

Bonus Materials for

Office DEPOT®

Organize Your Business Finances
Save Time & Money



February 9th, 2010

Introduction:

With the current economy, it is more important than ever for small businesses to organize and manage their finances so you can save time & money. By attending this webcast, you have indicated that you realize how important it is too.

During this webcast, we discuss how you can get ready for taxes for this year, and how to organize your finances for 2010. You need a system and the tools to help you save time and money when dealing with your business finances. In addition, you will see how you can get the information you need to make informed business decisions to help improve your profitability.

Small business owners never have enough time and you face many challenges on a daily basis. You need a system utilizing the products and services to help you save time and money when dealing with your business finances. You do not have a lot of time to devote to managing your finances, yet it is too important to ignore.

Get Ready & Organized for Tax Time:

It is advisable to have an accountant or tax professional prepare your taxes each year. You should communicate with them about exactly what you should do and what they want. Here are a few things most business should do to get ready to prepare the tax return. Note—do not procrastinate and wait until the last minute or your return may not be done on time.

Year end tasks:

- Reconcile all bank and credit card accounts
- List fixed assets bought or sold during the year (along with details of the transaction)
- Count physical inventory
- Confirm and verify balances (bank or car loans)
- Complete year end Guide in the QuickBooks help menu
- After year-end is final and taxes complete – save a year-end back up and enter a closing date password.

If you use Excel (or a shoe box):

- Total and summarize income and expenses by category
- Do not just add up all deposits as income – some might include sales taxes collected, personal funds, sales of assets or other things that are not income.

If you use QuickBooks – reports are easy!

- Balance Sheet & Income Statement
- General Ledger
- Integrate with Turbo Tax
- Backup, Portable or Accountant's Copy – talk with your accountant to see which file type. Many accountants can import data from QuickBooks into TurboTax, ProSeries or Lacerte to make the tax preparation easier.

Get Ready & Organized for 2010:

- Start using QuickBooks – Simple Start, QuickBooks Pro or Premier
- Compare product features: <http://bit.ly/5ZLVyN>
- EasyStep Interview to help you create the file
- Learning Center Tutorials in the QuickBooks Help – you can watch video tutorials to help you learn how to enter transactions in QuickBooks.
- Learning QuickBooks – Training CD for you to watch, listen and practice. Watch for promotions at Office Depot where you get it free with the purchase of QuickBooks Pro or Premier.
- Certified QuickBooks ProAdvisors can help with set up and training
 - Get help remotely or search for local help: <http://www.findaproadvisor.com>

Do You Want to Save Time and Money?

Cash Flow – Money in & Money Out

It is important that you understand cash flow and the importance to your business. Cash goes out to pay for inventory or labor or other expenses long before sales and collections take place. The amount of time it takes for the process is the cash conversion cycle.

Key things to remember:

- Sales does not equal cash – you can grow yourself out of business
- Bootstrap – be frugal – it's deductible, but it still costs money!
- A lot of businesses fail due to insufficient cash

Manage Sales and Customers

- Invoice promptly
- Email invoices – save time & money (printing and postage) and get paid faster
- Customize invoices and other forms. In QuickBooks 2010, create professional looking forms easier than ever with the new Forms Customization wizard.
- Monitor past due accounts
- Email reminders or send collection letters from QuickBooks (you must have Microsoft Word—separately sold).

You CAN improve cash flow

Customers want to pay with credit and debit cards. You need to be able to accept these forms of payments—your competitors do!

- Intuit Merchant Services – accept credit cards in a variety of methods: using a card swipe, terminal, entering the number into QuickBooks Details here: <http://payments.intuit.com/>
- Intuit Billing Solutions – email invoices which include a link to pay now with a credit card. Details here: <http://payments.intuit.com/products/quickbooks-payment-solutions/quickbooks-online-billing.jsp>
- Intuit GoPayments – accept credit cards using a mobile phone. <http://payments.intuit.com/products/basic-payment-solutions/mobile-credit-card-processing.jsp>
- Note: all of these services are available independent of QuickBooks

Monitor expenses and vendors

- Entering checks is easy and you can track job costs or reimbursable expenses
 - Same amount of time as if you entered it in a spreadsheet
- Online Banking – if a lot of debit or CC activity
 - Always backup before downloading!
- Track 1099 vendors to print 1099s at year end – Office Depot for forms
- Document Manager in QB 2010 – attach receipts and other docs for storage, find them quickly and share them with others.
 - Over time you cannot read receipts anymore—the ink fades. You need to copy or scan them for your records.

Efficiently process payroll and sales taxes

- Paperless payday – with direct deposit and email paystubs
- Efile & Epay (in many states)
- Fully burdened job costing
- Caution with payroll taxes – make sure paid in full & on time. If not, there can be lots of penalties & interest. You can get into trouble quickly if payroll taxes (or sales taxes) are not paid. Consider if you should seek assistance from your accounting professional or Intuit's Assisted Payroll.

Track and Pay Sales Taxes

- QuickBooks calculates sales taxes on each invoice or sales receipts so you can always see how much you owe
- Remember, you deposit sales taxes collected into your bank account, but it is not your money to spend.
- Also, make sure sales taxes are paid timely.

More ways to save time and money

- Reconcile accounts – quick when using QuickBooks
- Regular Backups
- QuickBooks Online Backup Service—details here:
 - http://quickbooks.intuit.com/product/add_ons/online_data_backup.jsp
- Remote Access – with WebEx (or others) you can access your computer from home or remotely without going into the office
- Integrate with TurboTax – save time on taxes

Gain insights about your business

This is important information that you cannot get from a spreadsheet.

- Sales by Customer & Job profitability
 - Which customers are your best customers?
 - Are there some customers you would be better off without?
 - Which are most profitable?
 - How well do you estimate your jobs vs. actual profitability?

- Sales by Item & Item Profitability
 - Which are your best selling items?
 - Which items are most profitable?
 - Which items should you eliminate?
- Company reports -- Profit and Loss
 - How is your financial health – look at the balance sheet to see if your current assets are enough to pay your current liabilities.
 - Are you profitable?
 - Compare to business plan or budget
 - Enter budget in QuickBooks to get Budget v. Actual
- Trend Analysis – prior year/period – show report/graph
 - Look for trends that may indicate a problem and investigate.
- How does your business compare?
 - % of income vs. industry averages (Bizstats.com)
 - May want to renegotiate some expenses—like rent, insurance or others

In Closing:

Office Depot offers the full line of Intuit products:

- QuickBooks – small business financial management
- Quicken – personal finance management
- TurboTax – tax preparation for consumers & small business

You can shop in-store or online and be sure to check for special promotions and offers.

www.officedepot.com/smartfinances

Links to Additional Resources:

Compare QuickBooks product features: <http://bit.ly/5ZLVyN>

Get QuickBooks help remotely or search for local help: <http://www.findaproadvisor.com>

Intuit Merchant Services: <http://payments.intuit.com/>

Intuit Billing Solutions:

<http://payments.intuit.com/products/quickbooks-payment-solutions/quickbooks-online-billing.jsp>

Intuit GoPayments:

<http://payments.intuit.com/products/basic-payment-solutions/mobile-credit-card-processing.jsp>

QuickBooks Online Backup Service—details here:

http://quickbooks.intuit.com/product/add_ons/online_data_backup.jsp

Industry Averages: www.bizstats.com

Intuit Creative Solutions: <http://intuit.99designs.com/>

Free Website: www.Intuit.com/FreeWebsite

Intuit Bill Pay Service: http://quickbooks.intuit.com/product/add_ons/bill_pay.jsp

Intuit Community Forum: <http://community.intuit.com>



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2010 Michelle L. Long, CPA, MBA

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Q&A Session for Organize Your Small Business, Save Time & Money with Michelle Long

Date: Tuesday, February 9th, 2010

Disclaimer: *The following information is general in nature and intended for informational purposes only. It is not to be construed in any way as tax or legal advice. You should consult with a trained professional familiar with the laws and regulations of your area for specific advice.*

Q: What are the most common benefits of forming an S-Corp as opposed to an LLC?

A: An S Corporation can provide additional tax benefits to the owner that is not available with an LLC. However, S Corporations have more rules, requirements and reporting so it will cost more in accounting and legal fees on an ongoing basis. The benefits will vary depending on your marginal tax rate, the anticipated profitability of the entity and the owner's ability to adhere to the additional reporting requirements of an S Corp. You can learn more at www.mycorporation.com and Google can provide more information as well. You should seek the advice of an attorney or tax professional to help you analyze your situation (including other income sources and personal financial situation) and determine which entity is right for you.

Q: Will QuickBooks give me a Balance Sheet and P&L (Profit & Loss)?

A: Yes, you can get a Balance Sheet and Profit & Loss from all versions of QuickBooks- Simple Start, Pro, Premier, Enterprise and Online Edition.

Q: If I work as an independent consultant and receive a 1099 Misc from my employer, can I deduct my daily mileage to work, and at what rate?

A: Without more information about the specific situation and circumstances, this is difficult to determine if it is business mileage (deductible) or commuting mileage (not deductible). You can find more information here: http://www.irs.gov/publications/p463/ch04.html#en_US_publink100033930

The standard mileage rate for business miles was 55 cents per mile in 2009 and 50 cents per mile in 2010. Consult with your tax professional for advice about your personal situation and deductibility of your mileage.

Q: In Quicken or QuickBooks, how does a new business owner know which tax types to categorize certain expenses?

A: Consult the tax form and instructions for your type of entity (Sch C for Sole Proprietor, Form 1120S for S Corporation, etc.). You can access this info at www.irs.gov. Unless you plan to integrate with TurboTax, you can leave the tax lines unassigned. If you want to integrate with TurboTax, then you should seek the advice and assistance of a tax professional to help ensure proper set up.

Q: How important is it to maintain bank accounts in QuickBooks?

A: Every business should have a separate bank account for business use only. If you use QuickBooks for your accounting records, then it is important to enter all transactions and reconcile on a monthly basis (to ensure accuracy and completeness) for bank accounts, credit card accounts and other activity.

Accounting is a double-entry system. If you enter an expense, you need the other side of the transaction—a checking account, credit card payment or other method of payment. It is important to maintain bank accounts in QuickBooks to ensure accurate financial records and reports.

Q: We currently use Peachtree, is QuickBooks better? Why would we want to change to it? Does QuickBooks offer the ability to close out a year so that no changes can be made once you close it out?

A: QuickBooks is the #1 Financial Software and millions of small businesses just like yours use it. This means it is easy to find help or support when needed. Plus, most accounting or tax professionals can work with your information in QuickBooks. In addition, there are a lot of third party programs and services that integrate with QuickBooks. You can watch a video demo by clicking on the “Learn More about QuickBooks” button at www.officedepot.com/smartfinances

You can enter a Closing Date and Closing Date Password to prevent inadvertent changes to closed periods.

Q: Is Quicken for Home and Business a good enough program to use realizing that QuickBooks is the preferred program?

A: It depends on the type of business and your needs. First, consider what reports and information you need from a program. Then, compare the details of each product to determine which best meets your needs. Here is a comparison chart of QuickBooks Pro, Quicken Home & Business and Quicken that may help you:

https://www.wellsfargo.com/biz/financial_software/quickbooks/quicken_comparison

In general, if you are a small service business with minimal accounting needs, then Quicken Home & Business may be sufficient for you. However, QuickBooks Pro has over 100 reports to help you manage your business and provide valuable information. You definitely need QuickBooks if you have employees, inventory, need to collect sales taxes or need some other features unique to QuickBooks. The difference in price isn't that much since there are so many sales and promotions for QuickBooks Pro

Q: Should we use the checkbook ledger download from your bank if offered. Is there a trick to do this in QuickBooks?

A: If you have quite a few debit or credit card transactions, then using the QuickBooks Online Banking feature can be a real time saver. Some banks allow you to download directly into QuickBooks while others allow you to download a file and then import it into QuickBooks.

It is a good practice to backup before downloading or importing transactions. Then, you can restore the backup in the event of problems (i.e. download to the wrong account, duplicate downloads, etc.). There is no 'undo' and it is time consuming if you need to delete or edit numerous transactions. If you don't have a lot of activity, it may be faster to enter transactions manually.

Q: I bill clients for hourly services - does QuickBooks track time on projects? I am Mac based. What is there for me, taking into account the need to track hours on projects?

A: Yes, you can track your time on projects in QuickBooks for Mac. Here are the details:

<http://quickbooks.intuit.com/product/accounting-software/mac-accounting-software.jsp>

Q: I have used Quicken Home and Business for a very long time. I tried QuickBooks Pro and it was too confusing for me w/ home-based business.

A: Many home based businesses use QuickBooks Pro. You may want to have someone set it up for your business and show you how to enter your transactions. You can find a local Certified ProAdvisor at www.findaproadvisor.com or many provide remote consulting services too. Then, you will most likely find QuickBooks Pro easy to use and will benefit from the numerous reports available in it. However, if Quicken Home and Business is meeting your needs, then you may want to continue using it.

Q: We currently email invoices- what kind of link can we offer for clients to pay? Should we use PayPal, or something else?

A: Intuit Billing Solutions (an optional service with Intuit Merchant Services) allows you to email an invoice that includes a button for the customer to click to submit payment. They can login to see their account history and activity too. Intuit Billing Solutions integrates with QuickBooks—the Payments, Deposits and Fees are entered when you download the transactions. Here is the link for details and fees and a video about how it works:

<http://payments.intuit.com/products/quickbooks-payment-solutions/quickbooks-online-billing.jsp>

You can use PayPal to accept payments as well, but I'd be careful about other merchant services without investigating them thoroughly. Some merchant service providers quote low fees but have a lot of other charges and fees. PayPal is a good option without any monthly fees. You can get a PayPal button to include in your invoices.

Also, read about Intuit Payment Network and accepting eChecks in the next Q&A.

Q: Mine is a business that caters to small and medium sized law firms. They often don't pay via credit cards. How would something like that benefit me?

A: Then you might consider accepting eChecks to get paid faster and improve cash flow. Here's info about one service:

<http://payments.intuit.com/products/basic-payment-solutions/e-check-processing.jsp>

I like Intuit Payment Network – no monthly fees and only 50 cents per transaction (regardless of the amount) to accept eChecks. It is easy to sign up and customers don't need an account to pay either. <https://paymentnetwork.intuit.com/PaymentNetwork/>

Q: How do I manage credit card processing fees. They are so complicated especially in the terminology for debits and credits.

A: Yes, it can get confusing, but you do not need to worry about debits and credits to enter them in QuickBooks. You enter the Payment Received in QuickBooks as normal. Then, if the fee is deducted from each payment, enter another line on the deposit with the amount of the fee as a negative and post it to an account like 'Merchant Fees Expense'. The net deposit will be correct, the customer receives credit for paying the full amount and you recorded the fee. If the fee is one lump sum each month, enter it as a check without a check number—use a code instead (like CCFee or something). This records the expense and reduces your checking account too.

Q: I am an interior designer; credit cards can be problematic with customs items that a client may want to return. The credit card presents many problems since the credit card can suspend payment, be we are still on the hook with the vendor. Comment?

A: A policy for special or custom orders that they must be paid in full with no refunds or returns is common practice and helps avoid customers wanting to return an item. This would ensure you are paid so you can pay the vendor.

Q: When you print out your EOY info, do you delete online storage and start over for the New Year?

A: You are not required to delete items stored online. I would recommend you save a copy or backup before you delete anything.

Q: What do you consider "quick" reconciliations? Monthly? Quarterly? Other?

A: QuickBooks makes it quicker to reconcile accounts like your bank account, credit card accounts or other accounts. You should reconcile most accounts monthly. Introduced in QuickBooks 2009 is the ability to sort the transactions in the bank rec window (instead of just in order by date). This is convenient since many bank statements put things in check number order, or grouped by type of transaction or perhaps you are looking for a certain amount. Now, you can sort on which ever column you need.

Q: What Remote Access service do you recommend?

A: Quite a few remote access services work great! Within QuickBooks, you can use WebEx—sometimes they offer 6 months or 12 months free depending on which version of QuickBooks you purchase. There is also a free version of Logmein which I think works great too. Others to consider are GotomyPC, PCAnywhere, PCAssist and others. The free versions may not include all the features you need. You should consider whether you want remote printing, file transfer and other features that you may need. Regardless of what you choose—remote access is a great time saver! Also, if you use remote access, you do not have to worry about which file is current since you're working in the actual file.

Q: Which reports do you recommend monitoring regularly?

A: It will vary depending on your type of business—what are the key factors for your business? Keep in mind that cash flow is always a concern and your profitability is a result of sales minus expenses. Some key financial reports might include:

Balance Sheet and Profit & Loss – watch for trends and variances

Profit & Loss by Class or by Job or Job Profitability Reports

Accounts Receivable and Accounts Payable Aging – watch cash flow

Sales by Customer or Sales by Item

Inventory—reorder points and more

In QuickBooks 2010, the Company Snapshot includes 12 useful reports and graphs for a quick overview

Calculating key ratios for liquidity, leverage, profitability, turnover ratios and more.

There may other reports that are important for your business—production and quality, contacts or sales leads, monitoring industry news and trends and more. Learn more about reports and the Company Snapshot by clicking on the “Learn More about QuickBooks” link at www.officedepot.com/smartfinances

Q: I have a 1-person consulting business, and don't want to spend a lot on software, yet like the idea of the reports. Does the basic version provide a lot of functionality for tiny businesses?

A: Simple Start and Quicken Home & Business are both about \$100 and should work for you if you do not want to track Accounts Payable. However, QuickBooks Pro has been on sale at Office Depot for about \$150 most of the time. Plus, this week there are extra promotions which include Learning QuickBooks for free and a \$30 Office Depot Gift Card. (offer valid through 2/27) That is a great deal and not much more money. Simple Start has 14 reports whereas QuickBooks Pro has 100+ reports and graphs. That is why I recommend QuickBooks Pro for my clients!