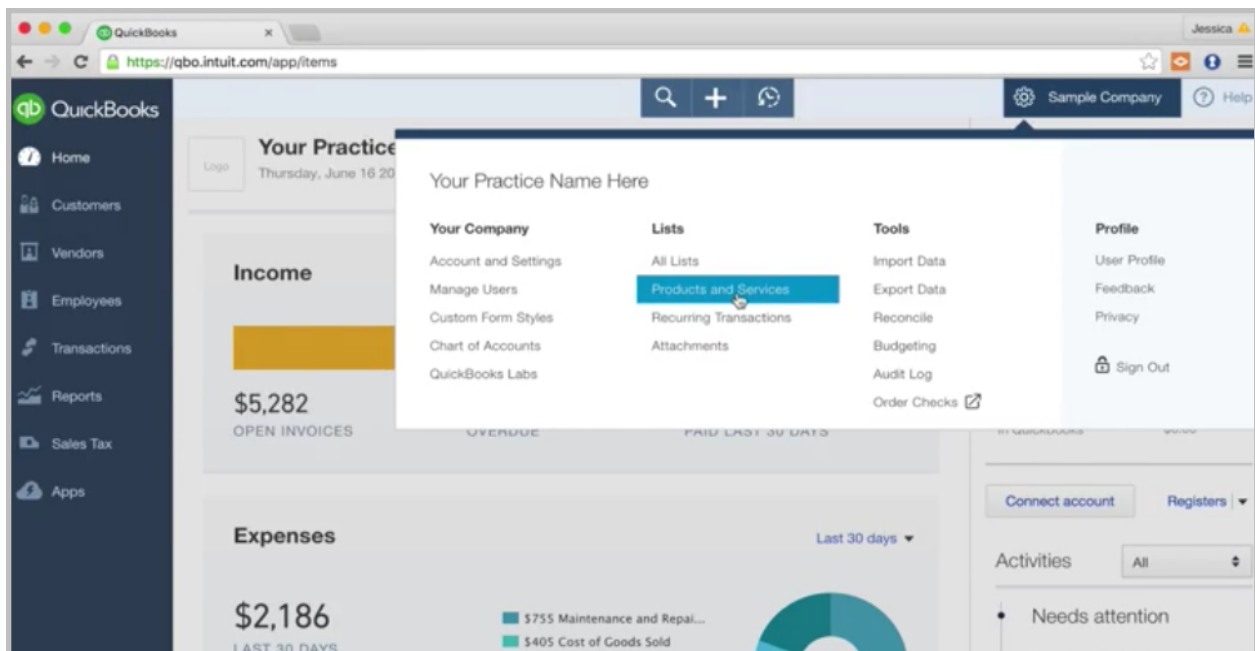


# Accounting, Module Six - Reconciling & Reporting

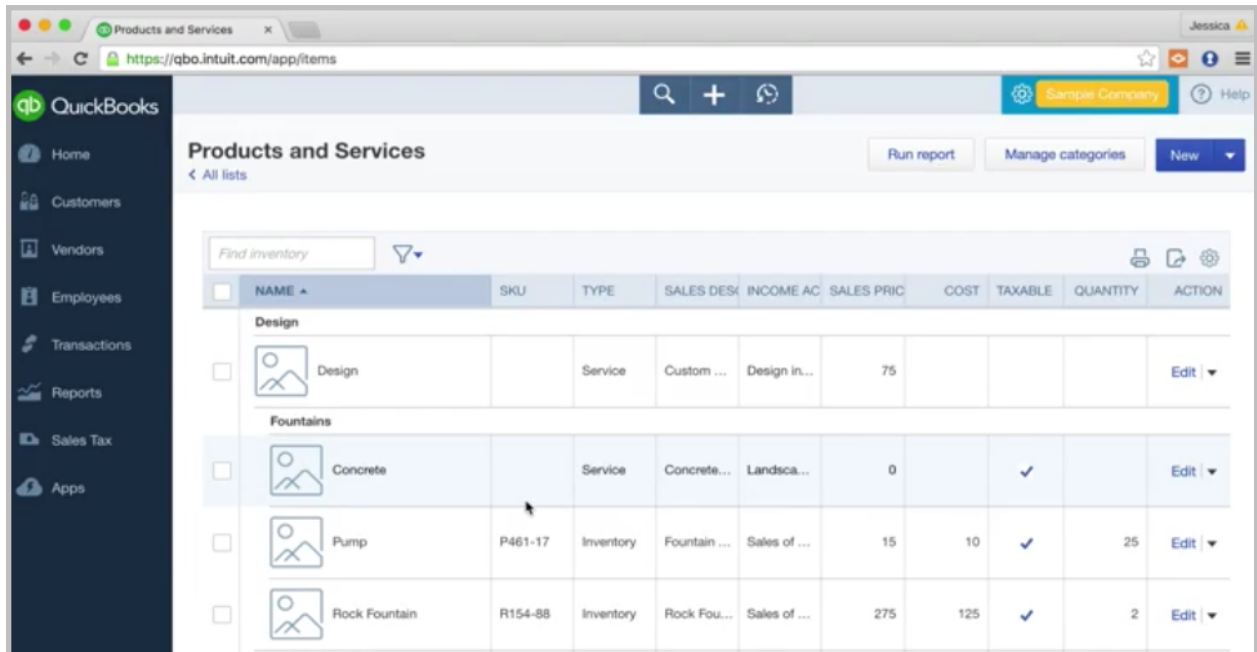
Hi, everyone. Welcome back to QuickBooks Online for your practice. My name is Jessica Mishra, and this is Module Six, Reconciling and Reporting. In this module, we'll cover the reconciliation process. We'll cover basic reporting, and we'll cover invoicing and setting up products and services.

The main focus of this module will be reconciling and reporting, but I do want to briefly touch on how to create an invoice. The assumption in this training has been that you'll be doing your billing in an outside system, so all of your patient invoicing or patient billing will be done not in QuickBooks Online. There may be an instance where you need to invoice someone. Let's say you deliver a seminar, and you want to be able to bill someone. That would be done through QuickBooks.

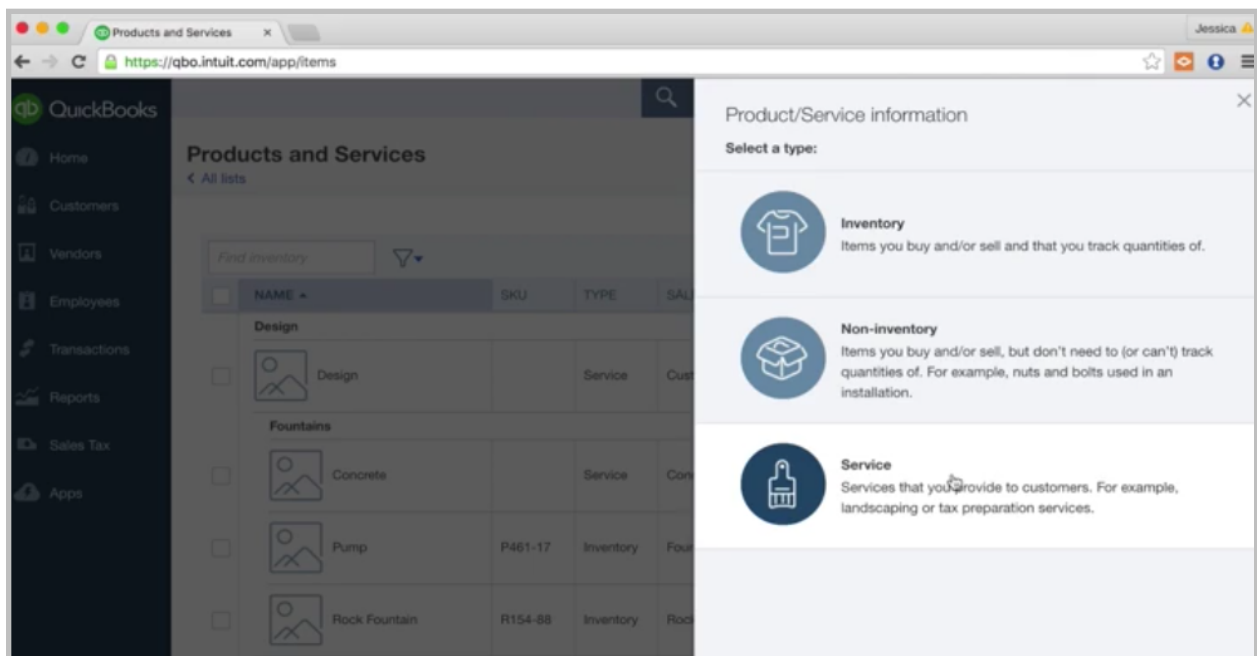
In that case, we want to set up some basic products and services that will be housed here in QuickBooks, and we'll do that by going to the gear icon here.



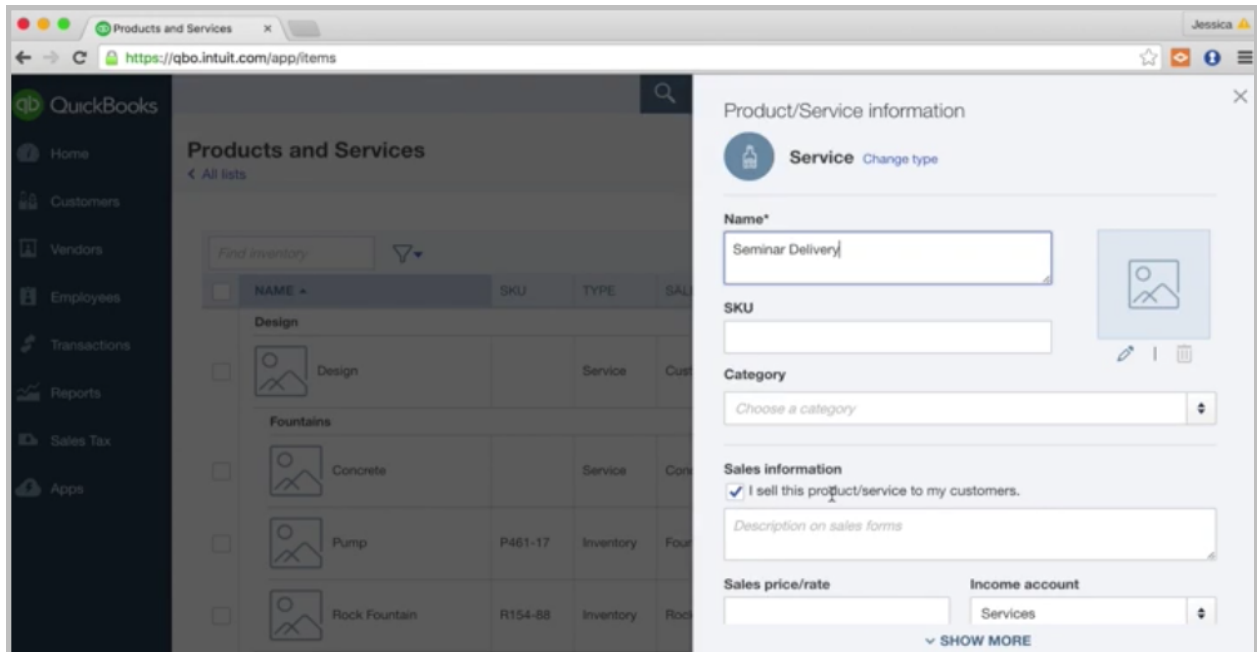
Go to Products and Services.



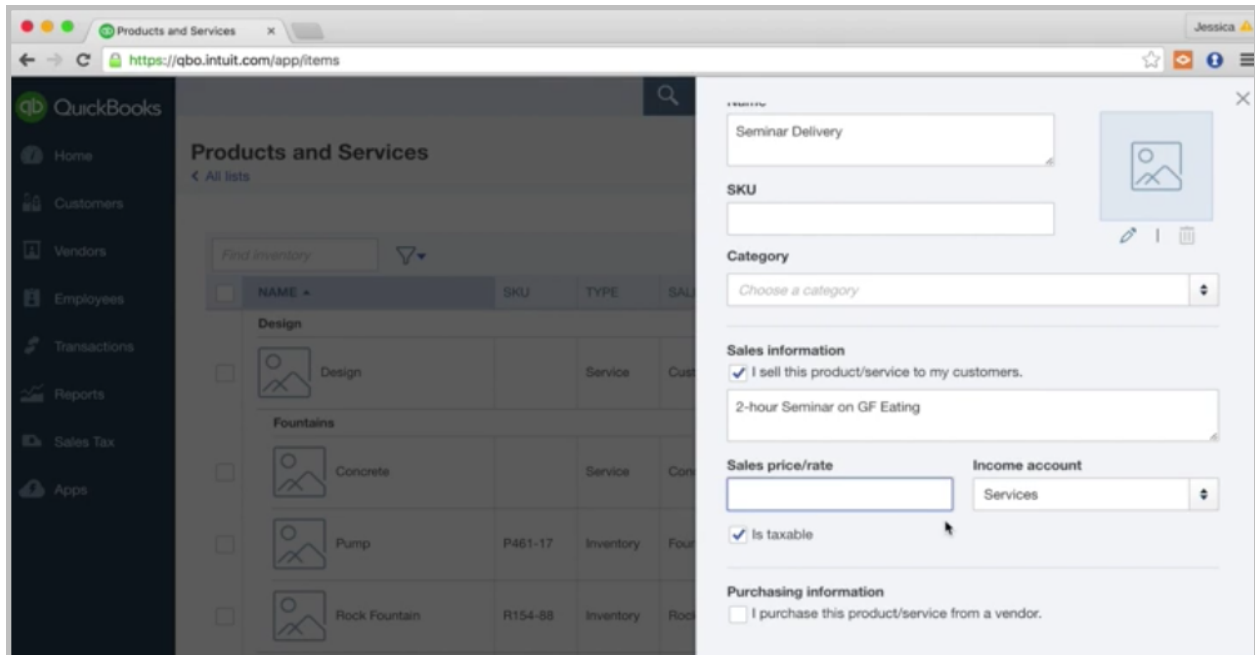
This is a list. You can set up some basic services in here that you might want to fill in on your invoices. Let's just take an example.



Let's create a new item. Let's say this is seminar delivery. Maybe you frequently do seminars. Let's choose Service and put in seminar delivery.



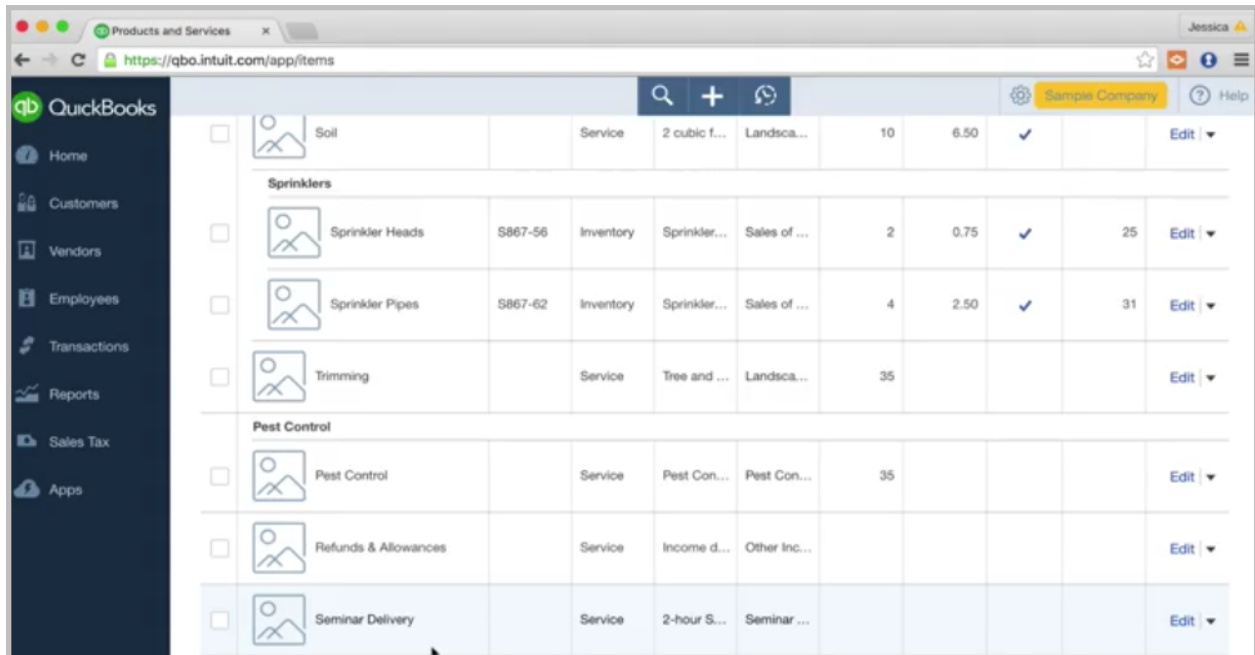
Down here, keep this checked: I sell this product/service to my customers. You have the option to fill this in. This is the description that will show up on the invoice, or you can leave it blank if you want to customize it each time you do the invoice. Let's say you always do a two-hour seminar. Then, you could fill that in, and it would populate for you. You could get even more specific: two-hour seminar on gluten-free eating. If you do that seminar over and over, then you could have a specific item just for that.



Down here, sales price rate. You can fill this in if it's always a set rate. Let's say your seminar is always \$150 for the two hours, or you can leave it blank if it is going to change. You can fill it in on the invoice.

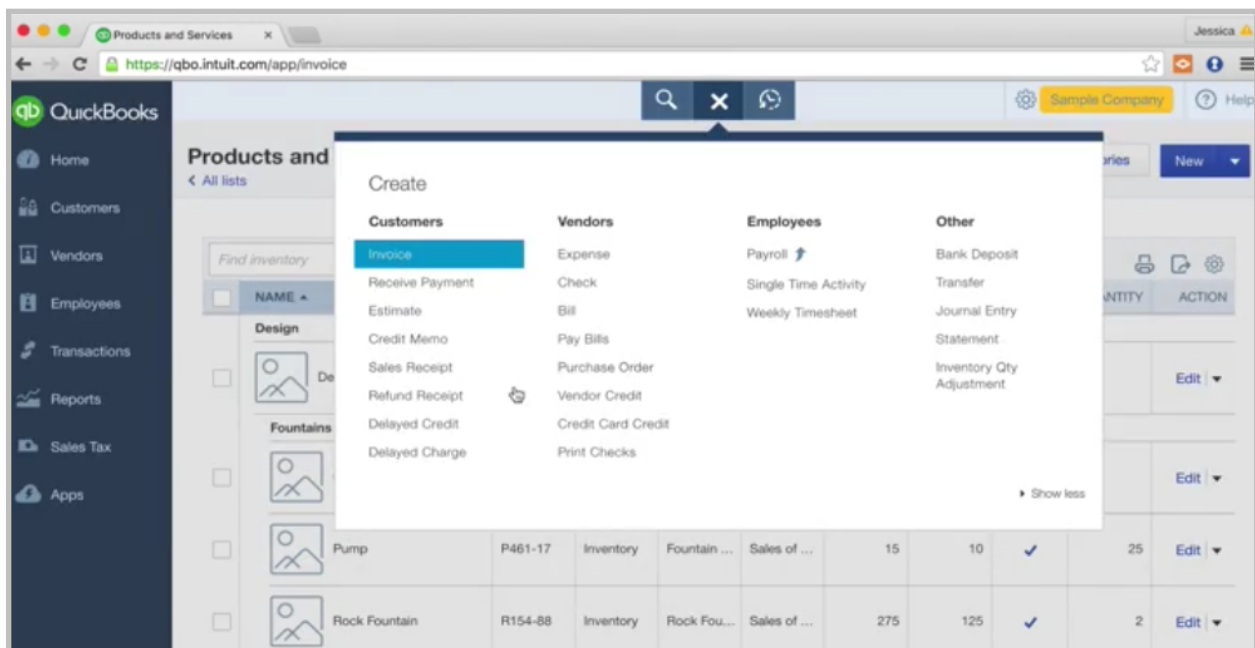
Then the income account, this part is important. This is where we link what this item is to an income account, so when we invoice someone, it's going to automatically record the income into the income account that we choose here, so we want to make sure to choose the right account. In this example, it's a seminar. I have set up a seminar income account, so we're going to link to that, so anytime I invoice using this item, it's going to automatically put that income into seminar income, which is really nice.

Is taxable—this is a service, so there won't be sales tax on it. I'm going to uncheck this. Purchasing information is not relevant in this example. Okay, so we can Save and Close, and it's created this new item. Let's see, where did it go? Let's find it.



Seminar delivery, so that's our new item.

You can go through and set up a few items if there are various services that you're offering. Then they will be there for you when you create your invoice. Let's do that next.



Let's go up to the quick create. Sticking with the same example, create an invoice. We'll choose a customer. Let's say we're delivering this seminar at something called Paleo Conference.

Invoice

Paleo Conference  BALANCE DUE  
**\$0.00**

Send later

**Billing address** **Terms** **Invoice date** **Due date**

Paleo Conference

**Crew #**

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX
1						
2						

**Subtotal** \$0.00

**Taxable subtotal** \$0.00

**Message displayed on invoice**

So, Paleo Conference is the customer. We need to put an email in there, so we'll do test@paleoconference.com. Then, here are your terms. You can do whatever you discussed with them. If it's net 30, they're going to pay you in 30 days. Maybe it's due on receipt, so we'll choose the terms.

Invoice

Paleo Conference test@paleoconference.com

Send later

BALANCE DUE  
**\$0.00**

Billing address: Paleo Conference

Terms: Due on receipt

Invoice date: 06/16/2016

Due date: 06/16/2016

Crew #

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX
1	Seminar Delivery	2-hour Seminar on GF Eating	1	0.00	0.00	
2						

Add lines Clear all lines Add subtotal

Subtotal \$0.00

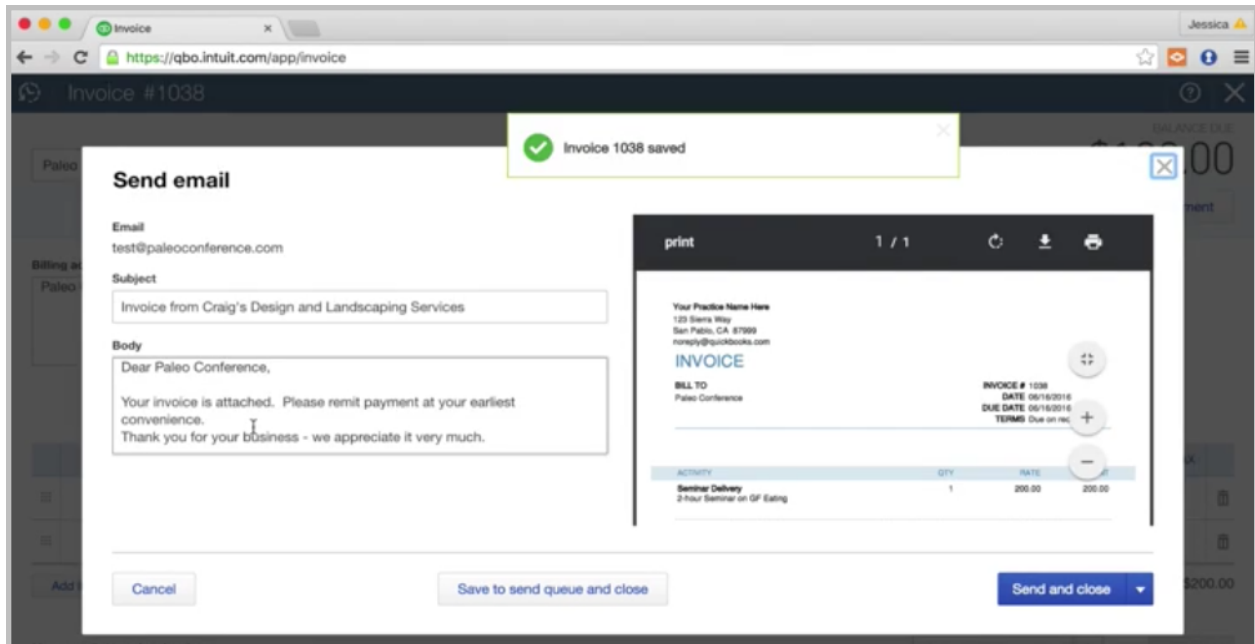
Taxable subtotal \$0.00

Message displayed on invoice: Thank you for your business and have a great day!

California 8% 0.00

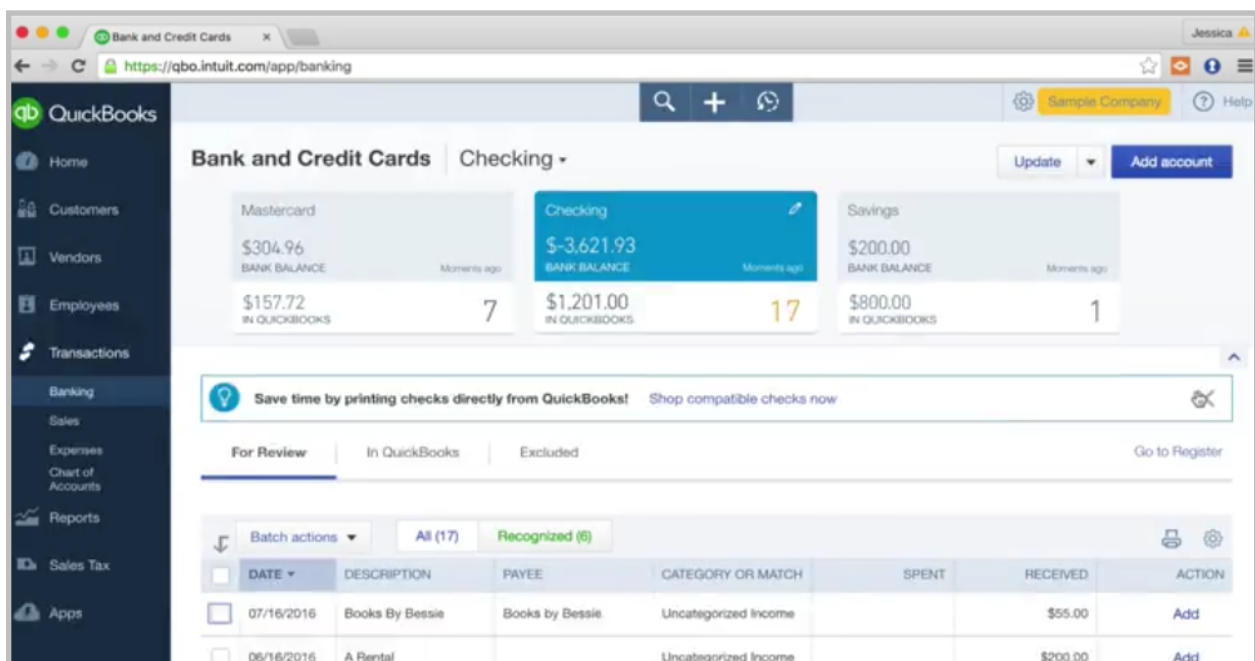
Here is where you'll enter that item that we just set up. We just set up Seminar Delivery. Just select the item. We're doing a two-hour seminar on gluten-free eating. We didn't put the rate in, so we can populate that now. Let's say we agreed with them that it was going to be \$200 for this one seminar. Let's say that we also agreed with them that we were going to offer a 10% discount, so we can put in the discount percentage there, and then our total is \$180. You can add in a message here. Remember, you can customize this if you go up to the gear icon, go to Company Settings. Under Sales, you can customize all of the different settings for your invoices. If you wanted to customize this message, you could.

All right, so then we are ready to send off our invoice. If we hit Save and Send, it's going to send—and we'll put this as "send" later—it's going to send the email to this email address.



It will allow you to preview it. There's a message again in here, and you can edit this in the same area I was talking about, Company Settings, or you can just edit it right here. Make sure you're happy with it, and if everything looks good, then you hit Send and Close. Okay, we can't send emails from the sample company, but in your company, that would work.

All right, so that's invoicing and setting up products and services. Let's talk now about the reconciliation process. I'm going to go back to the Bank feed, Transactions, Banking.

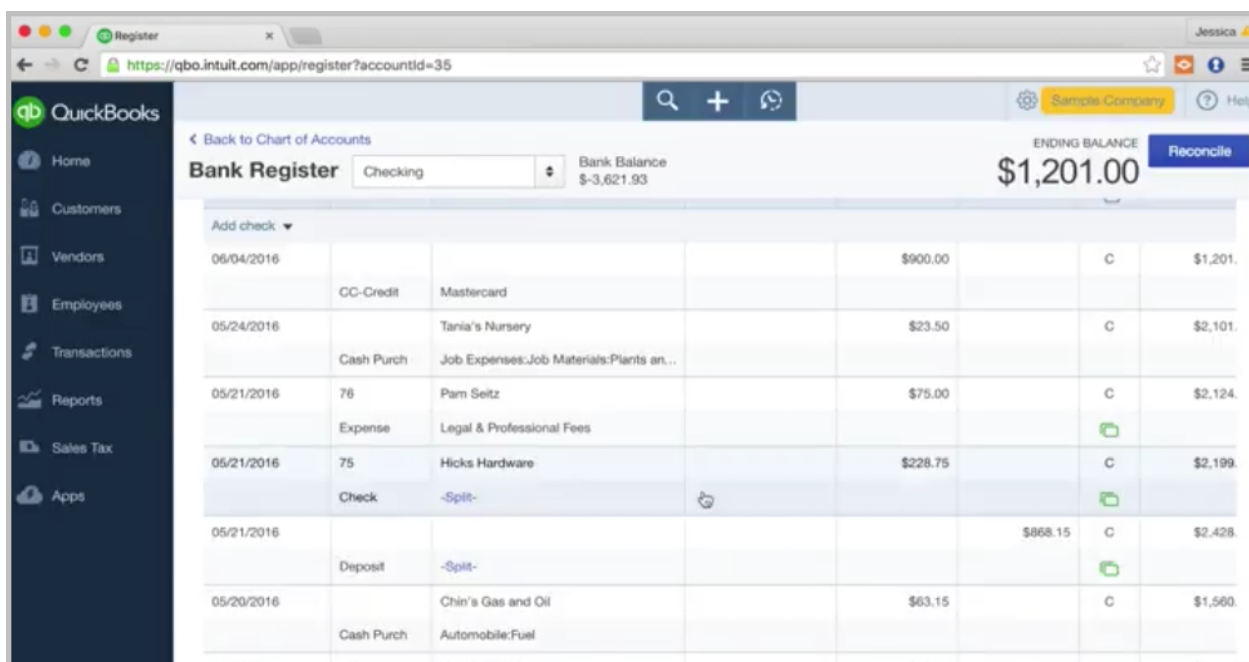




The reconciliation process is very similar to if you've ever balanced a checkbook. What we're basically doing is looking at all of the transactions that are in QuickBooks for a certain account, and we're making sure that they match up to the bank statement or credit card statement. This is basically a double-check process. This is something to catch any errors in data entry and just to make sure that everything your bank said happened actually got recorded in QuickBooks. This is a process that really needs to be done. I see a lot of people try to just get away with not doing it, but it's very important. It really does help you to catch any mistakes that might happen.

I should mention that we want to do this process every month. When your bank statement releases, or your credit card statement, your credit card closes, you'll get a statement, so you can download that from your online banking center. You'll have that statement handy. Once you have the statement, you can go to reconcile the account. Let's say it's the end of May, and we're ready to reconcile our checking account.

Select the checking account here. It's blue. If you hit Go to Register—and just a quick note before we move on, this is the register.

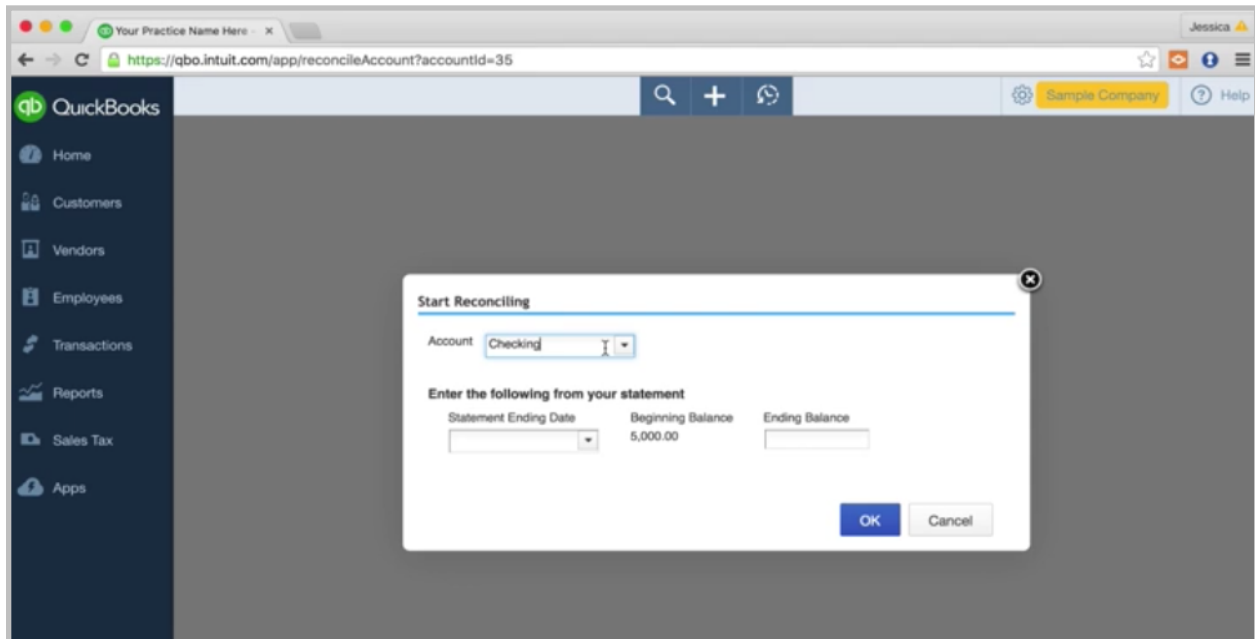


The screenshot shows the QuickBooks interface for a Bank Register. The account selected is 'Checking' with a current balance of \$-3,621.93. The ending balance is \$1,201.00. The register lists several transactions from May 2016:

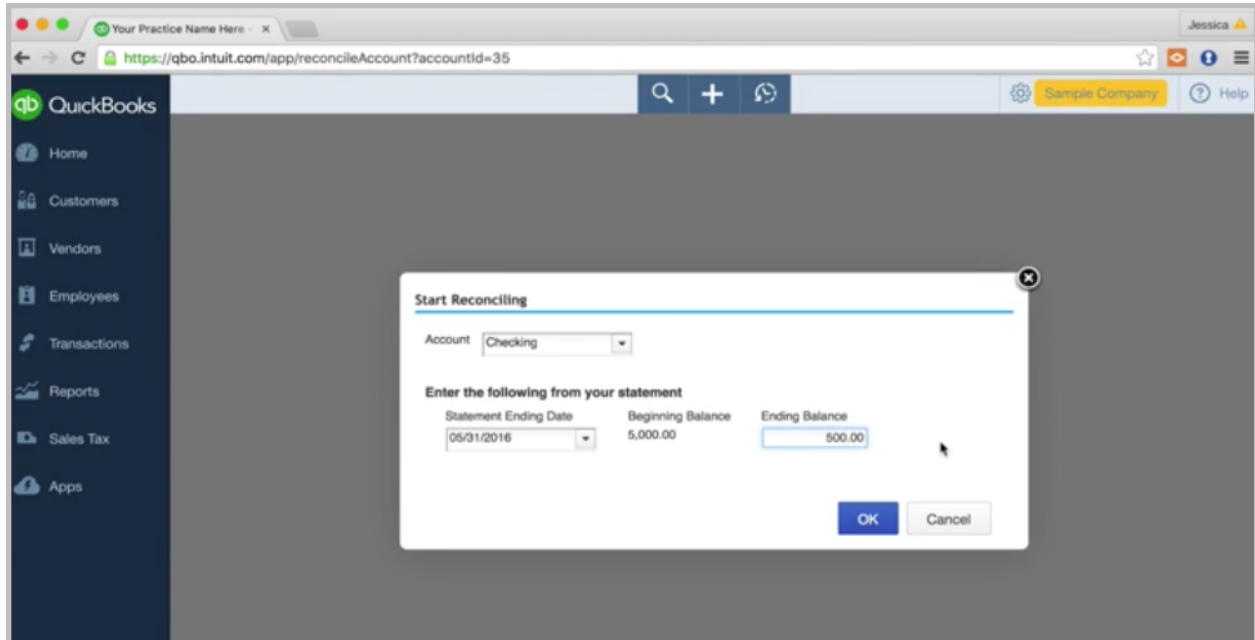
Date	Type	Description	Amount	Category	Balance
06/04/2016	CC-Credit	Mastercard	\$900.00	C	\$1,201.00
05/24/2016	Cash Purch	Tania's Nursery	\$23.50	C	\$2,101.00
05/21/2016	Expense	Job Expenses:Job Materials:Plants an...	\$75.00	C	\$2,124.00
05/21/2016	Check	Pam Seitz	\$228.75	C	\$2,199.00
05/21/2016	Check	Hicks Hardware	\$228.75	C	\$2,199.00
05/21/2016	Deposit	-Split-	\$868.15	C	\$2,428.00
05/20/2016	Cash Purch	Chin's Gas and Oil	\$63.15	C	\$1,560.00
05/20/2016	Cash Purch	Automobile:Fuel	\$63.15	C	\$1,560.00

This is just like in your checkbook where you have the checkbook register. This shows all of the transactions that have happened, so this can be helpful just in general to research something. You want to see when an expense went through, or you want to see if it got recorded to your checking account. You can always look here. This is really helpful. Over here it shows that the expense cleared. Eventually it will show whether it was reconciled or not. The C will turn to an R, and that means it is reconciled.

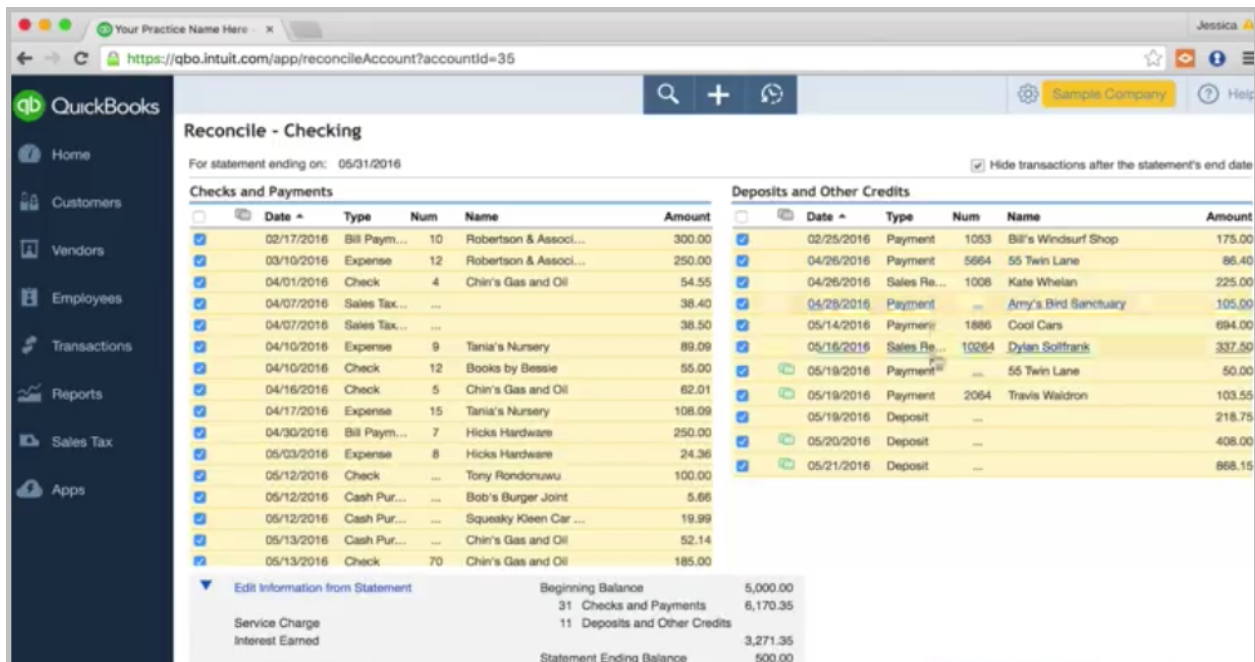
Okay, so we're in the register. At the top here, you can see this Reconcile button. We'll hit the Reconcile button.



You've got your statement handy. Let's say this is from May. We'll enter in the date, the ending date. This is May 31 that we're entering in. Then the beginning balance populates for you. You want to compare that to the statement and make sure it matches the beginning balance, because if not, you're not going to be starting off on the right foot, so it's important that that balance matches.



Then you'll enter in the ending balance from the statement. Let's just say in this example it's \$500. We read that on the statement, entered it in, hit Okay.

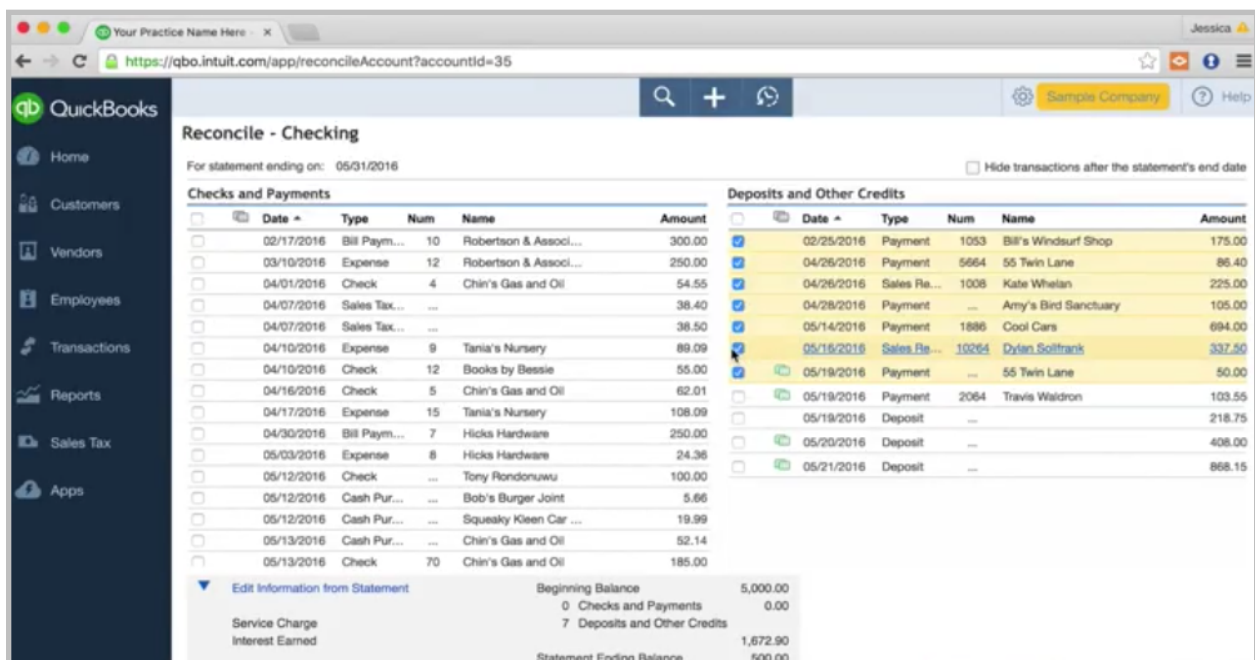


Then, QuickBooks is going to pull up all the transactions that happened in that period. When we see the little green square here, that means that it actually hit the bank, and you matched it up. If you don't see this green square, it didn't hit the bank. In these examples, where there is no green square, it was entered into QuickBooks, but it never actually hit your bank, or you didn't match it

up. Typically, when you come in here, you'll see all green squares. Maybe you'll see a couple that aren't matched up. That could be because it just hasn't hit the bank yet, and it's going to hit in the next couple of days. Then, it will match up on the next reconciliation. It could also be that you entered in a duplicate expense. For whatever reason, you're going to need to investigate that and see why there is not a green square.

Basically, what you're doing in the reconciliation, I like to start with a fresh slate, so I like to uncheck everything. Just a little trick here. This "hide transactions" after the statement's end date, I always uncheck that. Sometimes transactions will hide in that area, and they won't show up, so it's going to throw off your reconciliation, so just uncheck that. Go here, and check everything, and uncheck so that you sure that nothing is checked. Same thing over here.

Now you can start your matching process. You'll look on your statement.



**Reconcile - Checking**  
For statement ending on: 05/31/2016

Checks and Payments						Deposits and Other Credits					
Date	Type	Num	Name	Amount		Date	Type	Num	Name	Amount	
02/17/2016	Bill Paym...	10	Robertson & Associ...	300.00	<input type="checkbox"/>	02/25/2016	Payment	1053	Bill's Windsurf Shop	175.00	
03/10/2016	Expense	12	Robertson & Associ...	250.00	<input type="checkbox"/>	04/26/2016	Payment	5664	55 Twin Lane	86.40	
04/01/2016	Check	4	Chin's Gas and Oil	54.55	<input type="checkbox"/>	04/26/2016	Sales Re...	1008	Kate Whelan	225.00	
04/07/2016	Sales Tax...	...		38.40	<input type="checkbox"/>	04/28/2016	Payment	...	Amy's Bird Sanctuary	105.00	
04/07/2016	Sales Tax...	...		38.50	<input type="checkbox"/>	05/14/2016	Payment	1886	Cool Cars	694.00	
04/10/2016	Expense	9	Tania's Nursery	89.09	<input type="checkbox"/>	05/15/2016	Sales Re...	10264	Dylan Solfrank	537.50	
04/10/2016	Check	12	Books by Bessie	55.00	<input type="checkbox"/>	05/19/2016	Payment	...	55 Twin Lane	50.00	
04/16/2016	Check	5	Chin's Gas and Oil	62.01	<input type="checkbox"/>	05/19/2016	Payment	2064	Travis Waldron	103.55	
04/17/2016	Expense	15	Tania's Nursery	108.09	<input type="checkbox"/>	05/19/2016	Deposit	...		218.75	
04/30/2016	Bill Paym...	7	Hicks Hardware	250.00	<input type="checkbox"/>	05/20/2016	Deposit	...		408.00	
05/03/2016	Expense	8	Hicks Hardware	24.36	<input type="checkbox"/>	05/21/2016	Deposit	...		868.15	
05/12/2016	Check	...	Tony Rondonuwu	100.00	<input type="checkbox"/>						
05/12/2016	Cash Pur...	...	Bob's Burger Joint	5.66	<input type="checkbox"/>						
05/12/2016	Cash Pur...	...	Squeaky Kleen Car ...	19.99	<input type="checkbox"/>						
05/13/2016	Cash Pur...	...	Chin's Gas and Oil	52.14	<input type="checkbox"/>						
05/13/2016	Check	70	Chin's Gas and Oil	185.00	<input type="checkbox"/>						

**Summary:**  
 Edit Information from Statement: Beginning Balance 5,000.00  
 0 Checks and Payments 0.00  
 Service Charge 7 Deposits and Other Credits 1,672.90  
 Interest Earned  
 Statement Ending Balance 500.00

You would see do I see this charge for \$175 from Bill's Windsurf Shop? If yes, check it. You're just going to go through it. As you see it on the statement, check it off here. Again, most likely, if it's on the statement, then it should have a green square over here, meaning that it actually hit the bank, and you matched it up.

Once you go through and match everything that you see on your statement, you want to do it on both sides. Your deposits are on one side, and your checks and payments are on the other. Then, ideally, when that is done, this difference down here should be a zero. This is just an example, so in this one it's not going to be zero, but when you're doing an actual reconciliation and you're finished, the difference should be zero. If it's not, that means there is some discrepancy, so that's where you have to go in and investigate. Maybe there was an extra expense, like this one, for

example, that never matched to the bank. So, investigate why that never matched up. Maybe it's coming later, so we'll just uncheck it for now. Maybe it was a duplicate. If it's a duplicate, I can click into it. I don't need it, so I'm just going to delete it.

You do that little investigation process, and then hopefully you get to zero at that point. Once your difference is zero, then you can hit Finish Now. If your difference isn't zero, you don't want to hit Finish Now because it's going to try to create an adjusting entry, which we really want to try to avoid if at all possible. We'll just keep investigating until we can get to zero, and then you would hit Finish Now. I'm not going to finish this one, since this is not at zero.

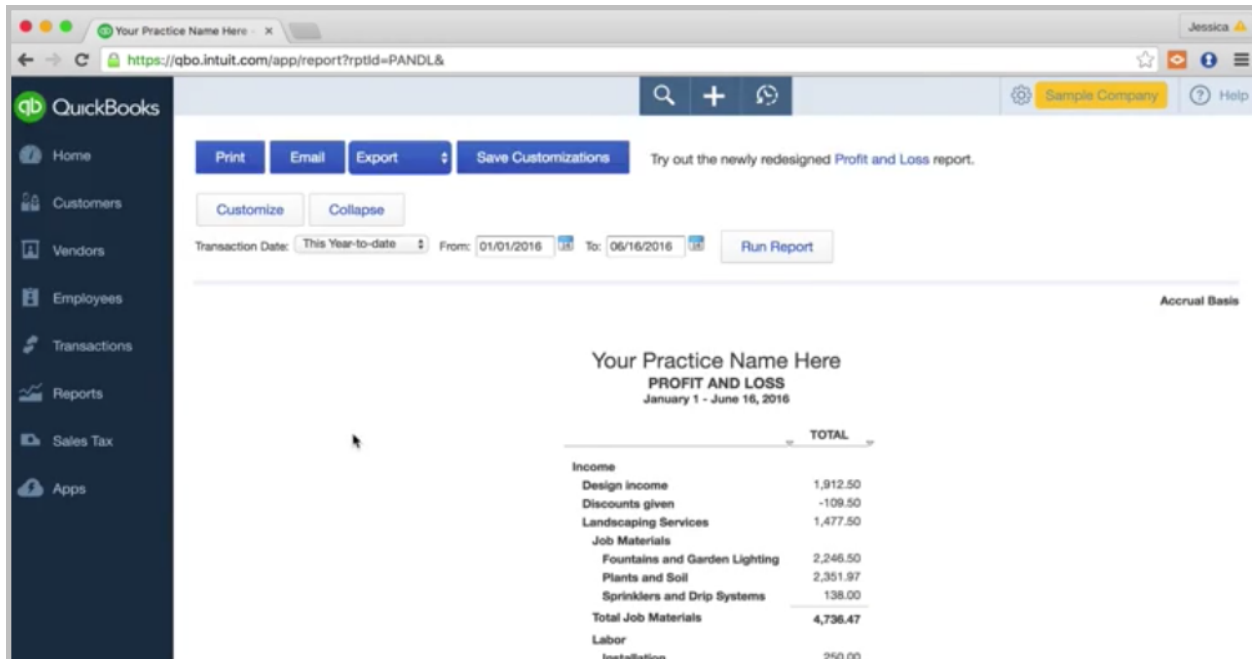
When you hit Finish Now, it's going to take you to a screen that shows you that you've reconciled it. You have the option there to click on the line that you just reconciled and print a report. That's a reconciliation report. I recommend that you file that reconciliation report with your bank statement that you just reconciled and with any supporting receipts that might be supporting all of your transactions here, any deposits, or any receipts or invoices. Then, file that in Dropbox. If you want to go out of this screen and come back later, you can always hit Finish Later.

All right, so that's the reconciliation process. We want to do that for all of your bank accounts and all of your credit cards, so that's something that will be done monthly for each account that you have connected here.

The last topic we're going to discuss is reporting. Reporting is very important because that is where you're going to see all of the data come together, so you're going to see what is going on in your business, what is your net income like, what is your balance sheet. Your balance sheet is a snapshot of how your business looks in time, so it will show your assets, basically what you own, and what you owe. That's what we always say for the balance sheet—what you owe and what you own. It's going to show any liabilities. It will show your equity.

I'll show you the two very basic reports that I would recommend running every month to help you be in touch with your business. There are tons of other reports that you can run just based on what you want to see about your business. Maybe you want to see a report of supplement sales or all the lab sales that you've had. You can pretty much slice and dice the information however you want it. You can even pull reports into Excel, so there are a lot of options, but I'll show you the Reporting center.

We'll go here to Reports. Let's just start with our first report.

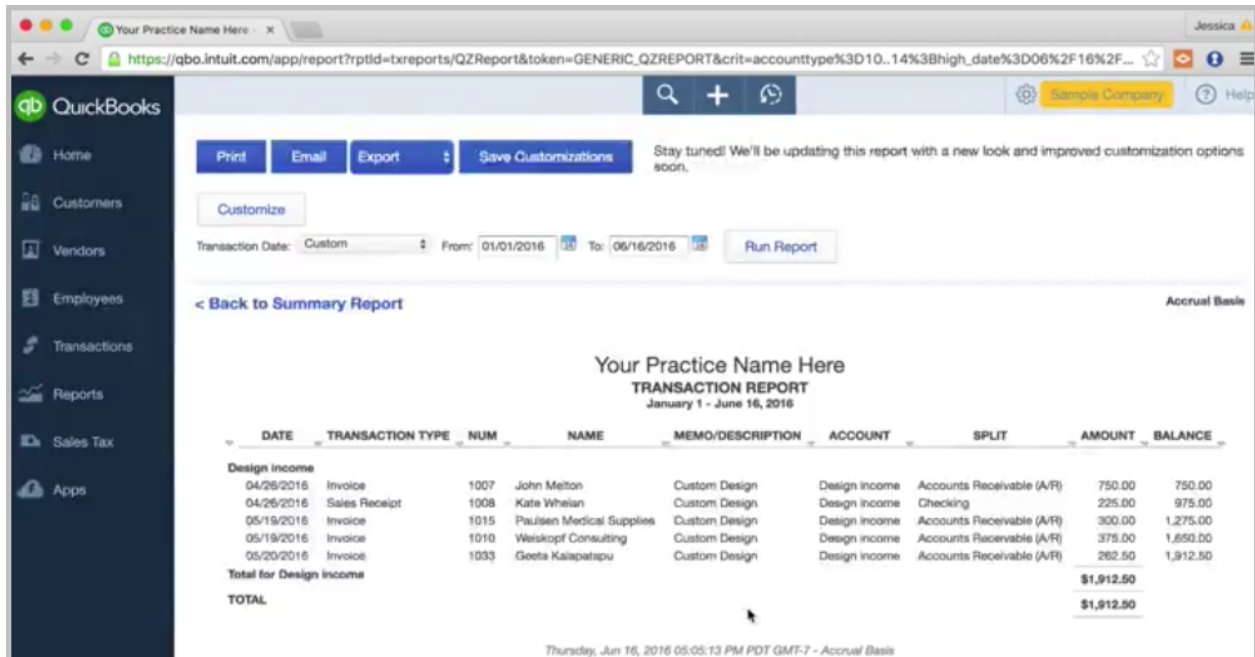


QuickBooks Profit and Loss Report for 'Your Practice Name Here' from 01/01/2016 to 06/16/2016. The report is based on the Accrual Basis.

	TOTAL
<b>Income</b>	
Design Income	1,912.50
Discounts given	-109.50
Landscaping Services	1,477.50
<b>Job Materials</b>	
Fountains and Garden Lighting	2,246.50
Plants and Soil	2,351.97
Sprinklers and Drip Systems	138.00
<b>Total Job Materials</b>	4,736.47
<b>Labor</b>	
Installation	250.00

I was talking about the profit and loss, and that's going to show your income minus your expenses to get to your net income. We'll see. This is our test account. We have this lawn services account. This is all of their income. You've got total income here, costs of goods sold to get to your gross profit. A gross profit is always income minus cost of goods sold. Then you have your expenses down here, more of your overhead-type expenses, and that will reach your net income.

This is a very telling report. There is a lot of information in here. You can always click into each line item.



Print | Email | Export | Save Customizations | Stay tuned! We'll be updating this report with a new look and improved customization options soon.

Customize | Transaction Date: Custom | From: 01/01/2016 | To: 06/16/2016 | Run Report

< Back to Summary Report | Accrual Basis

**Your Practice Name Here**  
**TRANSACTION REPORT**  
 January 1 - June 16, 2016

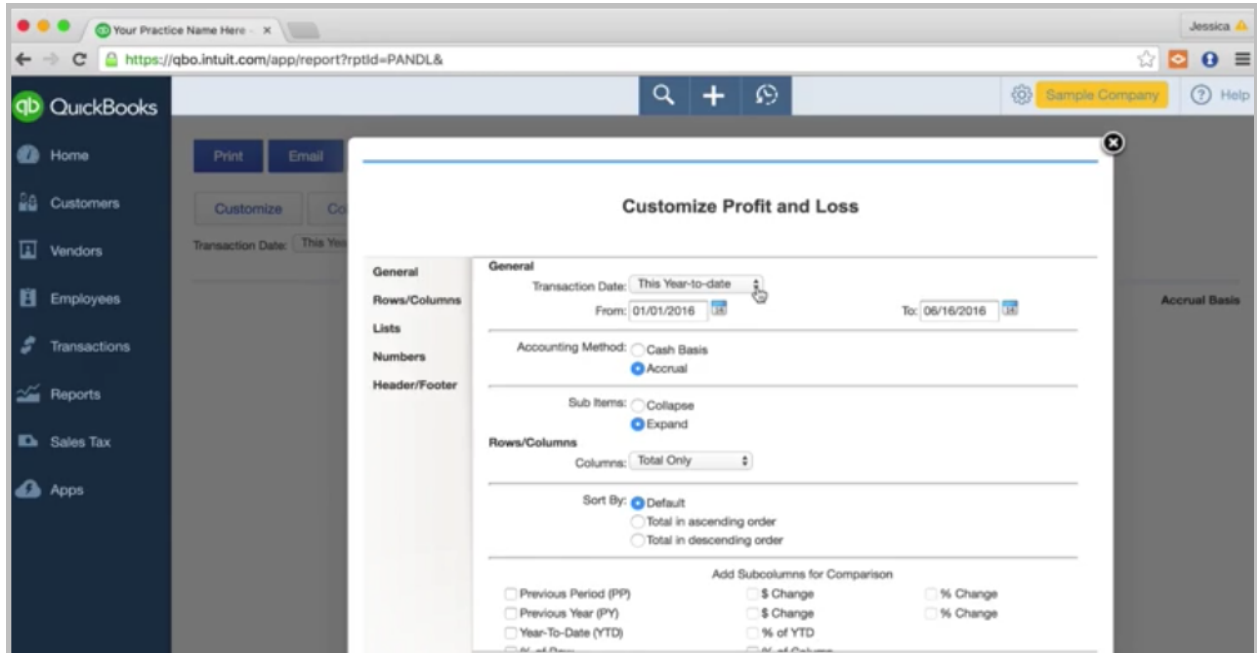
DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	SPLIT	AMOUNT	BALANCE
<b>Design income</b>								
04/26/2016	Invoice	1007	John Melton	Custom Design	Design income	Accounts Receivable (A/R)	750.00	750.00
04/26/2016	Sales Receipt	1008	Kata Whelan	Custom Design	Design income	Checking	225.00	975.00
05/19/2016	Invoice	1015	Paulsen Medical Supplies	Custom Design	Design income	Accounts Receivable (A/R)	300.00	1,275.00
05/19/2016	Invoice	1010	Weiskopf Consulting	Custom Design	Design income	Accounts Receivable (A/R)	375.00	1,650.00
05/20/2016	Invoice	1033	Geeta Kalapatapu	Custom Design	Design income	Accounts Receivable (A/R)	262.50	1,912.50
<b>Total for Design income</b>							<b>\$1,912.50</b>	
<b>TOTAL</b>							<b>\$1,912.50</b>	

Thursday, Jun 16, 2016 05:05:13 PM PDT GMT-7 - Accrual Basis

If you're curious what makes up Design Income, click right into it, and it will show you the line items that make up Design Income.

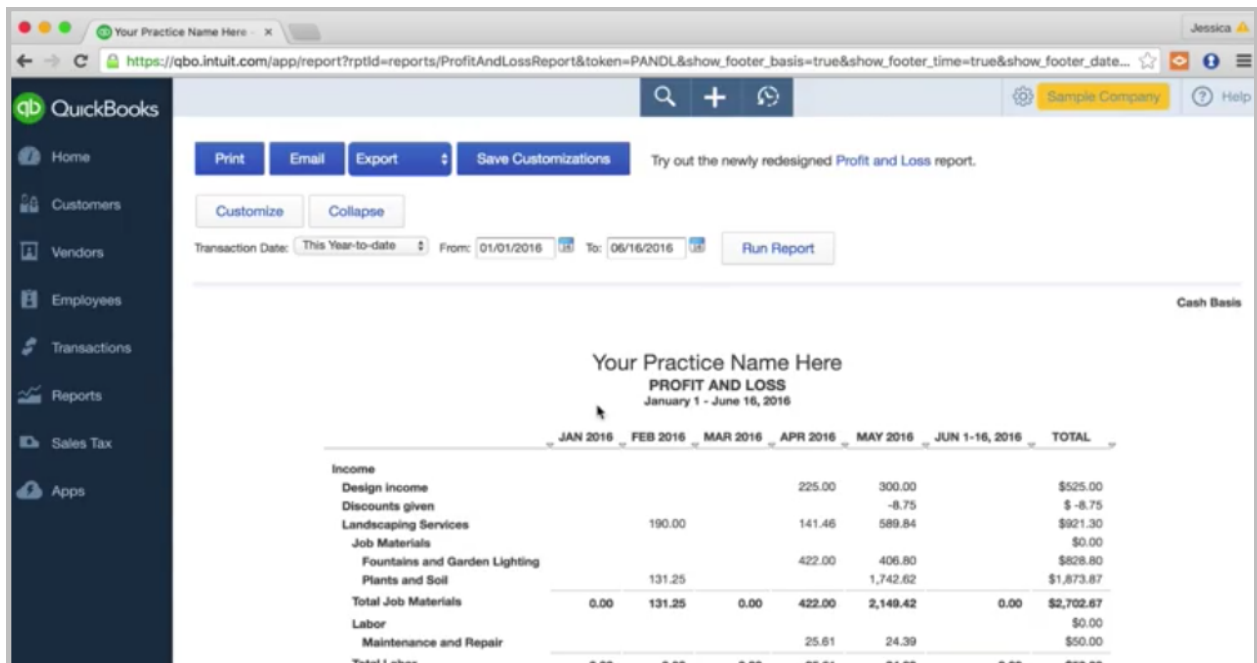
I typically recommend for people who are viewing the reports, if it is someone who has access to QuickBooks Online, then go ahead and grab the report from QuickBooks because then you can click into—it's more active. You can click into the different items, see what makes it up. I find that to be very helpful.

Okay, so this is your profit and loss. Now we have the option to customize reports and even save those customizations so you don't have to do the customization every month. Let's say we want to customize this report.



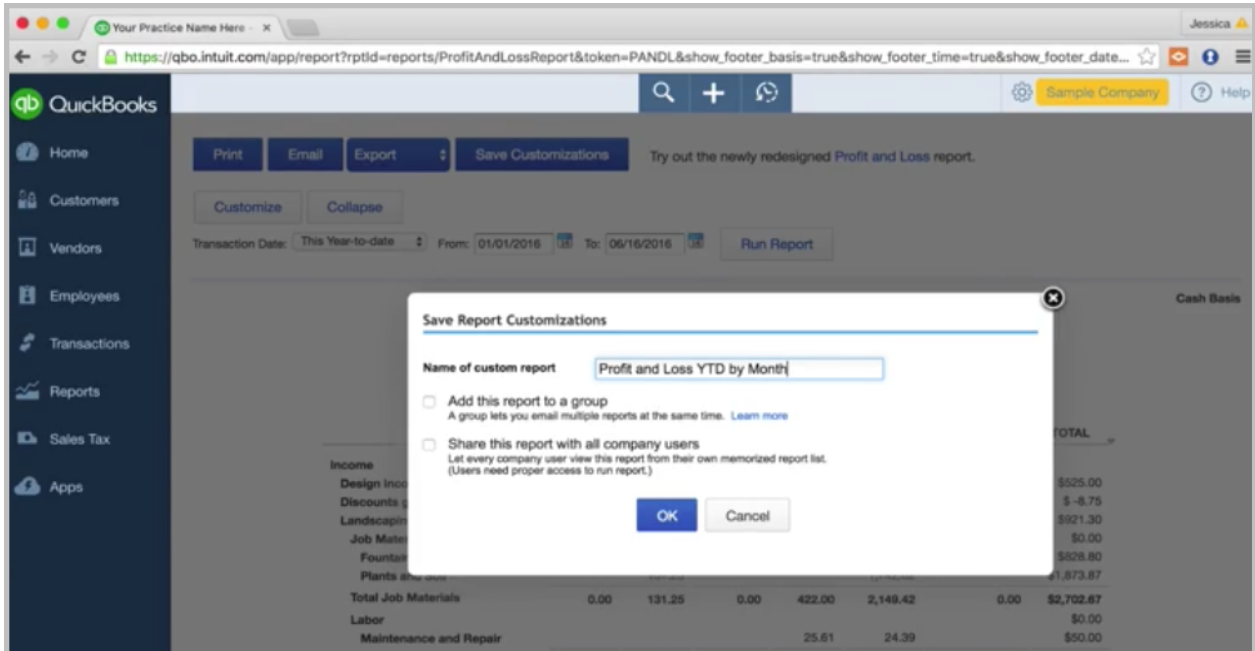
We're going to run it for this year-to-date. That's great. This year-to-date is showing everything from the beginning of the year to date. Cash basis is usually what you want unless you know that you're accrual based.

We want to see this one by month, so let's choose months, and then go ahead and hit Run Report.

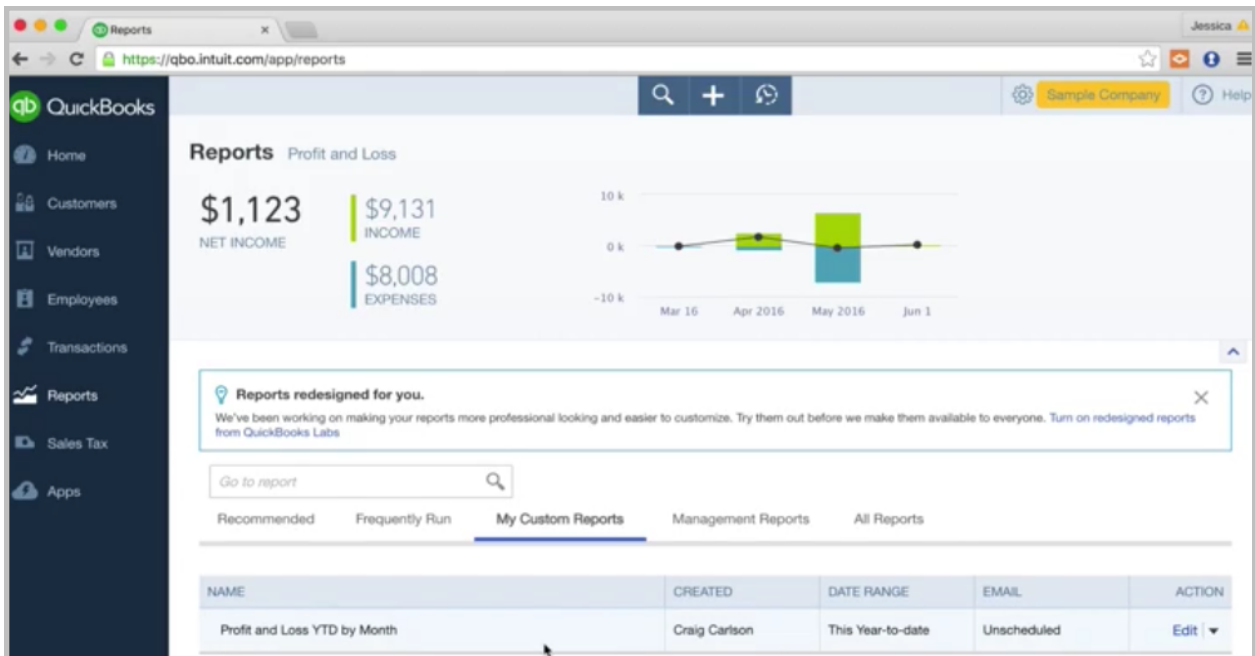


Now you'll see our profit and loss by month, a little bit more telling than the other report.



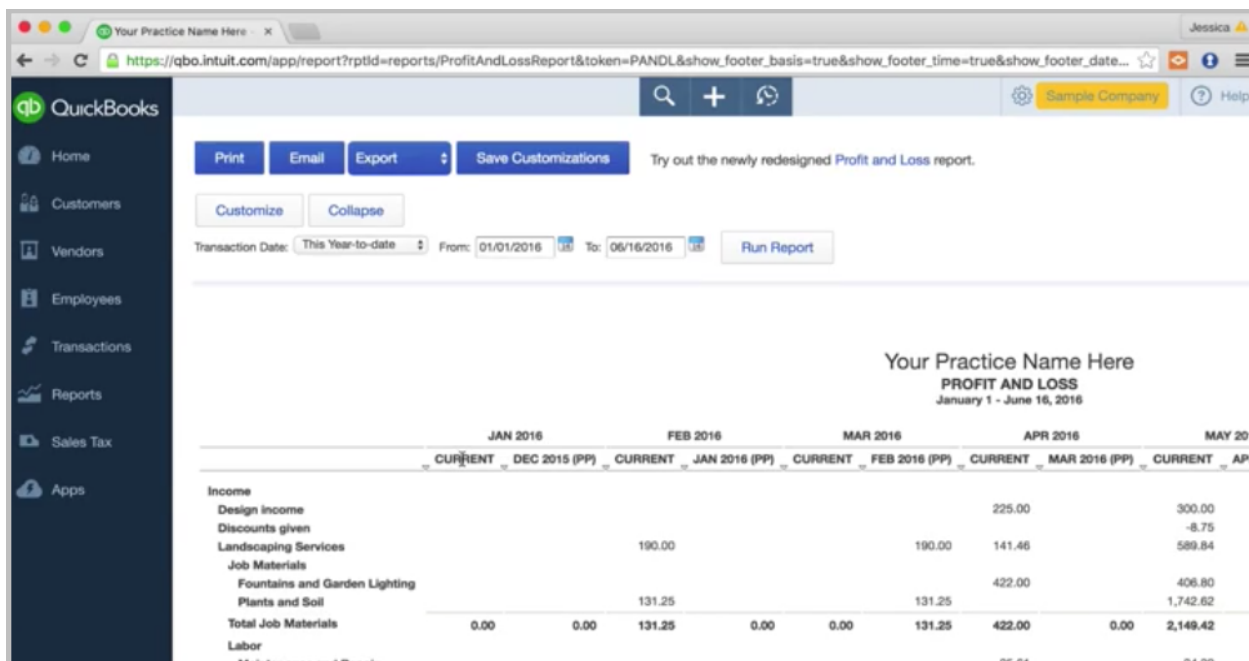


If I'm happy with this, and I know I want to run this every month, I'm going to save the customizations. I'll call this Profit and Loss YTD by Month. You can add it to a group if you want. You can have different groups with different types of reports in them. You usually want to share the report if you want other company users to be able to see it, so I'm going to click Share Report.



Okay. So, to show you where that ends up, you go to the reporting center, My Customer Reports. Now you have this listing of custom reports that you've created. That's very helpful, a big time saver.

We can always customize this further. It is really any way that you want to see the information. If you even want to compare—let's say we want to compare each month to a previous period. You can click Previous Period, Run Report.

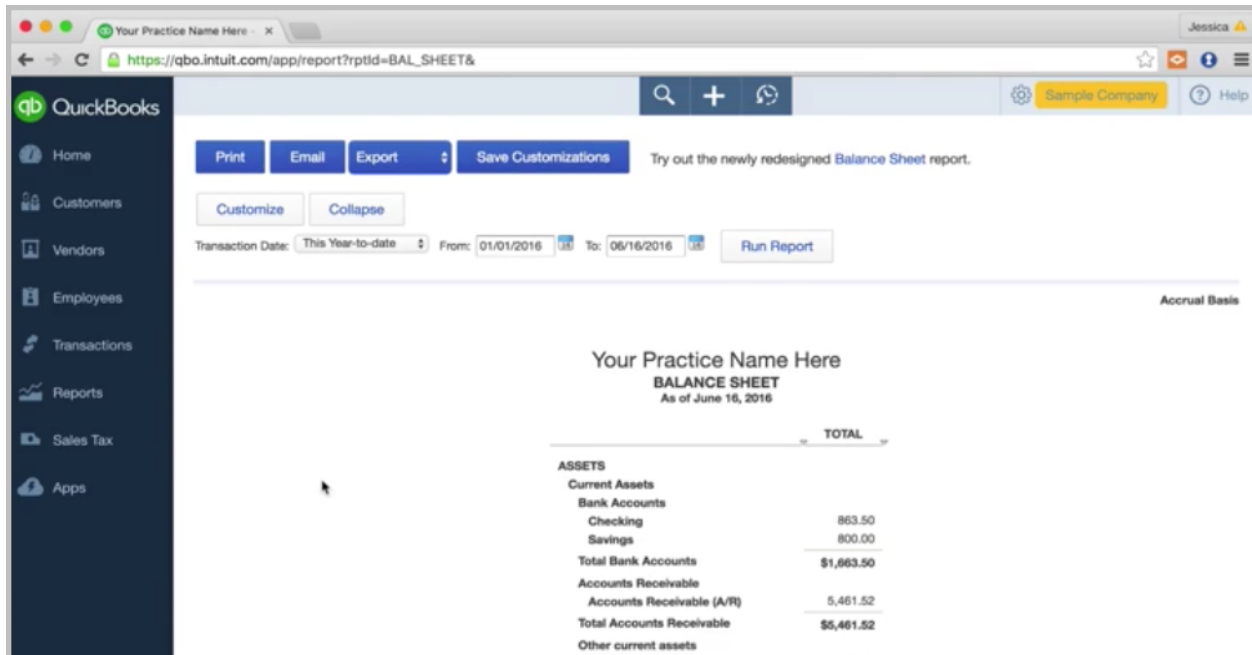


**Your Practice Name Here**  
**PROFIT AND LOSS**  
January 1 - June 16, 2016

	JAN 2016		FEB 2016		MAR 2016		APR 2016		MAY 2016
	CURRENT	DEC 2015 (PP)	CURRENT	JAN 2016 (PP)	CURRENT	FEB 2016 (PP)	CURRENT	MAR 2016 (PP)	CURRENT
<b>Income</b>									
Design Income							225.00		300.00
Discounts given									-8.75
Landscaping Services			190.00			190.00	141.46		589.84
Job Materials							422.00		406.80
Fountains and Garden Lighting									1,742.62
Plants and Soil			131.25			131.25			
<b>Total Job Materials</b>	<b>0.00</b>	<b>0.00</b>	<b>131.25</b>	<b>0.00</b>	<b>0.00</b>	<b>131.25</b>	<b>422.00</b>	<b>0.00</b>	<b>2,149.42</b>
Labor									

So, now I can compare this month to the previous month, so that can be helpful. You can run the profit and loss just by month if you just want to see it for the current month or for the past month. That's helpful. A lot of ways to look at it.

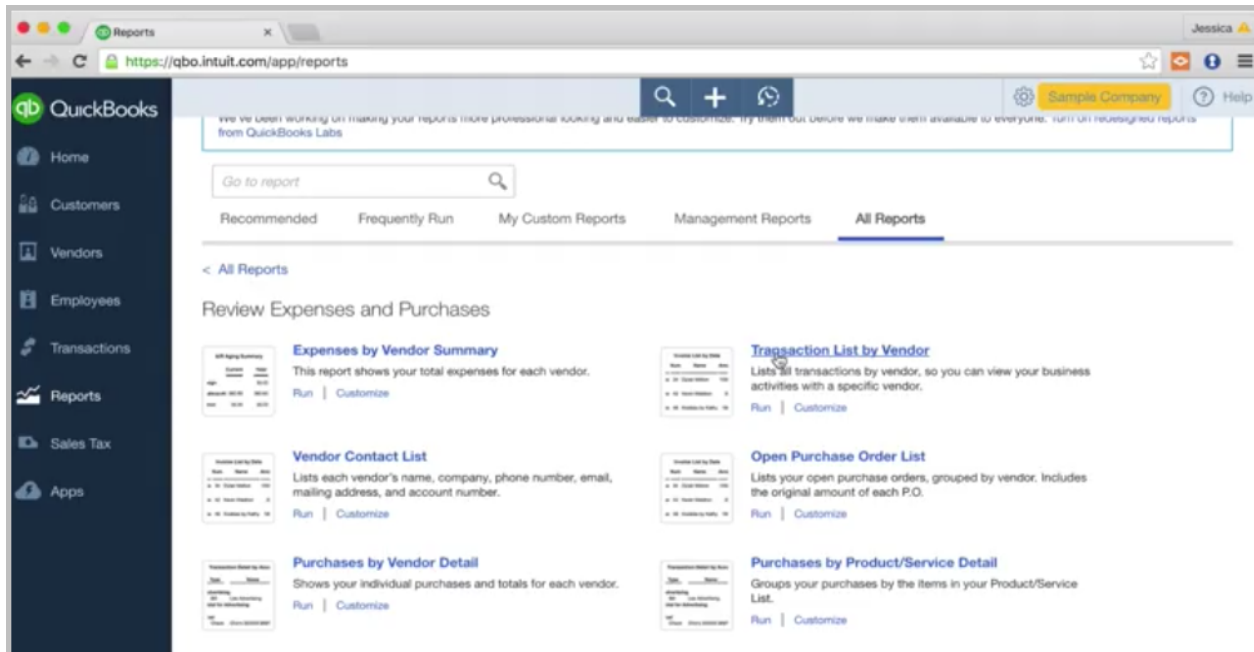
Let's go back and look at a balance sheet. That's another report that is very important for your business.



This one is run year-to-date. Like I was mentioning before, this is what you own and what you owe. You've got your assets up here, current assets such as your checking account, accounts receivable. You probably won't have accounts receivable, again, if you're doing your billing in an outside system. You might have inventory, so that would show up here. Fixed assets that you own. Then, you've got your liabilities and equity down here. Your assets will always balance with your liabilities and equity. Your liabilities will be things such as credit card balances that you owe, maybe sales tax, longer-term liabilities, and loans. Then your equity down here, we were talking about owner's contribution and owner's draw. That will show up when you have that set up, so you'll see how much you contributed to the business and how much you've drawn out of the business. Retained earnings is typically earnings from a past year that have been left in the business, so they're retained. Then, your net income shows up in here.

This is just another report to go through and look at and see if anything looks unusual to you. Start to notice. Start to be comfortable with your reports. Let's say—what's a good one? The board of equalization payable. You feel like you just paid this, and there shouldn't be a balance in there. Click on it and see what makes it up. Starting to get used to the various line items and aware of what is going on in each item.

I promised in the last module that I would show you a report that will help with running 1099s. Let's go to that. Go to All Reports.

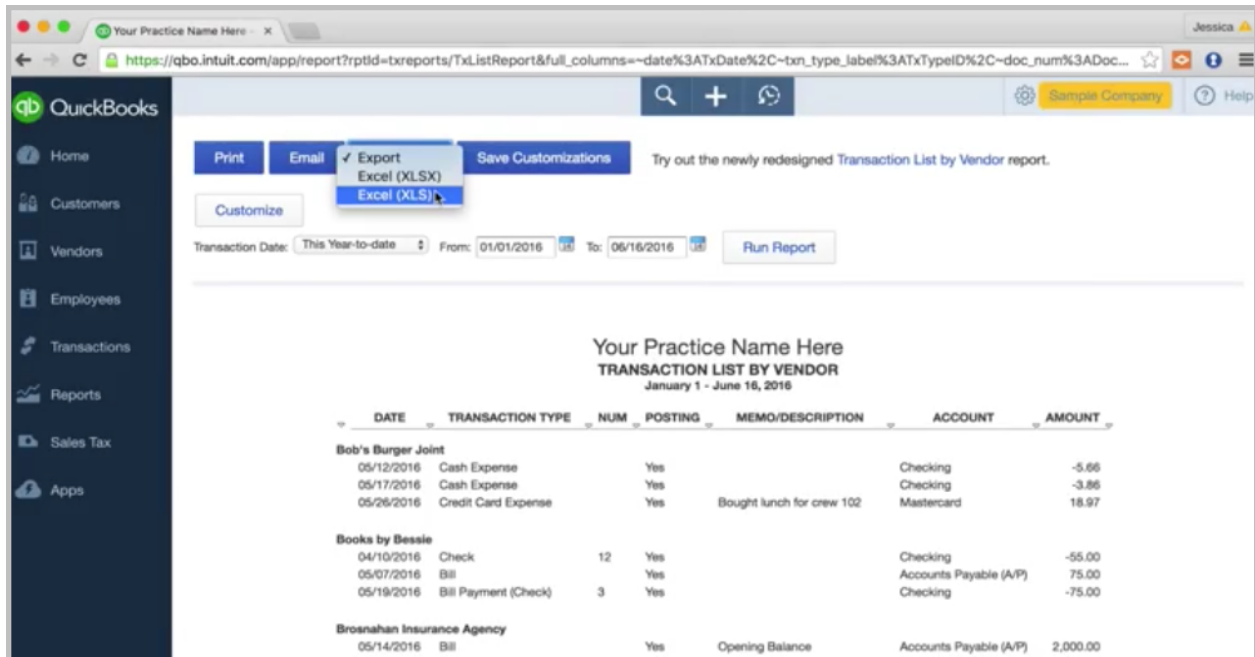


What this report is, it's a transaction list by vendor. Click on it. I'm going to run it for this year-to-date.

The screenshot shows the 'TRANSACTION LIST BY VENDOR' report for 'Your Practice Name Here' covering the period from January 1 to June 16, 2016. The report is displayed as a table with the following columns: DATE, TRANSACTION TYPE, NUM, POSTING, MEMO/DESCRIPTION, ACCOUNT, and AMOUNT.

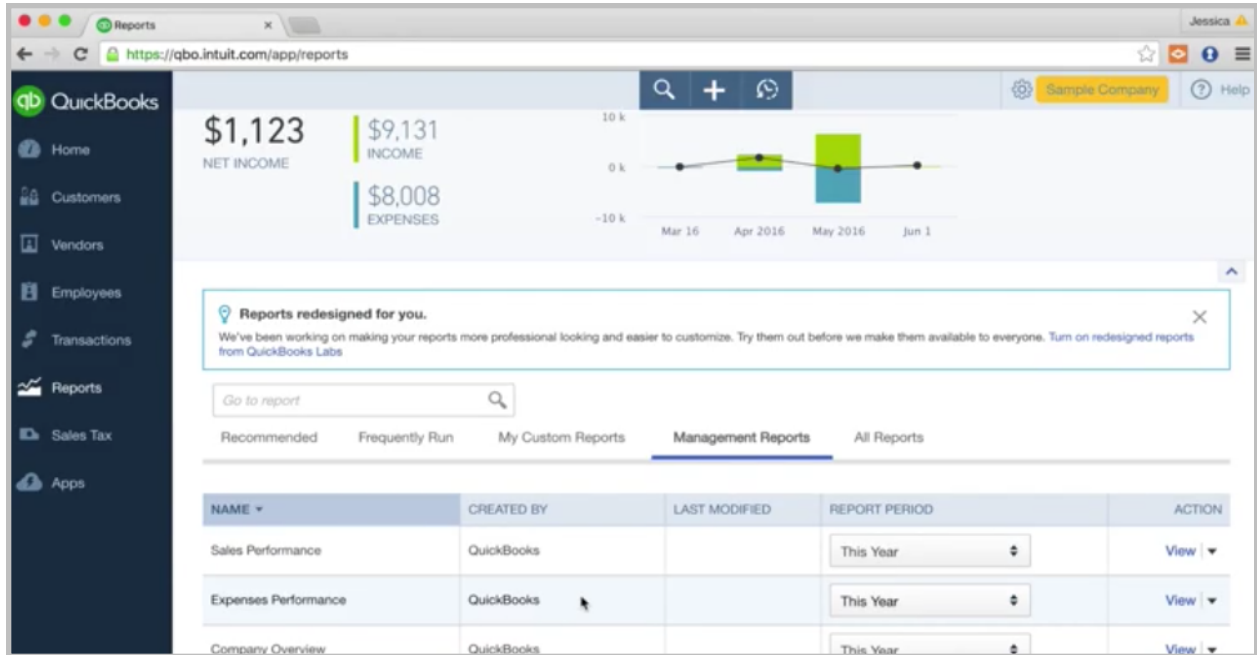
DATE	TRANSACTION TYPE	NUM	POSTING	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
<b>Bob's Burger Joint</b>						
05/12/2016	Cash Expense		Yes		Checking	-5.66
05/17/2016	Cash Expense		Yes		Checking	-3.85
05/26/2016	Credit Card Expense		Yes	Bought lunch for crew 102	Mastercard	18.97
<b>Books by Bessie</b>						
04/10/2016	Check	12	Yes		Checking	-55.00
05/07/2016	Bill		Yes		Accounts Payable (A/P)	75.00
05/19/2016	Bill Payment (Check)	3	Yes		Checking	-75.00
<b>Brosnahan Insurance Agency</b>						
05/14/2016	Bill		Yes	Opening Balance	Accounts Payable (A/P)	2,000.00
05/14/2016	Bill		Yes		Accounts Payable (A/P)	241.23
05/18/2016	Bill Payment (Check)	1	Yes		Checking	-2,000.00
<b>Cal Telephone</b>						
04/05/2016	Bill		Yes		Accounts Payable (A/P)	56.50
05/05/2016	Bill		Yes		Accounts Payable (A/P)	74.36
05/19/2016	Bill Payment (Credit Card)	1	Yes		Mastercard	74.36
05/21/2016	Bill Payment (Credit Card)	1	Yes		Mastercard	56.50
<b>Chin's Gas and Oil</b>						
04/01/2016	Check	4	Yes		Checking	-54.55
04/16/2016	Check	5	Yes		Checking	-62.01
05/06/2016	Expense	1	Yes		Mastercard	65.00

This will show a listing of each transaction for each vendor. If there are vendors that you need to 1099 at the end of the year, again, it's usually vendors that you've paid \$600 or more to, you can see that here. The annoying part about this report is there is no total. What I do is export it to Excel.

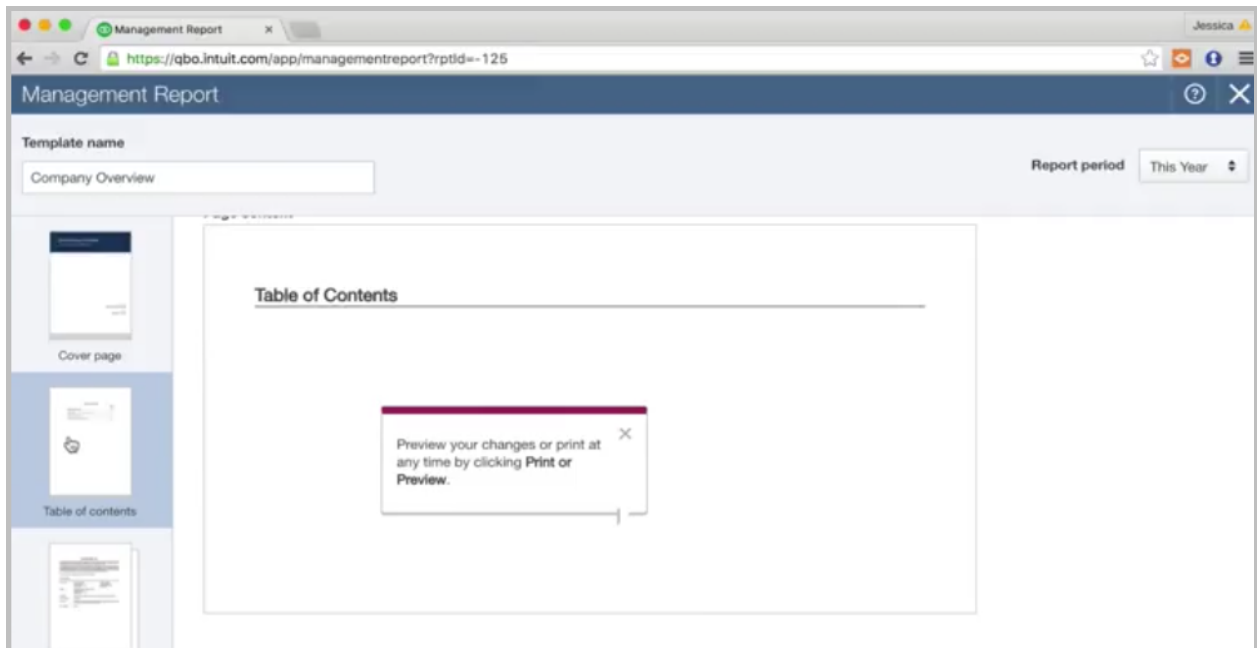


Up here, you can export to Excel. Then, I'll put in the totals on the Excel spreadsheet, and then I can see if different vendors are over \$600.

There are some other criteria that you want to look at before you issue a 1099 to a vendor. Like, for example, if they are a corporation, you don't have to issue a 1099. You would just want to look through the vendors, think about how much you paid them, and then also if there are any other criteria that maybe allow you to not issue a 1099. This is a very helpful report, and you can always save the customizations and save it to your Custom Reports.



Okay. One other thing I want to show up in the Reporting center is the management reports. This is a nice feature that allows you to put together a packet of reports. You can go into—let’s just take this company overview.



It will create a cover page. I’ll show you that. It will create a table of contents. Then, you’re able to—you can put notes in here. You’re able to pull in reports right here on this screen. You can add from the custom reports that you’ve created, and you can pull in a series of reports. Then, you can just

use this packet over and over, so every month you can run this, and you can give the whole packet to other partners, shareholders, other people who you want to review the reports with you. This makes it a lot easier, and then you don't have to pull out each report, download it, etc. You can just run this packet and have all the reports together, so kind of a nice feature.

Okay, so that ends our training. We've gone through a lot of information. We've gone through all of the centers pretty much: Reporting, Reconciling, Invoicing, Recording Expenses, the Banking center. Just play around in this test account. That can be a good way to sort of practice some of the material that we've gone over. Definitely reach out if you have any questions. Please enjoy QuickBooks Online. I think you'll really have a good time running your business through this software. I think it's great. So, again, reach out if you have questions, and thanks for watching.