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# THE EMBROIDERY COACH

## Module 6

### Bank Deposits And Accounts Payable

During this session I am going to talk about creating bank deposits and then I am going to talk about the process of paying your bills. Both of these processes are simple in QuickBooks, but it takes a little understanding to make it all work.

**Learning Objective:** Showing you how to go through the process of making Bank Deposits and using Accounts Payable in QuickBooks!

#### Should I Connect QuickBooks To My Bank?

First you must decide right at the beginning if you are going to connect **QuickBooks** to your bank. You cannot do some transactions manually and then do some automatically, you will be creating duplicate transactions if you do this. We will talk more about that in our next session.

You have 2 different options as far as working with your bank in QuickBooks. You can create your deposits manually, or you can connect your QuickBooks to your Checking Account at your bank.

If you have a website and someone purchases an item from that website, the income coming in through your website will automatically download into your checking account at your bank. If you are connected to your bank the transactions will automatically download as they occur into QuickBooks.

The way that mine works is each time an invoice is paid that is automatically created through my payment system, and my customer uses, his or her credit card to pay it, it automatically goes to my checking account and then it downloads into my QuickBooks account.

You can set your account to do the same thing or you can download all of the transactions into a CSV file at the end of the month and upload this file into QuickBooks.

If someone else is doing your books for you and they are in a different location, it may be easier and less time consuming to have the transactions all download from the bank.

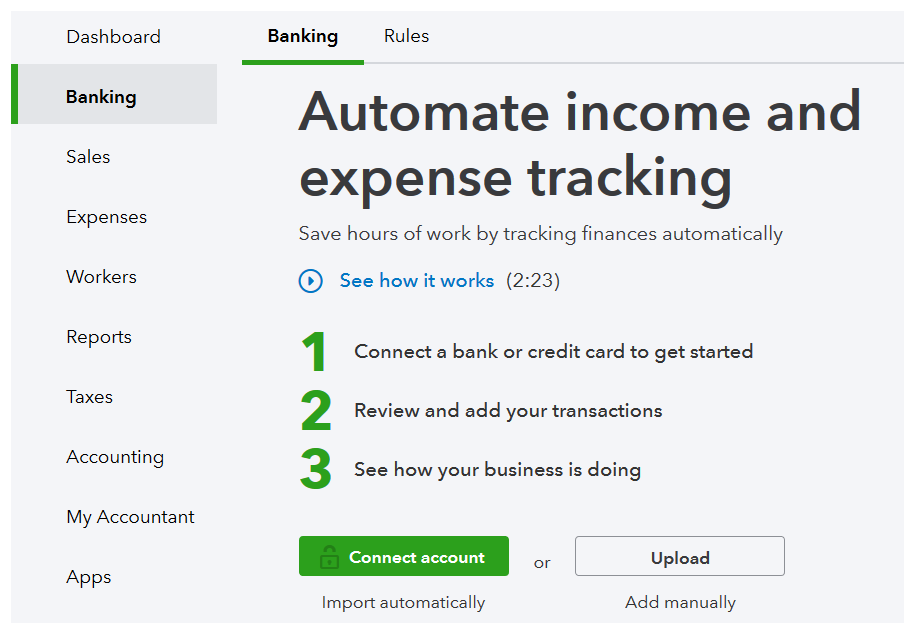
If you are the only one working on your QuickBooks, I would advise that you do it manually at least in the beginning until you understand the entire process and have worked within QuickBooks for some time.

## Connecting Your Bank Account to QuickBooks

Go to your Dashboard and click on Banking. The menu will come up for you to connect your bank and or credit card accounts to QuickBooks. In the center of the page, you will see a blue link that will take you to a video showing you the process.

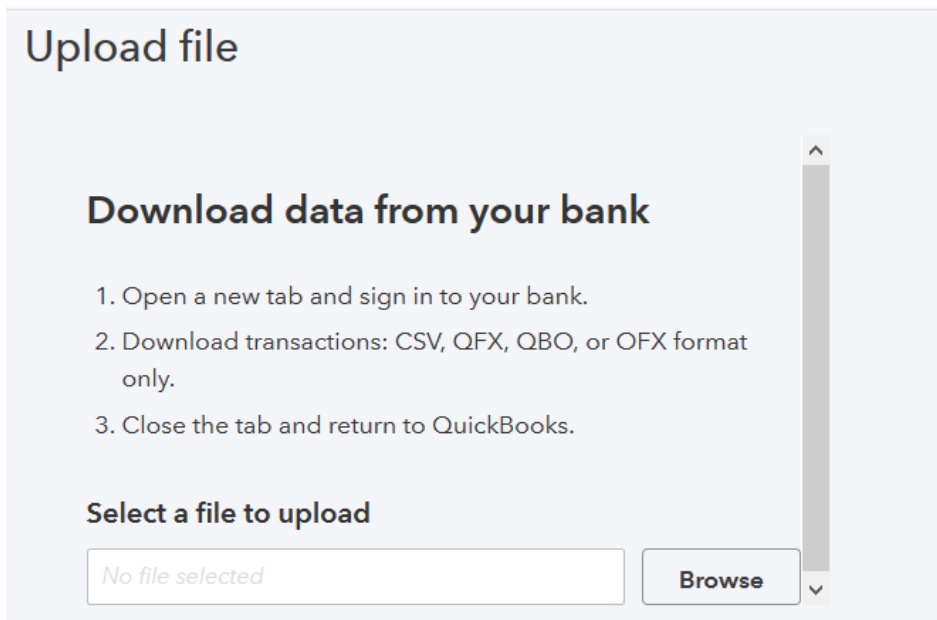
You have a 2 choices here. You can connect to the bank and have all of your transactions automatically download into QuickBooks or you can upload them into Quickbooks, manually.

### To Connect To The Bank



Click on the Green Button (**Connect account**) to connect and import all of your bank transactions automatically.

# Not Connecting To The Bank



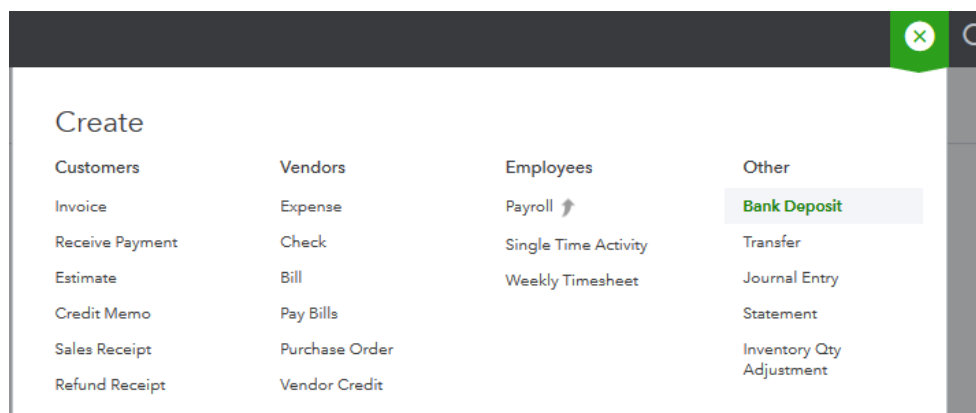
If you are not connecting to the bank, you can also download the transactions from the bank in a csv or comma delimited file, save it on your computer and then upload them into **QuickBooks** manually.

To Download your transactions, first you will connect to your bank, select the date range and then download your transactions. Click on the gray button (Upload) and it will open up the screen above.

Make sure that you watch the video to understand the process.

## Part 1 - Bank Deposits

Now I am going to show you how to make your bank deposits. You will go up to



the X sign in the top of the page and scroll down to **Bank Deposit** in the **Other Column**.

It will bring up the page with all of the paid Invoices and Sales Receipts

that have not been deposited. When you create the Invoices or the Sales Receipts they go into Undeposited Funds until you actually deposit them into the checking account.

# Top of Deposit Slip

| RECEIVED FROM                                     | DATE       | TYPE          | PAYMENT METHOD | MEMO | REF NO. | AMOUNT |
|---------------------------------------------------|------------|---------------|----------------|------|---------|--------|
| <input type="checkbox"/> Frank Kushner            | 07/08/2018 | Payment       | Enter Text     |      |         | 10.00  |
| <input type="checkbox"/> Frank Kushner            | 04/04/2019 | Sales Receipt | Enter Text     |      |         | 75.00  |
| <input type="checkbox"/> Frank Kushner            | 03/28/2019 | Payment       | Enter Text     |      |         | 84.63  |
| <input checked="" type="checkbox"/> Frank Kushner | 03/21/2019 | Payment       | Enter Text     |      |         | 48.00  |
| <input type="checkbox"/> Frank Kushner            | 03/26/2019 | Payment       | Enter Text     |      |         | 20.00  |
| <input checked="" type="checkbox"/> Frank Kushner | 03/22/2019 | Payment       | Enter Text     |      |         | 34.50  |
| <input type="checkbox"/> Frank Kushner            | 03/25/2019 | Payment       | Enter Text     |      |         | 122.00 |
| <input type="checkbox"/> Frank Kushner            | 03/25/2019 | Payment       | Enter Text     |      |         | 20.00  |
| <input checked="" type="checkbox"/> Ron Sall      | 03/21/2019 | Payment       | Enter Text     |      |         | 332.80 |

At the top of the **Deposit slip**, select the **Bank Checking** account that you are going to be depositing the money into. Add the correct date of the deposit. Select the Invoices that are going to be included in this Bank Deposit. **The amount of your Bank Deposit must equal the amount of the Invoices or Sales Receipts selected.**

In the **Memo** column type in a reference as to what the payment is for and in the **Ref No.** column, type in the **Invoice** or **Sales Receipt No.** Go to the bottom of the page and Print out your Deposit slip and file it. This will make it easy to reconcile at the end of the month with your Bank Statement.

***When you match your bank deposits to your Undeposited funds, it makes it easier to reconcile your bank statements and will take you much less time at the end of the month.***

## Add New Deposits

At the bottom of the Deposit Slip, you will see where it says **Add New Deposits**

## Bottom of Deposit Slip

The screenshot shows the bottom portion of a web-based deposit slip form. At the top, there's a list of payments with columns for date, type, and amount. Below this is a section titled "Add funds to this deposit" with a table for adding more payments. The table has columns for #, RECEIVED FROM, ACCOUNT, DESCRIPTION, PAYMENT METHOD, REF NO., AMOUNT, and CLASS. Below the table are buttons for "Add lines" and "Clear all lines". To the right of the table, it says "Other funds total \$0.00". Below the table is a "Memo" field. To the right of the memo field, there's a "Cash back" section with fields for "Cash back goes to", "Cash back memo", and "Cash back amount". Below this, the "Total" amount is displayed as "\$425.30", which is circled in red. At the bottom of the form, there are buttons for "Cancel", "Clear", "Print", "Make recurring", and "Save and new".

| # | RECEIVED FROM | ACCOUNT | DESCRIPTION | PAYMENT METHOD | REF NO. | AMOUNT | CLASS |
|---|---------------|---------|-------------|----------------|---------|--------|-------|
| 1 |               |         |             |                |         |        |       |
| 2 |               |         |             |                |         |        |       |

Other funds total \$0.00

Memo

Cash back goes to: Cash on hand

Cash back memo

Cash back amount

**Total Deposit is here** Total \$425.30

Cancel Clear Print Make recurring Save and new

This can be used for all **Retail or Over the Counter** sales where you are not actually keeping track of a particular customer. It may be just a onetime sales or one of your point of purchase items that does not have to have any service applied to it, such as a blank T-Shirt.

Create an Account that is used for this type of sale so that you do not have to keep track of each individual customer that is just a quick over the counter sale. This type of sale can be called Over The Counter Sales or something like that.

You will select that account in the Received From column. In the Account column you will select which ever account this is applicable to such as Sales of Product Income. In the Payment Method, you will add however they paid you, in the Ref No. column you can have a number that is only applicable to that sale, you can make one up. In the Amount column, is the amount of the sale and in the Class column you will put it in whatever class is applicable. This too could be a new class for you.

## Important Note:

We covered Sales Receipts in our last lesson, but I just want to make sure you create a Sales Receipt when the customer gives you a deposit. If you just

Receive Payment and the customer has an outstanding invoice, the deposit that was just paid for the new order will be applied to that outstanding order automatically, so you must be very careful to make sure that your outstanding invoices are paid prior to taking another order or that you create a Sales Receipt.

These small details in setting up makes a huge difference in checking to see where each type of sale is coming from and if this type of sale is profitable for you.

## Splitting Your Bank Deposit

If you will be splitting your deposit between bank accounts you will select the account from the (Cash back goes to) and then enter the amount in the (Cash back amount)

The screenshot shows the 'Bank Deposit' screen in QuickBooks. At the top, there's a list of payments to be deposited. Below that, there's a table to add funds to the deposit. The 'Cash back goes to' dropdown is set to 'Profit' and the 'Cash back amount' is 200.00. The total deposit amount is \$262.15.

| # | RECEIVED FROM | ACCOUNT | DESCRIPTION | PAYMENT METHOD | REF NO. | AMOUNT | CLASS |
|---|---------------|---------|-------------|----------------|---------|--------|-------|
| 1 |               |         |             |                |         |        |       |
| 2 |               |         |             |                |         |        |       |

Other funds total: \$0.00

Total: \$262.15

## Part 2 - Accounts Payable

To use Accounts Payable properly, you want to be very consistent with it. It is much easier and quicker at the end of the month if you will spend a little time at the end of each week entering all of your bills that came in during that week and adding the receipts from your expenses that you have purchased during the week such as running to the office supply store. It is very

important to not wait until the end of the month to do this, receipts get lost and you will forget some of those expenses.

## Entering In Bills

Go to the top of the screen and click on the X and select Bill in the Vendors Column. It will bring up the screen to add your bills. Select the Vendor, the Terms, the Category, add the Amount and then the Class. Click on Save and

The screenshot shows the 'Bill' entry form. At the top, there's a 'Vendor' dropdown set to 'SM Cristall' and a 'BALANCE DUE' of '\$128.00'. Below this, there are fields for 'Mailing address', 'Terms' (set to 'Net 30'), 'Bill date' (04/12/2019), and 'Due date' (05/12/2019). A 'Category details' section shows a table with two rows: '1 Manufacturing Supplies:Embroid No Show Backing' and '2'. The 'AMOUNT' column shows '128.00' for the first row. Below the table are 'Add lines' and 'Clear all lines' buttons. An 'Item details' section has a 'Memo' field. At the bottom, there's an 'Attachments' section with a 'Maximum size: 20MB' limit and a 'Show existing' link. A 'Privacy' link is also visible.

| # | CATEGORY                       | DESCRIPTION     | AMOUNT | CLASS              |
|---|--------------------------------|-----------------|--------|--------------------|
| 1 | Manufacturing Supplies:Embroid | No Show Backing | 128.00 | Embroidery Backing |
| 2 |                                |                 |        |                    |

The screenshot shows the 'Recurring Bill' form. It has a 'Template name' field and a 'Type' dropdown set to 'Scheduled'. There's a 'Create' button and a field for 'days in advance'. Below this, there's a 'Vendor' dropdown set to 'Choose a vendor'. The 'Interval' section has a 'Monthly' dropdown, 'on day' dropdown, '1st' dropdown, 'of every 1 month(s)', 'Start date' field, and 'End' dropdown set to 'None'. At the bottom, there's a 'Mailing address' field and a 'Terms' dropdown.

New if you are entering another bill. If this is a recurring bill such as a utility bill or even your machine payment, you will click on that bottom of the screen (Make recurring) and it will bring up a

screen to add the date when it is to be paid and the recurring information that you need to fill in and the date that you want it to start. It cannot start in the same month that you set it. It must start the next month, so make sure you put in the first date of the following month that the bill will be due.

You can also go to Expenses in the left column, click on Vendors. This will bring up your Vendors. To create a bill, you will click on Create Bill at the right side of the screen.

Unpaid Last 365 Days      Paid

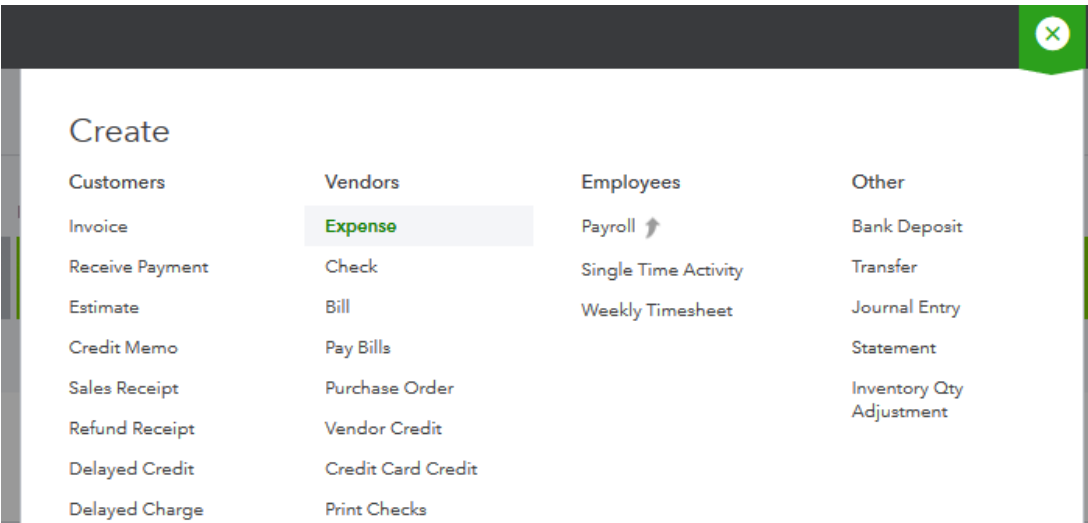
|                  |                       |                              |
|------------------|-----------------------|------------------------------|
| \$0<br>0 OVERDUE | \$703<br>5 OPEN BILLS | \$154<br>4 PAID LAST 30 DAYS |
|------------------|-----------------------|------------------------------|

| Batch actions            |                   | Search by name or details |       |  |              |  |  |  |              |
|--------------------------|-------------------|---------------------------|-------|--|--------------|--|--|--|--------------|
| <input type="checkbox"/> | VENDOR / COMPANY  | PHONE                     | EMAIL |  | OPEN BALANCE |  |  |  | ACTION       |
| <input type="checkbox"/> | Walmart           |                           |       |  | \$0.00       |  |  |  | Create bill  |
| <input type="checkbox"/> | Telephone Company |                           |       |  | \$75.00      |  |  |  | Make payment |
| <input type="checkbox"/> | State Farm        |                           |       |  | \$0.00       |  |  |  | Create bill  |
| <input type="checkbox"/> | Staples           |                           |       |  | \$0.00       |  |  |  | Create bill  |
| <input type="checkbox"/> | Stahls            | (800) 521-5210            |       |  | \$200.00     |  |  |  | Make payment |
| <input type="checkbox"/> | SM Cristall       | (800) 800-9983            |       |  | \$128.00     |  |  |  | Make payment |
| <input type="checkbox"/> | Sherman Houlder   |                           |       |  | \$0.00       |  |  |  | Create bill  |
| <input type="checkbox"/> | SanMar            | (800) 426-6399            |       |  | \$0.00       |  |  |  | Create bill  |
| <input type="checkbox"/> | Pro Lettering     |                           |       |  | \$300.00     |  |  |  | Make payment |
| <input type="checkbox"/> | Electric Company  |                           |       |  | \$0.00       |  |  |  | Create bill  |

## Expense Receipts

If you purchase something on the fly, such as an office supply or gas for the car, a company car, and you paid with a credit or debit card, this would be an expense. Yes, the bills are expenses also but they are entered into





QuickBooks differently. To enter an expense receipt, you will go the X at the top of the screen and go to Expenses in the Vendors column. It will bring up the screen to add your expense to QuickBooks.

Expense

Payee:  Payment account:  Balance: \$448.47

Payment date:  Payment method:

Ref no.:  Permit no.:

AMOUNT: \$0.00

▼ Category details

| # | CATEGORY ⓘ              | DESCRIPTION           | AMOUNT | CLASS |
|---|-------------------------|-----------------------|--------|-------|
| 1 | What tax category fits? | What did you pay for? |        |       |
| 2 |                         |                       |        |       |

► Item details

Memo:

Total: \$0.00

You will fill in the Payee, select the account that it was paid from. If it was paid using your debit card, you would select your checking account that your debit card is attached to. If you paid using a credit card, you would select the credit card that you used to pay it with. In the Payment method, it does not matter what you put. It is going to show up on your bank statement as an ATM/Purchases.

## Paying Expense With A Check

If you are going to be using a check instead of a debit or credit card, you will go to the X at the top of the screen and select Check from the Vendors column instead of Expense. The process is exactly the same except that you can enter your Check No.

With both Expenses and Checks you can make these payment recurring. If you have bills that are recurring every month, you want to make sure that you add those to be recurring and then you will not have to spend time adding them every month. When it comes time to pay them, you will just pull them up and check the box next to it and it will automatically take it out of your check register and pay the bill. It will not automatically pay the bill.

You will have to print out the checks or write a check or set up a withdrawal from the bank to pay them. Your choice. I have all of my recurring payments set up to automatically be withdrawn from the bank. It is a huge timesaver and I know that it is done, and I always avoid late payments that way.

## Paying The Bills

Go up to the top of the screen and click on the X. Scroll over to the Vendors column and select Pay Bills.

It will bring up the screen with all of the outstanding bills on it.

Payment account: Checking Balance \$448.47 Payment date: 04/12/2019 Starting check no.: 2 ☐ Print later

Pay bills directly from QuickBooks

Filter: Last 365 Days 5 open bills

| PAYEE                                      | REF NO. | DUE DATE   | OPEN BALANCE | CREDIT APPLIED | PAYMENT | TOTAL AMOUNT |
|--------------------------------------------|---------|------------|--------------|----------------|---------|--------------|
| <input type="checkbox"/> Telephone Company |         | 04/22/2019 | \$75.00      | Not available  |         | \$0.00       |
| <input type="checkbox"/> SM Cristall       |         | 05/12/2019 | \$128.00     | Not available  |         | \$0.00       |
| <input type="checkbox"/> Pro Lettering     |         | 04/17/2019 | \$150.00     | Not available  |         | \$0.00       |
| <input type="checkbox"/> Pro Lettering     |         | 04/24/2019 | \$150.00     | Not available  |         | \$0.00       |
| <input type="checkbox"/> Stahls            |         | 04/24/2019 | \$200.00     | Not available  |         | \$0.00       |
| 0 bills selected                           |         |            | \$0.00       | \$0.00         | \$0.00  | \$0.00       |

Total payment (USD) 0.00

Select the bills that you want to pay by putting a check mark by them.

Payment account: Checking Balance \$448.47 Payment date: 04/12/2019 Starting check no.: 2 ☐ Print later

Pay bills directly from QuickBooks

Filter: Last 365 Days 5 open bills

| PAYEE                                                 | REF NO. | DUE DATE   | OPEN BALANCE | CREDIT APPLIED | PAYMENT  | TOTAL AMOUNT |
|-------------------------------------------------------|---------|------------|--------------|----------------|----------|--------------|
| <input checked="" type="checkbox"/> Telephone Company |         | 04/22/2019 | \$75.00      | Not available  | 75.00    | \$75.00      |
| <input type="checkbox"/> SM Cristall                  |         | 05/12/2019 | \$128.00     | Not available  |          | \$0.00       |
| <input checked="" type="checkbox"/> Pro Lettering     |         | 04/17/2019 | \$150.00     | Not available  | 150.00   | \$150.00     |
| <input type="checkbox"/> Pro Lettering                |         | 04/24/2019 | \$150.00     | Not available  |          | \$0.00       |
| <input type="checkbox"/> Stahls                       |         | 04/24/2019 | \$200.00     | Not available  |          | \$0.00       |
| 2 bills selected                                      |         |            | \$225.00     | \$0.00         | \$225.00 | \$225.00     |

Total payment (USD) 225.00

Current account balance \$448.47  
Total payment -\$225.00  
New account balance \$223.47

At the bottom of the screen you will select Save & Print. It will bring up the screen to print out your checks. If you are not going to print the checks, you will need to physically write out your checks to pay them. When you click Save & Print. This automatically adds it to the Bank Register that it has been paid.

Bank Register Checking \$223.47 Reconcile

Go to: 1 of 1 < First Previous 1-14 of 14 Next Last >

| DATE        | REF NO.<br>TYPE | PAYEE<br>ACCOUNT  | MEMO | CLASS<br>LOCATION | PAYMENT  | DEPOSIT  | ✓ | BALANCE  |
|-------------|-----------------|-------------------|------|-------------------|----------|----------|---|----------|
| Add check ▾ |                 |                   |      |                   |          |          |   |          |
| 04/12/2019  | To Print        | Pro Lettering     |      |                   | \$150.00 |          |   | \$223.47 |
|             | Bill Payment    | Accounts Payable  |      |                   |          |          |   |          |
| 04/12/2019  | To Print        | Telephone Company |      |                   | \$75.00  |          |   | \$373.47 |
|             | Bill Payment    | Accounts Payable  |      |                   |          |          |   |          |
| 04/04/2019  |                 | Ron Sall          |      |                   |          | \$276.36 |   | \$448.47 |

As I said earlier, If you will take the time once per week to add all of your expense receipts and bills, pay the bills and run your reports, you are going to know where you are at all times and it is going to be so easy to reconcile at the end of the month.

## Action Steps

- Once per week add all of your expense receipts and bills.
- Go to Pay Bills and check for your outstanding bills.
- Pay all of the outstanding bills for that week.
- Run your Estimates Report to see all of your Outstanding Work Orders.
- **Plan Next Week's Schedule!**

In our next and last lesson, I am going to show you how to Reconcile the Accounts and Month End Reports.

### The Process of Paying A Bill With A Credit Card

When you are paying for a product or service with a credit card, obviously you have to go back and pay the credit card. You must have your credit card accounts set up as a bank account.