Illinois Small Business Development Center

Turner Center for Entrepreneurship

QuickBooks: The Basics
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Grant Seshul
grantseshul@apexusfinancial.com
309.472.6683

IMEC (Illinois Manufacturing Excellence Center)

- Improvement specialists and technicians
- Providing tools and resources to improve global competitiveness
- Focused on helping you plan for success, grow your business, improve operations, focus on people, and make decisions with data
- Assists over 1600 companies each year
- 19:1 Return on Investment
- The official representative of the MEP national network in Illinois

IMEC
Plan. Implement. Excel.

Common Problems

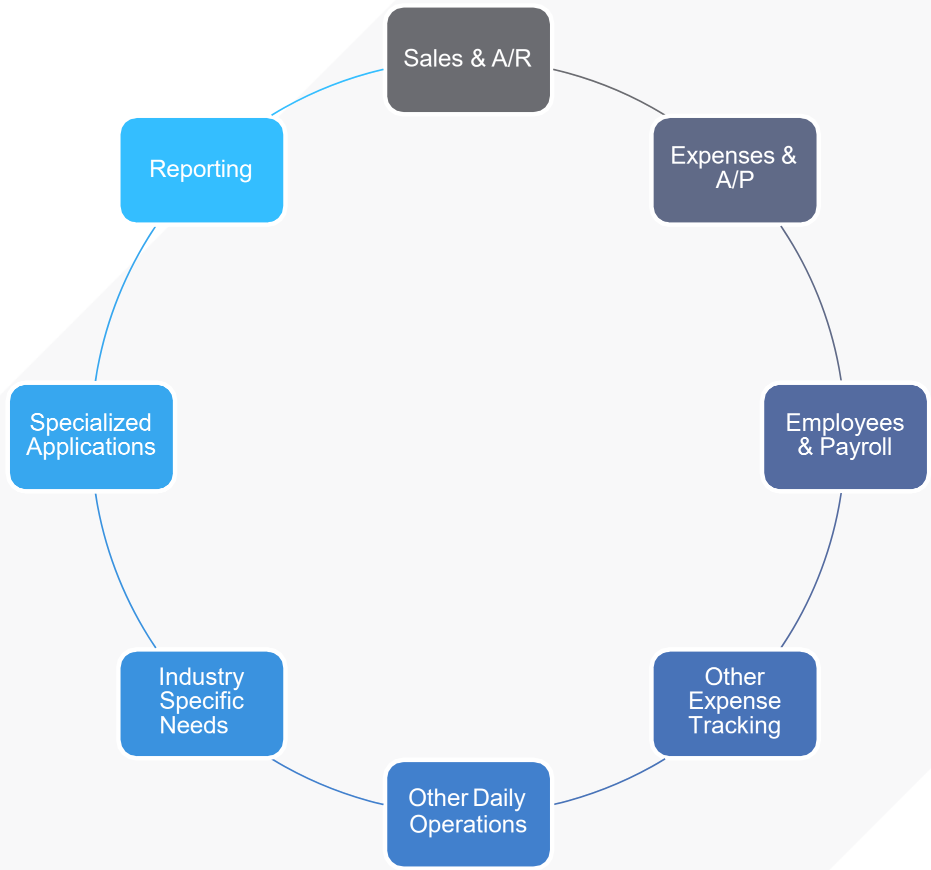
- Lack of general accounting background
- Not understanding common terminology
- Incorrect structural set up of general ledger (agnostic of software)
- Incorrect use of process flows leading to a costly clean up efforts
- Inability to use the existing accounting data to make decisions
- Inability to leverage processes to make back office more efficient

Agenda Topics

- Considerations for setting up Quickbooks
- Chart of accounts
- Products and services
- Adding customers
- Adding vendors
- Sales tax set up
- Customization for your business

Needs Assessment

The 8 process areas need to be assessed for inclusion in your business set up



Assessing Industry Trends

Some workflows are common within specific industries

Professional services
- Time-tracking
- Job-costing

Contractor/ field services
- Time-tracking
- Job-costing
- Mobility

Retail and e-commerce
- Third-party Integration
- Inventory-tracking

B2B wholesale business
- Inventory
- Logistics
- Shipping

Not for profit
- Donor tracking
- Fund accounting
- Long lists

Checklist: QuickBooks Features and Solutions

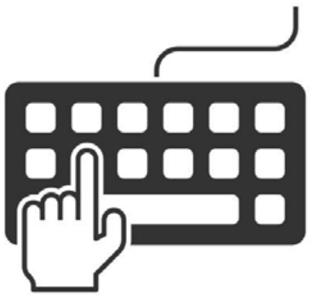
Feature	Self-Employed	Simple Start	Essentials	Online Plus	Online Advanced
Number of users	1	1	Up to 3	Up to 5	Up to 25
Estimated taxes (Schedule C)	x				
Simple invoices	x	x	x	x	x
Separate personal and business expenses	x				
Mileage tracking	x	x	x	x	x
Custom invoices		x	x	x	x
Sales receipts		x	x	x	x
Product & service items		x	x	x	x
Estimates		x	x	x	x
Sales tax		x	x	x	x
Statements		x	x	x	x
Convert from QuickBooks Desktop		x	x	x	x
Import lists from Excel		x	x	x	x
Integrate apps		x	x	x	x

Checklist to Prepare for Quickbooks Profile

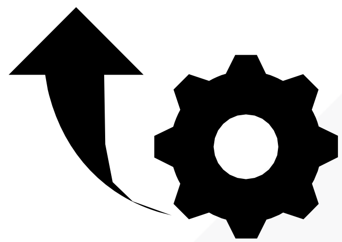
Tax profile	Profile information
Marital status:	
Are they the head of the household?	
Number of dependants:	
Personal exemption:	
Annual W2 income:	
Federal withholding:	
Spouse annual W2 income:	
Spouse federal withholding:	
Standard or itemized deduction amount	
Home office sq. ft.	
Healthcare profile	
What's their healthcare insurance situation?	
Do they contribute to a Health Savings Account (HSA)?	
Does an employer contribute to their HSA? If so, how much?	
Do they have a high-deductible health plan (HDHP)?	
Who is covered by this HDHP?	
What's their date of birth?	
Will they be enrolled in Medicare at any time this year?	
Vehicle profile	
Vehicle make and model:	
Vehicle year:	
Ownership status:	
Purchase date:	
Purchase cost:	
Date vehicle placed in service:	

Methods to migrate data to QuickBooks Online

There are 3 ways to get data from other systems into QuickBooks Online



Manually enter transactions into QuickBooks registers

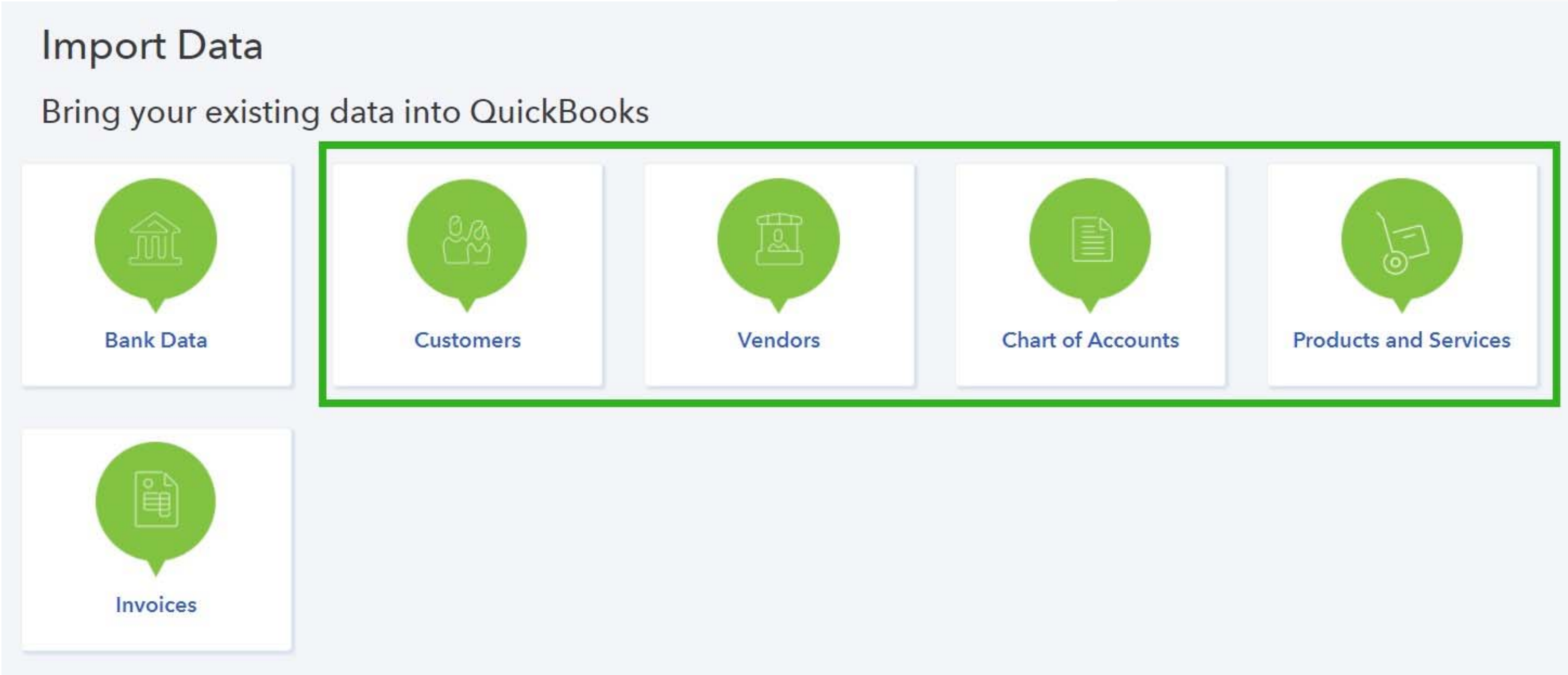


Import lists using the Import Utility in QuickBooks

Convert from QuickBooks Desktop

Importing Lists

You can import lists directly into QuickBooks Online



QuickBooks Online Conversion Tool

Export your QuickBooks Desktop data to QuickBooks Online within QuickBooks Desktop

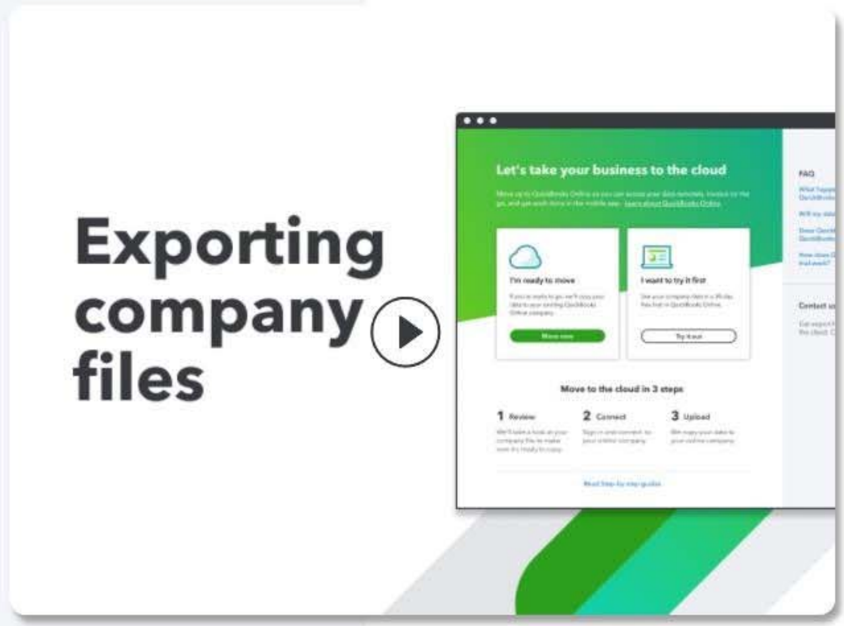
Bring in your QuickBooks Desktop data

Try a new and improved way to move your data online.

1 Update your desktop first
Make sure QuickBooks Desktop is up-to-date before you start moving.

2 Move your data online
After you start the move, sign in to QuickBooks Online and pick a company that you want to move to.

3 Finish setup in QuickBooks Online
After upload, come back to QuickBooks Online to finish the rest of the setup tasks.



See how it works (3:09s)

Selecting the Right Subscription

Self-Employed

- Schedule C: Cash Basis
- 1099 income & W2
- Separate Business/ Personal accounts
- 1 user & 1 accountant

QuickBooks Self-Employed is best suited to service providers with no accounts receivable, accounts payable or payroll. If your client just needs a cash accountability tool then Self-Employed is ideal for them.

QuickBooks Self-Employed is designed to assist independant contractors or freelancers to file their form 1040, schedule C.

Simple Start

- Sole proprietor or single-owner corporations
- Full general ledger & accounts receivable
- Multiple sources of income
- 1 user & 2 accountants

Simple Start is great for new businesses just starting out and those with a service-based business requiring accounts receivable, payroll, sales taxes and financial reporting.

Essentials

- Growing business
- Manage accounts payable & accounts receivable
- Recurring transactions
- Time-tracking
- Multicurrency
- 3 users & 2 accountants

Essentials in great for service-based businesses that invoice for their time and those with a service-based business requiring accounts receivable, accounts payable, payroll, sales taxes and financial reporting.

Plus

- Budgets & advanced reports
- Track multiple revenue streams and/or departments or locations (classes and location)
- Track inventory
- Track project profitability
- 5 users & 2 accountants

QuickBooks Online Plus is ideal for product-based businesses with inventory that want to track and/or requiring advanced reporting and profitability tracking

Advanced

- Smart reporting (Fathom)
- Unlimited accounts, classes, locations, and tag groups
- Advanced import and batch entry
- User permissions
- Dedicated account team & on-demand training
- 25 users & 2 accountants & 24x7 Premium technical support

QuickBooks Online Advanced is great for growing businesses that need more productivity and insights. The subscription includes advanced functionality, unlimited lists and 24x7 Premium technical support.

Usage Limits in QuickBooks Online

QuickBooks Online Plan Limits				
	Simple Start	**Essentials**	**Plus**	**Advanced**
Classes and locations (combined)	0	0	40	No limit
Chart of Accounts	250			No limit
Tags (ungrouped)	Unlimited			
Tag Groups	40 (each group can include up to 300 tags)			No limit
Billable users	1	3	5	25
Accountant users	2			3
Reports-only users	0		No limit	
Time tracking-only users	0	No limit		

Why you might need a customized Chart of Accounts

Companies have various needs based on:

INDUSTRY
- Product-based companies
- Professional services
- Real estate
- Construction

COMPANY STRUCTURE
- Sole owner
- Partnership
- Corporation
- Not for profit

WORKFLOWS
- Point of Sale
- Sales on account (account receivable)
- Payroll
- Sales tax
- Loans
- Job costing

GOALS:

- Data is accurate, complete, and meaningful
- Reports can be generated to provide insight into business performance

Compare Chart of Accounts

Master Electrician

Contractor who needs to track

- Supplies and materials purchased directly for customer jobs
- Supplies and materials purchased for general business use
- Gross profit is important!

Reports he's most interested in are:

- Profit and Loss by Customer
- Uninvoiced Charges
- Balance Sheet
- Accounts Receivable Aging report

ACCOUNT	TYPE	DETAIL TYPE
Cost of Goods Sold	Cost of Goods Sold	Supplies & Materials - COGS
Equipment Rental for Jobs	Cost of Goods Sold	Equipment Rental - COS
Job Materials Purchased	Cost of Goods Sold	Supplies & Materials - COGS
Other Job Related Costs	Cost of Goods Sold	Other Costs of Services - COS
Subcontractors Expense	Cost of Goods Sold	Cost of labor - COS
Tools and Small Equipment - ...	Expenses	Supplies & Materials
Auto and Truck Expenses	Expenses	Auto
Bank Service Charges	Expenses	Bank Charges
Business Licenses and Permits	Expenses	Other Business Expenses
Computer and Internet Expe...	Expenses	Office/General Administrative Expe...
Depreciation Expense	Expenses	Other Business Expenses
Insurance Expense	Expenses	Insurance
Interest Expense	Expenses	Interest Paid
Meals and Entertainment	Expenses	Entertainment Meals
Office Expenses	Expenses	Office/General Administrative Expe...
Payroll Expenses	Expenses	Payroll Expenses
Purchases	Expenses	Supplies & Materials
Professional Fees	Expenses	Legal & Professional Fees
Rent Expense	Expenses	Rent or Lease of Buildings
Repairs and Maintenance	Expenses	Repair & Maintenance
Supplies & Materials - Overh...	Expenses	Supplies & Materials
Telephone Expense	Expenses	Utilities
Utilities	Expenses	Utilities
Uncategorized Expense	Expenses	Other Miscellaneous Service Cost
Unapplied Cash Bill Payment ...	Expenses	Unapplied Cash Bill Payment Expen...
Ask My Accountant	Other Expense	Other Miscellaneous Expense

Ways to customize the Chart of Accounts

As well as adding accounts, edits to a default COA can include:

- Editing the names of default accounts
- Adding account numbers
- Merging duplicate accounts
- Making unused or redundant accounts inactive (you can't delete an account)

Merging accounts and making accounts inactive

A cluttered Chart of Accounts confuses data and makes reports less effective.

Make an account inactive when it:

- Is not relevant to the business
- Has been closed and the balance is zero
- Is no longer needed

Merge an account when:

- Two accounts serve the same categorical purpose
- There are duplicates (example: misspelling)

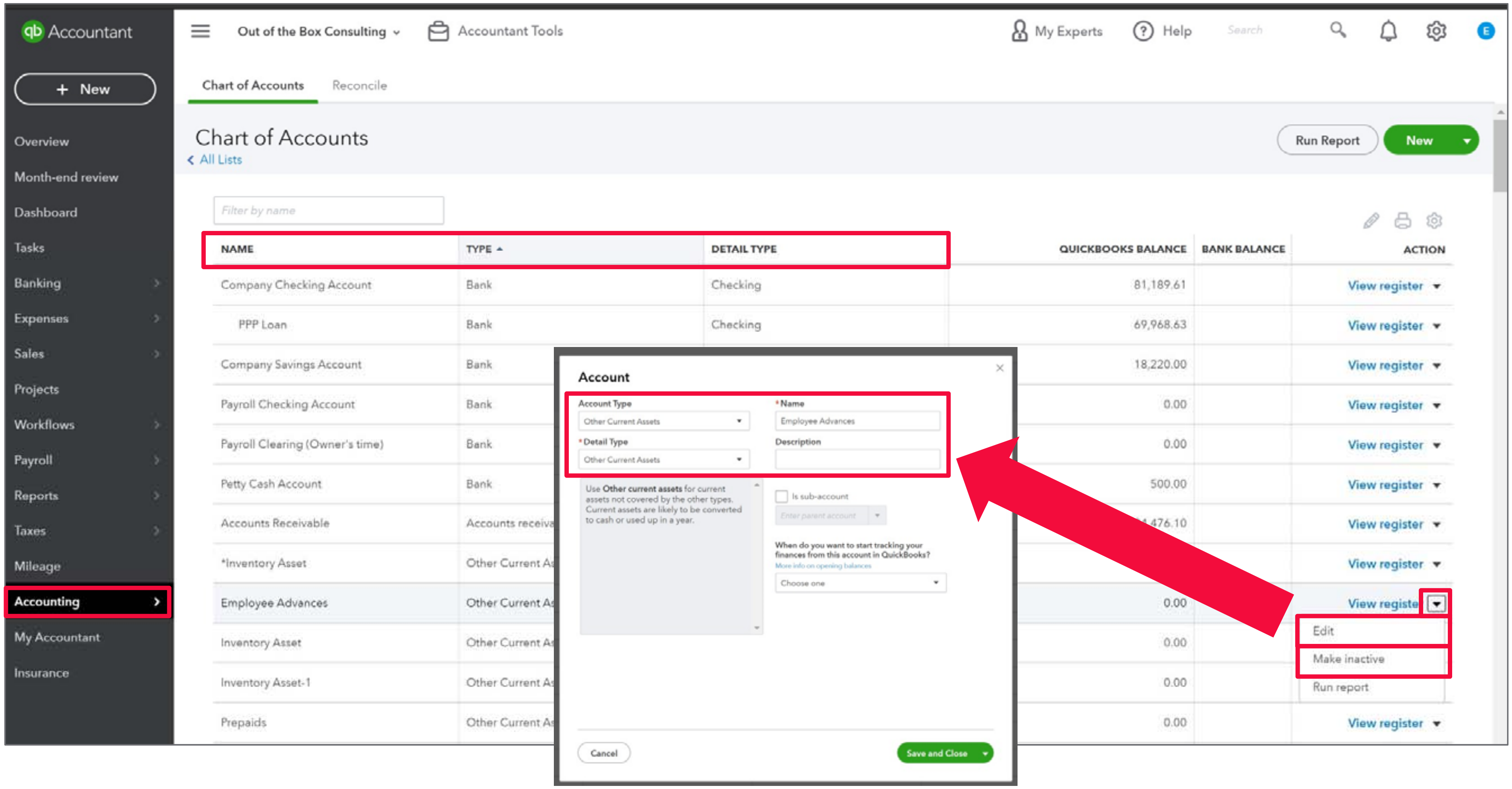
IMPORTANT: Merging accounts is not reversible. It is permanent and cannot be undone.

Account editing limitations

Account Name	Can make inactive?	Can change name?	Can merge?
Accounts receivable	✗	✓	✗
Undeposited Funds	✗	✓	✗
Opening Balance Equity	✗	✓	✗
Retained Earnings	✗	✓	✗
Inventory* / Cost of Goods Sold*	✓	✓	✗
Reconciliation Discrepancies	✗	✗	✗
Unapplied Cash Payment Income / Expense	✗	✗	✗
Sales Tax (agency name) payable	✗	✓	✗
Sales / Services	✗	✓	✗
Uncategorized Asset / Expense / Income	✗	✓	✗
Owner's Equity	✗	✓	✗

* If you try to edit or delete these accounts, any edits to Products/Services will recreate them

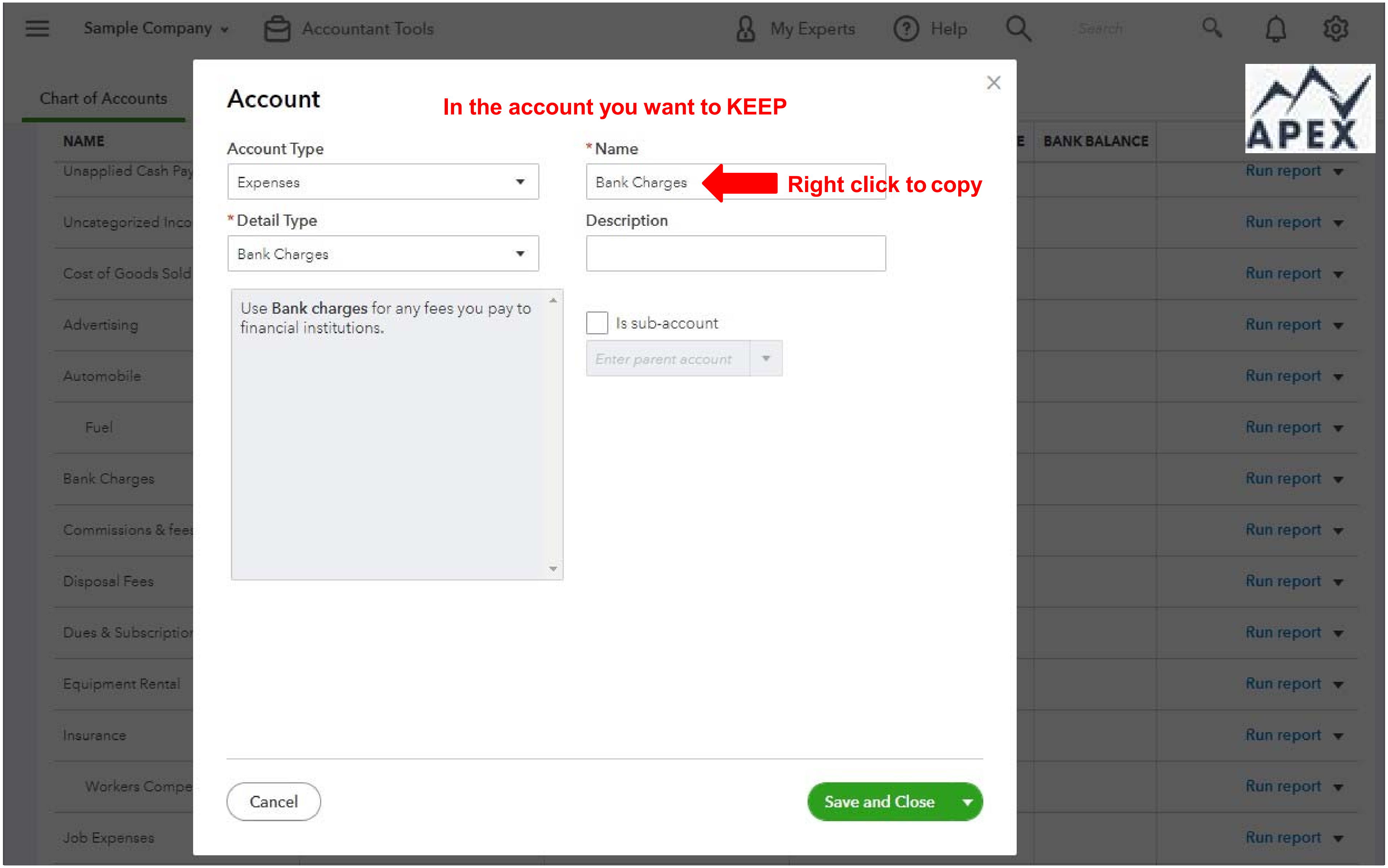
Chart of Accounts

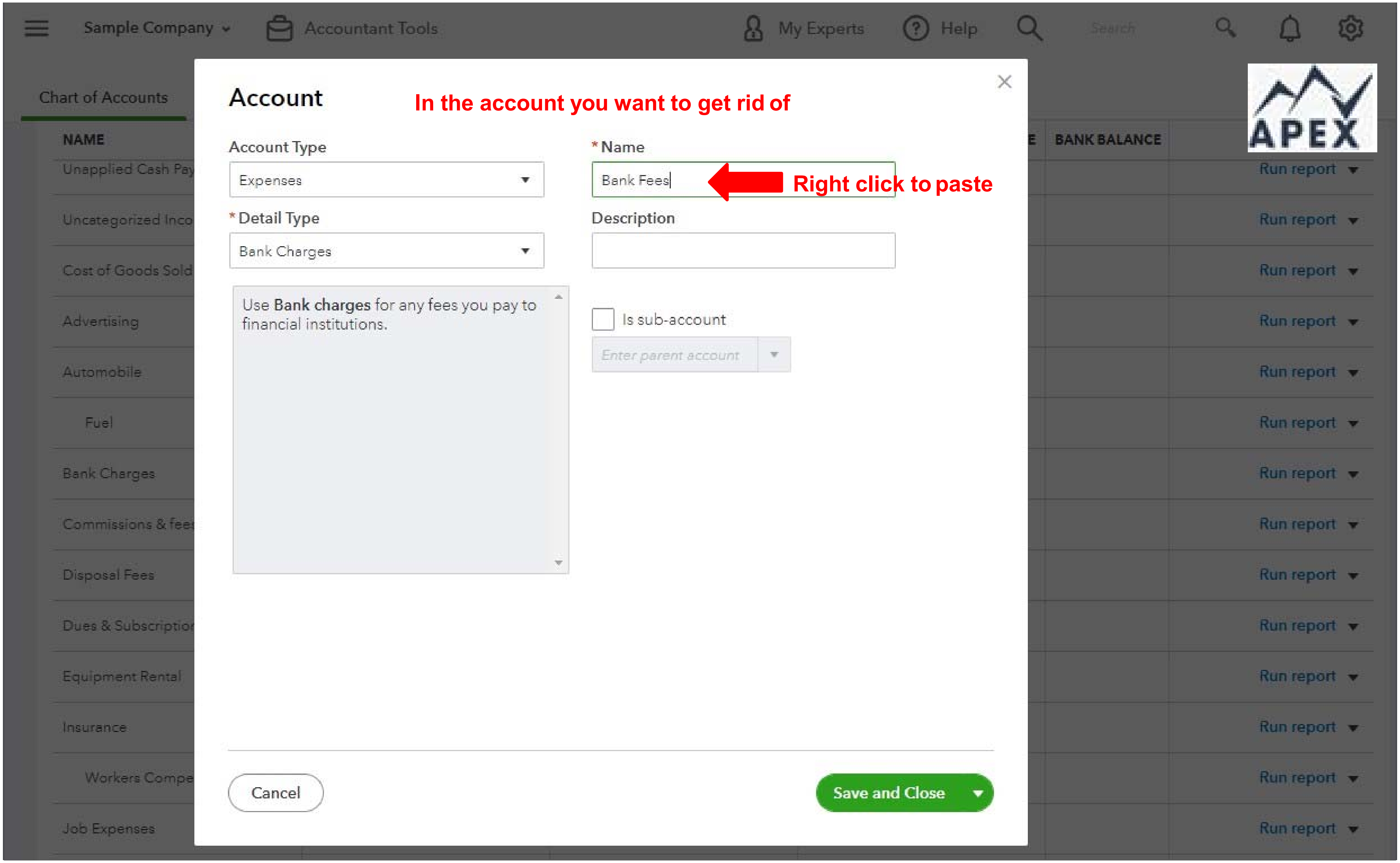


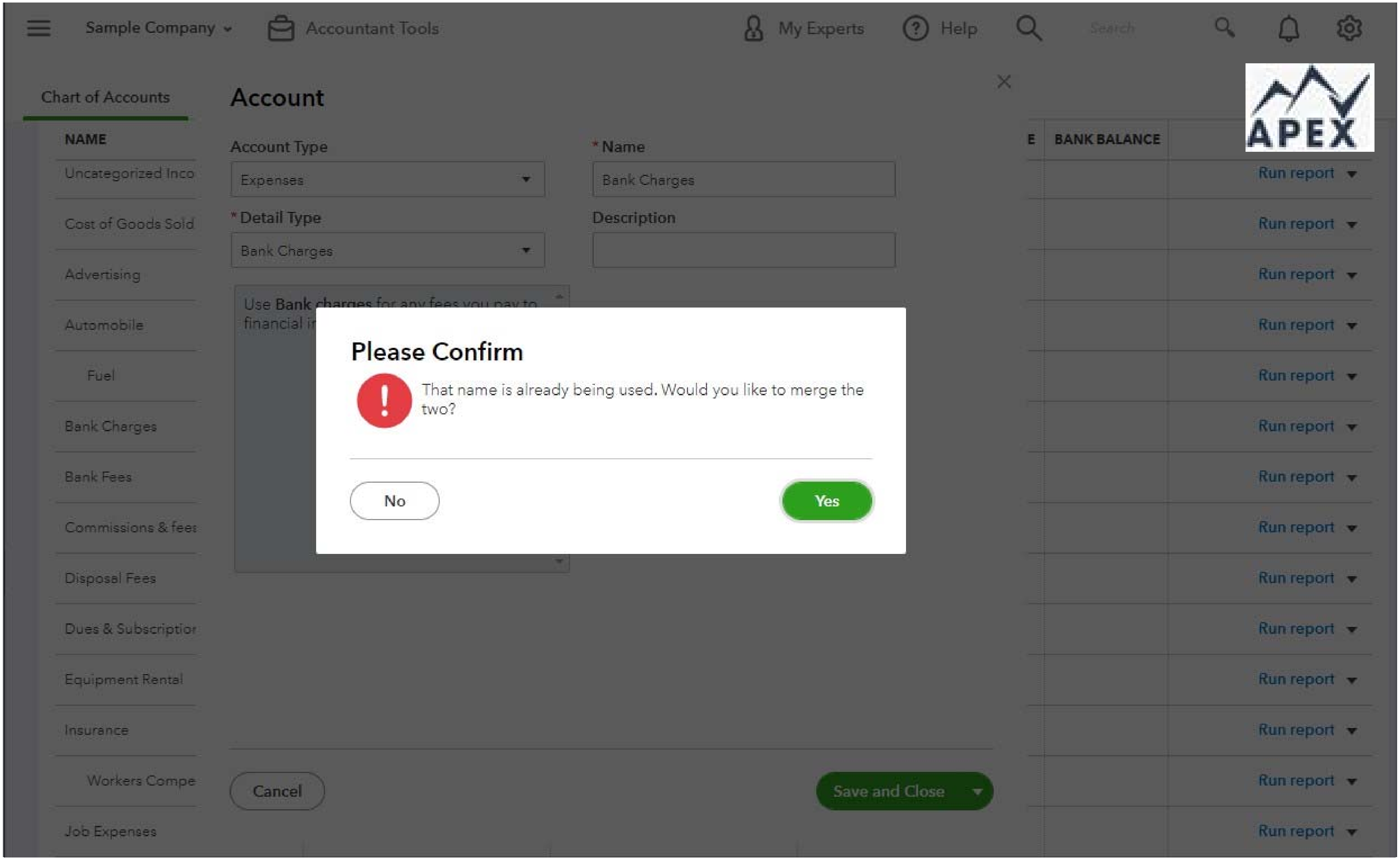
How to merge accounts

Chart of Accounts Reconcile

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE	BANK BALANCE	ACTION
Advertising	Expenses	Advertising/Promotional			Run report ▼
Automobile	Expenses	Auto			Run report ▼
Fuel	Expenses	Auto			Run report ▼
Bank Charges	Expenses	Bank Charges			Run report ▼
Bank Fees	Expenses	Bank Charges			Run report ▼
Commissions & fees	Expenses	Other Miscellaneous Service Cost			Run report ▼
Disposal Fees	Expenses	Other Miscellaneous Service Cost			Run report ▼


Sample Company
Accountant Tools
My Experts
Help
Search
Chart of Accounts
NAME
Unapplied Cash Pay
Uncategorized Inco
Cost of Goods Sold
Advertising
Automobile
Fuel
Bank Charges
Commissions & fee
Disposal Fees
Dues & Subscriptio
Equipment Rental
Insurance
Workers Compe
Job Expenses
BANK BALANCE
Run report
APEX
Account
In the account you want to KEEP
Account Type
Expenses
* Name
Bank Charges
Right click to copy
* Detail Type
Bank Charges
Description
Use Bank charges for any fees you pay to financial institutions.
Is sub-account
Enter parent account
Cancel
Save and Close


Sample Company
Accountant Tools
My Experts
Help
Chart of Accounts
NAME
BANK BALANCE
APEX
Account
In the account you want to get rid of
Account Type
Expenses
* Detail Type
Bank Charges
Use Bank charges for any fees you pay to financial institutions.
* Name
Bank Fees
Right click to paste
Description
Is sub-account
Enter parent account
Cancel
Save and Close
Unapplied Cash Pay
Uncategorized Inco
Cost of Goods Sold
Advertising
Automobile
Fuel
Bank Charges
Commissions & fees
Disposal Fees
Dues & Subscriptio
Equipment Rental
Insurance
Workers Compe
Job Expenses
Run report



Sample Company
Accountant Tools
My Experts
Help
Search
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NAME
Uncategorized Inco
Cost of Goods Sold
Advertising
Automobile
Fuel
Bank Charges
Bank Fees
Commissions & fees
Disposal Fees
Dues & Subscriptior
Equipment Rental
Insurance
Workers Compe
Job Expenses
Account
Account Type
Expenses
* Name
Bank Charges
* Detail Type
Bank Charges
Description
Use Bank charges for any fees you pay to
financial i
Please Confirm
That name is already being used. Would you like to merge the two?
No
Yes
Cancel
Save and Close
BANK BALANCE
APEX
Run report

Chart of Accounts   Reconcile

Chart of Accounts

‹ All Lists

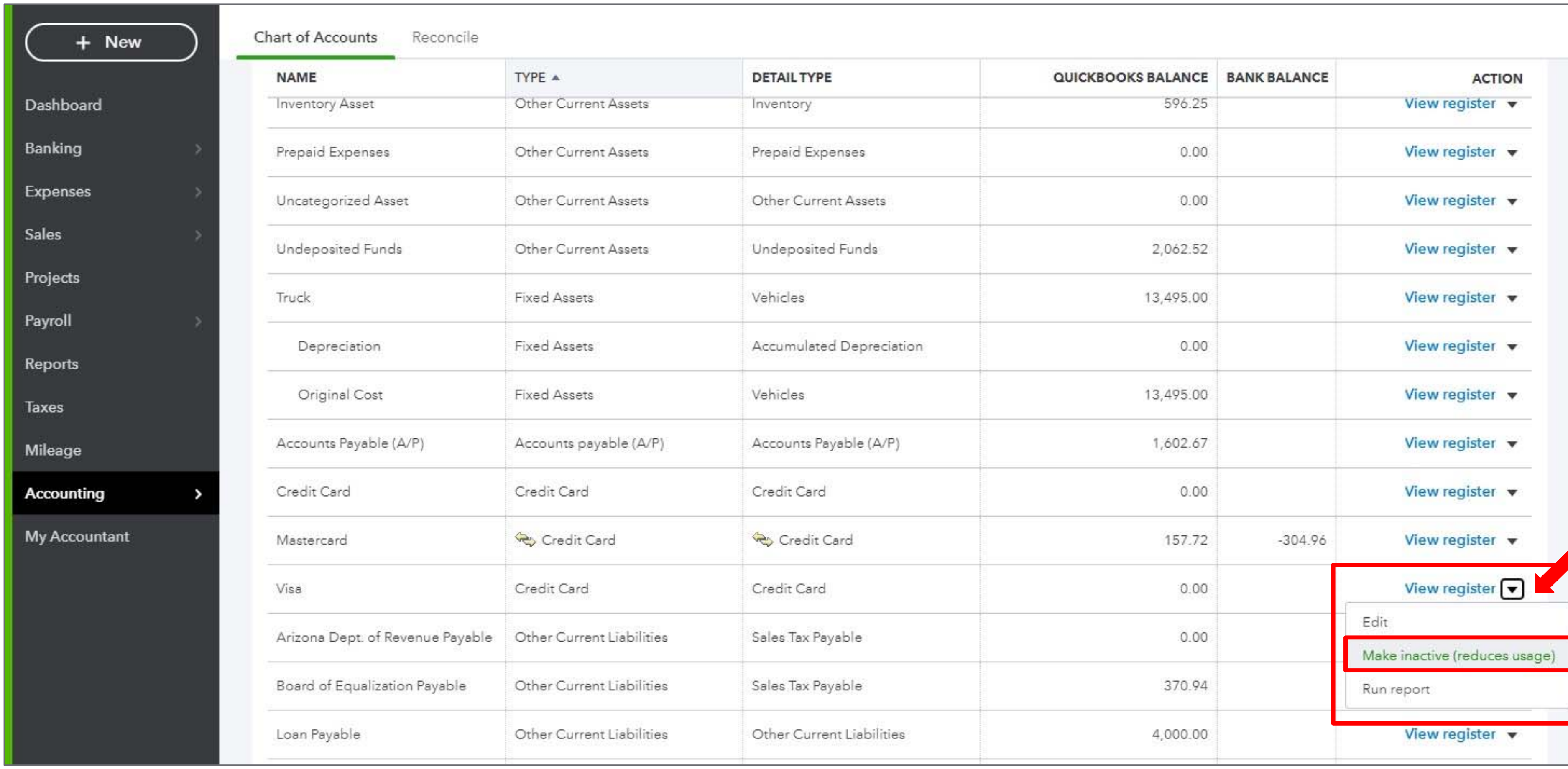
You're using 45 of 250 accounts included in your plan. Find out how to manage your usage or upgrade to Advanced

bank

All

NAME	TYPE	DETAIL TYPE	QUICKBOOKS BALANCE
Bank Charges	Expenses	Bank Charges	
Bank Fees (deleted)	Expenses	Bank Charges	

How to make an account inactive



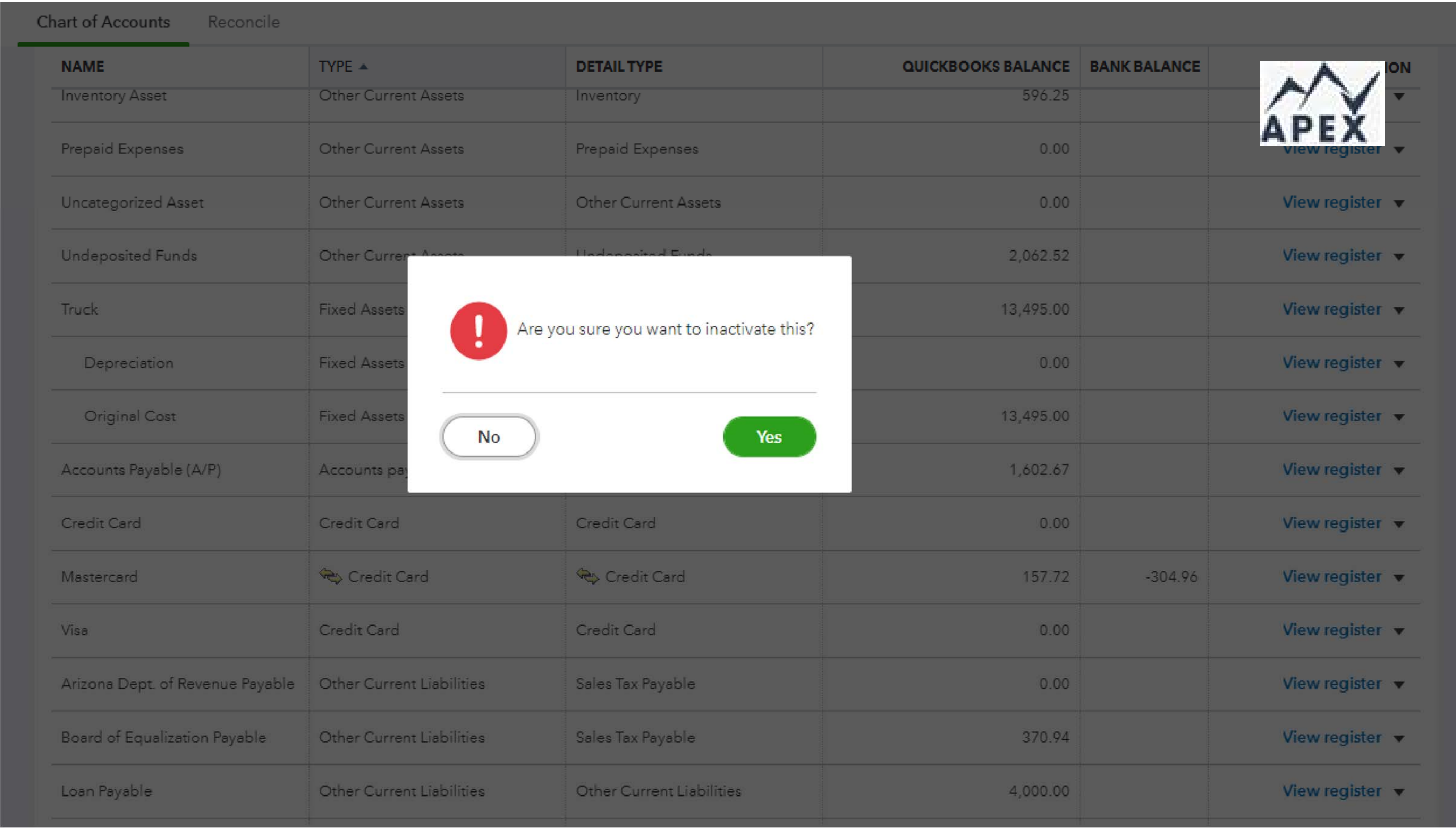
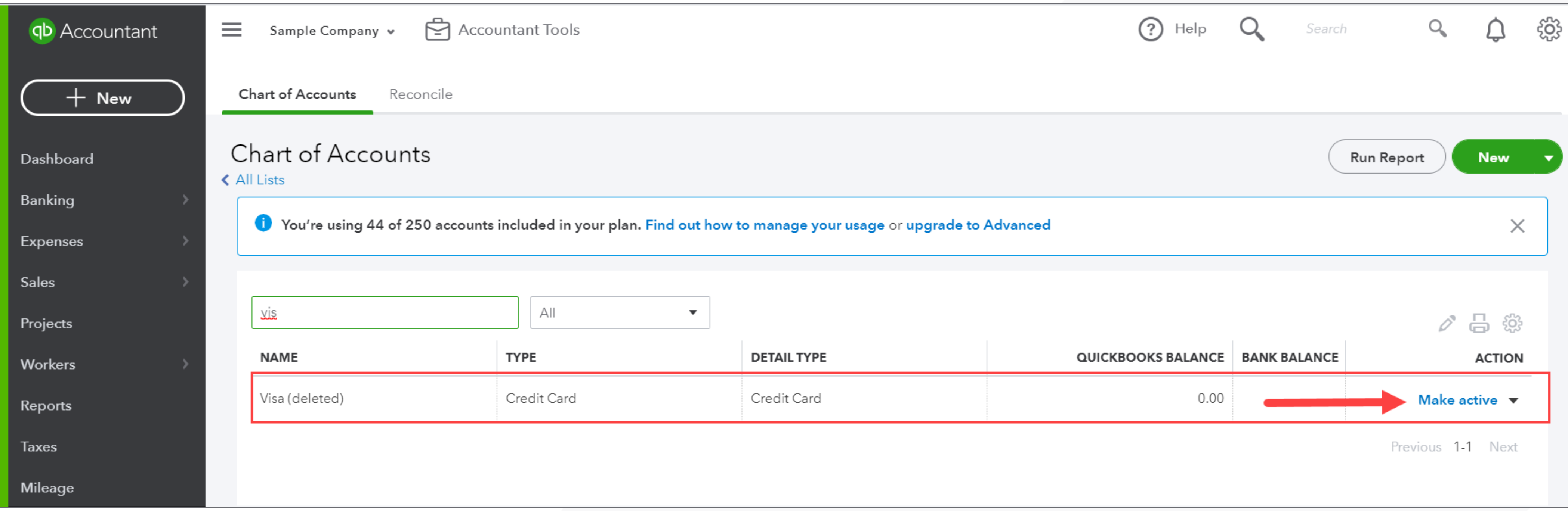
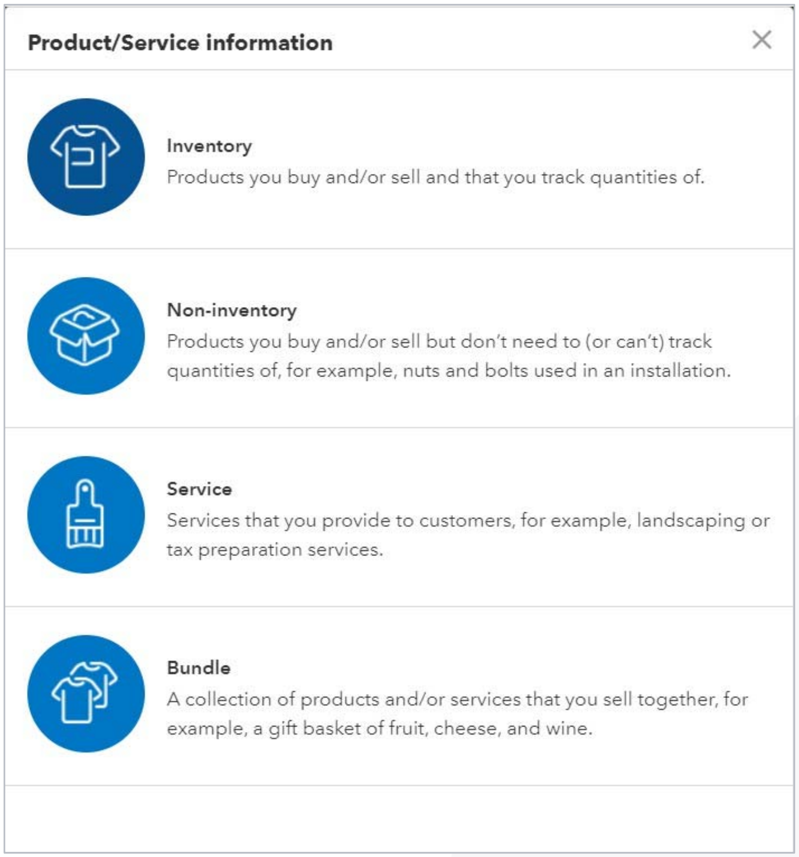


Chart of Accounts
Reconcile
NAME
TYPE
DETAIL TYPE
QUICKBOOKS BALANCE
BANK BALANCE
Inventory Asset
Other Current Assets
Inventory
596.25
Prepaid Expenses
Other Current Assets
Prepaid Expenses
0.00
Uncategorized Asset
Other Current Assets
Other Current Assets
0.00
View register
Undeposited Funds
2,062.52
View register
Truck
Fixed Assets
13,495.00
View register
Depreciation
Fixed Assets
0.00
View register
Original Cost
Fixed Assets
13,495.00
View register
Accounts Payable (A/P)
1,602.67
View register
Credit Card
Credit Card
Credit Card
0.00
View register
Mastercard
Credit Card
Credit Card
157.72
-304.96
View register
Visa
Credit Card
Credit Card
0.00
View register
Arizona Dept. of Revenue Payable
Other Current Liabilities
Sales Tax Payable
0.00
View register
Board of Equalization Payable
Other Current Liabilities
Sales Tax Payable
370.94
View register
Loan Payable
Other Current Liabilities
Other Current Liabilities
4,000.00
View register
Are you sure you want to inactivate this?
No
Yes

How to make an account active



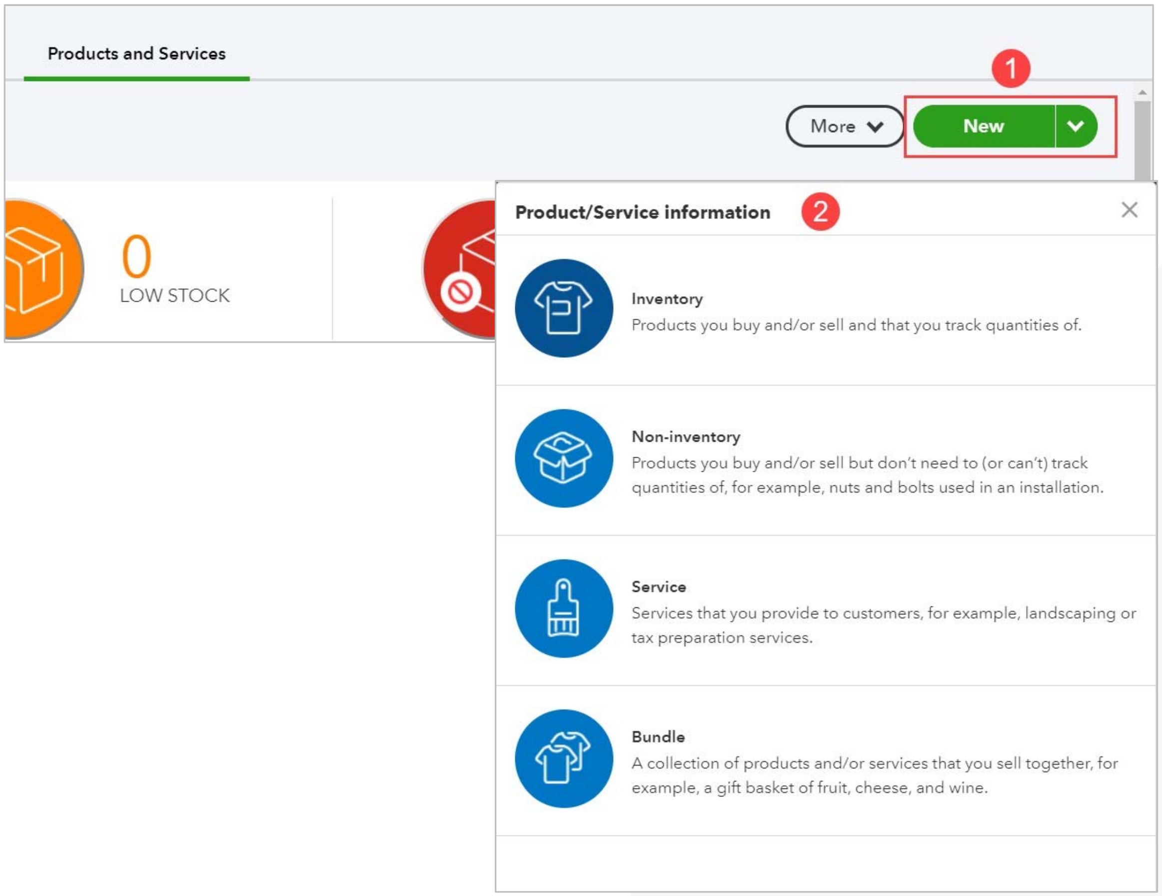
The four types of Products and Services

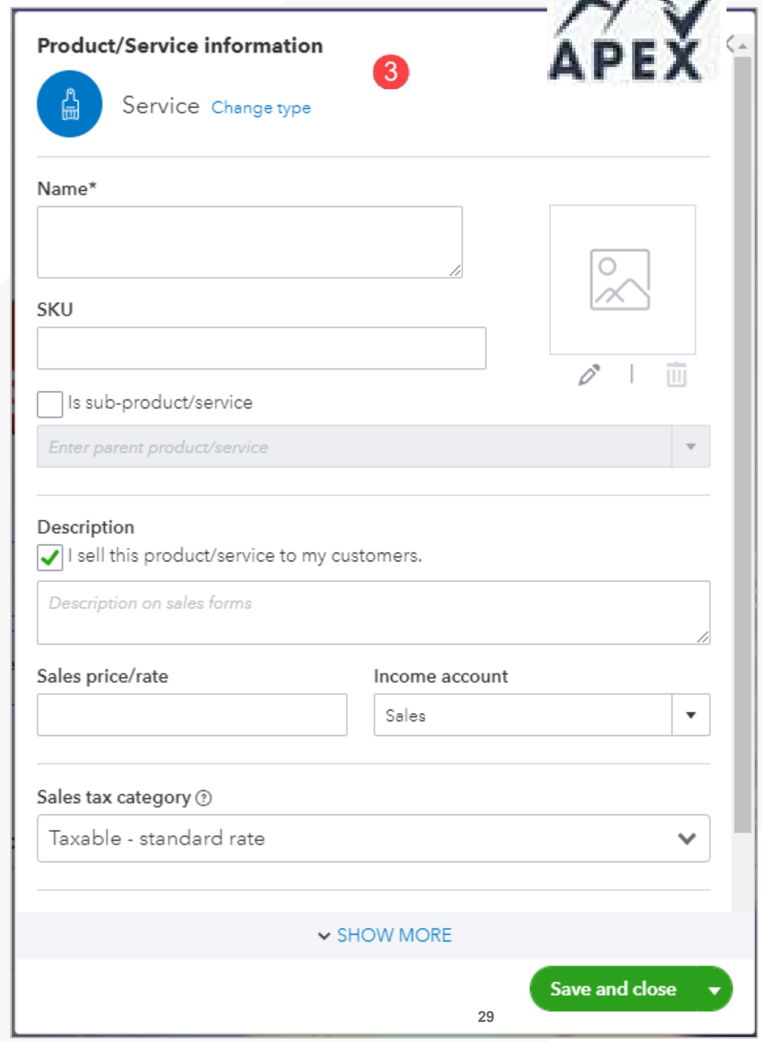


Inventory items are only available in QuickBooks Online Plus and Advanced

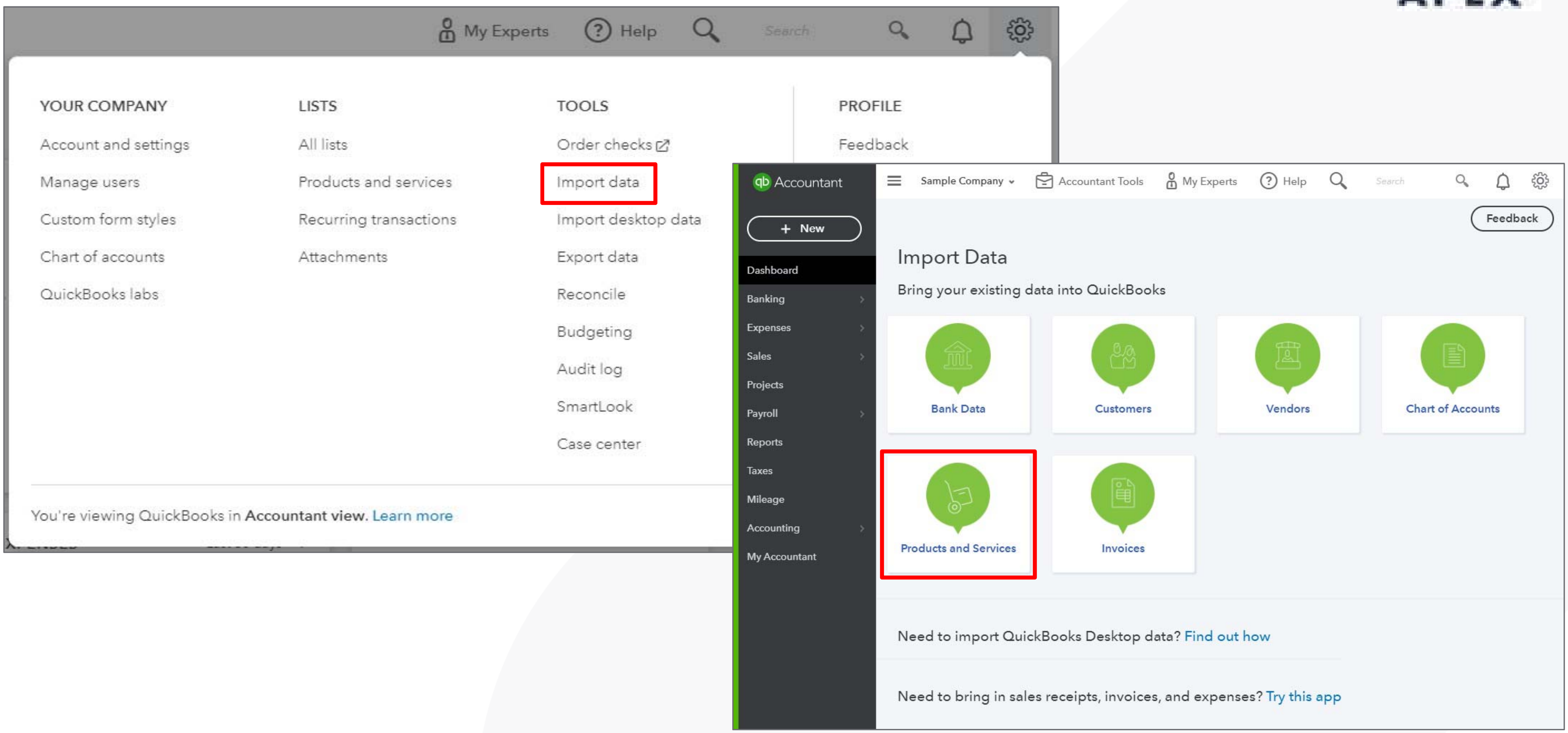
All other items are available in all subscription levels

Add a new Product and Service item





Import the Products and Serviceslist



Importing Products and Services

Import products and services

Help

1 UPLOAD — 2 MAP DATA — 3 IMPORT

Select a CSV or Excel file to upload

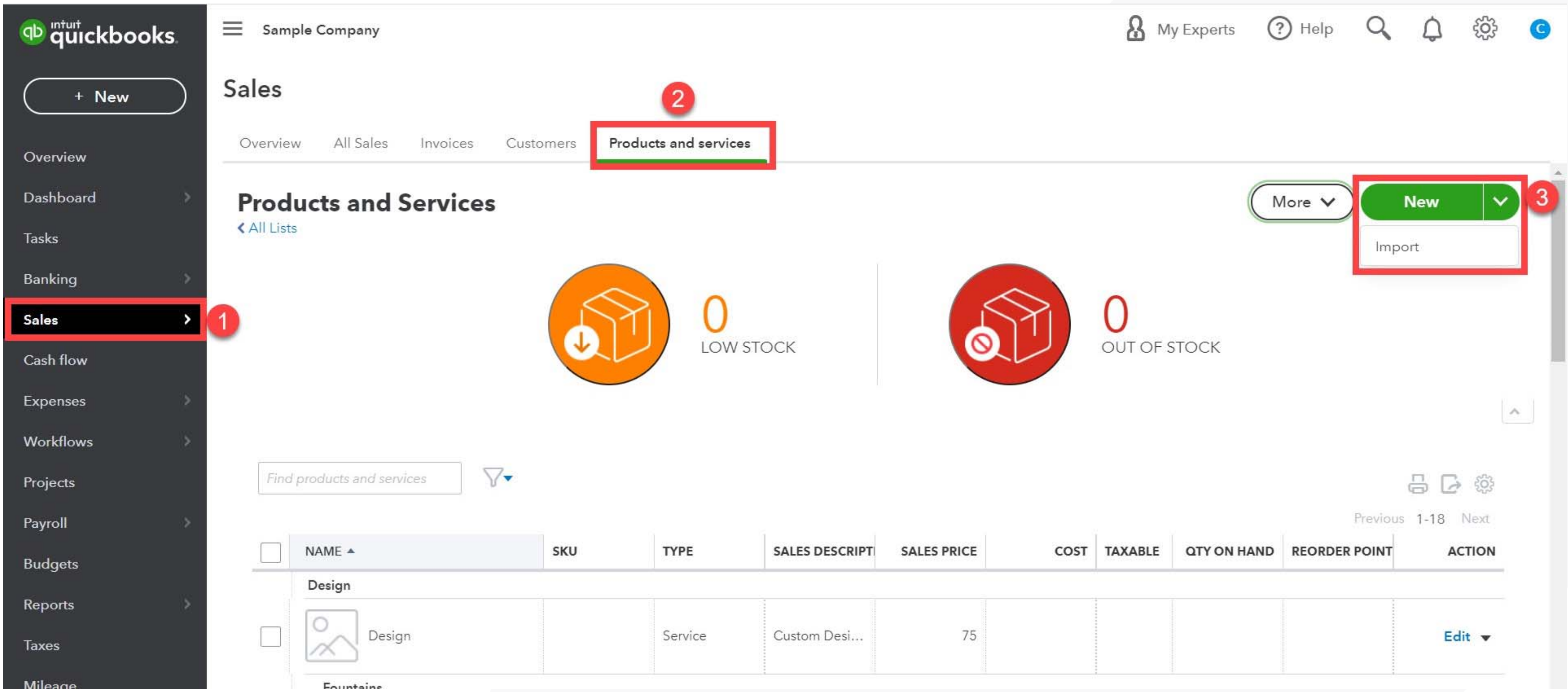
Upload an EXCEL or CSV file

Browse

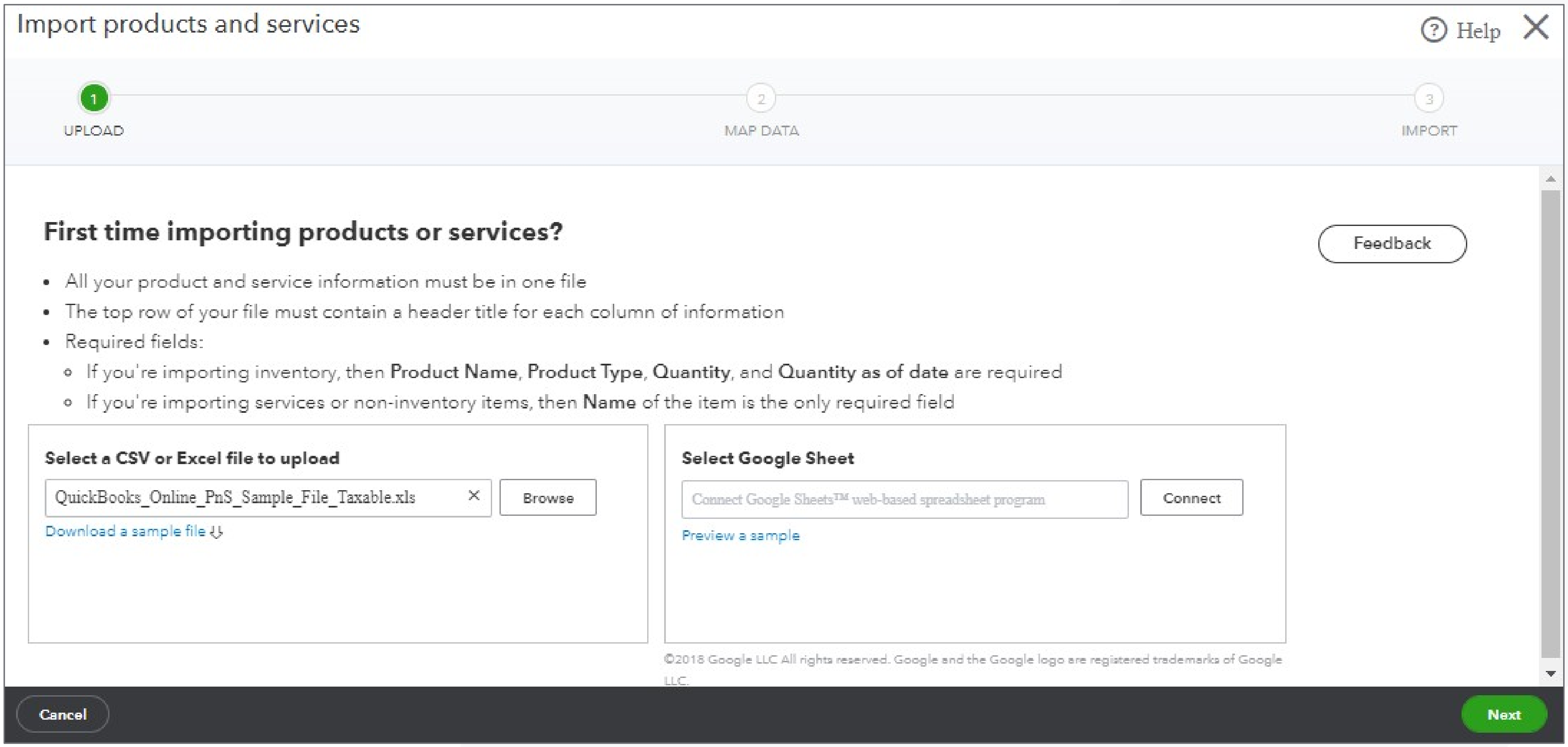
Download a sample file

	A	B	C	D	E	F	G	H
1	**Product/Service Name**	**Sales Description**	**Taxable**	**SKU**	**Type**	**Sales Price / Rate**	**Income Account**	
2	Design	Custom landscape design	No		Service	150.00		
3	Fountain	Garden rock fountain	Yes	341253	Noninventory	275.00		
4	Gardening	Weekly gardening service	No		Service	75.00		
5	Garden supplies:Rocks	Garden rocks - 20 lb. bag	Yes	142563	Noninventory	75.00		
6	Garden supplies:Soil	Garden soil - 5 lb. bag	Yes	145632	Noninventory	20.00		
7	Trimming	Tree and shrub trimming	No		Service	50.00		
8								
9	**Do not import this file as is. Update the sample data to reflect your products and services and remove this cell before importing.**							

Importing Products and Services



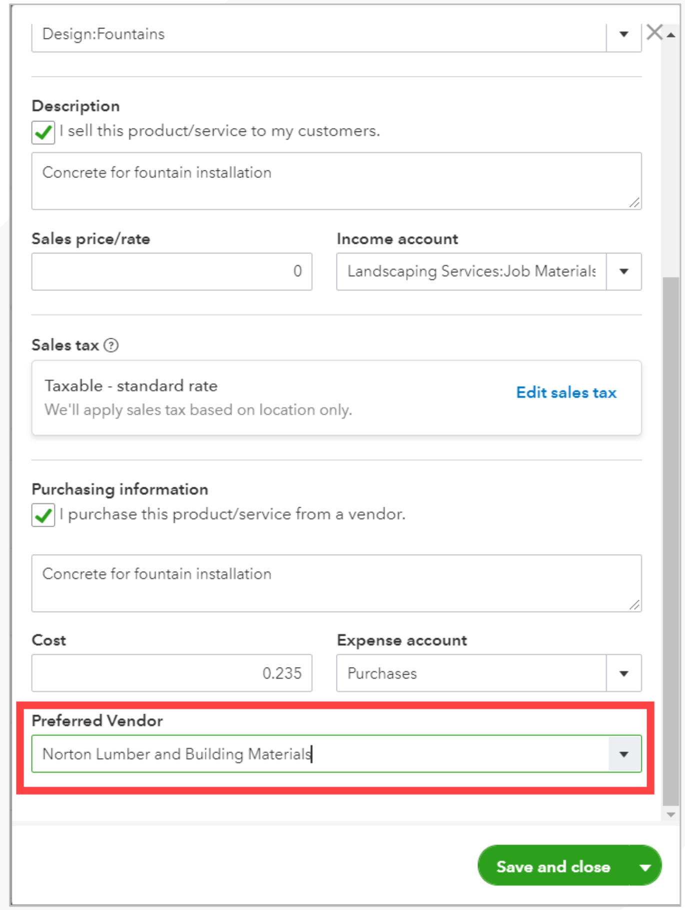
Import the Products and Services List



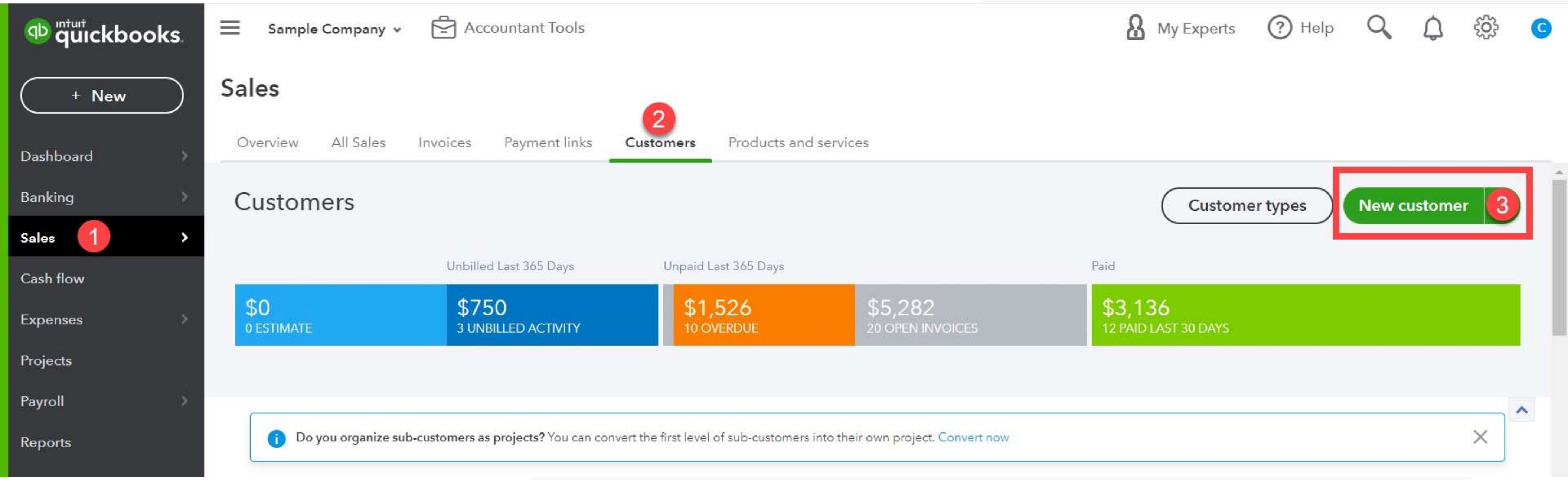
Add a Preferred Vendor to a Product or Service

Benefits of adding a preferred vendor:

- Easily identify which vendor to order from
- Populates the vendor name when creating a purchase order for a single item from the Products/ Services list
- Only one preferred vendor is allowed per item

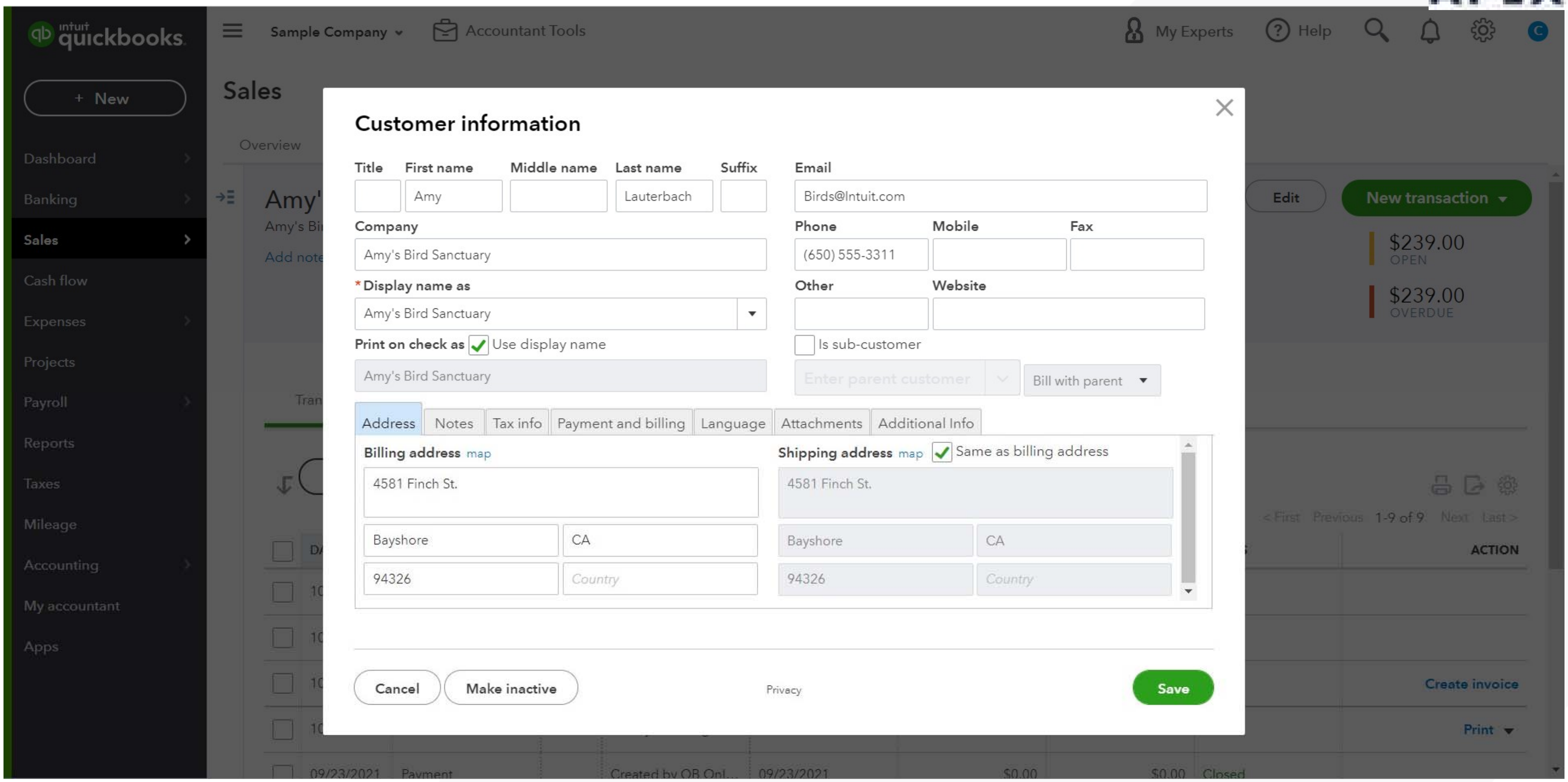


Add a new Customer



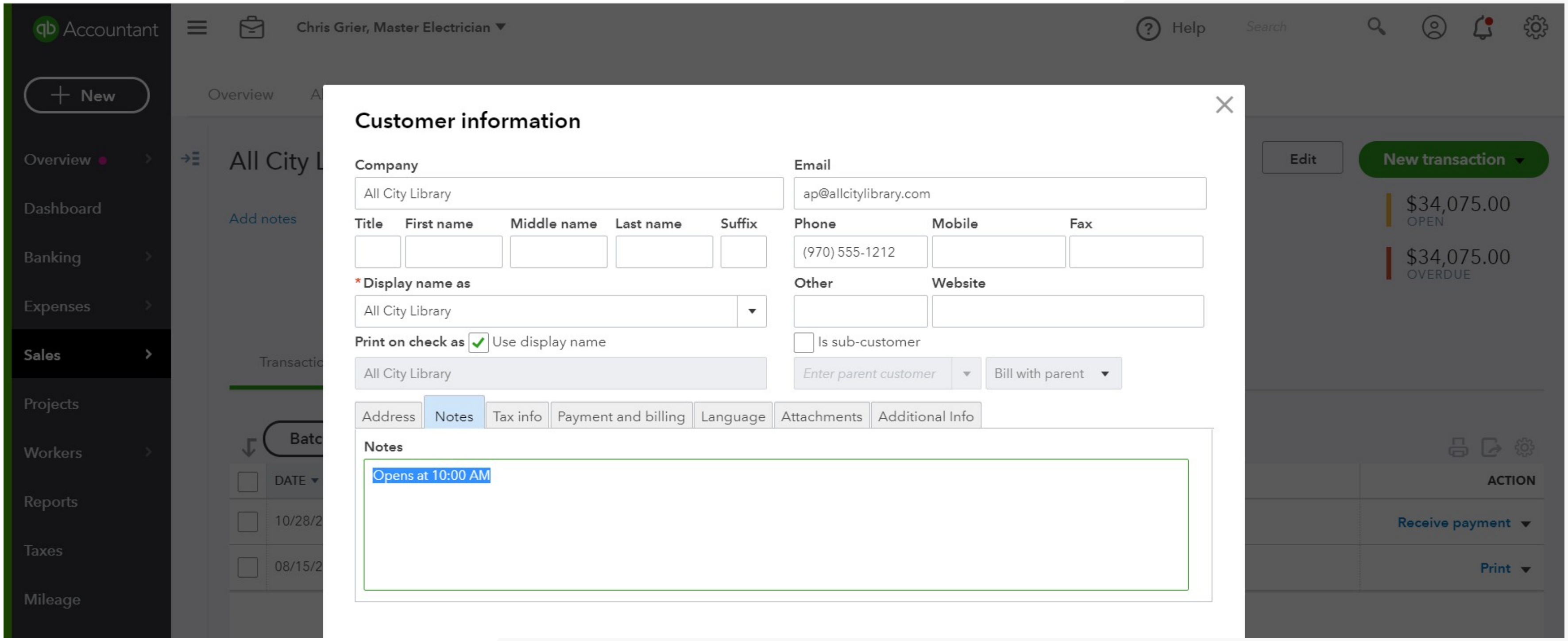
Add a new Customer

Address tab



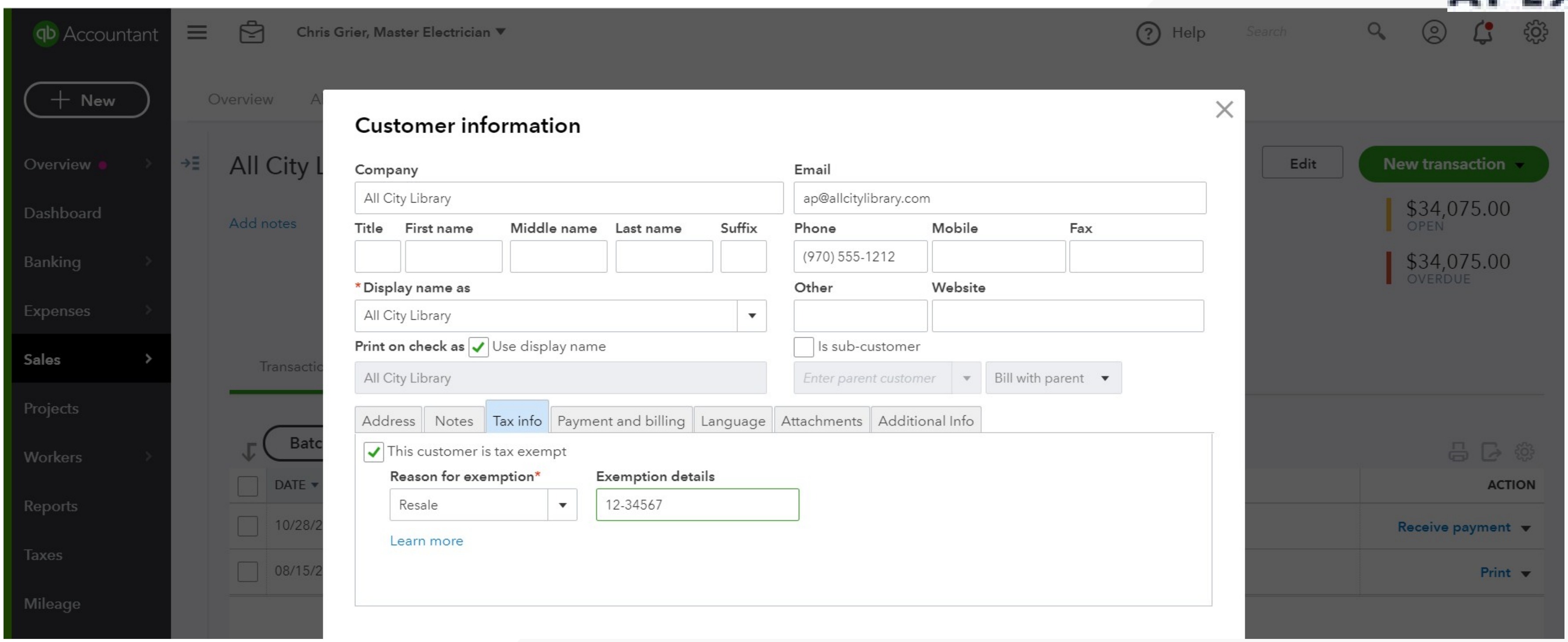
Add a new Customer

Notes tab



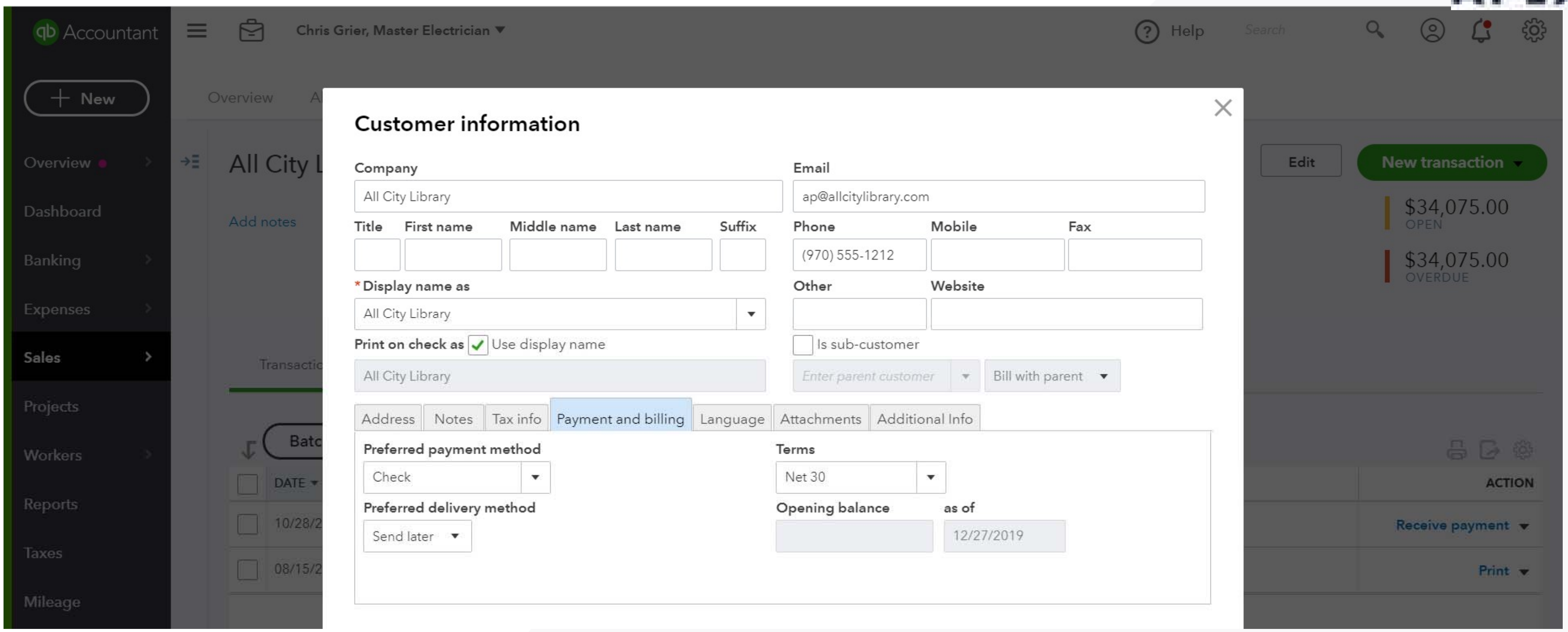
Add a new Customer

Tax info tab



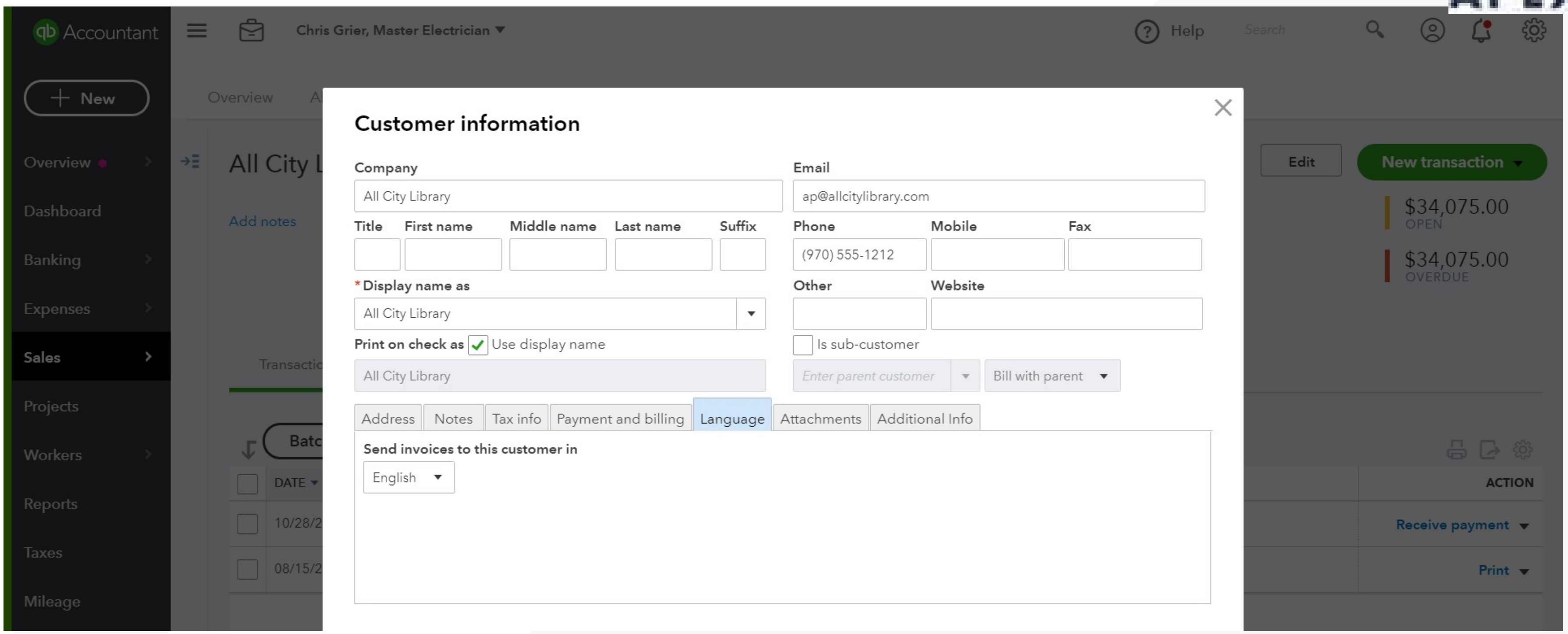
Add a new Customer

Payment and billing tab



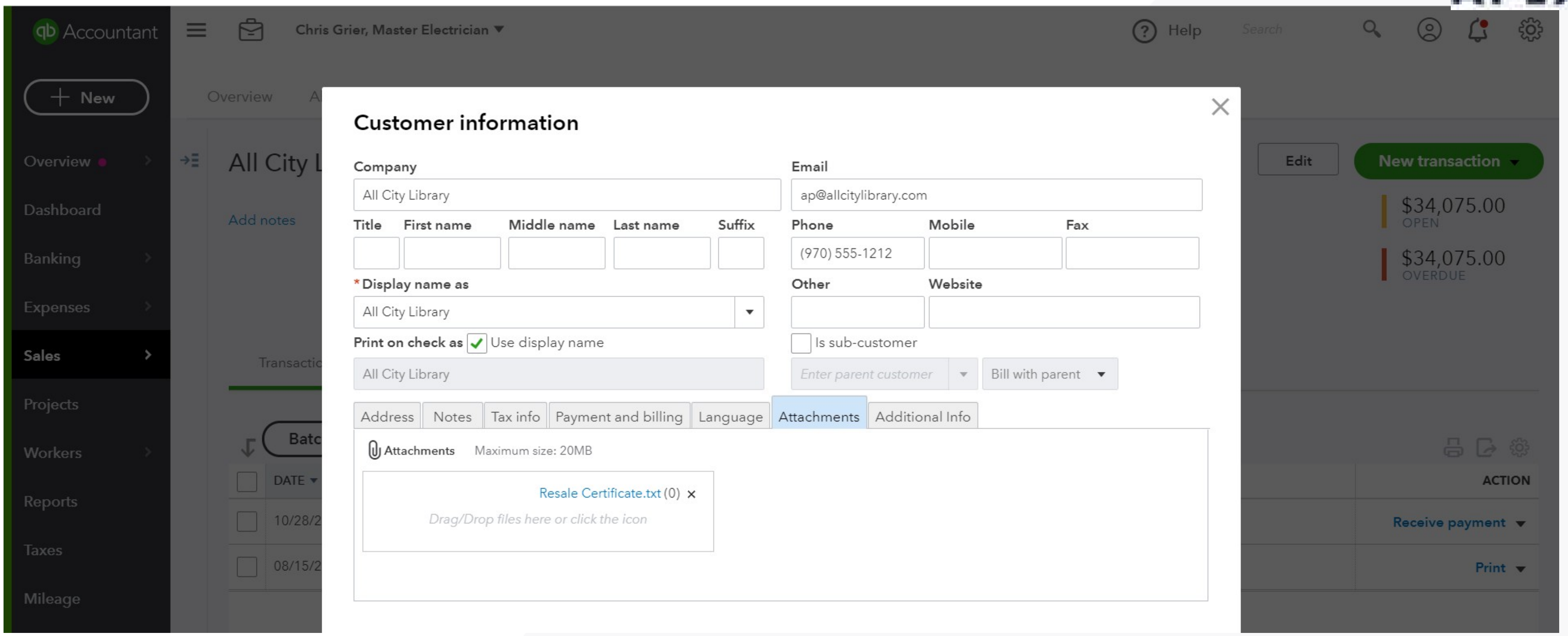
Add a new Customer

Language

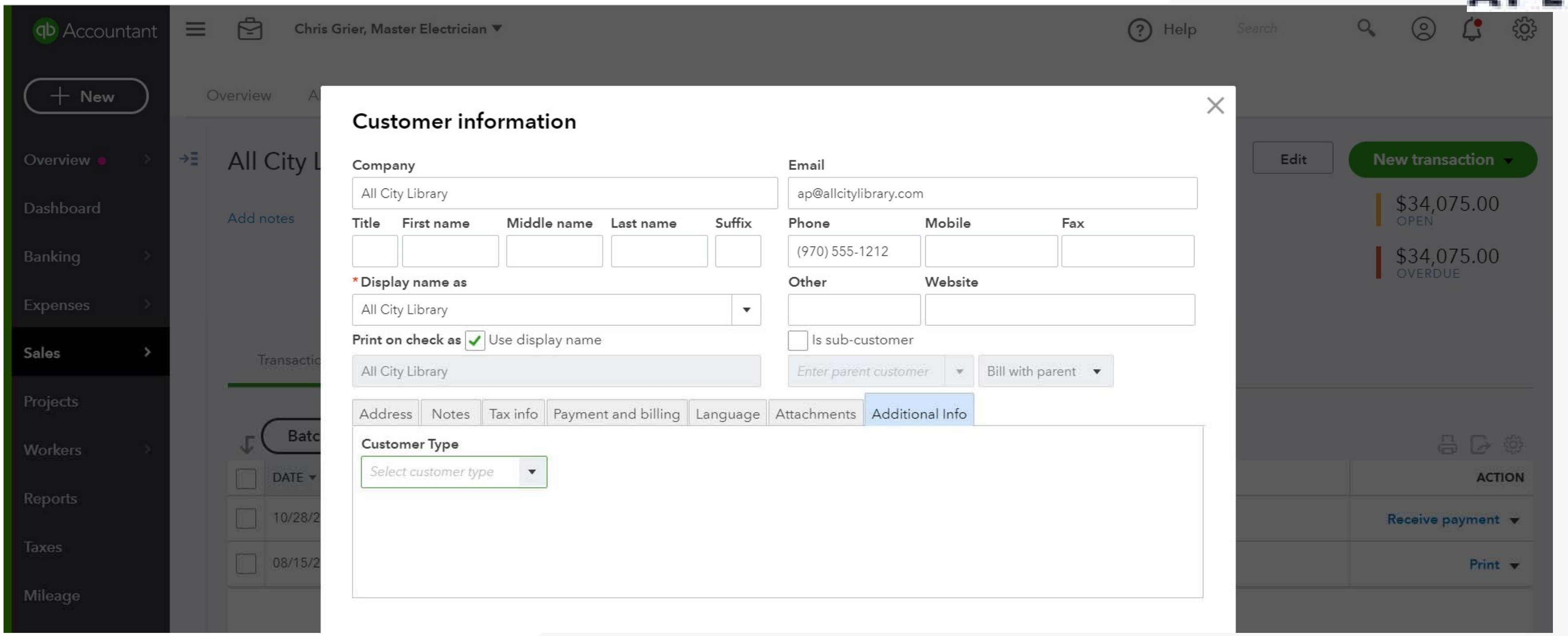


Add a new Customer

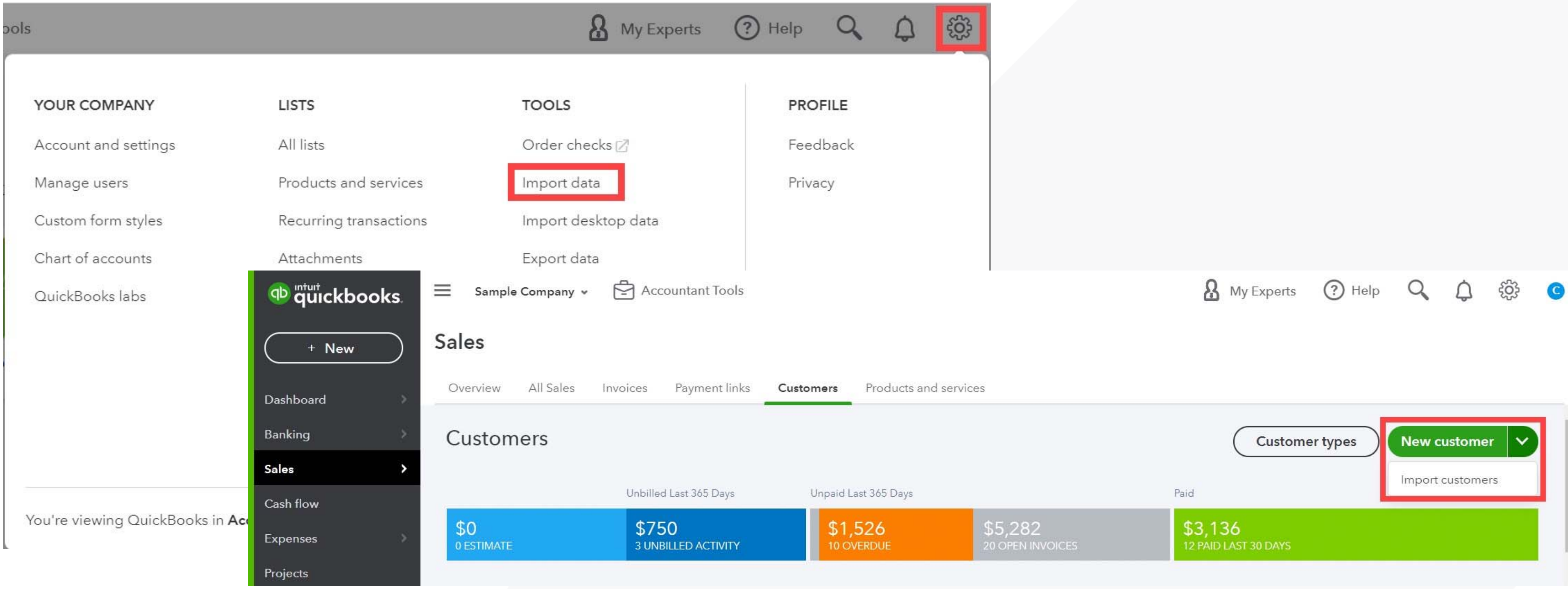
Attachments tab



Add a new Customer
Additional Info tab

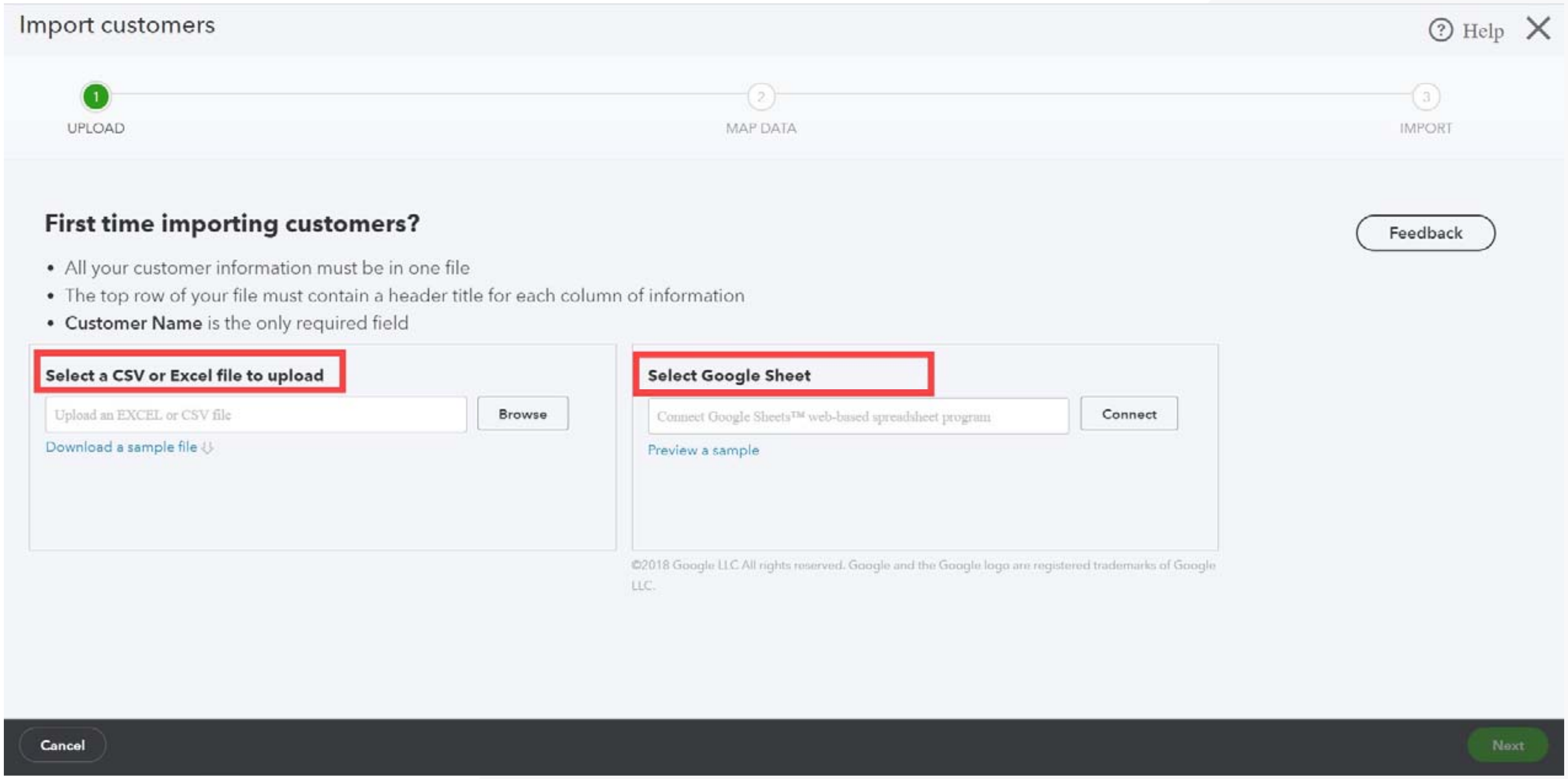


Importing a customer list



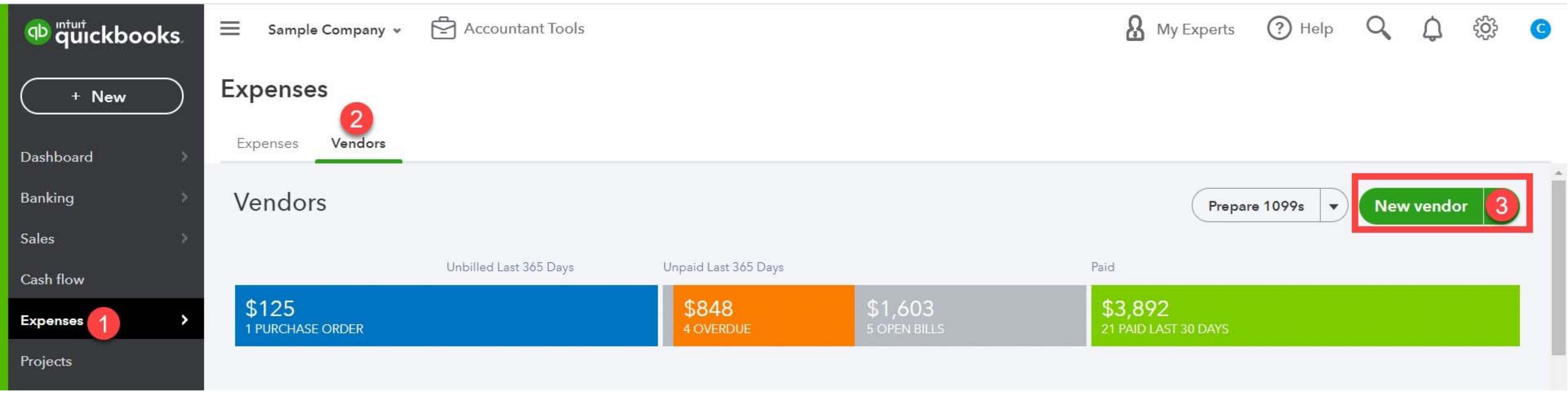
Lists can be imported via .xlsx or .csv file format

Importing a customer list

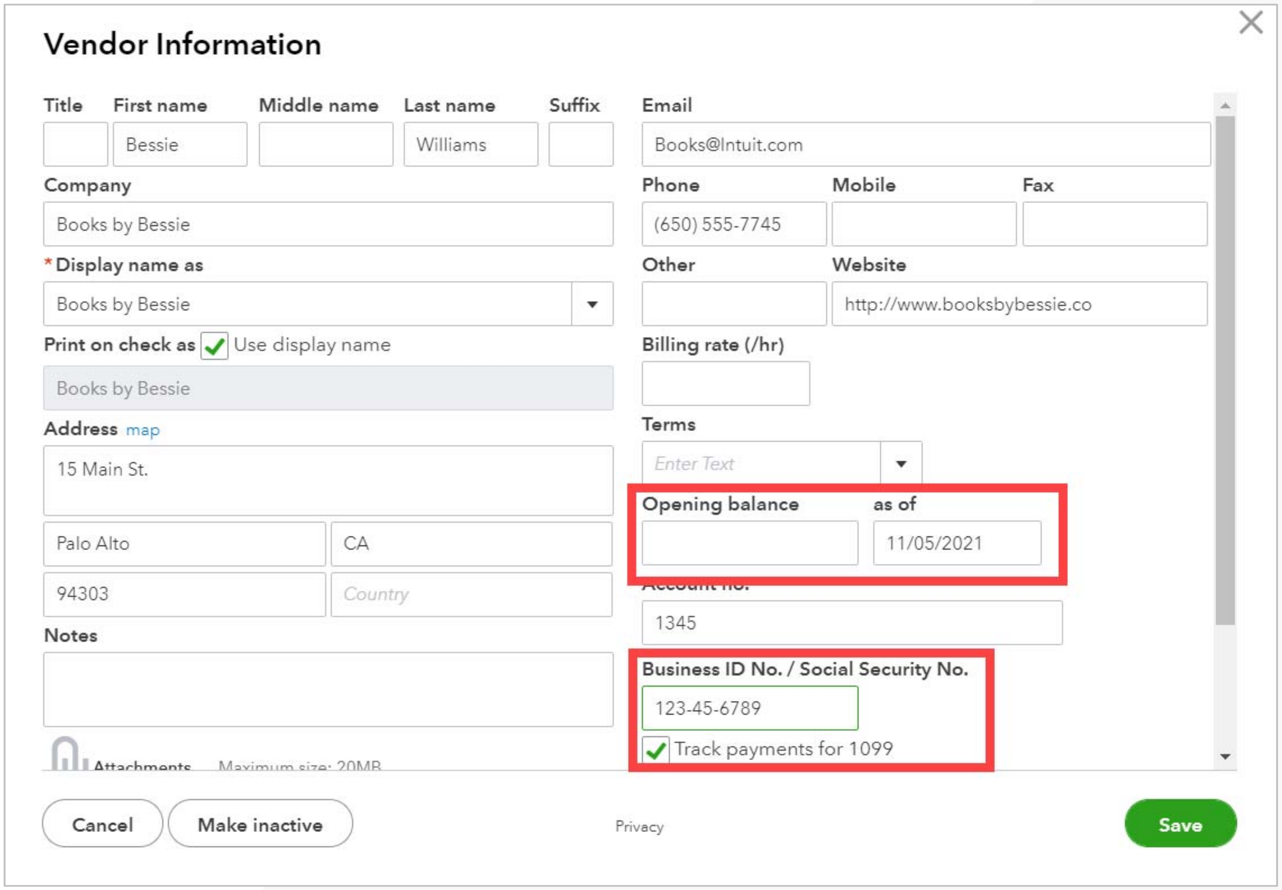


Lists can be imported via .xlsx or .csv file format

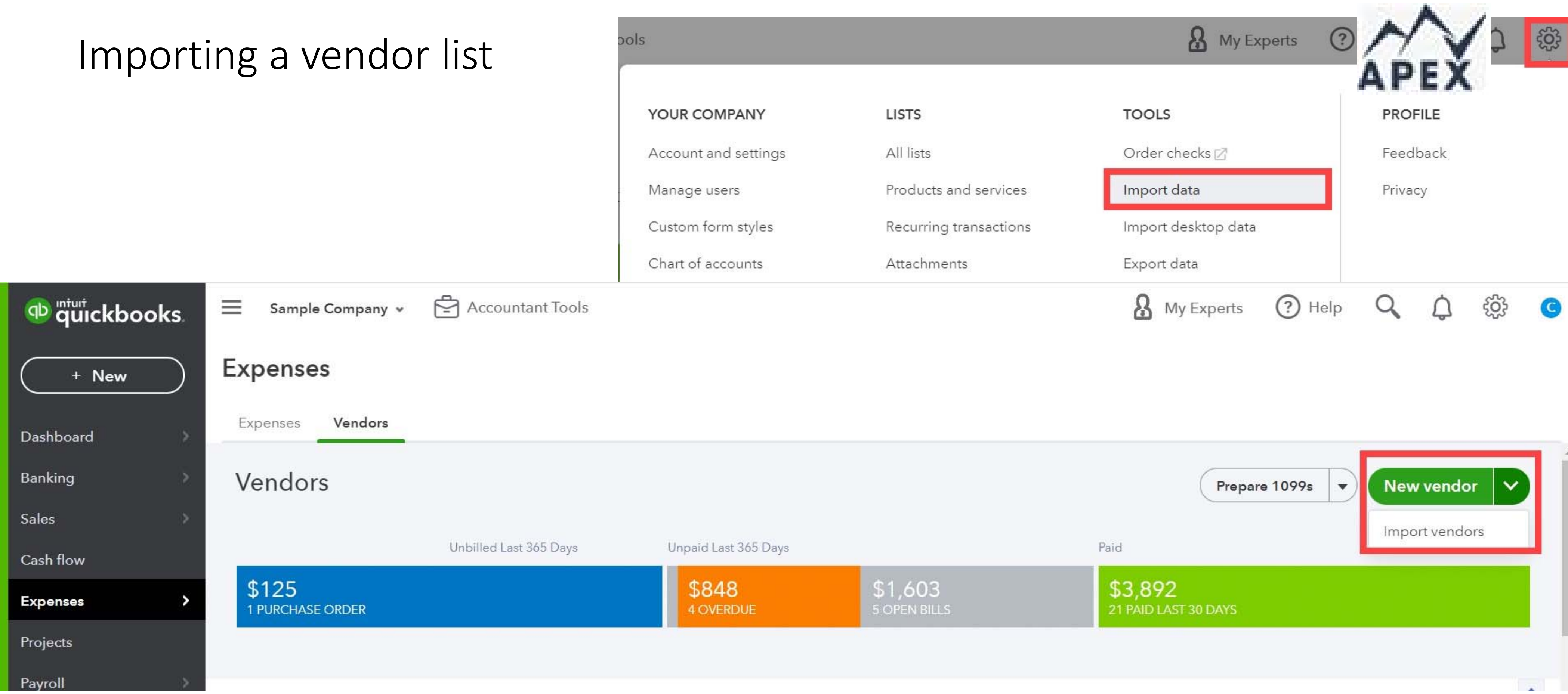
Add a new Vendor



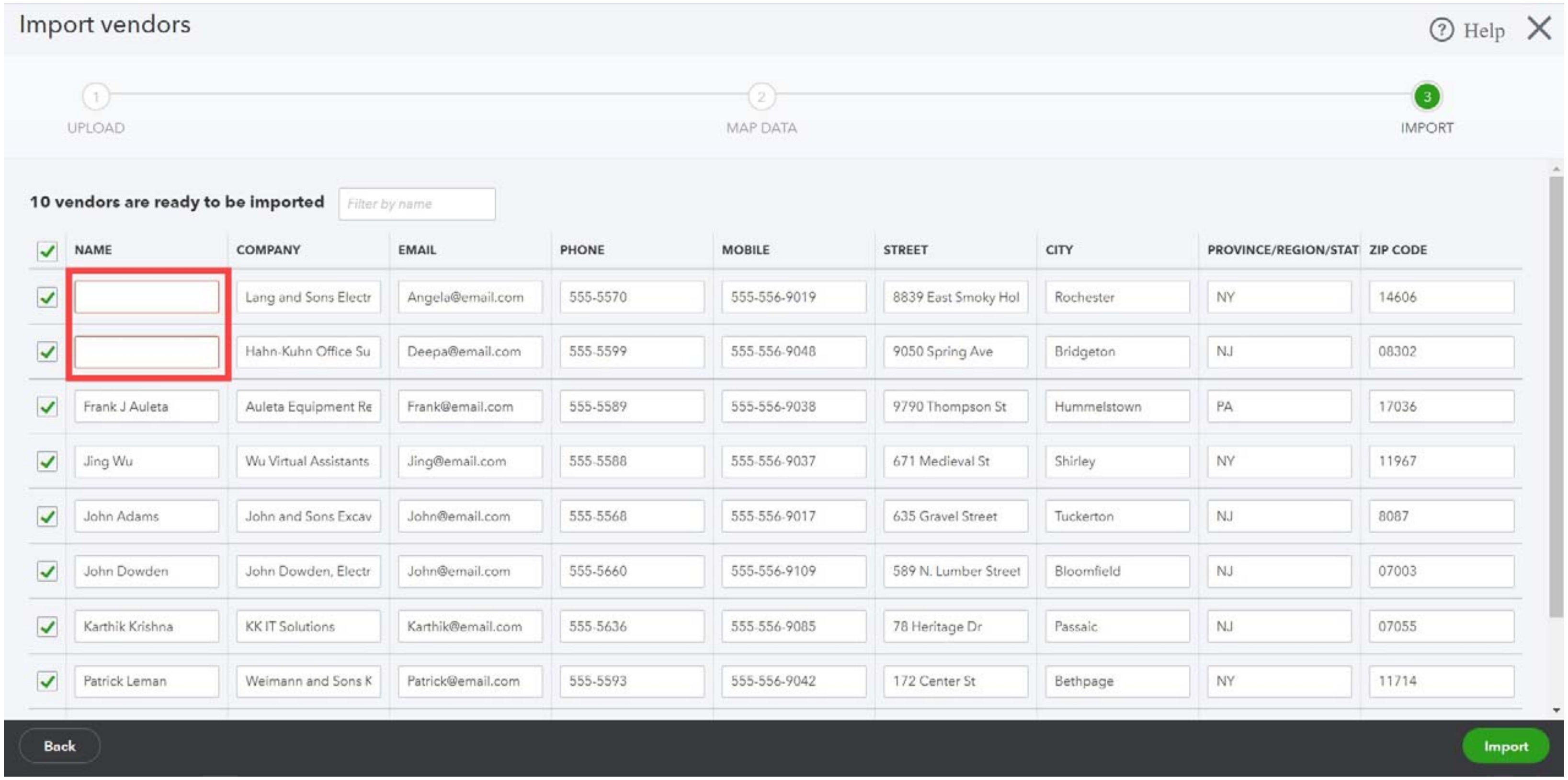
Add a new Vendor



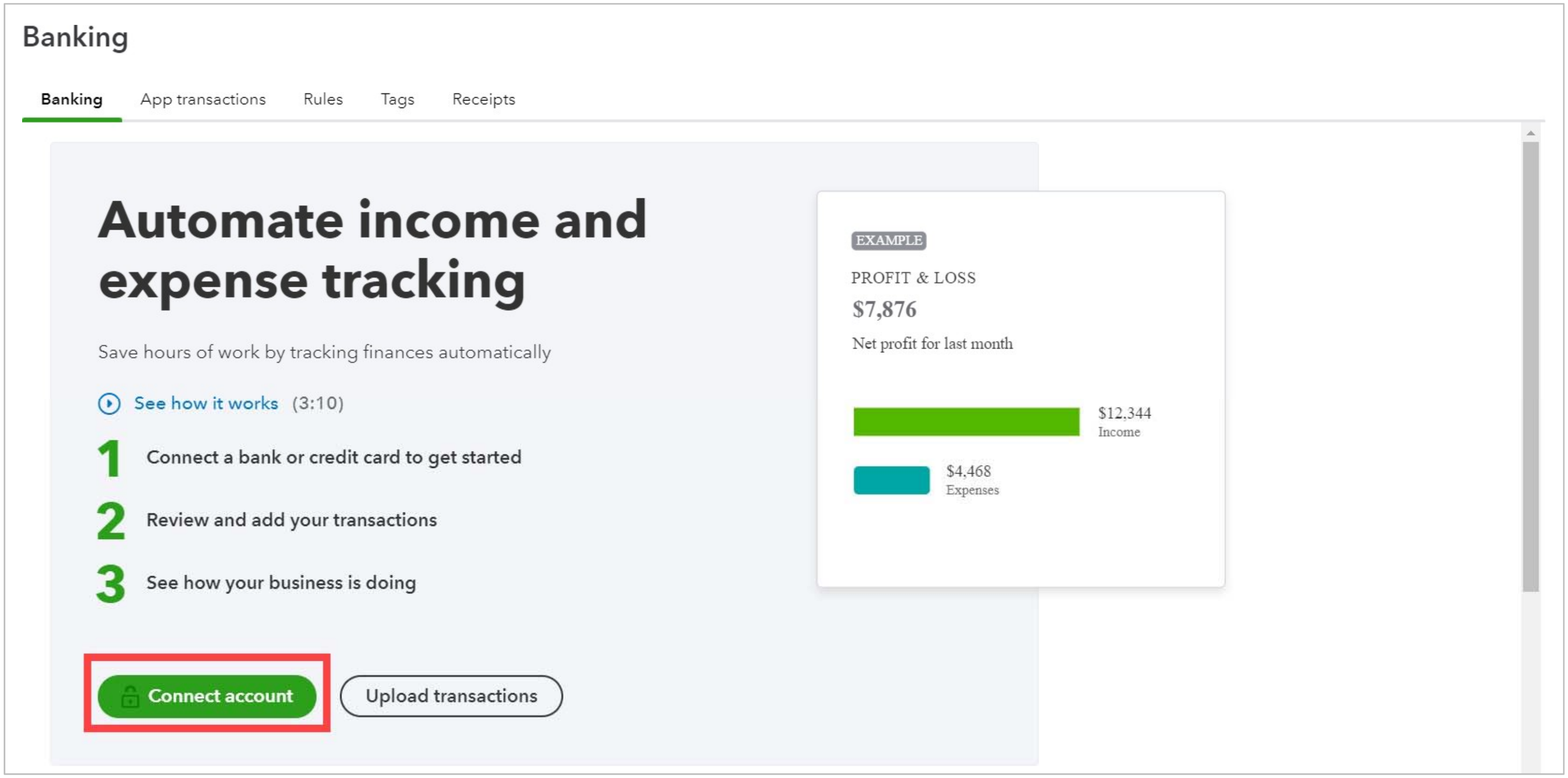
Importing a vendor list



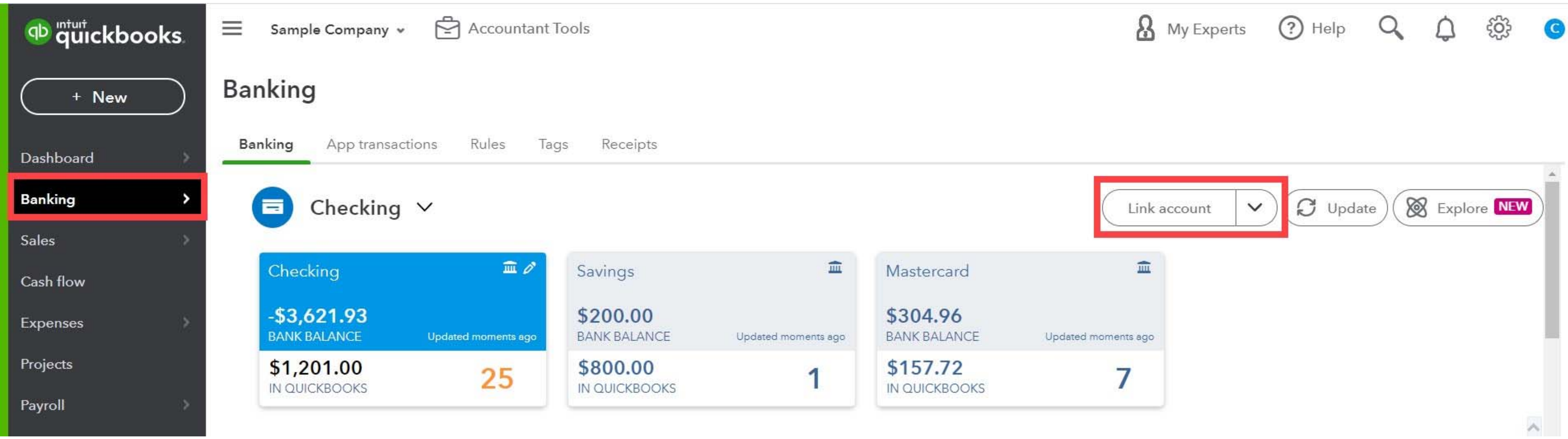
Importing a vendor list – Able to make final edits before import



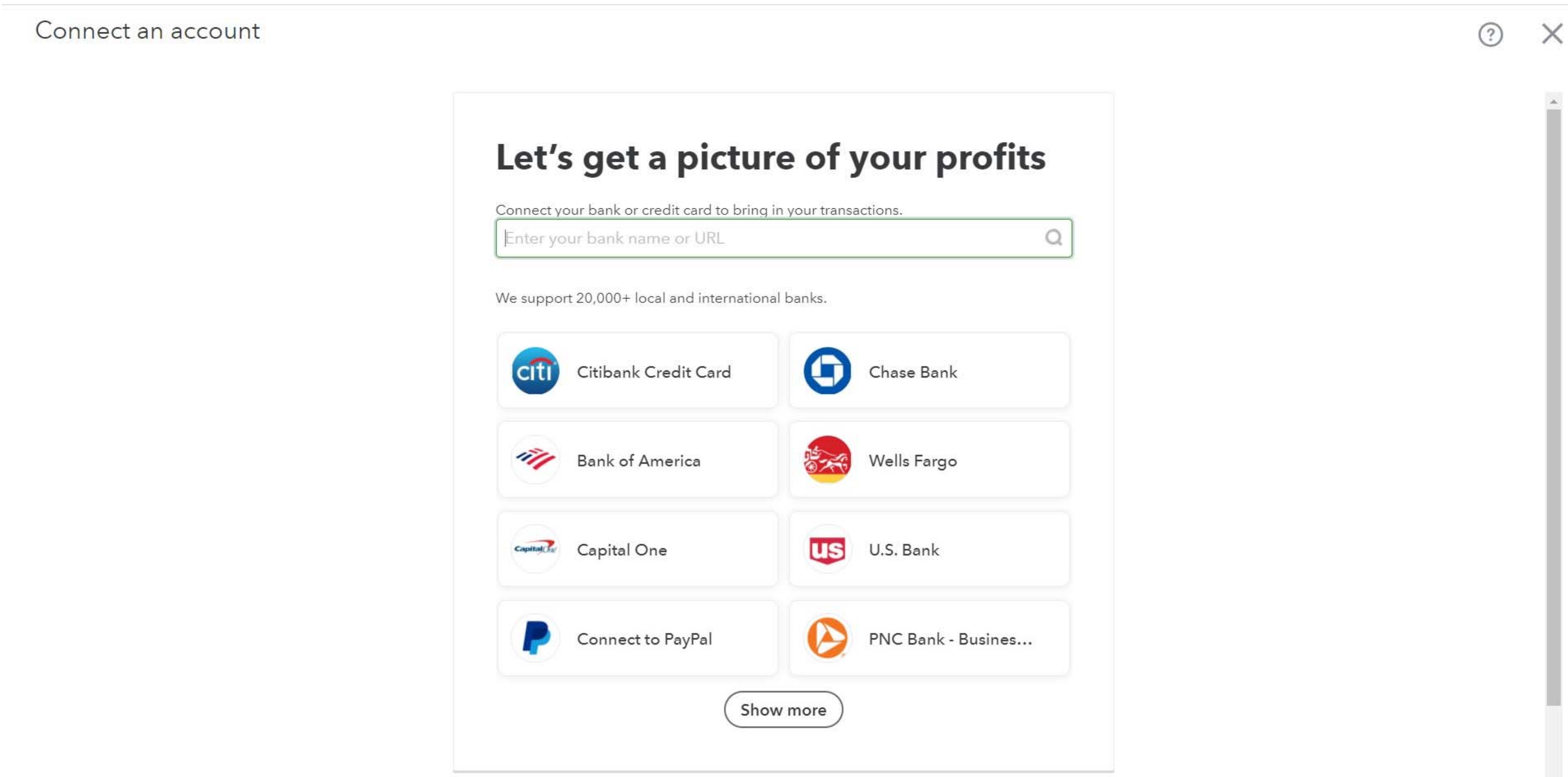
Setting up bank feeds – 1st Connection



Setting up bank feeds – additional connections

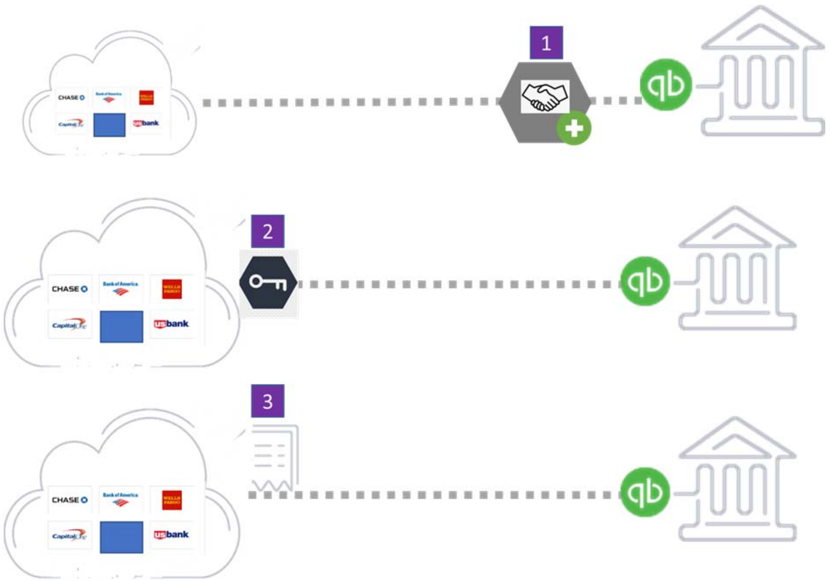


Connecting bank feeds

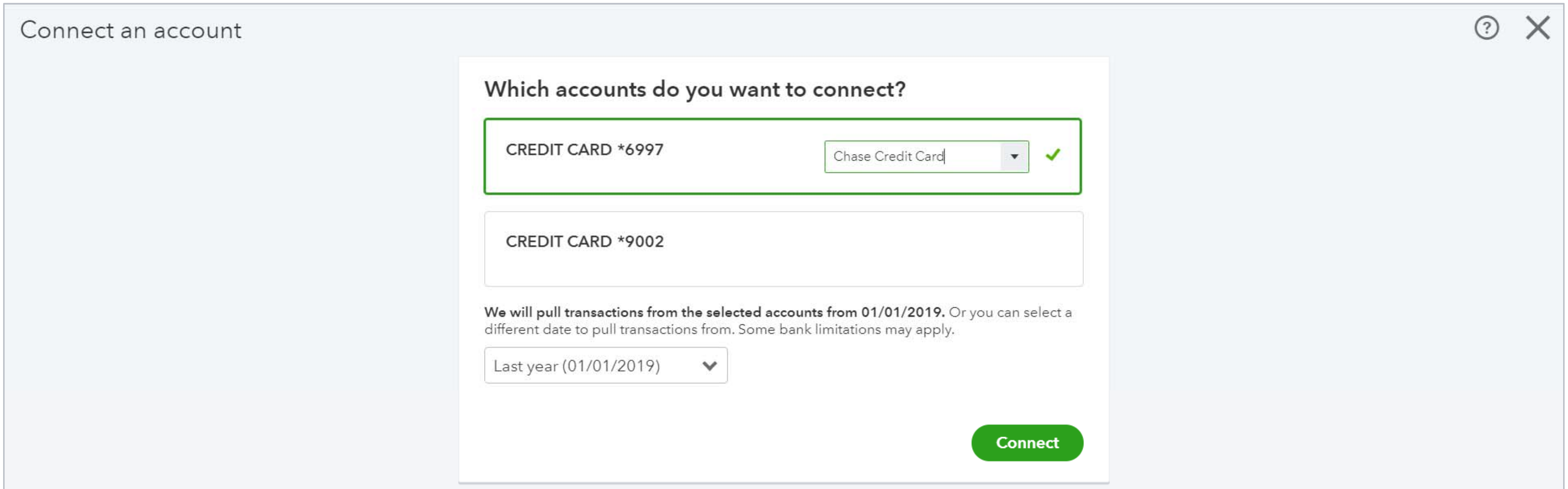


New connection options – Banking API

- The API (application programming interface) uses Oauth2 authorization
- Maintains a more reliable connection
- No need to update user login credentials when they change

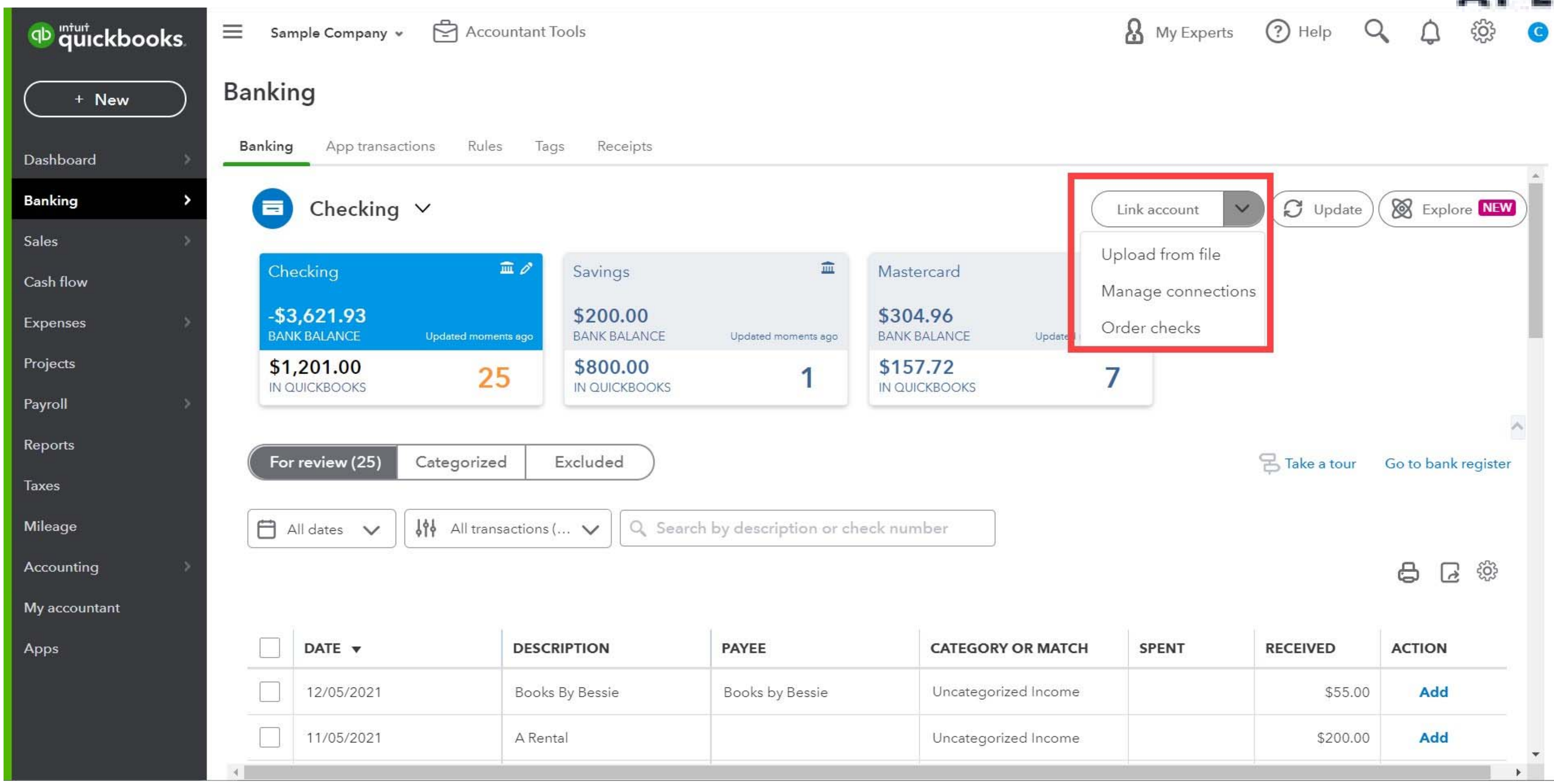


Connecting bank feeds

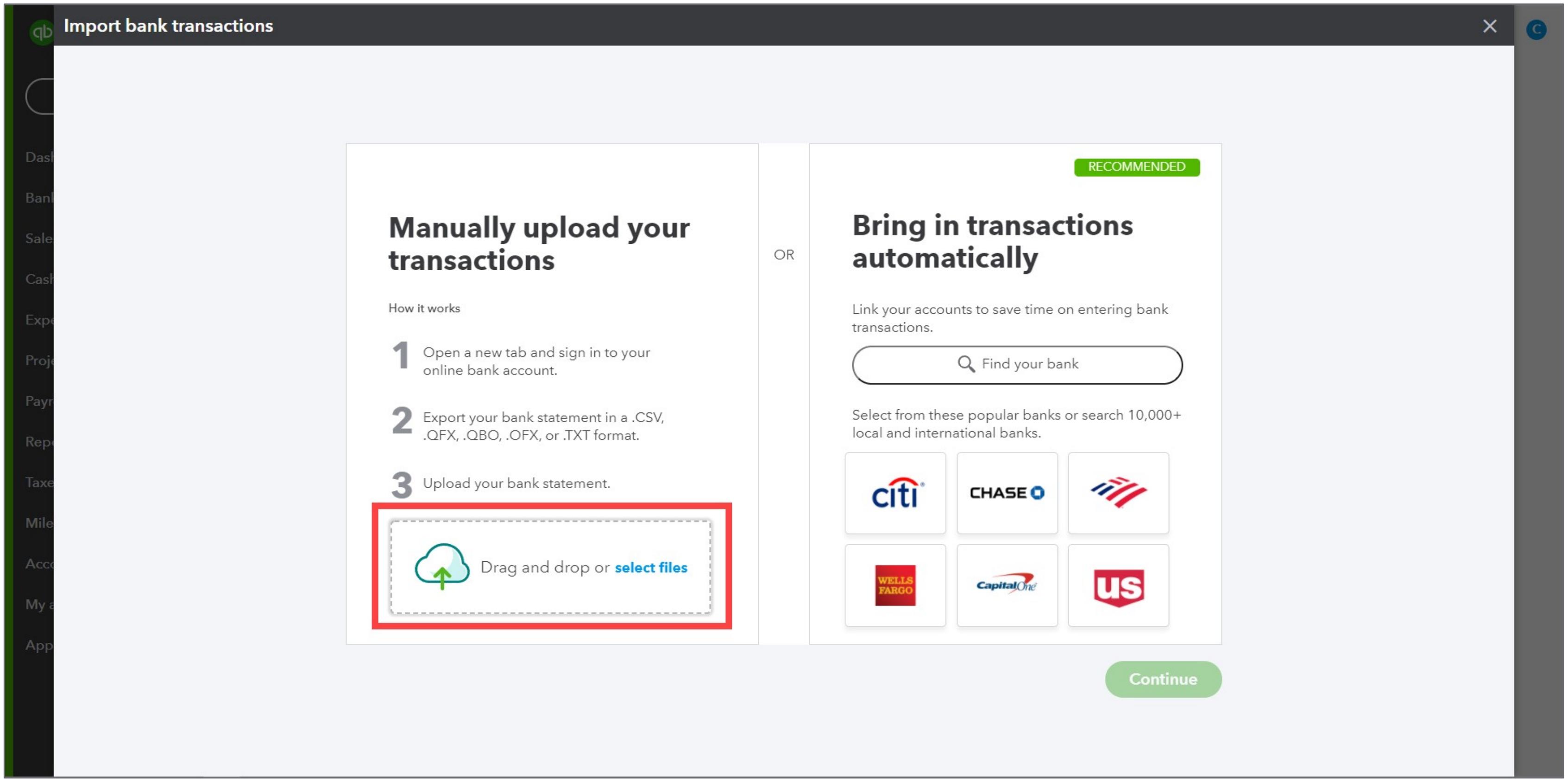


- Banks that **do not** use Oauth API connection will default to import 90 days of transactions
- Banks that **do** use Oauth API will allow you to import up to 2 years of data

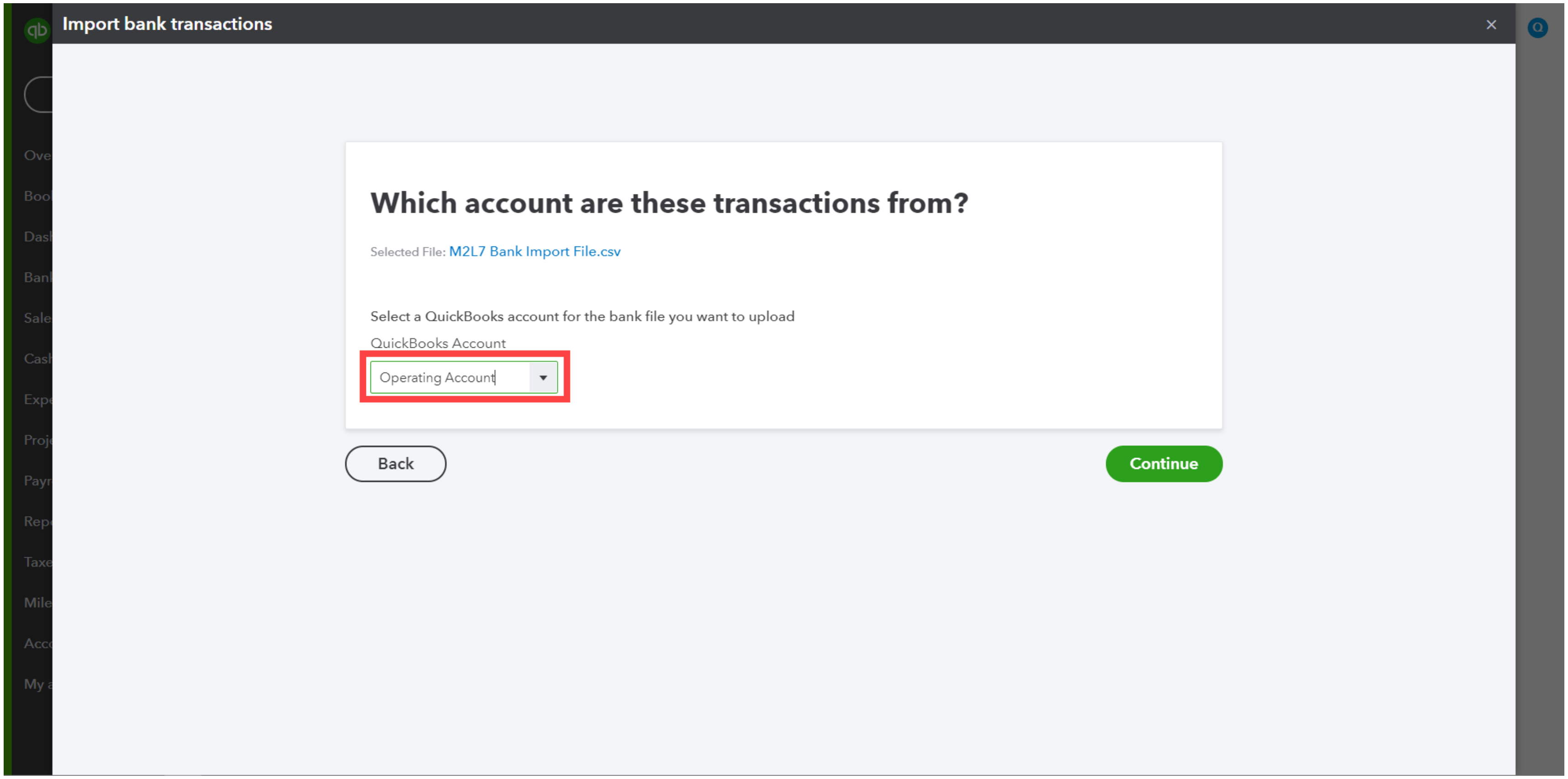
Manually importing transactions



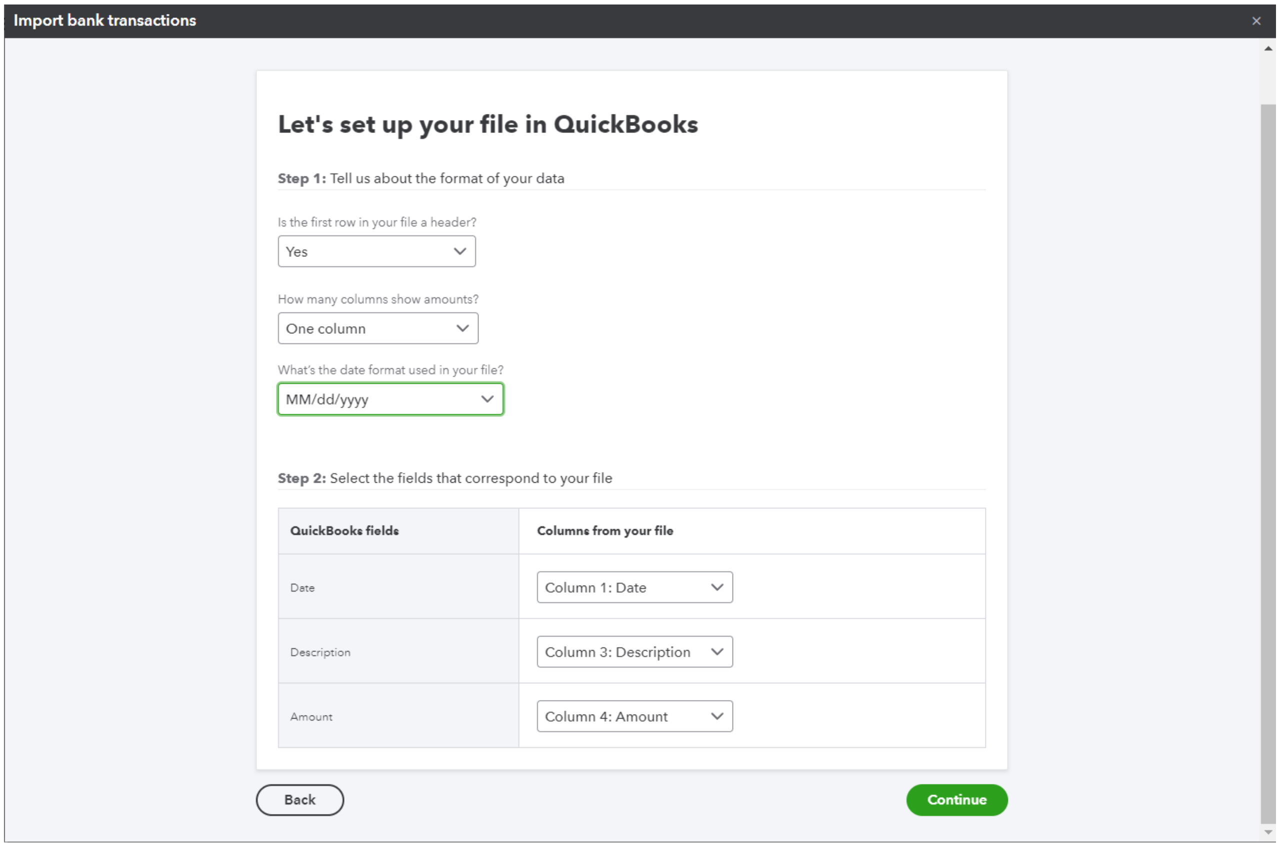
Manually importing transactions



Manually importing transactions



Manually importing transactions



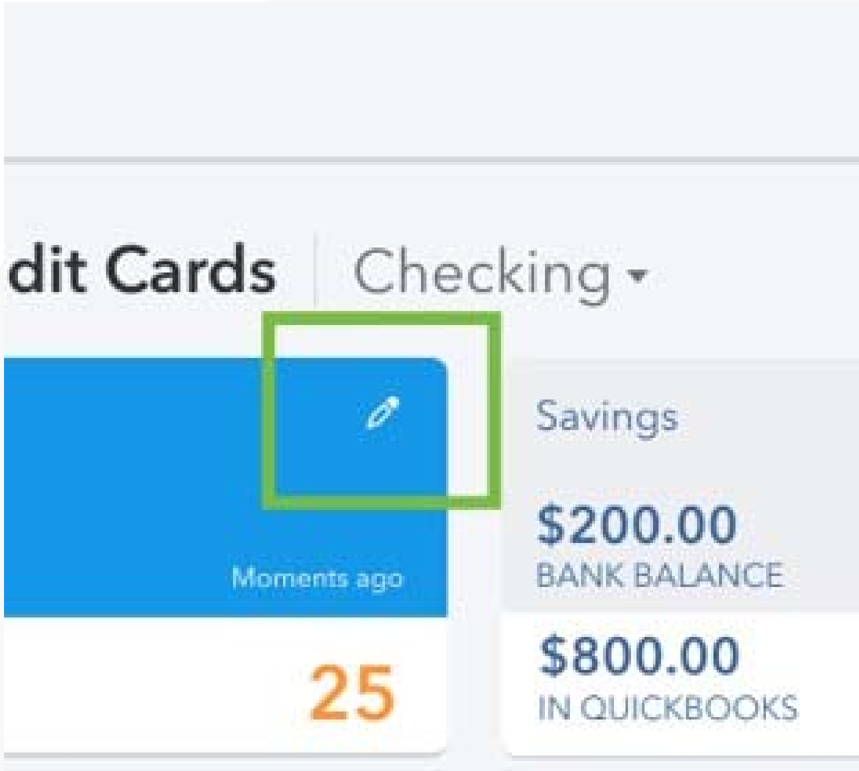
Restoring a lost bank feed connection

Step 1: Start a manual download

Step 2: Check the bank or credit card's website

Step 3: Update the bank info in QuickBooks Online

Step 4: Fix specific bank errors



Getting started with Sales Tax in QuickBooks Online

Assessing sales tax requirements

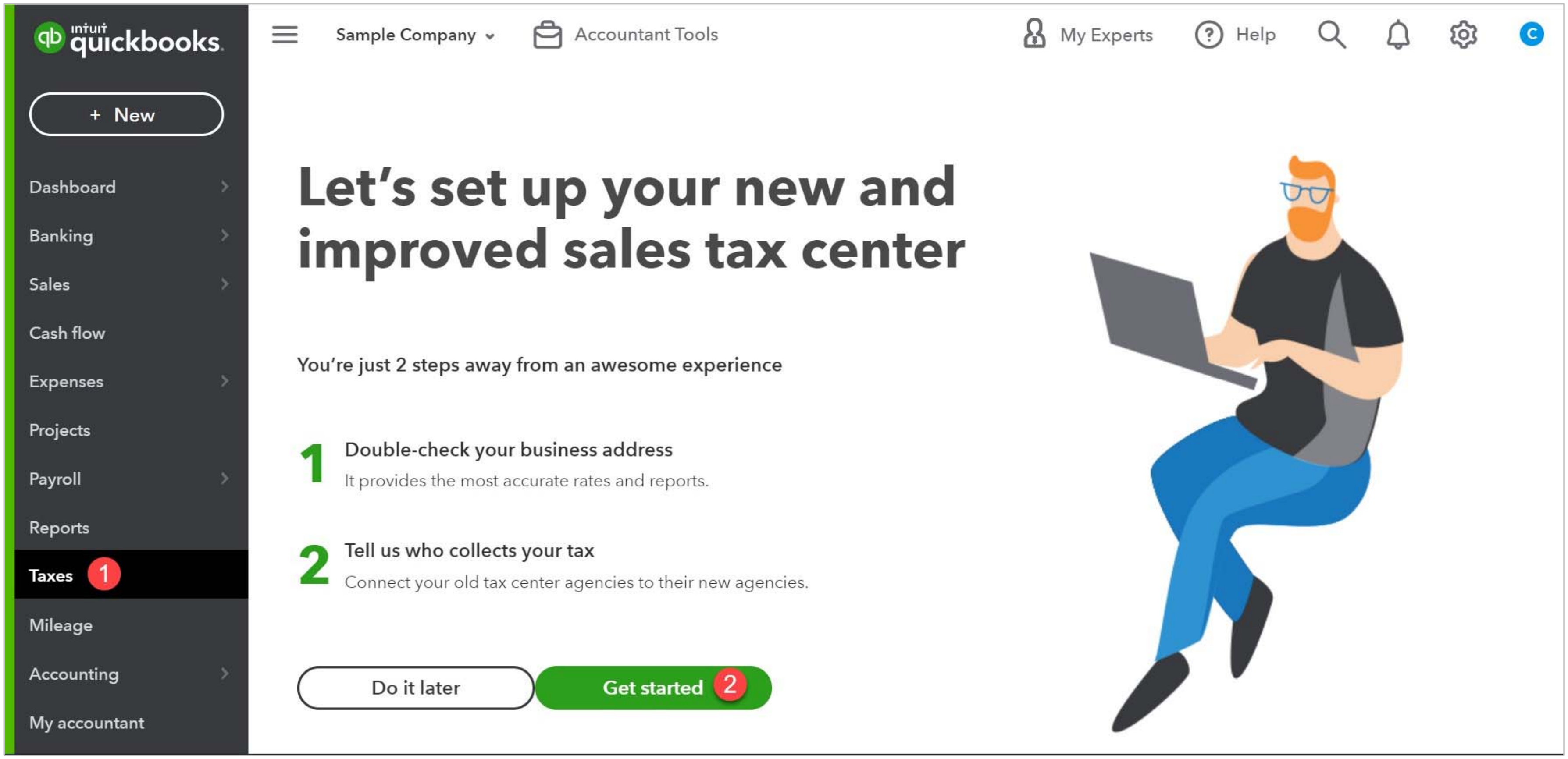
- Do you do business in more than one state?

- To which agencies do you need to pay sales tax?

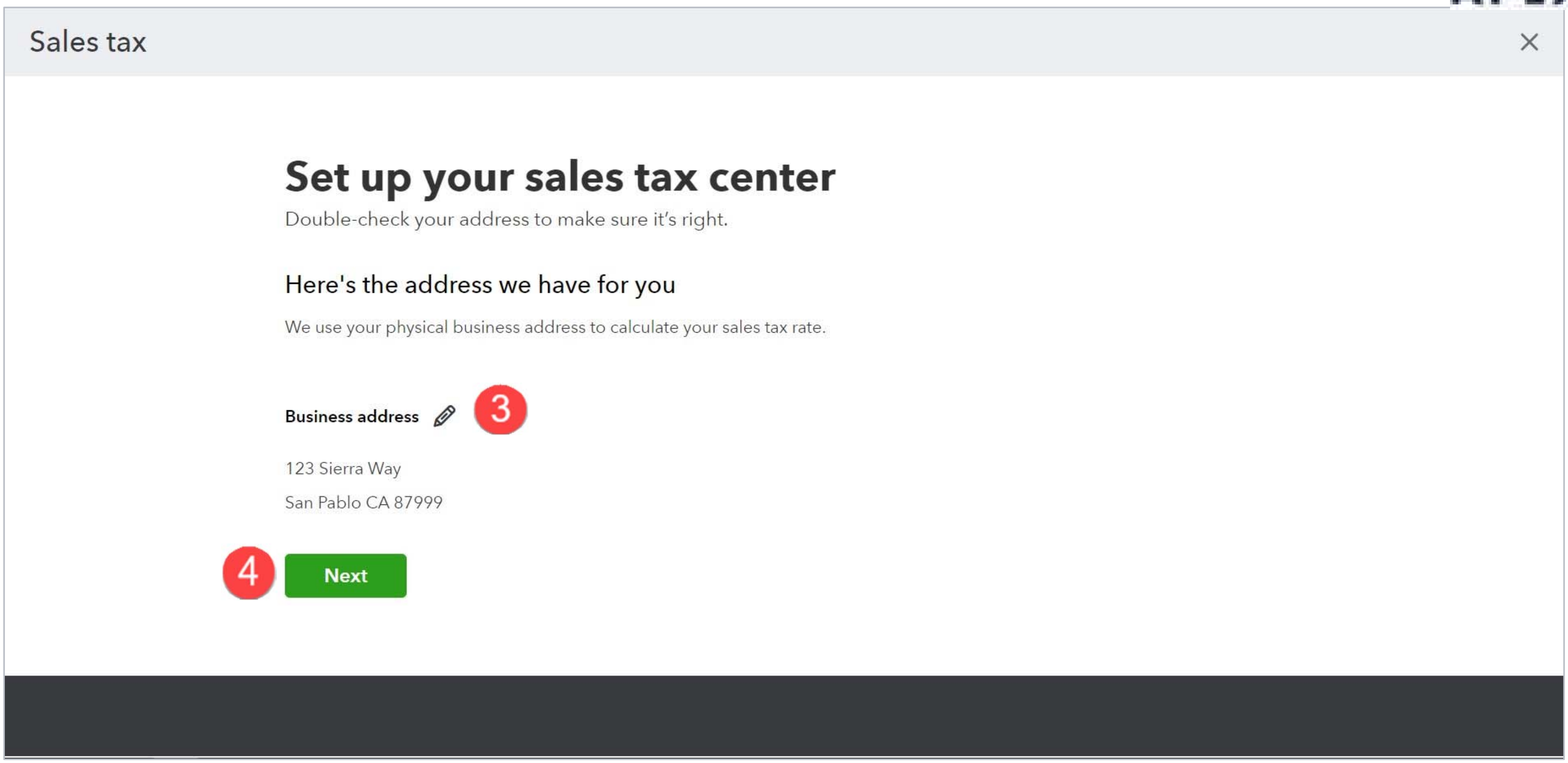
- What is the filing frequency?

Talk with a CPA to verify that your business has a tax nexus with any states with customer transactions

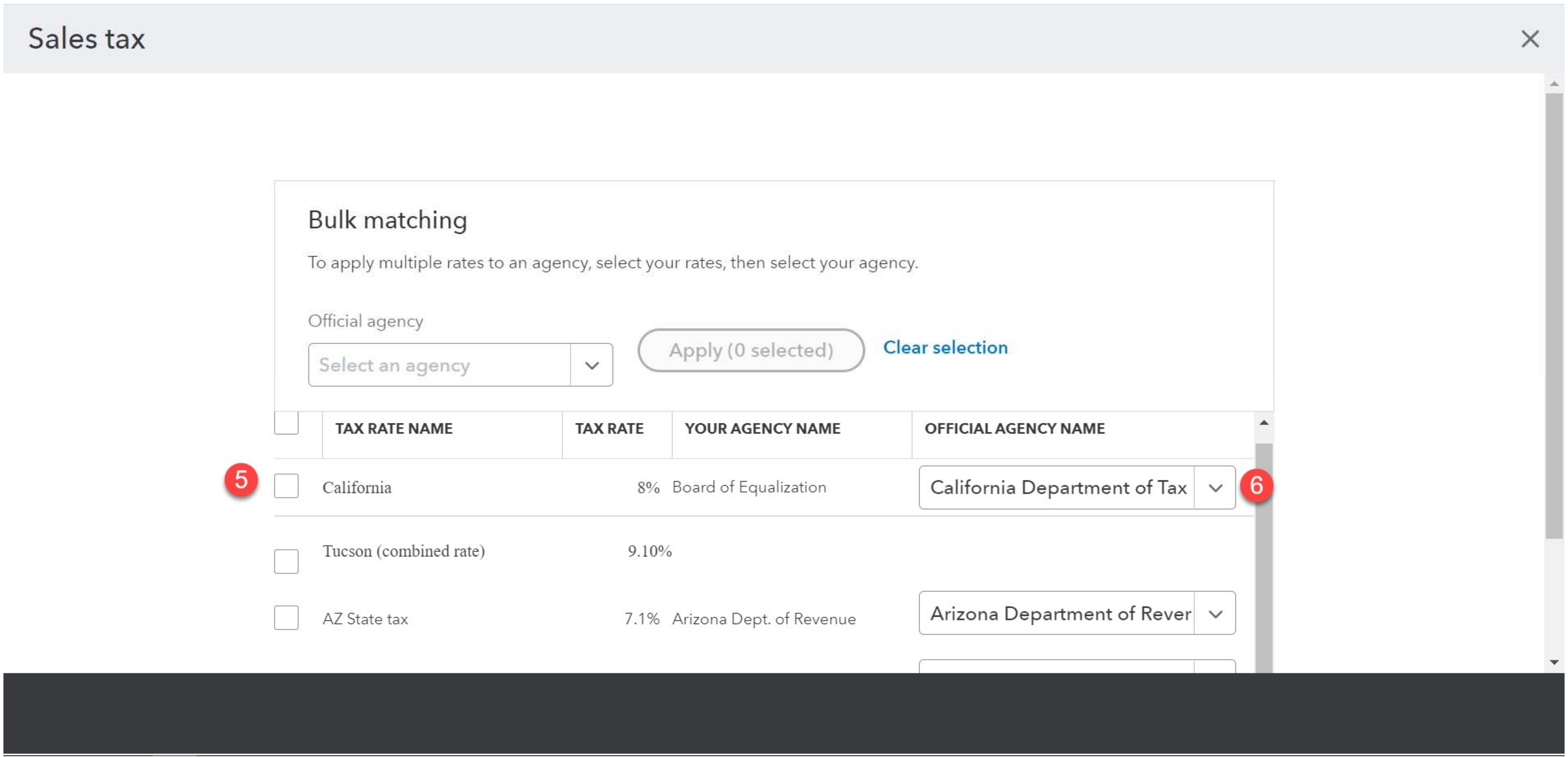
Set up sales tax



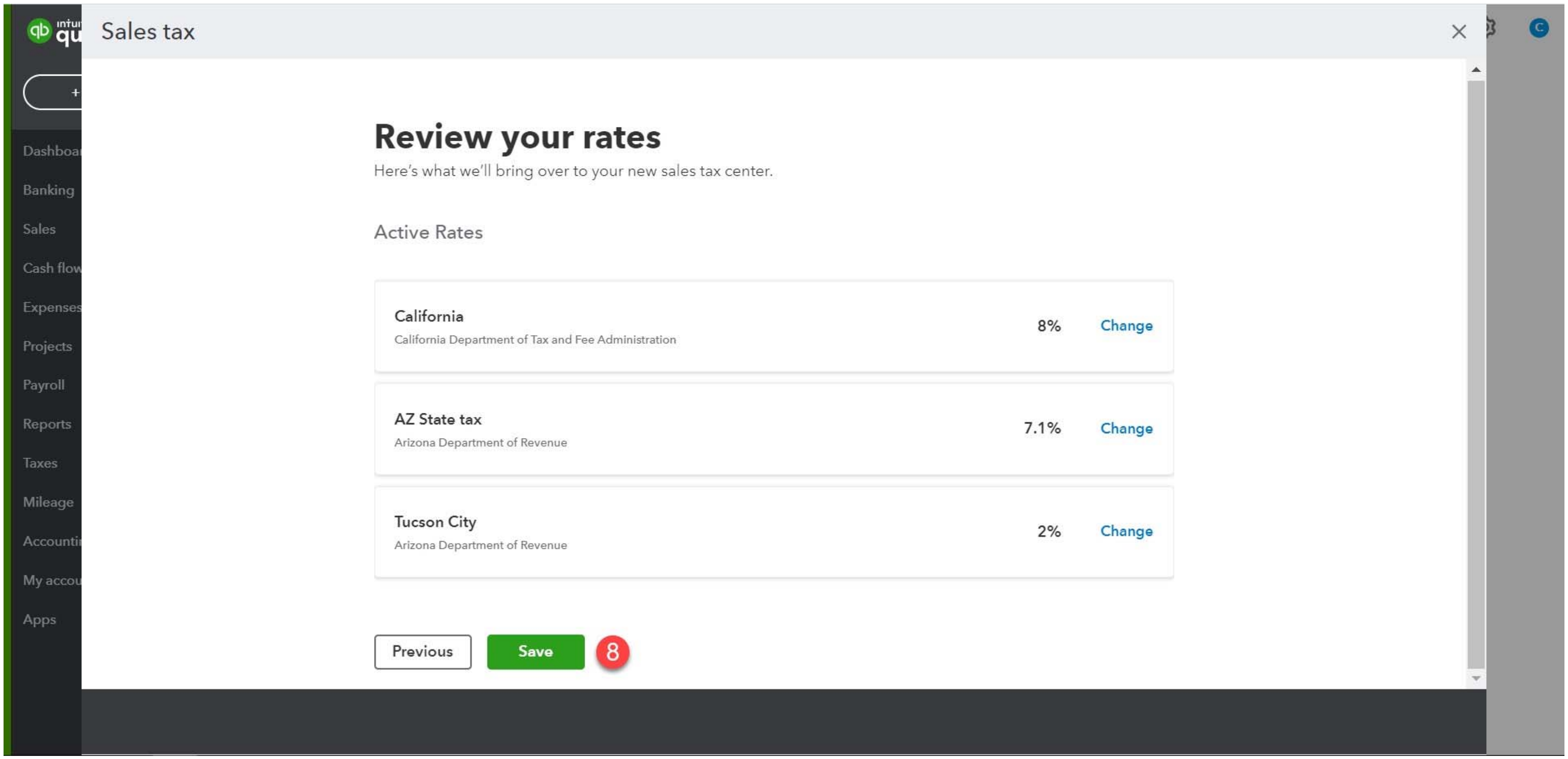
Set up sales tax



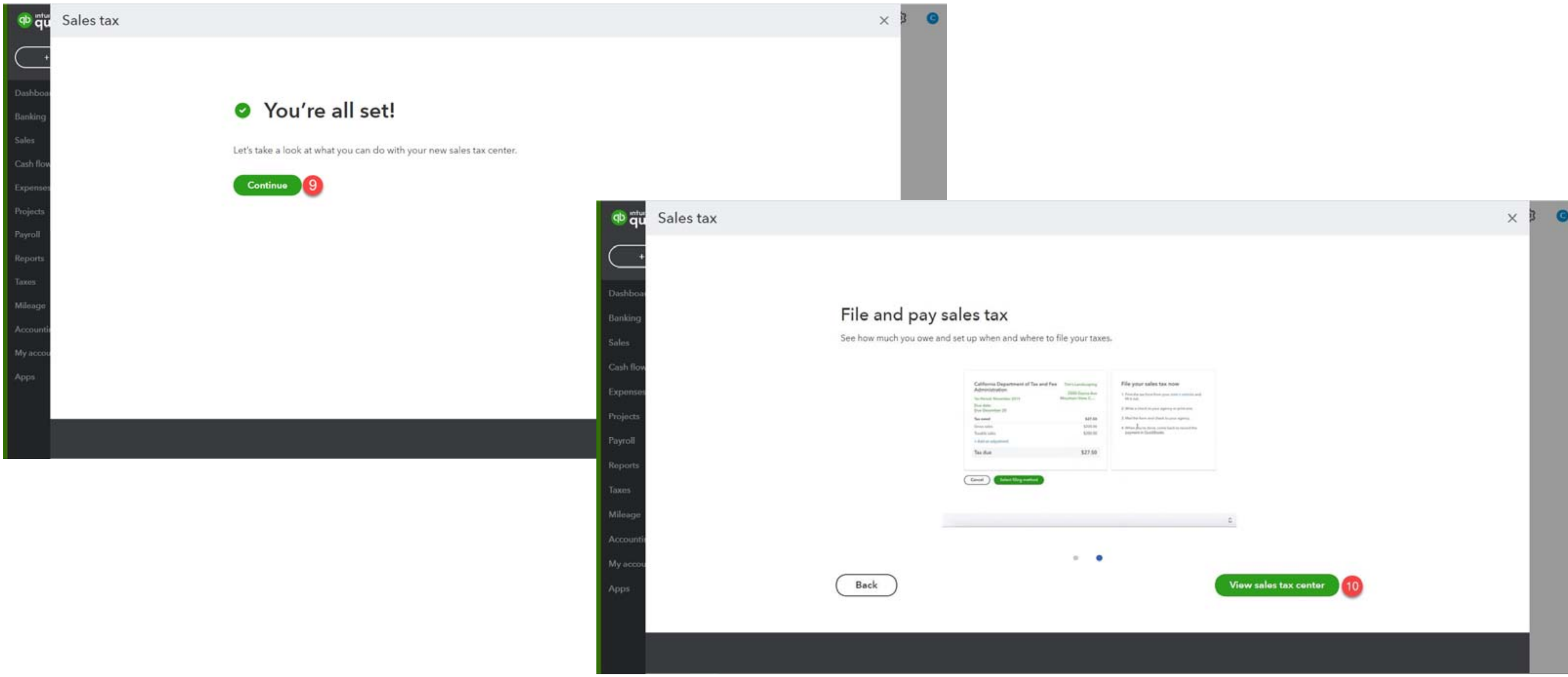
Set up sales tax



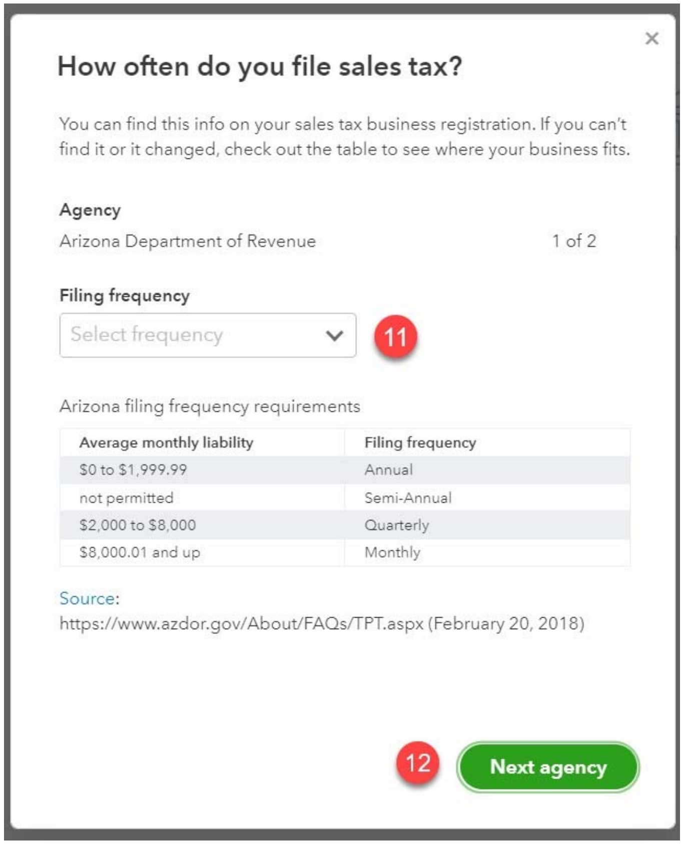
Set up sales tax



Set up sales tax



Set up sales tax


How often do you file sales tax?

You can find this info on your sales tax business registration. If you can't find it or it changed, check out the table to see where your business fits.

Agency

Arizona Department of Revenue 1 of 2

Filing frequency

Select frequency

11

Arizona filing frequency requirements

Average monthly liability	Filing frequency
$0 to $1,999.99	Annual
not permitted	Semi-Annual
$2,000 to $8,000	Quarterly
$8,000.01 and up	Monthly

Source:

https://www.azdor.gov/About/FAQs/TPT.aspx (February 20, 2018)

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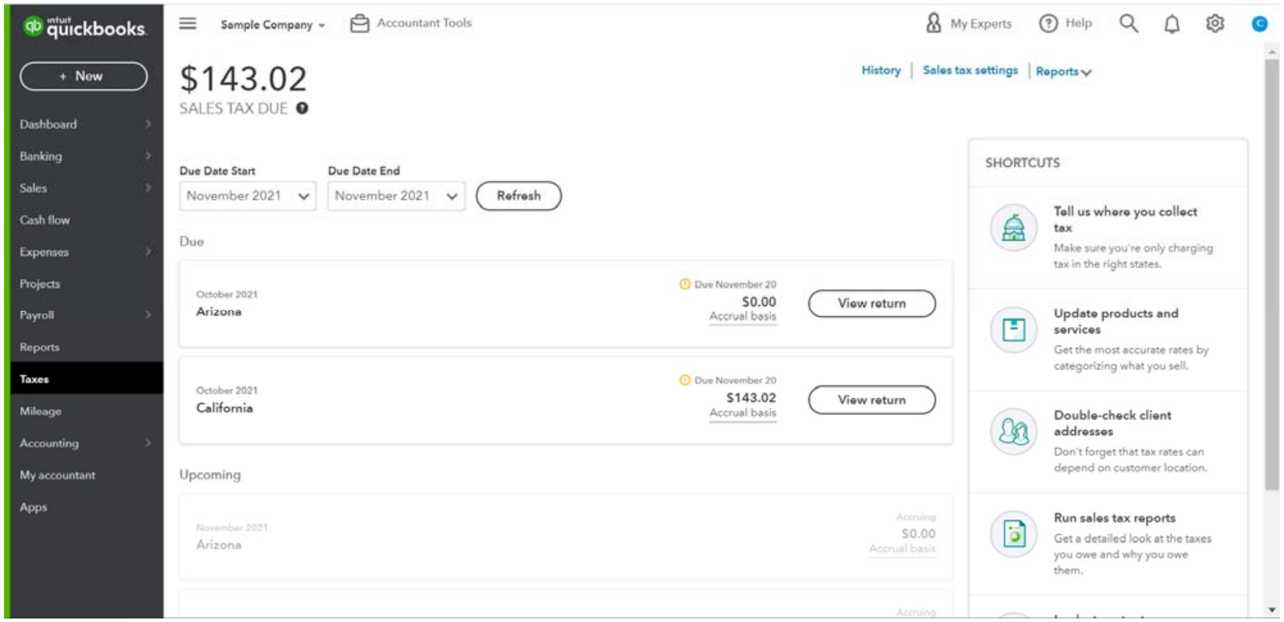
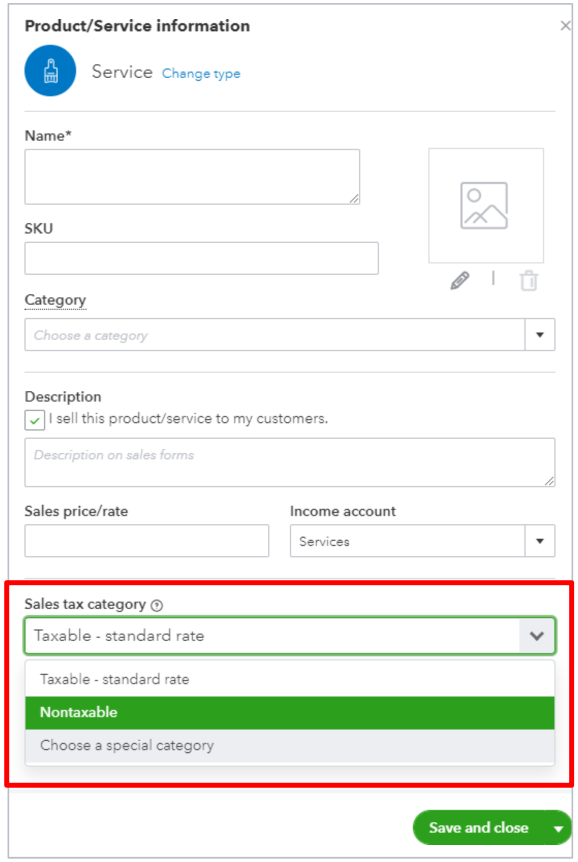
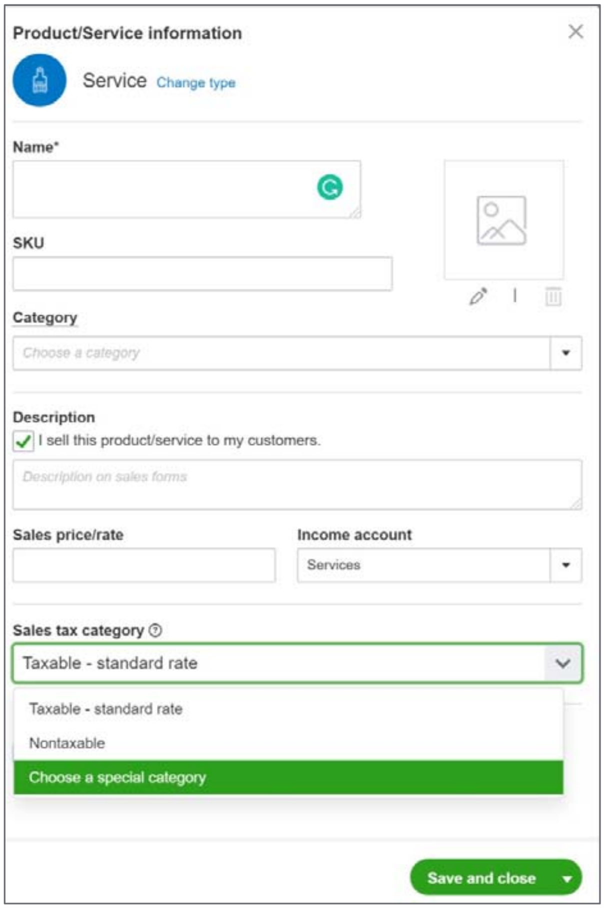
Next agency

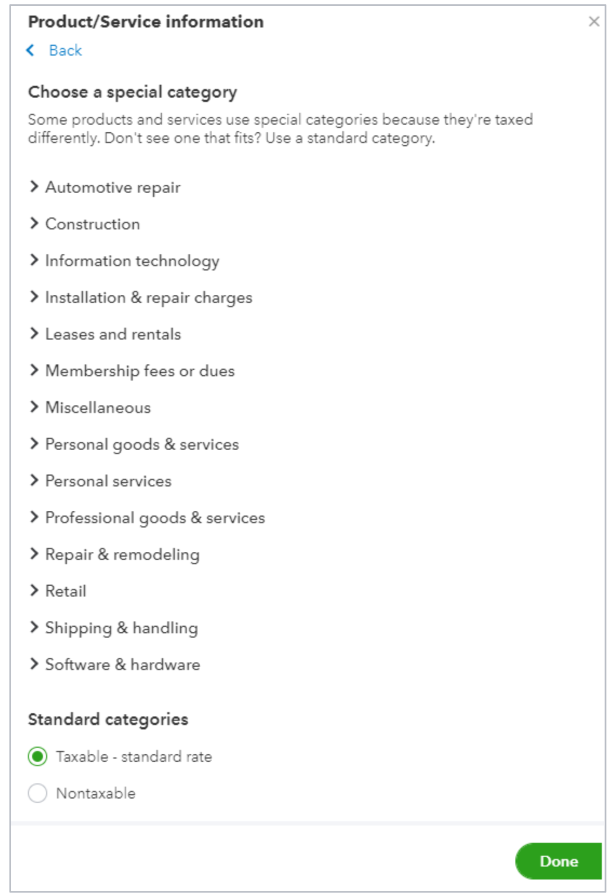


Review Products and Services

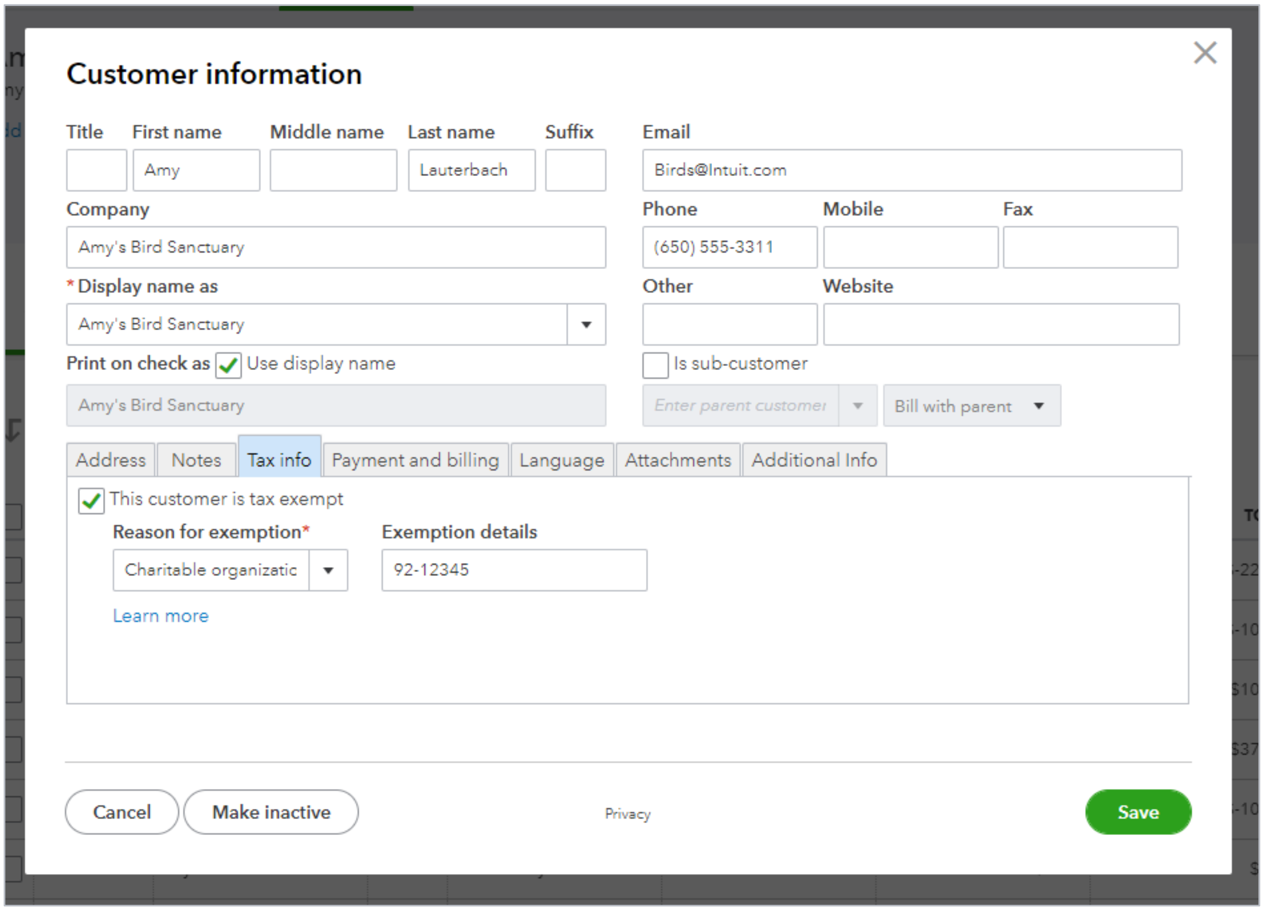


Review Products and Services

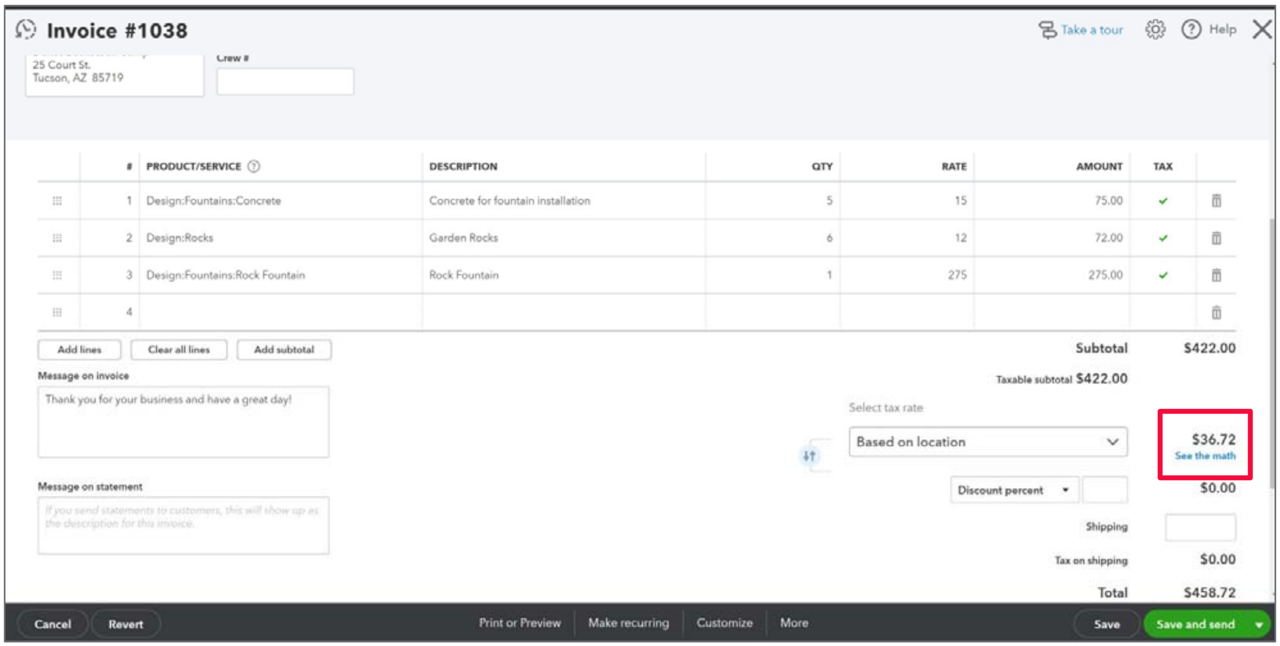


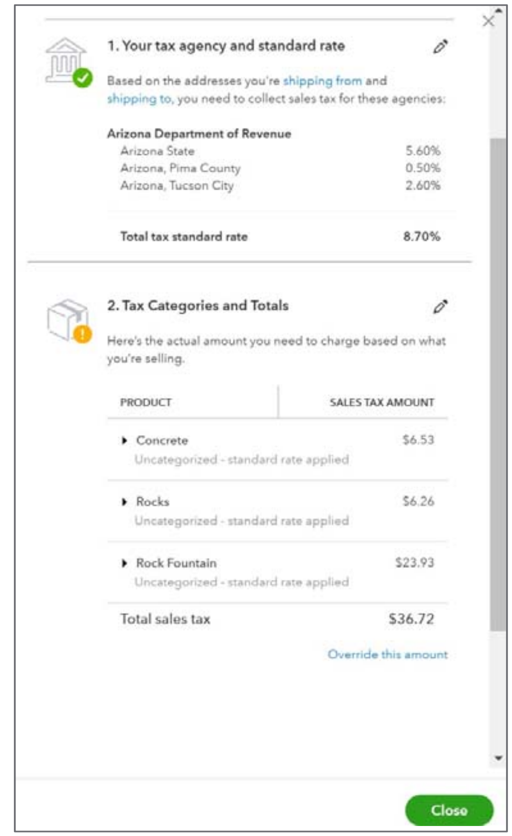


Review Customers



Applying sales tax





AMERICA'S SBDC ILLINOIS | BRADLEY University

Illinois Small Business Development Center

Turner Center for Entrepreneurship

APEX

Questions?

Grant Seshul CPA

grantseshul@apexusfinancial.com

309.472.6683

Or schedule time on our website APEXUSFINANCIAL.COM