



Dealing with Deposits in QuickBooks

Recording payments, whether they come in to adapt with an invoice you sent or are issued as sales receipts, is one of the more satisfying tasks you do in QuickBooks. The sales cycle is almost complete, and you're about to have more money in the bank – once you document the payments as bank deposits.

Unless you use **QuickBooks Payments**, which moves your company's remittances into an account habitually, you'll have to deal with your deposits twice. First, you'll have to make out a deposit slip for the bank. You'll also need to record the deposit in QuickBooks itself.

Fortunately, the software makes this easy for you. Here's how it works.

A Special Account

By default, QuickBooks transfers payments received into an account called **Undeposited Funds**. You can see it in your **Chart of Accounts** by clicking the **Chart of Accounts** icon on QuickBooks' home page and scrolling down a bit. Look over to the end of the line and you'll see its current balance. This account is an **Other current asset**. It holds your payments until you record them as deposits and take your money to the bank.

When you're getting ready to take cash and checks to the bank, click the **Record Deposits** icon on the home page. The **Payments to Deposit** window will open.

We recommend completing your physical deposit slip first, based on the checks and cash you have in hand. Then, match them to payments in the window pictured above. You can click in front of each one you've matched to create a checkmark. When you've finished, click **OK**. The **Make Deposits** window will open. Make sure that the account you want to **Deposit to** is showing in the upper left corner. You can add a **Memo** and change the **Date** if needed.

Do you want cash back from your deposit? You may want to move this to **Petty Cash**, for example. Click the down arrow in the **Cash goes back to** field and select the correct account. Add a memo if necessary and enter the **Cash back amount**. When you're done, save the transaction. QuickBooks now knows that you're taking a deposit slip to the bank.

The total for your handwritten deposit slip and the final calculation in the **Make Deposits** window should be the same. This will guarantee that the amount deposited in your bank account will match the bank deposit amount in QuickBooks when reconciling. If you have leftover cash or checks, you'll need to track down their origins and create new transactions.

Rapid Hires, LLC offers QuickBooks assistance. Contact us today to find out how we can help you 800-395-6541.