1. General rules

Each Investor has an independent QB instance.

In each QB instance the PMC system creates accounts. The accounts are related to portfolios or portfolio purchases.

Currently on the PROD there are 12 Investors. The rules for creating a structure of accounts are different for various Investors:

* „Property Claim Relief” and „PMC Funding 2021, LLC” have accounts created on the level of Portfolio Purchases
* „Insured Advocacy Group LLC” has accounts created on the level of Portfolios
* Other investors – unknown

This document describes structure of accounts related to Portfolio Purchases only.

The “PMC TST” installation of QB will be used for “PMC Funding 2021, LLC” investor from the PMC-PROD CMS installation. It will use the described structure of accounts on the level of Portfolio Purchases. While all QB installations should be created by PMC people manually (because some QB license should be bought), this installation of QB will be created by DOTS.

Previously existing codes that sent some data from PMC CMS to QB will be disabled or removed. Previously existing accounts in “PMC TST” installation of QB will be disabled (if possible). The aim is to send only new data to the initially clean “PMC TST” QB

The PMC system sends purchase and collection operations to relevant QB installation automatically when a defined event occurs. These operations are sent as a set of credit and debit “journal entries”.

The PMC system never modifies or deletes journal entries or any other data in any QB installation. When data is modified or deleted on the PMC system side, PMC people are responsible for manual applying respective changes in QB.

1. Accounts
   1. Structure of accounts:

* [Provider]
  + [Portfolio Purchase]
    - Purchase Price
      * Purchase Collection
    - Factor Fee Receivable
      * Factor Fee Collection
* [Portfolio Purchase] Deferred Factor Fee
* [Portfolio Purchase] Realized Factor Fee
* [Portfolio Purchase] Excess Hurdle Payable
* Cash

Where

[Provider] is PMC🡪Provider🡪Provider Name

[Portfolio Purchase] is PMC🡪Portfolio Purchase 🡪 Portfolio Purchase Name

* 1. Attributes of accounts:

|  |  |  |  |
| --- | --- | --- | --- |
| Account | Type | Detail type | Description |
| Cash | Bank | Cash on hand | Cash the business keeps on hand, like petty cash |
| [Provider] | Accounts receivable (A/R) | Accounts Receivable (A/R) |  |
| 🡪 [Portfolio Purchase] | Accounts receivable (A/R) | Accounts Receivable (A/R) |  |
| 🡪 🡪 Purchase Price | Accounts receivable (A/R) | Accounts Receivable (A/R) |  |
| 🡪 🡪 🡪 Purchase Collection | Accounts receivable (A/R) | Accounts Receivable (A/R) |  |
| 🡪 🡪 Factor Fee Receivable | Accounts receivable (A/R) | Accounts Receivable (A/R) | Factor Fee Receivable |
| 🡪 🡪 🡪 Factor Fee Collection | Accounts receivable (A/R) | Accounts Receivable (A/R) |  |
| [Portfolio Purchase] Deferred Factor Fee | Other Current Liabilities | Deferred Revenue |  |
| [Portfolio Purchase] Realized Factor Fee | Income | Service/Fee Income |  |
| [Portfolio Purchase] Excess Hurdle Payable | Accounts payable (A/P) | Accounts Payable (A/P) | Excess Hurdle Payable |

QB accounts are created by PMC automatically when they are needed by some Journal Entries created by PMC (described below).

1. Journal Entries
   1. On purchase

When Portfolio Purchase changes its Status to “Funded” in PMC,

then create the following Journal Entries in QB for each Claim assigned to the Portfolio Purchase:

1. Debit the “[Provider]:[Portfolio Purchase]:Purchase Price” account with value = “[Claim🡪Purchase Price]”, name = “Claim🡪Claim ID”, description = “[Claim🡪Claim Number] / [Claim🡪Insured]”
2. Credit the “Cash” account with value = “[Claim🡪Purchase Price]”, name = “Claim🡪Claim ID”, description = “[Claim🡪Claim Number] / [Claim🡪Insured]”
3. Debit the “[Provider]:[Portfolio Purchase]:Factor Fee Receivable” account with value = “[Claim🡪Factor Fee]”, name = “Claim🡪Claim ID”, description = “[Claim🡪Claim Number] / [Claim🡪Insured]”
4. Credit the “[Portfolio Purchase] Deferred Factor Fee” account with value = “[Claim🡪Factor Fee]”, name = “Claim🡪Claim ID”, description = “[Claim🡪Claim Number] / [Claim🡪Insured]”

If any account needed for described Journal Entries does not exist in QB, it is created.

In case of any errors, Batch Error is created.

Additionally, a manual workflow in the Portfolio Purchases module will be created to trigger actions described above. This workflow will be available only if PMC🡪 Portfolio Purchase🡪Status = “Funded”.

* 1. On collection

When Collection changes its Status to “Released” (or is created with Status=Released) in PMC and this Collection was not sent to QB before (i.e. PMC🡪Collection🡪“Sent to QB” is empty),

then:

For each Claim Collection related to this Collection:

1. OB installation is selected on the grounds of this PMC🡪Claim Collection🡪Claim🡪Portfolio Purchase🡪Investor.
   1. If the Investor is not “PMC Funding 2021, LLC”, then this Claim Collections is skipped.
2. Read current balance of “[Provider]:[Portfolio Purchase]:Purchase Price” account in QB for Portfolio Purchase read from PMC🡪Claim Collection🡪Claim🡪Portfolio Purchase. Store in helper variable Current\_Balance\_of\_Portfolio\_Purchase\_Purchase\_Price
3. Similarly, read current balance of “[Provider]:[Portfolio Purchase]: Factor Fee Receivable” account in QB and store it in helper variable Current\_Balance\_of\_Portfolio\_Purchase\_Factor\_Fee\_Receivable
4. Calculate:
5. Collection\_below\_Purchase\_Price = least( PMC🡪Claim Collection🡪Assigned Value, Current\_Balance\_of\_Portfolio\_Purchase\_Purchase\_Price )
6. Collection\_between\_Purchase\_Price\_and\_Hurdle = least( PMC🡪Claim Collection🡪Assigned Value - Collection\_below\_Purchase\_Price, Current\_Balance\_of\_Portfolio\_Purchase\_Factor\_Fee\_Receivable )
7. Collection\_over\_Hurdle = PMC🡪Claim Collection🡪Assigned Value - Collection\_below\_Purchase\_Price - Collection\_between\_Purchase\_Price\_and\_Hurdle
8. If Collection\_below\_Purchase\_Price > 0 then
   1. Credit the “[Provider]:[Portfolio Purchase]:Purchase Price:Purchase Collection” account with value = Collection\_below\_Purchase\_Price, description = “[Collection🡪Check Number]”
   2. Debit the “Cash” account with value = Collection\_below\_Purchase\_Price, description = “[Collection🡪Check Number]”
9. If Collection\_between\_Purchase\_Price\_and\_Hurdle > 0 then
   1. Credit the “[Provider]:[Portfolio Purchase]:Factor Fee Receivable:Factor Fee Collection” account with value = Collection\_between\_Purchase\_Price\_and\_Hurdle, description = “[Collection🡪Check Number]”
   2. Debit the “Cash” account with value = Collection\_between\_Purchase\_Price\_and\_Hurdle, description = “[Collection🡪Check Number]”
   3. Credit the “[Portfolio Purchase] Realized Factor Fee” account with value = Collection\_between\_Purchase\_Price\_and\_Hurdle, description = “[Collection🡪Check Number]”
   4. Debit the “[Portfolio Purchase] Deferred Factor Fee” account with value = Collection\_between\_Purchase\_Price\_and\_Hurdle, description = “[Collection🡪Check Number]”
10. If Collection\_over\_Hurdle > 0 then
    1. Credit the “[Portfolio Purchase] Excess Hurdle Payable” account with value = Collection\_over\_Hurdle, description = “[Collection🡪Check Number]”
    2. Debit the “Cash” account with value = Collection\_over\_Hurdle, description = “[Collection🡪Check Number]”

If any account needed for described Journal Entries does not exist in QB, it is created.

After the at least partially successful procedure described above the Collection in PMC is marked as sent to QB by setting the “Sent to QB” = [current date and time]. Partially successful is understood that at least one journal entry was sent to QB for this Collection.

In case of any errors, Batch Error is created.

Additionally, a manual workflow in the Collections module will be created to trigger actions described above. This workflow will be available only if PMC🡪Collection🡪Status = “Released” and PMC🡪Collection🡪“Sent to QB” is empty.