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Article ID: **4143**
Subject: **How to Use the Undeposited Funds Account for Accounts Receivable**
Last Modified: **October 28, 2009**

Applies to: **Pro Gold i2 3.xx**

Purpose: The undeposited funds account is an asset account used primarily to show the current total of money received (i.e., not yet banked). The "funds" can include cash, checks, credit card payments, bank drafts, etc… Pro Gold's default chart of accounts includes a general ledger (**G/L**) for this purpose (i.e., **1090 Undeposited Funds**). The most typical situation where the undeposited funds account is used is when a payment is made to an **Accounts Receivable (A/R)** invoice. Normally payments are accomplished via the **Receive Payments** icon on the **Customers** option, but may also be applied directly to the invoice manually as well. Both methods require the use of this account. The **Receive Payments** method automatically assigns the account based on a default setting while the direct method requires it to be manually assigned. The **Receive Payments** icon opens the **Visual Receipts** screen which contains a **Dep To Acct** field displaying the default undeposited funds account (e.g., **1090**). There are two steps to perform to fully account for these payments: 1) Apply payment to invoice 2) Post a deposit in the bank account. Both actions require use of the undeposited funds account, however, the payment is a **debit** entry while the deposit is a **credit** entry.

Procedure: Actions to follow:

• 1) Apply payment to invoice:

- **Receive Payments** method:
  • **Main Menu** => **Accounting** option => **Customers** option => **Receive Payments** icon
  • Select customer
  • Enter payment info
    ✓ Verify the undeposited funds account (e.g., 1090)
    ✓ Date paid
    ✓ Check or cash
    ✓ Amount received
  • Allocate payment
  • Post payment
  • Click the **Done** button to exit the **Visual Receipts** screen
  • Go to bank and record deposit

- **Direct payments** method:
  • Go to bottom of the invoice
  • Enter payment info
    ✓ Assign the undeposited funds account (e.g., 1090)
    ✓ Date paid
    ✓ Check or cash
    ✓ Amount received
    ✓ Enter amount applied
  • Click on blank payment line below to post payment
  • Click the **Done** button to exit the invoice
  • Go to bank and record deposit

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2) Make deposit in bank:

- **Receive Payments** method:
  - **Main Menu** => Banking and Escrow option => **Deposits** icon
  - Select **Deposits** icon
  - Select/retrieve bank account
  - Select **New** button to open new deposit
  - Select **Deposit Slip** icon to open **Deposit Slip** screen
  - Click **Select Undeposited Checks** button to open **Undeposited Checks** screen
  - Select **A/R** payments to process and click the **Transfer to Deposit Slip** button to transfer **A/R** payment transactions to the deposit slip
  - **Note:** System will automatically assign the undeposited funds account (e.g., **1090**)

- **Direct Payments** method:
  - **Main Menu** => Banking and Escrow option => **Deposits** icon
  - Select/retrieve bank account
  - Click the **New** button to open new deposit record
  - Click the **Deposit Slip** icon to open the **Deposit Slip** screen
  - Enter payment info for **A/R** payments processed
  - **Note:** Must manually assign the undeposited funds account (e.g., **1090**)

• 3) The **A/R** payments processed **debit** (increase) the undeposited funds G/L account (e.g., **1090**). The corresponding bank deposits **credit** (decrease) the undeposited funds G/L account (e.g., **1090**). The undeposited funds G/L account (e.g., **1090**) should have no balance once the deposits are posted to the G/L.

References: Below is a link you can use to access Enhancement HelpNet Center resources, which includes the Knowledge Base Article (KBA) Library, Pro Gold i2 Documentation, and Training Webcasts:

http://secured.progoldi2.com/webcast.aspx

- The Enhancement HelpNet links are located on the right side of the web page.

Related articles: N/A

Keywords: Accounts Receivable, A/R, Receipt Payment, Funds, Undeposited, 4143