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 <u>revenue-</u> <u>recognition invoice (https://aace6.knowledgeowl.com/help/working-with-invoices)</u>.

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:

Juel. 015	596 Excelsio	or Chart	er Sch	nool				10/06	5/22	OPEN
Sales Order	Management	Job Costs &	Approvals					1 Notice 🔒	Tasks 🔽	Emails 🎽 🛛 Doc
Overview In	voicing Procuremen	t Fulfillme	nt Shi	pping & Receivir	ig Tasks 8	k Prefer	ences			
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 Adjustment	1,425.00	0.00	1,425.00
							Subtotal Adjustment Total	1,425.00 0.00 1,425.00	0.00 0.00 0.00	1,425.00 0.00 1,425.00
							Adjustment Total Shipping	0.00 1,425.00 0.00	0.00 0.00 0.00	0.00 1,425.00 0.00
							Adjustment Total Shipping Tax	0.00 1,425.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00 1,425.00 0.00 0.00
							Adjustment Total Shipping	0.00 1,425.00 0.00	0.00 0.00 0.00	0.00 1,425.00 0.00
							Adjustment Total Shipping Tax Grand Total	0.00 1,425.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00 1,425.00 0.00 0.00 1,425.00
							Adjustment Total Shipping Tax Grand Total Order Balance A/R Balance	0.00 1,425.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00 1,425.00 0.00 1,425.00 1,425.00 0.00

About Deposit Invoices

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

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:

nvoice: 60458	Deposit	payment f	or art supplies			10/07	/22	PEND	DING 🤇
Invoice Details						Notices 😣	Tasks 🗹	Emails 🔛	Docs
ill To		*	Description			🔁 Payment C	omments		
ustomer (Bill To) >	Cust PO #	Order >							
xcelsior Charter School nna Klamper		61615							
500 Broad Street	Billing Terms		Additional Info						
ewark, NJ 07101	Due on Receip								
	Invoice Due 10/07/22	Pmnt Expected 10/07/22							
1 > DEPOSIT	Description Deposit		Order	Quantity 1	Unit Price 500.00			Total Tax Pro	10e X
						Subtotal Adjustment Total		00.00 0.00 () 00.00	
Receipts Adjustment	s Refunds								
Receipts Adjustment Receipt Date	Payment Ref	Memo		Amount			.00 UT	0.00	

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

					Ge	eneral Ledger							
Record: 1	of 2								New 🖶 🛛 Edit 👌	🖻 Delete 🗙	Print 🖶	Actions	₹ر :
Gener	al Ledger	anted by Assessed	10										
	di Leuger s	oned by Account i	D										α,
Account	Transaction ID	Date	Office	Dept	Code 🔍	Order	PO	Debit	Credit	Debit Balance	e Status		
1202 Accou	ints Receivable												
> 1202	> INV-60458	10/07/22	AI	AI-Dev		> 61615		500.00		500.0	OPEN	۲	. ۳
1202 Accounts	Receivable							500.00		500.0)		
2102 Custo	mer Deposits				\frown				\frown	-			
> 2102	> INV-60458	10/07/22	AI	AI-Dev	> DEPOSIT	> 61615			500.00	500.00 C	OPEN	۲	Ā
2102 Customer	r Deposits				\smile				500.00	500.00 C	٤		
List Totals								500.00	500.00	0.0)		

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):

nvoice: 60460	Ex	celsior Cha	rter School			10/07/2	2 🛛	PENDING	G (
Invoice Details						Notices 🔒 🛛 Ta	sks 🗹 🛛 Emai	ls 🞽 🛛 D	locs
Bill To		*	Description			Payment Comn	nents		
Customer (Bill To) >	Q Cust PO #	Order >							
Excelsior Charter School		61615							
Anna Klamper 1500 Broad Street	Billing Terms								
Newark, NJ 07101	Net 30		Additional Info						
	Invoice Due	Pmnt Expected							
	11/06/22	11/06/22 🗆							
1 > SE-B-G4 2 > SE-B-WB2		mboo brush size 4 bamboo brush size 2	∃ > 61615 ∃ > 61615	20	10.00 6.25	0.00	200.00 125.00		××
Z > SE-B-WBZ	Oil Paint - Se	et of 15	Ξ > 61615	20	55.00	0.00	1,100.00	OUT	×
2 > SE-B-WB2 3 > P-OIL15			≡ > 61615	1	-500.00	0.00	-500.00	OUT	×
	 Deposit 			1					
3 > P-0115	୍ର Deposit			1					
3 > P-0115				1		Subtotal	925.00	2	1
3 > P-0115			-	1		Adjustment	0.00		
3 > P-0115						Adjustment Total	0.00 925.00		
3 > P-0115				1		Adjustment Total Shipping 0.00	0.00 925.00 <i>0.00</i>		1
3 > P-0115				4	Q	Adjustment Total	0.00 925.00		

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

• • •					Gene	ral Ledger								
Record:	2 of 5									New 🕂 🛛 Edit 🖋	Delete 🗶	Print 🖶	Actions	s 🖈
Gene	ral Ledger 🧟	and her descent	10											
		rtea by Account.	D			61615								Q
Account	Transaction ID	Date	Office	Dept	Code Q	Order	PO		Debit	Credit	Debit Balance	Status		~
L202 Acco	unts Receivable													_
> 1202	> INV-60460	10/07/22	AI	AI-Dev		> 61615			925.00		925.00	OPEN	۲	π
202 Account	ts Receivable								925.00		925.00			
102 Cust	omer Deposits				\frown			_		-				
2102	> INV-60460	10/07/22	AI	AI-Dev	> DEPOSIT	> 61615			500.00		500.00	OPEN	۲	۳
102 Custom	er Deposits				\smile				500.00		500.00			
001 Unca	tegorized Sales													
4001	> INV-60460	10/07/22	AI	AI-Dev	> P-Oil15	> 61615				1,100.00	1,100.00 CR	OPEN	٠	۳
01 Uncateg	orized Sales									1,100.00	1,100.00 CR			
002 Prod	uct Sales													
4002	> INV-60460	10/07/22	IA	AI-Dev	> SE-B-G4	> 61615				200.00	200.00 CR	OPEN	۲	r,
4002	> INV-60460	10/07/22	AI	AI-Dev	> SE-B-WB2	> 61615				125.00	125.00 CR	OPEN	۲	٣
002 Product	Sales									325.00	325.00 CR			
st Totals								1,	425.00	1,425.00	0.00	1		_
						Omit Inventorie								¢

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.

Order: 61617 Secaucus Sc	nool Dis	strict			10	0/07/22	OPEN 🧲
Sales Order Management Job Cos	its & Approvals				Notic	ces 🔒 🛛 Tasks 🔽	Emails M Docs
Overview Invoicing Procurement Full	fillment Sh	ipping & Re	ceiving Tasks & F	Preferences			\frown
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 10	00% Generate Dep
> HP-300-T HP 300 Series Toner Cartridge	10	0	10 100%	337.50	0.00	337.50 10	00% Generate Invo
Tension Decemen Billion							
Invoices Progress Billing	Bill	ing Terms	Grand Tr	otal	Balance Pmt Exp	Tracking Status	Status
	80	ing Terms	Grand Tr	otal	Balance Pmt Exp	Tracking Status	
	80	ing Terms	Grand Tr	otal	Balance Pmt Exp	Tracking Status	Status
	88	ing Terms	Grand Tr	otal	Balance Pmt Exp	Tracking Status	Status
_	80	ing Terms	Grand Tr	otal	Balance Pmt Exp	Tracking Status	Status

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.

Amount Due		3,194.65				
Credit Available		0.00				
Payment (Amount or Percent)	>>	3,194.65				
Balance after Payment		0.00				
Payment Method		CARD CASH	CHECK	⊖ ACH ○ WIRE		THER
Credit Card 🛨		R	eceipt Notes			
Approval Code						
				Payment is a Depos	*	

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). (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 <u>Billing Terms setting (https://aace6.knowledgeowl.com/help/billing-payment-terms-preferences)</u> that specifies a deposit percentage. When you open one of these orders, the system autogenerates 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.

Sales Order Management Overview Invoicing Procur Order Item - - > HP-300 HP 300 Printer - > HP-300-T HP 300 Series Toner Cartr	rement Fulfillment		0	g Tasks & P	Preferences To Invoice 2,857.15 337.50	Not Invoiced 0.00 0.00	2,85	main % 7.15 100% 7.50 100%	s Invoices	Doc R R R
Order Item HP-300 HP 300 Printer	To I	Invoice Invoi 5	ced Rem	ain % 5 100%	To Invoice 2,857.15	0.00	2,85	7.15 100%	1	r,
Order Item HP-300 HP 300 Printer	To I	Invoice Invoi 5	ced Rem	ain % 5 100%	To Invoice 2,857.15	0.00	2,85	7.15 100%	1	r,
HP-300 HP 300 Printer		5	0	5 100%	2,857.15	0.00	2,85	7.15 100%	1	r,
HP-300-T HP 300 Series Toner Cartr	ridge	10	0	10 100%	337.50	0.00	33	7.50 100%	1	r,
Invoices Progress Billing Date Invoice Title 10/07/2022 Initial installment		Invoice Descripti First printers fo		8	Invoice Item Dee 2 printers; ton		Amount		nvoice 0463)×
Dept Al-Dev Asgn By SH Record: 1 of 1		ent	-	Invoices			Edit		×≞ ∧ PENDIN	ction
Dept Al-Dev Asgn By SH Record: 1 of 1			-	Invoices		1		2 1	PENDI	ction:
Record: 1 of 1 VOICE: 60463 Invoice Details		ent		Invoices		1 Not	0/07/22 ces	2 I Is 🖸 Email	PENDI	ction:
Record: 1 of 1 Voice: 60463 Ini Invoice Details		ent * Des	-			1 Not	0/07/22	2 I Is 🖸 Email	PENDI	
Dept Al-Dev Asgn By SH Record: 1 of 1 VOICE: 60463 Invoice Details Invoice Details It To stomer (Bill To) > caucus School District minifer Madison Bevonshire Ave.	itial installme bust PO # Order > 61617	ent * Des Firs	cription	front office		1 Not	0/07/22 ces	2 I Is 🖸 Email	PENDI	ctions
Dept Al-Dev Asgn By SH Record: 1 of 1 VOICE: 60463 Ini Invoice Details Invoice Details II To Istomer (Bill To) > ecaucus School District ennifer Madison Poevonshire Ave. ecaucus, NJ 07096	itial installme Aust PO # Order > 61617	ent * Des Firs Add	cription t printers for	front office		1 Not	0/07/22 ces	2 I Is 🖸 Email	PENDI	ctions
Record: 1 of 1 Voice: 60463 Ini Invoice Details IT To Instantife Ave. acaucus School District annifer Madison I Downshire Ave. acaucus, NJ 07096 In	itial installme bust PO # Order > 61617 Hiling Terms Due on Receipt	ent * Des Firs Add	cription t printers for	front office		1 Not	0/07/22 ces	2 I Is 🖸 Email	PENDI	ctions
Dept Al-Dev Asgn By SH Record: 1 of 1 VOICE: 60463 Invoice Details Invoice Details II To astomer (Bill To) > ecaucus School District annifer Madison 4 Devonshire Ave. acaucus, NJ 07096	itial installme Dust PO # Order > 61617 Niling Terms Due on Receipt rivolce Due Print Expect 10/07/22 10/07/22	ent Pest Firs Add	cription t printers for	front office		1 Not	0/07/22 ces	2 I Is 🖸 Email	PENDI	ctions
Dept Al-Dev Asgn By SH Record: 1 of 1 VOICE: 60463 Ini Invoice Details II To astomer (Bill To) > caucus School District annifer Madison d Devonshire Ave. acaucus, NJ 07096 Invoice Items Invoice Items 	itial installme Dust PO # Order > 61617 Niling Terms Due on Receipt rivolce Due Print Expect 10/07/22 10/07/22	ent Pest Firs Add	cription t printers for	front office	Quantity	1 Not	0/07/22 ces	2 I	PENDI	Doc

Partially Reversed Deposits for Partial Shipments

When you ship part of an order, the default revenue-recognition invoice that aACE autogenerates 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.

•••	System Preferences	۵
Company Preferences	Billing	
My aACE	Auto-generate invoices on order open. This is rarely selected and should be left unchecked unless you have been instructed otherwise.	
Order Management Order Entry	Auto-generate invoices on shipment. Append auto-generated items to pending invoices by order. Append auto-generated items to pending invoices by customer.	
Billing	Append auto-generated items to pending involces by customer. Do not set this preference if the same customer may have a mix of terms or payment methods among simultaneously open orders.	
Procurement	Auto-generate invoices for drop shipment purchases. Selecting this results in invoices for drop-shipped products when the vendor invoice is processed.	
Fulfillment	X Leave auto-generated invoices pending.	
Shipping	Record payments as deposits. Selecting this causes the "Deposit" flag in the Payment Dialog to be selected by default.	
or upping	Prorate deposit reversal. Select this shipping a percentage of an order (e.g. 50%) should reverse the same percentage of the deposit.	
System Preferences		
Automation Schedules	Automatic Credit Hold	
Database Management	Threshold	
Document Management	1 Days Past Due	
Menu Options		
Shipping Setup		
Units of Measure		
Value Lists		
Converte Linderton		
Commit Updates		
Re-Login		

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 revenuerecognition 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).