

FINANCIAL MANAGEMENT

USING QUICKBOOKS TO TRACK ASSOCIATION FINANCES

Presented by:

COZBY & COMPANY
- CERTIFIED PUBLIC ACCOUNTANTS -

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Presenter

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Presentation Format

- Present a section
- Show examples in working QuickBooks file
- Brief questions at the end of each section
- Last 1/2 hour for open ended discussions/questions

Workshop Goals

- Geared for smaller management companies and self-managed associations with working knowledge of QB
- Overview of types of programs to choose from
- Provide tips for setting up your file
- Provide tips for practical operational issues
- Provide insights into features that can streamline and enhance the financial information for associations
- Provide resources for additional information

Section 1

QuickBooks: Which Program to Pick?

QuickBooks Online Options

- QuickBooks Online – Simple Start/Essentials/Plus
 - Smaller, self-managed associations
 - Pay monthly fee approx \$12-\$40/mo per company
 - In the “Cloud”, automatically backed up
 - Decision Makers can all access directly without having to get a “backup” and “restore” and can manage by changing passwords
 - Existing file can be restored into Online program
 - <http://quickbooks.intuit.com/online/compare>

QuickBooks Purchased License

- QuickBooks Premier
 - Smaller management company or large self-managed association with multiple entities
 - One time fee based on number of users
 - \$399 1user - \$1,999 5 user
 - Users based on number of people needing concurrent access
 - Unlimited number of company files can be created
 - No requirement to upgrade in future (support avail. for 3 years)
 - Contractor Module has insurance certificate tracking
 - Install on local computer or on a hosted desktop
 - <http://quickbooks.intuit.com/premier/compare>

Discounted Pricing

- Purchasing through a QuickBooks ProAdvisor will get you a discount.
- See flyer for discounted pricing and to utilize.

- Disclosure: I do not personally benefit, in any way, from QuickBooks by providing this or when someone purchases uses this flyer.

Accessibility Issues

- In today's environment of need info now, there are many ways to provide access to key users and decision makers while mitigating costs and not compromising security
 - Hosted Desktop – Accessed through Internet
 - <http://www.rightnetworks.com/>
 - Remote Desktop Program – Use Internet to Access Computers Where Data Resides
 - <https://secure.logmein.com/> (they have a Free version)
 - <http://www.gotomypc.com/remote-access/>

Backups: Have a Plan and Test It

- Server environment – the system should be getting backed up already, but generating backups from within QuickBooks is still critical.
- Create a plan to make backups from within the program regularly.
- Test the backup by “restoring” it at least quarterly. Many times you will only find out a file is corrupt by testing the restore.

End of Section 1

Questions?

Section 2

Setup Tips

Chart of Accounts/Structure

- Only keep accounts you that expect to use, make accounts not in use “inactive”
- Keep the activity in your Profit & Loss for Operating Activities only
 - Utilize “Transfer/Contra” accounts move Reserve activities to the Reserve Fund in Equity on your Balance Sheet (more later)
- Utilize subaccounts to logically group and “roll-up/collapse” data into meaningful totals

Customers: Profile by Unit vs Name

- Does anyone keep the customer data based on unit? For example the same customer file is used and name changed when owner changed?
 - Strongly suggest keeping customer files based on each unit owner. When the unit owner changes, the new owner gets a new profile.
 - Make old customer file inactive once balance is zero.
 - History will be preserved in general ledger correctly.
 - If you keep your info by unit, when you change the name of owner, all prior invoices and payments will have their name changed. This makes the records unauditible.
 - Unit owner notes/leases/or other unique items will be preserved.
 - You can still use unit # in search field for easy searching.

Customers: Features to Check Out

- Customer Center
 - Notes – Tenant info, unique issues, document calls
 - Attach Feature – Attach leases and other documents
 - Word – Custom Letters-incorporate all standardized letters (including 6D's) as templates and produce for a single unit owner, or all unit owners, when you need them.
 - Email – Gather email address and send invoices, statements, or letters automatically electronically.
 - A little up front time to set these features up properly will save hours and mailing costs later.

Vendors: Use the Contractor Module

- Insurance Certificate Tracking – Liability & W/C
 - Only one version of QuickBooks incorporates this time consuming task automatically for you:
 - QuickBooks Premier – Contractor Module
 - Change file to Contractor Module
 - File/Toggle to Another Edition/Contractor
 - Go to Vendor/Edit Vendor/Additional Info
 - Enter expiration dates for Liability and W/C policies
 - Scan and attach certificates to Vendor file
 - When policy expires, you will be prompted by QuickBooks when you try to pay them.
 - You can also do custom reports based on these fields.

Vendors: Other Features to Check Out

- Attach Feature – Ins Cert's, W9, anything in their file
- W9/1099 Tracking –Enter 1099 information on Vendor Additional Info Tab
- Review vendor list each year and make old vendors inactive regularly.
- Word – Put your standard letters in as custom letters to save time. Request for W9/Insurance Certificates, change of address letters, transition letters.

End of Section 2

Questions?

Section 3

Operational Tips

Budget Feature

- Use the Profit & Loss Budget for the Operating Budget
- Use a spreadsheet for the Reserves Budget
- Profit & Loss Budget Performance Report
 - Month Actual vs Budget
 - YTD Actual vs Budget
 - Annual Budget
- Company/Planning & Budgeting/Setup Budget

Reserve Fund Tracking

- Chart of Accounts – Use Equity Accounts and Subaccounts
 - Reserve (Equity Type of Account)
 - Beginning Balance (subaccount)
 - Contributions (monthly transfers as contra to operating assessments)
 - Interest Earnings (post monthly income from savings accounts here)
 - Expenditures (post capital reserve expenditures here)
 - This section of Equity in the Balance Sheet becomes the Reserve Profit & Loss as all activity is captured here.
- Close out the reserve equity accounts to the beginning balance account on 1/1/xx. (Do manually by Journal Entry)
- Create a schedule in Excel to recap Reserve Activity for Board Members. Make this a part of the monthly reporting package.

Owner Assessments

- Create monthly invoices for each unit owner, even if you don't actually mail them.
- Utilize Memorized Transactions to make monthly invoicing streamlined.
 - Lists/Memorized Transaction List
 - Make a New Group called Monthly Invoicing
 - Create the invoice for each unit owner and memorize it into the group
 - They can be automatically set to email instead of print

Owner Assessments/6D's

- Have the Association's attorney draft the 6D to be used.
- Add the 6D as a Custom Letter in the Customer Center.
- Consider have the Board grant authority for the manager or bookkeeper to sign the 6D.
- Print a Statement to support the balance reported on the 6D.
- Scan and attach the executed 6D and backup support to the customer file.
- Edit the Memorized Invoice List to remove the old owner and add the new owner for the next month of assessments.

Bills/Contracts – Scan & Attach

- Here are some ways to make the information more transparent and accessible for others
 - Scan the invoices for bills to be paid and attach them to the bill.
 - Benefits:
 - If a bookkeeper is doing the data entry, a manager can access the QB file remotely review A/P and make notes directly on the attachment, provide approvals, or attach any additional documents necessary to document the transaction such as contracts/proposals.
 - The attached items will not be included in a backup file, but you can copy the folder and provide with the backup for a CPA to use at yearend. Takes just a little work to have same folders mapped.
 - Scan the insurance policies and attach to the first bill of the policy.
 - Scan contracts and attach them to the first bill of the payment agreement or the vendor file.
- Anything you go to a file cabinet to get, or keep electronically, be creative and try to scan and attach inside QuickBooks.

Reporting – Automate/Memorize

- Are you doing the same custom filters/edits to create your monthly reporting package?
 - Create and memorize reports using “Last month” for the time period and you monthly report will automatically come up with the correct date range each time it is run.
 - Make any additional edits to the header/footer like “Unaudited” or “For Management Use Only” or “Restricted to Board Members Only” so they always appear each time the report is run.
 - Create a Memorized Report Group called “Monthly Reports” and memorize each report into this group.
 - At end of month run each report and export it to an excel file. Each report on a separate tab.
 - Print entire workbook to a pdf (<http://www.cutepdf.com>)

End of Section 3

Questions?

Section 4

Resources for Additional Information

CAI Great Resources

- www.cairf.org
Foundation for Community Association Research
 - ▣ Free Best Practices Reports to download
- www.caine.org
New England Chapter of CAI
 - ▣ Education Programs
 - ▣ Condo Media Articles
- Business Partners of CAI – They're not just vendors

AICPA/FASB (What CPAs Use)

□ cirawiki.aicpa.org

Common Interest Realty Association Wiki

- Free resource from AIPCA used to educate CPAs on the community association environment
- Explains all major accounting and disclosure requirements
- Find out why your CPA makes you do things a certain way and what they are looking for when they perform their work.

HOAPulse.com

□ www.hoapulse.com

- Excellent resource for articles regarding HOA's from a CPA perspective. Excellent author – Gary Porter, CPA

Additional Items

- QB Discounting Purchasing Flyer
- What is the Difference Between a Compilation, a Review, and an Audit? Comparative Overview

QUESTIONS?

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