Advanced legal firm issues - Handling trust accounts and other complex reporting situations

Brandy Derrick

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Today’s speaker

Brandy Derrick
Owner/Bookkeeper
@LegalEaseBooks

About today's speaker

Brandy Derrick
Owner/Bookkeeper

Bookkeeping made my dreams come true

Love the challenge of trust accounts

Law firm clients in 17 states


Do you work with law firms?

Agenda

How to be a hero to your client using:

Trust ledger report

Expense report

WIP

Compensation reports

Trust ledger report

Trust ledger report

TRANSACTION REPORT
All Dates

DATE	TRANSACTION TYPE	NAME	ACCOUNT	AMOUNT
▾ Trust Accounts - Liabilities				
▾ Kelly Clarkson				
11/06/2019	Deposit	Kelly Clarkson	Trust Accounts - Liabilities:Kelly ...	5,000.00
Total for Kelly Clarkson				**$5,000.00**
▾ Vince Vaughn				
11/06/2019	Deposit	Vince Vaughn	Trust Accounts - Liabilities:Vince ...	5,000.00
Total for Vince Vaughn				**$5,000.00**
Total for Trust Accounts - Liabilities				**$10,000.00**
TOTAL				**$10,000.00**

Trust ledger report

ACCOUNT QUICKREPORT
All Dates

DATE	TRANSACTION TYPE	NAME	ACCOUNT	AMOUNT
▾ Kelly Clarkson				
11/06/2019	Deposit	Kelly Clarkson	Trust Accounts - Liabilities	5,000.00
Total for Kelly Clarkson				**$5,000.00**
▾ Vince Vaughn				
11/06/2019	Deposit	Vince Vaughn	Trust Accounts - Liabilities	5,000.00
Total for Vince Vaughn				**$5,000.00**
TOTAL				**$10,000.00**

Trust ledger report

Link for instructions on how to make report:

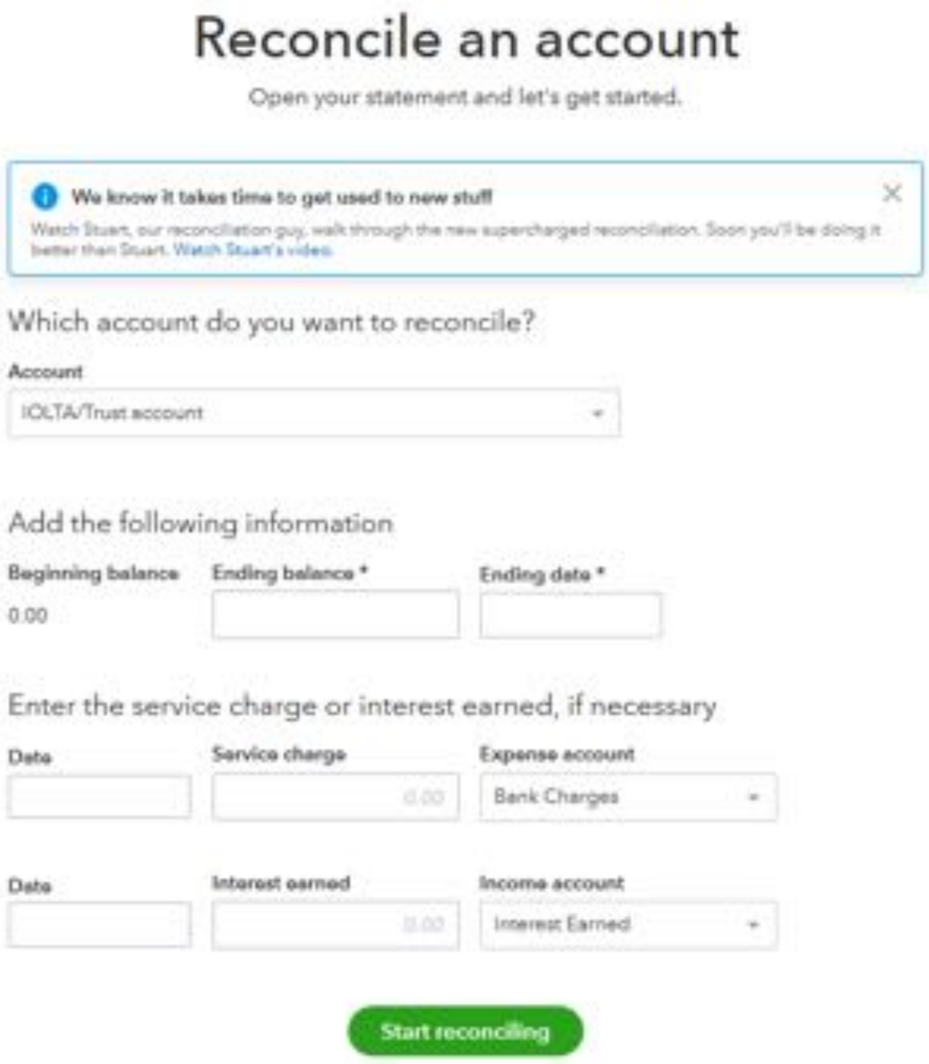
LegalEaseBookkeeping.com/QBConnect2019

Trust ledger report

How to spot errors (perform a three way reconciliation)

1. Reconcile the IOLTA account
2. Make sure the trust liability account matches trust bank account
3. Check balances with practice management software

Trust ledger report



Trust ledger report

ASSETS	
Current Assets	
Bank Accounts	
Checking	1,201.00
IOLTA/Trust account	7,000.00
Savings	[illegible]
Total Bank Accounts	**$9,001.00**
Accounts Receivable	$5,201.52
Other Current Assets	$2,658.77
Total Current Assets	**$16,941.29**
Fixed Assets	$13,495.00
TOTAL ASSETS	**$30,436.29**
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	$1,602.67
Credit Cards	$157.72
Other Current Liabilities	
Arizona Dept. of Revenue Payable	0.00
Board of Equalization Payable	370.94
Loan Payable	4,000.00
Trust Accounts - Liabilities	5,000.00
Total Other Current Liabilities	[illegible]
Total Current Liabilities	**$11,131.33**

Trust ledger report

Craig's Design and Landscaping Services

TRANSACTION REPORT

January 1 - October 1, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	SPLIT	AMOUNT	BALANCE
IOLTA/Trust account								
10/01/2019	Deposit		Kelly Clarkson		IOLTA/Trust account	Trust Accounts - Liabilities	5,000.00	5,000.00
10/01/2019	Deposit		Kelly Clarkson		IOLTA/Trust account	Legal Fee Income	2,000.00	7,000.00
Total for IOLTA/Trust account							**$7,000.00**	
TOTAL							**$7,000.00**	

Trust ledger report

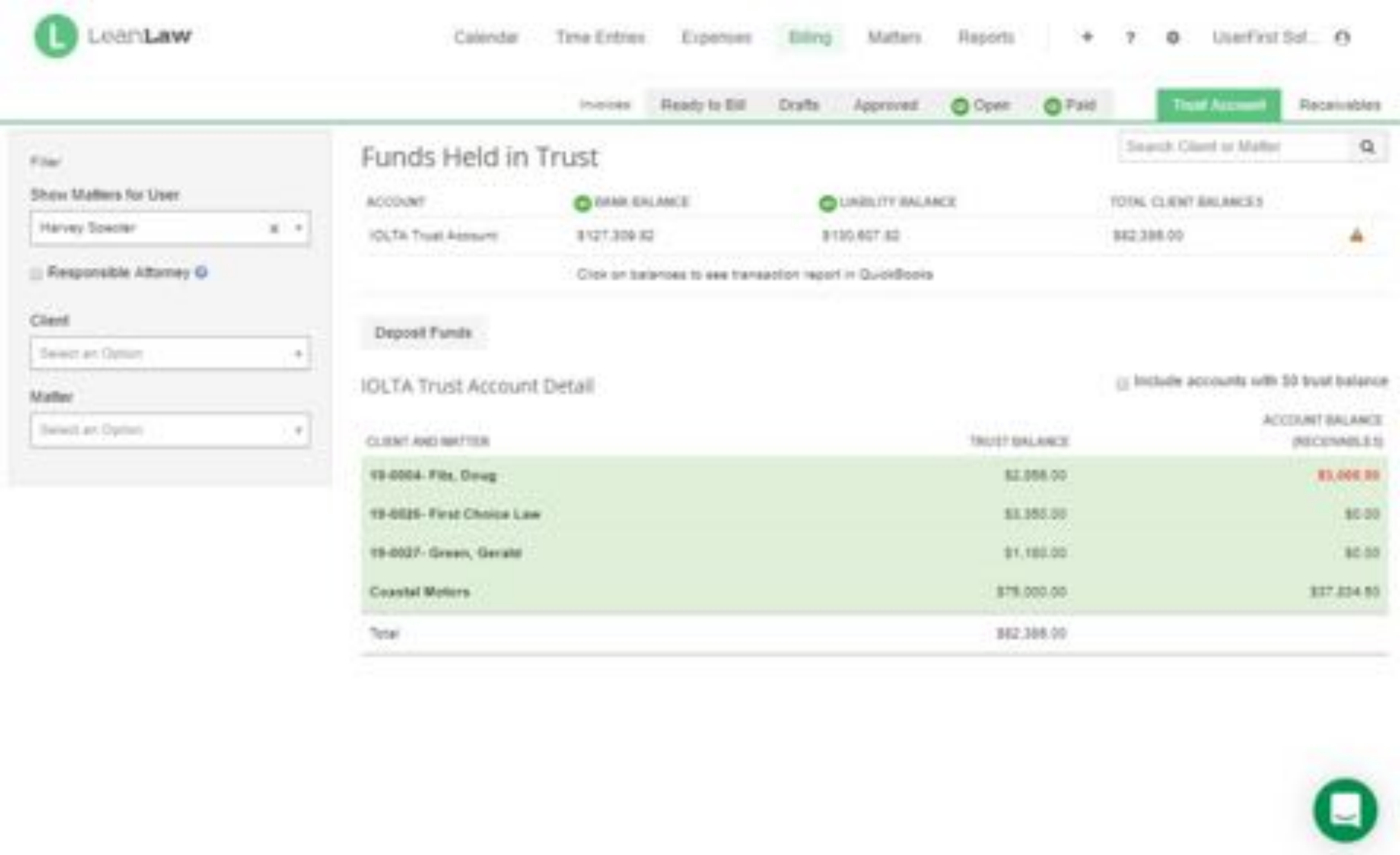
Craig's Design and Landscaping Services

TRANSACTION REPORT

January 1 - October 1, 2019

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	SPLIT	AMOUNT	BALANCE
▾ Trust Accounts - Liabilities								
10/01/2019	Deposit		Kelly Clarkson		Trust Accounts - Liabilities	IOLTA/Trust account	5,000.00	5,000.00
Total for Trust Accounts - Liabilities							**$5,000.00**	
TOTAL							**$5,000.00**	

Trust ledger report



Trust ledger report

How can you be a hero to your client??

Letting them know ASAP

Setup mobile deposits or banking on site

Take over entering payments

Take over entering checks

Take over entering transactions in the practice management software

Help implement a system to eliminate errors

Expense report

Expense report

Craig's Design and Landscaping Services

UNBILLED CHARGES

All Dates

DATE	VENDOR	MEMO/DESCRIPTION	AMOUNT	BALANCE
- Kelly Clarkson				
08/24/2019		Copies	15.00	15.00
08/24/2019	State of Texas	Filing Fee	150.00	165.00
08/24/2019	WestLaw	Research	100.00	265.00
Total for Kelly Clarkson			**$265.00**	
- Vince Vaughn				
08/24/2019	WestLaw	Research	100.00	100.00
Total for Vince Vaughn			**$100.00**	
TOTAL			**$365.00**	

Expense report

Link for instructions on how to make report:

LegalEaseBookkeeping.com/QBConnect2019

Expense report

Biggest pain points for expense reports

1. How do you figure out what client each expense belongs to?
2. How do you find out expenses that haven't been paid for?
3. How can you help them efficiently?

Expense report

How can you be a hero to your client??

Save an expense report and show them how to access it at anytime

Keep it up to date

Make sure expenses don’t slip through the cracks

Use software to automate entering them into QuickBooks online

Help implement new systems

WIP

WIP

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UNBILLED TIME

Activity: All Dates

ACTIVITY DATE	POSTING	EMPLOYEE	MEMO/DESCRIPTION	RATE	DURATION	AMOUNT	BALANCE
▾ Kelly Clarkson							
08/19/2019	No	Attorney 1		250.00	1:00	250.00	250.00
08/21/2019	No	Attorney 1		250.00	3:00	750.00	1,000.00
08/23/2019	No	Attorney 1		250.00	6:00	1,500.00	2,500.00
Total for Kelly Clarkson					**10:00**	**$2,500.00**	
▾ Vince Vaugh							
08/20/2019	No	Attorney 1		250.00	0:15	62.50	62.50
08/22/2019	No	Attorney 1		250.00	0:30	125.00	187.50
Total for Vince Vaugh					**0:45**	**$187.50**	

WIP

Link for instructions on how to make report:

LegalEaseBookkeeping.com/QBConnect2019

WIP

Biggest pain points for WIP

1. Getting the time trackers to keep track of time
2. Staying on top of retainer balances
3. Figuring out profitability per case or per employee

WIP

How can you be a hero to your client??

Implement system to track time

Run employee diagnostics reports

Let you client know when clients have low retainer balances

Know when fees are earned and can transfer funds

Analyze time spent per case

Stay on top of contractor payables

Compensation reports

Compensation reports

Money Collected

- Case Expenses

Gross Profit

x %

Compensation

Compensation reports

Craig's Design and Landscaping Services

PROFIT AND LOSS BY CLASS
October 1, 2019

	ATTORNEY 1	ATTORNEY 2	TOTAL
▾ Income			
Legal Fee Income	5,000.00	5,000.00	$10,000.00
Total Income	**$5,000.00**	**$5,000.00**	**$10,000.00**
▾ Cost of Goods Sold			
Filing Fees	150.00	300.00	$450.00
Total Cost of Goods Sold	**$150.00**	**$300.00**	**$450.00**
GROSS PROFIT	$4,850.00	$4,700.00	$9,550.00
Expenses			
Total Expenses			**$0.00**
NET OPERATING INCOME	$4,850.00	$4,700.00	$9,550.00
NET INCOME	$4,850.00	$4,700.00	$9,550.00

Compensation reports

Steps to an accurate compensation report

Write down compensation rules

Get approval on rules

Make sure data is accurate

Pull out case exceptions

Have client approve calculations

Compensation reports

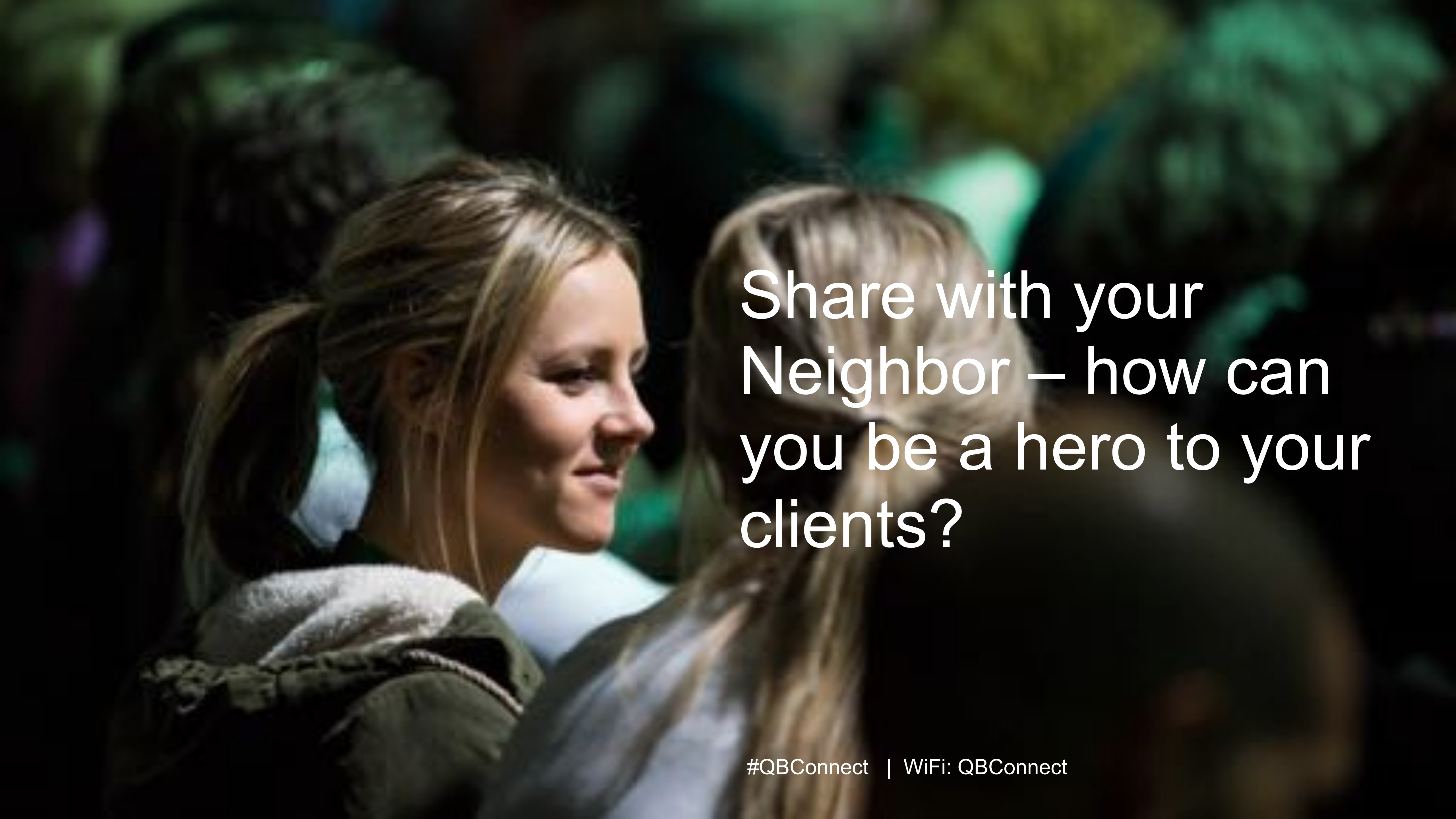
How can you be a hero to your client??

Give them accurate compensation reports

Keep spreadsheets up to date and save so they can see them anytime

Work with attorneys to review transactions

Making sure they are taking the right amount of profit


Share with your Neighbor – how can you be a hero to your clients?
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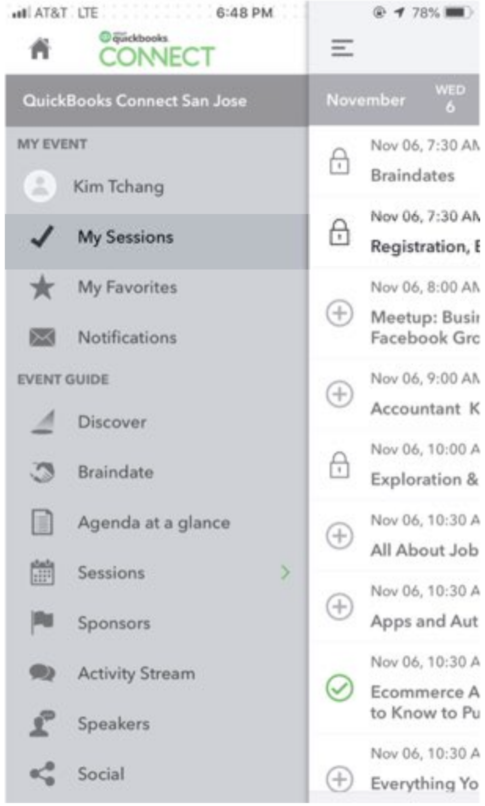

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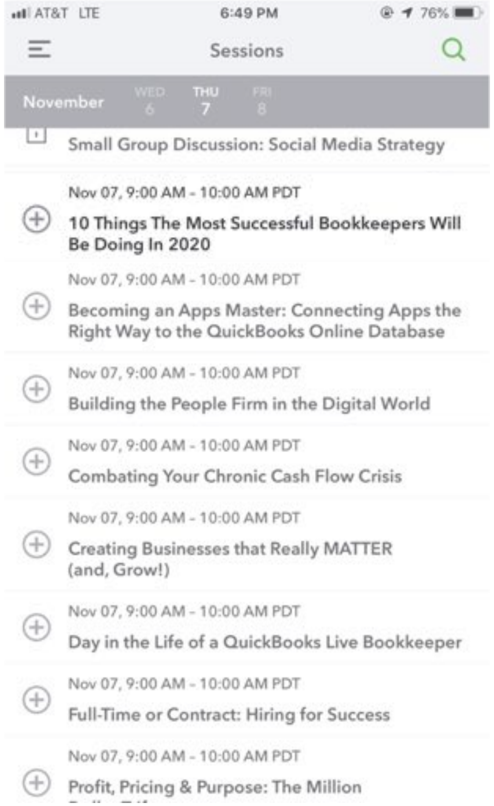

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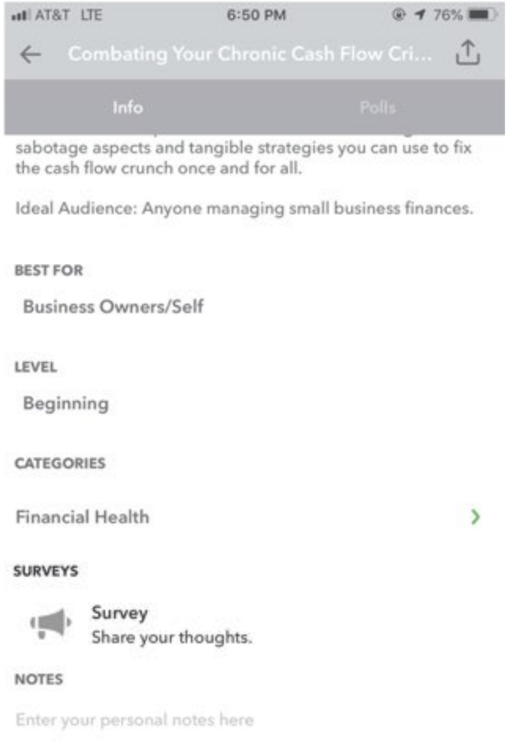

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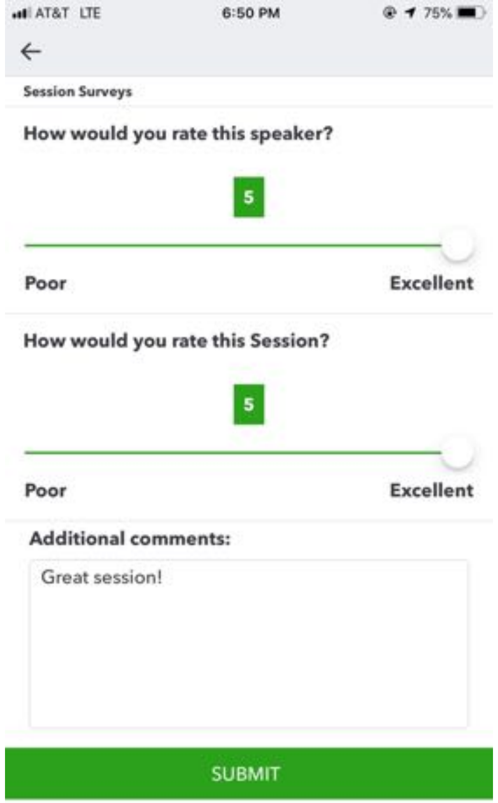

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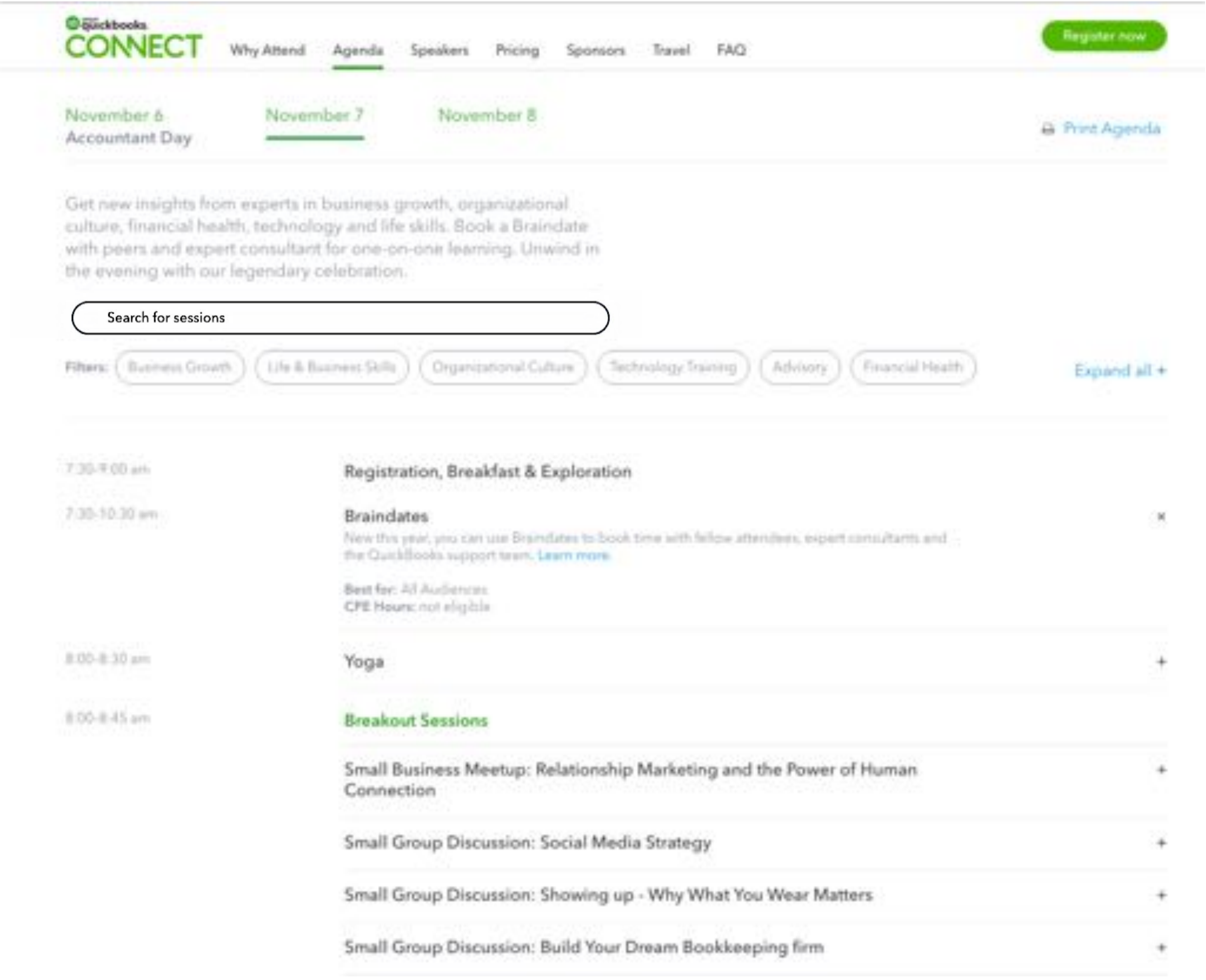

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