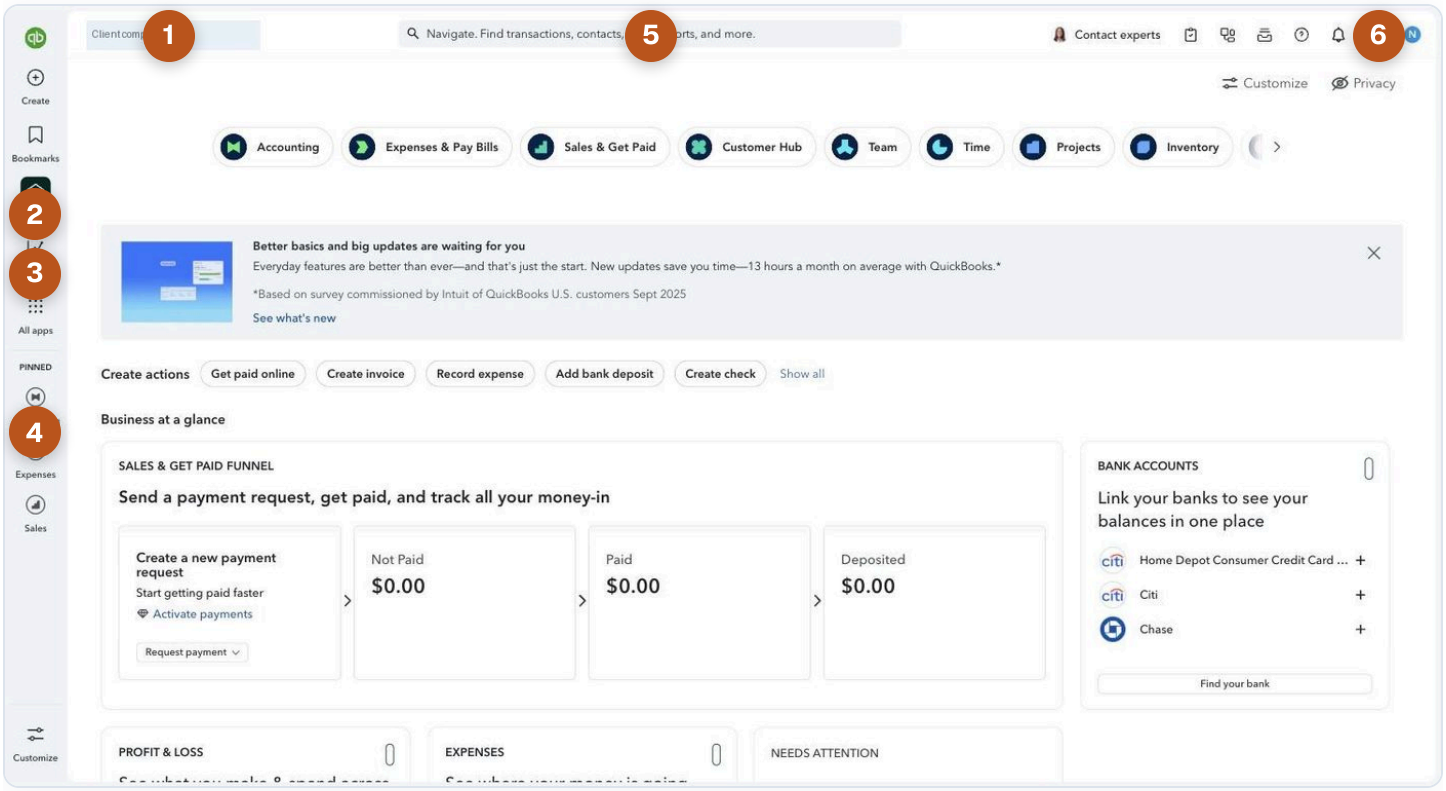
FINANCE, MODULE 3

QuickBooks basics

You do not need to do the bookkeeping. You need to be able to open the file, find a transaction, attach a receipt, run the two reports, and know what not to touch. That is this module.

> **The one idea.** QuickBooks is a list of accounts (the chart) and a list of transactions, each of which touches two or more accounts. Every screen is a way of adding transactions or reading them back.

Finding your way around



The home screen of a QuickBooks Online file, before any activity.

1. **Company name.** Check it if you have more than one file under one login. The wrong one is one click away.
2. **Home.** Bank balances, a profit and loss snapshot, and shortcuts.
3. **Reports.** Where the P&L, balance sheet and everything else live.
4. **Accounting.** Bank transactions, reconcile, rules, and the chart of accounts. Where your bookkeeper lives.

5 **Search.** Type an amount or a vendor name to find any transaction. The most useful button on the page.

6 **Settings (gear).** Company settings and the audit log. You will rarely need it.

Bank feeds: where most of the work happens

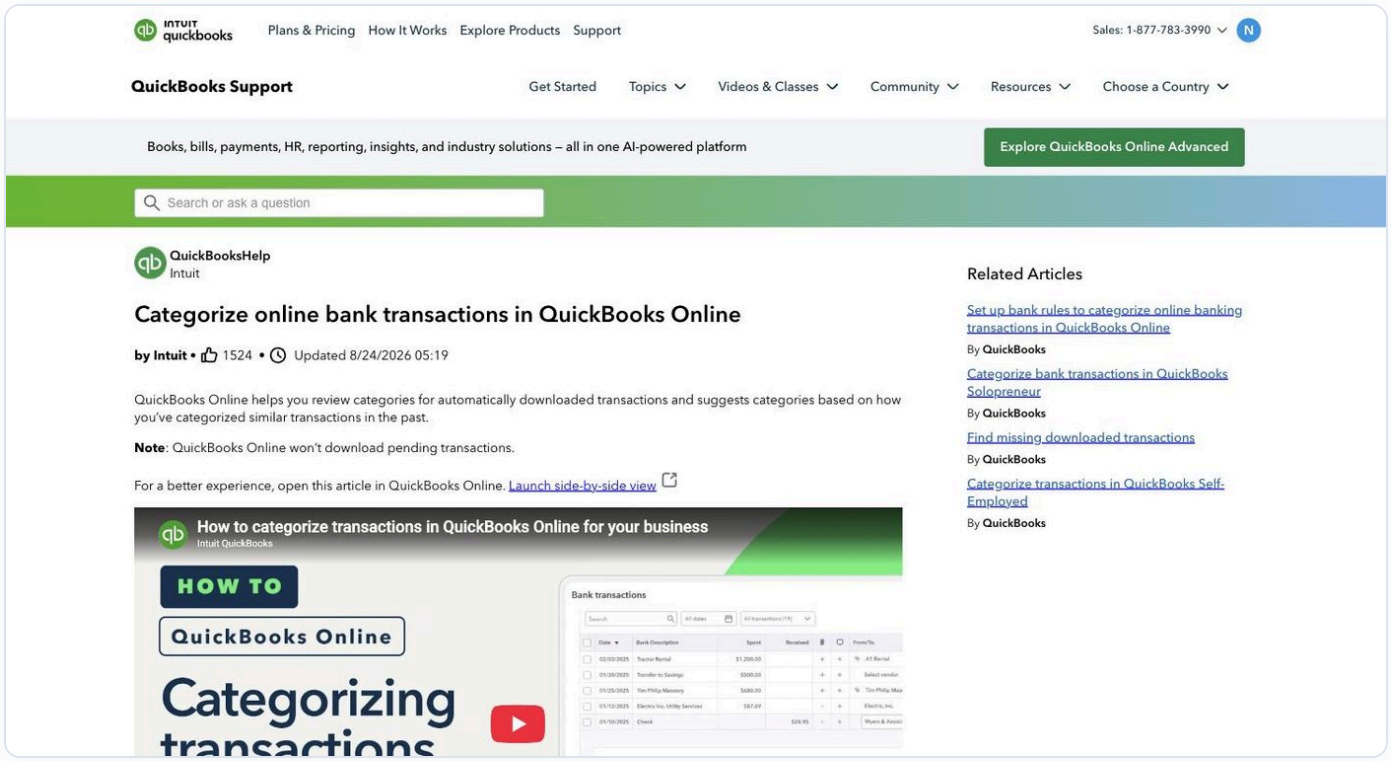
Once a bank or card account is connected, QuickBooks downloads every transaction automatically. They wait in **Bank transactions** until someone says what each one is. There are only two answers.

Categorize

This transaction is new to the books. Say which account it belongs to (a software subscription to its expense account, a filler order to inventory) and who the vendor was.

Match

This transaction is already in the books, for example a deposit the booking system already sent. Link the bank line to the existing entry so it is not counted twice.

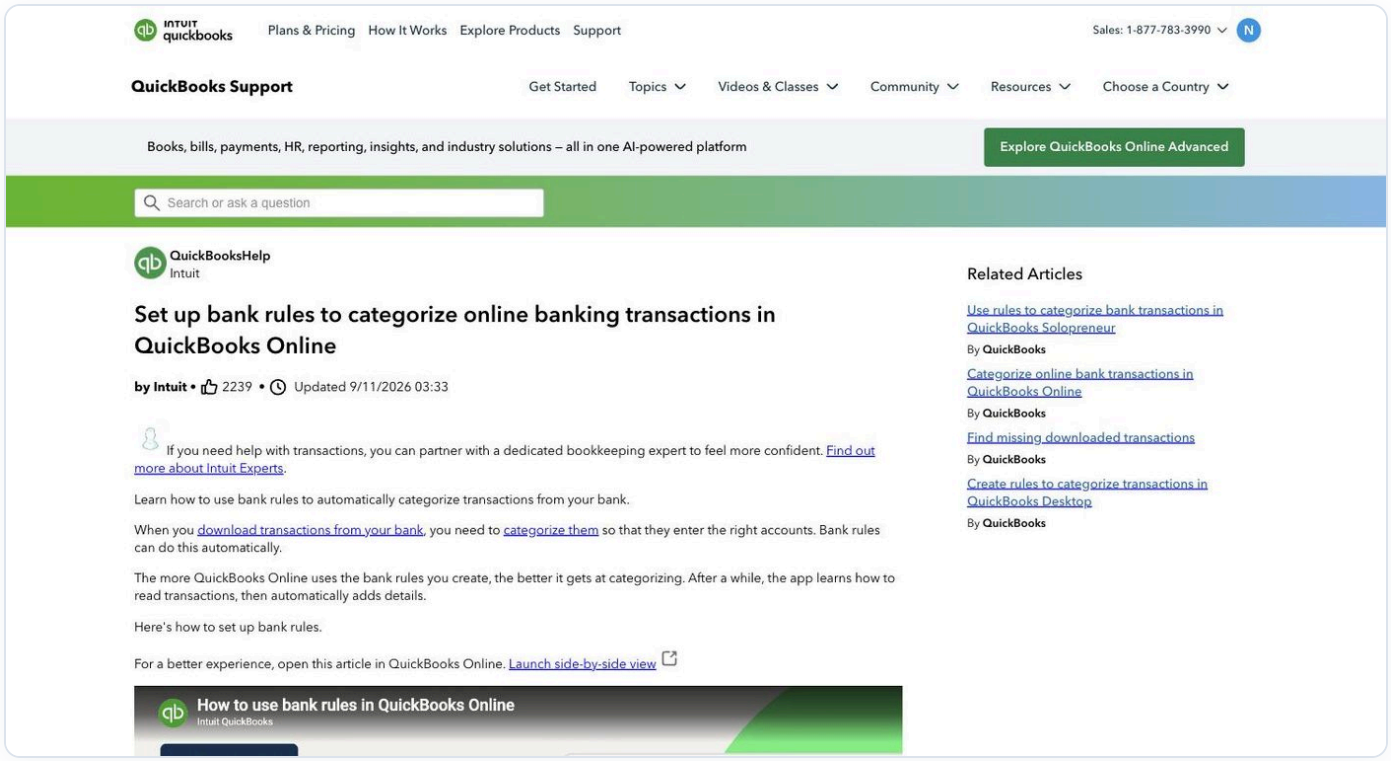


Source Intuit, Categorize online bank transactions in QuickBooks Online. The nine minute video in the article is worth it.

> **The mistake to avoid.** Categorizing a deposit that was already recorded creates revenue twice. Matching a bank line to the wrong entry hides a real expense. When you are not sure, leave it and flag it. An uncategorized transaction is a question. A wrongly categorized one is an error nobody sees until the CPA does.

Rules: teach it once

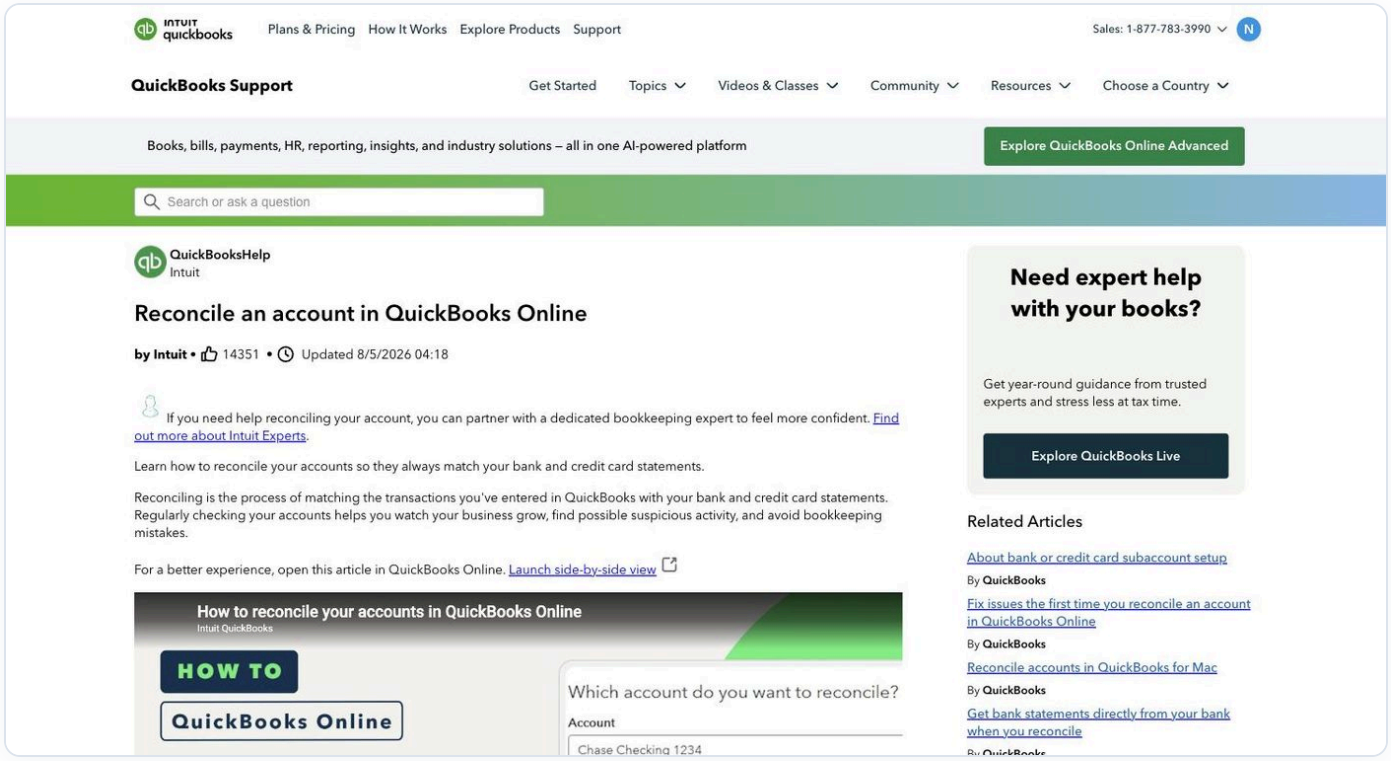
A rule says "when a downloaded transaction looks like this, code it like that." The software subscription, the rent, the payroll fee: rules. The more rules exist, the less the month costs and the more consistent the coding. You will see them working when most of the feed is already suggested by the time you look.



Source Intuit, Set up bank rules to categorize online banking transactions.

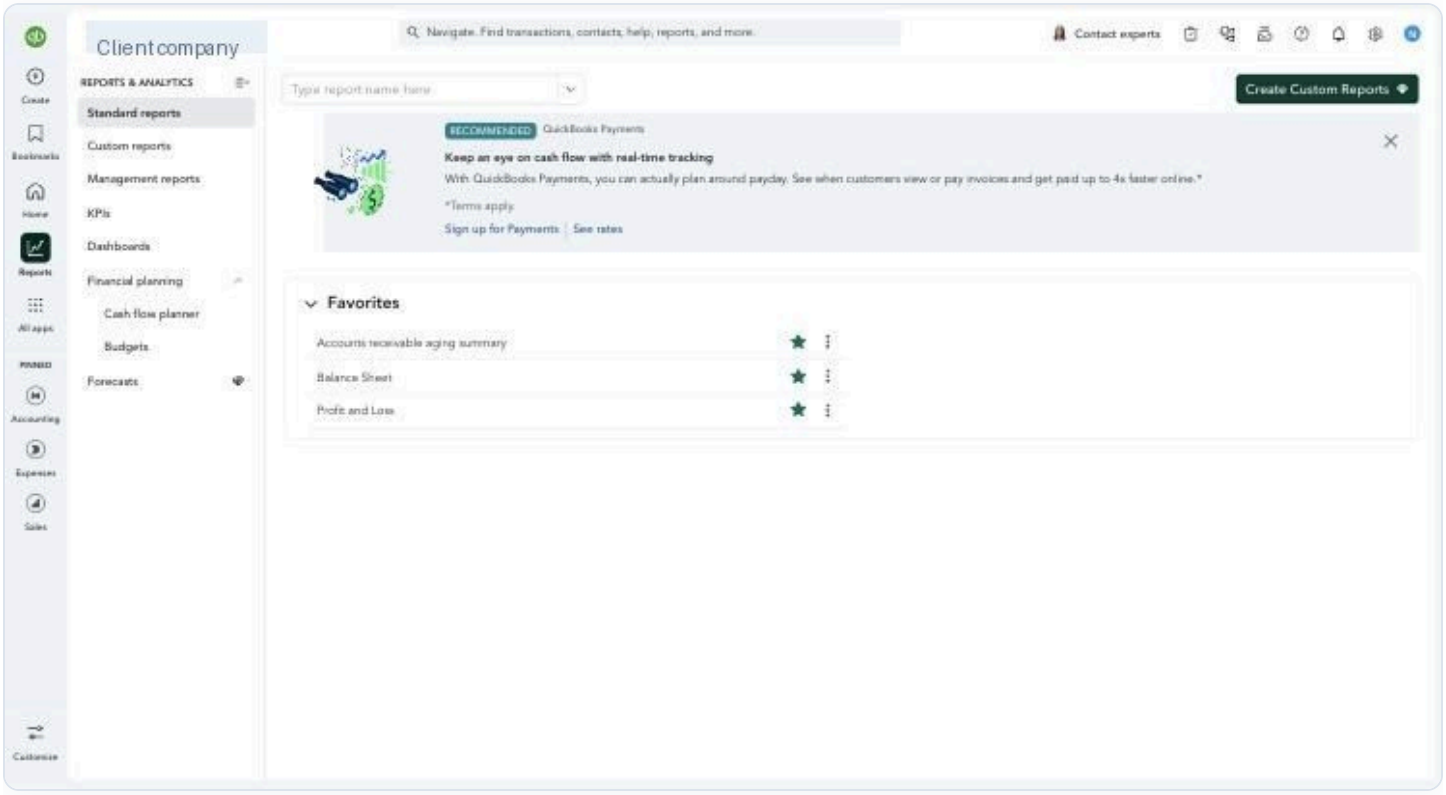
Reconciling: the monthly proof

Reconciliation compares the bank's statement to the books line by line until the ending balances agree to the cent. It is the single most important control in bookkeeping, because it proves nothing was missed and nothing was invented. Every bank and card account, every month, and the report is part of your monthly package.



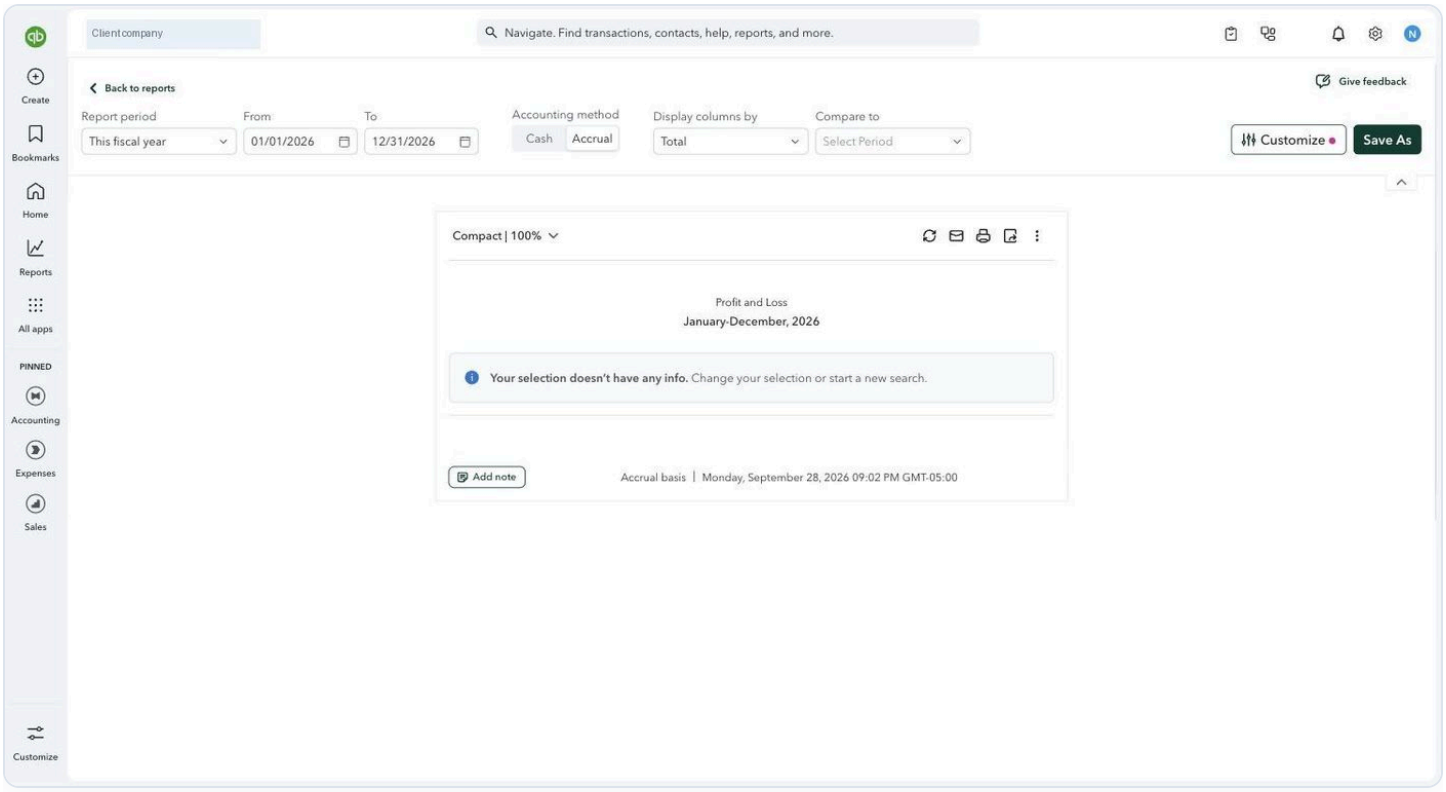
Source Intuit, Reconcile an account in QuickBooks Online.

The reports you will read



The QuickBooks Online Reports page. Pin the three you use: profit and loss, balance sheet, and the aging report.

Report	What to look at	Question to ask
Profit and loss	Revenue by service line, gross profit, operating income	Did we make money, and where did it come from?
Profit and loss by month	Twelve columns side by side	What is trending up, what is drifting?
Balance sheet	Cash, deferred revenue, gift cards, loan balances	What do we owe patients and lenders?
Accounts payable aging	Who we owe and how old each balance is	Is anything overdue?



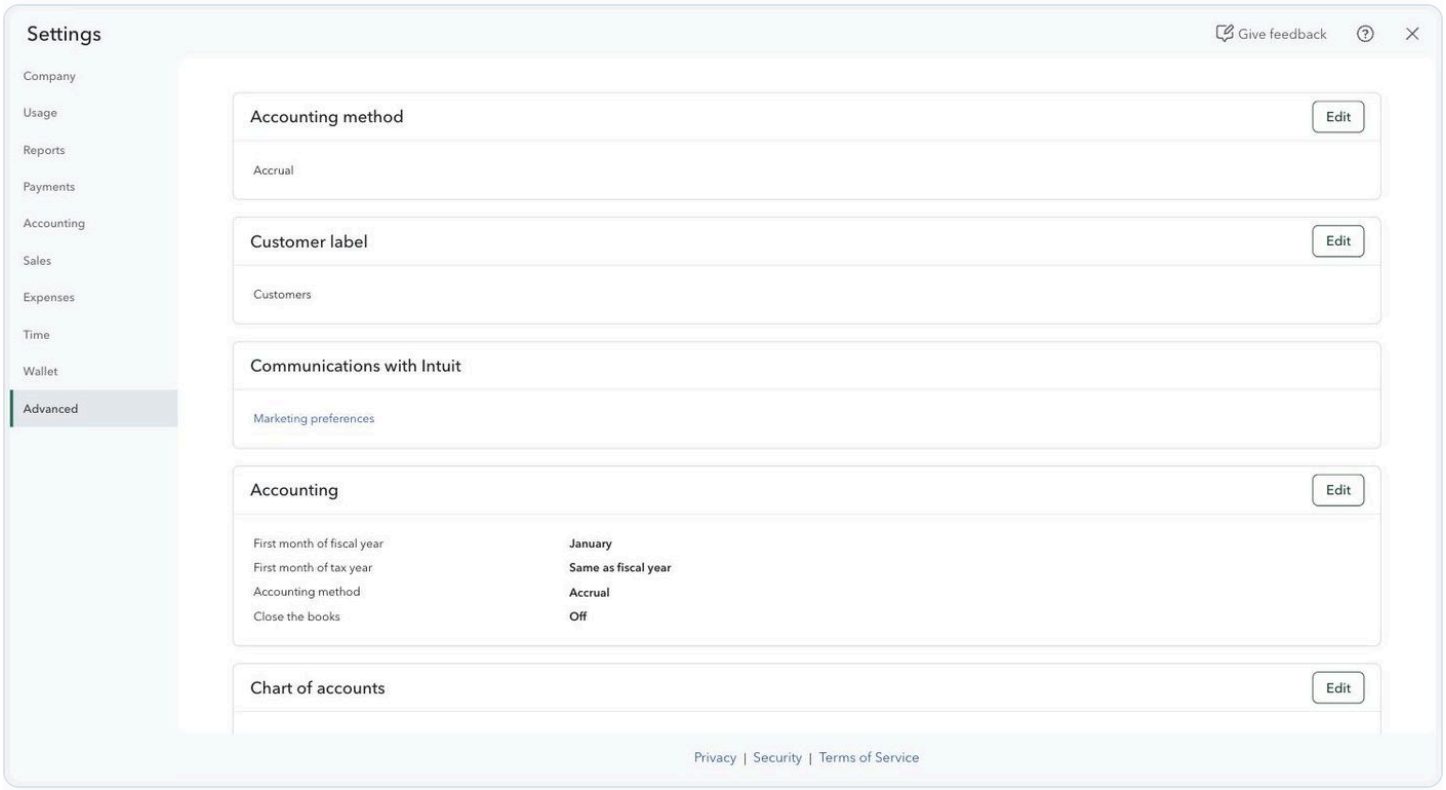
The QuickBooks Online P&L screen. Note the Accrual toggle at the top: your reports are always run on the accrual basis (Finance 1).

Receipts, and the mobile app

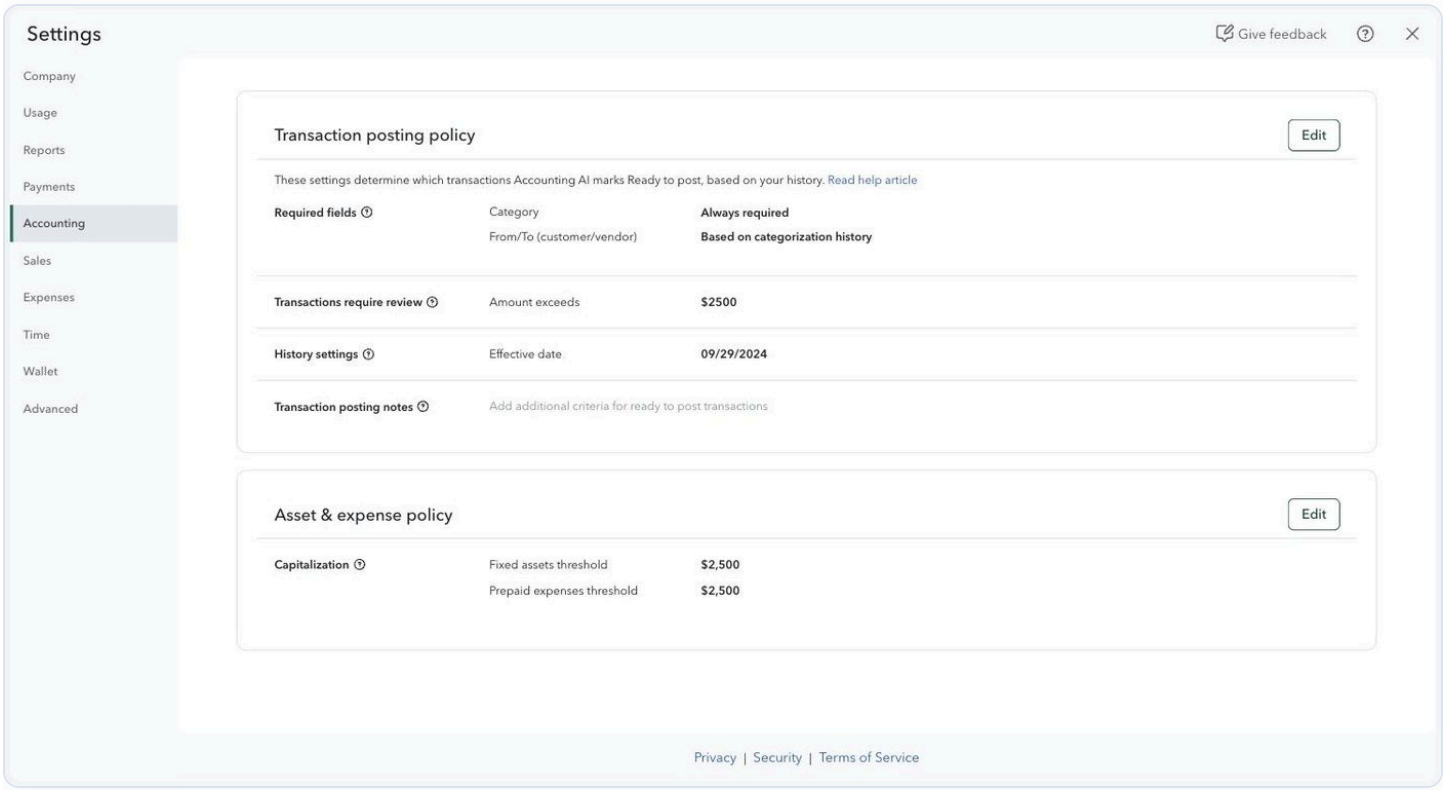
Any transaction can carry an attachment. The habit that pays off: photograph the receipt from the mobile app the day you spend, or forward the email invoice to the receipts address QuickBooks gives the company. QuickBooks reads the amount and vendor and pairs it with the bank line. A year of receipts attached at the transaction is what turns a CPA question into a thirty second answer, and a buyer's question into a folder.

Settings that make a file run itself

A clean file is mostly a dozen settings chosen once: accrual basis, account numbers on, the books locked after each close, a capitalization threshold, a review threshold so anything large waits for a person, duplicate warnings, revenue tagged by provider, sales tax on before the first retail sale, and a rule for every recurring vendor. You do not set these; the point of knowing them is that when a report looks odd, one of them is usually why.



QuickBooks Online Settings, Advanced: accrual, calendar fiscal year, close the books, account numbers.



QuickBooks Online Settings, Accounting: the $2,500 capitalization threshold and the review threshold for bank feed items.

What to do, and what to leave alone

Do

- Read the reports and ask questions
- Attach receipts and forward invoices
- Flag a bank line you are unsure about
- Use search to find any transaction

Leave to your bookkeeper

- Creating, renaming or merging accounts (merging cannot be undone)
- Journal entries
- Reconciliations and undoing them
- Changing account types
- Deleting transactions, ever. Void or ask.

Where Benchmark comes in. During the sprint we connect the feeds, build the rules, and set the twelve settings. Every month after, we code the feed two or three times a week, reconcile every account, and lock the month. You keep the reading and the receipts.

Try it yourself

- [ ] Install the QuickBooks mobile app and photograph one receipt.
- [ ] Open Reports and run the balance sheet as of today. Find deferred revenue and gift cards.
- [ ] Use search to find last month's rent payment. Note which account it landed in.

Check yourself: Finance 3

A $4,200 deposit from the card processor appears in the bank feed. The booking system already sent the sales to QuickBooks. You should

Categorize it to revenue

Match it to the existing sales entry

Delete it

The sale is already in the books. Matching links the bank line to it. Categorizing would record the revenue twice.

What does a bank rule do?

Blocks transactions over a limit

Codes a recurring transaction the same way automatically

Reconciles the account

Rules recognize a pattern and apply the account and vendor you chose.

Reconciling an account proves that

The business made a profit

The books and the bank statement agree, nothing missed and nothing invented

All receipts are attached

Reconciliation is the control that ties the books to an outside source.

You notice two accounts with nearly the same name. The right move is

- Merge them yourself
- Leave them and tell your bookkeeper
- Delete the one with fewer transactions

Merging accounts is permanent. It is one of the few actions in QuickBooks that cannot be undone.

The books for August are closed and the package has gone out. What stops a September edit from changing August?

- Nothing, QuickBooks allows edits at any time
- The closing date setting, which locks earlier transactions behind a password
- Deleting the August transactions

Close the books is set after every close so a finished month cannot drift.

Pick an answer for each question.

Want this done, not just explained?

The 10-Day Sprint finds the leaks for $1,000, one time. After that, on the plan, the scorecard keeps coming and at least one growth initiative is executed with you every month. Plans from $2,299 a month. Everything in this module is part of that work.

See the sprint and pricing | Text Nate

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