

**Correcting year end amounts in QuickBooks  
To match with  
The Edge**

**For the year ending December 31, 2020**

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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 detailed and should be easy to follow. David Geller

**Reports to run to get sales, cost of goods, sales tax collected, customer deposits, Tender cards, Store Credits to match your QuickBooks numbers so you can give a copy to your CPA to do taxes but more importantly for you to analyze your business.**

In QuickBooks we look at **BIG PICTURE** overview of the business. Infinite detail in an area is looked at in the Edge Program.

I will assume a **large portion of people reding this post export from Edge to QuickBooks; if you're not connected by exporting you can STILL DO this with end of year journal entries, which is how we will correct mistakes anyway.**

So let's get started. My first suggestion is to:

1. Export from Edge to QuickBooks
2. Make a backup in QuickBooks just for safety sake.

**I help a lot of jewelers with this and can tell you if you can run these on the SERVER it will take less time and have a much lesser chance of crashing Edge because using too much memory.**

If you export from The Edge to QuickBooks then you'll need to export before running these reports. This will get your numbers more in sync. If you hand enter your QuickBooks number's this paper is the same for you. In addition, you need to have everything entered in both programs. This means that all inventories should be entered into the Edge and those bills for that inventory needs to be entered into QuickBooks. If invoices are not all entered in QuickBooks yet just keep on. It all comes out in the wash.

Also you should have taken inventory already and if not do that before starting. Last few pages explain about taking inventory in the Edge and at the end of taking inventory in Edge you must have clicked **"FINISH" to make it work correctly.**

Examples why your inventory in Edge may not match your numbers in QuickBooks.

Example: If you have 3 vendors 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. Also maybe someone changed Memo inventory on an item to Stock. Let's just get things straight, shall we?

#### **IMPORTANT NOTE ABOUT THE DAILY ACTIVITY REPORT:**

Many Edge users get this report confused with "accounting numbers" and QuickBooks numbers.

Do not compare numbers you see in the Daily Activity Report with anything in QuickBooks. You might think this odd, but the Daily Activity Report is **not exported to QuickBooks by The Edge** and it is not a true and accurate number. It's just an "overview" of activity for you for the day

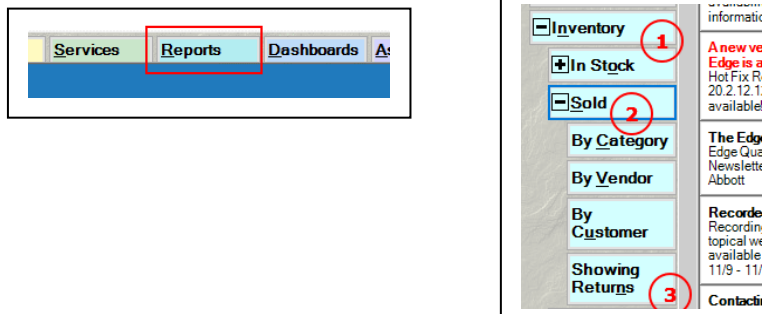
Why is it not accurate? Lots of reasons but first and foremost it doesn't show the cost of goods. Next the "goods" section doesn't match the "Net Cogs" report which is what the Edge sends to QuickBooks. Misc Sales don't match and some Misc sales are negative numbers, like discounts and buying gold (which is not a negative sale at all).

### **So do not compare QuickBooks to the Daily Activity report.**

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

On your Profit & Loss Statement product sales in QuickBooks amounts (without shop sales/appraisals/gold refiners check) should match The Edge. First run an Inventory Sold report in Edge, see below for boxes to click. I have shown "This Year" for dates sold but you can use whatever you need. I am using a demo database with older dates but for the date range, assuming you are doing these reports in 2021 you'll click on date range and choose "Last Year"

In Edge go to the TOP blue "Reports" tab, on left click on plus sign for "Inventory" then click on plus sign for **Sold** then click on "Showing Returns".



Next is to configure each tab to be correct

#### **1. General tab (on top left)**

Make sure **all** of the white boxes are blank.

#### **2. "Type & Status" tab**

Click all of the boxes I've show here and on Dates Sold click "Last Year". Edge will make it January 1 2020 through December 31, 2020.

We will run a separate same report for memo & consignment. Underneath "Built" are more

choices. “Joined” is if you “joined” a diamond pendant with a chain at the point of sale and it’s a layaway and has not been picked up yet. Somewhat the same as if you assembled it but **joined** is used “on the fly”.

“Live Model” are items that are real but we Special Order more than we sell from the case. An example is stocking enameled 18kt rings with the enamel around the whole wedding ring. Can’t be sized but if the lady wears the size in the case **SOLD**.



Don’t click **Faux Models**. These are sterling silver & CZ mod. You don’t sell these from the case and we write them off in Q. them

These next 3 tabs should be blank, I usually find they are>.

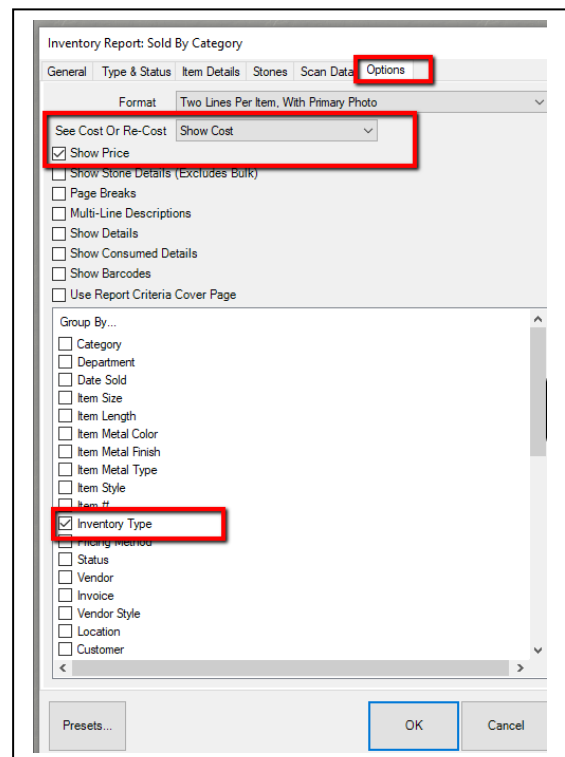


Now we come to the **Options** tab.

These are the **ONLY** boxes to **check**.

Now click “OK” to run the report

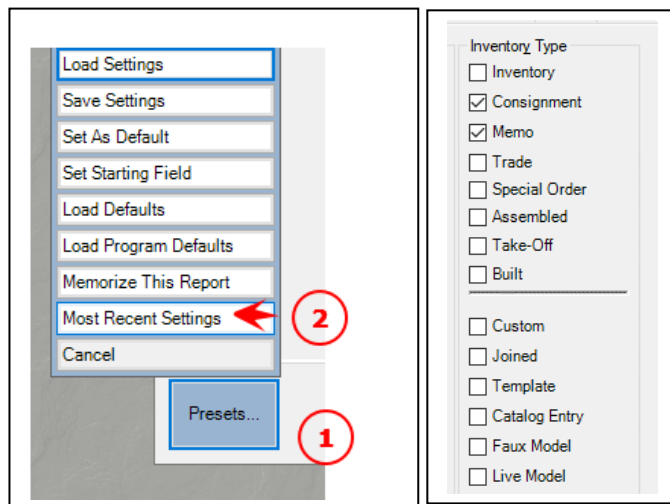
**NOTE:** On the last page of this report, I have a page I use to write these numbers on a single sheet of paper. You’ll find it very helpful and you can give it to the CPA as well to show where you got the numbers. Print the last page now.



Now we need just the Memo & Consignment Sales. Pull up the same report “Showing Returns” report. A FAST TIP to refill the fields is in The Edge is to go to the bottom left of the report and click on “Presets” box.

This will save you time and all you have to do is

- a) Uncheck all inventory types and
- b) Check just Memo & Consignment



**You'll now have two report totals:**

1. Sale of items you owned.
2. Sale of items you didn't own (Memo & Consignment)
3. The reason we run these two reports are because your QuickBooks product sales are separated this way.

Type	Description	Count	Age	Cost	Price	Margin
Inventory Type 'Special Order'		358	323	128,249.39	307,507.37	58.29
Inventory Type 'Stock'		6,267	220	668,147.16	1,522,773.84	56.12
Inventory Type 'Trade'		49	749	46,327.14	97,154.50	52.32
Grand Total...		6,674	231	842,723.69	1,927,435.71	56.28

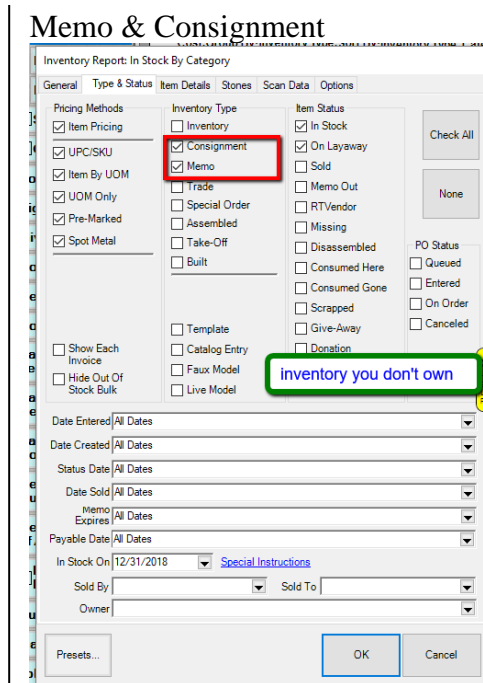
Type	Description	Count	Age	Cost	Price	Margin
Inventory Type 'Consignment'		1	-174	3,024.05	6,799.00	55.52
Inventory Type 'Memo'		54	338	179,290.93	315,419.68	43.16
Grand Total...		55	330	182,314.98	322,218.68	43.42

Now we need to run a report of how much inventory was in the store on the last day of 2020, again by items we **OWN** and items **WE DON'T OWN**.

Go to the report tab

1. Inventory
2. In Stock
3. By Category

Setup this way. By the way "Layaway" is checked because its yours, not sold until paid in full.



When you run both reports you'll get the totals

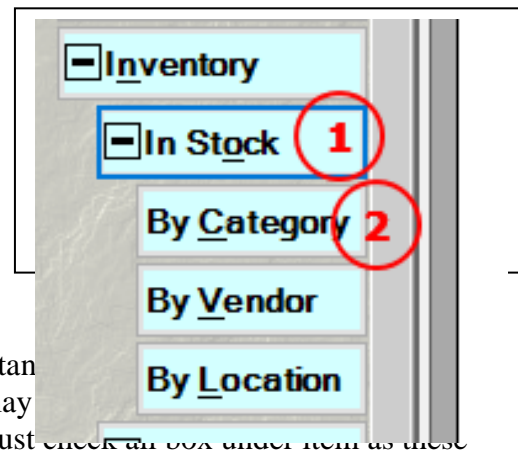
**Inventory on hand reports in Edge are to fix Stock & Special Order Inventory on the balance sheet.**

**It will also adjust our Memo Inventory account and Memo Contra account also on the balance sheet.**

We now need to run a report **for INVENTORY IN THE STORE ON THE LAST DAY OF THE YEAR**. We will run it again by inventory we own and inventory we don't own (Memo & Consignment)

Again we go to the same blue reports tab and click on "Inventory>In Stock>By Category.

Once open again make sure  
*General/Item Details/Stones/Scan Data*  
are all blank.



This next step on Item Status tab at top is important just this way, especially the **ITEM** column. It may for inventory not today but **LAST YEAR** we must check all box under item as these items since December 31<sup>st</sup> going forward could have be marked Returned to vendor/consumed in a job/scrapped/marked missing/etc.

This will tell us cost of inventory we owned as of midnight December 31<sup>st</sup>, 2020

Now click the options tab  
this way

Here's the total cost of inventory owned. I do like to see the departments of the inventory we own.

[Status]			
Inventory Type 'Special Order'	20	1,263	9,359.38
Inventory Type 'P'?	1	7,389	9.75
Inventory Type 'Stock'	7,742	1,655	1,390,256.19
Inventory Type 'Trade'	128	2,061	185,173.83
<b>Grand Total...</b>	<b>7,891</b>	<b>1,664</b>	<b>1,584,799.15</b>

Again we now need to run a report of items we do not own **Memo & Consignment**.

Pull up the same report as above and again click on the **Presets** bottom left box and click on "Most Recent Settings" and this time the **ONLY** inventory boxes under the inventory type middle column is **Memo & Consignment**. Leave all of the other columns the same and click **OK**.

Inventory Type

☐ Inventory

☒ Consignment

☒ Memo

☐ Trade

☐ Special Order

☐ Assembled

☐ Take-Off

☐ Built

---

☐ Custom

☐ Joined

☐ Template

☐ Catalog Entry

☐ Faux Model

☐ Live Model

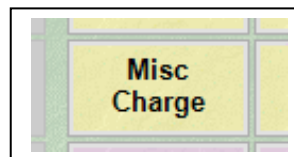
This is the report you will get

ie; Sort By: Inventory Type, Category, Department, Item Size, Item Length;

Type	Description	Count	Age	Cost	Price
[Status]					
Inventory Type 'Consignment'		1	2,658		568.83
Inventory Type 'Memo'		54	1,666		177,986.54
<b>Grand Total...</b>		<b>55</b>	<b>1,684</b>		<b>178,555.37</b>

Now we get into **MISCELLANEOUS SALES**

These are sales from the Edge that don't have a place to put any cost. You make these sales using the Misc Charge button in POS screen when you sell something.



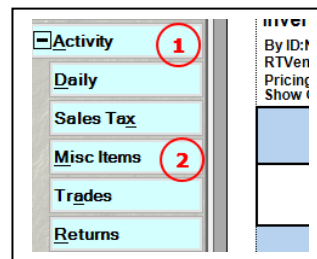
There is a lot of confusion on this button and what each means. Some of these are indeed sales:

- Misc Bulk
- Repair
- Watch Batteries
- Shipping
- Discounts (these are actually negative sales, they lower sale)

Many other listed are not sales at all and do not go to **Sales/Income** in QuickBooks. Some good examples are:

- Buy Customers Scrap (these amounts probably go to “Buy Customers Scrap cost of goods, not sales)
- Buy Customers Jewelry (these maybe to buy their jewelry for resale and this may be sent in QuickBooks to Stock & Special Order Inventory on the balance sheet)
- Cash Out (I usually make this inactive, but it’s used when taking cash from the till at the register to pay for pizza; Office Depot, Stamps. These are not sales not cost of good and are **expenses.**)

To Run the Misc Sales report go again to the top blue menu **Reports** but now click on **Activity** and then **Misc Items**.



Then fill in the Sale Date as “Last Year” (2020) and just click “Misc Type” in the middle. I always uncheck “Use Report Criteria”, what a waste.

Here’s a report from my demo database. You need to “think about” what they are, here a “Thank You Gift Certificate” is actually a discount. This by the way is the incorrect way of dealing with Gift Certificates but if you have them, they should be mapped to QuickBooks as some type of discount.



Description		Amount
Item Type: Anniversary Gift Certificate	7	-700.00
Item Type: Birthday Gift Certificate	10	-950.00
Item Type: Buy Customer's Jewelry	17	-9,616.50
Item Type: Gold Sales	101	813,550.27
Item Type: Jewelry Repair	3	245.25
Item Type: Misc Non-Inventory Item	1	165.00
Item Type: Promotional Gift Certificate	17	-1,900.00
Item Type: Shipping	4	105.00
Item Type: Thank You Gift Certificate	2	-100.00
Item Type: Zerorez Gift Certificate	16	-1,388.01
Grand Total...	178	799,411.01

## The Last report To Run To Help Us With The Profit & Loss Statement SHOP SALES

1. Back to the top **REPORTS**
2. Bottom left **Job**
3. Near bottom: **Breakdown**

We have to run these 3 different ways to find out our shop sales divided by

1. Jewelry Repair
2. Watch Repairs
3. Custom Design

The first report I run is **Repairs** and this will include watch repairs which we will need to subtract from the total.

Click on Breakdown and make sure your tabs are clicked just this way.

- On the General tab click on “Job Type” so we can run just the repair sales without Custom.
- Once open uncheck Custom

The screenshot shows the 'Job Breakdown Report' window. On the left sidebar, the 'Job' menu item is circled with a red '1'. Below it, the 'Breakdown' menu item is circled with a red '2'. In the main window, the 'General' tab is selected. The 'Job Type' dropdown menu is circled with a red '3' and set to 'C, R'. Below the 'Job Type' dropdown, the 'Job Type' list is visible, with 'C Custom Job' circled with a red '4' and 'R Repair' checked. At the bottom of the window, there are buttons for 'Pick All', 'Pick None', 'OK', and 'Cancel'.

- After this click on the **Status/Dates** tab at the top.

All boxes must be just like this.  
Picked Up dates is last year, 2020.

Job Breakdown Report

General Status/Dates Report Options

Entered All Dates

Original ETA All Dates

Revised ETA All Dates

Complete Only Completed Jobs

When Completed All Dates

Picked Up Only Picked Up Jobs

When Picked Up Last Year (2020)

Canceled Canceled Or Not Jobs

Price Change All Dates

Any Change All Dates

Estimate Only Jobs And Estimates

Jeweler

Tasks Completed Completed And Incomplete Tasks

IMPORTANT: Must look exactly like this

Presets... OK Cancel

**Now click on the Options tab,**  
all boxes must be checked just like this

**Now you can check on OK** to  
run the report. This will be total  
repair sales including  
Watch Repairs.

Job Breakdown Report

General Status/Dates Report Options

☒ Show Price

☐ Show Cost

☒ Summary Only

☐ Page Breaks

☐ Multi-Line

Group/Sort By...

☐ Department

☐ Envelope #

☐ Job #

☐ Customer #

☐ Original ETA

☐ Current ETA

☐ When Completed

☐ When Picked Up Or Delivered

☐ Location

☐ Keyword 1

☐ Keywords 1-2

☐ Keywords 1-3

☐ Keywords 1-4

☐ Keywords 1-5

☐ Date Entered

☐ Primary Intake Associate

☐ Jeweler

☐ Task #

NOTHING check in this area

Presets... OK Cancel

This is what it will look like  
and total sales on right is all we need.

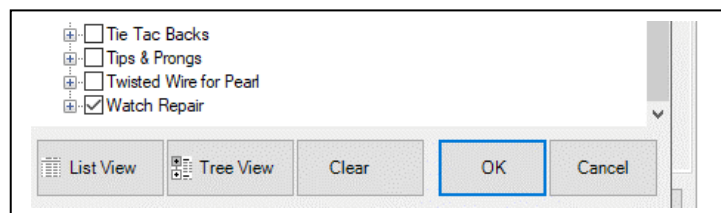
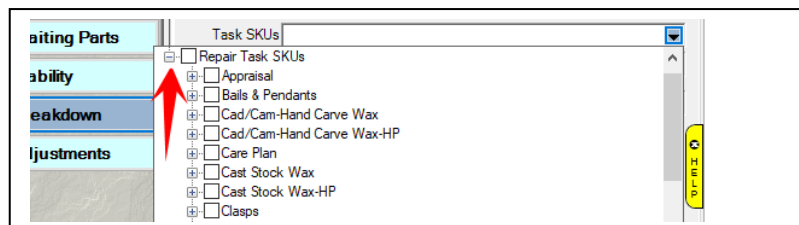
Price				
total	Parts	Labor	Other	Total
	68,706.75	71,282.80	1,340.03	141,329.58

You need to write this total down (use m  
that watch repair sales thus giving us **net**  
Total Shop Sales without custom:

\$141,329.58

Now let's run this report against just like we did but to filter to find watch repair sales. I will assume you have the Geller Book Download which separates watch repair sales. If you don't have your own sku for watch repairs follow this anyway.

1. Bring up the same "Breakdown" report
2. Click bottom left "Presets"
3. Click "Most Recent settings"
4. On the "General Tab" click the middle white box **Task SKUs**
5. Now scroll down to the bottom of this list and click on the check box next to **Watch Repair**. Click OK and run it



You'll get another report with a total of only watch repair on the right

Price					
Other	Total	Parts	Labor	Other	Total
	1,721.00				1,721.00

**Write this down & subtract it from the above Repair sales to get NET REPAIR SALES.**

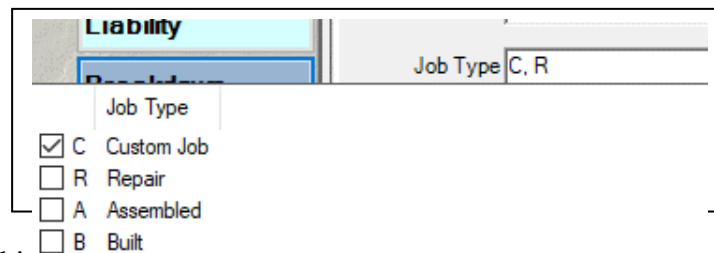
Total repair sales	\$141,329.58
Minus Watch repair sales	-\$1,721.00
<b>Net Jewelry repair sales</b>	<b>\$139,608.58</b>

Last sales report for the shop is **Custom Design Sales**.

Let's go back to **Breakdown** reports under **Jobs**

Again the **Status & dates** and the **Options** tabs should be like before.

The difference now is we go back to **General** tab, click on **JOB TYPE** and choose **CUSTOM**



Job Type C, R

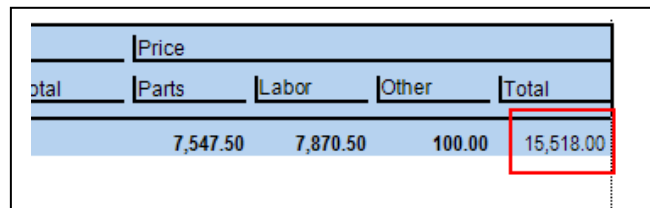
☒ C Custom Job

☐ R Repair

☐ A Assembled

☐ B Built

Click OK to run this



Price	Parts	Labor	Other	Total
7,547.50	7,870.50	100.00	15,518.00	

So after we write everything down we have these Shop Sales broken down to be able to correct/match QuickBooks Shop Sales

Total repair sales	\$141,329.58
1) Minus Watch repair sales	-\$1,721.00
2) <b>Net Jewelry repair sales</b>	<b>\$139,608.58</b>
3) <b>Custom Design Sales</b>	<b>\$15,518.00</b>

These are the only reports needed to correct the **Profit & Loss Statement**.

Now we need to run a few more Balance Sheet reports in The Edge. We already ran "Inventory On hand", which is our top Balance Sheet report.

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### **STORE CHARGES (Accounts Receivable)**

Store Charges report shows how much money customers owe us on accounts receivables. This is a sale in Edge and you allowed the customer to take the jewelry out of the store with the promise to pay you later after you mail them a statement.

**There is one BAD THING about this report.** The Edge doesn't have a place for a date range and therefore the longer you delay running this report the more out of date it will be if there is any activity on this during 2021. Run it as soon as possible after January 1<sup>st</sup>.

In the Edge go to TOP “Reports”, then on left choose customers, then choose “balances”. Notice as I said no date box. If someone charged something in 2021 or made a payment in 2021 you need to subtract this from the report when it pops up. Click OK at the bottom right of the screen.

Wish Lists Abbott

Top 'N'

By ZIP

By Acquisition

By Why In

**Balances**

Gift Card

On Account

House Account

+ Rewards

Layaways

Thank You

Customer Balances Re

Customer(s)

**Only these 3 boxes checked**

☒ Exclude CASH Customer

☐ Show Phone #

☐ Show Address

☐ All Balances to Primary Account

☐ Use Report Criteria Cover Page

☒ Include Colors On Report

Account Types

☒ House Account Balances

☐ Store Credit Balances

☐ Repair Balances

☐ Appraisal Balances

☐ Layaway Balances

This is your resulting report, bottom right is the total.

**Customer Balances Report**

1/3/2021  
Page 2 of 2

Customer	Account	Date Created	Last Activity	Balance
Tulsa, David (001-05338)	Store Charge	7/24/2010	7/29/2010	-147.90
Twin, Brandon (002-30872)	Store Charge	11/4/2011	9/4/2012	-39.41
Waldwick, Chris (002-32486)	Store Charge	5/25/2011	11/3/2012	-42.80
Wendell, Brad (001-00907)	Store Charge	10/14/2006	4/2/2015	5,729.18
Williston, Jamie (002-22573)	Store Charge	1/7/2011	1/7/2011	-927.50
Yachats, Bill (002-36730)	Store Charge	3/1/2013	3/1/2013	-2,851.55
<b>House Account Balances</b>				<b>28,292.33</b>
				<b>28,292.33</b>

Before we move on, I want to mention what I tell other stores when I see a Store Charge report like this. This is a demo report but notice the “Date Created” column? That’s the first charge and the “Last Activity” column is either the last time they made a payment or bought more items on open account. This becomes the money graveyard. If this was true **PEOPLE OWE YOU MONEY, GO AND COLLECT IT!**

Many times, I find the staff just misuses this store charge button. Clean this up, if they don’t owe you edit the customer, go to the Balances tab and zero it out.

## CUSTOMER DEPOSITS:

Start at the same menu on the left and choose “On Account”. This report DOES have a date range (yeah) so click open the **Activity Date**. Once open delete any date range in the “Min” box. In the “Max” box put 12/31/2020 with slashes and hit OK.

All of the other boxes should be checked per my picture and hit “OK” at bottom left.

Sale Number: [ ] Old Sale #: [ ]

Activity Date: On or before 12/31/2020

Sold To: [ ]

Sold By: [ ]

Store: [ ] Station: [ ]

Group/Sort By...

Field
<input type="checkbox"/> Month
<input type="checkbox"/> Date
<input type="checkbox"/> Customer
<input checked="" type="checkbox"/> Account Type
<input type="checkbox"/> Account #
<input type="checkbox"/> Year
<input type="checkbox"/> Assigned Ass...
<input type="checkbox"/> Last Transact...
<input type="checkbox"/> Last Merchan...

☐ Show Details

☐ Page Breaks

☒ Include Repairs

☒ Include Layaways

☒ Include Appraisals

☒ Include Special Orders

☒ Include Custom Jobs

☒ Include Gift Certificates

☒ Include Store Credit

☒ Include Memo Out

☐ Use Report Criteria Cover Page

☒ Include Colors On Report

OK Cancel

his is the report and some important notes:

1. You should have in QuickBooks in your Chart of Accounts most all of these accounts listed separately. Few people might have just a single account called “Customer Deposits”. If so then the bottom right, all in **BOLD** number is what you’d use. (Here \$453,239.20)
2. Everyone else will have most all of these.
3. In QuickBooks I only have a single shop deposits account that **combines the Repair and Custom Deposits into one combined account called “REPAIR & CUSTOM DEPOSITS”**.
4. Just add them together on the Edge report and use that in QuickBooks.
5. The same thing is to combine “Appraisal Deposits” with “Memo Out” deposits (if you have that).
6. It’s the last column on the right “On Account” that shows how much money we have on deposit from customers.

	Start			Activity			On Account
	Date	Amount	Deposit	Type	Date	Amt Due	
Appraisal		8,175.00	945.00		12/21/2014	1,935.00	5,160.00
Gift Certificate					4/1/2009	0.00	450.00
Layaway		422,221.87	79,019.63		12/22/2014	2,348.62	419,491.98
Memo Out		2,054.40	0.00		11/8/2014	444.40	0.00
Repair		6,051.32	1,143.52		12/29/2014	1,261.00	3,713.32
Special Order		1,253.69	0.00		7/5/2014	493.96	422.65
Store Credit					12/31/2014	0.00	24,001.25
<b>Grand Total</b>		<b>439,756.28</b>	<b>81,108.15</b>			<b>6,482.98</b>	<b>453,239.20</b>

represents the amount due only for transactions that result in an on-account balance reported. This is used on for reporting open balances.

- Store credits gets combined when I set up QuickBooks with “Tender Cards.” Tender Cards is called “Gift Card” in the same left menu. Open it up and change Sale Date to be like this:

- To run your report the window should look like this and hit OK.

- The last page will give you a negative number, ignore the negative just use THAT number, combine it with the previous reports “Store Credits” and use this one new total.
- Write all of these totals on the sheet I gave you on the last page to make life easier for you.

## SALES TAX FOR DECEMBER

Assuming you paid November’s sales tax then in 2021 you would have owed just for December and that would show up on the Balance Sheet as a debt you owe. If you paid December’s sales tax in January ignore that fact as it wasn’t paid in December. Let’s go back to **REPORTS & ACTIVITY>Sales Tax**

Goods+Services+Other	
Gross Sales	266,231.98
Taxable	241,336.67
Non-Taxable	24,895.31
Tax	16,910.61
	283,142.59

This is the  
only number  
we need

Write this number down on your sheet at the end of this document.



We are done. You might be asking about another report on the left **Rewards**. This doesn't come to QuickBooks as we never exchanged any money from the customer. It's nothing more than a future discount you gave.

Now we go into QuickBooks to make the Balance Sheet and Profit & Loss for 2020 match the Edge.

If you received a PPP and EIDL loan from SBA or a bank I will discuss that as well.

## QuickBooks:

Open QuickBooks and close all windows/reports/registers. Just have a blank number grey background desktop.

Open up a Profit & Loss statement and choose "last year" or type in the dates: 01/01/2020 to 12/31/2020. Once the reports come up before top left "Accrual" has a dot in it. Edge is an accrual program, not cash and QuickBooks should be as well.

We are going to use a journal entry to fix the books to match

Go in QuickBooks at **TOP: Company>Make General Journal Entry**.

Now have your form ready at the end of this report with your totals all ready. Also on the bottom of the form and is a tip to help you know which column to use to either increase your balances/sales or to lower them.

This is that in a colorful box, print just this page if you like.



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>

		<b>**BALANCE SHEET**</b>	
13000 - Inventory in Edge	25,225.05	812,240.56 (may have not entered bills into QB as of yet)	
13600 - Memo & Consignment Inv		1,603.52	70,135.70
13700 - Memo & Consign Contra	1,603.52		same
21200 - Layaway Deposits		743.41	16,948.93
21400 - Store Credits-Edge		0.10	8710.89
21500 - Special Order Deposits	1,541.24		4063.46
21600 - Repair & Custom Design Deposits		208.00	5431.28
21700 - Appraisal Deposits	205.00		1595.00
22000 - Sales Tax Payable	755.39		6488.52
26100 - Refunds Due-Chks/Buy Gold/CC's	439.51		should be added to deposits
31410 - Distributions		19,834.73	To zero out OWNERS DRAWS
31440 - Owner's Personal Expenses		14,405.45	To zero out OWNERS EXPENSES
31430 - Taxes Withheld		5,851.64	To zero out OWNERS TAXES
		<b>**PROFIT &amp; LOSS STATEMENT**</b>	
40100 - Showcase & Special Order Sales		2.00	399,526.94
50100 - Showcase & Special Order COG	2,986.01		207,510.33
40200 - Memo & Consignment Sales			13,107.18 YEAH!
50200 - Memo & Consignment COG			8703.00 YEAH!
40300 - Bulk & Misc Sales			19,637.44 YEAH!
45100 - Repair & Custom-Inside		500.00	ALL shop sales including batteries204,002.65
60000 - ADVERTISING & PROMOTION		2,729.00	to put into sub acct
18060 - Chase-1548		5,512.49	this is all owner's personal expenses
60950 - Networking Events	2,729.00		
66900 - Reconciliation Discrepancies		37,163.13	to distribute into approximate expenses accounts & owners exp...
64100 - Office Supplies	6,256.36		
60700 - Give-A-Ways/Promotions	3,219.18		
55100 - Findings/Mtgs/Gold/Stones	7,258.54		
61200 - Fuel	1,259.65		
62500 - Dues and Subscriptions	958.00		
65900 - Employee Meals-100%	1,950.00		
30100 - Balance Adjustment Needed	31,967.02		
30100 - Balance Adjustment Needed		17,529.90	to zero out to retained earnings
32000 - Retained Earnings	17,729.90		

(You may have an older file with 4 digit numbers and slightly different names)

At the top of the journal entry (not shown here) is a date box, it should be dated the last day of the year "12/31/2020". There is a journal NUMBER Box "entry No,"

I change it to be a number and if you numbered it with December 31<sup>st</sup> date that would be excellent, example: **12312020**

ATE 12/31/2020 ENTRY NO. 12312020

In the memo column I always type as you can see the numbers I saw in The Edge reports, you should as well. If I see a problem other than being an incorrect number, I might add an explanation.

Other important things to add:

Both the Profit & Loss Statement and Balance Sheet need to be run in **Accrual mode**. The Edge is an accrual POS system and your QuickBooks reports need to be that way. If your CPA wants a cash mode, let them do that on their end. Yours **must be accrual**. Easy to click and make sure.

Customize Report Comment on Rep

Dates Last Fiscal Year

Report Basis: ☒ Accrual ☐ Cash

If you have any amount in the “Edge Pass Through” account, it need to be zero’d out. One reason for this is if you have a duplicate deposit and there is a way to properly fix it but let’s save time and zero it out. In the far right hand column titled **Name**.

Choose the down arrow and put in the Edge’s POS name. If I helped you it starts with a year (i.e.2019; 2020), if the Edge company helped you it starts with “Edge POS Customer..” or “POS edge..)

When you add a row to correct sales tax it also needs a name, your state department of revenue usually, whomever you enter in QuickBooks when you pay monthly sales tax.

Here is an example of choosing a name in **NAME** field

ACCOUNT	DEBIT	CREDIT	MEMO	NAME
			To make Quickbooks match the edge 2...	
			**BALANCE SHEET*	
1200 - Edge Pass Through Account-Zero!		850.00	Should be zero always dsq	2019 Edge POS C...
1255 - Stock & Special Order Inv W/Sku	26,856.65	198,447.12		DEPARTMENT OF ...
1305 - Memo & Consignment Inventory		338,276.50	BOTH MATCH!	
2200 - Sales Tax Payable		2,981.51	17,280.56	
3040 - Owners Draws		75,000.00	zero out to retained Earnings	

The account numbers and names may be different. I know use 5 digit accounts and the QuickBooks Inventory account I now number and call 13000 Stock & Special Order Inv. It could be called as below “Edge Inventory”. It’s the account that you enter bills for stock and special orders.

As you choose in the first column the account name type in the **memo field** the number from Edge reports. Look at the on bottom of page 16 as to which column will lower or increase the balance in QuickBooks. As you keep going down your list, sometimes QuickBooks will put a total on a field you didn't expect, just erase and replace it as needed.

When you get down to the very bottom and have nothing else to add **AND** if during the year your "Balance Adjustment Needed" account (30100) has a balance in it or maybe it might be your "Opening Balance Equity Account" has a number in it, know we use this as a dumping account to total all of our mistakes. Here's where we need to make a decision. If it has a balance in it now, let's use it. So after entering you last account needed to correct your number on your keep board hit the down arrow until a number "pops up"



Then you'll get this and notice no account name on left

21400 - *Store Credits-Edge		1,526.32	14,256.32
21500 - *Repair & Custom D...	521.14		\$877.12
21600 - *Memo Out & Apprais...		25.00	\$25.00
	1,030.18		

If we are using the 30100 or other equity account called Balance Adjustment Required or Opening Balance Equity

I'd type that in the left blank account and put the remainder of our corrections there, like so:

ACCOUNT	DEBIT	CREDIT	MEMO
21400 - *Store Credits-Edge		1,526.32	14,256.32
21500 - *Repair & Custom D...	521.14		\$877.12
21600 - *Memo Out & Apprais...		25.00	\$25.00
30100 - Balance Adjustment ...	1,030.18		

Notice at the top of the screen is everything balances. If you click the down arrow on the control and delete buttons, this will delete a LINE only) and hit down arrow again.

You can leave this journal entry open after saving it as is and go back to REPORTS and bring up the Profit & Loss Statement and take a look. The numbers should match Edge numbers.

Now pull up a Balance Sheet, again all should be “A-OK” and also match. On the balance sheet go to the bottom and look at your “Balance Adjustment Need” equity account and/or the “Opening Balance Equity” account. They have a number in it and we need to most times to make this zero and let me explain where and why I place it in this account.

On your balance sheet go to the top and look at Fixed Assets and Accumulated depreciation. If these have numbers in them (usually large ones) this tells me your CPA adjust “some” of your books yearly. If it got really low numbers are zero/blank then the CPA does little if anything in QuickBooks.

PROPERTY AND EQUIPMENT		
Property		200,000
Factory Equipment		18,000
Office Equipment		7,000
Less Accumulated Depreciation		(12,000)
	<b>Total Fixed Assets</b>	<b>213,000</b>

I will assume your CPA doesn’t make everything in QuickBooks match the tax return. Sometimes after giving them your QuickBooks for end of the year they may not tell you make any adjusting entries in QuickBooks. We will move the balance of the “Balance Adjustment Account” into an equity account called either

- Retained Earnings or
- Owner’s Equity.

Both of these are an accumulation of the company’s total profits and losses over the life of the company and it usually never matches the tax return at all and that’s where I put these mistakes/problems.

Looking again at the last lines of the balance sheet, write down the amount in the Balance Adjustment Required or Opening Balance Equity account. Go to the TOP “Window” and click on the “make general journal entry” to get back to our final fix.

Add two more lines;

Chose the opening balance equity or balance adjustment required account for a new line. If these accounts mentioned just above are a **positive number** on the balance sheet type that number in the **debit** column. Hit the “down arrow” on this journal entry and the same number will be in the **credit** column for you. On the left account blank box choose either

- Retained Earnings or
- Owner’s Equity.

Then go to the memo field and type something to this with your initials “To zero out balance adjustment account DSG”. (Use **your initials, not mine**).

ACCOUNT	DEBIT	CREDIT	MEMO
21400 · *Store Credits-Edge		1,526.32	14,256.32
21500 · *Repair & Custom D...	521.14		\$877.12
21600 · *Memo Out & Apprais...		25.00	\$25.00
30100 · Balance Adjustment ...	1,030.18		
30100 · Balance Adjustment ...		1,030.18	
32000 · Retained Earnings	1,030.18		to zero out all numbers DSG

If the Balance adjustment Required account is a negative number, then type that number in the **credit** column instead of **debit** column.

You should now be able to click “Saved & Close” and give either a back up to your CPA or print a “P&L” and “BALANCE SHEET” and send to your CPA.

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## Before we go two very IMPORTANT last items

### 1. PPP & EIDL MONIES RECEIVED FROM SBA OR YOUR BANK

As I’m writing this on January 3<sup>rd</sup>, rules for the forgiveness has changed twice with after inauguration and a new presidency it just might change again.

Many jewelers are writing saying they received 100% forgiveness, one said the PPP was forgiven but being he also received an EIDL payment that amount was not and had to be repaid. I bank with Bank of America and they said just to wait for further instructions which is what I’m doing.

I sent out earlier in the year how this should be done in QuickBooks. Some people opened an additional bank account to keep the funds separated and in accounting there’s always two sides to a transaction

For the EIDL money you received, assuming it will be forgiven you need to make in QuickBooks chart of accounts a **new** “other income account” called **EIDL/PPP Loan-Non Taxable**

70400 - Buying Group Rebates	Other Income
70500 - Proceeds from Sale of Assets	Other Income
70600 - EIDL/PPP Loan-Non Taxable	Other Income
80000 - Ask My Accountant	Other Expense
80100 - Other Expenses	Other Expense

Account Activities Reports Attach Include inactive

When your received your EIDL money it would have gone into a bank account and on the registers account line you would have chosen “**EIDL/PPP Loan-Non Taxable**” **account**.

The PPP loan money until forgiven is an “other current liability” account and I would make that kind of account called “PPP Loan” with a number as shown.

24000 - Loans to Officer	Other Cu
25000 - Bank Line of Credit-1	Other Cu
25100 - Bank Line of Credit-2	Other Cu
25200 - PPP Loan	Other Cu
26000 - Long Term Loan	Long Ter

When forgiven this account need to be zeroed out to the **EIDL/PPP Loan-Non Taxable** account.

The absolute easiest way to do this is go to the account in chart of accounts, double click to open it. Looks like a check register, right?

To zero out the balance add a date to the left when this occurred and type in the balance in the “decrease” column.

This may not happen for a while until the US Government and SBA make all final decisions, your CPA would be the one to get final answers with.

GENJRN 10000 · Operating Bank Account							
01/03/2021	29					25,200.00	0.00
GENJRN 70600 · EIDL/PPP Loan-Nontaxable							
03/2021	Ref	Payee		Increase	Decrease		
		Account	Memo				
<input type="button" value="Splits"/>						ENDING BALANCE 0.00	
<input type="checkbox"/> 1-Line							

## 2. If Your CPA doesn't want you to use Retained Earnings.

I have found few CPA's and jewelers have this request from CPA but if they do then the Balance Adjustment Required amount need to be moved to the Profit & Loss Statement.

If it's a **positive number** it will need to **Income** and if so I'd send it to **Scrap Gold Sales** (this is where you enter deposits from refiners)

If it's a **negative number** it will need to go into **Scrap Gold Cost of Goods** (this is where you write checks to customers to buy their scrap.

Know that if this amount goes to the income account it will increase your taxable net profit.

If it goes to Scrap Gold cogs account, it will decrease the net profit.

This is all a result of mistakes made by the staff and or bookkeeping department.

If this amount is “huge” give me a call for some suggestions.

That's its jewelers. I hope 2020 turned out to be “OK” in your store as many jewelers have.

If you'd like to have me do this for you or check over your calculations contact me by email to set up a time and date. I charge by the hour and I get booked quickly

Here's hoping you, your staff, family and friends are safe and healthy for 2021

David Geller  
David@JewelerProfit.com

PS Below is some information about **taking inventory and the blank form to print balances you got from Edge reports is on the very last page.**

## TAKING INVENTORY

If you took inventory in December and finished it **HURRAY!**

But if you take inventory in January or later the Edge doesn't have the capacity to back date the date it was taken.

So, if you took inventory January 10<sup>th</sup> 2021 then you won't get any benefit for missing inventory in 2020 at ALL as the entry will be dated 01/10/2021.

There is a fix.

- You must do this to make life easy:
- Try to take inventory when the store is closed in one single day.
- If it takes 2 days and you're closed Sunday & Monday do it those days.
- Export from edge to QuickBooks Saturday night so when finish taking inventory by Monday evening you can export again and the Edge will export one single "missing Inventory" entry to QuickBooks and you can change that date to 12/31/2020, last day of 2020

Exporting Saturday night means no transactions Sunday or Monday and when you export Monday night the journal entry in QuickBooks will be like this. Go to TOP:

**Company>Make General Journal Entry** after exporting Monday night and click "Previous". You'll see this for this year.

DATE: 01/10/2021 ENTRY NO.: 30 ADJUSTING ENTRY: ☒

ACCOUNT	DEBIT	CREDIT	MEMO
13000 - Stock/Sp Ord/Memo/...		12,563.50	
69730 - *Missing Inventory	12,563.50		

**This lowered our inventory level by the "missing" amounts generated by scanning and "Finish" inventory in Edge**

**This increased our "Missing Inventory" expense account, lowering our taxable income but in 2021, not last year 2020!**

All you have to do is change the date to 12/31/2020 and this will back date this to 2020 and you are perfect!

DATE: 12/31/2020 ENTRY NO.: 30 ADJUSTING ENTRY: ☒

ACCOUNT	DEBIT	CREDIT	MEMO
13000 - Stock/Sp Ord/Memo/...		12,563.50	
69730 - *Missing Inventory	12,563.50		

The sheet to write all of your numbers down to easily adjust QuickBooks is on last page

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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 used by the Edge. 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." But if



you use “Missing” in the Edge the program will send these items to the “Missing Inventory” expense account which is just fine.

**The Edge has a video on taking Inventory, click here to view it**

**<https://www.screencast.com/t/Q908AxcB>**

David Geller || Director of Profit

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David@JewelerProfit.com

(404) 255-9565

Hours: 1:00 to 5:30, est, M-F

**AS OF THIS DATE**  
**(Typically end of year date)**\_\_\_\_\_

**INVENTORY**

Showcase/Special Orders/Trade \$ \_\_\_\_\_  
 Memo & Consignment \$ \_\_\_\_\_

**STORE CHARGES/HOUSE ACCTS** \$ \_\_\_\_\_

**STORE CREDITS & TENDER CARDS:** \$ \_\_\_\_\_

**SALES TAX COLLECETED DEC 2020** \$ \_\_\_\_\_

**CUSTOMER DEPOSITS:**

Repair & Custom Deposits \$ \_\_\_\_\_  
 Appraisal & Memo Out Deposits \$ \_\_\_\_\_  
 Layaway Deposits \$ \_\_\_\_\_  
 Special Order Deposits \$ \_\_\_\_\_  
 Gift Certificates \$ \_\_\_\_\_

**OR just total Customer Deposits:** \$ \_\_\_\_\_

**SALES TAX AS OF DEC 31<sup>st</sup>** \$ \_\_\_\_\_

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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>