ASA Research

QuickBooks
Job Costing

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ASA RESEARCH

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QUICKBOOKS FOR CPAS COURSE INFORMATION

Learning Objectives	To increase the productivity of accountants using QuickBooks Job Costing
Course Level	Intermediate material
Pre-Requisites	Basic familiarity with QuickBooks
Advanced Preparation	None
Presentation Method	Lecture with follow up materials
Recommended CPE Credit	8 hours
Handouts	Manual
Instructors	J. Carlton Collins, CPA

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INTRODUCTION TO JOB COST & QUICKBOOKS FOR CONTRACTORS

CHAPTER 1

Definition of a Job (for accounting system purposes)

First, let us make sure that we understand what a job is from an accounting system perspective. A job has a start and ending date, and typically includes an established price (or price formula such as time and materials). The job usually has a duration ranging from a few days to a few years. However, not every customer arrangement constitutes a job (for job costing purposes), examples of which are listed below:

1. **Auto Repair** – If you take your car in for servicing, and they change the oil, install new filters, change the spark plugs, fix a damaged tire, replace a fan belt, clean the carpet, top off the fluids, etc., that's not usually considered a job, that is usually considered a _complicated sales order_. However, if the car was held for a week while it was sanded, prepared, painted and finished, that might be considered a job (but not usually). If you have the auto repair shop cut the car into two halves, weld a piece in the middle to transform it into a limousine, install fancy upgrades, and repaint the entire vehicle, that would usually be considered a job. The difference is the duration, and whether that duration spans across more than one reporting period.

2. **Lawn Care -** If someone asks us to mow their lawn each week for an unspecified period of time, that is usually considered _recurring work_, with no defined end in sight. However, if a company were hired to dig the dirt, install a new lawn, plant trees and shrubbery, then maintain the yard until the yard is established, that might be considered a job.

3. **Tool Shed** – If a company comes in to build a tool shed, and it takes them 3 months to prepare the land, pour the concrete, build the frame, install the roof and siding, install electricity, etc. that is usually considered a job. However, if a company came in and did that same thing in a single day, it would almost never be considered a job.

So what's the difference? The difference is the duration. A job is a "bucket" that accumulates costs and invoices over time, so that those costs can be billed and ultimately, the net profit or loss on the job can be measured. Treating a customer task as a job requires more accounting work to set up the job, post to job codes, and to produce job reports. A CPA should consider whether the information produced by this additional data entry coding is beneficial enough to warrant the extra effort.

Job Costing According to Intuit

According to intuit, Job Costing is the tracking of all expenses for a particular job, such as a kitchen remodel, and comparing them to the income generated by the job to calculate the profitability of the job (income minus expenses). With Job Costing, there is no invoicing of those expenses to the customer.

Job costing is valuable to contractors and other businesses for multiple reasons. It provides a detailed view of the overall health of the business, as well as the kinds of jobs that are most profitable. Also, a close comparison of estimated costs compared to actual costs of a job allows the business to learn how to more effectively and accurately estimate jobs, improving their bottom line in the future.

1. A job is a project for a customer.

2. A business can manage multiple projects at the same time. For example, a construction company might have one job remodeling a bathroom, a job for a different customer adding on an extension to the house, and a third customer who wants a new kitchen.

3. In QuickBooks, job costing allows QuickBooks customers to easily see exactly how much money they spent - and made - on each of their jobs.

4. With job costing, a company does not have to wait until they do taxes at the end of the year to see how their business is doing.

5. With job costing, companies are able to see which types of jobs are winners, and which are losers, to help in knowing which jobs to take in the future.

6. Job costing allows a company to estimate the cost of projects and of running their business more accurately.

7. Estimating may be the most important, and most difficult, part of running a business. But without comparing estimated costs to actual costs after the work is complete, customers have no way to know if they are estimating too high or low, and no way of improving their ability to estimate in the future. The QuickBooks job cost reports make it easy to compare estimated costs to actual costs.

Job Costing Points from Wikipedia

Job Costing involves the calculation of costs involved in a construction "job" or the manufacturing of goods done in discrete batches. These costs are recorded in ledger accounts throughout the life of the job or batch and are then summarized in the final trial balance before the preparing of the job cost or batch manufacturing statement.

Job Costing vs. Process Costing

Job costing (known by some as job order costing) is fundamental to managerial accounting. It differs from Process Costing in that the flow of costs is tracked by job or batch instead of by process. The distinction between job costing and process costing hinges on the nature of the product and, therefore, on the type of production process:

*   Process costing is used when the products are more homogeneous in nature.

*   Conversely, job costing systems assign costs to distinct production jobs that are significantly different. An average cost per unit of product is then calculated for each job.

*   Process costing systems assign costs to one or more production processes. Because all units are identical or very similar, average costs for each unit of product are calculated by dividing the process costs by the number of units produced.

- Many businesses produce products with some unique features and some common processes. These businesses use costing systems that have both job and process costing features.

Using job costing

In a job costing system, costs may be accumulated either by job or by batch. For a typical job, direct material, labor, subcontract costs, equipment, and other direct costs are tracked at their actual values. These are accrued until the job or batch is completed. Overhead or "burden" may be applied either by using a rate based on direct labor hours or by using some other Activity Based Costing (ABC) cost driver. In either case, once overhead/burden is added, the total cost for the job can be determined.

If the accountant is using a general ledger accounting system, which lacks true job costing functionality, the costs must be manually transferred out of Work in Process to Finished Goods (Cost of Goods Sold for service industries). Of course, in the days of computerized job costing software, journaling costs manually is an obsolete process. Such hand-journaling is mandatory for companies that continue to use general accounting software to do job costing. Enlightened accountants are moving forward and using job costing software, thereby improving cost control, reducing risk, and increasing the chance of profitability.

Using Cost Codes In Budgeting

In a true job cost accounting system, a **Budget** is set up in advance of the job. As actual costs are accrued, they are compared to budgeted costs, to determine variances for each phase of each job. **Cost Codes** are used for each phase, allowing "mini-budgets" to be generated and tracked. In the construction industry, the Construction Specifications Institute (CSI) has established an industry standard Cost Coding system job costing system consists of various cost driver that drives job cost, moreover it

Example

These examples will assume that overhead is allocated on the basis of Direct Labor Hours. Direct Material is abbreviated DM, Direct Labor as DL, and Overhead as OH.

XYZ corporation manufactures airplanes. 1 order was completed (#110), 2 received further work (#111, 112), and 1 new order was received (#113). Overhead is allocated at a rate of $100/DL Hour. All employees earn $20/hour. Beginning Work In Process Balances are as follows: #110, $25,000; #111, $10,000; #112, $12,000; #113 $0 (New Order). Below are the amounts of DM and DL used.

- #110 $2,000 DM, 25 DL hours. Therefore, $5,000 in new cost is added ($2,000 DM, $500 DL, $2,500 OH). The job had a total cost of $30,000. This amount is transferred out of Work in Process to Finished Goods or Cost of Goods Sold.

- #111 $3,000 DM, 30 DL hours. Therefore, $6,600 in new cost is added ($3,000 DM, $600 DL, $3,000 OH). The job has a new total cost of $16,600. This amount remains in Work in Process until completion.

- #112 $5,000 DM, 100 DL hours. Therefore, $17,000 in new cost is added ($5,000 DM, $2,000 DL, $10,000 OH). The job has a new total cost of $29,000. This amount remains in Work in Process until completion.

- #113 $1,000 DM, 10 DL hours. Therefore, $2,200 in new cost is added ($1,000 DM, $200 DL, $1000 OH). The job has a new total cost of $2,200. This amount remains in Work in Process until completion.

Caution: Remember, overhead is allocated on the basis of DL hours. While in this case, allocating overhead on the basis of DL cost ($5 of overhead for every $1 DL cost) would produce the same result, this may not always be the case. Since rates are developed based on a budget, if employees are actually paid a different rate from the budgeted rate, allocating at a $5 to $1 ratio would produce a different cost from the stated $100/DL hour allocation. Companies use slightly different overhead allocation methods.

Job Costing Versus Project Costing

You will often hear people use the words project costing and job costing used interchangeably, but for QuickBooks purposes there is no difference – they are one in the same. In some circles, Job costing typically means a job that involves inventory whereas project costing is typically a job that does not.

How Job Costing Differs from Class Accounting

QuickBooks offers a feature called **Class Tracking** which is commonly used to account for departments or locations. One might ask why not simply set up a new class for each new job? The primary reason is that Class Tracking has no beginning and ending point – it is assumed that your department or location will continue to exist forever, sand that you will want to track those different departments or locations forever. For example, a CPA firm probably wants to know how much revenue and profit is generated by the tax, audit, and consulting departments. It is conceivable that you might set up each of these departments as a job, and assign all revenue and expenses to one of those three jobs – and simply never close out those jobs. Yes, this could actually work, but it is a work around at best. QuickBooks is designed to better accommodate departmental or location tracking using Classes. Companies that wish to track both departments and locations sometimes use the class tracking and job tracking feature to "trick" QuickBooks into tracking both locations and departments, but it is a work-around to do so.

More to the point, the QuickBooks job costing system is designed to accumulate costs so they can be billed (along with markup) to the customer.

Resources and Reference Material for Job Costing

Those that wish to become devoted students to the concept of job costing might consider the following sources:

Books:

Cost Accounting Fundamentals: Essential Concepts by Stephen Bragg $27.72

Construction Contractors - AICPA Audit and Accounting Guide by the AICPA $82.50

Strategic Cost Analysis by Audra Ong and Roger Hussey, $19.95

Cost Accounting: A Managerial Emphasis by Charles T. Horngren, George Foster, and Srikant M. Datar $6.24.

Professional Papers:

40 Page Job Costing Brief from Wiley - www.wiley.com/college/sc/eldenburg/chap5.pdf

Job Costing Guidance from the IRS

The IRS has published an 80 page guide titled "accounting basics for contractors" to help you understand what records you need and what regulations you should consider. You can access this document at the following link:

http://www.qbalance.com/download/audit/Construction_Accounting_Basics_2004.pdf

Among other guidance, this document explains how to calculate taxable job cost income using either the completed contract (page 58) or percentage of completion (page 60) methods, and explains exemptions from these methods. The document includes examples and addresses the proper treatment for long-term

versus short term contracts (page 63), the building of speculative homes (page 64), allocating indirect costs (page 68),

QUICKBOOKS FOR CONTRACTORS

Intuit offers a two Contractors Editions of QuickBooks, called QuickBooks Premier for Contractors ($399) and the Enterprise Solutions Contractor Edition. Please be aware that the QuickBooks Enterprise Accountant's Edition also contains the same contractor features.

Both products offer 5 contractor specific features not found in the other editions of QuickBooks (except for the Accountants edition of course, which contains all the features for all the products).

1. **Create 'Jobs By Vendor' Report** - Organize your job costs by vendor, and see which vendors still need to be paid. Here is an example report:

2. **Run 'Cost To Complete Job' Report** - Keep tabs on how much it will cost you to complete each job, and how your actual costs are comparing to your estimated costs. Here is an example report:

```
11:00 AM                          Construction Company
12/15/16          Cost to Complete by Job Detail for Thomson, Bob
Accrual Basis                          All Transactions
                                Est. Cost        % Complete        Act. Cos
Thomson, Bob:Kitchen Remodel
   Service
     01 Plans & Permits .
        01.1 Plans          ▶     0.00      ◀     0.0%            172.40
        01.2 Building Permits      0.00           0.0%            243.00
     Total 01 Plans & Permits .     0.00          0.0%            415.4

     07 Wall Framing              0.00           0.0%         55,000.0
     11 Siding                    0.00           0.0%          4,000.0
     12 Doors & Trim              0.00           0.0%          5,000.0
     14 Plumbing                  0.00           0.0%         12,500.0
     16 Electrical & Lighting     0.00           0.0%          3,200.0
     18 Interior Walls            0.00           0.0%          1,500.0
     21 Cabinets & Vanities       0.00           0.0%         24,000.0
     22 Specialty                 0.00           0.0%          9,000.0
     23 Floor Coverings           0.00           0.0%         15,000.0
     24 Paint                     0.00           0.0%            300.0
     FP Billing              200,000.00          70.0%            0.0
   Total Service            200,000.00

Total Thomson, Bob:Kitchen Remodel  200,000.00   70.0%     129,915.4
```

3. **Analyze Job Profitability** - Customized job cost reports allow you to see a job's profitability on a detailed, task-by-task level. Here is an example screen:


```
Job Profitability Summary

11:02 AM              Consulting Business
12/15/16         Job Profitability Summary
                      All Transactions
                     Act. Cost    Act. Revenue    ($) Diff.
Karen Peacock & Partners
   Project #01        20,405.19     54,292.50     33,887.31
   Project #04         5,821.83     24,222.00     18,400.17
   Project #08         4,834.51     17,732.70     12,898.19
Total Karen Peacock & Partners  31,061.53   96,247.20   65,185.67

Bayshore Chamber of Commerce
   Project #06         7,496.60     31,950.10     24,453.50
   Project #14         7,417.52          0.00     -7,417.52
Total Bayshore Chamber of Commerce  14,914.12   31,950.10   17,035.98

Hayden Health Care
   Project #06             0.00      2,000.00      2,000.00
   Project #05         9,756.13     26,406.10     16,649.97
Total Hayden Health Care    9,756.13   28,406.10   18,649.97

W Optometry
```

4. **Create Job Estimates And Track Change Orders** - As a job changes simply enter change orders into the estimate to keep track of the changes and their impact on your bottom line. Change orders are included on documents you print for your customer so that there are no surprises at the end of the job. Here is an example of how a change order appears:
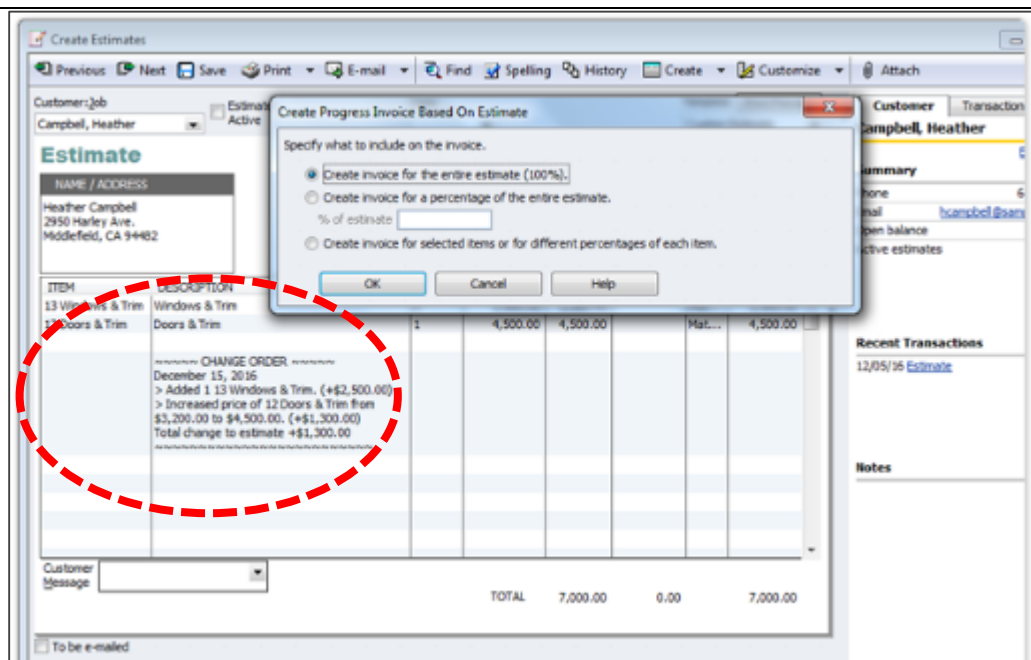
5. **Bill Clients Progressively By Job Phase** - Track and bill clients by time & material, job phase, or percentage completion, whatever works best for your unique business. Here is an example of the screen where you control this parameter:
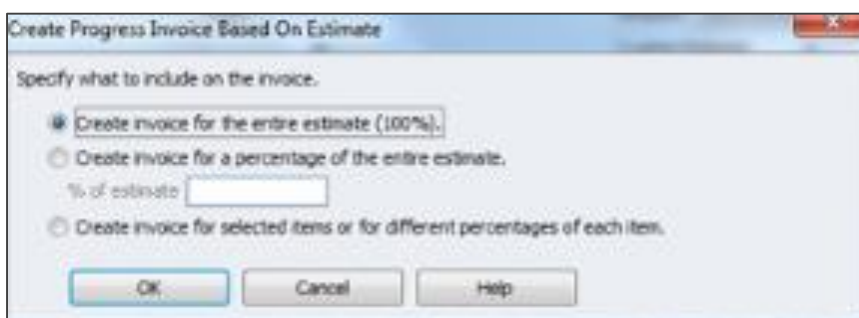
DIFFERENT TYPES OF CONTRACTORS WHO MIGHT USE QUICKBOOKS JOB COSTING

A Washington State company called Fast Easy Accounting (206.361.3950) describes five different types of contractors who use QuickBooks for contractors, as follows. (http://www.fasteasyaccounting.com/quickbooks-for-contractors-set-up-properly/_)

1. **New Construction Speculative** - Land developers, home builders and light commercial builders. These are the contractors who build something in hopes a buyer will emerge during or shortly after the building is built. Typically use QuickBooks to track construction and overhead costs and generate Bank Draws and Work-In-Progress (WIP) reports against budgeted estimates to monitor progress which we have in our QuickBooks Setup. The Chart of Accounts is focused on WIP Assets with a few Cost of Goods Sold Accounts (COGS) to allocate the sale of the building.

2. **New Construction Custom** - Builders of residential and light commercial buildings who build something specific for a client. Typically use QuickBooks to track costs and generate <u>Complex Payment Applications</u>, Item Estimates vs. Actuals, Job Profitability Summary and Job Profitability Detail Reports to monitor progress. The QuickBooks Chart of Accounts includes Goods Sold Accounts (COGS) to allocate project costs.

3. **Remodel -** Residential and Light Commercial Tenant Improvement Contractors. Typically use QuickBooks to track all the costs and generate <u>Complex Payment Applications</u> Item Estimates vs. Actuals, Job Profitability Summary and Job Profitability Detail Reports to monitor progress. The Chart of Accounts is focused Goods Sold Accounts (COGS) to allocate project costs.

4. **Trade Contractors** - Plumbers, Electricians, HVAC, Flooring, Sheetrock, Painters, Landscapers and others. Typically use QuickBooks to track all the costs and generate <u>Simple Invoices</u> which can then be input into QuickBooks Premier Contractor Edition. The Chart of Accounts is usually focused Goods Sold Accounts (COGS) to allocate project costs.

5. **Service & Repair** - Companies like drain cleaners, emergency service electricians etc. Typically use QuickBooks to track all the costs and generate <u>Simple Invoices</u> which can then be input into QuickBooks Premier Contractor Edition. The Chart of Accounts is usually focused Goods Sold Accounts (COGS) to allocate project costs.

ESSENTIAL QUICKBOOKS

JOB COSTING

CHAPTER 2

QuickBooks Job Cost Overview
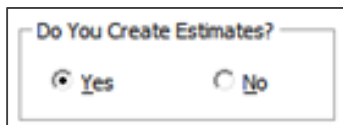
This chapter provides a basic overview of using QuickBooks job costing. The objective of this chapter is to help the participant understand the basic concepts and functionality of the QuickBooks job costing system. The chapters that follow will discuss QuickBooks job costing preferences, settings, options and transaction processing screens in far greater detail.

Preferences	You Enable Estimates
	You Enable Progress Invoicing
	Enable Warning if not Enough Inventory
	Check Item Checkbox re: Subcontractors

Customer Requests a Quote

Set Up	You Set Up Customer
	You Set Up Job
Create	You Create Estimate
	You Deliver Estimate

Customer Accepts Job

Record Transactions	Specify the Job when Entering Bills
	Specify the Job when Writing Checks
	Specify the Job when Entering Credit
	Specify the Job when Entering Time

Billing Milestone Reached

Invoicing	You Create Invoice
	You Choose to Bill Everything, or Portion

Customer Pays Bill

Receive & Deposit	Receive Payment
	Deposit Payment

Analytics	Produce Various Job Cost Reports
	Take Measures, Learn from Results

Preference Settings:

1. **Use Estimates?** - Start by enabling Estimates. (**Edit**, **Preferences**, **Jobs & Estimates**, **Company Preferences** tab, select the radio button labeled **Do You Create Estimates?**)
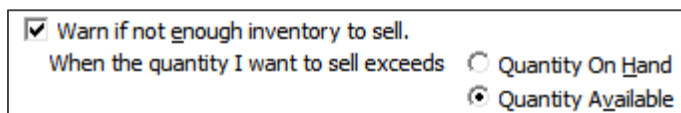
   Do You Create Estimates?
   ⦿ Yes   ○ No

2. **Progress Invoicing?** - Next, enable Progress Invoicing (**Edit**, **Preferences**, **Jobs & Estimates**, **Company Preferences** tab, select the radio button labeled **Do You Do Progress Invoicing?**)

   Do You Do Progress Invoicing?
   ⦿ Yes   ○ No

3. **Inventory Warning?** - Next, enable the warning if not enough inventory to sell, based on what's available. (**Edit**, **Preferences**, **Items & Inventory**, **Company Preferences** tab)
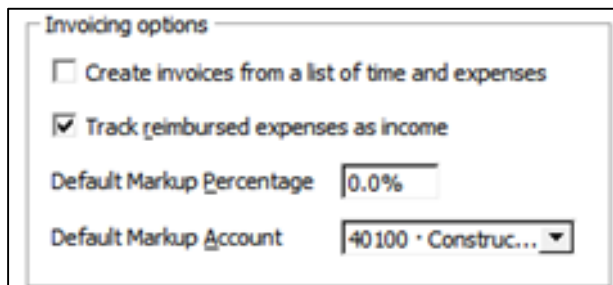
   ☑ Warn if not enough inventory to sell.
   When the quantity I want to sell exceeds ○ Quantity On Hand
                                             ⦿ Quantity Available

4. **Use Time & Billing?** - If you use time and billing, go to **Edit**, **Preferences**, **Time & Expenses** and check the box next to **Do you track time?**

   Time tracking
   Do you track time?
   ⦿ Yes   ○ No
   First Day of Work Week   Monday ▼

5. **Reimbursable Expenses?** - Next, enable the checkbox labeled **Track Reimbursable Expenses As Income** (**Edit**, **Preferences**, **Time & Expenses**, **Company Preferences** tab).

   Invoicing options
   ☐ Create invoices from a list of time and expenses
   ☑ Track reimbursed expenses as income
   Default Markup Percentage   0.0%
   Default Markup Account   40100 · Construc... ▼

QuickBooks recognizes two types of expenses used to track job profitability, as follows: <u>Job costing expenses and Reimbursable expenses</u>. (A company may do either of these, or both.)

Reimbursable Expenses are expenses incurred on a job that will be invoiced back to the customer for reimbursement. The use of reimbursable expenses includes the tracking of expenses related to a specific job. The job expenses are then transferred to an invoice for customer payment of the expense. The expense may include a markup (price that is higher than the actual expense) on the invoice.

<u>For example, with the **Track Reimbursable Expenses As Income** feature turned off, you may quote $10,000 to perform a job for a customer, and then you accumulate the expenses, no matter how much they might fluctuate from your original estimate, for your own benefit in order to determine how much profit or loss you incur on the job.</u>

With the **Track Reimbursable Expenses as Income** feature turned on, you may quote $10,000 as your estimated time and materials to perform a job for a customer, but <u>as you record the expenses, QuickBooks marks those expenses up and records them so you can bill them to your client.</u> In both cases, you end up with the actual amount of costs incurred captured in that job, but <u>the difference is whether QuickBooks calculates the job invoices based on the reimbursable costs you record, or based on a percentage of your total quoted contract price</u>.

6. **Create Invoices From Time & Expenses?** - If you also bill using the time & material billing method, you should also check **Create invoices from a list of time and expenses**).

7. **Charge Payroll to Jobs?** - Next, if you also use QuickBooks Payroll and charge payroll amounts to jobs, check the checkbox labeled **Job Costing, Class and item for paycheck expenses** (**Edit**, **Preferences**, **Payroll & Employees, Company Preferences** tab).
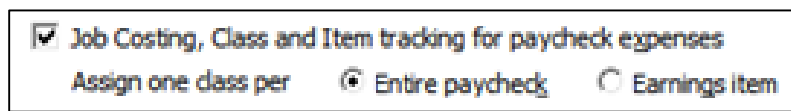
8. **Subcontractor Provided Items?** - Finally, in Item Setup: Service Items, check the box, this item is used by subcontractor (<u>thereafter, when you pay that vendor, you don't use the expenses tab, you use the items tab.</u>) (This allows you to add a markup to each item when you create your estimate)

Frequently referred to as a two sided item.

(* This setting not only produces better organized job cost reports, it also collects the information needed for producing subcontractor 1099's at year end.)

9. **Billing Rate Levels** (Discussed in Inventory)

Let's Walk Through an Example Job:

Customer Requests Quote - (also known as an estimate, bid or proposal).

10. Start by setting up the customer (and a job for that customer).

11. Next, set up a job for that customer.

12. Next, create an estimate for that job (an estimate is a description of work you propose to do or products you propose to sell)
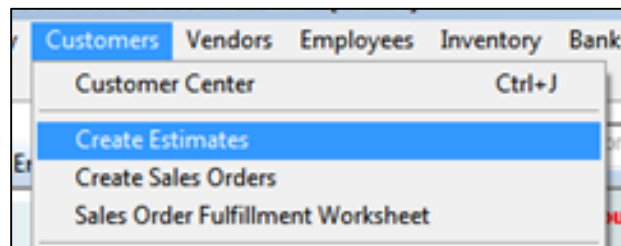
   a. As you add items, make sure to add the desired markup as well.

13. Send the Estimate to your customer (In class, we will preview the estimate to screen, but you have options to email the estimate as a .pdf or .xps attachment, or print the estimate on paper)
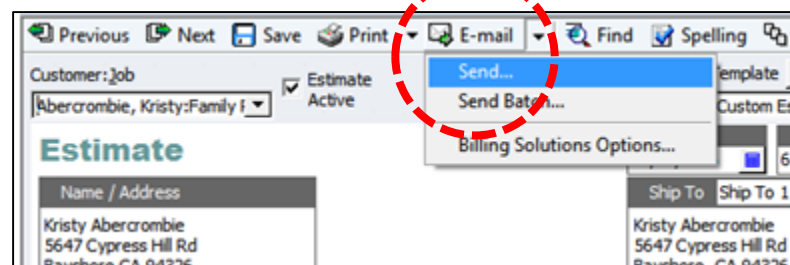
Customer Accepts Estimate - (For legal reasons, you should log the date, time and method of acceptance, and if the job is large, perhaps obtain a signed contract – which in many cases is the customer's signature of acceptance on a copy of the estimate)

14. Specify the Customer and Job when entering bills.

15. Specify the Customer and Job when writing checks.

16. Specify the Customer and Job when entering credit card charges.

17. Specify the Customer and Job when entering time (Timesheet or Timeslip)

Produce a Progress Invoice – As each billing milestone is reached. This could be based on dates, percentage completion, or some other agreed upon milestone, such as each $1,000 is incurred or based upon specific job milestones such as framing the house.

18. **To Create An Invoice** - Click **Create Invoice**, Select **Customer**, then select **Estimate**.

a. You will have the choice to bill everything, or bill a portion of the total contract based on a percentage, or bill based on a percentage completion for each item included in the estimate.

Customer Pays Invoice

19. Receive the payment and record the payment against the invoice.

20. Prepare deposit and deposit check at bank.
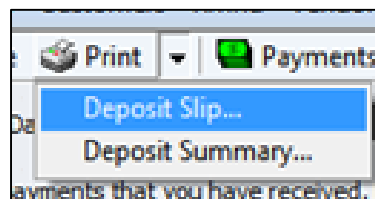
21. Record deposit in QuickBooks.

Examine Job Cost Reports

22. Produce Job cost reports and examine them on a periodic basis to determine that:

   a. Jobs are progressing as expected, none are being ignored.

   b. Job costs remain within expected parameters.

   c. Job estimate procedures are producing accurate results.

23. Act on Job Reports.

    a. If the job reports look good, then let the employees involved know they look good and tell them that they are doing a good job. Not only does this serve as a motivator via positive feedback, it also lets them know that someone is watching what they do and reviewing their work, which helps deter fraud or sloppy work.

    b. If jobs are falling behind, crack the whip and implement a plan of action for addressing the issue and following up on all jobs within the customer's time frame. (Happy customers will help your business to thrive, unhappy customers can lead to disaster).

    c. If costs are exceeding expectations, investigate and take corrective measures.

    d. If original estimates were flawed, learn from your mistakes and ensure that future estimates do not suffer the same problems.

Job Is Completed

24. As each job is completed, mark it as completed in the **Customer**, **Job** screen.

25. **Allocate Overhead Expenses to Jobs** – It is a mistake not to allocate overhead expenses to a job. If you use the company truck, tractor or bobcat in junction with a job, and you fail to allocate some reasonable form of expenses to that job, they you cannot really tell whether you made money on a particular job, and you cannot tell how much money you actually made or lost.

    a. You will need to determine the proper method for allocation. Often this is based upon the total revenue generated by a job, but if you don't billing regularly, this might distort the allocation.

    b. Ideally, total expenses to be allocated should be based on a percentage of the total revenue for that job divided by the total revenue for all jobs during the year.

26. **Produce Financial Statements Stratified By Job** (using the Columns Tool).

    a. Analyze your job profitability. Try to determine whether estimates were accurate, whether certain estimators did a better job than others, and zero in on the desired profit margin that covers your company's fixed costs, variable costs and produces desired profit.

    b. Monitoring the profitability of individual jobs can be one of the most important aspects in running a business. Customers can track and control expenses to maximize the profit of each job and to better estimate future jobs.

Survey Customer

27. After completing a job, speak with your customer or send them a survey asking for their honest responses. Find out if they were truly happy with your work and ask what you could have done better. That type of feedback can be very valuable to your company, and customers typically respond positively to the professionalism of following up.

28. Ask your happy customers for a written recommendation, and keep those recommendations on file. They are great additions to use when submitting proposals in the future.

QuickBooks Job Cost Reports

QuickBooks offers 19 default job cost reports, as listed below:

In addition, the QuickBooks for Contractors Edition offers 19 additional job cost reports, as listed below:
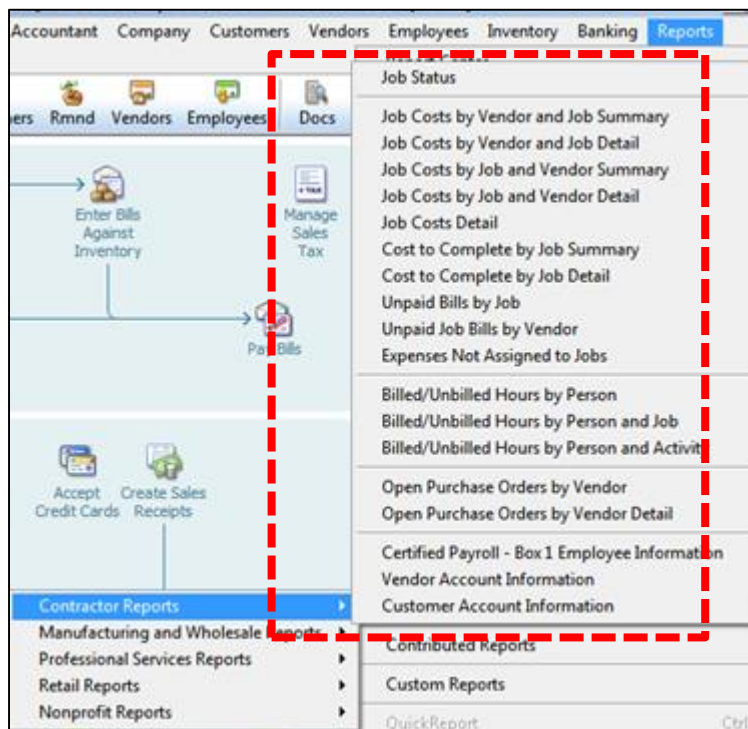
QUICKBOOKS INVENTORY

CHAPTER 2

Price Level Lists

Price levels allow you to set custom pricing for different customers or jobs. For example, you may sell goods for the regular price to regular customers, 5% discount to frequent, valued customers, and 20% discount to close friends and family members.

Once you create a price level and associate it with one or more customers or jobs, each time you create an invoice, estimate, sales receipt, sales order or credit memo for those customers or jobs, QuickBooks automatically pulls up the correct custom price for a customer or job.

For example, assume you sell a $100 item to a regular customer, frequent customer, and a family member, without doing anything different, QuickBooks will automatically charge those three customers $100, $95, and $80 for that same item. In essence, the price changes depending upon whom you sell the item to.

Once you have created your price levels, you can assign a default price level to each of your customers 9or jobs), or you can adjust the price level on the sales order and invoice forms to the desired level by clicking on the Rate column heading.

Important Note 1: Price levels associated with customers are automatically used for billable time and reimbursable mileage items. They are not automatically used for reimbursable items and expenses from purchase transactions or invoices created from estimates. For example, if an employee travels out of town for a customer with a 10% discount, that employee's time and mileage traveled will be billed to the customer at 10% off, but the hotel bill and meals purchased in conjunction with the travel will be billed at the full 100% amount.

Important Note 2: Instead of using price levels, you could create a discount item that is not linked to a particular customer or job. Thereafter, when you create the invoice, sell the customer the item at full price, and then sell them a discount, which has the effect of reducing that price.

Price Levels can be configured in two ways, as follows:

1. **Fixed Percentage Price Levels** - Fixed percentage price levels let you increase or decrease prices of all items for a particular customer or job by a fixed percentage. For example, you might use a fixed percentage price level for a customer who gets a 10% discount on all the products and services you offer. You can choose to round sales prices up to the next whole dollar by setting this Company preference when you use fixed percentage price levels.

2. **Per Item Price Levels** - Per item price levels let you set custom prices for items that are associated with different customers or jobs. For example, you might use a per item price level for your preferred customers who are charged 8 for product A(regularly priced at 10), 5 for product B (regularly priced at 5.50), and your standard price for product C. In another example, you might have a specific customer you agreed to charge 50 per hour for research time(regularly priced at 70) and 30 per hour for administrative time (regularly priced a 35 per hour).

Important Note 3: Per Item price levels are only available if you have QuickBooks Premier or Enterprise editions.

Creating Price Levels

To create a price level, first enable the price levels preference from the **Preferences** menu by selecting **Sales & Customers**, and under **Company Preferences** check the checkbox labeled **Use Price Levels**. Then:

1. From the **Lists** menu select **Price Level List**.

2. Click the **Price Level** button at the bottom of the list and select **New Price Level**.

3. Enter the name of the new price level.

4. Choose the **Price Level Type**. The type can be either **Fixed %** or **Per Item**. Note: The Per Item price level is only available if you have QuickBooks Premier or higher.

   o If you choose fixed percentage, you can increase or decrease prices on all items by a fixed percentage. You can also round sales prices up to the whole dollar, if you have set this Company preference when you elected to use price levels.

   o If you choose per item, you have the flexibility to set the dollar amount prices of individual items for different customers or jobs.

5. For **fixed percentage** price levels, choose whether to increase or decrease and enter a percentage; or for **per item** price levels, either enter the new price in the **Custom Price** column, or choose one or more items from the list and click the **Adjust Selected Prices** button to adjust the prices in bulk.

6. For per item price levels, the currency of the price level must match the currency of the foreign customer for whom you want to set the custom price for. Create a per item price level for each foreign currency as needed. **Note:** Fixed percentage price levels are not based on currency and are available for all customers.

7. Click **OK**.

Use Price Levels

You can use price levels in two different ways:

1. You can apply a price level directly to items on a sales form.

2. You can associate a price level with one or more customers or jobs.
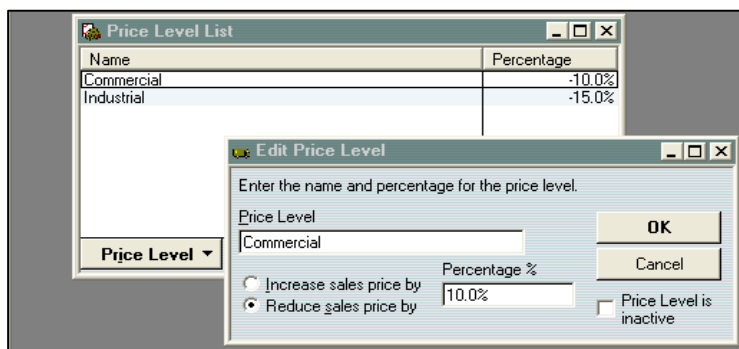
Price levels let you automatically increase or decrease inventory, non-inventory, and service item prices. You create price levels, then use them on sales forms to adjust the price of an item. For example, you might create a price level called "wholesale" and specify a decrease of 20%. Then when you sell an item and assign the "wholesale" price level, the amount of that item is automatically reduced by 20%. 165 For each price level you create, you assign a name and percentage of increase or decrease. You can use price levels on invoices, sales receipts, sales orders, or credit memos. When you apply a price level to an item on a sales form, the adjusted price appears in the Rate column. You can also assign price levels to customers and jobs. Then the associated price level is automatically used to calculate the item price.

Note: Price levels associated with customers will not automatically be used when reimbursable items are added to invoices or sales receipts or when invoices are created from estimates. In both cases, the item amount you originally entered will be carried over. You can then manually adjust the rate, using price levels, after the invoice or sales receipt has been created.

If you associate a price level with a customer, whenever you create a sales form for that customer, items will automatically appear with the new amount. Applicable sales forms are: invoices, estimates, sales receipts, credit memos, or sales orders.

1. You are limited to 99 pricing levels, up from 20 in 2011 editions and earlier.
2. You can use these price levels to mark prices up or down.
3. You can assign default price level to customers.

Control Price Level Rounding

To control price level rounding:

1. Open the Edit Price Level window.

2. Click the Rounding drop-down menu and select one of the following options:

   a. no rounding
   b. one of 14 pre-defined amounts
   c. user defined (allows you to precisely determine the amount)

3. If you selected user defined rounding, complete these additional steps:

   a. Select one of the following:

      i. to nearest
      ii. up to nearest
      iii. down to nearest

   b. Enter an amount in both $ fields.

   c. Select Plus or Minus.

4. Click OK.

Turn Price Level Preference On Or Off

To turn price level preference on or off:

1. Open the sales and customers preferences.

2. Clear the Use Price Levels checkbox to turn this preference off, or add a checkmark to turn this preference on.
3. Click OK.

Using Billing Rate Levels With Price Levels

Billing rate levels are available only in the Contractor, Professional Services, and Accountant editions. You should understand what happens when both billing rate levels and price levels are applied to service items at the same time. For example, when a service item is performed by an employee or vendor with a billing rate level of 10% off, and the same service item has a price level for a given customer of 10% off.

Whenever a service item is added to an invoice via the Add Time/Costs window, the rate for that service item is determined as follows:

1. If the invoice is for a customer or job with a "fixed percentage" price level (for example, the customer always gets a 10% discount), the price level adjustment is applied to the worker's billing rate. If there is no billing rate level, the price level adjustment is applied to the service item's standard rate.

   For example, if the employee charges $100 per hour, then the customer is charged a billing rate of $90, and on top of that the price level discount of 10% is applied, so that the customer pays a total of only $81.

2. If the invoice is for a customer or job with a "per item" price level (for example, always charge this customer 50 an hour for a particular service and 60 an hour for another service), the customer's price is always used. A "per item" price level overrides both billing rate levels and standard rates.

    For example, if the employee charges $100 per hour, only the price level discount of 10% is applied, so that the customer pays a total of only $90.

3. If the invoice is for a customer without a price level, but there is a billing rate level associated with the employee or vendor who did the work, the billing rate level is used.

4. If there is no price level or billing rate level, the service item's standard rate is used.

In all cases, you can modify the rate directly on the invoice as desired.

Important Note: If you add a service item to an invoice directly (not using the Add Time/Costs window), billing rate levels are never applied.

To display the Price level List, from the **Lists** menu select **Price Level List**.

Billing Rate Levels Overview

Important Note 1: Billing rate levels are available only in the Contractor, Professional Services, and Accountant editions.

Important Note 2: Billing rate levels are used only when invoicing your customers; they have nothing to do with payroll.

Billing rate levels let you set custom service item rates for different employees and vendors. You might want to use them if you find that one standard rate for a given service is not always sufficient. For example, different employees doing the same service might bill at different rates based on experience level or labor burden costs. Or you might charge different rates for an employee based on the difficulty of the task.

Once you create billing rate levels and associate them with employees and vendors, each time you create an invoice with billable time, QuickBooks automatically fills in the correct rate for each service item based on who did the work.

1. When you create your service items as usual, billing rate levels do not replace your service items. They are custom prices that override the standard rate you set for service items, based on who did the work.

    For example if you sell one hour of staff time at $55 per hour, but you might have two billing rates labeled Audit staff and Tax staff which you sell at $65 and $70 per hour respectively. Then QuickBooks bills that service item out differently depending upon whether the regular staff, audit staff, or tax staff rendered that service.

2. After you create your billing rate levels, each billing rate level will be used to set custom service rates for one or more employees or vendors.

    Once you have created the billing rate level, you can assign it to an employee or vendor as the default billing rate level.

3. Assign each billing rate level to people on the Employees, Vendors, or Other Names list.

4. Track the time you want to invoice. When you track the time, assign the hours to a customer or job. Note: When you track time, the time information can be used for customer invoices, payroll, or both.

5. Invoice your customers for cost plus or time and materials. When creating the invoice, click the Add Time/Costs button to add your billable time. The appropriate billing rate will then be used for each service item, based on who did the work.

6. Invoice your clients for time and expenses. When creating the invoice, click the Add Time/Costs button to add your billable time. The appropriate billing rate will be used for each service item, based on who did the work.

QuickBooks Items

An item is anything that a company buys, sells, or resells in the course of business.

Item Types - QuickBooks offers 12 item types, as follows:

1. **Service** - Services you charge for or purchase. Examples include specialized labor, consulting hours, and professional fees.
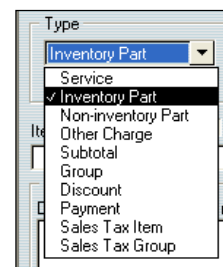
2. **Inventory Part** - Goods you purchase, track as inventory, and resell.

3. **Inventory Assembly** - (Premier and Enterprise editions only) Assembled goods you build or purchase, track as inventory, and resell. Note: QuickBooks cannot track the costs associated with the manufacturing process itself. In other words, the cost of a built assembly item depends only on the cost of its components.

4. **Non-Inventory Part** - Goods you buy but don't track (such as office supplies), or materials you buy for a specific job that you charge back to your customer.

5. **Fixed Asset** - An asset you do not expect to convert to cash during one year of normal operations. A fixed asset is usually something that is necessary for the operation of your business—such as a truck, cash register, or computer.

6. **Other Charge** - Miscellaneous labor, material, or part charges such as delivery charges, setup fees, and service charges, bounced checks, late fees, opening balance, reimbursable expenses, retainers, surcharges, gift certificates, prepayments, retainers, sales tax, and shipping and handling fees.

7. **Subtotal** - Totals all items above it on a form, up to the last subtotal. Useful for applying a percentage discount or surcharge to many items.

8. **Group** - A way of associating individual items that often appear together on invoices, purchase orders, and so on, so that all items in the group can be added to the form at one time. What's the difference between an inventory assembly and a group? (QuickBooks Premier or Enterprise editions only)

9. **Discount** - Subtracts a percentage or fixed amount from a total or subtotal. Do not use this item type for an early payment discount.

10. **Payment** - Records a partial payment you received at the time of the sale. It reduces the amount owed on an invoice.

11. **Sales Tax Item** - Calculates a single sales tax item at a specific rate that you pay to a single tax agency.

12. **Sales Tax Group** - Calculates and individually tracks two or more sales tax items that apply to the same sale. The customer sees only the total sales tax.

Setting Up Items

Items are required on sales forms such as invoices, sales receipts, estimates, credit memos, and statements. You must also use items on purchase orders, but their use is optional on bills, credit card charges, and checks. The following questions can be helpful in identifying which items your business needs and how to best set those items.

1. **Do you use subcontractors?** - If yes, set up Service items that track both the income and the expenses related to their work.

2. **Do you build finished goods?** - If yes, use the inventory assemblies feature to create, build, and track assembled goods. (only available in QuickBooks Premier or Enterprise Solutions).

3. **Do you buy inventory in one unit and sell it in another?** If yes, assign units of measure to each item as necessary.

4. **Are your prices charged for goods and services fairly constant or do they change frequently?** - For rates that change frequently, do not enter a rate in the item's record. Instead, enter the appropriate rate when filling out the sales or purchase form.

5. **Do your customers make down payments or deposits?** - If yes, set up Payment items to record this information on a sales form.

6. **Do you offer discounts on sales?** If yes, create the appropriate Discount and Subtotal items. Remember that discounts for early payment are different, and are not tracked using items.

7. **Do you need to track sub-items?** - Sub-items allow you to put similar items together on the list item, so you can locate them easily in the item field on the forms. Each sub-item can have its own rate or price and its own description. Sub-items must be the same type as the parent item.

8. **What information do you need from your reports?** - The way expenses are recorded affects what clients see in certain reports, so before you set up the item list, you must decide whether or not to use the items to track job-related expenses. For example, on reports based on items, QuickBooks subtotals each group of sub-items.

9. **Have you already set up items?** - It is common for new QuickBooks users to choose inappropriate item types, so you'll want to review the existing items. Fixing problems with item types can be difficult because, with the exception of Non-inventory Part and Other Charge type items, an item's type cannot be changed once it has been set up.

10. **How much detail is necessary when setting up items?** - Ideally, you should receive the full benefit of using items without being overwhelmed by the length of the Item list. (You can enter up to 14,500 items in a QuickBooks Pro or Premier company file and more than 100,000 in an Enterprise Solutions file*****.) A good approach is to set up unique items only if they are to be used more than once. For items that will be used only once, set up a generic item and enter the

description and price directly on the sales or purchase form.

*** Performance testing performed by Intuit acknowledges that you may see performance degradation as you add more than 100,000 items.*

Inventory Situations Where QuickBooks Is Not Recommended For Use

According to intuit, if a client's business does any of the following, you might want to consider QuickBooks compatible software to track inventory.

1. Sells one-of-a-kind inventory such as automobiles or serial-numbered components. If every item is used only once, eventually the total number of items will exceed the maximum list limits.

2. Tracks the value of inventory using the LIFO (last in, first out) or FIFO (first in, first out) method. Note that QuickBooks Online plus has added FIFO inventory functionality. However, the desktop versions currently only provide for the Average-Costing method.

3. Needs to track Inventory in multiple warehouses – Note that Enterprise now has an Advanced Inventory feature adding (among other things) the ability to track Inventory by Site (or warehouse). This feature is only available in Enterprise, and is an additional fee.

4. Rents or leases items to customers. Sometimes clients mistakenly enter these fixed assets as inventory. You can set up items in QuickBooks that let you track both costs and revenues for specific products or services.

Setting Up Two-Sided Items

Quick test – If you pay a subcontractor $35 to mow the Smith's yard, then charge the Smiths $50, how should those results be displayed in a report? A or B?

	A	B
Income	$15	$50
Cost of Labor	0	35
Profit	$15	$15

Option A is the result when using one sided items, option B is the result when using two sided items.

Explanation

You can set up Service, Non-inventory Part, and Other Charge items (in QuickBooks Pro and higher), and Inventory Assembly items (in QuickBooks Premier and higher) so that a single item can track both income and expenses. This means that you can use an item on a purchase form to direct cost information to an expense account, and use the same item on a sales form to send revenue information to an income account.

You can use these two-sided items on sales, purchase, and time-tracking forms (only service items can be used on time-tracking forms). By setting up items this way, you can get reports showing both income and expenses for an item. These items can also help clients get job costing and profitability information.

To set up a two-sided item, check the box **'this item is purchased for a specific customer or job' or 'performed by a subcontractor'** above the description field in the item box. This action will display the 2 sides. Then, you also need to enter the item on the check or bill, etc. along with the customer:job. http://screencast.com/t/6VcObHL5k

The Difference Between a Single Sided and Double Sided Item

(This applies to service items, non-inventory items, and other charges, but not to inventory items).

A single-sided item has only one account assigned to it, and in this case, QuickBooks uses the account selected for all transactions, whether income or purchase. Therefore if you pay a vendor $25 to perform a service and then bill the customer $40, the net effect is to display income of $15 on the job profit report, or in the Item profit report. However, if the item is a two sided item, then if you pay a vendor $25 to perform a service and then bill the customer $40, the net effect is to display income of $40 and $25 in expenses, on the job profit report or on the Item profit report.

This means that when you use one sided items, you will end up understating the income on the job.

You can identify items that are not set up properly, as follows:

1. From the **List** menu, select **Item List to display** your item list.

2. Right-click the screen and select **Customize Columns.**

3. Select the **COGS Account** in the left pane and click the Add button to add this field to the **Chosen Columns** pane on the right. For better readability, use the **Move Up** button to position the **COGS Account** filed under the **Account column** field; click **OK**.

4. Review the COGS account column for blank entries which indicate that the item was set up as a single-sided item (the sub-contractor box not checked). This view will also allow you to view each item's assigned accounts and identify those that are not the same, which may indicate that the wrong income account was used.

5. To convert the single sided items to double sided items, double-click into the items that are not set up properly and check the check box labeled "**This service is used in assemblies or is performed by a subcontractor or partner**..." box, and then enter the correct COGS or expense account.

   Important Note: When you click OK to complete this conversion, QuickBooks will ask you if you want to update all transactions. If you answer yes, this action will affect all prior transactions that have used the item you are editing. If you answer no, prior periods will not be affected – only future transactions will reflect your changes. There is no easy method for affecting the transactions for the current year only.

6. To affect current year only, you have two options, as follows:

   a. Use the period feature to extract the transactions for the current year only, then start using those transactions as a separate company. Or…

   b. Create a new double-sided item with the correct COGS and Income account, change all current transactions to use the new item, and make the old single sided item inactive. Some consultants suggest adding the phrase "DO NOT USE" to the old single-sided item to prevent accidental usage.

7. You should review your item list periodically, to make sure that all items are being set up two-sided, especially when you have multiple people setting up items in QuickBooks.

Two-Sided Item Example

Your client, Rock Castle Construction, wants to find out which of its products and services are profitable. The company has been using single-sided items on sales forms but not on payments to vendors and

employees. We need to convert the single sided items to double sided items to help Rock Castle Construction capture the desired information about the profitability of the products and services it sells.

Edit Service Item In Order To Track Both Income And Expenses

The first item you notice during your review of the Item list is **Subs:Carpet**. Larson Flooring does almost all of the carpet installation for your client. Installation is usually invoiced by the square yard. Larson Flooring charges $2.50 per square yard on jobs of 100 or more square yards. Rock Castle Construction invoices carpet installation at $4.95 per square yard.

1. From the Lists menu, choose Item List.
2. Double-click the Service item Subs:Carpet to edit it
3. Check the check box labeled — This service is used in assemblies or is performed by a subcontractor or partner.
4. In the Description on Purchase Transactions field, type Per Square Yard for Carpet Installation.
5. In the Cost field, type 2.50.
6. In the Expense Account drop-down list, select Job Expenses:Subcontractors.
7. In the Preferred Vendor drop-down list, select Larson Flooring.
8. In the Sales Price field, type **4.95**.
9. Click **OK**.
10. Click **Yes** in the messages that display.
11. Close the Item list.

Enter Bill For Carpet Installation

Rock Castle Construction had Larson Flooring lay some carpet for one of its customers. Now, you want to record the bill from the subcontractor for the installation of 150 square yards of carpet.

1. From the **Vendors** menu, choose **Enter Bills**.
2. Click the **Items** tab.
3. Click in the **Item** column, and then select **Subs:Carpet** in the Item drop-down list. Notice that QuickBooks fills in the preferred vendor information for **Larson Flooring** in the Vendor field.
4. Enter **150** in the **Qty** column.
5. Click in the **Customer:Job** column and select **Prentice, Adelaide:Hippodrome playhouse** from the Customer:Job drop-down list.
6. Click to select the **Billable** checkbox.
7. Click **Save & Close**.

Invoice Customer For The Carpet Installation

Now, prepare the invoice for the customer to charge them for the carpet installation.

1. From the **Customers** menu, choose **Create Invoices**.
2. From the **Customer:Job** drop-down list, select **Prentice, Adelaide:Hippodrome playhouse**.
3. Click the -**Select the outstanding billable time & costs to add to this invoice** option; then click **OK**.

4. In the **Choose Billable Time and Costs** window, click the **Items** tab, then click to put a checkmark next to the **Subs:Carpet** item.
5. Click **OK**, **Save & Close**.

Run Job Profitability Detail Report

Run the job profitability report to see the how profitable the job was for the Hippodrome playhouse.

1. From the **Reports** menu, choose **Jobs, Time & Mileage**, and then choose **Job Profitability Detail** from sub menu.
2. In the **Filter Report by Job** window, select **Prentice, Adelaide:Hippodrome playhouse** from the Customer:Job drop-down list.

3. Click **OK**. Notice that QuickBooks lists cost and revenue information for the Subs:Carpet item in the Service section of the report.
4. Close the report window.

Create New Item That Tracks Both Income And Expenses

When Rock Castle decides to sell a special super-insulated 12-pane window, you recommend that they enter it as a Non-inventory Part item because it is a special-order only item for customers who are extremely energy conscious. Perry Windows & Doors is the only local source. Perry currently charges $295 per window; Rock Castle plans to charge its customers $495. These windows are subject to sales tax. To enter the window on the Item list:

1. From the **Lists** menu, choose **Item List**.
2. From the **Item** menu button, select **New**.
3. In the **Type** drop-down list, select **Non-inventory Part**.
4. In the Item Name/Number field, type *Super Window*.
5. Select the This item is used in assemblies or is purchased for a specific customer:job checkbox.
6. In both the -**Description on Purchase Transactions** and -**Description on Sales transactions** fields, type *Super-insulated 12-pane window*.
7. In the **Cost** field, type *295*.
8. In the Expense Account drop-down list, select Cost of Goods Sold.
9. In the Preferred Vendor drop-down list, select Perry Windows & Doors.
10. In the **Sales Price** field, type *495*.
11. Make sure the sales tax code **Tax** is selected in the Tax Code field.
12. In the Income Account drop-down list, select Construction:Materials.
13. Click **OK** andclose the Item list.

Pay For The Windows

Now, enter a check to pay for the 10 Super Windows that Rock Castle is purchasing for a job it's doing for a customer's sun room.

1. From the **Banking** menu, choose **Write Checks**.
2. Click the **Items** tab.
3. In the Item drop-down list, select **Super Window**. Notice that QuickBooks fills in the information for **Perry Windows & Doors** in the -**Pay to the Order of** and Address fields on the check.
4. In the **Qty** column, type **10**.
5. Click in the **Customer:Job** column, and select **Keenan, Bridget:Sun Room** from the drop-down list.
6. Confirm that the **Billable** checkbox is selected.
7. Click Save & Close.

Invoice Customer For The Windows

1. From the **Customers** menu, choose **Create Invoices**.
2. From the **Customer:Job** drop-down list, select **Keenan, Bridget:Sun Room**.
3. Click the -**Select the outstanding billable time and costs to add to this invoice** option, then click **OK**.
4. On the **Items** tab, click to put a checkmark next to the -**Super Window** item.
5. Click **OK**, **Save & Close**.

Run Item Profitability Detail Report

To determine the profitability of Rock Castle's products and services, run the item report.

1. From the **Reports** menu, choose **Jobs, Time & Mileage** and then choose **Item Profitability** from the submenu. Notice that QuickBooks displays the cost and the revenue for the Super Window item under the Parts heading on the report.
2. Close the report window.

Using Items Versus Expenses

When creating estimates, sales orders and invoices in QuickBooks, you must use items to define your expenses. However, this is not the case when creating checks, bills and credit card transactions – in these instances you can use either the Expenses or Items tab, and it is helpful to understand when to use one instead of the other. In essence, the use of the Expense tab results in posting to the Chart of Accounts directly.

One facet to keep in mind is that only items, two-sided items to be exact, allow reports to report both full revenue and costs. Use of the expense tab does not provide this option.

In the job profitability report shown below, notice the row at the bottom labeled "No Item". This row summarizes the total costs of posted to the job using the Expenses tab and journal entries. The result is that using the expense tab provides no detail on the job cost reports (although you can double click the No Item row to drill to the details in QuickBooks.

Two Common Setup Errors

1. Using An Inventory Part Item Instead of A Non-Inventory Part Item , and
2. Pointing items to inappropriate accounts

Using Inventory Part vs Non-Inventory Part Items

A common mistake that clients make is to use an Inventory Part item when they should use a Non-inventory Part item. When the clients use the Inventory Part item only on purchase forms, the quantity on hand for the item increases each time the item is purchased, but is never reduced by any sales. When clients use the Inventory Part item on sales forms but not on purchase forms, the quantity on hand becomes negative and decreases with every sale because the item is never "purchased" in QuickBooks. To correct this mistake:

1. Adjust the old Inventory Part item's quantity to zero.
2. Change the name of the old Inventory Part item (so that the original name can be used again).
3. Make the old Inventory Part item inactive.
4. Add the new Non-inventory Part item.

Pointing Items To Inappropriate Accounts

Another common error that clients make is to point items to inappropriate accounts. To detect and fix this error, use the item listing report to review the accounts each item is using. When you run the report, add the following three columns by selecting them on the Display tab of the Modify Report window:

1. Account
2. Asset Account
3. COGS Account

Scan the Account column and COGS Account column for errors, and if you find any, you can QuickZoom on the item to edit and correct it. You have the option of changing the posting of all previous uses of the item by clicking **Yes** in the window that appears when you change an item's account(s). Note that this method changes prior period accounting for those items, which may not be the best solution.

Example Correcting Common Item Setup Errors

Assign Correct Item Type

Your client, Rock Castle Construction, set up an Inventory Part item called -Washers. You note that Rock Castle only uses this item in purchase transactions. You check with the warehouse and they tell you that there are no washers in inventory. Rock Castle uses the washers on its jobs but never lists them on sales forms. As a result, you see thousands of washers in inventory and the number goes up with every purchase; the purchases are never offset by any sales.

Because Rock Castle never lists washers on sales forms, washers should be set up as a Non-inventory Part item instead of an Inventory Part item. However, once you've set something up as an Inventory Part item in QuickBooks you cannot change the item's type. This means that you need to replace the Inventory Part item with a Non-inventory Part item.

Adjust Quantity On Hand

Adjust the quantity on hand to zero to eliminate the cost of the washers from the Inventory Asset account, as follows:

1. From the **Vendors** menu, choose **Inventory Activities**, and then choose **Adjust Quantity/Value on Hand** from the menu.
2. From the **Adjustment Account** drop-down list, select **Other Expenses**.
3. Select **Washers** from the **Item** drop-down list .
4. In the **New Qty** column on the **Washers** line, type **0**.
5. Click **Save & Close**. (A message may appear, click OK to clear it.)

Change Name of Inventory Part Item

Change the name of the Inventory Part item to prevent anyone from accidentally using it in the future. This step also allows you to use the original name -Washers for the new Non-inventory Part item.

1. From the **Lists** menu, choose **Item List**.
2. Double-click on the Inventory Part item, **Washers**, to edit it.
3. Edit the item by inserting an asterisk (*****) before the first letter in the item name.
4. Remain in the Edit Item window for the next step!

Make Inventory Part Item Inactive

Making the Inventory Part item inactive, and therefore hiding it on the Item list, further reduces the chance of someone inadvertently using the old Inventory Part item.

1. Select the **Item is inactive** checkbox, click **OK**.

Create New Non-Inventory Part Item

Next, create a new, one-sided Non-inventory Part item using the original item name -Washers.

1. In the **Item List** window, select **New** from the **Item** menu button.
2. Select **Non-inventory Part** in the **Type** drop-down list.
3. In the **Item Name/Number** field, type **Washers**.
4. In the **Description** field, type *Washers*.
5. Type *.25* in the **Price** field.
6. Make sure the sales tax code **Tax** is selected in the **Tax Code** field.
7. In the **Account** drop-down list, select **Cost of Goods Sold**.
8. Click **OK** and close the Item list.

Now, Rock Castle can use the new Non-inventory Part item on purchase forms without affecting the Inventory Asset account.

Fixing Incorrect Account Mapping

Another frequent mistake is -mapping items to incorrect accounts. One of the main advantages of using items is that they allow consistent posting regardless of who enters the information. When an item points to the wrong account, the financial statements will be incorrect. You decide to review Rock Castle's Item list to find and correct mapping errors.

Run The Price List Report

Run the price list report and customize it to include the account columns. Then, you can scan the report for any problems.

1. From the **Reports** menu, choose **List**, and then choose **Item Price List** from the submenu.
2. Click **Modify Report**.
3. In the **Columns** list of the **Display** tab, select **Account**, **Asset Account**, and **COGS Account**, click **OK**.
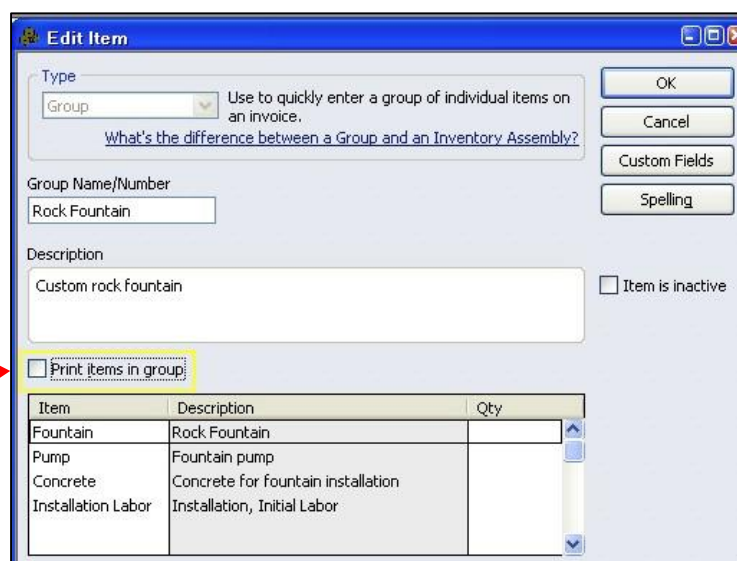
Change An Item's Account Mapping

As you review the report, you notice that one of the Service items, **Subs:Duct Work**, is linked to inappropriate income and expense accounts. You edit the item and enter the correct accounts. QuickBooks automatically changes future transactions and gives you an option to change previous transactions. You decide that the errors are significant enough to restate the financial statements, so you let QuickBooks fix the prior transactions.

1. In the **Report** window, double-click the Service item **Subs:Duct Work** on the report to edit it.
2. In the **Expense Account** drop-down list, select **Job Expenses:Subcontractors**.
3. In the **Income Account** field, select **Construction:Subcontractors**.
4. Click **OK**.
5. In the **Account Change** window, click **Yes** in response to each question.
6. Close the report window.

Setting Up And Using Group Items

Group items allow you to enter multiple items on forms at once. You can use Group items to capture invoice accounting details for your client without displaying them on the customer's copy of the invoice. To create a group, click **Ctrl + N** from the **Item List** screen, then select **Group** from the **Type** dropdown box. Provide a description, then list the items and their quantities contained in the group.

Preference Setting - To enter and see details of a group on screen, but prevent the details from appearing on printed invoices, clear the **Print Items in Group** checkbox preference.

Units of Measure

In certain editions of QuickBooks Premier and QuickBooks Enterprise, you can set up units of measure to save clients time and eliminate user errors from manual conversion calculations. Using units of measure also helps with consistent data entry if different people are entering the data. Using units of measure can help increase accuracy in inventory processes, including entering transactions, tracking, and reporting.

Some businesses need to track transactions using only a single unit of measure, for example, a business buys inventory by the gallon and sells by the gallon. Service businesses also may track by only one unit of measure, such as by the hour. Other product-based businesses buy, sell, and stock inventory items in multiple units of measure. Clients may receive inventory in one unit, store it in another, and sell and ship the items in a third unit of measure.

Using units of measure in QuickBooks provides clients with a quick way to convert units of measure, which eliminates errors made from manual conversions.

Units of measure can do the following:

1. Provide users with convenient unit of measure conversions to save time and eliminate user errors from manual conversion calculations, or from time-consuming systems of groups and assemblies

2. Improve the quantification, tracking, and efficiency of inventory processes and transactions by specifying conversion relationships between different units of measure for items (for example, 1 box = 12 pieces)

3. Allow clients to use conversions to quickly and easily purchase, receive, track, and sell items in different units of measure

4. Allow clients to sell items in additional units of measure In this lesson, you'll learn how to set up units of measure, how to use units of measure in transactions, and how to find units of measure information in reports.

Considerations for Using Units Of Measure

Consider the following when deciding if a client should use units of measure:

- Does the client currently create custom fields for items to track units of measure?

- Would the client benefit their services or inventory by tracking units of measure for their services or products?

- Does the client sell several products that use different categories of measurements? For example, a business could sell cabinet knobs by count (such as each, case, or box) and also sell flooring or countertops by area (square foot or square yard).

- Is the client spending time converting units of measure by hand when receiving goods?

- Is the client spending time building and breaking assemblies to manage different units of measure?

- Does the client have multiple inventory items to monitor units of measure?

- Is the client using spreadsheets to assist with inventory calculations?

- Is the client using inventory groups to manage units of measure?

- Does the client track time for payroll in hours and charge by the day?

Clients that receive and ship inventory in different units (cans/cases/flats, cups/pints/quarts/gallons, foot/yard/spool, etc.) or manufacture and store items in one unit and move it or sell it in other units, may benefit from the ability to easily convert between units of measure on sales and purchase transactions. These businesses want to see and select various units of measure when ordering, receiving, and selling inventory items.

Types of small businesses likely to need this functionality include wholesalers, distributors, and manufacturers. However, it is potentially useful for any small business that works with inventory or that has to purchase, stock, and sell inventory items in different units of measure. Specific users of this functionality could be salesmen, warehouse staff (i.e., shippers and receivers), inventory managers, purchasers, and so on.

Once you've determined that the ability to work with units of measurement will benefit a client, you'll want to clarify the specific units of measure requirements for the company. QuickBooks provides two modes for using units of measure: single and multiple.

- An example of **single** units of measure per item would be: buy each, sell each

- An example of **multiple** units of measure per item would be: buy a pound, sell an ounce

The ability to set up units of measure is not available in all QuickBooks editions. Also, the ability to set up multiple units of measure is available only in certain editions of QuickBooks Premier and Enterprise Solutions. Knowing whether a business needs to define single or multiple units of measure is a key decision you'll need to make before you set up units of measure in a file.

Use the information on this page and the following page to help you identify which mode (single or multiple) a client should use.

Single units of measure

- Does the client buy and sell items or services in a single unit of measure?

For example, a client might buy or manufacture items in one unit (each), and sell by the same unit; or buy gasoline by the gallon and sell gasoline by the gallon. Or, a client who is a consultant might need to track and bill time by the hour. Clients who do not need to track items in different measurements can use single units of measure, and change to multiple units of measure later if their business needs change.

Multiple units of measure

- Does the client purchase or manufacture items in one unit and sell in another unit?

- Would the client benefit from seeing and selecting various units of measure when ordering, receiving, and selling inventory items?

- Does the client need to be able to convert units of measurement depending on the situation?

For example, a client might buy an item by the case, but break down the case and sell individual units. Or, a client might manufacture items by a single unit, but sell the items to big distributors in bulk. Clients with business needs like these should use the multiple units of measure mode.

Both single and multiple units of measure have the same categories of units:

- Count: each, case, dozen, etc.

- Weight: pound, ounce, kilogram, etc.

- Volume: gallon, cup, liter, etc.

- Length: inch, yard, meter, etc.

- Area: square inch, square meter, acre, etc.

- Time: hours, minutes, days, weeks, etc.

The only difference is that with single units of measure, you select only a base unit. The base unit is the single unit of measure or the basis of multiple units of measure. With multiple units of measure, you select a base unit and any other related measurement to form a measurement set. You can also add customized categories and add customized units of measure in each category.

Setting Up Units of Measure

To set up Unit of measure functionality, start by enabling this feature in the company file by selecting **Edit**, **Preferences**, **Items & Inventory**, **Company Preferences** and select **Multiple U/M Per Item** from the **Unit of Measure** drop down box. You can also turn this feature on in the **New Item** window. (You must be logged in as an Administrator or External Accountant to turn this feature on.)

√ Multiple U/M Per Item
Single U/M Per Item
Disabled
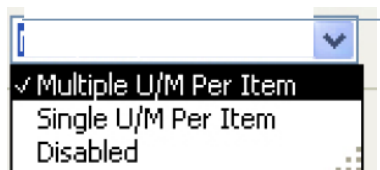
You may also want to adjust these other preferences as desired:

- Inventory and purchase orders are active
- Warn about duplicate purchase order numbers
- When calculating Quantity Available for my inventory, deduct:
    - Quantity reserved for Pending builds
    - Quantity on Sales Orders
- Warn if not enough inventory to sell.
    - When the quantity want to sell exceeds the Quantity On Hand
    - When the quantity want to sell exceeds the Quantity Available

After turning on Units of Measure in a company file and selecting Single or Multiple, QuickBooks uses a wizard to walk you through the process of defining units of measure. In editions that support only single units of measure, the screens related to defining units of measure sets are not available
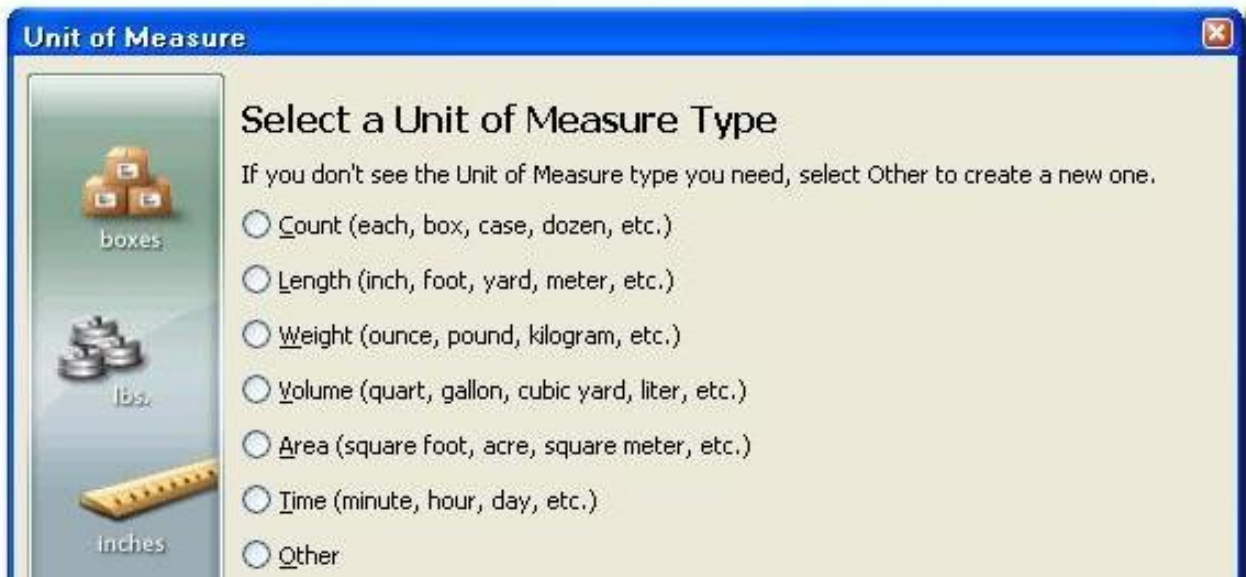
You are asked to specify the category of measurements to use and the base unit of measurement. The base unit is usually the smallest unit of measure used in the business. If an item can be measured by feet and inches, but the business doesn't sell the item in units smaller than a foot, use foot as the base unit, not inches.

To define a custom unit of measure type, select "Other."

Select the base unit. Some clients only need a single, base unit such as each, box, case, or bundle. For services, they may need a unit such as hour, day, week, or month. Clients who use a single unit of measure select the one unit of measure they'll use here. This is the only unit of measure they can use and they cannot create any related units.

Clients who use multiple units of measure select the base unit on this screen and continue in the wizard to create related units. Related units are all multiples of the base unit.

Other clients may need to create measurement sets (note that measurement sets are not available in all editions of QuickBooks) that include the base unit and multiples of the base unit (each, box, case). A measurement set stores units of measure related by type (count, area, weight, length, time, and so on). A company might have a set for count, another for length, and another for time.

A measurement set allows for quick conversions from one unit of measure to another related one. A measurement set should be generic so it can be shared by all items that use the same base unit.

For multiple units of measure, specify the default units to use when purchasing items and when selling items. The defaults appear on purchase forms or sales forms, but can be changed when filling out the form.

Specify the unit of measure the client typically uses when ordering items and when selling items.

The default unit of measure selected for Shipping is what will always be shown on pick lists, regardless of what unit is shown on the purchase order. The person printing a pick list cannot change this unit of measure.

Here are some tips for setting up units of measure:

- Choose the smallest unit that the company would use as the base unit (such as "each").

- Reuse the unit of measure set on items bought and sold in similar quantities (for example, you can reuse the set for large lamps in a 30 pack for medium lamps that you also sell in a 30 pack).

- In addition to "count," you can set up units of measure for length, weight, volume, area, time.

- You can create customized categories and customized units of measure for industry-specific or complex units of measure.

- In QuickBooks editions that don't support units of measure, you can see and use units of measure when working in a file that had units of measure set up in another edition. However, you can't edit existing units or add new units.

- If time tracking is turned on in clients' files and those clients plan to assign a unit of measure to service items used in a timesheet or in the Time/Enter Single Activity window, the base unit for the Time unit of measure should be Hour.

Assigning units of measure to items

After you've set them up, you can assign units of measure to Service, Inventory Part, Non-inventory Part, Inventory Assembly, and Group items using the New Item or Edit Item windows:

You must assign units of measure to each item individually (using New/Edit Item).You can do a batch assignment of base units of measure to multiple existing items using Excel Export/Import. However, you cannot assign related units using Excel.

Units of measure can be assigned to items, but not to customers or vendors.

Using Units of Measure in Transactions

You can use the units of measure on transactions. On purchase orders, the default purcha[se] measure that you assigned to an item appears. QuickBooks calculates the Cost based on [the] number of single items in the set and the cost per each item.

On invoices, sales orders, checks, bills, purchase orders, and other transactions (multiple mode only), when you enter a quantity for a line item associated with a measurement set, a menu appears that shows all available related units assigned to the item. Changing the unit of measurement in the Ordered or Quantity column changes the unit in the U/M column to match.

For clients using the single unit mode, only the base unit appears.
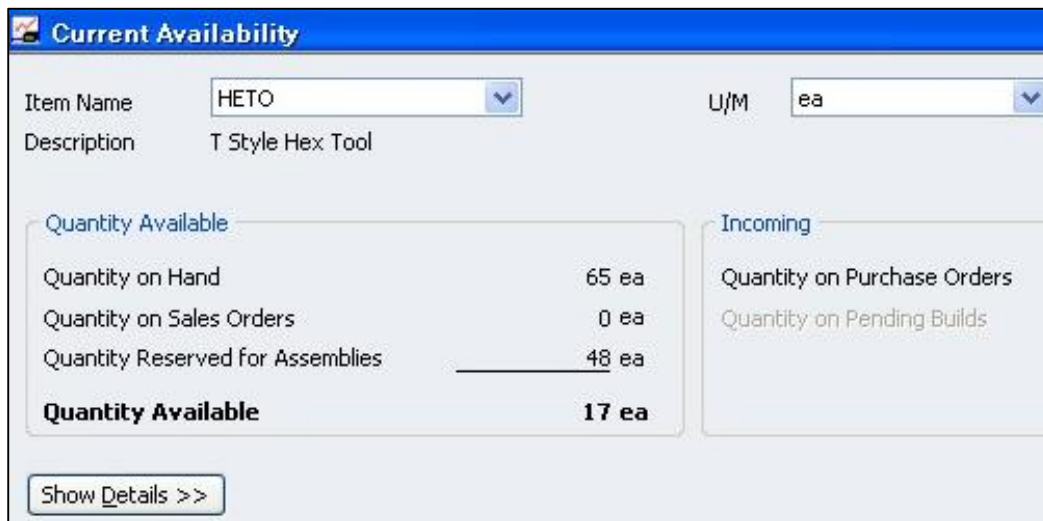
On sales transactions, the default sales unit of measure assigned to an item appears (in this case, each). If the sales order is for a unit other than the default unit, use the U/M menu to convert from one unit to another. Once the new unit of measure is selected, QuickBooks calculates the rate and amount based on the unit of measure selected and the quantity ordered. This changes the unit of measure for this transaction only; edit the item to change the unit permanently.

For clients using the single unit mode, only the base unit appears.

If you check the current availability from a sales transaction, the unit of measurement displayed is in the same unit as the line item on the transaction. For example, a client may have 17 individual Hex Tools, but if the line item is for "dozen," the current availability shows how many dozen are available

If you check current availability from the Item list, the unit of measurement displays in base units. In the single unit mode, the current availability displays in base units only.

Where units of measure appear in QuickBooks

Units of measure appear in the following areas of QuickBooks:

Purchasing and receiving transactions

- Purchase orders, item receipts, bills, credit cards, checks

Sales and shipping transactions

- Estimates, sales orders, sales order pick lists, invoices, packing slips, credit memos, and sales receipts

Inventory Items and transactions

- Items: Inventory Part, Inventory Assembly, Non-inventory Part, Service, Group

- Current Availability window, Sales Order Fulfillment Worksheet

- Build assemblies, inventory adjustment transactions

Changing from Single U/M Per Item to Multiple U/M Per Item does not affect any unit of measure assignments already made to items. It only adds the possibility of creating additional units of measure for each item. When first switching from Single U/M Per Item to Multiple U/M Per Item, the measurement sets consist of only a base unit and no related units. Add related units when editing items.

When changing from Multiple U/M Per Item to Single U/M Per Item, QuickBooks uses only the base unit of each unit of measure set and hides all related units. This means that the unit of measure that appears for an item in the U/M column of all reports and transaction forms, including those saved previously, are always the base unit for that item. It also means that all quantities, prices, and costs will be converted (if necessary) and shown in terms of base units.

Changing from Multiple U/M Per Item to Single U/M Per Item does not delete any unit of measure information. Change back to Multiple U/M Per Item and all the original related units of measure, quantities, prices, and costs will be restored.

Reporting on Units of Measure

Item	U/M Set	Base U/M	Purchasing U/M	S
Screws:SC-10x.5-SS	Box of 100	Box of 100 (bx of 100)	Box of 100 (bx of 100)	Box of
Screws:SC-12	Box of 100	Box of 100 (bx of 100)	Box of 100 (bx of 100)	Box of
Screws:SC-12x1.75-SS	Box of 100	Box of 100 (bx of 100)	Box of 100 (bx of 100)	Box of
Screws:SC-12x3in-SS	Box of 100 (inactive)	each (ea)	each (ea)	each (e
TRGU	Box to pair	pair (pr)	box of 10 (bx of 10)	pair (pr
WHAS	Box to pair	pair (pr)	box of 10 (bx of 10)	pair (pr
AN-12x1	Each	each (ea)	each (ea)	each (e
ANAD	Each	each (ea)	each (ea)	each (e
ANBA-BL	Each	each (ea)	each (ea)	each (e
ANPI-BL	Each	each (ea)	each (ea)	each (e
ANSP	Each	each (ea)	each (ea)	each (e
BO-1/2x4-J	Each	each (ea)	each (ea)	each (e

If, in a report, a total quantity in a U/M column was calculated from item quantities assigned to two or more U/M sets, the word -MIXED- appears for the unit of measure on the Total line.

When using unit of measure sets, some reports show the base unit of measure while others (such as transaction reports) show the unit of measure entered when the transaction was saved.

Inventory Valuation Summary

Manufacturing Sample File
Inventory Valuation Summary
As of December 15, 2012

	Item Description	On Hand	U/M	Avg Cost	Asset Value
REHO	Retainer Hook, Manual S...	23	ea	50.00	1,150.00
REUN-1/2HP	Inf Recessed Unit 1/2 H...	14	ea	798.57	11,180.00
RO-1/4in	Rope w/Core 1/4" - Per...	1,665	ft	0.50	832.50
ROPE	Rope	1,260	ft	0.50	630.00
RORE	Single Rope Reel	14	ea	285.00	3,990.00
RORO-4	0034-210 Rocky Roller...	66	ea	10.00	660.00
Screws					
SC-10x.5-SS	Screw, 10x1/2 phil pan...	842	bx of 100	7.34	6,178.50
SC-12	Screw, #12 Drill Flex HW...	300	bx of 100	11.00	3,300.00
SC-12x1.75-SS	Screw, Track 12x1 3/4"...	725	bx of 100	4.30	3,121.00
SC-12x3in-SS	Screw, Track #12x3" P...	259	ea	1.25	323.75
Screws - Other		0		0.00	0.00
Total Screws		2,126	-MIXED-		12,923.25

If a client is using an edition of QuickBooks that does not support units of measure, as a work-around, you can possibly create a Group item to create multiple unit of measures. For example, assume that you sell a single item such as a widget, a dozen widgets, or a case of 144 widgets. In this example, you might create two groups labeled "**A Dozen Widgets**", and **A Case of Widgets**, then sell these different groups as needed.

Setting Up & Using Inventory Assemblies

In QuickBooks, Inventory Assembly items are appropriate for indicating "light" assembled items on sales forms and in reports. QuickBooks does not track inventory throughout a manufacturing process.

Setting up Assembly Items

When you create an assembly item, you list all of the component parts (and the quantities of each) required for that item, including both material and non-material costs such as overhead or labor. You can include inventory parts, other assembly items, service items, non-inventory parts, other assembly items, service items, non-inventory part items, and other charge items in the bill of materials.

Bill of materials for assembly items

Item	Description	Type	Cost	Qty	U/M	Total
Labor	Direct Labor per build	Service	1,000	1.5	ea	1,500.00
Utilities	Utility charge per build	Other Charge	25.00	1		25.00
Grease	Grease per build	Non-Inv Part	0.25	1	ea	0.25
TRTO-CL	Track Top Clear	Inv Part	65	4	ea	260.00

Total Bill of Materials Cost: 3,411.00

Inventory Information (Quantities in ea)

Asset Account	Build Point	On Hand	Avg. Cost	On P.O.	On Sales Order
Finished Goods Inventory	25	-5	1,713.25	0	16

QuickBooks lets you enter an assembly cost based on a markup for all of the components in the bill of materials, including labor and overhead. This cost can be used in cost-based pricing.

You can specify a sales price that is different from the cost. Note that this differs from the price of a group item, which is a sum of the price of items contained in the group. You can use price levels and change item prices with assemblies.

Each assembly item has its own single tax code, which can be different from the tax codes assigned to the components.

Item Name/Number	Subitem of
3000-UL	

☐ I purchase this assembly item from a vendor

Unit of Measure
U/M Set Each:ea   Edit...

Cost What is this cost?	COGS Account
4,774.65 per ea	Cost of Goods Sold

Description
ULTIMATE 3000

Sales Price	Tax Code	Income Account
7,500.00 per ea	Tax	Pool Cover & Equi...

For non-inventory, other charge, and service items that you add to a bill of materials, you must select the item's "This item is used in assemblies..." checkbox and map the item to an expense account.

Comparing group and assembly items

- Both group items and inventory assembly items record a group of items as a single entry on a purchase or sales form.

- Group items are useful for quickly entering a group of individual items that you've already set up as single items on your list and often sell together.

- Assembly items are useful for entering assembled material units (in addition to their overhead and labor costs) that clients buy or produce, track as inventory, an then resell.

Modifying assembly items

- You can edit the bill of materials for an assembly item at any time. However, QuickBooks does not track assembly revision history. If you need to build a previous version of an assembly, you need to edit the assembly item and reenter the original component list.

Disassembling inventory assembly items

If necessary, you can use the following three methods to disassemble inventory assemlies and return the component items to inventory.

- Use the Adjust Quantity/Value on Hand window to adjust the quantity on hand for each assembly component and the assembly item.

- Reduce the quantity to build in the Build Assemblies window and then click Build & Close. The quantity of assembly units in inventory is decreased, and the quantity of component inventory parts is increased accordingly.

- Delete a build transaction completely. The quantity of assembly units in inventory is decreased and the quantity of component inventory parts is increased accordingly. This method completely removes the build transaction from QuickBooks, and you should not use it if you want to maintain a record of the transactions.

Printing a list of assembly components

- The only way to view the bill of materials for an assembly items is to click "Full View" in the Edit Item window. No reports include the bill of materials list.

- To print the bill of materials for an assembly item, click Print in the New/Edit item window. Assembly information prints first, followed by component information below.

Building Assemblies

The ability to create and build inventory assembly items is available only in QuickBooks Premier and Enterprise Solutions. However, assembly items that are created and built using QuickBooks Premier, can be viewed, sold, and reported on in files opened in QuickBooks Pro and Premier.

The Build Assemblies window provides you with the information you need to determine the number of assemblies you can create given the quantity of component items on hand, the number on sales orders, and the number reserved for other assemblies.

Build Assembly window

Build Assemblies

Previous | Next | Attach

Assembly Item
2000-PT

Build Assembly

	Date	Build Ref. No.
	01/09/2012	01

Quantity on Hand: 10 ea   Build Point: 10 ea
Quantity on Sales Order: 0 ea
Quantity Reserved for Other Assemblies: 0 ea
Quantity Available: 10 ea

Components Needed to Build 2000-PT

Item	Description	Type	U/M	Qty O...	Qty Needed
Labor	Direct Labor per build	Service			2
Utilities	Utility charge per build	Other ...			1
Grease	Grease per build	Non-In...			2
TRGU	Track Guides, TT (Pair)	Inv Part		9	1
DR-4-AL	Drum, 4", Aluminum	Inv Part		307	22
WINU-OR	Wire Nuts, Orange	Inv Part		107	3
URCO	UR- Connectors	Inv Part		215	8
WINU-YE	Wire Nuts, Yellow	Inv Part		100	3

Maximum number you can build from the quantity on hand: 1 ea
Quantity to Build   1

Memo   Build finished 11/30/2012

Remove Pending Status   Build & Close | Build & New | Revert

Creating pending builds

If you don't have enough components in inventory to build the number of assemblies you've specified, QuickBooks asks if you want to postpone the build by marking it "Pending." If you don't mark the build pending, you have to change the quantity to build or you won't be able to save the build.

You can also mark a build as pending even when you have enough components to build the specified quantity, if you want to "schedule" a build for a later date.

Additionally, if you modify or delete a previous build transaction, or change inventory quantities or the dates of purchase orders, invoices, or sales receipts, assembly builds that were finalized could be changed to pending while the item history is being regenerated. You can use the pending builds report to see a list of all builds that are currently pending.

Calculating Inventory Values

Calculating quantity on hand

When you build an assembly, the component inventory parts are removed from inventory and the inventory assembly parts are added to inventory.

When you adjust the quantity on hand for an inventory assembly, QuickBooks changes the number of assembly units in inventory, but does not affect the component inventory parts.

When you add a quantity on hand value when creating a new assembly item, QuickBooks creates an Inventory Adjustment transaction just as it does for inventory items.

Understanding the effect of pending builds on the average cost of assembly items

If you edit a transaction that causes many assembly builds to change to pending status, the average cost of inventory items and assembly items could be affected.

When assemblies are nested (one or more assemblies are components of other assemblies) and you change a transaction that causes at least one build transaction in the nested hierarchy to change to pending, build transactions for related assemblies can change to pending as well.

If clients use assemblies in inventory, answering the following questions can help you determine whether or not the average cost of inventory is accurately reported by QuickBooks.

- How much inventory is accounted for in assembly items?

- How great a change in value does the transaction change represent? If the resulting value change is negligible, it won't affect the overall average cost of inventory very much.

- If you make a change to a transaction, how many assembly items is it likely to affect?

- Are assembly items nested many levels? Could changing one transaction force a significant number of assemblies to change to pending, preventing them from being included in the average cost calculation?

Calculating the cost of assembly items

The cost of an assembly item at the time of a build is the average cost of each component item multiplied by the quantity of that component needed for the assembly, and then added together. This sum is then added to the Value on Hand (VOH) of any existing assembly units of this type already in inventory. Finally, the average cost of the assembly item is calculated by dividing the VOH by the current Quantity on Hand of the assembly item. If the assembly is purchased, that cost is also factored into the average cost for the assembly item.

Reporting on Assemblies

QuickBooks inventory reports include assembly items, which appear below inventory part items. You can use QuickZoom to get information about assembly items in most inventory reports.

The Pending Builds report is similar to the Pending Sales report. For each pending build, the report shows the date of the build, the build reference number, the name of the assembly item, the quantity to build as entered in the build form, and any memo information from the build form. You can display each pending build form by clicking a transaction entry in the report.

Reporting On Items

Presented below are selected sales, purchase, and item profitability reports that show information captured by items.

	Qty	Amount	% of Sales	Avg Price	COGS	Avg COGS	Gross Margin	Gross Margin %
Inventory								
Irrigation Hose		129.00	0.7%		96.00		33.00	25.6%
Lighting	17	573.95	3%	33.76	251.74	14.81	322.21	56.1%
Pump	5	375.00	1.9%	75.00	269.69	53.94	105.31	28.1%
Soil	19	132.00	0.7%	6.95	100.70	5.30	31.30	23.7%
Sprinkler Hds	20	180.00	0.9%	9.00	127.70	6.39	52.30	29.1%
Sprkl pipes	495	1,361.25	7.1%	2.75	1,039.50	2.10	321.75	23.6%
Total Inventory		2,751.20	14.3%		1,885.33		865.87	31.5%
Parts								
Concrete	2	52.50	0.3%	26.25				
Deck Lumber	45	202.50	1.1%	4.50				
Fertilizer		89.37	0.5%					
Fountain	3	1,110.50	5.8%	370.17				
Plants/Trees		1,933.95	10.1%					
Rocks	15	153.00	0.8%	10.20				
Total Parts		3,541.82	18.4%					
Service								
Design	3	3,860.00	20.1%	1,286.67				
Gardening	8	752.00	3.9%	94.00				
Installation Labor	184	6,509.00	33.8%	35.38				
Pest Control	3	180.50	0.9%	60.17				
Tree Removal	3	1,500.00	7.8%	500.00				
Trimming	3	105.00	0.5%	35.00				
Total Service		12,906.50	67.1%					
Other Charges								
Fin Chg	3	42.18	0.2%	14.06				
Total Other Charges		42.18	0.2%					
TOTAL		19,241.70	100.0%					

Sales by Item Summary
December 1 - 15, 2012
Accrual Basis — Dec 1 - 15, 12

The sales by item summary report shows sales information for each item.

Purchases by Item Summary

December 1 - 15, 2012

		Dec 1 - 15, 12	
	Qty	Amount	
Inventory			
Lighting	10	5,000.00	
Pump	6	336.00	
Soil	50	265.00	
Sprinkler Hds	5	25.00	
Total Inventory		5,626.00	
Parts			
Deck Lumber	45	157.50	
Rocks	15	146.25	
Total Parts		303.75	
Service			
Design	5	275.00	
Gardening	100	2,500.00	
Tree Removal	5	1,000.00	
Total Service		3,775.00	
Other Charges			
Shipping	1	37.50	
Total Other Charges		37.50	
TOTAL		**9,742.25**	

When your clients use items to track their purchases of goods and services, they can find the information in the purchases by item summary report.

Item Profitability
All Transactions

	Act. Cost	Act. Revenue	($) Diff.
Inventory			
Irrigation Hose	114.69	152.55	37.86
Lighting	970.81	4,800.94	3,830.13
Pump	975.00	1,375.00	400.00
Soil	602.20	777.75	175.55
Sprinkler Hds	686.31	984.45	298.14
Sprkl pipes	5,541.90	7,257.25	1,715.35
Total Inventory	8,890.91	15,347.94	6,457.03
Parts			
Concrete	0.00	146.00	146.00
Deck Lumber	157.50	672.50	515.00
Fertilizer	0.00	784.60	784.60
Foliage Tags/Markers	0.00	842.00	842.00
Fountain	175.00	4,851.00	4,676.00
Plants/Trees	964.00	10,778.95	9,814.95
Ponds	0.00	2,184.95	2,184.95
Rocks	146.25	211.50	65.25
Total Parts	1,442.75	20,471.50	19,028.75
Service			
Design	0.00	13,840.00	13,840.00
Gardening	0.00	19,649.00	19,649.00
Installation Labor	0.00	25,928.00	25,928.00
Pest Control	0.00	1,900.50	1,900.50
Tree Removal	0.00	9,053.00	9,053.00
Trimming	0.00	3,249.00	3,249.00
Total Service	0.00	73,619.50	73,619.50
Other Charges			
Fin Chg	0.00	97.69	97.69
Total Other Charges	0.00	97.69	97.69
Discounts			
10% Discount	0.00	-11.98	-11.98
Deposit Credit	0.00	-1,520.00	-1,520.00
Discount	0.00	-222.60	-222.60
Total Discounts	0.00	-1,754.58	-1,754.58
TOTAL	10,333.66	107,782.05	97,448.39

When you set up items to record both purchases and sales of products, services, and other charges, the item profitability report shows the costs, revenue, and profit for each item.

Notice that there are several zero amounts for Non-inventory Part items (listed as "Parts") and Service items in the "Act. Cost" column of the item profitability report. This shows that the payments to vendors and employees were recorded using the Expenses tab, or journal entries, instead of the Items tab.

Purchasing Items Assemblies From Vendors

QuickBooks also provides an option to indicate that you purchase assembled items from a vendor, and this option is works just like the option explained above to indicate that service items are performed by contractors – in essence, it forces QuickBooks to display the gross sales of the item and the cost of the item on reports, instead of displaying the net sales and cost amounts as sales.

QuickBooks
What's New
"2014 thru 2005"

CHAPTER 3

How Intuit Updates QuickBooks Each Year

Avoiding Bloatware - Intuit has a problem that it does not like to discuss publicly. Specifically, Intuit does not want to improve QuickBooks by adding features [173]. I know this sounds strange, but hear me out. Every time Intuit adds new functionality to QuickBooks, the product becomes more complicated and difficult to use. Hundreds of accounting systems before QuickBooks have taken the "*Add every feature you can to your product, including the kitchen sink*" approach. But those companies have ended up with "bloatware" that many companies simply don't want.

Restraint - Intuit knows that most companies ask for more features, but they restrain themselves in order to keep the product simple. If you really want a product with a thousand more features, then go out there and buy Sage MAS 200, Microsoft Dynamics GP, or SAP Business One. Those products each have several thousand more features than QuickBooks. But if you look at the results, those products which are among the top accounting software products in the world aren't doing too well. Their sales are flat and have been under achieving for a dozen years. When it is all said and done, companies really want inexpensive, simple solutions - and that is exactly what QuickBooks offers [174]. If Intuit started piling on the featur4es (which they easily could), they would ruin what they have.

Handful of Features - For this reason, Intuit barely updates their product each year [175]. They come out with 10 to 15 new features a year just so the marketing department has something new to tout in order to encourage you to upgrade. If you look closely, typically half of those new features touted were already in QuickBooks the previous year. Look closer still and you will find only 2 or 3 new features each year that are really worth getting excited about. The reality is that QuickBooks get s little better each year, but only by the smallest of margins.

Airplane Analogy [176] - Look at it this way. If you wanted to learn to fly an airplane today, you could march down to your local community airport and your instructor would let you take the wheel of a little Cessna airplane on your very first flight. There are only a few gizmos and gadgets you would need to learn to make that happen. Within a few weeks you'd be flying high. Now assume that you wanted to learn to fly a 777 jumbo jet. There are gizmos and gadgets located all over the cockpit – even on the ceiling and walls. It might take you three years to learn how to fly

that jumbo jet because of the complexity. In this analogy, QuickBooks is the small Cessna aircraft and SAP Business One is the jumbo jet. One is cheap and simple to operate, the other is expensive and complicated to operate. American companies across the country have shunned the jumbo jet in favor of the cheaper and easier to use two seater plane – why would Intuit destroy that by heaping on a massive amount of new features each year?
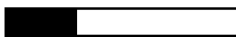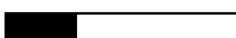
Committed to Quality - Please don't mistake me as saying that Intuit is not committed to quality – they are extremely committed to eliminating bugs from the system, it's just the add-on features that they resist most, and rightfully so.

New Features [177] – Presented below is a list of each significant new feature added or improved over the past 6 years. I've inserted a rating next to each new feature or improvement that shows in my opinion how excited I am about that new or feature or improvement. This information is presented in summary form, but you can see lengthier discussions of each of these features including screen shots, on my web site: www.QuickBooksAdvisor.INFO.
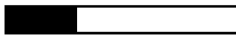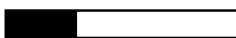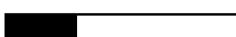
New in QuickBooks 2014:   Carlton's Ten Star Rating

QuickBooks 2014 Pro, Premier and Enterprise:
1. Global Access Bar added containing three tools
2. Client Collaborator Added
3. Maintenance Alerts Added
4. Reminders and "To Do's" Numbered Indicator Added
5. New color (from grey to dark blue)
6. Customize the Account Balances View
7. Removed the "My Apps" tab
8. Removed the "Do Today" tab
9. Copy and paste detail lines in transaction forms
10. New report icons relevant to on-screen transactions
11. Search tool now supports AutoComplete
12. The Company menu has been changed to My Company
13. The Company menu has been redesigned
14. The left Navigation Bar's "My Apps" has been moved
15. The Customer Center displays a new tab for Sent Email
16. Email Customer Payment Receipts
17. Web Mail Improvements
18. Assign Sales Reps to Jobs
19. New Job Status Filter
20. Bank Feed Improvements
21. "Income Tracker" replaces the "Collection Center"
22. Bill Payment Stub now shows when bill has been paid with credits
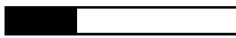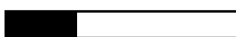
23. The Process Bounced Checks feature is back
24. Fit Reports to "X" Pages High
25. QuickBooks opens faster and windows open faster
26. You can toggle between QuickBooks editions faster
27. Find function now includes ability to search within results
28. Sort Billable Time & Costs by clicking column heading (QB Prem.)
29. New Login requirement to obtain product keys
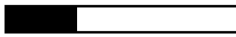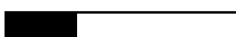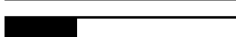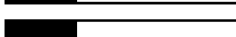
QuickBooks Accountant Only:
30. Reclassify Transactions Tool allows batch changes
31. Batch Enter Transaction allows Bills, Invoices & Credits
32. Send Journal Entries to QuickBooks Mac 2014
33. QB Professional Bookkeeper has been discontinued
34. New Client Collaborator offers new communications with clients
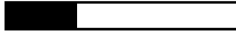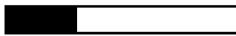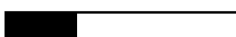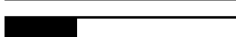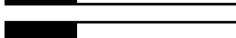
QuickBooks Accountants Plus Only:
35. QB Accountant Plus available on a subscription basis
36. Automatic updates for QB Accountant Plus
37. QB Accountant Plus includes Accts Copy File Transfer service

QuickBooks Enterprise Only:
38. New Sales Rep Column (QBE only)
39. New Job Report - Job WIP (QBE only)
40. Specify a maximum quantity on hand (QBE)
41. Build nested assemblies (QBE)
42. New "Where-used" query has been added (QBE)
43. Assembly Cost and Price Rollups (QBE)
44. New Job Cost Report Committed Cost by Jobs (QBE)
45. More Customization for Checks, Bills & Credit Card Charges
46. Edit certain item fields without clicking the edit button (QBE)
47. Markup and Margin Pricing via subscription of $399/Year (QBE)
48. Quantity Break Pricing (QBE)

ProAdvisor Program:
49. iPhone app allows you to receive "ProAdvisor Alerts"
50. "Find-A-ProAdvisor" search algorithm was changed
51. ProAdvisor member website is better organized
52. QB Mobile Companion no longer part of ProAdvisor
53. Intuit Data Protect no longer part of ProAdvisor
54. No Enterprise Price Rules unless Enterprise certified
55. The new Client Collaborator is included in ProAdvisor

56. The Payroll Center has been rearranged, tabbed for more room
57. QB Plus allows you to rent QB Pro or Premier for a monthly fee
58. QuickBooks Plus Supports Multiple Users (3 in Pro, 5 in Premier)

QuickBooks Mac 2014:

59. QB Mac "Guide Me" Enhancements
60. QB Mac Setup checklist
61. QB Mac Launch Page
62. QB Mac Income Tracker
63. QB Mac Centers Enhancements
64. QB Mac Sales Reps
65. QB Mac Sales Tax Rounding
66. QB Mac Find within Reports
67. QB Mac Left Navigation Bar
68. QB Mac Import Journal Entries

New in QuickBooks 2013:   **Carlton's Ten Star Rating**

Major New Features:

1. Batch Transaction Entry (Write up)
2. Splits, Excel, Customize, checks, deposits, credit card transactions
1. Paste 1,000+ transactions from Excel
2. Email journal entries that clients can import
3. New left pane menu for improved navigation
4. Reclassify hundreds of transactions in batch
5. Create new QB company from existing company
6. More contact info fields for customers and vendors
7. Customize up to 8 contact fields
8. New ribbon layout on customer forms shows more info
9. New tabs show "transactions", "contacts", "to dos" and "notes
10. Shop for apps right from QuickBooks
11. MAC Edition - Added attached documents
12. MAC Edition – Added batched invoicing
13. QBE – Bin location tracking
14. QBE – Barcode scanning
15. QBE - A New button creates Purchase Orders automatically
16. QBE – Assign default classes to items for quicker data entry
17. QBE - Supports more Accounts, Classes, To Do's, etc.
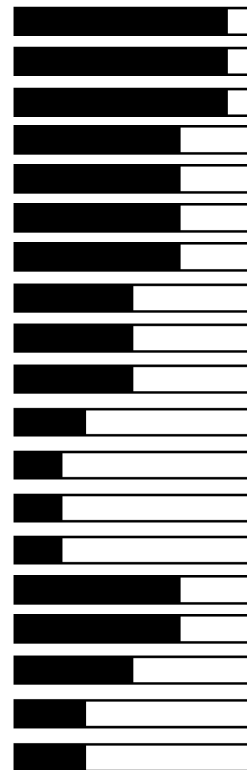
New Navigation Features:

18. New Sidebar Menu
19. Ability to minimize the Sidebar
20. No Panel on right (by default)
21. Panel on right now appears on bottom of sidebar
22. No icons at the top (by default)
23. Ability to add back the icon bar and close sidebar menu
24. Up arrow minimizes the ribbon
25. Larger fonts
26. Hyperlink based menus, which better supports the cloud
27. Closing with the X no longer asks are you sure? (FIXED IT)
28. Color schemes gone (FIXED IT)

Customers:

29. Banded rows on invoices and other screens
30. Invoice provides Delete, Print, Receive, Payment, etc. options
31. Customers now have multiple contacts; each with many fields
32. Customer screen tracks To Do Notes and Historical Comments
33. Default setting to mark all time & expenses items as billable
    (Set this up in Preferences under Time.)

Bills:

34. You can now print bills (for sharing purposes perhaps)
35. Preference payments option for online payments.
36. Preference payments option for receiving credit card payments
    (You must use the Intuit payment network, ie transaction fees)
37. Sales by Item Detail Report now shows name and description
    (Like the FS)
    (Set Preference under Reports and Graphs)
38. Drop down list for adding columns to reports is now alphabetized
39. You can now copy and paste into the search box
40. JE screen in Accountants Edition has new option to Send JEs
    (Recipient clicks email to import JE)
    (JE's can add accounts, items, customers, etc)
41. DUP is added to duplicate accounts, customer, vendors, names
42. Statement Writer now works on 64 bit computers too.
43. Writing off multiple invoices now adjusts the sales taxes too.
44. New Professional bookkeeper 2013 Edition. (Released in 2012)
    (Update multiple companies at once, see bank recs quickly, etc.)

Enterprise:

45. Set default class for each item or name.
    (Turn on under Preferences accounting, then option shows up.)

46. Groups expanded to 50 items (previously limited to 20.)
47. Up to 10,000 classes, customer types.
48. Up to 100,000 chart of account numbers.
49. New inventory reorder report- checks items that need reordering
50. Auto PO feature using the preferred vendor

Enterprise with Advanced Inventory:

51. Bin & Shelf tracking
(To add this, transfer everything in your distribution center to your distribution center, and add the bin and shelf as you do)
52. Stock status report by SITE report – See where items are located.
53. Bar code scanning
(Preferences, Advance Inventory Settings, Barcode tab, enable)
(Works with USB or Bluetooth scanner)
(EAN13 and code 128 barcodes are supported, but not UPC barcodes)
(Reading is limited to just 30 characters)
(If you have already recorded the barcode in another QB field, a new tool can copy that data to the new barcode field so you don't have to reenter it.)

54. Only 1 QB Enterprise user license (not 5)
55. Now QuickBooks for Mac included in ProAdvisor
56. New pay per month plan - $20 per month

QuickBooks for Mac:
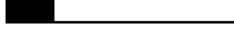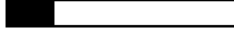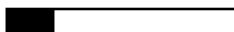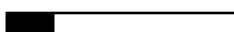
57. Batch Invoicing
58. Attach documents
59. Bank rec improvements
60. Import multiple lists
61. Intuit payment network integration

QuickBooks Online:

62. Income list with money bar
63. Improved downloaded transactions work flow
64. Sales tax processing improvements
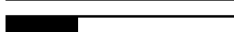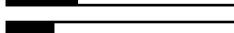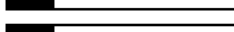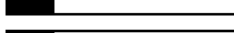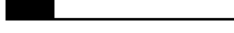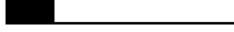
New in QuickBooks 2012:   **Carlton's Ten Star Rating**

1. QuickBooks Statement Writer now Included (Acct's Editions)
2. Period copy – Create data file based on desired dates
3. Starter copy – Copy your QB data to create a new company
4. Reclassify hundreds of transactions in a single window

5. Inventory Center supports Images
6. Enhanced Inventory Receiving (Bill & Receipt now separate)
7. Fix incorrectly recorded sales tax payments
8. Condense Improvements – reduces file size further
9. View and then fix inventory discrepancies from one screen
10. More price levels (from 99 to 750)
11. Match unapplied vendor and customer payments window
12. Clean up un-deposited funds account from one screen
13. Write off uncollectible invoices to an account you choose
14. Improved Accountant Center – new reconcile widget
15. identify added, changed, deleted, or merged list items
16. View changes to account balances from the previous close
17. File Manager improvements – auto identifies file version
18. Improved Accountants Copy (credits now save to client copy)
19. Acct's edition opens all versions (this is not new)
20. Open two files simultaneously (this was added in 2011)
21. Depreciation calculations added to QuickBooks
22. Working Trail Balance screen (this is not new)
23. Multi-currency (This is not new)
24. Edit the "No Company Open" Window
25. Improved Statement Writer (several design tools)

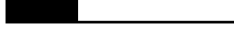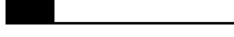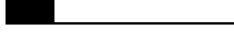## New in QuickBooks 2011:   **Carlton's Ten Star Rating**
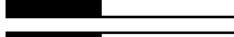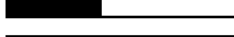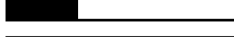
26. **Work in two companies at the same time -** Accts' Edition only
27. **New QuickBooks Search** – Search all of QB, Works off a keyword
28. **Batch Invoicing -** Invoice multiple customers at once
29. **Send e-mail via Outlook, Yahoo, Hotmail, or Gmail** – Nice
30. **Assign Classes to Balance Sheet Accounts -** Not all accounts
31. **Free 1 hour phone session with Intuit QuickBooks expert**
32. **New Vendor Field -** Track vendors' remittance address
33. **Manage Passwords -** Accts' Edition only
34. **Batch Upgrade -** Upgrade client files at once - Accts' Edition only
35. **Customer Snapshot -** See key customer info at a glance – not new
36. **Mark paid invoices with Paid Date stamp** – Yawn
37. **Use Client Data Review in Multi-user Mode -** Accts' Edition only
38. **Collections Center** – Just another view of data you already have

Movies - http://proadvisor.intuit.com/product/whatsnew/?segment=pap-member
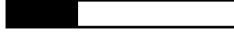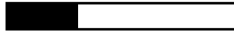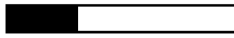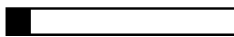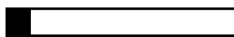
New in QuickBooks 2010:   **Carlton's Ten Star Rating**

1. **Paperless Support -** Attach scanned documents to transactions
2. **Intuit Check Solution** - Scan and deposit your checks
3. **More Custom Fields** – Added to QuickBooks Enterprise Only
4. **Job/Lot/Serial Numbers** – Added to QuickBooks Enterprise Only
5. **Batch -** Batch entry and edit for item and account information
6. **New Tool** - Mass comparison and reclass. of expense accounts
7. **Intuit Statement Writer** – Now supports Word-based letters
8. **New Client Review Screen** - Helps CPAs troubleshoot inventory
9. **Role Base Security** – Added to QuickBooks Enterprise Only
10. **Re-Designed Report Center** – Better organized, easier to read
11. **Forms -** New professionally designed invoices & statements
12. **New Tool** - Write-offs of an entire customer's balance at once
13. **Restrict Data Input** – Added to QuickBooks Enterprise Only
14. **Setup Improvements** - New installation options

New in QuickBooks 2009:　　　　　　**Carlton's Ten Star Rating**
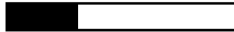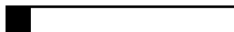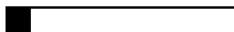
1. **Larger Numbers** - Supports 11 digits, up from 8 digits
2. **Client Review Data Center** – Helps CPAs review and fix errors.
3. **Lists** - You can now duplicate a transaction or list item
4. **Company Snapshot** - New dashboard screen
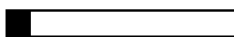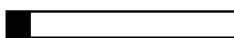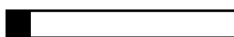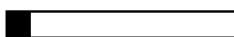5. **Point of Sale Improvements** – Touch screen, up to 20 POSs
6. **Intuit Statement Writer** - Sold separately, create reports in Excel
7. **Multi-Currency** – Supports realized and unrealized Gains & Losses
8. **QuickBooks Live Community** – Chat with other QuickBooks users
9. **Time Tracker** – Now tracks both billable and non-billable time
10. **Improved Bank Reconciliation** – Sort columns
11. **Multiple-User Enhancements -** To QuickBooks Enterprise
12. **Online Banking** – Automatic mapping & new wizard
13. **Improved Accountant's Copy** – Better import, mapping to 1099.
14. **Free Business Web Site** – Still no integration to QuickBooks
15. **History** – Easier to enter after-the-fact payroll data
16. **Adobe** – New invoice, sales order & estimate templates
17. **Conversion** – Updated tools for Peachtree & MOA files
18. **Vista** - Microsoft Vista Logo Certified
19. **Stronger Encryption** - 2048-bit key replaces 1024-bit key

New in QuickBooks 2008:　　　　　　**Carlton's Ten Star Rating**
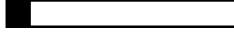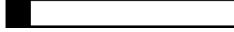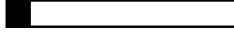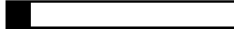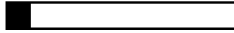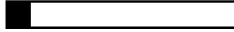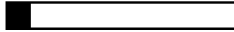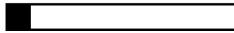
1. **E-Mail through Outlook** – Contact lists, sent folder

2. **New Excel Template** – Import Excel data into QuickBooks
3. **Improved Help** – See screen and help window at same time
4. **Merchant Service** – New ability to validate credit card funds
5. **Time Tracker** – Track billable hours from Outlook
6. **Share Records with CPA** – Dividing date, track CPA's changes
7. **New Time & Expense Screen** – See both on one screen
8. **New Premier 3 User Edition** – Really just a new price point
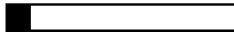
New in QuickBooks 2007:   **Carlton's Ten Star Rating**

1. **Time Tracker** – Excellent online fully integrated timesheet
2. **Portable File –** Smaller files, Re-indexes file to gain more speed
3. **Unit of Measure Conversions –** Typically a higher-end feature
4. **Multi-Parcel Shipping** – Via UPS and FedEx
5. **Convert Sales Orders to Purchase Orders –** Yeah!
6. **Larger List Limits –** Up to 10,000 items, customers or vendors
7. **Better Payroll Data –** Key payroll data at a glance for $7/month
8. **Preview Forms before Printing –** I guess this is good
9. **Automatic Vendor Expense Classifications -** Did that in 2006
10. **Google Desktop Searching** - Give me a break, not a QB feature
11. **Improved Backup Wizard -** Big yawn
12. **Thermal Printing Shipping -** Bigger yawn
13. **Google Marketing -** Sale pitch for Google Adwords, Come on
14. **Improved Accountants Copy –** Use Remote Access instead
15. **"Always On" Audit Trails -** Did that in 2006, doesn't hit GL
16. **New Pro 3 User Edition** – Just a new price point
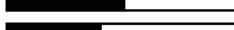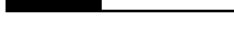
New in QuickBooks 2006:   **Carlton's Ten Star Rating**

1. **New Set Up Screens** – 15 to 30 screens instead of 130
2. **New Home Page -** Organizes key data on a single screen
3. **Toggle Editions –** Make menus look like any other QB product
4. **Other New Screens -** Customer, vendor, employee, reports
5. **New Database –** Faster, but new problems in multi-user mode
6. **More Users in QB Enterprise –** Up from 10 to 15 users
7. **Permanent Audit Trail –** I wish it hit the GL
8. **Basic Dropped -** QuickBooks Basic Edition has been dropped
9. **Lower Pricing -** By $100, not a feature
10. **Goodbye Upgrades -** Eliminated upgrade pricing options

New in QuickBooks 2005:   <u>**Carlton's Ten Star Rating**</u>

1. **Financial Statement Designer** – Control indent, add columns
2. **Working Trial Balance Tool** – Uses CPA Work paper formats
3. **Voided/Deleted Transactions Report** – Show voided transactions
4. **Interactive Tutorials** – High quality training videos, voice & pause
5. **Version Detector** – Hover icon to see data file year & edition
6. **Payroll Enhancements** - Do-it-yourself payroll solution
7. **Enhanced Security** - More control over users
8. **QuickZoom** - View retained earnings entries
9. **Manage Customer Payments Better**- streamline AR tasks
10. **Simple Start Edition** – Checkbook caliber version of QuickBooks

See my detailed discussion of these 2008 features at <u>http://www.QuickBooksAdvisor.com</u>

Carlton's QuickBooks Wish List

While I do agree and approve of Intuit's strategy to keep QuickBooks as simple as possible, there <u>are critical features that I would like for Intuit to add to QuickBooks as follows</u>:

1. ~~Quantity-break pricing.~~
2. Automated e-mail delivery of financial reports based on custom schedule.
3. Dozens more custom user definable fields.
4. More account number segments.
5. ~~Ability to attach electronic documents to transactions.~~ (done in 2010 – thank you)
6. ~~Picture support for inventory items.~~
7. Automatic allocation calculations and journal entries based on formulas.
8. An integrated web store solution that exports the inventory data (and pictures) right out of QuickBooks to automatically create an online integrated web store.
9. An audit trail that actually hits the general ledger.
10. The ability to schedule automatic delivery of reports to e-mail recipients.
11. The option to have voided checks hit the current period.
12. Ratio reports, including comparisons to industry averages.
13. Automatically hide unused menu items to keep menus simple.

QUICKBOOKS CPA

EXTRAS

CHAPTER 4

ESSENTIALS

This course is designed to be an intermediate to advanced CPE course, and it is promoted in the state CPA society and association literature that way. Therefore, we will purposely ignore basic QuickBooks instruction such as setting up a customer or vendor. Instead, this chapter focuses on those aspects of QuickBooks 2014 that CPAs probably should know, but often do know. The idea is to elevate those CPAs with a basic understanding of QuickBooks to a more advanced level. Most CPAs who are not familiar with QuickBooks find this approach perfectly acceptable, as they can usually figure out the basics on their own.

1. Memorized Transactions

QuickBooks allows you to memorize recurring transactions. These memorized transactions save time, help reduce mistakes and increase accuracy. You can set up transactions to be recorded automatically at predetermined intervals, or if you prefer you can have QuickBooks simply remind you to record the transaction. The key points that I would like for you to know about memorized transactions are as follows:

   a. You can memorize all types of transactions including :
      i. Estimates
      ii. Sales Orders
      iii. Invoices
      iv. Credit Memos
      v. Checks
      vi. Purchase Orders
      vii. Bills or Vouchers
      viii. Deposits
      ix. Journal Entries

   b. You can control the frequency and duration of memorized transactions, including the start dates and ending dates for entering memorized transactions.
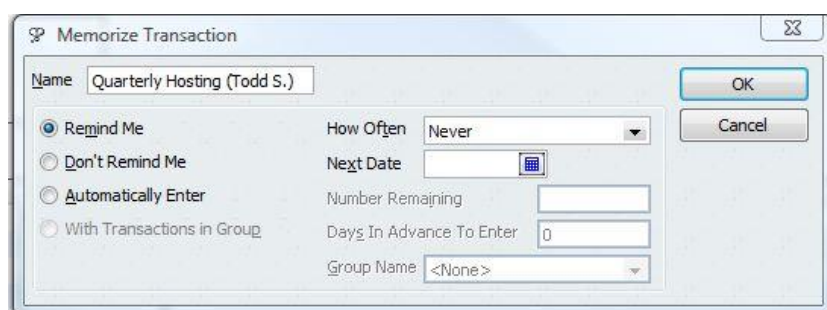
Here are examples of recurring transactions that will save you time to set up as memorized transactions in QuickBooks:

1. **<u>Recurring Lawn Mowing Payment</u>** - Each week you write the same check to pay the lawn boy for dropping by and mowing the lawn. Instead of creating 52 checks a year, create just one check, memorize it, and have QuickBooks enter and process the remaining 51 checks for you.

2. **Recurring Apartment Rent Collections** – Each month an apartment building sends out 400 invoices to collect the rent from their 400 tenants. Instead of producing 400 invoices each month, have QuickBooks do the work for you.

3. **Recurring Depreciation Entry** – Each month you could have QuickBooks enter the monthly depreciation entry so you don't have to. Not only does this save time, but it keeps you from forgetting and it enforces greater accuracy.

4. **Recurring Allocations** – It is a common practice for many companies to accumulate various overhead costs and expenses in a single account, and then distribute those costs across all departments, locations, or Partners each month before producing reports. In this case, the amounts are not known until month end, but the journal entry accounts are. Therefore you could memorize an allocation journal entry containing all zero amounts, and each month you would need only drop in the relevant amounts before posting. Thus even when the amounts are unknown, using the memorized transaction feature can save time and increase accuracy.
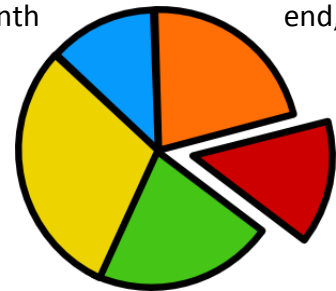
5. **Other Examples** – Examples of other memorized transaction situations include:

   ▪ Recurring loan or lease payments such as a monthly car loan payment.
   ▪ Recurring bills such as the electricity or water bill.
   ▪ Recurring electronic withdrawals from checking such as internet access.
   ▪ Recurring sales transactions
   ▪ Recurring rental fees for a rental shop
   ▪ Monthly installments payments due from customers
   ▪ Repeating tuition invoices
   ▪ Purchase Orders that are repeated with many of the same items
   ▪ Recurring Estimates for situations where you frequently quote the same items.

You memorizing transactions while the transaction activity window is open. Here are the necessary steps:

3. Enter the transaction as you would like it memorized.
4. Control + M or from the edit menu select "memorize".
5. Enter a name that will help you recognize the transaction.
6. Complete the options: How often, Next Date to enter, Number of remaining payments .

Later, to use the Memorized Transaction

7. Retrieve and use the memorized transactions from the list menu or use the shortcut CTRL+ T.
8. From this list window (CTRL + T) you can also:

    1. *Permanently discontinue a memorized transaction - highlight and delete the transaction (CTRL + D).*
    2. *To keep the transaction on the list but not active, highlight and edit the transaction (CTRL + E).*
    3. *Change the date or the frequency by highlighting and edit the transaction (CTRL + E).*
    4. *Occasionally there is a need to change the amounts within a memorized transaction (see below). Whenever a change to the amount is made, be sure to confirm that the date of the next transaction is correct. The date of the next entry appears on the memorized transaction list (CTRL + T)*

Some of the transactions which cannot be memorized include payroll checks, time records, bill payments, or sales tax payments.

2.   Edit Your QuickBooks Data in Excel

All of your account information, budgets and List data in QuickBooks can be exported out to Excel, edited, and imported back into QuickBooks in less than 30 seconds [53]. Many CPAs are apprehensive to use this feature for fear of squirreling up the data – but it is easy and you should give it a try. Presented below is the export dialog box found under File; Utilities; Export.
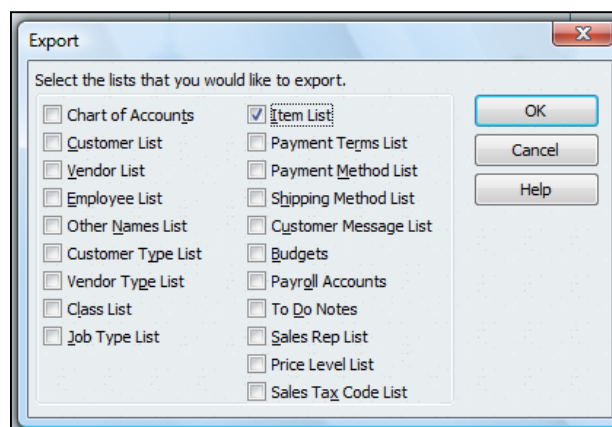
Simply open the IIF file in Excel, edit it, and save the file to the same format. Then in QuickBooks, select File; Utilities, Import...it's just that easy.

Note that importing data from Excel "overwrites" the list data in QuickBooks with all of your changes. However, you cannot delete list data using this method, you can only add to or change existing list data [54].

3.   Custom Data Fields

In my opinion, custom fields are one of the most powerful features in all of accounting software. QuickBooks provides 26 customer data fields (7 for customers, 7 for employees, 7 for vendors, and 5 for inventory items) but you are limited using just 20 custom data fields overall.

QuickBooks' custom data fields allow you to track additional information about your customers, vendors, employees, and items. You can add these custom data fields to sales and purchase forms. QuickBooks treats the information you enter into a custom field the same way it treats information entered into any other field. If you memorize a transaction that has a custom data field, QuickBooks memorizes what you entered in the custom data field along with the other details of the transaction. If you export a list that contains data in custom fields, QuickBooks exports that data along with the other data from the list. The custom field screen is shown below:

Many accounting system developers concluded more than a decade ago that the process of adding a never-ending stream of enhancements to any accounting system eventually results in "bloatware" - a bloated solution that is so cluttered with features that the product is difficult, if not impractical, to use. To alleviate this problem, developers adopted forward-thinking philosophy of providing core features, coupled with built-in tools designed to allow end users to customize the product specifically for their needs. This approach allows end users to meet approximately 80% to 85% of their needs right out of the box, or approximately 90% to 95% of their needs using the built-in customization tools. The example scenario presented below provides a basic understanding of how this process works.

For Example - Assume that QuickBooks is implemented by the local U. S. Corps of Engineers office that oversees and manages a large lake. In this case, the agency has identified specific customized additions to the system that would be beneficial. For example, one of the functions of the agency is to license and inspect the various boat docks of residents who live on the edge of the lake. Using QuickBooks's built-in tools, the agency could easily add new data fields to collect pertinent information such as the following:

Examples of User Defined Data Fields
that Might be used by the U. S. Corps of Engineers

1. Size of the dock.
2. Year the dock was erected.
3. Type of materials used.
4. Date of the last inspection.
5. Date when the current dock permit expires.
6. Depth of the water at this dock location.

7. Description of all vehicles docked at this particular dock.

All of this additional customized data would benefit the U. S. Corps of Engineers in rendering their services. These fields could be set up QuickBooks in just a few minutes by a non programmer.

All organizations have the need to collect, maintain, and report specific unique information about customers, inventory items, vendors, employees, etc. The ease in which QuickBooks meets complex customization needs is frequently a deciding factor in the accounting software purchase decision – it is a common deal closer.

Filtering By Custom Data Field – One of the best aspects of the QuickBooks Custom Data Fields is that they can be included on your reports and used to filter your reports. For example, assume that at your boat marina, 23 of your 140 customers subscribe to your monthly engine cranking service. You could use the subscription field to filter a customer list to include only those customers who subscribe. You could also include the boat name and slip number in the report making bit easier for a work to pull out the correct boats and start the engines.

1.   Department Accounting

a.   <u>Understanding the need for Account Number Segments</u>

In order to produce sub reports (such as departmental reports, reports by location, fund reports, sub-account reports, reports by territory, reports by type, reports by state, etc), accounting systems rely on segments. Each account number segment is then used to track a certain facet of every revenue and expense transaction. An example of a 4 segment account number structure is shown below:

Department - Expense – Subaccount – Fund

For example, assume a school purchases $800 worth of text books for the English department. In this case, the transaction is recorded using the school's four segment account number as follows:

Date	Account	Debit	Credit
3/1/2006	6050-SMITH-ENG-FED	800	
3/1/2006	Cash		800

To record the purchase of $800 worth of text books for the English department, for Mrs. Smith's class, using federal funds

In this example the account number "6050" represents the expense account ("Book Expense"); "SMITH" represents the subaccount; "ENG" represents the department; and "FED" represents the funds used to pay for the books. If you really were using a fund accounting system, before this transaction is posted, the accounting system would first check to make sure that the federal funds in question are not being used for a restricted purpose, such as to fund teacher pensions or to pay for football uniforms. The system would also check to make sure that the funds being used are permitted to be expended during this time period. If none of the stated restrictions are violated, then the transaction would be accepted and posted throughout the system.

Let us further assume that the school purchases $2,000 worth of school football uniforms and attempts to enter this transaction into the system using federal funds to pay for these uniforms as follows:

Date	Account	Debit	Credit
3/5/2006	6560-SLADE-PE-FED	2,000	
3/5/2006	Cash		2,000

To record the purchase of $2,000 worth of football uniforms for the Physical Education department, for Mr. Slade's class, using federal funds

b. Reporting by Classes

QuickBooks officially provides one extra account number segment which it calls a "Class" [93]. "Classes" is short for "Classification" and the Class segment can be used to classify revenue and expense transactions further than just by account number. It helps to think of this feature as a way to further "classify" business activities. To use classes, you must enable the feature [94], which is listed in the Accounting section of the Preferences window.

You can only use the QuickBooks "Class" feature to establish a single segment [95] (such as department or location, but not both). When you enable classes, QuickBooks adds a Class field to your transaction windows.

TIP - Assigning Classes by Invoice Line Item - When you enter an invoice in QuickBooks, you can assign the invoice to a single class. However, it is sometimes more useful to assign a class to each line item of the invoice. (For example, you may bill your customer for goods, services and support on a single invoice, but you would like to account for that revenue by departments which consist of sales, services and support.) To accomplish this, you must customize your invoice forms to add classes as a column [96]**.** When you add the Class column, you should add it to the screen form, but not the printed form because most customers don't care how you posted the transaction.

Reporting by Class - There are two different types of reports you can run from the Class List screen– 1. Individual Class Reports; and 2. Reports for all Classes. To report on a single class:

1. *Open the "Classes" list and select the class you want.*

2. *Press CTRL+Q to open a QuickReport on the class.*

3. *When the Class QuickReport appears you can change the date range or customize the report as needed.*

To produce a report in which all classes are displayed:

1. *Open the "Classes" list and click the "Reports" button (at the bottom of the Class list window).*

2. *Choose "Reports On All Classes" and then select either Profit & Loss By Class, or Graphs.*

3. *Note - The Graphs menu item will offer a choice between producing an Income & Expenses Graph or a Budget vs. Actual Graph.*

4. *Note - The Profit & Loss By Class report is the same as a standard Profit & Loss report, except that each class uses a separate column.*

Displaying Reports by Class - Most of the QuickBooks reports you run regularly can also be stratified by Class (for example, Aging reports). <u>Use the Columns drop down box to stratify your report by Class</u> ; or <u>use the "Modify Report", "Filters Option" to display the report for just one Class,</u> as shown in the screen below.
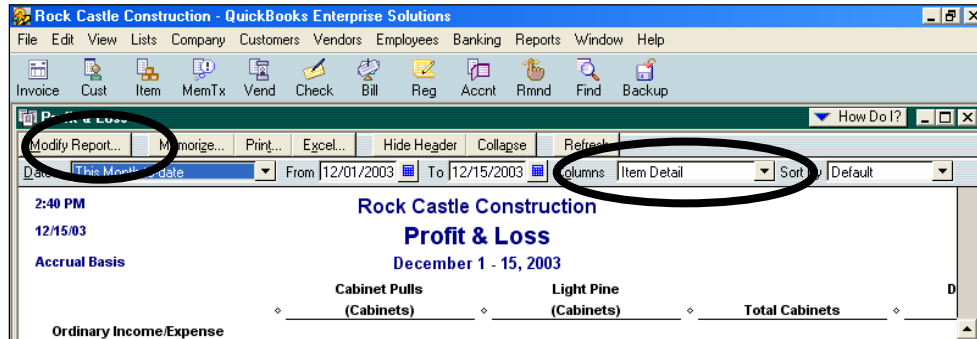
Using Classes to Track Partners – <u>Many Law firms and CPA firms use classes is to track revenue and expenses by partner</u> [99]. In effect, using this method each partner is tracked as an individual profit center. Typically, firms who use this approach set up each partner as a Class, and also set up two additional classes as follows:

1. **Other** - Used to record revenue or expense transactions that are not related to a specific partner.

2. **Split** - Used to record revenue or expense transactions that are related to two or more specific partners, and is to be allocated later using some predetermined formula.

Allocations - At month end before reports are produced, the totals for the "Split" class are reapportioned or reallocated with appropriate journal entries. In many cases, the percentage of income is used as a guide for the allocation percentages based on the assumption that the overhead expenses consumed are commensurate with a partner's share of revenue. While this approach to allocating expenses isn't terribly exact, it is considered to be approximately fair.

Year–end Close - When the year is closed, a percentage of the retained earnings figure is posted to each partner's equity account. However, since Classes do not apply to balance sheet or equity account numbers, you must set up a separate equity account number for each Partner. Thereafter, the profit for each partner is the revenue, less the expenses incurred by each partner is allocated from retained earnings account to each partner equity account. This system may also provide a decent basis to calculate end-of-year bonuses, since the partners can base the amount of the bonus on the amount of the current year retained earnings for each partner.

Using Classes to Track Accounts Receivable or Accounts Payable – Often CPAs complain that because classes do not apply to balance sheet items, there is no way to classify accounts

receivable or accounts payable on the balance sheet. Actually there is a way to do this. It takes a little effort, but here is what you do:

1. As invoices (or vouchers) are recorded, assign a master Class to the invoice in the upper right hand corner. (Assigning Class by line item isn't sufficient.)
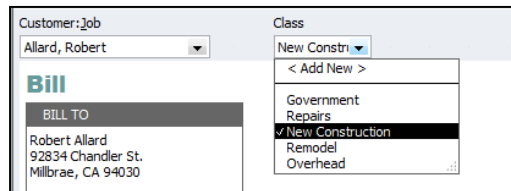
2. At this point, the balance sheet will still display a single line item for accounts receivable (or accounts payable.
3. Produce a balance sheet and double click the accounts receivable amount to drill into the details.
4. Expand the report to show all details.
5. Use the "Sort By" drop down to sort by Class.
6. Use the "Total By" drop down to total by Class.
7. The result is a report that breaks down accounts receivable or accounts payable by Class, as shown below.

8. Memorize the report so that you don't have to "recreate the wheel" next time.
9. As an alternative you could also filter the report to display only one particular Class of outstanding receivables or payables.

2. Keyboard Shortcuts

    a. Y, K, M, H, R, etc.
    b. Home, Home, Home; End, End, End
    c. CTRL + A, I, E, F, J, M, P, W etc.

Presented below are a variety of keyboard shortcuts available within QuickBooks:

<u>DATE RELATED SHORTCUTS</u> [141]

Y	First day of the Year		W	First day of the Week
R	Last day of the year		K	Last day of the week
M	First day of the Month		+	Next day (also next form #)
H	Last day of the month		-	Prior day (also prior form #)
T	Today			

MOVING AROUND IN QUICKBOOKS SHORTCUTS

1 (or 2, 3 …)	Before popular list items (fast)
Down arrow	Move down a line
Up arrow	Move up a line
Ctrl + 1	Show important QuickBooks data
Ctrl + 2	Turn on QBWIN.LOG
Ctrl + H	<u>Get transaction history</u> [142]
Ctrl + N	<u>New transaction</u> [143]
Ctrl + R	<u>Go to transaction register</u> [144]
Ctrl + >	Next word in field (right arrow)
Ctrl + <	Prior word in field (right arrow)
Ctrl +DownArrow	Scroll through list while in form
Ctrl + Enter	Record entry (if Enter moves)
Ctrl + Page Up	First item/ list, prior month/ register
Ctrl + Page Down	Last item/ list (next month/ register)
Ctrl + UpArrow	Scroll through list while in form
End	End of field
End End	End of transaction
End End End	End of register
Enter	Record transaction, default
Esc	Cancel edit, close window
Home	Beginning of field
Home Home	Beginning of transaction
Home Home Home	Beginning of register
Page Down	Scroll down a page
Page Up	Scroll up a page
Shift + Tab	Move to prior field
Shift	Center open window
Tab	Move to next field (or Enter)
Ctrl + 1	Show important QuickBooks data.

Ctrl + 2	Turn on QBWIN.LOG
Ctrl + A	Chart of Accounts [145]
Ctrl + C	Copy text to clipboard [146]
Ctrl + D	Delete transaction – item
Ctrl + E	Edit
Ctrl + F	Find
Ctrl + G	Go to other account register
Ctrl + H	Get transaction history
Ctrl + I	Create Invoice [147]
Ctrl + J	Customers, Jobs
Ctrl + L/Down Arrow	List
Ctrl + M	Memorize [148]
Ctrl + N	New transaction
Ctrl + O	Copy transaction in register
Ctrl + P	Print [149]
Ctrl + Q	Quick Report from List [150]
Ctrl + R	Go to transaction register
Ctrl + T	Recall memorized transaction
Ctrl + U	Use item on list
Ctrl + V	Paste text from clipboard [151]
Ctrl + W	Write checks [152]
Ctrl + X	Cut text to clipboard
Ctrl + Y	Display transaction journal
Ctrl + Z	Drill down report/undo last change
Ctrl + Up Arrow	Scroll through list entries in form
Ctrl + Del	Delete line [153]
Ctrl + Down Arrow	Scroll through list while in form
Ctrl + Enter	Record entry (if Enter moves)
Ctrl + F1	Hide / show cue cards
Ctrl + F6	Next window
Ctrl + Ins	Insert line
Ctrl + Left Arrow	Prior word in field
Ctrl + Page Up	First item/ list, prior month/ register
Ctrl + Page Down	Last item/ list (next month/ register)
Ctrl + Right Arrow	Next word in field
Ctrl + Up Arrow	Scroll through list while in form

CUT & PASTE SHORTCUTS

Ctrl + C	Copy text to clipboard
Ctrl + D	Delete transaction – item
Ctrl + V	Paste text from clipboard
Ctrl + X	Cut text to clipboard
Ctrl + Z	Undo last change or drill down report
Ctrl + Del	Delete line
Ctrl + Ins	Insert line

OTHER SHORTCUTS

Alt + Down Arrow	Display list for a field

Alt + F4	Exit program
Ctrl + F1	Hide / show cue cards
Ctrl + F6	Next window
Ctrl + Up Arrow	Scroll through list entries in form
Diamond	Move list item, make sub-item
Escape	Cancel entry or close window
F1	Help
F2	Edit data
F5	Refresh
Ins	Insert
Shift	Open window in center of screen
Space bar	Mark or unmark check boxes
Type initial letters	Quick Fill names in list

QUICKBOOKS DATA ENTRY SHORTCUTS

+	Next day (also next form #)
-	Prior day (also prior form #)
1 (or 2, 3 ...)	Before popular list items (fast)
Alt + down arrow	Display list for a field
Alt + F4	Exit program
Diamond	Move list item, make sub-item
Down arrow	Move down a line
End	End of field
End End	End of transaction
End End End	End of register
Enter	Record transaction, default
Esc	Cancel edit, close window
H	Last day of the montH (in date)
Home	Beginning of field
Home Home	Beginning of transaction
Home Home Home	Beginning of register
Ins	Insert
K	Last day of the weeK (in date)
M	First day of the Month (in date)
Page Down	Scroll down a page
Page Up	Scroll up a page
R	Last day of the yeaR (in date)
Shift	Open window in center of screen
Shift + Tab	Move to prior field
Space bar	Mark or unmark check boxes
T	Today (in date)
Tab	Move to next field (or Enter)
Type first letters	Quick Fill names in list
Up arrow	Move up a line
W	First day of the Week (in date)
Y	First day of the Year (in date)

3.   Inventory Items

There are four types of items you can set up in QuickBooks as follows:

a. Service items.
b. Inventory items.
c. Non-inventory items.
d. Assemblies.
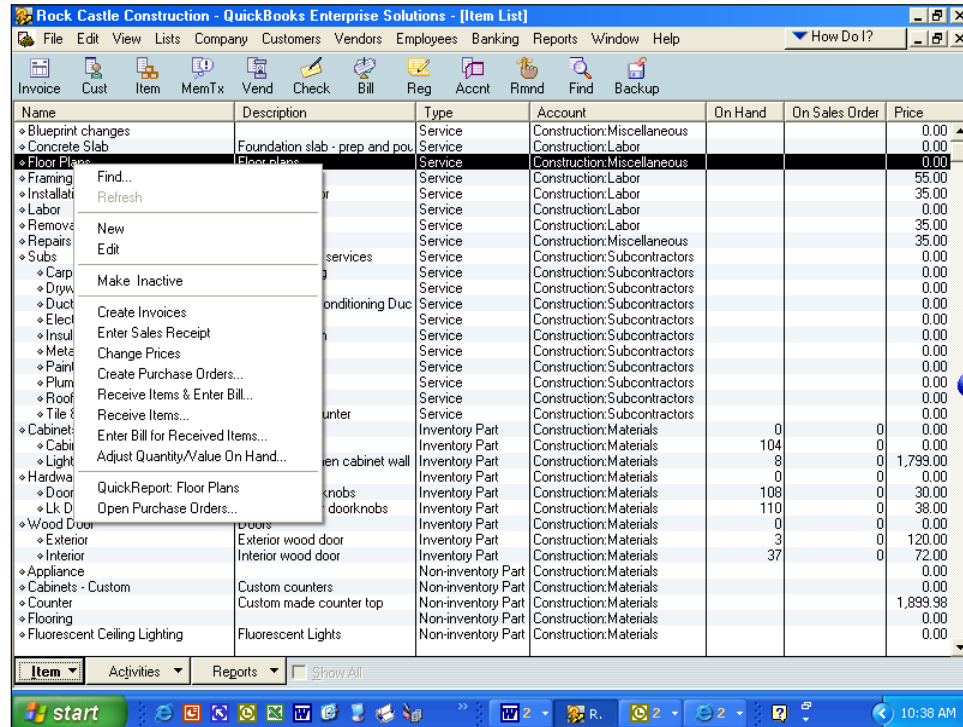
When creating a new inventory item, QuickBooks supports a variety of inventory types, most notably service items and inventory items. The difference is that inventory items sit on the shelf, while service items are non-tangible labor items. It is common for most companies to sell both types of items. For example, an auto repair shop might charge you $250 for a new fender (inventory item), and $200 for 8 repair hours (service items). Presented below is the item type screen.
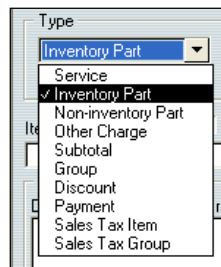
QuickBooks also has four item types that perform calculations on the amounts of a sales form - subtotals, discounts, payments, and sales taxes. You must use a subtotal item

before calculating a discount or a charge that covers several items. If you are applying the discount to more than one item, you must first use a subtotal item and then apply the discount to the subtotal.

According to Intuit, a common inventory mistake made by QuickBooks users is to create separate inventory part items for both sales and purchases. You must use the same inventory part item on both sales forms and purchase orders to keep the inventory accurate. *(For example, you should not receive green doorknobs, and sell purple doorknobs.)* Why people make this mistake, I have no idea. Most likely this is a common occurrence because you can set up items on the fly in the Sales Order screen.

Item Name or Number – You can set up inventory items as a name or number. Which you use depends largely on what you are selling. Basically, the best rule is to use a name or number that will help you distinguish this item from all the others on the list.

Sub items – You can create a sub item of an existing item. For example, you may set up the item Door Knockers, with sub items of brass, metal, plastic, or solid gold. Sub items let you create a hierarchy of items so you can group information about similar items in sales reports and graphs. Sub items are purely for your own convenience. They look the same as items on sales forms and purchase orders.

EOQ Modeling – QuickBooks supports minor Economic Order Quantity (EOQ) functions such as reorder points. This information is useful in producing a list of inventory items that need to be re-ordered.

Custom Fields – QuickBooks provides only 5 custom fields for inventory items, but they work the same way as other custom fields found elsewhere in the system. The screen where these fields are set up is shown below:
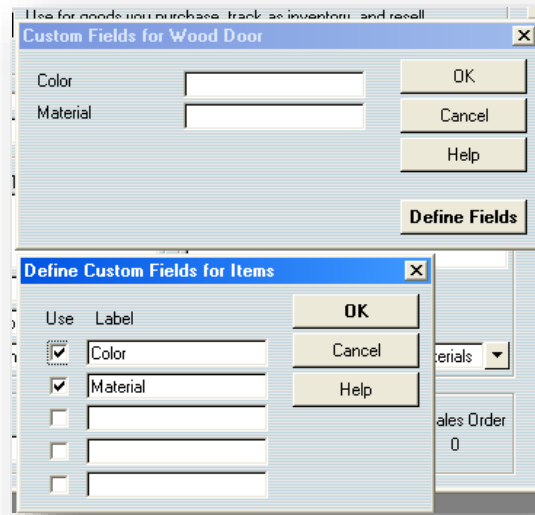
4.   Inventory Pricing

Price Levels – You can use price levels in two different ways. <u>You can apply a price level directly to items on a sales form or you can associate a price level with a customer</u>. If you associate a price level with a customer, whenever you create a sales form for that customer, items will automatically appear with the new amount.

   a.   You are limited to 20 pricing levels.
   b.   You can use these price levels to mark prices up or down.
   c.   You can assign default price level to customers.

Price levels let you automatically increase or decrease inventory, non-inventory, and service item prices. You create price levels, then use them on sales forms to adjust the price of an item. <u>For example, you might create a price level called "wholesale" and specify a decrease of 20%. Then when you sell an item and assign the "wholesale" price</u>

level, the amount of that item is automatically reduced by 20%. For each price level you create, you assign a name and percentage of increase or decrease. You can use price levels on invoices, sales receipts, sales orders, or credit memos. When you apply a price level to an item on a sales form, the adjusted price appears in the Rate column. You can also assign price levels to customers and jobs. Then the associated price level is automatically used to calculate the item price.

Note: Price levels associated with customers will not automatically be used when reimbursable items are added to invoices or sales receipts or when invoices are created from estimates. In both cases, the item amount you originally entered will be carried over. You can then manually adjust the rate, using price levels, after the invoice or sales receipt has been created.

Bio for J. Carlton Collins, CPA

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J. Carlton Collins, CPA is a Certified Public Accountant with experience in technology, tax, auditing, accounting systems, financial reporting, and bond financing. He is an author, lecturer, and technology & accounting systems consultant. He has published books, articles, and web pages and is the author of the monthly technology Q&A column for the Journal of Accountancy. As a public speaker, Mr. Collins has delivered more than 2,000 lectures in 44 states and 5 countries addressing more than 500,000 CPAs and business professionals. As a consultant, Mr. Collins has assisted 275+ large and small companies with the selection and implementation of accounting systems. Mr. Collins has a Bachelor's degree in Accounting from the University of Georgia, is a 25+ year member of the American Institute of CPAs and the Georgia Society of CPAs, and is also a licensed realtor.

Summary of Selected Positions, Awards & Accomplishments:

1. Honored as one of the CPA Industries Top 25 Thought Leaders by CPA Technology Advisor Magazine
2. Author of the monthly Technology Q&A column for the Journal of Accountancy.
3. Recipient of the 2012 AICPA Lawler Award for Excellence in professional writing.
4. Recipient of the AICPA's Lifetime Technical Contribution to the CPA Profession Award.
5. Chairman of the Southeast Accounting Show - the South's largest CPA event.
6. Recipient of the Tom Radcliff Outstanding Discussion Leader Award.
7. Named "Top Ten CPA Technologists" by Accounting Technologies Magazine (multiple years).
8. Named "Top 100 Most Influential CPAs " by Accounting Technologies Magazine (multiple years).
9. Has personally delivered over 2,000 technology lectures around the world.
10. Recipient of the Outstanding Discussion Leader Award from the Georgia Society of CPAs.
11. Lead author for PPC's Guide to Installing Microcomputer Accounting Systems.
12. Has installed accounting systems for more than 200 companies.
13. Chairperson of the AICPA Technology Conference.
14. Recipient of the ACCPAC Partner of the Year Award.
15. Determined by SAP to be one of the country's "Top Ten Most Influential ERP Systems Consultants".
16. Has delivered keynote and session lectures at dozens of accounting software conferences.
17. Sworn in as a Certified Public Accountant on September 18, 1985.
18. Member of the American Institute of CPAs since 1985.
19. Member of the Georgia Society of CPAs since 1982.

As an auditor, Mr. Collins has audited businesses in the areas of health care, construction, distribution, automobile dealerships, insurance, manufacturing, and general business. Mr. Collins' tax experience includes corporate,

individual, partnership, fiduciary, and estate tax planning work. In the area of finance, Mr. Collins has prepared (or assisted in preparing) feasibility studies and financial forecasts for nearly 300 projects seeking more than $3 billion in startup capital. Mr. Collins is familiar with bond issues, Medicare and Medicaid reimbursement, and conventional financing matters. In 1992, Mr. Collins contributed and demonstrated more than 500 pages of suggested design improvements to the Microsoft Excel development team of programmers - and many of those improvements are found in Excel today.

At the University of Georgia, Mr. Collins was elected President of the Phi Eta Sigma Honor Society, was initiated into the BIFTAD Honor Society, served three years in the Judicial Defender/Advocate program, and was a member of Alpha Tau Omega fraternity. At Glynn Academy High School, Mr. Collins was Senior Class President, Class Valedictorian (1 of 6), and received a principle nomination to Annapolis Naval Academy. Mr. Collins has been married for 27 years and has two children. He devotes his leisure time to family, travel, tennis, fishing, snow skiing, and riding motorcycles (both dirt and street). Mr. Collins is president of his homeowners association, participates in the Gwinnett Clean and Beautiful program, and volunteers for Cooperative Ministries food drive.