



## Accounting Services Overview

### How Our Accounting Service Works

Accounting is a necessary evil in every business. Springfield BackOffice makes it as painless as possible. When our accounting team becomes your accounting team you have “people” who handle all the details of your accounting process so you don’t have to. No matter your bookkeeping needs, we can provide services that meet those requirements.

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## Levels of Involvement

### Full Accounting Service

We can take responsibility for your entire accounting process. We open the mail, enter the invoices and sales receipts, reconcile accounts and even do first tier collection efforts. Our Accounting Services division can develop a system for handling your entire accounting process from start to finish, including year-end tax filing.

Through our hosted QuickBooks and cloud-based paperless document storage you have access to all your books all the time from anywhere you have web access. Weekly and monthly reports combined with email and phone access to your accountant keep you in the loop.

### Accounting Management Service

We can supervise your accounting staff. The SBO Accounting Services team can design an efficient accounting workflow, train your staff, and review their work at weekly and monthly intervals. We'll make sure things are operating as they are supposed to and be available to answer any questions and resolve any issues.

This hybrid approach can be the best of both worlds for some small businesses. The bulk of the data entry component of your accounting process can be completed by your office staff while having the peace of mind that their work is being overseen and reviewed by a CPA for accuracy and compliance.

### Consulting Basis

Our team can meet with you to discuss your accounting questions and to provide training. As QuickBooks Pro Advisors, our accountants are equipped to teach you how to get the most out of QuickBooks and be sure you are recording data in keeping with proper accounting practices.

We can also streamline your process to make tax season as painless as possible. Our small business tax experts can make sure you're paying as little tax as legally possible while ensuring your books are IRS audit tight.

## Components of the Accounting Process

### Bookkeeping

Bookkeeping is the daily entry of accounting transactions – vendor bills, customer invoices, bill payments, customer payments and deposits, as well as other disbursements and withdrawals. Bookkeeping maintains complete and up-to-date detailed accounts receivable, accounts payable, and cash account ledgers and provides daily or weekly reports on these and other critical areas of business management.

Bookkeeping also processes payroll or makes the necessary entries to record payroll processed by a third-party provider. Payroll entries include complete recording of gross wages, employer tax and other payroll expenses, and payroll liabilities.

### Controllership

Controlling is a periodic review of general ledger activity to ensure all activity is posted correctly and that any necessary cash to accrual or income recognition adjustments are made. The frequency of review will depend on the needs of your business, but at a minimum the review will take place monthly. After each monthly review, financial statements are issued and accounting data is locked so that no data changes can be made accidentally.

Whether monthly or quarterly, depending upon your needs, your reports will include a management letter explaining the significance of your financial reports and calling your attention to critical business ratios and areas of concern. You are always welcome to dig in deeper with the accounting team as you desire.

### Daily Activities

- Record Sales Invoices
- Record Customer Payments
- Record Vendor Invoices
- Record Vendor Payments

### Weekly Activities

- Accounts Receivables Aging Report
- Accounts Payable Aging Report
- Record Payroll / Payroll Taxes / Payroll Fees
- Track Employee Advances

## Monthly Activities

- Prepare Bank Account Reconciliation
- Record Credit Card Purchase Transactions
- Prepare Credit Card Reconciliation
- Maintain Vendor W-9 Information
- Email/Mail Customer Statements
- Prepare Sales and Use Tax Return

## Financial Reports

- Balance Sheet
- Profit and Loss Statement – Month
- Profit and Loss Statement – Year-to-Date
- Cash Flow Statement
- Accounts Receivable Aging
- Accounts Payable Aging
- General Ledger
- Bank Reconciliation Report
- Credit Card Reconciliation Report

## Access to QB File and Supporting Documents

Once we set up your new QuickBooks file, enter any back-work and complete the first closing process, SBO will set up a shortcut on your computer desktop for quick access to our server. You will then be able to log-in to your QB file to print checks, send payments, or view transactions and source documents.

## Accounting Process Details

### Accounts Receivables

We offer two options to help you get your invoices out promptly and send monthly statements on the date of your choice.

1. SBO can prepare your sales invoice from information you email. We then email you the final invoice for approval.
2. You generate invoices and statements through time and billing software. Then SBO posts or imports the invoices into the accounting software.

Whether we prepare your invoices for you or you generate them yourself, we can print and mail or email customer invoices and statements on your behalf.

Accounts receivable reports for collection and cash flow management are prepared and delivered to you on a schedule of your choice. Finance charges are assessed on overdue invoices based on your company's payment terms and conditions, and statements can be initiated and transmitted on a schedule of your choice.

## Accounts Payable

Invoices you receive from vendors can be:

- a) Dropped off
- b) Scanned and emailed to SBO
- c) Mailed or emailed directly to SBO from the vendor

On a schedule determined by you, we will email you a report of all open vendor invoices. Just indicate which invoices you want paid and when, then email the report back. Your bookkeeper will set up the requested bill payment checks in your accounting file.

Once the checks are ready to print, we offer three options for printing:

1. You or a designated staff member can log into your accounting software and print checks directly to your local printer.
2. We can print the checks to a PDF file and email them to you. The checks can then be printed on your local printer without any need to access the accounting data file.
3. We can print the checks at our office and you can come by to sign them.

Another option is to setup online bill pay. This allows the accounting team to initiate payment of bills you authorize payment for.

## Cash Receipts

Prior to taking deposits to the bank, you will scan the deposit slip and each of the items to be deposited. Then create an email and upload the file at your convenience. We will post the customer payments against the appropriate customer invoices and record the bank deposit.

## Payroll Services

We will either process payroll or make the necessary entries to record payroll processed by a third-party provider. In either case, payroll entries will include complete recording of gross wages, employer taxes and other payroll expenses, payroll liabilities, and quarterly and annual reconciliation of general ledger balances to payroll returns. If needed, your bookkeeper can also initiate transfers from your operating bank account to your payroll bank account to cover payroll if these accounts are held by the same bank. See more information about this under "Banking Activities".

We do recommend direct deposit of employee paychecks whenever possible.

## Banking Activities

SBO Accounting Systems will have access to view and download transaction history and bank statements, and, if desired, to transfer funds between business accounts at your bank. We will not, however, have the authority to sign checks or to initiate electronic payments that have not been pre-approved by you or a designated staff member.

Bank account activity is updated daily or weekly in your accounting file, so that you always know your available cash balance. Transactions that appear in your bank account that we have no knowledge of will be posted, but we will inform you of these transactions and request supporting information by email. Bank account balance notifications, cash receipts, and disbursement reports can be emailed to you daily, weekly, or monthly as desired.

Banking, credit card, and loan accounts are reconciled to the corresponding statements each month, and the reconciliation reports are emailed to you promptly. When emailing the reconciliation report, we will call your attention to old outstanding items that require resolution and will also provide a list of any missing check numbers for security and control purposes.

## Business Filings

SBO will prepare required business returns such as sales tax, business license tax, personal property tax, and various industry specific tax filings. We will either file these returns electronically upon approval, or email the completed tax forms to you for signature and mailing. All such filings are reviewed and approved by a CPA before being submitted to you for final approval.

## Bank Reconciliation

Reconciling your business checking account each month allows us to keep your bank account, accounting, and taxes up-to-date. Having us reconcile your account each month allows you to:

- Identify lost checks, lost deposits and unauthorized wire transactions.
- Detect and prevent excess/unjustified bank charges and ensure transactions are posted correctly by your bank.
- Detect and prevent embezzlement of funds from within your company.
- Know how your business is doing. You can't really know unless all accounts are reconciled and properly accounted for on your financial statement.
- Manage your cash more effectively. Proper management of funds not only saves money, it makes money for you.
- Protect yourself. By timely reconciling and promptly objecting to your bank about any unauthorized, fraudulent or forged checks presented to your bank and paid by that bank, you can relieve your agency of responsibility for the shortfall and transfer the risk to the bank. This reason to reconcile alone should be enough. Crime exists.

- Sleep better. You will sleep more peacefully at night knowing your bank accounts are reconciled, in balance, and that all escrow funds, accounts, checks and disbursed funds are properly accounted for.

### Income Statement

An income statement, otherwise known as a profit and loss statement, basically adds an itemized list of all your revenues and subtracts an itemized list of all your expenses to come up with a profit or loss for the period. An income statement allows you to:

- Track revenues and expenses so that you can determine the operating performance of your business.
- Determine what areas of your business are over-budget or under-budget.
- Identify specific items that are causing unexpected expenditures, such as phone, fax, mail, or supply expenses.
- Track dramatic increases in product returns or cost of goods sold as a percentage of sales.
- Determine your income tax liability.

### Balance Sheet

A balance sheet gives you a snapshot of your business' financial condition at a specific moment in time. A balance sheet helps you:

- Quickly get a handle on the financial strength and capabilities of your business.
- Identify and analyze trends, particularly in the area of receivables and payables. For example, if your receivables cycle is lengthening, maybe you can collect your receivables more aggressively.
- Determine if your business is in a position to expand.
- Determine if your business can easily handle the normal financial ebbs and flows of revenues and expenses.
- Determine if you need to take immediate steps to bolster cash reserves.
- Determine if your business has been slowing down payables to forestall an inevitable cash shortage.

Balance sheets, along with income statements, are the most basic elements in providing financial reporting to potential lenders such as banks, investors, and vendors who are considering how much credit to grant you.

### General Ledger

The general ledger is the core of your company's financial records. These records constitute the central "books" of your system. Since every transaction flows through the general ledger, a problem with your general ledger throws off all your books.

Having us review your general ledger system each month allows us to hunt down any discrepancies such as double billings or any unrecorded payments. Then we'll fix the discrepancies so your books are always accurate and kept in tip top shape.

## Getting Started

### Step One (1)

- Contact Springfield BackOffice through our online form at [www.thebackofficecompany.com/get-started](http://www.thebackofficecompany.com/get-started) or call us at 866.304.7908 to discuss your needs.

### Step Two (2)

- Discovery conference meeting with representative to discuss your file business and bookkeeping needs.

### Step Three (3)

- Discuss Roles & Communication
- Detail Accounts Payable Process
- Detail Accounts Receivable Process
- Detail Payroll Processing
- Start creation of SBO Accounting Procedure Manual (APM)

#### *If needed:*

- Set up QuickBooks merchant service account
- Set up QuickBooks Point Of Sale system
- Set up payroll
- Perform back work on past months

## Frequently Asked Questions

### FAQ: Data Access & Security

#### **Q. How will I obtain access to my accounting material?**

**A.** Springfield BackOffice hosts your bookkeeping software and data files. At any time, from any Internet-accessible computer, you can use your password to access your accounting records. They are always up-to-date and always accurate. This is the same procedure and technology your bank, medical record keepers, and the IRS use to access and process information. It is secure and it is dependable with 100% back-up running in real time.

#### **Q. Who owns my data?**

**A.** You own your data files and you are able to download them back to your local computer if you decide to discontinue the service.

In contrast, with Internet accounting packages such as Net Ledger or QuickBooks® for the Web you do not own your data. If you decide to disconnect, you will need to have hard copy printouts of your information. These would then need to be re-keyed into the new software you choose.

**Q. Who controls the money and makes the decisions?**

**A.** You have 100% control of all monies and the decisions on how they are used or invested. You decide what individuals and which vendors get paid. We provide the data, but you approve all invoices for payment and sign all checks.

**Q. Can other people access my data?**

**A.** No one can have access to your data without your company's express permission. We go to extraordinary lengths when it comes to security measures. SBO can offer greater security than many companies would have if the software and hardware were located in-house. Your data is backed up on a real time basis to a secure offsite backup facility. Also, the facility's power supply is hooked up to backup generators to protect against power failures. How many of us with computers in our offices have this type of system and security?

Security measures are taken to make sure that your information is protected. Each company's data is password-protected. As your data travels over the Internet, it is protected by a technology called Secure Sockets Layer or SSL encryption. SSL ensures that your data makes it to your location before it can be decoded. For added security, your company needs to make sure your browser supports 128-bit encryption. This level of encryption is the highest currently supported by consumer web browsers. Be sure you are also using the latest version of your web browser, as enhancements have probably been made since you last upgraded.

**Q. What about security?**

**A.** This is one of our favorite questions. Right now if you are like most of us, your accounting records are in an unlocked file cabinet or worse, sitting on someone's desk. This is what we call bad security. SBO uses the same level of encryption that a major bank, such as CitiBank and Wells Fargo, uses. You can be assured that you and only you are privy to your most important data.

**FAQ: Audit & Tax Services**

**Q. Does Springfield BackOffice provide audit and tax services?**

**A.** SBO does not perform audits, reviews, and compilations or provide opinions on your financial statements. We consider ourselves to be an extension of your company and work on your behalf to provide assistance to you and your outside auditors, should an audit be required. We also do not provide tax return services, but we will provide assistance to you and your outside tax preparers for all year-end tax work.