Reporting and Analysis for Financial and Operational Management and Job Costing Tracking

QuickBooks®

Intuit

Copyright

Trademarks

Notice to Readers

TABLE OF CONTENTS

INTRODUCTION

Learning Objectives

In this training session you will learn how to:

- Prepare estimates and proposals and convert these to invoices upon customer acceptance

- Track and bill for change orders to ensure maximum profitability

- Record and manage billings for retainage

- Release and charge inventory to jobs and special conditions that apply

- Identify the benefits of QuickBooks Premier Contractor Edition 2008

- Track payroll expenses – including payroll taxes and related overhead – to jobs

- Manage jobs for profitability through job cost reports

- Issue job-specific purchase orders and subcontracts

- Perform other job costing tasks in QuickBooks

- Use QuickBooks to track Work in Process (WIP)

- Customize QuickBooks-based financial statements

- Create and manage report groups

- Print multiple reports with one print command

- Manage information in PDF files

- Create Budgets and Budget Reports in QuickBooks

- Export financial data to Microsoft® Excel

- Make the most of the QuickBooks Financial Statement Designer

- Profit from the data analysis features in QuickBooks

- Troubleshoot Financial Reports in QuickBooks

About this Course

Given the popularity of QuickBooks in the marketplace, there is a strong chance that many of your small business clients use QuickBooks. Some of the managerial issues faced by those companies engaged in job costing activities include how to track job revenues, costs, and liabilities. In this course you will learn how to effectively track job costing revenues and expenses for the purpose of analyzing overall job and project profitability and measuring liabilities related to job costs.

There is a fundamental assumption that you already have a working knowledge of basic QuickBooks operations such as establishing preferences, entering and editing items, and recording basic transactions such as bills, invoices, and checks. As such, this course is not designed to provide an in-depth review of matters such as these. For specific information on these types of activities, you are encouraged to refer to the online QuickBooks Certification course or the QuickBooks in-product Help system.

About QuickBooks Accountant Edition

QuickBooks 2008 Premier Accountant edition and QuickBooks Enterprise Solutions Version 8 Accountant Edition will be used as the demonstration software in this manual and the related webinar. QuickBooks Enterprise Version 8 and Premier Accountant Edition 2008 include all of the features of the QuickBooks Enterprise and Premier Editions with the additional features needed to help accountants support clients who use QuickBooks. QuickBooks Premier Accountant Edition 2008 and QuickBooks Enterprise Solutions Accountant Edition 8.0 include all of the features available in each industry-specific edition of QuickBooks: Contractor Edition, Non-Profit Edition, Professional Services Edition, Manufacturing and Wholesale Edition, and Retail Edition. Additionally, with the QuickBooks Accountant Edition 2008, you can use the toggle feature to view data in any of the industry-specific editions.

For each of these industry types, Accountant Edition includes:

- Industry-Specific Reports and Memorized Reports

- Industry-Specific Help Menu Content

- Industry-Specific Form Templates

- Industry-Specific Sample Company Data Files

QuickBooks Premier Accountant Edition 2008 can read all editions of QuickBooks 2008 (Simple Start, Pro, Premier and Premier: Industry-Specific editions) without converting the data. The accountant can open the client's data file, make changes using the Accountant Edition and return the file to the client for them to restore using their own edition of QuickBooks 2008. QuickBooks Enterprise Solutions 8.0 Accountant Edition functions in this same way with all editions of QuickBooks Enterprise Solutions 8.0.

QuickBooks Premier Accountant Edition and QuickBooks Enterprise Solutions Accountant Edition are included in the benefits of the QuickBooks ProAdvisor program.

CHAPTER 1: UNDERSTANDING AND CUSTOMIZING QUICKBOOKS-BASED FINANCIAL STATEMENTS AND REPORTS

Finding the Report You Need

One of the chief problems for many small business owners and managers is finding the specific report needed to answer a particular question or provide insight into a company's operations. By setting up QuickBooks properly, you can design the operational reports that your clients need, without affecting the accuracy of the financial reports. QuickBooks responds to the challenge by providing the Report Center, a window listing all of the reports available in the application and providing a description of each available report. The Report Center is shown below in **Figure 1**.
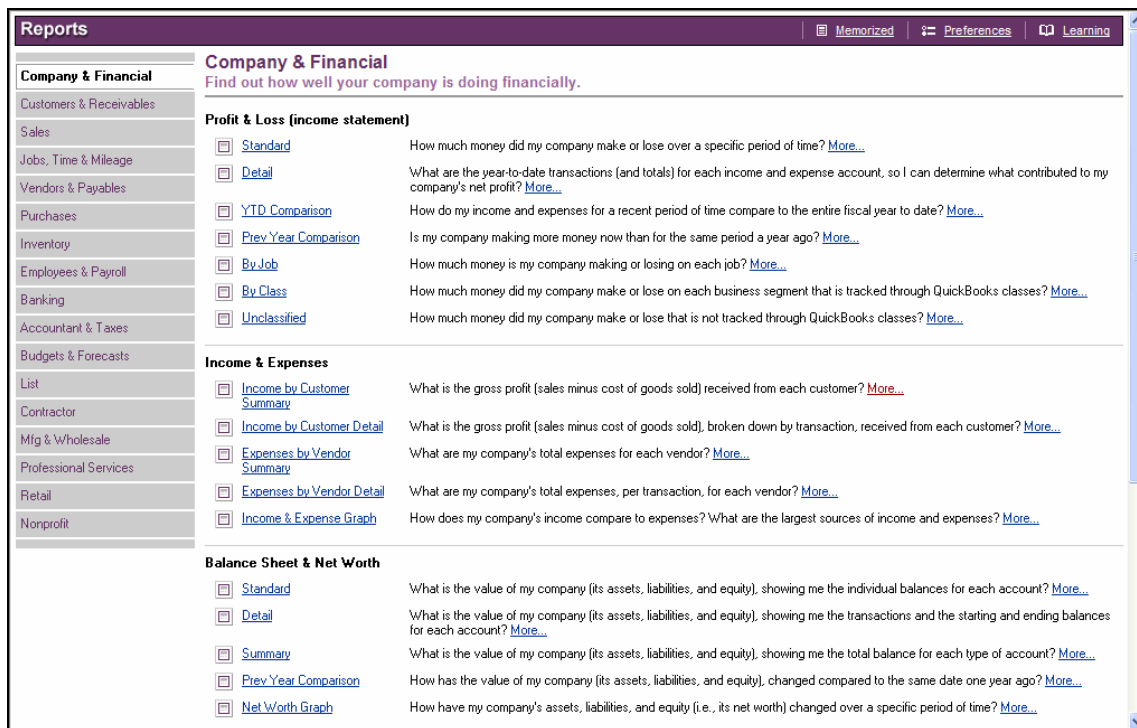
Figure 1 - Report Center in QuickBooks

From the Report Center users can easily locate the specific report in which they are interested and open that report by clicking on the relevant link. You can also move your mouse over the "thumbnail" to see an example of the report listed to identify the most useful report easily.

Managing QuickBooks Reports

QuickBooks provides users with a number of tools to assist in managing reports. Among two of the more significant are Report Groups and the ability to print reports to PDF files; both of these features are discussed below.

Creating Report Groups

QuickBooks contains a number of predefined **Report Groups** designed to allow users to organize, print, and export reports. Report groups also facilitate batch printing of reports, as all of the reports in a specific group can be printed with one print command. Report Groups can also be used to export all reports in the group.

To access report groups:

- From the Reports menu, choose Memorized Reports, and then choose Memorized Reports List from the submenu.

  An example of report groups in QuickBooks is shown in **Figure 2**.
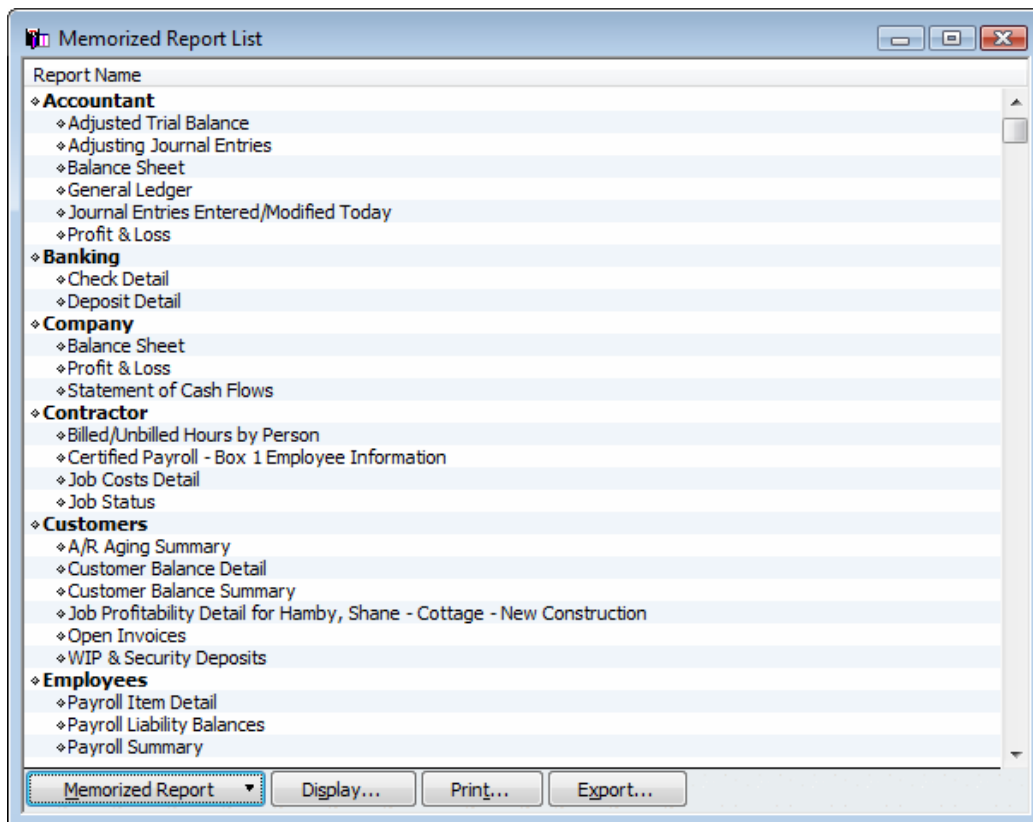
Figure 2 - Report Groups in QuickBooks

To create a new report group:

1. Click **Memorized Reports** on the Memorized Reports list window and select **New Group** as shown below in **Figure 3**.
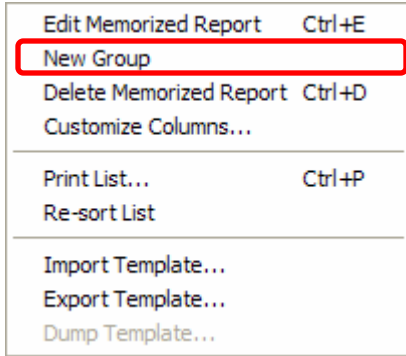
Figure 3 – Memorized Reports List Menu

2. Enter the desired name for the Report Group and click **OK** as shown below in **Figure 4**.
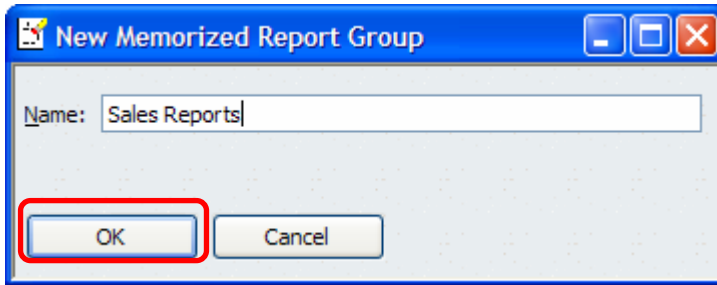
Figure 4 - Creating a New Report Group

To add reports to an existing report group:

1. Make any desired customizations to the report and click **Memorize** on the report button bar.

2. Select the "Save in Memorized Report Group" checkbox as shown below in **Figure 5**.
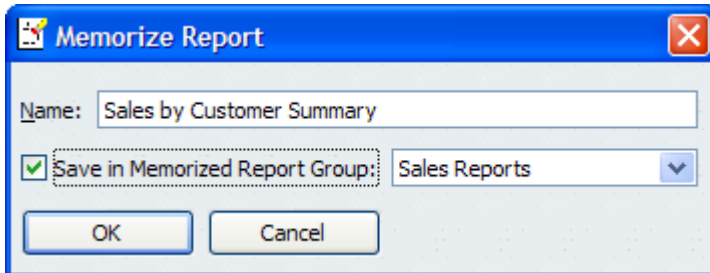
Figure 5 - Adding a Report to a Report Group

To delete a report from a report group:

1. Click on the report in the Memorized Report List, and then click **Memorized Reports** to open the Memorized Reports List menu.

2. On the menu, select **Delete Memorized Report** and the selected report will be deleted.
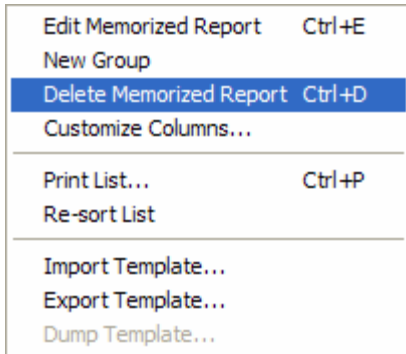
Figure 6 - Deleting a Memorized Report

To batch print all the reports in a report group:

1. Select the report group in the Memorized Report list.

2. Click **Print** as shown in **Figure 7**.
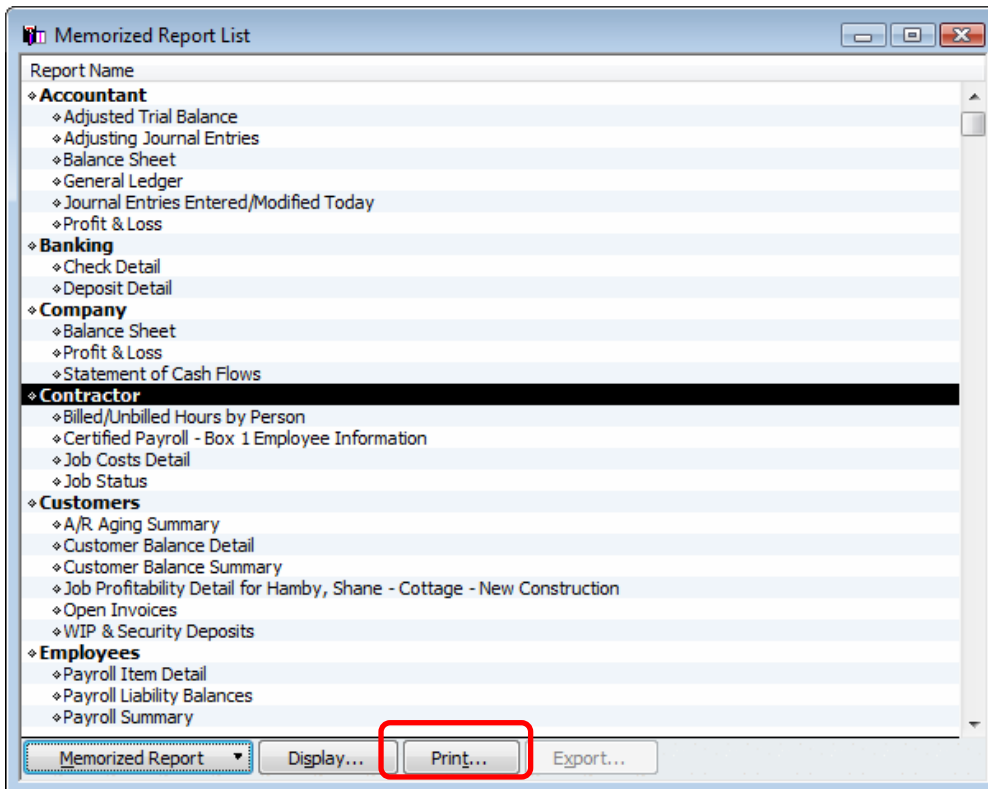
Figure 7 - Batch Printing a Report Group

As shown in **Figure 8**, all of the reports in that group will be selected for printing and the reports will print in the order in which they appear in the Memorized Report List. Further, specific reports can be de-selected for printing and report date ranges can be edited as necessary.
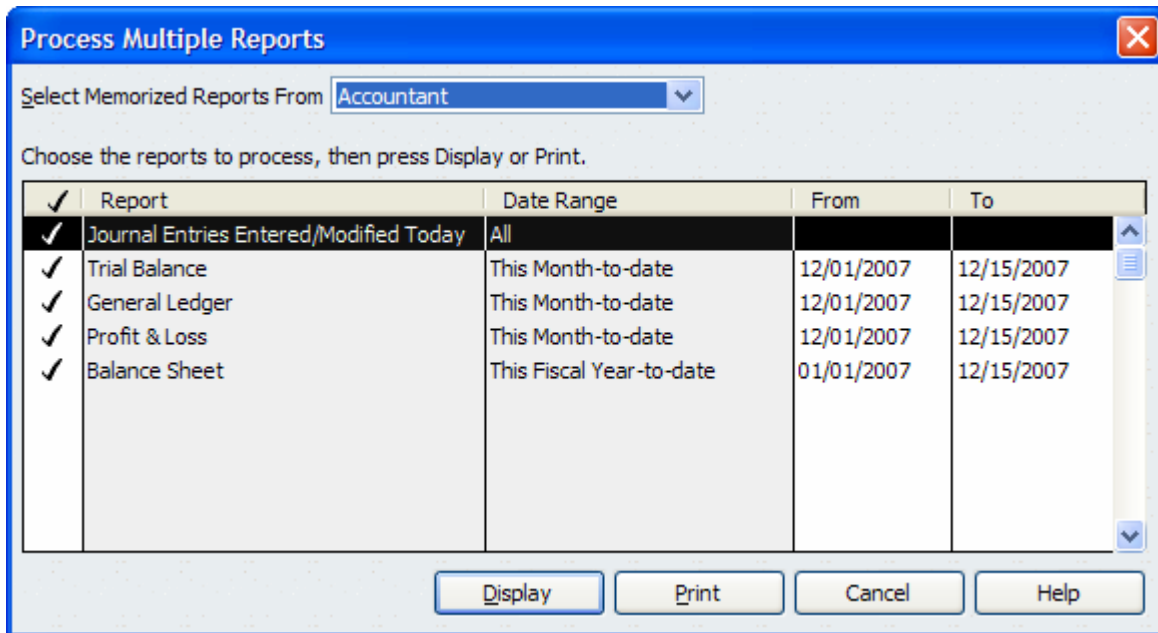
Figure 8 -- Selecting Multiple Reports for Printing

Saving QuickBooks Reports as PDF Files

With QuickBooks Pro and higher editions you are able to save reports (and forms) as PDF files. Among the advantages of saving documents as PDF files include:

- Reduced possibility report data being changed.

- Easily stored in a document management system.

- Multiple reports can be stored in the same PDF file if you have Adobe Acrobats.

To save a report as a PDF file:

1. From the QuickBooks **File** menu, choose the desired report and click **File**, and then choose **Save as PDF**.

    The window pictured in **Figure 9** becomes active.

2. Enter the filename and path for the PDF file and click **Save**.

    The selected document will be saved as a PDF file.
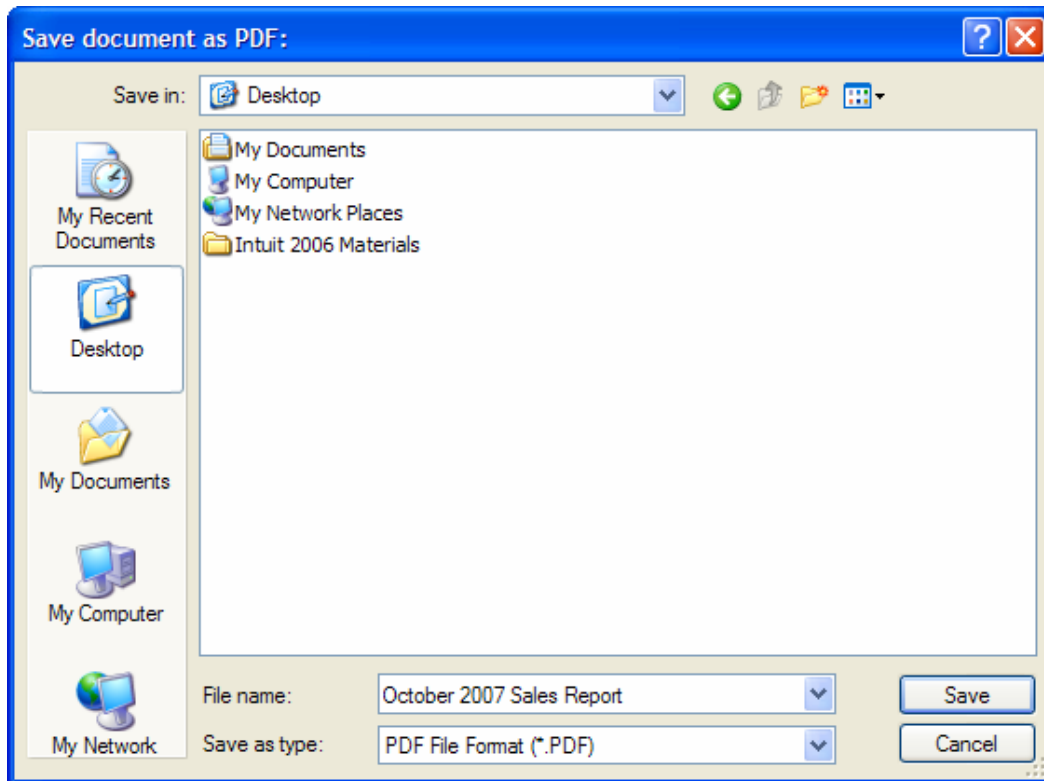
Figure 9 -- Save Document as PDF Window

Once a document has been saved as a PDF file, those users with Adobe Acrobat or a similar program can manipulate the PDF file as necessary for specific purposes. For example:

*   Multiple PDF files can be combined into one.

*   PDF documents can be secured through a certification process.

*   Reports can be digitally signed.

These types of functions can only be performed in those cases where the users have access to a PDF editor, such as Adobe Acrobat.

Using ODBC with QuickBooks Data

Open Database Connectivity (ODBC) provides users with the capability to share QuickBooks data with a wide range of applications. For example, using ODBC, you could import data from another database into QuickBooks and use the data to run reports. In addition, you can also extract information from a QuickBooks file into another database using ODBC. The *integration* course provides more detail about ODBC.

CHAPTER 2:
REVIEWING QUICKBOOKS JOB COSTING FUNDAMENTALS

QuickBooks Pro, Premier, and Enterprise Solutions contain job costing capabilities designed for small contracting businesses and other companies in which tracking revenues and expenditures by job or project is critical. These capabilities are demanded by construction companies, service businesses, consulting firms, and professional firms where determining profitability at the job or project level is crucial in managing the affairs of the entity. In this chapter, job costing fundamentals in QuickBooks are explored as a means establishing a foundation for the advanced issues discussed later in this course.

Taking Advantage of Contractor Edition Features

Among the key challenges faced by companies engaged in job costing activities are:

- Determining profitability by job or project.

- Comparing actual to estimated revenues and expenditures at the job or project level.

- Calculating the estimated cost to complete a given job or project.

- Generating reports that provide timely, relevant, and accurate information to assist in management activities.

QuickBooks Premier Contractor Edition 2008 contains several features that those routinely working with job costing will find to be helpful when addressing the challenges outlined above. First, the **Job Costing Center** – displayed in **Figure 10** – provides users with quick and easy access to much of the information often needed in managing jobs and projects. As shown, the Job Costing Center provides ready access to job profitability information and actual versus estimated revenues and expenses. The Job Costing Center can be used as a singular source for generating all job costing reports, including reports providing summaries of cost to complete specific projects.
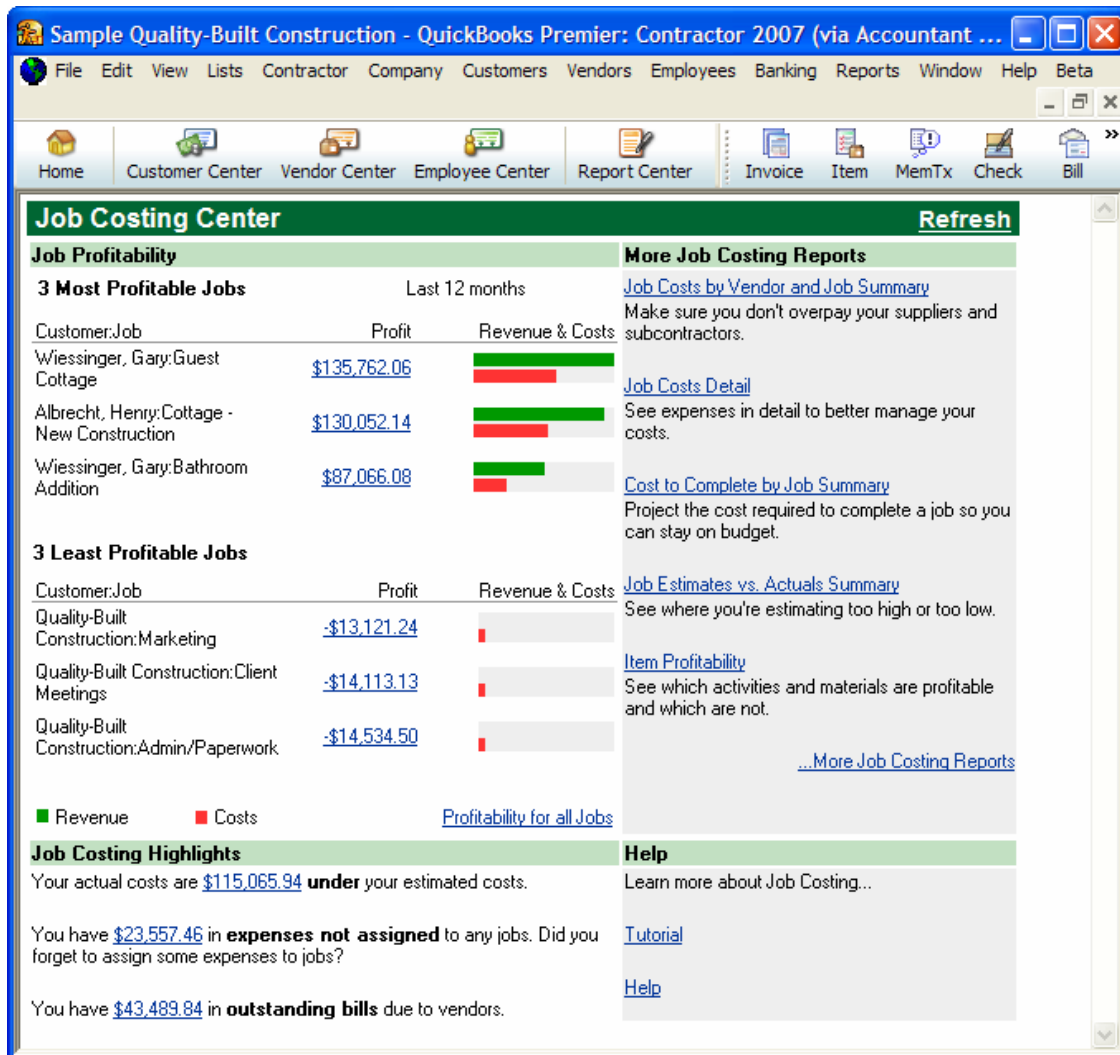
Figure 10 -- Job Costing Center

To add the Job Cost Center to the Icon Bar in Accountant Edition:

1. From the **File** menu, choose **Toggle** and access the Contractor Edition.

2. In Contractor Edition, choose open the **Job Cost Center** from the **Contractor** menu.

3. From the **View** menu, choose **Add Window to Icon Bar**.

Second, the **Contractor Menu** – shown in **Figure 11** – provides users with quick access to many of the transactions often associated with recording revenue and expenses in a job costing environment. Working from this menu makes it easy to access common transactions without requiring navigation through multiple menus or centers elsewhere in QuickBooks. (**Note:** When working in Accountant Edition, the Job Costing Center can be found in under the **Reports** menu, in the **Industry Reports** submenu.)

Job Costing Center
Create Estimates & Change Orders
Create Invoices
Receive Payments
Make Deposits
Create Purchase Orders
Enter Bills
Pay Bills
Update Item Percent Complete
Job Costing ▶
Time/Enter Single Activity
Use Weekly Timesheet
Billing Rate Level List
Online Services ▶

Figure 11 -- Contractor Menu

Third, Contractor Edition allows you to create a **Cost to Complete Report**, which summarizes the estimated cost to complete each job. An example of this report is provided in **Figure 12**.

Quality-Built Construction
Cost to Complete by Job Summary for All Customers/Jobs
6:34 AM
12/15/07
Accrual Basis
All Transactions

	Est. Cost	% Complete	Act. Cost	Cost to Complete	Expected Actual Cost	Over/Under Estimate
Albrecht, Henry:Kitchen Remodel	200,000.00	70.0%	129,915.40	60,000.00	189,915.40	-10,084.60
Albrecht, Henry:Cottage - New Construction	198,825.00	75.0%	203,570.46	50,000.00	253,570.46	54,745.46
Campbell, Heather:House-New Construction	138,455.00	100.0%	143,468.05	0.00	143,468.05	5,013.05
Molotsi, Hugh:Second Story Addition	308,200.00	91.0%	318,497.19	29,240.00	347,737.19	39,537.19
Tedford, Dan:Addition	120,000.00	70.0%	70,097.61	36,000.00	106,097.61	-13,902.39
Wiessinger, Gary:Bathroom Addition	121,650.00	100.0%	116,314.92	300.00	116,614.92	-5,035.08
Wiessinger, Gary:Guest Cottage	205,300.00	88.0%	189,549.96	25,090.00	214,639.96	9,339.96
Wilson, Brandon:Custom Home	75,600.00	91.0%	81,550.47	6,865.00	88,415.47	12,815.47
TOTAL	1,368,030.00	85.0%	1,252,964.06	207,495.00	1,460,459.06	92,429.06

Figure 12 -- Sample Cost to Complete Report

The Cost to Complete report is based on user-defined and user-entered estimated completion percentages for each item, rather than the QuickBooks generated percentages. You enter this information in the **Update Item Percent Complete** window shown below in **Figure 13**.
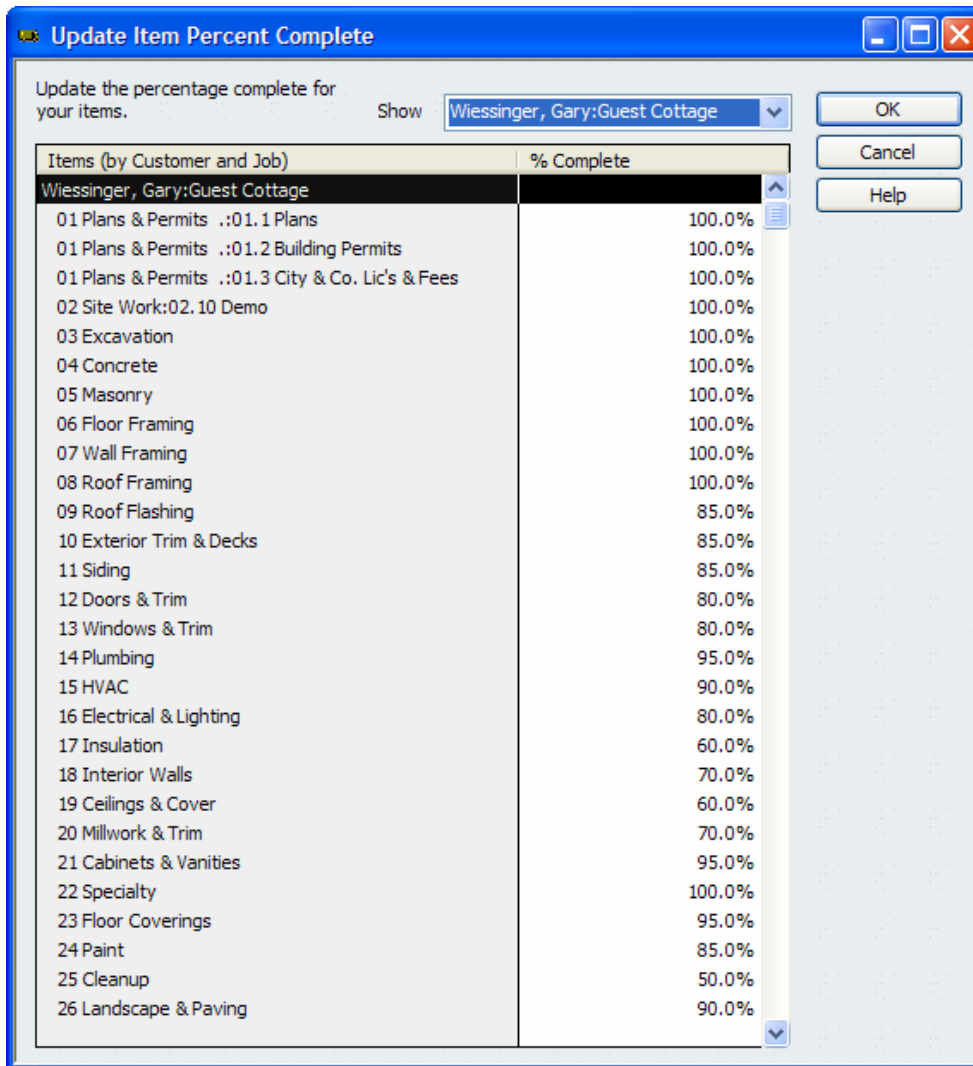
Figure 13 -- Update Item Percent Complete in Contractor Edition

In addition to the features described in detail above, QuickBooks 2008 Premier Contractor Edition provides enhanced reporting in the area of job costing. **Figure 14** shows the reports offered in Contactor Edition. Each of the reports listed below are in addition to the "regular" job costing reports found in QuickBooks Pro and Premier.

Job Status

Job Costs by Vendor and Job Summary
Job Costs by Vendor and Job Detail
Job Costs by Job and Vendor Summary
Job Costs by Job and Vendor Detail
Job Costs Detail
Cost to Complete by Job Summary
Cost to Complete by Job Detail
Unpaid Bills by Job
Unpaid Job Bills by Vendor
Expenses Not Assigned to Jobs

Billed/Unbilled Hours by Person
Billed/Unbilled Hours by Person and Job
Billed/Unbilled Hours by Person and Activity

Open Purchase Orders by Vendor
Open Purchase Orders by Vendor Detail

Certified Payroll - Box 1 Employee Information
Vendor Account Information
Customer Account Information

Figure 14 -- Contractor Edition Reports

Setting Job Cost Preferences

Job costing should begin with creating an estimate for each job or project undertaken. The estimate serves as a budget for the job and project managers often compare actual results to the estimate when managing the project. In addition, job costing often requires periodic invoicing to the customer over an extended period of time. In QuickBooks, this capability is referred to as "Progress Invoicing." This type of invoicing allows you to create invoices at intervals that are based on the various steps of completion for the job.

Before you can create estimates and generate progress invoices in a QuickBooks file, the necessary preferences need to be turned on. Specifically, in the **Jobs and Estimates** preferences, the preference labeled "**Do You Create Estimates?**" must be set to **Yes**. Additionally, if progress invoicing is to be utilized, the preference labeled "**Do You Do Progress Invoicing?"** must also be set to **Yes**. Both of these preferences are shown below in **Figure 15**.
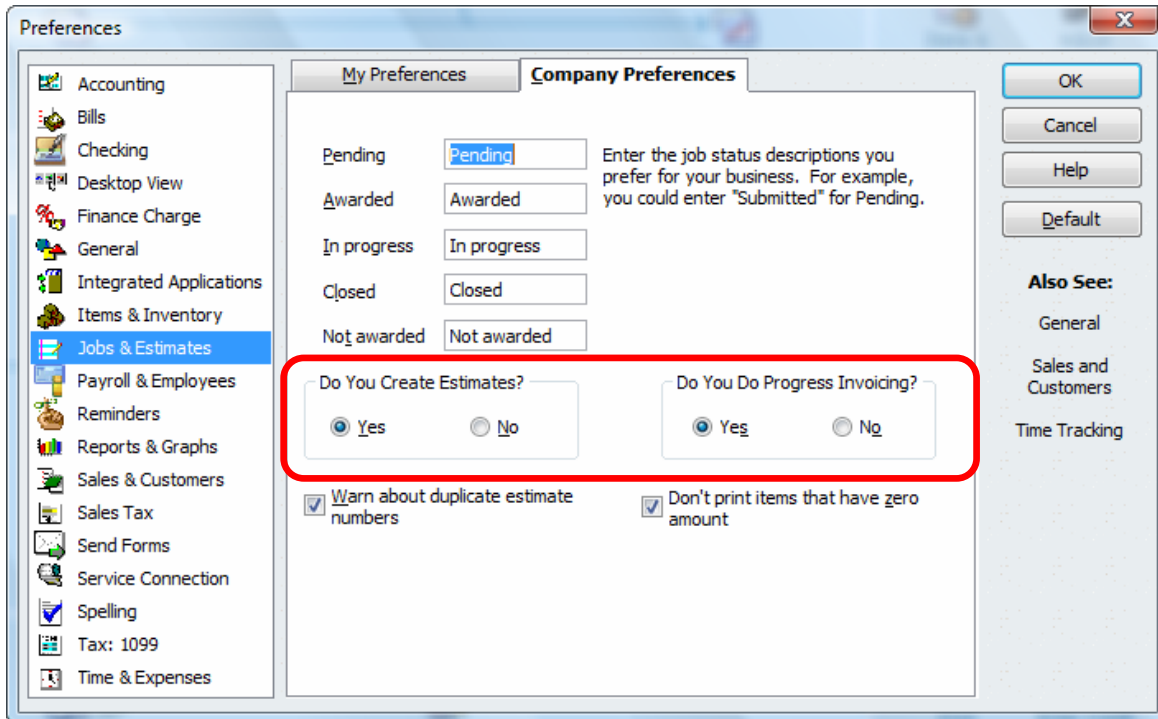
Figure 15 -- Job Costing Preferences in QuickBooks Pro and Premier

Creating Jobs

In QuickBooks, to effectively utilize estimating and job costing you must first understand how to create jobs and manage customers. Failing to do so will likely lead to an inability to properly report revenues and costs associated with particular projects. It is important to note that QuickBooks does not require the use of jobs; in fact, revenues and costs can be tracked at the customer level if you desire. However, when a particular customer has multiple jobs, failing to create a distinct job for each project makes it all but impossible to determine the profit or loss on each job.

Jobs are merely extensions of customers; therefore, before you can create a job, the customer record must exist. Beginning with QuickBooks 2006, all customer-related functions can be managed through the **Customer Center**.

To create a customer record:

1. In the Customer Center, select **New Customer** from the **New Customer and Job** menu button.

2. Enter the relevant customer information, as shown in **Figure 16**.

Figure 16 -- Adding a New Customer to the Customer Center

3. Click **OK** to save the customer record.

   You can now create a job or jobs for the customer.

To create a job and associate it with a customer:

1. Highlight the customer record in the Customer Center and select **Add Job** from the **New Customer & Job** menu button, as shown in **Figure 17**.
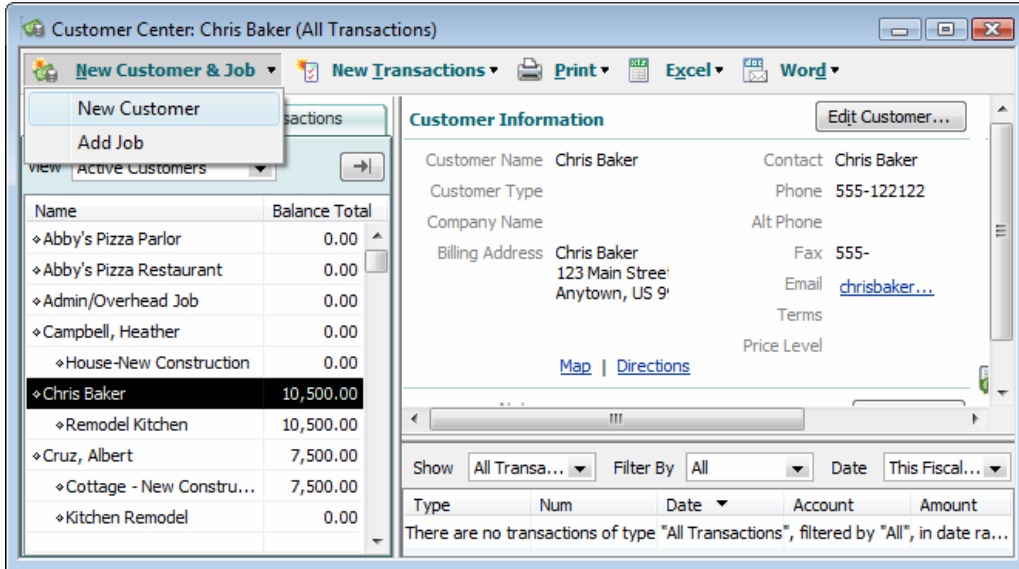
Figure 17 -- Selecting Add Job in Customer Center

2. Select the **Job** tab and enter details regarding the job as shown in **Figure 18**.

    It is important to note that all of the information on the Job Info tab is *memo* information; that is, no transactions are affected or posted based on the entry of this information. Also, if you enter a balance in the **Opening Balance** field, an entry with a debit to Accounts Receivable and a credit to Uncategorized Income is created.
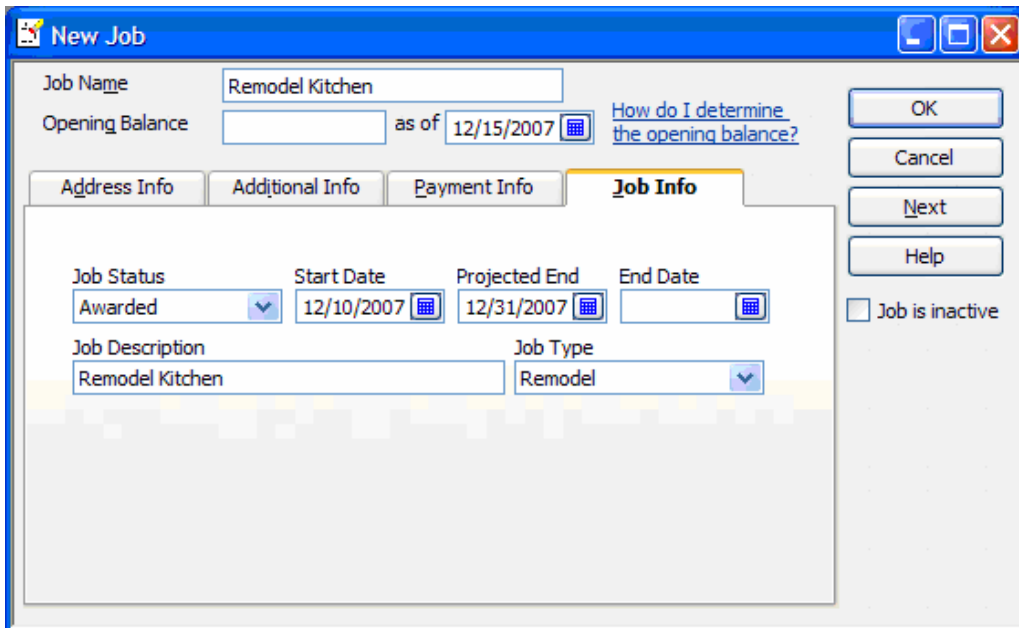
Figure 18 -- Adding a Job to a Customer Record

Managing Jobs

Jobs can be managed using many of the same techniques that are used to manage lists. For instance, highlighting an entry in the Customer Center and clicking the **Edit Notes** button opens the **Notepad**. On the Notepad, you can enter free-form notes regarding the job, as shown in **Figure 19**. These notes can include date stamps and can be printed. Further, these notes can be viewed by all users who have the requisite user privileges.
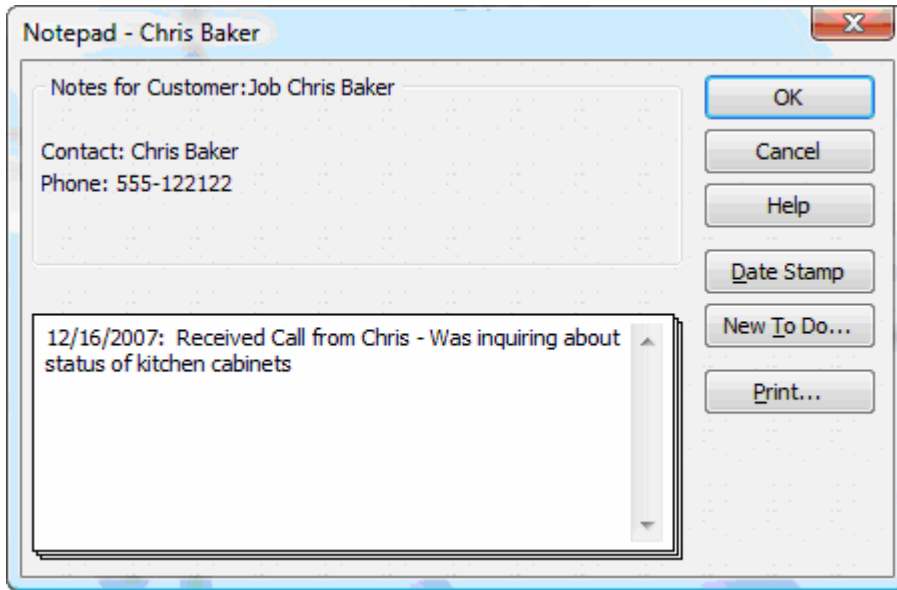
Figure 19 -- Working with the QuickBooks Notepad Feature

In addition, by clicking the **New To Do…** button, you can enter new **To Do Notes** as shown in **Figure 20**.
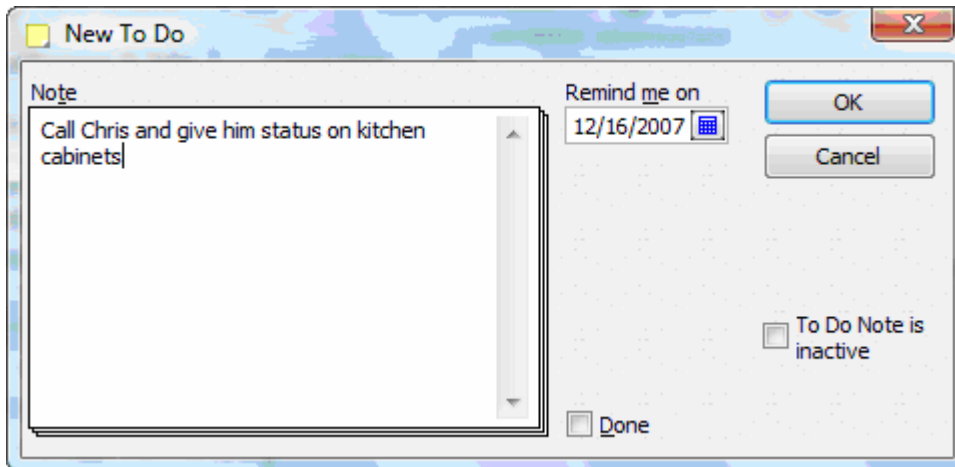
Figure 20 -- To Do Note in QuickBooks

To Do Notes can be added to the **Reminders** window and provide an excellent way of tracking and managing key events and milestones associated with a job as shown in **Figure 21**.
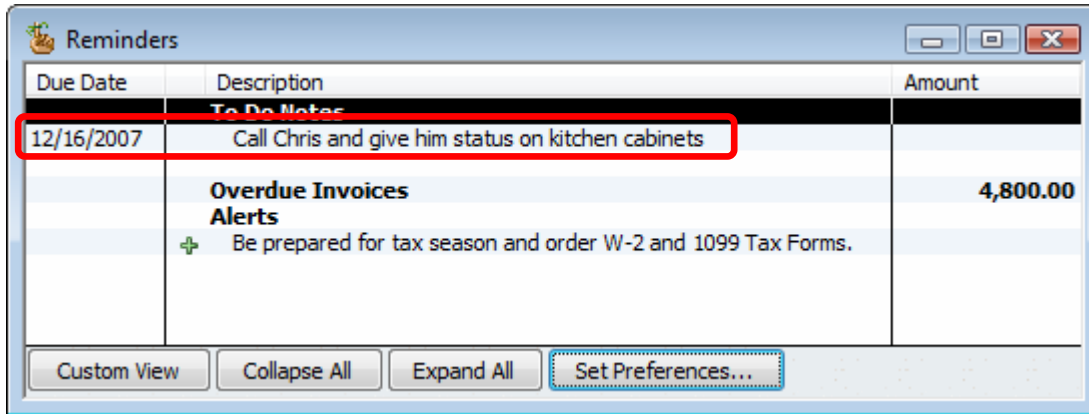
Figure 21 -- Reminders List Showing To Do Notes

In addition to adding Notes and To Do items in the Customer Center, jobs can be *merged* if necessary. Merging is a process that combines two list entries into one. When list entries are merged, all transactions using the list entry to be eliminated are changed to reflect the surviving list entry. For instance, suppose two items were entered in the Customer Center for the same job and that transactions had been recorded to both entries. To consolidate the two entries and, at the same time, update the transactions so that all transactions were recorded to only one of the jobs, the merge technique could be used.

To merge two jobs:

1. In the Customer Center, open for editing the job entry to be eliminated.

2. Change the Job Name to that of the surviving entry.

    The warning message shown in **Figure 22** displays.
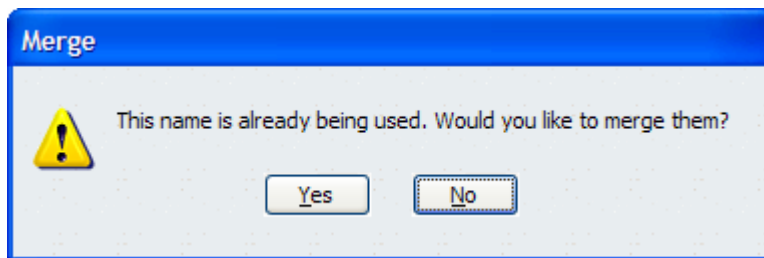
Figure 22 -- Warning Message Displayed During Merge Process

3. Click **Yes** to merge the two list items into one and change all transactions associated with the list item that is being terminated.

Once a job has been completed and all transactions associated with that job have been entered, mark the job as **Inactive**. Otherwise, should a transaction be entered and mistakenly coded to that job, no warning message is displayed. However, with the job marked as inactive, should a client attempt to post a transaction to the job, a warning message displays alerting the user to the possible error. You can then choose to post the transaction to the inactive job—you may decide to return the job to **Active** status, or you may decide to post the transaction to a different job.

Entering a date in the **End Date** field or changing the **Job Status** to **Closed**, does not mark the job as Inactive. The only way to mark a job as Inactive is to enter a check in the **Job is Inactive** box highlighted in **Figure 23.**

Figure 23 -- Marking a Job as Inactive

CHAPTER 3:
HANDLING REIMBURSABLE EXPENSES

Reimbursable expenses represent the simplest form of utilizing the Estimating and Job Costing features in QuickBooks. Specifically, QuickBooks allows you to track expenditures incurred on behalf of clients or customers and then have these expenses flow through to the invoicing process. Examples of these expenses might include travel expenses, postage, and automobile mileage.

In many cases, these expenses are not tracked to specific jobs, but rather to customers. For example, an accountant utilizing QuickBooks for internal purposes might desire to track to the client level overnight delivery charges incurred on behalf of each client. This would not necessitate creating separate jobs for each client (although that could occur if the accountant so desired). Rather, in this case you would track the reimbursable expenses to the customer—not to a specific job.

Setting Preferences for Reimbursable Expenses

Prior to tracking reimbursable expenses, you must consider the impact of two **Sales & Customers** preferences. In particular, the **Default Markup Percentage** and **Track reimbursed expenses as income** preferences, both highlighted in **Figure 24**, must be established correctly prior to entering transactions; otherwise, results may not reflect the desires of the users. This ensures that costs are marked up consistently when reimbursable expenses are recorded in the QuickBooks file.
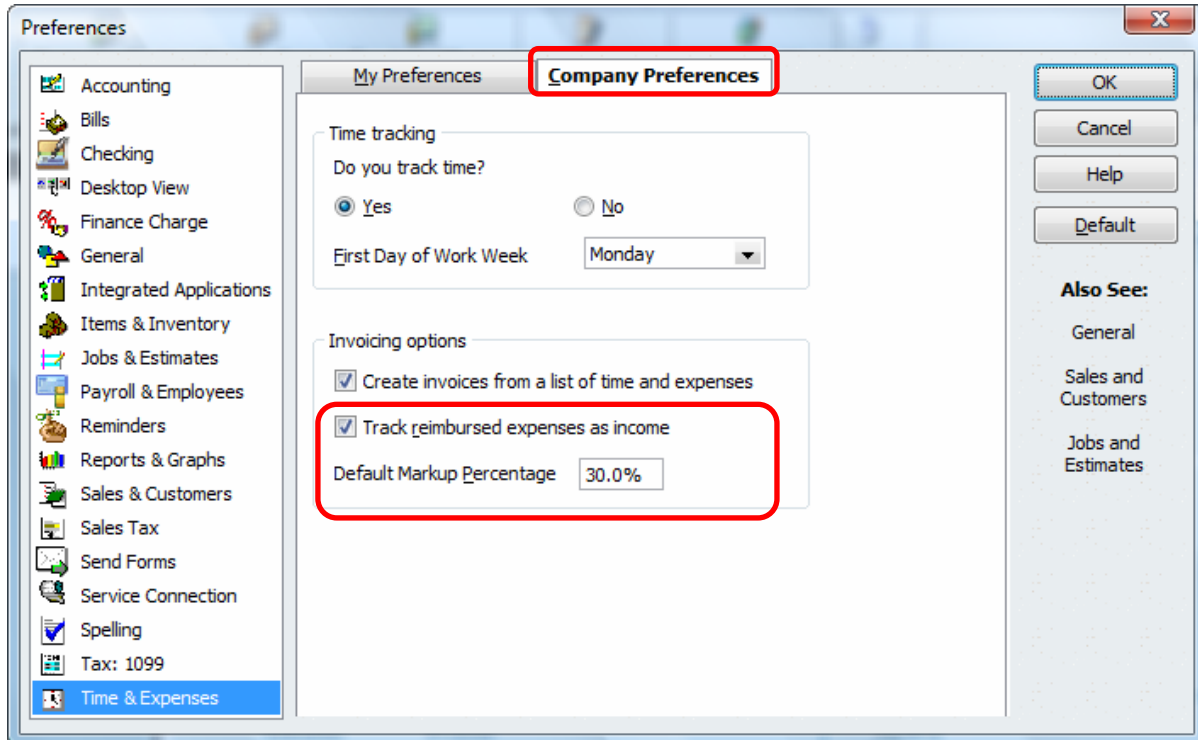
Figure 24 – Key Preferences for Reimbursable Expenses

The **Default Markup Percentage** preference is used to establish the default percentage by which expenses to be reimbursed will be marked up at the time they are invoiced. For instance, many companies pass through reimbursable expenses with a markup to cover handling and administrative charges. By setting the Default Markup Percentage, expenses are adjusted automatically at the time of invoicing; however, the markup amount can be adjusted at the time of invoicing, should the need arise.

Close attention should also be given to the **Track reimbursed expenses as income** preference. With this preference turned off, at the time a reimbursed expense is billed, QuickBooks credits the expense account that was debited at the time the expenditure was originally recorded as a purchase. In those cases where there is no markup, then the billing and purchase will cancel each other. If the feature is turned off but a default markup percentage is entered, the user will be asked to designate an account for the markup when adding the costs to the customer invoice. The account selected on the markup window should be an income account so that the revenue from the markup is shown correctly. Markups for specific items can be mapped to a unique chart of account in the Add or Edit Account window. If this preference is not selected, then the expense and income will net out in the same account. For more meaningful report presentation, it is most accepted to show the income gross in a separate account than the expense, even though it is being reimbursed.

You can set as a user specific preference that you want to be warned about available time/costs ready to be posted to a customer invoice, as shown in **Figure** 25.
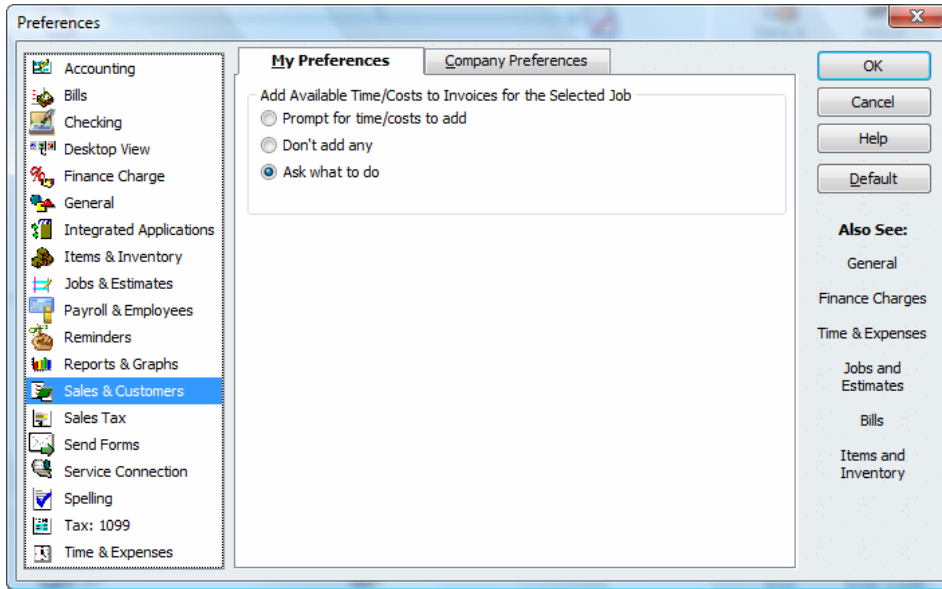
Figure 25 – Setting a Preference to be Warned about Posting

When the **Track reimbursed expenses as income** preference is checked, QuickBooks adds a checkbox and field to the **New** and **Edit Account** windows for expense accounts, as shown in **Figure 26.** This allows you to designate in which income account the reimbursement will be tracked. When billed, the revenue is recorded to the specified income account, while the expenditure remains in the expense account.
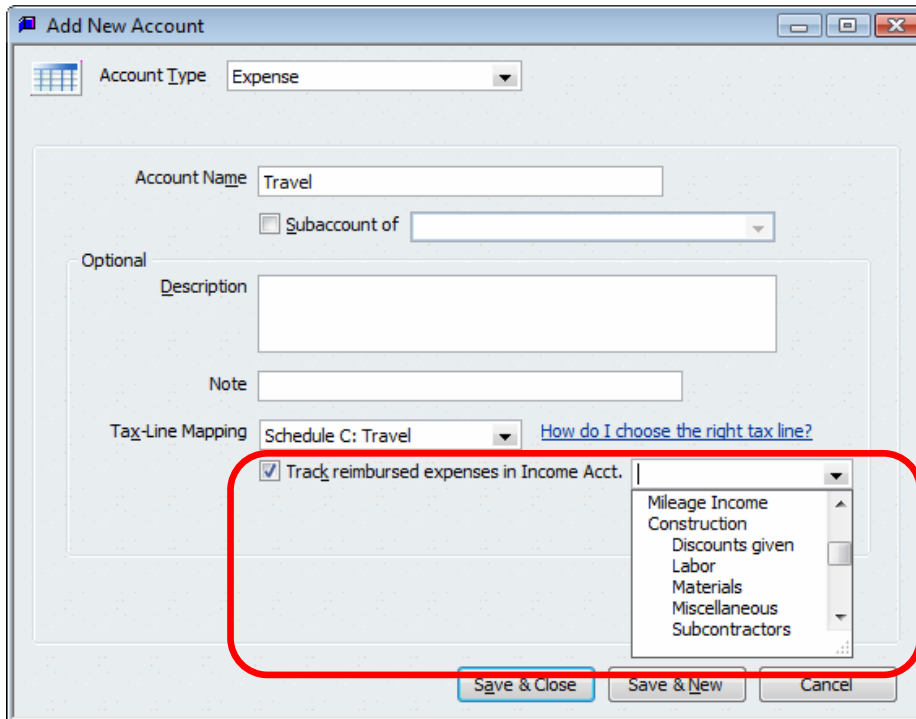
Figure 26 -- Determining Posting Account for Reimbursable Expenses

After these preferences have been established correctly, you can begin to track and bill reimbursable expenses. This process begins at the point the expenditure entry is recorded in QuickBooks. In the example displayed in **Figure 27**, an expenditure of $300.00 for Travel Expense is being recorded. This expense is being tracked to customer Dan Tedford, as indicated in the Customer:Job field. Further, the expense is marked as being *billable* by the presence of a checkmark in the Billable checkbox. If you want to track the expense to the customer, but not establish it as a billable expense, clear the Billable checkbox. In doing so, the expense would be tracked to the customer, but would not flow through to invoicing.
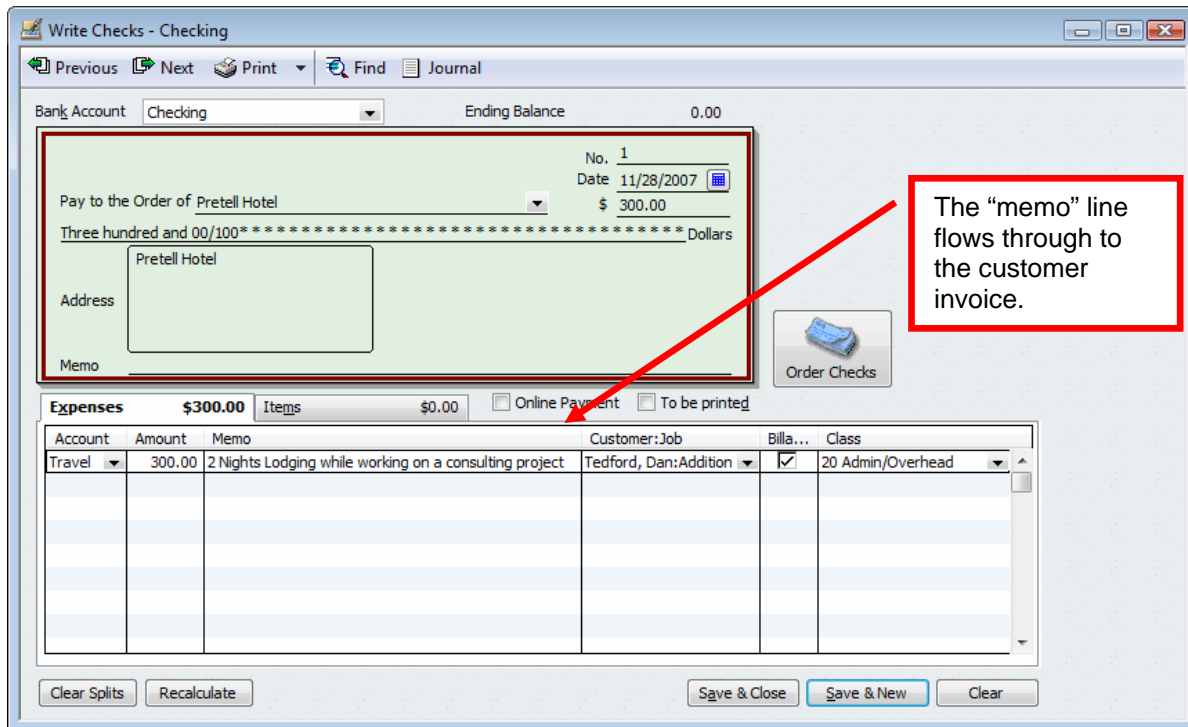
Figure 27 -- Entering a Reimbursable Expense through the Check Window

Note: When using the Expenses tab, the cost appears in the Expenses section of the **Choose Billable Time and Costs** window. The Expenses section allows you to define a markup percentage, both in preferences and also at the time the costs are added to the invoice. However, when you use the Expenses tab instead of the Items tab, these expenses display as "No item" at the bottom of the job cost/profitability reports. To take advantage of proper job profitability reports and ease in invoicing customers, use items and assign a sales price (this is the amount that will be transferred to the customers invoice).

Invoicing for Reimbursable Expenses

Once an expenditure has been tracked as a billable item, it can flow through to the customer's invoice automatically. Select **OK**; or if not, you can select Add Time/Costs directly from the invoice form.

To invoice for reimbursable expenses:

1. From the **Customers** menu, choose **Create Invoices**.

2. In the Customer:Job drop-down list, select the customer name.

   The window shown in **Figure 28** displays reminding you that there are outstanding billable items for that customer.
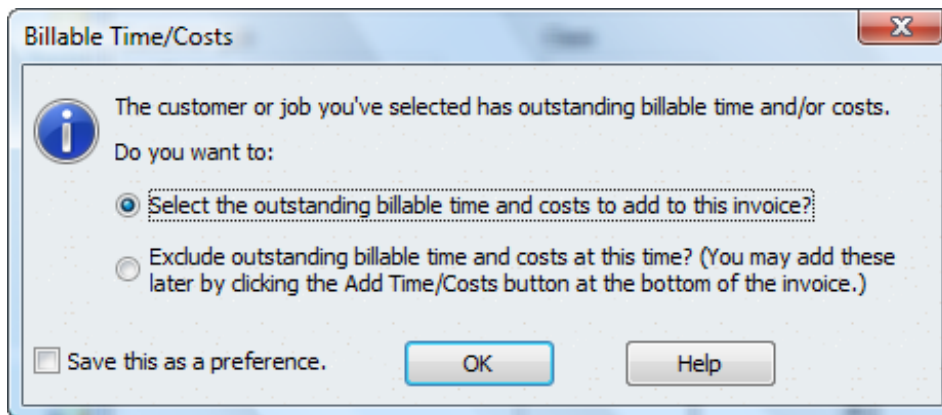
Figure 28 -- Pop-up Reminder for Billable Time/Costs

3. Select the first option and click **OK** to add billable time and costs to the invoice.

Alternately, you can click **Add Time/Costs** in the Create Invoices window as shown in **Figure 29**.

This opens a window containing the billable time and costs.
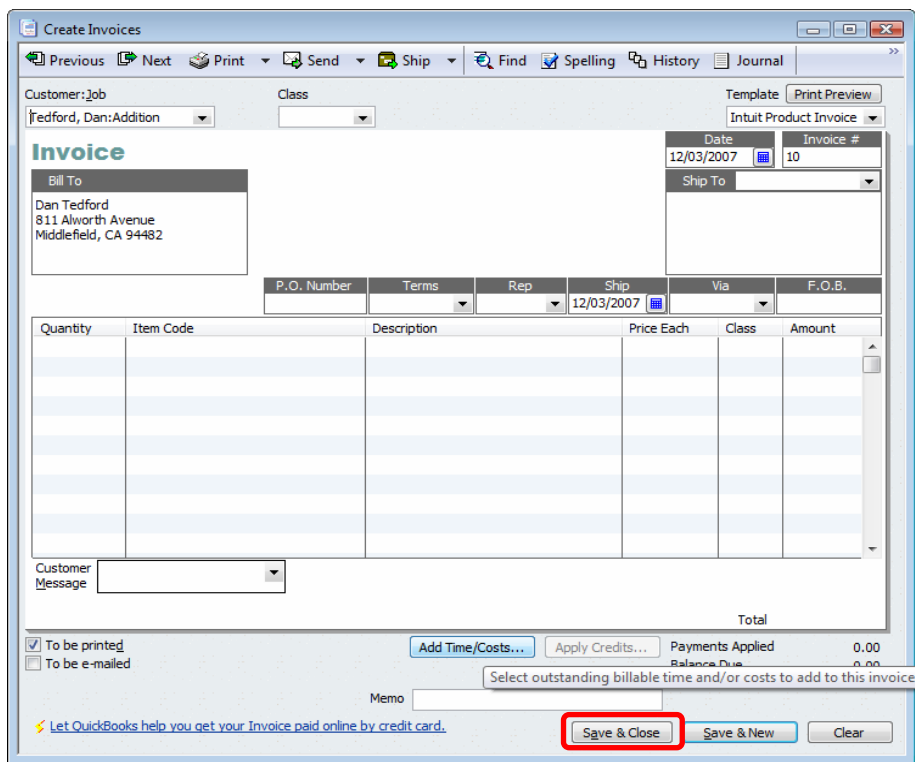
Figure 29 -- Selecting Time/Costs for Invoicing

In QuickBooks 2008, you also have an option to bill for Time & Expenses from one screen for all customers:jobs.

To turn on this preference:

1. In the Preferences window select Time & Expenses.

2. Select Create invoices from a list of time and expenses as shown in **Figure 30**.
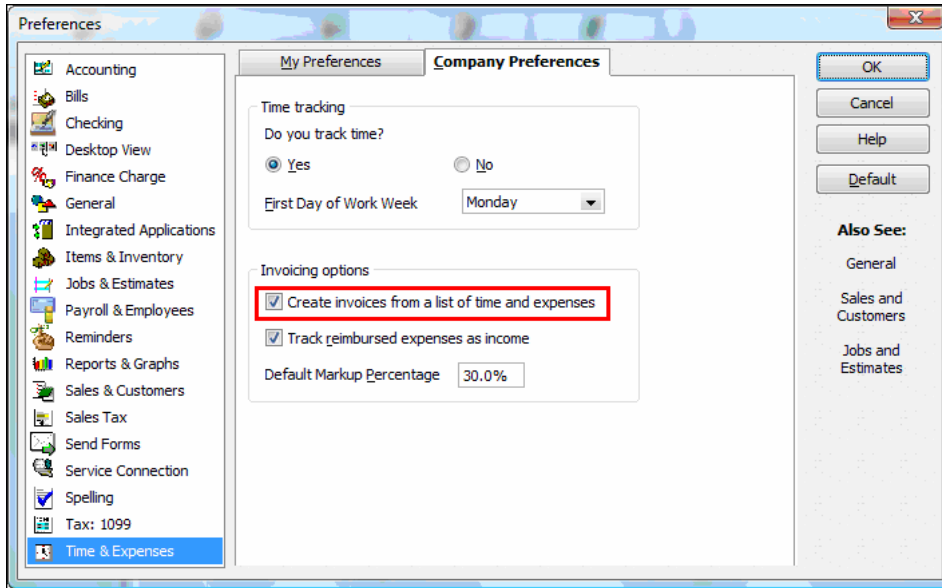
Figure 30 -- Preference to turn on time & expense window

Once this preference is turned on, you will be able to invoice all of your customers from one screen as shown in **Figure 31**.
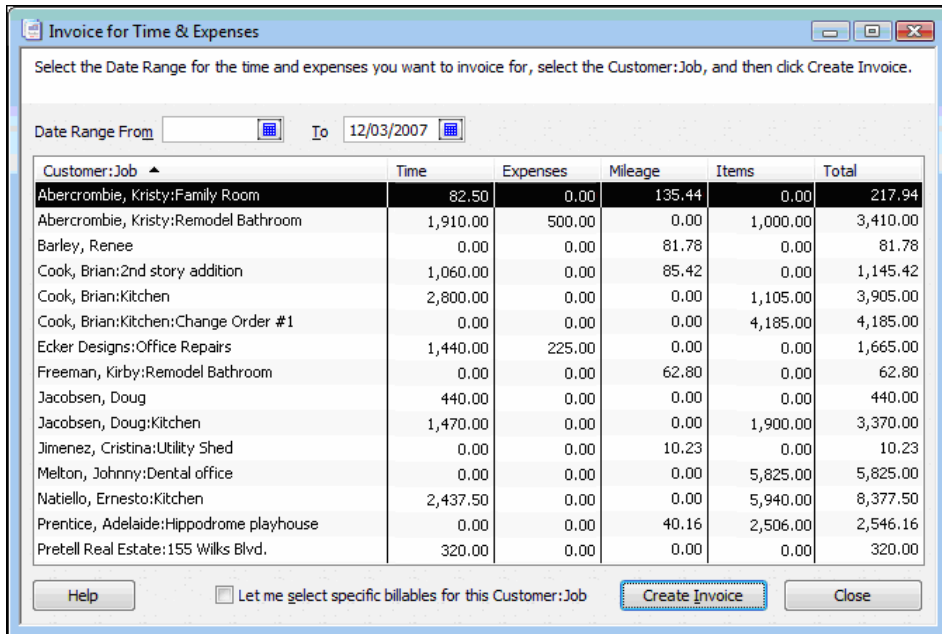
Figure 31 -- Time & Expense Window for Invoicing

However you decide to invoice for time and expenses, you have the option once on the invoice to select which charges you want to pass through to your customer. The **Choose Billable Time and Costs** window in **Figure 32**, this window is organized into four tabs:

- **Items**—contains those reimbursable expenditures that were originally entered using "Items" rather than "Expenses."

- **Expenses**—contains those reimbursable expenditures that were originally entered using "Expenses" rather than "Items."

- **Time**—contains time expended by either an employee or contractor.

- **Mileage**—contains reimbursable mileage entered through Vehicle Mileage Tracker.
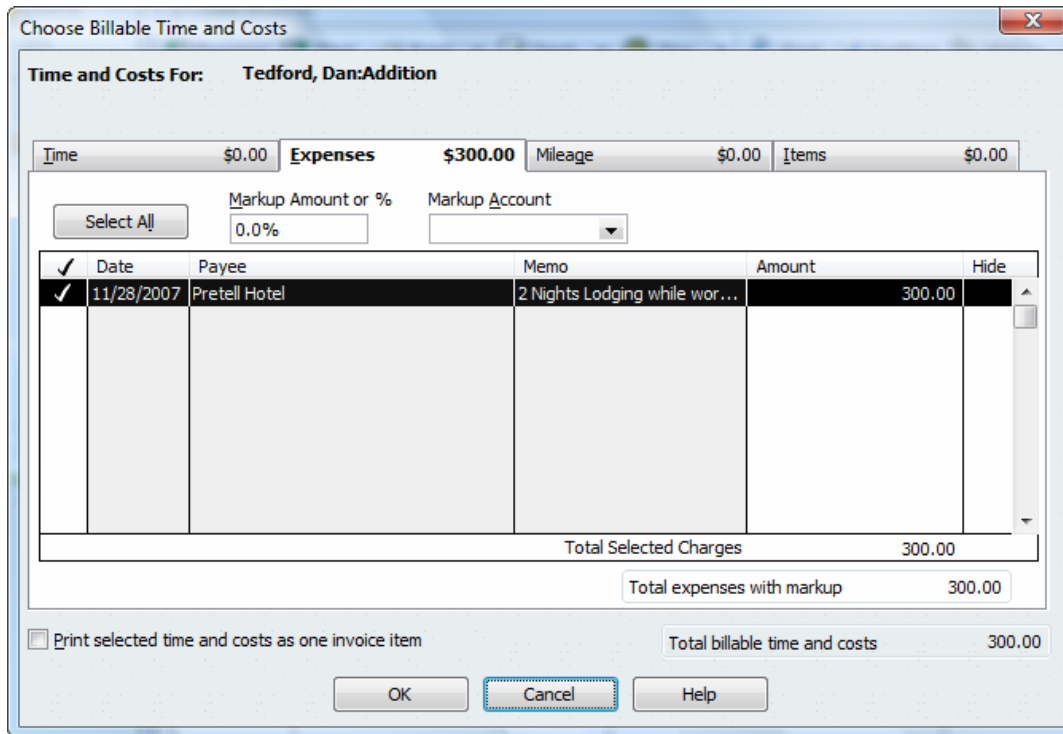
Figure 32 -- Choosing Billable Time and Costs

Regardless of which tab the billable expense appears on, the process for billing it is the same. Check the **Use** column next to each expense to be billed to the customer. In addition, if there is to be a markup other than the default markup established in the Preferences, then **Markup Amount or %** field is adjusted. In the example in **Figure 32**, the lodging expense of $300.00 previously entered has been selected for billing to the customer, Dan Tedford. Once selected, the billable items flow through to the invoice form.

To group multiple billable items onto one line on the invoice, check the box in the lower, left-hand corner of the **Choose Billable Time and Costs** window labeled **Print selected time and costs as one invoice item**. Further, selecting this option hides the markup amount from the customer's printed copy of the invoice.

Using Items to Assist in Billing Reimbursable Expenses

The example presented above demonstrated how to bill for reimbursable expenses that were originally recorded on the **Expenses** tab of the **Write Checks** window; the process would be the same if the underlying expenditure had been recorded on the **Expenses** tab of the **Enter Bills** window. In some cases, you may create items to assist with initially recording the transaction. For instance, in the example above, an item could have been created in the **Item list** called **Reimbursable Travel**. This item could have been established as an **Other Charge** item and mapped to the Hotels/Lodging Expense account. Then, when the check recording the payment was entered, instead of entering the detail on the Expense tab, the user would have clicked on the Item tab and entered the detail there, as shown in **Figure 33**.
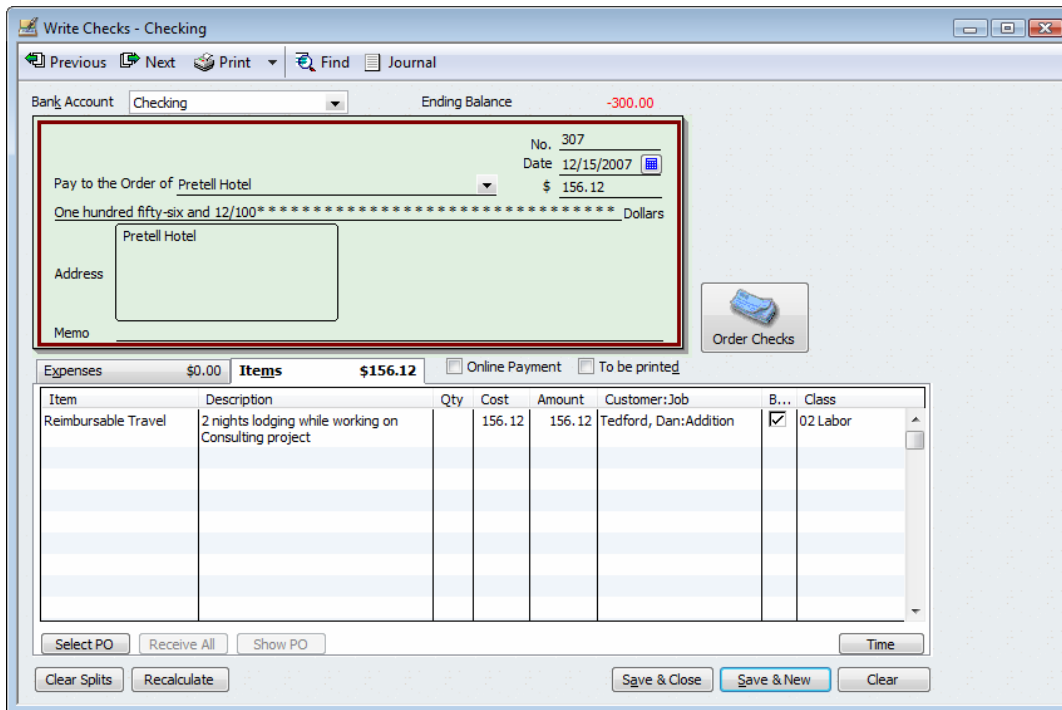
Figure 33 -- Using Items to Track Reimbursable Expenses

When the customer was selected for billing, the reimbursable expense would have appeared on the **Items** tab of the **Choose Billable Time and Costs** window, rather than the **Expenses** tab. While many users establish items to facilitate proper coding of the original expenditure transaction for reimbursable employee expenses, this process becomes even more significant when considering how to bill for items that were bought for a specific customer and are to be reimbursed by that customer.

To illustrate, assume a computer consulting firm purchased a computer on behalf of a client, delivered the computer to the client, and then billed the client for the cost of the computer. In this case, the user would need to use a two-sided item – one that could be used for the purchase transaction as well as the sales transaction, with potentially different descriptions, amounts, and general ledger mappings for each.

Continuing with the computer consulting firm example, a two-sided item has been created in **Figure 34**. Two-sided items can be defined for Non-inventory Part items, Service items, and Other Charge items. To designate the item as a two-sided item, select the checkbox labeled **This item is used in assemblies or is purchased for a specific Customer:Job**. Otherwise, you are not able to enter different information for the purchase and sale transactions.

In the example presented, the **Cost** and **Sales Price** fields have been set to zero and both **Description** fields have been left incomplete. This allows the item to be used on multiple occasions, for multiple transactions. Users edit the descriptions and amounts as necessary on each transaction. Common uses for two-sided items include custom-ordered items and subcontracted labor.

Figure 34 -- Adding a Two-Sided Item to the Item List

Two-sided items are only available in QuickBooks Pro and higher editions.

Use of items – both single-sided and two-sided – is advantageous for another reason. If you record a reimbursable expenditure to a **Cost of Goods Sold** account type on the **Expenses** tab of the **Write Checks** window or the **Enter Bills** window, that expenditure does not appear in the **Choose Billable Time and Costs** window at the time of billing. On the other hand, if an item is mapped to a **Cost of Goods Sold** account type, it will appear for billing. Therefore, to code the disbursement side of a reimbursable expenditure to a **Cost of Goods Sold** account you must use items to do so.

Two-sided items also allow for greater operational analysis of what each client buys and sells and the related Gross Margin on each one of those activities. Additionally, by "programming" the Item list to where you want items to post to the General Ledger, there is less room for data entry error on the financial statements.

WORKING WITH ESTIMATES, CHANGE ORDERS,
AND INVOICES
Working with Estimates
Tracking Change Orders
Creating Invoices from Estimates
Using Progress Invoicing
Handling Retainage
Receiving Customer Deposits

CHAPTER 4:
WORKING WITH ESTIMATES, CHANGE ORDERS, AND INVOICES

Working with Estimates

The preceding discussion on reimbursable expenses can be viewed as an introduction to job costing. In a true job costing environment, users create **estimates**, process **change orders** against those estimates, and compare actual revenues and expenditures to the estimates. QuickBooks Pro and higher editions support this functionality.

In QuickBooks, estimates create memo entries only; in and of themselves, they do not post any transactions to the General Ledger; they are non-posting transactions. As with most forms in QuickBooks, the Estimate form may be modified for format and appearance. Further, Invoices may be created directly from Estimates and **Progress Invoicing** is also supported.

Next, items must be established in the Item list reflecting the time, materials, and costs to be included on the job. The use of two-sided items is strongly recommended in order to properly drive the revenue on the job to an Income account and the costs on a job to a Cost of Goods Sold account. There are a few common ways to treat revenue and costs for a project. These methods can be impacted by what tax basis a company uses when filing their annual tax return. It is beyond the scope of this handbook to offer tax advice. However, we will offer a few suggestions for ways to work with the QuickBooks data.

Some companies will treat projects as an Asset (called Work in Process or WIP) and the funds received from their customers as Draws posted to a Customer Deposits Liability account. When accounting for cash flow in this manner, revenue and expenses are recognized in the proper period. We will discuss this process later in this book.

Figure 35 shows a sample **Item list** for a residential homebuilder.

Figure 35 -- Sample Item List for Residential Contractor

In the example shown, note the use of sub-items. When you want to create estimates with significant levels of detail, the use of sub-items is a preferred method of providing that detail. Using sub-items provides great flexibility in creating reports and analyzing actual versus estimated job results.

Once the requisite preferences and items have been established, you can create estimates. Selecting the **Estimate** from the **New Transactions** drop-down list in the **Customer Center** opens the **Create Estimates** window. As shown in **Figure 36**, enter the **Customer:Job** name and the relevant items from the Item list, including quantities, costs, and markup are brought over to the Estimate.

The estimate in **Figure 36** is an example of a contract that is negotiated and where the detail is shown to the customer on the invoice. Often, however, you are tracking the detail in QuickBooks, but only showing summarized values on the customer invoice
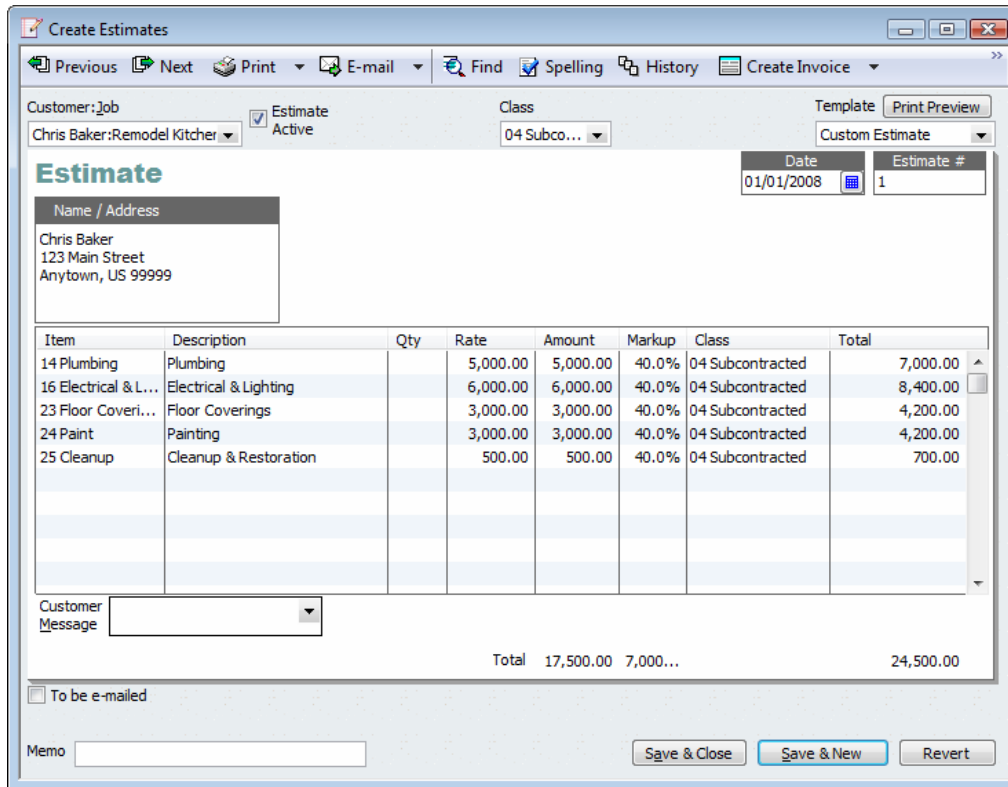
Figure 36 -- Create Estimates Window

When you don't want to show the customer the "detail" of the bid, use the following steps to create a "stick and brick" estimate with only a summarized "schedule of values" shown to the customer.

To control what shows on printed invoices:

1. Create an **Other Charge** type item called "**End of Bid Item**".

   Set it up as a one-sided item and assign it to an income account. (This item will never have revenue or costs posted to it.)

2. Create a Group Item, and name it "Bid Item" as **Figure 37** shows.

3. In the Description field, enter **[Enter Bid Item Description Customer will See on Invoice]**.

   This will help you know where to place the description the customer will see for the summarized value. This Bid Item group represents the scheduled value you will be showing to the customer or bank when invoicing.

4. In the newly created **Bid Item** group, add the item called **End of Bid** Item.

   Leave a couple of blank rows when assigning this **End of Bid** Item in the group.

5. If you do not plan on showing the detail to the customer on the invoice, make sure the "Print items in group" checkbox is clear.

Figure 37 -- Creating a Group Item that will Serve as Scheduled Value on Customer Invoice without Showing Budgeted Detail Lines

6. Create the Estimate using the Bid Item group as shown in **Figure 38**.

7. In the blank rows, select the items that will be tracked for job costs.

8. On the line that appears "Enter Bid Item Description" enter the description for the schedule of value the customer or bank will see on the invoice.

Figure 38 – Sample of Estimate Using Group Items to Summarize Values for Invoice

Once the Estimate has been completed, it can be printed and provided to the customer for approval. When printing the Estimate, you can control whether any markup is visible to the customer by modifying the form template. As shown below in **Figure 39**, you can control whether and where a markup appears on both the screen and the printed form. When using the group item method of invoicing, the invoice only shows the marked up sales price for each bid item.
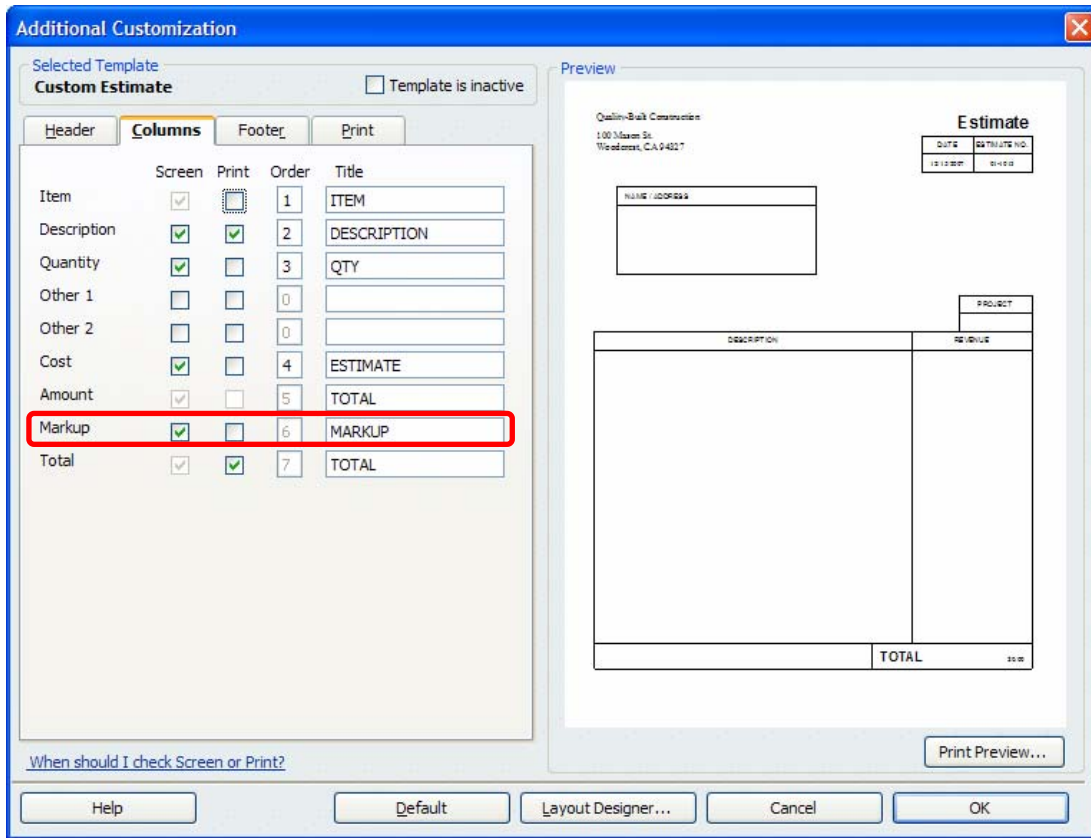
Figure 39 -- Controlling the Appearance of Markup on an Estimate

Tracking Change Orders

Change orders are a significant issue in many industries using job costing, rarely do customers fail to request changes to the original job after it is underway. QuickBooks accommodates change orders by incorporating them into the estimate process.

After an estimate has been created and saved, should you attempt to make a change to that estimate, QuickBooks asks if that modification should be treated as a Change Order and, if so, what text you would like to add to the Estimate form to note the Change Order, as shown in **Figure 40**.
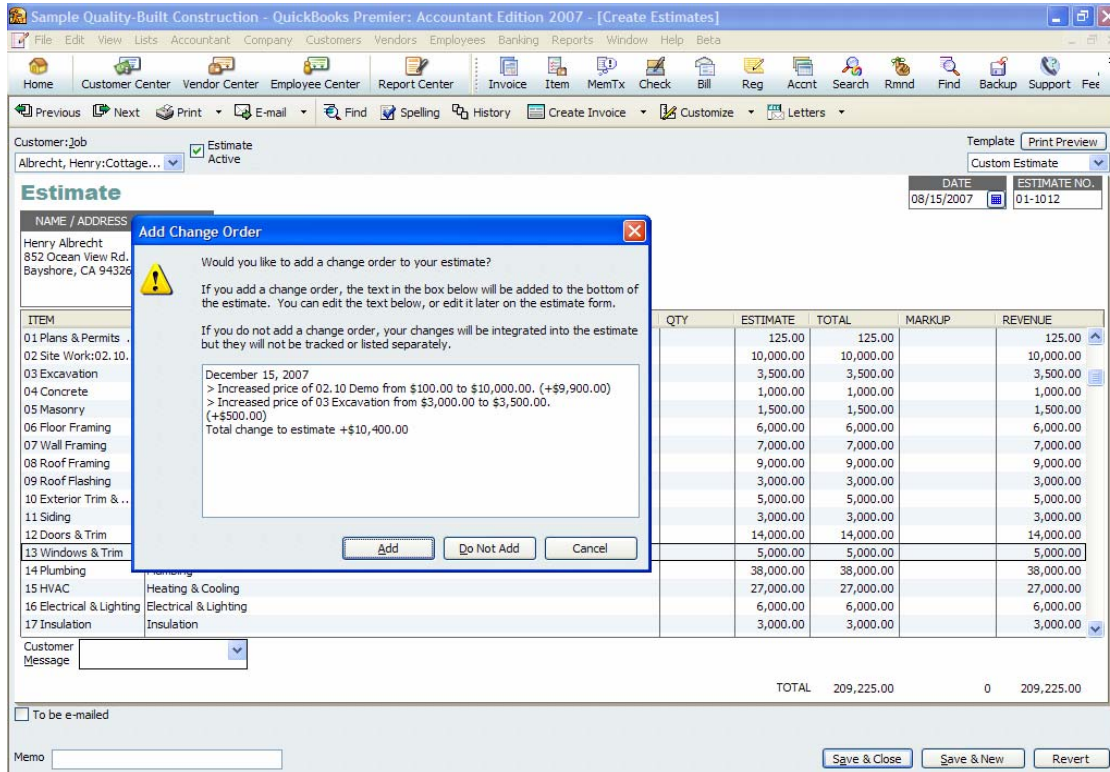
Figure 40 -- Change Order Tracking in QuickBooks

The Estimate, including the impact of the Change Order, can then be printed and provided to the customer to help alleviate any billing disputes.

When adding change order text to the Estimate, edit the text to add a signature line. This allows the estimate to serve as both a budget document and a document that can be printed and signed by the customer.

Another way to track Change Orders is through the Customer:Job list. For each Change Order a sub-job can be created under the main job so a separate estimate can be tracked for the scope change. It would be set up with the following categories:

Customer Name

> Job 1

- Change Order 1
- Change Order 2

By setting it up this way (as shown in **Figure 41**), you can run a Job Profitability report just on the Change Order, or on the Job in total including scope changes.
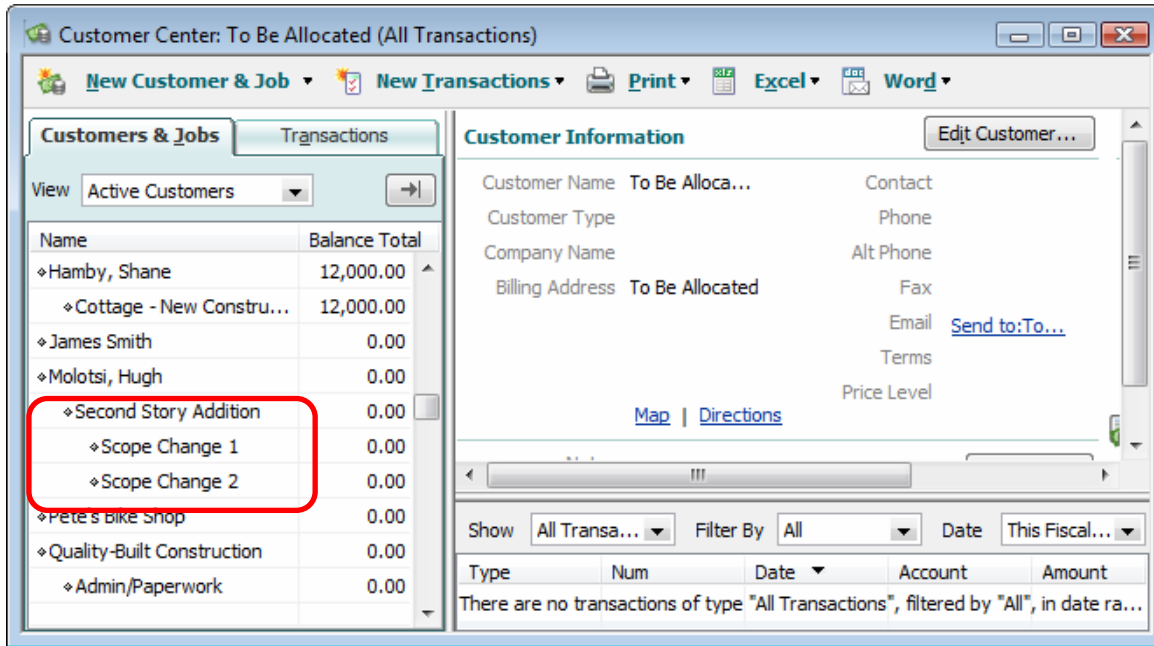
Figure 41 -- Change Order Set up in the Customer:Job List

Creating Invoices from Estimates

Once an Estimate has been created, billing against it is quite simple.

To bill against an estimate:

1. In the **Create Invoices** window, enter the **Customer:Job** name.

   A window displaying all available Estimates will be displayed, as shown in **Figure 42**.
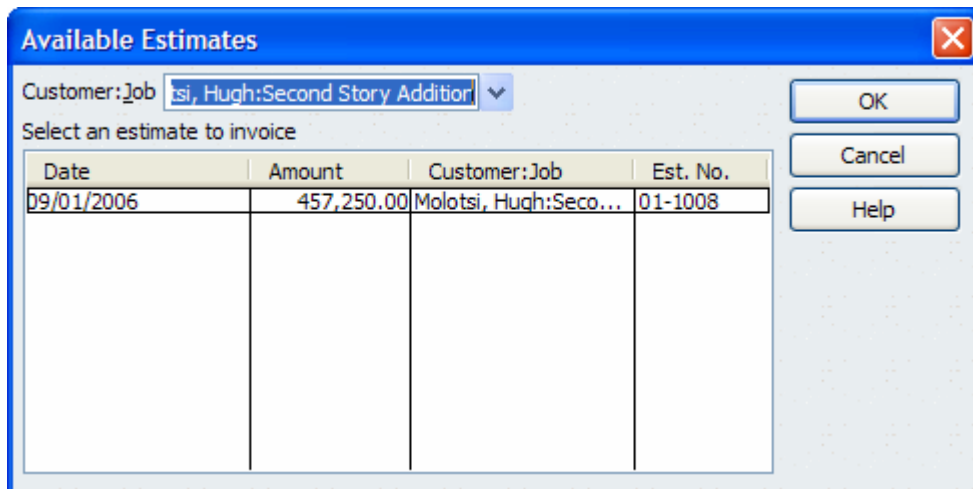
Figure 42 -- Creating an Invoice from an Estimate

2. Select the appropriate Estimate from the **Available Estimates** window to transfer all items on the Estimate to the Invoice as shown in **Figure 43**.

   Further, if reimbursable expenses for the selected Customer:Job had been entered, a window would appear advising you to that effect.

Figure 43 -- Invoice Created from an Estimate

3. Edit the quantity and price of any of the items as necessary and then save the invoice.

Using Progress Invoicing

With QuickBooks, you can issue invoices for progress billing on jobs and track the total amount billed for each line item on the Estimate. For instance, if in the example above, you wanted to bill for 100% of the *Plans & Permits*, *Site work*, and *Excavation* items, but 0% for the other items because the work on the other items had not yet been completed, the Progress Invoicing feature in QuickBooks could accommodate that scenario. With the appropriate preference activated – as previously discussed – when you enter the Customer:Job to be billed, the **Create Progress Invoice Based on Estimate** window appears.

As shown in **Figure 44**, the window contains three options:

- Create an invoice for 100% of each and every item on the Estimate.

- Create an invoice using the same user-defined percentage for each and every item on the Estimate.

- Create an invoice using a different user-defined percentage for each item on the Estimate.
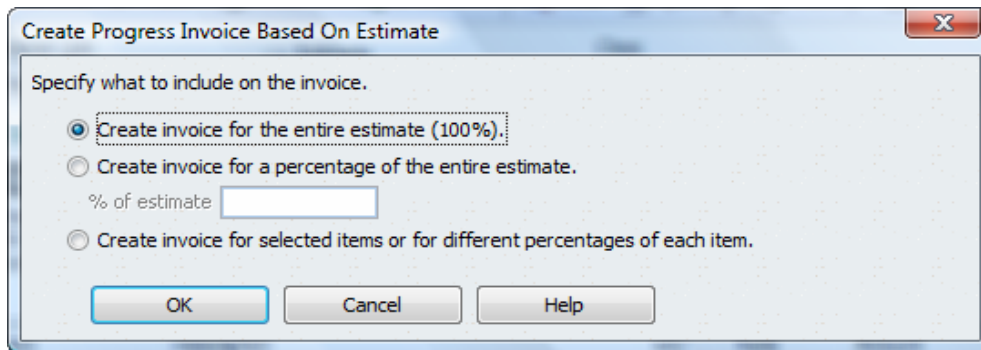
Figure 44 -- Progress Invoicing Option in QuickBooks

When you select the third option QuickBooks displays the window shown in **Figure 45** where you can enter the amount to be billed for each line item on the Estimate. Notice that in this example 100% of each of the first three items will be billed, but none of the remaining items will be billed at this time. Later, when it is time to issue another invoice for work performed on the same job, QuickBooks will recognize that the first three items have already been billed in their entirety. If necessary, it is possible to bill an amount in excess of 100% of the Estimate; prior to doing so, however, QuickBooks will display a warning message. Proper internal processes would be to create a change order increasing the schedule of values rather than invoicing for over 100% as most banks will not allow payments in excess of 100% for a line item.
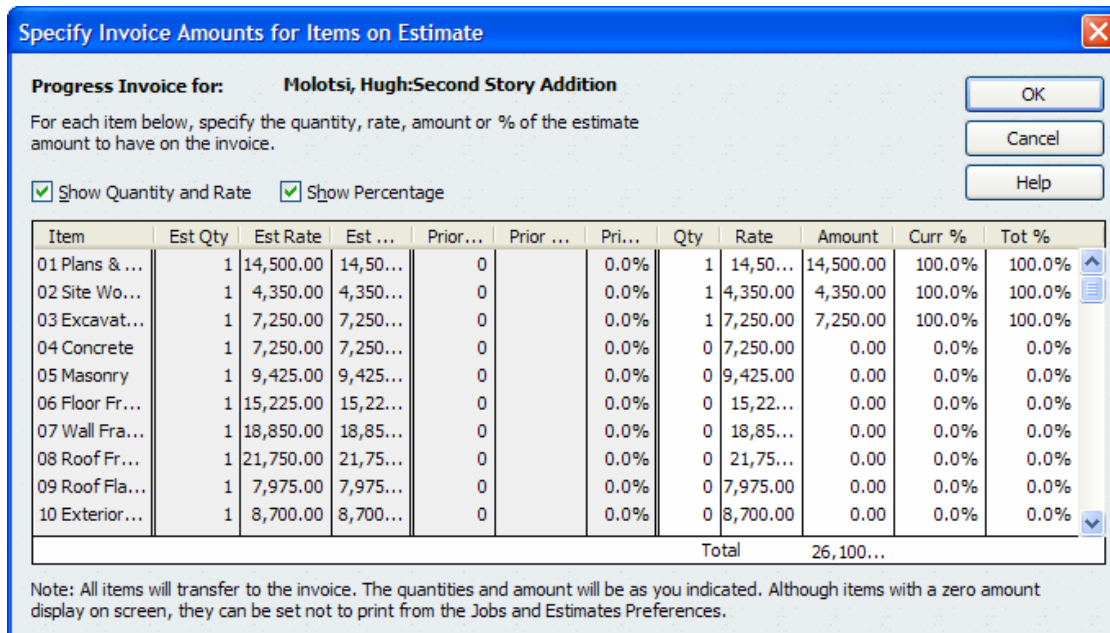
Figure 45 -- Creating a Progress Invoice in QuickBooks

If any of the items on the original estimate were inventory items, be careful not to "progressively bill" these such as 10% of an inventory item. Doing so would create inaccurate inventory and expense statements. Refer to the inventory section in this book for greater detail. Additionally, if some of the items are eligible for sales tax, it is best to invoice those as whole numbers rather than percentages, depending on your jurisdiction and the sales tax rules in your area.

Handling Retainage

Properly tracking and accounting for retainage represents a major challenge for many companies doing Job Cost accounting. Including the retainage in normal billings tends to distort the usefulness of many Accounts Receivable reports – including Accounts Receivable Aging Reports – because the retainage is oftentimes not collected until months after the job has been completed. On the other hand, not billing the retainage also tends to distort the company's financial condition as the amount of **Retainage Receivable** can be substantial – often up to 10% of revenues.

The following procedure demonstrates one effective way of handling retainage in QuickBooks.

To handle retainage:

1. Create a separate **Other Current Asset** account named **Retainage Receivable**.

2. Create an **Other Charge** item call **Retainage Withheld**.

   For **Retainage Withheld**, assuming the amount of the retainage is normally 10%, set the **Amount or % field** equal to **-10%** as shown in **Figure 46**.

Figure 46 -- Adding Retainage Items

3. Create an **Other Charge** item called **Retainage Billed**.

4. If you're also holding retaining on subcontractor bills from vendors, create another **Other Charge** item.

   Assign the account to an **Other Current Liability** account **Retainage Payable**.

5. When issuing an invoice for which retainage is deducted, insert a subtotal line at the bottom of the invoice.

6. Immediately below the subtotal line, insert a line for **Retainage Withheld**, as shown in **Figure 47**.

Figure 47 -- Deducting Retainage from an Invoice

The effect of this transaction is to increase revenue $450,000.00, but only show aged receivables of $405,000.00. The remaining $45,000.00 appears in the other current asset account "Retainage Receivable." This is important especially for those going to the bank to get a loan; aged receivables are not considered a good sign of credit worthiness.

In this example, the General Ledger impact of this invoice is to debit Accounts Receivable for $405,000, debit Retainage Receivable for $45,000, and credit Revenue for $450,000. Later, when all of the "punch list" items have been cleared and it's time to bill the customer for the retainage, issue an invoice billing for the **Retainage Billed** item as shown in **Figure 48**.
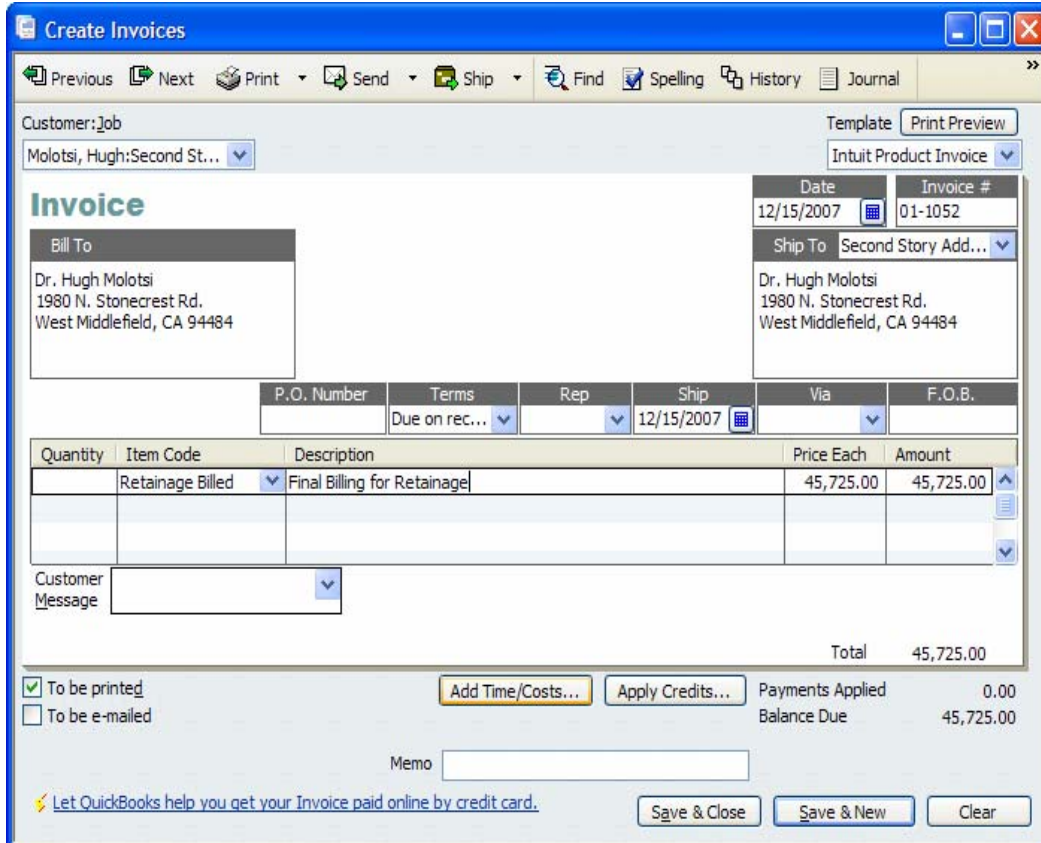
Figure 48 -- Example of Final Billing for Retainage

The General Ledger impact of this transaction is to debit Accounts Receivable for $45,000 and credit Retainage Receivable for $45,000. In sum, handling retainage using the method illustrated here provides for all of the revenue to be recognized at the time of billing and prevents distortion of various Accounts Receivable reports.

To manage the Retainage Receivable or Retainage Payable accounts more effectively, create and memorize the Custom Transaction Detail report.

To memorize a Custom Transaction Detail report:

1. Set the dates to **All**, total by **Customer** (or Vendor if doing Retainage Payable).

2. Filter for **Retainage Receivable** and **Cleared No**.

3. Modify the header and memorize the report as show in **Figure 49**.

   Use this report before processing the final invoice to confirm the amounts that have been withheld.

This report can also be useful at tax preparation time when you need to identify exactly which customers' balances make up the Retainage Receivable or Retainage Payable account values. See **Figure 49**.

Figure 49 -- Report Detailing Retainage Receivable Account

Because this report can become lengthy over the years, if you "reconcile" this **Other Current Asset** account like a bank account, you can then filter the report for "cleared – No" and the report should show only those retainage items that have not been final billed to the customer. Set the cleared balance to -0- since the final invoicing is the same amount that was originally withheld. You can also use this same method with the Retainage Payable liability account, as shown in **Figure 50**.

Figure 50 -- Reconciling the Retainage Receivable Account

If you prefer not to take the time to reconcile the retainage account(s), you can also create a Custom Summary report as described here.

To create a custom summary report:

1. From the **Reports** menu, choose **Custom Summary**.

2. Set the Date Range to **All**.

3. For the Row settings, choose **Customer**.

4. Set the Column to **Total Only**.

5. Filter for **Retainage Receivable** (or Retainage Payable).

6. Use the **Advanced** button on the **Display** tab to set **Non zero**.

7. To print a detail report, double-click on the report total.

Receiving Customer Deposits

Typically, deposits from customers are received throughout a job.

To track each customer deposit properly:

1. Set up items linked to a current liability account to allow for better presentation for financial and operational statement purposes.

Figure 51 -- Customer Deposit Item linked to a Current Liability type account

2. Set up sub-items for each deposit taken throughout a job.

This makes it much easier for operational purposes to see which remaining down payments are owed, as shown in **Figure 52**.

Figure 52 -- Item List Set-up for Customer Deposits

You can set up as many sub-items as you need to track the down payments or draws. This is another way to also track milestones, especially if your client is paying sales people or operational staff based on down payments received.

CHAPTER 5:
TRACKING EXPENDITURES TO JOBS

Generating Job-Specific Purchase Orders

QuickBooks provides you with the ability to generate job-specific purchase orders. By tying a purchase order to a specific job or project, you are able to manage the procurement processes associated with jobs more efficiently and effectively as reports detailing open purchases orders can be generated at the job level. From these reports, "required by" dates can be monitored closely to ensure that job completion dates do not become jeopardized. Similar to Estimates, Purchase Orders are also non-posting transactions in QuickBooks, meaning that they do not affect the General Ledger.

To create job-specific purchase orders:

- Enter the **Customer:Job** name in the appropriate field on the purchase order form, as shown in **Figure 53**.

  Note that it is necessary to customize the Purchase Order template to add the Customer:Job field to the purchase order form.
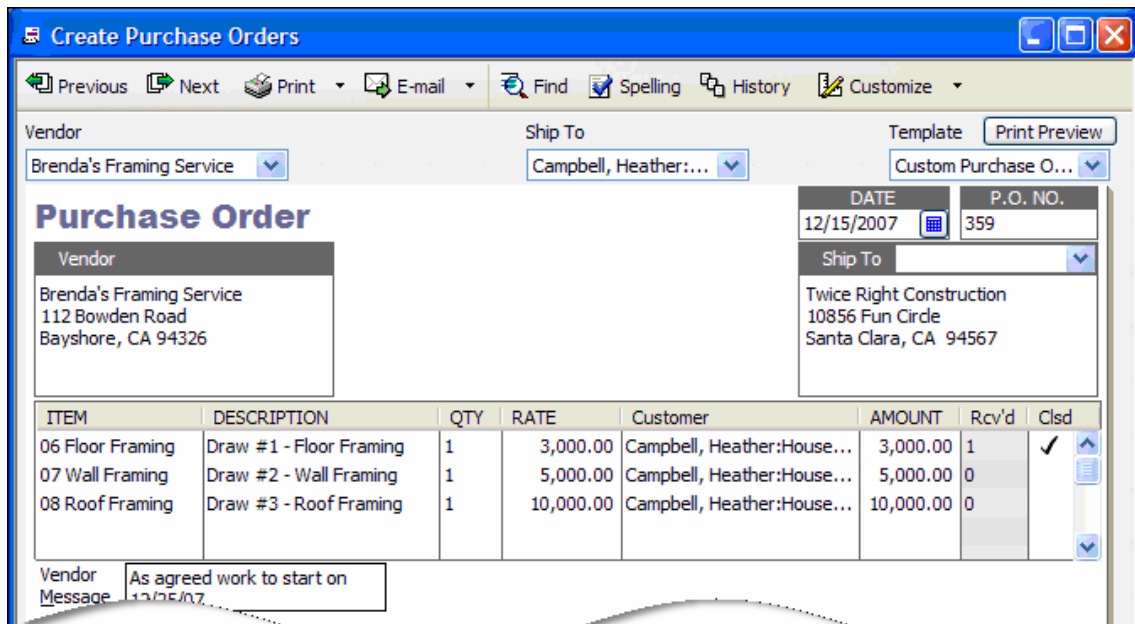
Figure 53 - Generating Job-Specific Purchase Orders

It is useful to arrange purchase orders in the order of scheduled draws. This way, you can see what draws are remaining. However, if this is not possible, you can make the QTY equal to the dollar Amount and use the rate of $1.00. The very nature of a purchase order is to "close" when you have invoiced a quantity of 1. So to avoid this you need to either create multiple lines on the purchase order or use decimals when creating an invoice from a purchase order.

For example, if the purchase order is for $10,000 with a quantity of 1 and you are issuing a vendor bill for 50% you would use a quantity of .50, or using the alternative method, a quantity of 5,000 at $1.00 each.

After purchase orders have been generated, you can generate an **Open Purchase Orders by Job** report.

Tracking Job-Related Expenditures

Tracking job-related expenditures is one of the easier functions associated with job costing in QuickBooks. When recording the expenditure, associate the relevant **Customer:Job** with the appropriate line on the **Enter Bills** window or the **Write Checks** window; this procedure is the same whether tracking expenditures associated with Items or Expenses.

For example, when entering a Bill associated with a job, enter the appropriate **Customer:Job** for the Bill as shown in **Figure 54**.

If a purchase order had been created, QuickBooks prompts you to associate the bill with the open purchase order.

Figure 54 - Entering a Job-Related Bill

If the expenditure originated in the **Write Checks** window, the process is essentially the same, as shown in **Figure 55**.
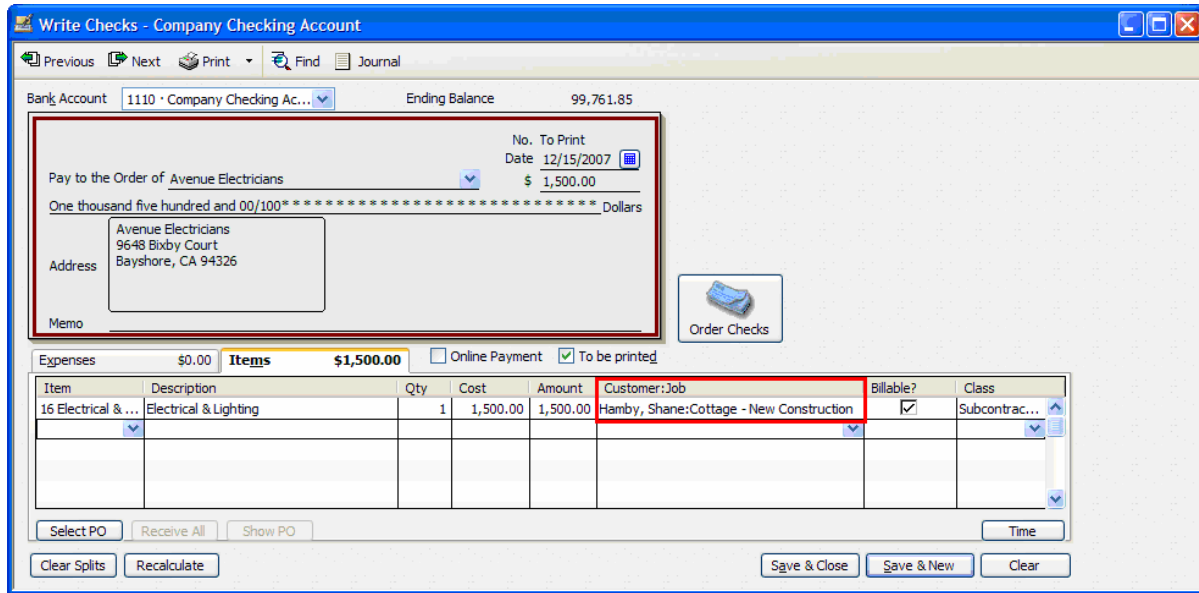
Figure 55 - Entering a Job-Related Check

An important accounting task is to match Job Cost totals with **Cost of Goods Sold** on the **Profit & Loss** report so when running it by Job, it is properly allocated. Errors can occur when an expense is coded to a **Cost of Goods Sold** type account and an associated **Customer:Job** is not entered. To avoid this from happening, assign a **Customer:Job** for each expense, even if not related to a job. One way to handle this is to create a customer called "**Overhead/Admin**." When you enter an expense for a non-job expense, assign it to the **Overhead/Admin** customer. This puts in place a good practice of always assigning a job to every expense. This method helps avoid some of the extra work required when Job Costs don't match the stated Profit & Loss by Job.

Issuing Inventory to Jobs

In this section, we will describe four methods you can use to cost inventory to specific jobs. Choosing which method to use with a given client is a matter of personal preference and will depend on the reports used in analyzing job costs. Each of these methods discussed here presumes that when inventory is purchased, it is stored and the business doesn't know which for Customer:Job the materials will eventually be used.

Due to the nature of costing inventory, it is very important that you never record sales transactions resulting in negative inventory quantities. (It is outside the scope of this document to further discuss the effects of negative inventory on period Income Statements.)

Selling inventory items on customer invoices

Using this method, you sell inventory on invoices rather than adjusting inventory using the Inventory Adjustment feature in QuickBooks in order to limit the information that appears on the job profitability reports and the profit and loss by job report.

57

Using the inventory adjustment form in QuickBooks records the cost of the inventory adjustment only on profit and loss by customer reports. Any inventory adjustments, even if they're assigned to a customer:job, are not included in the job profitability reports unless you filter the reports for "All Accounts." However, filtering the reports this way can bring in other project details such as Customer Deposits or Retention that you may not want to include. Further, since changing the filter can be overlooked so easily, clients may not be aware they are overstating their profitability on these reports.

To use this method:

1. Purchase inventory (no customer needs to be identified at time of purchase).

2. List the inventory items on customer invoices.

    Use caution when creating invoices from estimates with inventory line items; these should never be invoiced using partial quantities. (See the section on progress billing in this book for more detail.)

Using inventory adjustments

If you do not use the job profitability reports for job costing and the client does not create invoice from estimates or sell items on customer invoices, you can use the inventory adjustment feature to track job costs.

Using this method, you enter an inventory adjustment to reduce inventory by the quantity used on the job. QuickBooks uses the average cost as the value of the goods consumed. The date of the Inventory Adjustment is the date the Inventory Asset is decreased and the expense is recorded.

To make an inventory adjustment:

1. From the **Vendors** menu, chose **Inventory Activities**, and then choose **Adjust Quantity/Value On Hand**.

    The **Adjust Quantity/Value On Hand** window shown in **Figure 56** displays.

2. Enter the **Adjustment Date**, **Reference Number**, and **Adjustment Account**.

    The Adjustment Account is the offsetting account used in the entry and will typically be either a **Cost of Goods Sold** account or a **Work in Process** account when the **Inventory Adjustment** is used in a job costing context.

3. Enter the appropriate **Customer:Job** to cause the job costing records to be updated with the quantity and value of the issuance of inventory to the job.

    This transaction does not appear on the job profitability reports unless they are filtered for "All Accounts."

Figure 56 - Charging Inventory Items to Job Cost

Editing Bills or Checks

Using this method involves editing the original vendor bill or check to break down the inventory purchased by customer. This retains the original inventory valuation and properly costs items when they are sold on invoices. This is the cleanest method because it does not cause any difference in inventory valuation. Other methods (such as creating a zero check) in which you enter a negative line to the "Warehouse/Stock" job and a positive to a Customer:Job require that you determine the cost of the item when purchased or prepare an inventory valuation summary report so that the adjustment amount is correct financially.

Using Sales Receipts to Transfer Inventory Costs to Jobs

An alternative method that can be used when clients don't sell the items on customer invoices is to create a net zero sales receipt. Using a sales receipt versus an invoice is preferred because QuickBooks treats this transaction as a cash sale and does not process it through Accounts Receivable. This is important if Accounts Receivable statements are issued to customers.

To create a net zero sales receipt:

1. Create the Sales Receipt with the Inventory items consumed on the job, as shown in **Figure 57**.

2. If there is more than one line, enter a subtotal and then enter a discount line item that is mapped to the same revenue account used for the inventory items.

If there are multiple revenue account types, you will need multiple discount item types.
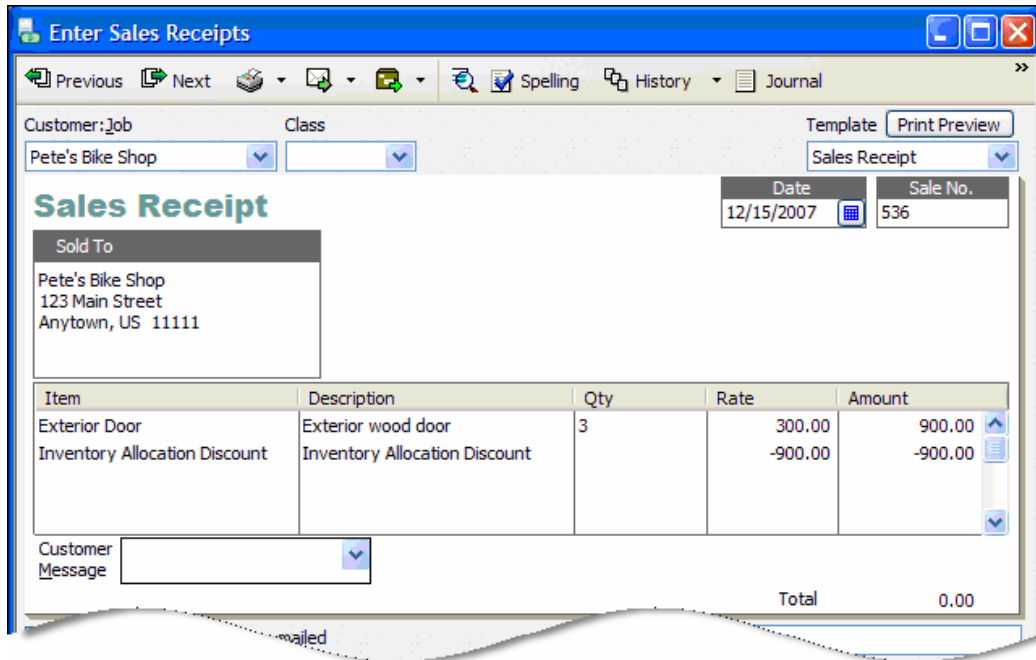
Figure 57 – Sample of Internal Sales Receipt to Transfer Inventory Cost to Job

The result is an increase in the cost of the inventory (defined as average costing in QuickBooks) that appears both on the **Job Profitability Reports** and **Profit & Loss by Job Report** shown in **Figure** 58. However, income is not recorded as the income recognized should come from the actual invoice to the customer. Keep in mind that Income and Expense timing may be off if the inventory sales receipt document is recorded in a different month than the customer's invoice.

Figure 58 – Profit & Loss by Job Report

Carefully consider whether inventory tracking is suitable for a client's job costing needs. With inventory control comes many accounting management responsibilities that can sometimes outweigh the benefit of perpetual inventory management.

If you decide not to track inventory, but still want to do a correcting statement to the financials, simply calculate an estimated value for the inventory and post this to an Other Current Asset type account (not inventory type) and reduce the appropriate cost accounts. Some considerations will need to be addressed when reconciling the Job Cost totals to the Profit & Loss Cost of Goods Sold totals.

CHAPTER 6:
ACCOUNTING FOR WORK IN PROCESS WITH QUICKBOOKS

Understanding the Different Methods of Work in Process Accounting Available in QuickBooks

This section introduces the concept of Work in Process (WIP) accounting. Before implementing any of the functionality described here, discuss this information with the company's accountant (if it's not you) to make sure it is the preferred method of accounting for that business.

Generally the term "Work in Process" is used to define longer-term jobs or projects. There are different methods of tax preparation for these types of jobs. Some companies will file 'Completed Contract' or record revenue and expense only when the job is done. Others companies will file 'Percentage Completed' in which revenue and expenses are recognized progressively during the life of the project. It is beyond the scope of this handbook to discuss the tax treatment for different types of revenue/cost recognition. In this, course Work in Process (WIP) accounting will be defined as the following:

1. Adjusting revenue and expenses periodically for projects that are WIP (in current inventory).

    OR

2. Keeping all costs and revenue on the Balance Sheet until the project is completed.

Both of these methods are based on recognizing revenue and costs at the end of the project. Recognizing revenue and costs as a percent of completion is discussed in another chapter.

Adjusting revenue and expenses periodically for projects that are WIP

The method described here is generally the simpler of the two, but it requires an adjustment at the time financials are to be reviewed.

Using this method, you keep/report all revenue and costs on the Profit & Loss statement and adjust for WIP at the end of an accounting period.

You enter job costs using items if you are tracking Actual vs. Budget totals and receive payments as against invoices as usual. This results in revenue and costs being reported at the **Customer:Job** level.

To produce current company financials:

1. Determine which **Customer:Jobs** are not completed.

Use the **Customer Type** field and create a type called "**WIP**" and another "**Completed**". Change the type to **Completed** when the project is done. While there are other useful purposes for this field, several Job Profitability reports only allow you to filter on this field.

2. Prepare a **Profit & Loss by Job** report and filter it for the specific time period and select the "**WIP**" Customer Type.

   The result will be total revenue and total costs for these WIP projects. You should have on the Chart of Accounts a **Work in Process** account as an **Other Current Asset** and an **Unearned Revenue** account as an **Other Current Liability**.

3. Enter a Journal Entry to record the net change to revenue and costs.

   Typically it is easier to create an Income account called "**Reclass to WIP**" and a Cost of Goods Sold Account called "**Reclass to WIP**." This way, you can easily identify the impact this transaction had on the financials.

Setting a closing date and closing date password is useful in preventing users from adjusting transactions that affect the reports used to determine the adjustment values.

Keeping/reporting all Revenue (Draws) and Costs on the Balance Sheet

Using this method, all revenue (draws/customer deposits) and costs incurred during a project remain on the Balance Sheet. When the project is complete, total revenue (draws/customer deposits) and costs are posted to the Profit & Loss Statement. This method assumes you are reviewing and reporting the financials on an accrual basis and not a cash basis. If you're on a cash basis, you'll need to make some additional adjustments at tax time.

To use this method:

1. Create a list of budgeted items.

   Typically these are Service items. **Figure 59** shows an Item list that may be used in a construction company. However, the task is similar for other industries that require job costing.

In this example, "Account" is an **Income Account** type and "COGS Account" is an **Other Current Asset** Type.

Figure 59 – Sample Item List

2. Select the checkbox, as shown in **Figure 60**, so that you can use the item properly.

Figure 60 – Setting up an Item for WIP Accounting

To create a budget for the project:

1. Create an estimate.

   The estimate in Figure 61 uses a **Bid Item** group, which tracks individual line detail, but shows only a summarized schedule of values for the customer. This method was described earlier in this book.
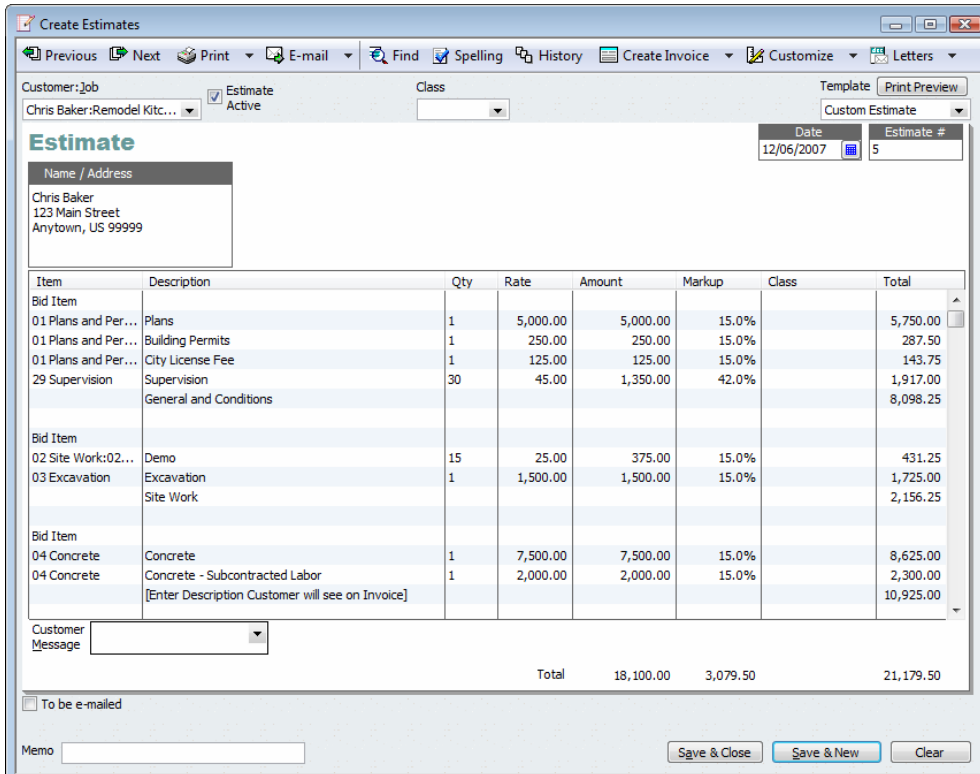
Figure 61 – Example of an Estimate

2. After creating the estimate, invoice the customer.

   There are two possible ways that this should be done. If you are invoicing a bank during the course of a project, then instead of coding the revenue side of the item to Income, code it to Customer Deposits.

   You can invoice for a percentage of the entire estimate or for a specific percentage of individual line items.

   When you select the **Customer:Job** in the **Create Invoices** window, QuickBooks displays a list of active estimates.

3. Select the estimate that you are billing against as shown in **Figure 62** and click **OK**.
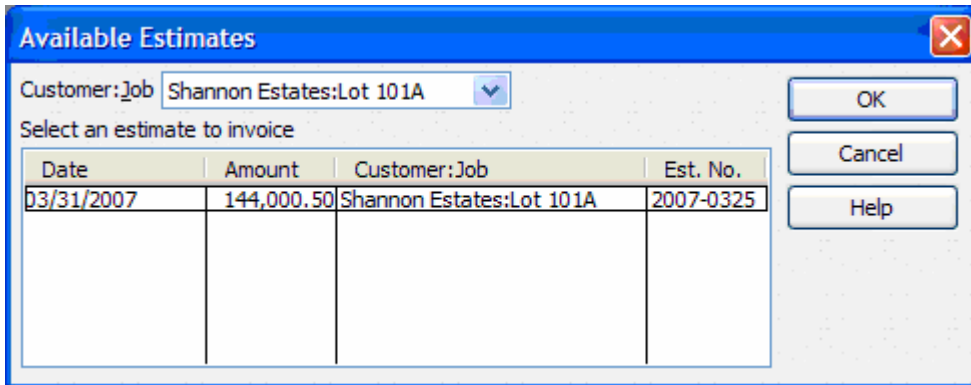
Figure 62 – Available estimates when Creating an Invoice for a Customer:Job

4. Select what to include on the invoice as shown in **Figure 63** and click **OK**.
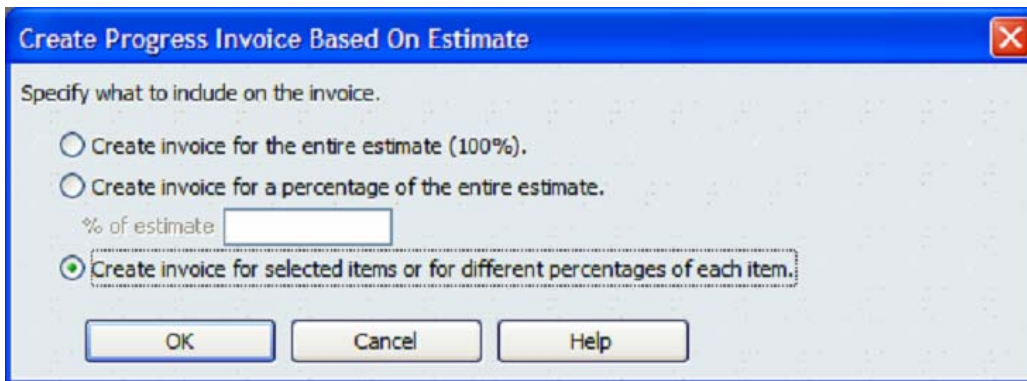
Figure 63 – Progress Billing a Customer:Job

5. Edit as necessary in the window shown in **Figure 64** and click **OK**.

Specify Invoice Amounts for Items on Estimate

Progress Invoice for: **Shannon Estates:Lot 101A**

For each item below, specify the quantity, rate, amount or % of the estimate amount to have on the invoice.

Enter in either column

[ ] Show Quantity and Rate   [✓] Show Percentage

Item	Est Amt	Prior Amt	Prior %	Amount	Curr %	Tot %
Bid Item						
1000 Acquisition Costs	92,000.00		0.0%	92,000.00	100.0%	100.0%
1005 Land Planning and Design	17,250.00		0.0%	17,250.00	100.0%	100.0%
	109,250.00			109,250.00		
Bid Item						
900 Superintendents	2,875.50		0.0%	1,437.75	50.0%	50.0%
200 Permits and fees	250.00		0.0%	250.00	100.0%	100.0%
1080 Architecture & Engineering	3,450.00		0.0%	1,725.00	50.0%	50.0%
1020 Utilities	1,150.00		0.0%	0.00	0.0%	0.0%
	7,725.50			3,412.75		
			Total	112,662.75		

Note: All items will transfer to the invoice. The quantities and amount will be as you indicated. Although items with a zero amount display on screen, they can be set not to print from the Jobs and Estimates Preferences.

Figure 64 – Selecting the Line Item Amounts or Percentage to Include on Customer Invoice

Creating this invoice from an estimate with groups not only allows you to track the details of costs and revenue, but to also show the **Customer:Job** only the summarized scheduled of values as shown in **Figure 65**.
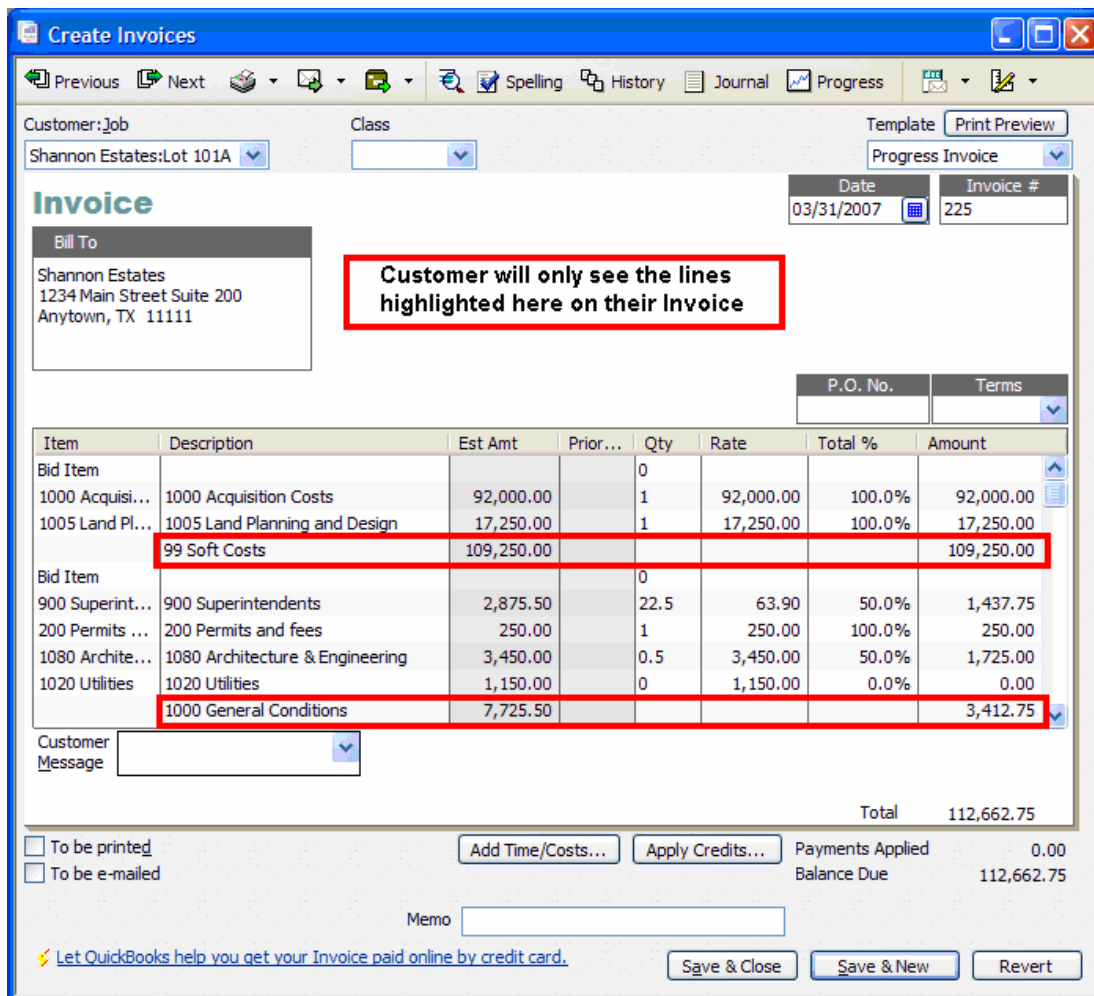
Figure 65 – Actual Invoice to Customer only Shows Highlighted Values

The image in **Figure 66** shows what the resulting customer invoice would look like. Even though we are tracking "stick and bricks" for our estimate, the customer only needs to see the summarized level of detail on the invoice form. This works well when the bank provides a unique schedule of values that you must use, but that don't necessarily correspond to your list of items.

Figure 66 – Customer Invoice

The second option is to leave the original estimate intact until the project is completed. Throughout the course of the job, you invoice for the Customer Deposits only, using the items that were set up in the Item list.

To use this option:

1. Create an Invoice for each Customer Deposit or Draw you receive.

Use the subitems created for each deposit to track, on the job reports, how many payments you have received as shown in **Figure 67**.

Figure 67 - Customer Deposit Invoice

Figure 68 shows how Work In Process, when set up correctly, is reflected on the Balance Sheet throughout the project.

Figure 68 – Balance Sheet with WIP Accounting Setup

If you are handling retention on the invoice to the customer, add an **Other Charge** type item that is mapped to an **Other Current Asset** type account called **Retainage Receivable** (as discussed earlier in this book).

During the profit cycle of the job, it is critical to review the profitability reports. The Job Profitability reports that come with QuickBooks are set to look at Income/Expense accounts, not Balance Sheet accounts.

To modify the reports:

1. From the **Reports** menu, choose **Memorized Reports**, and then choose **Memorized Report List** from the submenu.

2. Create a new report group and call it **WIP Reports**.

3. Open each report you wish to view detailing the WIP entries, and filter the report for **All Balance Sheet Accounts**.

4. Memorize these reports and store them in the new **WIP Report** group.

The following are examples of the customized reports.

Figure 69 – Report Filtered for All Balance Sheet Accounts

When you want to see how you are doing against your original budget for a job during a project, you can run the **Job Estimates v Actuals Detail Report** under the **Job Costing** reports submenu. You choose the **Customer:Job** that you want to see the detail on, as shown in **Figure 70**.

Figure 70 - Budget versus Actual Results during the course of the project

When a client just wants to see the profitability of a job, without budget information, run a **Job Profitability Detail** report for a specific **Customer:Job** as shown in **Figure 71**.

Sunshine Custom Homes
Job Profitability Detail for Hamby, Shane:Cottage - New Construction
All Transactions

		Act. Cost		Act. Revenue		($) Diff.	
Service							
14 Plumbing	▶	3,500.00 ◀		0.00		-3,500.00	
21 Cabinets & Vanities		3,000.00		0.00		-3,000.00	
23 Floor Coverings		2,250.00		0.00		-2,250.00	
24 Paint		2,200.00		0.00		-2,200.00	
Security Deposit							
Down Payment #1		0.00		4,000.00		4,000.00	
Down Payment #2		0.00		4,000.00		4,000.00	
Down Payment #3		0.00		4,000.00		4,000.00	
Total Security Deposit		0.00		12,000.00		12,000.00	
Total Service		10,950.00		12,000.00		1,050.00	
TOTAL		10,950.00		12,000.00		1,050.00	

Figure 71 – Report Filtered for All Balance Sheet Accounts and for a Specific Customer:Job

Remember that the underlying accounts for some of these items are going to the Balance Sheet.

To get this report:

1. Choose **Job Profitability Detail** from the Job Costing section of the Report Center.

2. Click **Modify Report**.

3. Select the **Filters** Tab, under the **Current Filter** choices, highlight the **Account** row, and then select **Remove Selected Filter**.

4. Click **OK**.

After removing the filter, your report will show you all activity on the job, not just the activity that hit P&L accounts.

Because the items can be coded to either Balance Sheet or Income accounts, before closing out a job, you need to make sure you know how much is actually going to WIP and Customer Deposits for each job as shown in **Figure 72**.

Sunshine Custom Homes
WIP & Security Deposits
All Transactions

	Work in Process	Customer Deposits	TOTAL
Chris Baker			
Remodel Kitchen	▶ 12,250.00	◀ -10,500.00	1,750.00
Total Chris Baker	12,250.00	-10,500.00	1,750.00
Cruz, Albert			
Cottage - New Construction	6,600.00	-7,500.00	-900.00
Total Cruz, Albert	6,600.00	-7,500.00	-900.00
Hamby, Shane			
Cottage - New Construction	10,950.00	-12,000.00	-1,050.00
Total Hamby, Shane	10,950.00	-12,000.00	-1,050.00
TOTAL	29,800.00	-30,000.00	-200.00

Figure 72 – Custom Summary Report to do a cross check on WIP and Security Deposits

To create this report:

1. From the **Reports** menu, choose **Custom Summary Report**.

2. Click **Modify Report**.

3. For Dates, select **All**.

4. For the **Display Columns By**, select **Account List**.

5. For the **Display Rows By**, select **Customer**.

6. Click **Advanced**, and then choose **Non-zero for Display Rows** and **Display Columns**.

7. Select the **Filters** Tab, and then highlight **Account** under Choose Filter.

8. Select **Multiple Accounts**, and then check off WIP and Customer Deposits.

After creating the report, you will have a list of what the balances are for each customer. That way, before you close the job, you can be sure that your numbers are accurate.

Closing a job for accounting varies with the type of ownership the QuickBooks user has over the projects. The method detailed below is specifically for the QuickBooks user that does not own the property, but progressively receives loan draws from the customer or customer's bank. However, the same form can be used to record details on a project that is owned and later sold. The difference is additional line details recording costs and revenue not otherwise accounted for when one doesn't own the project.

When the job is completed and all vendor bills are entered and all customer or bank invoices (draws) are done, the job financials can be posted to the income statement.

To post the job financials to the income statement:

1. In the Item list create **Other Charge** type items for the following:

   - **Reverse WIP**: Set up as a one-sided item with the account coded to the Work In Process Other Current Asset account.

   - **Cost of Goods Sold at Closing**: Set up as a one-sided item with the account coded to the Cost of Goods Sold account.

2. Run the **Job Profitability Detail** Report for the job, see **Figure 71**, and run the **WIP & Security Deposit** report shown in **Figure 72**.

3. Create the final invoice by clicking **Create Invoice** on the Estimate.

   This transfers all of the information from the original estimate to the invoice and creates a revenue event. Since you have already been receiving in deposits during the course of the project, review the **Job Profitability Detail** report discussed in Step 2 above, and deduct each deposit from the final invoice, as shown in **Figure 73**.

It is important to close out the revenue using an invoice rather than a check because when running the **Job Profitability Detail** report after closing out the job, you want all revenue events to fall under the **Revenue** column on the report. If you close out revenue on a check, then it falls under the **Cost** column on the report.
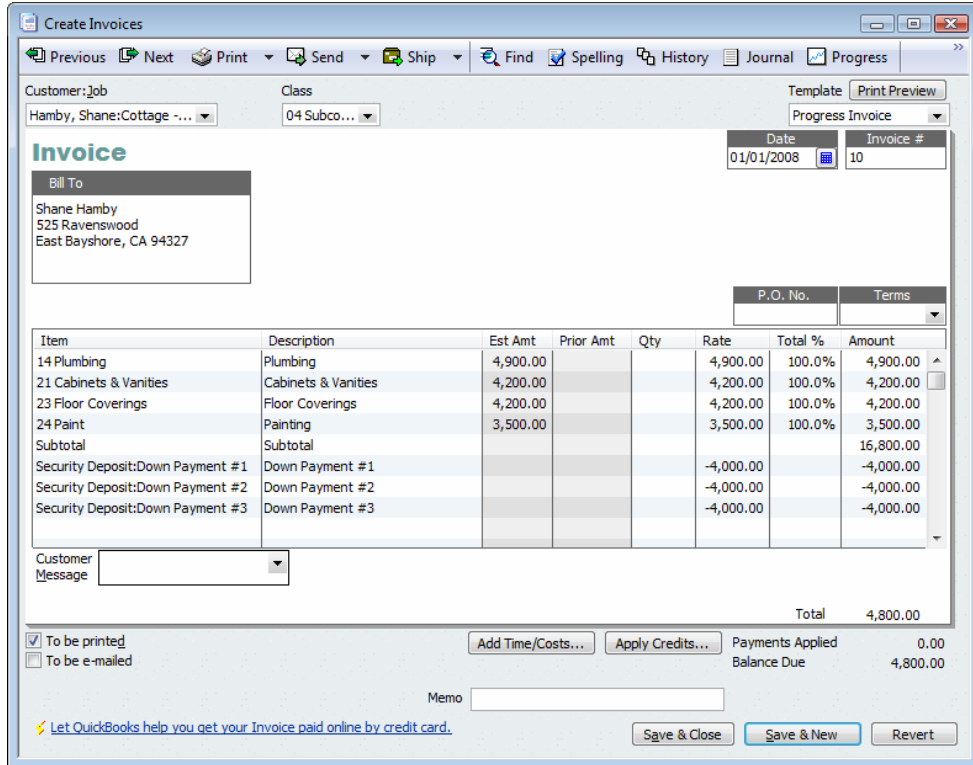
Figure 73 - Final Invoice on Job to Close it out

To close out the Work in Process to Cost of Goods Sold, use a check transaction and items since you cannot include items in a journal entry. In essence, the check acts like a journal entry.

To close out Work in Process to Cost of Goods Sold:

1. Create a bank type account in the Chart of Accounts called "**Adj Register**."

    This register holds the zero check forms that behave similarly to journal entries.

2. Enter a check using the newly created bank account "**Adj Register**" and create a Zero Check, as shown in **Figure 74**.

    Use the **WIP & Security Deposits** report created in **Figure 72** to ensure you close out the right amount from WIP to Cost of Goods Sold.

Line one decreases (credits) the WIP asset account. Line two increases (debits) the Cost of Goods Sold account. The result is a net -0- check form that was used like a Journal Entry.
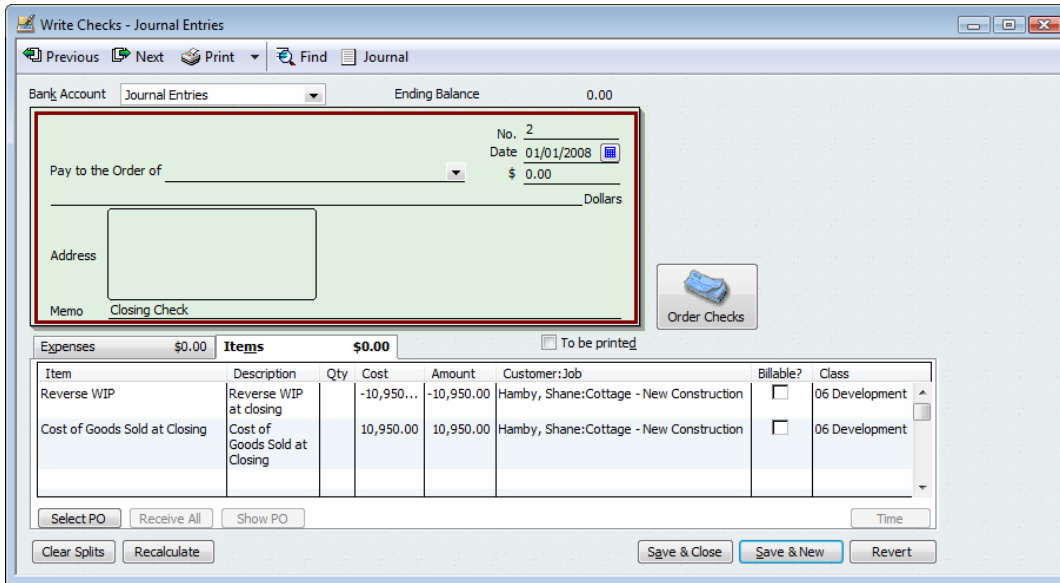
Figure 74 – Zero Check Method Used to Close Job Out to Cost of Sales

The resulting company Profit & Loss is shown in Figure 75.

Figure 75 – Resulting Income Statement after Recording Zero Check

Once the job is closed, the customer (in this case, Shane Hamby) should drop off the **WIP & Security Deposits** report as shown in **Figure 76**.

Sunshine Custom Homes
WIP & Security Deposits
All Transactions

	Work in Process	Customer Deposits	TOTAL
Chris Baker			
Remodel Kitchen	12,250.00	-10,500.00	1,750.00
Total Chris Baker	12,250.00	-10,500.00	1,750.00
Cruz, Albert			
Cottage - New Construction	6,600.00	-7,500.00	-900.00
Total Cruz, Albert	6,600.00	-7,500.00	-900.00
TOTAL	18,850.00	-18,000.00	850.00

Notice that Shane Hamby no longer shows up on this report now that the right amount of WIP and Security Deposits have been closed out for the job.

Figure 76 – After Relieving WIP and Customer Deposit Items, Customer Should Drop off the Report

PERFORMING OTHER JOB COSTING TASKS
Reconciling Job Costs to the Profit & Loss Statement
Tracking Customers that Pay Vendor Bills Directly
Creating a Bill Payment Stub
Recording a Vendor Refund
Creating Job Costing using Journal Entries
Reconciling Profit & Loss Totals to Profit & Loss by
Job Totals

CHAPTER 7:
PERFORMING OTHER JOB COSTING TASKS

Reconciling Job Costs to the Profit & Loss Statement

One of the most important tasks when accounting for projects with job costs is reconciling the total of these job costs back to the company's consolidated Profit & Loss statement. To avoid any time-consuming research work, create a fictitious job called "Overhead Costs." Make sure that every Profit & Loss line entry includes a Customer or Customer:Job. This way, when you print the Profit & Loss by Job it will match the consolidated income/loss statement.

Tracking Customers that Pay Vendor Bills Directly

This occurs often when the bank loan proceeds for a project are paid directly to the owner (not to the General Contractor) and the owner pays the vendor's bills directly.

To track the overall costs/revenue of the project:

1. Create a bank account named "**Owner Paid Bills Clearing**."

2. Create the invoice to the customer and bills for vendors as usual.

3. Prepare a customer payment form for the amount of funds that the owner was paid directly from the bank and deposit the amount of the customer payment in the previous step to the "**Owner Paid Bills Clearing**" bank account.

4. Request from the owner copies of the bills and checks written. Then, pay the same bills assigning the owner's check number using the same "**Owner Paid bills Clearing**" bank account.

5. Reconcile the "Owner Paid bills Clearing" bank account at the end of each draw cycle.

    The balance should always be -0-.

Creating a Bill Payment Stub

Often a check stub does not have enough space to show all of the bills used to pay the vendor. This occurs when you pay multiple vendor bills with one check. If you are paying so many vendor bills with one check that there are not enough lines, create a bill payment stub on blank paper.

To create a bill payment stub on blank paper:

1. From the **File** menu, choose **Print Forms**, and then choose **Bill Payment Stub**.

2. Select the date range and put a checkmark next to those vendor bills you wish to print a summary to paper.

3. Provide this bill payment stub document with the check given to the vendor.

Recording a Vendor Refund

Sometimes you must record a vendor refund that needs to credit the Customer:Job to which it was originally charged. Normally, when you need to record a vendor refund you can simply add a line to a new or existing deposit form. The problem with job costing is that the deposit form does not allow you to assign the amount to an item so the Job Profitability reports show a "no name" amount at the bottom.

To record a vendor refund:

1. To increase the bank balance (deposit the credit/refund) and to decrease the job costs, create a net -0- check form from the **Adj. Register** bank account, as shown in **Figure 77**.

2. On the **Expenses** tab, list the checking account you are depositing the refunded money to as a positive amount.

    You'll see this amount as a deposit in the bank register.

Figure 77 – Sample of a -0- Check Form to Record Deposit of Vendor Refund

3. On the **Items** tab, select the item (cost code) that was used with the original charge and enter a negative amount. Be sure to assign the job here so that job costs will be reduced. See **Figure 78**.

Figure 78 – Sample of a -0- Check Form for Line that Will Reduce Job Costs

Preparing an Over/Under Billing Report for Percentage Complete Projects

Some industries produce financials based on completed contract (recording revenue only when the project is totally finished) and others on percent complete (recognizing revenue progressively through the job). This section discusses the percentage completed method.

This percentage is determined by dividing the costs to date over the current budget. The current budget is defined as the original budget plus any approved change orders. This is done through an adjustment to the financials for overstated/understated revenue. Because customer monies are often collected in advance of the work in job costing, you'll want to state the true revenue on the financials carefully.

Accounting guidelines recommend that Revenue Earned = (Total Costs to Date / Current Project Budget) x Current Customer Contract Sales Price. In essence, you are computing the percentage complete on the project and using the percentage against the contract sales price when determining the amount of revenue to record.

The Cost to Complete Summary report comes close but has some of shortcomings: 1) it uses a manually-entered percentage complete, which is more appropriate when visualizing the progress of a job rather than accounting for it by the numbers; 2) the report does not provide the amount that is earned; and 3) users need to be able to eliminate from this report jobs that are completed. However, even though there is a job status field and an inactive job field, you cannot filter the report in this manner.

In preparing this analysis, caution needs to be taken that all estimates are current with any approved change orders for both costs and markups added to the estimate. All outstanding vendor bills and other costs should be entered before computing this report.

Since the report only needs to be run for uncompleted jobs, you can use the Customer Type field in the Customer record window. You can then create a new customer type named "Completed" Assign the completed jobs this customer type, create the report, and filter for all other types.

To prepare this over/under billings report:

1. From the **Reports** menu, choose **Job Costing**, and then choose **Job Estimates vs. Actuals**.

2. Collapse the report detail, and then filter the report for customer types. See **Figure 79**.

Sunshine Custom Homes
Job Estimates vs. Actuals Summary
All Transactions

	Est. Cost	Act. Cost	($) Diff.	Est. Revenue	Act. Revenue	($) Diff.
Chris Baker	35,600.00	12,250.00	-23,350.00	45,679.50	10,500.00	-35,179.50
Cruz, Albert	9,000.00	8,100.00	-900.00	12,600.00	7,500.00	-5,100.00
Hamby, Shane	12,000.00	10,950.00	-1,050.00	16,800.00	16,800.00	0.00
TOTAL	56,600.00	31,300.00	-25,300.00	75,079.50	34,800.00	-40,279.50

Figure 79 - Job Estimates vs. Actuals Summary

3. Export the results to Excel, as shown in **Figure 80**.

4. Modify column H: Act. Costs (column E) divided by Est. Costs (column C).

    This yields the percentage complete for the projects.

5. Add a new column L: Est. Revenue x % Complete (column H).

    This yields the earned revenue for the project.

With this information, you can see that customers have been overbilled by $381,636.25. If you are adjusting the book financials, you can create a Journal Entry with a Debit to Revenue and a Credit to Unearned Revenue (liability account).

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1							Act Costs/ Est Costs				Est Rev * % Complete					
2			Est. Cost		Act. Cost		% Complete		Est. Revenue		Earned Revenue		Act. Revenue		($) Diff.	
3		Chris Baker	35,600.00		12,250.00		34.41%		45,679.50		15,718.37		10,500.00		5,218.37	
4		Cruz, Albert	9,000.00		8,100.00		90.00%		12,600.00		11,340.00		7,500.00		3,840.00	
5		Hamby, Shane	12,000.00		10,950.00		91.25%		16,800.00		15,330.00		16,800.00		-1,470.00	
6	TOTAL		56,600.00		31,300.00		55.30%		75,079.50		42,388.37		34,800.00		7,588.37	
7																
8																

Figure 80 – The QuickBooks Job Estimates vs. Actuals Summary Report Modified in Excel

Creating Job Costing using Journal Entries

Journal entries are easy to use for job costing when you're using just the **Profit & Loss by Job** report. If you are using job profitability reports, all journal entry transactions assigned to customers appear as a "no item" line item on these reports because you do not have access to items in the Make Journal Entry window.

This section discusses what to avoid when you choose to create a journal entry with job costs.

Always leave the first line blank on a journal entry. When entering a multi-line Journal Entry with Job Costs, whatever is entered on the first line directs how other costs are treated on the Profit & Loss statement. Following is an example to demonstrate this.

Figure 81 shows a sample journal entry that is both a Customer:Job cost and overhead cost adjustment. The overhead adjustment is not expected to affect the Customer:Job reports. Create the Journal Entry *without* leaving line one blank. Further, enter a Customer:Job name on line one but continue with the rest of adjustment to the financials, which includes non Customer:Job specific adjustments.

Figure 81 – Sample of a Journal Entry to Create an Issue for Job Cost Reports

The resulting **Profit & Loss by Job** report inaccurately shows the utility line adjustment as a job cost. This is because the first line of any Journal Entry is a source line. The Journal Entry in **Figure 82** shows an error from **Figure 81**.

Figure 82 – Sample of Report Showing an Error from the Journal Entry

The correct method is to add a "blank" line as the first row, as shown in **Figure 83**. (Pressing Control + Insert adds a new line.)

Figure 83 – Correctly Creating a Journal Entry that has a Job Cost Line Plus Other Adjustments

This corrects the **Profit & Loss by Job** report, as shown below, where the insertion of a blank line in the journal entry removed the error from the report.

Figure 84 – Adding a "Blank" Line One to a Journal Entry

Reconciling Profit & Loss Totals to Profit & Loss by Job Totals

Good accounting practices would have you reconcile the **Profit & Loss Standard** to the Total of the **Profit & Loss by Job(s)**. You may see costs that should have been assigned to a Customer:Job but were not, as shown in **Figure 85**.

Figure 85 – Month to Date Profit & Loss

When you compare the **Profit & Loss** to the **Profit & Loss by Job** you see that the Gross Profit does not match. In **Figure 86**, $155.00 of job related costs have been posted, but not to a job.

Figure 86 – Profit & Loss by Job without the Unassigned Related Job Cost

You can find these errors using the Contractor report **Expenses not Assigned to Jobs**, as shown in **Figure 87**.

To find the errors:

1. If you are using QuickBooks Premier Contractor edition, from the **Reports** menu, choose **Contractor Reports, Expenses not Assigned to a Job**.

    If you are using Premier Accountant Edition, from the **Reports** menu, choose **Industry Specific**, and then choose **Contractor** from the submenu.

Figure 87 – Locating Costs Not Assigned to a Customer:Job

2. Drill down on the report and add the appropriate **Customer:Job** to the transaction lines.

If the report is long, you can filter it for Cost of Goods Sold Account type. These are the transactions that need to be assigned to a Customer:Job.

For all other editions of QuickBooks, you can use the **Profit & Loss Standard Report**, and total it by "Payee" to find transactions not posted to a customer:job, as shown in **Figure 88**. For any vendor transaction posted to Cost of Goods Sold account with a job, the column heading will be the vendor's name. For any transaction that had no name, such as a Journal entry, the column will be named "no name." For each of these columns you can drill down to the transactions and correct it by assigning the proper job.

Figure 88 – Profit & Loss Standard Sorted by Payee

Any transaction listed in **No Name** column, as shown in **Figure 89**, is due to there being no vendor or customer name on the record, such as a Journal Entry.

Figure 89 – No Name Column

Allocating Shared Expenses

To allocate shared expenses across multiple classes, create an "**Overhead**" Class in the **Class** List. At the end of each month, quarter, or year, allocate the overhead amounts in that Class to the other Classes by account. That way, those classes are properly burdened by overhead expenses and you get a better idea of profitability per class.

To allocate shared expenses:

1. Select **Lists, Class List** and then the **New** button to create a class to capture the expenses to be allocated, for example you can call it **Overhead** or **Allocation** Class.

2. Once you have entered transactions and are ready to allocate Overhead expenses, run the Profit & Loss by Class report. See **Figure 90**.

	04 Subcontracted	06 Development	20 Admin/Overhead	TOTAL
Income				
Construction Income	16,800.00	0.00	0.00	16,800.00
Total Income	16,800.00	0.00	0.00	16,800.00
Cost of Goods Sold				
Cost of Goods Sold	0.00	10,950.00	0.00	10,950.00
Other Construction Costs	1,500.00	0.00	0.00	1,500.00
Total COGS	1,500.00	10,950.00	0.00	12,450.00
Gross Profit	15,300.00	-10,950.00	0.00	4,350.00
Expense				
Travel	0.00	0.00	300.00	300.00
Total Expense	0.00	0.00	300.00	300.00
Net Income	15,300.00	-10,950.00	-300.00	4,050.00

12:38 AM — 12/17/07 — Accrual Basis — Sunshine Custom Homes — Profit & Loss by Class — All Transactions

Figure 90 - P&L By Class before Allocating Overhead

To allocate overhead expenses, you typically want to base them on some meaningful criteria of what drives the business in each class. For this example, we will allocate them based on total **Cost of Goods Sold** for each class as a percentage of the total company's Cost of Goods Sold. Therefore, the Subcontracted Class would be allocated 12% of the Overhead expenses, and the Development Class would be allocated 88% of the Overhead expenses a shown in **Figure 92**.
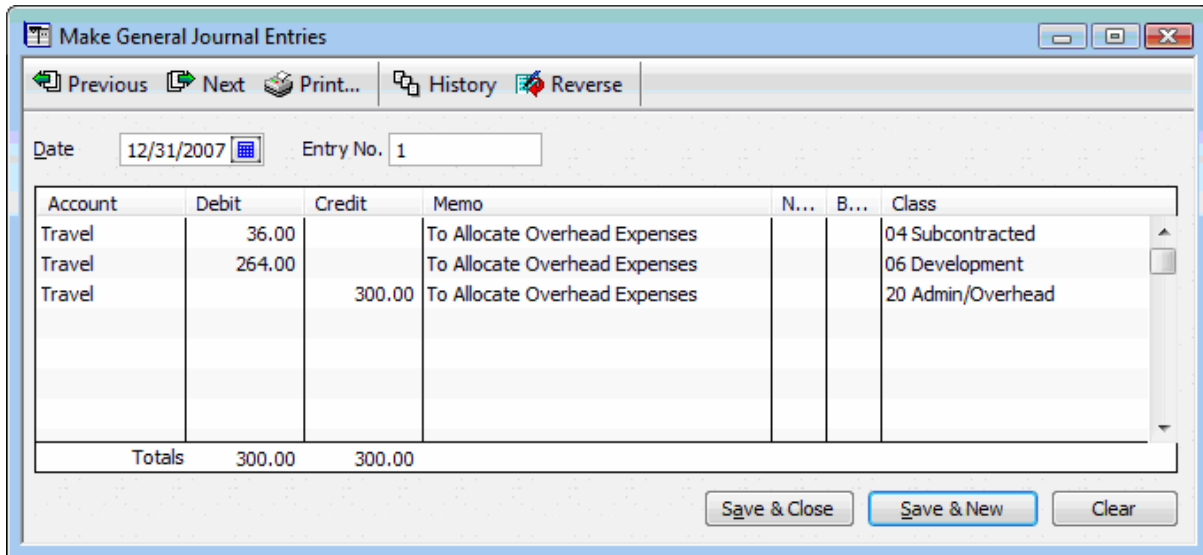
Figure 91 – Allocation Journal Entry

After the Journal Entry has been recorded, the Profit & Loss by Class report will look like the report shown in **Figure 92**.

Figure 92 - Profit & Loss By Class after Overhead has been allocated

CHAPTER 8:
EXPORTING QUICKBOOKS REPORTS TO EXCEL

Using Excel to Enhance Reporting

QuickBooks Pro and higher editions allow you to export reports directly to Microsoft® Excel.[1] Once in Excel, the reports can be edited, formatted, or changed as necessary to meet specific user needs.

To export a report to Excel:

1. Generate the report to you want to export:

2. Click **Export** on the button bar as shown in **Figure 93**.

Figure 93 - Exporting a Report to Excel

---

[1] Microsoft Excel integration requires Excel 2000, 2002, 2003, or 2007.

The Export Report window displays as shown in **Figure 94**.

As shown, reports can be exported to .CSV files, a new Excel workbook, or an existing Excel workbook. If you're exporting to an existing Excel workbook, you can choose which worksheet in the workbook will be populated with the report data.
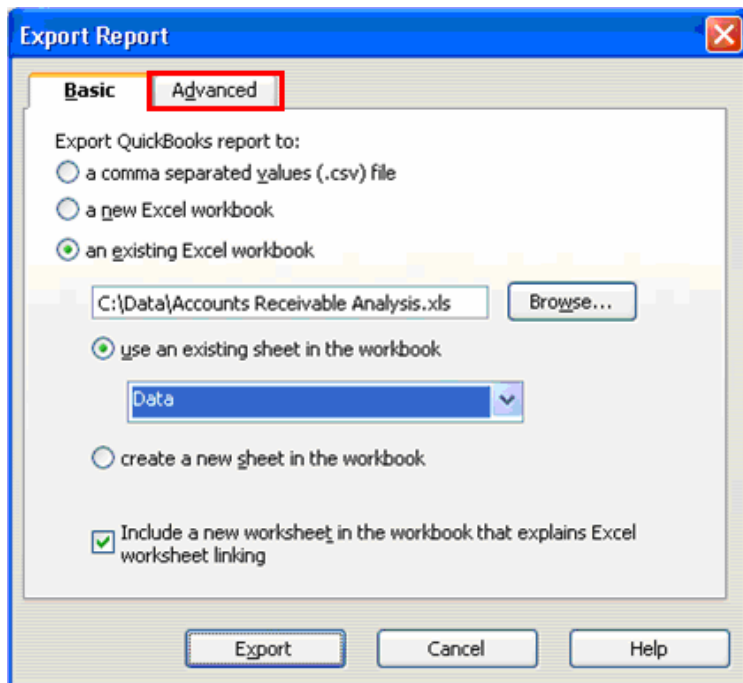
Figure 94 - Export Report Window

3. Click the **Advanced** tab to open the window shown in **Figure 95;** here you can control formatting and printing preferences and how the report will be exported to Excel.

Figure 95 - Advanced Options for Exporting Reports

One of the noteworthy features of the export to Excel function is that exported reports have formulas in Excel for subtotals and totals. Because QuickBooks places formulas in these cells, it is easy to modify Excel reports for minor, last minute adjustments and to perform "what-if" analysis on the financial statements. Another feature that is particularly useful when exporting detail reports is the **Auto Outline** option encircled in **Figure 95**. This causes the exported report to automatically invoke the Excel outline features allowing users to easily expand and contract the report detail.

Maintaining Multiple Financial Statements in One Excel Workbook

In many instances, it may be desirable to maintain financial statements for an entire year inside one Excel workbook. QuickBooks facilitates this by allowing you to export financial statements to *specific* worksheets in *specific* workbooks. Accordingly, it is possible to create a workbook with twelve worksheets – one for each month – and then to export each month's Balance Sheet, for instance, to a separate worksheet within the workbook.

To initiate this process:

1. Open the desired financial statement in QuickBooks and click **Export** as shown in **Figure 96**.
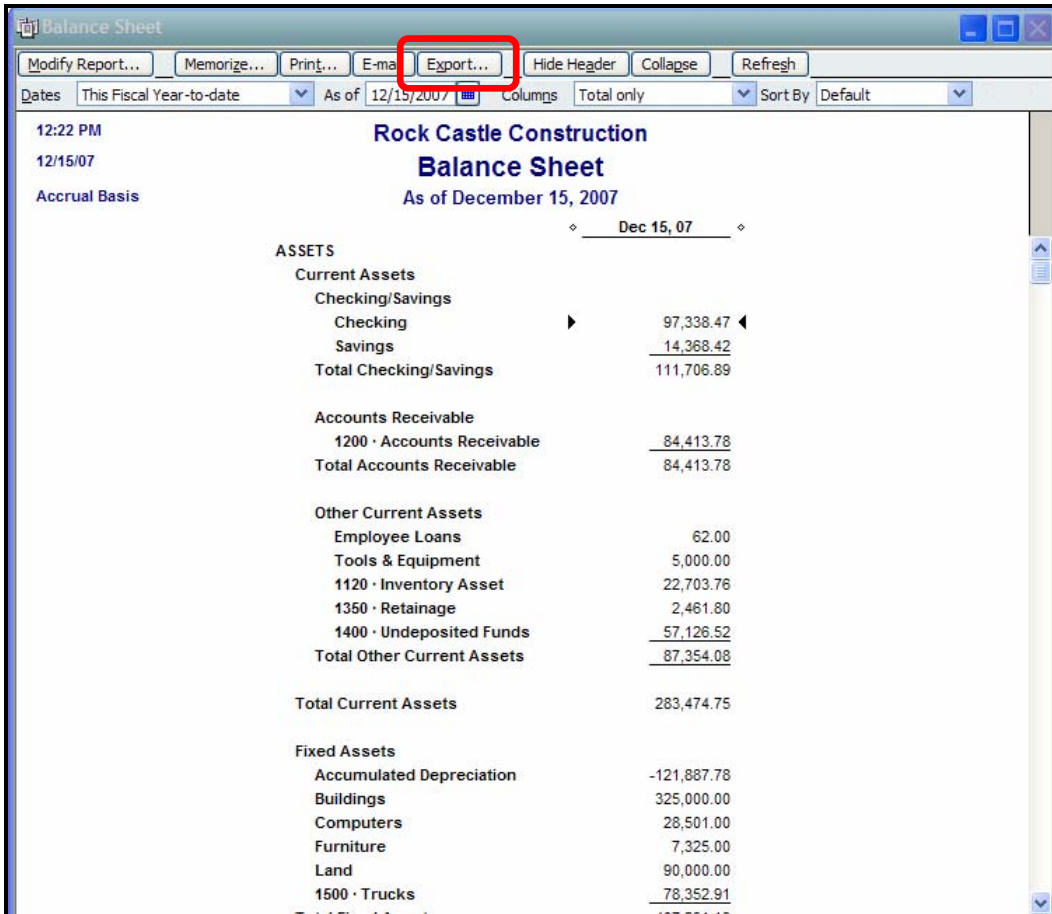
Figure 96 - Exporting Financial Statements to Excel

2. Next, indicate the workbook and worksheet in which the exported financial statement should be placed as shown in **Figure 97.**

   If there is not already a workbook or worksheet for the financial statement or report, a new workbook or worksheet may be created by selecting the appropriate option.
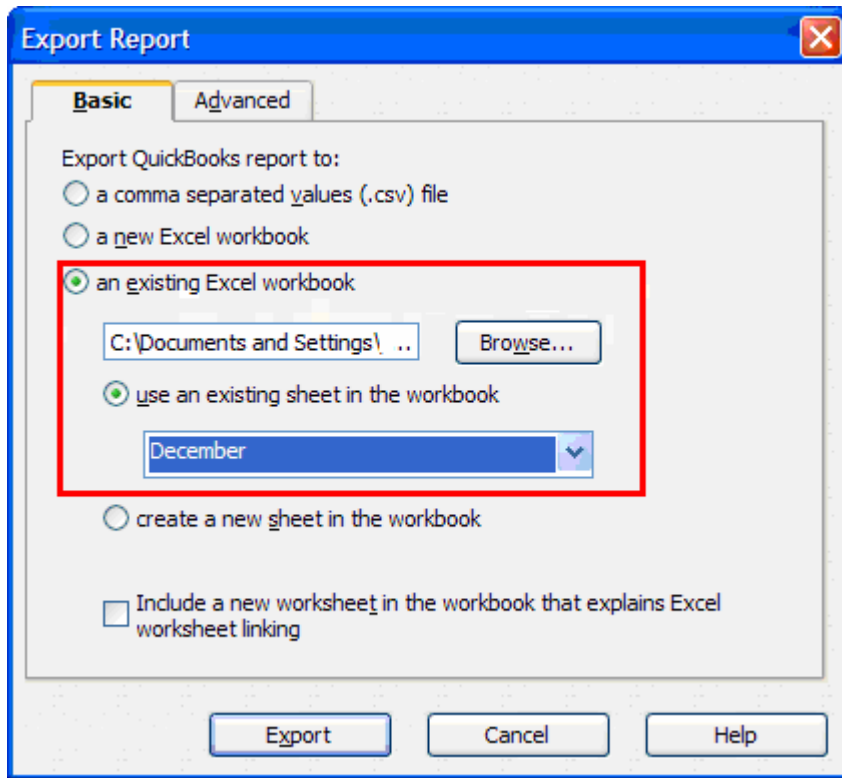
Figure 97 - Exporting a Financial Statement to a Specific Worksheet

As shown in **Figure 98**, the selected financial statement was exported to the **December** worksheet within the **2007 Financial Statements** workbook.

	A	B	C	D	E	F	G	H	I	J	K
1						Dec 15, 07					
2	ASSETS										
3		Current Assets									
4			Checking/Savings								
5				Checking		97,338.47					
6				Savings		14,368.42					
7			Total Checking/Savings			111,706.89					
8			Accounts Receivable								
9				1200 · Accounts Receivable		84,413.78					
10			Total Accounts Receivable			84,413.78					
11			Other Current Assets								
12				Employee Loans		62.00					
13				Tools & Equipment		5,000.00					
14				1120 · Inventory Asset		22,703.76					
15				1350 · Retainage		2,461.80					
16				1400 · Undeposited Funds		57,126.52					
17			Total Other Current Assets			87,354.08					
18		Total Current Assets				283,474.75					
19		Fixed Assets									
20			Accumulated Depreciation			-121,887.78					
21			Buildings			325,000.00					
22			Computers			28,501.00					
23			Furniture			7,325.00					
24			Land			90,000.00					
25			1500 · Trucks			78,352.91					
26		Total Fixed Assets				407,291.13					
27		Other Assets									
28			Pre-paid Insurance			1,041.85					
29		Total Other Assets				1,041.85					
30	TOTAL ASSETS					691,807.73					
31	LIABILITIES & EQUITY										
32		Liabilities									

January / February / March / April / May / June / July / August / September / October / November / **December**

Figure 98 - Exported Financial Statement in Excel

Using Auto Outline

Excel's **Outline** feature is a terrific way of being able to "roll-up" selected data so that rows and columns are quickly hidden and unhidden as required during review and analysis of data. When exporting financial statements to Excel, it is possible to have the Outline feature automatically enabled so that subaccounts are rolled-up into their respective main accounts. The advantage to using this approach versus the QuickBooks built-in Expand/Collapse function is that Outline allows individual groupings of subaccounts to be selectively expanded or collapsed, whereas the built-in function only allows for expanding and collapsing all subaccounts simultaneously.

To export financial statements with the Excel Outline feature enabled:

1. Choose the **Advanced** tab of the **Export Report** window, check the box labeled **Auto Outline** as shown below in **Figure 99**, and click **Export**.
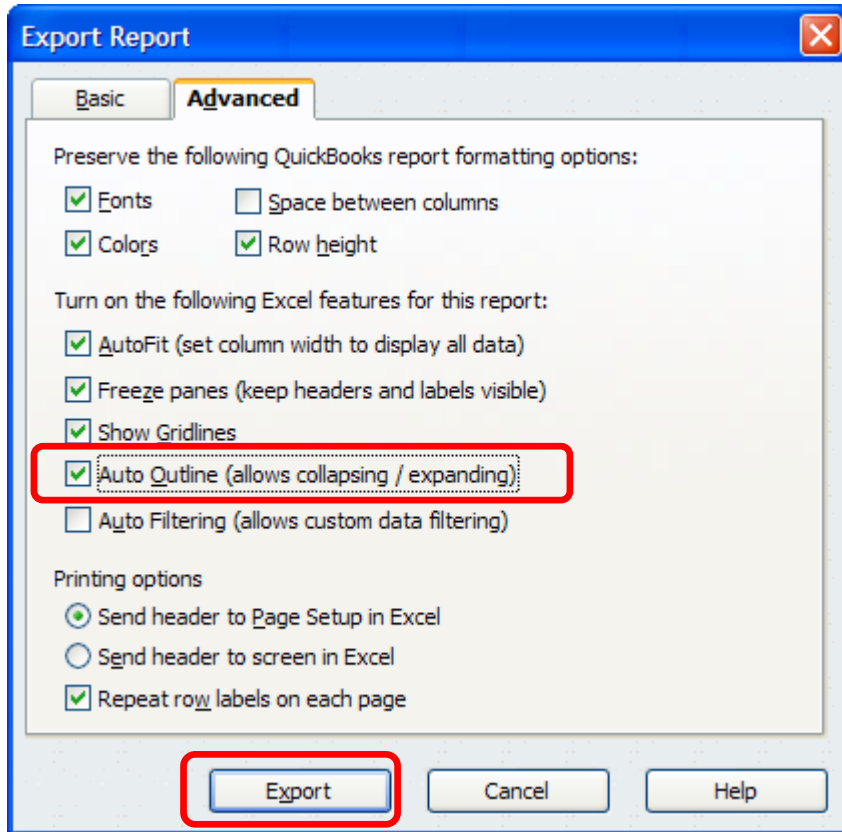
Figure 99 - Exporting Financial Statements with Auto Outline Enabled

With the report exported, subaccounts can be collapsed and expanded as necessary by selecting the appropriate Outline levels in the upper, left-hand corner of the Excel window or by clicking the appropriate "+" and "-" keys next to each level in the body of the report as shown in **Figure 100**.

	A	B	C	D	E	F	G	H
1							Dec 1 - 15, 07	
2						Ordinary Income/Expense		
3						Income		
4						4000 · Construction		
5						4100 · Labor	17,316.00	
6								
7								
8								
9								
10								
11						Total Income	73,923.05	
12						Cost of Goods Sold		
13						5000 · Cost of Goods Sold	5,263.56	
14						Total COGS	5,263.56	
15						Gross Profit	68,659.49	
16						Expense		
17						InTransit Costs	500.00	
18						Travel		
19						Hotel/Loding	156.12	
20						Travel - Other	250.00	
21						Total Travel	406.12	
22						4001 · Reconciliation Discrepancies	-28,333.30	
23						6000 · Automobile		
24						6020 · Fuel	71.02	
25						6000 · Automobile - Other	10.60	
26						Total 6000 · Automobile	81.62	
27						6100 · Bank Service Charges	10.00	
28						6400 · Freight & Delivery	104.60	
29						6500 · Insurance		
30						6510 · Disability Insurance	150.00	
31						6520 · Liability Insurance	1,050.00	
32						6530 · Work Comp	825.00	
33						Total 6500 · Insurance	2,025.00	

With Excel's Outline function enabled, the level of detail displayed is controlled by selecting the numerical levels at the top of the page or the plus and minus signs on the left-hand side of the page.

Figure 100 - Exported Report with Auto-Outline Enabled

Enhancing the Audit Trail with Auto-Filter

QuickBooks provides an **Audit Trail** report that can be extremely useful in identifying potentially erroneous and/or fraudulent transactions. Essentially, the Audit Trail report answers the questions of "Who did what?" and "When did they do it?" While many filters are available on the report, one filter that is not available is that of the user who entered or edited a transaction. As such, it can be difficult to identify all transactions entered or edited by a specific user. This is where Excel's **Auto-Filter** is can be helpful.

In Excel, Auto-Filters are drop-down filters that allow users to filter results of various columns in worksheets. Using Auto-Filters, one could quickly analyze a large table of data in Excel and pull-out, say, only those items that are greater than $1,000.

To enable Auto-Filtering in Excel:

- Click in a table of data and then select **Data**, **Filter**, **Auto-Filter** from the menu.

   This causes the Excel Auto-Filters to be displayed on each column in the selected table as shown below in **Figure 101**.

Figure 101 - Excel Data with Auto-Filters Enabled

With Auto-Filters enabled, you only need to select one or more of the drop-down arrows and select or enter the filter criteria to filter the entire list quickly and efficiently.

When exporting reports from QuickBooks to Excel – including the Audit Trail report – it is possible to export the reports with the Auto-Filters automatically enabled.

To export a report with Auto-Filters enabled:

- From the Advanced tab on the Export Window, click the box next to Auto Filtering as shown below in **Figure 102**.
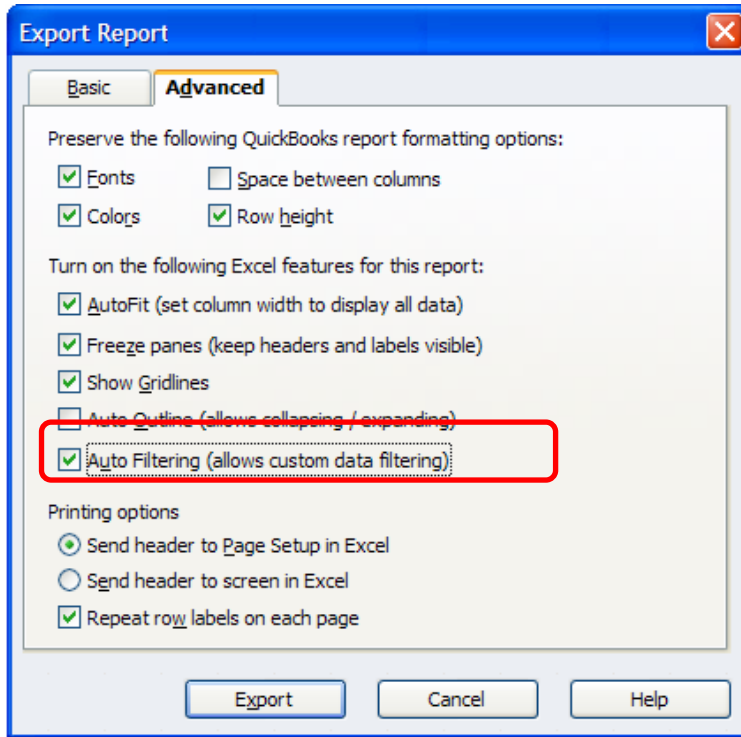
Figure 102 - Exporting Reports with Auto Filters Enabled

Exporting the **Audit Trail** report with **Auto-Filtering** enabled allows you to quickly and easily filter transactions only for specific users as shown below in **Figure 103**.

Figure 103 - Filtering the Audit Trail by User

CHAPTER 9:
USING QUICKBOOKS TO CREATE A BUDGET

Understanding Budgets

QuickBooks allows you to create various types of budgets.

- Budgets based on accounts that can be filtered by Customer: job or classes.

- Budgets based on items rather than accounts. These budgets are based on an estimate prepared for a specific Customer:Job.

To help the client create a useful budget:

1. Verify the fiscal year with the client.

   The budget process will show the months individually, so it is important to correctly identify the fiscal year. If necessary, change the fiscal year setting in the Company Information window.

2. Verify that the client's budget uses the same chart of accounts as in the QuickBooks company file.

   Quite often companies create budgets without considering the current chart of accounts. In order to create useful budget reports that do not need to be reformatted in Excel, explain to the client that the budget should align with the chart of accounts.

   You can then modify the budget line items and or the chart of accounts to bring the two documents into alignment.

   If the budget is created at a summary level, then it should tie to accounts that may have sub-accounts. It is not necessary for each sub-account to have a budget since the sub-accounts can be collapsed into the main account for reporting purposes.

3. Identify who will be using the budget and how they would like the budget presented. Questions to ask a client include the following:

   How would you like the budget segmented: by account, class, and customer: job, or a combination of one or more scenarios?

   QuickBooks allows you to create various budgets so you are not restricted to one format. For example, if you have a Marketing Manager that needs to see how the marketing department is doing, you can create a marketing class and then create a budget for that class. Reports can then be run to view budget versus actual expenses for the marketing department.

Will the budget be created from another document or will it be based upon prior year performance?

QuickBooks allows you to create a budget based upon last year's performance; this can significantly reduce the data entry time to enter the budget. If the budget was created from scratch, a time-saving data entry method would be to import the budget from an Excel spreadsheet.

Are you interested in allocating the budget on a monthly basis or are you only interested in the annual budget figures?

The QuickBooks entry screen prompts you to enter the budget by the month, however many organizations prefer an annual budget on budget to actual reports. If you know this ahead of time, you can save time by entering the budget in the first month of the fiscal year and leaving the remaining months blank.

For example, non-profit organizations and governmental entities often prefer to view the remaining budget for a particular expense while many large corporations prefer to view the monthly budget for a particular account.

Gathering Data for the Budget

Typically, creating a budget is more complicated than taking last year's numbers and plugging them into the current year's budget. More likely, the budgeting process consists of meeting with the client to review the various components of the budget and consolidating the information for the overall budget that will then be entered into QuickBooks.

QuickBooks can facilitate this process by helping you pull the necessary information from various reports in order to determine the proper budget amounts for the future period.

The following sections propose some suggested steps to take and QuickBooks reports you can use to when preparing budget information to enter into QuickBooks.

Forecasting sales

The first step in preparing the overall budget is deciding what the sales budget is going to be by month for the coming year. Without first determining this, it is virtually impossible to predict inventory levels (if applicable), purchases, and other operating expenses that are based on sales.

In this section, we'll discuss some reports that you can use to help determine the sales history for a company.

Profit and Loss Previous Year Comparison

Run the Profit and Loss Previous Year Comparison report and change the dates to Last Fiscal Year to get financial information covering the past two years as shown in **Figure 104**.

8:16 AM 12/15/07 Accrual Basis	**Rock Castle Construction** **Profit & Loss Prev Year Comparison** October 2006 through September 2007			
	Oct '06 - Sep 07	Oct '05 - Sep 06	$ Change	% Change
Gross Profit	135,993.75	-709.87	136,703.62	19,257.6%
Expense				
Automobile				
Insurance	2,850.24	2,137.68	712.56	33.3%
Repairs and Maintenance	0.00	0.00	0.00	0.0%
Total Automobile	2,850.24	2,137.68	712.56	33.3%
Depreciation Expense	14,821.58	11,368.04	3,453.54	30.4%
Freight & Delivery	0.00	0.00	0.00	0.0%
Insurance				
Disability Insurance	450.00	0.00	450.00	100.0%
Liability Insurance	3,150.00	0.00	3,150.00	100.0%
Work Comp	2,475.00	0.00	2,475.00	100.0%
Insurance - Other	446.49	0.00	446.49	100.0%
Total Insurance	6,521.49	0.00	6,521.49	100.0%
Interest Expense	708.12	780.66	-72.54	-9.3%
Job Expenses				
Equipment Rental	850.00	0.00	850.00	100.0%
Job Materials	26,527.62	378.75	26,148.87	6,904.0%
Permits and Licenses	0.00	225.00	-225.00	-100.0%
Subcontractors	11,146.95	694.00	10,452.95	1,506.2%
Total Job Expenses	38,524.57	1,297.75	37,226.82	2,868.6%
Payroll Expenses	94,707.33	0.00	94,707.33	100.0%
Repairs				

Figure 104 - Profit and Loss Previous Year Comparison

You can change the dates to see the year before it as well. These reports provide some trend data, enabling you to see how much sales have grown, stayed the same, or fallen off each year.

Based on the information from the QuickBooks report and what the client knows about the market, you can estimate a percent change in sales for the following year.

Sales by Item Summary

Run the Sales by Item Summary report and change the dates to Last Fiscal Year to determine how much the client is selling of each item and what the sales mix is.

5:22 PM 12/15/07 Accrual Basis				**Rock Castle Construction** **Sales by Item Summary** **October 2006 through September 2007**				
					Oct '06 - Sep 07			
◊	Qty ◊	Amount ◊	% of Sales ◊	Avg Price ◊	COGS ◊	Avg COGS ◊	Gross Margin ◊	Gross Margin %
Inventory								
Cabinets								
Cabinet Pulls ▶	4 ◀	227.80	0.2%	56.95	6.36	1.59	221.44	97.2%
Light Pine	1	799.00	0.6%	799.00	1,500.00	1,500.00	-701.00	-87.7%
Total Cabinets		1,026.80	0.7%		1,506.36		-479.56	-46.7%
Hardware								
Doorknobs Std	2	60.00	0%	30.00	54.00	27.00	6.00	10.0%
Lk Doorknobs	2	76.00	0.1%	38.00	69.90	34.95	6.10	8%
Total Hardware		136.00	0.1%		123.90		12.10	8.9%
Wood Door								
Exterior	5	1,105.00	0.8%	221.00	525.00	105.00	580.00	52.5%
Interior	6	575.00	0.4%	95.83	360.00	60.00	215.00	37.4%
Total Wood Door		1,680.00	1.2%		885.00		795.00	47.3%
Total Inventory		2,842.80	2%		2,515.26		327.54	11.5%
Parts								
Appliance	6	4,170.50	2.9%	695.08				
Cabinets - Custom	5	6,916.00	4.8%	1,383.20				
Flooring	296	5,838.84	4%	19.73				
Lighting	6	664.95	0.5%	110.83				
Lumber								

Figure 105 - Sales by Item Summary Report

By determining what percent of sales each item is, you can extrapolate what the sales increase per item will be. For instance, if the client wants a 10% increase in sales, which items will comprise that increase? Does it mean a 5% increase in one product and a 20% increase of another?

By item, you can determine in number of units what the client plans to increase. Once you know the number of units you can then determine, based on the pricing, what the sales will be for the coming year.

If the client plans to budget by month, run the reports discussed above by month to see what the typical sales increases are by month by item. This allows you to account for seasonality.

Sales graph

Another way to look for seasonality is to use the Sales Graphs in QuickBooks to identify trends.
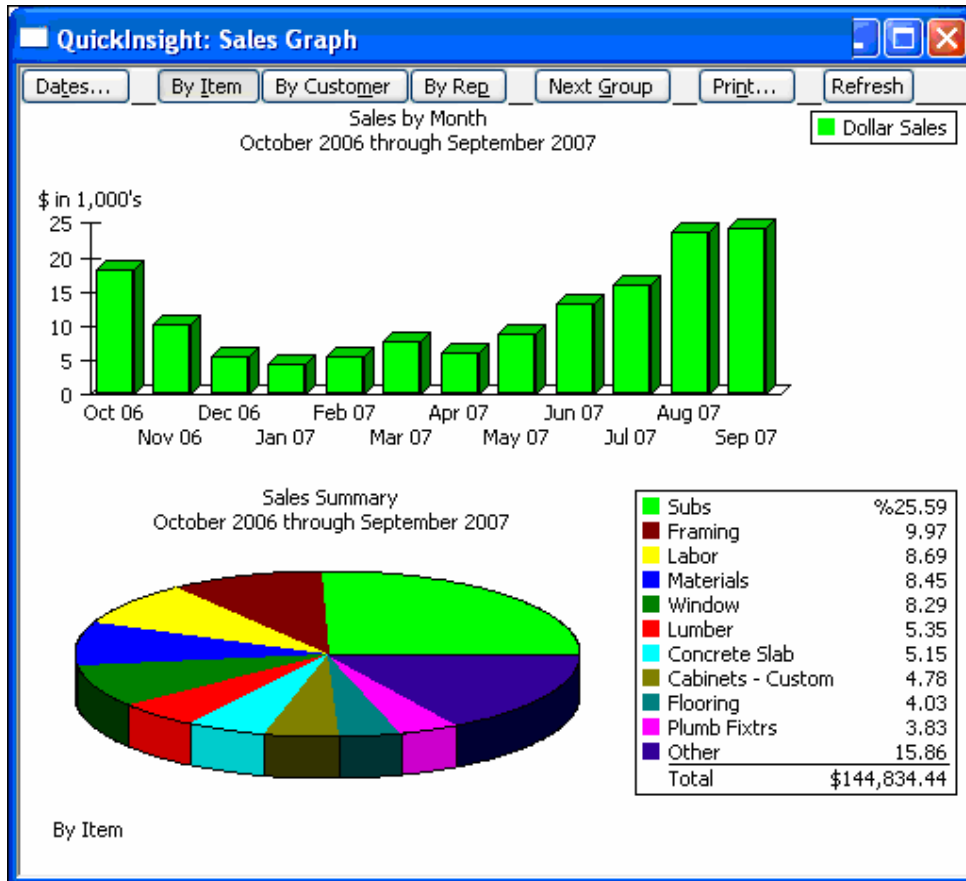
Figure 106 - Sales Graph

Using the sales graph, you can pick the dates over multiple years to see the trend by month for a longer period of time. When looking at this graph, you can choose to view it by Item, Customer, or Rep using the buttons along the top of the window.

QuickZoom in the graph to get to the detail reports to research the numbers.

Forecasting purchasing

After you've determined with the client what the sales will be by product, you can then determine how much the client has to purchase by month.

If the client has inventory, you will be predicting the client's inventory levels based on sales and how much inventory they want to have in stock at any moment in time. If the client is service oriented, this will be based on any variable costs, such as the number of employees or contractors that will be ramped up or down based on sales.

Here is an example of some reports you can pull from QuickBooks to determine the purchasing history for the company:

Purchases by Item Summary

The Purchases by Item Summary report generated with the dates set to Last Fiscal Year (as shown in **Figure 107**) provides information about the average cost of goods sold for each item the client sells that are inventory parts. You can use this information to calculate the Cost of Goods Sold for the budgeted sales for each month for each inventory item.

			Oct '06 - Sep 07	
		Qty		Amount
Inventory				
Cabinets				
Cabinet Pulls		96		152.64
Light Pine		4		6,000.00
Total Cabinets				6,152.64
Hardware				
Doorknobs Std		15		405.00
Lk Doorknobs		10		349.50
Total Hardware				754.50
Total Inventory				6,907.14
Parts				
Appliance			6	4,070.50
Cabinets - Custom			4	6,333.45
Flooring			3	2,109.00
Lighting			5	480.00
Lumber				
Rough		48		2,184.00
Trim		52		1,820.00

Report header:
5:33 PM
12/15/07
Accrual Basis

Rock Castle Construction
Purchases by Item Summary
October 2006 through September 2007

Figure 107 - Purchases by Item Summary

Item Profitability

Run the Item Profitability report and change the dates to Last Fiscal Year to get the cost and the revenue of each item, not just Inventory Part items. (If desired, choose Month from the Columns drop-down menu to show each month.)

	Act. Cost	Act. Revenue	($) Diff.
Inventory			
Cabinets			
Cabinet Pulls	0.00	227.80	227.80
Light Pine	1,500.00	799.00	-701.00
Total Cabinets	1,500.00	1,026.80	-473.20
Hardware			
Doorknobs Std	54.00	60.00	6.00
Lk Doorknobs	69.90	76.00	6.10
Total Hardware	123.90	136.00	12.10
Wood Door			
Exterior	525.00	1,105.00	580.00
Interior	360.00	575.00	215.00
Total Wood Door	885.00	1,680.00	795.00
Total Inventory	2,508.90	2,842.80	333.90
Parts			
Appliance	4,070.50	4,170.50	100.00
Cabinets - Custom	6,333.45	6,916.00	582.55
Flooring	2,109.00	5,838.84	3,729.84
Lighting	480.00	664.95	184.95

Report header:
5:35 PM
12/15/07
Rock Castle Construction
Item Profitability
October 2006 through September 2007

Figure 108 - Item Profitability Report

If the client is using items properly on both sales and expense transactions, this report can give you more insight when predicting cost for each item that is sold based on the sales forecast.

Inventory Valuation Summary

Run the Inventory Valuation Summary report and change the dates to Last Fiscal Year to gain insight into what the sales price and average cost of goods sold is per item. By understanding what the gross profit per item is, the client may change pricing or re-negotiate costs with his or her vendors.

	Item Description	On Hand	Avg Cost	Asset Value	% of Tot Asset	Sales Price	Retail Value	% of Tot Retail
Inventory								
Cabinets								
Cabinet Pulls	Cabinet Pulls	92	1.59	146.28	3.3%	0.00	0.00	0.0%
Light Pine	Light pine kitchen cab...	3	1,500.00	4,500.00	102.5%	1,799.00	5,397.00	106.7%
Cabinets - Other	Cabinets	0	0.00	0.00	0.0%	0.00	0.00	0.0%
Total Cabinets		95		4,646.28	105.8%		5,397.00	106.7%
Door Frame	standard interior door...	0	12.00	0.00	0.0%	0.00	0.00	0.0%
Great product		0	0.00	0.00	0.0%	0.00	0.00	0.0%
Hardware								
Brass hinges	standard interior bras...	0	3.00	0.00	0.0%	0.00	0.00	0.0%
Doorknobs Std	Doorknobs Part # DK ...	13	27.00	351.00	8.0%	30.00	390.00	7.7%
Lk Doorknobs	Locking interior doork...	8	34.95	279.60	6.4%	38.00	304.00	6.0%
Hardware - Other		0	0.00	0.00	0.0%	0.00	0.00	0.0%
Total Hardware		21		630.60	14.4%		694.00	13.7%
Wood Door								
Exterior	Exterior door - #P-109...	-5	105.00	-525.00	-12.0%	120.00	-600.00	-11.9%
Interior	Interior door - P-1870...	-6	60.00	-360.00	-8.2%	72.00	-432.00	-8.5%
Wood Door - Other		0	0.00	0.00	0.0%	0.00	0.00	0.0%
Total Wood Door		-11		-885.00	-20.2%		-1,032.00	-20.4%
Total Inventory		105		4,391.88	100.0%		5,059.00	100.0%

Figure 109 – Inventory Valuation Summary

Operating expenses

Determining what operating expense figures to enter into the budget will likely require a line item by line item discussion with the client. Based on the profitability you see with the forecasted sales and cost of goods sold, you may determine that the client's operating expenses are too high or too low.

For the expenses that remain the same such as insurance, rent, utilities, etc. you can use those for your monthly expenses. For expenses that can fluctuate such as Marketing and Payroll expenses, these either will be driven based on the sales numbers or the profitability of the company and sustaining the same amount of overhead.

In this section, we'll highlight some reports you can pull from QuickBooks to determine the company's operating expenses.

Profit & Loss Standard

To get an idea of what the total expense should be in total, based on projected income, modify the **Profit & Loss Standard** report as follows:

1. From the **Reports** menu, choose **Profit & Loss Standard**.

2. Change the dates to **Last Fiscal Year**.

3. Click **Modify Report**, then select **% of Income**.

4. Click **OK**.

5:42 PM
12/15/07
Accrual Basis

Rock Castle Construction
Profit & Loss
October 2006 through September 2007

	Oct '06 - Sep 07	% of Income
Ordinary Income/Expense		
Income		
Construction		
Discounts given	-48.35	-0%
Labor	43,950.50	31.7%
Materials	49,959.34	36.1%
Miscellaneous	5,495.10	4%
Subcontractors	37,170.30	26.8%
Total Construction	136,526.89	98.6%
Uncategorized Income	1,982.12	1.4%
Total Income	138,509.01	100.0%
Cost of Goods Sold		
Cost of Goods Sold	2,515.26	1.8%
Total COGS	2,515.26	1.8%
Gross Profit	135,993.75	98.2%
Expense		
Automobile		
Insurance	2,850.24	2.1%
Repairs and Maintenance	0.00	0.0%
Total Automobile	2,850.24	2.1%

Figure 110 - Modified Profit & Loss

You can estimate each operating expense in the budget by determining the percentage of income it typically is. You can review this report for multiple years for consistency of percentages or averaging the percentages for estimation purposes.

Employee Earnings Summary

To get payroll amounts for each employee to better understand employee wage expenses and payroll taxes, run the Employee Earnings Summary report with the dates set to Last Calendar Year.

You may want to run the report for just for the last quarter or month.

Figure 111 - Employee Earnings Summary

This report will also help in estimating the costs of adding headcount in the budget.

QuickReports

You can create QuickReports for any account or item to get more detail into what is causing the balance to be higher or lower. For example, to track effectiveness of certain advertising campaigns or marketing efforts, consider adding discount items for each different campaign. Then, you can track how many are being utilized and see which marketing expenses are most effective. By creating a QuickReport on each item, you can analyze these in more detail. By determining which is most effective, you can eliminate other marketing or advertising expenses from the overhead budget.

Once you have gathered all of this information for each department or line of business, you can then begin to combine it all together to come up with the overall budget for the company. You will be able to enter in the information by class or line of business, by Customer or in total in QuickBooks.

Building the balance sheet budget

To determine the balance sheet budget, you'll want to discuss and research the following with the client:

- Accounts receivable

- Inventory

- Accounts Payable

- Cash

Accounts receivable

Based on the clients' sales for each month and the credit policy with its customers, what will the outstanding A/R balance be each month based on sales?

Some reports you might use to help you determine this information include the following:

- A/R Aging Summary

- Open Invoices

- Collections

Inventory

Based on the Cost of Goods Sold calculations from the purchasing information, you'll determine how much inventory will be on hand each month. This is based on how much the client wants to leave in stock and how much inventory needs to be purchased to keep up with forecasted sales.

The same reports used for the purchases budget will work in estimating inventory levels as well. In addition, the Inventory Stock Status by Item report will give you an average sales/week number that may help in predicting how much should be purchased each week.

6:02 PM 12/15/07	Rock Castle Construction Inventory Stock Status by Item October 2006 through September 2007									
	◇ Pref Vendor	◇ Reorder Pt	◇ On Hand	◇ On Sales Order	◇ For Assemblies	◇ Available	◇ Order	◇ On PO	◇ Next Deliv	◇ Sales/Week
Inventory										
Cabinets										
Cabinet Pulls	Patton Hard...	15	92	0	0	92		0		0.1
Light Pine	Patton Hard...	0	3	0	0	3		0		0
Cabinets - Other	Thomas Kitc...	15	0	0	0	0	✓	0		0
Total Cabinets			95	0	0	95		0		0.1
Door Frame			0	0	0	0		0		0
Great product			0	0	0	0		0		0
Hardware										
Brass hinges	Patton Hard...		0	0	0	0		0		0
Doorknobs Std	Patton Hard...	50	13	0	0	13	✓	0		0
Lk Doorknobs	Patton Hard...	50	8	0	0	8	✓	0		0
Hardware - Other			0	0	0	0		0		0
Total Hardware			21	0	0	21		0		0
Wood Door										
Exterior	Perry Windo...	5	-5	0	0	-5	✓	0		0.1
Interior	Perry Windo...	5	-6	0	0	-6	✓	0		0.1
Wood Door - Other	Patton Hard...		0	0	0	0		0		0
Total Wood Door			-11	0	0	-11		0		0.2

Figure 112 – Inventory Stock Status by Item

Accounts Payable

Based on the inventory budget and credit extended by those vendors, Accounts Payable can be predicted by month. Operating expenses will also have to be taken into consideration as well to determine what outstanding bills there are each month. Some reports that can be used in QuickBooks to see Accounts Payable history include the following:

- A/P Aging Summary

- Vendor Balance Summary

- Unpaid Bills Detail

- Transaction List by Vendor

Cash

Once you have been determined what the A/R collections, A/P disbursements, and operating expenses will be each month, you can start forecasting Cash by Month. This will help you determine when and if the client may need to take out more loans to cover any cash shortfalls or fixed asset purchases.

You can also look at the history of cash fluctuations using the Statement of Cash Flows in QuickBooks. You can also modify this report to view the report by month for prior years.

Rock Castle Construction
Statement of Cash Flows
October 2006 through September 2007

6:03 PM
12/15/07

	Oct '06 - Sep 07
OPERATING ACTIVITIES	
Net Income	-26,073.61
Adjustments to reconcile Net Income	
to net cash provided by operations:	
Accounts Receivable	-33,730.88
Inventory Asset	-4,391.88
Accounts Payable	21,021.38
CalOil Card	5,000.00
Payroll Liabilities	7,082.68
Sales Tax Payable	4,637.04
Net cash provided by Operating Activities	-26,455.27
INVESTING ACTIVITIES	
Computers	-24,500.00
Furniture	-2,100.00
Accumulated Depreciation	14,821.58
Pre-paid Insurance	-3,364.51
Net cash provided by Investing Activities	-15,142.93
FINANCING ACTIVITIES	
Bank of Anycity Loan	20,801.07
Truck Loan	-5,687.52
Opening Bal Equity	-25,443.37
Net cash provided by Financing Activities	-10,329.82
Net cash increase for period	-51,928.02

Figure 113 – Statement of Cash Flows

Once all of this is put together, the information can be entered in the Budget area of QuickBooks. The process for actually entering budget information is described in the next section.

Creating a Budget in QuickBooks

Once you've gathered the information that you need, follow the instructions below to access and use the budget feature in QuickBooks.

To create a budget in QuickBooks:

1. From the **Company** menu, choose **Planning & Budgeting**, and then choose **Set Up Budgets**.

2. Select the **Create New Budget** button, as shown in **Figure 114**.
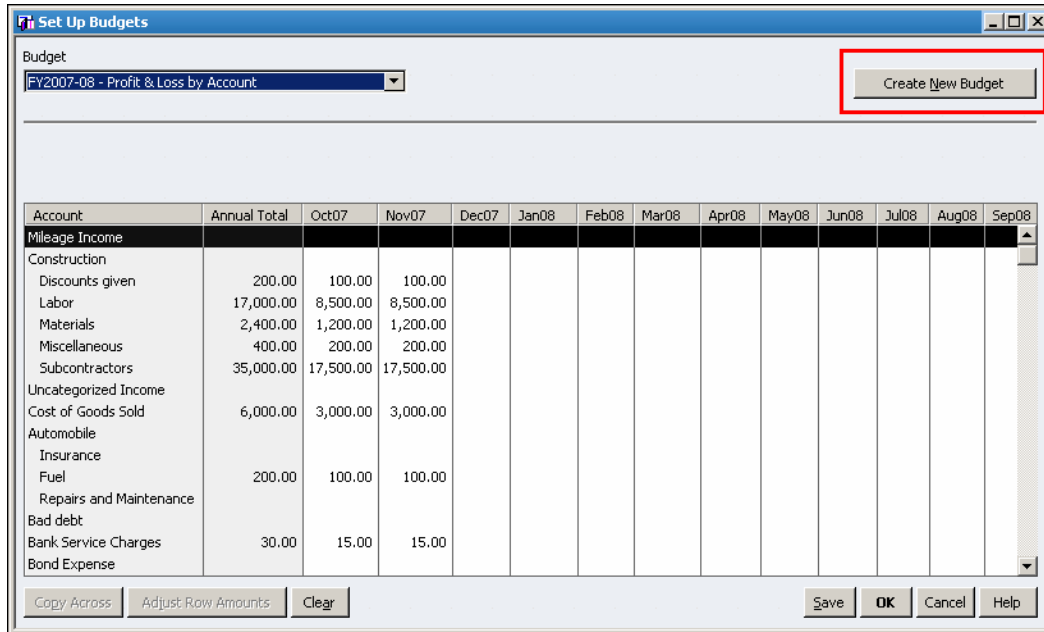
Figure 114 – Creating a New Budget

3. Select the year for the budget and the appropriate budget type in the **Create New Budget** dialog box, as shown in **Figure 16**.
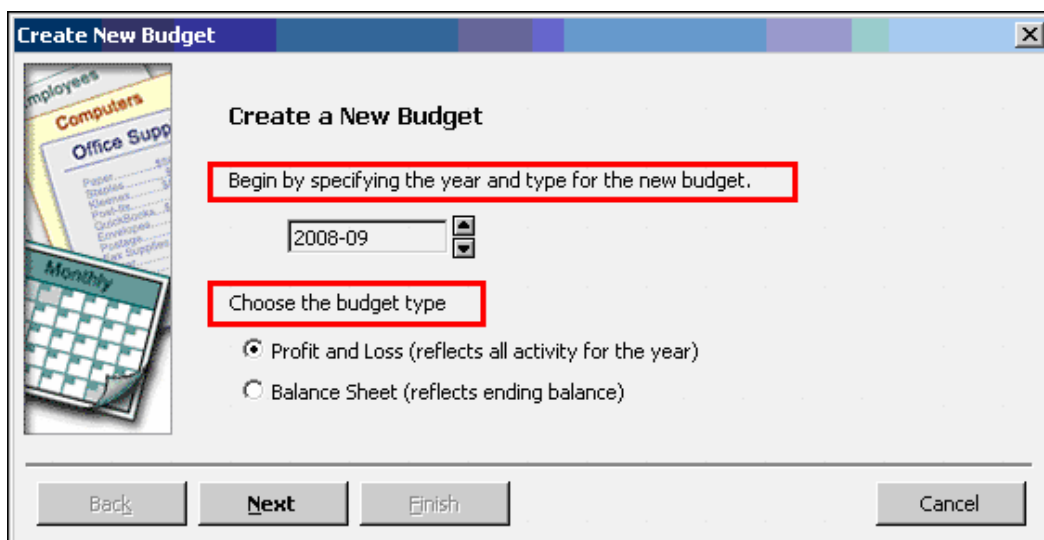
4. Select the level of filtering you require, as shown in **Figure 116**.

   Keep in mind that you can create multiple budgets.
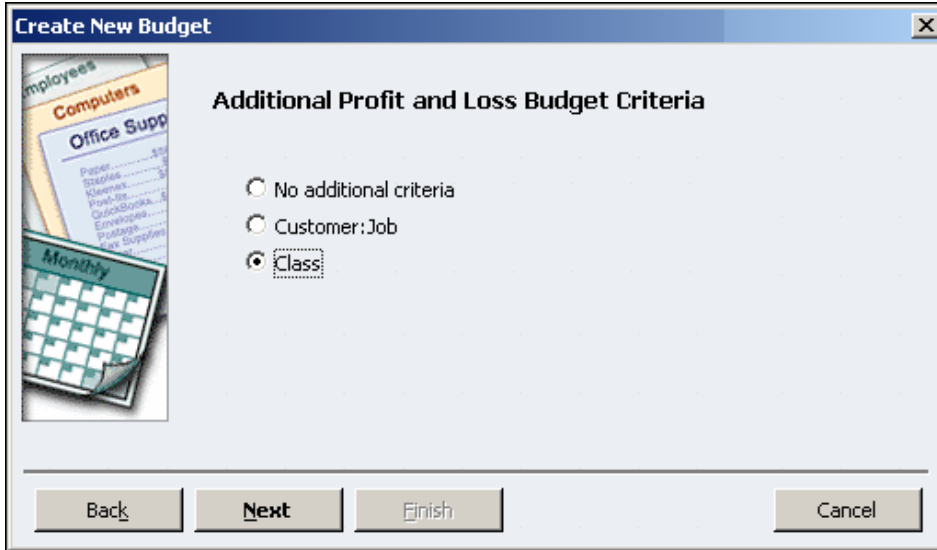
Figure 116 – Setting Additional Budget Criteria

5. Select how the budget will be entered and select Finish, as shown in **Figure 117**.
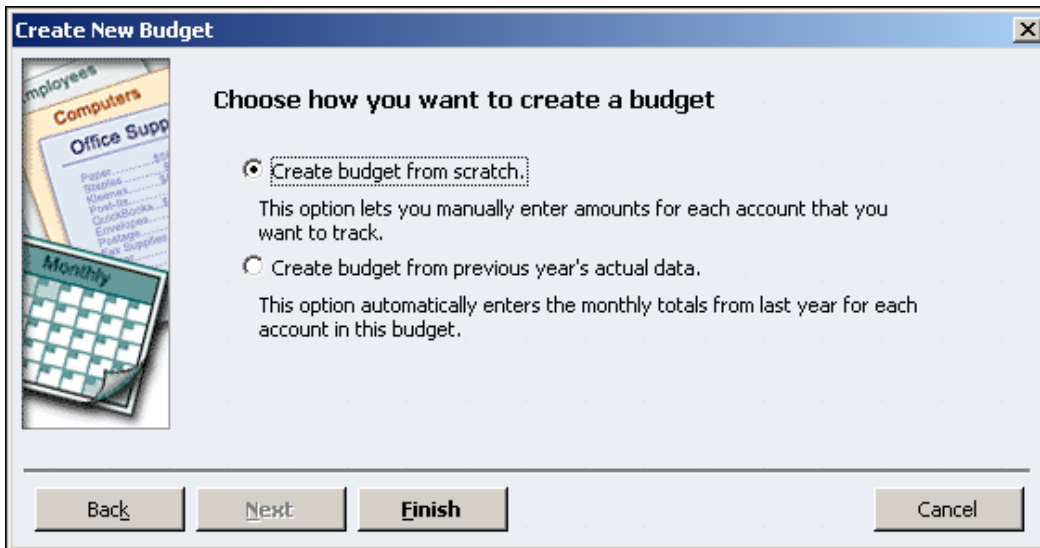
Figure 117 – Selecting How the Budget Will Be Created

6. Enter budget amounts either by month or the entire annual budget in the first month of the fiscal year, as shown in **Figure 118**.

   To enter the budget by month, you can use a combination of three techniques:

   - Enter each month manually
   - Copy amounts across months (see below)
   - Adjust rows by a percentage or fixed amount (see below)

Figure 118 – Entering Budget Amounts

Once you have entered an amount in a monthly column, you can copy across the information if the amount should be disbursed evenly across twelve months by selecting the **Copy Across** button at the bottom left corner of the screen. See **Figure 119**.
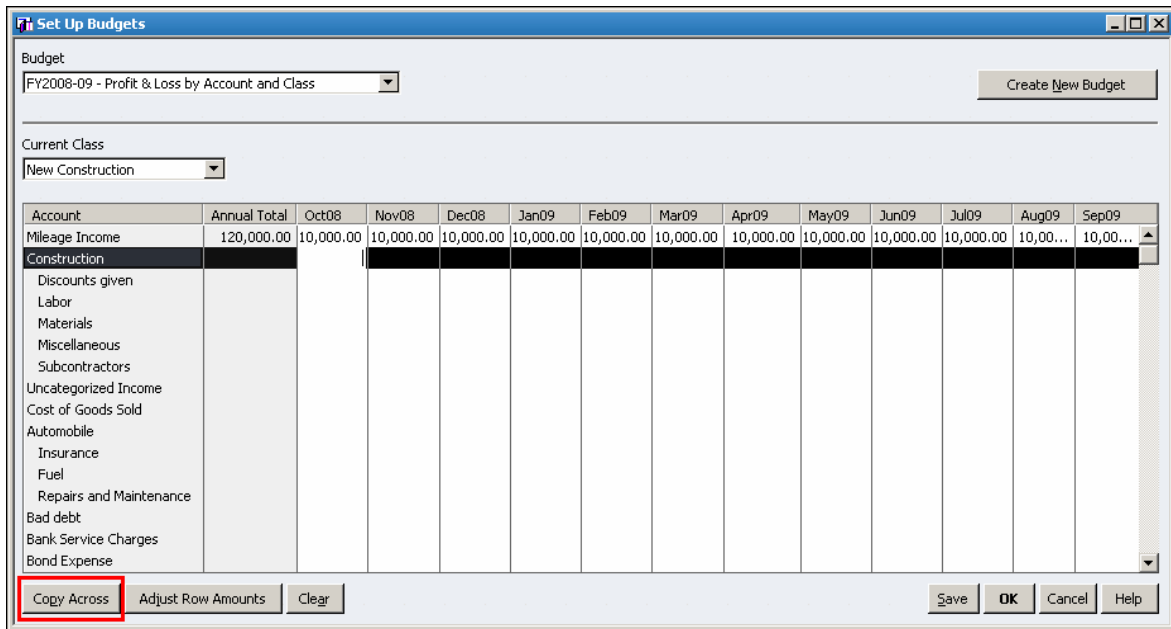
Figure 119 – Copying Monthly Amounts Across for Budgeting

If you are working with a company that has a budget that is not evenly disbursed across the months, you can adjust amounts for each month by clicking the **Adjust Row Amounts** button at the bottom of the screen. **See Figure 122**.
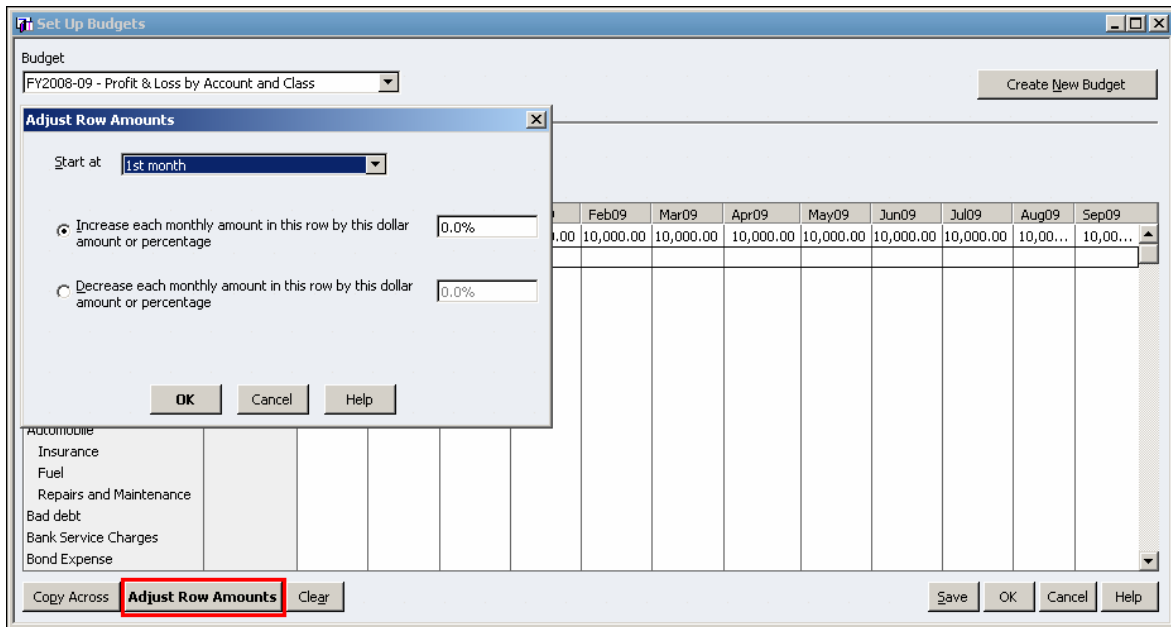
Figure 120 – Entering Budget Amounts with Increases or Decreases across the Months

To view reports using budgets:

1. From the **Reports menu,** choose **Budget & Forecasts**, and then select the desired report.

2. Select the reporting period, as shown in **Figure 121**.
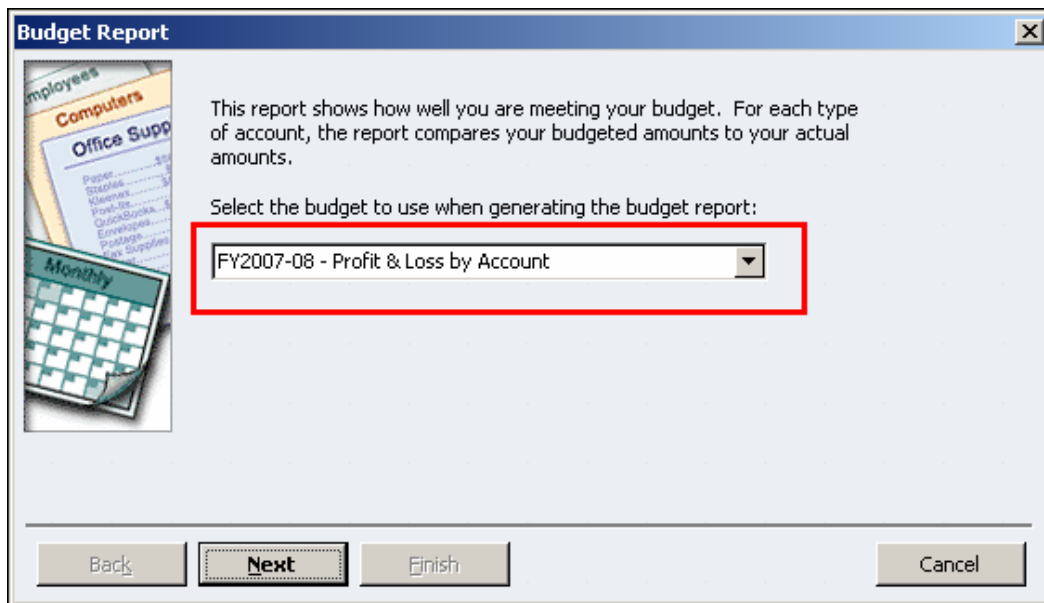
Figure 121 – Choosing the Reporting Period

3. Select the desired format, for example, **Account by Month**. See **Figure 122**.
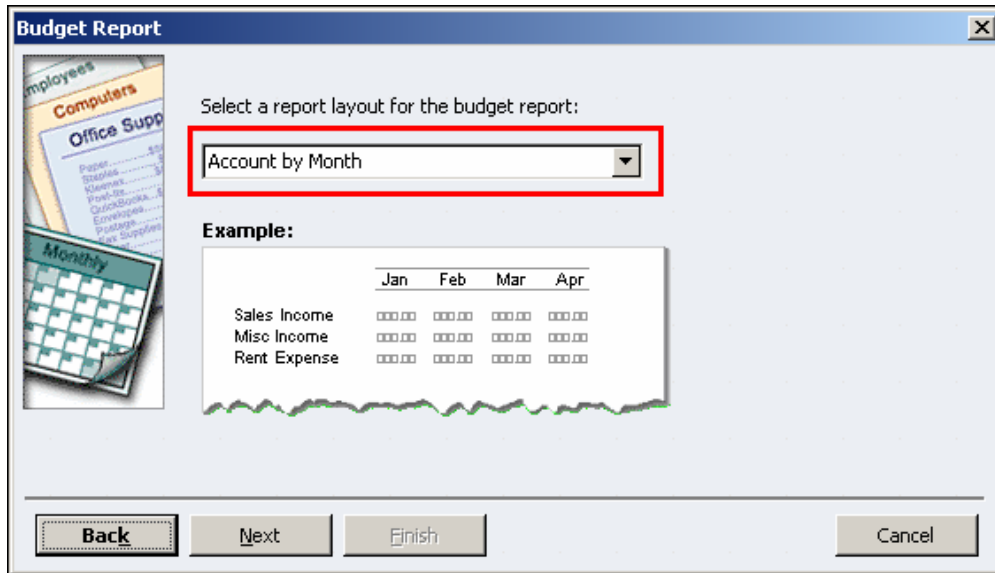
Figure 122 – Choosing the Desired Format

4. Modify the report as needed and memorize it.

CHAPTER 10:
PROFITING FROM THE QUICKBOOKS DATA
ANALYSIS FEATURES

Using Cash Flow Projector

The **Cash Flow Projector** is another mechanism used to predict future cash flow. Somewhat more comprehensive and flexible than the Cash Flow Forecast report, the Cash Flow Projector provides for a more comprehensive and precise forecast of future cash flows.

To work with the Cash Flow Projector:

1. From the **Company** menu, choose **Planning and Budgeting**, and then choose **Cash Flow Projector** from the submenu.

2. Select which bank accounts from the Chart of Accounts are taken into consideration by the Cash Flow Projector when preparing the cash flow forecast.

3. Select the method for projecting cash receipts for the six week forecast horizon.

    Options include the following:

    - Projecting all cash receipts manually

    - Use the same amount of receipts as was received for the prior six weeks

    - Use an average of the last six weeks

    - Use a weighted average of the last six weeks

    - Use the same amount of receipts as was received for the same period during the prior year

    - Use an average of the same six-week period during the prior year

Regardless of the method chosen, manual adjustments can be made to "fine-tune" the amount and timing of projected cash inflows as shown in **Figure 123**.
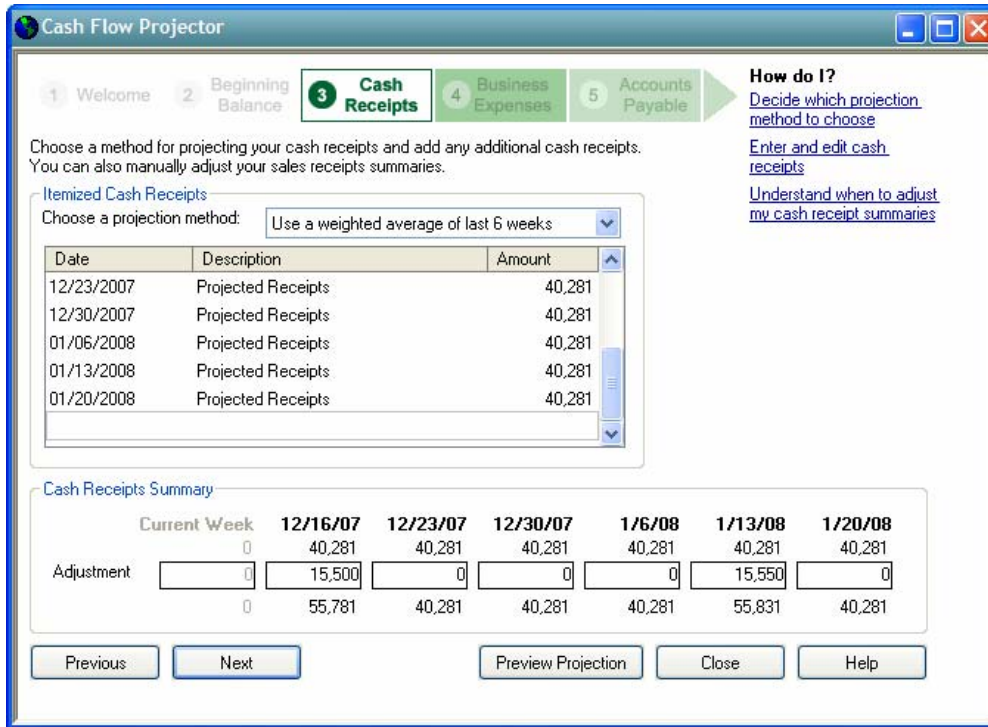
Figure 123 - Cash Receipts Window in Cash Flow Projector

Business expenses are projected next; in this phase of the cash flow projection, expenditures that are not currently reflected in the company's accounts payable are considered. Examples of items that might be entered here include sales taxes payable, rent, payroll taxes payable, and payroll. As shown in **Figure 124**, these items are entered and tracked individually.
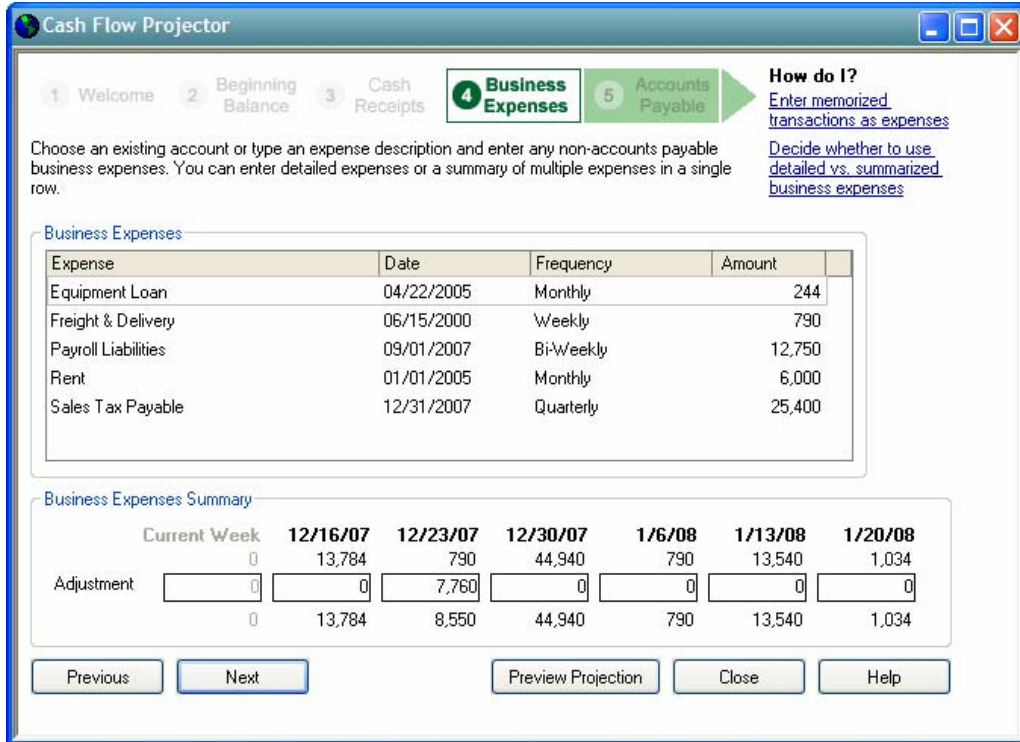
Figure 124 - Projecting Business Expenses in Cash Flow Projector

Lastly in the Cash Flow Projector, outstanding bills in accounts payable are considered. Because companies oftentimes pay bills on dates other than the dates on which the bills are due, it is usually necessary to adjust any cash flow forecast to reflect these differences in timing. In the Cash Flow Projector, this is accomplished by entering a Payment Date – which can be different than the Due Date – as shown in **Figure 125**. Note that the Payment Date entered in the Cash Flow Projector is used only for the purposes of estimating future cash flows; it does not impact recorded transactions in QuickBooks.
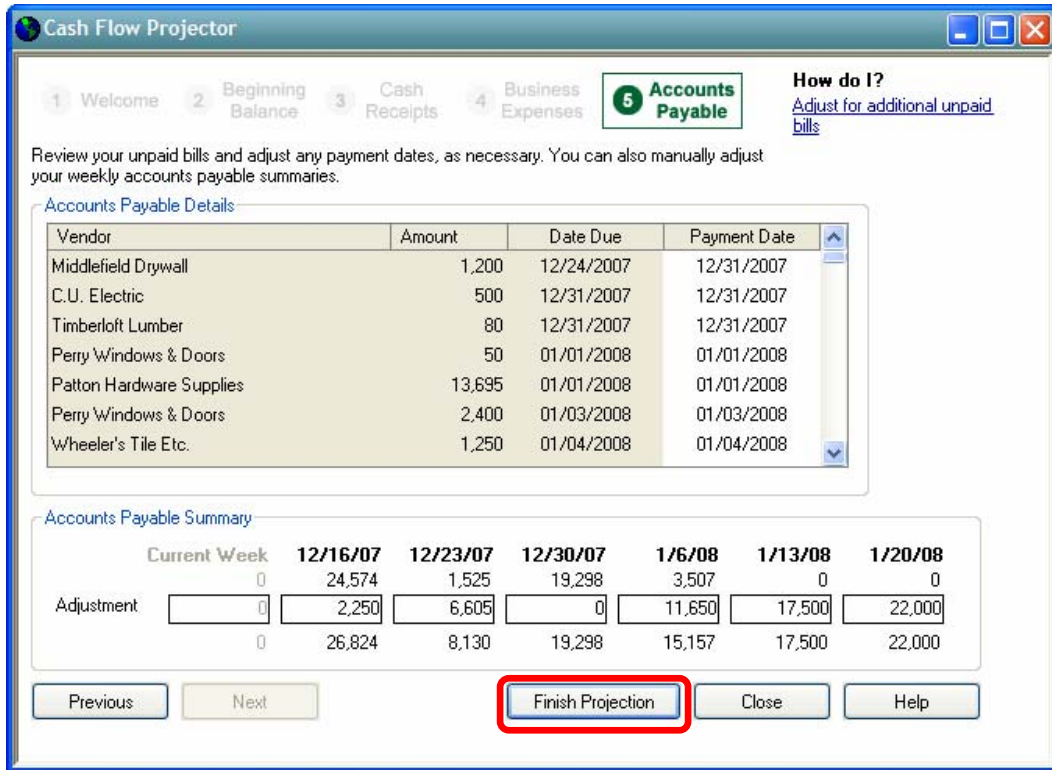
Figure 125 - Entering Payment Dates for Accounts Payable in the Cash Flow Projector

After entering all of the necessary items and adjustments into the Cash Flow Projector, a six-week cash flow projection is generated by clicking the **Finish Projection** button highlighted in **Figure 125**. This report – shown in **Figure 126** – may be used as-is, or saved as a PDF file for future recall.

Projection - Cash Flow Projector

Rock Castle Construction
Weekly Cash Flow Projection
December 16, 2007 through January 26, 2008

	Current Week	12/16/07	12/23/07	12/30/07	1/6/08	1/13/08	1/20/08
Cash:							
Beginning Cash	91,945	91,945	107,118	130,719	106,762	131,096	155,887
Cash Receipts	0	40,281	40,281	40,281	40,281	40,281	40,281
Adjustments	0	15,500	0	0	0	15,550	0
Total Cash	91,945	147,726	147,399	171,000	147,043	186,927	196,168
Business Expenses:							
Equipment Loan	0	244	0	0	0	0	244
Freight & Delivery	0	790	790	790	790	790	790
Payroll Liabilities	0	12,750	0	12,750	0	12,750	0
Rent	0	0	0	6,000	0	0	0
Sales Tax Payable	0	0	0	25,400	0	0	0
Adjustments	0	0	7,760	0	0	0	0
Total Business Expenses	0	13,784	8,550	44,940	790	13,540	1,034
Cash Available for Disbursement	91,945	133,942	138,849	126,060	146,253	173,387	195,134
Accounts Payable:							
Middlefield Drywall	0	0	0	1,200	0	0	0
C.U. Electric	0	0	0	500	250	0	0
Timberloft Lumber	0	0	0	80	0	0	0
Perry Windows & Doors	0	0	0	2,450	130	0	0
Patton Hardware Supplies	0	0	0	13,695	810	0	0
Wheeler's Tile Etc.	0	311	0	1,250	0	0	0
Hopkins Construction Rentals	0	550	150	0	0	0	0
Lew Plumbing	0	0	1,375	0	0	0	0
Hamlin Metal	0	0	0	0	670	0	0
Washuta & Son Painting	0	0	0	0	600	0	0

Print... | Save as PDF... | Close | Help

Figure 126 - Weekly Cash Flow Projection Generated by the Cash Flow Projector

The Cash Flow Projector differs from the Cash Flow Forecast report in that the Cash Flow Forecast report is limited to considering only the information that is already in QuickBooks when generating its forecast. The Cash Flow Projector on the other hand, is an interactive tool that is capable of taking into consideration information that does not reside inside QuickBooks. As such, many users find it to be a more useful tool when attempting to predict future cash flows.

Using QuickBooks Business Planner

The **QuickBooks Business Planner** provides users a step-by-step approach to creating a business plan.

To access the QuickBooks Business Planner:

- From the **Company menu**, choose **Planning & Budgeting**, and then choose **Use Business Plan Tool** from the QuickBooks menu.

As shown in **Figure 127**, QuickBooks Business Planner is organized into six distinct tabs: Welcome, Company, Income, Expenses, Interview, and Plan. By answering the questions contained in the planner, users are led through the process of creating a thorough business plan that can be used for a number of purposes, including obtaining financing.
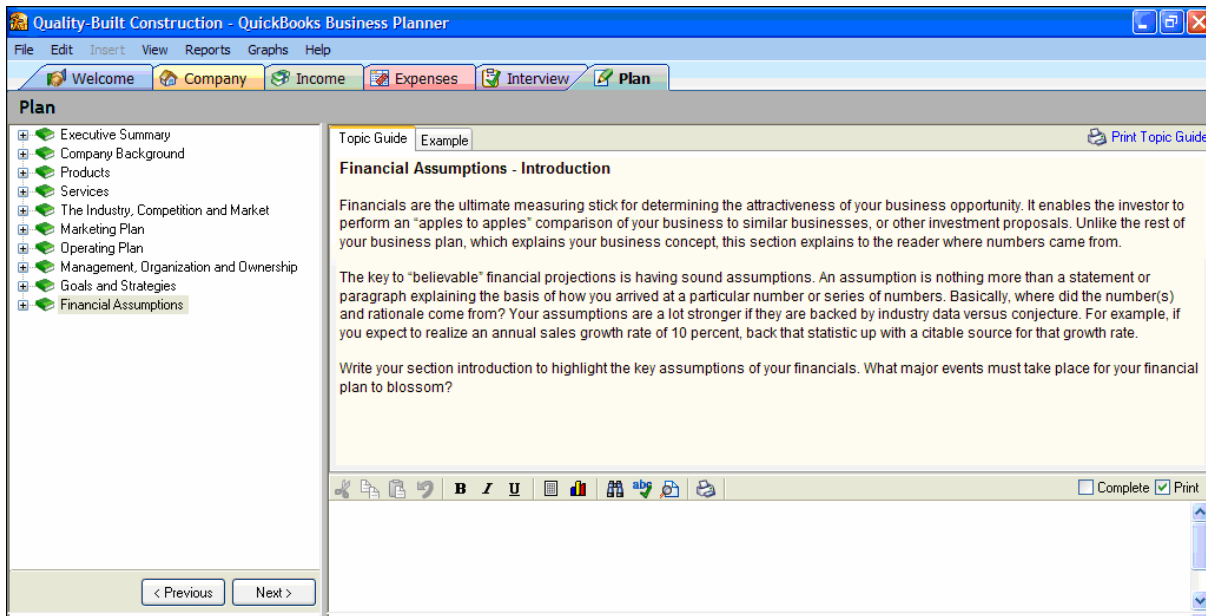
Figure 127 -- QuickBooks Business Planner

Both the Income and Expenses tabs provide users with the option of entering relevant data for up to sixty months, as shown below in **Figure 128**. This data can be based on actual data pulled from QuickBooks and growth rates along with manual overrides can be applied to generate accurate forecasts.

Figure 128 -- Expense Data in QuickBooks Business Planner

Once the interview process has been completed and all data has been entered and edited, the Business Planner can be used to generate a number of reports. These include **Income Projection**, **Expense Projection**, **Beginning Balance Sheet**, **Profit & Loss**, **Balance Sheet**, and **Cash Plan**. Each of these is depicted in the following sections.

Income Projection

The **Income Projection** report details forecasted income over the planning period. As shown below in **Figure 129**, this report can be generated in detail form or it can be summarized to provide only annual totals over the planning period. Of course, it can be printed as well as exported to Excel.

Income Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 1
Construction Income	71,777	72,370	72,964	73,557	74,150	74,743	75,336	75,930	76,523	77,116	77,709	78,302	900,477
Total Income	71,777	72,370	72,964	73,557	74,150	74,743	75,336	75,930	76,523	77,116	77,709	78,302	900,477

Figure 129 -- Income Projection Generated by QuickBooks Business Planner

Expense Projection
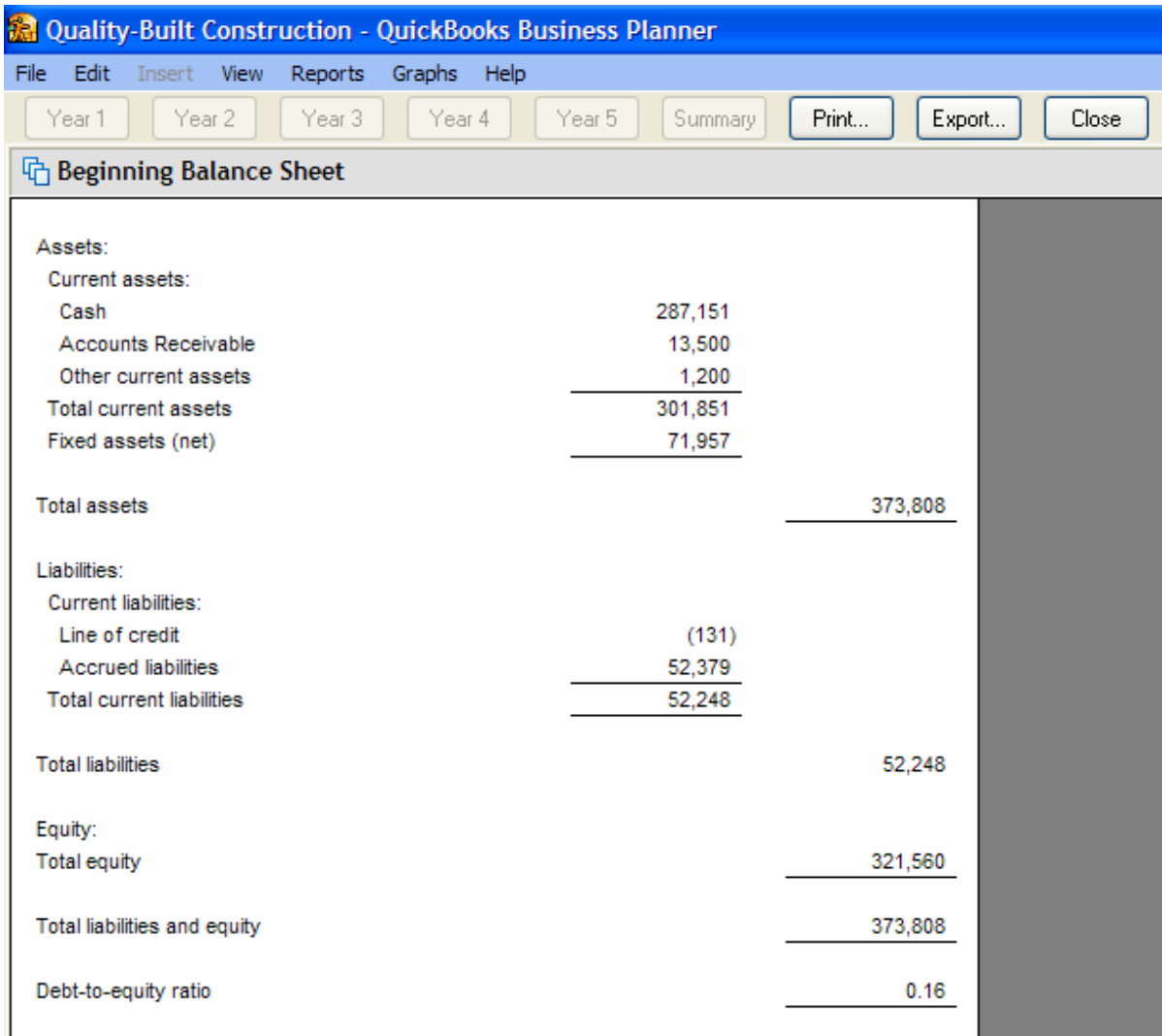
Like the **Income Projection** report discussed above, the Expense Projection report outlines projected expenses over the planning period; an example is provided below in **Figure 130**. It also may be displayed in detail or summary format and can be printed as well as exported to Excel.

Expense Category	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 1
Officer's Labor	4,400	4,812	3,850	3,438	4,125	3,850	4,675	87,175	4,400	3,575	4,400	4,400	133,100
Rent	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	1,298	15,576
Telephone	1,309	1,431	954	1,382	1,586	882	829	1,383	908	952	915	915	13,446
Training and Conferences	0	0	0	0	6,820	0	3,520	0	550	0	0	0	10,890
Office Supplies	1,115	866	911	816	1,009	1,231	966	816	920	737	557	557	10,501
Advertising	2,805	110	110	110	1,100	2,860	110	110	110	2,310	110	110	9,955
Tools & Machinery (under	1,745	0	0	3,306	0	0	1,124	0	0	0	1,043	1,043	8,261
Payroll (office staff)	660	660	990	0	660	660	660	660	990	660	660	660	7,920
Meals and Entertainment	26	0	63	0	114	100	1,155	108	333	26	1,273	1,273	4,471
Accounting	0	4,455	0	0	0	0	0	0	0	0	0	0	4,455
Designer's Wages	330	330	495	330	330	330	330	330	495	330	330	330	4,290
Repairs & Maintenance	976	0	0	1,128	0	0	605	0	0	1,353	0	0	4,062
Gas & Oil	351	245	397	298	365	431	431	299	405	253	244	244	3,963
Liability Insurance	248	248	248	248	248	248	248	248	248	248	440	440	3,360
Dues and Subscriptions	0	0	0	0	0	2,750	0	0	0	0	0	0	2,750
Taxes	250	250	0	250	250	250	250	250	0	250	250	250	2,500
Insurance-Auto	1,128	0	0	0	0	0	1,128	0	0	0	0	0	2,256
Computer Consultants	0	0	0	0	0	2,200	0	0	0	0	0	0	2,200
Misc. Expense	1,805	237	296	1,553	424	302	351	446	406	314	402	402	6,938
Total Expenses	18,446	14,942	9,612	14,157	18,329	17,392	17,680	93,123	11,063	12,306	11,922	11,922	250,894

Figure 130 -- Expense Projection Generated by QuickBooks Business Planner

Beginning Balance Sheet

The **Beginning Balance** Sheet report simply displays starting balances on the balance sheet. This data is used as the basis for cash flow projections and forecasted balance sheets over the planning period. An example of the Beginning Balance Sheet Report is shown below in **Figure 131**.

Figure 131 -- Beginning Balance Sheet Generated by QuickBooks Business Planner

Profit & Loss

The **Profit & Loss** report provides projected income statement data over the planning period. The data used to generate this report is pulled from the Income Projection and the Expense Projection reports described earlier in this section.

Figure 132 – Projected Profit & Loss Statement Generated by QuickBooks Business Planner

Balance Sheet

The **Balance Sheet** report provides projected balance sheets over the forecast period. Data entered during the planner's interview process is coupled with projected income and expense data to serve as the foundation for the Balance Sheet report. As shown below in **Figure 133**, the Balance Sheet report can be generated in detailed or summary format and, like other Business Planner reports; it can be exported to Excel.

Figure 133 -- Projected Balance Sheet Generated by QuickBooks Business Planner

Cash Plan

The **Cash Plan** report provides a summary of projected cash flow over the planning periods. Drawing from both projected income statement data and projected balance sheet data, the Cash Plan report computes and presents projected cash flows, including ending cash balances for each month in the forecast period. This report can be displayed in either summary or detailed view and can also be exported to Excel.

Figure 134 -- Projected Cash Plan Generated by QuickBooks Business Planner

Business Plan

Lastly, the **Business Plan** report section of the Business Planner provides users with the option of selecting which sections to include in the printed Business Plan. Options include:

- Non-Disclosure Agreement

- Title Page

- Table of Contents

- Executive Summary

- Company Background

- Products

- Services

- The Industry, Competition, and Market

- Marketing Plan

- Operating Plan

- Management, Organization, and Ownership

- Goals and Strategies

- Financial Assumptions

- Appendix
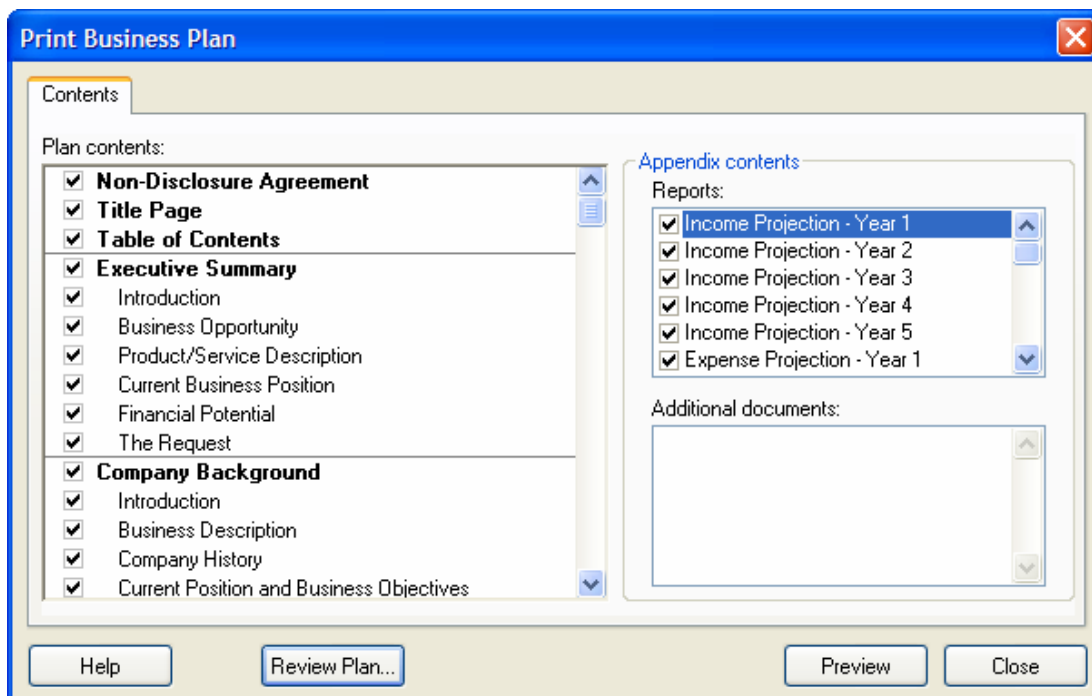
Figure 135 -- Choosing Sections of the Business Plan for Printing

Upon selecting the sections to be included in the Business Plan, the Business Planner generates a detailed Business Plan report that can be used to obtain financing, attract investors, etc. The business plan is based on the format recommended by the U.S. Small Business Administration for loan applications or a bank line of credit.

Understanding the QuickBooks Decision Tools

QuickBooks includes a set of **Decision Tools** (available in 2007 and earlier versions) designed to provide information useful in managing and making decisions about business operations. These Decision Tools help owners and managers compare alternatives, analyze financial position and results of operations, and establish policies and procedures.

Decision Tools are provided to assist in the following areas:

- Measure Profitability

- Analyze Financial Strength

- Compare Debt and Ownership

- Depreciate Assets

- Manage Receivables

- Classify Workers as Employees or Contractors

- Improve Cash Flow

- Complete Periodic Tasks

Decision Tools Example – Depreciating Assets

One of the more daunting tasks faced by small business owners and managers not well versed in accounting principles and tax laws is that of correctly computing depreciation of fixed assets. QuickBooks provides a Decision Tool to assist in this process.

To access this tool:

- From the **Company** menu choose **Planning & Budgeting**, **Decision Tools**, and **Depreciate Your Assets** from the menu.

As shown in **Figure 136**, the depreciation tool is organized into five tabs:

- What is depreciation

- What property is depreciable

- Methods of depreciation

- How long does depreciation last

- Depreciate your assets now

The first four tabs provide information to those using the tool to assist in understanding the concepts related to deprecation. The fifth tab – **Depreciate Your Assets Now** – guides users through the steps of establishing depreciation records for fixed assets. Note however that the depreciation records established in the Decision Tool do not impact any records that might be established in the Fixed Asset Manager included in QuickBooks Premier Accountant Edition.
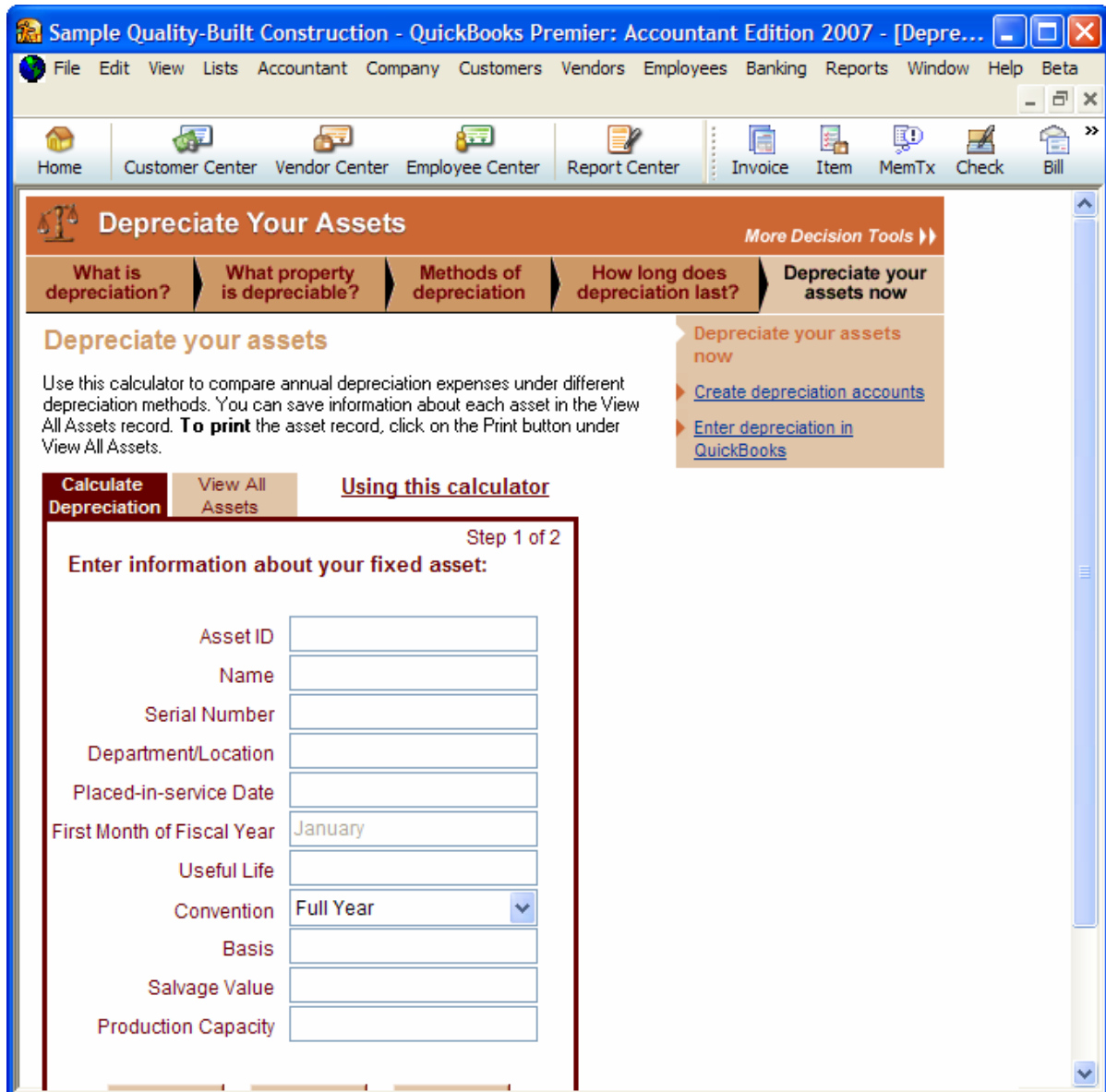
Figure 136 -- Depreciating Assets Decision Tool

***MAKING THE MOST OF FINANCIAL
STATEMENT DESIGNER***
Using Financial Statement Designer
Customizing Statements with Financial Statement Designer
Creating Supporting Documents Using the Document Editor
Printing a Complete Set of Financial Statements

CHAPTER 11:
MAKING THE MOST OF FINANCIAL STATEMENT DESIGNER

Using Financial Statement Designer

QuickBooks Premier Accountant Edition and QuickBooks Enterprise Solutions include **Financial Statement Designer (FSD)**, a report-writing application designed to allow users to create financial statements and reports to meet exacting needs and specifications. In addition to creating traditional statements such as Balance Sheets and Income Statements, Financial Statement Designer allows users to create compilation reports, footnotes, supplementary schedules, and almost any type of customized report or statement desired. Financial Statement Designer even includes functionality to create financial ratio analyses.

Financial Statement Designer allows users to create a report template and to use it across multiple companies. Financial Statement Designer also allows users to create statements from scratch or to use and customize an existing template supplied by the application.

The following key features are provided in Financial Statement Designer:

- Design a statement from scratch.

- Save your custom formatting locally for use with multiple clients.

- A Financial Ratio Tool to generate key analytical ratios.

- Export Financial Statements to Excel.

- Round Statements to ensure that columns foot accurately.

- Save Statements as Adobe Acrobat Files.

- Consolidate Accounts (e.g., Cash and Cash Equivalents).

- Filter Financial Statements by Class or Customer: Job (Income and Expense Account Activity Only).

- Insert rows and enter formulas or map fields to the General Ledger (e.g., to report on Beginning and Ending Inventory).

- Insert Columns and enter formulas or map fields to the General Ledger (e.g., to add a variance column or to add a class or job column)

To access Financial Statement Designer:

1. From the **Reports** menu, choose **Financial Statement Designer**.

2. Select from one of the existing templates or create a new report from the Financial Statement and Supporting Document List shown in **Figure 137**.
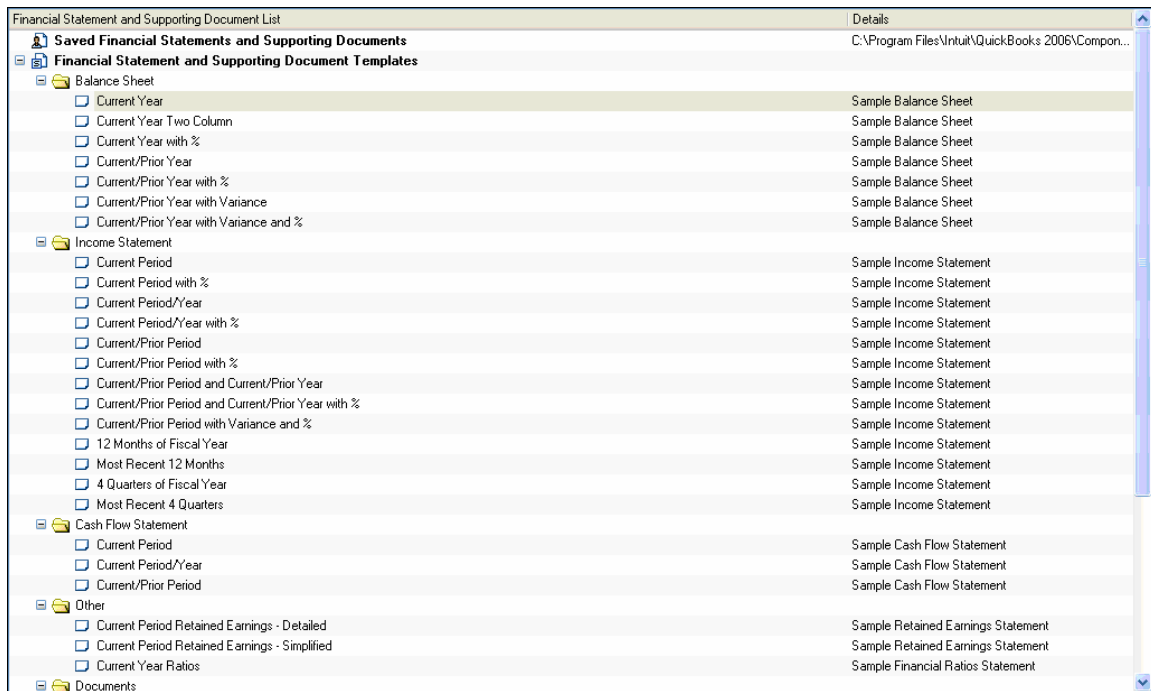
Figure 137 - Financial Statement and Supporting Document List

As is evident in **Figure 137**, numerous predefined templates are provided with Financial Statement Designer; any of these can be used "as-is" or can be modified to meet specific needs. In fact, one of the templates provided by Financial Statement Designer that many users are likely to utilize is one that provides the income statement in the format shown below in **Figure 138**. That template provides results for the current period and year-to-date; in addition, it provides "percentage of total revenue" calculations for both the current and year-to-date columns.

Larry's Landscaping & Garden Supply
INCOME STATEMENT
One Month Ended April 30, 2007

	1 Month Ended Apr. 30, 2007	%	7 Months Ended Apr. 30, 2007	%
Revenue				
Landscaping Services	5,995.19	90.22%	15,969.94	92.31%
Retail Sales	0.00	0.00%	194.88	1.13%
Service	650.00	9.78%	1,135.00	6.56%
Total Revenue	$ 6,645.19	100.00%	$ 17,299.82	100.00%
Cost of Goods Sold				
Cost of Goods Sold	$ 986.55	14.85%	$ 2,531.70	14.63%
Total Cost of Goods Sold	$ 986.55	14.85%	$ 2,531.70	14.63%
Gross Profit	$ 5,658.64	85.15%	$ 14,768.12	85.37%
Operating Expenses				
Payroll Expenses	$ 11,460.24	172.46%	$ 46,682.38	269.84%
Automobile	102.50	1.54%	743.04	4.30%
Bank Service Charges	25.50	0.38%	178.50	1.03%
Delivery Fee	25.00	0.38%	25.00	0.14%
Interest Expense	100.46	1.51%	815.67	4.71%
Job Expenses	37.00	0.56%	1,187.00	6.86%
Utilities	233.15	3.51%	1,558.42	9.01%
Total Operating Expenses	$ 11,983.85	180.34%	$ 51,190.01	295.90%
Operating Income (Loss)	$ -6,325.21	-95.18%	$ -36,421.89	-210.53%
Other Income				
Interest Income	0.00	0.00%	6.58	0.04%
Total Other Income	$ 0.00	0.00%	$ 6.58	0.04%
Other Expenses				
Total Other Expenses	$ 0.00	0.00%	$ 0.00	0.00%
Income (Loss) Before Income Taxes	$ -6,325.21	-95.18%	$ -36,415.31	-210.50%
Net Income (Loss)	$ -6,325.21	-95.18%	$ -36,415.31	-210.50%

Figure 138 - Sample Income Statement Template Provided by Financial Statement Designer

For many users, simply replacing QuickBooks-generated reports with standard reports found in Financial Statement Designer provides all of the improvement desired in the financial reporting process. In those cases where additional customizations are necessary, Financial Statement Designer fully supports that process as outlined in the following section.

Customizing Statements with Financial Statement Designer

Over thirty financial statement templates are provided with the program; each of these can be selected and used "as-is" or customized to meet exacting needs and specifications. To customize an existing template, from the main Financial Statement Designer window, scroll down the list of sample layouts and select the most appropriate for a specific situation.

Upon selecting the statement to customize, the Financial Statement Editor screen appears so you can format the statement to fit your needs. The Financial Statement Editor works similarly to a spreadsheet program. You can control the information and the appearance of the columns, rows, and even individual cells that display on the statement. There are also a number of built-in tools to make the process of formatting the statements much easier.

Figure 139 - Financial Statement Opened for Editing

Using the template as a basis for the financial statement, customize the statement by performing the following actions:

- **Select Desired Statement Date.** Choose any date range to pull data from QuickBooks and pre-populate the financial statement layout. On the main Financial Statement Designer screen, simply select the statement date for the financial statements. The program will then pre-populate the financial statement template with the company's chart of accounts and account balances for the selected statement date.

- **Insert Columns.** Users can insert columns to further customize the financial statement to show prior period balances or variance between other columns. Simply go to the **Insert** menu and choose the type of column to be inserted as shown in **Figure 140**.
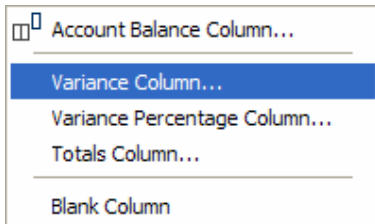
Figure 140 - Inserting a Column

- **Filter by Classes or Customer:Job.** If a company uses Classes or Customer:Jobs in QuickBooks, the financial statements can be filtered by those classes or Customer:Jobs (income and expense accounts only). Select a column and add a filter in the **Column Properties** pane as shown below in **Figure 141**.
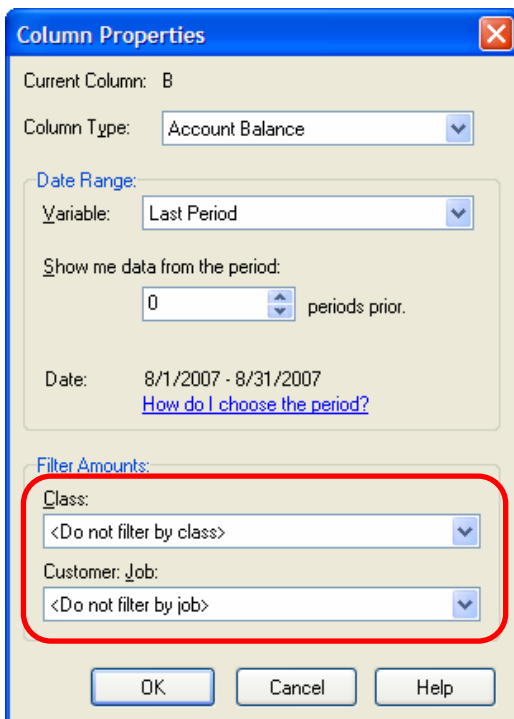
Figure 141 - Column Properties in Financial Statement Designer

- **Insert Rows.** Rows can also be inserted to group accounts in any way desired, add subtotals, or add blank rows for spacing. Go to the **Insert** menu and choose the type of row to be inserted. When adding an **Account Row** (a row with an account balance), select which accounts to be included on that row and what the row description should be as shown below in **Figure 142**.
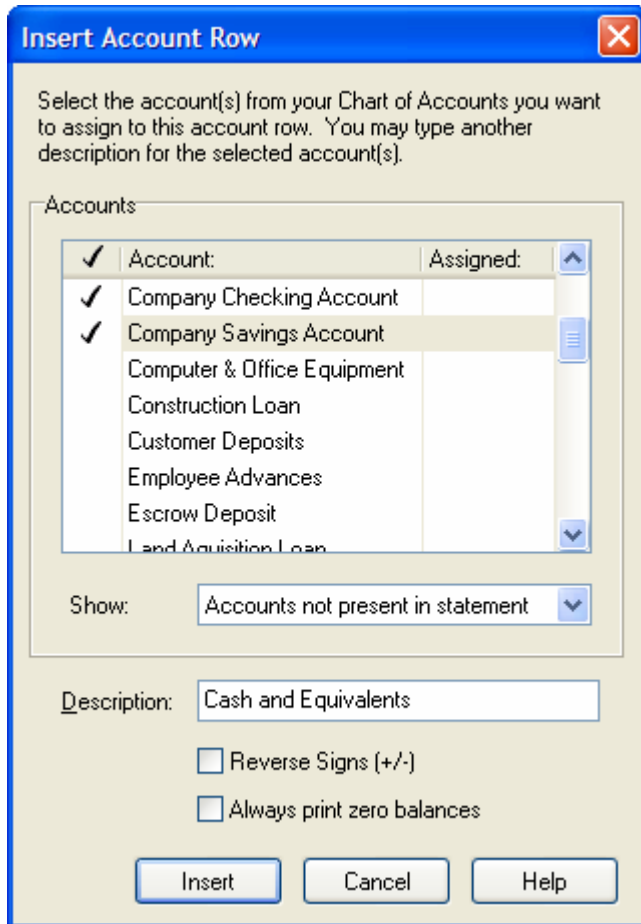
Figure 142 - Inserting a Row in Financial Statement Designer

- **Group Accounts.** Multiple accounts can be assigned to a row and users can choose whether the row should be displayed as collapsed or expanded. This is helpful when deciding how much detail to show on the statement. Select the rows to be combined and then choose **Combine Account Rows** from the right-click menu. To change the description that appears with the group of accounts, click in the **Account Description** field (in the **Row Properties** pane) and enter a new description as shown below in **Figure 143**.
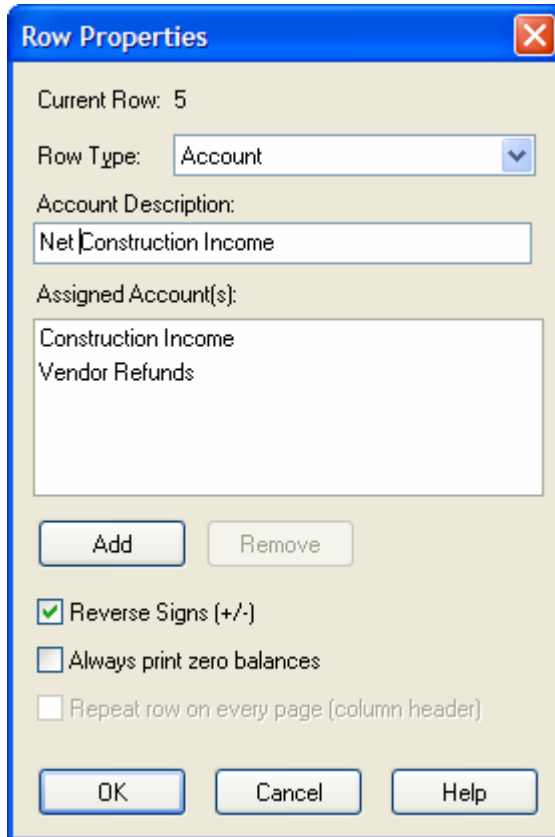
Figure 143 - Combined Rows in Financial Statement Designer

- **Round Statement.** Users have the ability to round financial statements to the whole dollar and assign the cents to rounding account chosen by the user. Select **Tools, Print Options** from the menu, select **Display Account Balances as whole numbers**, and select the desired rounding account as shown below in **Figure 144**.
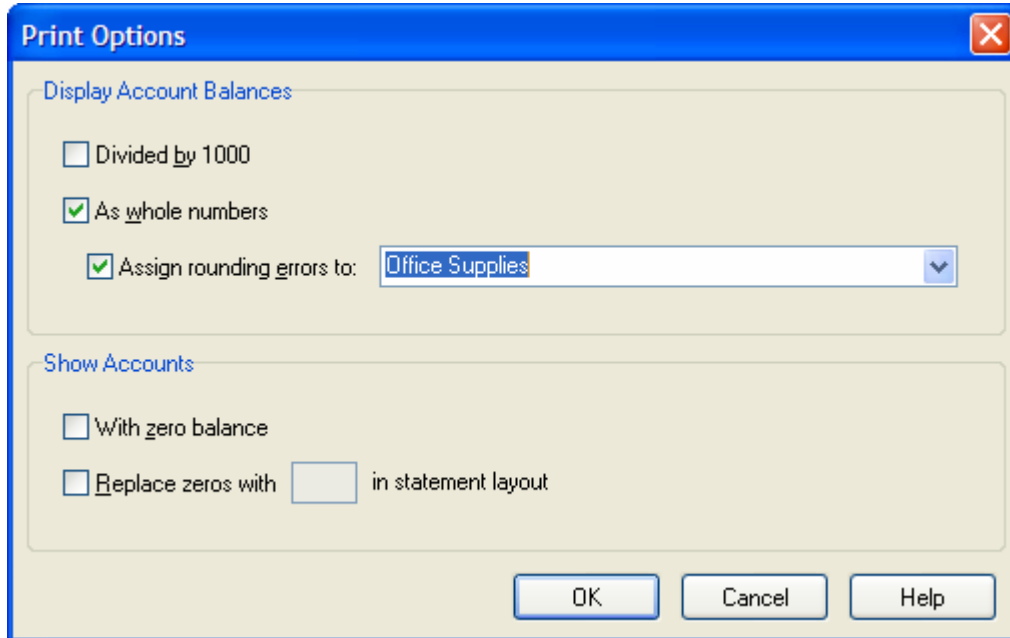
Figure 144 - Rounding a Statement in Financial Statement Designer

- **Create Formulas.** Users can create formulas to add, subtract, multiply, or divide the data and display the result in a cell. Select the cell to which the formula should be added and then enter the formula in the cell or into the formula bar above the spreadsheet.
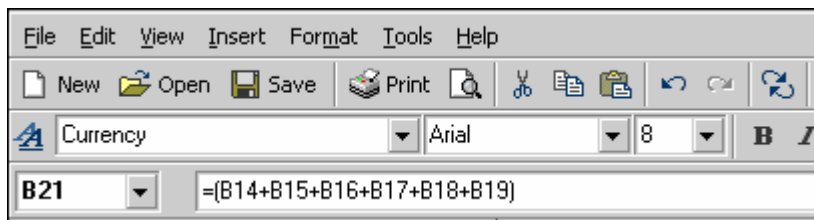
Figure 145 - Entering a Formula in Financial Statement Designer

- **Completely Control Headers and Footers**. Users can add more text, add page numbers, change the title, etc. of any statement or report in Financial Statement Designer. To do so, go to the **View** menu and select the item for **Header and Footer**. The Header and Footer will be displayed in the Statement Editor and can then be edited as desired.
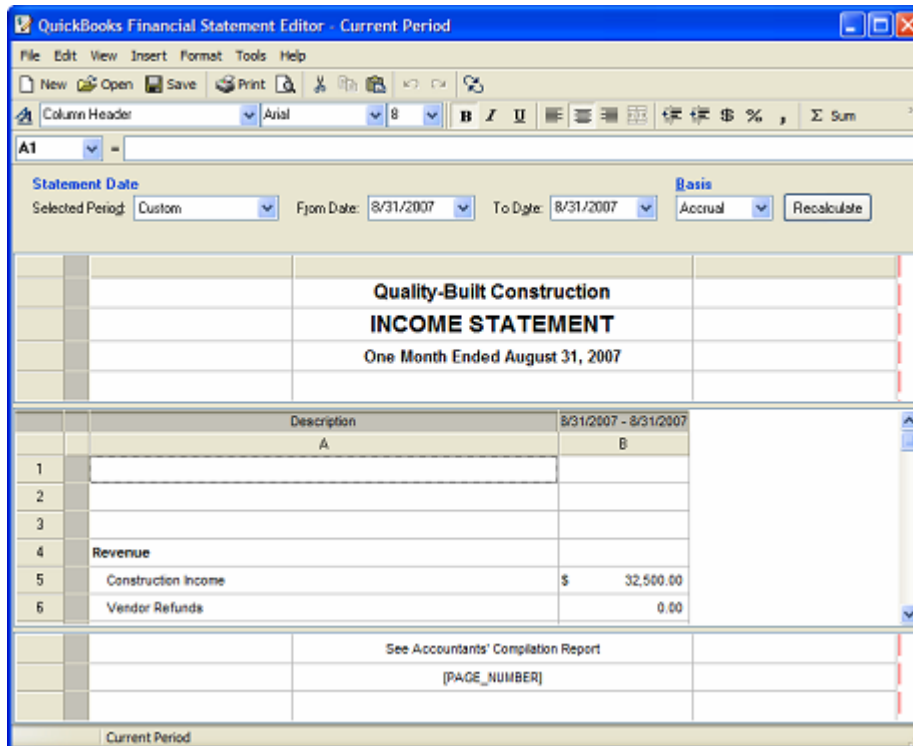
Figure 146 - Editing Headers and Footers in Financial Statement Designer

- **Control Formatting of Cells.** In Financial Statement Designer, users can completely control the formatting of each cell, row, and column. Select a cell, a row, a column, or even a section of a financial statement and apply a variety of formatting to that selection. The font, font size, color, column widths, row heights, indentation, alignment, underlines, borders, commas, and dollar signs can all be controlled in Financial Statement Designer.

- **Export Financial Statements to Excel and PDF**. If desired, users can export financial statements to Excel and PDF files.

  From the **File** menu, select **Send To** and then choose **Excel** to export a statement to Excel. To export to PDF, select **File**, **Save As PDF** from the menu.

Create Supporting Documents Using the Document Editor

Accountants can use Financial Statement Designer's built-in document editor, which works like a standard word processor, to produce supporting documents to accompany the financial statements. For instance, as shown below in **Figure 147**, Financial Statement Designer can be used to generate compilation reports.
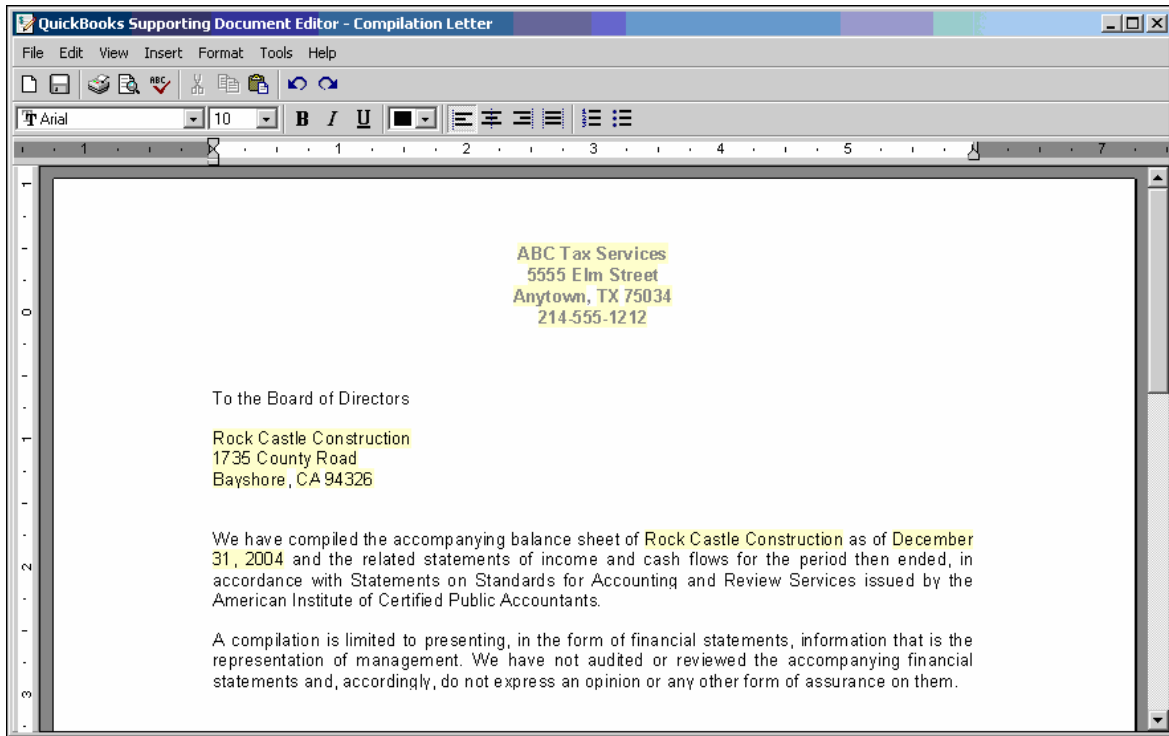
Figure 147 - Sample Compilation Report in Financial Statement Designer

Following are a few of the most valuable capabilities of the Document Editor:

- **Standard Letters.** Choose from several standard compilations, review, and audit engagement letters. From the main Financial Statement Designer window, scroll below the Financial Statement layouts and to see a list of supporting document templates that are available for use. Or, create a new letter from scratch by selecting **New** from the toolbar and choosing **Supporting Document** as the type.

- **Financial Ratios.** A new template enables users to easily create a report of the most common Financial Ratio calculations. Scroll to the **Supporting Documents** templates and select the one for Financial Ratios. A new window will open with the most common financial ratios pre-filled with your data from the currently open QuickBooks data file.

- **Title Pages and Letters Automatically Update With the Statement Date**. When updating the statement date, dates throughout the letters and title pages are automatically updated so they don't need to be updated manually.

Printing a Complete Set of Customized Financial Statements

With the Financial Statement Designer, the data the accountant works with is always connected to its QuickBooks source because the chart of accounts and balances in the Financial Statement Designer are pulled directly from the QuickBooks data file. This allows users to quickly and easily update financial and operational statements and reports. Following are discussions of some of the key capabilities associated with printing a complete set of financial statements using Financial Statement Designer.

Memorizing Each Client's Customized Set of Financial Statements

The first time a financial statement is customized and saved, users are presented with the **Save As** window as shown below in **Figure 148**.
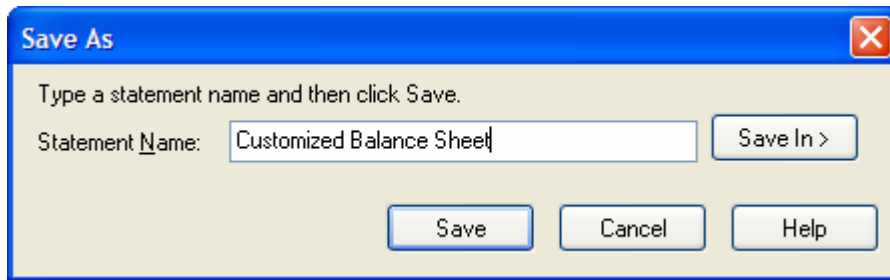
Figure 148 -- "Save As" Dialog Box in Financial Statement Designer

Thereafter, the customized statement is available under the Saved Financial Statements and Supporting Documents section of the Open dialog box as shown below in **Figure 149**.
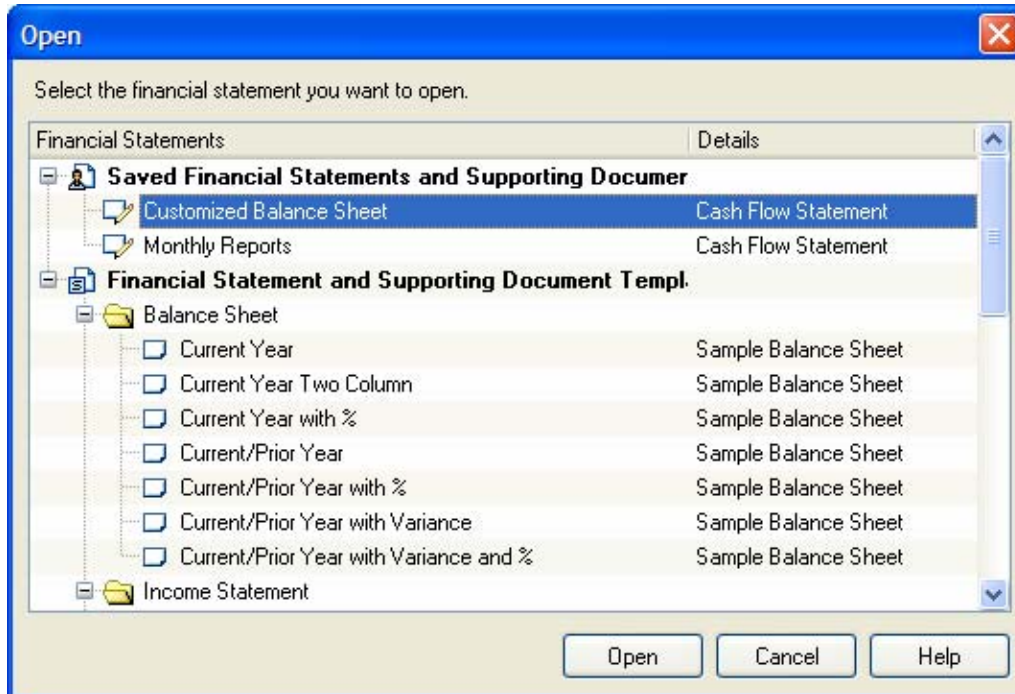
Figure 149 -- "Open" Dialog Box in Financial Statement Designer

Changing Statement Dates

You can quickly produce a complete set of statements for a new period by entering the new statement date in the Statement Date section of the Financial Statement Designer. The program then reads in the client's financial data from the QuickBooks file and displays the account balances for the period you have selected.

- **QuickZoom® from Account Balances** Use the QuickZoom® feature to jump directly from a balance on a financial statement to a Transaction Detail by Account report in the client's QuickBooks file. Double-click on any balance and Financial Statement Designer will open a detailed report of that account's activity; another double-click on any transaction drills-down to the original source transaction.

Managing Files

To determine the location of FSD files, open Financial Statement Designer and check the file location across from Saved Financial Statements and Supporting Document Templates columns, as shown in **Figure 150**.
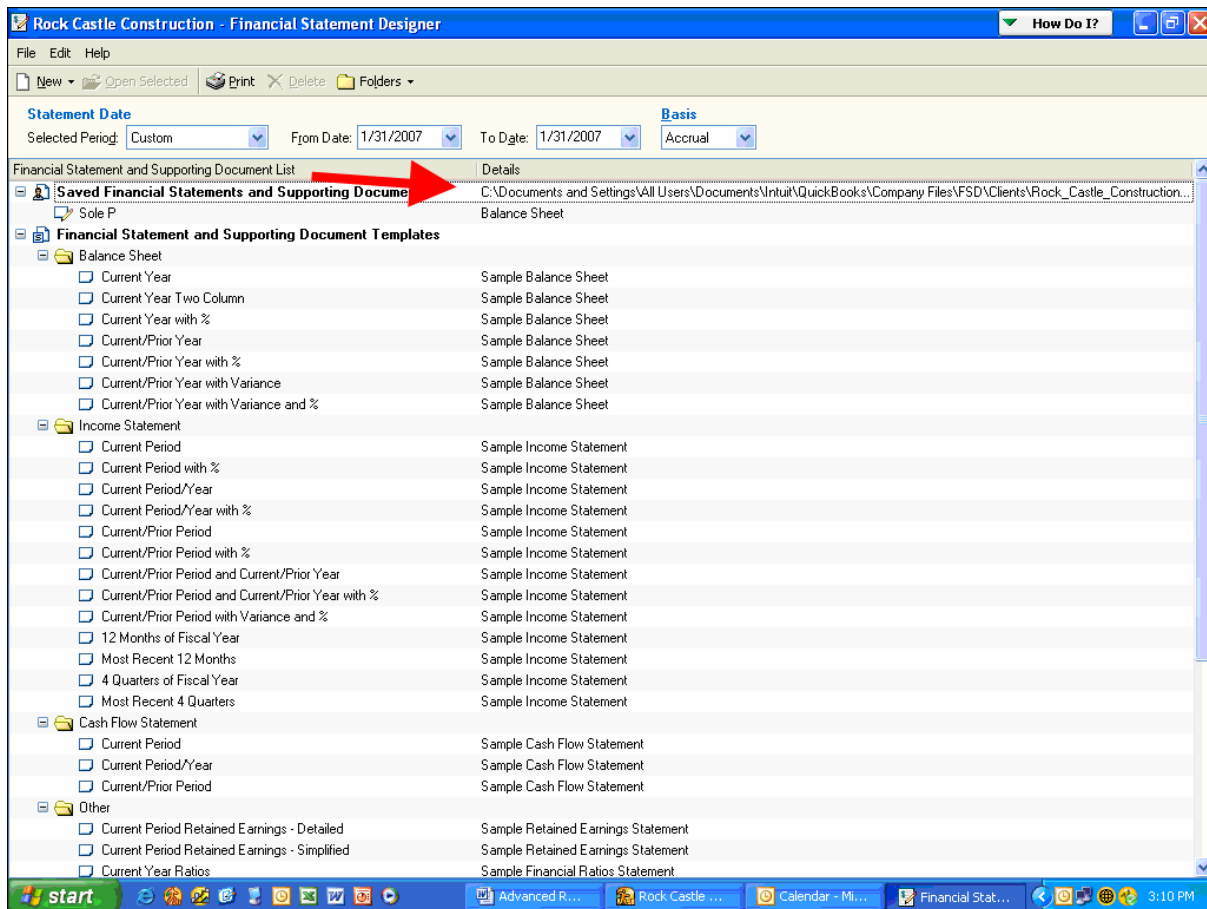
Figure 150 – Checking the File Location

To change the location of Financial Statement Designer files:

- From the **Edit** menu, choose **Preferences** and change the folder location, as shown in **Figure 151**.
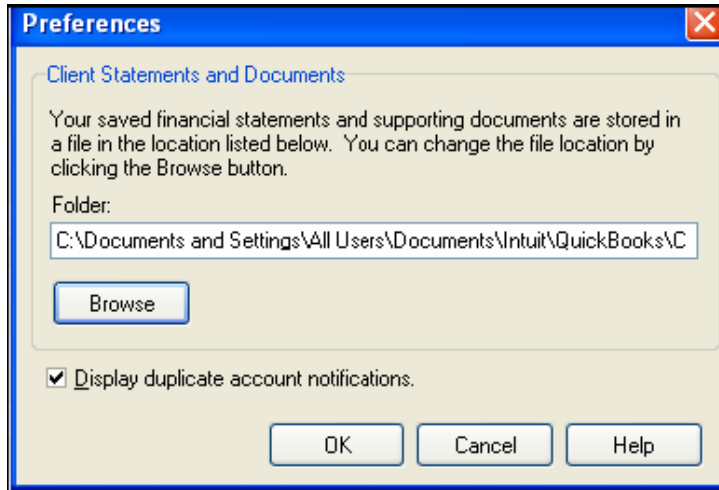
Figure 151 - Changing the Folder Location

Starting in 2008, Financial Statement Designer files are included in the QuickBooks backup file. When working with earlier versions, it's recommended that you create a backup in case the linkage between QuickBooks and Financial Statement Designer is damaged in any way. In addition, by keeping backups in a central location, you can transfer formats between clients easily without having to open the original client company file and Financial Statement Designer where the statement was created.

To save a statement format:

1. Open the Client Company file.

2. Open Financial Statement Designer.

3. Highlight the statement format you want saved.

4. From the **File** menu, choose **Send To Computer**.
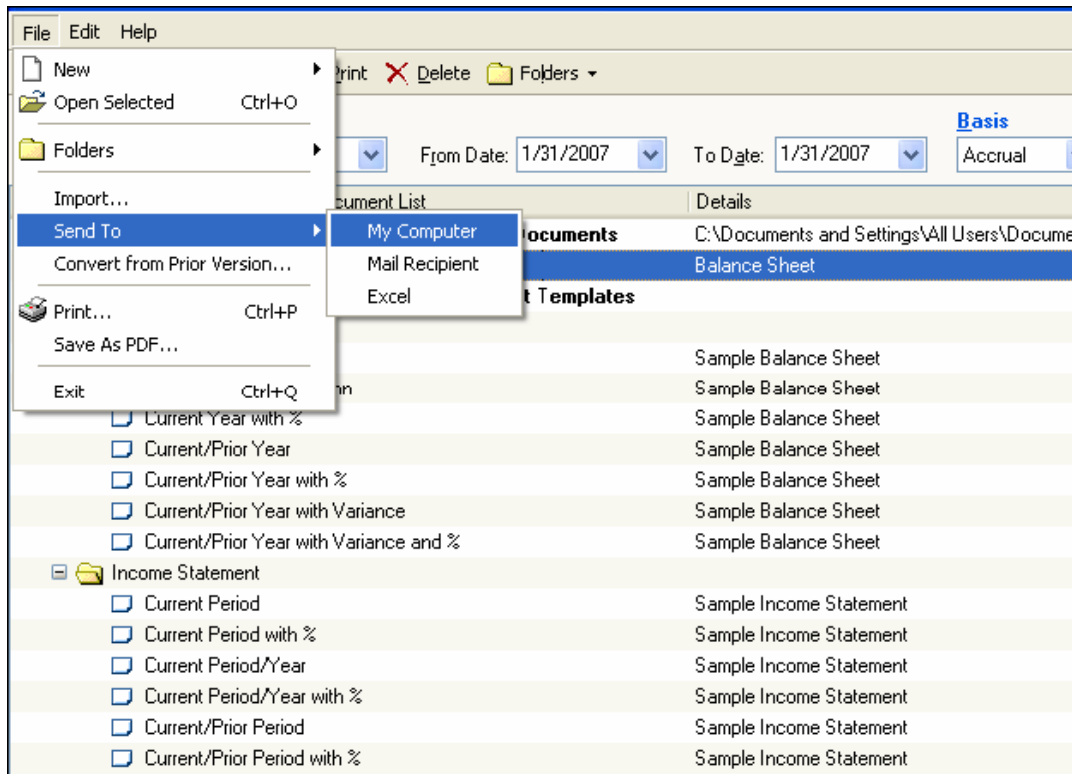
Figure 152 - Saving a Statement

5. Select the location to place file and click **Save**.

To make files easily accessible, create a folder on the server to save all financial statement formats and categorize by company type. This makes it easier to find statements for new clients without remembering for which client the statement was originally created.

To import the financial Statement Designer Template:

1. Open the QuickBooks company file into which you want to import.

2. From the **File** menu, choose **Import**.

3. Select the template you want to import from the saved templates folder you have created. See **Figure 153**.
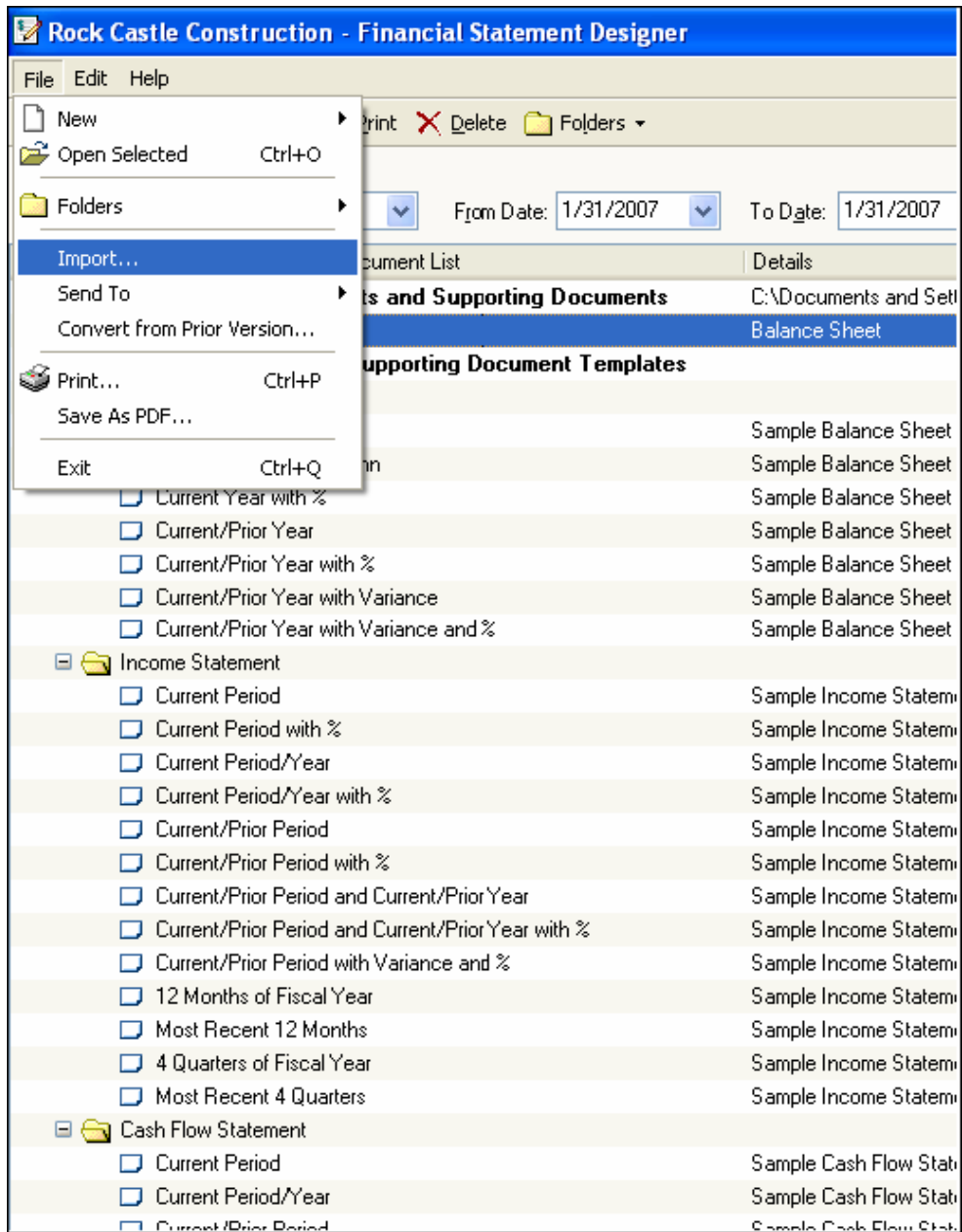
Figure 153 - Importing the Template

CHAPTER 12: TROUBLESHOOTING ACCOUNTS RECEIVABLE AND PAYABLE

In this chapter, we'll use Accounts Receivable as the example in the analyses and screenshots. Though the actual step-by-step process may vary somewhat, you can easily apply the concepts to Accounts Payable.

Accounts Receivable is an accounting term for when customers or clients owe you money for a purchase or sale. QuickBooks automatically creates this account for you when you create an invoice for the first time. QuickBooks sets up its own account *type* for Accounts Receivable. This account type tells the program that a customer/client name must always accompany this account when used in a transaction.

Reviewing the Open Invoices Report

The Open Invoices report acts as a subsidiary ledger for Accounts Receivable. This report contains a list (in alphabetical order) of all customers who owe the company money. The default report provides you with the following information for each open invoice:

- Customer/client name

- Individual list of invoices and credits

- Date

- Number

- P.O. # (if applicable)

- Terms

- Due Date

- Class

- Aging

- Open Balance (Amount of each invoice and a total on all invoices.)

The information on the Open Invoices report allows you to locate and correct several types of data entry errors associated with Accounts Receivable. In this section, you'll learn to perform the following analyses using this report:

- Compare total open invoices to the Accounts Receivable on the Balance Sheet

- Check for negative/positive offsets

- Check for amounts greater than 90 days past due

- Check for negative customer balances

Comparing Total Open Invoices to A/R on the Balance Sheet

When verifying the Accounts Receivable balance on the Open Invoices report to Accounts Receivable on the Balance Sheet, you must pay close attention to the Date field. The **Open Invoices Report** always defaults to the current date.

To compare open invoices to A/R on the balance sheet:

1. Create an Open Invoices report.

2. Set the **Date** to agree to the Balance Sheet.

   Since this chapter uses the QuickBooks sample data file for Rock Castle Construction, we will assume "today" to be 02/20/2008, analyzing the data file to create an income tax return for the fiscal year end of 12/31/2007.

3. On the **Open Invoice** report, click **Modify Report** and on the **Display** tab click **Advanced**.

   QuickBooks displays the window shown in **Figure 154**.

4. Click **Report Date** in the **Open Balance/Aging** section of the Advanced Options window.
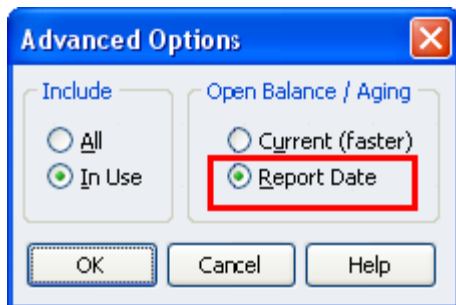
Figure 154 – Advanced Options for the Open Invoices Report

   If you do not select the "Report Date" option, QuickBooks shows all of the invoices dated on or before 12/31/2007 that are currently open. If you received a payment against the invoice between 12/31/2007 and the current date, QuickBooks will not display that invoice on the report.

5. Create a **Balance Sheet** report as of 12/31/2007—the same date as the Open Invoices report.

6. Compare the amount located at the bottom of the **Open Invoices** report with the amount located on the **Balance Sheet** for **Accounts Receivable** as shown in **Figure 155**.

Figure 155 – Balance Sheet

Checking for Negative/Positive Offsets

Once you have created the Open Invoices report, you need to review it for negative/positive offsets. Negative/positive offsets means a customer has an invoice and a payment/credit but the payment/credit has not been applied to the invoice(s). Basically, the customer is showing a zero balance but with transactions showing on the report. To remove these transactions from the report, you need to apply the credit to the invoice.

Unless you apply the payments/credits to their respective invoices, QuickBooks will not show the income associated with the customer payment on cash basis reports. The understatement in cash basis income is offset by an understatement in Accounts Receivable on the cash basis balance sheet. In most casts QuickBooks shows negative Accounts Receivable.

To correct the problem:

1. Create an **Open Invoices** report and review the report for positive and negative offsets.

   The positive and negative amounts may or may not cause the customer's overall balance to be zero.

2. For each invoice with an **Unapplied Payment** or **Credit Memo**, double-click the **Invoice** on the report to display the **Create Invoices** window.

3. At the bottom of the window click **Apply Credits**.

   Use that window to apply the payments/Credit Memos to the invoice.

4. Click **Done** on the **Apply Credits** window.

    See **Figure 156**.

Figure 156 – Apply Credits

5. Click **Save & Close** on the **Create Invoices** window.

6. Repeat **Step 2** for each Invoice with an unapplied Payment/Credit Memo.

When using Jobs, the Payment or Credit Memo must show both the Customer and the Job name. If it does not, you will need to edit the payment or Credit Memo to include the job name. Then, perform steps 2 and 3 above. If you need to apply a payment or Credit Memo to multiple jobs, you may have to enter additional payments or Credit Memos to sub-divide the total credit amount by each specific job.

Consider the amount of time involved in this process. If there are numerous unapplied payments or Credit Memos and you have to apply the payments and Credit Memos to specific jobs per the note above, it may be best to have the client perform the above steps to clean up the file. If having the client do the work is not feasible, you can often enter a journal entry to debit Accounts Receivable and credit Sales. To make this a cash basis entry, Accounts Receivable must be on the second or subsequent line of the journal entry.

Checking for Amounts Greater than 90 Days Past Due

Upon reviewing the Open Invoices report, you discover invoices that are 90 days past due. Below are two reasons and solutions for dealing with past due invoices.

- Payments are not applied to invoices.

   See the section entitled "Checking for Negative/Positive Offsets" for more information.

- Invoices are not collectible.

   When invoices are deemed not collectible, they need to be written off. There are two methods in writing off uncollectible invoices. The method you choose depends upon the accounting basis used by the company.

   For clients using the accrual basis you can create an item called Bad Debt and code the item to the Bad Debt expense account. For clients on the cash basis, you need to enter a Credit Memo with the same items used on the original invoice.

   If the original invoice has inventory items (unlikely with the cash basis), create an Other Charge item that posts to Inventory Variance or another appropriate Cost of Goods Sold account. Use this item to write off the portion of the bad debt related to the sale of inventory items.

Checking for Negative Customer Balances

The information here addresses what to do when the customer has a legitimate credit balance and when payments were applied incorrectly.

When the Customer Has a Legitimate Credit Balance

If the customer has a legitimate credit balance, you have two options: 1) give the customer a refund, or 2) apply the credit balance to a future invoice.

To issue a refund to the customer:

1. Use the **Write Checks** window to create a refund check to the customer.

2. On the **Expenses** tab, code the check to **Accounts Receivable**.

3. Enter the appropriate customer and job in the **Name** column of the **Expense** tab.

4. Open the **Receive Payments** window.

   The check shows on this window as an invoice.

5. Click the **Discounts/Credits** button to apply the credit to your refund check.

To apply the credit to a future invoice:

Since the client will retain the money received by the customer, it is appropriate to report a reduction in Accounts Receivable on the accrual basis. On the cash basis, you need to enter a journal entry that credits Income and debits Accounts Receivable.

When Payments were Applied to the Wrong Customer:Job

If you discover a payment has been coded to the wrong customer's job, edit the payment.

To apply payments to a different Customer:Job:

1. Double-click the payment.

---

2. Edit the customer or job name.

3. Apply the payment to the correct invoice.

Troubleshooting A/R Balances on the Cash Basis Balance Sheet

QuickBooks reports on cash basis derived from the use of invoices. Intuit never meant for the Balance Sheet to be used for cash basis reporting. Accounts Receivable appears on the cash basis balance sheet for the following reasons:

- Credits and/or payments have not been applied to invoices.

  See the section entitled "Checking for Negative/Positive Offsets" for more information.

- An item on an invoice posts to a Balance Sheet account.

  Examples include invoices for Retainage (contractors) or retainers (legal). Though this is not an improper use of an invoice, you must investigate the reason for the balance in cash basis Accounts Receivable. Use the steps below to adjust for this cause of cash basis Accounts Receivable.

Completing the Cash Basis Conversion

Perform the following steps when you have a balance in Accounts Receivable on a cash basis report and you are certain the balance does not reflect unapplied credits or payments. See the section entitled "Checking for Negative/Positive Offsets" for more information.

To remove Accounts Receivable from the cash basis balance sheet:

1. Create a cash basis **Balance Sheet**.

2. Double-click **Accounts Receivable**.

   QuickBooks displays a **Transaction by Account** report.

3. Filter the report by **Paid Status** for all **Open** transactions as shown in **Figure 157** and set the date range to **All**.
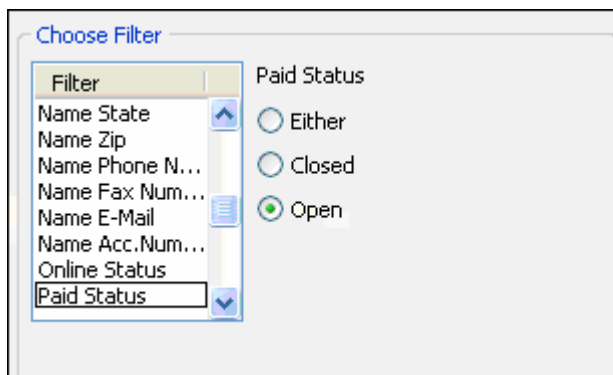
Figure 157 – Transaction by Account Filter

You have a report that shows the transactions that QuickBooks did not reverse as part of the cash basis conversion. See **Figure 158**.

Note that the invoices offset to three Balance Sheet accounts: Checking (an invoice for a bounced check and an unapplied payment), Retainage (to reduce the total invoice amount by 10% for retainage imposed by the customer) and Inventory (for the use of Inventory Items).

You will most often not have to clear offsets to Inventory Asset on the cash basis. However, the other issues are somewhat common.

To …:

1. Enter **Journal Entry** adjustments to **Accounts Receivable** and make sure **Accounts Receivable** is on the second or subsequent line.

2. Create a customer called **Accounting Adjustments** for the journal entry.

3. Reverse the **Journal Entry** on the first day of the following fiscal year.

4. Use the **Receive Payments** window to apply the journal entry and the reversing entry to each other.

   If you do not, the Open Invoices report will show activity for a customer called "Accounting Adjustments."

Rock Castle Construction
Transactions by Account
Cash Basis — All Transactions

Type	Date	Num	Adj	Name	Memo	Clr	Split	Debit	Credit	Original Amount	Balance
Accounts Receivable											
Invoice	12/11/2007	70		Teschner, Anton:S...	Check return...		Checking	1,200.00		-1,200.00	1,200.00
Payment	07/25/2007			Fisher, Jennifer			Checking		500.00	-500.00	700.00
Invoice	12/01/2007	63		Pretell Real Estate:...	-MULTIPLE-		Inventory As...	1,509.54		0.00	2,209.54
Invoice	11/25/2007	58		Cook, Brian:2nd st...	-MULTIPLE-		Inventory As...	1,555.94		0.00	3,765.48
Invoice	11/25/2007	58		Cook, Brian:2nd st...	-MULTIPLE-		Inventory As...		119.09	0.00	3,646.39
Invoice	11/28/2007	60		Teschner, Anton:S...	-MULTIPLE-		Inventory As...	1,789.40		0.00	5,435.79
Invoice	12/12/2007	60		Teschner, Anton:S...	-MULTIPLE-		Inventory As...		1,667.46	0.00	3,768.33
Invoice	12/05/2007	66		Violette, Mike:Work...	-MULTIPLE-		Inventory As...	200.49		0.00	3,968.82
Invoice	12/10/2007	66		Violette, Mike:Work...	-MULTIPLE-		Inventory As...		34.95	0.00	3,933.87
Invoice	12/15/2007	72		Robson, Darci:Rob...	-MULTIPLE-		Inventory As...	1,146.26		0.00	5,080.13
Invoice	12/15/2007	77		Pretell Real Estate:...	-MULTIPLE-		Inventory As...	1,509.89		0.00	6,590.02
Invoice	12/23/2007	87		Cuddihy, Matthew	complete Int...		Inventory As...	116.50		-116.50	6,706.52
Invoice	12/10/2007	69		Pretell Real Estate:...	Final billing f...		Retainage	1,715.00		-1,715.00	8,421.52
Total Accounts Receivable								10,743.02	2,321.50		8,421.52
TOTAL								10,743.02	2,321.50		8,421.52

Figure 158 – Transactions by Account

CHAPTER 13:
TROUBLESHOOTING SALES TAX PAYABLE
REPORTS

Understanding how QuickBooks calculates sales tax

In QuickBooks, sales tax tracking is much more than a current liability balance on the Balance Sheet. In addition to accruing Sales Tax Payable, QuickBooks also computes and tracks Sales Tax Payable based on the following:

- Sales Tax items

- Sales Tax Codes

- Items used on sales forms

- Customer Sales Tax settings

Use **Sales Tax items** to track sales tax accruals by taxing authority (e.g. county and/or state). See **Figure 159**.

You may have multiple Sales Tax Items (i.e., taxing authorities) per Tax Agency (i.e., sales tax vendor).

Figure 159 – Sales Tax Items

Use **Sales Tax Codes** to make sales taxable or non-taxable. Sales Tax Codes also track the reason why sales tax is or is not charged. See **Figure 160**.

Figure 160 – Sales Tax Codes

When you set up the **items to be used on sales forms**, you assign a Tax Code to each item. For example, you could use a non-taxable sales tax code called "LBR" (Labor) for Service items as shown in **Figure 161**. You can override the item's default Sales Tax Code if necessary when you use the item on a sales form.

Figure 161 – Sales Items

When setting up customer records, you assign default Sales Tax items and Sales Tax Codes for each customer. For example, you could use a non-taxable Sales Tax Code called "RSR" (Reseller) for resellers as in **Figure 162**. You can override the customer's default Sales Tax Code if necessary when creating sales forms.

Figure 162 – **Customers Default Sales Tax Code**

This multi-level sales tax tracking allows you to create very detailed sales tax reports like the Sales Tax Liability Report and the Sales Tax Revenue Summary report to facilitate the preparation of the Company's sales tax returns. However, due to the complexity of the sales tax tracking, making corrective adjustments to Sales Tax Payable is more involved than simply entering a journal entry to correct the balance.

When troubleshooting sales tax tracking issues in QuickBooks you need to review both the sales tax setup and the Sales Tax Payable ledger. This information in this chapter walks you through the following four processes for analyzing and resolving issues with sales tax and provides detailed, step-by-step instructions:

- Reviewing Sales Tax item setup

- Reviewing the Sales Tax Codes in item records

- Reviewing the Sales Tax Codes in customer records

- Comparing the Balance in Sales Tax Payable on the Balance Sheet to the company's most recent sales tax return

Reviewing Sales Tax Item Setup Windows

To review sales tax item setup:

1. From the **Reports** menu, choose **List**, and then select **Item Listing** to create an **Item Listing Report**.

2. Filter the Item Listing report by Item to include each **Sales Tax Item** and **Sales Tax Group** as shown in **Figure 163**.
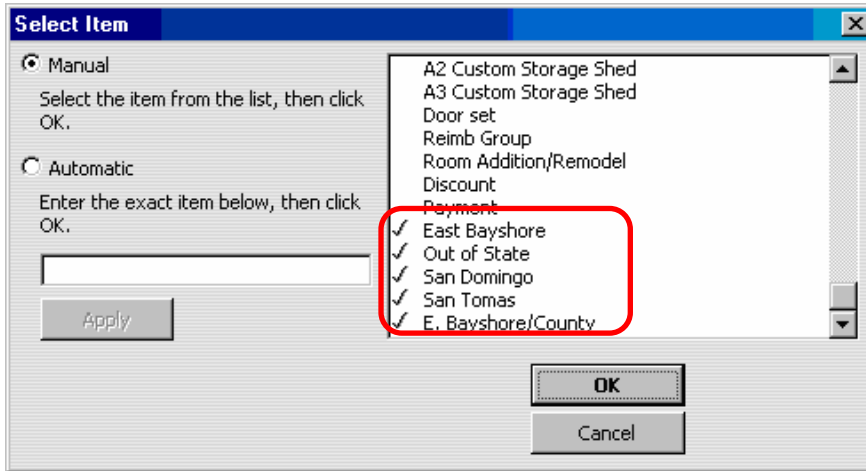
Figure 163 – Filtering the Item Listing Report

3. Remove all columns from the report except: Item, Description, Type, Price, and Tax Agency. When viewing Sales Tax and Sales Tax Group Items, the Price column shows the sales tax rate.

4. Assign an appropriate report title and then memorize the report for future use. See **Figure 164.**

Figure 164 – Sales Tax and Sales Tax Group Items

5. Review each Sales Tax Item on the report to make sure the Sales Tax item is set up correctly. Look for the following information:

- **Tax Rate –** Make sure the tax rate is correct. The Sales Tax item may be part of a Sales Tax Group. In this case, you need to combine the tax rates for all items in the Sales Tax Group to make sure the rate is correct. Use QuickZoom (double-click) if you want to see the details of the Sales Tax Group Item setup.

- **Tax Agency** – Make sure each Sales Tax Item is associated with the correct Tax Agency (vendor record). Consider that the company may have multiple vendor records for the same

Tax Agency. For example, you may find a vendor called "State Board of Equalization," and another vendor called "St. Board of Equalization." If you find duplicate vendor records, merge the records together.

Changing the tax rate in a Sales Tax item record does not impact existing transactions. If you determine that the client has been under-collecting or over-collecting sales tax you may need to enter a Sales Tax Adjustment (or Journal Entry) to correct the balance. If this is the case, advise the client to make the appropriate adjustment on the next sales tax return.

Reviewing the Sales Tax Codes in Sales Item Setup Windows

To review the Sales Item setup windows:

1. From the **Reports** menu, choose **List**, and then select **Item Listing** to create an **Item Listing Report**.

2. Modify the Report as follows:

   - On the Display tab, remove all of the columns except: Item, Type, Description, and Sales Tax Code.

   - Filter the report by Item for **All Sales Items**.

   - Enter an appropriate report title as shown in **Figure 165**.

   - Memorize the report for future use.

Figure 165 – Sales Items – Sales Tax Codes

Item types consistently correspond to the item's taxable status. Make sure each item has the correct Sales Tax Code assigned to it. Since Sales Tax Codes make items taxable or non-taxable and also track the reason why sales tax was or was not charged, incorrect default Sales Tax Codes can do the following:

- Cause errors in sales tax calculations on sales forms.

- Cause errors on the Sales Tax Revenue Summary report.

For example, if a non-taxable Service item uses the RSR (Reseller) Sales Tax Code, QuickBooks will calculate sales tax correctly on sales forms, but on the Sales Tax Revenue Summary report the Reseller sales would be overstated and the Labor (LBR) sales would be understated.

3. Edit **Sales Items** to correct the default **Sales Tax Code** as necessary.

Changing the default Sales Tax Codes does not impact existing transactions. If you determine that the client has been under-collecting or over-collecting sales tax you may need to enter a Sales Tax Adjustment (or Journal Entry) to correct the balance. If this is the case, advise the company to make the appropriate adjustment on the next sales tax return.

Reviewing Default Sales Tax Codes in Customer Setup Windows

To analyze the default Sales Tax Codes in the Customer Setup windows:

1. Select the **Reports** menu, select **List** and then select **Customer Phone List**.

2. Remove the Phone column and add the following columns to the report: Sales Tax Code, Sales Tax Item, and Resale Number.

3. Enter an appropriate report title as shown in **Figure 166**.

4. Sort the report by Sales Tax Code in either ascending or descending order.

   Sorting the report by sales tax code is necessary in order to segregate the customer records on the report from the job records. Job records do not have a Sales Tax Code field. When you enter a Job name on a sales form, QuickBooks refers to the Customer Record to determine the Sales Tax Code to be used.

   Sorting the report also allows you to segregate the taxable customers from the non-taxable customers. For most companies, the majority of the customers are either taxable or non-taxable. A company that sells directly to its customers will have mostly taxable customers, as shown in the screenshot below. Non-taxable customers would be the exception. A wholesaler will have mostly non-taxable customers. In this case, taxable customers would be the exception. Review the report for the Sales Tax Code exceptions and make sure the exception correctly applies to that Customer.

Rock Castle Construction
Customer List - Sales Tax Analysis
December 15, 2007

Customer	Sales Tax Code	Tax item	Resale Num
Glass Works Custom Windows	RSR	San Tomas	562316584
Abercrombie, Kristy	Tax	San Tomas	
Baker, Chris	Tax	San Tomas	
Balak, Mike	Tax	San Tomas	
Barley, Renee	Tax	San Tomas	
Bolinski, Rafal	Tax	San Tomas	
Bristol, Sonya	Tax	San Tomas	

Figure 166 – Customer List – Sales Tax Analysis

5. In the report in **Figure 166**, all of the customers are taxable except Glass Works Custom Windows. Glass Works is the only "exception" customer. Use this report to confirm that Glass Works is a reseller and that the customer record includes the correct resale number.

6. Remove the **Sales Tax Code** and **Resale Number** columns and add the **City** column as shown below.

Figure 167 - Job Profitability Summary Report

7. Compare the City field to the Sales Tax item to make sure each customer's default Sales Tax item is correct. Consider the following when conducting this analysis:

    - Unless the company delivers or ships the product to the customer's location, the sales tax agency may need to be based on the company's location instead of the customer's. If this is the case, almost all of the customers would have the same Sales Tax item. Sort the report by **Sales Tax Item** and look for the exceptions. For our example, Rock Castle Construction delivers all materials to the building/reconstruction site.

    - If the company ships or delivers its products or if the company has multiple locations, this analysis could take over an hour (or even several hours) to complete.

If you determine that the Company has been under-collecting or over-collecting sales tax as the result of incorrect Sales Tax Items, you may need to enter a Sales Tax Adjustment (or Journal Entry) to correct the balance. This is only an issue if the Sales Tax Items have different rates. If you have to adjust the balance in Sales Tax Payable, advise the client to make the appropriate adjustment on the next sales tax return.

Comparing Sales Tax Payable to the Tax Return

Every business has an allotted time period between the end of the month or quarter and the due date for the sales tax return and sales tax payment. During this time, the sales tax return should agree to the balance in Sales Tax Payable on the Balance Sheet (dated the same date as the return) – allowing you to confirm the accuracy of the balance.

Use the information in this section to research discrepancies between the return and the balance sheet and to make any necessary adjustments.

To prepare the sales tax return:

1. Prepare the monthly/quarterly sales tax return (if necessary).

   Though the Sales Tax Liability and Sales Tax Revenue Summary reports in QuickBooks may contain *historical* data entry errors, you may be able to use a Sales Tax Liability report and a Sales Tax Revenue Summary report with the date range filtered for the *current sales tax reporting month/quarter* to help you prepare the return.

2. Enter adjustments to sales tax recorded on the return (e.g., timely filing discounts, sales tax paid on resale items, penalties, interest, etc.) using a **Sales Tax Adjustment** or a **Journal Entry**. Make sure the adjustments have the same date as the sales tax return.

   In the sample adjustment shown in **Figure 168**, the sales tax return shows a credit of $80.60 for sales tax paid on resale products. Note that when you enter a sales tax adjustment, QuickBooks creates a journal entry (there is no transaction type for sales tax adjustments).
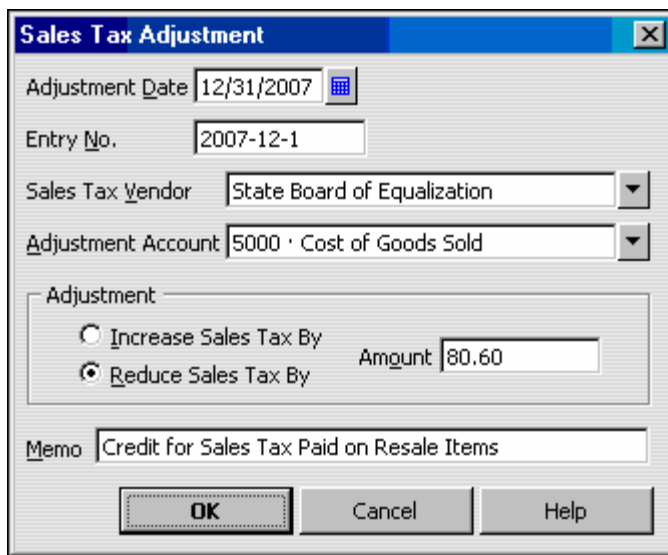
Figure 168 – Sales Tax Adjustment

To compare the sales tax return to the balance sheet:

1. Create a **Balance Sheet** dated the same date as the sales tax return using the appropriate reporting basis.

   If there is no discrepancy, proceed to Step 10 below.

In the report shown in **Figure 169**, you'll notice that even with the credit, the amount on the balance sheet is $1,911.11 higher than the prepared sales tax return. The balance due on the sales tax return is $4,506.51 and the balance on the Balance Sheet is $6,417.62.

Rock Castle Construction
Balance Sheet
Accrual Basis   **As of December 31, 2007**

	Dec 31, 07
Other Current Liabilities	
2101 · Payroll Liabilities	3,302.06
2200 · Sales Tax Payable	6,417.62
Total Other Current Liabilities	9,719.68
Total Current Liabilities	65,100.08

Figure 169 – Balance Sheet

2. If the discrepancy is immaterial, enter a **Journal Entry** or **Sales Tax Adjustment** to force the balance in **Sales Tax Payable** to agree to the **Sales Tax Return**.

    Offset the immaterial adjustment to the **Profit & Loss** (e.g. Sales or Miscellaneous Expense). Then, proceed to Step 10 below.

    If the discrepancy is material, you'll need to research the reason for the discrepancy in order to offset the Sales Tax Adjustment to the appropriate account(s).

To determine the reason for differences between the sales tax return and the balance sheet:

1. Generate a transaction detail report for the Sales Tax Payable account by double-clicking on the Sales Tax Payable balance on the Balance Sheet.

2. Set the date range to begin one day after the most recent reporting date with a correct balance in the Sales Tax Payable account (e.g., the last day of the previous fiscal year) and end on the date of the sales tax return.

3. Filter the report by transaction type to include all transactions except: **Invoices**, **Sales Receipts**, **Credit Memos** and **Sales Tax Payments**. (See **Figure 170**.) Sales tax adjustments are not a unique transaction type, which means you cannot exclude them from the report.

    If there are numerous transactions on the report, sort the report by transaction type to group all of the journal entries (i.e., Sales Tax Adjustments) together.

Exclude transactions that should increase or decrease Sales Tax Payable.
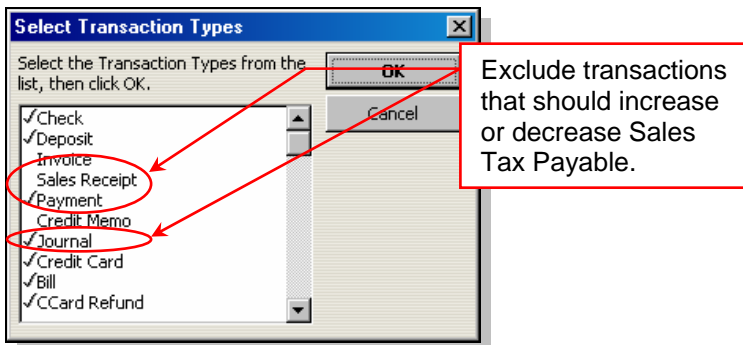
Figure 170 – Select Transaction Type

4. Review each journal entry transaction on the report to make sure the transaction posts to Sales Tax Payable correctly.

   For example, on the report in **Figure 171** there are three journal entries. The entry on 09/30/2007 sets the opening balance for the account. (Rock Castle Construction began tracking Sales Tax in QuickBooks on 09/30/2007.) The other two entries reflect adjustments recorded on the sales tax return and are therefore correct. No action is required based on the information shown on this report.

Figure 171 – Transactions by Account

5. Reverse any journal entries that post to Sales Tax Payable incorrectly. (Date the reversing adjustments on the same date as the sales tax return.)

To further troubleshoot the balance in sales tax payable:

1. Review each check or bill payment on the report to make sure the amount agrees to the amount due on the sales tax return for that period.

   If the amount of the check is incorrect, enter an adjusting entry dated as of the most recent sales tax return.

   If the client has been paying sales tax correctly, the report should not show any checks or bill Payments. Sales Tax Payments are a separate transaction type that we excluded from the report earlier.

   Journal Entries shown on the Sales Tax Payable transaction detail report may already adjust the account for the incorrect payment amount. Also, consider that overpayments may be applied to future returns as carry-forward credits. In either of these cases, you should not adjust the balance in Sales Tax Payable. If the balance in Sales Tax Payable is now correct, proceed to Step 10 below. If the balance in Sales Tax Payable is still incorrect, proceed to Step 2 below.

2. Review the Vendor list to make sure there aren't multiple vendors with similar names.

3. Create a **Vendor QuickReport** for vendor(s) to whom the client pays sales tax (e.g., State Board of Equalization).

4. Set the date range as you did earlier.

5. Filter the report by transaction type for the same transactions you used earlier and exclude General Journal Entries from the report as well.

6. Set the Account filter to **All Accounts** so the report includes transactions that post to accounts other than **Sales Tax Payable**. See **Figure 172**.
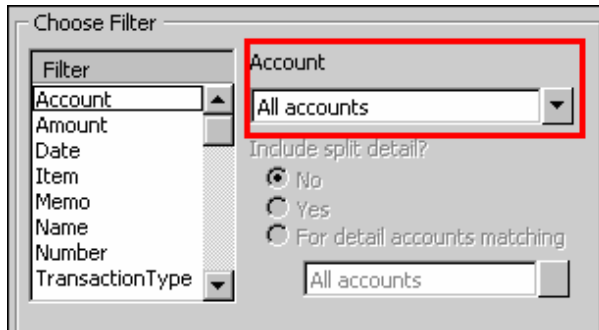
Figure 172 – Choose Filter

QuickBooks displays the report shown in **Figure 173**.

If there are numerous checks and/or bill payments, you may want to add an Account column and a Split column to the Vendor QuickReport so you won't have to double-click the transaction to see the General Ledger postings. You can add Debit and Credit Columns as well so the report is similar to the General Ledger report.

7. Review the list of transactions to see if any single transaction (or grouping of transactions) ties to the overstatement or understatement in Sales Tax Payable.

If you cannot tie the transactions in this way, QuickZoom on each transaction to research the postings involved. The most common error is one or more checks used to pay sales tax that are coded to an account other than Sales Tax Payable (e.g., the check could be coded to Sales Tax Expense).

Figure 173 – Sales Tax Vendor QuickReport

8. Double-click the transaction to view the **General Ledger** accounts to which the transaction posts. QuickBooks displays the transaction seen in **Figure 174**.
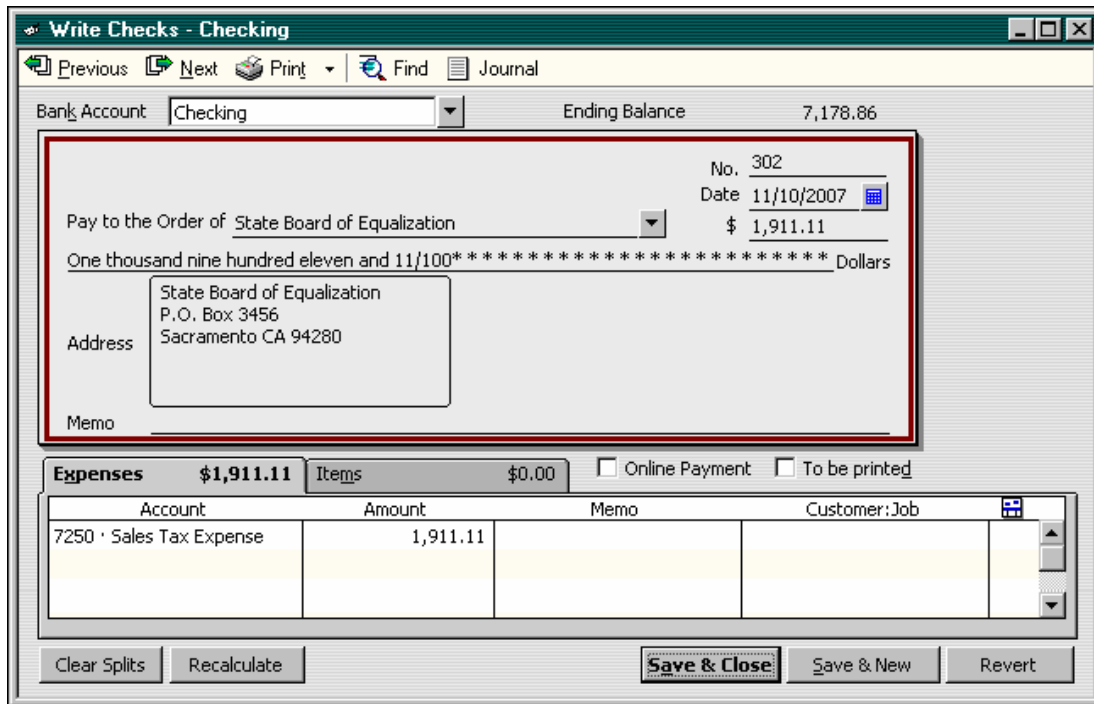
Figure 174 – Transaction Entry

9. When you have located the erroneous transaction(s), edit the transaction(s) or enter an adjusting entry (**Figure 175**).

Notice that the check above posts to Sales Tax Expense—a common data entry error. You could enter **Sales Tax Payable** in the **Expense** tab of the **Check** form, or you could enter an adjusting entry as show below. The adjusting entry corrects the balance in both **Sales Tax Expense** and **Sales Tax Payable**.

When adjusting Sales Tax Payable, make sure to use the correct Sales Tax vendor. In this example, the adjustment is associated with the State Board of Equalization.
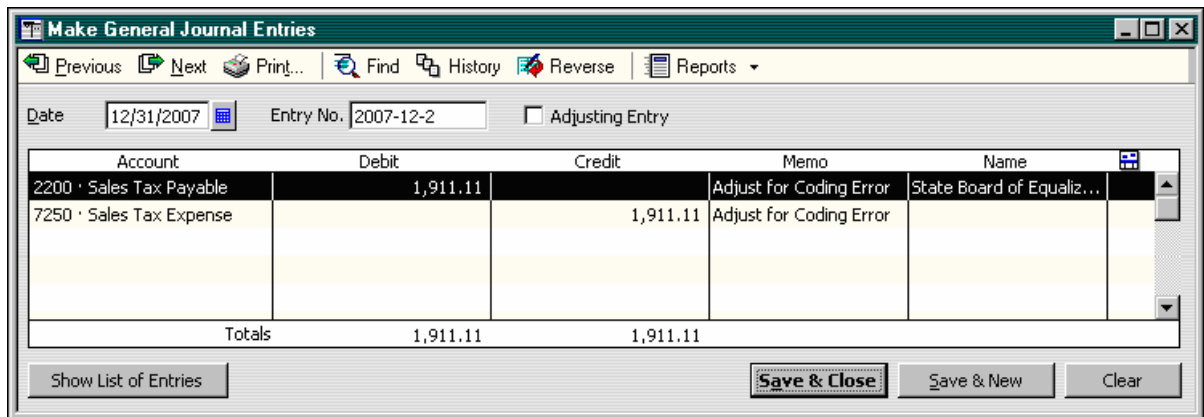
Figure 175 – General Journal Entries

10. Once the balance in Sales Tax Payable is correct, create a **Sales Tax Liability** report or open the **Pay Sales Tax** window to make sure the total amount for each vendor agrees to the company's most recent sales tax return(s)—or to $0.00 if the Company has already paid sales tax for the most recent sales tax return(s). See **Figure 176**.

Figure 176 – Pay Sales Tax

11. If you need to shift amounts on the Pay Sales Tax window or Sales Tax Liability report from one vendor to another, enter a journal entry as shown in **Figure 177**.

The entry debits and credits the same account (Sales Tax Payable) so the entry has no net impact on the Balance Sheet.

Though the Sales Tax Payable column on the Sales Tax Liability report will shift from one vendor (row) to another, the adjustment shown below has no impact on the Sales and Tax Collected columns of the Sales Tax Liability Report. In the example we've been using in this section, we will not enter the adjusting entry shown below.

Figure 177 – Make General Journal Entries

QuickBooks creates a separate sales tax payment for each vendor shown in the **Pay Sales Tax** window in **Figure 178** (on selected lines only). Notice that the adjustment to Sales Tax Payable for the incorrectly coded check (0 above) shows on a separate line associated with the State Board of Equalization vendor record. QuickBooks uses this separate line for all transactions that affect Sales Tax Payable without affecting a Sales Tax item. For example, if we had entered multiple adjustments or if there were checks/bill payments used to pay sales tax, QuickBooks would have netted the adjustments together by vendor.

Figure 178 – Pay Sales Tax

Once the balance in the Sales Tax Payable account and the total for each sales tax vendor is correct, you need to clear any erroneous information from the Pay Sales Tax window.

To remove incorrect information from the Pay Sales Tax window:

1. Create a **Sales Tax Payment** to clear erroneous detail from the **Pay Sales Tax** window.

   If the client has already paid the sales tax for the most recent sales tax return, the Sales Tax Payment you create in this step will have an amount of $0.00. This applies even if the company used a check or bill payment coded to Sales Tax Payable to pay sales tax for previous reporting periods.

   If the client owes sales tax (as in our example), this step generates a separate sales tax payment for each vendor. You have two options in this case:

   - Select the "To be printed" checkbox in the Pay Sales Tax window if the company is not ready to pay sales tax.

   OR

   - Edit the amounts in the Amt Paid column to force the Sales Tax Payment you create to zero. You can then use the Pay Sales Tax window to create a Sales Tax Payment at a later date. If you use this method, make sure to "pay" all adjusting lines in full – so they don't appear again on the Pay Sales Tax window and the Sales Tax Liability Report.

2. Once all of the information is correct, click **OK**.

3. Re-open the **Pay Sales Tax** window to confirm that QuickBooks cleared all adjustments and erroneous detail from the window as shown in **Figure 179**.

   If the client owes sales tax as of the date in the "Show sales tax due through" field, this window will not be blank.

4. Confirm that the total of the Amt. Due column agrees to the company's sales tax return.

Figure 179 – Pay Sales Tax

CHAPTER 14:
TROUBLESHOOTING THE INCOME STATEMENT

In most cases, the Income Statement is unique to the individual small business. Sure there are some common accounts like Office Supplies and Professional Fees, but Income, Cost of Goods Sold and industry-specific expenses cause each client's Income Statement to be different from the rest. This chapter focuses on generic issues that can potentially occur in any client's QuickBooks file. This segment also provides steps you can use to analyze a client's Income Statement regardless of the industry or business-specific practices.

Troubleshooting Income

QuickBooks tracks income in two different areas of the data file: items and accounts. As you might expect, the account activity affects the Profit & Loss Statement. QuickBooks refers to item-based income as "Sales." QuickBooks uses items to populate reports like Sales by Item Summary and Sales by Customer.

Ideally, all revenue should affect both an item and an income account. When revenue does not affect both – or when something other than revenue impacts sales, it is important for you to locate the offending transactions and make any necessary adjustments.

To analyze income balances:

1. Create a **Sales by Item Summary** report filtered to include only **All Ordinary Income Accounts**.

2. Create a **Profit & Loss** for the same reporting period as the **Sales by Item Summary** report.

3. Compare **Total Income** on the **Profit & Loss** to **Total Sales** on the **Sales by Item Summary** report.

   The only possible cause for a discrepancy is debiting or crediting Income accounts on transactions other than Sales forms (Invoices, Credit Memos, and Sales Receipts).

4. Quick-Zoom on **Total Income** on the **Profit & Loss** report o locate these transactions.

5. Filter the P&L by transaction type for all types except **Invoices**, **Sales Receipts** and **Credit Memos**.

The most common non-sales transactions that affect income are deposits (to record payments from customers), journal entries (adjustments usually entered by the company's CPA), and entries in the Receive Payments window (to record discounts given).

If the non-sales form accurately posts to Income, you need only to note the amount so you can reconcile Sales (Items) to Income (Accounts) for the client. In the examples above, the Customer Payment that posts to Discounts Given and the Journal Entry to adjust income are probably accurate. However, if the client typically uses Sales forms to record sales, the Deposit to Income may cause an overstatement in Income. The client may have entered Income on the Invoice and then applied the customer payment to the Invoice. However, instead of using the customer payment on the Deposit (through Undeposited Funds), the client entered a separate (duplicate), Deposit directly to the bank register that posts directly to Income. If you find deposits for customer receipts that post to income, you most likely have an offsetting overstatement in Undeposited Funds.

To ensure that all sales items posts to income accounts:

- Filter the Sales by Item Summary report for all accounts except Income accounts.

  This is not a generic filter. You will have to select "Multiple Accounts" and then select every account in the Chart of Accounts with a non-income type.

Usually you will find several sales items that do not affect income. Some of these may be accurate. For example, the client may use an item on Invoices or Sales Receipts to receive prepayments from customers/clients. If the company files on the accrual basis (or manages its business on the accrual basis), the offset should go to Unearned Income (as deferred revenue) – an Other Current Liability account.

Contractors need an item to show retainage on invoices – retainage owed to them by their customer. The retainage item should post to Retainage Receivable – an Other Current Asset account. If you edit the Account field on sales items, the change could affect the previous reporting year.

Troubleshooting Cost of Goods Sold

QuickBooks allows you to post to Cost of Goods Sold through both inventory and non-inventory transactions.

- Inventory transactions

  When you use an Inventory item on a sales form, QuickBooks debits Cost of Goods Sold (Invoices/Sales Receipts) or Credits Cost of Goods Sold (Credit Memos).

- Non-inventory transactions

  If the client does not use Inventory items on purchase forms, they may record the receipt of resale materials directly to Cost of Goods Sold. If so, you troubleshoot Cost of Goods Sold just as if it were a regular Operating Expense account. See the section entitled "Analyzing Expense Accounts" for more information.

Identifying Reconciliation Discrepancies

QuickBooks automatically creates an account called Reconciliation Discrepancies and posts to the account when users force a Bank Reconciliation to reconcile.

Understanding the Uncategorized Income Account

QuickBooks creates the Uncategorized Income account when you enter an Opening Balance for a customer in either the EasyStep Interview or in the New Customer window. To avoid the use of this account you have three options when setting opening balances for customers:

- Use one invoice per customer to set each customer's opening balance. See **Figure 180**.

  When entering the invoice, use an Other Charge item called Opening Balance that offsets to Opening Bal Equity. You can use this method only if the client does not intend to use cash basis reports in QuickBooks.

When you use this item on invoices, QuickBooks debits Accounts Receivable and credits Opening Bal Equity.

Figure 180 – New Item

- Enter each open invoice individually, using the Other Charge item called Opening Balance item shown in **Figure 180**. Entering each invoice separately provides you with the most detailed Accounts Receivable reports and allows QuickBooks to age the opening balances accurately. This level of detail is essential if your client sends statements to customers. You can use this method only if the client does not intend to use cash basis reports in QuickBooks.

- Enter each open invoice individually, using actual sales items and sales tax items. Entering the information with this level of detail allows you to produce cash basis reports in QuickBooks. This method is essential if the company files its tax return or its sales tax returns on the cash basis.

To remove balances in Uncategorized Income due to opening balance entries:

1. Delete the opening balance entry (invoice) or enter a credit memo to reverse the opening balance entry. Then, enter the information using one of the three options above.

2. If the client posted transactions to Uncategorized Income, use a journal entry to clear the balance in the account or edit each transaction so that it posts to another, more appropriate account.

3. After you zero the balance in Uncategorized Income, make the account inactive.

Removing Uncategorized Expenses

QuickBooks creates the Uncategorized Expense account when you enter an Opening Balance for a Vendor in either the EasyStep Interview or in the New Vendor setup window.

To avoid the use of this account do one of the following:

- Use one bill per vendor to set each Vendor's Opening Balance. Post the Bill to the Opening Bal Equity account.

- Enter each unpaid bill individually, posting each bill to the Opening Bal Equity account. Entering each bill separately will provide you with the most detailed Accounts Payable reports and will allow QuickBooks to age the opening balances accurately. You can use this method only if the client does not intend to use cash basis reports in QuickBooks.

- Enter each unpaid bill individually, using actual accounts, inventory items and/or non-inventory parts. Entering the information with this level of detail will allow you to produce cash basis reports in QuickBooks. This method is essential if the company files its tax return or its sales tax returns on the cash basis.

To remove balances in Uncategorized Expense due to opening balance entries:

1. If there is already a balance in **Uncategorized Expense** as the result of opening balances, delete the opening balance entry (bill) or enter a bill credit to reverse the opening balance entry. Then, enter the information using one of the three options above.

2. If the client posted transactions to Uncategorized Expense, use a journal entry to clear the balance in the account or edit each transaction so that it posts to another, more appropriate account.

3. After you zero the balance in Uncategorized Expense, make the account inactive.

Comparing the Payroll Summary Report to the Profit & Loss Statement

If there are discrepancies between the two reports, possible reasons include the following:

- Payroll items do not post to the correct General Ledger accounts.

- The client used checks or bill payments to pay employees instead of paychecks.

  If the client used checks or bill payments instead of paychecks, you can either mirror the checks/bill payments with a year to date adjustment, or replace each check/bill payment with a paycheck.

Mirroring checks or bill payments with year-to-date adjustments

This may be the best option if the client has recorded numerous payroll transactions incorrectly since you can enter a single year-to-date entry to summarize all paychecks for each employee on a monthly or quarterly basis. This is also the preferred method if the client has reconciled the checks/bill payments because the adjustment has no impact on the Beginning Balance field of the Bank Reconciliation window.

To mirror the checks/bill payments with a year-to-date adjustment:

1. Create a **QuickReport** for each employee and sort the report by the **Type** column.

2. Review each Check and/or Bill Payment to make sure each is recorded to the proper accounts. Make any corrections to the accounts as necessary.

3. Use the **Year-to-Date wizard** to enter amounts for each employee that mirror the **Checks** and/or **Bill Payments**. See **Figure 181**. Though the Wizard is designed for use when setting up payroll, you can repurpose the Year-to-Date wizard to adjust payroll expenses (e.g., Wage type Payroll Items) by employee.

Figure 181 – Year-To-Date Wizard

4. Select **Do Not Affect Accounts**.

   The Checks/Bill Payments already post to the General Ledger. See **Figure 182**.

Figure 182 – Affect Accounts?

Replacing each Check/Bill Payment with a Paycheck

When you select this option, you may need to force the net amount of the paycheck to agree to the original check/bill payment. (For example, the client may have calculated the Check/Bill Payment incorrectly.) You may need to increase or decrease federal withholding amounts to compensate for any discrepancies.

Employee Summary		
Item Name	Amount	YTD
Salary	159.60	33,519.18
Salary	478.85	33,519.18
Salary	319.23	33,519.18
Salary	478.85	33,519.18
Salary	159.62	33,519.18
Health Insurance	0.00	-800.00
Federal Withholding	-155.00	-3,417.00
Social Security Employee	-98.97	-2,177.15
Medicare Employee	-23.15	-509.17
CA - Withholding	-21.29	-468.37
CA - Disability Employee	0.00	-158.84
Check Amount:	1,297.74	

Figure 183 – Employee Summary

When you use this method, you may replace *reconciled* Checks/Bill Payments with *non-reconciled* paychecks. You will need to re-reconcile the bank account for all months during which you deleted Checks/Bill Payments and recorded Paychecks to replace them. Reconcile the paychecks for each month only. Make sure to use the Ending Balance and date of the original reconciliation. Refer to *printed* bank reconciliation reports or to the PDF copies of the bank reconciliation reports. Only printed or PDF versions reports will show the condition of the bank reconciliation *before* you removed the reconciled Checks/Bill Payments. After you reconcile the Paychecks for each month, QuickBooks will restore the correct Beginning Balance amount and will update the existing bank reconciliation reports to include the Paychecks you added.

Editing checks coded to payroll expense accounts

If a client coded vendor checks to payroll expense accounts (e.g. checks made payable to 1099 vendors). Edit each check so that it posts to the correct account. When you correct checks for 1099 vendors, make sure to select an account that is selected in the **Tax:1099 Company Preferences**.

Correcting errors created by adjusting payroll expense accounts using journal entries

If you adjust payroll expense or liability accounts using a journal entry, the adjustment does not impact Payroll items. QuickBooks uses Payroll Items to build payroll reports (and to calculate payroll tax returns and W-2s).

To correct these types of errors, you can mirror the adjustment with a payroll liability adjustment or a year-to-date payroll entry, or you can delete the journal entry. Both methods are described below.

Mirroring adjustments with a Payroll Liability Adjustment or Year-to-Date Payroll Entries

If the journal entry is correct and is not superseded by any corrections you may have made to payroll, use a **Payroll Liability Adjustment** or **Year-to-Date** payroll entry to mirror the **Journal Entry**.

1. Record one payroll adjustment per employee if the adjustment relates to wages, taxable additions/deductions or employee-paid payroll taxes.

   If you do not enter the employee's name, the adjustment you make will not impact the employee's W-2.

2. Select **Do Not Affect Accounts** since the Journal Entry has already updated the General Ledger.

   See **Figure 184**.

Figure 184 – Liability Adjustment

Editing or deleting the journal entry

If the Journal Entry should not affect payroll expense or payroll liabilities (or is superseded by any corrections to payroll you may have made) edit the **Journal Entry** so that it posts to correct accounts or delete the **Journal Entry** – whichever is appropriate.

- If the Journal Entry to adjust Payroll Expenses is offset to bank accounts (or any account that you reconcile to a statement), editing or deleting the Journal Entry may affect the Beginning Balance field of the Bank Reconciliation feature. Make sure to re-reconcile the bank account transaction(s) if necessary.

- The client began using QuickBooks Payroll in the middle of the calendar year and did not enter year-to-date payroll information.

  For example, if you prepared payroll for the client earlier in the year, the client would have either entered each Check into QuickBooks – using the information on the pay stub – or the client would have created a Journal Entry to summarize all payroll transactions for the pay period. In this case, the year-to-date General Ledger amounts will be correct. The Payroll Summary report, however, will show payroll expenses from the date the client began using QuickBooks to process payroll. If this is the case, use the Payroll Setup Wizard and enter Year-to-Date amounts for each employee. See **Figure 185**.

  You can enter the Year-to-Date amounts by pay period, by month or by quarter. The screenshot below shows an adjustment that summarizes the first quarter of the year for Dan Miller.

Figure 185 – Year-To-Date Wizard

If the year-to-date General Ledger information is correct, you will need to select "Do Not Affect Accounts" when entering year-to-date payroll information into QuickBooks. See **Figure 186**. If you do not, Payroll Expenses and Payroll Liabilities will be overstated.
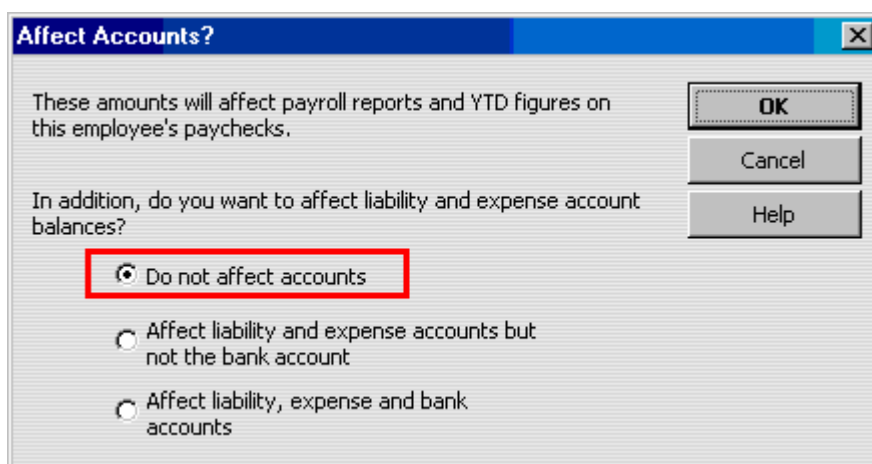
Figure 186 – Affect Accounts?

Use the procedure below if the client entered Year-to-Date paycheck information by employee and the Year-to-Date entries updated the General Ledger. Assuming the General Ledger was correct before the client entered year-to-date amounts, expenses and liabilities will be overstated as a result of the entries.

To correct this error:

1. Open the **Find** feature and filter by **Transaction Type** for **YTD Adjustments**.

2. Select **Do Not Affect Accounts** on each YTD Adjustment.

If the client also entered Year-to-Date Liability payments and set those entries to affect accounts, the liability accounts may not be overstated. However, after you edit Year-to-Date paycheck transaction so that they do not affect accounts, the Year-to-Date Liability Payment entries will cause the Liability accounts to be understated.

Analyzing Expense Accounts

The following is a list of tips to help you analyze expense accounts quickly.

Double-click each expense account on the **Profit & Loss** and review the transaction detail report:

- Sort the report by vendor (payee) and look for any transactions without a vendor name or for irregular vendors. For example, a utility vendor appears in the transaction detail for Office Supplies.

- Sort the report by transaction type and note any transactions that are not checks, bills or credit card charges. Though these non-purchase transactions may be accurate, you should review each one to make sure. For example, there may be a journal entry to adjust the expense account entered by the client or by someone at your firm in an earlier engagement.

- Double-click any very large amounts and determine if you should capitalize or amortize the expense transaction.

APPENDI X A:
SAMPLE JOB COST REPORTS

QuickBooks provides numerous Job Cost reports to assist managers in effectively controlling and directing operations. You are encouraged to become familiar with these reports and incorporate them into the financial reporting process for your clients.

Standard Job Cost Reports

A brief discussion of each of the job cost reports, along with samples of various reports, is provided here. Of course, each of these reports can be modified, customized, filtered, exported to Excel, etc. using standard QuickBooks report-editing techniques.

To access the job cost reports from the **Reports** menu, choose **Jobs, Time, and Mileage**, then select a report from the **Job Cost** submenu.

Job Profitability Summary

The **Job Profitability Summary** report provides a summary view of actual cost and revenue on each job, allowing users to see the net profitability of each job.

Use this report to view multiple jobs and stay in control of revenue as compared to cost. Important to note that this report is actual cost and does not include committed costs which are balances due vendors for work not yet performed but budgeted.

	Act. Cost	Act. Revenue	($) Diff.
9:00 PM			
12/15/07	**Quality-Built Construction**		
	Job Profitability Summary		
	All Transactions		
Cruz, Albert			
Kitchen Remodel	134,915.40	206,000.00	71,084.60
Total Cruz, Albert	134,915.40	206,000.00	71,084.60
Wiessinger, Gary			
Bathroom Addition	116,314.92	160,705.00	44,390.08
Guest Cottage	189,549.96	325,000.00	135,450.04
Misc. Small Jobs	77.78	250.00	172.22
Total Wiessinger, Gary	305,942.66	485,955.00	180,012.34
Wilson, Brandon			
Custom Home	82,169.97	113,400.00	31,230.03
Total Wilson, Brandon	82,169.97	113,400.00	31,230.03
TOTAL	**523,028.03**	**805,355.00**	**282,326.97**

Figure 187 - Job Profitability Summary Report

Job Profitability Detail

The **Job Profitability Detail** report provides a more detailed view of job profitability by displaying actual cost and revenue, by item, for selected jobs.

After reviewing the summary profitability report, look at the detail to see if any one specific budgeted item is a concern. Simply drill down on any of the line items to see the individual transactions.

9:00 PM 12/15/07	**Quality-Built Construction** **Job Profitability Detail for Wilson, Brandon...** All Transactions		
	Act. Cost	Act. Revenue	($) Diff.
Service			
01 Plans & Permits .			
01.1 Plans	684.04	1,500.00	815.96
01.2 Building Permits	566.51	0.00	-566.51
01.3 City & Co. Lic's & Fees	51.46	0.00	-51.46
Total 01 Plans & Permits .	1,302.01	1,500.00	197.99
02 Site Work			
02.10 Demo	4,686.15	4,500.00	-186.15
Total 02 Site Work	4,686.15	4,500.00	-186.15
03 Excavation	5,372.89	7,500.00	2,127.11
04 Concrete	3,760.61	6,000.00	2,239.39
05 Masonry	2,944.55	4,500.00	1,555.45
06 Floor Framing	5,660.04	7,500.00	1,839.96
07 Wall Framing	2,961.38	4,500.00	1,538.62
08 Roof Framing	17,146.69	22,500.00	5,353.31
09 Roof Flashing	1,026.83	1,500.00	473.17
10 Exterior Trim & Decks	1,317.50	2,250.00	932.50
11 Siding	1,742.58	3,000.00	1,257.42
12 Doors & Trim	1,026.38	2,250.00	1,223.62
13 Windows & Trim	2,532.28 ▶	3,750.00 ◀	1,217.72
14 Plumbing	2,804.87	4,500.00	1,695.13
15 HVAC	1,209.41	2,250.00	1,040.59

Figure 188 - Job Profitability Detail Report

Job Estimates vs. Actuals Summary

The **Job Estimates vs. Actuals Summary** report provides a summary view of estimated cost, actual cost, estimated revenue, and actual revenue for each job.

If you are using the Estimate form you can compare time sensitive information that will help you manage your job costed project. This report can be prepared Expanded or Collapsed (as shown).

	Est. Cost	Act. Cost	($) Diff.	Est. Revenue	Act. Revenue	($) Diff.
Campbell, Heather	138,455.00	144,163.24	5,708.24	207,682.50	233,682.50	26,000.00
Cruz, Albert	398,825.00	338,485.86	-60,339.14	398,825.00	537,650.00	138,825.00
Molotsi, Hugh	308,200.00	318,497.19	10,297.19	450,000.00	897,500.00	447,500.00
Tedford, Dan	120,000.00	70,097.61	-49,902.39	120,000.00	120,000.00	0.00
Wiessinger, Gary	326,950.00	305,864.88	-21,085.12	369,505.00	488,205.00	118,700.00
Wilson, Brandon	75,600.00	82,169.97	6,569.97	113,400.00	113,400.00	0.00
TOTAL	1,368,030.00	1,259,278.75	-108,751.25	1,659,412.50	2,390,437.50	731,025.00

Quality-Built Construction
Job Estimates vs. Actuals Summary
All Transactions
9:09 PM
12/15/07

Figure 189 - Job Estimates vs. Actual Summary Report

Job Estimates vs. Actuals Detail

The **Job Estimates vs. Actuals Detail** report provides a detailed view of estimated cost, actual cost, estimated revenue, and actual revenue – all by item – for selected jobs.

Detail reports give us a more complete look at the individual budgeted line items. Simply drill down on any line detail to see the original source transactions.

9:14 PM 12/15/07	**Quality-Built Construction** **Job Estimates vs. Actuals Detail for Wilson, Brandon:Custom Home** **All Transactions**					
	Est. Cost	Act. Cost	($) Diff.	Est. Revenue	Act. Revenue	($) Diff.
Service						
01 Plans & Permits .	1,000.00	1,302.01	302.01	1,500.00	1,500.00	0.00
02 Site Work	3,000.00	4,686.15	1,686.15	4,500.00	4,500.00	0.00
03 Excavation	5,000.00	5,372.89	372.89	7,500.00	7,500.00	0.00
04 Concrete	4,000.00	3,760.61	-239.39	6,000.00	6,000.00	0.00
05 Masonry	3,000.00	2,944.55	-55.45	4,500.00	4,500.00	0.00
06 Floor Framing	5,000.00	5,660.04	660.04	7,500.00	7,500.00	0.00
07 Wall Framing	3,000.00	2,961.38	-38.62	4,500.00	4,500.00	0.00
08 Roof Framing	15,000.00	17,146.69	2,146.69	22,500.00	22,500.00	0.00
09 Roof Flashing	1,000.00	1,026.83	26.83	1,500.00	1,500.00	0.00
10 Exterior Trim & Decks	1,500.00	1,317.50	-182.50	2,250.00	2,250.00	0.00
11 Siding	2,000.00	1,742.58	-257.42	3,000.00	3,000.00	0.00
12 Doors & Trim	1,500.00	1,026.38	-473.62	2,250.00	2,250.00	0.00
13 Windows & Trim	2,500.00	2,532.28	32.28	3,750.00	3,750.00	0.00
14 Plumbing	3,000.00	2,804.87	-195.13	4,500.00	4,500.00	0.00
15 HVAC	1,500.00	1,209.41	-290.59	2,250.00	2,250.00	0.00
16 Electrical & Lighting	2,000.00	2,055.37	55.37	3,000.00	3,000.00	0.00
17 Insulation	1,500.00	1,845.01	345.01	2,250.00	2,250.00	0.00
18 Interior Walls	2,500.00	2,452.92	-47.08	3,750.00	3,750.00	0.00
19 Ceilings & Cover	2,500.00	2,474.83	-25.17	3,750.00	3,750.00	0.00
20 Millwork & Trim	5,000.00	4,061.99	-938.01	7,500.00	7,500.00	0.00
21 Cabinets & Vanities	2,000.00	1,446.35	-553.65	3,000.00	3,000.00	0.00
22 Specialty	500.00	1,023.87	523.87	750.00	750.00	0.00
23 Floor Coverings	2,000.00	1,812.47	-187.53	3,000.00	3,000.00	0.00
24 Paint	2,000.00	5,475.39	3,475.39	3,000.00	3,000.00	0.00
25 Cleanup	1,000.00	1,009.77	9.77	1,500.00	1,500.00	0.00
26 Landscape & Paving	2,600.00	3,017.83	417.83	3,900.00	3,900.00	0.00
Total Service	75,600.00	82,169.97	6,569.97	113,400.00	113,400.00	0.00
TOTAL	75,600.00	82,169.97	6,569.97	113,400.00	113,400.00	0.00

Figure 190 - Estimates vs. Actuals Detail Report

Job Progress Invoices vs. Estimates

The **Job Progress Invoices vs. Estimates** report provides a summary of the total estimate of a job and the progress invoices issued to date.

Monitor the % complete on the project as determined by how much has been invoiced. If you have invoiced for a greater percentage than is completed, good cash management process should be in place to make sure the additional funds area available to pay for vendor services and materials.

	Type	Date	Num	Estimate Active	Estimate Total	Progress Invoice	% Progress
Albrecht, Henry							
Cottage - New Construction							
▶	Estimate	08/15/2007	01-1...	✓	198,825.00	0.00	0.0% ◀
	Estimate	09/01/2007	Miles...		335,000.00	331,650.00	99.0%
Wiessinger, Gary							
Bathroom Addition							
	Estimate	01/01/2007	01-1...	✓	164,205.00	160,705.00	97.87%
Guest Cottage							
	Estimate	03/15/2007	01-1...	✓	205,300.00	0.00	0.0%
	Estimate	03/31/2007	Miles...		325,000.00	325,000.00	100.0%

Report header:

7:31 AM
12/15/07
Quality-Built Construction
Job Progress Invoices vs. Estimates
January 1 through December 15, 2007

Figure 191 - Job Progress Invoices vs. Estimates Report

Item Profitability

The **Item Profitability** report provides a summary of the actual cost and revenue of each item.

Good management practices are to compare profitability among your varied products and services. This report can also show where users may be using one item on a purchase form and invoicing with another item.

	Act. Cost	Act. Revenue	($) Diff.
9:20 PM	**Quality-Built Construction**		
12/15/07	**Item Profitability**		
	All Transactions		
01 Plans & Permits .			
01.1 Plans	17,919.41	38,000.00	20,080.59
01.2 Building Permits	6,050.39	923.75	-5,126.64
01.3 City & Co. Lic's & Fees	5,710.26	2,045.00	-3,665.26
Total 01 Plans & Permits .	29,680.06	40,968.75	11,288.69
02 Site Work			
02.10 Demo	33,397.91	39,450.00	6,052.09
02 Site Work - Other	1,405.11	400.00	-1,005.11
Total 02 Site Work	34,803.02	39,850.00	5,046.98
03 Excavation	55,783.68	62,935.00	7,151.32
04 Concrete	26,342.49	29,690.00	3,347.51
05 Masonry	31,467.23	36,825.00	5,357.77
06 Floor Framing	43,785.50	51,475.00	7,689.50
07 Wall Framing	92,730.12	35,050.00	-57,680.12
08 Roof Framing	67,042.91	74,759.00	7,716.09
09 Roof Flashing	14,321.12	15,825.00	1,503.88
10 Exterior Trim & Decks	25,147.78	22,500.00	-2,647.78
11 Siding	33,083.15	27,316.00	-5,767.15
12 Doors & Trim	60,203.73	44,430.00	-15,773.73
13 Windows & Trim	49,074.67	45,100.00	-3,974.67
14 Plumbing	154,981.71	95,750.00	-59,231.71
15 HVAC	88,923.59	72,750.00	-16,173.59
16 Electrical & Lighting	35,477.29	26,280.00	-9,197.29

Figure 192 - Item Profitability Report

Item Estimates vs. Actuals

The **Item Estimates vs. Actuals** report displays actual cost, estimated cost, actual revenue, and estimated revenue for each item included in an estimate.

This report is a more detailed view of your different products and or services. Management should be reviewing these to determine if your budgeted costs are in line with your expected revenue.

	9:30 PM 12/15/07			**Quality-Built Construction** **Item Estimates vs. Actuals** All Transactions			
	Est. Cost	**Act. Cost**	**($) Diff.**	**Est. Revenue**	**Act. Revenue**	**($) Diff.**	
Service							
01 Plans & Permits .	23,775.00	27,058.94	3,283.94	33,300.00	30,275.00	–3,025.00	
02 Site Work	24,100.00	31,180.62	7,080.62	34,750.00	32,650.00	–2,100.00	
03 Excavation	37,500.00	45,788.74	8,288.74	52,700.00	46,700.00	–6,000.00	
04 Concrete	21,600.00	26,342.49	4,742.49	29,490.00	24,490.00	–5,000.00	
05 Masonry	28,000.00	31,467.23	3,467.23	38,325.00	32,825.00	–5,500.00	
06 Floor Framing	40,500.00	40,785.50	285.50	54,775.00	45,275.00	–9,500.00	
07 Wall Framing	35,500.00	92,730.12	57,230.12	45,550.00	33,050.00	–12,500.00	
08 Roof Framing	48,500.00	61,411.26	12,911.26	66,300.00	56,300.00	–10,000.00	
09 Roof Flashing	14,400.00	12,790.09	–1,609.91	18,425.00	13,025.00	–5,400.00	
10 Exterior Trim & Decks	22,500.00	20,633.23	–1,866.77	27,550.00	16,550.00	–11,000.00	
11 Siding	24,200.00	31,105.85	6,905.85	31,860.00	24,860.00	–7,000.00	
12 Doors & Trim	53,100.00	57,693.21	4,593.21	65,830.00	40,830.00	–25,000.00	
13 Windows & Trim	41,000.00	45,480.64	4,480.64	55,050.00	44,050.00	–11,000.00	
14 Plumbing	134,500.00	151,641.24	17,141.24	164,400.00	93,900.00	–70,500.00	
15 HVAC	90,000.00	86,006.95	–3,993.05	111,500.00	70,500.00	–41,000.00	
16 Electrical & Lighting	30,400.00	32,255.37	1,855.37	37,630.00	23,630.00	–14,000.00	
17 Insulation	19,700.00	17,933.97	–1,766.03	23,525.00	12,525.00	–11,000.00	
18 Interior Walls	37,700.00	38,059.00	359.00	44,650.00	22,650.00	–22,000.00	
19 Ceilings & Cover	11,500.00	13,203.73	1,703.73	14,875.00	10,875.00	–4,000.00	
20 Millwork & Trim	12,200.00	14,214.53	2,014.53	16,215.00	12,615.00	–3,600.00	
21 Cabinets & Vanities	129,000.00	163,366.35	34,366.35	164,010.00	113,010.00	–51,000.00	
22 Specialty	42,000.00	51,343.76	9,343.76	52,000.00	32,000.00	–20,000.00	
23 Floor Coverings	41,255.00	58,116.19	16,861.19	50,382.50	31,382.50	–19,000.00	
24 Paint	25,500.00	31,568.37	6,068.37	30,750.00	17,750.00	–13,000.00	
25 Cleanup	19,500.00	23,943.48	4,443.48	25,150.00	18,150.00	–7,000.00	
26 Landscape & Paving	40,100.00	45,296.10	5,196.10	50,420.00	31,920.00	–18,500.00	
27 Contingent	0.00	1,834.79	1,834.79	0.00	0.00	0.00	
Total Service	1,048,030.00	1,253,251.75	205,221.75	1,339,412.50	931,787.50	–407,625.00	
TOTAL	**1,048,030.00**	**1,253,251.75**	**205,221.75**	**1,339,412.50**	**931,787.50**	**–407,625.00**	

Figure 193 - Item Estimates vs. Actuals Report

Profit & Loss by Job

The **Profit & Loss by Job** report displays a traditional income statement with separate columns for each job, allowing the user to see profitability by job.

Many companies use this report exclusively. While it does provide an accurate financial picture it does not show what was originally budgeted. Knowing what areas of our projects are profitable and which areas are not will help us bid our projects more effectively.

	Custom Home (Wilson, Brandon)	Total Wilson, Brandon	TOTAL
9:33 PM			
12/15/07			
Accrual Basis			
Ordinary Income/Expense			
Income			
Construction Income ▶	113,400.00 ◀	113,400.00	113,400.00
Total Income	113,400.00	113,400.00	113,400.00
Cost of Goods Sold			
Job Labor Costs	69,613.97	69,613.97	69,613.97
Job Related Costs	12,556.00	12,556.00	12,556.00
Total COGS	82,169.97	82,169.97	82,169.97
Gross Profit	31,230.03	31,230.03	31,230.03
Net Ordinary Income	31,230.03	31,230.03	31,230.03
Net Income	31,230.03	31,230.03	31,230.03

Quality-Built Construction
Profit & Loss by Job
All Transactions

Figure 194 - Profit & Loss by Job Report

Estimates by Job

The **Estimates by Job** report summarizes the estimates created for each job.

If you use several estimates for a job, for example a different estimate for each change order, reviewing this list for active estimates can help you better manage the project details.

Figure 195 - Estimates by Job Report

Unbilled Costs by Job

The **Unbilled Costs** by Job report details all costs that have been marked as "billable" but have not yet been billed.

For those projects that require a Time & Materials invoicing format, this report can help you identify what costs have not yet been invoiced to the customer. Be careful with invoicing in this method. If you later void or delete a customer invoice with added time and costs, those costs will not appear again for another billing. Once the cost is billed to a customer the cost record is marked "billed" and would have to be "unbilled" one by one on each purchase document.

9:37 PM			**Quality-Built Construction**			
12/15/07			**Unbilled Costs by Job**			
Accrual Basis			**All Transactions**			
Type	Date	Source Name	Memo	Account	Billing Status	Amount
Wiessinger, Gary						
Guest Cottage						
Bill	05/01/2007	Cole Plumbing Prod...	Specialties	Job Related Costs	Unbilled	560.00
Bill	07/20/2007	Doug's Appliance ...	Sub Zero Re...	Job Related Costs	Unbilled	3,400.00
Total Guest Cottage						3,960.00
Total Wiessinger, Gary						3,960.00
Wilson, Brandon						
Custom Home						
Bill	02/16/2005	Doug's Appliance ...	test	Job Related Costs	Unbilled	56.00
Bill	03/10/2005	Carr Building Supply	Roof Framing	Job Related Costs	Unbilled	12,000.00
Bill	03/10/2005	Carr Building Supply	Windows & ...	Job Related Costs	Unbilled	500.00
Total Custom Home						12,556.00
Total Wilson, Brandon						12,556.00
TOTAL						**16,516.00**

Figure 196 - Unbilled Costs by Job Report

Open Purchase Orders by Job

The **Open Purchase Orders** by Job report provides a listing of all open purchase orders sorted by job.

If you use Purchase Order you can use this report to see what vendor bills you are waiting for or what materials you have not yet received. However, the amount column will always show the original amount so that this report does not decrease the dollars committed only the quantity.

If you search the Marketplace website you can find custom report writers that can create a custom Open Purchase Orders by Job that will reflect the dollars remaining on the purchase order. The Marketplace website follows:

www.marketplace.intuit.com

Figure 197 - Open Purchase Orders by Job Report

Time by Job Summary

The **Time by Job Summary** report lists the total time expended on each job, summarized by item.

9:13 AM	**Quality-Built Construction**
12/15/07	**Time by Job Summary**
	October through December 2007

	◇ Oct - Dec 07 ◇
Albrecht, Henry:Cottage - New Construction	
11 Siding	▶ 16.00 ◀
12 Doors & Trim	16.00
13 Windows & Trim	16.00
14 Plumbing	40.00
15 HVAC	40.00
16 Electrical & Lighting	60.00
17 Insulation	86.00
18 Interior Walls	104.00
19 Ceilings & Cover	96.00
20 Millwork & Trim	96.00
21 Cabinets & Vanities	104.00
22 Specialty	142.00
23 Floor Coverings	190.00
24 Paint	194.00
25 Cleanup	248.00
26 Landscape & Paving	80.00
Total Albrecht, Henry:Cottage - New Construction	1,528.00
TOTAL	1,528.00

Figure 198 - Time by Job Summary Report

Time by Job Detail

The **Time by Job Detail** report provides a detailed listing of the total time expended on each job, with each transaction displayed.

Figure 199 - Time by Job Detail

Time by Name

The **Time by Name** report lists the hours reported by each employee, summarized first by employee and then by job.

Quality-Built Construction
Time by Name
January 1 through December 15, 2007

9:15 AM 12/15/07	◇ Jan 1 - Dec 15, 07 ◇

Mitchell, Clark	
Albrecht, Henry:Cottage - New Construction ▶	640.00 ◀
Wiessinger, Gary:Bathroom Addition	480.00
Wiessinger, Gary:Guest Cottage	880.00
Total Mitchell, Clark	2,000.00
Pepper, Chris	
Albrecht, Henry:Cottage - New Construction	600.00
Wiessinger, Gary:Bathroom Addition	480.00
Wiessinger, Gary:Guest Cottage	880.00
Total Pepper, Chris	1,960.00
Teichman, Tim	
Albrecht, Henry:Cottage - New Construction	640.00
Wiessinger, Gary:Bathroom Addition	480.00
Wiessinger, Gary:Guest Cottage	912.00
Total Teichman, Tim	2,032.00
TOTAL	5,992.00

Figure 200 - Time by Name Report

Time by Item

The **Time by Item** report summarizes the hours reported to each item, summarized first by item and then by job.

```
9:09 AM                  Quality-Built Construction
12/15/07                     Time by Item
                              December 2007
                                                      ◊   Dec 07   ◊

        17 Insulation
           Albrecht, Henry:Cottage - New Construction ▶  8.00      ◀
        Total 17 Insulation                                8.00

        18 Interior Walls
           Albrecht, Henry:Cottage - New Construction    16.00
        Total 18 Interior Walls                           16.00

        19 Ceilings & Cover
           Albrecht, Henry:Cottage - New Construction    16.00
        Total 19 Ceilings & Cover                         16.00

        20 Millwork & Trim
           Albrecht, Henry:Cottage - New Construction    16.00
        Total 20 Millwork & Trim                          16.00

        21 Cabinets & Vanities
           Albrecht, Henry:Cottage - New Construction    24.00
        Total 21 Cabinets & Vanities                      24.00

        22 Specialty
           Albrecht, Henry:Cottage - New Construction    40.00
        Total 22 Specialty                                40.00

        23 Floor Coverings
           Albrecht, Henry:Cottage - New Construction    88.00
        Total 23 Floor Coverings                          88.00

        24 Paint
           Albrecht, Henry:Cottage - New Construction    88.00
        Total 24 Paint                                    88.00

        25 Cleanup
           Albrecht, Henry:Cottage - New Construction   104.00
        Total 25 Cleanup                                 104.00

        26 Landscape & Paving
           Albrecht, Henry:Cottage - New Construction    48.00
        Total 26 Landscape & Paving                       48.00

        TOTAL                                            448.00
```

Figure 201 - Time by Item Report

Mileage by Vehicle Summary

The **Mileage by Vehicle Summary** report displays the total mileage reported through Vehicle Mileage Tracker for each vehicle.

Mileage by Vehicle Detail

The **Mileage by Vehicle Detail** report provides the detailed transactions for mileage reported through Vehicle Mileage Tracker for each vehicle.

Mileage by Job Summary

The **Mileage by Job Summary** report displays the total mileage reported to each job through Vehicle Mileage Tracker.

Mileage by Job Detail

The **Mileage by Job Detail** report provides the detailed transactions for mileage reported through Vehicle Mileage Tracker for each job.

Contractor Edition Reports

As discussed in Chapter 1, QuickBooks: Premier Contractor Edition 2007 contains a number of job cost reports not found in other editions of the software. The following section briefly describes each of these reports and provides examples of selected reports.

Job Status Report

The **Job Status Report** provides a high-level overview of jobs, indicating Customer, Job Status, Job Type, Job Description, Start Date, Projected End Date, and actual End Date.

9:24 AM		**Quality-Built Construction**				
12/15/07		**Job Status**				
		December 15, 2007				
Customer	Job Stat...	Job Type	Job Description	Start Date	Projected End	End Date
Albrecht, Henry						
Albrecht, Henry:Kitchen Remodel	In progress	Remodel	New cabinets & countertops. Tile floor.	12/01/2007	02/20/2008	
Albrecht, Henry:Cottage - New Construc...	In progress	New Construction	Guest cottage behind existing home. 1 BR, 1 Bath...	05/12/2007	12/18/2007	
Campbell, Heather						
Campbell, Heather:House-New Construc...	In progress	New Construction	3 BR, 2.5 bath.	09/16/2007	03/19/2008	
Hamby, Shane						
Hamby, Shane:Cottage - New Construct...	In progress	New Construction				
Molotsi, Hugh						
Molotsi, Hugh:Second Story Addition	In progress	Addition	2 bedrooms + 1 bath on second level.	08/04/2007	01/09/2008	
Tedford, Dan						
Tedford, Dan:Addition	In progress	Addition	Third stall on garage	10/06/2007	12/19/2007	
Wiessinger, Gary						
Wiessinger, Gary:Bathroom Addition	Awarded	Addition	Full bath on lower level. Custom whirlpool tub.	01/05/2008	02/27/2008	
Wiessinger, Gary:Guest Cottage	Pending	New Construction	1 BR, 3/4 bath cottage behind home.			
Wiessinger, Gary:Misc. Small Jobs		Misc. Small Jobs	Ongoing small projects.			
Wilson, Brandon						
Wilson, Brandon:Custom Home	In progress	New Construction	4 BR / 2.5 bath.	09/01/2007	01/26/2008	
Quality-Built Construction						
Quality-Built Construction:Admin/Paperw...						
Quality-Built Construction:Bidding						
Quality-Built Construction:Client Meetings						
Quality-Built Construction:Marketing						

Figure 202 - Job Status Report

Job Costs by Vendor and Job Summary

The **Job Costs by Vendor and Job Summary** report summarizes job-related costs by vendor and then by job for a given time period.


```
9:27 AM                      Quality-Built Construction
12/15/07            Job Costs by Vendor and Job Summary
Accrual Basis                     December 2007
                                                    ◇        Dec 07           ◇
                        Bay City Backhoe Service
                           Albrecht, Henry:Cottage - New Construction ▶ 2,300.00          ◀
                        Total Bay City Backhoe Service                2,300.00

                        Chidester Marble & Tile
                           Albrecht, Henry:Cottage - New Construction   14,716.00
                        Total Chidester Marble & Tile                 14,716.00

                        Color-Brite Paint Company
                           Albrecht, Henry:Cottage - New Construction    1,163.04
                        Total Color-Brite Paint Company                1,163.04

                        Laurel's Cabinets
                           Albrecht, Henry:Cottage - New Construction   12,532.00
                        Total Laurel's Cabinets                       12,532.00

                        Lipps' Landscaping
                           Albrecht, Henry:Cottage - New Construction   12,085.03
                        Total Lipps' Landscaping                      12,085.03

                        TOTAL                                         42,796.07
```

Figure 203 - Job Costs by Vendor and Job Summary Report

Job Costs by Vendor and Job Detail

The **Job Costs by Vendor and Job Detail** report displays detailed transactions summarized by vendor and by job for a selected time period.

Figure 204 -- Job Costs by Vendor and Job Detail

Job Costs by Job and Vendor Summary

The **Job Costs by Job and Vendor Summary** report provides a total of job-related expenditures by job, by vendor for a selected time period.

Use this report in a Worker's Comp audit. Make sure if your state requires your subcontractors to have current Certificate's of Insurance you have them on hand.

	Oct - Dec 07
9:31 AM **Quality-Built Construction**	
12/15/07 **Job Costs by Job and Vendor Summary**	
Accrual Basis **October through December 2007**	
Albrecht, Henry:Cottage - New Construction	
Bay City Backhoe Service	2,300.00
Begle Heating & Air	24,098.00
Bowden Steam Plumbing	35,034.00
Chidester Marble & Tile	14,716.00
Color-Brite Paint Company	1,163.04
D-Lo Sheetrock	4,800.00
Doug's Appliance Service	3,400.00
High Quality Lumber	2,790.03
Kimble Hardware Store	1,635.02
Laurel's Cabinets	12,532.00
Lipps' Landscaping	12,085.03
Lochrie's Electrical Supply	4,521.00
Morgenthaler Windows	3,567.09
Viking Door	11,986.00
West Coast Insulation	936.00
Total Albrecht, Henry:Cottage - New Construction	135,563.21
TOTAL	**135,563.21**

Figure 205 -- Job Costs by Job and Vendor Summary

Job Costs by Job and Vendor Detail

The **Job Costs by Job and Vendor Detail** report shows detailed transactions grouped by job, by vendor for a selected time period.

Job Costs Detail

The **Job Costs Detail** report provides a listing of all job-related expenditures incurred, regardless of source.

9:34 AM			**Quality-Built Construction**				
12/15/07			**Job Costs Detail**				
Accrual Basis			**All Transactions**				
◇ Source Name ◇	Type ◇	Date ◇	Num ◇	Memo ◇	Account ◇	Class ◇	Amount ◇
Albrecht, Henry							
Kitchen Remodel							
▶ Avenue Electricians	Bill	09/20/2005	6523...	Electrical & L...	5110 · Job Related...	Subcon...	3,200.00 ◀
Brenda's Framing ...	Bill	05/30/2005	02566	Rough Fram...	5110 · Job Related...	Subcon...	25,000.00
Brenda's Framing ...	Bill	05/30/2005	02566	Finish Fram...	5110 · Job Related...	Subcon...	0.00
Brenda's Framing ...	Bill	06/20/2005	56325	Finish Fram...	5110 · Job Related...	Subcon...	30,000.00
Carr Building Supply	Bill	02/15/2005	8521...	Doors & Trim	5110 · Job Related...	Material...	5,000.00
Carr Building Supply	Bill	02/15/2005	8521...	Siding	5110 · Job Related...	Material...	4,000.00
City Floors	Bill	10/01/2005	0980...	Granit Flooring	5110 · Job Related...	Subcon...	15,000.00
City of Bayshore	Check	01/03/2005	10603	City License	5110 · Job Related...	Material...	65.00
Color-Brite Paint C...	Bill	09/15/2005	6532...	Painting	5110 · Job Related...	Material...	300.00
Denine's Drywall	Bill	07/20/2005	8956...	Interior Walls	5110 · Job Related...	Subcon...	1,500.00
Doug's Appliance ...	Bill	10/01/2005	Stov...	Wolf stove	5110 · Job Related...	Material...	3,500.00
Doug's Appliance ...	Bill	10/01/2005	Stov...	Sub Zero Re...	5110 · Job Related...	Material...	4,000.00
Doug's Appliance ...	Bill	10/01/2005	Stov...	Misc. Applia...	5110 · Job Related...	Material...	1,500.00
Jones Plumbing	Bill	09/20/2005		Rough Plumb...	5110 · Job Related...	Subcon...	6,500.00
Jones Plumbing	Bill	09/20/2005		Finish Plumb...	5110 · Job Related...	Subcon...	0.00
Jones Plumbing	Bill	08/01/2005	seco...	Finish Plumb...	5110 · Job Related...	Subcon...	6,000.00
Maple Glow Cabin...	Bill	10/15/2005	90857	Cabinets & V...	5110 · Job Related...	Subcon...	12,000.00
Maple Glow Cabin...	Bill	07/20/2005	1/2 p...	Cabinets & V...	5110 · Job Related...	Subcon...	12,000.00
Middlefield Building...	Bill	08/20/2005	permit	Building Permit	5110 · Job Related...	Other Jo...	89.00
Middlefield Building...	Bill	08/30/2005		Building Permit	5110 · Job Related...	Other Jo...	89.00
Prentice, Adelaide	Paycheck	01/05/2005	102		6504 · Designer's ...	Overhea...	150.00
Prentice, Adelaide	Paycheck	01/05/2005	102		5230 · Direct Payro...	Overhea...	9.30
Prentice, Adelaide	Paycheck	01/05/2005	102		5230 · Direct Payro...	Overhea...	2.18
Prentice, Adelaide	Paycheck	01/05/2005	102		5230 · Direct Payro...	Overhea...	1.20
Prentice, Adelaide	Paycheck	01/05/2005	102		5230 · Direct Payro...	Overhea...	5.25
Prentice, Adelaide	Paycheck	01/05/2005	102		6185 · Worker's Co...	Overhea...	4.32
Prentice, Adelaide	Paycheck	01/05/2005	102		5230 · Direct Payro...	Overhea...	0.15
Total Kitchen Remodel							129,915.40
Total Albrecht, Henry							129,915.40
TOTAL							**129,915.40**

Figure 206 - Job Costs Detail Report

Cost to Complete by Job Summary

As shown in **Figure 12**, the **Cost to Complete by Job Summary** report provides an estimate of the costs to complete the jobs shown on the report.

Cost to Complete by Job Detail

The **Cost to Complete by Job Detail** provides an item-by-item listing of the estimated cost to complete selected jobs. When the report is selected, users enter the estimated completion percentage for each item in the estimate; the cost to complete is then calculated by multiplying the estimated cost (according to the estimate) by the remaining percentage to complete.

To use this report you must first enter the % complete for each line item. This is of course not completely compliant with GAAP Standards that determine % complete by dividing Costs to Date / Budgeted Costs to arrive at the actual % complete.

Figure 207 – User entered screen for recording % complete

Figure 208 -- Cost to Complete by Job Detail Report

Unpaid Bills by Job

The **Unpaid Bills by Job** report displays all outstanding invoices, summarized by job.

9:39 AM			**Quality-Built Construction**			
12/15/07			**Unpaid Bills by Job**			
Accrual Basis			**All Transactions**			
Type	Date	Num	Source Name	Due Date	Aging	Amount	Open Balance

(report figure)

Type	Date	Num	Source Name	Due Date	Aging	Amount	Open Balance
Albrecht, Henry							
Cottage - New Construction							
Bill	12/12/2007		Color-Brite Paint C...	01/11/2008		1,163.04	1,163.04
Bill	12/15/2007		Laurel's Cabinets	01/14/2008		12,532.00	12,532.00
Bill	12/20/2007		Chidester Marble &...	01/19/2008		10,986.00	10,986.00
Bill	12/20/2007		Chidester Marble &...	01/19/2008		3,730.00	3,730.00
Bill	12/30/2007		Lipps' Landscaping	01/09/2008		12,085.03	12,085.03
Total Cottage - New Construction						40,496.07	40,496.07
Total Albrecht, Henry						40,496.07	40,496.07
TOTAL						40,496.07	40,496.07

Figure 209 -- Unpaid Bills by Job Report

Unpaid Job Bills by Vendor

The **Unpaid Job Bills by Vendor** report lists all unpaid job-related bills, summarized by vendor.

9:41 AM				**Quality-Built Construction**			
12/15/07				**Unpaid Job Bills by Vendor**			
Accrual Basis				**All Transactions**			
Type	Date	Num	Name	Due Date	Aging	Amount	Open Balance
All Star Truck Sales							
▶ Bill	01/09/2008		All Star Truck Sales	01/19/2008		1,407.00	1,407.00 ◀
Total All Star Truck Sales						1,407.00	1,407.00
Chidester Marble & Tile							
Bill	12/20/2007		Albrecht, Henry:Co...	01/19/2008		10,986.00	10,986.00
Bill	12/20/2007		Albrecht, Henry:Co...	01/19/2008		3,730.00	3,730.00
Total Chidester Marble & Tile						14,716.00	14,716.00
Color-Brite Paint Company							
Bill	12/12/2007		Albrecht, Henry:Co...	01/11/2008		1,163.04	1,163.04
Total Color-Brite Paint Company						1,163.04	1,163.04
Laurel's Cabinets							
Bill	12/15/2007		Albrecht, Henry:Co...	01/14/2008		12,532.00	12,532.00
Total Laurel's Cabinets						12,532.00	12,532.00
Lipps' Landscaping							
Bill	12/30/2007		Albrecht, Henry:Co...	01/09/2008		12,085.03	12,085.03
Total Lipps' Landscaping						12,085.03	12,085.03
Office Mart							
Bill	12/29/2007		Office Mart	01/08/2008		227.00	227.00
Total Office Mart						227.00	227.00
Valley Yellow Pages							
Bill	12/31/2007		Valley Yellow Pages	01/10/2008		900.00	900.00
Total Valley Yellow Pages						900.00	900.00
Western Telephone Company							
Bill	12/09/2007		Western Telephon...	01/08/2008		100.00	100.00
Bill	01/02/2008		Western Telephon...	02/01/2008		359.77	359.77
Total Western Telephone Company						459.77	459.77
TOTAL						43,489.84	43,489.84

Figure 210 - Unpaid Job Bills by Vendor Report

Expenses Not Assigned to Jobs

The **Expenses not Assigned to Jobs** report details all expenses that were not assigned to Customer:Jobs.

Billed/Unbilled Hours by Person

The Billed/Unbilled Hours by Person report provides a summary of hours billed, unbilled, and not billable grouped by person.

Figure 211 - Billed/Unbilled Hours by Person Report

Billed/Unbilled Hours by Person and Job

The **Billed/Unbilled Hours by Person and Job** report details billed, unbilled, and not billable time by employee and by job.

Figure 212 - Billed/Unbilled Hours by Person and Job Report

Billed/Unbilled Hours by Person and Activity

The **Billed/Unbilled Hours by Person and Activity** report shown time by employee, by activity for a selected time period.

	Billed	⋄	Unbilled	⋄	Not Billable	⋄	Dec 31, 08
Quality-Built Construction — 10:22 PM, 12/15/07 — Billed/Unbilled Hours by Person and Job — All Transactions							
Pepper, Chris							
Campbell, Heather:House-New Construction ▶	0.00	◀	918.00		0.00		918.00
Cruz, Albert:Cottage - New Construction	0.00		720.00		0.00		720.00
Hamby, Shane:Cottage - New Construction	659.00		0.00		0.00		659.00
Molotsi, Hugh:Second Story Addition	0.00		704.00		0.00		704.00
Tedford, Dan:Addition	0.00		928.00		0.00		928.00
Wiessinger, Gary:Bathroom Addition	0.00		520.00		0.00		520.00
Wiessinger, Gary:Guest Cottage	0.00		880.00		0.00		880.00
Wilson, Brandon:Custom Home	0.00		800.00		32.00		832.00
Total Pepper, Chris	659.00		5,470.00		32.00		6,161.00
TOTAL	659.00		5,470.00		32.00		6,161.00

Figure 213 -- Billed/Unbilled Hours by Person and Activity Report

Open Purchase Orders by Vendor

The **Open Purchase Orders by Vendor** report displays all open purchase orders, grouped by vendor.

Figure 214 - Open Purchase Orders by Vendor

Open Purchase Orders by Vendor Detail

Similar to the Open Purchase Orders by Vendor report, the **Open Purchase Orders by Vendor Detail** report provides a detailed listing of all open purchase orders, grouped by vendor.

Figure 215 - Open Purchase Orders by Vendor Detail Report

Certified Payroll – Box 1 Employee Information

The **Certified Payroll – Box 1 Employee Information** report provides information that is used to assist in completing certified payroll reports. The information shown on this report is drawn from the data that is entered as employees are added in the Employee Center.


Figure 216 - Certified Payroll - Box 1 Employee Information Report

Vendor Account Information

The **Vendor Account Information** report provides contact and account information for vendors.

Customer Account Information

The **Customer Account Information** report provides contact and account information for customers.

Figure 217 - Customer Account Information Report