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NON-PROFIT TIPS FOR QUICKBOOKS ONLINE

QuickBooks Desktop vs Online

At first glance, QuickBooks Desktop seems like a better option for nonprofits due to the lower cost but unless you sell inventory, it really doesn't make sense. The desktop version is a single file on a single computer and you run the risk of losing everything if the computer malfunctions, the single employee leaves (and takes it with them), and it doesn't allow for collaboration. The online version is stored in the cloud and you can set permission levels for different people so that everyone from the board to volunteers can help keep track of the books with transparency and security. If you get the QuickBooks Online Advanced version, you can download a backup to give you peace of mind.

PLUS, nonprofits can get FREE QuickBooks Online (QBO) software from TechSoup. Instead of buying at the quickbooks website, go to techsoup.com and purchase QBO from them. You'll pay a small, yearly admin fee to TechSoup, but once they verify that you're a registered NPO, you get QBO for free! ($75 total instead of $50-100 per month)

15 Tips
to Make the Most of QBO

01 Make Sure Your Chart of Accounts is Serving You

Don't book everything for "purchases;" you need to give color to your statement of activity.

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02 Enable Your Bank Feeds

By doing so, it'll help keep your books up to date on a more regular basis.

You can add transactions faster or simply "match" them to transactions already entered.

03 Set Up Financial Controls

This is an inconvenient necessity but it should be done to prevent risk of mistakes, fraud, and/or theft. Instead of one person handling everything, you should segregate duties so that at least 1 person handles all deposits to the bank and another person records it all in QBO so that they can cross reference the deposits.

You should also reconcile on a monthly basis. In QBO, you simply enter the ending date and ending balance from your bank statement, then compare everything line by line to identify double charges, bank mistakes, etc. If you use the bank feed, any transactions that have been automatically added and matched will be automatically checked. Think "clean as you go" so that you aren't scrambling to get 12 months done in a week.

04 Earn Revenue By Creating Invoices

QBO allows you to create invoices for anyone that may need them such as corporate sponsorships. In the nonprofit version of QBO, invoices are called "pledges." You simply go under Sales then Customers/Donors and create an invoice or pledge.

Keep track of total accounts receivable balance and match the check when it comes in.

05 Maintain Your Donor List in QBO

Donors want a yearly summary for tax write offs so it serves you and them to have everything in QB. UncommonGood's platform can provide individual donors with their donation summary within their account but corporate sponsorships might need a more detailed report that you can get from QBO.

06 Prepare 1099s in Minutes

Nonprofits are required to send 1099s at the end of the year to vendors for any services that you pay via cash or check (not credit cards) of more than $600/yr. Before you pay your vendors, always ask them for their W-9 & attach it in the vendor profile within QBO. Add in the EIN # and check the box to track payments for 1099. Then, at the end of the year, go to Expenditures -> Vendors and click the "prepare 1099" button. This will automatically generate every 1099 you need to send out and QBO will send an email & paper statement in the mail to the vendor on your behalf.

We recommend that you pay vendors from a single account so it's easier for QBO to look up and generate 1099s.

1099s are due to each vendor by the last business day of January no matter what your fiscal year is.

07 Use the Undeposited Funds Section Correctly

QBO has a holding account so that you can deposit multiple checks in one lump sum and still mark the individual pledges/invoices as paid.

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Don't "add" the lump sum from the bank feed as donations and then go in a mark each individual pledge as paid; This causes double revenue and will result in major heartbreak at the end of the year!

Instead, when you receive the individual pledge and mark it off under the donor profile, make sure the check is deposited to "undeposited funds."

Payment method	Reference no.	Deposit to
Check		Undeposited Funds

Then go to "new" and under Other choose "bank deposit" to get into the undeposited funds. Select all of the payments that were in the lum sum deposit, making sure the correct account is selected and then save & close. Then when it shows up 3 or 4 days later, in the bank feed, it will be a simple match and it won't create double revenue.

08 Close the Books to Prevent Mistakes

Do this after you reconcile each month!

Go to account & settings -> advanced -> accounting, and turn on "close the books." Set the date to the last day of the prior month and choose a warning or password. We recommend setting a password to prevent fraud as well as mistakes (everyone in Jan still types the wrong date which will mess up the books so setting a password will prevent this common mistake).

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09 Not all Apps Integrations are Made Equal

While QBO claims that it syncs with all apps on apps.com, it's not one size fits all integration. Some are not always a 2 way sync and others are not always capable of all the QBO features. Make sure that you use reputable apps and not just whatever is cheapest!

Use zapier to integrate Stripe and post transactions automatically!

10 File Your 990 Online

It is absolutely essential to file a 990 form to maintain your nonprofit's tax exempt status. If you have less than $50K in gross receipts, you can file on your own by simply certifying that your gross receipts were less than $50K by checking a box online.

Note that your Form 1023 and the past two 990s need to be available to anyone who requests it. While Guidestar publishes them online, you should have them easily available via physical copy in the office, emailed, or posted online.

While Religious orgs aren't required to submit a 990, if you do so, it will start the statute of limitations so the IRS can't audit you after a certain period of time.

11 When to Choose an Atypical Fiscal Year

It's more common for nonprofits to not have an end year of 12/31 but it becomes more complicated since vendors and donors still work off a regular year.

Many nonprofits choose a September or summer time end of the fiscal year because these times are less busy than December. A less busy time makes it easier to reconcile and get everything prepared. **If you change the fiscal year, your due dates for everything will change, including the due date for the 990!** Make sure that your fiscal year really captures the full picture of your org's activity.

12 Use QBO Reports for Your Board Meetings

You can even automate reports to email you and whoever else you want on a regular cadence. Under the Custom Reports tab, click edit, then turn on "send email schedule" and choose how often to run the report and insert which emails to email it to.

Don't know what reports to start with? Here are a few to get you started:

- Statement of activity = income & expenses for a period of time

- Statement of financial position = balance sheet
    - *Show you the last day of the previous month's balance after reconciling. (If you have a negative number, you didn't reconcile correctly)*

- Unbilled charges = see if someone hasn't paid you back yet

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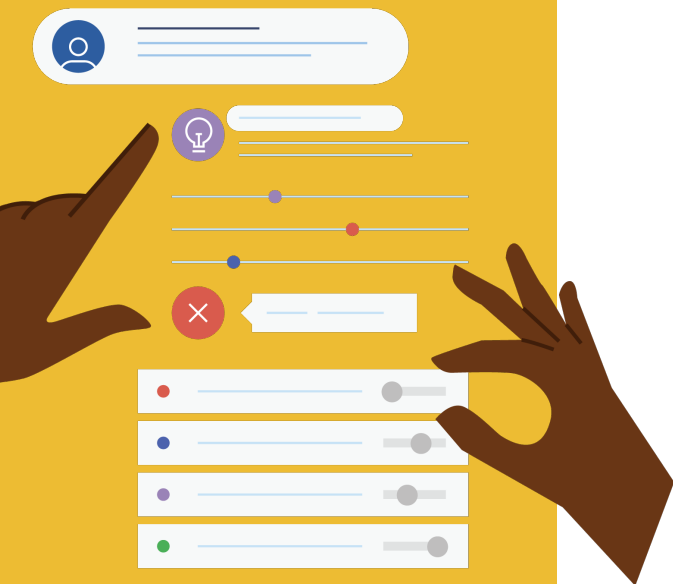
- Accounts receivable aging summary = another way to see who hasn't paid you and how long their pledge has been outstanding

- Revenue by customer (donor) summary = see who's given the most

While you are running these reports, it's important to decide which method of accounting you'll be using.

- The cash method of accounting shows only the money that was collected and paid out during a period of time; it assumes you have no receivables and no payables.

- The accrual method of accounting shows pledges, any outstanding bills, etc. which is a more true picture of the books.

13 Build a Budget and Compare it to Actuals

Go to the gear icon, under tools, click "budgeting" and build out your budget. Once you have a budget in there, you can run a budget vs actuals report to see how it compares and where you might need to focus your efforts.

14 When to Choose an Atypical Fiscal Year

Many nonprofits struggle to keep their overhead costs below the required 35%. One way to keep costs down is to allocate a percentage of employee wages to each program they work on. We recommend that you post wages to admin on a monthly basis. At the end of the year, ask each employee to divide out their time in percentages to each program as well as admin work and then in January, you can reallocate the percentage of wages to each program.

Other things to consider would be allocating insurance to your programs and a portion of the office (if you hold programs at the office).

15 Enable "Classes" Feature

Once you enable the classes feature, it will create another column in your Statement of Activity. You can use classes like a label to identify service lines within the org such as specific events, annual galas, programs, etc. and track/categorize items in your income statement.

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This tip sheet is brought to you by UncommonGood in partnership with Remote CPA.

Remote CPA is an accounting firm focused on serving small organizations anywhere in the United States. They leverage cloud-based technology and virtual Zoom meetings to provide value monthly accounting services without taking precious resources away from the organization's main mission. Remote CPA exists to create the best QuickBooks Online and Accounting experience for small organizations, including nonprofits. Remote CPA also provides an [accounting knowledge base for nonprofits](#) free of charge.

UncommonGood is the software platform and community that helps you to think like a nonprofit and act like a business. UncommonGood was founded on the idea that nonprofit organizations should have access to the same high-quality tools and resources as for-profit companies, without having to spend half their budget on them. By providing an [all-inclusive, cloud-based software platform](#) where nonprofits can manage their operations, marketing, and fundraising efforts in one place, UncommonGood enables nonprofits to focus more on what matters, doing good.