



Rooted in Trust. Grounded in Accuracy.

NONPROFIT BOOKKEEPING TRAINING GUIDE



A Comprehensive 14-chapter guide to nonprofit bookkeeping in QuickBooks Online.

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SECTION 1 WHY NONPROFIT BOOKKEEPING IS DIFFERENT

Before touching software, understand what makes nonprofit bookkeeping distinct — and why those differences matter for your organization’s compliance, transparency, and long-term sustainability.

The Core Difference

- Nonprofits must track funds by restriction — not just by income and expense
- Grant funders require proof that their dollars were spent on allowable expenses
- The IRS requires functional expense allocation on Form 990
- Boards require regular financial reporting to fulfill their fiduciary responsibility
- Donors and funders expect transparency — your financials may be publicly available

The Three Nonprofit Bookkeeping Responsibilities

- Stewardship — Every dollar must be tracked according to donor and funder intent
- Compliance — Financial records must support Form 990, audits, and grant reporting
- Transparency — Reports must give your board and funders a clear, accurate picture

The Right Mindset

- Nonprofit bookkeeping is not more complicated — it is more specific
- Consistency is the foundation — small monthly habits prevent year-end crises
- Your bookkeeping system directly protects your tax-exempt status

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> Understand how nonprofit bookkeeping differs from small business bookkeeping	
<input type="checkbox"/> Understand the three core responsibilities: stewardship, compliance, and transparency	
<input type="checkbox"/> Commit to a consistent monthly bookkeeping routine	

SECTION 2 SETTING UP QUICKBOOKS ONLINE FOR NONPROFITS

The right setup from the beginning makes everything else easier. QuickBooks Online has specific settings designed for nonprofits that change terminology, enable fund tracking tools, and support compliance reporting.

Set Your Company Type to Nonprofit

- Click the Gear icon in the top right corner
- Click Account and Settings
- Click the Company tab
- Under Company Type, select Nonprofit Organization
- Click Save



Setting the company type to Nonprofit changes terminology in QuickBooks — Customers become Donors, and Income becomes Contributions.

Enable Classes for Fund Tracking

- Click the Gear icon → Account and Settings
- Click the Advanced tab
- Under Categories, turn on Track Classes
- Set Warn me when a transaction isn't assigned a class to ON
- Click Save

⚠ Watch Out

Never use Location Tracking as a substitute for Classes in a nonprofit. Classes are required for fund accounting and grant reporting. Location Tracking serves a different purpose.

Enable Projects (Optional — Recommended for Grant Tracking)

- Go to Gear → Account and Settings → Advanced
- Under Projects, turn on Organize all job-related activity in one place
- Click Save

Connect Your Bank and Credit Card Accounts

- Go to Bookkeeping → Transactions → Bank Transactions
- Click Connect Account and follow the prompts
- Connect all organizational bank accounts and credit cards
- Review imported transactions within 72 hours to confirm accuracy

💡 Pro Tip

Connect your bank accounts before entering any transactions manually. This prevents duplicates and ensures your records match your actual bank activity from day one.

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> Company type set to Nonprofit Organization in Account and Settings	
<input type="checkbox"/> Classes enabled and warning for unclassified transactions turned on	
<input type="checkbox"/> Projects enabled if grant tracking will be used	
<input type="checkbox"/> All bank and credit card accounts connected	
<input type="checkbox"/> Initial transaction import reviewed and confirmed accurate	



SECTION 3 THE CHART OF ACCOUNTS FOR NONPROFITS

The Chart of Accounts is the foundation of your bookkeeping system. A nonprofit Chart of Accounts must include specific account types and follow nonprofit accounting terminology.

Required Income Account Categories

- Contributions and Donations (unrestricted)
- Grants Revenue (restricted)
- Program Service Revenue (fees, tuition, membership)
- In-Kind Contributions (donated goods and services)
- Investment Income (if applicable)
- Other Income

Required Expense Account Categories

- Program Services (direct service delivery expenses)
- Management and General (administrative expenses)
- Fundraising (development and donor-related expenses)

💡 Pro Tip

These three expense categories match the functional expense allocation required on Form 990. Setting them up from the start eliminates year end reclassification work.

Equity Account Terminology for Nonprofits

- Net Assets Without Donor Restrictions (unrestricted net assets)
- Net Assets With Donor Restrictions (temporarily restricted net assets)

💡 Pro Tip

Review your Chart of Accounts with a CPA or bookkeeper experienced in nonprofit accounting before going live. Fixing account structure after the fact is time-consuming and disruptive.

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> All income accounts created using nonprofit terminology	
<input type="checkbox"/> Program Services expense category created	
<input type="checkbox"/> Management & General expense category created	
<input type="checkbox"/> Fundraising expense category created	
<input type="checkbox"/> Net asset accounts labeled using proper nonprofit terminology	
<input type="checkbox"/> No personal or irrelevant accounts in the Chart of Accounts	
<input type="checkbox"/> Chart of Accounts reviewed before entering first transaction	



SECTION 4 CLASSES & TRACKING: THE FOUNDATION OF FUND ACCOUNTING

Classes are the most important tool in nonprofit QuickBooks. They allow you to track income and expenses by fund, program, or grant — which is the core of nonprofit fund accounting.

How Classes Work

Every transaction in QuickBooks is assigned to a Class. When you run reports by Class, you see a separate income and expense summary for each fund or program.

Recommended Class Structure

- One Class per restricted fund or active grant
- One Class for unrestricted general operating funds
- One Class per ongoing program if you track program performance
- Use a consistent naming convention: Year-FunderName or Program-Year

Assign Classes to Every Transaction

- Every income transaction must have a Class assigned
- Every expense transaction must have a Class assigned
- Use the split feature to assign multiple Classes to a single transaction
- Turn on the class warning in settings to catch unclassified entries

⚠ Watch Out
Unclassified transactions are the leading cause of inaccurate fund reports. Even one unclassified donation or expense can distort your restricted fund balances and create reporting errors.

Run The Profit & Loss by Class Report Monthly

- Go to Reports → search Profit and Loss by Class
- Review income and expenses for each fund and program
- Confirm all restricted funds are tracking correctly
- Flag any fund with unexpected balances for immediate review

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	Notes / Action Items
<input type="checkbox"/> Classes created for all active grants and restricted funds	
<input type="checkbox"/> Class for unrestricted general operating fund created	
<input type="checkbox"/> Class warning enabled in Account and Settings	
<input type="checkbox"/> Every transaction reviewed for correct Class assignment	
<input type="checkbox"/> PROFIT & LOSS BY CLASS report run and reviewed monthly	



SECTION 5 RECORDING DONATIONS & CONTRIBUTIONS

Donations are the primary revenue source for most nonprofits. Recording them correctly — with the right donor, amount, restriction, and date — is essential for compliance, reporting, and donor acknowledgment.

Record A Cash or Check Donation

- Click + New → Sales Receipt
- Select the donor from the Customer list (add new if needed)
- Enter the donation date, amount, and payment method
- Select the correct income account (Contributions — Unrestricted or restricted fund account)
- Assign the correct Class
- Add a memo if the donor designated a specific purpose
- Save and close

Pro Tip

Always record donations with the actual donation date — not the date you entered it. This matters for donor acknowledgment letters, grant reporting, and year-end reconciliation.

Record An Online Donation (Paypal, Stripe, Classy, Etc.)

- Download the transaction detail report from the platform
- Record each individual donation separately in QuickBooks
- Use the actual donation date from the platform
- Record platform fees as a separate expense — do not net them against donations
- Match recorded donations to the net deposit that appears in your bank feed

Watch Out

Never record an online donation batch as a single lump-sum entry. Individual donor records are required for acknowledgment letters, restricted fund tracking, and grant reporting.

Record an In-Kind Donation

- Click + New → Sales Receipt
- Select the donor
- Use the In-Kind Contributions income account
- Enter the fair market value of the donated goods or services
- Add a description of what was donated
- Record an offsetting expense in the appropriate expense category

Send Donor Acknowledgment Letters

- Required for all contributions of \$250 or more. Best practice: send for all donations.
- Go to Sales → Customers → select the donor
- Review their giving history for the year
- Send year-end acknowledgment statements by January 31



The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> All donations recorded with correct date, donor, amount, and restriction status	
<input type="checkbox"/> Online donations recorded individually — not as lump sums	
<input type="checkbox"/> In-kind donations recorded with fair market value and description	
<input type="checkbox"/> Platform fees recorded separately from donation income	
<input type="checkbox"/> Acknowledgment letters sent for all contributions of \$250 or more	
<input type="checkbox"/> Year-end donor statements prepared by January 31	

SECTION 6 RESTRICTED VS. UNRESTRICTED FUND MANAGEMENT

Managing restricted and unrestricted funds accurately is one of the most important — and most commonly mishandled — aspects of nonprofit bookkeeping.

Understanding Fund Restrictions

Unrestricted funds — Available for any organizational purpose, including operations

Temporarily restricted funds — Restricted by the donor for a specific purpose or time period

Board-designated funds — Unrestricted funds the board has set aside for a specific purpose

Track Fund Balances Using Classes

- Assign every restricted income and expense transaction to the correct Class
- Run a PROFIT & LOSS BY CLASS report monthly to see each fund’s balance
- Confirm restricted funds are only being used for their intended purpose

Release Restrictions When Conditions Are Met

- When a restricted fund’s conditions have been satisfied, record a restriction release
- Click + New → Journal Entry
- Debit: Net Assets With Donor Restrictions
- Credit: Net Assets Without Donor Restrictions
- Add a memo explaining which restriction was released and why
- Attach any supporting documentation

💡 Pro Tip
Auditors will ask about restriction releases — having clear records protects your organization. Document every restriction release with a written explanation and supporting documentation.



The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> Restricted and unrestricted funds tracked separately using Classes	
<input type="checkbox"/> PROFIT & LOSS BY CLASS reviewed monthly to confirm fund balances	
<input type="checkbox"/> No restricted funds spent on unallowable expenses	
<input type="checkbox"/> Restriction releases documented with journal entries and clear memos	
<input type="checkbox"/> Net asset balances reviewed and confirmed quarterly	

SECTION 7 GRANT TRACKING & COMPLIANCE

Each grant has its own budget, allowable expense rules, and reporting requirements. Accurate grant tracking in QuickBooks protects your organization and builds funder trust.

Set Up a New Grant in QuickBooks

- Create a new Class for the grant using your naming convention
- Save the grant award letter, budget, and agreement in a digital folder
- Note the grant period start and end dates and reporting deadlines on your calendar
- Review allowable and unallowable expenses before spending any grant funds

Record Grant Income

- Click + New → Sales Receipt or Invoice
- Select the funder as a customer
- Use the Grant Revenue income account
- Assign the correct grant Class
- Save and close

Code Grant Expenses Correctly

- Every grant-related expense must be assigned to the correct grant Class
- Verify each expense is allowable under the grant agreement before coding it
- If an expense spans multiple grants, split it proportionally
- Attach receipts or invoices to every grant expense transaction

Monitor Grant Budgets Monthly

- Go to Reports → Profit and Loss by Class
- Filter or select the specific grant class
- Compare actual spending to the approved grant budget
- Flag any budget lines that are significantly over or under
- Communicate budget concerns to your funder early — before reporting deadlines



⚠ Watch Out

Never spend more than the approved grant budget without written funder approval. Overspending a grant line without authorization can jeopardize future funding relationships.

Prepare Grant Reports

- Run PROFIT & LOSS BY CLASS filtered to the grant
- Export the report to PDF or Excel for submission
- Attach supporting documentation for large or unusual expenses
- Submit on time — late reporting damages funder relationships and future grant eligibility

💡 Pro Tip

Create a simple grant tracking spreadsheet alongside QuickBooks: list each grant, award amount, period, reporting deadlines, and submitted report dates. This calendar view prevents missed deadlines.

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> New Class created for every active grant	
<input type="checkbox"/> Grant award letter, budget, and agreement saved digitally	
<input type="checkbox"/> Grant reporting deadlines on the calendar	
<input type="checkbox"/> All grant income recorded with correct Class	
<input type="checkbox"/> All grant expenses coded to correct Class and verified as allowable	
<input type="checkbox"/> Grant budget vs. actual reviewed monthly	
<input type="checkbox"/> All grant reports submitted on time with supporting documentation	

SECTION 8 FUNCTIONAL EXPENSE ALLOCATION

Functional expense allocation is required for Form 990. It means categorizing every expense by its function: Program Services, Management & General, or Fundraising.

The Three Functional Categories

- **Program Services** — Direct costs of delivering your nonprofit’s mission
- **Management & General** — Administrative and operational overhead
- **Fundraising** — Costs of donor development, events, and grant writing

Set Up Functional Expense Classes

- Create three Classes: Program Services, Management-General, Fundraising
- All expense transactions must be assigned to one of these three Classes
- For expenses that span multiple functions, use the split feature



Allocated Shared Costs

Some expenses serve multiple functions and must be split proportionally:

- Rent — allocate by square footage used for each function
- Utilities — allocate using same methodology as rent
- Staff time — allocate based on time sheets or documented time studies
- Technology — allocate by user or usage percentage

Pro Tip

Document your allocation methodology and apply it consistently. A simple time-study spreadsheet or square footage calculation is sufficient for most organizations.

Review The Statement of Functional Expenses Monthly

- Go to Reports → search STATEMENT OF FUNCTIONAL EXPENSES
- Review the breakdown across Program, Management & General, and Fundraising
- Confirm the program expense ratio looks reasonable for your organization
- Correct any misallocated expenses before they accumulate

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> Three functional expense classes created: Program-Services, Management-General, Fundraising	
<input type="checkbox"/> All expenses assigned to the correct functional class	
<input type="checkbox"/> Shared costs allocated using a documented, consistent methodology	
<input type="checkbox"/> Allocation methodology written and on file	
<input type="checkbox"/> STATEMENT OF FUNCTIONAL EXPENSES reviewed monthly	
<input type="checkbox"/> Allocation methodology reviewed with CPA before Form 990 preparation	

SECTION 9 PAYROLL ALLOCATION ACROSS PROGRAMS & GRANTS

Payroll is typically the largest expense category for nonprofits — and one of the most scrutinized by auditors and funders. Accurate payroll allocation demonstrates that grant funds paid for the work they were intended to support.

Set Up Payroll Allocation in QuickBooks

- Click Payroll in the left menu → Employees
- For each employee, note which programs or grants their time supports
- When running payroll, assign each employee’s wages to the correct Class
- Split payroll across multiple Classes if an employee works on multiple programs or grants

Document Time Allocation

- Use a simple time sheet or time allocation form for each employee
- Record what percentage of each employee’s time is spent on each program or grant
- Review and update time allocations at least quarterly
- Keep time records on file — funders may request them during reporting or audits



💡 Pro Tip

Even a simple monthly time allocation form that staff complete in five minutes provides strong documentation for grant audits and funder reporting requirements.

Reconcile Payroll to QuickBooks Monthly

- After every payroll run, confirm payroll entries posted to QuickBooks correctly
- Verify payroll expenses are allocated to the correct programs and grants
- Review payroll liabilities — confirm taxes and benefits are recorded correctly
- Reconcile quarterly payroll tax filings (Form 941) to QuickBooks totals

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> Payroll allocated to correct programs and grants using Classes	
<input type="checkbox"/> Time allocation documentation maintained for all employees	
<input type="checkbox"/> Time allocations reviewed and updated at least quarterly	
<input type="checkbox"/> Every payroll run posted and reconciled to QuickBooks	
<input type="checkbox"/> Payroll liabilities reviewed monthly — no unexplained balances	
<input type="checkbox"/> Quarterly Form 941 filings reconciled to QuickBooks payroll totals	

SECTION 10 NONPROFIT FINANCIAL REPORTS IN QUICKBOOKS

Nonprofits use different financial statements than small businesses. QuickBooks Online generates these reports automatically once your books are set up correctly.

STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Purpose: Shows your organization’s assets, liabilities, and net assets at a point in time.

- Go to Reports → Balance Sheet
- Review total assets, liabilities, and net assets
- Confirm net assets reflect both restricted and unrestricted balances

STATEMENT OF ACTIVITIES (PROFIT & LOSS)

Purpose: Shows revenue and expenses over a time period — and whether the organization ended with a surplus or deficit.

- Go to Reports → Profit and Loss
- Review total contributions, grants, and program revenue
- Review total expenses by category
- Note net surplus or deficit for the period



STATEMENT OF FUNCTIONAL EXPENSES

Purpose: Shows all expenses broken down by functional category — required for Form 990.

- Go to Reports → search STATEMENT OF FUNCTIONAL EXPENSES
- Review expense distribution across Program, Management & General, Fundraising
- Confirm percentages align with your organization’s mission focus

PROFIT & LOSS BY CLASS

Purpose: The most important fund-tracking report for nonprofits. Shows income and expenses for each fund, grant, or program.

- Go to Reports → Profit and Loss by Class
- Run monthly to monitor each fund’s activity and balance
- Use to prepare grant reports and board financial summaries

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	Notes / Action Items
<input type="checkbox"/> STATEMENT OF FINANCIAL POSITION (BALANCE SHEET) reviewed monthly	
<input type="checkbox"/> STATEMENT OF ACTIVITIES (PROFIT & LOSS) reviewed monthly	
<input type="checkbox"/> STATEMENT OF FUNCTIONAL EXPENSES reviewed monthly	
<input type="checkbox"/> PROFIT & LOSS BY CLASS reviewed monthly for all active funds and grants	
<input type="checkbox"/> Reports shared with board or leadership on a regular schedule	

SECTION 11 BOARD-READY REPORTING

Your board has a fiduciary responsibility to oversee the organization’s finances. Giving them clear, consistent financial reports at every meeting fulfills that responsibility — and builds board confidence.

What To Include In Every Board Financial Report

- STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
- STATEMENT OF ACTIVITIES (PROFIT & LOSS) — month and year-to-date
- Budget vs. Actual comparison (if a budget exists)
- Fund balance summary — unrestricted vs. restricted
- Cash position and any cash flow concerns
- Brief narrative explaining significant variances or unusual items

How To Format Board Reports

- Keep reports to two pages or less — board members are not accountants
- Use clear headings and consistent formatting
- Highlight key figures: total revenue, total expenses, net result, cash balance
- Provide a one-paragraph written narrative explaining the numbers
- Deliver reports at least 48 hours before the board meeting



💡 Pro Tip

A one-page financial summary with three key numbers — total revenue, total expenses, and current cash — is more useful to most board members than a 10-page QuickBooks report.

BOARD MEETING FINANCIAL REVIEW ROUTINE

- Treasurer presents financial summary at each meeting
- Board reviews and asks questions — no rubber-stamping
- Board motions to accept financial report — recorded in minutes
- Significant variances or concerns documented in meeting minutes

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	Notes / Action Items
<input type="checkbox"/> Financial reports prepared and distributed before every board meeting	
<input type="checkbox"/> Budget vs. actual report included if organization has an annual budget	
<input type="checkbox"/> Fund balance summary included — showing restricted and unrestricted balances	
<input type="checkbox"/> Written narrative prepared explaining significant items	
<input type="checkbox"/> Board formally accepts financial report — motion recorded in minutes	

SECTION 12 YEAR-END CLOSE FOR NONPROFITS

Year-end close is more complex for nonprofits than for small businesses. Restricted fund balances, grant reports, donor acknowledgments, and Form 990 preparation all require careful, timely attention.

DECEMBER 31 — CONFIRM THESE ARE COMPLETE

- All bank and credit card accounts reconciled through December 31
- All donations recorded with correct dates, donors, and restriction status
- All grant expenses verified as allowable and correctly classified
- All restriction releases documented with journal entries and memos
- Payroll liabilities confirmed at zero (all taxes paid)
- Any outstanding invoices or bills reviewed and resolved

JANUARY TASKS

- Send donor acknowledgment letters for all contributions of \$250 or more by January 31
- File Form W-2 for all employees by January 31
- File Form 1099-NEC for all contractors paid \$600 or more by January 31
- Run final PROFIT & LOSS BY CLASS for the year — review all fund balances
- Prepare year-end grant reports and submit them on time

⚠ Watch Out

The IRS requires written acknowledgment to donors for all contributions of \$250 or more. Missing this deadline has legal and donor-relationship consequences.



Form 990 Preparation

Form 990 is due by the 15th day of the 5th month after your fiscal year ends. Work with your CPA to gather:

- Final STATEMENT OF ACTIVITIES (PROFIT & LOSS)
- Final STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)
- STATEMENT OF FUNCTIONAL EXPENSES
- List of board members, officers, and key employees
- Program descriptions and accomplishments for the year

The following key takeaways summarize the most important concepts from this chapter.

KEY TAKEAWAYS	NOTES / ACTION ITEMS
<input type="checkbox"/> All accounts reconciled through December 31	
<input type="checkbox"/> All donations recorded — correct dates, donors, restriction status	
<input type="checkbox"/> All restriction releases journalized and documented	
<input type="checkbox"/> Donor acknowledgment letters sent by January 31	
<input type="checkbox"/> W-2s and 1099s filed by January 31	
<input type="checkbox"/> Year-end grant reports submitted on time	
<input type="checkbox"/> Form 990 preparation materials gathered and delivered to CPA	

SECTION 13 COMMON NONPROFIT QUICKBOOKS ISSUES & HOW TO FIX THEM

Even well-managed nonprofit books run into issues. Here are the most common problems and exactly how to resolve them.

ISSUE / WHAT IT MEANS	HOW TO FIX IT
Unclassified Transactions — Fund balances are inaccurate	Go to Reports → Transaction List by Date, filter for blank Class, assign correct class to each unclassified transaction
Mixed Restricted Funds — Restricted and unrestricted income or expenses coded to same class	Run PROFIT & LOSS BY CLASS, identify mixed transactions, recode to the correct restricted fund class
Incorrect Functional Allocation — All expenses in Program with nothing in Management & General or Fundraising	Review all expense transactions, apply your allocation methodology, recode shared expenses using the split feature
Lump Sum Donations — Online platform deposits recorded without individual donor detail	Delete the lump sum entry, re-enter each individual donation separately, then match to the deposit
Missing Restriction Release — Conditions met but no journal entry recorded	Create a journal entry: Debit Net Assets With Restrictions, Credit Net Assets Without Restrictions
Grant Overspending — Grant expenses exceed approved budget without funder awareness	Run P&L by Class for the grant, compare to budget, contact funder immediately
Reconciliation Discrepancy — Previously reconciled transaction was changed	Run the Reconciliation Discrepancy Report, find the changed item, restore or correct it, re-reconcile
Undeposited Funds Balance — Donation payments recorded but not matched to bank deposits	Go to + New → Bank Deposit and match recorded payments to the actual deposit in your bank feed



SECTION 14 DELEGATION & ADDING USERS SAFELY

When you're ready to bring in a bookkeeper, accountant, or share access with a staff member, do it safely. Never share your Admin login — QuickBooks makes it easy to grant appropriate, limited access.

Add A Bookkeeper or Accountant

- Go to Gear → Manage Users
- Click Invite Accountant
- Enter their email address
- They will receive an email to accept access
- Accountant access is read/write but cannot change company settings or billing

Add A Staff Member With Limited Access

- Go to Gear → Manage Users
- Click Add User
- Select the appropriate access level: Standard, Reports Only, or Time Tracking Only
- Limit access to only what the person needs for their role
- Do not grant Admin access unless absolutely necessary

⚠ Watch Out

Never share your Admin login credentials. If a staff member, volunteer, or contractor leaves, you can only deactivate their individual user account. Shared logins create an unremovable security risk.

QUICKBOOKS USER ACCESS LEVELS

ACCESS LEVEL	WHAT THEY CAN DO — BEST FOR
Admin	Full access including settings, billing, and user management — Owner or Executive Director only
Accountant	Full read/write access, limited settings access — Your bookkeeper or CPA
Standard	Customizable access to specific features — Staff who enter transactions
Reports Only	View and run reports only, cannot edit anything — Board Treasurer or Finance Committee
Time Tracking Only	Enter time only — Hourly staff or volunteers

OFFBOARDING USERS

- When a bookkeeper, accountant, or staff member leaves, deactivate their account immediately
- Go to Gear → Manage Users → find the user → click the dropdown → Delete
- Change your own Admin password if the departing person had any access
- Review recent transactions for any unusual activity



💡 Pro Tip

Schedule a quarterly user access review. Confirm every active user still needs their current level of access, and deactivate any accounts no longer needed.

Use this checklist to confirm user access is set up correctly and your QuickBooks account is properly secured.

KEY TAKEAWAYS	Notes / Action Items
<input type="checkbox"/> Bookkeeper or CPA added using Invite Accountant — not shared Admin login	
<input type="checkbox"/> All staff users given minimum necessary access level	
<input type="checkbox"/> No shared login credentials in use	
<input type="checkbox"/> Departing users deactivated immediately upon leaving	
<input type="checkbox"/> User access list reviewed quarterly	

CONCLUSION & RESOURCES

You now have a complete system for nonprofit bookkeeping in QuickBooks Online. The 14 chapters of this guide cover every critical process — from initial setup through year-end close.

The key to nonprofit financial health is consistency. Use this guide as a reference, work through the checklists regularly, and review your financial reports every month.

START WHERE YOU ARE

- If you are setting up for the first time: complete Chapters 1–4 before entering any transactions
- If you have existing books: start with Chapter 13 to identify and resolve current issues
- If you are preparing for year-end or audit: focus on Chapters 8, 10, 11, and 12
- If you are preparing for Form 990: work with a CPA and reference Chapters 8, 9, and 12

💡 Pro Tip

You do not have to implement everything at once. Pick one chapter and work through it fully. Consistent, incremental progress builds a bookkeeping system that works — and lasts.

QUESTIONS AND SUPPORT

If you have questions about your nonprofit’s QuickBooks setup, OakPath Bookkeeping Services is here to help. We offer nonprofit-focused bookkeeping support and a free 30-minute Financial Review.

YOUR FREE NONPROFIT BOOKKEEPING REVIEW

OakPath offers a free 30-minute Financial Review to help you assess your current bookkeeping system. During this session, we will:

- Review your current QuickBooks setup
- Identify any risk or compliance concerns
- Highlight opportunities for improvement
- Answer your questions — no preparation required

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SECURITY & CONFIDENTIALITY

Professional bookkeepers use secure, encrypted systems to protect financial information. Your records remain private, controlled, and accessible only to authorized users.

Trust begins with security.

ABOUT OAKPATH BOOKKEEPING SERVICES

OakPath Bookkeeping Services provides trusted, reliable bookkeeping support for nonprofits and small businesses in Jefferson County, Washington and beyond. We believe bookkeeping is more than entering numbers — it is about creating clarity, supporting compliance, and building confidence in every financial decision your organization makes.

Founded by Marie Osborne, a Certified QuickBooks Online ProAdvisor with 40+ years of leadership experience — including 17 years overseeing multimillion-dollar nonprofit and county administration budgets — OakPath brings deep nonprofit expertise and genuine care to every client relationship.

Value	What It Means for You
Trust	Your financial records are handled with care, discretion, and complete integrity
Accuracy	Precise, up-to-date records support confident decisions and clean audits
Partnership	Supportive bookkeeping so you are never facing your finances alone

With organized books and consistent review habits, your nonprofit gains clarity, compliance, and confidence.

Rooted in Trust. Grounded in Accuracy.



APPENDIX — QUICK REFERENCE: COMMON NONPROFIT QUICKBOOKS ISSUES

Use this reference during your monthly bookkeeping review to quickly identify and resolve common issues.

Issue / Symptom	Quick Fix
Unclassified Transactions — PROFIT & LOSS BY CLASS shows missing fund activity	Transaction List by Date → filter blank Class → assign correct Class
Mixed Fund Balances — Restricted fund totals look wrong	P&L by Class → find mixed transactions → recode to correct Class
Lump Sum Donations — Donor names missing from P&L	Delete lump entry → re-enter individual donations → re-match deposit
Restriction Not Released — Fund balance still shows restricted after purpose fulfilled	Journal Entry: Debit Net Assets With Restrictions, Credit Without Restrictions
Grant Budget Exceeded — Actual expenses over approved grant budget	Stop spending → run P&L by Class for grant → contact funder immediately
Functional Allocation Missing — Form 990 fields incomplete	Review all expenses → assign to Program, Mgmt/General, or Fundraising class
Payroll Not Allocated — All payroll in one class or unclassified	Edit payroll entries → split wages across correct program/grant Classes
Reconciliation Discrepancy — Reconciliation report shows discrepancy	Reconciliation Discrepancy Report → find changed item → restore and re-reconcile
Undeposited Funds Balance — Balance Sheet shows balance in Undeposited Funds	+ New → Bank Deposit → match payments to bank deposit
Donor Acknowledgments Late — Donors missing written acknowledgment	Sales → Customers → review giving history → send acknowledgment statements