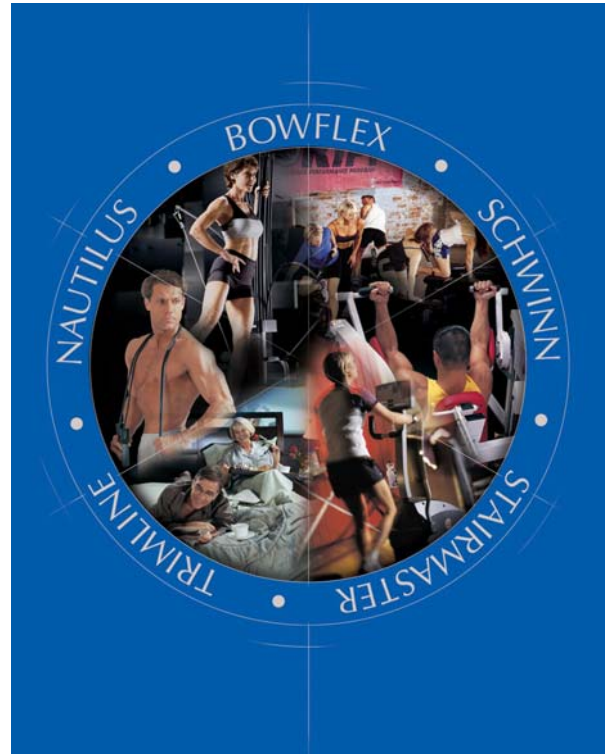


The **NautilusGroup**
The Complete Health & Fitness Company



Accounting Business Process Guide

Table of Contents

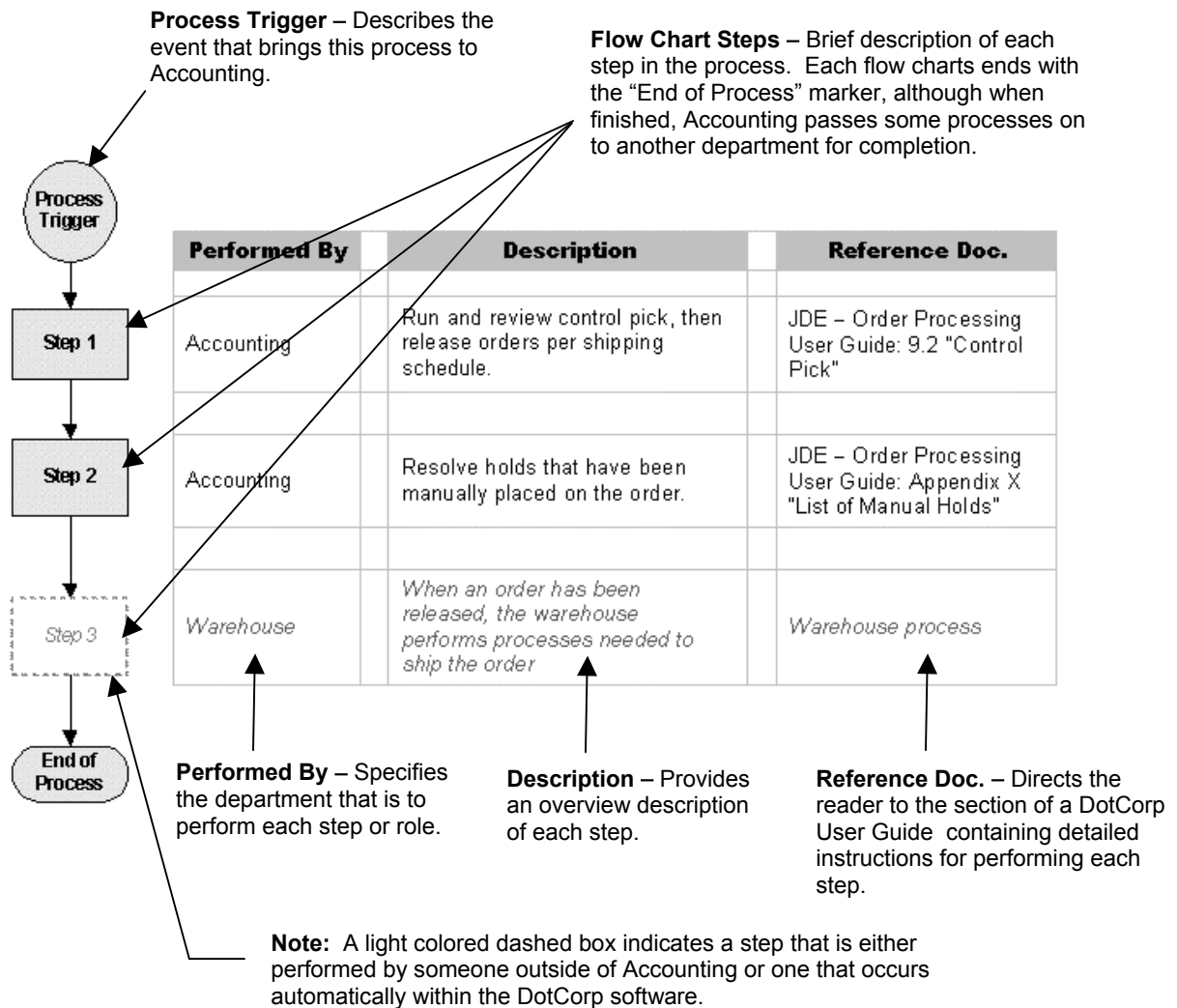
1. Introduction.....	4
2. Order To Cash.....	5
2.1. Tier 1 Financing Purchase.....	6
2.2. Tier 2 Financing Purchase.....	8
2.3. Credit/Debit Card Purchase.....	10
2.4. Daily Limit Debit Card Purchase.....	12
2.5. Check or Cash Purchase.....	14
2.6. Dealer Purchase.....	16
3. Post Order Support.....	18
3.1. Approved RMA (Returned Merchandise Authorization) Order.....	19
3.2. Warranty Replacement Order Processing.....	20
3.3. Inducement Credits or General Credits.....	21

1. Introduction

This document contains a series of flow charts illustrating the steps used by the Accounting department to perform work in specific DotCorp systems. The purpose of these flow charts is to provide a high-level overview of each process – to describe each step in the process and connect it to the details of how the step is performed using the appropriate DotCorp software application.

Each flow chart shows only a limited portion of one procedure, beginning at the point where Accounting receives the process and ending at the point where Accounting either completes the process or turns it over to a different department. Typically, for example, a process might originate in the Call Center before being passed on to Accounting. When Accounting has completed its work on the process, they might pass it along to the Warehouse where the process is brought to its conclusion.

The flow charts in this document are to be used both in Accounting training sessions and as day-to-day reminders of the steps that Accounting personnel must follow when working in the DotCorp system. The following illustration shows each part of the flow charts and describes the type of information each provides:



2. Order To Cash

Order to Cash processes include all transactions that begin with a customer purchasing a Nautilus Group product through various payment methods, and end with The Nautilus Group receiving and applying the payments and delivering the product to the customer.

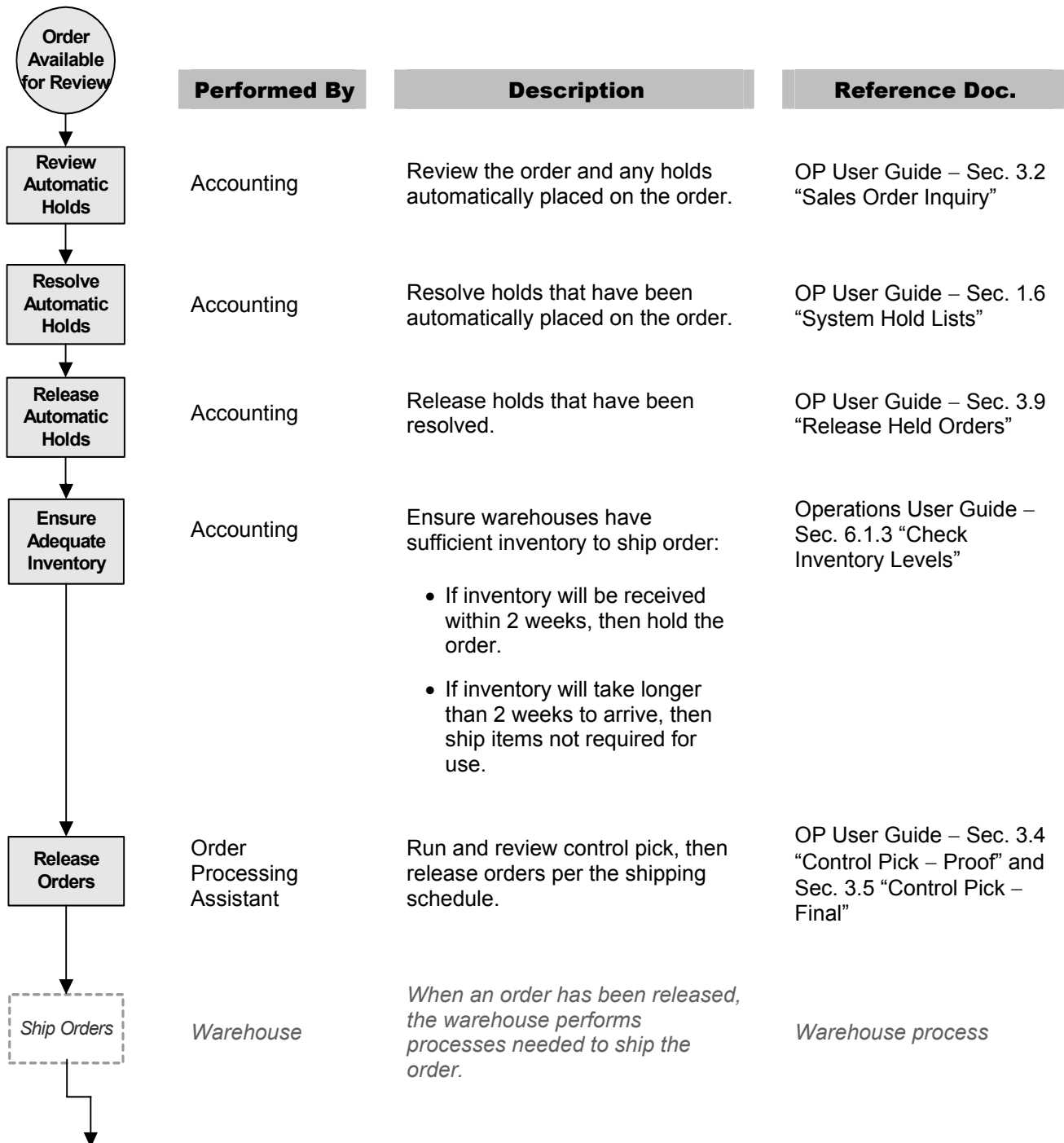
Each of the following processes is passed to the Accounting department after the order is taken and the method of payment has been determined. It is the Accounting department's role to resolve existing holds on the orders, manually place and resolve additional holds as needed, capture and apply payments, and release the order to the Warehouse for shipping. However, the exact process to be followed by Accounting depends on the type of order, each customer's arrangement for payment, and the various holds that may be placed on specific orders.

It is worth noting that Accounting generally deals with large "batches" of orders, rather than working with one order at a time. At times, however, individual orders will require special attention, especially when the placement and resolution of manual holds is necessary.

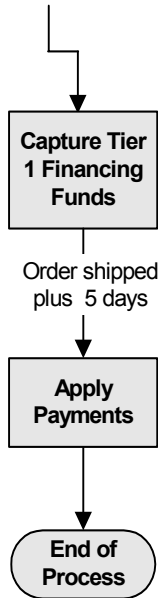
In addition, many of the following flow charts describe "daily" processes. This means that instead of waiting for a specific order or batch of orders to become ready for processing, the Accounting department performs its procedures on all orders or quotes that happen to be in the system at the time. When performing these daily procedures, you will see that some orders can not be processed on a given day – usually because of a hold that can not be resolved. Those held orders will appear again when the process is next run, thus helping to ensure that order holds are resolved and released as quickly as possible.

2.1. Tier 1 Financing Purchase

When a customer finances a purchase through HFC (Household Finance Corporation), the Sales Pro gets credit approval for that customer immediately – while the customer is still on the telephone. When the Sales Pro submits an approved order, the order is reviewed by the OM (Order Management) system, during which time various holds may be automatically placed. Accounting takes over the Tier 1 process on orders that have passed through the various sales channels and are available for review.



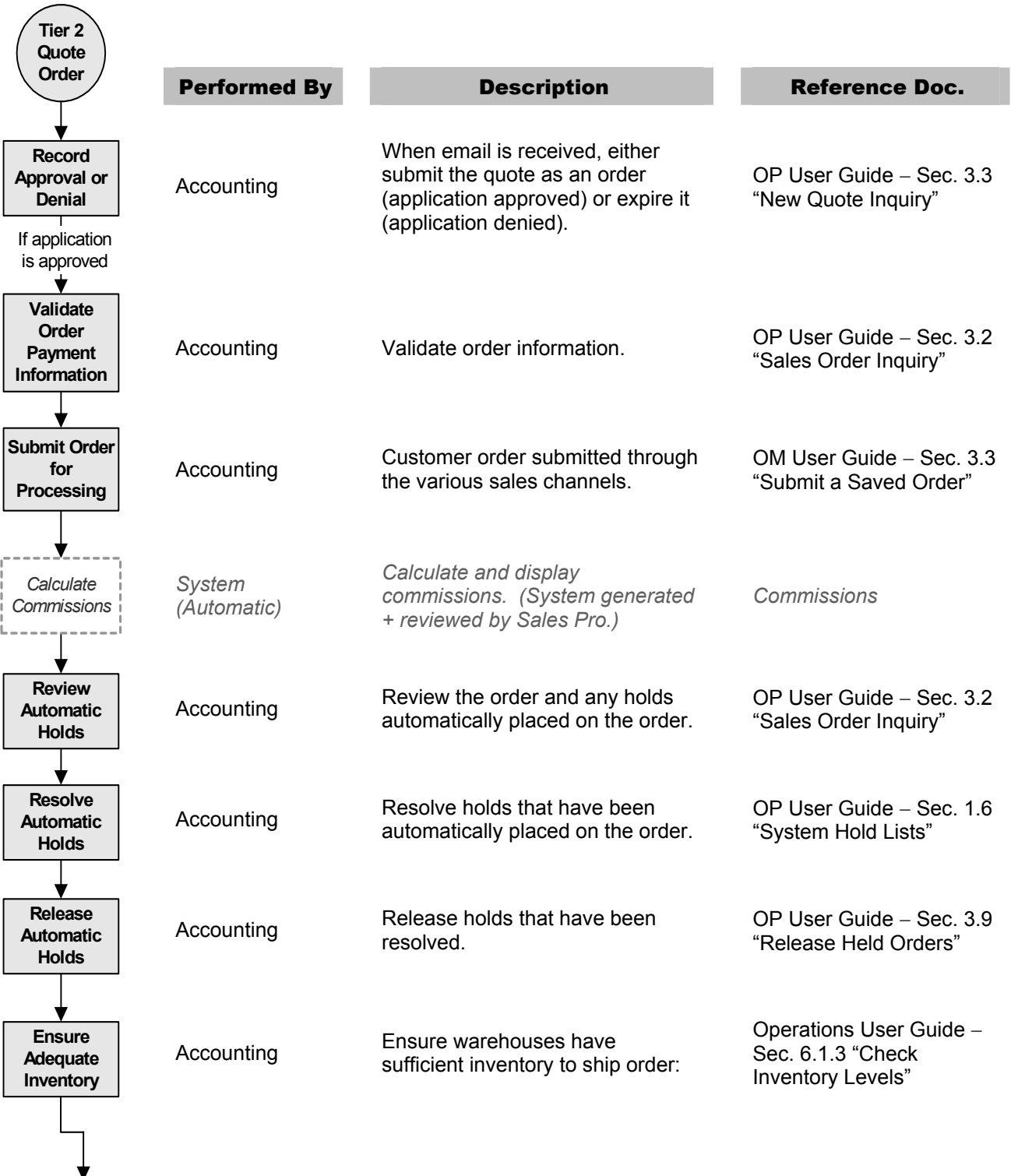
Tier 1 Financing Purchase (continued)



Performed By	Description	Reference Doc.
Accounting	Run settlement for finance. Note: Finance system maintains records for 5 days, then Finance runs settlement.	AR User Guide – Sec. 3.1.7 “Upload and Apply Tier 1 Electronic Receipt File”
Accounting	Receive customer payments: review, update and apply the receipt.	OP User Guide – Sec. 3.7 “Finance Settlement”

2.2. Tier 2 Financing Purchase

If a customer’s HFC financing application is denied, the Sales Pro (with the customer’s permission) submits the application for Tier 2 “Help Card” financing. Since the Help Card process does not take place in real time, the customer order is saved by the Sales Pro and it is a sales quote.

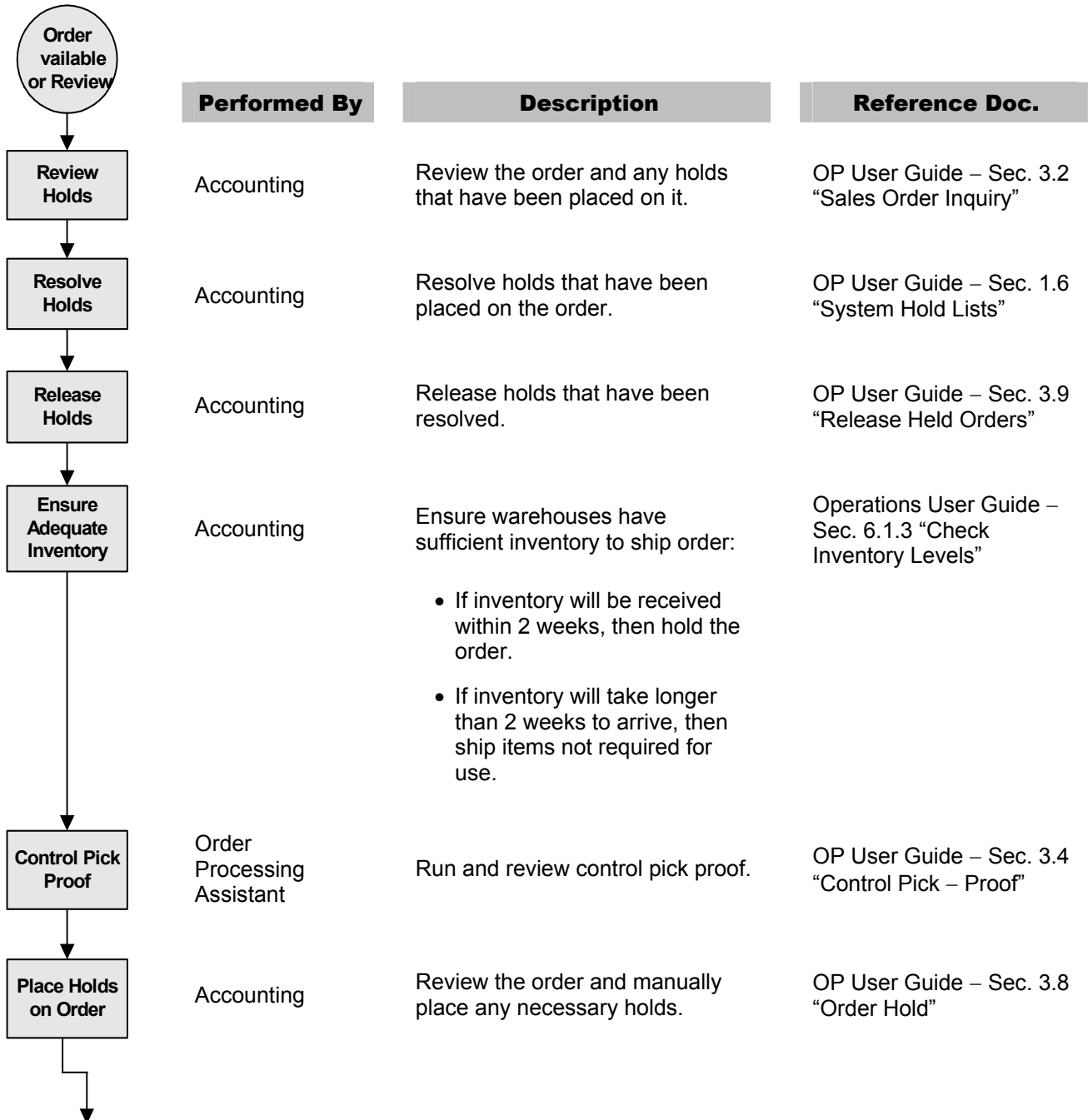


Tier 2 Financing Purchase (continued)

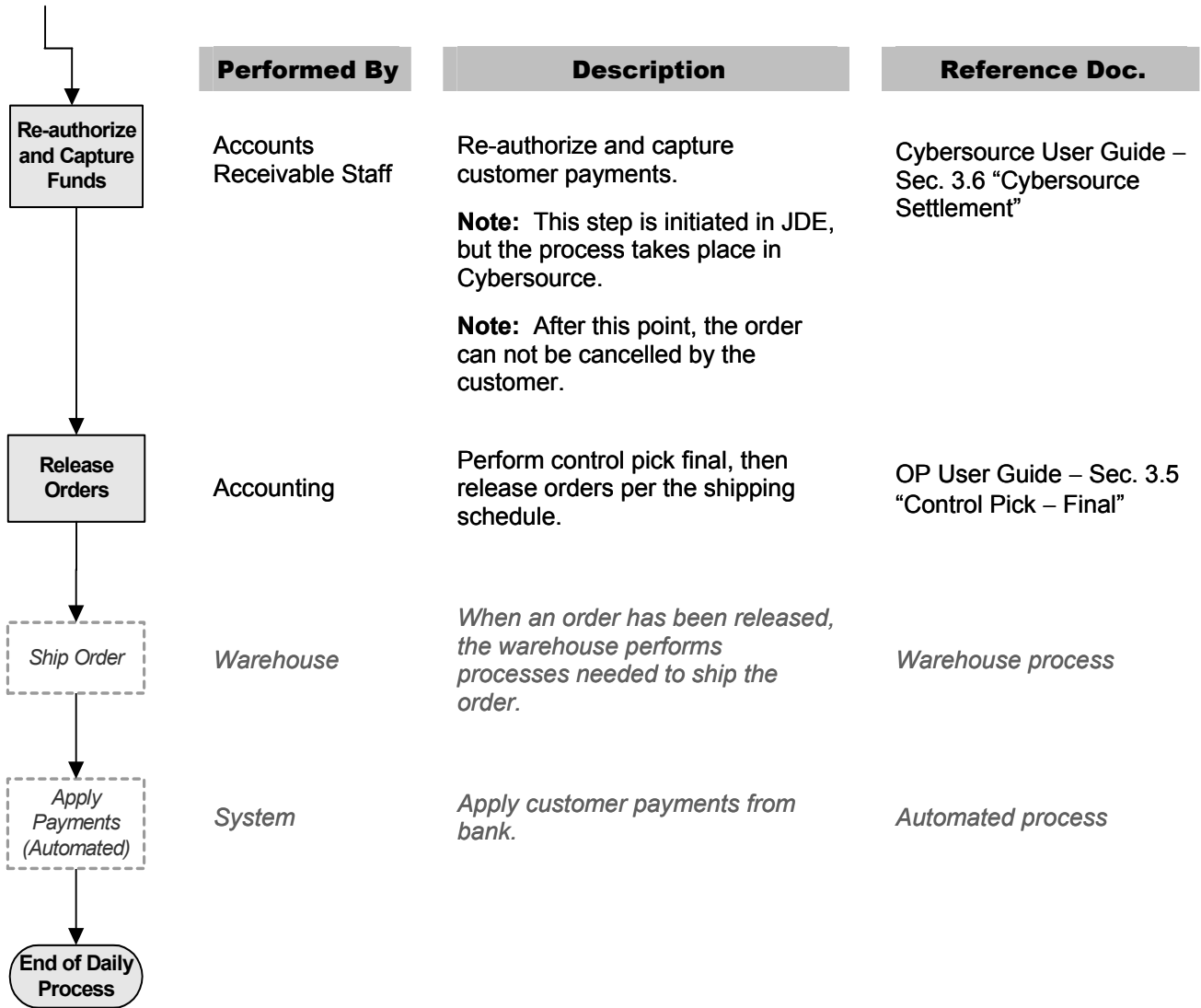
	Performed By	Description	Reference Doc.
<pre> graph TD Start(()) --> Release[Release Orders] Release --> Ship[Ship Order] Ship --> Gather[Gather Notes from Customer] Gather --> Capture[Capture Tier 2 Financing Funds] Capture --> Note[Next business day after order shipped] Note --> Receive[Receive Email Funding Receipt from Help Card] Receive --> Apply[Apply Payments] Apply --> End([End of Process]) </pre>		<ul style="list-style-type: none"> • If inventory will be received within 2 weeks, then hold the order. • If inventory will take longer than 2 weeks to arrive, then ship items not required for use. 	
	Order Processing Assistant	Run and review control pick, then release orders per the shipping schedule.	OP User Guide – Sec. 3.4 “Control Pick – Proof” and Sec. 3.5 “Control Pick – Final”
	Warehouse	<i>When an order has been released, the warehouse performs processes needed to ship the order.</i>	<i>Warehouse process</i>
	Accounting	Locate customer record and JE information. Enter the information into Tier 2 spreadsheet.	IP User Guide – Sec. 12.1 “Journal Entries Tab”
	Accounting	Send email request to Help Card, including spreadsheet of shipped orders.	Business rules Spreadsheet entry.
		Next business day after order shipped	
	Accounting	Help Card sends confirmation of payment for shipped orders.	Spreadsheet entry.
	Accounting	Receive customer payments: review, update and apply the receipt.	AR User Guide – Sec. 3.1.8 “Upload and Apply Tier 2 Electronic Receipt File”

2.3. Credit/Debit Card Purchase

When a customer finances a purchase using their own credit card (or a debit card with no daily limit), Accounting processes the transaction in a way similar to Tier 1 financing. The Accounting process is the same, regardless of whether the purchase was made through the Call Center or over the Internet. Credit/debit card funds must always be re-authorized before the order can be released for shipping.

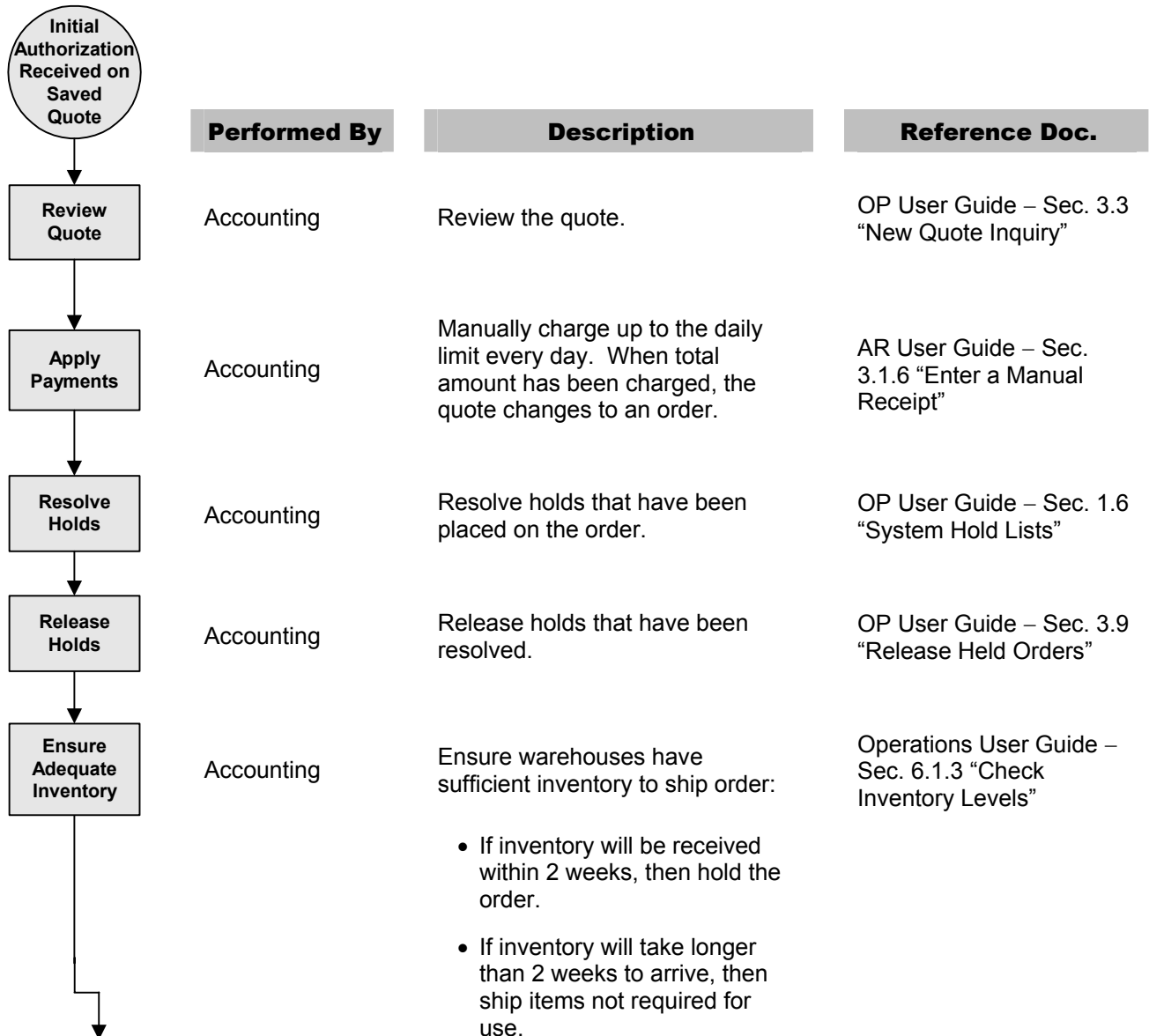


Credit/Debit Card Purchase (continued)

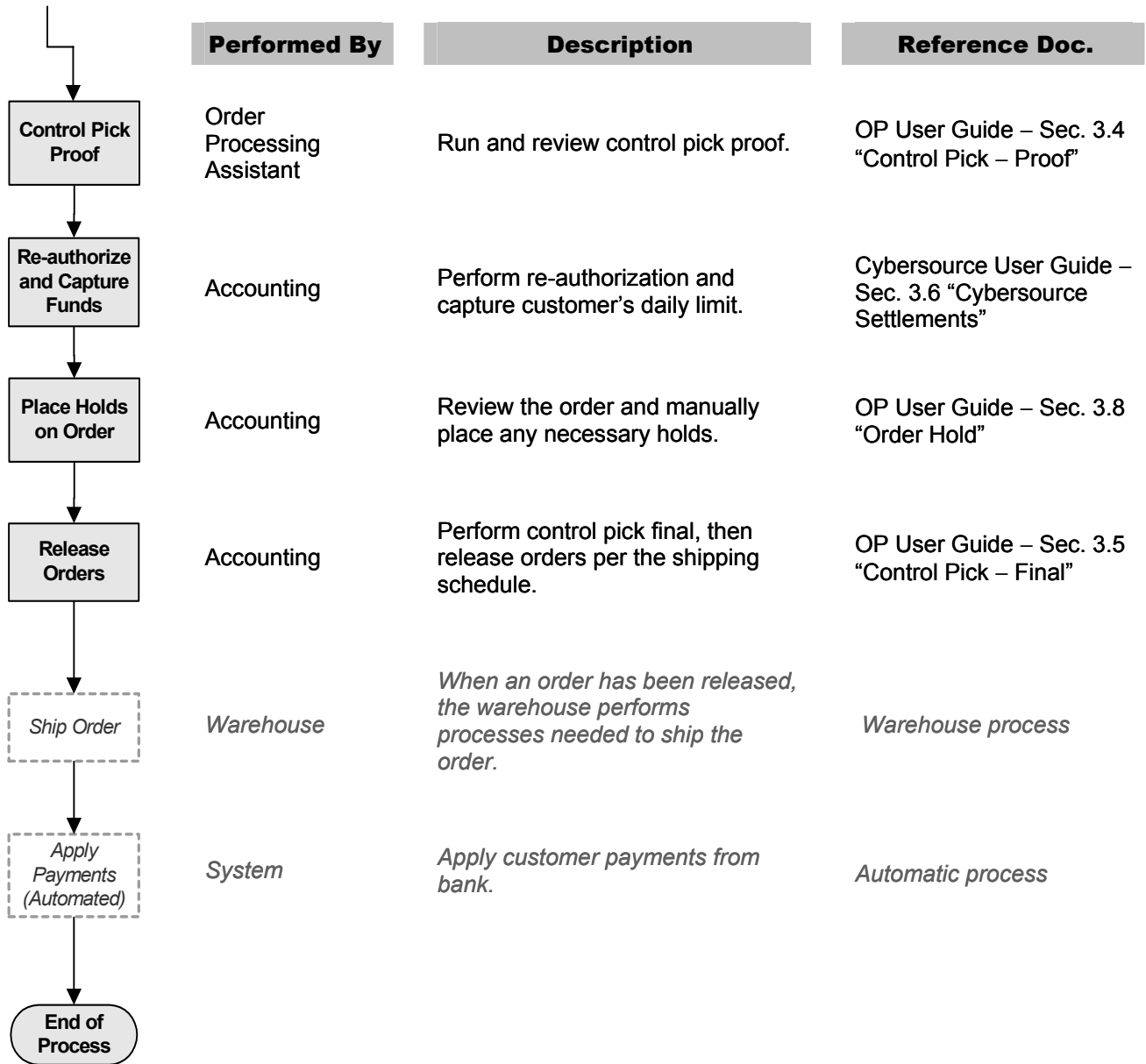


2.4. Daily Limit Debit Card Purchase

When a customer finances their purchase using a debit card that has a daily limit, Accounting does not immediately receive the entire purchase amount. For this reason, the customer order exists as a sales quote when the Sales Pro saves it for processing. Accounting charges the card's daily limit (or a pre-determined amount agreed to by the customer) each day until the entire purchase price is received. At that point Accounting submits the quote as an order. The order can then be released for shipping when all holds have been cleared and the customer funds have been applied.

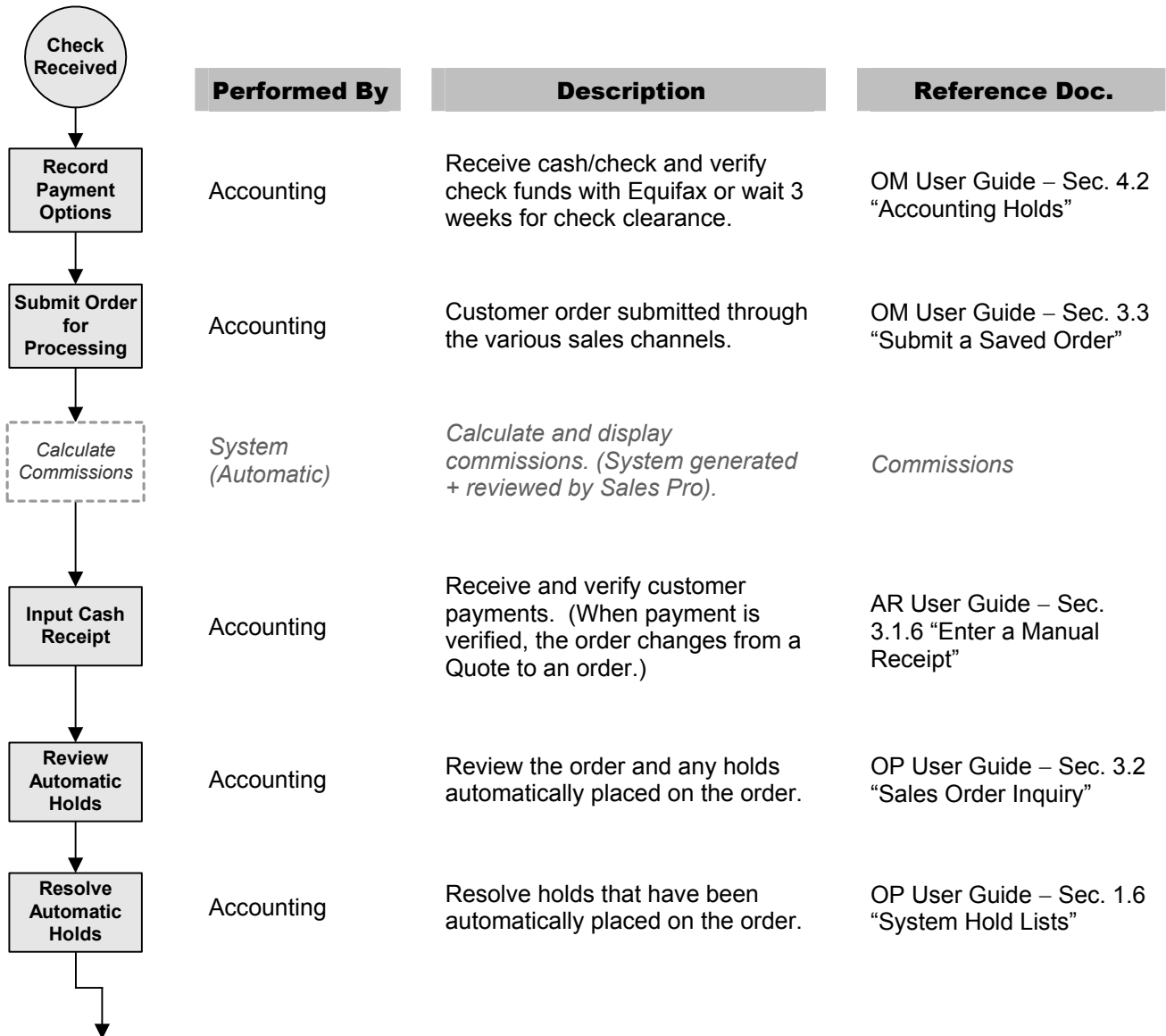


Daily Limit Debit Cart Purchase (continued)

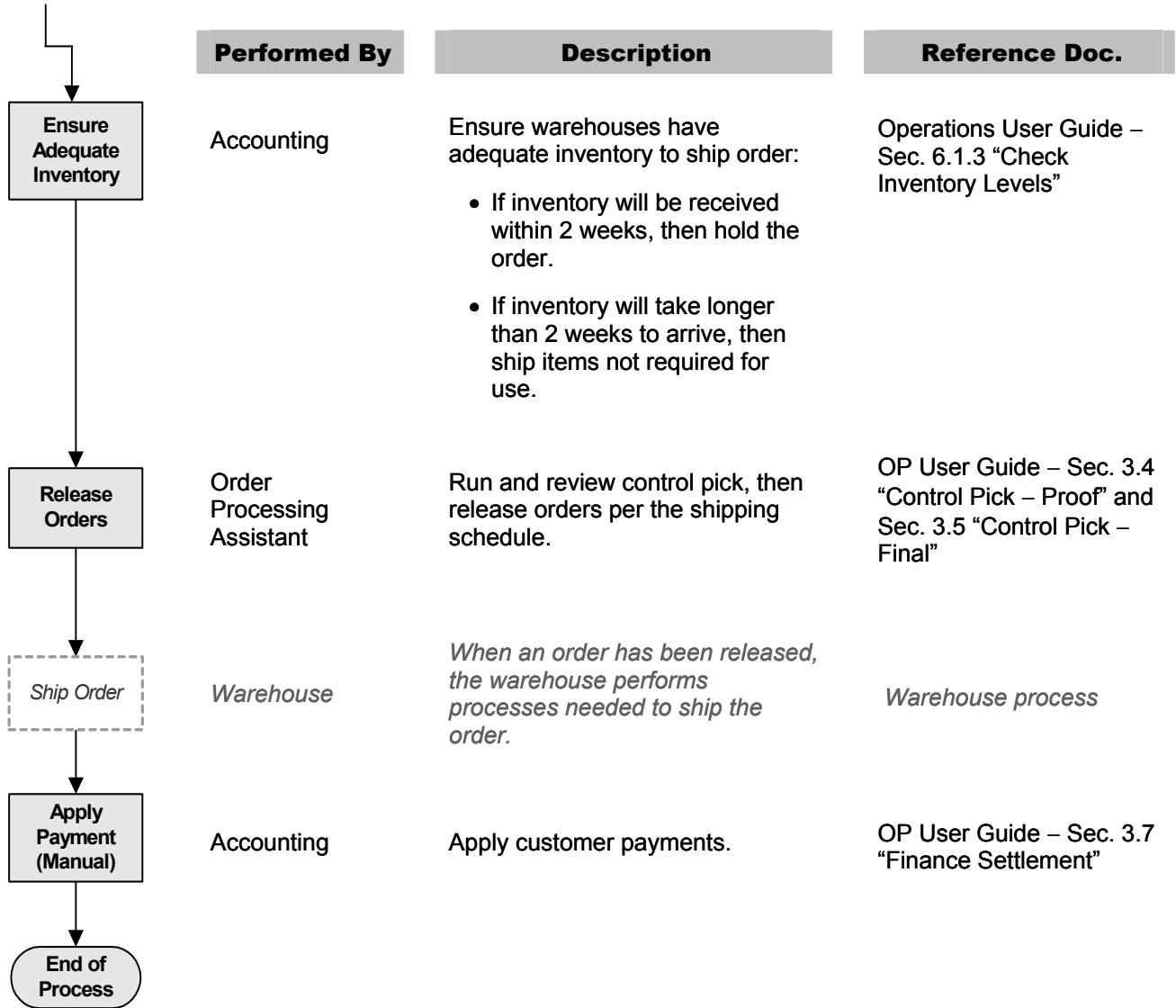


2.5. Check or Cash Purchase

When a customer writes a check or pays cash for a purchase, the order exists as a “quote” until the check funds are received and applied. Once the customer order has been submitted in Order Management it changes to a sales order, allowing Accounting to process the order.

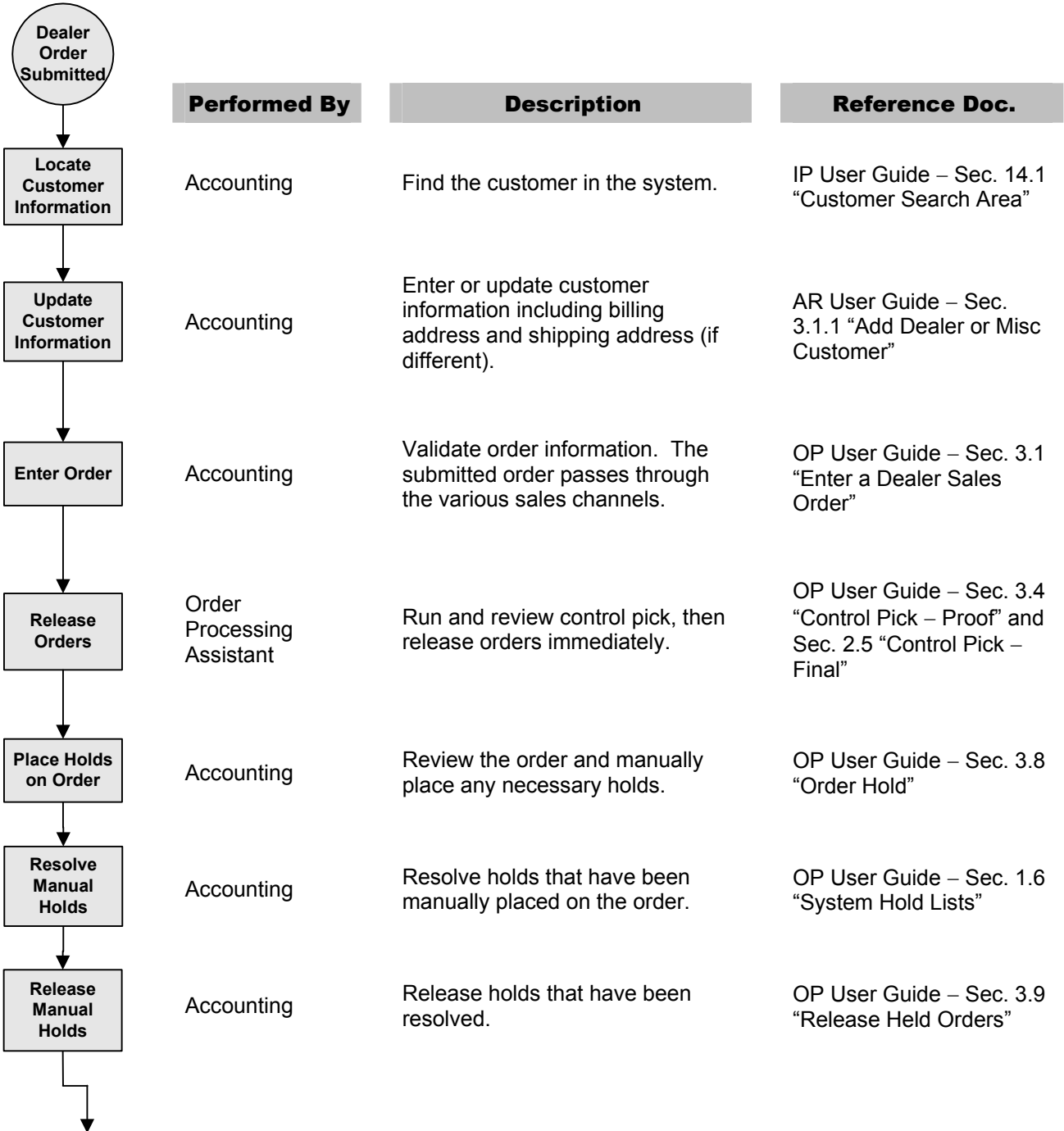


Check or Cash Purchase (continued)

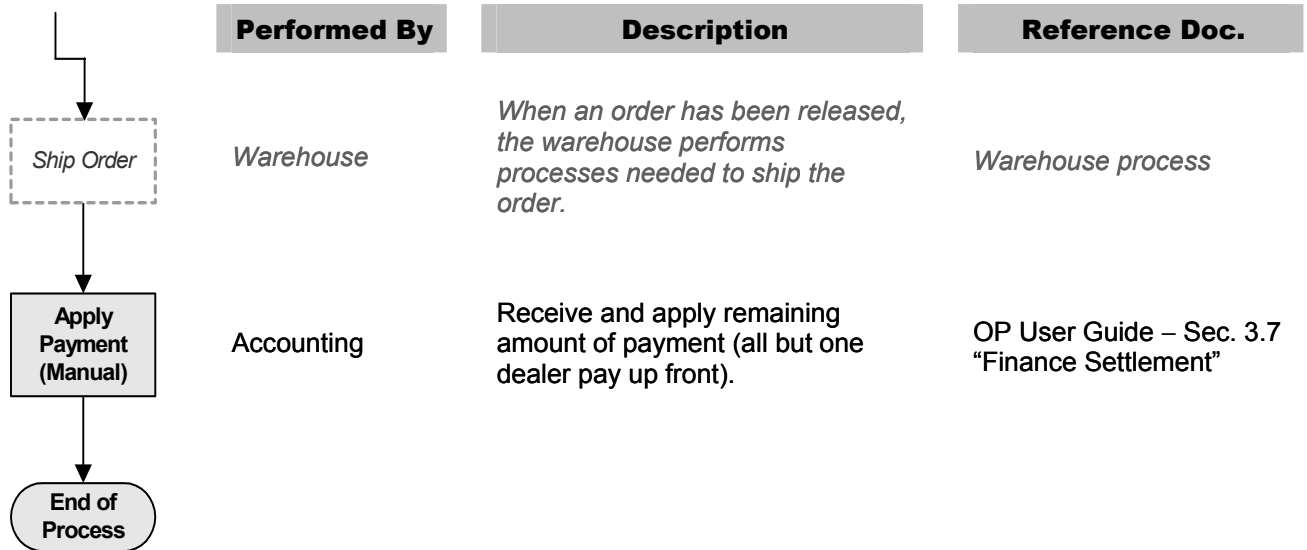


2.6. Dealer Purchase

A purchase by a dealer is treated similar to any other customer purchase except that dealer orders are usually rushed.



Dealer Purchase (continued)



3. Post Order Support

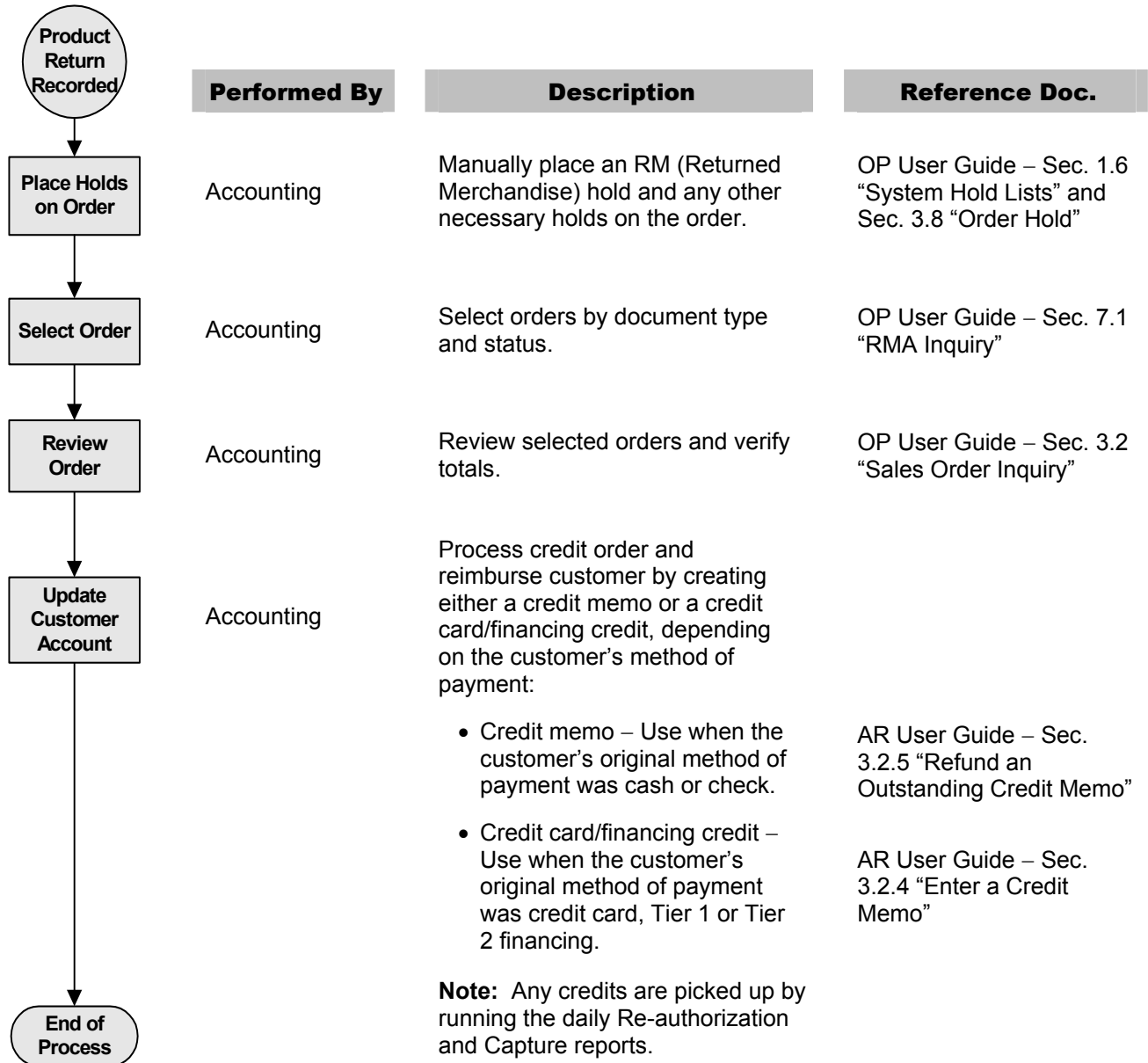
From an Accounting perspective, post order support includes procedures that need to be performed in the following circumstances:

- A customer returns Nautilus Group merchandise.
- Warranty replacement parts are sent to a customer.
- Inducement or other credits are issued to a customer.

It is Accounting's responsibility in the above cases to process orders and holds, in a way similar to the Order to Cash processes. Accounting also releases warranty part orders to the Warehouse for shipping when appropriate, and issues customer credits or reimbursements when necessary.

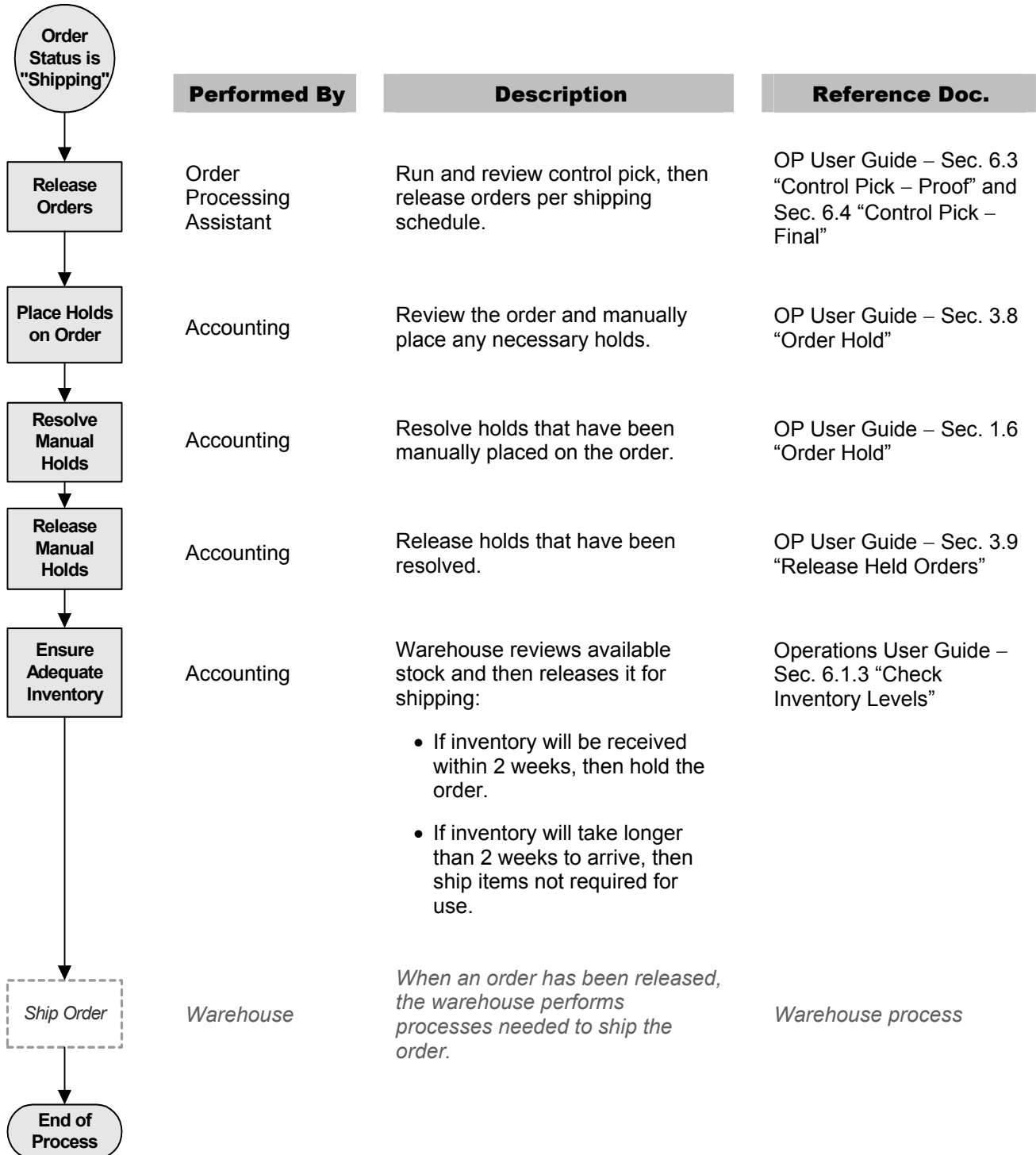
3.1. Approved RMA (Returned Merchandise Authorization) Order

A customer might send merchandise back to The Nautilus Group, either as a product return or because a Sales Pro requested items to be returned as part of a warranty replacement. In either case, the Call Center issues an RMA order which the Operations department processes and (when applicable) Accounting credits the customer's account.



3.2. Warranty Replacement Order Processing

When the Call Center creates an order to send warranty replacement parts to a customer, the Accounting department processes the order without charging the customer and releases the order to the Warehouse for shipping.



3.3. Inducement Credits or General Credits

The Call Center may issue inducement credits to a customer who would otherwise return a product for a refund. When a credit order (general or inducement) has been submitted by the Call Center, Accounts Receivable processes it to credit the account and then reimburses the customer using the same payment method originally used by the customer.

