Exchange Goods/Services for Payment

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Occasionally you may provide goods and/or services to a vendor in exchange for items that you have purchased from them. When this type of situation transpires, three transactions are required. One that records the items that were purchased, a second for the items that were sold, and a third that clears the two amounts so those invoices are not awaiting payment.

Step 1: Enter A/P Invoice for Purchases

Step 2: Enter A/R Invoices for Sales

Step 3: One-Time Setup

Step A: Create an Exchange Account

Step B: Setup a Payment Type

Step 4: Mark the A/P Invoice as Paid in Exchange for the Goods/Services

Step 5: Mark the A/R Invoices as Paid in Exchange for Goods/Services Received

Step 1: Enter A/P Invoice for Purchases

When items are purchased from the vendor, an invoice would be entered the same as any other purchase. Please refer to the *Enter a Vendor Invoice* topic for step-by-step instructions for entering A/P Invoices into the system.
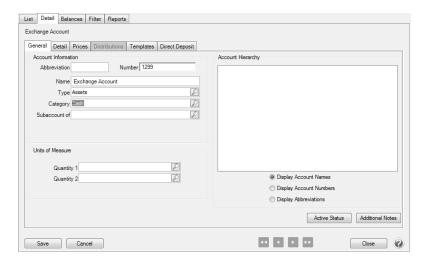
Step 2: Enter A/R Invoices for Sales

When items are sold to this same company/fund, a customer invoice should be entered for the goods/services. This is entered as an unpaid invoice. Please refer to the *Enter Unpaid Sales Invoice* topic for step-by-step instructions for entering an A/R Customer Invoice.

Step 3: One-Time Setup

Step A: Create an Exchange Account

This account will not carry a balance and is used to simply clear amounts for invoices that were paid for by exchanging goods/services instead of cash.

1. Select **Setup** > **Accounts** > **Accounts.** Click **New**.

2. Specify an appropriate number for this new **Account**. This is optional if you do not use account numbers.
3. Specify "**Exchange Account**" or something similar in the **Name** field.
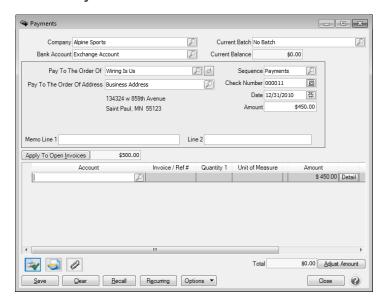4. Select **Assets** in the **Type** field, and **Cash** in the **Category** field. Click **Save**.

Step B - Setup a Payment Type

1. Select **Setup** > **General** > **Payment Types**. Click **New**.

2. Enter "**Exchange**" or something similar in the **Name** field.
3. In the **Type of Payment** field, select **Other** as you will not be receiving cash or check payments for these A/R invoices.
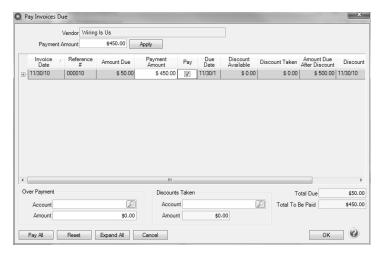4. Specify your **Exchange Account** (setup in Step A) in the **Account** field.

Step 4: Mark the A/P Invoice as Paid in Exchange for the Goods/Services

In the example shown in Step 4 and 5, an electrician was hired to do $500 worth of wiring and the electrician purchased $450 in services from the Alpine Sports company. Both the A/R and A/P invoices have already been entered to record that purchase and sale. Below we'll mark the A/P invoice paid in exchange for what was sold.
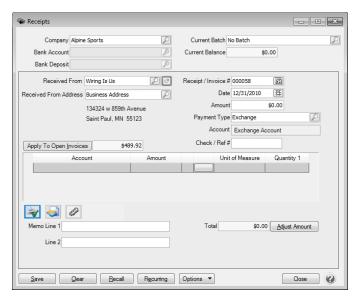
1. Select **Processes** > **Purchases** > **Payments**.

2. Select the **Exchange Account** in the **Bank Account** field.
3. Specify the appropriate **Vendor in the Pay to the Order Of** field.
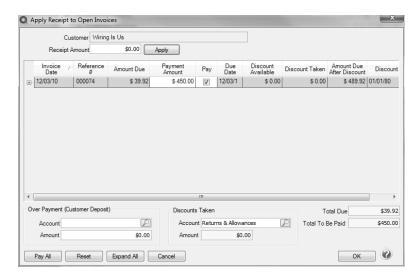4. Select the **Apply to Open Invoices** button.

5. In the **Payment Amount** field, specify the amount that is being "paid" by the exchange.
6. Either click **Apply** (to have the system automatically select the invoices to be paid) or use the **Pay** boxes to select the invoices manually.
7. Click **OK** to return to the main Payments screen.

8. Select **Save.**

Step 5: Mark the A/R Invoices as Paid in Exchange for Goods/Services Received

1. Select **Processes** > **Sales** > **Receipts**.

2. Select the customer in the **Received From** field.
3. In the **Payment Type** field, select the **Exchange Type**.
4. Select the **Apply to Open Invoices** button.

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5. Specify the amount that is being exchanged for payment in the **Receipt Amount** field.

6. Either click **Apply** (to have the system automatically select the invoices to be paid) or use the **Pay** boxes to select the invoices manually.

7. Click **OK** to return to the main Receipts screen.

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

8. Select **Save.**