

# Expense Amortization

Use this module as a bookkeeping tool to amortize prepaid expenses over a period of time, rather than having the expenses update your general ledger as a lump sum at the time of the payment. Using this program allows you to more accurately indicate when expenses are actually incurred.

## Examples of use:

- Your purchase of a two-year supply of stationery can be amortized monthly to the office supply budget for this two-year period.
- Your purchase of airline tickets in February for the mission trip can be amortized to June, when the trip occurs.
- Your insurance premium can be amortized over the effective period of coverage: yearly, quarterly, etc.

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## Features and Benefits

- Straight-line amortization of lump sum payments
- Automated journal entry to General Ledger to reflect the expensing
- Designated expense account(s) for each lump sum
- User-designated time frame for amortizing - partial year or multiple years
- Reporting options include: history of transactions, monthly balance sheet, detail or summary formats
- Streamlined processing path: source, destination, dates
- Integrated with the General Ledger module
- Allows user to amortize the prepaid expense sum over a longer time period
- Eliminates manually setting up recurring journal entries
- Reduces the need of exporting data to a spreadsheet for manipulations
- Gives an audit trail to verify the source and destination of each transaction
- Provides a realistic picture that reflects the circumstances of the expense
- Simplifies reconciliation at month end

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## Required modules:

- General Ledger
- GlobaFILE

First Church In The City

Description  
Van Insurance Premium

**1. Setup**      2. Memo      3. History

Purchase Date 1/4/2011      Vendor State Farm (#1870)  
 PO # 000000      Invoice # 77845  
 Amortization Amount \$1,000.00 / # months 12 = Per Month \$83.34  
 Starting Fiscal Year 1/1/2011      Starting Period February  
 Source Fund # 000      First Fund  
 Source Dept # 000      General Operating  
 Source Acct # 12100      Deposits\_Prepaid Expenses

Destination Accounts			
Dept	Account	Project	Amount
000	50400	0	\$83.34
*			

Dept. \_\_\_\_\_  
 Account \_\_\_\_\_  
 Project Not used.  
 Allocated \$83.34

Apply      OK      Cancel

Expense Amortization allows you to designate the amount and period for prepaid expenses. Rather than a lump sum hitting your general ledger, the expenses will be amortized over the appropriate time period. You can also amortize income over the effective period. For example, a year's pledge "paid in full" could be spread to each of the twelve periods.