



Base and Distribution Reserves

Property Management Solutions for Over 30 Years

Overview

The base and distribution reserves, set in the Owner and Property profiles on the Checks & Statements tab, govern how much money is available for checkwriting.

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A. Base Reserve – Enforce Base checkbox not marked

The Base Reserve has no effect on distribution checks.

The base reserve is the minimum dollar amount that the ledger's Available Cash can be drawn down to when posting invoice checks and recurring checks. If the invoice or recurring check will draw the Available Cash below this amount, that check will be marked Skip when compiled. You can unskip it for posting, provided the balance is not being drawn below the Minimum Base Reserve in Setup, Processing Defaults.

Base Reserve – Enforce Base checkbox marked

The base reserve is the minimum dollar amount that the ledger's Available Cash can be drawn down to when posting invoice checks and recurring checks from AP, Scheduled Payables. If the check will draw the Available Cash below this amount, that check will be marked Skip when compiled. When posting a single check through AP, Single Checks a warning will display if the ledger's balance will be drawn below the Base Reserve, but the warning can be overridden.

Note: A blank base reserve is \$0.

Ledger Balance - Negative

If your business situation allows drawing the ledger balance negative when posting invoices and recurring checks, set the Minimum Base Reserve in Setup, Processing Defaults to an appropriate negative amount. Set the ledger's Base Reserve to an appropriate negative amount if you don't want to control unskipping checks that draw the ledger balance below the base reserve but not below the minimum base reserve. The ledger's base reserve will be overridden by the amount entered in Setup, Processing Defaults for Minimum Base Reserve if higher than the ledger's base reserve. In other words, if you set up the ledger's Base Reserve as \$0 and the Minimum Base Reserve in the Processing Defaults is \$1,000, the system will not draw the owner's ledger below \$1,000.

Enforce Base

Mark the Enforce Base check box if you never want the ledger balance to be drawn below the base reserve amount when doing scheduled payables. If this checkbox is not marked, an invoice check or recurring check which would bring the Available Cash below the base reserve will be skipped with the option to override and post the check. If the Enforce Base checkbox is marked, an invoice or recurring check will be skipped with no option to override if it will cause the ledger's balance to fall below the reserve. The Minimum Base Reserve in Setup, Processing Defaults is ignored if the Enforce Base checkbox is marked. If you attempt to post a check in AP, Single Check that will draw the balance below the Enforce Base amount, a warning message will display but the warning can be overridden.

B. Distribution Reserve

The distribution reserve is the amount of money you wish to hold back from the check you write to the owner using AP, Scheduled Payables, Distribution Check. That is the only time the distribution reserve amount will be used. See [Owner Distribution Check Calculations](#) for information on how the distribution amount is arrived at.

Distribution Check Memo

Enter the memo you want printed on the distribution check. When the distribution check is going to a third party, i.e. a bank, use this field for the bank account number. It prints on the check outside of the address area.

Minimum Distribution

Enter the minimum amount for which to issue a distribution check. For example, if this field is set to \$50 and the amount available is \$49.99 or less, the distribution check candidate will be marked Skip. You can unmark. If you have Advanced Scheduling set up for distribution checks the Minimum Distribution amount is multiplied by the number of schedules missed.

Maximum Distribution

This numeric field lets you set an upper limit for a distribution check. Excess funds above the maximum are retained in the ledger. If you have Advanced Scheduling set up for distribution checks the Max Distribution amount is multiplied by the number of schedules missed.

Statement on Check Stub

If this checkbox is marked when distribution checks are run from Scheduled Payables, Distribution Checks, the program will print an abbreviated statement on the check stub.

The transactions printed are those starting from the date of the last distribution check. If there are more transactions than will fit on the stub (9), the most recent eight will print and the first one will have a description of the number of other transactions with their net amount in the balance field.

Marking the Include Payees or Memos on Check stub Statement checkbox in Setup, Processing Defaults, Printing will print the payee if there is both a payee and a memo, and will print the memo if there is no payee for the transaction.

C. Owner Distribution Check Calculations

To determine the amount of the distribution check, PROMAS looks at:

- Operating - amount showing in the Operating box in GL History
- (Available Cash) - money in Cash bank accounts minus Current Liabilities minus Escrow Deficit

PROMAS takes the smaller number and subtracts:

- the total of unpaid payables due within 30 days
- the total amount of all estimates in work orders (except those with a status of Hold, Completed, Invoiced)
- the Distribution Reserve.

Where:

- **Operating** - The available balance in the owner's ledger account. This is the sum of all income, expense and equity account types on a cash basis
- **Cash** - Owner money being held in bank accounts that are not marked Escrow Analysis. If the Cash amount is more than the Available amount, there is money in the bank that is not available to the owner – most commonly security deposit funds and tenant open credits.
- **Deposits** - Sum of all accounts with an Account Type of Current Liabilities that are denoted as Escrow Deposit Analysis.
- **Escrow** - The amount being held in bank accounts denoted in Setup as Escrow Deposit Analysis.
- **Escrow Deficit** – the amount by which Escrow is less than Deposits

Skipped on Compiled Candidates

If an owner is marked "Skip" on the list of candidates for distribution checks, click on the owner's name. Reasons for being skipped include:

- Payables and work order estimates exceeding the amount available
- Surplus below the Minimum set in the Owner Profile - see Note below.

If an owner is not on the list of compiled candidates, it may be because:

- The Distribution Reserve exceeds the available cash
- The owner status is not active
- The owner's advanced scheduling is set for a future date or a schedule of "Never".

Note that if you skip a scheduled check and you have a Maximum or Minimum distribution amount entered in the Owner Profile, that amount will be multiplied by the number of missed checks when the next scheduled distribution is done.

D. Change Distribution Reserve Monthly

From the Owner or Property profile, you can access the Advanced Scheduling options with the button on the right. There is an option to increase the owner's distribution reserve monthly, each time distributions are compiled under AP, Scheduled Payables, Distribution Checks. The amount will increase by the change amount until the Reserve Target is achieved.

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| 1. Distributions 2. Electronic Distributions | |
| Distribution Schedule | Monthly <input type="checkbox"/> Ignore Scheduling |
| Next Scheduled | 7/1/2021 |
| Schedule Ends | |
| Monthly Reserve Change | \$50.00 |
| Reserve Target | \$1,000.00 |
| Last Changed | 5/5/2021 |