

Keyboard Rich Challenge - Day 2

Welcome back to day two of the Keyboard Rich Challenge. I'm happy to be here. I know all of you guys are happy to be here as well because I'm seeing in the chat the excitement that you guys have for day two.

And you know, this is really where the rubber meets the road, as they say. We are going to learn exactly how to do bookkeeping inside of QuickBooks. Later today, we're going to jump into QuickBooks and start learning.

So if you've never seen QuickBooks before, this is going to be your first chance to jump in and see just how powerful this tool is, just how easy it can be to learn how to use if you start simple. Okay, we're going to start simple and take things step by step. So welcome to day two, Keyboard Rich family.

It's good to see you all. If you guys are ready to roll up your sleeves and actually get to work learning this new valuable skill, let me see in the chat. Okay, if you're excited, let me see in the chat.

If you want to drop some emojis, just say me, raise your hand, whatever you want to do. Let me see who's ready to actually start learning. Okay, let's start learning how to use this tool.

Okay, all right. Okay. Say no more.

You guys are ready to go. You guys are excited. And you guys, there's a lot of you on right now.

Okay. A lot of you, every one of you who is on right now and those of you watching the replay, you guys made a huge decision yesterday, a huge decision. You said, you know what? Bookkeeping is my thing.

This is my path. This is my best opportunity to go from where I am now to that dream life that I calculated yesterday. Okay.

Yesterday's homework. I loved seeing it. You guys all posted it in a group and I looked over a bunch of your posts and saw what some of your goals were.

Okay. We're going to, again, we're going to build a business that helps us reach our goals during this week, but we got to know what those goals are. So some of you guys wanted just a couple of thousand dollars a month, you know, on the side.

Some of you wanted to go to six figures. Some of you wanted to go even larger than that. And that's great.

Okay. You can do that. All of those things are possible.

We have people doing well over, we have people doing over 250 K a year. Okay. As you do that, you expand and you have to add, start adding team members unless you want to work, uh, you know, more than full time.

And I don't want you to do that. I want you to work part time and have staff if you want to grow that big. Okay.

But whatever your goals are, you can get there as long as you're willing to learn this stuff. And guess what? Anybody can learn how to do it. Okay.

You just have to be willing. So, um, great job on your homework. Now is where we really start to get into the nuts and bolts today.

Okay. You are going to learn a few new terms. If you've never touched bookkeeping before, if you've never touched QuickBooks before, you're going to learn a few new terms.

Okay. So guess what? You've got replays. Okay.

You can watch things multiple times. Let it sink in. Give this powerful new skill the respect it deserves, right? You're learning something new that can, it can change everything.

It can change your entire life. Give it some time. Okay.

Learn a few new concepts. Learn a few new terms and you will be good to go. Okay.

And we're going to start simple and take it step by step. So congratulations on making it to day two. One of the things I want to mention before we jump into today's content is that yesterday we had our first VIP session.

Okay. For those of you who recall, VIP is an opportunity for you to come on to a private zoom room after the challenge. Every day of the challenge.

After the challenge, you come into a private zoom room with me to ask all of your questions because as you noticed yesterday, we spent the full 90 minutes teaching and I'm going to do that every day this week. I'm going to teach, teach, teach. I can't take questions during the challenge.

So the VIP backstage pass is your opportunity to get your questions answered so you can make the most progress through this week. So bookkeeping questions, QuickBooks questions, marketing, pricing, like all of those things. We went for well over an hour yesterday and I posted a sneak preview of that session in the Facebook group yesterday for you guys to see what it was like.

Okay. So the announcement today is that we are closing VIP and I see a bunch of you that are chatting. You're in the chat talking about how much you love VIPs.

Where are my VIPs at? Let's see where my VIPs. Type in VIPs if you're some of my VIPs. All right.

There's, there's our VIPs. So we went well over an hour and today we're going to close that. So this today is your last opportunity to get into the key to the VIP session.

Okay. So if you feel like upgrading your experience, getting more time with me where I can be your personal coach throughout this week and answer all your questions, now's your chance. In fact, it's your last chance.

Okay. So Anna, if you would be so kind as to drop the link to upgrade, if you would like to upgrade to VIP, Anna's going to drop the link in the chat. It's KeyboardRichChallenge.com slash VIP.

You just click that, you upgrade, you get your zoom link. And then every day after the challenge, you jump in and get that extra hour with me. Plus you'll get lifetime access to all of the recordings.

Okay. So you'll get lifetime access to all the challenge recordings, all the lifetime access to the Q&A, the VIP Q&A session recordings. And then you'll finally get all of the different versions of the book, Keyboard Rich.

Okay. The Wall Street Journal bestselling book. We'll mail you out a copy.

You'll get the ebook and you'll get the audio book. Okay. So if you feel like that would be helpful for you, I encourage you to upgrade today at midnight, tonight at midnight, we're going to close it down and then we are going to keep it moving.

Okay. So it's just an option for you to take advantage of this week. Okay.

I know every one of you has said, this is my week. Let's do it. This could help you along on that journey.

Okay. So with that said, I'm going to go ahead and ask Anna to shut down the chat so that we don't have tons of chats flying across the screen and we can focus on today's content because we're just going to get to work. Okay.

Roll up those sleeves. Well, I got short sleeves, but roll them up. Let's get started.

Okay. So I am going to go ahead and share my screen. Let me click all the right buttons here and let's get this screen shared.

Quick reminder before we jump into things, get your points. Okay. We're giving away prizes.

We're keeping things fun this week. We're rewarding you for the work that you're doing. You're showing up.

We've got a lot of you on. You guys are showing up. A lot of people are watching the replays.

Do the work. It's not too late. Do those action tasks in the featured section of the group.

Do your homework that's being posted in the featured section of the group. Do your introductions. Okay.

Get your points and, you know, earn the prizes, but the true prize is just the business that you're going to create. So, you know, but why not have a little fun while we do it? Okay. So let's get started.

Let's dive back into a quick recap. Okay. What is bookkeeping? Okay.

Before we get into QuickBooks, what is bookkeeping? Well, as we learned yesterday, bookkeeping is simply recording all of the financial transactions for a business. Okay. They make money.

They spend money. And, you know, all of those expenses, all of that income, those are financial transactions that we need to record. Okay.

And it's a lot like organizing and putting things in the right places. That's it. Every transaction has a right spot.

We find out what spot that is and we put it there. Okay. That's it.

And software like QuickBooks makes it easy. It does all the math for us. We don't have to worry about being math geniuses.

And QuickBooks has all the tools that we need or that we can be using to check to make sure that the work that we do is accurate. Okay. We don't have to worry about messing up someone's books.

Okay. We don't have to worry about that. So why do businesses need to do bookkeeping anyway? Okay.

What's the reason? Why is this something that they need to be doing? Well, there are three reasons and one of the reasons far outweighs the others. Okay. And we'll see if you can pick out which reason that is.

Well, the first reason is that it's an IRS requirement. Okay. The IRS, our good friends at the IRS says that every single business needs to be keeping records.

Okay. That's bookkeeping. Every single business needs to be doing bookkeeping.

So that's really important. Right. You don't want to, you don't want to run afoul of the IRS.

Okay. So that's gotta be a big reason. Right.

The second reason is to organize their numbers for tax time. Okay. So not only do they have to be keeping track of their books, they've got to be doing bookkeeping, but when it comes time for that business now to file their taxes, if everything's been done, if all the bookkeeping has been done, well, now it's going to be very easy for the tax preparer to prepare the books or to prepare the tax return.

Okay. Because everything's neatly organized. It's very easy for them.

It's very organized. And compare that to, you know, this for some of us, I know a lot of us are brand new to bookkeeping on this challenge, but some people are further along and have a couple of clients. We've all heard of that, you know, that that old analogy of walking into your tax preparer's office with a shoebox full of receipts.

Okay. And guess what happens when you walk into a CPA's office with a shoebox full of receipts? Well, they're going to charge you an arm and a leg to organize it all. So if we do, if we do the bookkeeping, everything's going to be organized.

Everything's going to be smooth for that process. Okay. So these are two reasons why we need to be doing bookkeeping.

You might look at this and be like, okay, clearly number one is like the most important reason. Okay. You've got to be making sure that you are compliant with the IRS.

But the truth is that neither of these two reasons are the real reason why businesses need to be doing bookkeeping. The biggest reason that businesses need to be doing their bookkeeping is that it allows them to make good decisions in their business. Okay.

I spoke a little bit about this yesterday. We dove into it in VIP as well, but the work we do, the output of the work that we do is so valuable to these business owners because it contains all of the clues that they need to make good decisions for their business and what do good decisions in their business lead to typically leads to them making more money in their business. Okay.

And so that's the biggest reason that is the biggest reason by far, great tax time, making it smooth. Okay. Fulfilling the IRS requirement.

Great. But business owners, they want to grow their business, right? They want to expand their business. They want to, you know, they want to do fulfilling work just like we do.

They want to help as many people as possible to find their business. And so the work that we do helps them do that. Okay.

So let me ask you a question now. Let me ask you a question. When it comes to fulfilling these three reasons why businesses need to do bookkeeping, I've talked a little bit about the output of the work we do.

Okay. When it comes to, you know, the tax preparer, preparing the tax returns, okay, what do we need to be giving the tax preparer to prepare those tax returns for the business? In order for the business owner to make good decisions in their business, what do they need to be looking at? Okay. What do they need to be looking at? If you're playing at home, I'm looking for a word that starts with the letter R. Okay.

Word that starts with the letter R. What do you give the tax preparer when it's time to do the taxes? What do you, what do, what do business owners need to be looking at to make good decisions in their business? Say it with me. They need to be looking at reports. Okay.

Reports, financial reports are also called financial statements. Reports contain all of the information that the tax preparer needs to file the taxes. But as we know, more importantly,

in order to make good decisions in their business, business owners need to be looking at the reports.

The reports is that output of the work that we do. Okay. So we'll be later today doing bookkeeping inside of QuickBooks.

Okay. We'll be doing our thing, the keyboard and the mouse and putting things in the right spot. But the result of that work, the output of that work are the reports that get created that now contain all of their financial information and the clues that they can use to make better decisions and more money in their business.

Okay. So it's all about the reports. It's all about the output of the work we do.

And today we're going to talk about two of the most popular reports. These two reports are reports that you'll be using with all of your clients. There's lots of different reports.

There's all kinds of them. Okay. And they can be customized to, you know, for different types of businesses and different types of clients.

But we're going to go through the two most important reports. And the first report is called the profit and loss report. Okay.

Profit and loss report. And this is where if you're brand new to bookkeeping and QuickBooks, we're going to start introducing new terms. Okay.

But take it slow. We're going to take it simple and we're going to build from there. Okay.

So profit and loss. If you want to start using bookkeeping lingo, this is the P and L. Okay. The P and L. Okay.

So the profit and loss. And this statement is pretty self-explanatory. Okay.

This report is pretty self-explanatory. It's got three major components to it. Okay.

And the first one, it lists income. Okay. Businesses, they make money, right? That's the whole goal.

Right. That's the whole goal. So my wife, I like to use the analogy of my wife.

She's a chiropractor. So what does a chiropractor do? Chiropractor gives chiropractic adjustments. All right.

And patients pay her for that. That's income. Okay.

So we've got income. If you're a pet shop and you sell dog food and, you know, collars and all different types of things, when customers pay for those things, that's income. Okay.

So that's the money coming into the business. Okay. The second thing on the P and L, expenses.

You subtract expenses. Every business needs to be paying expenses. My wife, the chiropractor, she's got chiropractic supplies.

You know, that if you've ever been to a chiropractor that like you lay down on the table and there's this like paper, this thin paper, you know, she's going to buy big rolls of that stuff. You know, she's got utilities, she's got an office, you know, she's got marketing, she's got all different types of expenses that she incurs to run her business. Okay.

So expenses, that's money going out. Okay. So you have money going in minus the money going out.

And what are you left with? Well, you're left with either the profit or in some cases, a loss. Okay. Ideally, you've got a profit, a big profit, right? You're making a lot of money and your expenses are low and you've got a big profit there.

But in some cases, hey, maybe a business had a bad month. Okay. Or maybe a business is just starting out and they have more expenses than they have income and there's a loss there.

But this report will tell us how we are doing. And we're going to take a look at this report inside of QuickBooks in a minute, but I want now to jump to that second most important report that you're going to be using with all of your clients. Okay.

We're going to be doing our bookkeeping work and then these reports are what we're going to be giving clients at the end of the month. Okay. So the first is the P&L.

The second report is the Balance Sheet. Okay. The Balance Sheet.

Now you say, Bill, the profit and loss, you abbreviate that to P&L, Balance Sheet. We just call it the Balance Sheet. Okay.

We don't call it the BS. Okay. We call it the Balance Sheet.

Okay. This is the Balance Sheet. So some of you, this might be a new term for you, the Balance Sheet.

Okay. So let's break it down and make it simple. Okay.

And go through exactly what's on a Balance Sheet. A Balance Sheet also has three major components to it. Okay.

And the first thing that it lists are assets. Okay. Assets.

A lot of us have heard this term before, assets. Assets are simply things that you own. Okay.

Things that you own. If you're a business, what are some examples of the things that a business might own? Okay. If you're playing along at home, what are some examples of some things that businesses might own? Well, if you're a construction business, you might have excavators and big old construction equipment and trucks.

My son watches as much Blippi as anybody on the planet. And so I know a lot about excavators and skid steers and construction equipment. So a construction company might have these things.

It might own those types of equipment. Okay. What other types of assets might a business own? Well, if they've got a checking account, they've got money in that bank account, that's something that they own.

Okay. That's something that they own. All right.

So those are some types of assets. There's lots of different types of assets, and we'll go through some examples here in a little bit. Okay.

But the first thing it lists are assets. The second thing that the Balance Sheet lists are liabilities. Okay.

A lot of us have heard the word liabilities, and these are simply things that you owe. Okay. Assets you own.

Liabilities you owe. Okay. What are some examples of some liabilities that a business might have? Well, if a business takes out a loan, okay, they owe money on that loan.

That's a liability. That's another example. How about credit cards? Credit cards.

You know, a construction company, somebody goes to Home Depot and uses the credit card to go and buy job supplies, you know, lumber and whatever they need. So they run those charges through on the credit card, and now they owe on that credit card. That is now a liability.

Okay. So that's going to be listed on the Balance Sheet. Okay.

All those liabilities. And the third item on the Balance Sheet is what's called equity. Equity.

And equity is simply what's left over. Okay. You've got your assets, all the things that you own.

You've got your liabilities, things that you owe. And then equity is like what's left over. Okay.

What's left over. In many ways, it's like the value of the business. In other words, if you think of it like if you pay all of your liabilities with all of your assets, what's left over? Okay.

Hopefully, you've got more assets than you do liabilities, and what's left over is kind of the value of that business. Okay. But if this is your first time kind of like thinking through some of these assets, liabilities, equities, typically what I see happen is that, well, whether you're just learning some of these things or if you've been doing this for a while, equity is still a little fuzzy for some people.

Okay. So what I want to do is dive into equity a little bit using a really familiar example that most of us can relate to. Okay.

So that we can kind of understand this concept here. As your mentor, it's my job to help you kind of understand the fundamentals. Okay.

And then we'll build from there. Okay. But those are the three things that the balance sheet contains.

So let's look at an example. Okay. And let's make it a personal example.

The truth is all of us as people have both a P&L and a balance sheet. Okay. The P&L, well, hey, if you've got a job right now, income is money that you're making from working for someone else.

Okay. They're paying you a paycheck. That's income.

And then we all have expenses. Okay. We've got, you know, rent, we've got to pay utilities, you know, college for the kids, whatever the case may be.

So we all have a P&L. Okay. We hope at the end of the month, at the end of the year, there is a profit there and we're making more money than we're spending.

Okay. Same thing with a balance sheet. We all have a personal balance sheet.

Okay. We all have assets, things that we own. We all have liabilities, things that we owe.

And if you think about it, now the term equity takes on an exactly like the exact same meaning, but it's called something different. Okay. If we've got a bunch of assets, things that we own, and then a bunch of liabilities, things that we owe, the difference between those two things is what's left over, but now it's called your net worth.

Okay. If you add up all of your assets, your, you know, your savings, your investments, your house, all of those things, and then you subtract all the things you owe, you know, all your credit cards and different things like that, what you're left with is your net worth. It's how much you are worth.

And that's the same concept of equity for a business. Okay. It's basically kind of what that business is worth.

Okay. It's what's left over if you subtract the liabilities from your assets. So let's take a really common example that we can all relate to from our personal lives and see how this concept plays out.

Okay. What is a very common asset that many people own? Okay. What's something that many people own? I'm talking about people, not businesses.

Let's draw a personal example first. If you're playing along at home, you're probably saying something like, you know, cars, vehicles, bank accounts, savings accounts. One of the most popular ones, things that we can own assets is a home.

Okay. For those of us lucky enough to own a home, a home is an asset. Okay.

That has value. Okay. Let's say you bought a home for \$500,000.

Okay. Let's say you bought a home for \$500,000, the value of that home. Okay.

Now that's the asset. What is a liability that is attached to that asset? Okay. What's a liability that's attached to that asset? What do we owe on a home? Okay.

When it comes to a home? Well, the mortgage, right? It's the mortgage. And it's not just the full mortgage. It's the remaining mortgages, whatever you have left to pay on the mortgage.

Okay. So let's say you've got that \$500,000 house. Let's say you took out a \$400,000 loan on it.

Okay. And that was 10 years ago. And now you only owe \$200,000 on that loan because you've been making payments.

Well, your liability now is just \$200,000. Okay. It's what you owe on that loan.

Okay. And if you subtract those two things, you know, you've got your \$500,000 home, the remaining mortgage is \$200,000. You subtract those things, you're left with \$300,000.

And what's that called? It is called your equity. That's the equity that you have in the home. Okay.

So we've all heard of that term, you know, home equity. That's how it works. And it's the same thing with a business.

Okay. Businesses have all kinds of assets. They have all kinds of liabilities.

And what's left over is equity. Okay. So again, if this is new to you, if this is brand new terminology, take your time with it.

Okay. Take your time with it. You've got replays.

Watch the replays. Let it sink in. Give it some time.

Okay. But this is how it works. And you know, who here felt like that was pretty simple? Okay.

You guys felt like that was pretty simple? Okay. Cool. Cool.

But take your time with it. Take your time with it. Okay.

You're going to hear some new terms. Okay. So now, the moment you've all been waiting for, let's get into, let's get into it.

Let me open up. Let me open something up. We need to learn how to use a program.

Okay. You all came here to learn how to use a program. Well, here we go.

How many people are familiar with this program? See if that shows up on my screen. You guys are like, this doesn't look like QuickBooks. This looks more like Microsoft Word.

Okay. How many of you out there have used Microsoft Word or Google Docs or whatever it's called on Mac, like Pages? How many of you use that? Okay. Now, most of us have used that.

We all know how to use that. Okay. So, whenever we're tasked with writing a letter, writing a report, we know how to use Microsoft Word.

Okay. This is a title. This is a body.

The end. Okay. Simple.

All right. We want to, you know, this is the title. We probably should make that bold and we should make it larger.

Right. That's our title. Okay.

But we know how to get done what we need to get done in Microsoft Word. And you're looking at me saying, Bill, why are we in Microsoft Word? Well, because I want to prepare you for what you are going to see in QuickBooks. All right.

When it comes to Microsoft Word, we know what we need to do. But how many of us know how to use all of these buttons up here? Look at all these buttons. And there are buttons on every single tab.

I mean, we've got screenshot and smart art and, I mean, comment and page numbers and text boxes. And, I mean, my gosh, look, I mean, translate, track changes. Microsoft Word does a lot.

This is a very powerful tool. And if you were to open up Microsoft Word and assume that, hey, I need to know everything there is to know when it comes to Microsoft Word before I can write my first letter or write my first report, you would get overwhelmed and you would just give up. And I wouldn't blame you.

Look at all this stuff. I don't know how to use any of this stuff. Okay.

But I know how to write a report and change sizes and bold and I can change some colors. And you know how to do that too. And how did you learn that? Well, you started simple.

You started simple and you just started learning additional things as necessary. Some of you may know how to use some of this stuff. You didn't the first time you used it, but you learned the basics and you build from there.

And the reason we went through this exercise is because it is very important. I have seen so many people open up QuickBooks and they see everything that it's got to offer and they just assume that it's just way out of their league to learn. What you will find with QuickBooks is that you will be doing the same, like 80% of the work you do is the same simple work you do for all your clients.

And then there's some stuff, some clients that need something extra beyond that and you learn it as you go. That's the point here. Don't get overwhelmed.

Okay. Just like you learned how to use Microsoft Word, we're going to learn how to use QuickBooks. Okay.

So that is the tone for today. Let's not save this. That is the tone for today.

Start simple and work your way up from there. Okay. So keep that mantra in mind.

That's what we are going to do. That's how we're going to learn QuickBooks. Okay.

So here's what we're going to do. So as you know, you guys are watching me live. I am live right now, but what I've done is I've gone ahead and already recorded this next section where we jump into QuickBooks and start learning.

Okay. We're going to go into the sample company that QuickBooks gives us to play around in and I've already recorded this section and that's because sometimes when too many people access the sample company at the same time, it starts to get a little glitchy. Okay.

And I don't want that to happen. I don't want you guys to be trying to follow along and then the sample company glitches on me live. Okay.

And we're all just waiting around and who knows what will happen. Okay. So I've already pre-recorded this next section.

All right. So now the dates are going to be different, but that doesn't affect anything. Okay.

That really doesn't affect anything. And all the stuff I'll be going through is exactly the same. Okay.

So once we get done with that pre-recorded section, I'll come back live and we will finish out today's session. So let's get to it. Let's get in to QuickBooks.

Here's what I'm going to want you to do. Okay. And you can follow along with me.

Again, if you have a, like ideally you're going to have like two monitors and you've got me on one screen and you've got QuickBooks on another screen so that you can follow along. You can see what I'm doing and follow along. Alternatively, you can have me on like a phone or an iPad, a tablet, and then your computer, you're following along in QuickBooks, or you can like split screen.

If you only have one monitor, you've got me on one screen and you've got QuickBooks on the other half of the screen so you can follow along. If none of those work for you, that's fine. The priority is just to watch me and watch what I'm doing.

Okay. Watch me and watch what I'm doing because you can follow along with the replays later. Okay.

So the important thing is to watch me. Don't get lost. If you get lost, just stop what you're doing and watch me.

Okay. Because it's your opportunity to kind of soak in what I'm going through. You can always.

QuickBooks Online Sample Company and you'll get some results. Okay, now What you want is typically going to be this first result, but you may need to scroll down a little bit Okay, but what you want is the one that says test drive QuickBooks Online. Okay, find that one find that result click on it Okay, and you're gonna come to this page you're gonna come to this page and What you want is down here under this available QuickBooks test drives section Okay, it is this link right here.

It says United States and there's the link This is the link we want Anna if you want to turn on the chat real quick drop this link into the chat so that You all can click on it very easily that way you don't have to do a Google search But you can if you want to to get to it And I go ahead and drop the link to the test drive file in the chat And all you do is you click on this link, that's it. Okay, so let's click on this link We have to Prove to a robot that we are not a robot. So let's check that box and click continue Okay, and let's let it do its thing All right.

Here we go. Guess what? Welcome to QuickBooks. All right, welcome to QuickBooks.

This is QuickBooks and It is what's called the sample company QuickBooks has given us or given everybody really a Sample company you can just access this no matter where you are You can access it and you can play around with QuickBooks So if you're a business owner and you're thinking about using QuickBooks You get to play around with it a little bit if you're like us and you're learning QuickBooks It's a great opportunity to come in and just try things out. Okay, you can click around It's got some test data in there, you know, so it's got some sample data in there We can play around with it. And every time we leave this sample company and go back into it it resets itself Okay, so it resets itself so it's there it's a great place for us to just test things out Okay, and to to learn.

Okay, so we're gonna use this to learn today tomorrow We're gonna get our free QuickBooks account, which is a completely separate thing Okay, our free QuickBooks account this right here is for us to practice on Okay, and as you can see at the top, this is for Craig's design and landscaping services Okay, so I mentioned this a little bit yesterday, but this sample company is for a test company A fake company called Craig's design and landscaping. Okay, and that's what it is. So this is our sample company and If you look around a little bit you might be like, oh boy There is a lot going on on this screen, right? Look at all these things on this main screen here We've got menus upon menus over here What happens if I click this new button? Okay, there's a ton of stuff under there.

What is all of that stuff? Let's see, there's a gear menu over here. What happens if I click that? Okay, even more stuff and you might be saying to yourself well Starting to get a little overwhelmed and that's why we went into Microsoft Word. Okay, you know how to do what you need to do there? And we're gonna go through and learn what you need to learn here in QuickBooks step by step There is no need to get overwhelmed here QuickBooks does a lot It's a very powerful tool which makes it so great, right? That's why it's the industry leader.

If you want to be starting a bookkeeping business use the tool that everybody's using So and that's QuickBooks online. So don't worry about all the buttons and all the menus Okay, trust

that trust that Bill's got your back and we're gonna walk through this step by step We're gonna learn what we need to learn and we're gonna build on it from there. Okay, so that's how it works.

Okay, that's how it works and What I want to do is I want to Now take a look in QuickBooks at what those two reports actually look like that We just spoke about the P&L and the balance sheet let's take a look at those reports and what they look like here in QuickBooks, and then we'll start Populating those reports. Okay, those reports the reports are the output of the work We do what we're gonna do is then we're gonna do the actual work. Okay.

So how do you get to reports? Well, it's very simple. Okay, you go over here to the left hand side and you click on reports Okay, right there on the left hand side. It says reports click on that and as you can see here Well, let me go ahead and close all these boxes want they want feedback and I don't have time to give you feedback right now Okay, we've got work to do.

All right, we've got work to do right here under the favorites section You see a couple of familiar faces. Okay, you see your profit and loss and you see your balance sheet Okay, you see both of those reports here, so let's take a look at the profit and loss Okay, let's go ahead and click into the profit and loss And we know what the profit and loss Contains. Okay, but we're gonna dive a little deeper into it But first I want to take a look at some of this stuff up here Okay, some of these options that you have up here.

Okay again QuickBooks does a lot You don't need to know how to do all of this stuff In fact for some of the clients that you'll be working with what we cover today and tomorrow is all you'll ever do for them Okay, which is really cool, okay And again that represents about 80% of what you'll need to be doing for all your clients So you're gonna learn the meat and potatoes of what you need to learn. Okay, you don't have to go too far off into the weeds There are many parts of QuickBooks that I still don't use They've never touched. Okay, so One thing I do want to call your attention to is this report period area up here Okay right now it says this year to date Okay, it says this year to date a profit and loss is for a period of time Okay, so we might want to see how much profit or loss a company had last month We might want to see how much profit or loss a company had last year You know, it's depends.

It'll depend on the situation. Okay, it'll depend on the situation What you're gonna want to do if you're following along is let's run this report Click on the drop-down menu and let's run it for all dates. Okay, so go ahead and click on all dates All right, and what this will do is it will give us the entire profit and loss since this business started Okay, since this business started how much profit or loss did this business make? Okay, so you select all dates and then you click on run report Okay, so click on run report and you will see your profit and loss Okay, and what I'm gonna do is I'm gonna collapse a bunch of these things here Okay, again, we're gonna start simple and then we'll drill down into the details.

Okay? So here's our profit and loss. Okay. I just click those little arrow buttons to collapse things.

All right Well, let's go through it. What do we see? Well this first item that sounds pretty familiar, right? That's our income this design and landscape company Craig He goes out and he you know designs beautiful backyards Maybe does landscaping most lawns trims hedges. Well Clients pay him that's income.

Okay, he's got income You've got something called cost of goods sold. We'll come back to this and then you've got expenses Craig has to pay for things. He has to pay his people salaries.

He's got a you know by you know Hey Hedge clippers, you know, whatever it is. I'm not a landscaper, you know, he's got expenses, you know, he's got marketing expenses He's probably got bookkeeping expenses, too. Okay, but there are expenses.

There are other expenses Okay, and cost of goods sold is also a different type of expense as well Okay, we won't get deep into the cost of goods sold or other expenses But suffice to say those are just other types of expenses that you can classify as well. So when you look at this You see our income You see our expenses and then you see at the very bottom you see something called net income You said hey bill. I thought you said it was profit.

Well net income is the same as profit Okay profit net income same exact thing. Okay. It's just a fancy way of saying profit.

Okay, and for this period so since this business began the company had \$10,200 of income it had a bunch of expenses That are listed, you know separately cost of goods sold expenses other expenses and was left with a profit of \$1,600 not great Okay, keep in mind that this is the sample company. This is test data. Okay, that's it So they just threw some stuff in here for us Okay, so let's but let's dive into the details because I collapsed this thing.

You saw that report was like this Let's dive into some more details here because we know if we click on this triangle next to income We see a bunch of stuff a bunch of other things. Okay. What are all of these things? Well Most businesses have multiple Streams of income.

Okay multiple ways that they make money All right, and so in the case of like a landscaping company Well, if you look at the first line item, they've got design income People Hire Craig to come out and they look at the backyard space and they say, oh cool Let's put a let's put a fountain over here and let's string up some lights over here And let's do some really cool things and they design it out first Okay, so they charge their clients to design the backyard Okay, and then we see down here. They've got landscaping services Okay, they actually go out and trim the hedges and mow the lawns and do all that stuff. Okay, they make money For that as well, okay What else okay, if you go down here pest control services, so they provide pest control services for their clients as well Okay.

Now, let me ask you a question What's more valuable to a business owner? Okay Seeing let me collapse this seeing just one lump sum. Hey, you made \$10,000 last month Or is it helpful for that business owners owner to see? Hey, you've made 2250 in design income last month and You know landscaping we made \$1,400 and pest control we made a hundred and ten What's more valuable to a business owner just one lump sum or being able to see that level of detail if you said seeing? Detail, you're right. Okay, high-five the cat.

Okay, you're doing well. All right This allows business owners now to start having greater Detail and just being able to see more Just getting more out of their numbers if they just see a one lump sum How do I know if I'm doing well or not? Okay. Well if I have this level of detail, I'm gonna be able to start to determine Which one of my services am I making the

most money with? Which one of my services am I really not making a whole lot with maybe with that service? I should increase my prices like maybe pest control.

I need to increase my prices Maybe with pest control It's like I look at the supplies I have to buy to do the pest control and then the labor to do it and the income I'm getting Doesn't really leave me much profit Increasing prices may not do it Maybe I should just stop offering pest control services and focus on what I'm making the most money at let me do more design work Maybe design work. I'm billing out at four hundred dollars an hour Maybe I should focus more of my time there as opposed to Doing pest control services. Okay, this level of detail allows business owners to start making those decisions Are we seeing how important and how powerful this these reports can be? so What are all of these things called? Okay, you got different types of income under income.

You got different types of income Well, these are all called Accounts. Okay. They're all called accounts.

These are all different income accounts All right Accounts can also be called categories. You'll see in QuickBooks. They use the word accounts and categories kind of interchangeably I don't know why it could be confusing but whenever you see accounts think categories whenever you see categories think accounts Okay So there are different income accounts that allow us to put our transactions Into the right spot to give our clients the level of detail they need to make good decisions in their business Okay, so that's what happens under income if we go down and look at our good friend expenses What do you think is gonna happen when I click on this triangle here? If we clicked on the triangle and looked under income we saw all these different income accounts We're probably going to see a bunch of expense Accounts and sure enough you would be right if I click on expenses I see all of the different types of expense accounts expense categories that Craig Craig's design and landscape incurs.

Okay, let's take a look at what they are Advertising. Okay. Number one advertising.

He's got to pay to advertise. He's got automobile expenses. All right, he rents equipment He's got insurance that he has to pay for he's got job expenses.

He's got legal and professional Okay, hey take a look at this accounting bookkeeping lawyer All of the usual suspects the things that you would expect a business owner to have to pay for you know office expenses rent Utilities all of those things. Okay, and again having this level of detail is a lot more helpful than saying Oh, I've got \$5,000 worth of expenses Okay, where's our money being spent? Okay, and then a real powerful thing when it comes to the P&L is that you can compare Periods. Okay, if you run a P&L for last month You can compare it to the month before that and you can see how the numbers are different Okay, and that will really help us advise clients if you know I don't know if the utility expenses shot way up last month and we can see that because we've got you know two months ago the P&L for two months ago next to the P&L for last month and The utility expense shot up last month.

This is gonna help us determine that that happened And we can look into why that happened and what we need to do to fix it We can do that with all of these different expense accounts So you've got a P&L which is a powerful tool when you've got this level of detail on it and then when you think about the fact that you can kind of compare the P&L to

a P&L from another period and you can see what's changed. That's the output of the work that we've got because now we're seeing how these reports and how they change contain the clues that business owners can use to make more money in their business. That's why they pay us \$76 an hour. Are you seeing how powerful this can be? Cool. Cool.

Very cool. Very cool. So that's the P&L.

Let's go take a look at the balance sheet. Okay, let's take a look at the balance sheet. See what it looks like in QuickBooks. Click on reports.

Okay, let's click on reports. And now we'll click on the balance sheet. Okay, right there balance sheet. And again if you fall behind at any time. Try not to. I mean if you can find your spot, find it. But you know, definitely watch what I'm doing because that's the most important piece. You can always watch the replay and go back and follow along. Okay, so for the balance sheet if you scroll up to the top again, you can you know. You got lots of little settings up here.

Okay, a lot of settings up here but we're not gonna touch those. We're just gonna take a look at the balance sheet. Okay, let me do the same thing I did with the P&L. And let me collapse all of these things well, let me collapse this one and this one. Okay. So what does a balance sheet have on it? Well, we just discussed that it has assets.

Well, guess what? There are the assets we've got liabilities and we've got equity. It's right there. Okay. We just talked about that. It contains your assets, things you own, liabilities, things you owe, and then equity is like what's left over. Okay, it's your stake in the business.

It's the owner's stake in the business. Okay, but hey, let's dive deeper. Let's go into the details and let's click on this account. This little triangle here and expand it and we're probably gonna see different asset accounts, okay, if you said accounts, you're in good good shape. If you said categories, you also win.

Okay, let's click it. There we go. We've got different asset accounts. Okay, it's all about accounts.

That's the detail. Okay, so let's take a look at what kind of assets Craig Craig has. Okay. Well, bank accounts, checking and savings account. Remember that's money that he's got in the bank.

He owns it. That's an asset. All right, Accounts receivable. Okay, that's a new word for some of us, accounts receivable, accounts receivable. That's another way of saying invoices, invoices, you know, Craig. Does the work and he sends an invoice to his clients and says, hey, pay me in 15 days, 30 days, whatever the case may be. The amount of those invoices that have not been paid yet is still an asset to Craig. What do you mean by that? He hasn't, you know, his customers haven't paid the money yet.

Well, those invoices that haven't been paid yet. We expect to get paid. Okay, so he owns those, those, those invoices have value. Okay, we expect to get money from those things.

So they have value. In fact, a really great way of picturing how accounts receivable are an asset even though we haven't collected on these invoices yet is there are companies out

there What they do is they buy invoices from other companies and they say hey if you want money now instead of waiting for your clients To pay pay you we'll give you money and your clients will just pay us So people will buy open invoices accounts receivable. So they have value we expect to earn money from those things Okay, we've already performed the service we expect to get paid.

That's an asset. Okay, what other kinds of asset well inventory? Okay inventory, I guess Craig. I don't know what he does what he keeps inventory But inventory is you typically think about it in terms of like a pet store.

For example, they've got dog food They've got collars. They've got dog toys. They got all the different things.

That's inventory. Okay, we're familiar with inventory Those are things that they own. Okay other assets.

Oh, hey, they got a Craig's got a truck. That would be expected Okay for a landscaping company Craig's got a truck. Okay, so he's got a bunch of different assets.

All right, let's look at liabilities Let's see what different liability Accounts Craig has okay Well, we see something called accounts payable. This is again a new term. Okay, we had accounts receivable.

This is accounts payables The opposite of accounts receivable accounts receivable our invoices that we send out to our clients where we hope to get paid on those Accounts payable. Those are bills. Okay, those are bills we need to pay so it's not money coming in like invoices It's money going out for bills accounts payable is bill.

So we owe bills. Okay, we owe whatever bills we have we owe Okay, so Craig owes \$1,600. Okay credit cards Okay, Craig's got a MasterCard.

He's swiping his MasterCard. He owes on that MasterCard. Okay, he's got some other liabilities here He's got a loan that he owes on He's got a notes payable.

That's another type of a loan that he owes There you go. Okay, so we've got it liabilities. Those are things that he owes.

Okay, and then we've got equity Okay, again equity is what's left over. Okay. It's you got your assets You got your subtract your liabilities and equity is what's left over kind of the net worth of the business Okay, and we won't go into each of these accounts, but suffice to say there are different equity accounts Okay, there are different equity accounts that transactions can be classified in okay Is this making sense? Making sense learning some new terminology learning some powerful new terminology Valuable skills and tools we're adding to our tool belt.

So these are our reports. Okay again This is the output of the work we do these are the things that like forget about taxes and like that's important to do it for the IRS's reasons and stuff like that, but This is what business owners are looking at to make better decisions for their money This is why Robert Kiyosaki says my bookkeeper is the most important person in my company because the work we do gives them these reports and as you've seen me

talk about these reports contain all the clues that they need and too many business owners are Running their businesses just looking at their bank account is if their money is their money and they're good. Okay, great And they're just assuming that if they work harder They'll do better and as we can see by going through some of these reports that might not be the case We want to look at the actual numbers to determine.

What should we be doing? Do we need to ditch? Like let's not work harder with pest control services Maybe we just need to ditch that and focus on the stuff that makes us even more money So you're seeing how powerful this information can be and the work that we do is okay. So now As you can see all these accounts have numbers next to them, okay, all of these accounts have numbers How do these numbers get here bill? Let's get to it. How do these numbers get here? Well, the numbers get here as a result of the bookkeeping work we do Okay, so let's go back and take a look at how these numbers get here Okay, and then that'll kind of complete the cycle for us.

Alright, so here's what I want you to do If you're following along on the left hand side of your screen here click on Transactions you see transactions there click on transactions and You will be taken to this screen. Okay Let's close that pop-up you'll be taken to this screen here and one of the coolest features of QuickBooks is That you can connect QuickBooks with your clients bank and credit card accounts. You can connect them directly Okay, and so all of those transactions we talked about transactions You know like income transactions money coming in You know your client making money them paying expenses those transactions all go in and out of the checking account The savings account the credit card accounts That's where all those financial transactions are and so we can connect the bank and credit card accounts to QuickBooks So that all of those transactions get brought in automatically Okay, so if if you I mean for me when I learned about bookkeeping I didn't know what bookkeeping even was but for those of you who Knew what bookkeeping used to be bookkeeping used to be somebody sitting and manually entering things.

I Mean data entry looking at receipts looking at reports and manually entering things This changed the game. Okay, no more manual data entry if you were worried about entering things, you know Mundane data entry work. Guess what? You're good.

Okay, don't have to worry about it. QuickBooks brings everything in Okay, QuickBooks brings everything in automatically and so you can see here. We've got three accounts connected Well, Craig has three accounts connect.

Okay, we've got the checking account. Okay, we've got the savings account and we have the MasterCard Hey, we saw those things on the balance sheet. Okay.

We saw all these things on the balance sheet today What we're gonna focus on is the MasterCard. We're gonna work with this MasterCard Okay, and so if I click on the MasterCard go ahead and click with me you click on the MasterCard and you scroll down And what do you see down here? Well, you see a lot of different Expenses. Okay, you see a lot of different types of expenses okay, and You've heard me say a little earlier that bookkeeping is like organizing and putting things in the right spots Okay, and this is where we do that.

These are all of the Transactions that happened on the MasterCard that automatically got pulled into QuickBooks. Okay, so that work has been done for us Now all we need to do is organize the closet If you've read the book I talked about how bookkeeping can be as easy as organizing your closet. Okay.

What do I mean by that? Well, let's say you walk into your closet and I don't know like your kids got in there and just made a mess They pulled everything down. You just got on the floor a big pile of clothes. Okay, you got shirts You got pants and you got everything's all mixed up What do you do? Well after you deal with the kids All right.

What do you do? Well, you just put things back to where they belong you pick up a pair of pants and you know that they go on the Rack on the right. Yeah, hang them up You pick up the shirts and you put them on the rack on the left You take the socks and underwear you put those in the right drawers Okay, everything's got its spot and that's exactly what you're doing here when you come into this transaction section This is your messy closet right here Okay, this stuff is not in QuickBooks yet. You're like well bill.

I mean, it looks like it's in QuickBooks Well, it's not in the books. It's in this area that it's asking us. Hey, what should we do with this stuff? Where should we put this because remember everything's got its spot just like the the clothes on the floor Every transaction needs to be put in the right spot.

So it falls into the right place on the reports Okay, so this screen is what I like to call kind of a holding pen. Okay, it's not quite in QuickBooks yet It's come down from the bank or credit card accounts. It's not in QuickBooks yet It's in this holding pen and QuickBooks is asking us.

Where should I put these things? Okay, where should I put these things? And so this is our work. This is us cleaning up that closet. We're gonna find a spot for every one of these transactions Okay, but we're gonna deal with one transaction today and walk through what this process looks like Okay, so we're gonna go down and find this transaction for Laura's lamination Okay, you're gonna find this transaction for Laura's lamination.

All right, and if you click on it, it will expand this screen here Okay, but let's take a look at what kind of information that we've been given Okay, this all comes down from the credit card account. Well Over here. You can see the date Okay, you can see the date.

All right, depending on when you're viewing this You'll just see whatever date that is there for the test company. Okay for this sample data that's in here. You'll see a description Okay You'll see, you know QuickBooks will say hey, I don't know where to put this It's uncategorized and you'll see that.

Hey, I spent a hundred and fifty dollars or Craig spent a hundred and fifty dollars Okay, so that's important information but The one place that you'll need to look every time you deal with a transaction is down here under the bank Detail if you look at the bottom you see the bank detail. This is the same information that's on Your online banking if you log into your online banking and you see a transaction, you know It gives you a description like where you spent the money Okay, if you look at your bank or credit card statements, it's that same description there and this description It gives us pretty much all the information we need to make sure that this Transaction goes into the right spot. Okay right now.

It's all about putting into the right spot. So what does it tell us? Well, it tells us Laura's lamination business card Okay, Laura's lamination business card So as we know when we see that description, it tells us like where we spent the money and in this case It was Laura's lamination All right. There's a company called Laura's lamination that Craig paid for something.

Well, what did he pay for? well a Business card. Okay business cards. What do you think Craig would need to make business cards for? pop quiz, okay Playing along at home.

You're probably saying well Craig probably got business cards made so that he could hand them out to people so he could promote his business You know whether he's networking or like the neighbor says hey, I'd love you to come do my lawn He's like, okay cool here. Here's my card Okay, that's probably what he did. Okay, so this gives us a lot of information here Okay, a lot of information and now what we're gonna do is we're gonna go down the process That you're gonna follow with all of your clients to classify a transaction.

Okay now again Keeping with the theme of starting simple Okay When I clicked on Laura's lamination this whole screen popped up and it would be very easy If you're not prepared bill hadn't prepared you to be like what is all this stuff? Okay Well, how many items on this screen? Have an asterisk next to them Okay, as we know when we fill in forms online, you know, if there's like an asterisk it means okay You have to fill this in. Okay. Well If you're playing along you probably see that there's only one item on this whole screen that has an asterisk next to it and it's It's this account.

Okay right there This account has an asterisk next to it, which is basically QuickBooks saying that well, you can fill in all this stuff But this this one is the only one that is absolutely required. You cannot even move forward unless you fill this one out Okay, so we have to fill out the account but all this other stuff we don't necessarily need to touch it We don't necessarily need to touch it for most clients that I work with. I mean the vast majority I Enter two pieces of information on this screen One of them is the account that you have to and the other is this vendor slash customer Okay.

Now it's my job to tell you the best practices so that