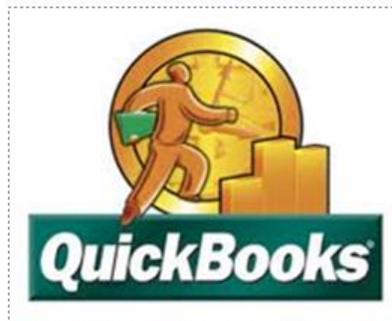


**Correcting year end amounts in QuickBooks
To match with
The Edge
Year Ending December 31, 2017**

David Geller
(404) 255-9565
David@JewelerProfit.com



This report shows what the bookkeeper needs to do in QuickBooks and The Edge to make sure year end numbers are correct for the upcoming income tax preparation.

If you'd rather have me do this for you go to the last page for more information. This report is very detailed and should be easy to follow. David Geller

Reports to run to get sales, sales tax collected and shop sales figures to match against QuickBooks

If you export from The Edge to QuickBooks do that before running these reports. This will get your numbers more in sync. If you hand enter your QuickBooks numbers this report is the same for you. In addition you need to have everything entered in both programs.

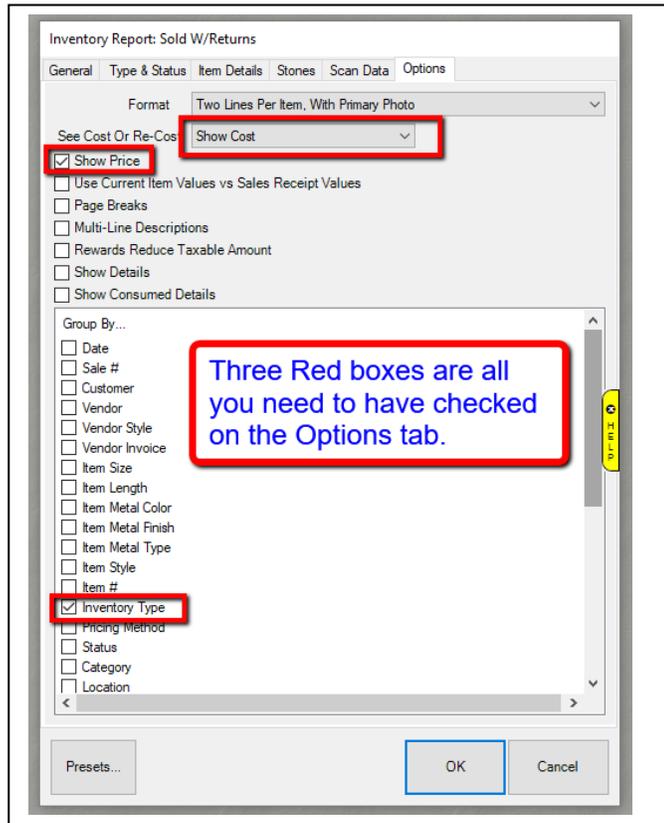
Example: If you have 3 vendor's invoices of jewelry to enter into Edge and print tags, do it. Then go into QuickBooks and enter the 3 bills for each vendor which will increase inventory in QuickBooks to match the Edge.

FIRST REPORT: Checking Product Sales and Cost of Good sold in Edge versus QuickBooks.

On your Profit & Loss statement the product sales in QuickBooks (without shop sales/appraisals/gold refiner's check) should match these numbers in The Edge. First run an Inventory Sold report in Edge, see below for boxes to click. I have shown the total 2017 year for dates sold but you can use whatever you need. **This report can be run on New Year's Eve or any date in January (back dating of course).** This is one of several reports you can run later and be accurate but NOT ALL OF THEM. Read further.

The screenshot shows the 'THE EDGE' POS software interface. The 'Reports' menu item is highlighted in the top navigation bar. In the left-hand sidebar, the 'Inventory' and 'Sold' menu items are highlighted with red boxes. The 'Showing Returns' option is also highlighted with a blue box. The main window displays the 'Inventory Sold' report configuration dialog. The 'Date Sold' field is highlighted with a red box and set to 'All Dates'. The 'Min' date is set to 1/1/2017 and the 'Max' date is set to 12/31/2017. The 'All' radio button is selected in the date range options. The 'Date Sold' dropdown is set to 'All Dates'. The 'Expires' dropdown is set to 'All Dates'. The 'Payable Date' dropdown is set to 'All Dates'. The 'In Stock On' dropdown is set to 'Special Instructions'. The 'Sold By' dropdown is set to 'Owner'. The 'Sold To' dropdown is set to 'Owner'. The 'OK' and 'Cancel' buttons are visible at the bottom of the dialog.

Then click on the options Tab. No details, we just want the total sales and total costs.

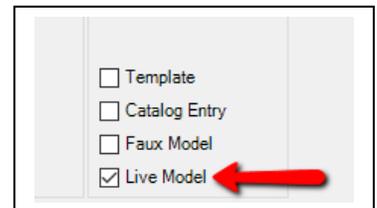


Run the report. Now go to QuickBooks and run your profit & Loss Statement and use the exact same dates you used in The Edge.

SPECIAL NOTE ON TWO THINGS:

1. On the “Type & Status” tab-Live Model.

The bottom box “Live Model”. This of the four should be checked if you have entered any live inventory into Edge and used this inventory type.



What is a “Live Model?”

Hildalgo manufactures ring that are almost 100% enameled all the way around. Enamel is **glass**. It can't be bent and therefore can't be sized.

So if you have their jewelry in the case you'll mostly special order them. If you actually sell one and it's the right size **Halleluiah!** This is owned inventory and should be included.

This is a perfect example of a Live Model



2. On the “Type & Status” tab-Faux and Catalog.

Faux is “Brass & Glass” models. Silver set with CZ’s, bought just to show and special order. Don’t click these, you really can’t sell them and they should have been entered into Edge as faux only so you can click the “Special Order” box on the POS screen.

In QuickBooks they should have been written off as an expense, like carpet, a printer, ring boxes, etc.

TOTALS:

After running the reports you’ll want to add together the cost off memo & consignment as one number and write that cost and sales down on a piece of paper.

Inventory Report: Sold W>Returns 12/24/2017
Page 1 of 1

; By ID: <none>; Pricing Methods: 'Pre-Marked', 'UOM Only', 'Item By UOM', 'UPC/SKU', 'Hide Out Of Stock Bulk', 'Item Pricing'; Inventory Type: 'Built', 'Take-Off', 'Assembled', 'Special Order', 'Trade', 'Memo', 'Consignment', 'Inventory', 'Live Model'; Match Stones By Position: 'Any Stone'; Organize Resulting List: 'One Item Per Row', Sold Date Range: 1/1/2014 to 12/31/2014; Group by Inventory Type; Sort by Date, Sale #, Customer, Vendor, Vendor Style.

Vendor Style # Item #	Type Status	Description	Count	Age	Cost	Price	Margin
	Inventory Type 'Consignment'		1	-174	3,024.05	6,799.00	55.52
	Inventory Type 'Memo'		54	205	179,290.93	315,419.68	43.16
	Inventory Type 'Special Order'		358	192	128,249.39	307,507.37	58.29
	Inventory Type 'Stock'		6,267	205	668,147.16	1,522,773.84	56.12
	Inventory Type 'Trade'		49	672	46,327.14	97,154.50	52.32
	Grand Total..		6,729	208	1,025,038.67	2,249,654.39	54.44

Consignment & Memo Totalled
 Cost: \$182,314.98 || PRICE \$322,218.68
 (These are supposed to match QuickBooks numbers :-)

Then all you have to do is take these totals and subtract them from the **bottom bold totals** and now you have cost of goods and sales for: Stock/Special Order/Trade/Live Models.

Don’t worry about other stock types like “A” (means an assembled item) or “B” (means a build item), just subtract memo and consignment from the totals and the rest you own!

These are just PRODUCT SALES and COSTS.
Repairs, Misc Sales and others will be done shortly.

IF THE NUMBERS DON’T MATCH

If they don't match make you’ll make a journal entry later to make them match. If you want to see "why" they don't match with the profit & loss open, double click either "Stock & Special Order Sales" or "Memo Sales" or “Stock & Special Order COG's" or

"Memo/Consignment COG's" on the P&L itself a new report of detail will pop up. On the left should be "General Journal Entries".

If there are any

- Deposits
- Checks
- Bills

listed there they are wrong but don't worry about fixing them just make the adjustment. You will use either the "3000-Opening Balance Equity" account or if I made the file for you there should be a "3010-Balance Adjustment Needed" account.

Here's your cheat sheet for journal entries (we will fix later):

BALANCE SHEET ACCOUNTS			
ASSETS ACCOUNTS		LIABILITIES & EQUITY ACCOUNTS	
DEBIT	CREDIT	DEBIT	CREDIT
<i>Increases</i>	<i>Decreases</i>	<i>Decreases</i>	<i>Increases</i>
PROFIT & LOSS ACCOUNTS			
SALES/INCOME		COST OF GOODS/EXPENSES	
DEBIT	CREDIT	DEBIT	CREDIT
<i>Decreases</i>	<i>Increases</i>	<i>Increases</i>	<i>Decreases</i>

INVENTORY LEVELS:

Finding Inventory Levels

There are two types of Inventory in QuickBooks:

1. Stock & Special Order inventory (You own these)
 Just like the sales above it includes these types of inventory
 - *Stock
 - *Special Order
 - *Trade
 - *Live
 - *Items you have assembled and built

2. Memo & Consignment inventory (These are not owned-pay only if you sell them.)

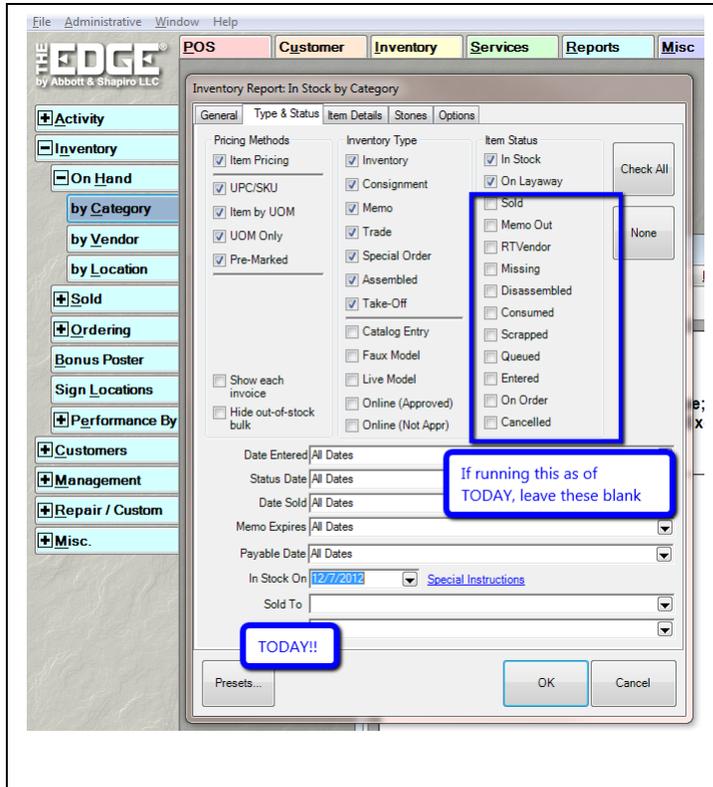
In Edge, go to **reports** at the top, on the left choose:

1. Inventory
2. On Hand
3. By Category

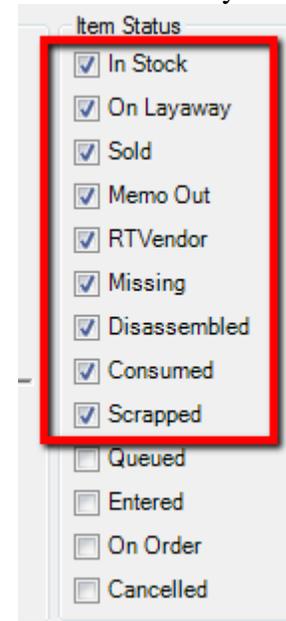
This report is to find out how much inventory you have TODAY

Only two tabs to adjust:

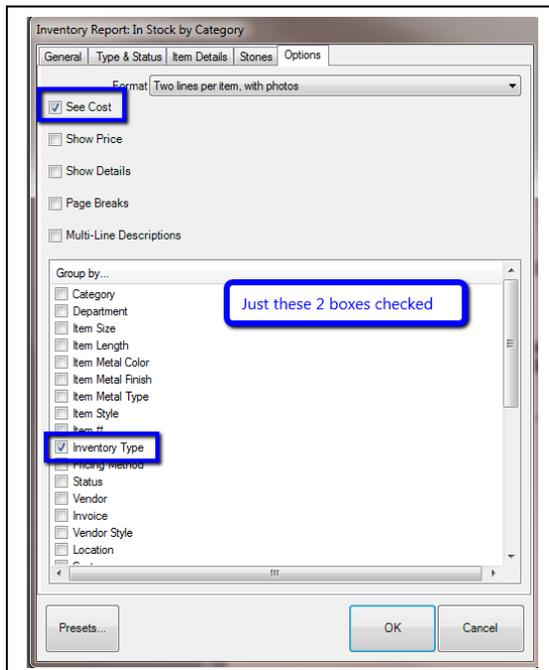
If you want to run the inventory report for TODAY, setup "Type & Status" tab this way.



NOTE: If you're running an inventory report for any date in the **past** then the boxes on the right of the options tab under "Item Status" must be checked this way:



The Options tab should look like this:



You'll now get the totals of inventory you own and don't own:

Filtered: 'Special Order', 'Trade', 'Memo', 'Consignment', 'Inventory'; Match stones by position: 'Any Stone';
 r row', in stock on 12/7/2012; Group by Inventory Type; Sort by Category, Department, Item Size, Item

Type Status	Description	Count	Age	Cost	Price	Margin
Inventory Type	'Consignment'	2	2,765	31.50		
Inventory Type	'Memo'	32	2,301	46,491.00		
Inventory Type	'Special Order'	32	2,140	2,590.53		
Inventory Type	'Stock'	1,442	2,386	232,312.92		
Inventory Type	'Trade'	6	349	111,401.00		
Grand Total...		1,514	2,371	392,826.95		

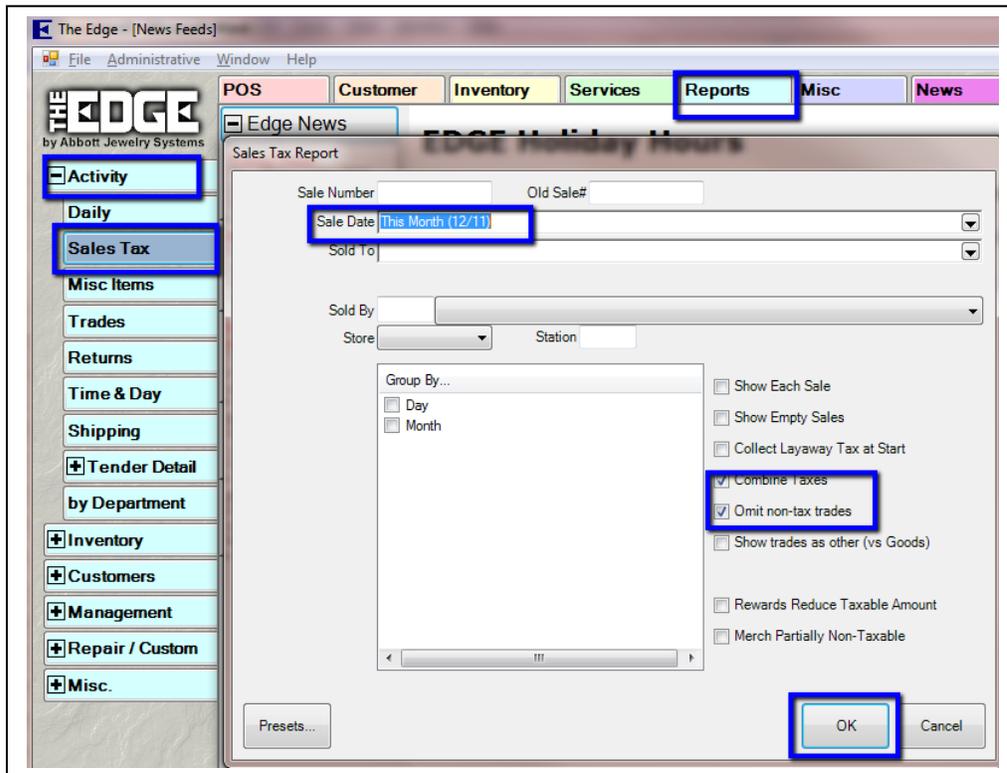
Don't own: \$46,522.50

We Do Own: \$346,304.45

"Don't Own total is "Memo & Consignment" inventory in QuickBooks.
 "We Do own" is "Inventory Edge" in QuickBooks.

SALES TAX FOR LAST MONTH (to bring it up to date and correct)

Usually if you paid LAST month already, you'll only owe for THIS month:

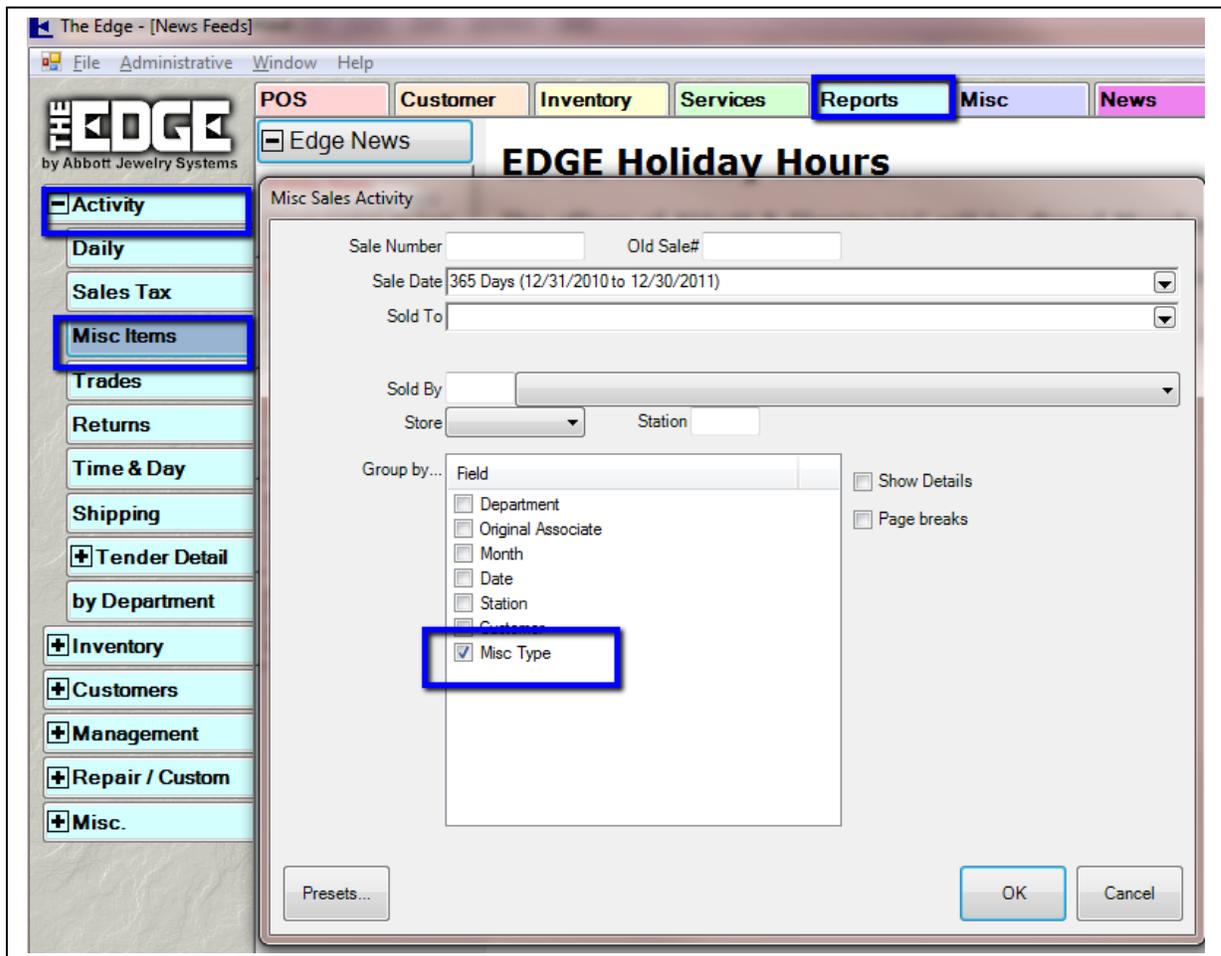


To adjust the sales tax go to the chart of accounts in QuickBooks (Control+A) and find "Sales Tax Payable" it's an "other current liability" account. Double click to open it and it will look like your check register. In the "increase" column is each days sales tax collected. In the decrease column are usually checks you write to the sales tax folks.

Something to remember: You ran the report in Edge for a period of time. On the picture above it shows "this month". As of *today* this month is Dec 1 thru Dec 31, 2017 in the Edge. If you have not paid November's sales tax yet then the amount you OWE in QuickBooks will be all of November's sales tax plus all of December. If you run the report in January you'd run December's report.

MISC SALES

Not all will be POSITIVE SALES, negatives are usually buying gold and maybe discounts which does affect sales



Bulk Sales: This is things we sold which don't have a cost entered in the Edge. Jewelry cleaner, small things, etc. It should not be diamonds that you were too lazy to enter correctly. These numbers go into "Bulk & Misc Sales" in QuickBooks.

Discounts/Coupons: Usually a negative number.
Goes into Sales Discounts in QuickBooks.

Jewelry Repairs//Watch Repairs/Watch Batteries

Should be obvious. These go to their respective Shop Sales sub accounts.

Donation:

Jewelry Donations are now in The Edge a menu choice in “selling an item”, you no longer have to run a report for this.

Buy Customers Gold Scrap: Negative number and goes to the Cost for Goods account "Scrap Gold Buys"

Buy Customers Inventory: Negative number and goes to "Inventory Asset" or "Edge Inventory" asset account.

There might be others, depends on how many you have setup or added over the years. Positive numbers typically go into some Sale account, which starts with a "4". (Stock Sales might be number 4005.)

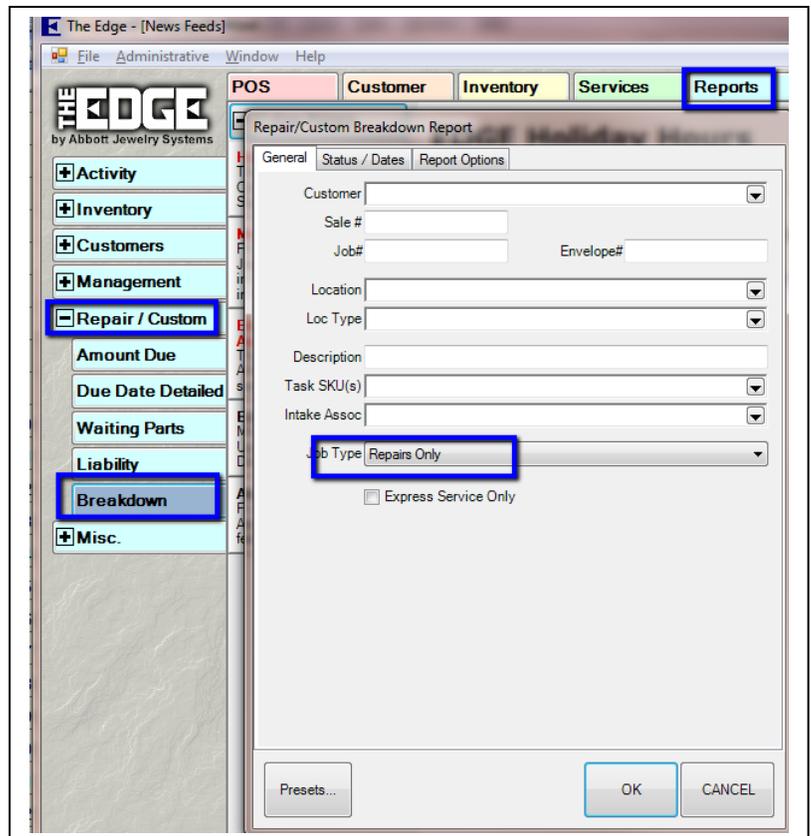
SHOP SALES

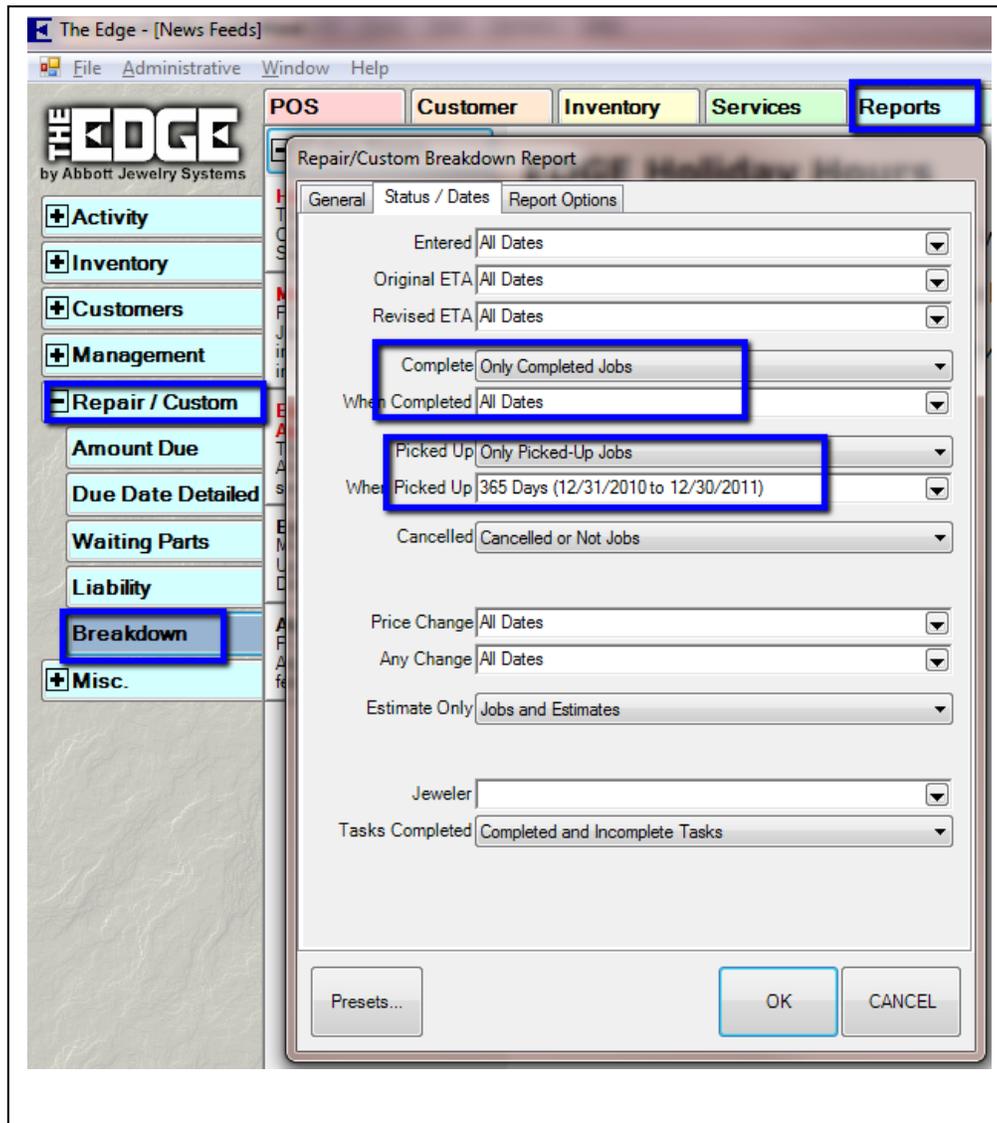
The Edge can run a SHOP SALES report for ALL sales or just custom or just repair. You might have to run this TWICE to get Repair Sales and Custom Sales separated.

REPAIR SALES

Follow the picture below:
This is a picture of General Tab.
Under Job Type if you have Repair Sales and Custom Design Sales separated in QuickBooks then you'll have to run the report by "Repairs Only" then come back and run it by "Custom" only.

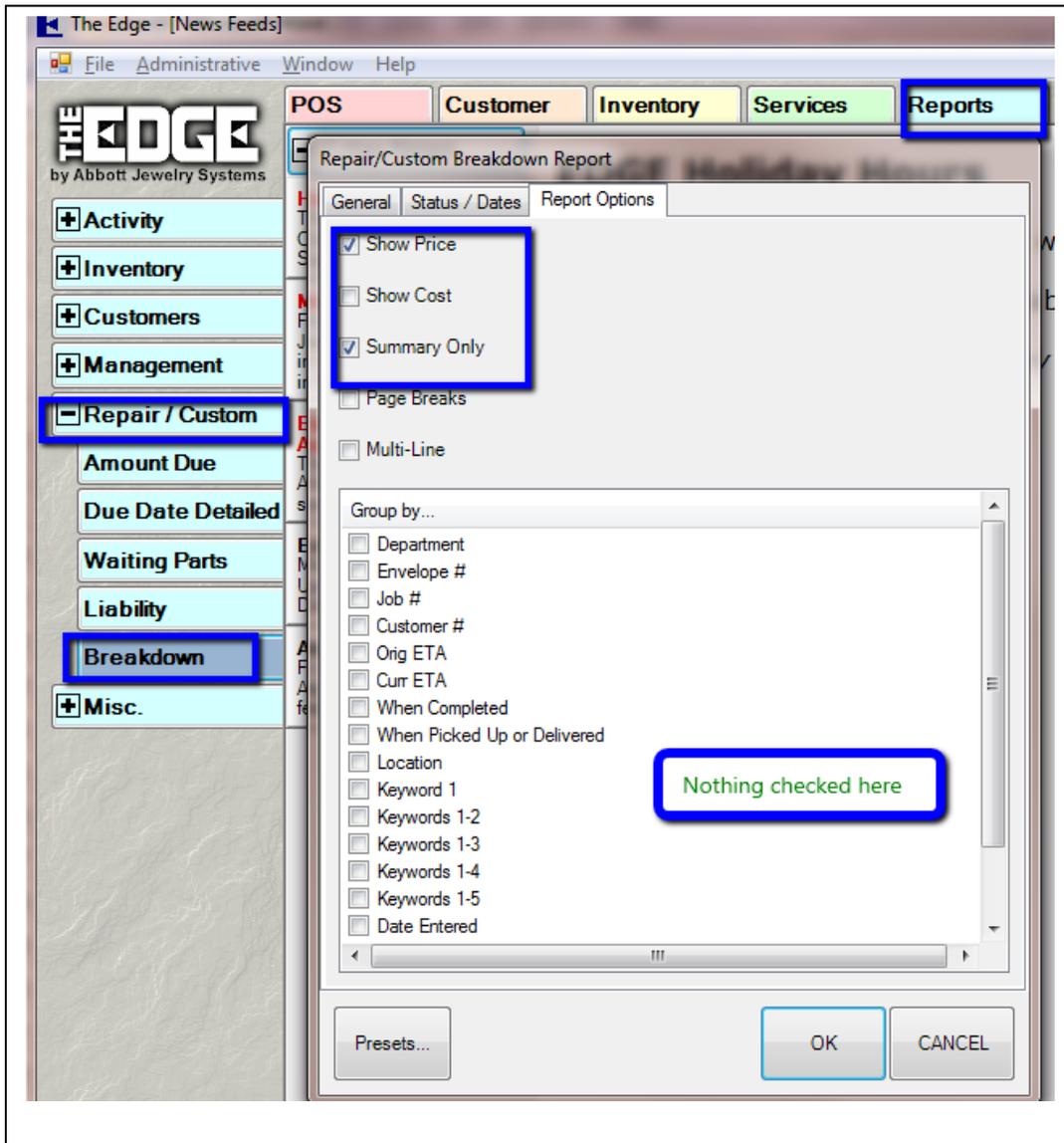
Then click on the Status Tab
Choose your date range



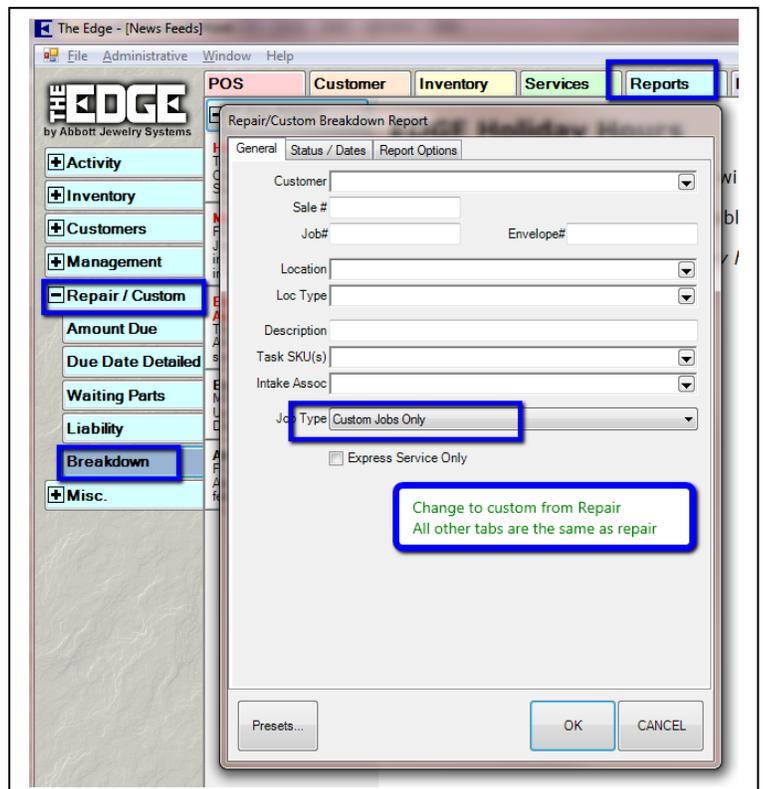


Report Options Tab

You don't want to click on "Show Cost" even if you enter costs into the Edge as you're putting them in QuickBooks as well.



To run the same report for Custom, just change the **FIRST GENERAL TAB**, all others stay the same:



Now print these reports or write the numbers down so you can go into QuickBooks and adjust these numbers so they are correct on the Profit & Loss Statement.

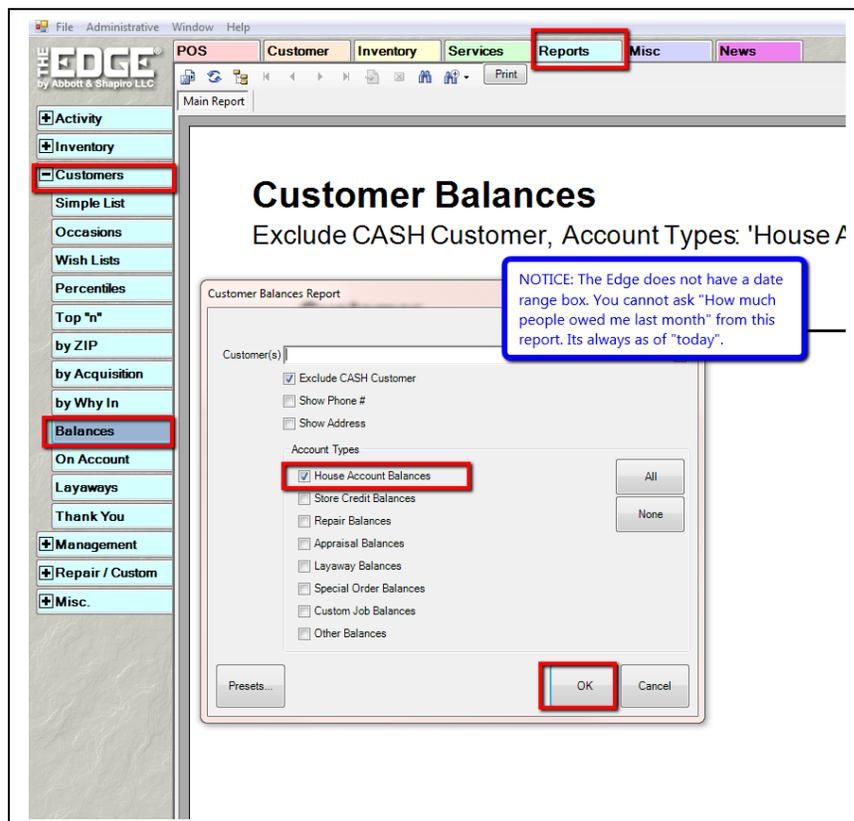
Finding Store Charges

1. "Store Charges" in QuickBooks is your accounts receivable in the Edge. These are customers you allowed to leave with the merchandise and send them a monthly statement out of the Edge.
2. In the Edge it's called House Account Balances.
3. This is the total of open accounts in Edge. When the Edge exports into QuickBooks we don't use the "Accounts Receivable" account but rather an "other current Asset" account called "Store Charges."

So find your open account totals of what customers owe you go in the Edge Reports

- Reports
- Customers
- Balances

We just want "House Balances" checked. This will show the amount people owe as of **right now**. House balances is where you've let the customer walk out without paying.



It probably will look like the report below:

Customer	Acct	Date Created	Last Activity	Balance
House Account Balances				
Alleene, Stacey (001-00933)	Store Charge	1/1/2009	1/1/2009	16.05
Boynton, Kevin (001-00286)	Store Charge	1/1/2010	1/1/2010	245.03
Chesnee, Anne (001-00376)	Store Charge	1/1/2010	1/1/2010	294.25
House Account Balances				555.33

Total, this number should show up in QuickBooks as well. → 555.33

If you find these people do not owe you money you'll need to go to their record and adjust it to be correct. To do this, go find the customer and open them up. You'll see a green dot on the balance tab. Adjust the number. Export to QuickBooks before adjusting the QuickBooks amount as Edge will send over this adjustment for you. Then adjust the remaining amount.

The screenshot shows the 'THE EDGE' POS software interface. The 'Customer' tab is selected. A callout '1' points to the 'Customer' tab. A callout '2' points to the 'Find' button. A callout '3' points to the 'Adjust Balance' button. A callout '4' points to the customer record for 'Boynton, Kevin (001-00286)'. A callout '5' points to the 'Adjust Balance' button in the record. A callout '6' points to the 'Adjustment' field in the 'Adjust Customer Balance' dialog box, which contains '0.00'. A text box next to the field says: 'A positive balance means the customer owes the store money. A negative balance means the store owes the customer money.' A blue callout box with the number '6' contains the text: 'To get rid of this amount type a negative number and save, "-245.03"'. The dialog box also shows 'Balance Type: House Account', 'Key#: House Account', 'Balance: \$245.03', and 'New Balance: \$245.03'. Buttons at the bottom include 'Revert', 'Save and Stay', 'OK / Save and Close', and 'Cancel'.

Finding Store Credits

When a customer comes back to return an item your policy might be to not give a refund in cash/check or credit card but to give a store credit.

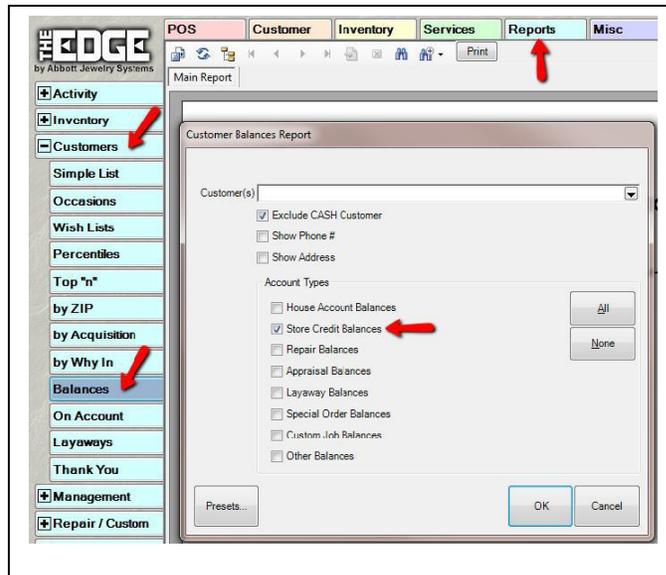
When you do that in the POS the Edge will reverse the sale in Edge and also in QuickBooks plus make an entry to “Store Credits” in the chart of accounts in QuickBooks. Customers can use Store Credits against future sales they make. This is the same report as finding Store Charges except you only click “Store Credits” on the box:

In the Edge go to

- Reports
- Customers
- Balances

Run the report as pictured. Again check and make sure these are correct. Write the total down for adjustment in The Edge.

The totals will show up as negative numbers but you'll enter it as a positive number in QuickBooks.



Finding Customer Deposits

Customer deposits refers to when a customer gives you a deposit or down payment when you start a layaway on a product sale or get a deposit on

- Repair
- Custom Design
- Special Order
- Appraisal

This is merchandise still in the store, so this is not an open account or store charge. You have the merchandise or repair **and the money!**

When the Edge sets up a QuickBooks account they typically make CUSTOMER DEPOSITS the main account with sub accounts. There are two ways to get this straight. if you were set up with exporting from The Edge years ago your QuickBooks chart of accounts might look like this:

In QuickBooks it may look like this:

CUSTOMER DEPOSITS

- Repair & Custom Deposits
- Appraisal & Memo Out Deposits
- Layaway Deposits
- Special Order Deposits

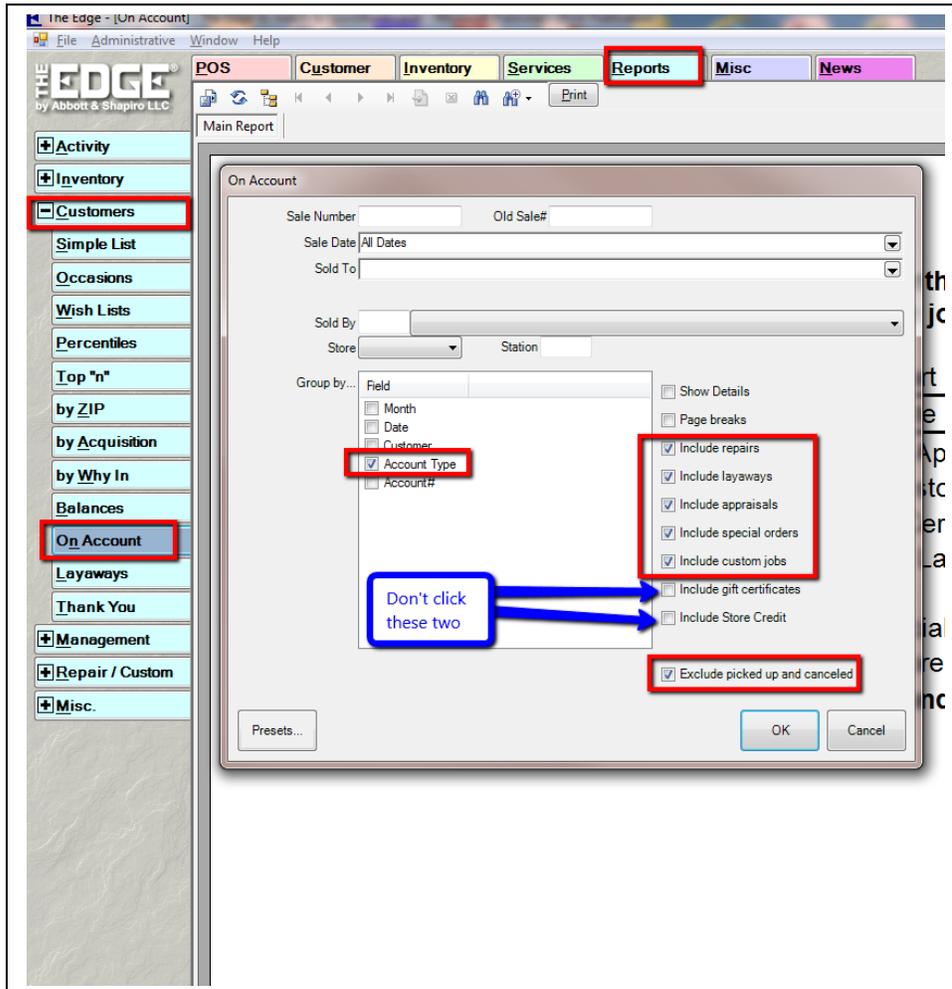
Some of you might just have a single deposit account called "**Customer Deposits**".

So your choice depending how you are setup is to get individual numbers or one big total. The Edge will give you the individual numbers and you can adjust accordingly.

To find Customer Deposits, go to The Edge:

- REPORTS
- Customers
- On Account

If you are running this report on the last day of the year (right before going out for a New Year's Eve party, click "ALL DATES" on the "Sale Date" at the top.



If you are running this report in January and want numbers for “last year” hit the down arrow on “Sale Dates”. I suggest using a starting date when the Edge Corporation started “January 1, 2000.”

Ending date would be December 31, 2017.

This will give us all deposits we had on hand as of Dec 31st.

The only number you need on this report is under **DEPOSIT**. That is the amount of customer’s monies you have received and have on hand while ordering an item, repairing or doing an appraisal. To the left is “Amount” and that represents the total sales, including sales tax that originated and caused you to collect the deposits.

All you need to write down on your pad is the total under “Deposit” or the totals for each type of deposit as mentioned on the previous page.

On Account 12/7/2012
Page 1 of 1

All Dates; Group by Account Type; Sort by Month, Date, Customer, Account#; Include special orders, Include layaways, Include custom jobs, Exclude picked up and canceled, Include repairs, Include appraisals

Account#	Date	Amount	Deposit	Activity Type	Date	Amt Due	On Acct
	Appraisal	1,270.00	140.00		3/15/2007	700.00	470.00
	Custom Job	988.00	100.00		6/20/2012	863.00	125.00
	Layaway	11,978.65	1,962.95		5/12/2010	7,924.98	4,001.24
	Repair	13,691.74	3,724.54		6/20/2012	15,668.71	675.49
	Special Order	55,776.59	17,226.74		9/1/2011	8,013.60	3,320.86
	Grand Total	83,704.98	23,154.23			33,170.29	8,592.59

This last column is the amount the customer has put in as total deposits. "Amount Due" is how much they'll pay at pickup. "On Acct" is the total of what they have paid us so far.

The numbers in the red box above are the ones going into QuickBooks

We will manually adjust the deposit accounts in QuickBooks:

21000 · *EDGE LIABILITY ACCOUNTS

21100 · * Special Order Deposits

21200 · *Layaway Deposits

21300 · *Gift Certificates Sold

21400 · * Store Credits-Edge

21500 · *Repair & Custom Deposits

21600 · *Memo Out & Appraisal Deposits

Finding Gift Certificate outstanding totals

This is one area I find stores really mess this up. A gift certificate is also a “gift card”. If you go to Target and get one you always have to BUY IT! Gift cards and Gift certificates are never free, you exchange money with the customer for one of these. It’s like a male customer comes in and says

“I’m going to be out of the country during my wife’s birthday. Here’s \$100 bill, hold it please for my wife Mary. When she comes in, whatever she chooses, apply this \$100 as a prepaid deposit and she’ll pay you the difference.”

It’s an exchange of money for a certificate or plastic card.

Many stores mail out hundreds or thousands “\$100 gift cards” to their customer list and then add these to The Edge and when the customer comes in they apply this. **This is incorrect!**

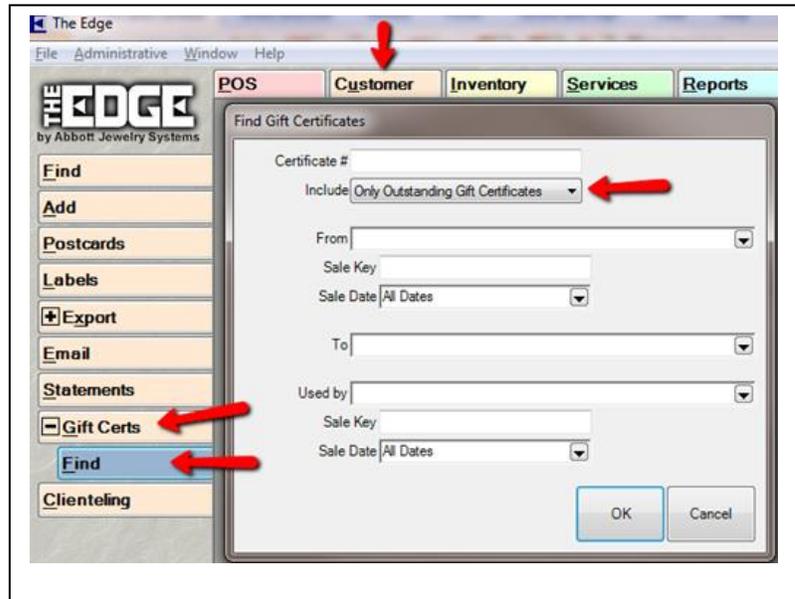
What you mailed out was nothing more than a discount coupon, like a Val-Pak. They are never recorded in the Edge and when a customer does come in with one you just simply discount their purchase by \$100. This is the biggest reason for a large discrepancy in QuickBooks.

To run the report:

- Customer
- Gift Cards
- Find

The only criteria to change is to click on the “Include” down arrow and change it to **“Only outstanding gift certificates”**

Then hit "OK".

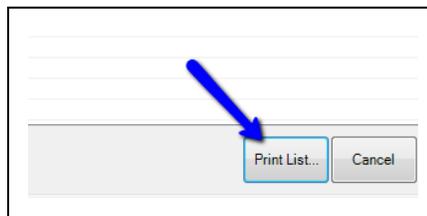


Id	Date Sold	Date Used	From	To	Amt	Msg
001-06782-001	12/23/2004		Lorane, Arnold (001-02311)	(001-02312)	\$500.00	
001-11236-001	11/18/2005		Seward, Emma Grace (001-03048)	Gilbertsville, Caroline (001-03049)	\$150.00	Love & Best Wishes
001-12871-001	1/23/2006		Vassalboro, Jack (001-02747)	El, Sam (001-03307)	\$25.00	
001-12905-001	1/24/2006		Trumansburg, Faye (001-01015)	El, Sam (001-03307)	\$50.00	
001-13673-002	3/9/2006		Revelo, Barbara (001-03450)	Town, Kelly (001-01764)	\$53.50	Two Waterford Allegra Platinum Golbets
001-13810-001	3/17/2006		Port, Rob (001-00988)	Town, Kelly (001-01764)	\$101.65	best wishes - rob hanselman & ann Meritt
001-13927-001	3/29/2006		Grygla, Rachel (001-03490)	Town, Kelly (001-01764)	\$50.00	Best Wishes,
001-14262-002	4/20/2006		River, Raynor (001-01517)	Stoutsville, Marlynn (001-03351)	\$100.00	Best Wishes,
001-14327-001	4/25/2006		Gresham, Amy (001-00498)	Stoutsville, Marlynn (001-03351)	\$18.19	Best Wishes,
001-14878-001	6/1/2006		Valley, Wayne (001-02240)	Stoutsville, Marlynn (001-03351)	\$30.00	
001-15872-001	8/3/2006		Krum, Carolyn (001-00127)	Gwinn, Maggie (001-03743)	\$26.75	Best Wishes
001-15911-002	8/4/2006		Peach, Lynn (001-03748)	Gwinn, Maggie (001-03743)	\$20.33	Bread & Butter Plate
001-17221-001	10/25/2006		Marthaville, Carol (001-02985)	Marthaville, Carol (001-02985)	\$200.00	
001-17862-001	12/2/2006		Bevinsville, Bud (001-00798)	Pedro, Barbara (001-03940)	\$200.00	
001-18354-001	12/19/2006		Sweetser, Chiquitia (001-04099)	Ducor, Mary (001-01231)	\$25.00	
001-18482-001	12/21/2006		Vance, Regina (001-02847)	Redding, Amanda (001-04112)	\$50.00	Merry Christmas
001-18482-002	12/21/2006		Vance, Regina (001-02847)	Ganyowen, Paul (001-04113)	\$50.00	Merry Christmas
001-18500-004	12/21/2006		Glenshaw, Beverly (001-01061)	New, Zach (001-02420)	\$70.62	1 Christmas 3pc place Setting

Sorry, you have to get out your calculator and add up the "Amt" column.

The total of outstanding gift certificates and cards in the Edge is \$1721.04.

The list of gift certificates report won't have a total **but if you click on PRINT LIST** (it's on the bottom right) it will add them up for you on the next window:



001-18482-001	12/21/2006	Vance, Regina (001-02847)	Redding, Amanda (001-04112)	\$50.00
001-18482-002	12/21/2006	Vance, Regina (001-02847)	Garryowen, Paul (001-04113)	\$50.00
001-18500-004	12/21/2006	Glenshaw, Beverly (001-01061)	New, Zach (001-02420)	\$70.62
18				\$1,721.04

Note: This is not a report, it is a simple printout of an on-screen list. Column totals are simply sums of the columns. These sums are only as meaningful as the column data.

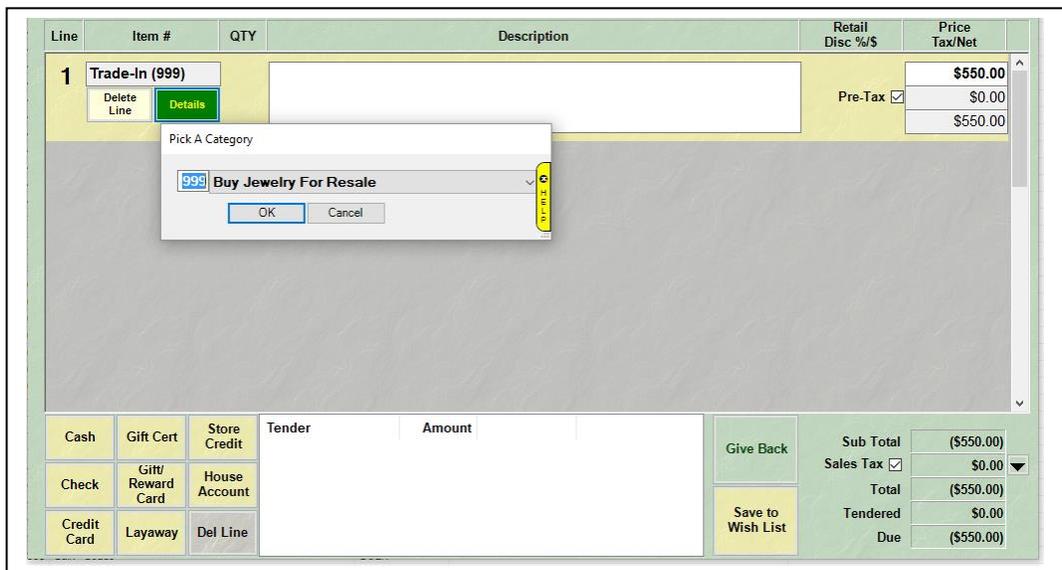


Write this total down on your pad.

What you should know about the “Trade-Buy” button on the POS screen.

A. Using it in way #1

1. The purpose of this button is purchase from retail customers their jewelry for resale. Some stores use it to buy scrap gold and this is an incorrect way of performing this action.
2. Why? Because using this button, when you export to QuickBooks it will send the cost of what you bought at the POS screen to “13000-Stock & Special Order Inv” in QuickBooks.
3. Edge assumes you will keep the item in Edge, change or add the item into the correct category, mark it up, print a tag and resell it.
4. You’ll know it works this way if when you use it there is a category at POS for you to choose. It might be called anything including “items bought”, “scrap bought” or you might have chosen the correct category right there when you bought it. The Edge program would be setup for you in a way to put what you bought into inventory.
5. **This is one big reason why inventory in Edge does not match QuickBooks!**
6. Would look like this:



Line	Item #	QTY	Description	Retail Disc %/\$	Price Tax/Net
1	Trade-In (999)			Pre-Tax <input checked="" type="checkbox"/>	\$550.00
					\$0.00
					\$550.00

Pick A Category

999 Buy Jewelry For Resale

OK Cancel

Cash	Gift Cert	Store Credit	Tender	Amount		Give Back	Sub Total	(\$550.00)
Check	Gift/Reward Card	House Account				Save to Wish List	Sales Tax <input checked="" type="checkbox"/>	\$0.00
Credit Card	Layaway	Del Line					Total	(\$550.00)
							Tendered	\$0.00
							Due	(\$550.00)

A. Using it in way #2

1. If the Edge is *not setup to items you buy through "Trade/Buy"* the Edge **STILL SENDS the cost of what you bought to QuickBooks inventory**. Even though you may not have entered it in the Edge (you may have bought it as stock using trade buy).
2. This is why I make stores a Misc Sale: "Buy Scrap Gold". Then when exporting the amount can be sent to "Scrap Gold COG" in QuickBooks and not stock inventory.
3. Again this is a big reason why inventory levels in the two programs don't match.

Adjusting each account:

Inventory Asset or Inventory Edge (and possibly the "Inventory QB" account-which I don't use.)

When the Edge first started with QuickBooks integration they made several inventory accounts. Typically it looked like this and if I have set you up in recent years you may not have all of these accounts. I have added by comment below. This is the time to adjust these year end numbers.

NOTE: If I setup your QuickBooks for the Edge you don't have these problems and can scroll down to Page 23!

INVENTORY	(This is the master account header)
Inventory Edge	(Total inventory you own in Edge)
Inventory QB	(Edge said to enter bills here and the Edge when exporting will move what you entered into the top "Inventory Edge" account. I have since not used this account, it never balances.)
Return to Vendor	(When you click on "Return To vendor" inside of the Edge, edge moves that amount out of Inventory Edge and into this account. The bookkeeper is supposed to issue credits from <i>this</i> account. I no longer use it at all and have the bookkeeper issue credits from Inventory Edge).
Inventory Assembly/Disassembly	(When you assemble or disassemble 2 or more items the Edge moves that amount from Inventory Edge into this account. I no longer use this account, its not needed)
Inventory Scrap	(When you go inside of the Edge and SCRAP a piece of inventory, the Edge moves the cost from Inventory Edge to Inventory scrap. I still use this and if an amount is in there you should journal entry and move that scrap into the Scrap Gold Cost of Goods account.

I now have only 1 inventory account and that is owned inventory:

13000-Stock & Special Order Inv W/Sku's Other Current Asset

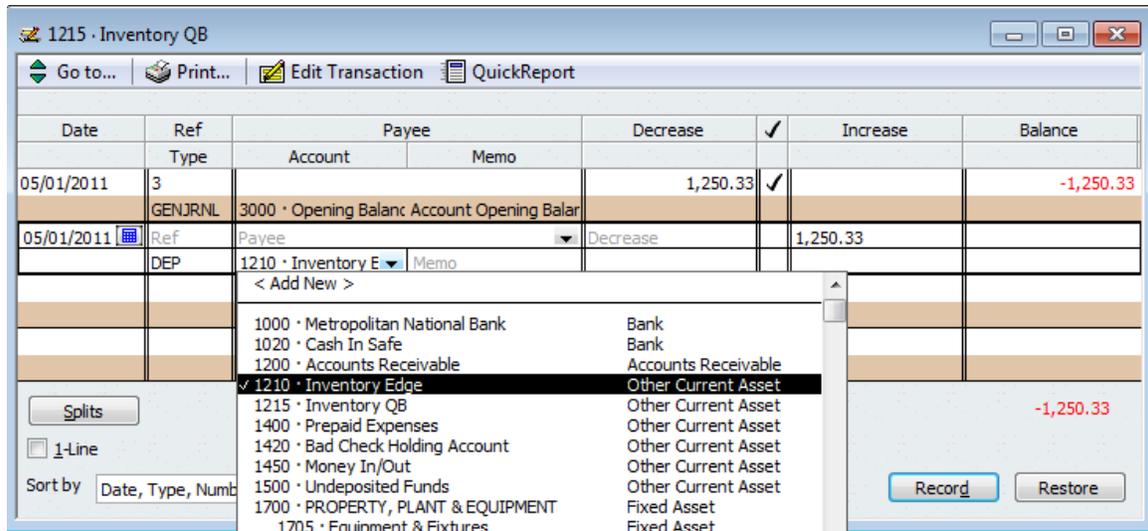
I now tell the Edge program to send "Inventory Scrap " (scrapped inventory) from the Edge directly to Scrap Gold & Diamond Buys Cost of Goods account. Contact me if you'd like me to set these accounts up for you my way (if I haven't done it for you already).

NOTE: If I setup your QuickBooks for the Edge you don't have these problems and can scroll down to Page 23!

If still setup the old way you'll probably see an amount of money in these accounts and usually they are negative which they should not be.

Inventory QB || Return to vendor || Inventory Assembly/Disassembly accounts. First thing to do is to zero out these accounts to the **"13000-Stock & Special Order Inv W/Sku's"** account. Easy to do. Double click on the "Inventory QB" account and type in the balance you see at the right into the Decrease or Increase column. On the account field find "Inventory Edge" and save it to empty this account. If you really do use the "Return to vendor" account don't zero this one out to the Inventory Edge if you **really** have some credits coming in. Check and be sure this amount is correct. if it says you have \$50,000 in credits and you know you really only have \$35,000 then send \$15,000 (difference) to Inventory Edge to make this account balance.

If the balance is a positive number, type it in the "Decrease" column and if it's a negative number (as shown here) type it in the "Increase" column.



Now its zeroed out and the amount (doesn't matter if negative or positive) is in the "Inventory Edge" account:

Name	Type	Balance Total	Attach
1020 · Cash In Safe	Bank	0.00	
1200 · Accounts Receivable	Accounts Receivable	0.00	
1210 · Inventory Edge	Other Current Asset	124,002.07	
1215 · Inventory QB	Other Current Asset	0.00	
1400 · Prepaid Expenses	Other Current Asset	0.00	
1420 · Bad Check Holding Account	Other Current Asset	0.00	
1450 · Money In/Out	Other Current Asset	0.00	
1500 · Undeposited Funds	Other Current Asset	0.00	
1700 · PROPERTY, PLANT & EQUIPMENT	Fixed Asset		
1705 · Equipment & Fixtures	Fixed Asset		
1710 · Shop Equipment	Fixed Asset		

Inventory QB is now empty, \$\$'s sent to Inventory Edge

You should be doing this with all of these accounts below, if you have them. Zero out to Inventory Edge.
(Never use the MAIN capitalized account)

- Inventory QB
- Return to Vendor
- Inventory Assembly/Disassembly

So now you should have ONLY Inventory Edge with a number in the chart of account list. Now we need to make the QuickBooks inventory level match The edge in these accounts from the report:

Inventory Type 'Special Order'	31	1,771	2,401.53
Inventory Type 'Stock'	1,456	2,024	240,065.88
Inventory Type 'Trade'	1	61	400.00

Showcase/Special Order inventory equals \$242,867.21

Just like on the previous page, double click and open the Inventory Edge account and in the Increase or Decrease column enter an amount to make it match edge.

On the next line, account field find either the 3010-Balance Adjustment Needed equity account or if there is not one, use the 3000-Opening Balance Equity Account. Always type in the “memo” field your initials and why you did this. Typically “To match Edge end of year numbers”.

Date	Ref	Payee	Decrease	Increase	Balance
01/01/2011	2			125,652.00	125,652.00
	DEP	3010 · Balance Adjustment Requir Deposit			
05/01/2011	4		1,250.33		124,401.67
	DEP	1215 · Inventory QB			
06/01/2011	2	Stuller Settings		1,250.63	125,652.30
	DEP	3010 · Balance Adjustment Requir Deposit			
07/25/2011	2		1,650.23		124,002.07
	GENRJNL	5005 · Showcase-Spec Order COC			
12/12/2011	4	Payee	Decrease	118,865.14	242,867.21
	DEP	3010 · Balance Adjustment ...	To Match The Edge DSG		
12/12/2011					242,867.21

Choose the 3010 account (or Opening balance equity Account)

This number makes the balance match the Edge's inventory level.

Continue here

FIXING STORE CREDITS:

You'll be doing the same thing to fix Store Credits. The Edge will make in and out entries in QuickBooks for you as you make new store credits in QuickBooks and you use them up when customers do purchases in the future.

But you have to make sure the numbers in QuickBooks are correct.

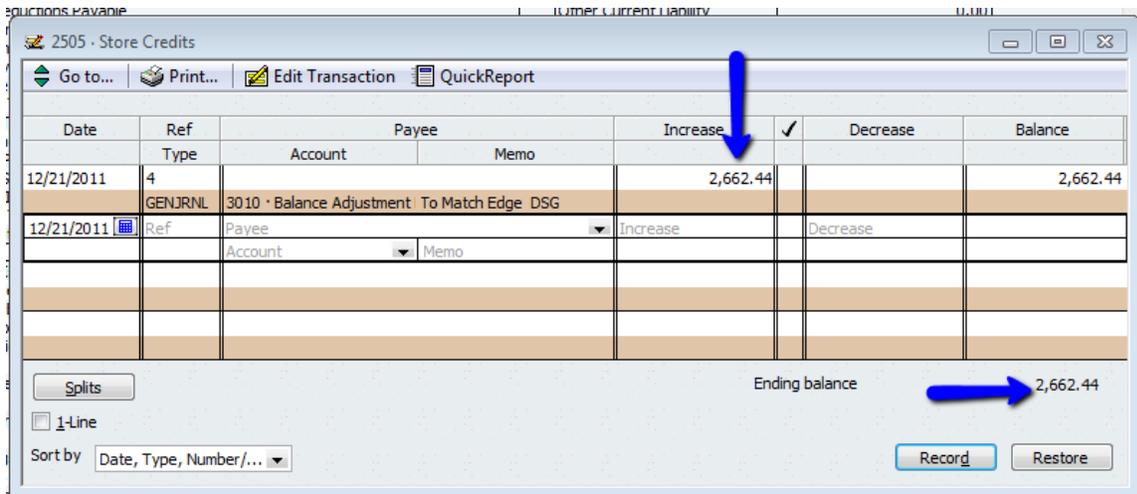
In The Edge report there were now dates to set to get a report for the past so you have to do this darn close to New Years Eve to get an accurate number. You can't ask The Edge in March "Hey! How much did we have in Store Credits on January 1st?" Sorry.

THIS IS WHY THIS REPORT SHOULD BE RUN BEFORE NEW YEARS EVE!

Being you have the total of store credits again go to the Chart of Accounts in QB (Control+A) and find "Store Credits".

Adjusting Store Credits in QuickBooks

Find the "Other Current Liability" account **Store Credits**. Double click on the account to open it up. The picture below never had a number in but type in a number in the **Increase or Decrease** column to make the ending balance equal to the Edge. In our example we had Store Credits of \$2,662.44.



IN QuickBooks when we make the adjustment we *COMBINE* Store Credits and Tender Cards total from the Edge and adjust one single account in QuickBooks.

Adjusting Store Charges in QuickBooks

Find the "Other Current Asset" account **Store Charges**. Store Charges in QuickBooks is the same thing as accounts receivable in The Edge. Double click on the account to open it up. The picture below never had a number in but type in a number in the **Increase or**

Decrease column to make the ending balance equal to the Edge. In our example we had Store Charges of \$513.60.

The screenshot shows the '1550 - Store Charges' window. A table with columns: Date, Ref, Payee, Memo, Decrease, Increase, and Balance. The first row shows a decrease of 125.36 on 08/08/2011. The second row shows an increase of 638.96 on 12/21/2011, resulting in a balance of 513.60. A third row shows a decrease of 513.60 on 12/21/2011, also resulting in a balance of 513.60. Annotations include: 'Notice that this account was a negative when we opened it.' pointing to the first row; 'By "adding" \$638.96 to the "Increase column" we were able to make the Balance match the Edge's of \$513.60.' pointing to the second row.

Date	Ref	Payee	Memo	Decrease	Increase	Balance
08/08/2011	5	POS Customer		125.36		-125.36
	GENJRNL	1200 · Accounts Recei				
12/21/2011	6				638.96	513.60
	DEP	3010 · Balance Adjust To Match Edge	DSG			
12/21/2011	Ref	Payee		Decrease	Increase	
Ending balance						513.60

Adjusting Gift Certificates or Gift Cards in QuickBooks:

Find the “Other Current Liability” account **Gift Certificates** in QuickBooks. An important reminder, this is a big screw up area. Gift Certificates are SOLD to customers not GIVEN to customers. If you give out \$100 gift cards to customers in “hopes” of them coming in and using them against a sale, then that's nothing more than a discount coupon, like a Val-Pak. This account is when you SELL a gift certificate to someone so they can give it as a present. Double click on the account to open it up and add to the Increase or Decrease column to add an amount to make “Balance” the same as Edge.

The screenshot shows the '2510 - Gift Certificates Issued' window. A table with columns: Date, Ref, Payee, Memo, Increase, Decrease, and Balance. The first row shows an increase of 1,721.64 on 12/21/2011. The second row shows a decrease of 1,721.64 on 12/21/2011, resulting in a balance of 1,721.64. The ending balance is also 1,721.64.

Date	Ref	Payee	Memo	Increase	Decrease	Balance
12/21/2011	8	Payee		1,721.64		1,721.64
	GENJRNL	3010 · Balance ...	to Match The Edge ...		Decrease	
12/21/2011						
Ending balance						1,721.64

Now your accounts all match The Edge. Congrats!

Understanding what we are planning to do:

Getting a correct set of books has some advantages and some requirements:

Requirements

Your accountant wants and needs correct financial information.

The U.S. Government requires it so you can file a legal and accurate tax return.

Advantages:

Once you learn how to look at and read your financial statements (Profit & Loss Statement, Balance Sheet, Accounts Payables) you'll be better able to run your store more profitably and with less stress.

Accounting is not one sided. If you write a check for rent two things occur:

1. Bank account balance decreases because of the check written.
2. Rent expense increases because a check was written for rent.

If you buy a new laser welding machine two things occur:

1. Your Fixed Asset account "Equipment, furniture & fixtures" increases by the whole cost of the laser machine and has nothing to do with whether you paid for it in full or not.
2. If you borrowed the money to buy the laser than "Long term liability account for the bank loan increased.

So when we adjust our inventory levels, store credits and such usually no one knows where the money or numbers cam from or the original numbers were never entered into QuickBooks. So in QuickBooks we put all of these numbers into a temporary holding account that doesn't affect the profit & Loss statement but does affect the balance sheet. These numbers are in one of the two "holding accounts". Either the:

1. 30000-Open Balance Equity Account (A QuickBooks account)
2. 30100-Balance Adjustment Needed account (A David Geller account)

Your numbers could be different, its unimportant. After the numbers are adjusted your Adjustment Equity account will have a balance in it.

Your accountant will then decide how to zero out the Balance Adjustment Equity account. Sadly I find many accountants never adjust the stores books so I zero out this equity account to

1. Retained Earnings, or
2. Owner's Equity

Because you are making individual entries in the accounts and the opposite entry will show up in the 30000 or 30100 account the accountant will be able to see your entries in detail.

Now that we've written these numbers down, lets get started.

Now in QuickBooks all of "fixed accounts" numbers have ended up in the "Opening Balance Equity Account of the David Geller "Balance Adjustment Needed account". Both serve the same purpose. See next page.

Find the Equity Account, double click and open it up to see what you've done:

Below you can see on Dec 21st ALL of the entries were made. Some increased and some decreased this equity account. Your accountant can see what accounts were adjusted. If he/she wants to change to a different account other than the Equity account, they can.
 If your accountant fixes your QuickBooks file after doing your tax return then they will need to zero out this account.
 On the other hand if your accountant only requets a copy of your QuickBooks file or profit and loss and balance shsets you can zero this account out to either "Retained Earnings" if you're a Corporation or "Owner's Equity" if you're not. See picture attached below this one.

Date	Type	Account	Amount	Balance
12/21/2011	4	DEP 1210 · Inventory Edge	118,865.14	244,517.44
12/21/2011	6	DEP 1550 · Store Charges	638.96	245,156.40
12/21/2011	4	GENJRNL 2505 · Store Credits		242,493.96
12/21/2011	6	GENJRNL 2500 · Customer Deposits		234,692.35
12/21/2011	8	GENJRNL 2510 · Gift Certificates Issued		232,970.71
12/21/2011		Ending balance		232,970.71

This is important. The balance, whether a negative or positive is the amount of mistakes that have been made in QuickBooks. This can come from:

- The Edge has "some" problems.
- Beginning balances for these accounts mentioned were **never corrected** in QuickBooks
- Store credits and deposits were never really verified in The Edge.
- Bookkeeper puts bills in that are inventory as cost of goods sold (incorrect).
- Extra money goes into "Sales" but there's no record in Edge.
- Staff does things wrong in The Edge.
- The owner adjusts inventory levels & cost of goods in QuickBooks to save taxes.
- Plus anything else you can think of.

So in the equity account is the sum total of the mistakes. These mistakes could be for this year or over **many years of mistakes**.

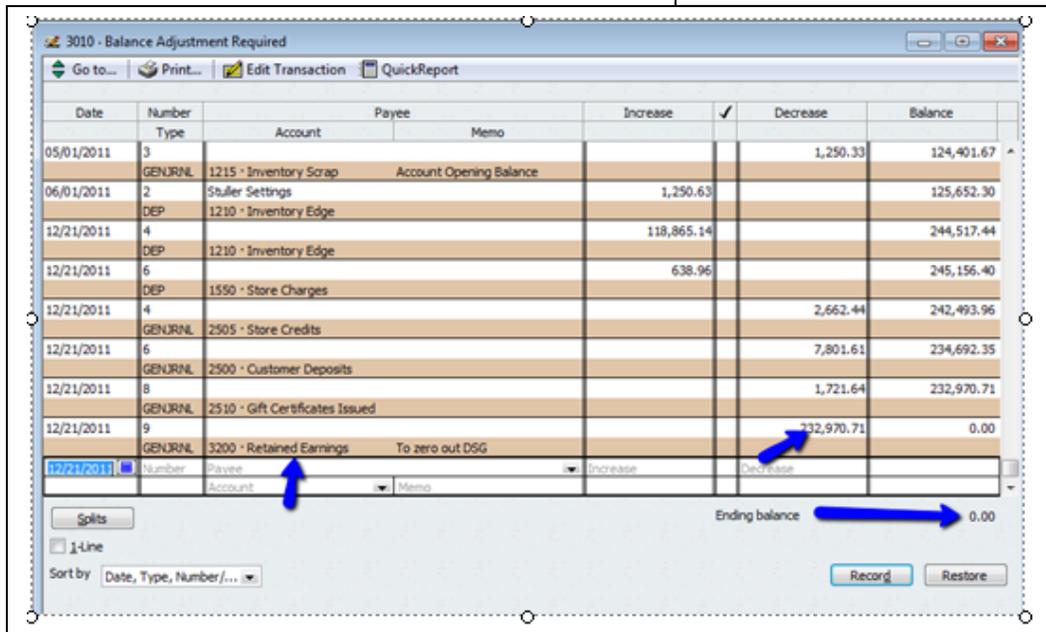
This account should be "zero" at year end. No balance in it.

If your accountant takes your QuickBooks numbers, does your tax return and **does not** tell you to adjust the numbers in QuickBooks to match the tax return I would suggest zeroing out this account to retained Earnings or Owners Equity, whichever is in your QuickBooks.

To zero out this account, open up the equity account in the chart of accounts. Enter on a blank line and type in the "Ending balance" number in the bottom right hand corner of the account in either the Increase or Decrease column and chose on the account line either Retained Earnings or Owner's Equity. When you do you'll get

This warning message, just click "OK".

The Equity Account will now be zero.
Remember only do this if your accountant **does not** adjust your QuickBooks file at year end.



If your accountant **does adjust your QuickBooks file** after doing your tax return then you cannot zero this equity account to Retained Earnings or Owners Equity. That's because these two accounts are "calculated" and are shown each year on your tax return as an ongoing number and in QuickBooks on your Balance Sheet.

So if your accountant adjusts the numbers in your QuickBooks file the only thing you can adjust is the Profit & Loss Statement.

If the Equity account is a negative number you will zero this out to an expense account. This will in effect lower your taxable income (and less income tax paid).

If the equity account is a positive number you'll zero this out to an income account. This will increase your taxable income and thus increase your income taxes.

If you go to your chart of accounts (Control+A) and go to the bottom you'll see in the 7000 and 8000 numbers:

Other Income (usually a "70000" number)
Other Expenses (usually an "80000" number)

To zero these out open up the Opening Balance Equity account of the David Geller account "Balance Adjustment Needed" account. Type the total balance number in the appropriate column.

If it's a positive number type it in the "decrease" column.
If it's a negative number type it in the "increase" column.

Below is a worksheet you can print out and handwrite in your Edge totals so you can adjust your year end numbers to be accurate.

Here's the totals you should have written down on your pad and you can write them all here on this page if you like:

If after reading this pamphlet you need some questions answered email me at:
David@JewelerProfit.com

If you'd rather have me do all of this for you I can connect directly to your computer though the internet and run these report, enter the numbers and look for any other problems along your way. There's an hourly fee charged to your credit card. There's only a charge when I connect, no charge for email or phone questions.

Connecting can also help you understand and learn the proper bookkeeping methods to help keep your "system" running smooth all year long and keep you from having year end surprises.

By the way when you do your inventory count (usually in January, depends when your year end comes up) the easiest way is to use your bar code scanner and the Edge will tell you what items have **not been counted**. This is essentially the same thing as saying these items:

- Were sold without using the Edge
- Returned to vendor and no one told that fact to The Edge software
- Taken apart and remade and not one told The Edge
- Stolen
- Just plain missing

I want you to **immediately** go to the Edge, find each one and click "supervisor" button and click "missing". Also print a copy of those missing items and keep it handy. It must be done immediately, a few days later at the most. Why? The report in the Edge becomes less accurate as time passes. I've had stores wait 90 days and the report is not the same as the report pulled on the original day. Selling items, return to vendor, buying items makes this report harder to work with. So mark them missing immediately!

You might say "but we'll find them, many are sitting on someone's desk". That might be true but its so easy **later** if you find the item, go into the Edge, edit that item and click "not missing" and it puts it back into inventory.

If you export to QuickBooks, after marking items as missing, Edge will pull that dollar amount out of inventory and send it to an expense account called "Missing Inventory". These items are written off. if your year ends in December and you do this in January you'll need to back date in QuickBooks the missing amount back to December for tax purposes.

If your accountant helps you with this please don't let them send the missing inventory amount to any of our cost of goods accounts. That will ruin the numbers for next years "Year End Report Fixes". if the cpa demands that going to a cost of goods account just make a new cost of goods account and call it "Inventory Adjustment.

One more important point to the bookkeeper: Many of the Edge reports don't have a date box. So you can't on January 16th ask the Edge "What was so and so level on December 31st".

So in December **run these reports I listed in the Edge and write down the numbers or print them.** You can then do your work in January in QuickBooks. I'd run them all but do know that the inventory on hand report can have a date in the past and taking inventory is always done after the first of the year. But deposits and some credits can't be back dated so make your life easy and run these reports before going out to party for New Years Eve!

I hope this has helped you, need any help please let me know and I hope you had a terrific year!

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Hours: 9:30 to 5:30, est