

QuickBooks Online for Kentucky Small Business Owners

10 Common Mistakes to Avoid and How to Fix Them

VandenBerg Bookkeeping
Prospect, Kentucky

Expert QuickBooks Support for Local Small Businesses



Table of **contents**

01	Why Accurate Bookkeeping Is Your Business Superpower	3
02	QuickBooks Online Setup – Do It Right the First Time	4
03	Mistake #1 – Treating QuickBooks Like a Check Register	5
04	Mistake #2 – Skipping Monthly Bank Reconciliations	6
05	Mistake #3 – Ignoring Sales Tax Tracking in Kentucky	7
06	Mistake #4 – Poor Expense Categorization & Missing Deductions	9
07	Mistake #5 – Not Setting Up Classes or Locations	10
08	Mistake #6 – Payroll Setup & Reporting Errors	11
09	Mistake #7 – Failing to Review Key Financial Reports Monthly	12
10	Mistake #8 – Mixing Personal & Business Transactions	13
11	Mistake #9 – Not Backing Up or Securing Your Data	14
12	Mistake #10 – Waiting Until Tax Season to Fix Everything	15
13	Your 30-Day QuickBooks Cleanup Checklist	17
	Ready to Stop Guessing?	18

CHAPTER 1

Why Accurate Bookkeeping Is Your Business Superpower

ACCURATE BOOKKEEPING IS THE FOUNDATION OF A PROFITABLE, COMPLIANT, AND STRESS-FREE BUSINESS.

For small business owners in Prospect and Louisville, strong books deliver:

- Clear cash-flow visibility
- Maximum legal Kentucky deductions
- Confidence before tax deadlines
- Better decisions for growth

Poor bookkeeping costs Kentucky businesses thousands in penalties, missed opportunities, and extra CPA fees.

This guide shows you the 10 most common QuickBooks mistakes and exactly how to fix them.



VandenBerg Bookkeeping

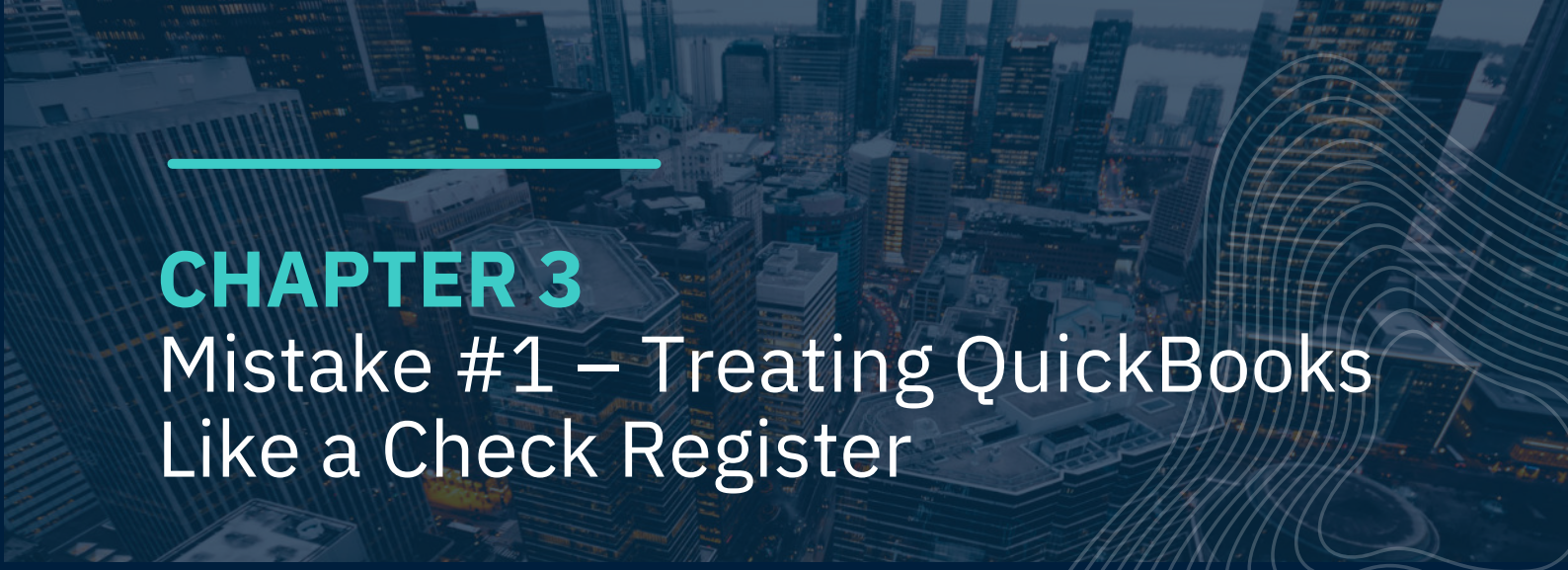
Prospect, Kentucky



CHAPTER 2
QuickBooks Online Setup – Do It Right the First Time

1. Choose the right plan
2. Set up your chart of accounts
3. Connect all bank and credit card feeds.
4. Set up Kentucky sales tax. (6% flat rate)
5. Turn on Class or Location tracking if needed.

Action Step:
Log in today and verify all bank feeds are connected and reconciled to the latest statement date.



CHAPTER 3
Mistake #1 – Treating QuickBooks Like a Check Register

Many owners only enter deposits and payments without proper categorization.

Why it hurts

- Profit & Loss reports become meaningless
- Missed deductions at tax time
- Higher IRS audit risk

Fix in QuickBooks Online

- Always categorize every transaction
- Use "Find & Match" for bank feeds
- Review Income and Expense accounts monthly

Pro Tip: Spend 15 minutes every Friday categorizing new transactions.



CHAPTER 4:

MISTAKE #2 – SKIPPING MONTHLY BANK RECONCILIATIONS

Step-by-step fix

STEP 1:
Go to Banking → Select account → Reconcile



STEP 2:
Enter statement ending date and balance

STEP 3:
Match all transactions (difference must be $0.00)

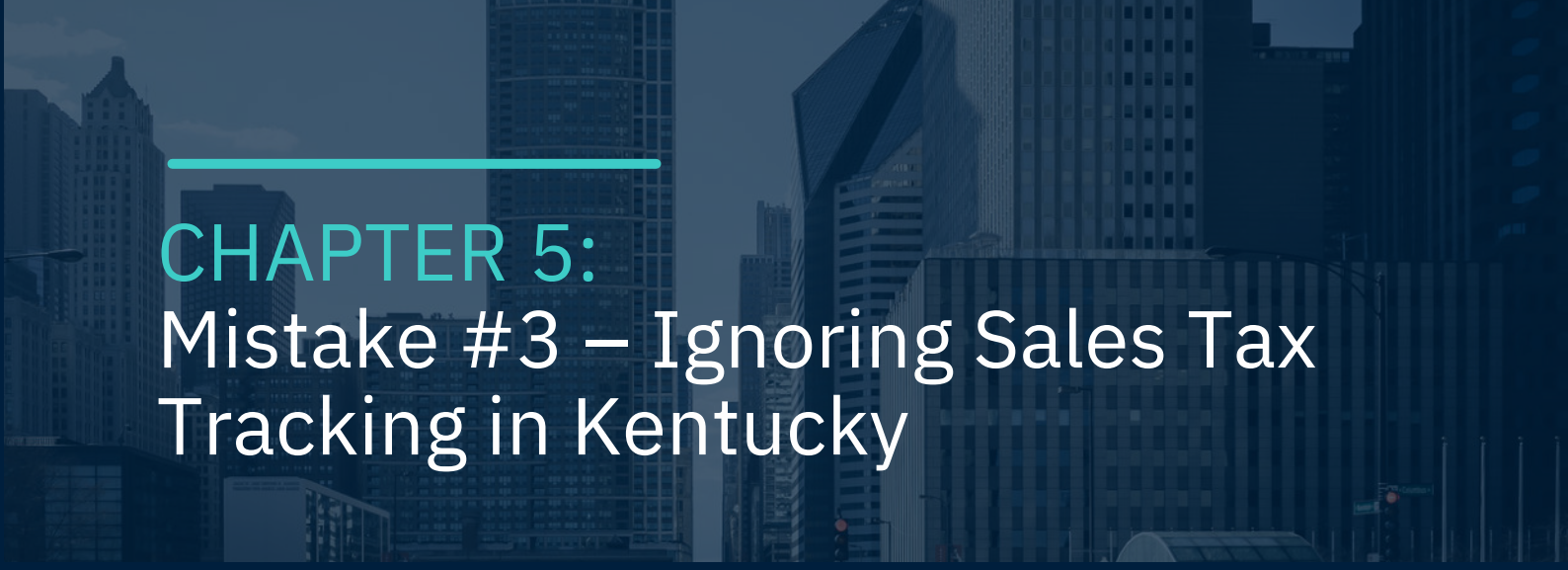
STEP 4:
Click Reconcile Now



BEST PRACTICE:
KEEP A SIMPLE EXCEL BACKUP LOG EACH MONTH

Kentucky Note:
Reconcile before filing sales tax or payroll returns.

Flag for CPA:
Final tax returns must be reviewed by your CPA.



CHAPTER 5:
Mistake #3 – Ignoring Sales Tax Tracking in Kentucky

KENTUCKY HAS A FLAT 6% STATE SALES TAX RATE (NO ADDITIONAL LOCAL RATES).

Setup Steps

1. Taxes → Sales Tax → Set up
2. Add Kentucky – 6% combined rate
3. Assign tax rate to taxable items
4. Apply tax on every taxable invoice

Filing:
Run Sales Tax Liability report → File via MyTaxes.ky.gov or in QuickBooks.

Action Step:
Confirm your 6% rate is active and run a current liability report.

Flag for CPA:
Sales tax returns (Form 51A102) must be reviewed and filed by your CPA.

WRITTEN BY SUKI VAN DEN BERG



Visit our website for more information about our services

VANDENBERGBOOKKEEPING.COM



CHAPTER 6
Mistake #4 – Poor Expense Categorization & Missing Deductions

Why it happens
Bank feeds auto-categorize incorrectly and owners rush through entries.

Real cost
Overpaying taxes and missing legitimate deductions (mileage, home office, meals).

Fix in QuickBooks Online

1. Transactions → Bank transactions
2. Categorize or Split each transaction
3. Create Rules for automation
4. Use Tags for mileage, client meals, etc.

Action item:
Review uncategorized transactions every Friday.

Flag for CPA:
Final deductible vs. non-deductible decisions should be reviewed by your CPA.



CHAPTER 7:
Mistake #5 – Not Setting Up Classes or Locations

Why it hurts

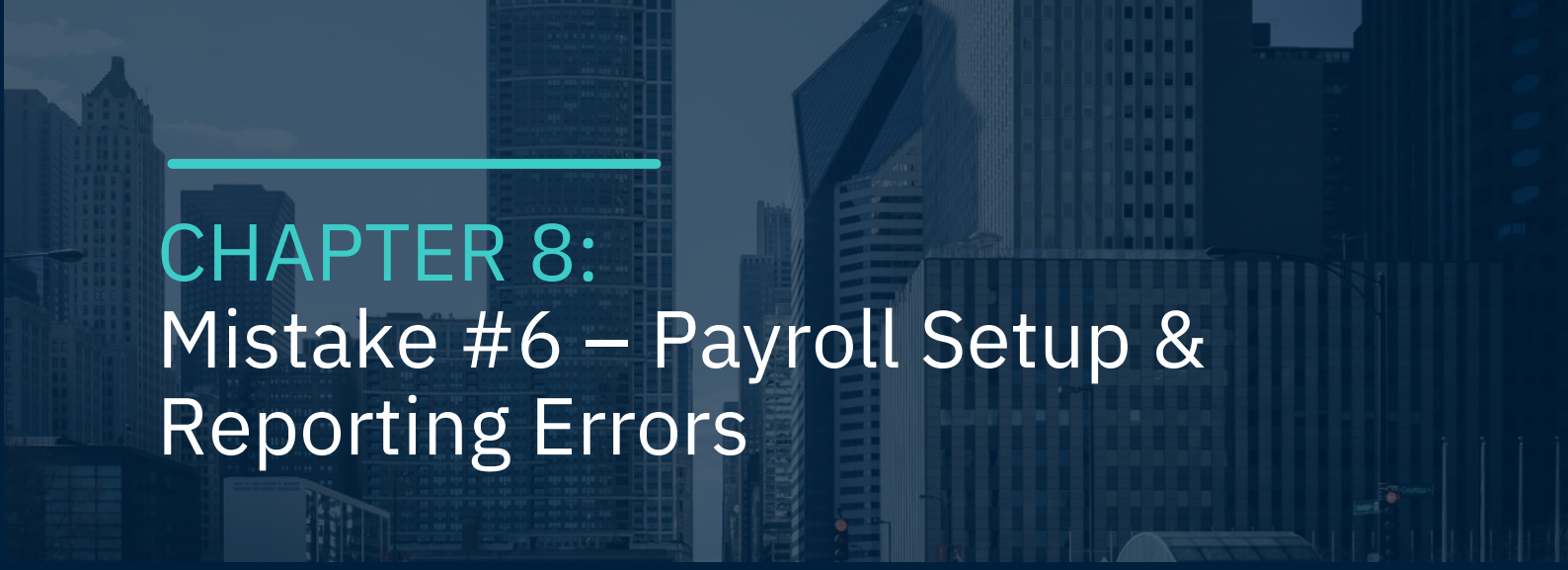
You cannot see true profitability by service line or job.

Setup Steps

1. Gear icon → Account and settings → Advanced → Turn on Classes/Locations
2. Create your categories
3. Assign to every transaction and invoice line

Run Profit & Loss by Class monthly.

Action item:
Turn on Classes today and assign to recent transactions.



CHAPTER 8:
Mistake #6 – Payroll Setup & Reporting Errors

Fix in QuickBooks

Add employees/contractors with correct tax info
Set up payroll schedule
Reconcile payroll liabilities monthly

Kentucky Note:
Stay current on state withholding and unemployment reports.

Flag for CPA:
Payroll tax deposits, Form 941, W-2s, and 1099s must be reviewed and filed by your CPA.



CHAPTER 9
Mistake #7 – Failing to Review Key Financial Reports Monthly

Must-Review Reports Every Month

Running your business without looking at reports is like driving with your eyes closed. Many owners only look at their bank balance.

Report	Purpose
Profit and Loss	True Profitability
Balance sheet	Financial position
Cash flow statement	Cash movement
Accounts Receivable Aging	Collections
Accounts Payable Aging	Bills due

Action item:

Block 30 minutes on the 10th of each month for Financial Review Day



CHAPTER 10
Mistake #8 – Mixing Personal & Business Transactions

This is the fastest way to create bookkeeping chaos and IRS problems.

Why it hurts

- Complicates tax preparation
- Triggers audit red flags
- Makes accurate profit tracking impossible

Fix

- Open separate business bank and credit card accounts
- Never pay personal expenses from business accounts
- Record owner draws only through Owner's Draw account

Action item:

Separate all accounts this week. Move any mixed transactions to the correct accounts.

Flag for CPA:

Owner draws and distributions should be reviewed by your CPA.



CHAPTER 11
Mistake #9 – Not Backing Up or Securing Your Data

QuickBooks data is valuable — and vulnerable.

Best Practices

- Enable automatic backups in QuickBooks Online (already cloud-based).
- Turn on two-factor authentication (Gear → Account and settings → Billing & Subscription).
- Export key reports monthly to Excel/PDF and store in a secure folder (Google Drive or Dropbox with 2FA).
- Use strong, unique passwords.

Action Item

Enable 2FA today and schedule monthly report exports.

VandenBerg Bookkeeping can handle this for you

We maintain secure, backed-up books with controlled access.

CHAPTER 12

Mistake #10 – Waiting Until Tax Season to Fix Everything

TAX SEASON PANIC IS EXPENSIVE AND AVOIDABLE.

Why you should fix now

Cleaner books = lower CPA fees
Time to claim missed deductions
Better cash-flow decisions all year

Action item

Start your 30-day cleanup today (see Chapter 13). Don’t wait until January.

Flag for CPA:

All tax returns must be prepared and reviewed by your licensed CPA.



VandenBerg Bookkeeping can handle this for you

We keep your books clean year-round so tax season is calm.

CHAPTER 13

Your 30-Day QuickBooks Cleanup Checklist

WEEK	TASK	COMPLETED
1	Connect all bank/credit card feeds	☐
1	Set up & verify 6% Kentucky sales tax	☐
1	Turn on Classes/Locations	☐
1	Reconcile all accounts through latest statement	☐
1	Separate personal & business accounts	☐
1	Review & correct Payroll setup	☐
1	Run and review key financial reports	☐
1	Set up Rules & Tags for automation	☐
1	Enable 2FA & backup reports	☐
1	Schedule recurring monthly review	☐

Print this checklist and mark it off.

VandenBerg Bookkeeping can handle this for you

Need any help? Contact us today

Ready to stop guessing?

Free 15-minute Quickbooks Review + Personalized Action Plan

Let vandenBerg Bookkeeping handle your QuickBooks so you can focus on growing your business.

Special Offer for Readers
Free 15-minute QuickBooks Review + Personalized Action Plan

Contact:
Suki vandenberg
vandenBerg Bookkeeping
Prospect, Kentucky

Phone: 7543067212
Email: suki@vandenbergbookkeeping.com
Book your call at:vandenBergBookkeeping.com
Accurate books = Peace of mind.

Thank you for reading.

