

# Using Credit Cards to Pay for Purchases

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This document describes the two options that can be used if your business uses credit cards to purchase items for your business.

The first option is to use a line of credit account to track credit card purchases. The Line of Credit account works just like a bank account, allowing credit card purchases to be entered as payments, existing invoices to be paid with the credit card, and you can reconcile your statement in Bank Reconciliation. The balance in the credit card Line of Credit account represents the amount owed.

The second option is to create a credit card account that acts like an accounts payable account. Credit card purchases are entered on the Vendor Invoice screen. Each purchase is entered to the vendor where it was made, but the invoice is created for the credit card vendor. This allows you to easily see all the outstanding invoices that make up the credit card balance.

### Option 1: Credit Card Setup as Line of Credit

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## Option 1: Credit Card Setup as Line of Credit



## One Time Setup

CenterPoint needs a credit card account in the Line of Credit account category setup to purchase goods through payment transactions using a credit card and when paying Accounts Payable invoices.

- Select Setup > Accounts > Accounts to begin entering an account for the credit card in the Line of Credit account category. Click New.
- 2. Enter an Abbreviation and Number if they are being used in this database.

fisa LOC		
General Detail	Prices Units of Measure Distributions Templa	ates ACH/Direct Deposit
Account Informa Abbreviation	Number 222222	Account Hierarchy
Name	Visa LOC	
Туре	Liabfittes	P
Category	Line of Credit	P
- Units of Measure		Display Account Names
- Units of Measure	vi P	Display Account Names     Display Account Numbers
Units of Measure Quanti Quanti	y1 P y2 P	Display Account Names     Display Account Numbers     Display Account Numbers

- 3. Enter the name of the Credit Card (Visa LOC for example) in the Name field.
- 4. In the **Type** box, select **Liabilities**.
- 5. In the **Category** box, select **Line of Credit**.
- 6. Select the **Detail** tab.

eneral Detail Prices Units of	it Measure   Distribution		emplates ACH/Direct Depor	at				
Account Detail Information								
Len	der first Bank					P		
Accrued Interest Liabi	lity					R	New	
Interest Exper						P		
Company Specific Detail Information	0							
Company Name	Bank Detail Positive	Pay	Details					
CenterPoint Farm						-		
CenterPoint Orchard	interest	ype	bqual Panopal Paymenta V	Loan	Jrigination Date	01/01/1	980	
	Payments Per	ear	1	Loan	Lompletion Uab	12/31/2	199	
	interest	cate .	0.0000%					
	Bank Routing Nur	iber						
	Bank Account Nur	iber						
	Bank Description Li	201						
	Bank Description Li	76 2						
	Bank Description Li	<b>16</b> 3						
	Bank Description Li	10 4						
	Fractional C	ode .						
	Signature Li Signature Li	101		P				
	Signature D	~ 2		$ \mathcal{P} $				
	Check Lab	el 1						 _
	Check Lab	el 2						
< >								Additional Notes

7. On the **Detail** tab, enter the bank/business who issued the credit card (who you pay the credit card bill to) in the **Lender** field.

Note: If the business that issued the credit card isn't setup in the system, simply right-click in the Lender field and select New. Specify that name is setup as a vendor. Be sure to specify the appropriate terms in the Vendor Details button. The system will use that terms to specify when the credit card bills are due.

#### 8. Click Save.

9. Repeat Steps 1-8 for all credit cards you will use to purchase goods or pay Accounts Payable invoices with.

### Paying for Goods at the Time of Purchases with a Credit Card

- 1. Click on **Processes > Purchases > Payments** to begin entering a transaction for the items purchased.
- 2. In the **Bank Account** box, select the credit card account you are using to purchase the goods with, for example Visa LOC (created in Step A).
- 3. In the Pay to the Order Of box, select or enter the business where the purchase was made.

Payments								
Company CenterPoint	Farm			P	Current B	atch No	Batch	j.
Bank Account Visa LOC				P	Current Bala	ance	\$5,717.25	
Pay To The Order Of	Home Depot			Pe	Sec	quence	Payments 🔎	
Pay To The Order Of Address	Business Address			S.	Check N	lumber	) 8	1
	5835 Prairie Street					Date	08/31/2020 晋	ĩ I
	Red Wing, MN 55066				4	Amount	\$38.65	]
Memo Line 1			L	ine 2				
Apply To Open Invoices	\$0.00							
Account	Invoice / Ref #	Quantity 1	UOM 1		Amount		Nota	ation
■ Farm Supplies		0.000000		-	\$ 38.65	Detail	Fencing Materials	
						_		
								>
× J U						Tot	al \$38.	65 Adjust Amount

4. Enter all of the pertinent information (amounts, notations, accounts, etc.) to record the purchase.

Note: If you want to attach a document to this transaction, see the <u>Attach Documents to Transactions</u> topic for detailed information.

- 5. Click **Save** to complete the purchase. When the transaction is saved, the following will occur:
  - The purchase for the vendor is recorded as a payment
  - The balance on the account associated with this credit card is increased.

#### Paying Open Invoices with a Credit Card

Vendor invoices entered to an Accounts Payable account can be paid from either Payments vendor by vendor or from Pay Invoices Due for multiple vendor invoices.

#### To pay vendor invoices vendor by vendor:

- >> In the **Bank Account** box, select the credit card in the Line of Credit Account Category.
- <sup>>></sup> In the **Pay to the Order of** box, select the vendor you are paying an open invoice with a credit card for.
- Enter the Amount you are paying towards an open invoice with a credit card.
- Click the Apply to Open Invoices button.
- >>> Select the **Pay** check box for the invoice(s) you wish to pay. Click **OK**.
- The Accounts Payable account is automatically entered into the Account column, which will decrease the liability.

Payments							
Company CenterPoint	Farm		P	Current Batc	h No Bat	ch	
Bank Account Visa LOC			P	Current Balanc	c	\$5,755.90	
Pay To The Order Of	All Power Equipment		P	+ Seque	nce EFT	P	
ay To The Order Of Address	Business Address			Check Num	ber EFT	12	
	385 Central Avenue			C	ate 06/0	3/2021 聶	
	Owatonna, MN 55060			Amo	unt	\$450.20	
oply To Open Invoices	\$450.20		2002				
	1		Liffe 2				
opiy to Open Invoices	\$450.20						
Account Accounts Pavable	Invoice / Het #	Quantity I	UUM I	Amount \$ 450.20	Detail	INC	otation
× 🔄 0					Total	\$450.2	0 Adjust Amou

>>> Click Save.

To pay multiple vendor invoices:

- <sup>39</sup> In the **Bank Account** box, select the credit card in the Line of Credit Account Category.
- » Enter the Filter and other information necessary for searching for open invoices.

Company	Cer	nterPoint Farm			P	Find B	y Invoice Date	06/03/2021	5
Bank Account	Visa	a LOC			P		Payment Date	06/03/2021	Ę
Filter	All		~ 1	clude invoices from All vend	dors 🗸	C	Current Balance	\$5,755	j.9
Current Batch	No	Batch		P			Check Number	EFT	8
Abbreviation	Δ	Vendor	Amount Due	Payment Amount	Pay	Discount Available	Discount Taken	Amount Due After Discount	
l.		Farm Agency	\$ 0	00 \$86.59		\$ 0.00	\$ 0.00	\$ 86.59	1
		All Power Equipm	0.0						
			50	00 \$ 450.20		\$ 0.00	\$ 0.00	\$ 450.20	
			50	00 <u>5 450.20</u>	M	\$ 0.00	\$ 0.00	v  \$ 450.20	
			50	00 \$450.20		\$ 0.00	\$ 0.00	9 \$ 450.20	
×		Disco	unta Taken	00 \$450.20		<u>\$ 0.00</u>	S 0.00	\$0 \$450.20 \$0	
×		Disco	unta Taken	DU \$450.20		5 0.00	Total Due Total To Be Paid	\$0 \$0 \$0 \$536	

- Select the Pay check box for the invoice(s) you wish to pay.
- >>> Click Close.

## Reconciling Credit Card Transactions (Optional)

Credit card transactions can be reconciled in Processes > Banking > Bank Reconciliation. Credit card payments entered in Processes > Purchases > Payments with a credit card account in the Line of Credit account category will display in the Checks and Payments grid on the Reconcile tab. All increases to the account are displayed as positive numbers and all decreases as negative numbers. Credit card interest charges can be entered on the Fees & Interest tab.

Paying a Credit Card Balance

- 1. Click on **Processes > Purchases > Payments** to begin entering a transaction for the payment of a credit card balance.
- 2. In the **Bank Account** box, select the cash account you are using to pay the credit card balance.
- 3. In the **Vendor** box, select the credit card company you are paying the balance for.

- 4. In the **Account** box, select the credit card account assigned to the line of credit account category, for example Visa LOC.
- 5. In the **Amount** box, enter the amount to be paid to the **Vendor**.

Company CenterPoint	Farm		P	Current Batc	h No Batch		
Bank Account First Nationa	il Bank		P	Current Balanc	e s	0.00	
Pay To The Order Of	Visa		Pd	Seque	nce Payments	P	
ay To The Order Of Address	Billing Address		3	Check Num	ber 4338	Ē	
	-			0	ate 06/03/2021		
				Amo	unt	\$0.00	
			1. 2			_	
and Line 1			Line 2				
oply To Open Invoices	\$0.00						
	Invoice / Ref #	Quantity 1 U	DM 1	Amount		Notation	
Account				C 2 E 0 0 0 0 0 0	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		
Account Visa LOC		0.000000	-	\$ 2,500.00	etaii		
Account Visa LOC		0.000000	-	\$ -2,500.00	etaii		
Account Visa LOC		0.000000	-	\$ -2,500.00			
Account Visa LOC		0.000000		\$ -2,500.00			

### 6. Click Save.

## Option 2: Using Invoices for Credit Card Purchases

### **One-Time Setup**

CenterPoint needs an account and a vendor setup to track the credit card purchases and balances. When a credit card is used to pay for a purchase, the system will automatically increase the Account balance and create an A/P Invoice for the company that issued the credit card.

- 1. Select **Setup > Accounts > Accounts** to begin entering an account for the credit card. Click **New**.
- 2. Enter an **Abbreviation** and **Number** if they are being used in this database.

Account Hierarchy
Deplay Account Names     Display Account Names     Display Account Numbers     Display Abbreviations

- 3. Enter the name of the Credit Card (First Bank Visa for example) in the Name field.
- 4. In the **Type** box, select **Liabilities**.
- 5. In the Category box, select Credit Cards Payable.
- 6. Select the **Detail** tab.

J Accounts		
List Detail Balances Filter	Reports	
1st Bank Visa		
General Detail Prices Distr	ibutions Templates	
Account Detail Information		
		(Th)
Vendor Liability is P	aid To 1st Bank	
Company Specific Detail Informa	tion	
( ) ) ) ( ) ( ) ( ) ( ) ( ) ( ) ( ) ( )	7	
Company Name		
Aloine Sports	Card Number	
Alpine Sports	Security Key	
Alpine Sports	Card Number Security Key Expiration Date	
Alpine Sports	Card Number Security Key Expiration Date	
Alpine Sports	Card Number Security Key Expiration Date	
Alpine Sports	Card Number Security Key Expiration Date	
Alpine Sports	Card Number Security Key Expiration Date	
Alpine Sports	Card Number Security Key Expiration Date	Additional Notes
Alpine Sports	Card Number Security Key Expiration Date	Additonal Notes

7. On the **Detail** tab, enter the bank/business who issued the credit card (who you pay the credit card bill to) in the **Vendor** Liability is Paid to box.

Note: If the business that issued the credit card isn't setup in the system, simply right-click in the Vendor Liability is Paid to field and select New. Specify that name is setup as a vendor. Be sure to specify the appropriate terms in the Vendor Details button. The system will use that terms to specify when the credit card bills are due.

- 8. The Card Number, Security Key and Expiration Date fields are optional.
- 9. Click Save.

## Making Purchases with a Credit Card

- 1. Click on **Processes > Purchases > Vendor Invoices (A/P)** to begin entering a transaction for the items purchased.
- 2. In the Vendor (Vendor Invoices (A/P) box, select the business where the purchase was made.

	Company	Alpine Sports	P	CL	urrent Batch	No Batch		P
	Vendor	Speed Racer Supplies	Pe	Credit Ca	ard Balance		\$0.00	
				F	Reference #	000010	12	
	Change Address	Indianapolis, IN 46214			Date	04/27/2010	奪	
					Amount	\$1	85.00	
					Terms	Prepaid Invoic	es	P
	AP Account	1st Bank Visa	P		Date Due	04/27/2010	葦	
				Die	scount Date	04/27/2010	葦	
		Account $ abla$	Notat	ion	Amount			
÷	Gas & Oil			-	\$ 7	5.00 Detail		
ŧ	Rental - Office E	quipment		-	\$ 110	0.00 Detail		
	Ø							
à					Total	\$185.	00 Adjust	Amount
a Me	mo Line 1							

- 3. Enter all of the pertinent information (amounts, notations, accounts, etc.) to record the purchase.
- 4. In the **AP Account** box, select the **Credit Card** that was used to pay for this purchase. The Credit Card Balance will be displayed on the right.
- 5. Select the On Hold check box if you do not want this invoice available to be selected for payment.

Note: If you want to attach a document to this transaction, see the <u>Attach Documents to Transactions</u> topic for detailed information.

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- 6. Click **Save** to complete the purchase. When the transaction is saved, the following will occur:
  - >>> The purchase for the vendor is recorded as a paid invoice
  - The balance on the Account associated with this credit card is increased
  - >> An unpaid A/P invoice is created for the credit card company.

### Paying the Credit Card Company

When a credit card is used to pay for a purchase, the system automatically creates a A/P Invoice for the company that issued you the credit card. These invoices are available to pay with all other A/P invoices in Pay Invoices Due and in Payments. The normal Processes > Purchases > Pay Invoices Due and Processes > Purchases > Payments can be used to pay the amount owed to the credit card company. For step-by-step instructions on paying invoices due, see the Pay Invoices Due or Pay Invoices Due with Review Process documents.