



What the Heck is Undeposited Funds?

Why is it critical to your QuickBooks® Success?

By:
Scott Gregory, QuickBooks Specialist, CPA
Technology Consultant
President, Bottom Line Accounting Solutions, LLC





QuickBooks!

Get the insight and guidance you need to make QuickBooks work smarter for your business.

Boost Your Profits Right Now!!

Keep your business at fighting strength and out of fiscal trouble. I offer a wide range of insight and services in this area.

Software Selection and QuickBooks Add-On Products!

Stop the “geeks” from intimidating you and leading you to bad decisions for your business. Solutions and advice provided in plain English.

Better Bottom Line Accounting, LLC
We Know QuickBooks!

What the Heck is Undeposited Funds?

Contents:

Solving the Mystery (an introduction). . .	3
Where did undeposited funds come from?	3
Am I using the undeposited funds account properly?	4
The roadmap to success.	5
Do I have to use the undeposited funds account?	18
How can I fix problems with my undeposited funds account?	19
About the Author.	20
Request more information	21
Contact information	22

Solving the mystery

LET ME ASK YOU SOMETHING...

The last time you took your business deposit to the bank, did you use a separate deposit slip for each of the customer checks you were depositing? Or did you consolidate all the checks into one nice easy-to-use deposit slip?

Unless you have a very unique business, it is probably safe to say that you kept things simple and had one deposit slip containing the details about all of the checks.

Wouldn't you want the information in your QuickBooks check register to show the same thing – a total deposit figure?

I knew you would!

That is precisely why the Undeposited Funds account was created in QuickBooks. The Undeposited Funds account allows you to post each customer payment and reduce the balance of their account with you, AND consolidate the total of all those payments into one easy-to-use deposit value.

WHERE DID THE UNDEPOSITED FUNDS ACCOUNT COME FROM?

The first thing you need to know is this...

QuickBooks automatically created the Undeposited Funds account in your chart of accounts. You did absolutely nothing, yet this account appeared out of nowhere the very first day you started using QuickBooks. You will find it listed as an Other Current Asset in your chart of accounts:

♦Petty Cash	Bank
♦Checking	Bank
♦Savings	Bank
♦1200 · Accounts Receivable	Accounts Receivable
♦1120 · Inventory Asset	Other Current Asset
♦1400 · Undeposited Funds	Other Current Asset

Think of the Undeposited Funds account as simply a manila folder that accumulates copies of all the customer payments that you receive each business day. Once it is time to total all of those checks and deposit them, you simply empty this manila folder and put it aside to hold the copies of the customer checks you will receive tomorrow. The process of emptying the folder puts the total of the deposit into your check register in QuickBooks.