

equineGenie™



**Entering, Managing  
and Accounting for  
Prepayments**

# Entering, Managing and Accounting for Prepayments

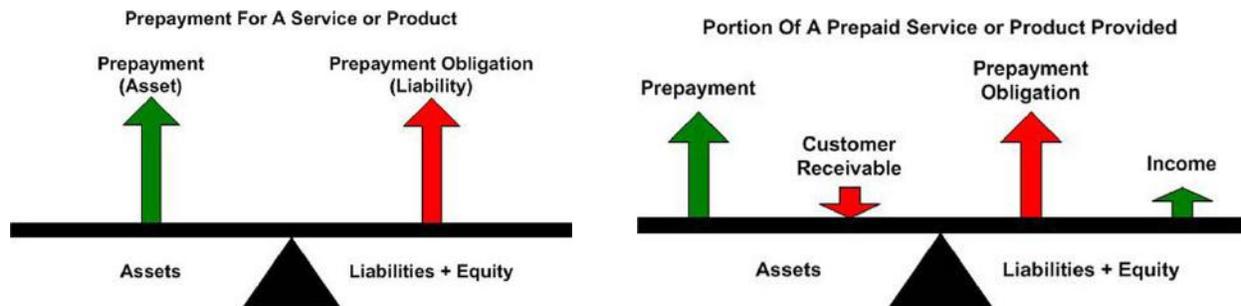
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# Prepayments

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 several sections:

- Customer Information:** A dropdown menu for 'Test Customer' and a text field for '001'. A callout box points to the customer dropdown with the text 'Select the Prepayment Customer.'
- Account Balance:** A text field showing '\$0'. A callout box points to this field with the text 'Enter the Prepayment Date.'
- Date and Prepayment Type:** A date field set to '3/1/2019' and a 'Prepay/Deposit' button set to 'Yes'. A callout box points to the 'Prepay/Deposit' button with the text 'Select Prepay/Deposit and Prepaid Lessons, and Enter the # of Lessons.'
- Prepaid Lessons:** A 'Prepaid Lessons?' section with a 'Yes' button and a text field containing '4'. A callout box points to this field with the text 'Enter Any Prepayment Comments.'
- Payment Method:** A 'Received Check?' section with a text field containing '9870'. A callout box points to this field with the text 'Prepayment Made by Check #9870.'
- Amount and Currency:** A 'Remove Receivable' section with a text field containing '\$300.00' and a '\$' symbol. A callout box points to this field with the text 'Enter the Prepayment Amount and Select to Green \$.'
- Reports:** A 'Customer Prepaid Lessons' section with a 'Receipt' button. A callout box points to this section with the text 'Select the Prepayment Lesson Report. Note: The report displays the lesson prepayments and the cost per lesson.'
- Buttons:** An 'Enter' button is located at the bottom right of the main form area.

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 Log 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 logo for 'Make Believe Ranch' and a photo of a woman with a horse. The report is titled 'Test Customer - Customer Billing Log' and shows a table of charges. Yellow callout boxes highlight specific items:

- Prepaid Lesson** (points to the 'Prepaid Lesson' service)
- Lesson Horse** (points to the 'Lesson Horse' horse)
- Prepaid Lesson Charge** (points to the '\$75.00' charge)

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
<b>Month Total:</b>							\$ 575.00	
<b>YTD Total:</b>							\$ 575.00	
<b>Customer Total:</b>							\$ 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  No

Received Cash?

Received Direct Credit / Bank Transfer?

Received Check?  9870

Received CC/DC?  Credit / Debit Card #

Apply To Invoice?  No  Yes 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

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

### Receive Money Funds Deposited For Prepaid Lesson #1

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.

The checking account balance is displayed.

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

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:

**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	\$ -
<b>Invoice Line Item Total</b>	<b>\$ 800.00</b>
Late Charge	\$ -
<b>Total Due</b>	<b>\$ 500.00</b>

**Invoice Comments**

**Prepaid Lesson Charges**

**Prepaid Lesson Credits**

**Customer's Invoice Total**

---

Thank you for your business.

Printed on April 05, 2019


Test Customer
Page 1 of 1

Invoice Number: 1256

## 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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