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## Trust Accounting with CosmoLex - FAQ

This document answers commonly asked questions related to Trust Accounting features of CosmoLex.

### **Can I manage Multiple Trust Bank Accounts?**

Yes, you can manage unlimited number of trust bank accounts. These accounts can be pooled trust bank accounts and separate interest-bearing accounts.

### **Can I receive Trust Funds by way of Credit Cards?**

Yes, LSA allows law firms to accept payments by Credit Cards. Depending on the merchant you use, you can manually record payments made by credit card.

### **Can I transfer trust balance of a client from its one matter to another?**

Yes, CosmoLex provides a built-in utility to move money between two matters of same clients. Utility creates transfer transactions, links them and reconciles as these are not actual bank transfers.

### **Can I record Trust Transactions without knowing Client Information?**

No. In CosmoLex, to enter a trust transaction, its client-matter must be specified. Else, transaction can't be entered.

### **Can I track non-cheque Transactions within CosmoLex?**

Yes. Apart from Cheques, Electronic Payments can be recorded as Wire/ACH-In or Wire/ACH-Out. If it is a Cash Transaction, choose "Cash" in the method option while recording the deposit.

### **How do I make fee payments from Trust Accounts?**

Any invoice within CosmoLex system can be paid in CosmoLex from available Trust Funds. System will enter a payment transaction to trust, deposit transaction to business account and mark the invoice paid. Note, you still have to physically move funds at your bank account via electronic transfer or a cheque.

### **Can I track 3rd Party Matter Bills and Disburse Payments from Trust?**

Yes. If you have 3rd party matter bills (e.g. bills from doctors, hospitals in a personal injury case), you can track those bills within the Matter and payoff from Trust funds upon settlement.

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## **Can I keep track of my general bank accounts in CosmoLex?**

Yes!. CosmoLex is a complete legal billing & accounting system. You do not need a separate accounting system such as QuickBooks™. In CosmoLex, you can manage separate general bank accounts to account for income & expenses. You must keep general bank funds separate from trust funds except for upto \$500 (permitted by LSA) to cover for any accidental transactions such as bank service charges (For this, create a separate internal matter track transactions just as you would for your client ledgers.)

## **Can I print Trust Disbursement cheques?**

Yes. You can print cheques from CosmoLex and program will automatically apply sequential numbering. You can print on a predefined commonly used check/stub/stub or stub/check/stub formats. You can also print on a 3-cheques per sheet but it is not advisable as you will have no stub for physical records. You can print one check at a time or print multiple in a batch. When you print trust cheques, your client-matter information will automatically be printed thus identifying it with its source ledger. You can also record manually prepared cheques.

## **Can I void previously entered Cheques?**

Yes. You can void uncleared cheques. Record of original transaction will be kept and trust ledger balance will increase so you can reissue cheques. Reconciled cheques can't be voided.

## **Does CosmoLex Trust Accounting help me maintain Compliance?**

Yes. CosmoLex is designed to maintain compliance and prevent negligent bookkeeping mistakes. For example, CosmoLex does not allow ledger card overdraft, co-mingling between ledgers, co-mingling between trust funds and operating funds, use of duplicate cheque numbers, etc. Each client ledger is tracked separately with its own running balance even if bank account is a pooled account.

Additionally, since CosmoLex is an integrated billing & accounting system with no need if QuickBooks™, you also eliminate another common source of trust errors which originates from using two separate systems. However, ultimately, law firm needs to learn the system, record transactions timely, properly and reconcile monthly.

## **Can I reconcile Trust Account with by Bank Statement in CosmoLex?**

Yes. CosmoLex has a comprehensive reconcile module which allows you to reconcile each account monthly with your bank statement. You can do manual reconciliation or you can upload an electronic format bank statement and let CosmoLex perform automatic reconciliation.

## **Can Reconciliation be performed by My Accountant?**

LSA requires bank accounts to be reconciled within one month of the end of the month. CosmoLex is a web-based system and can be accessed with any internet connected machine. Your accountant can reconcile bank accounts within CosmoLex. Your accountant may even qualify to become "CosmoLex Accounting Partner" and you can get free login for

your accountant. However, note that responsibility for any errors, discrepancies, shortfalls or other exceptions will lie with the responsible lawyer.

### **Can I edit transactions after completing Reconciliation?**

No. A critical safeguard of CosmoLex is automatic locking once you complete a reconciliation. No transaction till the date reconciliation is complete can be edited. If you discover a significant error, you can “re-open” a reconciled statement, make changes, and again reconcile. This feature prevents any accidental editing in closed durations.

### **What type of trust reports are available in CosmoLex?**

CosmoLex has a comprehensive trust accounting functions and generates following reports:

- Client Trust Listing : Listing of ledger balance
- Client Trust Ledger : Client trust activity
- Trust Journal : Activity for a particular trust bank account
- Trust Receipts Journal : Receipt only listing
- Trust Disbursements Journal : Disbursements only listing
- Trust Transfer Record : Record of trust money transferred from one matter to another
- Trust Reconciliation : Monthly bank reconciliation
- Trust Bank-Client Reconciliation : 3 way reconciliation between bank, book and client trust listings.

In addition CosmoLex also produces various other law society/CRA required reports related to business accounts such as:

- General Journal
- Client General Journal
- Fees Book
- Financial statements
- Input tax credit reports

### **How Can I get list of uncleared trust transactions?**

As you perform monthly bank reconciliations within CosmoLex, CosmoLex keeps track of cleared and uncleared funds. CosmoLex bank reconciliation report lists each cleared transaction along with listing of ALL uncleared transactions till the date of reconciliation. If at any time trust funds become stale dated funds and payee can't be located) follow LSA process for handling undisburseable trust funds.

### **Can I use CosmoLex for General Office Accounting?**

Yes. You can use CosmoLex to manage trust accounts, business accounts and credit card accounts. CosmoLex supports Canada specific accounting requirements such as accrual accounting reports, GST, generate tax reconciliation document & input tax credit.

### **Do I need to use another software for Billing or Accounting?**

No. CosmoLex is a all-in-one web based software that includes practice management, billing, trust accounting and general ledger accounting. You do not need to use any other accounting software.

## **Can I limit access to accounting functions of CosmoLex to Lawyers only?**

Yes. CosmoLex has a comprehensive user management system and you can control access to various areas as well as reports user by user.

## **Can CosmoLex generate required Trust Safety Accounting Uploads?**

Yes. All of the required dataset by LSA (TT, TL, AL, BAR) are readily available in CosmoLex. Simply export files and upload to LSA. Better yet, you can give us the consent and we will upload these files on your behalf automatically. Detailed instructions are available at:

## **How can I learn more about CosmoLex?**

You can start a no-obligation trial of CosmoLex and evaluate. During the trial, you will have live access to our technical support department as well as daily training classes. You can contact CosmoLex in variety of ways:

- Website: [www.cosmolex.com/canada](http://www.cosmolex.com/canada)
- Support Center: [www.cosmolex.com/support](http://www.cosmolex.com/support)
- By Phone: 866-878-6798
- By Email: [info@cosmolex.com](mailto:info@cosmolex.com)
- By Mail: 1100 Cornwall Road, Suite 215, Monmouth Junction, NJ 08852 USA