

Handling Customer Deposits

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This guide explains customer deposits. It is intended for general users.

To handle customer deposits, you will initially create an invoice for the value of the deposit using the Deposit line item code; later, you will reverse that value with a [revenue-recognition invoice](https://aace6.knowledgeowl.com/help/working-with-invoices) (<https://aace6.knowledgeowl.com/help/working-with-invoices>).

Deposit Balances

A deposit is a liability representing unfulfilled customer obligations. For this reason, the deposit balance *must* be at \$0.00 before you can close an order or project. If the deposit balance is greater than zero, aACE will keep the order or project in Open status, even if the invoicing and shipping are complete.

You can review the outstanding deposit balance at the Order (or Project) Overview tab:

Code	Description	BO	DS	SO	Ordered	Procured	Produced	Invoiced	Shipped	Ordered	Invoiced	Remain
1 > SE-B-G4	Goat hair bamboo	X			20			0/20	20	200.00	0.00	200.00
2 > SE-B-WB2	White bristle	X			20			0/20	20	125.00	0.00	125.00
3 > P-Oil15	Oil Paint - Set of	X			20			0/20	20	1,100.00	0.00	1,100.00

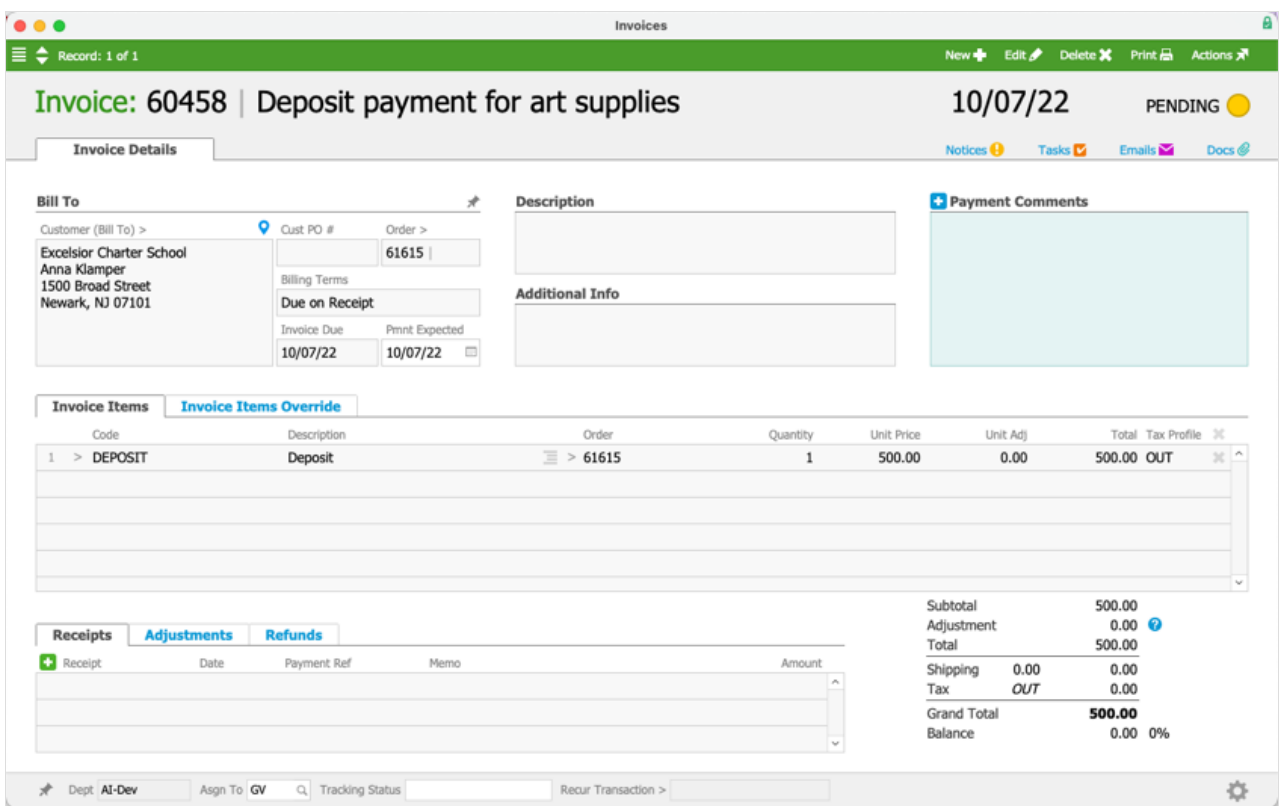
Subtotal	1,425.00	0.00	1,425.00
Adjustment	0.00	0.00	0.00
Total	1,425.00	0.00	1,425.00
Shipping	0.00	0.00	0.00
Tax	0.00	0.00	0.00
Grand Total	1,425.00	0.00	1,425.00
Order Balance			1,425.00
A/R Balance			0.00
Payment Due			0.00
> Deposit Balance			1,425.00
Change Orders			0.00

About Deposit Invoices

Before you can create a deposit invoice, your system administrator must [configure the Deposit line item code](https://aace6.knowledgeowl.com/help/configuring-the-deposit-line-item-code) (https://aace6.knowledgeowl.com/help/configuring-the-deposit-line-item-code).

Deposit invoices are different from regular invoices in a few important ways. One distinction is that they do *not* register in the Order Overview tab's Quantity Invoiced column. In other words, even though you may have generated multiple deposit invoices, the Overview tab only considers revenue-recognition invoices. However, the Overview tab does display the Deposit Balance in the lower-right (as shown above).

Another difference is that deposit invoices will only contain a single line corresponding to the amount the customer is paying, as shown in this example:



When the deposit invoice is opened, aACE debits the A/R account and credits the deposit account that is specified in the Deposit LIC:

General Ledger

Record: 1 of 2

General Ledger Sorted by Account ID

Account	Transaction ID	Date	Office	Dept	Code	Order	PO	Debit	Credit	Debit Balance	Status
1202 Accounts Receivable											
> 1202	> INV-60458	10/07/22	AI	AI-Dev		> 61615		500.00		500.00	OPEN
								500.00		500.00	
2102 Customer Deposits											
> 2102	> INV-60458	10/07/22	AI	AI-Dev	> DEPOSIT	> 61615			500.00	500.00	CR OPEN
								500.00		500.00	CR
List Totals								500.00	500.00	0.00	

Show All | Constrain to B/S Accounts | Constrain to I/S Accounts | Constrain to Inventoried Items | Omit Inventoried Items | More Finds | Related Records

About Revenue-Recognition Invoices

Later, you will reverse the deposit by creating a revenue-recognition invoice. This invoice will have a line item to recognize each source of revenue from the order, as well as a line item to reverse the earlier deposit(s):

Invoices

Record: 1 of 1

Invoice: 60460 Excelsior Charter School 10/07/22 PENDING

Invoice Details

Notices | Tasks | Emails | Docs

Bill To

Customer (Bill To) > Excelsior Charter School
Anna Klamper
1500 Broad Street
Newark, NJ 07101

Cust PO # > 61615

Billing Terms > Net 30

Invoice Due > 11/06/22

Prmt Expected > 11/06/22

Description

Additional Info

Payment Comments

Invoice Items | Invoice Items Override

Code	Description	Order	Quantity	Unit Price	Unit Adj	Total	Tax Profile
1 > SE-B-G4	Goat hair bamboo brush size 4	> 61615	20	10.00	0.00	200.00	OUT
2 > SE-B-WB2	White bristle bamboo brush size 2	> 61615	20	6.25	0.00	125.00	OUT
3 > P-OIL15	Oil Paint - Set of 15	> 61615	20	55.00	0.00	1,100.00	OUT
< > DEPOSIT	Deposit	> 61615	1	-500.00	0.00	-500.00	OUT

Subtotal 925.00

Adjustment 0.00

Total 925.00

Shipping 0.00

Tax OUT 0.00

Grand Total 925.00

Dept AI-Dev | Asgn To GV | Tracking Status | Recur Transaction >

Cancel Save

When the revenue-recognition invoice is opened, the deposit is reversed:

General Ledger											
Record: 2 of 5											
General Ledger Sorted by Account ID											
Account	Transaction ID	Date	Office	Dept	Code	Order	PO	Debit	Credit	Debit Balance	Status
1202 Accounts Receivable											
> 1202	> INV-60460	10/07/22	AI	AI-Dev		> 61615		925.00		925.00	OPEN
								925.00		925.00	
2102 Customer Deposits											
> 2102	> INV-60460	10/07/22	AI	AI-Dev	> DEPOSIT	> 61615		500.00		500.00	OPEN
								500.00		500.00	
4001 Uncategorized Sales											
> 4001	> INV-60460	10/07/22	AI	AI-Dev	> P-0115	> 61615			1,100.00	1,100.00	CR OPEN
									1,100.00	1,100.00	CR
4002 Product Sales											
> 4002	> INV-60460	10/07/22	AI	AI-Dev	> SE-B-G4	> 61615			200.00	200.00	CR OPEN
> 4002	> INV-60460	10/07/22	AI	AI-Dev	> SE-B-WB2	> 61615			125.00	125.00	CR OPEN
									325.00	325.00	CR
List Totals								1,425.00	1,425.00	0.00	

Methods for Generating Deposit Invoices

From an Order or Project

At the detail view for an order / project, click Management > Invoicing > Actions > Generate Deposit. Make sure the only line item on the new invoice is DEPOSIT. Then enter the needed information.

Record: 15 of 15

Order: 61617 | Secaucus School District

10/07/22 OPEN

Sales Order Management Job Costs & Approvals

Notices Tasks Emails Docs

Overview Invoicing Procurement Fulfillment Shipping & Receiving Tasks & Preferences

Order Item	To Invoice	Invoiced	Remain	%	To Invoice	Invoiced	Remain	%	Actions
> HP-300 HP 300 Printer	5	0	5	100%	2,857.15	0.00	2,857.15	100%	Generate Deposit Generate Invoice
> HP-300-T HP 300 Series Toner Cartridge	10	0	10	100%	337.50	0.00	337.50	100%	

Invoices Progress Billing

Invoice	Date	Title	Billing Terms	Grand Total	Balance	Pmt Exp	Tracking Status	Status

Dept: AI-Dev Asgn By: SH Asgn To: MH Tracking Status: Quote

From the Payment Dialog

When you take a payment for an order, the Enter Payment dialog allows you to flag the payment as a deposit. You can specify an exact amount for the deposit. When you mark this flag and click Apply Payment, aACE automatically generates a deposit invoice for the Payment amount or percent.

Apply Payment

Amount Due		3,194.65
Credit Available		0.00
Payment (Amount or Percent)	>>	3,194.65
Balance after Payment		0.00

Payment Method CREDIT CARD DEBIT CARD CASH CHECK ACH WIRE BILL ME OTHER

Credit Card +

Approval Code

Receipt Notes

Payment is a Deposit

Payment is a Deposit

Cancel
Apply Payment

Your system administrator can make the 'Payment is a Deposit' option be flagged automatically (Main Menu > System Admin > Preferences > Billing > 'Record payments as deposits').

Orders which already have a final invoice open will no longer display the 'Payment is a Deposit' flag. You can receive multiple deposit payments at this dialog; however, after a *non-deposit* invoice has been generated, you can only create a deposit invoice manually from the order's Invoicing tab (see above). This constraint helps prevent confusion with your transactions – manually creating the deposit invoice ensures that you construct it with clear expectations about the results.

For example, suppose there was an order for \$60.00. If you take a payment as a deposit for \$30.00, aACE generates a \$30.00 deposit invoice and a receipt, as expected. If you then issue an invoice for \$60.00, the \$30.00 deposit is applied to it so the invoice shows a balance of \$30.00, as expected. It would be unusual to take another deposit, but possible through issuing the deposit invoice manually or setting up [progress billing](https://aace6.knowledgeowl.com/help/working-with-progress-billing) (<https://aace6.knowledgeowl.com/help/working-with-progress-billing>). (Note: Allowing the second deposit to go through the payment dialog would result in an adjustment invoice against the original deposit invoice, rather than applying it to the open invoice.)

From Billing Terms

Orders can include a [Billing Terms setting](https://aace6.knowledgeowl.com/help/billing-payment-terms-preferences) (<https://aace6.knowledgeowl.com/help/billing-payment-terms-preferences>) that specifies a deposit percentage. When you open one of these orders, the system auto-generates an invoice with a Deposit line item.

From Progress Billing

[Progress billing](https://aace6.knowledgeowl.com/help/working-with-progress-billing) invoices are deposit invoices. When you click the link to 'Create Final Invoice', aACE generates the revenue-recognition invoice.

The screenshot displays two windows from the aACE software interface. The top window, titled 'Orders', shows details for Order 61617 from Secaucus School District, dated 10/07/22. It includes a table for 'Invoices' with the following data:

Date	Invoice Title	Invoice Description	Invoice Item Description	Amount or Percent	Invoice
10/07/2022	Initial installment	First printers for front office	2 printers; toner	800.00	60463

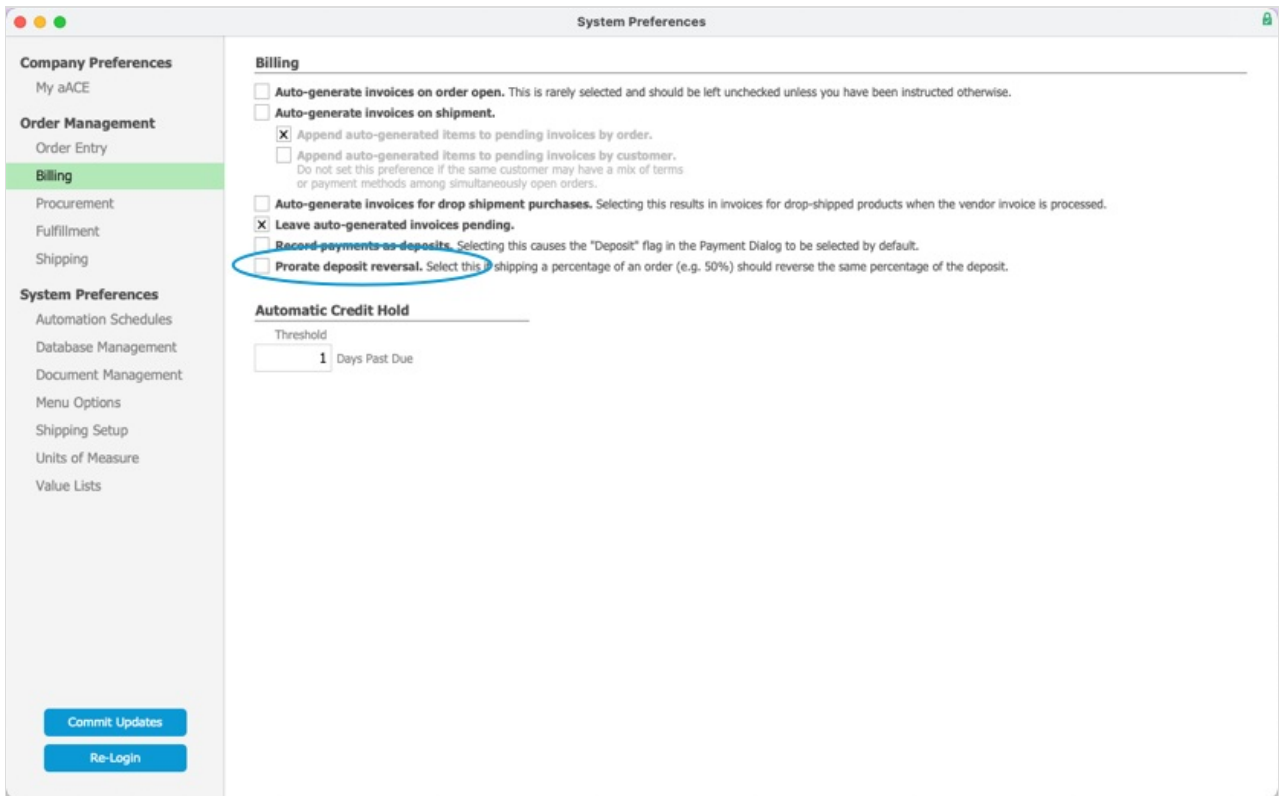
The bottom window, titled 'Invoices', shows the details for Invoice 60463, dated 10/07/22, with a status of 'PENDING'. It includes a 'Bill To' section for Secaucus School District and an 'Invoice Items' table with the following data:

Code	Description	Order	Quantity	Unit Price	Unit Adj	Total	Tax Profile
> DEPOSIT	2 printers; toner	> 61617	1	800.00	0.00	800.00	OUT

Partially Reversed Deposits for Partial Shipments

When you ship part of an order, the default revenue-recognition invoice that aACE auto-generates will reverse the *full* amount of the deposit. However, you may want to only reverse *part* of the deposit, corresponding to the partial shipment.

Your system administrator can mark a preference to implement this functionality (Main Menu > System Admin > Preferences > Billing > Prorate deposit reversal). Note: This option only takes effect if the related flag to 'Auto-generate invoices on shipment' is also marked.



Example Scenario

Suppose a company takes an order amounting to \$1,000.00, consisting of several small items and one larger item. The customer also pays a deposit of 25% or \$250.00. Even though the larger, more expensive item is on backorder, the smaller items are shipped, amounting to \$200.00 (or 20% of the order).

With the 'Prorate deposit reversal' flag *marked*, the shipment process auto-generates a revenue-recognition invoice that reverses only a percentage of the deposit: the prorated deposit reversal invoice shows the \$200.00 shipment minus \$50.00 (or 20% of the deposit amount). So the total on that invoice is \$150.00.

Later, when the backordered item is shipped, aACE auto-generates a second revenue-recognition invoice, subtracting the deposit's remaining \$200.00, resulting in a total of \$600.00.

Using the same example order, if the 'Prorate' flag was *not marked*, the shipment process would auto-generate a revenue-recognition invoice that reverses the *full amount* of the deposit. Because the amount for this shipment (\$200.00) is *less* than the deposit amount (\$250.00), the invoice would show a negative amount (-\$50.00).

Later, when the backordered item is shipped, the total of the two invoices would be \$750.00 (-\$50.00 + \$800.00).
