

Advanced Features, Part 2

Financial Navigator is designed to make users more productive. Like any tool, it can best increase productivity when the user is knowledgeable about the system's capabilities. This section focuses on maximizing productivity through advanced features in Financial Navigator.

This document consists of 2 parts:

- Advanced Features 1:
Periodic Transactions, Suspense Accounts, Check and Address Fields
- Advanced Features 2: (this document)
Account Reconciliation, Reports, Beginning a New Year Efficiently

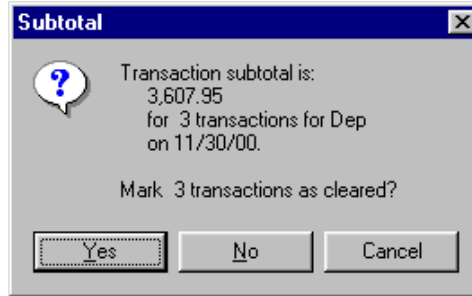
Using Advanced Features in Account Reconciliation

Financial Navigator contains several significant enhancements to the account reconciliation functions.

Subtotal Transactions for Deposits

Bank deposits are often made up of a series of transactions, each representing a check that was received from a payor. Your bank statement lists only the single amount of the deposit.

Financial Navigator can calculate the subtotal for consecutive transactions with the same date when reconciling an account. For example, if three checks make up a deposit, double-click on the amount of any one of the transactions. FN will display a total amount of the deposit. If the amount shown agrees to the bank statement, respond "Yes" to the prompt, "Mark # transactions as cleared?" This prompt appears as follows:



Note: Provided that all the items in a deposit are entered consecutively, this technique will also work in data entry. In other words, when entering several deposit items, you can double-click on one of the amounts, and the subtotal will be shown.

Display of Cleared Items

At any time during reconciliation, press **Ctrl+N** to display a subtotal of items cleared during the current session that can be compared to the current statement.

Note: The display is only for items cleared in the current session. Therefore, it is advisable not to exit the bank reconciliation as this resets this display to zero.

Here is a sample of a Reconcile Summary. Select **Print** to print the summary.

| Number | Description | Amount |
|-------------------|----------------------------|-----------|
| 3 | Checks cleared | -251.81 |
| 0 | Charges cleared | .00 |
| 3 | Checks/charges cleared | -251.81 |
| 6 | Deposits cleared | 7,215.90 |
| 9 | Total Cleared | 6,964.09 |
| Statement Balance | | 21,207.07 |
| - | Checks/charges not cleared | -1,530.00 |
| + | Deposits not cleared | .00 |
| = | Adjusted Statement Balance | 19,677.07 |
| Balance | | 19,816.76 |
| - | Adjusted Statement Balance | 19,677.07 |
| = | To Reconcile | 139.69 |

Reconciliation Column Sort

During reconciliation, you can sort the current month's transactions in ascending order by double-clicking on the header for that column. This technique can be used on any of the columnar headings. For example, to find the transaction for an amount, sort the transactions by the Charge column and scroll down to the transactions in amount sequence.

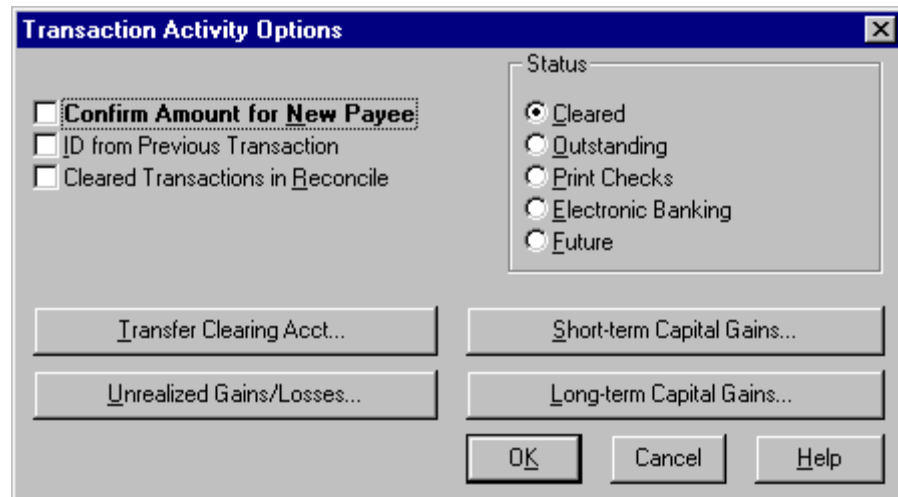
Note: *This sorting ability can be very useful if the Transaction Activity option Cleared Transactions in Reconcile is selected. Each month's data can be sorted on any of the column headings.*

Cleared Transactions in Reconcile

Normally, only transactions with the status Outstanding (or Print or Released, which are equivalent to Outstanding) appear while in the reconcile function. It is possible, however, to show all transactions while in Reconcile. This may be useful if the reconciliation does not balance and you suspect that an outstanding item was incorrectly marked as Cleared.

To show all transactions during reconciliation:

1. Select the **Tools | Transaction Activity Options** command button. The following screen appears:



2. Check the **Cleared Transactions in Reconcile** box. Select **OK**. Cleared transactions now appear in the reconciliation.

Note: *Use the column-sorting feature discussed above. Double click on the Status column heading to sort by status. This will help you to quickly isolate the cleared transactions in the current month.*

Reconciliation Tip

As discussed above, an outstanding item incorrectly marked as cleared can make completing a reconciliation difficult. Here is a way to find out those kinds of errors before they become a problem.

To verify no new transactions were entered as Cleared instead of outstanding:

1. Set the Transaction Entry Option to show Cleared transactions in Reconcile (see above).
2. Begin a reconciliation for the current month. If the statement date is August 31, 2000, select **August** in the Transaction Activity screen.
3. When FN asks you for the statement balance, don't enter it. Accept last month's statement balance by selecting **OK**.

Note: *This procedure assumes that you reconciled last month's statement, and that the "amount to be reconciled" was zero.*

4. Sort the current month's transactions by Status (see above).
5. Review the list of transactions. As you haven't yet reconciled the current month, there should be no Cleared transactions listed.
6. Review the "amount to be reconciled" at the bottom of the screen. If no new Cleared transactions have been entered, the amount to be reconciled should be zero. If it is any other amount, new Cleared transactions have been entered.

Producing Reports at Both Historic Cost and Market Value

Historic Cost Basis

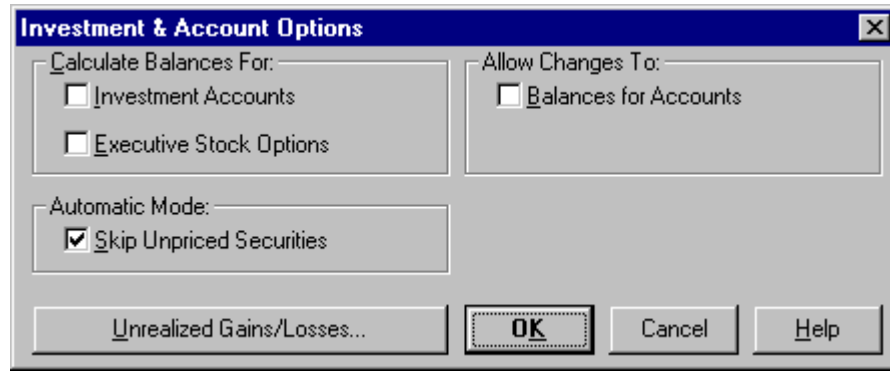
Financial Navigator has extensive capabilities to update marketable securities to current market value. Once current values are entered, the system can produce financial statements showing the updated value of investments. This is valuable when an up-to-the-minute picture of net worth is desired.

However, there are situations when having a complete representation of historical cost basis is more important than current values. An example would be a trust that needs to keep track of the cost of assets for use in calculating trust distributions.

Even when cost basis financial statements are desired, it is still important to be aware of the performance of the marketable investments for management purposes. Fortunately, Financial Navigator can accomplish both these objectives.

To set the option to not calculate current market values:

1. Select **Investments | Investment & Account Options**.
2. Clear the **Calculate Balances for Investment Accounts** check box. The screen appears as follows:



3. Select **OK** to apply changes and return to the FN desktop.

If this approach is used, the balance sheet reflects the historical cost basis (often called just “cost basis”) of investments, and current value information will not be used to change the values shown on the balance sheet.

Note: *If market values have previously been entered and the market values updated, clearing this option will not take the securities back to historical cost. Updating securities values creates entries in Financial Navigator. If desired, these entries can be cancelled like any other entry.*

However, because of the capabilities built into the Investment reports, those reports still show the fair market value, the cost basis and the resulting gain or loss. Thus, the balance sheet shows cost basis while the Securities Portfolio Analysis and other investment reports show current values. This is very useful for investment management purposes.

Market Value Basis

When you need a current market value Balance Sheet, copy the data files to a folder with a slightly different name. For example, the file JDOE can be saved as JDOE.FMV. Use these data files only as a *temporary* set of files to produce the market value financial reports.

Then, using the newly created file, select: **Investments | Investment & Account Options** and then select the option:

Calculate Balances for Investment Accounts

Then enter the current market values for the investments.

Note: *To avoid entering corrections twice, be sure that any corrections are made to the original file instead of the new file.*

Be aware of the following when using the reports from the Market Value data files:

- **Deferred Tax Report** — The difference shown by the Deferred Tax Report will only be correct in a user’s file that is calculating market value.

- **12-Month Balance Sheet Reports** — On this report, only the current month reflects changes in market value. The other months will show cost basis. For this reason you may not want to use this report.

Cost Basis Balance Sheet

Even when market values have been updated, a Cost Basis Balance Sheet is available. An example of this report is as follows:

| | | Balance | Cost Basis | Difference |
|------------------------|--------------------------|------------|------------|------------|
| ASSETS | | | | |
| MARKETABLE INVESTMENTS | | | | |
| Stocks-Basic Industry | | | | |
| 1,000 | AAA/MS | 0.00 | 1,000.00 | -1,000.00 |
| 200 | AKANA/MS | 2,600.00 | 2,600.00 | 0.00 |
| 400 | LUNAR.MNNG.LTD | 37,900.00 | 29,100.00 | 8,800.00 |
| Stocks-Energy | | | | |
| 200 | SEISM OIL INC. | 6,140.00 | 1,914.75 | 4,225.25 |
| 400 | WILD CAT DRILLING | 223,200.00 | 15,700.00 | 207,500.00 |
| Stocks-Technology | | | | |
| 240 | ASTRO GEARS/DEWEY | 9,631.20 | 4,800.00 | 4,831.20 |
| 400 | CELLULAR 21 INC | 31,200.00 | 51,600.00 | -20,400.00 |
| 100 | MOUSETRAP 1-1-90/MLL | 5,000.00 | 1,000.00 | 4,000.00 |
| 100 | MOUSETRAP SOLD SHORT/MLL | -12,000.00 | -12,000.00 | 0.00 |
| 600 | ROBOTECH INC/DEWEY | 7,878.00 | 2,475.78 | 5,402.22 |
| 200 | ROBOTECH INC/VERA | 2,626.00 | 825.26 | 1,800.74 |
| 200 | SUPER WIDGET INC 4-24-87 | 8,000.00 | 5,617.00 | 2,383.00 |
| 300 | SUPER WIDGET INC 7-10-89 | 12,000.00 | 6,703.45 | 5,296.55 |
| 500 | TECHNI COMPANY/VERA | 23,750.00 | 9,678.00 | 14,072.00 |

Beginning a New Year Efficiently

Information Not Transferred

When you begin a new year, FN prepares a new set of data files and performs the tasks listed on page 438 of the *FN 7.0 Reference Guide*. The most troublesome year-end function is the transfer of uncleared transactions. This becomes obvious when the first bank reconciliation of the New Year is attempted. Any transactions entered into the previous year after the New Year was started do not appear as outstanding transactions in the New Year.

Warning: *After the year-end procedure, only balances can be rolled forward from the old year. Other items, such as uncleared transactions, new payees and payors, changes to periodic transactions, and so on, cannot be rolled from the old year to the new year once the new year's data has been created. This is why it is best to wait as long as possible before you open a new year.*

Entering the New Year's Data

Even though you may not have finished the old year's accounting, it is still necessary to enter the New Year's checks and deposits. You are faced with a decision, based on the number and type of transactions you have to enter.

- **Possibility #1** — You have many checks to be entered for the New Year, but you have a minimum of brokerage transactions yet to be entered from the old year.
- **Possibility #2** — You have many brokerage transactions yet to be entered from the old year (the statements haven't shown up yet), but you have only a few checks you have to write for the New Year.

Many Checks to Write

It's January 3 and you have dozens of checks to write. You have only a few brokerage statements still to be received, and expect only a few securities transactions. What to do? Probably the easiest solution in this situation is to go ahead and start the New Year. When you make transactions in the old year, run the FN utility Update Starting Balances in the New Year's data. This utility will update any asset and liability account balance changes.

In versions 6.5 and later, Update Starting Balances will also look for and prompt to update any Asset and Liability Information changes. Thus, any stock purchases and sales you entered in the old year will be properly updated in version 6.5 or later.

Few Checks to Write

It's January 3 and you have just a few checks to write. However, you're expecting to receive many brokerage statements with lots of securities transactions involving purchases of new assets, sales of securities, and so on. What to do? Probably the easiest solution in this situation is to go ahead and start the New Year in a "temporary" set of data files and write the checks. Then you can take your time and make the entries in the old year as the statements come in.

Note: *Because of the capabilities of versions 6.5 and later, use this technique only when you have many securities transactions to enter in the old year. In this case, actually entering these transactions will take less time than "updating" them.*

To use a "temporary" set of data files for the New Year:

1. Continue to work on the old year as the various bank and brokerage statements come in.
2. Enter any urgent checks in the "temporary" data files for the New Year. Don't enter any non-vital transactions.
3. When you feel that the old year is substantially complete, swap to the "temporary" data files for the New Year and print out a Transactions with Distributions report for category All Accounts.

Note: *It is vital that you print out a report of all the transactions you have entered to the "temporary" New Year data. This data will be overwritten when you Begin a New Year again, after you've completed the accounting for the old year.*

4. Complete your normal Begin a New Year procedure, including backing up your old years files and so on.
5. Using the Transactions with Distributions for All Accounts as a guide, re-enter in the "real" New Year's data files all of the transactions you entered in the "temporary" data files.
6. Using Windows Explorer, delete all the files in the "temporary" New Year's data files.

Avoiding Outstanding Journal Entries

Whether you realize it or not, journal entry transactions have a Status Code assigned to them. Many users enter them with a Status of Outstanding and leave them that way. The Outstanding Status has no negative impact on your files until you begin a new year. Since they are coded Outstanding, those transactions are carried forward to the New Year as prior year transactions. You can avoid this by changing the Status to Cleared for all general journal entries.

To avoid carrying forward journal entries with a Status of Outstanding:

1. Do not begin the New Year until you perform the following operations on the old-year data files.
2. Open the old-year data files.
3. Select **Transactions | Reconcile Statement**.
4. In the Function group box, indicate:
 - Month — **December**
 - Category — **General Journal**
 - Account — **GENERAL JOURNAL**
5. When the system prompts for a statement balance, enter zero.
6. Mark all the journal entries with a **Cleared** status.

You may now perform the Begin a New Year operation.

Note: *The above explanation describes this situation related to General Journal entries. The situation occurs with all journals where you enter transactions with a Status of Outstanding.*

Outstanding Transactions in Other Journals

Before beginning a new year, it is advisable to review your outstanding transactions in all journals. It is desirable to carry forward outstanding transactions in journals that are reconciled using the Reconciliation feature in FN. However, carrying forward outstanding transactions in other journals is cumbersome and a waste of system resources.

To find outstanding transactions before you begin a new year:

1. From the FN desktop, select **Reports | Report Selection**.
2. Select the following:
 - Report Groups — **Transaction Entries**
 - Report List — **Transactions by Status**
 - Category — **All Accounts**
 - Month Range — **Jan to Dec**
3. Select **OK**. The Select Status screen appears.
4. Select **Outstanding**. Select **OK** to display the report. The report shows all outstanding transactions for the year.

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