

# What is Undeposited Funds?

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Undeposited funds is a GL account for holding customer payments until it is time to deposit them in the bank.

When users enter customer payments, the system makes an associated journal entry. Since we do not know which bank account they want to deposit the money into, we point that journal entry to the Undeposited Funds account instead. When the customer deposits the payments, the amount is removed from Undeposited Funds and added to the bank.

Sometimes customers deposit their payments right away, and sometimes they wait. Reasons for waiting might be that:

- EFT payments were entered but are not yet funded
- Cash was gathered, but no one has actually driven it to the bank yet
- Someone is waiting until they finish reconciling the deposit, etc.

Whatever the reason, until those payments are deposited, their value sits in the Undeposited Funds GL account.

The Undeposited Funds GL account rarely goes out of balance, but it is possible. You can reconcile undeposited funds by comparing the total at the bottom of the account receivable payment processing screen to the account register for undeposited funds **when the account is run from today's date with the thru date blank**. These two numbers should match.

Note: You cannot reconcile undeposited funds as of a past date since there is no way to pull the payment processing screen total for a past date, but if the account reconciles as of today, then it did reconcile as of the past date as well (as long as users have not made manual journal entries to the account).

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