

## Issue When QBO doesn't Connect a CM to an Invoice

An issue can occur in QBO when a customer “pays” an invoice with a combination of cash (or check or credit card) and an open (unapplied) credit memo. The account balances are accurate, but the credit memo is left “dangling,” and the A/R Aging report is off.

We'll use Bill's Windsurf Shop, a customer in the test drive company. (We turned off the **Automatically apply credit memos** option on the **Advanced** tab of **Account and Settings** to mirror the settings in your homework company.) He was charged \$85 on Invoice 1027 (\$50 for Gardening; \$35 for Pest Control). Let's say the pests came back, so Craig issued a credit memo for \$35. Bill is happy about the credit and sends a check for the \$50 balance.

You open the **Receive Payment** form and enter \$50 in the Amount received field. The form will likely auto-complete to look like this:

Customer: Bill's Windsurf Shop

Payment date: 10/18/2021

Payment method: Check

Reference no.: 101

Deposit to: Undeposited Funds

AMOUNT RECEIVED: \$50.00

Amount received: 50.00

Outstanding Transactions

DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Invoice # 1027 (08/05/2021)	09/04/2021	85.00	85.00	50.00

Credits

DESCRIPTION	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Credit Memo # 1038 (10/18/2021)	35.00	35.00	35.00

Amount to Apply: \$50.00

Amount to Credit: \$0.00

Buttons: Cancel, Clear, Print, Clear Payment, Save and close

*Notice that the PAYMENT amount in the Invoice row is \$50, and Amount to Apply at the bottom of the screen is \$50.*

You save the form.

If you review the **Transaction list** tab of Bill's customer record, you can see that the credit memo still has a status of **Unapplied**.

Bill's Windsurf Shop   Edit

Bill's Windsurf Shop | 12 Ocean Dr., Half Moon Bay, CA 94213

[Add notes](#)

**Credit Memo still has the "Unapplied" status.**

Transaction List | Projects | Customer Details

<input type="checkbox"/>	DATE ▼	TYPE	NO.	MEMO	DUE DATE	BALANCE	TOTAL	STATUS
<input type="checkbox"/>	10/18/2021	Payment			10/18/2021	\$0.00	-\$50.00	Closed
<input type="checkbox"/>	10/18/2021	Credit Memo	1038		10/18/2021	-\$35.00	-\$35.00	Unapplied
<input type="checkbox"/>	09/02/2021	Invoice	1027		10/02/2021	\$35.00	\$85.00	Overdue

Here's how the A/R Aging summary would look at this point:

Craig's Design and Landscaping Services 

**A/R Aging Summary**  
As of October 18, 2021

	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Amy's Bird Sanctuary		239.00				\$239.00
Bill's Windsurf Shop	-35.00		35.00			\$0.00
▼ Freeman Sporting Goods						\$0.00
0969 Ocean View Road	477.50					\$477.50
55 Twin Lane		4.00	81.00			\$85.00
<b>Total Freeman Sporting Goods</b>	<b>477.50</b>	<b>4.00</b>	<b>81.00</b>			<b>\$562.50</b>
Geeta Kalapatapu	629.10					\$629.10
Jeff's Jalopies		81.00				\$81.00
John Melton		450.00				\$450.00
Kookies by Kathy			75.00			\$75.00
Mark Cho	314.28					\$314.28
Paulsen Medical Supplies	954.75					\$954.75
Red Rock Diner	70.00			156.00		\$226.00
Rondonuwu Fruit and Vegi	78.60					\$78.60
▼ Shara Barnett						\$0.00
Barnett Design		274.50				\$274.50
<b>Total Shara Barnett</b>		<b>274.50</b>				<b>\$274.50</b>
Sonnenschein Family Store	362.07					\$362.07
Sushi by Katsuyuki	80.00	80.00				\$160.00
Travis Waldron	414.72					\$414.72
Weiskopf Consulting	375.00					\$375.00
<b>TOTAL</b>	<b>\$3,721.02</b>	<b>\$1,128.50</b>	<b>\$191.00</b>	<b>\$156.00</b>	<b>\$0.00</b>	<b>\$5,196.52</b>

**QBO hasn't linked the CM and the Invoice.**

*Notice the invoice balance of \$35 in the 31-60 column and an open credit memo of \$35 in the CURRENT column.*

*SIDENOTE: If both the invoice and the credit memo had been “current”, Bill’s Windsurf Shop would have appeared on the Aging list with a \$0 in the CURRENT column. It might have looked like everything’s set, but the invoice and the credit memo would **not** have been connected.*

Here’s how the **Receive payment** form needs to look:

**Receive Payment #101**

Customer: Bill's Windsurf Shop

Payment date: 10/18/2021

Payment method: Check | Reference no.: 101 | Deposit to: Undeposited Funds

AMOUNT RECEIVED: **\$50.00**

Amount received: 50.00

**Outstanding Transactions**

DESCRIPTION	DUE DATE	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Invoice #1027 (08/05/2021)	09/04/2021	85.00	85.00	85.00

**Credits**

DESCRIPTION	ORIGINAL AMOUNT	OPEN BALANCE	PAYMENT
Credit Memo # 1038 (10/18/2021)	35.00	35.00	35.00

Amount to Apply: 85.00  
Amount to Credit: 50.00

Clear Payment

Memo: Note

Attachments: Maximum size: 20MB

Cancel Revert Print More Save and new

Notice that the **PAYMENT** amount in the Invoice row is \$85, and **Amount to Apply** at the bottom of the screen is \$85. There are no differences in the **Amount received** field or the credit memo row.



Here's a technique for completing the form (using the Bill's Windsurf Shop example) that usually works.

1. Enter nothing in the Amount received field.
2. Check the leftmost box in the invoice row.
3. Check the leftmost box in the credit memo row.
4. Enter \$50 in the Amount received field.

If the **Receive payment** form looks like the one above, you're good to go. If it doesn't, you'll need to try again. If you've already saved a form that doesn't look like the above, you can always edit it.

If the transaction is entered correctly, the A/R Aging Summary will look like this:

Craig's Design and Landscaping Services 						
<b>A/R Aging Summary</b>						
As of October 18, 2021						
	CURRENT	1 - 30	31 - 60	61 - 90	91 AND OVER	TOTAL
Amy's Bird Sanctuary		239.00				\$239.00
▼ Freeman Sporting Goods						\$0.00
0969 Ocean View Road	477.50					\$477.50
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<b>Total Shara Barnett</b>		<b>274.50</b>				<b>\$274.50</b>
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Travis Waldron	414.72					\$414.72
Weiskopf Consulting	375.00					\$375.00
<b>TOTAL</b>	<b>\$3,756.02</b>	<b>\$1,128.50</b>	<b>\$156.00</b>	<b>\$156.00</b>	<b>\$0.00</b>	<b>\$5,196.52</b>

No Bill's Windsurf Shop! QBO has linked the CM and the Invoice.