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Basic QuickBooks

Section 1

Can you identify what version of QuickBooks you need?

QuickBooks Pro

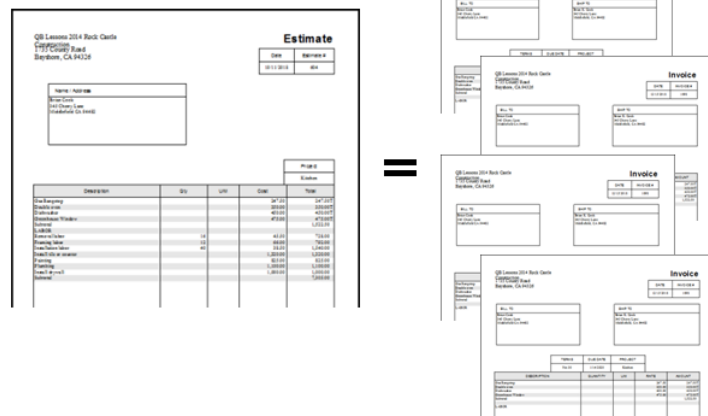
QuickBooks Online

QuickBooks Premier (Industry specific versions)

QuickBooks Enterprise

Set **passwords**. The audit trail tracks all transaction entries, edits, and deletions.

QuickBooks allows **progress invoicing**. That is, from one estimate for one job or project, multiple invoices can be created, allowing the customer to be billed at various stages as work is completed.



QuickBooks keeps track of what parts of the original estimate have been invoiced and which have not.

Cash accounting, in simple terms, means the accounting transaction (a sale or expense) is recorded when the cash is received or spent.

Accrual accounting, in simple terms, means the accounting transaction is recorded when it happens, regardless of when the cash is received or spent.

QuickBooks will track **inventory**, both quantity and value on hand. If you set up to use inventory, it's imperative that you tell QuickBooks each time you buy an inventory item and

each time you sell one. You do this by always creating the QuickBooks transactions using the items with correct quantities.

Some important facts about inventory:

Purchasing **inventory** is not an expense. Don't look for your inventory purchases there.

Purchasing **inventory** merely exchanges one asset, cash, for another asset, inventory on hand.

QuickBooks tracks the value of the **inventory** we have on hand on an average cost basis.

So if Acme Sporting Goods buys one baseball bat for \$5, then buys a second of the same baseball bat for \$10, in QuickBooks their inventory on hand is 2 baseball bats at \$7.50 each.



Acme Sporting Goods owns two baseball bats with a cost of \$7.50 each.

On the Balance Sheet, the balance in the account Inventory Asset is \$15.00

QuickBooks is able to track income and expenses by job, project, or customer. The feature is used to track projects for engineers, architects, and others. It is used to track fields and crops in agriculture. It is used to track rental units for property management companies.

There are probably many other uses as well. It's a very versatile feature.

Section 2 – Using Lists in QuickBooks

Most lists can be accessed from the **Lists dropdown** menu.

List elements, like accounts in the chart of accounts, can be edited, even changing the name, without affecting any of the history that applies to that list element.

Indented entries in the chart of accounts are subaccounts. Subaccounts allow the grouping of similar accounts (or items, etc) into groups, rather than those account names being scattered throughout the list in alphabetical order like main accounts.

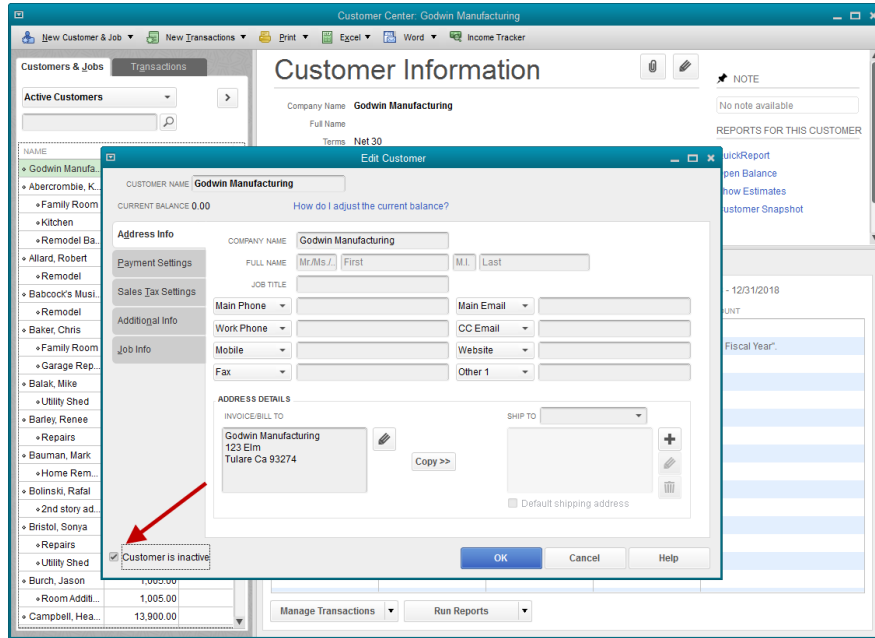
Customers, Vendors, and Employees are all major lists not on the Lists menu. They each have a Center. Customer Center, Vendor Center, etc. All activities with these lists, like editing, happen in the respective center.

There is another names list called Other Names. A best practice is to not use the Other Names list. Ordinarily, if you receive money from someone, they should be a customer, if you pay

them, they are a vendor. The exception would be if you pay an employee (someone who will receive a W2), these of course are in the Employee Center.

It is normal for two things to happen to names lists over time. One, they become populated with names we may never use again. Two, they become riddled with duplicates.

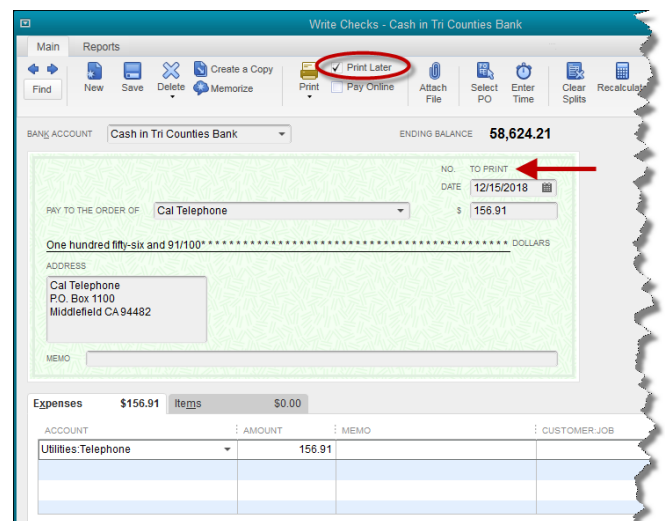
For names we think we will no longer use (an old customer, etc.), we can make the name inactive.



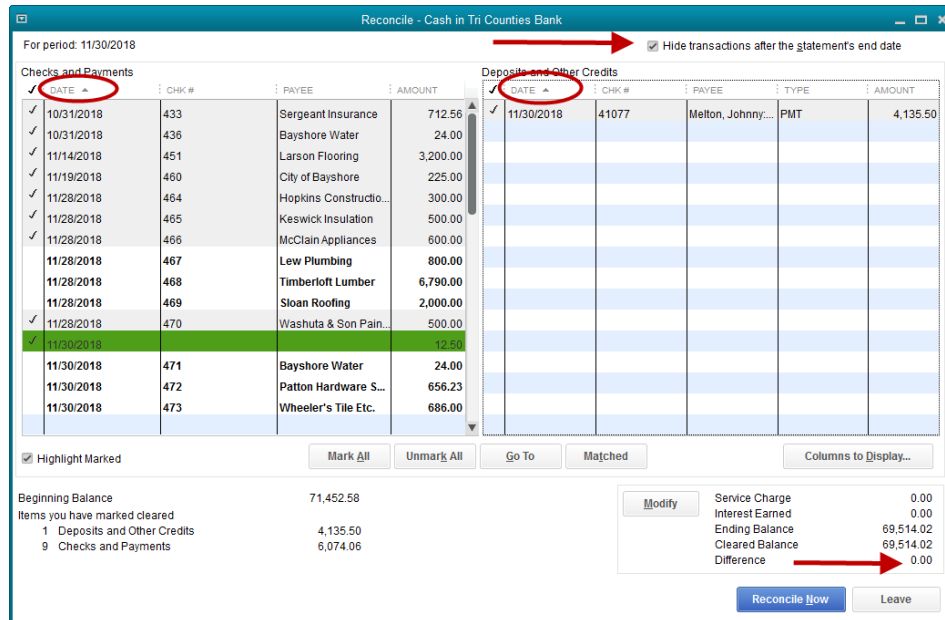
With duplicates, we use a feature call Merge. Edit the duplicate name you **no** longer want to show and change it to the name you **do** want to remain. This is a permanent change. There is no going back.

Section 3 – Banking

Using the Write Checks icon on the Home Page, checks are easy to create in QuickBooks. It looks just like a paper check form. The example has been set to be printed later. With that selection made, we cannot enter a check number. That will happen at the time of printing.



If you don't mark the box to Print Later, QuickBooks assumes it is a handwritten check and allows you to enter a check number.



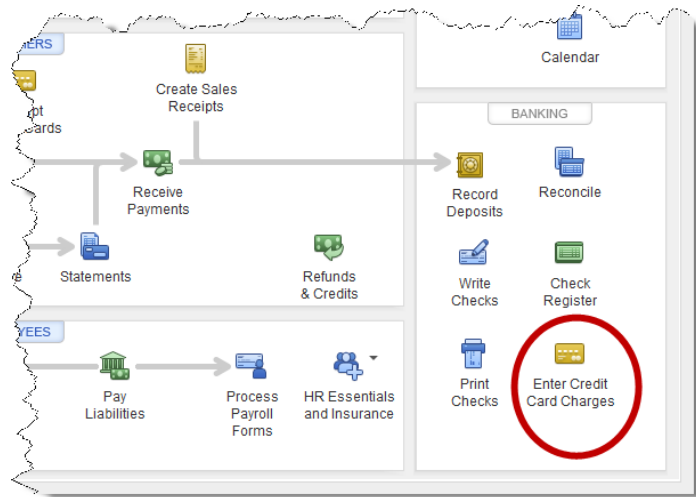
When reconciling in QuickBooks, you can click the checkbox in the upper right to "Hide transactions after the statement's end date." This eliminates a lot of clutter in the reconciliation window that you don't need.

The transactions (checks on the left, deposits on the right) can be sorted by any of the column headers. The gray triangles in the screenshot above indicate that both checks and deposits are in date order.

Always try to get to the point where **Difference** equals zero.

Section 4 – Credit cards

QuickBooks will track your credit card purchases and keep credit card account balances accurate. On the chart of accounts, you must have created at least one account of the type, **Credit Card**.



Once you have created that account, an icon labeled **Credit Card Charge** appears on the Home Page.

Reconcile credit cards the same way you do bank accounts.

Section 5 – Selling to Customers

Record sales to customers using either an **invoice** or **sales receipt**. An invoice tells QuickBooks the customer is being billed and will be expected to pay for the sale at some future point. A sales receipt tells QuickBooks payment was received at the time of sale and should be deposited to the bank.

We create **items** for the things we sell, whether they be merchandise or services. As we create items, they populate a list. Lists->Item List.

The most common item types are:

Service – for selling services like repairs.

Inventory Part – for tracking inventory. QuickBooks will account for cost, quantity on hand, etc.

Non-Inventory Part – Merchandise, but we don't want QuickBooks to track cost or quantities.

How can I set rates by customers or employees?

Section 6 – Payments & Deposits

A sale to a customer using an invoice creates an **Accounts Receivable**, a debt that particular customer owes your business. That debt, represented by the invoice, is paid by creating a **Customer Payment** transaction in QuickBooks.

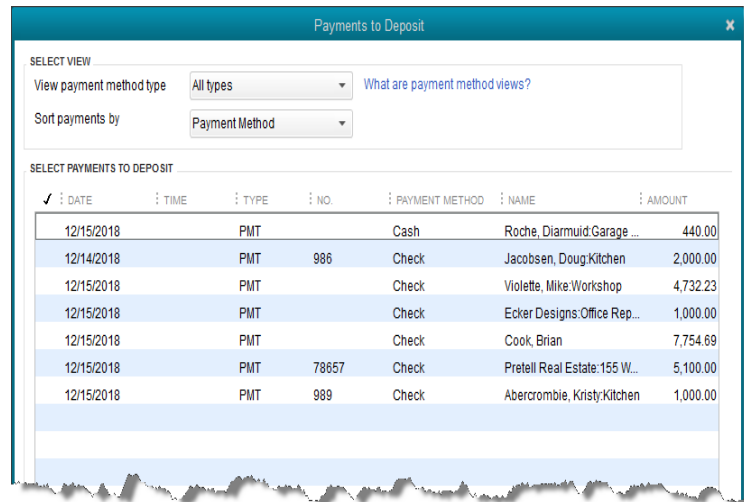
The top third of the window, 1, is for customer name, date and amount of the payment and so on.

DATE	NUMBER	ORIG. AMT.	AMT. DUE	PAYMENT
09/12/20...	1058	14,510.00	14,510.00	14,000.00
Totals		14,510.00	14,510.00	14,000.00

In the middle third, 2, QuickBooks will display all open invoices for this customer. Be sure the correct invoice is selected. Change the checkmarks in the left-hand column if necessary to apply the payment to the correct invoice.

The bottom third of the window, 3, will be blank if the payment amount and the invoice amount are exactly the same. In this area, you determine what should be done with overpayments or underpayments.

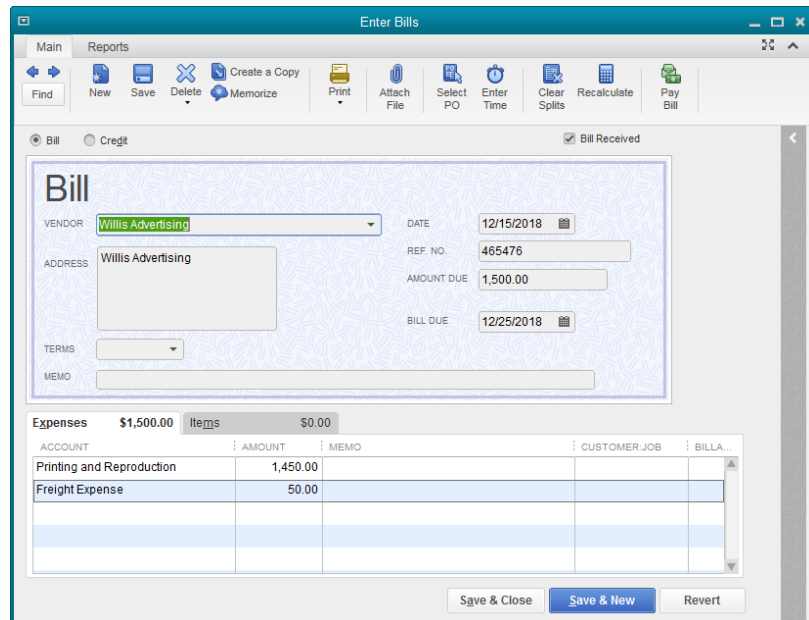
Deposits are separate transactions than payments. By default, QuickBooks posts all customer payments to a temporary account named Undeposited Funds. Then, when the Make Deposits command is accessed, QuickBooks presents the user with a list of payments in this temporary account so they can be selected and deposited to the bank account.



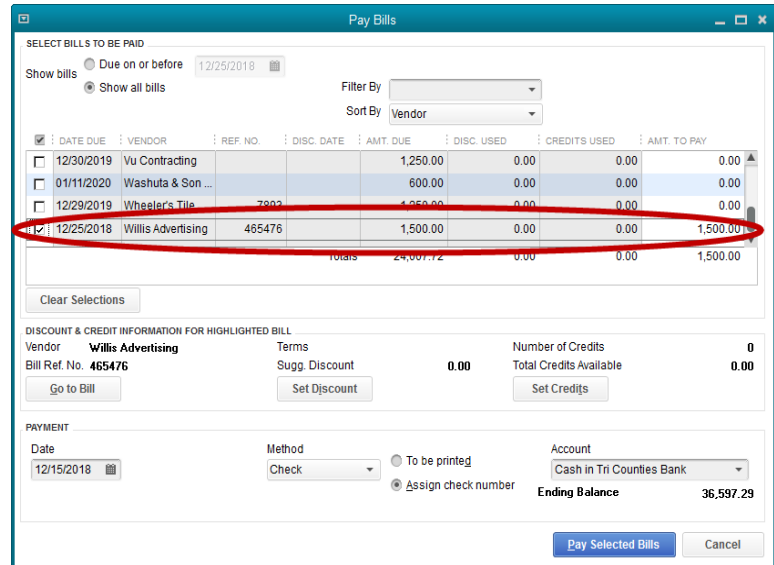
Section 7 – Entering and Paying Bills

For the most part, **bills** create expenses in QuickBooks just like checks do. The difference is that creating a check transaction is a one-step process that adds to expense and subtracts from the bank account.

Entering a bill also creates an expense, but it does not affect the bank account. Instead, in an account named Accounts Payable, QuickBooks tracks the money that we owe that particular vendor for the expense.



When it comes time to pay the vendor, we don't re-create the expense; that would double the amount claimed for that particular expense on financial reports. Instead we **Pay Bills**.



One would choose to enter bills rather than checks when:

- It was important the expense show in the month it was incurred, even if it is paid in a later month.
- An accurate record of all vendor invoices is wanted. A manager can get a list of all outstanding vendor obligations at any time by simply selecting the right report in QuickBooks.

Additional Tips

1099s

QuickBooks will create the 1099MISC and 1099NEC forms. Simply access the wizard by navigating to Vendors->Print/E-File 1099s->1099 Wizard.

If you don't see the 1099 section on your Vendor dropdown menu, the preference is probably turned off. In this case, navigate to Edit->Preferences->Tax:1099->Company Preferences. At the question "Do you file 1099MISC forms?", be sure Yes is selected.