

Introduction

QuickBooks (desktop version), is the most widely used (and recommended) accounting program for parishes and schools in the Diocese of Fall River. Intuit offers several versions of QuickBooks, including an on-line version (which Intuit is aggressively marketing), and several desktop products. Although some parishes and schools have already transitioned to the on-line version, the Diocese recommends that diocesan entities use the **QuickBooks Pro** version of the desktop program. Industry experts expect Intuit to continue to invest in the on-line product, and *eventually* discontinue the desktop product; however, we expect it to be several years before this happens. The current on-line program, has a different look and feel that will be unfamiliar to desktop users. There also have been difficulties we've encountered transferring memorized transactions and lost functionality when we've looked at the on-line product. As a result, while the on-line version of QuickBooks is an acceptable alternative if parishes and schools wish to go in that direction, it is not recommended at this time.

The following guide has been developed to assist Diocese of Fall River parishes and schools with using the QuickBooks Pro software. The functions reviewed are those that are most pertinent to business managers. We view this as a dynamic document, and based on feedback from the end users, hope to add more content to the guide in the future. This guide is also meant to complement the **Parish Living and Administration Guide** that was sent to all parishes in January 2019. We are also in the process of working with an outside consultant that successfully provided Microsoft Excel training to DFR staff in the past, to develop a QuickBooks class customized for diocesan staff that will touch on all of the topics in this hand-out, as well as more general QuickBooks items. We hope to have these classes start in late spring or summer 2019.

Parish and school staff have a wide-range of experience with QuickBooks and accounting in general. We have some staff that are beginners, others more seasoned. This guide is meant to help new users get familiar with common functions and assist more seasoned users with the best approach to QuickBooks functions. One characteristic of QuickBooks is that there are multiple ways to do the same thing (for those familiar with QuickBooks, think of the multiple ways you can pay a bill). The goal of this manual is to instruct on what we believe is the best way to complete each function.

We welcome your feedback. If you have any questions on the guide, or recommendations, please do not hesitate to contact the Finance Office at the Chancery.

Thank you,

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Item #1: How to Setup New Users in QuickBooks (or edit existing user’s access)

Why this is important:

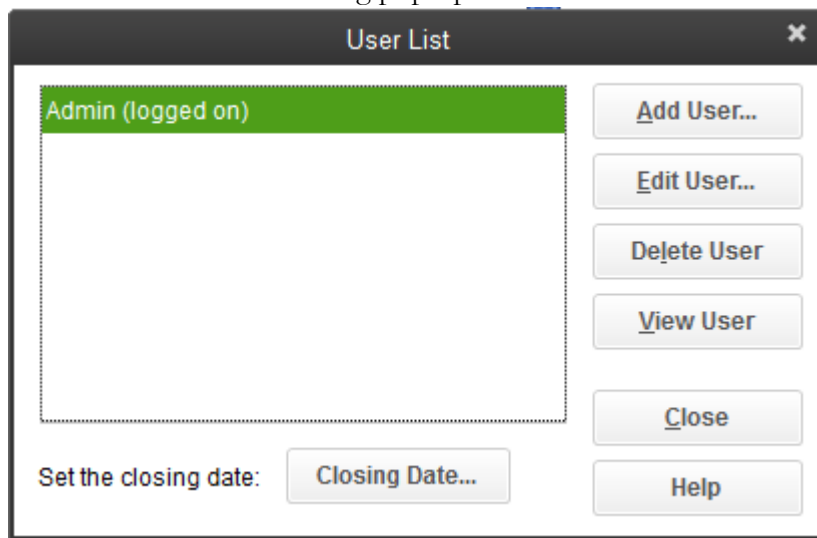
QuickBooks allows parishes to set up multiple users (the desktop version of QuickBooks typically allows up to 5 users per license). As the business manager, you are likely the user with “admin” rights. This means you can set up new users and (if necessary), restrict new user access.

How to setup new users in QuickBooks:

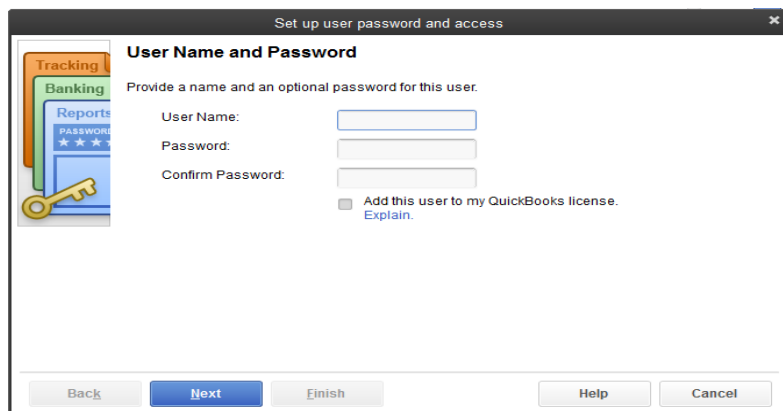
From the “Home” screen in QuickBooks:

- Select **Company > Set up Users and Passwords > Set up Users**

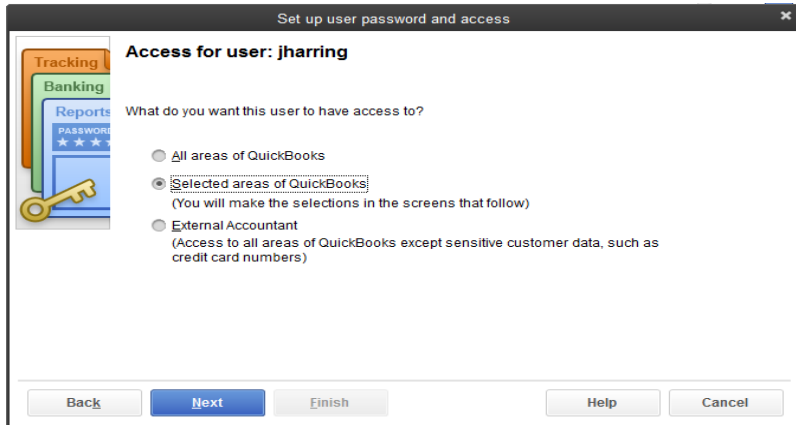
You should see the following pop-up box:



- Click on **Add Users** (you can **Edit Users** here as well)
- Enter the new users name and password, then click on **Next**.

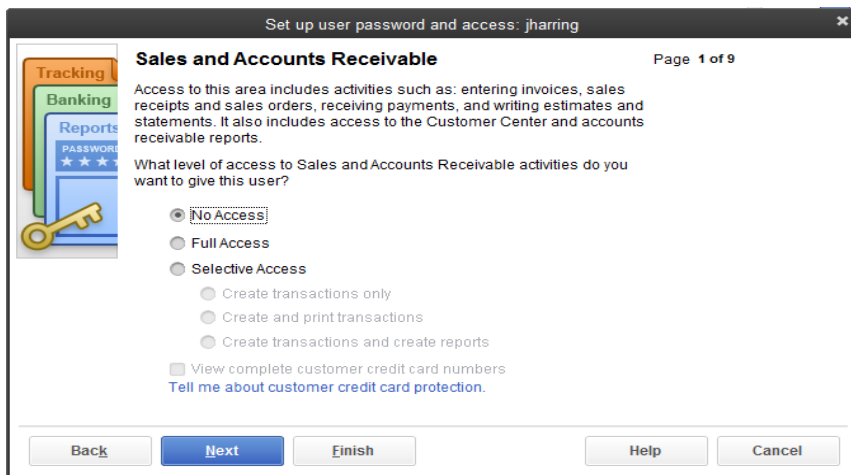


You are going to be able to define the new user’s access on the next several screens. The first screen will look like this:



If you want this user to do pretty much everything, you can simply click on **All Areas of QuickBooks**.

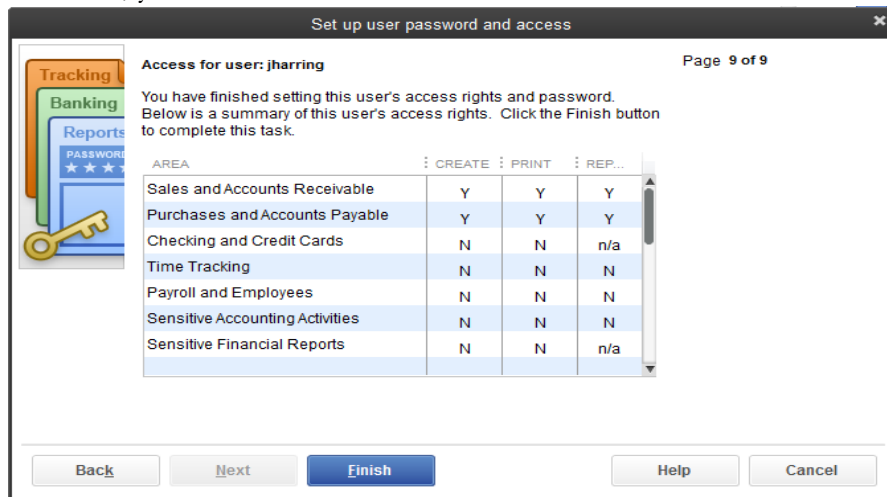
If you want to be more restrictive, click on **Selective area of QuickBooks**. If you chose this option, you will be run through a series of screens where you can be more precise on what type of access you want to allow. We recommend you do this option when you do this for the first time. It will allow you to see what type of access you are providing. Here is what the first screen looks like:



On this screen you are able to define Sales and Accounts Receivable access. The pop-up box describes what this means at the top of the box. Go ahead and define the access, then hit the Next button. You will then scroll through a series of pop-up boxes, including:

- Purchases and Accounts Payable
- Checking and Credit Cards
- Time Tracking
- Payroll and Employees
- Sensitive Accounting Activities
- Sensitive Financial Reporting
- Changing or Deleting Transactions

At the end, whether you chose All Areas of QuickBooks, or shoes to step through and define user access for each area, you will see a screen that looks like this:



This screen allows you to review the access you have provided the new user. If you are happy with all the selections, click on the **Finish** button.

[Congratulations](#), you have now setup a new user! You may go back and edit access options for this user at any time.

Item #2: Switching from Single-User to Multi-User Mode

Why this is important:

Now that you have setup additional users, you may want to allow them access to QuickBooks while you are in the file. If you want multiple users to access your QuickBooks file at the same time, the first user that logs into the application will need to switch your application into “multi-user mode”. This allows multiple users to work in the file at the same time.

Note that as soon as you start working on a transaction, it is locked by QuickBooks so that ***other users in the file can't edit the transaction while you have it open.*** There are also certain functions (i.e. editing accounts), for which the QuickBooks file needs to be in “single-user” mode. This makes sense. You don't want to have multiple people entering conflicting information when you are creating a transaction, or editing an account. QuickBooks protects against this happening.

You can toggle back and forth between the two modes as necessary.

How to do this in QuickBooks:

Simply select **File > Switch to Multi-user Mode** (or **Switch to Single User Mode**)

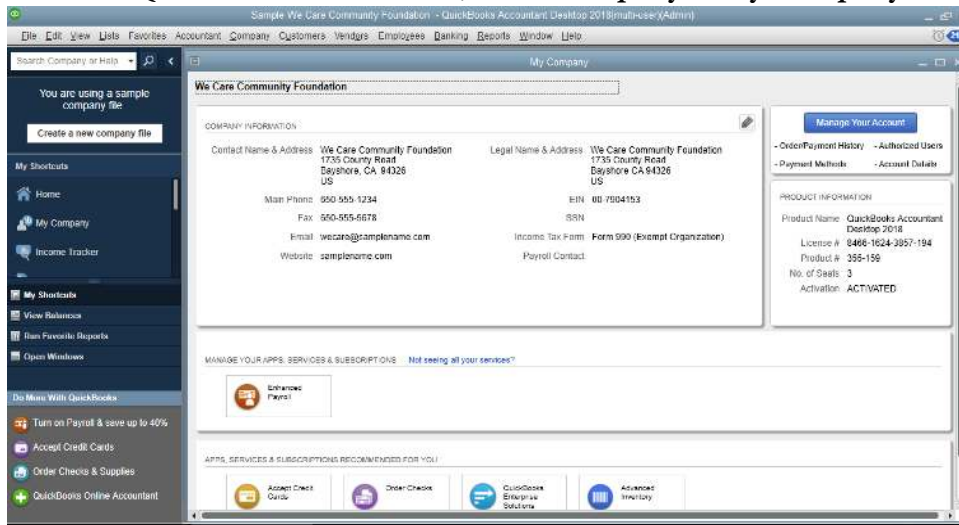
Item #3: How to set the fiscal year to July 1st – June 30th

Why this is important:

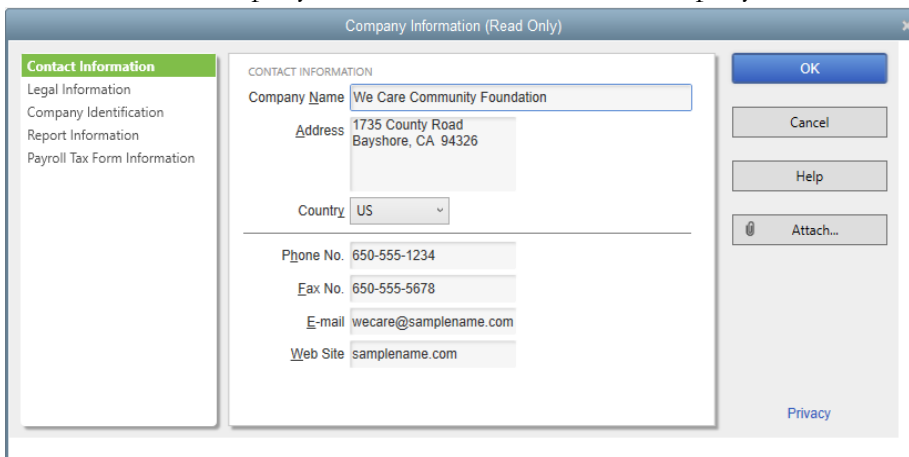
The fiscal year used by all Diocese of Fall River entities runs from July 1st through June 30th each year. Among other things, setting the correct fiscal year allows QuickBooks to show the correct time periods when running profit and loss reports for multiple years (more on running reports in QuickBooks later!).

How to do this in QuickBooks:

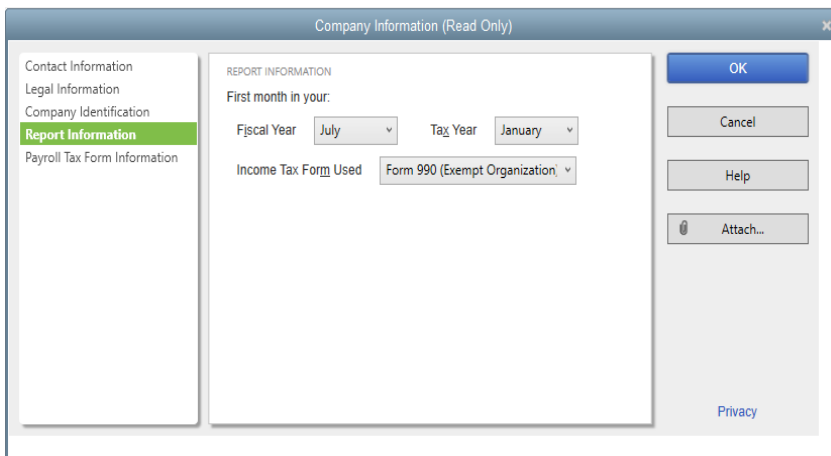
- From the QuickBooks Home screen, select **Company > My Company**



- Click on the box with what looks like a pencil in it (the “edit” icon), that is positioned at the top right corner of the “Company Information” box. The “Company Information” box should appear.



- Click on **Report Information** on the menu at the left of the box



- In the Report Information box, click on the drop-down field next to **Fiscal Year** and select July. Don't worry about the **Income Tax Form Used** field. Most non-profits need to file a form 990 each year, but our parishes and schools are covered by the USCCB's umbrella exemption. You do not need to file a Form 990.

Item #4: How to Setup and Edit Vendors using the Vendor Center

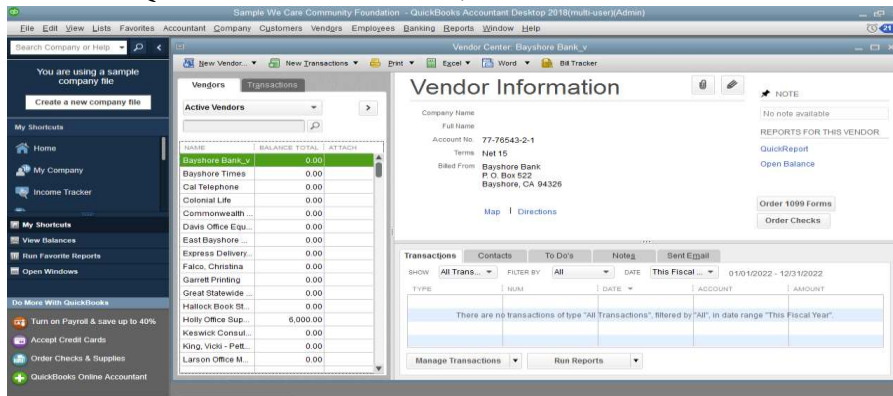
Why this is important:

Now we are starting to get into the reason we use QuickBooks! QuickBooks helps us store vendor information, pay bills and report on parish/school expenses. One thing you will find is that QuickBooks is very flexible. There are multiple ways to pay vendor bills. We are going to show you the best way to go about it. The first step is to setup your vendors in QuickBooks.

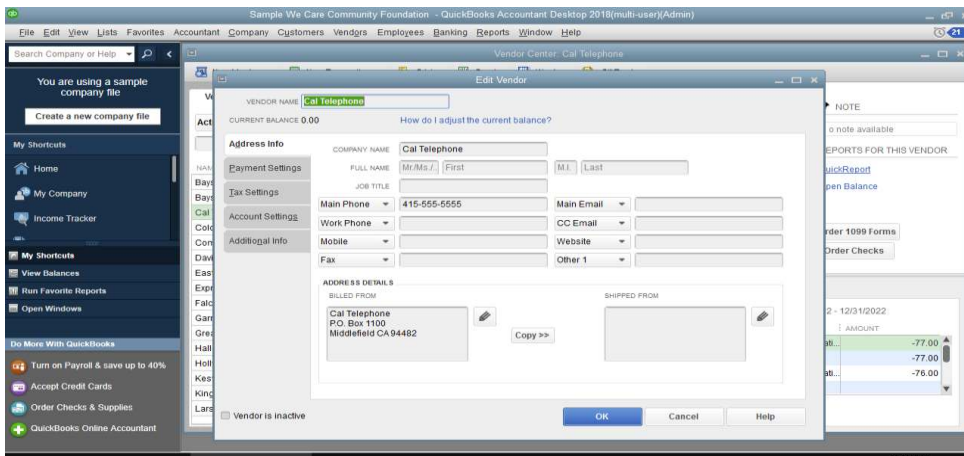
It is important that you set up a list of all parish vendors in the **Vendor Center**. This allows you to enter key contact, tax, and billing information for each vendor. It also provides you quick access to any transactions you have processed for that vendor. (Note that the instructions below are just a sampling of the most important functions in the vendor center for parish/school staff. For more complete instructions on the vendor center we recommend that business managers watch for training opportunities offered by the Diocese).

How to do this in QuickBooks:

- From the QuickBooks Home screen, Select **Vendors > Vendor Center**



- To **add** a vendor:
 - o Click on the button at the top for **New Vendor**
- To **review** vendors, a list of vendors will show on the left-hand side of the box, you can filter the list of vendors by clicking on the drop-down box immediately above your vendor list.
- To **edit** vendors:
 - o Select the vendor you want to edit by clicking on the vendor in the vendor list.
 - o Click on the **edit button** (the button that looks like a pencil) on the top right-hand side of the Vendor Information box.



From this point, it is fairly intuitive. There are a series of tabs on the left-hand side of this pop-up box. You can select each tab and enter information as follows:

- o In the **Address Info** tab, enter contact information (address, phone number, etc... for each vendor)
- o In the **Tax Settings** tab, enter the vendors tax ID and check the box if the vendor is eligible for a 1099. Please see the “Parish Administration – Independent Contractors”, section in the Parish Living and Administration Guide for more information on W-9s and 1099s. You will want to read this section to determine if you need to make your vendor eligible for 1099s (**by law parishes and schools are mandated to create 1099s at the end of each calendar year.**)
- o In the **Account Settings** tab, you may wish to enter the account frequently used for this vendor. For example, for National Grid, you may want to select your electric account.
- o In the **Additional Info** tab, you may enter custom fields for each vendor – simply select the Define Fields button and enter the field you would like to customize (for example, you may wish to add a field called “Certificates of Insurance” to include COI information for your vendor).

It is important for you set up each vendor in the vendor center so that reporting is done properly.

Item #5: How to Enter, then Pay Bills

Why this is important:

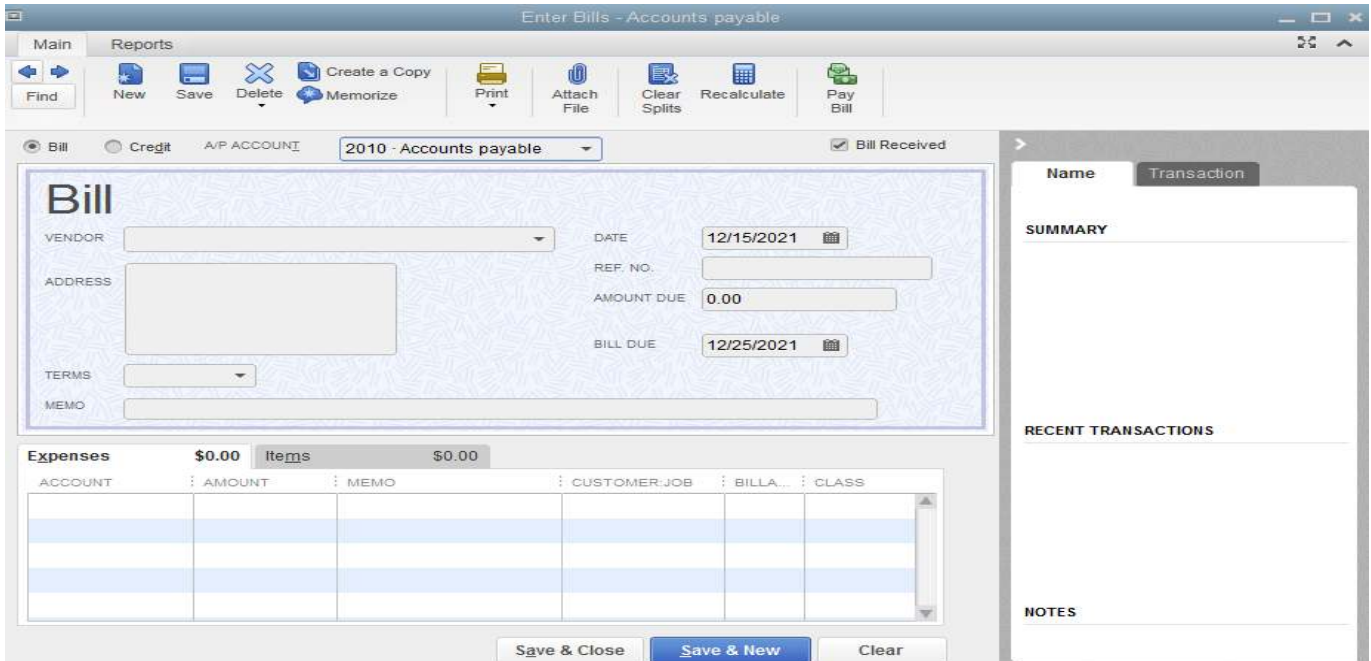
Now we move on to paying vendor invoices. I mentioned before that there are multiple ways to do things in QuickBooks. Paying bills is something you can accomplish in a variety of ways. The three ways most frequently used are:

1. Using the **Write Checks** function (**Banking > Write Checks**)
2. Using the **Register** function (**Banking > Use Register**)
3. Using the 2-step **Enter Bills** and **Pay Bills** functions (**Vendors > Enter Bills; Vendors > Pay Bills**)

The best practice recommended by the Diocese of Fall River to is use **option #3**. Options #1 and #2 book vendor charges on a cash-basis. Meaning that transactions are reflected in parish reports as the transactions are paid; however, what is lost in options #1 and #2 are the parish's accounts payable (invoices that have been received by the parish, but not paid). Note that option #3 is a two-step process (but do not be intimidated – it's not that complicated). In the first part of the process, **Enter Bills**, you are entering the transaction into QuickBooks (including selecting the proper account against which to book the transaction). After you complete step 1 the transaction will show up on your **Accounts Payable Aging Report**. In the second part of the process, **Pay Bills**, you are actually creating the check to send to pay the vendor, and hitting the payment to your bank account. The transaction will no longer show up on your Accounts Payable Aging Report after you run the Pay Bills option. Our "How to" section below will focus on Option #3.

How to do this in QuickBooks:

- a. From the QuickBooks Home screen, Select **Vendors > Enter Bills**



- b. Enter the vendor's name or select name from the drop-down list in the space next to the word **VENDOR**.
- c. Make sure that the

- d. If you enter a new vendor's name, you will be given a choice to either **Quick Add** or **Set Up** the new vendor. We recommend that you select Set Up so that you can add the address and other important contact information that you will want to have in the future. (refer back to item #4 on setting up and editing vendors).
- e. Enter the invoice date in the field next to **DATE**.
- f. Enter the invoice number into the **Ref No.** field.
- g. Enter the total invoice amount in the **Amount Due** field
- h. Type the invoice payment due date into the **Bill Due** field
- i. Enter any comments you feel would be helpful in the **memo** field
- j. In the bottom half of this "Enter Bills" box, click in the **Account** column, and from the drop-down menu select the correct dollar amount for that expense line item (Refer to the chart of accounts at the end of this document. Do not hesitate to call the Chancery Finance Office at 508-985-1311 if you have any questions.)
- k. Click in the Amount column, and enter the dollar amount
- l. You do not need to fill in the remaining columns
- m. Repeat steps I through K until you have listed each item on the vendor's invoice
- n. Click **Save & Close** or **Save & New** (if you are entering multiple bills) at the bottom of the page

****Note**:** Notice that our example has a field called "A/P Account" with an account "2010-Accounts Payable" directly to the right. Your QuickBooks file may not even show this field. The sample file we used showed this field, because our sample company had 2 Accounts Payable accounts in its chart of accounts. Do not panic if you do not see this field. By default, every QuickBooks file has an Accounts Payable account set up within the chart of accounts.

Now that you have entered the bill, QuickBooks has done the following entries for you behind the scene:

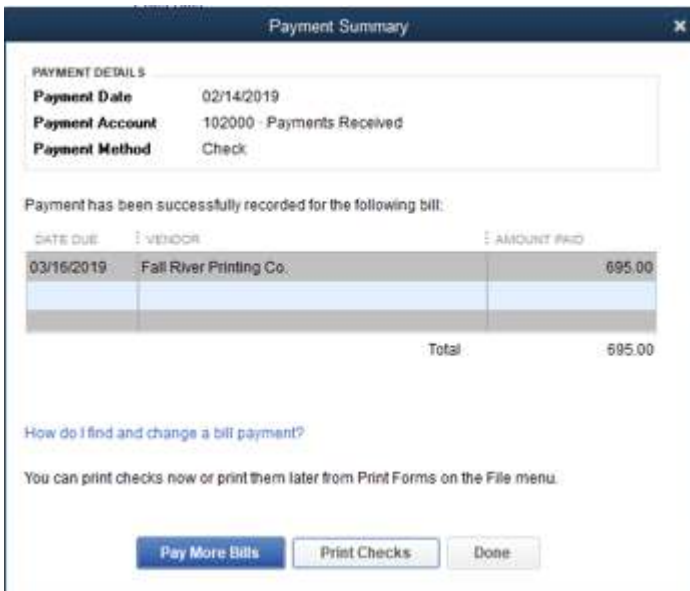
1. QuickBooks has **debited** the Expense account you chose.
2. QuickBooks has **credited** your Accounts Payable balance sheet account

You now need to complete part 2 of the process. You have **entered** the bill (which established a liability in your Accounts Payable account). You now have to **pay** the bill.

- o. From the QuickBooks Home screen, Select **Vendors > Pay Bills**

- p. Select bills that you are ready to pay by clicking on the little boxes next to each invoice.
- q. Enter today’s date for the **Payment Date** (see bottom left of screen)
- r. Make sure that you have selected the correct bank account that you are going to pay the bills out of by selecting the **Account** in the bottom right-hand side of the screen.
- s. Click on the button **Pay Selected Bills**

- t. An Assign Check Numbers box will appear – select **Let QuickBooks Assign Check Numbers** and click **OK**



- u. A **Payment Summary** box will appear.
 - a. If you click on **Pay More Bills**, you will be returned to the Pay Bill window.
 - b. If you wish to proceed to printing out the checks, select **Print Checks**
 - c. If you do not need to select more bills, click on the **Done** button.

In our example, we are going to proceed to the **Print Checks** screen.



- v. A **Select Checks to Print** box will appear. Select the checks you wish to print and click **OK**
- w. A final print screen will appear allowing you to format the checks as necessary. Click **OK** to print the checks.



Item #6: How to Enter Deposits

Why this is important:

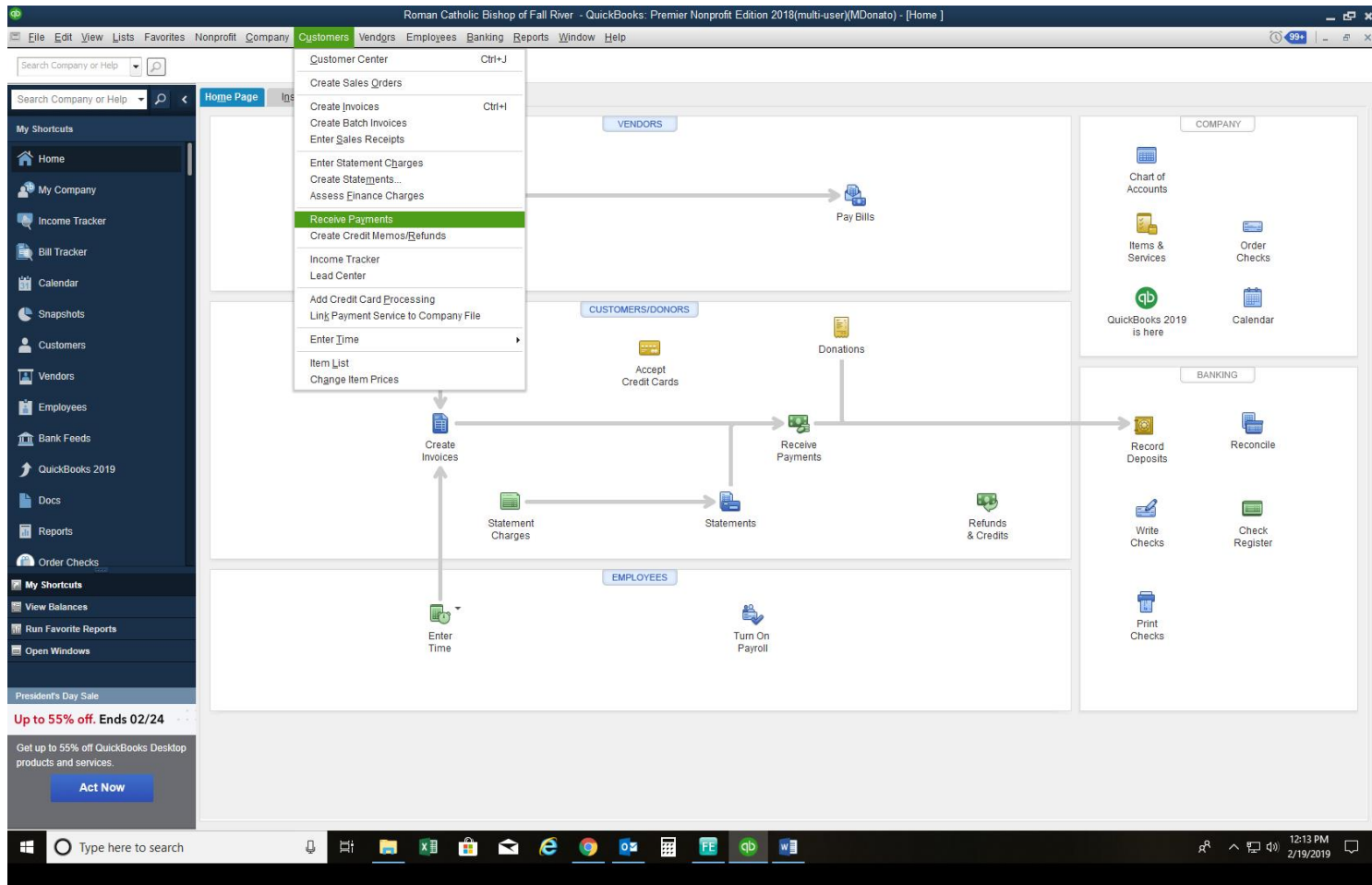
We've gone through how to pay bills (the expense side of your profit and loss statement). Now we want to focus on the income side. Whether you are booking the weekly collection, school tuition, or a donor bequest, you need to know how to enter a deposit in QuickBooks.

How to do this in QuickBooks:

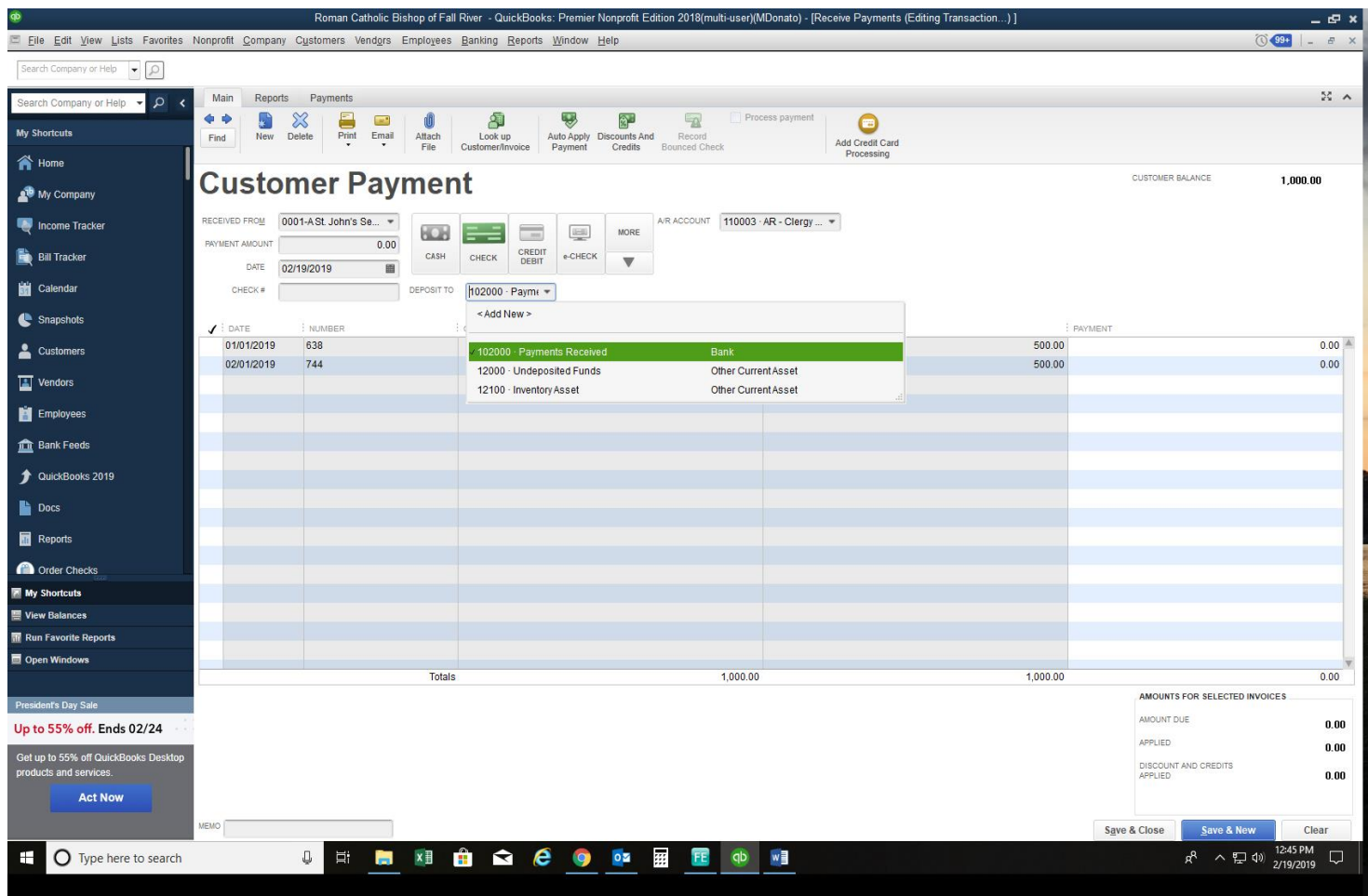
There are two categories of deposits: payments for invoices and checks received as donations or other income.

For checks received for payments of invoices billed to customers, start with the Customers on the top menu bar or from the icon on the Home Screen.

To create a deposit for an invoice payment **Select Receive Payments** to apply the check to an invoice.



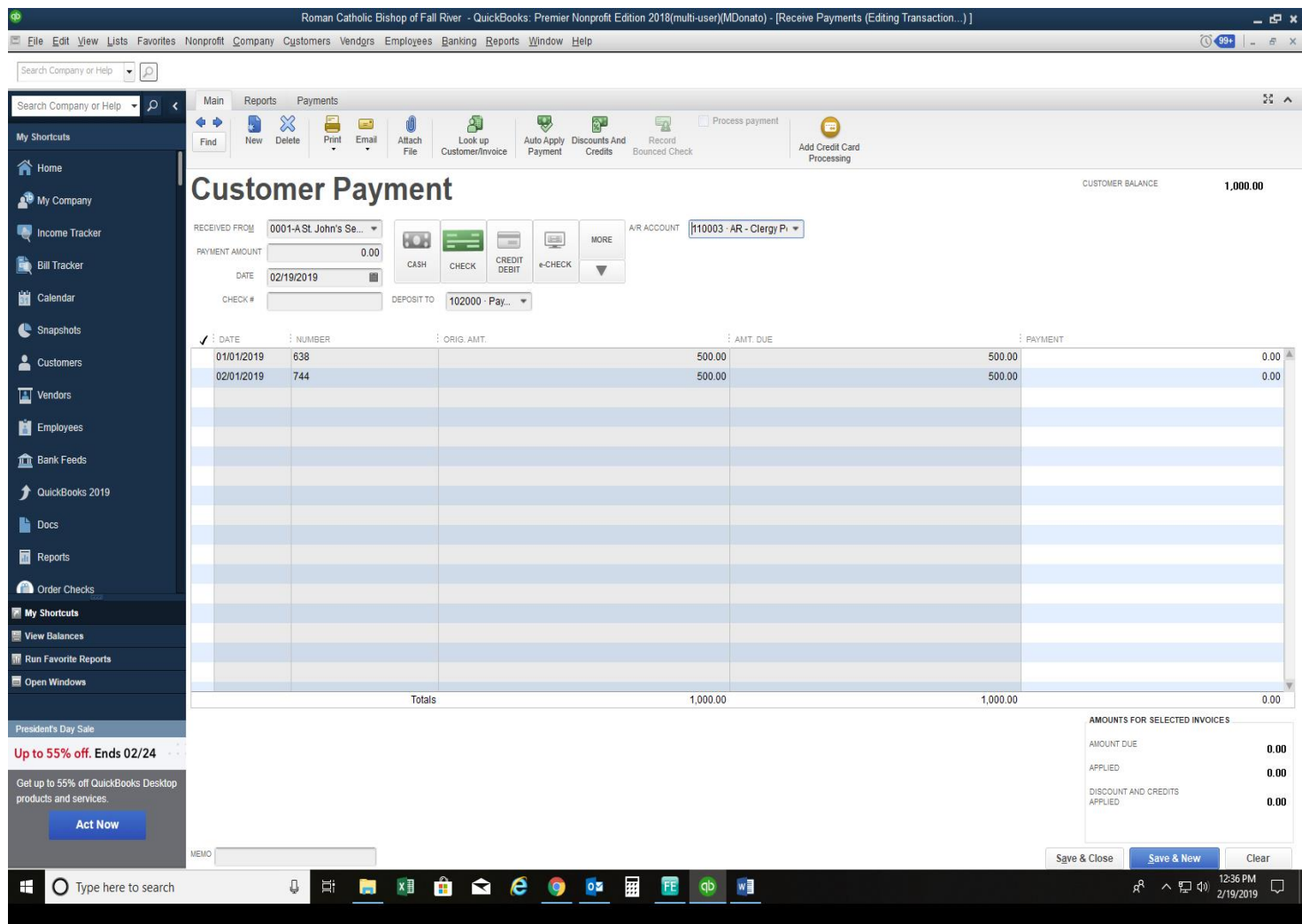
The Customer Payment form will open.



Select the Bank Account to post the payment to from the drop down menu in the form header. If an account is not selected, QuickBooks will post the payment to the Undeposited Funds Account.

Next, select the customer from the drop down menu. Enter the check amount, check date and check number. QuickBooks will apply the check to the oldest open invoice. To override the selection un-check the invoice the payment defaults to and check the invoice to apply it to.

Click on Save and the payment will post to the customer's account and to the bank account.



To create a deposit that is **NOT** an invoice payment, select Banking from the top menu → scroll down to Make Deposits. The deposit form will appear.

Start by selecting the bank account to deposit funds to from the drop down menu. Enter the date of the deposit.

Parish Administration – The 15 Things Every Business Manager Should Know in QuickBooks

Roman Catholic Bishop of Fall River - QuickBooks: Premier (Nonprofit Edition 2018(multi-user)(MDonato) - [Make Deposits (Editing Transaction...)]

File Edit View Lists Favorites Nonprofit Company Customers Vendors Employees Banking Reports Window Help

Search Company or Help

Search Company or Help Previous Next Save Print Payments History Attach

Deposit To: 102000 - Paym Date: 02/19/2019 Memo: Deposit

Click Paymer: <Add New>

RECEIVED FROM	ACCOUNT	CHK. NO.	PMT. METH.	CLASS	AMOUNT
102000 - Payments Received	Bank				
110001 - AR- Property Insurance	Accounts Receivable	5540	Check		675.00
110002 - AR - Medical	Accounts Receivable		Cash		37.50
110003 - AR - Clergy Pension	Accounts Receivable				
110009 - AR - Parish Assessment	Accounts Receivable				
110010 - AR - Dental	Accounts Receivable				
110090 - AR - Suspense	Accounts Receivable				
110101 - AR - Miscellaneous Billing	Accounts Receivable				
110103 - AR - 403(b)	Accounts Receivable				
111115 - Educational Reimbursement	Accounts Receivable				
12000 - Undeposited Funds	Other Current Asset				
12100 - Inventory Asset	Other Current Asset				

Deposit Subtotal 712.50

To get cash back from this deposit, enter the amount below. Indicate the account where you want this money to go, such as your Petty Cash account.

Cash back goes to: Cash back memo: Cash back amount:

Deposit Total 712.50

Save & Close Save & New Clear

My Shortcuts: Home, My Company, Income Tracker, Bill Tracker, Calendar, Snapshots, Customers, Vendors, Employees, Bank Feeds, QuickBooks 2019, Docs, Reports, Order Checks, View Balances, Run Favorite Reports, Open Windows

President's Day Sale: Up to 55% off. Ends 02/24. Get up to 55% off QuickBooks Desktop products and services. Act Now

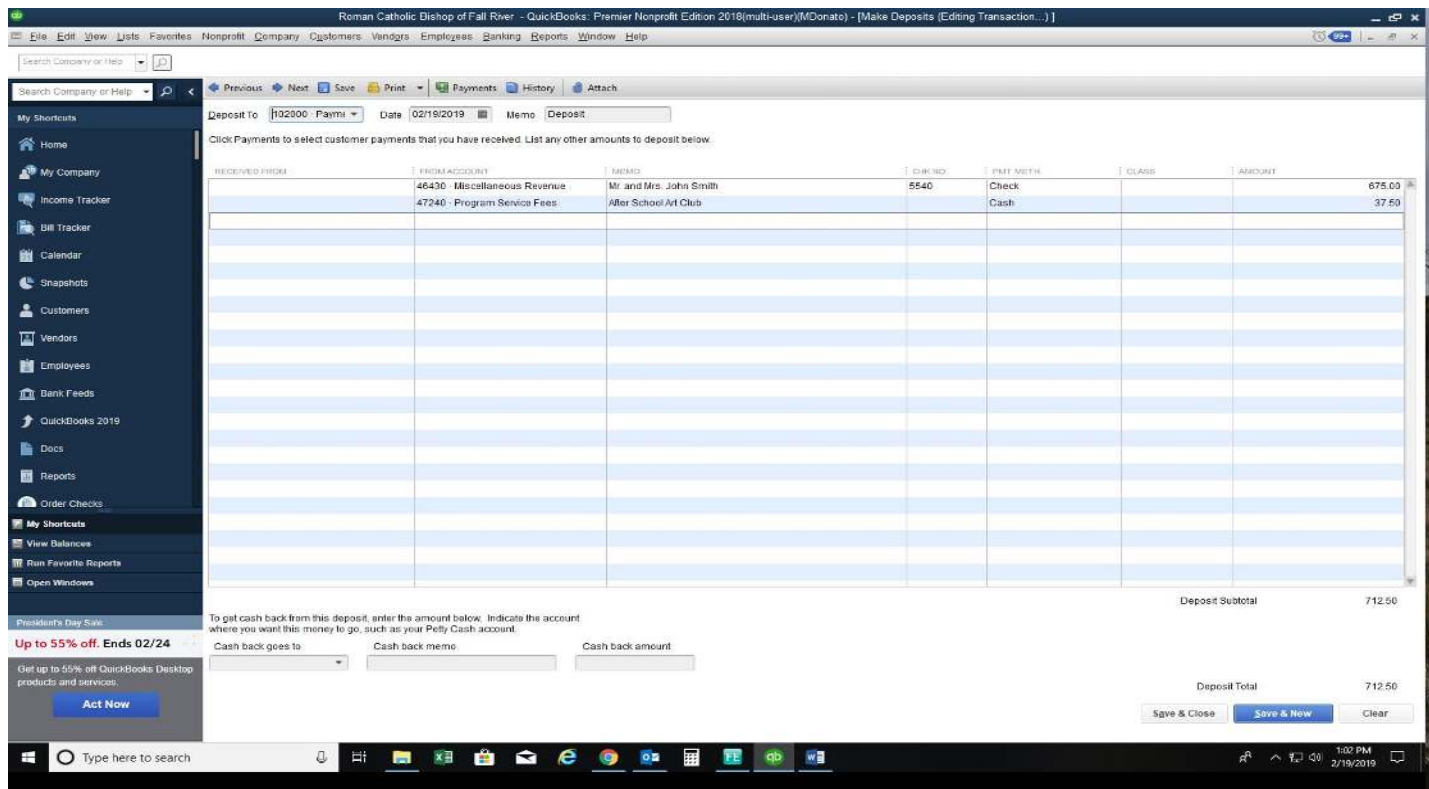
Windows Taskbar: Type here to search, File Explorer, Mail, Edge, Chrome, Outlook, Calculator, Firefox, QuickBooks, Word

System Tray: 12:58 PM, 2/19/2019

The first field, Received From, is not required. The field is used for other types of customer payments.

Start with entering the account income account number (or expense if it is a reimbursement). The Memo field can be used for more specific information. In the example, the donors' name appears. Enter the payment type (cash, check or charge) and the amount. Click on Save and the deposit is posted to the income account and bank account selected.

A detailed transaction report can be run for the income account to view the details entered in the Memo field.



Item# 7: How to reconcile a bank account in QuickBooks

Why this is important:

Reconciling the parish bank statement(s) is one of the most important internal controls for a parish for two reasons:

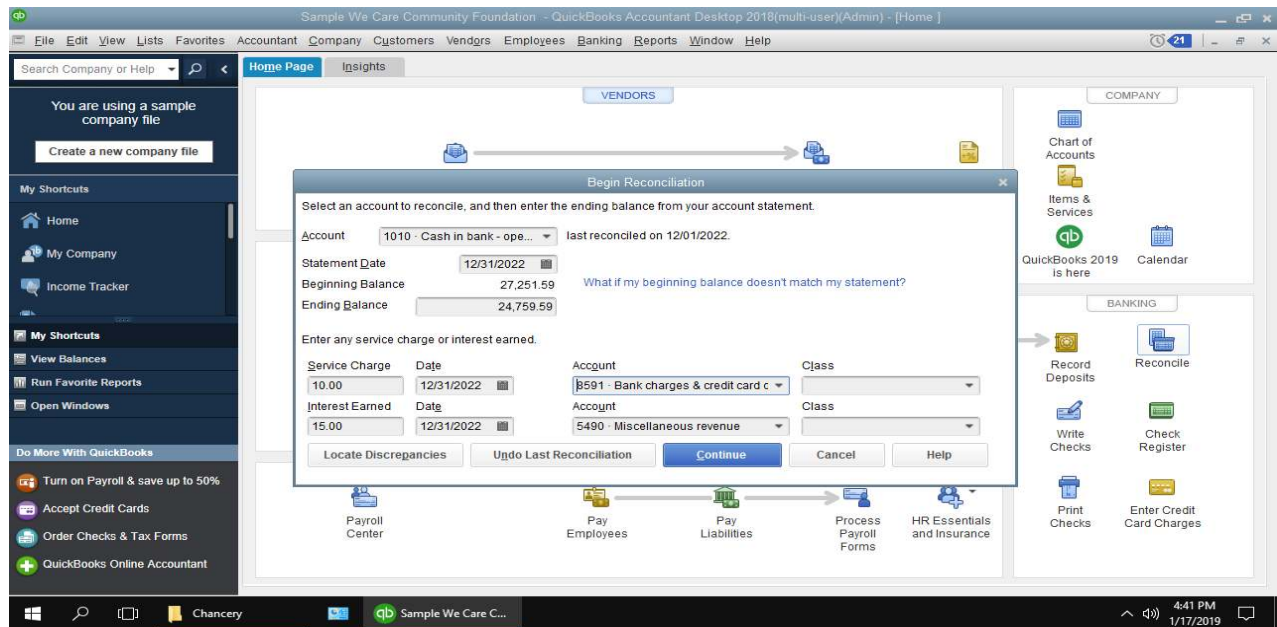
1. The reconciliation validates transactions booked to the parish QuickBooks bank account(s). When the pastor presents an income statement or balance sheet to parishioners or the Finance Council, he is providing a representation of the financial activities of the parish. These activities are rooted in transactions that flow through the parish bank accounts in QuickBooks. Reconciling these QuickBooks account balances to your bank statement validates the QuickBooks accounts, and by relation, all QuickBooks financial reports provided various stakeholders.
2. The reconciliation is the best way a parish can protect against fraud. Your bank statement will list all checks cashed in a given month. Any checks not listed on the bank statement, but not booked in QuickBooks, will draw your attention and could help uncover fraudulent activity.

It is for these reasons that every bank account using the parish tax ID should be included in the parish QuickBooks file, and every bank account should be reconciled to the bank statement every month (as soon as practical after the bank statement is received).

It is also important that the bank reconciliations are reviewed and signed each month by the pastor (see “Evidence of Pastor Reviews” section in the **Parish Living and Administration Guide** for detail on what should be provided to a pastor, and what the pastor should focus on with his review).

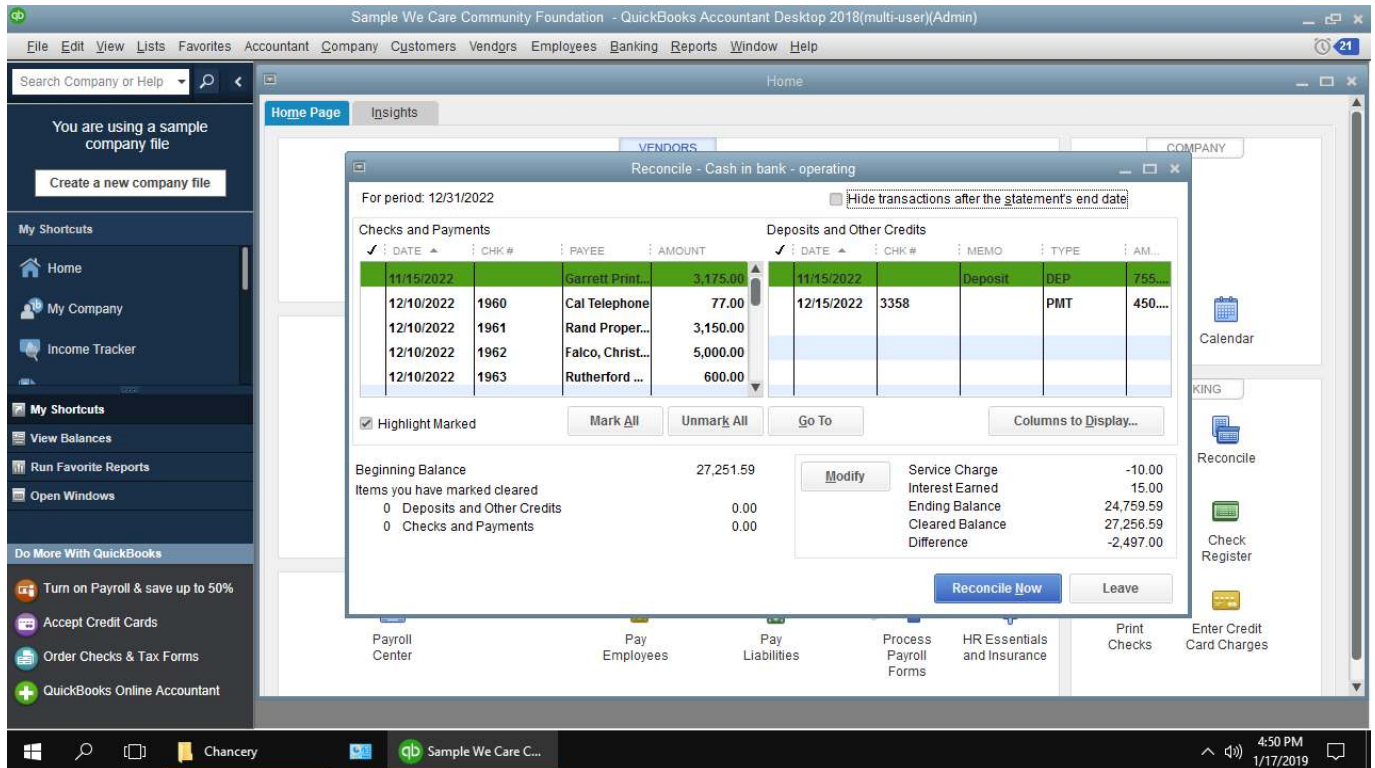
How the bank reconciliation is completed in QuickBooks:

1. You should have a copy of the bank statement you are reconciling to in front of you when you start the reconciliation.
2. From the “Home” screen in QuickBooks select **Banking – Reconcile**, or click on the “**Reconcile**” icon
3. A new window titled “Begin Reconciliation” will appear that looks like this:



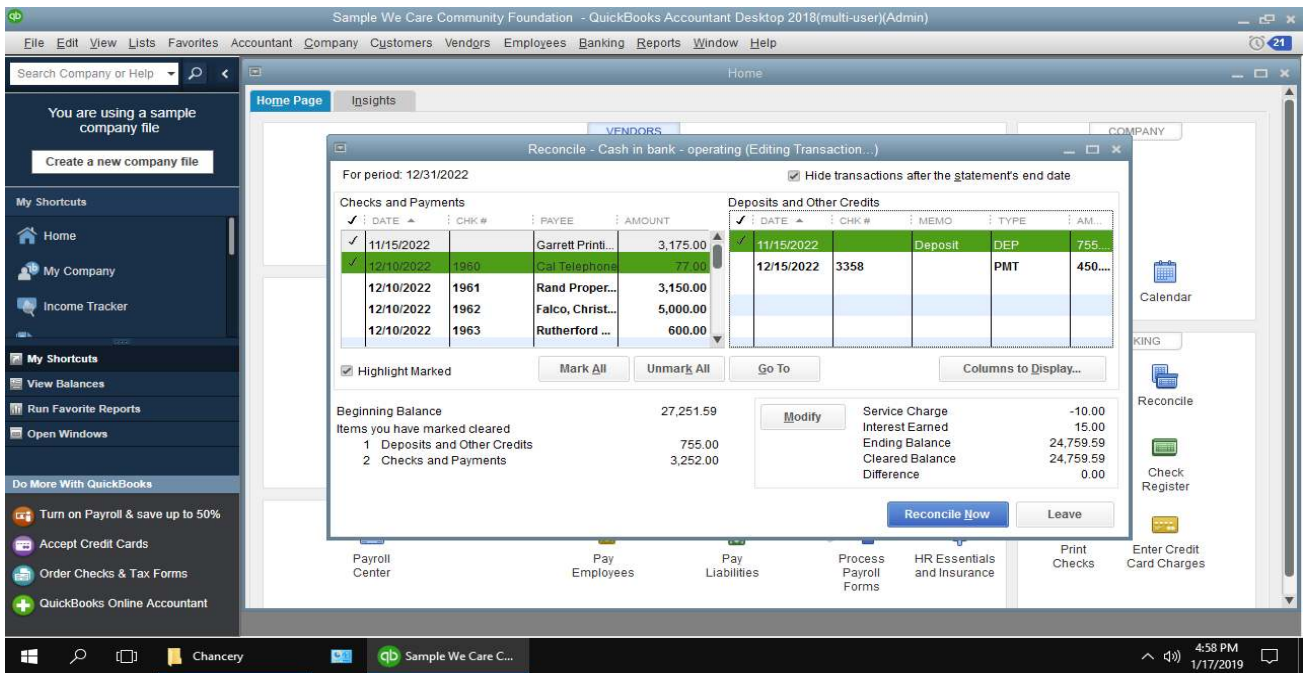
- a. Select the bank account to reconcile from the drop-down box next to **Account**.
- b. Enter the statement date from the bank statement.
- c. The beginning balance should match to the beginning balance of your bank statement.
Note: What if my balance does not match? The best way to remedy this is probably to process a journal entry to adjust the beginning balance. If you have any questions on this, please feel free to contact the Chancery Finance Office.
- d. Enter the ending balance you see on your bank statement.
- e. Enter any service charges. For the account, select **100-01-018 Bank Service Charges**
- f. Enter any interest earned. For the account, select **013-01-030 Interest-Bank**
- g. Hit the “Continue” button (You may get a pop-up box telling you that a class has not been assigned. If so, click on the “Save Anyway” button).

4. The next window you see will be titled “Reconcile – Cash in bank – xxx”, and will look something like this:



- On the top right-hand side of the window, click on the box to “Hide transactions after the statement’s end date”. This will remove any transactions booked after the month you are reconciling (for example – if you are doing the November bank reconciliation on December 22nd, you don’t want to reconcile activity that has occurred in December).
- On the left-hand side of the window is a list of **checks and payments** booked in QuickBooks during the month. Click to the left of each item that appears on your bank statement.
- On the right-hand side of the window is a list of **deposits and credits** that were recorded in QuickBooks during the month. Click to the left of each item that appears on your bank statement.

Here is what the result looks like in the sample company:

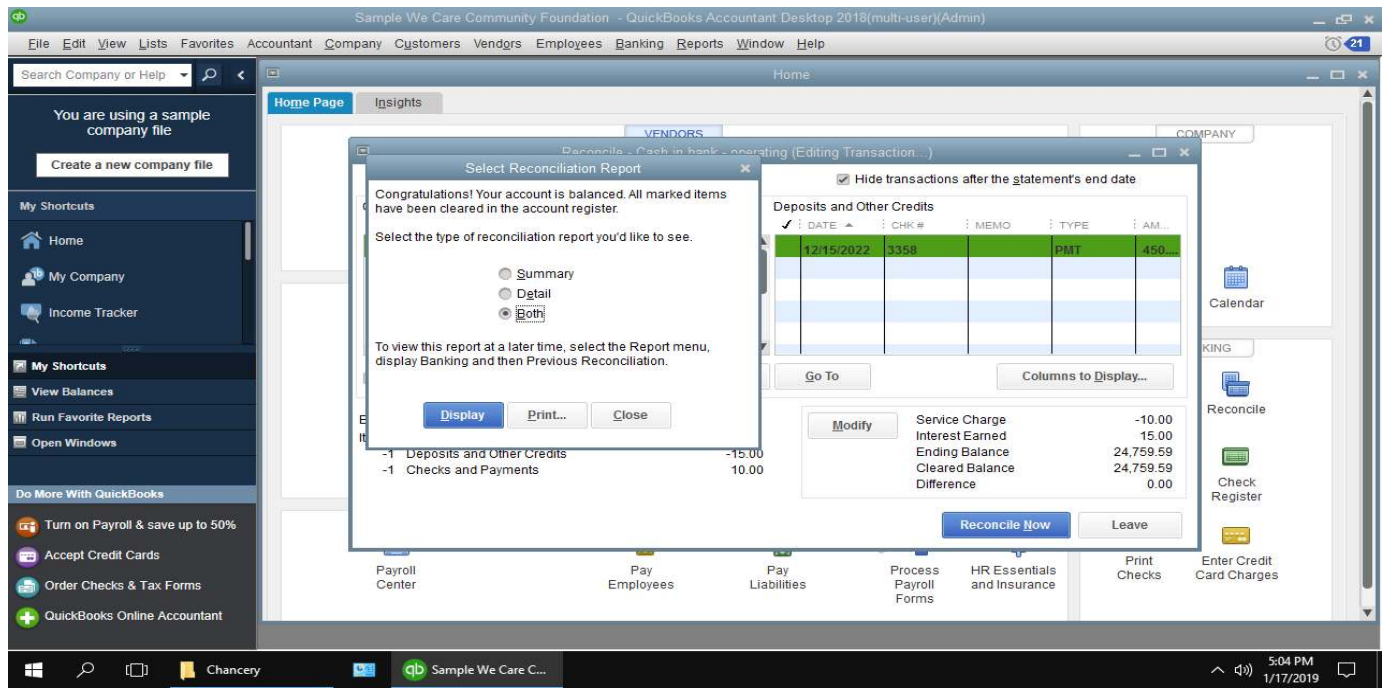


d. Notice:

- i. The “Ending Balance” and the “Cleared Balance” are the same.
- ii. The “Difference” field reads 0.00.
- iii. There are a number of transactions that have not been clicked, these transactions apparently have not cleared the bank yet (and do not appear on the bank statement).
- iv. On the left hand side of the window, you can see how many “Deposits and Other Credits”, and “Checks and Payments” have cleared. These numbers should match the number of items on your bank statement.
- v. If everything reconciles, and the “Cleared Balance” matches the “Ending Balance” on your bank statement, hit the “Reconcile Now” button. If the balances do not match, click the “Leave” button. Do not click the “Reconcile” button, because that action prompts QuickBooks to do additional work in the background. After you click “Leave”, review what is causing the variance and address before completing this task.

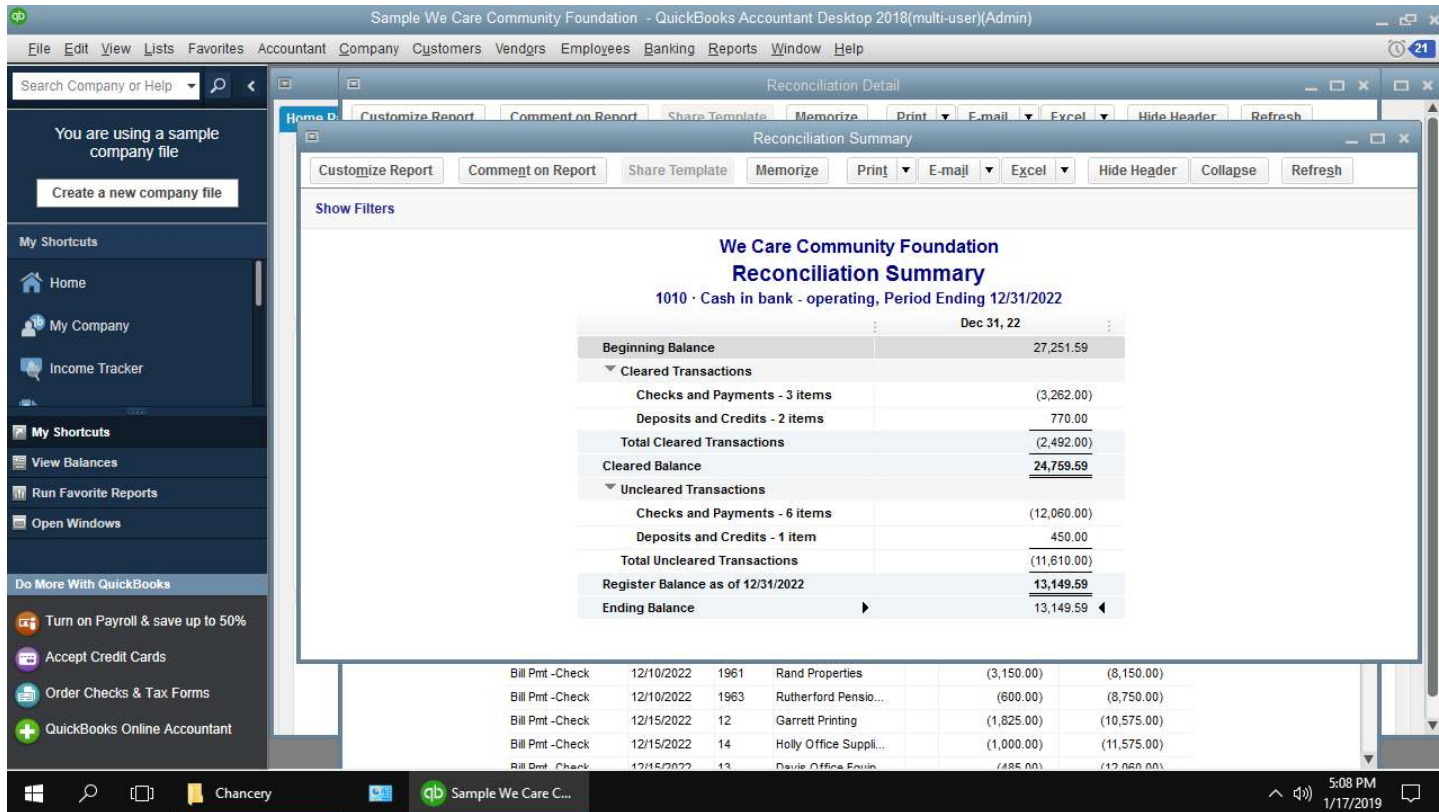
Note: If there are checks on your bank statement that do not appear in QuickBooks, and that you do not recognize, call your bank immediately. This could be fraudulent activity. If the activity is deemed fraudulent, the bank should be able to advise you on steps to correct the situation.

5. A “Select Reconciliation Report” box will appear that looks like this:



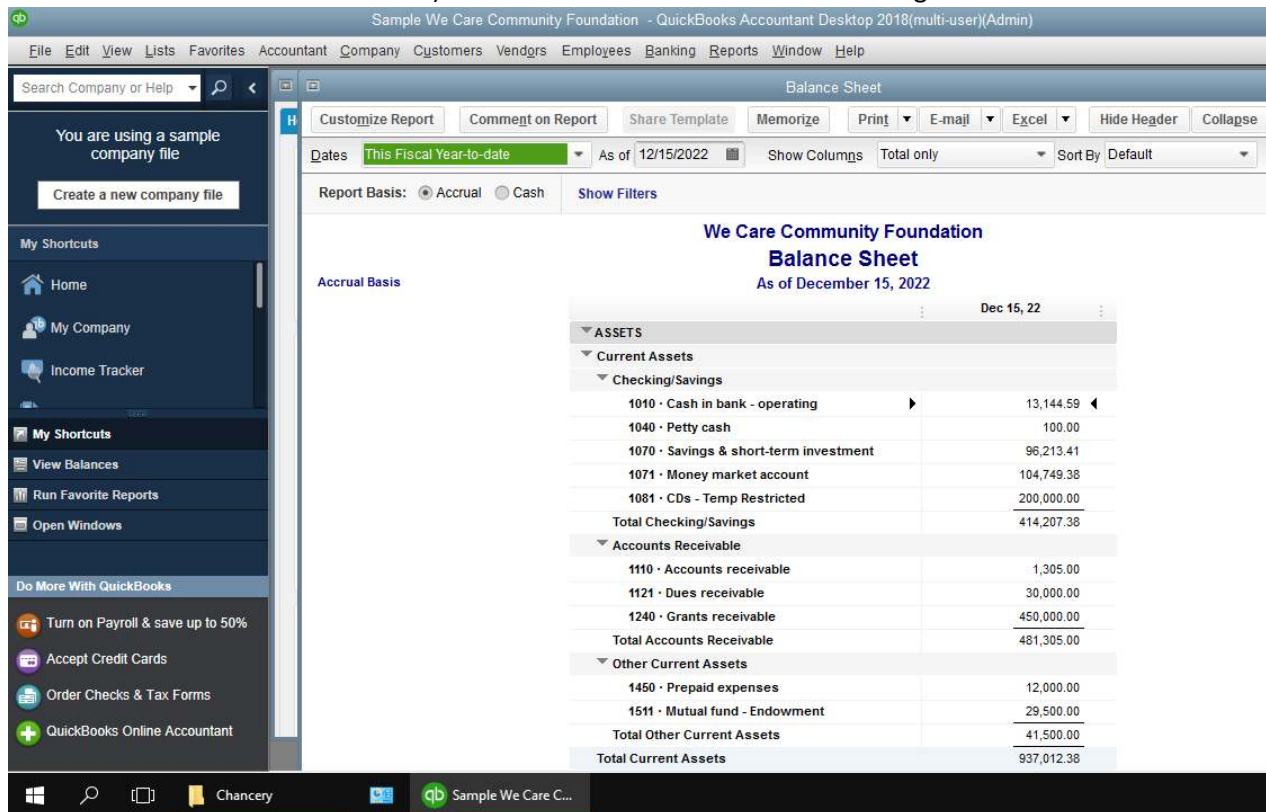
Click next to the “Both” selection, and click on the “Display” button.

6. You should be able to see the “Reconciliation Summary” box that looks like this:



a. Note the following:

- i. The “Cleared Balance” should tie back to your bank statement. If it does, you have reconciled your bank account.
- ii. The “Ending Balance” should match back to your balance sheet. [Note that in our example, the “Register Balance As-Of xx/xx/xxx” equals the “Ending Balance”. This is rarely the case. The “Register Balance...” line includes activity that has not cleared the bank yet, but was booked to QuickBooks *within* the month you are reconciling (Example: On November 28th you wrote a check to National Grid. The check was booked in QuickBooks, but has not hit your bank account yet.) If you do not reconcile the account until December 22nd, you will have activity from Dec1-Dec22 reflected in the “Ending Balance”, but not the “Register Balance...”]
- iii. Print a standard **balance sheet**. (to print a balance sheet, click on “**Reports – Company and Financial – Balance Sheet Standard**”). Your balance sheet will look something like this:



This final reconciliation is critical. Your balance sheet is a statement of the financial condition of the parish on the given day. If you can tie your balance sheet back to your bank account (including the transactions that have not cleared yet), then you are effectively saying “The financial condition of the parish is “x” and this is supported by the attached bank document.

When you have completed the bank reconciliation, the entire package (bank statement, Quickbooks bank reconciliation, and Quickbooks balance sheet), should be clipped or stapled together, signed by the pastor and filed (see “Records Retention” schedule in the **Parish Living and Administration Guide**).

If you have any questions on anything in this guide, please contact one of the following at the Chancery:

Joe Harrington 508-985-6503
 MaryAnne Donato 508-985-1311

Item # 8: How to Create a Journal Entry in QuickBooks

Why this is important:

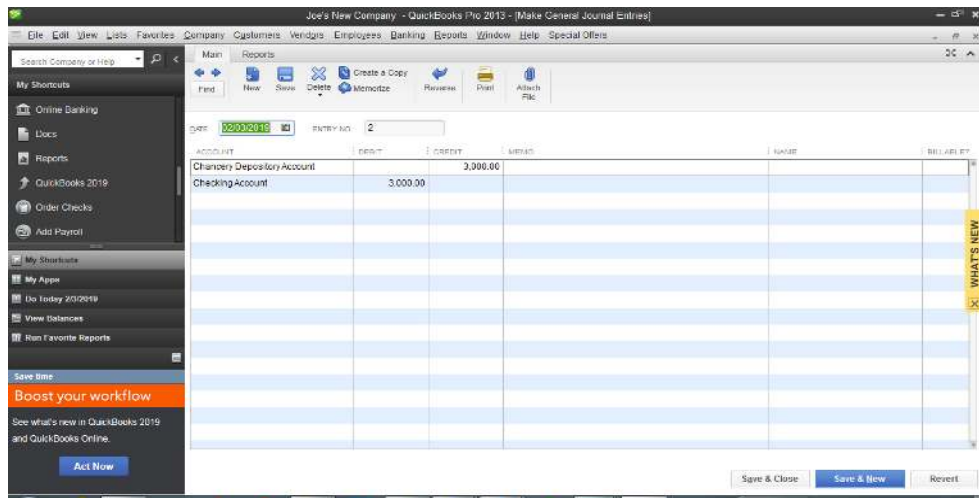
One of the great things about QuickBooks is that it is designed for business people that are not accountants. When you “Enter and Pay a bill”, the software is doing the **debits** and **credits** for you in the background. You deposit funds, and the results magically appear on your financial statements (more to come on creating and printing financial reports). However, from time to time you may have to create a journal entry in QuickBooks. A good example might be if you wanted to move money from one bank account (for example, the parish’s chancery depository savings account), to another bank account (for example, the parish’s local operating account). Let’s use the following example:

St. Mary’s parish wants to move \$25,000 from its depository savings account to its local bank account.

To move this money, St. Mary’s needs to **credit** its depository savings account in QuickBooks (a **credit** to a bank account reduces the balance in that account.).

St. Mary’s will then **debit** the local bank account in QuickBooks (a **debit** to a bank account increases the balance in that account).

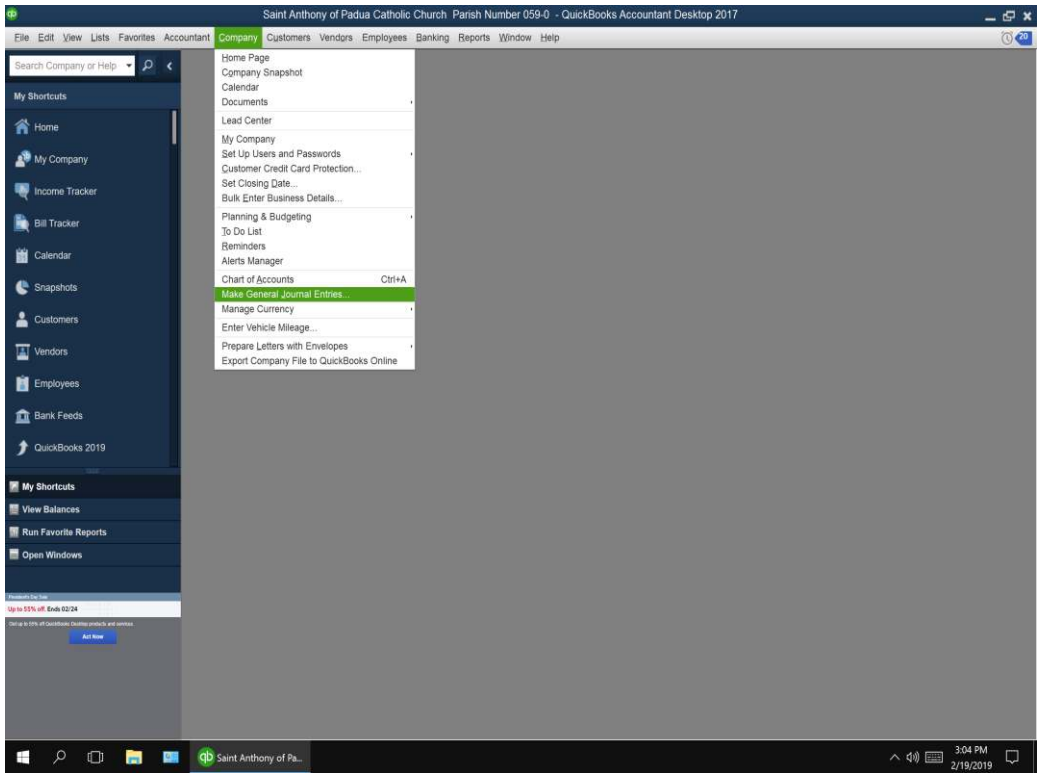
The entry will look something like this:



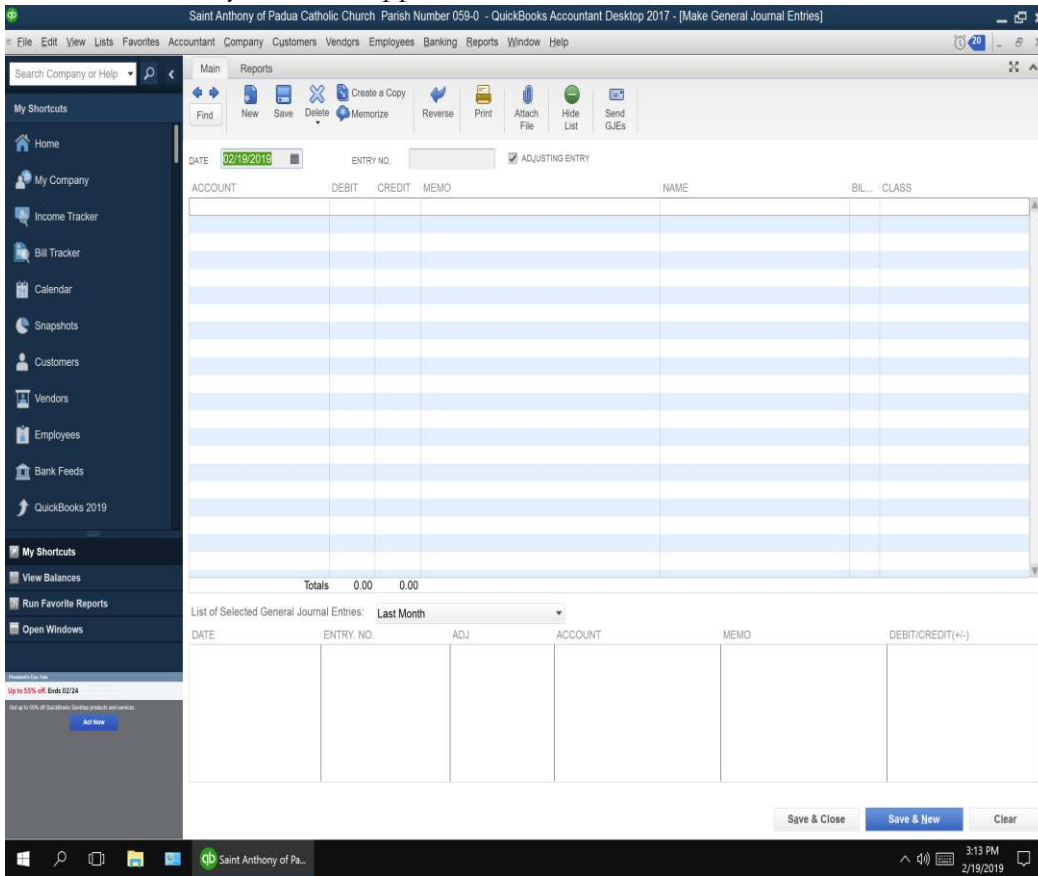
How to do this in QuickBooks:

From the menu at the top page select **Company** → select **Make General Journal Entries**.

Parish Administration – The 15 Things Every Business Manager Should Know in QuickBooks



Click and the entry form will appear.

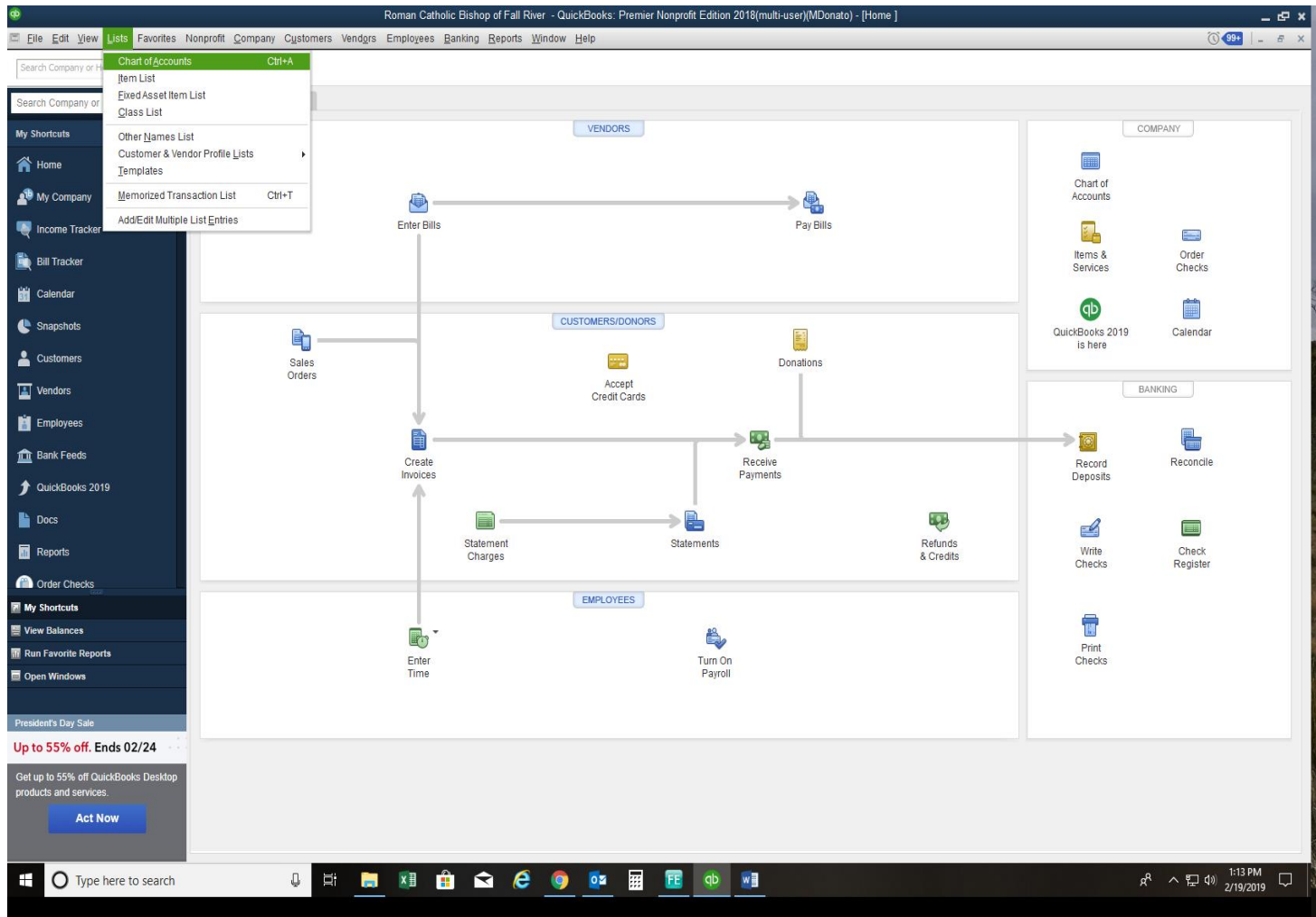


Item #9: How to Setup or Add New Bank Accounts in QuickBooks

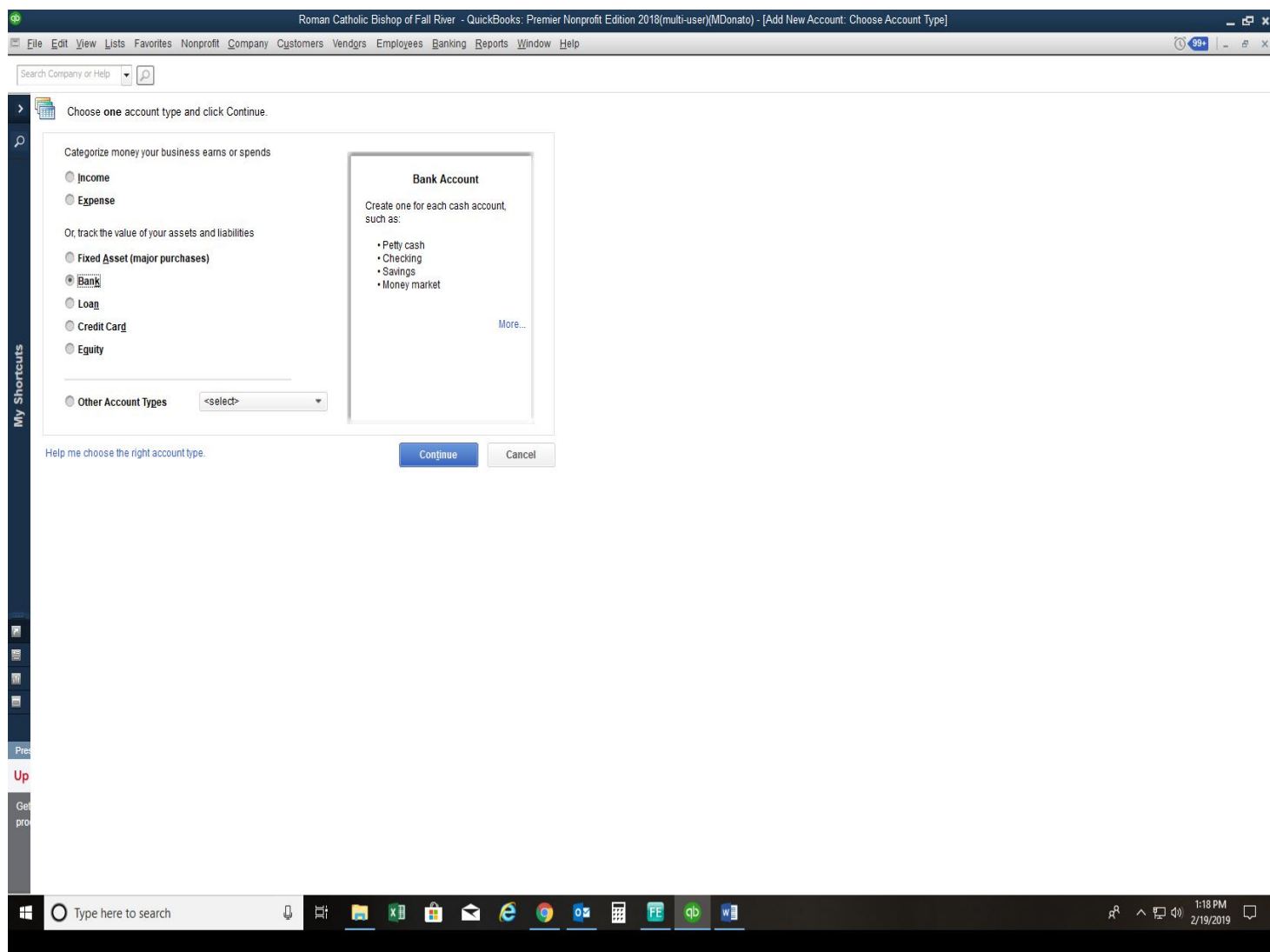
Why this is important: To account for and maintain accurate cash balances, all bank accounts should be included in QuickBooks.

How to do this in QuickBooks:

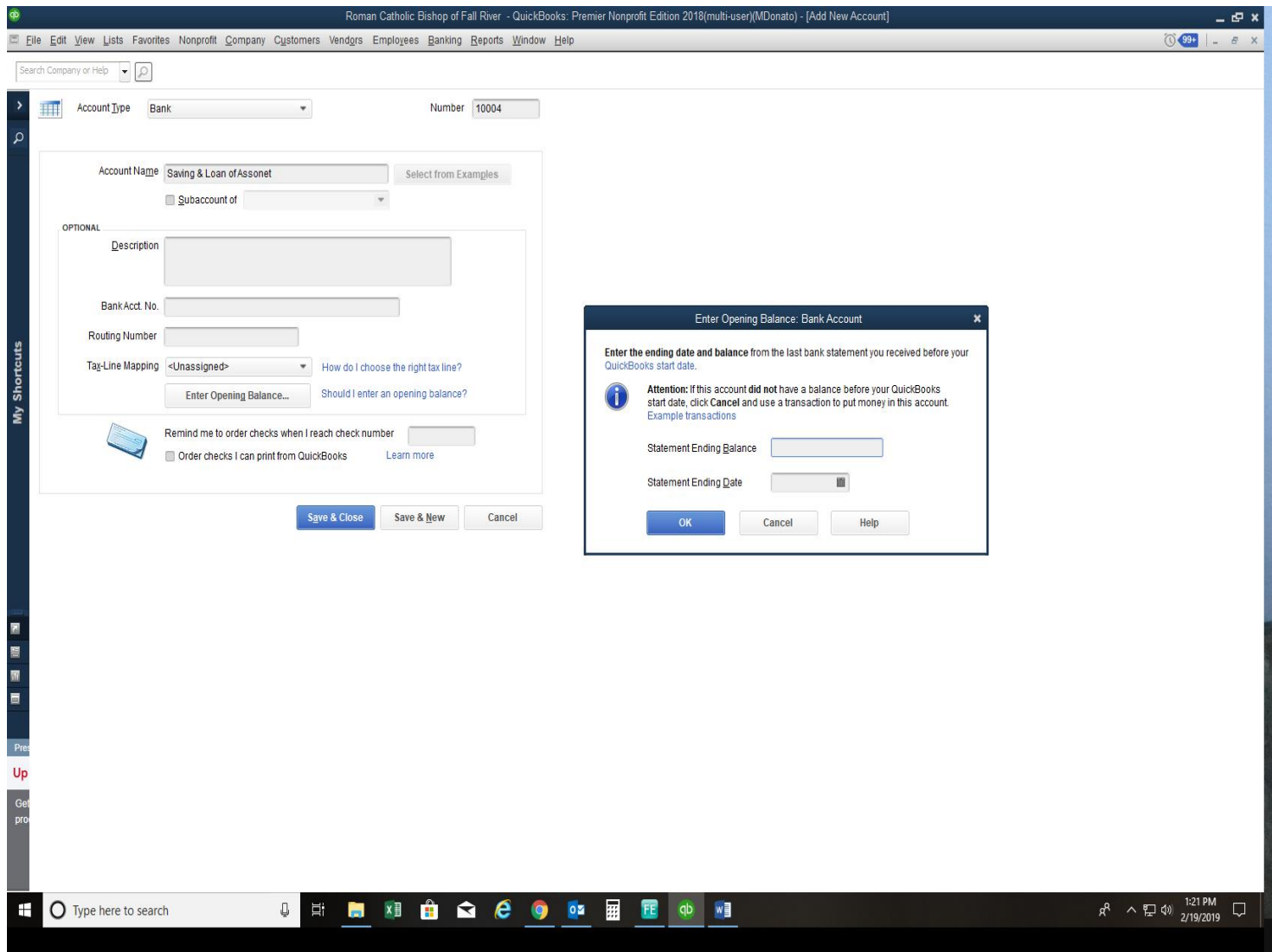
Select List from the top menu bar → scroll to Chart of Accounts. The Chart of Accounts list will open. At the bottom of the screen, menu buttons appear. At the far left, click on the Account button. A submenu box will appear with selections → select New to create a new account. **Note:** the last bank statement will be needed to enter the opening balance.



Select the account type: Bank and click Continue.



Enter the name and number you want to assign to the account.



Next select Opening Balance. At the bottom of the form and a submenu box will appear. Enter the balance from the last bank statement and the date. QuickBooks will create the bank account using this balance and date. Click Save and Close to create the account.

Item #10: Working in the Chart of Accounts (setting up sub-accounts, etc...)

Why this is important:

A chart of accounts is a listing of all the accounts in your QuickBooks file and include the following account types:

- Assets: An **asset** is a resource with economic value that a company owns and expects will provide a future benefit. The easiest example is **cash**. Parishes and schools show their bank accounts on the balance sheet. Accounts receivable (what the entity is owed), is also an asset because the expectation is that the balances in those accounts will be turned into cash and used by the entity. Account types you'll see categorized in QuickBooks that are assets, include Bank, Accounts Receivable, Other Assets, and Fixed Assets account types.
- Liabilities: A **liability** is a debt or obligation owed by the company. The easiest example is **Accounts Payable**. Accounts Payable represents bills that have been entered (or expensed, and therefore show up on the company P&L), but have not been paid (see Item #5 – How to Enter *than* Pay Bills). The company has recognized this expense, but still have to actually pay the vendor. Account types you'll see categorized in QuickBooks that are liabilities, include Accounts Payable, Other Current Liability, and Long Term Liability account types.
- Equities: **Equity** is what the company owns or in more practical terms, the difference between the assets and liabilities of the company. The easiest example of an equity account is **Undesignated Net Assets**. This is the account that shows the retained earnings of an entity.
- Income: **Income** is what the company brought in or realized during a given period. The best example are collections. The income brought in through collections gets turned into cash (which is reflected on the balance sheet).
- Expense: **Expenses** are costs incurred by the company in order to fulfill its mission. The best example of expenses are salaries, utilities, and supplies.

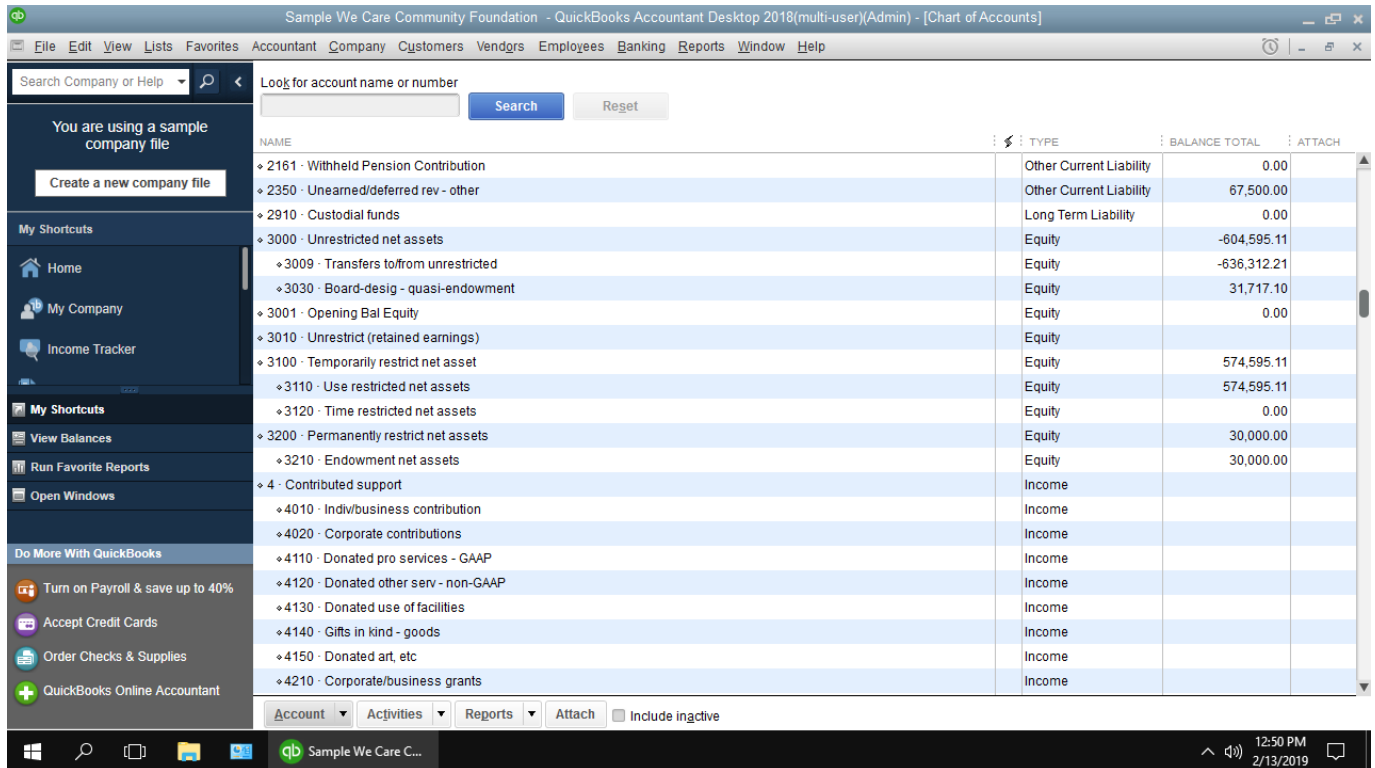
A copy of the common **Parish** chart of accounts (including definitions on each account), is included at the back of this guide. This account structure is to be used by every parish in the Diocese.

A copy of the common Parish School chart of accounts (including definitions on each account), is also included at the back of this guide. This account structure is to be used by every parish school in the Diocese.

Where the Diocese allows for flexibility is with setting up **sub-accounts**. These are accounts that roll into the common chart of accounts and allow for the parish/school to book income or expenses at a more detailed level, while still conforming to the Diocesan structures.

How to do this in QuickBooks:

- From the QuickBooks Home screen, Select **Accountant > Chart of Accounts**



- Note the account titled **Contributed Support**. There are several accounts indented and listed just below Contributed Support. These are called sub-accounts. When running a P&L, the expense in these accounts will summarize in the **Contributed Support** account. Assume this account was titled **Fundraising**. That is an account in the parish school chart of accounts. If the parish school wished to track funds raised at individual events (i.e. Fall Festival, Auction, Dance, etc...), you could do so by adding a sub-account. We will add a sub-account called Fall Festival to Contributed Support in this example.
- On the Chart of Accounts screen, click on the **Account** button on the bottom left-hand side of your screen.
- Select **New**
- Select the account type (should match the account to which you are making it a sub-account of. In our example, Contributed Support is an income account, so you would select **income**. (Call the Chancery Finance Office if you have questions on the account type).
- Click **Continue**
- Enter the name in the box next to **Account Name**
- Click on the small box next to **Subaccount of**, then in the drop-down box to the right, select the account, Contributed Support.
- Hit **Save & Close** – the new subaccount will now be available to you in your chart of accounts.

Depending on what settings you have selected in QuickBooks, you may be prompted to enter an account number. For sub-accounts like these (these are accounts not listed on the common chart of accounts, and are parish or parish-school specific), you may select whatever account number allows you to order your subaccounts (user discretion).

Item #11: How to Create, Edit and Print a Profit and Loss Report (including reports for multiple months or years)

Why this is important:

A Profit and Loss Report is a financial statement that shows income recognized during a specific time period, and expenses incurred during the same time period. The net (income – expenses), is the net surplus or (deficit) realized. In layman terms – how much money was made or lost. The key is that a Profit and Loss Report is always run for a specific time frame. Entities typically run reports on a monthly, quarterly, annual, or multi-year basis. The top half of the report includes **income** accounts (see item #10 for definition). The bottom half includes expenses (see item #10 for definition).

The Profit and Loss or “P&L” report is the basis for reporting parish/school results to the Chancery, Finance Councils, and Annual Reports. In this guide we are going to focus on the **Profit and Loss – Standard** report. QuickBooks also has a **Profit and Loss – Detailed** report. The “detailed” report includes the same numbers; however, it also includes transaction level detail for each line item or account. This report is generally a voluminous report and usually intended as an “internal” report, as opposed to the “Standard” report which is provided to an “external” audience.

How to do this in QuickBooks:

- We want to create a report that shows a P&L, for FY16-FY21, with columns for each fiscal year.
- From the QuickBooks Home screen, Select **Reports > Company & Financial > Profit and Loss Standard**. A screen like the following should appear:

The screenshot shows the QuickBooks interface for a Profit & Loss report. The report title is "We Care Community Foundation Profit & Loss" for the period "December 1 - 15, 2021". The report is based on an "Accrual Basis". The data is as of "Dec 1 - 15, 21".

We Care Community Foundation	
Profit & Loss	
December 1 - 15, 2021	
Accrual Basis	
Dec 1 - 15, 21	
▼ Ordinary Income/Expense	
▼ Income	
▼ 4 · Contributed support	
4010 · Indiv/business contribution	(1,000.00)
Total 4 · Contributed support	(1,000.00)
▼ 5 · Earned revenues	
5440 · Gross sales - invenotry	1,100.00
Total 5 · Earned revenues	1,100.00
Total Income	100.00
▼ Expense	
▼ 7000 · Grant & contract expense	
7040 · Awards & grants - individuals	5,000.00
Total 7000 · Grant & contract expense	5,000.00
▼ 7200 · Salaries & related expenses	
7230 · Pension plan contributions	400.00
Total 7200 · Salaries & related expenses	400.00
▼ 8100 · Non-personnel expenses	
8110 · Supplies	7,556.00
8140 · Postage, shipping, delivery	113.60

- As you can see, QuickBooks automatically selects the income and expense accounts that flow into the P&L
- The first thing to do is select the time-frame that you want to run the report. If you select the drop-down arrow next to **Dates**, you will be presented with a plethora of options. For this example, we are going to select **Custom**. We are going to run a report for several years.
- In the box next to **From**, we are going to enter 07/01/2015.
- In the box next to **To**, we are going to enter 06/30/2018.
- In the box next to **Show Columns**, we are going to select **Year**. Recall that we learned how to select the July 1 – June 30 fiscal year in Item #3. It is important that the correct fiscal year is selected before you run this report. If you have set the correct fiscal year, your report should look like this:

We Care Community Foundation
Profit & Loss
 Accrual Basis
 July 2015 through June 2021

	Jul '15 - Jun 16	Jul '16 - Jun 17	Jul '17 - Jun 18	Jul '18 - Jun 19	Jul '19 - Jun 20	Jul '20 - Jun 21
Ordinary Income/Expense						
Income						
4 - Contributed support						
4010 - Indiv/business contribution	0.00	0.00	0.00	0.00	0.00	12,000.00
4110 - Donated pro services - GAAP	0.00	0.00	0.00	0.00	0.00	6,200.00
4120 - Donated other serv - non-GAAP	0.00	0.00	0.00	0.00	0.00	0.00
4130 - Donated use of facilities	0.00	0.00	0.00	0.00	0.00	1,000.00
4140 - Gifts in kind - goods	0.00	0.00	0.00	0.00	0.00	15,000.00
4210 - Corporate/business grants	0.00	0.00	0.00	0.00	0.00	25,000.00
4230 - Foundation/trust grants	0.00	0.00	0.00	0.00	0.00	60,000.00
4520 - Federal grants	0.00	0.00	0.00	0.00	0.00	325,000.00
4540 - Local government grants	0.00	0.00	0.00	0.00	0.00	150,000.00
Total 4 - Contributed support	0.00	0.00	0.00	0.00	0.00	594,200.00
5 - Earned revenues						
5180 - Program service fees	0.00	0.00	0.00	0.00	0.00	22,000.00
5210 - Membership dues - individuals	0.00	0.00	0.00	0.00	0.00	82,500.00
5310 - Interest-savings/short-term inv	0.00	0.00	0.00	0.00	0.00	12,669.81
5440 - Gross sales - inventory	0.00	0.00	0.00	0.00	0.00	150.00
Total 5 - Earned revenues	0.00	0.00	0.00	0.00	0.00	117,319.81
6900 - Assets released fr restrictions						

See how the results are shown by year, for the entire period selected?

You have now run a basic P&L report.

If this is a report you will run on a regular basis, click on the Memorize button and name the report to run it again at a future date.

There is nothing you can do in this report menu that would negatively impact your data. We recommend you select the **Customize Report** button and “play” with different options. In this section you can filter data (change content of the report), or change some of the aesthetics of the report (headers, footers, font, etc...).

Item #12: How to Create, Edit, and Print a Balance Sheet

Why this is important:

A balance sheet is also commonly referred to as a statement of financial position. As opposed to the P&L which is a statement of activities for a given time frame, the balance sheet expresses the total value of an entity at a given date. For example, a P&L might show results for the past 2 years. The balance sheet shows the total value of a company – including activity from every period leading up to that point.

Accounts included in a balance sheet are assets, liabilities, and equity accounts.

The balance sheet is the quickest measure of “worth” (strictly speaking in a financial sense) of a parish or school, as of a given day.

How to do this in QuickBooks:

- We are going to run a balance sheet as-of February 28, 2021 (the data in our sample company has been entered for future dates – you would never run a balance sheet as of a future date).
- From the QuickBooks Home screen, Select **Reports > Company & Financial > Balance Sheet Standard** (like the P&L you have an option to run a detailed balance sheet report). A screen like the following should appear:

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Collapse Refresh

Dates Custom As of 02/28/2021 Show Columns Total only Sort By Default

Show | Applied Filters

We Care Community Foundation Balance Sheet As of February 28, 2021

Accrual Basis

	Feb 28, 21
ASSETS	
Current Assets	
Checking/Savings	
1010 · Cash in bank - operating	39,323.40
1040 · Petty cash	100.00
1070 · Savings & short-term investment	44,110.74
1071 · Money market account	72,144.28
1081 · CDs - Temp Restricted	160,000.00
Total Checking/Savings	315,678.42
Accounts Receivable	
1210 · Pledges receivable	2,000.00
1240 · Grants receivable	375,000.00
Total Accounts Receivable	377,000.00
Other Current Assets	
1450 · Prepaid expenses	4,800.00
1511 · Mutual fund - Endowment	30,000.00
Total Other Current Assets	34,800.00
Total Current Assets	727,478.42
Fixed Assets	
1640 · Furniture, fixtures, & equip	15,000.00

- You can select the date you want the balance sheet information to be as-of by entering the date in the box next to **As-Of**.
- To run a report to view balance sheet information as-of a certain day for multiple years, click on the **Customize Report** button.
- A screen like the following should appear:

The screenshot shows the 'Customize Report' dialog box in QuickBooks. It has four tabs: 'Display', 'Filters', 'Header/Footer', and 'Fonts & Numbers'. The 'Display' tab is selected. The 'REPORT DATE RANGE' section has a 'Dates' dropdown set to 'Custom' with a tooltip that says 'The date range you specify in the From and To fields'. Below it, 'From' is set to 02/28/2021 and 'To' is set to 02/28/2021. The 'REPORT BASIS' section has 'Accrual' selected with a radio button, and 'Cash' is unselected. A tooltip says 'This setting determines how this report calculates income and expenses.' The 'COLUMNS' section has 'Display columns by' set to 'Year' with a dropdown arrow and the text 'across the top.' to its right. 'Sort by' is set to 'Default' with a dropdown arrow. 'Sort in' has 'Ascending order' selected with a radio button and a blue double-headed arrow icon, and 'Descending order' is unselected with a blue double-headed arrow icon. There are four checkboxes for 'Add subcolumns for': 'Previous Period', 'Previous Year', '% of Row', and '% of Column'. Each has two sub-options: '\$ Change' and '% Change'. At the bottom right of the dialog are 'Advanced...' and 'Revert' buttons. Below the dialog are 'OK', 'Cancel', and 'Help' buttons.

- If you wanted to run the balance sheet for February 28th, for 2018, 2019, 2020, and 2021, you would
 - Enter 02/28/2018 in the **From** field
 - Enter 02/28/2021 in the **To** field.
 - Click on Year in the field next to the **Display Columns by** box

The resulting report will look like the following:

[Customize Report](#) |
 [Comment on Report](#) |
 [Share Template](#) |
 [Memorize](#) |
 [Print](#) |
 [E-mail](#) |
 [Excel](#) |
 [Hide Header](#) |
 [Collapse](#) |
 [Refresh](#)

Dates: Custom |
 As of: 02/28/2021 |
 Show Columns: Year |
 Sort By: Default

Show | Applied Filters

We Care Community Foundation

Balance Sheet

As of February 28, 2021

Accrual Basis

	Jun 30, 18	Jun 30, 19	Jun 30, 20	Feb 28, 21
ASSETS				
Current Assets				
Checking/Savings				
1010 · Cash in bank - operating	0.00	0.00	0.00	39,323.40
1040 · Petty cash	0.00	0.00	0.00	100.00
1070 · Savings & short-term investme...	0.00	0.00	0.00	44,110.74
1071 · Money market account	0.00	0.00	0.00	72,144.28
1081 · CDs - Temp Restricted	0.00	0.00	0.00	160,000.00
Total Checking/Savings	0.00	0.00	0.00	315,678.42
Accounts Receivable				
1210 · Pledges receivable	0.00	0.00	0.00	2,000.00
1240 · Grants receivable	0.00	0.00	0.00	375,000.00
Total Accounts Receivable	0.00	0.00	0.00	377,000.00
Other Current Assets				
1450 · Prepaid expenses	0.00	0.00	0.00	4,800.00
1511 · Mutual fund - Endowment	0.00	0.00	0.00	30,000.00
Total Other Current Assets	0.00	0.00	0.00	34,800.00
Total Current Assets	0.00	0.00	0.00	727,478.42
Fixed Assets				
1640 · Furniture, fixtures, & equip	0.00	0.00	0.00	15,000.00
1745 · Accum deorec- furn.fix.eaui0	0.00	0.00	0.00	(2,800.00)

Item #13: How to Setup a Budget in QuickBooks

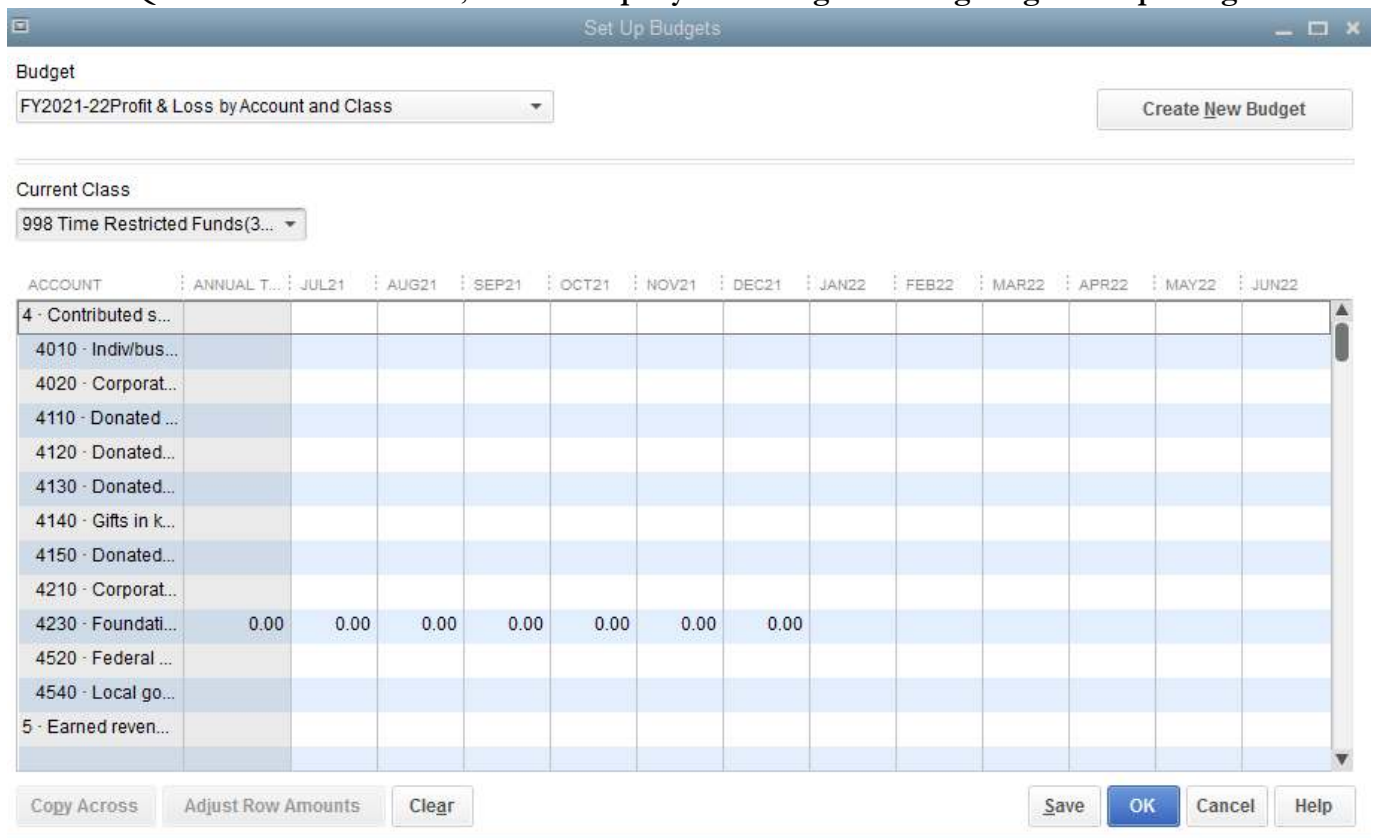
Why this is important:

According to Canon Law 1284 “It is strongly recommended that administrators prepare budgets of incomes and expenditures each year; it is left to particular law however, to require them and to determine more precisely the ways in which they are to be presented”. The Diocese of Fall River strongly recommends that all parishes and schools prepare annual budgets, and regularly review actual results against the budgeted plan.

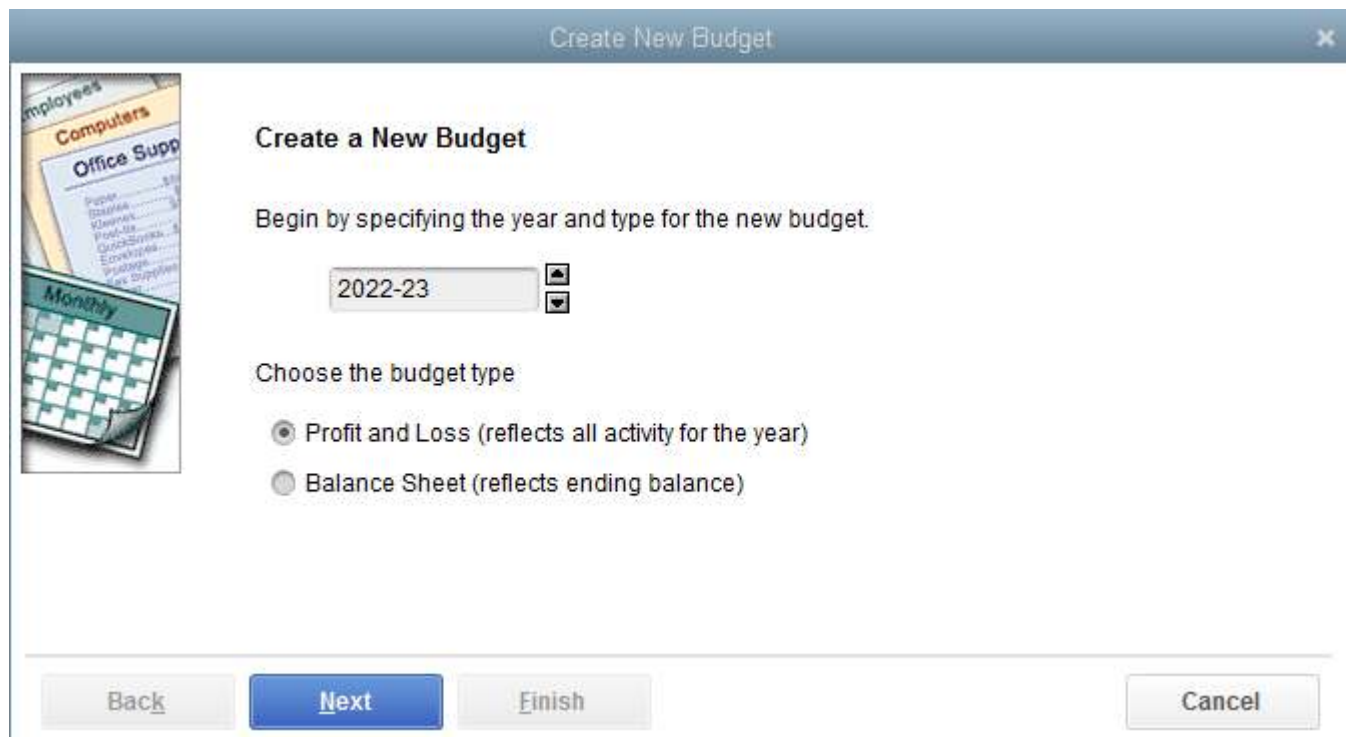
Parish schools have been provided a self-service budget template to develop annual budgets. Plans are being developed to provide additional aides to assist parish staff with creating annual budgets. IN this guide we will describe how to enter budget information into QuickBooks. Once entered into QuickBooks you now have the ability to run P&L reports comparing actual results to budget. This is a vital internal control and planning mechanism.

How to do this in QuickBooks:

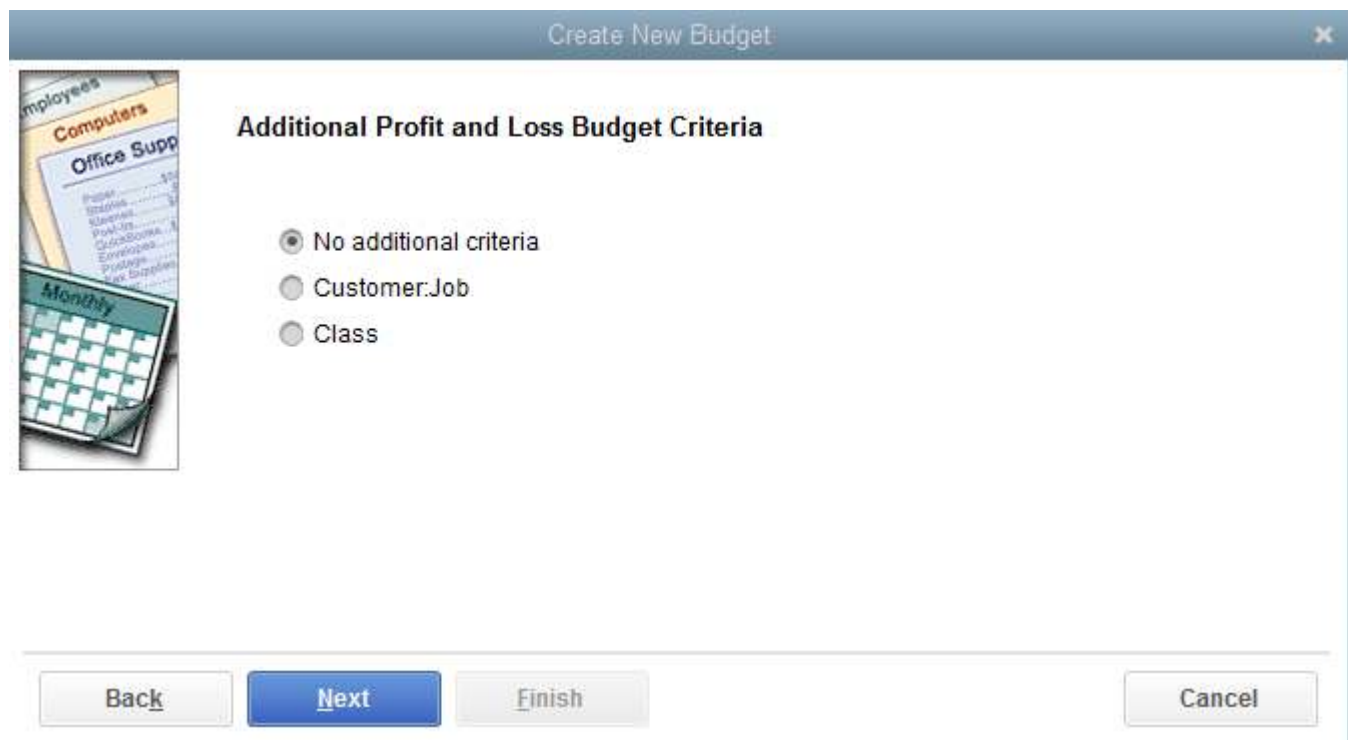
- a. From the QuickBooks Home screen, Select **Company>Planning and Budgeting>Set-Up Budgets**



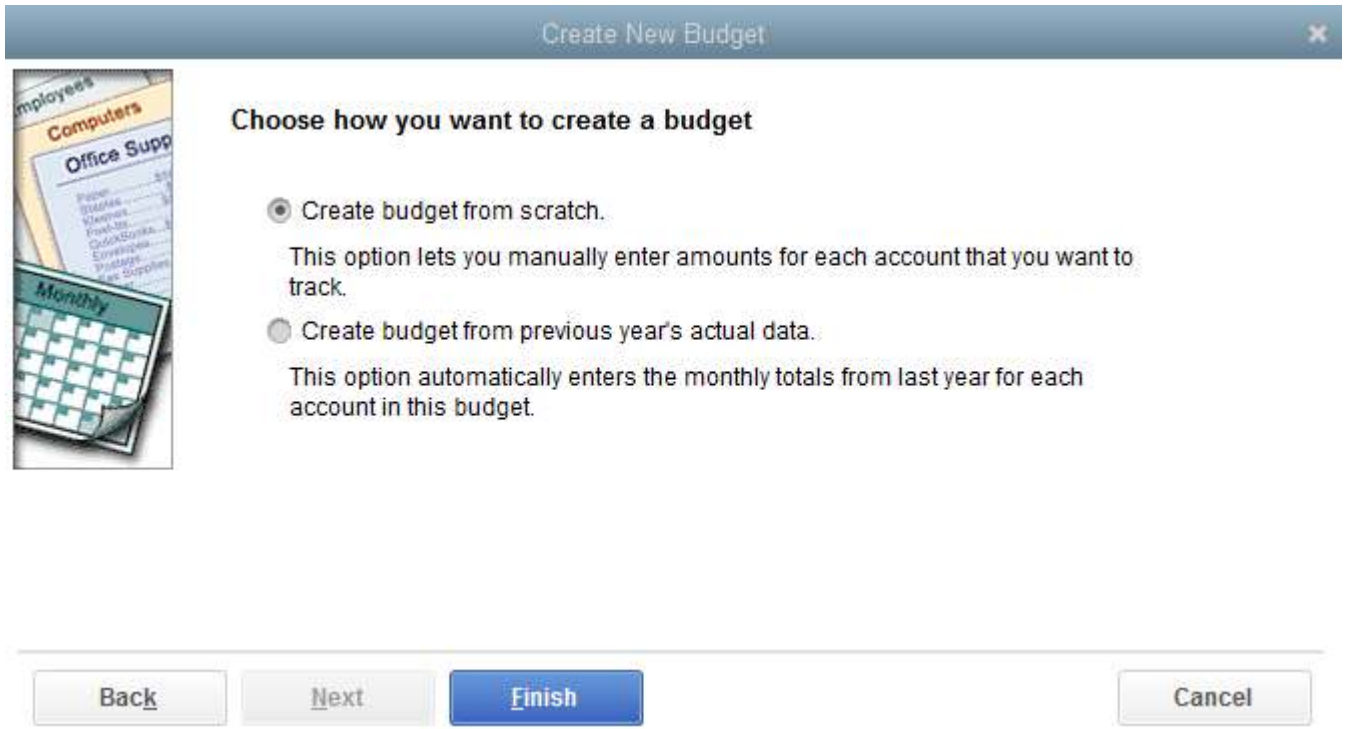
- b. If you have created budgets in the past, you may see a screen like the one above. We are trying to create a new budget, so if you see this screen, click on the **Create New Budget** button.



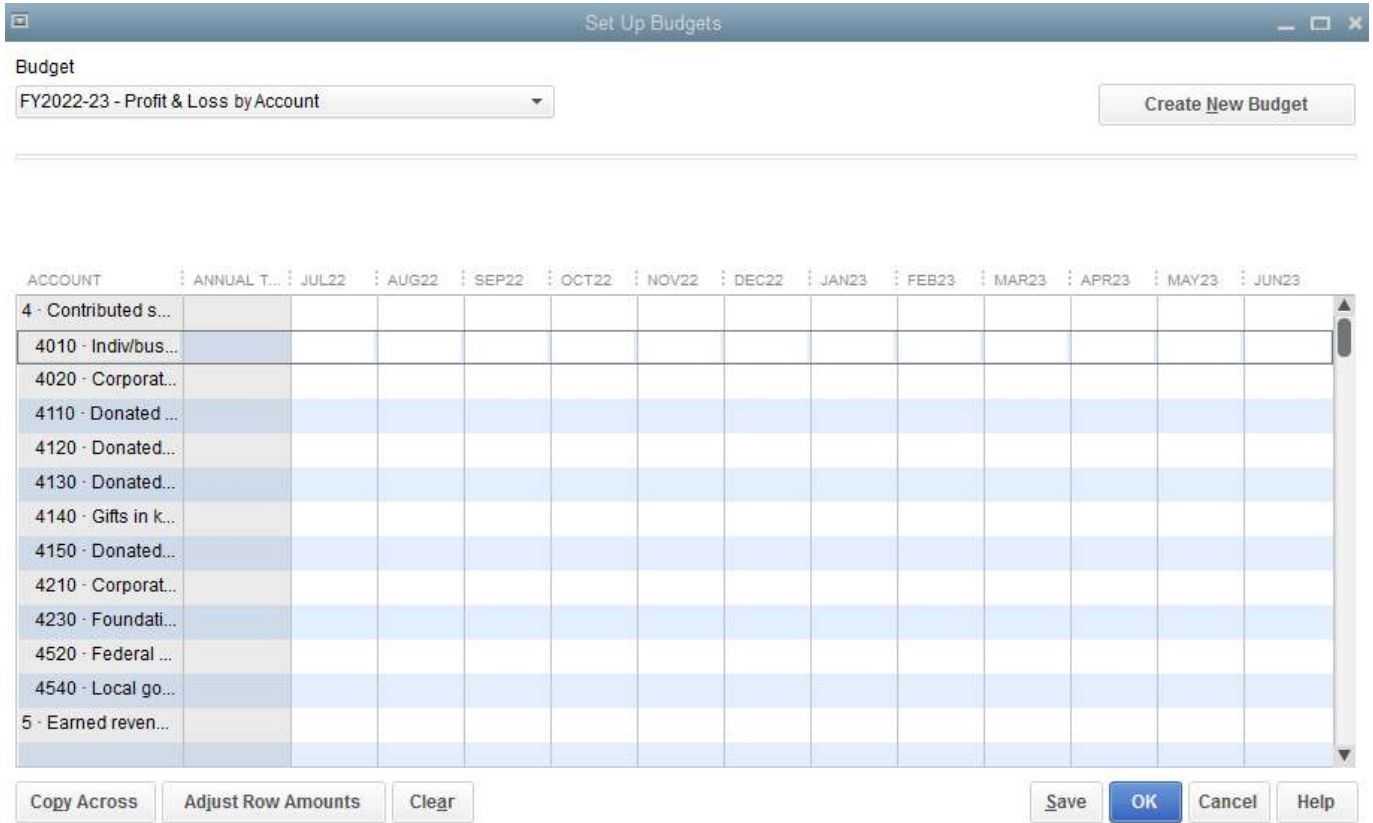
- c. Specify the year for which you are going to enter budget information, then click on the circle next to **Profit and Loss**.



- d. QuickBooks will ask you if you want to specify any additional criteria, click on the circle next to **No additional criteria**, then click **Next**



QuickBooks will then ask you if you wish to start from scratch or budget from previous year’s data. In our example, we are going to select **Create budget from scratch**. This assumes that we have developed a budget in Excel and now wish to enter that budget in QuickBooks. Click on the **Finish** button.



- e. You can now enter budget information into QuickBooks.
 - a. You can click on a select row/column to enter an amount for the account/month

- b. If you wish to budget the same amount in each month for a given account, you can enter a value in the first month, then click the **Copy Across** button.
- c. If, *after* you have entered values into a particular row you wish to adjust the values in that row, click the **Adjust Row Amounts** button. You will get a box like the one below:

Adjust Row Amounts

Start at 1st month

Increase each monthly amount in this row by this dollar amount or percentage 0.0%

Decrease each monthly amount in this row by this dollar amount or percentage 0.0%

OK Cancel Help

You select the month you want to start adjusting, and then select a percentage you want to adjust. For example, if you entered \$200/month in every month for Utilities. Then you went back into your budget and decided you wanted to increase that by 10% for each month, you would use this function.

When you have completed entries for each account, hit the **Save** button or click on **OK**.

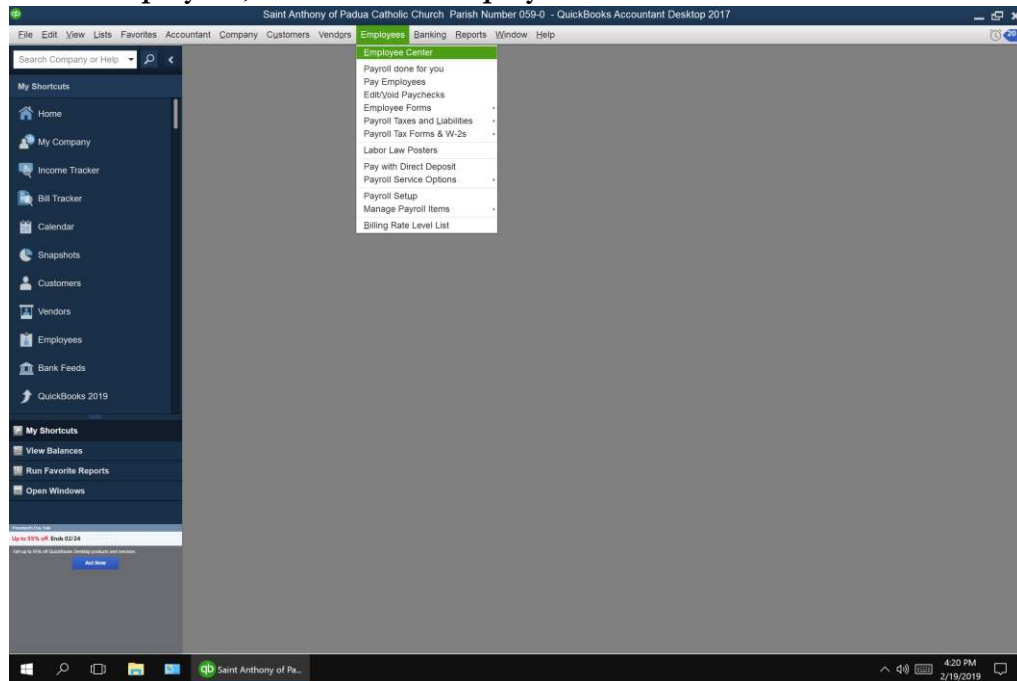
Item #14: (How to Store Staff Information in QuickBooks)

Why this is important:

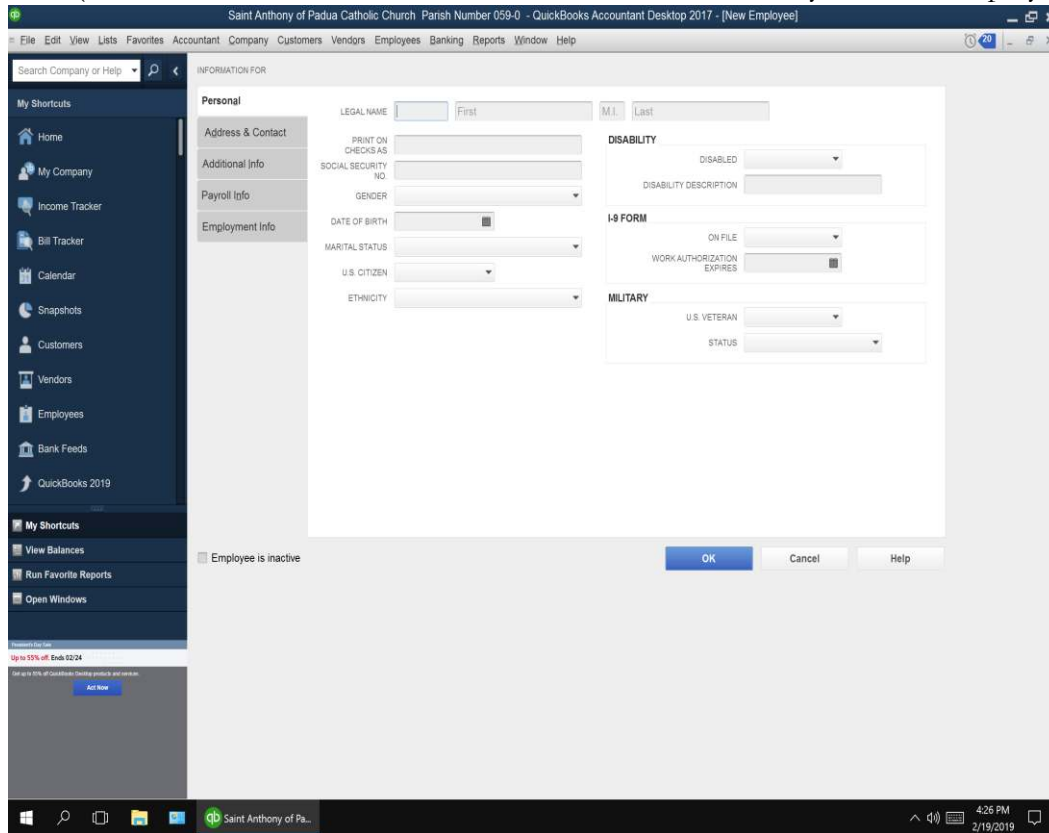
Best practice should be to store sensitive staff information in a secure, easily accessible format. Storing employee data in a secure format reduces the risk of sensitive staff information from being compromised. QuickBooks allows for staff data to be easily stored.

How to do this in QuickBooks:

Go to Employees, then Click on Employee Center



Select New Employee and Populate New Employee Data in all desired fields. Click on each tab to populate data. (Tabs → Personal/Address & Contact/Additional Info/Payroll Info/Employment Info). Click ok Save.



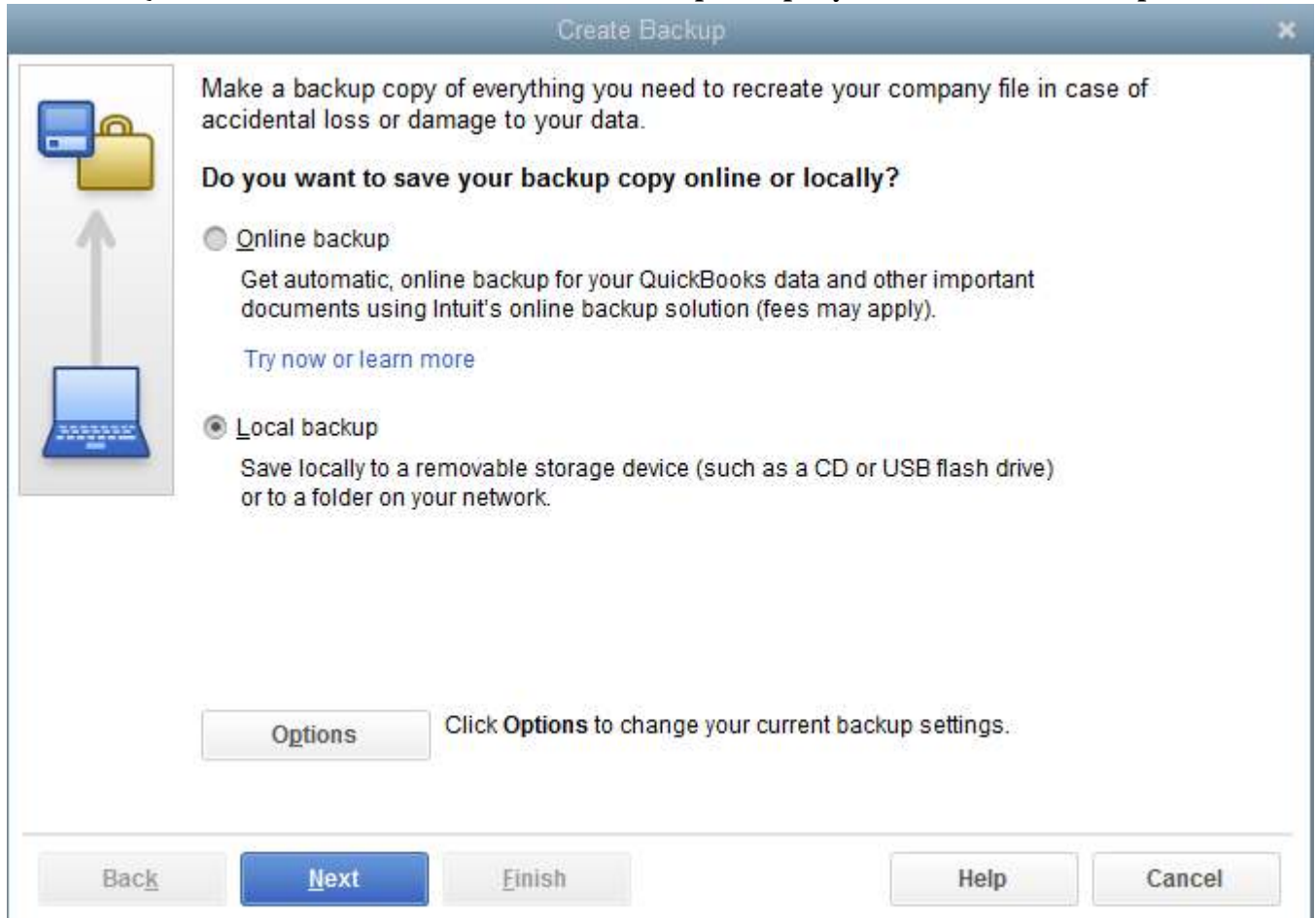
Item #15: How to Back-Up your Company Data

Why this is important:

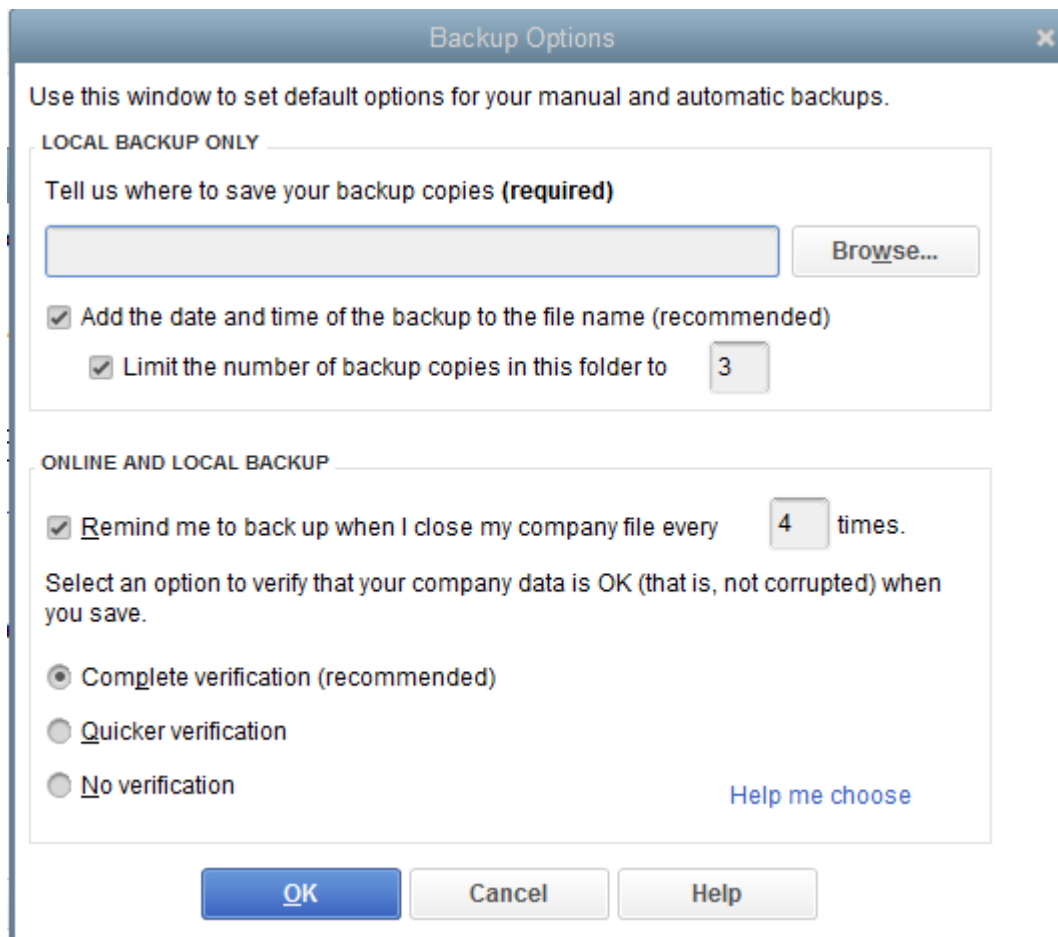
Backing up your data on a regular basis is an absolute must to prevent permanent loss of data from an accident or computer malfunction. The Diocese recommends that data is backed up nightly or weekly. Please note that parish schools have converted to the Right Networks platform. If you have converted to the Right Networks platform, you do not need to back-up your data. Right Networks automatically backs up your QuickBooks files nightly, and you have access to the last 90 days of back-ups.

How to do this in QuickBooks:

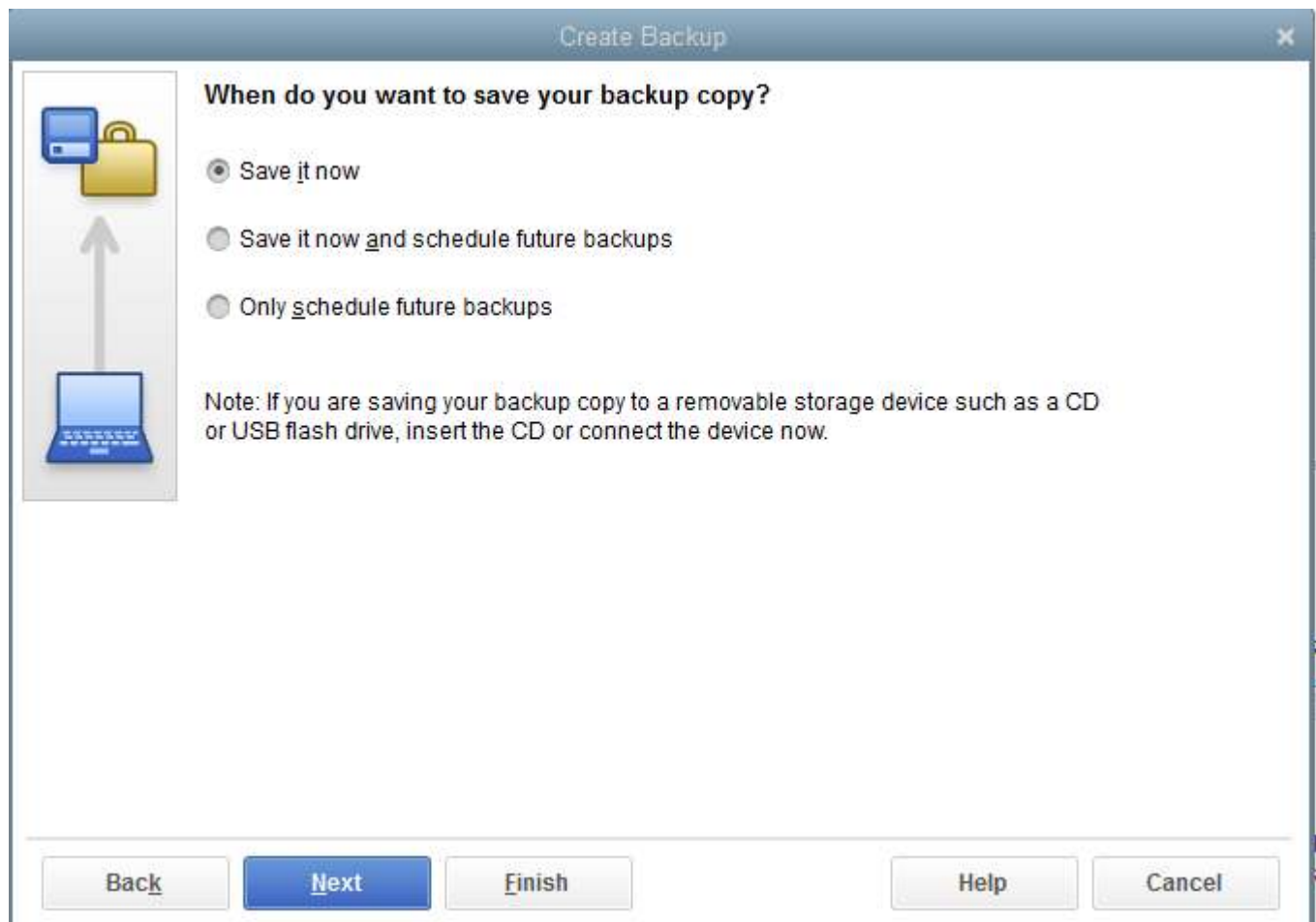
- a. From the QuickBooks Home screen, Select **File>Backup Company>Create Local Back-up**



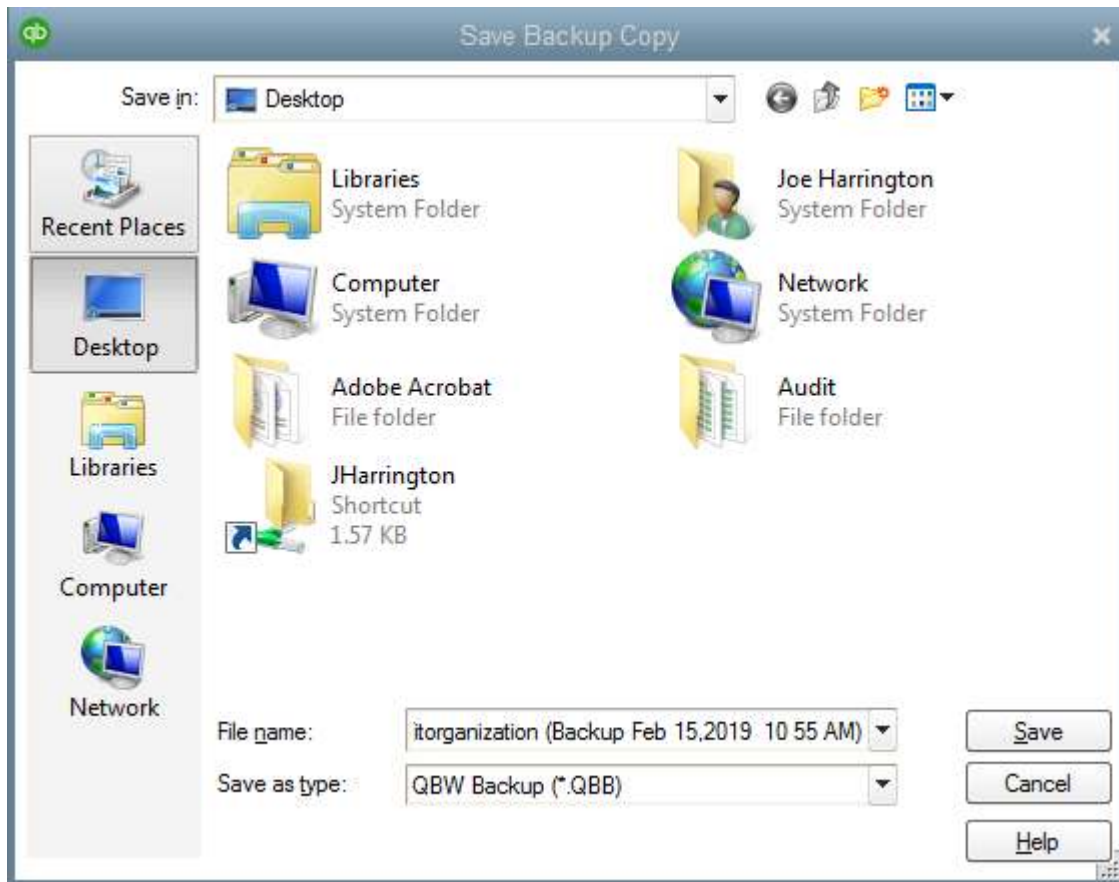
- b. Click **Local Backup** and click **Next**. This will allow you to select where you want to store the backup file



- c. It is recommended that you store the backup on a removable disk or thumb drive. Select the location and click **OK**.



- d. Click on the circle next to **Save it now**, and then click the **Next** button



- e. Click the **Save** button. QuickBooks will verify your data and prepare the back-up file. Once saved you will be able to restore this backup copy of there was anything unfortunate that happened to corrupt your main file. Please note that any changes made to your main file after you create the back-up copy, will not be reflected in the back-up copy. For this reason, we recommend backing up your files on a regular basis.