

# QuickBooks® - Advanced Topics

## *Using QuickBooks® to Manage Your Business Even Better*

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# Advanced Set up

## 1. BEGINNING BALANCES

Converting / transitioning from other accounting systems to QuickBooks.

1. Select your start date – the date after which your QuickBooks reports will be accurate (beginning of a month, quarter, or year).
2. Run reports from your old system dated the day before your start date (the end of the previous month): Balance Sheet, Profit & Loss, Aged Receivables, Aged Payables, and Inventory Valuation (if applicable to your business).
3. Set-up your chart of accounts - include beginning balances on all Balance Sheet accounts except Sales Tax Payable, Accounts Receivable, Accounts Payable, Inventory Asset, and Retained Earnings.
4. If you charge sales tax, open your Sales Tax Payable register (QuickBooks will have already set this account up for you) and enter your beginning balance directly into the register. Date it the day before your start date. Use the State Board of Equalization as the vendor and Opening Balance Equity as the account.
5. Set-up your Inventory Items and include the Quantity on Hand and Value as of the day before your start date for every item listed on your Inventory Valuation report from your old system.
6. Set up an item called Beginning Balance as an Other Charge, Non-Taxable, and with the Account: Opening Balance Equity.
7. Enter all invoices listed on the Aged Receivables report from your old system using the item: Beginning Balance.
8. Enter all bills listed on your Aged Payables report from your old system using the account: Opening Balance Equity.
9. If your Start Date is not the beginning of the year, enter a Journal Entry for the account balances on the Profit & Loss statement from your old system with the Net Profit or Loss going to Opening Balance Equity.
10. Open the register for Opening Balance Equity. Enter the balance for Retained Earnings directly into the register as a decrease. This should bring the balance of the Opening Balance Equity account to zero.
11. Run your QuickBooks Balance Sheet, Aged Receivables, Aged Payables, and Inventory Valuation reports. If you entered everything correctly, they should match the reports from your old system. If your start date is the beginning of the year, your Net Income and Retained Earnings accounts will not match, but their total should. That total will become your Retained Earnings on your start date.

## 2. CUSTOM FIELDS

Set-up and use custom fields for Customers, Vendors, or Employees.

1. From the Customer screen, Vendor screen, or Employee screen, click on the Additional Info tab.
2. Click on the Define Fields button under Custom Fields.
3. Enter a Label and check off who it applies to.
4. Enter data into the newly created Custom Field(s).
5. Modify reports to include the Custom Field data.

## 3. PREFERENCES

Change your preferences to suit your needs.

1. From the Edit menu, click on Preferences.
2. Look around; there are many different options available.
  - **General – My Preferences:** Pressing Enter moves between fields, Open drop-down lists when typing, Beep when recording transaction, Recall last transaction for this name, Use today's date as default.
  - **General – Company Preferences:** Always show years as 4 digits (1999), Save transactions before printing.
  - **Accounting – Company Preferences:** Use Account Numbers, Use class tracking, Date Warnings, Closing Date.
  - **Bills – Company Preferences:** Automatically use discounts and credits, Default Discount Account.
  - **Checking – My Preferences:** Select Default Accounts to Use.
  - **Desk Top View – My Preferences:** Multiple Windows, Show Home page when opening a company file, Show Coach window and features.
  - **Items & Inventory – Company Preferences:** Inventory and Purchase orders are active.
  - **Jobs & Estimates – Company Preferences:** Do You Create Estimates?
  - **Reports & Graphs – My Preferences:** Prompt me to modify report options before opening a report, Refresh automatically.
  - **Sales & Customers – Company Preferences:** Use price levels.
  - **Sales Tax – Company Preferences:** Do you charge sales tax? When do you pay sales tax?
  - **Send Forms – Company Preferences:** Change defaults for emailing forms.

## **4. CLOSING DATE**

A closing date helps prevent you from entering transactions in prior periods by mistake.

1. Go to Company/Set Closing Date... or go to Edit/Preferences, **Accounting – Company Preferences**.
2. Click on Set Date/Password.
3. Enter a closing date and Password.

## **5. 1099'S**

Activate and map your Chart of Accounts so you'll be able to print your 1099's. You are required to file 1099's to the IRS for anyone who provides you with services (not products) of \$600 or more in any calendar year. Corporations are exempt from this rule, although, you should file a 1099 on any law firm whether they are a corporation or not.

1. Go to Preferences, **Tax: 1099 – Company Preferences**.
2. Click "Yes" to the question: Do you file 1099-Misc forms?
3. Box 1: Rents – click on the Account column, the down arrow, then Rent Expense.
4. Box 7: Nonemployee Compensation – click on the Account column, the down arrow, Multiple accounts...
5. Put a check mark by every account representing services you receive from others (except legal).
6. Box 14: Gross Proceeds to Attorney – click on the Account column, the down arrow, then Legal Expense.

Print your 1099's.

1. Purchase 1099 forms at any office supply store. Ensure packet is designed for your printer and includes a 1096 form.
2. Go to File, Print Forms, 1099's/1096...
3. Review your 1099 Vendors by running the report. Ensure all individuals who provide you with services are flagged as Eligible for 1099, have a complete address and Tax ID.
4. To flag a vendor: double click on the Vendor Name, click on Additional Info, and Vendor eligible for 1099. Fill in their Tax ID and click on OK.
5. Review your summary report to review your 1099 data by running the report.
6. Print your 1099's and 1096.

## **6. PASSWORDS & SECURITY**

Limit employee activity to specific functions and access to sensitive information. One user must be allowed access to everything. That user is Admin by default.

1. Give the Admin user a password and change the name if you wish.
  - a. Go to Company, Set Up Users and Passwords, Set Up Users, Edit User.
  - b. Type in a Password, Confirm the Password, and/or Change the User Name.
  - c. Enter a Challenge Question and Answer if you wish.
2. Add Users.
  - a. Go to Company, Set Up Users and Passwords, Set Up Users, Add User.
  - b. Type in a User Name, Password, and Confirm the Password. Click Next.
  - c. Selected areas of QuickBooks is the default. Click Next.
  - d. Click through each area and limit what this User is allowed to look at and do.

## **7. CUSTOMIZING FORMS**

1. Go to List/Templates.
2. Right click anywhere on the screen and click New. Or, if you'd like to edit an existing form, right click on it and then Edit Template.
3. Select which type of form you'd like to customize and click on OK.
4. You are now on the Basic Customization screen. Here you can:
  - a. Name your form by clicking on Manage Templates and fill in the Template Name. Click on OK.
  - b. Import a Logo by clicking on the Use logo box and selecting the file where your logo is located. Your logo must already be either on your computer or accessible.
  - c. Change the color of the print by Selecting a Color Scheme and Applying it.
  - d. Change the fonts on the form by selecting the information and clicking on Change Font.
  - e. Add phone numbers, addresses, etc.
5. Click on Additional Customization. Here you can:
  - a. Change Header fields and titles.
  - b. Change Columns and titles.
  - c. Change Footer fields and title.
  - d. Change Print options.

6. Click on Layout Designer. Here you can:
  - a. Move fields around to fit your needs by clicking and dragging it.
  - b. Align address and return address to fit in windowed envelopes.
  - c. Change individual fonts and justifications by right clicking on the field and choosing Properties.
  - d. Add text, fields, and images by right clicking anywhere on the screen.

## **8. ITEMS**

On the Items List, you can set up items that might simplify your invoicing.

- **Subtotal** – used to total all items above it, up to the last subtotal. Useful for applying percentage discounts or surcharges to multiple items.
- **Group** – used to enter multiple items sold as a unit.
- **Inventory Assembly** – used for items you assemble from other items (not available in QuickBooks Pro).
- **Discount** – used to subtract a percentage or fixed amount from a total or subtotal.
- **Payment** – used to record a partial payment at the time of the sale or to summary post daily transactions from a cash register or website.

## **9. PRICE LEVELS**

In QuickBooks Pro, you can create multiple Price Levels that are a fixed percentage lower or higher than your standard pricing that you set up in the Item List. In QuickBooks Premier, your pricing levels are not limited to percentages; each customer could have their own price level that is different on each product or service.

1. From the Price Level list, right click anywhere on the screen, then click New.
2. For a **Fixed %** Price Level: Give the Price Level a name, whether it is an increase or decrease from your standard pricing, what the percentage is, and how you want it to be rounded.
3. For a **Per Item** Price Level (not available in QuickBooks Pro): Give the Price Level a name, select the Price Level Type as Per Item, and list the price of each inventory item.
4. After you have created your price levels, Edit each Customer and assign them a price level on the Additional Info tab.

# Tips for Easier Bookkeeping

## **10. FASTER DATA ENTRY**

- Set General Preference to Automatically open drop-down lists when typing.
- Set General Preference to recall last transaction.
- Limit Mouse Use.
- Tab between fields. Shift-tab to back up.
- Use the enter key rather than the Save & New button.
- Change dates with + and – keys.
- Use a 10-key pad and a standard keyboard.
- Use hot keys:
  - Ctrl-D to delete a transaction.
  - Ctrl-Delete to delete a line.
  - Ctrl-M to memorize a transaction.

## **11. MEMORIZING & SCHEDULING TRANSACTIONS**

To Memorize and Schedule a Transaction:

1. Open or create a transaction, and then press Ctrl-M or Edit/Memorize.
2. Give the transaction a name.
3. Designate if you'd like the transaction entered automatically in the future or if you'd just like to be reminded of it.
4. Schedule how often you'd like it entered, what the next date should be, and how many days in advance it should show up in your books.

To Edit or Delete a Memorized Transaction:

1. Click on List/Memorized Transaction List.
2. To Delete – click on the transaction to highlight it, then press Ctrl-D (or click on Memorized Transaction/Delete Memorized Transaction).
3. To Edit – right click on the transaction and click Edit Memorized Transaction (or Memorized Transaction/Edit Memorized Transaction).
4. If you wish to change the details of the transaction, Delete the old memorized transaction, and then create a new transaction and memorize it.

# Advanced Tasks

## **12. CUSTOMER CREDIT MEMOS / REFUNDS**

1. Go to the Create Credit Memos/Refunds screen.
2. Enter all the information for the credit you are giving to your customer.
3. Click on Use Credit to, and select either Give refund or Apply to invoice.
4. If refunding, click OK on the Issue Refund screen and print the check.
5. If applying to an invoice, designate which invoice on the Apply Credit to Invoices screen and click Done.

## **13. CUSTOMER PREPAID DEPOSITS**

When a customer gives you a deposit toward a future purchase, just receive the payment as normal, but don't apply to any outstanding invoices. This will leave a credit on the customer's account that can be used later. When you run your Accounts Receivable reports, it will show up as a negative number.

## **14. CUSTOMER SHORT PAYMENTS**

When a customer sends you a payment for less than the amount of an invoice, the first thing you need to do is decide if you want to try and collect it. This decision has nothing to do with accounting, and everything to do with your relationship with your customer.

If you decide to collect, then receive the partial payment against the invoice as normal. This will leave the balance of the invoice outstanding for you to collect.

If you decide not to collect, then clear the balance from the customer's account by processing an invoice adjustment.

## **15. INVOICE ADJUSTMENTS**

There are times when you need to adjust an old customer invoice, like when a customer sends a payment that is short ten cents and you don't want to hassle them for it. It is best not to edit that invoice and change the sales price. If you edit old transactions, then your records will no longer show what really happened. Instead:

1. Create an item (Other Charge) called Over/Short, expensed to an account called Cash Over/Short.
2. Enter a credit memo for the adjustment amount.
3. Apply the credit to the old invoice.



## **16. PETTY CASH**

If your business uses petty cash, enter those transactions by doing the following:

1. Set up a Petty Cash account as an Account Type – Bank.
2. Enter petty cash disbursements using the Write Checks screen with the Bank Account as Petty Cash.
3. When you write a check to fund Petty Cash, use Petty Cash as the “Expense” account.

## **17. BUSINESS EXPENSES PAID WITH PERSONAL FUNDS**

When a business owner uses personal funds (i.e. personal check, personal credit card, or cash that is not part of the company’s petty cash) for business purposes, those transactions can be entered directly into the register of an equity account.

1. Set up an equity account called Owner Contributions/Draws for a sole proprietor or Shareholder Contributions/Distributions for a corporation.
2. Open the register for that equity account.
3. Enter the date of the expenditure.
4. Use the Number field to identify the type of funds that were spent (i.e. Cash, PersCk, PersVisa, etc).
5. Enter the Payee.
6. Enter the amount spent as an Increase (the owner is putting personal funds into the company thereby increasing the equity).
7. Enter the expense account for the expenditure.

## **18. PERSONAL EXPENSES PAID WITH BUSINESS FUNDS**

When a business owner uses business funds (i.e. business check, business credit card, or petty cash) for personal expenses, those transactions are entered the same way you would normally enter them, except that the “Expense” account is the Owner Draw for a sole proprietor or Shareholder Distributions for a corporation.

## **19. RETURNED CHECKS & FEES**

When a customer check bounces, do not go back and change the original deposit. That deposit happened. Leave it the way it was. Instead, create a new invoice to the customer for the bounced check as follows:

1. Set up an item called Returned Check as an Other Charge with a Tax Code of Non and the Account as the Checking Account. This will reduce the balance in your checking account whenever you use it on an invoice.
2. If you wish to charge the customer a Returned Check Fee, then set up an item called Returned Check Fee as an Other Charge with a Tax Code of Non and the Account as Other Income.
3. Create a new invoice for the customer using the Returned Check item.

## **20. BAD DEBT WRITE OFFS**

1. Set up an expense account called Bad Debts.
2. Set up two items, one called Bad Debt Tax (for those sales on which you charged sales tax) and the other called Bad Debt Non (for those sales on which you did not charge sales tax). Set them both up as an Other Charge. The Tax Code for Bad Debt Tax is Tax and the Tax Code for Bad Debt Non is Non.
3. Enter a Credit Memo for the customer using the Bad Debt items. Be sure to separate your taxable sales and your non-taxable sales so you can get a sales tax credit for the taxable bad debts.
4. Apply the credit memo to the customer's outstanding invoices.

## **21. LOAN PAYMENTS**

You can enter a loan payment as either a Write Check or an Enter Bill, but either way you should split the transaction between the amount that applies to interest and the amount that applies to the loan.

1. Expense the interest portion to Interest Expense.
2. "Expense" the loan portion to the liability account for the loan.
3. Reconcile the liability account with the loan statement or amortization schedule to ensure the transaction was entered correctly.

## **22. PAYROLL – SUMMARY POSTING**

In this example, we are assuming the following:

1. A payroll company is processing your payroll.
2. The payroll company is filing all payroll tax returns as needed.
3. The payroll company is withdrawing all funds needed for the payroll tax payments from the corporate checking account every payroll, and then paying the taxes as they come due.
4. The payroll company prepares all payroll checks, but the checks are drawn on the corporate checking account.
5. The payroll company automatically withdraws their fees for each payroll from the corporate checking account.

If you have a different arrangement with your payroll company, then the posting will be slightly different, but the overall concept is the same.

1. Set up an Accrued Payroll account as an Other Current Liability.
2. Open the Accrued Payroll account register.
3. Enter the payroll period ending date as the Date. That will expense the payroll on the last day of the payroll period.
4. Enter the Ref as PR.
5. Enter the Payee as Payroll and Quick Add as an Other Name.
6. Enter the total cash requirements of your payroll as an Increase.
7. Click on the Splits button and enter the total of each expense from your payroll reports (i.e. Wages, Employer Payroll Taxes, and Payroll Service Fee).
8. Use the Write Check screen to enter each distribution from your checking account. Use the date of the distribution as the Date. You can use the Payroll payee for all disbursements or Quick Add additional Other Names for different types of disbursements (i.e. Payroll Check, Payroll Direct Deposit, Payroll Tax Payment, Paychex or ADP, etc). For all distributions, use the Accrued Payroll account as the “Expense”.
9. Ensure that the Accrued Payroll account balance is back to zero.

<b>Payroll Expenses 2/15</b>		
		<b>Total</b>
Wages		1,690
Employer Payroll Taxes		135
Payroll Service Fee		95
<b>Total Payroll Cash Requirements</b>		<b>1,920</b>

<b>Payroll Distribution - 2/20</b>		
<b>Payroll Checks</b>		
	10001	108.16
	10002	107.72
	10003	109.58
	10004	994.73
Payroll Tax Payment:		504.81
Payroll Company		95.00
		<b>1,920.00</b>

## **23. CASH REGISTER/WEBSITE SALES – SUMMARY POSTING**

Posting cash register or website sales in an efficient and useful manner requires a combination of cash register/website and QuickBooks set up and procedures.

1. Set up your cash register/website to allow you to group sales in a meaningful way and run summary reports at the end of each day. The reports should give you the total of each type of sale, what sales were in California and out-of-state (for websites only), sales tax, and a breakdown of payments received.
2. At the end of each day, gather all the checks and cash received that day and prepare a bank deposit. Leave the same amount in the register at the end of the day as you had at the beginning of the day. You don't have to take your deposits to the bank every day, but keep the daily deposits separate. It will make your bookkeeping a lot easier.
3. Set up Items in QuickBooks for each sales group that you set up on your cash register/website. The item types (Inventory Part, Non-Inventory Part, Service, Other Charge, etc) will depend on what you sell and how you track inventory.
4. Set up an Item called Over/Short as an Other Charge, expensed to your Cash Over/Short account.
5. Set up Items for each type of payment you receive, grouping together those that hit the bank together (Visa/Mastercard, Cash/Check, American Express, etc).
6. If you ring up sales in the cash register or on your website for customers who pay you later (i.e. net 30 or any other terms):
  - a. Set up an account called Accounts Receivable – Misc as an Other Current Asset.
  - b. Go to Preferences, Sales & Customers – Company Preferences and take the check mark out of the box titled: Use Undeposited Funds as a default deposit account.
  - c. Set up an Item called Cash Register/Website Sale as an Other Charge, Non Taxable, and with the Account: Accounts Receivable – Misc.
7. Summary Post your daily sales:
  - a. Go to the Enter Sales Receipts screen.
  - b. Enter a customer called Daily Cash Register and Quick Add (for websites, enter California sales, then out-of-state sales).
  - c. Enter the Date of the sales.
  - d. Use the items and enter the total for each group of sales from the cash register or website daily report.
  - e. Enter the total for each payment type.
  - f. Enter any Over/Short amount.

- g. Change the Deposit To field to Accounts Receivable – Misc. When complete, the Sales Receipt Total should equal the amount of sales to customers who have payment terms. If you don't have customers with terms, it should equal zero and you don't have to change the Deposit To field.
- h. Enter an invoice for the total daily sales to each customer with terms using the Item: Cash Register/Website Sale. When complete, the Accounts Receivable – Misc account should be zero.

## **24. ESTIMATES**

Estimates are used for customer quotes.

1. Activate the Estimates feature.
  - a. Go to Preferences, Jobs & Estimates – Company Preferences.
  - b. Answer Yes to the question: Do You Create Estimates?
2. Create an Estimate.
  - a. Open the Create Estimates screen.
  - b. Fill in the Estimate as you would an invoice. Unlike an invoice, QuickBooks allows you to input your costs and markup into your Estimate if you wish. However, they won't print on the customer's copy.
  - c. Print for your customer, or email it to them.
  - d. Save and Close.
3. Use an Estimate to Create an Invoice.
  - a. Open the Estimate.
    - Run the Estimates by Job report from the Reports \ Jobs, Time & Mileage menu. You might want to Modify the report to Filter only active estimates, change the Header\Report Title to Active Estimates, and then memorize it. That way you'll just have to run the memorized report.
    - Double click on the estimate you want.
  - b. Click on Create Invoice.
  - c. Choose if you want to create an invoice for the entire estimate, a percentage of the estimate, or selected items on the estimate.
  - d. Click on OK.
  - e. Print the invoice for you customer, or email it to them.
  - f. Save and Close.
4. After you have invoiced the entire Estimate, make the Estimate inactive.
  - a. Open the Estimate.
  - b. Remove the check mark from the field: Estimate Active. This estimate will then no longer be listed on your Active Estimates report.

## **25. EXPENSE REIMBURSEMENTS**

If you spend money on behalf of your customers and then invoice them for the reimbursements, you can track those expenses and simplify your invoicing.

1. When you enter a reimbursable expense in QuickBooks (regardless of whether it is a credit card charge, bill, write check, or cash expenditure), enter the customer on the expense line.
2. When you enter the customer's name in the Create invoices screen, QuickBooks will tell you that the customer has outstanding costs. Click OK to select the costs to add to the invoice.
3. Choose the Expenses tab and check off those you wish to add to the invoice.
4. Indicate the Markup Amount or % and what Markup Account to use.
5. Click OK.

## **26. PURCHASE ORDERS**

Purchase orders can be used to place orders with your vendors and track their status.

1. Open the Create Purchase Orders screen.
2. Fill-in the Vendor, Date, and Items you are ordering.
3. Print and send, or E-mail to your vendor.
4. When the vendor bill arrives, open the Enter Bills screen.
5. QuickBooks will tell you this vendor has open purchase orders and ask you if you would like to receive against them. Click yes.
6. Check the PO's you are receiving against, and click okay.
7. Edit the Enter Bills screen as needed to match the vendor invoice, and Save.
8. At any time you can run the Open Purchase Orders report to see what has not yet been received.

## **27. YEAR-END CLOSING**

You should "close" your books after each fiscal year (after your income tax returns are completed and you have entered any adjustments from your tax preparer). They aren't actually closed, but you want to zero out some of your equity accounts and set your closing date. You will still be able to access all the historic transactions.

1. Zero out the equity accounts that you have for draws, contributions, and/or disbursements:
  - a. Open your chart of accounts.
  - b. Open the register for an equity account by double clicking on it.

- c. Enter an increase or decrease dated the first day of your new fiscal year for the balance in the account, offsetting it against Retained Earnings.
  - d. Check to ensure the balance went to zero.
2. Set your closing date, and password protect it:
  - a. Open your Preferences, **Accounting – Company Preferences**.
  - b. Click on Set Date/Password
  - c. Enter the end of your fiscal year as your closing date.
  - d. Enter a password and confirm it.

## Advanced Reporting

### **28. CUSTOMIZING REPORTS**

You can modify any report in QuickBooks and make it more useful. Be adventuresome. Change the Display, Filters, Header/Footer, Fonts, etc. Here are a few examples:

1. Run Profit and Loss Standard for the previous twelve months.
  - a. Click on Modify Report, and check: Add subcolumns for % of Income.
  - b. Click OK. Now you can see your gross profit margin, your income broken down by percentages, and what percent of your income you're spending on each type of expense.
  - c. Click on Modify Report and take the check mark out of % of Income. Change the Display columns by: to Month. Click on OK. Now you have your last twelve months broken down by month and listed side by side.
  - d. Click on Collapse. Now your subaccounts are hidden and you can easily compare your business activity for the past year.
2. Run your A/R Aging Summary.
  - a. To estimate what cash you expect to receive in the future, change the report date to a future date. All past due invoices should be received between now and then, but be sure your preferences are set to age the report by due date and not invoice date.
  - b. If you only want to see receivables from a particular customer type, click on Modify Report and Filters. Choose the Customer Type filter and select which Customer Type.

3. Custom Summary Report.
  - a. Click on Reports, Custom Summary Report.
  - b. Set your Dates for the past twelve months, your Display columns by to: Month, and your Display rows by: to Customer.
  - c. Click OK. You now have a month by month summary of customer activity.
  - d. Double click on any number to get a listing of the detailed transactions.

After you have customized a report to your liking:

1. Change the Header to name the new report.
  - a. Click on Modify Report, Header/Footer.
  - b. Change the Report Title to a new name.
  - c. Click OK. That report title will now show on your report.
2. Memorize the report.
  - a. Click on Memorize and OK.
  - b. You can now find that report in the Memorized Report List by clicking on Reports, Memorized Reports, Memorized Report List.

## **29. JOB COSTING**

Job costing allows you to analyze the profit you made specific to a customer or multiple jobs you did for that customer. To make these reports work, you must setup your customers (and jobs if you want to track multiple jobs for the same customer), flag every income and cost of goods sold to a customer/job, and make sure every income and cost of goods sold is flagged to a customer/job.

1. Setup a customer/job.
  - a. Setup a customer as you normally would.
  - b. To add a job, open the Customer Center, right click on the customer's name, and click on: Add Job.
  - c. Give the job a Name and click OK.
2. Flag every income and cost of goods sold to a customer/job.
  - a. If you are using jobs, select the Job (not just the customer) for every Invoice and Sales Receipt. If you ever enter a deposit with the From Account as an income account, be sure to designate a Received From customer/job.
  - b. Enter a customer/job on every vendor bill, credit card charge, check, and cash expenditure for costs of goods sold. For cash expenditures entered directly into an Owner Contribution/Draw register, click on the split button to display the Customer:Job field.



3. Make sure every income and cost of goods sold is flagged to a customer/job. This step is often overlooked, but it is the most important. If your reports are not complete and accurate, then they are less than worthless (they could actually do you harm if you make bad business decisions based on them).
  - a. Run your Profit and Loss Standard report.
  - b. Change the Dates to: Fiscal Year-to-date.
  - c. Run your Profit and Loss by Job report. It defaults to Fiscal Year-to-date.
  - d. Compare the Total column in the by Job report with the Standard report for all income and cost of goods sold accounts. They must match; otherwise you have overlooked flagging something to a customer/job. Find your mistake(s) and fix it until the two reports do match.
4. Run other Job Costing reports.
  - a. The Job Profitability Summary will show you how you did on every job.
  - b. Double click on any number in the (\$) Diff. column and you will get all the detail for that job.
  - c. Sort the detail report by Account, remove the Balance and Split columns, and you will have a useful report for reviewing what happened on a particular job.
  - d. To calculate your profit percentage, export the Job Profitability Summary to Excel and use the empty column to the right to divide the (\$) Diff. column by the Act. Revenue column.

Depending on how you invoice your customers, there may be more analyzing and adjusting necessary to get accurate monthly financial statements. However, customizing the job costing reports can help make that analysis and adjustment process easier.

### **30. EXPORTING REPORTS TO EXCEL**

If you can't customize a report to your exact specifications, export it to Excel and make the changes there. Keep in mind, however, that the Excel spreadsheet will not be updated if you change the numbers in QuickBooks. You will have to export the report again.

1. Run the report you want to export.
2. Click on the Export button.
3. Indicate you want to Export QuickBooks report to: a new Excel workbook.
4. Click on Export.
5. QuickBooks will open Excel with the report in a new spreadsheet.

## **31. CLASSES**

Using classes gives you an additional opportunity to break your total Profit & Loss Statement into subsections, similar to the Profit & Loss by Job report. These classes could be for different departments, locations, or markets depending on what you think would be helpful in the management of your business.

1. If you haven't done so already, enable Class Tracking in the preferences section: **Accounting – Company Preferences**.
2. Input a class on every transaction of income, cost of goods sold, and expenses.
3. Run the Profit & Loss by Class report.
4. Review any Unclassified transactions and assign them to a class.

## **32. BUDGETS**

1. Create a Budget.
  - a. Go to Company, Planning & Budgeting, Set Up Budgets. If a current budget exists, it is displayed. Click on Create New Budget.
  - b. Designate the fiscal year & type of Budget you wish to create, and any other criteria.
  - c. Choose if you'd like to create the budget from scratch or based on the previous year's actual data.
  - d. Enter the monthly budgeted amounts for each account, and click OK.
2. Edit a Budget.
  - a. Go to Company, Planning & Budgeting, Set Up Budgets. The current budget will be displayed.
  - b. Make any changes in the monthly budgeted amounts, and click OK.
3. Run Budget comparison report.
  - a. Go to Reports, Budgets & Forecasts, Budget vs. Actual.
  - b. Designate what budget and layout to use.