OPERATIONS MANUAL

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I. Introduction

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

II. Preparer's & Manager's Responsibilities

Preparer's Responsibilities
Manager's Responsibilities

Overview and Instructions for Each Role

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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 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.

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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.

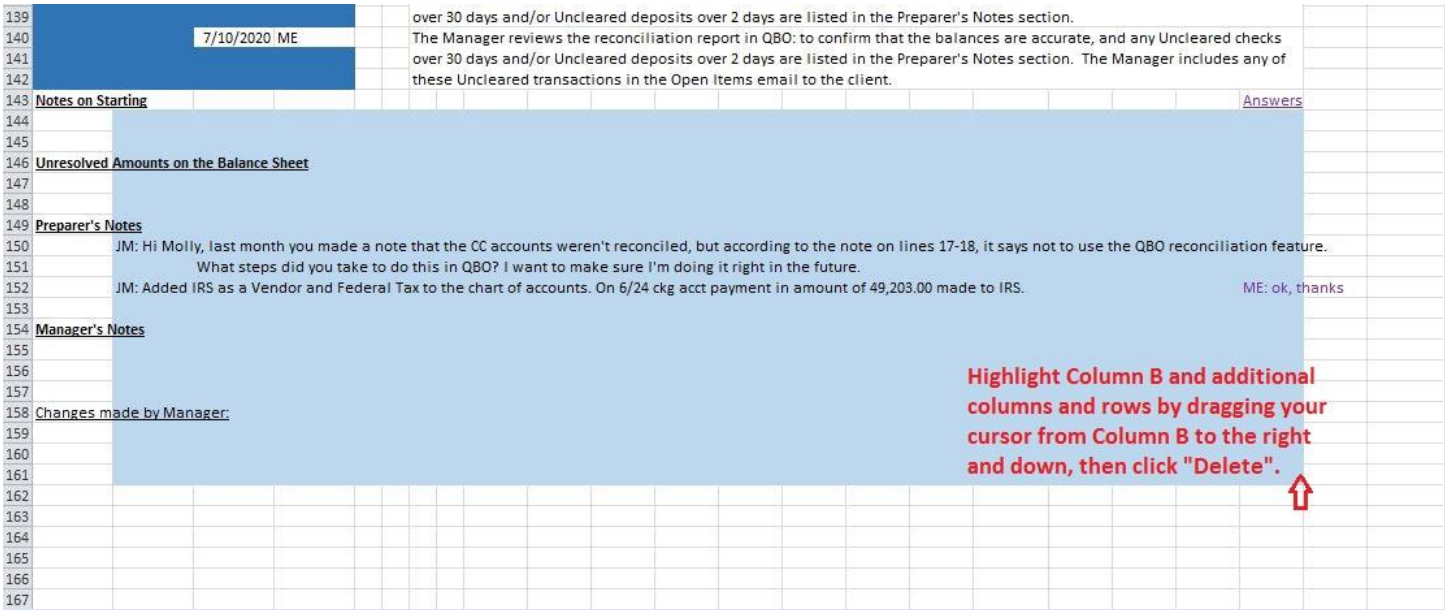
   If the Client has not responded to our Bank/CC statement request after 3 business days, the Preparer drafts a follow up email to the Client (and also emails Jeff there is a draft ready for review in the support inbox). First, find the original email string in the support email, and then "Reply" to the Client that we are checking on the status of our request. Instructions for creating the draft email and email template language is in the Emails to Clients section. **NOTE: Some Clients are not very responsive, and it is important that we follow up at least once per month after the initial email request. If you want to follow up more than once per month, that's fine too.**

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 the new Client Checklist, delete the old Preparer's and 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.



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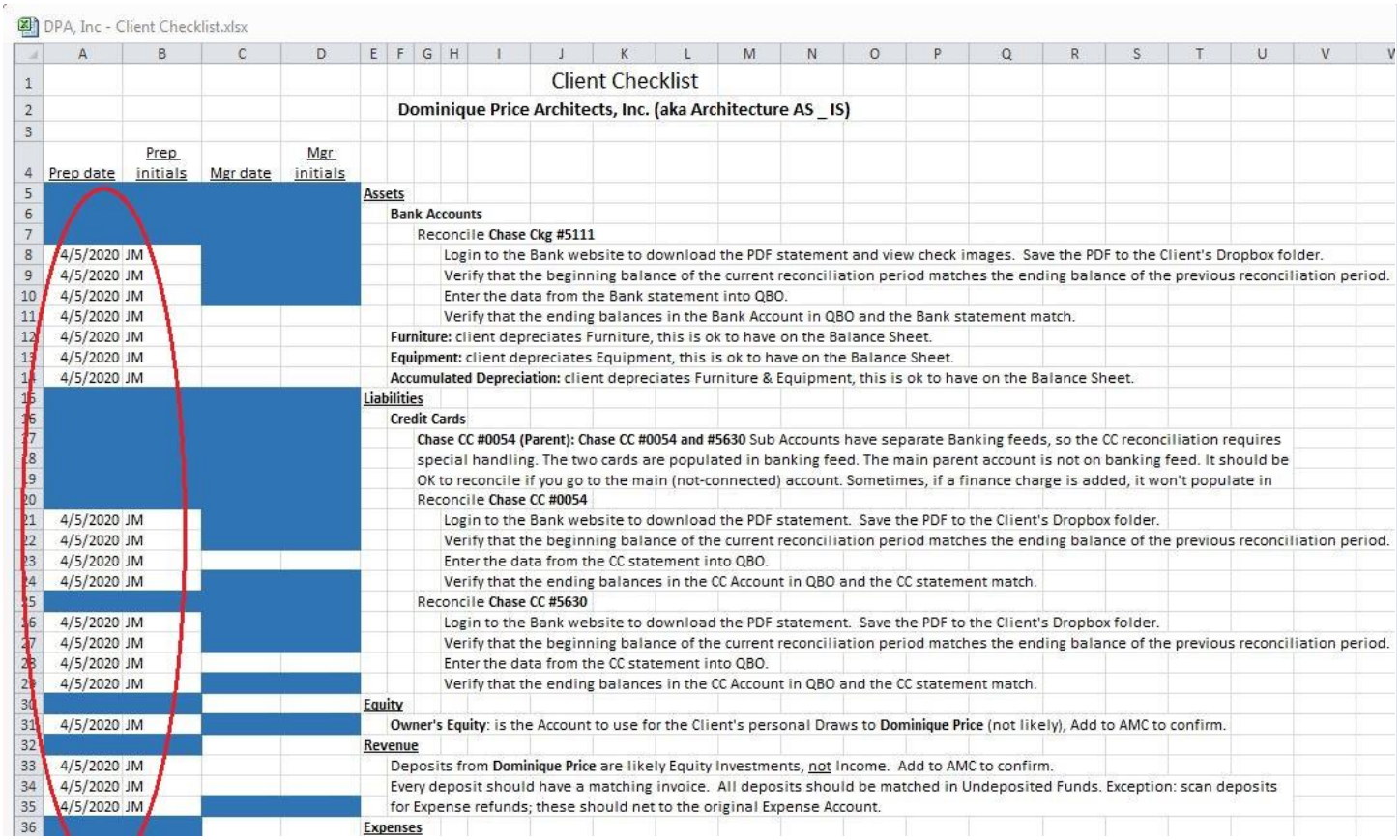
5. Download any applicable Client Bank/CC statement(s) or draft an email to the Client requesting any statements for which we don't have view-only login access. See QBO Banking Feed Download below for procedures.

6. 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 Manager 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.



DPA, Inc - Client Checklist.xlsx

	Prep date	Prep initials	Mgr date	Mgr initials	
1					Client Checklist
2					**Dominique Price Architects, Inc. (aka Architecture AS _ IS)**
3					
5					**Assets**
6					**Bank Accounts**
7					Reconcile **Chase Ckg #5111**
8	4/5/2020	JM			Login to the Bank website to download the PDF statement and view check images. Save the PDF to the Client's Dropbox folder.
9	4/5/2020	JM			Verify that the beginning balance of the current reconciliation period matches the ending balance of the previous reconciliation period.
10	4/5/2020	JM			Enter the data from the Bank statement into QBO.
11	4/5/2020	JM			Verify that the ending balances in the Bank Account in QBO and the Bank statement match.
12	4/5/2020	JM			**Furniture:** client depreciates Furniture, this is ok to have on the Balance Sheet.
13	4/5/2020	JM			**Equipment:** client depreciates Equipment, this is ok to have on the Balance Sheet.
14	4/5/2020	JM			**Accumulated Depreciation:** client depreciates Furniture & Equipment, this is ok to have on the Balance Sheet.
15					**Liabilities**
16					**Credit Cards**
17					**Chase CC #0054 (Parent): Chase CC #0054 and #5630** Sub Accounts have separate Banking feeds, so the CC reconciliation requires
18					special handling. The two cards are populated in banking feed. The main parent account is not on banking feed. It should be
19					OK to reconcile if you go to the main (not-connected) account. Sometimes, if a finance charge is added, it won't populate in
20					Reconcile **Chase CC #0054**
21	4/5/2020	JM			Login to the Bank website to download the PDF statement. Save the PDF to the Client's Dropbox folder.
22	4/5/2020	JM			Verify that the beginning balance of the current reconciliation period matches the ending balance of the previous reconciliation period.
23	4/5/2020	JM			Enter the data from the CC statement into QBO.
24	4/5/2020	JM			Verify that the ending balances in the CC Account in QBO and the CC statement match.
25					Reconcile **Chase CC #5630**
26	4/5/2020	JM			Login to the Bank website to download the PDF statement. Save the PDF to the Client's Dropbox folder.
27	4/5/2020	JM			Verify that the beginning balance of the current reconciliation period matches the ending balance of the previous reconciliation period.
28	4/5/2020	JM			Enter the data from the CC statement into QBO.
29	4/5/2020	JM			Verify that the ending balances in the CC Account in QBO and the CC statement match.
30					**Equity**
31	4/5/2020	JM			**Owner's Equity**: is the Account to use for the Client's personal Draws to **Dominique Price** (not likely), Add to AMC to confirm.
32					**Revenue**
33	4/5/2020	JM			Deposits from **Dominique Price** are likely Equity Investments, not Income. Add to AMC to confirm.
34	4/5/2020	JM			Every deposit should have a matching invoice. All deposits should be matched in Undeposited Funds. Exception: scan deposits
35	4/5/2020	JM			for Expense refunds; these should net to the original Expense Account.
36					**Expenses**

7. 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 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.

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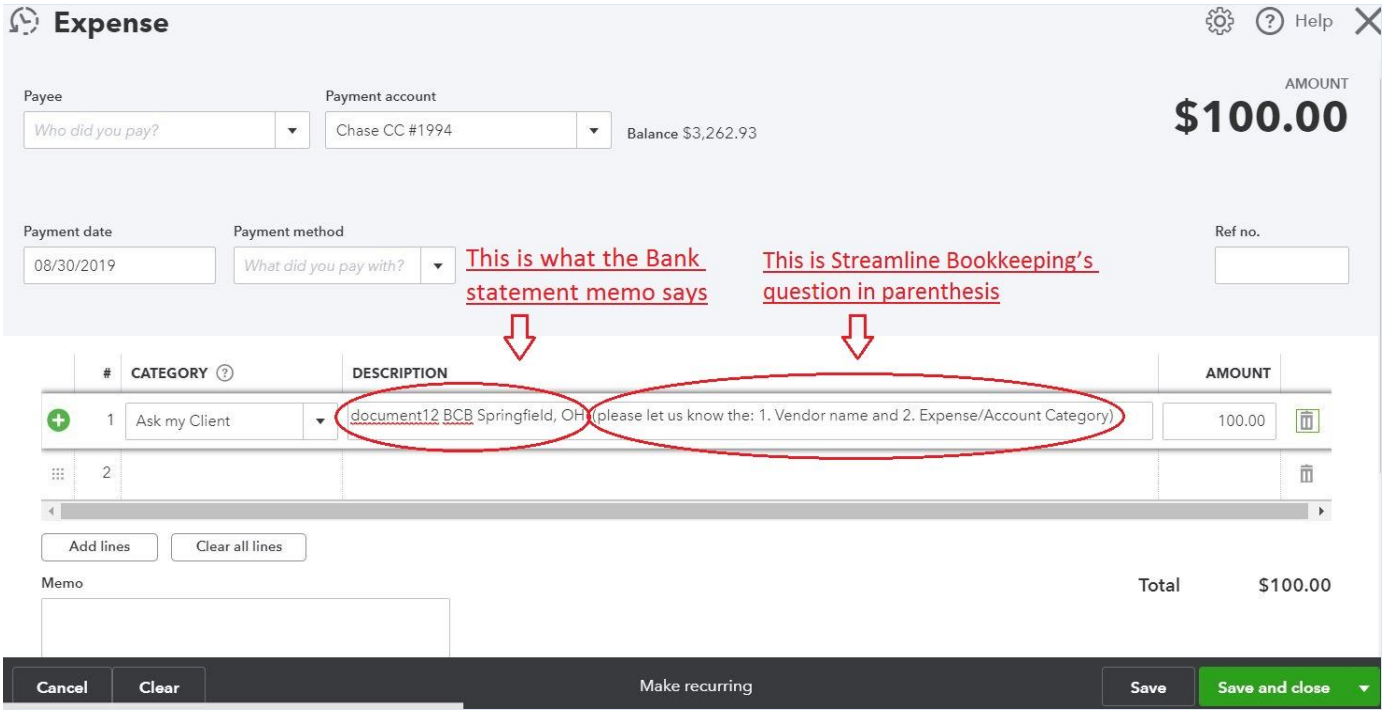
8. If you notice a large spike in the volume of activity, notify Jeff (jeff@slbookkeeping.com). Our fixed monthly fee is based on a certain number of transactions each month. Most Clients do have some fluctuations, some Clients are in growth mode. A Client that typically has 35-45 transactions/month 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.

9. 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.

10. 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.

    Do not add the question in parenthesis in the Banking feed. The reason is that if you do, QBO will not add the Banking Detail as well, and we need both for the client to answer the question. Instead, in the Banking feed add to AMC, and then go into AMC to add our specific question in parenthesis.

    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).



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11. **The Preparer does not add any new rules to the Client Checklist process without approval, unless it is a clear mistake such as a typo.** The Preparer 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 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 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 <u>not</u> update the Revenue section without approval. Approval should ideally be confirmed via email from the Client by the Manager.*

12. Carefully review the spelling of Potential 1099 Vendor names entered into QBO and the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet. The reason is that misspellings that do not match their SSN/EIN may cause the Client's 1099 filing for that Vendor to get rejected. If there is a discrepancy in spelling of the Vendor name, first research the source document (Bank/CC statement) or Google their name and profession. If there are no clear findings, add to AMC with the memo:

    (please let us know: 1. the exact spelling of this Vendor's name, and 2. Expense/Account Category)

    <u>If there are multiple DBA's or duplicate Vendor names: merge them as follows</u>:

    - Always use the business's the legal name first, with the DBA(s) in parenthesis. The legal name is what is listed on their Bank statement or Line 1 of the Vendor's W9 (if we have it on file). If the names don't match, although the Bank statement name is probably the most accurate, it's best to make a Note and ask the client what the exact legal name is.

      Ex: On the Bank statement the company name is Kutchins Law, but other times the Vendor is listed as: Alan Kutchins, and also Al Kutchins. In QBO, they should be listed as: Kutchins Law (Alan Kutchins, Al Kutchins)

      Ex: We have two Vendor names: Shiu Chang, and David Chang. The legal name is: Shiu Chang. So the Vendor name should now be: Shiu Chang (David Chang)

      Ex: We have two Vendor names: David Stearns, and Stearns Law. Stearns Law is the DBA. So the Vendor name should now be: Stearns Law (David Stearns)

    - If the Vendor on a Client's Bank/CC statement includes a suffix (Ex. LLC, LP, APC, Inc.): add that suffix to the Vendor's name in QBO, which will be helpful to determine whether or not to Exclude that Vendor from a 1099 filing at the end of the year.

      Suffixes that <u>are</u> corporations: Inc, APC, A Professional Corporation, LTD.

      Suffixes that <u>are not</u> corporations include: LLC, LLP, LP.

13. Each month, the Preparer fills out/adds to the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet, which may also include a list of Excluded Vendors (see image below).

    The purpose of updating this spreadsheet monthly is so that at the end of the year we have a comprehensive list of Vendors who do (or do not) require a 1099 as well as the info needed to file the 1099s on the Client's behalf.

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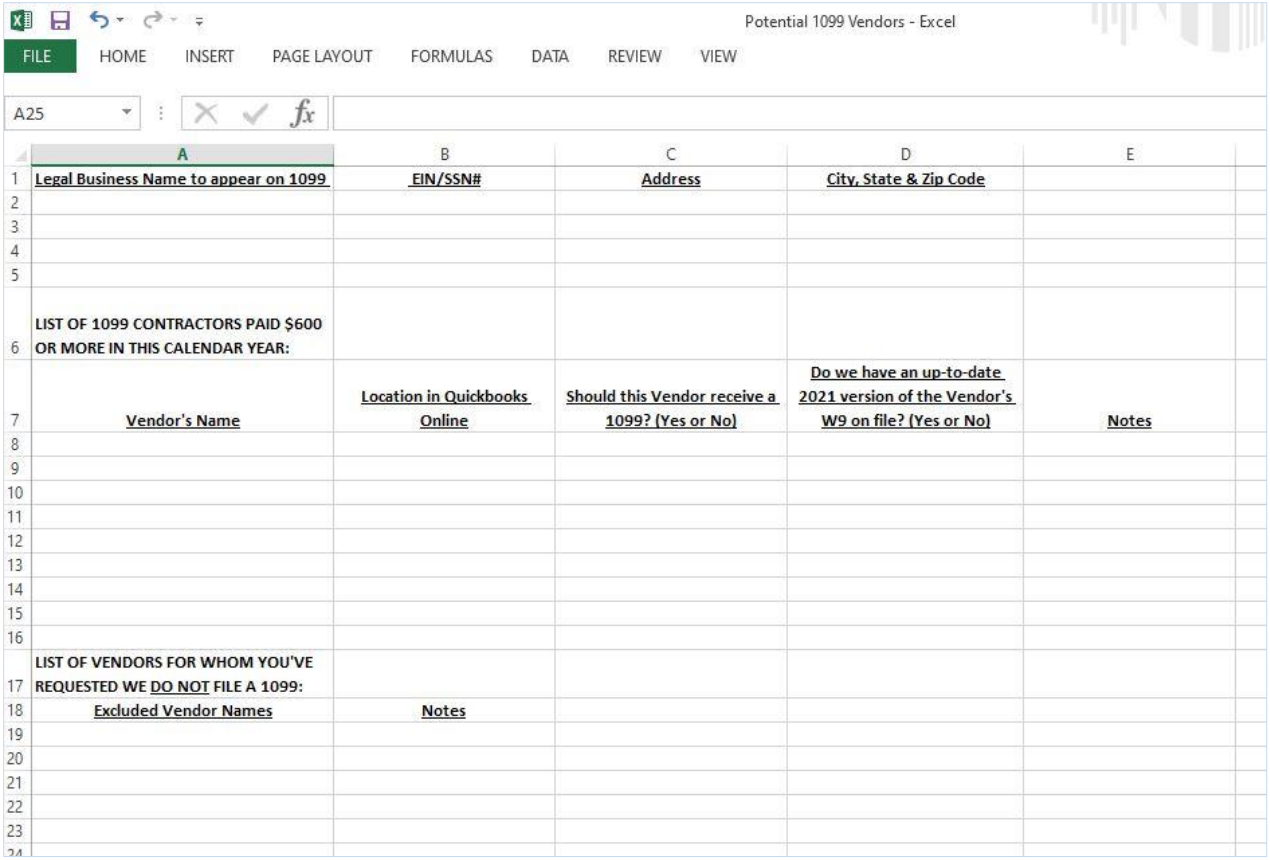
To access the “Potential 1099 Vendors (client's name) (month.year)” spreadsheet, go to Dropbox > (Client’s Name) folder > 1099s. A blank template is also located in Dropbox > A-Documents > 1099s, if needed.



	A	B	C	D	E
1	Legal Business Name to appear on 1099	EIN/SSN#	Address	City, State & Zip Code	
2					
3					
4					
5					
6	LIST OF 1099 CONTRACTORS PAID $600 OR MORE IN THIS CALENDAR YEAR:				
7	Vendor's Name	Location in Quickbooks Online	Should this Vendor receive a 1099? (Yes or No)	Do we have an up-to-date 2021 version of the Vendor's W9 on file? (Yes or No)	Notes
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	LIST OF VENDORS FOR WHOM YOU'VE REQUESTED WE DO NOT FILE A 1099:				
18	Excluded Vendor Names	Notes			
19					
20					
21					
22					
23					

Only add Potential Vendors and Excluded Vendors to the spreadsheet once they have been paid $600 or more in this calendar year.

In the Excluded Vendor's section, add all names that were paid $600 or more in this calendar year, even if it is obvious that this Client should be Excluded (because it is a Corporation, or a foreign Company, etc.). Add those Excluded names to the list so the client knows we are aware of this Vendor and are excluding them.

A NOTE REGARDING VENDORS PAID BY CREDIT CARDS:
We understand that the credit cards companies do file some 1099s if the Vendor was paid by credit card. But as you can imagine the CC companies sometimes miss some Vendors and then the 1099 doesn't get filed. There is no harm in us filing the 1099 as well. So just to be safe we should file 1099s for potential Vendors even if they were paid by credit cards.

Once the Preparer has filled out this spreadsheet, they Save it in the Client’s folder (in the sub folder marked: 1099s). And then the Manager will send it, along with the Open Items spreadsheet, to the Client. So it is important that the Preparer fill this spreadsheet out as thoroughly as possible.

Saving the “Potential 1099 Vendors (client's name) (month.year)” spreadsheet
We want to make sure that we're working with only ONE spreadsheet, and not having multiple versions saved in the 1099 folder. So each month:

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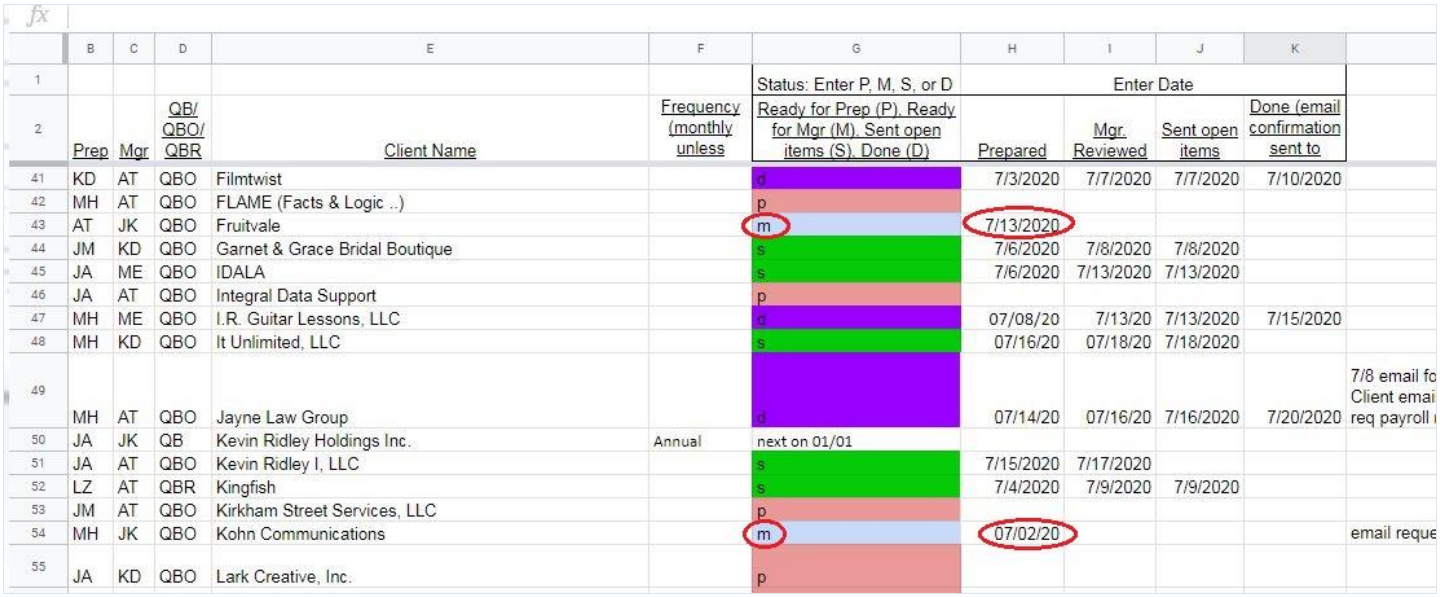
- The Preparer updates the spreadsheet with new monthly totals and new Vendors as the Prep is completed, and then changes mm.yy of the file name. For example, for the August reconciliation, **Potential 1099 Vendors for 2020 - XYZ Company 07.20** will be renamed **Potential 1099 Vendors for 2020 - XYZ Company 08.20**.
- Once the Client replies with answers, the Manager Saves the updated (answered) spreadsheet as the same file name that was sent to the Client.
  a. First, the Manager Archives any older versions of the spreadsheet. Archiving is helpful in case we need to review an old version. If there is no Archive folder in the 1099 folder, please create one.
  b. The Manager downloads the file that was sent from the client, and adds the spreadsheet with the client's answers to the 1099 folder. Sometimes the spreadsheet name has been changed by the client, please edit the spreadsheet name back to our usual formatting.

For step by step instructions on this process, see the For the Preparer section in the 1099 Section.

14. Archive any outdated or obsolete Client Files/Folders in Dropbox: See the Archiving Files & Folders in Dropbox section below for details.

15. Once the Preparer completes the reconciliations and enters their initials for each section of the Client Checklist, they pass it on to the Manager 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 "m" in the Status column (Column G), and time stamp in the Prepared column (Column H).



	B	C	D	E	F	G	H	I	J	K	
1						Status: Enter P, M, S, or D	Enter Date				
2	Prep	Mgr	QB/ QBO/ QBR	Client Name	Frequency (monthly unless	Ready for Prep (P), Ready for Mgr (M), Sent open items (S), Done (D)	Prepared	Mgr. Reviewed	Sent open items	Done (email confirmation sent to	
41	KD	AT	QBO	Filmtwist		d	7/3/2020	7/7/2020	7/7/2020	7/10/2020	
42	MH	AT	QBO	FLAME (Facts & Logic ..)		p					
43	AT	JK	QBO	Fruitvale		m	7/13/2020				
44	JM	KD	QBO	Garnet & Grace Bridal Boutique		s	7/6/2020	7/8/2020	7/8/2020		
45	JA	ME	QBO	IDALA		s	7/6/2020	7/13/2020	7/13/2020		
46	JA	AT	QBO	Integral Data Support		p					
47	MH	ME	QBO	I.R. Guitar Lessons, LLC		d	07/08/20	7/13/20	7/13/2020	7/15/2020	
48	MH	KD	QBO	It Unlimited, LLC		s	07/16/20	07/18/20	7/18/2020		
49	MH	AT	QBO	Jayne Law Group		d	07/14/20	07/16/20	7/16/2020	7/20/2020	7/8 email fo Client emai req payroll
50	JA	JK	QB	Kevin Ridley Holdings Inc.	Annual	next on 01/01					
51	JA	AT	QBO	Kevin Ridley I, LLC		s	7/15/2020	7/17/2020			
52	LZ	AT	QBR	Kingfish		s	7/4/2020	7/9/2020	7/9/2020		
53	JM	AT	QBO	Kirkham Street Services, LLC		p					
54	MH	JK	QBO	Kohn Communications		m	07/02/20				email reque
55	JA	KD	QBO	Lark Creative, Inc.		p					

    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 (Manager) and also sends them an email notification.

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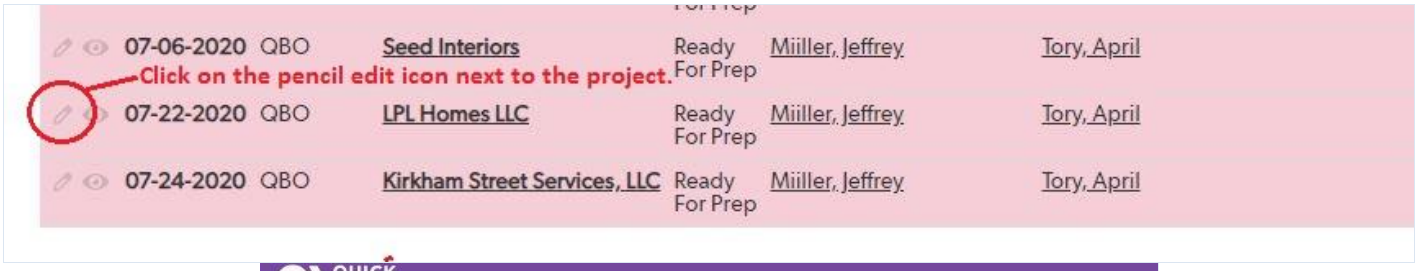

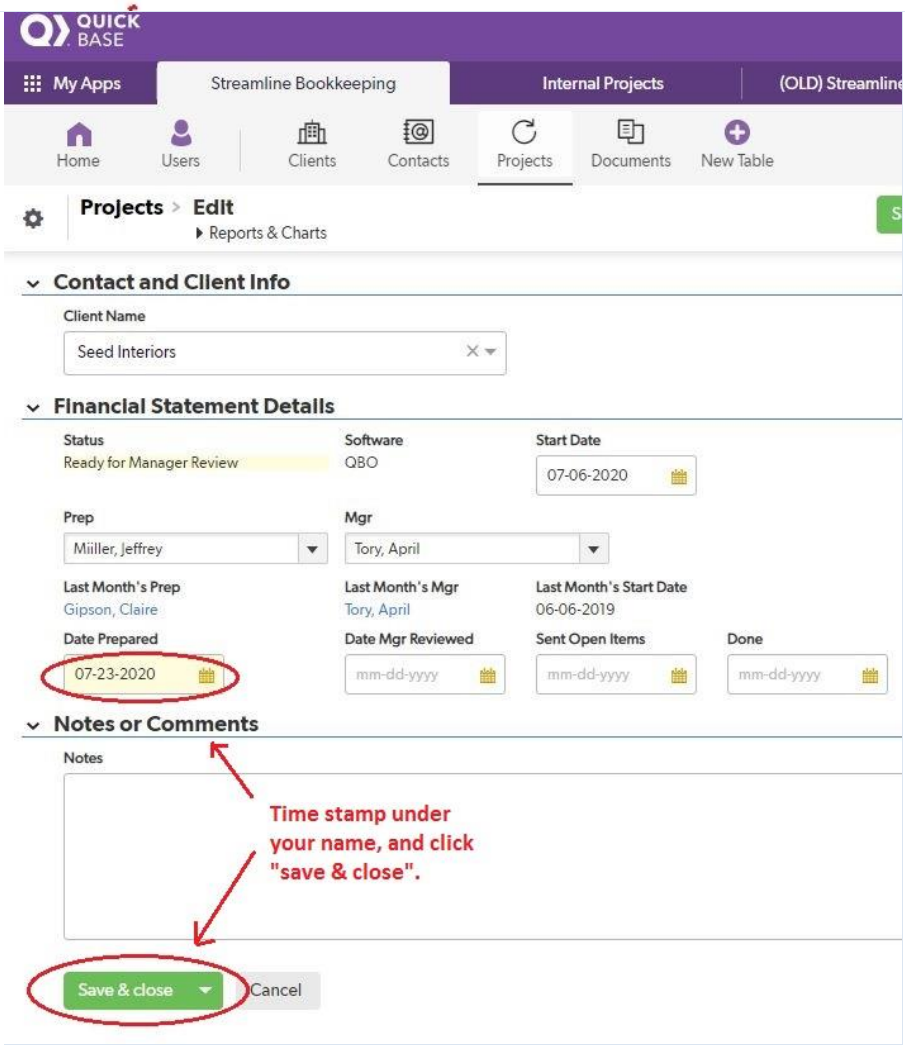

Retrieving the Bank/CC statements

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@slbookeeping.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**:

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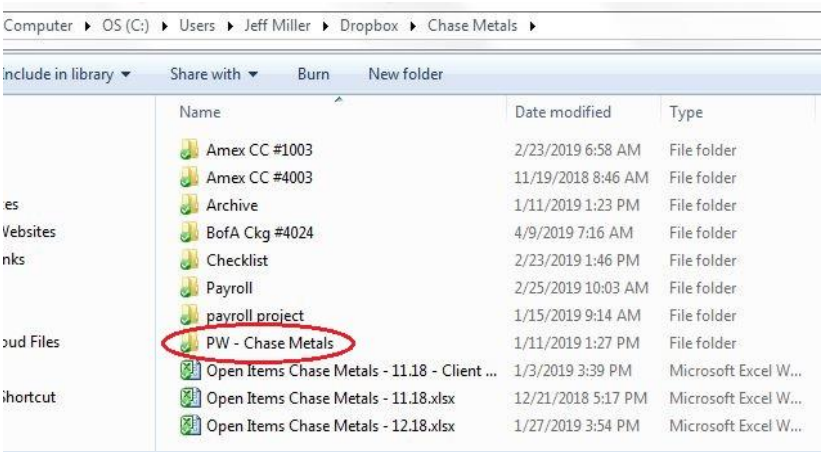
The password spreadsheet is in the Client's Dropbox folder in a password protected document. The folder is named: "PW – (Client Name)". Contact Jeff for the password to this spreadsheet.



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 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 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 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.

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After creating the draft email, update the Notes Column on the Workflow Checklist (on Google Sheets). In the Notes Column (Column L) 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: 11/7 statement request.

71	20	MH	ME	QBO	Rise Bodyworks		p						John Beall
72	1	JM	KD	QBO	Rooted Space LLC		s	11/2/20	11/4/20	11/4/2020			Starlight Alvis
73	5	KD	AT	QBO	S. Daniel, Inc		s	11/9/2020	11/12/20	11/12/2020			Sarah Daniel
74	6	JM	AT	QBO	Seed Interiors		p					11/12 followed up. 11/7 statement request.	Mario
75	2	JA	AT	QBO	Sherwood Kypreos, LLC		s	11/4/2020	11/7/2020	11/7/2020			George Kypreos
76	15	KD	ME	QBO	Sriram Properties		p						Raghni Naidu
77	14	KD	AT	QBO	Stafford House Books		p						Teresa Power
78	1	MH	ME	QBO	Steel Wool Games		s	11/3/2020	11/5/20	11/5/2020		11/3 ready for prep. 11/1 statement request.	Andrew Dayton
79	3	MH	ME	QBO	Steven Siemers Dispute Resolution LLC		d	11/3/2020	11/5/2020		11/5/2020		Steven Siemers
80	3	ME	AT	QBO	Studio Scott		d	11/4/2020	11/4/20		11/4/2020		Laura Scott

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: *(Month/day) ready for Prep.* **Do not delete any old notes in the Notes column**, as these notes help us track the status of the project.

Please enter Notes chronologically starting with the most recent note first. Consistently formatting the most recent note first makes it easier to see the current status at a glance.

Ex: The Preparer sent a statement request on 4/6. The Client replied on 4/8 with the statement and Jeff forwarded the email to the Preparer and updated the Notes column. The Notes column should then read:

4/8 ready for prep. 4/6 statement request.

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

If the Client has not responded to our Bank/CC statement request after 3 business days, the Preparer drafts a follow up email to the Client (and also emails Jeff there is a draft ready for review in the support inbox). 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 request. Instructions for creating the draft email and email template language is in the Emails to Clients section. **NOTE: Some Clients are not very responsive, and it is important that we follow up at least once per month after the initial email request. If you want to follow up more than once per month, that's fine too.**

After creating the follow up email draft, also update the Notes Column on the Workflow Checklist (on Google Sheets). In the Notes Column (Column L) 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. Please enter Notes chronologically starting with the most recent note first. Consistently formatting the most recent note first makes it easier to see the current status at a glance.

Ex: In the Notes column, type: ***4/11 followed up. 4/7 statement 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.

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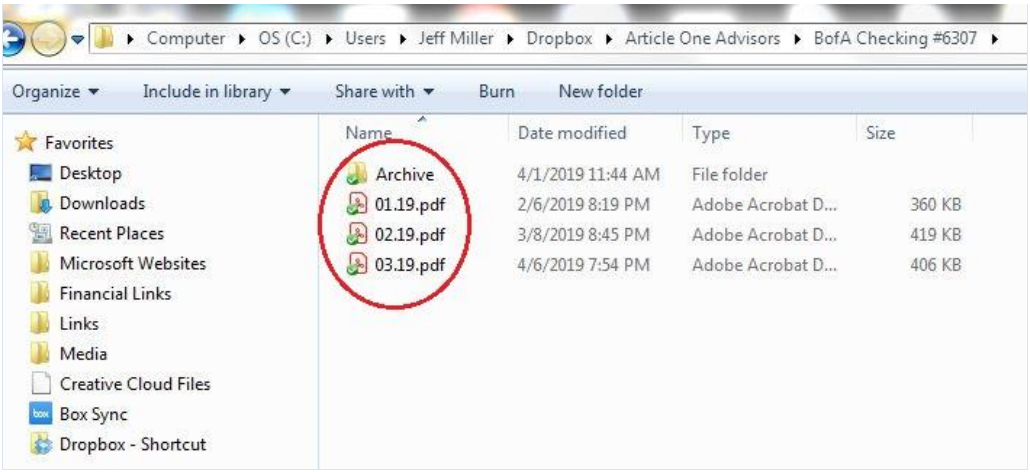
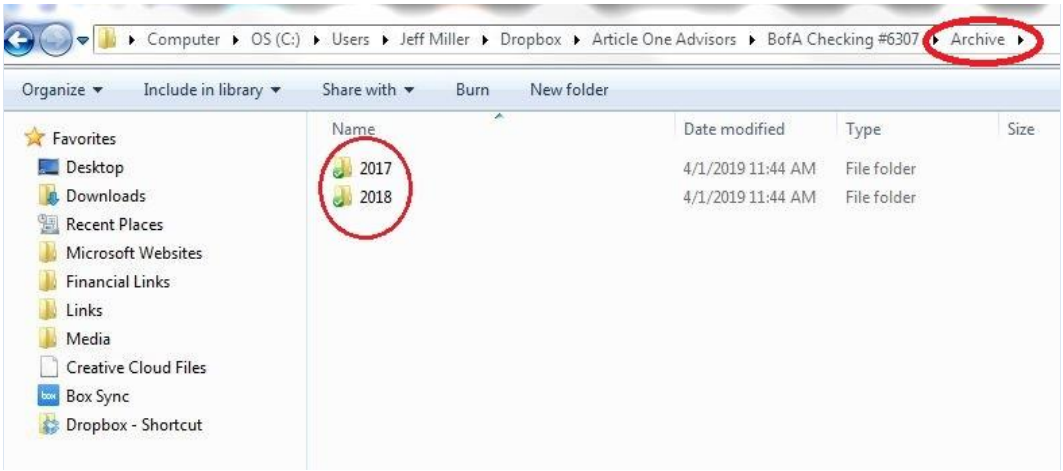
*Ex: The month of January 2019 should be labeled **01.19**, not 1.19, nor 01.31.19.*

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:

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An important step in the Preparer's responsibilities is for the Preparer to bring any concerns to the attention of the Manager. This is done by making a note in Preparer's Notes section on the Client Checklist. These notes alert the 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 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.

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Manager's Responsibilities

Once the Preparer 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. 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 has 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. But the Manager should still review the spelling for Potential 1099 Vendors to ensure accurate 1099 filings. Carefully review the spelling of Potential 1099 Vendor names entered into QBO and the Potential 1099 Vendors for (current tax year) spreadsheet. The reason is that misspellings that do not match their SSN/EIN may cause the Client's 1099 filing for that Vendor to get rejected. If there is a discrepancy in spelling of the Vendor name, first research the source document (Bank/CC statement) or Google their name and profession. If there are no clear findings, add to AMC with the memo:

   (please let us know: 1. the exact spelling of this Vendor's name, and 2. Expense/Account Category)

   If there are multiple DBA's or duplicate Vendor names: merge them as follows:

   - Always use the business's the legal name first, with the DBA(s) in parenthesis. The legal name is what is listed on their Bank statement, or Line 1 of the Vendor's W9 (if we have it on file). If the names don't match, although the Bank statement name is probably the most accurate, it's best to make a Note and ask the client what the exact legal name is.

     Ex: On the Bank statement the company name is Kutchins Law, but other times the Vendor is listed as: Alan Kutchins, and also Al Kutchins. In QBO, they should be listed as: Kutchins Law (Alan Kutchins, Al Kutchins)

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Ex: We have two Vendor names: Shiu Chang, and David Chang. The legal name is: Shiu Chang. So the Vendor name should now be: Shiu Chang (David Chang)

Ex: We have two Vendor names: David Stearns, and Stearns Law. Stearns Law is the DBA. So the Vendor name should now be: Stearns Law (David Stearns)

- If the Vendor on a Client's Bank/CC statement includes a suffix (Ex. LLC, LP, APC, Inc.): add that suffix to the Vendor's name in QBO, which will be helpful to determine whether or not to Exclude that Vendor from a 1099 filing at the end of the year.

  Suffixes that <u>are</u> corporations: Inc, APC, A Professional Corporation, LTD.

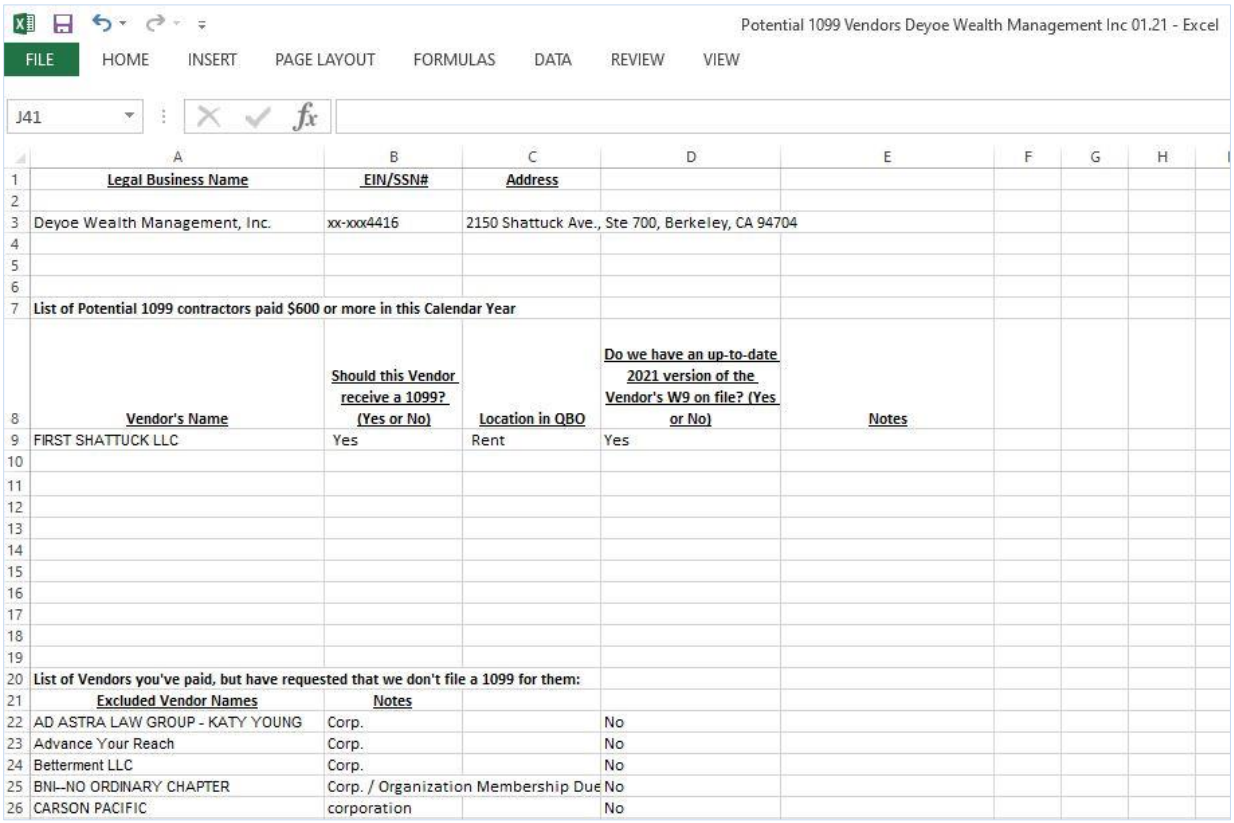
  Suffixes that <u>are not</u> corporations include: LLC, LLP, LP.

- The Manager reviews the Preparer's Notes section of the Client Checklist before emailing the Client. If the Preparer has entered questions in the Preparer'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.

5. Each month, the Manager reviews the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet that the Preparer has filled out (see image below). Then the Manager sends this spreadsheet along with the usual monthly Open Items to the Client, and updates the spreadsheet based on the Client's responses.

   The purpose of updating and sending this spreadsheet monthly is to get confirmation from the Client as to which Vendors require a 1099 filing, and to be sure we get that Vendor's W9 early rather than wait until the year-end.

   To access the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet, go to Dropbox > (Client's Name) folder > 1099s. A blank template is also located in Dropbox > A-Documents > 1099s, if needed.



Potential 1099 Vendors Deyoe Wealth Management Inc 01.21 - Excel

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW

J41

	A	B	C	D	E	F	G	H
1	**Legal Business Name**	**EIN/SSN#**	**Address**					
2								
3	Deyoe Wealth Management, Inc.	xx-xxx4416	2150 Shattuck Ave., Ste 700, Berkeley, CA 94704					
4								
5								
6								
7	**List of Potential 1099 contractors paid $600 or more in this Calendar Year**							
8	**Vendor's Name**	**Should this Vendor receive a 1099? (Yes or No)**	**Location in QBO**	**Do we have an up-to-date 2021 version of the Vendor's W9 on file? (Yes or No)**	**Notes**			
9	FIRST SHATTUCK LLC	Yes	Rent	Yes				
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20	**List of Vendors you've paid, but have requested that we don't file a 1099 for them:**							
21	**Excluded Vendor Names**	**Notes**						
22	AD ASTRA LAW GROUP - KATY YOUNG	Corp.		No				
23	Advance Your Reach	Corp.		No				
24	Betterment LLC	Corp.		No				
25	BNI--NO ORDINARY CHAPTER	Corp. / Organization Membership Due		No				
26	CARSON PACIFIC	corporation		No				

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Only add Potential Vendors and Excluded Vendors to the spreadsheet once they have been paid $600 or more in this calendar year.

In the Excluded Vendor's section, add all names that were paid $600 or more in this calendar year, even if it is obvious that this Client should be Excluded (because it is a Corporation, or a foreign Company, etc.). Add those Excluded names to the list so the client knows we are aware of this Vendor and are excluding them.

A NOTE REGARDING VENDORS PAID BY CREDIT CARDS:
We understand that the credit cards companies do file some 1099s if the Vendor was paid by credit card. But as you can imagine the CC companies sometimes miss some Vendors and then the 1099 doesn't get filed. There is no harm in us filing the 1099 as well. So just to be safe we should file 1099s for potential Vendors even if they were paid by credit cards.

Once the Manager has reviewed this spreadsheet, they Save it in the Client's folder (in the sub folder marked: 1099s).

Then the Manager sends the Potential 1099 Vendors spreadsheet along with the Open Items spreadsheet to the Client, and updates the spreadsheet based on the Client's response (if necessary).

It is also the Manager's responsibility to collect Vendor W9s from the Client, if we do not already have an up-to-date (within the current calendar year) W9 on file. Because it can take some time for a Client to get W9s from their Vendors, these W9s are often not sent immediately along with Open Items answers. The W9s tend to come in sporadically in separate email strings. It is the Manager's responsibility to keep an eye out for W9s in the support email. When a W9 is received, the Manager:

1. Downloads the W9 into the Client's folder (in the sub folder marked: 1099s > W9s).
2. Updates the Potential 1099 Vendor spreadsheet (entering a "Yes" in column E).
3. Drafts a reply to the Client that says: "Received, thank you." And then emails Jeff Kohn that there is a draft awaiting review.

Saving the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet
We want to make sure that we're working with only ONE spreadsheet, and not having multiple versions saved in the 1099 folder. So each month:

- The Preparer updates the spreadsheet with new monthly totals and new Vendors as the Prep is completed, and then changes mm.yy of the file name. For example, for the August reconciliation, **Potential 1099 Vendors for 2020 - XYZ Company 07.20** will be renamed **Potential 1099 Vendors for 2020 - XYZ Company 08.20**.

- Once the Client replies with answers, the Manager Saves the updated (answered) spreadsheet as the same file name that was sent to the Client.

  a. First, the Manager Archives any older versions of the spreadsheet. Archiving is helpful in case we need to review an old version. If there is no Archive folder in the 1099 folder, please create one.

  b. The Manager downloads the file that was sent from the client, and adds the spreadsheet with the client's answers to the 1099 folder. Sometimes the spreadsheet name has been changed by the client, please edit the spreadsheet name back to our usual formatting.

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For step by step instructions on this process see the For the Manager section in the 1099 Section.

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 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. 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.

   If the Client has not responded to Open Items questions after 3 business days, the Manager drafts a follow up email to the Client (and also emails Jeff there is a draft ready for review in the support inbox). 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 Open Items request. Instructions for creating the draft email and email template language is in the Emails to Clients section. **NOTE: Only follow up once regarding Open Items. If the Client still does not reply, wait until the following month and include the previous month's unanswered Open Items along with the newly reconciled month's Open Items.**

   After creating the follow up email draft, also **update the Notes Column on the Workflow Checklist (on Google Sheets).** In the Notes Column (Column L) on the date the draft was created, make a note that an email was sent to the Client. Please enter Notes chronologically starting with the most recent note first. Consistently formatting the most recent note first makes it easier to see the current status at a glance.

   *Ex: In the Notes column, type: **4/12 followed up on Open Items.***

9. Reply to Open Items Answers from the Client. See Replying to Open Items Answers below.

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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 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. **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. Please review the Balance Sheet, Profit & Loss, and General Ledger. Let us know if you have any questions.*
>
> *Thank you,*

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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,*
>
> *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 it as a personal Owner's Draw. Let us know if you want us to change it to another Account.*
>
> *Thank you,*

b. <u>Emailing Open Items Questions to the Client</u>

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 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.*

<u>Formatting Open Items Questions in a Spreadsheet that will be emailed to the Client</u>

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:

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- 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 Column, the Total Row, the 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.

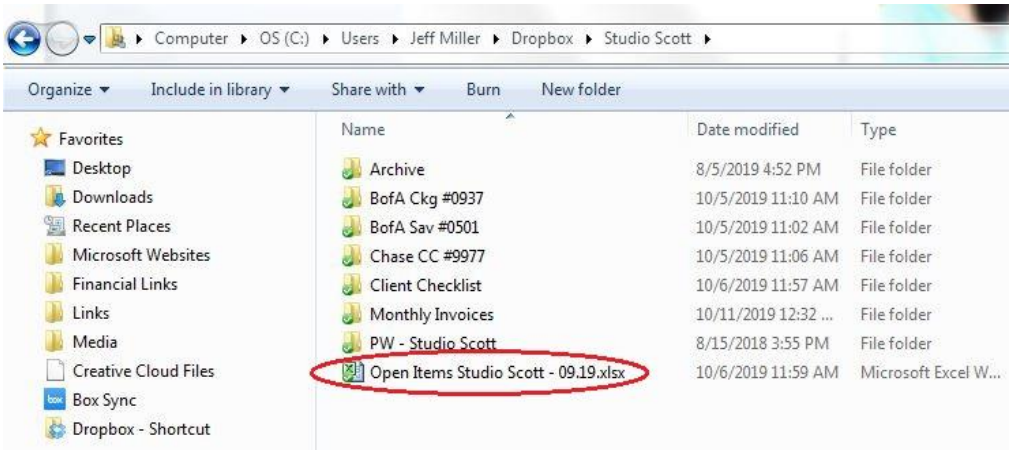
- Change the heading labeled “Account” to “Category/Description”.

- 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 - 09.19



- 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.

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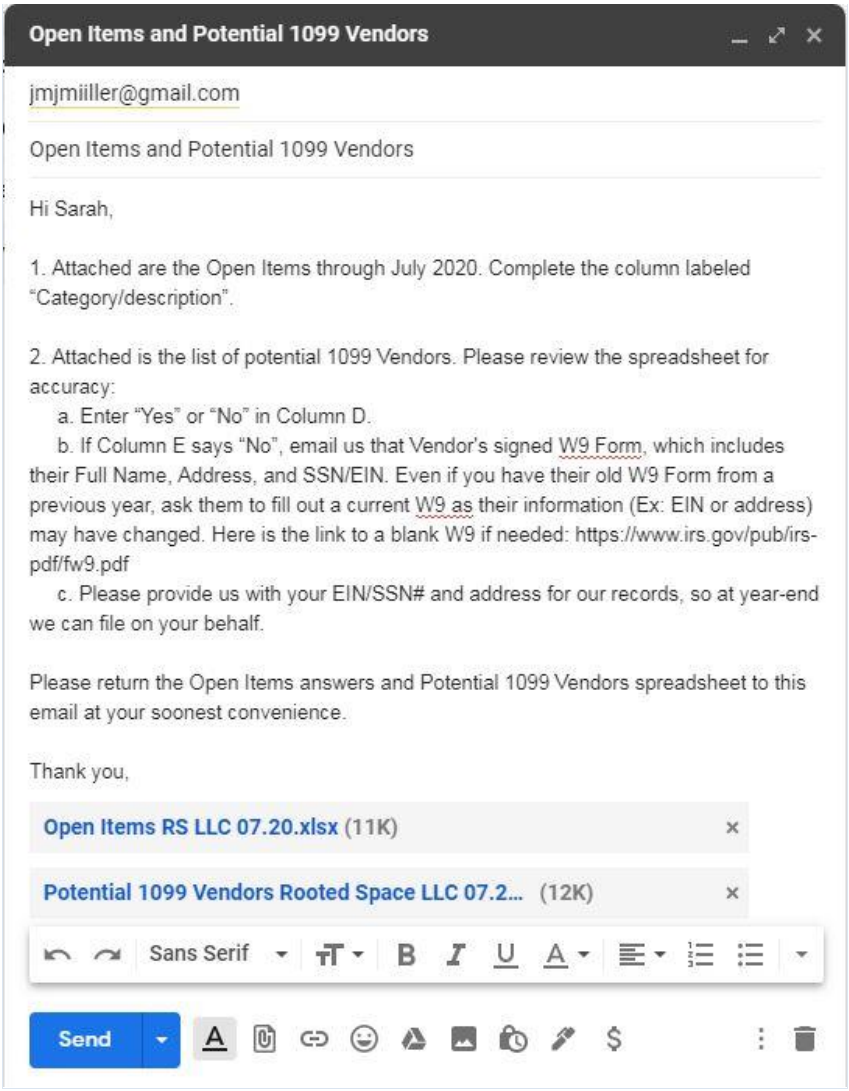
Ex: When creating the November Open Items, if the October Open Items spreadsheet is still in the main Client folder, save the new Open Items spreadsheet by clicking once on the October Open Items, and then simply change the 10.18 to 11.18.

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.



When sending Open Items Questions to a new Client for the first time:

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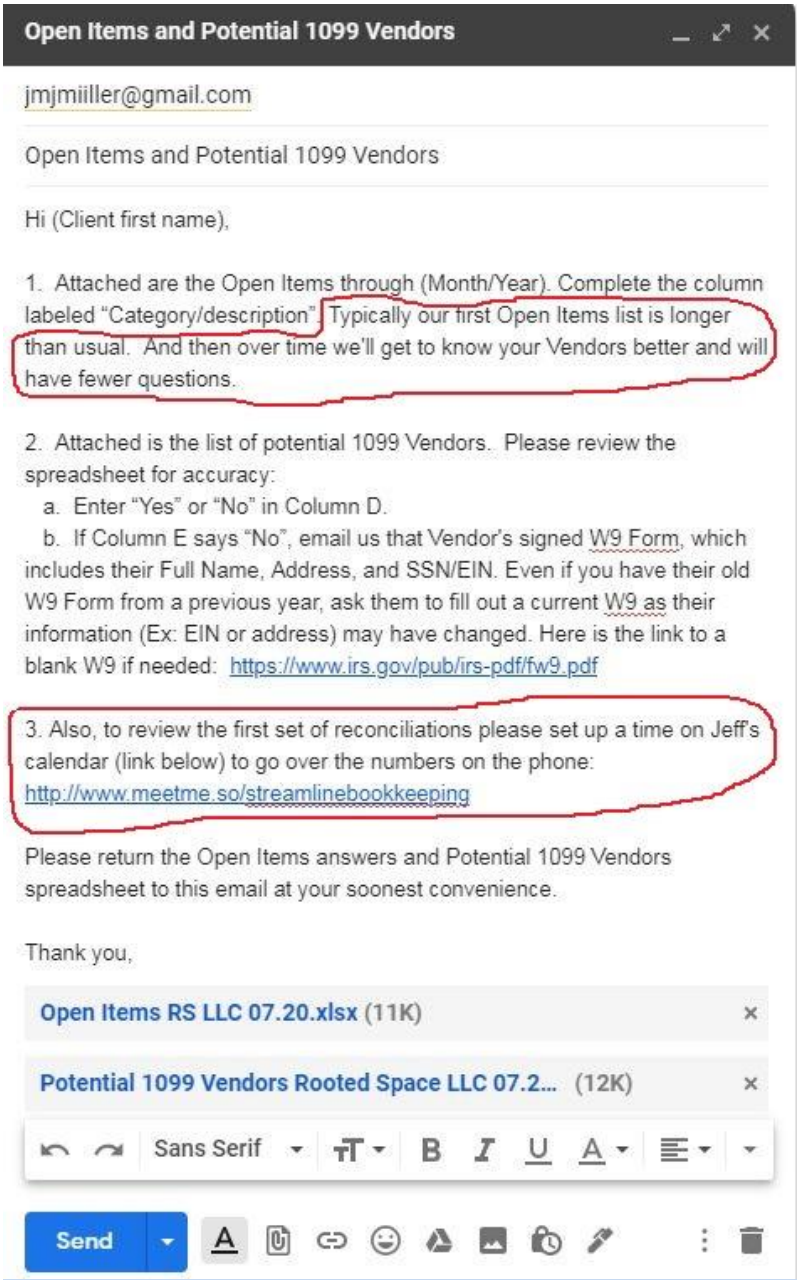
Because our first Open Items list is usually long, we feel it's important to let the Client know that this will not be a regular occurrence. Also, with new clients Jeff likes to offer a review of our first set of reconciliations. Therefore, revise the above Email Template Language to read the following below (see items circled in red):



- 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 specific issue or question you want to bring to Jeff's attention.

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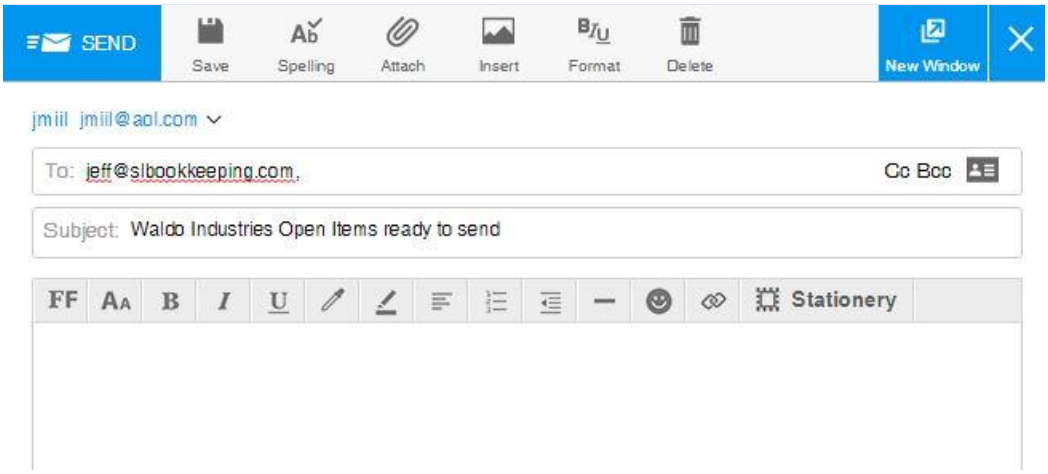

- If there are issues or questions regarding this Client, draft an email to the Client with the questions you want to ask. Then, in the email to Jeff, explain the issues related to your proposed email to Client. This way Jeff can edit the draft if needed before sending the email to the Client. It is 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:* ***"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.*

If the Client does not respond to Open Items questions

If the Client has not responded to Open Items questions after 3 business days, the Manager drafts a follow up email to the Client (and also emails Jeff there is a draft ready for review in the support inbox). 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 Open Items request. Instructions for creating the draft email and email template language is in the Emails to Clients section. **NOTE: Only follow up once regarding Open Items. If the Client still does not reply, wait until the following month and include the previous month's unanswered Open Items along with the newly reconciled month's Open Items.**

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. Please enter Notes chronologically starting with the most recent note first. Consistently formatting the most recent note first makes it easier to see the current status at a glance.

> *Ex: In the Notes column, type:* ***4/12 followed up on Open Items.***

Replying to Open Items Answers from the Client

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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.

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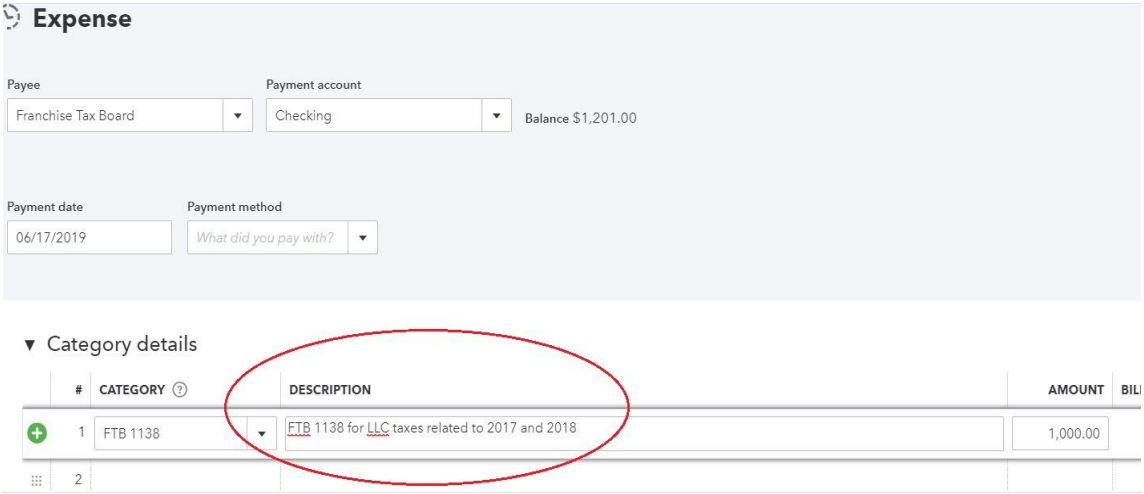
Ex: We have a question about how to code a Tax Payment for $1,000, and the Client responds: ***FTB 1138 for LLC Taxes related to 2017 and 2018.*** *We should code the Expense to FTB 1138 as a Sub Account of Taxes, but <u>also</u> copy/paste the entire response into the Description field in QBO.*



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 specific request**.

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.

- If the Client emails us with a question (whether via a discussion of Open Items, or a standalone email**), always address each of their questions/concerns individually** so they are confident that we understand their email.

Ex: The Client emails asking two questions: 1. Checking to see if the Accounts have been reconciled yet, and 2. That there was a deposit from their Bank for $40 last month which was a refund of Wire Fees (Bank Charges Expense).

A good reply from the Manager should be:

> *Hi (Client's first name),*

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> *The Accounts have been prepared, they just need to be reviewed and manager reviewed. It should be another week or so and we'll email you with an update.*
>
> *Regarding the Bank Charges refund, I just reviewed that transaction and we had already coded that to net to Bank Charges. Thank you for mentioning it though!*

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

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),*

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Auto Expenses have different rules for Corporations. I believe that Gas, Auto Repairs, Lease Payments, etc. should be paid from your personal Bank Account. 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 <u>always</u> 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,

<u>Common Client Responses from Open Items Questions, and how to Answer Them</u>

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

Our Answer:

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,

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Client Asks:
Should I keep receipts for business Expenses?

Our Answer:

Hi (Client's first name),

Yes, it's important to keep all 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 specific receipt if you need to, at least you'll know it's all there and can be organized further if needed.

Thank you,

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

Our Answer:

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.

Thank you,

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

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.

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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.

Thank you,

Signing off on the Workflows

Each step of a Project is listed on both Workflows software:
1. Workflow Checklist (on Google Sheets), and
2. QuickBase.

Once each step is completed, sign off on the Workflows to update our system. Below are the steps to sign off for each Workflow Software:

- 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.

- For the Manager only: 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.

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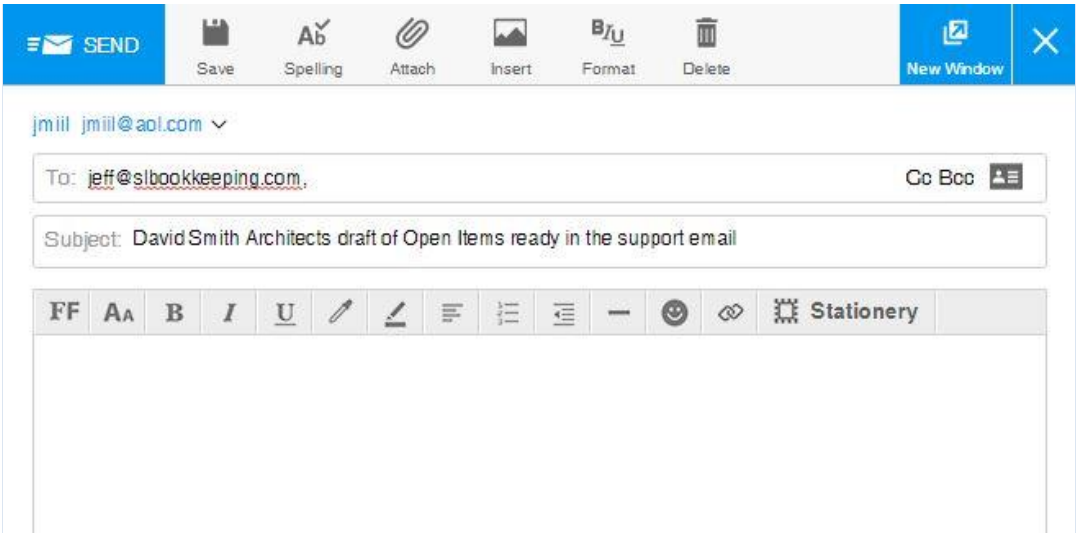
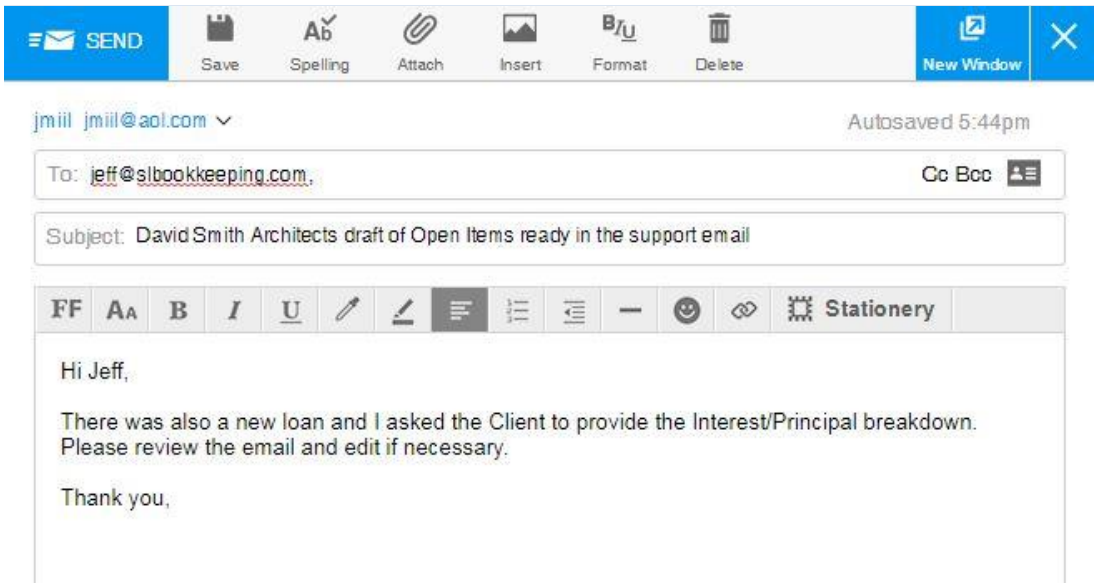
Ex: Below is an email example if there are no questions or issues to bring up to Jeff:



Ex: Below is an email example if there is a question or issue to bring up to Jeff:



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 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.

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- The Headers for the Notes Section in Column A remain so they carry over to the new month. Also, the "Answers" header in Column U 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.
- 1099s
- 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, 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,

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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

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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 Payroll Liability Account.

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.

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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.

Sometimes there are Payroll withholdings that the payroll company is not paying for directly, such as 401K payments or Health Insurance payments. In either of these examples, sometimes only the Employee contributes, and sometimes both the Employee and Employer contribute.

Below is a scenario where **only the Employee contributes** to a Health Insurance plan (Blue Cross is the Vendor) every 2 weeks via payroll withholdings, and the Employer pays the Health Insurance company quarterly.

> *For this scenario, all Employee withholdings goes to: Payroll Liabilities, except for the Health Insurance withholding that goes to: Health Insurance Payable (as a Sub Account of Payroll Liabilities). Since the Employer isn't making a Health Insurance contribution, there is no Expense for Health Insurance on the Profit & Loss for this transaction. The payment to Blue Cross quarterly should zero out the Health Insurance Payable for the time period it covered.*

Below is a scenario where **both the Employee and Employer contributes** to a Health Insurance plan (Blue Cross is the Vendor). The Employee contributes every 2 weeks via payroll withholdings, and the Employer pays both Employee and Employer contributions quarterly.

> *For this scenario, all Employee withholdings goes to: Payroll Liabilities, except for the Health Insurance withholding that goes to: Health Insurance Payable (as a Sub Account of Payroll Liabilities). Since the Employer is making a Health Insurance contribution, when the payment is made to the Health Insurance Vendor, we need the breakdown of Employee vs Employer Amounts. The Employee portion should zero out the Health Insurance Payable Account, and the Employer portion is a Profit & Loss Expense: Health Insurance.*

We cannot assume to simply zero out the Health Insurance Payable Account (Employee portion) and then put the remainder into Health Insurance Expense (Employer portion). We need the supporting document from Blue Cross to determine which Amounts are Employee withholdings vs. Employer contributions.

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

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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.

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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. 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.

Review all Equity Accounts to ensure they do not contain business Income or business Expenses. Adding a transaction to an Equity Account in error is one of the largest mistakes we can make. Please be certain the transaction should be in Equity before adding any deposits or withdrawals to an Equity Account.

If unsure, it's always best to add to AMC. The reason is that the client shouldn't be putting personal transactions on their business Accounts, so it's also a good reminder to the client so they're aware they need to use personal Accounts for their personal transactions.

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).

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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 an 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).

Review all Equity Accounts to ensure they do not contain business Income or business Expenses. Adding a transaction to an Equity Account in error is one of the largest mistakes we can make. Please be certain the transaction should be in Equity before adding any deposits or withdrawals to an Equity Account.

If unsure, it's always best to add to AMC. The reason is that the client shouldn't be putting personal transactions on their business Accounts, so it's also a good reminder to the client so they're aware they need to use personal Accounts for their personal transactions.

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:

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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.

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 "Business Taxes", "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

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

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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

Mid-Year phone call check in:

As part of our service, Jeff Kohn offers a Mid-Year and Year-End review of the books with each Client.

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For the June reconciliation, the Manager includes in the Open Items email to the client an offer to schedule a call with Jeff Kohn to go over the books together. The email template is in the "Emailing Clients via Streamline Bookkeeping's Support Email" section of this Manual.

Then, Jeff Kohn enters the date if/when the phone call has happened in the blue field on the checklist.

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.

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- 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 email 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,*

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1099 Section:

For most businesses the 1099 process tends to be a complicated task, in a short window of time at the end of the year. This can be stressful for Clients and for us (if we are filing 1099s on their behalf). By identifying potential 1099 Vendors as part of our monthly reconciliation process, we gather the necessary information needed to file the 1099s before the year-end crunch and minimize the risk of late or incorrect filings.

First, we need to find out if the Client wants or does not want us to file 1099s on their behalf.

Are we filing for them (Yes, or No)?

In most cases, Jeff Kohn will have received confirmation from the Client and has updated this section.

However, some Clients have not replied to us yet. In this situation, on the Client Checklist under the heading 1099s you will see that the blue-shaded cell next to the question “Are we filing for them (Yes or No)” is blank. It will be up to the Manager to reach out to the Client to get written email confirmation stating whether or not they want us to file 1099s on their behalf.

If No: put "No" in the blue cell next to the question on the Client Checklist: Are we filing for them (Yes or No)? This lets the Preparer and Manager know that nothing more needs to be done other than the monthly reconciliation process of correctly categorizing Vendor expenses, making sure Vendor names are spelled correctly, and merging duplicate Vendor names if needed.

If Yes (or if the blue cell above is blank because we're still waiting for Client's reply): the Preparer updates the spreadsheet: “Potential 1099 Vendors (client's name) (month.year)”, and the Manager reviews the spreadsheet, sends it to the Client along with Open Items questions, and amends the spreadsheet based on the client’s response.

> If the client has not replied to the question on the Client Checklist: **Are we filing for them (Yes, or No)?** during the first 3 months of asking, the Manager leaves the blue field where you are supposed to type in “Yes” or “No” blank. But still send an updated “Potential 1099 Vendors (client's name) (month.year)” spreadsheet to the Client along with Open Items for the first 3 months of asking. The purpose is to remind the Client of their Vendors in the hopes that they will tell us if they want us to file 1099s on their behalf.
>
> If after 3 months, the client hasn't replied to the question on the Client Checklist: **Are we filing for them (Yes, or No)?**, the Manager should email the client in the next Open Items email (see sample email below in the: For the Manager section), and also change the Status on the checklist to **"No."**

For the Preparer

Each month, add to the “Potential 1099 Vendors (client's name) (month.year)” spreadsheet, which may also include a list of Excluded Vendors (see image below). It is important that the Preparer fills out this spreadsheet out as thoroughly as possible. The Manager reviews this spreadsheet along with the usual monthly Open Items, sends the spreadsheet to the Client, and updates it based on the Client’s responses.

To access the “Potential 1099 Vendors (client's name) (month.year)” spreadsheet, go to Dropbox > (Client’s Name) folder > 1099s. A blank template is also located in Dropbox > A-Documents > 1099s, if needed.

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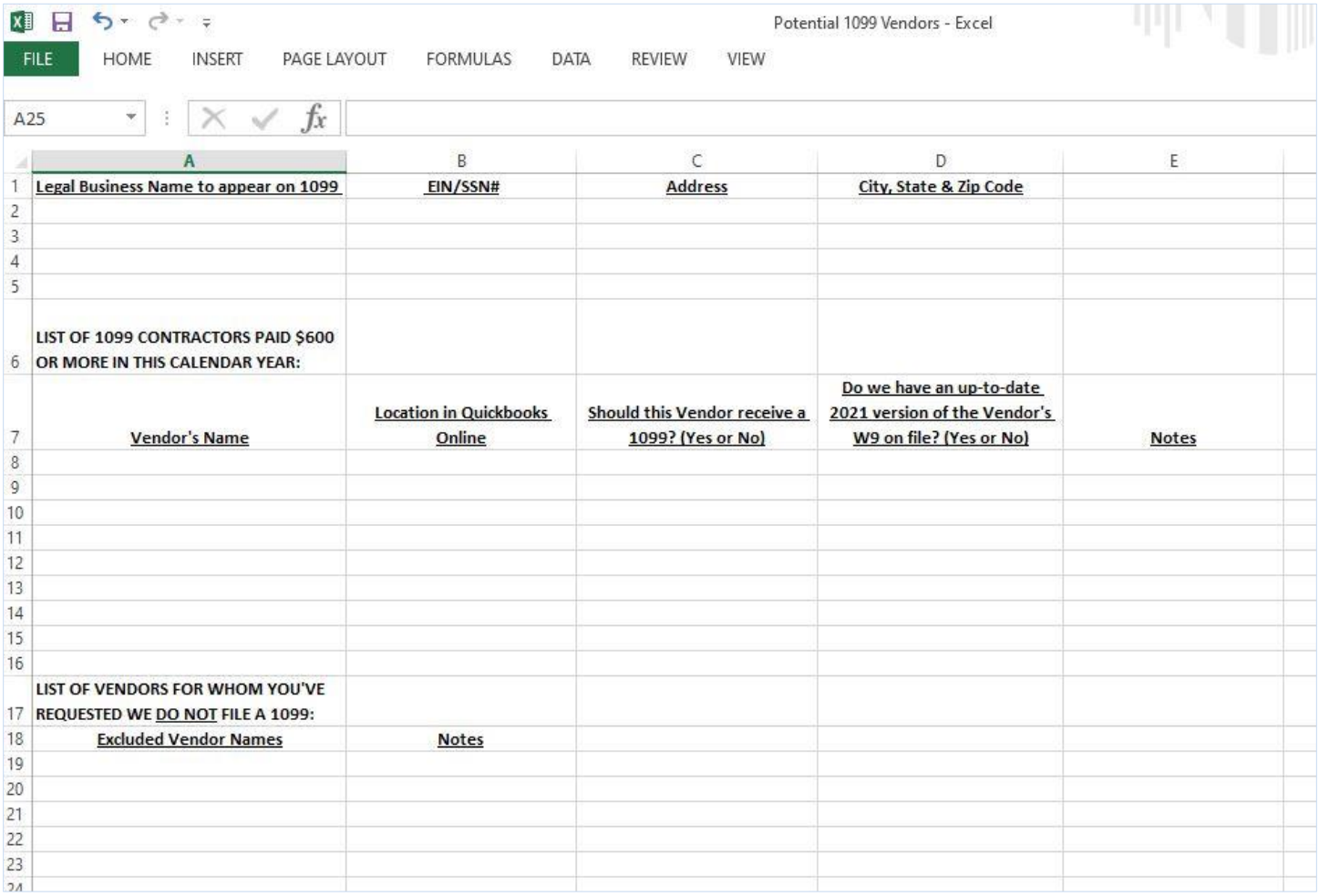

	A	B	C	D	E
1	Legal Business Name to appear on 1099	EIN/SSN#	Address	City, State & Zip Code	
2					
3					
4					
5					
6	LIST OF 1099 CONTRACTORS PAID $600 OR MORE IN THIS CALENDAR YEAR:				
7	Vendor's Name	Location in Quickbooks Online	Should this Vendor receive a 1099? (Yes or No)	Do we have an up-to-date 2021 version of the Vendor's W9 on file? (Yes or No)	Notes
8					
9					
10					
11					
12					
13					
14					
15					
16					
17	LIST OF VENDORS FOR WHOM YOU'VE REQUESTED WE DO NOT FILE A 1099:				
18	Excluded Vendor Names	Notes			
19					
20					
21					
22					
23					
24					

The main goal of updating the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet monthly is so that at the end of the year we have a comprehensive list in order to timely file 1099s on behalf of the client.

Below is a detailed explanation of the spreadsheet and process:

- **Legal Business Name to appear on 1099**: Beneath this heading enter the Name of the Client.

- **EIN/SSN#**: If we've filed for the Client in the past, we will most likely have their EIN/SSN#. If we haven't filed for them in previous years, or if they are a new Client, then it will be the Manager's responsibility to ask the Client for their EIN/SSN# in the Open Items email to the Client. A template for this email language is located in the **Emailing Clients via Streamline Bookkeeping's Support Email** section.

- **Vendor's Name**: all the Potential Vendors who may require a 1099 filing. Only add Potential Vendors to the spreadsheet once they have been paid $600 or more in this calendar year. Be sure to use the exact spelling of names on the template spreadsheet. The reason is that misspellings that do not match their SSN/EIN may cause the 1099 to get rejected. If there is a discrepancy in spelling of the Vendor name, first research the source document (Bank/CC statement) or Google their name and profession. If there are no clear findings, make a note in the Notes column of this spreadsheet and the Manager will ask the client.

A NOTE REGARDING VENDORS PAID BY CREDIT CARDS:
We understand that the credit cards companies do file some 1099s if the Vendor was paid by credit card. But as you can imagine the CC companies sometimes miss some Vendors and then the 1099 doesn't get filed. There is no harm

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in us filing the 1099 as well. So just to be safe we should file 1099s for potential Vendors even if they were paid by credit cards.

If there are multiple DBA's or duplicate Vendor names: merge them as follows:

- Always use the business's the legal name first, with the DBA(s) in parenthesis. The legal name is what is listed on their Bank statement or Line 1 of the Vendor's W9 (if we have it on file). If the names don't match, although the Bank statement name is probably the most accurate, it's best to make a Note and ask the client what the exact legal name is.

  Ex: On the Bank statement the company name is Kutchins Law, but other times the Vendor is listed as: Alan Kutchins, and also Al Kutchins. In QBO, they should be listed as: ***Kutchins Law (Alan Kutchins, Al Kutchins)***

  Ex: We have two Vendor names: Shiu Chang, and David Chang. The legal name is: Shiu Chang. So the Vendor name should now be: ***Shiu Chang (David Chang)***

  Ex: We have two Vendor names: David Stearns, and Stearns Law. Stearns Law is the DBA. So the Vendor name should now be: ***Stearns Law (David Stearns)***

- If the Vendor on a Client's Bank/CC statement includes a suffix (Ex. LLC, LP, APC, Inc.): add that suffix to the Vendor's name in QBO, which will be helpful to determine whether or not to Exclude that Vendor from a 1099 filing at the end of the year.

  Suffixes that are corporations: Inc, APC, A Professional Corporation, LTD.

  Suffixes that are not corporations include: LLC, LLP, LP.

- **Location in QuickBooks Online**: most potential 1099 Vendors will be in Outside Services, but there are many exceptions. So it's helpful to have the QBO Account listed.

- **Should this Vendor receive a 1099? (Yes or No).** Occasionally the client says they don't want to send a 1099 to a particular Vendor. As long as we have a documented email from the client with this request, then put "N" in this column and we won't file for that Vendor. More information on why a Vendor may be excluded is the Manager's section below if needed.

- **Do we have an up-to-date 2021 version of the Vendor's W9 on file? (Yes or No).** To avoid scrambling to collect all W9s at year-end, we want to identify the W9s we already have on file for the current calendar year (we always request a new W9 for each Vendor every year as changes may occur). W9s are located in Dropbox > (Client name) > 1099s > W9s. If we do not find the W9 for a particular Vendor on file, enter "No" in this field. The Manager requests all Vendor W9s from the Client, and uploads all received W9s to the Client's folder (in the sub folder marked: 1099s > W9s).

- **Notes**. Occasionally questions come up, such as duplicate Vendor names or possible spelling errors.

  Ex: There is one Vendor named Sara Kutchins, and another named Sarah Kutchins. (First research as much as possible, checking Bank/CC statements, before making a note).A Note might be: is Sara Kutchins the same Vendor as Sarah Kutchins (below on this list)? I looked on the Bank statement and the client wrote manual checks with 2 different spellings.

  Once we are certain of the correct spelling, update QBO and the spreadsheet with the correct spelling. For DBA's, instructions are below in the section: To find Potential 1099 Vendors (Step 5).

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- **Excluded Vendor Names**. In this section, add all Vendor names that were paid $600 or more in this calendar year, even if it is obvious that this Client should be Excluded (because it's a Corporation based on the suffix of the business name, or a foreign Company, etc.). Add those Excluded names to the list so the client knows we are aware of this Vendor and are excluding them.

The only exception to this rule is that law firms should receive a 1099, even if they're a corporation. To clarify about LLC's, they are: Limited Liability Companies: LLC's are not corporations, so they do require a 1099.

If the Contractor payment came from Gusto, Paychex, or another payroll service provider, that provider will file that 1099. We should check on the payroll website to confirm that they have filed those 1099s. If the payroll service provider is going to file that 1099, add that Vendor to the Excluded Vendor Names section and update the Notes section on the spreadsheet.

A NOTE REGARDING VENDORS PAID BY CREDIT CARDS:
We understand that the credit cards companies do file some 1099s if the Vendor was paid by credit card. But as you can imagine the CC companies sometimes miss some Vendors and then the 1099 doesn't get filed. There is no harm in us filing the 1099 as well. So just to be safe we should file 1099s for potential Vendors even if they were paid by credit cards.

Add the appropriate suffix after the Vendor name (if applicable) on this spreadsheet and in QBO.

- Suffixes that are corporations include: Inc, APC, A Professional Corporation, LTD.
- Suffixes that are not corporations include: LLC, LLP, LP (so Vendor names with these suffixes should not appear in the Excluded Vendor Names section).

Also, the Preparer may notice that the Manager has moved or added a Vendor name to this column after receiving email confirmation from the Client that the Vendor is to be Excluded from a 1099 filing.

Only add Potential Vendors and Excluded Vendors to the spreadsheet once they have been paid $600 or more in this calendar year.

- **Notes (in Excluded Vendor Names section).** If we are certain that we should not file a 1099 for that Vendor, make a note in the Notes column if we know the reason why they should be excluded.

Ex: Vendor is Corp (and not a law firm), so we will exclude them.

Ex: International Vendor, so no 1099 is needed. A W-8BEN should still be sent to that Vendor.

Ex: Vendor was paid through their payroll service provider, and they will file for that Vendor instead of us.

Ex: Vendor is a 501c3. All 501c3s are corporations so no 1099 is needed.

Saving the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet
We want to make sure that we're working with only ONE spreadsheet, and not having multiple versions saved in the 1099 folder. So each month:

- The Preparer updates the spreadsheet with new monthly totals and new Vendors as the Prep is completed, and then changes mm.yy of the file name. For example, for the August reconciliation, **Potential 1099 Vendors for 2020 - XYZ Company 07.20** will be renamed **Potential 1099 Vendors for 2020 - XYZ Company 08.20**.

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- Once the Client replies with answers, the Manager Saves the updated (answered) spreadsheet as the same file name that was sent to the Client.

  a. First, the Manager Archives any older versions of the spreadsheet. Archiving is helpful in case we need to review an old version. If there is no Archive folder in the 1099 folder, please create one.

  b. The Manager downloads the file that was sent from the client, and adds the spreadsheet with the client's answers to the 1099 folder. Sometimes the spreadsheet name has been changed by the client, please edit the spreadsheet name back to our usual formatting.

To Find Potential 1099 Vendors:

Most potential 1099 Vendors are located in Outside Services in QBO, but there is also Rent, and sometimes a Contractor gets put into a different Account for various reasons. Sometimes the Manager can fix this by moving the actual Expense to a different Account, such as moving it to Outside Services from Advertising. Other times the Expense should remain where it is. This determination is on a case by case basis. If in doubt, make a note in the Preparer's Notes Section on the Client Checklist with the transaction details. This note will prompt the Manager to ask the Client or Jeff Kohn.

To find Potential 1099 Vendors:

1. In QBO, go to: Reports, Balance Sheet, set date to first day of this year to the last day of the month being reconciled (ex: 1/1-6/30), Cash basis, Run Report.

2. Scan the Balance Sheet for potential 1099 vendors not in Outside Services. Common Accounts to scan are in Assets: Leasehold Improvements and Construction Costs.

3. In QBO, go to: Reports, Profit & Loss, set date to first day of this year to the last day of the month being reconciled (ex: 1/1-6/30), Cash basis, Run Report.

4. Scan the Profit & Loss for potential 1099 vendors not in Outside Services. Common Accounts are:
   Advertising
   Cost of Sales
   Continuing Education
   Repairs & Maintenance
   Meals & Entertainment (restaurants paid $600 or more should receive a 1099, unless they're a corporation)
   Events
   Training
   Janitorial
   Rent
   Ask My Client

5. Create an Outside Services report: 1099s from QBO (Client Name Current Tax Year)

   Click on the Total Outside Services amount, Group by: Name. Run Report. Before Exporting to Excel:

   - Check for missing Vendor names. If a journal entry was made, even if a Vendor's name is added in the "Name" field of the journal entry, the Vendor's name won't show up on this report. Typically, the Preparer will also include the Vendor's name in the Memo/Description so that it's still visible.

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- If Venmo or PayPal is listed as the Vendor's name, this is a mistake by the Preparer. We need to remove the PayPal or Venmo name from the Vendor's name field and replace it with the actual Vendor paid. If we are unsure of the Vendor's name, add to AMC to clarify with the client.

- For multiple Vendor names or DBA's (Doing Business As), these Vendor names should likely be merged on the spreadsheet and in QBO. For formatting purposes, the Vendor name should be: Vendor's legal name (listed on the W9) followed by the other name in parenthesis.

  Ex: We have two Vendor names: David Stearns, and Stearns Law. Stearns Law is the DBA. The Vendor name should now be: ***Stearns Law (David Stearns)***

  Ex: We have two Vendor names: Shiu Chang, and David Chang. The legal name is: Shiu Chang. So the Vendor name should now be: ***Shiu Chang (David Chang)***

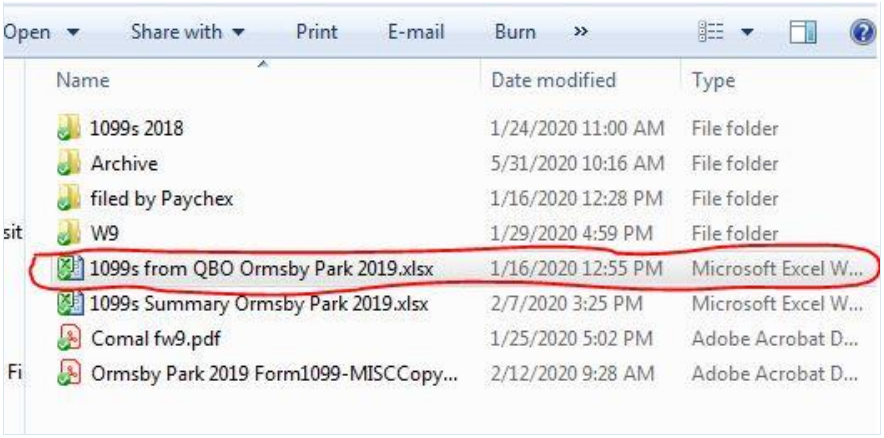
- When grouping the Vendor names in Outside Services, first double check the Total Outside Services amount before sorting. The reason is that if you sort by Vendor name, and a name was accidentally listed as a Customer/Employee/Etc., they will disappear from the list.

- If the Vendor on a Client's Bank/CC statement includes a suffix (Ex. LLC, Inc., APC, etc.) add that suffix to the Vendor's name both on the spreadsheet and in QBO.

  Ex: XYZ Architects, Inc. Going forward we'll know this Vendor is a corporation and does not require a 1099.

Export to Excel

Save As: 1099s from QBO (Client Name Current Tax Year) in Dropbox > (Client's folder name) > 1099s



6. Click on the Rent amount, Group by: Name. Run Report
   Export to Excel
   Copy and paste information to the bottom of the saved: 1099s from QBO spreadsheet (from Step 5)

7. Repeat for any other Accounts where potential Vendors were found

8. For all Vendors in Outside Services, double check in the Vendor section (in QBO, Expenses, Vendors, type Vendor's name in the search bar) that all of their transactions are in Outside Services. Sometimes Expenses get

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categorized to different Accounts, most commonly if there was a reimbursement. But the 1099 should be for the full amount paid, including reimbursements. In some cases we should move the reimbursed Expense into Outside Services, but ask the Manager first.

> *Ex: Computer consultant was paid $1,500 ($1,000 for services, and $500 for the hardware they purchased for us). $1,500 should go to: Consulting expense and also will match the 1099 amount. It should not be $1,000 Consultant, $500 Hardware Equipment.*

Once the Preparer has filled out the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet, they Save it in the Client's folder (in the sub folder marked: 1099s). And then the Manager will review it, send it along with the Open Items spreadsheet to the Client, and update the spreadsheet based on the Client's response.

For the Manager

If the Client has not replied to the question on the Client Checklist: **Are we filing for them (Yes, or No)?** within the first 2 months of asking, leave the blue field (where you are supposed to type in "Yes" or "No") blank. But still send an updated "Potential 1099 Vendors (client's name) (month.year)" spreadsheet to the Client for those 2 months along with Open Items. The purpose is to remind the Client of their Vendors in the hopes that they will tell us if they want us to file 1099s on their behalf.

On the 3rd month, include the following text in the next Open Items email, and also change the Status on the client checklist **Are we filing for them (Yes, or No)?** by entering "No" in the blue field.

> *Hi (Client's first name),*
>
> *We haven't heard from you about the 1099 question and will assume you do not want us to file 1099s on your behalf. We need to plan for our year end 1099 filings in advance to accommodate all of our clients and meet the 1099 deadline.*
>
> *Please let us know either way if you want us to file 1099s on your behalf so we can update our records.*
>
> *Thank you,*

If the Client says "No", they DO NOT want us to file 1099s on their behalf, respond with:

> *Sounds good, we'll update our notes not to file.*
>
> *Thank you,*

If, on the rare occasion, the Client says "No" they DO NOT want us to file 1099s on their behalf but then they ask us last minute for the Vendor list and amounts, then respond with:

> *Hi (Client name),*
>
> *Our new process for Clients that want us to file 1099s on their behalf is to create a potential 1099 Vendors list each month to ensure accuracy. Since you didn't want us to file the 1099s, we haven't been doing this as part of our monthly process. We're happy to still provide a list though (see attached). Please also look through your financial reports in QuickBooks as well to double check if any Vendors are missing from this list.*

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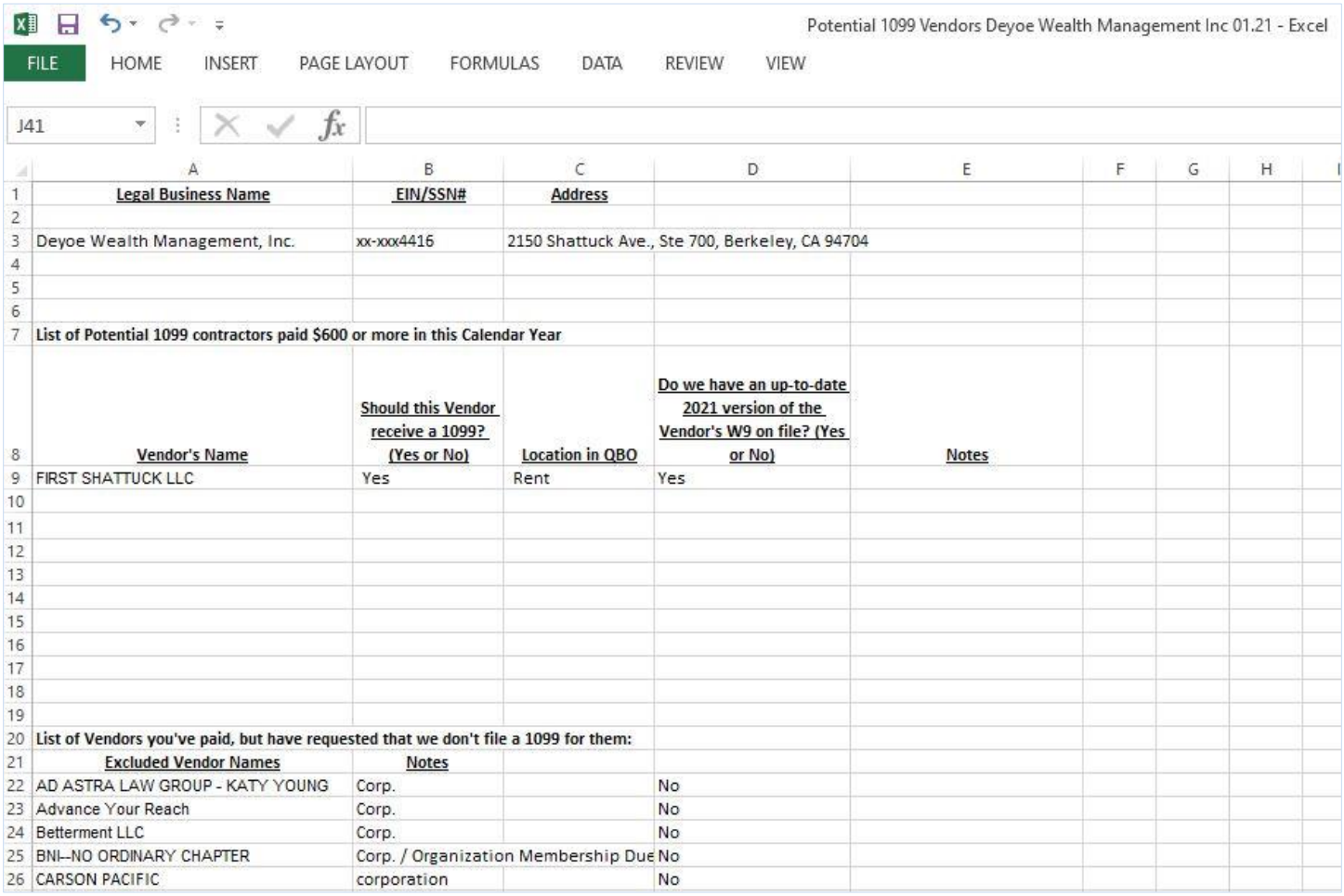
Thank you,

Each month, the Manager reviews the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet that the Preparer filled out (see image below):

- For Clients with few Potential 1099 Vendors, the Manager does not need to re-create the spreadsheet that the Preparer created (Steps 1-8 above). Instead, the Manager can review QBO and confirm that the Potential 1099 Vendors spreadsheet is accurate.

- For Clients with many Potential 1099 Vendors, it's best for the Manager to create the same reports (following steps 1-8 above) in order to confirm that the balances are correct. It's up to the Manager's discretion on how much they need to re-create steps 1-8 above, but the Manager is responsible for the accuracy of the spreadsheet. To create the Potential 1099 Vendors reports, see the To Find Potential 1099 Vendors (Steps 1-8) section above.

The Manager sends this spreadsheet along with the usual monthly Open Items to the Client, and then updates the spreadsheet based on the Client's responses.



Potential 1099 Vendors Deyoe Wealth Management Inc 01.21 - Excel

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW

J41

	A	B	C	D	E
1	**Legal Business Name**	**EIN/SSN#**	**Address**		
2					
3	Deyoe Wealth Management, Inc.	xx-xxx4416	2150 Shattuck Ave., Ste 700, Berkeley, CA 94704		
4					
5					
6					
7	**List of Potential 1099 contractors paid $600 or more in this Calendar Year**				
8	**Vendor's Name**	**Should this Vendor receive a 1099? (Yes or No)**	**Location in QBO**	**Do we have an up-to-date 2021 version of the Vendor's W9 on file? (Yes or No)**	**Notes**
9	FIRST SHATTUCK LLC	Yes	Rent	Yes	
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20	**List of Vendors you've paid, but have requested that we don't file a 1099 for them:**				
21	**Excluded Vendor Names**	**Notes**			
22	AD ASTRA LAW GROUP - KATY YOUNG	Corp.		No	
23	Advance Your Reach	Corp.		No	
24	Betterment LLC	Corp.		No	
25	BNI--NO ORDINARY CHAPTER	Corp. / Organization Membership Due		No	
26	CARSON PACIFIC	corporation		No	

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As the year progresses, this spreadsheet will be updated with additional Vendor names. Also, the Manager will move some Vendor names to the "Excluded" section once we have a documented email confirmation from the Client saying they do not want that particular Vendor to receive a 1099.

Below are common reasons why a Client may want to Exclude a Vendor:

- The Vendor is a corporation so no 1099 is needed (Exception: law firms still require a 1099 even if they're a corporation). Whenever a Client says a Vendor is a corporation:

    1. Move that Vendor name to the Excluded Vendor's section

    2. Add the suffix "Inc." after the Vendor's name on the Potential 1099 spreadsheet and in QBO.

    This way we know NOT TO FILE a 1099 for this particular Vendor at year-end, and we don't have to ask the Client again next year. Suffixes that are corporations include: Inc, LTD, APC, A Professional Corporation. Suffixes that are not corporations include: LLC, LLP.

- The Vendor is a 501c3. All 501c3s are corporations so no 1099 is needed.

- The Vendor refused to provide a W9. If the Client tells us their Vendor will not, for whatever reason, provide a W9, make a note in column F: "Client says Vendor will not provide the W9."

- The Vendor is International. In this case they should have a W-8BEN on file.

    Ex: The Manager sent a list of potential 1099 Vendors, and the Client replies: For the Vendor "XYZ Company", they're international so no 1099 needed. The Manager will reply by saying: ***Sounds good, we'll add them to the Excluded Vendor's list. For International contractors, although filing a 1099 isn't necessary, you'll need to get their information for your records with this W-8BEN form.***

    https://www.irs.gov/pub/irs-pdf/fw8ben.pdf

- The Client does not understand the IRS' 1099 rules. First, see if the Client is making the decision to Exclude a Vendor because they don't know the rules, or if they have some other reason. As long as we have a clear documented email from the Client saying they want to Exclude that Vendor, then it's okay to add that Vendor's name to the Excluded list. But please carefully read the Client's email to make sure they are not simply misunderstanding the rules. See the 1099 section for more details.

    Ex: A potential 1099 Vendor is called: Martina Consulting LLC. The Client replies: "They're a corporation so no 1099 needed". LLC means: Limited Liability Company, and is not a corporation. The Manager should reply to the Client clarifying the issue about the LLC. And then ask again whether or not they want us to file a 1099 for that Vendor.

Saving the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet
We want to make sure that we're working with only ONE spreadsheet, and not having multiple versions saved in the 1099 folder. So each month:

- The Preparer updates the spreadsheet with new monthly totals and new Vendors as the Prep is completed, and then changes mm.yy of the file name. For example, for the August reconciliation, **Potential 1099 Vendors for 2020 - XYZ Company 07.20** will be renamed **Potential 1099 Vendors for 2020 - XYZ Company 08.20**.

- Once the Client replies with answers, the Manager Saves the updated (answered) spreadsheet as the same file name that was sent to the Client.

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a. First, the Manager Archives any older versions of the spreadsheet. Archiving is helpful in case we need to review an old version. If there is no Archive folder in the 1099 folder, please create one.

b. The Manager downloads the file that was sent from the client, and adds the spreadsheet with the client's answers to the 1099 folder. Sometimes the spreadsheet name has been changed by the client, please edit the spreadsheet name back to our usual formatting.

Collecting the W9s

It is also the Manager's responsibility to collect Vendor W9s from the Client, if we do not already have an up-to-date (within the current calendar year) W9 on file. Because it can take some time for a Client to get W9s from their Vendors, these W9s are often not sent immediately along with Open Items answers. The W9s tend to come in sporadically in separate email strings. It is the Manager's responsibility to keep an eye out for W9s in the support email. When a W9 is received, the Manager:

1. Downloads the W9 into the Client's folder (in the sub folder marked: 1099s > W9s).
2. Updates the Potential 1099 Vendor spreadsheet (entering a "Yes" in column E).
3. Drafts a reply to the Client that says: "Received, thank you." And then emails Jeff Kohn that there is a draft awaiting review.

If a client says that we already have an old W9 on file, it is important that the Manager request an up-to-date (within the current calendar year) W9. The reason for this is that sometimes a Vendor's EIN or address has changed. Below, in the FAQs section, you will see our email template response to the Client regarding this situation. There is also an email template in the **Emailing Clients via Streamline Bookkeeping's Support Email** section. And then, in the meantime, the Manager should update the Potential 1099 Vendors spreadsheet, entering a "No" in column E, indicating that we do not have the most recent W9 on file.

Always confirm that the W9 name matches the Vendor name in QBO:

- The W9 has 2 sections for a Business' name. If both of those Business Name sections are filled out, this means the Vendor is using a DBA. In most cases either name will work for the 1099 filing. It's the Manager's discretion to either follow up with the client and ask which one to use, or commonly it's the top name (on Line 1 of the W9: Name). If we don't have the DBA listed in QBO, add that name in parenthesis. Typically, Line 1 is the legal name to use on the 1099 and in QBO, and then any DBAs will be in parenthesis.

  Ex. *Kutchins Law (Alan Kutchins)*

- If this Vendor is listed in QBO under multiple name variations, merge them into one name, always using the legal name first, and then any DBA's in parenthesis. The legal name is the one we'll use to file the 1099.

  Ex: Checks have gone to Kutchins Law Firm and Alan Kutchins. The W9 lists both companies as the same legal entity, so these names should be merged in QBO and on the Potential 1099 Vendor spreadsheet as: Kutchins Law (Alan Kutchins).

- If multiple variations of a Vendor name are merged, re-run the Profit & Loss report to confirm in QBO that the Vendor names and totals have been updated correctly. Also, update the Amount in column B on the "Potential 1099 Vendors for (the current tax year)" spreadsheet.

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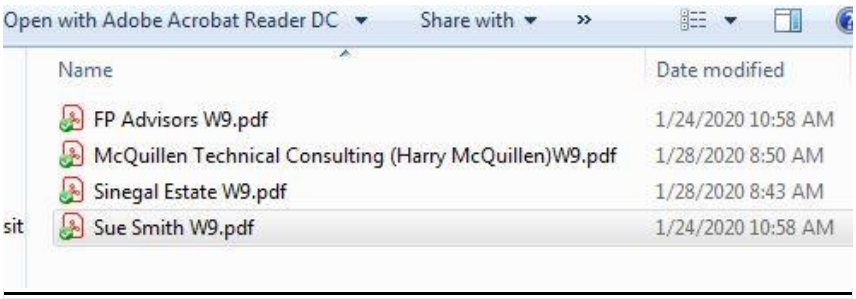
Update column E on the “Potential 1099 Vendors” spreadsheet across from the Vendor’s name with the word “Yes”, meaning we now have that Vendor’s W9 on file.

Download and save the W9 to Dropbox > Client folder > 1099s > W9s. Save the PDF as the business’s name so it sorts alphabetically in the folder. Use first name, last name for individuals.

Ex: Client sends a W9 for Sue Smith, but the PDF they sent is labeled: W9 Smith. Change to: Sue Smith W9.



1099 FAQs

It is common for Clients to have questions regarding 1099s. Below are the most frequently asked questions and responses the Manager can use:

<u>If the Client asks: Doesn't my payroll provider (Gusto, Paychex, ADP, etc) file these?</u>

Yes, your payroll provider files W2s for Employees, and 1099s for Contractors paid through their system. But there are additional potential 1099s paid outside of that system, such as Rent, or contractors paid via check, wire transfer, or any other payment method outside of the payroll system.

For Example, on this year's Profit & Loss I see the following potential contractors.

(List of contractors)

If there are 1099s to file, please confirm whether or not you would like us to file them on your behalf.

<u>If the Client asks: What if the 1099 Vendor won't send me a W9?</u>

Unfortunately it's the responsibility of the business owner to have the W9 information for the 1099 filing. Going forward it's best to get the W9 before making any payments to a potential 1099 Vendor. For this year, I would keep asking them for the W9 form as it's required by the IRS that the Vendor sends it to you for tax purposes.

https://www.irs.gov/pub/irs-pdf/fw9.pdf

<u>If the Client asks: Do I need to send a 1099 to a Vendor where it was a combination of service and product?</u>

If they provided a combination of products and services, then yes they do need a 1099. The exception is if they're a corporation.

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If the Client says: You guys already have the Vendor's W9 on file from last year, can't you use that?

Regarding the W9 forms, we suggest getting a new W9 from each potential 1099 contractor, as sometimes their EIN or address has changed. We have their W9s from last year but please ask them for a new one, or confirm via email that we can use the old W9.

If the Client asks: What if the contractor is an International business?

For International contractors, although filing a 1099 isn't necessary, you'll need to get their information for your records with this W-8BEN form.

https://www.irs.gov/pub/irs-pdf/fw8ben.pdf

If the Client asks: Are reimbursements to contractors included in their 1099 total?

In most cases, reimbursements should be included in the contractor's 1099 total. A common exception to this rule is for volunteers of non-profit organizations. For more details, see the IRS guidelines regarding the Independent Contractor and Self-Employment Tax sections (link below).

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

For Example: XYZ Company pays $750 to a computer tech with the following invoice details: $700 for labor time, $50 for a modem that the computer tech purchased with the intent of being reimbursed. The computer tech's accounting is as follows: $750 Gross Income (which matches the 1099 amount) minus $50 Equipment (that the computer tech purchased on his Credit Card), which equals $700 Taxable Income for the computer tech. The 1099 for the computer tech should be for $750, not $700.

If the Client asks: Should restaurants receive a 1099?

Yes, restaurant should receive a 1099 if they were paid $600 or more in a year. The exception is if the restaurant is a corporation.

If the Client asks about the timing of check payments and what is included in the current year 1099:

Typically, we use the date the check cleared the Bank as the transaction date. Technically the date should be the day the Vendor received the check and was available to cash without restriction (Constructive Receipt). Let us know if you want us to adjust any check dates.

Follow up to this (if they ask for our advice)

It is our policy to use the date the check cleared the bank, unless there is an unusual circumstance where the situation needs to be analyzed more closely. I would probably use the date the check cleared the bank unless you would like to make any edits. The trouble with finding the date the funds were available for deposit it isn't always a clear documented answer.

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If the Clients asks: This Vendor is an LLC so shouldn't it be exempt from filing a 1099?

LLC stands for Limited Liability Company, and is not a corporation, so a 1099 should be filed.

Suffixes that aren't corporations and require a 1099 filing: LLC, LLP.

Suffixes that are corporations and do not require a 1099 filing: Inc, APC, A Professional Corporation, Ltd.

If the Client asks: Are 501c3s exempt from receiving a 1099?

All 501c3s are corporations and do not require a 1099 filing.

If a Client who has told us NOT to file 1099s then asks us at the last minute for the Vendor list and amounts paid

Hi (Client first name),

Our new process for clients that want us to file 1099s on their behalf is to create a potential 1099 Vendors list each month to ensure accuracy. Since you didn't want us to file the 1099s, we haven't been doing this as part of our monthly process. We're happy to still provide a list though (see attached). Please also look through your financial reports in Quickbooks as well to double check if any Vendors are missing from this list.

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 Manager also does 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

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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.

Correct spelling is important for several reasons:

- The Client is likely to notice a spelling error quickly as they're more familiar with their Vendors than we are. Although it may be a minor typo, they'll see this mistake and wonder what other mistakes we're making.
- Sometimes a spelling error will create duplicate Account names.

Ex. There is an Asset called Leasehold Improvements, and another Asset called Leasehold Imp. Both have balances but should be merged

If unsure of the spelling of a Chart of Account name, make a Preparer's note with all details available.

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 Reports 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.

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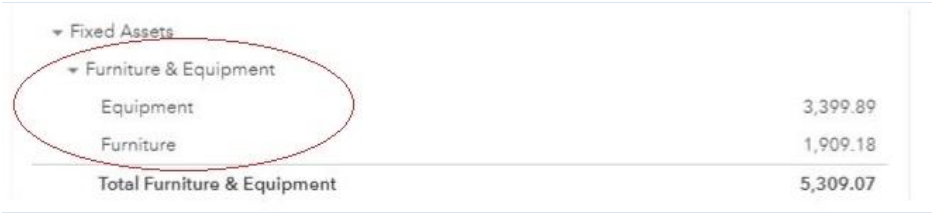

In QBO, a transaction entered into a Parent Account shows up directly in line with (to the right of) the Parent Account name. In QB app, QB automatically creates an "Other" Sub Account. Neither coding is correct; the transaction should be moved to a Sub Account.

> *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 timing difference of day or two 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:

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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.*

<u>Unresolved Amounts on the Balance Sheet</u>:

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 3rd 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

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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.

Review all Equity Accounts to ensure they do not contain business Income or business Expenses. Adding a transaction to an Equity Account in error is one of the largest mistakes we can make. Please be certain the transaction should be in Equity before adding any deposits or withdrawals to an Equity Account.

If unsure, it's always best to add to AMC. The reason is that the client shouldn't be putting personal transactions on their business Accounts, so it's also a good reminder to the client so they're aware they need to use personal Accounts for their personal transactions.

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.

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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.

Article One Advisors, LLC

PROFIT AND LOSS

January - April, 2019

	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
Total Income	**$84,827.67**	**$32,975.00**	**$6,494.20**	**$19,975.00**	**$144,271.87**
GROSS PROFIT	$84,827.67	$32,975.00	$6,494.20	$19,975.00	$144,271.87
Expenses					
Advertising		96.76			$96.76
Automobile					$0.00
Parking & Tolls		187.00	69.00	23.75	$279.75
Total Automobile		**187.00**	**69.00**	**23.75**	**$279.75**
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
Total Insurance	**937.51**	**957.98**	**1,018.88**	**1,069.27**	**$3,983.64**

- 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."

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Ex: Bank of America
Ex: Bank of the West
Ex: Chamber of Commerce
Ex: Center for Continuing Education
Ex: Barnes and Noble.

Correct spelling is important for several reasons:

- For Contractors and Rent Expense related to 1099 filing, correct spelling is essential. If the Vendor's legal name doesn't match their SSN/EIN, the 1099 will potentially get rejected upon filing. This would send a letter to the client and we would have to file an amended 1099, which could have been easily avoided.
- The Client is likely to notice a spelling error quickly as they're more familiar with their Vendors than we are. Although it may be a minor typo, they'll see this mistake and wonder what other mistakes we're making.
- Sometimes a spelling error will create a duplicate Vendor name. This can confuse the client and potentially create incorrect 1099 balances.

Ex. Breganle & Company and Bregante + Company LLP were listed as separate Vendors. The first Vendor has a typo in it so created 2 separate Sub Totals for 1099 balances.

If unsure of the spelling of a Vendor's name, add to AMC and make a note in the Description: (can't read the handwriting, please let us know the exact spelling of the Vendor's name)

If unsure of the spelling of a Chart of Account name, make a Preparer's note with all details available.

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 Reports 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

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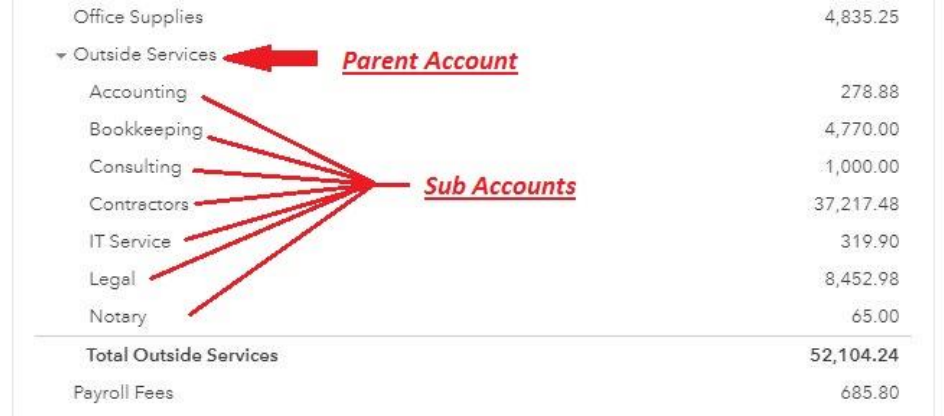
QB app, QB automatically creates an “Other” Expense. Neither of these codings are correct and should be moved to a correct Sub Account.

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



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, make a Note on the Client Checklist, and add the Expense to AMC if appropriate.

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.

Ex: The Client often pays the City of Berkeley $2-$10 for Parking. But then the Client paid the City of Berkeley $2,500. Although the QuickBooks algorithm will likely suggest putting this Expense into Parking, that Expense may be a City Tax or a Permit Fee (if the Client is in real estate or architecture). Since this is a dramatic fluctuation, add this Expense to AMC.

- 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).

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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's name and 2. Expense/Account*

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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's 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 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.*

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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 may list the Vendor's name, but this should not be confused with the Client's name which may also show up on the Bank Detail (since the Client owns 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 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, Manager's Notes, and Changes made by Manager

It is the Preparer'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 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 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."*

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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, it can be cleared out when creating the next month's Client Checklist tab. Usually, 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. Since we're currently reconciled through September, 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. 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 Manager 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.

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:

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

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 1. Vendor's name and 2. Expense/Account Category). 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 1. Vendor's name and 2. Expense/Account Category)*

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.

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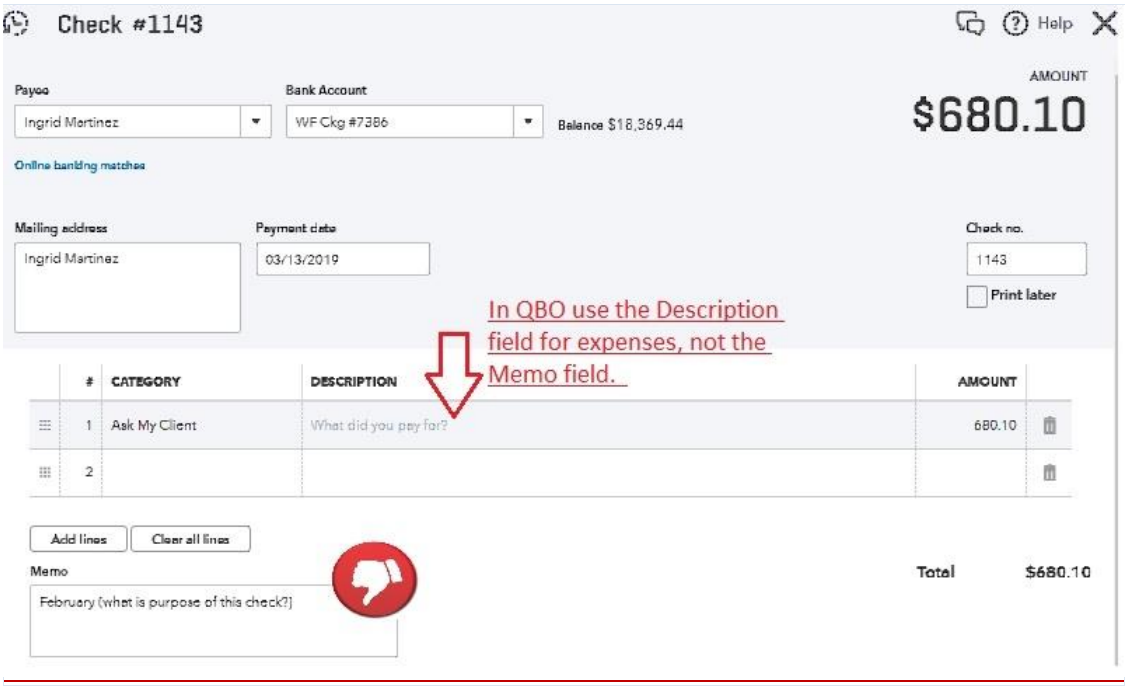
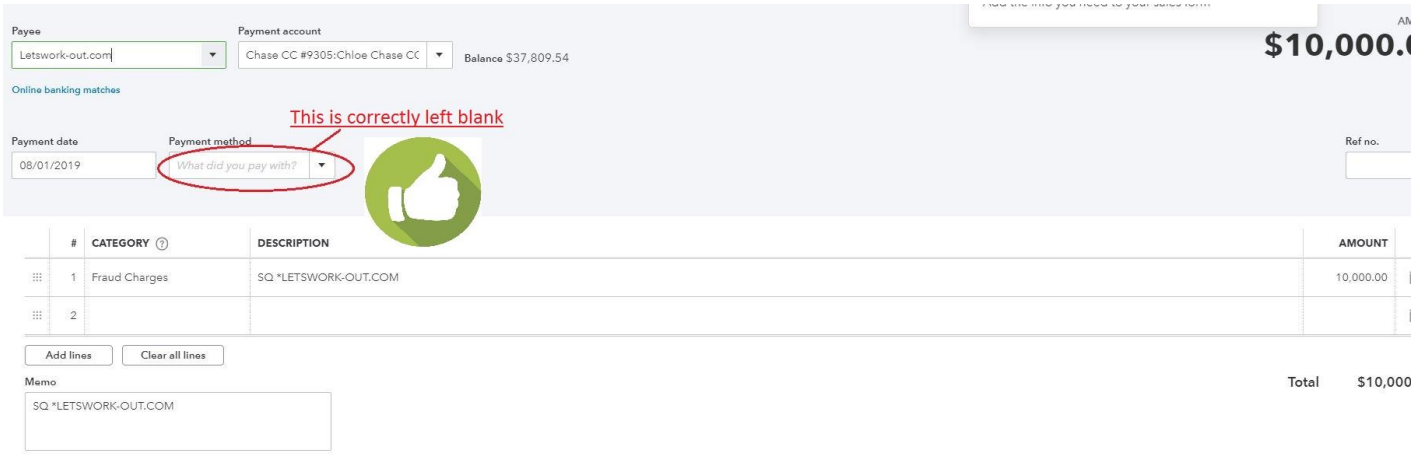


6. Leave the "Payment Method" field blank in the Expense screen in QBO; it is not necessary.



7. 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.

8. 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?)

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9. When reviewing the financial reports, 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, <u>not</u> Meals **and** Entertainment.*

10. Names of Accounts being reconciled (Banks, Credit Cards, LOC) should be listed at 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 Manager reviews these AMC items, and then the Manager (not the Preparer) 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**, <u>not</u> 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).

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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****.*

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.

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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.

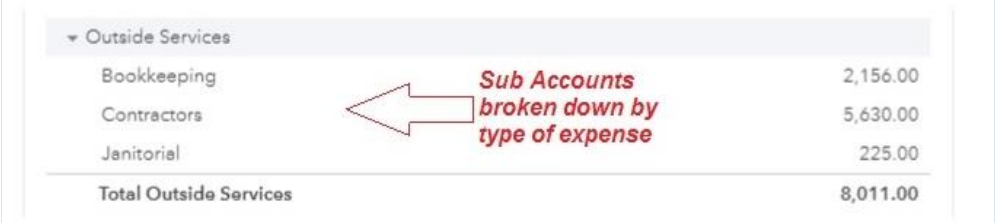
Ex: Life Insurance may not be a business deduction.

-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.



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: Business Taxes, 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.

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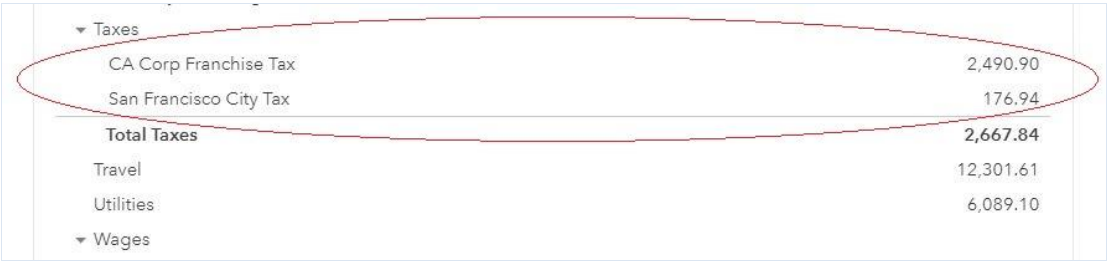

Sub Accounts of Owner's Draw:

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.

Review all Equity Accounts to ensure they do not contain business Income or business Expenses. Adding a transaction to an Equity Account in error is one of the largest mistakes we can make. Please be certain the transaction should be in Equity before adding any deposits or withdrawals to an Equity Account.

If unsure, it's always best to add to AMC. The reason is that the client shouldn't be putting personal transactions on their business Accounts, so it's also a good reminder to the client so they're aware they need to use personal Accounts for their 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.

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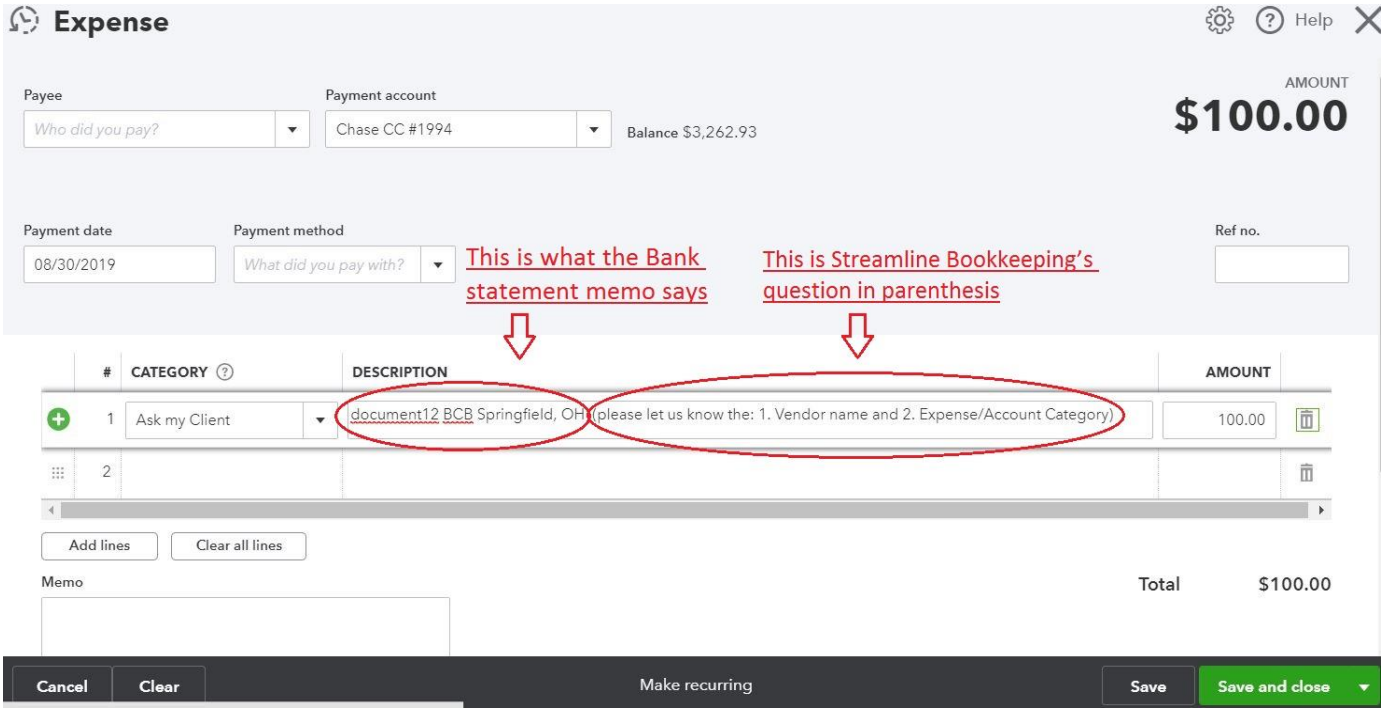

If you are unsure how to code a transaction, add it to: Ask My Client (AMC). AMC is an "Other Expense". The difference between an Expense and Other Expense in the Chart of Accounts is that QBO puts the AMC Other Expense at the bottom of the Profit & Loss report.

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:
Examples include 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)

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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. 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. 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.

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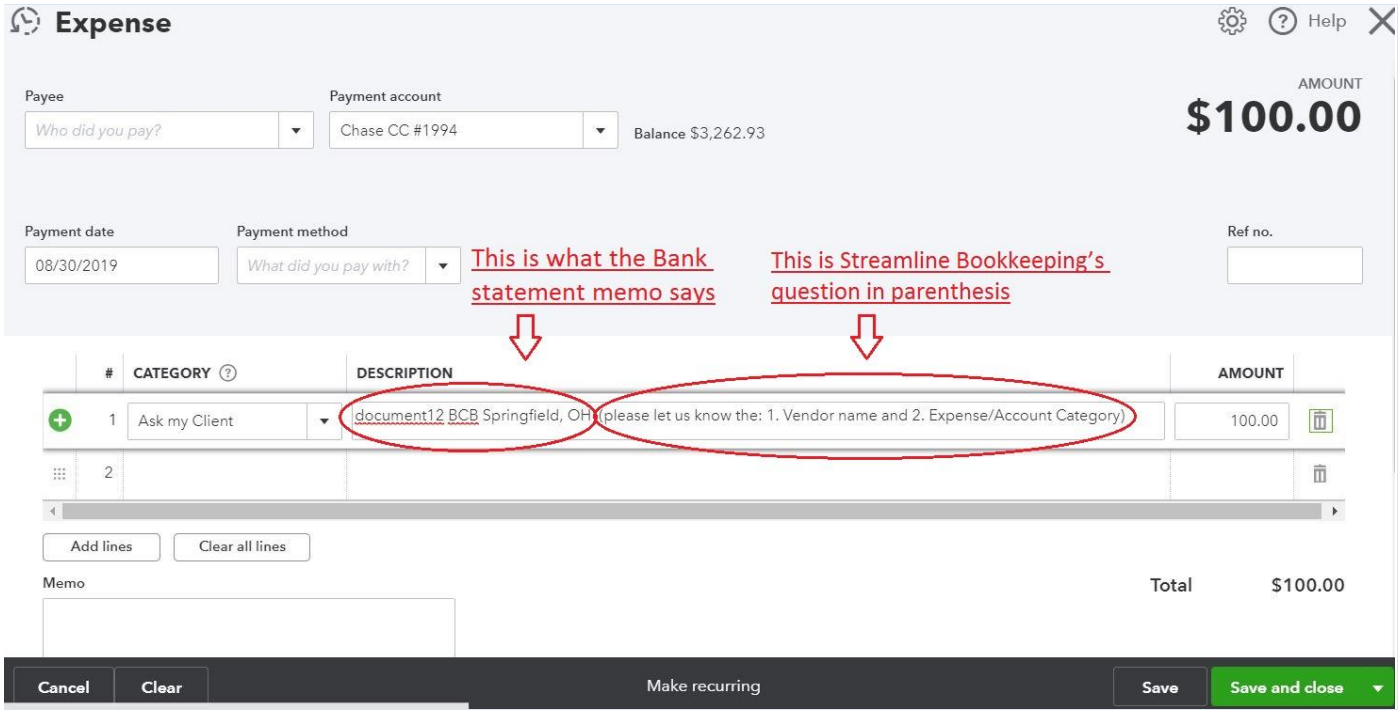
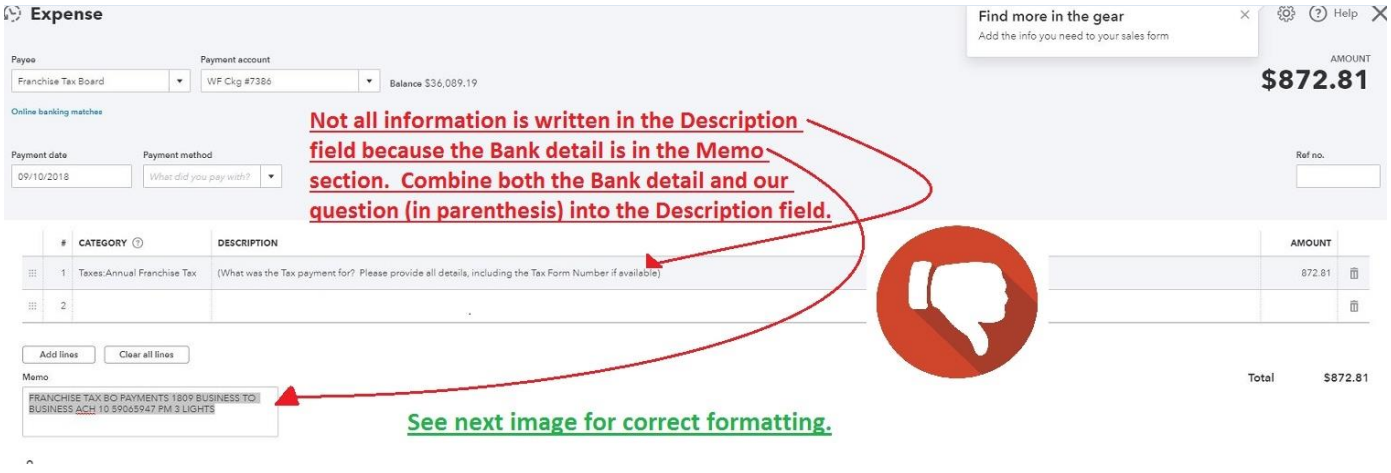


In QBO, use the Description field for Expenses, not the Memo field. If you put the same information in both the Description and Memo fields, that is okay. **But when viewing the AMC Account, only the Description field will be visible**. The AMC Account export is the list that we send to the Client as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



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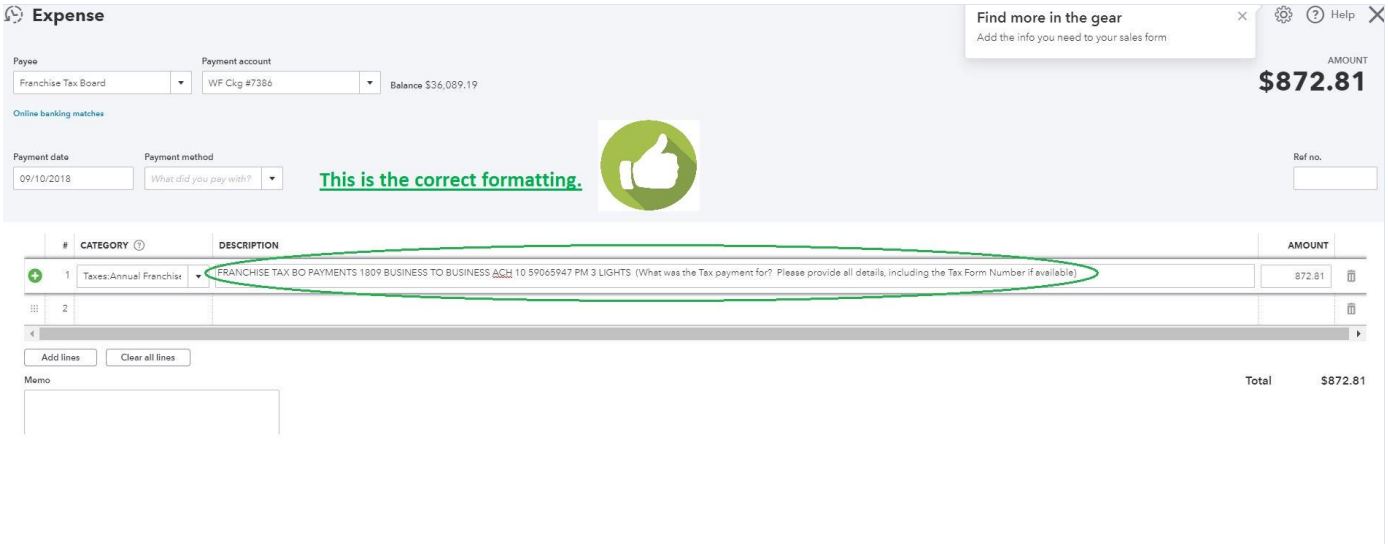

If you have a question for the Manager, do not enter the question in QBO; we should assume that the Client might see these questions before their Accounts have been Reviewed. Instead, enter questions for the Manager into the Preparer's Notes section of the Client Checklist.

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.

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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. Log in to QBO, click Banking on the left-hand column, then click Add Account.
2. Log in 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. <u>This section in QBO cannot be edited</u>.

Payee Column:

This is the Vendor's name. <u>All</u> 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. <u>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.</u>**

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Ex: The Bank Detail is: ***MSFT * E01007I9 MSBILL.INFO WA 1 MSFT * E01007I9 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.**

	DATE	DESCRIPTION	PAYEE	CATEGORY OR MATCH	SPENT	RECEIVED	ACTION
☐	02/15/2019	Tsys Transfirst Bkcd		Income		$726.00	Add
☐	02/15/2019	Online Transfer Sav	Bailey Nichols	Owner's Draw	$50.00		Add
☐	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".

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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 as Transfer and Record as Credit Card Payment 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 as Transfer**, or the **Record as Credit Card Payment** button in the Banking feed. To see these buttons, single click on the transaction.

Never use the Record as Transfer, or Record as Credit Card Payment in QBO function. The reason is that they only offer limited choices, typically Balance Sheet options, to transfer to. So if the transaction needs to be changed, the transaction would have to be deleted and then re-entered.

Ex: Client pays herself $2,000 which we originally recorded as an Owner's Draw. Months later the client informs us that was a reimbursement for Travel. If the Categorize button was used, this is an easy change. But if the Record as Transfer button was used, the transaction would need to be deleted, re-entered, and also re-reconciled for that month.

Instead, toggle to the Categorize button (instead of the Record as Transfer or Record as Credit Card Payment 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 as Transfer for these transactions.

Ex: The Client withdrawals 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 as 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.

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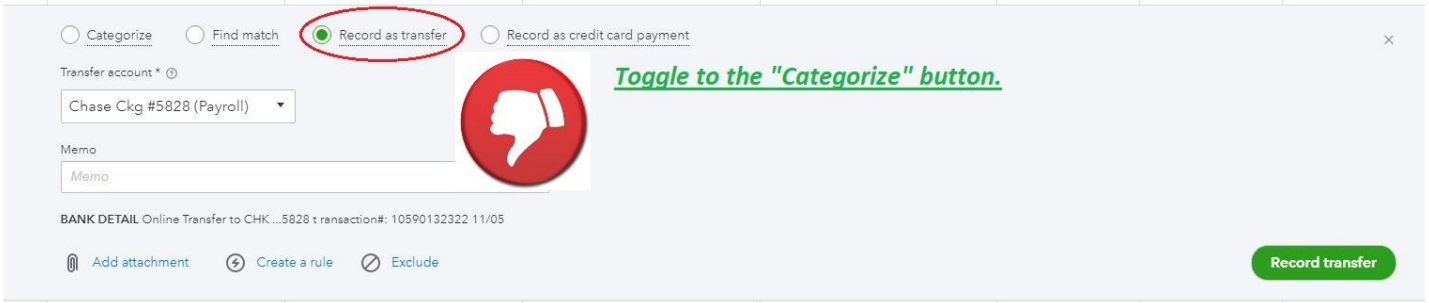

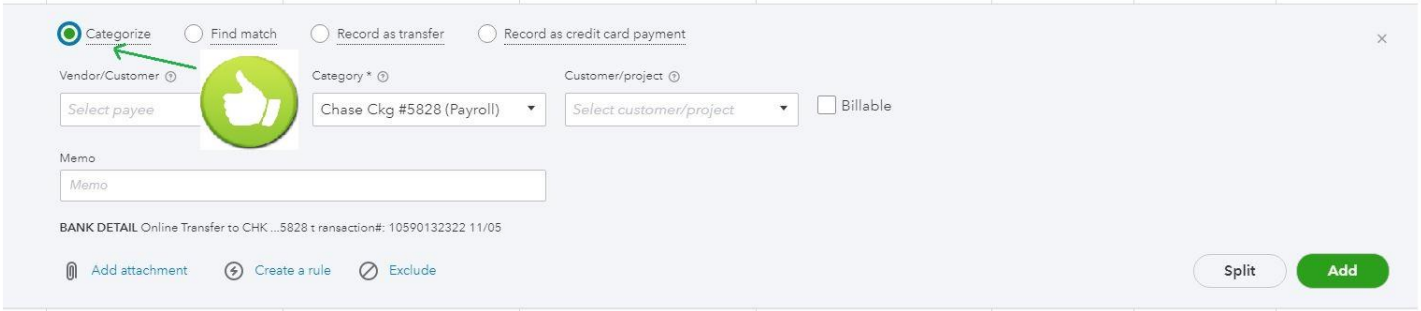

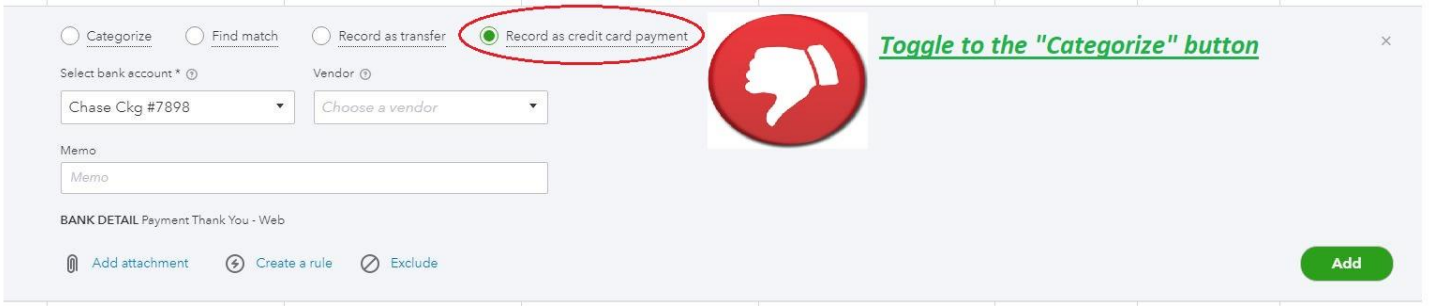

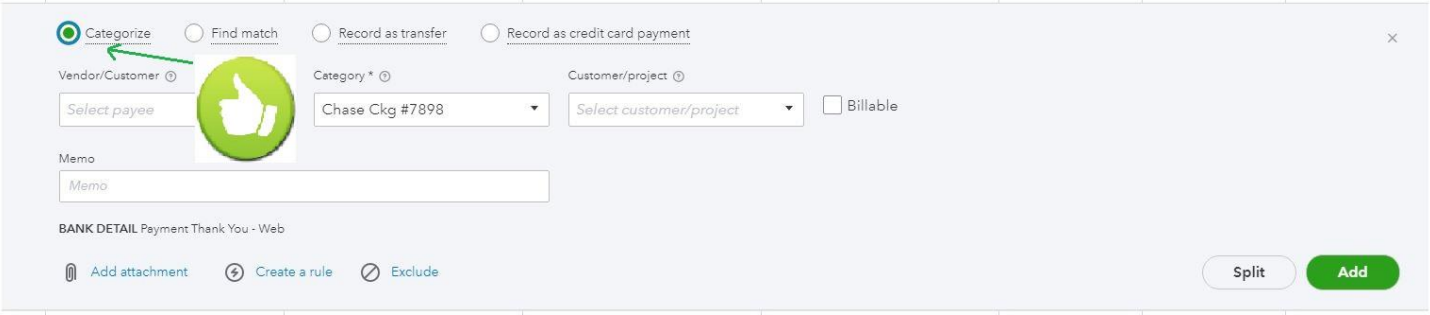

If the QBO Banking Feed is Unavailable

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.

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- 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 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 1st of the

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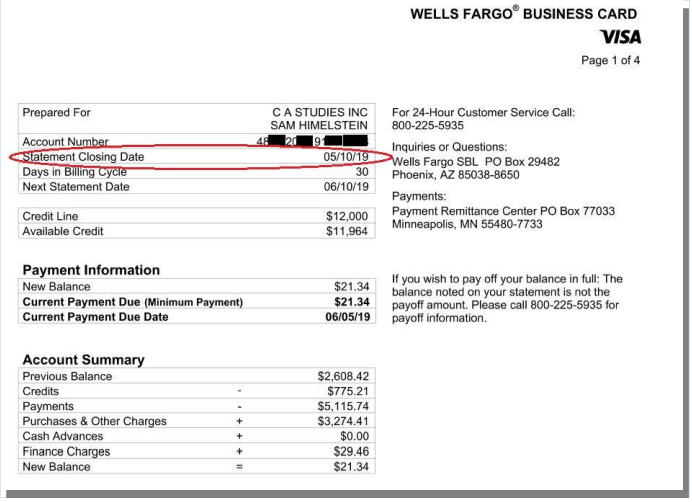
month is ideal, and the 2nd, 3rd or 4th is okay too. The reason for this is that we wait until we have all statements ready in order to begin the monthly reconciliations.



WELLS FARGO® BUSINESS CARD

VISA

Page 1 of 4

Prepared For	C A STUDIES INC SAM HIMELSTEIN
Account Number	4[redacted] 20[redacted] 9[redacted]
Statement Closing Date	05/10/19
Days in Billing Cycle	30
Next Statement Date	06/10/19

Credit Line	$12,000
Available Credit	$11,964

Payment Information

New Balance	$21.34
Current Payment Due (Minimum Payment)	**$21.34**
Current Payment Due Date	**06/05/19**

Account Summary

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

For 24-Hour Customer Service Call:
800-225-5935

Inquiries or Questions:
Wells Fargo SBL PO Box 29482
Phoenix, AZ 85038-8650

Payments:
Payment Remittance Center PO Box 77033
Minneapolis, MN 55480-7733

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.

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 1st. And their Credit Card Closing Date is the 3rd of the month, so the Start Date is the 4th.*

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.

<u>Exceptions to a Project Ready on the Start Date</u>

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.** Template language for this specific email is under Request to change the statement Closing Date.

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.

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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 (Manager) assigned to that Client and also sends the 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.

- **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.

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, then 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 Manager was already sent a notification email, it is important to email the Manager informing them that you took the Project back, so they know to wait for another email notification.

Workflow Checklist (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 H-K). Also change the Status in Column G. The Status column (Column H) is as follows:

P: Ready for Preparation
M: Ready for Manager Review
S: Sent Open Items
D: Done

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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 H, and in the Status column (column G) change the "p" to an "m".

- **Manager Review**: If sending Open Items, change the Status column (Column G) to "s", and time stamp today's date in both: Column I and J. If the Project is complete (because there are no Open Items), change the Status column (Column G) to "d", and time stamp all three columns: Column I, J, and K.

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: ***(Month/day) 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 4th of each month. The Client has agreed to send us the statement each month via Dropbox by the 6th of the month, so the Start Date is the 7th (the next day). On October 7th, 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.***

If the Client has not responded to our Bank/CC statement request after 3 business days, the Preparer drafts a follow up email to the Client (and also emails Jeff there is a draft ready for review in the support inbox). 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 request. Instructions for creating the draft email and email template language is in the Emails to Clients section. **NOTE: Some Clients are not very responsive, and it is important that we follow up at least once per month after the initial email request. If you want to follow up more than once per month, that's fine too.**

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.

Please enter Notes chronologically starting with the most recent note first. Having the most recent entry listed first makes it easier to, at a glance, see where we're at with each Client and quickly identify which projects are running late.

> *Ex: The Notes column should read:* ***4/12 followed up. 4/8 statement request.***

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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: ***(Month/day) ready for prep.***

Ex: 11/12 ready for prep. 11/7 followed up. 11/4 statement request.

71	20	MH	ME	QBO	Rise Bodyworks		p						John Beall
72	1	JM	KD	QBO	Rooted Space LLC		s	11/2/20	11/4/20	11/4/2020			Starlight Alvis
73	5	KD	AT	QBO	S. Daniel, Inc		s	11/9/2020	11/12/20	11/12/2020			Sarah Daniel
74	6	JM	AT	QBO	Seed Interiors		p					11/12 followed up. 11/7 statement request.	Mario
75	2	JA	AT	QBO	Sherwood Kypreos, LLC		s	11/4/2020	11/7/2020	11/7/2020			George Kypreos
76	15	KD	ME	QBO	Sriram Properties		p						Raghni Naidu
77	14	KD	AT	QBO	Stafford House Books		p						Teresa Power
78	1	MH	ME	QBO	Steel Wool Games		s	11/3/2020	11/5/20	11/5/2020		11/3 ready for prep. 11/1 statement request.	Andrew Dayton
79	3	MH	ME	QBO	Steven Siemers Dispute Resolution LLC		d	11/3/2020	11/5/2020		11/5/2020		Steven Siemers
80	3	ME	AT	QBO	Studio Scott		d	11/4/2020	11/4/20		11/4/2020		Laura Scott

Please do not enter any other information in the Notes column. All other Client notes 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 & Manager's Responsibilities sections for more details.

Passwords

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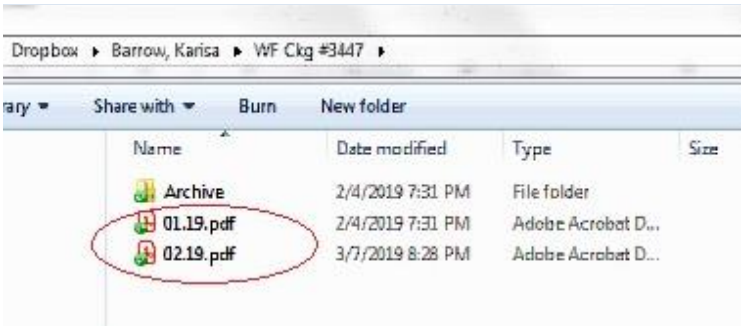
Both the Password Folder and Spreadsheet name for each Client are called **PW – (Client name).** If a Bank requires you to change a password, (1.) Change the password on the Bank website, and (2.) Update the PW document with the new password.

Folder Organization

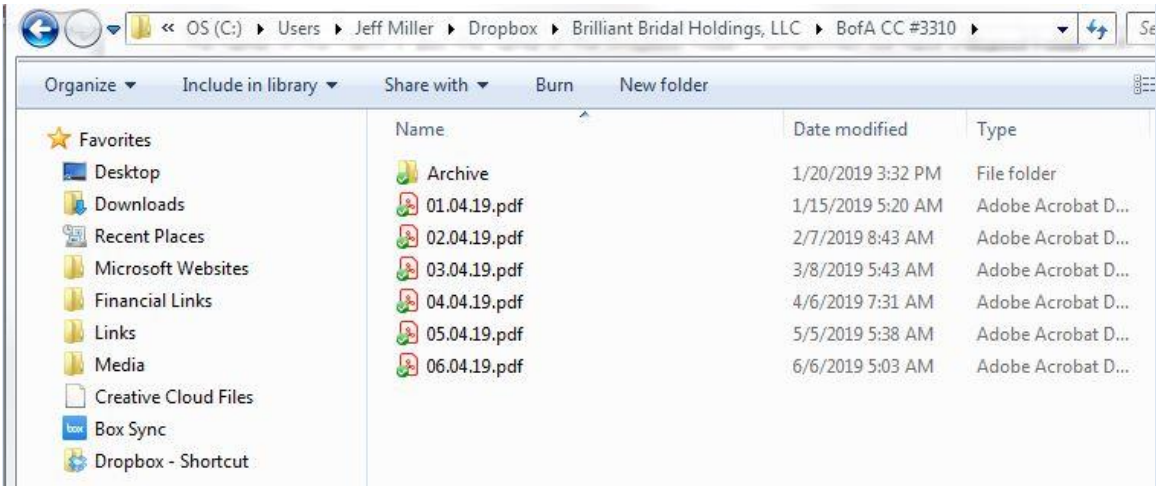
For the names of the Bank statements, always use two digits for the Month and two digits for the Day. And use "." symbol to separate Month and Year.

*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

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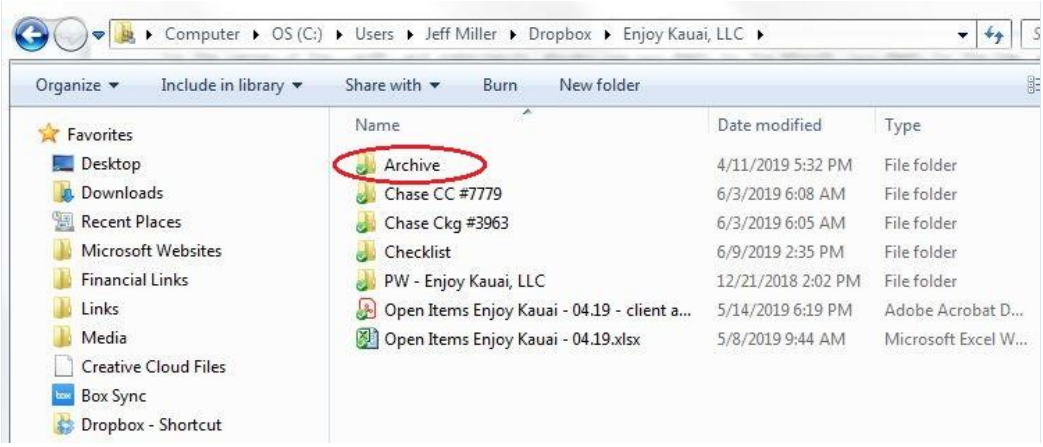
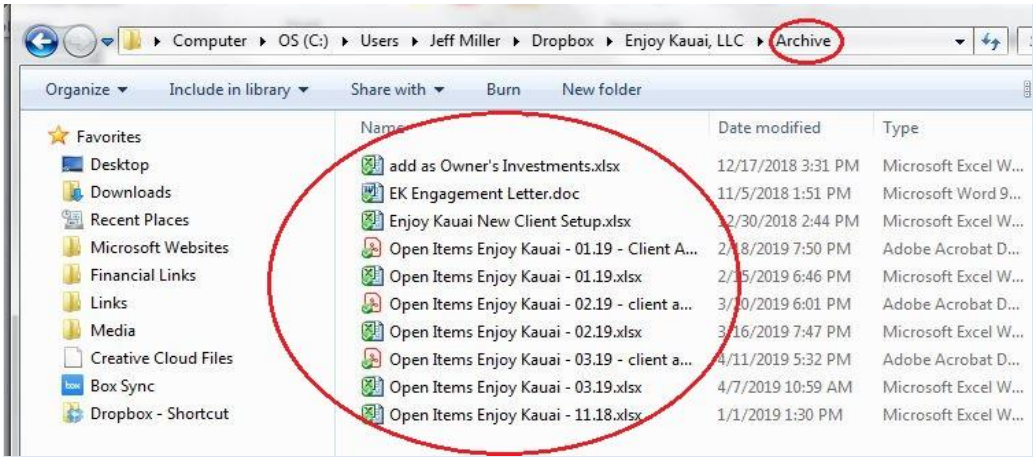
Any documents (PDFs, Excel spreadsheets, etc.) from a previous year should be put into the Archive folder. This is helpful visually so that only current year documents are seen in the main folder, but we still have access to previous years in the Archive folder. The Preparer should periodically Archive old files, but the 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)** 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)** 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

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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.

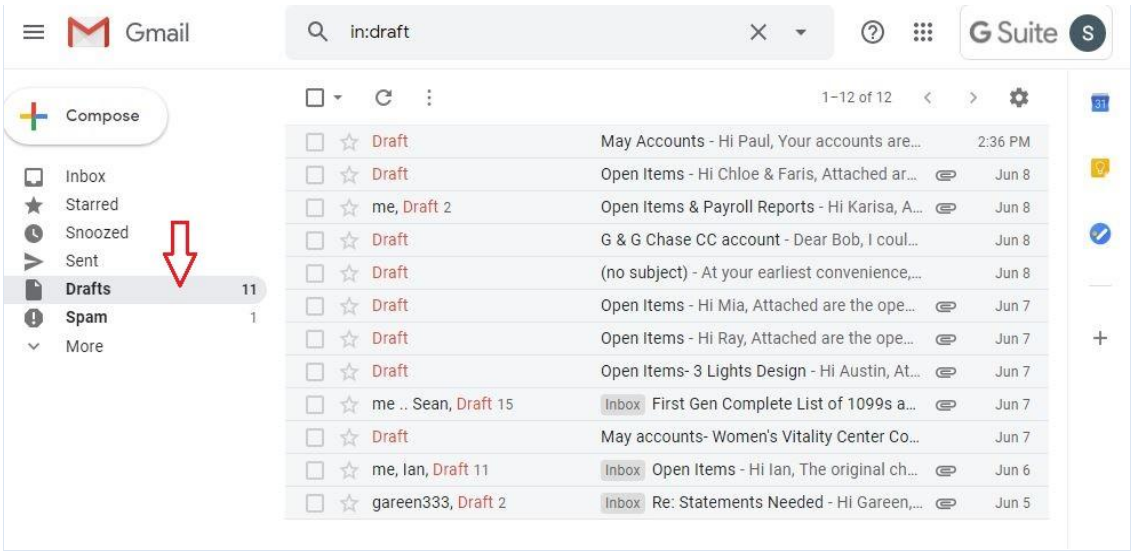
Email draft procedures:

The support email is intended as a general email from us, and the default email signature says: "Streamline Support Team". 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 or Manager's personal email address). The email draft procedure is as follows:

1. The Preparer 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 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.

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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 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 specific request 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 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.

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.

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*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. Please complete the column labeled category/description and return the Open Items answers to this email 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 questions or phrases like "can you please" or "could you please". Once we have agreed upon what we need from the Client, we should assertively request it. Otherwise the email appears to be only a suggestion (rather than a specific call to action) and the Client is less likely to provide the response we need. For most emails, the Client has already agreed to help us with standard procedures (sending us monthly statements, etc.) and it's best to be direct.

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:

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- 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 a personal Investment)?*

- Always include all available information 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. **When a Client does not reply to a question, it's usually because they do not understand the question, or don't see the importance in researching our question further**. If they do not understand the question, we should help clarify further with more detail and an example. If they appear to understand the question but aren't replying, we should explain why we need that information. Below is an example:

> *Hi Sara,*
>
> *Attached are the Open Items. Please complete the column labeled category/description and return the Open Items answers to this email 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:

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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),

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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,

Follow up request to Statement needed:

If the Client hasn't responded to our initial Statement request email, 3 business days later (in the same email string) send a follow up email. **Our policy is to send a follow up after 3 business days of the initial email.** Use the following template:

Email header: Statement needed

Hi (Client first name),

Checking in on this.

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 be reconnected. When a syncing error occurs, and we do not have the Bank/CC login, send the following email to the Client. **Note: before sending to the Client, walk through our instructions in QBO to ensure each step is correct, as QBO often makes small changes to their website and changes their terminology:**

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 Admin 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 Edit sign in info to update your login information.*
6. *Log in to your Bank though the QBO website*

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

Thank you,

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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 in QBO set up for (list Bank/CC name and last 4 digits of Account #, Ex: WF Ckg #1234). Since we do not have your admin Bank login access, 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. *In the upper right section of the screen, click on "Link account" (don't click on the drop down arrow)*
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. *If QBO asks on which date to begin populating transactions, choose (list the date you want the Client to choose)*
7. *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 see the View-Only Login Setup Instructions 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.

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Thank you,

Requests made from Manager:

Sending confirmation of financial reports reconciled

Send the following email confirmation when there are no Open Items questions, so 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). Please review the Balance Sheet, Profit & Loss, and General Ledger. Let us know if you have any questions.

Thank you,

Sending Open Items Questions & Potential 1099 Vendors (client's name) (month.year) Spreadsheet FOR THE FIRST TIME TO A NEW CLIENT

Because our first Open Items list is usually long, we feel it's important to let the Client know that this will not be a regular occurrence. Also, with new clients Jeff likes to offer a review of our first set of reconciliations. Therefore, when reaching out to a new Client for the first time, the Manager sends Open Items questions and "Potential 1099 Vendors (client's name) (month.year)" spreadsheet to the Client using this email template.

(For the email template below: Copy, then paste as plain text)

Email header: Open Items and Potential 1099 Vendors

Hi (Client first name),

1. Attached are the Open Items through (Month/Year). Complete the column labeled "Category/description". Typically our first Open Items list is longer than usual. And then over time we'll get to know your Vendors better and will have fewer questions.

2. Attached is the list of potential 1099 Vendors. Please review the spreadsheet for accuracy:
   a. Enter "Yes" or "No" in Column D.
   b. If Column E says "No", email us that Vendor's signed W9 Form, which includes their Full Name, Address, and SSN/EIN. **Even if you have their old W9 Form from a previous year, ask them to fill out a current W9 as their information (Ex: EIN or address) may have changed.** Here is the link to a blank W9 if needed: https://www.irs.gov/pub/irs-pdf/fw9.pdf

3. Also, to review the first set of reconciliations please set up a time on Jeff's calendar (link below) to go over the numbers on the phone:
http://www.meetme.so/streamlinebookkeeping

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Please return the Open Items answers and Potential 1099 Vendors spreadsheet to this email at your soonest convenience.

Thank you,

Sending Open Items Questions & Potential 1099 Vendors (client's name) (month.year) Spreadsheet to the Client

The Manager sends Open Items questions and "Potential 1099 Vendors (client's name) (month.year)" spreadsheet to the Client using this email template.

(For the email template below: Copy, then paste as plain text)

Email header: Open Items and Potential 1099 Vendors

Hi (Client first name),

1. Attached are the Open Items. Complete the column labeled "Category/description".

2. Attached is the list of potential 1099 Vendors. Please review the spreadsheet for accuracy:
   a. Enter "Yes" or "No" in Column D.
   b. If Column E says "No", email us that Vendor's signed W9 Form, which includes their Full Name, Address, and SSN/EIN. **Even if you have their old W9 Form from a previous year, ask them to fill out a current W9 as their information (Ex: EIN or address) may have changed.** Here is the link to a blank W9 if needed: https://www.irs.gov/pub/irs-pdf/fw9.pdf

Please return the Open Items answers and Potential 1099 Vendors spreadsheet to this email at your soonest convenience.

Thank you,

Sending Open Items Questions & Potential 1099 Vendors (client's name) (month.year) Spreadsheet to the Client, along with Request for EIN/SSN#

If we do not have the Client's EIN/SSN# (which we will need to file 1099s on their behalf at the end of the year), the Manager requests this information, along with the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet and Open Items questions, using this email template:

(For the email template below: Copy, then paste as plain text)

Email header: Open Items and Potential 1099 Vendors

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Hi (Client first name),

1. Attached are the Open Items. Complete the column labeled “Category/description”.

2. Attached is the list of potential 1099 Vendors. Please review the spreadsheet for accuracy:
   a. Enter “Yes” or “No” in Column D.
   b. If Column E says “No”, email us that Vendor's signed W9 Form, which includes their Full Name, Address, and SSN/EIN. **Even if you have their old W9 Form from a previous year, ask them to fill out a current W9 as their information (Ex: EIN or address) may have changed.** Here is the link to a blank W9 if needed: https://www.irs.gov/pub/irs-pdf/fw9.pdf
   c. Please provide us with your EIN/SSN# and address for our records, so at year-end we can file on your behalf.

Please return the Open Items answers and Potential 1099 Vendors spreadsheet to this email at your soonest convenience.

Thank you,

Replying to Clients who Say “We Already Have a Vendor’s W9 on File from Last Year.”

If the Client says that we already have an old W9 on file, the Manager should request an up-to-date (within the current calendar year) W9, using this email template:

(For the email template below: Copy, then paste as plain text)

Email header: Potential 1099 Vendors

Hi (Client first name),

Regarding the W9 forms, we suggest getting a new W9 from each potential 1099 contractor, as sometimes their EIN or address has changed. We have their W9s from last year but please ask them for a new one, or confirm via email that we can use the old W9.

Thank you,

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

If 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’s first name),

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Attached are the Open Items. Please complete the column labeled category/description and return the Open Items answers to this email 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 is 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 – Alberto Martinez - $374.53

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

Thank you,

Sending Open Items questions to the Client (with Balance Sheet questions)

The Manager sends 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 email at your soonest convenience.

Additionally, we were reviewing the Balance Sheet and have a few questions. Here is a list, please confirm these Line Items are correct. Feel free to set up a time on my online calendar (link below) to discuss as well: http://www.meetme.so/streamlinebookkeeping

Balance Sheet Line Items

-

-

-

Thank you,

Sending Open Items questions to the Client (for December)

The Manager sends Open Items questions to the Client using this email template.

Email header: Open Items

Hi (Client first name),

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

Also, to make sure everything looks good before you send the numbers to your tax preparer, we would like to review the Jan-Dec numbers with you. Below is the link to Jeff's calendar to schedule a call:

http://www.meetme.so/streamlinebookkeeping

Thank you,

If the Client does not respond to Open Items questions

If the Client hasn't responded to our initial Open Items request after 3 business days, draft a follow up email to the Client. 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 Open Items questions. Use the following template:

Email header: Open Items

Hi (Client first name),

Checking in on this.

Thank you,

Just follow up once for Open Items. If the Client does not respond to our follow up request, wait until next month and include last month's Open Items with the current month's Open Items.

If the Client responds to some BUT NOT ALL Open Items questions

It's not unusual for a Client to answer some Open Items questions while leaving others unanswered. This might be because the Client is unsure how to answer certain questions and clarification may be required on our part, or the Client is just overwhelmed. If the Client has not responded to ALL our questions after 3 business days, draft a follow up email to the Client. First, find the original email string in the support email, and then "Reply" to the Client that we are checking on the status of the unanswered questions. Use the following template:

Email header: Open Items

Hi (Client first name),

Checking in on this. We've noticed that there are a handful of Open Items questions remaining.

Do you have time today or tomorrow to reply? When questions build up it can complicate things on our end. It's essential that we are provided these answers in order to properly reconcile your account.

Please let us know.

If you need any assistance walking through this together, please schedule a call on Jeff's calendar: http://www.meetme.so/streamlinebookkeeping

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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). Please review the Balance Sheet, Profit & Loss, and General Ledger. Let us know if you have any questions.

Sending the Potential 1099 Vendors (client's name) (month.year) spreadsheet without any Open Items questions

The Manager sends the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet to the Client using this email template.

(For the email template below: Copy, then paste as plain text)

Email header: Potential 1099 Vendors

Hi (Client first name),

Your Accounts have been reconciled through (month). Please review the Balance Sheet, Profit & Loss, and General Ledger. Let us know if you have any questions.

Also, attached is the list of potential 1099 Vendors. Please review the spreadsheet for accuracy:
1. Enter "Yes" or "No" in Column D.
2. If Column E says "No", email us that Vendor's signed W9 Form, which includes their Full Name, Address, and SSN/EIN. **Even if you have their old W9 Form from a previous year, ask them to fill out a current W9 as their information (Ex: EIN or address) may have changed.** Here is the link to a blank W9 if needed: https://www.irs.gov/pub/irs-pdf/fw9.pdf

Please return the Potential 1099 Vendors spreadsheet to this email at your soonest convenience.

Thank you,

Sending the Potential 1099 Vendors (client's name) (month.year) spreadsheet AND requesting the Client's EIN/SSN# (without Open Items questions)

If we do not have the Client's EIN/SSN# on file, the Manager sends the "Potential 1099 Vendors (client's name) (month.year)" spreadsheet to the Client using this email template:

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(For the email template below: Copy, then paste as plain text)

Email header: Potential 1099 Vendors

Hi (Client first name),

Your Accounts have been reconciled through (month). Please review the Balance Sheet, Profit & Loss, and General Ledger. Let us know if you have any questions.

Also, attached is the list of potential 1099 Vendors. Please review the spreadsheet for accuracy:
1. Enter "Yes" or "No" in Column D.
2. If Column E says "No", email us that Vendor's signed W9 Form, which includes their Full Name, Address, and SSN/EIN. **Even if you have their old W9 Form from a previous year, ask them to fill out a current W9 as their information (Ex: EIN or address) may have changed.** Here is the link to a blank W9 if needed: https://www.irs.gov/pub/irs-pdf/fw9.pdf
3. Please provide us with your EIN/SSN# and address for our records, so at year-end we can file on your behalf.

Please return the Potential 1099 Vendors spreadsheet to this email at your soonest convenience.

Thank you,

EMAIL REPLY to use when a Client, who has told us NOT to file 1099s for them, then asks us at the last minute for the Vendor list and amounts paid

Hi (Client first name),

Our new process for clients that want us to file 1099s on their behalf is to create a potential 1099 Vendors list each month to ensure accuracy. Since you didn't want us to file the 1099s, we haven't been doing this as part of our monthly process. We're happy to still provide a list though (see attached). Please also look through your financial reports in Quickbooks as well to double check if any Vendors are missing from this list.

Thank you,

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's first name),*

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In order to reconcile your Accounts as quickly and efficiently as possible, we need the Closing Date on the (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.***

You will need to call the Bank to do this. Please email us once updated so we can update our notes.

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,

Sending Mid-Year phone call check in offer with Open Items Questions

For the June reconciliation, the Manager includes, along with Open Items, an offer to the Client to schedule a Mid-Year review of the books with Jeff Kohn.

Email header: Open Items and Mid-Year phone call check in

Hi (Client first name),

1. *Attached are the Open Items. Complete the column labeled "Category/description". Please return the Open Items answers to this email at your soonest convenience.*

2. *Also, included in our services is a mid-year review of the bookkeeping. Please set up a time on Jeff's calendar (link below) to go over the numbers on the phone:*

http://www.meetme.so/streamlinebookkeeping

3. *Please log in to Quickbooks Online (qbo.intuit.com) before the call with Jeff.*

Thank you,

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Sending Mid-Year phone call check in offer without any Open Items questions

For the June reconciliation, the Manager emails confirmation that the accounts have been reconciled along with an offer to the Client to schedule a Mid-Year review of the books with Jeff Kohn.

> *Email header: (Month) Accounts and Mid-Year phone call check in*
>
> *Hi (Client first name),*
>
> *Your Accounts have been reconciled through (month). Please review the Balance Sheet, Profit & Loss, and General Ledger. Let us know if you have any questions.*
>
> *Also, included in our services is a mid-year review of the bookkeeping. Please set up a time on Jeff's calendar (link below) to go over the numbers on the phone:*
>
> *http://www.meetme.so/streamlinebookkeeping*
>
> ***Please log in to Quickbooks Online (qbo.intuit.com) before the call with Jeff.***
>
> *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 email 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*

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3. Please log in to Quickbooks Online (qbo.intuit.com) before the call with Jeff.

Thank you,

Sending Financial Reports

When we are using QB Application (not QBO) and need to send the Client financial 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. Please review the Balance Sheet, Profit & Loss, and General Ledger. Let us know if you have any questions.

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

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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 Reports 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:

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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 a part of the Accounts Receivable (A/R) process within QBO. This A/R process groups individual checks together to create a single deposit that matches the Bank statement's deposit. 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 Undeposited Funds; it should be $0 by the end of the month. Any outstanding balances need to be brought to the Manager'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 1-2 days later. If you do see a positive balance in this Account, double check the first couple 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

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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.

Review all Equity Accounts to ensure they do not contain business Income or business Expenses. Adding a transaction to an Equity Account in error is one of the largest mistakes we can make. Please be certain the transaction should be in Equity before adding any deposits or withdrawals to an Equity Account.

If unsure, it's always best to add to AMC. The reason is that the client shouldn't be putting personal transactions on their business Accounts, so it's also a good reminder to the client so they're aware they need to use personal Accounts for their personal transactions.

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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. If the Partner Investments are listed in Equity, only close out the Partner Draws.

Revenue

When onboarding 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 3 different common methods that Revenue is recorded in QBO. The Client Checklist template contains all 3, but once the Client is onboarded only 1 method will be kept on the Client Checklist:

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. Log on to the Bank and list the Customer's name. Exception: scan deposits for Expense refunds; these should net to the original Expense Account.

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 reviewed to see if we can find the original Expense. If the Client uses the Bill Pay feature via their Bank 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 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.

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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 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 Account. **There should be no Insurance Expenses in the Parent Account; all Insurance Expenses should be 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 listed only in the Sub Accounts**.

Payroll

Payroll should be entered on the **Bank's date** (the date the check cleared the Bank), not the **Pay Day** (the date issued on the payroll report (sometimes also called Pay Date)**.** This method of using the Bank's date is technically incorrect, as the Pay Day is the date that the W-2 corresponds with. But to use the Pay Day for each payroll run is often too labor intensive, so for December we'll use the Pay Day instead of the Bank's date. On the Client Checklist, there are payroll instructions in the December Year-End Tasks section to review any payroll amounts withdrawn in December, but the Pay Day was 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)

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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. The Taxes section is a crucial section to have categorized properly: we do not want to deduct personal tax payments on the Profit & Loss, nor put a business tax payment in an Equity Draw Account.

There should be no Taxes Expenses in the Parent Account; all Taxes Expenses should 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 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 the word "Expense" should 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 are the 5 main types of tax entities which will assist in categorization in the Chart of Accounts.

Sole Proprietorship

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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. 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 amount should be listed in Equity. Keep that amount as a separate line item, since the tax preparer will need that amount for the tax return each year. So that Amount should not get closed to Retained Earnings when closing out other Equity Accounts such as Shareholder's Draws.

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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).

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, the old live .qbw file is sitting in the Temp QB Files folder. You'll need to go into that folder and delete 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, clicking "Yes, I want to replace" will put the file into a Read Only version. It's a good routine to always delete the Client's .qbw file in the Temp QB folder 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 a "0" balance. This typically occurs if the data was transferred from QB application.

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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 should not 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 the report is 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 approximately 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

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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)

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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

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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)

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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 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 the common Banks.

Use the **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:

Once logged in, instructions are:
Account management, Access & Security Manager, Add New User

Info for new user:
Jeffrey Kohn
support@slbookkeeping.com
(510) 269-7325
(choose a username, 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

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Then email us the username, and Chase will send us an email to set up the password.

Citibank Instructions:
Regarding Citibank, view-only login isn't available. Dropbox is the software we use for document sharing.

Onboarding question for the Client since we can't set up a view-only login:

Do you use Dropbox? 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 username and password, select View Only for the Access Level for the Accounts you would like us to see. Then email the username and password to us.

Stripe Instructions:
Below are the view-only login instructions to invite us to Stripe:

https://support.stripe.com/questions/invite-team-members-or-developers-to-access-your-stripe-account

If Stripe asks for our information, please use the following:
Email: support@slbookkeeping.com
Phone: 510-269-7325

Other Bank/CCs that we know do not offer view-only login access:

Dropbox is the software we use 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.

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