



Three Hour Intensive

November 17, 2022

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Who am I?

- Public Accounting Since 2002
- Founder of The Designer CPA
- Masters Degree, Taxation
- Masters Degree, Secondary Education
- Adjunct Professor, Financial Accounting and Taxation Classes



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Monthly Bookkeeping Checklist

- Confirm all bank and credit card accounts have been reconciled through the previous month end
- Review the Aged Accounts Receivable Report
- Review Open Client Deposits by Project
- Review the Aged Accounts Payable Report
- Review Open Vendor Deposit Report by Project
- Review All Work In Progress Items to ensure that clients are being invoiced in a timely fashion
- Review the Balance Sheet
- Review the Profit and Loss Statement





HOW TO CHECK ON WHEN YOUR ACCOUNTS WERE LAST RECONCILED

If you have a bookkeeper or a team member in charge of reconciling each bank and credit card account, you can check to see when the last time each account was reconciled by going to the “Bank Register” screen.

The screenshot shows the QuickBooks Accountant interface. On the left is a sidebar with navigation options: '+ New', 'YOUR PRACTICE', 'Clients', 'Team', 'ProAdvisor', 'Work', and 'Apps'. The main header includes 'qb Accountant', 'GO TO QUICKBOOKS', 'Accountant Tools', 'Help', and a search bar. The main content area is titled 'Bank Register' for the 'Capital One 360 Savings' account. It shows an ending balance of \$11,239.72 and a 'Reconcile' button. The text 'Reconciled through 12/31/2019' is highlighted with two orange arrows. Below this is a table with columns: DATE, REF NO., PAYEE, MEMO, CLASS, PAYMENT, and DEPOSIT. The table has a filter set to 'All' and a 'Go to: 1 of 1' indicator. The first row of the table shows the date '08/15/2020' and placeholder text for other fields.

DATE	REF NO.	PAYEE	MEMO	CLASS	PAYMENT	DEPOSIT
	TYPE	ACCOUNT		LOCATION		
08/15/2020	Ref No.	Payee	Memo	Class	Payment	Deposit



HOW TO CHECK ON WHEN YOUR ACCOUNTS WERE LAST RECONCILED

Design Manager Pro Cloud [Vita Nova Designs]

FILE PROJECT ACCOUNTING INVENTORY VIEW

Client Invoices Accounts Receivable Point of Sale Receipts Cash Returns & Credits A/R Reports Bills & Invoices Payments & Checks Checkbook & Reconcile Accounts Payable Credit Cards & Reconcile Returns & Credits A/P Reports Accounts Journal Entries Transaction Search General Ledger Financial Statements Reports G/L Reports Vendors / Payees Clients Employees Lists and Glossaries Sales Tax Codes Sales Categories Tasks & Appointments Review & Send Tasks

Account: 10010 - Cash - Operating Date: 10/2022 Show Voids

DATE	CHECK NO.	CLR	VENDOR CODE	PAYEE / DESCRIPTION	PAYMENT (-)	DEPOSIT (+)	BALANCE
10/1/2022		<input checked="" type="checkbox"/>		Prev. Mo. Balance		23,546.13	23,546.13

Reconcile Cash

Account: 10010 - Cash - Operating Statement Ending Date: 10/31/2022 Statement Ending Balance: 23,546.13 Start ->

CLR	SUM	CHECK #	DATE	AMOUNT	PAYEE
<input type="checkbox"/>		01000	2/5/2022	100.00	ABC Computer Supply
<input type="checkbox"/>		10000	5/25/2019	200.00	NRG Energy, Inc
<input type="checkbox"/>		10001	5/25/2019	1,500.00	Princeton Real Estate Group
<input type="checkbox"/>		10002	5/25/2019	300.00	Verizon
<input type="checkbox"/>		10003	6/23/2019	1,250.00	America's Mattress
<input type="checkbox"/>		10004	6/23/2019	1,250.00	Baker, Knapp and Tubbs
<input type="checkbox"/>		10005	6/23/2019	1,492.50	Bungalow5
<input type="checkbox"/>		10006	6/23/2019	360.00	Phillip Jeffries Ltd.
<input type="checkbox"/>		10007	10/10/2019	1,857.50	Bungalow5

CLR	SUM	SLIP #	DATE	AMOUNT
<input type="checkbox"/>		060110	5/1/2019	10,000.00
<input type="checkbox"/>		VISA	6/1/2019	5,000.00
<input type="checkbox"/>		071610	6/16/2019	16,915.45
<input type="checkbox"/>		072310	6/23/2019	1,980.68

Check Totals: Sum 0.00 Cleared Checks 0.00 Service Charges 0.00

Deposit Totals: Sum 0.00 Cleared Deposits 0.00

Statement Balance as of 10/31/2022	23,546.13
Deposits in Transit	+ 33,896.13
Outstanding Checks	- 10,350.00
Balance	= 47,092.26
Computer Balance as of 10/31/2022	23,546.13
Difference	23,546.13

Buttons: Bank File, History, Print, Accept



HOW TO CHECK ON WHEN YOUR ACCOUNTS WERE LAST RECONCILED

Accounts Receivable | Accounts Payable | General Ledger | Lists and Glossaries | Tasks

Checkbook

Account 10010 - Cash - Operating Date 10/2022 Show Voids

Reconcile...

BANK STATEMENT ENDING DATE	STATEMENT ENDING BALANCE	COMPLETED ON	COMPLETED BY USER
10/31/2022	23,546.13	11/7/2022 10:52:41 AM	Accountant/CPA Access

Buttons: Re-Print, Delete

Reconcile Cash

Account: 10010 - Cash - Operating | Statement Ending Date: | Statement Ending Balance: | Start ->

Checks						Deposits				
CLR	SUM	CHECK #	DATE	AMOUNT	PAYEE	CLR	SUM	SLIP #	DATE	AMOUNT

Check Totals: Sum 0.00 | 12 Cleared Checks | Service Charges

Deposit Totals: Sum 0.00 | 4 Cleared Deposits

Summary: Statement Balance as of 10/31/2022, Deposits in Transit, Outstanding Checks, Balance, Computer Balance as of 10/31/2022

Buttons: Bank File, History, Print, Accept



Balance sheet introduction

■ What is it?

- A snapshot of a company's position
- The only financial statement which applies to a single point of time in a business' calendar year
- Balance Sheet is made up of assets (company benefit), liabilities (company obligations), and equity (total net assets of the company)
- Accounting equation - Assets MUST EQUAL Liabilities Plus Equity

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Balance Sheet

As of November 30, 2022

Assets	Current Month
Cash - Operating	23,831.13
Cash - Savings	1,000.00
Cash - Client Deposits	22,345.34
Cash Sales Tax	1,435.45
Accounts Receivable	70,220.11
Vendor Deposits	2,160.00
Inventory	27,349.34
Work In Process	4,640.00
Equipment	2,545.15
Un-deposited Funds	3,241.62
TOTAL Assets	<u>\$158,768.14</u>

Liabilities & Equity	Current Month
Accounts Payable	43,947.00
Sales Tax Collected	3,634.18
Client Deposits	22,629.82
American Express	9,960.15
TOTAL Liabilities	<u>80,171.15</u>
Common Stock	10,000.00
Retained Earnings	52,878.49
Owner's Draw	(3,200.00)
Current Year Income	18,918.50
TOTAL Equity	<u>78,596.99</u>
TOTAL Liabilities & Equity	<u>\$158,768.14</u>

Lang Interior Design Inc.

Balance Sheet
As of April 30, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Client Deposit	182,358.71
Operating Account	208,456.51
Sales Tax Account	8,211.50
Savings Account	33,500.00
Total Bank Accounts	\$432,526.72
Accounts Receivable	
Accounts Receivable (A/R)	3,500.00
Total Accounts Receivable	\$3,500.00
Other Current Assets	
Vendor Deposits	142,100.00
Total Other Current Assets	\$142,100.00
Total Current Assets	\$578,126.72
Fixed Assets	
Accumulated Depreciation	-10,200.00
Fixed Asset Computers	13,020.00
Fixed Asset Furniture	20,240.40
Total Fixed Assets	\$23,060.40
TOTAL ASSETS	\$601,187.12
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	1,560.00
Total Accounts Payable	\$1,560.00
Credit Cards	
American Express	28,368.64
VISA	18,840.58
Total Credit Cards	\$47,209.22
Other Current Liabilities	
CA Sales Tax Payable	4,201.50
Client Deposits	162,850.00
Line of Credit	40,000.00
Massachusetts Department of Revenue Payable	8,863.00
NM Sales Tax Payable	2,401.40
Out Of Scope Agency Payable	0.00

Lang Interior Design Inc.

Balance Sheet
As of April 30, 2021

	TOTAL
Total Current Liabilities	
	\$267,068.72
Total Liabilities	
	\$267,068.72
Equity	
Common Stock	1,000.00
Owner's Pay & Personal Expenses	-15,000.00
Retained Earnings	350,162.72
Net Income	-2,060.00
Total Equity	\$334,102.72
TOTAL LIABILITIES AND EQUITY	\$601,187.12

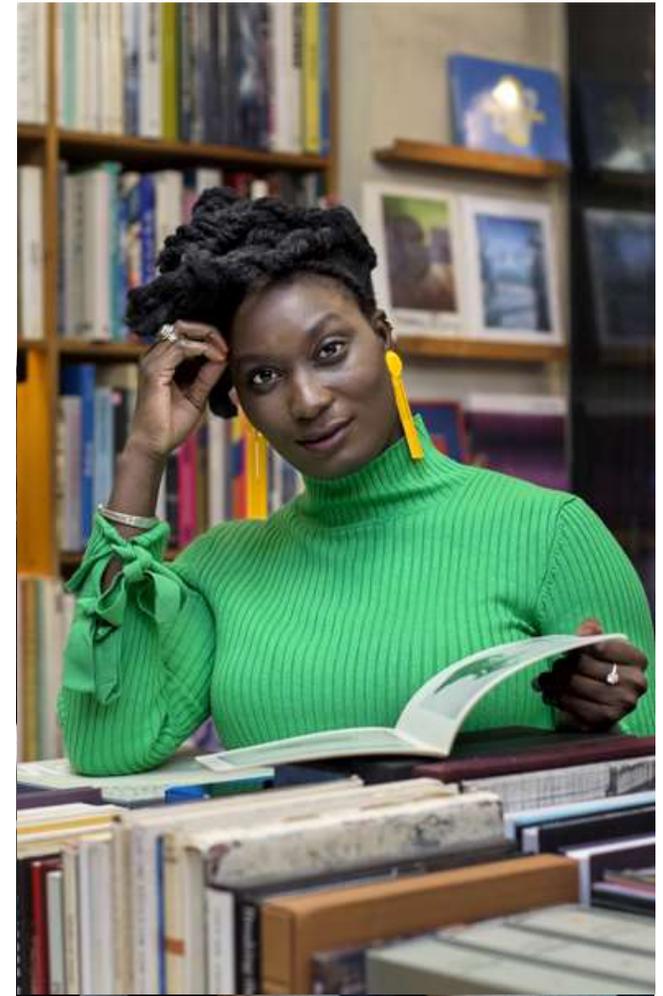


Profit and loss introduction

■ What is it?

- A financial statement that shows the company's revenues and expenses during a particular period.
- Most Accounting software allow you to customize a profit and loss to view the totals for any specific time period (monthly, quarterly, annual)
- Revenue can be broken down as specific as you want (product, design fees, shipping/freight, other)
- Expenses broken down between Cost Of Goods Sold and Operating Expenses
- Gross Margin can be calculated using the Profit and Loss Statement

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Income Statement

Vita Nova Designs

For 12 Months Ending December 31, 2022

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<i>Sales</i>		<i>Fiscal 2022</i>	
Accessories	5,000.00	8.7%	
Equipment & Fixtures	12,000.00	21.0%	
Furniture	36,335.00	63.6%	
Lighting	2,500.00	4.4%	
Freight	60.50	0.1%	
Labor	1,250.00	2.2%	
TOTAL Sales	\$57,145.50	100.0%	

<i>Cost of Goods Sold</i>		<i>Fiscal 2022</i>	
Furniture	16,302.00	28.5%	
Lighting	1,630.00	2.9%	
Freight	305.00	0.5%	
Installation	200.00	0.3%	
Labor	215.00	0.4%	
TOTAL Cost of Goods Sold	\$18,652.00	32.6%	
GROSS PROFIT	\$38,493.50	67.4%	

<i>Operating Expenses</i>		<i>Fiscal 2022</i>	
Salaries	5,000.00	8.7%	
Telephone & Internet	545.00	1.0%	
Advertising	1,250.00	2.2%	
Taxes	2,780.00	4.9%	
Owner's Compensation	10,000.00	17.5%	
TOTAL Operating Expenses	\$19,575.00	34.3%	
INCOME FROM OPERATIONS	\$18,918.50	33.1%	

<i>Other Income and Expenses</i>		<i>Fiscal 2022</i>	
TOTAL Other Income and Expenses	\$0.00	0.0%	
NET INCOME (LOSS)	\$18,918.50	33.1%	

LANG INTERIOR DESIGN

Profit and Loss

January - October, 2022

TOTAL

	TOTAL
Income	
Hourly Design Services	120,261.61
Ivy Services	5,684.89
Sales	2,341,783.54
Sales - Design Fee	201,000.00
Sales - Reimbursables	484.97
Sales - Shipping	322,058.09
Total Income	\$2,991,273.10
Cost of Goods Sold	
COGS - Furnishings	1,057,773.73
COGS - Shipping	93,318.49
COGS - Store	47.40
Cost of Goods Sold	448,640.42
Delivery/Install - Cash tip	300.00
Reimbursable Expenses	3,365.64
Total Cost of Goods Sold	\$1,603,445.68
GROSS PROFIT	\$1,387,827.42
Expenses	
Advertising & Marketing	431.94
Advertising & PR	-74.60
Automobile	439.30
Bank Charges & Fees	125.40
Business Gifts	320.71
Cell phone reimbursement - Employee	938.17
Cleaning Service	1,300.00
Corporation Taxes - State	38,000.00
Delivery/Install - supplies	803.50
Dues & Subscriptions	10,549.46
Education	3,276.00
Employee - Gifts/Outing	597.69
Employer Match	2,481.87
Health Insurance Benefit	34,167.56
Insurance	6,353.95
Legal & Professional Services	25,000.00
Local Travel Expense	148.17
Long Term Disability Insurance	404.83
Meals & Entertainment	85.51
Meals - Employee Benefit	3,276.41

mileage reimbursement for Employees
 Office Supplies
 Office Supplies & Software

Accrual Basis Monday, November 7, 2022 11:13 AM GMT-05:00

LANG INTERIOR DESIGN

Profit and Loss

January - October, 2022

Payroll Expenses	
Taxes	35
Wages	223
Total Payroll Expenses	258
Payroll Processing Fee	2
Postage	
Printing & Stationary	
Professional Services - Accounting	8
Profit Sharing Plan	2
Property Tax	
Rent	33
Taxes & Licenses	
Telephone & Internet	5
Travel	4
Uncategorized Expense	
Utilities	1
Total Expenses	\$455
NET OPERATING INCOME	\$932
Other Income	
Interest Income	
Total Other Income	
NET OTHER INCOME	
NET INCOME	\$932



Aged Accounts Receivable Report

A/R Aging Summary As of August 21, 2020

	Current	1 - 30	31 - 60	61 - 90	91 and over	Total
A Client					-2,439.57	-2,439.57
B Client					-188.24	-188.24
B Client 2					-5,000.00	-5,000.00
C Client			-292.88	-1,392.54		-1,685.42
C Client 2					-3,768.84	-3,768.84
C Client 3		2,658.75		-5,000.00		-2,341.25
D Client					465.28	465.28
H Client				-1,711.59		-1,711.59
J Client					-3,339.57	-3,339.57
M Client	5,546.39		-120.81			5,425.58
M Client 2					2,542.50	2,542.50
P Client				239.29	-1,583.00	-1,343.71
R Client			-2,866.36			-2,866.36
S Client 1					-5,000.00	-5,000.00
S Client 2					35.36	35.36
TOTAL	\$ 5,546.39	\$ 2,658.75	-\$ 3,280.05	-\$ 7,864.84	-\$ 18,276.08	-\$ 21,215.83



A/R Aging Detail

As of August 21, 2020

	Date	Transacti on Type	Num	Due Date	Amount	Open Balance
61 - 90 days past due						
	06/02/2020	Payment	ch #582	06/02/2020	-5,000.00	-5,000.00
Total for 61 - 90 days past due					-\$ 5,000.00	-\$ 5,000.00
1 - 30 days past due						
	07/16/2020	Invoice	IN- 10578	08/15/2020	5,317.50	2,658.75
Total for 1 - 30 days past due					\$ 5,317.50	\$ 2,658.75
TOTAL					\$ 317.50	-\$ 2,341.25

Aged Accounts Receivable - Detail

Vita Nova Designs

Fiscal Month: 11/2022
Aging Date: 11/3/2022

Ranges: All Clients.; All Projects.; All Managers.

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Client / Proj. / Order	Inv. / Ck. #	Date	FMo.	Mgr.	Type	Description	Total Due	0-30 Days	31-60 Days	61-90 Days	Over 90 Days
CARTE / Eric and Joanne Ca											
CAR01 / Carter's Pennington H	10001	7/20/19	07/19	WOLF	Inv.		10,908.70				10,908.70
	Ck.#	6/20/19	06/19	WOLF	Pmt.	Payment-Inv. #100	-5,000.00				-5,000.00
						Balance Due on Invoice:	<u>5,908.70</u>				<u>5,908.70</u>
	10002	6/30/19	06/19	WOLF	Inv.		<u>1,065.00</u>				<u>1,065.00</u>
	10006	11/2/22	11/22	WOLF	Inv.		<u>63.53</u>	<u>63.53</u>			
	10007	10/15/22	08/22	WOLF	Inv.		<u>1,312.50</u>	<u>1,312.50</u>			
CAR02 / Carter's Brigantine B											
	10003	10/2/19	10/19	BRAND	Inv.		1,155.28				1,155.28
	Ck.# 5002	10/17/19	10/19	BRAND	Pmt.	partial payment on 1	-750.00				-750.00
						Balance Due on Invoice:	<u>405.28</u>				<u>405.28</u>
	10004	10/2/19	10/19	BRAND	Inv.	time billing invoice	735.00				735.00
	Ck.# 5002	10/14/19	10/19	BRAND	Pmt.	slight underpayment	-730.00				-730.00
						Balance Due on Invoice:	<u>5.00</u>				<u>5.00</u>
						Client Totals:	<u>8,760.01</u>	<u>1,376.03</u>			<u>7,383.98</u>
HILSO / Mr. and Mrs. Robert H											
HIL01 / Hilson Pocono Home	10005	11/5/09	11/09	WOLF	Inv.	Stone Table	3,445.00				3,445.00
		11/3/22	11/22	WOLF	Adj.		5,000.00				5,000.00
		11/3/22	11/22	WOLF	Adj.		12,000.00				12,000.00
		11/3/22	11/22	WOLF	Adj.		2,500.00				2,500.00
						Balance Due on Invoice:	<u>22,945.00</u>				<u>22,945.00</u>
	10008	11/3/22	11/22	WOLF	Inv.		<u>4,065.10</u>	<u>4,065.10</u>			
	10009	11/3/22	11/22	WOLF	Inv.		<u>34,450.00</u>	<u>34,450.00</u>			
						Client Totals:	<u>61,460.10</u>	<u>38,515.10</u>			<u>22,945.00</u>

Client Open Deposit - Summary

Vita Nova Designs

Fiscal Month: 11/2022
Aging Date: 11/3/2022

Range: All Clients.
All Projects.

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Client	Project	Amount	0-30 Days	31-60 Days	61-90 Days	Over 90 Days
CARTE / Eric and Joanne Carter	CAR01 / Carter's Pennington Home	3,332.50	3,332.50			
CARTE / Eric and Joanne Carter	CAR02 / Carter's Brigantine Beach Ho	5,974.20				5,974.20
HILSO / Mr. and Mrs. Robert Hilson	HIL01 / Hilson Pocono Home	13,323.12				13,323.12
Grand Totals:		<u>22,629.82</u>	<u>3,332.50</u>			<u>19,297.32</u>
Other Transactions Affecting the Client Dep. Acct.:		<u>0.00</u>				
Current Client Deposit Balance:		<u>22,629.82</u>				

3 Project(s) Listed



Hint – Don't let QBO Assume What Invoices Get Applied!

Accountant Tools

My Experts Help Search

YOUR COMPANY

- Account and settings
- Manage users
- Custom form styles
- Chart of accounts
- Payroll settings
- QuickBooks labs

LISTS

- All lists
- Products and services
- Recurring transactions
- Attachments

TOOLS

- Order checks
- Import data
- Import desktop data
- Export data
- Reconcile
- Budgeting
- Audit log
- SmartLook
- Case center

PROFILE

- Intuit account
- Feedback
- Privacy
- Switch company
- Sign out

You're viewing QuickBooks in **Business view**. [Learn more](#) [Switch to Accountant view](#)

5,546.39 -120.81 \$5,425.58



Hint – Don't let QBO Assume What Invoices Get Applied!

Account and Settings Help X

Company	Accounting	First month of fiscal year	January	
Usage		First month of income tax year	Same as fiscal year	
Sales		Accounting method	Accrual	
Expenses		Close the books	06/30/2020	
Payments	Company type	Tax form	Small business corporation, two or more owners (Form 1120S)	
Advanced	Chart of accounts	Enable account numbers	Off	
		Tips account		
	Categories	Track classes	Off	
		Track locations	Off	
	Automation	Pre-fill forms with previously entered content	On	
		Automatically apply credits	Off	
		Automatically invoice unbilled activity	Off	
		Automatically apply bill payments	Off	



How To Deal With Integration Issues

- If you use another cloud-based design software that integrates into QBO you must check both programs by project on a weekly Basis

Aged Accounts Payable - Detail

Vita Nova Designs

Fiscal Month: 11/2022
Aging Date: 11/3/2022

Ranges: All Vendors.; All Clients.; All Projects.; All Managers.

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Vendor / Payee	Trans. #	Fiscal Mo.	Inv. Date	Type	PO / Check #	Inv. #	Due Date	Total Due	0 - 30 Days	31 - 60 Days	Over 60 Days
AMMAT / America's Mattress	10020	07/2019	7/16/2019	Inv.	CAR01-0001	ZE19877	8/10/2019	1,250.00			1,250.00
	10051	06/2019	6/17/2019	Inv.	CAR01-0001	12345	7/12/2019	2,500.00			2,500.00
	10062	07/2022	5/31/2022	Inv.	CAR01-0001	50	6/25/2022	3,065.00			3,065.00
							Vendor Total:	6,815.00	0.00	0.00	6,815.00
BAKER / Baker, Knapp and Tubbs	10021	07/2019	7/20/2019	Inv.	CAR01-0002	3456008	8/14/2019	1,450.00			1,450.00
							Vendor Total:	1,450.00	0.00	0.00	1,450.00
BGLW5 / Bungalow5	10066	11/2022	9/15/2022	Inv.	CAR01-0003	9/15/2022	10/10/2022	10,852.00		10,852.00	
							Vendor Total:	10,852.00	0.00	10,852.00	0.00
BRAND / Ashley Brandon	10053	10/2022	10/15/2022	Inv.		10/15/2022	10/15/2022	6,250.00	6,250.00		
							Vendor Total:	6,250.00	6,250.00	0.00	0.00
CENTU / Century Furniture	10043	12/2019	12/1/2019	Inv.	CAR02-0002	456656	12/26/2019	2,200.00			2,200.00
							Vendor Total:	2,200.00	0.00	0.00	2,200.00
FEDEX / FedEx	10025	10/2019	10/28/2019	Inv.	-	A946158	11/15/2019	55.00			55.00
							Vendor Total:	55.00	0.00	0.00	55.00
MED / Media Inc	10065	08/2022	5/1/2022	Inv.		512022	5/1/2022	1,250.00			1,250.00
							Vendor Total:	1,250.00	0.00	0.00	1,250.00
PRINC / Princeton Real Estate Group	10042	12/2019	12/1/2019	Inv.	-	02-01	12/1/2019	1,500.00			1,500.00
	10045	12/2019	12/7/2019	Inv.	-	Rent for Febru	2/7/2019	1,500.00			1,500.00
							Vendor Total:	3,000.00	0.00	0.00	3,000.00
VERIZ / Verizon	10058	03/2022	3/15/2022	Inv.		312022	3/15/2022	225.00			225.00
	10059	04/2022	4/15/2022	Inv.		4152022	4/15/2022	320.00			320.00
							Vendor Total:	545.00	0.00	0.00	545.00
WOLF / Patrick Wolf	10055	10/2022	10/15/2022	Inv.		Oct 2022	10/15/2022	11,530.00	11,530.00		
							Vendor Total:	11,530.00	11,530.00	0.00	0.00



Open Vendor Deposit

Vita Nova Designs

Fiscal Month: 11/2022
Ranges: All Vendors.; All Clients.; All Projects.; Sorted by Vendor Code.

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Vendor	Payee	Trans. #	Date	PO #	Inv. #	Amount
CCWR / Curtain Calls Work	Curtain Calls Workroom	10024	6/26/19	CAR01-0006		200.00
					Vendor Total:	200.00
LEANT / Legacy Antiques	Legacy Antiques	10033	8/3/19	HIL01-0002		2,800.00
		10035	9/4/19	HIL01-0002	456-5699	-1,200.00
					Vendor Total:	1,600.00
PJLTD / Phillip Jeffries Ltd.	Phillip Jeffries Ltd.	10018	6/23/19	CAR01-0005		360.00
					Vendor Total:	360.00
					Grand Total:	2,160.00
					Current Vendor Deposit Balance:	2,160.00

4 Entries Listed



***NEVER SPEND YOUR
MONEY BEFORE YOU
HAVE EARNED IT.***

THOMAS JEFFERSON

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How Many Bank Accounts Should I have?

- Cost of Goods Sold Account (Proposals for Products)
- Operating Expenses
- Owner's Pay
- Profit Account
- Sales Tax Account
- Income Tax Account
- Savings Account



Liquidity Check Example

Balance Sheet

As of November 30, 2022

Vita Nova Designs

Printed: 11/3/2022 at 12:21:14PM

Page: 1

Assets	Current Month	Prior Year
Cash - Operating	23,831.13	23,831.13
Cash - Savings	1,000.00	1,000.00
Cash - Client Deposits	22,345.34	22,345.34
Cash Sales Tax	1,435.45	1,435.45
Accounts Receivable	70,220.11	10,828.98
Vendor Deposits	2,160.00	3,890.00
Inventory	27,349.34	27,349.34
Work In Process	4,640.00	7,645.00
Equipment	2,545.15	2,545.15
Un-deposited Funds	3,241.62	(90.88)
TOTAL Assets	<u>\$158,768.14</u>	<u>\$100,779.51</u>

Liabilities & Equity	Current Month	Prior Year
Accounts Payable	43,947.00	10,455.00
Sales Tax Collected	3,634.18	1,388.55
Client Deposits	22,629.82	19,297.32
American Express	9,960.15	9,960.15
TOTAL Liabilities	<u>80,171.15</u>	<u>41,101.02</u>
Common Stock	10,000.00	10,000.00
Retained Earnings	52,878.49	52,878.49
Owner's Draw	(3,200.00)	(3,200.00)
Current Year Income	18,918.50	0.00
TOTAL Equity	<u>78,596.99</u>	<u>59,678.49</u>
TOTAL Liabilities & Equity	<u>\$158,768.14</u>	<u>\$100,779.51</u>



See Liquidity Check Worksheet

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Why Is The Profit Not The Same As What Is In My Checking Account?

Profit is the ending net income at the end of any profit and loss statement found in QBO.

You could have a higher or lower number for a profit than what the total of the actual cash in your bank account

Why is Profit Lower? Money that is “Not Yours” is still in the bank account ; Large Balances still on Credit Cards or Other Liabilities

Why is Profit Higher? Owner’s Draw for personal does not reduce the profit; could have used extra cash to pay off old liabilities



How Much Money Should I Keep In My Bank Accounts?

At a minimum, you should keep in your bank account enough to:

Pay Sales Tax Collected In The Future

Outstanding Retainers from Clients

Enough to Pay Two Months of Fixed Operating Expenses if you had no Revenue over a period of time (i. e. Stay At Home Order Forces Business To Temporarily Shut Down)



Now I know How Much Money I have... What Do I Do With It?

Do you have two to three months worth of fixed overhead expenses saved in a separate savings / reserve bank account?

Have you saved funds for potential quarterly income tax payments that will be due throughout the year?

Have you been thinking of investing in new things for your business?

i.e Photography fees for a large project, new website, increase marketing budget, save for a potential new employee



“By definition, saving, for anything – requires us to not get things now so that we can get bigger ones later.”

- Jean Chatsky





The Budget Checklist For Your Business

- Make a list of your fixed expenses – the ones that must be spent in order to keep your business open
- Make a list of your variable expenses – the ones that you spent in your business, but can change or may not be necessary for every time period



The Budget Checklist For Your Business

- For cash inflows, make a list of all of the different ways your company earns revenue
- Confirm total cash inflow is higher than cash outflow during the budget period
- The ending cash balance in the first month will become the beginning cash balance for the next month.
- Be consistent - check in on the budget numbers compared to the actual numbers throughout the year to ensure you are keeping on track.



What Other Items Should You Consider For Your Budget?

- All Loan Payments – make sure it is the total payment both principal and interest
- Allocate For Savings To Build A Reserve Every Month
- Income Tax Allocation – ask your tax preparer to give you an amount each quarter that you will owe in taxes and allocate that on a monthly basis
- Any Other Investments that you are saving for – include that in your budget to ensure success



The Budget Template Worksheet

COMPANY NAME									
PLANNED EXPENSES									
		January	February	March	April	May	June	July	August
Beginning Cash		25,000	20,142	22,068	19,392	20,639	21,413	27,265	27,648
Cash Receipts									
Goods Sold		18,171	25,691	21,026	24,850	23,058	25,691	17,285	21,580
Services Provided		5,000	5,000	5,000	5,000	7,500	8,750	10,500	9,500
CASH RECEIPTS BY MONTH		\$ 23,171.00	\$ 30,691.00	\$ 26,026.00	\$ 29,850.00	\$ 30,558.00	\$ 34,441.00	\$ 27,785.00	\$ 31,080.00
Cost of Goods Sold									



Monthly Profit and Loss

LANG INTERIOR DESIGN

Profit and Loss by Month
January - October, 2022

	JAN 2022	FEB 2022	MAR 2022	APR 2022	MAY 2022	JUN 2022	JUL 2022	AUG 2022	SEP 2022	OCT 2022	TOTAL
Income											
Hourly Design Services	15,093.75	15,125.00	9,323.75	11,531.61	8,660.00	19,078.75	7,227.50	9,972.50	14,571.25	9,677.50	\$120,261.61
Ivy Services	5,684.89										\$5,684.89
Sales	488,144.18	458,415.71	75,491.60	160,463.46	120,370.36	59,010.28	18,347.40	344,676.32	451,704.58	165,159.65	\$2,341,783.54
Sales - Design Fee	33,750.00	17,500.00		41,000.00	32,750.00	32,500.00	20,000.00	9,000.00	14,500.00		\$201,000.00
Sales - Reimbursables			484.97								\$484.97
Sales - Shipping	66,246.73	64,293.96	10,948.67	23,950.20	16,123.22	4,944.65	1,890.00	51,700.46	57,254.50	24,705.70	\$322,058.09
Total Income	\$608,919.55	\$555,334.67	\$96,248.99	\$236,945.27	\$177,903.58	\$115,533.68	\$47,464.90	\$415,349.28	\$538,030.33	\$199,542.85	\$2,991,273.10
Cost of Goods Sold											
COGS - Furnishings	132,367.24	55,071.70	96,630.46	79,923.72	81,170.93	88,651.71	31,364.27	57,845.80	257,770.50	176,977.40	\$1,057,773.73
COGS - Shipping	9,348.74	8,610.35	9,035.20	7,740.47	12,724.37	9,886.55	3,286.25	7,430.60	10,859.97	14,395.99	\$93,318.49
COGS - Store					47.40						\$47.40
Cost of Goods Sold	-655.52	475,380.66	-9,965.87	-1,358.84		-14,879.01	-456.97	575.97			\$448,640.42
Delivery/install - Cash tip						160.00		100.00	40.00		\$300.00
Reimbursable Expenses			1,002.89	400.49	1,848.08		177.29		-63.11		\$3,365.64
Total Cost of Goods Sold	\$141,080.46	\$539,062.71	\$96,702.68	\$86,705.84	\$95,790.78	\$83,819.25	\$34,370.84	\$65,952.37	\$268,607.36	\$191,373.39	\$1,603,445.68
GROSS PROFIT	\$467,859.09	\$16,271.96	\$-453.69	\$150,239.43	\$82,112.80	\$31,714.43	\$13,094.06	\$349,396.91	\$269,422.97	\$8,169.46	\$1,387,827.42
Expenses											
Advertising & Marketing										431.94	\$431.94
Advertising & PR									-74.60		\$-74.60
Automobile			152.15				287.15				\$439.30
Bank Charges & Fees		20.00		15.00	0.40		15.00	30.00	25.00	20.00	\$125.40
Business Gifts					223.94					96.77	\$320.71
Cell phone reimbursement - Employee	46.57		93.04	100.79	152.82		243.60		247.08	54.27	\$938.17
Cleaning Service		255.00	120.00	120.00	285.00		380.00			140.00	\$1,300.00
Corporation Taxes - State				28,000.00		10,000.00					\$38,000.00
Delivery/install - supplies				803.50							\$803.50
Dues & Subscriptions	575.44	756.87	874.25	2,214.00	824.32	530.82	2,114.33	524.32	837.42	1,297.69	\$10,549.46
Education					3,276.00						\$3,276.00
Employee - Gifts/Outing	80.68						227.62	289.39			\$597.69
Employer Match								2,481.87			\$2,481.87
Health Insurance Benefit	6,131.72		6,131.72		6,131.72	3,065.86	3,065.86	3,065.86	3,065.86	3,508.96	\$34,167.56
Insurance		420.00	595.00	676.75	595.00	595.00	175.00	175.00	2,519.60	602.60	\$6,353.95
Legal & Professional Services	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	2,500.00	\$25,000.00
Local Travel Expense	88.00	45.00	15.17								\$148.17
Long Term Disability Insurance									404.83		\$404.83
Meals & Entertainment									85.51		\$85.51
Meals - Employee Benefit	210.06	165.21	251.13	56.78	812.43	556.12	205.30	70.95	166.03	782.40	\$3,276.41
Mileage Reimbursement for Employees	202.57		255.64	62.95	425.76		1,252.50		179.80	32.81	\$2,412.03
Office Supplies	209.92	845.33	1,346.96	318.09	350.26	87.07	631.22	330.69	419.29	123.76	\$4,662.59



Is it Time to Hire A New Employee?

- Do you need a full time or part time employee?
- How often is the new employee going to be profitable? Administrative or project or a hybrid of both?
- How long do you expect the new employee to have to be trained before they are at a level to maximize billable time?
- Have you saved extra cash to fund the total cash necessary to hire this employee?



What are all of the fees to consider with a new employee?

- Payroll Taxes (Assume 8%)
- Unemployment Taxes
- Worker's Compensation Insurance
- Benefits? What will you need to provide in order for the employee to stay with you long term?



Case Study

Reese Design is looking for a new designer to join their growing team. After interviewing several clients, the owner has narrowed down her search and is about to make an offer for a full time designer with 2 to 3 years of experience. While she knows how much she needs to offer in order to be competitive in the market place, she is wondering if she can afford the new hire.

FACTS:

- \$70,000 per year Salary
- Health Insurance (50% paid by employer)
- 401K Match (3% MAX)
- Gym Membership Benefits (\$50 per month)



Case Study

Annual Cash Requirements:

Salary	\$70,000
Health Insurance	6,000
401K Match (3%)	2,100
Gym Membership	600
Payroll Taxes (8%)	5,600
Worker's Comp Ins	400

Total Cash Required in One Year = \$84,700

Total Cash Required Every Month = \$7,058.33



Case Study

- Now that Reese has an idea of how much cash is required, we need to determine how much cash the employee will be bringing into the business.
- How much does Reese expect to bill out to clients for the new employee's time? We will assume that after two months of training, the new employee will be spending 75% of his or her time billing to each client
- Reese will be billing clients at \$125 per hour for the new employee
- Per month, the new employee will bill out 120 hours (40 hours / week X 4 weeks X 75%)
- Design Fees per month for employee \$15,000 (\$125 / hour X 120 hours)



Case Study

- Can Reese afford the new employee?
- Cash Inflow per month - \$15,000
- Cash outflow per month - \$7,058

YES!!

Factors to still consider – variable expenses

Does Reese have at least two months of cash outflow saved while she trains the new employee? \$14,116

If the 75% goal to bill an hour per month decreases because of pipeline issues or if the new employee needs longer to train, this will affect cash flow.



Three Things To Do In One Day

1. Write down who is responsible for the following tasks:
 - Enter your daily bank and credit card transactions
 - Enter proposals / invoices / purchase orders / vendor bills
 - File and pay your sales tax
 - Process payroll (if you have a time or you process a pay check)
 - Confirm Reconciliation of all Bank and Credit Card Transactions
 - Project and Plan for Income Tax Obligations
2. Confirm the last time each bank and credit card account has been reconciled
3. Answer the question – do the software programs you currently use work for you?
Do you need to book a demo to determine if another option works best for your unique business?



Three Things To Do In One Week

1. Determine if some members who are responsible for the tasks in the previous slide need to be replaced
 - Brainstorm and request referrals from trusted individuals on replacements
2. Review the actual bank statement, credit card statement, and payroll processing reports – jot down any transactions that you don't recognize for clarification.
3. Time block a half hour per week to review based on the monthly bookkeeping checklist (include your bookkeeper or other members of your team if appropriate)

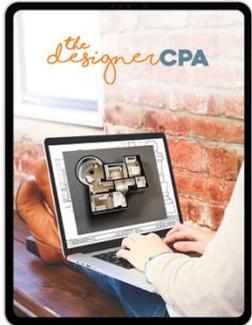


Three Things To Do In One Month

1. Review the Accounts Receivable and Open Client Deposit Reports per project to make sure that open items are consistent with how the actual project is progressing
2. Write a list of overhead expenses using the profit and loss by month report and decipher which expenses are fixed versus variable. Determine your cost to stay open number per month.
3. Complete a cash flow budget by month using the budget worksheet spreadsheet for the next 12 months and include any new employee or other investment cash requirements that you may have been thinking about for your business in the next 12 months.



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