

A Wayne Reaves Tutorial

Year End Reporting

First, make TWO program backups on the LAST business day of the year, after all daily transactions are posted, and store these in different places for security. At least one of these should be stored off the premises. If the other is left at the lot, it should be stored in a secured, fire-safe location. Neither copy should be on a floppy disk(s). Writable CD's are better, because flash memory can be easily erased or overwritten.

The following reports should be run, and printed, both to a printer and to PDF file. Those reports that have an Excel Option can have that output, as well. If you have an In-House Related Finance Company (RFC), or a separate corporation for handling Leases, or Rent-To-Own, these reports should be separated, even those reports that will handle all types, such as Cash Sheet.

All this assumes that you have completed your business for the year, and have made all necessary sales, adjustments, repossessions, write-offs, and inventory additions or deletions. Please see also the note about saving deals on the last page. The references below to "All Dates" assumes 01/01/2009 – 12/31/2009.

CAR COMPANY:

AR Types are USUALLY 1 through 49. Check Company Setup to make sure before running reports. (Utilities, Set Up Company, Car Company Setup, Defaults Tab) The "Detail" version of some reports are very long, such as the Cash Sheet and Sales Reports. When possible, save the Detail Version of the report to File, and Print the Summary Version.

1. Customer Summary -- A/R Types 1-48. (Or all Active Types)
2. Wholesale AR By Dealer -- AR Types 1-99
3. Master Inventory -- Lots 1-98
4. Sales Report -- All Dates and AR Types
5. Wholesale Report -- All Dates and AR Types
6. Cash Sheet -- Car Lot -- All Dates and AR Types (Set option to 2, Car Lot Only)
7. Standard Repossession Report – (Car Lot) -- All Dates and AR Types
8. Adjustments Report (Car Lot) All Dates and AR Types
9. Car Company Loss on Sale (If they sell accounts) All Dates and types.
 - a. A copy of this will be put with the Finance Company reports.
10. Sales Tax Report -- All dates and AR Types
11. Charge Off Report – Car Lot -- All Dates and Types

LEASE COMPANY

AR Types are USUALLY 1 through 99. Check Company Setup to make sure before running reports. (Utilities, Set Up Company, Lease Company Setup)

1. Lease Customer Summary All **Active** Lease AR Types
2. Lease Inventory Lots 1-99
3. Lease Report -- All Dates and AR Types
4. Cash Sheet -- Lease -- Set option to 5, Lease Only -- All Dates and AR Types
5. Sales Tax Report -- All dates and AR Types

A Wayne Reaves Tutorial

Year End Reporting (continued)

FINANCE COMPANY

*AR Types are USUALLY 50 through 99. Check Company Setup to make sure before running reports.
(Utilities, Set Up Company, Finance Company Setup)*

1. Finance Company Customer Summary
 - a. (All **Active** FC AR Types)
2. Cash Sheet (Printer output for Summary only, Detail Report save to file.)
 - a. For Finance Company, Option 3, Finance Company Only
 - i. All Dates and AR Types
3. Adjustments Report
 - a. For Finance Company
 - i. All Dates and AR Types
4. Standard Repossession Report
 - a. For Finance Company
 - i. All Dates and AR Types
5. Purchased Notes Report
 - i. All Dates and AR Types
6. Car Company Loss on Sale For Accountant
 - a. All Dates and AR Types.
 - b. A copy of this will be put with the Car Lot reports.

RENT TO OWN COMPANY

AR Types are USUALLY 1 through 99. Check Company Setup to make sure before running reports.

1. Rental Report -- All Dates and AR Types
2. Rental Cars Out Report – All Lots
3. Rental Returned Report – All Dates and AR Types

Note:

These are the “typical” reports requested by accountants and tax professionals.

If your CPA requests the reports to be ran differently, run them however the CPA wants, AND using the parameters shown here .If you should change CPA’s later on, and the new CPA wants it done the typical way, you will still have this version available.

A Wayne Reaves Tutorial
Year End Reporting (continued)

Special Note about Saving Deals:

If you enter a deal in late December 2009, and save it as a Pending Sale, (or Lease), then re-open this deal after January 1, 2010, and save it as a Completed Deal, you will have a cross-period reporting issue.

The Sale will have a 2009 date, and the income from the down payment (or cash payment or lien holder check) will have a 2010 date. Depending on the Sales Tax method, this deal may be reported as 2009 (Accrual Method) or 2010 (Cash Method). For Income Tax purposes, this will be a 2009 sale. However, your receipts, (the actual income,) will be in 2010. The Account Receivable will have an opening date, and opening balance, show up in 2009, even though, for all practical purposes, this is a 2010 account.

To avoid this, when re-opening Pending Sales, change the Deal, or Sale, Date to the current date. This will also prevent having to re-print and revise the reports you may have already turned over to your accountant.

Selling Accounts to the In-House Related Finance Company (RFC):

If your CPA advises that you do these for 2009, then make sure this is done before running these reports. Otherwise, both the Car lot and Finance Company Accounts Receivable reports will change. This also greatly affects both your Income and Sales Tax Reporting. Remember that in Cash Method States, all the remaining Sales Tax is due and payable upon sale of the account. This income, for both Income and Sales Tax purposes, will be reported as having been collected on the date of sale of the account to the RFC.

Cash Method Sales Tax States:

It is important to remember also that regardless of the amount the Car Lot collected for the account, even if the entire Principal was not collected from the RFC, all remaining Sales Taxes are now payable. The Taxable Principal amount shown on the Sales Tax report will be the remaining taxes divided by the tax percentage.

Example:

Car Sells for:	\$10,000.00
Sales Tax @ 7% =	\$ 700.00
Down Pmt:	\$1000.00

The Taxes on the down payment are calculated by taking the cash paid, \$1000.00, divided by 1.07 = 934.58. This gives a Sales Tax amount of: \$1000.00 – \$ 934.58 = \$ 65.42.

If you multiply the Taxable Principal, \$ 934.58, by the Tax Percent, 7%, you will arrive at the same number.

After this, there is now \$700 – \$ 65.42 = 634.58 Sales Taxes left on this account.

There is also \$ 9700.00 Principal Left on the account. (\$ 9065.42 Taxable)

The Account has a balance of \$ 13884.12, and if you sell the account to the RFC for 60%, you will collect \$8330.47. This is a principal loss of \$ 9700 – \$ 8330.47 = \$ 1369.53.

The Taxable Principal shown on your Sales Tax return will reflect the entire taxable amount of \$ 9065.42, NOT the \$ 8330.47 collected.