

# 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-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

Amortization Item Information

First Church of the City

Description  
Van Insurance Premiu,

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

Purchase Date: 10/23/2014      Vendor: ...

PO #: 000000      Invoice #: ...

Amortization Amount: \$2,500.00 / # months: 60 = Per Month: \$41.67

Starting Fiscal Year: 1/1/2014      Starting Period: January

Source Fund #: 00000      First Fund

Source Dept #: 000      General Operating

Source Acct #: 10200      Operating Cash

Destination Accounts			
Dept	Account	Project	Amount
▶ 001	50400	0	\$41.67
*			

Dept: Income and Expense

Account: Administrative Expense

Project: Not used.

Allocated: \$41.67

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.