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:

rder: 615	96 Excelsi	or Chart	er Sch	lool				10/06	5/22	OPEN
Sales Order	Management	Job Costs & /	pprovals					1 Notice 🔒	Tasks 🔽	Emails 🎽 🛛 Doo
Overview Invo	icing Procureme	nt Fulfillme	nt Ship	ping & Recei	ving Tasl	us & Prefere	ences			
Code	Description	🖶 BO DS SO	Ordered	Procured	Produced	Invoiced	Shipped	Ordered	Invoiced	Remain
> 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
							Gubtotal	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	1.425.00	0.00	1,425.00
							Grand Lotal		0.00	
							Order Balance	2,120100	0.00	1,425.00
							Grand Total Order Balance A/R Balance	-,	0.00	1,425.00 0.00
							Grand Total Order Balance A/R Balance Payment Due	.,	0.00	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		61615							
500 Broad Street	Billing Terms		Additional Info						
ewark, NJ 07101	Due on Receip	pt							
	Invoice Due	Pmnt Expected							
1 > DEPOSIT	Deposit		∃ > 61615	1	500.00	0.00) 5	00.00 OUT	×
						Subtotal Adjustment Total	5	00.00	
Receipts Adjustment	s Refunds							0.00	
Receipts Adjustment Receipt Date	Payment Ref	Memo		Amount		Shipping 0. Tax 0	.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:

					Gen	eral Ledger							8
Record:	1 of 2								New 🖶 🛛 Edit	🖉 🛛 Delete 🗙	Print 🖶	Actions	*
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0	_											5	۹ 🗸
L Account	Transaction ID	Date	Office	Dept	Code Q	Order	PO	Debit	Credit	Debit Baland	e Status		
1202 Accor	unts Receivable												
> 1202	> INV-60458	* 10/07/22	AI	AI-Dev		> 61615		500.00		500.0	0 OPEN	- 🔴 🤉	- Fr
1202 Accounts	s Receivable							500.00		500.0	0		
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2102 Custome	er Deposits				\smile				500.00	500.00 0	R		
List Totals								500.00	500.00	0.0	0		
Show All	Constrain to B/S Accounts	Constrain to	I/S Accounts	Constrain	to Inventoried Items	Omit Inventoried	Items More	e Finds 💌 🛛 Relati	ed Records 💌			1	¢.

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						New 🖶 🛛 Edit 🖋	Delete 🗶 🛛 Pr	rint 📇 🔺	ctions
nvoice: 60460	Exc	elsior Cha	rter School			10/07/22	2 🛛	PENDI	NG 🤇
Invoice Details						Notices 🔒 🛛 Tas	ks 🗹 🛛 Ema	ails 📉	Docs
ill To		*	Description			Payment Comm	ents		
Customer (Bill To) >	Cust PO #	Order >							
xcelsior Charter School		61615							
nna Klamper 500 Broad Street	Billing Terms								
lewark, NJ 07101	Net 30		Additional Info						
	Invoice Due	Pmnt Expected							
	11/06/22	11/06/22							
Invoice Items Invoice Code	Description		Order	Quantity	Unit Price	Unit Adj	Total	Tax Profile	×
Invoice Items Invoice Code 1 > SE-B-G4 2 > SE-B-WB2	Description Goat hair barn White bristle b	nboo brush size 4 bamboo brush size 2	Order	Quantity 20 20	Unit Price 10.00 6.25	Unit Adj 0.00 0.00	Total 200.00 125.00	Tax Profile OUT OUT	××××
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Invoice Items Invoice Code 1 > SE-8-G4 2 > SE-8-WB2 3 > P-OILS > DEPOSIT	Items override Description Goat hair barn White bristle t Oil Paint - Set Deposit Q Oil Paint - Set	nboo brush size 4 bamboo brush size 2 c of 15	Order Image: Second	Quantity 20 20 1	Unit Price 10.00 6.25 55.00 -500.00 55.00 -500.00 55.00 -500.00 -5	Unit Adj 0.00 0.	Total 200.00 125.00 1,100.00 -500.00 925.00 925.00 0.00 0.00 925.00	Tax Profile OUT OUT OUT OUT	× × × ×
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When the revenue-recognition invoice is opened, the deposit is reversed:

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Gene	ral Ledger 👦	ted b	v Account II	2											
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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.

.or/ Secal	Jous Schoo	Dist	rict			10	J/0//22	OPEN (
Management	Job Costs & Aj	provals				Notic	es 😣 🛛 Tasks 🗹	Emails 🎽 🛛 Docs
Invoicing Procure	ment Fulfillmen	t Ship	oing & Red	ceiving Tas	ks & Preferences			\frown
	т	Invoice	Invoiced	Remain %	To Invoice	Invoiced	Remain	% Actions
30 Printer		5	0	5 100%	2,857.15	0.00	2,857.15	100% Generate Dep
300 Series Toner Cartride	ge	10	0	10 100%	337.50	0.00	337.50	100% Generate Inv
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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 OWIRE	
Credit Card 🛨		R	eceipt Notes		
Approval Code					
				Promont is a Donos	

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 Procur Procur > HP-300 HP 300 Printer Procur Procur > HP-300-T HP 300 Series Toner Cartr Procur Procur	t Job Costs & App arement Fulfillment To I tridge	Shipping Invoice Invoi 5 10	& Receivin ced Rem 0 0	g Tasks & P	Preferences To Invoice 2,857.15 337.50	Not Invoiced 0.00 0.00	ces () Tasl Re 2,85 33	main % 7.15 100% 7.50 100%	s Invoices	Doc R R R
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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	an or front office	8	Invoice Item Dee 2 printers; ton	scription Ker	Amount	or Percent	nvoice 0463)×
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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	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	Bacord 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 p 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		
Unite of Measure		
Units of Pleasure		
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).