ASA Research

QuickBooks for CPAs

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QUICKBOOKS FOR CPAS

COURSE INFORMATION

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

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IMPLEMENTING QUICKBOOKS 2014

CHAPTER 1

Implementing QuickBooks 2014

I realize that implementing QuickBooks is a basic step and this is an intermediate to advanced course, but I have found that starting out with a quick review of installing and setting up QuickBooks helps many CPAs feel more comfortable with the remainder of the course. Additionally, a few years ago, Intuit streamlined the setup procedures, reducing the number of setup screens from 130 to just 15 to 30 screens [1]. Because many participants today have not installed QuickBooks in a while, it is worth a very quick review. Here is what I would like for you to know:

1. **Download -** You can now download QuickBooks and try it for 30 days free [2]. http://support.quickbooks.intuit.com/support/pages/knowledgebasearticle/1006369.

2. **Create New Company -** Once installed, select "File"; "New Company" and following the wizard to complete the installation.

3. **Company Type -** Don't get stuck on the type of company question, your answer here only affects the wording of the equity section of the balance sheet. I see some people hold off here waiting advice from their lawyer as to what type of company they should establish. From a QuickBooks setup point of view, this does not matter because you can change the equity wording later.

4. **Starting Date -** The most important question you will face is the beginning date to start entering data [3].

    a. **Don't Enter History** [4] **-** Many CPAs incorrectly choose to start at the beginning of the year so they have all of their history. In my opinion, this is wrong thinking because you already have all of your history. It may be contained in another accounting system, in Excel, or in a paper based system, but you have it already.

    b. **History Not That important -** After 90 days, you will rarely refer to that history [5] – so who really cares if it is contained in a different system?

    c. **Start with an Accurate TB -** The correct answer is to choose the most recent month end for which you have an accurate trial balance [6]. *(For example, if it is September and the most recent accurate trial balance you had was December for the previous year, then December of the previous year should be your starting point).* Starting with trashy numbers accomplishes nothing.

    d. **Exception -** You might make an exception and choose a date in which you conducted a physical count to verify the inventory on hand. (For example, assume it is September and you have an accurate August 30 trial balance but conducted a

physical inventory on June 30. In this case, starting as of July 1 might make the most sense if you have a lot of inventory.)

e. **Why Entering History is Problem -** Entering historical data just needlessly piles more work on your staff [7]. They already have to install, learn and set up a new system – making them reenter old data just makes the work pile bigger. As mentioned, history is typically lightly referred to for 90 days, and then rarely. It won't kill you to refer to this data in a different accounting system for three months.

f. **Compilation May Be Necessary** [8] **-** If no accurate trial balance numbers exists, then you should conduct a compilation or hire a CPA firm to compile the trial balance as of a recent date so that you have good numbers to start with.

5. **Enter List Data** [9] - Once you have created a new company and completed the setup wizard, the next step is to enter your lists as follows:

   a. **Chart of Accounts –** Edit and add accounts as necessary
   b. **Customers –** Set up all customers
   c. **Vendors -** Set up all vendors
   d. **Employees -** Set up all employees
   e. **Items -** Set up all inventory and service items
   f. **Other Lists** – Classes, Sales tax Codes, Job types, payment terms, sales reps, etc.

6. **Enter Start Up Data** [10] – You are now ready to enter your start up data as of the starting date mentioned above. The critical information to be entered is summarized as follows:

   a. **AP Detail -** Enter all open payables bills using the "Enter Bills" screen. Be sure to date them with the original date. Do not assign them to an expense or COGS account. Instead assign the debit side of the entry to an Equity account called Opening AP Balances [11]. This will establish your Accounts Payable details in QuickBooks. The total amount of bills entered should agree to the AP line item on your beginning trial balance.

   b. **AR Detail -** Enter all open customer receivables using the "Create Invoice" screen. Be sure to use the original invoice number and date. Do not assign them to a income account. Instead assign the credit side of the entry to an Equity account called Opening AR Balances. [12] This will establish your Accounts Receivable details in QuickBooks. The total amount of receivables entered should agree to the AR line item on your beginning trial balance. Be sure to enter the full amount of the invoice, including the tax, for each receivable and mark each invoice as Non-taxable. *(Remember that your taxes for this have already been calculated and accumulated in your old accounting system.)*

c. **Beginning Balances –** Next create a General Journal Entry dated as of your starting date discussed above. In this entry enter the Trial Balance amounts for each account (except for Accounts Payable and Accounts Receivable) [13] as a debit or credit depending on what the balance is. Then offset each of them with the corresponding debit or credit to the Opening AP and Opening AR accounts.

7. **Training** – The most important part of implementing a new accounting system is training. [14] The lack of training is the number one reason for failed accounting systems. I recommend the following training methods:

   a. **Full Day Training Session** [15] – To begin the QuickBooks implementation process, assemble all of the employees (and the bosses) and conduct a full day training session. Introduce the employees to QuickBooks, go through an overview, describe the implementation process and timing, process a variety of transactions, and preview a variety of reports. Use a large screen and projector to demonstrate common activities in QuickBooks. Explain the pitfalls, pain, and problems of a typical implementation to set expectations. This way, everybody goes in with a project oriented mindset and they all have the benefit of hearing the questions and answers of others.

   b. **Tutorials** – As part of the implementation process, assign each staff to go through the training tutorials included in QuickBooks using a sample company so they could practice their skills without worrying about making mistakes. The built-in tutorials are excellent [16] and they can be paused and replayed as needed.

   c. **Homework Assignments** [17] - As part of the implementation process, assign each employee the task of entering 3 customers, vendors, employees, and items; entering 3 transactions; producing a variety of reports. This allows you to check and grade the reports to reinforce learning.

   d. **One-on-One Training** [18] – As you enter data and start using the system, work one-on-one with each users to answer questions and help them get comfortable with QuickBooks.

8. **Mission Accomplished** – You will know that the new QuickBooks accounting system is working properly when the client's staff has no more questions, and accurate financial reports and statements are produced and distributed each month on a timely basis [19].

9. **Other** – Of course there are many other steps depending upon your business and the features you use. For example, you may need to set up online banking, online back up, and timesheet activity. You may need to create the depreciation schedule, budgets and report groups. The above steps represents a basic implementation plan.

EDITIONS OF QUICKBOOKS 2014

CHAPTER 2

Editions of QuickBooks

(As of 9/12/2013, 2014 pricing had not yet been released, is expected 9/23)

For 2014 Intuit has dramatically simplified its offerings. Officially offers 9 different versions of QuickBooks at 27 different price points. Most of these versions are merely lighter editions of the primary product which is *QuickBooks Accountant's Edition 2014*. The Accountant's Edition contains all of the features from all of the other products combined (except for the online and point-of-sale editions) - Intuit simply turns off selected features to produce differing and lower cost editions of the product. As proof, consider that the Accountant's Edition can produce all of the industry specific reports. As further proof, consider that the Accountant's Edition's appearance can be toggled to look like any of the other products. This toggle feature makes it easier for a consultant to quickly change their menus to match those menus of a client that is being supported via telephone.

Pricing

As a marketing strategy, Intuit produces multiple versions at differing price points in order to appeal to users in specific industries and companies of differing sizes. The 9 versions of QuickBooks with the number of supported users and Standard Retail Price (SRP) for each product are summarized below.

QuickBooks Product Editions	Users	SRP [1]
1. QuickBooks Online Accountant 2014		Free
2. QuickBooks Online Products 2014		
Online Simple Start	1 user	Free to $12.95/month
Online Essentials	3 users	$26.95/month
Online Plus	5 users	$39.95/month
Online Essentials with Payroll	3 users	$52.76/month
Online Plus with Payroll	5 users	$63.16/month
2. QuickBooks Pro 20143	1 user	$249.95
	2 users	$399.96
	3 users	$599.96
3. QuickBooks Premier 2013	1 user	$319.96
	2 users	$639.96
	3 users	$956.96
	4 users	$1,279.96
	5 users	$1,599.96
4. QuickBooks 2014 for Mac	1 user	$199.96
	2 user	$399.65
	3 user	$599.96
	4 user	$799.92
	5 users	$999.58
5. QuickBooks Accountant 2013	1 user	$499.95
	3 users	$1,399.95

6. QuickBooks Pro Advisor Program (Includes 1 users QuickBooks Accountant 2013 with Advanced Inventory ,15 user QuickBooks Accountant Enterprise 2013, 1 user QuickBooks MAC), and QuickBooks Online Plus	1 user	$49.95/per month or $549
7. QuickBooks Enterprise Solution Plus Hosting 13.0	5 to 30 users	$999.95 Plus $54.99 per user
8. QuickBooks Enterprise Advanced Inventory 13.0		$799 and up

1. *Not including additional fees for add-on services - payroll tax service, support, training, online banking, etc.*
2. *Pricing for the online editions of QuickBooks is per company. Intuit does offer a 20% price break discount for each additional company.*

QUICKBOOKS COMPARISON TABLES

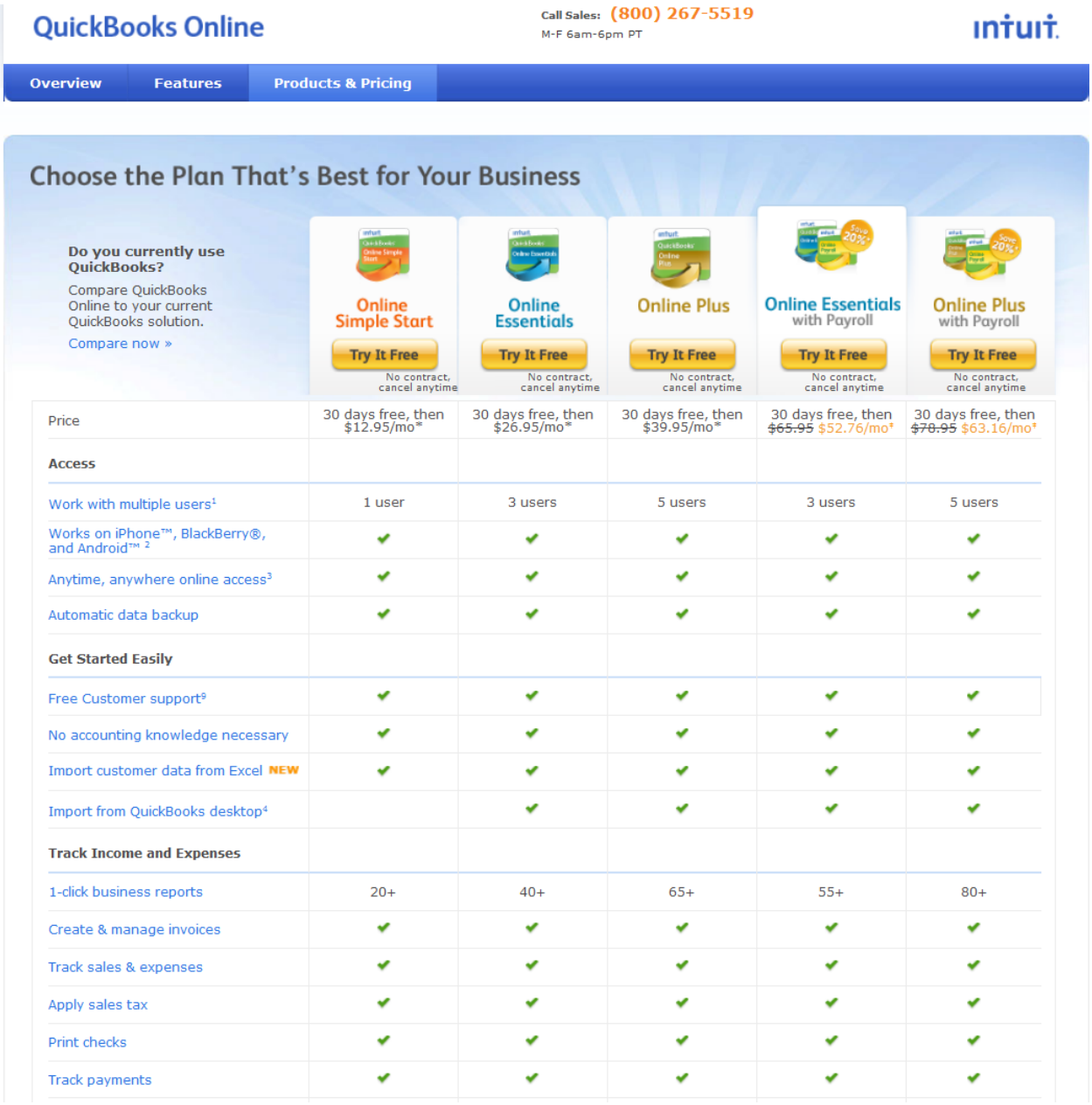
Compare QuickBooks Products

The QuickBooks lineup at-a-glance

Whether you're just starting out or your business is growing, there's a QuickBooks that fits your needs. Learn how different versions compare with this easy-to-use QuickBooks comparison chart.

	Online	Desktop			Desktop
	Plus	Mac	Pro	Premier	Enterprise Solutions
	$39.95/ month	~~$249.95~~ $199.96	From ~~$249.95~~ $199.96	From ~~$399.95~~ $319.96	From $600/user
	Try It Free / Learn More	Add to Cart / Learn More	Add to Cart / Learn More	Add to Cart / Learn More	Try It Free / Learn More
Save time when tracking your finances					
Easily print checks, pay bills & track expenses	•	•	•	•	•
Track sales, sales taxes & customer payments	•	•	•	•	•
Manage payroll & payroll taxes; offer Direct Deposit [1] (sold separately)	•	•	•	•	•
Create e-mail estimates, invoices, reports [2]	•	•	•	•	•
Create and customize professional-looking invoices & forms. Included with QuickBooks Online and QuickBooks for Mac. Free trial available for QuickBooks for Windows. [3]	•	•	•	•	•
Accept credit & debit cards right in QuickBooks [4]	•	•	•	•	•
Quickly locate any account, report or invoice with QuickBooks Search.		•	•	•	•
See invoices, billing and other important tasks in a calendar view. Add to iCal for QuickBooks for Mac.		•	•	•	•
Stay on top of your receivables with the Collections Center			•	•	•
Invoice multiple customers at once with Batch Invoicing		•	•	•	•
Scan and deposit your checks with Intuit Check Solution for QuickBooks (subscription required) [5]			•	•	•
Track time and expenses to bill clients	•	•	•	•	•
Access to U.S.-based product experts, unlimited technical support, upgrades and online backup [6]	•				Included for 1 year
Easily find and locate inventory tasks all in one place with the Inventory Center				•	•
Work in two company files at the same time[7]					•
Integrates with Mac OS X tools such as Numbers, iChat, iCal, and AddressBook [8]		•			

Get insights so you make better decisions	Plus	Mac	Pro	Premier	Enterprise Solutions
Purchase additional user licenses and allow multiple users to work in QuickBooks at the same time [9]	Up to 5	Up to 5	Up to 3	Up to 5	Up to 30
One-click financial, sales & tax reports	65+	100+	100+	150+ Industry	150+ Industry Specific
Import data from Excel, Quicken, Microsoft Office Accounting & prior QuickBooks versions [10]	QuickBooks import only	•	•	•	•
Track inventory & create purchase orders	•	•	•	•	•
Set and manage inventory reorder points		•	•	•	•
Download your bank & credit transactions into QuickBooks [11]	•	•	•	•	•
Get a consolidated view into your business with Company Snapshot	•	•	•	•	•
Track international sales & expenses in multiple currencies			•	•	•
See key customer information at a glance with the Customer Snapshot.			•	•	•
Track and follow up on sales leads with the Lead Center			•	•	•
Search and access industry-specific report templates created by other QuickBooks users			•	•	•
Easily create a business plan				•	•
Track your Balance Sheet by Class				•	•
Forecast sales & expenses				•	•
Sample files, menus & chart of accounts tailored to your industry	•			•	•
Consolidate reports from multiple company files [12]					•
Manage inventory using bin location tracking, bar code scanning, serial number or lot tracking, FIFO costing, and multiple location inventory [13]					•
Create custom reports with ODBC-compliant applications using a direct connection to the QuickBooks database [14]					•



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Choose the Plan That's Best for Your Business

Do you currently use QuickBooks?
Compare QuickBooks Online to your current QuickBooks solution.
Compare now »

	Online Simple Start	Online Essentials	Online Plus	Online Essentials with Payroll	Online Plus with Payroll
	Try It Free No contract, cancel anytime	Try It Free No contract, cancel anytime	Try It Free No contract, cancel anytime	Try It Free No contract, cancel anytime	Try It Free No contract, cancel anytime
Price	30 days free, then $12.95/mo*	30 days free, then $26.95/mo*	30 days free, then $39.95/mo*	30 days free, then ~~$65.95~~ $52.76/mo†	30 days free, then ~~$78.95~~ $63.16/mo†
Access					
Work with multiple users[1]	1 user	3 users	5 users	3 users	5 users
Works on iPhone™, BlackBerry®, and Android™ [2]	✔	✔	✔	✔	✔
Anytime, anywhere online access[3]	✔	✔	✔	✔	✔
Automatic data backup	✔	✔	✔	✔	✔
Get Started Easily					
Free Customer support[9]	✔	✔	✔	✔	✔
No accounting knowledge necessary	✔	✔	✔	✔	✔
Import customer data from Excel NEW	✔	✔	✔	✔	✔
Import from QuickBooks desktop[4]		✔	✔	✔	✔
Track Income and Expenses					
1-click business reports	20+	40+	65+	55+	80+
Create & manage invoices	✔	✔	✔	✔	✔
Track sales & expenses	✔	✔	✔	✔	✔
Apply sales tax	✔	✔	✔	✔	✔
Print checks	✔	✔	✔	✔	✔
Track payments	✔	✔	✔	✔	✔

Track payments	✔	✔	✔	✔	✔
Export data to Excel[5]	✔	✔	✔	✔	✔
Customer Center	✔	✔	✔	✔	✔
Accept credit cards[6]	Add-on	Add-on	Add-on	Add-on	Add-on
Stay on top of your business					
Connect your bank and credit card accounts[7]	1 account	Unlimited accounts	Unlimited accounts	Unlimited accounts	Unlimited accounts
Automated invoicing		✔	✔	✔	✔
Create estimates		✔	✔	✔	✔
Enter & manage bills		✔	✔	✔	✔
Business trends for your industry NEW		✔	✔	✔	✔
Company Snapshot, Scorecard NEW		✔	✔	✔	✔
Delayed billing		✔	✔	✔	✔
Permission controls		✔	✔	✔	✔
Billing by customer			✔		✔
Create and send purchase orders NEW			✔		✔
Inventory tracking NEW			✔		✔
Track multiple locations			✔		✔
Class tracking			✔		✔
Budgeting & planning			✔		✔
Manage Employees & Contractors					
Time tracking			✔		✔
Prepare and print 1099s			✔		✔
Payroll					
Pay employees in 3 easy steps				✔	✔
Free Direct deposit available*				✔	✔
Run unlimited payrolls each month				✔	✔
Automatically calculates federal and state payroll taxes[8]				✔	✔

QUICKBOOKS CPA ESSENTIALS

"WHAT CPAS SHOULD KNOW"

CHAPTER 3

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. Importing Credit Cards Transactions into QuickBooks

Have you ever entered a credit card statement into QuickBooks? It can be a tedious task, especially when you have a 4 or 5 page credit card statement. Not only can it take several hours to accomplish this task, the results often contain an input error that can be difficult to find. The solution is easy, especially if you use a QuickBooks credit card – just select the "Import Credit Card Charges Option" and choose "Download Credit Card Charges". If you don't have a QuickBooks Credit Card, you can still accomplish this same task by logging into your credit card online and downloading the activity. Here are the steps:

1. **Log into Your Credit Card Online** - The URL will be printed on the back of your credit card. The first time you perform this operation, you will be asked several security questions and you will also create a user name and password. The resulting security will be tied to your computer's unique machine address (MAC Address), so in the future, you will only be able to access your credit card account from that same computer.

2. **File Format** - Search the credit card help for instructions for downloading transactions into a QuickBooks format. The process will be slightly different for each credit card company.

3. **Download the File -** Complete the download following the instructions provided in your credit card's help screen.

4. **Credit Card Account** - In QuickBooks, you will need to set up a new credit card account – this process is similar to setting up a new bank account.

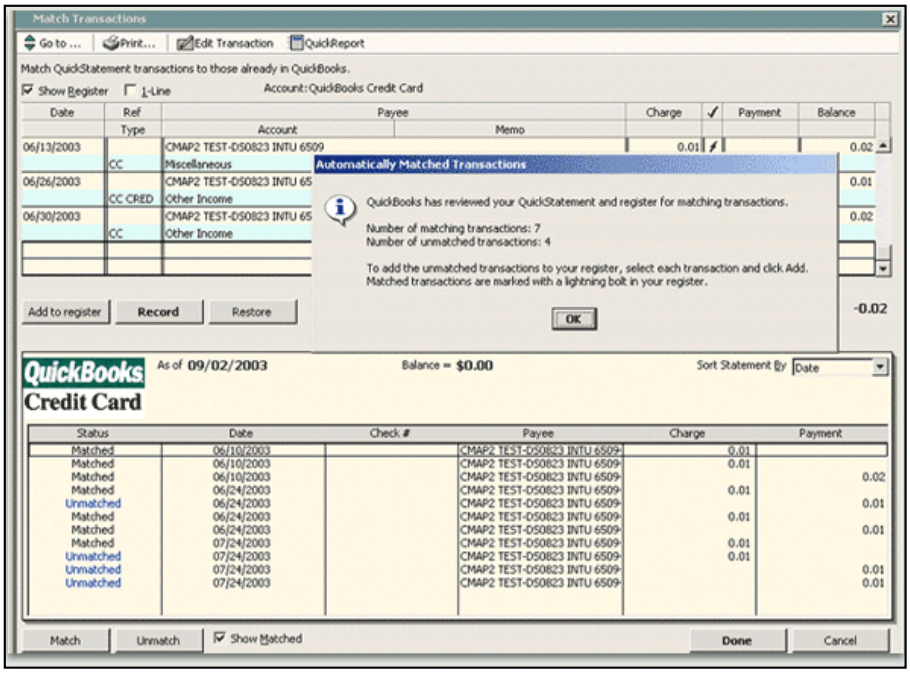
5. **Import File** - In QuickBooks, use the "File, Utilities, Import" option to import the transactions. Once completed, QuickBooks will automatically open a screen that displays the transactions on the bottom of the page, and the credit card account register at the top.

6. **Post Each Transaction** - Next you need to visit each transaction and add it to the register, apply an account number and insert a memo description, and record. Repeat this process for all transactions. This process is called "Matching".

   a. In the future, QuickBooks will automatically match transactions it recognizes to the proper account. You will still need to enter a suitable memo description for each transaction.

   b. Note the Alias feature which enables you to add an alias vendor name such as "Gasoline" to which all future gasoline purchases can be applied, even if you purchase from different gasoline stations.

   c. Not the "Process multiple Transactions" feature which would allow you to process all of your gasoline transactions in one step, instead of individual steps.



In the end, all this process really does is prevent you from having to input the date, description and amount for each credit card transaction – but that is enough. The result is that it saves time and improves accuracy.

Carlton's Hint - Importing credit card sales transactions or bank account information to facilitate a bank reconciliation works almost the same way.

2. 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.

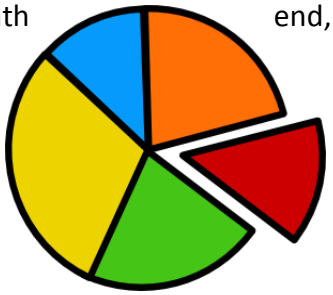
Here are examples of recurring transactions that will save you time to set up as memorized transactions in QuickBooks:

1. **Recurring Lawn Mowing Payment** - 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:

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

Later, to use the Memorized Transaction

5. Retrieve and use the memorized transactions from the list menu or use the shortcut CTRL+ T.
6. 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.

3. Running an Efficient Accounting System

When operating an accounting system, (any other accounting system – QuickBooks or otherwise), it wise to schedule common accounting tasks to be performed at specified intervals throughout the week . Otherwise, a bookkeeper can waste a great deal of time jumping around from one task to the next.

For example, it is a common practice for companies to produce checks on Wednesday afternoon and place them on the officer's desk for review, approval and signing on Thursday. The checks are then typically handed out or mailed on Friday so that the recipient will not have the opportunity to deposit or cash the check until next Monday at the earliest. A bookkeeper that ignores this traditional timing might instead enter, process, and print checks throughout the week – resulting in disorganization and redundant activities such as swapping check stock in and out of the printer.

A sample weekly schedule of accounting tasks might look like this :

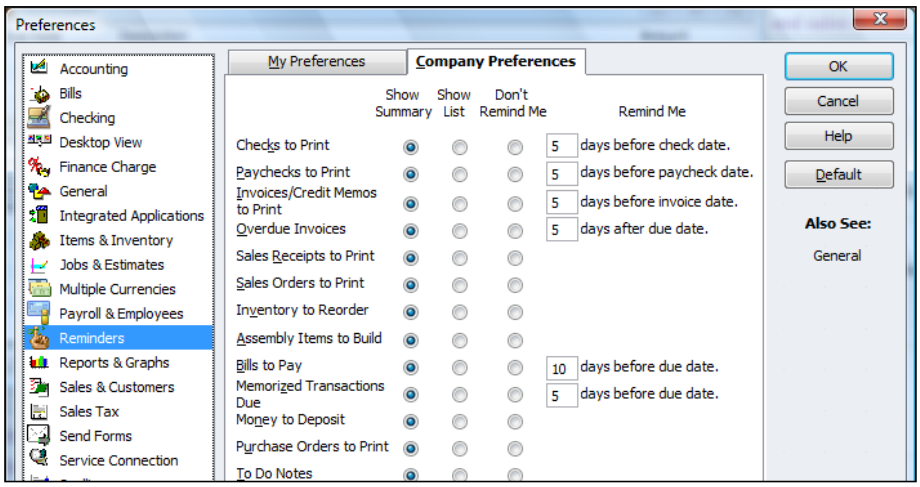
	Monday	Tuesday	Wednesday	Thursday	Friday
8:00 AM					
9:00 AM					Credit Memos Processed
10:00 AM		Bills Entered		Bills Entered	Statements Sent
11:00 AM					
12:00 PM					
1:00 PM			Sales Orders Processed		Sales Orders Processed
2:00 PM			Process Payroll	Sales Orders Processed	Payroll Mailed
3:00 PM	Sales Orders Processed	Sales Orders Processed	Process Checks	Checks Signed	Checks Mailed
4:00 PM	Invoices mailed	Invoices mailed	Invoices mailed	Invoices mailed	Invoices mailed
5:00 PM	Receipts Deposited	Receipts Deposited	Receipts Deposited	Receipts Deposited	Receipts Deposited

In fact, it probably is best to create a monthly schedule of accounting tasks which also includes entering monthly transactions, processing and distributing reports, reconciling bank statements, importing and entering credit card details, etc.

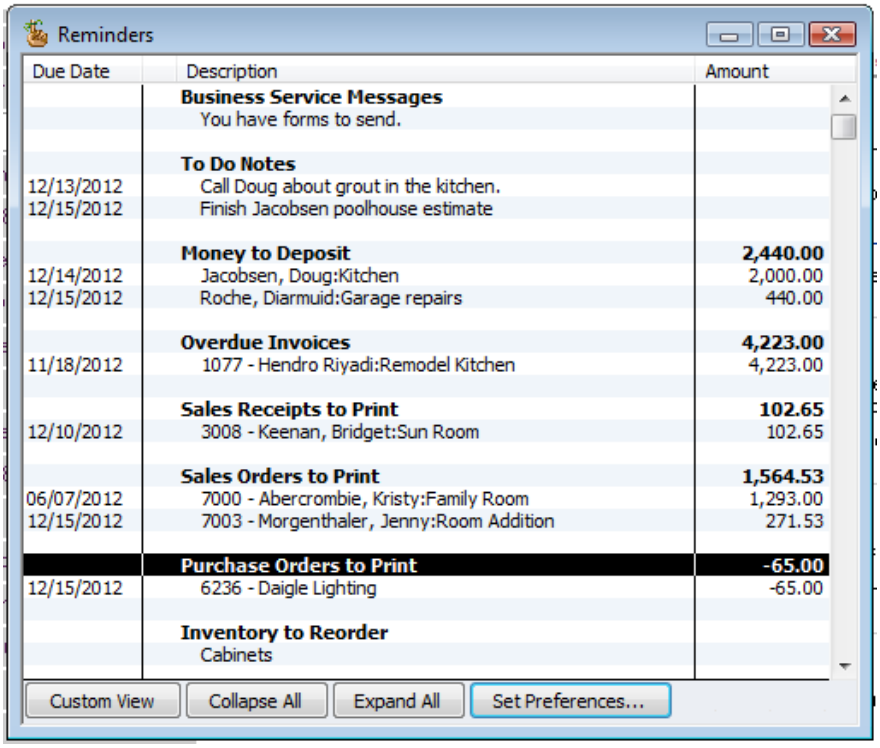
4. Reminders

Keeping in mind the efficiency discussion presented above, Reminders offer a great way to help you stay on top of your company's accounting tasks because it reminds you of tasks which QuickBooks thinks you need to do *(such as printing checks, producing invoices, paying bills, and so on)*. QuickBooks provides three features that can help you keep up manage your tasks as follows, the 1. Reminder's List; 2. The To Do List; and 3. The Alerts Manager. These items are discussed below:

Reminders List – To use the Reminder's List, start by setting your reminder preferences in the Company Preferences dialog box shown below:

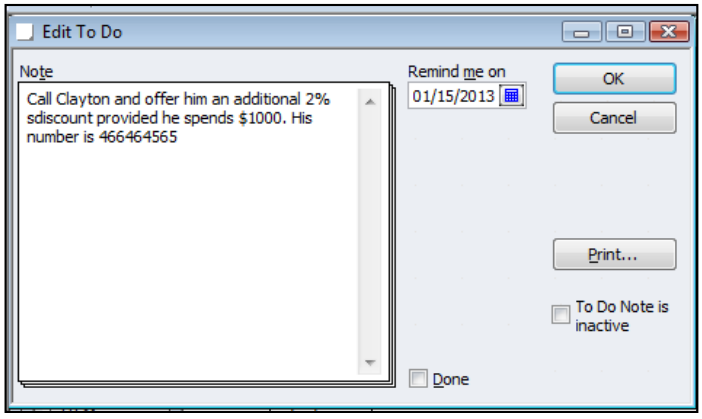


View your Reminders List - Once you set up your Reminders preferences, your Reminders will be displayed as follows:



QuickBooks can remind you of upcoming events or deadlines in summary or detail, you can toggle details on and off by double-clicking.

"To Do" List - To help ensure that you never miss a deadline or forget an important task, you can add "To Do" items to your Reminder List; they will not be displayed until they are due.



Marking Items as Done - To mark a "To Do" item as completed, place a check mark displays in the "Done" box for that "To Do" note. You can also print your "To Do" list by clicking the "Print" button in the "To Do" List window.

Examples – Presented below are a list of possible "To Do" notes you might set up in your Reminder's list.

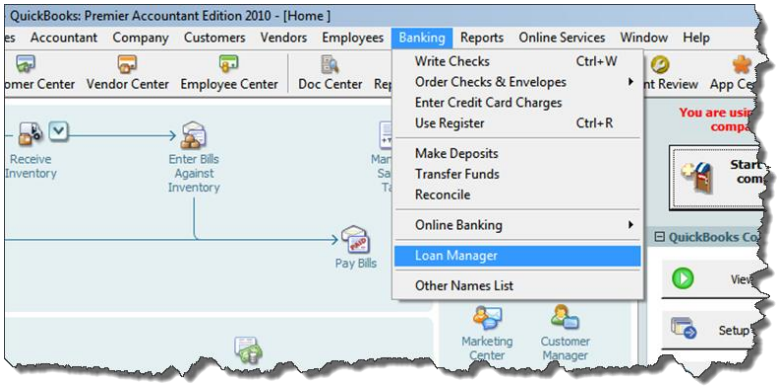
1. Employee birthdays or anniversaries.

2. Employee review dates or raise dates.
3. Employee's scheduled vacations.
4. Employee appointments.
5. Business events such as conferences, meetings or training sessions.
6. Payroll tax deadlines.
7. Important phone calls you need to make.
8. Scheduled marketing events.
9. Tax filing deadlines.
10. Physical inventory schedules.
11. Financial reporting activities.
12. Inventory reordering.

5. Loan Manager

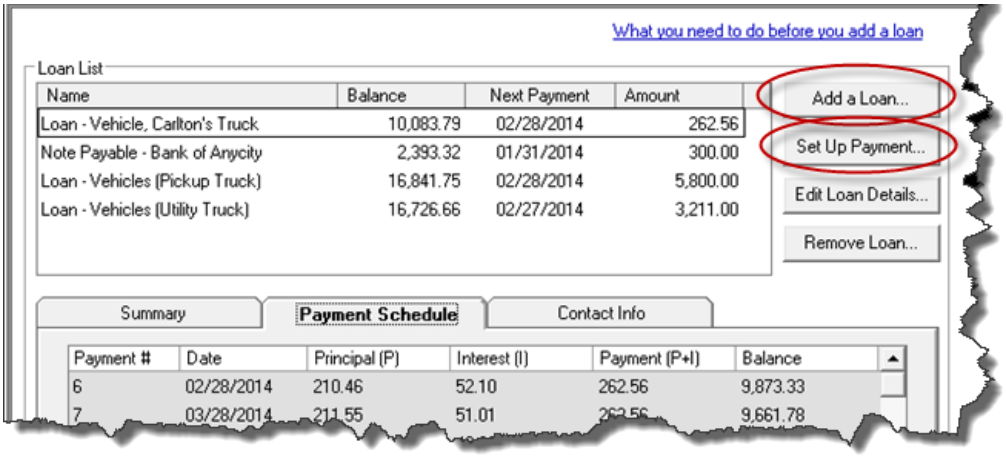
When it comes to recording loan payments, many small businesses record the transaction improperly. Often, they incorrectly debit the outstanding loan balance by the full amount of the payment instead of separating the loan payment into the proper interest and principal portions. Even bookkeepers who record this transaction correctly often expend too much time referring to amortization schedules or complicated calculations to manually enter the proper transaction. The QuickBooks Loan Manager tool provides a good solution to this problem.

QuickBooks Loan Manager manages basic loan repayments as well as complicated loans involving additional principal payments, escrow payments, adjustable interest rates, fees, charges, and what-if scenarios. Before you use Loan Manager, first make sure that you have set up the lender to whom the loan is payable as a vendor and a balance sheet account to track the loan. (To access the **New Vendor** dialog box, press **CTRL+ N** in the **Vendor Center** screen. To access the **New Accounts** dialog box, press **CTRL+ N** in the **Chart of Account List** screen). To start using Loan Manager select **Banking, Loan Manager** from the QuickBooks menu as shown below.

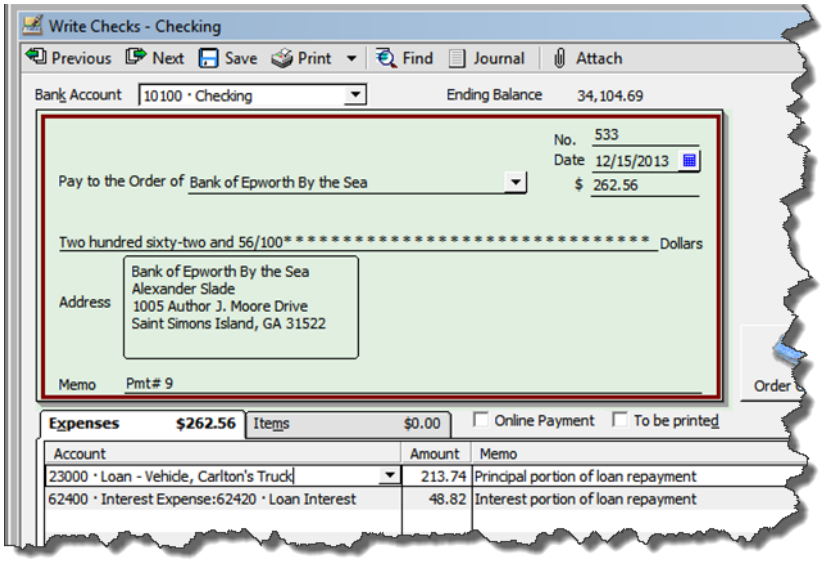


This action will open **Loan Manager**. Click the **Add a Loan** button to set up each outstanding loan. At a minimum, for each loan you will need the account name, lender name, origination date, original loan amount, interest rate, payment amount, number of periods, payment account and due date of the next payment in order to complete the set up process.

Once you have set up a loan, Loan Manager is ready to create the proper monthly (or periodic) payment transaction. To create the payment, in the Loan Manager dialog box, select a loan from the **Loan List** and click the **Set Up Payment** button as show in the screen below. Repeat this step for each loan to be paid.



This action will create the proper loan payment transaction including the appropriate allocations of interest and principal to the proper accounts as shown below.



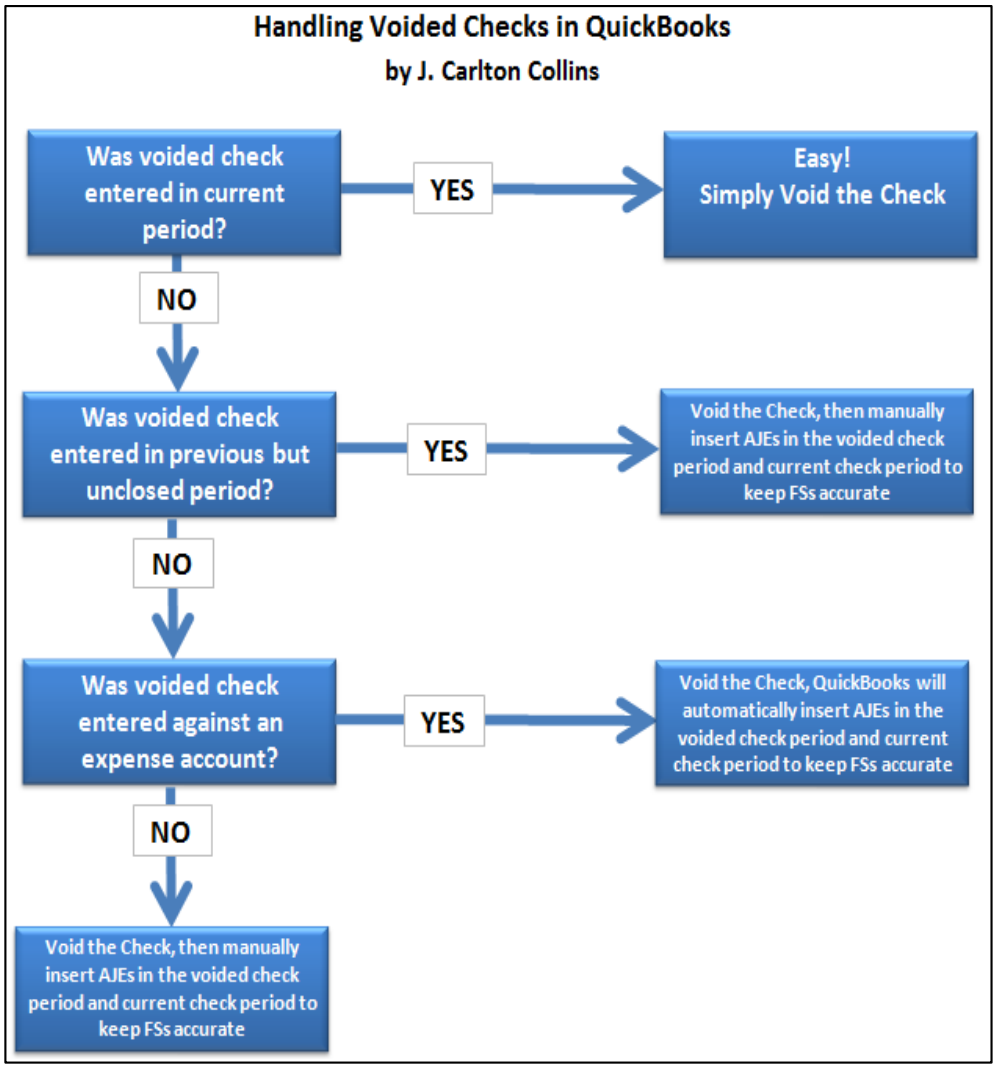
Using this tool, your bookkeeper will be able to generate the necessary loan payment transactions correctly; and then, you and your bookkeeper will be off the hook.

6. Voiding Checks in QuickBooks

Voiding checks in QuickBooks is either an easy process or a major headache. In some cases QuickBooks handles voided checks correctly and in other cases it does not. The results depend on your answers to these three questions:

1. Was the check to be voided entered in the current period?
2. Was the check entered to be voided in a previous **closed** period?
3. Was the check to be voided posted against a expense account?

Answer these three questions and use the decision tree shown below to determine the proper course of action.



The problem is that QuickBooks zeros out voided checks in the prior period instead of the current period, which retroactively changes prior period financial statements. Therefore if prior periods

are involved, you must enter adjusting journal entries in the voided period and the current period to correct for this error. The exception is that if the previous period in question has already been closed, and the check was written against an expense account, then QuickBooks creates journal entries to keep your prior period reports accurate. For example:

Assume:

Today is 3/10/09
Your close date is set to 12/31/08
You void a check dated 12/15/08 for a $1,000 rent payment.

In this case, QuickBooks will record the following:

1. *The original check is set to zero and marked as cleared.*

2. *A journal entry dated on the date of the original check with a credit to the bank account for $1,000 and a debit to the rent expense account for $1,000.*

3. *A reversing journal entry dated in the current period (on the date you voided) with a debit to the bank account for $1,000 and a credit to the rent expense account for $1,000.*

Memos are added to all three transactions explaining the purpose of each.

The Matching Principle - The Matching Principle is based on accrual accounting and states that revenue and expenses should be recognized in the period when the revenue or expense event occurs. For example, let us say that a lawn fertilizer company bills you for lawn treatment in the month of June, so you record the bill and write a check as of the month of June. However, the lawn company discovers that due to a mistake, they did not actually treat your lawn, so they hold off on cashing the check pending an internal investigation as to what went wrong. They finally sort the problem out in August, and notify you that they will not be cashing the check. In this case, according to the matching principle, you had a legitimate belief that your lawn would be treated in June, and the recording of the expense is correct. Now in August, you have new knowledge that your previous payment will not be accepted, so you have a revenue event in the month of August – not in the month of June.

Tips for Voiding Checks

Carlton's Voided Check Tip 1: When you record the voided check, you can override the creation of automatic journal entries by choosing "No, just void the check" from the prompt. It isn't recommended because it will change your financial reports for the closed period, potentially making your taxes inaccurate.

Carlton's Voided Check Tip 2: The problem is that checks that have been outstanding show up on prior reports; therefore if you void the check it will throw off all previously printed reports. However, if you are the business owner and you do not print or provide your reports to anyone, then you can go ahead and void the check and be done with it – without journal entries.

Carlton's Voided Check Tip 3: Some people use a different approach as follows: Before voiding a check, first see what account the check was originally posted to. Then, make a deposit but don't use the income account for the deposit. Instead use the account that the check was originally posted to. Next time you reconcile QuickBooks to your bank statement, click the check off as having cleared the bank, but also click off the deposit you made to offset this check. This will wash each other out and your reports will be accurate.

Carlton's Voided Check Tip 4: Voiding and deleting a check deleting a check both zero out the amounts. However voiding is preferable because:

1. This keeps a record in your books as to what happened to that particular check number.
2. In some cases, the journal entries are created for you – not so when you delete a check.
3. Deleting a check irreversibly removes the transaction from QuickBooks and can't be undone.

Carlton's Voided Check Tip 5: To change the closing period, simply move the closing date forward. This action will trigger automatic correcting journal entries when checks are voided.

Carlton's Voided Check Tip 6: More Details regarding the voiding of checks written against non-Expense accounts or items. If the check you are voiding is associated with other accounts (non-expense), QuickBooks notifies you that voiding the check could affect previous financial reports. Examples include checks with associated items, bill payments, paychecks, payroll liability payments, and sales tax payments. You can choose to override the warning and proceed, but we recommend that you consult your accountant because the voided check could create the following situations:

1. Voiding a check that was used to purchase inventory items may falsely reduce inventory on hand, making inventory balances inaccurate. Make sure to adjust your inventory as necessary after voiding a related check.

2. Voiding a check used to pay a bill will change your results in Accounts Payable aging accounts and bill reports. You must make adjustments to the accounts payable after voiding a related check.

3. Voiding a paycheck will not automatically create adjusting general journal entries. You must make adjustments directly to these accounts for the new amounts.

4. Voiding a check written for payroll liability payments will not automatically create adjusting general journal entries. You must make adjustments to the liability balance for payroll items after voiding a related check.

5. Voiding a check for sales tax payments will not automatically create adjusting general journal entries. You must make sales tax adjustments for the new amounts.

7. Missing and Duplicate Documents

QuickBooks provides a report titled, Missing Check Numbers [47]. This report is useful for identifying missing checks that might have been stolen, or for some reason unexplained. This report is useful for control and error checking, but for unknown reasons, QuickBooks does not produce this report for other missing document numbers such as invoices or sales receipts. Not to worry, you can create these other missing document number reports [48] rather easily by following these steps:

1. Start with Missing Checks Report
2. Remove Account Filter
3. Add Transaction Type Filter
4. Change Title
5. Memorize

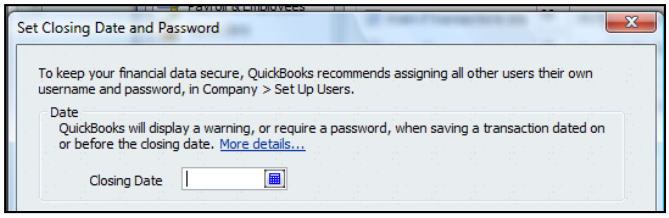
At a minimum, the missing document reports you should check regularly include the following:

Missing Check Numbers Report *(Included)*
Missing & Duplicate Invoices Numbers Report *(Custom)*
Missing & Duplicate JE Numbers Report *(Custom)*
Missing & Duplicate Estimate Numbers Reports *(Custom)*
Missing & Duplicate Sales Receipt Numbers *(Custom)*

8. Prevent Users from Making Prior Period Changes

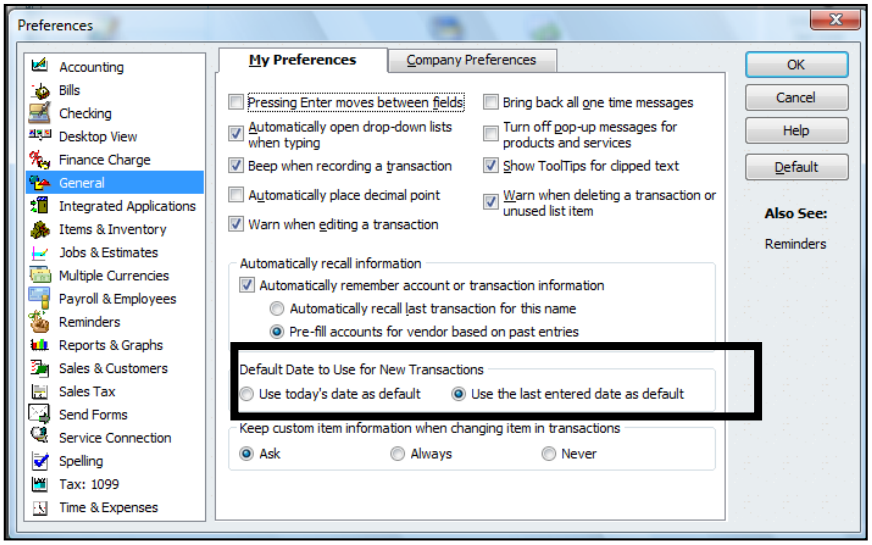
A common problem is that QuickBooks users can easily make changes to prior periods either intentionally, or unintentionally. You can just as easily prevent prior period changes from being made by taking the following four steps:

1. *Set up user names and passwords so users can't log in as administrator.*
2. *Edit user preferences to prohibit bypassing the closing date.*
3. *Establish a closing date and move it forward each month after review and adjustments.*
4. *Set a closing date password.*



9. Yippy - Intuit Changes Default Date Setting

Prior to QuickBooks 2008, the default date setting for date fields in QuickBooks was set to "Use the Last Entered Date as the Default", instead of "Use Today's Date as Default". This older setting often led to problems when a user would enter a prior date for legitimate reasons, but fail to change the date back to the proper date when entering the next transaction.



10. CTRL + 1 Product Information

Pressing the CRTL+1 key combination in QuickBooks will display a summary of product information related to that particular installation of QuickBooks. Some of the more useful data displayed is as follows:

1. **The QuickBooks Edition and Year**

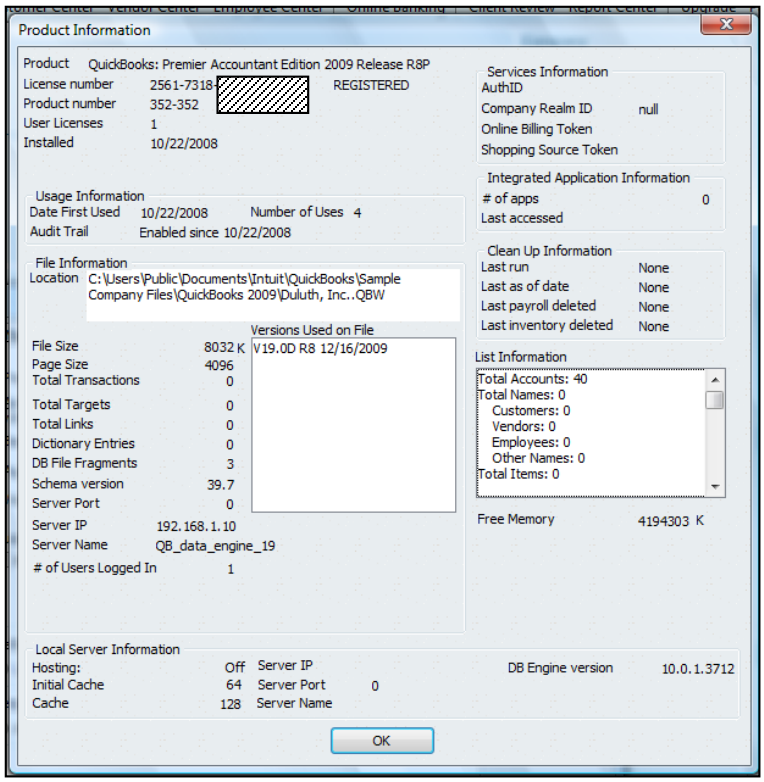
2. **Data File Location**

3. **Product or Serial Number**

4. **License Number**

5. **File Size** - For QuickBooks Pro or Premier, file sizes of 200 to 500 MB indicates that the company is outgrowing QuickBooks. For QuickBooks Enterprise, files sizes of 1 GB or larger indicates that the company is outgrowing QuickBooks Enterprise.

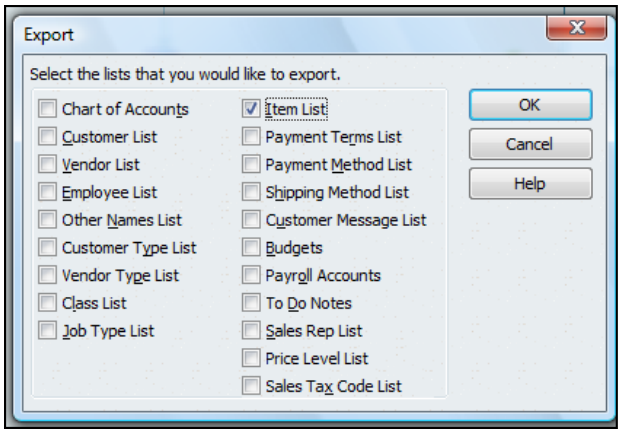
6. **List Size** - For QuickBooks Pro or Premier, list sizes close to 28,000 Items or 14,000 Customers, Vendors, Employees and other names indicates that the company is outgrowing QuickBooks. For QuickBooks Enterprise, list sizes close to 150,000 Items, Customers, Vendors, Employees and other names indicates that the company is outgrowing QuickBooks Enterprise.



As a consultant, you should press the Print Screen button, then Paste the results into Word and e-mail it to yourself from the client's computer. This way you will have a copy of the clients information for the file and to help protect the client in the event that the hard drive crashes.

11. 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.



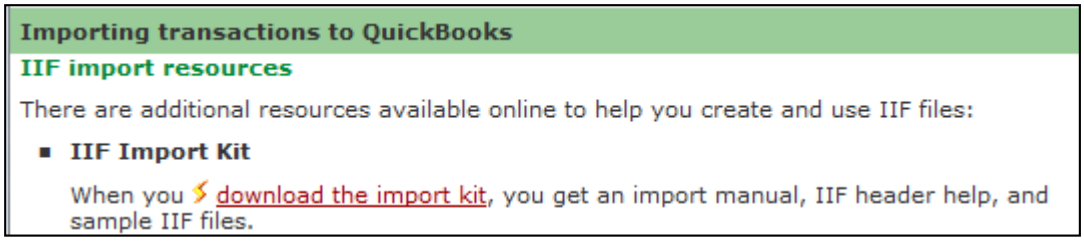
Simply open the IIF file in Excel, edit it, and save the file to the same format. Then in QuickBooks, select File; Utilities, Import...it's just that easy.

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].

12. Import Transactions Into QuickBooks

It is also possible to import transactions into QuickBooks from Excel and other sources. To do this, you should first download the IIF import Resources Kit for free here:

javascript:QBURL('http://support.quickbooks.intuit.com/support/Search.aspx?kbID=bde7b06f')



The QuickBooks IIF Import Kit is a reference guide for creating and working with IIF import files. It contains the following components:

1. IIF Import Manual (a PDF document that outlines IIF common pitfalls and best practices)
2. IIF Header Help (the column headings used to import list data)
3. IIF Example Files (a folder that contains version specific IIF transaction examples)

Note: A similar reference guide for importing Microsoft Excel and CSV files is also available.

Note: There are also many third party applications that are designed to assist you in importing transactions into QuickBooks.

13. How to Record A Customer Deposit

To record customer deposits for a job, and have those deposits not show up as income until the job is 100% complete, follow these steps:

1. Create an account called “Deposits” as an “Other Current Liability” account type.

2. Create an Item called Deposit and assign it to the Deposits account you just created.

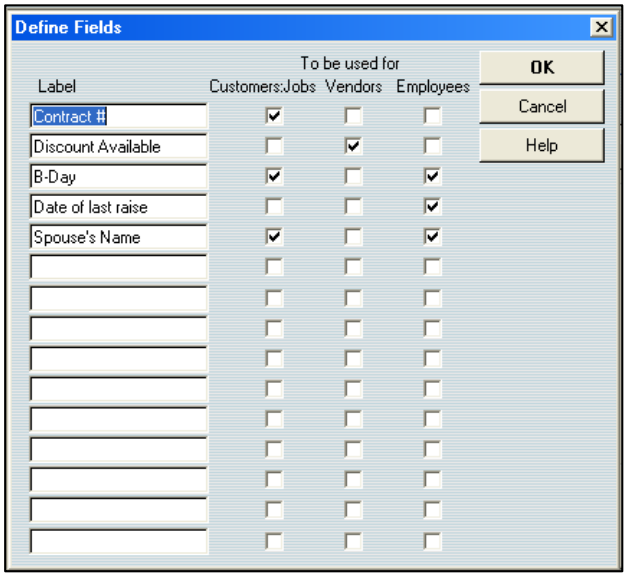
3. As you receive job deposits, enter a sales receipt for the deposit amount and the item created above.

4. Once the job is complete, create a new invoice for the full amount of the job. Add an additional line to the invoice using the item above along with a negative amount that matches the original deposit received. This invoice will reduce the amount owed on the invoice by the deposit amount and will reduce your “Deposits” account to zero.

14. 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.

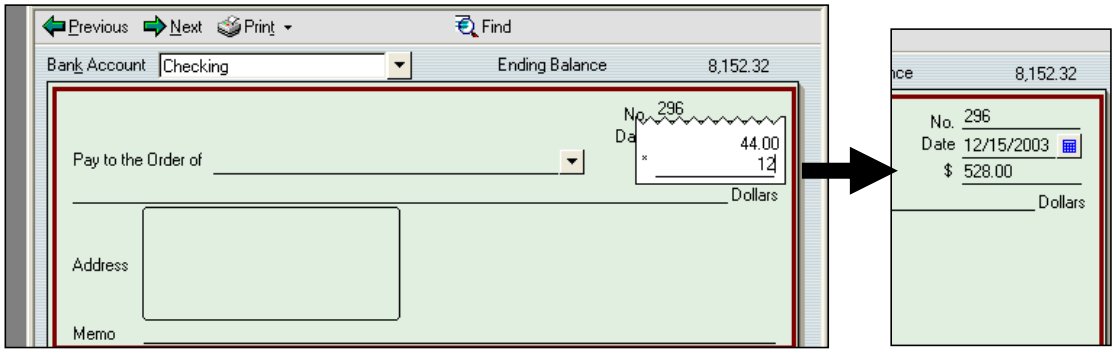
All organizations have the need to collect, maintain, and report specific unique information about customers, inventory items, vendors, employees, etc. The ease in which QuickBooks meets complex customization needs is frequently a deciding factor in the accounting software purchase decision – it is a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

15. Calculator Tape

a. All numeric fields in QuickBooks support calculator tape.

The use of the calculator tape in the various QuickBooks data fields can be a big time saver. All the user need do in any field is simply type in an Excel-like formula. QuickBooks calculates the results automatically.



16. How to Assess the Skills of a Potential QuickBooks Bookkeeper

I am frequently asked to assist my clients in the interview, evaluation and selection of a QuickBooks bookkeeper. Presented below are a few tips that might help you perform this task. It is important to evaluate a potential bookkeeper for both their knowledge of QuickBooks and their knowledge of accounting. Any accountant can learn QuickBooks, it is the accounting knowledge that is much harder to come by.

Evaluating a Candidate's Knowledge of QuickBooks – I have found it useful to ask the candidate to launch the check writing screen, invoice screen, and checkbook register screen. If the candidate uses the graphical menus or drop down menus – they are a novice at QuickBooks. If they use the keyboard shortcuts CTRL+W, CTRL+I, CTRL+R, then they have probably driven QuickBooks around the block a few times. You should also ask the candidate to complete a few common tasks such as editing a template, filtering a report, memorizing a transaction, adding an account, finding a check written to a specific vendor, or assessing a finance charge. If the candidate can do all of those things, they are probably well worth hiring.

Evaluating a Candidate's Knowledge of Accounting/Bookkeeping – Most companies rely on the candidate's job experience but I prefer to ask a few simple questions instead, as follows:

1. **Insurance Payment -** When you pay the insurance 6 months in advance, do you set it up as an asset and write off one-sixth's worth each month? *If the candidate looks at*

you silly and makes fun of you for thinking that insurance expense is an asset, that is proof that they do not fully understand accrual based accounting.

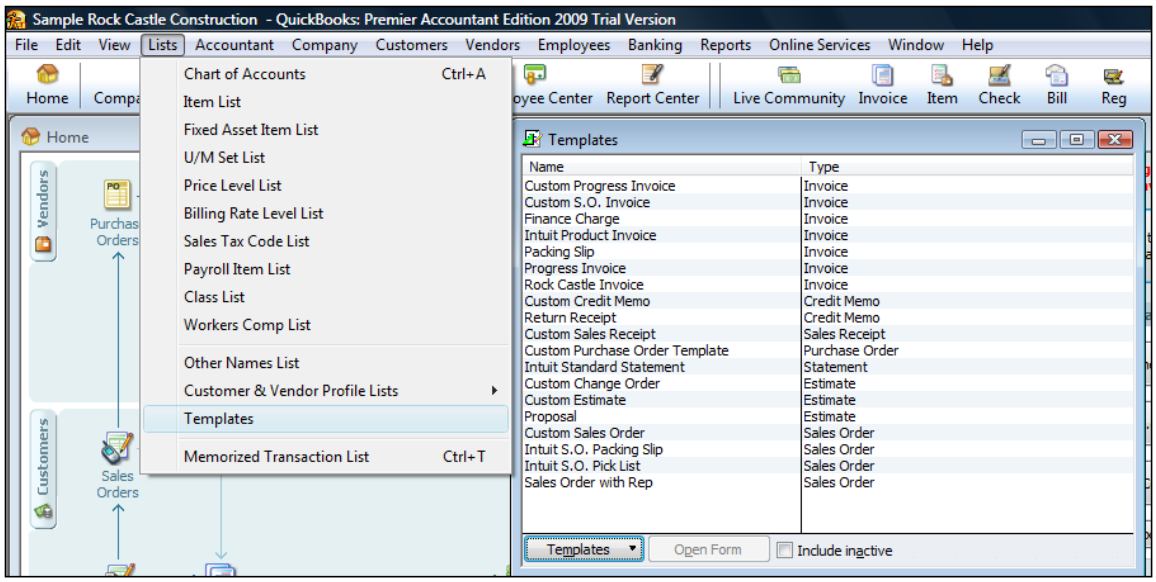
2. **Bank Reconciliation -** When you reconcile the bank statement each month, and the statement does not balance, what types of measures do you take to locate the difference? Bank reconciliations seldom balance on the first try, there are almost always discrepancies. If the candidate stammers around and offers no logical thinking process for locating the discrepancies, then they probably have limited accounting experience.

3. **Loan Payment -** What is the correct entry to record a loan payment? *If they fail to break out the interest and principal portions, and debit the appropriate interest expense and loan payable accounts – their accounting skills are lacking.*

4. **Allocation -** Explain how you might enter an adjusting journal entry to allocate rent expense across multiple departments. *If the candidate has trouble explaining a reasonable formula for allocating the rent, or has difficulty explaining the potential AJE, then their accounting skills are lacking.*

2. Templates

CPAs should understand that not only can QuickBooks templates be edited, templates should be edited [65]. Elements such as company logos, columns to be included on the forms, and the specific data that flows to the form can be customized. I've never met a template that could not be improved upon in just a few minutes time. To edit a template, choose List, Templates and double click a template.



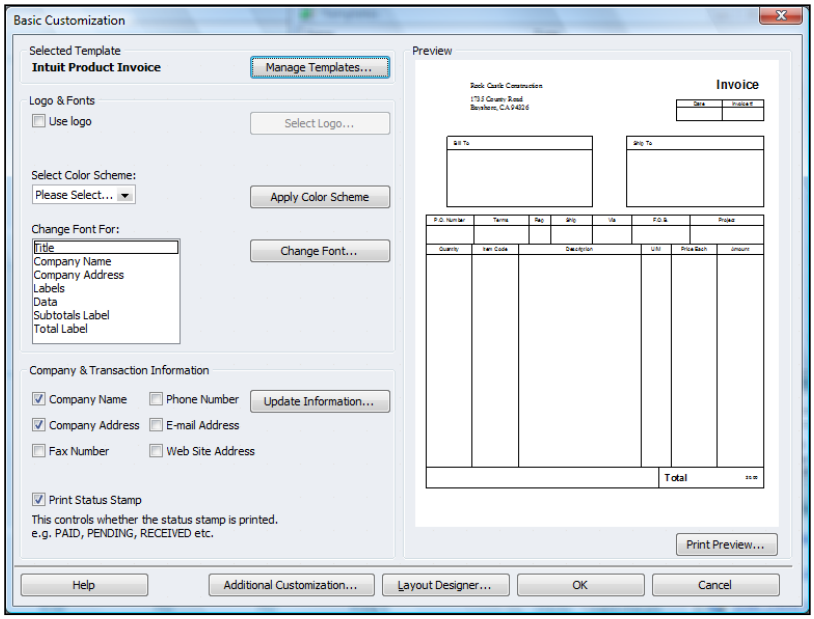
Why Edit Your Templates?

It is foolish to think that the default data fields and columns included on the templates are exactly what the company needs. For example, you might use a different invoice format when billing for services versus selling items, or selling to government versus private companies. You can create as many templates as you want – why try to make one invoice format fit all situations – it's easier to use the invoice that's right for a given situation.

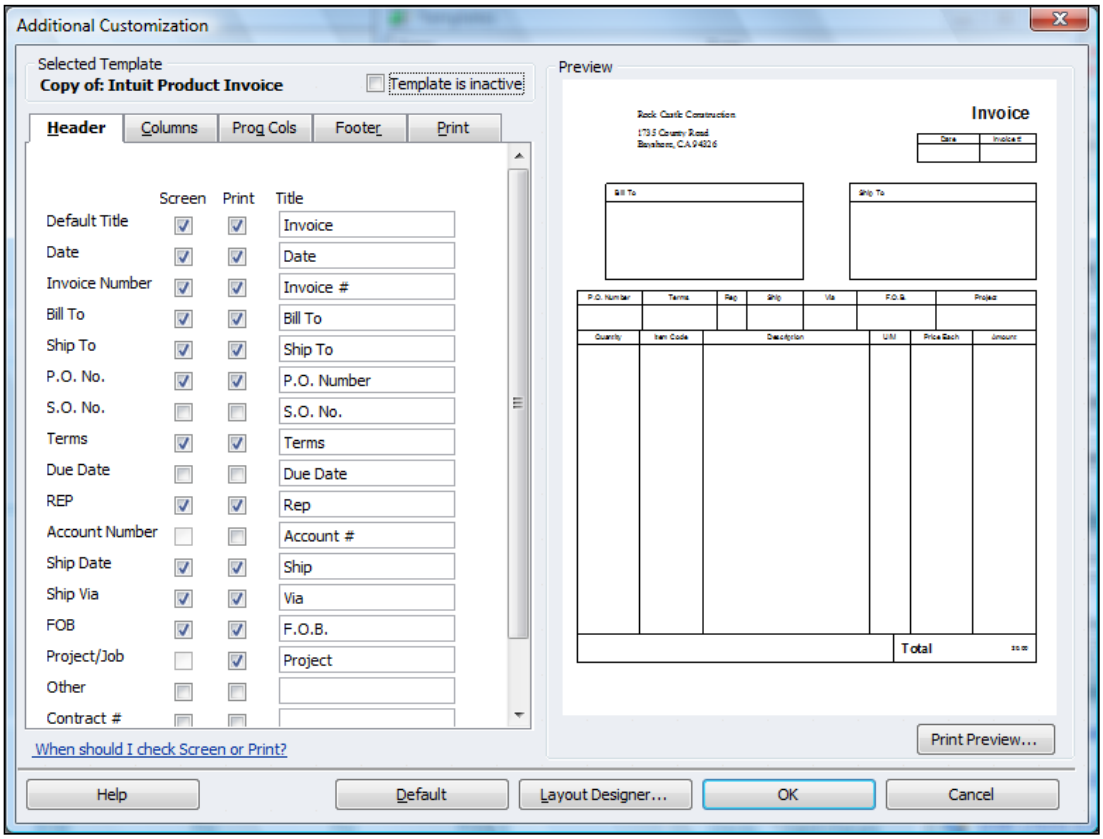
Note - Prior to 2005, this feature was complicated to use because users had to first make a duplicate of the original template, and then edit that duplicate in order to have complete access to all of the customization tools. However, that issue has been cleaned up and is no longer a problem unless you find yourself working in an older version of QuickBooks. Still, you might have attempted to use this feature prior to 2005 and incorrectly concluded that there was not much substance to customizing templates.

Demonstration Points – The primary features that CPAs should know about customizing templates are as follows:

a. Adding New Columns
b. Adding New Data Fields
c. Adding Images (Such as A Logo)
d. Adding Text (Great marketing Opportunity)
e. Using the Re-layout Tool (Drag and Drop, Resize items)
f. Adjusting the Envelope Window (So the Postman can read the address)
g. Using the Lasso Tool (To move multiple objects)
h. Naming the Template (Make it easier to identify)
i. Exporting Templates (For use with other clients)
j. Importing Templates (More template designs available from the web)
k. Make default the Template Default – (Just by Using It)

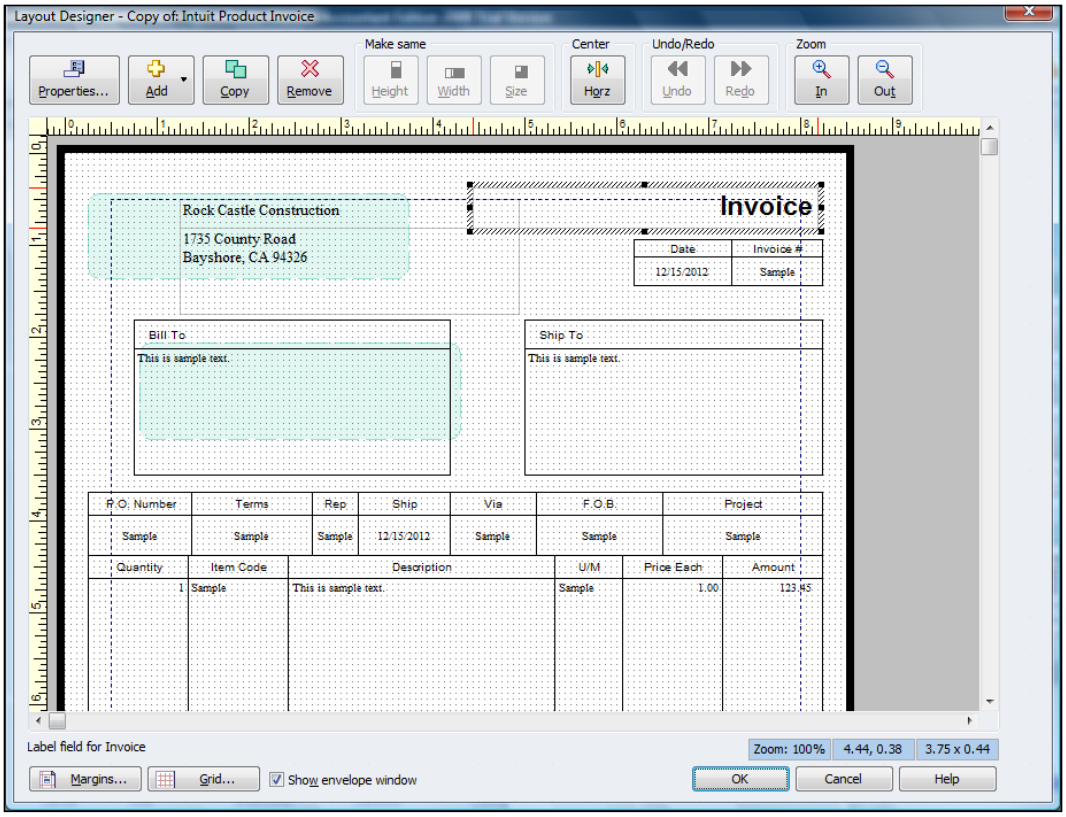


At this stage, you might drop in a company logo and include your company phone number and e-mail address on the invoice. However the serious editing takes place only after you click the "Additional Customization" button at the bottom of the screen (shown above). This more powerful editing screen is shown below.

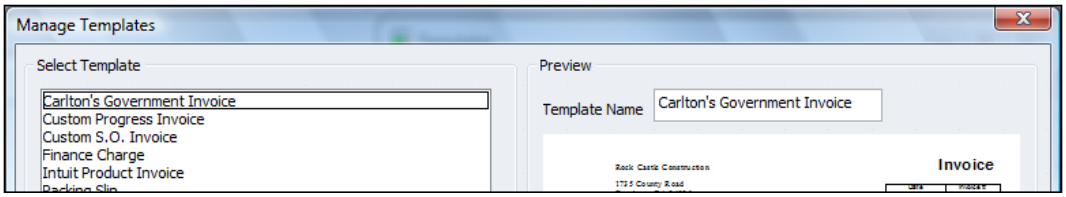


At a minimum, you should move the send to address box over and down a little bit so that it fits properly in the standard Intuit Window envelopes. Next scan the data list and place a check mark next to any other elements you would like to appear on the template – depending upon the business, there may be a few, or many additional data bits you would like displayed.

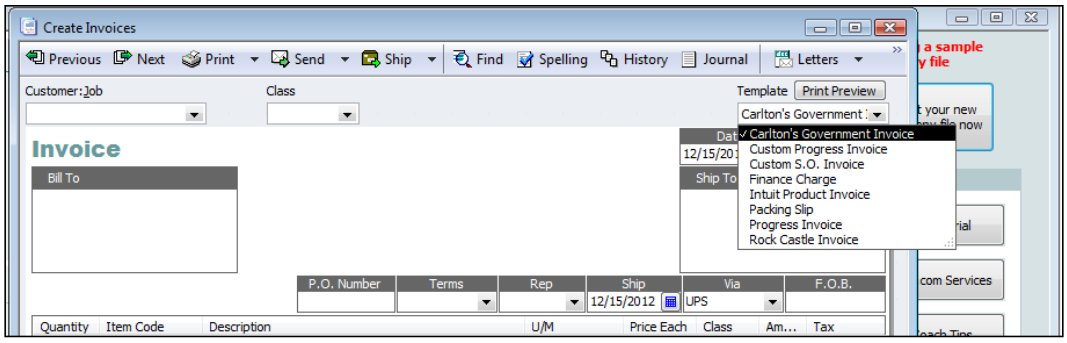
The layout designer tool shown below enables you to resize and move form elements around. This step is necessary because QuickBooks throws different elements on the template as you add them, but not necessarily in the right places. You need to visit the layout to make sure that no items overlap or are positioned outside the printable margins.



Use the manage templates button to rename your template as shown below:



Now to use the template, simply select it from the drop down box on the invoice screen as shown below.



3. Financial Reporting

Financial Reporting – QuickBooks offers some of the strongest financial reporting capabilities in all of accounting software, stronger even than the standard financial reporting provided by SAP BusinessOne, Sage MAS 200, or Sage ACCPAC ERP. What makes it strong? Consider the following features:

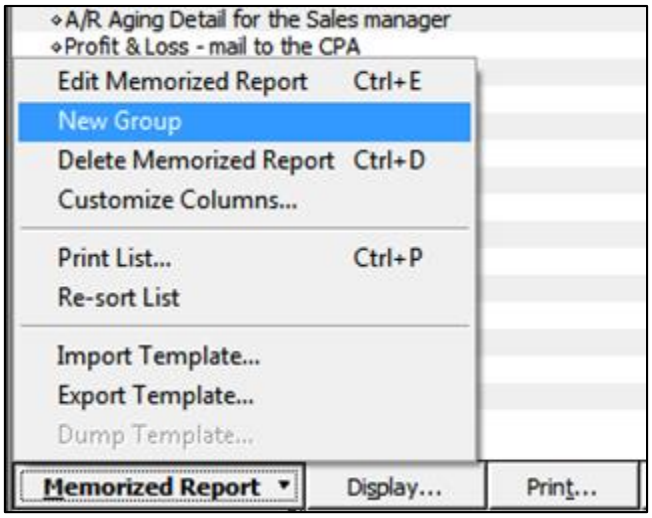
a. Modify Date Report Using English Phrases
b. Modify Dates Using date Ranges (Not Recommended)
c. Add Columns
d. Drill Report
e. Stratify Reports (ie: by customer and job; by inventory item detail)
f. Filter Reports
g. E-Mail Report (QuickBooks Now Uses Outlook)
h. Export to Excel
    i. Excel Options
    ii. Send Header to Page Setup
    iii. Gridlines
i. Memorize Reports
j. Processing Multiple Reports
k. Suppress Account Numbers on Reports
l. Financial Statement Designer (Discontinued in 2008)
m. Statement Writer
n. Graphs
o. Report Finder & Report Center
p. Display Options Box Before Displaying Reports

Often, a bookkeeper using QuickBooks does a nice job; however refuse to consistently produce and distribute the necessary reports each day, week and month for the staff to use in order to properly manage the business. These bookkeepers frequently report that they have too much work to constantly print the reports that company officials would like to see circulated throughout the organization on a recurring basis. This a common problem and you might ask, how much time should it normally take to produce the typical reports for the average company?

The accounting system should function exactly as described above, but the bookkeeper is correct too, it does take a great deal of time to produce all of the required reports, even for a smaller sized business. QuickBooks provides a good solution called **Process Multiple Reports** which could solve your problem. Here's how it works:

1. Start by opening your Memorized Report List in QuickBooks by selecting **Reports, Memorized Reports, Memorized Report List** from the QuickBooks Menu. Next click the **Memorized Report** button in the bottom left corner of the Memorized

Report List (shown below) and select **New Group**. Name the new group **Month End Reports** and then select **OK**.

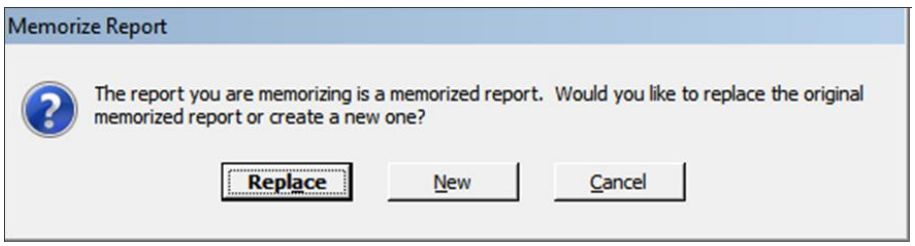


2. Next, open each report that you would like to produce at month end and memorize that report into the new **Month End Reports Group** as follows:

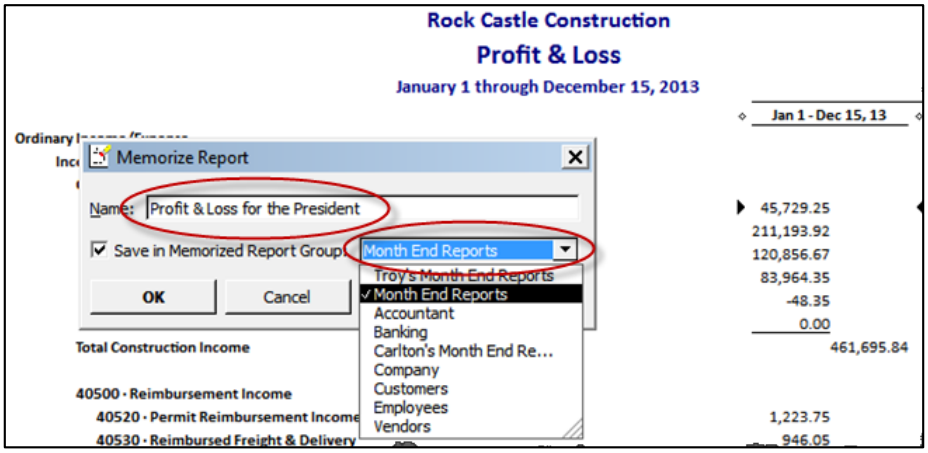
    a. Launch a report that you want produced each month;

    b. Customize that report to include the desired columns, date ranges, filters, etc.;

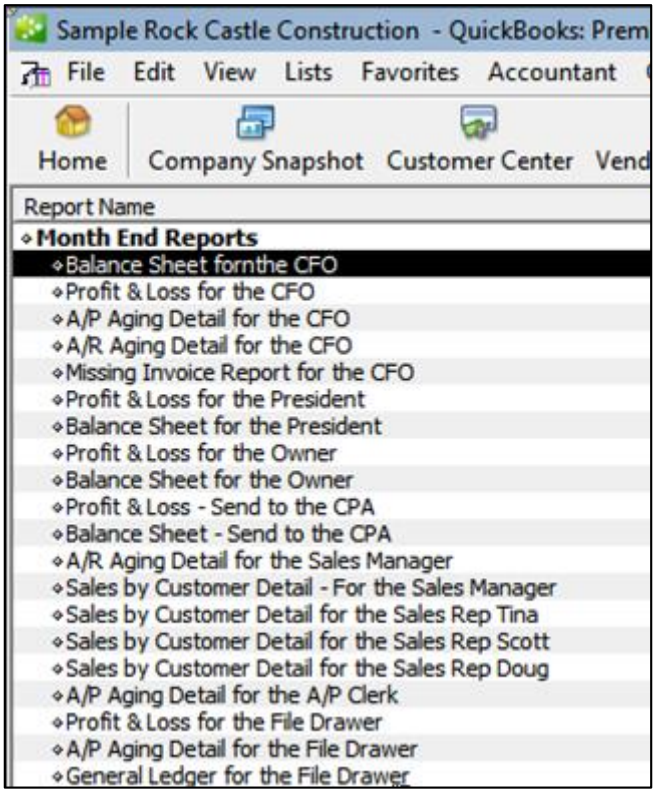
    c. Click the **Memorize** button and if asked, then click the **New** button;



    d. Edit the **Name** of the report to also include the name of the intended recipient of the report as circled in the screen below. Check the check box titled **Save in Memorized Report Group** and select **Month End Reports** from the drop down box, then select **OK**.

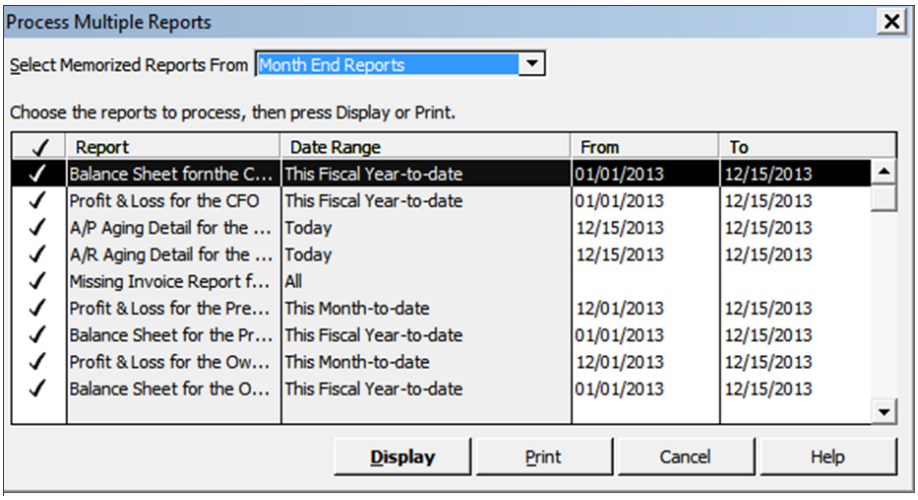


e. Repeat the above process until you have memorized each report to be produced at month end, including duplicates of the same report for distribution to different personnel. Be sure to include the name of the intended recipient in the report title name so it will be easier for a staff person to distribute the printed reports. Ultimately the goal is to build a group of memorized reports similar to the example shown below:



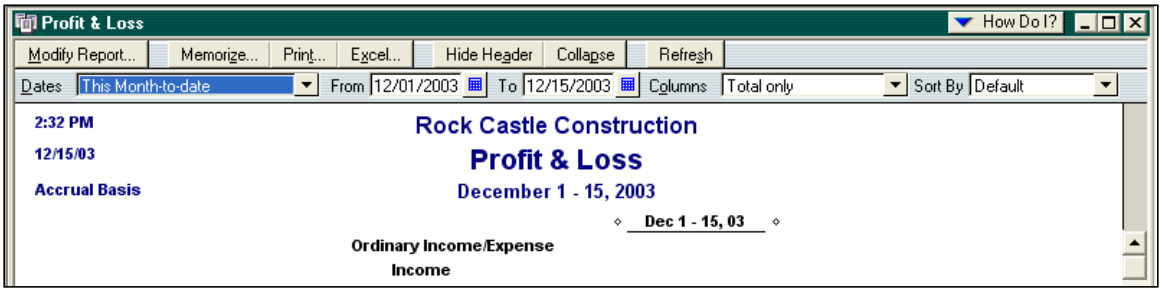
Tip: You can rearrange the order of the reports by clicking and dragging the small diamonds to the left of each report name so the reports will print in collated order for easier distribution.

f. At month end when the time comes to produce the reports, select **Reports, Process Multiple Reports** from the **QuickBooks Menu** to display the **Process Multiple Reports** dialog box shown below.

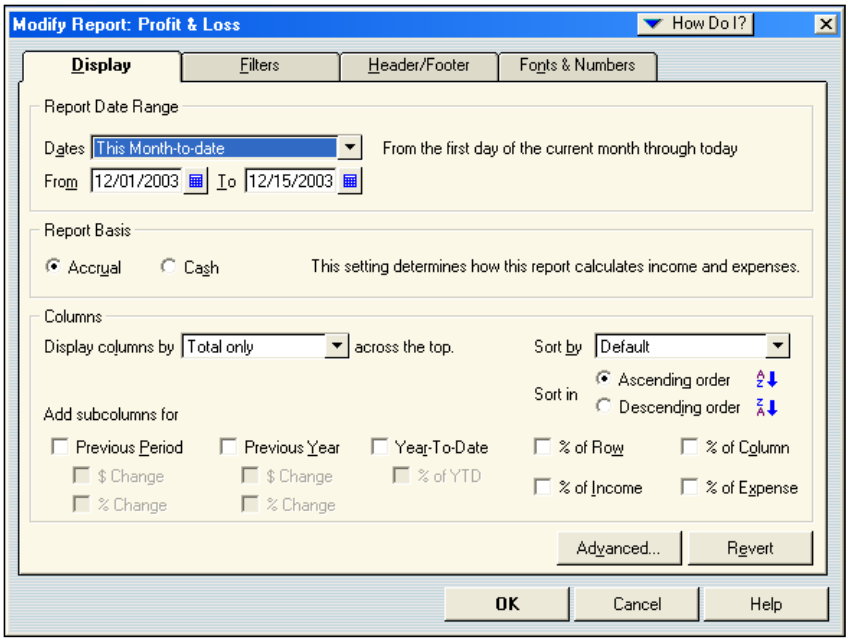


Select the desired group to be printed from the **Select Memorized Reports From** drop down box at the top of the dialog box, and click the **Print** button.
Tip: For those that would like to distribute electronic reports rather than paper-based reports, you can choose to print to Adobe Acrobat PDF or Excel formats, and then e-mail the reports as attachments.

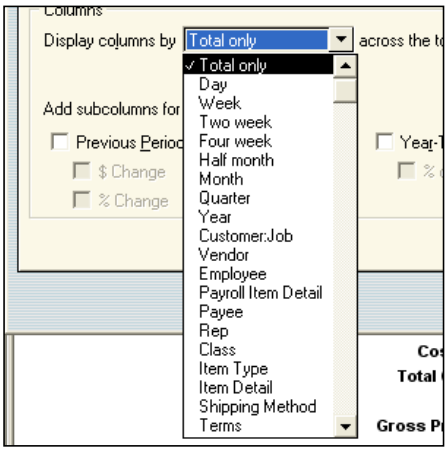
Reporting Tools - Once you have printed a report to the screen, the real reporting power of QuickBooks starts to shine. As shown in the screen below, buttons at the top of each report make it easy to modify, memorize, print, or export the report to Microsoft Excel.



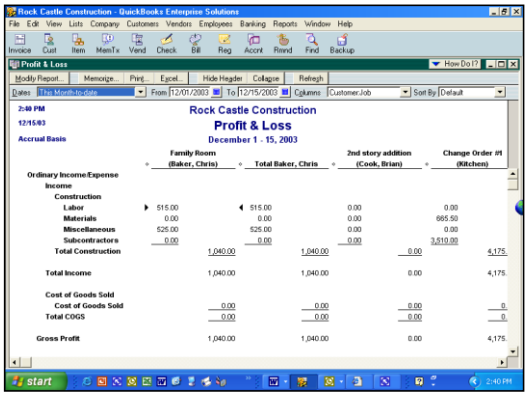
Modifying Reports - The Modify Report dialog box allows you to specify the date range, toggle cash or accrual, add sub-columns, and choose from a variety of display columns. You can also control the sorting of data and add columns showing percents to totals. The Advanced button allows you to suppress the printing of zero balance amounts, rows, or columns.

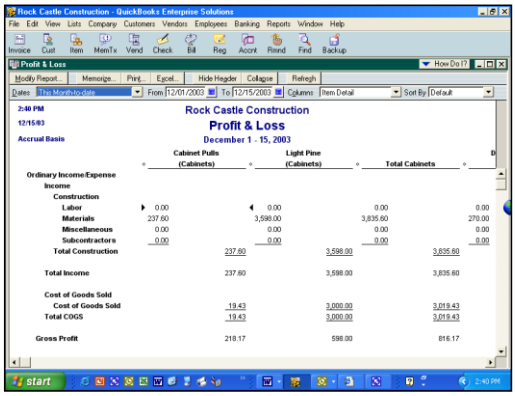


The display columns pull down shown below is particularly powerful as it allows you to indicate the types of columns to be displayed. This pull-down is also available at the top of the displayed report, as "Columns".



For example, here is the same report presented with two different column formats:





The first report shows P&L data by customer and job, while the second report displays the same P&L data by item sold.

Adding or Deleting Report Columns - Reports that list individual transactions can display additional columns of data. To do this, click Modify Report and from the Display tab, click Add Columns and select the columns you want to add. To delete columns, clear the checkmark for each column you want to delete. As a tip, the column titled "left margin" adds white space along the left edge of the report. By deleting this column, you can gain some extra room for report data.

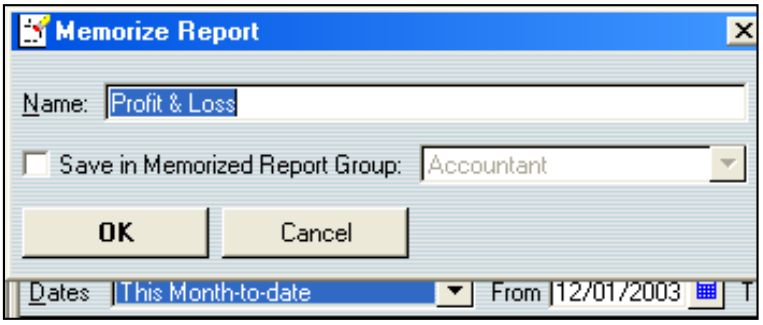
Drilling Reports – One of QuickBooks' best reporting features is the ability to drill down. Just double click on any number you see in QuickBooks to see the details for that number. Keep clicking until you reach the source document.

Refresh Button - The refresh button appears in the toolbar of every report and graph. If refresh is needed, a message appears in the title bar indicating that the report or graph doesn't reflect the latest changes to your company data.

Memorizing a Report – Whenever you change the settings for a report or title, you can memorize the report with the new settings. Then, when you want to view that same report in the future, you can recall it from your own list of memorized reports. When QuickBooks memorizes a report, it memorizes your custom report settings, not the data in the report.

If you have recalled a memorized report and changed it further, you can indicate whether you want QuickBooks to replace the earlier report (under the same name) or create a new memorized report (under a new name).

Memorized Report Group - You can assign the report to a memorized report group by selecting "Save in Memorized Report Group", then choose the desired group from the drop-down list. The memorize report dialog box is shown below:



Suppress Account Numbers on Reports – QuickBooks allows you to toggle the display of account numbers throughout QuickBooks on or off. The benefits of using account numbers are as follows:

1. With account numbers turned on, you can dictate the sort order in which accounts are displayed within an account type (i.e. you can make sure that the accumulated depreciation account appears below property and equipment, not above.)

2. Many CPAs find that account numbers provide faster data entry, especially when the account numbers are memorized and a number key pad is used.

However, there is a problem with turning on account numbers because many CPAs don't want the account numbers to be displayed in the financial statements and reports. To solve this problem, there is an option to hide them in a report, but you must be logged in as the administrator and running in single user mode. Even then, this option does not stick – you must reapply the feature to hide the account numbers each time the report is produced, even if you memorize the report with the account numbers hidden.

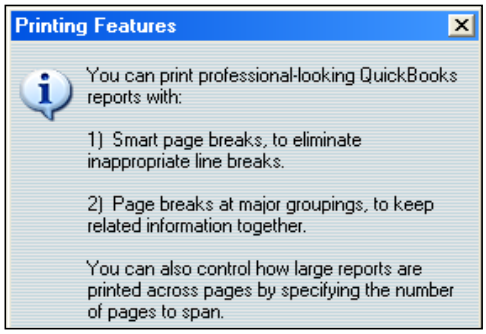
There is a better solution to suppressing account numbers from financial statements, as follows:

a. First, edit all account descriptions

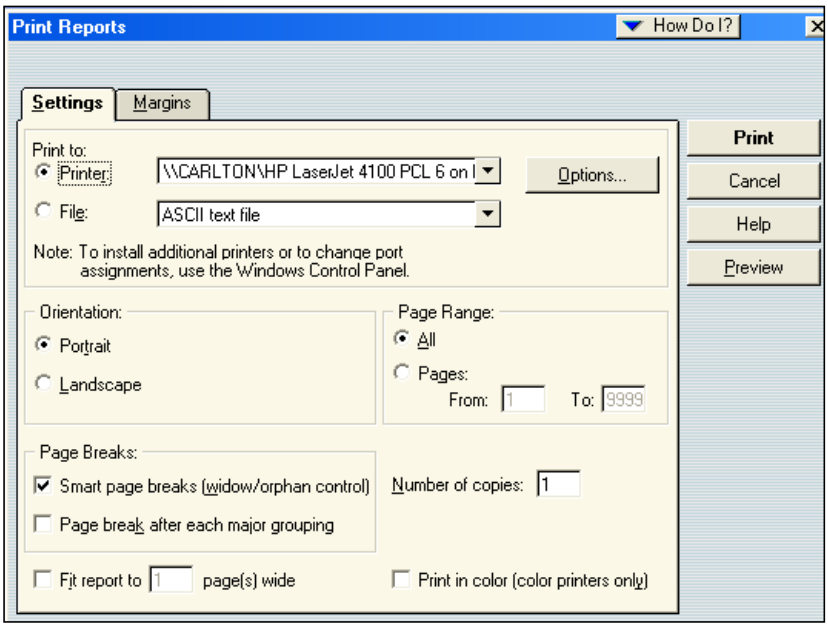
b. Next, select "Show Reports Based on Description Only" from the preferences screen.

This action will now suppress account numbers from your financial statements, and use the account description instead of the alphanumeric account number. Please note that descriptions can differ from accounts *(AR vs. Trade Receivables)*

Print Breaks – QuickBooks provides a smart feature that can insert page breaks in your reports so that groups of information remain together. Or, to conserve paper, QuickBooks can insert as few line breaks as possible. This option is shown in the dialog box below:

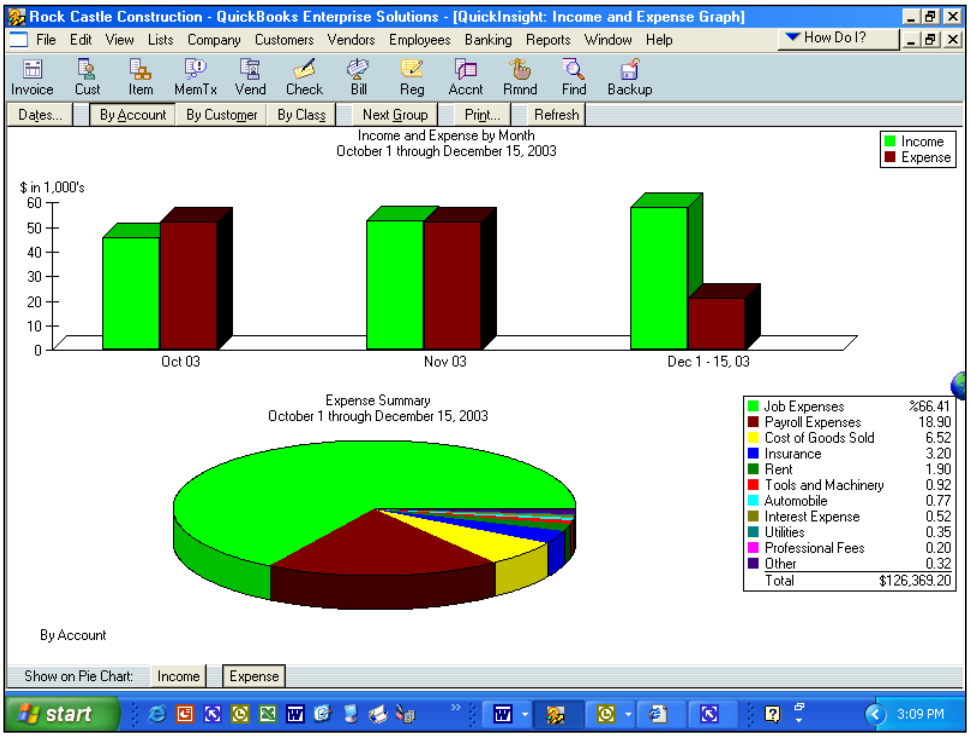


Once you print a report, you will find a wide number of print options available – some of which will differ slightly depending upon the printer you are printing to.



Print Preview – You should always use is print preview before printing to ensure the report appears as intended before paper is wasted. In many cases, you can access the information you need without actually printing the report to paper. Printing to paper not only takes time, but it costs money for paper and toner, and creates wear and tear on your printer. Ultimately the reports you print will need to be burned or thrown away in a landfill or garbage heap. Why eat valuable time and money? Use the screen and avoid printing on paper whenever possible.

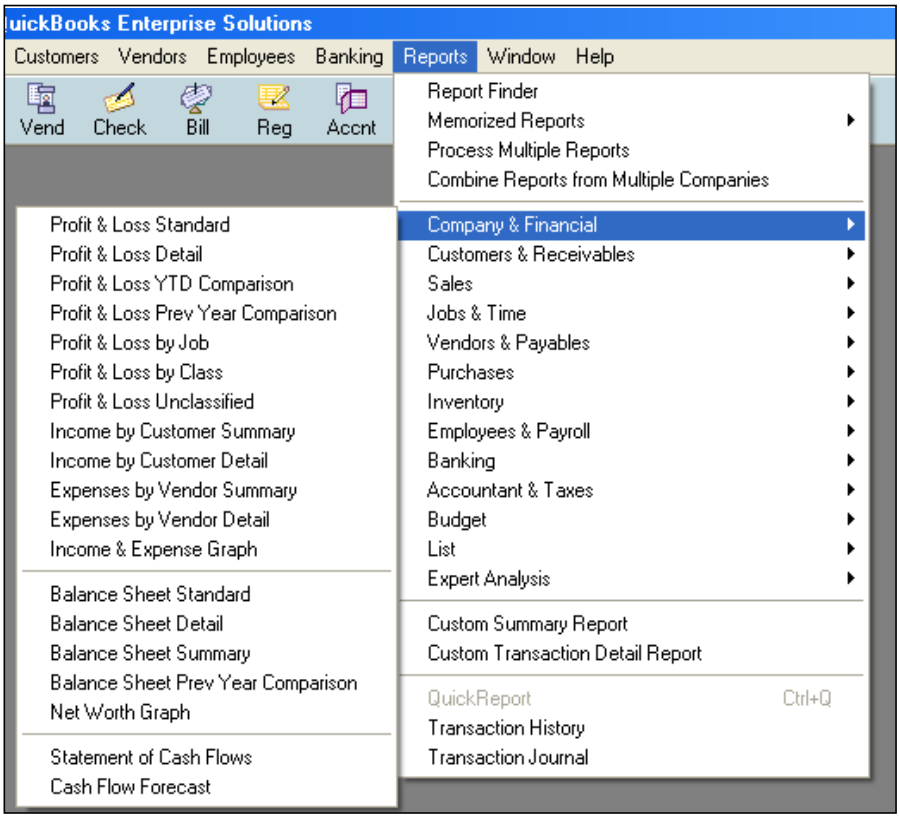
Graphs - QuickBooks produces a wide variety of graphs and charts, like the sample income and expense graph shown below:



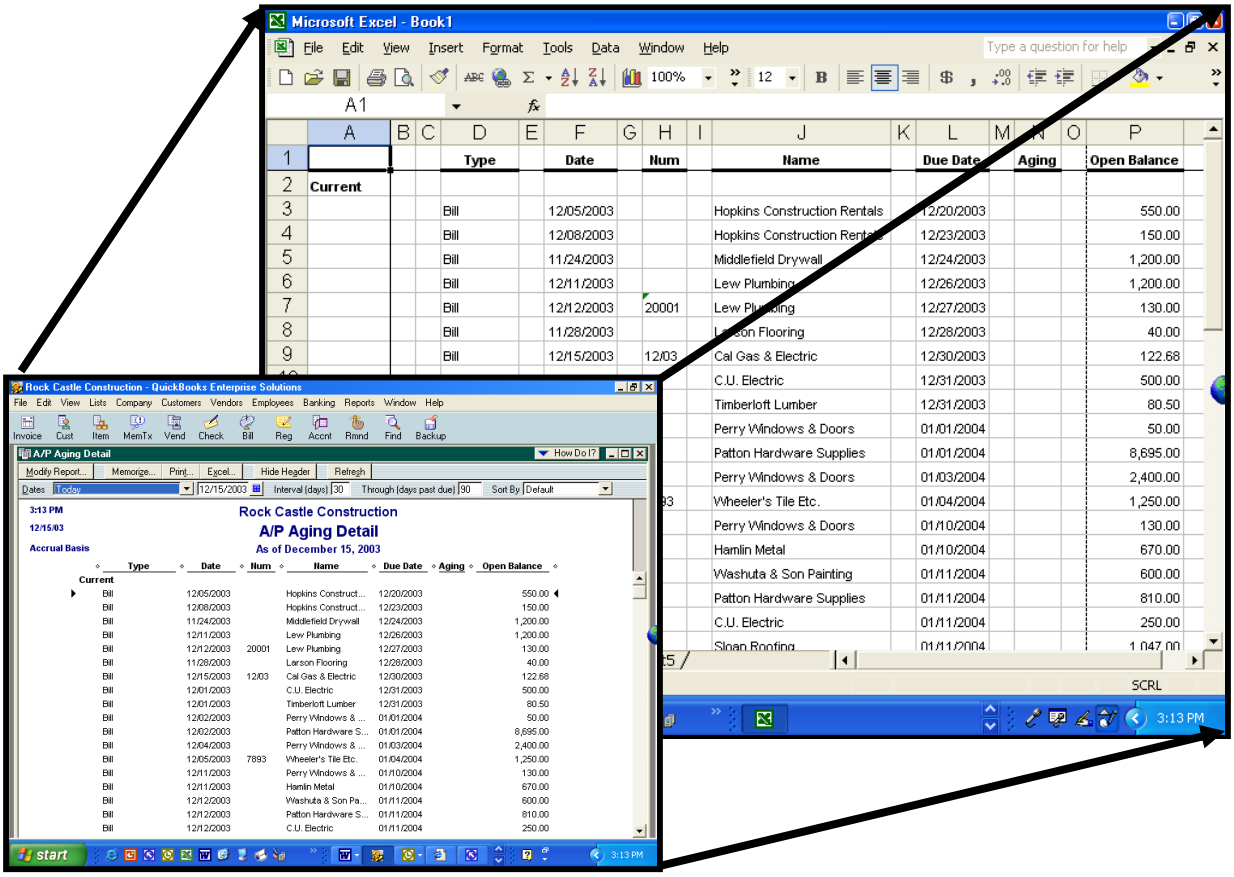
Drilling Graphs - Graphs can be drilled just like reports – to do this, just double click on the desired bar or pie slice to see the underlying supporting details. ***33***

Report Center - The screen below displays the Report Center – a utility that helps you locate the report you are looking for. With the Report Center, you can browse the reports related to what you are interested in, briefly learn what each report has to offer, and locate exact reports by search terms. When you find the report you want, you can display it in the Report window, just as if you had created the report by choosing its name from the Report menu. If you don't need to view the report in the Report window, you can print the report or send it to Excel directly from the Report Center. You can also customize the report's content, filter the report, or change the report's date range without displaying the report. This is a faster way to create, modify, or print reports.

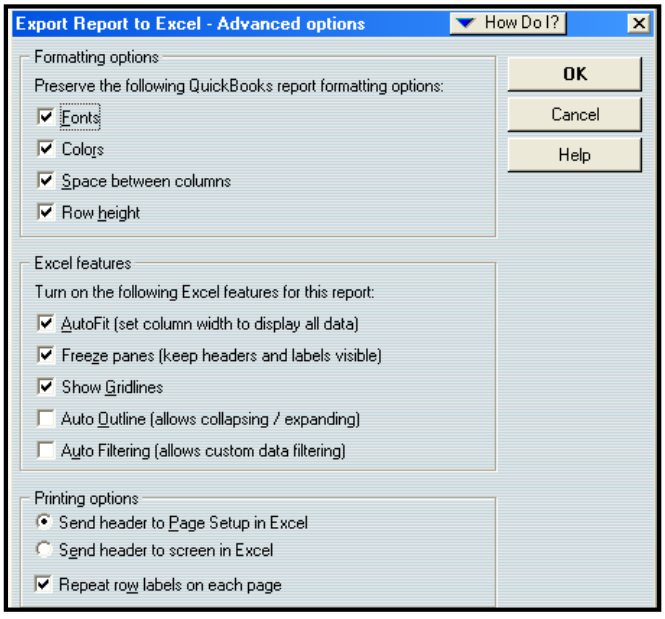
As discussed, the reports menu shown below provides access to the same reports as does the Report Center, and does it a little quicker.



Any QuickBooks report can be exported to Excel with a simple click of a button. Be aware that this is a one way ride, data changes in Excel cannot be automatically carried back into QuickBooks as this action would violate all the rules of data validation and a secure audit trail.



Excel Options - When sending report to an existing Excel spreadsheet, you can either send your data to a new blank worksheet, or open Microsoft Excel and add the contents of the QuickBooks report to an existing spreadsheet. The spreadsheet could be one that you previously created in Excel or one that QuickBooks created during a previous export. Some of the advanced options are shown in the screen to the right.



4. Company Snapshot

The QuickBooks Company Snapshot doesn't really add any new functionality, but it does organize important data to make it faster and easier for managers to quickly view this key information which means they are more likely to look at as often as they should. The QuickBooks Company Snapshot includes five sections as follows:

- **Income and Expense Trend Graph** - A bar graph displaying income and expenses for the period of time you select.
- **Reminders -** You can select from the list of Reminders to be displayed.
- **Account Balances** - The account balances section allows you to view details for any account.
- **Customers Who Owe Money** - List of who owes you money, the amount and the due date. You can sort it by customer, due date, or amount due.
- **Vendors to Pay -** List of who you owe money to, the amount and the due date. Again, you can sort it by vendor, due date, or amount due.

5. Department Accounting

a. Understanding the need for Account Number Segments

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.

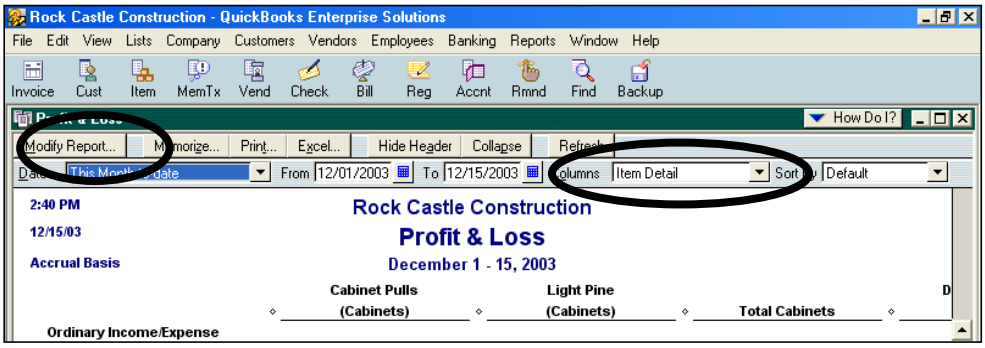
Reporting by Class - There are two different types of reports you can run from the Class List screen– 1. Individual Class Reports; and 2. Reports for all Classes. To report on a single class:

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). Use the Columns drop down box to stratify your report by Class ; or use the "Modify Report", "Filters Option" to display the report for just one Class, as shown in the screen below.



Using Classes to Track Partners – Many Law firms and CPA firms use classes is to track revenue and expenses by partner [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.

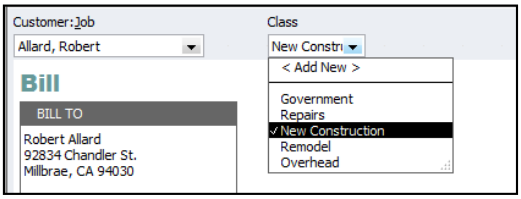
Allocations - At month end before reports are produced, the totals for the "Split" class are reapportioned or reallocated with appropriate journal entries. In many cases, the percentage of income is used as a guide for the allocation percentages based on the assumption that the overhead expenses consumed 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.

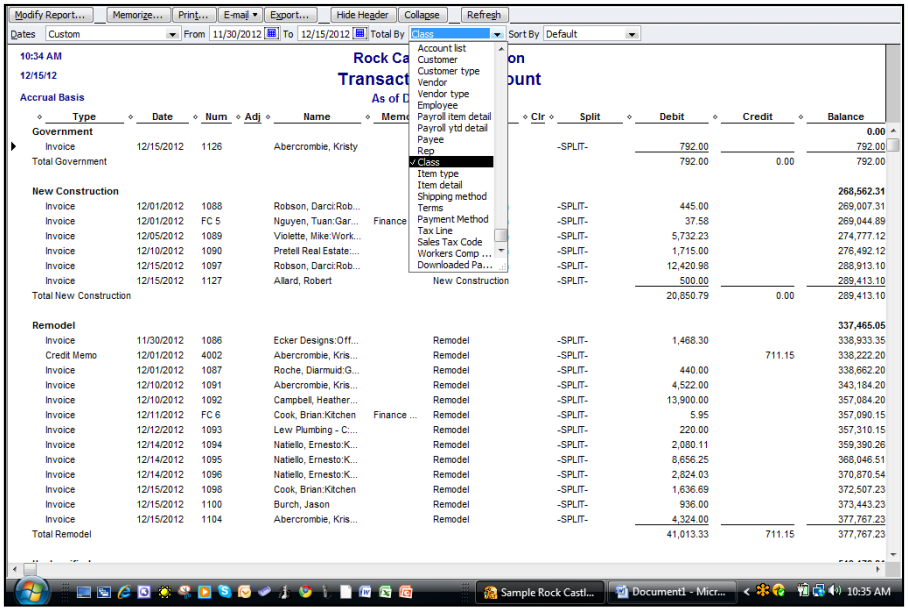
Using Classes to Track Accounts Receivable or Accounts Payable – Often CPAs complain that because classes do not apply to balance sheet items, there is no way to classify accounts

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.

6. QuickBooks Online

Intuit produces an online accounting system called QuickBooks Online. For purposes of this class, I think it is important that CPAs know about this product, but I do not plan to spend much time on this product. The primary aspects of QuickBooks Online that I would like for you to know are as follows:

a. You can try it for free here: https://qbo.intuit.com/redir/trialperiod.

b. The cost is as follows:

8. QuickBooks Free Online Accounting	1 user	Free
9. QuickBooks Online Basic	1 user + accountant	$9.95/Month
10. QuickBooks Online Plus	3 users + accountant	$34.95/Month
	10 users + accountant	$49.95/Month
	25 users + accountant	$79.95/Month

c. No up-front cost to purchase software or a new server.

d. No software installation effort. Just login and start setting up your data.

e. No annual upgrade fees or upgrade effort.

f. QuickBooks Online is NOT QuickBooks *online.* It is similar, but not the same.

g. The Higher-end database never slows down, not even with 1 million records.

h. It is instantly accessible from multiple locations, including work from home employees, traveling sales representatives, etc.

i. Data is secured via 128 bit encryption.

j. QuickBooks Online has built-in world class facility, firewalls, virus protection.

k. Server is mirrored.

l. Back ups are included.

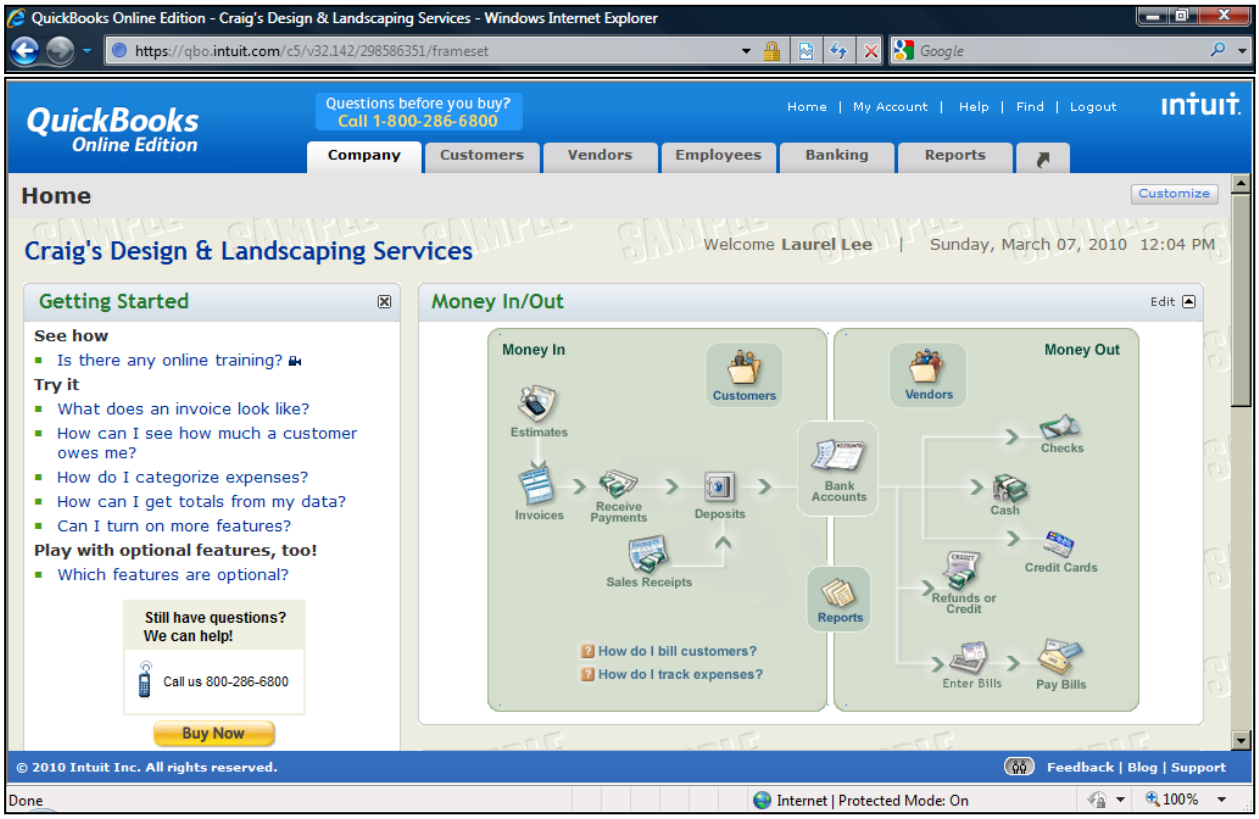
m. Drawbacks –

   i. You must pay for each separate company.

   ii. If the Internet goes down…

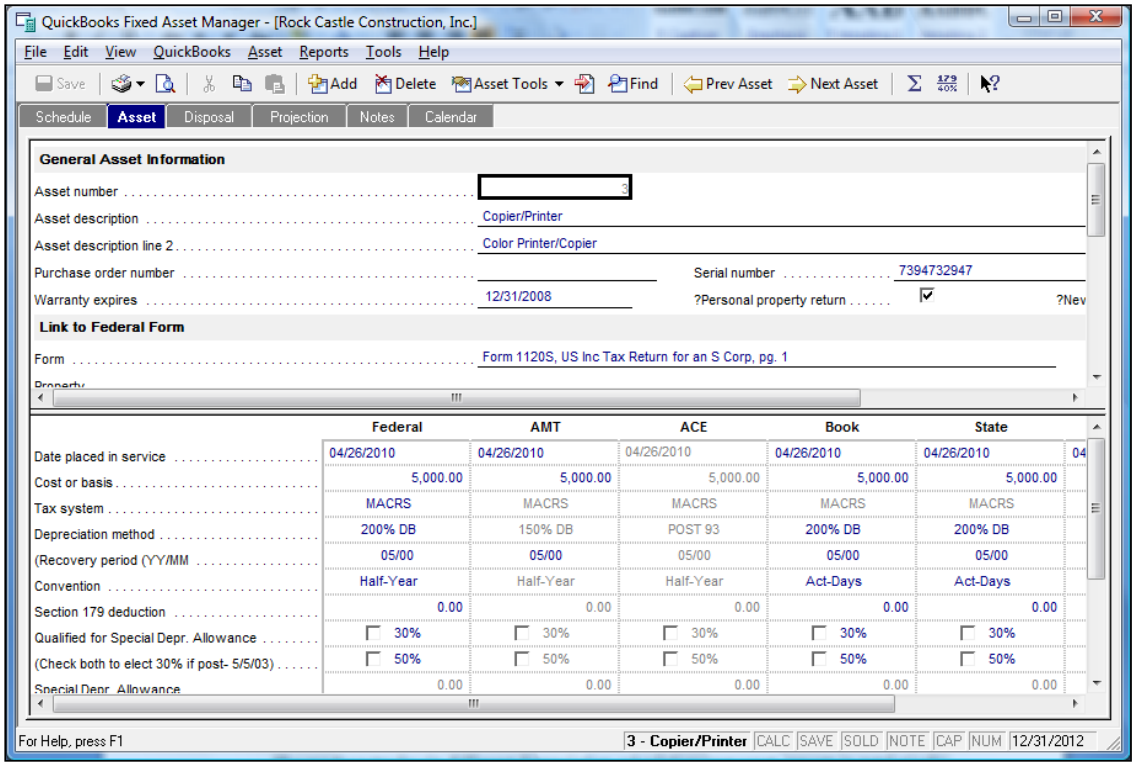
iii. QuickBooks Online features not as a robust as regular QuickBooks. Some of the missing features from QuickBooks Online are as follows [113]:

1. *Purchase orders*
2. *Inventory tracking*
3. *Sales order tracking*
4. *Job costing or estimating*
5. *Customized price levels*
6. *Integration with ACT!, Word, or Outlook,*
7. *Online bill payment*
8. *Payroll input*
9. *Support for multiple companies in one subscription, and*
10. *Forecasts*
11. *Business plans*
12. *Third Party add-ons*



7. Fixed Assets

The QuickBooks' Accountant Edition includes Fixed Asset Manager – formerly a third party add-on product which Intuit purchased and added into to QuickBooks in 2004. It is a fairly decent solution and it is believed that Intuit added this functionality because at the time, Peachtree Software included a copy of Best Fixed Assets product (limited to 100 assets). The Fixed Asset Manager screen is shown below.



The Fixed Asset Manager tracks six different depreciation calculations per asset, reports in total nicely, supports section 179 depreciation, supports asset disposal, and provides templates which makes it easier to use the product. The product provides functionality to automatically synchronized data to and from QuickBooks, but I have found that most CPAs that use Fixed Asset Manager run it as a stand-alone product, and simply enter a journal entry each month in QuickBooks manually to keep depreciation expense and accumulated depreciation in sync.

8. Accountant's Copy

The Accountant's copy function enables the client to send a special file copy of the QuickBooks data to the accountant for review and adjustments, while also allowing the client to continue to use QuickBooks at the same time. Thereafter, once the accountant has completed their review and adjustments, the accountant can send the adjusting journal entries back to the client for automatic posting. The beauty of this approach is that the client

does not have to stop using their accounting system while the accountant is reviewing and adjusting that accounting system. This is an excellent idea, unfortunately this approach has had more than its share of problems as follows:

1. **Missing Data and Functionality** - Initially, accountants could not add accounts or drill into data details. While Intuit has addressed this problem many times, the Accountant's Copy still does not give the CPA full access to all data details. The chart below [77], each "N" on the following chart represents a function that CPAs or clients cannot perform when using the Accountant's Copy feature.

		Accountant					Client				
	Transaction Date	Historical Period: On or before dividing date				Current Period: After Dividing date				Historical Period: On or before dividing date				Current Period: After the Dividing Date			
	More information	1. Can add new transactions. 2. Can edit and delete transactions created after AC was created. 3. Can edit and delete transactions created before AC was created.				1. Can add new transactions. 2. Cannot edit and delete transactions created before AC was created.				1. Cannot add new transactions. 2. Cannot edit and delete transactions.				1. Can add new transactions. 2. Can edit and delete transactions created after AC was created. 3. Can edit and delete transactions created before AC was created.			
		Add	Edit	Del	Void	Add	Edit	Del	Void	Add	Edit	Del	Void	Add	Edit	Del	Void
	Banking																
1	Journal Entries	Y	Y	Y	NA	Y	N	N	NA	N	N	N	NA	Y	Y	Y	NA
2	Write Checks	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
3	Make Deposit	Y	N	Y	N	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
4	Credit Card Charge	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
5	Credit Card Credit	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
	Sales and Customers																
6	Sales Receipts	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
7	Invoices	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
8	Credit Memo	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
9	Statement Charges	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
10	Receive Payment	Y	Y	Y	NA	Y	N	N	NA	N	N	N	NA	Y	Y	Y	NA
	Purchases and Vendors																
11	Enter Bills	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
12	Vendor Credit	Y	N	Y	N	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
13	Item Receipt	Y	N	Y	N	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
14	Pay Bills	Y	Y	Y	Y	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
15	Pay Bills (credit card)	Y	N	Y	N	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
16	Pay Sales Tax	N	N	N	NA	N	N	N	NA	N	N	N	NA	Y	Y	Y	NA
17	Adjust quantity/value on hand	Y	N	Y	N	Y	N	N	N	N	N	N	N	Y	Y	Y	Y
18	Build Assemblies	N	N	Y	NA	N	N	N	NA	N	N	N	NA	Y	Y	Y	NA
	Payroll																
	Enter Time	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	Y	Y
	Pay Employees	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	Y	Y
	Pay Payroll Liabilities	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	Y	Y
	YTD Adjustment	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	Y	Y
	Adjust Payroll Liabilities	N	N	N	N	N	N	N	N	N	N	N	N	Y	Y	Y	Y

2. **Too Technical** - This approach requires the client create files, send files, and then import adjusting entries. This is a manual procedure that may be too little technical for many client's bookkeepers to handle without frustrations.

3. **Multiple Copies of QuickBooks** - This approach requires the CPA to maintain multiple copies of QuickBooks (different years and different editions) [118] in order to accommodate the multiple versions of QuickBooks data files they receive.

4. **Begs for Once a Year Assistance** – Because of the troubles, the Accountant's Copy feature practically begs the CPA to delve into and review the client's data only once a year – after the end of the year. By then, it is too late to fix major accounting errors, or offer on-going professional advice throughout the year. Typically QuickBooks clients need the hand holding and advice from a professional CPA throughout the year, not just at the end of the year.

5. **Remote Access is Better** - Remote Access technology has made Accountants Copy feature obsolete [120]. Using Remote Access, a CPA can "dial" into the client's QuickBooks data each month or each quarter, review the data, make the necessary adjustments, produce the financials, and provide the client with professional observations and advice. If you refer to the chart in bullet point 1 above, you will find that the Remote Access approach provides 100% of the functionality to both CPA and client. [121]

9. Remote Access

Using Remote Access, a CPA can log into their client's QuickBooks accounting system in about 30 seconds, review the system, correct problems, post adjusting journal entries, and log out [122]. This approach is elegant and works very well. This approach makes the Accountant's Copy approach obsolete for many reasons as follows:

1. **Full Access to all QuickBooks Functions and Data** – With Remote Access, the CPA can see all data and make all necessary changes without any of the restrictions imposed by the Accountant's Copy approach.

2. **No Need to Maintain Multiple QuickBooks Copies** - With Remote Access, there is no need for the CPA to maintain multiple copies (different years and different editions) of QuickBooks on their computer. Instead, the CPA simply uses the client's copy of QuickBooks – not matter which year and edition it is.

3. **No Need to Send, Receive, or Juggle Files** – With Remote Access, the CPA and client waste no time producing, sending, receiving, storing, opening, saving, and exchanging data files.

4. **Real Time Training** – Many Remote Access solutions also transmit voice through the connection, which means that not only can both CPA and client see the same screen, but they can hear one another too [126]. Therefore, using Remote Access, the CPA can log into the client's QuickBooks accounting system to demonstrate functionality and to train the client and client' staff [127] in the use of QuickBooks.

5. **Professional Assistance Throughout the Year** – Your client needs you throughout the year, not just at the end of the year after the year is completed. Using Remote Access, a

CPA can log in regularly to help keep the books in order, and to make observations about the data and to advise the client throughout the year. Because the Accountant's Copy approach is so tedious, I know of no CPAs in America that use the Accountant's Copy feature with a single client multiple times throughout the year.

Intuit's Remote Access Solution - For just $3.95 a month, QuickBooks Remote Access allows you to access your client's QuickBooks data from anywhere in the world using a computer and Internet connection. (No long-term contract required). This solution is nice because it only allows the user access to the QuickBooks application and data [132], but not to the other files and data residing on the client's computer.

For just $7.95 per month the CPA can access the client's entire computer system (all files and software programs). (Once again, no long-term contract required).

Coupon - Here is a special coupon for free Remote Access Service.

> **Special offer for QuickBooks Pro, Premier or Enterprise users.**[1]
> Get QuickBooks Remote Access **FREE for 12 months** with QuickBooks Premier or Enterprise purchase. **Or get 6 months for FREE** with QuickBooks Pro purchase. *This offer includes access to QuickBooks data only for one user. Or access all your PC files and applications for an additional $4 per month.*

http://quickbooks.intuit.com/product/add_ons/remote_access.jsp

Other Remote Access Solutions [135] – Here is a link to more than 425 downloadable Remote Access solutions: http://www.download.com/Remote-Access/3150-7240_4-0.html; Some of the most popular Remote Access solutions are as follows:

Some Low Cost Remote Access Solutions	Some High End Remote Access Solutions
GoToMyPC	CITRIX
LogMeIn	Windows Terminal Services
webex	Array Networks
Symantec pcAnywhere 12.0	
Remote Desktop Connection	
remotepc	
beinsync	

Benefits of Using Remote Access – In addition to QuickBooks access, there are numerous situations that call for a remote access solution. Traveling employees often need access to their e-mail, calendar or contact list. Traveling sales representatives need access or to the accounting system for entering orders of looking up inventory levels and customer history

information. Work-at-home employees need access to their office computer. Multiple location companies need to connect remote locations to a centralized accounting system. Troubleshooting/support professionals need to log into the customer's remote system for maintenance purposes.

10. 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:

DATE RELATED SHORTCUTS [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	Get transaction history [142]
Ctrl + N	New transaction [143]
Ctrl + R	Go to transaction register [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)

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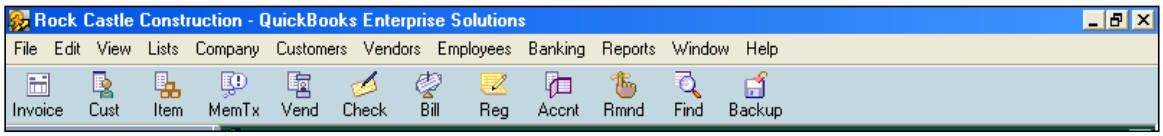
11. Editing the Icon Bar [154]

The Icon Bar provides a fourth method for navigating in QuickBooks. If your icon bar is not visible, go to "View," "Icon Bar" to turn the icon bar on (or off). You can also control whether the icons show pictures, text or both. You can also remove items you don't need, add icons, or move items around to your suit your personal preference.



12. QuickBooks' Backup Versus Online Backup

Regular Backup - I am not a fan of the built in QuickBooks backup utility because it makes many QuickBooks users falsely believe that they are making proper backups. From the cheap seats one more time: "YOU SHOULD BACK UP ALL OF UYOUR DATA, EVEN YOUR ENTIRE COMPUTER HARD DRIVE…NOT JUST YOUR QUICKBOOKS DATA FILE!!!!".

Online Backup - On the other hand I really do like the QuickBooks Online Backup option which does allow you to back up your entire computer hard drive for a fairly low amount of dollars. Think of a back up as insurance. You hope and pray that your insurance payments are a complete waste of money – otherwise something really bad has happened. The same thinking applies to back-ups. You hope and pray that your back-up efforts and expense are a complete waste of money. The old adage, "Expect the Best, but Plan for the Worst" applies.

The Online option allows you to set it up once, and never worry about back-ups again. Simply pay your fees as follows:

5 GBs of data	$4.95 Per Month
25 GBs of data	$14.95 Per Month
75 GBs of data	$24.95 Per Month

When it comes to backups, keep the following in mind:

1. If you conducted your own back-ups manually using CDs or USB drives, it would take you many hours each year to complete this task. (Just 10 minutes a day adds up to 41.67 hours per year.)

2. It would also cost you the price of USB drives or CDs.

3. Your back-ups should be maintained off sight.

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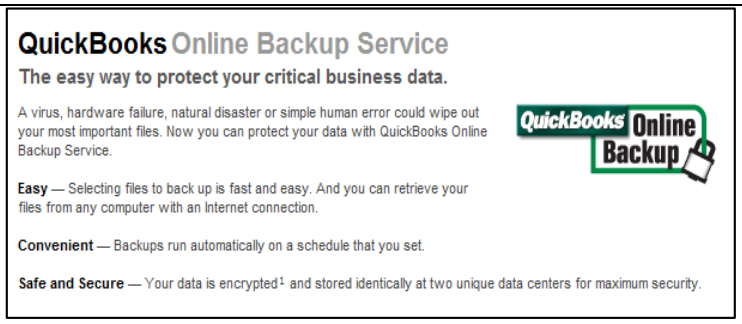

13. Common Problems in QuickBooks

Following is a list of the more commonly reported problems and an explanation to help you correct or avoid these common problems.

a. **Duplicate Customers, Vendors, Items, Employees, etc**. – A simple misspelling could result in the automatic set up of a duplicate customer, vendor, employee, or item. To fix duplicates, simply edit the spelling of the incorrect customer, vendor, employee, or item and QuickBooks will merge the data into the correctly spelled customer, vendor, employee, or item.

b. **Date Problems –** As discussed earlier, inputting data into the correct period has been a common problem in QuickBooks, but this problem has been largely resolved as the default setting for date fields has been changed to today's date. Additionally, the ability to set closing periods and lock down previous periods helps prevent improper postings. If you are still having problems with this check your default date field setting and closing date status.

c. **Voiding Checks** - As discussed earlier, QuickBooks sometimes handles voided checks improperly. Follow the Voided Check Decision tree provided earlier to help you address any voided check problems.

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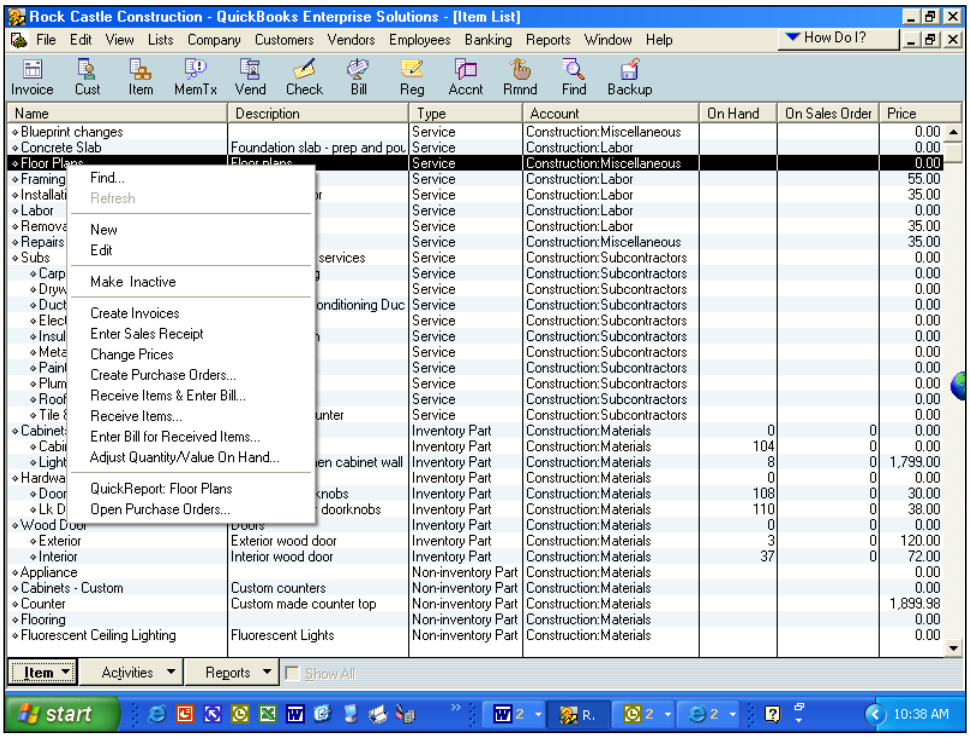
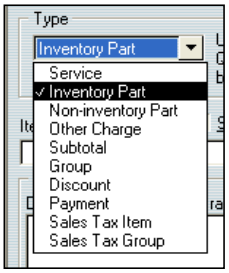
14. Inventory Items

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

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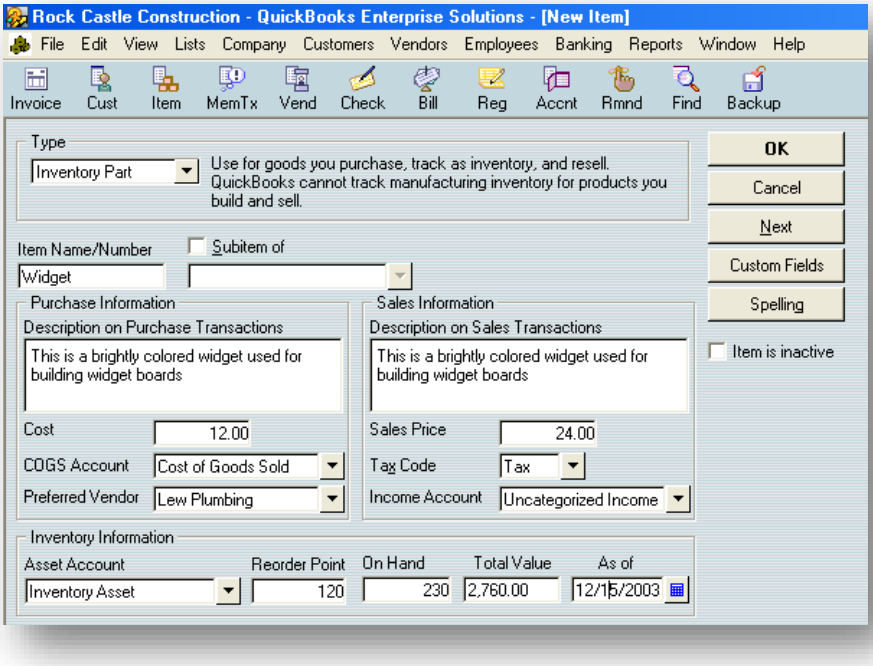
discount or a charge that covers several items. If you are applying the discount to more than one item, you must first use a subtotal item and then apply the discount to the subtotal.



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:

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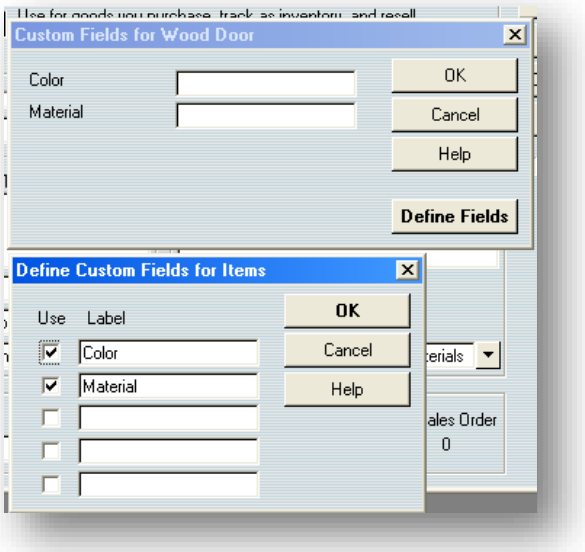
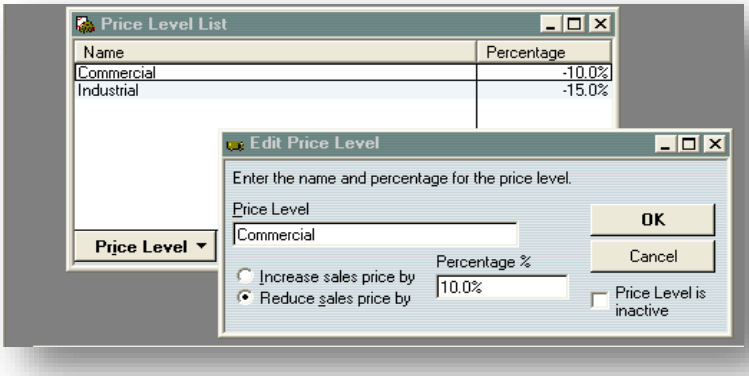


15. Inventory Pricing

Price Levels – You can use price levels in two different ways. You can apply a price level directly to items on a sales form or you can associate a price level with a customer. 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. 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%. 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.

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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.

16. QuickBooks Networking Limitations

QuickBooks was not originally designed to be a multi-user product, the networking capabilities were added as an afterthought. As a result:

a. You must toggle between single user and multi-user mode to perform certain tasks.
b. QuickBooks uses file locking, not record locking; which means that when one user is editing a customer record, another user cannot generate an aged receivables report until after the first user is done.
c. Not a true networking environment compared to most systems because QuickBooks must be installed on every computer and QuickBooks must be up and running on the host computer for others to access the data file.

17. Steps to Take When QuickBooks System is Running Slow

The Achilles heel of QuickBooks is its' slower performing databases. Don't misunderstand me, they work very well with smaller data files. However, it is possible to outgrow QuickBooks and the system will start running slower, eventually to the point that it may take 30 seconds for each screen to appear. When this happens, here are measures you can take to speed things up.

a. Defragment hard drive.
b. Use Clean Up Tool (formerly called Archive and Condense).
c. Create a portable company file, move the original file, and then open and use the portable company file. This re-indexes the database on the fly and makes the system run much faster. You will need to repeat this process periodically.
d. Turn off QuickBooks Preferences (auto-refresh graphs, alerts, reminders).
e. Turn off audit trail (in versions prior to 2006 only).
f. Run in single user mode (or run in single user mode part of the day).
g. Add more RAM to your computer.
h. Get a faster computer.
i. Install faster network (100 mbs or faster)
j. Upgrade to 2006+ version with faster database.
k. Upgrade to QuickBooks Enterprise – much faster database.

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18. Online Banking

"Paperless" has arrived. There are many ways to take advantage of the new paperless technologies, and online banking is one of them. Save money on printed checks, envelopes, stamps, and toner cartridges. By paying your bills online, you will save money and time. Here are a few comments regarding online banking.

a. **It Really Is Easy** – Just sign up using the "Banking"; "Online banking" option in QuickBooks. Takes 5 minutes to sign up – three to five days to get approved.

b. **Save Time** – Imagine never having to stuff envelopes and lick stamps again. Enough said – right?

c. **Allow Five Days and Six Hours of Float Time** – By law a bank has 5 days to deliver your money. Intuit takes your money out immediately and holds it for 5 days before delivering it.

d. **Why Six Hours?** - Intuit officially moved it's banking operations to Hawaii to increase float time, therefore if you live in the Eastern time zone, they could take your money out immediately, and hold it until 5:00pm five days later before delivery.

e. **Even More Float Time Needed** – 40% of the nation's vendors accept paperless checks, but 60% do not. In this case, Intuit waits 5 days and 6 hours, and then prints a paper check in the FiServ building in Norcross, GA and mail it through the Norcross Post Office – which is the absolute worst post office in the entire world. How do I know this?

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INTRODUCTION TO JOB COST & QUICKBOOKS FOR CONTRACTORS

CHAPTER 4

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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.

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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.

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- 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.

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- #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.

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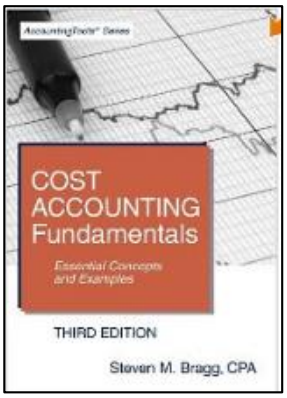
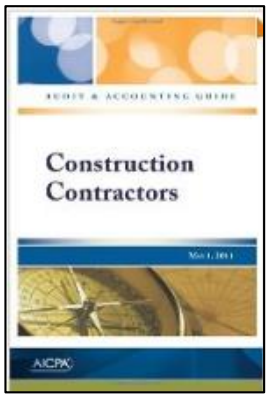
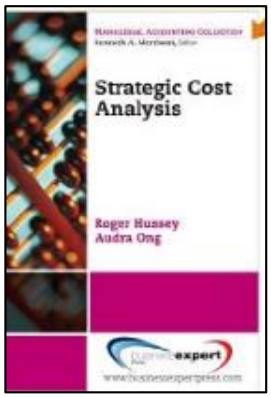
Resources and Reference Material for Job Costing

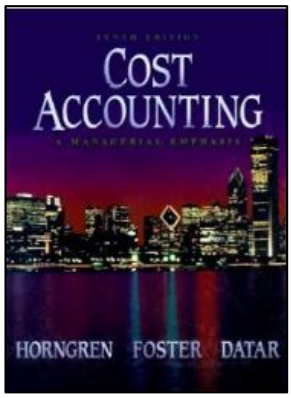
Those that wish to become devoted students to the concept of job costing might consider the following sources:

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

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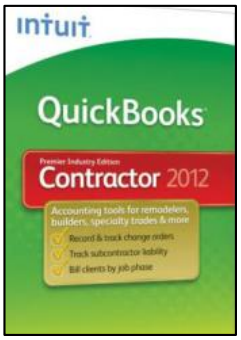
versus short term contracts (page 63), the building of speculative homes (page 64), allocating indirect costs (page 68),

QUICKBOOKS FOR CONTRACTORS



Intuit offers a two Contractors Editions of QuickBooks, called QuickBooks Premier for Contractors ($319) 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:

Construction Company
Job Costs by Job and Vendor Summary
October through December 2016

	Oct - Dec 16
Thomson, Bob:Cottage - New Construction	
Bay City Backhoe Service	2,300.00
Bowden Steam Plumbing	35,034.00
Charlie's Appliance Service	3,400.00
Color-Brite Paint Company	1,163.04
D-Lo Sheetrock	4,800.00
Garcia Marble & Tile	14,716.00
Hayden's Cabinets	12,532.00
High Quality Lumber	2,790.03
Kimble Hardware Store	1,635.02
Levin's Landscaping	12,085.03
Moise Electrical Supply	4,521.00
Nystrom Windows	3,567.09
Robison Heating & Air	24,098.00
Viking Door	11,986.00
West Coast Insulation	936.00
Total Thomson, Bob:Cottage - New Construction	135,563.21
TOTAL	135,563.21

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:

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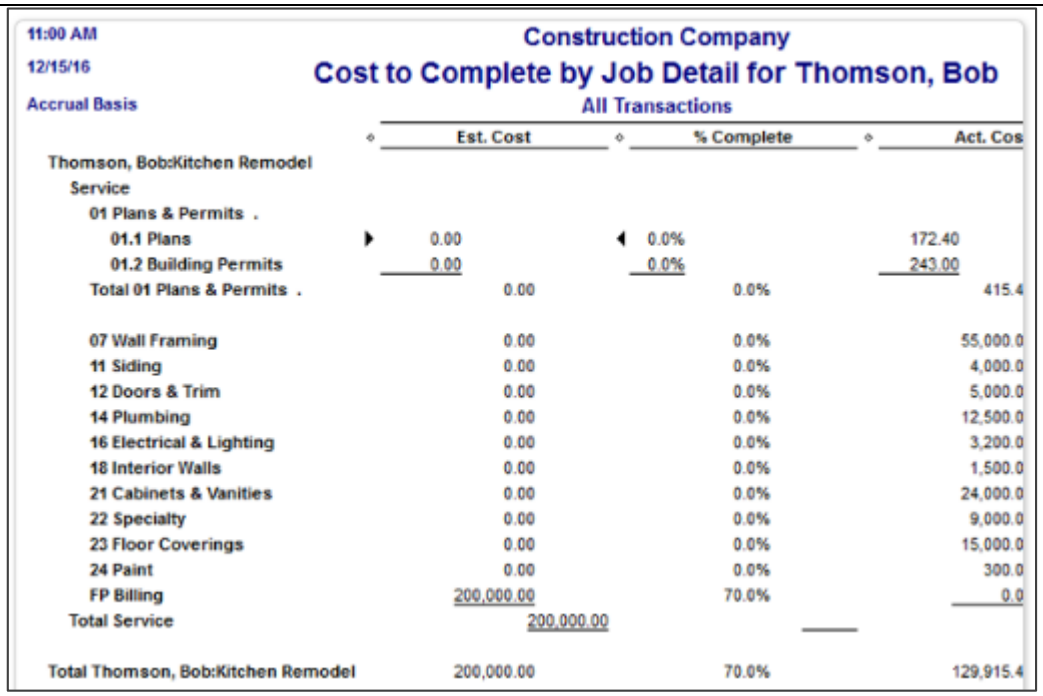
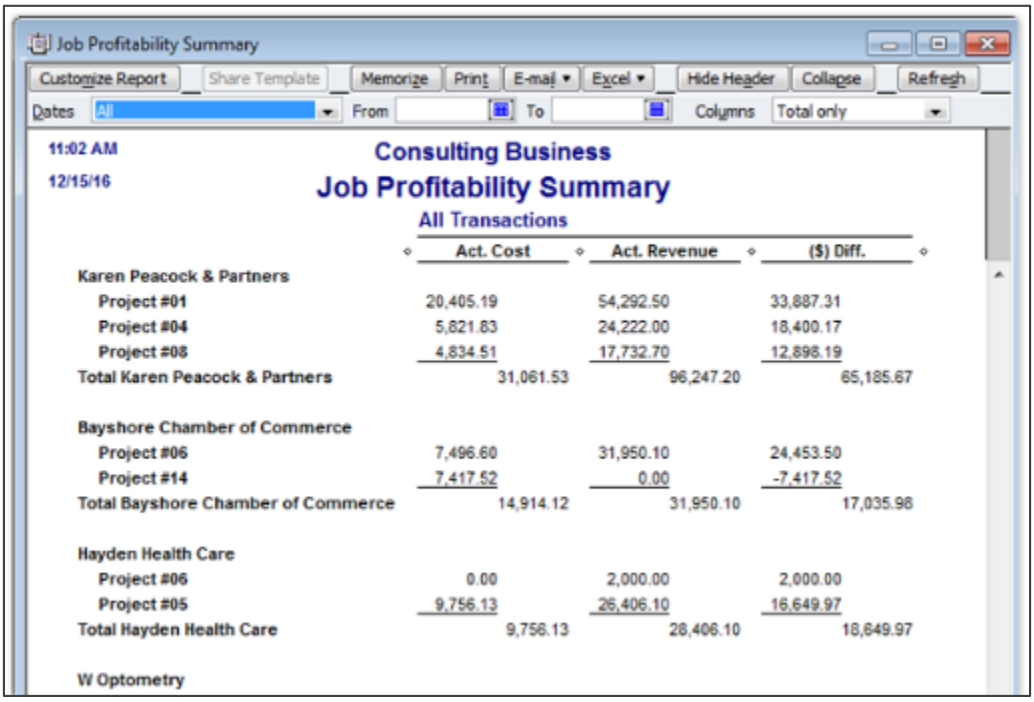


11:00 AM
12/15/16
Accrual Basis

Construction Company
Cost to Complete by Job Detail for Thomson, Bob
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

Customize Report | Share Template | Memorize | Print | E-mail | Excel | Hide Header | Collapse | Refresh
Dates All | From | To | Columns Total only

11:02 AM
12/15/16

Consulting Business
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:

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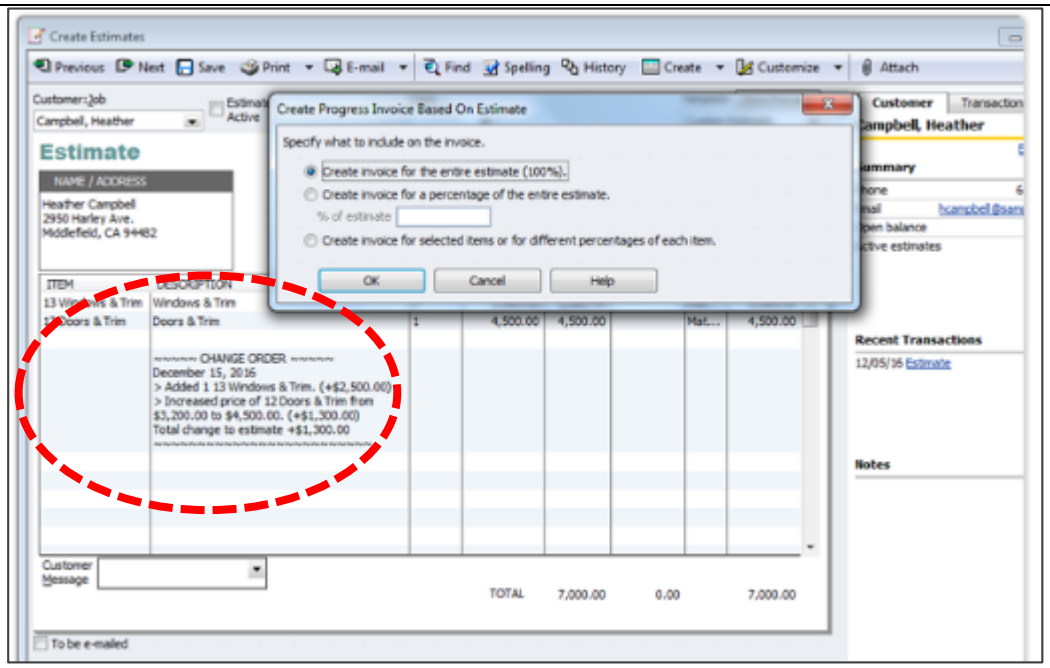
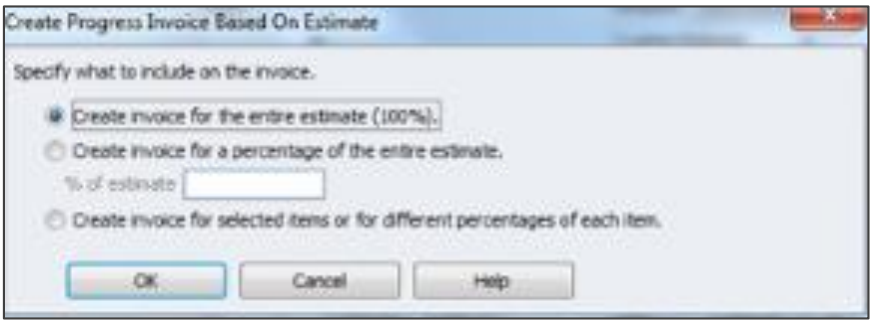


5. **Bill Clients Progressively By Job Phase** - Track and bill clients by time & material, job phase, or percentage completion, whatever works best for your unique business. Here is an example of the screen where you control this parameter:



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.

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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 Complex Payment Applications, 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 Complex Payment Applications 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 Simple Invoices 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 Simple Invoices 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.

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ESSENTIAL QUICKBOOKS
JOB COSTING

CHAPTER 5

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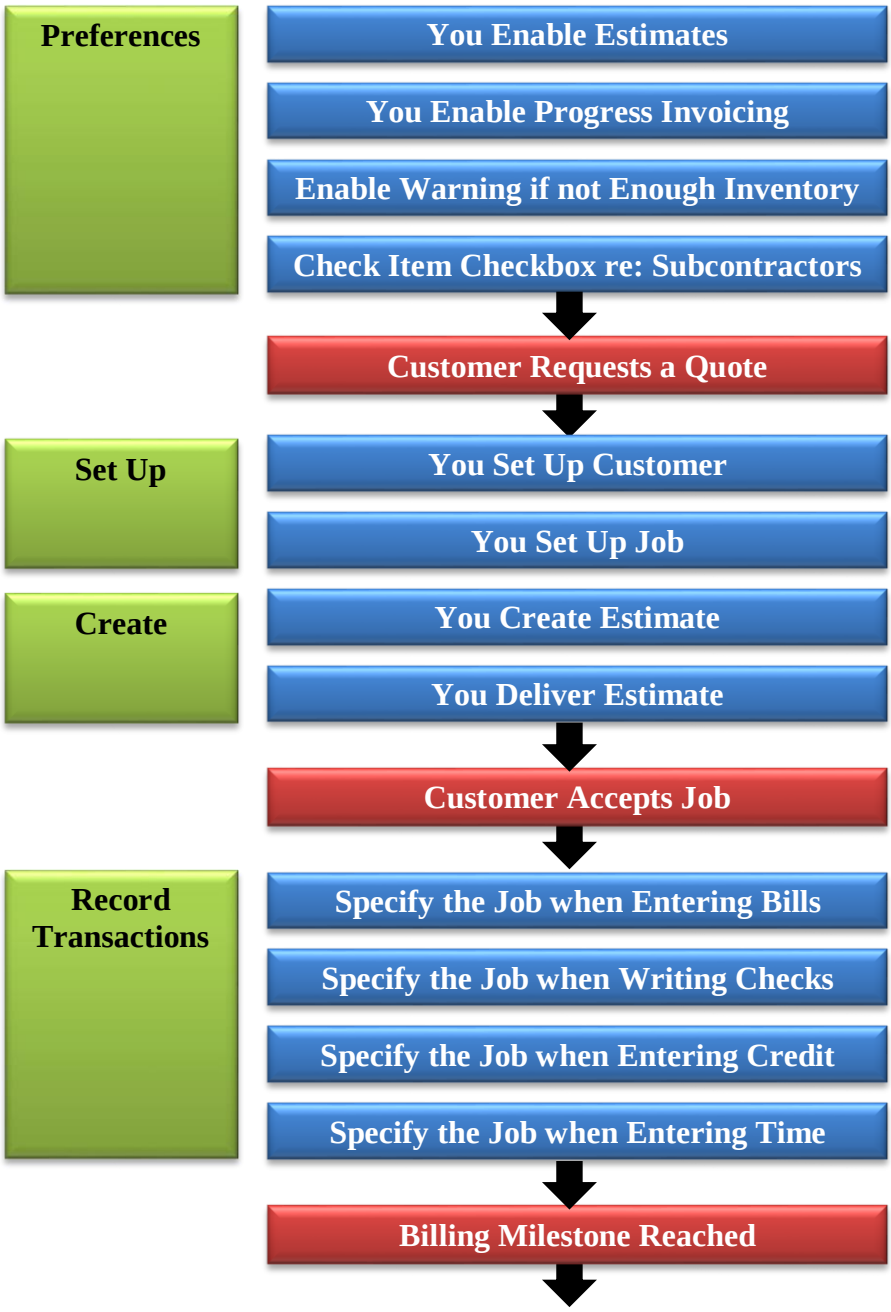
QuickBooks Job Cost Overview

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.



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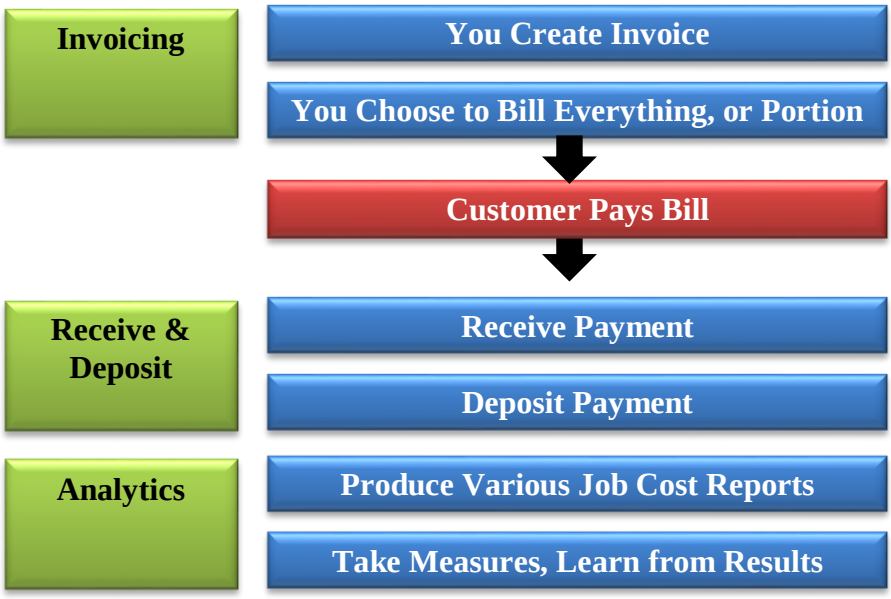

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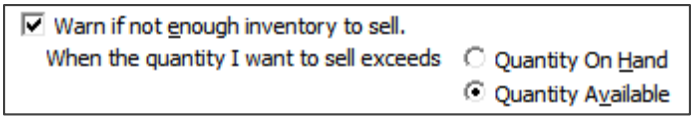
Preference Settings:

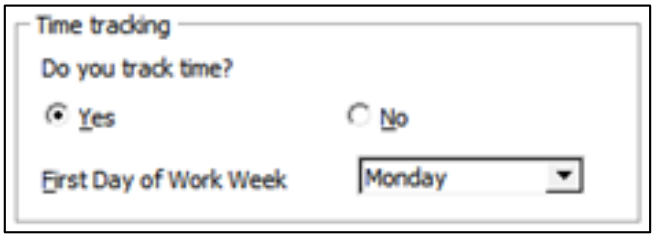
1. **Use Estimates?** - Start by enabling Estimates. (**Edit**, **Preferences**, **Jobs & Estimates**, **Company Preferences** tab, select the radio button labeled **Do You Create Estimates?**)

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

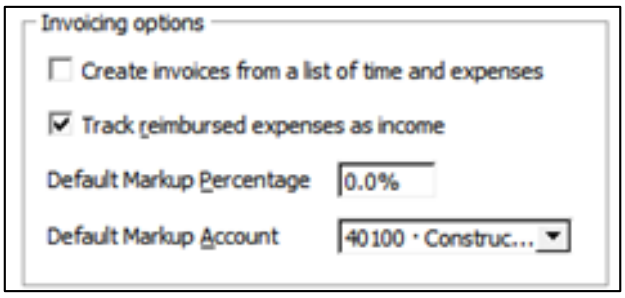
3. **Inventory Warning?** - Next, enable the warning if not enough inventory to sell, based on what's available. (**Edit**, **Preferences**, **Items & Inventory**, **Company Preferences** tab)



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?**



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



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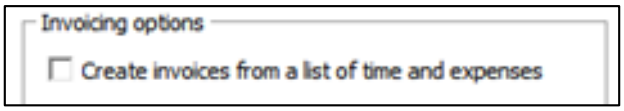
QuickBooks recognizes two types of expenses used to track job profitability, as follows: Job costing expenses and Reimbursable expenses. (A company may do either of these, or both.)

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.

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.

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 as you record the expenses, QuickBooks marks those expenses up and records them so you can bill them to your client. In both cases, you end up with the actual amount of costs incurred captured in that job, but 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.

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 (thereafter, when you pay that vendor, you don't use the expenses tab, you use the items tab.) (This allows you to add a markup to each item when you create your estimate)

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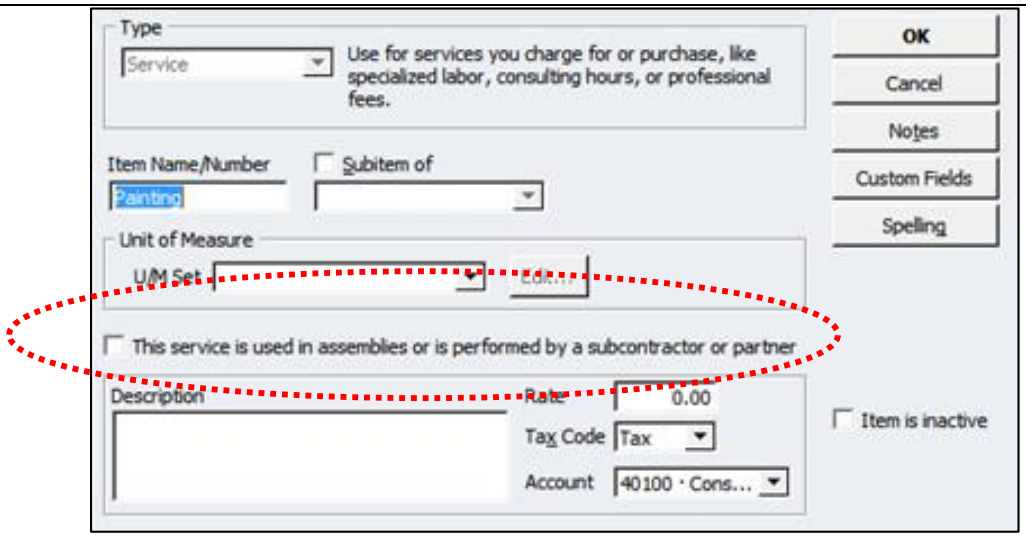
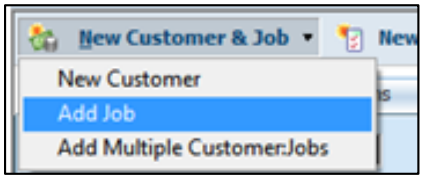


(* This setting not only produces better organized job cost reports, it also collects the information needed for producing subcontractor 1099's at year end.)

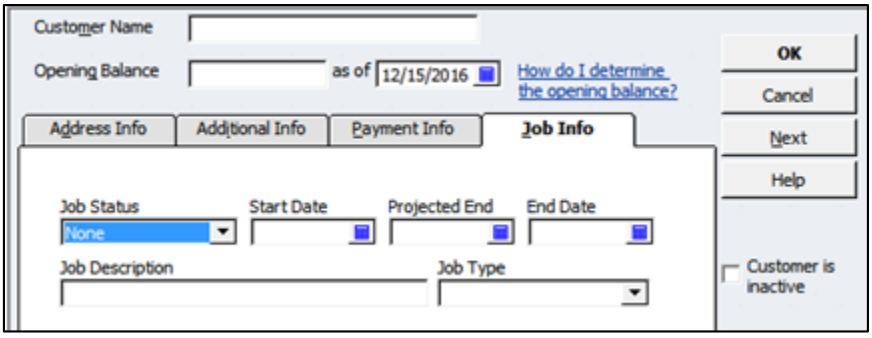
9. **Billing Rate Levels** (Discussed in Inventory)

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

10. Start by setting up the 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)

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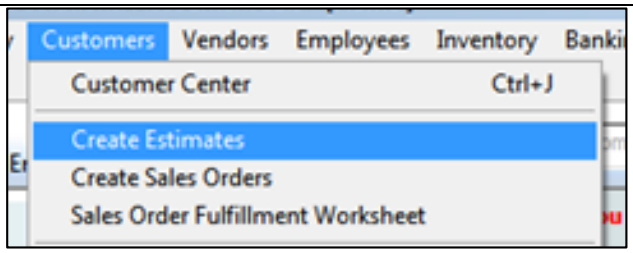
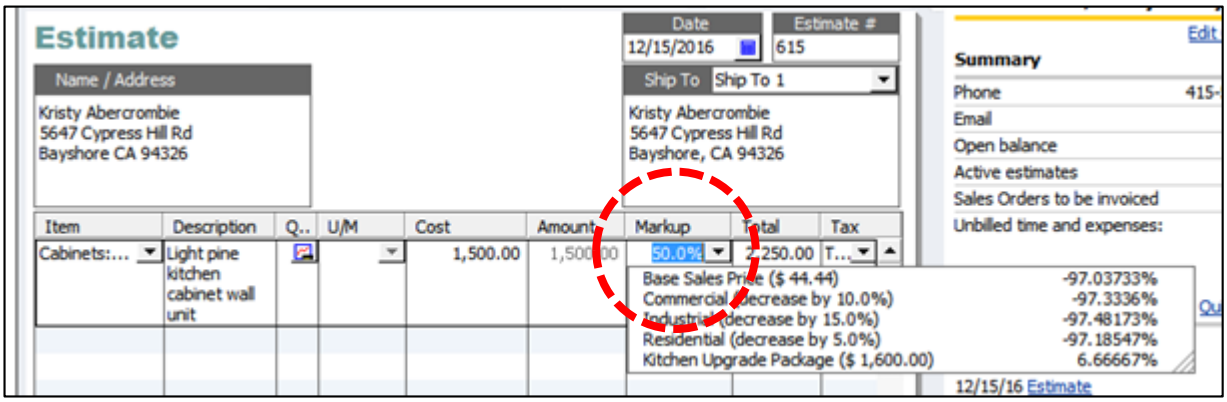
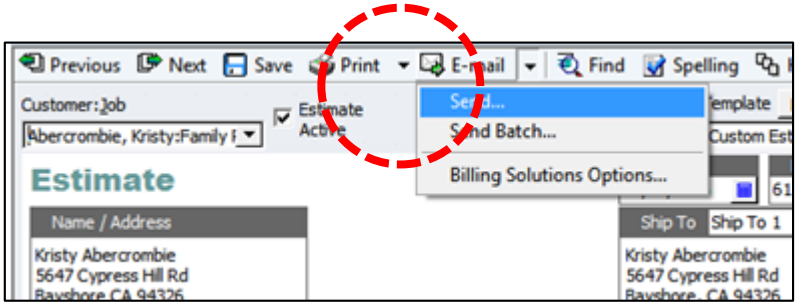


a. As you add items, make sure to add the desired markup as well.



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.

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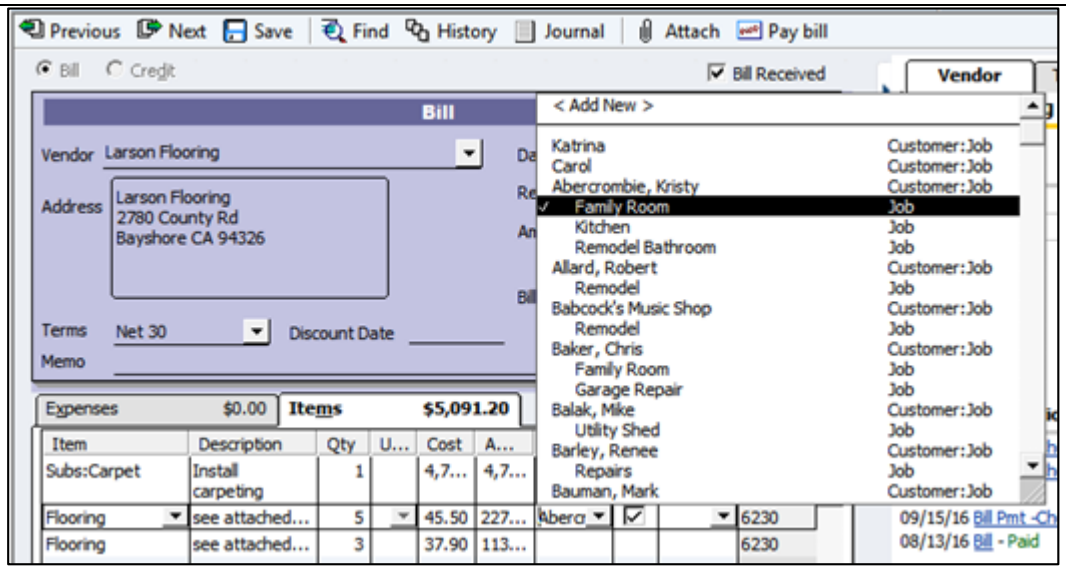
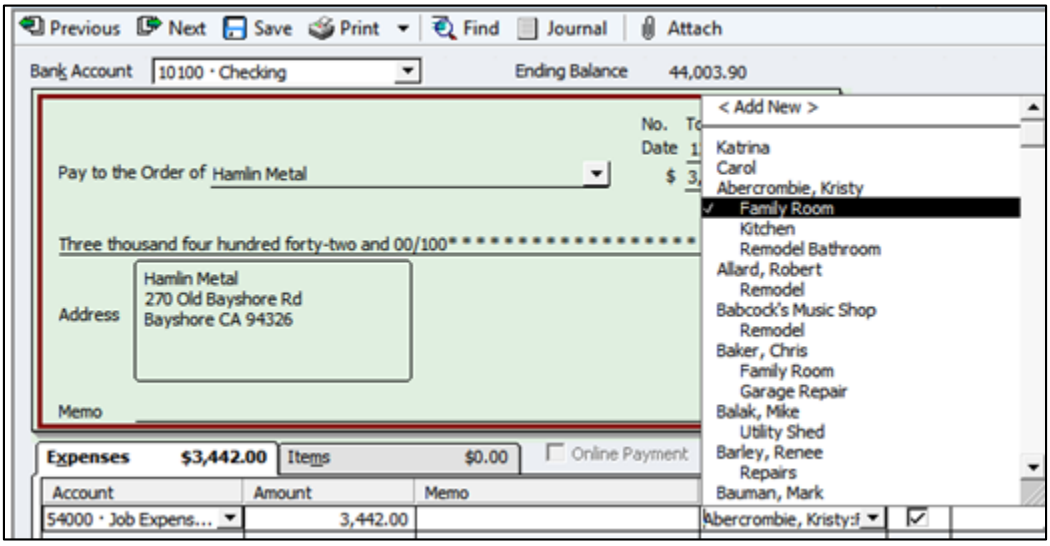
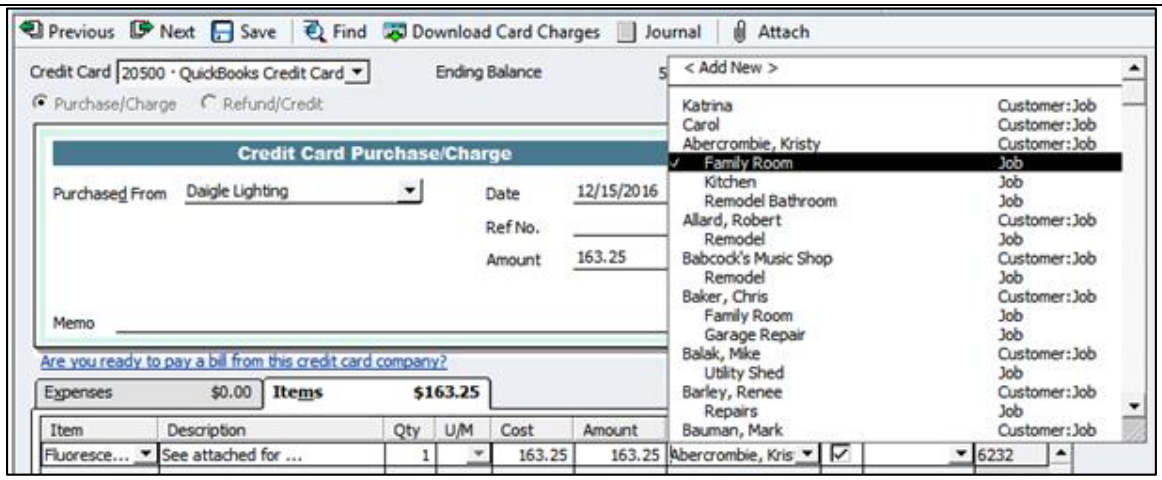


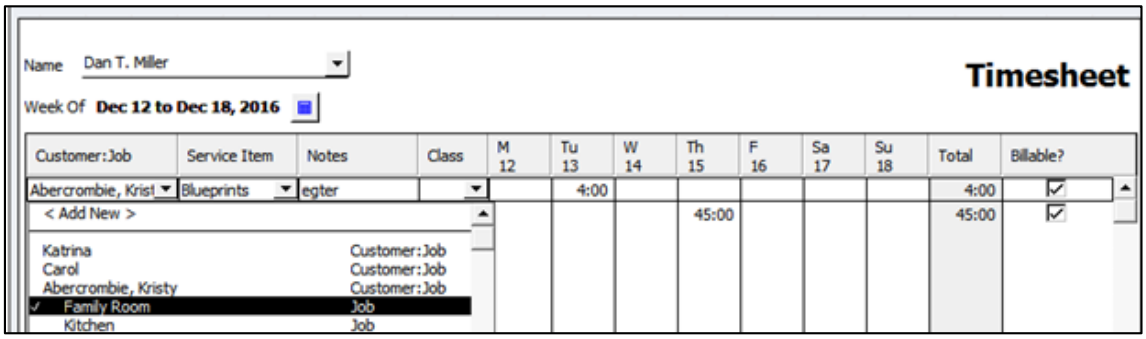
15. Specify the Customer and Job when writing checks.

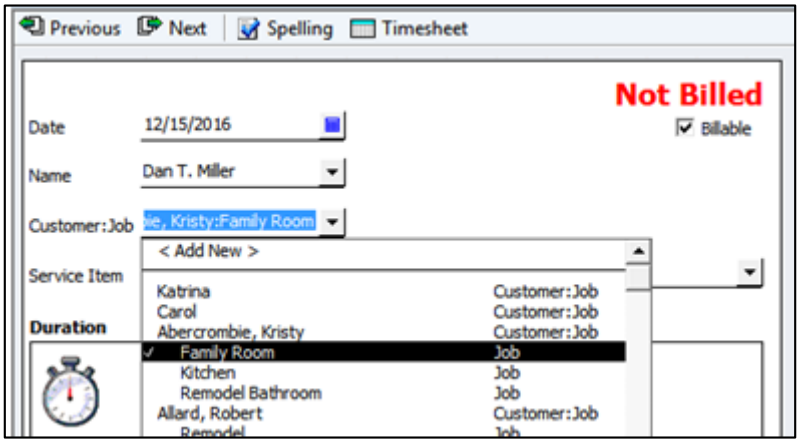


16. Specify the Customer and Job when entering credit card charges.



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**.

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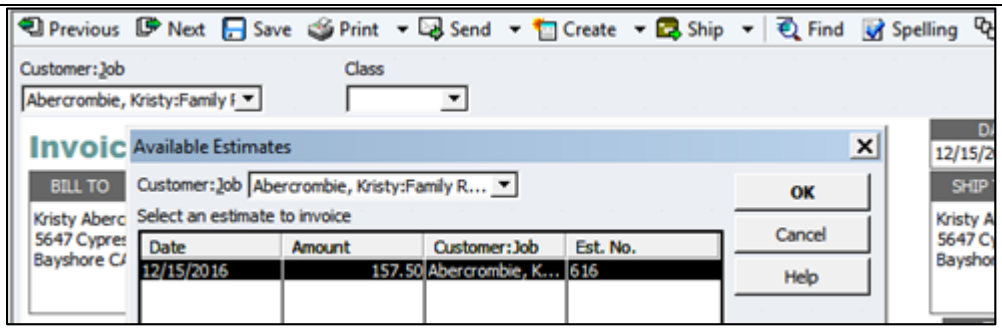
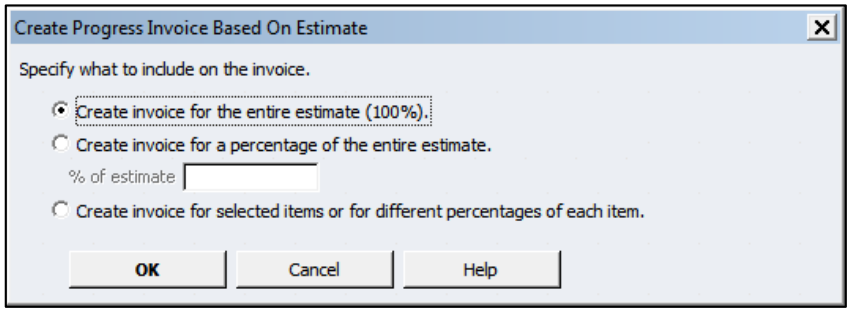


a. You will have the choice to bill everything, or bill a portion of the total contract based on a percentage, or bill based on a percentage completion for each item included in the estimate.



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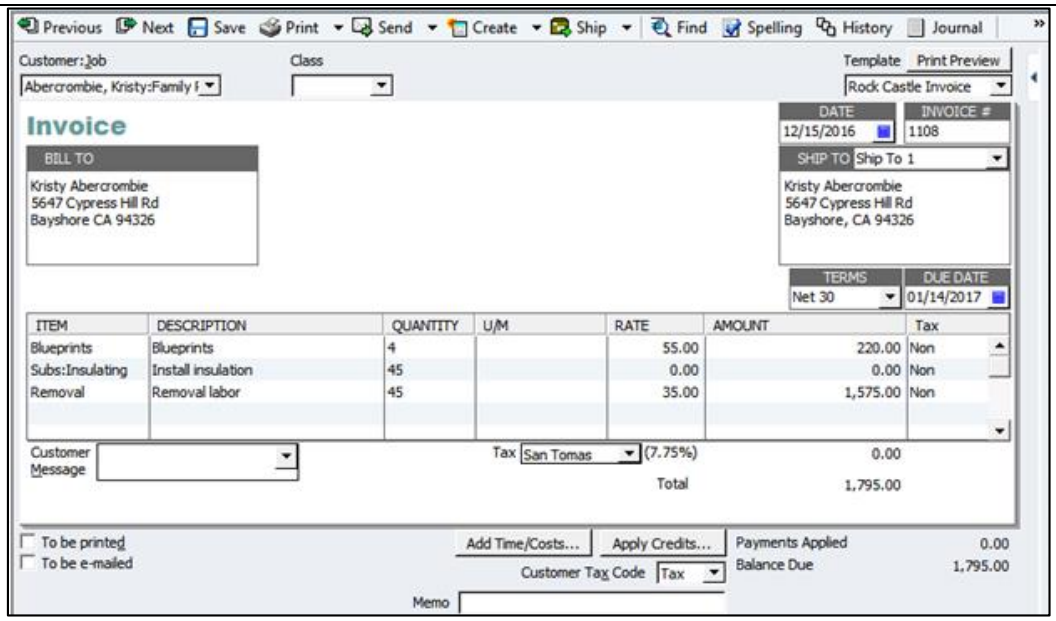
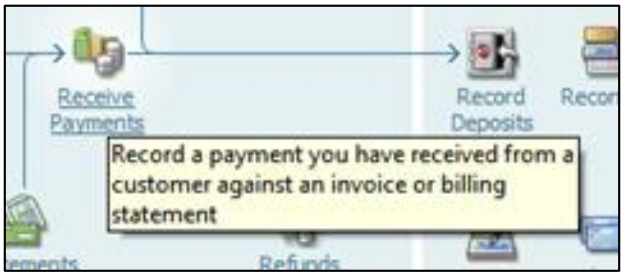
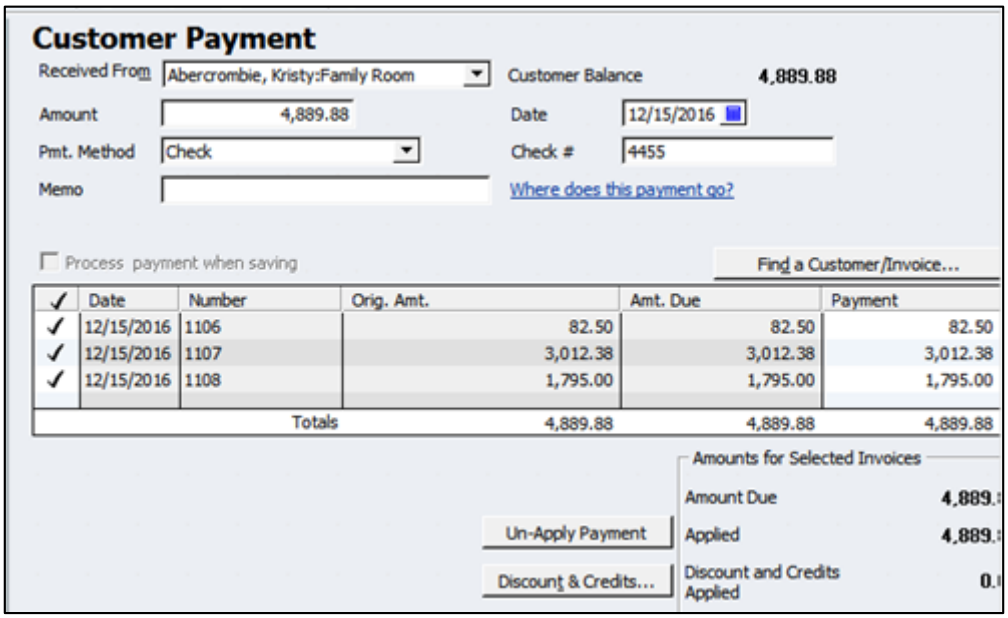


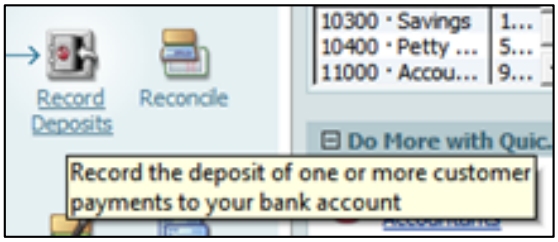
Customer Pays Invoice

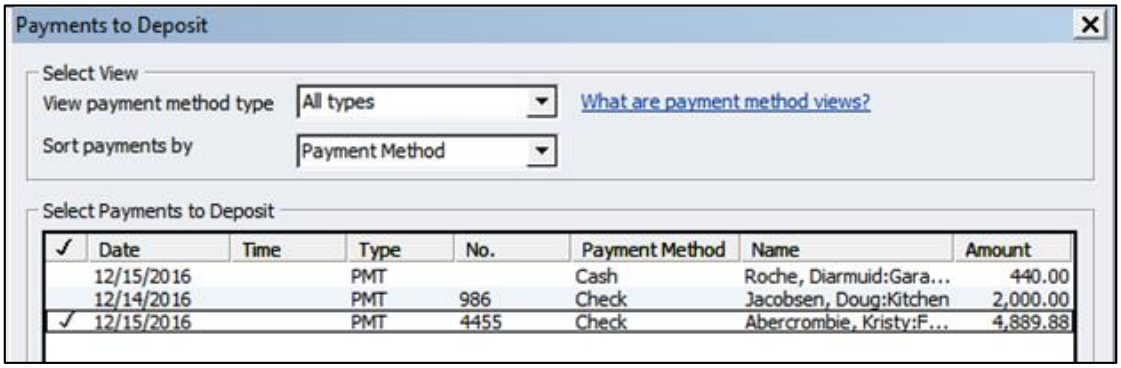
19. Receive the payment and record the payment against the invoice.

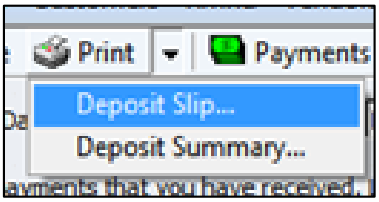


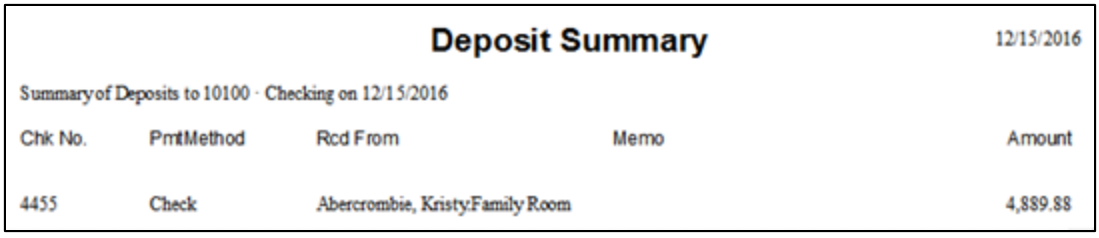


20. Prepare deposit and deposit check at bank.









Deposit Summary 12/15/2016

Summary of Deposits to 10100 · Checking on 12/15/2016

Chk No.	PmtMethod	Rcd From	Memo	Amount
4455	Check	Abercrombie, Kristy:Family Room		4,889.88

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.

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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.

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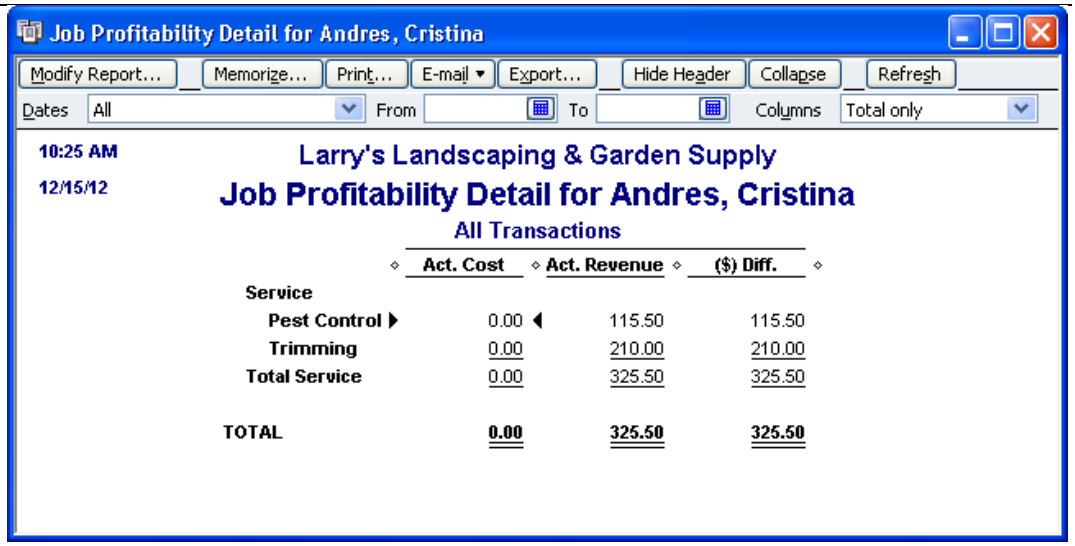


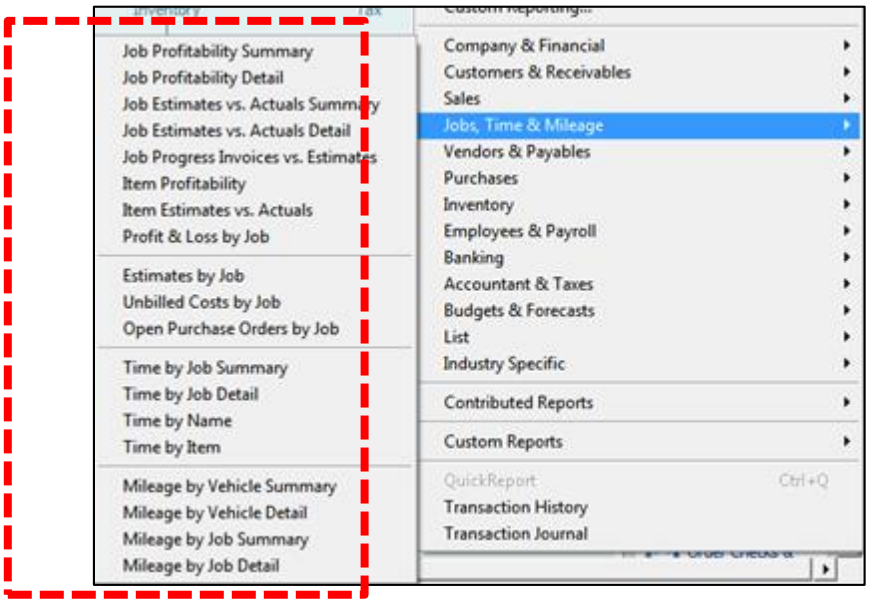
Survey Customer

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:



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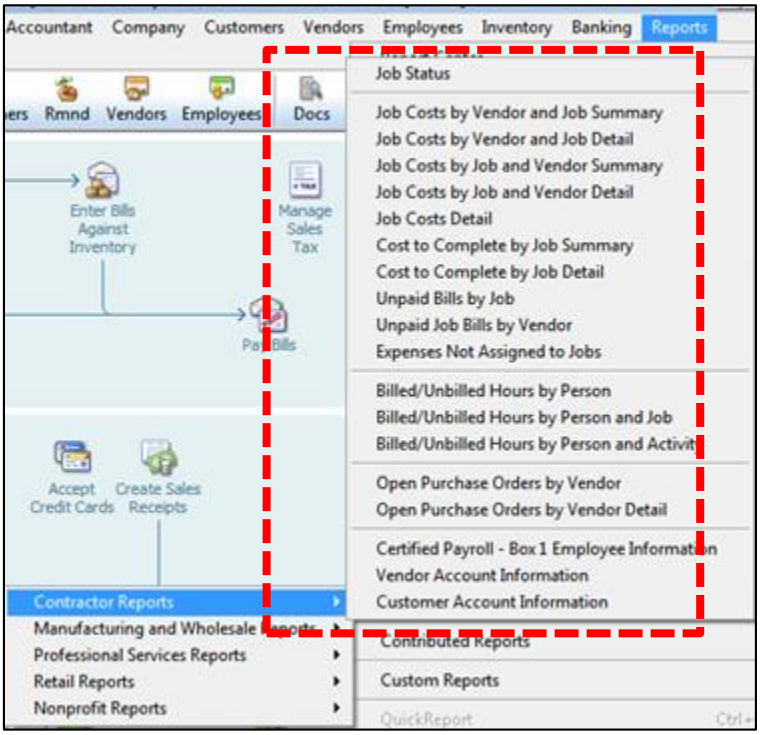
In addition, the QuickBooks for Contractors Edition offers 19 additional job cost reports, as listed below:



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QUICKBOOKS INVENTORY

CHAPTER 6

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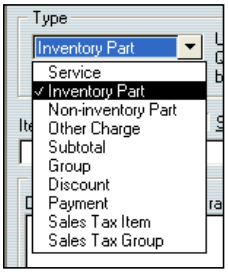
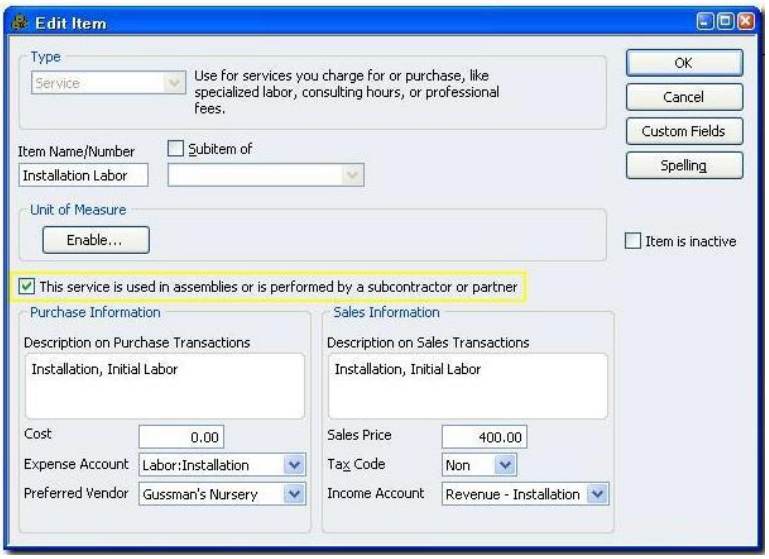
QuickBooks Items

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

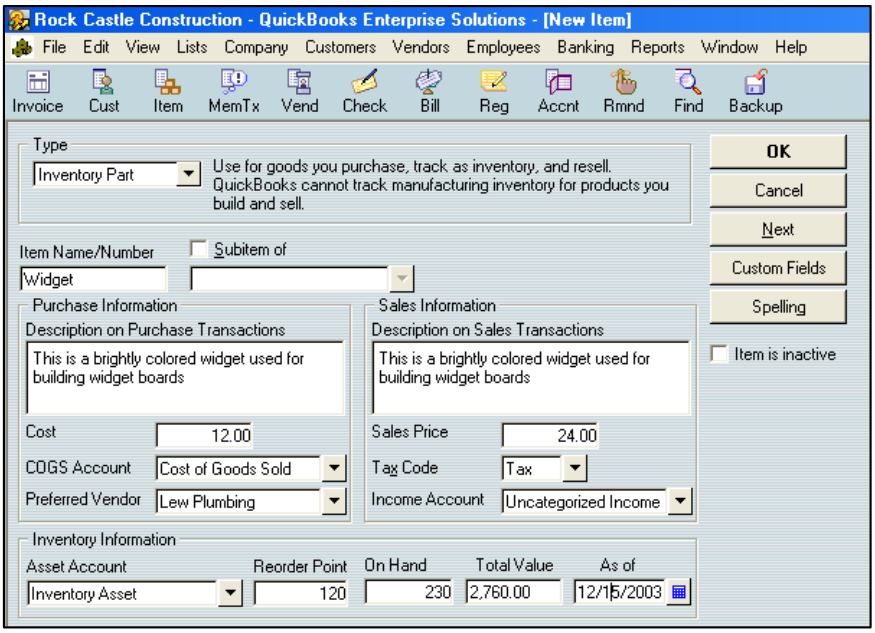


Item Types - QuickBooks offers 12 item types, as follows:

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.



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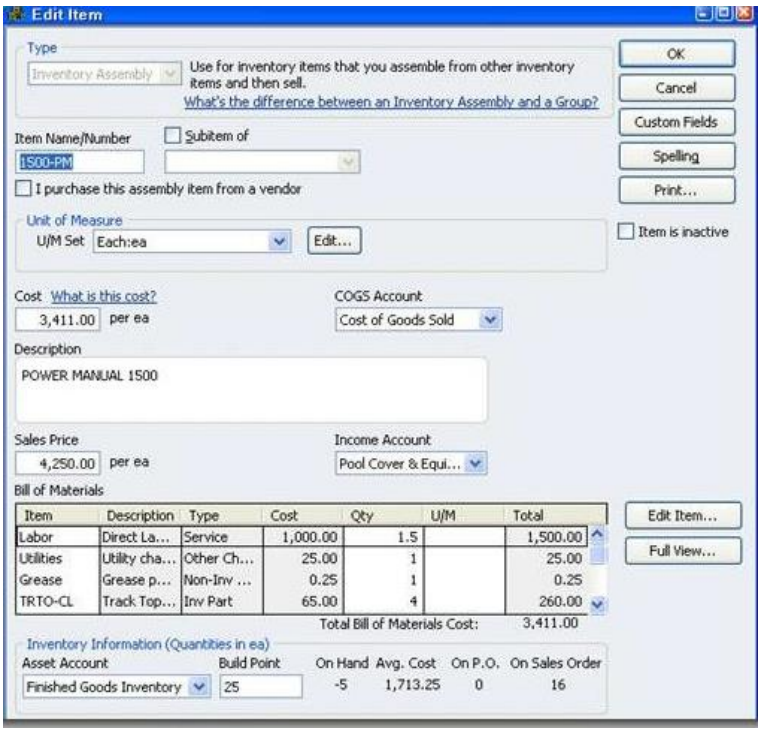
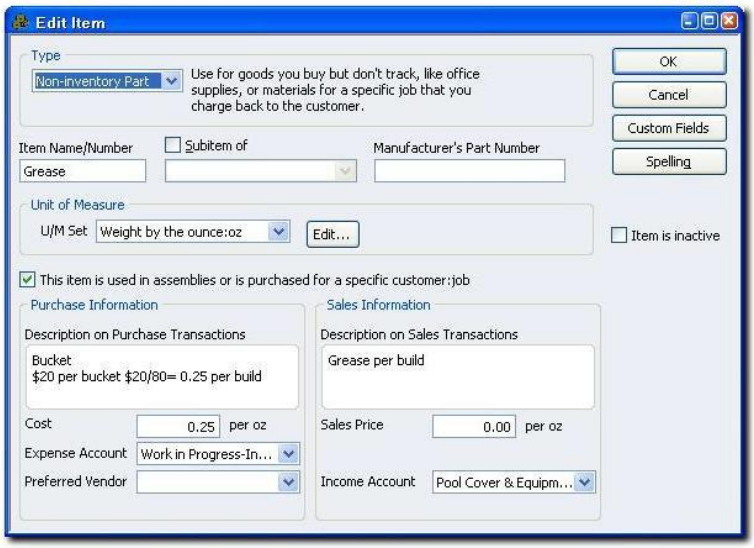
3. **Inventory Assembly** - (Premier and Enterprise editions only) Assembled goods you build or purchase, track as inventory, and resell. Note: QuickBooks cannot track the costs associated with the manufacturing process itself. In other words, the cost of a built assembly item depends only on the cost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

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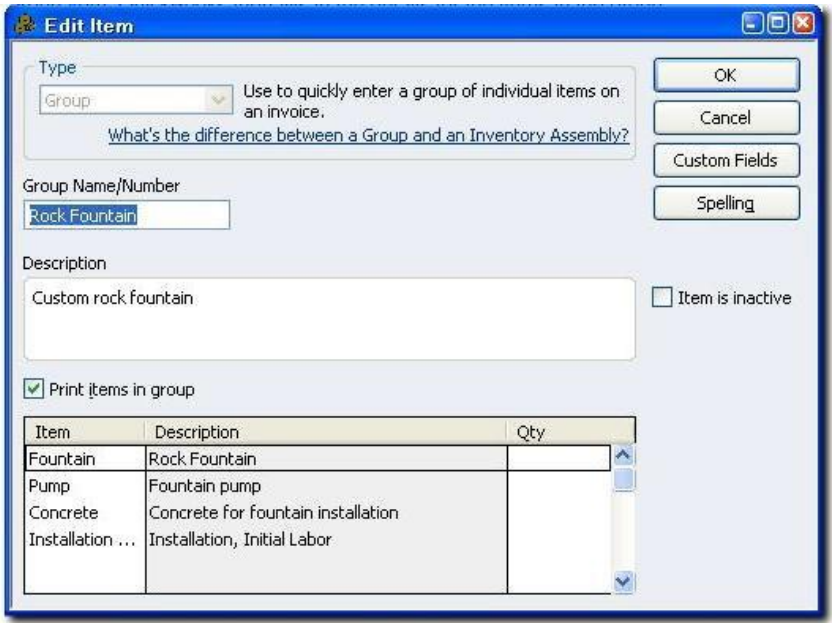
6. **Other Charge** - Miscellaneous labor, material, or part charges such as delivery charges, setup fees, and service charges, bounced checks, late fees, opening balance, reimbursable expenses, retainers, surcharges, gift certificates, prepayments, retainers, sales tax, and shipping and handling fees.

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.

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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

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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.

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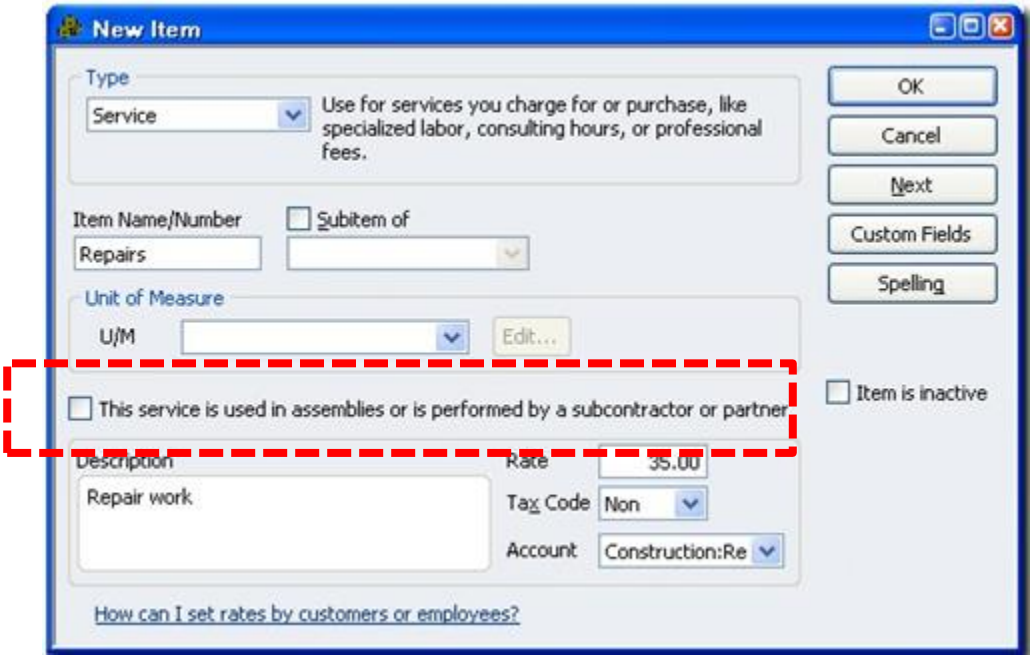
Explanation

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.

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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 inactivate. 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

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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.

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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.

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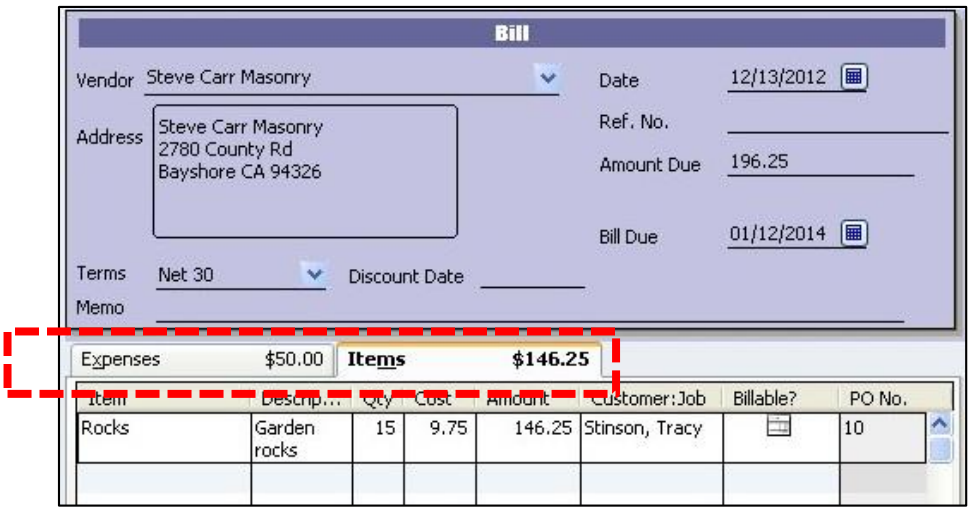
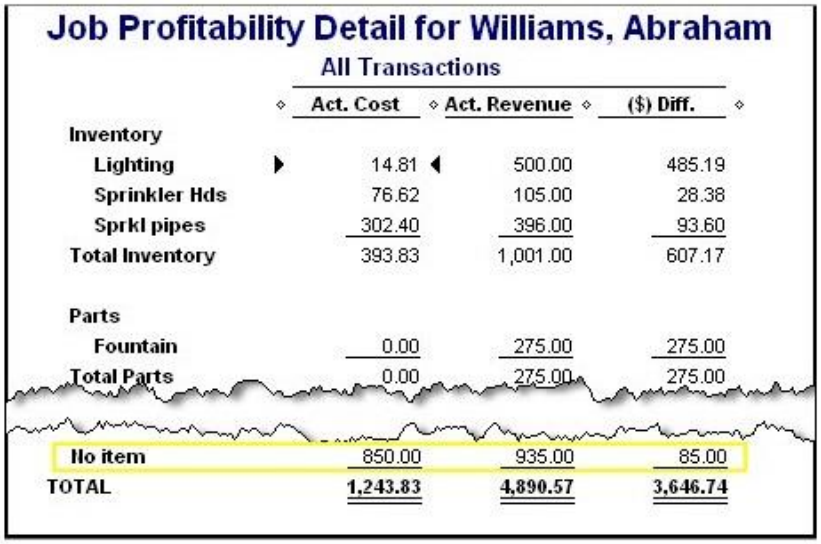
Using Items Versus Expenses

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.



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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.

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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**.

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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.

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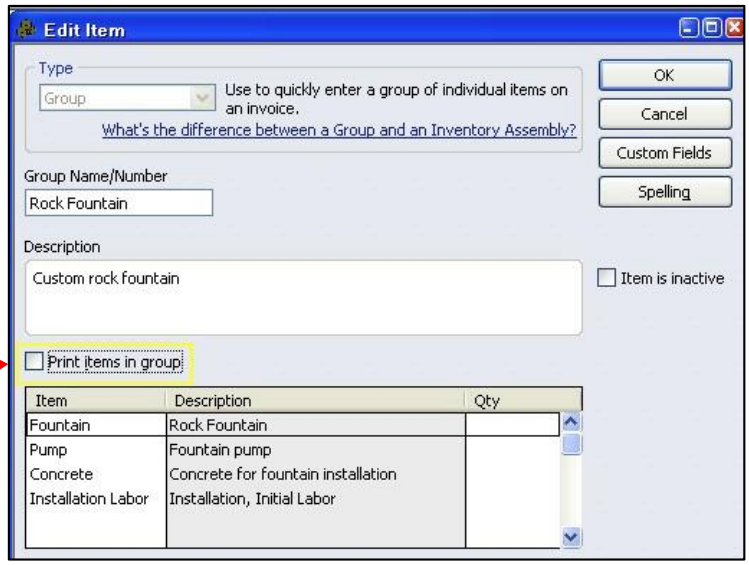
Setting Up And Using Group Items

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:

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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?

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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.

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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.

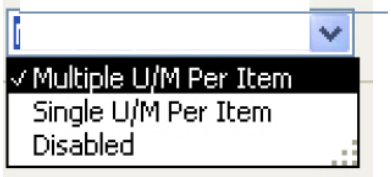
Both single and multiple units of measure have the same categories of units:

- 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

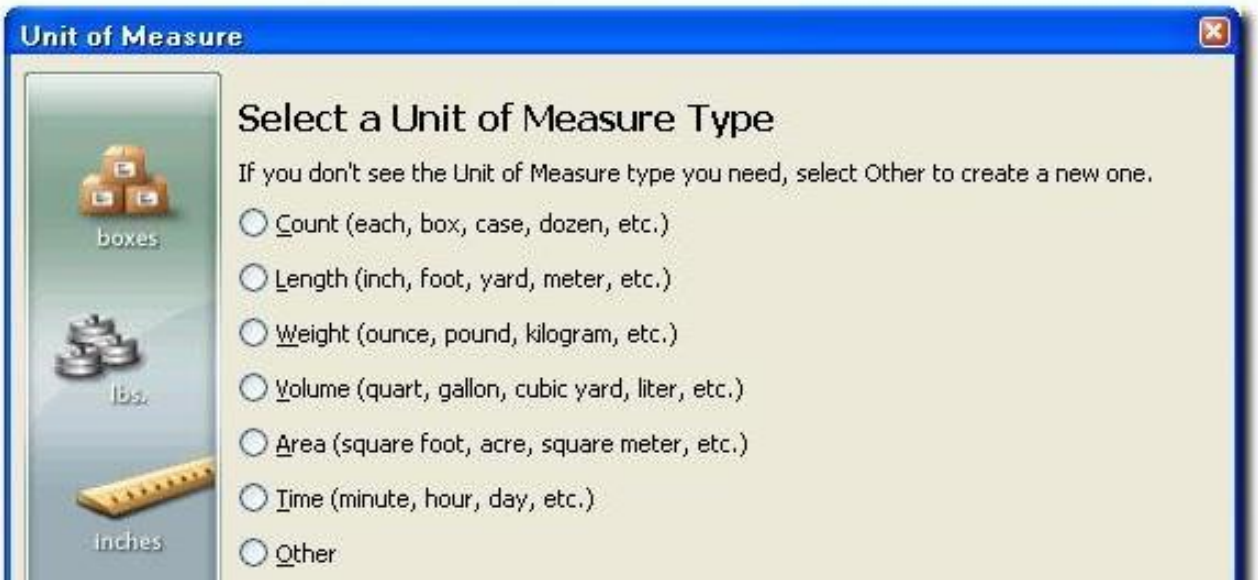
To set up Unit of measure functionality, start by enabling this feature in the company file by selecting **Edit**, **Preferences**, **Items & Inventory**, **Company Preferences** and select **Multiple U/M Per Item** from the **Unit of Measure** drop down box. You can also turn this feature on in the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



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.

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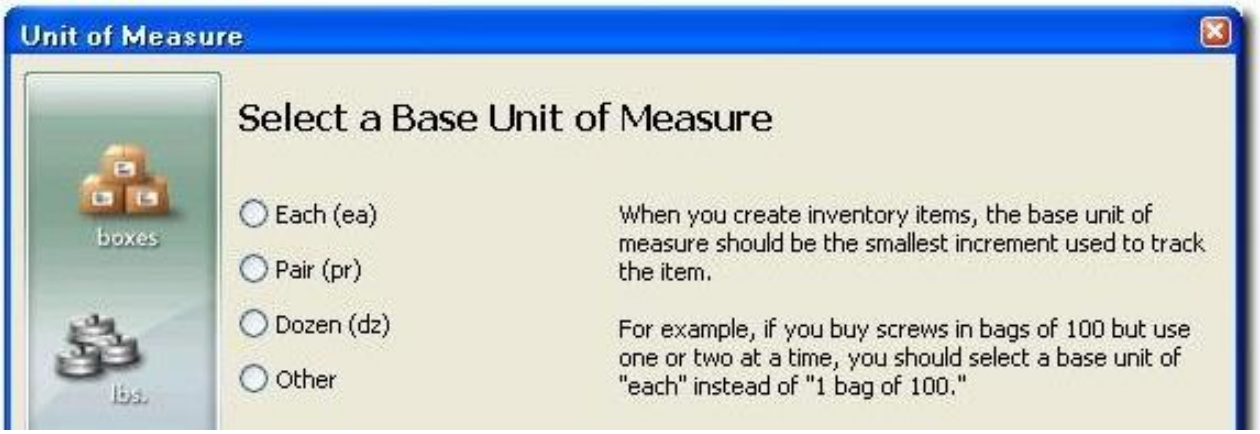
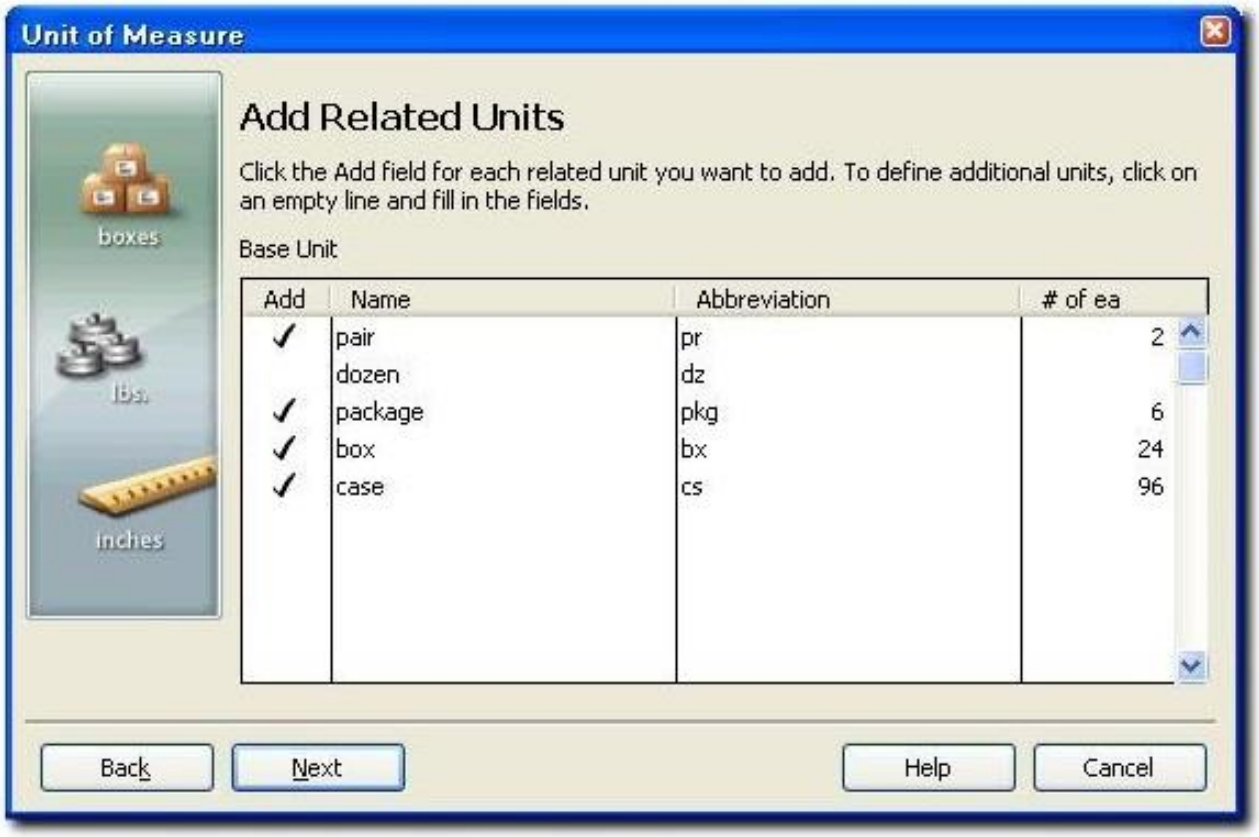


Other clients may need to create measurement sets (note that measurement sets are not available in all editions of QuickBooks) that include the base unit and multiples of the base unit (each, box, case). A measurement set stores units of measure related by type (count, area, weight, length, time, and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

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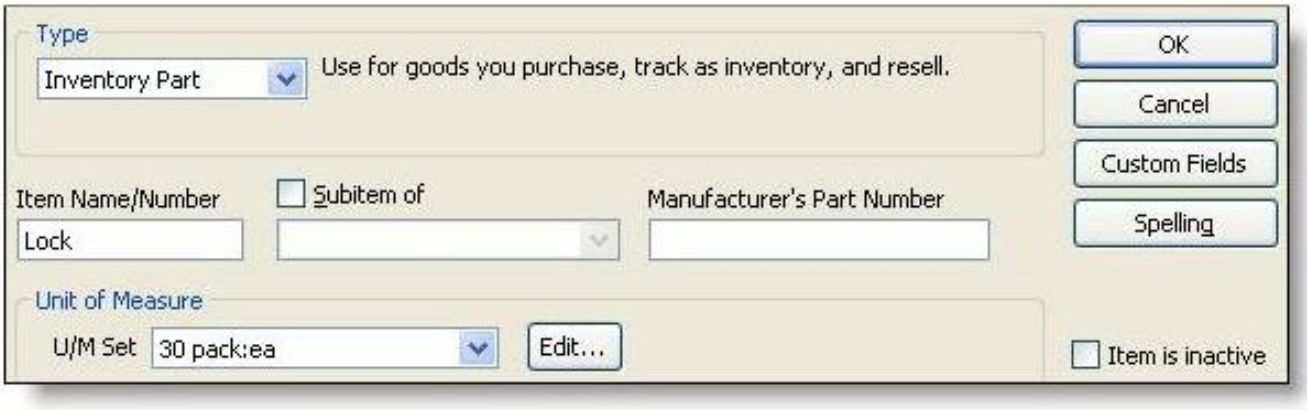
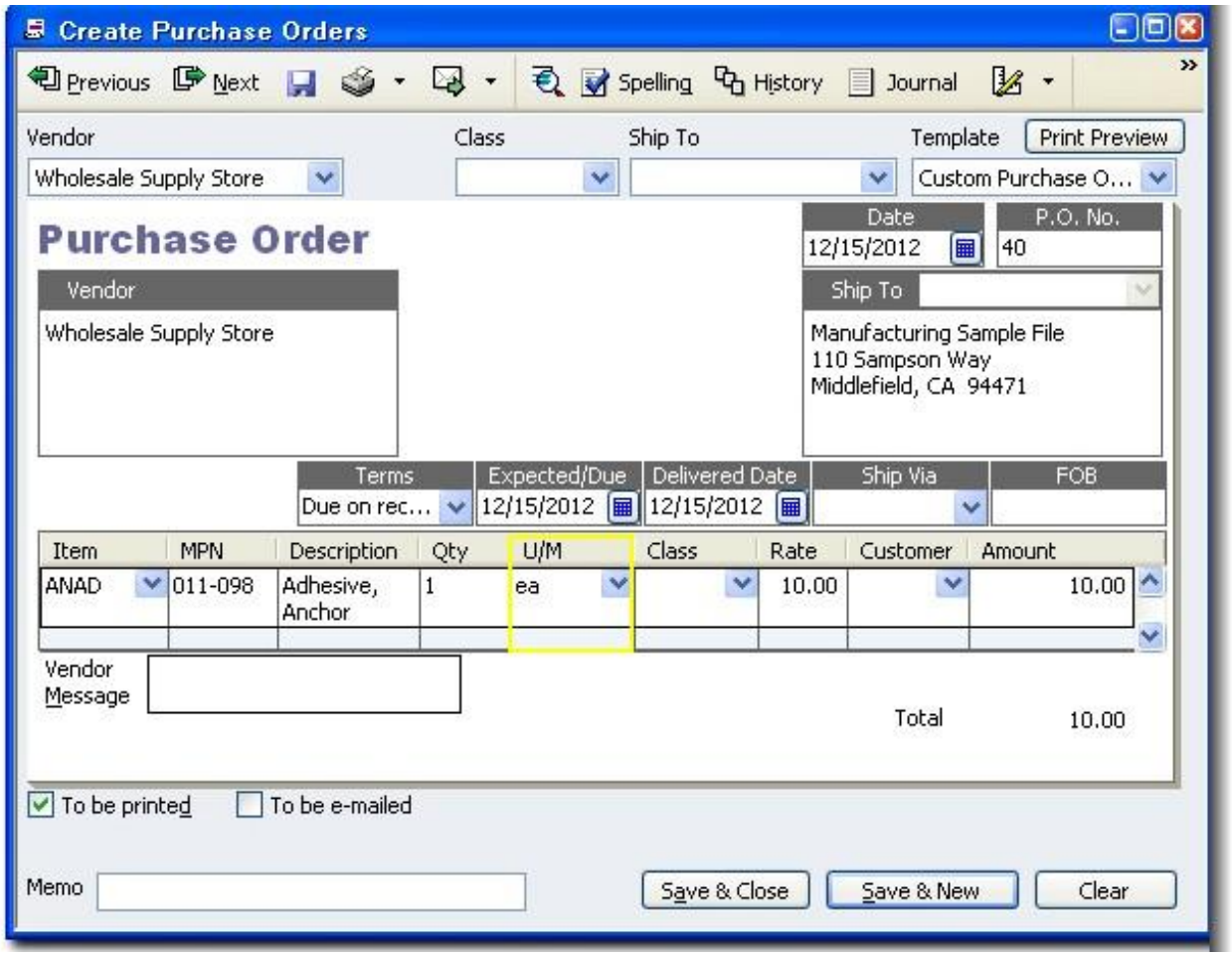


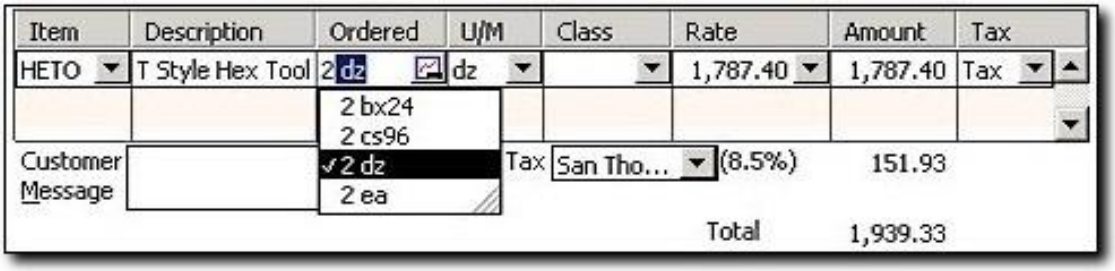
Using Units of Measure in Transactions

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



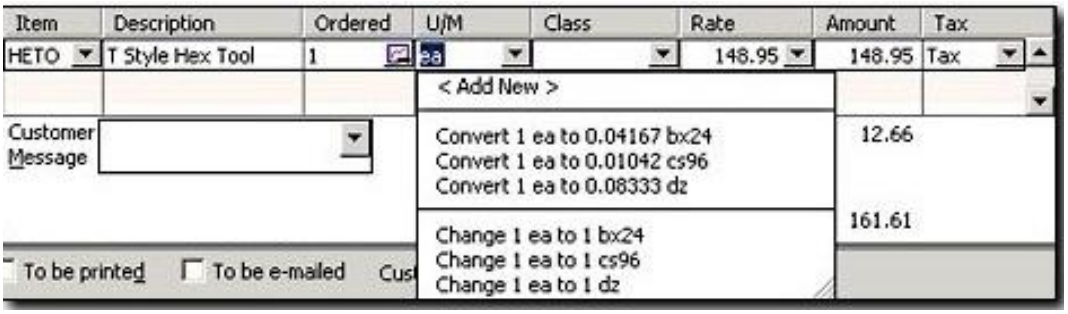
On invoices, sales orders, checks, bills, purchase orders, and other transactions (multiple mode only), when you enter a quantity for a line item associated with a measurement set, a menu appears that shows all available related units assigned to the item. Changing the unit of measurement in the Ordered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

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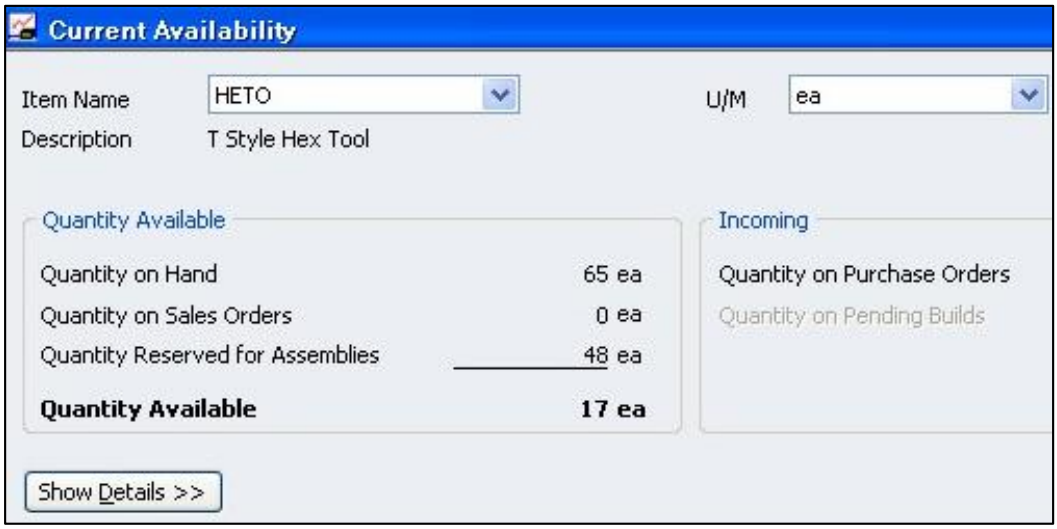

Where units of measure appear in QuickBooks

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

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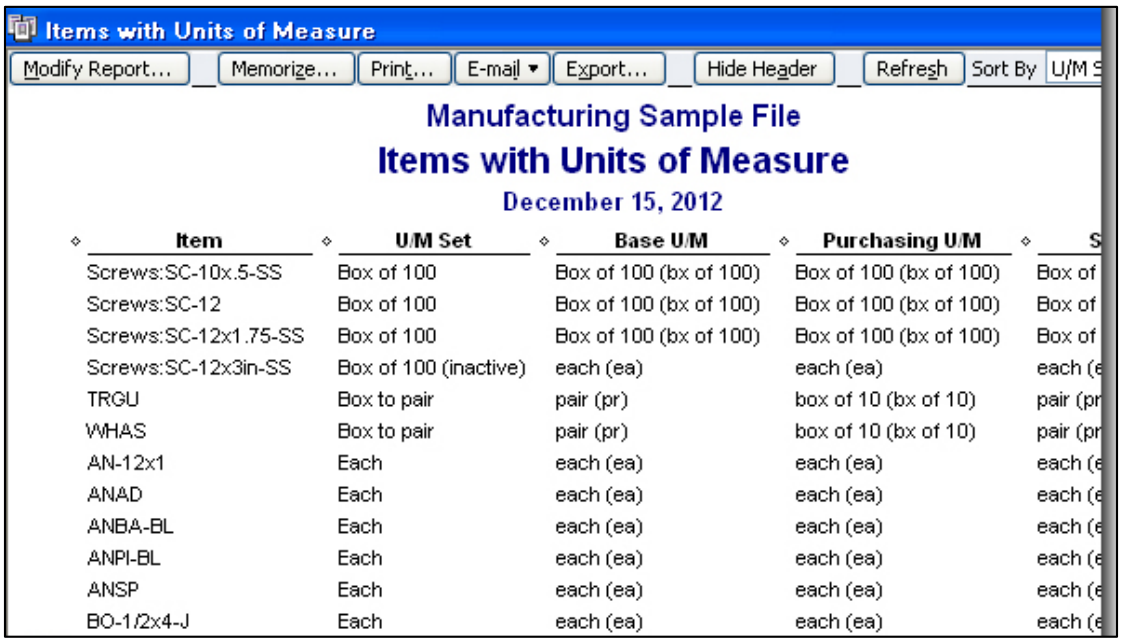
Changing from Single U/M Per Item to Multiple U/M Per Item does not affect any unit of measure assignments already made to items. It only adds the possibility of creating additional units of measure for each item. When first switching from Single U/M Per Item to Multiple U/M Per Item, the measurement 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.

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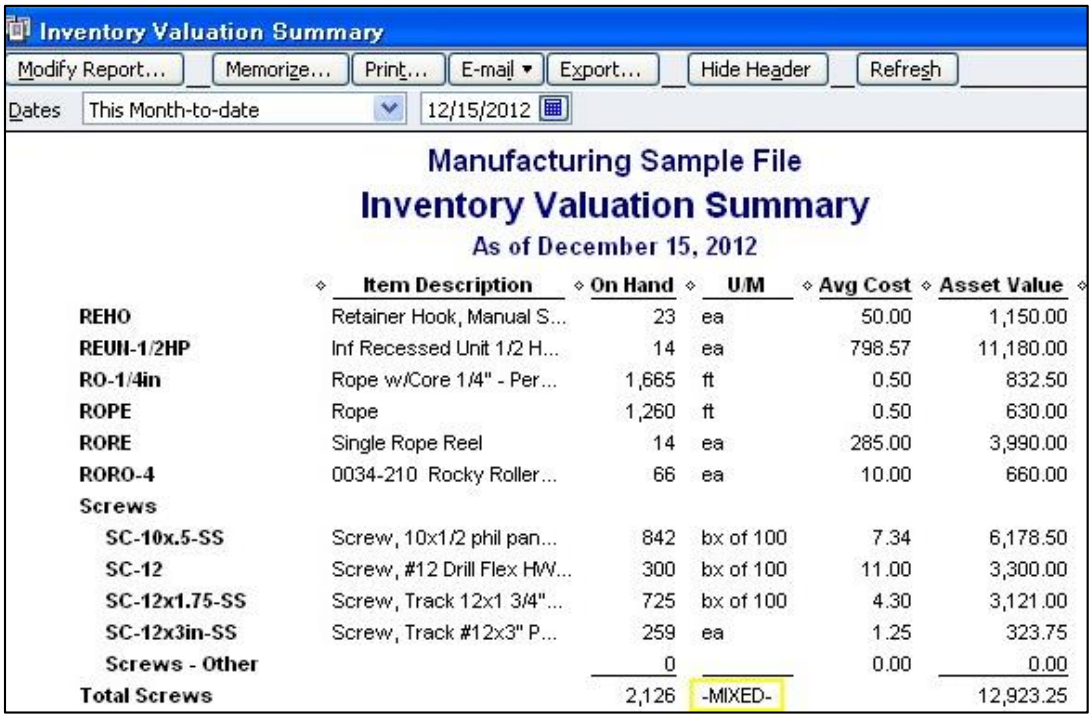

Inventory Valuation Summary

Modify Report... | Memorize... | Print... | E-mail | Export... | Hide Header | Refresh

Dates: This Month-to-date | 12/15/2012

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
REUH-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 H/W...	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

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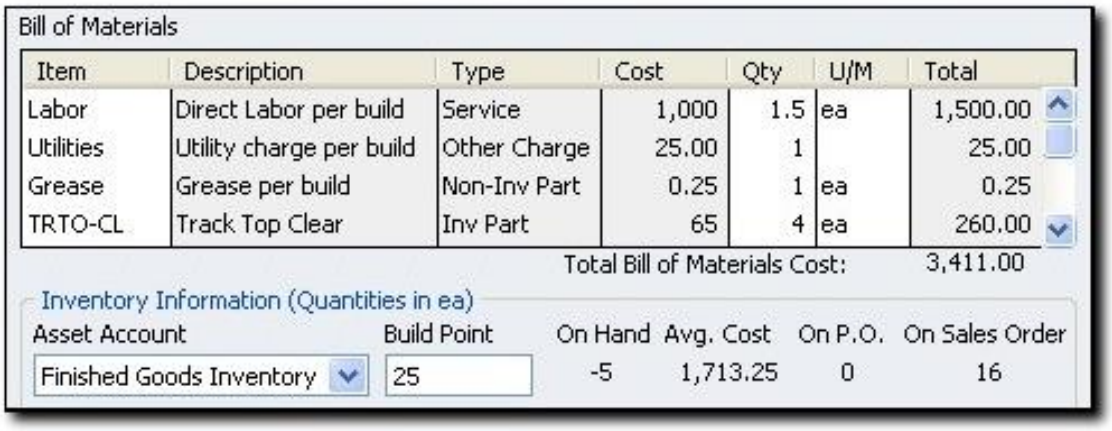
When you create an assembly item, you list all of the component parts (and the quantities of each) required for that item, including both material and non-material costs such as overhead or labor. You can include inventory parts, other assembly items, service items, non-inventory parts, other assembly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

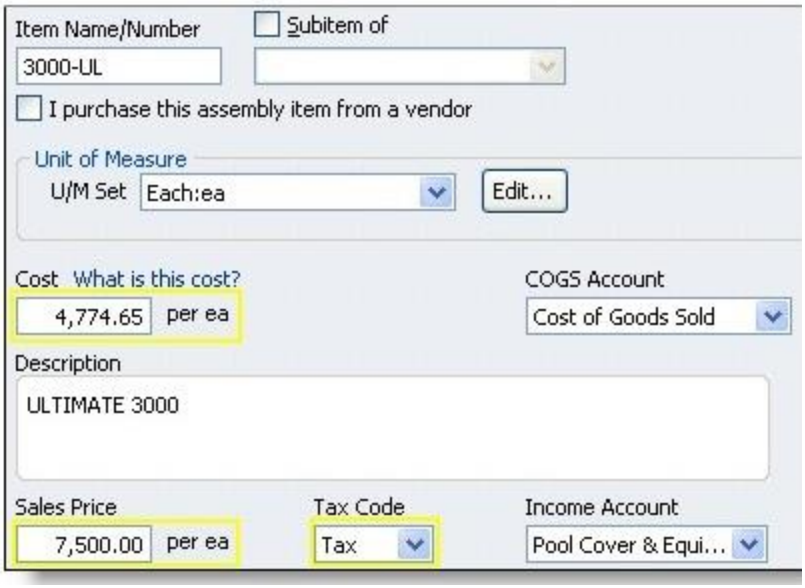
Bill of materials for assembly items



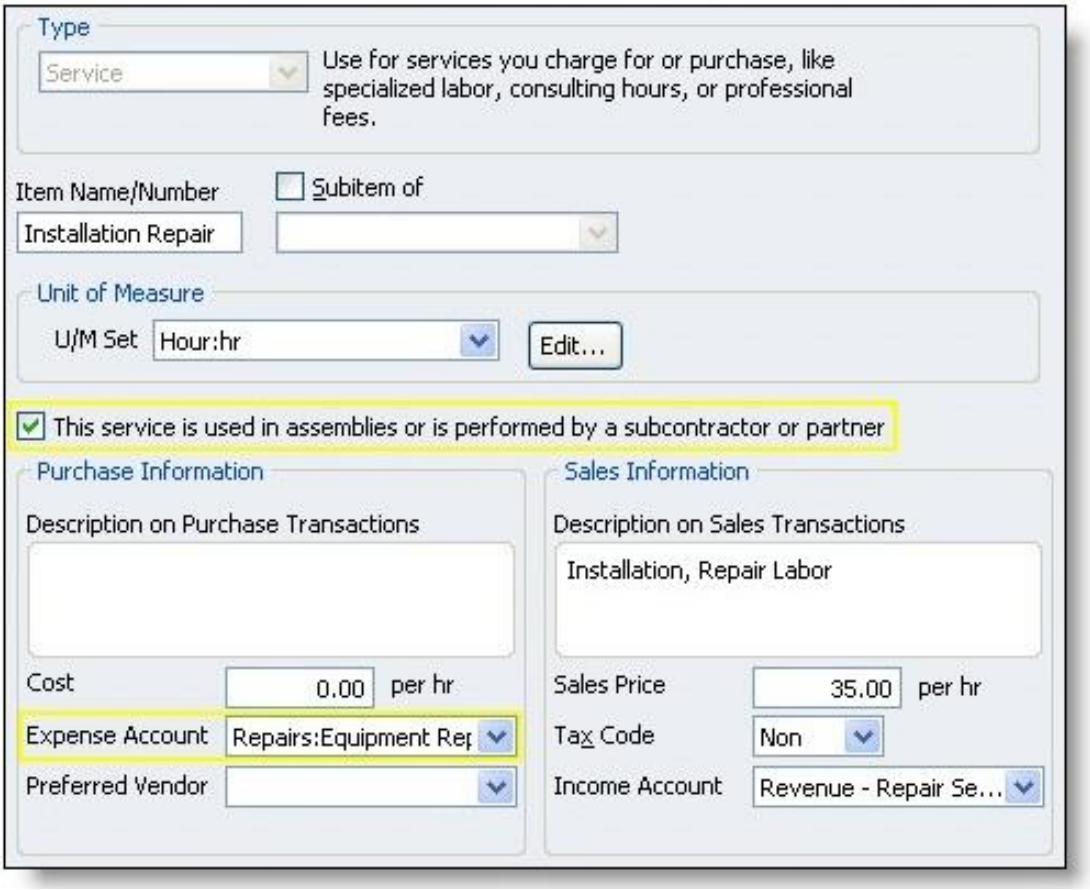
QuickBooks lets you enter an assembly cost based on a markup for all of the components in the bill of materials, including labor and overhead. This cost can be used in cost-based pricing.

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.



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.

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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.

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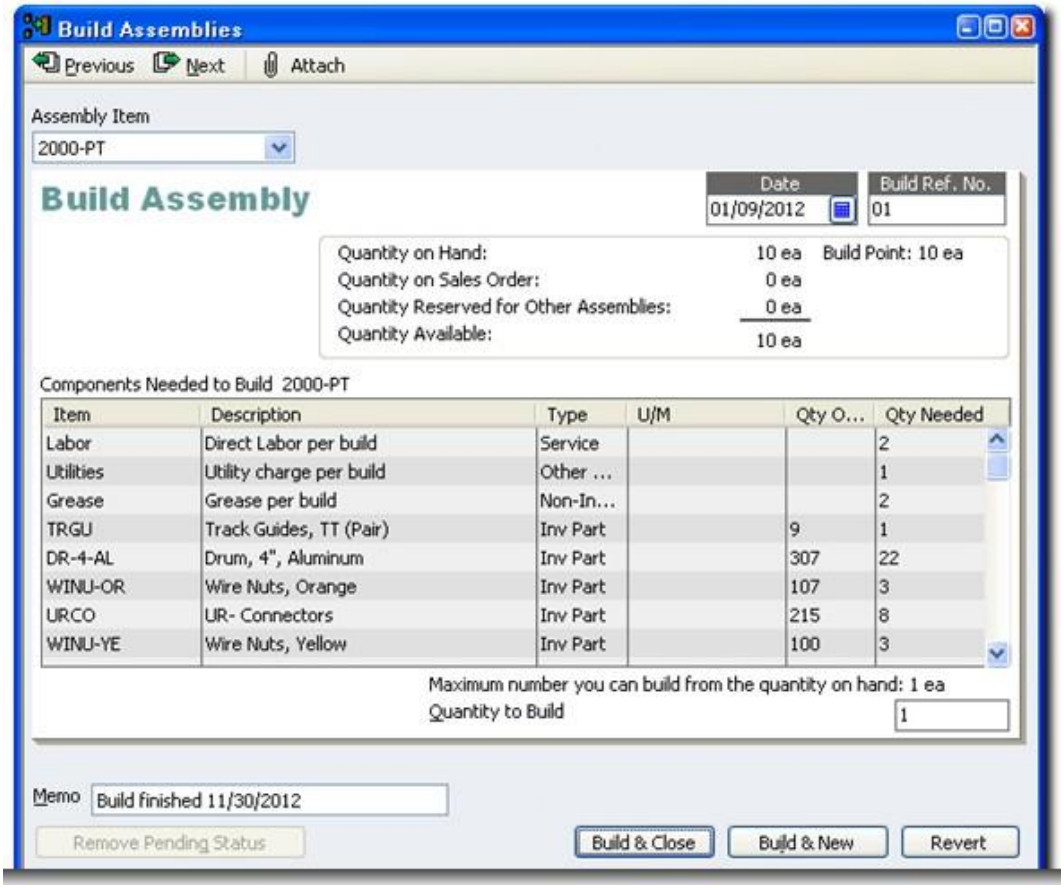

Creating pending builds

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.

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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.

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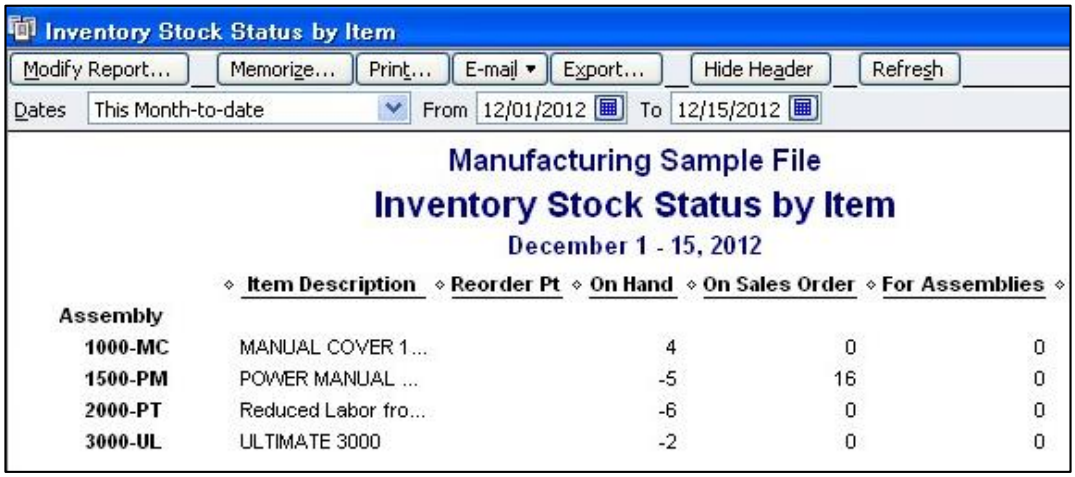
Reporting on Assemblies

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.



Inventory Stock Status by Item

Modify Report... | Memorize... | Print... | E-mail | Export... | Hide Header | Refresh

Dates: This Month-to-date | From: 12/01/2012 | To: 12/15/2012

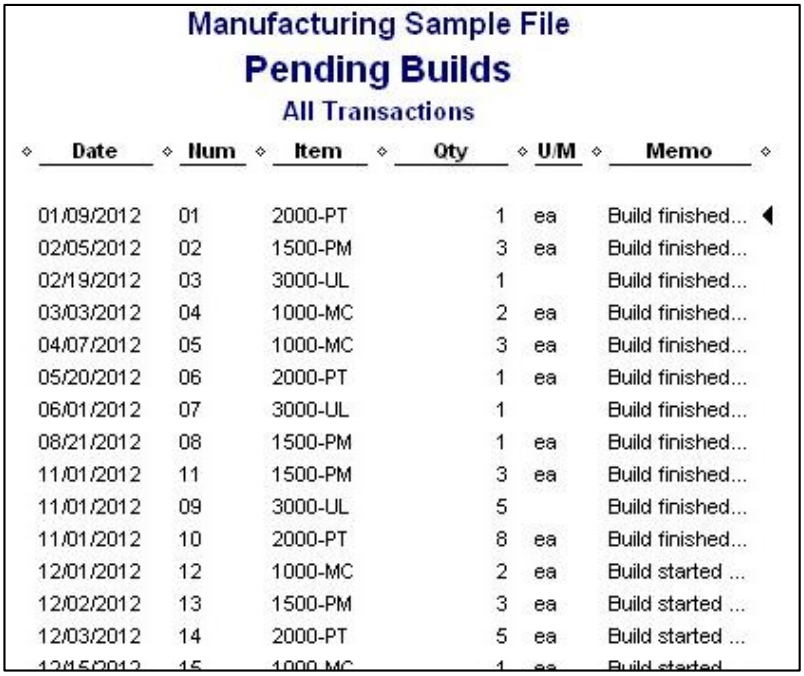
Manufacturing Sample File

Inventory Stock Status by Item

December 1 - 15, 2012

Assembly	Item Description	Reorder Pt	On Hand	On Sales Order	For Assemblies
1000-MC	MANUAL COVER 1...		4	0	0
1500-PM	POWER MANUAL ...		-5	16	0
2000-PT	Reduced Labor fro...		-6	0	0
3000-UL	ULTIMATE 3000		-2	0	0

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.



Manufacturing Sample File

Pending Builds

All Transactions

Date	Num	Item	Qty	U/M	Memo
01/09/2012	01	2000-PT	1	ea	Build finished...
02/05/2012	02	1500-PM	3	ea	Build finished...
02/19/2012	03	3000-UL	1		Build finished...
03/03/2012	04	1000-MC	2	ea	Build finished...
04/07/2012	05	1000-MC	3	ea	Build finished...
05/20/2012	06	2000-PT	1	ea	Build finished...
06/01/2012	07	3000-UL	1		Build finished...
08/21/2012	08	1500-PM	1	ea	Build finished...
11/01/2012	11	1500-PM	3	ea	Build finished...
11/01/2012	09	3000-UL	5		Build finished...
11/01/2012	10	2000-PT	8	ea	Build finished...
12/01/2012	12	1000-MC	2	ea	Build started ...
12/02/2012	13	1500-PM	3	ea	Build started ...
12/03/2012	14	2000-PT	5	ea	Build started ...
12/15/2012	15	1000-MC	1	ea	Build started ...

Reporting On Items

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

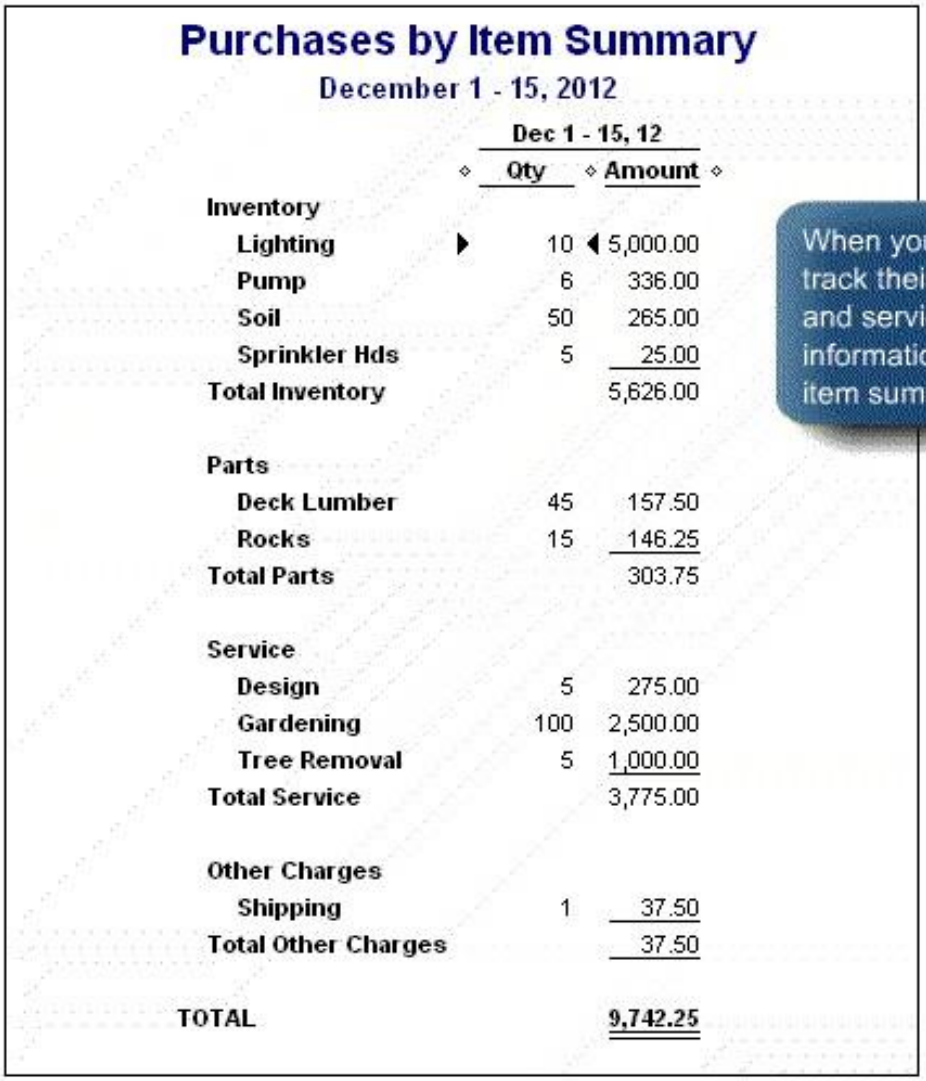
Sales by Item Summary

Accrual Basis

December 1 - 15, 2012

	Dec 1 - 15, 12							
	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%**					

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**

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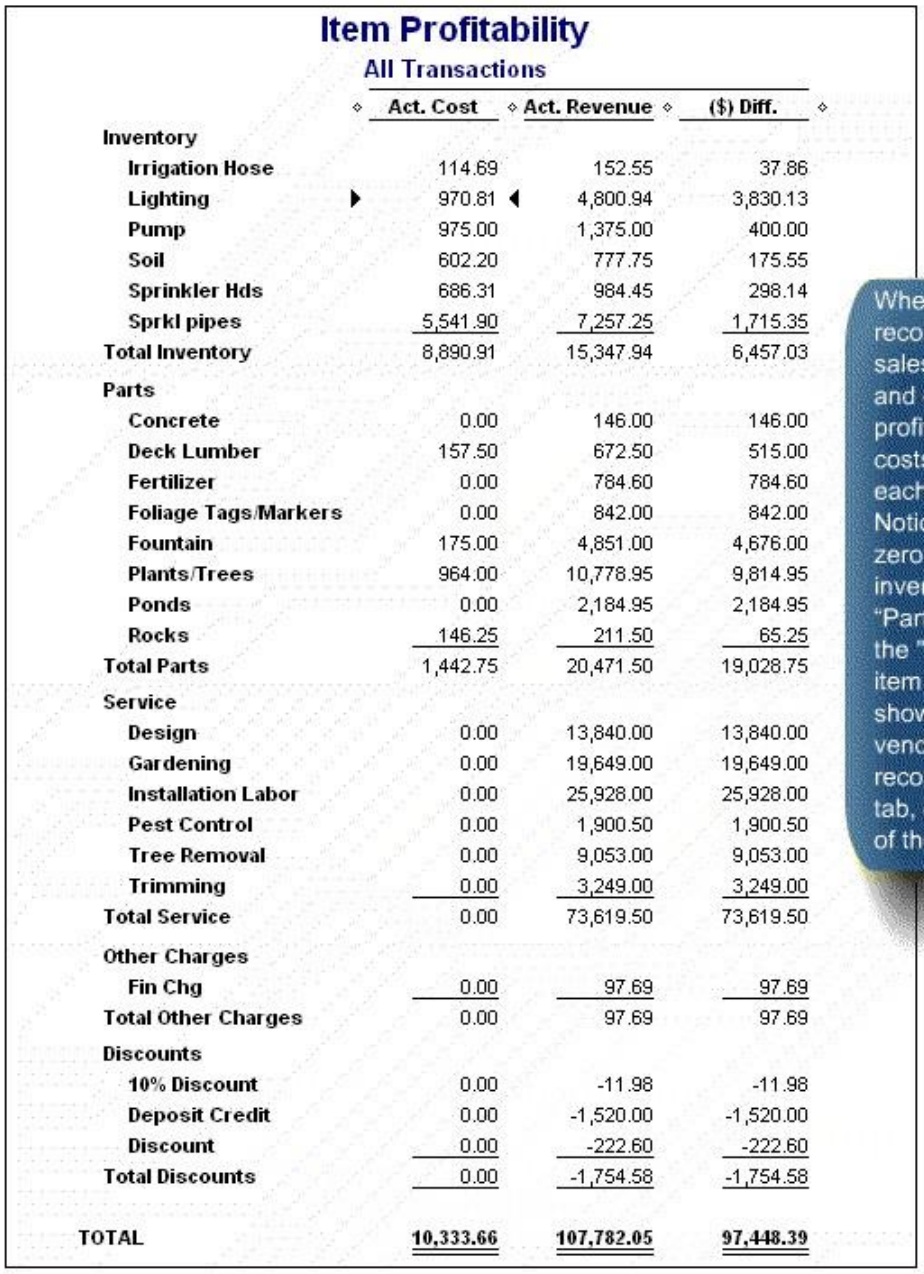

Item Profitability

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.

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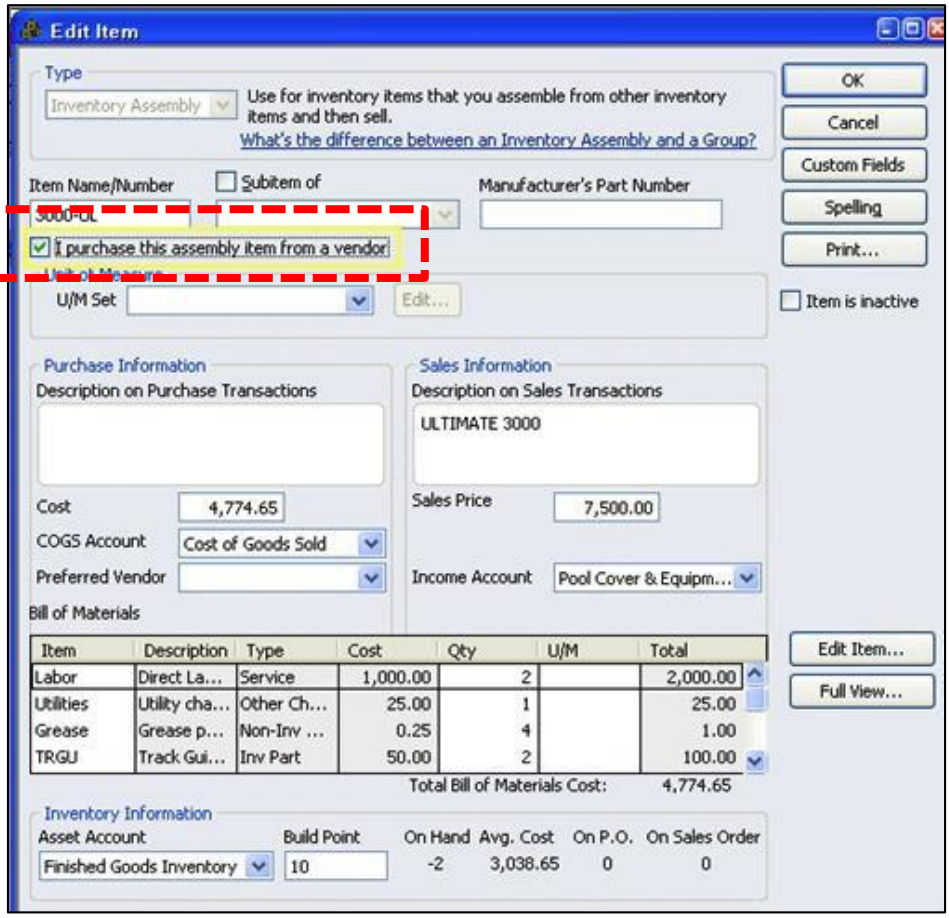

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Price Level Lists

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

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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.

   - 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.

   - 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**.

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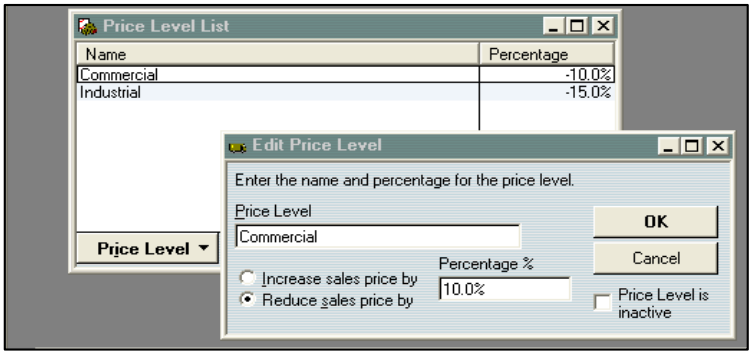
Use Price Levels

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.

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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

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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.

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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.

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QuickBooks What's New "2014 thru 2005"

CHAPTER 7

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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

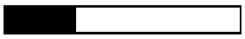
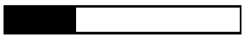
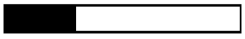
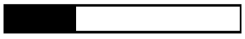
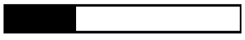
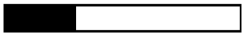
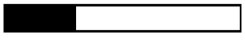
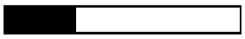
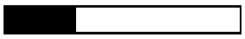
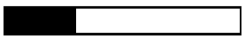
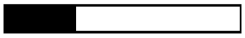
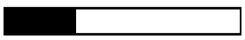
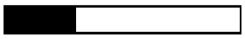
that jumbo jet because of the complexity. In this analogy, QuickBooks is the small Cessna aircraft and SAP Business One is the jumbo jet. One is cheap and simple to operate, the other is expensive and complicated to operate. American companies across the country have shunned the jumbo jet in favor of 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?

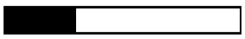
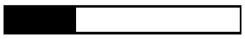
Committed to Quality - Please don't mistake me as saying that Intuit is not committed to quality – they are extremely committed to eliminating bugs from the system, it's just the add-on features that they resist most, and rightfully so.

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.

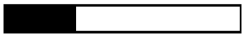
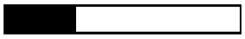
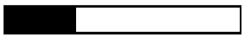
New in QuickBooks 2014: Carlton's Ten Star Rating

QuickBooks 2014 Pro, Premier and Enterprise:

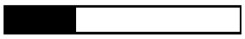
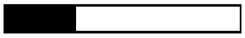
1. Global Access Bar added containing three tools 
2. Client Collaborator Added 
3. Maintenance Alerts Added
4. Reminders and "To Do's" Numbered Indicator Added
5. New color (from grey to dark blue)
6. Customize the Account Balances View
7. Removed the "My Apps" tab 
8. Removed the "Do Today" tab 
9. 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 

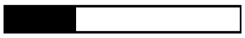
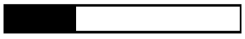
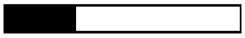
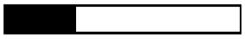
QuickBooks Accountant Only:

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 

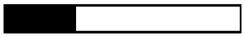
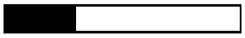
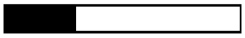
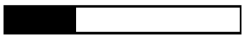
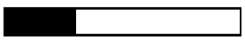
QuickBooks Accountants Plus Only:

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

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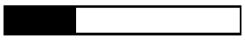
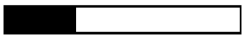
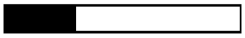
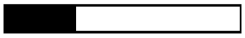
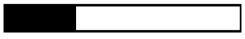
56. The Payroll Center has been rearranged, tabbed for more room
57. QB Plus allows you to rent QB Pro or Premier for a monthly fee
58. QuickBooks Plus Supports Multiple Users (3 in Pro, 5 in Premier)

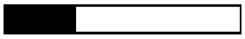
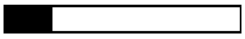
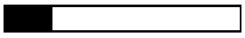
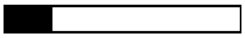
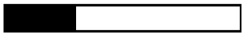
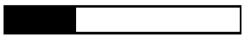
QuickBooks Mac 2014:

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:

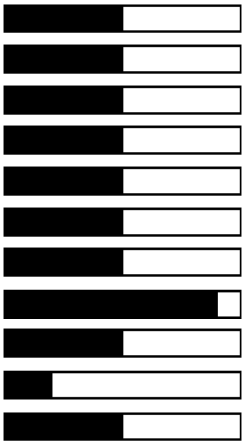
Carlton's Ten Star Rating

Major New Features:

1. Batch Transaction Entry (Write up)
7. 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)

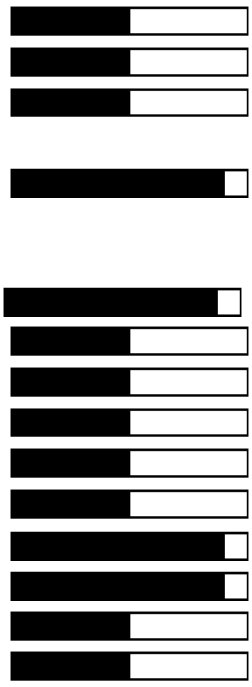


Customers:

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.)

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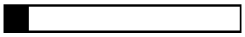
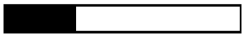
46. Groups expanded to 50 items (previously limited to 20.)
47. Up to 10,000 classes, customer types.
48. Up to 100,000 chart of account numbers.
49. New inventory reorder report- checks items that need reordering
50. Auto PO feature using the preferred vendor

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

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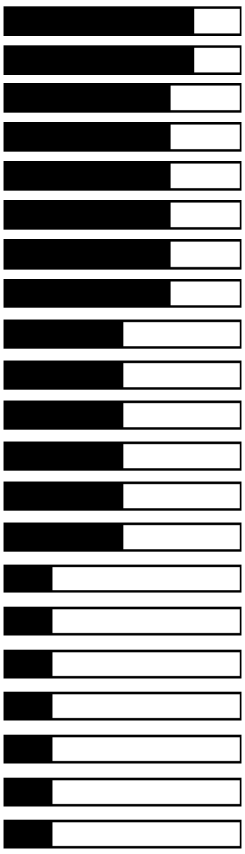
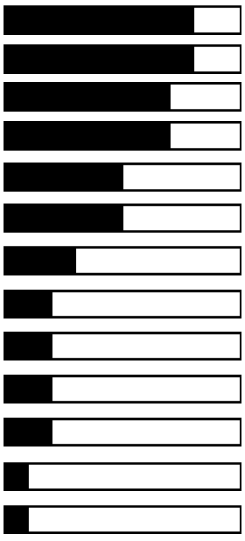
5. Inventory Center supports Images
6. Enhanced Inventory Receiving (Bill & Receipt now separate)
7. Fix incorrectly recorded sales tax payments
8. Condense Improvements – reduces file size further
9. View and then fix inventory discrepancies from one screen
10. More price levels (from 99 to 750)
11. 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

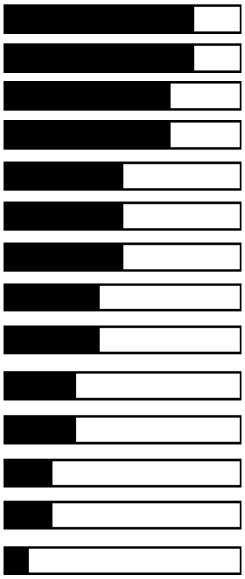


Movies - http://proadvisor.intuit.com/product/whatsnew/?segment=pap-member

New in QuickBooks 2010:

Carlton's Ten Star Rating

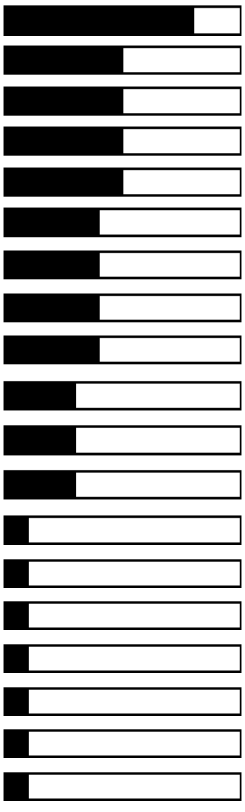
1. **Paperless Support -** Attach scanned documents to transactions
2. **Intuit Check Solution** - Scan and deposit your checks
3. **More Custom Fields** – Added to QuickBooks Enterprise Only
4. **Job/Lot/Serial Numbers** – Added to QuickBooks Enterprise Only
5. **Batch -** Batch entry and edit for item 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

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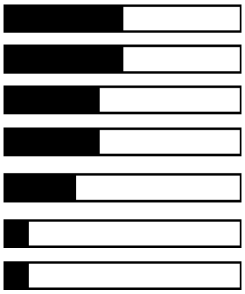
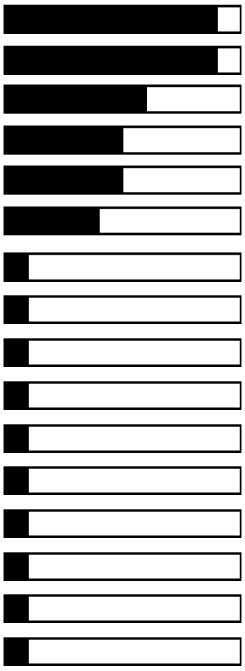
2. **New Excel Template –** Import Excel data into QuickBooks
3. **Improved Help** – See screen and help window at same time
4. **Merchant Service** – New ability to validate credit card funds
5. **Time Tracker** – Track billable hours from Outlook
6. **Share Records with CPA** – Dividing date, track 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

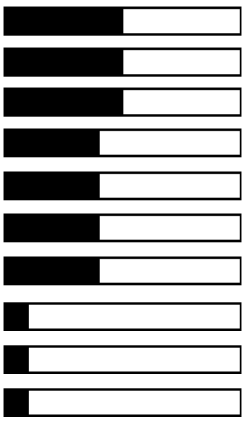
1. **Time Tracker** – Excellent online fully integrated timesheet
2. **Portable File –** Smaller files, Re-indexes file to gain more speed
3. **Unit of Measure Conversions –** Typically a higher-end feature
4. **Multi-Parcel Shipping** – Via UPS and FedEx
5. **Convert Sales Orders to Purchase Orders –** 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



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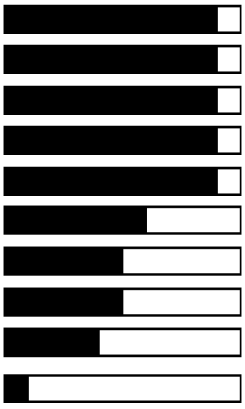
New in QuickBooks 2005:

Carlton's Ten Star Rating

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 http://www.QuickBooksAdvisor.com

Carlton's QuickBooks Wish List

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

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.

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THE QUICKBOOKS ADVISOR PROGRAM

CHAPTER 8

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BECOME A QUICKBOOKS ADVISOR

CPAs and professionals can enroll to become a Certified QuickBooks ProAdvisor and have their name listed in QuickBooks Advisor referral database. There are currently 55,000 QuickBooks ProAdvisors. Here is a video on the ProAdvisor program.

http://accountant.intuit.com/member_programs/qb_advisor/downloads/proadvisor_overview.aspx

The program costs $499 ($574 with payroll). There is a $100 off if you enroll before 5/31/2011. As a Certified QuickBooks ProAdvisor:

1. You will receive a useable copy of $3,000 worth of QuickBooks products including the following:

    i. QuickBooks Accountant Plus 2011 (exclusive to ProAdvisors)
    ii. QuickBooks Enterprise Solutions Accountant 11.0 ($849 value)
    iii. QuickBooks Enterprise Advanced Inventory ($699 value)
    iv. QuickBooks Online Plus ($479.40 value)
    v. QuickBooks Online Essentials (a $299.40 value)
    vi. New features throughout the year — and automatic upgrades

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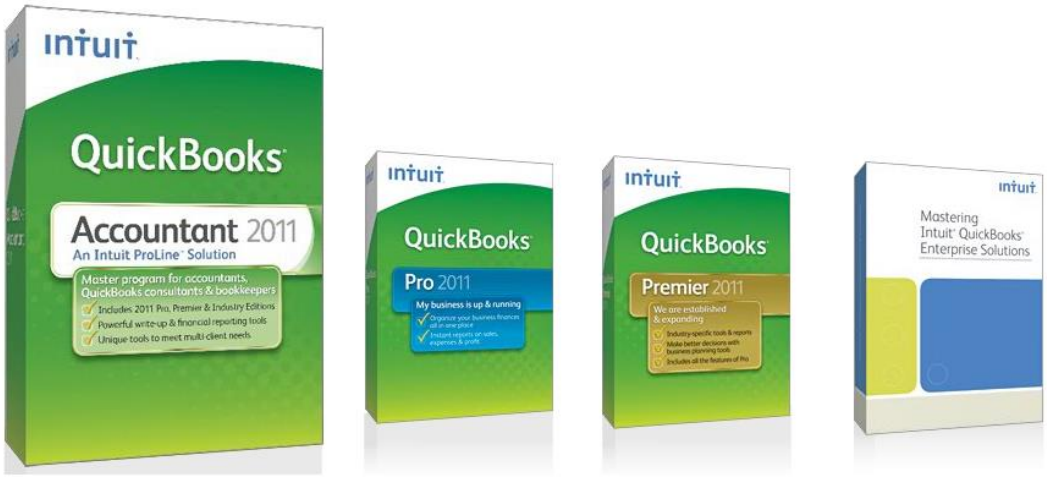

2. You will receive unlimited free priority technical support.

3. 16 Hours of CPE training.

Once you complete Certification, you are eligible to receive 16 CPE credits, and are authorized to use the Certified QuickBooks ProAdvisor logo.

Become a Certified QuickBooks ProAdvisor

Recently, Intuit has implemented mandatory certification in order to receive the same benefits you used to get as a regular QuickBooks ProAdvisor. Therefore you next step above QuickBooks ProAdvisor is becoming a Certified QuickBooks ProAdvisor, which means that you've taken and passed the certification exam. The exam is not hard, and there is no cost to ProAdvisors. Here is an example of two questions:

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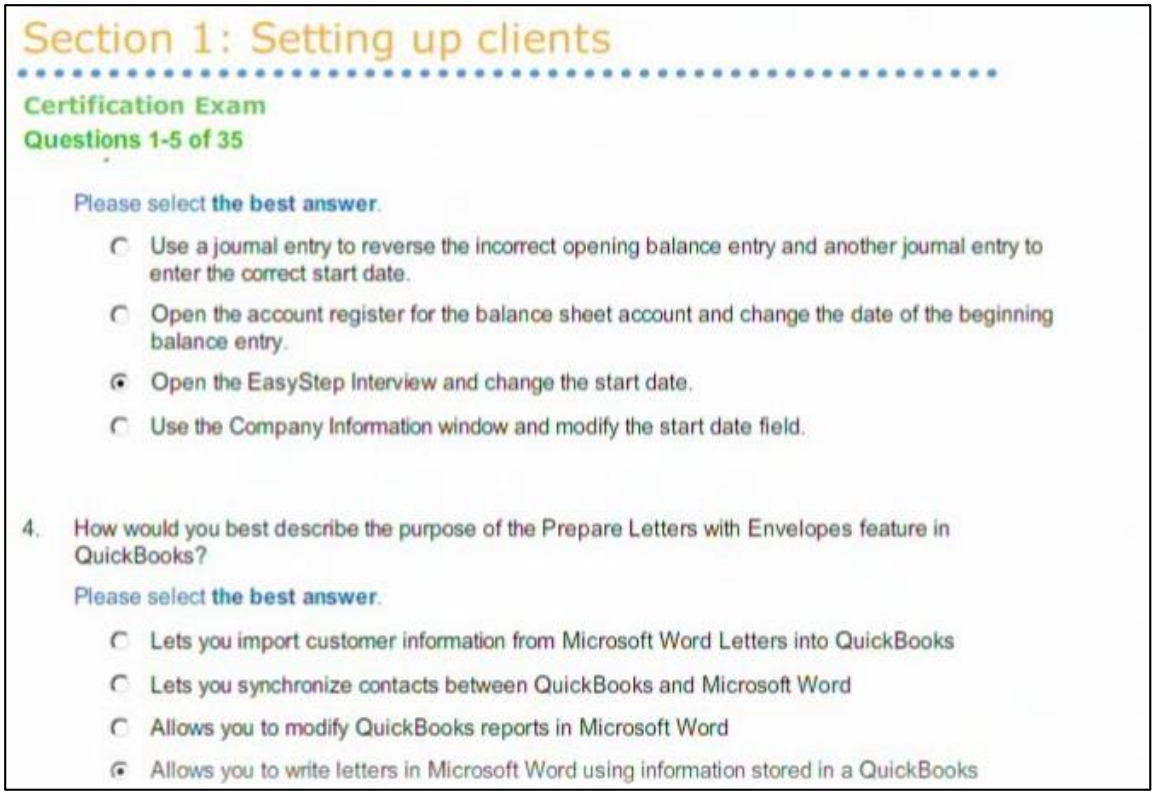


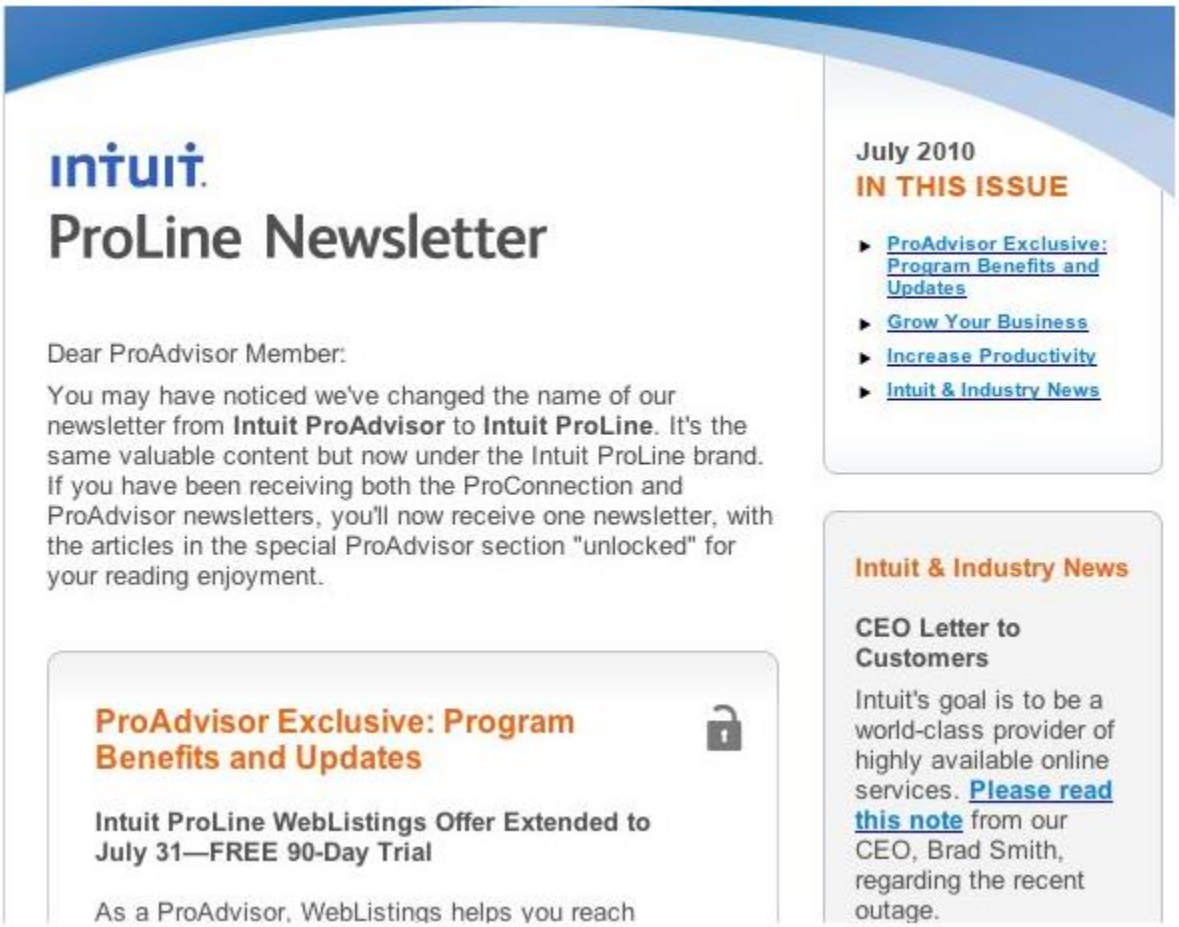
By becoming certified, you will be your name can appear in the QuickBooks Advisor referral database. This database receives 450,000 visitors each year. Here is a video on this subject:

http://accountant.intuit.com/member_programs/qb_advisor/downloads/proadvisor_overview.aspx

Additionally, Intuit will submit your information to more than 90 web sites such as Google, so you will have greater visibility. Becoming certified allows you to display the official certified logo on your web site and business cards and letterhead.

Certified QuickBooks ProAdvisors report that they charge $21 more per hour compared to what they were previously charging.

You will also receive the Intuit ProLine Newsletter, special Alerts, Newsletters and reference materials.



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ProLine Newsletter

July 2010

IN THIS ISSUE

- ProAdvisor Exclusive: Program Benefits and Updates
- Grow Your Business
- Increase Productivity
- Intuit & Industry News

Dear ProAdvisor Member:

You may have noticed we've changed the name of our newsletter from **Intuit ProAdvisor** to **Intuit ProLine**. It's the same valuable content but now under the Intuit ProLine brand. If you have been receiving both the ProConnection and ProAdvisor newsletters, you'll now receive one newsletter, with the articles in the special ProAdvisor section "unlocked" for your reading enjoyment.

ProAdvisor Exclusive: Program Benefits and Updates

Intuit ProLine WebListings Offer Extended to July 31—FREE 90-Day Trial

As a ProAdvisor, WebListings helps you reach

Intuit & Industry News

CEO Letter to Customers

Intuit's goal is to be a world-class provider of highly available online services. Please read this note from our CEO, Brad Smith, regarding the recent outage.

You will also receive unlimited support from a US based team of support personnel and you can purchase other Intuit products at up to 87% off as follows:

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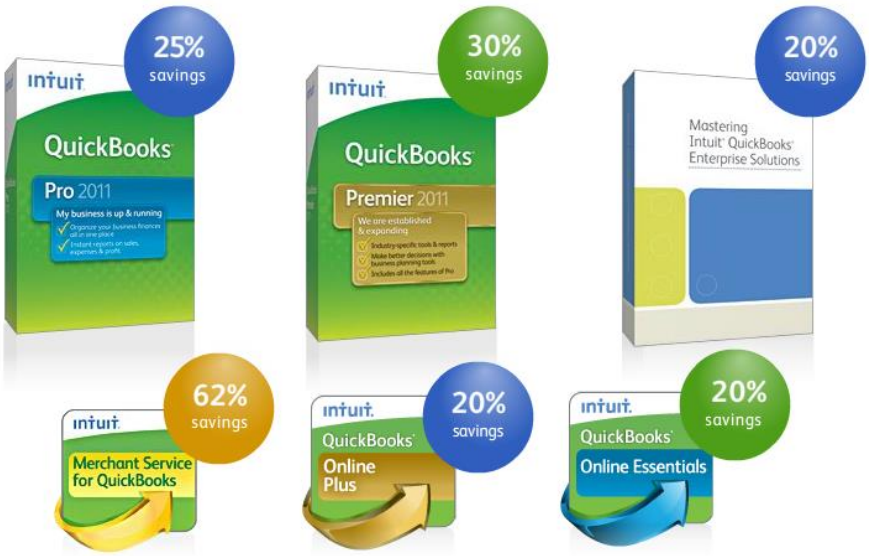
You can also purchase products at the following discounted prices for resell to your clients.



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QUICKBOOKS FACTS

CHAPTER 9

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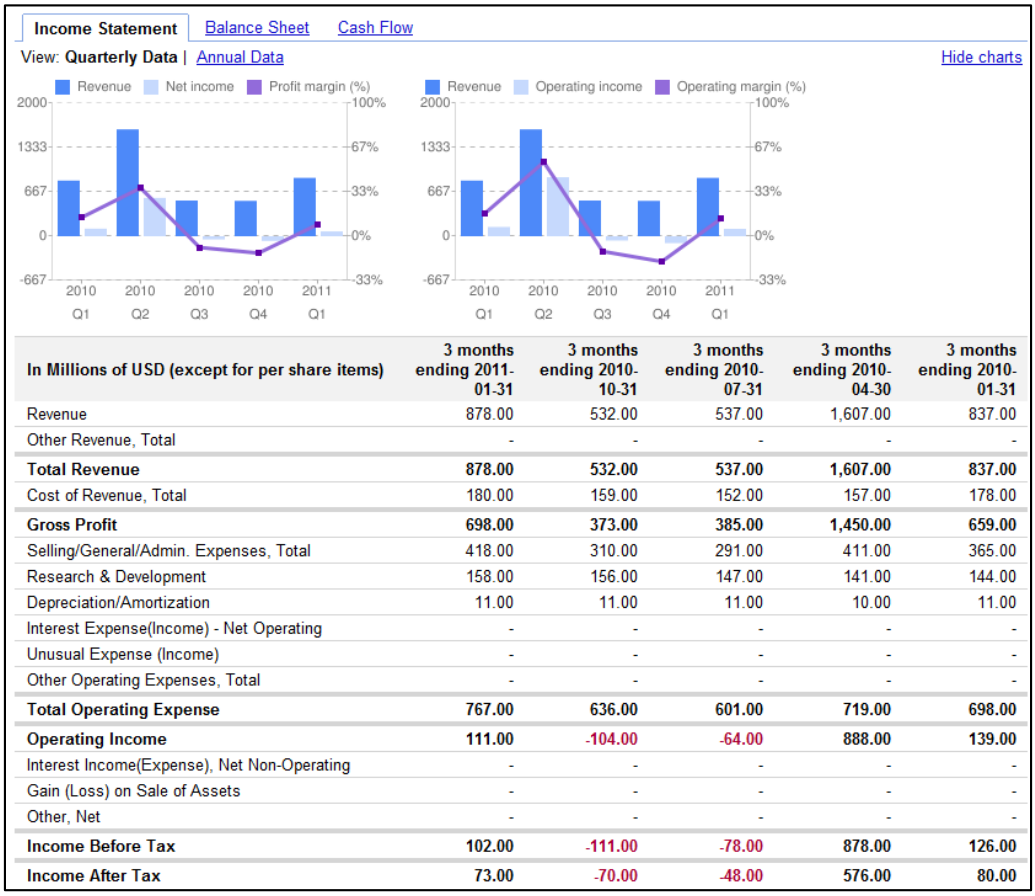
QuickBooks Facts

Intuit Inc. is a leading provider of business and financial management solutions for small and mid-sized businesses; financial institutions, including banks and credit unions; consumers and accounting professionals. Intuit's flagship products and services include **QuickBooks**, **Quicken** (bookkeeping); **TurboTax**, **ProSeries**, & **Lacerte**, (tax preparation); and **Digital Insight** (on-demand banking services).

Intuit's self-described workplace mantra is "***Bring Your Whole Self to Work***", a slogan which is meant to "acknowledge the overlap between the professional and the personal, and that one should not dominate the other. Intuit believes that you should work efficiently to get your work done because you won't get "extra credit" for staying late just to do more work.

Corporate Headquarters: 2632 Marine Way, Mountain View, CA 94043, 650-944-6000

Founded in 1983 by Scott Cook and Tom Proulx, Intuit went public in 1993. The current Executives are Brad Smith, President and Chief Executive Officer; Bill Campbell, Chairman of the Board; and Scott Cook, Chairman of the Executive Committee. Financials:



In Millions of USD (except for per share items)	3 months ending 2011-01-31	3 months ending 2010-10-31	3 months ending 2010-07-31	3 months ending 2010-04-30	3 months ending 2010-01-31
Revenue	878.00	532.00	537.00	1,607.00	837.00
Other Revenue, Total	-	-	-	-	-
Total Revenue	**878.00**	**532.00**	**537.00**	**1,607.00**	**837.00**
Cost of Revenue, Total	180.00	159.00	152.00	157.00	178.00
Gross Profit	**698.00**	**373.00**	**385.00**	**1,450.00**	**659.00**
Selling/General/Admin. Expenses, Total	418.00	310.00	291.00	411.00	365.00
Research & Development	158.00	156.00	147.00	141.00	144.00
Depreciation/Amortization	11.00	11.00	11.00	10.00	11.00
Interest Expense(Income) - Net Operating	-	-	-	-	-
Unusual Expense (Income)	-	-	-	-	-
Other Operating Expenses, Total	-	-	-	-	-
Total Operating Expense	**767.00**	**636.00**	**601.00**	**719.00**	**698.00**
Operating Income	**111.00**	**-104.00**	**-64.00**	**888.00**	**139.00**
Interest Income(Expense), Net Non-Operating	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Other, Net	-	-	-	-	-
Income Before Tax	**102.00**	**-111.00**	**-78.00**	**878.00**	**126.00**
Income After Tax	**73.00**	**-70.00**	**-48.00**	**576.00**	**80.00**

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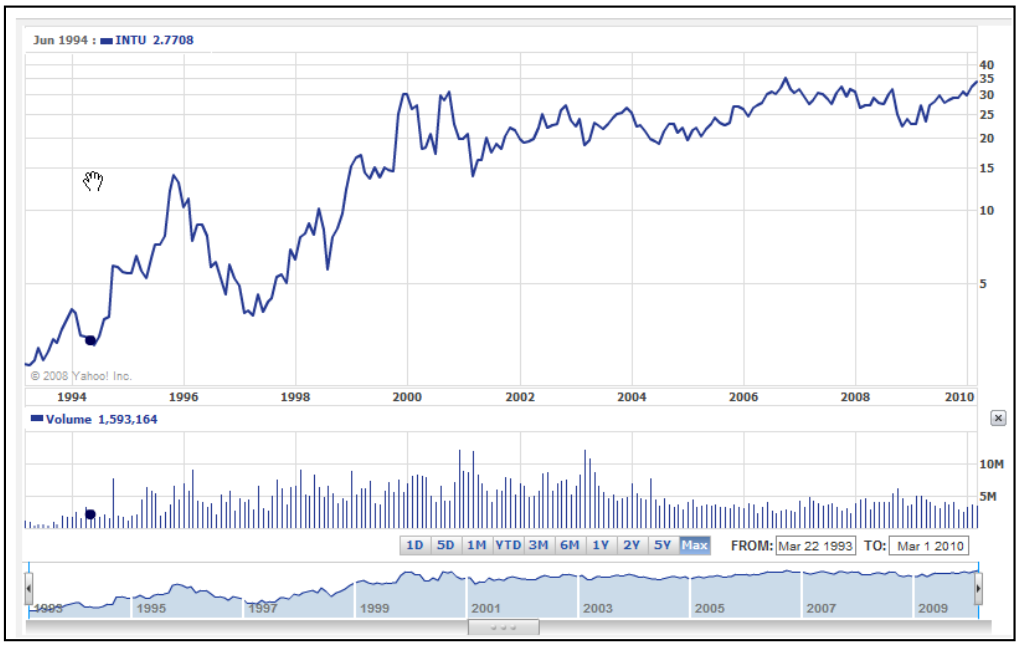
Intuit's Significant Company Acquisitions:

1993	ChipSoft, Inc. (TurboTax product line)
1998	Lacerte Software Corporation and Lacerte Educational Services Corporation (Professional tax)
1999	TaxByte, Inc. (Professional tax)
1999	Computing Resources, Inc. (Payroll services)
1999	Compucraft Tax Services, LLC (Professional tax)
1999	Boston Light Software Corporation (Small business services)
1999	SecureTax, Inc. (Professional tax)
1999	Turning Mill Software, Inc. (Small business services)
1999	Rock Financial Corporation (Quicken Loans) Business sold to Quicken Loans management team in August 2002.
2000	Greenpoint Software Ltd. (Professional tax - Canada)
2000	EmployeeMatters, Inc. (Employee administration services)
2001	Tax and Accounting Software Corporation (Professional tax)
2002	CBS Employer Services (Payroll services)
2002	Management Reports Inc. (Property manager solutions)
2002	Eclipse, Inc. (Wholesale durable goods distributors management software) Business sold to Activant Solutions in August 2007.
2003	Income Dynamics, Inc (Consumer tax)
2003	Innovative Merchant Solutions (Small business services)
2005	MyCorporation.com (Online business incorporation services)
2006	StepUp Commerce Inc. (Online shopping services)
2007	Digital Insight Corp. (On-demand banking services)
2007	Homestead Technologies Inc. (Web site and Web store solutions)
2008	Electronic Clearing House Inc. (Electronic payment processing solutions)



CARLTON'S QUICKBOOKS 2012

MONTHLY CONSULTING CHECKLIST

CHAPTER 10

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Monthly or Quarterly Procedures for CPAs

Intuit reports that the average QuickBooks consultant generates approximately $2,800 per year in QuickBooks consulting fees [136]. These fees just include QuickBooks related consulting and do not include additional fees for tax preparation, write up work, compilation or review work, etc.

The reality is that most QuickBooks users do not have a CPA on staff to assist them with the expert management of their accounting system, but they need that level of assistance. For just a few hundred dollars each month, the valuable input of a CPA can mean the difference between success and failure for many small businesses. For this reason, have long provided this type of service to my clients, charging approximately $275 to $400 per month, or $3,300 to $4,800 per year. Presented below is an example of the monthly services I include in this fee:

Carlton's Monthly QuickBooks Review - 25 Point Checklist

By the 10th of each month, I log in and review the prior month. I use the following checklist to conduct this review. Basically - I identify and fix any errors that I find. I post any adjustments that need posting. I move the posting date forward. I review financial statements and I provide the client with an e-mail containing advice based on my review. Initially this process takes 3 to 5 hours, sometimes more. But after 4 or 5 months, I can usually accomplish this task in about 90 minutes each month (sometimes more, sometimes less).

1. Review Retained Earnings for improper entries, correct any problems.

2. Review audit trail report for inappropriate changes, note any unusual changes, and investigate any suspicious activity.

3. Review cash balances, ensure that company is maintaining/investing proper cash levels. To do this, I review my notes in the client file which summarize the target amount of cash the client should maintain in checking and investments. I typically obtain this information during our initial interview.

4. Post depreciation entries as needed. (Use memorized transactions Feature)

5. Post amortizations and accruals as needed. (Use memorized transactions Feature)

6. Enter and post allocations adjustments as needed. (Use memorized transactions Feature)

7. Make sure all checks have been printed and sent. (I use Reminders to check this)

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8. Make sure all quotes, sales orders, and invoices have been printed and sent. (I use Reminders to check this)

9. Make sure all deposits have been deposited. (I use Reminders to check this)

10. Make sure all purchase orders have been printed and sent. (I use Reminders to check this)

11. Calculate days in AR, determine if collections are being managed properly. To do this, I review my notes in the client file which summarize the days in AR over the past several years, and based on the targeted number of days according to the client. Once again, I typically obtain this information during our initial interview.

12. Calculate days in AP, determine if payables are being managed properly. To do this, I review my notes in the client file which summarize the days in AP over the past several years, and based on the targeted number of days according to the client. Once again, I typically obtain this information during our initial interview.

13. Calculate days in inventory, determine if inventory levels are at or near expected levels. To do this, I review my notes in the client file which summarize the days in Inventory over the past several years, and based on the targeted number of days according to the client. Once again, I typically obtain this information during our initial interview.

14. Scan Inventory reorder reports, determine whether inventory is being ordered timely and in correct quantities. In the early months of the engagement, I often find that I must help the client adjust the reorder levels in order for the reorder reports to be of value. For some clients, we have come up with seasonal reorder points for all inventory items, otherwise the report is not very meaningful throughout the year.

15. Scan for duplicate vendors, customers, employees, and accounts. Make corrections as necessary.

16. Review the voided transaction report, make corrections as needed. (In some cases, QuickBooks handles voided checks improperly.)

17. Review bank reconciliation, make sure bank reconciliation was processed, and processed correctly.

18. Print Balance Sheet to screen, spot check for accuracy. Review numbers, look for problem areas. Ferret out advice to give client.

19. Print Income Statement (actual to budget) to screen, spot check for accuracy. Compare to budget, review numbers, look for problem areas. Ferret out advice to give client.

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20. Check to ensure that all necessary tax payments (federal, state, payroll, sales taxes, etc.) have been paid on a timely manner.

21. Review other reports as needed. Review numbers, look for problem areas. Ferret out advice to give client.

22. Move closing date forward by one month (or by one quarter if logging in quarterly).

23. Print month-end reports for client (using the Process Multiple Reports feature). The next morning, all of the necessary reports are printed, and the bookkeeper distributes them accordingly.

24. Send client an e-mail advising them that I have logged into their system, reviewed their financials, made corrections and entered adjustments as necessary, provide summary of adjustments and corrections made, advise client of the status of the financial statements, summarize any key observations, provide list of recommendations and advice based on my review.

25. Schedule training session with bookkeeper and appropriate personnel to address and correct any improper data entry practices.

The key to making this work is to be committed to bringing all errors to the attention of the bookkeeper and training them not to repeat the same error each month. Before logging into the client's accounting system (usually in the evening hours), I call the bookkeeper to coordinate and schedule my remote access session. I ask them to make sure that there is plenty of paper in the printer so I can print the reports. With persistent training, you will soon find yourself logging into an error free system – which should be your goal. This approach allows you to minimize your time, and primarily ensure that the client's books are accurate, and that a professional is helping them review the financial results regularly.

Depending upon the client, additional steps to review payroll, inventory prices, job versus job estimates, job billing, etc. may also become part of the standard service I provide each month or quarter. This explains the difference between a $275 per month fee and a $400 per month fee. Each additional procedure costs just a little bit extra. Additional locations, retail point of sale systems, and consolidated financials are all examples of situations which would call for additional billings.

Ethical Issues – Please be aware that some CPAs take the position that if you personally make just one change in the client's accounting system, you are obligated to prepare a compilation file and conduct a complete engagement as if you were compiling, reviewing or even auditing the client' books. Further the same CPAs feel that your engagement efforts should be subject to peer review. Of course, most of the CPAs who feel this way conduct peer reviews, and therefore their stance is somewhat self-servicing. There are other CPAs who believe that as long as you are not producing financial statements with

your CPA Firm name and letterhead associated with them, then you are not obligated to treat each consultation as a full blown compilation engagement. Of course most the CPAs who feel this way provide this type of consulting service, therefore their stance is also a little self serving.

How I Sleep At Night - My files are well documented. I do not produce cover letters or opinion letters with CPA firm logos that a banker or other financial professional might rely upon. My e-mails are fully disclaimed "For the Client's Eyes only". I am confident that I am not rendering services that may be construed in any way as a compilation, review or audit. However, you should evaluate your particular practices and conduct your engagements and document your files accordingly.

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Bio for J. Carlton Collins, CPA

ASA Research Carlton@ASAResearch.com **770.842.5902**

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.

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