



The QuickBooks™ Client Newsletter

Helping You Grow a Profitable Business with QuickBooks™ Software
From the office of:

Accounting Connections, LLC

2624 Gladstone Terrace

Woodstock, Georgia 30189

Office (770) 516-5987 Cell (770) 846-7799

Website: www.AccountingConnections.ORG

Email: DianeOffutt@AccountingConnections.ORG

Dealing with Deposits in QuickBooks

Where do the payments you receive in QuickBooks go? The software provides tools for managing deposits.

Recording payments, whether they come in to comply with an invoice you sent or are issued as sales receipts, is one of the more satisfying tasks you do in QuickBooks. The sales cycle is almost complete, and you're about to have more money in the bank – once you document the payments as bank deposits.

Unless you use **QuickBooks Payments**, which moves your company's remittances into an account automatically, you'll have to deal with your deposits twice. First, you'll have to make out a deposit slip for the bank. You'll also need to record the deposit in QuickBooks itself.

Fortunately, the software makes this easy for you. Here's how it works.

A Special Account

By default, QuickBooks transfers payments received into an account called **Undeposited Funds**. You can see it in your **Chart of Accounts** by clicking the **Chart of Accounts** icon on QuickBooks' home page and scrolling down a bit. Look over to the end of the line and you'll see its current balance. This account is an **Other current asset**. It holds your payments until you record them as deposits and take your money to the bank.

When you are getting ready to take cash and checks to the bank, click the **Record Deposits or Make Deposits** icon on the home page. The **Payments to Deposit** window will open.

✓	DATE	TIME	TYPE	NO.	PAYMENT METHOD	NAME	AMOUNT
✓	12/15/2022		PMT		Cash	Roche, Diarmuid:Garag...	440.00
✓	12/14/2022		PMT	986	Check	Jacobsen, Doug:Kitchen	2,000.00
✓	12/15/2022		PMT	4614	Check	Lew Plumbing - C:Stora...	350.00
✓	12/15/2022		PMT	6453	Check	Burch, Jason:Room Addi...	1,145.00

*When money moves into **Undeposited Funds** from invoice payments or sales receipts, it is displayed in the **Payments to Deposit** window.*

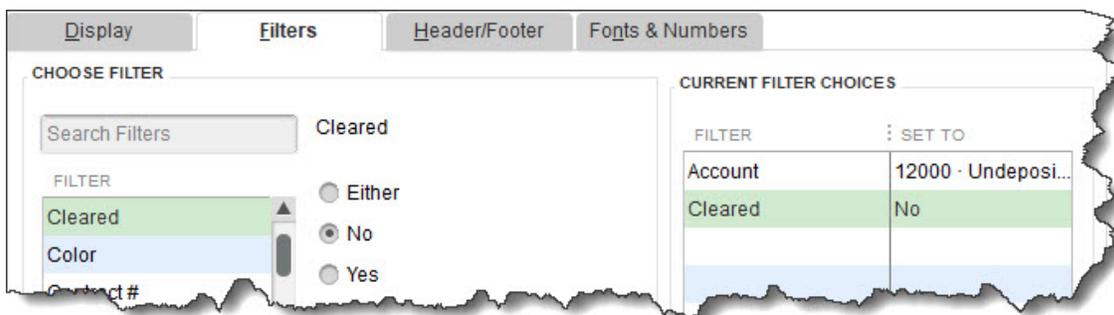
We recommend completing your physical deposit slip first, based on the checks and cash you have in hand. Then, match them to payments in the window pictured above. You can click in front of each one you've matched to create a checkmark. When you've finished, click **OK**. The **Make Deposits** window will open. Make sure that the account you want to **Deposit to** is showing in the upper left corner. You can add a **Memo** and change the **Date** if needed.

Do you want cash back from your deposit? You may want to move this to **Petty Cash**, for example. Click the down arrow in the **Cash goes back to** field and select the correct account. Add a memo if necessary and enter the **Cash back amount**. When you are done, save the transaction. QuickBooks now knows that you are taking a deposit slip to the bank.

The total for your handwritten deposit slip and the final tally in the **Make Deposits** window should be the same. This will ensure that the amount deposited in your bank account will match the bank deposit amount in QuickBooks when reconciling. If you have leftover cash or checks, you'll need to track down their origins and create new transactions.

Checking Your Work

It is a good idea to check your **Undeposited Funds** account occasionally to make sure that you have not left money undeposited. To do this, open your **Chart of Accounts** again. Right-click **Undeposited Funds** and click on **QuickReport: [number] Undeposited Funds**. **All** should be selected in the **Date** field in the upper left. Click on **Customize Report** and select the **Filters** tab. Scroll down in the **Filters** list and click on **Cleared**. Select **No** and click **OK** to display your report.



*You can customize your **QuickReport** to see if you have neglected to deposit any payments. If this list contains any, open the **Banking** menu and select **Make Deposits** to follow the steps above again.*

Changing Your Destination Account

As we've already mentioned, QuickBooks is set up to automatically move payments into **Undeposited Funds**. We recommend leaving it this way so you can easily check for money that hasn't been deposited. You *can* change this, though. If you feel it's necessary, let us know, and we'll help you modify your destination account.

Working with Payment Methods

QuickBooks comes with a default set of payment methods. You can add to these and/or make existing ones inactive, so they don't clutter up the drop-down list. Open the **Lists** menu and select **Customer & Vendor Profile Lists | Payment Method List**. If you don't accept Discover cards, for example, right-click on that entry and select **Make Payment Method Inactive**. To add one, click the down arrow next to **Payment Method** and then **New**. The **Payment Method** should always match the **Payment Type**.

Precision Critical

Account reconciliation is difficult enough without having to deal with deposit discrepancies. Treat this element of your accounting with great care and let us know how we can help with account management, financial reporting or any other QuickBooks-related issues. We can troubleshoot – or even take over bookkeeping tasks that are vexing you.

We hope you find this QuickBooks tip helpful. Please visit our company website often <http://www.accountingconnections.org> as we update it constantly and it offers a wealth of tax and accounting tips, along with links that will better serve your business needs. We archive our QuickBooks Tips newsletters on our website as well. They are printable PDFs for easy reference.

Accounting and Taxation is **our** business; making us a part of your team allows **you** to concentrate on **your** core business.



Diane Offutt, *Managing Partner at Accounting Connections, LLC*

*Enrolled Agent (EA), Master of Accounting (MAcc), Graduate of the National Tax Practice Institute Fellowship (NTPI)
And Certified QuickBooks™ ProAdvisor*

