

## Posting a Zero Deposit (like a lot draw!) - Recognizing Revenues Using a 'Zero' Deposit

Sometimes you will incur an Interim Draw on paper, but no cash will be received by you. This can happen on the first draw, usually referred to as a "Closing Draw" or a "Lot Draw". There are usually closing documents connected with this draw that supply you with the information needed to post this draw. This first draw is often the total of several costs. On a Lot Draw, it can include the Lot Price, Interest on the Lot, Document preparation fees, Lot property taxes, and so on. These costs need to be posted as costs to the job. Also, the first draw needs to be posted as a draw received. Use the 'Add/Edit Deposits' window to capture the Interim Draw Revenue AND the associated lot job costs. See Help Documents on the Add/Edit Deposits window for basic information about posting deposits.

In our example, the Lot Draw is for \$146,331.02. The Title Company handled the payment of costs that totaled to this draw amount. Therefore, no money was received by the builder. The costs that were paid with the draw were \$144,000.00 for the lot, and \$2,331.02 for interest. (Most of the time there will be other lot closing costs, but we're keeping this example simple.) Please study the screenshot below to see how the posting of this "zero" deposit was handled. Notice that a zero was used for the Total Deposit amount to the bank account in the top portion of the window. A Cash/Bank account number must be used even though the amount is zero. In the allocation lines, the amount of the lot draw is posted as a positive number and is posted to the INTERIM DRAW deposit category. The costs are posted as negative numbers using the JOB COST category AND Job Cost Codes. The total of the allocation entries should equal zero when you are finished.

By using the Deposits screen to post these "zero" deposits, you can easily keep a full record of all draws and costs that are connected to a job. The program knows that a positive amount entered on a Deposit allocation line is actually a credit and the negative amounts are actually debits (for accounting records). Therefore, when they are reviewed on accounting reports, the positive and negative amounts will be opposite than the ones on the Deposits window. (see example of the deposit 'journal entry' on the next page.)

ADD or EDIT DEPOSITS										Add New Deposit		Delete Deposit		Gen Ledger Bal	
FIND DEPOSIT		CASH (BANK) ACCOUNT			DATE		DEPOSIT #		Total Deposit		Gen Ledger Bal				
9121		1020 - CASH-CONSTRUCTION CHECKING			12/04/06		9121		0.00		\$0.00				
Add 1st Line to Allocate Deposit (What is it for?)										Change Cash Account or Total Deposit Amount					
Select Task	Payor	COMPASSBAN	+	AR Inv#	0	<No #	AR#'s	Category	INTERIM DRAW	+	Check#	68566			
	Job	TEST3	+	CO Num	NONE	<-No CO Num		GL #	2000-CONSTRUCTION LC	+	Amount	\$146,331.02			
	Dept	CH	+	Desc	Compass Bank - Lot Draw		Job Cost	0-0-NONE	Markup	0.00%	New Line				
Select Task	Payor	COMPASSBAN	+	AR Inv#	0	<No #	AR#'s	Category	JOB COST	+	Check#	68566			
	Job	TEST3	+	CO Num	NONE	<-No CO Num		GL #	1430-DIRECT CONSTRUC	+	Amount	(\$144,000.00)			
	Dept	CH	+	Desc	Compass Bank - Lot Price		Job Cost	111-Lot Price	Markup	0.00%	New Line				
Select Task	Payor	COMPASSBAN	+	AR Inv#	0	<No #	AR#'s	Category	JOB COST	+	Check#	68566			
	Job	TEST3	+	CO Num	NONE	<-No CO Num		GL #	1430-DIRECT CONSTRUC	+	Amount	(\$2,331.02)			
	Dept	CH	+	Desc	Compass Bank - interest		Job Cost	116-Interest on Lot	Markup	0.00%	New Line				
Please do not use spaces in the AR Invoice Number!											Total		\$0.00		

Behind the scenes, the program creates a journal entry from the Add/Edit Deposits window. Here is an example of the journal entry created from the Deposit window shown on the previous page.

### **Deposit Journal Entry**

**NOTE: The entries are displayed for accounting review. Since the positive entries on the bottom of the Deposit screen are actually Credits on the books, they are shown here with a minus sign. The negative entries are Debits and are shown here as a positive amt. If you delete the deposit and post it again, all entries should be entered opposite than shown here EXCEPT for the \*\*\*Deposit\*\*\* entry.**

DATE	DOC	CATEGORY	A/R INV #	GL ACCT	PAYOR	DESCRIPTION	JOB	DEPT	TOTAL
04-Dec-06	9121			1020		***** Deposit *****	H	OH	\$0.00
GL Account: 1020-CASH-CONSTRUCTION CHECKING									
0									
04-Dec-06	9121	INTERIM DRAW	0	2000	COMPASSB AN	Compass Bank - Lot Draw	3811MSTA V	CH	(\$146,331.02)
GL Account: 2000-CONSTRUCTION LOANS PAYABLE									
0									
04-Dec-06	9121	JOB COST	0	1430	COMPASSB AN	Compass Bank - Lot Price	3811MSTA V	CH	\$144,000.00
GL Account: 1430-DIRECT CONSTRUCTION COSTS									
0									
04-Dec-06	9121	JOB COST	0	1430	COMPASSB AN	Compass Bank - interest	3811MSTA V	CH	\$2,331.02
GL Account: 1430-DIRECT CONSTRUCTION COSTS									
<b>Journal Entry Total (should be zero if in balance)</b>									<b>\$0.00</b>

**NOTE: If the entry has a note that it is an "AR Revenue Recognition Entry", that entry will not be displayed on the Deposit window. Those entries are hidden and can be viewed by Selecting the Task labeled "Revenues/Sales Tax Recognition Entries for Invoice" on a Deposit Line.**