



# Bookkeeping 101

Setting up your back office to give you the confidence to own your numbers.



## Week 1 Review:

Make sure your company info is correct in your QuickBooks

Discuss cash vs accrual with your accountant



# Week 2 Review:

## Chart of Accounts

- Bank Accounts
- Credit Cards
- Other Current Liabilities (debts)
- Income
- Cost of Goods Sold
- Expenses (overhead expenses or expenses not directly related to a product sold)

Expenses sub accounts are of interest to the IRS.

Double check with your accountant that you are within averages.



# Week 3 Review

Enter client lists

Enter projects

Tags

Vendors

Tracking for 1099

Product list

Entering receipts



# Week 4 Review

Enter bills

Enter checks

Enter invoices

Receive payment to invoice

Create a deposit

Reconcile statements



## Goals for this week:

- Use Profit and Loss statement to inform your business
- See what bills you have coming up
- Look at money owed to you
- A few accounting basics



## But first, a few answers to your questions:

- QuickBooks will show the sales tax as due on the date of the invoice
- MyDoma will not push a negative invoice into QB
- My thoughts on software selection



# Homework Review

How did it go entering bills, checks or invoices?





# Profit and Loss

Referred to as P&L

*The profit and loss (P&L) statement is a financial statement that summarizes the revenues, costs, and expenses incurred during a specified period, usually a fiscal quarter or year. The P&L statement is synonymous with the income statement. These records provide information about a company's ability or inability to generate profit by increasing revenue, reducing costs, or both. Some refer to the P&L statement as a statement of profit and loss, income statement, statement of operations, statement of financial results or income, earnings statement or expense statement.*

(quoted from an article By NATHAN REIFF Reviewed By JULIUS MANSA Updated Apr 28, 2020 from investopedia.com)

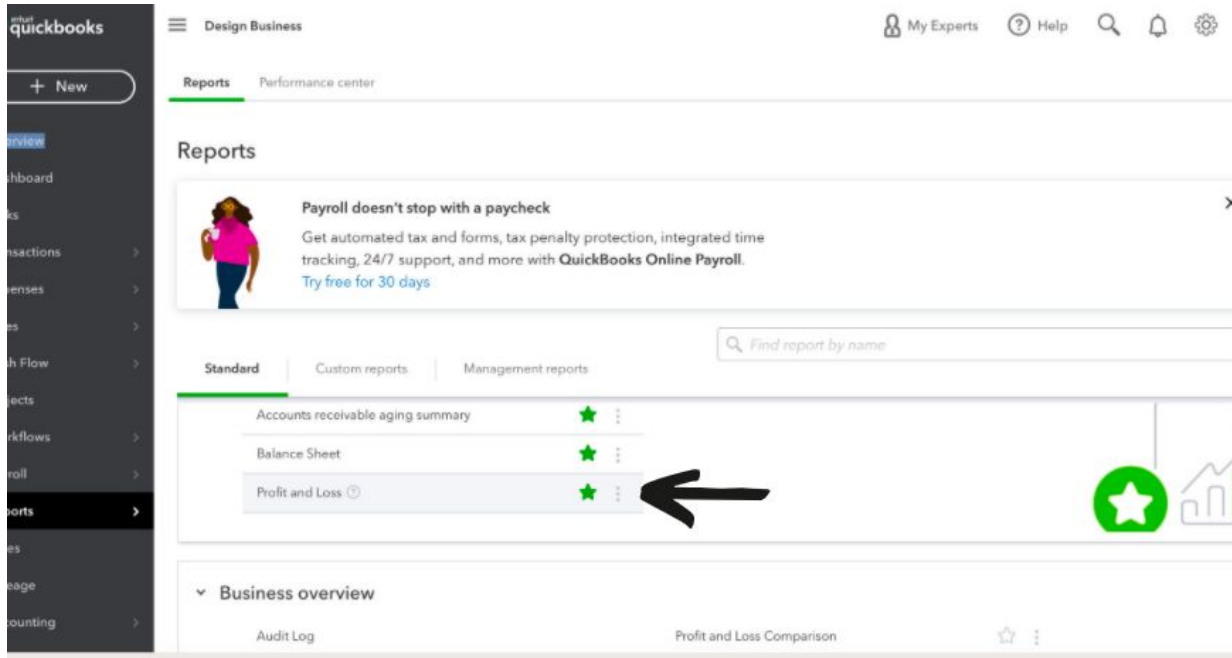


# Profit and Loss

The screenshot shows the QuickBooks Design Business dashboard. The left sidebar contains navigation options: Overview, Dashboard, Tasks, Transactions, Expenses, Sales, Cash Flow, Projects, Workflows, Payroll, Reports, Taxes, Mileage, and Accounting. The main content area is titled "Design Business" and includes a "Business overview" tab. A "CASH FLOW" section displays a total of \$3,381 for 12 months, with a bar chart showing "Money in" (green) and "Money out" (blue) for each month from November to October. A large black arrow points to the "Reports" menu item in the sidebar. Below the cash flow chart, there are three summary cards: "PROFIT AND LOSS" showing a net income of \$19,139 for this year, "EXPENSES" showing \$7,137 for the last 30 days, and "BANK ACCOUNTS" for Chase Checking Account with a bank balance of \$3,380.86 and a QuickBooks balance of \$3,226.36.



# Profit and Loss



The screenshot shows the QuickBooks interface. On the left is a dark sidebar with navigation options. The main content area is titled 'Design Business' and 'Reports'. A banner for 'Payroll doesn't stop with a paycheck' is visible. Below it, there are tabs for 'Standard', 'Custom reports', and 'Management reports'. A search bar contains the text 'Find report by name'. A table lists reports: 'Accounts receivable aging summary', 'Balance Sheet', and 'Profit and Loss'. A large black arrow points to the 'Profit and Loss' row. At the bottom, there is a 'Business overview' section with 'Audit Log' and 'Profit and Loss Comparison' options.

Report Name	Star	More
Accounts receivable aging summary	★	⋮
Balance Sheet	★	⋮
Profit and Loss ⓘ	★	⋮



# Profit and Loss

Design Business	
PROFIT AND LOSS	
January 1 - October 28, 2020	
	TOTAL
Income	
Sales	35,542.00
Sales of Product Income	960.00
<b>Total Income</b>	<b>\$36,502.00</b>
Cost of Goods Sold	
Cost of Goods Sold	7,029.12
Shipping, Freight & Delivery - COS	86.00
<b>Total Cost of Goods Sold</b>	<b>\$7,115.12</b>
<b>GROSS PROFIT</b>	<b>\$29,386.88</b>
Expenses	
Bank Charges & Fees	210.00
Contractors	573.75
Insurance	450.00
Legal & Professional Services	5,500.00
Meals & Entertainment	70.85
Office Supplies & Software	443.00
Rent & Lease	3,000.00
<b>Total Expenses</b>	<b>\$10,247.60</b>
<b>NET OPERATING INCOME</b>	<b>\$19,139.28</b>
<b>NET INCOME</b>	<b>\$19,139.28</b>

← Sort by useful dates.



# Profit and Loss | Sorted by Client

The screenshot shows the QuickBooks interface for a Profit and Loss Report. The report is for 'Design Business' and covers the period from 01/01/2020 to 12/31/2020. The report is sorted by 'Clients'. The 'Run report' button is highlighted with a black arrow. The 'Display columns by' dropdown is also highlighted with a black arrow.

**Design Business**  
**PROFIT AND LOSS**  
January - December 2020

	JENNIFER ANTHONY	JOHN SMITH	MS JANE SMITH	STEVE SMITH	NOT SPECIFIED	TOTAL
Income						
Sales	542.00		30,000.00	5,000.00		\$35,542.00



# Profit and Loss | Sorted by Client

## Design Business

### PROFIT AND LOSS

January - December 2020

	JENNIFER ANTHONY	JOHN SMITH	MS JANE SMITH	STEVE SMITH	NOT SPECIFIED	TOTAL
<b>Income</b>						
Sales	542.00		30,000.00	5,000.00		\$35,542.00
Sales of Product Income	960.00					\$960.00
<b>Total Income</b>	<b>\$1,502.00</b>	<b>\$0.00</b>	<b>\$30,000.00</b>	<b>\$5,000.00</b>	<b>\$0.00</b>	<b>\$36,502.00</b>
<b>Cost of Goods Sold</b>						
Cost of Goods Sold	1,025.12	2,000.00			4,004.00	\$7,029.12
Shipping, Freight & Delivery - COS					86.00	\$86.00
<b>Total Cost of Goods Sold</b>	<b>\$1,025.12</b>	<b>\$2,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$4,090.00</b>	<b>\$7,115.12</b>
<b>GROSS PROFIT</b>	<b>\$476.88</b>	<b>\$-2,000.00</b>	<b>\$30,000.00</b>	<b>\$5,000.00</b>	<b>\$-4,090.00</b>	<b>\$29,386.88</b>
<b>Expenses</b>						
Bank Charges & Fees					210.00	\$210.00
Contractors		573.75				\$573.75
Insurance					450.00	\$450.00
Legal & Professional Services					5,500.00	\$5,500.00
Meals & Entertainment	30.85				40.00	\$70.85
Office Supplies & Software					443.00	\$443.00
Rent & Lease					3,000.00	\$3,000.00
<b>Total Expenses</b>	<b>\$30.85</b>	<b>\$573.75</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$9,643.00</b>	<b>\$10,247.60</b>
<b>NET OPERATING INCOME</b>	<b>\$446.03</b>	<b>\$-2,573.75</b>	<b>\$30,000.00</b>	<b>\$5,000.00</b>	<b>\$-13,733.00</b>	<b>\$19,139.28</b>
<b>NET INCOME</b>	<b>\$446.03</b>	<b>\$-2,573.75</b>	<b>\$30,000.00</b>	<b>\$5,000.00</b>	<b>\$-13,733.00</b>	<b>\$19,139.28</b>



# Profit and Loss | Year Over Year

The screenshot shows the QuickBooks interface for a Profit and Loss Report. The left sidebar contains navigation options: Overview, Dashboard, Tasks, Transactions, Expenses, Sales, Cash Flow, Projects, Workflows, Payroll, Reports (highlighted), Taxes, and Mileage. The main content area is titled "Profit and Loss Report" for "Design Business". It includes a "Report period" dropdown set to "This Year-to-date", date fields for "01/01/2020" to "10/28/2020", and buttons for "Customize", "Save customization", and "Run report". A "Report period" dropdown menu is open, showing options like "Yesterday", "Recent", "Last Week", "Last Month", "Last Quarter", "Last Year", and "Last Year-to-date" (highlighted). A table below the report shows columns for "JENNIFER ANTHONY", "JOHN SMITH", "MS. JANE SMITH", "STEVE SMITH", "NOT SPECIFIED", and "TOTAL". The "Sales" row shows values of 542.00, 30,000.00, 5,000.00, and 35,542.00. Two black arrows point to the "Run report" button and the "Last Year-to-date" option in the dropdown menu.

	JENNIFER ANTHONY	JOHN SMITH	MS. JANE SMITH	STEVE SMITH	NOT SPECIFIED	TOTAL
Sales	542.00	30,000.00	5,000.00			35,542.00



# Accounts Payable

Keep tabs on money bills that are coming up.

A screenshot of the QuickBooks web interface. The left sidebar shows the navigation menu with 'Reports' selected. The main content area shows the 'Reports' page with a search bar containing the text 'accounts'. A dropdown menu is open below the search bar, listing several report options. The first option, 'Accounts payable aging detail', is highlighted in green and has a black arrow pointing to it from the right. Other options include 'Accounts payable aging summary', 'Accounts receivable aging detail', and 'Accounts receivable aging summary'. At the top of the page, there is a navigation bar with 'Design Business', 'My Experts', 'Help', and search, notification, and settings icons. Below the navigation bar, there is a 'Payroll doesn't stop with a paycheck' promotional banner. At the bottom of the page, there is a 'Smart reporting' section with a 'Get Started' button and a 'Take a tour' link.





# Accounts Payable

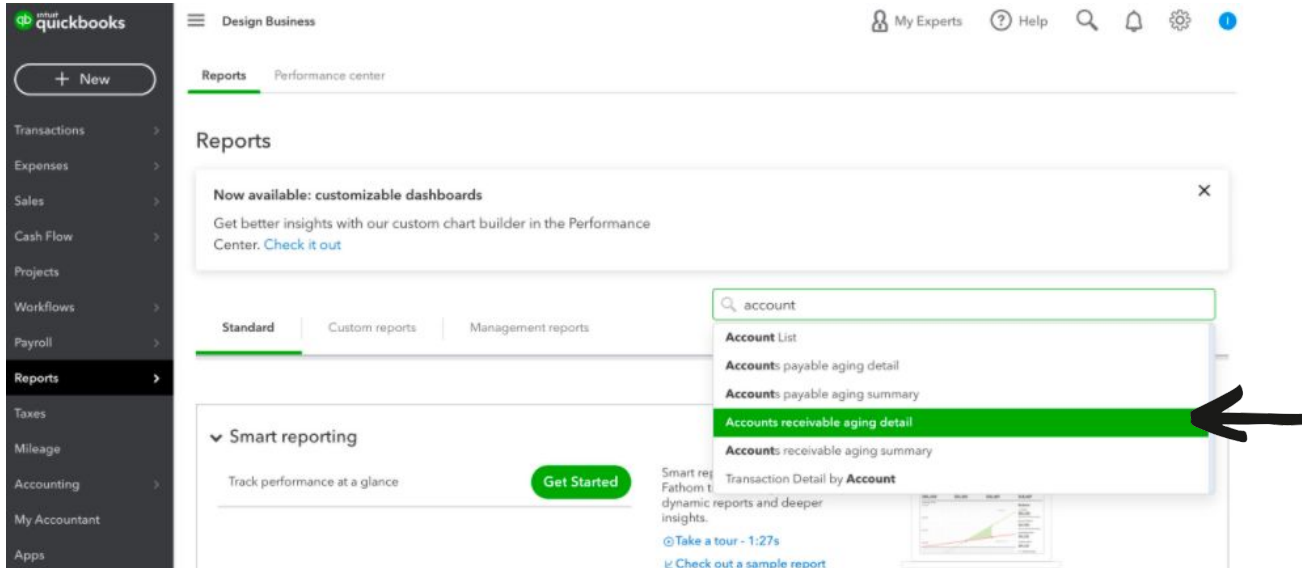
The screenshot shows the Accounts Payable Aging Detail report in QuickBooks. The report is titled "Design Business" and "A/P AGING DETAIL As of October 28, 2020". It displays a table with columns for DATE, TRANSACTION TYPE, NUM, VENDOR, DUE DATE, PAST DUE, AMOUNT, and OPEN BALANCE. The data is categorized into "1 - 30 days past due" and "Current".

DATE	TRANSACTION TYPE	NUM	VENDOR	DUE DATE	PAST DUE	AMOUNT	OPEN BALANCE
▼ 1 - 30 days past due							
10/08/2020	Bill		Kravet	10/08/2020	20	2,000.00	2,000.00
<b>Total for 1 - 30 days past due</b>						<b>\$2,000.00</b>	<b>\$2,000.00</b>
▼ Current							
10/06/2020	Bill		Kravet	11/02/2020	-5	2,000.00	2,000.00
<b>Total for Current</b>						<b>\$2,000.00</b>	<b>\$2,000.00</b>
<b>TOTAL</b>						<b>\$4,000.00</b>	<b>\$4,000.00</b>

Wednesday, October 28, 2020 08:19 PM GMT-05:00



# Accounts Receivable



The screenshot shows the QuickBooks interface for the 'Design Business' account. The left sidebar contains navigation options: Transactions, Expenses, Sales, Cash Flow, Projects, Workflows, Payroll, Reports (highlighted), Taxes, Mileage, Accounting, My Accountant, and Apps. The main content area is titled 'Reports' and includes a 'Performance center' link. A notification banner at the top states 'Now available: customizable dashboards'. Below this, there are tabs for 'Standard', 'Custom reports', and 'Management reports'. A search bar contains the text 'account', and a dropdown menu lists several report options: 'Account List', 'Accounts payable aging detail', 'Accounts payable aging summary', 'Accounts receivable aging detail' (highlighted in green with a black arrow pointing to it), and 'Accounts receivable aging summary'. A 'Smart reporting' section is also visible, featuring a 'Get Started' button and a 'Transaction Detail by Account' report.



# Accounts Receivable

The screenshot displays the QuickBooks interface for a business named "Design Business". The left sidebar shows navigation options like Transactions, Expenses, Sales, Cash Flow, Projects, Workflows, Payroll, Reports (highlighted), Taxes, Mileage, Accounting, My Accountant, and Apps. The main content area shows the "Reports" section with "Performance center" selected. The report title is "Design Business A/R AGING DETAIL As of October 28, 2020". Below the title is a table with columns: DATE, TRANSACTION TYPE, NUM, CLIENT, DUE DATE, AMOUNT, and OPEN BALANCE. The table lists three categories of aging: 91 or more days past due, 1-30 days past due, and Current. Each category includes a total row. The overall total is \$120,000.00.

DATE	TRANSACTION TYPE	NUM	CLIENT	DUE DATE	AMOUNT	OPEN BALANCE
+ 91 or more days past due						
05/01/2017	Invoice	1009	Steve Smith	06/30/2017	10,000.00	10,000.00
<b>Total for 91 or more days past due</b>					<b>\$10,000.00</b>	<b>\$10,000.00</b>
+ 1 - 30 days past due						
10/08/2020	Invoice	1005	Ms Jane Smith	10/10/2020	100,000.00	100,000.00
<b>Total for 1 - 30 days past due</b>					<b>\$100,000.00</b>	<b>\$100,000.00</b>
+ Current						
10/28/2020	Invoice	1013	Steve Smith	11/27/2020	10,000.00	10,000.00
<b>Total for Current</b>					<b>\$10,000.00</b>	<b>\$10,000.00</b>
<b>TOTAL</b>					<b>\$120,000.00</b>	<b>\$120,000.00</b>

Wednesday, October 28, 2020 08:24 PM GMT-05:00



# Some Accounting Basics

Kind of Account	Debit	Credit
<b>Asset</b>	<b>Increase</b>	Decrease
Liability	Decrease	<b>Increase</b>
Income/Revenue	Decrease	<b>Increase</b>
<b>Expense/Cost/Dividend</b>	<b>Increase</b>	Decrease
Equity/Capital	Decrease	<b>Increase</b>



# Why That Matters

## Design Business

### STATEMENT OF CASH FLOWS

January 1 - October 29, 2020

	TOTAL
<b>OPERATING ACTIVITIES</b>	
Net Income	29,139.28
Adjustments to reconcile Net Income to Net Cash provided by operations:	
Accounts Receivable (A/R)	-110,000.00
Accounts Payable (A/P)	4,000.00
Credit Card	516.12
Client Deposit	67,900.00
District of Columbia Treasurer Payable	2,167.20
<b>Total Adjustments to reconcile Net Income to Net Cash provided by operations:</b>	<b>-35,416.68</b>
<b>Net cash provided by operating activities</b>	<b>\$ -6,277.40</b>
<b>FINANCING ACTIVITIES</b>	
Opening Balance Equity	4,055.55
Owner's Pay & Personal Expenses	-1,849.08
<b>Net cash provided by financing activities</b>	<b>\$2,206.47</b>
<b>NET CASH INCREASE FOR PERIOD</b>	<b>\$ -4,070.93</b>
<b>CASH AT END OF PERIOD</b>	<b>\$ -4,070.93</b>