QuickBooks

MULTIBUSINESS SOLUTIONS

QuickBooks Online Beginner Training for Magnifi Financial

11/13/24

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QuickBooks Online Foundations

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About Your Trainer

Certified QuickBooks ProAdvisor, Samantha Pierce

Samantha is a certified QuickBooks expert who can guide you through the maze of efficiently running a business. Samantha received her Associate of Arts degree from MSCTC and then went on to NDSU where she graduated with her Bachelor's of Accounting degree. For over 10 years, Sam has worked in accounting departments for companies ranging in size from small to large. For the last two years, Sam has taught a QuickBooks Online class and Fundamentals of Accounting Principles class at NDSCS.

The Multi Business Solutions team will help you master QuickBooks and ensure your financial information is accurate and timely; better yet they will arm you with critical knowledge of how to use the data to improve company performance.

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QuickBooks® Online Foundations

Important Information About the Structure of this Training.

Today's course is intended as the foundation for using QuickBooks® as a bookkeeping, business management and cash flow building tool. The material provides a critical basis for establishing bookkeeping best practices and ensuring accurate financial information.

Please ask questions throughout the presentation.

Your Instructor is also available for one-on-one consultations.

In addition to what you will learn today these manuals are for use as a

post-class reference guide.

(The Craig's Landscaping test drive company resets itself when you log out. Occasionally you may encounter a screen shot that looks different than what is posted in the manual. Our materials are updated throughout the year, however with technology advances, prompting updates, you may encounter an update that is not yet reflected in this manual.)

We are happy you are here today and look forward

to helping you master QuickBooks!

QuickBooks® Online Foundations

The most important reason to advance our knowledge of QuickBooks® Online and basic bookkeeping principles, whether you are a business owner or employee, is to gain an understanding of how to use our data to improve business performance.

While we identify specific learning objectives at the beginning of each section, 4 Overall Objectives include:

1. Introduction to basic features in QuickBooks Online and how they apply to best practice bookkeeping and accounting principles.
2. How to effectively and efficiently use QuickBooks Online to manage daily tasks and develop an understanding of how the data is entered, processed and reviewed.
3. How to customize QuickBooks Online to meet the specific needs of a business.

The Importance of QuickBooks® Online and Managing Cash Flow:

Business owners typically identify cash flow as their number one area of concern. QuickBooks Accounting Software, when utilized correctly, allows users to run cash flow projections and develop a cash flow management strategy to prevent shortfalls. This training will help participants develop a strong knowledge base of how to use QuickBooks reports to manage a business and build cash flow.

The foundation of business success is in the daily use of accurate, real-time financial data. ***What we measure, we manage; what we manage, we improve.***

The Power of QuickBooks® Online

It is important to focus on the areas of our business that contribute most to profitability. QuickBooks helps us quickly identify areas of focus if we know where to look.

The 80/20 rule, the Pareto Principle, is a powerful concept that consistently rings true.

In most cases, 20% of our customers generate 80% of our net profit. At the same time, 20% of the goods or services we sell contribute 80% of our revenue, etc. You get the idea.

The most important aspect of accurate financial data is the action plan it creates.

By generating daily reports that uncover the best customers, jobs, services, or products, you will soon see how you can refocus internal efforts on doing highly valuable work.

Accurate real-time data with one click access to reports, is an enormous benefit of using QuickBooks® Online the “right-way”.

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Online Foundations

SECTION 1
GETTING STARTED

Objectives
Features
Setup Your Company File
Navigation
Action Steps

Section 1Goals

Upon completion of Section 1, each participant will be familiar with the following objectives:

- Options for creating a new company file.
- How to setup a new company file.
- How to navigate using QuickBooks.

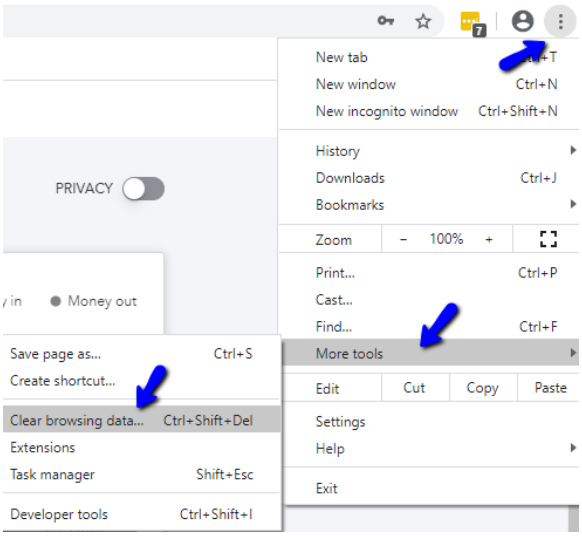
Chrome Browser

There are a few things you need to know going forward.

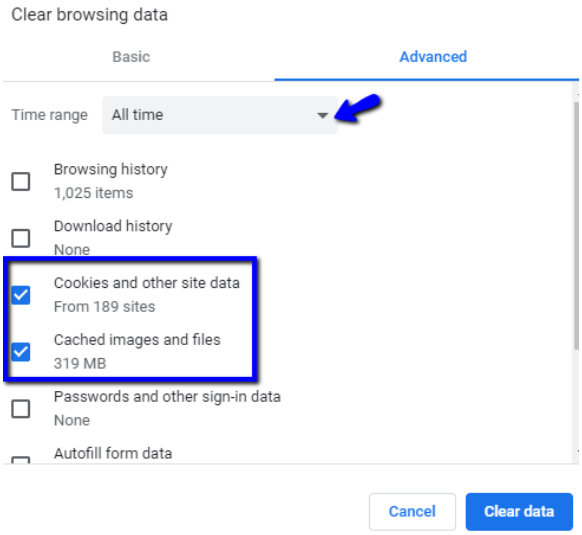
Cookies and Cache

If you receive an error message when trying to access your company file:

1. Click the **three dots** in the upper right section of the Chrome browser.
2. Click **More tools**.
3. Click **Clear browsing data**.



4. Select the **Time range**, **Cookies and other site data**, and **Cached images and files**.
5. Click **Clear data**.

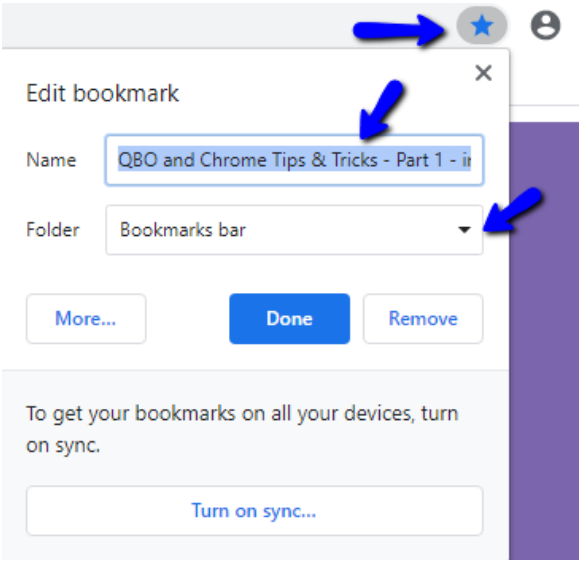


Important! Chrome is the recommended browser used to access QuickBooks Online.

Features

Bookmarks

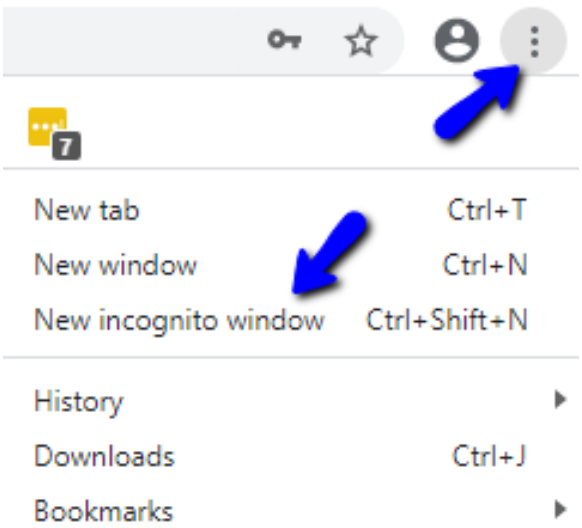
You can bookmark the login window and your favorite pages. To bookmark the login page, follow these steps:



6. Click the **star** on the top right of the browser bar to create a bookmark.
7. Choose a name for your bookmark and select a folder.
8. Click **Done**.

Incognito

Incognito mode provides more privacy and does not track your browsing history. To open an incognito window or tab, follow these steps:



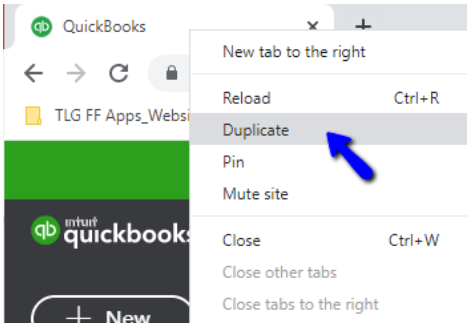
9. Select the **three vertical dots** on the top right of the browser bar.
10. Select **New incognito window**.

Features

Multiple Windows

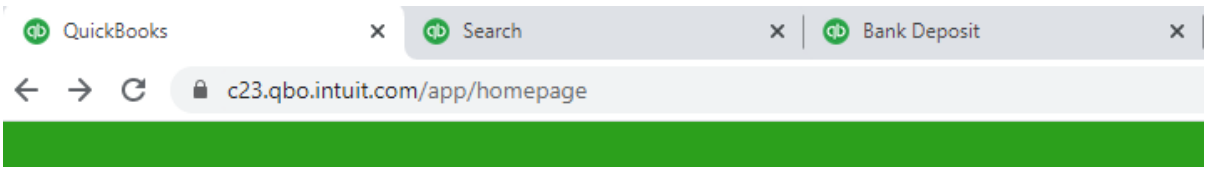
Web-based applications utilize the functionality of web browsers. Imagine working in several different windows in your QuickBooks Online company file. Log in to your company data file (in this example we will use Google Chrome).

Right click the **QuickBooks tab -> Duplicate**. You now have multiple windows open for your data file and can perform multiple tasks. This is a great way to enter and review historical transactions during the setup or cleanup process.



Another way to access multiple windows is as follows:

1. After logging into QuickBooks Online go to the URL/address bar and **copy (Ctrl + C)** the website's address.
2. Then, open a new tab. **Paste (Ctrl + V)** this address into the window.
3. The tabs are as follows: first tab – **Dashboard**, second tab – **Search**, and third tab – **Bank Deposit**.



Note: In Chrome you can create an additional user specifically for QuickBooks Online. You can then save all your favorite tabs/pages and have them available when you log in to your company data file.

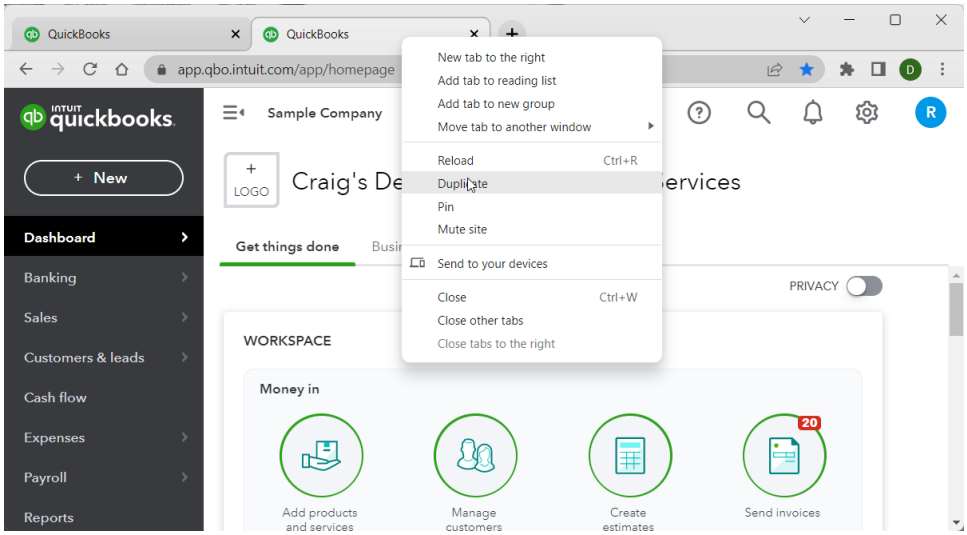
Features

Multiple Windows or Tabs

Using multiple windows is a great feature that allows you to work in two different areas of the application on separate monitors. This feature can save a lot of time!

Follow these steps to open multiple windows. In this example, we'll use Google Chrome.

1. Right-click the **QuickBooks tab** in your browser bar.
2. Select **Duplicate**.



Another way to access multiple windows is as follows:

1. Log into QuickBooks Online.
2. Go to the URL/address bar and **copy** (Ctrl + C) the website's address.
3. Then, open a new tab and **paste** (Ctrl + V) this address into the window.
4. The tabs are as follows: first tab – **Dashboard**, second tab – **Search**, and third tab – **Bank Deposit**.

Note: In Chrome you can create an additional user specifically for QuickBooks Online. You can then save all your favorite tabs/pages and have them available when you log in to your company data file. Become familiar with this feature.

Features

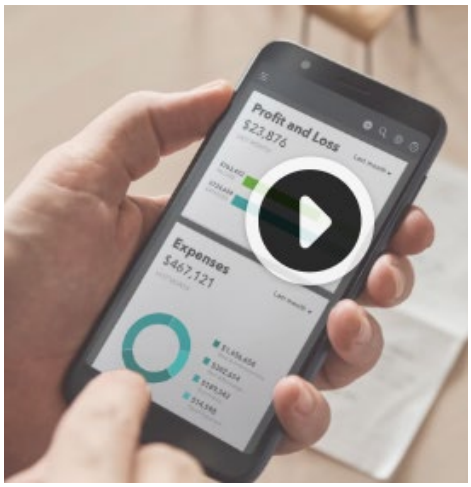
QuickBooks Online Mobile App

The QuickBooks Online Mobile App is very popular! It allows instant access to your QuickBooks Online data from your mobile device. More and more business owners are on the go and need easy and fast visibility to their accounting data. You can create multiple types of transactions and attach supporting documents or photos from your mobile app.

- To get started, download the QuickBooks Mobile App to your Android phone, iPhone, or tablet.
- Once you complete the installation, log in to your company file.

Here are some additional videos that will help you with Mobile App features. You may want to return to this page to review videos as the need arises to access various features.

After you log into the app, log in to your company data file from a computer. Click the **search** icon and select the transaction you just created from the app to add or change information as needed. Verify the receipt photo/document is now available in the attachments list.

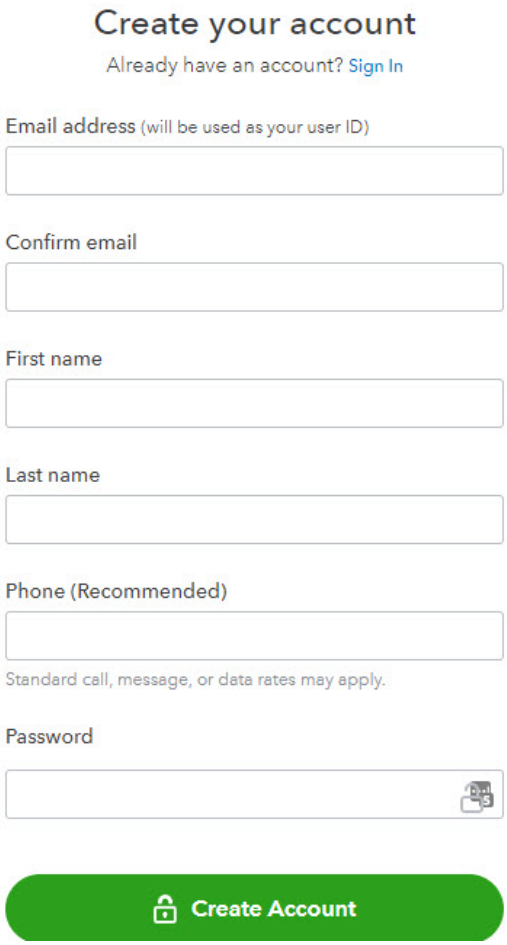


Setup Your Company File

Setup Wizard

Complete the following steps to successfully create your new Intuit QuickBooks Online account.

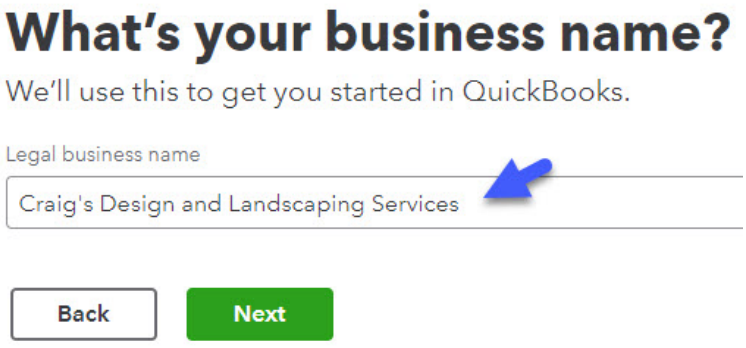
1. Fill in the required fields **-> Create Account -> Next**.
   If you have an existing Intuit account, click **Sign in -> Username or Email -> Password**.
2. Verify your account. Click **Continue**.



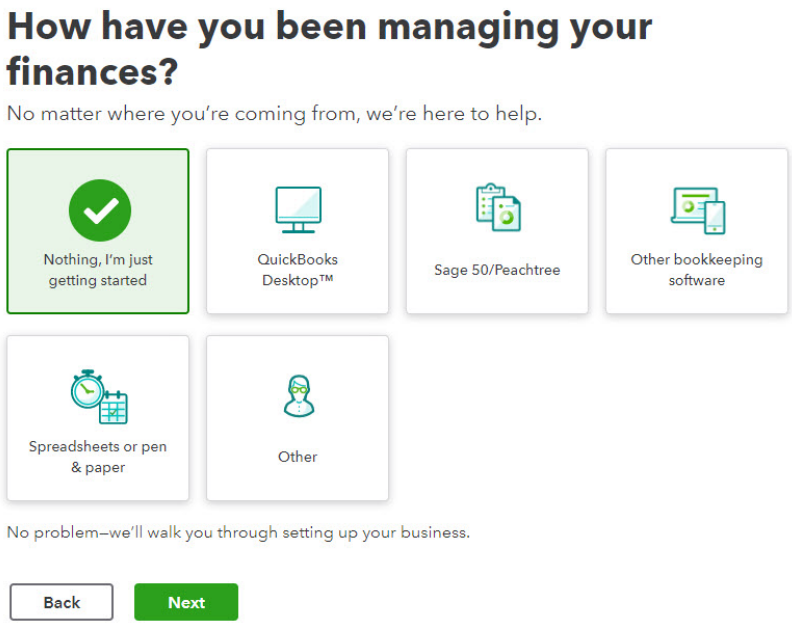
Next, you will see a “Welcome! We’re glad you’re here” window. Click **Next.**

Set Up Your Company File

3. For the **Legal business name**, use the exact legal business name used when you set up your entity (to prevent problems with the IRS). Click **Next.**



4. Next, select the best option relevant to your situation. Are you importing from QuickBooks Desktop, using another financial application, spreadsheets or other? If you are not importing data, choose **Nothing, I'm just getting started.** Click **Next**.

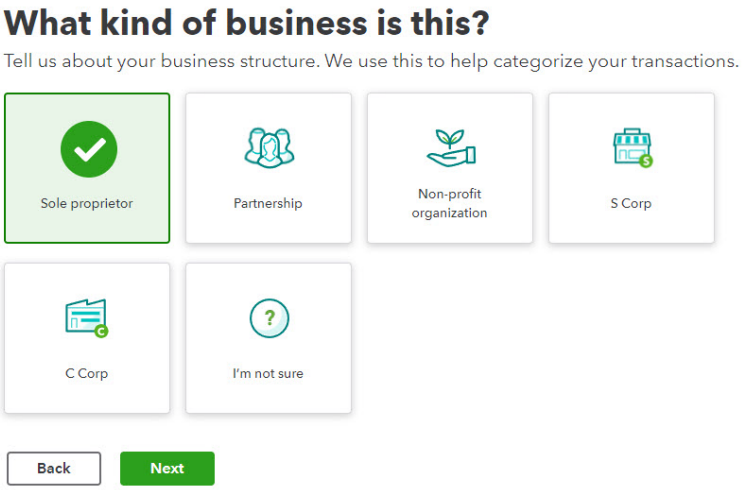


Set Up Your Company File

5. Search and select the industry specific to your business. This will auto-populate a basic chart of accounts category list. You will learn how to manage your chart of accounts later in the training.

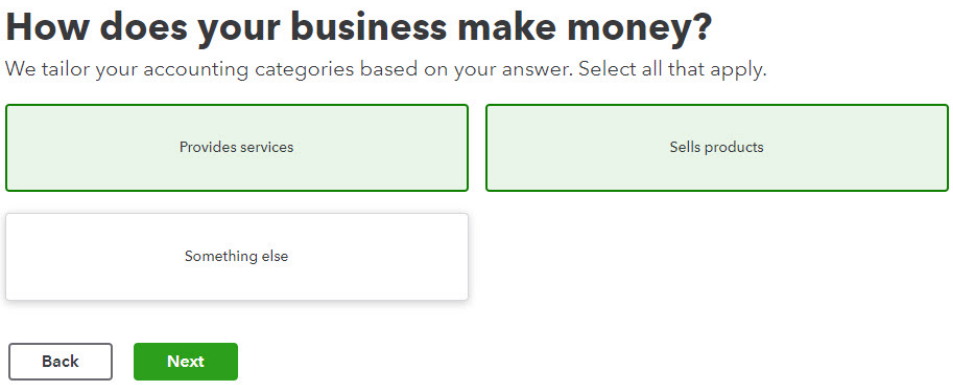
Important! If you leave the field blank and click **Skip for now**, less account categories will auto-populate. This will reduce the amount of time you spend on customizing your chart of accounts.

6. Select the **entity type** used when setting up your business. Click **Next**.

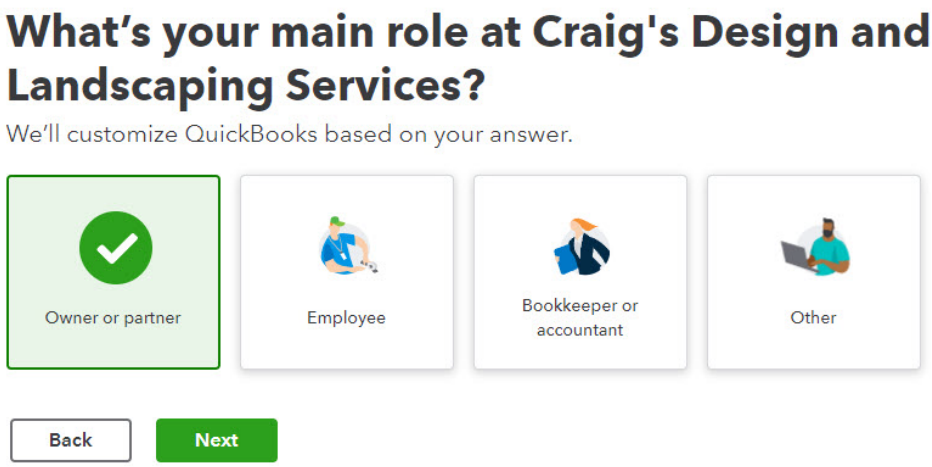


Set Up Your Company File

7. Select the options that apply to your company. Do you provide services, sell products, or both? Click **Next.**



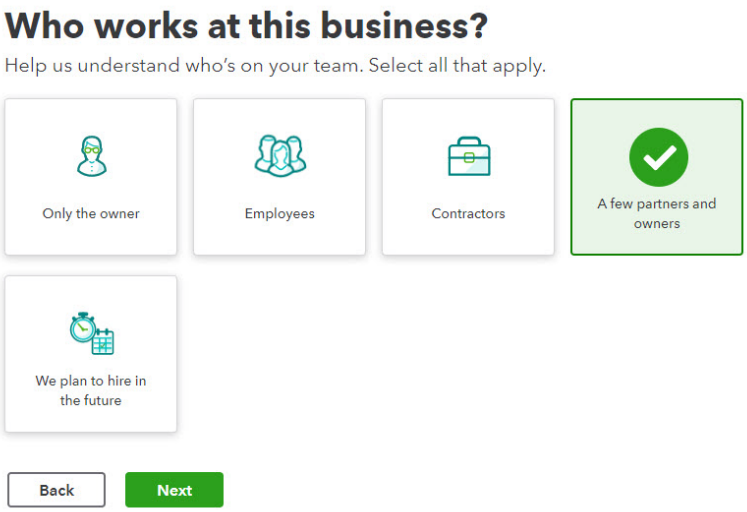
8. What is your role in the business? Select the option that applies, click **Next**.



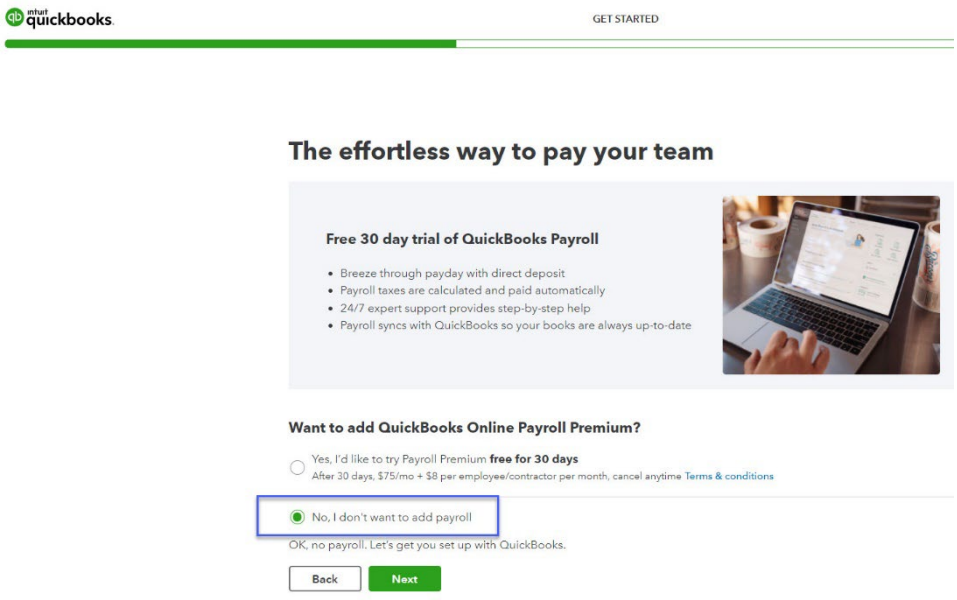
Set Up Your Company File

9. Who works at this business? Select the option that applies. Click **Next.**

Note: If you choose, **Only the owner**, you can always add payroll and contractor info later.

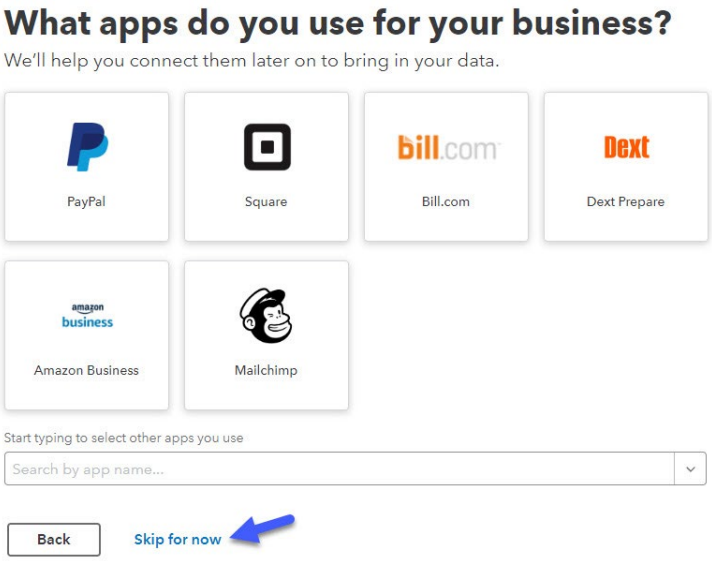


10. Select **No, I don't want to add payroll**.

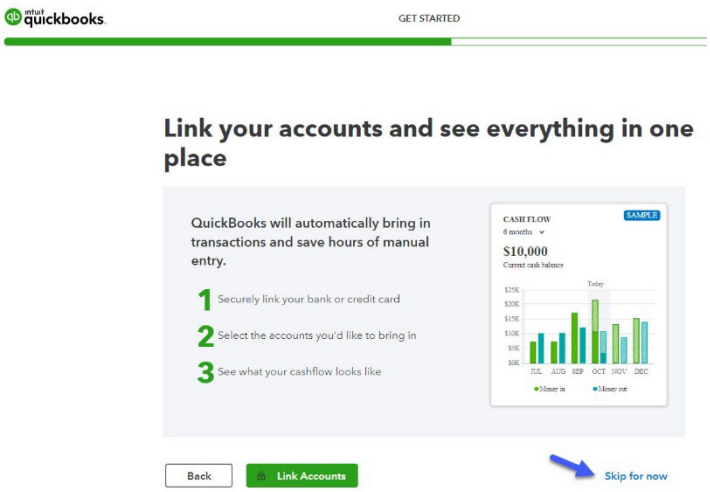


Set Up Your Company File

11. The next window that appears is based on your selections above. If you choose employees, an option to add a payroll subscription will appear. Click **I don't want to add payroll**.
12. **Next**, click **Skip for now**. You can always connect third-party applications later.

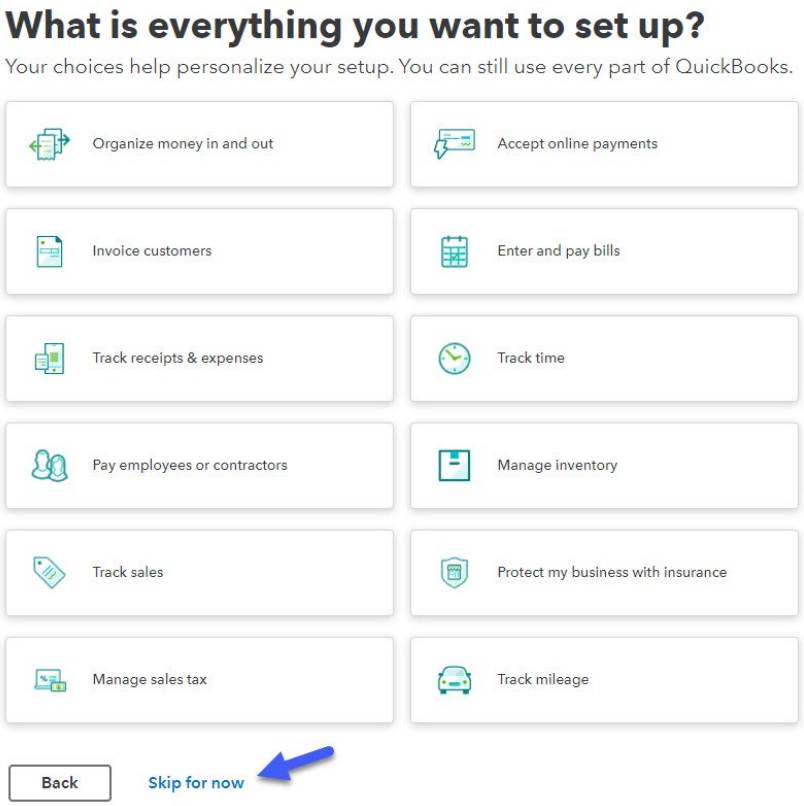


13. Link your accounts and see everything in one place. We will not actually connect accounts for this course. Click **Skip for now.**



Set Up Your Company File

14. What is everything you want to setup? **Check all options to match the screen shot below.** Click **Next** or **Skip for now.**



15. We're almost ready to dive in! Click **Let's Go.**

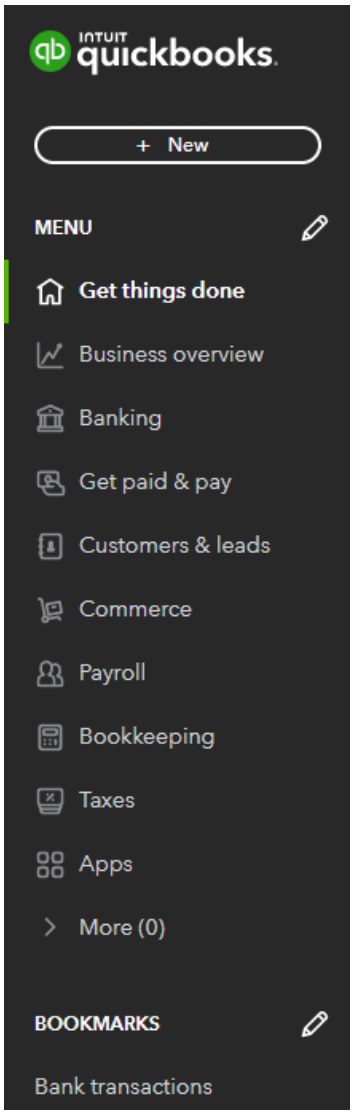
Navigation

There are two ways to view the left navigation bar:

Click the **gear** icon then click **Switch to Accountant** or **Business view.** We will use the **Accountant View** for the remainder of this training.

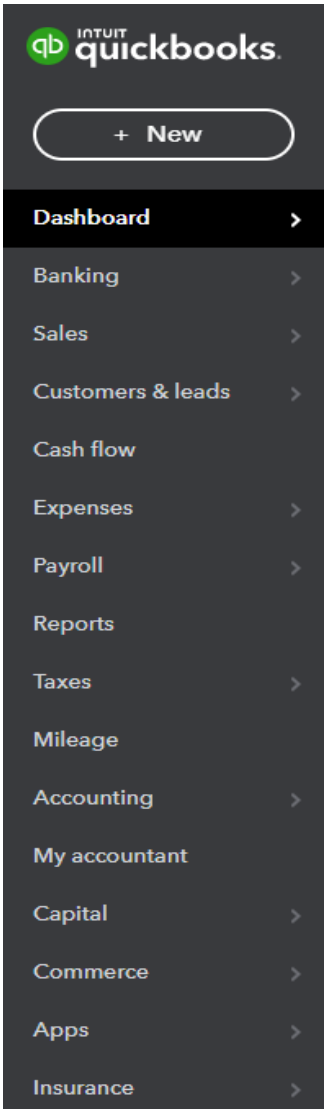
Left Navigation Bar

Business View



Left Navigation Bar

Accountant View

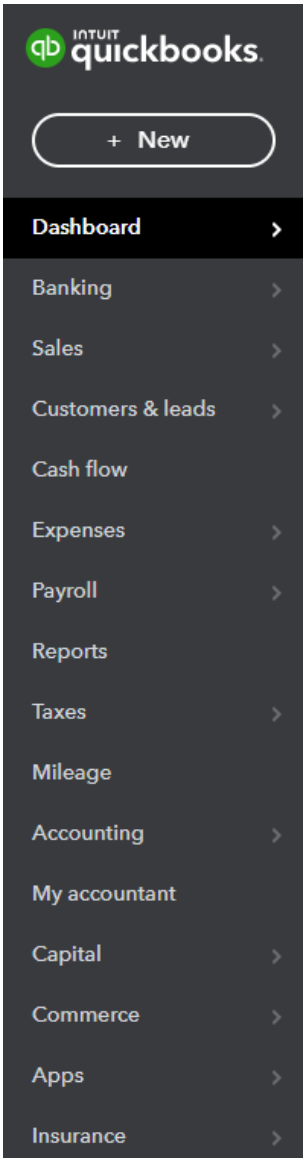


Note: Your subscription may look slightly different depending on which version you are using. It is also possible updates have been released.

Navigation

Left Navigation Bar (Accountant View)

This view is more specific to features related to the Centers. You do not have the bookmark feature in this view. **Note:** This is a personal preference. You can switch between the views, but we will use accountant view for this training.



Use the +New icon to manually input data for customers, vendors, employees and other.

The links on the left side act as your menu bar and will take you to frequently used areas in QuickBooks Online.

Post bank and credit card transactions in the Banking Center.

View expense history and vendor information.

Access sales, customers and products from the Sales Center.

Manage projects and workers.

Run payroll and track time.

View and customize reports.

Review and maintain sales and payroll taxes.

Track your mileage.

Maintain your chart of accounts categories.

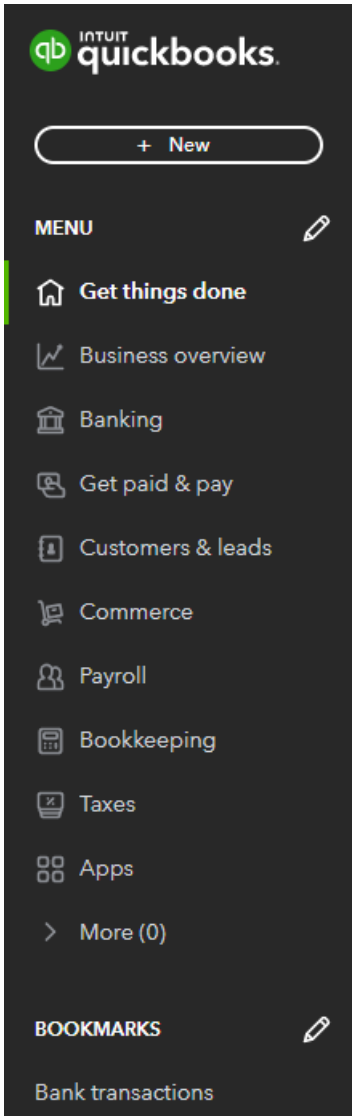
Invite an accountant or find a ProAdvisor.

Explore the application marketplace.

Navigation

Left Navigation Bar (Business View)

The **Business view** allows you to customize and bookmark centers and features. It is a different view and way to organize your centers and features.



Use the +New icon to manually input data for customers, vendors, employees and other.

The links on the left side act as your menu bar and will take you to frequently used areas in QuickBooks Online.

Post bank and credit card transactions in the Banking Center.

View expense history and vendor information.

Access sales, customers and products from the Sales Center.

Manage customers and leads.

Run payroll and track time.

Review and maintain sales and payroll taxes.

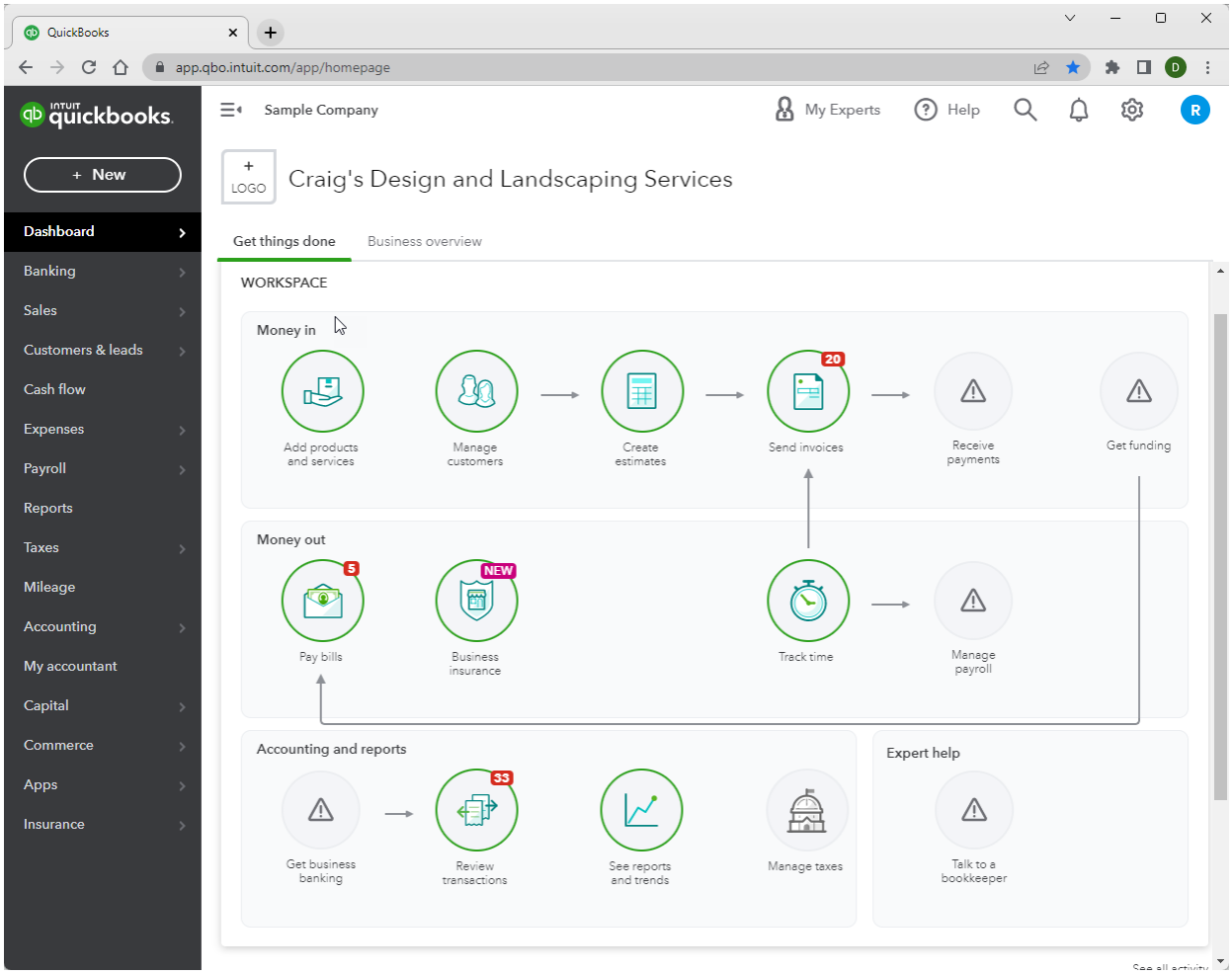
Customize the list, create and manage bookmarks.

Note: Click the **pencil** to the right of the “menu” in **the left navigation bar** to add or remove centers. Click the **pencil** to the right of “bookmark” to add or re-order bookmarks and pages.

Navigation

Dashboard (Getting things done)

Once the new company setup process is complete, you will automatically land on the dashboard (getting things done) tab. The icons shown in the screen shots below are shortcuts to various areas of QuickBooks Online.

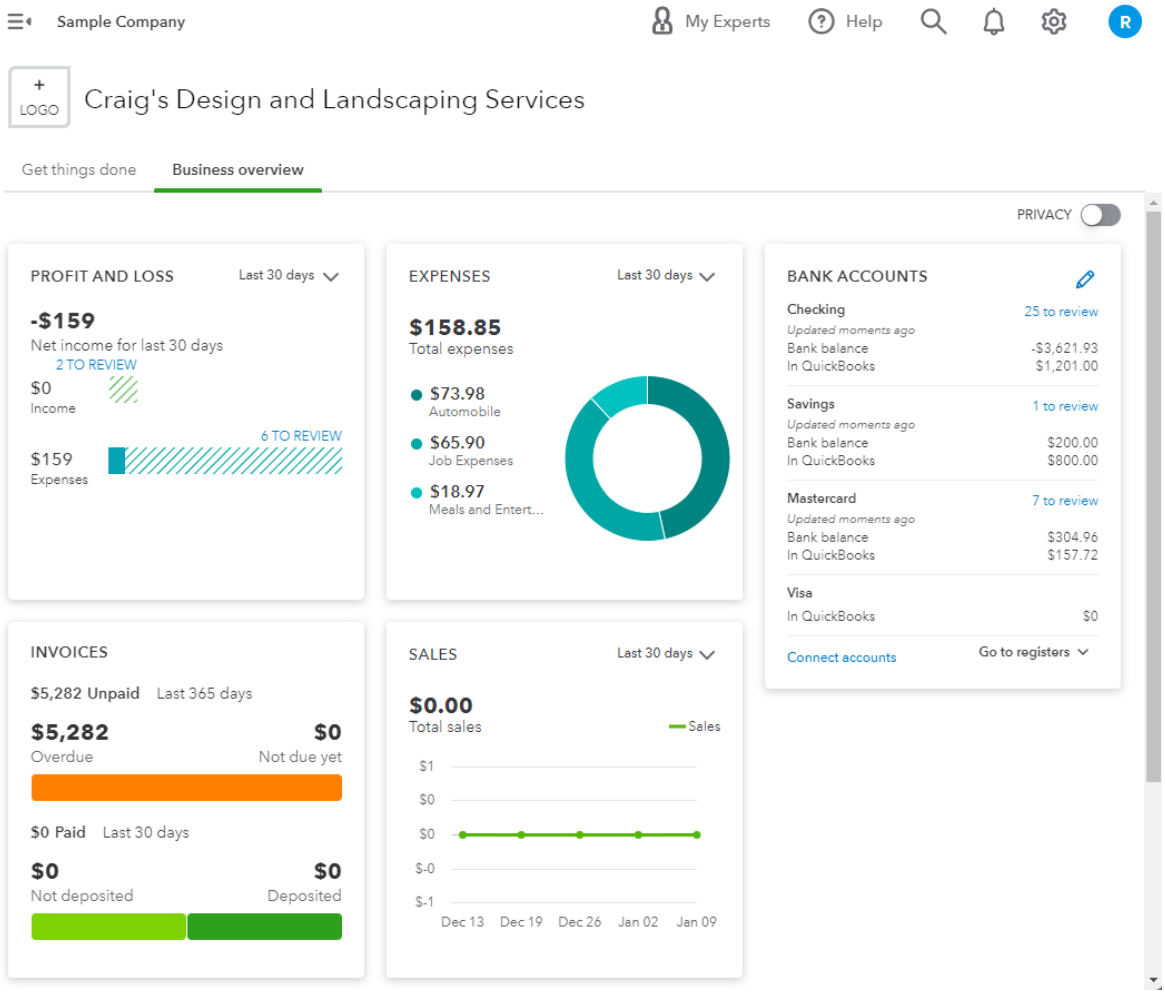


Feel free to click and explore. You cannot hurt anything by navigating through the clickable icons.

Navigation

Dashboard (Business Overview)

Monitor the activity and status of your company, access your data and drill down to detailed information with a simple click.



You can access **customers**, **vendors**, **transactions**, and **reports**. You can also organize and monitor **bank** and **credit card** accounts, review **income** and **expenses**, and watch **sales** trends.

Tip: Click anywhere there is a word in bolded color, an icon, a drop-down arrow, etc.

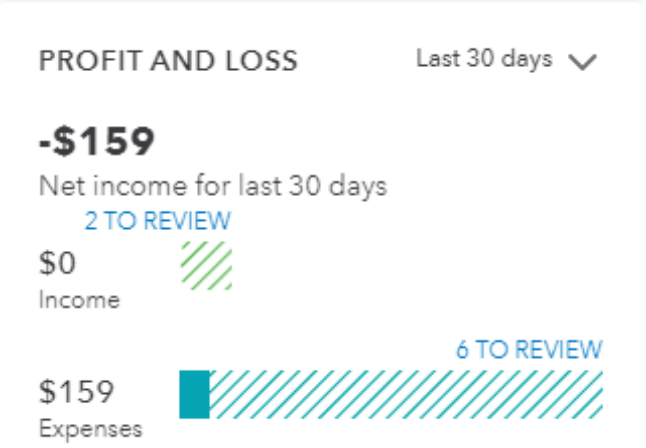
Feel free to explore without worry!

Let's begin!

Navigation

Profit and Loss

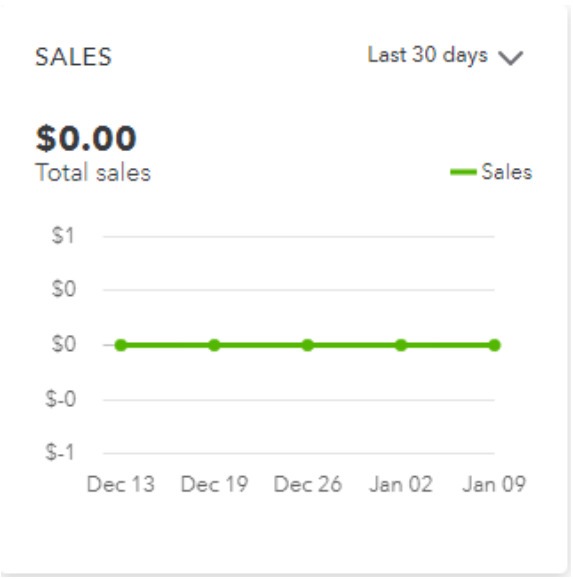
This section of the dashboard provides a graph view of your net income, income, and expenses for the last 30 days.



Click the drop-down arrow next to **last month** to change the period for which the data is displayed.

Sales

The sales section of the dashboard displays a graph view of sales for the prior month.



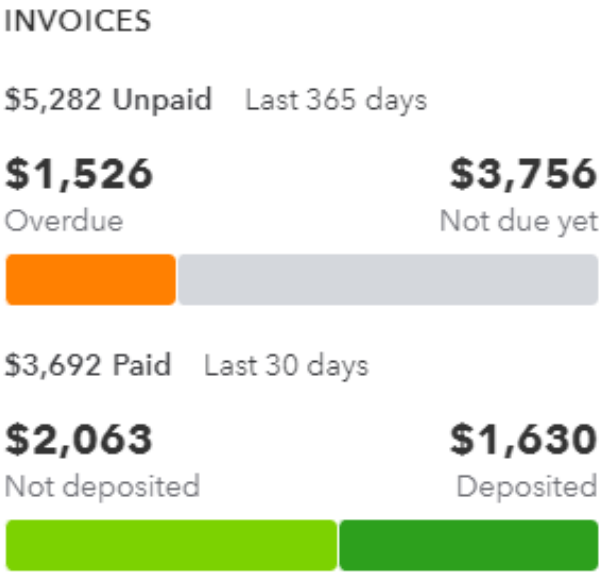
Click the drop-down arrow next to **last month** to change the period for which the data is displayed.

Navigation

Income

The income section of the dashboard allows you to view Invoices that are open, overdue, and paid in the last 30 days.

Click the **invoices** color bars to view and manage a detailed list of open invoices currently owed to you by your customers.



Expenses

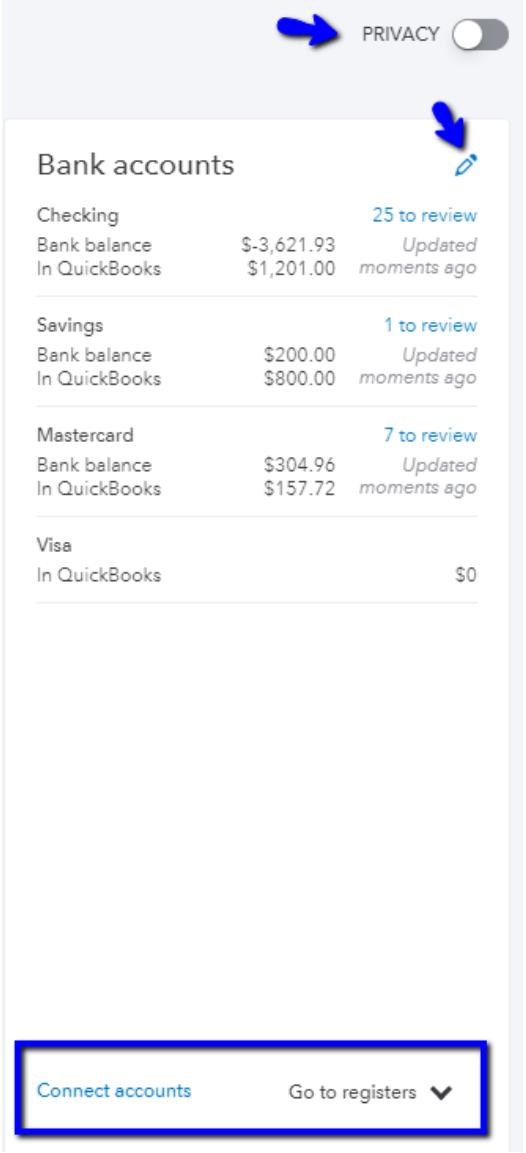
The expenses section of the dashboard allows you to view a graph of expenses broken down by amounts based on the last 30 days.

Scroll your mouse over the graph to create a pop-up of expenses related to specific categories.

Click the drop-down arrow next to **last month** to change the period for which the data is displayed.

Navigation

Access and manage bank accounts from the **dashboard**. Turning on the **Privacy** button will hide the bank balances. Change the order of how your accounts are displayed and access registers. You can connect bank and credit cards accounts here and in the Banking Center.

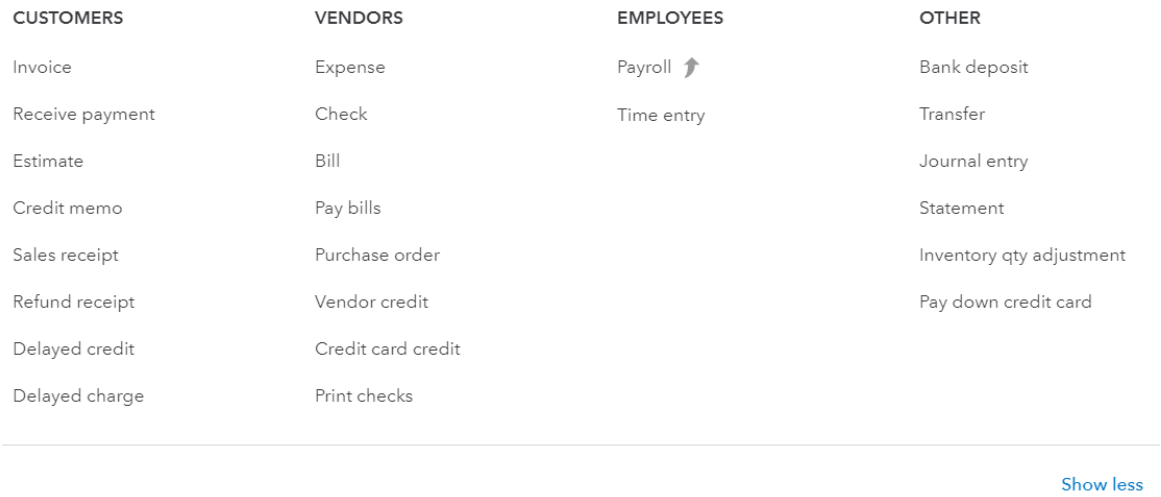


Note: The order displayed here will be the same in the Bank Center.

Navigation

The **+New icon** in the left navigation bar provides access to data input windows. This is where you go to create invoices, receive payments, enter expenses, checks, bills and more. Although you will spend most of your time in the Banking Center, you still need to know how to enter transactions manually.

Click the **+New** icon to create manual transactions.



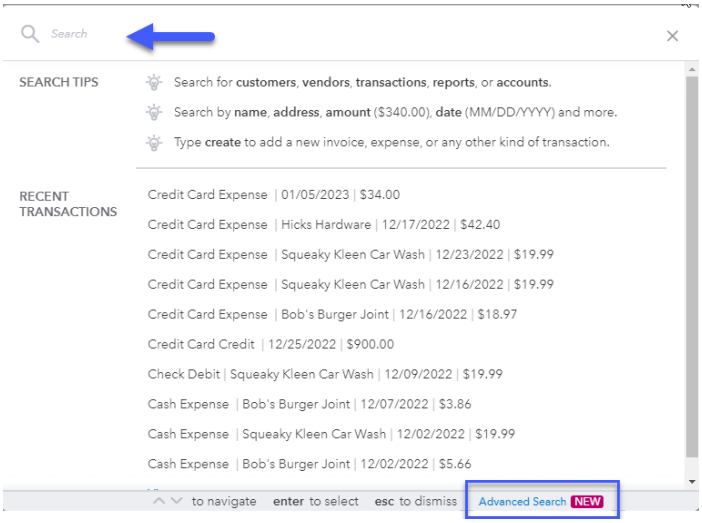
Tip: Always enter data from “top to bottom, left to right” to avoid missing fields that require information.

Additional Icons include **help**, **search**, **notifications** and **settings**. Click the help icon to address questions for specific areas of QuickBooks. Click the **bell** icon to view recent notifications and the **C** icon to sign out.

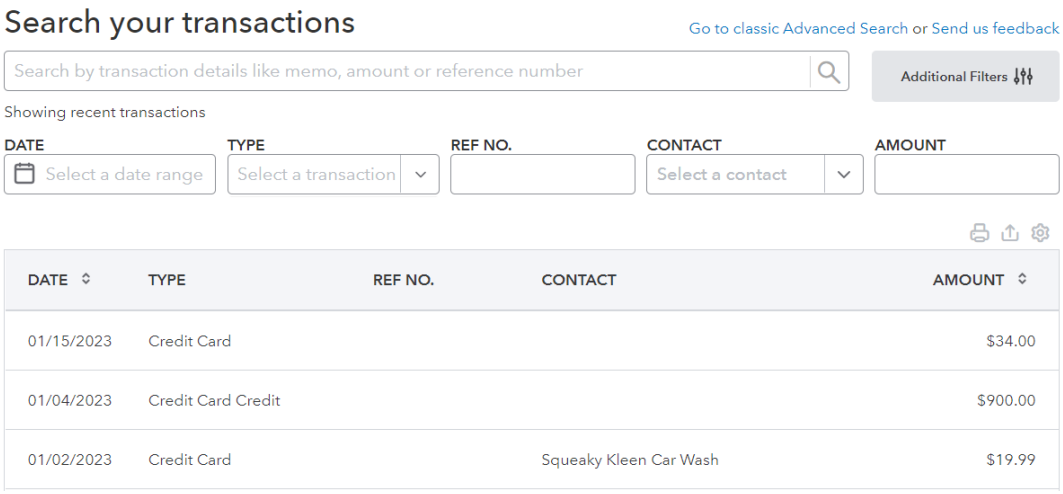
Navigation

The **Search** (magnifying glass) icon at the top of the **dashboard** will allow you to easily search recent and historical transactions.

1. Click the **Search** icon.
2. Enter a transaction number, date, amount etc. for a simple search.

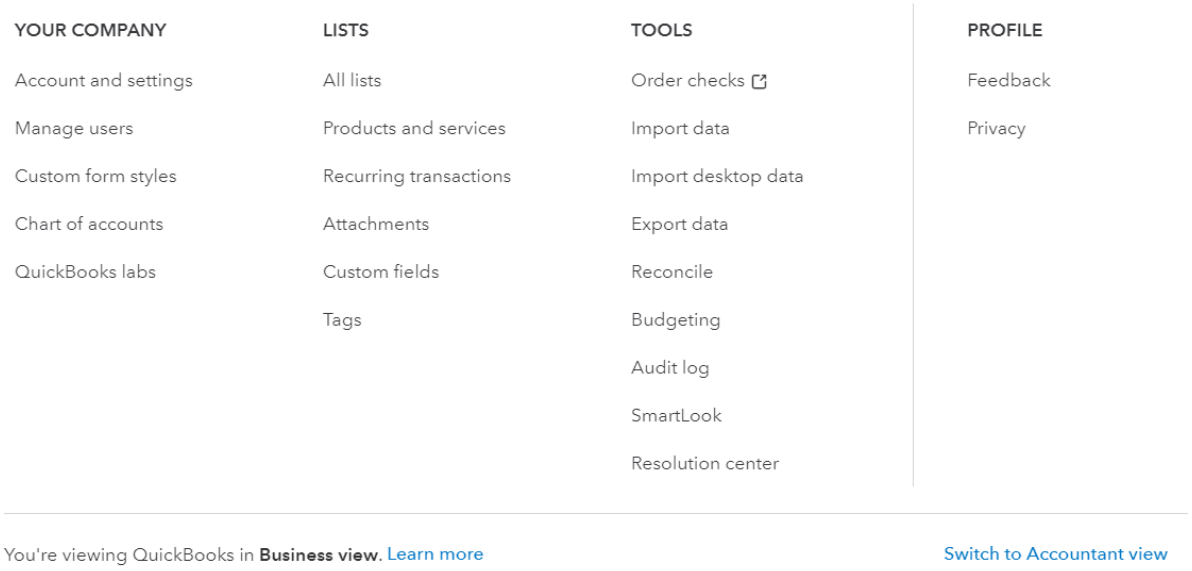


3. Click **Advanced Search** to filter specific transaction types and more. Click the down-arrows to the right of **All transactions, Reference no.** or **Contains**. to access additional search options.



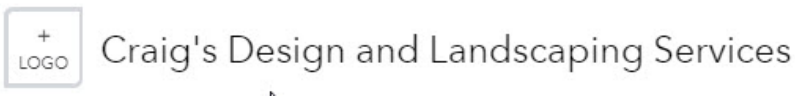
Navigation

4. Click the **gear** icon at the top right of your **dashboard** to access company default settings, lists, and tools.



Logo

5. Click the **logo** icon to add your custom company logo from your desktop or hard drive.



Module 2 Doable Action Steps

All business owners should complete this section and apply the knowledge to their own company file. Remember! You can always refer to various Modules of training if you need additional reminders of how features works.

1. **Review video links:**
   Billing and Subscriptions (1:38)
   How to Use QuickBooks Mobile App (1:48)
2. **Choose your subscription and signup if you have not already done so.**
3. **Explore these features:**
   Chrome – Clear your cookies and cache.
   Multiple Windows – Create a duplicate window.
   Mobile App – Go to the app store and install QuickBooks Online on your mobile device.
4. **Dashboard -** Click through words in bold as well as icons, drop-down arrows, etc.
5. **Left Navigation Bar –** Choose your view, then click on the Centers and explore.
6. **+New –** Learn how to navigate this menu and click through various options to become familiar with the different fields per window.
7. **Search -** Become familiar with search filters.
8. **Gear –** Learn to navigate the gear menu and click through various options.

Online Foundations

SECTION 2
SET UP YOUR NEW QUICKBOOKS ONLINE COMPANY

Goals
Account and Settings
Manage Users
Lists
Chart of Accounts
Action Steps

Section 2 Goals

Upon completion of Section 2 each participant will be familiar with:

- How to manage account and settings default preferences.
- How to set up and manage users.
- How to import lists.
- How to set up and use the chart of accounts, and how it connects to all transactions.

Company Set-up is Vital

An accurate QuickBooks configuration is essential to effectively using the accounting system. The initial set up will affect all future reports in QuickBooks. We recommend you practice a company set-up from scratch.

QuickBooks is a very forgiving program. Most mistakes can be fixed, as you can go back and make historical changes. However, a correct setup will prevent the need to do so.

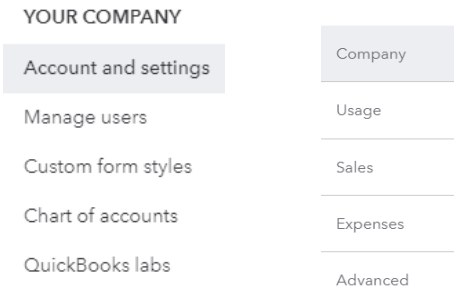
An accurate accounting software setup and optimized chart of accounts is very important. After attending the training, if you need additional help customizing the application to meet the unique needs of your business, please reach out to your accountant for assistance.

Account and Settings

Use **Account and settings** to **turn on/off** QuickBooks Online features. It is important to turn off features you will not be using because it creates less fields during the input process. It is OK to turn on features as the need arises. This creates more efficiency and less guess work.

Although it is simple to turn settings on and off, it is important to set up your company settings and data correctly. Seek help from your instructor/advisor if you find you are "guessing."

1. Click the **gear** icon to review, edit, and turn on/off settings.
2. Click **Account and settings**.
3. Click the **Company** tab in the left menu bar; then click the setting you choose to edit or click the **pencil** on the right side of the screen.



Company Name

4. Add a **customized logo**, verify your **company name,** or add a **legal name** and **EIN** to match the information on the company tax return. Click **save** anytime you change settings.

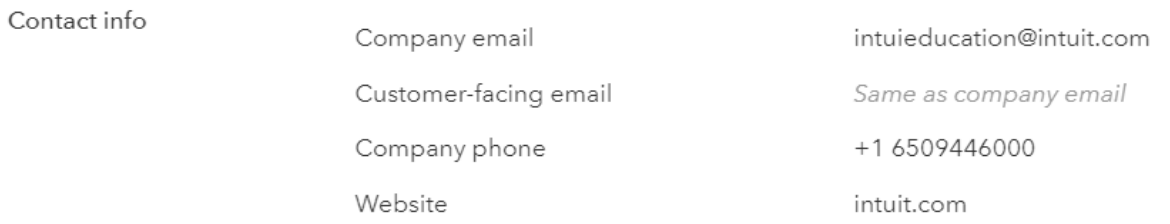
Account and Settings

Company Type

5. Select the legal entity type you will use when filing your tax return, then select industry type. Click **save**.

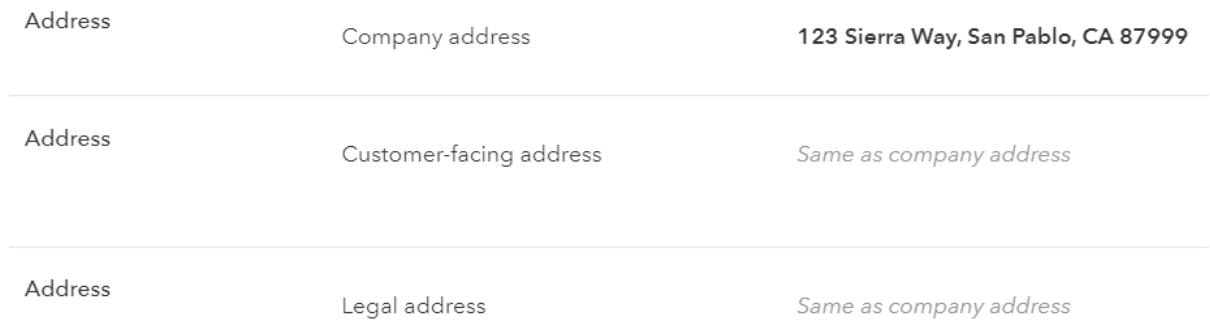
Contact Info

6. Verify or edit **contact info**. Click **save**.



Address

7. Verify or edit your company **address**. Click **save**.



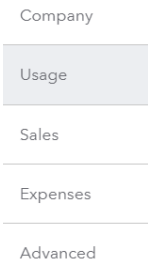
Communications with Intuit

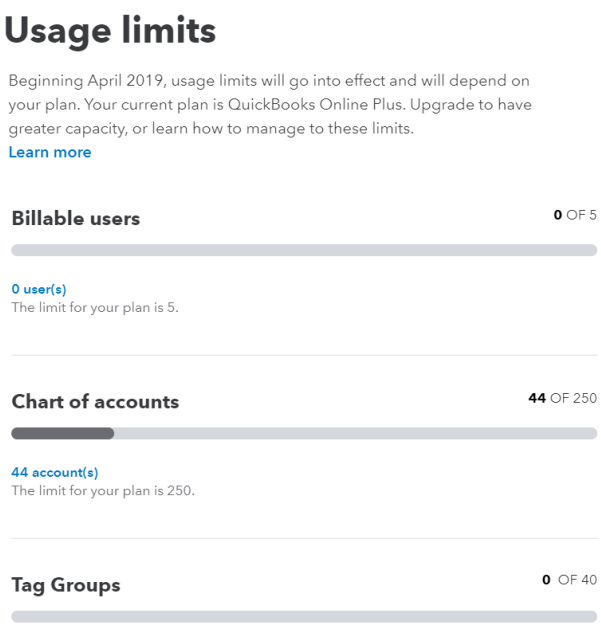
8. Click **Marketing Preferences** to allow or disallow promotional offers from Intuit.

Usage

9. Click the **Usage** tab in the left menu bar.

   This is where you monitor users and account categories limits. If you reach the limits, you will be required to upgrade your subscription.

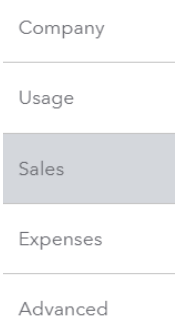




Account and Settings

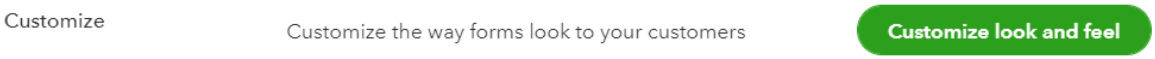
Sales Settings

10. Click the **Sales** tab in the left menu bar.
11. Click the setting you choose to edit or click the **pencil** on the right side of the screen.



Customize

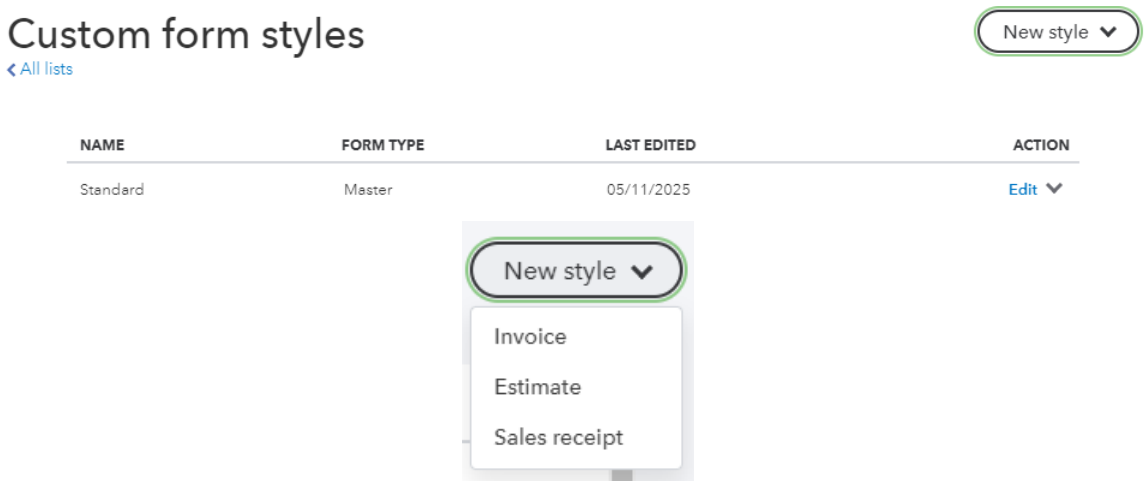
12. Click **Customize look and feel** to customize invoices, estimates, and sales receipts.



You can edit the existing standard template or create a new custom template.

13. Click **New style**.
14. Select **Style** and choose the type of sales form you would like to customize. Select a template, add a title and logo, choose a color scheme, and preview the form.

Let's choose **Invoice** for this example.



Account and Settings

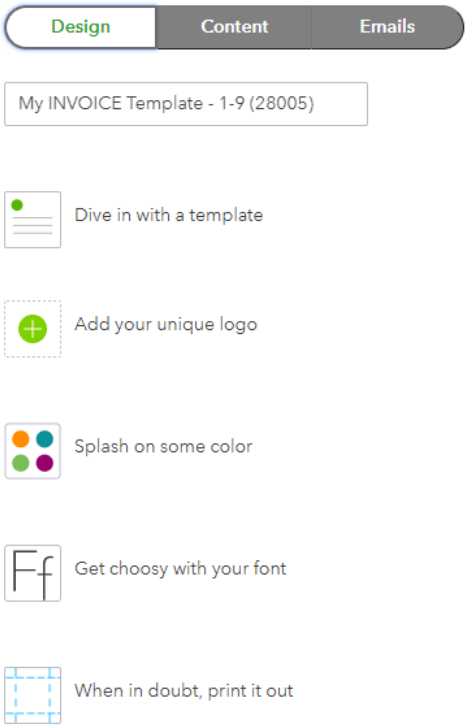
15. Select the **Design** tab to change your invoice template, add a logo, modify color schemes, change font sizes, or print a sample.

16. Select the **Content** tab and then click on **Invoice Form** to change the header, form name and numbers, or displayed information, or to add a customer field.

17. Select the **Emails** tab to change the outgoing email subject and default message. **Note:** Do not overlook the **reminder email** feature.

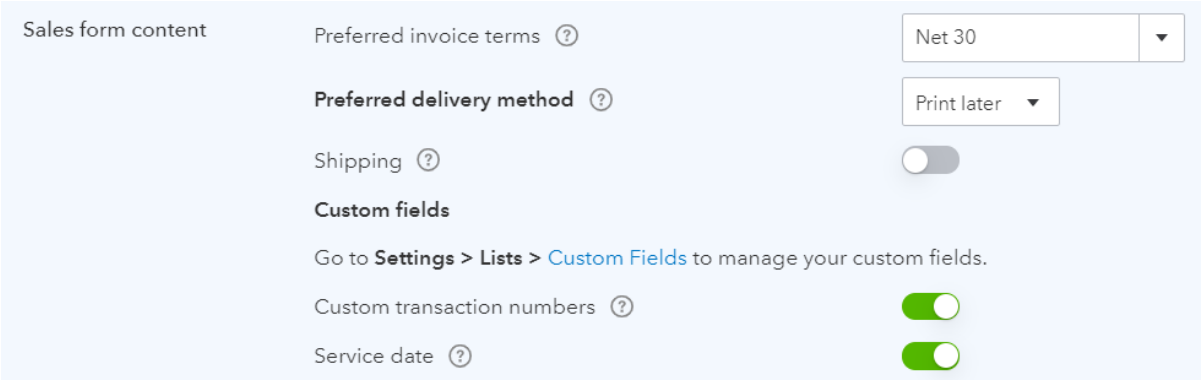
18. Select the **payments** tab to add ACH and credit card payment options to your sales forms. **Note:** This will require you to sign up for Intuit Merchant Services.

19. Click **Preview PDF** to review the sales form or click **done**.



Sales Form Content

20. Click **Sales form content** to select and turn on/off settings for sales forms.
    - **Preferred invoice terms** sets the default payment date. "Net 30" means payment is due 30 days from the date used to create the invoice.
    - **Preferred delivery method** will allow you to set a preferred default to print or send sales forms later.



- **Shipping** adds a shipping field to sales forms.
- **Custom fields** can be added and managed in **gear settings -> lists -> custom fields**.
- **Custom transaction numbers** allows you to choose your own numbering system.
- **Service date** creates a service date field. This tracks the dates services were performed when they are different from the invoice date.

Note: When you turn on the **Shipping** feature, be sure to add the default shipping account category in the **advanced->chart of accounts settings**.

Account and Settings

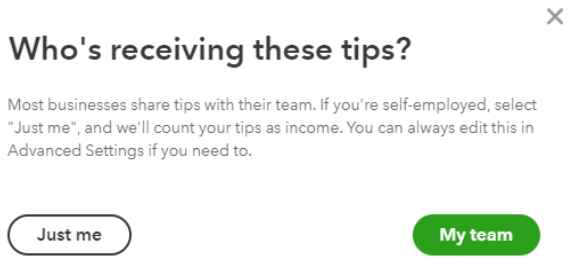
Sales Form Content Continued

- **Discount** will add a discount field to invoices.
- **Deposit** adds a deposit field to invoices and allows you to offset the balance owed with amounts paid before the service was completed.

Note: Once you turn on **Discounts**, you will need to add a discount account in the **advanced -> chart of accounts settings**.

- **Accept Tips -** Adds a tips field to sales forms. Select (**Just Me**) **to record tip** income or select (**My Team**) to track tips that need to be paid out to your team.

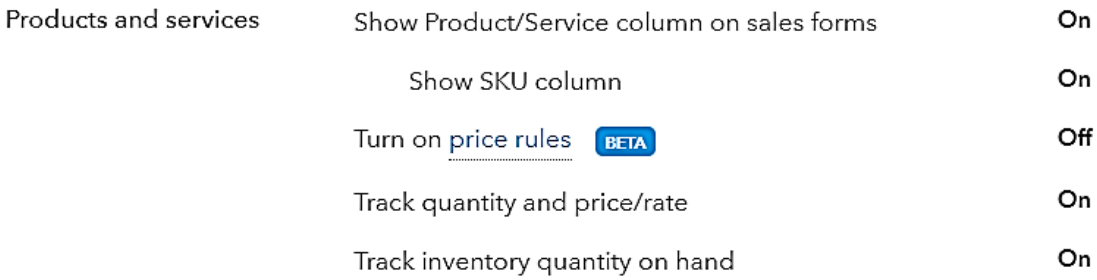
Note: Once you turn on **Accept Tips** you will need to add a **Tip Income** (**Just Me**) account or **Tips Payable** (**My Team**) account in the **accounts and settings->advanced->tips payable account**.



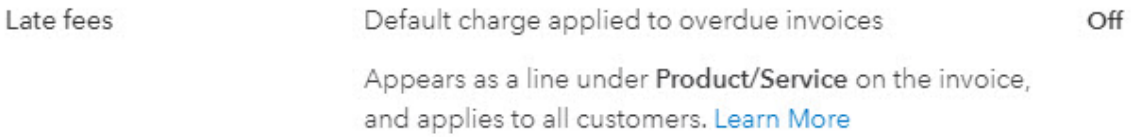
- **Tags** allow you to create tags and tag groups to customize the way you track information. (Recommended feature we will cover in more detail later in the training.)

Account and Settings

21. Click **Products and services** to turn on/off desired settings.
    - **Show Product/Service column on sales forms** adds a column so you can choose from the list of products or services.
    - **Show SKU column** allows you to track products and services by SKU number.
    - **Turn on price rules** allows you to provide discounts for specific products to certain customers for a specified amount of time.
    - **Track quantity and price/rate** adds a field to show quantities and pricing on sales forms.
    - **Track inventory quantity on hand** allows the tracking of products you buy, store and sell.



- **Late fees** allow you to automatically apply a flat fee or percentage to outstanding invoices. Select **Default charge applied to overdue invoices** to turn this feature on. Select **flat fee** or **percentage** of remaining balance and continue to select the required information. Click **save**.



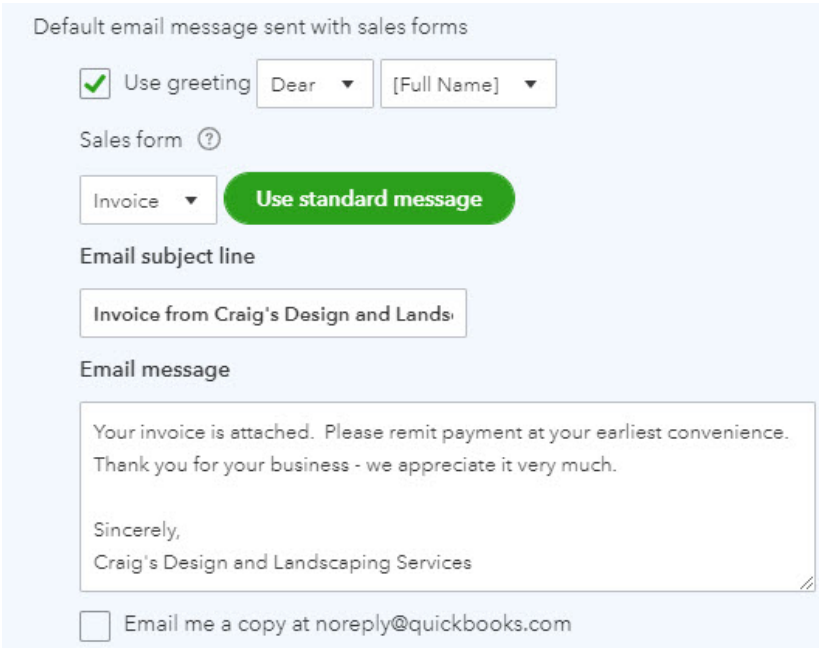
Account and Settings

Progress invoicing

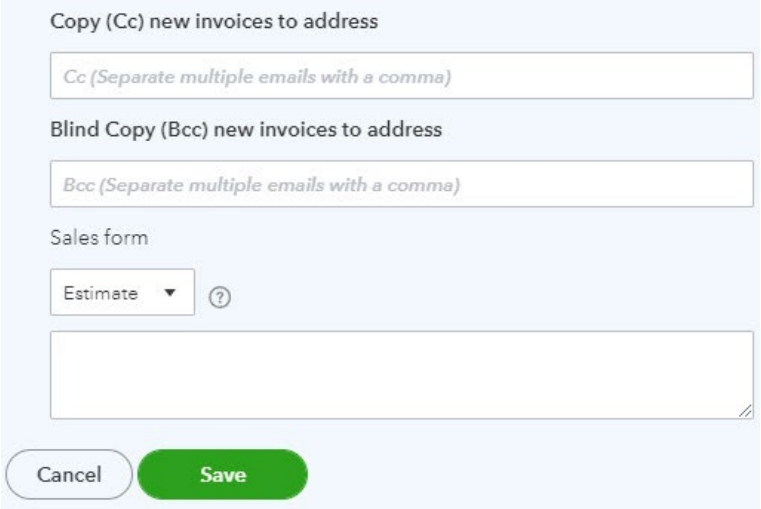
22. Progress invoicing allows you to create multiple partial invoices from a single estimate. (This feature is great for contractors providing services for new construction.)

Messages

23. Click **Messages** to add a default email message sent with sales forms, invoices, estimates, credit memos, sales receipts, statements, and refund receipts**.**
    - Click **Email me a copy** to receive a copy of emailed sales forms.

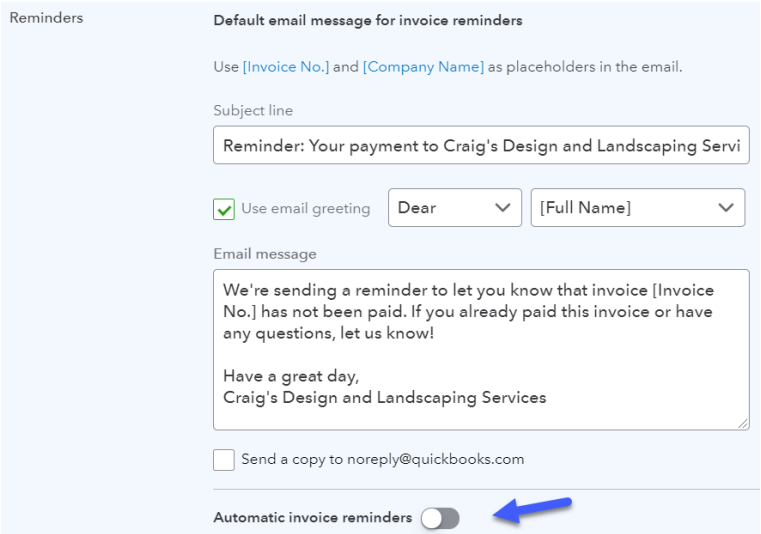


24. You can include a Cc or Bcc email as well. Your default message sent with sales forms can be changed when creating estimates, invoices and other sales forms.



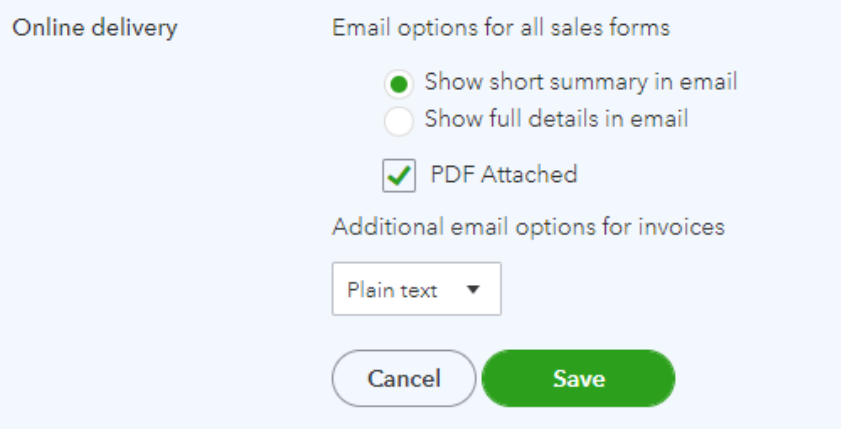
Note: A default email message sent with reminders is also available.

25. Click **Reminders** to change the default subject and email message. Turn on **Automatic invoice reminders** and let the system do the work for you.



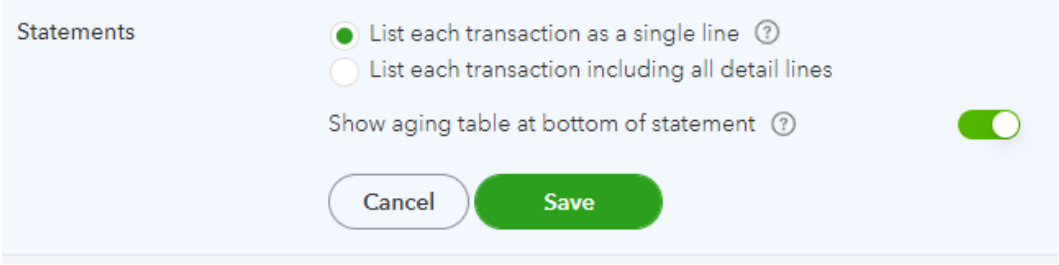
Online Delivery

26. Click **Online delivery** to attach sales forms as a PDF, show summary or detail, and change your email text preference.



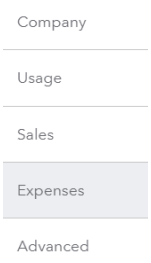
Statements

27. Click **Statements** to change settings to display all your customers' unpaid transactions by a single line item or include detail.
    - **Show aging table** displays outstanding balances by days delinquent at the bottom of the statement.
    - Send a courtesy statement when customers are no longer current. Click **Save->Done** in the bottom right corner.



Account and Settings

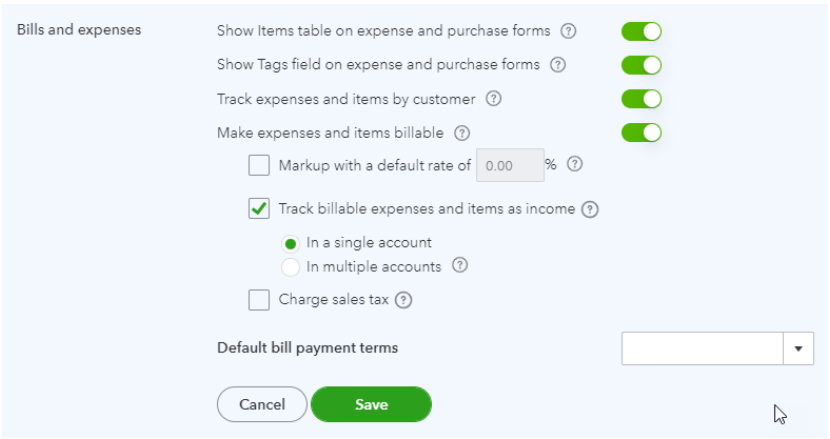
Expenses



28. Click the **Expenses** tab in the **account and settings** menu bar and then click the setting you choose to edit or click the **pencil** on the right side of the screen.

Bills and Expenses

29. Click **Bills and expenses** to turn on/off settings, add columns on forms, and track expenses.
    - **Show Items table on expense and purchase forms** adds products column to forms.
    - **Show Tags field** adds a field that allows you to track transactions using tags and tag groups.
    - **Track expenses and items by customer** adds a column to track transactions by customers.
    - **Make expenses and items billable** adds a column to track expenses billable to the customer and gives you the option to add a default markup rate.
    - **Track billable expenses and items as income** allows you to use one or multiple income accounts to track billable expenses. **Note:** Go to **advanced > chart of accounts > billable expenses income account.**
    - **Default bill payment terms is** used to set default terms for bills, such as net 30.

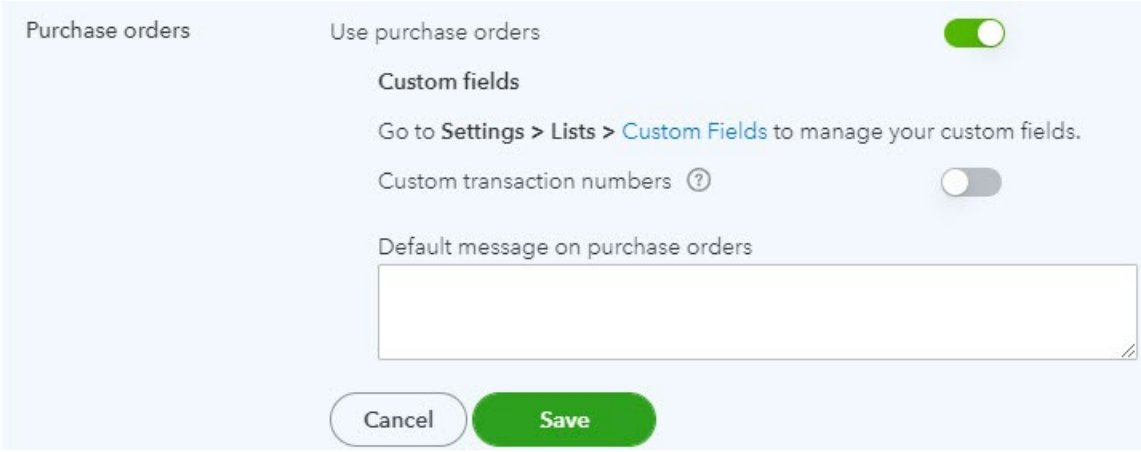


Purchase Orders

30. Click **Purchase orders** to turn on/off **Use purchase orders** and create custom fields.

Purchase orders are used to track product purchased from vendors. This is helpful when tracking open orders for inventory and in comparing costs to actual bills.

- **Custom fields** allow you to add extra fields to purchase orders to track information using custom reports.
- **Custom transaction numbers** allow you the option to use your own numbering system. If this is not checked, QuickBooks Online will automatically assign a number.
- **Default message on purchase orders** adds a default message to all purchase orders. This can be changed when adding new Purchase Orders in QuickBooks Online.



Note: Click **messages** to change outgoing email messages specifically for purchase orders. Click **Save -> Done.**

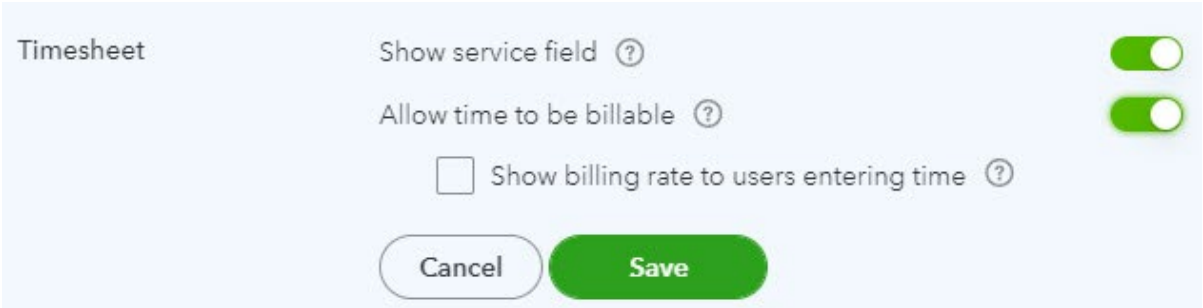
Payments Tab

31. This is where you manage your QuickBooks Online and merchant service subscriptions.

Time

32. Click **Time** to turn on/off and edit settings.
    - **First day of work week** sets the starting day of a work week on the timecard entry form.

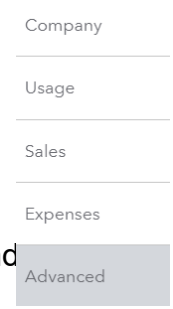
    - **Add service field** to timesheets is a field used to enter specific services performed.
    - **Allow time to be billable** is a feature that tracks billable time by customer.
    - **Show billing rate to users entering time** allows users to view the rates you use to invoice customers.



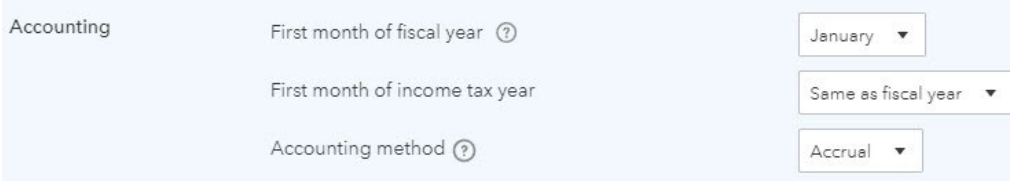
Account and Settings

Advanced

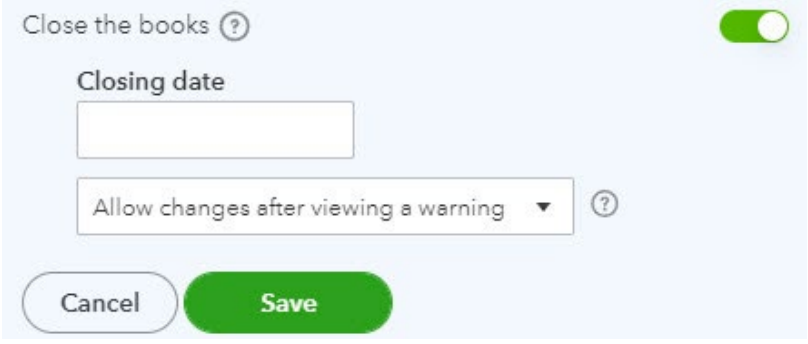
33. Click **Advanced** in the **account and settings** menu bar and then click the setting you choose to edit or click the **pencil** on the right side of the screen.



34. Click **Accounting** to turn on/off and change settings.
    - **First month of fiscal year** is usually January, based on the calend Some companies use a different month to start their fiscal year.
    - **First month of income tax year** lets you click the drop-down arrow to select **January** or **Same as fiscal year.**
    - **Accounting method** includes two **Accounting methods** for running reports: accrual and cash. If you use accounts receivable and/or accounts payable in QuickBooks Online, then choose the **accrual** basis. If not, then use the **cash** basis.



    - **Close the books** is a great feature that allows you to close a period and assign a password. Turning on this setting triggers a warning box that prevents users from changing historical data, especially important when sales, payroll, and tax returns have been filed.



Account and Settings

Company Type

Tax Form

35. Click the **Tax form** drop-down list to select the entity type you used when filing your company's tax return. If you are unsure about this, contact your accountant.

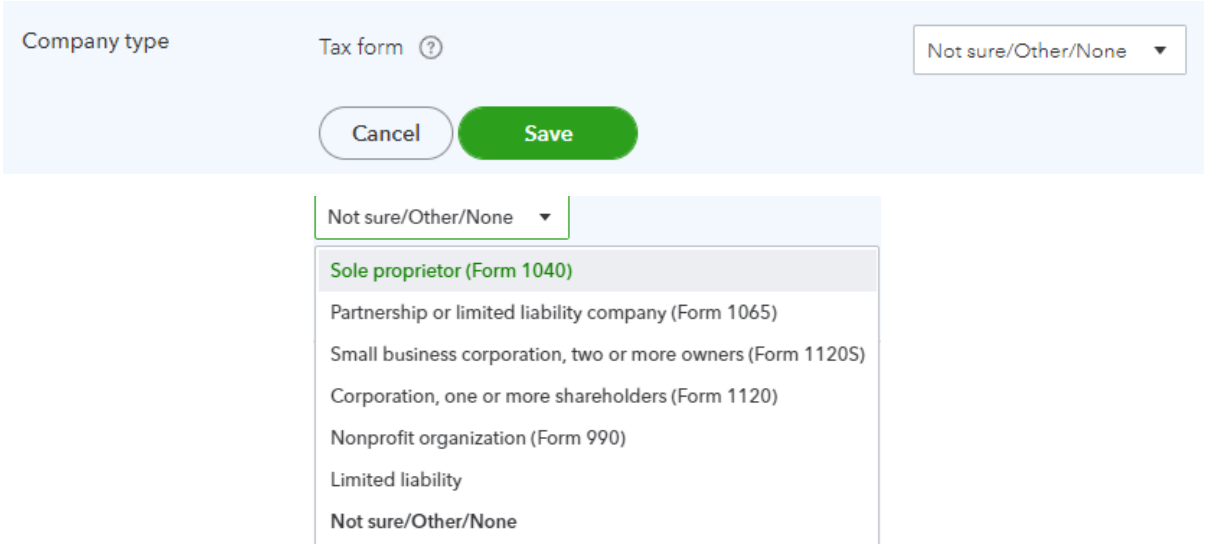
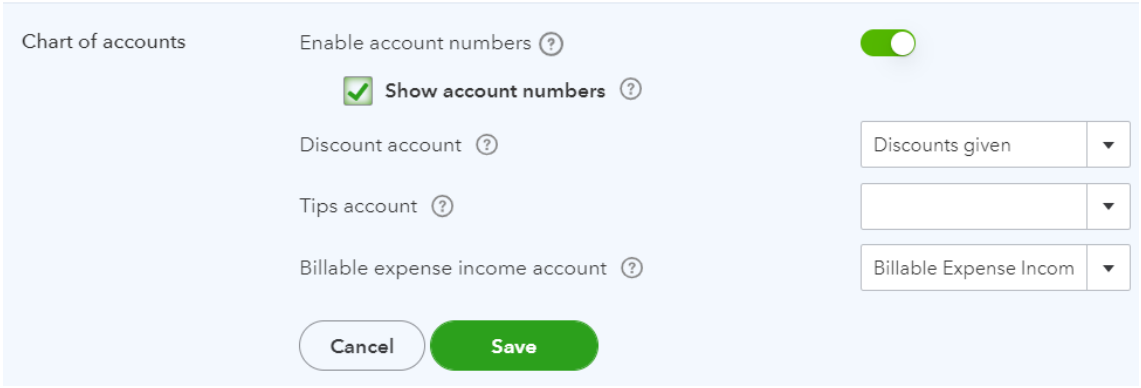


Chart of Accounts

36. Click **Chart of accounts** to turn on/off **account numbers** and assign default income accounts. This allows business owners to organize their chart of accounts categories in a way that is meaningful to them.

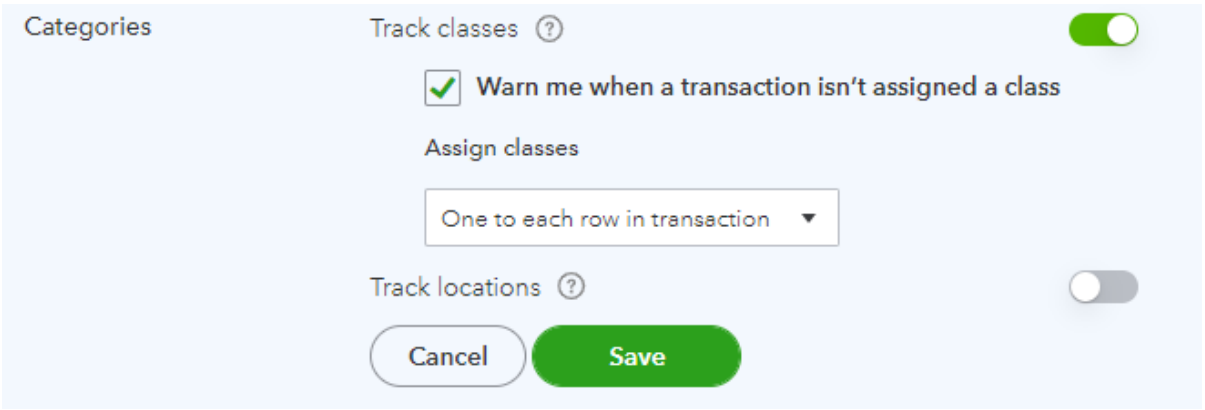


Categories: Classes

Classes allow you to track transactions in order to gather data and review reports by a specific class.

For example, Craig's can track commercial vs residential jobs, or jobs per city to determine sales by city for state license reporting. The use of classes provides the capability to review profit & loss by class.

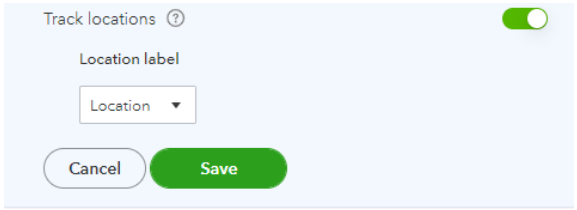
37. Click the appropriate box to turn on **Track classes.** Then click **Warn me when a transaction isn't assigned a class**. This will create an alert when the class entry is missed during the data entry process.
    - **Assign classes** gives you the option to assign classes to a transaction or to individual line items.

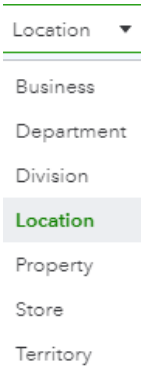


Account and Settings

Locations

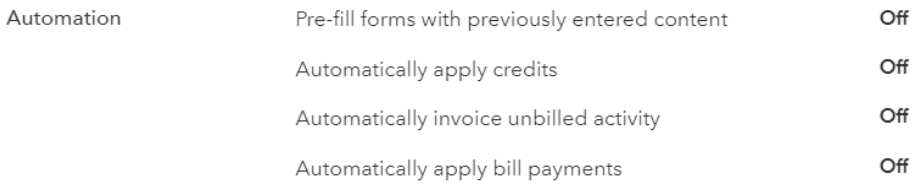
38. **Track locations** is used to gather data for a specific location, department, property, etc. Not all businesses need to use locations. An example; Craig's could use locations to track sales by county or sales by property address. This provides the ability to review a profit & loss by location.





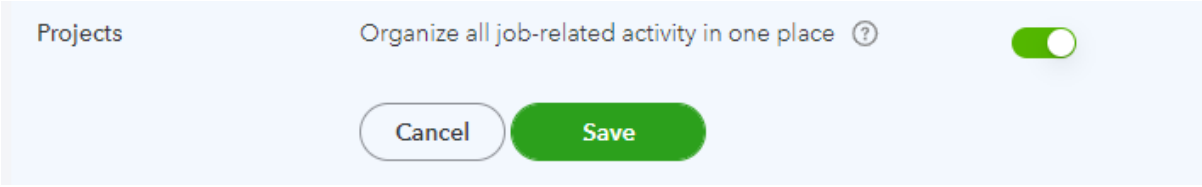
Automation

39. Click **Automation** to turn on/off settings for pre-filled forms, apply credits, and more.
    - **Pre-fill Forms with previously entered content** fills form fields with memorized content from prior vendor, customer, and employee transactions.
    - **Automatically apply credits** posts outstanding credits to newly created invoices.
    - **Automatically invoice unbilled activity** creates an invoice for tagged transactions waiting to be billed to a customer. When the invoice is generated, an alert is sent to the activities section of the dashboard.
    - **Automatically apply bill payments** applies bill payments to the oldest open bill first.



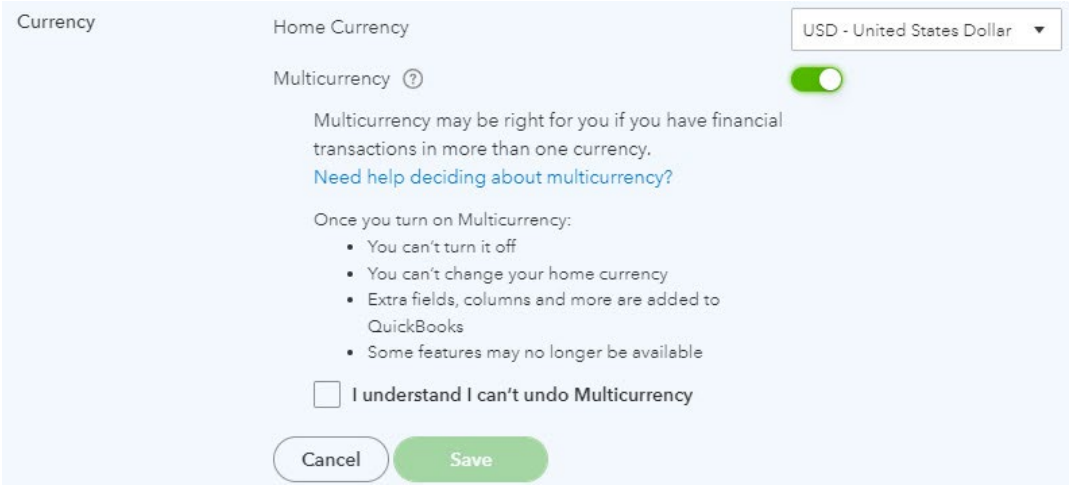
Projects

40. Turning on **Projects** allows you to organize all job-related activity in one place. It allows you to review all sales, expenses, and time by project. Here we can track information from a cost perspective.



Currency

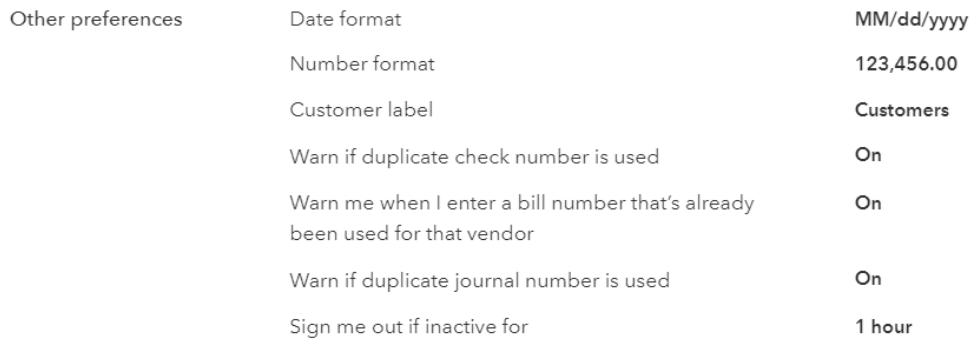
41. **Multicurrency** lets you track transactions in foreign currencies. Use it only if you have bank accounts, customers, or vendors that do not use your home currency. Otherwise, select the default, **Home Currency**. **Warning!** Once you select a home currency, you will not be able to change the currency.



Note: Once you turn this feature on, you cannot turn it off or change your home currency.

Other Preferences

42. Click **Other preferences** to turn on/off and edit settings that trigger warnings and formatting preferences.
    - **Date format** is a preference with several options.
    - **Number format** is a personal preference.
    - **Customer label** reflects the type of customers you service or sell to. The label you choose will appear on the navigation menu bar and transactions related to customers, such as invoices, sales orders, credit memos, etc.
    - **Warn if duplicate check number is used** populates a warning box when a duplicate check is entered.
    - **Warn me when I enter a bill number that's already been used for that vendor** populates a warning box when a duplicate number is used.
    - **Warn if duplicate journal number is used** populates a warning box when a duplicate journal entry number is used.
    - **Sign me out if inactive for** a period. It let's you choose between 1 and 3 hours. Click **Save -> Done**.

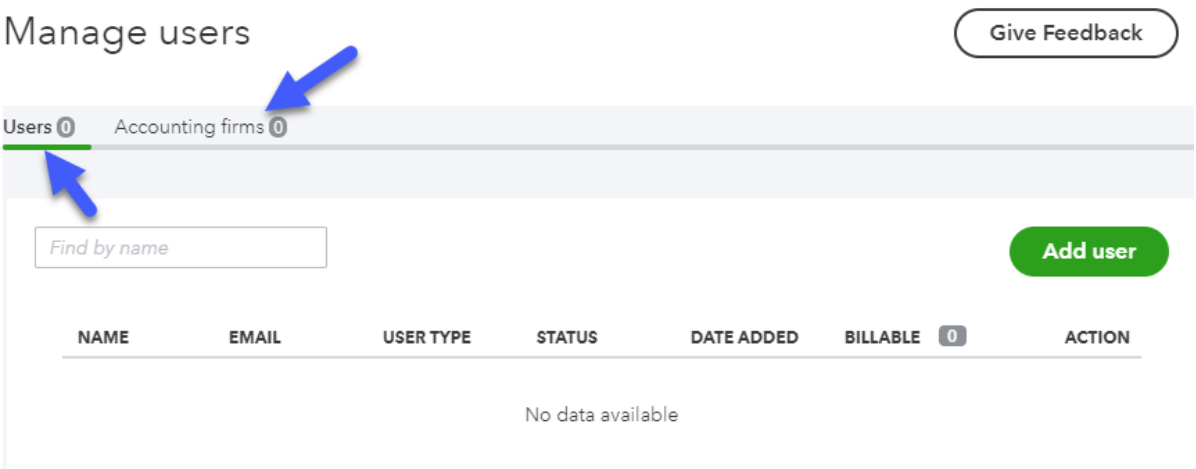


Manage Users

When inviting users, you can determine how much or little access a user has to your company data. Maintaining user access is important to implement checks and balances and view activity by user. This can serve as a training tool to address and avoid common errors.

1. Click the **gear** icon -> **Manage users**.
2. Select the **Users** tab to add and customize a user or select the **Accounting firms** tab to invite your accountant.

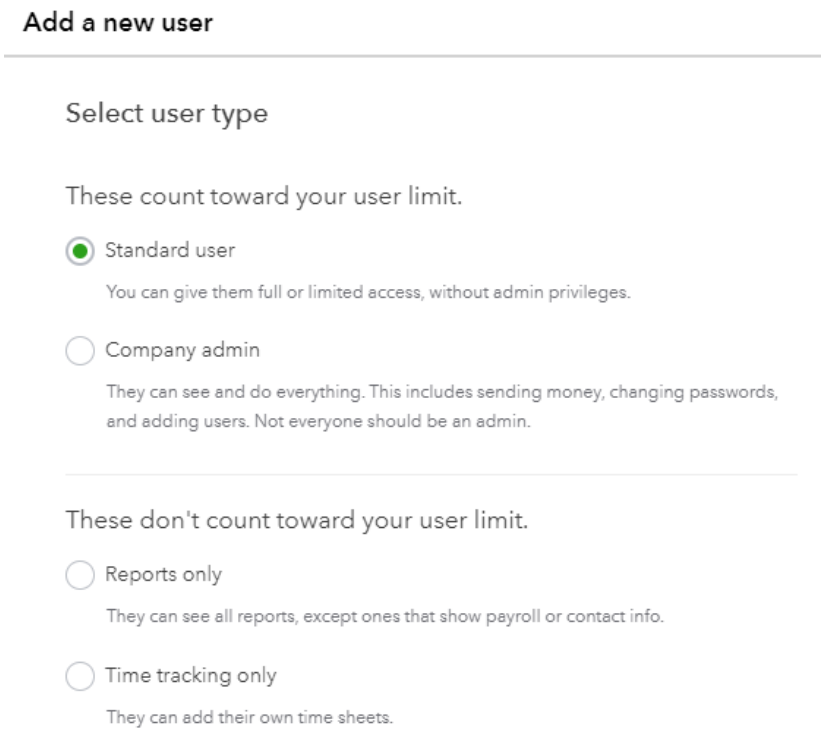
The initial user is known as the primary admin. If you want to transfer this role to another user, set them up as an admin user and use the action drop-down menu to transfer the rights to the new user. The new user will receive an email notification.



Note: You can add up to two accountants to your QuickBooks Online data file in addition to the number of users your subscriptions allow. In order to do this, your accountant must subscribe to QuickBooks Online accountant.

Manage Users

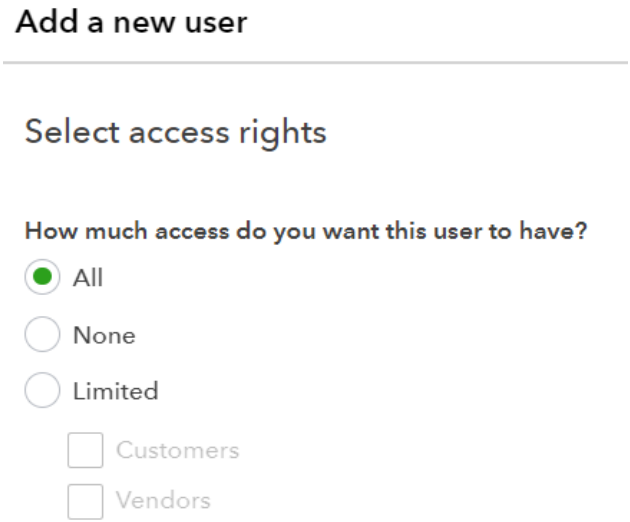
3. Click **Add user** to add a new user.
    - **Standard user** will allow you to select which areas a user can access.
    - **Company admin** has access to all areas of QuickBooks Online Plus.
    - **Reports only** will allow users access to most reports; the exceptions are payroll and contact info. They do not count toward your user limit.
    - **Time tracking only** limits users to entering their time. They do not count towards your user limit.
4. Click **Next** and follow the screens until you have successfully added a user.



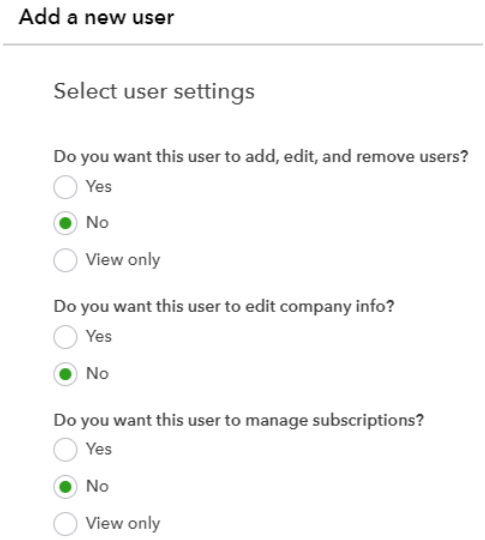
Note: User options may be limited depending on the type of subscription. This example is based on the Plus version of QuickBooks Online.

5. Continue to click **Next** until you complete the **Add user** process.

Note: A box appears with a list of access rights based on your selection.

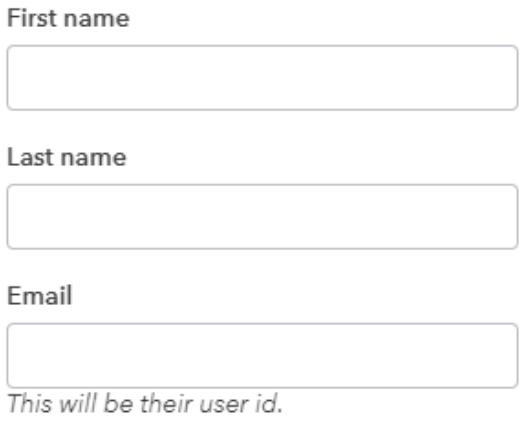


6. For those with a Plus subscription, you will have the ability to set the administrative rights for specific users.

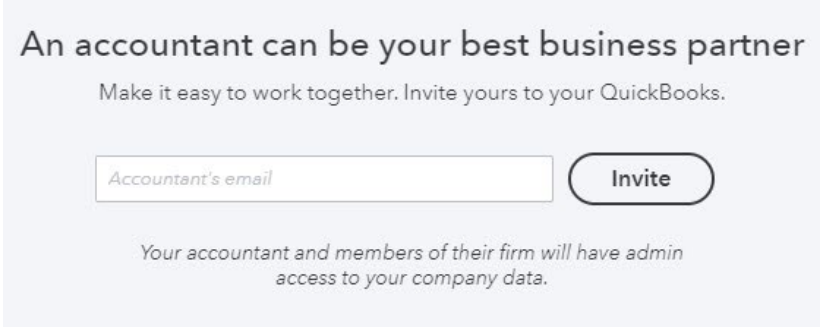


Manage Users

7. Enter **username** and **email** information; an invite will be sent to the user. They will be invited to accept the invite and create a password.



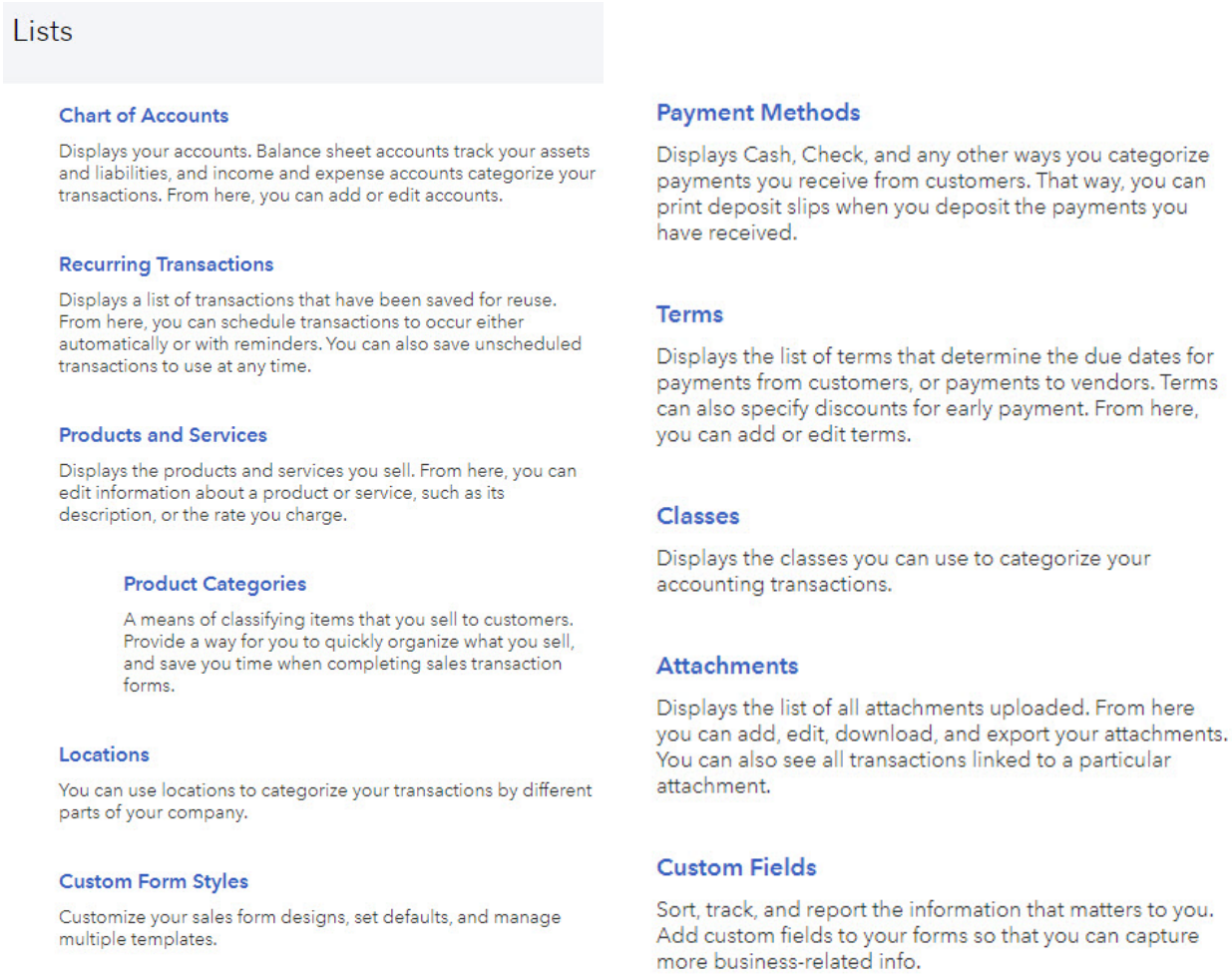
8. To invite an accounting firm with administrative rights to your company data, from the **manage users** main screen click **accounting firms** if your accountant subscribes to QuickBooks Online Accountant.
9. Enter your accountant's email address and ask your accountant to accept the invite.



Lists

Lists are one of the basic features of QuickBooks Online. Lists are triggered when turning on features in account and settings. A list is a series of like information compiled into an organized directory. This helps save time and ensures that information is entered consistently and correctly.

1. Click the **gear** icon.
2. Click **all lists ->** Select the list you would like to maintain.



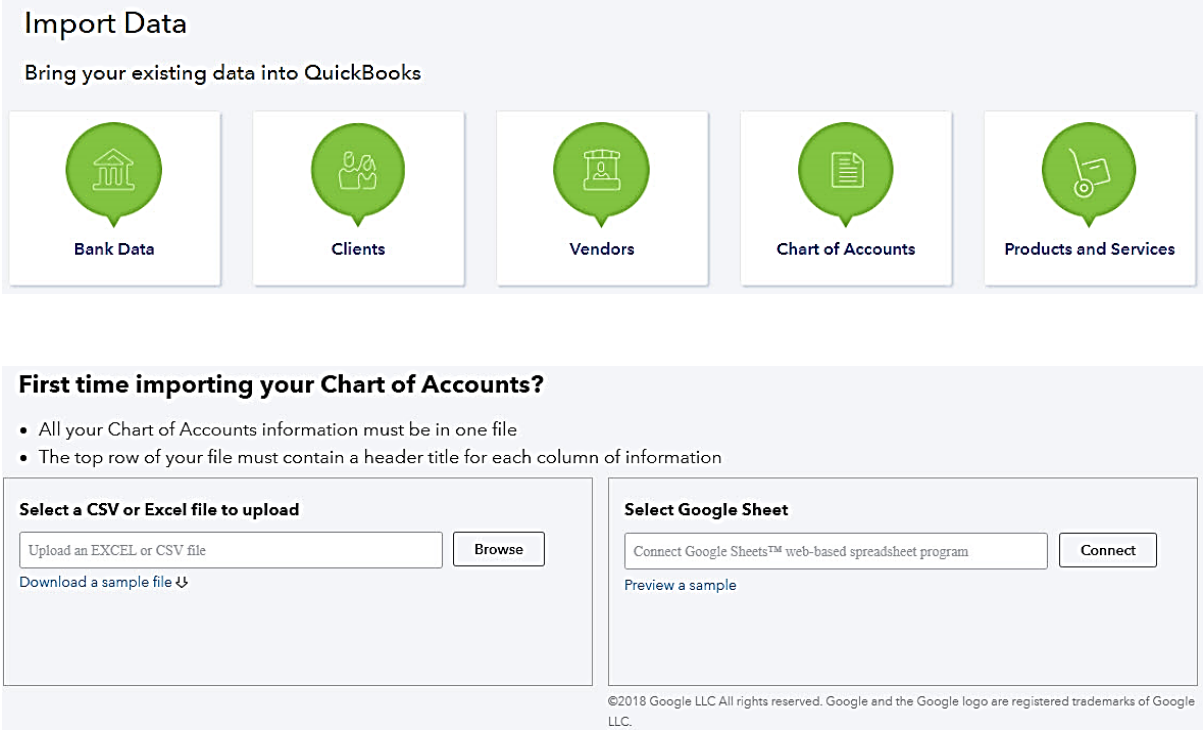
Lists

Importing Lists

You can import list information from Excel or Google Sheets to save time. You can import customers, vendors, accounts, and products and services. You can download a sample file to see how to set up your import file.

3. Click **gear icon -> Import Data**.

4. Click on the icons to access and download the sample CSV, Excel, or Google template. You can download or preview a sample file to get started.



Note: What type of lists can be imported? Review above.

Chart of Accounts

The chart of accounts is a list of categories that make up your Balance Sheet and Profit & Loss Statements. Every transaction entered in QuickBooks will post to the accounts list. This is how data is compiled to produce important reports used to manage a business.

Balance Sheet

Assets (what your company owns): bank accounts, petty cash, fixed assets (equipment or vehicles), inventory, undeposited funds (payments from customers waiting to be deposited).

Liabilities (what your company owes): accounts payable, loans, sales, payroll taxes.

Equity (the net worth of your company): Money that owners contribute to or draw from the business and an accumulation of net profits and losses from the start of the business to present or sale.

Profit & Loss

Income (what you have earned): sales of products, labor, interest, rental income, materials, etc.

Expenses (what you have spent): office expenses, wages, professional fees, rent, utilities, etc.

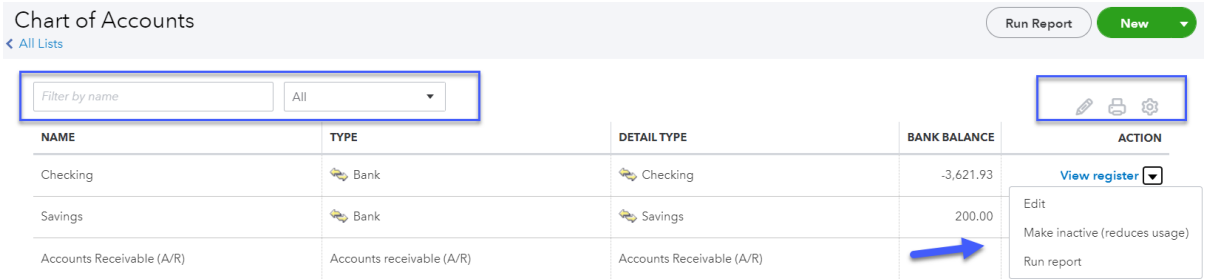
The Profit & Loss Statement shows the net loss or gain for a period. At the end of a calendar or fiscal year, the net profit or loss rolls into the equity section of the Balance Sheet.

Note: Keep your chart of accounts simple. Add new accounts when you need to track specific information. Use reports to customize information within an account. Discuss account changes with your accountant. Start by adding bank and credit card accounts.

Chart of Accounts

Manage Accounts

1. Click the **gear** icon -> **Chart of Accounts** or **left navigation bar -> accounting -> Chart of Accounts**.
2. Click **view register** to manage transactions for a specific account.
3. Click the **drop-down list** to edit, make inactive, or run reports.
4. Click the **header** name to sort by column.

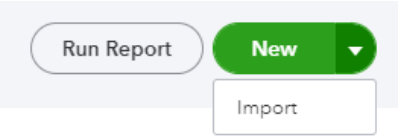


5. Type an account name in the **Filter by name** field to search for an account.
6. Select **Show all** or categories that count towards your usage limits.
7. Click the **pencil** icon to edit multiple chart of account names.
8. Click the **printer** icon to print a list of your chart of accounts.
9. Click the **gear** icon to add/remove display columns, change the number of rows, or include inactive accounts.

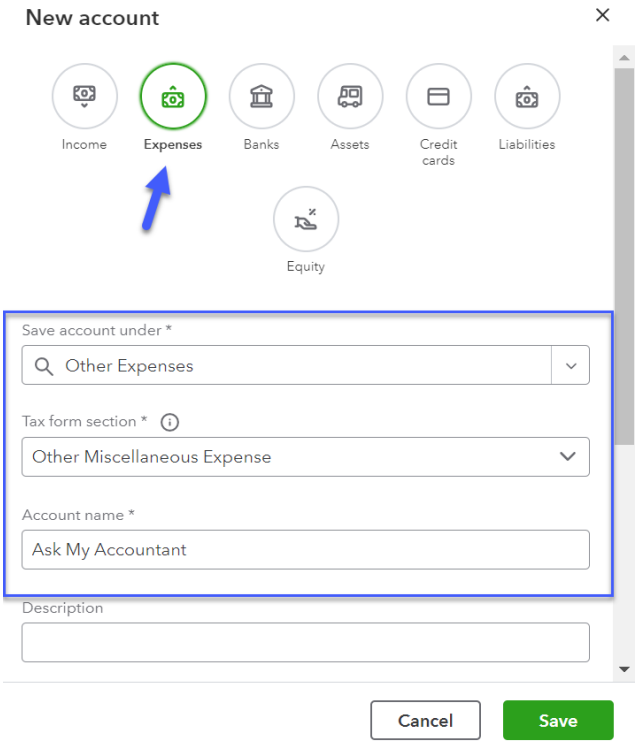
Note: Remember to turn on account numbers in accounts and settings if you want to customize the organization of your chart of accounts.

Chart of Accounts

Add Accounts



1. Click **New** or the drop-down list to add an account or import from a .csv file.
2. Create a new account and name it **Ask My Accountant**.
3. Select the **Account Type Expenses** and the **Save account under** to **Other Expenses**.
4. Select the **Tax form section** other miscellaneous expense.
5. Change the account name to **Ask My Accountant**.
   This will position the account at the bottom of your Profit & Loss Statement, where it will stand out as a reminder to address or research questionable transactions before processing financials for the month or year.
6. Click **Save and New** to add another account or **Save and Close** to return to the chart of accounts list.

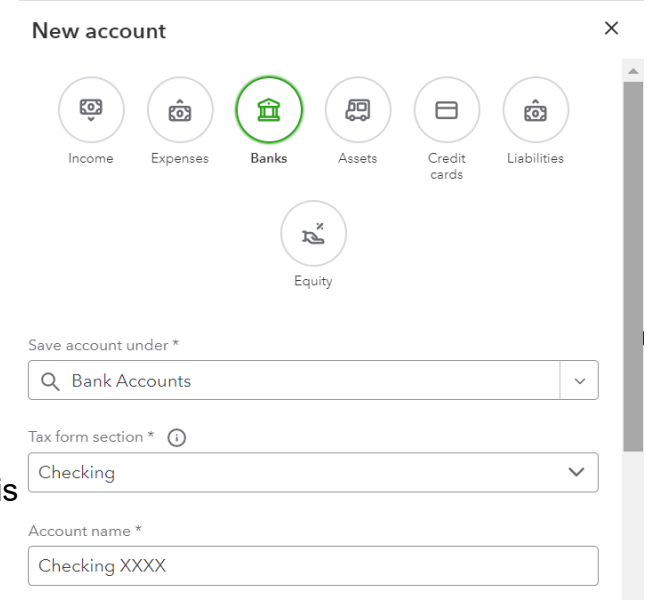


Note: Home Depot and Walmart are not account categories. They are vendors used to purchase supplies and materials (supplies and materials are account categories).

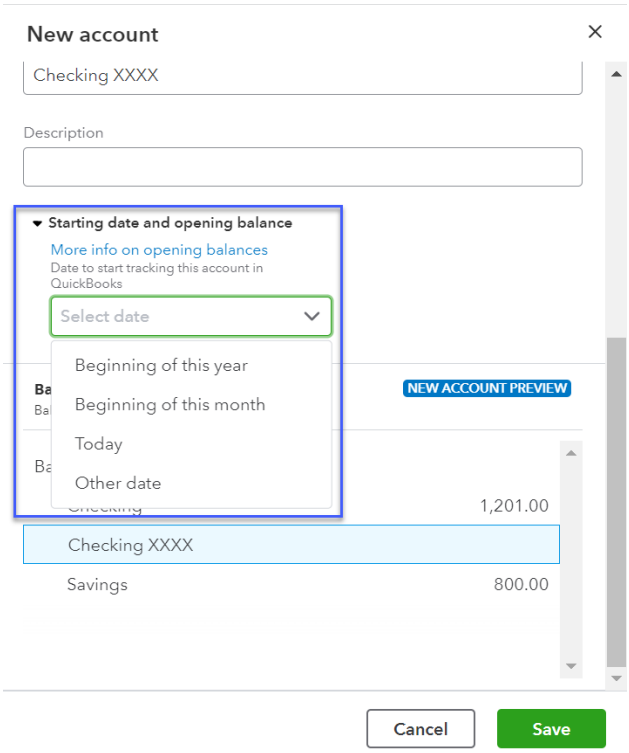
Chart of Accounts

Add Bank Accounts

In this example we are setting up a new bank account.



1. Click **New** from the chart of accounts List.
2. Select the **account type** icon.
3. Select the **Save account under.** This is where you can add an account to a group of accounts.
4. Select the **Tax form section**.
5. Type the **Account name**.



Add an optional description

You have the option to add a

is important in case you need to merge accounts in the future.

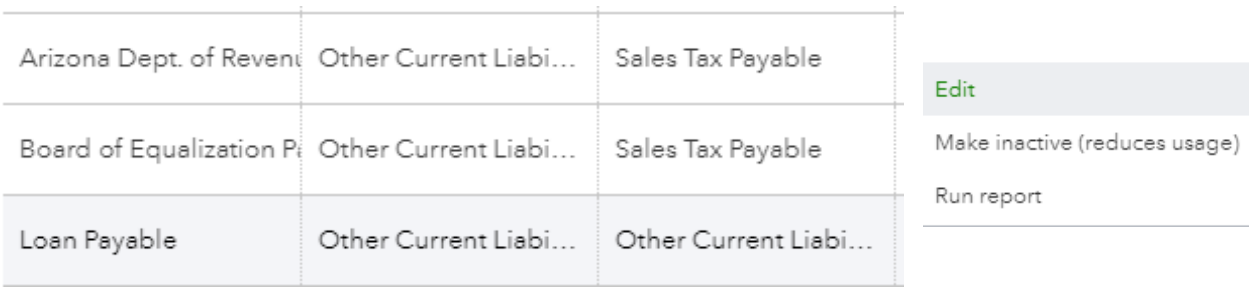
Chart of Accounts

Edit Account

From the **chart of accounts** list locate the account you would like to edit.

In this example: The loan payable is a five-year vehicle loan and should be categorized as a long-term liability. Current liabilities are usually paid within a year; examples are sales and payroll taxes, lines of credit etc.

From the **action menu** column, click the drop-down list**-> edit**.



Use the **Account type** drop-down list to change the **Save account under type** from **Other Current Liabilities** to **Long Term Liabilities**. Change the **Tax form section** to **Notes Payable** and change the name and description to be more specific. Remember to click **Save and Close**.

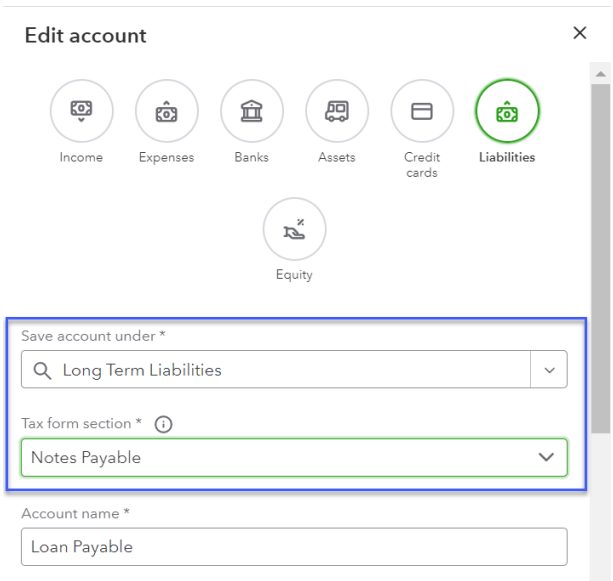


Chart of Accounts

Make Inactive

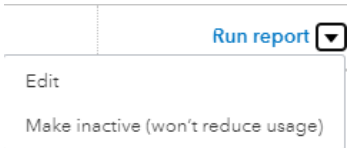
From the chart of accounts list:

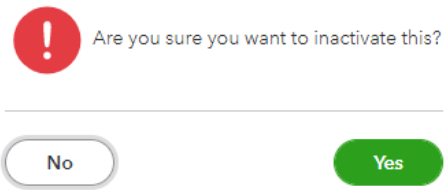
1. Click one time to highlight the account you would like to inactivate.

For this example, we will inactivate the **Miscellaneous** account.

Miscellaneous	Other Expense	Other Miscellaneous Expense
Penalties & Settlements	Other Expense	Penalties & Settlements

2. Click **Make inactive** in the action column drop-down list.
3. An “alert” will pop up and ask you to confirm. Click **Yes**.





The **Miscellaneous** account will no longer appear in the chart of accounts list. However, the account is technically inactive and will appear on the list when you choose **Include inactive** from the **gear** icon.

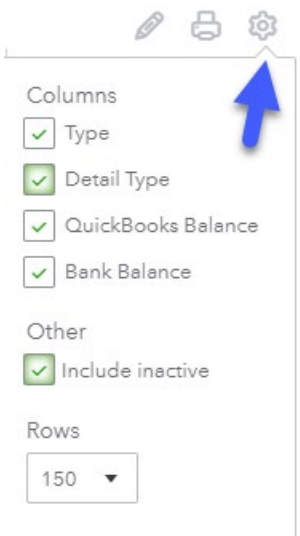


Chart of Accounts

Merge Accounts

Merging accounts is helpful if two or more accounts are being used for the same types of transactions and you want to combine the transactions into a single account.

Caution: The merge process cannot be undone and is permanent. It is important to confirm that the merge process will not affect the financial statements used to file tax returns.

It is advisable to discuss the cleanup of your **chart of accounts** with your instructor, accountant or QuickBooks ProAdvisor before merging accounts.

In this example we have two accounts being used to track office expenses.

We will merge **Accounting** with **Bookkeeping** from the chart of account settings window.

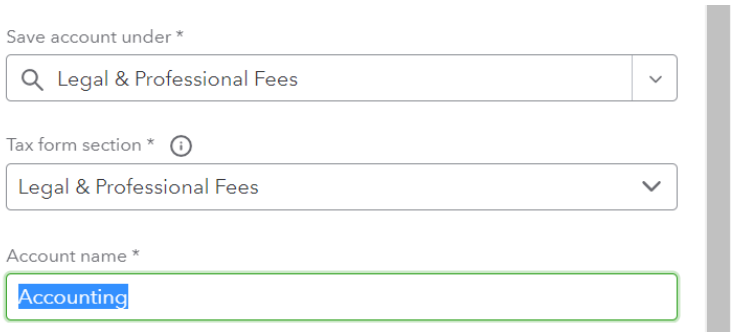
1. Click one time to highlight the account you will keep, “Accounting.”
2. Click **edit** from the action column drop-down list.

Legal & Professional Fee	Expenses	Legal & Professional Fees
Accounting	Expenses	Legal & Professional Fees
Bookkeeper	Expenses	Legal & Professional Fees
Lawyer	Expenses	Legal & Professional Fees

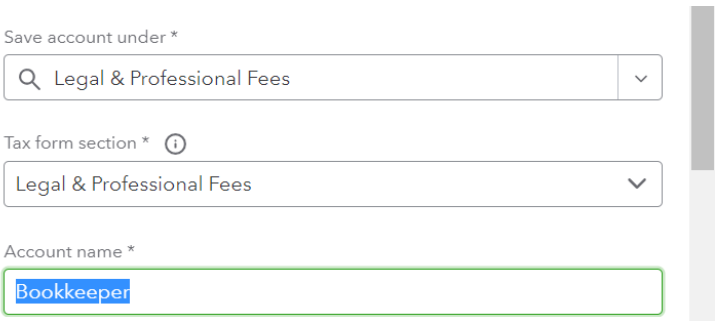
Note: The **save account under** and tax form section must be the same for accounts you intend to merge. When merging sub-accounts, both accounts must be a sub of the same parent account.

Chart of Accounts

3. Highlight the name **Accounting** and copy **(Ctrl + C)** the account name.
4. Click the **cancel** button in the lower left to return to the **chart of accounts settings list**.



5. Select the account **Bookkeeper**.
6. Click **edit** from the action column drop-down list.



7. Highlight the name **Bookkeeper** and Paste **(Ctrl + V)** to replace "Bookkeeper" with "Accounting." Click **Save -> Yes**.

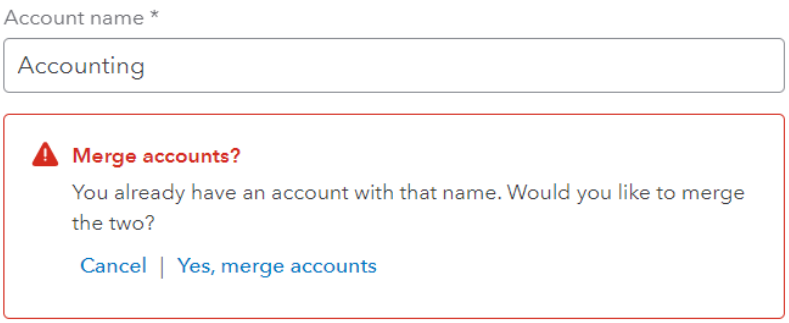


Chart of Accounts

Sub-accounts

Sub-accounts are a great way to organize your chart of accounts when used properly.

It is important to select sub-accounts in all transactions and avoid using the main account.

1. Click **New** from the chart of accounts list.

For this example, we will create sub-accounts for automobile expenses.

Note: The **Save account under** (**parent account**) will be “Automobile”, the **Tax form section** will be “Auto”, and the **Account name** is “Fuel”. Repeat the process to create additional subaccounts for **license**, and **service**.

Now that you have created a **main account** for **Automobile** and sub-accounts for **Fuel**, **License**, and **Service,** the **chart of accounts** should look like this:

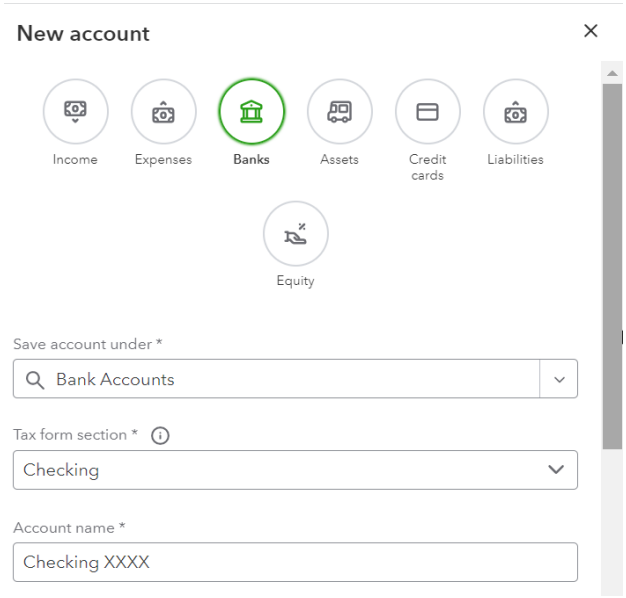
Automobile	Expenses	Auto
Fuel	Expenses	Auto
License	Expenses	Auto
Service	Expenses	Auto

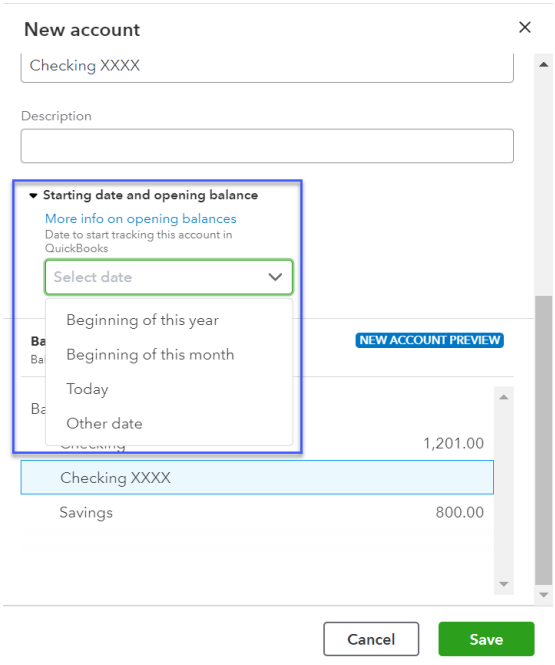
Beginning Balances

It is important to verify or enter beginning balances and historical data. Your accountant can assist you in using a journal entry or you can add beginning balances when adding bank accounts to your chart of accounts list.

If you have converted data, then you would have compared a Balance Sheet and Profit & Loss Statement (set for all dates and accrual basis) in QuickBooks Online with the same reports in the accounting application you were using.

Enter beginning balances when setting up a new bank account, credit card account, and other assets and liabilities. Opening balances default to **open balance equity** in the chart of accounts.



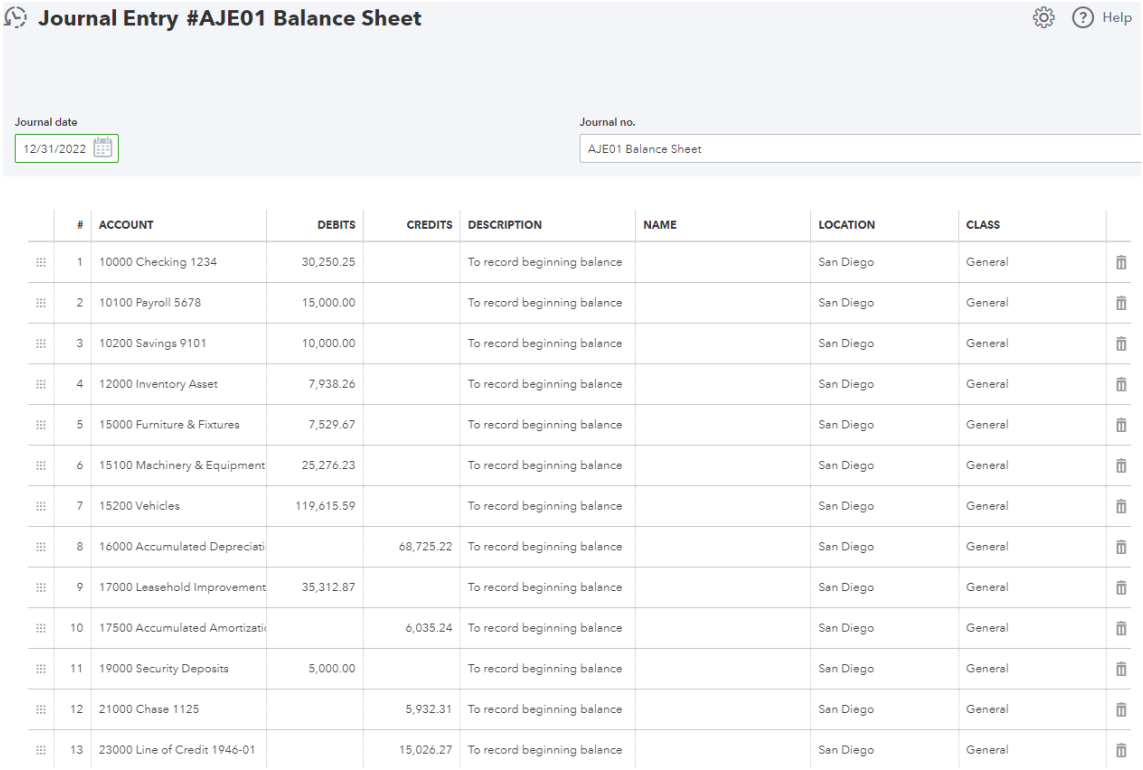


Note: Accounts receivable (customer invoices) and **accounts payable** (unpaid bills) should be entered individually to match beginning balances.

Beginning Balances

Journal Entries are used to record beginning balance transactions, or transactions that occur outside of the business bank and credit card accounts. QuickBooks automatically enters the date and journal entry number, but you can change them anytime. You must enter at least two accounts and at least one debit and one credit, in order to save the journal entry. The debit and credit totals must match.

1. Click **+New -> Journal Entry**.
2. Verify the date and journal number. Enter the account, amounts, description and name if applicable.
3. Click **Save**.



#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION	NAME	LOCATION	CLASS
1	10000 Checking 1234	30,250.25		To record beginning balance		San Diego	General
2	10100 Payroll 5678	15,000.00		To record beginning balance		San Diego	General
3	10200 Savings 9101	10,000.00		To record beginning balance		San Diego	General
4	12000 Inventory Asset	7,938.26		To record beginning balance		San Diego	General
5	15000 Furniture & Fixtures	7,529.67		To record beginning balance		San Diego	General
6	15100 Machinery & Equipment	25,276.23		To record beginning balance		San Diego	General
7	15200 Vehicles	119,615.59		To record beginning balance		San Diego	General
8	16000 Accumulated Depreciati		68,725.22	To record beginning balance		San Diego	General
9	17000 Leasehold Improvement	35,312.87		To record beginning balance		San Diego	General
10	17500 Accumulated Amortizati		6,035.24	To record beginning balance		San Diego	General
11	19000 Security Deposits	5,000.00		To record beginning balance		San Diego	General
12	21000 Chase 1125		5,932.31	To record beginning balance		San Diego	General
13	23000 Line of Credit 1946-01		15,026.27	To record beginning balance		San Diego	General

Note: What is required to create a journal entry? Accountants typically provide adjusting journal entries when completing the tax return. For example, depreciation expense is used in conjunction with fixed assets. We depreciate assets over specific periods of time.

Historical Transactions

Entering Historical Information

When you start a new QBO file, you may need to enter historical data. Use the following process for each area of the business:

Accounts Receivable – Enter transactions (invoices, incoming payments, and deposits) in the same order and date they were created or received. This process creates a historical record of transactions by customer.

Invoice – Click the **+New icon -> invoice** and enter each invoice sent between your start date and today. Be sure to use the correct dates as well as the products and services list.

Receive Payment – Click the **+New icon -> receive payment** and enter all payments received from customers between your start date and today. When payments are received, they are posted to a default holding account known as undeposited funds.

Bank Deposit – Click the **+New icon -> bank deposit** to select payments and post deposits to the bank register. This is a very important step intended to group payments that match the deposit sent to the bank. This step clears out the undeposited funds holding account.

Historical Transactions

Accounts Payable – Manually enter bills and bill payments in the same order and date they were created or paid. This process creates a historical record of transactions for a vendor.

Bills – Click the **+New -> bill** and enter any outstanding bills.

Pay Bills – Click the **+New -> pay bills** to attach payments to bills.

Bank Transactions – If you are entering historical transactions for more than a one-month time frame, enter the transactions one month at a time and reconcile all bank and credit card accounts before going on to the next month.

There are three ways to enter historical bank transactions: manually, using the import feature or connecting bank accounts (per Module 2 training).

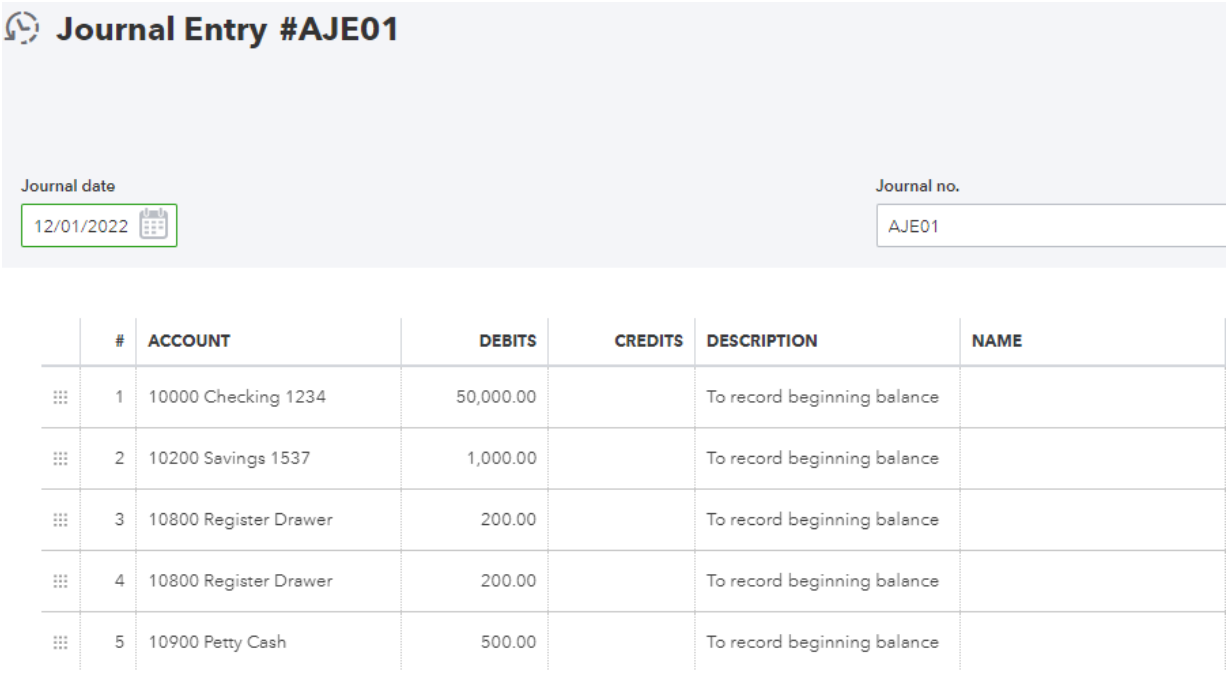
Use the following process to enter bank transactions:

1. Manually enter all checks by clicking the **+New icon -> check** and entering all checks posted one month at a time.
2. Manually enter debits by clicking the **+New icon -> expenses** and entering all debits posted to the bank one month at a time.
3. Connect the bank account to QuickBooks Online – **dashboard -> connect accounts or banking -> add account** and follow the setup process. Use caution when selecting the period to download transactions to avoid duplicate transactions.
4. Export and import transactions from your bank to QuickBooks Online.
5. Complete bank reconciliation – Click the **gear icon -> reconcile**. Deposits and bill payments should already be posted to the register.

Historical Transactions

In this example, we created a journal entry to record the purchase of a truck and corresponding loan. You will see that it increases assets and liabilities on the Balance Sheet. We record beginning bank balances to reflect accurate cash on hand. Legal and license fees increase the expense categories on the profit & loss.

If personal accounts were used by the business owner prior to setting up the accounting application, this shows how to enter those transactions. Since the owner paid out of their personal accounts, we post the total to owner contributions which increases the equity section of the Balance Sheet.



Journal Entry #AJE01

Journal date: 12/01/2022

Journal no.: AJE01

	#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION	NAME
⋮⋮	1	10000 Checking 1234	50,000.00		To record beginning balance	
⋮⋮	2	10200 Savings 1537	1,000.00		To record beginning balance	
⋮⋮	3	10800 Register Drawer	200.00		To record beginning balance	
⋮⋮	4	10800 Register Drawer	200.00		To record beginning balance	
⋮⋮	5	10900 Petty Cash	500.00		To record beginning balance	

Section 2 Action Steps

1. **Watch the video links:**

   How to Set Up Company Settings (2:37)

   How to Add and Manage Users (3:55)

   How to Customize Invoices and Sales Forms (4:36)

   Understanding the Chart of Accounts (4:20)

   How to Add Accounts to your Chart of Accounts (3:17)

2. **Review your company and account settings** and turn on/off features that are specific to your company. Turn off anything you do not currently need. If you are unsure about what settings you need, talk to your instructor/accountant.
3. **Add users** (bookkeeper, tax professional, etc.).
4. **Customize your chart of accounts**.

   Information that may help - Remember Office Depot, Costco, Walmart, etc. are not account categories, they are vendors. Another example, office expense can include postage, supplies, printers etc.

Section 2 Action Steps

Important to note: Your subscription will auto-populate the chart of accounts categories based on the industry you choose in the setup process.
We recommended leaving the industry blank during the setup process.

Here are two options when determining your approach to setting up your custom chart of accounts list. Be sure to turn on “enable account numbers” in account and settings.

Option 1:
Manually add, edit, merge or inactivate accounts to create your own custom chart of accounts. Refer back to this section of the training for a refresher. This is the best option if you have been using an existing chart of accounts list.

Option 2:
Use the “**batch actions**” feature to inactivate multiple accounts at once. **Simply check the box** to the left of the category you would like to inactivate, then select the **batch actions drop down -> make inactive**. Then import a pre-populated excel list. Refer to the import process of this training for guidance.

Important! There will be several account categories you will not be able to inactivate. They are default categories that work with other features of the application. For example: uncategorized assets, uncategorized expenses, and sales. Ignore them!

Online Foundations

SECTION 3
REPORTS

Goals
Balance Sheet
Profit & Loss
Ask My Accountant
Audit Log
Action Steps

Section 3 Objectives

Upon completion of Section 3 each participant will be familiar with the following objectives:

- How to save and group custom reports.
- How to setup and review a Balance Sheet Statement.
- How to setup and review a Profit & Loss Statement.
- How to create a report and utilize Ask My Accountant.
- How to review an audit log.
- How financial reports are key to cash flow and profitability.

Understanding Your Numbers

Customizing and viewing reports on a regular basis will ensure the accuracy of your company data, and help you make better management decisions. Financial analysis and reporting are the bedrocks of modern business, and the benefits are vast; improved cash flow, debt and liabilities management, trend identification, real time tracking, etc. Financial reports also help you remain in compliance with various regulations.

The **Custom Reports** section allows you to save custom reports in groups and streamline the time it takes to review reports daily, weekly, monthly, etc.

Once you understand what the numbers mean in your reports and where the data is coming from, it will become obvious why creating unnecessary account categories leads to costly cleanup. The various reports clarify what is going on in each area of our business. Invest time to familiarize yourself with key reports that apply to your business. If you are unsure what reports to track, talk to your instructor/advisor or accountant for advice. Keep in mind you can customize and create detailed and summarized reports as you learn more.

All business owners should focus on three main financial reports:

- Balance Sheet
- Profit & Loss
- Statement of Cash Flows

Other important reports include:

- Ask My Accountant
- Audit Log

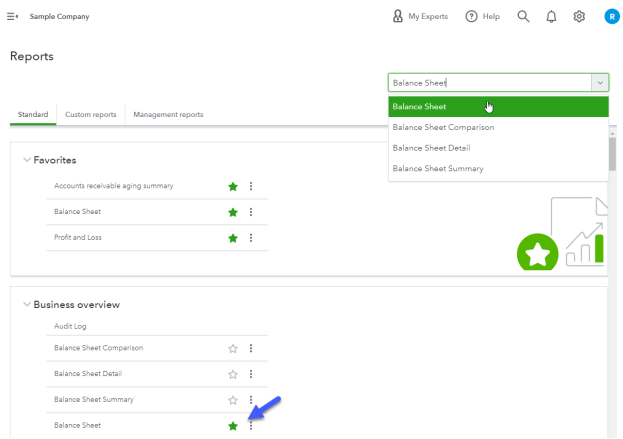
Balance Sheet

The Balance Sheet provides information about the assets the business owns. There are several types of assets including current assets, cash in the bank and money owed by customers. Fixed assets are tangible items purchased, such as a vehicle or equipment used to produce money. Fixed assets are depreciated over time and are typical items that cost more than $2,500. Other assets include leasehold improvements, purchase of a business, security deposits, etc.

Now let's discuss liabilities, what the business owes. Short-term liabilities are paid within a year and include sales and payroll taxes, garnishments, lines of credit, credit cards etc. Long-term liabilities take more than a year to pay back and include vehicle or equipment loans, SBA or building loans etc.

Finally, the equity section tells us how much your business is worth, tracking all profits and losses from the time you start the business to the present. This section tracks all the stock, owner distributions and contributions over the years. All information is rolled into retained earnings, owner's equity, or member equity depending on the type of entity.

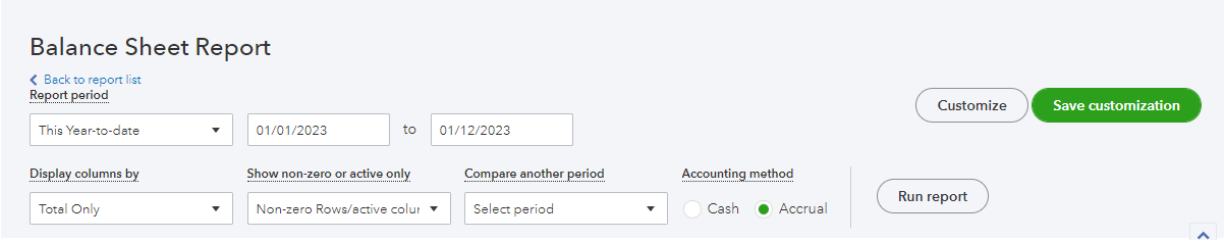
1. Click **Reports** in the **left navigation bar -> select the standard tab -> scroll to business overview -> Balance Sheet.**
2. Click the **star** to save the report as a favorite or
3. Click **reports** in the **left navigation bar** and use the **search** feature. Select the Balance Sheet.



Balance Sheet

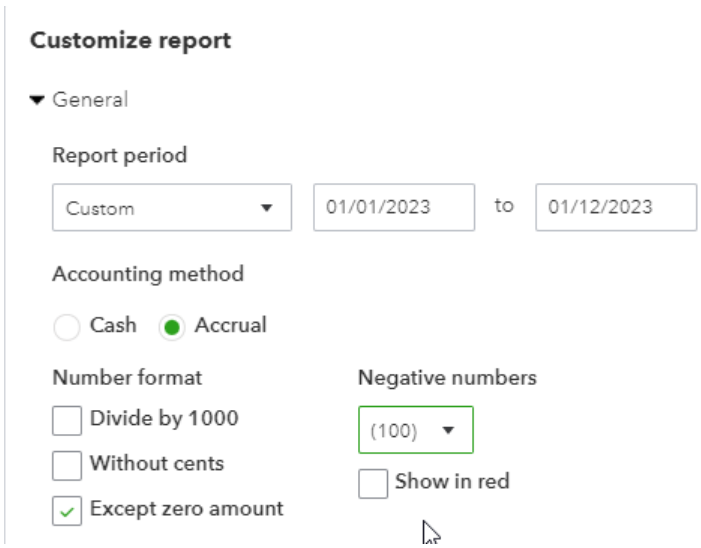
Balance Sheet

There are several ways to filter the data for your custom reports. Change the **Report period**, **Display columns, Show non-zero or active only**, **Accounting method, and Compare Report periods.**

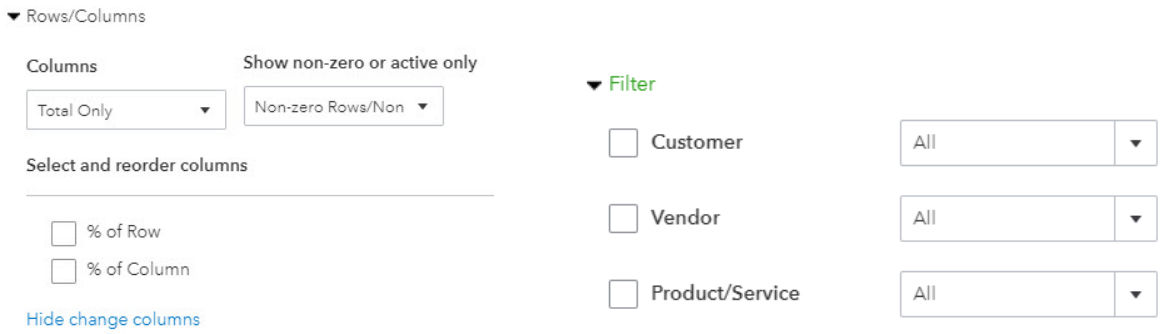


The **Collapse** option consolidates all sub-account balances within the main account. The **Expand** option displays all sub-account balances. **Sort** by ascending or descending order and **Add notes.** Click the appropriate icon to **Email, Print** or **Export** a report.

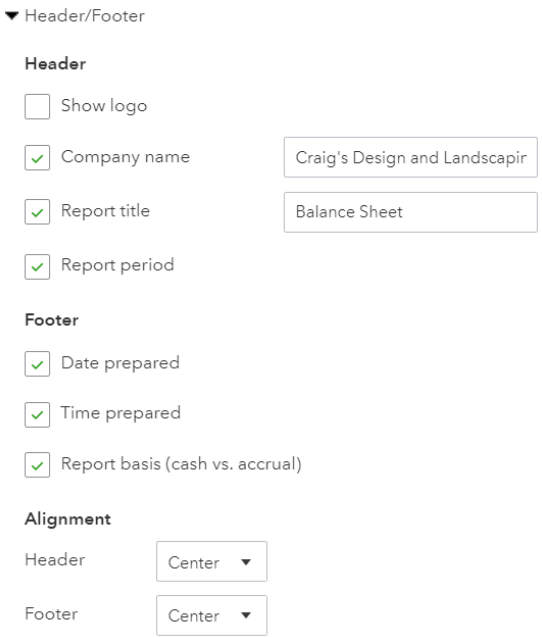
1. Click **Customize** to change the date range, accounting method and negative numbers display.



2. Click **Rows/Columns** to change the way **columns** are displayed, **Show non-zero rows and columns**, or add percentage of rows and columns.
3. Click **Filter** to select specific **Customers, Vendors,** or **Product/Service** items to be displayed.

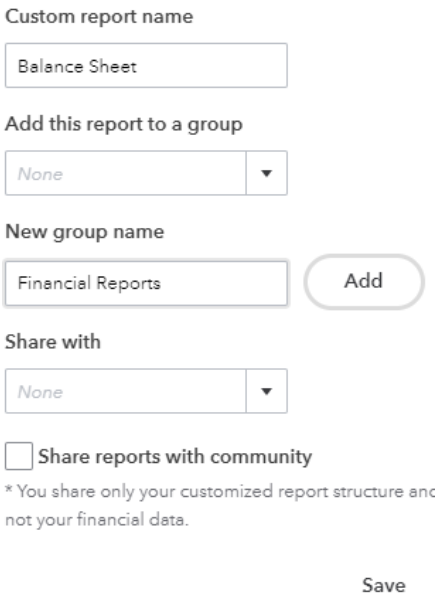


4. Click **Header/Footer** to add your logo, change the Report title, remove information displayed, and change the alignment of the report. Click **Run Report.**

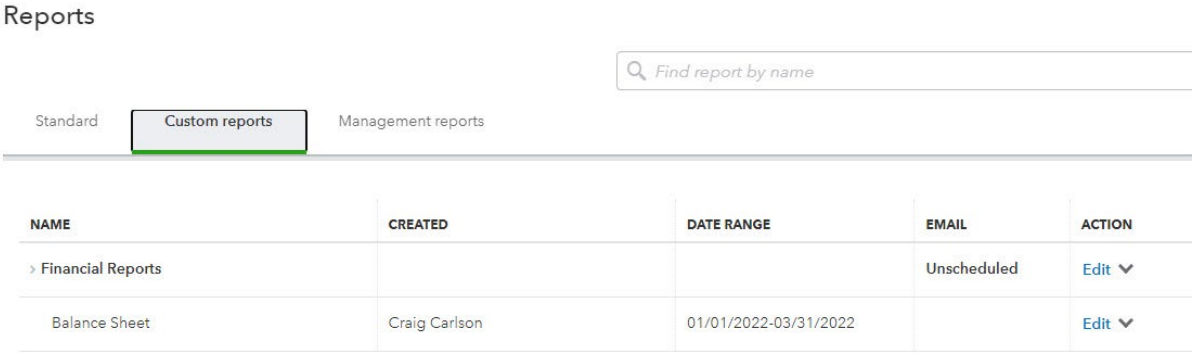


Balance Sheet

5. Click **save customization**.
6. Name your custom report or use the default name, add this report to a group, or share it with a coworker. Organizing your reports in groups will save time locating and reviewing your favorite reports.
7. Click **Save**.



8. Now simply click on **Reports -> Custom reports** to quickly access your customized **Balance Sheet**.



Balance Sheet

This sample displays the assets portion of the Balance Sheet. In order to rely on your financial data, it is important to verify that all asset account balances are accurate.

Craig's Design and Landscaping Services

Balance Sheet
As of January 12, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Checking	1,201.00
Savings	800.00
Total Bank Accounts	**$2,001.00**
Accounts Receivable	
Accounts Receivable (A/R)	5,281.52
Total Accounts Receivable	**$5,281.52**
Other Current Assets	
Inventory Asset	596.25
Undeposited Funds	2,062.52
Total Other Current Assets	**$2,658.77**
Total Current Assets	**$9,941.29**
Fixed Assets	
Truck	
Original Cost	13,495.00
Total Truck	**13,495.00**
Total Fixed Assets	**$13,495.00**
TOTAL ASSETS	**$23,436.29**

Balance Sheet

This sample displays the liability and equity sections of a Balance Sheet. In order to rely on your financial data, it is important to verify that all liability and equity account balances are accurate.

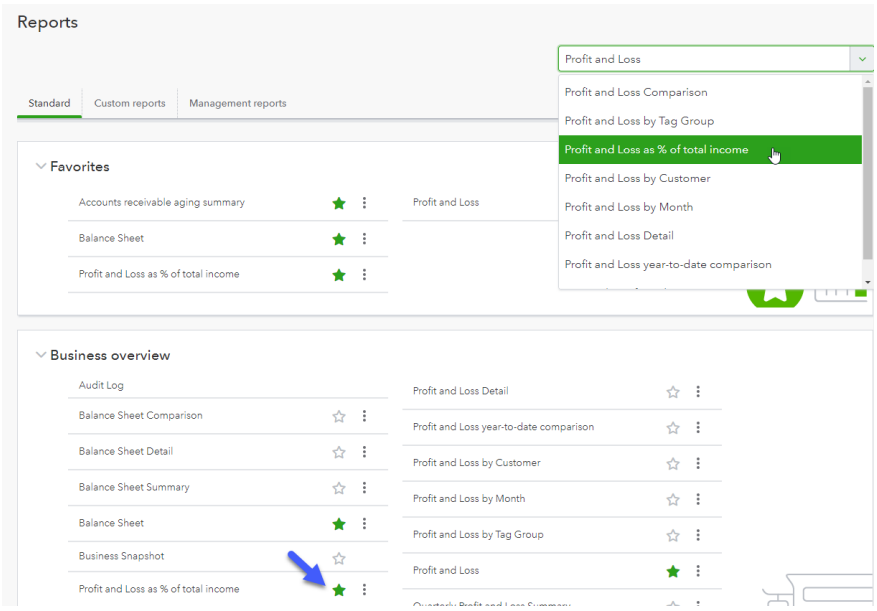
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	1,602.67
Total Accounts Payable	**$1,602.67**
Credit Cards	
Mastercard	157.72
Total Credit Cards	**$157.72**
Other Current Liabilities	
Arizona Dept. of Revenue Payable	0.00
Board of Equalization Payable	370.94
Loan Payable	4,000.00
Total Other Current Liabilities	**$4,370.94**
Total Current Liabilities	**$6,131.33**
Long-Term Liabilities	
Notes Payable	25,000.00
Total Long-Term Liabilities	**$25,000.00**
Total Liabilities	**$31,131.33**
Equity	
Opening Balance Equity	-9,337.50
Retained Earnings	1,676.46
Net Income	-34.00
Total Equity	**$ -7,695.04**
TOTAL LIABILITIES AND EQUITY	**$23,436.29**

Profit & Loss

The Profit & Loss Report is an accumulation of income and expenses for a period. At the end of each year the net profit or loss rolls into the equity section of the Balance Sheet. Each new year starts with a zero balance for income and expenses.

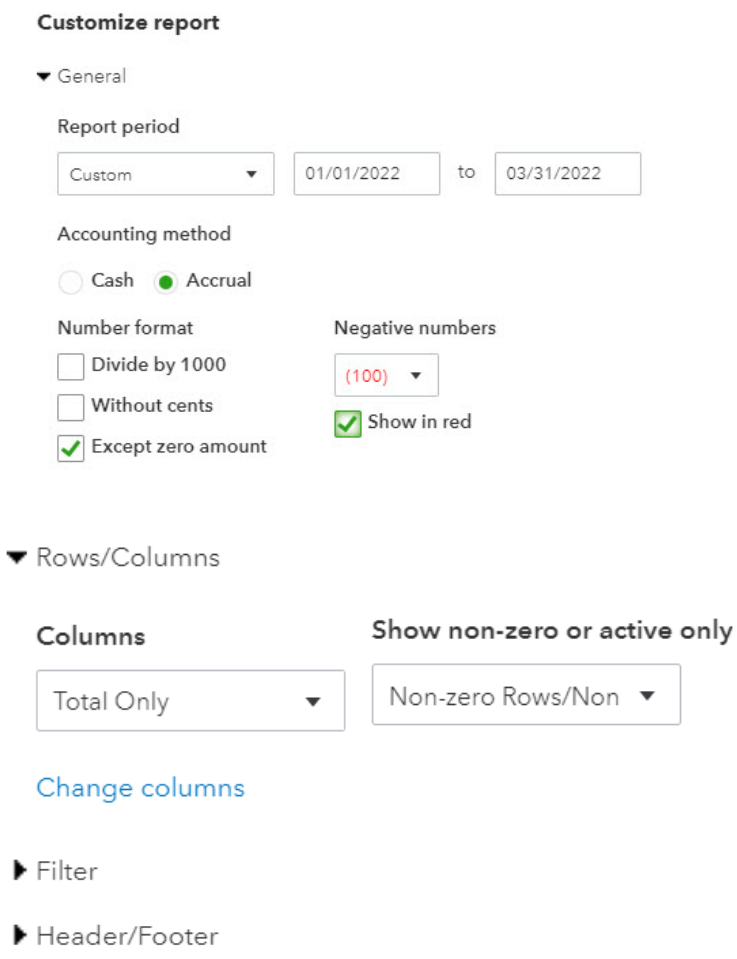
The **profit & loss** continues with the story about the health of our business. Are we meeting our sales growth targets? When we subtract expenses directly related to revenue, we can determine our **gross profit margin**. Do we have enough gross profit to pay all other costs? When we subtract all other expenses from gross profit, we can determine net income before tax and whether we are profitable. Each category is a percentage of Income which we use as a cash management tool.

1. Click **reports** in the **left navigation bar -> reports -> standard.**
2. Scroll to **business overview.**
3. Click **Profit and Loss % of Total Income or** use the search feature.



4. Click **Customize.**
5. Change the **Negative numbers** to display with parenthesis and check the box **Show in red**.

Just like the Balance Sheet, you can add rows and columns, filter information, or change **Header/Footer** options.



Note: It is important to choose the same date range and accounting method used to customize the Balance Sheet.

Profit & Loss

6. Use the **collapse/expand** feature to hide or unhide subaccounts when customizing reports.

Craig's Design and Landscaping Services

Profit and Loss % of Total Income
October - December, 2022

	TOTAL	
	OCT - DEC, 2022	% OF INCOME
Income	$9,809.52	100.00 %
Cost of Goods Sold	$405.00	4.13 %
GROSS PROFIT	$9,404.52	95.87 %
Expenses		
Advertising	74.86	0.76 %
Automobile	79.96	0.82 %
Fuel	349.41	3.56 %
Total Automobile	**429.37**	**4.38 %**
Equipment Rental	112.00	1.14 %
Insurance	241.23	2.46 %
Job Expenses	155.07	1.58 %
Job Materials	802.82	8.18 %
Total Job Expenses	**957.89**	**9.76 %**
Legal & Professional Fees	870.00	8.87 %
Maintenance and Repair	940.00	9.58 %
Meals and Entertainment	28.49	0.29 %
Office Expenses	18.08	0.18 %
Rent or Lease	900.00	9.17 %
Utilities	331.39	3.38 %
Total Expenses	**$4,903.31**	**49.99 %**
NET OPERATING INCOME	$4,501.21	45.89 %
Other Expenses		
Miscellaneous	2,916.00	29.73 %
Total Other Expenses	**$2,916.00**	**29.73 %**
NET OTHER INCOME	$ -2,916.00	-29.73 %
NET INCOME	$1,585.21	16.16 %

Note: Remember to click **save Customization** and add this report to your new report group in **custom reports**.

Cash Flow

Business Tip: Cash flow includes all transactions that go in and out of your bank accounts. Some transactions will post to the Balance Sheet, and some will post to the profit & loss.

Cash flow is generated by the business cycle.

Think of the cycle as a clock.

Any event that slows down the clock, interrupts the process, hurts cash flow.

The proper use of QuickBooks will significantly increase efficiencies and the speed of the business cycle.

Ask My Accountant

This report can be a very helpful tool. It is used to post transactions when the user is not sure which category to use. The **memo** field allows the user to post notes and questions for their accountant. It can be a great way to train a new bookkeeper or business owner.

1. Click on **accounting** in **the left navigation bar -> chart of accounts tab.**
2. Locate **Ask My Accountant** in other expense type, then click **run report.**

3. Click **customize -> header/footer** to change the **header** to **Ask My Accountant**.
4. Change the **Report Period** to **All Dates** then click **Run report.**
5. **Save Customization** to save your report in **custom reports.**

   Notice the Accountant's response in the **Memo/Description** field to post the transaction to Fixed Assets/Computer Equipment.

Craig's Design and Landscaping Services

Account QuickReport

Since October 18, 2022

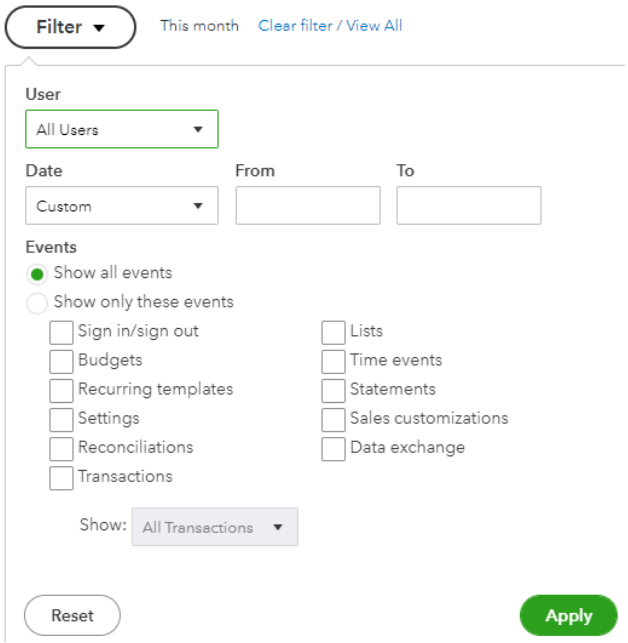
DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	CLR	AMOUNT	BALANCE
Ask My Accountant								
12/19/2022	Expense			SQUEAKY KLEEN CAR WASH	Ask My Accountant		-19.99	-19.99
12/24/2022	Expense			A1 RENTAL	Ask My Accountant		-800.00	-819.99
Total for Ask My Accountant							$ -819.99	
TOTAL							$ -819.99	

Note: It is important to clear up all transactions on this report before year end and especially before filing a tax return. This is a placeholder for transactions that need more information to post in the correct account or category.

Audit Log

The Audit Log Report is a good way to view activity by user. This is a great training tool used to enforce accurate data entry. The audit log is also a way to detect fraudulent activity.

1. Click **reports -> search audit log.**
2. Click the **Filter** button to search historical transactions by **User, Date,** or **Events**.



Notice the filter criteria is set for a specific user and the historical data indicates when he logged in and out, as well as specific transactions that were edited by Craig Carlson.

3. Click the **gear** icon to select columns to view.
4. Click **view** to see details for a specific transaction.

Jan 12, 2023, 1:51 pm ...	Craig Carlson	Signed Out.	
Jan 12, 2023, 1:49 pm ...	Craig Carlson	Edited Product or Service Design:Services	View
Jan 12, 2023, 1:49 pm ...	Craig Carlson	Edited Product or Service Design:Lighting	View
Jan 12, 2023, 1:49 pm ...	Craig Carlson	Edited Product or Service Design:Rocks	View

Section 3

All business owners should complete this section and apply the knowledge to their own company file. Remember! You can always refer to various Modules of training if you need additional reminders of how features works.

1. **Watch Video Links:**

   Understanding the Balance Sheet in QuickBooks Online (2:34)

   Understanding Profit & Loss Statement: Income, Cost of Goods (1:54)

   How to use the Audit Log in QuickBooks Online (2:02)

2. **Create, save and review the following reports:**
   - Balance Sheet
   - Profit & Loss with Percentages
   - Statement of Cash Flows
   - Ask My Accountant

Online Foundations Training

SECTION 4
ACCOUNTS RECEIVABLE

Goals
Customer Center
Sales Receipts
Bank Deposits
Invoices
Receive Payments
QuickBooks Payments
Action Steps

Section 4 Goals

Upon completion of Section 4 each participant will be familiar with:

- An overview of accounts receivable.
- How to correctly use customer and accounts receivable-related accounts and settings.
- How to use the Customer Center.
- How and when to use a sales receipt versus an invoice.
- How to receive payments and record deposits.

More About Accounts Receivable

In the accounts receivable section, we discuss the importance of managing open invoices, money owed to you by customers. You might be surprised by how costly this process can be if an efficient system is not in place. The affect on cash flow can be profound.

Wow!

According to the Harvard Business Review, here is an average of what receivables cost a company. This does not include the probability of collection, which falls drastically the further out an unpaid bill is allowed to go.

30 days – 1.82%

60 days – 9.20%

90 days – 17.74%

120 days – 26.71%

Did you know?

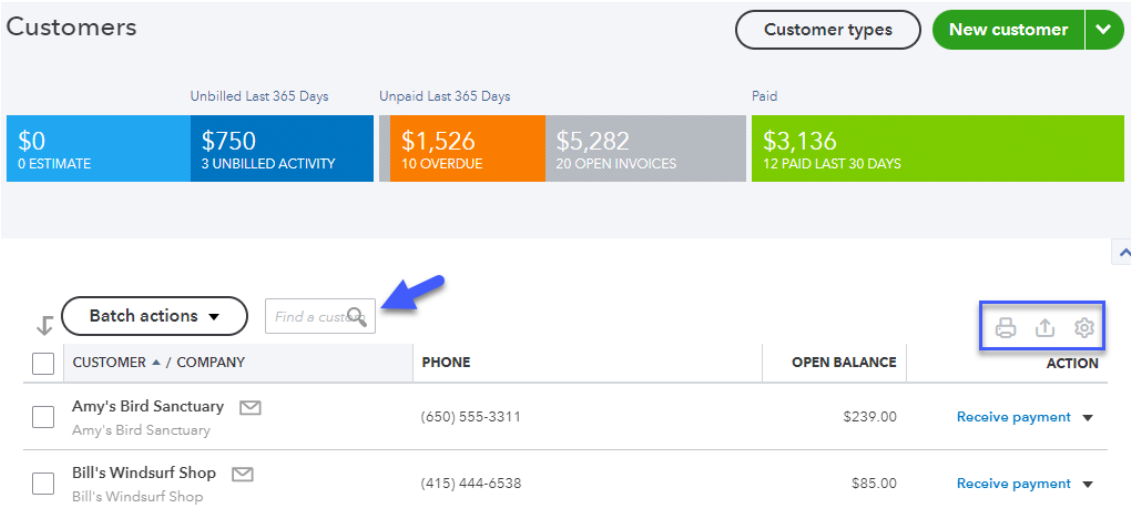
By reducing average time to payment by just one day, a typical company with an average 15-18% receivable doing:

- 250K in annual sales, would add $700 per one day decrease in average time to payment to their cash flow.
- 500K in annual sales, would add $1,400 per one day decrease in average time to payment to their cash flow.
- 1M in annual sales, would add $2,800 per one day decrease in average time to payment to their cash flow.

Customer Center

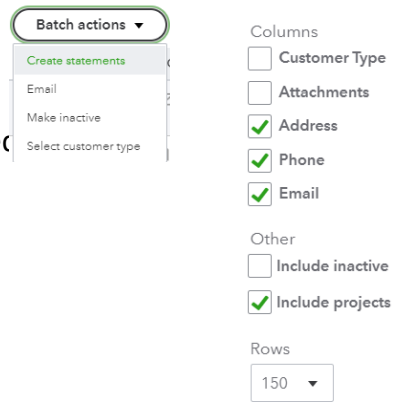
The **Customer Center** includes options for maintaining customer lists, adding invoices, receiving payments, and viewing transactions related to your customers.

1. From the left navigation bar click **invoicing -> customers** to access the **Customer Center.**
2. Click the **invoices** tab to view and manage invoices.
3. Click the drop-down arrow to select from a list of options, such as **send reminders**, **create statements**, **invoices**, **sales receipts**, and **estimates**.



4. Use **Batch actions** to create statements or email several invoices at one time. The search field is a quick way to find a customer.

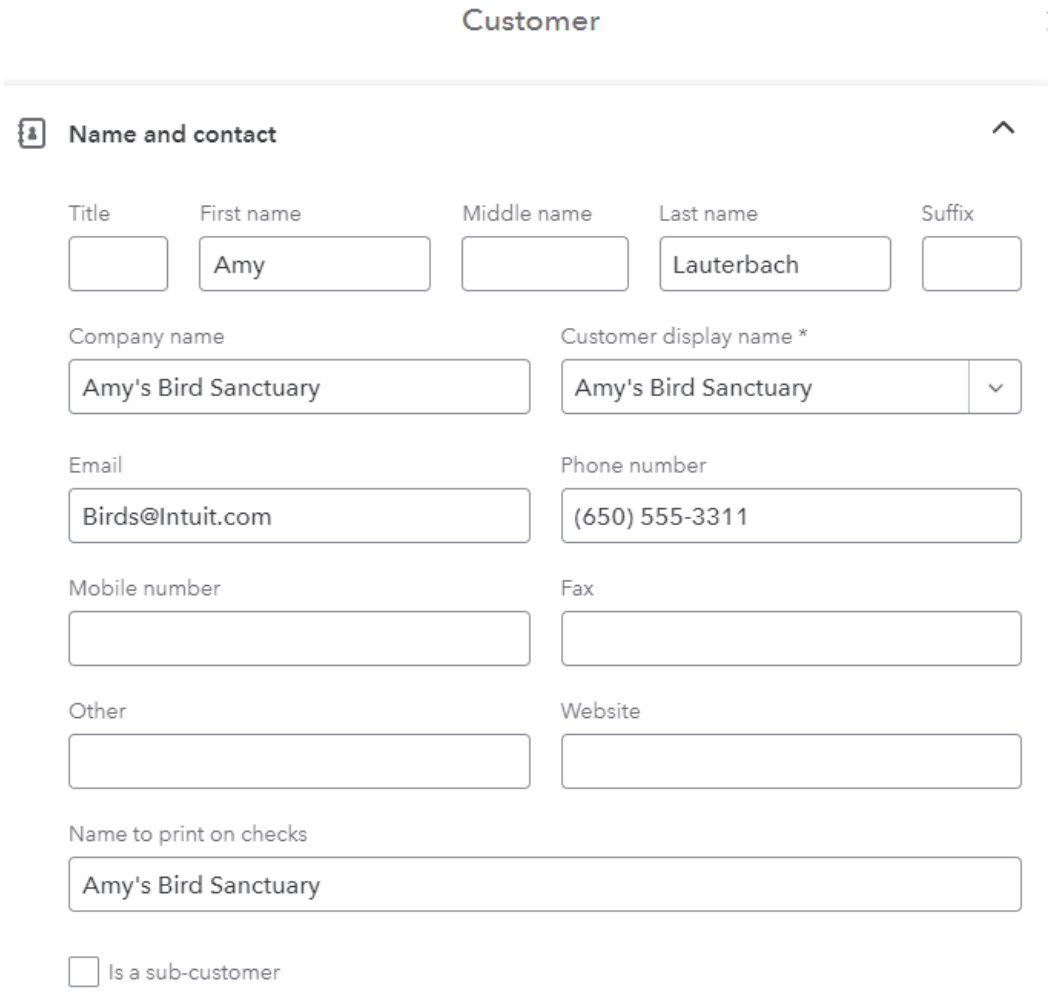
5. Click the **Gear** icon to edit the way columns are displayed.



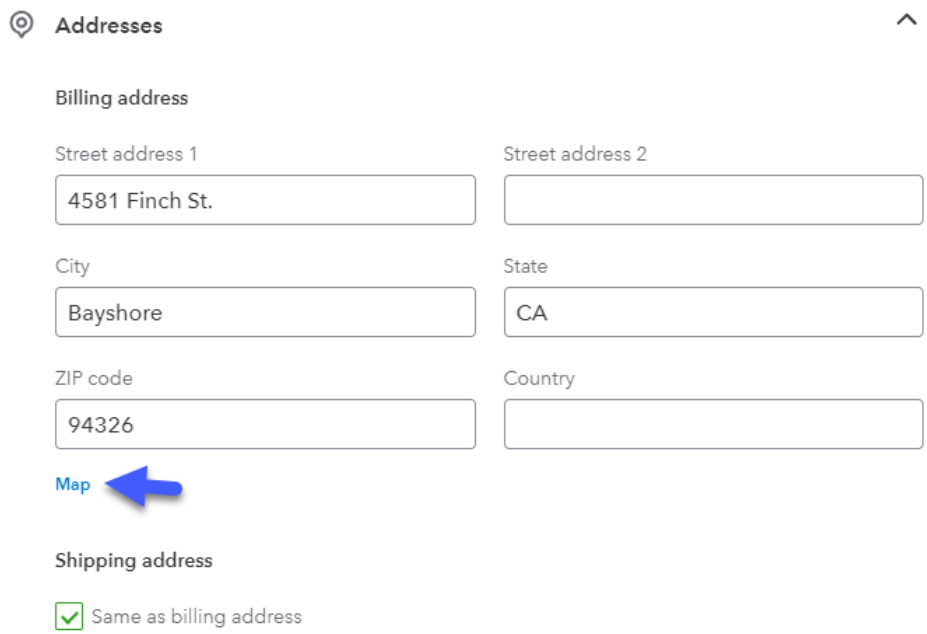
Note: You can manage **sales, products and services** and more, from the **Sales Center.**

Add Customer

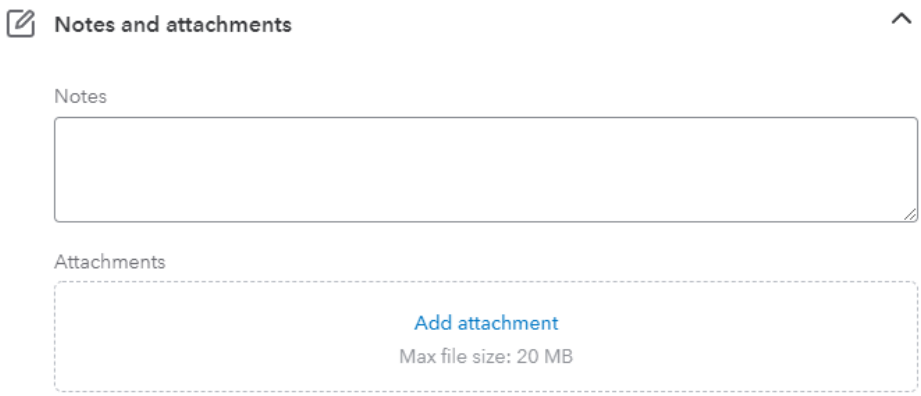
1. From the Customer Center click **new customer.**
2. Enter **customer** and **display name** (the way you would like the name displayed in the Customer list).
3. Add **contact information**.



4. Next, add **Address information**. You can click the **Map** link for directions to this customer location.

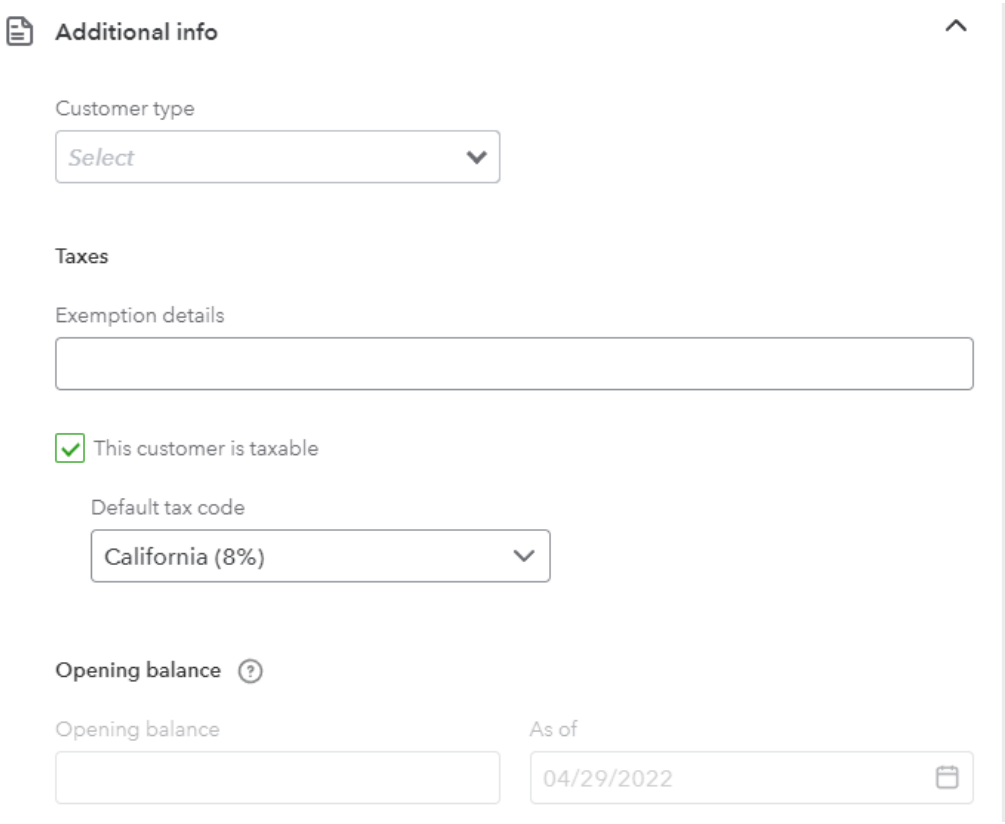


5. Use the **Notes** and **Attachments** features to keep important information or agreements for this customer. This information is for internal purposes and will not be seen by the customer.
6. The **Attachments** tab allows you to drag and drop attachments specific to a Customer.



The **Additional info** tab is where you can assign a **Customer type** to track specific information.

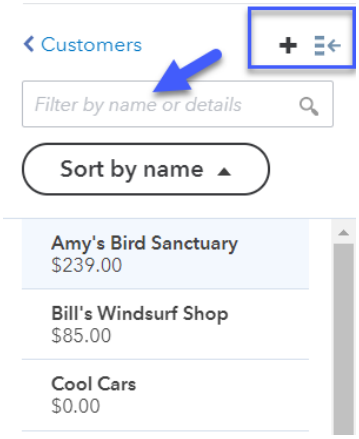
7. Click **Customer type** from the Customer Center.
8. Manage **Default sales tax codes** for this customer and add beginning balances.



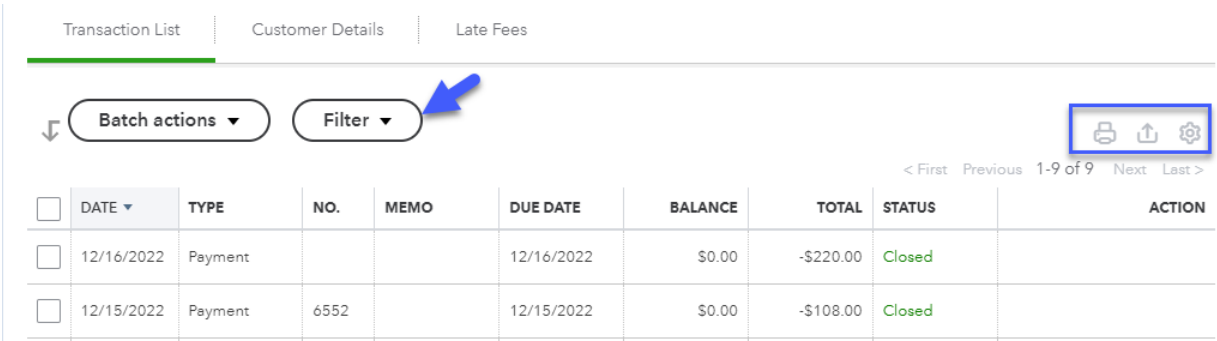
Customer Center

Once you click on a customer from the list you have the option to **filter by name** or **details.**

1. **Sort by name** or **open balance.**
2. Collapse the list by clicking the **bar/arrow** icon.
3. Click the **symbol** to add a new customer.



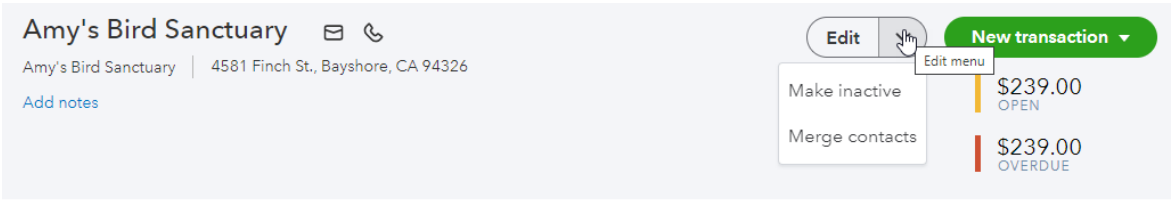
4. Each customer has a **Transaction List** and a **Customer Details** tab where you can view transaction history and customer information.
5. Track **Late Fees** per customer or send transactions and reminders using the **Batch Actions** options.
6. You can print, export to Excel, or use the **gear** icon to change the way the information is displayed on the screen.



Customer Center

Edit Customer

1. Click on the **customer** in the Customer Center that you wish to edit.
2. Click the **Edit** button to open the customer information window.

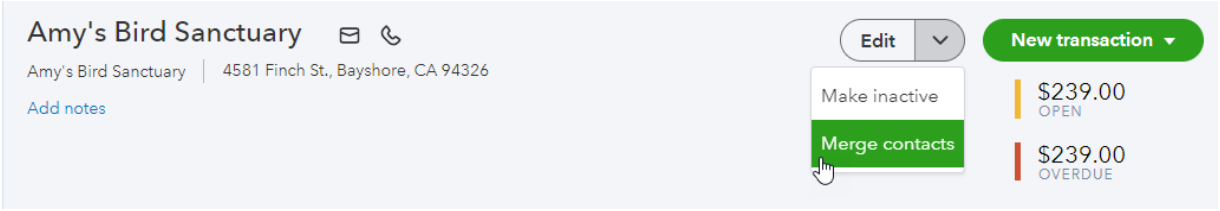


Make Inactive

Select from the **action** column in the Customer Center to make a customer inactive.

Merge Customers

1. Go to the **customer** (merge transactions from) you want to merge.
2. Click the **drop-down menu** to the right of edit, then click **merge contacts**.
3. Select the **customer** you want to keep (into).
4. Keep in mind the information for the "from" customer will be deleted and the customer will be inactivated.
5. Click **Merge contacts**.



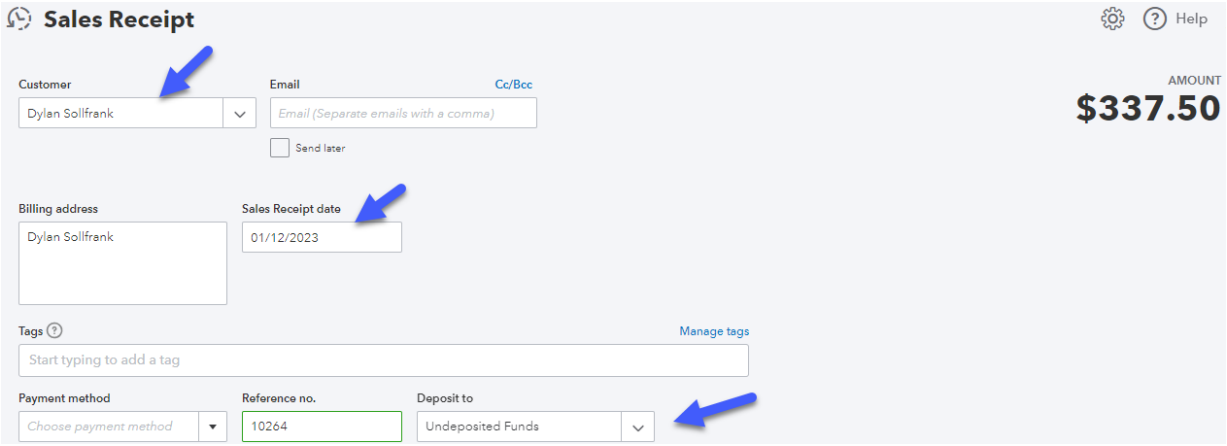
Sales Receipts

A sales receipt is used when a customer pays you on the spot for goods or services and you need to record the sale after the fact.

Click the **+New icon -> Sales Receipt** under the **Customer** menu.

It is important to understand the difference between the sales receipt and invoice process. Processing a **Sales Receipt** requires two steps.

1. Create sales receipt using undeposited funds for the deposit to category.
2. Bank deposit.



Undeposited funds is a holding account that allows you to receive sales receipts or payments against invoices. This allows you to group payments from multiple customers into one deposit in order to match the deposit sent to the bank.

Sales Receipts

The middle section of a sales receipt requires the items we are selling. This is where your Products and Services or Items list comes into play. This allows us to track sales by item to determine our top selling product or service.

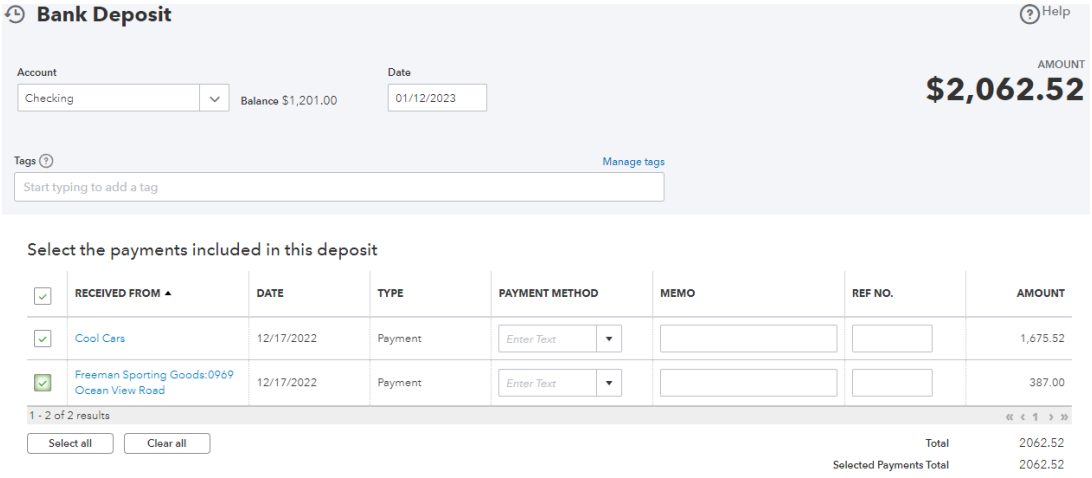
The last section of a sales receipt records sales tax, discounts and tips. You can switch the order of the sales tax and discounts, so the discount is taken prior to the sales tax calculation.

Bank Deposits

Creating bank deposits is a very important step that follows the sales receipt or receive payment process and is often overlooked. This can lead to a compounding issue with undeposited funds and can be costly to clean up.

Click the **+New icon -> Bank Deposit.**

It is very important to select the correct bank account for each deposit. Some businesses have multiple accounts. Make sure that the total amount of selected individual payments in undeposited funds matches the total amount deposited at the bank. Checks and cash might be grouped together, whereas credit card payments are deposited based on the batch transferred to the bank. For this example, we deposited online customer sales for both locations.



Invoices

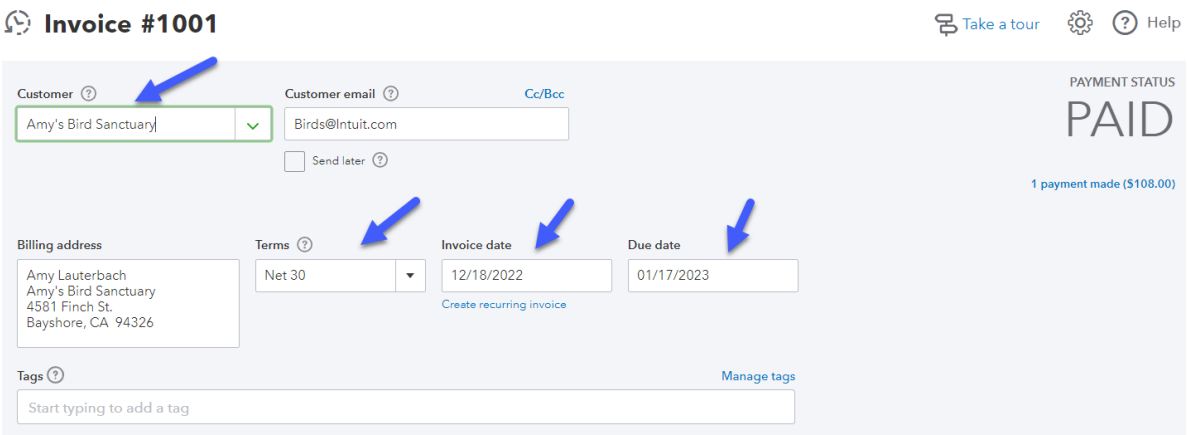
An invoice is used when a customer agrees to pay you later. Terms are set up to determine how long the customer has before payment is due. If they do not pay within a specified time, the invoice is considered overdue.

An **invoice** requires three-steps:

1. Create invoice.
2. Receive payment to undeposited funds.
3. Bank Deposit. Click the **+New icon** -> **Invoice**.

Enter the following information:

Customer name, **email**, **invoice date**, **terms**, **invoice date** and verify the **location** information.

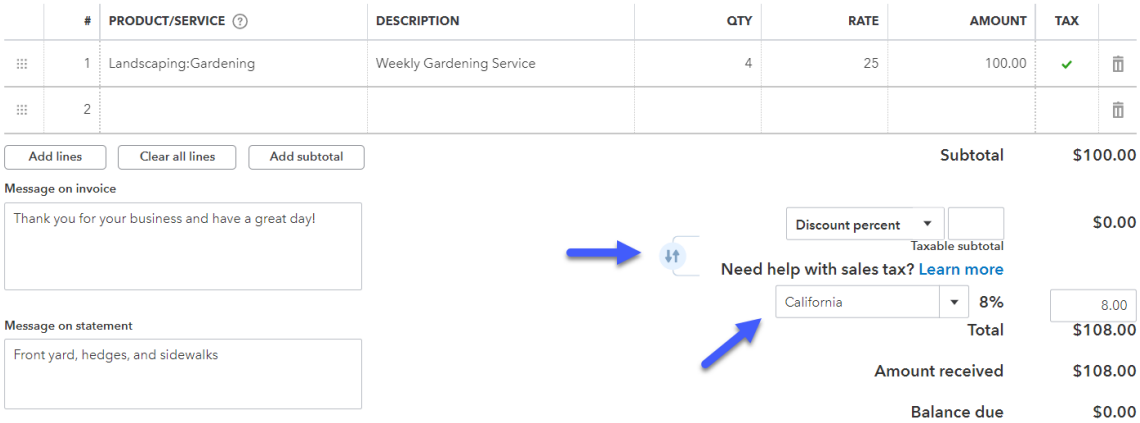


Many business owners end up with duplicate transactions and unnecessary cleanup when they do not complete the steps in the proper order, or when they post payments directly to the bank account instead of undeposited funds.

Invoices

The next section of an invoice is all about the products or services you are selling the customer. In this example, we used the catering service bundle to collect the up-front setup, equipment rental and delivery fee.

The last section of a sales receipt records sales tax, discounts and tips. You can switch the order of the sales tax and discounts, so the discount is taken prior to the sales tax calculation.



Receive Payments

Receiving full or partial payments against open invoices is part of the account's receivable management process. Having accurate customer balances is key to avoiding messy cleanup and cash flow issues.

Note: Always apply the amount received to the appropriate invoice. This will ensure that the Invoice is closed out properly. If a partial payment is received, then a balance will remain on your Accounts Receivable Aging report for that customer.

If you use Square or PayPal, merchant fees are deducted for each transaction. Other merchant services will deduct their fees at the end of the month. Not to worry! Merchant fees will be addressed in the bank deposit process.

Undeposited funds is simply an asset account that acts like a clearing account. When payments are posted to undeposited funds, they sit in this account until a deposit is made to offset the balance.

When a payment is received, undeposited funds is debited, and accounts receivable is credited. When a deposit is made, the bank account is debited, and undeposited funds is credited. Undeposited funds should ultimately have a zero balance.

Select **undeposited funds** for the **deposit to** box.

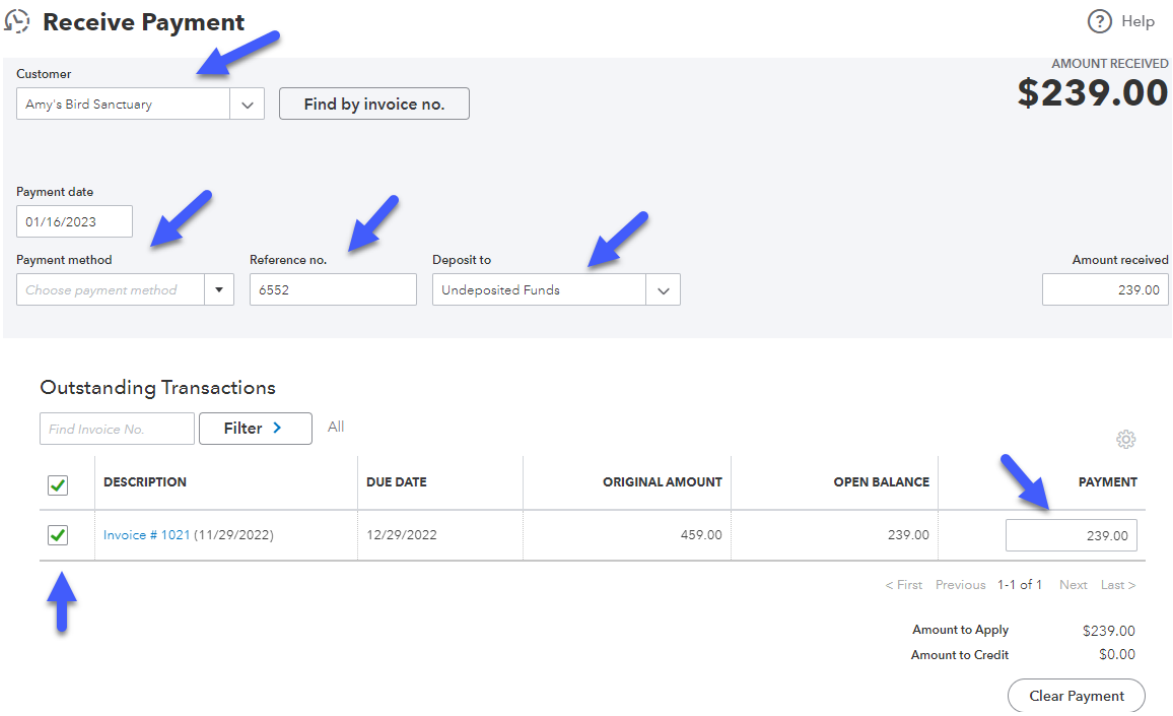
This will allow you to group cash, checks, and credit card payments to match the deposit sent to the bank. It is very important to match deposits in QuickBooks to the deposits posted at your bank. This will help to create a more efficient reconciliation process.

Receive Payments

1. Click the **+New icon -> Receive Payment.**
2. **Enter the following information:**

   Customer name, **date**, **method**, **reference**, and **deposit account**.
3. Select **invoices** and verify the total received.

   Verify the invoices selected; match the payment stub or backup.
4. Notice the **Find by invoice no**. and **Filter** feature.
5. Click **Save and Close** or **Save and New**.

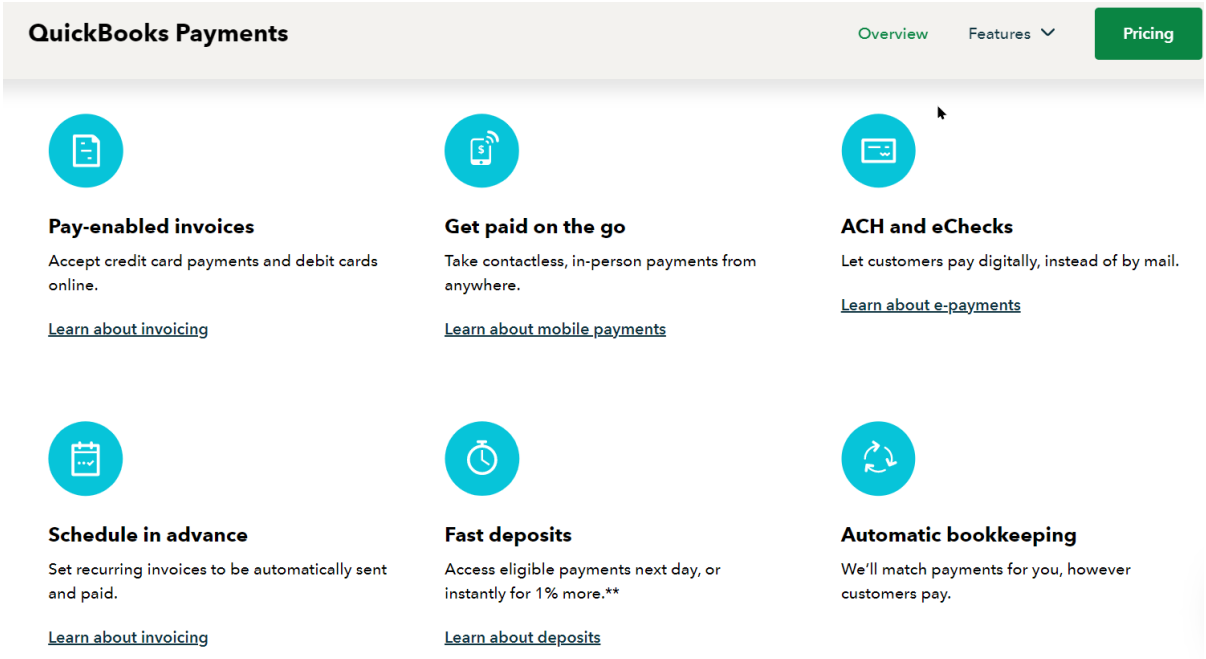


QuickBooks Payments

There are several options to help receive payments faster through automation. QuickBooks Payments is one of those options and is designed to speed up the accounts receivable cycle and improve cash flow.

The payment systems allows customers to pay directly from an invoice by credit card, debit card, ACH or eCheck, by clicking a link embedded in the invoice. No more waiting on a check in the mail.

QuickBooks Payments also allows you to get paid on the go by accepting debit or credit cards on your phone. In addition, QuickBooks Payments makes it easy to set recurring invoices to be automatically sent and paid.



Module 2 Doable Action Steps

If you do not need to use the accounts receivable features, skip this section. Otherwise follow the steps.

1. **Review video links:**

   How to Add, Edit & Manage Your Customers List (3:07)

   Invoices vs sales receipts: which to use when (1:29)

   How to Record a Sales Receipt (2:32)

   How to Send Estimates, Quotes, & Proposals (2:16)

   How to Convert an Estimate Into an Invoice (2:06)

   How to create a customer invoice (4:29)

   How to Create an Invoice: Billable Time & Expenses (3:45)

   How to Record an Invoice Payment (using Undeposited Funds) (2:27)

   How to record a bank deposit (using undeposited funds) (2:21)

   How to Track What Customers Owe You: Accounts Receivables & More (2:37)

   How to Record Customer Credit: Credit Memos & Balances (2:45)

   How to Refund Customers: Refund Receipts (3:22)

Online Foundations Training

SECTION 5
ACCOUNTS PAYABLE

Goals
Vendor Center
Contractors
1099s
Expenses
Checks
Bills
Pay Bills
Action Steps

Section 4 Goals

Upon completion of Section 4 each participant will be familiar with:

- Overview of accounts payable.
- How to turn on/off accounts payable-related accounts and settings.
- How to manage the Vendor Center.
- How to track contractor information.
- How to create checks and expenses.
- How to create credit card expenses.
- How and when to create and pay bills.

More about Accounts Payable

In the accounts payable section, we will discuss the importance of implementing an accounts payable policy, establishing internal controls to prevent payment fraud and managing your bill payment process to take advantage of discounts offered by vendors. This process has a significant impact on cash flow. Consistently implementing a best practice' accounts payable policy is far more important than most business owners realize.

Wow!

According to JPMorgan, 78% of U.S. businesses were exposed to attempted or actual payments fraud in 2019; however, due to increased awareness, improved training and more vigilant best practices, only 48% of exposed businesses experienced a case of fraud costing $250,000 or more.

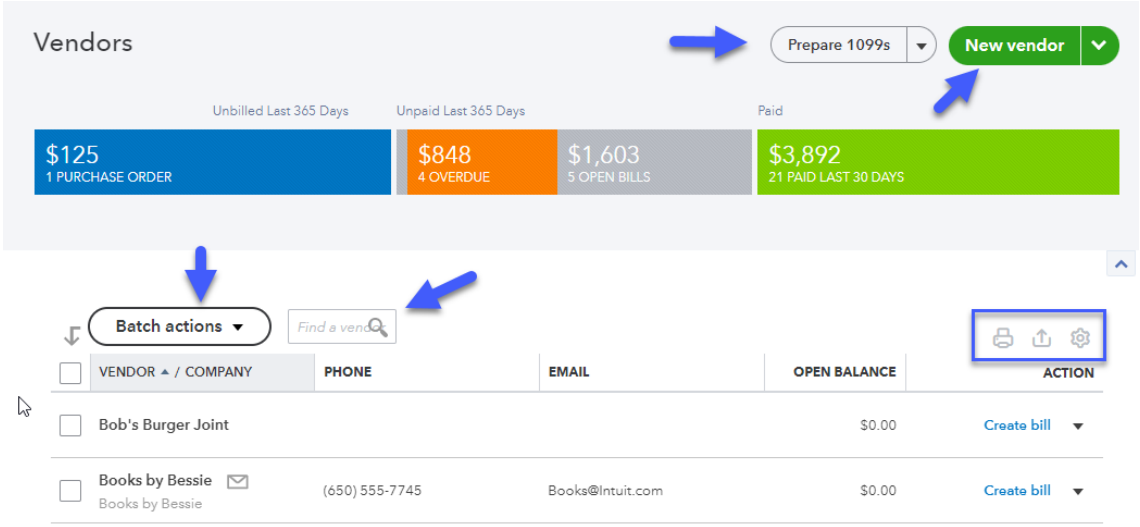
While fraud is a huge problem for small business owners, many do not understand how costly it is to process an invoice. In their benchmark study, Aberdeen Group found that the industry average cost to process an invoice was $15.61. "Laggard" companies (bottom 30%) had an even larger average cost of $38.77, while "Best-in-Class" companies (top 20%) had an average cost of just $3.09.

For the above reasons and more, implementation of a best practice accounts payable policy will be an integral part of your success!

Vendor Center

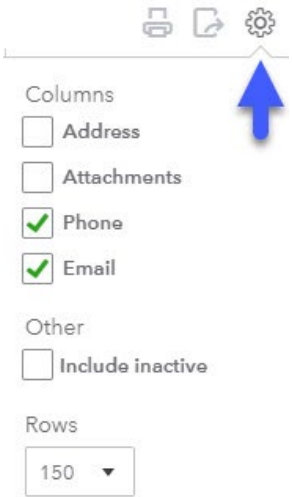
1. Click **Expenses -> Vendors** in the **left navigation bar** to access the **Vendor Center.**

Here, we will view open and overdue bills, maintain vendor information, and view historical transactions. Use the search bar to find a vendor or company. You can email vendors directly by clicking the drop-down arrow for **Batch actions.** You can click **Prepare 1099s** and complete the step-by-step wizard.



2. Click the drop-down arrow in the **action** column to create bills, create expenses, write checks, and more.

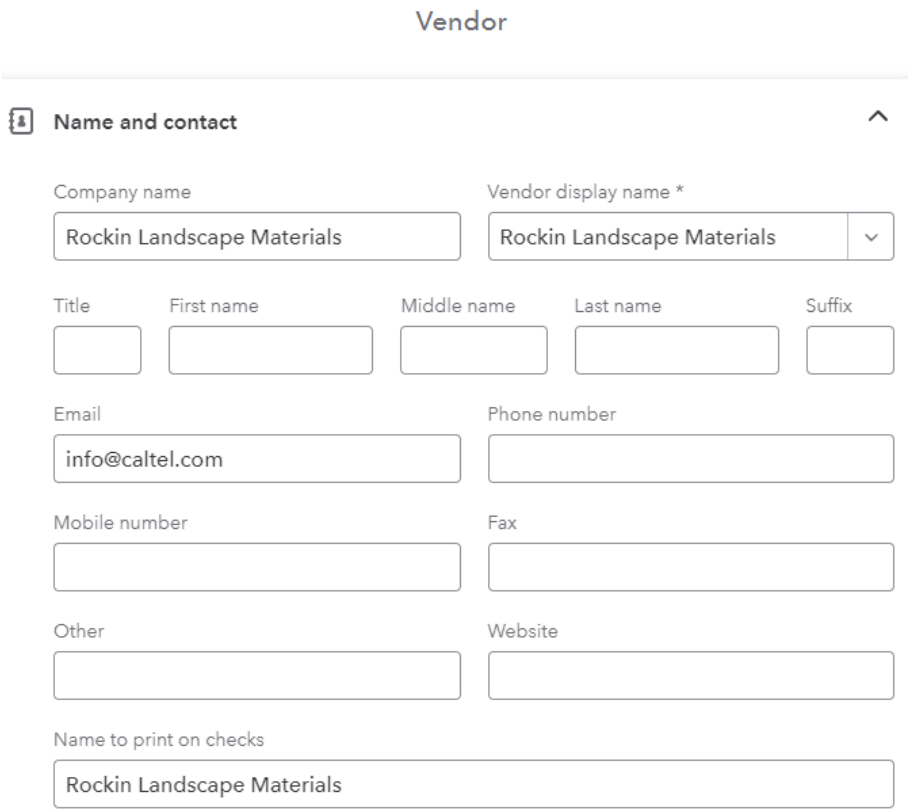
3. Click the **gear** icon to add and remove columns displayed.



Vendor Center

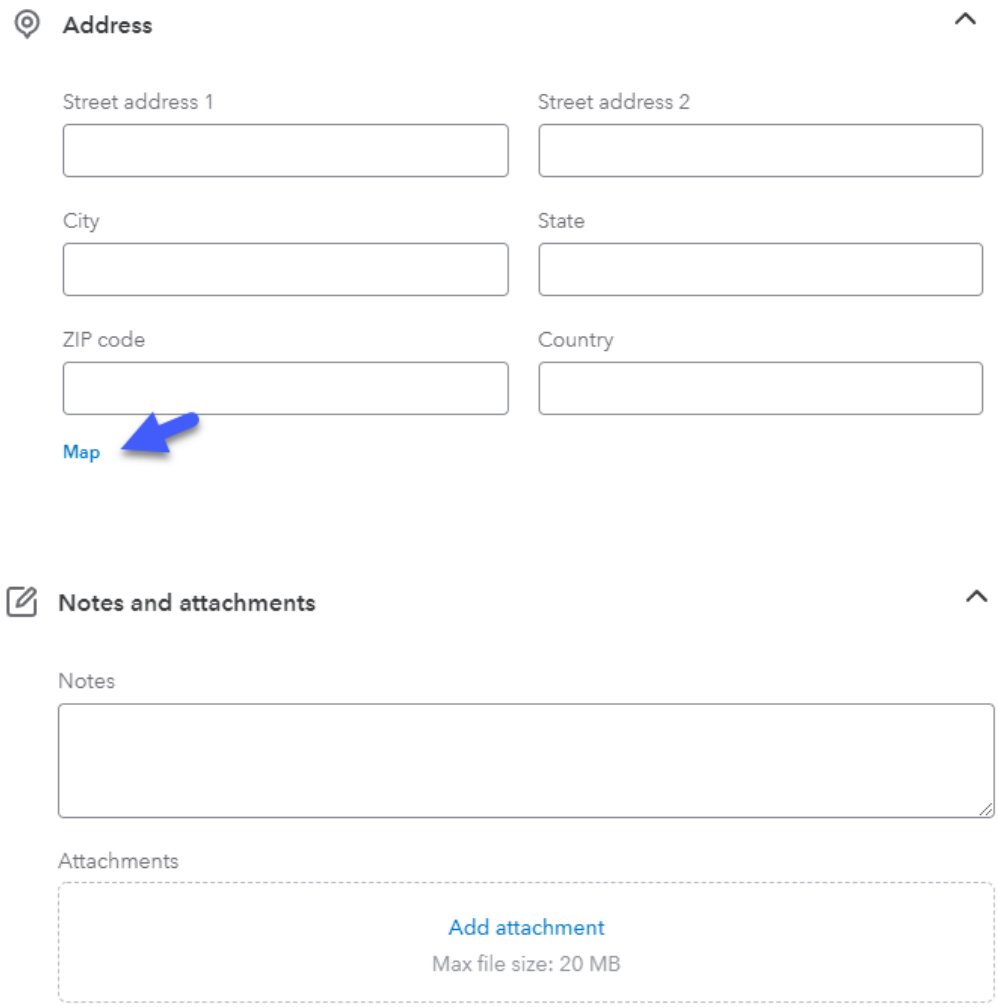
Add Vendor

1. Click **New Vendor**
2. Enter the **Company** name and other details you have on file. The company name, vendor display name and name to print on checks can be different. The display name can be unique to manage your vendor list. The company name will appear on expense forms.



3. Next, add Address information.

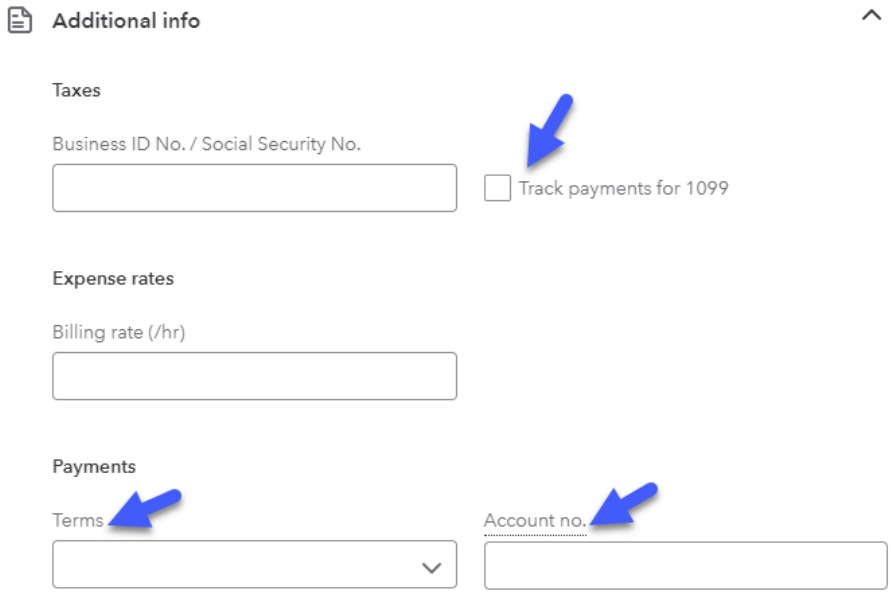
   You can click the **Map** link for directions to this vendor location. Use the **Notes and attachments** feature to keep important information or agreements for this vendor. This information is for internal purposes and will not be seen by the vendor.



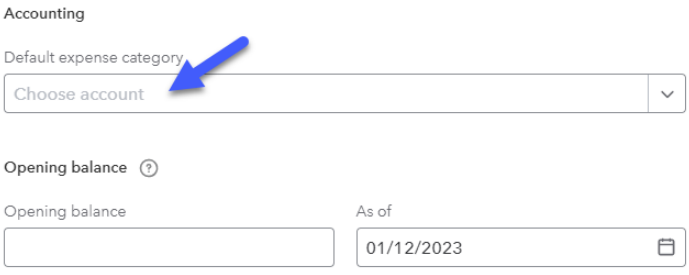
Vendor Center

You can use the information provided by vendors who provide a service and complete a W9 form to enter the **Business ID No.**

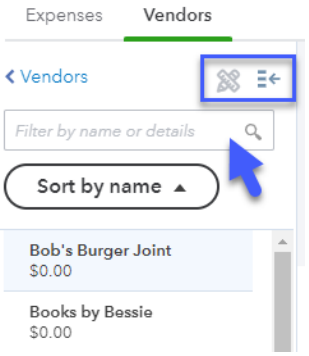
4. 3. Check the **Track payments for 1099** box for all vendors for which you are required to file 1099s.
5. 4. The **Expense rates** field is a default rate you use to invoice customers for expenses incurred while providing a service.
6. 5. **Payment Terms** auto-populate when you select a default term here.
7. 6. Add a vendor **Account no.** for reference purposes.



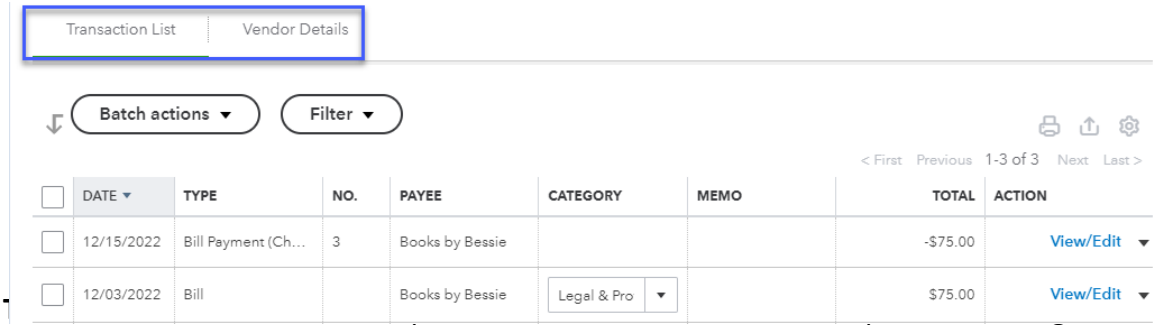
8. Adding a **Default expense category** from your chart of accounts list here will help save time as it auto-populates on expense forms. This is especially helpful when new users are learning how to categorize transactions.



Vendor Center

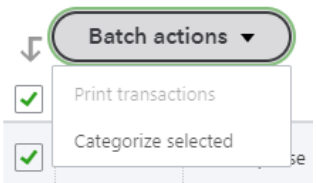


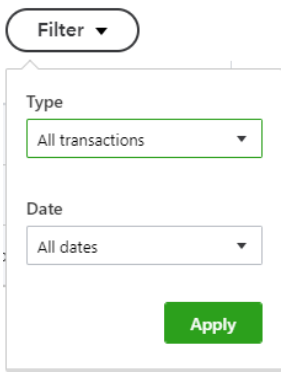
9. Click on a **Vendor** from the list in the Vendor Center.
10. Use the **bar/arrow** to **search by name or company.**
11. **Sort by name** or **open balance.**
12. Collapse the list by clicking the **bar/arrow** icon.
13. Click the **symbol** icon to add a new vendor.
14. Each vendor has **Transaction List** and **Vendor Details** tabs containing transaction history and vendor information, respectively. You can choose to print or export transaction history to Excel.

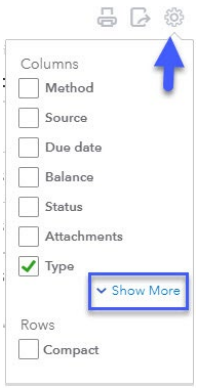


15. Select T
transactions.
16. Click the drop-down arrow for **Filter** to sort by **Type** and **Date.**
17. Click the **gear** to select columns to display.

Note: Display options change as you turn on/off features in **account and settings.**



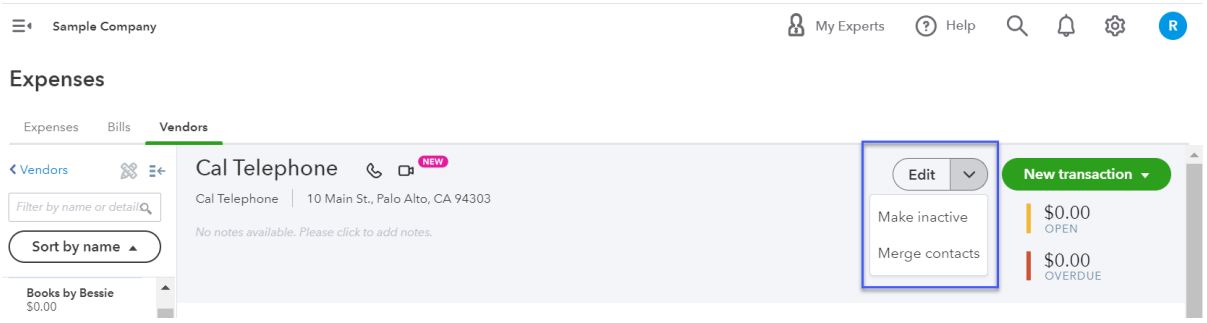




Vendor Center

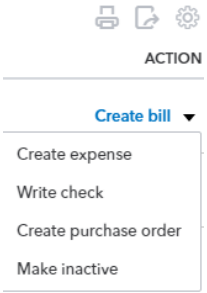
Edit Vendor

1. Click on the **vendor** in the Vendor Center that you wish to edit.
2. Click the **Edit** button to open the vendor information window.



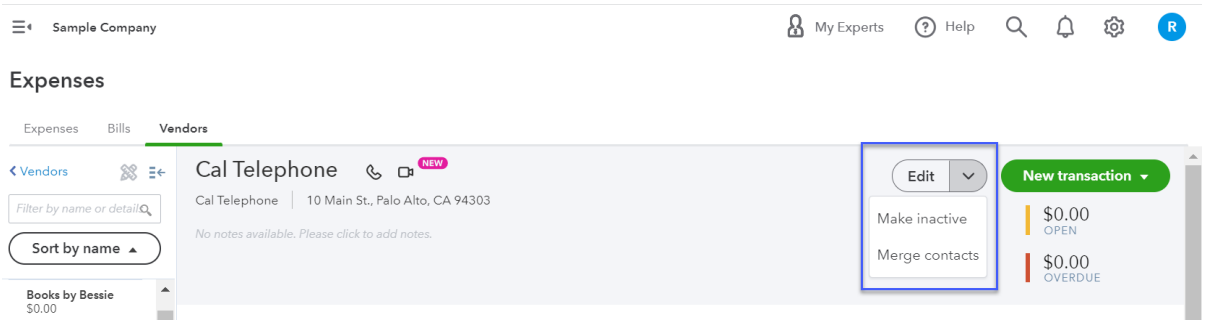
Make Inactive

Select from the **action** column in the Vendor Center to make a vendor inactive or edit the vendor and click the **Make Inactive** button.



Merge Vendors

Go to the vendor (merge transactions from) you want to merge. Click the drop-down menu to the right of edit then click **merge contacts**. Select the vendor you want to keep. Keep in mind the information for the “from” vendor will be deleted and the vendor will be inactivated. Click **merge contacts**.

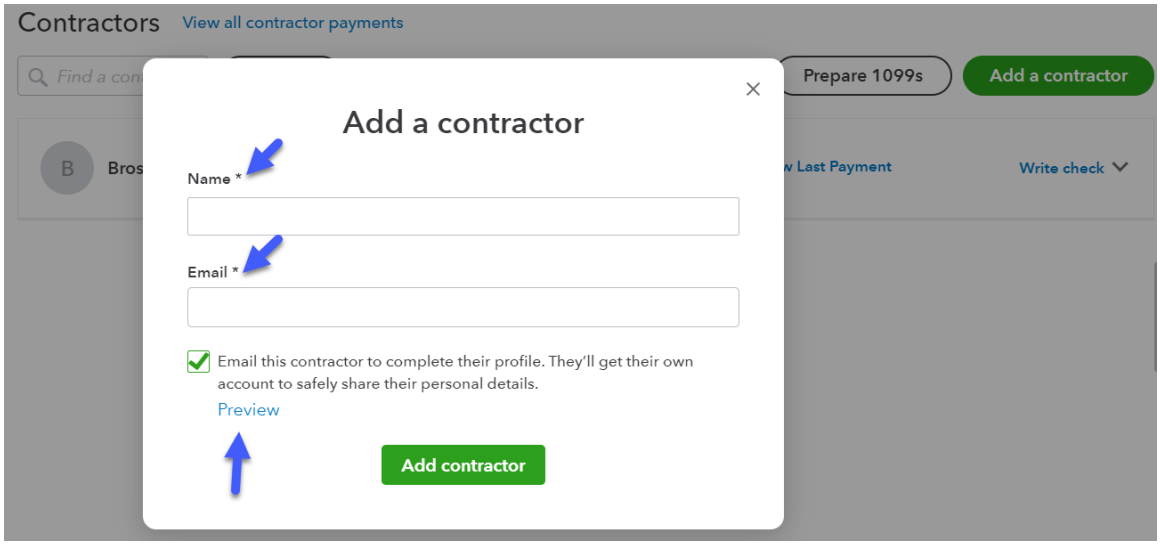


Contractors

Add Contractor

It's crunch time and we realize we are missing contractor information to process 1099s. You can invite contractors via email. The contractor will be prompted to input the required information.

1. Click **Payroll** in the left navigation bar.
2. Click **Contractors** -> **Add a contractor**.
3. Enter **Name** and **Email** to send contractor invite to complete their profile. This will setup an account to safely share their personal information. Use the Contractor Center to write a check, create an expense or bill, and prepare 1099s.
4. Click the vendor's name to view more details, payments and documents.
5. Click the down-arrow in the **Active** button to inactivate a vendor.



1099s

Many business owners are unaware of their responsibility to file 1099 forms with the Internal Revenue Service each year. If you pay an individual or business $600 or more for services rendered, you are required to file form 1099-NEC. However, you are **NOT** required to file form 1099 for services rendered, when the entity is a Corporation. Form W-9 is used to determine entity type and reporting information. It is important to supply and require recipients to fill out form W-9. This will save you a lot of time tracking down information at the end of each year.

If you pay rent for a building or space, you are required to file form 1099-Misc.
If you borrow money from an individual and pay interest, you are required to file form 1099-Int.
If you pay via credit card, all payments are reported on a 1099-K form.

It is important to incorporate the following best practices in your business:

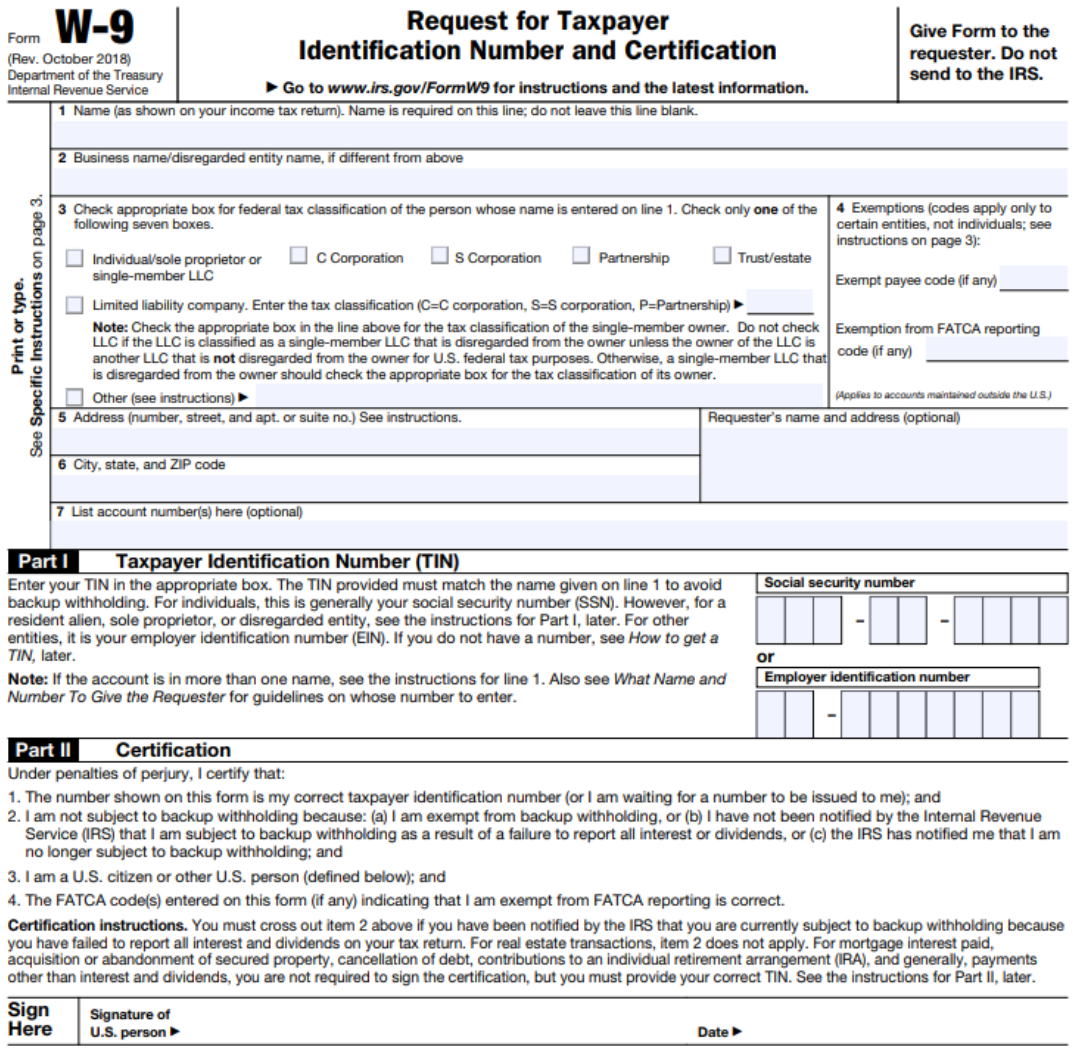
- Require all individuals or businesses providing services to complete a W-9 form.
- Do not pay for services rendered until you receive a signed W-9 form.
- Add a recurring event to complete 1099 filing before January 31st each year.
- Keep track of all 1099 recipients in QuickBooks Online all year.

Note: You can visit www.irs.gov to learn more about the various types of 1099 reporting.

The general rule is that you **must** issue a Form **1099**-NEC to any vendors or sub-contractors you have paid at least $600 in rents, services, prizes and awards, or other income payments in the course of your trade/business in a given tax year (you do not need to issue 1099s for payments made for personal purposes).

W-9 Form

The W-9 Form requires the recipients **name, address, entity type, Social Security number or Employer Identification Number, signature and date**.



Form **W-9**
(Rev. October 2018)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

► **Go to *www.irs.gov/FormW9* for instructions and the latest information.**

Give Form to the requester. Do not send to the IRS.

Print or type. See **Specific Instructions** on page 3.

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification of the person whose name is entered on line 1. Check only **one** of the following seven boxes.

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited liability company. Enter the tax classification (C=C corporation, S=S corporation, P=Partnership) ►

Note: Check the appropriate box in the line above for the tax classification of the single-member owner. Do not check LLC if the LLC is classified as a single-member LLC that is disregarded from the owner unless the owner of the LLC is another LLC that is **not** disregarded from the owner for U.S. federal tax purposes. Otherwise, a single-member LLC that is disregarded from the owner should check the appropriate box for the tax classification of its owner.

☐ Other (see instructions) ►

4 Exemptions (codes apply only to certain entities, not individuals; see instructions on page 3):

Exempt payee code (if any)

Exemption from FATCA reporting code (if any)

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.) See instructions.

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I **Taxpayer Identification Number (TIN)**

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the instructions for Part I, later. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN*, later.

Note: If the account is in more than one name, see the instructions for line 1. Also see *What Name and Number To Give the Requester* for guidelines on whose number to enter.

Social security number

___ – __ – ____

or

Employer identification number

__ – _____

Part II **Certification**

Under penalties of perjury, I certify that:

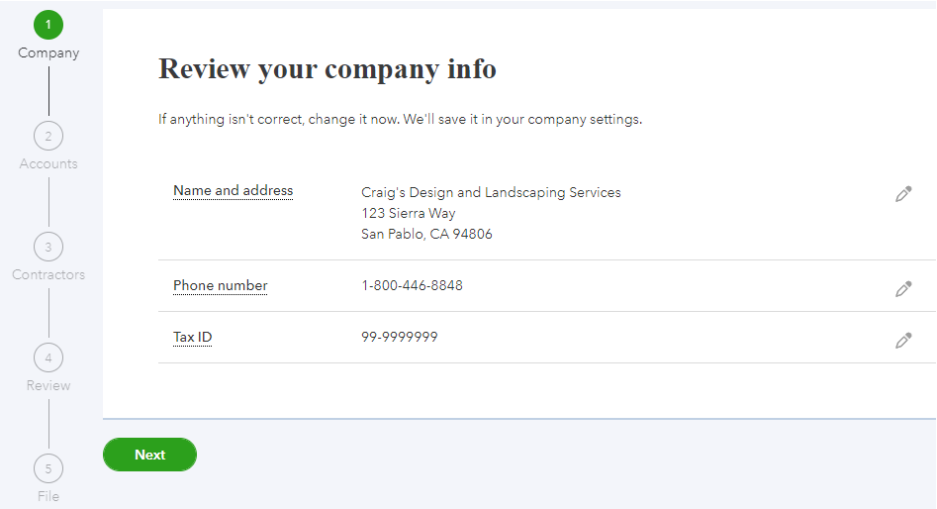
1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions for Part II, later.

Sign Here **Signature of U.S. person** ► **Date** ►

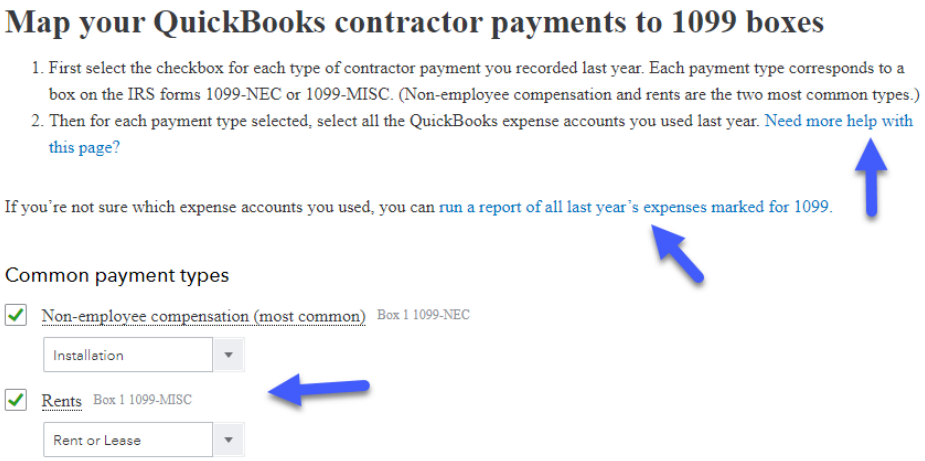
1099s

1. Go to the **Vendor** or **Contractors Center**, click **Prepare 1099s -> Let's get started.**
2. Review your **company information. -> Save.**

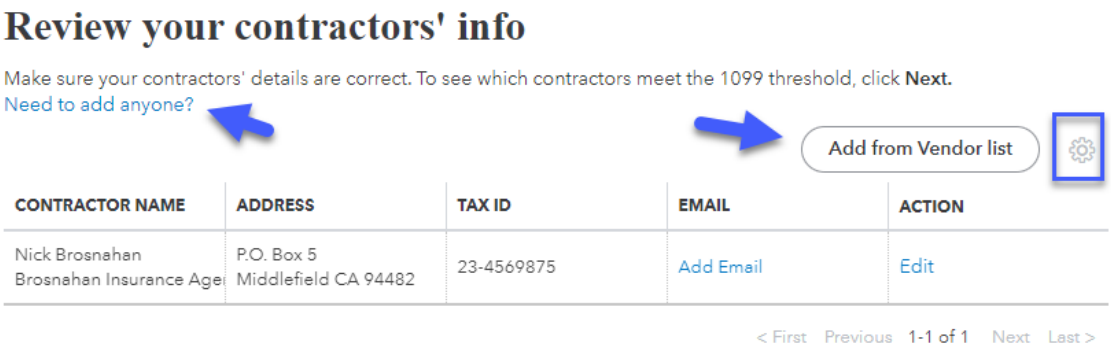


Contractor services rendered are always Box 1 of form **1099-NEC.** There can be multiple categories per box. It all depends on the categories used when posting transactions related to recipients. Rents are reported on Box 1 of **1099-MISC**. Select all categories that apply.

3. Click **Next.**



4. Review your contractor's info. Required information will appear in red. Edit the vendor and add missing information. If you notice vendors missing from the list, click **Add from Vendor list.**
5. Click **Next** or **Save and finish later.**



6. Next, you will verify the totals. If the name still appears in red, add the missing information to complete the process. Click **Finish preparing 1099s** or **Save and finish later**.

7. The last step is to select one of the options that populates in the pop-up window. If you select **Automated E-File and Delivery**, Intuit will process the forms. If you choose **Print & Mail**, you will receive a kit in the mail and will be responsible for filing the forms. Pricing will be listed under each option.

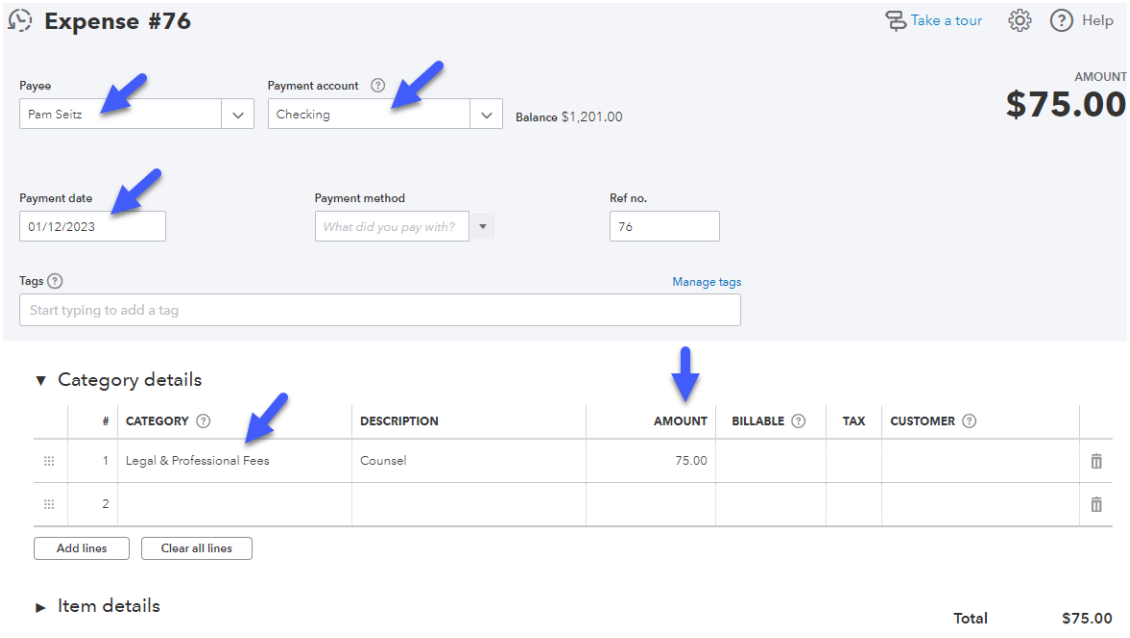
Expenses

It is important to differentiate between checks and expenses. While many checks are written for expenses, (not all checks), they are handled in a different manner than expenses in QBO. This makes a difference when bank transactions attempt to find a match during the sync process in the Banking Center. Expenses are typically debits/ACH and credit card-type transactions.

To enter expenses manually:

1. Click the **+ New icon -> Expense.**
2. Next**, enter or verify the following information:**

   Vendor name, **bank account**, **payment date**, and **reference number**.
3. Enter the **account**, **description**, and **amount**, specify whether the expense is **billable**, and assign the transaction to a **customer or job**.
4. Click **Item details** to enter the **Product/Service** you are tracking. This section is typically used when tracking inventory-related products.
5. Click **Save and New** or **Save and Close**.

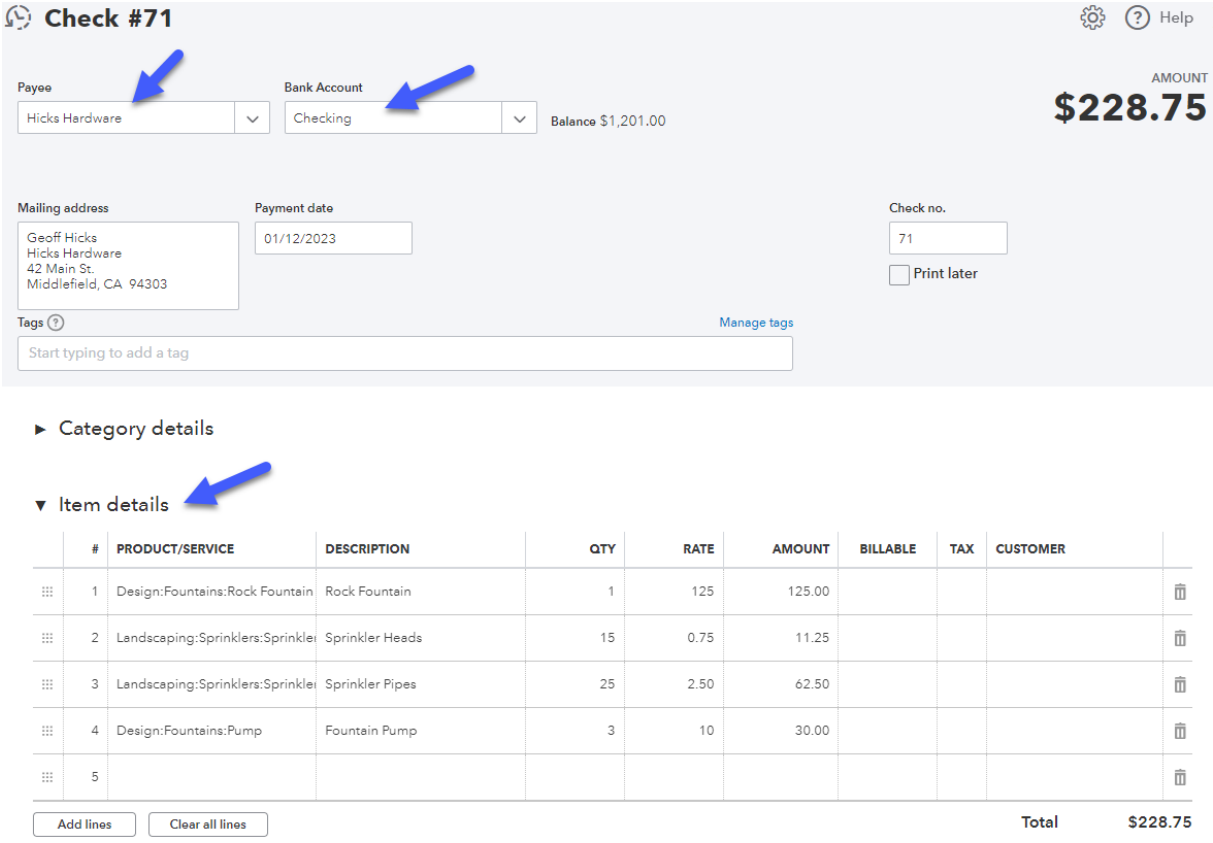


Checks

Here is where we enter checks written manually or checks to be printed. Be sure to include the check number in the reference number field. Also, select **Check** instead of **Expense**. This makes a difference when bank transactions attempt to find a match during the sync process in the Banking Center.

1. Click the **+New icon -> Check.**
2. Next, **enter or verify the following information:**

   Payee name, **bank account**, **payment date**, and **check no**.
3. Enter the **account**, **description**, and **amount**, specify whether the check is **billable**, and assign the transaction to a **customer or job**.
4. Click **Item Details** to enter the **Product/Service** you are tracking. This section is typically used when tracking inventory and non-inventory related products.
5. Click **Save and New** or **Save and Close**.

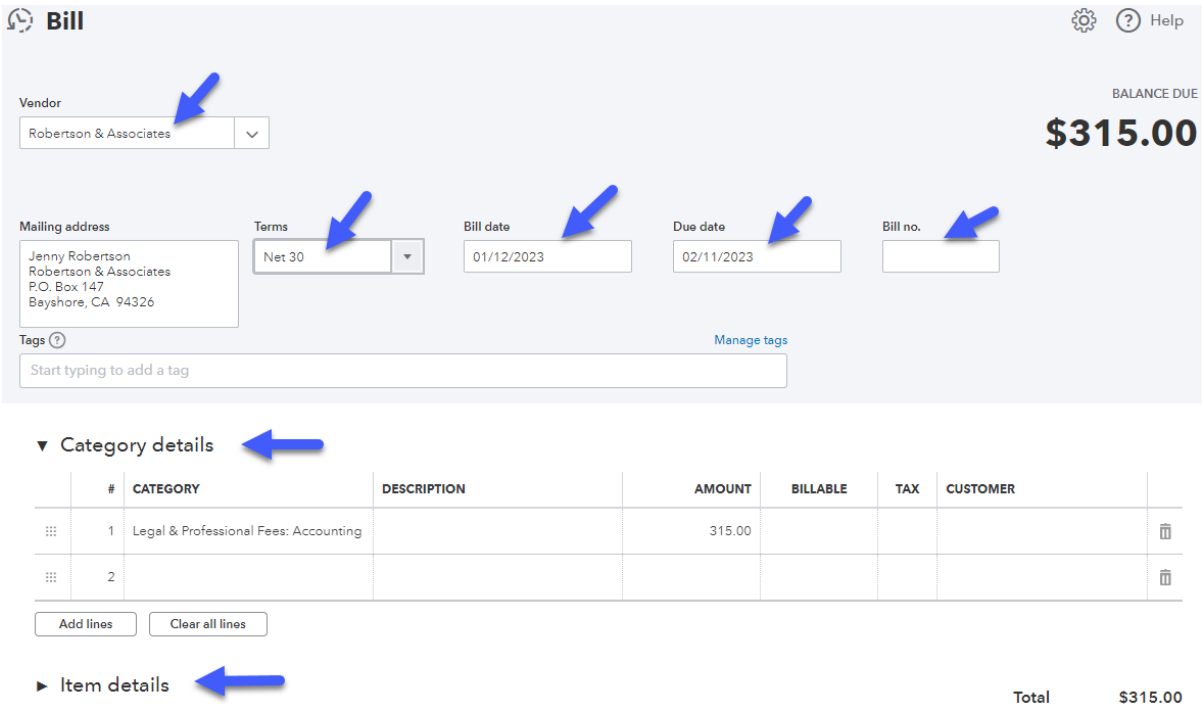


Bills

Bills are an important part of accounts payable. We enter bills to be paid later. Use reports to monitor due dates and budget for next bill pay day.

1. Click the **+New icon -> Bill**.
2. Next, **enter or verify the following information:**

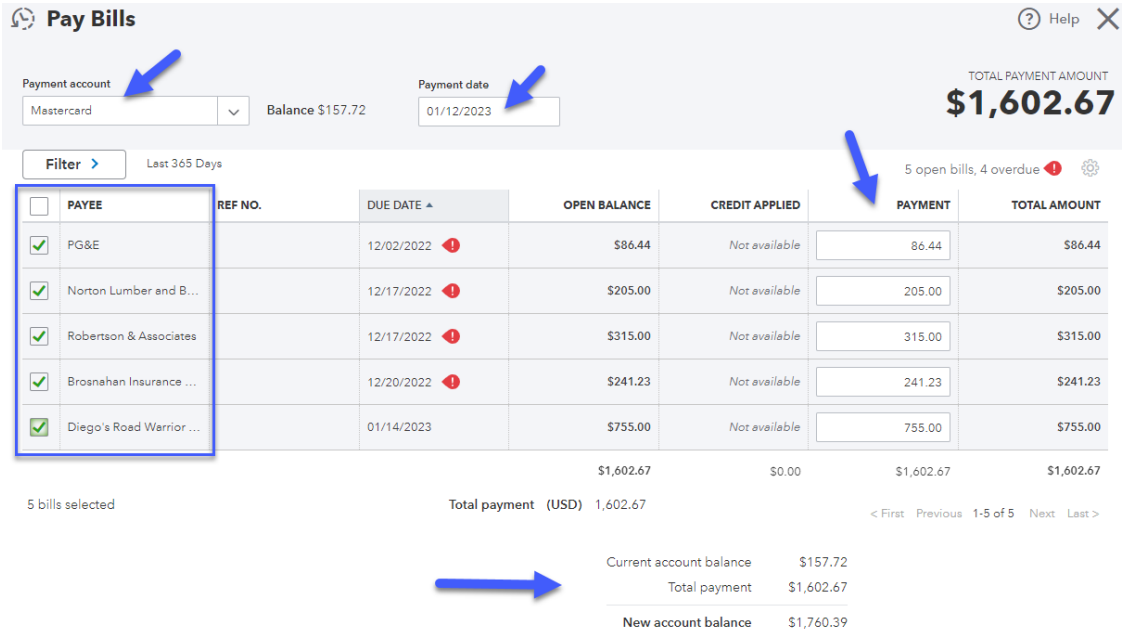
   Vendor name, **mailing address**, **terms**, **bill date**, **due date**, and **bill no**.
3. Enter the **account** and **amount**, specify whether the bill is **billable**, apply **sales tax**, and assign the transaction to a **customer or job**.
4. Click **Item details** to enter the **Product/Service** you are tracking. This section is typically used when tracking inventory-related products.
5. Click **Save and New** or **Save and Close**.



Pay Bills

To Pay Bills

1. Click the **+New icon -> Pay Bills ->** Select the **Payment account ->** Select the **Payment date.**
2. Select the bills you want to pay. If you need to make a partial payment, simply change the amount in the **Payment** column.
3. Click the drop-down arrow to change the **filter** criteria or click the **gear** icon to change the number of rows being displayed.



4. If you are paying with a handwritten check, uncheck **Print later** and click **Pay Bills**. If you are printing a check, select **Print later**.
5. Click **Save and Print** or **Save and Close.** After you select **Save and Print**, the **Print Checks Setup** window will appear. Simply follow the steps.

Bill Pay for QuickBooks Online

The bill pay feature in QuickBooks Online is designed to streamline your payment process, thus sending more to the bottom line. Systemizing accounts payable can reduce costs significantly and drastically reduce the time it takes to manage the process.

Key benefits:

- Track payment status such as estimated delivery times and remittance information. Paying by check? Receive visual proof once it's been deposited.
- Pay your vendors and contractors, international and domestic, with the same process. Pay one bill at a time, or several at once. Enter payment amount, choose your process date, and click submit - that's it.
- Bills and invoices sync automatically with QuickBooks Online, reducing double data entry and speeding up account reconciliation.

How it works with QuickBooks

Bill pay integrates with QuickBooks Online Essentials, Plus, and Advanced, so you can pay, track, and manage bills right inside the software.

Review video link:

Bill Pay for QuickBooks Online (2:30)

Module 1 Doable Action Steps

If you do not need this feature skip this section. Otherwise follow the steps.

1. **Review video links:**

   How to Manage Your Vendor List: Adding, Editing & Removing (:39)

   How to Record Spending: Transactions, Bills & Payments (1:46)

   How to manage bills with QuickBooks Online (3:38)

   How to Setup a Contractor (2:23)

2. **Provide service vendors a W-9 and enter 1099 tracking information.**

   a. Navigate to the **Vendor Center** and **edit** the vendor.

   b. Add **Business ID -> Select Track payments for 1099**.

3. **Determine if you will use the bill pay app or manually enter and pay bills.**

Online Foundations Training

SECTION 6
BANK & CREDIT CARD ACCOUNTS

Goals
Connect Accounts
Banking Center
Transfers
Reconcile Accounts
Action Steps

Section 6 Goals

Upon completion of Section 6, each participant will be familiar with:

- How to connect bank and credit card accounts.
- How to manage transactions.
- How to transfer funds.
- How to reconcile bank and credit card accounts.
- How to access and view bank reports.

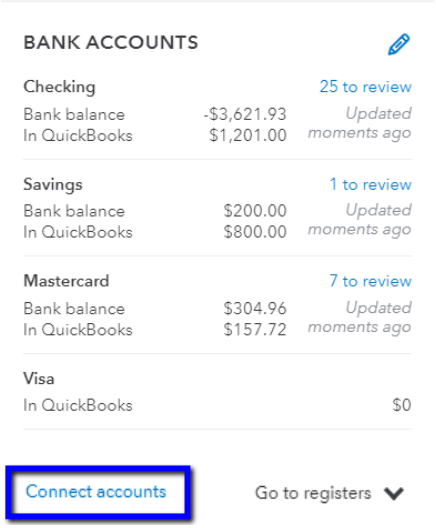
Connect Accounts

Connecting bank and credit card accounts to QuickBooks Online is a simple process. It is important you understand how to manage the **Bank Center** to avoid posting old and/or duplicate transactions. Although connecting your bank and credit card accounts is a great way to enter historical transactions, it is recommended that new users also become comfortable manually entering transactions. Please seek help from your instructor or accountant to avoid costly cleanup if you believe you need additional assistance.

There are two ways to connect bank and credit card accounts to your company file.

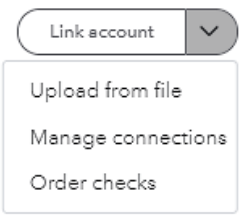
The First Option:

1. Click **dashboard** in the **left navigation bar**.
2. Click **Connect accounts**.



The Second Option:

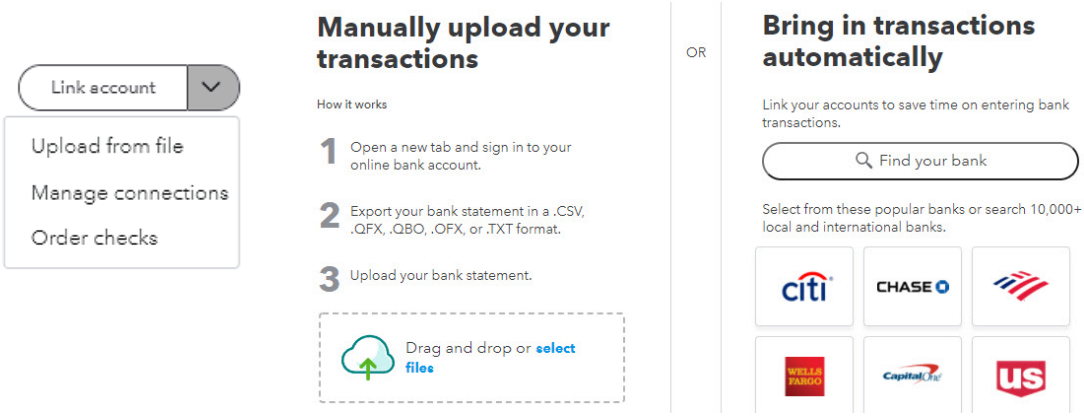
1. Click **banking** in the **left navigation bar**.
2. Click **Link account**.



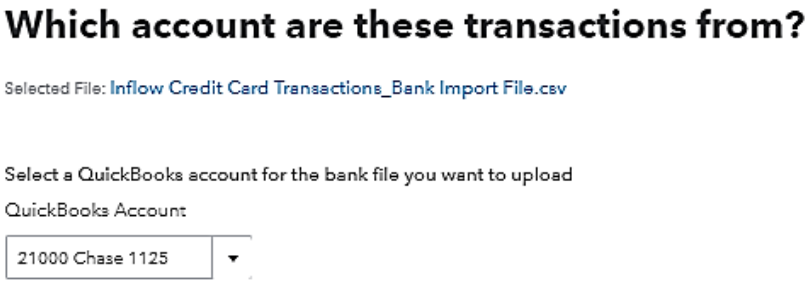
Banking Center

Let's walk through the manual export and import process for bank and credit card transactions. Once you login to your online bank account outside of QuickBooks Online, determine how transactions are exported, the date range available and the type of export available. Some banks won't let you go back more than 18 months (or even 3 months) at a time. There might be several download file types available, depending on which bank you use. The QuickBooks web connect option is preferred. Once you successfully download and save the export file from your bank, the next step is to go to the Banking Center in QuickBooks Online.

1. Click **banking -> drop-down arrow to the right of Link account -> Upload from file**.
2. Click **browse** and select the bank file you downloaded from your computer.
3. Click **continue**. Follow the connection wizard.

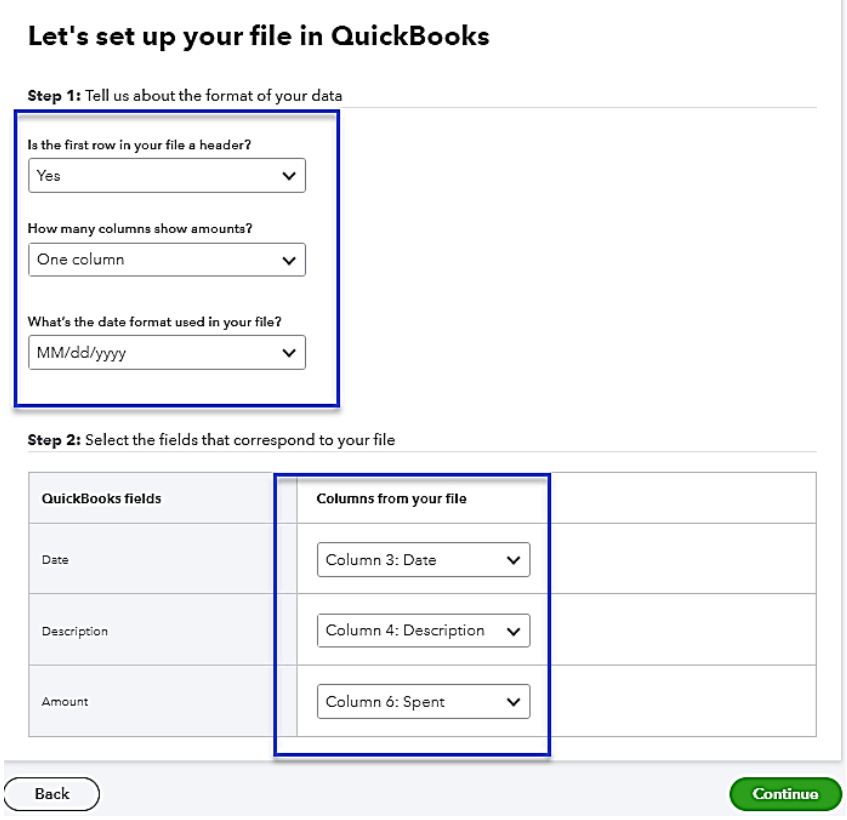


4. Select the account category from the chart of accounts list you want the transactions to connect with. Be careful!



Map fields between QBO and the bank account.

5. Select the **field options,** change the **Amount** field to **Spent** and select one of the column options. Click **Continue.**



6. Select all the transactions available to import**.** Click **Continue.**

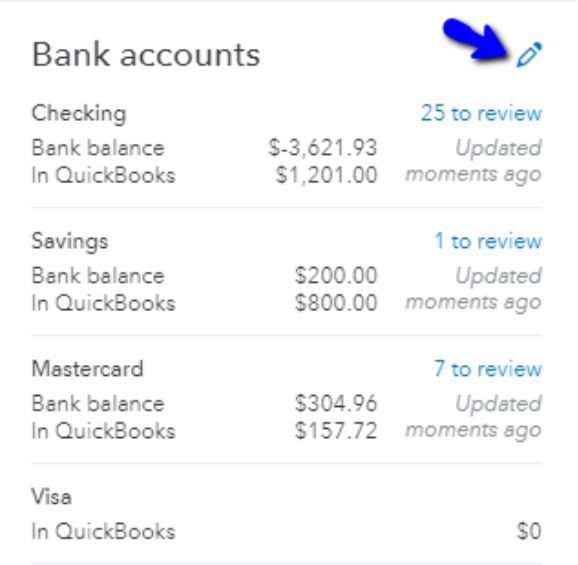
   A window will appear to inform you how many transactions are being imported. Make sure all transactions are selected. Sometimes the system will not accept a transaction, simply uncheck those with issues and manually enter them later.

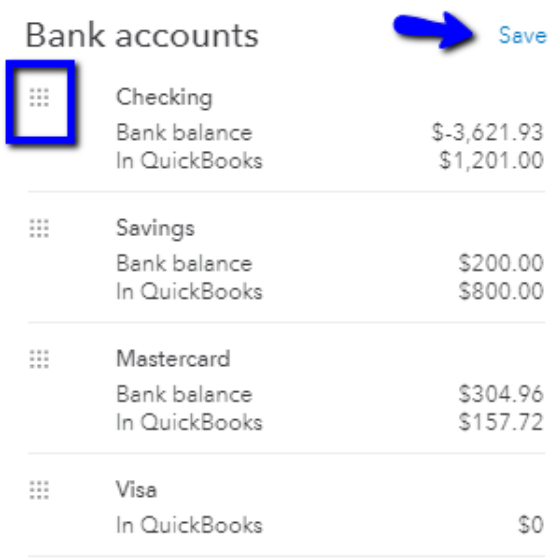
7. **Do you want to import now?** Click **Yes -> Done.**

Banking Center

Now that your bank and credit card accounts are connected, you can manage transactions for each account. Organize your bank and credit card accounts to avoid posting duplicate transactions. Start with main checking, additional checking, savings, then credit card accounts.

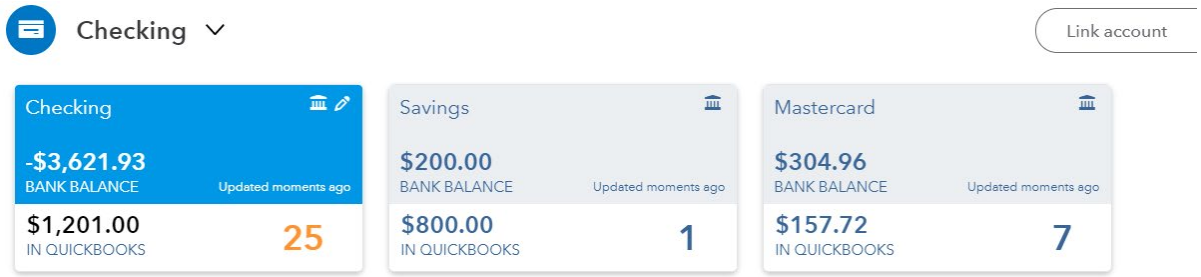
1. Click **dashboard** from the **left navigation bar -> Bank accounts pencil -> re-arrange the order of accounts -> Save.**





2. Click **banking** (**transactions**) in the **left navigation bar**.

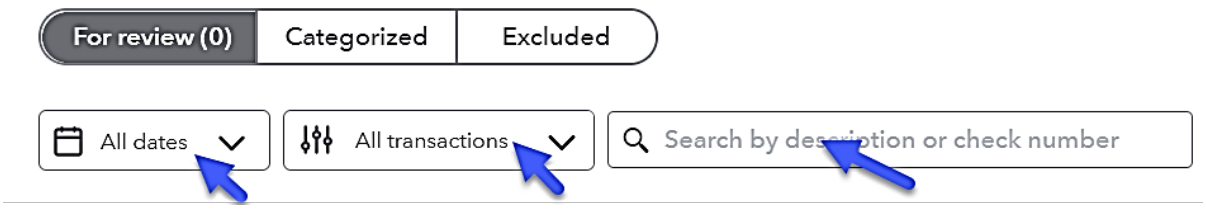
   The Banking Center window will appear. All accounts linked to the bank or transactions manually imported will appear in the Banking Center. Click on the bank or credit card account you would like to manage.



As the bank populates transactions, they reside in the **review** section of the Bank Center.

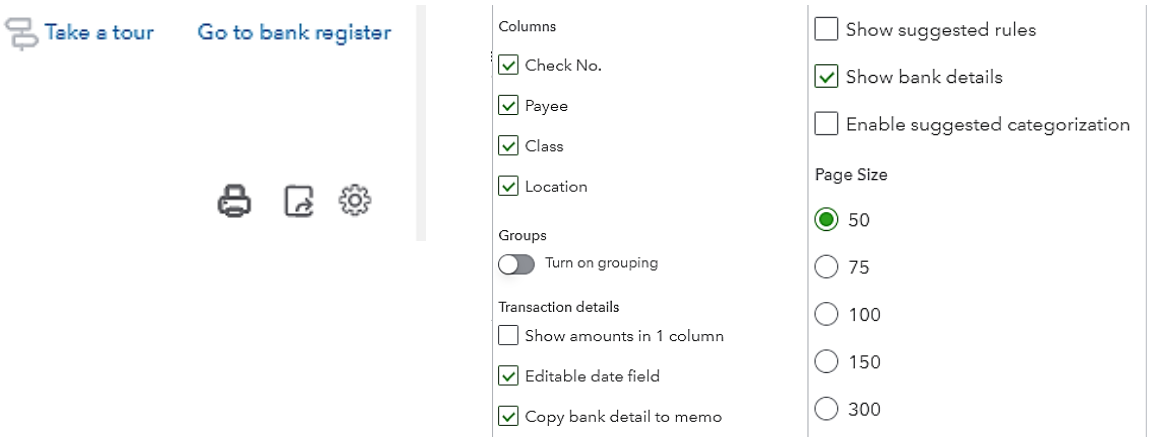
It is up to you to accept these transactions. Once accepted they post to the bank register and move to the **reviewed** section. If a duplicate or old transaction appears for review, simply exclude the transaction. On occasion, you might want to undo an excluded transaction and move it back to review.

Search or **filter** transactions to accept or post transactions more efficiently.



Banking Center

You can access the bank register and other options include printing, exporting to Excel and changing the columns displayed using the **gear** icon. We recommend changing settings to match the screen shots provided.



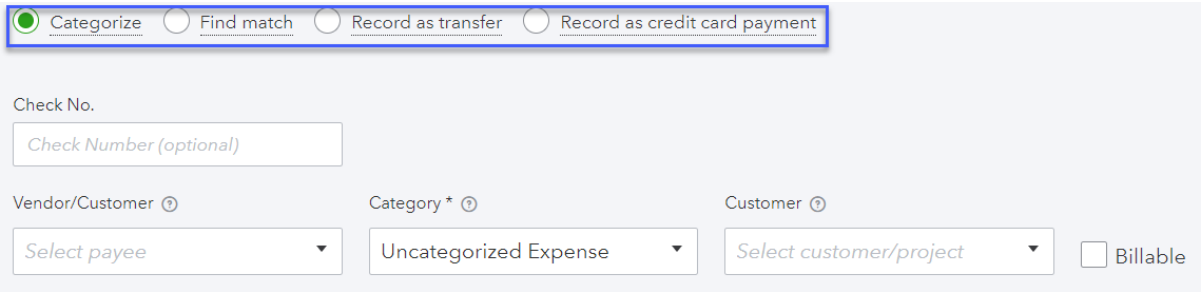
When bank transactions populate in the Bank Center, they look for existing transactions to find a match. The order in which transactions are posted is important in order to avoid duplicate transactions and costly cleanup. We recommend the following industry best practices order:

1. Sync or import payroll when using a payroll service or QuickBooks Payroll.
2. Receive payments against invoices and make deposits.
3. Clear up undeposited funds.
4. Apply checks to open bills.
5. When posting transactions start with the main checking account and additional checking, then move on to savings, credit card etc.
6. Open and review each transaction.

Banking Center

Click on individual transactions to open the window with all available fields. Notice the different options:

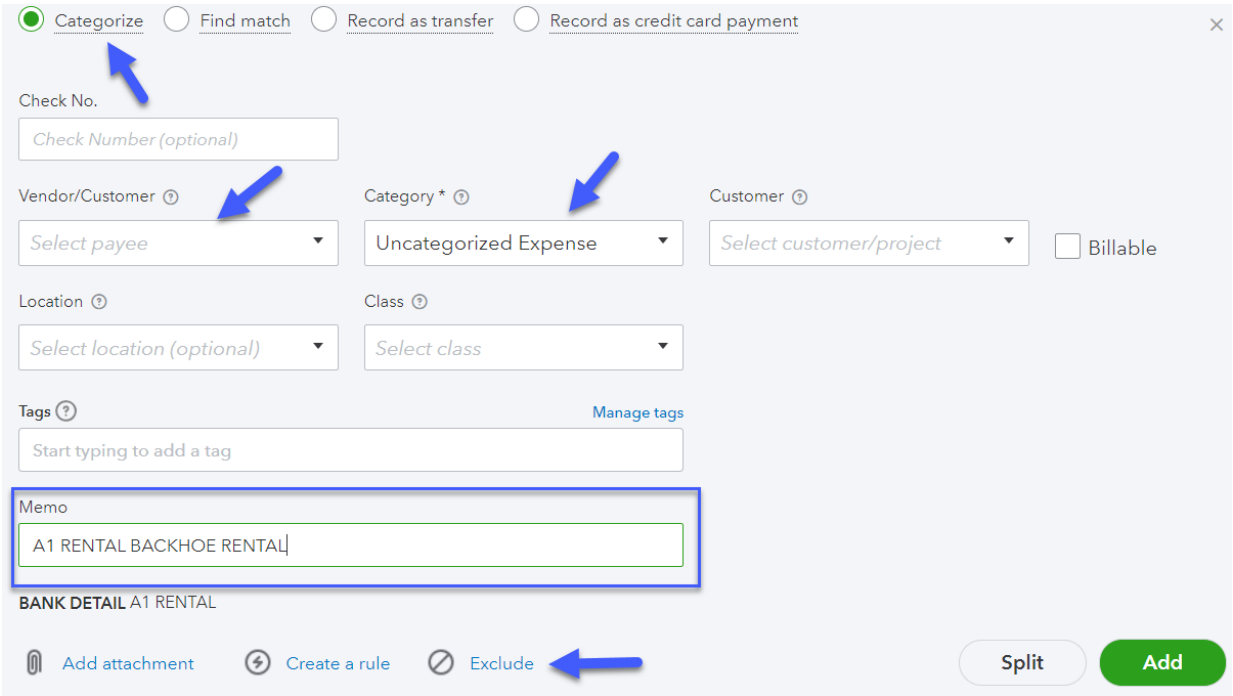
- **Categorize –**The preferred option. It allows you to control where the transactions are going and is more forgiving if you need to make changes later.
- **Find match –** Looks for a transaction that already exists in the register. The order of operations is very important. When you complete the undeposited funds deposit process, the bank feeds will match up the transactions and all you do is verify and accept them.



- **Record as transfer –** Recognizes transfers between accounts and sometimes picks up expenses or ACH payments as transfers. Transfers do not require a vendor name. Let's say you are transferring funds from the checking to the savings account. You can use record as transfer or change it to Categorize, create a vendor named transfer and select the savings account as the category from the chart of accounts. Transfers are not as forgiving if you need to make edits later. Also, it only recognizes balance sheet accounts.
- **Record as credit card payment –** Creates a payment from the checking to the credit card account. This feature is not as forgiving as categorize and harder to change later. It only recognizes credit card accounts in the chart of accounts.

While the transaction is open, verify the date, vendor, category, and any other fields that require information. When you turn on features such as locations and classes, they will appear in each transaction. It is your job to assign a location or class as you accept the transactions. This will prevent having to go back and edit transactions, a time-consuming process.

- **Memo –** This is an extremely valuable field that provides bank description information that tells a story. Often the vendor's name and other important information can help us to complete the transaction.
- Notice the options to **Add attachments, Create a rule, Exclude** or **Split transactions.**
- **Split** – Provides the option to split a transaction between account categories and classes. It can be very helpful when you need to split an expense or principal and interest for a loan payment.

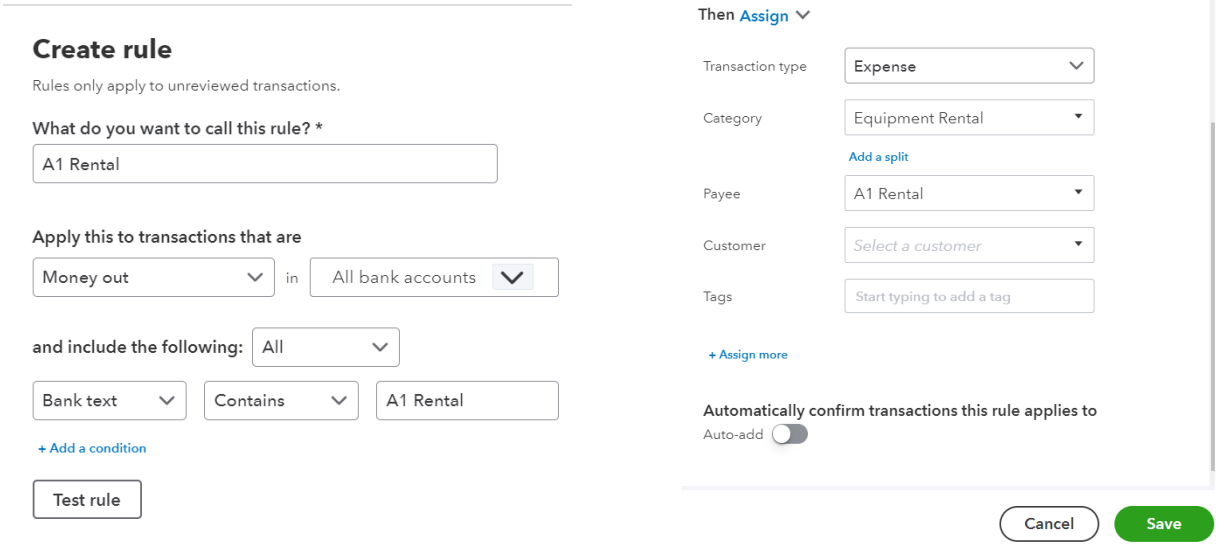


Banking Center

Rules

Rules are a great way to identify where a transaction should be posted. Rules save time during the review and accept process because they memorize how specific transactions for specific vendors should be recorded. Keep in mind, QuickBooks will remember prior posted transactions and populate vendor names and categories based on the memorization of the rule. Take time to review each transaction before accepting to avoid costly cleanup errors.

1. Click the **rules tab** from the banking center **-> New rule.**
2. Customize your rule by selecting available options, adding conditions, **Transaction type**, **Payee and Category**.



Danger! Danger! Turn off auto-add until you are confident using the Banking Center and rules. Auto-add automatically accepts transactions to the bank register without your knowledge. We recommend you change description to bank text when setting conditions. This will help the system recognize transactions to automatically assign the vendor/customer and account category.

Banking Center

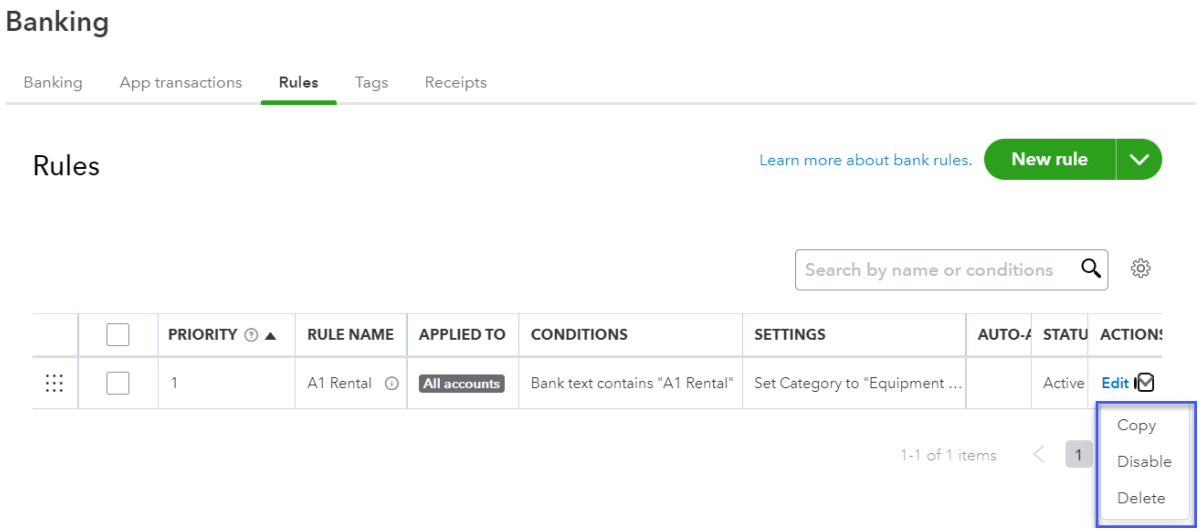
Chris was learning how to review and categorize transactions in the Banking Center. She started to panic as she noticed some of the transactions were automatically posting with incorrect information.

Oh no! An auto-add rule was accidentally created, and transactions are being posted to the wrong account category. How can she fix this issue?

1. Go to the **Banking Center -> Rules -> Delete the rule.**
2. Go to the **Banking Center -> categorized tab -> locate and undo the transactions**. This will move them back to the review tab. Whew! That was a close one.

What if a duplicate transaction populates or an old transaction re-appears because she deleted the transaction from the bank register?

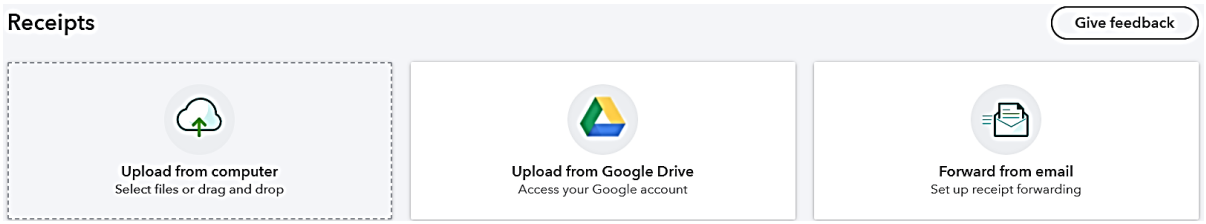
1. **Go to the Banking Center -> review tab -> exclude unwanted transactions**. This will move the transactions to the excluded tab where you can undo and bring them back to review if you need them.



Receipts

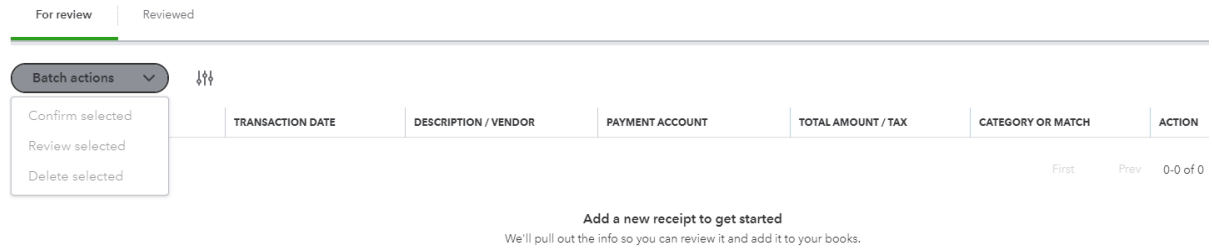
Receipt capture in QuickBooks Online allows users to directly upload receipts to the QuickBooks Online Banking Center where QuickBooks will read the receipt and either match it to an existing transaction or allow users to add a new transaction.

1. Click the **Receipts** tab.
2. Options include:
    - **Drag and drop** receipts directly into QuickBooks Online or select **browse** to upload them. Ensure that each image or file contains only a single receipt.
    - **Upload from Google Drive** by logging into your Google account.
    - **Forward from email** will require you to setup a custom email address with Intuit.



Create transactions from uploaded receipts (pdfs).

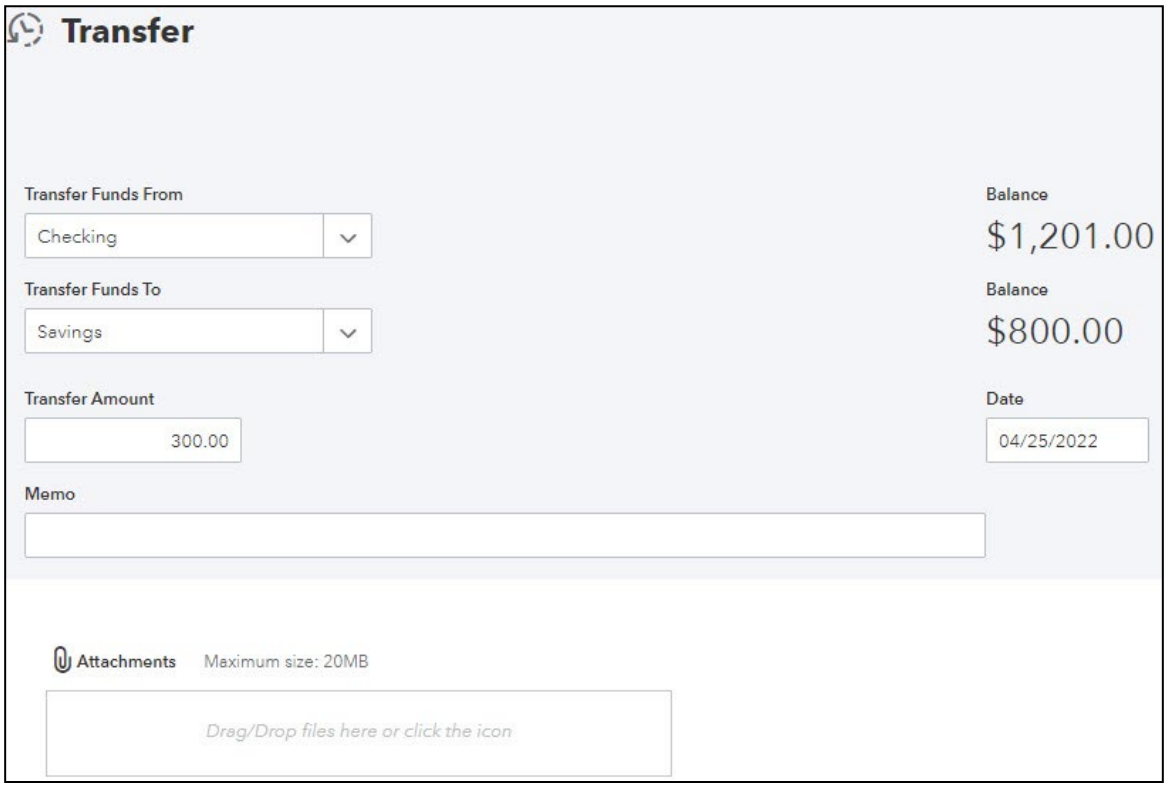
You can turn receipts into bills or expenses. This step should be completed prior to managing the Banking Center.



Transfers

In some cases, a payment to a vendor or payee populates as a transfer type transaction instead of an expense. In this case, we recommend you change it to a categorized transaction, as explained in the Banking Center section.

1. Click **+New** and select **Transfer** to move money from one bank account to another.

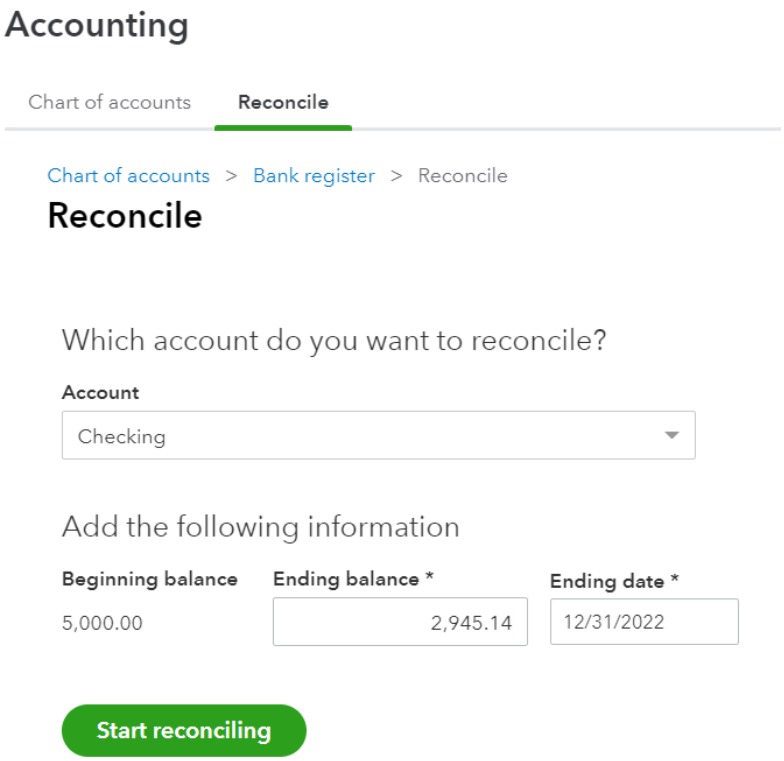


Note: Transfers do not require a vendor name and need to be deleted if you need to adjust or correct a mistake.

Reconcile Accounts

Reconciling your bank and credit card accounts is an important task to ensure all transactions are accounted for, input errors are corrected, and all outstanding transactions are verified. Completing the bank reconciliation process for all financial accounts is key to accurate data and financial statements.

1. Click the **gear** icon -> **Reconcile -> get started -> Let's get reconciled.**
2. Select the **Account** you wish to reconcile from the drop-down list.
3. Refer to the bank statement to verify the **Beginning balance,** enter the **Ending balance,** and enter the **Ending Date.**
4. Click **Start reconciling.**

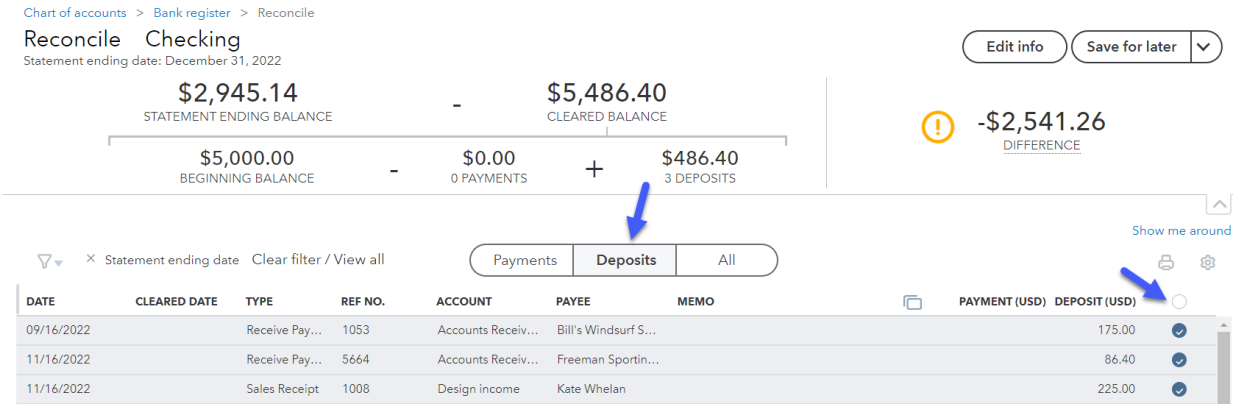


Note: Always reconcile accounts using this process. Never clear transactions directly from the bank register as this can cause problems.

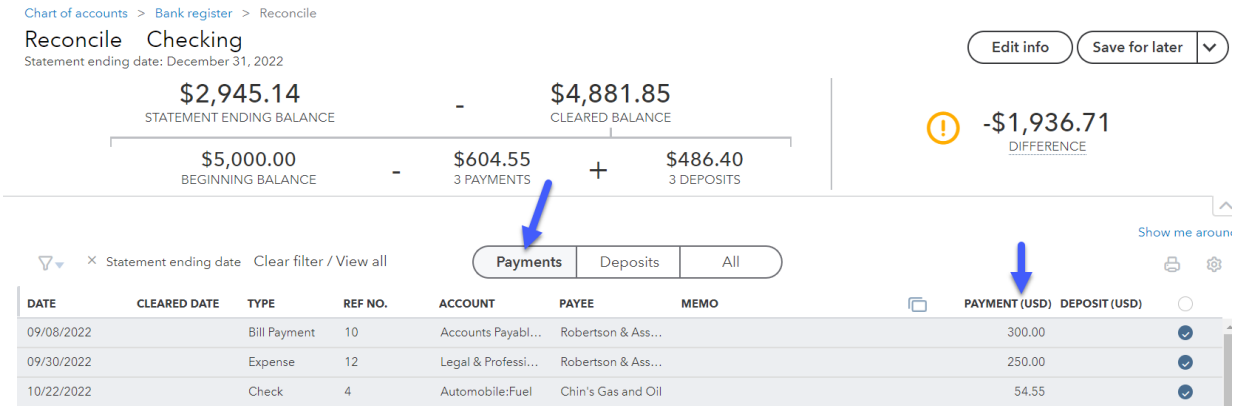
Reconcile Accounts

Now you are ready to reconcile the account.

5. Select **Deposits** and check off all deposit and credit transactions that appear on the bank statement. Verify outstanding transactions and make corrections as needed.



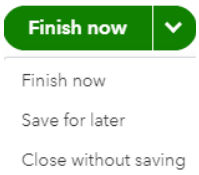
6. Select **Payments** and check off all checks and ACH transactions that appear on the bank statement. Verify outstanding transactions; research and make corrections as needed.



Reconcile Accounts

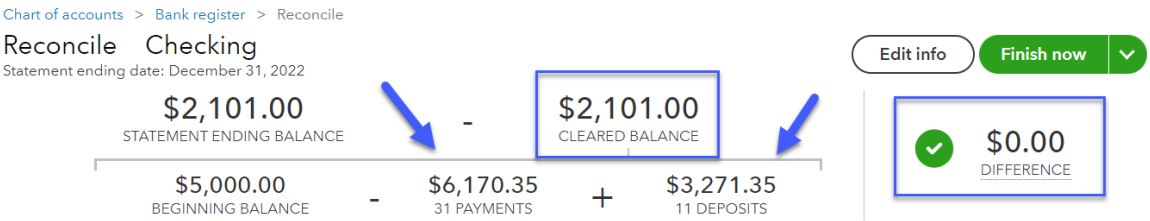
7. Click **Edit Info** to change the ending balance or statement date.
   Verify that the following match the bank statement:

   1. **Beginning Balance**
   2. **Statement Ending Balance**
   3. **Payments Total**
   4. **Deposit Total**

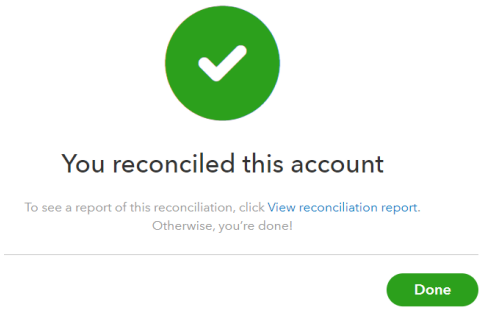


The **Difference** should be $0.00 when you are done.

8. Click the drop-down arrow to choose one of the following options:
   - **Finish now** to complete the bank reconciliation process.
   - **Finish later** to save your work and resume later.
   - **Close without saving** to start over—your work will not be saved.

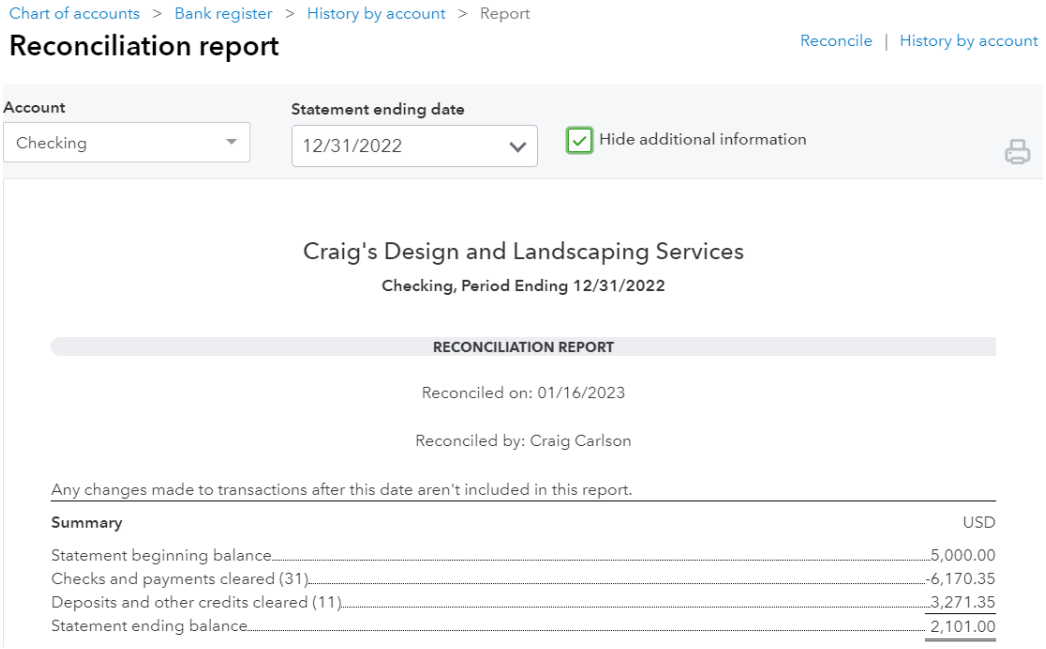


Now that we have completed a successful **bank reconciliation** in QuickBooks, you can click **Done** or **View Report** (a reconciliation report will open providing summary and detail information).

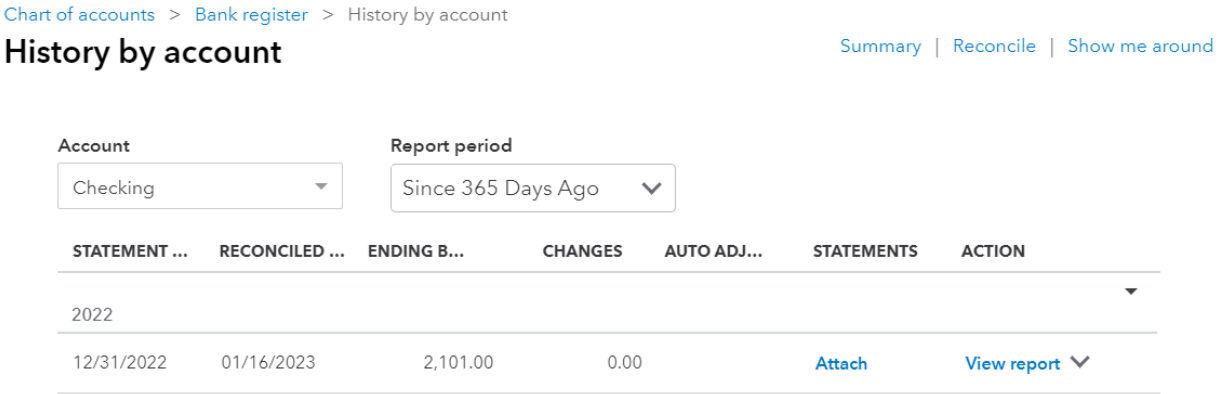


Reconcile Accounts

Once the bank and credit card accounts are reconciled, reports and historical information are available from the reconcile window. If you are no longer in the reconcile window, click **gear -> Reconcile**. Click **Summary** to access a list of recent reconciliation summaries.



Click **History by account** to access all reconciliation summaries by account.



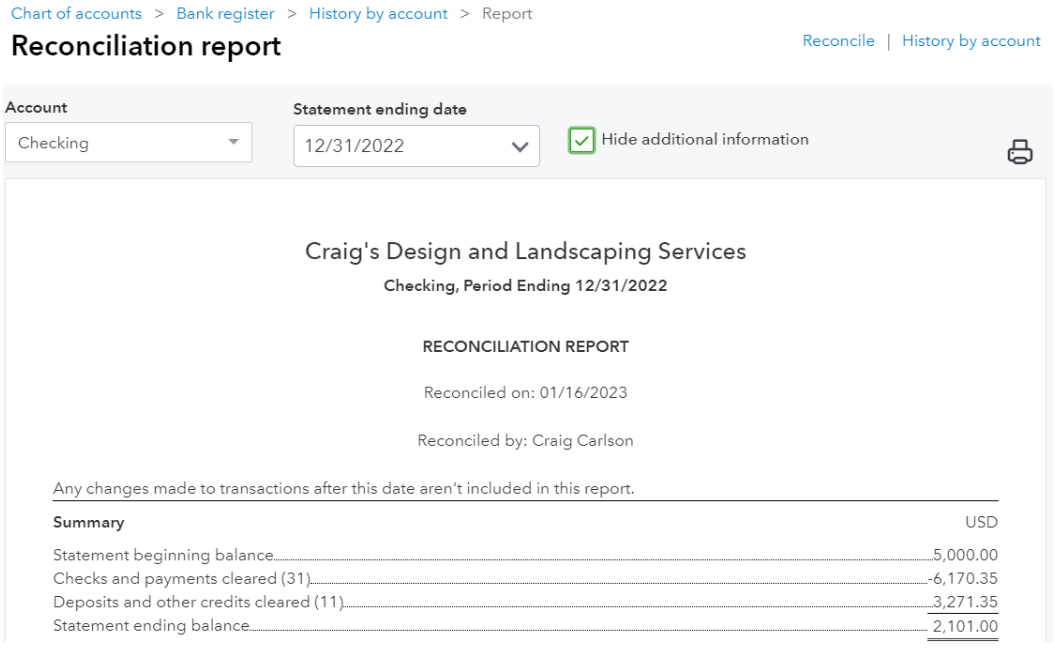
Click **Show me around** for a step-by-step tour.

Reconcile Accounts

Once the bank and credit card accounts are reconciled, reports and historical information are available from the reconcile window.

1. If you are no longer in the reconcile window, click **gear -> reconcile**.
2. Click **summary** to access a list of recent reconciliation summaries. Double-click the summary you wish to review.

3. Click the **Hide additional information** to hide transactions after **Period end date.**



Section 6 Action Steps

All business owners should complete this section and apply the knowledge to their own company file. Remember! You can always refer to various sections of training if you need additional reminders of how features works.

1. **Review video links:**
   How to Connect your Bank Account & Credit Cards (3:06)
   How to Categorize Transactions from your Bank and Credit Card (4:01)
   How to Reconcile an Account: Statements & Records, & More (2:39)
2. **Connect your bank and credit card accounts.**
3. **Accept transactions for connected accounts. Remember to complete all fields required and always fill in customer/vendor and category fields.**
4. **Create rules as needed.**
5. **Reconcile your bank accounts.**
6. **Reconcile your credit card accounts.**

Best Practices

- Keep a separate bank and credit card account for your business. Avoid using them for personal transactions. This will reduce the number of transactions, vendor's you will need to create and will keep cash in the company.
- Follow the order of operations when posting accounts and transactions.
- Create rules to help with accuracy and efficiencies.
- Reconcile bank and credit card accounts each month.
- Monitor bank balances from your computer or mobile app.