QUICKBOOKS DESKTOP 2019

9 Job Costing, Creating Estimates, and Time Tracking

QuickBooks lets you create estimates for your jobs or for your customers if you don't have jobs assigned to them. Once you're awarded a job based on an estimate, QuickBooks makes it easy to convert the estimate to an invoice, so you don't have to reenter the information. Job costing is an important aspect for many businesses. In this chapter, you will use jobs in QuickBooks to track profitability by those jobs. You will also use progress invoicing and deal with customer deposits. You will also explore the time-tracking feature, which allows you to track time spent by employees on each job, resulting in more accurate payroll expenses for job costing. Finally, we will take a look at one of the QuickBooks apps that aids you in time tracking and employee scheduling, TSheets.

LEARNING OBJECTIVES

▸ Create an estimate for a job or customer and convert it to a progress invoice

▸ Apply the time tracking feature and create a paycheck based on tracked time

▸ Enter customer deposits on account

▸ Assign finance charges to overdue accounts

▸ Run appropriate job-related reports for estimates and time tracking

📂 Project: Average Guy Designs

Guy Marshall will be bidding for a job for the City of Bayshore to completely redo its branding, including new logo, stationery, report covers, brochures, and other business documents.

For this job, you will first create an estimate to be submitted with the proposal. When the job is awarded, you will convert the estimate to an invoice and bill the city as portions of the job are completed using QuickBooks' progress invoicing feature. You will receive payment from the city and handle customer deposits for unearned income.

In addition, time tracking will be used for those employees who worked on another job, and a paycheck will be created using the time data. Finance charges will be assessed for customers. You will then run job reports for analyzing this and other jobs, estimates, and time tracking data for the company. Finally, Guy will explore the possibility of using TSheets to track his employee time more precisely.

Job Costing

To keep track of the income and expenses involved in this and all jobs that Average Guy Designs does, individual jobs are created for each customer. When applied via sales and purchase forms, job costing provides a method for determining profitability of each job and will help in creating future plans.

Job information is stored with the customer data in the Customers & Jobs List, which is a component of the Customer Center. If you have multiple projects for an individual customer, you can create separate jobs for that customer. If you will perform just one job for a customer, you can track that information in the customer's record on the Job Info tab. As you create your estimates and invoices or incur any expenses for that job, you enter them for the job and not the customer directly.

For Average Guy Designs, all customers have a job associated with them, so you must always choose a job on a form, not just the customer.

Time tracking is a feature that allows a company to track employee time and create paychecks and invoices based on the data collected. You can also charge employees' time to jobs.

Job Profitability

For companies that deal with jobs, especially businesses such as construction companies, it is important to be able to look at the profitability of each job. To conduct job costing in QuickBooks, you need to take three basic steps:

1. Set up your data in the Customers & Jobs List.

2. Enter all job revenues and expenses.

3. Use QuickBooks reports to analyze job data.

The first two steps are covered if you set up your customers and jobs correctly and then enter them properly on sales and purchase forms. We will look at the QuickBooks job costing reports later in this chapter.

Creating an Estimate for a Job

QuickBooks creates a non-posting account when you create an estimate, which allows you to track outstanding estimates (the same as it does for purchase orders and sales orders). This account is displayed at the bottom of your Chart of Accounts. The non-posting account is created because estimates, like purchase orders, do not affect anything behind the scenes and, therefore, do not affect actual QuickBooks accounts.

You can create estimates for customers or each job you do for a customer. You can also create multiple estimates for a customer or a job. If a customer does not have jobs created for it, there will be a Job Info tab in the Edit Customer window. However, if even one job has been created for a customer, that Job Info tab is no longer available, and you will work with the individual jobs that have been created for the customer. Estimates must be turned on in the Company Preferences window.

FLASHBACK TO GAAP: MATCHING

Remember that expenses need to be matched with revenues. A sink bought for a bathroom remodel should be a job cost for that remodel. This principle allows for a better evaluation of the profitability and performance.

Creating a Change Order

A change order occurs after an estimate has been entered. If a customer wants a change to an estimate and if you are using the Contractor version or the Accountant's version of QuickBooks Desktop, when you make any change to an estimate it will ask you if you want to add it as a change order to the estimate. The changes will be listed under the original estimate. If you are using a different version, you can make changes to estimates, but they will not be called out as change orders. The change order feature will detail the amount of each change, exactly what changed, and the net change to the amount of the estimate. It will also document the change order for you in the description field of the estimate window.

Add Change Order window and estimate with change order added (not available in all versions of QuickBooks)

- Customers→Customer Center: [choose customer]→New Customers & Jobs button→ Add Job
- Edit→Preferences: Jobs & Estimates→Company Preferences tab
- Customers→Create Estimates
- Customers→Create Invoices [then choose the desired customer and estimate]

DEVELOP YOUR SKILLS 9-1

In this exercise, you will turn on the preference for progress invoicing and create an estimate for a new customer. The password for all files unless otherwise stated is Password1. *Leave the company file open unless otherwise instructed.*

1. Start QuickBooks 2019 and toggle to Pro, if necessary.

2. Open **DYS_Chapter09 (Company)** or restore **DYS_Chapter09 (Portable)** from your file storage location and save your file as: **DYS_Chapter09 Average Guy Designs**

   It may take a few moments for the portable company file to open.

Turn On Progress Invoicing

3. Choose **Edit→Preferences**.

4. Choose the **Jobs & Estimates** category and then display the **Company Preferences** tab.

5. Choose **Yes** under *Do you do Progress Invoicing?*, click **OK**, and then click **OK** in the Warning window.

   QuickBooks needs to close and reopen the file to incorporate this preference.

Create a New Customer

The City of Bayshore is not yet set up as a customer, so you will create a new customer and job for the City of Bayshore.

6. Choose **Customers→Customer Center** and then press Ctrl+N to open a New Customer window.

7. Use this information to create the new customer:

   • Customer Name: **City of Bayshore**

   • Company Name: **City of Bayshore**

   • Full Name: **Mr. James Richards**

   • Main Phone: **(415) 555-2496**

   • Address: **1706 Duck Pond Lane** Enter **Bayshore, CA 91547**

8. Click Copy >> , click **OK** in the Add Shipping Address Information window, and then click **OK** in the New Customer window.

   You will see your new customer selected on the Customer & Jobs list.

Create a New Job for the Customer

9. Click the **New Customer & Job** button and then choose **Add Job**.

10. Type **Branding** in the Job Name field.

11. Click the **Job Info** tab and use this information to complete the New Job form, clicking **OK** when finished:

    • Job Description: **Create new city-wide branding campaign**

    • Job Type: **Government** (**Quick Add** it as a **Job Type**)

    • Job Status: **Pending**

Create an Estimate for a Job

The newly created job now appears indented under City of Bayshore in the Customers & Jobs List. It is selected, and now you're ready to create a new transaction for that job.

12. Click the **New Transactions** button and then choose **Estimates**.

The Create Estimates window opens with the Branding project job already filled in.

13. Use this information to complete the estimate:

| CUSTOMER:JOB | City of Bayshore:Brandi... ▼ | | | TEMPLATE | Retail Estim... ▼ |

Estimate

DATE **A** 11/06/2023

ESTIMATE # 1

NAME / ADDRESS
City of Bayshore
James Richards
1706 Duck Pond Lane
Bayshore, CA 91547

B

ITEM	DESCRIPTION	QTY	COST	TOTAL
Branding	Comprehensive Branding Plan	1	2,000.00	2,000.00
Graphic Design	Graphic Design	15	50.00	750.00
Photography	Photography services	10	40.00	400.00
Video	Basic Video Editing Services	18	55.00	990.00
Web	Website Design Work	30	50.00	1,500.00

SUBTOTAL		5,640.00
MARKUP		0.00
TAX San Tomas ▼ (9.2%)		0.00
TOTAL		**5,640.00**

C CUSTOMER MESSAGE
We look forward to working with you.

D MEMO City of Bayshore: Branding

CUSTOMER TAX CODE Tax ▼

Save & Close   Save & New

A Date: **110623**

B Enter these rows by first choosing the item and then entering the quantities and costs. You will be changing the cost for Branding, so click **OK** on the Price Levels window, if necessary.

The Description will populate, and the Total will calculate automatically. Service items are defaulted to Nontaxable.

C Customer Message: **We look forward to working with you.** (Quick Add it as a new customer message.)

D Memo: **City of Bayshore: Branding**

14. Click **Save & Close** and click **Add** in the Check Spelling on Form window to add *Bayshore* to the dictionary, if prompted.

The estimate is created. Remember that nothing happens behind the scenes here! If the Job doesn't come through, you can select Mark as Inactive in the estimate.

15. Close the Customer Center.

Create a Progress Invoice

If you have a job that will span weeks or months, Progress Invoicing allows you to submit invoices based on parts of the work completed (stages or phases) as you go through the job. You start by creating an estimate for the entire job and then create an invoice and choose one of these three options:

- Create an invoice for the entire estimate (100%).
- Create an invoice for a percentage of the entire estimate.
- Create an invoice for selected items or for different percentages of each item.

You can create an invoice by opening the existing estimate or using the Create Invoices window and selecting the customer.

There will be several new columns included on the invoice template depending on which option is selected: Est Amt, Prior Amt, and Total %. Every time you create a subsequent invoice for that Customer (or Customer:Job), it will reflect the prior amount(s) and/or percentages. It is an easy way to bill your customer as you work through the job and for your customer to see what's already been done.

After you've selected one of the three options and have chosen how much to include on the invoice, QuickBooks will display the Progress Invoice template.

BEHIND THE SCENES

You will be creating a progress invoice based on the estimate for 50 percent of the branding work that has been completed. Take a look at the following T-accounts to see what is happening behind the scenes in this transaction:

11000•Accounts Receivable		43200•Design Income	
1,000.00			1,000.00

↗ Customers→Create Invoices [then choose the desired customer and estimate]

↗ Customers→Create Estimates: [find estimate]→Create Invoice button

DEVELOP YOUR SKILLS 9-2

Guy has been awarded the City of Bayshore Branding Job and has already started working on it. In this exercise, you will edit the Customer:Job record to change the status to In progress and then use the job estimate created earlier to create the progress invoice. The first step is to open the Edit Job window for the City Branding Project and change the status of the job on the Job Info tab.

1. Choose **Customers→Customer Center**.
2. Double-click the **Branding** job for the City of Bayshore to open it for editing.
3. Click the **Job Info** tab and then use this information to edit the job:
   - Job Status: **In progress**
   - Start Date: **110823**
   - Projected End Date: **122223**
4. Click **OK** to save the Job and then close the Customer Center window.

Create the Invoice

Now you will create a progress invoice based on the estimate. Average Guy Designs has completed 50 percent of the branding portion of the job.

5. Choose **Company→Home Page** and click the **Create Invoices** 📄 task icon in the Customers area of the Home Page.
6. Choose the **City of Bayshore:Branding** Job as the Customer:Job.

   The Available Estimates window appears, displaying all the available estimates for the job.

7. Click the **11/06/2023** estimate for $5,820.00 in the Available Estimates window and then click **OK**.

   The Create Progress Invoice Based On Estimate window appears with three choices.

8. Click the circle to the left of **Create invoice for selected items or for different percentages of each item** and then click **OK**.

   The Specify Invoice Amounts for Items on Estimate window appears.

9. Use this information to create the invoice for 50 percent of the Branding portion of the job:

Progress Invoice for: City of Bayshore:Branding

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

☐ Show Quantity and Rate **A** ☑ Show Percentage

ITEM	EST AMT	PRIOR A...	PRIOR %	AMOUNT	CURR %	TOT %	TAX
Branding	2,000.00		0.0%	1,000.00	50.0% **B**	50.0%	
Graphic Design	750.00		0.0%	0.00	0.0%	0.0%	
Photography	400.00		0.0%	0.00	0.0%	0.0%	

Ⓐ Click in the **Show Percentage** checkbox.

Ⓑ Change the percentage in the CURR % column for Branding to: **50.0%**

10. Click **OK** and then **OK** in the Zero Amount Items window.

The Create Invoices window displays using the Progress Invoice template. Fifty percent of the Branding charge is filled in for you. You can change the Company Preferences to not print items with zero amounts, but do not delete the items on the invoice with zero amounts.

11. Use this information to complete the invoice:

- Date: **111323**
- Invoice #: **10030**
- Memo: **City Bayshore:Branding 11/13**

> **BEHIND THE SCENES BRIEF**
>
> 11000•Accounts Receivable DR 1,000.00; **43200•Design Income CR <1,000.00>**

12. Click **Save & Close**.

The progress invoice is recorded. The next time you choose to create an invoice based off the estimate for the Branding job, the 50 percent that you just invoiced for will show as a prior amount.

Unearned Income

There will be some cases in which you require a deposit on a job or a customer prepayment. Funds received as a deposit or sold as a gift certificate are considered unearned income because no work has been performed and no product has been sold. You may also hear this called unearned revenue or deferred revenue. You shouldn't credit unearned income to an income account. The proper way to deal with it is to hold it in a liability account such as Customer Deposits or Unearned Revenues. After you have delivered the goods or performed the service, you can then decrease the liability account and credit, or increase, an income account.

Customer Deposits

Customer deposits and gift certificates are tracked the same way in QuickBooks. And they both require you to go through the three steps of setting up, collecting, and recording. We will deal specifically with customer deposits, but you can apply the same principles if you need to account for gift certificates.

It will take three steps for this process:

1. Set Up to Track Customer Deposits: The first step in dealing with unearned income is to set up an Other Current Liability account and two items (an Other Charge and a Payment type). The Other Current Liability account is necessary because, by accepting a customer deposit or a payment for a gift certificate, you essentially are accepting both as a liability. The deposit will then be turned into a payment and the gift certificate will eventually be redeemed for goods or services. By setting up a liability account, you will be able to show that you are holding the funds in a separate account until the income becomes "earned." You need the two new items so they can be used on an Invoice.

2. **Receiving a Customer Deposit:** You will then use an invoice to record the receipt of the deposit, selecting the new items and directing the funds to a liability account. In essence, you are "liable" for doing something in return for the funds you are receiving. You will not record the income until the service is performed, the product is delivered, or the gift certificate is redeemed. This will not affect an income account or Accounts Receivable because the balance owing on the invoice will be zero.

3. **Turning a Deposit into a Payment:** After you have delivered on your promise and have traded goods or services for the deposit or gift certificate, you will use an invoice to record the income. The invoice will increase an income account and then reduce the liability account when the income becomes "earned" and you are no longer liable to perform or deliver.

Passing on Expenses to Customers

If you recall, when you enter a bill or make a purchase using cash or a credit card, you may be acquiring equipment or supplies whose costs you want to pass on to a customer. QuickBooks allows you to easily indicate which expenses are to be billed to a customer by providing a "Bill-able?" column in the Enter Bills window. When you make an item billable to a specific customer, the next time you invoice that customer you will be asked if you'd like to add the outstanding billable time and costs to the invoice.

The Choose Billable Time and Costs window allows you to select what time, expenses, mileage, and/or items you wish to pass on to a customer and include on their invoice.

BEHIND THE SCENES

When you receive the customer deposit or issue a gift certificate, you will increase both Undeposited Funds (by debiting it) and Customer Deposits (by crediting it).

12000•Undeposited Funds		25000•Customer Deposits	
300.00			300.00

When the gift certificate is redeemed or the goods/services are delivered, you will remove the funds from the Customer Deposits liability account and realize the earned income. In the exercise you are about to complete, the cost of the service was more than the deposit amount, so the remainder will go into Accounts Receivable.

11000•Accounts Receivable		25000•Customer Deposits	
305.00		300.00	

43200•Design Income		61500•Job Materials	
	280.00	325.00	

Lists→Chart of Accounts: Account→New: Other Account Types→Other Current Liability account | Company→Chart of Accounts: Account→New: Other Account Types→Other Current Liability

Lists→Item List: Item→New: Other Charge *or* Payment

DEVELOP YOUR SKILLS 9-3

In this exercise, you will prepare to track customer deposits, receive a deposit for a customer, and turn the deposit into a payment. Before you can deal with unearned income, you must set up the proper account and items.

1. Click the **Chart of Accounts** 🖩 task icon in the Company area of the Home Page.
2. Click the **Account** drop-down arrow and then choose **New**.
3. Use this information to complete the account:
   - Click to choose **Other Account Types**
   - Choose **Other Current Liability** (click **Continue**)
   - Number: **25000**
   - Account Name: **Customer Deposits**
4. Click **Save & Close** and close the Chart of Accounts.

   Now you will create the services for the two items needed to track the deposit.

5. Click the **Items & Services** 🖳 task icon in the Company area of the Home Page.
6. Click the **Item** drop-down arrow, choose **New**, and then use this information to complete the first item:
   - Type: **Other Charge**
   - Item Name/Number: **Cust Dep**
   - Description: **Customer Deposit**
   - Tax Code: **Non**
   - Account: **25000•Customer Deposits**

   The Amount field is left as 0.00; you will fill that in at the time of sale.

7. Click **Next** and then use this information to create the second new item:
   - Type: **Payment**
   - Item Name/Number: **Cust Dep Pmt**
   - Description: **Customer Deposit Payment**
8. Click **OK** and then close the Item List window.

Collect a Customer Deposit

Tim Laughlin just called and asked Average Guy Designs to do a graphic design job that includes a large amount of printing. Guy asked for a deposit to be made before the work begins. You will record this deposit, creating a new job for this customer first.

9. Choose **Customers→Customer Center**.
10. Scroll down, right-click **Tim's BBQ Palooza**, and choose **Add Job**.
11. Type **Manuals** as the Job Name and click **OK**.

    The Customer Center will still be open with the new job selected.

12. Click the **New Transactions** button and choose **Invoices**.

13. Use this information to complete the invoice:

- Date: **110323**
- Invoice #: **10031**
- Terms: **Due on receipt**

First item:

- Item: **Cust Dep**
- Description: **Customer Deposit for printed material: manual**
- Rate: **300** (tap ⌊Tab⌋ for the Amount field to fill in)

Second item:

- Item: **Cust Dep Pmt**
- Description: **Customer Deposit Payment: manual**
- Rate: **–300** (tap ⌊Tab⌋ for the Amount field to fill in)

   The total due for the invoice should be 0.00 because the net effect to Accounts Receivable is 0.00. In other words, the customer doesn't owe anything as a result of the transaction. Behind the scenes, though, you collected the $300 deposit that debited Undeposited Funds and credited Customer Deposits as the Cust Dep item was tied to the Other Liability Account: 25000•Customer Deposits.

14. Click the checkbox for **Email Later** to clear it and then click **Save & Close**.

15. Click **No** in the Information Changed window and close the Customer Center.

   You changed the terms to due upon receipt *for this one transaction but want the default terms you have set for the customer to remain the same.*

> **BEHIND THE SCENES BRIEF**
>
> 12000•Undeposited Funds DR 300.00; **25000•Customer Deposits CR <300.00>**

Pass an Expense to a Customer

Because Tim's BBQ Palooza job to print manuals is a large job, you used an outside printer who can handle the volume. Next you will pay for the printing using a credit card and pass the expense on to Tim's BBQ Palooza.

16. Click the **Enter Credit Card Charges** 🖮 task icon in the Banking area of the Home Page.

17. Choose **21000•RiverBank Visa** as the credit card account.

18. Use this information to complete the charge that will be passed on to your customer:

- Purchased From: **Bayshore Printing and Graphics** (press ⌊Enter⌋ and then **Quick Add** it as a **Vendor**)
- Date: **110523**
- Ref No.: **Bay 01**
- Amount: **325**
- Memo: **Tim's BBQ: Print Manuals**
- Expenses tab, Account: **61500•Job Materials**
- Copy the memo to the Expenses tab Memo field

- Customer:Job: **Tim's BBQ Palooza: Manuals**
- Ensure the **Billable** checkbox is checked and then click **Save & Close**

Turn a Deposit into a Payment

The final step when working with customer deposits is to turn the deposit into a payment. You will also add the billable amount for Bayshore Printing and Graphics to Tim's BBQ Palooza's invoice.

19. Choose **Customers→Create Invoices**.

20. Choose **Tim's BBQ Palooza:Manuals** as the Customer:Job.

    The Billable Time/Costs window will appear, informing you that this customer has outstanding billable time and costs.

21. Ensure the option for **Select the outstanding billable time and costs to add to this invoice?** is selected and click **OK**.

    Notice that you can put off billing for this cost to a later date and also save this selection as a preference.

22. Click the **Expenses** tab and click the checkbox column to the left of the **11/05/2023** date for the billable charge. (The Expenses tab displays a number indicating how many items are listed on it.)

    There are four tabs that could contain billable costs or charges: Time, Expenses, Mileage, and Items. In this case, there is only one expense charge. Notice that you can enter a Markup by Amount or %. You can also print all selected time and costs as one invoice item so the breakdown doesn't show on the invoice.

23. Click **OK**.

    The 325.00 will appear on the first line of the invoice. The Item and Quantity remain blank.

24. Click in the **Date** field and type **110623** and then use this information to complete the Item section on line two:

    - Item: **Graphic Design**
    - Quantity: **7**
    - Rate: **40** (click **OK** in the Price Level/Billing window, if necessary)

    Third item:

    - Item: **Cust Dep**
    - Rate: **−300**
    - Customer Message: **Thank you for your business.**
    - Memo: **Tim's BBQ: Print Manual, applied 300 deposit**

    It is up to you to type the amount of the deposit that will be applied to the invoice. In this case, the invoice is greater than the deposit, so the customer still owes $305, and Accounts Receivable will be debited for this net amount still owed on the invoice. If the deposit was for more than the total invoice amount, you would enter the amount from the Customer Deposit that covered the invoice; the rest would remain in the liability account. Total bill: $605 less $300 deposit = $305

25. Click the **Email Later** checkbox to clear it and then click **Save & Close**, adding *BBQ* to the dictionary in the Check Spelling on Form window.

    The invoice is recorded. There are no longer funds on deposit in the liability account for this customer.

26. Choose **Company→Chart of Accounts** and then double-click **25000•Customer Deposits** to see how the money increased and then decreased from that account. Now you have a record of the deposit.

27. Close the register and the Chart of Accounts window.

BEHIND THE SCENES BRIEF

25000•Customer Deposits DR 300.00; 11000•Accounts Receivable DR 305.00; **43200•Design Income CR <280.00>; 61500•Job Materials CR <325.00>**

Assessing Finance Charges and Producing Statements

If you are invoicing customers, you will inevitably find that not all of your customers pay their invoices on time. You may wish to assess finance charges, or, in some states, you may need to call them "Late Fee" or "Service Charge" for these late-paying customers.

Warning! Finance charge (lending) laws will vary! Research your jurisdiction to know whether you can assess finance charges on overdue balances. Do not use the specifics provided in this book; rather, find out the laws that apply to your location and apply them appropriately.

QuickBooks allows you to set several finance charge preferences in the Finance Charge category on the Company Preferences tab.

Note you can set the minimum amount to be charged.

Set the Annual Interest Rate.

My Preferences	Company Preferences
Annual Interest Rate (%)	10.0%
Minimum Finance Charge	5.00
Grace Period (days)	0
Finance Charge Account	70000 · Other Income

You can choose to allow a grace period, if desired.

Set up the other liability account, if necessary.

Check with your jurisdiction before setting this option. → ☐ Assess finance charges on overdue finance charges

Calculate charges from
◉ due date   ○ invoice/billed date

Decide on calculation method after researching local jurisdiction regulations.

☐ Mark finance charge invoices "To be printed"

Determine whether you want to mark the invoices "To be printed."

The finance charge account is an Other Income account as the income received is not the result of your normal business practices (unless you are a bank).

> **Note!** If assessing a finance charge, a statement with payment terms should be clearly noted on the invoice. Include such wording as "Accounts not paid within terms are subject to a ___% monthly finance charge and a $___ late fee. Grace period 5 days." (Provided for example only, so do your research for your own company.)

🡵 Edit→Preferences: Finance Charge→Company Preferences

🡵 Customers→Assess Finance Charges

🡵 Customers→Enter Statement Charges

🡵 Customers→Create Statements

DEVELOP YOUR SKILLS 9-4

In this exercise, you will set the company preferences to incur a finance charge with a minimum charge for any customers with an overdue balance.

1. Choose **Edit→Preferences** and click the **Finance Charge** category. Then click the **Company Preferences** tab.
2. Use this information to complete the charges:
   - Annual Interest Rate (%): **10%**
   - Minimum Finance Charge: **5.00**
   - Finance Charge Account: **70000 Other Income** (tap Tab and then click **Set Up**)
3. Add a new account using this information:
   - Account Type and Name: **Other Income**
   - Description: **Finance Charges**
4. Click **Save & Close** and click **OK** to set the preferences.

The Assess Finance Charges Window

The Assess Finance Charges window does more than provide you with a means to determine which customers are overdue and should be charged a finance charge. It also calculates the charge due (based on the preferences set) and gives you a quick way to view the preferences and customize the finance charge invoice template.

Choosing the assessment date will display all past-due invoices.

You can change the form or leave the default Finance Charge form.

Customize the Finance Charge template here (for example, by adding a logo).

Assess Finance Charges   _ □ ✕

Click the assess column for each customer for whom you wish to create a finance charge invoice.

Assessment Date

| 11/30/2023 📅 | | Finance Charge ▼ | | Customize |

ASS...	LAST FC	CUSTOMER	OVERDUE BAL.	FINANCE CHARGE
		City of Bayshore	0.00	
✔		Branding	1,000.00	5.00
✔		York, Olivia	200.00	5.00

| Mark All | | Unmark All | ☐ Mark Invoices "To be printed"

Customers with *s have payments or credit memos which have not been applied to any invoice. The overdue balance does not include these credits.

| Settings... | Collection History | | Assess Charges | | Cancel |

You can decide which customers receive finance charges.

You can edit preferences via Settings or see the past Collection History.

You can print separate invoices for the finance charges.

Overdue balances and finance charges are calculated automatically according to the preferences set.

The Assess Finance Charges form gives you many options. Because payment terms were not set for City of Bayshore, QuickBooks set the due date for 10 days. Olivia York has payment settings of Due on Receipt.

The Assess Finance Charges window can also serve as a way to see customers that need friendly collections calls or may need to have their balances written off as bad debt.

BEHIND THE SCENES

When you assess finance charges, QuickBooks will debit Accounts Receivable and the appropriate accounts receivable customer subregister (you can see the example for Olivia York below), as well as indicate the account credited by the charge (in this case, 70000•Other Income).

11000•Accounts Receivable		70000•Other Income	
5.00			5.00

Olivia York	
5.00	
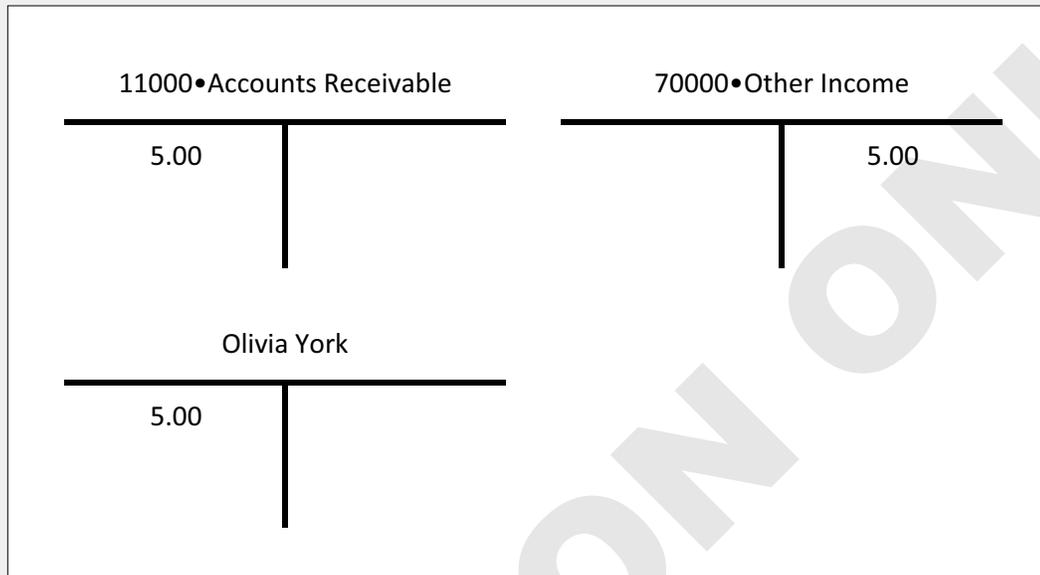
DEVELOP YOUR SKILLS 9-5

In this exercise, you will choose to assess finance charges on all overdue invoices and send statements to affected customers.

1. Click the **Finance Charges** task icon in the Customers area of the Home Page.

   The Assess Finance Charges window will be displayed.

2. Type **113023** as the Assessment Date and tap Tab.

   All customers with open invoices that are past due as of November 30 display, along with the calculated finance charge.

3. Click **Assess Charges** in the Assess Finance Charges window for all Customers listed.

   The finance charges are now reflected in Accounts Receivable for each customer assessed.

BEHIND THE SCENES BRIEF

11000•Accounts Receivable DR 10.00 (each customer's subregister is also debited for the finance charge amount); **70000•Other Income CR <10.00>**

Remove a Finance Charge

After finance charges have been applied, you may decide not to charge a specific customer a finance fee especially if it's a good customer or one whom you might expect to get a volume of work from. You can use the Statement Charges window to do this. You can still decide to charge a finance fee in the future for this customer.

DEVELOP YOUR SKILLS 9-6

In this exercise, you will delete the finance charge assessed to the City of Bayshore because you are expecting a lot of additional business from them. You will do this through the customer's register.

1. Click the **Statement Charges** 📇 task icon in the Customers area of the Home Page.

   When you choose to enter a statement charge, you will view the Accounts Receivable register for a customer. It is important that you choose the correct customer. If there were multiple charges, you would click the drop-down arrow for the Customer:Job field and choose the job.

2. Choose **City of Bayshore:Branding** as the **Customer:Job**.

3. Right-click anywhere within the two lines of the **City of Bayshore:Branding FC 1** finance charge transaction, choose **Delete Invoice**, and then click **OK** in the Delete Transaction window.

   #### BEHIND THE SCENES BRIEF

   70000•Other Income DR 5.00; **11000•Accounts Receivable CR <5.00>**

4. Close the City of Bayshore:Branding - Accounts Receivable window.

Creating Statements for Customers

There are many instances when you may wish to send your customer a statement rather than an invoice. You may have one customer for which you do multiple jobs within a billing period and you wish to bill them with an itemized statement. Another example would be to create a statement to bill a customer for a finance charge. Statements can be produced for an individual customer or in a batch for multiple customers.

> **Tip!** You can send an invoice reflecting assessed finance charges to your customers. Just ensure there is a checkmark ✔ in the "To be printed" checkbox in the Preferences window.

Statements can be printed individually for each customer as needed or can be run as a batch and then you select which statements to print. There are a number of options to set to determine which statements you want to print and how they will print.

✔ Best Practice

The more common way to alert customers to finance charges that they owe is to produce a statement that reflects the finance charge, outstanding invoices, and aging information.

Select which dates or transactions to print.

Set additional options and
choose or customize a template.

SELECT STATEMENT OPTIONS

Statement Date   11/30/2023 📅

○ Statement Period From   10/16/2017 📅   To   11/15/2017 📅

◉ All open transactions as of Statement Date

    ☐ Include only transactions over   30   days past due date

SELECT CUSTOMERS

◉ All Customers

○ Multiple Customers

○ One Customer

○ Customers of Type

○ Preferred Send Method

View Selected Customers...

SELECT ADDITIONAL OPTIONS

Template

Intuit Standard Statement ▼   Customize

Create One Statement   Per Customer ▼

☐ Show invoice item details on statements

☐ Print statements by billing address zip code

☑ Print due date on transactions

Do not create statements:

☑ with a zero balance

☐ with a balance less than   0.00

☐ with no account activity

☐ for inactive customers

Assess Finance Charges...

Select the desired customer(s).

The Create Statements window

DEVELOP YOUR SKILLS 9-7

In this exercise, you will create statements for all customers with a balance, including those with finance charges.

1. Click the **Statements** 📖 task icon in the Customers area of the Home Page.

2. Use this information to produce a batch of statements for all customers with a balance:
   - Statement Date: **113023**
   - Click the **All Open Transactions as of Statement Date** radio button.
   - Choose **All Customers**, if necessary.
   - Click the **With a Zero Balance** checkbox.

3. Click **Preview** and then use the **Next Page** button to advance through the four statements.

   You can now see what each statement will look like printed.

4. Click the **Close** button at the top of the Print Preview window.

   At this point, you would choose to print or email the statements by clicking the appropriate button at the bottom of the window. You will see the finance charge on the last statement for Olivia York.

5. Click **Close** in the Create Statements window. Close the company file.

   You will be using a sample company for the rest of the chapter exercises so you can perform the payroll tasks associated with time tracking.

Time Tracking and Mileage Features

The Time Tracking feature allows you to create weekly timesheets so you can break down the hours by customer/job or to record single activities for a customer/job. In addition to these payroll benefits, time tracking also allows you to:

- Invoice customers for number of hours worked

- Automatically fill in the hours worked on paychecks

- Track time for subcontractors by automatically filling in time data on bills and checks

- Track payroll costs by job, class, or type of work performed

- Track billable versus non-billable time

After you have used time data, you can run reports such as the Time by Job Summary to view how many hours were put into each job. Time tracking also allows you to allocate the appropriate payroll costs to a job, making your job costing reports more accurate and meaningful.

Methods of Entering Time

When you enter a single activity, it is recorded on that employee's weekly timesheet. A single activity can be entered by typing in the amount of time or by using the timer feature to actually track the exact amount of time on a task. If you choose to use the timer feature, it can be used only for timed activities on the current day.

There are two methods by which you can enter time data in QuickBooks:

- **As a single activity when it occurs:** You can either type the amount of time in the single activity window or use the built-in timer to record the exact amount of time.

The Timesheet button toggles to the Weekly Timesheet window.

When checked, the Billable checkbox means you apply this time data to bill a customer in the future.

Type the duration of a task or click Start to record the actual time.

- **On a weekly timesheet:** The weekly timesheet allows you to enter time data for multiple customer/jobs, service items, and payroll items for a single employee. You can use this

information to create paychecks when you process payroll. You can use the "Billable" column on a Timesheet to determine whether the time is billable. If a checkmark is in this field, the customer can be billed for the time. If an invoice icon appears, then the time has already been invoiced.

Fields Available in Both Time Data Entry Windows

Regardless of whether you choose to enter time as single activities or on a weekly timesheet, each window provides the following fields:

- **Customer:Job:** Information entered in this field allows you to bill a customer for the time and to keep track of information required for accurate job costing.

- **Service Item:** Information entered in this field allows you to track services performed.

- **Payroll Item:** Information entered in this field allows you to create paychecks from your time data.

- **Billable:** If you choose this field, the information is made available for you to bill the customer for the time.

- **Notes:** Information entered in this field is displayed in the description field on reports and invoices.

Batch Timesheets

Some businesses may find that they have employees or vendors who work the same hours for a job, for instance, if you are a construction company with crews who work together on the same jobs each day. These businesses can create one timesheet for multiple payroll names (employees for whom you have chosen to use time data to create paychecks) or multiple non-payroll names (such as vendors or employees).

Tip! If you choose to work with batch timesheets, all workers for whom you are creating a timesheet must have the following criteria in common: job, number of hours worked per day, payroll item(s), and service item(s).

When you choose a name for a weekly timesheet, at the top of the list are options to choose multiple payroll or multiple non-payroll names in order to create a batch timesheet.

Tracking Mileage

The mileage tracking feature in QuickBooks allows you to track billable mileage for your business vehicle. Its purpose is not for reimbursing employees. The mileage data can be billed to customers for the expense or for tax reporting purposes. QuickBooks will calculate the mileage expense based on the approved rate on the specific day. You will need to ensure that you have

the latest IRS mileage reimbursement rates entered. To track mileage for a particular vehicle, you need to enter the vehicle into the Vehicle List first.

To view your mileage information after you have started tracking it, QuickBooks provides mileage reports from which you can choose to display your data. You can also choose to pass on the mileage expense to your customers and create reports to view the amount that has been billed.

Billable Vehicle Mileage will be pulled into an invoice for this customer.

> Employees→Enter Time→Use Weekly Timesheet *or* Time/Edit Single Activity

> Company→Enter Vehicle Mileage

> Lists→Customer & Vendor Profile Lists→Vehicle List: Vehicle→New

> Lists→Item List: Item→New

> Reports→Jobs, Time & Mileage | Reports→Report Center: Jobs, Time & Mileage

DEVELOP YOUR SKILLS 9-8

In this exercise, you will track time to be used to create paychecks for a company and will first record time spent on two jobs. You will be opening a sample file in order to be able to work in a file with active payroll. The date will automatically be set to December 15, 2018. The Password is Password1.

1. Open **DYS_Chapter09-PR (Company)** or restore **DYS_Chapter09-PR (Portable)** from your file storage location and save your file as: **DYS_Chapter09-PR Average Guy Designs**

2. Click **OK** to acknowledge that you are using a sample company file.

3. Click the **Enter Time** 🖼 task icon in the Employees area of the Home Page and then choose **Time/Enter Single Activity**.

4. Use this information to enter the employee's billable time:
   - Date: **080519**
   - Name: **Jonathan Graham (Employee)**
   - Customer Job: **Kirby Stores:Project #15**

5. Service Item: **Media Planning: Coordination** (Payroll Item should default to *Creative Dir.–Billable*)

   • Duration: **5:15**

   • Billable: Ensure that it's checked

   • Notes: **Preparation for Kirby media event: 8/17/19**

6. Click **Save & Close**.

Note! If you enter the duration with a colon, as in this example, it calculates the time in minutes and seconds. Alternatively, if you use a decimal instead of a colon, it will calculate it as a fraction of a minute.

Enter Time Using a Weekly Timesheet

You will now enter the rest of Jonathan's time for the week.

7. Click the **Enter Time** 📇 task icon in the Employees area of the Home Page and then choose **Use Weekly Timesheet**.

8. In the Name field, type **jo** and tap ⎡Tab⎤ to fill in *Jonathan Graham (Employee)*. You will see a prior timesheet.

9. Use these steps to set the time frame for the timesheet:

   • Click the **calendar** 📅 icon to the right of the Week Of date range.

   • Use the right arrow button to the right of December 2018 to advance to **August 2019**.

   • Click the **5** (Monday).

   QuickBooks sets the week of Aug 5 to Aug 11, 2019, as the date range for the timesheet. Notice that the time data you just entered as a single activity appears on the weekly timesheet for the week of 08/05/2019. There is another entry for 3 hours on Tuesday the 6th.

10. Use this information to complete the remainder of the time data for the week:

Customer Job	Service Item	M	Tu	W	TH	F
Peacock Research Project #14	Film Production:Editing	3:00	6:00	8:00		
Kirby Stores:Project #15	Event Planning:Meetings				1:30	1:00
Kirby Stores:Project #15	Event Planning:Research				4:00	
Kirby Stores:Project #15	Event Planning:Lay Out					7:00

Note! Be careful! If you hit ⎡Enter⎤, it will save what you've entered and display a new, blank time sheet. If this happens to you, repeat steps 7 and 8.

11. The Payroll Item *Creative Dir.-Billable* will fill in automatically for each line; ensure **Billable** is checked for all items.

   Your entries should match those in the following illustration. Total hours should be 38:45 on the Total row at bottom of screen.

| Timesheet | NAME | Jonathan Graham ▼ | WEEK OF | Aug 5 to Aug 11, 2019 | 📅 |

CUSTOMER:JOB	SERVICE ITEM	PAYROLL ITEM	NOTES	M 5	TU 6	W 7	TH 8	F 9	SA 10	SU 11	T...	BILLAB
Kirby Stores:Project #15	Media Planning:Coor...	Creative Dir.-Bill...			3:00						3:00	☑
Kirby Stores:Project #15	Media Planning:Coor...	Creative Dir.-Bill...	Preparation for Kirby media event: 08/17/19	5:15							5:15	☑
Peacock Research:Proj...	Film Production:Editing	Creative Dir.-Bill...			3:00	6:00	8:00				17:00	☑
Kirby Stores:Project #15	Event Planning:Meeti...	Creative Dir.-Bill...					1:30	1:00			2:30	☑
Kirby Stores:Project #15	Event Planning:Rese...	Creative Dir.-Bill...					4:00				4:00	☑
Kirby Stores:Project #15	Event Planning:Lay ...	Creative Dir.-Bill...						7:00			7:00	☑
			Totals	8:15	9:00	8:00	5:30	8:00	0:00	0:00	38:45	

12. Click **Save & Close**.

Using Time Tracking Hours for Paychecks and Invoices

You can use time data for employees to create their paychecks and for vendors to create their bills by entering the time using the single or weekly timesheets. Using Time Tracking for either employees or vendors will also allow you to invoice your customers for any billable time.

Allocating time spent by salaried employees or vendors on a job should help in producing more accurate job cost reports. By marking the time as Billable on the timesheets, the hours will automatically be imported when creating the paychecks or bills.

When you create an invoice, you can choose to pass billable time to customers, just as you did with an expense earlier in this chapter. You will be prompted that there is billable time, including billable mileage if you are tracking that as well. Regardless of which type of cost you are passing on to the customer, the process is virtually the same—and you can even choose to specify a markup amount for the hours.

⬈ Employees→Pay Employees

⬈ Customers→Create Invoices

DEVELOP YOUR SKILLS 9-9

In this exercise, you will create a paycheck for Jonathan based on the time data that was entered and then invoice one of the customers.

1. Click the **Pay Employees** 📇 task icon in the Employees area of the Home Page.

2. Click the **Pay Employees** button in the middle of the Employee Center: Payroll Center window.

The Enter Payroll Information window displays. Look at the Creative Dir-Billable column for Jonathan Graham (you may have to resize the columns to read the headers) and notice that the amount is in blue, which indicates it is for the amount of billable time that you have entered.

3. Change the Check Date to: **082019**

4. Click in the **checkmark** ✓ column to the left of *Jonathan Graham*.

5. Click **Jonathan**'s name and review the Preview Paycheck window:

Earnings reflects total hours imported
from the weekly timesheet for each job.

The total hours
worked add up
to the 38:45 as set
on the timesheet.

Employee Summary data will be
used to create the paycheck.
Notice the total of $1,927.56.

The net Check Amount may differ from that in the illustration due to updates to the payroll tax table.

6. Click **Save & Close** and then click **Continue** to move to the Review and Create Paychecks window.

This window lists the paychecks to be created. You can choose Finish Later if necessary.

7. Click **Create Paychecks** and then close the Confirmation and Next Steps window. The Payroll Center now reflects the paycheck status of To Print for Payroll 08/20/2019. Close the Payroll Center.

The following Behind the Scenes Brief section shows the parent accounts, not the various subaccounts.

BEHIND THE SCENES BRIEF

6500•Wages DR 2,499.99; **2100•Payroll Liabilities CR <572.43>**; **1110•Company Checking CR <1,927.56>**

Create an Invoice from Time Data

You will now create an invoice for Kirby Stores that includes the time costs for the work completed.

8. Click the **Create Invoices** 📄 task icon in the Customers area of the Home Page.

If you are using a Premier version of the software, the Home Page task icon will be called Invoices, and once you click it you will need to choose Invoice for Time & Expense. You will then need to click OK in the Choose Multiple Customers to Invoice for Time and Expenses window.

9. Click the **Customer:Job** field drop-down arrow and choose **Kirby Stores:Project #15**.

The Billable Time/Costs window appears.

10. Click **OK** in the Billable Time/Costs window to choose the default of selecting the outstanding billable time and costs to add to this invoice.

The Time tab of the Choose Billable Time and Costs window displays.

11. Click the **Select All** button and then click **OK**.

The Create Invoices window displays with the total hours for each item.

12. Change the Invoice Date to: **081619**

13. Enter these rates on the appropriate Item line in the **Rate** column tapping the down arrow ⬇ after each entry:

- Media Planning Coordination: **65**
- Event Planning Meetings: **55**
- Event Planning Research: **65**
- Event Planning Layout: **75**

These rates needed to be entered because they were not entered on the items in the item list. This enables you to set the rate as needed.

14. Click the **Memo** field and type: **Kirby Proj. 15 Billable Hrs.**

15. Click **Save & Close** and then close the Check Spelling on Form window, if necessary.

BEHIND THE SCENES BRIEF

1210•Accounts Receivable DR 1,458.75; **4200•Event Income CR <1,458.75>**

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16. Click the **Receive Payments** 🖥 task icon in the Customers area of the Home Page.

17. Use this information to complete the payment receipt:

- Received From: **Kirby Stores:Project#15**
- Payment Amount: **1458.75**
- Date: **082219**
- Payment: **Check**
- Check # **2468**
- Memo: **Kirby:Proj#15 billable hrs.**

18. Click **Save & Close**.

The Record Deposits notification just changed to 1.

Jobs, Time & Mileage Tracking Reports

QuickBooks' job costing, estimating, and time tracking features include many preset reports that you can run to learn more about your business. Not all of the Jobs, Time & Mileage reports are in all versions of QuickBooks. There are other reports available if you use a Premier version of QuickBooks that is specialized for your type of company. Like other reports, these standard reports can be customized.

When you choose the Jobs, Time & Mileage category in the Report Center, you can view all of the reports available in your version of QuickBooks. Here are just three that are available in all versions.

Reports→Jobs, Time & Mileage | Reports→Reports Center→Jobs, Time & Mileage

DEVELOP YOUR SKILLS 9-10

In this exercise, you will produce a variety of Job-related reports for Average Guy Designs.

1. Choose **Reports→Jobs, Time & Mileage→Job Progress Invoices vs. Estimates**.

   The Job Progress Invoices vs. Estimates report displays.

Average Guy Designs. Chapter 9-PR
Job Progress Invoices vs. Estimates
All Transactions

Type	Date	Num	Estimate Active	Estimate Total	Progress Invoice	% Progress
Nguyen Database Corp.						
Project #02						
Estimate	02/01/2018	0710...	✓	13,820.00	5,000.00	36.18% ◀
Bowden Agency						
Project #03						
Estimate	03/30/2018	71002	✓	10,500.00	5,500.00	52.38%

2. Close the Job Progress Invoices vs. Estimates window.

Report on Time Tracking

The next report will show the time spent on each job.

3. Choose **Reports→Jobs, Time & Mileage→Time by Job Summary**.

4. Type **a** to set the date range to All.

   The Time by Job Summary report displays for all dates. Notice the time for which you invoiced Kirby Stores for the Project #15 job, as shown in this illustration.

Average Guy Designs. Chapter 9-PR
Time by Job Summary
All Transactions

	Aug 22, 19
▼ **Kirby Stores:Project #15**	
Event Planning:Contract Review	8:00
Event Planning:Coordination	24:00
Event Planning:Event Review	16:00
Event Planning:Lay Out	23:00
Event Planning:Meetings	18:30
Event Planning:Research	44:00
Media Planning:Coordation	8:15
Print Production:Coordination	36:00
Print Production:Editing	42:00
Total Kirby Stores:Project #15	219:45

5. Close the Time by Job Summary window, choosing not to memorize the report.

Report on Job Costing

The third report will show the profitability of each job.

6. Choose **Reports→Jobs, Time & Mileage→Job Profitability Summary**.

The Job Profitability Summary report displays with the default date range of all dates. Note the profitability so far for the Kirby Stores.

Average Guy Designs. Chapter 9-PR **Job Profitability Summary** All Transactions	Act. Cost	Act. Revenue	($) Diff.
▶ **Hamby Product Company** ▶	30,596.53 ◀	95,167.20	64,570.67
▼ **Kirby Stores**			
Project #15	9,248.52	18,120.15	8,871.63
Project #09	6,724.31	28,430.50	21,706.19
Total Kirby Stores	15,972.83	46,550.65	30,577.82

7. Close the Job Profitability Summary window.

Time Tracking with TSheets

You may find that the time tracking that is standard in QuickBooks Desktop doesn't meet your company's needs. Well, you are in luck as there is an "app for that" that Intuit now owns that works seamlessly with QuickBooks, TSheets. There is an additional fee to utilize TSheets, but you may find that the cost is worth it due to the benefits it offers. Let's look at some of those benefits.

Precision & Reduced Payroll Processing Time

Gone are the days of rounding up on timesheets with TSheets. Employees can clock in and out right from their mobile devices and receive reminders regarding breaks, overtime, and clocking

in and out. They can choose to clock in for specific jobs as well, which makes it easier for you to invoice clients for the time spent on their jobs.
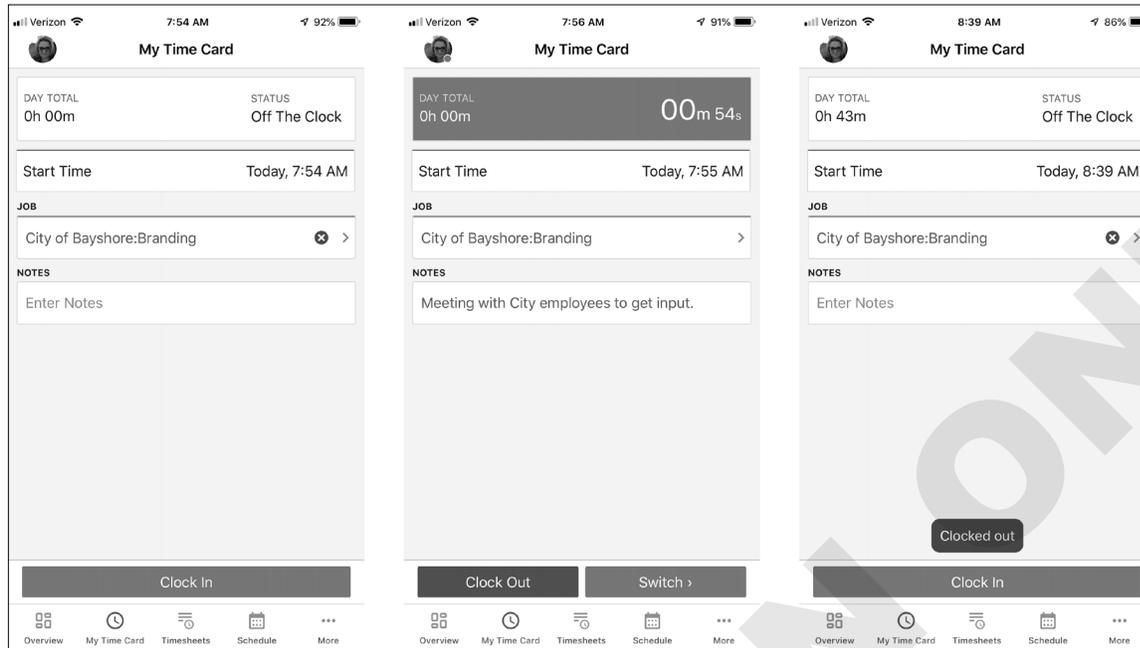
Here you can see what the TSheets Time Card feature looks like on an iPhone when an employee is preparing to clock in, has clocked in and added a note as to what the time is for, and has clocked out. Note the precision of time tracked—this employee could have easily rounded up to an hour!

Payroll specialists may be scared over the fact that payroll processing will become more efficient, but it can free them up to do less rote work and more innovative projects! With the days of handwritten time cards in the past, electronic timesheet approvals will leave you with more time available for activities that can boost both the bottom line and morale.

QuickBooks Integration

With just one click you can take all the data in TSheets and export it to QuickBooks. You will be able to use the same customers, jobs, classes, items, etc., that you use in QuickBooks, making it very easy to sync the two together.

Scheduling and GPS

This app also provides scheduling capabilities so that you can see who's working where and on what job easily. You will also be able to track employee time on the job by GPS, providing another benefit to your clients and your employees (it helps solve the "he said-she said" question that may pop up from time to time regarding whether an employee was at a particular job site).

TSheets is just an example of one of the many apps available to QuickBooks users. As a person who is learning QuickBooks, it may be worth your while to spend some time learning TSheets and other popular apps that integrate with QuickBooks, as it could make you more valuable to your employer or may help to make your own business more efficient. To learn about all the apps that work with QuickBooks, simply visit apps.com.

Tackle the Tasks

Now is your chance to work a little more with Average Guy Designs and apply the skills that you have learned in this chapter to accomplish additional tasks. You will continue to use the company file you used in the last Develop Your Skills exercises. Enter these tasks, referring to the concepts in the chapter as necessary. If you are using the trial software for this course on your computer or in a lab at school, you must toggle to the Pro edition every time you start QuickBooks.

Create an Estimate for a New Job	Create a new job for Chancey and Co. called Marketing Video, as you will be bidding on the opportunity to create a new marketing video.
	Create an estimate for Chancey and Co.:Marketing Video job on 08/23/2019 for Film Production: 2 hours of contract review, 20 hours of research, 10 hours of meetings, 30 hours of coordination, 25 hours on location, and 40 hours of editing. The hourly rate for all is $45/hour. Enter a memo: Chancey Marketing Video proposal.
Create a Progress Invoice Based on an Estimate	You have been awarded the Marketing Video job for Chancey and Co., so edit the job to show this. The dates for the start and projected end of the job will be 09/01/2019 and 12/01/2019, respectively. The job type is Production Services and its description is New Product Marketing.
	Create a progress invoice dated 09/25/2019 for 50 percent of the entire estimate. Set the terms for the invoice as Net 15 (do not make the change permanent). Choose to not apply the available credits to the invoice.
	Run a QuickReport to see the transactions.
Receive a Customer Deposit	Bowden Agency would like you to do some print production work for them and to print a large number of items for which you will collect a deposit up front.
	Receive a deposit from Bowden Agency using a new job, Project #17, on 09/17/2019 for $500 for the printing. The account (2200•Client Deposits) and Payment Item (Payment) already exist.
	You will have to set up Cust Dep (Other Charge item, charge to the Client Deposit account), Description: Customer Deposit;
	Invoice memos:
	Cust Dep: Customer Deposit for Printing
	Payment: Payment of Deposit

(cont'd.)

Apply a Customer Deposit as a Payment	Create a bill for Business Supply Center on 09/26/2019 for Printing and Reproduction for $500, billable to Bowden Agency:Project #17.
	Create an invoice for the completed Bowden Agency: Project #17 and be sure to Select the outstanding billable time and costs to add to this invoice.
	Set the date to 09/28/2019 and add these items to the invoice: Print Production: coordination for 10 hours, 40 hours of editing both at an hourly rate of $50.
	Apply the $500 customer deposit to the invoice with terms of Net 10 (do not make the change in terms permanent).
	Run a Profit & Loss by Job report for dates 09/01/2019–9/30/2019 to see the $2,500 net income from this job.
Create an Invoice from Billable Time	Create an invoice for Peacock Research Project #14 for the 3 billable film editing time entries in August only. Date the invoice 09/30/2019. (Hint: The total amount you are passing on is $1,445.)

Self-Assessment

Check your knowledge of this chapter's key concepts and skills using the Self-Assessment quiz here, in your ebook, or in your eLab course.

1. You can create estimates only for jobs, not for customers. *True   False*

2. If you choose to create a progress invoice, it must be for a percentage of all items. You cannot create one for selected items from the estimate. *True   False*

3. You can enter time data as either a single activity or on a weekly timesheet. *True   False*

4. When you pass on billable time to a customer, you select the cost for the time on the Expenses tab of the Choose Billable Time and Costs window. *True   False*

5. QuickBooks allows users to track outstanding estimates by utilizing a non-posting account. *True   False*

6. Unearned income refers to the funds you are holding in the Undeposited Funds account. *True   False*

7. When you receive funds for a gift certificate, you hold them in an Other Current Liability account. *True   False*

8. In QuickBooks, you can use the mileage tracking feature to track mileage to be reimbursed to employees for the use of their own cars. *True   False*

9. You should use the specific finance charge settings outlined in this book for your own company. *True   False*

10. The most common way to bill customers for finance charges is to create and send separate invoices. *True   False*

11. Which report would you produce to determine which job is most profitable?
    A. Job Profitability Detail
    B. Job Estimates vs. Actuals Summary
    C. Time by Job Summary
    D. Job Profitability Summary

12. Which of these is NOT a step you need to take to conduct job costing in QuickBooks?
    A. Enter all job revenues and expenses
    B. Create an estimate for the job
    C. Use QuickBooks reports to analyze job data
    D. Set up your data in the Customers & Jobs List

(cont'd.)

13. To enter mileage for a vehicle in QuickBooks, you first need to:

A. Enter the current IRS mileage rate.

B. Add the vehicle in the Other Names list.

C. Create a new non-inventory item in the Item List.

D. None of these options

14. Which of these is NOT something you need to set up to track customer deposits in QuickBooks?

A. An inventory-part item

B. An Other Current Liability account

C. An other charge item

D. A payment item

📌 Reinforce Your Skills

Angela Stevens has just hired you as a senior bookkeeper for Quality-Built Construction. You will be entering estimates, creating progress invoices, and performing other tasks such as receiving customer deposits and entering time tracking data to ensure proper billing and job costing. You will be working with a QuickBooks sample file to avoid having to purchase a payroll subscription. The password for all files is Password1. *Leave the company file open unless otherwise instructed. If you are using the trial software on your computer or in a lab at school, remember to toggle to the Pro edition every time you start QuickBooks.*

REINFORCE YOUR SKILLS 9-1

Create a Job and an Estimate for a Customer

In this exercise, you will enter a new customer and a job for the customer, who has asked you for an estimate for a kitchen remodel. Preferences must be set before you can create estimates and conduct progress invoicing.

1. Start QuickBooks 2019.
2. Open **RYS_Chapter09 (Company)** or restore **RYS_Chapter09 (Portable)** from your file storage location and save your file as: **RYS_Chapter09 Quality-Built Construction**
3. Choose **Edit→Preferences**.
4. Click the **Jobs & Estimates** category and then click the **Company Preferences** tab.
5. Ensure that both the Create Estimates and Progress Invoicing features are turned on and then click **OK**.

Create a Customer and a Job

Next you will enter a new customer and job.

6. Choose **Customers→Customer Center**.
7. Click the **New Customer & Job** button and choose **New Customer**.
8. Type **Bates, Tania** as the Customer Name and click **OK**.

   Bates, Tania *should be selected.*
9. Click the **New Customer & Job** button and choose **Add Job**.
10. Type **Remodel Kitchen** as the Job Name.
11. Click the **Job Info** tab and then use this information to enter the job information:
    - Job Description: **Complete kitchen remodel**
    - Job Type: **Remodel**
    - Job Status: **Pending**
12. Click **OK** to save the new job.

    The new job appears on the Customers & Jobs List; it is selected.

Create an Estimate for a Job

Now that you have a job set up for the kitchen remodel, you will create an estimate for it. The Remodel Kitchen *job should still be selected.*

13. Click the **New Transactions** button and then choose **Estimates**.

14. Type **010720** as the Date.

15. Type **20-0001** as the Estimate No.

16. Enter this information starting on the first Item row, typing the quantity and estimate cost displayed.

ITEM	DESCRIPTION	QTY	ESTIMATE	TOTAL	MAR...	REVENUE	TAX
01 Plans & Permits .:01.4 Remodel Plans	Plans for home remodel	1	1,200.00	1,200.00		1,200.00	Non
02 Site Work:02.10 Demo	Demolition	8	55.00	440.00		440.00	Non
07 Wall Framing	Wall Framing	5	60.00	300.00		300.00	Non
13 Windows & Trim	Windows & Trim	6	65.00	390.00		390.00	Non
14 Plumbing	Plumbing	5	75.00	375.00		375.00	Non
16 Electrical & Lighting	Electrical & Lighting	8	65.00	520.00		520.00	Non
18 Interior Walls	Interior Walls	8	55.00	440.00		440.00	Non
20 Millwork & Trim	Millwork & Trim	12	50.00	600.00		600.00	Non
23 Floor Coverings	Floor Coverings	8	45.00	360.00		360.00	Non
24 Paint	Painting	9	50.00	450.00		450.00	Non
25 Cleanup	Cleanup & Restoration	10	45.00	450.00		450.00	Non

The estimate should total $5,525.

17. Type **Bates: Kitchen remodel** in the Memo field.

18. Click **Save & Close** for the estimate and then close the Customer Center.

REINFORCE YOUR SKILLS 9-2

Create a Progress Invoice Based on an Estimate

In this exercise, you will create a progress invoice to charge for the remodel plans that have been completed.

1. Choose **Customers→Create Invoices** and then choose **Bates Tania: Remodel Kitchen** as the Customer:Job.

2. Click the estimate for **01/07/2020** in the Available Estimates window and click **OK**.

3. Choose to create the invoice for **selected items or different percentages** and then click **OK**.

4. Click the **Show Quantity and Rate** and **Show Percentage** checkboxes to deselect them if necessary.

5. Type **1200** in the **Amount** column for the first line (01.4 Remodel Plans) and click **OK**. (You can adjust the column widths by dragging between the column borders.)

6. Click **OK** in the **Zero Amount Items** window.

Note that, after that selection is made, everything will fill into the Create Invoices window.

7. Choose **Due On Receipt** as the terms and set the date to: **012220**

8. Click **Save & Close** and choose not to have the terms permanently changed.

REINFORCE YOUR SKILLS 9-3

Collect a Customer Deposit

In this exercise, you will help Angela to collect a deposit from Tania Bates for $2,000 toward the remainder of the work. These funds will be held in a liability account until they are earned, at which time you will create a progress invoice to record the income. There is already a Customer Deposits account set up, so you will begin by creating the two items you will use for the actual deposit.

1. Choose **Lists→Item List**.
2. Choose **Item→New→Other Charge** named: **Cust Dep**
3. Leave the Description blank so you can fill it in on each invoice, change the Tax Code to **Non** and direct it to the **2200•Customer Deposits** account, and click **Next**.

   The New Item window appears.
4. Choose to create a new Payment item named: **Payment**
5. Type **Customer Payment** as the Description for the new item and then click **OK**.
6. Close the Item List.

Collect the Deposit

7. Choose **Customers→Create Invoices** and then choose **Bates, Tania: Remodel Kitchen** as the Customer:Job.
8. Click **Cancel** in the Available Estimates window as you are not ready to invoice for the remaining work.
9. Ensure the date is set to **01/22/2020** and then enter the deposit and payment using this illustration.

ITEM	QUANTITY	DESCRIPTION	RATE	AMOUNT	TAX
Cust Dep.			2,000.00	2,000.00	Non
Payment		Customer Payment		-2,000.00	

10. Type **Customer Deposit: Remodel Kitchen** in the Description field.
11. Type **Bates: remodel $2,000 deposit** in the Memo field and then click **Save & New**.

Apply the Customer Deposit to a Progress Invoice

Angela has now completed the kitchen remodel and will invoice Tania to record the earned income, utilizing the deposit. The Create Invoices window should still be open. If not, choose Customers→Create Invoices.

12. Choose **Bates, Tania: Remodel Kitchen** as the Customer:Job.
13. Click the estimate for **01/07/2020** in the Available Estimates window and click **OK**.
14. Click **OK** to Create an invoice for the remaining amounts of the estimate.
15. Set the date of the invoice to **02/22/2020** and enter **02-1055** in the Invoice # field.
16. Scroll down in the item area of the invoice and then enter the customer deposit in the line below *25 Cleanup*, choosing **Cust Dep** as the Item.

17. Type **Customer Deposit Applied** for the Description and type **-2000** in the
    Amount column.

    The Balance Due should be $2,325 after deducting the $2,000 deposit.

18. Click **Save & Close**.

REINFORCE YOUR SKILLS 9-4

Assess Finance Charges

In this exercise, you will assess finance charges for customers with overdue invoices. The finance charge preferences have already been set up for the company, so you will not need to complete that step.

1. Choose **Customers→Assess Finance Charges**.

2. Type **013120** as the Assessment Date and then tap ⎡Tab⎤.

   Two invoices are selected to have finance charges assessed.

3. Click **Assess Charges**.

REINFORCE YOUR SKILLS 9-5

Enter Time Tracking Data and Produce a Paycheck

In this exercise, you will enter time spent on a job by Clark Mitchell and then create a paycheck for him.

1. Choose **Employees→Enter Time→Use Weekly Timesheet**.

2. Use this information to enter the time worked for the week of **Jan 27 to Feb 2, 2020**:

3. Click **Save & New**.

4. Use this information to enter the time worked for the week of **Feb 3 to Feb 9, 2020**:

5. Click **Save & Close**.

6. Choose **Employees→Pay Employees**.

7. Use the **calendar** icon to change the Pay Period Ends date to **02/09/2020** and click **Yes** in the Pay Period Change window.

8. Change the Check Date to **02/11/2020**.

9. Click in the **checkmark** ☑ column to the left of **Mitchell, Clark** and then click **Continue**.

10. Review the paycheck you are about to create using time data and then click **Create Paychecks**.

11. Close the Confirmation and Next Steps window.

REINFORCE YOUR SKILLS 9-6

Display Reports for Estimates and Time Tracking

In this exercise, you will help Angela to create estimate and time tracking reports.

1. Choose **Lists→Chart of Accounts**.
2. Click in the **Look for Account Name or Number** field, type **Estimates**, and click **Search**.
3. Right-click the **Estimates** account and choose **QuickReport: 4•Estimates** from the bottom of the pop-up menu.
4. Set the date range to **All**.

   On the report, review the estimates that have been created; the one you entered is at the bottom.

5. Close the Account QuickReport and the Chart of Accounts windows.

View the Progress Invoicing of an Estimate

You will now run a report that will show you the percentage of the estimates that have been invoiced.

6. Choose **Reports→Jobs, Time & Mileage→Job Progress Invoices vs. Estimates**.
7. Type **a** to set the date range to All.

   Notice the estimate you created and the amount that has been invoiced.

8. Close the Job Progress vs. Estimates window, choosing not to memorize the report.

Create a Time by Job Summary Report

Finally, you will create a report that shows time spent on Hector Ramirez' New Home job.

9. Choose **Reports→Jobs, Time & Mileage→Time by Job Summary**.
10. Type **a** to set the date range to All.

    Scroll down to view the time data for the new home job for Hector Ramirez. The image shows the detail for each job collapsed, except for the Ramirez, Hector:New Home *job.*

Quality-Built Construction Chapter 9
Time by Job Summary
All Transactions

	Feb 22, 20
▶ Cruz, Albert:Cottage - New Construction	2,160.00
▶ Escalona, Heather:House-New Construction	2,501.00
▶ Hamby, Shane:Cottage - New Construction	2,321.00
▶ Molotsi, Hugh	16.00
▶ Molotsi, Hugh:Second Story Addition	2,113.00
▼ Ramirez, Hector:New Home	
06 Floor Framing	80.00
Total Ramirez, Hector:New Home	80.00

11. Close the Time by Job Summary report, choosing not to memorize the report, and then close the company file.

✎ Apply Your Skills

You have decided that it is advantageous to do estimates and progress invoicing for Wet Noses Veterinary Clinic as well as to start job tracking. You realize the importance of this aspect of doing business to ensure you are really profitable on the jobs you are taking on. Now you will take the necessary steps to start using these features. The password for all files unless otherwise stated is Password1. After starting QuickBooks, remember to toggle to Pro as necessary.

APPLY YOUR SKILLS 9-1

Set the Preferences and Create a New Job

In this exercise, you will set the necessary preferences to be able to use QuickBooks' estimating and progress invoicing features. Then you will create a new "job" for Amy Ridgeway's new kitten, Autumn.

1. Start QuickBooks 2019.
2. Open **AYS_A1_Chapter09 (Company)** or restore **AYS_A1_Chapter09 (Portable)** from your file storage location and save your file as: **AYS_A1_Chapter09 Wet Noses Clinic**
3. Edit the Preferences to create estimates and do progress invoicing for the company.

Create a New Job

Now that the preferences have been set, you will create the job for Amy's new kitten.

4. Create a new job for Amy Ridgeway called: **Cat-Autumn**

   Dr. James has decided that it is not important for her to track "job status" for her customers, so you will leave the fields on the Job Info tab blank.

5. Leave the company file open.

APPLY YOUR SKILLS 9-2 QG

Create an Estimate for a Job

In this exercise, you will create an estimate for Amy Ridgeway so she can see the full cost for all of the services for her new kitten. She needs to bring in the kitten to be spayed, tested for FIV and feline leukemia, and vaccinated, but she is concerned about the total cost and needs to budget the services.

1. Create an estimate on **071523** for **Amy Ridgeway: Cat-Autumn**, using the items displayed in the illustration. Click **OK** in the Tax Codes window, if necessary.

ITEM	DESCRIPTION
New Patient	New Patient Exam
Vaccine	Vaccine Injection Fee
Pre-A Blood Wk	Pre-Anesthesia Blood Work
Spay Cat	Feline Spay Procedure
IV Fluids	Intravenous Fluids
Pain Meds	Pre- & Post-Surgical Pain Medication
FIV/FeLV	FIV/Feline Leukemia Test
F Leuk	Feline Leukemia Vaccine
Feline DHC	Feline DHC Vaccine
Rabies	Rabies Vaccine
Rev-Cat/Sm Dog	Revolution-Cat/Small Dog

Remember that all service and non-inventory items are not taxable; only inventory items are taxable.

2. Click **Save & Close**.

3. Run the Estimates by Job report for the dates **07/01/2023** to **07/31/2023**.

4. Click the **Excel** Excel ▾ button and export this list to a new worksheet, saving the worksheet to your file storage location as: **CH9_A2 Estimates by Job**

5. Close the report, choosing not to memorize it, and close Excel. Leave the company file open for the next exercise.

APPLY YOUR SKILLS 9-3 QG

Create a Billable Expense

In this exercise, you will create a bill to be charged back to Amy for the expense of the anesthesiologist hired to perform the spaying procedure for Amy's cat. You have already informed Amy of this charge.

1. Create a bill for **Peters, Samantha**, a new vendor, using a new expense account numbered **66600** and the Account Name **Medical Professionals** and this information to complete the bill:

   • Date: **071823**

   • Ref. No.: **Anes 01**

   • Amount Due: **250**

- Terms: **Net 30**
- Memo: `Ridgeway, Cat-Autumn, Spay`
- Copy the bill memo to the Expense tab Memo field
- Customer: **Ridgeway: Cat-Autumn**
- Ensure the **Billable** column is checked

2. Click **Save & Close** and click **Yes** to accept the payment terms.

3. Close the company file.

Create an Invoice from the Estimate

Amy Ridgeway has decided to get Autumn the care she needs in phases. Now you will create a progress invoice for the first set of items.

4. Create an invoice based on the **07/15/2023** estimate for Amy Ridgeway: Cat-Autumn, choosing the option that will allow you to determine which items to invoice.

5. In the Specify Invoice Amount for Items on Estimate window, click in the **Show Percentage** checkbox and then type **100** in the Curr % column to include these items: New Patient, Spay Cat, IV Fluids, Pain Meds, and Vaccine on the invoice.

6. Click **OK**.

Tip! After you enter 100 in the Curr % column for the first item, you can use the down arrow ⬇ key to move down the column to enter the percentages for the other four items.

7. Read the warning message; click **OK** in the Zero Amount Items window.

The Billable Time/Costs window appears because the anesthesiologist was entered as billable against this job.

8. Click **OK** to select the outstanding billable time and costs to add to the invoice.

9. Click the **Expenses** tab and click in the checkmark column to the left of **07/18/2023** for **Peters**, **Samantha** and then click **OK**.

10. Scroll down to see the entry on the last line of the invoice and then set the date to **07/19/2023** and the invoice # to **180**.

11. Click **Save & Close** on the invoice.

The invoice is created for the customer. The rest of the estimate will still be available, from which you can create future invoices.

12. Run the **Job Estimates vs. Actuals Detail** report for **Ridgeway, Amy:Cat-Autumn**.

13. Click the **Excel** Excel ▼ button and export this list to a new worksheet, saving the worksheet to your file storage location as: `CH9_A3 Job Estimates vs. Actuals`

14. Run the **Job Profitability Detail** report for Amy Ridgeway's cat, Autumn.

15. Click the **Excel** Excel ▼ button and export this list to a new worksheet, saving the worksheet to your file storage location as: `CH9_A3 Job Profitability`

➤ Extend Your Skills

Before You Begin: Open **EYS_Chapter09 (Company)** or restore **EYS_Chapter09 (Portable)** from your file storage location.

You have been hired by Arlaine Cervantes to help her with her organization's books. She is the founder of Niños del Lago, a nonprofit organization that provides impoverished Guatemalan children with an engaging educational camp experience. You have just sat down at your desk and opened a large envelope from her with a variety of documents and noticed that you have several emails from her as well. It is your job to sort through the papers and emails and make sense of what you find, entering information into QuickBooks whenever appropriate and answering any other questions in a word-processing document saved as:

EYS1_Chapter09_LastnameFirstinitial

Remember, you are digging through papers on a desk, so it is up to you to determine the correct order in which to complete the tasks.

- Handwritten receipt: Dated 9/19/2019 for a $500.00 donation from Matthew Drill to purchase food for a camp to be offered in December 2019. Sticky note from Arlaine on the receipt: Can you please figure out a way to account for this donation since the food will not be purchased and consumed until December?

- Handwritten estimate for Expanding Opportunities Together: Dated 9/17/2019 for 50 scarves and 35 handbags. (Expanding Opportunities Together is another nonprofit that is looking to help us raise funds by purchasing and reselling the goods we get from the women in Guatemala.) Each of the products was on a separate line, and both at 25 percent off regular retail.

- Message from Arlaine: "We should probably think about what we should do if customers do not pay their bill on time.... Can we assess finance charges in QuickBooks? If so, please set it up so we charge 12 percent interest on overdue invoices. I think we need to have a nice grace period, though, so please set that at 30 days. Don't worry about charging a minimum finance charge or charging interest on overdue finance charges."

- Printed email: Received the contract from Expanding Opportunities Together. Could you please bill them for 50 percent up front?

- Scribbled note from Arlaine: Is there a report you can create for me that will show how much of the estimate has been invoiced?