



QuickBooks Online for construction clients

Karine Woodman



A photograph of two young women with blonde hair, seen from the chest up, engaged in a conversation outdoors at night. The woman on the left is in profile, looking towards the right, and is wearing a dark jacket with a light-colored fur collar. The woman on the right is facing her, also in profile, and is wearing a dark jacket. The background is dark and out of focus, showing some green foliage and a hint of a city light. The text "Take a minute to connect with your neighbor" is overlaid in white on the right side of the image.

Take a minute
to connect with
your neighbor

#QBConnect | WiFi: QBConnect

CPE Process

In order to receive CPE credit

- Be sure to sign in or scan your badge for this session
- You must stay in the session for the duration of the training
- This session is eligible for **1 hour of CPE**
- CPE certificates are emailed directly to you within 4 weeks of the conference date to the same email address you used to register

Today's speaker



Karine Woodman
Founder and CEO
@24hrbookkeeper

Agenda

Types of construction

Understanding construction financial workflows

- Receivables
- Payables

Financial structure and reporting for construction

QuickBooks Online for construction

- Using Projects
- Progress Invoicing
- Receipt Management
- Managing Customers and Vendors



The Construction industry has more than 680,000 employers with over 7 million employees and creates nearly \$1.3 trillion worth of structures each year.

Associated General Contractors of America



QBO vs. QBO with Construction Software

QuickBooks Online (QBO) (stand alone)

- Works for basic job costing
- Has reporting and real time tracking for income and expenses
- Additional functionality such as scheduling and document storage will need to be handled outside of QBO

QuickBooks Online (QBO) with Construction Software

- QBO is where company financials get handled and construction software manages project management
- Not everyone needs access to QBO
- Has construction specific functionality

QBO for construction clients: Can use either QuickBooks Online Plus or QuickBooks Online Advanced

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Types of construction

General Contractors

- Large developments
- Retail Centers
- Apartment buildings or multi unit
- Manufacturing facilities

Subcontractors

- Electrical
- Plumbing
- Pools
- Landscaping

Home Builders & Remodelers

- Custom homes
- Model/Spec homes
- Luxury homes

IMPORTANT TIP: Construction types apply to both residential and commercial projects

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Managing receivables

Fixed pricing

- Agreed upon at contract signing
- Billed in increments
- Can be billed per agreement fixed terms

Cost plus

- Agreed upon at contract signing
- Billed on costs incurred
- Provide copies of invoices
- Line item the Profit & Overhead (Builder fee)

Percentage of Completion

- Recognized as percentage of work completed
- Should be able to estimate materials used
- Used on longer-term contracts

TERMINOLOGY TIP: Invoicing might be referred to as “billing” instead of “invoicing”

Examples of invoicing methods

These formats work for both residential and commercial contractors



- Draw requests
- QuickBooks invoice
- AIA form
- Invoice based on contract terms set
- Sent via project management software
- Verbal request to customers
- Payment received without a request being sent

Managing payables

Vendors

- Materials only
- Would not provide a purchase order
- Costs can vary from estimate
- Net payment terms

Subcontractors

- Outsourced service
- Provide 1099 at year end
- Can include both labor, materials or both
- Work with purchase orders

When and how do they pay their bills?

There is a variance of the options and more than one could be used if no true system is in place



- Pays the bills when the customer pays them
- Pays on a regular schedule (ex. Every Friday)
- Pay their bill via credit card
- Pay their bills via check (by mail or on job site)
- Release payment to sub automatically based on work completed

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Setting up the Chart of Accounts

Profit & Loss Accounts

- Income
- Cost of Goods Sold (COGS)
 - Direct Costs
 - Indirect Costs
- Overhead Expenses

Balance Sheet Accounts

- Work in Progress (WIP)
- Under/over billing
- Liabilities

Setting up Products & Services

- Want to use for Builder's cost codes
- Used for estimates
- Can progress invoice by these line items
- Can pull a report to see what was spent by each product or service

If using 3rd party construction software, this is likely the channel in which they communicate for integration

Reporting for construction



	January Income	February Expense	March Income	March Expense
	1,521	1,588	2,152	8,125
	2,688	6,554	5,889	3,656
	4,152	2,102	6,185	4,556
	2,150	3,155	4,125	8,250
	3,895	8,154	7,150	3,123
	5,188	4,152	1,415	4,563
	2,648	5,210	3,225	2,336
	6,850	6,815	2,335	2,890
	\$28,892	\$37,730	\$32,476	\$37,499
1st Quarter	Income	Expense	Profit (or Loss)	
	\$91,466	\$110,629	- \$19,163	

- Budget vs. Actual
- Profit & Loss by Customer report
- Profitability report
- Accounts Receivable
- Accounts Payable
- Transaction reports



Questions?

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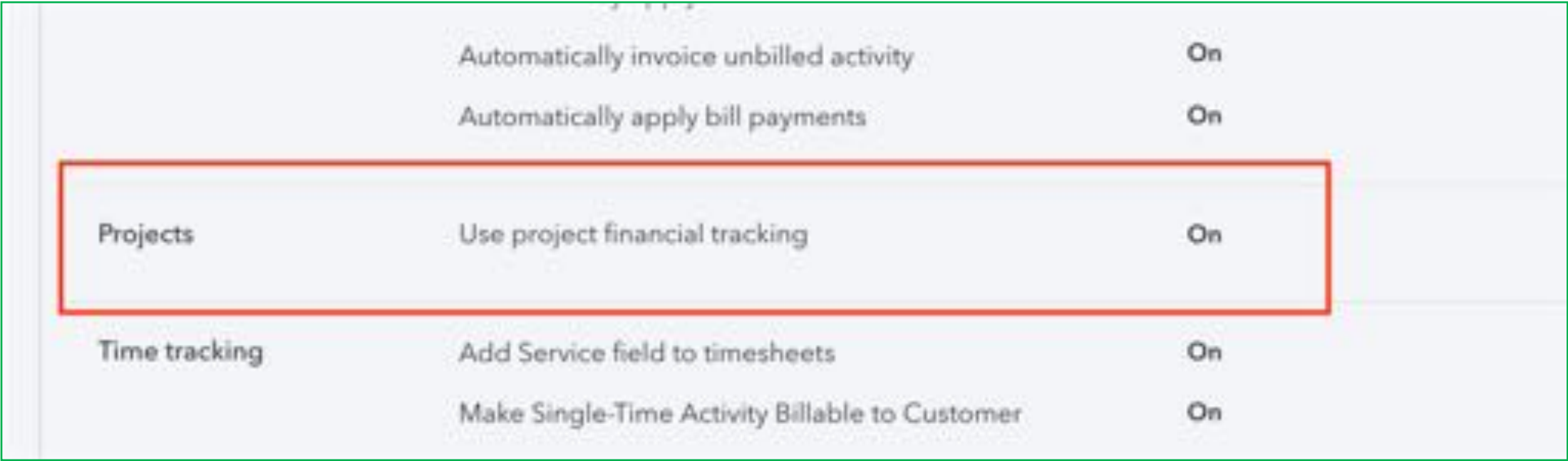
Projects in QuickBooks Online

- Centralized place to manage projects
- Manage project transactions from one place
- Manage project reports from one place
- View projects by status and by customer
- Change project statuses
- Keep notes on projects
- Must be on QuickBooks Online Plus or Advance version

IMPORTANT TIP: Transactions must be tagged to a customer to be viewed in Projects

Projects: Settings

Gear > Account and Settings > Advanced > Projects



	Automatically invoice unbilled activity	On
	Automatically apply bill payments	On
Projects	Use project financial tracking	On
Time tracking	Add Service field to timesheets	On
	Make Single-Time Activity Billable to Customer	On

Projects: Settings

Gear > Account and Settings > Expenses > Bills and expenses

Bills and expenses	Show Items table on expense and purchase forms	On
	Track expenses and items by customer	On
	Make expenses and items billable	On
	Default bill payment terms	Net 10

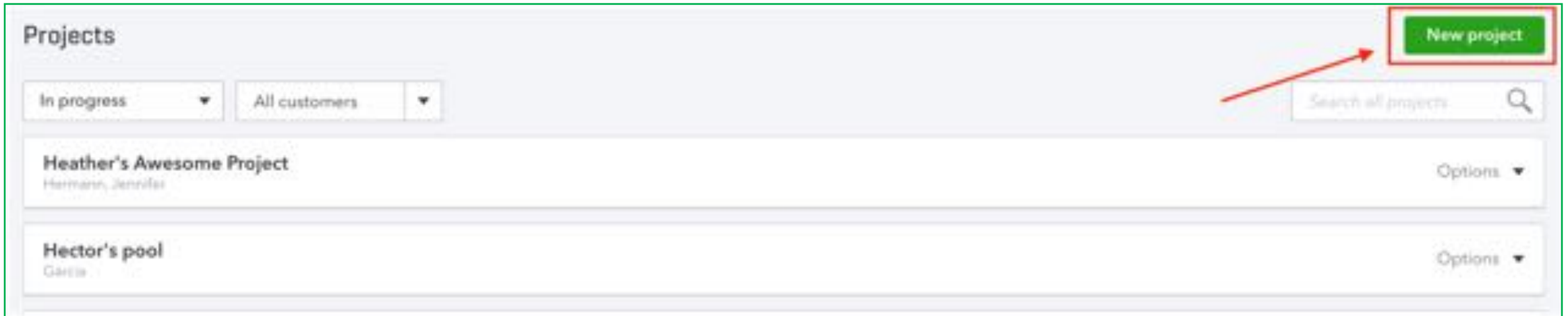
Projects: Settings

Gear > Account and Settings > Sales > Progress Invoicing

Account and Settings			
Company	Integrations		
	Tips (Gratuity)		Off
Billing & Subscription	Products and services	Show Product/Service column on sales forms	On
Usage		Show SKU column	Off
Sales		Turn on price rules BETA	Off
		Track quantity and price/rate	On
		Track inventory quantity on hand	On
Expenses	Progress Invoicing	Create multiple partial invoices from a single estimate	On
Payments			
Advanced	Messages	Default email message sent with sales forms	

Projects: Create

Click on Projects in the navigation bar > New project



Project: Implementation

Dashboard

Banking

Sales

Expenses

Projects

Workers

Reports

Taxes

Accounting

Projects

In progress

All customers

Search all projects

Heather's Awesome Project

Heather, Jennifer

Options

Hector's pool

Garcia

Options

Landscaping

Long, Michelle

Landscaping

A New Customer

Lee Advertising*

Lee, Laura

Income

Costs

PROFIT MARGIN

Income

Costs

\$0.00

\$1,470.00

Overview

Transactions

Time Activity

Project Reports

Take project tour

\$0.00

INCOME

\$1,470.00

COSTS

\$-1,470.00

PROFIT

INCOME

Imvoices

Request money for your product or services

HOURLY TIME COST

Unsay Reddery

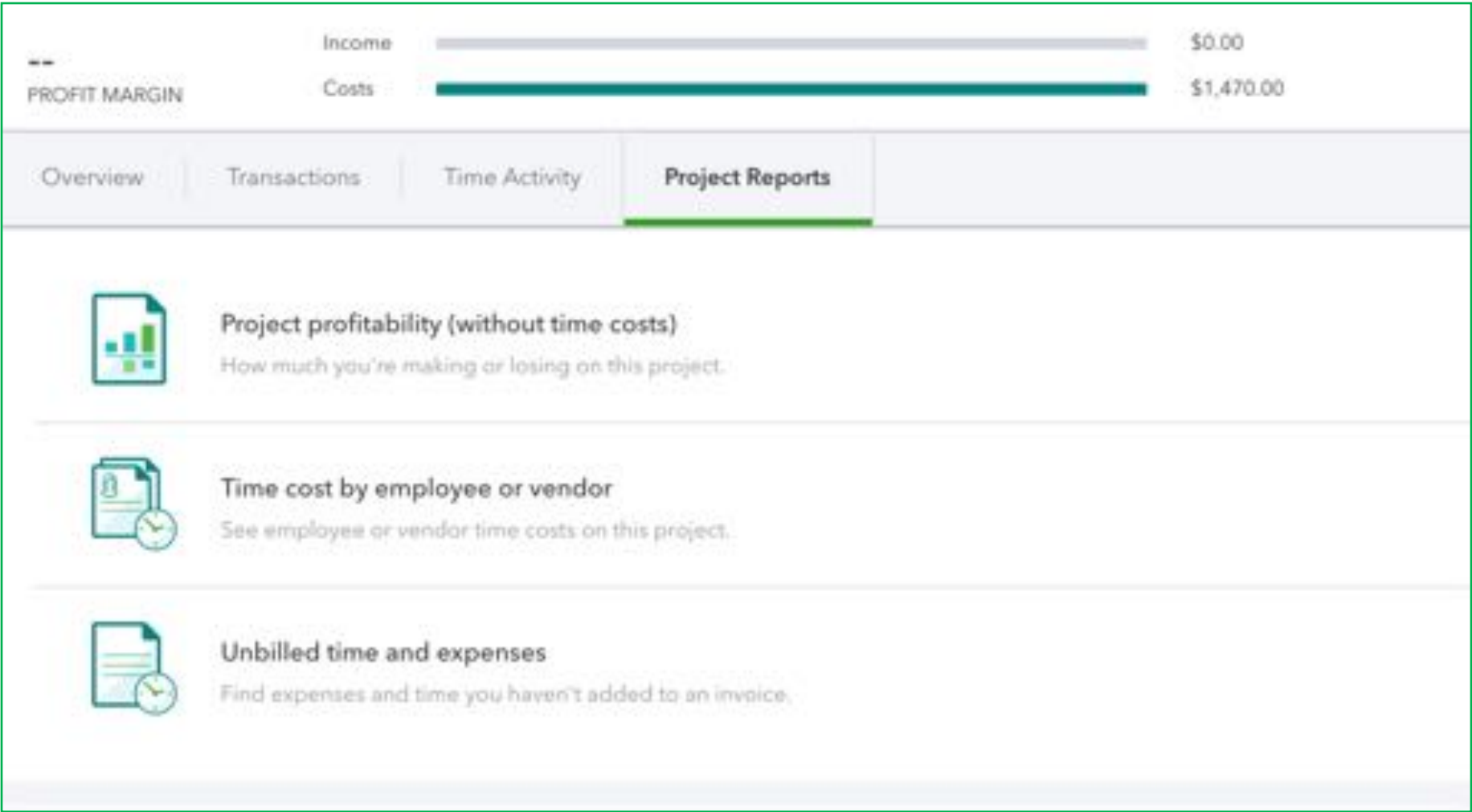
COST OF GOODS SOLD

Job Expenses

EXPENSE

Expenses

Projects: Reporting



Projects: Converting existing sub-customers to Projects

← All projects

Michelle's Stone Patio

Long, Michelle | In progress ▾

She wants a fabulous stone patio -- with a fountain and more

Edit


Add to project ▾

\$2,155.00
OPEN

\$2,155.00
OVERDUE

Project reports


Transactions



Project profitability

How much you're making or losing on this project.


View



Nonbillable time

All time you're not going to send invoices for on this project.


View



Unbilled time and expenses

All time and expenses on this project you still need to send invoices for.

View


CONNECT

#QBConnect

@24hrbookkeeper

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Converting sub-customers to Projects

- Sales > Customers
- Message below money bar allowing you to “convert now”
- You’ll see option to convert if:
 - Projects are turned on
 - You have sub-customers with setting “bill with parent”
 - The sub-customers do not have active or inactive sub-sub customers
- Notification when complete

IMPORTANT TO KNOW: This is a one-time conversion and cannot be undone

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Progress Invoicing in QuickBooks Online

- Great option to bill against line items
- Invoice against estimate with different methods
- Keeps estimate open and shows balance remaining
- Only move to A/R what is actually due (rather than entire estimate amount)

IMPORTANT TIP: Estimates are non-posting transactions so they can reflect the entire project amount

Progress Invoicing: Estimate

Quick Sign (+) > Estimate

Estimate #1028

Long, Michelle Michelle's Stone P

From/To: create invoice with a comment

Create Invoice

AMOUNT
\$1,346.88

Accepted
1 linked transaction

Send later

Fullfill

Billing address
Long, Michelle

Estimate date
11/03/2017

Expiration date

Estimate no
1028

Location

#	SERVICE DATE	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT	TAX	CLASS
1		Concrete		Concrete for fountain installation	5	250	1,250.00		
2									

Add lines

Clear all lines

Add subtotal

Subtotal
\$1,250.00

Message displayed on estimate

San Domingo 7.75% 96.88

Total
\$1,346.88

Estimate Total
\$1,346.88

Progress Invoicing: Invoicing from Estimate

Estimate #1026

Long, Michelle Michelle's Stone P

Enter/Suppose amount with a comma

Account

Send later

To/From

Billing address

Estimate date

Expiration date

Long, Michelle

11/03/2017

Estimate no.

1026

Amount

\$1,346.88

Create invoice

#	SERVICE DATE	PRODUCT/SERVICE	SKU	DESCRIPTION	QTY	RATE	AMOUNT	TAX
1		Concrete		Concrete for fountain installation	5	250	1,250.00	
2								

Add lines

Clear all lines

Add subtotal

Message displayed on estimate

San Domingo

Name

How much do you want to invoice?

Total of all estimate lines = \$1,250.00

50%

 of each line =

\$625.00

Custom amount for each line

Create invoice

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Receipt management: Receipts

Banking

Rules

Receipts

Receipts

Drag and drop files here or [browse to upload](#)

SET UP RECEIPT FORWARDING

1

Register your email to get started

2

Send receipts to QuickBooks

Register your email

Give feedback

SNAP ON MOBILE - GET THE APP

Mobile number

Send link

Mag/data rates may apply

For review

Reviewed

RECEIPT	TRANSACTION DATE	DESCRIPTION	PAYMENT ACCOUNT	TOTAL AMOUNT / TAX	CATEGORY OR MATCH	ACTION
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First

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Last

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Managing customers

- All transactions must be tagged by customer to produce reports by customer
- How to setup the customer in QBO:
 - Customer: If only going to work with that customer once
 - Sub-Customer:
 - Project:
- Can include attachments when sending invoices
- When setting up sub-customers, make sure to choose either:
 - Bill with parent: Invoices will be with parent customer information
 - Bill this customer: Invoices will be billed with this customer information

Managing vendors

- Use vendors for all **Cost of Goods Sold** and **Expense** accounts
- Track payments for Vendor 1099s
- Attach W9s and Insurance Certificates to their vendor file in QBO
- Setup vendor banking rules and add customer when transaction occurs
- Producing 1099s is only available in QuickBooks Online Plus

Construction Software for QuickBooks Online

Knowify

- Subcontractors
- Produces AIA forms from QBO
- AIA forms available
- Mobile App

CoConstruct

- Home Builders and Remodelers
- Sends estimates to QBO and A/R is done in QBO
- Reads information from QuickBooks
- Charges per project not users

RedTeam Software

- Commercial General Contractors
- Produces AIA forms
- Produces WIP schedule
- Fees information into QuickBooks
- Charges per user not projects

IMPORTANT TIP: You get a lot more construction functionality with 3rd party construction software

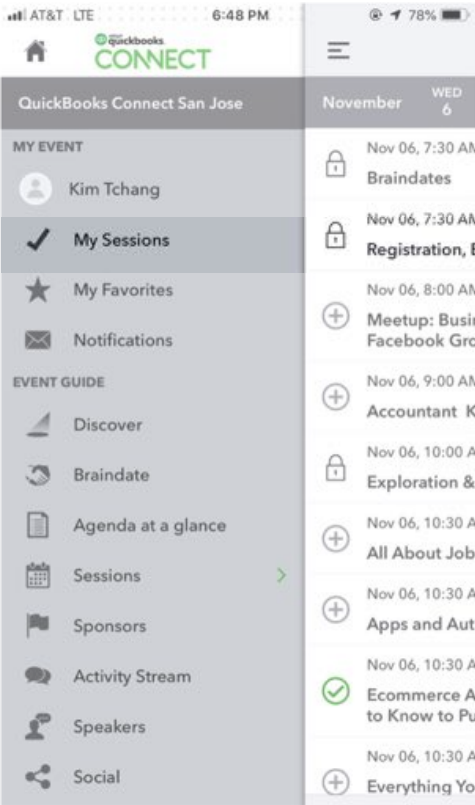


Questions?

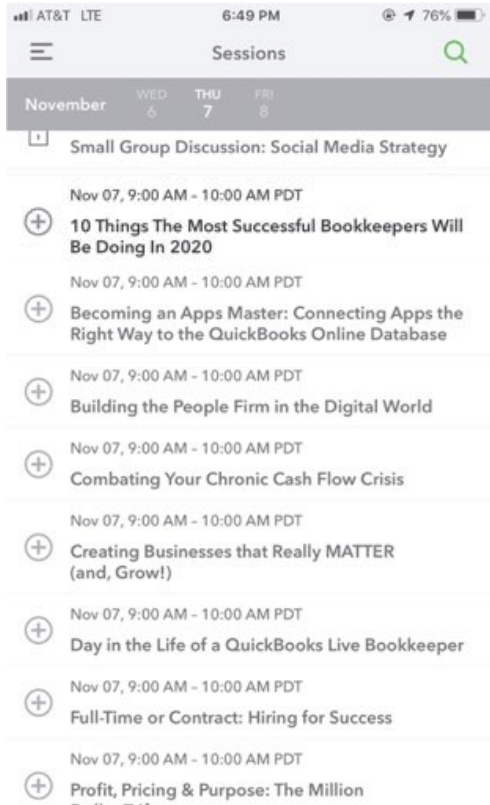
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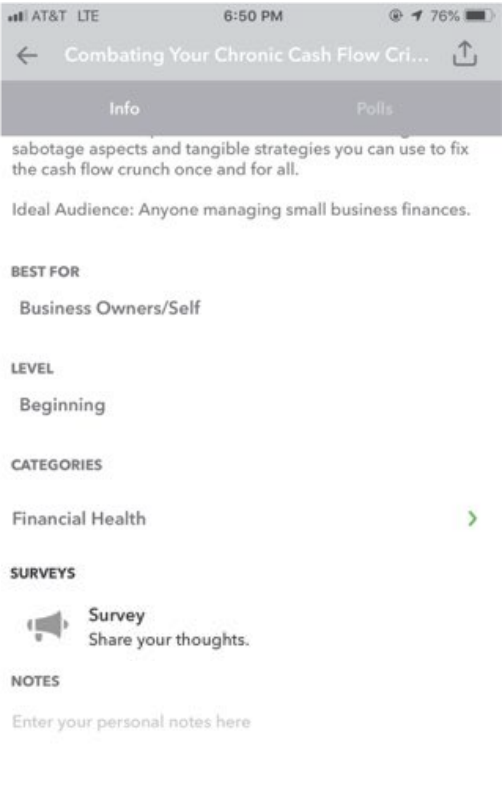
1. Select Sessions



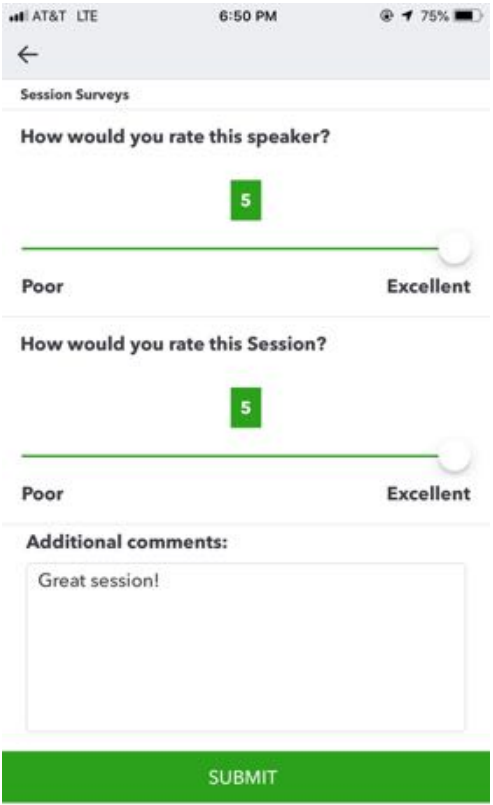
2. Select Session Title



3. Select Survey



4. Add Ratings



Material Download

1. Find the session on the agenda
2. Select + for more information
3. Download PDF of slides and/or supplemental material

<https://quickbooksconnect.com/agenda/>

The screenshot shows the QuickBooks Connect agenda page for November 7. The page has a green header with the QuickBooks Connect logo and navigation links: Why Attend, Agenda (selected), Speakers, Pricing, Sponsors, Travel, and FAQ. A green 'Register now' button is in the top right. Below the header, there are tabs for November 6 (Accountant Day), November 7 (selected), and November 8. A 'Print Agenda' link is on the right. A paragraph of text describes the event: 'Get new insights from experts in business growth, organizational culture, financial health, technology and life skills. Book a Braindate with peers and expert consultant for one-on-one learning. Unwind in the evening with our legendary celebration.' Below this is a search bar labeled 'Search for sessions'. A 'Filters' section contains buttons for Business Growth, Life & Business Skills, Organizational Culture, Technology Training, Advisory, and Financial Health, with an 'Expand all +' link. The agenda list shows sessions for November 7. The first session is 'Registration, Breakfast & Exploration' from 7:30-7:00 am. The second is 'Braindates' from 7:30-10:30 am, with a description: 'New this year, you can use Braindates to book time with fellow attendees, expert consultants and the QuickBooks support team. Learn more.' It also notes 'Best for: All Audiences' and 'CPE Hours: not eligible'. The third session is 'Yoga' from 8:00-8:30 am. The fourth is 'Breakout Sessions' from 8:00-8:45 am, which includes a list of sessions: 'Small Business Meetup: Relationship Marketing and the Power of Human Connection', 'Small Group Discussion: Social Media Strategy', 'Small Group Discussion: Showing up - Why What You Wear Matters', and 'Small Group Discussion: Build Your Dream Bookkeeping firm'. Each session has a '+' icon to its right.



OWN
THE
FUTURE