



# OPERATIONS MANUAL

## Table of Contents

- I. [Introduction](#)
- II. [Preparer's, Reviewer's & Manager's Responsibilities](#)
- III. [Client Checklist](#)
- IV. [Using QuickBooks Online \(QBO\)](#)
- V. [Project Workflow: 1. QuickBase & 2. Workflow Checklist \(on Google Sheets\)](#)
- VI. [Client Folders in Dropbox](#)
- VII. [Emailing Clients via Streamline Bookkeeping's Support Email](#)
- VIII. [Chart of Accounts](#)
- IX. [Financial Statement Terminology](#)
- X. [Types of Tax Returns](#)
- XI. [QuickBooks Desktop Application \(QB App\) Backups](#)
- XII. [Creating Financial Statements \(from QB App and QBO\)](#)
- XIII. [View-Only Login Setup Instructions](#)

## I. Introduction

This Operations Manual describes Streamline Bookkeeping's processes, procedures and responsibilities. The information provided applies to all three roles of the Preparer, Reviewer, and Manager.

## II. Preparer's, Reviewer's & Manager's Responsibilities

### Overview and Instructions for Each Role

Our goal is to reconcile each Client's Accounts according to their customized [Client Checklist](#) and the procedures listed in this Operations Manual.

### Timing

The Preparer, Reviewer and Manager each have **3 business days to complete a Project** (which is the reconciliation of a Client's Accounts, typically on a monthly basis).

The Start Date for the Preparer is listed in QuickBase and on the Workflow Checklist (on Google Sheets). Occasionally statements are not yet ready by the Start Date to begin the previous month's reconciliation, so in that case the Start Date will be the day after we have received their previous month's information. Delays from the original Start Date typically occur because:

- The monthly PDF statement takes an extra day to be released from the Bank.
- If the Client has a Credit Card with a [Closing Date](#) in the middle or end of the month, we often ask them to change it to the beginning of the month. If the Client makes the change, the next monthly statement is delayed until the new Closing Date. In this case, the CC won't be available for that month when anticipated. In this case, Jeff likely has made a Notes on Starting regarding this. If there is no note, email Jeff to ask if he knows why the statement isn't available.
- The Client has not yet sent us their monthly statement(s). This happens if we do not have a login to the Client's Bank/CC Account and the Client has not yet forwarded it to us. In this case, the Preparer should draft an email to the Client from the Support email (support@slbookkeeping.com), and then email Jeff so he can review the draft and send to the Client. See the [Emails to Clients](#) section for more details.

**If you cannot complete the Project within 3 business days, notify Jeff before the Project is due**, and also let him know when the Project can be completed. The purpose of this is to help determine if this Project should be re-assigned or not.

*Ex: Hi Jeff, XYZ Client is due tomorrow but can't get to it until Sunday. Is that ok?*

## **Preparer's Responsibilities**

The main goal for the Preparer is to enter the data quickly and accurately, with more emphasis on accuracy.

### **Reconciling the Accounts – Overview:**

Below is the step by step process for the Preparer to reconcile the Accounts:

1. Log in to QuickBase and view the "My Open Projects" report to see which Project has reached its Start Date (or falls within the 3 business days following the Start Date). A Project that is ready for Preparation is colored coded **Pink/Salmon**. See the [Project Workflow](#) chapter's [QuickBase](#) section for information on how to view the My Open Projects report.
2. If the Client was supposed to send us additional information such as a Bank/CC statement or a deposit detail but has not, the Preparer should draft an [Email to the Client](#) requesting that information. See the [Project Workflow](#) chapter's [Exceptions to a Project ready on the Start Date](#) section for more information.
3. If the Project is ready to begin, open their Client Checklist located in their Dropbox folder.
4. Create a new tab on the Client Checklist: Each new month, the Preparer makes a copy of the previous month's tab. To create a copy of the tab, right click on the bottom tab that is labeled with the most recent month. Then select "Move or Copy", click the check box "Create a Copy," and click "OK". Then re-name the newly created tab as the month (or time period if multiple months) being reconciled. Always use two digits for the Month and two digits for the Year. And use the "." symbol to separate Month and Year.

*Ex: If reconciling the month of March 2019 (03.19), copy the previous month tab of February (02.19). When the copy is initially created, the new tab is automatically labeled as: 02.19 (2). Re-name the new tab to: 03.19*

Now that you have created new Client Checklist, delete the old Preparer's/Reviewer's/Manager's initials and all the dates in Columns A-F, and the Notes Section at the bottom. **If the [Notes on Starting](#) or [Unresolved Amounts on the Balance Sheet](#) have information related to the current month, or future months, leave those Notes on the Checklist until they are no longer relevant.** Also make sure the Headers for the Notes Section in Column A remain. To clear out the Notes section, drag your cursor from Column B to the right and down, then hit the Delete button.

59	N/A	N/A	N/A		Questions to ask at year-end:				
60					Should we file 1099's for them?				
61					Did we file 1099s for them last year?				
62					Sales Tax: Quarterly (03/31, 06/30, 09/30, 12/31)				
63					Client will provide a year-end Inventory count, which will be adjusted to COGS.				
64	<b>Notes on Starting:</b>								Answers
65									
66									
67	<b>Unresolved Amounts on Balance Sheet</b>								
68									
69									
70	<b>Preparer's Notes</b>								
71									
72									
73									
74	<b>Reviewer's Notes</b>								
75									
76									
77									
78	<b>Changes made by Reviewer:</b>								
79					-Changed the vendor name on the bank charges from "Service Fee" to "Chase Bank".				LZ:ok, thanks
80									
81									
82	<b>Manager's Notes</b>								
83									
84									
85									
86	<b>Changes made by Manager:</b>								
87									
88									
89									
90									
91									
92									
93									

**Highlight Column B and additional columns and rows by dragging your cursor from Column B to the right and down, then click "Delete".**

- Download any applicable Client Bank/CC statement(s), or draft an email to the Client requesting any statements for which we don't have view-only login access. See [QBO Banking Feed Download](#) below for procedures.
- Follow the instructions on the Client Checklist to reconcile the various Accounts. Add your initials and today's date to each section of the Checklist. Sections in Blue are mainly informational, and no initials are needed. If you are unsure about a section of the Client Checklist, still sign off on that section but create a note in the Preparer's Notes section at the bottom of the Checklist. The Reviewer will not review the Project unless the Preparer has signed off on every section. See the [Client Checklist](#) section for more details.

*Ex: The Preparer requested a CC statement from the Client, but the Client has not sent it yet. If after 3 days the Client hasn't responded, draft a follow up email to the Client requesting the statement, but do not send for Review until the CC statement has been received and the data has been entered.*

3 Lights Design - Checklist.xlsx																							
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	
														<b>Client Checklist</b>									
														3 Lights Design									
		<u>Prep</u>				<u>Rev</u>				<u>Mgr</u>													
<u>Prep date</u>		<u>initial</u>		<u>Rev date</u>		<u>initial</u>		<u>Mgr date</u>		<u>initial</u>													
														<b>Assets</b>									
														<b>Bank Accounts</b>									
														When was last reconciliation done? 5/31/2019									
														Reconcile account WF Ckg #7386									
														Login to bank to download PDF statement and view check images									
														Verify that beginning balance is correct and corresponds to ending balance of prior month									
														Verify that ending balance in QB ties to statement (or bank rec)									
														Uncleared checks over 30 days? If so, what are they? no									
														<b>Liabilities</b>									
														When was last reconciliation done? 6/2/2019									
														Reconcile Chase CC #0194									
														Download account #0194 statement online and save in the client's folder									
														Verify that beginning balance is correct and corresponds to ending balance of prior month									
														Verify that ending balance in QB ties to statement									
														<b>Revenue</b>									
														<b>Deposits from #5036 Nicaragua account, or if the memo says Equity Investment (or something similar to that)</b>									
														The client does run short on cash sometimes so this does occur frequently									
														All deposits are revenue with no Customer name needed. We are using the online banking feed.									
														<b>Expenses</b>									
														Withdrawals to WF #3305, WF #8777, #9926 and Austin Hill Shaw, Jennifer E Long, & Epiphany Long are Equity									
														<b>Financial Review</b>									
														Check all 3 statements for visual accuracy: every account should have an account number (if applicable), all names make sense with no duplicate/redundant account names, no stars (*) by an account names, all tax pay have specific type of tax in the name, account that has name followed by "Other" should be reviewed (some 'ot accounts are okay, but may also be a data entry error)									
														<b>Balance Sheet</b>									
														Review each balance sheet number and make sure it is understandable to you. If not, add to notes below.									
														Undeposited Funds - should typically have a zero balance. Click on Banking -> Make Deposit to see th									
														If there is a balance, then there shouldn't be anything older than about 5 days creating that balai									
														Check to make sure there are no negative line items									
														If there are, there should be a reason for the negative balance (ie. Owner's Draw)									

- Check that all details are accurate on the Client Checklist and that the Checklist does not contain any unnecessary information. If inaccuracies or areas of concern are discovered, make a note in the Preparer's Notes section on the Checklist so the Reviewer and Manager can address your notes and take appropriate action. See the [Preparer's Notes](#) section below for details.

*Ex: In the Revenue section, there is a Line Item regarding making a monthly journal entry to record Stripe merchant fees. But the Client stopped using Stripe several months ago. In the Preparer's Notes, add a note that asks if we should remove this line as the last Stripe deposit was several months ago on 08/05/18. From there the Manager will ask the Client and get email confirmation before removing that line from the Client Checklist.*

- If you notice a large spike in the volume of activity, notify Jeff ([jeff@slbookkeeping.com](mailto:jeff@slbookkeeping.com)). Our fixed monthly fee is based on a certain number of transactions each month. Most Clients do have some fluctuations, some Clients are in growth mode. A Client that typically has 35-45 transactions/month and then has 50-60 transaction/month will not need an email to Jeff. But if the activity goes to 100 or 200 transactions/month, please notify Jeff.
- Log in to QuickBooks Online (QBO). See the [Using QuickBooks Online](#) chapter for details. We have a few old Clients still on the QuickBooks Desktop app, see the [QB Desktop Application Backups](#) section if applicable.
- In QBO, any transaction with an unclear Vendor, Customer or Account name should be coded to Ask My Client (AMC). Even though AMC is an "Other Expense" in QBO, both Deposits and Withdrawals should be added there. The AMC Expense is a holding Account for questions, which the Manager will use to send any remaining questions to the Client during the Manager review. See the [Questions to Client in QuickBooks Online](#) section related to whether or not any of the transactions in AMC require a specific question from us to be added to the Description field of a particular QBO transaction. To differentiate between the Bank Detail and a Streamline

Bookkeeping question, all questions from us in the Description field in QBO should be put in parenthesis. The formatting is that the Bank Detail is listed first, and then the question from us in parenthesis is listed at the end.

Ex: The Bank Detail says: "document12 BCB Springfield, OH" for \$100. The Vendor name is unclear, so the Preparer should leave the Vendor name blank in QBO, add the Expense to the AMC Account, and list in the Description field: (please let us know the: 1. Vendor name and 2. Expense/Account Category).

The screenshot shows the 'Expense' entry form in QuickBooks Online. At the top right, the amount is \$100.00. The payment account is 'Chase CC #1994' with a balance of \$3,262.93. The payment date is 08/30/2019. The description field contains 'document12 BCB Springfield, OH (please let us know the: 1. Vendor name and 2. Expense/Account Category)'. Red circles and arrows point to the bank detail and the parenthetical question.

11. Archive any outdated or obsolete Client Files/Folders in Dropbox: See the [Archiving Files & Folders in Dropbox](#) section below for details.

12. Once the Preparer completes the reconciliations and enters their initials for each section of the Client Checklist, they pass it on to the Reviewer by (a.) Signing-off on the Workflow Checklist (on Google Sheets), and (b.) Signing-off on the Workflow on QuickBase:

a. Sign off on the Workflow Checklist (on Google Sheets) by putting an "r" in the Status column (Column H), and time stamp in the Prepared column (Column I).

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Start Date	Prep	Rev	Mgr	QB/ QBO/ QBR	Client Name	Frequency (monthly unless noted otherwise)	Status: Enter P, R, M, S, or D	Prepared	Reviewed	Mgr. Reviewed	Sent open items	Done (email confirmation sent to client)	Notes
1	CG	AT	LZ	QB	Eden Electrolysis	s	Ready for Prep (P), Ready for Rev (R), Ready for Mgr (M), Sent open items (S), Done (D)		4/8/19	4/16/2019	4/16/2019		
1	ZG	LZ	JK	QBO	Eduardo Axtle LLC		on hold for now						
6	KD	MT	LZ	QBO	Emergence Healthcare Group, LLC	r		4/12/2019					
1	CG	ME	AT	QBO	Enjoy Kauai, LLC	s		4/4/2019	4/4/2019	4/7/19	4/7/2019	4/11/2019	
3	MT	AT	ME	QBO	ESO Live Well	s		4/5/2019	4/7/2019	4/9/19	4/10/2019		06.18 - 03.19 catch up
12	ZG	LZ	AT	QBO	Ethera	m		4/17/2019	4/18/2019				
8	JA	MT	ME	QBO	Extended Team Technologies	r		4/24/2019					
2	ZG	LZ	AT	QBO	Filmtwist	m		4/7/2019	4/16/2019				
13	ME	CG	LZ	QBO	Fin Edit	p							
1	MT	CG	AT	QBO	FLAME (Facts & Logic ...)	s		4/6/2019	4/7/2019	4/13/2019		4/13/2019	
11	AT	JK	JK	QBO	Fruitvale	r		4/17/2019					
4	CG	AT	LZ	QB	Garnet & Grace Bridal Boutique	s		4/7/2019	4/8/2019	4/17/2019	4/17/2019		
14	ZG	MT	LZ	QBO	Griffin Recovery Enterprises	r		4/17/2019					

- b. Sign off on QuickBase by 1. clicking the “pencil” (edit) icon next to the workflow, 2. time stamp under your name, and click Save & Close. This forwards the Project to the next person assigned to that Client (Reviewer) and also sends them an email notification.

Ready For Prep (5 Projects)								
<input type="checkbox"/>		07-01-2019	QB	Renascor	Ready For Prep	Kohn, Jeffrey	Tory, April	Kohn, Jeffrey
<input type="checkbox"/>		07-05-2019	QBO	Mighty Minnow	Ready For Prep	Kohn, Jeffrey	Dunn, Kim	Tory, April
<input type="checkbox"/>		07-13-2019	QB	Shalavi, Gina	Ready For Prep	Kohn, Jeffrey	Tory, April	Kohn, Jeffrey
<input type="checkbox"/>		07-15-2019	QB	Shalavi, John	Ready For Prep	Kohn, Jeffrey	Tory, April	Kohn, Jeffrey

**Click on the "pencil" edit icon next to the project.**

**QUICK BASE**  
Streamline Bookkeeping | New App

My Apps | Home | Users | Clients | Contacts | **Projects** | Documents | New Table

**Projects > Edit**  
Reports & Charts

**Contact and Client Info**  
Client Name: Griffin Recovery Enterprises

**Financial Statement Details**

Status: Ready for Review	Software: QBO	Start Date: 04-14-2019
Prep: Garcia, Zoraya	Rev: Trout, Michal	Mgr: Zeighami, Lina
Last Month's Prep: Garcia, Zoraya	Last Month's Rev: Trout, Michal	Last Month's Mgr: Zeighami, Lina
Last Month's Start Date: 02-14-2019	Date Prepared: 04-17-2019	Date Reviewed: mm-dd-yyyy
Date Mgr Reviewed: mm-dd-yyyy	Sent Open Items: mm-dd-yyyy	Done: mm-dd-yyyy

**Notes or Comments**  
Notes: [Empty text area]

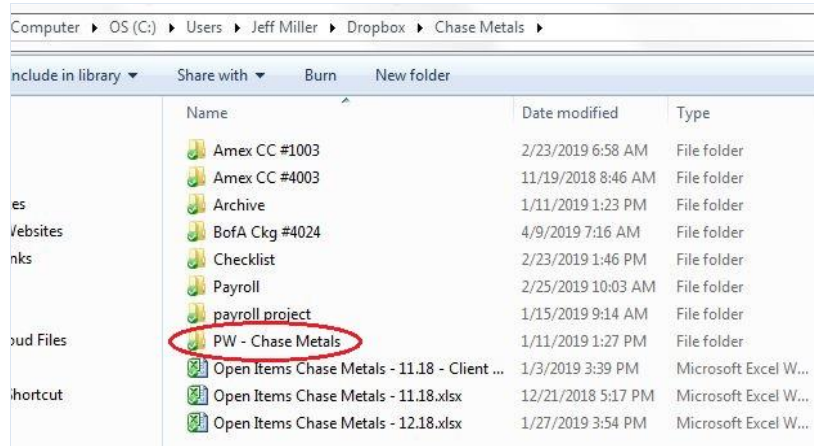
**Save & close** | Cancel

### Retrieving the Bank/CC statements

For most Clients we have view-only login access to their various Bank/CC websites. Some Bank/CC websites do not offer view-only login access in which case the Client needs to send us the monthly statement(s), either via the [support@slbookkeeping.com](mailto:support@slbookkeeping.com) email or a [Shared Dropbox Folder](#) with the Client. The Client Checklist should explain which method the Client uses. Below are scenarios and procedures for retrieving a Client's Bank/CC statement:

#### 1. If we have the Bank/CC login:

The password spreadsheet is in the Client's Dropbox folder in a password protected document. The folder is named: "PW – (Client Name)". Contact Jeff for the password to this spreadsheet.



**If a Bank/CC statement that we have view-only login access to is not yet available online when it usually is available:**

The statement may be unavailable for various reasons:

- If it is a Credit Card, the Closing Date may vary by one or two days. Wait two business days and check again. After two business days, if the statement is still not available then draft an email to the Client informing them that the statement is not available online, and inquire if anything has changed with that card.
- Sometimes the Client will change the **Closing Date** of their Credit Card statement to earlier in the month, as we often make this request. Wait two business days after the Start Date, and if the statement is still not available then inform Jeff Kohn via email.

## 2. If we do not have the Bank/CC login:

Instructions are on the Client Checklist, explaining how the Client sends us the statement, via either:

- Email to the [support@slbookkeeping.com](mailto:support@slbookkeeping.com) email address, or
- A [Shared Dropbox Folder](#). The name of the Client's shared Dropbox folder is: **"(Client Name) – Streamline"**.

**If the Client is supposed to send us their Bank/CC statement but has not yet sent it:**

Draft an email from [support@slbookkeeping.com](mailto:support@slbookkeeping.com) to the Client requesting the statement. The two main delivery methods are: (1.) via a shared Dropbox folder, or (2.) Email to the [support@slbookkeeping.com](mailto:support@slbookkeeping.com) email address. Use the method that is specified on the Client Checklist. **This draft email should be created within 3 business days of the Start Date.** Especially if the Client rarely sends us the statement on time, send this email requesting the statement on the Start Date to keep the Project moving along. Instructions for creating the draft email and the email template language are in the [Emails to Clients](#) section.

**After creating the draft email, update the [Notes Column](#) on the [Workflow Checklist](#) (on Google Sheets).** In the Notes Column (Column N) on the date the draft was created, make a note that an email was sent to the Client. This lets everyone know that we are waiting for the Client to respond and that the Preparer is not late on this Project.

*Ex: In the Notes Column, type: 10/02 statement request.*

A	B	C	D	E	F	G	H	I	J	K	L	M	N
Start Date	Prep	Rev	Mgr	QB/QBO/QBR	Client Name	Frequency (monthly unless noted otherwise)	Status: Enter P, R, M, S, or D	Prepared	Reviewed	Mgr Reviewed	Sent open items	Done (email confirmation sent to client)	Notes
3	LZ	MT	AT	QBO	Kersten, Sarah		p						Amex cc #1004 stmt N/A until 4/19
1	CG	LZ	JK	QB	Kevin Ridley Holdings Inc.	Annual	next on 01/01						
13	CG	LZ	AT	QBO	Kevin Ridley I, LLC		m	4/22/2019	4/23/2019				
5	ZG	LZ	AT	QBR	Kingfish		m	4/17/2019	4/18/2019				
24	ZG	LZ	AT	QBO	Kirkham Street Services, LLC		p						
1	CG	AT	JK	QB	Kohn Communications		m	4/4/2019	4/11/2019				
19	MT	ME	LZ	QBO	Kornhaber Brown, LLC		p						
21	MH	ME	JK	QBO	Landis Development, LLC		p						
1	CG	LZ	AT	QBO	Law Office of Christina Liu, P.C			4/4/2019	4/4/2019	4/7/2019	4/7/2019		04/05 statement request
10	ZG	ME	AT	QBO	Legal Passage	Semi-annual	next on 07/10						
1	CG	MT	LZ	QBO	Livable Berkeley	Quarterly	p	4/4/2019	4/19/2019	4/23/2019	4/23/2019	4/23/2019	
9	JA	MT	AT	QBO	Lockology Locksmith		r	4/10/2019					
18	ME	LZ	AT	QBO	M.E.E.G. Apparel, LLC		p						
26	MH	ME	LZ	QBO	Mayeri Partners, LLC		p						
6	MH	ME	LZ	QBO	Mica Rabineau, Inc.		p	4/8/2019	4/12/2019	4/17/2019	4/17/2019	4/18/2019	04/06 statement request, 04/08 ready for prep
5	LZ	MT	AT	QBO	Mighty Minnow		m	4/5/2019	4/21/2019				04/05 ready for prep
15	CG	AT	LZ	QB	Naturopathic & Holistic Fertility Center		s	4/4/2019	4/8/2019	4/16/2019	4/16/2019		

Once the Bank/CC statement has been received, Jeff will forward the email from the Client to the Preparer so the Preparer knows that reconciliation is ready to begin. Also Jeff will add to the Notes section: *(Today's date) ready for Prep*. **Do not delete any old notes in the Notes column**, as these notes help us track the status of the project.

*Ex: The Preparer sent a statement request on 04/06. The Client replied on 04/08 with the statement and Jeff forwarded the email to the Preparer, and updated the Notes column. The Notes column should then say: 04/06 statement request, 04/08 ready for prep*

**If the Client has not replied to our initial email requesting the Bank/CC statement:**

Draft a follow up email to the Client after 3 business days. First, find the original email string in the support email, and then reply to the Client that we are checking on the status of our statement request. Instructions for creating the draft email and email template language is in the [Emails to Clients](#) section.

**After creating the follow up email draft, also update the [Notes Column](#) on the [Workflow Checklist \(on Google Sheets\)](#).** In the Notes Column (Column N) on the date the draft was created, make a note that an email was sent to the Client. This lets everyone know that we are waiting for the Client to respond and that the Preparer is not late on this Project.

*Ex: In the Notes column, type: 4/7 statement request, 4/12 follow up request.*

F	G	H	I	J	K	L	M	N
Client Name	Frequency (monthly unless noted otherwise)	Status: Enter P, R, M, S, or D	Prepared	Reviewed	Mgr Reviewed	Sent open items	Done (email confirmation sent to client)	Notes
Shalavi, Alex (located in Shalvi, John folder)	Quarterly	next on 07/26						
Sriram Properties		p						
Stafford House Books		r	04/17/19					
Steel Wool Games		s	4/15/2019	4/18/2019	4/23/2019	4/23/2019		04/15 ready for prep
Steven Siemers Dispute Resolution LLC		p	4/5/2019	4/21/2019	4/22/2019	4/22/2019	4/23/2019	
Studio Scott		m	4/4/2019	4/19/2019				
Sweat, Strength, & Cycling		r	4/19/2019					
The Women's Vitality Center		p						
The Women's Vitality Center Naturopathic Clinic, Inc.		r	4/23/2019					covers activity since Jan through March.
Torres Law Group		r	4/23/2019					
Trivium Games		p	4/4/2019	4/4/2019	4/16/2019	4/16/2019	4/22/2019	
TTG Ventures		p	4/5/2019	4/7/2019	4/15/2019	4/15/2019	4/17/2019	
Vanclef Financial Group, Inc		s	4/8/2019	4/9/2019	4/17/2019	4/17/2019		
WFC Entertainment, Inc		p						4/7 statement request, 4/12 follow up request

## Saving the Bank/CC statement in Dropbox

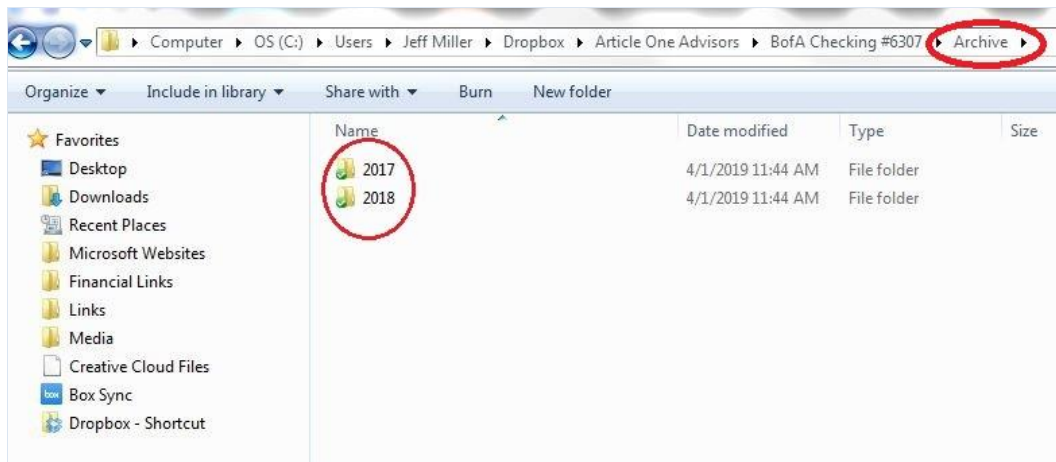
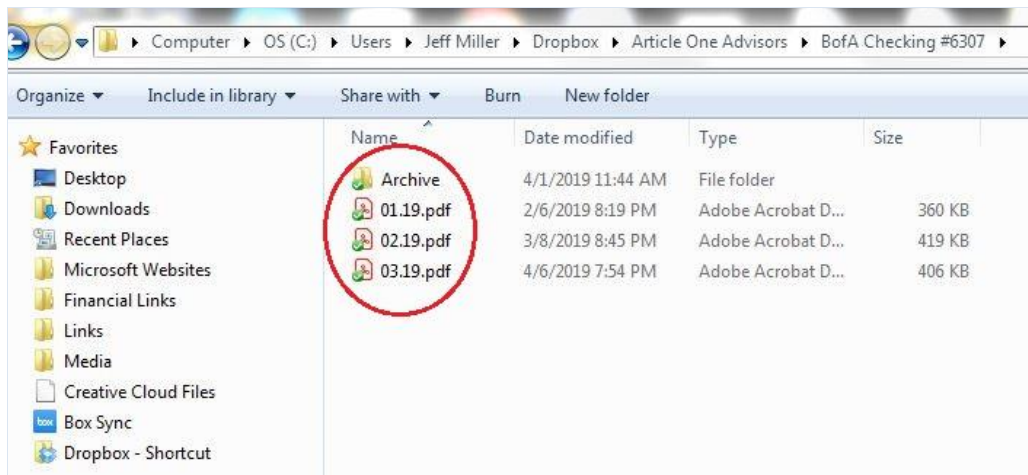
Once we have the statement, save a copy in the Client's Dropbox folder. Name the PDF as stated in [Client Folders in Dropbox: Folder Organization](#).

*Ex: The month of January 2019 should be labeled **01.19**, not 1.19, nor 01.31.19.*

## Archiving Files & Folders in Dropbox

In any Bank/CC folder, the PDFs should all be for the current year. Previous year's PDFs should be moved to the Archive folder. If there is not an Archive folder, create one.

*Ex: If we are starting a new year in 2019, create a folder called: 2018 and move all of the 2018 PDFs to that folder. And then Archive that folder.*



Obsolete Bank and Credit Card Folders should also be Archived.

*Ex: The Client stopped using Chase CC #8908 that now has a zero balance and has been removed from the Client Checklist. This obsolete folder should be moved to the Archive folder.*

### **Preparer's Notes on the Client Checklist:**

An important step in the Preparer's responsibilities is for the Preparer to bring any concerns to the attention of the Reviewer and Manager. This is done by making a note in Preparer's Notes section on the Client Checklist. These notes alert the Reviewer and Manager to issues that need to be addressed and potentially communicated to the Client to request more information.

Confirm that all details on the Checklist are accurate and that the Checklist does not contain unnecessary information. See the [Client Checklist](#) section for more details. Common reasons to add Preparer's Notes on the Client Checklist include:

- A new Credit Card balance being paid when we do not have information on that Credit Card Account.
- A new mortgage payment when we do not have information for the Principal/Interest breakdown.
- A vague sentence in the Client Checklist where the Preparer would like clarification.
- A Bank/CC Account that has been inactive for several months and we should ask the Client if we can remove it from our monthly process.
- Any Balance Sheet or Profit & Loss Line Item in QBO that needs further clarification. See the Client Checklist and [Financial Review](#) section of this manual for more details.

*Ex: Monthly rent payments where the Client has missed a month.*

*Ex: Unusually high Gross Revenue in one month. We want to double check with the Client that there was not a loan deposit included in Gross Revenue by accident.*

*Ex: There is a Payroll section on their Client Checklist, but the Client does not currently have any Employees on Payroll.*

*Ex: There is an Asset called: Due from Steve, which has no corresponding note on the Client Checklist.*

**NOTE: The Preparer does not add new rules to the Client Checklist process without approval, unless it is a clear mistake such as a typo. Once the Manager reviews the Notes, the Manager will edit the Client Checklist process which is often confirmed via email with the Client for their approval.**

*Ex: The Revenue section states that "all deposits go to: Income. The exception is that all deposits from Stripe go to: Online Book Sales Income". The Preparer notices deposits from a company called Penguin Random House, which is a book publishing company. The Preparer may want to include Penguin deposits as Online Book Sales, as it is likely that the Client forgot to mention this to us. The Preparer should make a note in the Preparer's Notes section of the Client Checklist, and not update the Revenue section without Client approval. Approval should ideally be confirmed via email from the Client by the Manager.*

If there is a question about a Line Item on the Client Checklist, still sign-off with your initials and date, but also add a note with your question/concern in the Preparer's Notes section.

The goal of a [Preparer's Note](#) is to point out an issue to the Reviewer and Manager, and make it easy for them to find that information. For a specific transaction, always list the Vendor (or Customer) name, Amount, Date, Account it came from, and one or two sentences explaining the issue.

Never add screenshots to the Client Checklist; the formatting can be hard to read from different computers, and the Preparer typically gets greater clarity on an issue when writing out the question.

## Reviewer's Responsibilities

Once the Preparer has completed the reconciliations, initialed each section of the Client Checklist, and signed off on the Workflows, QuickBase updates the Reviewer's workflow and sends an email to the Reviewer notifying them that the Project is ready for Review.

The Reviewer reviews the Client Checklist, QBO and addresses any questions from the Preparer.

Below is the step by step process on how to Review the Accounts:

1. Log in to QuickBase to see which Project is ready for Review. Projects ready for Review are colored coded **Yellow**. See the QuickBase section in the [Project Workflow](#) chapter on how to view the My Open Projects report.
2. Follow the instructions on the Client Checklist to Review the Client's Bank/CC Accounts and confirm that the Preparer has followed the rules according to the [Using QuickBooks Online](#) chapter in this manual. Add your initials to each section of the Checklist. Sections in Blue are mainly informational, and no initials are needed. If you are unsure about a section of the Client Checklist, still sign off on that section but create a note in the Reviewer's Notes section at the bottom of the Checklist. The Manager will not review the Project unless both the Preparer and Reviewer have signed off on every section. See the [Client Checklist](#) section for more details.
3. For each section of the Client Checklist, the Reviewer enters their initials, confirming that both the Client Checklist and QBO are accurate. This confirms that the Preparer has reconciled the Accounts properly and followed our procedures.

*Ex: The revenue section is accurate, with no additional unnecessary information.*

*Ex: All Vendor names are listed in QBO.*

*Ex: Ask My Client section has all information, including any specific questions in parenthesis if needed, and the full Bank/CC memo in the Description section of QBO.*

4. It is not the Reviewer's responsibility to verify that all Vendor names entered by the Preparer in QBO match the Bank/CC statements.
5. If the Preparer has entered questions in the Preparer's Notes section on the Client Checklist, the Reviewer may answer these questions if the Reviewer is certain of the correct response. Unless the Reviewer is certain of the solution or has more to add, the Answers section can be left blank. The Manager will review both the Preparer's and Reviewer's Notes section before emailing the Client.
6. Feel free to edit QBO data if needed, or make a Reviewer's Note on the Client Checklist to reply to the Preparer's question(s). The goal is to not only provide accurate data to the Client, but also get email confirmation from the Client should we need to make corrections to the Client Checklist. **If you do edit the QBO data, make notes in the Reviewer's Notes section.** This not only provides feedback to the Preparer, but also helps the Manager should they want to revert any changes back to the original.

7. The Reviewer does not add any new rules to the Client Checklist process without approval, unless it is a clear mistake such as a typo. The Reviewer can make suggestions for the Manager to review, but in the meantime follows the instructions exactly as written. Once the Manager reviews the Preparer's and Reviewer's Notes, the Manager will edit the Client Checklist and get approval from the Client via email to ensure that we have accurate processes documented.

*Ex: The Revenue section states that "all deposits go to: Income. The exception is that all deposits from Stripe go to: Online Book Sales Income". The Reviewer also notices deposits from a company called Penguin Random House, a book publishing company. The Reviewer may want to include Penguin deposits as Online Book Sales, since it is likely that the Client forgot to mention this to us. The Reviewer should make a note in the Reviewer's Notes section of the Client Checklist, and not update the Revenue section without approval. Approval should ideally be confirmed via email from the Client by the Manager.*

8. Once the Reviewer completes their review and enters their initials for each section of the Client Checklist, they pass the Project on to the Manager by (a.) Signing-off on the Workflow on Google Sheets, and (b.) Signing-off on the Workflow on QuickBase:

- a. Sign-off on the Workflow on Google Sheets by putting an "m" in the Status column (Column H) and entering today's date in the Reviewed column (Column J).

	A	B	C	D	E	F	G	H	I	J	K	L	M
1								Status: Enter P, R, M, S, or D		Enter Date			
2	Start Date	Prep	Rev	Mgr	QB/ QBO/ QBR	Client Name	Frequency (monthly unless noted otherwise)	Ready for Prep (P), Ready for Rev (R), Ready for Mgr (M), Sent open items (S), Done (D)	Prepared	Reviewed	Mgr. Reviewed	Sent open items	Done (email confirmation sent to client)
44	8	ZG	MT	LZ	QBO	Haven Connect, LLC	r			4/17/2019			
45	1	JA	MT	LZ	QBO	Herr Designs	s		4/2/2019	4/7/2019	4/15/2019	4/15/2019	4/15/2019
46	22	ME	MT	AT	QBO	High Street Pharmacy	p						
47	2	JA	CG	ME	QBO	IDALA	s		4/2/2019	4/4/2019	4/4/2019	4/4/2019	
48	24	JA	CG	AT	QB	Integral Data Support	m		4/24/2019	4/26/2019			
49	5	ZG	ME	AT	QBO	Jayne Law Group	s		04/09/19	4/12/2019	4/17/19	4/17/2019	4/24/2019
50	3	LZ	MT	AT	QBO	Kersten, Sarah	r		4/24/2019				
51	1	CG	LZ	JK	QB	Kevin Ridley Holdings Inc.	Annual	next on 01/01					Amex cc #1
52	13	CG	LZ	AT	QBO	Kevin Ridley I, LLC	m		4/22/2019	4/23/2019			
53	5	ZG	LZ	AT	QBR	Kingfish	m		4/17/2019	4/18/2019			
54	24	ZG	LZ	AT	QBO	Kirkham Street Services, LLC	p						
55	1	CG	AT	JK	QB	Kohn Communications	m		4/4/2019	4/11/2019			
56	19	MT	ME	LZ	QBO	Kornhaber Brown, LLC	p						
57	21	MH	ME	JK	QBO	Landis Development, LLC	p						04/05 staten
58	1	CG	LZ	AT	QBO	Law Office of Christina Liu, P.C	s		4/4/2019	4/4/2019	4/7/2019	4/7/2019	

- b. Sign-off on QuickBase by clicking the "pencil" (edit) icon next to the workflow, time stamp under your name, and click Save & Close. This forwards the Project to the Manager.

**QUICK BASE**

My Apps | Streamline Bookkeeping | New App

Home | Users | Clients | Contacts | Projects | Documents | New Table

**Projects > Edit**  
Reports & Charts

**▼ Contact and Client Info**

Client Name  
6134 Harmon

**▼ Financial Statement Details**

Status: Ready for Manager Review | Software: QBO | Start Date: 03-01-2019

Prep: Garcia, Zoraya | Rev: Eggleton, Molly | Mgr: Kohn, Jeffrey

Last Month's Prep: Date Prepared: 04-10-2019 | Last Month's Rev: Date Reviewed: 04-16-2019 | Last Month's Mgr: Date Mgr Reviewed: mm-dd-yyyy | Last Month's Start Date: mm-dd-yyyy | Sent Open Items: mm-dd-yyyy | Done: mm-dd-yyyy

**▼ Notes or Comments**

Notes: from 01/01/17 to current:

Notes on Starting

Save & close | Cancel

## Manager's Responsibilities

Once the Reviewer has initialed each section of the Client Checklist and signed-off on the Workflows, QuickBase updates the Manager's workflow and sends them an email notifying them that the Project is now ready for Manager Review.

The Manager reviews the Client Checklist, QBO, and addresses questions from the Preparer or Reviewer. The Manager also corresponds with the Client, either sending Open Items questions, or letting the Client know that their Accounts are reconciled through a particular month.

Below is the step-by-step process on how to Manager Review the Accounts:

1. Log on to QuickBase to see which Project is ready for Manager Review. A Project ready for Manager Review is colored coded **Light Blue**. See the [QuickBase](#) section in the [Project Workflow](#) chapter on how to view the My Open Projects report.
2. Follow the instructions on the Client Checklist to review the various Accounts. Confirm that the Preparer and Reviewer have followed the rules according to the [Using QuickBooks Online](#) chapter in this manual. If you are unsure about a section of the Checklist, still sign-off on that section but email Jeff Kohn the question and also make a note on the Manager's Notes section. See the [Client Checklist](#) section for more details.
3. For each section of the Client Checklist, the Manager enters their initials, confirming that both the Client Checklist and QBO are accurate. Sections in Blue are mainly informational, and no initials are needed.

*Ex: The Revenue section is correct.*

*Ex: All Vendor names are listed.*

*Ex: Ask My Client section has all information, with the full Bank Detail in the Description section of QBO.*

4. It is not the Manager's responsibility to verify that all Vendor names entered by the Preparer in QBO match the Bank/CC statements.
5. The Manager reviews both the Preparer's and Reviewer's Notes section of the Client Checklist before emailing the Client. If the Preparer has entered questions in the Preparer's Notes section, or the Reviewer has entered questions in the Reviewer's Notes section, the **Manager is responsible for clarifying these questions**. By the Manager clearing up any outstanding questions, this will ensure accurate processes going forward.
6. The Manager may add new rules to the Client Checklist and QBO at their discretion. For significant changes to the Client Checklist or QBO, the Manager should ask the Client before making these changes and get email confirmation from the Client to be sure the new rules are accurate. See the [Adding/Editing New Rules to the Client Checklist](#) section below for more details.

*Ex: The Revenue section states that "all deposits go to: Income. The exception is that all deposits from Stripe go to: Online Book Sales Income". The Reviewer notices deposits from a company called Penguin Random House, a book publishing company. The Reviewer may want to include Penguin deposits as Online Book Sales, since it is likely that the Client forgot to mention this to us. The Reviewer should make a note in the Reviewer's Notes section of the Client Checklist, and not update the Revenue section without approval. When the Manager emails the Client with any Open Items questions, they should include an additional question about the Penguin Random House deposits.*

*Ex: Currently all withdrawals to Ford for an Auto Lease are going to a Fixed Asset on the Balance Sheet called: Ford F-150. The Preparer makes a Note on the Client Checklist that this might be inaccurate, and these withdrawals should be Expensed. Since Automobile Expenses can be handled in a variety of ways, the Manager should email to the Client asking how they want Auto Expenses recorded in QBO, and that we can also ask their tax preparer directly if the Client makes an email introduction.*

7. Once the Manager completes their Manager Review and enters their initials in each section of the Client Checklist, they draft an email to the Client either with Open Items questions, or to notify the Client that their Accounts are reconciled through a particular month. After this email draft to the Client has been created in the Streamline support email, the Manager emails Jeff (from their personal email address account) that there is a draft waiting for his review. If applicable, the Manager should include in that email anything unusual or items needing clarification. See the [Emailing the Client](#) section below for more details.
8. The Manager changes the Status in the Workflows to either 1. Sent Open Items, or 2. Done. See the [Signing off on the Workflows](#) section below for more details.
9. Reply to Open Items Answers from the Client. See [Replying to Open Items Answers](#) below.
10. If Open Items were sent to and answered by the Client and the Project is now complete, the Manager changes the Status in the Workflows to: Done. See the [Signing off on the Workflows](#) section below for more details.

## **Additional Details related to the Step-by-Step Process Above:**

### **Adding/Editing New Rules to the Client Checklist**

While the Preparer and Reviewer can only suggest edits to the Client Checklist, which they list in the Notes section of the Client Checklist, the Manager may add/edit new rules to the Client Checklist process. If the Manager has any questions, they should ask Jeff Kohn.

All new rules added to the Client Checklist must be concise, as this will dictate future processes for the Preparer and Reviewer. **Most rule changes should be confirmed by the Client via email.** Although the Manager does have authority to make changes without Client email confirmation, it is best to ask the Client when sending the monthly Open Items list. The reason for this is that if confusion arises in the future, we will have documented email confirmation from the Client.

*Ex: The Revenue section states that “**all deposits go to: Income. The exception is that all deposits from Stripe go to: Online Book Sales Income**”. The Preparer notices deposits from a company called Penguin Random House, a book publishing company. The Preparer may want to include Penguin deposits as Online Book Sales, since it is likely that the Client forgot to mention this to us. The Preparer should make a note in the Preparer’s Notes section of the Client Checklist, and not update the Revenue section without approval. Approval should ideally be confirmed via email from the Client.*

## **Emailing the Client**

There are two primary email drafts that the Manager will send to the Client. Either:

- a. An email notification that the Accounts have been reconciled through a particular month; or
- b. An email of Open Items questions to the Client.

### **a. Email Notification That the Accounts Have Been Reconciled**

In most cases, the email will simply notify the Client that their Accounts are reconciled through a particular month. Using the word “through” is important as some Clients get behind on Open Items, and this lets them know that once they reply to all Open Items questions, they can review any historical month up to the date we have mentioned.

Sample email:

*Hi Andrew,*

*You accounts are reconciled through March 2019.*

*Thank you,*

If other items need to be mentioned to the Client, include them in this email as well. Common items to bring up are:

- Providing clarity to the Client on how we have coded an Open Items answer.

*Ex: In the Open Items list, we asked the Client about a withdrawal to Macy’s from their business CC. The Client responded: **I bought a suit for an upcoming event. Can I deduct that?** The Manager codes this withdrawal to Owner’s Draw. Also, since the Client asked a question, the Manager should answer their question as well. A good response would be:*

*Hi Andrew,*

*You accounts are reconciled through March. In terms of the Macy's charge, typically clothing is not a business deduction, but please consult your tax preparer. In the meantime, we have coded it as a personal Owner's Draw.*

*Thank you,*

### **b. Emailing Open Items Questions to the Client**

These include any transactions in Ask My Client (AMC), as well as any questions we might have for the Client. Additional questions for the Client may include:

- Uncleared checks over 30 days from the end of the month being reconciled.
- Uncleared deposits over 2 days from the end of the month being reconciled.

*Ex: The Client "Received Payment" on 09/25 but the deposit has not cleared by 09/30, and we also looked at the Bank's online feed for October and noticed that the deposit has not cleared yet.*

- The Preparer, Reviewer, or Manager wrote a note in the Notes section of the Client Checklist that the Manager would like to get clarity on from the Client.
- Questions on processes so we can update the Client Checklist.

*Ex: Our usual process is to include all Amazon Expenses over \$100 to AMC to get clarity if these are Office Supplies or Equipment. Over many months the Manager notices there are many Amazon Expenses and the Client always answers: Office Supplies. The Manager may want to ask the Client if we should record all Amazon to Office Supplies going forward, or if we should continue to ask each month.*

- Anything else the Manager wants to ask.

*Ex: An item on the Balance Sheet that you are unsure of, or a question about processes.*

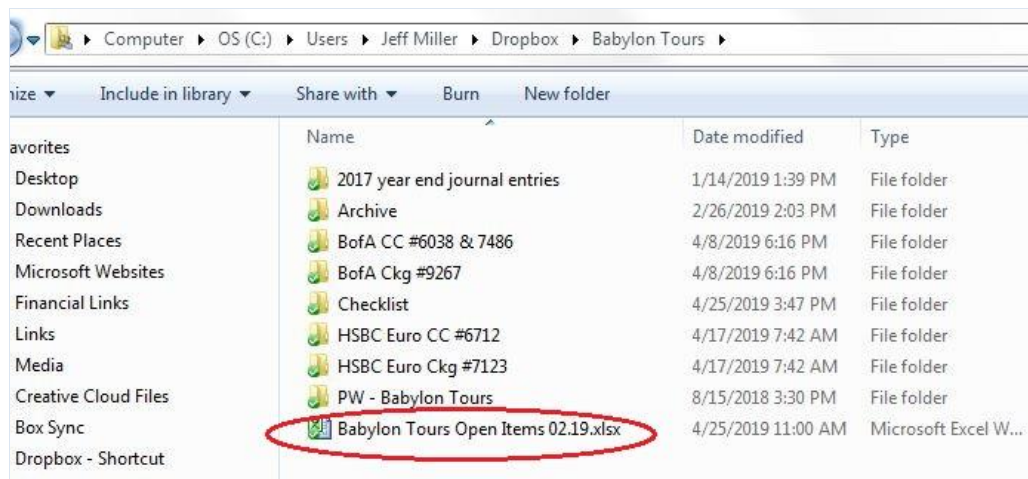
### **Formatting Open Items Questions in a Spreadsheet that will be emailed to the Client**

When sending Open Items to the Client, we typically attach the transaction(s) in AMC. Below are the steps to format the AMC export so it appears as a clear list of questions, instead of a QBO Transaction Report:

- In QBO, click on Profit & Loss, click into Ask My Client (AMC). Choose "All Dates" to see everything in Ask My Client (not just the month being reviewed).
- Export to Excel.
- In the Excel spreadsheet, remove the Total Rows and also the time stamp row at the bottom of the spreadsheet.
- Remove the Balance Column on the far right.
- Change the heading labeled "Memo/Description" to "Memo".

- Wrap the text in the memo section by highlighting the entire column and clicking on the Wrap Text button. You may need to click the “Wrap” button a couple of times. Be sure that all information is visible as it sometimes gets truncated if not properly formatted.
- Change the heading labeled “Account” to “Category/Description”.
- In the Category/Description column, remove the words “Ask My Client” from each row so the Client can fill in that area.
- Adjust the sizing of all columns. The Category/Description column should be wide enough for the Client to enter information. All other columns should be as narrow as possible. Careful about making the columns too narrow, as sometimes all the text in the cell will not be visible because it did not wrap. To adjust the column sizing width, click on the Select All button in the upper left-hand corner (above and to the left of cell A1). Once highlighted, double click on any line that separates the columns, such as the line between column A and B. This re-sizes all column widths to remove unused space. After re-sizing all columns, adjust the Category/Description column to be a little wider for the Client to enter answers. Also double check that the Memo column is showing all text available.
- Save the Open Items spreadsheet in the Client’s main folder, and use the formatting of: Open Items (Name of Client, which can be abbreviated) (Month being reconciled).

*Ex: Open Items Studio Scott 11.18*



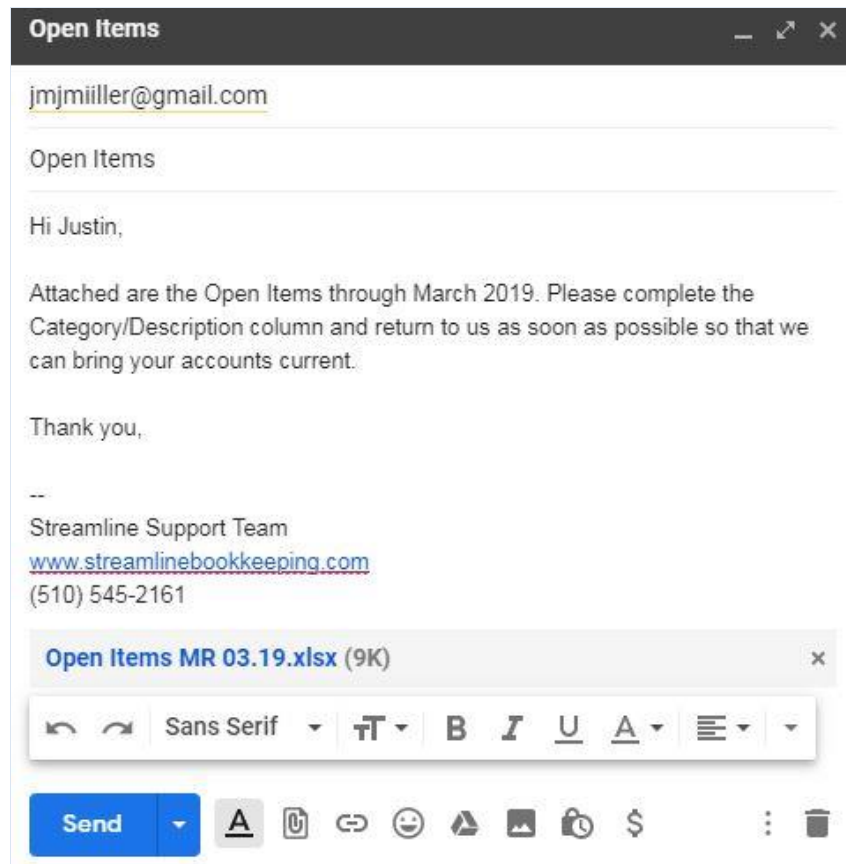
- Archive old Open Items spreadsheets into the Archive folder so the main folder stays clean. Our policy is to keep the previous month’s Open Items spreadsheet in the main folder so it is easier to create/format the new month’s Open Items spreadsheet.

*Ex: When creating the November Open Items, if the October Open Items spreadsheet is still in the main Client folder, save the new Open Items spreadsheet by clicking once on the October Open Items, and then simply change the 10.18 to 11.18.*

### **Sending the Open Items Questions Spreadsheet to the Client**

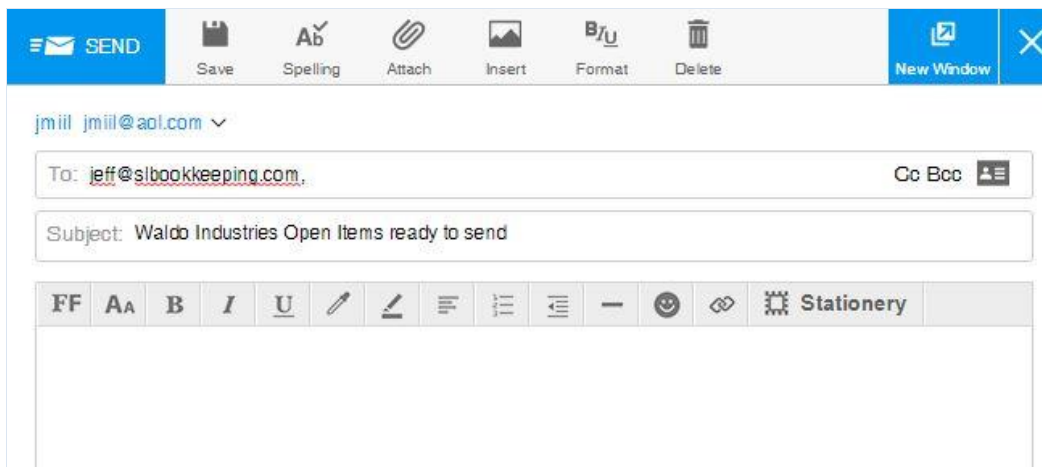
When sending Open Items to the Client, we typically attach the transaction(s) in AMC (see: [Formatting Open Items Questions in a Spreadsheet that will be emailed to the Client](#) above), and then ask any additional questions if needed. Below are the steps to send the Open Items questions to the Client:

- Log on to the **support@slbookkeeping.com** email.
- Draft an email to the Client and attach the Open Items spreadsheet to the email draft.



- Close the email by clicking the "x" in the upper right hand corner of the email; this will save it in the drafts folder.

- Email Jeff Kohn from your personal email account notifying him that there is a draft awaiting his review in the support email. In the Subject field, always use the Client's full name, so Jeff can easily search for the email, followed by the phrase "Open Items ready to send". It is not necessary to enter any text in the body of this email, unless there is a particular issue or question you want to bring to Jeff's attention.



- If there are issues or questions regarding this Client, draft an email to the Client with the questions you want to ask. Then, in the email to Jeff, explain the issues related to your proposed email to Client. This way Jeff can edit the draft if necessary before sending the email to the Client. It is good training for the Manager to compose their most concise response to the Client. If Jeff makes edits to the Manager's email draft, he will let the Manager know what he finally sent to the Client.

*Ex: This month the Client started paying off a loan for which we have no documentation. The Preparer noticed this, notified the Manager in the Preparer's Notes on the Client Checklist. In the email draft to the Client, the Manager should ask: **"Also we noticed there was a payment to a loan (list details of payment) that we have no documentation for. Do you want us to set this up as a loan on the Balance Sheet? Please send us the Interest/Principal breakdown or let us know how we should code this withdrawal. Also we do not see an initial loan deposit. Please send us the details on when the original loan was incurred."** Then in their email to Jeff, the Manager should state that they have noticed a new loan payment and have included a question about how we should code this withdrawal in their email draft to the Client.*

### **Replying to Open Items Answers from the Client**

Once the Client replies to an Open Items question, the Manager enters the Open Items answer into QBO. If we created a question in parenthesis in the Description field, once we receive the answer from the Client (and that question is no longer needed), delete our question in the Description field from QBO.

Then the Manager emails the Client notifying them that the Accounts have been reconciled through that month, unless follow up questions are necessary.

If follow up questions must be asked of the Client, the Manager sends an updated list of remaining Open Items to the Client. Below are common situations when follow up questions are necessary and how to handle them:

- **If the Client has responded to an Open Items question with a vague answer, the Manager should ask the Client a follow up question to get clarification.** Sometimes the Client either doesn't understand the question or doesn't have the knowledge to provide a clear answer. The Manager should provide as much information as possible in their follow up question, including an example for the Client to follow the formatting. It's essential that the Manager properly interprets the Client's answers. Since the Open Items answers are the only transactions that aren't viewed by all three staff, if unsure how to code an Open Items answer, email Jeff for his opinion and include all details available.

- **Always re-send any remaining Open Items questions for that month.** We want to treat each month as a separate Project, and continue to follow up instead of letting the questions accumulate.

*Ex #1: The Preparer appropriately put a tax payment of \$1,000 to the FTB on 09/01/19 into Ask My Client since there was no Form number in the memo. The Manager includes this withdrawal in the Open Items to the Client. The Client responds with: Business Taxes. This is a vague and insufficient answer. An Expense called Business Taxes should not be created. Any Sub Account for Taxes needs a clear type of Tax or Tax Form number. The Manager sends a follow up email:*

*Hi Dave,*

*Thanks for the responses. Related to the \$1,000 Expense to the FTB on 09/01/19, please provide more information on this Expense to be sure we're coding it correctly. Do you have the FTB Form number? Let us know any additional information related to this Expense.*

*Thank you,*

Ex #2: The Client replies to an Open Items answer for Check #6084 to Dina Segal for \$269.10 as: **reimbursements for Travel and Printing**. A good follow up question is:

Hi Frank,

Thank you for the Open Items answers. For Check #6084 to Dina Segal for \$269.10, please provide the breakdown of Travel vs Printing. For example: \$169.10 Travel, \$100 Printing = \$269.10

Thank you,

- If the Client's answer in the Category/Description field provides more information beyond the Account to which it is coded, copy/paste the Client's entire answer into the Description field in QBO. This is helpful in the future if the Client has a question about that transaction.

Ex: We have a question about how to code a Tax Payment for \$1,000, and the Client responds: **FTB 1138 for LLC Taxes related to 2017 and 2018**. We should code the Expense to FTB 1138 as a Sub Account of Taxes, but also copy/paste the entire response into the Description field in QBO.

The screenshot shows the 'Expense' entry form in QuickBooks Online. The 'Payee' is 'Franchise Tax Board' and the 'Payment account' is 'Checking'. The 'Payment date' is '06/17/2019'. The 'Category details' section is expanded, showing a table with the following data:

#	CATEGORY	DESCRIPTION	AMOUNT	BIL
1	FTB 1138	FTB 1138 for LLC taxes related to 2017 and 2018	1,000.00	

Ex: Regarding an Expense to Macy's, the Client answers: **suit for work**. We code that withdrawal to Owner's Draw, but also copy/paste "suit for work" into the Description field in QBO.

- If the Client replies with a vague answer, always follow up with a direct request. Simply telling the Client that their answer is insufficient does not solve the problem. All follow up questions should **concisely explain the issue and include a call to action**.

Ex: The Client sends the Open Items answers in a low-resolution PDF that is hard to read. The Manager should reply: "Thank you for the provided answers to the Open Items. However, the file is hard to read and I am unable to make out the type of Expense for check #11 to Miguel Angel Robles for \$80.00. Please let us know the type of Expense for Miguel."

- If the Client's response provides more information beyond how to code the transaction, the Manager also should update the Client Checklist with this information.

*Ex: There is a monthly withdrawal that includes a memo we are unfamiliar with: SUPERCHK ADV. The Client tells us that is a payment to their Line of Credit. The Manager should make a note of this on the Client Checklist in the Expenses section so the Preparer knows how to code future transactions from SUPERCHK ADV.*

## **Responding to a Client wanting us to download and send them Financial Reports**

Sometimes the Client does not know how to download the reports themselves. We can do this for them, although we always want to have in the Footer of any statement, “Restricted for Management Use Only”. Link to the instructions are here: [Printing Financial Reports \(for QB App and QBO\)](#).

Also provide the instructions on how we created this report (excluding the “Restricted for Management Use Only” part).

*Ex: The Client asks for the 2019 Profit & Loss. We reply:*

*Hi (Client’s first name),*

*Attached is the 2019 Profit & Loss. We are happy to create reports in the future but if you need to see this data right away, the process to create this report in QuickBooks (QBO) is as follows: once logged on to QBO, click Reports on the left, Profit & Loss. Choose the date range of 01/01/19 – 12/31/19, click Cash Basis, run report.*

*Thank you,*

## **Responding to Tax-Related Questions from the Client**

Sometimes tax-related questions arise related to whether or not something is a business tax deduction. It is Streamline’s policy to always be conservative in tax-related discussions with a Client. **Although there is cross-over between bookkeeping and taxes, we are not tax preparers and want to avoid any documented tax advice on emails.**

**Never offer tax advice, and let the Client know that this is a tax-related question and they should reach out to their tax preparer for clarity.**

Additionally, here are some tips to follow when responding to a Client’s tax-related questions:

**- If tax-related questions come up, one option is to recommend to the Client that they start an email string with their tax preparer and include us so that we can explain the question at hand.**

*Ex: The Client is an S-Corporation and owns their car in their personal name. The Client is paying for Auto Expenses from a business Account for Gas, Auto Repairs, and Lease Payments. Typically, proper accounting calls for an individual to pay for Gas, Auto Repairs, and Lease Payments from their personal Bank/CC Account, and then request reimbursement based on standard mileage rates. The Client asks us about this, so the Manager should reply with:*

*Hi (Client’s first name),*

*Auto Expenses have different rules for Corporations. I believe that Gas, Auto Repairs, Lease Payments, etc. should be paid from your personal Bank Account. So we should record these as Personal Draws for now. But I’m not certain about this. Please check with your tax preparer to be sure. Also feel free to start an email string with them and we can ask the question to them directly.*

*Thank you,*

- Use terms such as “generally” or “typically” and always include the recommendation that they consult their tax preparer. If the Manager is unsure how to respond to the Client, draft an email response to the Client from the support email with your best guess for the solution. And then email Jeff from your personal email explaining the question at hand, and how you have currently drafted the response.

*Ex: In the Open Items questions, we ask the Client about a withdrawal to Macy’s from their business CC. The Client responds in the Open Items answers: **I bought a suit for an upcoming event. Can I deduct that?** The Manager codes this withdrawal to Owner’s Draw, since the Manager is pretty sure it is not deductible. In the draft email replying to the Client’s question, the Manager should explain how they have coded the withdrawal, in addition to letting the Client know that the Accounts have been reconciled through a particular month:*

*Hi (Client’s first name),*

*Your Accounts are reconciled through March. In terms of the Macy’s charge, typically clothing is not a business deduction, but please consult your tax preparer. In the meantime we have coded the Macy’s charge as a personal Owner’s Draw. Let us know if you would like it to be changed to another Account.*

*Thank you,*

## **Common Client Responses from Open Items Questions, and how to Answer Them**

### **Client Asks:**

I pay for business-related things occasionally from cash or my personal Credit Card. How should I Expense those?

### **Our Answer:**

Since you are a corporation, employee reimbursements need to be made for business Expenses made from personal (or cash) Accounts. Attached is a spreadsheet that may be helpful, I recommend reimbursing for these types of Expenses every month, or every quarter at the latest. We need the Date and Amount of the reimbursement, as well as the sub totals of what was purchased.

For example, in March (Employee’s Name) spent \$1,500 from a personal Account. The Sub Totals are as follows: \$1,000 (Meals & Entertainment) + \$500 (Travel) = \$1,500. A check or Bank transfer should go to (Employee’s Name)’s personal Account from the business Account for \$1,500, and then the Client emails us to say that on 05/16/19 they transferred \$1,500 to (Employee’s Name)’s personal Account. Sub totals are: \$1,000 Meals & Entertainment + \$500 Travel = \$1,500.

**OR-**

*Hi (Client’s first name),*

*Since you are a corporation, employee reimbursements need to be made for business Expenses made from personal (or cash) Accounts. Attached is a spreadsheet that may be helpful, I recommend reimbursing for these types of Expenses every month, or every quarter at the latest. We need the Date and Amount of the reimbursement, as well as the sub totals of what was purchased.*

*For example, in March (Employee’s Name) spent \$1,500 from a personal Account. The Sub Totals are as follows: \$1,000 (Meals & Entertainment) + \$500 (Travel) = \$1,500. A check or Bank transfer should go to (Employee’s Name)’s personal Account from the business Account for \$1,500, and then the Client emails us to say that on 05/16/19 they transferred \$1,500 to (Employee’s Name)’s personal Account. Sub totals are: \$1,000 Meals & Entertainment + \$500 Travel = \$1,500.*

*Thank you,*

**Client Asks:**

Should I keep receipts for business Expenses?

**Our Answer:**

Yes, it's important to keep all of your receipts if there ever is an audit, but we don't need a copy of them. The most convenient way is to put the receipts in a monthly folder. Although it may not be so easy to find a particular receipt if you need to, at least you'll know it's all there and can be organized further if needed.

OR-

*Hi (Client's first name),*

*Yes, it's important to keep all of your receipts if there ever is an audit, but we don't need a copy of them. The most convenient way is to put the receipts in a monthly folder. Although it may not be so easy to find a particular receipt if you need to, at least you'll know it's all there and can be organized further if needed.*

*Thanks,*

**Client Asks:**

Whenever I reimburse staff, do I need to send you the detail of each reimbursement?

**Our Answer:**

For Staff (aka W-2 Employees), we need the reimbursement detail, which includes the subtotals for the type of Expense. (Ex: \$100 reimbursement: \$50 Travel, \$50 Office Supplies).

For Contractor payments, no reimbursement detail is needed. The Contractor will do their own bookkeeping and deduct any Expenses they paid out. Also their 1099 at the end of the year should include the reimbursements that you paid to them.

OR-

*Hi (Client's first name),*

*For Staff (aka W-2 Employees), we need the reimbursement detail, which includes the subtotals for the type of Expense. (Ex: \$100 reimbursement: \$50 Travel, \$50 Office Supplies).*

*For Contractor payments, no reimbursement detail is needed. The Contractor will do their own bookkeeping and deduct any Expenses they paid out. Also their 1099 at the end of the year should include the reimbursements that you paid to them.*

*Thanks,*

**Our Answer (if the Client Wants More Info, Provide This Example):**

Typically, reimbursements to non-employee contractors are included in Gross Income, and then deduct any business expenses you directly incurred on your own accounting. See the link to the IRS instructions below:

<https://www.irs.gov/instructions/i1099msc>

In particular, the paragraph below. The part "did not account to the payer" means that there must be an Accountable Plan in the company's corporate documents which most small businesses don't have.

*Self-employment Tax. Generally, amounts reportable in box 7 are subject to self-employment tax.*

*Examples. The following are some examples of payments to be reported in box 7.*

*A fee paid to a nonemployee, including an independent contractor, or travel reimbursement for which the nonemployee did not account to the payer, if the fee and reimbursement total at least \$600. To help you determine whether someone is an independent contractor or an employee, see Pub. 15-A.*

For example: I pay a computer tech \$700 to set up my system, and he also buys a \$50 modem for me on his business Credit Card. So I pay him \$750 total. The computer tech's accounting is as follows:

\$750 Gross Income (matches 1099 amount)  
-\$50 Equipment (that he purchased on his Credit Card)  
\$700 Taxable Income

If I issued him a 1099 for only \$700, his Taxable Income would only be \$650 and he would be double deducting that Expense.

OR-

*Hi (Client's first name),*

*Typically, reimbursements to non-employee contractors are included in Gross Income, and then deduct any business expenses you directly incurred on your own accounting. See the link to the IRS instructions below:*

*<https://www.irs.gov/instructions/i1099msc>*

*In particular, the paragraph below. The part "did not account to the payer" means that there must be an Accountable Plan in the company's corporate documents which most small businesses don't have.*

*Self-employment Tax. Generally, amounts reportable in box 7 are subject to self-employment tax.*

*Examples. The following are some examples of payments to be reported in box 7.*

*A fee paid to a nonemployee, including an independent contractor, or travel reimbursement for which the nonemployee did not account to the payer, if the fee and reimbursement total at least \$600. To help you determine whether someone is an independent contractor or an employee, see Pub. 15-A.*

*For example: I pay a computer tech \$700 to set up my system, and he also buys a \$50 modem for me on his business Credit Card. So I pay him \$750 total. The computer tech's accounting is as follows:*

*\$750 Gross Income (matches 1099 amount)  
-\$50 Equipment (that he purchased on his Credit Card)  
\$700 Taxable Income*

*If I issued him a 1099 for only \$700, his Taxable Income would only be \$650 and he would be double deducting that Expense.*

*Thanks,*

**Signing off on the Workflows**

The headings above each have an overview sentence or two before listing the “-” (bulletheads). Do we need an introductory sentence here?... and then say, “The steps to create the Open Items spreadsheet are as follows:

- **Sign off on the Workflow Checklist (on Google Sheets)** by time stamping today’s date in multiple fields:

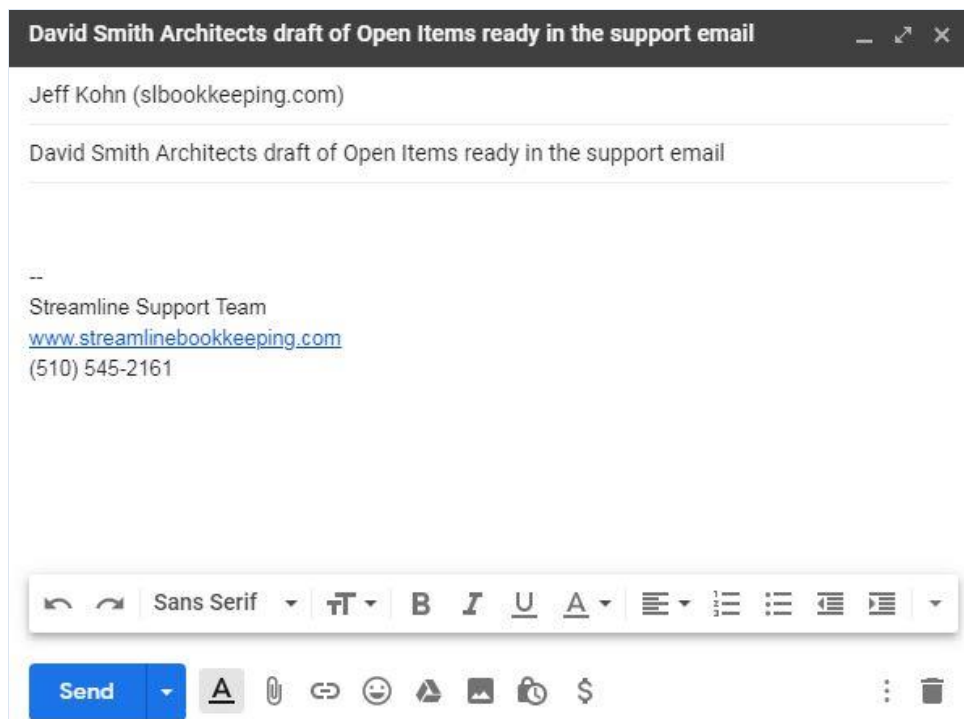
- If sending Open Items, change the Status column (Column H) to “s”, and time stamp today’s date in both: Column K and L.
- If the Project is complete (because there are no Open Items), change the Status column (Column H) to “d”, and time stamp all three: Column K, L, and M.

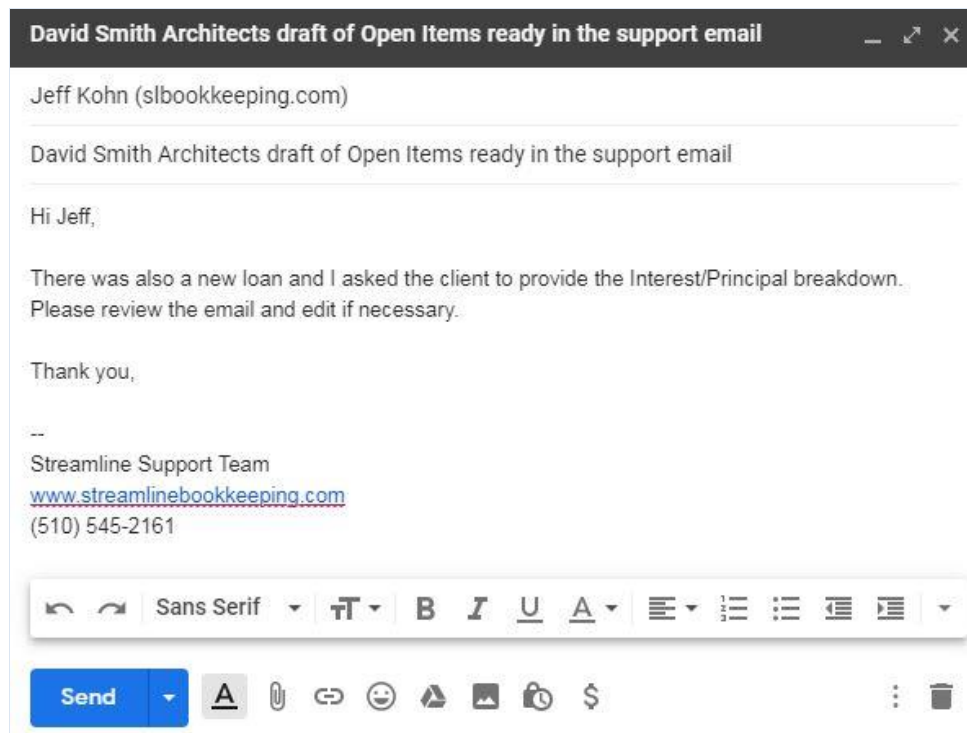
- **Sign off on QuickBase** by clicking the “pencil” (edit) icon next to the workflow, time stamp today’s date in multiple fields:

- If sending Open Items, time stamp **both**: (1.) Today’s date in the **Date Manager Reviewed** field under the Manager’s name, and (2.) Today’s date in the **Sent Open Items** field, Save & Close.
- If the Project is complete (there are no Open Items questions) time stamp **all three**: (1.) Today’s date in the **Date Manager Reviewed** field under the Manager’s name, (2.) Today’s date in the **Sent Open Items** field, (3.) Today’s date in the **Done** field, Save & Close.

- **Once you have time stamped the workflows:**

1. Draft an email to the Client (either asking Open Items questions or informing the Client that their Accounts have been reconciled through a particular month). See [Email draft procedures](#) for more information.
2. Email Jeff from your personal email that a draft is ready for his review. In the email to Jeff, include in the subject line the Client’s full name. If there are questions or issues to bring up to Jeff, there is no need to enter text to the body of the email. Always send one email per each Manager review. See [Email draft procedures](#) for more information.





### III. Client Checklist

Each new month, the Preparer makes a copy of the previous month's tab on the Client Checklist:

- Delete the old initials and dates in Columns A - F (for the Preparer, Reviewer and Manager)
- Delete the Notes Section at the bottom, except for content that needs to remain in Notes on Starting or Unresolved Amounts on the Balance Sheet sections.
- The Headers for the Notes Section in Column A remain so they carry over to the new month. Also the "Answers" header in Column W remains.

The order of the information in Client Checklist is as follows:

- Balance Accounts: Assets, Liabilities and Equity.
- Profit & Loss Accounts: Revenue and Expenses.
- December Year-End Tasks: Tasks to address during the December reconciliation, such as Inventory adjustments, Sales Tax, and Payroll.
- Financial Review: Reviewing the Balance Sheet, Profit & Loss, and General Ledger.
- Notes Section: Notes on Starting, Unresolved Amounts on the Balance Sheet, Preparer's Notes, Reviewer's Notes, Changes made by Reviewer, Manager's Notes, Changes made by Manager.

Any sections that are not relevant should be removed.

*Ex: If the Client has no Liabilities (Credit Cards, LOC, etc.), the Client Checklist does not need a Liabilities section.*

## Assets:

### Bank Accounts

#### Reconcile (Bank Name) (Ckg or Sav) #(last 4 digits):

Reconciling a Bank Account includes:

- Entering all the data from a Bank statement into QBO.

*Ex: For a Credit Card Expense, enter into QBO the Vendor Name, Bank Detail, Amount, and Date.*

- Coding transactions to the appropriate Accounts.

- Comparing the ending balance (on the last day of a particular time period) on a Bank statement to QBO's Bank Account's Reconciliation Report. If there are no outstanding uncleared deposits or checks, the Bank statement ending balance will equal the QBO Bank Account ending balance.

#### Login to the Bank website to download the PDF statement and view check images. Save the PDF to the Client's Dropbox folder:

If we have the Bank website login, the instructions will say: **Login to the Bank website to download the PDF statement and view check images. Save the PDF to the Client's Dropbox folder.**

If we do not have the Bank login, the Client Checklist has instructions how to get the Bank statement. The Client commonly sends us the monthly statement by either:

1. Sending the statement to us to a [shared Dropbox](#) folder. The Client Checklist will say:  
**The Client sends the statement to us via a shared Dropbox folder named: (Client Name) – Streamline.**

If the statement hasn't yet been added, [draft an email to the client requesting that they add it to Dropbox](#). Or,

2. Emailing us the monthly statement to the support email (support@slbookkeeping.com). The Client Checklist will say:  
**The Client emails the statement to us via the support email (support@slbookkeeping.com).**

If the statement hasn't yet been received, [draft an email to the client requesting that they reply to this support email with the statement](#).

#### Verify that the beginning balance of the current reconciliation period matches the ending balance of the previous reconciliation period:

In most cases, both QBO's ending Bank Account balance (on the Balance Sheet) and the Bank Statement's ending balance from the previous reconciliation period will match. The exception to this is if there are any uncleared deposits or checks. For this scenario, compare QBO's Bank reconciliation report with the Bank Statement from the previous month.

If the previous reconciliation was accurate and no changes were made after that reconciliation was done, the balances will match. If changes were made, the balances may not match.

*Ex: The Client wanted to delete an Invoice for \$1,000 from one of their Clients, and accidentally deleted the corresponding \$1,000 deposit as well. In this case, re-add the deposit and make a Note in the Client Checklist with all the details available so the Manager can let the client know not to do this going forward.*

### **Enter the data from the Bank statement into QBO (Either via manual entry or the Banking feed):**

Once the beginning balance has been confirmed, enter the data from the Bank statement. If available, we often use the Banking feed in QBO. Although the Banking feed does not always guess the correct Account, it is still a helpful tool. See the [QBO Banking Feed Download](#) section for more details.

### **Verify that the ending balances in the Bank Account in QBO and the Bank Statement match:**

In most cases, both QBO's ending Bank Account balance (on the Balance Sheet) and the Bank Statement's ending balance from the current reconciliation period will match. The exception to this is if there are any uncleared deposits or checks. For this scenario, compare QBO's Bank reconciliation report with the Bank Statement from the current reconciliation period. If the ending balances don't match (and the beginning balances do match), then there was an Amount error within the current reconciliation entries.

## **Liabilities:**

### **Credit Cards**

#### **Login to the Bank website to download the PDF statement. Save the PDF to the Client's Dropbox folder:**

If we have the Bank website login, the instructions will say: **Login to the Bank website to download the PDF statement. Save the PDF to the Client's Dropbox folder.**

If we do not have the Bank website login, the Client Checklist has instructions how to get the CC statement. The Client commonly sends us the monthly statement by:

1. Sending the statement to us to a shared Dropbox folder, or
2. Emailing us the monthly statement to the support email (support@slbookkeeping.com).

If the Client's CC statement has not yet been sent to us, draft an email to the Client from our support email. See the [Emails to Clients](#) section for more details.

#### **Verify that the beginning balance of the current reconciliation period matches the ending balance of the previous reconciliation period:**

In most cases, both QBO's ending CC Account balance (on the Balance Sheet) and the CC Statement's ending balance from the previous reconciliation period will match.

If the previous reconciliation was accurate and no changes were made after that reconciliation was done, the balances will match. If changes were made, the balances may not match.

*Ex: The Client charged some business Expenses to their personal credit card. Without asking us, they began entering credit card charges in QBO to an existing CC Business Account. In this case, draft an email to the client confirming that they added these transactions into QBO incorrectly and request confirmation from the Client that we can delete those transactions. To enter the transactions correctly we should request from the Client a summary of the business*

*Expenses made from personal cards so we can enter them as Owner's Investments, or request that they write themselves a reimbursement check (if they're a Corporation).*

### **Enter the data from the CC statement into QBO:**

Once the beginning balance has been confirmed, enter the data from the CC statement. If available, we often use the Banking feed in QBO. Although the Banking feed does not always guess the correct Account, it is still a helpful tool. See the [QBO Banking Feed Download](#) section for more details.

### **Verify that the ending balances in the CC Account in QBO and the CC Statement match:**

In most cases, both QBO's CC Account ending balance (on the Balance Sheet) and the CC Statement's ending balance from the current reconciliation period will match. If the ending balances don't match (and the beginning balances do match), then there was an Amount error within the current reconciliation entries.

## **Payroll Liabilities**

**Payroll Liabilities should have a zero balance at the end of each month. Exception: unless there is a payroll tax made on the first couple days of the next month which will zero out the liability.**

**Payroll withholdings that the payroll company is not paying for directly. Give examples of 401k or health insurance payments where both the employee and employer contribute. Give example where only the employee contributes.**

### **Payroll Liabilities without a Zero Balance:**

The only reason why Payroll Liabilities would not have a zero balance is:

1. The tax payments are in transit and will clear the Bank in the first couple days of the next month.
2. An Accounting error occurred which needs to be fixed.
3. There is a Payroll withholding that the payroll company is not paying for directly.

In any of these cases, if the balance is not zero at the end of the month, we need to investigate why.

For #1: Make a Preparer's Note that this is a common occurrence, and the Manager will update the Client Checklist. The Manager will likely add a note for the Preparer to log on to the Bank and confirm that the proper Amount was paid in the beginning of the next month.

For #2: Investigate why the Amount is incorrect. If you are unsure, make concise notes in the Preparer's Notes section of the Client Checklist so the Manager will be prompted to investigate.

For #3: Any Payroll withholdings that are not paid from the payroll company should have their own separate Liability Sub Account. Common Sub Accounts may include retirement accounts such as a 401K, or Health Insurance where both the Employee and Employer contribute to the Insurance plan.

*Ex: The Client has a 401K plan that employees withhold out of each bi-monthly paycheck. But the Client pays the 401K Vendor on a monthly or quarterly basis.*

## **Loans**

Sometimes there will be an outstanding Loan where the Loan balance is not being reduced on a regular basis. If this is the case, the Client Checklist will contain a corresponding note explaining this situation. Other times the Client is paying

down the Loan and will likely have an Interest/Principal allocation. If the Client Checklist has no information on that Loan, make a note in the Preparer's Notes section to notify the Manager.

## **Mortgages**

Most mortgage payments have an Interest and Principal allocation, and directions will be in the Liabilities section of the Client Checklist. If there is no information about the mortgage on the Client Checklist, make a note in the Preparer's Notes section to notify the Manager.

## **Sales Tax**

For Clients that collect Sales Tax, we must know the Due Date and Pay Period of how often they pay their State agency. For California, the agency is the Board of Equalization (BOE) or the California Department of Tax and Fee Administration (CDTFA).

*Ex: Client pays sales tax quarterly. Payments to the BOE are paid approximately 1 month after the Filing Period. When we see a BOE payment, create a journal entry on the last day of the filing period to create a Sales Tax Payable, and then the BOE payment zeros out that Account.*

*Ex: \$765 was paid on 10/25/19, which was associated with Filing Period 07/01/19-09/30/19. On 09/30/19 make a journal entry crediting Sales Tax Payable and debiting Sales: Sales – Information Station. And then the BOE payment on 09/30/19 goes to Sales Tax Payable.*

For each Pay Period, ideally the Client will let us know how much they owe. For Clients that don't send us that information each quarter, that is okay. But there should be a corresponding section in the December Year-End Tasks section of the Client Checklist, as it will be essential to record the 12/31 Liability. For December, the Preparer should draft an email to the Client requesting that information before sending the Project for Review.

Once we have that Amount, a journal entry is made in QBO to reduce the proper Income Account (Debit), and increase the Sales Tax Payable Account (Credit).

If this journal entry is not created, Income will be overstated for that time period. Usually, Clients pay Sales Tax on a Quarterly basis, although there may be other time frames such as Monthly or Annually. The Client Checklist will explain the frequency of Sales Tax Payments. For California, payments commonly go to the Board of Equalization (BOE), which is now called the California Department of Tax and Fee Administration (CDTFA). Confirm that no Pay Periods were skipped.

In the past, we have submitted inaccurate year-end reports to Clients because this was missed. The December reconciliation is the most important when it comes to any Sales Tax due.

## **Equity:**

### **Owner's Draw (also labeled as Member's Draw for LLC's, Partner's Draw for Partners, and Shareholder's Draw for Corporations)**

Owner's Draw is used for personal transactions made from a business Account. Sometimes a transaction made from a business Account is a personal tax deduction, not a business tax deduction. For these withdrawals, we typically do not

create Sub Accounts of Owner's Draw; these withdrawals should go into the Parent Account: Owner's Draw. We do this to discourage the Client from continuing this habit. Additionally, the Manager should mention in the Open Items that these withdrawals should be paid from the Client's personal Bank Account going forward. Exception: If Sub Accounts of Owner's Draw already exist in QBO, then continue to use these Sub Accounts as the Client has specifically requested it.

**Ex: Owner's Draw**

-Medical

-Charitable Contributions

-Health Insurance

-Life Insurance

## **Owner's Investment (also labeled as Member's Investment for LLC's, Partner's Investment for Partners, and Shareholder's Investment for Corporations)**

Owner's Investment is used when the Client deposits money into their business Account, but the deposit is not categorized as Income. The Client Checklist will indicate deposits of this kind. If unsure, add to AMC.

Because of QBO's algorithms, QBO will code the transaction to the Account last used. So if the Client had asked us to code the previous deposit from their personal Bank Account to Owner's Investment, QBO may automatically code subsequent deposits to go to Owner's Investment. Even one inaccurate deposit will make their tax return incorrect, so if you are unsure about a deposit being coded to Owner's Investment, make a Preparer's Note.

## **Revenue:**

During the onboarding process, Jeff Kohn and the Client agree how the Client would like revenue to be recorded. The Revenue section on the Client Checklist will describe the agreement.

Below are 3 common ways that we record revenue for Clients:

1. Every deposit should have a matching invoice. All deposits should be matched in Undeposited Funds. Exception: scan deposits for Expense refunds; these should net to the original Expense Account.
2. All deposits are revenue with **no Customer name needed**. Exception: scan deposits for Expense refunds; these should net to the original Expense Account.
3. All deposits are revenue. Login to the Bank and **list the Customer's name**. Exception: scan deposits for Expense refunds; these should net to the original Expense Account.

*Ex: Some Clients manage their Accounts Receivable and Customer names on a separate system, whether it is software or a spreadsheet. They do not need us to re-create any Customer information in QBO, so for our purposes all deposits are considered Income with no Customer name needed (#2 above).*

## **Expenses:**

As we get to know the Client, we may add notes under Expenses on the Client Checklist for transactions that are not straightforward.

*Ex: We have a common way to record payroll transactions, but-we need to customize it for this Client.*

Ex: The Client requests that we record all Vendors that are Wine Merchants to: Gifts.

Ex: While our typical rule is to record all transactions from Supplies companies under \$100 to "Office Supplies", the Client has requested to increase the threshold to \$500.

### **Withdrawals to (Client's Full Name), or Account #xxxx are Equity Draws, not Expenses:**

If the business is profitable, there are often withdrawals to the Client's personal Bank Account. These are Owner's Draws, so this section will detail the method that the Client uses to pay themselves. Sometimes the Client reimburses themselves for business Expenses paid from personal credit cards. If the Client does often reimburse themselves, there will be a note to add all withdrawals to that personal Bank Account to AMC and ask whether the withdrawal is a Owner's Draw, or a reimbursement (reimbursement details will need to be requested from the Client so we can properly code them in QBO).

Ex: The Client has requested that we put all withdrawals to their personal Bank Account to AMC, and there is a corresponding note in this section of the Checklist. The Preparer sees a \$1,000 withdrawal and correctly adds the transaction to AMC with the note in QBO: (Owner's Draw or reimbursement? If reimbursement, please provide the details of what the reimbursement was for).

### **Type the exact name of each Sub Account listed in QBO for Insurance and Taxes (used during this fiscal year):**

Many errors can occur from the mis-categorization of Taxes and Insurance. Some Tax and Insurance payments are business deductions, and some are personal. A Client who isn't aware of these rules often erroneously pays for all Tax and Insurance payments from their business Accounts. Our goal is to identify what each payment is for in order to properly categorize them as either (1.) Business Expenses on the Profit & Loss with their own Sub Accounts, or (2.) Personal Expenses, usually as Owner's Draws.

#### **Insurance:**

No Insurance Expense should be listed in the Parent Account: Insurance. **All Insurance payments should have a Sub Account named with the specific type of Insurance.** Also include the word "Insurance" in the Sub Account name.

Dues & Subscriptions	8.99
Events	237.24
Insurance	
Health Insurance	593.78
Liability Insurance	143.33
Travel Insurance	511.34
Workers Comp Insurance	134.50
<b>Total Insurance</b>	<b>1,382.95</b>

#### **Taxes:**

No Tax Expenses should be listed in the Parent Account: Taxes. **All Tax payments should have a Sub Account named with the specific type of Tax.** Expense Account names such as "Federal Taxes" or "State Taxes" is too vague. Account names should always include the Form # or the specific tax type (Ex: Annual Corp Fee). Otherwise add to AMC to ask the Client for more details.

- Ex: CA LLC Franchise Tax
- Ex: CA Corp Franchise Tax
- Ex: Oakland City Tax
- Ex: Form 3539 Tax



▼ Taxes	
CA Corp Franchise Tax	2,490.90
San Francisco City Tax	176.94
<b>Total Taxes</b>	<b>2,667.84</b>
Travel	12,301.61
Utilities	6,089.10
▼ Wages	

List each Sub Account name in the Taxes section of the Client Checklist in the Expenses section. The purpose is to be 100% sure we have recorded Taxes correctly, as some Taxes are deductible for the business, and some are not. The tax preparer will need to know about every Tax payment made, so we want to make it as easy as possible for them to file the Client's tax return.

Below are common Tax payment Form names that are **not** business Tax deductions and should be listed as Equity Draws (no Sub Account needed in the Draw Account):

- Form 1040-ES: Individual/personal quarterly Federal Tax payments
- Form 540-ES: Individual/personal quarterly State Tax payments
- Form 4868: Individual/personal Federal Tax extension payment
- Form 3519: Individual/personal State Tax extension payment

Penalties for late filing, or any other penalty fees, should have their own Sub Account in: Taxes.

Ex: Late Filing Fee

## Payroll

1. For the "Net Checks", do not enter the withdrawal to Wages. Instead, provide the detail for each Employee's payroll check. For each net payroll check, in QBO enter the gross Amount to Wages, and then a negative Amount for the Employee Taxes withheld to "Payroll Liabilities".
2. For the "Total Taxes" withdrawal (the sum of the Employer and Employee Taxes): the Employer Taxes goes to "Employer Payroll Taxes" Expense, and the Employee Taxes withheld goes to "Payroll Liabilities". Once the net checks and Taxes have been entered, the "Payroll Liabilities" Account will net to \$0.

There are two main ways that payroll companies work:

- A. The Client directly pays the IRS and Franchise Tax Board, or

- B. The payroll company uses a Bank Holding Account, and pays the IRS and Franchise Tax Board on the Client's behalf.

If any customizations are need for a particular Client's payroll, instructions will be listed on the Client Checklist. The typical process is #B above, where the Net Checks and Total Taxes (both Employee and Employer) get withdrawn from the Client's Bank Account via the payroll company's Bank Holding Account.

This process should zero out the Payroll Liabilities section each time payroll is run. If Payroll Liabilities is not zero, the Preparer should investigate. If they can't figure out the answer, make a Preparer's Note and provide as much detail as possible in the notes.

Timing differences: Often the payroll company draws funds from the Bank Account before the Pay Day (or Pay Date). The Pay Day is important because that is the date used for their year-end W-2, so QBO should match that date. Since this is a labor-intensive process, the best way to handle payroll withdrawals is to **always use the date that the funds cleared the Bank, not the Pay Day.** And then the Client Checklist has a [December Year-End Tasks](#) section that addresses payroll, and **for the last payroll run in December QBO's date should be adjusted to match the Pay Day.**

Sometimes there are Payroll Liabilities that the payroll company doesn't make directly. So certain Payroll Liabilities will accrue balances and then be paid monthly, quarterly, annually, etc. Whenever Payroll Liabilities are accruing, the Client Checklist will have a note in Payroll section regarding *who the Vendor is, and how often that Vendor is paid.*

**Additionally, any Payroll Liabilities accruing balances should have their own Sub Account in the Payroll Liabilities section in QBO** so that when the Vendor is paid, it will zero out that Account.

*Ex: 401k withholdings*

*Ex: NYC Paid Family Leave*

*Ex: Dental Insurance*

## **December Year-End Tasks:**

**- Payroll: Pay Date on the Payroll report is in the next year, but the funds cleared in the current year.**

Check for any Pay Day in January but the funds cleared in December. In QBO, adjust the transaction to record Payroll on the Pay Day (in January), and create a Prepaid Payroll (Asset) Account in order to record the Bank withdrawal in December.

*Ex: Payroll was withdrawn from the Bank on 12/31/2019, but the Pay Day was 01/02/2020. This is W-2 wages for 2020 even though it cleared the Bank in 2019. The adjustment will be as follows:*

**12/31/19**

*Prepaid Payroll (debit)*

*Bank (credit)*

**01/02/20 (Pay Day)**

*Salaries, Employer Taxes, etc. (debit)*

*Prepaid Payroll (credit)*

**- Payroll: Pay Date on the Payroll report is in the current year, but the funds cleared in the next year.**

The Pay Date on the Payroll reports should match the date in QBO. The Pay Date typically precedes the funds clearing the Bank. Review the Bank Account online and Payroll reports to see if any payroll related transactions cleared the Bank in the first few days of January that were related to payroll with a December Pay Date. If so, in QBO change the date from January to the December Pay Date. This will create an uncleared check in the December Bank reconciliation, which is accurate.

**- Sales Tax:**

Are we recording Sales Tax Payable each quarter? If yes, email the Client asking for the Q4 Sales Tax payment amount, so we can record the Q4 Liability on 12/31. The typical entry is: (Credit) Sales Tax Payable, (Debit) the correct Income Account.

If we don't yet know the Sales Tax Payable amount for Q4, the Manager should request it as part of the Open Items questions. We need the previous quarter's Sales Tax Amount so we can record the Q4 Liability on 12/31.

**- Inventory:**

The Client will provide a 12/31 Inventory count, which will be adjusted to COGS. If the Client has not submitted an Inventory count to us, make a note in the Preparer's Notes section on the Client Checklist, so the Manager is prompted to ask the Client. The Manager should ask: Please let us know the cost of Inventory on hand as of 12/31 so that we can adjust Inventory and Cost of Goods Sold.

**- Balance Sheet Line Items other than the Accounts that we Reconcile:**

For the December reconciliation, The Manager should include in the Open Items email to the Client each Balance Sheet Line Item to confirm that the balances are still correct. Although we already address the Balance Sheet Line Items on a monthly basis via the [Unresolved Amounts on the Balance Sheet](#), we want to confirm the balances with the Client before they file their tax return each year. See the **December Year-End Tasks email for Open Items** section in the [Emails to Clients](#) section for the email formatting.

Below is an example of where we correctly had a corresponding note on the Client Checklist regarding a Security Deposit. But sometimes a Security Deposit is used towards last month's Rent so we want to ask them about it. This December Year-End Task will help catch these types of situations if the Client forgot to notify us of any Balance Sheet changes.

*Ex: The Client has a Security Deposit Asset on the Balance Sheet for \$2,000 which was confirmed by the Client via email earlier in the year. The only other Balance Sheet Line Items are for the Bank and Credit Accounts that we're reconciling each month, and some depreciating Fixed Assets that already have Accumulated Depreciation recorded from previous years. For the December reconciliation the Manager sends the following email to the Client:*

*Hi (Client's first name),*

*Attached are the Open Items. Complete the column labeled category/description and return the Open Items answers to this e-mail at your soonest convenience.*

*Also we have some additional Year-End requests:*

*1. We want to confirm that all Balance Sheet Line Items are still accurate. Please confirm that these balances are accurate:*

*- Security Deposit for \$2,000 from 01/15/2014*

*2. Before sending the reports to your tax preparer, click on the link below to schedule a time to review the numbers with Jeff. Below is the link to his calendar:*

*<http://www.meetme.so/streamlinebookkeeping>*

*Thank you,*

## **Financial Review:**

The purpose of the Financial Review for the Preparer is to ensure that the Client's QBO Account is accurate. The Reviewer and Manager also do a Financial Review to check the Preparer's work, mainly double-checking for formatting mistakes or unclear Amounts. If you discover any issues from your review, provide detailed notes in the Notes section of the Client Checklist.

## **Balance Sheet**

**- In QBO, run a Balance Sheet report with the Beginning Date 01/01, and the Ending Date as the current reconciliation date.**

*Ex: If we're reconciling through the month of April 2019, the date range is: 01/01/19 – 04/30/19.*

**- Identify:**

**Spelling errors**

**Unclear or redundant Account names**

**Amounts in Parent Accounts that should be in Sub Accounts**

**Incorrect Negative Amounts**

**Undeposited Funds without a zero balance**

**Payroll Liabilities without a zero balance**

**Unresolved Amounts on the Balance Sheet**

## **Spelling Errors:**

Capitalize the first letter of each word, except for articles, conjunctions, and prepositions such as "and," "or," "of."

*Ex: Bank of America*

*Ex: Bank of the West*

*Ex: Chamber of Commerce*

Ex: Center for Continuing Education

Ex: Barnes and Noble.

### **Unclear or Redundant Account Names:**

Sometimes we get a new Client and inherit their old Chart of Accounts, or a mistake is made on our part. The Chart of Account names may need to be edited or merged. Also, never use vague Account names such as “Miscellaneous Expense” or “Uncategorized Expense.” If unsure which Account name to use, see the [Financial Statement Terminology](#) section in this Manual for our Standard Chart of Accounts. These are common Account names used, but you may also create new Account names when needed.

Ex: One Expense Account is called: Advertising and Marketing, while another Expense Account is called: Marketing. These should be merged or investigated further on what the difference is.

Ex: One Expense Account is called: Bank Service Charges, while another Expense Account is called: Banking Fees. These should be merged or investigated further on what the difference is.

### **Amounts in Parent Accounts that should be in Sub Accounts:**

Once a Sub Account is created, do not put any transactions into the Parent Account. Only put transactions into corresponding Sub Accounts.

Ex: On the Balance Sheet, there is a Furniture & Equipment (Parent Account), that contains a Furniture (Sub Account) and Equipment (Sub Account). All transactions should be in either the Furniture Sub Account or the Equipment Sub Account; no transactions should be in the Furniture & Equipment Parent Account.

Fixed Assets	
Furniture & Equipment	
Equipment	3,399.89
Furniture	1,909.18
Total Furniture & Equipment	5,309.07

In QBO, a transaction entered into a Parent Account shows up directly in line with (to the right of) the Parent Account name. In QB app, QB automatically creates an “Other” Sub Account. Neither coding is correct, and should be moved to a Sub Account.

Ex: Outside Services should have Sub Accounts such as Contractors, Bookkeeping, Graphic Design, Legal, Janitorial, etc.

Ex. Depreciating Fixed Assets should have Sub Accounts such as: 1. Furniture or 2. Equipment. Furniture is depreciated over 7 years, whereas Equipment is depreciated over 5 years.

### **Incorrect Negative Amounts:**

No negative amounts should appear on the Balance Sheet, with a few exceptions: Accumulated Depreciation, Accumulated Amortization, and certain Equity Accounts such as: Draw Accounts, Owner’s Equity, Retained Earnings, and Net Income.

Ex: The PayPal Bank Account shows a **-\$300** balance as of 10/31/19 because the Preparer accidentally recorded an Expense to that Account. During the Preparer’s Financial Review, they should be able to catch their own mistake.

*Ex: The Sales Tax Payable Account shows a **-\$150** balance because the Client, who provides the monthly Sales Tax Payable amounts, paid \$150 more than they said they were going to pay. This may be a data entry error due to the Client paying off an old balance from previous years. The Preparer should make a note in the Preparer's Notes section of the Client Checklist, and then the Manager should reach out to the Client with the details and ask about the discrepancy.*

### **Undeposited Funds without a Zero Balance:**

Some Clients create Invoices and Receive Payments in QBO. If the Client Receives a Payment but the deposit has not cleared the Bank, there will be a balance in Undeposited Funds. A day or two timing difference is acceptable. Otherwise, a balance in Undeposited Funds likely means an error has occurred, probably from the Client Receiving Payment that never was deposited into the Bank. In the Preparer's Notes, the Preparer should list the Received Payments that are creating the balance in Undeposited Funds, including all relevant details: Date, Amount, and Customer Name. Then the Manager will email the Client regarding these transactions.

*Ex: On 10/31/19 there is a \$1,000 balance in Undeposited Funds. The Preparer checks the Bank Account online and finds no deposits in the first couple of days in November 2019. The Preparer should list the Received Payments that are creating the balance in Undeposited Funds.*

### **Payroll Liabilities without a Zero Balance:**

The only reason why Payroll Liabilities would not have a zero balance is:

1. The tax payments are in transit and will clear the Bank in the first couple days of the next month.
2. An Accounting error occurred which needs to be fixed.
3. There is a Payroll withholding that the payroll company is not paying for directly.

In any of these cases, if the balance is not zero at the end of the month, we need to investigate why.

For #1: Make a Preparer's Note that this is a common occurrence, and the Manager will update the Client Checklist. The Manager will likely add a note for the Preparer to log on to the Bank and confirm that the proper Amount was paid in the beginning of the next month.

For #2: Investigate why the Amount is incorrect. If you are unsure, make concise notes in the Preparer's Notes section of the Client Checklist so the Manager will be prompted to investigate.

For #3: Any Payroll withholdings that are not paid from the payroll company should have their own separate Liability Sub Account. Common Sub Accounts may include retirement accounts such as a 401K, or Health Insurance where both the Employee and Employer contribute to the Insurance plan.

*Ex: The Client has a 401K plan that employees withhold out of each bi-monthly paycheck. But the Client pays the 401K Vendor on a monthly or quarterly basis.*

### **Unresolved Amounts on the Balance Sheet:**

Each Balance Sheet Account that we reconcile monthly (Bank Accounts, Credit Cards, and Lines of Credit) already has a corresponding reconciliation procedure on the Client Checklist. Any other Balance Sheet Amounts should have a corresponding Line Item on the Client Checklist explaining what that Amount is for. If there is no explanation, the Preparer should make a note in the Unresolved Amounts on the Balance Sheet section of the Client Checklist that this Amount needs clarification. The Manager will use this information when emailing the Client the Open Items questions. Below are some examples of Balance Sheet Amounts that have corresponding Line Items on the Client Checklist.

*Ex: Security Deposit (Asset) for \$2,000. The Client has confirmed this is accurate.*

*Ex: Intangible Assets with a corresponding Accumulated Amortization. Client has a Copyright Intangible Asset. The Client has confirmed this is accurate and their tax preparer is amortizing it each year.*

*Ex: 401K Payroll Liability to Vanguard. This is paid monthly even though payroll is running 2x/month. This Account should zero out around the 3<sup>rd</sup> of each month when Vanguard is paid.*

*Ex: Accounts Receivable. The Client sends invoices through QBO, so a balance in this Account is okay.*

**Since some Clients do not respond promptly, the Unresolved Amounts on the Balance Sheet section should remain each month until the Manager removes it (because the Client has responded with an answer). This ensures that transactions are not being recorded to the Balance Sheet incorrectly.**

**Exceptions to Unresolved Amounts on the Balance Sheet:** The Accounts below do not need a corresponding Line Items in the Client Checklist:

Owner's Investment (aka Shareholder's Investment etc.)

Owner's Draw (aka Shareholder's Draw etc.)

Retained Earnings

Net Income

Any other Amounts in Equity should have a corresponding Line Item. If the Line Item on the Client Checklist, explaining what the Amount is for, says that the tax preparer has OK'd/approved it, that is fine. This means that the Client has emailed us saying the Amount is correct. Although we might want more detail, at a minimum we have a documented email from the Client confirming this Amount is accurate. Otherwise there should be an explanation of what the Amount is for.

## **Profit & Loss**

**- In QBO, run a Profit & Loss report with the Beginning Date 01/01, and the Ending Date as the current reconciliation date.** Also Display Columns by Month in order to see any monthly trends.

*Ex: If we're reconciling through the month of April 2019, the P&L report date range is: 01/01/19 – 04/30/19.*

Some transactions will have specific processes for categorization, but for all other transactions we're looking for inconsistencies.

### **Revenue:**

**- Identify:**

**Unusually high Gross Revenue in a particular month.**

### **Unusually high Gross Revenue in a particular month:**

Fluctuations in revenue are common, but for particularly high Gross Revenue months, look for any large deposits that seem unusual. Maybe the Client had to invest money into their company, or take out a loan, and forgot to tell us. An indicator of this would be a transfer from the owner's personal Bank Account, or a large deposit from another Bank institution.

Ex: The Client usually receives \$8-10K in Gross Revenue each month, but last month they received \$40K. Perhaps they received a large pre-payment and it is Revenue. Or they may have taken out a loan (not Revenue) and forgot to inform us. In this case, make a note in the Preparer's Notes so the Manager can include this question in the Open Items email to the Client.

Article One Advisors, LLC

**PROFIT AND LOSS**  
January - April, 2019

*When noticing large fluctuations in gross revenue, it's best to make a note in the Preparer's Notes so the Manager can include this question in the Open Items email.*

	JAN 2019	FEB 2019	MAR 2019	APR 2019	TOTAL
Income					
Services	84,827.67	32,975.00	6,494.20	19,975.00	\$144,271.87
<b>Total Income</b>	<b>\$84,827.67</b>	<b>\$32,975.00</b>	<b>\$6,494.20</b>	<b>\$19,975.00</b>	<b>\$144,271.87</b>
<b>GROSS PROFIT</b>	<b>\$84,827.67</b>	<b>\$32,975.00</b>	<b>\$6,494.20</b>	<b>\$19,975.00</b>	<b>\$144,271.87</b>
Expenses					
Advertising		96.76			\$96.76
Automobile					\$0.00
Parking & Tolls		187.00	69.00	23.75	\$279.75
<b>Total Automobile</b>		<b>187.00</b>	<b>69.00</b>	<b>23.75</b>	<b>\$279.75</b>
Bank Service Charges	101.00	2.00	2.00	6.00	\$111.00
Charitable Contributions		1,017.66			\$1,017.66
Dues & Subscriptions	8.99	23.99	8.99	8.99	\$50.96
Equipment	2,483.80			140.91	\$2,624.71
Events			2,378.26		\$2,378.26
Insurance					\$0.00
Health Insurance	593.78	593.78	593.78	593.78	\$2,375.12
Liability Insurance	143.33	143.37	143.33	143.33	\$573.36
Workers Comp Insurance	200.40	220.83	281.77	332.16	\$1,035.16
<b>Total Insurance</b>	<b>937.51</b>	<b>957.98</b>	<b>1,018.88</b>	<b>1,069.27</b>	<b>\$3,983.64</b>

- Only for clients that generate Invoices in QBO: Scan all Income Accounts on the P&L. All fields in the "Transaction Type" column should say "Invoice". The Preparer should delete this if the client doesn't create Invoices in QBO).

A common mistake that occurs when a Client generates Invoices in QBO is that when a deposit is made, the deposit accidentally goes into an Income Account instead of into Undeposited Funds. Reviewing the Income Account detail in QBO ensures that no deposits were mistakenly added to Income. When viewing the Income Account detail, the: Transaction Type column should say the word: Invoice, not: Deposit.

### Expenses:

- Review each Line Item in the Expenses section on the Profit & Loss report in QBO:

- Identify:

Spelling Errors

Unclear or redundant Account names

Amounts in Parent Accounts that should be in Sub Accounts

Dramatic fluctuations in monthly Expenses that we want to bring to the Client's attention

### **Spelling Errors:**

Capitalize the first letter of each word, except for articles, conjunctions, and prepositions such as "and," "or," "of."

*Ex: Bank of America*

*Ex: Bank of the West*

*Ex: Chamber of Commerce*

*Ex: Center for Continuing Education*

*Ex: Barnes and Noble.*

### **Unclear or Redundant Account Names:**

Sometimes we get a new Client and inherit their old Chart of Accounts, or a mistake is made on our part. The Chart of Account names may need to be edited or merged. Never use vague Account names such as "Miscellaneous Expense" or "Uncategorized Expense." If unsure which Account name to use, see the [Financial Statement Terminology](#) section in this Manual for our Standard Chart of Accounts. These are common Account names used, but you may also create new Account names when needed. The primary purpose of doing bookkeeping is provide a set of reports for their tax preparer. We want to make the reports as organized as possible so that the tax preparer won't have any unnecessary follow up questions for us. If in doubt about a particular transaction, it's best to add to AMC to get more information from the client.

*Ex: One Expense Account is called: Advertising and Marketing, while another Expense Account is called: Marketing. These should be merged or investigated further on what the difference is.*

*Ex: One Expense Account is called: Bank Service Charges, while another Expense Account is called: Banking Fees. These should be merged or investigated further on what the difference is.*

*Ex: There was an Expense coded to AMC and the client replied: Medical. But Medical could mean Health Insurance, doctor visits, prescription medication, etc. Depending upon their tax structure, doctor visits and prescription medication are usually personal Expenses so the appropriate categorization may be to record these as Owner's Draws. In this case, the Manager will get clarification on what exactly these Expenses are for.*

### **Amounts in Parent Accounts that should be in Sub Accounts:**

A Parent Account that has a Sub Account should never have an amount listed in the Parent Account. In QBO, a transaction entered into a Parent Account shows up directly in line with (to the right of) the Parent Account name. In QB app, QB automatically creates an "Other" Expense. Neither of these codings are correct and should be moved to a correct Sub Account.

*Ex: Outside Services should have Sub Accounts such as Contractors, Bookkeeping, Graphic Design, Legal, Janitorial, etc.*

Office Supplies	4,835.25
▼ Outside Services ← <b>Parent Account</b>	
Accounting	278.88
Bookkeeping	4,770.00
Consulting	1,000.00
Contractors	37,217.48
IT Service	319.90
Legal	8,452.98
Notary	65.00
<b>Total Outside Services</b>	<b>52,104.24</b>
Payroll Fees	685.80

**Sub Accounts**

### **Dramatic fluctuations in monthly Expenses that we want to bring to the Client's attention:**

Fluctuations in monthly Expense trends are common. But if a large increase or decrease in an Expense Account for a particular month is noticed, investigate further and make a Note on the Client Checklist if needed.

*Ex: The Client pays Rent each month, but last month's Rent payment was only 50% of the usual amount. In this case, make a note in the Preparer's Notes section so the Manager can include this question in the Open Items email to the Client.*

*Ex: The Client pays around \$1,000/month in Meals & Entertainment, but last month they paid \$9,000. The P&L report shows a single Expense for \$8,000 to the Barrel Company. This Expense may have been for an Event or an Office Meeting, which would be 100% deductible instead of the usual 50% deductible for Meals & Entertainment. In this case, make a note in the Preparer's Notes section so the Manager can include this question in the Open Items email to the Client.*

### **- Review the Ask My Client (AMC) Transaction Report in QBO:**

Review the Ask My Client (AMC) Transaction Report in QBO to confirm all information is visible: full Bank Detail on the Bank/CC statement, Customer/Vendor name, Check # and Check Memo, the "Split" column shows the other Account name, and a [concise question from us in parenthesis if needed](#).

Choose "All Dates" to see everything in Ask My Client (not just the reconciliation period being reviewed).

### **If the Banking feed truncates the full Bank Detail in QBO, Copy/Paste the full Bank Detail into the Description field for AMC:**

Verify that any transactions in AMC contain the full Bank/CC Bank Detail. The QBO Banking feed may truncate the Bank/CC memo after approximately 30 characters. **If the memo is truncated, you'll need to copy/paste the full memo from the Bank/CC statement.** [There are 2 "memo" fields in the Expense screen in QBO:](#) Description and Memo. The Description field is the one that is visible in the AMC report. It's okay to have duplicate information in both the Memo and Description fields, but the Memo field should not have any information that also isn't in the Description field.

**If a Customer name isn't visible, type their name into the Description field. Confirm that all Vendor names are listed.**

If there is a Check, confirm that we have typed in the Check # and Check Memo (if the Client wrote a memo on the check).

If the "Split" column says "Split" instead of the other Account name from the entry, type the Account name into the Description field if needed. This occurs when Journal Entries are made:

A Journal Entry will say "Split" in the Split column and not show the Account name.

*Ex: We have a new client and the beginning balances is off by \$1,000. The Preparer makes a journal entry on 01/01/19 to correct the beginning balance, debiting the BofA Ckg #1234, and crediting AMC. When looking at the AMC report, the Split column will say "Split" instead of the Account name BofA Ckg #1234. The reason is because the entry was made as a journal entry. In this case, type "BofA Ckg #1234 into the Description field so the client knows which Account we're referring to.*

## General Ledger

Review each General Ledger Amount in QBO for accuracy. Set the date range in QBO to: 01/01 – (current reconciliation date). Skip the Bank/CC Account detail, but review all other Balance Sheet Accounts (Loans, Owner's Draw/Investment, etc.). Also review all Revenue and Expense Accounts.

*Ex: If we are reconciling through the month of April 2019, the date range is: 01/01/19 – 04/30/19.*

### - Confirm that all Expense transactions:

**Have a Vendor Name**

**Are categorized to the correct Expense Accounts**

**Have potential 1099 contractors grouped together**

**With PayPal or Venmo as the Vendor name are re-named to the actual Vendor paid through that PayPal or Venmo Bank Account.**

### Have a Vendor name:

All Expenses should have a Vendor name listed in the General Ledger. If the Preparer did not list a Vendor name because the name was unclear, the Preparer should move this Expense to AMC. In addition to showing what the Bank Detail listed, add to the description field in QBO: *(please let us know the 1. Vendor name and 2. Expense/Account Category)*. This is especially important if it is an Expense to a potential 1099 contractor. The Manager double checks that this was done accurately.

*Ex: The Bank Detail says: "PayPal \*The Groundwor" but the Vendor name in QBO is left blank by the Preparer because it is unclear if "The Groundwor" is the Vendor name or if the Bank Detail was partially truncated. Leave the Vendor name blank and enter into the Description field in QBO: **PayPal \*The Grounwor (please let us know the 1. Vendor name and 2. Expense/Account Category)***

Automobile						
Parking & Tolls						
01/11/2019	Expense	No	Oakland Parking Meter	OAKLAND PARK METER IPS	Chase CC #0194	2.00
01/11/2019	Expense	No	City Of San Rafael	CITY OF SAN RAFAEL IPS	Chase CC #0194	2.00
01/11/2019	Expense	No	City Of San Rafael	CITY OF SAN RAFAEL IPS	Chase CC #0194	3.00
01/11/2019	Expense	No	City Of San Rafael	CITY OF SAN RAFAEL IPS	Chase CC #0194	3.00
01/11/2019	Expense	No	Oakland Parking Meter	OAKLAND PARK METER IPS	Chase CC #0194	4.00
01/17/2019	Expense	No	Oakland Parking Meter	OAKLAND PARK METER IPS	Chase CC #0194	3.25
01/18/2019	Expense	No	Oakland Parking Meter	OAKLAND PARK METER IPS	Chase CC #0194	1.25
01/18/2019	Expense	No	Oakland Parking Meter	OAKLAND PARK METER IPS	Chase CC #0194	4.00

### **Are categorized to the correct Expense Accounts:**

Review each Expense Account, looking for inconsistencies. QBO algorithms often repeat the same Account based on previous transactions when that Vendor name was used. This auto-fill feature is often accurate, but review the Accounts to make sure everything is consistent and makes sense.

*Ex: The Client pays a monthly subscription to Mailchimp to manage their contacts. For some reason (maybe we took over their bookkeeping in April?) the first 3 payments in 2019 were categorized to: Software Expense, but then subsequent payments were categorized to: Web Services. Since Web Services is our more common Account, the Preparer should move the first 3 payments to Web Services, and also make a Preparer's Note for the changes made.*

*Ex: The Client paid for an Expense to: Amazon Video for \$3.99. Typically, all Amazon purchases go to: Office Supplies, and the QBO algorithm suggested Office Supplies based on previous transactions. At first glance the Preparer "accepted" QBO's Office Supplies suggestion. But during the General Ledger review of Office Supplies, the Preparer noticed that this Amazon Video Expense would be more appropriate in: Web Services and moved it to the Web Services Expense Account.*

### **Have Potential 1099 contractors grouped together (typically under: Outside Services), excluding Rent. This is helpful for year-end 1099 filings:**

At year-end we send a list of potential 1099 contractors to the Client, and it is helpful when they are grouped together. Also, no Vendors should have the name: PayPal, or Venmo. PayPal and Venmo are flow through Bank Accounts and we need the name of the actual Vendor paid.

*Ex: The Client paid Steven Smith \$2,000. Since we weren't sure how to categorize this Expense, we added the Expense to AMC. The Client responded, "It's for marketing advice." The Manager accidentally categorized this Expense as: Marketing, when it actually should be moved to Consulting Expense as a Sub Account of Outside Services.*

### **With: PayPal or Venmo as the Vendor name are re-named as the Vendor that was paid from through the PayPal or Venmo Bank Account:**

PayPal and Venmo are flow through Bank Accounts, and often times we don't reconcile those particular Bank Accounts. The Bank Detail will sometimes say who the Vendor is, but should not be confused with the Client's name that sometimes shows up on the Bank Detail, since they own that PayPal Account.

*Ex: The Bank Detail says: "PayPal \*TLC 00102881 DM Cole" but the Vendor name in QBO is blank. The Vendor name is likely TLC, since DM Cole is our Client's name and the numbers appear to be irrelevant. The Preparer should either enter TLC as the Vendor name, or leave the Vendor name blank and ask in QBO's AMC Description field: (please let us know the: 1. Vendor name and 2: Expense/Account Category)*

## **Reconcile**

The Preparer completes the official reconciliation in QBO: Additionally, the Preparer lists any Uncleared Items in the Preparer's Notes section on the Client Checklist.

The Reviewer reviews the reconciliation report in QBO: to confirm the balances are accurate, and any Uncleared checks over 30 days and/or Uncleared deposits over 2 days are listed in the Preparer's Notes section.

The Manager reviews the reconciliation report in QBO: to confirm that the balances are accurate, and any Uncleared checks over 30 days and/or Uncleared deposits over 2 days are listed in the Preparer's Notes section. The Manager includes any of these Uncleared transactions in the Open Items email to the client.

## **Notes Section: Notes on Starting, Unresolved Amounts on the Balance Sheet, Preparer's Notes, Reviewer's Notes, Changes Made by Reviewer, Manager's Notes, and Changes made by Manager**

It is the Preparer's, Reviewer's, and Manager's responsibility to make sure each Client Checklist is clear and organized. During the [Financial Review](#), for any questions where something unclear, add a note to the Notes section of the Client Checklist.

Include all available detail so that the Reviewer/Manager can easily find each transaction in question.

*Ex: This month the Gross Income was much higher. It was \$80,220, but is usually around \$20,000. There was a deposit on 08/12/19 for \$60,000 from Wells Fargo Ckg #4567. The Preparer should make a note in the Preparer's Notes so the Manager will be prompted to ask the Client in the Open Items questions.*

**When making Notes, type notes into Column B of the Client Checklist. That way when the new month's Client Checklist tab is created, the Preparer can simply clear out the old notes by highlighting and deleting everything in the Notes section except for column A.**

Each Line Item on the Client Checklist should represent the Client's specific situation. Any Line Items that are not necessary for this Client should be noted by the Preparer or Reviewer in the Notes section of the Client Checklist, so the Manager can address the issue and make the necessary corrections. **The Preparer should not edit the main section of the Client Checklist without approval, unless it is a clear mistake such as a typo.**

*Ex: There is a "Reconcile PayPal" listed under Assets in the Client Checklist. But the PayPal Account has had no activity for several months. The Preparer should make note in the Notes section: "PayPal has not been used since 01/01/19 and has a zero balance in the Account. Please confirm with the Client if we can remove the PayPal section of the Client Checklist going forward."*

## **Notes on Starting**

If the Client emails us with detail about a transaction before the month starts, we should add that information to the Notes on Starting section so it is available when the Preparer begins. Once this information is no longer needed as an initial reminder, it can be cleared out when creating the next month's Client Checklist tab. Commonly, Jeff Kohn will forward the email from the Client to the Preparer and ask the Preparer to add this transaction detail information to the Notes on Starting.

*Ex: The Client emails us that they made a \$10k deposit on 10/20/19 which is an Owner's Investment. Jeff received the email and forwarded it to the Preparer, asking the Preparer to add this information to Notes on Starting section. We're currently reconciled through September, so the Preparer adds the note on the September tab of the Client Checklist in the Notes on Starting section. This information carries over to the October tab when beginning October. And then when creating the November tab, this particular note can be deleted since it's no longer relevant.*

## **Unresolved Amounts on the Balance Sheet**

When reviewing the Balance Sheet section of the Financial Review, makes notes here if any Amounts on the Balance Sheet are unclear or do not have a corresponding Line Item on the Client Checklist. This is essential to ensure that the books are accurate.

*Ex. The Client has a Security Deposit Asset on the Balance Sheet for \$2,000 but the Preparer noticed that no Rent Expense has occurred for several months. The Preparer should make a note in the Preparer's Notes so the Manager can ask. When the Manager asked the Client, the Client said that they are no longer renting, and they applied their Security Deposit to the last month's Rent in October 2019. In this case, the Manager should make a journal entry on 10/31/19 to create a \$2,000 Rent Expense (Debit), and remove the Security Deposit (Credit).*

## **Preparer's Notes**

If a question relates to a specific transaction, include the Date, Amount, and Vendor/Customer name in the Preparer's Notes section so it is easy to locate in QBO.

If a question relates to a Line Item on the Client Checklist, include the row number so it is easy to locate.

The Reviewer makes notes to the right of the Preparer's Notes in the Answers section (in Purple). If the Manager makes a comment as well, they add their initials and also make notes to answer a question if needed.

## **Reviewer's Notes**

If a question relates to a specific transaction, include the Date, Amount, and Vendor/Customer name in the Reviewer's Notes section so it is easy to locate in QBO. The Manager makes notes to the right of the Reviewer's Notes in the Answers section (in Purple).

## **Changes Made by Reviewer**

If the Reviewer makes any changes, list each transaction that was edited, including the Date, Amount, and Vendor/Customer name in the Changes Made by Reviewer section so it is easy to locate in QBO. This serves multiple purposes:

- It helps the Preparer on the next month's reconciliation to see what was done after passing it on for review.
- If the Manager ends up agreeing with the way the transaction was originally made, they can easily reverse the transaction back to the original way the Preparer entered it.

## **Manager's Notes**

If a question relates to a specific transaction, include the Date, Amount, and Vendor/Customer name in the Manager's Notes section so it is easy to locate in QBO.

## **Changes made by Manager**

If the Manager makes any changes, list each transaction that was edited. This serves multiple purposes:

- It helps the Preparer on the next month's reconciliation to see what was done after passing it on for review.
- Everyone can see the conversation and be able to revert to an original coding of a transaction if needed.

## IV. Using QuickBooks Online (QBO)

### Using QBO

1. In QBO, depending on the Client setup, the Banking feed feature may be used. If using the Banking feed, it is important to review the [Banking Feed](#) section below, as QBO's Banking feed feature has some flaws and can cause inaccurate financial statements. If not using Banking feed, an Expense can be entered using one of two fields: Expense or Checks. Only use the Expense screen, unless there is an actual check written where a check # needs to be added.
2. For new Vendors, set them up as Vendors in QBO (not as a Customer or Employees). Even when the individual is technically an Employee, the Employee section in QBO is used only when Payroll is run through the Intuit QBO system, so those transactions should also be coded to Vendors. This is to ensure that, when filing 1099s, transactions with the Name field having Customer names and/or Employee names will not show up on our 1099 reports.

**Venmo and PayPal Expenses:** Companies such as PayPal and Venmo can act both as a Bank Account and a passthrough entity. This complicates the bookkeeping and can be handled in different ways. One main concern is capturing the correct Vendor name so that if the Client pays any contractors, the 1099 balances are correct.

**The Vendor/Payee name in QBO should never be Venmo or PayPal. If unable to determine the Vendor's name, add to Ask My Client with this memo: (what is the Vendor's name and type of Expense?)**

3. For Vendor names, capitalize the first letter of each word.

*Ex: If it says home depot in the memo of a Bank statement, it should be: Home Depot.*

4. Every Expense should have a Vendor name listed. If it is unclear who the Vendor is, and we also need the Category/Account, in QBO enter into the Description field: *(please let us know the Vendor name and type of Expense)*. This is especially important if it is an Expense for a potential 1099 contractor.

*Ex: The Bank Detail says: "PayPal \*TLC" but the Vendor name in QBO is blank. The Vendor name is likely TLC, so the Preparer should either enter TLC as the Vendor name, or leave the Vendor name blank and ask in QBO's AMC Description field: (please let us know the Vendor name and type of Expense)*

5. QBO has both a Description and Memo field. Only the Description field needs to be filled in. If the Banking feed enters info in both Description field and Memo field, it is fine to leave it as is. But it's essential that **all relevant data is in the Description field**, as that is only section that is visible when creating any Profit & Loss reports, including the AMC report.

Check #1143

Payee: Ingrid Martinez | Bank Account: WF Ckg #7386 | Balance: \$18,369.44 | AMOUNT: \$680.10

Online banking matches

Mailing address: Ingrid Martinez | Payment date: 03/13/2019 | Check no.: 1143 |  Print later

#	CATEGORY	DESCRIPTION	AMOUNT
1	Ask My Client	What did you pay for?	680.10
2			

Buttons: Add lines, Clear all lines

Memo: February (what is purpose of this check?)

Total: \$680.10

*In QBO use the Description field for expenses, not the Memo field.*

6. Leave the "Payment Method" field blank in the Expense screen in QBO; it is not necessary.

Payee: Letswork-out.com | Payment account: Chase CC #9305:Chloe Chase CC | Balance: \$37,809.54 | AMOUNT: \$10,000.00

Online banking matches

Payment date: 08/01/2019 | Payment method:  (This is correctly left blank) | Ref no.:

#	CATEGORY	DESCRIPTION	AMOUNT
1	Fraud Charges	SQ *LETSWORK-OUT.COM	10,000.00
2			

Buttons: Add lines, Clear all lines

Memo: SQ \*LETSWORK-OUT.COM

Total: \$10,000

- Any questions to the Client should be entered in the Description field, since that is what shows up in the Ask My Client (AMC) Expense report. The Memo field on the AMC report cannot be seen by the Client, so no additional information should be listed in the Memo field. If the Banking feed duplicates the Description field into the Memo field, it's ok to leave the Memo field populated.
- Sometimes the Client provides detail for us before the reconciliation begins, such as deposit detail or handwritten notes for Expense/Account categorization on a CC statement. If the Client's notes on how to code a transaction are unclear, copy what the Client wrote and paste it into the Description field in QBO. This acknowledges that we have read what the Client sent and are requesting further clarification.

*Ex: The Description field in QBO's AMC reads: (Client stated this deposit goes to Event Income. We do not have that Income category yet. Should a new Income Account be created?)*

- When reviewing the financial statements, check for accuracy. Consistency with grammar and punctuation amongst the Chart of Accounts, Vendor Names, and Customer Names is important. A Client is more likely to catch a

formatting or grammatical error before an accounting error. Capitalize the first letter of each word, except for articles, conjunctions, and prepositions such as “or” and “of.” Also, when creating an Account name that contains the word “and”, always use the “&” symbol instead. The reason is for both consistency and brevity.

*Ex: Bank of America*

*Ex: Bank of the West*

*Ex: Chamber of Commerce*

*Ex: Center for Continuing Education*

*Ex: Meals & Entertainment, not Meals **and** Entertainment.*

10. Names of Accounts being reconciled (Banks, Credit Cards, LOC) should be listed as follows: Bank Name (which can be abbreviated), Account type (abbreviated), last 4 digits of the Account. For example:

- Checking should be: Ckg

- Savings should be: Sav

- Line of Credit should be: LOC

- Credit Card should be: CC

*Ex: WF Ckg #1597*

*Ex: WF CC #2174*

11. The Preparer enters any transaction they are not sure how to categorize into Ask My Client (AMC), which is an “Other Expense” in QBO. The Reviewer and Manager reviews these AMC items, and then the Manager (not the Preparer or Reviewer) creates the Open Items spreadsheet and emails it to the Client, along with any other questions for the Client if needed.

When a Client has written a check, **in QBO enter the date that the check cleared the Bank**, not the date written on the check. If the check image is not available on the Bank statement, login to their Bank Account to view the check image to find the Vendor’s name. Also, if the Client has written a note in the check memo, include that note verbatim in the Description section of Ask My Client (AMC) in QBO.

*Ex: The Client writes “security deposit” or “related to xyz Client” in the check memo, so the Preparer includes that note verbatim into the Description field in QBO.*

When a Vendor’s name includes “LLC”, or “Inc.”, include that suffix in their Vendor Name in QBO. These suffixes are important as they can assist in letting us know which Vendors require year-end 1099 filing.

*Ex: Vendor name is: “Andrew Eilers, Inc.” on the check or Bank statement, but in QBO the Vendor name is listed as “Andrew Eilers.” The Preparer should add the suffix “Inc.” to the Vendor’s name in QBO.*

**Expense Refunds:** If an Expense has been refunded to a Client’s Bank/CC Account, first research to see if there was a recent Expense from that Vendor. If yes, code the refund to that Expense Account if it seems reasonable. If unsure, add to Ask My Client (AMC) in QBO.

*Ex: A refund was deposited from Amazon for \$30, and there was an Expense to Amazon for \$200 a few days before that went to Office Supplies. It is reasonable to assume the \$30 is a partial refund from the \$200 Expense, so code the \$30 deposit to: Office Supplies. This nets to a \$170 total Expense to Amazon (\$200 - \$30).*

### **Reconciling in QBO (once the data has been entered in QBO):**

Reconciling is the process of matching the QBO entries to the Bank/CC statement’s entries, as well as matching the beginning and ending balances. Below are some issues that may occur while reconciling:

## Uncleared Deposits:

If the Client generates invoices in QBO, they also Receive Payments in QBO as well. Sometimes a Received Payment does not clear the Bank by the end of the month. Always review the Bank Account online to see if that deposit did in fact clear in the subsequent month.

If the Received Payment has cleared the Bank in the first couple of days of the subsequent month, change the Received Payment date to match the Bank's date. Then make a note in the Preparer's Notes section on the Client Checklist that you have changed the date for that Received Payment. The Manager will then notify the Client of the mistake that the Client made and request that the Client use the Received Payment date in QBO as the same date they deposit the money into the Bank.

If the Received Payment has not yet cleared the Bank, the Preparer should list the Uncleared Deposit in the Preparer's Notes section on the Client Checklist with all details available (Date, Bank name, Amount, Customer name). Then the Manager can include the uncleared deposit detail in the monthly Open Items email to the Client.

The purpose of each of the above procedures is to ensure that uncleared deposits are not ignored. Generally, an Amount in Undeposited Funds at the month's end is an error due to the Client Receiving Payment by accident. Receiving Payment for a deposit that never cleared the Bank creates erroneous additional Income (for Cash basis accounting).

*Ex: The Client Received Payment on 09/25 but the deposit has not cleared the Bank by 09/30. We reviewed the Bank's online Banking feed for October which shows that the deposit has not yet appeared. The Preparer should list the Received Payment info in the Preparer's Notes section of the Client Checklist.*

## Creating Parent Accounts and Sub Accounts:

In QBO, some Parent Accounts are stand-alone line items on the Balance Sheet or Profit & Loss. However, some Parent Accounts contain Sub Accounts. Common Sub Accounts include: *Furniture & Equipment, Outside Services, Insurance, and Taxes.*

*Ex: Parent Account: **Furniture & Equipment**. Sub Account: **Furniture**, and Sub Account: **Equipment**.*



▼ Fixed Assets	
▼ Furniture & Equipment	
Equipment	3,399.89
Furniture	1,909.18
<b>Total Furniture &amp; Equipment</b>	<b>5,309.07</b>

## Furniture & Equipment:

Equipment is separate from Furniture because Equipment depreciates over 5 years, while Furniture depreciates over 7 years. See the [Questions to Client](#) section for further examples.

## Insurance:

There are several reasons why each type of Insurance Expense should have a corresponding Sub Account:

-Some types of Insurance are deductible while others are not.

Ex: Life Insurance may not be a business deduction.

-The Client's tax preparer will want to see each type of Insurance listed separately.

Ex: S-Corporations and non-profits have additional sections on the tax return where the tax preparer may need to list certain types of Insurance in those sections.

### Outside Services:

Some Clients prefer to have their contractor Expenses (Outside Services) divided into Sub Accounts based on: 1. the type of Expense, or 2. the Vendor's name. Whichever is the current method for that Client, continue following that same method for consistency.

▼ Outside Services	
Bookkeeping	2,156.00
Contractors	5,630.00
Janitorial	225.00
<b>Total Outside Services</b>	<b>8,011.00</b>

← *Sub Accounts broken down by type of expense*

▼ Outside Services	
14W Admin Services	494,180.00
9inth Level LLC	26,646.68
Alex Spellane	97,576.40
Alexander Flamer	50.00
Alexander Spellane	332.00
Alfredo Pinto	15,109.04
Alway Talent Transformation Inc	262,500.04

← *Sub Accounts broken down by Vendor Name*

### Taxes:

All Tax Expenses must be properly labeled and categorized to avoid the mistake of adding a personal tax payment as a business deduction.

Tax payments that are not business deductions on the P&L are Forms: 1040(1040-ES), 540(540-ES), 3519, & 4868 and are Equity draws. **Account names on the P&L should include the Form # or the specific Tax type** (Ex. Annual Corp Fee, or Form 3539 Tax). Expense Account names such as: Federal Taxes or State Taxes are too vague. If unsure add to AMC to ask the client for more details. More on this topic is in the [Types of Tax Returns](#) section.

▼ Taxes	
CA Corp Franchise Tax	2,490.90
San Francisco City Tax	176.94
<b>Total Taxes</b>	<b>2,667.84</b>
Travel	12,301.61
Utilities	6,089.10
▼ Wages	

## Sub Accounts of Owner's Draw:

In the past, to accommodate some Clients, we listed "Personal Federal Taxes," "Personal State Taxes," and "Charitable Contributions" as Sub Accounts for withdrawals that were not related to the Client's business but were still helpful for their personal tax return. This resulted in errors, sometimes with large withdrawals being incorrectly coded. We no longer list Personal Federal Taxes, Personal State Taxes, or Charitable Contributions as Sub Accounts of Owner's Draw, unless noted on the Client Checklist that we have approved this for a particular Client. Any non-business withdrawals should be entered into the Equity Owner's Draw Account, without a Sub Account. Additionally, the Manager should recommend to the Client that they do not use their business Accounts for these types of personal transactions.

**Note for Charitable Contributions: For sole proprietors, Charitable Contributions should be coded to Owner's Draw. For LLC's and Corporations, the Charitable Contributions should be coded as an Expense.**

## Questions to Client in QuickBooks Online (QBO)

Anything typed into the Description field in QBO should reflect the Bank detail that is on the Bank/CC statement, while questions from us should be in parenthesis.

The screenshot shows the 'Expense' entry form in QuickBooks Online. The 'Payee' field is set to 'Who did you pay?' and the 'Payment account' is 'Chase CC #1994'. The 'Payment date' is '08/30/2019' and the 'Payment method' is 'What did you pay with?'. The amount is '\$100.00'. The 'Description' field contains 'document12 BCB Springfield, OH (please let us know the: 1. Vendor name and 2. Expense/Account Category)'. Red arrows point to the bank statement detail and the question in parentheses. The Description field is circled in red.

#	CATEGORY	DESCRIPTION	AMOUNT
1	Ask my Client	document12 BCB Springfield, OH (please let us know the: 1. Vendor name and 2. Expense/Account Category)	100.00
2			

Total \$100.00

If you are unsure how to code a transaction, add it to: Ask My Client (AMC). AMC is an "Other Expense". The difference between an Expense and Other Expense in the Chart of Accounts is that QBO puts the AMC Other Expense at the bottom of the Profit & Loss report.

**By adding a transaction to AMC, by default, we are requesting more information from the Client. So, most transactions in AMC will not have an additional question in parenthesis from us.** Each transaction in AMC should include the full Bank Detail copied into the Description field, so the Client has all information needed to understand and answer our question. If the Bank Detail is long, the QBO Banking feed may truncate the full memo. For AMC items, always double-check that the entire Bank Detail is visible in the Description field for the Client to see.

When we need a specific response from a Client for a particular transaction, we'll add a question in parenthesis to that transaction's Description field in QBO. This lets the Client know that anything in parenthesis is a Streamline Bookkeeping question, and not from the Bank/CC statement. Common reasons to add a question in parenthesis include:

**Insurance Expenses:**

such as State Farm, Farmers, and Blue Cross. Depending upon what type of Insurance is being paid, it may or may not be deductible. The question from us in QBO's description field should be:

**(What type of Insurance?)**

**Tax-related Expenses:**

All Tax payments, such as Franchise Tax Board, IRS, or CDTFA, should have a Sub Account named with the specific type of Tax. Some Tax payments are business deductions, and some are simply personal tax payments. If in doubt, add to AMC with the question from us:

**(What was the Tax payment for? Please provide all details, including the Tax Form Number if available)**

**Checks:**

where we need both the: 1. Vendor Name and 2. Expense/Account Category. The Vendor's name is unclear, or the Bank statement doesn't show check images. So the Preparer should leave the Vendor's name blank in QBO, add the Expense to AMC, and the question from us in QBO's description field should be:

**(Please let us know: 1. the Vendor's name, and 2. the Expense/Account category)**

**PayPal or Venmo Expenses:**

where we need both the: 1. Vendor's Name and 2. Expense/Account Category. The Vendor's name is unclear, or the Bank statement doesn't show the Vendor's name at all. So the Preparer should leave the Vendor name blank in QBO, add the Expense to AMC, and the question from us in QBO's description field should be:

**(Please let us know: 1. the Vendor's name, and 2. the Expense/Account category)**

**Supplies store Expenses over \$100:**

such as Amazon, Staples, and Office Depot. We are trying to determine if any of these Expenses should be depreciated or not. If under \$100, add these Expenses to Office Supplies without asking the Client what the purchase was for. The question from us in QBO's description field should be:

**(Office Supplies or Equipment? If Equipment, what was purchased?)**

- If the Client also has Inventory, include in the question:

**(Office Supplies, Equipment or Inventory? If Equipment, what was purchased?)**

- If the Client also has Inventory but we record that to COGS, include in the question:

**(Office Supplies, Equipment or COGS? If Equipment, what was purchased?)**

## Formatting:

The formatting should be that the Bank Detail comes first, then our question in parenthesis comes after that. There are 2 reasons for this: 1. we want the Client to see the Bank Detail first before asking our question, and 2. it's easier for the Manager to delete our question (once the Client replies) when it's at the end of the sentence.

**Expense** AMOUNT \$100.00

Payee: Who did you pay? Payment account: Chase CC #1994 Balance \$3,262.93

Payment date: 08/30/2019 Payment method: What did you pay with? Ref no.:

#	CATEGORY	DESCRIPTION	AMOUNT
1	Ask my Client	document12 BCB Springfield, OH (please let us know the: 1. Vendor name and 2. Expense/Account Category)	100.00
2			

Memo: Total \$100.00

Buttons: Cancel, Clear, Make recurring, Save, Save and close

In QBO, use the Description field for Expenses, not the Memo field. If you put the same information in both the Description and Memo fields, that is okay. **But when viewing the AMC Account, only the Description field will be visible.** The AMC Account export is the list that we send to the Client as a part of our monthly Open Items questions.

**Expense** AMOUNT \$872.81

Payee: Franchise Tax Board Payment account: WF Ckg #7386 Balance \$36,089.19

Payment date: 09/10/2018 Payment method: What did you pay with? Ref no.:

#	CATEGORY	DESCRIPTION	AMOUNT
1	Texas:Annual Franchise Tax	(What was the Tax payment for? Please provide all details, including the Tax Form Number if available)	872.81
2			

Memo: FRANCHISE TAX BO PAYMENTS 180P BUSINESS TO BUSINESS ACH 10.59065947 PM 3 LIGHTS

Buttons: Add lines, Clear all lines, Total \$872.81

Find more in the gear: Add the info you need to your sales form

**Not all information is written in the Description field because the Bank detail is in the Memo section. Combine both the Bank detail and our question (in parenthesis) into the Description field.**


**See next image for correct formatting.**

**Expense**

Payee: Franchise Tax Board | Payment account: WF Ckg #7386 | Balance: \$36,089.19

AMOUNT: **\$872.81**

Payment date: 09/10/2018 | Payment method: What did you pay with?

**This is the correct formatting.** 

#	CATEGORY	DESCRIPTION	AMOUNT
1	Taxes:Annual Franchise	FRANCHISE TAX BO PAYMENTS 1809 BUSINESS TO BUSINESS ACH 10 59065947 PM 3 LIGHTS (What was the Tax payment for? Please provide all details, including the Tax Form Number if available)	872.81
2			

Total: \$872.81

If you have a question for the Reviewer or Manager, do not enter the question in QBO; we should assume that the Client might see these questions before their Accounts have been Reviewed. Instead, enter questions for the Reviewer/Manager into the Preparer's Notes section of the Client Checklist.

*Ex. There are several payments to Ingrid Martinez over the last few months, but the Client hasn't been replying to our Open Items questions. The Preparer asks: **can we move these payments to Ingrid Martinez to Outside Services: Contractors since that is likely the correct coding? The Client hasn't replied in months.** This question should be asked in the Preparer's Notes section of the Client Checklist, and not in the most recent Expense to Ingrid in QBO's description field.*

## QBO Banking Feed Download

The Banking feed feature is listed on the left-hand column in QBO.

The Banking feed algorithms often reads the Bank/CC detail and guesses the Vendor's name based on past transactions. **This QBO feature has many flaws and it is the Preparer's responsibility to not rely on QBO's guesses as being accurate.** Below are some common mistakes that the QBO Banking feed makes, but there are others as well:

1. When checks are written from a Bank Account: QBO will often see the word "Check" in the Bank Detail and incorrectly assume that the Vendor's name was the same as the Vendor's name listed on last check that was written. **Particularly, when checks are written to 1099 Contractors, this mistake results in not only inaccurate bookkeeping, but also incorrect 1099 balances.**
2. When deposits are made from a Bank Account: The Bank Detail will often say the same thing, such as Remote Online Deposit. QBO will see that memo and incorrectly choose the Customer's name used for the previous Remote Online Deposit.
3. Expenses from a Bank/CC Account where the transactions from a Vendor has gone to different Accounts.

*Ex: Amazon was used for both Office Supplies and Equipment in the past. The transaction on 09/01 was already recorded to Office Supplies, but when Preparer enters a new transaction on 10/01 from Amazon, QBO guesses it is Office Supplies, even though it may not be.*

*Ex: Since multiple types of transactions come from a payroll Vendor (net checks, total Payroll Taxes, and payroll fees), QBO will often incorrectly guess that the payroll transaction you are coding is the same as the previous transaction from that Vendor.*

4. The Client writes checks out of QBO. When we reconcile the current month, those checks will have already been entered, so click "Match" in the Action column of the Banking feed for those checks. If they do not get Matched, then it will create a duplicate Expense.

If the Banking feed is not yet set up, the following note should be on the Client Checklist for the corresponding Bank or Credit Card Account:

**The QBO Banking feed download is not set up for this Client because (list reason).**

Two main reasons why we would not download the Bank/CC transactions through the Banking feed in QBO:

- We do not have our own separate view-only Bank/CC login, and the Client has not yet set it up for us.
- It is an Account that does not download in a clean way, such as PayPal.

If we do not have login access to the Client's Bank/CC Account (typically because their Bank/CC does not offer view-only login access), draft an email to the Client requesting that they set up the Banking feed for us. See [Emails to Clients](#) for email template language.

### **Instructions for QBO Banking Transaction Download Setup:**

1. Login to QBO, click Banking on the left-hand column, then click Add Account.
2. Login to the Bank through the QBO website.
3. Select the Accounts we are reconciling, and match them to the Account we already have in the Chart of Accounts.
4. Click on "All" transactions (if applicable).

### **Description Column:**

This is QBO's attempt to interpret what the Bank/CC Detail says. Often the description is inaccurate and should not be relied upon. By single-clicking on the transaction, you can see the actual Bank Detail. This section in QBO cannot be edited.

### **Payee Column:**

This is the Vendor's name. All transactions should have a Vendor name in the Payee column. QBO guesses the Vendor's name based on the Bank Detail. **Often QBO's guess for the Payee's name is incorrect because QBO scans the Bank Detail to determine the Payee's name or bases its guess on previous transactions with a similar Bank Detail. Always check the actual Bank Detail to confirm the Payee's name is correct. This commonly occurs with checks written from the Client's Bank Account.**

*Ex: The Bank Detail is: MSFT \* E0100719 MSBILL.INFO WA 1 MSFT \* E0100719 MSBILL.INFO WA 1667. From previous transactions, QBO correctly determined that the Vendor's name is: Microsoft. But QBO may have incorrectly assumed the Vendor's name is: MSBILL, or WA 1667.*

If the Payee column is blank, the Preparer should add the correct Payee/Vendor name. This applies for every transaction. Exceptions to this are: Bank Transfers.

**Category or Match Column:**

“Category or Match” is the same as the Chart of Accounts. QBO guesses what the Chart of Accounts category should be based on QBO algorithms and previous transactions.

If the Category or Match column says **Match**, that means the transaction has already been entered in QBO.

*Ex: The Client writes checks out of QBO. When we reconcile the current month, those checks will have already been entered, so they get Matched in the Banking feed. If they do not get Matched, then it will create a duplicate Expense.*

By clicking **Match** in the Action column, it will be matched and be removed from this list.

If the Category or Match column lists a Chart of Accounts category, the transaction will either be in Green or Black.

**If the Category or Match column is Green:**

QBO has used algorithms to guess the transaction. In many cases, this is helpful especially for simple repetitive transactions. **But QBO’s guess is often wrong. Always review each Category or Match transaction without assuming QBO has guessed correctly.**

<input type="checkbox"/>	DATE ▼	DESCRIPTION	PAYEE	CATEGORY OR MATCH	SPENT	RECEIVED	ACTION
<input type="checkbox"/>	02/15/2019	Tsys Transfirst Bkcd		Income		\$726.00	Add
<input type="checkbox"/>	02/15/2019	Online Transfer Sav	Bailey Nichols	Owner's Draw	\$50.00		Add
<input type="checkbox"/>	02/15/2019	Amazon	Amazon	Office Supplies	\$70.84		Add

**If the Transaction is Black:**

This means that QBO is unsure which Chart of Accounts to select. As a result, QBO will always choose which Account they recommend that we use, or uses an Uncategorized transaction (Expense, Asset, etc.) **But QBO’s guess is often wrong. Always review each Category or Match transaction without assuming QBO has guessed correctly.** In this case, single-click on the line and select the appropriate Chart of Accounts. If unsure how to categorize a transaction, add to AMC Expense (even if the transaction in question is a deposit). No transaction should go to a Chart of Account name with the word “Uncategorized”.

DATE ▼	DESCRIPTION	PAYEE	CATEGORY OR MATCH	SPENT	RECEIVED	ACTION
08/26/2019	Check 1023	Ross Financial	Uncategorized Expense	\$75.00		Add
08/26/2019	Capital One Online		Transferred to Cap One CC #3951	\$325.63		Transfer
08/23/2019	Kaiser Group Due		Insurance:Health Insurance	\$6,191.73		Add

**Split function** can be used if you want to use multiple Chart of Accounts. Single click on the transaction, and the Split button appears on the right-hand side.

*Ex: Entering payroll where the split detail is on the payroll reports.*

*Ex: Reimbursements where the detail is either on a payroll report, or we need to ask the Client.*

## Record Transfer in QBO

Often when QBO sees a Bank to Bank transaction, Bank to CC transaction, or Bank to Equity Account, it automatically defaults to choose the **Record Transfer** button in the Banking feed for that transaction. To see this button, single click on the transaction.

**Never use the Record Transfer function.** The reason is that it only offers Balance Sheet options to transfer to, so if the transaction needs to be changed, it would have to be deleted and then re-entered. Instead, toggle to the Add button (instead of the Record Transfer button) and select the correct Account from that screen. Look to edit Credit Card payments and Owner's Draws, as QBO usually defaults to the Record Transfer for these transactions.

*Ex: The Client withdraws money to their personal Account and we code it as Owner's Draw. Later the Client informs us this was a Travel reimbursement. If the original transaction was coded with: Record Transfer, we cannot edit that transaction to move it from Owner's Draw to Travel. Instead, we would have to delete the entire transaction, and re-enter a new one.*

<input type="checkbox"/>	DATE ▼	DESCRIPTION	PAYEE	CATEGORY OR MATCH	SPENT	RECEIVED	ACTION
<input type="checkbox"/>	08/26/2019	Check 1023	Ross Financial	Uncategorized Expense	\$75.00		<a href="#">Add</a>
<input type="checkbox"/>	08/26/2019	Capital One Online		Transferred to Cap One CC #3951	\$325.63		<a href="#">Transfer</a>

Add  Find match  Record transfer  **Toggle to the "Add" button.**


Select transfer account  Memo

BANK DETAIL CAPITAL ONE ONLINE PMT 9235 39910376432 CCD ID: 9279744991 [Record transfer](#)

Create rule from this transaction | [Add Attachment](#)

Batch actions ▼ All **All (37)** Recognized (22)

<input type="checkbox"/>	DATE ▼	DESCRIPTION	PAYEE	CATEGORY OR MATCH	SPENT	RECEIVED	ACTION
<input type="checkbox"/>	08/26/2019	Check 1023	Ross Financial	Uncategorized Expense	\$75.00		<a href="#">Add</a>
<input type="checkbox"/>	08/26/2019	Capital One Online		Cap One CC #3951	\$325.63		<a href="#">Add</a>

Add  Find match  Record transfer 

Vendor/Payee  Category  Billable  Customer

Class

Memo

BANK DETAIL CAPITAL ONE ONLINE PMT 9235 39910376432 CCD ID: 9279744991 [Split](#) [Add](#)

Create rule from this transaction | [Add Attachment](#)

## If the QBO Banking Feed is Unavailable

There are certain circumstances where the Banking feed is not used and data is entered manually into QBO. Below are a few examples of where we would manually enter the data:

- For clean-up jobs: depending upon the Bank the Banking feed may only go back 90 days.
- If we do not have view-only login access to the Client's Account. We can ask the Client to set up the Banking Feed for us, but sometimes the Client will not set up the feed. See [Emails to Clients](#) for this email template language to request that they set up the feed.
- Certain Bank Account feeds do not work well, such as PayPal.

To enter a transaction without the Banking feed, use the "Plus" icon at the top right.

For withdrawals, use the Expense screen.

For checks, use the Check screen.

For deposits, use the Bank Deposit.

For Expenses, the Payment Method field can be left blank.

## Error Message Accessing a Client's Account

Occasionally when clicking on the Client name to access their QBO account, the following error message appears: **This webpage has a redirect loop. ERR\_TOO\_MANY\_REDIRECTS.** Below are the steps to fix this:

1. First, close all tabs associated with QBO. If even one tab is open with QBO, this might not work.
2. In Chrome, in the top right of screen, click on the "3 dots" symbol.
3. Go to Settings, scroll down and click on Advanced > Content Settings > Cookies > See All Cookies > Site Data.
4. Click on "All" transactions (it typically defaults to this).
5. In the "search cookies" field, type "intuit" and then "remove all shown."

## V. Project Workflow: 1. QuickBase & 2. Workflow Checklist (on Google Sheets)

A Project Workflow (aka Project) is the reconciliation of a particular Client's Bank and Credit Card Accounts for a certain period of time, typically monthly. Occasionally, Projects are reconciled Quarterly, Semi-Annually, or Annually. Once a Project has been completed, the Preparer, Reviewer, and Manager update both Project Workflows (QuickBase & the Workflow on Google Sheets).

We use two Project workflow platforms because (1.) QuickBase provides email notifications and the main report (My Open Projects) to alert us when a Project is ready to begin, and (2.) The Workflow Checklist (on Google Sheets) acts as a mirror backup to monitor the status of each Project and allows us to keep notes on when we request and receive statements from the Client. More information on both workflow platforms are below.

The **Closing Date** (may also be called Billing Date or Statement Date) of a Bank/CC statement is typically the ending date of a month of transactions, which is listed on the Bank/CC's monthly PDF statements. For Bank Accounts, the Closing Date is generally the last day of the month. For Credit Cards, the Closing Date can be any day of the month. Streamline Bookkeeping's preference is to have the Closing Date for Credit Cards as early in the month as possible. The 1<sup>st</sup> of the month is ideal, and the 2<sup>nd</sup>, 3<sup>rd</sup> or 4<sup>th</sup> is okay too. The reason for this is that we wait until we have all statements ready in order to begin the monthly reconciliations.

WELLS FARGO® BUSINESS CARD		VISA
		Page 1 of 4
Prepared For	C A STUDIES INC SAM HIMELSTEIN	For 24-Hour Customer Service Call: 800-225-5935
Account Number	48 20 91	Inquiries or Questions: Wells Fargo SBL PO Box 29482 Phoenix, AZ 85038-8650
Statement Closing Date	05/10/19	Payments: Payment Remittance Center PO Box 77033 Minneapolis, MN 55480-7733
Days in Billing Cycle	30	
Next Statement Date	06/10/19	
Credit Line	\$12,000	
Available Credit	\$11,964	
<b>Payment Information</b>		
New Balance	\$21.34	If you wish to pay off your balance in full: The balance noted on your statement is not the payoff amount. Please call 800-225-5935 for payoff information.
<b>Current Payment Due (Minimum Payment)</b>	<b>\$21.34</b>	
<b>Current Payment Due Date</b>	<b>06/05/19</b>	
<b>Account Summary</b>		
Previous Balance	\$2,608.42	
Credits	- \$775.21	
Payments	- \$5,115.74	
Purchases & Other Charges	+ \$3,274.41	
Cash Advances	+ \$0.00	
Finance Charges	+ \$29.46	
New Balance	= \$21.34	

The **Start Date** of a Project is the date that all Bank and Credit Cards should be ready to reconcile. **It is usually the day after the latest Bank or Credit Card statement's Closing Date.**

*Ex: The Client's Bank Account Closing Date is on the last day of the month, so the Start Date is the 1<sup>st</sup>. And their Credit Card Closing Date is the 3<sup>rd</sup> of the month, so the Start Date is the 4<sup>th</sup>.*

If the Start Date appears to be incorrect (earlier or later in the month), please inform Jeff Kohn and we will change the Start Date.

### **Exceptions to a Project Ready on the Start Date**

Although most Projects are ready to begin on the Start Date, below are two exceptions:

1. The Client's Bank/CC does not offer view-only login access, and the Client needs to send us the monthly statement but has not done so. The Client Checklist should indicate how we receive the statement(s) (via email or a shared Dropbox folder), and the Preparer needs to remind the Client to send the statement.
2. The Client is supposed to send us additional detail, such as Deposit Detail for Customer names or Income Sub Accounts to use, but has not done so.

If the Client has not yet sent the statement to us, draft an email from the support email requesting the statement. **This draft email to the Client requesting a statement should be created within 3 business days of the Start Date. Especially if you know the Client never proactively sends us the statement each month, send them the email requesting the statement on the Start Date to keep the Project moving along.** Instructions for creating the draft email and email template language is in the [Emails to Clients](#) section.

Also, after creating the draft email, update the Notes Column on the Workflow on Google Sheets (see [Notes Column](#) additional detail below) so that everyone knows the status of this Project.

## QuickBase

The report most often used on QuickBase is called: **My Open Projects**. This report shows your Inbox of the Projects assigned to you. It is helpful to save My Open Projects to your web browser favorites. To access the My Open Projects report in QuickBase, go to: Projects > Reports & Charts > My Open Projects.

Once a Project is complete, click the “pencil” (edit) icon next to the workflow, time stamp under your name, and click Save & Close. This action forwards the Project to the next person (Reviewer or Manager) assigned to that Client and also sends the Reviewer or Manager an email notification.

Once each stage of a Project is complete, below are the following action items in QuickBase:

- **Preparer:** Time stamp today’s date in the Date Prepared field under the Preparer’s name, then click Save & Close.
- **Reviewer:** Time stamp today’s date in the Date Reviewed field under the Reviewer’s name, then click Save & Close.
- **Manager Review:** Time stamp today’s date in multiple fields:

If sending Open Items, time stamp: **both** (1.) Today’s date in the **Date Manager Reviewed** field under the Manager’s name, and (2.) Today’s date in the **Sent Open Items** field, then click Save & Close

If the Project is complete (because there are no Open Items) time stamp: **all three** (1.) Today’s date in the **Date Manager Reviewed** field under the Manager’s name, (2.) Today’s date in the **Sent Open Items** field, (3.) Today’s date in the **Done** field, then click Save & Close.

For Clients with less complex transactions, the Preparer and Reviewer may be the same person. Since the transactions are fairly straightforward, three staff members are not necessary to complete the reconciliation. If you are both the Preparer and Reviewer, sign off on QuickBase and Google Sheets for each role so the workflow gets passed on to the Manager.

Another commonly used report is: **Show All Projects**. This report is used to see all Projects for all Clients. It is also helpful if you need to bring a Project back to your My Open Projects because you have decided that the Project was not ready to forward to the next staff person. To bring a Project back, go to: Projects > Reports & Charts > All Projects. Search for the Client’s name, click the “pencil” (edit) icon next to the particular Project, and delete the time stamp under your name. If you do need to bring the Project back, since the Reviewer/Manager was already sent a notification email, it is important to email the Reviewer/Manager informing them that you took the Project back so they know to wait for another email notification.

## Workflow on Google Sheets

The Workflow on Google Sheets serves multiple purposes:

- The Workflow is a mirror backup to the Project Workflows in QuickBase.
- The **Notes** column is used when requesting statements from the Client, so we can track the progress of a Project. This informs us why a particular Project may be running late, either internally (the Preparer is running late) or externally (the Client has not responded to our request). See below for more info on the [Notes column](#).

Once each stage of a Project is complete, time stamp in the Enter Date section (columns I-M). Also change the Status in Column H. The Status column (Column H) is as follows:

**P: Ready for Preparation**

**R: Ready for Review**

**M: Ready for Manager Review**

**S: Sent Open Items**

**D: Done**

Once each stage of a Project is complete, below are the following action items on the Workflow on Google Sheets:

- **Preparer:** Time stamp today's date in Column I, and in the Status column (column H) change the "p" to an "r"
- **Reviewer:** Time stamp today's date in Column J, and in the Status column (column H) change the "r" to an "m"
- **Manager Review:** If sending Open Items, change the Status column (Column H) to "s", and time stamp today's date in both: Column K and L. If the Project is complete (because there are no Open Items), change the Status column (Column H) to "d", and time stamp all three columns: Column K, L, and M.

For Clients with less complex transactions, the Preparer and Reviewer may be the same person. Since the transactions are fairly straightforward, 3 staff members are not necessary to reconcile the Accounts. If you are both the Preparer and Reviewer, sign off on QuickBase and Google Sheets for each role so the workflow gets passed on to the Manager.

## Notes Column

The Notes column provides a status update for us to know why a particular Project is running late; either the Project is running late Internally because the Preparer has not started on time, or Externally because the Client has not yet responded to our statement request email.

The Notes Column is only used for Clients who need to send us information for the Preparer to begin. This is common with Clients who use Banks that do not offer view-only login access, such as Capital One and Citibank. Typically, these Clients will send the statements to us via a shared Dropbox folder, or email. The Client Checklist will specify the Client's delivery preference (via the shared Dropbox folder, or the support email).

If the Workflow says that a Project is ready for the Preparer to start but we have not yet received information from the Client (Bank/CC statement or deposit detail), the Preparer should draft an email to the Client from the Support Email requesting that statement be sent to us **via Dropbox or email, depending upon the agreement we made with the Client**. See [Emails to Clients](#) for support email formatting and [Email Draft Procedures](#). If the Preparer drafts an email to the Client, add the following to the Notes column: **(Today's date) statement request**. This updates the status as to why the Project is running late.

*Ex: The Client has a Capital One Credit Card with a statement Closing Date of the 4<sup>th</sup> of each month. The Client has agreed to send us the statement each month via Dropbox by the 6<sup>th</sup> of the month, so the Start Date is the 7<sup>th</sup> (the next day). On October 7<sup>th</sup>, the Preparer checks the shared Dropbox folder but the statement is not there. Following the [Email Draft Procedures](#), the Preparer drafts an email to the Client requesting that they add the CC*

statement to Dropbox. The Preparer also makes the following note in the Notes Column on the Workflow: **10/07 Statement Request.**

Once the Client replies that they have sent us the statement, Jeff Kohn will forward that email to the Preparer, and Jeff will also update the Notes column on the Workflow with: **(Today's date) ready for prep.**

Ex: 11/08 statement request. 11/10 ready for prep

F	G	H	I	J	K	L	M	N	O
velopment, LLC		p						<p>emailed client for stmts and QBCS access 2/4/19; emailed client for CC stmt &amp; payroll 2/12; follow up 3/16</p> <p>emailed client for Citi Costco stmt. 3/16</p> <p>03/15 ready for prep. WF LDC #5111 stmt N/A until 3/14</p> <p>AT: no QB back-up file saved; emailed Claire 3/18</p>	Christina
of Christina Liu, P.C		s	3/7/2019	3/8/2019	3/14/2019	3/14/2019	Sandro Tr		
sage	Semi-annual	next on 07/10							
rkeley	Quarterly	next on 04/01					Even		
Locksmith		s	3/13/2019	3/17/2019	3/18/2019	3/18/2019	Nacav		
Apparel, LLC		m	3/14/2019	3/15/2019			Michael E		
rtners, LLC		p					Mika May		
teau, Inc.		m	3/18/2019	3/19/2019			Mica Rab		
inow		r	3/19/2019				Kristin		
tic & Holistic Fertility Center		r	3/7/2019				Dr. Auma		
rchitecture		s	3/6/2019	3/7/2019	3/13/2019	3/13/2019	Nick Lee		

Please do not enter any other information in the Notes column. All other Client notes should go onto the Client Checklist.

## VI. Client Folders in Dropbox

There are two different types of Client folders, all hosted on Dropbox. Streamline Bookkeeping's **Internal Folder** is used only for staff and the Client never has access to this. The name of the Client is also the name of the Internal Folder.

Sometimes we have a **Shared Folder** with the Client as well if the Client needs to send us information each month. The way to determine if the Dropbox folder is a Shared Folder (shared with the Client) is that it the Shared Folder will be labeled: **Client name - Streamline.**

Ex: The Client's name is a company called Fin Edit, so the name of the Fin Edit Internal Folder is: **Fin Edit.** And the name of the Shared Folder with the Client is: **Fin Edit – Streamline.**

When we have a Shared Folder, copy/paste any information that the Client sends to us and add that information to our Internal Folder. Always use copy/paste. Do not **cut or drag** the documents from one folder to another, as this removes the original document from the Shared Folder.

### Client Checklist

Each Client has a customized Client Checklist that provides details on how to reconcile their Account(s). A Client Checklist includes the Bank/CC Accounts to be reconciled, Revenue detail, Expense detail, December Year-End Tasks, Financial Review, and various Notes. See the [Reconciling the Accounts – Overview](#) and [Preparer's, Reviewer's & Manager's Responsibilities](#) sections for more details.

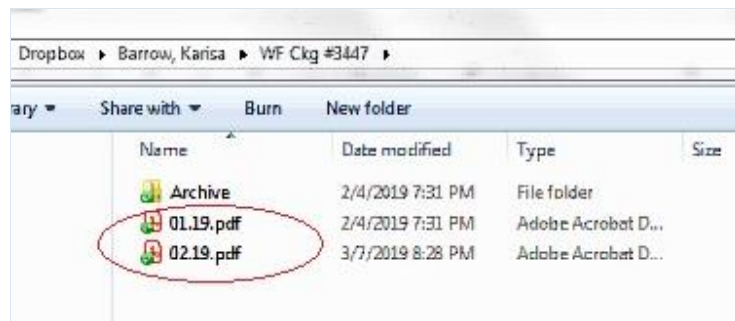
## Passwords

Both the Password Folder and Spreadsheet name for each Client are called **PW – (Client name)**. If a Bank requires you to change a password, (1.) Change the password on the Bank website, and (2.) Update the PW document with the new password.

## Folder Organization

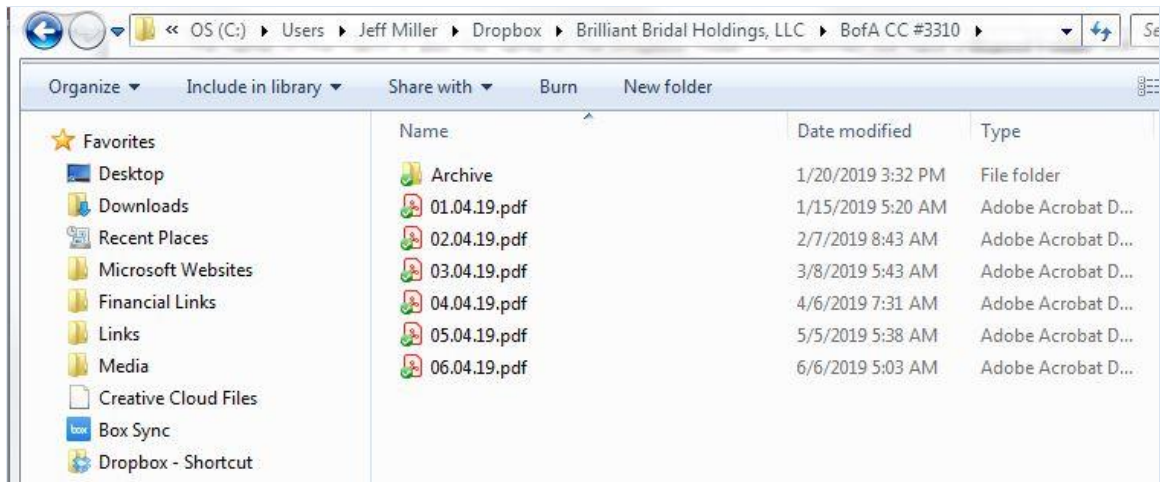
For the names of the Bank statements, always use two digits for the Month and two digits for the Day. And use “.” symbol to separate Month and Year.

*Ex: The month of January 2019 is **01.19**, not 1.19, not 01.31.19.*



For the names of the Credit Card statements, always use two digits for the Month, two digits for the Day, and two digits for the Year. And use the “.” symbol to separate month, day, and year.

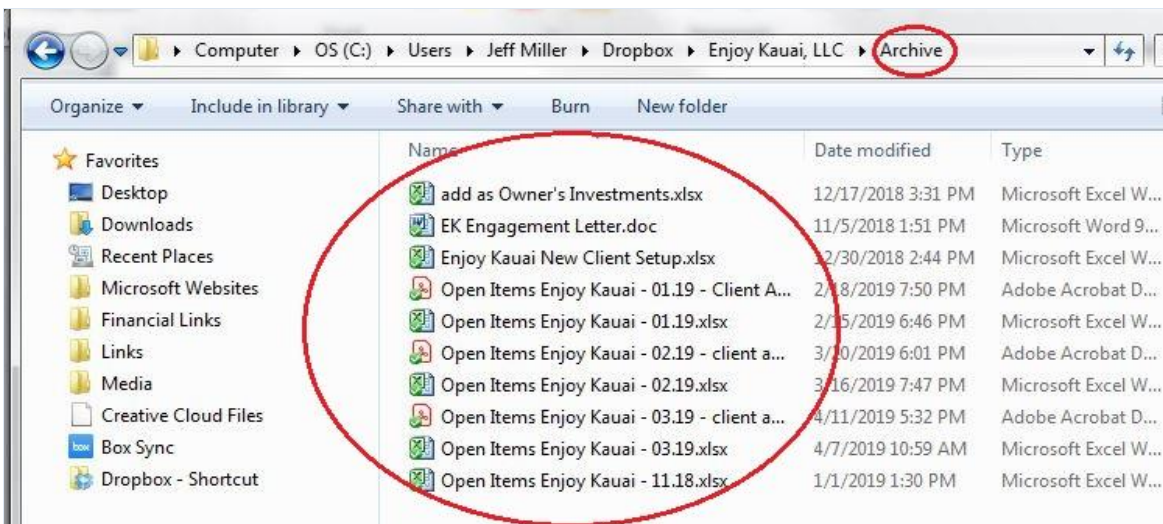
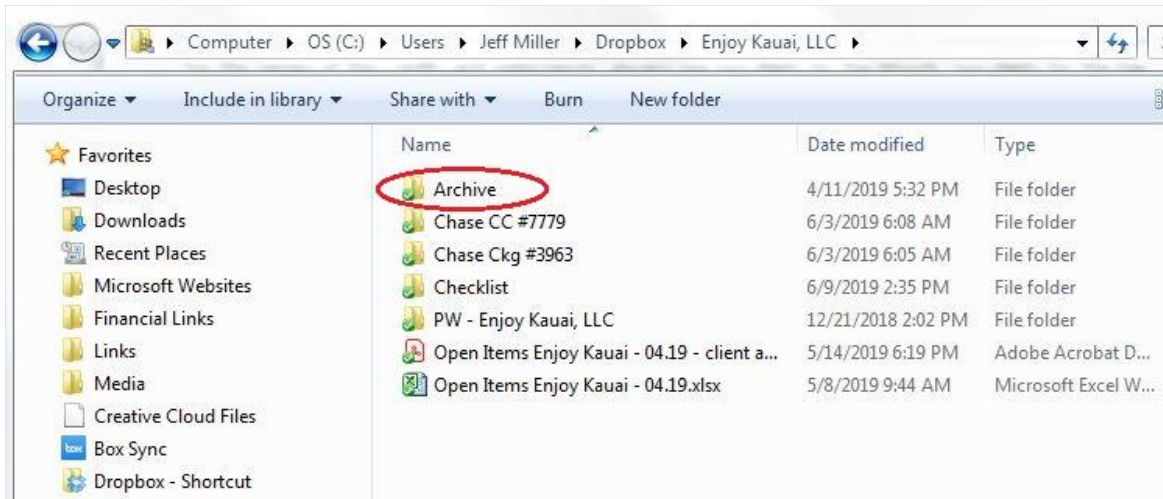
*Ex: January 2, 2019 is **01.02.19**, not 1.2.19.*



The Dropbox folder usually sorts documents by Name, so labeling the statements as just described will make it easy to locate any files needed.

## Archiving Old Files

Any documents (PDFs, Excel spreadsheets, etc.) from a previous year should be put into the Archive folder. This is helpful visually so that only current year documents are seen in the main folder, but we still have access to previous years in the Archive folder. The Preparer should periodically Archive old files, but the Reviewer and Manager may also do so if they see anything out of place.



## VII. Emailing Clients via Streamline Bookkeeping's Support Email

The Support email ([support@slbookkeeping.com](mailto:support@slbookkeeping.com)) is used to communicate with Clients, and for Bank/CC verification when logging into a computer that the Bank/CC does not recognize.

The Support email is a *gmail.com* Account. The login/password for this email is in each Client's PW (password) document in their Dropbox folder. Email Jeff if you do not have the password to access the PW spreadsheet.

For some longstanding Clients, we used the Info email ([info@streamlinebookkeeping.com](mailto:info@streamlinebookkeeping.com)) for Bank/CC verification when logging into a computer that the Bank/CC does not recognize. This email is getting phased out, and now the

support email below is the main email address we use. But you still may see this email as an option on some Bank/CC websites. The login/password for this email is also in each Client's PW (password) document in their Dropbox folder.

## Emails to Clients

Emails to Clients are usually about Open Items questions, Bank/CC statement requests, deposit details, or assistance with syncing the Banking feed (if we do not have view-only login access).

When emailing Jeff Kohn that there is a draft ready for his review, type the Client's full name. This is helpful if Jeff needs to search for an old email related to this particular Client.

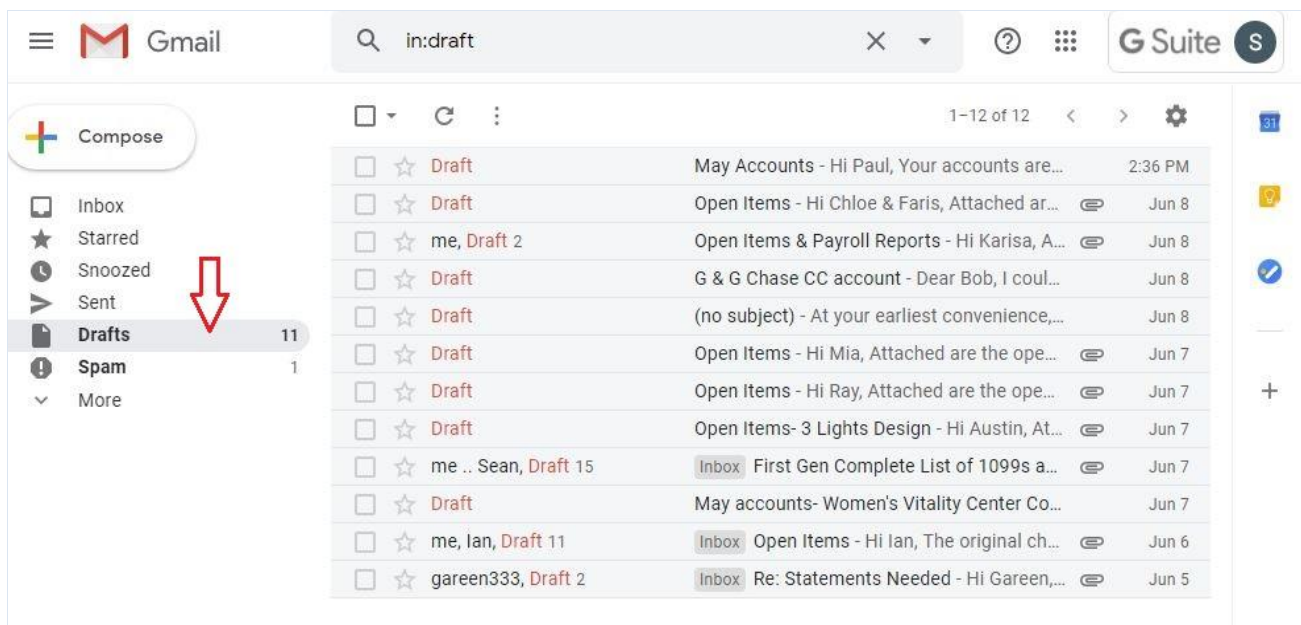
### Email draft procedures:

The support email is intended as a general email from us, and the default email signature says: "Streamline Support Team". So it is not necessary to type your name after composing the draft email to the Client.

Include the Client's email address in the "To" field of the email draft. The contact person for a Client may change. To find the current contact person, look on the Workflow Checklist (on Google Sheets) in Column P (and also Column R if there are two recipients listed).

**All emails to Clients are sent from our Support email address: support@slbookkeeping.com (not sent from the Preparer, Reviewer or Manager's personal email address). The email draft procedure is as follows:**

**1. The Preparer, Reviewer or Manager drafts an email in the support email. Once the email draft has been composed to the Client leaves the email in the Drafts folder (do not send it directly to the Client).**



**2. Then the Preparer, Reviewer or Manager (whoever crated the draft email) sends a separate email from their personal email Account to notify Jeff Kohn (jeff@slbookkeeping.com) that a draft is awaiting review in the support email.**

**Subject line: (full name of Client).** Do not abbreviate the Client's name in this email to Jeff so it is easily searchable if needed.

**3. Jeff reviews the draft email, makes edits if necessary, and he personally sends the email to the Client. The Preparer, Reviewer or Manager never sends an email to a Client; only Jeff sends the email.**

### **General Guidelines for Emails**

**We pride ourselves on patience and educating our Clients who often do not have an accounting background.**

Below are some general guidelines for emailing, both internally within Streamline Bookkeeping, and externally to Clients:

- **Politeness and clear, concise questions will aid the Clients in understanding the issues and increase the likelihood of their replying with prompt, serviceable answers.** Use "please" and "thank you" when possible. At the same time this can be overdone. Typically, we use "please" and/or "thank you" once in an email. Direct statements with a polite call to action will encourage the Clients to respond and minimize unnecessary back and forth interaction.

- Whenever composing an email to the Client, to minimize confusion always write in complete sentences and use proper punctuation. When referring to any Chart of Accounts or Vendor/Customer names always use the same capitalization that is on QBO which is typically capitalizing the first letter of each word, except for articles, conjunctions, and prepositions such as "and," "or," "of."

*Ex: Interest Expense, not interest expense*

*Ex: BofA Ckg #1234, not bofa ckg #1234*

*Ex: Steve Smith, not steve smith*

- If you want to send a screenshot, always attach it to the email instead of embedding in the body of the email. What may look good on your screen may not with another email service or web browser.

- If copying/pasting text from Excel or Word into the body of the email, always **Paste as Plain Text** (done by right clicking when pasting into the email). This removes all previous formatting and gives the email a uniform font type/size with proper line breaks.

- Using abbreviations are common and efficient, but the Client may not know what the abbreviation means. When using an abbreviation for the first time, always spell out the full name followed by the abbreviation in parenthesis.

*Ex. Hi (Client's first name),*

*We need assistance resetting the QuickBooks Online (QBO) Banking feed. The steps are below:*

*- Once logged in to QBO ...*

- If posing a specific question to a Client about a transaction, include all pertinent data so it is easy for the Client to research further if needed.

*Ex: "There is an uncleared check for Jim Smith **in 2018**. Can this be deleted or will they cash it? Please check with Jim and let us know." This question requires a lot of research on the Client's part to find the uncleared*

*check. It is better to say, "There is uncleared check for Jim Smith **on 12/01/18 for \$400 from the BofA Ckg #1234**. Can this be deleted or will they cash it? Please check with Jim and let us know."*

- If we have additional questions for the Client beyond the Open Items spreadsheet, put each question on a separate line in the body of the email, typically listed with a dash ("-") at the beginning of the question. This will help ensure that the Client sees and addresses each question. For example:

*Hi (Client's first name),*

*Attached are the Open Items. Complete the column labeled category/description and return the Open Items answers to this e-mail at your soonest convenience. Also below are some additional questions:*

*- New Ford T-150 Vehicle - Please provide the loan statement from Ally that shows the beginning principal balance and the monthly Principal/Interest breakdown.*

*- Previous Loan for Ford T-150 - A balance remains on this loan through Golden One Credit Union. Will this be assumed by Ally, or written off? Please advise. The existing balance is \$11,548.09.*

*Thank you,*

- Avoid using non-assertive terms or phrases such as the ones below. Although these terms may be helpful if we haven't yet asked for permission, but once we have agreed upon procedures for what we need from the Client, we should feel free to assertively ask for it. Otherwise they appear to be only suggestions (and not as much of a call to action) and the Client is less likely to reply. Avoid using:

"can you please"

"could you please"

***Incorrect:***

*Hi (Client's first name),*

*Could you please send us the Citi Ckg #1234 statement for March?*

*Thank you,*

***Correct:***

*Hi (Client's first name),*

*Please send us the Citi Ckg #1234 statement for March.*

*Thank you,*

- Avoid using overly assertive or defensive statements when replying to a Client. The Client often doesn't know how to respond to Open Items questions. The following below are good examples of emails to Clients from the Manager:

- Re-state the question in more simplified terms if the Client doesn't understand the original question. Most Clients don't have an accounting background. What would make sense to us amongst our staff-may need to be phrased differently to the Client, usually with more detail and in layman's terms.

*Ex: The Client responds regarding a deposit from their personal Bank Account and the Bank Detail says: it's a loan from my brother Tim Smith. The Manager replies and asks the Client if we should set up a Due to Tim Smith Liability Account on the Balance Sheet, or record it as an Owner's Investment. The Client replies: "I don't know what you're talking about." The Manager should then ask in more general terms that if we set up a loan on QuickBooks from their brother, it will remain on the books until it's paid back. Was this a business loan that we should keep track of (create a Due to Tim Smith Account), or was it personal Investment)?*

- Always include all information available in the email, so the Client doesn't need to search back through the email thread.

*Ex: We email to the Client, "We had a question regarding a check on 08/01/19 for \$500 from WF Ckg #1234, and needed both the 1. Vendor Name, and 2. Category/Description." The Client responds that the Category/Description is: Legal, but didn't mention the Vendor's name. A good reply from us is: "Thank you for the information. We are still missing the Vendor name for this transaction below, please let us know:*

*08/01/19 for \$500 from WF Ckg #1234 (Legal Expense)."*

- Avoid responding defensively when answering Client questions. The Client often wants to quickly resolve a matter, without fully understanding what we need.

- If we asked the Client multiple questions and they didn't reply to all them, **enter the answers that they gave us to clear about most of QBO's AMC items**, and don't wait for them to reply to the rest. In the next email exchange, thank them and re-state the unanswered question again, possibly with a little more information. A good approach is to assume that if they didn't reply to a question, they didn't really understand the question and we want to help clarify further. **-OR- When a Client does not reply to a question, it's usually because they do not understand the question, and we will need to clarify. Here is a sample scenario:**

*Hi Sara,*

*Attached are the Open Items. Please complete the column labeled category/description and return the Open Items answers to this e-mail at your soonest convenience. Also below are some additional questions:*

*- There was a deposit on 09/01/19 for \$50,000 to WF Ckg #3837 with the memo: wire transfer, was this Income? We haven't seen a wire transfer to your Account before and wanted to double check.*

*- We noticed that you haven't been using the Chase CC #1532 in a few months and currently has a zero balance, should we remove that Credit Card from our monthly process?*

*Thank you,*

***The Client replies that they want to keep the Chase CC #1532 in case of emergency, but doesn't mention the \$50,000 deposit. The Manager should add a Line Item to the Client Checklist in the Chase CC #1532 section that this CC has very little activity, but the Client wants us to keep reconciling it as an emergency CC. And then a good email reply from the Manager is:***

*Hi Sara,*

*Thank you. In terms of the \$50,000 deposit, we have been recording all deposits as Income but since this amount is much higher than usual we would like to find out more information about the \$50,000 deposited on 09/01/19 to WF Ckg #3837 with the memo: wire transfer.*

*Was this Income? Especially since this amount is so large we want to be sure it's being recorded correctly. Please send us any additional information available for this deposit.*

*Thank you,*

While each email to the Client is customized, there are common requests that arise. Below is template language for emails frequently sent to Clients. **When copying the following email template language, “Paste as Plain Text” (right click in Gmail to see this option) into the body of the email so there are not any formatting issues.**

### **Requests made from Preparer:**

#### **Statement needed: if the Client is sending us the monthly statement to a shared Dropbox folder**

When we do not have view-only Bank/CC login access, the Client sends us the statement either via Dropbox or email. Details on how the statement is sent to us are explained in the corresponding Bank/CC section of their Client Checklist. See the template below when asking the Client for the statement **via Dropbox**.

*Email header: Statement needed*

*Hi (Client first name),*

*We are missing the (Bank name/CC name #xxxx ending date. Ex: WF CC #1234 ending 08-02-19). Please add to Dropbox, and also reply to this email confirming it has been added so we know we can get started.*

*Thank you,*

#### **Statement needed: if the Client is sending us the monthly statement to the Support Email**

When we do not have view-only Bank/CC login access, the Client sends us the statement either via Dropbox or email. Details on how the statement is sent to us are explained in the corresponding Bank/CC section in their Client Checklist. See the template below when asking the Client for the statement **via email**.

*Email header: Statement needed*

*Hi (Client first name),*

*We are missing the (Bank name/CC name #xxxx ending date. Ex: WF CC #1234 ending 08-02-19). Please reply to this email with the statement.*

*Thank you,*

#### **Online Banking Feed re-sync if sync error**

Occasionally the Banking Feed gets disconnected due to Bank website updates or the Client having changed their password, and the Banking feed needs to re-synced. When we do not have the Bank/CC login and a syncing error occurs, send this email to the Client. **Before sending to the Client, walk through this process in QBO to ensure the steps are correct, QBO often make small changes to their website:**

*Email header: Banking feed sync error in QBO*

*Hi (Client first name),*

*The Banking feed in QuickBooks Online (QBO) has stopped syncing to your Account (list Bank/CC name and last 4 digits of Account #. Ex: WF Ckg #1234). This happens for several reasons, such as password changes or website updates. Since we do not have view-only login access for this Account, we need your assistance in re-syncing the Banking feed. Instructions are below:*

- 1. Log into QBO*
- 2. Click on "Banking" on the left column*
- 3. The (list Bank/CC name and last 4 digits of Account #. Ex: WF Ckg #1234) should appear in a blue box*
- 4. Click on the "pencil" icon on the top right corner*
- 5. Click the Edit sign-info to update your login information.*

*Please reply to this email confirming that these steps have been completed so we can continue with the reconciliation.*

*Thank you,*

### **QBO Online Banking feed initial set up**

Send the following email to the Client. **Before sending to the Client, walk through this process in QBO to ensure the steps are correct, QBO often make small changes to their website:**

*Email header: Banking feed setup in QBO*

*Hi (Client first name),*

*As part of setting up your QuickBooks Online (QBO) Account, we need the Banking feed set up for (list Bank/CC name and last 4 digits of Account #, Ex: WF Ckg #1234) on QuickBooks Online. Since we do not have view-only login access for this Account, we need your assistance in syncing the Banking feed. Instructions are below:*

- 1. Log into QBO*
- 2. Click on "Banking" on the left column*
- 3. Connect (or Add Account)*
- 4. Choose your Bank and log in to your Bank though the QBO website*
- 5. QBO will list the Bank and Credit Card Accounts from your Bank, and there will be a blank input screen to match to a QBO Chart of Accounts. Type the last 4 digits of your Bank/CC Account into that box, and QBO should auto-populate the Bank/Credit Card Account that already exists.*
- 6. Save changes*

*Please reply to this email confirming that these steps have been completed so we can continue with the reconciliation.*

*Thank you,*

### **Login or Password to Bank/CC Account is not working**

When the Bank/CC login or password is not working, send this email to the Client. Also if you need to add [View-Only Login Setup Instructions](#), see that section in the Miscellaneous chapter for more details.

*Email header: Login to Bank/CC Account is not working*

*Hi (Client first name),*

*The login to (list Bank/CC name and last 4 digits of Account #, Ex: WF Ckg #1234) is not working. See the error message below that we're getting. This happens for several reasons, such as website updates or changes made on your end. Please call the Bank or go online to reset our login information.*

*Error message:*

*(Copy/paste error message we're getting so the Client can relay this to a Customer support person if necessary)*

*Also email us once this is complete so we can continue with the reconciliation.*

*Thank you,*

## **Requests made from Manager:**

### **Sending confirmation of financial reports reconciled**

Send this email confirmation when there are no Open Items questions, and the Client knows they can now review the previous month's bookkeeping in QBO.

*Email header: (Month) Accounts*

*Hi (Client first name),*

*Your Accounts have been reconciled through (month).*

*Thank you,*

### **Sending Open Items questions to the Client**

When The Manager sends the [Open Items questions](#) to the Client using this email template.

*Email header: Open Items*

*Hi (Client first name),*

*Attached are the Open Items. Complete the column labeled category/description and return the Open Items answers to this e-mail at your soonest convenience.*

*Thank you,*

### **Sending Open Items questions to the Client (with additional questions)**

When ~~it is necessary~~ for the Manager to send additional questions related to the [Open Items questions](#) to the Client, use this format below. Note: use the dash symbol ("-") to bullet point each individual question.

Email header: Open Items

Hi (Client first name),

*Attached are the Open Items. Please complete the column labeled category/description and return the Open Items answers to this e-mail at your soonest convenience. Also below are some additional questions:*

*- In the attached Open Items we noticed a Credit Card payment to a new Credit Card. Is this business or personal? If business, we'll need view-only login access to that Account.*

*- Below are a list of outstanding checks over 30 days, please let us know if we should delete these or if you want to circle back with these Vendors:*

*1. 03/12/18 – Ck # 2472 – Alverto Martinez - \$374.53*

*2. 05/29/18 – Ck # 2529 – Merritt on 3rd - \$250.00*

*Thank you,*

### **Responding to Open Items answers from the Client**

When the Client responds with the Open Items answers, use this reply confirming that the Open Items answers have been entered and the Clients knows they can now review the previous month's bookkeeping in QBO.

*Email header: Open Items*

*Thank you, your Accounts are reconciled through (Month).*

### **Request to change the statement Closing Date**

When a new Client comes onboard, their statements likely have a Closing Date that is not towards the beginning of the month. This usually only applies to Credit Cards and Lines of Credit, but sometimes Bank Accounts need to be adjusted too. Since we wait until receiving all statements before beginning the previous month's reconciliations, our policy is to request that the Closing Dates for all statements fall on the first few days of the month.

*Email header: Statement Closing Date change request*

*Hi (Client first name),*

*Please have the Closing Date (may also be called Billing Date or Statement Date) on the Credit Card (list Bank/CC name and last 4 digits of Account #. Ex: WF CC #1234) changed to earlier in the month. The 1st of the month is ideal, the 2nd, 3rd, or 4th is ok too. The reason for this is that we wait until all statements are available in order to begin the monthly reconciliations. You'll need to call the Bank to do this.*

*Please let us know once this has been updated so we can begin the reconciliation earlier.*

*Thank you,*

## **Request for Financial Reports**

Sometimes the Client doesn't know how to download the reports themselves. We can do this for them, although we always want to have in the Footer of any statement, "Restricted for Management Use Only". Link to the instructions are here: [Printing Financial Reports \(for QB App and QBO\)](#)

Also provide the instructions **to the Client** on how we created this report (excluding the "Restricted for Management Use Only" part). **This information is helpful should the Client choose to create reports on their own.**

*Ex: The Client asks for the 2019 Profit & Loss. We reply:*

*Dear (Client's first name),*

*Attached is the 2019 Profit & Loss. We are happy to create reports in the future, but if you need to see this data right away, the process to create this report in QuickBooks (QBO) is as follows: once logged on to QBO, click Reports on the left, and then click Profit & Loss. Choose the date range of 01/01/19 – 12/31/19, click Cash Basis, and then click run report.*

*Thank you,*

## **December Year-End Tasks email for Open Items**

When we send the December Open Items questions, we include all Balance Sheet Line Items (excluding the Accounts that we are already reconciling) to confirm the Balances are correct. **Note: use the dash symbol ("-") to bullet point each individual balance.**

*Email header: Open Items and Year-End check-in*

*Hi (Client first name),*

*Attached are the Open Items. Complete the column labeled category/description and return the Open Items answers to this e-mail at your soonest convenience.*

*Also we have some additional Year-End requests:*

- 1. We want to confirm that all Balance Sheet Line Items are still accurate. Please confirm that these balances are accurate:*

*-  
-*

- 2. Before sending the reports to your tax preparer, click on the link below to schedule a time to review the numbers with Jeff. Below is the link to his calendar:*

*<http://www.meetme.so/streamlinebookkeeping>*

*Thank you,*

## Sending Financial Reports

When we are using QB Application (not QBO) and need to send the Client financial ~~statements~~-reports, attach the report(s) to the email, and use the following text in the email body.

*Email header: (Month) financial reports*

*Hi (Client first name),*

*Attached are the (month) financial reports.*

*Thank you,*

## VIII. Chart of Accounts

### Chart of Accounts:

Below is a template Chart of Accounts. As we get to know the Client, we may customize this Chart of Accounts according to the Client's preferences.

This Chart of Accounts is also in the QB App called: Sample Sole Proprietor. This QB Backup file is located in Dropbox > A-QB Backups. Typically, when we start with a new Client, we import this QB App Chart of Accounts to a new QBO subscription and then customize the Chart of Accounts further if necessary.

*Ex: For online software and subscriptions, we usually use the Account: Web Services.*

*Ex: For contractor payments that are potential 1099 Vendors, we usually use the Account: Outside Services.*

**(Bank Name) Ckg #xxxx**

**(Bank Name) Sav #xxxx**

**Accounts Receivable**

**Undeposited Funds**

**(Bank Name) CC #xxxx**

**Payroll Liabilities**

**Opening Balance Equity**

**Owner's Draw**

**Owner's Investment**

**Owner's Equity**

**Income**

**Advertising & Promotion**

**Automobile**

**Automobile: Auto Insurance**

**Automobile: Auto Repairs**

**Automobile: Gas**

**Automobile: Parking & Tolls**

**Bank Service Charges**

**Continuing Education**

**Depreciation**

**Dues & Subscriptions**

Equipment  
Gifts  
Insurance  
Insurance: General Liability Insurance  
Insurance: Worker's Compensation  
Interest Expense  
Internet  
Janitorial  
Licenses & Permits  
Meals & Entertainment  
Moving  
Office Supplies  
Outside Services  
Outside Services: Bookkeeping  
Outside Services: Contractors  
Outside Services: Legal  
Payroll Fees  
Postage & Delivery  
Rent  
Repairs & Maintenance  
Salaries  
Salaries: Employer Payroll Taxes  
Salaries: Wages  
Supplies  
Taxes  
Taxes: CA Franchise Tax  
Telephone  
Travel  
Utilities  
Web Services  
Ask my Client

## **IX. Financial Statement Terminology**

Below are default terms that we commonly use. If the Client requests different terminology, it must be listed in their Client Checklist that the Client requests further customization for their preferred terminology.

### **Assets:**

#### **Bank Accounts**

All Bank Accounts should have the Bank name (single space), type of Account (single space), “#” sign, last 4 digits of Account number.

*Ex: BofA Checking #1234, or BofA Ckg #1234*

Abbreviations are okay to use as long as it is consistent with the other Chart of Accounts.

*Ex: Bank of America is BofA  
Wells Fargo is WF  
Checking is Ckg  
Savings is Sav  
Line of Credit is LOC  
Credit Card is CC*

## **Undeposited Funds**

Undeposited Funds is a Current Asset that is related to the Accounts Receivable (A/R) function within QBO. It groups Income deposits together so that the Bank deposit amount in QBO matches the Bank statement. Positive Amounts in Undeposited Funds reflect payments received, but the Bank Deposit has not been created yet in QBO. There should not be a positive balance in this Account; it should be \$0 by the end of the month. Any outstanding balances need to be brought to the Reviewer's attention in the Preparer's Notes section of the Client Checklist.

The only exception to this is if the Client "Received Payment" at the end of the month, but the deposit didn't clear the Bank until a few days later. If you do see a positive balance in this Account, double check the first few days of the next month to see if it was deposited.

The revenue cycle in QBO is a 3-step process:

1. Create invoice (debit A/R, credit Revenue)
2. Receive Payment (debit Undeposited Funds, credit A/R)
3. Make Deposit (debit Bank, credit Undeposited Funds).

A Sales Receipt combines step 1 and 2 (debit Undeposited Funds, credit Revenue). On Accrual Basis, Income is recorded with Step 1. On Cash Basis, Income is recorded with Step 2.

## **Liabilities:**

### **Credit Cards**

All Credit Card Accounts should have the Bank name (single space), type of Account (single space), "#" sign, **and the** last 4 digits of Account number.

*Ex: BofA CC #1234*

### **IOLTA Accounts**

An IOLTA Account is a Trust Account typically used by an attorney who is holding money on behalf of the Client. Attorneys are required to keep IOLTA funds separate from their main Bank Account. IOLTA deposits are not Income to the attorney at first. If the attorney wins the case, the attorney transfers money from the IOLTA to their main business Checking Account. That transfer to the business Checking is Income. Since deposits to the IOLTA Account are not Income, a Liability Account is set up and should be equal to the IOLTA Bank amount.

*Ex: If the attorney pays a filing fee on behalf of the Client out of the IOLTA Account, the attorney is using the Client's money, so this transaction is not a deduction to the attorney. As a result, the IOLTA Bank Account goes down, and also the IOLTA Liability Account goes down.*

## Equity:

### **Owner's Investment and Owner's Draw** (assuming it is a sole proprietorship)

Sole proprietorships are Owners LLC's are Members, Partnerships are Partners, and Corporations are Shareholders.

### **Owner's Investment**

Deposits made into the business Checking Account that are not Revenue. Also (less common) if the Client pays off a business Credit Card balance from their personal Bank Account, the CC payment goes to this Account.

### **Owner's Draw**

Withdrawals from the business Accounts that are not business related. These include draws to the owner's personal Bank Account, and personal Expenses made from the business Account. Ideally the Client should not be making personal Expenses through the business Accounts, but it still is a common occurrence.

**Do not create Sub Accounts of Owner's Draws for items that are not business related but still tax related. We've done this in the past and it increased the risk of errors. Instead, for transactions that are not business related that a tax preparer may need, enter them as an "Other Expense" on the Profit & Loss.**

***Ex: Federal quarterly tax payments, State quarterly tax payments, Charitable Contributions, or Medical Expenses.***

ATM Withdrawals go to an Equity Draw Account, unless otherwise noted in the Client Checklist.

## Year-End Equity Closing

A journal entry on 12/31 of every year should close out Equity Accounts to Retained Earnings. That way, only the current year's Investments/Draws show up on the Balance Sheet, instead of the Amounts since the company's inception. **Currently the Preparer is not making this entry. We wait a few months after year-end so that the Client can still see their previous year's balances, and then a staff person is assigned to close out equity for all Clients.**

- If the company is a Corporation, their initial Corporate Stock should be listed in Equity. Leave that amount as is, since the tax preparer will need amount that listed separately, so it doesn't get closed to Retained Earnings.
- If there is more than one Partner, and they have made Equity Investments to the company it is helpful to have the Investments remain, and not closed to Equity. So if the Partner Investments are listed in Equity, only close out the Partner Draws.

## Revenue

Below are 4 common ways **that** we record revenue in QBO. ~~During the~~ **When** onboarding of a new Client, the revenue recording method is agreed upon **between the Client and Jeff Kohn**, and **then** noted **by Jeff** on the Client Checklist.

**Below are...? What is this numbered list below?**

1. Every deposit should have a matching invoice. All deposits should be matched in "undeposited funds". Scan all revenue in P&L, and all fields in "Transaction Type" should say "Invoice", except for the Square payments.
2. All deposits are revenue with no Customer name needed. Scan deposits for refunds/returns.
3. All deposits are revenue with no Customer name needed.
4. All deposits are revenue. Log on to the Bank and list Customer name.

If the Client gets reimbursed for an Expense which is deposited into the business Account, the full deposit should be listed as Income (not netted to the Accounts that they were reimbursed for). All deposits from **the** Client are typically included in their 1099, including reimbursements.

*Ex: If a Client deposits \$1,200, and **the** breakdown is \$1,000 Service Fee and \$200 Travel Reimbursement, this is \$1,200 Income. Not \$1,000 Income, and \$200 netted to Travel Expense.*

Deposits that are returns should be ~~checked~~ **reviewed** to see if we can find the original Expense. If the Client uses the Bill Pay feature with their ? and the check doesn't cash, typically the deposit gets returned after 90 days.

*Ex: A Refund was deposited from Amazon for \$30, and an Expense to Amazon for \$200 a few days before that went to Office Supplies. It is reasonable to assume **that** the \$30 is a partial refund from the \$200 Expense, so **the proper course of action is to add/move/re-code** the \$30 deposit to: Office Supplies.*

Scan deposits for refunds/returns. Before asking **the** Client what the refund was for, review the Vendor's history for a matching amount.

## **Cost of Goods Sold (COGS)**

COGS is only used for companies that have products, never for service-based companies.

## **Expenses**

It is important when reconciling Accounts to differentiate between a withdrawal that goes onto the Profit & Loss ~~or~~ **and a withdrawal that goes onto** the Balance Sheet. The reason is that if a withdrawal goes onto the Balance Sheet by accident, the deduction might not get recorded because it won't affect Net Income. If uncertain ~~on~~ how to categorize a withdrawal, add it to Ask My Client.

*Ex: Client purchased something at Macy's and you are unsure if it should be a Draw or some type of Expense.*

## **Insurance**

Create Sub Accounts for each type of Insurance. The reason is that some types of insurance are not deductible, and also the tax preparer will need to see each sub category. **There should be no Insurance Expenses in the Parent Account; all Insurance Expenses should be have listed only in the Sub Accounts.**

## **Outside Services**

All contractors should be added to Outside Services. This is important when issuing 1099s at year-end, so all potential 1099 Vendors are in the same section of the Profit & Loss. **There should be no Outside Services Expenses in the Parent Account; all Outside Services Expenses should be have listed only in the Sub Accounts.**

## Payroll

Payroll should be entered on the **date the check cleared the Bank, not the date issued on the payroll report (called Pay Day or Pay Date)**. This is technically incorrect, as the Pay Day is the date that the W-2 corresponds with, but is a labor-intensive process to do this each payroll run. (This sentence is unclear. It sounds like you're talking about two different things) On the Client Checklist, there is a December year-end Checklist has a Line Item to review(?) if there were any payroll amounts withdrawn in December but the Pay Day is in January. In this case, create a Prepaid Payroll (Asset) Account to record the initial Bank withdrawal, and then record payroll on the Pay Day listed on the payroll report.

*Ex: Payroll was withdrawn from the Bank on 12/31/2019, but the Pay Day was 01/02/2020. This is W-2 wages for 2020 even though it cleared the Bank in 2019. The adjustment will be as follows:*

**12/31/19**

Prepaid Payroll (debit)

Bank (credit)

**01/02/20 (Pay Day)**

Salaries, Employer Taxes, etc. (debit)

Prepaid Payroll (credit)

## Taxes

Businesses pay taxes for various reasons, such as Annual Corporate or LLC Fees and City Taxes. It is common that the Client will pay their personal taxes from the business Account, which is incorrect. Those personal tax payments are personal Equity Draws. ~~This~~ **The Taxes section** is a crucial section to have categorized properly, as we do not want to deduct personal tax payments, or put a business tax payment in the Draw Account.

**There should be no Taxes Expenses in the Parent Account; all Taxes Expenses should have be listed only in the Sub Accounts, with the Sub Account name being the type of tax that was paid.** The reason for this is **that** it will reduce the risk of mis-categorization, and will also make the tax preparer's ~~happy with our formatting~~ **job easier**.

## Web Services

Any online software subscriptions.

*Ex: QuickBooks Online, Web Hosting*

## Check Details

For Cash Basis, use the check date that shows up on the Bank statement (not check image of when the check was written).

- An exception would be if the Client provides a date: either with a separate check register on Dropbox, or if they write checks directly from QBO. If this is the case, there should be **a** corresponding note in the Client Checklist.

When creating a new Expense, it is not necessary to add the word "Expense" in the Chart of Accounts.

*Ex: Enter "Automobile", not "Automobile Expense."*

The exception is if it adds additional information.

*Ex: Interest could be Income or Expense, so in that case it would be used.*

## **X. Types of Tax Returns**

One of the main purposes of doing bookkeeping is to provide the tax preparer with a clean set of books. Although we do not prepare taxes, it is important to know some of the concepts for the books to be in a proper format. Below is some information on the main types of tax entities which will assist in categorization in the Chart of Accounts.

The following are the 5 main types of tax entities:

### **Sole Proprietorship**

In the Equity section on the Balance Sheet, the Owners of Sole Proprietorships are listed as **Owner's** Investments and **Owner's** Draws.

### **LLC**

In the Equity section on the Balance Sheet, the Owners of LLC's are listed as **Member's** Investments and **Member's** Draws.

### **Partnership**

In the Equity section on the Balance Sheet, the Owners of Partnerships are listed as **Partner's** Investments and **Partner's** Draws.

If there is more than one Partner, and they have made Equity Investments to the company it is helpful to have the Investments listed and not closed to Equity. So if the Partner Investments are listed in Equity, only close out the Partner Draws.

### **S-Corporations**

In the Equity section on the Balance Sheet, the Owners of S-Corporations are listed as **Shareholder's** Investments and **Shareholder's** Draws.

All Officers or Shareholder Salaries should be listed separately from non-Officers/Shareholders.

All Officers or Shareholder Health Insurance should be listed separately from non-Officers/Shareholders.

Automobile Expenses can be fully deducted if the Auto is in the corporate name. If not in the corporate name, auto repairs, gas, etc. should not be deducted through the corporation. Alternatively, the employee should request reimbursement based on business miles driven.

If the company is a Corporation, their initial Corporate Stock should be listed in Equity. Leave that amount as is, since the tax preparer will want that listed separately and doesn't get closed to Retained Earnings.

### **C-Corporations**

In the Equity section on the Balance Sheet, the Owners of C-Corporations are listed as **Shareholder's** Investments and **Shareholder's** Draws.

All Officers or Shareholder Salaries should be listed separately from non-Officers/Shareholders.

All Officers or Shareholder Health Insurance should be listed separately from non-Officers/Shareholders.

Automobile Expenses can be fully deducted if the Auto is in the corporate name. If not in the corporate name, auto repairs, gas, etc. should not be deducted through the corporation. Alternatively, the employee should request reimbursement based on business miles driven.

If the company is a Corporation, their initial Corporate Stock should be listed in Equity. Leave that amount as is, since the tax preparer will want that listed separately and doesn't get closed to Retained Earnings.

## **XI. QB Desktop Application (QB App) Backups**

Unlike QBO, the QB App files do not automatically save to a system that we all share. Since Dropbox does not recommend hosting the live QB app file (.qbw), the solution we've found is to share a folder in Dropbox with the QB Backups (.qbb). Since D

The location of the QB Backup (.qbb) is in: Dropbox -> A-QB Backups. First, create a folder on your Desktop called: Temp QB files. This is where the live file (.qbw) is kept. Further instructions are below:

### **Instructions:**

- Delete the old .qbw file out of Temp QB Files (if applicable).

When you go to work on a file next month, there is the old live .qbw file is sitting in the Temp QB Files folder. You'll need to go into that folder and remove it before restoring the file again. If you forget to remove the file out of Temp QB files and begin restoring the new .qbw, QuickBooks will ask: Do you want to replace this file? Although that would normally make sense with other programs, it puts the file into Read Only. That is a long way of saying: remove the Temp QB file before restoring the new .qbw file.

- Open QB App.

- File, Open or Restore Company (aka Open or Restore an Existing Company)

- Restore a Backup Copy, Next, Local Backup, Next

- Find most recent QB backup for the Client in the A-QB Backups folder

- Once you select it, an Open or Restore Company window pops up asking: Where do you want to restore the file

- Hit Next, and a Save Company File window will appear. Add to the Temp QB Files folder on your Desktop. Hit Save.

- Then a QuickBooks Login window will appear, asking for the password: The password for QB app is: A111111

- If that password doesn't work, try: **a**

- Then the QuickBooks Account for that Client will open.

Once new data has been entered and you want to backup the new .qbb file:

- File, Back up company, create local backup, Local Backup, Next, Save it Now, Next, Browse

(in Browse you can find the A-QB Backups folder, or just choose any folder and skip to the next window), Complete Verification, Ok, Use this location, Save it now, Next, (find A-QB Backups). Create new folder with today's date, save in that folder.

- File, Close Company

## **XII. Creating Financial Reports (from QB App and QBO)**

Sometimes Balance Sheet and P&L show "\$0" for Accounts with 0 balance. This typically occurs if the data was transferred from QB application.

If Accounts are made 'inactive' before the transfer, then this does not occur. But if it is too late, a good solution is to: Create a Balance Sheet, Customize Report, Row/Columns section: Show Rows that are Non-Zero, Save, Save Customizations, and then those will be saved in the My Custom Reports Section.

### **Printing Financial Reports (for QB App and QBO)**

See instructions in: Dropbox, A-Documents, Printing FS.

#### **Printing: for QB (application version)**

The purpose of creating these margins is to make it look nice aesthetically, filling the page to make the fonts as large as possible, either 1 or 2 pages long. Also the header or footer shouldn't overlap any text.

Depending upon the version of Excel that you have, these margin amounts may differ.

*Ex: if only the Net Income shows up on p.2, maybe adjust it a few less percentage points so it's just 1 page.*

Profit and Loss

In QB:

Create a report from Jan. to end of month reconciled  
Customize-> display columns by Month

EXPORT TO EXCEL

In Excel:

Page Setup:

Margins:

Top margin: .75"

Bottom margin: .4"

Left and right margins: 0"

Header: 0"

Footer: 0"

Header/Footer:

Header:

Remove top left header that says: cash basis, date, etc

Footer:

In center, add: RESTRICTED FOR MANAGEMENT USE ONLY

Remove bottom right area that says: page #

Page:

Use Portrait through approx July/Aug, and then switch to Landscape  
Preview to make sure it fits properly on the page(s)  
Save as Excel doc, and also as a PDF

## Balance Sheet

In QB:

Balance sheet (through end of current month)  
EXPORT TO EXCEL

In Excel:

With the cursor on cell A1:

Add 2 blank column to the left (or 1, whichever looks better)

Page Setup:

Page:

Portrait

Margins:

Top margin: 1"

Bottom margin: .4"

Left and right margins: 0"

Header: 0"

Footer: 0"

Header/Footer:

Header:

Remove top left header that says: cash basis, date, etc

Footer:

In center, add: RESTRICTED FOR MANAGEMENT USE ONLY

Remove bottom right area that says: page #

Preview to make sure it fits properly on the page(s)

If font seems small, go back to Page -> Scaling, and switch to "Adjust to % normal size", and increase the number as necessary.

Save as Excel doc, and also as a PDF

## General Ledger

In QB:

Reports-> Accountant & Taxes -> General Ledger  
Set dates for Jan 1st through end of current month  
Click on the 'Expand' button  
Customize report -> Advanced -> In use  
EXPORT TO EXCEL

In Excel:

Reduce Column D to a size similar to its adjacent rows

Page Setup:

Page:

Landscape

Scaling: Fit to 1 page wide, by 100 (or more) pages tall

Margins:

Top margin: .75"

Bottom margin: .4"

Left and right margins: 0"

Header: 0"

Footer: 0"

Header/Footer:

Header:

Remove top left header that says: cash basis, date, etc

Footer:

In center, add:       RESTRICTED FOR MANAGEMENT USE ONLY  
(KEEP PAGE NUMBER IN BOTTOM RIGHT CORNER OF FOOTER)

Wrap the memo line (if necessary), and expand to 40 width (or less if applicable)

Preview to make sure it is centered and fits properly on the page(s)

Save as Excel doc, and also as a PDF

### **Printing: for QBO**

Profit and Loss

Create a report from Jan. to end of month reconciled

Customize-> display columns by Month

EXPORT TO EXCEL

(If necessary) Move the heading so it's centered on the page

The top 2 rows' height need to be adjusted (when it exports, it doesn't give space for the larger heading font)

And that all columns have correct spacing (if too narrow, numbers show up as #####)

Remove "cash/accrual basis and time" information at the bottom

Delete the entire row

Page Layout -> Print titles -> rows to repeat at top: 1:4

Page Setup:

Page:

Portrait

Scaling: Fit to 1 page wide, by 100 pages tall

Margins:

Top margin: 0"

Bottom margin: .3"

Left and right margins: 0"

Header: 0"

Footer: 0"

Header/Footer:

Header: (Header is not in the Page Setup; it's just the top few rows of the document)

Footer:

In center, add:       RESTRICTED FOR MANAGEMENT USE ONLY

Preview to make sure it fits properly on the page(s)

If font seems small, go back to Page -> Scaling, and switch to "Adjust to % normal size", and increase the number as necessary.

Save as Excel doc, and also as a PDF

Balance Sheet

(If necessary) Move the heading so it's centered on the page

The top 2 rows' height need to be adjusted (when it exports, it doesn't give space for the larger heading font)

And that all columns have correct spacing (if too narrow, numbers show up as #####)  
Add 2 columns on the left

Remove "cash/accrual basis and time" information at the bottom  
Delete the entire row

In Excel:

Page Layout -> Print titles -> rows to repeat at top: 1:4

Page Setup:

Page:

Portrait

Scaling: Fit to 1 page wide, by 100 pages tall

Margins:

Top margin: 0"

Bottom margin: .3"

Left and right margins: 0"

Header: 0"

Footer: 0"

Header/Footer:

Footer:

In center, add: RESTRICTED FOR MANAGEMENT USE ONLY

Preview to make sure it fits properly on the page(s)

If font seems small, go back to Page -> Scaling, and switch to "Adjust to % normal size", and increase the number as necessary.

Save as Excel doc, and also as a PDF

General Ledger

Reports-> Accountant & Taxes -> General Ledger

Set dates to print (January to current month)

Export to Excel

(If necessary) Move the heading so it's centered on the page

The top 2 rows' height need to be adjusted (when it exports, it doesn't give space for the larger heading font)

And that all columns have correct spacing (if too narrow, numbers show up as #####)  
Add 2 columns on the left

Remove "cash/accrual basis and time" information at the bottom  
Delete the entire row

Page Layout -> Print titles -> rows to repeat at top: 1:5

Page Setup:

Page:

Landscape

Scaling: Fit to 1 page wide, by 100 pages tall

Margins:

Top margin: 0"

Bottom margin: .3"

Left and right margins: 0"

Header: 0"

Footer: 0"

Header/Footer:

Footer:

In center, add: RESTRICTED FOR MANAGEMENT USE ONLY

Preview to make sure it fits properly on the page(s)

If font seems small, go back to Page -> Scaling, and switch to "Adjust to % normal size", and increase the number as necessary.

Save as Excel doc, and also as a PDF

### **XIII. View-Only Login Setup Instructions**

Typically Jeff will provide the instructions to the Client for setting us up with view-only login access. Occasionally our access will get removed and we need to ask the Client to set us up again. We don't have instructions for every Bank, but below are the instructions that we have on file for some of the common Banks.

In general, we want to use the [support@slbookkeeping.com](mailto:support@slbookkeeping.com) email and the Google Voice phone number 510-269-7325 when setting up view-only login access.

#### **AMEX Instructions:**

Account Services, Card Management,  
Add or remove account manager Choose which card(s)  
you want us to view Choose Limited Access (not Full Access)  
My name: Jeffrey Kohn email: jeff@slbookkeeping.com

#### **BofA Instructions:**

For BofA, the setup process for view-only login access is different for their various types of Accounts. You'll need to call their Customer service to have view only access set up. From what we know, first the login needs to be created, and then assign the various Accounts. There are also check boxes that we need: 1. view check images, and 2. view monthly statements. If BofA requests our phone number or email use the following: support@slbookkeeping.com, 510-269-7325

#### **Chase Instructions:**

Once logged in to Chase.com, instructions are:  
Account management, Access & Security Manager, Add New User

Info for new user:

Jeffrey Kohn support@slbookkeeping.com  
(510) 269-7325 (choose a user  
name, and email that to us) Allow mobile access: No. (Yes is fine if you can't edit  
this option) Assign access to each Account with: See Activity Only  
Click check boxes for both: 1. see check images, and 2. see statements Then please email  
us the user name, and Chase will send us an email to set up the password.

#### **CitiBank Instructions:**

Regarding CitiBank, view-only login isn't available. Dropbox is a great software for document sharing. Let us know if we can set up a Dropbox folder to share, where you can add the monthly statements. Alternatively, the statements can be

emailed to us each month. Let us know your preference.

**Wells Fargo Instructions:**

Welcome (at the top right), Manage Access, Use Account Access Manager, Guest, Users, Add a New User.

Use the following information, the email is important as sometimes a security code is sent to confirm our identity.

First Name: Jeffrey

Last Name: Kohn

Email: support@slbookkeeping.com

After setting up our user name and password, select View Only for the Access Level for the Accounts you would like us to see. Then email the user name and password to us.

**Other Bank/CCs that we know do not offer view-only login access:**

Dropbox is a great software for document sharing. Let us know if we can set up a Dropbox folder to share, where you can add the monthly statements. Alternatively, the statements can be emailed to us each month. Let us know your preference.

**Other Bank/CCs that we are not sure if they offer view-only login access:**

Please contact them to find out and let us know so we can set up our systems accordingly.