QuickBooks Online Nonprofit Training Guide

A Complete Step-by-Step Guide to Managing Nonprofit Finances in QuickBooks Online

Designed for QuickBooks Online Nonprofit Users

This Training Guide Includes

- Nonprofit QBO Setup
- Chart of Accounts
- Classes & Grant Tracking
- Donations & Restricted Funds
- Banking & Reconciliations
- Nonprofit Financial Reports
- Budget vs Actual Tracking
- Month-End & Year-End Procedures

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QuickBooks Online Nonprofit Training Guide

Prepared for: [Client Organization Name]
Training Date: [Date]
Prepared by: [Your Name/Company]

Introduction

Welcome to QuickBooks Online (QBO) for Nonprofits! This guide will walk you through everything you need to know to manage your nonprofit's finances effectively using QBO. This training covers setup, daily operations, and reporting specific to nonprofit organizations.

What Makes QBO Nonprofit Different

QuickBooks Online Nonprofit Edition includes special features designed for 501(c)(3) organizations:

Fund accounting with classes and programs

Donor management and contribution tracking

Grant and restricted fund reporting

Statement of Financial Position (nonprofit balance sheet)

Statement of Activities (nonprofit income statement)

Functional expense allocation (programs, admin, fundraising)

Training Goals

By the end of this training, you will be able to:

Navigate the QBO nonprofit interface

Record donations and expenses correctly

Use classes to track programs and grants

Reconcile bank accounts monthly

Generate board-ready financial reports

Understand restricted vs. unrestricted funds

Module 1: Getting Started with QBO Nonprofit

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1.1 Logging In and Dashboard Overview

1. Step 1: Log in to QuickBooks Online
   Go to https://quickbooks.intuit.com and enter your credentials.

Screenshot Area
Insert QBO Login Screen here.

2. Step 2: Understand Your Dashboard
   After logging in, you'll see the main Dashboard with key information:

Bank account balances

Income and expense summaries

Shortcuts to common tasks

Notifications and alerts

Screenshot Area
Insert QBO Nonprofit Dashboard here.

1.2 Navigation Menu

The left-hand navigation menu is your main tool for accessing features:

Dashboard – Overview of financial health

Banking – Connect accounts and reconcile

Sales – Invoices and income (less common for nonprofits)

Expenses – Bills, checks, and expense tracking

Accounting – Chart of accounts and journal entries

Reports – All financial reports

Taxes – Payroll tax (if applicable)

Apps – Third-party integrations

Screenshot Area
Insert Left Navigation Menu here.

Module 2: Chart of Accounts Setup

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2.1 Understanding the Chart of Accounts

The Chart of Accounts (COA) is the backbone of your accounting system. It lists all accounts used to track money coming in and going out.

Nonprofit-Specific Account Types:

Assets – Cash, investments, property

Liabilities – Loans, payables, deferred revenue

Net Assets – Equity (called "Net Assets" for nonprofits)

Revenue – Donations, grants, program fees, investment income

Expenses – Programs, administration, fundraising

2.2 Accessing Your Chart of Accounts

3. Step 1: Click Accounting in the left menu
   Step 2: Click Chart of Accounts

Screenshot Area
Insert Chart of Accounts Page here.

2.3 Common Nonprofit Revenue Accounts

Your revenue accounts should be organized by source:

Account Name	Description
Individual Contributions	Donations from individuals
Corporate Contributions	Donations from businesses
Foundation Grants	Grants from foundations
Government Grants	Federal, state, or local grants
Special Events Revenue	Fundraising event income
Program Service Revenue	Fees for programs/services
Investment Income	Interest and dividends

2.4 Common Nonprofit Expense Accounts

Expenses should be categorized by function (Programs, Admin, Fundraising):

Account Name	Description
Salaries and Wages	Employee compensation
Payroll Taxes	Employer payroll taxes
Employee Benefits	Health insurance, retirement
Occupancy/Rent	Building rent or mortgage
Utilities	Electric, gas, water, internet
Office Supplies	Paper, pens, printer ink
Professional Fees	Legal, accounting, consulting
Program Supplies	Materials for programs
Marketing and Outreach	Advertising, print materials

2.5 Adding or Editing Accounts

To Add a New Account

4. Step 1: Click New button in upper right
   Step 2: Select account type (Income, Expense, Asset, etc.)
   Step 3: Choose detail type
   Step 4: Enter account name and number (optional)
   Step 5: Click Save and Close

Screenshot Area

Insert New Account Creation Screen here.

Module 3: Classes for Program and Grant Tracking

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3.1 What Are Classes?

Classes in QBO allow you to track income and expenses by:

Programs (Youth Services, Senior Programs, Education)

Grants (ABC Foundation Grant, XYZ Government Grant)

Locations (Main Office, Satellite Site)

Functional Areas (Program Services, Administration, Fundraising)

Key Benefit
You can run reports by class to see exactly how much each program costs and earns.

3.2 Setting Up Classes

5. Step 1: Click the Gear icon (⚙️) in upper right
   Step 2: Under Lists, click All Lists
   Step 3: Click Classes
   Step 4: Click New to add a class

Screenshot Area
Insert Classes List Screen here.

3.3 Recommended Class Structure

Option A: By Program

Youth Programs

Adult Programs

Senior Services

General Administration

Fundraising

Option B: By Functional Expense (IRS Form 990)

Program Services

Management and General

Fundraising

Best Practice
Use Sub-Classes for more detail (e.g., "Program Services: Youth" and "Program Services: Seniors").

Screenshot Area
Insert Class Setup with Sub-Classes here.

3.4 Assigning Classes to Transactions

Every time you record income or an expense, assign it to the appropriate class.

Example: Recording a $500 donation designated for Youth Programs:

Account: Individual Contributions

Amount: $500

Class: Youth Programs

Screenshot Area

Insert Transaction with Class Assignment here.

Module 4: Recording Donations

Premium Bookkeeping Solutions Training Section

4.1 Types of Donations

Unrestricted – Can be used for any purpose

Temporarily Restricted – Designated for specific program or time period

Permanently Restricted – Endowment funds (principal cannot be spent)

4.2 Recording a Check or Cash Donation

6. Step 1: Click + New in upper left
   Step 2: Under Other, select Bank Deposit
   Step 3: Select the bank account receiving the funds
   Step 4: Add deposit details:

Received from: Donor name

Account: Individual Contributions (or appropriate revenue account)

Class: Assign appropriate program or "Unrestricted"

Amount: Donation amount

7. Step 5: Click Save and Close

Screenshot Area
Insert Bank Deposit Entry for Donation here.

4.3 Recording Online Donations (e.g., PayPal, Stripe)

If donations come through online platforms, they will typically appear in your bank feed. You'll categorize them during bank reconciliation.

8. Step 1: Go to Banking in left menu
   Step 2: Find the transaction in your bank feed
   Step 3: Click Categorize or Match
   Step 4: Assign to correct revenue account and class
   Step 5: Click Confirm

Screenshot Area
Insert Bank Feed Transaction Categorization here.

4.4 Recording Pledges (Promised Donations)

If a donor commits to give in the future but hasn't paid yet:

9. Step 1: Click + New → Invoice (or Pledge if available)
   Step 2: Select donor as customer
   Step 3: Enter pledge amount and due date
   Step 4: Assign to appropriate revenue account and class
   Step 5: Click Save and Close

When the donor pays, record the payment against the pledge/invoice.

Screenshot Area

Insert Pledge/Invoice Entry here.

4.5 In-Kind Donations (Non-Cash Gifts)

For donated goods or services (e.g., volunteer time, donated equipment):

10. Step 1: Click + New → Journal Entry
    Step 2: Debit an asset account (e.g., Equipment) or expense account
    Step 3: Credit a revenue account (e.g., In-Kind Contributions)
    Step 4: Assign appropriate class
    Step 5: Add memo describing the donation
    Step 6: Click Save and Close

Note

Consult your accountant for proper valuation of in-kind donations.

Screenshot Area

Insert Journal Entry for In-Kind Donation here.

Module 5: Recording Expenses

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5.1 Types of Expense Transactions

Check – Physical or printed check

Expense – Debit card, credit card, or cash purchase

Bill – Invoice from vendor to be paid later

Bill Payment – Paying a bill you entered previously

5.2 Recording a Check

11. Step 1: Click + New → Check
    Step 2: Select bank account
    Step 3: Enter payee name
    Step 4: Enter check number and date
    Step 5: In the Category column, select expense account
    Step 6: In the Class column, assign program or functional area
    Step 7: Enter amount and memo
    Step 8: Click Save and Close

Screenshot Area
Insert Check Entry Screen here.

5.3 Recording a Credit Card or Debit Card Expense

12. Step 1: Click + New → Expense
    Step 2: Select payment account (credit card or bank account)
    Step 3: Enter payee
    Step 4: Enter date
    Step 5: Select expense account in Category column
    Step 6: Assign Class
    Step 7: Enter amount and description
    Step 8: Click Save and Close

Screenshot Area
Insert Expense Entry Screen here.

5.4 Recording a Bill (To Be Paid Later)

13. Step 1: Click + New → Bill
    Step 2: Select vendor
    Step 3: Enter bill date and due date
    Step 4: Enter bill number (optional)
    Step 5: Add line items with account and class
    Step 6: Click Save and Close

To Pay the Bill Later

Step 1: Click + New → Pay Bills
Step 2: Select the bill(s) to pay
Step 3: Select payment account
Step 4: Enter payment date
Step 5: Click Save and Close

Screenshot Area
Insert Bill Entry and Pay Bills Screen here.

5.5 Splitting Expenses Across Programs

Some expenses benefit multiple programs and should be split:

Example: $1,200 rent payment split across three programs:

Account	Amount	Class
Rent Expense	$600	Youth Programs
Rent Expense	$400	Senior Programs
Rent Expense	$200	Administration

Screenshot Area
Insert Expense with Multiple Class Assignments here.

Module 6: Bank Reconciliation

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6.1 Why Reconcile?

Bank reconciliation ensures your QBO records match your actual bank statement. This catches errors, fraud, and missing transactions.

Best Practice
Reconcile monthly, within 15 days of month-end.

6.2 Connecting Your Bank Account

14. Step 1: Click Banking in left menu
    Step 2: Click Add Account
    Step 3: Search for your bank
    Step 4: Enter online banking credentials
    Step 5: Select accounts to connect
    Step 6: Click Connect

QBO will automatically import transactions daily.

Screenshot Area
Insert Bank Connection Setup here.

6.3 Reviewing Bank Feed Transactions

15. Step 1: Go to Banking → Select your account
    Step 2: Review transactions in the For Review tab
    Step 3: For each transaction:

Match – If transaction already exists in QBO

Categorize – If new transaction needs to be recorded

Exclude – If duplicate or non-business transaction

Screenshot Area
Insert Bank Feed Review Screen here.

6.4 Categorizing Transactions

16. Step 1: Click on transaction
    Step 2: Select appropriate account (e.g., Office Supplies)
    Step 3: Assign class (e.g., Administration)
    Step 4: Add memo/note if needed
    Step 5: Click Confirm

Screenshot Area
Insert Transaction Categorization Panel here.

6.5 Performing the Monthly Reconciliation

17. Step 1: Click Accounting → Reconcile
    Step 2: Select bank account
    Step 3: Enter statement ending date
    Step 4: Enter ending balance from bank statement
    Step 5: Click Start Reconciling
18. Step 6: Check off each transaction that appears on your bank statement:

Green checkmark = Cleared

No checkmark = Not on statement yet

19. Step 7: When Difference shows $0.00, click Finish Now

Screenshot Area
Insert Reconciliation Screen with Matched Transactions here.

6.6 Troubleshooting Reconciliation Discrepancies

If your reconciliation doesn't balance:

Check for missing transactions (deposits or checks not entered)

Look for duplicate entries

Verify transaction amounts match statement

Check for transposed numbers (e.g., $154 vs. $145)

Look for uncleared transactions from prior months

Tip
Use the Reconciliation Report to review all cleared transactions.

Module 7: Nonprofit Financial Reports

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7.1 Essential Nonprofit Reports

QBO Nonprofit includes special reports designed for 501(c)(3) organizations:

Statement of Financial Position (Balance Sheet)

Statement of Activities (Income Statement)

Statement of Functional Expenses

Budget vs. Actual

Profit and Loss by Class

Donor Contribution Summary

7.2 Accessing Reports

20. Step 1: Click Reports in left menu
    Step 2: Use search bar or browse by category
    Step 3: Click on report name to open

Screenshot Area
Insert Reports Menu here.

7.3 Statement of Financial Position

This is the nonprofit version of a Balance Sheet, showing:

Assets – What you own

Liabilities – What you owe

Net Assets – Assets minus Liabilities (your equity)

To Run Report

21. Step 1: Go to Reports
    Step 2: Search for "Statement of Financial Position"
    Step 3: Select date range (usually "As of [Month End]")
    Step 4: Click Run Report

Screenshot Area
Insert Statement of Financial Position here.

7.4 Statement of Activities

This is the nonprofit version of a Profit & Loss, showing:

Total revenue by source

Total expenses by category

Change in Net Assets (surplus or deficit)

To Run Report

22. Step 1: Go to Reports
    Step 2: Search for "Statement of Activities"
    Step 3: Select date range (e.g., "This Quarter" or "This Year")
    Step 4: Click Run Report

Screenshot Area

Insert Statement of Activities here.

7.5 Profit and Loss by Class

This report shows income and expenses broken down by program or functional area.

To Run Report

23. Step 1: Go to Reports → "Profit and Loss by Class"
    Step 2: Select date range
    Step 3: Click Run Report

What You'll See

Columns for each class showing revenue, expenses, and net income.

Screenshot Area

Insert Profit and Loss by Class Report here.

7.6 Statement of Functional Expenses

Required for IRS Form 990, this report shows expenses by:

Rows: Expense type (Salaries, Rent, Supplies, etc.)

Columns: Function (Program, Management & General, Fundraising)

To Run Report

24. Step 1: Go to Reports → "Statement of Functional Expenses"
    Step 2: Select date range (usually fiscal year)
    Step 3: Click Run Report

Screenshot Area
Insert Statement of Functional Expenses here.

7.7 Customizing and Saving Reports

To Customize a Report

25. Step 1: Click Customize button
    Step 2: Adjust settings:

Date range

Accounting method (Cash or Accrual)

Columns (add classes, months, etc.)

Filters (specific accounts, classes, vendors)

26. Step 3: Click Run Report
    Step 4: Click Save Customization to save settings

Screenshot Area
Insert Report Customization Panel here.

7.8 Exporting Reports

To Export to Excel

27. Step 1: Open report
    Step 2: Click Export button (looks like download icon)
    Step 3: Select Export to Excel
    Step 4: Save file to your computer

To Export to PDF

28. Step 1: Open report
    Step 2: Click Export → Export to PDF
    Step 3: Save or email file

Screenshot Area

Insert Export Menu Options here.

Module 8: Budget vs. Actual Tracking

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8.1 Why Budget in QBO?

Budgeting helps you:

Plan for the year ahead

Compare actual performance to projections

Make informed decisions about programs and spending

Prepare board reports showing progress toward goals

8.2 Creating a Budget

29. Step 1: Click Gear icon (⚙️) → Budgeting (under Tools)
    Step 2: Click Add Budget
    Step 3: Select fiscal year
    Step 4: Choose budget type:

By account only (total organization)

By class (by program or function)

30. Step 5: Choose interval (Monthly or Quarterly)
    Step 6: Click Next

Screenshot Area
Insert Budget Setup Screen here.

8.3 Entering Budget Amounts

31. Step 1: For each account, enter budgeted amounts for each month/quarter
    Step 2: Use shortcuts:

Copy Across – Copy one month to all months

Auto-fill – Fill based on prior year actuals

32. Step 3: Review totals
    Step 4: Click Save and Close

Screenshot Area
Insert Budget Entry Grid here.

8.4 Running Budget vs. Actual Reports

33. Step 1: Go to Reports
    Step 2: Search for "Budget vs. Actual"
    Step 3: Select your budget
    Step 4: Select date range
    Step 5: Click Run Report

What You'll See

Budget column

Actual column

Variance column (over/under budget)

Percentage variance

Screenshot Area

Insert Budget vs. Actual Report here.

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Module 9: Managing Restricted Funds

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9.1 What Are Restricted Funds?

Restricted funds are donations or grants designated for a specific purpose or time period.

Types:

Temporarily Restricted – For specific program or time (most common)

Permanently Restricted – Endowments where principal can't be spent

9.2 Tracking Restricted Funds with Classes

Method 1: Dedicated Classes

Create classes for each restriction:

ABC Foundation Grant (Youth Programs)

XYZ Grant (Senior Services)

Building Fund

Method 2: Sub-Classes Under "Restricted"

Unrestricted

Restricted

ABC Foundation Grant

Building Fund

Youth Programs (Donor Restricted)

9.3 Recording Restricted Income

34. Step 1: Record donation as usual (see Module 4)
    Step 2: Assign to the appropriate restriction class
    Step 3: Add memo noting restriction

Example: $10,000 grant for Youth Summer Camp:

Account: Foundation Grants

Amount: $10,000

Class: ABC Foundation Grant - Youth Summer Camp

Memo: "Restricted for 2026 Youth Summer Camp program"

Screenshot Area
Insert Restricted Donation Entry here.

9.4 Spending Restricted Funds

When you spend restricted money, assign expenses to the same class:

Example: Paying $2,500 for summer camp supplies:

Account: Program Supplies

Amount: $2,500

Class: ABC Foundation Grant - Youth Summer Camp

9.5 Monitoring Restricted Fund Balances

35. Step 1: Run Profit and Loss by Class report
    Step 2: Select date range (usually "This Year to Date")
    Step 3: Review each restricted class:

Income = Money received

Expenses = Money spent

Net Income = Balance remaining

Screenshot Area
Insert P&L by Class Showing Restricted Funds here.

9.6 Releasing Restrictions

When restrictions are met (e.g., program completed or time period passed), you may need to "release" funds from restricted to unrestricted net assets. Consult your accountant or auditor for proper journal entries.

Module 10: Common Mistakes to Avoid

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10.1 Not Assigning Classes

Mistake: Recording transactions without assigning a class.

Result: Reports by program are incomplete and inaccurate.

Solution: Make it a habit to assign a class to EVERY transaction. If unsure, use "General Administration" or "Unclassified" temporarily and review monthly.

10.2 Mixing Personal and Business Transactions

Mistake: Using nonprofit bank account for personal expenses or vice versa.

Result: Inaccurate financial statements and potential IRS issues.

Solution: Keep personal and nonprofit finances completely separate. If you accidentally record a personal transaction, mark it as "Exclude" in bank feed.

10.3 Not Reconciling Monthly

Mistake: Only reconciling quarterly or annually.

Result: Errors compound, making it harder to find discrepancies.

Solution: Reconcile all bank and credit card accounts within 15 days of month-end, every month.

10.4 Incorrect Account Selection

Mistake: Coding expenses to revenue accounts or vice versa.

Result: Financial statements are incorrect.

Solution: Double-check account type before confirming transactions. Revenue accounts increase income; expense accounts increase costs.

10.5 Forgetting to Track Restricted Funds

Mistake: Recording restricted donations without using classes or notes.

Result: Can't track grant/donor compliance, risk violating restrictions.

Solution: Always use classes for restricted income and expenses. Add memos describing the restriction.

10.6 Not Backing Up Data

Mistake: Relying only on cloud storage without periodic exports.

Result: If QBO account is locked or compromised, you have no backup.

Solution: Export key reports quarterly and save to secure location. Consider using QBO's built-in backup feature.

10.7 Ignoring Bank Feed Matches

Mistake: Creating duplicate transactions instead of matching to existing entries.

Result: Overstated income or expenses, difficult reconciliation.

Solution: Always check for matches before creating new transactions from bank feed.

Module 11: Month-End Checklist

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Use this checklist to close out each month properly:

Review and Categorize Bank Feed Transactions

Check that all imported transactions are categorized

Match deposits and checks to existing entries

Exclude personal or duplicate transactions

Reconcile All Bank and Credit Card Accounts

Obtain bank statements

Complete reconciliation for each account

Resolve any discrepancies

Print reconciliation reports

Review Accounts Receivable (Pledges)

Follow up on unpaid pledges/invoices

Write off uncollectible amounts (if applicable)

Review Accounts Payable (Bills)

Ensure all bills received are entered

Schedule bill payments for upcoming month

Check Class Assignments

Run "Profit and Loss by Class" report

Review "Unclassified" or blank class transactions

Assign correct classes and save corrections

Review Restricted Fund Balances

Run P&L by Class for restricted fund classes

Verify spending aligns with grant/donor restrictions

Note any overspending or underutilization

Generate and Review Financial Reports

Statement of Financial Position (as of month-end)

Statement of Activities (month and year-to-date)

Profit and Loss by Class

Budget vs. Actual (if using budgets)

Prepare Board Packet (if applicable)

Export reports to PDF

Add narrative summary of financial highlights

Note any concerns or unusual items

Document Issues and Questions

Note anything that needs follow-up

List questions for bookkeeper or accountant

Back Up Data

Export key reports to Excel or PDF

Save to secure location (cloud or external drive)

Module 12: Quick Reference Guide

Premium Bookkeeping Solutions Training Section

Common Tasks Quick Links

Task	Navigation Path
Record a donation	+ New → Bank Deposit
Record an expense	+ New → Expense or Check
Categorize bank transaction	Banking → For Review → Categorize
Reconcile account	Accounting → Reconcile
View Chart of Accounts	Accounting → Chart of Accounts
Manage classes	Gear icon → All Lists → Classes
Run financial report	Reports → Search report name
Create budget	Gear icon → Budgeting
View donor list	Sales → Customers (or Donors)

Keyboard Shortcuts

Shortcut	Action
Ctrl + Alt + I	Create Invoice
Ctrl + Alt + W	Create Expense
Ctrl + Alt + C	Create Check
Ctrl + Alt + R	Open Reports
Ctrl + Alt + A	Open Chart of Accounts

Support Resources

QBO Help Center: https://quickbooks.intuit.com/learn-support/

QBO Community: https://quickbooks.intuit.com/learn-support/en-us/community

Intuit Phone Support: Available within QBO under Help (?) icon

Your Bookkeeper: [Contact Information]

Appendix A: Glossary of Nonprofit Accounting Terms

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Accrual Basis: Accounting method that records revenue when earned and expenses when incurred, regardless of cash movement.

Cash Basis: Accounting method that records transactions only when cash changes hands.

Chart of Accounts (COA): List of all accounts used to categorize financial transactions.

Class: QBO feature for tracking income and expenses by program, grant, or location.

Functional Expense: Classification of expenses by purpose: Program Services, Management & General, or Fundraising (required for Form 990).

In-Kind Donation: Non-cash gift of goods or services (e.g., donated equipment, volunteer time).

Net Assets: Nonprofit equivalent of equity; total assets minus total liabilities.

Pledge: Donor's promise to give in the future (also called Accounts Receivable for nonprofits).

Restricted Funds: Donations or grants with donor-imposed restrictions on use.

Statement of Activities: Nonprofit equivalent of Profit & Loss or Income Statement.

Statement of Financial Position: Nonprofit equivalent of Balance Sheet.

Temporarily Restricted: Funds restricted by donor for specific purpose or time period (restrictions eventually expire).

Permanently Restricted: Funds restricted by donor in perpetuity (typically endowments).

Unrestricted Funds: Donations with no donor-imposed restrictions; can be used for any purpose.

Appendix B: Sample Transaction Scenarios

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Scenario 1: Recording a $5,000 Grant for Youth Programs

Given: ABC Foundation sends a $5,000 check designated for Youth Summer Camp.

Steps:

Click + New → Bank Deposit

Select checking account

Received From: ABC Foundation

Account: Foundation Grants

Class: Youth Programs - Summer Camp (or create "ABC Foundation Grant")

Amount: $5,000

Memo: "Restricted for 2026 Youth Summer Camp"

Save and Close

Scenario 2: Splitting Rent Across Three Programs

Given: Monthly rent of $1,500 needs to be split: 50% Youth Programs, 30% Senior Services, 20% Administration.

Steps:

Click + New → Check (or Expense)

Payee: Landlord name

Line 1: Account = Rent Expense, Class = Youth Programs, Amount = $750

Line 2: Account = Rent Expense, Class = Senior Services, Amount = $450

Line 3: Account = Rent Expense, Class = Administration, Amount = $300

Save and Close

Scenario 3: Recording Volunteer Hours (In-Kind)

Given: 20 volunteers contributed 100 hours valued at $25/hour (total $2,500).

Steps:

Click + New → Journal Entry

Line 1: Account = In-Kind Volunteer Expense, Debit = $2,500, Class = Program Services

Line 2: Account = In-Kind Contributions Revenue, Credit = $2,500, Class = Program Services

Memo: "100 volunteer hours @ $25/hr - June 2026"

Save and Close

Note

Check with your accountant about whether to record volunteer time based on your organization's policy.

Scenario 4: Reconciling a $50 Bank Error

Given: During reconciliation, you discover the bank deducted $50 in error.

Steps:

Contact bank to request correction

If bank agrees to refund, wait for credit to appear

When credit appears in bank feed, categorize as "Bank Error - Refund" or similar account

Complete reconciliation including the correction

Appendix C: Year-End Tasks

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In addition to regular month-end procedures, complete these tasks at fiscal year-end:

Final Reconciliation

Reconcile all accounts through last day of fiscal year

Resolve all outstanding discrepancies

Review and Adjust Accruals

Record unpaid bills (accounts payable)

Record unpaid pledges (accounts receivable)

Accrue expenses incurred but not yet billed

Review Restricted Fund Compliance

Ensure all restricted funds were spent according to donor/grant terms

Document any restrictions that expired during the year

Prepare schedule of remaining restricted balances

Generate Year-End Financial Statements

Statement of Financial Position (12/31 or fiscal year-end)

Statement of Activities (full fiscal year)

Statement of Functional Expenses (full fiscal year)

Statement of Cash Flows (if required by auditor/board)

Prepare Form 990 Documentation

Statement of Functional Expenses by IRS category

Schedule of grants and contributions received

List of board members and key employees

Program accomplishments and metrics

Close Books (if applicable)

Consult with accountant about closing entries

Make year-end adjusting journal entries as directed

Lock prior period to prevent changes (Gear → Account and Settings → Advanced)

Export and Archive

Export full year transaction list

Export all key financial reports

Save to secure, backed-up location

Coordinate with CPA/Auditor

Provide requested reports and documentation

Grant temporary QBO access if needed

Review and implement any recommended adjustments

Training Completion Checklist

Congratulations on completing this training! Use this checklist to confirm you're ready to manage your nonprofit's QBO system:

Basic Navigation

[ ] I can log in to QBO and navigate the dashboard

[ ] I understand the left menu and can find key features

[ ] I can search for and access reports

Chart of Accounts

[ ] I understand the nonprofit chart of accounts structure

[ ] I can add or edit accounts when needed

[ ] I know the difference between revenue and expense accounts

Classes and Tracking

[ ] I understand how classes work for program tracking

[ ] I have set up classes for my organization's programs

[ ] I consistently assign classes to all transactions

Recording Transactions

[ ] I can record donations (checks, cash, online)

[ ] I can record expenses (checks, credit cards, bills)

[ ] I can split transactions across multiple classes

[ ] I understand how to record pledges and in-kind donations

Banking

[ ] I have connected my bank account(s) to QBO

[ ] I can review and categorize bank feed transactions

[ ] I can perform monthly bank reconciliation

[ ] I know how to troubleshoot reconciliation discrepancies

Reporting

[ ] I can run a Statement of Financial Position

[ ] I can run a Statement of Activities

[ ] I can run a Profit and Loss by Class report

[ ] I can customize and export reports

Restricted Funds

[ ] I understand restricted vs. unrestricted funds

[ ] I know how to track restricted funds using classes

[ ] I can monitor restricted fund balances by program/grant

Best Practices

[ ] I complete month-end procedures consistently

[ ] I avoid common mistakes (mixing personal transactions, forgetting classes)

[ ] I know where to find help when I have questions

Notes and Questions

Use this space to document questions that arise during training or your first few months using QBO:

Question 1:

Answer/Resolution:

Question 2:

Answer/Resolution:

Question 3:

Answer/Resolution:

Contact Information

For QBO Technical Support:
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Phone: ______________________
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