Four QuickBooks Blunders That Drive Your CPA Nuts!

Presented by Scott Gregory
Certified QuickBooks Enterprise Advisor, Intuit Premier Reseller, CPA
“What makes Scott Gregory unique amongst the QuickBooks Experts we have hired is his very practical approach to tailoring QuickBooks to our needs. His very in-depth knowledge of the “inner workings” of QuickBooks has transformed our operation in a very short time.

He may appear a bit more expensive than other QuickBooks experts until you realize that he covers in an hour what takes others many, and has made our operation smooth and stress-free through clever short-cuts so few know of.

I highly recommend him for setting up QuickBooks right. My employees know much more about QuickBooks now, as he has made it simple to use, and has showed us how to avoid issues in the future. In just a short time with Scott, he has made something which appeared daunting and difficult to use, simple and effective.

I now can sleep at night knowing that my business is under control, and I can accurately view the state of my business at any moment by simply opening QuickBooks. Scott has not only made this possible, but did so in a very cost-effective manner. “

- David Marcarian, President
  Precision Biometrics, Inc. / MyoVision

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How Scott Can Help You!

QuickBooks Answers and Insight!
Get the guidance you need to spend less time in QuickBooks and get better results.

Accounting, Finance and
Inventory Expertise
Keep your business at fighting strength and out of fiscal trouble.

Help with QuickBooks Add-ons
Unbiased insights you need to make the right choices for your business!

Discounts on QuickBooks Software!
Save big on your next upgrade to QuickBooks.

Contact Scott Today About QuickBooks
For the fastest response, email Scott at:
Scott@BetterBottomLine.com
Don’t let QuickBooks be a pain in the asset!

- Getting headaches from trying to figure out QuickBooks?
- Tired of hearing “accountant-speak” from your CPA?
- Frustrated with the QuickBooks tech support group?
- Discovered your accountant doesn’t know QuickBooks?

Help is here!
Benefit from having a trusted, professional advisor on your team at a fraction of the cost of fulltime staff. My clients enjoy our working relationship simply because I don’t talk “accounting or technology speak” – I can discuss your problems and offer solutions in plain English. See what my clients are saying about the help and insight I have provided for them.

Contact me for help before you throw up your hands in frustration! Working together, we can determine the extent of your QuickBooks problems and put a solution in place. Let’s get your QuickBooks and accounting problems ironed out soon!

Scott Gregory
QuickBooks Expert

“Your training has literally revolutionized the way we run things here. Everyone in our entire company- from Customer Service, Purchasing, Marketing, Shipping to Management has benefitted greatly from what you have taught us!

I couldn’t recommend your expertise more- I would tell any Quickbooks user that a session with you is mandatory. The ROI is literally 50 fold for our company.”

- Victoria Marquard-Schultz, Esq.,
General Counsel & Regulatory Director
Applied Home Healthcare Equipment, LLC
OK – the bean counters have spoken loud and clear to me on this one!

Without question, this blunder was right at the top of the list, leaving all the others in the dust.

Is This You?

Your CPA stops by the office “to do whatever it is they do” with your QuickBooks every month (or substitute other time frame here). They complete their work and go on about their merry way. In many cases, all you know about what they did while visiting is that they “reviewed the financials a bit” and “made some adjustments.”

Lo and behold, the boss comes to you several weeks later and says “we’ve got a problem”. The invoice sent out last month on the Smith project wasn’t right – we overcharged them by $1,000, and you need to fix it NOW and get them a new copy so they will pay it!

Always taking your cues from the boss, you promptly look up the Smith invoice in QuickBooks, and….

Make it $1,000 less, just like the boss asked you to do!

Guess what just happened?

The QuickBooks figures your CPA worked feverishly on last month just changed. UGH! They hate that. They really, really do!

Same goes for this scenario…

You realize you have double-posted a vendor bill to the job materials expense account, but you don’t realize it until two months later. Wanting it fixed, you search for the duplicate vendor bill and delete it. UGH! Your CPA just went nuts again.

All kidding aside, once your CPA “closes” an accounting period, they don’t want you going back in and changing OR deleting anything that relates to those numbers. By fixing an old invoice or deleting a duplicate bill in our examples above, you’ve done just that. The same holds true even if you are doing your own accounting work – once a month is closed, it’s closed. Do not post entries of any sort into a closed month. Make whatever correction is necessary in the current month instead.
An Ounce of Prevention

QuickBooks provides just the cure you’ve been looking for to remedy this problem. It is a feature called the “Closing Date” and it is very easy to use and will aid in the prevention of posting entries to closed periods (and giving your CPA chest pains!)

Here’s how to access it (assuming you are the administrator of your QuickBooks company file):

• Click Company in the menu bar, then “Set Closing Date” A screen like this will appear:

• Click the “Set Date/Password” button and this window will appear:

• Enter the date of your recent closed accounting period in the “Closing Date” box and click OK to save your changes.

- BONUS TIP: If you are either “click happy” and tend to click OK to any box that pops up to get it out of your way or have multiple users in QuickBooks, make sure to enter a “Closing Date Password” in the box in addition to just the “Closing Date”. This forces you to enter the “secret word” any time you (or others) attempt to post something into a closed period.

- BONUS TIP #2: You will need to change the date in the “Closing Date” field manually at the end of each month. QuickBooks does not do that automatically for you. Set a Reminder (Company > Reminders) to ensure you don’t forget to update this critical box!
Bottom Line

Entering and changing transactions in closed accounting periods can be a huge problem for both the business and the outside CPA. In fact, it is one of the main reasons that I frequently hear accountants knocking QuickBooks. “It’s too easy to change stuff and mess up my monthly work” is the common refrain.

Fortunately, this doesn’t have to be a significant problem. Wisely using the “Closing Date” and related “Closing Date password” can reduce and even eliminate these concerns. Try it – you will not be disappointed!

“I really appreciate your attention to detail, your detailed explanations for customers and their options, and keeping me in the loop. I have confidence when I recommend you to folks that you will provide a quality level of service and competency worthy of my referral. Thanks Scott. I appreciate having you as a resource for my QuickBooks customers.”

- Geoff Dolan, MCSE, A+ Technician, MCP
  Malachi Computer Consultants
Let’s be honest – reconciling your bank and credit card accounts each month is about as much fun as watching paint dry, isn’t it?

However, this “reconciliation process” (in non-accounting speak: comparing your balance on your bank statement to your QuickBooks balance) is an absolutely critical step that needs to be taken each month to ensure the integrity of your accounting records.

QuickBooks makes the reconciliation process quite easy. Click Banking > Reconcile, enter the first set of values (bank statement date, ending balance of account, etc.) on this screen and then click Continue:

You then get to a screen that lists your checks and payments on the left side and deposits on the right side of the screen. The goal here is to check off those deposits and checks that have cleared the bank, working toward a difference in the lower right hand corner of the screen of $0.00 (this means that all is well – your bank and QuickBooks are in balance).

BLUNDER #2: Using the “Reconcile Now” button when reconciling bank and/or credit card accounts that are not anywhere close to being in balance!

OOPS!
Normally, you want to take the time and investigate any differences being reported here. In many cases, you can quickly track down the problem transaction and fix it or enter the transaction that is showing up on your bank statement but not just yet in QuickBooks.

**Temptation:** Clicking the “Reconcile Now” button because you don’t want to investigate the difference being reported.

Unfortunately, things don’t always work out and the difference isn’t always $0.00. In my experience, if your difference is less than $100 or so, using the Reconcile Now button is a quick way to save time and helps you avoid tracking down a small difference.

**True Story:** A client set a rule that if their difference was $75 or less each month, they didn’t have to investigate. If more, they did. Their boss was perfectly fine with that approach.

If your difference is significant (in the screen shot above, the difference is over $20,000!), you do NOT want to hit the Reconcile Now button.

**What Happens When You “Reconcile Now”?**

QuickBooks obeys your command and instantly makes everything in balance! Behind the scenes, QuickBooks posts an entry into your books to make your bank account match that reported on the bank statement. The entry is posted to an expense account called “Reconciliation Discrepancies”. It then shows up front and center on your Profit and Loss report (this is not a good thing in most cases).

Guess who then has some explaining to do to your CPA when they come asking how these figures got into the “Reconciliation Discrepancies” account? That would be you…

**Bottom Line**

It is essential that the reconciliation process be done on a timely basis each month. Just as important, any significant discrepancies reported on the reconciliation screen need to be investigated and corrected. Use the “Reconcile Now” button only after you have done a complete investigation as to why the discrepancy exists and understand the impact the “Reconcile Now” button has on the financial reports of the business.
Quick, look at your chart of accounts (Lists > Chart of Accounts) under Repairs Expense. Do you see Building Repairs, Computer Repairs, and Equipment Repairs listed? (bet you do if you used one of the default QuickBooks chart of accounts when you created your company file!).

Do you really need to have three different repair accounts?

My answer - no, you don't.

Why not? QuickBooks provides the ability to “drill down” into any report to show how the number was created. For example, you can run a Profit and Loss report that shows each expense account in total (our repairs expense example below):

```
<table>
<thead>
<tr>
<th>Repairs</th>
<th>220.00</th>
</tr>
</thead>
</table>
```

You can then easily double-click on the number in the report so that QuickBooks then displays all the detailed transactions as shown below:

<table>
<thead>
<tr>
<th>Type</th>
<th>Date</th>
<th>Item</th>
<th>Adj</th>
<th>Name</th>
<th>Memo</th>
<th>Clk</th>
<th>Split</th>
<th>Debit</th>
<th>Credit</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repairs</td>
<td>11/01/2007</td>
<td>228</td>
<td></td>
<td>Kitchen Computer</td>
<td>VOID</td>
<td></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Credit Card Charge</td>
<td>11/05/2007</td>
<td>A105</td>
<td></td>
<td>Mendezo Mechanics</td>
<td>QuickBooks C</td>
<td></td>
<td></td>
<td>45.00</td>
<td>45.00</td>
<td></td>
</tr>
<tr>
<td>General Journal</td>
<td>11/06/2007</td>
<td>A105</td>
<td></td>
<td>reclass Men...</td>
<td>Repairs</td>
<td></td>
<td></td>
<td>45.00</td>
<td>45.00</td>
<td>90.00</td>
</tr>
<tr>
<td>General Journal</td>
<td>11/02/2007</td>
<td>A105</td>
<td></td>
<td>reclass Men...</td>
<td>Repairs</td>
<td></td>
<td></td>
<td>45.00</td>
<td>45.00</td>
<td>90.00</td>
</tr>
<tr>
<td>Bill</td>
<td>12/12/2007</td>
<td>20001</td>
<td></td>
<td>Levin Plumbing</td>
<td>Partial paid w...</td>
<td></td>
<td></td>
<td>175.00</td>
<td>175.00</td>
<td>220.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>265.00</td>
<td>45.00</td>
<td>220.00</td>
</tr>
</tbody>
</table>

Timesaver

If you have been using QuickBooks for a while, take the time to review your chart of accounts with your accountant to see if it can be downsized. If you are new to QuickBooks, get your accountant (or QuickBooks advisor) involved at the beginning to create a very simple, yet functional, chart of accounts that is specific to your business.

There is no “rule of thumb” to share with about how many accounts are “too many”. However, it is safe to say that you are better off working from a smaller base and then expanding it if the need arises, rather than working from a massive list and trying to trim it down later.

Bonus Tip!

If you do determine that some accounts can be eliminated, you will not be able to simply delete them in QuickBooks. Your best bet is to make the account inactive instead so that future entries are not posted to them. Simply right-click on the account name in the chart of accounts and select “Make Account Inactive”.

OOPS! BLUNDER #3: Using a chart of accounts that is far too complicated for any business other than General Motors!

BLUNDER #3: Using a chart of accounts that is far too complicated for any business other than General Motors!
Every time I teach my introductory QuickBooks class, we get to the topic of creating new accounts in the chart of accounts. Without fail, the students simply assume they need to make an entry in the “tax line mapping” box when they are creating a new account so their accountant will know how to deal with things at tax time (see screen shot below).

**Timesaver**

Don’t Waste Your Time With This Feature!

Why not? Two very good reasons come to mind:

1. If you are in the majority that are already somewhat confused by the choices available to you when creating a new account in QuickBooks (i.e. other current asset, income, expense, etc.), the choices available to you in the “tax line mapping” field are enough to make your head explode.

2. Your “tax guy” uses their own software to create your tax returns anyway. Believe me when I say it is far more efficient for them to take the raw financial information from your financial statements (profit and loss, balance sheet) and re-enter it into their tax software. If you attempt to use the “tax line mapping” feature, chances are good you’ll make the wrong choices. Then your “tax guy” will have to spend even more time trying to unwind those decisions and making things right. Unless you have specifically discussed this issue with your accountant ahead of time, skip the “tax line mapping” – it will save you money in the long run for sure.
Run a quick scan of your mental hard drive:

Do you remember the QuickBooks commercial a couple of years ago? It showed a small business owner sitting at his computer smiling from ear to ear while the announcer came on and said – “you can be up and running in just 15 minutes with our easy-to-use QuickBooks software”.

Ha ha. That’s one of the funniest lines I’ve heard in a long time!

In fact, I imagine there were a number of accountants out there laughing and saying “cha-ching” to themselves when they saw the commercial.

The reason they were laughing? They had seen many examples of just that – business owners that tried to get their QuickBooks set up in 15 minutes, and the resulting disasters that followed. That same unfortunate scenario is played out thousands of times each year by business owners that have decided to “automate their bookkeeping with QuickBooks”.

What they should have said…

Rather than saying “you can be up and running in just 15 minutes with our easy-to-use QuickBooks software”, I’ve always maintained the announcer should have said “you can get the QuickBooks software installed on your computer in 15 minutes. Learning how to use it correctly will take longer.” While it most likely wouldn’t have sold as many copies of the software itself, it would have been much, much more accurate (and realistic!).

It’s true:

There is a huge difference between using QuickBooks and using QuickBooks correctly. It is absolutely essential that you get the proper training and insight on how to use it correctly for the specific needs of your business. The learning process doesn’t have to take weeks or months to accomplish. Several focused sessions of two to three hours can provide much of the insight you need to maximize your results from QuickBooks and provide the best financial information about your business possible.

If you are new to QuickBooks, now is the perfect time to get a trusted QuickBooks resource such as me involved in your setup and training. There is nothing better than getting it done right the first time.
If you have been using QuickBooks for a while, it’s not too late to make sure it is on the right track. You probably already know where your trouble spots are, since your accountant nags you about problems or errors in your information at tax time every year (or even worse, they have stopped nagging you and simply spend extra time (and fees) to correct them!

✪ Bottom Line

Getting the proper QuickBooks insight and training is an investment that should definitely lower your accounting fees in the future! When you talk about a positive return on investment, this is surely one of those situations. Your accountant won’t have to go through your financial records two or three times to figure out what the heck you did in QuickBooks over the last year. Let’s talk soon!
Take the guesswork out of using QuickBooks for your financial needs – get the help of a trusted QuickBooks expert that has been helping businesses for years:

**One-To-One Consultation**
Let me help resolve areas of confusion and ensure you are using QuickBooks the right way—don’t waste time sitting in a “QuickBooks class” and then discover the class doesn’t answer your specific questions! We can meet on-site or over the Internet for as little as an hour, or as long as it takes to get things right!

**Initial Quickbooks Setup**
Just starting with QuickBooks? If your company data file is not set up correctly, you will be paying for it over and over again in higher accounting fees and troubleshooting expenses. Ensure you start your QuickBooks journey with a solid foundation! Don’t blow this critical step in your QuickBooks journey.

**Unlock The Secrets To Using QuickBooks More Effectively**
Take advantage of my expertise to work with you and your staff and adapt QuickBooks to the specific needs of your business. You don’t even have to leave the office!

**Troubleshooting/Problem Resolution**
Working together, we can determine the extent of your QuickBooks problems and put a solution in place to prevent them from happening again. Let’s talk before you toss your computer out the window!

**Conversion From An Existing System**
Tap into my expertise to help minimize the pains of converting to QuickBooks and ensure success for you and your team! Moving from your existing accounting software to QuickBooks doesn’t have to be a scary or budget-busting event.

**Help Selecting The Right QuickBooks Add-On Software**
Trying to extend the functionality of QuickBooks? Avoid the classic mistakes many businesses do when looking for new software, especially packages that integrate with QuickBooks. Work with a QuickBooks expert to ensure your success.

> “Just wanted to say thanks for being there!”  
- Linda Butterfield, Butterfield Electric
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About Scott Gregory
Certified QuickBooks Enterprise Advisor and Intuit Premier Reseller

Scott has been helping businesses “get it right” with their QuickBooks and business finances for over thirty years.

During that time, he has assisted well over 1,000 businesses, with services such as QuickBooks software installation, training and coaching sessions, and his “Better Profits Now” program.

Prior to starting his own practice, Scott served as the CFO for a $15 million manufacturing firm for more than ten years. During his tenure as CFO, Scott was responsible for: $4 million in inventory, $4 million in accounts receivable, inventory control, purchasing, information technology and banking relationships.

He is a member of the Certified QuickBooks ProAdvisor program, a CPA, and certified in integrated resource management (CIRM) by APICS. Scott has taught hundreds of business owners, bookkeepers, and CPAs how to use QuickBooks effectively and efficiently through local community colleges and via webinars.

Thousands of QuickBooks users rely on Scott’s QuickBooks Blog for insight, tips and tricks each and every month.

Contact Scott Today!
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