

Joint Investment Income Allocation

If your foundation invests funds in one or more pooled investments, use this function to allocate the interest proportionately to each participating fund based on each fund's average daily balance.

Note: By default, this process can only be run monthly; there is no option to run it quarterly.

Important points about the allocation process:

- Before running this process for the first time, **it is imperative that each fund has total debits and total credits that balance**. This also needs to be true for any cost centers used by the fund. You can test this by running the Balance Sheets by Fund report and making sure the total assets equal the total liabilities and net assets. To verify that each fund using multiple cost centers balances by center, run a Balance Sheet by center report for each fund separately and again make sure the total assets equal the total liabilities and net assets. If your funds do not all balance, call Bromelkamp Company LLC for help.
- It is also imperative that each time a new center or fund is used that is tied to the Joint Investments account, you set up a balance for that center/fund/joint investment account. For example, on 12/19/06, \$10,000 is received for a new fund from the Bill and Sue Smith Foundation. When you set up the fund you are required to enter a DTAccount. This is the Joint Investment account in which this fund will participate, for example account 1100. When you post the first cash receipt for that fund, Pearl will automatically 'clear' that amount to the indicated DTAccount using the Due to/from process. From then on, the system will track the average daily balance in the fund and allocate its share of income to the 1100 account. The same type of general journal entry should be entered when a fund starts participating in a new or different center code.
- Pearl uses two accounts in the allocation—account **1100**, the default Joint Investments account, and [account 2999](#), the Due To/From account. (You can use a different account than 1100 for your investment account.)
- Pearl calculates the **average daily balance** of each fund over the specified earnings period for the account to which you are applying the Joint Investment Allocation process. An organization can have more than one joint investment account (for example, account=1100 is short term money held in a money market account and account=1101 is long term money invested in brokerage accounts). You will run a separate allocation for each Joint Investment Account that tracks as a separate account in Pearl.
- You're prompted to enter the amount of income to be allocated from your interest/dividend income statement. Pearl **allocates the income prorated by the average daily balance** and creates a general journal entry, listing the income for each fund. This process can also allocate realized gains/losses, unrealized gains/losses and portfolio management fees expense.

Pearl Settings for Joint Investment Allocation

The basic setting is named simply **Joint Investment Accounts**. Enter the list of all investment accounts that can receive allocations separated by single spaces.

You may have funds that you wish to exclude from the allocation. Enter those into the setting **Joint Investment Exclude Funds** separated by single spaces. Note that in the example below, Fund 001 is excluded.

If the investment account is a trust account, unrealized gains may be in a separate asset account. Add a setting named **Joint Investment xxxx Unrealized Asset Account** (with xxxx being the investment account). Note that in the example below, account 1107 has a setting for that purpose.

Pearl will automatically keep track of when each JIA account received allocations in settings named **Joint Investment xxxx Allocated** (with xxxx being the investment account). *You do not need to add this setting manually.*

Pearl Settings	
SettingName	SettingValue
Joint Investment 1010 Allocated	2/29/2008
Joint Investment 1012 Allocated	2/29/2008
Joint Investment 1100 Allocated	2/29/2008
Joint Investment 1101 Allocated	2/29/2008
Joint Investment 1102 Allocated	2/29/2008
Joint Investment 1104 Allocated	2/29/2008
Joint Investment 1105 Allocated	2/29/2008
Joint Investment 1106 Allocated	2/29/2008
Joint Investment 1107 Allocated	2/29/2008
Joint Investment 1107 Unrealized Asset Account	1117
Joint Investment 1109 Allocated	2/29/2008
Joint Investment Accounts	1010 1012 1100 1101 1102 1104 1105 1106 1107 1109
Joint Investment Exclude Funds	001

Running the process

Note: The Joint Investment Income Allocation process will delete any joint investment postings with dates **on or after** the date of the current allocation from your ledger. (It will ask you to confirm before proceeding.) This is because if you re-allocate a previous period's allocation, subsequent periods' balances will be affected. You will need to re-run the Joint Investment Allocation process for each subsequent period.

Follow these steps to run the Joint Investment Income Allocation process.

1. Choose Accounting at the top of the Pearl Navigator.

The list of accounting processes appears.

2. Select Joint Investment Income Allocation and click OK.

The Pearl Joint Investment Income Allocation dialog box is displayed.

This allocates investment income to Funds participating in a joint investment based on each Fund's average daily balance in the joint investment and 2999 Due To/Due From.

1. Select the Account number of the joint investment receiving income or incurring expense and the date the income is to be posted.

Joint Investment Account: 1107

Ending Date of month to allocate: 3/31/2008

2. Select the accounts receiving income and/or expenses, the type of accounts, and enter the amounts. Enter earnings as positive numbers and expenses as negative numbers.

Account	AccountType	AccountName	Amount
4115	Dividends and Interest	Dividends - Trusts	\$2,117.27
4126	Realized Gain	LT Cap Gain Dist-Trusts	\$4,223.15
4135	Unrealized Gain	Unrealized Capital Gains - Trusts	\$1,019.72
5876	Expense	Trust Taxes	(\$340.38)
5930	Expense	Real Estate Exp - Trusts	(\$5,449.50)
*			

Record: 4 of 5 No Filter Search

Total: \$1,570.26

3. Click Start to create your journal entry. **Start**

3. In the Joint Investment Account field, select the account code of the joint investment whose income will be allocated.

The default account code for pooled investments is 1100.

4. In the Ending Date of month to allocate field, type the ending date of the month to allocate.

By default, Pearl inserts the ending date of the last month.

5. In the subform, select accounts, account types, and type the income amounts to allocate, and click Start.

Locate this amount on your interest/dividend income statement. Change the default account codes if needed.

If you have an unrealized asset account, you will receive a message confirming that.

If you have any excluded funds, you will receive a message confirming that.

After Pearl processes the allocation, a message is displayed that the allocation is complete and a general journal record has been created, which you can edit and post. Note the number of the general journal record.

6. Click OK to close the message
7. Open the General Journal and view the new record.

Choose Forms at the top, click General Journal and click Open. Since this record was the last one added, you can click the previous button from the record navigation buttons to quickly display it.

The screenshot shows a 'General Journal' window with the following details:

- ID: 24513, TransactionType: general journal, Updated: 6/24/2009
- PostingDate: 3/31/2008, Folio: JI080331, Recur: 1099
- Table with columns: Cent, Fund, Account, Debit, Credit, Memo
- Summary: \$0.00 Total Debits Less Credits
- Form fields: Name, AKA, Addr1, Addr2, City, State, ZIP, Re, ACHRouting, ACHAcct, ACHDefault, Ser, Updated

Cent	Fund	Account	Debit	Credit	Memo
01	0201	4115		\$5.23	{1107 alloc Bal\$104,463.00 Av\$109,390.51}
01	0201	4115	\$0.31		{1107 alloc Bal(\$6,279.17) Av(\$6,575.36)}
01	0202	4115		\$2.07	{1107 alloc Bal\$42,721.73 Av\$43,374.24}
01	0202	4115	\$0.11		{1107 alloc Bal(\$2,329.31) Av(\$2,364.88)}
01	0205	4115		\$4.06	{1107 alloc Bal\$83,334.14 Av\$84,833.34}
01	0205	4115	\$0.22		{1107 alloc Bal(\$4,461.82) Av(\$4,542.08)}

The record shows each distribution. The Memo field shows the ending balance (Bal) and the average daily balance (Ave). These numbers are the same only if there has been no activity during the period.

Note: You can run the allocation as many times as you want and even edit the general journal record it produces, but nothing takes effect until the general journal transaction is posted.

Handling multiple statements for the same Joint Investment Income Account

Here's how to post a Joint Investment Income Account for account 1100 when 1100 is made up of more than one investment pool, and you receive multiple statements for those investments. Suppose you have a Joint Investment Income Account (for example, 1110) that represents a single money market account. Then later, you want to add another money market account at the same organization as the first – with some longer term investment returns – and the funds that were involved in the first account are also going to be invested in the new account.

Instead of setting up a new Joint Investment Income Account in Pearl, you can use a single JII Account (1110) to include the second account. Since both accounts involve the same funds, and the funds are invested in both places according to their percentage of the whole, when the two statements arrive from the investment company (one for each account), you can simply add them together and enter ONE JIIA for 1110.

It is not possible to process two statements separately for a single Joint Investment Income Account. This is because each time you post a Joint Investment Income Allocation, Pearl checks to see if there is any other posted activity for the Joint Investment Income Account for the same date and account, and if there is, the first transaction of the day is overwritten by subsequent one(s).