



# **v.5 Accounts Receivable: Best Practices**

Presented by:

Ken Emert, Shelby Consultant

shelby**systems**<sup>®</sup>

©2013 Shelby Systems, Inc.

Other brand and product names are trademarks or registered trademarks of the respective holders.

# Objective

In this basic session, you will learn how to manage customers, billing, credits, and payments efficiently. Getting started the right way is the key to success with the implementation of a new program. Accounts Receivable (AR) is no exception. This can be a great tool for managing the invoicing, billing, and reporting of all your receivable needs.

## What You Will Learn in This Session

- AR basics
  - Creating Revenue Centers
  - Creating Items
- Customers/Bill To
  - Creating a Customer
  - Setting Default Bill To on accounts
- Invoice Processing
  - Invoicing: one-time and recurring
  - Unpost Invoices
- Payment Processing
  - Post Payments: checks, cash, and unapplied cash
  - Applying Unapplied Cash
  - Credits
- Reports
  - Aged Trial Balance
  - Statements

# AR Basics

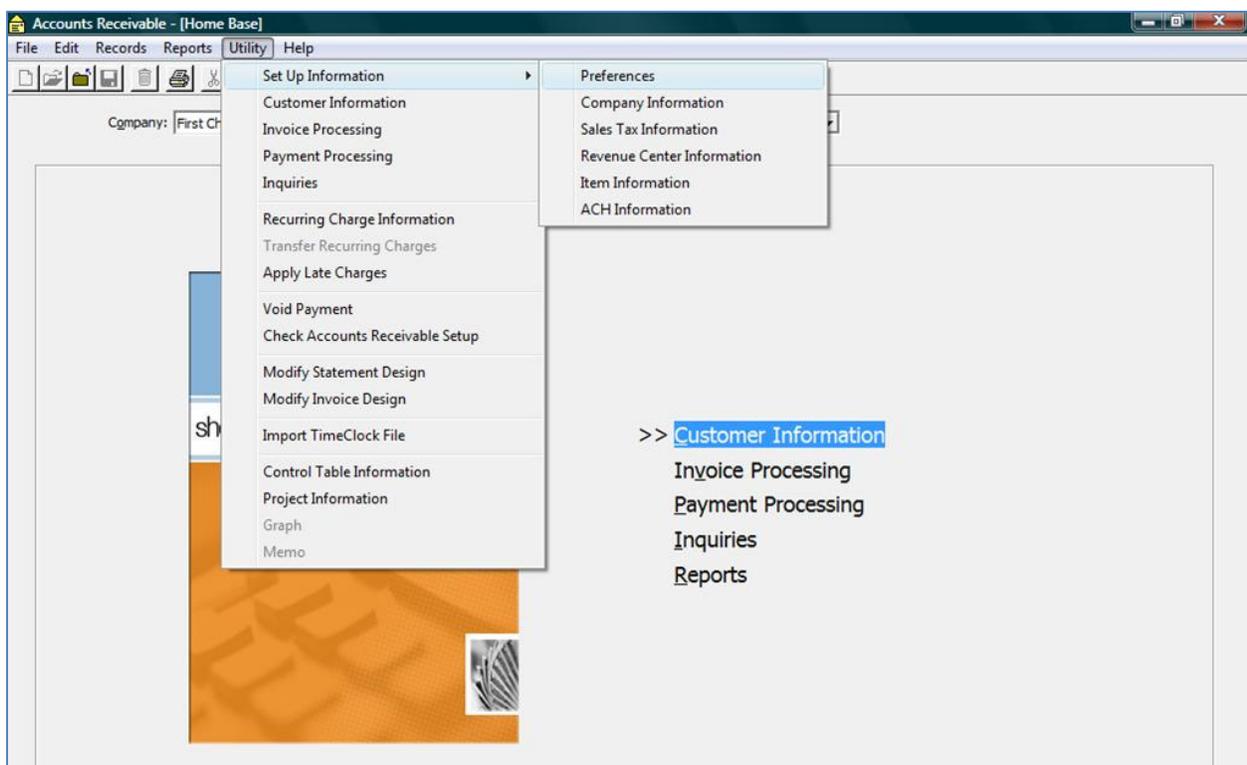
There are various steps required in order to begin using Accounts Receivable. This section reviews the steps needed.

**Prerequisite** – Company and Account information should be set up in General Ledger before continuing.

This module manages receivables from your various revenue centers. You can establish as many revenue centers as needed. Each chart of accounts may require one or several different revenue centers.

You will need a different revenue center for each different asset checking account or accounts receivable account in your chart of accounts (e.g. Bookstore, Daycare, etc.). There will also be times when you will want to keep certain areas of your accounts receivable separate for reporting. In this case, you have the option of using multiple revenue centers.

**Revenue Centers** and **Items** must be entered prior to processing invoices. You will use this information when entering invoices, computing late fees, posting invoices and posting payments. Keep in mind items can be as diverse or condensed as needed (e.g., Tuition, or Preschool Tuition, Elementary Tuition, Sr. High Tuition).



## Creating Revenue Centers

You have to use a Revenue Center to get started in AR. It creates the mapping from AR to the General Ledger for your cash accounts, AR account, unapplied cash, and write-off accounts.

1. AR home base
2. Utility
3. Setup
4. Revenue Center – Right-click to start New

Revenue Center Information

Midsouth HQ

Description

Active?

Fund #  ...

	Account Category	Dept	Account
▶	Bank	000 ▼	10110
	Accounts Receivable	000	11110
	Discount	000	00000
	Write Offs	000	00000
	Unapplied Cash	000	00000
	Sales Tax	000	00000
	Late Charges	000	00000

Late Charge Fee  Minimum Balance for Fee

Late Charge Rate  Minimum Balance for Rate

Assign to an ACH Account?

ACH Accounts

 Balance Sheet accounts will be saved with a department of zero.

## Account and Billing Information:

**Description** – The name of the Revenue Center (ex: Bookstore, Day Care, Registrations, etc.).

**Active** – Check mark shows Revenue Center to be Active (To Inactivate remove check mark).

**Fund** – Related General Ledger Chart of Accounts Fund

### Account Category

1. *Bank* – Asset account
2. *Accounts Receivable* – Asset account
3. *Discount* – Usually an expense account
4. *Write Offs* – Usually an expense or liability account
5. *Unapplied Cash* – Usually an asset account
6. *Sales Tax* – Usually a liability account
7. *Late Charges* – Usually an income account
  - Choose the Dept.
  - Choose the Account

**Late Charge Fee** – This is a dollar amount (e.g., 5.00).

**Late Charge Minimum** (Do not charge a late fee if the balance is under this dollar amount).

**Late Charge Rate** – This is a percentage to be charged (e.g., 2.00 for 2%).

**Late Charge Minimum** (Do not charge a late fee if the balance is under this dollar amount).

**NOTE:** If a Late Charge Fee and Late Charge Rate are entered, then both will apply based on the respective Late Charge Minimum.

Check the box Assign to an ACH account if this revenue center will be available for ACH activity, and then select the ACH account applicable. ACH accounts must be set up under utilities before they can be applied to a revenue center.

## Creating Items

Items are the actual charges that will be applied to the invoices. You have to have an item for every type of charge you generate. For instance, registration fees, tuition, after-school care, etc.

The screenshot shows a dialog box titled "Item Information" for "Midsouth HQ". The fields are as follows:

- Item: FIELD TRIPS
- Description: Field Trips
- Revenue Center: School AR
- Dept #: 200 (Sch Genl Operations)
- Account #: 46530 (Field trips)
- Unit Price: .0000

Checkboxes:

- Late fees on unpaid balance?
- Include in Recurring Charges?
- Taxable?
- Commission?
- Active?

Buttons: Apply, OK, Cancel

1. AR home base
2. Utility
3. Setup
4. Item Information – Right-click to start New

The **Item** abbreviation is a short tag to identify the item in lists. You have the full name in the **Description** field (ex: 'Pre-Tuition' for Preschool Tuition). Fill in all fields such as **Revenue Center**, **GL Department** and **Account**. Be sure to mark this item as **Taxable** if this item will have sales tax applied. The **Unit Price** will automatically be placed on the invoice for processing when selected.

**NOTE:** When you attempt to change the Unit Price you will be prompted with a dialog box asking if you want the change to affect the price in Recurring Charges. Doing so will ensure that when you change rates your Recurring invoices will be updated automatically.

The last area to discuss is the Commission Box. Mark this if a sales person will receive commission for the sale of this item. It is rare for this feature to be used, but it allows you to print a Sales Report that lists all of the commissioned items. This report could be used to calculate the salesperson's commission.

By default, items are set to Active. This can be unchecked when the Item is no longer used.

## Modify Statements

Use Modify Statement Design to specify statement printing information. This feature allows you to choose from one of the Default Statements (NELCO forms), or add new ones if needed. In addition, you can customize any of the print locations on the statements.

1. AR Home Base
2. Utility
3. Modify Statement Design
4. Right-click to start New
5. **Paper Tab** – Click the drop down arrow to choose from one of the existing pre-defined statement types or click the **Add Format** button to enter a new description. Click the **Delete Format** button to remove a statement design.

**NOTE:** You can restore a Default Statement (NELCO form) after it has been deleted. You must first delete ALL Default Statements (NELCO forms) and then click the Restore Defaults button. You will receive a prompt asking if you would like to restore all Shelby forms. Click Yes to continue.

There are three types of statements available from which to choose or make modifications:

1. Default Stmt. 8.5 X 11
2. Default Stmt. 8.5 X 7
3. Default Stmt. 9.25 X 8.50

**Header Tab** – Use the Header tab to specify information to print other than the actual statement detail.

**NOTE:** The Plain Paper Heading column only displays if you clicked the Plain Paper Statement check box on the Paper tab. This column is used to change any of the names in the Item for Heading column (the first column on the left side).

**Detail Tab** – This column is used to change any of the names in the Detail Items column (the first column on the left side).

These options are available for use:

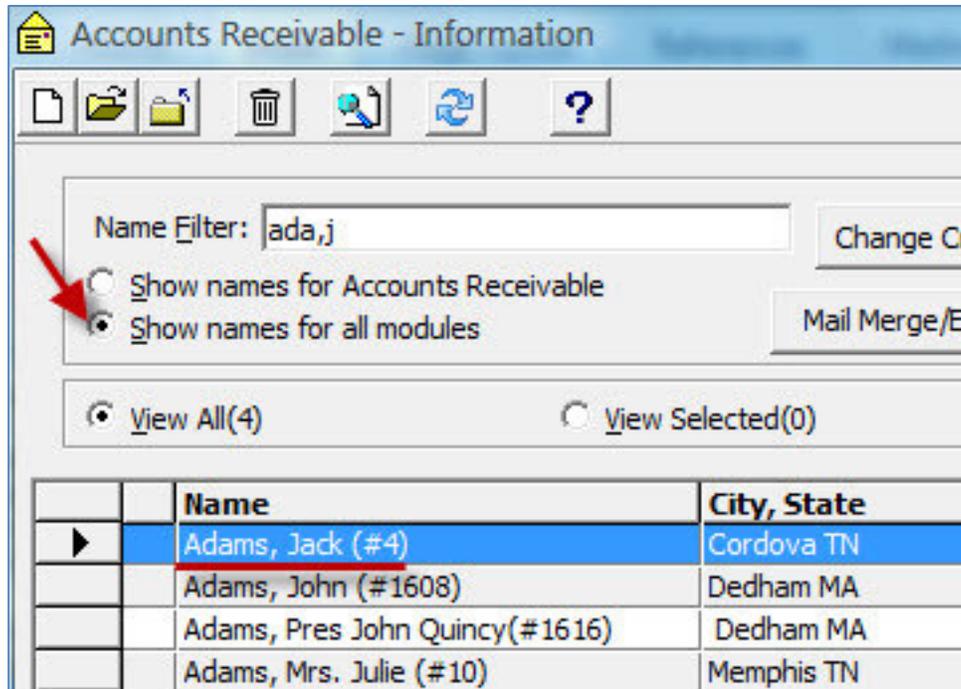
- **Date** – Prints the date for the invoice.
- **Invoice #** – Prints the number for the invoice.
- **Description** – Prints the description for the invoice.
- **Description – not wrapped** – Prints Description without wrapping past 25 characters.
- **Amount** – Prints the amount of the invoice.
- **Balance** – Prints the running total of all invoices.
- **Invoice Balance** – Prints the total of the current invoice.

**NOTE:** You can print a summary only statement by deleting all rows from the Detail tab. Make sure that you choose the Summary radio button on the Paper tab. The resulting statement then will only contain information selected from the Heading tab.

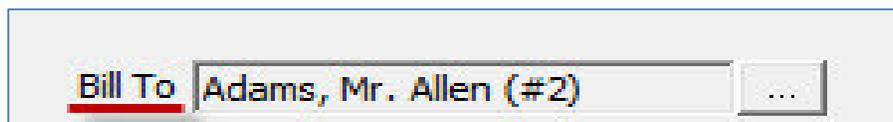
# Customer & Bill To

Information for each customer must be established prior to processing your invoices. Customer and Bill To's can be created at the time of invoice entry or all at once through Customer Information. We will look at the Customer Information section.

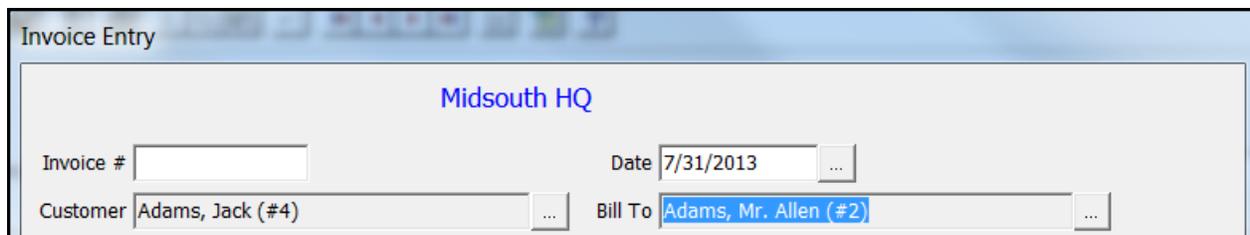
The Customer is set up in Accounts Receivable Information. Existing records can be found by using 'Show names for all modules.'



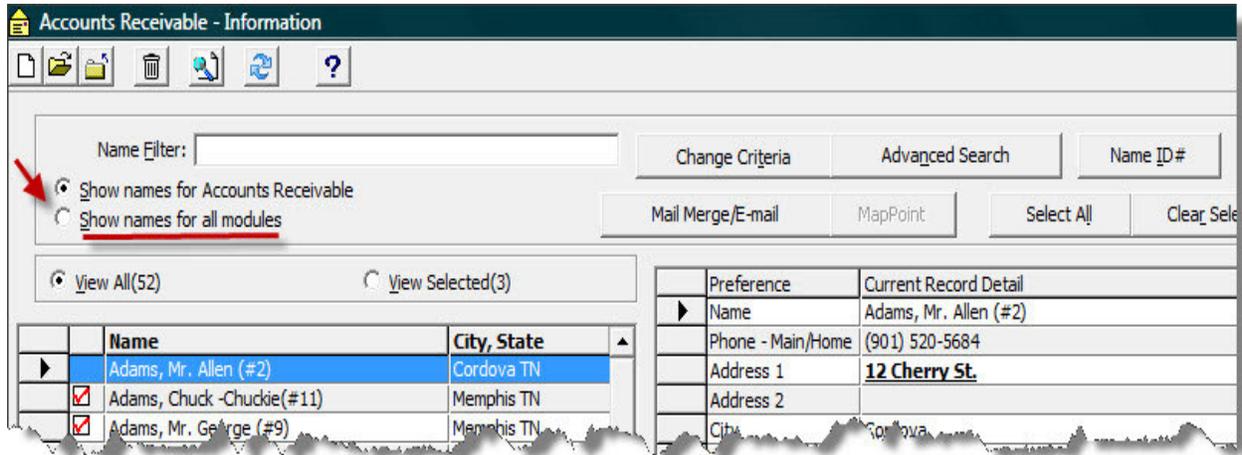
The 'Bill To' field is on the Customer Information screen under Accounts Receivable in the Navigator view.



When the 'Bill To' is filled in on the Customer record it will auto populate when the Customer is selected for invoicing or payment.



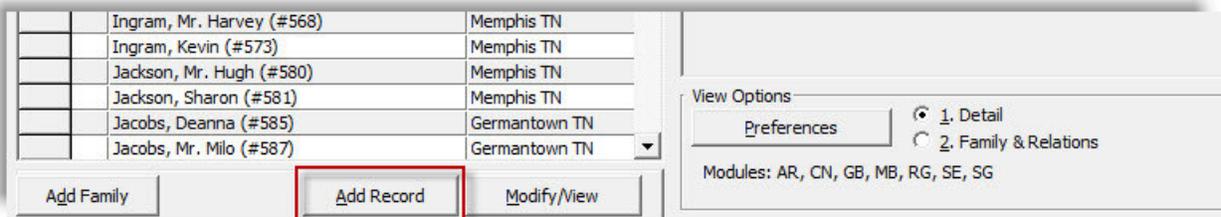
## Create a new customer



- From *Home Base*, click *Customer Information* from the menu bar.
- Choose the option 'Show names for all modules.'\*\*

\*\*This is a good way to see if the record already exists in GlobaFILE.

- You are now on the *Accounts Receivable – Information* screen. You can go to the *Criteria* screen by clicking the *Change Criteria* button. Using this option, you can narrow the search fields.
- Choose an existing name or click the **Add Record** button located below the name grid to add a new customer. You can also press the right mouse button anywhere in the grid and select *Add Record* from the available choices.



From the AR Information screen (*using the Navigator*) you can enter all relevant information for this record. If this is an existing record in the database then some information may already be present. When you enter the Bill To name in the Customer Information section of the Navigator it will automatically populate the 'Bill To' field when creating an Invoice at a later time.

GlobaFILE (General Information) consists of names, addresses, phone numbers, and demographic data. This allows you to enter basic information in one common area, which can then be used throughout the various applications. For example, a name entered for the purpose of Accounts Payable can also be used in Payroll, Accounts Receivable, and so forth. Other pertinent information needed for the application will be entered within that module. Like 'Bill To' for AR.

In the screen shot below Chuck Adams is the Customer.

The screenshot shows a software window titled "Accounts Receivable - Information". At the top, there are navigation icons (back, forward, search) and a "Save and Close" icon. Below this, there are radio buttons for "Individual" (selected) and "Organization". To the right, there are input fields for "Title", "First/Middle Name(s)" (containing "Chuck"), "Last Name" (containing "Adams"), and "Suffix". A "NameCounter: 11" label is also present. On the left side, there is a "Navigator" pane with a tree view containing categories like "ACCOUNTS RECEIVABLE", "GENERAL INFORMATION", "Addresses", "Phones", "Demographics", "E-mail History", "Greetings", "Associated Files", "Primary Family", "Other Relationships", "Profiles", "Pictures", and "Contacts". The "Customer Information" item under "ACCOUNTS RECEIVABLE" is selected. The main area of the window contains several fields: "Bill To", "Source", "Building", "Office", "Division 3", "Division 4", and "Division 5", each with a dropdown arrow. To the right of these fields are "Taxing Locale" (set to "Non-Taxable"), "Tax Exempt ID #", "Contact Name", and a checkbox for "Do not charge late fees".

- Save and Close  to finalize the changes to the Customer when you have entered all necessary information.

## Setting a Default Bill To

You can set a default "bill to" on a customer's record so that this name shows up on all invoices applied to a customer. Typically the student will be the customer and a parent (many people choose the Head of House) will be the "Bill to." Here's how to create the default.

1. AR Home Base
2. Select Customer record
3. Go To Customer Information
  - Bill To Field

This is a close-up of the "Bill To" field from the Accounts Receivable window. The text "Bill To" is underlined in red. Below it are the "Source" and "Division 1" fields, each with a dropdown arrow.

# Invoice Processing

You create one of two types of invoices: One-time manual invoices or recurring invoices. One-time invoices can be used for things like annual registration fees, field trips, books, events, etc. Recurring invoices are normally used for monthly tuition charges.

Processing Invoices involves:

1. Opening Invoice Processing
2. Entering the invoice information
3. Printing an edit list to verify your entries are correct
4. Finalizing the invoices

Any of the information can easily be changed prior to finalizing the invoices. The detail of each invoice processed is maintained for later inquiring and reporting.

Also available in Shelby's Accounts Receivable module is the ability to import a detail file from FACTS, a tuition billing and collection service for schools. Our customers using FACTS can download the detail file containing the most recent information concerning collections of payments and adjustments. This detail can then be imported into Accounts Receivable for posting.

## Creating an Invoice

1. AR home base
2. Invoice Processing

Invoice Entry

Midsouth HQ

Invoice #  Date 6/5/2012 ...

Customer Adams, Mr. George (#9) ... Bill To Adams, Mr. George (#9) ...

1. Header. | 2. Detail | 3. Memo

Customer 6715 Watergrove Dr  
Memphis, TN 38119-8654

Bill To 6715 Watergrove Dr  
Memphis, TN 38119-8654

Revenue Center Registrations

Source  ...

Division 1  ...

Division 2  ...

Division 3  ...

Division 4  ...

Division 5  ...

Apply OK Cancel

**Step One:** Right-click to start New

**Step Two:** Enter Customer information and Header Information such as Revenue Center, Source, etc.

**Step Three:** Enter Detail information – billing items

**NOTE:** *APPLY* saves the information and leaves the screen for additional entries. *OK* saves and closes the screen.

Post Entries to General Ledger

Midsouth HQ

For fiscal year beginning... 7/1/2012

Post to period... June

Enter a description for this entry (optional)

Date of entry... 6/5/2012

OK Cancel

**\*\*NOTE:** There is a Calculator available for use when you are in a currency field. This is brought up by pressing **F4** when the cursor is in the **Unit Price** field.

**Step Four:** Save  Invoices

You will now make the connection to GL and finalize the invoices. The GL Interface is important since this is how the General Ledger and Bank Reconciliation will record the invoice and later payment.

Pay close attention to the *Posting period* and the *Date of entry*. These should match months as shown below.

**Post Entries to General Ledger**

**Midsouth HQ**

For fiscal year beginning... Post to period...

7/1/2012 June

Enter a description for this entry (optional)

Date of entry... 6/5/2012 ...

When the process is complete, you will have the Final report for your records.

Run Date 7/31/2013 Time 12:24:02	<b>001 Midsouth HQ</b> <b>Accounts Receivable Final List of Invoices</b> For accounting year beginning 7/1/2012 Period 12 Journal AR 0000012 Dated 6/5/2012	Page 1																																																						
Customer	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Item</th> <th style="text-align: left;">Description</th> <th style="text-align: left;">Inv #</th> <th style="text-align: left;">Date</th> <th style="text-align: left;">Revenue Center</th> <th style="text-align: left;">Unit Price</th> <th style="text-align: left;">#Units</th> <th style="text-align: left;">Amount</th> </tr> </thead> <tbody> <tr> <td>Adams, Mr. George (#9)</td> <td></td> <td>0000272</td> <td>6/5/2012</td> <td>School AR</td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>FIELD TRIPS</td> <td></td> <td></td> <td></td> <td>10.0000</td> <td>1</td> <td>10.00</td> </tr> <tr> <td></td> <td>Field Trips</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>Total</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>10.00</td> </tr> </tbody> </table>	Item	Description	Inv #	Date	Revenue Center	Unit Price	#Units	Amount	Adams, Mr. George (#9)		0000272	6/5/2012	School AR					FIELD TRIPS				10.0000	1	10.00		Field Trips								Total						10.00															
Item	Description	Inv #	Date	Revenue Center	Unit Price	#Units	Amount																																																	
Adams, Mr. George (#9)		0000272	6/5/2012	School AR																																																				
	FIELD TRIPS				10.0000	1	10.00																																																	
	Field Trips																																																							
	Total						10.00																																																	
Final Totals	<table style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td>Revenue Centers</td> <td></td> <td></td> <td></td> <td>School AR</td> <td></td> <td></td> <td>10.00</td> <td>002/000/11210</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Accounts rec-school</td> </tr> <tr> <td></td> <td>FIELD TRIPS</td> <td>Field Trips</td> <td></td> <td></td> <td>10.0000</td> <td>1</td> <td>10.00</td> <td>002/200/46530</td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>Field trips</td> </tr> <tr> <td>Sources</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>10.00</td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td>10.00</td> <td></td> </tr> </tbody> </table>	Revenue Centers				School AR			10.00	002/000/11210									Accounts rec-school		FIELD TRIPS	Field Trips			10.0000	1	10.00	002/200/46530									Field trips	Sources							10.00		Total							10.00		
Revenue Centers				School AR			10.00	002/000/11210																																																
								Accounts rec-school																																																
	FIELD TRIPS	Field Trips			10.0000	1	10.00	002/200/46530																																																
								Field trips																																																
Sources							10.00																																																	
Total							10.00																																																	

## Recurring Charges

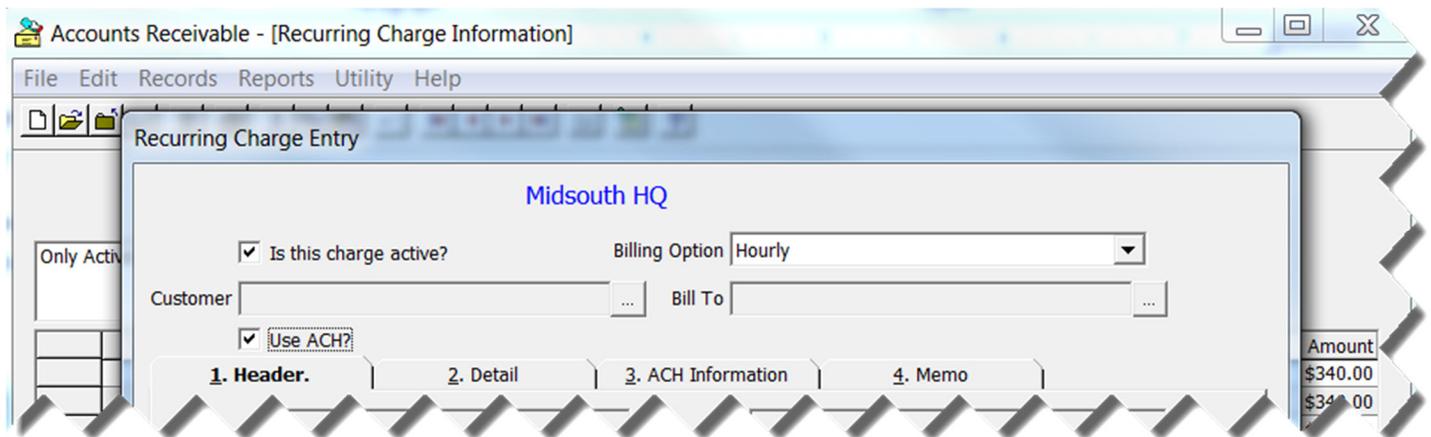
Recurring charges are used primarily for ACH payments and repeating charges.

### Set up Recurring Charges

1. AR Home Base
2. Utility
3. Recurring Charges

Once you are in this area the Data entry will be the same as for a standard invoice. You will need to select a *Billing Option* so when transferring you can select only the charges that are due for billing.

By checking the 'Use ACH' box you will activate the ACH Info. Tab. This will be the customer's banking information. The organization's banking information is entered under the Utility section in AR.



The screenshot shows a software window titled "Accounts Receivable - [Recurring Charge Information]". The main form is titled "Recurring Charge Entry" and is for "Midsouth HQ". The form includes the following fields and options:

- Is this charge active?
- Billing Option: Hourly (dropdown menu)
- Customer: [Empty field with search icon]
- Bill To: [Empty field with search icon]
- Use ACH?

At the bottom of the form, there are four tabs: 1. Header., 2. Detail, 3. ACH Information, and 4. Memo. On the right side, there is a table with two rows:

Amount
\$340.00
\$340.00

### Transferring Recurring Charges

Once charges have been set up for either regular billing or ACH billing, you will need to transfer the charges for each billing cycle. The steps are as follows:

1. AR Home Base
2. Invoice Processing
3. Utility
4. Transfer Recurring Charges

The transfer of recurring charges will need to be done for each Billing Option that is used at the appropriate time (ex: quarterly, monthly, etc.).

There are three main choices to make when transferring charges:

**Invoice date** – Will be updated to the new invoice.

**Revenue Center** – Will transfer from the specified center.

**Billing Option** – Transfers only charges with that billing option selected.

The more information you use the smaller the group of charges transferred.

There are 2 check boxes to use when transferring ACH invoices and payments.

Checkbox 1: The invoices must be created first. Select the Transfer option from the Utility drop down and make the appropriate choices for this cycle. Edit and Save the invoices created from the transfer. This creates the GL entry for posting Receivables and posts the charges to the Customer accounts.

Checkbox 2: Next run the transfer process again, selecting the 2<sup>nd</sup> check box, to Transfer as payments to the invoices created in first step. Edit and Save to complete the posting of payment to the GL and Customer accounts.

Transfer Recurring Charges

Midsouth HQ

Invoice Date 7/31/2012

Revenue Center All revenue centers

Billing Option All Billing Options

Source All Sources

Charges to Transfer Ones without Payment Schedules

Transfer ACH as Invoices (do first to create invoices before posting as payments)

Transfer ACH as Payments (do after posting ACH invoices)

Payment Date 7/31/2013

OK Cancel

## Unpost Invoices

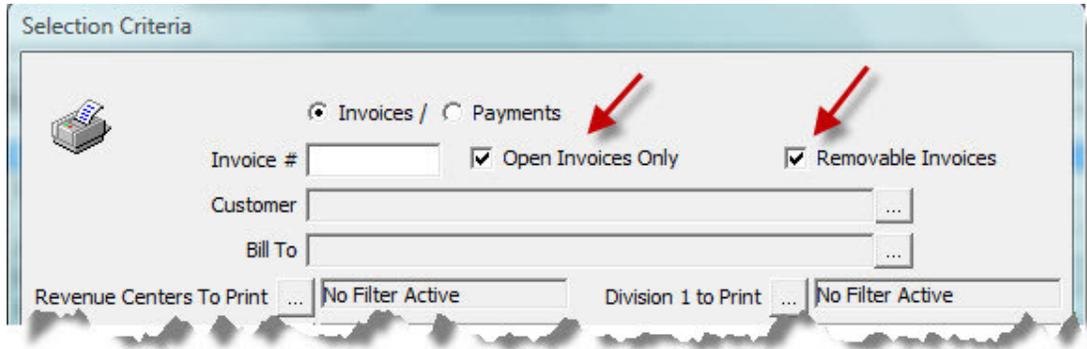
There may be times when undoing an invoice will solve your problems. You may have posted an invoice incorrectly or you just need to remove the invoice from a person's record because he or she decided to withdraw from the school. Undoing an invoice simply removes the invoice from the person's record. If you accrue, you will get a journal entry to reverse the original journal that was created when the invoice was posted.

The screenshot shows a 'Selection Criteria' dialog box with the following elements:

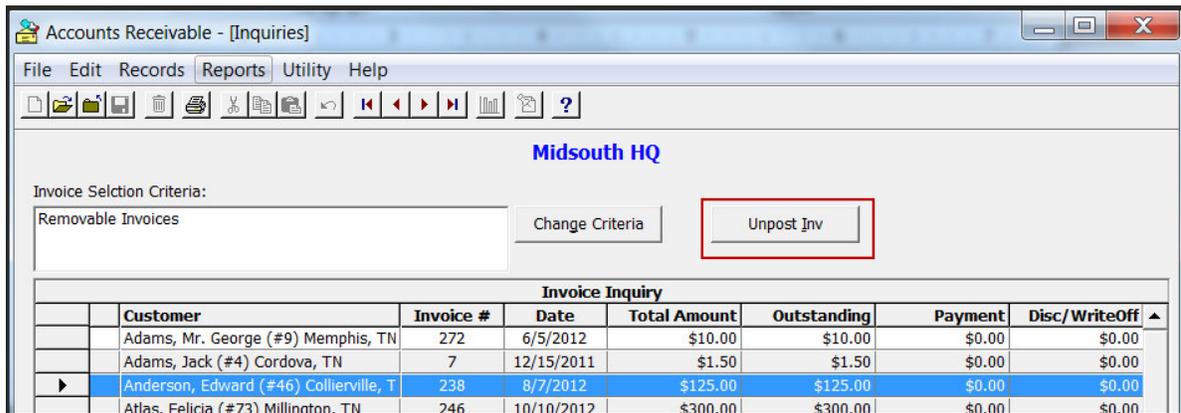
- Selection Criteria** (Title bar)
- Icons:** A printer icon on the left and a radio button icon for 'Invoices / Payments'.
- Radio Buttons:**  Invoices /  Payments
- Invoice #:** A text input field.
- Open Invoices Only:**  Open Invoices Only
- Removable Invoices:**  Removable Invoices
- Customer:** A text input field with a dropdown arrow.
- Bill To:** A text input field with a dropdown arrow.
- Revenue Centers To Print:** A dropdown menu with 'No Filter Active'.
- Items To Print:** A dropdown menu with 'No Filter Active'.
- Sources To Print:** A dropdown menu with 'No Filter Active'.
- Detail Department To Print:** A dropdown menu with 'No Filter Active'.
- Detail Account To Print:** A dropdown menu with 'No Filter Active'.
- Division 1 to Print:** A dropdown menu with 'No Filter Active'.
- Division 2 to Print:** A dropdown menu with 'No Filter Active'.
- Division 3 to Print:** A dropdown menu with 'No Filter Active'.
- Division 4 to Print:** A dropdown menu with 'No Filter Active'.
- Division 5 to Print:** A dropdown menu with 'No Filter Active'.
- Project:** A dropdown menu with 'All projects' selected.
- For All Events:** A dropdown menu with '...'.
- Invoice Date:** Two date input fields labeled 'From...' and 'To...'.
- When Setup:** Two date input fields labeled 'From...' and 'To...'.
- When Updated:** Two date input fields labeled 'From...' and 'To...'.
- Period:** A dropdown menu with 'No filter by period' selected.
- Buttons:** 'Clear Criteria', 'OK', and 'Cancel'.

**NOTE:** Any invoices that have payments applied cannot be changed or deleted.

1. From Home Base, click Inquiries.
2. You are now on the Selection Criteria screen.
3. Click the **Invoices** radio button.
4. Click the **Open Invoices Only** check box.
5. Click the **Removable Invoices** check box.

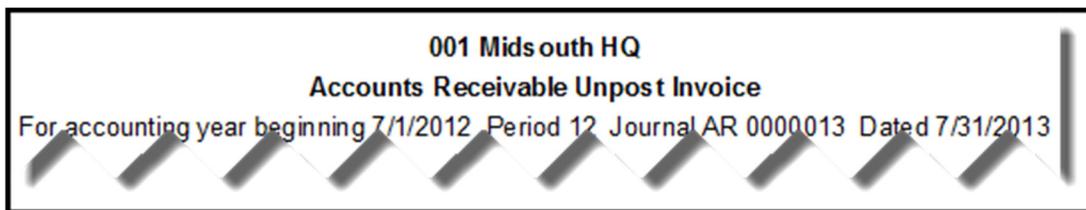


6. Choose any other selection criteria and click OK. This will return the requested items and display them on the *Inquires* screen.
7. From the **Inquiries** screen, highlight the invoice to 'Unpost.'



8. Click the **Unpost Inv** button. This is found above the grid.

The system will generate the 'AR Unpost Invoice' for your records and create any appropriate GL journal entry.



# Payment Processing

Processing Payments involves entering the payment information, printing a payment edit list to verify your entries are correct, and finalizing the payments. Any of the information can easily be changed prior to finalizing the payments.

## Posting Payments

Posting payments is pretty straightforward. You may encounter an overpayment which results in a “credit” to the “bill to.” This is called unapplied cash in Shelby. Once you have unapplied cash, it can be applied to an invoice in the future.

1. AR Home Base
2. Payment Processing – Right-click to start New.

Enter the Bill To:

Any outstanding invoices for the customer display. The Customer Name and Description will appear below the grid for the record highlighted in the grid.

Check # – enter number from Check or leave blank for cash

Amount – enter total paid

Select an Invoice listed — post payment:

The Description is the first detail line item for the invoice. The Outstanding column shows the full amount so that the invoice can be re-opened and edited if necessary. Enter the amount(s) to apply in the appropriate column(s). The check can be distributed in any manner.

Payment Entry

First Church

Cross Check

Bill To: Zimmerman, Mr. David (#1539)  
6950 Scofield Cv  
Cordova, TN 38018-7904

Check #: 101 Date: 4/10/2008

Check Amount: \$400.00  
Unapplied Cash: \$0.00

Add Unapplied Cash

1. Apply to Invoices | 2. Misc. Cash | 3. Memo

Revenue Center: Show All Revenue Centers Source: Show All Sources Auto Distribute

Invoice #	Date	Outstanding	Check	Discount	Write Off
61	4/10/2008	\$400.00	\$400.00	\$0.00	\$0.00

Enter the applicable info and then disburse the check amount into the invoice line. If you have multiple invoice lines, you can apply the check to the specific number to close it out. In some cases schools apply the check amount to the oldest invoice first.

Source: Description: Tuition

Apply OK Cancel

**\*\*NOTE:** An overpayment of the invoice can be posted to Tab 2 as Misc Cash. Using this tab you specify how the money is to be applied. This does not reduce the balance due by the individual but the funds are posted as a receipt in GL. This could be a payment for a fundraiser or some item that is part of the invoiced items.

This is different from 'Unapplied Cash'. This usually is an overpayment that is designated to reduce the balance owed by the Bill To party. When this happens, you will be prompted to select a Revenue Center and Source. The system then keeps a list of unapplied cash for each Customer/Bill To.

The report sample below shows the amount of unapplied cash from a payment.

Check#	Check Date	Outstanding	Unapplied	Check Amount	Discount	WriteOff
Invoice #	Inv. Date					
Adams, Mr. George (#9)						
2546	5/8/2013	\$50.00	\$20.00			
Applied Detail Information -----						
000271	5/8/2013	\$0.00		\$20.00	\$0.00	\$0.00
000272	6/5/2012	\$0.00		\$10.00	\$0.00	\$0.00
Totals for Check #2546				\$50.00	\$0.00	\$0.00
Grand Totals						
			\$20.00	\$50.00	\$0.00	\$0.00

### Auto Distribute

Use the **Auto Distribute** button on Tab 1 to apply the check amount automatically to the invoices. The amount is applied to the oldest invoices first.

Only use this feature if your Accounts Receivable type is open item (selected during initial AR setup in Utility). Balance forward accounts receivable automatically does this for you. Refer to your Company Information under the Utility section to determine which accounts receivable type has been chosen.

## Applying Unapplied Cash

To **Add Unapplied Cash** to a Bill To select the button to the right of the amount on the **Payment Entry** screen. You will then have the option to choose a revenue center to locate any unapplied cash for this individual.

The reports will reflect the posted Unapplied Cash as seen below.

Check#	Check Date	Outstanding	Unapplied	Check Amount	Discount	WriteOff
Invoice #	Inv. Date					
Adams, Mr. George (#9)	6/30/2012	\$100.00	\$0.00			
Applied Detail Information -----						
000326	7/31/2013	\$180.00		\$120.00	\$0.00	\$0.00
UnApplied Detail Information -----						
School AR			000/21110	(\$20.00)		Unappl. 2546 5/8/2013
			Deferred tuition (Unapplied Cash)			
Totals for Check #				\$100.00	\$0.00	\$0.00
Grand Totals			\$0.00	\$100.00	\$0.00	\$0.00

**\*\*NOTE:** It is not unusual to have unapplied cash balances each month. The **Apply** unapplied cash option under reports will actually post all unapplied cash to any outstanding invoices at the same time. With this option, you do not have to do it one at a time through Payment Processing.

To locate this option Go To:

1. AR Home Base
2. Reports
3. Unapplied Cash
4. Apply

**\*\*You will be prompted to select the posting period.**

Below you can see the *Unapplied Cash List* that you can run prior to applying any items.

Run Date 7/31/2013 Time 14:48:34		Midsouth HQ Unapplied Cash List From 10/1/2012		
<u>Customer Name</u>	Revenue <u>Center</u>	Check <u>Number</u>	Check <u>Date</u>	Unapplied <u>Cash</u>
Adams, Mr. George (#9)	School AR	2546	5/8/2013	20.00
Adams, Mr. George (#9)			Total:	20.00
Final Total:				20.00

## Credits

This is where AR gets interesting. There will always be situations where you need to issue credits by reducing existing charges or by giving someone a 100% credit for his or her charges.

The main concept here is simple. We will use negative invoices to reduce the amount a person owes and then use zero payments to close out the invoices that net to a zero balance.

**NOTE:** The important thing to remember is that even though a person's balance may be zero, you need to close out the outstanding invoices.

## SCENARIO:

In this example we will give Adam Smith a \$150.00 discount (credit) and post a payment of \$150.00 to close out the outstanding invoice. This results in a \$ 0.00 Balance with no outstanding invoices for this customer.

1. Go to Invoice Processing and create a negative invoice -\$150.00.

The screenshot shows the 'Invoice Entry' window for 'First Church'. The invoice number is 0000064, dated 4/12/2008. The customer is Smith, Adam (#1181) and the bill to is Smith, Mr. Keith (#1216). The 'Detail' tab is active, showing a table with one line item: TUITION, Tuition, Unit Price (\$150.00), # 1, Amount (\$150.00), and Project Not used on this line. A red arrow points from the unit price to a text box that says 'Negative Invoice for credit amount.' The 'Total of Lines' is (\$150.00), 'Sales Tax' is \$0.00, and 'Invoice Total' is (\$150.00). There are buttons for 'Delete Row', 'Apply', 'OK', and 'Cancel'.

Item	Descr	Unit Price	#	Amount	Project
TUITION	Tuition	(\$150.00)	1	(\$150.00)	Not used on this line.
*					

Item Descr: Tuition

Total of Lines: (\$150.00)  
Sales Tax: \$0.00  
Invoice Total: (\$150.00)

Buttons: Delete Row, Apply, OK, Cancel

2. Post a "0" payment to close out outstanding invoices.

Payment Entry

First Church

Bill To: **McGregor, Henry (#806)** ...  
1788 Keltner Cir  
Memphis, TN 38114-4653

Check # [ ] Date: 5/11/2009 ...

Check Amount: \$0.00  
Unapplied Cash: \$0.00

Add Unapplied Cash

1. Apply to Invoices | 2. Misc. Cash | 3. Memo

Revenue Center: [Show All Revenue Centers](#) Source: [Show All Sources](#) [Auto Distribute](#)

Invoice #	Date	Outstanding	Check Amount	Discount	Write Off
▶ 264	10/15/2008	\$292.00	\$292.00	\$0.00	\$0.00
289	5/11/2009	(\$292.00)	(\$292.00)	\$0.00	\$0.00

\$340.00

Revenue Center: [School AR](#) Customer: [McGregor, Henry \(#806\)](#)  
Source: Description: [Monthly Tuition](#)

Apply OK Cancel

You should post the same amount in the Check Amount box that shows in the Outstanding box. This will "close" the invoices. This is often overlooked.

3. Edit & Save to complete the processing of these outstanding invoices.

**SCENARIO:** Here we will see that the “bill to,” David Zimmerman, has \$400.00 of unapplied cash and an outstanding invoice of \$400.00.

We will go to Payment Processing to apply the unapplied cash.

Payment Entry

First Church

Cross Check

Bill To: Zimmerman, Mr. David (#1539)  
6950 Scofield Cv  
Cordova, TN 38018-7904

Check #:  Date: 4/12/2008

Check Amount: \$0.00  
Unapplied Cash: \$400.00

Add Unapplied Cash

1. Apply to Invoices | 2. Misc. Cash | 3. Memo

Revenue Center: Show All Revenue Centers | Source: Show All Sources

Invoice #	Date	Outstanding	Check Amount	Discount
63	4/12/2008	\$400.00	\$0.00	\$0.00

Click on Unapplied Cash and the balance is reflected in this field.

After clicking on unapplied cash, you can then apply the amount in the invoice field to close out the outstanding invoice.

Revenue Center: Academy | Customer: Zimmerman, Robert (#1541)  
Source: | Description: Tuition

Apply OK Cancel

Once the invoice is posted the *Unapplied Cash* for this 'Bill To' will be \$0.00.

# Report Processing

There are several reports available to view and/or print.

This section covers:

- **Aged Trial Balance** – A list of outstanding invoices and unapplied cash.
- **Statements**
  - **Monthly Statements** – Customer statements showing current charges
  - **Payments** – A list of Customer payments

## Aged Trial Balance

Use the Aged Trial Balance to print a list of outstanding invoices and unapplied cash. There are five design formats available for this report. The Detail and Aging Summary are sampled below.

- Detail** – This report lists all of the outstanding invoices within the date range and all unapplied cash regardless of the date range.

Run Date 7/31/2013 Time 15:09:19		Midsouth HQ Accounts Receivable Detail Aging 7/1/2012 -						Page 1
BillTo/Customer	Invoice	Date	Revenue Center	Source			Amount	
Adams, Mr. George (#9)	0000326	7/31/2013	School AR				180.00	
Adams, Mr. George (#9)(Billed To) 6715 Watergrove Dr Memphis TN 38119-8654 555-5555		Current	Over 30	Over 60	Over 90	Over 120	Total	
		180.00	.00	.00	.00	.00	180.00	
Anderson, Edward (#46)	0000238	8/7/2012	Registrations			Registration	125.00	
Anderson, Edward (#46)(Billed To) 215 Federal Row Dr Collierville TN 38017-7044 555-3313		Current	Over 30	Over 60	Over 90	Over 120	Total	
		125.00	.00	.00	.00	.00	125.00	
Atlas, Felicia (#73)	UNAPPLIED	8/27/2012	School AR			ARschool	-1,000.00	
Atlas, Felicia (#73)(Billed To) 6001 Cottage Hill Dr Millington TN 38053-8119 555-9137		Current	Over 30	Over 60	Over 90	Over 120	Total	
		.00	.00	.00	.00	.00	-1,000.00	
						Unapplied Cash	-1,000.00	

- Detail (Include Invoice Distributions)** – This report is similar to the detail report, but adds Items, Item Descriptions, and Item Amounts from the Invoice Detail. Like the detail report, it lists all unapplied cash regardless of the date range.
- Aging Summary** – This report is similar to the Detail report, but omits specific Invoice information, such as the Invoice #, Invoice Date, Revenue Center, Source, and Invoice Amount. It also omits the Item Recap in the Final Totals at the end of the report. Like the Detail report, it lists all unapplied cash regardless of the date range.

Run Date 7/31/2013 Time 15:11:29		Midsouth HQ Accounts Receivable Aging 7/1/2012 -						Page 1		
Bill To	City	St	Postal Code	Phone	Current	Over 30	Over 60	Over 90	Over 120	Total
Adams, Mr. George (#9) 6715 Watergrove Dr	Memphis	TN	38119-8654	555-5555	180.00	.00	.00	.00	.00	180.00
Anderson, Edward (#46) 215 Federal Row Dr	Collierville	TN	38017-7044	555-3313	.00	.00	.00	.00	125.00	125.00
Atlas, Felicia (#73) 6001 Cottage Hill Dr	Millington	TN	38053-8119	555-9137	.00	.00	.00	.00	.00	-1,000.00
										Unapplied Cash: 1,000.00

- Period Summary** - This report lists total charges and receipts from outstanding invoices within the date range. The report displays all Bill To records with Accounts Receivable invoice history. The Previous Balance column totals the outstanding balances of open invoices with invoice dates before the date range of the report. In the Period Summary report, when calculating the Previous Balance, PAID invoices that have invoice dates before the BEGIN DATE of the report will be included in the Previous Balance.
- Trial Balance Format** – The report is similar to the Detail (Include Invoice Distributions) report, but omits the aging information as well as the Revenue Center and Source. Like the Detail report, it lists all unapplied cash regardless of the date range.

Udall, Mr. Randy (#1375)	118 Saint Andrews Fwy			
UNAPPLIED		3/1/2008	-8.00	-8.00
TUITION Monthly Tuition	268	10/15/2008	300.00	292.00
LUNCH Lunch Bunch	269	10/15/2008	40.00	332.00
TUITION Monthly Tuition	294	6/3/2009	300.00	632.00
LUNCH Lunch Bunch	295	6/3/2009	40.00	672.00
TUITION Monthly Tuition	319	6/4/2009	300.00	972.00
LUNCH Lunch Bunch	320	6/4/2009	40.00	1,012.00
Zimmerman, Robert (#1541)	6950 Scofield Cv			
UNAPPLIED		6/2/2009	-400.00	-400.00
TUITION Monthly Tuition	270	6/2/2009	400.00	.00
Total of all Balances				13,969.00

# Statements

## Monthly Statements

Print Accounts Receivable statements listing outstanding invoices.

(See Modify Statement for setup.)

The Statement Start Date and Ending Date are used to determine which records are selected and what detail is printed on the statements. The Payment Due Date is optional and if it is left blank the current date will print on the statement.

Accounts Receivable Statements

Midsouth HQ

Form Name: Default Stmt 9.25 X 8.50

Statement Start Date [ ] ... End Date [ ] ... Payment Due Date [ ] ...

Print for  All Statements  One or a Selection of Statements

Print Statements with Zero Balances?  
 Print Zero Balance Invoices on Statements?  
 Print Statements with Negative Balances?  
 Combine Names if Married?  
 Print one Statement per Customer instead of Bill To?

Mark the selections as needed for printing in the top section.

**NOTE:** A Zero Balance Invoice is an invoice that never becomes an open invoice; it has both positive and negative detail lines that equal zero and detail lines that contain no amounts. Examples of these types of invoices would include scholarship the church is giving to a person for a seminar they are sponsoring or if an item with a certain monetary value has been given as part of a purchase at the bookstore.

The bottom section has more filters to limit the statements included. If you are using Registrations you can select specific Events.

Records To Print All

Revenue Centers To Print ... No Filter Active

Sources To Print ... No Filter Active

Send To Bill To  Print only if Relation exists?

Sort By Name  Print Relation and Bill To

Greeting To Use None

Print based on E-mail Address No - Print All

For All Events ...

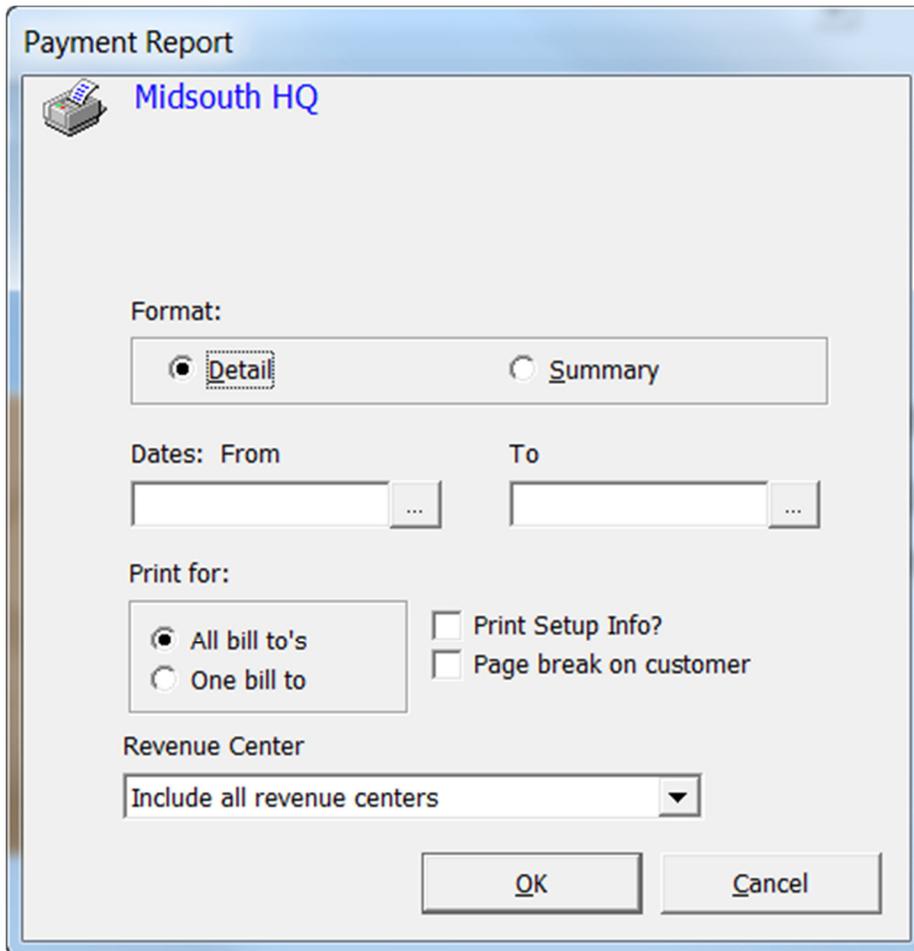
Message Line 1 [ ]

Message Line 2 [ ]

## Payments

- 1) AR Home Base
- 2) Reports
  - a) Statements
  - i) Payments

Select Criteria to for the report. Select OK to print the Customer Payment List.



The screenshot shows a dialog box titled "Payment Report" for "Midsouth HQ". The dialog contains the following fields and options:

- Format:** Radio buttons for  **Detail** and  **Summary**.
- Dates:** Two date pickers labeled "From" and "To", each with a calendar icon.
- Print for:** Radio buttons for  **All bill to's** and  **One bill to**.
- Print Setup Info?**
- Page break on customer**
- Revenue Center:** A dropdown menu currently showing "Include all revenue centers".
- Buttons:** "OK" and "Cancel" buttons at the bottom right.

This report can be run by Revenue Center for better analysis.

Run Date 7/31/2013 Time 15:15:20		Midsouth HQ Customer Payment List		Page 1
<u>Customer Name</u> <u>Address</u>	<u>Date</u>	<u>Check #</u>	<u>Amount</u>	<u>Memo</u>
Adams, Mr. George (#9)	8/12/2011	253654	925.00	
6715 Watergrove Dr	6/30/2012		100.00	
Memphis TN 38119-8654	5/8/2013	2546	50.00	
		Total	1,075.00	



Ken Emert  
Shelby Consultant  
[Ken.emert@shelbyinc.com](mailto:Ken.emert@shelbyinc.com)



Ken Emert served for 21 years as Minister of Administration at Scottsdale Bible Church in Scottsdale, AZ where he used Shelby software for tracking people and finances. In 2000 Ken felt it was time for a change and became a certified Shelby Systems trainer. He currently serves churches and other faith-based organizations as a Shelby Consultant. He has helped implement Shelby in many organizations and enjoys working with staffs to aid them in promoting ministry efficiently and effectively.