When using Time Matters for Practice Management there are two directions you can choose for billing and accounting. You can use single program for Billing and Accounting, such as Juris or PCLaw that will integrate with Time Matters. Alternatively you can use Billing Matters which is a tightly integrated billing solution, and use another program for accounting. If you use this second option, QuickBooks is usually the choice as a linked accounting solution.

If your firm chooses to use QuickBooks, this white paper will help you in the setup and running of the accounting. This white paper is not intended to give detailed advice on setting up Billing Matters for purposes of creating invoices or to give tax advice or replace your accountant. It is assumed you have a working knowledge of QuickBooks and Billing Matters.

It is recommended that you work with someone knowledgeable in Billing Matters and QuickBooks to setup your system and use this paper as a guideline for assistance in setup and in processing transactions.

At the present time this paper does not cover entering expenses into Billing Matters and sending them to QuickBooks as bills to be paid. The instructions assume you are linking on a cash basis and posting in detail.

Please note that all instructions are based on Time Matters/Billing Matters v11 and QuickBooks v2011. The general instructions are applicable to all versions but keystrokes and screen views may be different.
Connecting Time Matters/Billing Matters and QuickBooks

Caren Schwartz     Jennifer Rathbun
35*45 Consulting - Global    7 Second System

Why Choose QuickBooks
Firms choose to use QuickBooks accounting for several reasons, including:
- Already familiar with QuickBooks
- Accountant uses QuickBooks and likes getting the data in that format
- Downloading of transactions from online bank or credit card
- Payroll processing

Why Use Billing Matters
Firms choose to use Billing Matters for their billing because of limitations in the billing aspects of QuickBooks, including:
- Billing of one client at a time.
- Not easy to show prior balances and payments on a QuickBooks invoice.
- Can not show trust funds on invoices
- No sort capability for items on invoice
- Interest must be handled on statements or separate invoices
- Limitations of bill layouts in QuickBooks
- Limited number of simultaneous users
- Granularity of security

Question to Ask
Once you have made the decision to use Billing Matters for your billing and QuickBooks for your accounting, there are some basic questions that must be answered before you can start.
- How many computers need to link Billing Matters and QuickBooks?
- Do I want to link or do I want to print reports from Billing Matters and manually enter the data into QuickBooks?
- Do I want to keep QuickBooks on a cash or accrual basis?
- How do I want to track income in QuickBooks – by matter, by activity, by timekeeper?
- Will reimbursed expenses be tracked as an asset, an expense or income?
- Are we billing by contact, matter or contact – matter?
- Have we modified the Area 5/ User 7 field on the contact form (contact based billing) or matter form (matter based billing)? Does the field contain information that has to be moved to another location?
Getting Started in Billing Matters

Once the firm and the accountant have agreed on the answers to these questions you can begin to use the Billing Matters and QuickBooks link.

When you start linking to QuickBooks, you may have historical transactions in Billing Matters that has either already been entered in QuickBooks or will be entered as beginning balances. You will also want to deposit all payments that have been received within Billing Matters if the deposits should not be transferred to QuickBooks.

FIRST - MAKE A BACKUP!

If you have not been posting to another accounting system, you will need to clear out the transactions from Billing Matters before you start linking. To determine if this will need to be done go to Report – Standard Reports – Transactions and run the Billing (AR) GL Distribution Report. Use the Filter Tab to set a date range to limit the report to transactions prior to the QuickBooks transfer start date you wish to use.

If the report shows no transactions you are ready to proceed. If transactions are listed, that you do not want to send to QuickBooks you will need to post the transactions. If the should not be posted to QuickBooks, you should turn off the accounting link, setup the appropriate General Ledger accounts based on account names and then post before proceeding.
In order to setup the General Ledger Accounts, go to File – Setup – General – Program Level (Alt-Shift-P). Click on Billing and make sure that Activate Accounting is not checked. If you need to de-activate accounting, you will need to exit Billing Matters and then reopen the program.

When you re-start, go to File – Setup – Codes – Billing Codes and make sure you have codes that can be used for Flat Fee Time and Flat Fee Expenses. If you do not have codes for this purpose create them by clicking on the Green Plus at the top of the screen.

Then create the needed codes:
On the Options tab, enter a description in the General Ledger box. I recommend Flat Fee Time and Flat Fee Expenses.

Now, return to the Billing section under Program Level Setup (ALT-SHIFT-P). Click on Inv & Allocations. Here you will see how you have the allocations setup, whether as Client, BillCode or Staff. This will determine where in the program you need to go to setup General Ledger accounts. Make sure you assign your Default Billing Codes for Flat Charge Allocations for Fees and Expenses. Remember, these are temporary assignments for purposes of clearing the GL, they will be setup again for posting to QuickBooks.
If you have set the Receipt Allocation Method to Staff, you will need to go to Database – Staff, click on the Options tab and assign a general ledger account to each staff. At this point, this is just a text field.

If you have set the Receipt Allocation Method to BillCode, you will need to go to File – Setup – Codes – Billing Codes, click on the Options tab and assign a general ledger account to each Billing Code. Again, this is just a text field.

If you set the Receipt Allocation Method to Client, you will need to assign a General Ledger account to the Billing Preferences for each client. The easiest way to do this is to
setup the account you wish to use on a Billing Preferences Template. Go to File – Setup – Templates – Billing Preferences. Choose a template to change or create a new template and click on the Accounts Receivable tab. Under General Ledger, fill in the GL Account field with text. Click OK to save and then click on Close to close the Billing Preferences Template window.

To copy the General Ledger account from the Billing Preferences Template to all existing clients:

- Open the Matter list (if doing Contact – Matter or Matter Billing)
- OR Open the Contact list (if doing Contact billing).
- Then click on the small arrow next to the Process Icon (looks like two pieces of paper with a checkmark on it.).

- Click on Change Billing Preferences and Choose the option to Tag All Records.
- In the box Billing Preferences Template to apply choose the Billing Preferences Template you previously modified.
- Locate GL_Account in the Available Preferences column. Highlight the GL_Account field and click on Add to move the GL_Account into the Preferences to Apply column. Click OK and wait while the contacts or matters are updated.
You will also need to assign General Ledger accounts on the Accounting tab and to your Bank Accounts.

To do this, for the Accounting tab use ALT-SHIFT-P to go to Program Level setup. Click on Billing and then Accounting. Enter a text description in each of the General Ledger Accounts boxes. As you change each line, you may receive a message “Changing this GL Account after posting to the GL is not recommended. Continue?” Click on Yes to continue. You may also receive a warning when you finish and click on OK. Confirm that you want to make the changes.
To setup the Bank Accounts go to File – Setup – Rates and Accounts – Accounts. Open each account. For Trust Accounts assign a **GL Asset Account** and a **GL Liability Account**. For Regular Bank Accounts assign a **GL Asset Account**. For Credit Card Accounts assign a **GL Liability Account**. Please remember that these are text entries and are only temporary.
You are now ready to clear your General Ledger by going to Report – Standard Reports – Transactions – Billing (AR) GL Distribution Detail. If appropriate set a date filter so that any transactions that will eventually be posted to QuickBooks are EXCLUDED from this report. Preview the Report and go to the very end. If the report ends with numbers that are equal in both columns, you will probably be able to post the transactions. If there are errors, the last page(s) of the report will indicate the errors you need to fix before you can post the report. You can print the report or save it to a PDF before closing. You will NOT be able to recreate this report after posting. When you close you will be asked if you want to post the report, say yes. You have now cleared the General Ledger and are ready to move forward.

Make sure that you have NOT customized the User7 field on the Contact or Matter form (depending on whether billing by contact or matter/contact-matter). This field will be used for the link to QuickBooks. If you have data in this field, it is important that you move the data out of the field before you start working with the Billing Matters – QuickBooks link.

**Getting Started in QuickBooks**

FIRST – MAKE A BACKUP!
Before you connect Billing Matters and QuickBooks you want to make sure your chart of accounts is properly setup in QuickBooks. Within QuickBooks you will want to make sure you have the following accounts:

- Bank Account for each General Bank Account – It is recommended that you do not use sub-accounts
- Trust Bank Account for each Trust Bank Account – It is recommended that you do not use sub-accounts
- Trust Liability Account for each Trust Bank Account – It is recommended that you do not use sub-accounts
- Suspense Account – used to track money received but not yet applied to an invoice. Usually this is a Current Liability Account
- Accounts Receivable Account – Required even if you are linking QuickBooks and Billing Matters on a Cash Basis
- Undeposited Funds Account – see note below
- Exchange Account – this should be an account with a type of Bank Account
- Income Accounts –
  - As appropriate based on how income will be tracked
  - Account for recording interest received from clients – even if you don’t currently charge interest. This can be a generic income account.
  - Account for recording finance charges received from clients – even if you don’t currently assess finance charges. This can be the same as the interest income account.
- Sales Tax Accounts –if you charge sales tax, you must have at least a liability account setup for sales tax. It should not be the real QuickBooks sales tax account.

NOTE regarding Undeposited Funds Account: It is important that this is the “true” QuickBooks Undeposited Funds Account that QuickBooks creates, not an account created by you and called Undeposited Funds. To insure this, click on Customers – Enter Sales Receipts. When the sales receipt screen opens you can click on the X in the upper right hand corner to close the sales receipt. Then go to your Chart of Accounts and make sure you see an Undeposited Funds Account listed as an Other Current Asset type of account. If you do not see it listed, click on Include Inactive at the bottom of the Chart of Accounts. If the account shows on the list with an X next to it, right click on the account and choose Make Active.

It is recommended that you setup a “global” customer and vendor to facilitate the General Ledger activity transfer from Time Matters to QuickBooks. If you will be transferring in summary format, these are mandatory. We recommend you create them as TM Customer and TM Vendor to make it easier to remember why these exist.
It is also recommended that you setup a user called TMLink. This will facilitate tracking of changes made in QuickBooks by Billing Matters when a user is not logged in to QuickBooks. This user should have rights to everything except

In order to connect to QuickBooks, you need to know the path to your QuickBooks database. To locate the path, open QuickBooks and hold the Ctrl key while pressing the number 1 on the keyboard, or press F2 (Do not use the number 1 on the numeric keypad.). On the screen that opens you will see the path to your database.
Linking Billing Matters and QuickBooks

Whenever you will be using Billing Matters and QuickBooks on the same computer, and want both programs open at the same time, you must first open QuickBooks and then open Billing Matters. When you are ready to close QuickBooks, or if you need to switch to single user mode in QuickBooks, or if you want to switch QuickBooks companies, you must first close Billing Matters.

Make a new backup of Time Matters/Billing Matters and QuickBooks. Do not overwrite previous backups.

Open Billing Matters and go to Program Level Setup – Billing – Initial Setup. Set the Select Accounting Link to QuickBooks. Then click on Set Up Link Options.

Choose whether you will be using the Billing Server for QuickBooks or a regular link to QuickBooks 2004 or later. Note you must be running QuickBooks Pro, Premier or Enterprise.

The primary purpose of the Billing Server for QuickBooks is to allow multiple Billing Matters Users to use the real-time link with QuickBooks regardless of whether or not they have QuickBooks installed. The Billing Server also permits more than five Users to access the QuickBooks Company File. Instructions on Setting up the QuickBooks Billing Server can be found in Appendix A. Additional documentation can be found in the Billing Matters help file by searching for “QuickBooks Server”. If you use Billing Server you will need to know the computer name of the computer that holds the QuickBooks database, as well as the path to the QuickBooks database.

You will need to close Time Matters/Billing Matters and then reopen the program. Make sure that QuickBooks is open and that you are logged in to QuickBooks as the Administrator. Go to Program Level Setup – Billing – Initial Setup - Set Up Link Options – File Locations. Navigate to the path to the database in the QuickBooks Company File box.
• Click on **Test Link**.

• A screen will come up showing *Initializing the QuickBooks link*, followed by a **QuickBooks – Application Certification** screen,

• Click on *yes, always; allow access even if QuickBooks is not running*. Login as:

• In the *Login as* box choose **TMLink**. This unique user you will help provide an audit trail within QuickBooks of the transactions created by the Billing Matters Link when the user of the link is not specifically logged in to QuickBooks.

• Click on **Continue**.
• When the *Access Confirmation* screen appears, click on *Done*.

![Access Confirmation](image)

You have chosen to grant the application **Time Matters 9.0** access to the QuickBooks company file **Test** any time, even if QuickBooks is not running.

Access rights:
- Read and modify QuickBooks data (not including personal data)
- Enhance the QuickBooks user interface

If QuickBooks is not running, the application will log in as: **TMLink**

• You should receive a *Link Successful* message. Click *OK* and wait for the processing to finish.

• When it completes a message will appear showing the QuickBooks link has been successfully established. **Be patient as this may take a little while.**

![QuickBooks Link](image)
Click OK and you will be returned to the Billing Matters – File Locations tab. It is recommended you exit Billing Matters and then restart the program to insure that all changes are saved. When you return go to Program Level Setup (Alt-Shift-P) – Billing – Initial Setup – Setup Link Options – General.

Set whether you are going to transfer Summary Only or Detail by Customer. Detail by Customer is recommended since it provides more information and makes it easier to cross-check the information in QuickBooks against Billing Matters if needed.

Use the drop down to choose the AR Global Customer and AR Global Vendor from the QuickBooks database.
Click on the Client Options tab and select your preferences. Since Billing Matters has more fields for contact/matter information and breaks out the address more completely, it is recommended that you always start Matters in Billing Matters and send them to QuickBooks and that you do not send changes from QuickBooks to Billing Matters.

If desired you can go to the Matching tab and change the template settings for Contacts or Matters, depending on whether you are billing by Contact or Matter. (Contact-Matter Billing is billing by Matter).

If you do not need to change the templates, or when you are finished, click on OK to save your changes.

Proceed to the Inv & Allocations section of the Billing setup. Make sure your Receipt Allocation Methods and your Default Billing Code for Flat Charge Allocation are setup properly. For Fees you can use whichever method is most appropriate for your business. For Expenses I recommend using an allocation method of Bill Code.
Go to the Accounting section of Billing setup. Insure that your Accounting Basis and Billing (AR) Posting Level are properly setup. Cash Basis and Detail Posting are recommended. If you choose to post on an Accrual Basis you MUST manually apply payments to customers in QuickBooks after the payments are posted from Billing Matters to QuickBooks in order to have accurate reports in QuickBooks. The discussions in the rest of this document assume you are linking on a cash basis and using Billing Matters to track accounts receivable. Note that if you are linking on an accrual basis you will not be able to print invoices in QuickBooks as the information does not go to QuickBooks in an invoice format. This will not prevent you from applying payments in QuickBooks.

Assign the General Ledger Accounts. The Refunds/Fund Withdrawals should be assigned to the Exchange Bank Account.

When you finish filling in the fields and click on OK you will receive a warning about Changing System Level General Ledger Accounts. Click OK.
When this is finished you should setup links for your Bank Accounts and for Staff, Billing Codes and Clients, as appropriate.

To setup General Ledger accounts for your bank and credit card accounts go to File – Setup – Rates and Accounts – Accounts. Open each of your accounts and link to the appropriate account in your chart of accounts. Each Bank Accounts should link to the appropriate Bank Account.

Each Trust Bank Accounts should be linked to a unique Client Trust Bank Account and a unique Client Trust Liability Account.

**Receipt Allocation Method - Staff**

If you set your Receipt Allocation Method (under File – Setup – General – Program Level – Billing – Inv & Allocations) to Staff then you will need to assign a General Ledger account to each staff person. This will be an income account. When money is received for work done by the staff person the income will be allocated to this assigned...
account. If you are allocating income based on Staff it is recommended that you make the Staff field on the Billing form a Required field. This is done by opening the Billing Form and right clicking on the Staff field and choosing Customize Field. The click the Required box. This will eliminate problems caused by someone failing to fill in the field.

To setup the General Ledger accounts go to Database – Staff. Open each staff person in turn and click on Options. Fill in the GL Account from the drop down list.

Receipt Allocation Method – Bill Code
If you set your Receipt Allocation Method to Bill Code then you will need to assign a General Ledger account to each bill code. When money is received for work done on a Billing item that is associated with this Bill code the income will be allocated to the assigned General Ledger account. Time based Bill Codes will be linked to Income accounts. Expense based Bill Codes should be linked to the Reimbursable Client Expenses account, which is generally an asset account, or to an expense account. We
recommend linking to an asset account to reduce the impact of Reimbursable Client Costs on income and taxes and to facilitate cross-year tracking.

If you are allocating income based on Bill Code it is recommended that you make the Bill Code field on the Billing form a Required field. This is done by opening the Billing Form and right clicking on the Bill Code field and choosing Customize Field. The click the Required box.

To setup the General Ledger accounts go to File – Setup – Codes – Billing Codes. Open each Billing Code in turn and click on Options. Fill in the GL Account from the drop down list.
If you setup Receipt Allocation for Fees and Expenses differently you only need to setup General Ledger Accounts for the appropriate Bill Codes with one exception. Regardless of your Receipt Allocation Method you need to assign a General Ledger account to the codes you entered for Flat Fee Time and Flat Fee Expense.

Receipt Allocation Method - Client

If you set your Receipt Allocation Method to Client then you will need to assign a General Ledger account to each Client. This is most easily done through Billing Preferences. When money is received for work done on the Client the income will be allocated to the assigned General Ledger account.

To setup your system to assign General Ledger accounts to new clients you will want to set Billing Preferences to reflect the appropriate account. You can setup multiple Billing Preferences Templates by going to File – Setup – Templates – Billing Preferences. To modify an existing template double click on it. To add a new template click on the Green Plus sign. Once the template is open you will need to go the Accounts Receivable tab and assign a GL Account in the appropriate box. This should be an income account. Note that there is only one box for GL Account on the Billing Preferences. This means that if you choose a Receipt Allocation Method of Client for Fees and for Expenses everything for each client will go to the same GL Account.

To setup General Ledger accounts for existing Clients (Contacts or Matters) you can edit the Billing Preferences of the Client by right clicking on the client and clicking on Billing – Billing Preferences. You can then go to the Accounts Receivable tab and choose a GL Account.
Alternatively, after setting up a Billing Preferences template with the appropriate \textit{GL Account}, you can go to the Client list and tag those you wish to change. You can then go to \textit{Process – Change Billing Preferences}.

Choose the \textit{Billing Preference Template to Apply} and from the \textit{Available Preferences} column choose \textit{GL Account}. Add this to the \textit{Preferences to Apply} column by clicking on the \textit{Add} button in the middle of the screen. Click on OK and wait for the changes to complete.

\textbf{Sales Tax}
If you will be charging Sales Tax, you will also need to assign GL Accounts to your sales tax items. Go to \textit{File – Setup - Rates and Accounts – Sales Tax Rates}. Open each rate and assign a \textit{GL Account}. This will be an Other Current Liability account. Do not use the “real” QuickBooks Sales Tax Liability Account. Also choose the appropriate \textit{Tax Vendor}. Note: You will not be able to use the QuickBooks pay sales tax liability function.
Using the Link

Once you have setup the connection between Billing Matters and QuickBooks you can enter time and expenses, generate bills and enter transactions as you would normally. Assuming you are linking on a cash basis, what will go over to QuickBooks are the transactions entered into Billing Matters. These include payments, deposits, refunds, payments to funds, etc. Some of these transactions will require special handling in QuickBooks.

Nothing will be sent to QuickBooks until you run and post the Billing (AR) GL Distribution Detail Report. (This assumes you have setup your system to post in detail not in summary.) This report is found under Report – Standard Reports – Transactions. It is recommended that you run the report, review it and post whenever you will be taking money to the bank or need to update the information in QuickBooks.

Connecting Time Matters Contact/Matter to QuickBooks Customer

It is important to have your clients in both Time Matters and QuickBooks. Each Time Matters Contact (if doing Contact Billing) or Matter (if doing Matter or Contact/Matter Billing) should be connected to a QuickBooks Customer. This connection is made by opening the Contact or Matter and going to the User 7 field which should now be labeled Customer. Click on the dots at the end of the Customer field to open the link to the
QuickBooks Customer list. The *Select QuickBooks Customer* screen will open. If the *Matter* already exists in QuickBooks, highlight it in the list and click *OK*.

If the *Matter* is not already setup as a *Customer* in QuickBooks click *Add*. The *Create/Edit QuickBooks Customer* screen will open. Fill in the *Customer* field with the name you wish to have appear in QuickBooks and then click on *OK* to save. Then choose this name from the *Select QuickBooks Customer* screen and click *OK*. If you wish to create a job in QuickBooks type the name as Customer Name:Job Name.
Transactions

Payment
A Payment is entered anytime a client gives you money that will be going into an operating bank account. When you make a payment Billing Matters will create a journal entry:
Debit: Undeposited Funds
Credit: Income and/or Reimbursed Client Expense – if paying a bill
Suspense – for any part of the payment not allocated to an invoice.

Making deposits in Billing Matters is not necessary or recommended. When you open QuickBooks you will need to go to Banking – Make Deposits to choose the items to be deposited into the bank account.

Credit and Write off
While some firms use Credit and Write off interchangeably; a good rule is to use a Credit when giving a reduction against charges not yet billed and to use a Write-off to decrease the client’s outstanding balance. When transferring to QuickBooks on a cash basis, these entries have no impact on QuickBooks, and they will not show in the Billing (AR) GL Distribution Detail Report.

Refund
A Refund transaction is used to return money to the client when, for example, the case is closed and the client has a credit balance. The entry sent to QuickBooks will be:
Debit: Suspense
Credit: Exchange Account
The entry is set to the Exchange Account rather than the Bank Account, since you need to issue a check and QuickBooks does not allow checks to be created from journal entries. When you go to QuickBooks you will notice a negative balance in your Exchange Account. Open the Write Checks screen in QuickBooks and create a check from the Bank Account. The check should be written to the client and the Account should be Exchange Account. To facilitate reports it is helpful to make sure the Matter name is included in the Customer:Job field. After you have recorded the check the Exchange Account should have a zero balance.
Note: In order to have the Customer:Job as Brown v Brown but have the name print as Susan Brown you may need to edit the Customer:Job within QuickBooks. Open the customer record and change the first line of the Addresses: Bill To field to the name that should print. To prevent this change from impacting Billing Matters, it is important that you did NOT check QuickBooks Changes Updated to Time Matters in the QuickBooks link setup on the tab - Client Options. Note that if you update the information in Time Matters in the future and allow it to update QuickBooks this change will be over-written.

You should make sure the Matter Name is included on all transactions in the Exchange Account and the Suspense Account to make it easier to identify balance issues in these accounts.

**Reverse Payment**

A Reverse Payment is primarily used when a check, previously received into the Operating Account, has been returned by the bank. The entry sent to QuickBooks will be the reverse of what was sent when the check was received.

Debit: Income and/or Reimbursed Client Expense – if paying a bill
    Suspense – if payment is not allocated to an invoice.

Credit: Undeposited Funds

Since in QuickBooks you can not deposit a negative amount, this entry requires some special handling. A suggested procedure within QuickBooks is:
1. **Lists – Chart of Accounts** to open the Chart of Accounts
2. Double click on the **Undeposited Funds** account in the list to open the account
3. Locate the **Reverse Payment** transaction in the register. The **Memo** will show **Reverse Payment – matter name** and the amount of the reversed payment will be in the **Decrease** column.
4. Right click on the transaction and choose **Edit General Journal Entry**
5. On the line showing the account as **Undeposited Funds** change the account to the **Bank Account** the money was taken from.
6. Add the Matter name under the **Name** column if desired
7. Click on **Save & Close** to save your changes.
8. If there were fees charged by the bank it is recommended you do that as a separate transaction. Since this will show separately on the bank statement a separate transaction will make the bank reconciliation process easier.

**Before Change:**

**After Change:**

**Bank Deposit**

*Bank Deposits* group the individual items that are being deposited to the bank into a single batch. This makes it easier to reconcile your bank statement in QuickBooks because the deposits will match the bank statement rather than be a series of individual items.
When using the link *Bank Deposits* are optional as the same thing can be achieved within QuickBooks. We recommend not making bank deposits within Billing Matters and processing deposits in QuickBooks.

If you record Bank Deposits in Billing Matters the entry that will go to QuickBooks will Debit: *Bank Account*  
Credit: *Undeposited Funds*  

When you go into QuickBooks you will need to go to *Banking – Make Deposits* and record a zero amount deposit to clear out the deposit amount that was transferred over from Billing Matters against the amounts that were created from the deposits received into QuickBooks. It is recommended that you *Deposit* this zero balance transaction into the *Exchange Account* to avoid zero based entries in the regular bank account that may confuse the reconciliation or reporting processes.

If you do not use *Bank Deposit* in Billing Matters, you will go to QuickBooks and *Make Deposits* directly into the *Bank Account* at the time you take the money to the bank.

**Pay to Funds**

A *Pay to Funds* transaction is used to reflect money being deposited into the *Client Trust or IOLTA Account*. Since this money does not belong to the firm, it is especially important that this money is properly tracked.

The entry that will go to QuickBooks will be:  
Debit: *Undeposited Funds*  
Credit: *Trust Liability Account*  

Whether you are recording deposits in Billing Matters or in QuickBooks, you will need to perform the same steps as described in the section above titled Bank Deposits, substituting the *Trust Bank Account* for the *Bank Account*.

To enable preparation of reports of Client Trust Balances within QuickBooks you need to make sure the *Received From* field includes the Matters Name. This should happen automatically.
Note: You may also want to insure that the Matter Name shows up on all transaction in the Exchange Account and the Suspense Account to make it easier to identify balance issues in these accounts.

**Withdraw Funds**

Withdraw Funds is used when removing money from the Client Trust Account for a purpose OTHER THAN paying your firms bill. This may include refunding excess Trust Funds to the client or paying a third party from the Trust Account. Since a check will need to be written from QuickBooks, extra processing is required within QuickBooks. The entry that will go to QuickBooks will

Debit: Trust Liability Account
Credit: Exchange Account

The entry is set to the Exchange Account rather than the Client Trust Account, since you need to issue a check and QuickBooks does not allow checks to be created from journal entries.

When you go to QuickBooks you will notice a negative balance in your Exchange Account. Open the Write Checks screen in QuickBooks and create a check from the Client Trust Account. The check should be written to the appropriate vendor and the Account should be Exchange Account. To facilitate reports it is helpful to make sure the Matter name is included in the Customer:Job field.

After you have recorded the check the Exchange Account should have a zero balance.
Apply Funds to A/R

An Apply Funds to A/R transaction is created to move money from the Client Funds Account for purposes of paying the firm invoice. If you have checked Automatically Apply Payments to new charges on Bills in the Billing Preferences for the client, this transaction will be created automatically if there is money in the Client Funds Account at the time you create and post the bill.

This transaction is the equivalent of a Payment and a Withdraw Funds. You will notice that the journal entry created is the same as combining the journal entries from those two transactions.

The journal entry created to be sent to QuickBooks will be:
Debit: Trust Liability Account
Credit: Exchange Account
Debit: Undeposited Funds
Credit: Income and/or Reimbursed Client Expense
You will need to follow the steps to

1. Move the money into the Operating Account (depending on whether or not you are recording Deposits in Billing Matters. – See instructions under Payment
2. Write a check from the Trust Bank Account with a payee of the firm – See instructions under Withdraw Funds.
   - If you move money from the Trust Bank Account via phone or computer rather than a physical check, it is recommended that you follow the same steps but include a term like Debit on the line where a check number would normally be entered

Transfer to Funds

If a client has a credit balance you may need or want to move that money into the Client Trust Account. This is done through a Transfer to Funds transaction. The journal entry created will be

Debit: Suspense
Credit: Exchange Account
Debit: Undeposited Funds
Credit: Trust Liability Account

In QuickBooks you will need to

1. Move the money into the Trust Bank Account (depending on whether or not you are recording Deposits in Billing Matters. – See instructions under Pay to Funds.
2. Write a check from the Operating Account with a payee of the Trust Bank Account. The Account charged should be the Exchange Account.
   - If you move money from the Operating Account via phone or computer rather than a physical check, it is recommended that you follow the same steps but include a term like Debit on the line where a check number would normally be entered.
3. To facilitate reporting remember to make sure the Matter Name is included on the Exchange Account and Trust Liability Account transactions.

Fund to Fund Transfer

Fund to Fund Transfer is used to move client trust funds from one matter to another. Both matters must be setup to use the same Client Trust Fund Account, as the Fund to Fund Transfer does not move money across bank accounts.

This transaction will not generate any entry to be sent to QuickBooks. However, if you are tracking client fund account balances in QuickBooks you will need to make a journal entry in QuickBooks to correct the client balances.

For the Matter for which the balance is being increased the entry will need to

Debit: Client Trust Fund Account and specify the Matter
Credit: Trust Liability Account and specify the Matter
For the Matter for which the balance is being decreased the entry will need to
Debit: Trust Liability Account and specify the Matter
Credit: Client Trust Fund Account and specify the Matter

**Useful QuickBooks Reports**

There are several reports in QuickBooks that can be especially useful when using the link.

1. **Journal Entries Entered/Modified Today**
   This report is usually found under Reports – Memorized Reports – Accountant. If run the same day you post from Billing Matters, the report should duplicate the entries from the Billing (AR) GL Distribution Detail Report. If you do not run the report on the day you do the transfer, you can modify the date of the report by clicking on Modify Report – Filters and change the filter Entered/Modified Today to be the date the report was posted from Billing Matters. This report is useful for reviewing the transactions as well as for using the “quick zoom” feature to access and change a transaction.

2. **Transaction Detail by Account**
   Found under Reports – Accountant and Taxes, the Transaction Detail by Account can be setup to show the balances in the Exchange Account, the Suspense Account, or the Trust Account by Matter, assuming the matter has been assigned to the transactions as discussed previously. Once these reports are set the way you want, you may want to memorize each one to make it easy to use in the future.

   These reports can be limited to just matters with open balances by reconciling the appropriate account. You will always reconcile to $0 and clear only those matters that have a $0 balance. Then set the report to include filter of Cleared = No and only the non-zero balance matters will show.

   a. **Exchange Account by Matter**
      If the Exchange Account is not zero and reviewing the register does not help identify the issue, the Transaction Detail by Account may help identify the issue.
      Open the Transaction Detail by Account report Go to Modify Report – Filters. Filter the Account to show only the Exchange Account and clear the date range. Then go to the Display tab and set Total by to Customer. All transactions listed on the report under No Name can be examined and modified to include a matter reference.
b. **Suspense Account by Matter**

   If the Suspense Account is not zero and you would like to know who has money in Suspense, the Transaction Detail by Account can help identify those matters.

   Open the Transaction Detail by Account report Go to Modify Report – Filters. Filter the Account to show only the Suspense Account and clear the date range. Then go to the Display tab and set Total by to Customer. All transactions listed on the report under No Name can be examined and modified to include a matter reference.

c. **Trust Account by Matter**

   The Transaction Detail by Account can help identify those matters with money in Trust. This can be useful as a cross check against Billing Matters and to make sure all money has been appropriately deposited and/or transferred.

   Open the Transaction Detail by Account report Go to Modify Report – Filters. Filter the Account to show only the Trust Liability Account and clear the date range. Then go to the Display tab and set Total by to Customer.

   All transactions listed on the report under No Name can be examined and modified to include a matter reference.

We hope this document has been helpful.
For further assistance please contact your local Certified Independent Consultant or Caren Schwartz at 203-254-7736.
Appendix A

Setting Up the QuickBooks Server

Using the Time Matters QuickBooks server allows a firm to limit the amount of QuickBooks licenses they need to purchase and also makes it possible that you do not have to have QuickBooks installed on every machine. It’s important when setting up the server to make sure that the machine you choose will always be left on, has Time Matters/Billing Matters and QuickBooks already installed and is not necessarily a primary workstation.

From the LexisNexis folder you need to find the `tmqbsrve.exe` file. You can do a search for this from the start menu or check the default installation folder under Program files, LexisNexis and then the current version you are running. It’s important to note that when you upgrade versions you will need to reinstall and setup the QuickBooks Server, this also applies for any upgrade to QuickBooks.

Double click on `tmqbsrve.exe` and allow the program to run. The first screen appears and you will need to select the proper QuickBooks Company File and the proper Time Matters company file. If you do not know the path to your QuickBooks company file, open QuickBooks and click on F2. The File path will be listed about halfway down on the left.

![QuickBooks Server Configuration Screen]

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http://www.timeandcents.com
http://www.7secondsymstem.com
Once you have selected the correct files, click ok. This will bring up the Main Screen and from here you can monitor the status.

You want to make sure that the service is always running. You will know if there are issues when people are not able to send items to QuickBooks or are getting error messages when trying to select a QuickBooks client. If people are getting error messages and the screen shows its running, stop the service and restart and that should alleviate any errors.

When you setup the Time Matters Server for QuickBooks you will notice the sever name in the bottom left. This is needed when setting up the QuickBooks server path within Time Matters.
To start the service you can click on the Green arrow. The applications should be left running. You may want to place a shortcut on the desktop to make it easier to restart the Time Matters Server for QuickBooks after a reboot.

When you start the service for the first time, you will receive a popup in QuickBooks asking you to give the application permission to work with QuickBooks. You will want to choose Yes, always; allow access even if QuickBooks is not running. We recommend setting the Login as: to the QuickBooks user TMLink, where TMLink is a user defined with full rights in QuickBooks.

Click on Continue and a confirmation screen will appear.
Click on Done.

When the service is running the screen will indicate this. You will need to stop the service before you close QuickBooks or change company files if you need to do work in a different, non-linked, QuickBooks file. Make sure you change back to the linked QuickBooks file before exiting QuickBooks and restarting the Time Matters Server for QuickBooks.