

**RI Association of Public Accountants  
September 16, 2010**

**Performing Compilations & Reviews  
with QuickBooks®**

**Presented by:  
Anthony V. Ricci, CPA**



## About Anthony V. Ricci

- **Professional Experience**
  - **23 Years of Accounting, Tax and Accounting Information Systems (AIS)**
  - **Pres. of Anthony V. Ricci, CPA, Inc.**
- **Professional Membership**
  - **AICPA**
    - **PFS Credentialed**
    - **CITP Credentialed**
  - **RI Society of CPA's**
    - **Federal and State Tax Committee**
  - **RI Association of Public Accountants**
  - **Financial Planning Association of RI**

## Professional Designations

- **CPA – Certified Public Accountant**
- **CFP – Certified Financial Planner**
- **PFS – Personal Financial Specialist**
- **CITP – Certified Information Technology Specialist**
- **RFC – Registered Financial Consultant**
- **Certified QuickBooks ProAdvisor**
- **Advanced QuickBooks ProAdvisor**

- **Survey**

- **Question 1: How many people DO NOT perform Comps. or Reviews? ---- ie. Your strictly tax**
- **Question 2: How many prepare 20 or more comps.**
- **Question 3: Range of Experience using QB for YE**
  - **More than 10 yrs**
  - **More than 5 yrs**
  - **More than 1 yr**
- **How many CPA's are here today?**
- **PTIN Registration.....**

- **Identifying Data File Types in QuickBooks**
- **The easy years**
  - **.QBW – QuickBooks Working Data File (Live)**
  - **.QBB – QuickBooks Backup**
  - **.QBX – Accountant’s Transfer Data File**
  - **.QBA – Accountant’s Working Data File**
  - **.AIF – Accountant’s Review Copy (import file)**

- **Identifying Data File Types in QuickBooks (con't)**

**These are just a few more that are good to know.**

- **.QBW – QuickBooks Working Data File (Live)**
- **.QBB – QuickBooks Backup**
- **.QBX – Accountant’s review copy (export file)**
- **.QBY – Accountant’s review copy (export file)**
- **.QBA – Accountant’s review copy (working copy)**
- **.AIF – Accountant’s Review Copy (import file)**
- **.QBM – Portable Company File**
- **.ND – Network Data File**
- **.QBW.TLG – Transaction Log (for QuickBooks Company File)**

- **Managing Data File Size and Speed**
  - **Look at the set up and layout of network**
    - Identify type of Network
    - Identify data location
    - Identify hosting computer
  - **F2 button on keyboard**
    - This will give you valuable insight

### Product Information

Product QuickBooks: Premier Accountant Edition 2009 Release R7P  
License number 7958-1240-1822-624 REGISTERED  
Product number 623-812  
User Licenses 1  
Installed 10/10/2008

### Usage Information

Date First Used 10/10/2008 Number of Uses 483  
Audit Trail Enabled since 09/26/2005 14:42:02

### File Information

Location G:\data\QBW\~\QB Advanced Certification V2008 Files\Q1  
Filter Report test.QBW

File Size 36092 K  
Page Size 4096  
Total Transactions 2417  
Total Targets 27060  
Total Links 2819  
Dictionary Entries 708  
DB File Fragments 3  
Schema version 39.6  
Server Port 55333  
Server IP [redacted]  
Server Name QB\_1\_19  
# of Users Logged In 1

### Versions Used on File

V18.0D R1 10/21/2007  
V18.0D R6 05/01/2009  
V19.0D R7 06/09/2009

### Services Information

AuthID  
Company Realm ID null  
Online Billing Token  
Shopping Source Token

### Integrated Application Information

# of apps 1  
Last accessed 06/09/2009 12:38:24

### Clean Up Information

Last run None  
Last as of date None  
Last payroll deleted None  
Last inventory deleted None

### List Information

Total Accounts: 104  
Total Names: 126  
Customers: 22  
Vendors: 97  
Employees: 7  
Other Names: 0  
Total Items: 59

Free Memory 4194303 K

### Local Server Information

Hosting: Off Server IP DB Engine version 10.0.1.3712  
Initial Cache 32 Server Port 0  
Cache 64 Server Name

OK

Version and Release

File Location

File Size

Database Fragments

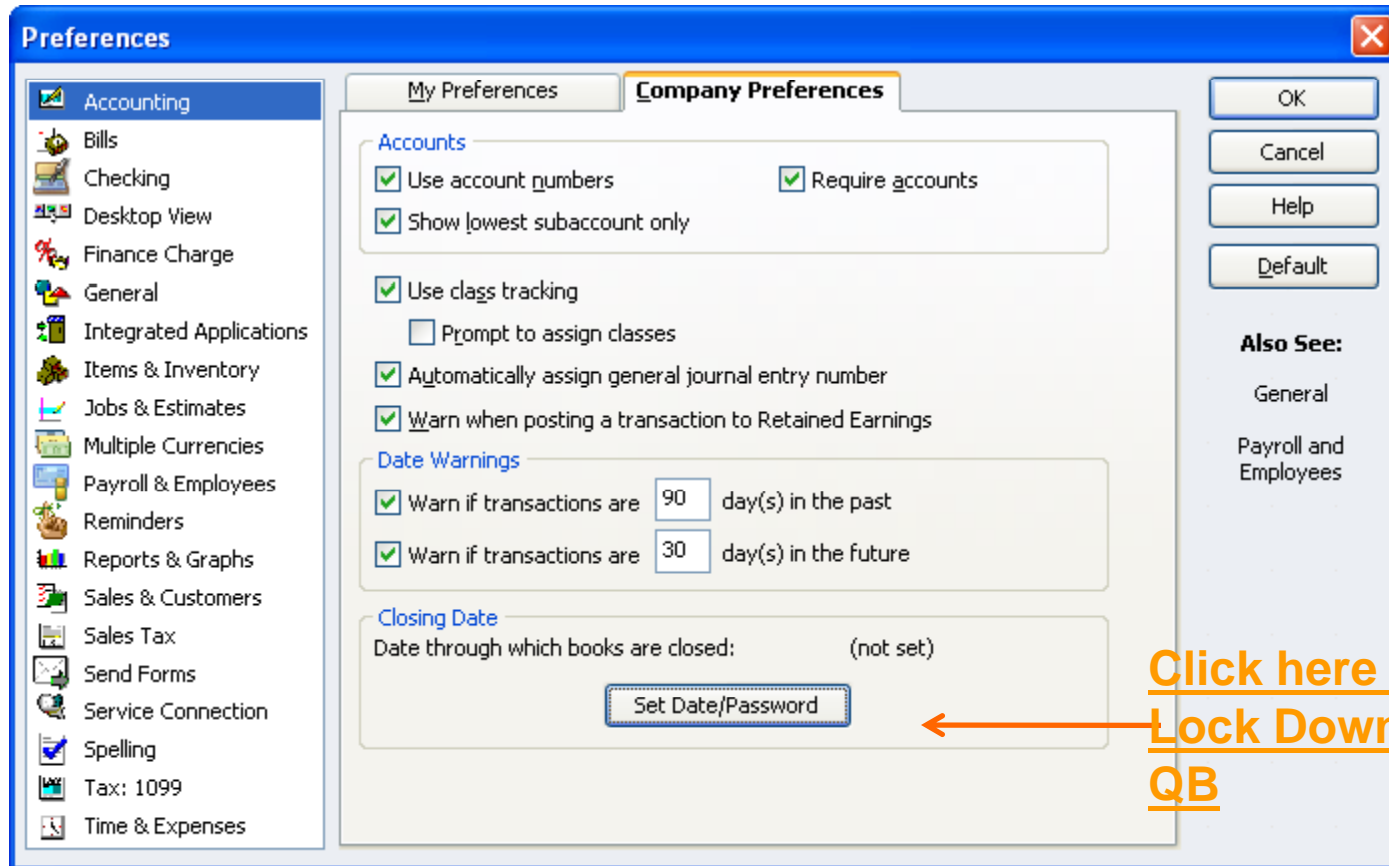
Server IP of Host

Server Name \_19

- **Section 3 – Preferences**

- **Preferences tell QuickBooks how to react and calculate**
- **First things First**
  - **Review the Preferences**
  - **Understand what they mean**
  - **Lock down the closing date**

- Section 3 – Preferences – Con't



- Section 3 – Preferences – Con't

**Set Closing Date and Password**

To keep your financial data secure, QuickBooks recommends assigning all other users their own username and password, in Company > Set Up Users.

**Date**  
QuickBooks will display a warning, or require a password, when saving a transaction dated on or before the closing date. [More details...](#)

Closing Date

**Password**  
Quickbooks strongly recommends setting a password to protect transactions dated on or before the closing date.

Closing Date Password

Confirm Password

To see changes made on or before the closing date, view the Report in Reports > Accountant & Taxes.

Type in closing Date

- **Preferences – Con't**

- **General Preferences**

- **Accountant's like the 10-Key.**
- **Automatically recall last transaction for this name.**
- **What default date would you like QB to use?**
- **Automatically open drop-down lists when typing.**
- **Turn off that annoying beep - beep.**

**Preferences** [X]

**My Preferences** | Company Preferences

- Pressing Enter moves between fields
- Automatically open drop-down lists when typing
- Beep when recording a transaction
- Automatically place decimal point
- Warn when editing a transaction
- Bring back all one time messages
- Turn off pop-up messages for products and services
- Show ToolTips for clipped text
- Warn when deleting a transaction or unused list item

**Automatically recall information**

- Automatically remember account or transaction information
  - Automatically recall last transaction for this name
  - Pre-fill accounts for vendor based on past entries

**Default Date to Use for New Transactions**

- Use today's date as default
- Use the last entered date as default

**Keep custom item information when changing item in transactions**

- Ask
- Always
- Never

OK  
Cancel  
Help  
Default

**Also See:**  
Reminders

## Preferences

- Accounting
- Bills
- Checking
- Desktop View
- Finance Charge
- General**
- Integrated Applications
- Items & Inventory
- Jobs & Estimates
- Multiple Currencies
- Payroll & Employees
- Reminders
- Reports & Graphs
- Sales & Customers
- Sales Tax
- Send Forms
- Service Connection
- Spelling
- Tax: 1099
- Time & Expenses

My Preferences

**Company Preferences**

### Time Format

Show portions of an hour as

- Decimal (10.20)
- Minutes (10:12)

- Always show years as 4 digits (1999)
- Never update name information when saving transactions
- Save transactions before printing

OK

Cancel

Help

Default

**Also See:**

Reminders

- **Preferences – Reports and Graphs**
  - **Report Basis**
    - Cash or Accrual
    - No other software can do this! (doesn't mean it's always right)
  - **Aging**
    - From due date or transaction date
  - **Show accounts by**
    - Name only, description only or both

- **Preferences – Sales Tax**
  - **Turn Sales Tax feature ON**
  - **Enter or modify sales tax types**
  - **Assign Sales Tax Codes**
    - **Non Taxable – Tax Exempt Org.**
    - **Non taxable – Resale**
    - **Non Taxable – Interstate Sales**
  - **When do you owe sales Tax?**
  - **When do you pay sales Tax?**

## Preferences – Sales Tax – Con't

The screenshot shows the 'Preferences' dialog box with the 'Sales Tax' category selected in the left-hand menu. The 'Company Preferences' tab is active, showing the following settings:

- Do you charge sales tax?**  Yes  No
- Set Up Sales Tax Item:** A section for adding sales tax items. It includes a button 'Add sales tax item...' and a dropdown menu for 'Your most common sales tax item' currently set to 'RI Sales Tax'. A link 'Show Examples' is also present.
- Assign Sales Tax Codes:** A section explaining that sales tax codes determine if items are taxable or non-taxable. It features two dropdown menus: 'Taxable item code' set to 'Tax' and 'Non-taxable item code' set to 'Non'. A checkbox 'Identify taxable amounts as "T" for "Taxable" when printing' is checked.
- When do you owe sales tax?:**  As of invoice date (Accrual Basis)  Upon receipt of payment (Cash Basis)
- When do you pay sales tax?:**  Monthly  Quarterly  Annually

On the right side of the dialog, there are buttons for 'OK', 'Cancel', 'Help', and 'Default'. Below these buttons, the 'Also See:' section lists 'General'.

## List Errors

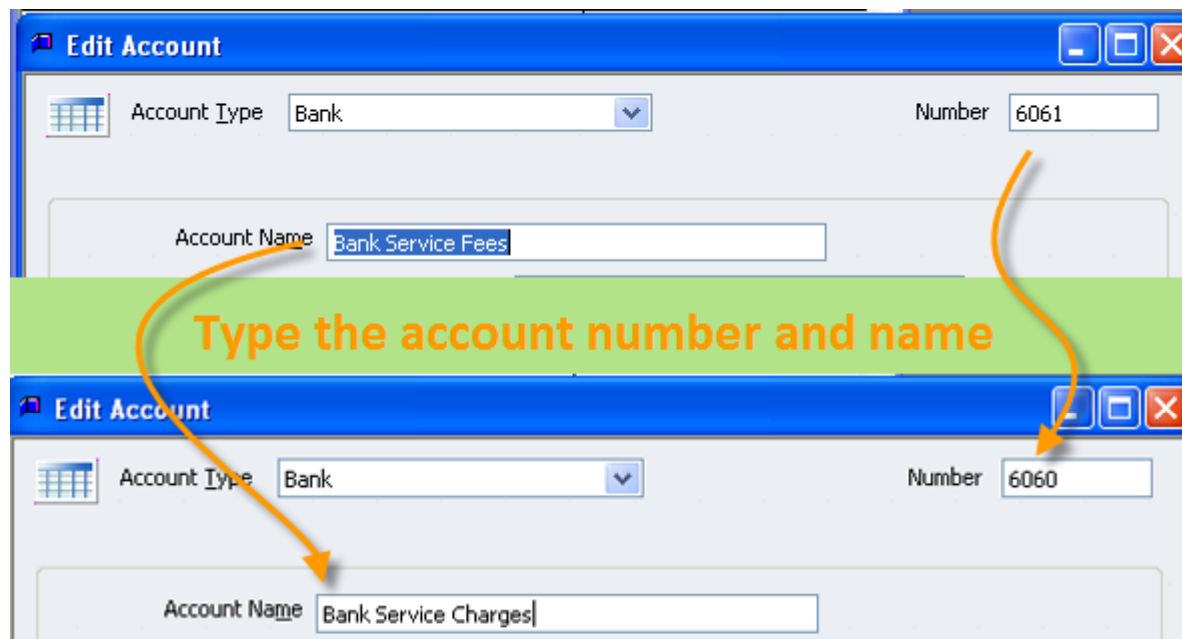
- **Common Errors:**
  - **Duplicate names**
  - **Accounts duplicated the function of Customers, Vendors, or Items**
  - **Numerous old accounts, customers, vendors or items**
  - **Numerous miscellaneous, one time vendors, customers, or items**
  - **Items setup and used incorrectly**

- List Errors – Con't

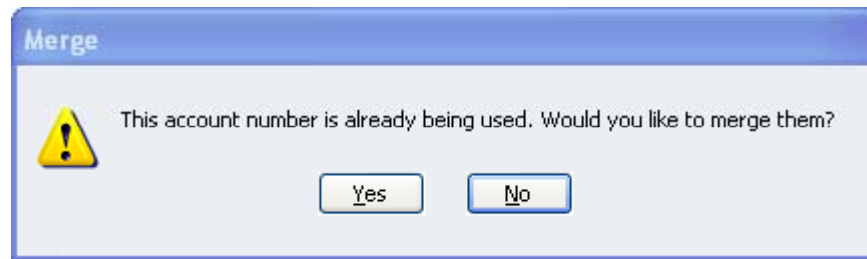
Name	Type
◆5210 · Job Labor (Gross Wages)	Cost of Goods Sold
◆5220 · Worker's Compensation Costs	Cost of Goods Sold
◆5230 · Direct Payroll Taxes	Cost of Goods Sold
◆5240 · Direct Employee Benefits	Cost of Goods Sold
◆6020 · Advertising	Expense
◆6040 · Amortization Expense	Expense
◆6050 · Bad Debt	Expense
◆6060 · Bank Service Charges	Expense
◆6061 · Bank Service Fees	Expense
◆6070 · Bad Debt	Expense
◆6075 · Bond Expense	Expense
◆6090 · Business License & Fees	Expense
◆6100 · Car/Truck Expense	Expense
◆6101 · Gas & Oil	Expense
◆6103 · Repairs & Maintenance	Expense

- **List Errors – Merging Accounts - Con't**
- **Click Lists>Chart of Accounts,**
  - **Highlight the account you want to change**
  - **Right click and choose Edit Account**
  - **Retype the account number and name exactly ax the one you wish to MERGE into.**

## List Errors – Merging Accounts - Con't



## List Errors – Merging Accounts - Con't



**Read carefully BEFORE clicking the Yes Button**

**This is not Microsoft.....**

- **List Errors – ITEMS**

- **Items handle the “behind the scenes accounting in QuickBooks. When you create an item, you link it to a GL account.**
- **At year-end or during your interim financial accounting review, you should analyze the Item list and the associated income and expense accounts they are linked to and uncover financial reporting errors.**

- **List Errors – ITEMS – Con't**
  - **The most common error in the Item List is that the same item is linked to both Purchase Documents AND Sales Documents.**
  - **The following example will show how the list item was used in error during a set up.**
  - **The appropriate expense account and income account was not programmed properly during setup**
  - **We call this a ONE SIDED ITEM**

## List Errors – ITEMS – Con't

*What does this really mean?*

**Edit Item**

Type: Service (Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.)

Item Name/Number: 08 Roof Framing (Subitem of: )

Unit of Measure: Enable...

This service is used in assemblies or is performed by a subcontractor or partner

Description: Roof Framing

Rate: 0.00

Tax Code: Non

Account: 4110 - Constr...

Buttons: OK, Cancel, Custom Fields, Spelling, Item is inactive

[How can I set rates by customers or employees?](#)

*Only points to one account*

Check this box and we convert a single sided item into two sided item

**List Errors – ITEMS – Con't**

**Edit Item**

Type: Service (Use for services you charge for or purchase, like specialized labor, consulting hours, or professional fees.)

Item Name/Number: 08 Roof Framing (Subitem of: )

Unit of Measure: Enable...

This service is used in assemblies or is performed by a subcontractor or partner

**Purchase Information**

Description on Purchase Transactions: Roof Framing

Cost: 0.00

Expense Account: 5110 · Job Related ...

Preferred Vendor:

**Sales Information**

Description on Sales Transactions: Roof Framing

Sales Price: 0.00

Tax Code: Non

Income Account: 4110 · Construction ...

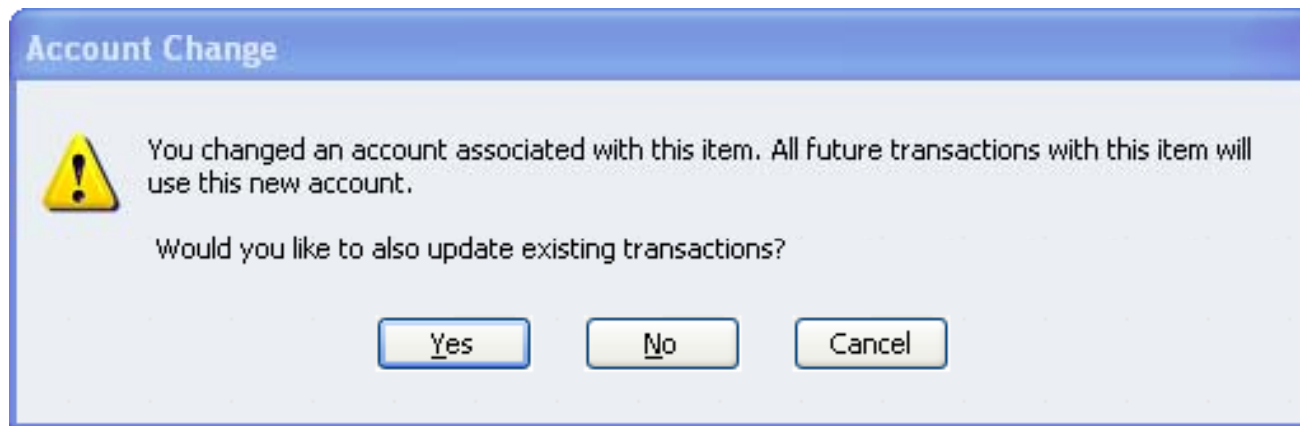
Buttons: OK, Cancel, Custom Fields, Spelling

Item is inactive

[How can I set rates by customers or employees?](#)

Split into sales and Purchases

- **List Errors – ITEMS – Con't**



*If you choose **YES**, the financials will be restated, before making this type of change, backup.*

***Remember this is not Microsoft***

GL Sales & COS

# ● Undeposited Funds

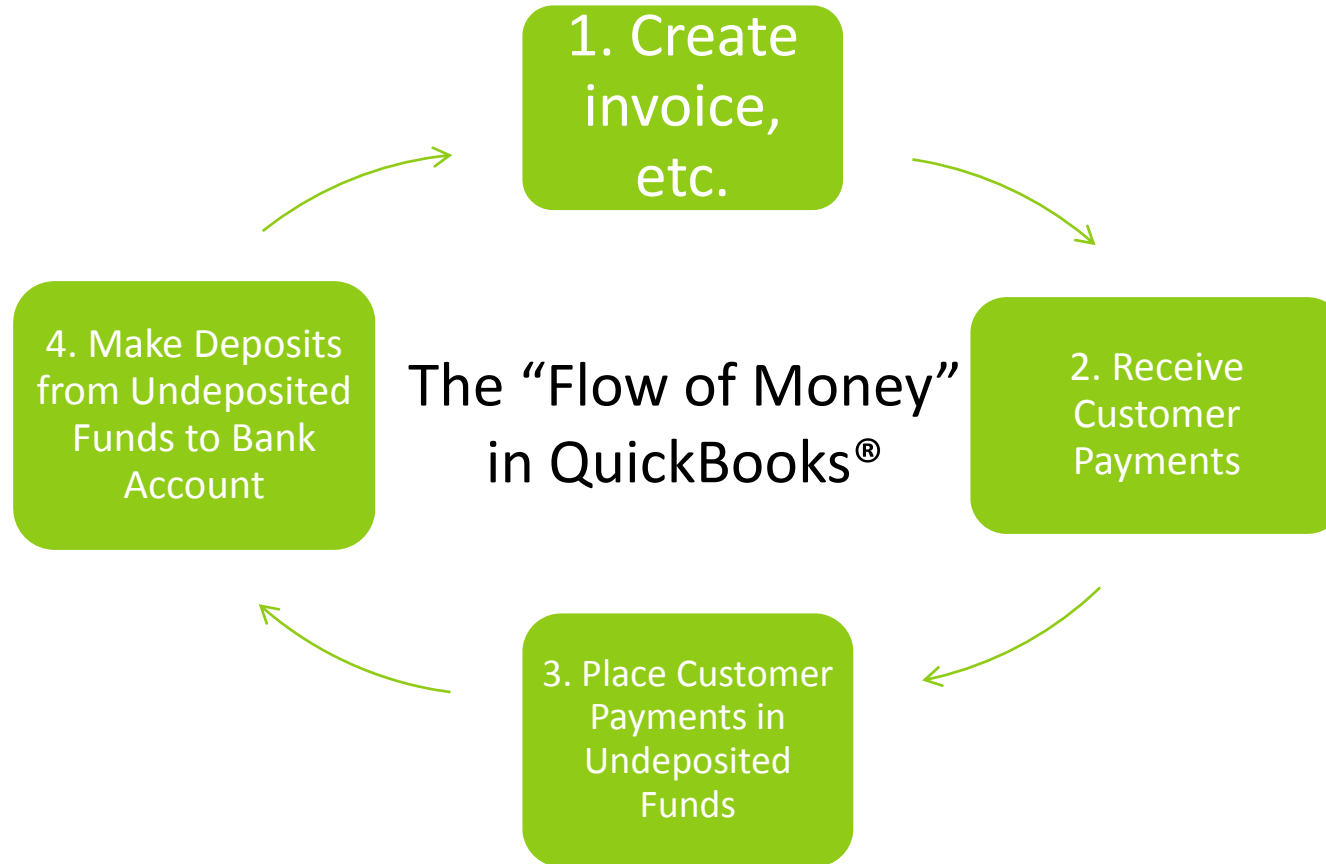
- **Growing balance in Undeposited Funds**
  - **User makes deposits without selecting payments from Undeposited funds and typically posts to an income account.**
  - **Deposits were entered directly into the checkbook register – typically posting to an income account.**
  - **What are the symptoms?**

- **Growing balance in Undeposited Funds – Con't**

**Symptoms:**

- **Accounts Receivable is high and A/R aging shows many old invoices.**
- **Growing balance in Undeposited funds.**
- **Income is unreasonably high.**
- **Bank account balance looks correct and probably even reconciled.**

- Growing balance in Undeposited Funds – Con’t



- **Growing balance in Undeposited Funds – Con’t**
- **Creating an Undeposited Funds Detail Report**
  - **This will show the detail of the balance to help determine if it is reasonable.**
  - **Select Reports>Custom Transaction Detail.**
  - **Select Date range of ALL**
  - **Select Filters Tab and change all accounts to Undeposited Funds account.**
  - **Select Cleared Filter and set to “no”**
  - **This report should agree with the total of Undeposited Funds on the Balance Sheet.**

- **Growing balance in Undeposited Funds – Con’t**
- **How do you know if a balance in Undeposited Funds is Correct at Year End?**
  1. **Open the Payments to be Deposited Window as of the current date to see if there is activity dated in the previous period.**
  2. **Provided you open the window at least 10 days after the fiscal year end, all activity on the Payments to be Deposited window should be dated within the current year.**

- Growing balance in Undeposited Funds – Con't

Transactions by Account

Modify Report... Memorize... Print... E-mail Export... Hide Header Expand Refresh

Dates All From To Total By Account list Sort By Default

9:25 AM  
12/15/07

RIAPA Troublshooting 1  
Transactions by Account  
Accrual Basis All Transactions

Type	Date	Num	Name	Clr	Split	Debit	Credit	Balance
Deposit	11/25/2007		Cook, Brian:Kitchen	✓	Checking		3,750.00	33,248.12
Payment	11/25/2007	87521	Pretell Real Estate:...	✓	Accounts Rec...	10,000.00		43,248.12
Payment	11/25/2007		Cook, Brian:2nd st...	✓	Accounts Rec...	4,500.00		47,748.12
Deposit	11/25/2007	87521	-MULTIPLE-	✓	Checking		14,500.00	33,248.12
Payment	11/25/2007	8754	Jacobsen, Doug:K...	✓	Accounts Rec...	1,200.00		34,448.12
Payment	11/25/2007	15785	Pretell Real Estate:...	✓	Accounts Rec...	5,435.00		39,883.12
Deposit	11/25/2007	8754	Jacobsen, Doug:K...	✓	Checking		1,200.00	38,683.12
Deposit	11/25/2007		Teichman, Tim:Kitc...	✓	Checking		4,264.78	34,418.34
Payment	12/02/2007		Smith, Lee:Patio	✓	Accounts Rec...	1,223.00		35,641.34
Payment	12/02/2007	9873	Robson, Darci:Rob...	✓	Accounts Rec...	445.00		36,086.34
Deposit	12/02/2007		-MULTIPLE-	✓	Checking		1,668.00	34,418.34
Payment	12/04/2007	4321	Prentice, Adelaide...	✓	Accounts Rec...	431.95		34,850.29

- Growing balance in Undeposited Funds – Con't

Transactions by Account

9:25 AM  
12/15/07

RIAPA Troubleshooting 1  
Transactions by Account

Accrual

Balance Sheet

9:24 AM  
12/15/07  
Accrual Basis  
As of November 30, 2007

		Debit	Credit	Balance
Dep			3,750.00	33,248.12
Pay		10,000.00		43,248.12
Pay		4,500.00		47,748.12
Dep			14,500.00	33,248.12
Pay		1,200.00		34,448.12
Pay		5,435.00		39,883.12
Dep			1,200.00	38,683.12
Dep	Employee Loans		4,264.78	34,418.34
Pay	Inventory Asset	1,223.00		35,641.34
Pay	Retainage	143.00		36,086.34
Dep	Undeposited Funds		1,668.00	34,418.34
Pay	Total Other Current Assets	431.95		34,850.29
Pay		1,005.00		35,855.29
Pay	Total Current Assets	440.00		36,295.29
Pay		1,000.00		37,295.29
Dep	Fixed Assets		1,000.00	36,295.29
Pay	Trucks	1,200.00		37,495.29
Dep	Original Cost		28,983.34	8,511.95
Dep	Depreciation		7,722.58	789.37

- Growing balance in Undeposited Funds – Con't

10:01 AM RIAPA Troublshooting 1

12/15/07 **Deposit Detail** 28983.34 + 5435.00 = 34,418.34

November 30 through December 15, 2007

Type	Num	Date	Name	Account	Amount
<b>Deposit</b>		<b>12/11/2007</b>		<b>Checking</b>	<b>28,983.34</b>
Payment	3402	04/11/2007	Fisher, Jennifer	Undeposited Funds	-5,164.00
Payment	5668	09/10/2007	Luke, Noelani.Kitch...	Undeposited Funds	-2,481.80
Payment	2957	09/23/2007	Dunn, Eric C.W.:Ut...	Undeposited Funds	-2,400.00
Payment	1556	09/26/2007	Johnson, Gordon:U...	Undeposited Funds	-2,400.00
Payment	41022	10/30/2007	Memeo, Jeanette	Undeposited Funds	-16,537.54
TOTAL					-28,983.34
<b>Deposit</b>		<b>12/11/2007</b>		<b>Checking</b>	<b>7,722.58</b>
Payment	15785	11/25/2007	Pretell Real Estate:...	Undeposited Funds	-5,435.00
Payment	4321	12/04/2007	Prentice, Adelaide...	Undeposited Funds	-431.95
Payment	3524	12/06/2007	Burch, Jason:Room...	Undeposited Funds	-1,005.00
Payment	5263	12/12/2007	Fisher, Jennifer	Undeposited Funds	-850.63
TOTAL					-7,722.58

GL TS1

- Growing balance in Undeposited Funds – Con't



- **QUIZ Question:**

- **Which answer represents the “flow of money” used in QuickBooks for receiving payments and making deposits?**

A. Customer payment to Bank Account

B. Vendor payment to Bank Account to Undeposited funds

C. Customer payment to Undeposited Funds to Bank Account

D. Customer payment to Bank Account to Undeposited Funds

- **QUIZ Question:**

- **A common error is to use the Write Checks window to pay a bill recorded in the Enter Bills window. How can this be fully corrected?**

A. Delete the purchase order

B. Delete the bill

C. Delete the client's data file

D. Delete the Check

- **QUIZ Question:**

- **Which of the following things to “two sided” items allow you to do?**

A. Track raw materials, labor costs, and other charges as part of the total item’s cost

B. Use a single item to track both income and expenses

C. Exceed the maximum number of items in QuickBooks

D. Lets you mark an item as taxable when sold.

- **Accounts Receivable**
- **Accounts Payable**

- **Accounts Receivable – Small open balances, open credits, or A/R does not tie to B/S**
  - **Common Errors:**
    - Payment not applied to a specific invoice
    - Credit issued and not applied to an invoice
    - Small balances need to be written off
    - A/R subsidiary ledger does not tie to the Balance Sheet.
  - **Symptoms:**
    - Open invoices report is lengthy with unapplied credits, payments and or small account balances.

- **Accounts Receivable – Small open balances, open credits, or A/R does not tie to B/S**
- **AVR's SOP number 135-a & b**
  - **Never make a JE to a client's live A/R account.**
  - **Always tie Open Invoices Report to Balance Sheet BEFORE you start analyzing A/R.**

- Accounts Receivable – Con't

The screenshot displays two side-by-side reports from QuickBooks. The left report is the 'Balance Sheet' for 'RIAPA Troubleshooting 1' as of 12/15/07. The right report is the 'Open Invoices' for the same company and date. A red circle highlights the 'Total Accounts Receivable' of 9,526.23 in the Balance Sheet. Another red circle highlights the total 'Open Balance' of 4,526.73 in the Open Invoices report. A red arrow points from the first circle to the second, indicating a discrepancy.

Category	Amount
<b>ASSETS</b>	
<b>Current Assets</b>	
Checking/Savings	
Bank Service Charges	47.50
Checking	48,700.84
Savings	44,368.42
<b>Total Checking/Savings</b>	<b>93,116.76</b>
Accounts Receivable	
Accounts Receivable	9,526.23
<b>Total Accounts Receivable</b>	<b>9,526.23</b>
<b>Other Current Assets</b>	
Tools & Equipment	5,000.00
Inventory Asset	43,173.61

Terms	Due Date	Aging	Open Balance
			175.00
Net 30	01/14/2008		271.53
			271.53
Net 15	12/24/2007		1.00
			1.00
			1.00
			<b>4,526.73</b>

How could this happen?

GL TS1



- **Troubleshooting Accounts Payable**
  - **A/P does not tie to Balance Sheet**
  - **AP Summary looks good**
  - **Unpaid Bills looks ugly!**
  - **AVR's SOP 136-a**
    - **If A/P needs a JE make the entry to an offset account, never to the client's live A/P account!**

- **Troubleshooting Accounts Payable – Con't**
- **Common Errors**
  - **Client enters bills then writes checks**
  - **There are unapplied vendor credits**
- **Symptoms**
  - **A/P balance is very high or wrong direction with lots of old bills.**
  - **Expenses seems unreasonably high.**
  - **The bank account balance appears correct**
  - **Numerous unapplied vendor credits**

- Troubleshooting Accounts Payable- Con't

Balance Sheet		A/P Aging Summary				
8:59 AM RIAPA Troublshooting 1 12/15/07 Balance Sheet Accrual Basis As of December 15, 2007		8:59 AM RIAPA Troublshooting 1 12/15/07 A/P Aging Summary As of December 15, 2007				
	◇ Dec 15, 07 ◇	◇ 31 - 60 ◇	◇ 61 - 90 ◇	◇ > 90 ◇	◇ TOTAL ◇	
Pre-paid Insurance	1,041.85	C.U. Electric	0.00	0.00	0.00	750.00
Total Other Assets	1,041.85	Cal Gas & Electric	0.00	0.00	125.00	124.99
<b>TOTAL ASSETS</b>	<b><u>179,727.47</u></b>	Hamlin Metal	0.00	0.00	0.00	670.00
<b>LIABILITIES &amp; EQUITY</b>		Hopkins Construction Rentals	0.00	0.00	0.00	700.00
Liabilities		Larson Flooring	0.00	0.00	0.00	40.00
Current Liabilities		Lew Plumbing	0.00	0.00	0.00	1,330.00
Accounts Payable		Middlefield Drywall	0.00	0.00	0.00	1,200.00
Accounts Payable	30,894.69	Patton Hardware Supplies	0.00	0.00	0.00	12,964.20
Total Accounts Payable	30,894.69	Perry Windows & Doors	1,800.00	0.00	0.00	7,405.00
Credit Cards		Sloan Roofing	0.00	0.00	0.00	0.00
QuickBooks Credit C...	70.00	Timberline Lumber	0.00	0.00	0.00	80.50
CalOil Card	71.02	Washuta & Son Painting	0.00	0.00	0.00	600.00
Total Credit Cards	141.02	Wheeler's Tile Etc.	0.00	0.00	0.00	1,250.00
		<b>TOTAL</b>	<b><u>1,800.00</u></b>	<b><u>0.00</u></b>	<b><u>125.00</u></b>	<b><u>27,114.69</u></b>

- Troubleshooting Accounts Payable- Con't

**A/P Aging Summary**

Modify Report... Memorize... Print... E-mail... Export... Hide Header Collapse Refresh

Dates Today 12/15/2007 Interval (days) 30 Through (days past due) 90

9:00 AM  
12/15/07

**RIAPA Troublshooting 1**  
**A/P Aging Summary**  
As of December 15, 2007

	◇ Current ◇	◇ 1 - 30 ◇	◇ 31 - 60 ◇	◇ 61 - 90 ◇	◇ > 90 ◇	◇ TOTAL ◇
C.U. Electric	750.00	0.00	0.00	0.00	0.00	750.00
<b>Cal Gas &amp; Electric</b>	<b>-0.01</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>125.00</b>	<b>124.99</b>
Hamlin Metal	670.00	0.00	0.00	0.00	0.00	670.00
Hopkins Construction Rentals	700.00	0.00	0.00	0.00	0.00	700.00
Larson Flooring	40.00	0.00	0.00	0.00	0.00	40.00
Lew Plumbing	1,330.00	0.00	0.00	0.00	0.00	1,330.00
Middlefield Drywall	1,200.00	0.00	0.00	0.00	0.00	1,200.00
Patton Hardware Supplies	9,505.00	3,459.20	0.00	0.00	0.00	12,964.20
Perry Windows & Doors	3,155.00	5,605.00	1,800.00	0.00	0.00	10,560.00
<b>Sloan Roofing</b>	<b>1,047.00</b>	<b>-1,047.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Timberloft Lumber	80.50	0.00	0.00	0.00	0.00	80.50
Washuta & Son Painting	600.00	0.00	0.00	0.00	0.00	600.00
Wheeler's Tile Etc.	1,250.00	0.00	625.00	0.00	0.00	1,875.00
<b>TOTAL</b>	<b><u>20,327.49</u></b>	<b><u>8,017.20</u></b>	<b><u>2,425.00</u></b>	<b><u>0.00</u></b>	<b><u>125.00</u></b>	<b><u>30,894.69</u></b>

Unpaid Bills Detail

Modify Report... Memorize... Print... E-mail Export... Hide Header Refresh Cash Advance Services

Dates Today 12/15/2007 Sort By Default

9:03 AM  
12/15/07

### RIAPA Troubleshooting 1 Unpaid Bills Detail As of December 15, 2007

Type	Date	Item	Due Date	Aging	Open Balance
Check	12/12/2007	309			-1,047.00
Bill	12/12/2007		01/11/2008		1,047.00
Total Sloan Roofing					0.00
<b>Timberloft Lumber</b>					
Bill	12/01/2007		12/31/2007		80.50
Total Timberloft Lumber					80.50
<b>Washuta &amp; Son Painting</b>					
Bill	12/12/2007		01/11/2008		600.00
Total Washuta & Son Painting					600.00
<b>Wheeler's Tile Etc.</b>					
Bill	10/15/2007		11/14/2007	31	625.00
Bill	12/05/2007	7893	01/04/2008		1,250.00
Total Wheeler's Tile Etc.					1,875.00
<b>TOTAL</b>					<b>30,894.69</b>

GL TS1

- **QUIZ Question:**

- You see an account called “Uncategorized Income” on the client’s Profit and Loss Statement. Which of the following may be the probable source

A. An Accounting Preference Setting

B. An Unapplied Credit to Accounts Receivable.

C. An error in the Easy Step Interview.

D. A new customer with an existing Balance in the Current Year.

- **QUIZ Question:**
  - **Which of the following accounts is created automatically in QuickBooks?**

A. Opening Balance Equity

B. Accounts Payable

C. Sales Tax Expense

D. Checking

● Cash

● Bank Rec.'s

- **Banking – Troubleshooting Cash**
  - **Errors**
    - **Stale outstanding checks and other disbursements.**
    - **Duplicate entries**
    - **Bank rec's haven't been done in years.**
    - **Bank rec's Balance, but lots of Deposits in Transit.**
    - **Reconciliation Discrepancies on the P&L.**
    - **Deleted a cleared transaction**
    - **On and on.....**

- **Banking – Troubleshooting Cash – Con't**
- **Setting the stage:**
  - **Client states that bank rec's are done every month.**
  - **Check register balance agrees to bank rec.**

Name	Type	Balance Total
◊Checking, Citizens	Bank	4,370.03
◊Accounts Receivable	Accounts Receivable	150,033.83
◊Undeposited Funds	Other Current Asset	102,609.84
◊Accounts Payable	Accounts Payable	10,348.00
◊Payroll Liabilities	Other Current Liability	0.00
◊Sales Tax Payable	Other Current Liability	3,825.25
◊Officer Loan	Long Term Liability	-225.00
◊Opening Bal Equity	Equity	1,937.64
◊Retained Earnings	Equity	
◊Charges and Other Income	Income	
◊Dep Corection	Income	
◊Returned check chrgs.	Income	

Account    Activities    Reports     Include inactive

- Banking – Troubleshooting Cash – Con't

Reconcile - Checking, Citizens

For period: 05/31/2009  Hide transactions after the statement's end date

Checks and Payments					Deposits and Other Credits				
✓	Date ▲	Chk #	P..	Amount	✓	Date ▲	Memo	Type	Amount
	06/27/2001			53.94		06/19/2001	Accou...	DEP	1,744.00
	06/27/2001	991	AAP	500.00		07/07/2001		DEP	4,180.38
	07/06/2001	1001	M...	300.00		07/07/2001		DEP	645.94
	07/07/2001	1002	R...	25.00		07/17/2001		DEP	546.88
	07/10/2001	1003	S...	50.00		07/18/2001		DEP	685.92
	07/11/2001	1004	P...	512.15		07/23/2001		DEP	465.47
	07/11/2001	1005	L...	208.29		07/23/2001		DEP	683.34
	07/12/2001	1006	P...	2,525.00		07/27/2001		DEP	1,035.44
	07/17/2001	1007	H...	79.00		08/03/2001		DEP	1,186.87
	07/17/2001	1008	S...	50.00		08/06/2001		DEP	617.00
	07/18/2001	1009	B...	5.40		08/06/2001		DEP	413.45
	07/18/2001	1010	Si...	100.00		08/10/2001		DEP	2,002.96

Buttons: Mark All, Unmark All, Go To, Columns to Display...

Beginning Balance	0.00	
Items you have marked cleared		
54 Deposits and Other Credits	0.00	
1 Checks and Payments	331.60	

Modify	Service Charge	0.00
	Interest Earned	0.00
	Ending Balance	0.00
	Cleared Balance	-331.60
	Difference	331.60

Buttons: Reconcile Now, Leave

- **Banking – Troubleshooting Cash – Con't**

- **Your Options:**

- **Start from scratch (pros and cons)**
- **Reconcile from 2001 forward.**
- **Bye Bye**
- **One Massive Bank Rec.**
- **Several Bank Rec's**

- **Remember your client's current cash balance in their check register is correct!**
- Quiz**

- **QUIZ Question:**

- **What shortcut might you use if a client has never reconciled the checking account or there are tons of old transactions in the bank**

A. Reconcile each month in order from the beginning.

B. Review the audit trail for possible errors

C. Make the bank account inactive and add a new account with the correct balance.

D. Reconcile the last month only and treat the entire history of the bank account as one big statement.

# ● EQUITY

- Some have it, some don't, some think they have it and really don't.

- **Opening Balance Equity – How crazy is this!**
  - **Generation X accounting**
  - **It exists only in the world according to QuickBooks.**
  - **It's our pet peeve too!**
  - **We must learn to live with it.**
  - **That being said, it's off our chest. Don't we feel better?**
  - **Lets figure out how to get rid of it and keep it from coming back.**

**Add New Account**

Account Type: Long Term Liability

**Add a new Account. and look at this**

Account Name: New Long Term Liability Account

Subaccount of: [Dropdown]

Optional

Description: [Text Box]

Account No.: [Text Box]

Tax-Line Mapping: <Unassigned> [How do I choose the right tax line?](#)

**Enter Opening Balance...** [Should I enter an opening balance?](#)

**WOW**

**Enter opening balance: Long Term Liability Account**

Enter the balance this account had on the day before your [QuickBooks start date](#).

**Attention:** If this account **did not** have a balance before your QuickBooks start date, click **Cancel** and use a transaction to put money in this account. [Example transactions](#)

Opening Balance [Text Box] as of [Text Box]

OK Cancel Help

this

- **Opening Balance Equity – How crazy is this!**
  - **Until a transaction is posted to this account, this feature will be enabled.**
  - **Train your clients never to enter an Opening balance!**
  - **If they are not trainable, get paid to fix it!**
  - **Drill down to the detail and make journal entries to re-class it out to the proper account**

Balance Sheet

Modify Report... Memorize... Print... E-mail Export... Hide Header

Dates Custom As of 11/30/2007 Columns Total only

9:58 AM  
12/15/07

**RIAPA Troubleshooting 1**  
**Balance Sheet**  
Accrual Basis As of November 30, 2007

	◇ <u>Nov 30, 07</u> ◇
Note Payable	18,440.83
Truck Loan	<u>6,162.77</u>
<b>Total Long Term Liabilities</b>	<u>48,447.57</u>
<b>Total Liabilities</b>	108,495.84
<b>Equity</b>	
Opening Bal Equity	-22,830.18
Owner's Contribution	25,000.00
Owner's Draw	<u>-6,000.00</u>
<b>Total Owner's Equity</b>	19,000.00
Retained Earnings	77,668.71
Net Income	<u>-6,930.40</u>
<b>Total Equity</b>	<u>66,908.13</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>175,403.97</b></u>

- **Equity - Why does it keep changing?**
  - Unlike most accounting software, which is period driven, QuickBooks is date driven.
  - The strength in QuickBooks is the ease at which data is entered or changed.
  - This strength is also its major weakness!
  - Over the years, lots of improvements have been made to help minimize the changes in “closed periods”.
  - As accountants, we can track the changes easier if we make certain key journal entries.

- **Equity - Why does it keep changing, and how can I track it easier?**
  - **Set up the Chart of accounts to show client changes to prior periods.... At a quick glance.**
  - **Make an Journal entry and zero out current year Owners Draw, Shareholder, Partner's or Member's Distributions.**
  - **Make a Journal entry to Zero out the "system" generated equity account at year end.**
  - **Set the Close Date in the Preferences.**
  - **Set up a password if it really gets annoying.**

- Equity - Why does it keep changing, and how can I track it easier?

Name	Type	Balance Total
◆ New Long Term Liability Account	Long Term Liability	25,500.00
◆ Officer Loan	Long Term Liability	-225.00
◆ AAA	Equity	0.00
◆ Opening Bal Equity	Equity	-23,562.36
◆ Owner's Draw-Current Year	Equity	0.00
◆ Owners Equity Prior Years	Equity	0.00
◆ <b>*Retained Earnings</b>	<b>Equity</b>	
◆ Services	Income	
◆ Sales - Parts	Income	
◆ Charges and Other Income	Income	

Account    Activities    Reports     Include inactive

- **Equity - Why does it keep changing and how can I track it easier?**

**Must set closing first, Then this report will help. But not always.**

Reports	Online Services	Window	Help
Report Center			
Company Snapshot			
Memorized Reports			
Process Multiple Reports			
Intuit Statement Writer			
<hr/>			
Company & Financial			
Customers & Receivables			
Sales			
Jobs, Time & Mileage			
Vendors & Payables			
Employees & Payroll			
Banking			
<b>Accountant &amp; Taxes</b>			
Budgets & Forecasts			
List			
Industry Specific			
<hr/>			
Custom Summary Report			
Custom Transaction Detail Report			
<hr/>			
QuickReport			Ctrl+Q
Transaction History			
Transaction Journal			

Adjusted Trial Balance	
Trial Balance	
General Ledger	
Transaction Detail by Account	
Adjusting Journal Entries	
Journal	
<hr/>	
Audit Trail	
<b>Closing Date Exception Report</b>	
Customer Credit Card Audit Trail	
Voided/Deleted Transactions Summary	
Voided/Deleted Transactions Detail	
<hr/>	
Transaction List by Date	
Account Listing	
Fixed Asset Listing	
<hr/>	
Income Tax Preparation	
Income Tax Summary	
Income Tax Detail	

- **Equity - Why does it keep changing and how can I track it easier?**

- **Quiz: Is the Audit Trail in QuickBooks always ON?**

a

● Yes, always

b

● No, Never

c

● Sometimes

- **Equity – In Summary**

- **Figure out why it changes.**
- **Fix it.**
- **Set preferences.**
- **Reclass Equity to new “non system” account**
- **Lock it down.**
- **Keep you eye on it.**

- **AVR's Dirty Dozen**

1. **Income – the reality check – is it double counted?**
2. **COGS – If inventory is not right, COGS is not right!**
3. **Reconciliation Discrepancies**
4. **Uncategorized income**
5. **Remember AVR's SOP's**
6. **Set preferences BEFORE you start working!**

- **AVR's Dirty Dozen**

7. **Look for LIST errors**
8. **Undeposited Funds – Growing?**
9. **AR Detail – does it look ugly?**
10. **AP Detail – Just as good looking as the A/R?**
11. **Opening Balance Equity – How Crazy is this?**
12. **A/R on Cash Basis Balance Sheets**

*Come up with  
your own dirty  
dozen.....*



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- **Bonus Material**

- **[www.ariccicpa.com](http://www.ariccicpa.com)**

- **QuickBooks Link**

- **Accountants ONLY – SSARS 19**

- **Accountants ONLY - Common QuickBooks Mistakes Clients Make and How to Fix them. (available only until 9-20-2010)**

- **RIAPA Seminar 9-16-2010 (pdf)**

- **Q & A**