



Complying with ProfitKeeper Software



SCI recently announced a financial reporting requirement for all Team Leaders. Starting in 2019, all TL's will be expected to input data into ProfitKeeper software online. The reporting format has a certain Chart of Accounts where TL's will map their own Quickbooks Chart of Accounts into the ProfitKeeper format. By using the mapping, an electronic upload can be used to save time. TL's will be required to enter data by store, and by type of Team Member within each store. Some TL's have looked at this and have concerns about the time involved to comply.

As you know, Pinnacle as a PEO, does not break out the employer payroll tax costs separately and does not break out Pinnacle's admin fee and workers compensation insurance premiums separately. Since the payroll and taxes are paid under Pinnacle's FEIN, it is not a best practice for TL's to show these costs as direct TL costs or separated TL costs under your own FEIN on your Quickbooks. Instead, these costs are best reported as combined. A similar accounting method is used for Temporary Employees, where the Temp service bills the client for the entire fee, inclusive of the taxes, workers comp and admin cost and that entire bundled cost is then recorded as one simple journal entry. So with Pinnacle, the full PEO cost would be best recorded under an account called "PEO Labor Expense" and then that account could be mapped into the ProfitKeeper account called "Cost of Processing Payroll". Other ProfitKeeper accounts, such as "Payroll Taxes on Compensation Earned" and "Worker's Compensation Insurance Premiums", would not be used. So very little data entry is needed.

To simplify the reporting of payroll and payroll expense by type of Team Member, Pinnacle is revising one of our standard reports. The "Invoice Component Billing Detail" report will be changed to show payroll and payroll expense separately for the Store Manager, Stylists, Coordinators and "Other TM's". These figures will be reported by employee and by store for your convenience. We will also be using a column for employee benefits expense that could be mapped to "Medical Insurance Premiums" in ProfitKeeper. We appreciate the opportunity to be of assistance to our Sport Clips clients.