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Wave Accounting is part of Wave Apps, which is a suite of free or low-cost apps for self-employed individuals and micro-businesses to accomplish traditional accounting tasks like billing customers, recording payments, writing checks, and downloading transactions from financial institutions.

The suite of Wave Apps includes Wave Accounting (business bookkeeping), Wave Invoicing (billing and A/R management). Wave Personal (individual financial management), Wave Payroll, and Wave Payments (merchant services).

The company also offers a free Wave Pro Network for accounting professionals who

Wave Accounting is easy to set up, and uses the Yodlee payment network to import deposit and credit card transactions from financial institutions automatically. The application is designed to support the accounting and bookkeeping needs of micro businesses with zero to nine employees. Once transactions are imported, users assign them to accounts, insert notes, attach documentation, and can then mark the item as "verified." The company added a bank reconciliation module in 2013, and it supports either automatic import of transaction for supported financial institutions (most banks), or users can upload a list of transactions downloaded from their bank website in comma delimited format for import into the application.

Core Accounting Capabilities: 4.5 Stars

Wave Accounting has a true double-entry general ledger, and it tracks open payables and receivables. The invoicing and accounts receivable capabilities of the product are available as a standalone product called Wave Invoicing. Invoices can be customized, created and e-mailed to customers from within the application. Wave users can either have a person log checks as they are received to pay invoices, or use supported merchant services like Wave Payments or PayPal to pay online.

The accounts payable function automates the tracking of open bills, but it does not make it easy to mark bills as paid or to pay using ACH payments or printed checks. One manual task required for each bill is to mark each bill as "paid" in the list of unpaid bills. The application does not natively support preparation of 1099 forms, but these items can be accumulated from filtered reports showing expenses by vendor. Wave supports multiple currencies, but it does not offer menus in languages other than English nor does it have a formal audit trail report. Intercompany transactions between the personal finances of an owner's Wave Personal account and company files are supported, but transactions between two Wave Accounting company databases would have to be manually entered in each company's books and reconciled monthly.

Wave Payroll is a simplified, self-service tool for preparing small payrolls, and

semi-monthly basis. General ledger transactions which reflect the expenses associated with payroll are automatically posted to the related Wave Apps company database.

Day-to-Day Operations: 4.5 Stars

As mentioned above, Wave Accounting is designed for micro businesses with fewer than 10 employees. Inventory is not supported. While Wave has integrations with a very small number of solutions, the company's application program interface (API)/ software development kit (SDK) is only available to a small group of hand-selected developers. Because of the immaturity of the company's API, very few add-ons exist for the product. Some of the missing tools which a business owner might desire include customer relationship management (CRM) solutions, e-mail marketing tools, or software to support specialized industries.

Although there is not a formal integration with a shopping cart application for online sales, the product does have a direct integration with the Etsy online marketplace. The product supports sales tax calculations, but the feature set is limited. There are no integrations with point-of-sale applications or shipping tools, so the daily sales totals would need to be entered into the system manually.

Management Features: 4 Stars

Wave includes a simple dashboard, and has a small list of essential reports which can be printed, saved as an Adobe Acrobat PDF file, or exported to Microsoft Excel. External report writers like Crystal Reports, ODBC connections, and applications for business analytics are not available for this platform.

Users can add collaborators like outside CPAs to assist them with the maintenance of their books, but the security options are restricted to the choice of "view only" access

or "view and edit" access to the selected database. We hope that the company will

can interface with data stored in the system. As mentioned earlier, the Company has added services for credit card processing, small business payroll, an invoicing and receivables management tool, and personal financial management. Wave also has third party integrations to support electronic document storage from Shoeboxed, a tool to help users sell items in the Etsy online marketplace, as well as integration with PayPal accounts.

Help and Support: 3.5 Stars

Wave Accounting has a nice help website, including some video tutorials. Support is available by searching online documentation, a message board, or e-mail. Basic support members receive a call back or e-mail response within 24 hours of asking the question, and Premium support members can call or initiate a chat with support representatives between 9 AM-5 PM ET, on weekdays. In person support is available on a fee for service basis from accounting professionals who are members of the Wave Pro Network, a free referral network sponsored by Wave Apps.

Summary and Pricing

Pricing:

- Wave Accounting is free, but is ad-supported.
- Wave Payroll starts at $5 per employee per month
- The Payments by Wave Merchant Service is 2.9% of the invoice amount, plus $0.30 per transaction.

Acct Program:

The Wave Pro Network is a free referral service for accountants and bookkeepers who would like to consult with new clients who use Wave Apps. More information on this free program is available at www.waveapps.com/pro-network.

Strengths:

Invoicing (A/R management), and Wave Personal (personal finances).
- Like many other online tools, Wave Personal, Wave Accounting, and Wave Receipts do not charge a monthly subscription fee, although there are additional charges for using Wave Payroll and Wave Payments.

Potential Limitations

- Wave's application program interface (API), the tools used to write add-ins and interfaces to other products, is still being alpha tested, and has not been released to the developer community as of yet.
- Some users may have concerns with their privacy and the ad-supported business model of some of the Wave Apps modules, although the company has a well-documented (and comparatively easy to read) privacy policy on its website at www.waveapps.com.
- Wave isn't designed to create financial statements which are in strict compliance with the traditional definitions of either "cash basis" or US GAAP "accrual basis", although adjustment to bring the books into compliance with either standard are possible with adjusting entries.

Best Firm Fit:

- Self-employed individuals and small businesses with fewer than 10 employees
- Individuals and firms who need a simple, inexpensive tool to bill customers, manage receivables, track spending, and produce reporting which can be used by the company, its investors, and others such as accountants, lawyers, regulators, and financial institutions with whom the business wants to communicate business performance.

2014 Overall Rating: 4.25 Stars

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