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| Mountain High Ice Cream Company transferred $62,500 of accounts receivable to the Prudential Bank. The transfer was made *with recourse*. Prudential remits 85% of the factored amount to Mountain High and retains 15% to cover sales returns and allowances. When the bank collects the receivables, it will remit to Mountain High the retained amount (which Mountain estimates has a fair value of $5,060). Mountain High anticipates a $3,140 recourse obligation. The bank charges a 5% fee (5% of $62,500), and requires that amount to be paid at the start of the factoring arrangement. |
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| **Required:** |
| Prepare the journal entry to record the transfer on the books of Mountain High assuming that the sale criteria are met. **(Omit the "$" sign in your response.)** |

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| General Journal | Debit | Credit |
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