

QuickBooks

Make it  Work for You

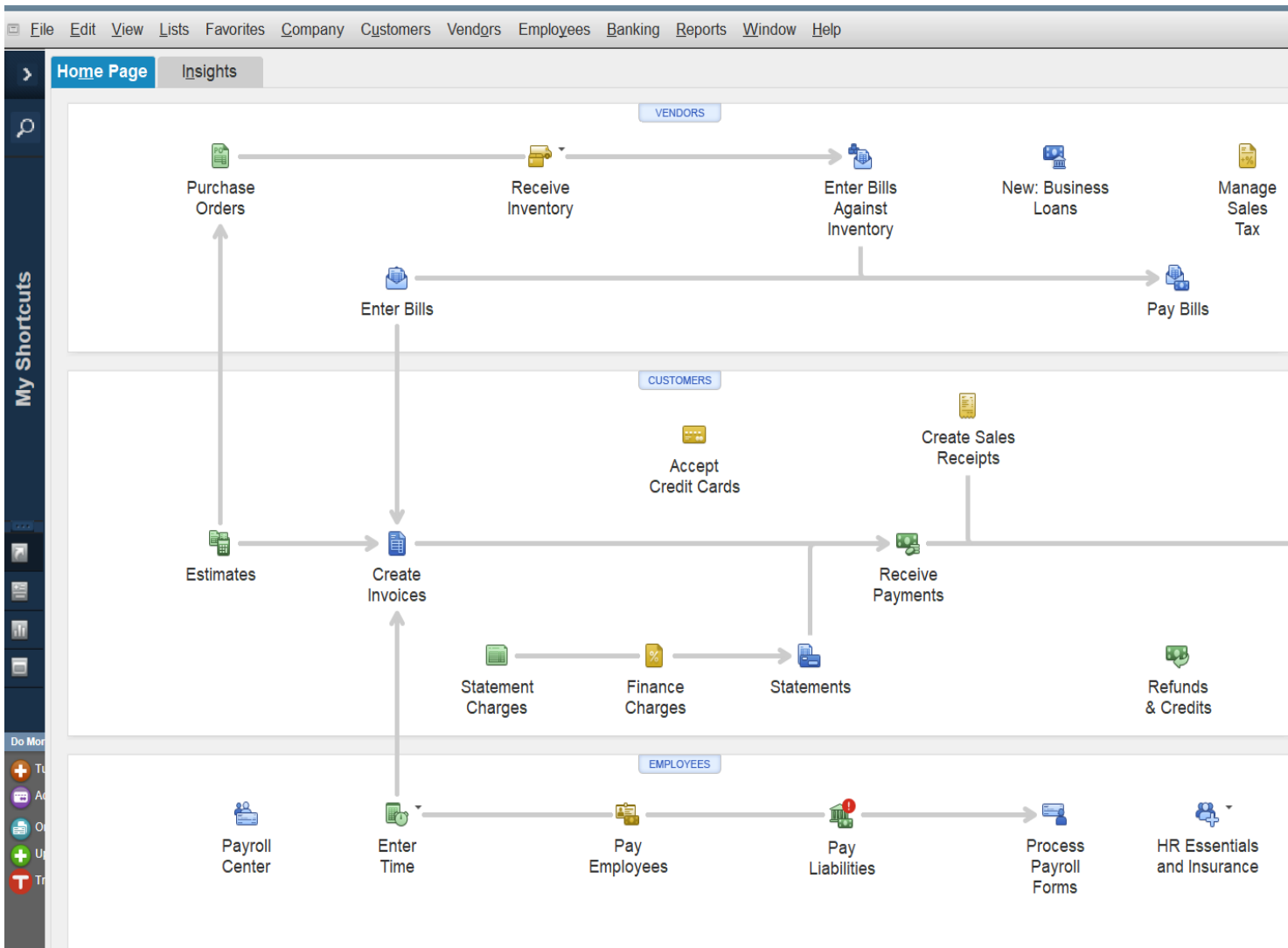
Presentation by Lisa Mäki

Contents

- What is QuickBooks?
- What is Excel?
- Payroll Reports
- Financial Reports for Audit Purposes
- Audit Trail

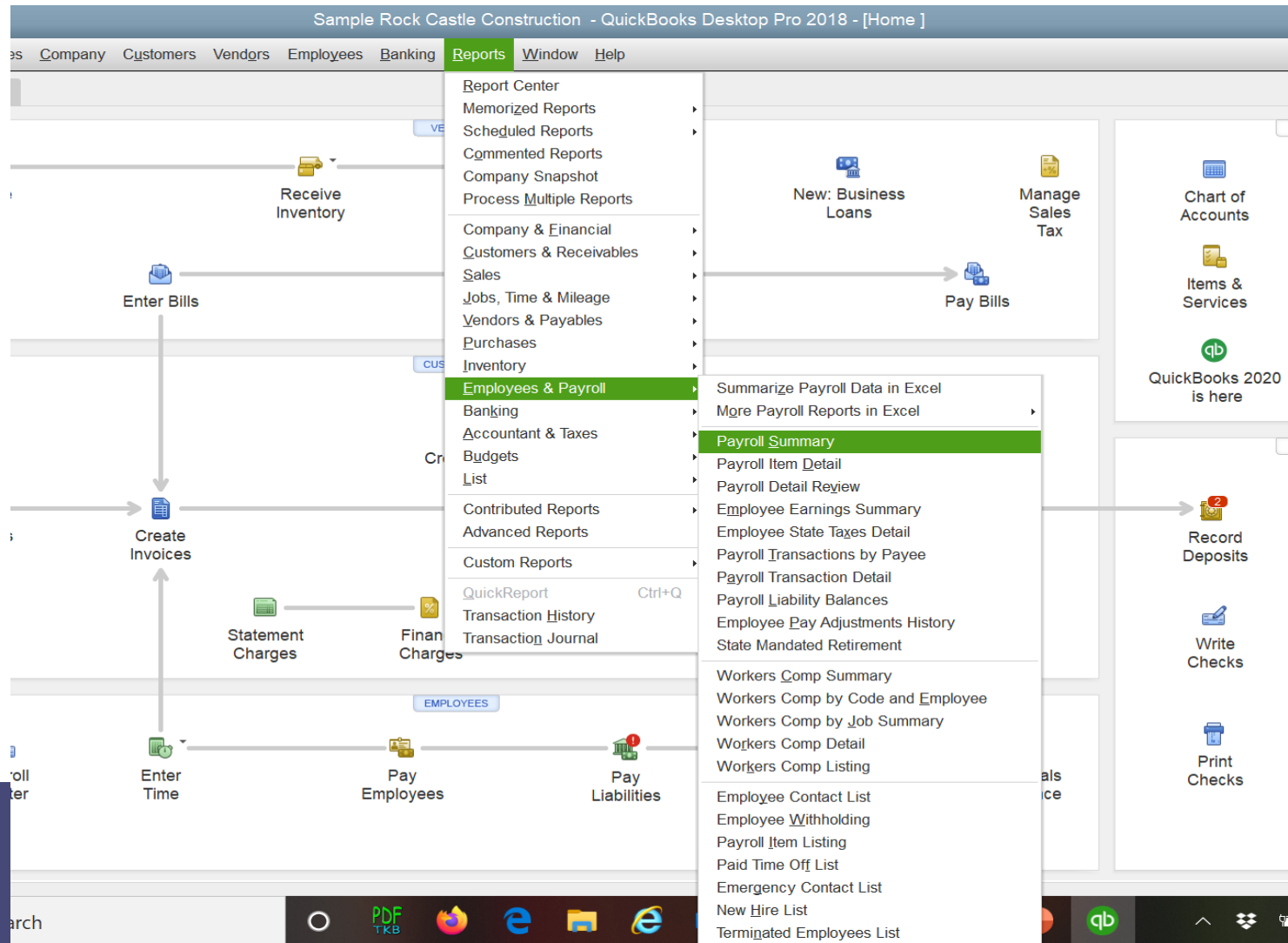
Payroll Reports

- Payroll Module
- Payroll Summary
- Employee Earnings Summary
 - Export to Excel
- Workers Comp Reports



Payroll Module

- How to tell from the home screen whether the client has the Payroll Module
- The Home screen is separated into 3 parts:
 - Vendors (top)
 - Customers (center)
 - Employees (bottom)
- If icons such as Pay Employees and Enter Time are present in the Employee section, the insured has the payroll module and you can proceed to run payroll reports.



Running Payroll Reports

- Go to the Reports menu at the top of the screen
- Select Employees & Payroll
 - choose either Payroll Summary
 - or Employee Earnings Summary
- If Employee Earnings Summary is chosen, you will need to export this report to Excel in order to use it
- Before choosing a report, ask the insured if Excel on their computer

Company Customers Vendors Employees Banking Reports Window Help

Print on Report Share Template Memorize Print E-mail Excel Hide Header Refresh

From 10/01/2022 To 12/15/2022 Show Columns Employee

Rock Castle Construction
Payroll Summary
 October 1 through December 15, 2022

	Dan T. Miller			Elizabeth N. Mason			Gregg O. Schneider			TOTAL		
	Hours	Rate	Oct 1 -...	Hours	Rate	Oct 1 -...	Hours	Rate	Oct 1 -...	Hours	Rate	Oct 1 -...
▼ Employee Wages, Taxes and Adjustm...												
▼ Gross Pay												
Salary			11,173.05			0.00			0.00			11,173.05
Overtime Rate			0.00	5	22.13	110.65	5	25.88	129.40	10		240.05
Regular Pay			0.00	560	14.75	8,260.00	640	17.25	11,040.00	1,200		19,300.00
Sick Hourly			0.00		14.75	0.00		17.25	0.00			0.00
Vacation Hourly			0.00		14.75	0.00		17.25	0.00			0.00
Total Gross Pay			11,173.05	565		8,370.65	645		11,169.40	1,210		30,713.10
Adjusted Gross Pay			11,173.05	565		8,370.65	645		11,169.40	1,210		30,713.10
▼ Taxes Withheld												
Advance Earned Income Credit			0.00			0.00			0.00			0.00
Federal Withholding			-776.00			-925.00			-1,352.00			-3,053.00
Medicare Employee			-162.01			-121.38			-161.96			-445.35
Social Security Employee			-692.72			-518.98			-692.50			-1,904.20
CA - Withholding			-124.83			-213.45			-347.93			-686.21
CA - Disability Employee			-94.17			-70.92			-82.04			-247.13
Total Taxes Withheld			-1,849.73			-1,849.73			-2,636.43			-6,335.89
▼ Deductions from Net Pay												
Health Insurance			-125.00			-125.00			-100.00			-350.00
Total Deductions from Net Pay			-125.00			-125.00			-100.00			-350.00
Net Pay			9,198.32	565		6,395.92	645		8,432.97	1,210		24,027.21
▼ Employer Taxes and Contributions												
Federal Unemployment			0.00			0.00			100.00			100.00
Medicare Company			162.01			121.38			161.96			445.35
Social Security Company			692.72			518.98			692.50			1,904.20
CA - Unemployment Company			0.00			0.00			100.00			100.00

Payroll Summary

- The Payroll Summary works best if the insured has a small number of employees
- Wage types are shown down the left hand side of the page and the employees are listed across the top
- Hours, pay rate and wages are shown by line item
- You may enlarge or shrink columns manually (like Excel)
- You can also use the Customize Report Button on the top left of the screen

Sample Rock Castle Construction - QuickBooks Desktop Pro 2018 - [Employee Earnings Summary]

Company Customers Vendors Employees Banking Reports Window Help

Print E-mail Excel Hide Header Refresh

From 10/01/2022 To 12/31/2022 Sort By Default

Rock Castle Construction Employee Earnings Summary October through December 2022

Salary	Overtim...	Regula...	Sick Ho...	Vacatio...	Advanc...	Federa...	Medica...	Social S...	Federa...	Medica...	Social S...	CA - Wi...	CA - Dis...	CA - Un...	CA - Em...	Healt
11,173.05	0.00	0.00	0.00	0.00	0.00	-776.00	-162.01	-692.72	0.00	162.01	692.72	-124.83	-94.17	0.00	0.00	-12
0.00	110.65	8,260.00	0.00	0.00	0.00	-925.00	-121.38	-518.98	0.00	121.38	518.98	-213.45	-70.92	0.00	0.00	-12
0.00	129.40	11,040.00	0.00	0.00	0.00	-1,352.00	-161.96	-692.50	100.00	161.96	692.50	-347.93	-82.04	100.00	10.00	-10
11,173.05	240.05	19,300.00	0.00	0.00	0.00	-3,053.00	-445.35	-1,904.20	100.00	445.35	1,904.20	-686.21	-247.13	100.00	10.00	-35

Search

Employee Earnings Summary

- The Employee Earnings Summary works best if the insured has a large number of employees
- Wage types are shown across the top, while employees are listed in rows on the left
- The purpose of this report is to flow from gross to net
- PLEASE NOTE: the total on the Right is Net Wages, not Gross.
- Export to Excel using the Excel Button at the top of the screen

	A	B	C	D	E	F	G	H	
1	Name	Code	Gross Pay	Salary	Overtime Rate	Regular Pay	Sick Hourly	Vacation Hourly	Adv. Ear. Incr. Cr.
2	Dan T. Miller	5645	11,173.05	11,173.05	0.00	0.00	0.00	0.00	
3	Elizabeth Mason	8810	8,370.65	0.00	110.65	8,260.00	0.00	0.00	
4	Gregg Schneider	excl.	11,169.40	0.00	129.40	11,040.00	0.00	0.00	
5	TOTAL		30,713.10	11,173.05	240.05	19,300.00	0.00	0.00	
6									
7	Formula		=SUM(C2:G2)						
8									
9									
10									
11									
12									

Earnings Summary in Excel

- Once exported, the report can be manipulated in Excel
- Insert a column to the left of Salary
- Use the Sum key or the formula shown to sum all the payroll columns, stopping before the deductions
- Sum the new column by using the Sum key or by copying or dragging the Total formula from another column
- You can also add another column for the code to enable easy sorting for the audit

Sample Rock Castle Construction - QuickBooks Desktop Pro 2018 - [Workers Compensation by Code and Employee]

File Company Customers Vendors Employees Banking Reports Window Help

Print on Report Share Template Memorize Print E-mail Excel Hide Header Refresh

From 11/01/2022 To 11/30/2022

Rock Castle Construction
Workers Compensation by Code and Employee
 November 2022

Nov 22									
	Gross Wages	OT Premium	WC Wages	Hours	WC Rate	WC Premium	Exp. Mod.	Adj. WC Premium	
5552 - Roofing									
Dan T. Miller	3,192.30		3,192.30		17.55	560.24	95.0%	532.22	
Total 5552 - Roofing	3,192.30		3,192.30			560.24		532.22	
5645 - Carpentry									
Elizabeth N. Mas...	2,426.39	22.13	2,404.26	163	10.81	259.90	95.0%	246.90	
Total 5645 - Carpe...	2,426.39	22.13	2,404.26	163		259.90		246.90	
8810 - Clerical									
Gregg O. Schne...	2,837.64	25.88	2,811.76	163	1.00	28.12	95.0%	26.71	
Total 8810 - Clerical	2,837.64	25.88	2,811.76	163		28.12		26.71	
TOTAL	8,456.33	48.01	8,408.32	326		848.26		805.83	

Workers Comp reports can provide easy classification for the audit

- Use caution with these reports
 - Exempt officers may be excluded
 - Insured may have interchange of labor
- Workers Comp reports will have no value unless the insured has coded the employees in Quickbooks during the employee set up process
- WC codes can be assigned at any time. Go to:
 - Employees
 - Employee Center
 - Double click employee name
 - Add WC code in either Payroll Info or Worker's Comp screen

Workers Comp Reports

Other Payroll Items

Wages – Other – What does the “Other” mean?

Open the Chart of Accounts(List menu) and drill down (double click) to see what description was added for “Other”

“Other” is wages added to the parent account but needs a new subline in the report

Payroll item list

Sick / Vacation / Holiday /
Bonus / etc.

Open up a paycheck & ask what payroll item was used on the paycheck in question

Financial Reports

- Cash vs. Accrual
- Profit & Loss
- General Ledger/Trial Balance
- Transaction List by Vendor
- Audit Trail

Cash vs. Accrual Methods of Accounting

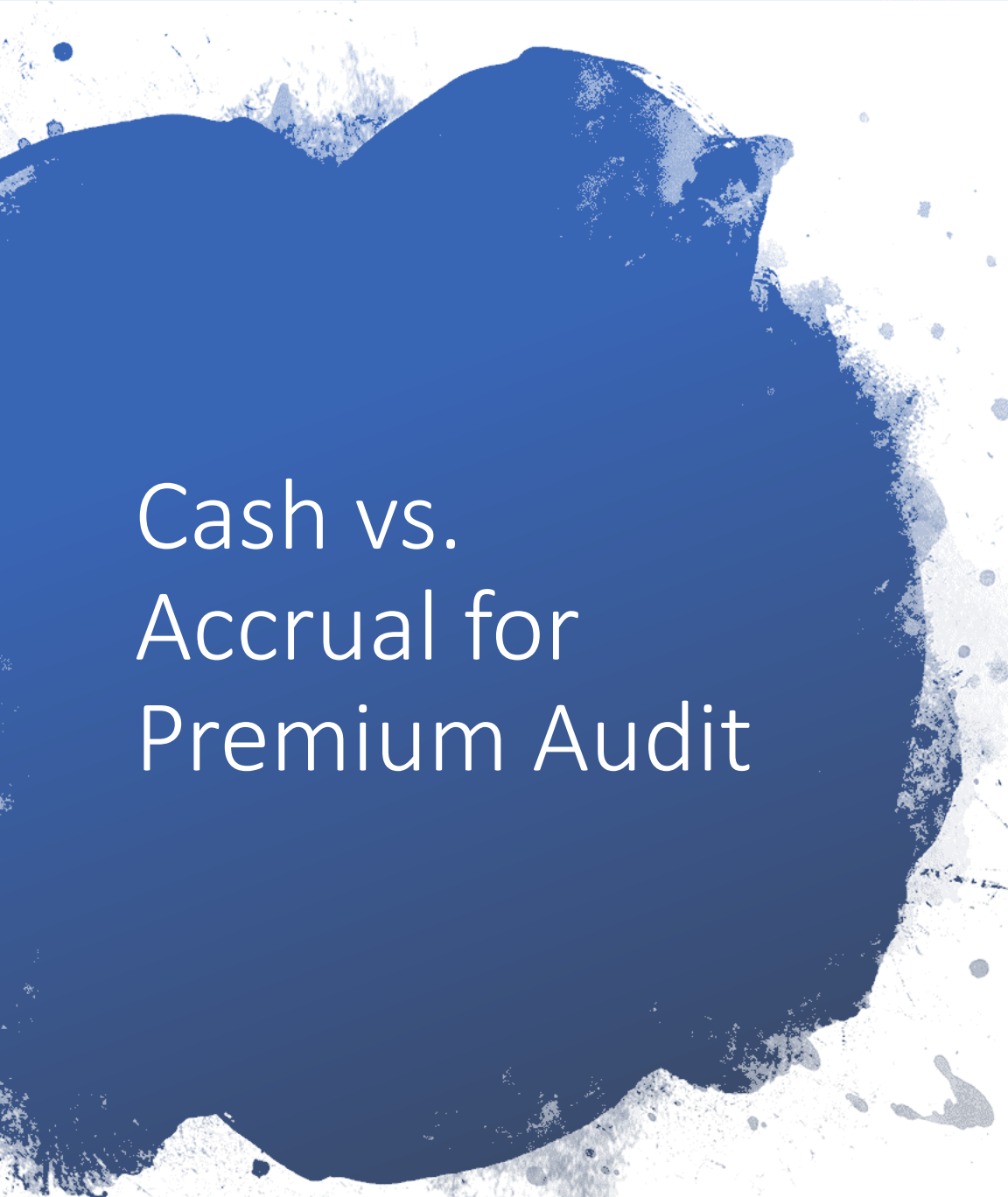
What does it all mean?

The difference between Cash and Accrual accounting lies in the timing of when sales and expenses are recorded

Cash accounting recognizes revenue and expenses only when money changes hands

Accrual accounting recognizes revenue when it's earned, and expenses when they're billed (but not paid)





Cash vs. Accrual for Premium Audit

Why is this Important?

- Per WC Basic Manual Rule 2b "payroll" and "remuneration" mean money or substitutes for money
- Payroll includes *total pay received by an employee* (less exclusions covered in part 2)
- For GL Sales based audits, often times the policy specifically requests *Gross Receipts*

Sample Rock Castle Construction - QuickBooks Desktop Pro 2018 - [Profit & Loss]

File Company Customers Vendors Employees Banking Reports Window Help

Print on Report Share Template Memorize Print E-mail Excel Hide Header Collapse Refresh

From 12/01/2022 To 12/15/2022 Show Columns Total only Sort By Default

Cash Show Filters

Rock Castle Construction
Profit & Loss
 December 1 - 15, 2022

Dec 1 - 15, 22	
Ordinary Income/Expense	
Income	
40100 - Construction Income	

Modify Report: Profit & Loss

Display Filters Header/Footer Fonts & Numbers

REPORT DATE RANGE

Dates This Month-to-date From the first day of the current month through today

From 12/01/2022 To 12/15/2022

REPORT BASIS

☐ Accrual ☒ Cash This setting determines how this report calculates income and expenses.

COLUMNS

Display columns by Total only across the top. Sort by Default

Sort in ☒ Ascending order ☐ Descending order

Add subcolumns for

<input type="checkbox"/> Previous Period	<input type="checkbox"/> Previous Year	<input type="checkbox"/> Year-To-Date	<input type="checkbox"/> % of Row	<input type="checkbox"/> % of Column
<input type="checkbox"/> \$ Change	<input type="checkbox"/> \$ Change	<input type="checkbox"/> % of YTD	<input type="checkbox"/> % of Income	<input type="checkbox"/> % of Expense
<input type="checkbox"/> % Change	<input type="checkbox"/> % Change			

Cash vs. Accrual

Run a Profit & Loss (P & L)

- Go to the Reports Menu
- Choose Company & Financial
- Choose a Report

• Some versions have a button on the menu to switch between Cash and Accrual

• If no button, use the Customize Report Button

- Look for the Report Basis

Sample Rock Castle Construction - QuickBooks Desktop Pro 2018 - [Profit & Loss]

File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Collapse Refresh

Dates Custom From 01/01/2021 To 12/31/2021 Show Columns Month Sort By Default

Report Basis: ☐ Accrual ☒ Cash Show Filters

3:15 PM
12/15/22

Rock Castle Construction
Profit & Loss
January through December 2021

Cash Basis

	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21
Ordinary Income/Expense						
Income						
40100 - Construction Income						
40110 - Design Income	0.00	1,000.00	0.00	0.00	0.00	0.00
40130 - Labor Income	9,361.99	2,215.00	1,635.00	0.00	0.00	0.00
40140 - Materials Income	19,601.57	18,920.24	1,078.70	0.00	0.00	0.00
40150 - Subcontracted Labor Income	16,548.17	2,910.00	3,481.50	16,500.00	16,500.00	0.00
Total 40100 - Construction Income	45,511.73	25,045.24	6,195.20	16,500.00	16,500.00	0.00
40500 - Reimbursement Income						
40520 - Permit Reimbursement Inco...	992.84	0.00	0.00	0.00	0.00	0.00
Total 40500 - Reimbursement Income	992.84	0.00	0.00	0.00	0.00	0.00
Total Income	46,504.57	25,045.24	6,195.20	16,500.00	16,500.00	0.00
Cost of Goods Sold						
50100 - Cost of Goods Sold	2,891.35	4,318.95	511.80	0.00	0.00	0.00
54000 - Job Expenses						
54300 - Job Materials	4,050.98	0.00	0.00	0.00	0.00	0.00
54400 - Permits and Licenses	0.00	0.00	0.00	0.00	0.00	0.00
54500 - Subcontractors	0.00	3,650.00	7,500.00	1,400.00	7,500.00	5,275.00
Total 54000 - Job Expenses	4,050.98	3,650.00	7,500.00	1,400.00	7,500.00	5,275.00
Total COGS	6,942.33	7,968.95	8,011.80	1,400.00	7,500.00	5,275.00
Gross Profit	39,562.24	17,076.29	-1,816.60	15,100.00	9,000.00	-5,275.00
Expense						
60100 - Automobile						
60110 - Fuel	138.00	142.00	127.00	162.00	143.00	157.00
60120 - Insurance	712.56	0.00	0.00	712.56	0.00	0.00
60130 - Repairs and Maintenance	218.00	222.00	232.00	192.00	232.00	186.00
Total 60100 - Automobile	1,068.56	364.00	359.00	1,066.56	375.00	343.00

Monthly Sales using P & L

Run a Profit & Loss (P & L)

- Go to the Reports Menu
- Choose Company & Financial
- Choose a Report

- Select Show Columns
- Program default is Total Only, change to Monthly

Using the P & L

Run a P & L

Reports Menu

Company & Financial

P & L Standard

Input policy dates

Drill Subcontractors

Customize Report

Select fields and sort

My Shortcuts

3:18 PM
12/15/22
Cash Basis

Report Basis: ☐ Accrual ☒ Cash [Show Filters](#)

Rock Castle Co
Profit & Loss
January through December

▼ Ordinary Income/Expense

▼ Income

▼ 40100 · Construction Income

40110 · Design Income

40130 · Labor Income

40140 · Materials Income

40150 · Subcontracted Labor

Total 40100 · Construction Income

▼ 40500 · Reimbursement Income

40520 · Permit Reimbursement

Total 40500 · Reimbursement Income

Total Income

▼ Cost of Goods Sold

50100 · Cost of Goods Sold

▼ 54000 · Job Expenses

54300 · Job Materials

54400 · Permits and Licenses

54500 · Subcontractors

Total 54000 · Job Expenses

Total COGS

Gross Profit

▼ Expense

Report Basis: ☐ Accrual ☒ Cash [Show Filters](#)

Rock Castle Co
Transaction Detail
January through December

Date	Source Name	
Middlefield Drywall		
09/30/2021	Middlefield Drywall	Installation
09/30/2021	Middlefield Drywall	Electrical
09/30/2021	Middlefield Drywall	Plumbing
09/30/2021	Middlefield Drywall	Installation
10/15/2021	Middlefield Drywall	Installation
10/15/2021	Middlefield Drywall	Electrical
10/15/2021	Middlefield Drywall	Plumbing
10/15/2021	Middlefield Drywall	Installation
Total Middlefield Drywall		
Vu Contracting		
02/28/2021	Vu Contracting	Installation
02/28/2021	Vu Contracting	Installation
02/28/2021	Vu Contracting	Heating
02/28/2021	Vu Contracting	Electrical
02/28/2021	Vu Contracting	Installation
02/28/2021	Vu Contracting	Painting
02/28/2021	Vu Contracting	Electrical
02/28/2021	Vu Contracting	Install drywall
02/28/2021	Vu Contracting	Install carpet...
02/28/2021	Vu Contracting	Painting

Display

Filters

Header/Footer

Fonts & Numbers

REPORT DATE RANGE

Dates Custom The date range you specify in the From and To fields

From 01/01/2021 To 12/31/2021

REPORT BASIS

☐ Accrual ☒ Cash This setting determines how this report calculates income and expenses

COLUMNS

Search Columns

Total by Vendor

✓ (left margin)

Trans #

Type

Entered/Last Modified

Sort by Default

Sort in ☒ Ascending order ☐ Descending order

Put a check mark next to each column that you want to appear in the report.

OK

Cancel

02/28/2021	Vu Contracting	Install drywall	Remodel	400.00
02/28/2021	Vu Contracting	Install carpet...	Remodel	175.00
02/28/2021	Vu Contracting	Painting	Remodel	250.00

Sample Rock Castle Construction - QuickBooks Desktop Pro 2018 - [Profit & Loss]

File Edit View Lists Favorites Company Customers Vendors Employees Banking Reports Window Help

Customize Report Comment on Report Share Template Memorize Print E-mail Excel Hide Header Collapse Refresh

Dates Custom From 01/01/2021 To 12/31/2021 Show Columns Month Sort By Default

Report Basis: ☐ Accrual ☒ Cash Show Filters

3:15 PM
12/15/22

Rock Castle Construction
Profit & Loss
January through December 2021

Cash Basis

	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21
Ordinary Income/Expense						
Income						
40100 · Construction Income						
40110 · Design Income	0.00	1,000.00	0.00	0.00	0.00	0.00
40130 · Labor Income	9,361.99	2,215.00	1,635.00	0.00	0.00	0.00
40140 · Materials Income	19,601.57	18,920.24	1,078.70	0.00	0.00	0.00
40150 · Subcontracted Labor Income	16,548.17	2,910.00	3,481.50	16,500.00	16,500.00	0.00
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40500 · Reimbursement Income						
40520 · Permit Reimbursement Inco...	992.84	0.00	0.00	0.00	0.00	0.00
Total 40500 · Reimbursement Income	992.84	0.00	0.00	0.00	0.00	0.00
Total Income	46,504.57	25,045.24	6,195.20	16,500.00	16,500.00	0.00
Cost of Goods Sold						
50100 · Cost of Goods Sold	2,891.35	4,318.95	511.80	0.00	0.00	0.00
54000 · Job Expenses						
54300 · Job Materials	4,050.98	0.00	0.00	0.00	0.00	0.00
54400 · Permits and Licenses	0.00	0.00	0.00	0.00	0.00	0.00
54500 · Subcontractors	0.00	3,650.00	7,500.00	1,400.00	7,500.00	5,275.00
Total 54000 · Job Expenses	4,050.98	3,650.00	7,500.00	1,400.00	7,500.00	5,275.00
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Total 60100 · Automobile	1,068.56	364.00	359.00	1,066.56	375.00	343.00

P & L vs. General Ledger

- The General Ledger has 2 components:
 - Balance Sheet
 - Assets
 - Liabilities
 - Equity
 - Profit & Loss (P & L)
 - Income Statement
 - Expenses
- One of the major differences between the balance sheet and the P&L their respective treatments of time
- The balance sheet contains every transaction in all general ledger accounts, reflecting the financial position of a company as of a specific point in time
- The P & L shows revenue and expenses during a set period of time
- The trial balance only contains only the ending balance in each general ledger account



Balance Sheet

- Work in Progress (WIP) – the expenses can be labeled as work in progress (for example) until a house is completed so that the expenses can be moved from (WIP) to proper expense categories once the house is sold. This will give the builder direct figures on how much money was made / lost on each property as WIP expenses are directly compared to the final sale of the house that was built.
- Materials, prepaid labor, subs, etc. can be hidden in the Work in Progress category. If payroll is run through QuickBooks it will show up on normal payroll reports even if allocated under the WIP category.
- The General Ledger and Trial Balance can be found under the Reports menu, Accountant & Taxes



P & L and Balance Sheet Facts

The **General Ledger** and **Trial Balance**
WILL NOT cross a calendar year

These reports are designed to report
data at a specific point in time

Both the **Profit & Loss Standard** and
the **Profit & Loss Detail** WILL cross
the calendar year

Both provide report data for a
specified period of time

Company Customers Vendors Employees Banking Reports Window Help

Print Report Share Template Memorize Print E-mail Excel Hide Header Refresh

From 01/15/2000 To 12/15/2022

Rock Castle Construction Audit Trail

Entered/Last Modified January 15, 2000 through December 15, 2022

Entered/Last Modified	Last modified by	Date	Name	Account	Amount
Transactions entered or modified by Admin					
Bill					
12/15/2021 02:38:18	Admin	<i>09/30/2022</i>	Sloan Roofing	20000 · Accounts Payable	-500.00
			Abercrombie, Kristy:Remodel Ba...	54000 · Job Expenses:54300 ...	500.00
12/15/2020 03:33:19	Admin	<i>09/30/2021</i>	Sloan Roofing	20000 · Accounts Payable	-500.00
			Abercrombie, Kristy:Remodel Ba...	54000 · Job Expenses:54300 ...	500.00
12/15/2019 11:59:13	Admin	<i>09/30/2020</i>	Sloan Roofing	20000 · Accounts Payable	-500.00
			Abercrombie, Kristy:Remodel Ba...	54000 · Job Expenses:54300 ...	500.00
12/15/2018 06:31:17	Admin	<i>09/30/2019</i>	Sloan Roofing	20000 · Accounts Payable	-500.00
			Abercrombie, Kristy:Remodel Ba...	54000 · Job Expenses:54300 ...	500.00
12/15/2017 04:18:02	Admin	<i>09/30/2018</i>	Sloan Roofing	20000 · Accounts Payable	-500.00
			Abercrombie, Kristy:Remodel Ba...	54000 · Job Expenses:54300 ...	500.00
12/15/2016 03:46:42	Admin	<i>09/30/2017</i>	Sloan Roofing	20000 · Accounts Payable	-500.00
			Abercrombie, Kristy:Remodel Ba...	54000 · Job Expenses:54300 ...	500.00
12/15/2015 09:37:58	Admin	<i>09/30/2016</i>	Sloan Roofing	20000 · Accounts Payable	-500.00
			Abercrombie, Kristy:Remodel Ba...	54000 · Job Expenses:54300 ...	500.00
12/15/2014 06:51:23	Admin	<i>09/30/2015</i>	Sloan Roofing	20000 · Accounts Payable	-500.00
			Abercrombie, Kristy:Remodel Ba...	54000 · Job Expenses:54300 ...	500.00
12/15/2013 00:18:22	Admin	<i>09/30/2014</i>	Sloan Roofing	20000 · Accounts Payable	-500.00

Audit Trail

The Audit Trail is located under the Reports menu, Accountant & Taxes

The Audit Trail shows all transaction changes in QuickBooks.

If the Audit Trail is blank it may be a duplicate set of books, but it could also be a backup file

How to read the audit trail transactions:

Prior – how the line items were (normal font)

Latest – how the line items are now (bold & italicized)





Questions?

Thank you for attending!