



Realizing Profitable Potential through Change

## 7 Tips for Using QuickBooks® as a Legal Professional

We know you didn't go into practicing law to have to spend hours tracking your clients information in QuickBooks® so here are a few quick tips on how to best set up your QuickBooks® for your law firm. The key is implementing good processes on the front end, so that you have access to the details for any of your clients at any time.

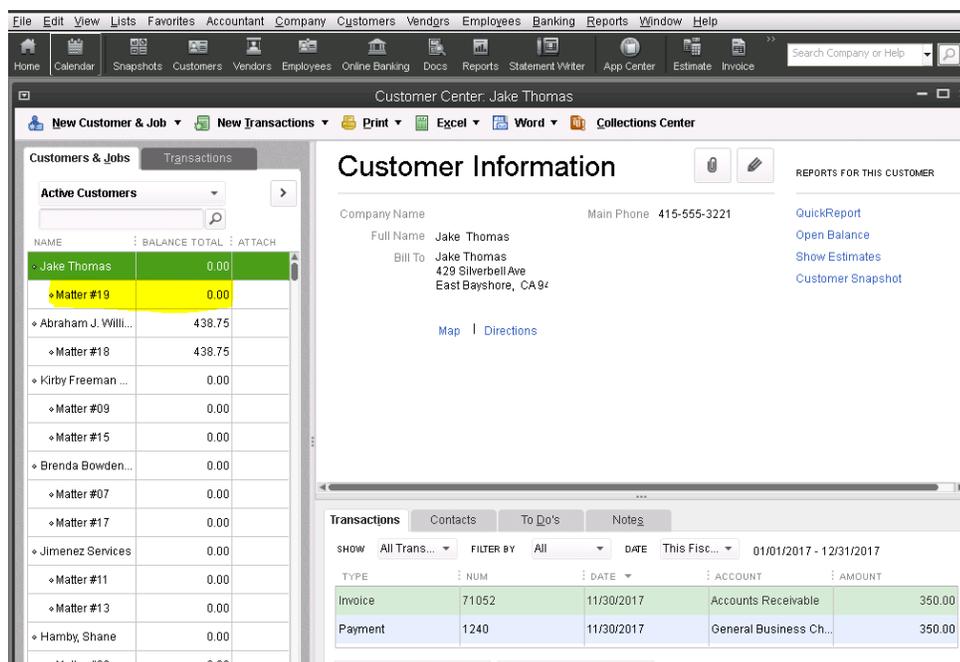
1. If you receive money from clients as a retainer, which is neither income nor an expense when you spend it. You must deposit these funds into your Trust account.
2. You will have two accounts to set up to track your trust transactions.
  - a. You will set up your Trust Bank Account and then add subaccounts to it for each client you are holding money in trust for.

NAME	TYPE	BALANCE TOTAL
General Business Checking Acct.	Bank	11,495.23
Client Trust Account	Bank	9,610.00
Tingey Worldwide Freight Trust	Bank	0.00
Abraham J. Williams Trust	Bank	3,500.00
Jake Thomas Trust	Bank	6,110.00
Petty Cash Account	Bank	500.00
Payroll Clearing (Owner's Time)	Bank	0.00
Accounts Receivable	Accounts Receivable	13,021.85
Prepays	Other Current Asset	0.00
Prepaid Insurance	Other Current Asset	0.00
Employee Advances	Other Current Asset	0.00
Vendor Deposits	Other Current Asset	0.00
Undeposited Funds	Other Current Asset	3,000.00
Automobiles & Trucks	Fixed Asset	49.00
Computer Equipment (Over \$500)	Fixed Asset	2,500.00
Office Equipment (Over \$500)	Fixed Asset	0.00
Accumulated Depreciation	Fixed Asset	-846.12
Accounts Payable	Accounts Payable	49.00
Master Card Payable	Credit Card	858.92
Visa Card Payable	Credit Card	0.00
Funds Held in Trust	Other Current Liability	9,610.00

- b. You will also need to set up a current liability called Trust Liability as the monies you received will either be owed back to the client or earned through your services and/or expenditures that you incur on behalf of the client.

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3. Your Trust Liability account must always equal your Trust Bank Account. This is your checks and balances to ensure that something has been accidentally entered incorrectly.
4. When you set up your Customer List, you will want to set up each client as the customer and then each case as a job for that customer. This way you will be able to track the ins and outs for each case as well as the overall customer.



5. When you incur expenses or receive funds, ensure that they are always coded to your Customer/Job (i.e. Client/Case) name so that you can easily pull reports to review the inflows and outflows by case.
6. Ensure that you document in the memo of your transactions the specifics of the expenditure or receipt for better tracking.
7. Reconcile your Trust Bank Account Monthly; it is always easier to identify mistakes sooner than later.

QuickBooks® has the capability of providing you a detailed accounting of your business and trust account activity. The key is having a good process from the beginning and being consistent on the way the data is being entered and reconciled. This will help you ensure that you have detailed and accurate data when you need it and allows you to focus on providing the best legal service accounting for your clients. If you have any questions about the specifics of these functions, please feel free to contact us at 816.304.4398.

About the author: Pam Newman Morin, MBA, is a Certified Management Accountant, Author, and Advanced Certified QuickBooks® ProAdvisor. She is the President of RPPC, Inc., which is an Accounting Firm that specializes in QuickBooks® services. For more information: Website is [www.rppc.net](http://www.rppc.net), Follow on Twitter @RPPCInc, YouTube Channel is RPPCInc, or call 816.304.4398.