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# Instructions for Booking Iowa (IEDA) Grants and EIDL & PPP Loans in QuickBooks

## How to Book IEDA Grant Funds in QuickBooks Desktop or Online

1. Set up an equity account called Small Business Relief Grant IEDA.
  - a. Desktop - Go to COMPANY, CHART OF ACCOUNTS, ACCOUNT button, NEW, choose EQUITY as the account type, continue, in account NAME put in "Small Business Relief Grant IEDA", description, SAVE AND CLOSE.
  - b. Online - On the left-hand menu go to ACCOUNTING, CHART OF ACCOUNTS, in the right-hand corner in the Chart of Accounts NEW, Account Type EQUITY, Detail Type choose OWNERS EQUITY (it really does not matter), Name "Small Business Relief Grant IEDA", Description, SAVE AND CLOSE.

## How to Book PPP or EIDL Loan in QuickBooks Desktop or Online

1. If you have deposited your PPP or EIDL loan proceeds in a separate or new bank account, you will need to set up a new BANK ACCOUNT in QuickBooks.
  - a. Desktop - Go to COMPANY, CHART OF ACCOUNTS, ACCOUNT button, NEW, choose BANK as the account type, continue, in account NAME fill in name of the account (example: "PPP Savings" or "PPP Checking"), Description "PPP Loan Proceeds", SAVE AND CLOSE.
  - b. Online - On the left-hand menu go to ACCOUNTING, CHART OF ACCOUNTS, in the right hand corner in the Chart of Accounts NEW, Account Type BANK, Detail Type choose the correct type from the drop down, in account NAME fill in a name for the new bank account such as "PPP Checking" or "PPP Savings", Description "PPP Loan Proceeds", SAVE AND CLOSE.
2. Set up an ACCOUNT for the loan:
  - a. Desktop - Go to COMPANY, CHART OF ACCOUNTS, ACCOUNT button, NEW, choose LOAN as the account type, continue, in account NAME put in "PPP Loan Proceeds", description, SAVE AND CLOSE.
  - b. Online - On the left-hand menu go to ACCOUNTING, CHART OF ACCOUNTS, in the right hand corner in the Chart of Accounts NEW, Account Type Other Current Liabilities, Detail Type choose Loan Payable, Name fill in a name for the new bank account such as "PPP loan (loan number)", Description "PPP loan from (name of bank)," SAVE AND CLOSE.
3. Deposit Loan proceeds and book the loan
  - a. Desktop - Go to BANKING, MAKE DEPOSIT or RECORD DEPOSIT, in upper left hand corner make sure that Deposit To has the new bank account in it that was set up in Step 1, Date of the deposit, RECEIVED FROM can be your bank as the vendor, FROM ACCOUNT is the

new loan payable account created in step 2, MEMO can be PPP loan proceeds, and the AMOUNT is the amount of the loan proceeds. This entry will put the loan proceeds in the correct checking account and into the loan payable account.

- b. Online - Go to upper left hand corner + NEW, OTHER, BANK DEPOSIT, Account will be new bank account set up in step 1, Date, Go to ADD FUNDS TO THIS DEPOSIT, RECEIVED FROM is your bank as vendor, ACCOUNT is new loan payable account set up in Step 2, DESCRIPTION is PPP loan proceeds, AMOUNT is the loan proceeds, SAVE AND CLOSE.

## How to Journal Entry PPP Forgiveness

With this journal entry you are moving the amount of the loan that is being forgiven to the EQUITY side of your BALANCE SHEET. This is important because it moves the loan, which is debt, to the equity side of the Balance Sheet. **DO NOT DELETE THE PPP LOAN ACCOUNT FROM YOUR BOOKS** as a way to “get rid” of the loan entry. You MUST journal the forgiven amount to EQUITY. If you have remaining PPP funds that are now turned into a loan, that amount should still be reflected in the PPP loan account, and as you pay principle on the loan, you can reduce the loan amount from that account and from your balance sheet.

- a. Desktop - Go to COMPANY on the menu bar, MAKE GENERAL JOURNAL ENTRIES, put in correct date, under ACCOUNT go to drop-down and find your PPP Loan account, under DEBIT put in the loan forgiveness amount, under MEMO put in “PPP Loan Forgiveness”, go to next line and under ACCOUNT, you may have to ADD NEW a NEW ACCOUNT similar to step 2, account type needs to be EQUITY, continue, ACCOUNT NAME “PPP Loan Equity”, DESCRIPTION, SAVE AND CLOSE. Under CREDIT the amount from your DEBIT should auto fill, SAVE AND CLOSE journal.
- b. Online - Go to + NEW in upper left-hand corner, OTHER, JOURNAL ENTRY, put in correct date, under ACCOUNT go to drop-down and find your PPP Loan account, under DEBIT put in the loan forgiveness amount, under MEMO put in PPP loan forgiveness, go to next line and under ACCOUNT, you may have to ADD NEW a NEW ACCOUNT similar to step 2, account type needs to be EQUITY, continue, ACCOUNT NAME “PPP Loan Equity”, DESCRIPTION, SAVE AND CLOSE. Under CREDIT the amount from your DEBIT should auto fill, SAVE AND CLOSE journal.

**Note:** QuickBooks does allow you to “make inactive” accounts from your Chart of Accounts; but you should never inactivate an account that has a balance in it. If that happens, your Balance Sheet will not balance.