



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

Brandy Derrick



# CPE Process

## In order to receive CPE credit

- Be sure to sign in or scan your badge for this session
- You must stay in the session for the duration of the training
- This session is eligible for **1 hour of CPE**
- CPE certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register

# 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				
11/08/2019	Deposit	Kelly Clarkson	Trust Accounts - Liabilities: Kelly ...	5,000.00
Total for Kelly Clarkson				\$5,000.00
- Vince Vaughn				
11/08/2019	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](https://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

## Reconcile an account

Open your statement and let's get started.

We know it takes time to get used to new stuff

Watch Stuart, our reconciliation guy, walk through the new supercharged reconciliation. Soon you'll be doing it better than Stuart. [Watch Stuart's video](#)

Which account do you want to reconcile?

Account

IOU,TA/Trust account

Add the following information

Beginning balance	Ending balance *	Ending date *
0.00		

Enter the service charge or interest earned, if necessary

Date	Service charge	Expense account
	0.00	Bank Charges

Date	Interest earned	Income account
	0.00	Interest Earned

Start reconciling

# Trust ledger report

+ ASSETS	
+ Current Assets	
+ Bank Accounts	
Checking	1,201.00
IOLTA/Trust account	7,000.00
Savings	6,798.99
<b>Total Bank Accounts</b>	<b>\$9,001.00</b>
+ Accounts Receivable	\$5,281.52
+ Other Current Assets	\$2,658.77
<b>Total Current Assets</b>	<b>\$16,941.29</b>
+ Fixed Assets	\$13,495.00
<b>TOTAL ASSETS</b>	<b>\$30,436.29</b>
+ 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
<b>Total Other Current Liabilities</b>	<b>\$9,540.74</b>
<b>Total Current Liabilities</b>	<b>\$11,131.33</b>

# 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

LeanLaw

Calendar Time Entries Expenses **Billing** Matters Reports + ? UserFirst Soft...

Invoices Ready to Bill Drafts Approved Open Paid **Trust Account** Receivables

Filter

Show Matters for User

Harvey Specter

Responsible Attorney

Client

Select an Option

Matter

Select an Option

Search Client or Matter

### Funds Held in Trust

ACCOUNT	ASSET BALANCE	LIABILITY BALANCE	TOTAL CLIENT BALANCES
IOLTA Trust Account	\$127,309.82	\$150,607.82	\$62,386.00

Click on balances to see transaction report in QuickBooks

Deposit Funds

### IOLTA Trust Account Detail

Include accounts with \$0 trust balance

CLIENT AND MATTER	TRUST BALANCE	ACCOUNT BALANCE (RECEIVABLE \$)
19-0004- Fils, Doug	\$2,956.00	\$5,446.88
19-0025- First Choice Law	\$3,350.00	\$0.00
19-0037- Green, Gerald	\$1,180.00	\$0.00
Coastal Motors	\$76,000.00	\$17,834.80
Total	\$82,386.00	





# 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](https://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

## Craig's Design and Landscaping Services

### 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 Vaughn							
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 Vaughn					0:45	\$187.50	



# WIP

Link for instructions on how to make report:

[LegalEaseBookkeeping.com/QBConnect2019](https://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

$$\begin{array}{r} \text{Money Collected} \\ - \text{Case Expenses} \\ \hline \text{Gross Profit} \\ \times \quad \% \\ \hline \text{Compensation} \end{array}$$

# 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??**

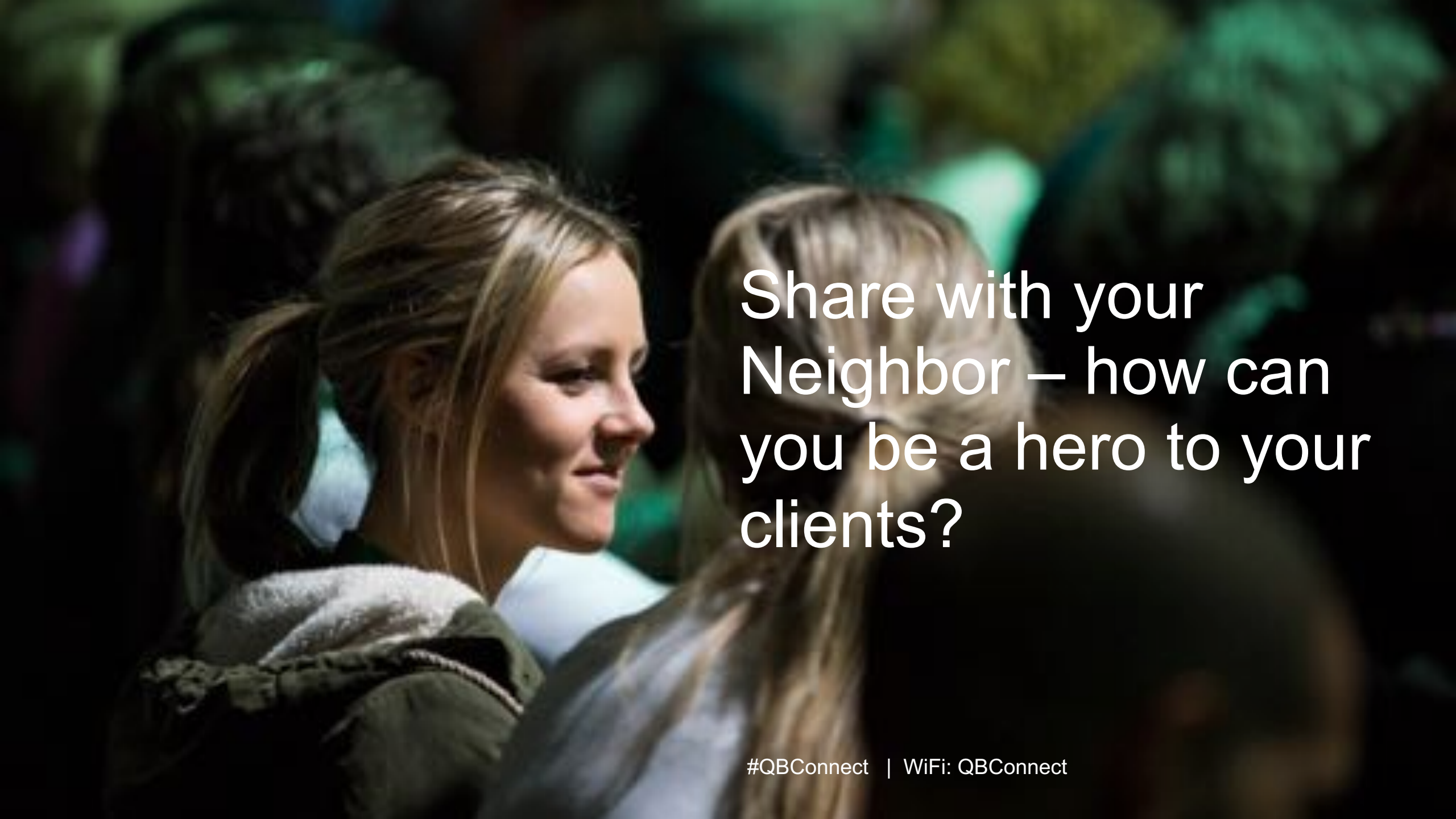
Give them accurate compensation reports

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?

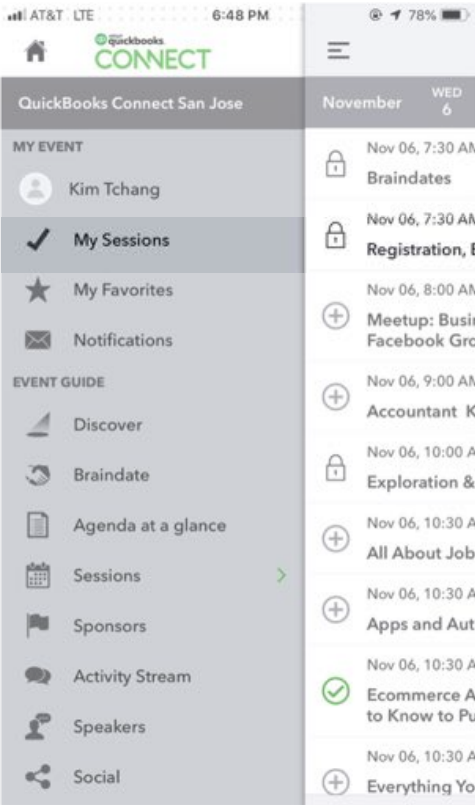


# Questions?

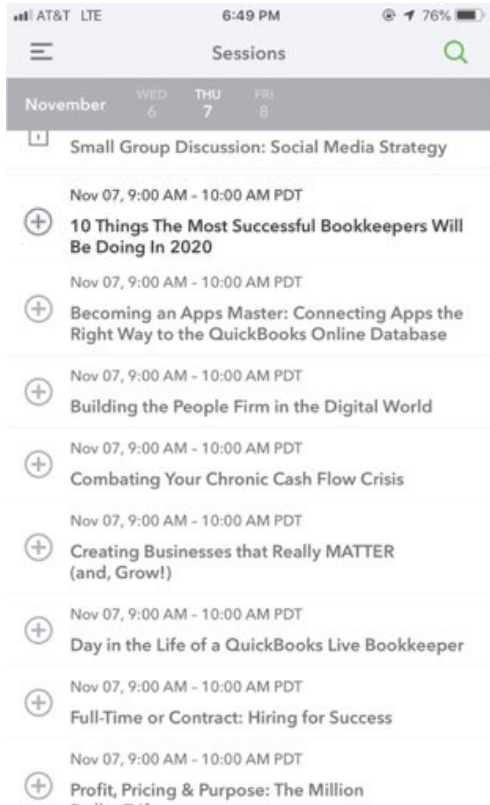
# Rate this Session on the QuickBooks Connect Mobile App

Provide feedback to help us design content for future events

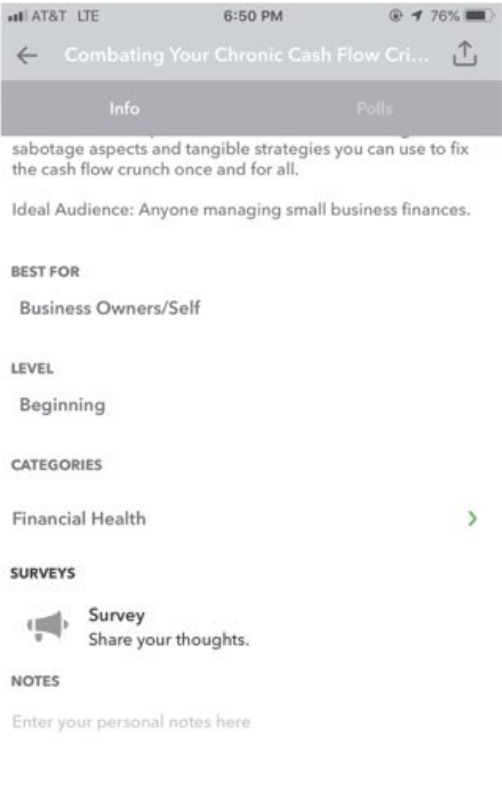
## 1. Select Sessions



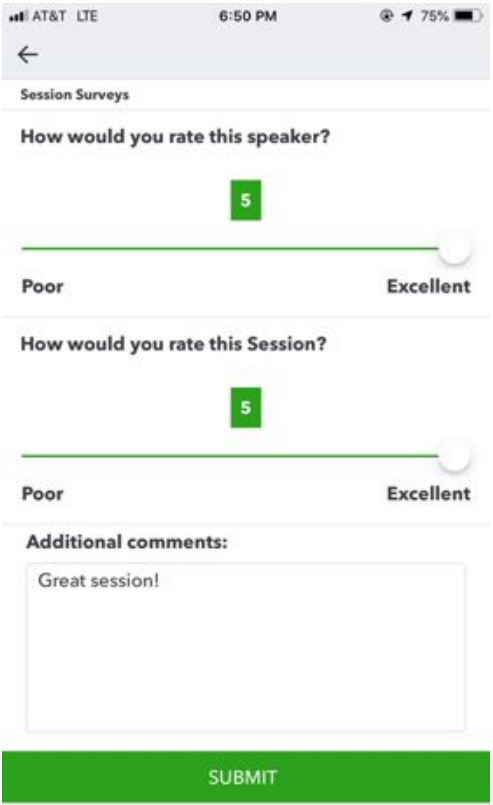
## 2. Select Session Title



## 3. Select Survey



## 4. Add Ratings



# Material Download

1. Find the session on the agenda
2. Select + for more information
3. Download PDF of slides and/or supplemental material

<https://quickbooksconnect.com/agenda/>

The screenshot shows the QuickBooks Connect agenda page for November 7. The header includes the QuickBooks Connect logo, navigation links (Why Attend, Agenda, Speakers, Pricing, Sponsors, Travel, FAQ), and a 'Register now' button. The date 'November 7' is highlighted, with 'November 6: Accountant Day' and 'November 8' also visible. A 'Print Agenda' link is in the top right. Below the header, a paragraph describes the event: 'Get new insights from experts in business growth, organizational culture, financial health, technology and life skills. Book a Braindate with peers and expert consultant for one-on-one learning. Unwind in the evening with our legendary celebration.' A search bar labeled 'Search for sessions' is present. Below the search bar are filter buttons: 'Business Growth', 'Life & Business Skills', 'Organizational Culture', 'Technology Training', 'Advisory', and 'Financial Health', followed by an 'Expand all +' link. The agenda list shows sessions for November 7. The first session is 'Registration, Breakfast & Exploration' from 7:30-7:00 am. The second is 'Braindates' from 7:30-10:30 am, with a description: 'New this year, you can use Braindates to book time with fellow attendees, expert consultants and the QuickBooks support team. [Learn more](#)'. It also notes 'Best for: All Audiences' and 'CPE Hours: not eligible'. The third session is 'Yoga' from 8:00-8:30 am. The fourth is 'Breakout Sessions' from 8:00-8:45 am, which includes several sub-sessions: 'Small Business Meetup: Relationship Marketing and the Power of Human Connection', 'Small Group Discussion: Social Media Strategy', 'Small Group Discussion: Showing up - Why What You Wear Matters', and 'Small Group Discussion: Build Your Dream Bookkeeping firm'. Each session has a '+' icon to its right for more information.



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