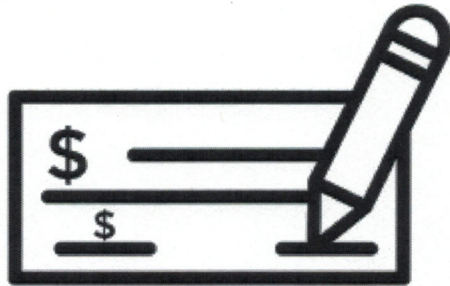


ACCOUNTS PAYABLE



Accounts Payables:

This is the module where you pay your bills.

Let's start by setting up a new Vendor:

- Click on Vendor on the top line of the main screen or bubble on the home screen noted as "Vendor"

If this is a new vendor, they should fill out a Form W9 – Request for Taxpayer Identification Number and Certificate. This will help you decide if they are to be paid as a 1099 vendor or not. Have the Form W9 handy when filling out the vendor information.

Side note:

It is important to make a distinction between an employee and a vendor. A vendor receives a Form 1099 Miscellaneous Income Statement and an employee receives a Form W2- A Wage and Tax Statement. If you answer "Yes" to any of the following five questions then the person should be paid as an employee only:

1. Do I assign work for this person?
2. Does the individual work on the company premise?
3. Does this individual only work for my company?
4. Do I provide the individual their tools?
5. Do I control the hours they work?

Again, if you answered "Yes" to any of those questions, they should be paid as an employee. Then they should fill out a Form W2.

To add a new vendor, click on "New Vendor" on top left corner of the screen. This will bring you to a similar screen as we will see in Payroll. Some time spent here will serve us well later!

- Since this is a new vendor, QuickBooks will prompt you to set them up. It is in your best interest to input the vendor data at this time – No time like the present! You should complete the vendor input area for three important reasons: 1) when the check prints the address is on it and it is ready to be mailed; 2) at the end of year you are not scrambling to figure out who is a 1099 vendor and who is not; and 3) once the vendor is entered, it is in your system forever so great for repeat check writing. If you customize the vendor with accounts numbers, vendor bill input is even easier. Let's get to it!

Address information:

- o Enter the vendor name as you would like to query it in the future. For example if your vendor is: The Provident Bank. To pay this vendor in the future you must remember to start typing "The" first. It is easier to use "Provident Bank" instead. If the check is to a person: it is best to enter last name first then first name last for ease of look up.

- Enter all address, telephone number, and billing address information for the vendor. This can come off the bill your received or the vendor's Form W9.

Payment information:

- Enter the account number for the bill, for example: the telephone account number associated with this bill. Pick payment terms and enter how the name of the vendor should appear on the check when it prints. For example: if I enter into the vendor name "Alfonsi, Linda" – this is how it will print on the check to her unless I change the "print name on check as" section to "Linda Alfonsi". Personally, it is another step but it looks better and may cause fewer problems at the post office for delivery.

Tax Settings:

- Here is where we put whether this is a 1099 vendor. Simply input the vendor federal identification number from the Form W9 and click the box next to "Vendor eligible for a 1099" to make sure they are included in your yearend Form 1099s list.

Account Settings:

- This is one of my favorite features! You can pre load the chart of account number to associate with that vendor so when you are entering the bill the account automatically comes up. At one of the companies I do QuickBooks accounting for there are three locations and two of the three locations have propane heat. I separate the billings because each location is responsible for their own utilities budget. This also saves me from looking up the account numbers.

Additional information:

- Here you can qualify the type of vendor: service provider, consultant, supplier, etc.

QuickBooks will always allow you to edit a vendor on the "fly". So in case you missed something in the initial set up you can go back and add it.

Let's pay a bill:

Click on Vendors from the main screen. The drop down menu will appear and you need to click on "Enter bills"

- Enter the name of the vendor in the Vendor box
- Data about this vendor will automatically populate the fields.
- Next you will need to enter in the reference number. The Reference number will not appear on the front of the check. Super important: in order to avoid double bill entries you must stick to a

specific format when entering bills. For example: I start all references with "Inv. #" so if I need to look up a bill entered I look for a matching invoice number. QuickBooks will not recognize a bill as a duplicate if you are not consistent with the reference number. It would be a longer process to find a paid invoice by dollar amount if you are not consistent with the reference number.

- Enter the dollar amount to be paid.
- Hopefully you have sent up a payment terms for this vendor and that will appear automatically here.
- Memo field: I like to re type the invoice number here as well as the vendor account number because the memo field will print on the front of the check. It will make it easier for your vendor to identify where the check should be applied if the information is on the front of the check. This is a quick step to help avoid future telephone calls and potential late fees if the vendor does not know where to apply your check.
- Hopefully, you have assigned one or two chart of account numbers to this vendor so that it should populate automatically. If not, start typing the account you want and then tab over to amount. The amount will also auto populate but sometimes we have to split the billing. Just type over the amount with new amount and the balance pops to the next line waiting for its appropriate account number to be charged to.
- Description - I usually put in a quick description of the expense. Such as if I was expensing to paving supplies: I would write in the field "tamp shoes, emulsion brooms". This is a great tool at the end of the year to see where I spent my money in the Paving supply account.
- Customer job: Here you can pick from a list of your customers. Another great tool for billing the job!
- Billable: This will become a billable item if you add a check mark once you pick a customer to bill.
- Class: A favorite category of mine. I have classes set up for all my events of the company or if this is just a general expense. I can then run reports by Class to see how much is billed to that class.
- Click Save & New and you are on to your next bill.

Fun stuff to note:

New on QB is the right hand side vendor summary info. This is a great new tool. This shows the vendor's open balance and recent transactions at a glance. This is a great resource for a quick look up during the vendor entry process.

Let's pay a bill:

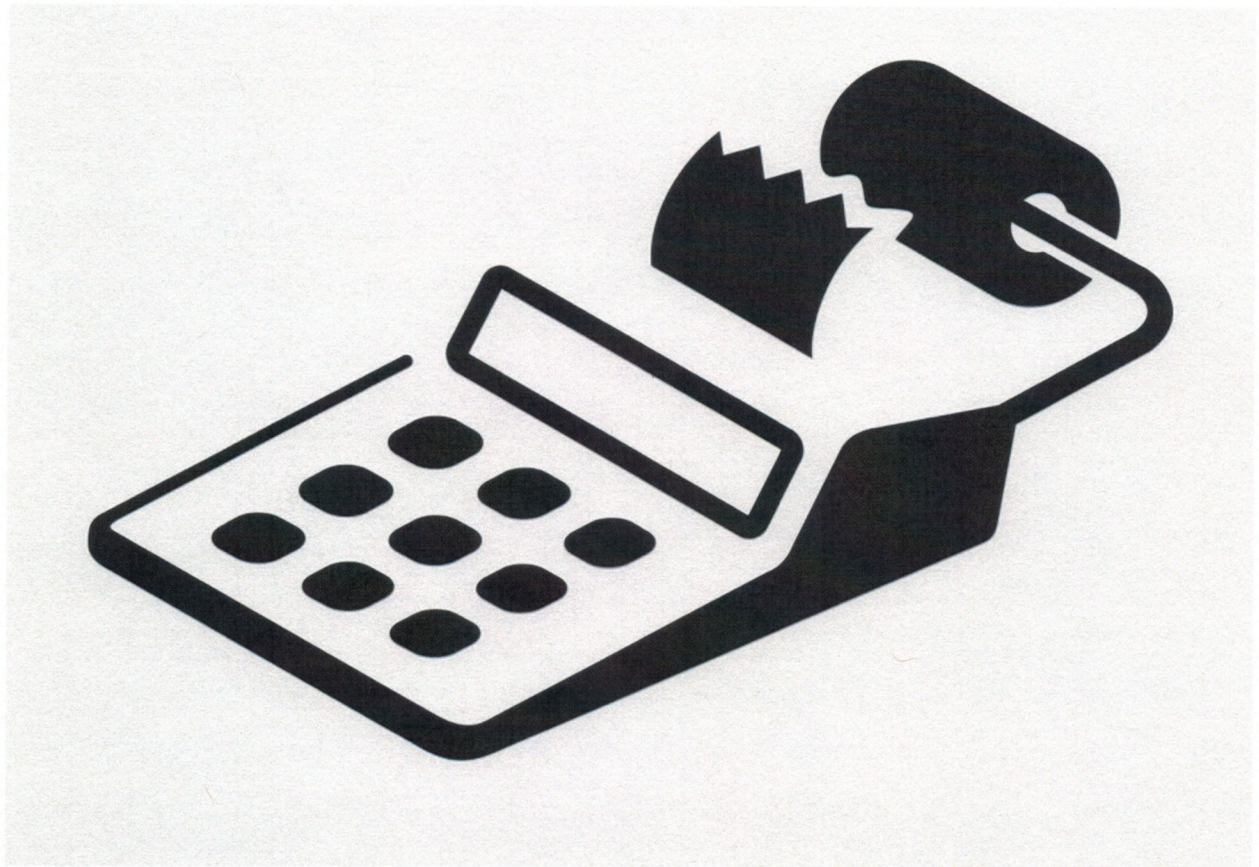
Click on either the picture of Vendor bill or use top menu "Vendors" and pull down menu to click on "Pay bills"

This will show all the bills you have entered. I enter bills everyday but I only pay bills on either Thursdays or Fridays once a week. I review the "Date Due" column on the left side to decide what is due for the coming week to pay. To select a bill to be paid, I click the empty square to the left of that. This marks the bill to be paid. As I select bills to be paid, I take a look at the bottom of screen

to make sure there are no credits to be taken. If there are credits available – make sure you use them. QuickBooks does have feature in Company Preferences that you can apply credits automatically. I highly recommend you choose this option so you don't miss any open credits. Credits are entered just like bills but will be negative in form.

- Make sure you check your payment date. This is the date that will appear on the check. You can change it to a future date if necessary but the date will stay where you leave it last so make sure you check it before printing the checks the next time.
- Click the box if you are letting QuickBooks assign the check number or you need to assign a different payment method here such as EFT or Transfer. I prefer to let QuickBooks assign the check numbers.
- Account: this is the account where the bill will be paid from. Double check to make sure it is coming from the right account. I use several bank accounts so I am constantly changing this field.
- Select "Pay Selected Bills"
- A Payment Summary Window will appear, click Print Checks.
- Review the check number in the window to make sure that is your next blank check, load the check or checks in the printer and hit print.
- Check printing is done!
- **Caution!** Make sure your check number is consistent with your actual next blank check

ACCOUNTS RECEIVABLE



Accounts Receivables:

This is the module where you would create your invoices to send to your customers for completed job.

Let's start by setting up a New Customer:

- Click on Customer on the top line of the main screen or bubble on the home screen noted as "Customer". Then proceed to Customer Center to set up the Customer. Choose New Customer from the drop down menu.
- You can set up a Customer when you are creating an invoice if you need to but we will walk thru it as if you are just setting up the Customer from scratch.

Address info:

- o Go ahead and input the Address information for the Customer.
- o Please note that you can have the invoice have a different billing address than ship to address. This might be helpful for any Property Management companies with multiple properties for your billing purposes.
- o This is also where you would add the email address if the Customer prefers you to email them their invoice.

Payment Settings:

- o This is where you enter your Payment Terms, Customer's preferred method of delivery and Credit Card information if you are keeping that on file.
- o You can also assign a Credit limit to the Customer. Great feature if you are not the only one in your office. This way there is no confusion on how much credit the Customer has with you.
- o If you choose to use to take Credit Cards thru QuickBooks, you will need to be linked to a properly configured payment processing account – for example Merchant Services. You will also need a mechanism to swipe cards such as a USB card reader.
- o Please note that you will have to safe guard all credit card information if you are taking credit card payments thru QuickBooks since they are stored with the Customer data. This will involve a good firewall and other security measures to your computer or company server. Contact your IT professional to make sure you are protected.

Sales Tax Settings:

- o You may be required to collect sales tax on goods and services you offer. To use this portion of the Customer module you will need to turn on this feature and set up sales tax information. You can do that in the drop down menu Edit then click on Preferences then choose Sales Tax and go to Company Preferences to begin to charge sales tax.

Additional Information:

- As always, QuickBooks offers a place to collect some data on your customer. You can assign the Sales Reps name, the type of Customer, or create your own fields.
- I have custom field set up with notes for certain customers if they were difficult payers

Job Info:

- Here is another information collection point and it has easy access within QuickBooks since it is tied to the Customers name. Or again if you are not the only user of QuickBooks – great place to store data about a job.

That completes setting up the Customer. Let's move to setting up a list of Items for our invoicing.

Setting up a New Item:

Click on Lists at the top of the main screen. Choose the Items List option. I would suggest that you at the very least have an item for all your major sales items such as: Paving, Sealcoating, Cracksealing, Sweeping & Patching. When it comes to year end, Sales revenue by category is great information to have at your fingertips.

You can also do subcategories of each of these main items as well. For instance, it is required by the IRS that you break out Credit card sales so that information can be reported on a 1099-K. Therefore, for any of our main sales groups that take credit card payments, I created another Item. It would very time consuming at the end of the year to go back and determine who paid by credit card.

To create a new Item, click on the Item drop down menu on the bottom left of the screen in the Item list feature. Here you can choose to create a New Item or Edit Item.

Let's do a New Item together:

- You will need to input the Type of Item. For ease of example we will choose the most common one, Service.
- Next give the Item a name and you can also choose to create a subcategory of an Item too here.
- Go ahead and give it a description. If you have recurring invoice wording, you can add it here.
- The Account field should be pointed towards whichever Income account you would like the Item to be charged to. For instance: the Paving Item should be pointed to the Paving Income account, Sealcoating to Sealcoating Income, etc., etc.
- It is time consuming to set up lots of Items but worth it because all your revenue is in the right spot.

Creating an invoice:

Click on the Customer item on the menu at the top of the home screen then click on Create Invoice to begin. Begin typing the name of the Customer in the Customer box. QuickBooks will start finding Customers with that name and just click Enter when you find the one you need. Or you can use the drop down menu to find the Customer.

- Templates: QuickBooks comes with standard Templates for Invoicing, Estimating, etc. But you can customize them.
- The Date should automatically populate – again you set that up in your Company Preferences.
- The Invoice number – you do need one so you have something besides the Customer name to refer to when the payment is received. The format is your choice....I like the last two digits of the year (19) then the month and the day with a dash for number of invoices created in the day. So format is 191101-1...QuickBooks will continue the number until I change the format on the next day to 191102-1.
- Terms will automatically populate once the Customer is inputted. This is set up in the Customer Center but can be changed if necessary
- PO numbers depend on your customer or your company

Okay let's get to producing that invoice!

- Click on the Item column and choose what was done for this customer.
- I think it is important to have the Job address in the description field and the description of the work performed. If I haven't said it before, the more information put in QuickBooks the more you have at your fingertips and it is easy to find.
- If you are selling actual items to the customer you would then put in your quantity and your item would then populate the rate of the items.
- For now we are sticking with a service Item so we can skip over quantity and rate and just enter the amount of the job.
- To finish the Invoice up, I like to insert a nice Customer message "Thank you for your business", etc. There are a couple of options when you use the pull down menu.
- Then don't forget to Save and Close the Invoice!

Applying a Payment to an Invoice:

When the payment from the customer comes in, you will need to choose Customer on the top line of the menu bar and then click on Receive Payments

- Start with entering the Customer name based on the payment received.
- Then enter the amount paid.
- Next you click on the method of payment: Cash, Check, or Credit Card

- The date received should automatically default to today's date.
- If they are paying by check, then also enter the check number. Again - you need this information to have complete records of the payment.
- If they are paying by credit card, click on the type of credit card: American Express, Discover, MasterCard or Visa. You can enter the card information but again if you are not hooked to a properly configured payment processing account - for example Merchant Services then the credit card does not process. This module will just keep the data with that customer's information.
- Use the Reference box for the authorization/approval code of the credit card.
- At this point you will need to change the Deposit to box to where ever your credit card monies are deposited. In most cases this is your Business Checking Account.
- When you put in the payment amount it should have matched to one or all of the invoices open for that customer below and put a check mark next to what it is paying.
- IMPORTANT ITEM - QuickBooks will use any payments received on the oldest invoice first! Therefore, if the payment is for a particular invoice you need to make sure they match up properly.
- At the bottom right of the screen you should see that customer is paid in full – if not, take a look back at the amount paid and how it was applied before clicking Save and Close.

Print or Email the paid invoice

Click on Customer on the menu at the top of the home screen then click on Create Invoice to open an invoice. Use the Find option on the menu bar to select the Customer. Now you are looking at the paid invoice.

- To email the Invoice, choose Email pull down menu on the menu bar. It will give the option for Invoice, click on that option. Since you had done all your customer set up previously, the email address will automatically populate with a nice message. Then you all you need to do is hit Send Now!
- To print the Invoice, choose Print pull down menu on the menu bar. It will give the option for Invoice, click on that option. Reasons you may want to print the invoice are: you can mail the invoice to the customer and print a copy for your records.

ESTIMATES



Estimates

Estimates can be done in QuickBooks then later turned into Invoices for your customers!

Create an Estimate:

To create an Estimate in QuickBooks, click on the Customers tab on the menu bar. Select the Customer that you are providing an estimate.

- The Template is already set up
- The Estimate number will automatically populate
- Type in the Item and then fill in the description and add pricing.
- Click Save and Close

Convert an Estimate to an Invoice

To convert an Estimate in QuickBooks to an Invoice, find the Estimate and open it.

- Click on Create Invoice in the menu bar
- QuickBooks will automatically move it to an Invoice
- You can edit it at this point or just email/print it
- Make sure you Save and Close

PAYROLL



Payroll:

What you will need before starting:

- Legal name of employee
- Employee's address, phone number and date of hire
- Form W4– Employee Withholding Allowance Certificate
- Form I9 - Employment Eligibility Verification

Every employee folder should have at least the following documentation:

- Form W4 – Employee Withholding Allowance Certificate
- Employee application
- Form I9 – Employment Eligibility Verification
- A copy of their Health card
- A copy of their Driver's license
- A Driver history from the Department of Motor Vehicles
- The signature pages from the Company handbook (optional but necessary)

Payroll Item List:

- Basic items are set up already within QuickBooks:
 - Salary, Hourly, Overtime
- Extras such as 401K, Pretax Medical and Dental, Garnishments: Child Support and employees loans will need to be set up.
- QuickBooks will walk you thru all of these extra items. You can set limits and customize them for your company.
- You can even set up a payroll item on the "fly" when you are setting up new employee.

Payroll Subscription:

- Super important! If you are going to do payroll on QuickBooks you need a payroll subscription. The subscription will automatically update state tax information and provide the most up to date forms for the quarterly and year end payroll reporting forms such as 940, 941, Form W2's, Form 1099, etc.
- The subscription is a paid item that does not come with your QuickBooks software.

Adding a new Employee:

QuickBooks will walk you thru the process if you want but let's do an example of adding a new employee together:

Click on drop down menu: Employees

Go to Employee center and choose New Employee:

Start with Personal info tab:

- Type in name, social security number, Date of Birth, Marital status, if they are a US citizen, and ethnicity
- Some boxes have drop down menus so you can use those instead of typing everything in
- Also fill in information if the new employee is on a disability or in the military.
- The new employee Form I9 status is recorded here also

Address info tab:

- Type in address, phone numbers, email and (very important) emergency contact info

Additional information:

- Here is where I cross reference the employee's timecard number.
- Or maybe you have employee id numbers for billing

Payroll info:

- If you use a payroll schedule: add it here
- Payroll frequency: this is how you are paying the employee: daily, weekly, biweekly, monthly, semimonthly, annually. This may be determined by their employee contract or just company policy.
- Class: great tool for reporting. Just need to be consistent with it. A class can be a group or an event or a job.
- Earnings box:
Here is where you can customize your employee titles such as "Foreman", "Truck Driver" or just do Hourly and Salary. Your choice and this would depend on your reporting needs. We will see that more in my Financial Reporting discussion.

The next step is putting in their hourly rate or their annual amount. This box will work in conjunction with your choice in payroll frequency. Most of you will put in the person's hourly or annual rate when you hire them and that doesn't change until their review or

following year re hire. But if you did give out 60 day review increases – this is where you would change that. Add a second line here for overtime and calculate that at 1.5 times their hourly rate. Even if you don't use it – it's there.

- Additions, Deductions and Contributions box:

This area is customized to your business. For example at Petra we have quite of few deductions: 401K, Medical and Dental, AFLAC, Overages on cell phones, employee loans (⊗), and garnishments (such as child support). We have one addition to payroll and that is cell phone reimbursement. All these get set up in your Payroll Items list.

The Payroll Item list can be accessed from the Home Page:

- Click Lists then choose Payroll Item list.
- This is where you set up or edit a Payroll item for your employee. For instance I added a Cell Phone Reimbursement item for Petra.

Our next step is to put in the amount to be deducted or added to employee's payroll here. Please note that you can put in a limit amount too. This comes in handy for employee loans or 401K if they are deducting a standard amount per week.

There is a button here on this screen for Direct Deposit. This brings you to a pay as you go service owned by QuickBooks. If you offer direct deposit but not thru QuickBooks, that is handle differently.

Next up is the Taxes button: very important! We need to use the employee's Form W4 to fill this in. Start with Federal tab and put in their withholding status, allowances or extra withholdings. The employee is responsible for telling you this – don't make an assumption! QuickBooks will automatically check off "subject to": Federal unemployment, social security and Medicare taxes. On the next tab you need to add what state the employee works in then what state the employee lives in. Very important: the Payroll module of QuickBooks needs to be current for updates. Updates are obtained thru your payroll subscription with QuickBooks. QuickBooks will change the box to show you what is required for that state.

The Other tab is very important here too: certain states have admin contribution or other types of taxes. Please do your research on your state's payroll obligations prior to starting payroll.

The last part on this screen is Sick & Vacation time. This tab is very handy for tracking hours used and hours left. It is driven by the paycheck itself which is great for not worrying about whether or not you have correctly calculated sick and vacation time.

Employment info:

- Here you will input the hire date and other info. Again a great tool for tracking info or if you are asked for a list of hire dates, the information is just a click away.
- This module has a leave of absence and termination process included.

Worker's Compensation:

- This tab is for paying worker's comp insurance. This is a sales pitch for worker's compensation insurance.

Congratulations! Employees are added!

Let's pay payroll:

What you will need:

- Employee hours for payroll period you are paying.
- Computer checks that are compatible for QuickBooks.

Let's get started:

Click on the drop down menu for Employees and pick Pay Employees

This will automatically bring you to a payroll screen that will show every employee you have entered for payroll.

Steps required:

- Check and/or change the date to however you pay: one week in arrears or current week.
- Check and/or change the date for the printed check. This will be based on your company policy
- Next click off the employees you wish to pay or just click "Check all"
- Click "Continue"
- Here are the employees you will be paying.
- Now click on the employee's name one at a time to check their data and enter their hours to be paid.

At Petra we have a time clock that all hourly employees use. It is an older electronic time clock that does not interface with QuickBooks but there are time clocks and systems that will populate the data in your system for you.

If you have set up your employee well – all that information will be on the next screen for you. Enter the regular hours and the overtime hours and click “Save & Next”. Do this for all employees. Salary people will come up here too but there is usually no data change so just verify they have the right amount and click “Save & Next”.

- When you are finished, click on “Create Paycheck”
- The system will tell you that you have successfully created paychecks. Go to “Print Paychecks”
- Verify your next check number and hit Print.
- Done!

Payroll doesn't really take that long once all the Payroll items are setup and you have the hours in hand.

Here are some other important payroll matters that we are not going to get into the completion of:

- Payroll Liabilities should be run and paid electronically based on your company's directive from the IRS. For example, Petra payroll liabilities are paid weekly and my other job the payroll liabilities are paid monthly.
- State payroll taxes payment due dates vary for each state. Some are paid monthly and some are paid quarterly. Some seem to change based on the number of employees on your payroll. QuickBooks will create these for you too as long as it has all the right information.
- Form 941 is due quarterly
- Form 940 is due annually
- W2's are annually
- Form 1099, etc. are due annually
- QuickBooks does ALL of these reports for you! I only recommend that you tie them out to a source and look at them for reasonability before submitting them.
- **Reiterate:** A payroll subscription is necessary if you are going to do Payroll in QuickBooks! Bookkeepers and owners can't possibly stay on top of all the ever changing tax laws regarding employees.

FINANCIAL REPORTS



Financial Reports:

There are thousands of financial reports available in QuickBooks. Everything in QuickBooks can be customized to meet your company needs.

QuickBooks comes with all the basic reports: P&L (Income Statement), Balance Sheet, Cash Flow, Sales reporting, Payroll summaries, Accounts Receivable reports, Accounts payable reports, Banking reports, etc. There are several variations of the major reports already created in QuickBooks – you just need to take some time and explore the reporting function.

Let's explore changing the information on one of standard reports and customizing a report to better meet our needs.

Changing standard reports:

Let's start with a P&L (Income Statement).

- Click on Reports at the top of the screen.
- Select Company & Financial
- Select Profit & Loss Standard
- Open the report and change the dates for the period you would like to see.
- Click on Customizing on top far left
- Here you change the reporting basis: accrual or cash accounting
- Here you can change your column format then add sub columns for percentage of change or dollar of change and compare data to prior year.
- This may be too much data for you to look at so adjust accordingly.
- A favorite button is expand and collapse: data is sometime easier to look at if it is summarized.
- You can filter data too. I use this exclusively with my vendor reports. It helps me see just the data I want such as payments.

A really cool reporting tool is Company Snapshot. At Petra, I compile most of this data manually because I am drilling down to a lower level for other reasons but the QuickBooks Company Snapshot gives you some general graphs and pie charts automatically.

You can also download data into to Excel or email it with just a click of one button! There is a lot of options to explore and play around with for reporting.

The more information you put into QuickBooks, the more you get out of it!

OTHER HELPFUL TIPS



Other tips

QuickBooks has a scanning module!

- Click on Company then choose Documents.
- Chose Doc Center and add a document on your computer to QuickBooks or Scan a document into QuickBooks
- If you choose to add a file from your computer to an Estimate – like a diagram. You just Attach File when you have the Estimate open. Please note that the attached file does not transfer when the Estimate is converted to an Invoice.

Memorized transactions!

This is great for recurring vendor payments or loans.

- Create the vendor payment and then click on the Memorize button on the menu bar.
- This will bring you to a small box where you would choose Automatic Transaction Entry
- Add how often the vendor will be paid, the next payment date and number of months if appropriate
- Never miss entering a vendor bill or loan payment again!
- This would work great if you have a vendor that does paperless invoicing and EFT payments