

Initialize Owner Balances

Property Management Solutions for Over 30 Years

Overview

If you start PROMAS at the beginning of the year, you need only enter owner balances using Procedure A or B at the end of this section, whichever is applicable.

When you start PROMAS mid-year you have several options for entering owner balances and handling the year-to-date transactions. Your decision on how to proceed depends on how you want to handle the year-end reporting.

Situation 1

- End of Year Statement One statement from your previous system and one from PROMAS
- 1099 One 1099 from your previous system and one from PROMAS
 - 1. Initialize the owner balances as of the day prior to starting PROMAS using Procedure A or B below as appropriate.
 - 2. At the end of the year produce a statement and a 1099 from each system.

Situation 2

- End of Year Statement One statement from your previous system and one from PROMAS
- 1099 One 1099 from PROMAS
 - 1. Initialize the owner balances as of the day prior to starting PROMAS using Procedure A or B as appropriate.
 - 2. At the end of the year, produce a statement from each system.
 - 3. At the end of the year when you do the 1099's using PROMAS, you can make the adjustments to take into account the taxable income received prior to using PROMAS.
 - 4. Go to <<GL, Journal Voucher>>
 - 5. Change the date to the day prior to starting PROMAS
 - 6. Select the Ledger (owner / property)
 - 7. Enter 2 line items the first Rent for the amount of taxable income; the second for Cash Distribution, a negative amount, the same as the amount of rent entered.
 - 8. Click <New> to post and enter another or <Post> if you are finished.

Situation 3

- End of Year Statement One statement from PROMAS
- 1099 One 1099 from PROMAS

You can use an income statement, balance sheet or trial balance through or as of the day prior to your starting date. Thus if April 1 is your start date, then an income statement from the beginning of the year through March 31, or a balance sheet or trial balance as of March 31 is required. See *Example 1* below.

Prior to entering the Journal Voucher you must verify that there are no transactions posted to the ledger on or before the start date. This will be the case if you have entered tenant prepayments. If there are transactions posted, run an income statement after step 1 below and change each account by that amount so the end result will match your initialization figures.

- 1. Initialize the owner balances as of the last day of the prior year instead of the day prior to using PROMAS, using Procedure A or B below as appropriate.
- 2. Enter a Journal Voucher using the net year-to-date amounts for each account that affected the ledger balance while the records were being kept using the previous system.
- 3. At the end of the year do the 1099's and End of Year statements from PROMAS.

Example 1 (for Situation 3)

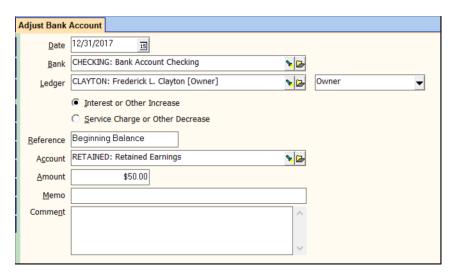
Income Statement 1/1 - 3/3 from previous program Beginning Balance \$50.00 Income Rent \$2550.00 **Expenses** \$204.00 Mgmt Fee Mortgage \$1124.46 Plumbing \$142.27 Pay to Owner \$929.27 Net Balance Change \$150.00 **Ending Balance** \$200.00

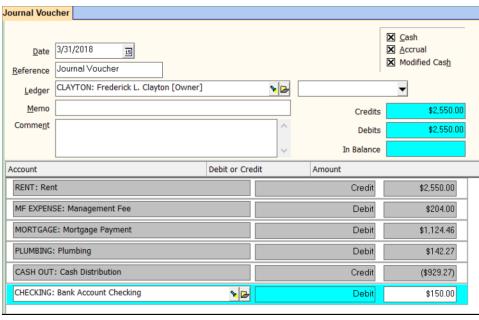
The beginning balance of \$50 is established with the Adjust Bank Account transaction as of December 31.

The \$50 beginning balance and the bank account debit of \$150 makes the owner's ending balance for March 31 equal \$200.

Post in PROMAS:		
Adjust Bank Account - for \$50 as of 12/31 last year		
Journal Voucher Date - 3/31		
Account Acct Type Rent Taxable Incom	Debit or Credit Credit	<u>Amount</u> \$2550.00
Mgmt Fee Expense	Debit	\$204.00
Mortgage Other Expense	Debit	\$1124.46
Plumbing Expense	Debit	\$142.27
Cash Distrib. Equity	Credit	-\$929.27
Bank Account Current Assets	Debit	\$150.00

NOTE: If your accounting method is other than cash, before entering the owner or partnership balances you must enter all outstanding Accounts Receivable and Accounts Payable items. These may affect the entries you make in the Journal Voucher function.





Procedure A - Owner Positive Balances

- Go to <<GL. Adjust Bank Account>>
- 2. Change the [Date] to the day prior to your starting date.
- 3. Select the [Bank] account from the find list.
- 4. Select the owner/property/unit from the [Ledger] drop-down list.
- 5. Click the <Interest or Other Increase>.
- 6. Change the Reference to Balance Forward (optional)
- 7. Select Retained Earnings from the find list for [Account].
- 8. Type in the [Amount].
- 9. Click <New> to add more balances or <Post> if you are finished.

Or

- 1. Go to <<GL, Journal Voucher>>
- 2. Change the [Date] to the day prior to your starting date.
- 3. Select the [Ledger] (owner or unit) from the find list.
- 4. Enter two line items, one a credit for an [Account Type] of Equity (such as Retained Earnings) and one a debit for the bank account (Account Type of Current Assets).
- 5. Click <New> to add more Journal Vouchers or <Post> if you are finished.

Procedure B - Owner Negative Balances

- 1. Go to <<GL, Adjust Bank Account>>
- 2. Change the [Date] to the day prior to your starting date.
- 3. Select the [Bank] account from the find list.
- 4. Select the owner/property/unit from the [Ledger] find list.
- 5. Click the <Service Charge or Other Decrease> radio button.
- 6. Change the [Reference] to Balance Forward (optional)
- 7. Select Retained Earnings from the find list for [Account].
- 8. Type in the [Amount].
- 9. Click <New> to add more balances or <Post> if you are finished.

Or

- 1. Go to <<GL, Journal Voucher>>
- 2. Change the [Date] to the day prior to your starting date.
- 3. Select the [Ledger] (owner/property/unit) from the find list.
- 4. Enter two line items, one a negative credit for an [Account Type] of Equity, and one a negative debit for the [Account code] of the bank account (Account Type of Current Assets).
- 5. Click <New> to add more Journal Vouchers or <Post> if you are finished.