

equineGenie™



**Entering, Managing
and Accounting for
Prepayments**

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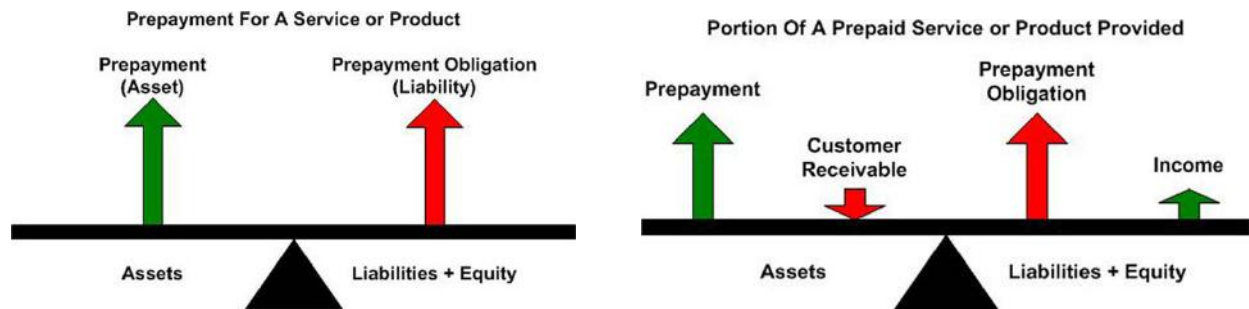
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Prepayments

Prepayments are common in many horse businesses. Prepayments are made for services or products to be provided at a later date. Prepayment for riding lessons is a good example. Many horse businesses that provide riding lessons offer reduced pricing on lesson packages if they are paid in advance. A prepayment is treated as both an asset (cash received) and a liability (obligation owed) until the prepaid service or product is provided. When a prepaid service or product is provided, the prepayment obligation (liability) is reduced by the amount of the service or product provided. The prepaid service or product provided, or a portion of it is treated as a charge and a payment at the same time, thus offsetting each other while keeping the accounting correct and the accounting equation happy. equineGenie's easily records, accounts for, tracks, measures and reports on prepayments.

The Accounting Equation Prepayment Illustration



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Prepayment Account and Prepayment Received

Chart of Accounts

equineGenie's *Prepayment and Deposit account* needs to be selected and any associated prepayment subaccounts need to be identified in the *Chart of Accounts*.

Prepayment and Deposit Account Selection

equineGenie Financial Setup - General Ledger / Chart of Accounts

GL / Chart Of Account Setup

4000 - 4999 Income

Select An Account

- 4950 - Gain on Sale of Asset
- 4975 - Miscellaneous Income
- 4980 - Tax Income
- 4985 - Prepayment/Deposit
- 4990 - Customer Refund

Select A Primary Account Category

Select A Primary Account

Subaccount Number

Enter A Subaccount

Another Subaccount Same Primary Account

Another Primary Account, Same Category

Another Primary Account Category

Remove Selected Subaccount (Caution!)

Enter

View Subaccount Assignments

Chart Of Accounts

General Ledger Setup Comments

Popup And Red Flag
equineGenie
Notes

Prepayment and Deposit Subaccount Selection

equineGenie Financial Setup - General Ledger / Chart of Accounts

GL / Chart Of Account Setup

4000 - 4999 Income

Select An Account

Another Category

General Ledger Subaccount Setup

4000 - 4999 Income

4985 - Prepayment/Deposit

4985.001

Prepaid Lesson Package - 4 Lessons

Another Subaccount Same Primary Account

Another Primary Account, Same Category

Another Primary Account Category

Remove Selected Subaccount (Caution!)

Enter

View Subaccount Assignments

Chart Of Accounts

General Ledger Setup Comments

You can identify up to 999 subaccounts for each Prepayment/Deposit Account. Subaccounts are highly recommended so you can measure and manage each Prepayment/Deposit.

Note: In this example we have identified a specific lesson package because a business could have multiple lesson packages.

Notes

The following illustrates how prepayments are received in equineGenie. This tutorial uses riding lessons as an example. Riding lesson prepayments are common in many horse businesses. The above subaccount example only illustrates one riding lesson package. Riding lesson businesses generally offer more than one package. If that is the case in your business, it is suggested that each package offered should be assigned a subaccount. This will enable you to measure and manage each package. Subaccounts provide you with more than just financial information; they also provide you with marketing and pricing information. You will learn which packages are used the most and how the pricing may influence your customers' choice.

Prepayment Received

The screenshot shows the 'Receive Prepayment' window in equineGenie. The window title is 'equineGenie Financial Management - Collect / Receive Money'. The main heading is 'Collect / Receive Money'. The interface includes the following elements:

- Customer Selection:** A dropdown menu showing 'Test Customer' with a callout: 'Select the Prepayment Customer.'
- Account Information:** A field for '001' and 'Account Balance: \$0' with a callout: 'Enter the Prepayment Date.'
- Date and Status:** A date field set to '3/1/2019' and a 'Prepay/Deposit' button set to 'Yes' (green).
- Prepaid Lessons:** A field for '4' with a callout: 'Select Prepay/Deposit and Prepaid Lessons, and Enter the # of Lessons.'
- Payment Method:** A 'Received Check?' section with a field for '9870' and a callout: 'Prepayment Made by Check #9870.'
- Amount and Currency:** A 'Remove Receivable' field set to '\$300.00' and a 'Green \$' button with a callout: 'Enter the Prepayment Amount and Select to Green \$.'
- Reports:** A 'Customer Prepaid Lessons' section with a callout: 'Select the Prepayment Lesson Report. Note: The report displays the lesson prepayments and the cost per lesson.'
- Money Comments:** A text area containing 'Prepayment for 4 one hour lessons' and a callout: 'Enter Any Prepayment Comments.'
- Buttons:** An 'Enter' button and a 'Deposit To' popup menu.
- Footer:** A list of reports including 'Receivables Ledger (Date Specified)', 'Prepay/Deposit Report', and 'Received Money Ledger'.

A prepayment received is entered on the Receive Money screen as displayed above. The Prepay/Deposit button needs to be selected. The Prepay/Deposit button lets equineGenie know that the money being received is for a prepayment and needs to be accounted for different from a payment. Selecting the Prepay/Deposit button changes it from a **Red No** to a **Green Yes**.

If the prepayment is for lessons, you need to select the Prepaid Lessons Button and enter the number of prepaid lessons. Selecting the Prepaid Lessons button changes it from a **Red No** to a **Green Yes**. The number of lessons entered is used by equineGenie to calculate an individual lesson cost and to track, manage and measure a lesson's prepayment.

There is no invoice number associated with a prepayment. The only thing that needs to be identified is how the funds were received. In this example the prepayment was received by **check # 9870**.

The prepayment amount, including any sales tax, is entered and the **Green \$** is selected. Selection of the **Green \$** will display the Deposit Method popup. Selection of the deposit method will display the Deposit To popup. Selection of the Deposit button on the Deposit To popup will complete the financial transaction, close the popup and redisplay the Receive Money screen.

Prepayment Transaction

Prepayment Funds Deposit

Customer Name is Transferred from the Receive Money Screen.

4000 – 4999 Income will be displayed.

4985 – Prepayment/Deposit will be selected from the Income accounts dropdown.

4985 – Prepayment/Deposits subaccount will be selected from the Prepayment/Deposits subaccounts dropdown.

Deposit into Checking is selected in this example. Selection of pay into Checking will display the Deposit To Checking popup.

The checking account is selected.
Note: If it is the only business checking account it will be displayed and will not have to be selected.

The Deposit amount and Deposit Date are displayed.

The checking account balance is displayed.

Selecting Deposit will deposit the funds and redisplay the Receive Money screen.

The important detail here is the selection of the, 4985 – Prepayment/Deposit income account. This tells equineGenie that the prepayment is both an asset and a liability and is not to be accounted for in the customer’s receivables, but in the customer’s balance sheet.

When the Receive Money screen is redisplayed, selecting the Enter button will complete the prepayment transaction. equineGenie will record and account for the prepayment.

Customer Prepaid Lesson Report

The prepayment, the number of prepaid lessons and the price of each prepaid lesson is reported on the Customer Prepaid Lessons. The report can be viewed, exported or printed.

Prepaid Lessons Report

Make Believe Ranch

Prepayment Date

Mar 1, 2019 **Test Customer Lesson Prepayments** *Mar 31, 2019*

Date	Prepayment Description	Amount	Lesson Cost	Comments
Mar 1, 2019	4985 - Prepayment/Deposit: Prepaid Lesson Package - 4 Lessons	\$ 300.00	\$ 75.00	Prepayment for 4 one hour lessons

Prepayment Amount **Individual Lesson Price**

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Prepayment Billing Setup

Prepayment Services/Products Setup

The prepaid service or product needs to be setup on the Customer/Client - Services/Products Setup screen. Again, we will use riding lessons as an example.

Prepayment Services/Product Provided Setup

Business Services / Product Setup Select 'Lessons' from the Service/Product Category dropdown.

Services / Product Provided: Select 'New Service/Product' from the Service/Product Provided dropdown and add 'Lessons - Prepaid'.

Select Each as the unit of measure.

Enter
Set the charge at \$0, so it can be changed to the appropriate charge when it is entered on the Customer Billing Log.

Popup And
If the service or product is taxable, select Taxable Item and add the appropriate sales tax percentages.
Note: equineGenie will add the total tax amount to the total charge of the associated billing log.

Taxable Item? No

Local (%) Regional (%)
State/Provincial (%) Country (%)

Additional Services
Another Service Category

Remove Service or Product Offered

View Service / Product Provided View All Services / Products

Multiple prepaid services or products can be entered on the Customer/Client – Services/Products Provided Setup screen. If the service or product is taxable, the **Taxable Item** is selected. Any tax percentages entered only apply to the service or product being setup. equineGenie calculates the total amount of tax and applies it to the service or product entered on a horse or customer billing log.

Service/Products Prepaid Setup Report

Make Believe Ranch

Services / Products Provided						
Service Category	Service Provided	Charge	Units	Taxed	Tax	Line Total
Boarding	Board - full care	\$ 500.00	Month	No	\$ -	\$ 500.00
Lessons	Lesson - 1 hour	\$ 75.00	Each	No	\$ -	\$ 75.00
Lessons	Lesson - 30 minute	\$ 40.00	Each	No	\$ -	\$ 40.00
Lessons	Lesson - Prepaid	\$ -	Each	No	\$ -	\$ -

Flexible Charge (\$0)

Billing Prepayments

Prepayment Billing Log Charges

A customer needs to be charged for a prepaid service or product in order to transfer the prepayment or a portion of the prepayment to income. This will also let a customer know how much of the prepayment that has been used. *To make sure the customer is not double charged, when a prepayment charge is entered on a billing log the same amount needs to be subtracted from the initial prepayment and a payment made for the same amount on the Receive Money screen.*

Customer Billing Log Lesson Charge

The screenshot shows the 'Customer Billing Log Lesson Charge' form in the equineGenie software. The form is titled 'Customer Billing Log' and 'Customer Billing Log Comments'. It contains several dropdown menus and input fields. Yellow callout boxes with red arrows point to specific fields, providing instructions:

- Select the customer being charged for the lesson.** (points to 'Test Customer')
- Identify the horse used for the lesson.** (points to 'Lesson Horse')
- Note: The horse will be given income credit for the lesson.** (points to the 'Lesson Horse' dropdown)
- Enter the lesson date.** (points to '4/4/2019')
- Select the lesson category.** (points to 'Lessons')
- Select the lesson service provided.** (points to 'Lesson - Prepaid')
- Enter an identifying comment so the charge can be found if changes are required.** (points to 'Prepaid Lesson #1')
- Identify the income account and any associated subaccount.** (points to '4000 - Lesson Income')
- Enter the lesson's individual prepayment charge. 'Click' in the Total Charge box and equineGenie will total the charge.** (points to '\$75.00')
- Note: equineGenie will add any sales tax to the total charge.** (points to the 'Each' dropdown)

At the bottom, there are checkboxes for 'Customer Billing Logs Current Year' and 'Customer Billing Logs Previous Year', and a button for 'Remove Selected Customer Billing'.

Customer Billing Log Report

Make Believe Ranch

The screenshot shows a 'Customer Billing Log Report' for 'Test Customer' in April 2019. The report includes a header with the ranch name and a photo of a woman with a horse. The main table lists billing items with columns for Day, Service, Horse, Units, Qty, Charge, Tax, Total, and Comments. Yellow callout boxes highlight specific items:

- Prepaid Lesson** (points to the 'Prepaid Lesson #1' comment)
- Lesson Horse** (points to the 'Lesson Horse' horse name)
- Prepaid Lesson Charge** (points to the '\$75.00' charge)

The table data is as follows:

Day	Service	Horse	Units	Qty	Charge	Tax	Total	Comments
1	Board - full care / Boarding - Full Care	Customer Horse	Month	1.00	\$ 500.00	\$ -	\$ 500.00	
4	Lesson - Prepaid / Lesson - Prepaid	Lesson Horse	Each	1.00	\$ 75.00	\$ -	\$ 75.00	Prepaid Lesson #1
Month Total:							\$ 575.00	
YTD Total:							\$ 575.00	
Customer Total:							\$ 575.00	

Receive Money Prepayment Adjustment

Subtracting a prepayment portion that is equivalent to a billing log charge is easily done on the Receive Money screen. The prepayments information is available by viewing the Customer Prepayments report. For our example; recall the associated lesson prepayment by selecting the

customer and the initial prepayment date. Subtract the lesson charged on the customer billing log from the number of prepaid lessons and enter the remaining number of lessons. Use the same receive payment method since it is not a new payment; funds are just being moved to the income statement. Deduct the amount charged on the customer billing log from the displayed prepayment amount and replace the amount with the new prepayment total. Finally, select Enter on the Receive Money screen. equineGenie will reduce the number of lessons remaining and the prepayment amount. The Customer Prepaid Lessons report will contain the updated prepayment information.

Note: Entering a comment documenting what was done on the Receive Money screen is strongly suggested.

Prepayment Receive Money Adjustment

Collect / Receive Money

Test Customer

001

Account Balance: \$0.00

3/1/2019 Prepay/Deposit Yes

Prepaid Lessons? Yes 3

Received Cash?

Received Direct Credit / Bank Transfer?

Received Check? 9870

Received CC/DC? Credit / Debit Card #

Apply To Invoice? No Invoice #

Remove Receivable \$225.00

Customer Receivables Ledger

Customer Receive Money Ledger

Customer Prepayments (Date Specified)

Customer Invoice History

1 of 4 Prepaid Lessons Used

Enter

Subtract '1' from the number of lessons. Note: The original number was '4' so the new number is '3'.

Use the same payment method. Check #9870 in this example.

Subtract the prepaid lesson charge from the customer billing log and enter the new prepayment amount. Select 'Enter' to update the prepayment and the Customer Prepaid Lessons report.

Customer Prepaid Lessons

Receivables Ledger (Date Specified)

Prepay/Deposit Report

Received Money Ledger Receipt

Customer Prepaid Lesson Report (One Prepaid Lesson Used)

Make Believe Ranch

Prepayment Date Comment to Track Prepaid Lesson Status

Mar 1, 2019 Test Customer Lesson Prepayments Mar 31, 2019

Date	Prepayment Description	Amount	Lesson Cost	Comments
Mar 1, 2019	4985 - Prepayment/Deposit: Prepaid Lesson Package - 4 Lessons	\$ 225.00	\$ 75.00	1 of 4 Prepaid Lessons Used

New Prepayment Amount Same Individual Lesson Price

Each time a prepaid lesson is entered on the customer billing log the associated prepayment needs to be adjusted on the Receive Money screen. The number of prepaid lessons and the remaining prepayment amount will be reported on the Customer Prepaid Lesson Report.

Receive Money for Prepaid Lesson

Another task that needs to be done each time a customer is charged for a prepaid lesson is that a payment for the amount charged needs to be entered in the customer's receivables. This will prevent the customer from being double charged by offsetting the billing log charge. It will also keep the accounting equation in balance and the financials happy.

Transfer Prepayment Portion To A Receivable For A Prepaid Lesson

Collect / Receive Money

Select the Customer. **Test Customer**

001

Account Balance: \$575.00

4/4/2019 **Prepay/Deposit** No

Prepaid Lessons? No # of Lessons

Received Cash?

Received Direct Credit / Bank Transfer?

Received Check? 9870

Received CC/DC? Credit / Debit Card #

Apply To Invoice? No Invoice #

Remove Receivable \$75.00

Customer Receivables Ledger

Customer Receive Money Ledger

Customer Prepayments (Date Specified)

Customer Invoice History

Collect / Receive Money Comments

Transfer the prepayment for Prepaid Lesson #1 to customer receivables

Enter

A comment is suggested to keep track of the prepaid lesson payments received.

Note: Use the same check number as the prepayment since this is just a transfer of funds from a prepayment to a receivable to income.

Enter the prepaid lesson Amount and Select to **Green \$**.

Customer Prepaid Lessons

Receivables Ledger (Date Specified)

Prepay/Deposit Report

Received Money Ledger **Receipt**

Receive Money Funds Deposited For Prepaid Lesson #1

Receive Money

Test Customer

4000 - 4999 Income

4400 - Lesson Income

Lesson - Prepaid

Deposit Into ...

Cash **Credit Card**

Savings **Checking**

Customer Name is Transferred from the Receive Money Screen.

4000 - 4999 Income will be displayed.

4400 - Lesson is selected from the Income accounts dropdown.

Lesson - Prepaid subaccount is selected from the Lesson Income subaccounts dropdown.

Deposit into Checking is selected in this example. Selection of pay into Checking will display the Deposit into checking popup.

The checking account is selected.

Note: If it is the only business checking account it will be displayed and will not have to be selected.

The Deposit amount and Deposit Date are displayed.

Deposit To Checking

7777

\$75.00 4/4/2019

Account Balance: \$10,300.00

The checking account balance is displayed.

Comments

Selecting Deposit will deposit the funds and redisplay the purchase screen.

Deposit

The same **check # 9870** is used for the prepaid lesson payment because a portion of the funds from the prepayment check is being transferred from a liability to a receivable and income. It is not a new initial payment.

The above process is repeated each time a prepaid lesson is given and a customer is charged until the total prepayment amount has been used. When the prepayment amount has been used completely the Customer Prepaid Lesson report will show a zero balance.

Note: Don't forget to record a comment on the Receive Money screen each time the initial prepayment is reduced and a payment is received for the portion of the prepayment that was charged on a billing log.

Completed Prepaid Lessons Report

Make Believe Ranch

Prepayment Date

Comment to Track Prepaid Lesson Status

Test Customer Lesson Prepayments

Mar 1, 2019
Mar 31, 2019

Date	Prepayment Description	Amount	Lesson Cost	Comments
Mar 1, 2019	4985 - Prepayment/Deposit: Prepaid Lesson Package - 4 Lessons	\$ -	\$ -	All Prepaid 4 Lessons Used

No Prepayment Amount Remaining

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Invoicing Prepayments

Invoicing Prepaid Lesson

Prepaid lessons are invoice just like any other horse or customer billing log line item.

Invoice Prepaid Lesson Charges with Customer Credits

The customer's account # and payment terms are displayed from the customer's financial setup.

Select the customer to be Invoiced.

Select / Enter the Invoice Date.

Enter any comments to be displayed on the Invoice.

The invoice Credit Forward is for 4 Prepaid Lessons. The Credit Forward nets out the Prepaid Lesson Charges. The Prepaid Lesson Charges are for your records so you know how many prepaid Lessons have already been given.

The Invoice number will auto increment.

Set the Invoice Period.

Note: All billing log line items are available to be invoice within the Invoice Period.

The Service / Product Line Item dropdown contains the billing log charges that fall within the Invoice Period.

Note: Each line item or all Line items can be accepted or changed real-time.

If the Generate PDF is selected, a PDF of the Invoice will be generated and deposited in an equineGenie folder in your system documents.

An Invoice can be viewed, exported or printed.

Selecting the Email button will email a PDF of the Invoice to the customer's email address entered in equineGenie.

Invoice History

Email

Invoice Total: \$0.00

Generate PDF? Yes With Balance? Yes

Remove

Invoice w/Balance wo/Balance

Invoice with Prepaid Lessons and Customer Credits

Invoice with Prepaid Lessons and Customer Credits

equineGenie Customer / Client - Invoice

Customer/Client Invoicing

Test Customer

001 4/30/2019

1256 5/10/2019

Invoice Period

4/1/2019 4/30/2019

Select Service / Product Line Item

4/1/2019, Customer Horse, Board - full care - \$500.00
4/11/2019, Lesson Horse, Lesson - Prepaid - \$75.00
4/18/2019, Lesson Horse, Lesson - Prepaid - \$75.00
4/25/2019, Lesson Horse, Lesson - Prepaid - \$75.00
4/4/2019, Lesson Horse, Lesson - Prepaid - \$75.00

Invoice Comments

The invoice Credit Forward is for 4 Prepaid Lessons. The Credit Forward nets out the Prepaid Lesson Charges. The Prepaid Lesson Charges are for your records so you know how many prepaid Lessons have already been given.

Enter

Line Items used in an Invoice are colored Orange in the Service / Product dropdown.

Note: Once a Line Item is used in an Invoice it is unavailable to be used again.

Invoice Line Item total.

Note: The Line Item total does not include any Customer Credits or Past Due amounts.

Invoice Total: **\$800.00**

Generate PDF? Yes With Balance? Yes

Remove Selected Invoice (Read Genie Note)

Receivables Ledger Invoice History


Invoice Number Used Email

Invoice w/Balance wo/Balance

The Invoice Total includes the total all line Items, but does not include any customer credits or past due amounts. They are included on the Invoice as illustrated below.

The Invoice

Invoice



Remit Payment to:

Make Believe Ranch
 1234 Make Believe Lane
 Make Believe, ST 99999
 Phone: 999.999.9999

Test Customer
 9876 Some Street
 Someplace, ST 11111
 Phone: 777.777.7777 Mobile: Emergency: Fax: **Test Customer Ranch**

Customer Account Balance

Services / Products provided April 1, 2019 to April 30, 2019

Account Balance	Past Due	Invoice #	Invoice Date	Terms	Due Date	Late Charge
\$500.00	\$0.00	1256	Apr 30, 2019	10	5/10/2019	0.00% / \$ 0.00

Date	Horse	Qty	Units	Description	Tax	Unit Cost	Line Total
Apr 1, 2019	Customer Horse	1.00	Month	Board - full care	\$ -	\$ 500.00	\$ 500.00
Apr 4, 2019	Lesson Horse	1.00	Each	Lesson - Prepaid	\$ -	\$ 75.00	\$ 75.00
Apr 11, 2019	Lesson Horse	1.00	Each	Lesson - Prepaid	\$ -	\$ 75.00	\$ 75.00
Apr 18, 2019	Lesson Horse	1.00	Each	Lesson - Prepaid	\$ -	\$ 75.00	\$ 75.00
Apr 25, 2019	Lesson Horse	1.00	Each	Lesson - Prepaid	\$ -	\$ 75.00	\$ 75.00

Comments

The invoice Credit Forward is for 4 Prepaid Lessons. The Credit Forward nets out the Prepaid Lesson Charges. The Prepaid Lesson Charges are for your records so you know how many prepaid Lessons have already been given.

Credit Forward	\$(300.00)
Sales Tax	\$ -
Invoice Line Item Total	\$ 800.00
Late Charge	\$ -
Total Due	\$ 500.00

Invoice Comments


Prepaid Lesson Charges

Prepaid Lesson Credits

Customer's Invoice Total

Thank you for your business.

Printed on April 05, 2019


 Invoice Number: 1256

Test Customer Page 1 of 1

Invoice Numbers on Prepaid Lesson Payments

There is one last housekeeping task that needs to be done. Now that the customer invoice has been generated, the invoice's number needs to be applied to each prepaid lesson payment. By applying the invoice number to each prepaid lesson payment the correct invoice payments will be reflected in the invoice's history.

This is easily accomplished by recalling each prepaid lesson payment on the Receive Money screen and selecting the Apply To Invoice button and selecting the associated invoice number. When the Enter button is selected on the Receive Money screen the invoice's payment history will be updated. The invoice will not be delinquent when all its payments have been made.

Add The Invoice Number To A Prepaid Lesson Payment

equineGenie Financial Management - Collect / Receive Money

Collect / Receive Money

Test Customer

001

Account Balance: \$0.00

4/4/2019 Prepay/Deposit No

Prepaid Lessons? No # of Lessons

Received Cash?

Received Direct Credit / Bank Transfer?

Received Check? 9870

Received CC/DC? Credit / Debit Card #

Apply To Invoice? Yes 1256

Remove Receivable \$75.00

Customer Receivables Ledger

Customer Receive Money Ledger

Customer Prepayments (Date Specified)

Customer Invoice History

Collect / Receive Money Comments

Transfer the prepayment for Prepaid Lesson #1 to customer receivables

Enter

Select the Apply To Invoice? button, select the associated Invoice Number and select Enter.
Note: The associated invoice number is the number on the invoice with the selected prepaid lesson payment. In this example it is Invoice #1256

Notes

Customer Prepaid Lessons

Receivables Ledger (Date Specified)

Prepay/Deposit Report

Received Money Ledger Receipt

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