

# **Practical QuickBooks® Online: Projects, Progress Invoicing & Job Costing**

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# Table of Contents

<b>Introduction .....</b>	<b>4</b>
Word and Excel for Projects? .....	4
QBDT or QBO for Projects? .....	4
<b>Settings.....</b>	<b>5</b>
Progress Invoicing .....	5
Projects .....	5
Job Costing .....	6
<b>Define Your Products and Services .....</b>	<b>7</b>
Defining Subcontracted Services .....	7
Defining Materials.....	8
<b>Hourly Cost Rate.....</b>	<b>9</b>
<b>The Projects Center.....</b>	<b>10</b>
Navigation.....	10
The Project View .....	10
Overview .....	10
Transactions .....	11
Time Activity .....	11
Project Reports.....	13
<b>Create a Project.....</b>	<b>14</b>
Converting Existing Sub-jobs.....	14
Starting from Scratch.....	14
Create an Estimate.....	14
Create an Estimate: iPad app .....	15
Progress Invoicing .....	15
Receive a Payment.....	17
Make a Bank Deposit.....	17
Create a Billing Statement.....	17
Track Change Orders.....	17
<b>Taking Deposits on Work to Be Performed .....</b>	<b>18</b>
QBO's Built-in Deposits Feature .....	18
Properly Managing Customer Deposits .....	19
Setting Up .....	19
Receiving the Deposit.....	20
Applying the Deposit to Accounts Receivable .....	21
<b>Track Time on a Task .....</b>	<b>24</b>
Single Time Activity .....	24
Create a Weekly Timesheet .....	24
Use T-Sheets instead.....	25
<b>Job Costing.....</b>	<b>26</b>
The Elements of Job Costing .....	26

1) Using Products & Services vs. Account Categories .....	26
2) Assign Expenses to a Customer for Job Costing .....	27
3) Mark Expenses as Billable to the Customer for Reimbursement .....	27
<b>Bill a Customer for Time and Expenses .....</b>	<b>27</b>
<b>Job Costing Payroll and Overhead Using Journal Entries .....</b>	<b>28</b>
<b>Job Costing Using \$0 Checks.....</b>	<b>28</b>
<b>Classes .....</b>	<b>29</b>
<b>Budgets.....</b>	<b>31</b>
<b>Additional Reports.....</b>	<b>32</b>
<b>Income by Customer Summary Report .....</b>	<b>32</b>
<b>Project Costing - P&amp;L Report.....</b>	<b>33</b>

## Introduction

### Word and Excel for Projects?

If you do work out in the field, it's cumbersome to take Estimates on paper and then transfer them to Excel, Word, or QuickBooks for tracking and billing. Instead, QBO allows you to create an Estimate, then convert it to a Progress Invoice.

Using QuickBooks® allows you to maintain a consolidated history of your work, keep track of Accounts Receivable, organize customer documentation, and analyze your income and spending on a project-by-project basis.

### QBDT or QBO for Projects?

In years past, conventional wisdom said that QuickBooks® Desktop (QBDT) was better suited to construction, while QuickBooks® Online (QBO®) was best used for service-based businesses. While that used to be true, the latest enhancements to QBO have eliminated that distinction.

The new Project Center and Labor Costing tools now mean that project-based businesses now have powerful job costing tools, a slick new interface providing an at-a-glance dashboard overview of the financial status of any customer job, and handy one-click reports.

If you haven't explored these new features, now is your chance!



## Settings

Start by turning on all the settings you'll need to make use of the features.

### Progress Invoicing

**Gear > Account and Settings > Sales > Progress Invoicing.**

Progress Invoicing allows you to invoice an Estimate in stages, either by % completion or by line item.

Account and Settings			
Company	Deposit		On
<b>Sales</b>	Products and services	Show Product/Service column on sales forms	On
Expenses		Show SKU column	Off
Payments		Turn on price rules <span>BETA</span>	On
Advanced		Track quantity and price/rate	On
		Track inventory quantity on hand	On
	<b>Progress Invoicing</b>	<input checked="" type="checkbox"/> Create multiple partial invoices from a single estimate	On
		<input type="button" value="Cancel"/>	<input type="button" value="Save"/>

### Projects

**Gear > Account and Settings > Advanced > Projects, Time Tracking.**

Use QBO's Projects to create a central hub to track all the income and expenses for a Customer Job. Formerly known as a Customer:Job, Projects bring together Estimates, Invoices, Payments, Billable Expenses, Labor Costs, and Job Costing into one cost center.

Account and Settings			
Company	Automation	Pre-fill forms with previously entered content	On
		Automatically apply credits	On
Sales		Automatically invoice unbilled activity	On
Expenses		Automatically apply bill payments	On
Payments	<b>Projects</b>	Use project financial tracking	On
Advanced	<b>Time tracking</b>	Add Service field to timesheets	On
		Make Single-Time Activity Billable to Customer	On

## Job Costing

### Gear > Account and Settings > Expenses > Progress Invoicing

1. To pay for Products and Services that will be listed on a Customer Invoice, choose "Show Items table on expense and purchase forms." These include both tangible materials and subcontracted services.
2. To mark Expenses as part of a Project for Job Costing, turn on "Track expenses and items by customer."
3. To pass these expenses on to a customer for reimbursement, with or without markup, choose "Make expenses and items billable". You can set a default markup rate, which can be changed on a case-by-case basis.

**Account and Settings**

Company

Sales

**Expenses**

Payments

Advanced

**Bills and expenses**

1  Show Items table on expense and purchase forms ⓘ On

2  Track expenses and items by customer ⓘ On

3  Make expenses and items billable ⓘ On

Markup with a default rate of 20 % ⓘ

Track billable expenses and items as income ⓘ

Charge sales tax ⓘ

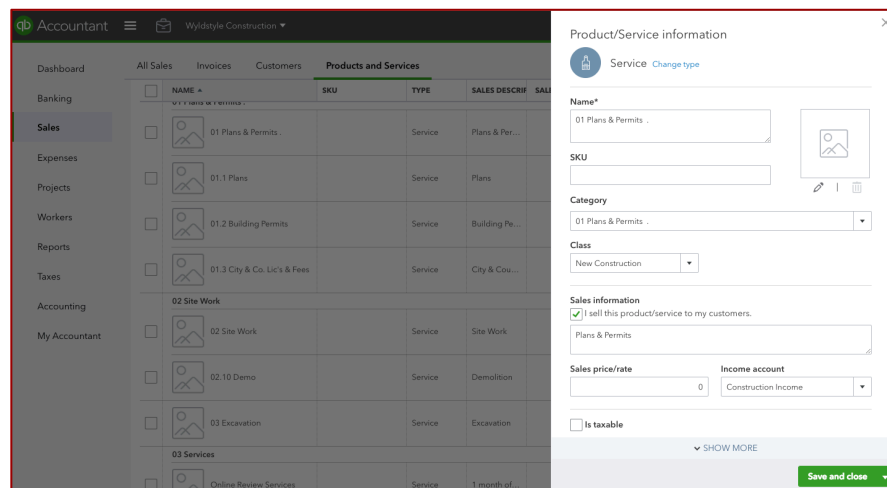
Default bill payment terms: Net 10

Cancel Save

## Define Your Products and Services

Before you go out into the field, use Products and Services to make a comprehensive list of everything you "sell," from labor to products.

1. You can have as many or as few as you'd like.
2. Use Categories to organize them into groups.
3. In the Sales area, choose the Products and Services tab.
4. Use New to add a Service.
5. Use a default Description to minimize typing. You will be able to change this on each Estimate or Invoice.
6. If you have a default Price/Rate, enter it. Again, you can modify it on the fly.



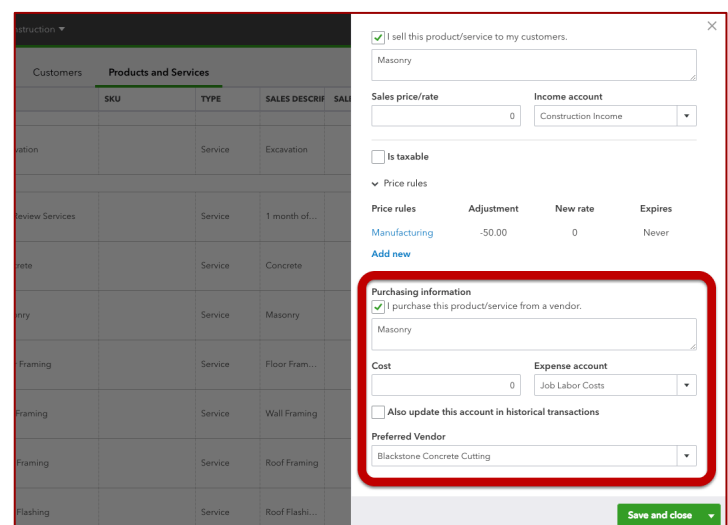
### Defining Subcontracted Services

If you are paying a Subcontractor to do the work, use the bottom section of the Service that says "I purchase the product/service from a vendor."

Assign it to your Subcontracted Labor Cost of Goods account.

Now you can use the same service on your check to your subcontractor that you used on your Customer Invoice.

This allows you to run Profit and Loss by Service reports so you can see how much money you're making with Subcontracted Services.



## Defining Materials

If you would like to track Products in your purchase expenses, in addition to just seeing a generic "Supplies and Materials Cost of Goods" on your Profit & Loss report, set up your Non-Inventory Products.

Choosing the Product type "**Non-Inventory**" tells you it's a tangible item, but that you don't track exactly how many you have in stock, or their values. It's perfect for consumable materials.

Create the Products using the same steps as above. Use the bottom section of the Product that says "**I purchase the product/service from a vendor.**"

Assign it to your **Supplies and Materials Cost of Goods account** (create one if you don't already have one!).

When buying materials that get Job Costed, be sure to **assign it to the Project**. You can also pass that cost on to your next Customer Invoice for reimbursement (Time and Materials invoicing) by checking **Billable**.

This allows you to run Profit and Loss by Service reports so you can see how much margin you have on materials used.

## Hourly Cost Rate

Use this calculator to include your Labor Costing in your profitability reports, even if you're not billing for Time and Materials.

Set this up once, and it will be used across all Projects.

### Hourly cost rate > Add > Calculator

Enter the Employee or Subcontractor's hourly rate. If you're using QuickBooks Payroll, Employer taxes will autofill. Enter in **Additional employer taxes (/hr)**, **Worker's Compensation (/hr)**, and **Overhead expenses (/hr)**. Overhead includes any unbillable expenses that it takes to manage the employee, like payroll fees or bookkeeping.

Some people don't consider taxes and associated overhead when doing Job Costing! This calculation provides a true cost total on your reports.

The screenshot shows the 'Hourly cost rates' interface. At the top, it says 'Include the total of wages, taxes, and overhead for each worker. This is not your billable rate.' Below this is a table with columns 'EMPLOYEE' and 'COST RATE'. The table lists three employees: Jon Snow (\$27.08/hr), Mr Chris Pepper (\$23.62/hr), and Mr Clark Mitchell. There are edit icons for the first two and a calculator icon for the third. A '+ Add Employee' button is in the top right. Below the table is a 'Hourly cost rate calculator' modal window. It has input fields for: Wages (/hr) (\$25.00), Employer taxes (/hr) (FICA - Social Security & Medicare) (\$1.91), Additional employer taxes (/hr) (DUTA, FUTA, etc.) (\$1.91), Workers compensation (/hr) (\$0.22), and Overhead (/hr) (\$1.50). The total hourly cost rate is calculated as \$30.54. There are 'Cancel' and 'Add' buttons at the bottom of the calculator. A 'Done' button is at the bottom right of the main interface.

EMPLOYEE	COST RATE
Jon Snow	\$27.08/hr
Mr Chris Pepper	\$23.62/hr
Mr Clark Mitchell	

**Hourly cost rate calculator**

Wages (/hr) \$25.00

Employer taxes (/hr) (FICA - Social Security & Medicare) \$1.91

Additional employer taxes (/hr) (DUTA, FUTA, etc.) \$1.91

Workers compensation (/hr) \$0.22

Overhead (/hr) \$1.50

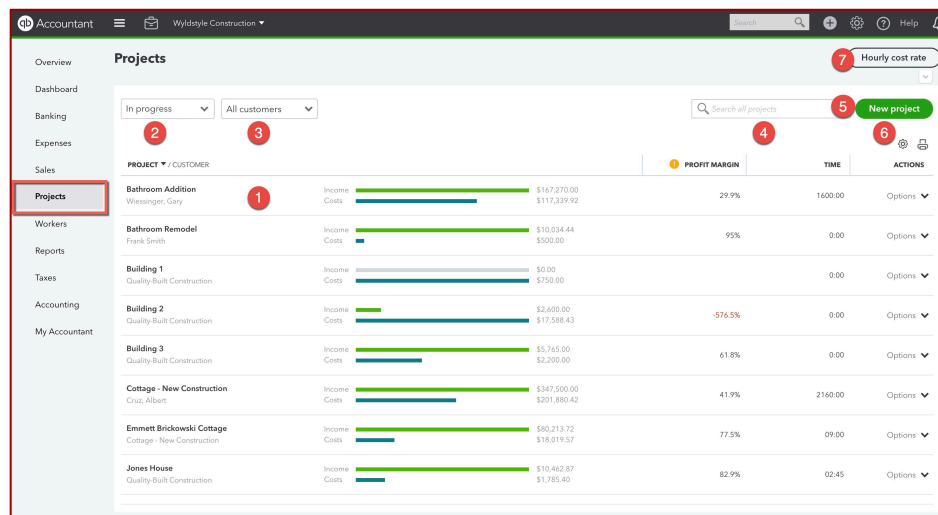
Total hourly cost rate \$30.54

Buttons: Cancel, Add, Done

# The Projects Center

## Navigation

Once Projects has been turned on in the Settings, you'll see a new Projects tab in the left Navigation. Use the Projects Center as your go-to hub to track and create financial transactions.



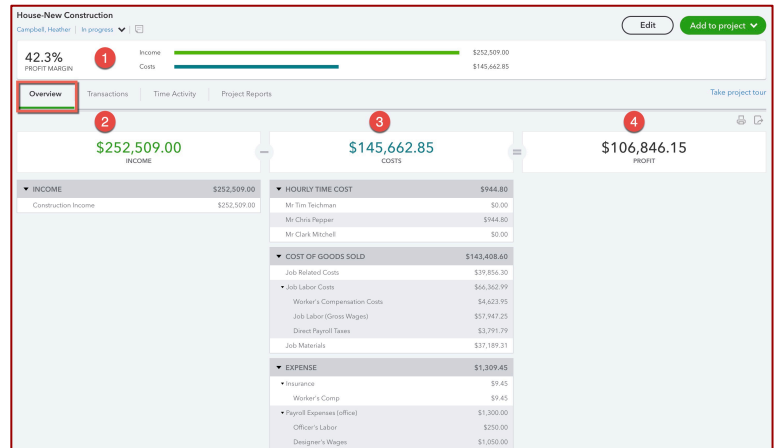
- 1) **Project List.** All your current projects, at a glance. From this view you can see your Customer names, invoiced Income, incurred Expenses, current Profit Margin, and hours logged.
- 2) **Status.** Filter for Projects In Progress, Completed, or Cancelled.
- 3) **Customer Filter.** Filter to see all Projects for one Customer.
- 4) **Search.** If your list is long, Search for the one you want instead of scrolling around.
- 5) **New Project button.** Start a new Project here.
- 6) **Grid Gear, Print.** Show or hide columns. Print the data shown on screen.
- 7) **Hourly Cost Rate.** Set your fully-burdened labor costs to be included in calculations (see above).

## The Project View

### Overview

Click on any of the names or numbers to drill down into a Transaction List report.

- 1) **Profit Margin.** Your Profit Margin and Chart at-a-glance.
- 2) **Income.** All Income accounts used by Products and Services on Customer Invoices.
- 3) **Costs.**
  - a. **Hourly Time Costs** using Time Sheets and the Calculator (see above).
  - b. **Cost of Goods Sold.** Time and Materials costs from all COGS or Products & Services on Bills, Checks, and Expenses.
  - c. **Expenses.** All overhead expenses assigned to the Customer Project.
- 4) **Gross Profit.** Hopefully it's positive. Otherwise, talk to your Accountant!



## Transactions

- 1) A chronological list of every transaction of any **Type** that has the Customer Project assigned.

This is a huge benefit, since otherwise you have to look in Sales for income-related transactions, and Expenses for cost-related transactions.

The screenshot shows the 'Transactions' tab for the 'House-New Construction' project. A filter is applied to show transactions from the last 365 days. The table lists the following transactions:

DATE	TYPE	NO.	DUE DATE	BALANCE	TOTAL	STATUS	P.O. NUMBER	CREW	ACTION
11/15/2019	Check	11043		\$0.00	\$3,650.00	Paid			
11/15/2019	Billable Expense C...		10/28/2016	\$0.00	\$3,650.00	Closed			
09/15/2019	Deposit			\$0.00	\$48,900.00				Print
09/15/2019	Invoice	01-1023	09/15/2020	\$0.00	\$8,400.00	Paid			Print
09/15/2019	Payment	1256		\$0.00	\$-8,400.00	Closed			
09/09/2019	Check	309		\$0.00	\$1,319.15	Paid			
09/09/2019	Check	311		\$0.00	\$1,150.53	Paid			
09/09/2019	Check	310		\$0.00	\$1,306.63	Paid			

- 2) Use the **Filter** to view specific transaction types.

Click on any row to open up a transaction.

## Time Activity

Analyze Labor entered using Time Cards. View by Employee or Service.

- 1) **View by.** Change your timeframe by Week, Month, or Employee.
- 2) **Group by.** View the labor costs by date range, or by Employee.
- 3) **Time range.** Click the drop-down arrow to expand the section.
- 4) **Drop-down arrows.** Keep drilling in as deep as you'd like to go.

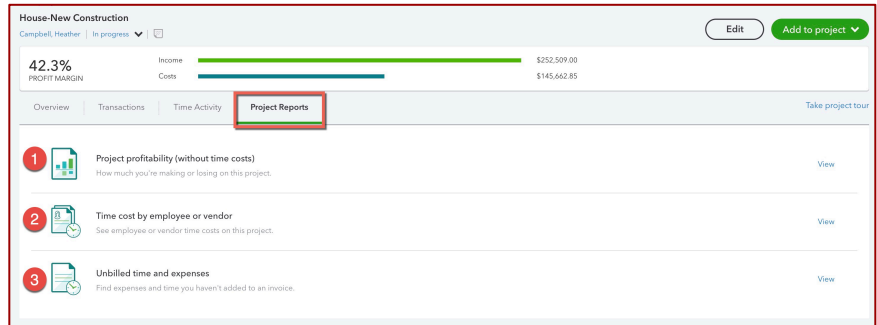
DATE	SERVICE	EMPLOYEE/VENDOR	TOTAL TIME	TOTAL COST	BILLABLE TIME	BILLABLE AMOUNT
08/01/2019 - 08/31/2019			472:00	\$0.00	472:00	\$0.00
07/01/2019 - 07/31/2019			504:00	\$0.00	504:00	\$0.00
	03 Services/21 Cabinets & Va		56:00	\$0.00	56:00	\$0.00
	23 Floor Coverings		24:00	\$0.00	24:00	\$0.00
	22 Specialty		40:00	\$0.00	40:00	\$0.00
	24 Paint		16:00	\$0.00	16:00	\$0.00
	25 Cleanup		32:00	\$0.00	32:00	\$0.00
	26 Landscape & Paving		0:00	\$0.00	0:00	\$0.00



## Project Reports

Here you have one-click access to common reports.

- 1) **Project profitability (without time costs).** This is a Profit & Loss Report filtered by your Customer Job.
- 2) **Time cost by employee or vendor.** View all time entries on the Project grouped by Employee or Vendor.
- 3) **Unbilled time and expenses.**



View all the outstanding time entries that were marked Billable on your expenses that have not yet been pulled onto an Invoice.

See the Reports section at the end of this manual.

# Create a Project

## Converting Existing Sub-jobs

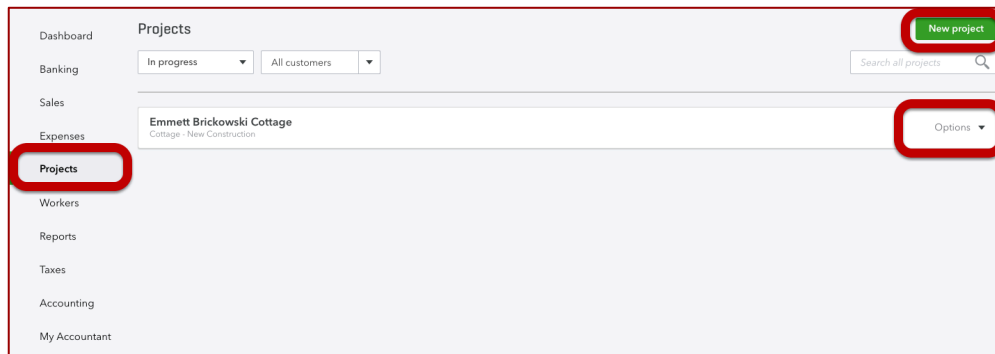
Existing Customers and Sub-jobs can be converted into Projects. Note that the Sub-jobs can only be one level deep. There is also (at this time) only one address, so if your Customer gets billed to a different address than the job site, you will need to stick to the traditional Sub-job approach and not use the Projects Center.

Please submit Feedback about this!

## Starting from Scratch

Click **New Project** to add one to the list. **Name the Project** and **assign it to an existing Customer**. This also creates a Project on the middle tab when you view the Customer in the Customer Center.

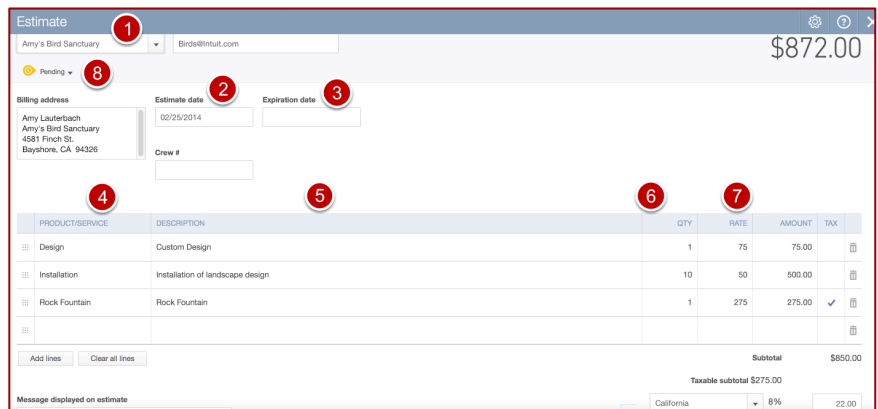
When a Project is complete, you can mark it as **Options > Completed** which will take it off the list.



## Create an Estimate

Use the + in the top middle to create a new Estimate.

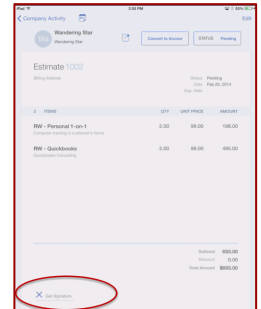
1. Customer Name
2. Estimate Date
3. Date the Estimate expires
4. List each product or service in the Estimate.
5. Customize the Description field to be as detailed as necessary.
6. Enter the Quantities.
7. Change the Prices if needed.
8. Change Pending to Accepted or Rejected after a decision is made.



Once an Estimate is approved, you can use the Attachments field (bottom left of screen, not shown) to attach the scanned signed contract.

### Create an Estimate: iPad app

Everything is the same as above, but you also get a space to take a signature right onsite.

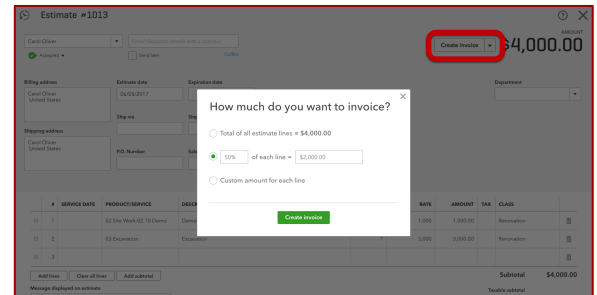


### Progress Invoicing

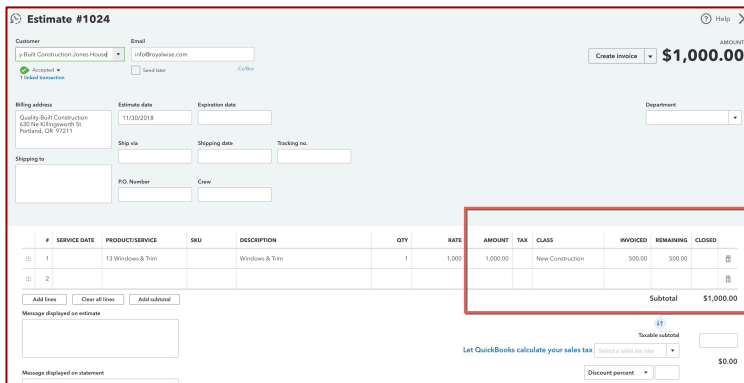
Each Estimate has a button to convert it into an Invoice for billing.

You will be asked if you want to Invoice for an entire Estimate, a percentage of it, or for specific line items.

Periodic billings would continue to be generated off of the original Estimate until it's complete.



When you open the original Estimate, you'll see the remaining portion to be invoiced.



There is also an Estimates & Progress Invoicing Summary Report in the Reports Center.

Click the triangles to expand and collapse each Customer. Customize the report to just show Open Estimates.

Wylstyle Construction						
ESTIMATES & PROGRESS INVOICING SUMMARY BY CUSTOMER						
All Dates						
DATE	NUM	STATUS	AMOUNT	INVOICED AMOUNT	% INVOICED	BALANCE
▼ Air BnB						
10/18/2018	1022	Accepted	11,700.00	2925.00	25.00%	8775.00
<b>Total for Air BnB</b>			<b>\$11,700.00</b>	<b>\$2,925.00</b>		<b>\$8,775.00</b>
▼ Brickowski, Emmet						
10/14/2016	1005	Pending	1,000.00	0.00	0.00%	1000.00
10/14/2016	1005	Pending	-1,000.00	0.00	0.00%	-1000.00
<b>Total for Brickowski, Emmet</b>			<b>\$0.00</b>	<b>\$0.00</b>		<b>\$0.00</b>
▶ Brickowski, Emmet:Cottage - New Construc...			<b>\$0.00</b>	<b>\$0.00</b>		<b>\$0.00</b>
▶ Brickowski, Emmet:Cottage - New Construc...			<b>\$10,125.00</b>	<b>\$10,125.00</b>		<b>\$0.00</b>
▶ Campbell, Heather:House-New Construction			<b>\$0.00</b>	<b>\$0.00</b>		<b>\$0.00</b>
▶ Carol Oliver			<b>\$7,450.00</b>	<b>\$4,000.00</b>		<b>\$3,450.00</b>
▶ Cruz, Albert:Cottage - New Construction			<b>\$0.00</b>	<b>\$0.00</b>		<b>\$0.00</b>
▶ Cruz, Albert:Kitchen Remodel			<b>\$0.00</b>	<b>\$0.00</b>		<b>\$0.00</b>
▼ Frank Smith:Bathroom Remodel						
06/15/2017	1015	Closed	5,000.00	5000.00	100.00%	0.00
<b>Total for Frank Smith:Bathroom Remodel</b>			<b>\$5,000.00</b>	<b>\$5,000.00</b>		<b>\$0.00</b>
▶ Harlowe Starbuck			<b>\$10,800.00</b>	<b>\$8,800.00</b>		<b>\$2,000.00</b>
▶ Molotsi, Hugh:Second Story Addition			<b>\$750.00</b>	<b>\$0.00</b>		<b>\$750.00</b>
▼ Quality-Built Construction						
04/05/2017	1009	Closed	80.00	80.00	100.00%	0.00
<b>Total for Quality-Built Construction</b>			<b>\$80.00</b>	<b>\$80.00</b>		<b>\$0.00</b>
▼ Quality-Built Construction:Building 2						
06/17/2018	1020	Pending	1,100.00	0.00	0.00%	1100.00
<b>Total for Quality-Built Construction:Buildin...</b>			<b>\$1,100.00</b>	<b>\$0.00</b>		<b>\$1,100.00</b>
▼ Quality-Built Construction:Building 3						
06/18/2018	1021	Accepted	10,100.00	2525.00	25.00%	7575.00
<b>Total for Quality-Built Construction:Buildin...</b>			<b>\$10,100.00</b>	<b>\$2,525.00</b>		<b>\$7,575.00</b>

## Receive a Payment

When you Receive Payment from your customer, if they have more than one open Invoice, be VERY sure that the correct invoice is checked off, and that the dollar amounts are applied accordingly.

QBO will always try to apply the payment to the earliest invoice first.

## Make a Bank Deposit

Start a Bank Deposit. Check off all the cash and checks you are depositing.

Important!!! Make sure the dollar amount matches the money going into the bank so that you don't have to hunt payments down later. The window after this one will allow you to add additional miscellaneous items, or hold back money for Petty Cash or as an Owner's Draw.

## Create a Billing Statement

When a customer has several open invoices, combine them into one Billing Statement.

Click on the + and choose Statements. You can't filter for a specific customer, but the resulting window will allow you to pick from a list.

Statements can be emailed or printed.

## Track Change Orders

The Contractors version of QuickBooks for Desktop gives you the ability to create Change Orders that track changes from the original Estimate.

In the Online version, there are a few ways to proceed.

One is to edit an existing Estimate and on the lines below, add items or note that above items have been removed.

History of this transaction: Estimate No. 1002 ID: 156 Compare Show all

▼ Apr 28, 11:35 am PDT: Edited by Craig Carlson

Type:	Estimate	Num:	1002
Date:	04/28/2014	Name:	Freeman Sporting Goods:55 Twin Lane
Amount:	300.00	Address:	Amelia Freeman Sporting Goods 370 Easy St. Middlefield, CA 94482
Expiration Date:		Accepted Date:	
Accepted By:		Estimate Status:	Pending
Invoice Tax ID:		Invoice Date:	
Shipping Address:	(same as in Customer Information)	Ship Via:	
Custom Field 1:		Email Address:	Sporting_goods@rntult.com
Sent:	Not sent	Delivery Error:	
Last Sent:			
Printed:	To be printed		
Customer/Vendor Message:			
Memo:			

NO.	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	ACCOUNT	AMOUNT
0					Accounts Receivable (A/R)	300.00
1	Installation	Installation of landscape design	6	50	Landscaping Services:Labor:Installation	300.00

▼ Apr 28, 11:33 am PDT: Added by Craig Carlson

Type:	Estimate	Num:	1002
Date:	04/28/2014	Name:	Freeman Sporting Goods:55 Twin Lane
Amount:	250.00	Address:	Amelia Freeman Sporting Goods 370 Easy St.

If you want to see the change history, **click at the bottom under "More", then click "Audit"**. Click the Compare button to see the changes side-by-side.

Or, simply create a new Estimate for the Change Order. You can even go straight to making a separate new Invoice.

# Taking Deposits on Work to Be Performed

Many companies take Deposits when a bid is accepted, both to confirm a client's commitment, and so they have the resources they need to start the job for the customer.

There are two ways to manage Customer Deposits in QuickBooks Online, depending on the needs of your company. If your jobs are small and so is your risk, you can use QBO's built-in **Deposits** feature.

But many companies actually should handle Deposits according to standard accounting practices. When you accept this money as a retainer, it's not yet considered Income. Instead, it's really a Current Liability on your Balance Sheet because you haven't earned it. Sometimes this money is also called "Unearned Revenue."

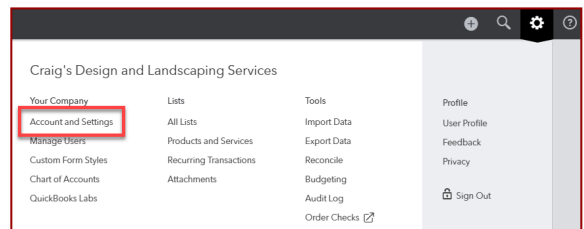
The money is not yours, because if the job falls through you have to give the money back (unless you asked for a non-refundable deposit).

QuickBooks Online gives you two ways to handle Customer Deposits properly. One is built in, and counts the Deposit immediately as revenue. The other is more of a work-around, but properly receives the money as a Liability until the Customer's full payment is received.

## QBO's Built-in Deposits Feature

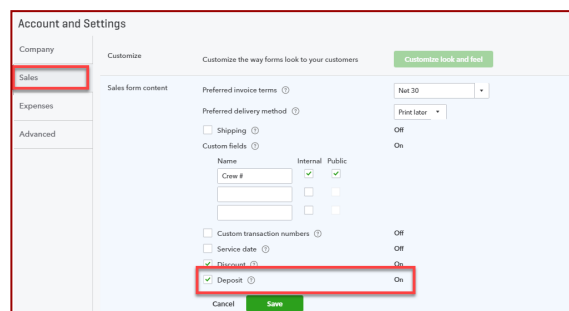
This works best when you're ready to make the Invoice, and have already received the Deposit money.

The first step is to turn on the Deposits option in the Company Settings. Go to the **Gear > Account and Settings**



Click on **Sales** on the left. Put a checkmark in front of **Deposit**.

**Save** your changes.



Next, create a new Invoice (**+ > Invoice**), or open the existing invoice for the project.

In the **Deposit** field on the bottom right, enter the amount of money you received. When you do, a new set of boxes will appear on the left above the Product/Service grid. Enter the **type of payment** you received, and where you're putting it (**Undeposited Funds** is best).

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX
1	Landscaping: Trimming	Tree and Shrub Trimming	1	1,500	1,500.00	
2						

Subtotal: \$1,500.00  
 Taxable subtotal: \$0.00  
 Total: \$1,500.00  
 Deposit: 500.00  
 Balance due: \$1,000.00

The Customer Deposit has now been counted as Income, and the balance remains on the Invoice for future payment.

Where this gets confusing is that the Deposit itself is treated as a Sales Receipt, even matching the Banking Feed, but there's no actual separate transaction for the money.

## Properly Managing Customer Deposits

This method of managing Customer Deposits on work to be performed enters the Deposit in QBO **as a retainer**, and not as the first payment. This allows you to track **Unearned Revenue** as part of **Work in Progress (WIP)**.

Doing it this way temporarily holds the money on your Balance Sheet in a separate Deposits Received account. When the project is paid for, the retainer amount moves onto your Profit and Loss statement as Income.

One thing that's helpful about this method is that you can always double-click on the Deposits Received account on your Balance Sheet report to see all the money you are holding for different Customers until you complete their jobs.

## Setting Up

There are two steps involved to set up **Deposits on work to be performed**. These only need to be done the first time:

**1. Create the Liability Account in the Chart of Accounts**

Go to **Accounting > Chart of Accounts > New**.

Create this **Other Current Liability** account:

**2. Create the Deposit Received item in the Products & Services List**

Go to **Gear > Products and Services > New**.

Create this new **Service** item. Note that you can modify the wording to suit your needs.

By making the **Income account** the new Liability Account, when you use this Service, the money will go to this category on your Balance Sheet.

**Receiving the Deposit**

Now you're ready to take your Retainer Deposit on Work to Be Performed!

If you have already received the money, go to **+ > Sales Receipt**. If you are billing the Client for this Deposit, go to **+ > Invoice**.

In the Product/Service field, choose your new Deposit Received item. Enter the amount of the Deposit.

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX
1	Deposit Received		1	1,000.00	1,000.00	✓
2						
3						



When you now look at the Balance Sheet, you will see the \$1000 held on behalf of the Client. Click on the dollar amount to see all the Deposits you're holding on all open jobs.

- LIABILITIES AND EQUITY	
- Liabilities	
- Current Liabilities	
- Accounts Payable	
Accounts Payable (A/P)	1,602.67
Total Accounts Payable	\$1,602.67
- Credit Cards	
Mastercard	157.72
Total Credit Cards	\$157.72
- Other Current Liabilities	
Arizona Dept. of Revenue Payable	0.00
Board of Equalization Payable	450.94
Deposited Received	1,000.00
Loan Payable	4,000.00
Total Other Current Liabilities	\$5,450.94
Total Current Liabilities	\$7,211.33
- Long-Term Liabilities	
Notes Payable	25,000.00
Total Long-Term Liabilities	\$25,000.00
Total Liabilities	\$32,211.33
- Equity	
Opening Balance Equity	-9,337.50

## Applying the Deposit to Accounts Receivable

### Option 1: Deduct the Prepayment from The Project's Balance

When it's time to bill the Customer and apply the prepayment, add the same **Deposit Received item** at the bottom, but this time **subtract the dollar amount** to show the remaining balance to be paid.

This is easy for the Customer to understand, but it looks like the Invoice is for less than it really is.

Invoice
⚙️ ? ✕

**Billing address**

Amy Lauterbach  
Amy's Bird Sanctuary  
4581 Finch St.  
Bayshore, CA 94326

**Terms**

Net 30

**Invoice date**

01/17/2017

**Due date**

02/16/2017

**Crew #**

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX
1	Design:Design	Custom Design	1	375	375.00	
2	Landscaping:Installation	Installation of landscape design	20	50	1,000.00	
3	Design:Fountains:Rock Founta	Rock Fountain	1	275	275.00	✓
4	Design:Fountains:Pump	Fountain Pump	1	15	15.00	✓
5	Design:Lighting	Garden Lighting	20	25	500.00	✓
6	Deposit Received	Deposit received for work to be performed	1	-1,000	-1,000.00	✓
7						

Subtotal

**\$1,165.00**

Taxable subtotal \$-210.00

Message displayed on invoice

Thank you for your business and have a great day!

California 8% -16.80

Print or Preview    Make recurring    Customize

Save    **Save and send**

When you revisit the Balance Sheet, the \$1000 has now disappeared. Click on the total to look at the Deposit Received subreport, and you'll see this:

At this point, the \$1000 will now be distributed to the proper Income accounts on the Profit and Loss report used by the other line items on the Invoice.

**Craig's Design and Landscaping Services**

TRANSACTION REPORT  
January 1-17, 2017

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	SPLIT	AMOUNT	BALANCE
Deposited Received								
01/17/2017	Sales Receipt	1038	Amy's Bird Sanctu...		Deposited Rece...	Undeposited Funds	1,000.00	1,000.00
01/17/2017	Invoice	1039	Amy's Bird Sanctu...	Deposit received for work to ...	Deposited Rece...	Accounts Receivable (...)	-1,000.00	0.00
<b>Total for Deposited Received</b>							<b>\$0.00</b>	
<b>TOTAL</b>							<b>\$0.00</b>	

## Option 2: Create a Credit Memo to Apply to an Invoice as a Payment

This option allows you to bill for the entire Invoice, and apply the Deposit as a payment.

1. Create a Credit Memo for the amount of the deposit. Use the Customer Deposits item. This takes the money out of the Liability account and gets it ready to apply to an invoice.
2. Create an Invoice for the full amount of work to be done.
3. Notice that the amount of the Credit Memo has automatically been applied to the Invoice as a Payment (if Automation is turned on, otherwise you can apply the payment manually).
4. All that's left to pay is the balance!

Credit Memo #1044
REFUND STATUS  
**PAID**  
1 payment received on 01/19/2015

Cool Cars

Send later

Billing address

Grace Pariente  
Cool Cars  
65 Ocean Dr.  
Half Moon Bay, CA 94213

Credit Memo Date

Crew #

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX
1	Customer Deposit	Deposit on work to be done	1	1,000	1,000.00	
2						

[Add lines](#) [Clear all lines](#)

Message displayed on credit memo

Thank you for your business and have a great day!

Subtotal **\$1,000.00**

Taxable subtotal

Select a sales tax rate

Discount percent  **\$0.00**

**Total \$1,000.00**

Amount received **\$1,000.00**

Memo

## Track Time on a Task

To include Labor Costing in your Project Center, use the Time Tracking tools.

These two Time Sheet methods feed directly into QuickBooks Payroll, so you won't have to enter the hours anywhere else.

### Single Time Activity

Single Time Activity is a great way to summarize the work you and your employees did, and make it easy to gather the activities into a periodic invoice.

The screenshot shows the 'Time Activity' form with the following fields and callouts:

- 1: + icon to open the form
- 2: Name dropdown (Alicia K. Pollock)
- 3:  Enter Start and End Times
- 4: Start time dropdown (9:00 AM)
- 5: Break dropdown (0:10)
- 6: Customer dropdown (Wandering Star)
- 7: Bill at \$ 25.00 per hour
- 8: Description text area

Summary: 2 hours 20 minutes at \$25.00 per hour = \$58.33

1. Click the + and choose Single Time Activity.
2. Select the Employee name.
3. If you want to use a specific Start and End time, turn on this checkmark. Otherwise, you can simply enter the total number of hours and minutes.
4. If not using specific times, enter the number of hours and minutes.
5. Enter in time taken for breaks. This will be deducted from the total hours.
6. To invoice a customer for this time, choose the Customer.
7. Click the checkmark and enter the billing rate.
8. Enter a description detailing the work done.

## Create a Weekly Timesheet

The screenshot shows the 'Weekly Timesheet' form with the following fields and callouts:

- 1: + icon to open the form
- 2: Employee name dropdown (John Johnson)
- 3: Pay Period dropdown (4/21/2014 to 4/27/2014)
- 4: Customer dropdown (Amy's Bird Sanct)
- 5: Service dropdown (Design)
- 6: Bill @ dropdown (75.00)
- 7: Taxable checkbox and hours input (1:00)
- 8:  Enter Start and End Times

CUSTOMER	SERVICE	BILL @	TAXABLE	MON	TUE	WED	THU	FRI
Amy's Bird Sanct	Design	75.00	<input type="checkbox"/>	1:00			1:00	
Bill's Windsurf SF	Gardening	50.00	<input type="checkbox"/>	3:00	3:00			
Dylan Sollfrank	Maintenance & Repair	30.00	<input type="checkbox"/>	1:00		4:00		
Dylan Sollfrank	Installation	50.00	<input type="checkbox"/>			3:00		
Dukes Basketball	Sod	50.00	<input type="checkbox"/>				6:00	
John Melton	Installation	50.00	<input type="checkbox"/>		4:00			7:00
Select a Customer	Select a Service		<input checked="" type="checkbox"/>	3:00	1:00	1:00	1:00	1:00
Select a Customer	Select a Service		<input type="checkbox"/>					

Weekly Timesheet allows you to track a full week's work, broken down by day and by customer, all on one screen.

1. Click the + and choose Weekly Timesheet.
2. Select the Employee name.
3. Choose the Pay Period

4. Choose a Customer.
5. Select a Service.
6. Adjust the Billing rate if necessary
7. Enter the hours done for that task for that person under each day.
8. To track hours that are not billed to customers, leave the Customer and Services fields blank.
9. Add as many different customers & services as needed. To perform several different services on a job, list the Customer again for each Service.
10. Use the Description field to detail the work done through the week.

## Use T-Sheets instead

T-Sheets is a time-tracking app that works right inside QuickBooks Online. It allows your team to clock in and out using their smartphones, and you can see where they are via GPS. Approve the hours for billing and payroll. Time cards are pulled into Payroll automatically.

There is an additional cost for T-Sheets, but its rich feature set and deep integration with QBO make it well worth the money.

Sign up for an account and get a discount at <https://www.tsheets.com/#a:royalwisesolutionsdirect>.

The screenshot displays the T-Sheets interface within a QuickBooks Online environment. The top navigation bar shows the time as 4:23:00 PM and the user as Alicia Pollock. The main content area is titled 'Approvals Report' and shows a list of time entries for the period 05/20/2018 to 05/26/2018. The report is filtered to show 'All (10)' entries, with 0 approved and 10 unapproved. The first entry is for Alicia Pollock, showing 1.08 hours of time tracked, with a green progress bar indicating that the time is approved. The other three entries (Chris Shock, James Pollock, and Jeffrey Black) show 0.00 hours and grey progress bars, indicating they are unapproved. Each entry has an 'Approve' button, an 'Unapprove' button, and a 'view details' link. A legend at the top right of the report area defines the colors: green for 'Approved' and grey for 'Unapproved'.

User	Hours	Status
Alicia Pollock	1.08 hrs	Approved
Chris Shock	0.00 hrs	Unapproved
James Pollock	0.00 hrs	Unapproved
Jeffrey Black	0.00 hrs	Unapproved

## Job Costing

**Job Costing** means to compare the income from a job to its incurred expenses. While you may think you got paid a bundle for a project, you may be surprised at how little profit you made. It's important to include not just your direct expenses like materials and subcontractors, but also your payroll expenses, overhead, and the owner's time.

**Expense** Help

Payee: Big Value Warehouse Store | Payment account: Mastercard Payable | Balance: \$2,482.32 | **AMOUNT: \$225.00**

Payment date: 03/14/2019 | Payment method: What did you pay with? | Ref no.: | Department:

**Category details**

#	CATEGORY	DESCRIPTION	AMOUNT	BILLABLE	MARKUP %	TAX	CUSTOMER / PROJECT	CLASS
1	What tax category fits?	What did you pay for?						
2								

**Item details**

#	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT	BILLABLE	MARKUP %	SALES AMT	TAX	CUSTOMER / PROJECT	CLASS
1	Products Sold: Specialty Cabinets		Custom Wyldstyle cabinets, white	1	225	225.00	<input checked="" type="checkbox"/>	86.6667	420.00	<input type="checkbox"/>	Campbell, Heath	Renovation
2							<input type="checkbox"/>					

## The Elements of Job Costing

### 1) Using Products & Services vs. Account Categories

Every time you create a Bill, Check, or Expense, you have the option of using a Category (top grid), or a Product/Service (bottom grid).

If you don't care a whit about profit margins and Product sales reports, you can just assign all expenses to their Cost of Goods or Expense account Category, which is pulled from the Chart of Accounts, and call it a day.

But if you would like to analyze your company's sales to see what Products and Services are your most popular, or have your greatest margin, be sure to use the bottom grid (remember, if you don't see it, you have to first turn the setting on!).

The benefit is detailed reporting and analysis to help you understand your business and guide your company's growth. The only drawback is that you need to enter these Expenses by hand. The Banking Feed doesn't allow you to assign Products & Services through its interface, so the workflow takes more effort.

## 2) Assign Expenses to a Customer for Job Costing

Any Expenses, whether they be on Bills, Checks, or Expenses, can be assigned to a Customer & Project. This is what creates the Job Costing reports.

If a purchase can be allocated to several Projects, simply repeat the same Account or Product/Service on each line item, and designate the proper proportion to each Project.

## 3) Mark Expenses as Billable to the Customer for Reimbursement

Any expenses incurred on a job can easily be reimbursed by the customer. When recording the Expense, mark it as Billable and assign it to a Project.

If you Mark Up your expenses, you can turn on that option and set a default % in Account and Settings.

## Bill a Customer for Time and Expenses

The screenshot shows an 'Invoice' window. At the top right, the 'BALANCE DUE' is \$0.00. The main form contains the following fields:

- Customer:** Amy's Bird Sanctuary, Birds@Intuit.com
- Billing address:** Amy Lauterbach, Amy's Bird Sanctuary, 4581 Finch St, Bayshore, CA 94326
- Terms:** Net 30
- Invoice date:** 02/25/2014
- Due date:** 03/27/2014
- Crew #:** (empty field)

Below these fields is a table with the following columns: PRODUCT/SERVICE, DESCRIPTION, QTY, RATE, AMOUNT, TAX. The table is currently empty.

On the right side, there is a 'Add to Invoice' panel with a red border. It contains:

- Add All** button
- Billable time** section: 01/27/2014, \$375.00, with **Add** and **Open** buttons.
- Billable expense** section: 02/25/2014, \$112.00, with **Add** and **Open** buttons.

At the bottom right of the form, the **Subtotal** is \$0.00.

When you create an Invoice (NOT a Sales Receipt) for a customer with **unbilled time charges or expenses**, you'll see them appear on the right side of the screen. **Click Add** to move them into line items.

## Job Costing Payroll and Overhead Using Journal Entries

Journal Entry #1
?
✕

Journal date

Journal no.

Is Adjusting Journal Entry?

#	ACCOUNT	DEBITS	CREDITS	DESCRIPTION	NAME	DEPARTMENT	CLASS	
1	Payroll Expenses (office):Officer's Labor		1,000.00				New Construction	🗑
2	Payroll Expenses (office):Officer's Labor	500.00			Brickowski, Emmet		New Construction	🗑
3	Payroll Expenses (office):Officer's Labor	250.00			Campbell, Heather:House		Renovation	🗑
4	Payroll Expenses (office):Officer's Labor	250.00			Carol Oliver		Renovation	🗑
5								🗑
6								🗑
7								🗑
8								🗑
<b>Total</b>		1,000.00	1,000.00					

An alternative to using QBO's built-in tools is to create **Journal Entries** to allocate expenses in Payroll, Materials, and other overhead categories.

Use a **Journal Entry** to move money out and back into the same expense category, breaking down the % by what Customer Project (and/or Class) it was for. It's time consuming, but accurate.

Don't forget that each \$ field is a mini-calculator. **Total \* %, then press Tab!**

Save complex Journal Entries as Recurring Transactions to reuse them in the future.

## Job Costing Using \$0 Checks

Another way of job costing manually is using \$0 checks. It is commonly used to allocate the Owner's Time, if they are not on Payroll. In this method, create Services that point to a COA Expense or COGS account. The reason we use Services is so that the transactions show on Expense reports.



Enter the value of the Owner's Time, allocated by Customer. Create an offsetting negative total, NOT allocated to any customers. As a result, the P&L will show a \$0, but the Job Costing reports will include the expense.

Check #2

Choose a payee  Clearing Account  Balance \$0.00

AMOUNT  
**\$0.00**

Mailing address  Payment date  Check no.   
 Print later

▶ Account details

▼ Item details

#	PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	BILLABLE	TAX	CUSTOMER / PROJECT
1	Owner's Time	Owner's Time	35	75	2,625.00			1-Adams Family:Bathroom
2	Owner's Time	Owner's Time	20	75	1,500.00			Abercrombie, Kristy:Remo
3	Owner's Time	Owner's Time	1	-4,125	-4,125.00	<input type="checkbox"/>	<input type="checkbox"/>	Enter Text

## Classes

Another way to group your transactions is by using Classes. This allows you to classify transactions according to any need. You can use Classes to group by employees, locations, types of work, properties, referral sources, almost anything.

Run any of your reports divided by Classes to see that data broken down into each of these divisions.

Turn on Class tracking in the Company Settings. Choose to have the Class assigned for each line item, or for an entire transaction at once.

Before the Projects Center existed, Classes was one of the most popular methods for Job Costing. By using each of your Jobs as a Class, you could assign the Job to every Income and Expense transaction. The disadvantage is that this list frequently becomes unwieldy over time.

Invoice
BALANCE DUE

Freeman Sporting Goods:55 Twin

Sporting\_goods@intuit.com

\$250.00

1 linked transaction

**Billing address**

Amelia  
Freeman Sporting Goods  
370 Easy St.  
Middlefield, CA 94482

**Terms**

Net 30

**Invoice date**

04/28/2014

**Due date**

05/28/2014

**Crew #**

PRODUCT/SERVICE	DESCRIPTION	QTY	RATE	AMOUNT	TAX	CLASS
Installation	Installation of landscape design	3	50	150.00		Team 1
Lighting	Garden Lighting	2	50	100.00		Team 2

Subtotal

\$250.00

Taxable subtotal

\$0.00

**Message displayed on invoice**

Thank you for your business and have a great day!

Select a sales tax rate 0.00

Discount percent \$0.00

Total

\$250.00

Balance due

\$250.00

## Budgets

FY\_2013

Name \*  
Amy's Bird Sanctuary

ACCOUNTS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Tools & Machinery (under \$500)													
Training and Conferences													
Travel													
Construction Income	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	120000.00
Uncategorized Expense													
Utilities													
Electricity	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	60.00	720.00
Garbage	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	420.00
Internet	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	936.00
Other Utilities													
Telephone	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	936.00
Water													
Total Utilities	251.00	251.00	251.00	251.00	251.00	251.00	251.00	251.00	251.00	251.00	251.00	251.00	3,012.00
Total Expenses	1,451.00	1,401.00	1,401.00	1,401.00	1,401.00	1,401.00	1,401.00	1,401.00	1,401.00	1,401.00	1,401.00	1,401.00	16,862.00
OTHER EXPENSE													
Other Expenses													

Another way of tracking your spending is by using Budgets. Create a budget at the beginning of each Customer project. You can even break it down into monthly or quarterly increments.

As you progress through each job, run Budget vs Actual reports to see how you're doing on a line-item basis.

# Additional Reports

## Income by Customer Summary Report

This report gives you an overall profitability report on each job.

Wyldestyle Construction			
INCOME BY CUSTOMER SUMMARY			
January 1 - October 29, 2018			
	INCOME	EXPENSES	NET INCOME
Air BnB	2,925.00		\$2,925.00
Alison Ball		-45.12	\$ -45.12
▼ Brickowski, Emmet	549.15	52.00	\$601.15
▼ Cottage - New Construction			\$0.00
Emmett Brickowski Cottage	11,389.72	-4,036.52	\$7,353.20
<b>Total Cottage - New Construc...</b>	<b>11,389.72</b>	<b>-4,036.52</b>	<b>\$7,353.20</b>
<b>Total Brickowski, Emmet</b>	<b>11,938.87</b>	<b>-3,984.52</b>	<b>\$7,954.35</b>
▼ Campbell, Heather			\$0.00
House-New Construction		-1,250.00	\$ -1,250.00
<b>Total Campbell, Heather</b>		<b>-1,250.00</b>	<b>\$ -1,250.00</b>
Carol Oliver	4,400.00	-250.00	\$4,150.00
▼ Cruz, Albert			\$0.00
Kitchen Remodel	180,000.00	-129,915.40	\$50,084.60
<b>Total Cruz, Albert</b>	<b>180,000.00</b>	<b>-129,915.40</b>	<b>\$50,084.60</b>
▼ Molotsi, Hugh	0.00		\$0.00
Second Story Addition	7,670.00	0.00	\$7,670.00
<b>Total Molotsi, Hugh</b>	<b>7,670.00</b>	<b>0.00</b>	<b>\$7,670.00</b>
▼ Quality-Built Construction			\$0.00
Building 1		-27,777.93	\$ -27,777.93
Building 2	2,600.00	-3,602.67	\$ -1,002.67
Building 3	5,765.00	-4,660.25	\$1,104.75
Building 4		-4,291.53	\$ -4,291.53
<b>Total Quality-Built Construction</b>	<b>8,365.00</b>	<b>-40,332.38</b>	<b>\$ -31,967.38</b>

## Project Costing - P&L Report

View how much profit you made from one Project.

Go to Projects, and click on one of your jobs. Click on the Job Profitability Report.

Wyldstyle Construction	
<b>PROJECT PROFITABILITY FOR COTTAGE - NEW CONSTRUCTION'S EMMETT BRICKOWSKI COTTAGE</b>	
All Dates	
	<b>TOTAL</b>
▼ Income	
Construction Income	63,529.00
<b>Total Income</b>	<b>\$63,529.00</b>
▼ Cost of Goods Sold	
▼ Job Labor Costs	
Direct Payroll Taxes	111.56
Job Labor (Gross Wages)	1,700.00
<b>Total Job Labor Costs</b>	<b>1,811.56</b>
Job Related Costs	10,684.04
<b>Total Cost of Goods Sold</b>	<b>\$12,495.60</b>
<b>GROSS PROFIT</b>	<b>\$51,033.40</b>
▼ Expenses	
▼ Car/Truck Expense	
Gas & Oil	23.50
<b>Total Car/Truck Expense</b>	<b>23.50</b>
Meals and Entertainment	13.95
▼ Payroll Expenses (office)	
Officer's Labor	500.00
<b>Total Payroll Expenses (office)</b>	<b>500.00</b>
<b>Total Expenses</b>	<b>\$537.45</b>
<b>NET OPERATING INCOME</b>	<b>\$50,495.95</b>
<b>NET INCOME</b>	<b>\$50,495.95</b>