

A Brief Introduction

This document reviews some best practices for keeping your organization's accounting records using reports from StarChapter, your payment gateway, and your merchant account provider. It helps to have some knowledge of double-entry bookkeeping. In a double-entry bookkeeping system, one account (such as receivables) is debited for an amount while another account (or multiple accounts) are credited for this same amount. Recordings of debits and credits are referred to as journal entries, and are totaled on a regular basis. Keeping accurate books for your association will give you a better handle on your organization's funds and allow you to do more for your organization.

Journal Entries for your Accounting Software

This section describes how to generate reports from StarChapter to use to update your accounting application, such as QuickBooks, with order and payment activity. Keep your books current and accurate for accounting and tax purposes with StarChapter's easy to use Order Manager functionality. In StarChapter, customer, order, receivable, and payment information are managed in detail and are easily reported. Follow these instructions to create summary journal entries in your accounting application. These journal entries are typically performed at least monthly.

Creating a Journal Entry for your Income

Income is what was sold for a given period not necessarily what was collected.

1. Log in to your StarChapter site's admin area and go to General > Order Manager > Order View. Set the Order Date filter for the period you want to create the journal entry. Click the Filter button. View the detail below. Click the Spreadsheet button and select the Order Details option, then click Export.
2. In the downloaded spreadsheet, you can sum the Order Total column. Use that amount to create your journal entry by debiting Account Receivables account and crediting your Income Account(s).

01/31/2012		
	Debit	Credit
Account Receivables	100.00	
Meeting/Event Income		100.00

Creating a Journal Entry for your Payments

Payments are what was collected and deposited.

1. In Order Manager > Payment and Adjustment View, set the Payment Date filter for the period you want to create the file. Click the Refresh button. View the detail below. Click the Spreadsheet button click Export to download the file.
2. In the spreadsheet you can sum the Payment Amount column. Use that amount to create your journal entry by debiting your Undeposited Funds account and crediting Account Receivables account.

01/31/2012		
	Debit	Credit
<u>Undeposited Funds</u>	90.00	
Account Receivables		90.00

- Once your funds are deposited into your bank account you can create a journal entry to move the funds into your bank account on your books by debiting your Bank Account and Transaction Fees Expense (also called Discount) account and crediting Undeposited Funds account.

02/05/2012		
	Debit	Credit
Bank Account	87.50	
Transaction Fees	2.50	
<u>Undeposited Funds</u>		90.00

This example does not take job costing into consideration. For more advanced bookkeeping, transactions can be broken out by meeting/event by further filtering the spreadsheet by meeting/event and breaking out the journal entry to associate the income accordingly.

Reconciling eCommerce Transactions

Your merchant account statement is used to reconcile the payment transactions that were processed through StarChapter to your accounting application, and to reconcile to your bank account. Reconciling confirms you have collected the funds you expected to receive by uncovering issues like over charges for transaction fees, missing payments, delayed payments, etc. The process also helps you confirm your accounting application contains accurate records of your organization's financial statements for tax purposes.

Typically you can either download your credit card merchant account statement or receive it in the mail. This details the approvals, captures, declines, refunds, voids, and transaction fees for a given settlement period (described below).

Understanding the Process

- Detailed payment transactions are securely passed via the internet from StarChapter to your payment gateway, such as Authorize.net, then on to your merchant account.
- StarChapter provides functionality to report on payment transactions. The payment report is the basis for performing the reconciliation function since these payments are what you are expecting to be deposited into your bank account, with the exception of transaction fees (also called discount fees). These transaction fees are accessed by your payment gateway, merchant account, and credit card services, such as Visa, MasterCard, Discover, and American Express.
- Your merchant account, on a daily basis, submits batches for settlement to the credit card services for settlement. The credit card service's system transmits a confirmation of the transactions and will transmit data back to your merchant account.
- Your merchant account makes funds available for the deposit into your bank account with the expectation that the credit card service will reimburse them. Your merchant account instructs their financial institution to transfer these funds to your bank account. This example does not take an interim working account into consideration for simplicity purposes.

Note: This step typically takes 3-4 days for the deposit to hit your bank account. The exact date on which the funds are deposited may vary slightly from the expected processing timeframes of the payment networks involved and the practices of your bank.

- The credit card services transfer funds to your merchant account reimbursing them for having funded your account.



Reconciling Your Accounts

Reconciliation

You should compare the total dollars from the StarChapter payment report with the total dollars deposited into your bank account on a regular basis. You should have visibility into the amounts deposited into your bank account through your banks on-line web portal or via a paper bank statement. The amount deposited into your bank account already has the transaction fees deducted. Some merchant account providers can debit the account on a monthly instead of daily basis, which can make reconciliation easier. Your merchant account statement shows the breakdown of the deposit and associated transaction fees.