Understanding Beginning Balances

Whenever a new accounting system is used, a starting point for all the values needs to be created. The *Beginning Balances* are the initial values Procare will use for accounting reports and are comprised of assets, liabilities and equity.

**Assets, Liabilities and Equity**

The *Balance Sheet* shows what the business owns (Assets), and who owns those assets (Liabilities and Owner’s Equity). Without correct beginning balance (sheet) numbers, all subsequent reports would be incorrect.

- **Assets**: For a child care business, typical assets would be things such as checking accounts, office equipment, furniture, and accounts receivable.
- **Liabilities**: Liabilities are obligations of the business and include things like payroll taxes withheld, long term loans, and utilities due.
- **Equity**: Owner’s Equity is the remainder of the equation, which includes any profit (positive number) or loss (negative number) carried into the new year.

**The Accounting Equation**

The basic equation for small business is:

Assets = Liabilities + Owner’s Equity, or more intuitively: Assets - Liabilities = Owner’s Equity.

A basic would be a new daycare business with $15,000 in the bank, $5,000 in furniture, a $3,000 furniture loan, and your owner’s equity (line #1).

<table>
<thead>
<tr>
<th>Line</th>
<th>Assets</th>
<th>Liabilities</th>
<th>+</th>
<th>Owners Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20,000</td>
<td>3,000</td>
<td>+</td>
<td>17,000</td>
</tr>
</tbody>
</table>

During the year, your business accumulates revenue and expenses, so the expanded equation would be:

Assets = Liabilities + Owner’s Equity + Revenue - Expenses.
Let’s say you charged $30,000 in tuition (line #2 below), collected $25,000 in payments (also line #2), paid $25,000 in salaries (line #3), and had $5,000 still owed in accounts receivable (line #4).

<table>
<thead>
<tr>
<th>Line</th>
<th>Assets</th>
<th>=</th>
<th>Liabilities</th>
<th>+</th>
<th>Owners Equity</th>
<th>+</th>
<th>Revenue</th>
<th>-</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>20,000</td>
<td></td>
<td>3,000</td>
<td>+</td>
<td>17,000</td>
<td>+</td>
<td>0</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>25,000 (cash) +</td>
<td></td>
<td>3,000</td>
<td>+</td>
<td>17,000</td>
<td>+</td>
<td>30,000</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,000 (accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>receivable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>-25,000 (cash to</td>
<td></td>
<td>3,000</td>
<td>+</td>
<td>$17,000</td>
<td>+</td>
<td>0</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td>pay salaries)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>20,000 (cash) +</td>
<td></td>
<td>3,000</td>
<td>+</td>
<td>17,000</td>
<td>+</td>
<td>30,000</td>
<td>-</td>
<td>25,000</td>
</tr>
<tr>
<td></td>
<td>5,000 (accounts</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td>receivable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The first beginning balance entered into Procare may have any date, but the end of your fiscal year is ideal. The end of your fiscal year will have all expenses and revenue “closed” and posted to Owner’s Equity. This is what happens when you Calculate Beginning Balances for New Year.

After calculating balances for the new year, the equation would look like this (line #5):

<table>
<thead>
<tr>
<th>Line</th>
<th>Assets</th>
<th>=</th>
<th>Liabilities</th>
<th>+</th>
<th>Owners Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>25,000</td>
<td>=</td>
<td>3,000</td>
<td>+</td>
<td>22,000</td>
</tr>
</tbody>
</table>

In most cases, Revenue and Expenses begin the year at zero.

Filter Vendors

Use the filter feature to view only certain vendors on screen; for example, you may want to see only vendors who are assigned a certain tracking item.
Getting There

To view only certain types of vendors on screen click the Filter button (looks like a funnel or coffee filter) on the toolbar (upper left - just above the list of vendor names).

Filter Your Vendors

1. Choose whether to include All Vendors or just Visible or Hidden Vendors.
2. Then pick categories of vendors to include such as all those assigned a particular Vendor Tracking item.
3. Click Count (optional) to see how many vendors meet your criteria.
4. Click Exit. Only vendors that meet your criteria will be displayed and the filter will turn red.

Red Filter / Clear the Filter

A Red Filter means only certain vendors are currently displayed. To clear your filter and return to the default settings for your location click the Default Filter button (with the red circle/slash) on the toolbar (upper left - just above the list of vendor names).

Refresh the List

Sometimes you may wish to refresh the screen to be sure you are viewing a current list of all vendors that meet your filter selection. Just click the Refresh button on the toolbar (looks like a chart with a recycle arrow). This makes sense if you have other people entering vendors into Procare or making changes from another computer.

Example: Four vendors are displayed based on your filter. Someone else makes a change to another vendor so they would now be part of your filter. You may not see the fifth vendor right away - until you click Refresh.
Journal Entry for Depreciation

How to make a journal entry to record depreciation on an asset.

Before You Begin

You may have furniture, office equipment, vehicles, buildings, etc. that are depreciated over time. Ask your accountant how your journal entry should be made. The following is only an example.

1. You may need to add new numbers to your Chart of Accounts, such as:
   a. A contra asset (such as 1110.10 Office Equipment Depreciation).
   b. An expense (such as 5040.00 Depreciation Expense).

2. You may want to create a new General Journal Type (such as Depreciation) to record the entry.

Getting There

Click the General Journal icon on the toolbar. It doesn’t matter which vendor is displayed since journal entries are not linked to a vendor.

Note: Refer to Make Journal Entry – General Journals if you are not familiar with the Journal process.

The example below shows depreciation of both office equipment and furniture. The asset entries are entered as negative numbers because the value of each asset is going down. A single expense account (5040.00) is used for the total amount depreciated.
Add or Edit a Vendor

Once you’ve set up the basic System Configuration settings for the Expenses & Ledger module you’re ready to begin entering vendors.

Getting There

At the main screen of the Expenses & Ledger module click Add Vendor icon (folder with the plus (+) sign) on the toolbar.

Enter a Vendor

1. At the Add Vendor screen:
   a. Type the name of the company on the top line.
   b. If you have more than one location choose whether this vendor
will be available to All Schools in this Region or Only the Current School. This will also allow you to Split a Check Among Schools.

c. Enter your Account Number with this vendor and the vendor’s Tax ID Number (optional).

d. Enter the main business Address and Telephone numbers.

e. You may also include a link to their Website (optional).

f. Click Save > Exit.

2. Optional: You may want to add Contact People for this vendor.

**Edit Vendor Information**

You may edit a vendor to add or change information, mark them as “hidden”, enter a comment or alert, etc.

1. Look up the Vendor at the main screen of the Expenses & Ledger module and click the Edit Vendor icon (file folder) on the toolbar.

2. At the Edit Vendor screen make any necessary changes or additions.

3. Click Save > Exit.

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**1st Time Beginning Balances / Edit Balances for Expenses &**
Enter beginning balances for each asset, liability and equity account as needed. In most cases revenue and expenses begin the year at zero. Typically these balances are entered just once when you first begin using Procare. In subsequent years you’ll use the Calculate feature to determine beginning balances.

It’s important to have correct beginning balances in order to get meaningful financial reports. Please contact your accountant for help in this area.

Before You Begin

If you are converting from version 9 please read the article on Beginning Balances After Conversion.

Getting There

1. From the Procare Home screen click Configuration > System.
2. Go to Accounting Management > Expenses & Ledger > dbl-click Beginning Balance.

Enter New Balances

1. At the Beginning Balances screen:
   a. If you have more than one region click Change Region to select the region for these balances.
   b. To view or change your calendar dates click GL Dates (optional).
   c. To enter balances click New then choose an As Of Date for these balances, usually the last day of your prior fiscal year (like Dec. 31st) and click Start.
2. At the Beginning Balances Editor:
   a. Click a tab (at the top) like Assets, Liabilities or Equity then click the plus sign (+) next to a sub-category like “Current Assets” to display the Account Number and Description.
   b. Enter the Amount for each account as needed.
      Hint: Some accounts may begin at zero, for example Revenue and Expense accounts typically begin the year at zero.
3. Click Review (lower left) to make sure the sum of the debit accounts is equal to the sum of the credit accounts. Make any adjustments to your balances as needed. Need help with balances? Please contact your accountant.
4. Click Save > Exit.

**Edit or View Existing Balances**

1. At the Beginning Balances screen a list of any previous balances (for the selected Region) will be displayed including the As Of Date and totals for Debits and Credits.
   a. If you have more than one region click Change Region to select a different one, if needed.
   b. Dbl-click anywhere on the line such as on the As Of Date then choose Edit.
2. At the Beginning Balances Editor:
   a. Click a tab (at the top) like Assets, Liabilities or Equity then click the plus sign (+) next to a sub-category like “Current Assets” to display the Account Number and Description.
   b. Edit the Amount for each account as needed.
3. Click Review (lower left) to make sure the sum of the debit accounts is equal to the sum of the credit accounts. Make any adjustments to your balances as needed.
4. Click Save > Exit.

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**Standard Account Numbers for Vendors**

Set up specific General Ledger account numbers (and amounts) used for each vendor to save time when you record expenses, etc.
Getting There

1. Look Up the Vendor at the main screen of the Expenses & Ledger module.
2. Click the Standard Accounts icon (calculator) on the toolbar.

Set Up Standard Expense Accounts (GL Numbers)

At the Standard Accounts screen:

1. Select a Checkbook to use for this vendor from your list of active Bank Accounts that are marked as checkbooks.
2. To add a new item choose a School location to which the item will be assigned.
3. Select a GL Account number from your Chart of Accounts that corresponds to the type of item or service provided by this vendor such as 5005.00 School Supplies, 5030.00 Maintenance, or 5045.00 Rents & Leases.
   **Hint:** Click the Chart of Accounts button to view or print your account numbers for use as a reference.
4. Enter an Amount (optional) if you typically pay this vendor the same amount. If the amount varies leave it as zero.
5. Tap Enter (on your keyboard) to add it to the list and create a new blank line.
6. Continue adding additional account numbers as needed. Use the Up & Down arrows to change their order.
7. Check Automatically Import (recommended) to use these as the default settings each time you issue a check to this vendor.
8. Click Save > Exit.
Year-to-Date Vendor Checks

You may wish to make a year to date entry for each vendor showing the total paid to them in one lump sum. This is often easier than manually entering every check a vendor has received so far this year. However, if it is early in the year and only a few checks have been issued you may prefer that approach.

Year to Date Expenses

To make a year to date entry follow the standard steps for issuing a Check to a Vendor taking care to:

- Enter the total paid so far this year for the Amount.
- Choose a Post Date to catch you up for the year. For example if this entry were for all checks issued during the first quarter you could choose the last day of the quarter.

Accounts Receivable Beginning Balance

How to determine the beginning balance for your Accounts Receivable (AR) asset.

Beginning Balance for Accounts Receivable (AR)

It’s important to have correct Beginning Balances for all GL numbers in your Chart of Accounts in order to get meaningful financial reports. The beginning balance for your Accounts Receivable (AR) asset is no exception.

Typically your AR beginning balance should include:

- Amounts owed by families
- Amounts owed by agencies (DHS, DFACS, etc.)
- Any other entries that affect AR (such as journal entries)
Option 1:
Contact your accountant. This is the best option for help determining all your beginning balances.

Option 2:
Use the ending balance from your prior fiscal year. You can get this within Procare v10 if you have data from last year in the Family Accounting and/or Agency Accounting modules. This will include items recorded on family and agency ledger cards, however if you have made other types of postings (journal entries, etc.) that affect AR they will not be shown on this report.

a. If you have Agency Accounting go to Reports > Standard Reports > Agency Accounting > Total Charge Credit Summary > Total Summary - Primary & Agency Accounts. Choose a Date Range of the prior year. Use the Ending Balance, the amount owed at the end of the year, as your beginning balance for Accounts Receivable.

b. If you have Family Accounting only (no agencies) go to Reports > Standard Reports > Family Accounting > Total Charge Credit Summary > Total Summary - Primary Accounts Only. Choose a Date Range of the prior year. Use the Ending Balance, the amount owed at the end of the year, as your beginning balance for Accounts Receivable.

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Issue a Check to a Vendor

You may print an actual check or record a transaction made by debit card, credit card, etc.

Just Starting Out?

If you are just starting with the Expenses & Ledger module you may want to begin by posting Year to Date Expenses for each vendor to record what has happened so far during the year.
Getting There

Look Up a Vendor and click the Check Calculation icon on the toolbar (pen writing on a check).

Record a Vendor Check / Transaction

1. At the Check Calculation screen:
   a. Choose a Post Date – the day the transaction was recorded.
   b. Enter a Due Date (optional) if you are recording an invoice/ bill now but won’t be paying it until later.
   c. If you are printing the check now, or recording a check or other transaction that already occurred, enter the appropriate Print Date.
   At the Check Calculation screen:

   Note: If you choose Post & Print Later the print date will be assigned at the time it is printed.

   d. Type a Check Memo (optional). This will print on the memo line of the actual check if the Check Memo field is included in Check Printing Setup.
   e. Type a Check Comment (optional). The comment automatically prints on the check stub.
   f. Select a Checkbook to use for this transaction from your list of Bank Accounts.

   Hint: In some cases the Checkbook may be a Credit Card used as a Contra Asset.

   g. The Check Number is automatically inserted based on the last check number used for that Bank Account. You may enter a different check number if needed, or if this transaction did not involve an actual check, make up a number to represent it such as 777 for debit cards, or 888 for electronic payments.

   Note: If you choose Post & Print Later the check number will be assigned at the time it is printed.

   h. The School, GL Account and Amount will appear automatically if the Automatically Import box was checked on the Standard
Accounts screen. If necessary you may manually enter these items, for example you’ll usually need to enter the Amount unless this vendor is paid the same amount each check.

**Note:** Use a negative amount to reduce a revenue account (as with a customer refund) or a liability account (loan payment or tax deposit).

1. Decide how to record the check as follows:
   - **Post and Print:** Immediately record the check and print it now.
   - **Post and Print Later:** Record the check now, but print it at a later time.
   For example you may wish to process a check for each person now, then later print all checks at once. This process works the same as [Batch Printing Payroll Checks](#).
   - **Post Check:** Record the check now, but do not print it at all. This is useful if you write the checks by hand, or if you are recording checks that were previously issued.

2. After clicking one of the posting buttons you’ll remain on the Check Calculation screen ready to record a new “Current” check. You’ll see the word “Current” in the upper right. To view the entry you just posted scroll up (right side).

3. Use the blue *Up* and *Down* arrows (top) to move to another vendor or click Exit.

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**Expense Ledger Reports**

This article describes the overall financial reports available with the Expenses & Ledger module.

**Before You Begin**

Be sure to define the date range choices you want available on Expense & Ledger reports. See [General Ledger Dates](#).
Center Specific and Regional Reports

Some reports, like an *Income Statement*, may be run for an individual location. Others, like the *Balance Sheet* and *Trial Balance* must be “in balance” for the region as a whole.

**Debits & Credits Not in Balance?**

If you are logged in as a *Procare User*, who has exposure to all schools in the region, you’ll see these reports as intended. If you are a more limited user, with exposure to only some locations, you’ll only see data for those locations. In some cases, this could cause the debit and credit columns of the report not to be in balance.

**Using Reports**

Reports for the Expenses & Ledger module work in a way similar to Family Data Reports. See [Family Data Reports](#) for the basics. Below is a brief description of each attendance report.

Some reports let you dbl-click an account number (like 5000.00 Office Supplies) to drill down for more detail. The *Trial Balance* allows you to drill down two levels. This is the best report to get specific details. First dbl-click the account number, then dbl-click the total where it says *Total for S1* (your school abbreviation may be different than S1).

**Expenses - Filtered Reports**

**Vendor Address and Contact Information**

Shows vendor name address and phone numbers.

**Vendor Check Summary**

Summary of all checks written to each vendor for the specified dates. Dbl-click the Vendor Name to drill down for detail on voided checks.

**Log Sheet Information**

Summary of vendor log sheets. Includes original entry date and time, identifier of comment author, log type and comment.
Budget Summary
See: How to Create a Budget

School Budget
Displays budget amounts for all revenue and expense items for the specified Date Range.

School Budget (w/o 0.00)
Shows the budget without zeros. Items with 0.00 budgeted are hidden.

School Budget Summary
Shows actual and budgeted amounts, the budget remaining and the percentage of the budget that has been used.

School Budget Summary (w/o 0.00)
Shows actual and budgeted amounts without zeros. Items with 0.00 budgeted are hidden.

Regional Reports

Bank Account Register
Lists all checks issued from Payroll or the Expenses & Ledger module. An asterisk (*) indicates a check number that is out of sequence.

Balance Sheet
Includes assets, liabilities and equity accounts. Dbl-click an account number to drill down for more detail.

Income Statement (Profit and Loss)
Shows total revenue, expenses and your net income (profit or loss) for all schools in the region. Dbl-click an account number to get a break down per location.

Income Statement - Each School
Shows individual revenue, expenses and your net income (profit or loss) for each school on separate pages.

Trial Balance
Totals for all account types (assets, liabilities, equity, revenue and expenses). Dbl-click an account number once for totals per school. Dbl-click a second time on the
School Reports

School Income Statement
Shows revenue, expenses and your net income (profit or loss) for the school to which you are logged in only. Dbl-click an account number for detail (such as how much was from payroll, a journal entry, etc.).

Expenses & Ledger Journal Summary
Includes journal entries and items posted to vendors in the Expenses & Ledger module only.

General Journal Transaction Summary
Detail of journal entries made in the Expenses & Ledger module only.