

Small Business Accountant



Small Business Accounting

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The best reason to use a small business accountant is to allow you to focus on what you do best with your time. Let us handle what we do best with ours. Sure, you can go online and purchase the latest version of QuickBooks. However, the potential drawbacks of that decision can be subtle but significant.

First, QuickBooks makes everyone feel like an accountant. Accounting is a profession, not a hobby, and it extends way beyond reconciling a checkbook. Far too often, we hear: “what do you mean my books aren’t in good order? I don’t understand. All my accounts are reconciled!”

We’ve learned business owners are great at making widgets and aren’t too bad at reconciling a checkbook, but they’re typically lousy at accounting. Phantom income from invoices, negative balance sheet accounts from incorrect payroll entries, missed tax deductions from improper coding — we could go on and on like a Journey song.

Second, WCG is a CPA firm who provides accounting, payroll, tax preparation and small business consultation. Our approach to accounting, which we define as **bookkeeping + analysis**, is:

- Helps you understand how your business is performing
- Compares your business to your competitors
- Provides accurate tax planning, and
- Minimizes your tax burden

Keep in mind that banks, lenders, and IRS agents prefer a set of accounting records and financials that have been prepared by a small business accountant with the involvement of a Certified Public Accountant. Remember, these professionals review financial records every day, and they can quickly spot accidental inconsistencies and errors.

Most importantly, would you rather be closing your next sale, BBQing on a Sunday with buddies, or getting sucked into the world of accounting at the hands of your latest QuickBooks purchase? Focus on growing your business, and your small business CPA will focus on analyzing the data for operational considerations and reporting it to the IRS while minimizing the tax consequence.

Bookkeeping Fee Model

We have a handful of jumping off points-

Monthly Accounting (bookkeeping + analysis)

starting at \$500 / month

Bi-Monthly Accounting (bookkeeping + analysis every 2 months)	starting at \$250 / month
Quad-Monthly Accounting (bookkeeping + analysis every 4 months)	starting at \$175 / month
Annual Compliance Bookkeeping	starting at \$1,200 annually
Annual Accounting	starting at \$1,800 annually
Rental Property Bookkeeping	starting at \$1,200 annually

All starting points assume two bank accounts (such as one checking and one credit card) and fewer than 250 transactions per month. Do we really count each transaction? No, but we have to start somewhere.

Bi-Monthly Value Option

WCG is a leader in finding value for our clients, and as such we have introduced the unique bi-monthly cadence for reconciliations and financial statements. For some business owners, this works perfectly since they still get data frequently for operational considerations and the “where am I spending my money” question, but at a lower fee. Frankly, going from 12 deliverables to 6 allows you, the busy business owner, to focus more on the impact of each set of financial statements and not be distracted by noise created simply because of frequency.

Quad-Monthly

Quad-Monthly (every 4 months or 3 times a year) is designed for the small business owner who doesn't rely on their financial statements to assess the health of their business or need them for periodic business reviews, including advanced tax planning. They are more interested in taking chores off their plate, recording all valid tax deductions and being prepared quickly for an early business tax return.

Deliverables are around May / June and then again in September / October. When considering that our **tax planning season** is May, June and July, the predictability of the future based on a singular May / June financial statement can be challenging. This is where you, the savvy business owner, comes in to help use the limited history to predict the future.

Annual

Annual Accounting Services are available but they come with a massive limitation. We can only perform annual accounting starting in April. Why? January, February and March are nutty for our Accounting Services Team as they wrap up all the monthly, bi-monthly and quad-monthly cadences above and synthesize a tax package for timely tax return preparation. Wait! There's more.

Annual accounting services come in two variants-

Compliance Bookkeeping - this is where we download a year's worth of data from your bank, categorize the transactions and then build basic Excel pivot table for tax return preparation. We do not necessarily reconcile checking or credit card accounts. We also do not create a financial statement package (profit and loss, balance sheet, general ledger, etc.). This is purely designed to help the busy business owner offload a chore to others for tax return preparation.

Accounting Services - this is typical accounting services where we create a financial statement package using QuickBooks Online. When would you use this over the compliance bookkeeping variant? If you already have a QBO subscription then why not? If you have other owners or stakeholders who require full-blown financial statements.

Rental Property Bookkeeping

This varies wildly, and as such we dedicated a separate section to describe how it all comes together. Keep reading!

Rental Property Bookkeeping

WCG specializes in real estate investors and as such we provide accounting services for rental properties. Rental properties are a business like any other, and the proper tracking of revenue and more importantly the associated expenses are essential. The bookends to the varying service levels are your common single-family rental (SFR) home and that large commercial property with several tenants. That's the X axis. The Y axis becomes tax return complexity based on number of owners, number of

activities (rentals) or both.

Handful of SFRs

Most of our real estate property owners with 1-5 rentals usually opt for annual compliance bookkeeping as described above. While you could record and present routine rental property transactions using QuickBooks Online and generate pretty financial statements... and while us nerdy accountants love formalized accounting platforms... this might be akin to killing a housefly with a sledgehammer. Yes, the fly is dead, but did you need such a massive swatter?

Gaggle of SFRs

Once you start hitting 6 or more rentals, you add complexity based on volume alone. In these situations, we strongly suggest quad-monthly accounting or begrudgingly annual accounting. However, compliance bookkeeping is not available. Most of our real estate investors with more than 20 rentals leverage bi-monthly accounting services simply because of the volume of transactions.



Commercial Properties

Commercial real estate is like a snowflake- no two are alike. You could have a single-user property hosting a Starbucks. You could have a 12-unit apartment complex. You could have a strip-mall with all kinds of moving parts.

Next, commercial rentals could either be gross rental leases or NNN. Gross rent arrangements are straightforward and are similar to any single-family rental property. While triple net or NNN leases are no different in terms of memorializing the transactions, your tenants are also supplied versions of the financial statements since they directly share in the expenses. Specifically, expenses such as property taxes, insurance and maintenance are passed along and reimbursed by the tenant.

Classed Transactions

When you have multiple rental properties, transactions are “classed” within QuickBooks Online which allows for reporting separation between the activities (properties) yet maintain one data file for simplicity and ease. Financial statements are presented with each rental property across the top (columns) and each category (revenue and expenses) listed vertically (rows).

Common expenses among all rental activities such as umbrella insurance policies or maintenance personnel salaries are allocated to each property. This allocation can be based on revenue (the more revenue, the more risk or maintenance) or based on a straight percentage (3 rentals... umbrella insurance is allocated 1/3 1/3 1/3). As you can see, more discussion is required in these situations.

Multiple Checkbooks or Credit Cards

Selfishly, using a separate checkbook for each rental property makes bookkeeping life a bit easier. When rental properties share a checkbook, then that Home Depot expense or that tree service expense becomes a “whodunit” mystery. Another option is using a business credit card where you can have a series of cards, each with different ending account numbers, that can be tied to a specific property. This is similar to employee credit cards where all the expenditures are reported on a combined statement but is also grouped by each employee.

One QuickBooks, One Tax Return

We strongly and obnoxiously encourage one tax return per QuickBooks data file. For example, you own a rental with your

brother-in-law and report that activity on a partnership tax return (Form 1065). You also own other properties 100% by yourself or with your spouse which might be reported on Schedule E of your Form 1040 tax return. In this example, two QuickBooks data files might be required.

Alternatively with our example above, you could mix and match- the rental property owned within a partnership could be memorialized within QBO while the rentals you own personally could be tracked with compliance bookkeeping (Excel pivot tables).

Short-Term Rentals

At times short-term rentals present like mini-commercial rental properties with several transactions (volume) especially the first year with startup costs and expenses. Generally, STRs are no different than any other rental property and can fall into the annual bookkeeping category.

Partnership Tax Returns

If you own a rental with others, usually formalized accounting using QBO is required for tax return preparation on Form 8825 and Form 1065. Balance sheet items, capital accounts, and tracking inside and outside basis become critical. Additionally, proper bank reconciliation and cash tracing is required. In any business deal including rental properties, valuation and exit strategies rely on accurate accounting.

As you might be aware, **WCG CPAs & Advisors** recommend owning rental properties in multi-member limited liability companies (MMLLCs) because of the lower audit rate and the ability to mechanically show your ability to deduct rental losses (your at-risk money and basis in the venture). In other words, a K-1 issued by the partnership and reported on your individual tax return flies way below the radar. However, if you own a rental with your spouse in a MMLLC taxed as a partnership, formalized accounting might not be necessary.

Ok, Now What?

An accounting assessment. Should you want to nail down exactly what the scope, service level and fee will be, an accounting assessment is the next step. You can use the button above to submit some basic data for us to kick this off.



Reach Reporting integrates seamlessly with QuickBooks to provide real-time financial reporting and tools for financial performance data in a secure and easy way. With the built-in dashboards and report builder, **WCG CPAs & Advisors** connects your financial data to create powerful dashboards and enhanced visuals. Backed by their SOC 2 Type I and Type II certifications, the Reach Reporting app only retrieves data from QuickBooks and never modifies or replaces any information stored there.

Reach Reporting makes reporting, forecasting and budgeting easy with powerful dashboards and enhanced visuals. You, the business owner, will gain valuable insights into your business trajectory with their 3-Way Forecasting feature. By connecting your profit & loss, balance sheet, and cash flow statement, we create a comprehensive view of your financials with automated cash flow forecasting.

What's In The Box?

We only support QuickBooks Online. The huge benefit of QBO is that you can see your data in real time from your computer or mobile device. However, you will only be allowed read-only access since we need to maintain 100% custody of the financial data if we have an Accounting Services engagement; in other words, you cannot directly help. What does all this get you?

WCG will provide the following basic small business accounting services (see Accounting Add-Ons below)-

1. Monthly bank reconciliation.
2. Recording payroll journal entries and other recurring entries (such as depreciation or loan interest for accurate tax planning).
3. Detailed list of outstanding reconciliation items for your review and clarification.
4. Financial statement presentation delivered by the 25th of the following month for management / internal use only.
5. One on one analysis of financial statements with you (accounting = bookkeeping + analysis).
6. **Reach Reporting** analysis included as part of the deliverable.

What if your square peg doesn't fit our \$500 or \$300 round hole above? No worries! We can customize a fee that makes sense to you. Over 80% of our small business owners pay less than \$550 per month for accounting services. An account here and a few more transactions there doesn't dramatically compound your accounting services fee.



QBO Fees

It's a crummy deal, but our accounting service fees do not include the QBO subscription fee. Historically, Intuit offered massive discounts to accounting and CPA firms, so there was a real advantage for WCG to pay the QBO subscription fee and then pass those savings onto you. However, Intuit changed the pricing grid in November 2021, and the discounts don't represent enough of a savings for the hassles of WCG paying the subscription fee directly.

So what next? If you are engaging with us for accounting services, and you need to establish a QBO subscription, we collect payment information on your behalf, and set up billing and payment directly with Intuit. Piece of cake!

Custom!

We can bundle all sort of things together. Our **Business Advisory Service** plans typically include corporate tax preparation, individual tax preparation, shareholder payroll processing, routine consultation and tax planning. We can easily add accounting services and employee payroll to our plans. Just ask!

Fine Print

Our accounting services are limited. We do not provide invoicing, accounts receivable monitoring and collection, paying invoices or accounts payable accruals. Bookkeeping is typically done on a cash-basis (if accrual-basis bookkeeping is required, then more discussion is necessary).

Our accounting services cannot be relied on to disclose errors, irregularities, or illegal acts, including fraud or embezzlement, that might exist. However, we will inform the appropriate level of management specifically designated by you, of any material errors that come to our attention and any irregularities or illegal acts that come to our attention, unless they are clearly inconsequential.

In addition, we are not providing what our industry considers compilations, reviews, or audits. These are terms of art and they have very specific meaning. As such, we must be clear that our Accounting Services engagement is not providing assurance services, and that we are not engaged to prepare compiled, reviewed or audited Financial Statements. No auditor's or accountant's reported will be prepared or submitted to you.

Accounting Add-Ons

We just reviewed the basic accounting services above, but accounting can also have several offshoots and complexity. Let's run through some of the most common ones.

Accounting Method

Most small business owners are cash-based (versus accrual). The IRS code recently changed, allowing more taxpayers to be cash based, and it has even expanded some hybrid methods. If you need accrual-based accounting for whatever reason, (better tax position in the near future, required by your franchisor or investors, etc.) this adds time to the accounting service.

Sales Tax

This is not common in most service-oriented businesses, but even dentists, eye doctors and veterinarians (just to name a few) have a retail angle to their practices. And boom, they also have a sales tax obligation which can vary between monthly, quarterly and annually depending on the volume.

WCG does not offer sales tax services for online retailers such as Amazon merchants, FBA merchants, etc. It is way too complicated, and while we could be good at it, there are others who already are. Our recommendation is **taxjar.com**.

Personal Property Tax

Many counties want you to pay a tax not only on your real estate, but also on your personal property (like equipment and furnishings) that are deployed in your business. Don't get hung up on the word personal — it basically means non-real estate property.

Inventory Complexity

Having an inventory can add complexity to your accounting services. How often are you counting inventory? Do you need to count at all (ie, you have lot numbers, or you are exempted by tax code)? How are we valuing the inventory (FIFO, LIFO, weighted average cost)? What is the most appropriate cost (market, original purchase price, etc.)? Ok! We really beat the heck out of that stuff.

One more thing: do you have direct labor or depreciation built into your cost of goods sold? Ok, now we're done with this.

Industry Specific Issues

Certain industries have their own nuances. Construction sees a lot of job costing, where certain expenses are allocated to be a part of the project cost and are capitalized. Retail sees a lot of cash, theft, and inventory adjustments. Construction contractors, such as electrical, HVAC and plumbing, usually want to split their world into sales and service, and track revenue and expenses separately. Attorneys have trust accounts and goofy 1099s that need special handling.



Software Integrations

Time billing systems (attorney), patient billing systems (doctors), point of sale systems (retail or restaurant) and a zillion other operations-oriented software applications all claim to interface with QuickBooks. Generally they do. But they can also create a big mess... as an attorney, do you want to pay taxes on uncollected revenue less expenses (what we can accrual based accounting) or pay taxes on cash received less expenses (cash based accounting)?

What we are saying here is that software integrations must be carefully monitored for phantom revenue and other downright stupid things.

Alternatively, and commonly, we don't let the software and QuickBooks directly talk to each other. Instead, we take reports or other data dumps, synthesize that into something that makes sense, and then make adjusting entries in QuickBooks.

Franchise Situations

Some franchises are basic... you pay a few bucks, and get to use their name and their processes. Others are super overbearing. It is not necessarily the franchisor's fault... they might be required, either contractually or the Federal Trade Commission, to present consolidated financial statements of all their franchises, and therefore you must report transactions in a certain fashion for compliance. In other words, the franchisor supplies the Chart of Accounts, and determines where things go, the accounting method and how often reporting must be performed.

Benefits Packages

This isn't a super huge deal, but when you start piling on 401k plans, disability, insurance and other benefits platforms, they create extra time during payroll entries. You pay your staff on Friday. On the same day, we must book the obligations for all the payroll stuff although you might be cash based as an accounting method. This is just to make the journal entry from the payroll activity tie out. Then we need to make sure these payables are cleared when paid. Again, not a huge deal, but certainly more



complexity.

QuickStart

Not ready for someone else to do your bookkeeping, but you need some help to get going? We've introduced our QuickStart program to get you on the right track right away. This has been super popular with our new business owners.

Our QuickStart fee is \$750 and includes-

1. Set-up QBO
2. Chart of Accounts
3. Linking bank accounts
4. Company legal info in QuickBooks (Address, EIN, etc.)
5. Training to show the basics of how to use QBO (typically 90 minutes)
6. How to create invoice
7. How to apply a payment
8. How to code bank feed transactions
9. How to match transactions
10. How to reconcile bank and credit card accounts
11. How to create adjusting journal entries for external payroll data, tax return data, etc.
12. How to change system configuration
13. Answer any questions during the session
14. Three scheduled "training" sessions of general support and answering "how to" questions regarding QBO (super fun!)

QuickStart does not include payroll setup within QuickBooks.

Financial Statements Analysis

Accounting is more than memorializing transactions for a small business. It is the analysis and business consultation based on the information that allows owners to manage his or her business. WCG will analyze financial statements to look for obvious misstatements and errors. This includes:

1. Common-size (vertical) analysis where categories are compared to revenue.
2. Year over year, or period over period (horizontal) analysis, where categories are compared to themselves over time.
3. Analyzing the data for tax savings and operational opportunities.

There are two questions we want to answer. What does a financial statement mean to you? How can you use it to get more out of your business?

Additionally, one of our concerns with financial statements and accounting records that are not prepared by a CPA firm is that you might not be getting all the tax deductions you are entitled to.

Industry Statistics, Comparisons

Statistical comparisons and trend analysis is a service we provide to each owner to identify action items and areas needing improvement. We can leverage **Fathom** reporting and **First Research** to provide baseline data for your industry or peer group. How do you compare to yourself in previous months or years, and how do you compare to others in the same business? For example, for restaurants factoring the impact of cost of goods sold, labor and rent on business profits, the variations can be dramatic. We will work with you to keep more of your money as you continue to develop your business.

Anyone can crunch numbers. But we crunch numbers and tell you what they mean, plus offer business consultation and coaching to create a successful future.

Foreign Disclosure of Accounting Services Information

WCG utilizes **KMK Ventures Private Limited**, a tax and accounting company in India with over 15 years of experience and 225 professionals including Chartered Accountants, to assist us with our accounting services. Many well-known and highly visible accounting firms have been offshoring tax return preparation and accounting services for more than two decades.

We realize that identity protection and security is top of mind for everyone; WCG is following the accounting industry's best

practices, including IRS compliance directives to safeguard your data. Fortunately, there are excellent resources and guidelines from the hundreds of CPA firms that have done this before us.

We have an experienced CPA and in-house trainer who leads the KMK team and is primarily charged with training and quality control. All accounting work will be reviewed, modified as necessary and reviewed again by our team of “stateside” Accounting Managers and Supervisors prior to delivery.

Please review our **Accounting Services Engagement Agreement**.

Payroll Services

WCG offers payroll services in a variety of forms and function, and we tailor a system that’s custom to your needs. Anyone can set up the withholding accounts and run payroll- a quick warning, however. If you think the IRS is crazy about income taxes, they are insanely fanatical about timely and proper payroll taxes. Fines and penalties can jump up right quick if payroll is messed up. And, payroll never sleeps! Click on the button below to learn more.

Small Business Accounting Assessment

Do you have more questions about how this works? Not sure what a small business CPA does? Do you have questions about your own accounting and financial records? Not sure what is tax deductible? Let’s chat![JTVCd2NnLWNvbnRhY3QtdXMINUQ=WCG CPAs & Advisors](https://www.wcgcpas.com/contact) is a full service tax consultation and business advisory firm focusing on small business accountant services.