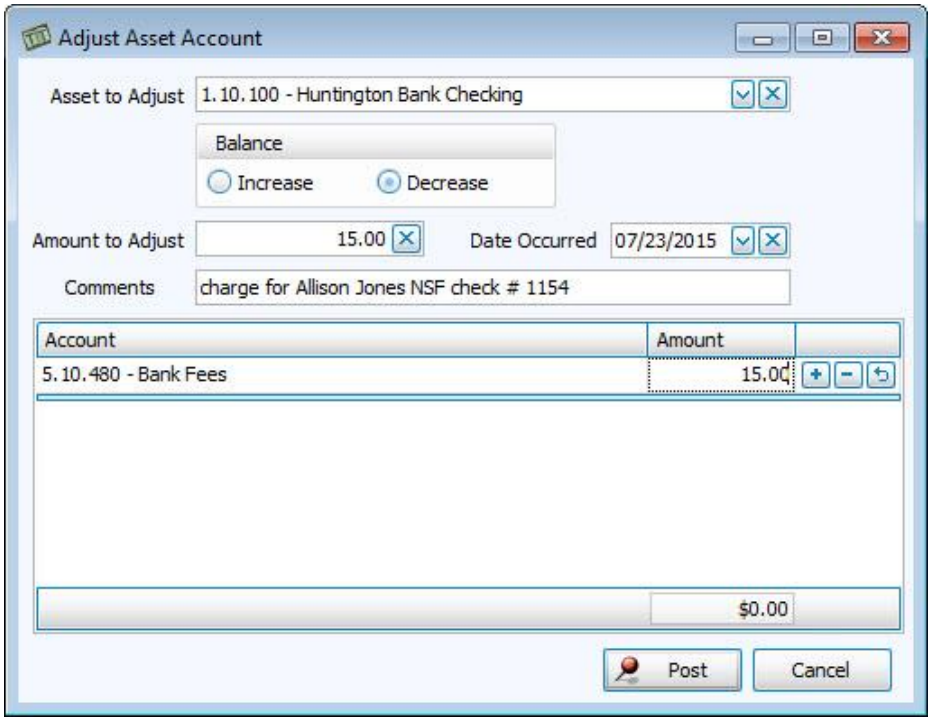
Description	Date Occ	Type	Chk#/Inv#	Amount	Balance
	01/01/2015	Invoice	1052	350.00	350.00
	01/15/2015	Payment	5456	(350.00)	0.00
	04/01/2015	Invoice	1057	350.00	350.00
	04/30/2015	Payment	6124	(350.00)	0.00
	05/04/2015	Invoice	1072	800.00	800.00
	06/12/2015	Payment	1055	(800.00)	0.00
	07/03/2015	Invoice	1074	800.00	800.00
	07/10/2015	Payment	1154	(800.00)	0.00
Check # 1154 NSF	07/23/2015	Journal		800.00	800.00

- When you get the replacement check, post another collection and the statement shows that payment.

			Beginning Balance: 0.00		
Description	Date Occ	Type	Chk#/Inv#	Amount	Balance
	01/01/2015	Invoice	1052	350.00	350.00
	01/15/2015	Payment	5456	(350.00)	0.00
	04/01/2015	Invoice	1057	350.00	350.00
	04/30/2015	Payment	6124	(350.00)	0.00
	05/04/2015	Invoice	1072	800.00	800.00
	06/12/2015	Payment	1055	(800.00)	0.00
	07/03/2015	Invoice	1074	800.00	800.00
	07/10/2015	Payment	1154	(800.00)	0.00
Check # 1154 NSF	07/23/2015	Journal		800.00	800.00
	07/27/2015	Payment	1163	(800.00)	0.00

Record the bank fee.
There are two options: charge the expense for the NSF check to the client or have the church absorb the cost of the fee.

- **To charge it to the client** post it as an invoice. It will be included on the statement that they owe.
- **To let the church absorb the cost of the charge, post an Adjust Asset transaction in accounting for the bank fee**. You need to decrease the checking account because the bank took the fee out of the checking account. The expense account you use is up to you. You can use an expense account for Bank Fees or a Miscellaneous Expense account. If you do not have an appropriate expense account, you can create one. If you use the same expense account to post the invoice for the fee and asset adjustment, the expense account will net out to zero.



How to Get Individual Collection Postings to Report as One Amount in Browse Transactions and on the Bank Reconciliation

1. Set up a separate # 1 Asset called **Cash Clearing** account.

2. Post all <u>collections</u> into this Cash Clearing account.

3. Post a **Transfer** transaction to move the <u>total amount of the deposit</u> from the **Cash Clearing** to the **bank account**

Simple Invoice

41st Church of Anytown INVOICE

450 Beecher Rd
Columbus, OH 43230

Account #:

Bill & Robyn Sharrow

Customer Inquiries: **614-877-1289**

Invoice Number: 1071
Invoice Date: 11/17/2016
Due Date:

Description	Amount
	$800.00

Make checks payable to
41st Church of Anytown

Invoice with Payment Coupon

41st Church of Anytown

450 Beecher Rd
Columbus, OH 43230

INVOICE

Customer Inquiries: 614-877-1289

Bill & Robyn Sharrow

Invoice Number: 1071
Invoice Date: 11/17/2016
Due Date:

Description	Amount
	$800.00

Account #:
Client Name: Bill & Robyn Sharrow

MAIL TO:

41st Church of Anytown
450 Beecher Rd
Columbus, OH 43230

Date Due

Amount
$800.00

Make checks payable to
41st Church of Anytown

Statement

41st Church of Anytown

450 Beecher Rd
Columbus , OH 43230

Account #:

Customer Inquiries: **614-877-1289**
Amount Due: $800.00
Statement Date: 11/17/2016

Bill & Robyn Sharrow

Beginning Balance: 0.00

Description	Date Occ	Type	Chk#/Inv#	Amount	Balance
	02/01/2016	Payment		(500.00)	(500.00)
	02/19/2016	Invoice	1067	500.00	0.00
	11/17/2016	Invoice	1071	800.00	800.00

Make checks payable to
41st Church of Anytown