Computer Accounting with QuickBooks® Online

THIRD Edition

McGraw Hill

Donna Kay

Computer Accounting

with

QuickBooks® Online

Third Edition

Donna Kay, MBA, PhD, CPA, CITP

Mc
Graw
H'll

COMPUTER ACCOUNTING WITH QUICKBOOKS® ONLINE, THIRD EDITION

Preface

Computer Accounting with QuickBooks Online

THIRD EDITION   DONNA KAY

Welcome to Learning QuickBooks Online!

Gain a competitive advantage—learn a leading online financial app for entrepreneurs with *Computer Accounting with QuickBooks Online*. Designed using the most effective way to learn QuickBooks Online, this text streamlines learning QuickBooks Online because it focuses on you—the learner.

Proven instructional techniques are incorporated throughout the text to make your mastery of QuickBooks Online as effortless as possible. Using a hands-on approach, this text integrates understanding accounting with mastery of QuickBooks Online. Designed for maximum flexibility to meet your needs, *Computer Accounting with QuickBooks Online* can be used either in a QuickBooks Online course or independently at your own pace.

Good luck with QuickBooks Online and best wishes for your continued success,

Donna Kay

Meet the Author

Donna Kay is a former professor of Accounting and Accounting Systems & Forensics, teaching both undergraduate and graduate accounting. Dr. Kay earned B.S. and MBA degrees from Southern Illinois University at Edwardsville before receiving a Ph.D. from Saint Louis University, where she conducted action research on the perceived effectiveness of instructional techniques for learning technology. Dr. Kay designs her textbooks to incorporate the most effective instructional techniques based on research findings, making your learning journey as effective as possible.

Named to Who's Who Among American Women, Dr. Kay holds certifications as both a Certified Public Accountant (CPA) and Certified Informational Technology Professional (CITP) and is an active member of the American Institute of Certified Public Accountants (AICPA).

Donna Kay is also the author of *Computer Accounting with QuickBooks*, a leading textbook for learning QuickBooks Desktop software for more than 20 years.

Visit Dr. Kay's websites www.my-quickbooks.com and www.my-quickbooksonline.com to learn more about her books and support materials for the texts.

What's New in QBO 3e

Computer Accounting with QuickBooks Online, 3e, continues to offer the features that have made the text a best seller. New, updated, and expanded features in this edition to make learning QuickBooks Online even easier include:

New! QBO Educator Portal Coverage. The new QBO Educator Portal offers instructors the ability to invite students to set up a free full-year student account for QuickBooks Online. Students no longer have to request an account from Intuit. The portal also provides instructors the ability to give each student up to four free QBO companies. See the Instructor Resource Guide for additional information about how to use the QBO Educator Portal and the available Company files in your course.

New! QBO Project Coverage. New QBO Project feature is integrated into this edition. Learn how to link Projects to Customers and track performance.

New! QBO Tag Coverage. New QBO Tag feature permits you to add customized tags to invoices and expenses to provide greater insights for data analytics. This edition covers adding tags and tag groups, tagging transactions, using the tag dashboard, and running tag reports.

New! Expanded Contractors Coverage. This edition offers expanded coverage of contractors, employee versus contractor designation, and additional time-tracking activities for both employees and contractors.

New! Expanded QuickBooks Online Troubleshooting (QT). Chapter 1 includes QBO Troubleshooting. In addition, new Appendix D: QBO Troubleshooting summarizes QBO Help, QBO Troubleshooting (QT) Best Practices, and QBO Troubleshooting Tools and Techniques. Chapter 9, Accounting Essentials, covers how to make correcting entries for an error in QBO. Chapter 10 covers how to use the QBO Audit Log to search for discrepancies and review changed transactions.

New! Expanded Coverage for Aligning the Chart of Accounts with a Tax Return. For most businesses, one of the primary objectives of using QuickBooks is to streamline tax preparation. Additional chapter coverage, exercises, and project activities are offered in this edition to focus on aligning the Chart of Accounts with the company's tax return.

New! Expanded Coverage of Bank Feeds. The new 3rd edition offers expanded bank and credit card matching, including how to load bank and credit card information into QBO.
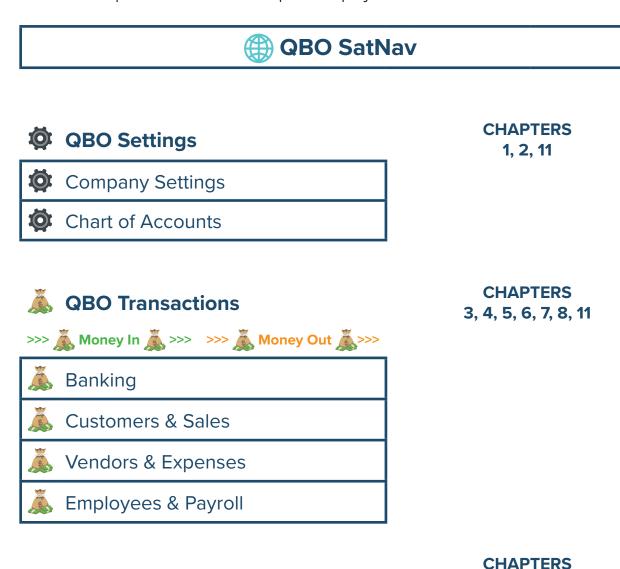
Updated Chapters and Exercises. Expanded chapter and exercise coverage explores the latest QBO features and functionality.

New Comprehensive Project. A new comprehensive project in Chapter 11 is added in this edition, providing learners with greater opportunity for QBO skill mastery, including Connect grading with interactive student feedback.

QuickBooks Online SatNav

How Do I Streamline Navigating QuickBooks Online?

QBO SatNav is your satellite navigation system for QBO. QBO SatNav breaks navigating QBO into three processes: QBO Settings, QBO Transactions, and QBO Reports. A QBO SatNav is provided with each chapter and project.

🌐 **QBO SatNav**

🔧 QBO Settings

CHAPTERS 1, 2, 11

🔧 Company Settings
🔧 Chart of Accounts

💰 QBO Transactions

CHAPTERS 3, 4, 5, 6, 7, 8, 11

>>> 💰 **Money In** 💰 >>>   >>> 💰 **Money Out** 💰 >>>

💰 Banking
💰 Customers & Sales
💰 Vendors & Expenses
💰 Employees & Payroll

📊 QBO Reports

CHAPTERS 9, 10, 11

📊 Reports

The portion of the QBO SatNav that is the focus of the chapter is highlighted. An expanded QBO SatNav gives additional detail about transactions covered in a chapter, such as the following Chapter 4 Banking SatNav.

🌐 QBO SatNav

⚙️ QBO Settings

⚙️ Company Settings
⚙️ Chart of Accounts

💰 QBO Transactions

💰 Banking	*Record Deposits	Write Checks*
💰 Customers & Sales	
💰 Vendors & Expenses	
💰 Employees & Payroll	

📊 QBO Reports

📊 Reports
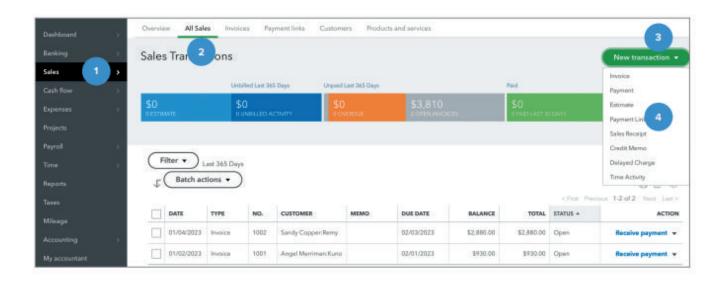
Faster, Smarter Learning with Smart Dots

How Can I Save Time While Learning QBO?

Make learning QuickBooks Online faster and smarter with Smart Dots. As demonstrated below, step-by-step instructions with coordinating Smart Dots on screen captures make learning QuickBooks Online faster and easier with increased focus.

To use the Navigation Bar to enter sales transactions:

1 From the Navigation Bar, select **Sales**

2 Select **All Sales** tab

3 From the Sales Transactions window, select the drop-down arrow for **New transaction**

4 Select the type of **new transaction** to enter and complete the onscreen form for the new transaction

eXplore, Practice, Master (XPM)

What is the most effective way to learn QuickBooks?

Use a highly effective three-step XPM approach to streamline learning QuickBooks Online:

eXplore ➡ Practice ➡ Master

1. eXplore. Providing numerous screenshots and detailed instructions, chapters in *Computer Accounting with Quickbooks Online* are designed as tutorials for you to explore and learn QBO features.

2. Practice. Designed with fewer instructions, the end-of-chapter exercises provide opportunities for you to practice and test your understanding.

3. Master. Virtual company projects provide mastery opportunities for you to apply and integrate your QuickBooks Online skills.

XPM mapping for your text, listing eXplore, Practice, and Master activities, follows.

	1. e**X**plore ➡	**2. P**ractice ➡	**3. M**aster
Mookie the Beagle Concierge	Chapter 1	Exercises 1	
	Chapter 2	Exercises 2	
	Chapter 3	Exercises 3	
	Chapter 4	Exercises 4	
	Chapter 5	Exercises 5	
	Chapter 6	Exercises 6	
	Chapter 7	Exercises 7	
	Chapter 8	Exercises 8	
	Chapter 9	Exercises 9	
	Chapter 10	Exercises 10	
QBO Comprehensive Project: Mookie The Beagle Coach			**Chapter 11**

Virtual Activity Mapping

Virtual company cases provide you with a realistic context and business environment to enhance your understanding of QBO. Related learning activities mapping follows.

🐶 MOOKIE THE BEAGLE™ CONCIERGE

Mookie The Beagle Concierge is a start-up business that provides pet and vet care services to canine customers. Each chapter and the corresponding exercises focus on exploration and practice in becoming proficient in a specific area of QuickBooks Online, such as Banking, Customers and Sales, and Vendors and Expenses. Your QBO work will carry forward from chapter to chapter, so you will want to check and crosscheck your work to eliminate errors. If you find you have an issue with your QBO company that you are unable to resolve, contact your instructor. If your instructor is unable to assist you in resolving the issue, your instructor can send you another QBO company to restart from the beginning.

- **Chapter 1 and Exercises EM1.1 through EM1.4**
- **Chapter 2 and Exercises EM2.1 through EM2.8**
- **Chapter 3 and Exercises EM3.4 through EM3.12**
- **Chapter 4 and Exercises EM4.2 through EM4.8**
- **Chapter 5 and Exercises EM5.4 through EM5.13**
- **Chapter 6 and Exercises EM6.4 through EM6.13**
- **Chapter 7 and Exercises EM7.4 through EM7.16**
- **Chapter 8 and Exercises EM8.5 through EM8.11**
- **Chapter 9 and Exercises EM9.3 through EM9.12**
- **Chapter 10 and Exercises EM10.4 through EM10.10**

Please note that Exercises that use the QBO Company, Mookie The Beagle Concierge, are designated with an M in the Exercise label, for example, EM1.1.

🐕 MOOKIE THE BEAGLE™ COACH

Mookie The Beagle Coach is a merchandising, service company providing pet etiquette and agility training services and selling branded training products. Check and crosscheck your work to eliminate errors. If you find you have an issue with your QBO company that you are unable to resolve, contact your instructor. If your instructor is unable to assist you in resolving the issue, your instructor can send you another QBO company to restart from the beginning.

- **Chapter 11**

QBO Updates

How Do I Stay Up to Date with QBO Updates?

QuickBooks Online is updated on an ongoing basis. So some QBO features may appear slightly different from what is shown in your text due to new rollouts from Intuit.

For your convenience in tracking QBO updates, two sources for update information and how the updates might affect your text are:
1. www.my-quickbooksonline.com, select QBO 3e > QBO 3e Updates
2. If you are using Connect or a digital ebook, you can find updates under Additional Student Resources (ASR). If you do not have access to Connect or the ebook, your instructor can provide you with ASR or use Option 1 above.

QuickBooks Online Certification

How Do I Learn More About QBO Certification?

QuickBooks Online Certification is certification that is obtained by passing the QuickBooks Online Certification Examination. The QBO Certification Exam is updated each year so you are certified for one year. For more information about preparing for QuickBooks Online Certification, see Appendix C: QBO Certification.

Online Learning Resources

Computer Accounting with QuickBooks Online is accompanied by a website that offers additional resources for learning QuickBooks Online.
- www.my-quickbooksonline.com

If you are using Connect or a digital ebook, resources for students can be found under Additional Student Resources (ASR) and include:
- Presentation Slides for each chapter
- QuickBooks Online Updates
- QBO videos

Resources for Instructors include:
- Instructor Resource Guide and Solutions
- Test Bank
- QBO Educator Portal Information for providing students with free QBO access
- Pre-Built Connect Course

Acknowledgments

To make the third edition of the *Computer Accounting with QuickBooks Online* text possible, special thanks to:

- MHE QuickBooks Online team Steve, Kevin and Sarah
- Sandy Roman for her accuracy checking
- Brian Behrens for always being in my corner with greatly appreciated support
- Steve, Sherri, Evan, and Andrea for being there when needed
- Carole and Mimi for putting everything into perspective
- Matt, Grant, and Landon for advice and entertainment
- All the QuickBooks educators who share ideas, comments, and suggestions
  - Cammy Wayne, William Rainey Harper College
  - Emily Corzine, Athens State University
  - Everett Montgomery, Tallahassee Community College
  - Micki Nickla, Ivy Tech Community College
  - Phyllis Gilbert, Baton Rouge Community College

Connect

What kind of study tools does Connect offer?

SmartBook 2.0. A personalized and adaptive learning tool used to maximize the learning experience by helping students study more efficiently and effectively. SmartBook 2.0 highlights where in the chapter to focus, asks review questions on the materials covered and tracks the most challenging content for later review recharge. SmartBook 2.0 is available both online and offline.

Assignment Materials. After completing assignments in *Computer Accounting with QuickBooks Online* students can enter key elements of their solution into Connect for grading. Based on instructor settings, they can receive instant feedback either while working on the assignment or after the assignment is submitted for grade. Assignable materials include: **in-chapter activities, exercises, projects, practice quizzes, and test bank materials.**

Proctorio. New remote proctoring and browser-locking capabilities, hosted by Proctorio within Connect, provide control of the assessment environment by enabling security options and verifying the identity of the student.

Seamlessly integrated within Connect, these services allow instructors to control students' assessment experience by restricting browser activity, recording students' activity, and verifying students are doing their own work.

Instant and detailed reporting gives instructors an at-a-glance view of potential academic integrity concerns, thereby avoiding personal bias and supporting evidence-based claims.

ReadAnywhere App. Using McGraw Hill's app (as shown in the image to the right), you can access the *Computer Accounting with QuickBooks Online* eBook anywhere, both online and offline, data free, by signing in with your Connect login and password. Simply download the entire textbook or only the chapters needed. The app also provides the tools available in the laptop version of the eBook, and any notes or highlights made to the text will sync across platforms so they're available both on the app and in Connect.

Instructors: Student Success Starts with You

Tools to enhance your unique voice

Want to build your own course? No problem. Prefer to use an OLC-aligned, prebuilt course? Easy. Want to make changes throughout the semester? Sure. And you'll save time with Connect's auto-grading too.

65%
Less Time Grading

Study made personal

Incorporate adaptive study resources like SmartBook® 2.0 into your course and help your students be better prepared in less time. Learn more about the powerful personalized learning experience available in SmartBook 2.0 at **www.mheducation.com/highered/connect/smartbook**

Affordable solutions, added value

Make technology work for you with LMS integration for single sign-on access, mobile access to the digital textbook, and reports to quickly show you how each of your students is doing. And with our Inclusive Access program you can provide all these tools at a discount to your students. Ask your McGraw Hill representative for more information.

Solutions for your challenges

A product isn't a solution. Real solutions are affordable, reliable, and come with training and ongoing support when you need it and how you want it. Visit **www.supportateverystep.com** for videos and resources both you and your students can use throughout the semester.

Students: Get Learning that Fits You

Effective tools for efficient studying

Connect is designed to help you be more productive with simple, flexible, intuitive tools that maximize your study time and meet your individual learning needs. Get learning that works for you with Connect.

Study anytime, anywhere

Download the free ReadAnywhere app and access your online eBook, SmartBook 2.0, or Adaptive Learning Assignments when it's convenient, even if you're offline. And since the app automatically syncs with your Connect account, all of your work is available every time you open it. Find out more at **www.mheducation.com/readanywhere**

"I really liked this app—it made it easy to study when you don't have your text-book in front of you."

- Jordan Cunningham,
  Eastern Washington University

Everything you need in one place

Your Connect course has everything you need—whether reading on your digital eBook or completing assignments for class, Connect makes it easy to get your work done.

Calendar: owattaphotos/Getty Images

Learning for everyone

McGraw Hill works directly with Accessibility Services Departments and faculty to meet the learning needs of all students. Please contact your Accessibility Services Office and ask them to email accessibility@mheducation.com, or visit **www.mheducation.com/about/accessibility** for more information.

Top: Jenner Images/Getty Images, Left: Hero Images/Getty Images, Right: Hero Images/Getty Images

Contents

Computer Accounting with QuickBooks Online 3e

Donna Kay

Contents Overview

Designed as hands-on tutorials for learning QuickBooks Online, *Computer Accounting with QuickBooks Online* chapters provide screen captures with step-by-step, detailed instructions. To improve long-term retention of your QuickBooks Online skills, end-of-chapter learning activities are designed with fewer instructions to test your understanding and, when needed, to develop your skills to quickly seek out additional information to complete the task. The ability to find information as needed is an increasingly important skill in a rapidly changing business environment. The design of *Computer Accounting with QuickBooks Online* seamlessly facilitates your development of this crucial skill.

Chapter 1 QuickBooks Online Navigation and Settings

This chapter provides a guided tour of QuickBooks Online using QBO Navigation and QBO tools. In Chapter 1, you learn how to set up a new QBO Company, Mookie the Beagle™ Concierge that will be used throughout the first ten chapters of your text. In addition, Chapter 1 introduces you to the QBO Help feature and QBO troubleshooting.

Chapter 2 QBO Chart of Accounts

This chapter introduces how to customize the QBO Chart of Accounts to meet specific business needs. Chart of Accounts topics include adding accounts, adding subaccounts, editing accounts, and inactivating accounts.

Chapter 3 QBO Transactions

Chapter 3 provides an introduction to the various types of transactions entered in QBO, including banking, customers, vendors, and employees transactions. In addition, Chapter 3 shows how you can use QBO Workspace to enter transactions into QBO.

Chapter 4 Banking

This chapter focuses on the Checking account and Check Register for a small business. Topics include making deposits, writing checks, and matching bank transactions.

Chapter 5 Customers and Sales

Chapter 5 demonstrates how to record customers transactions. Topics include how to create Invoices and record customer payments.

Chapter 6 Vendors and Expenses

Chapter 6 focuses on recording vendors transactions, such as recording expenses for services. Topics include recording vendor services paid by check and credit card.

Chapter 7 Inventory

Chapter 7 focuses on recording vendors transactions related to inventory, including creating purchase orders, entering bills for inventory, and paying bills. In addition, customers transactions related to inventory are also covered.

Chapter 8 Employees and Payroll

Chapter 8 covers tracking time and billing tracked time using QBO employee and payroll features. Chapter 8 also introduces the Contractors List and tracking time for contractors.

Chapter 9 QBO Adjustments

Chapter 9 covers how to create a Trial Balance and enter adjusting entries using QBO.

Chapter 10 QBO Reports

Chapter 10 completes the accounting cycle, covering a variety of QBO reports, including financial statements and management reports.

Chapter 11 QBO Comprehensive Project:
Mookie The Beagle Coach

Chapter 11 provides a mastery opportunity in the form of a comprehensive project that covers the entire accounting cycle. The project includes setting up a new QBO company, updating the Chart of Accounts, creating lists and transactions, matching bank and credit card transactions, creating adjusting entries, and generating reports. Both service and inventory transactions are covered.

Appendix A QBO Apps: Mac, Windows, and Mobile

Appendix A summarizes features of the QBO App for Mac and Windows. In addition, QBO Mobile app features are discussed.

Appendix B QuickBooks Online versus QuickBooks Desktop

Appendix B compares the different features of QuickBooks Online and Quickbooks Desktop for both the client versions and the accountant versions of each.

Appendix C QBO Certification

Appendix C summarizes information about two types of QBO Certification: QBO User Certification and QBO Accountant Certification.

Appendix D QBO Troubleshooting

Appendix D summarizes QBO Troubleshooting resources, including QBO Help, QBO troubleshooting (QT) best practices, and QBO tools and techniques. As the last appendix in your text, it's conveniently located for times when you seek insights into QBO troubleshooting.

QuickBooks Online Navigation and Settings

MOOKIE THE BEAGLE™ CONCIERGE

BACKSTORY

Your smartphone chimes. A message from Cy Walker flashes on your screen.

My wish has come true!

Congrats!

Starting my own business.

That's exciting.

Exciting … and terrifying at the same time …

Terrifying? Why?

My new business needs a financial system.

No idea where to start.

Call me…we can work on the details.

When you and Cy connect, Cy shares that he has been searching for a way to meet his demanding work and travel commitments while caring for his pet beagle, Mookie. Cy discovered he was not the only working professional trying to balance pet care and work commitments. Suddenly, he saw an opportunity to launch Mookie The Beagle Concierge.

Cy envisions Mookie The Beagle Concierge employing caring staff who go beyond the typical doggie day care, providing organic and home cooked food, exercising the pet with scheduled walks and playtime, administering required medication, taking the pet to vet visits that often fall during the work day when a professional cannot take time off, and providing other pet wellness services as needed.

Drawing upon a local university veterinarian program, Cy plans to hire vet students with pet care training and flexibility in their schedules. Working as independent contractors, the students are a good fit for providing high-quality, relatively low-cost pet care on a flexible basis.

Cy plans to design and develop a Mookie The Beagle Concierge app which permits clients to schedule pet care service. Mookie The Beagle Concierge app also tracks complicated medication schedules, showing who administered what medication and when. The app permits the client to view and speak to the pet in real time. In addition, the app connects to the vet's office for follow-up questions, provides pet-parent texting to Mookie The Beagle Concierge staff, and offers an on-call button to alert staff of urgent issues.

In short, Mookie The Beagle Concierge elevates pet care to a professional level, providing convenience and advanced pet care support that permits professionals to maintain busy work and travel schedules, while being assured their valued pet is receiving the best of care.

MookieTheBeagle.com © 2017 Carl K. Yazigi. All Rights Reserved. Used with Permission. MookieTheBeagle.com™, Mookie The Beagle™, and the Mookie character, names, and related indicia are trademarks of Carl K. Yazigi and used with permission.

Cy realizes he has many business decisions to make and wants solid information to make those decisions. Building an accounting system that can capture that data and provide information and data analytics for decision making feels overwhelming, yet crucial—if his business is to succeed. Furthermore, Mookie The Beagle Concierge will need a sound financial system that can provide information for preparing business tax returns.

Cy asks if you would research different financial system apps that could meet his business needs, make a recommendation, and then assist him in implementing the new system as soon as possible.

After completing your review of various financial apps, you recommend that for Cy's specific business needs, QuickBooks Online (QBO) would be a good option since it uses accounting in the cloud. This permit both you and Cy to access QBO from different locations and devices. Cy agrees with your recommendation.

Cy gifts you this book for learning QBO fast. Your next step is to learn QuickBooks Online.

Chapter 1

LEARNING OBJECTIVES

Chapter 1 introduces QuickBooks Online. In this chapter, you will learn about the following topics:

- QBO Set Up New Company
- QBO SatNav
  - ‣ QBO Settings
  - ‣ QBO Transactions
  - ‣ QBO Reports
- QBO Navigation
  - ‣ QBO Workspace
  - ‣ QBO Navigation Bar
- QBO Tools
  - ‣ QBO Gear Icon
  - ‣ QBO (+) New Icon
  - ‣ QBO Search Icon
- QBO Help and Troubleshooting
- QBO Settings
  - ‣ Company Settings
  - ‣ QBO Chart of Accounts
- Accounting Essentials: Legal, Tax, and Financial Questions

> 💡**Accounting Essentials** appear at the end of the chapter. Tip: Preview Accounting Essentials <u>before</u> starting the chapter and then review Accounting Essentials <u>after</u> completing the chapter.

WHAT IS QUICKBOOKS ONLINE?

QuickBooks® Online (QBO) is a cloud-based financial system for entrepreneurs. We use a web browser to access QBO instead of using software installed on a computer like QuickBooks® Desktop (QBDT). So the advantage of QBO is that we can access QBO from any desktop or laptop computer that has an Internet connection. QBO also offers an accompanying mobile QBO app for use with smartphones and tablets.

> **QuickBooks Online (QBO)** refers to the QuickBooks system accessed through a web browser with data stored in the cloud. **QuickBooks Desktop (QBDT)** refers to QuickBooks software that is installed on your desktop or laptop computer.

QBO is updated on an ongoing basis. So some features on your screen may be slightly different from those shown in your text due to new, dynamic QBO updates.

> **QBO updates that affect your text** can be viewed as follows:
> 1. **Go to www.My-QuickBooksOnline.com > QBO 3e > QBO 3e Updates, or**
> 2. **If you are using Connect or a digital ebook, you can find updates under Additional Student Resources (ASR). (If you do not have access to Connect or the ebook, your instructor can provide you with ASR or use Option 1 above.)**

_____

QuickBooks® and QuickBooks® Online Plus are registered trademarks of Intuit Inc.

WHAT IS AN EASY WAY TO LEARN QUICKBOOKS ONLINE?

Learning QuickBooks Online (QBO) requires integrating knowledge of accounting, financial systems, and financial technology. Don't become discouraged if you find that you need to go over the same material more than once. That is normal. Learning how accounting and financial technology are interrelated often requires repetition.

To make learning QBO easier, we will use an effective three-step XPM approach:

<div align="center">

eXplore ➜ Practice ➜ Master

</div>

1.   **eXplore** QBO using the chapter with step-by-step walk through screen captures. Don't worry about making mistakes or "breaking" QBO. Instead, focus on learning how to navigate and use QBO.
2.   **Practice** entering information and transactions into QBO end-of-chapter exercises.
3.   **Master** QBO with a virtual company project. The project covers QuickBooks tasks from setting up a new QBO company and entering transactions to generating QBO reports.

First, we will eXplore using the Chapter illustrations, then we will Practice using Exercises at the end of the chapter, and finally we will Master QBO by completing the QBO Project. XPM mapping, listing eXplore, Practice, and Master activities, follows.

	1. e**X**plore	2. **P**ractice	3. **M**aster
Mookie The Beagle Concierge	Chapter 1	Exercises 1	
	Chapter 2	Exercises 2	
	Chapter 3	Exercises 3	
	Chapter 4	Exercises 4	
	Chapter 5	Exercises 5	
	Chapter 6	Exercises 6	
	Chapter 7	Exercises 7	
	Chapter 8	Exercises 8	
	Chapter 9	Exercises 9	
	Chapter 10	Exercises 10	
QBO Comprehensive Project: Mookie The Beagle Coach			**Chapter 11**

Section 1.1

QBO SET UP NEW COMPANY

As a student enrolled in a QBO course, you can obtain free access to QBO to use with your text. If you were an entrepreneur, you would need to subscribe to QBO, paying a monthly fee for access.

Next, we want to create a new QBO company for Mookie The Beagle Concierge using your free QBO access.

CREATE NEW QBO COMPANY USING INSTRUCTOR INVITATION

To obtain your free QBO access, your instructor will need to send you an email invitation. This invite will permit you to create your own QBO company for Mookie The Beagle Concierge.

⚠️ **Important Note: If you have <u>not</u> received an email invitation from your instructor to create your QBO company:**

1. **Check your email Spam mailbox to verify that the email was not flagged as Junk mail.**
2. **Contact your instructor to obtain an email invitation. Your instructor must send you the email invitation in order for you to have free access to create a QBO company.**

⚠️ **When setting up a QBO company,** **if the following steps do not match your QBO screen, then check for QBO 3e Text Updates.**
- **Go to www.my-quickbooksonline.com > QBO 3e > QBO 3e Updates.**
- **If you are using Connect or a digital ebook, you can find updates under Additional Student Resources (ASR).**
- **If you do not have access to Connect or the ebook, contact your instructor who can provide you with ASR and the QBO 3e Text Updates.**

> ⚠️ **Warning! When setting up a QBO company,** it is important to complete the following steps exactly as specified. QBO uses the steps you complete to create a QBO company with specific settings. If the specified steps are not completed, then the QBO company will not have the necessary settings to complete your assignment. Often there is no workaround to fix this later. So the easiest approach is to take your time and stay laser focused while setting up the QBO Company.

Complete the following steps to use the Instructor Invitation for free QBO access:

1 When you receive an email invitation from your instructor to create your own QBO company, select **Accept invitation**. (Note: Intuit recommends using Google Chrome web browser.)

2 To create your account, **enter** the requested information in the appropriate fields. Note: If the Create Account screen doesn't appear automatically, select **Need an account? Sign Up**.

⚠️ *Keep a record of your User ID and Password. You will need this later.*

(If you already have an account established, use your User ID and password to sign in.)

3 Select **Create Account**

4 When Welcome! We're glad you're here. appears, select **Next**

5 When What's your business name? appears, enter the name of your business: **[Last NameFirst Initial] Mookie The Beagle Concierge**. (Example: KayD Mookie The Beagle Concierge.)

⚠️ *Remember to include your name before Mookie The Beagle Concierge. This will assist your instructor in identifying your QBO file.*

6 Uncheck **I'm moving from QuickBooks Desktop™ and want to bring in my data**

7 Select **Next**

8 When What's your industry? appears, leave the field **blank**. This field determines the accounts that will auto-populate the Chart of Accounts. Because we will enter our own Chart of Accounts in Chapter 2, we leave this field blank so that fewer accounts are auto-populated. Otherwise, we would select an industry and QBO would automatically add more accounts to our Chart of Accounts specifically for the industry selected.

9 Select **Skip for now**

10 When What kind of business is this? appears, select **Sole Proprietor**

11 Select **Next**

12 When How does your business make money? appears, select **Provide services**

13 Select **Sells products**

14 Select **Next**

15 When What's your main role? appears, select **Bookkeeper or Accountant**.

⚠️ *This selection determines your view of QBO and the instructions you will see onscreen. Before proceeding, double check that you have selected Bookkeeper or Accountant.*

16 Select **Next**

17 When Who works at this business? appears, select:

- **Contractors**
- **Employees**
- **A few partners and owners**

18 Select **Next**

19 If Ready for a free trial of QuickBooks Payroll? appears, select **Maybe later**.

⚠️ *If payroll is turned on, it may deactivate the time-tracking features used in Chapter 8 of this text and you will be unable to complete those activities. Be sure to select* **Maybe later**. *If you make the incorrect selection for payroll, please contact your instructor and ask for another QBO company invitation and restart the new QBO company setup.*

20 Select **Next**
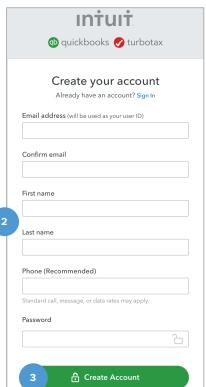
21 When What apps do you already use? appears, select **I don't use any apps**

22 Select **Next**

23 When the Link your accounts and see everything in one place screen appears, select **Skip for now**

24 When What is everything you want to set up? appears, select:
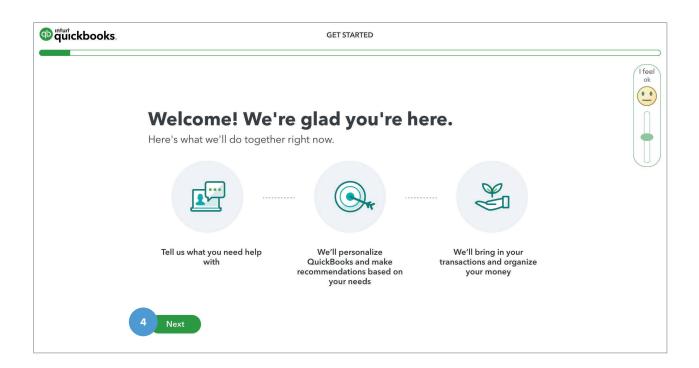
- **Invoice customers**
- **Track receipts and bills**
- **Pay employees or contractors**
- **Add sales**
- **Enter and pay bills**
- **Track time**
- **Manage inventory**
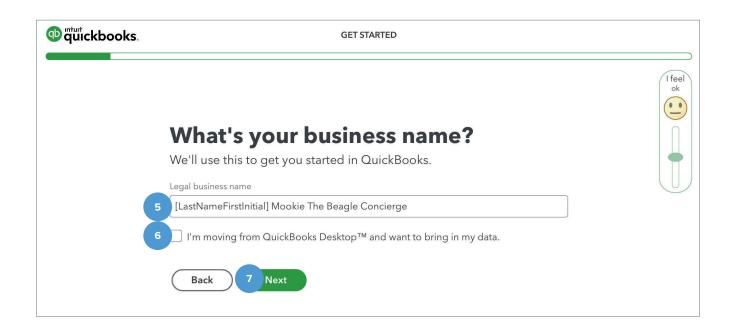
⚠️ *These selections determine the settings of your QBO company and it may not be possible to change the settings later. Before proceeding, double-check that you have made the correct selections.*

25   Select **Next**

26   When We're almost ready to dive in! appears, select **Let's go**

27   Your QBO company for Mookie The Beagle Concierge should now appear. If a Welcome To QuickBooks! screen displays, select **Take a quick tour**.

I feel
ok

Welcome! We're glad you're here.

Here's what we'll do together right now.

Tell us what you need help with

We'll personalize QuickBooks and make recommendations based on your needs

We'll bring in your transactions and organize your money

4   Next

GET STARTED

I feel
ok

What's your business name?

We'll use this to get you started in QuickBooks.

Legal business name

5   [LastNameFirstInitial] Mookie The Beagle Concierge

6   ☐ I'm moving from QuickBooks Desktop™ and want to bring in my data.

Back   **7**   Next

I feel ok

How does your business make money?

We tailor your accounting categories based on your answer. Select all that apply.

12 Provides services

13 Sells products

Something else

Back   Next **14**   **Skip**

I feel ok

What's your main role at [LastNameFirstInitial] Mookie The Beagle Concierge?

We'll customize QuickBooks based on your answer.

Owner or Partner   Employee   Bookkeeper or Accountant   Other

15

Back   Next **16**

intuit quickbooks.   GET STARTED

I feel ok

Who works at this business?

Help us understand who's on your team. Select all that apply.

Only the owner	Employees 17
Contractors 17	A few partners and owners 17
We plan to hire in the future	

Back   Next 18

---

intuit quickbooks.   GET STARTED

I feel ok

Ready for a free trial of QuickBooks Payroll?

We make it easy to pay your employees or contractors and file payroll taxes.
Plus, the first 30 days are on us.*

Yes	Maybe later 19

*$75/mo + $8 per employee per month after trial period ends. Terms & conditions

What you get with QuickBooks Payroll:

Automated payroll and tax filing

Same-day direct deposit[1]

Time tracking

Access to payroll experts and HR support center

[1]May be subject to eligibility criteria, not all customers will qualify

Back   Done 20

intuit **quickbooks**.   GET STARTED

I feel
ok

What apps do you already use?

Here are some commonly used apps. You'll connect to the apps and services you use later on.

| Square | PayPal | amazon business | Other apps |

21

✓

I don't use any apps

Back   Next **22**   Skip

---

intuit **quickbooks**.   GET STARTED

I feel
ok

Link your accounts and see everything in one place

QuickBooks will automatically bring in transactions and save hours of manual entry.

1 Securely link your bank or credit card

2 Select the accounts you'd like to bring in

3 See what your cashflow looks like

CASH FLOW   SAMPLE
6 months ⌄
$10,000
Current cash balance

                                    TODAY
$25K
$20K
$15K
$10K
$5K
$0K
    JUL AUG SEP OCT NOV DEC
        ● Money in ● Money out

Back   Link Accounts   Skip for now **23**

What is everything you want to set up?

Your choices help build your setup guide. You can still use every part of QuickBooks.

Accept online payments **(24)**	✓ Invoice customers
✓ Enter and pay bills	✓ Track receipts & expenses
✓ Track time	✓ Pay employees or contractors
✓ Manage inventory	✓ Add sales

Back   Next **(25)**

We're almost ready to dive in!

Testing the waters   ✓

Creating transaction categories   ✓

Building your dashboard   ✓
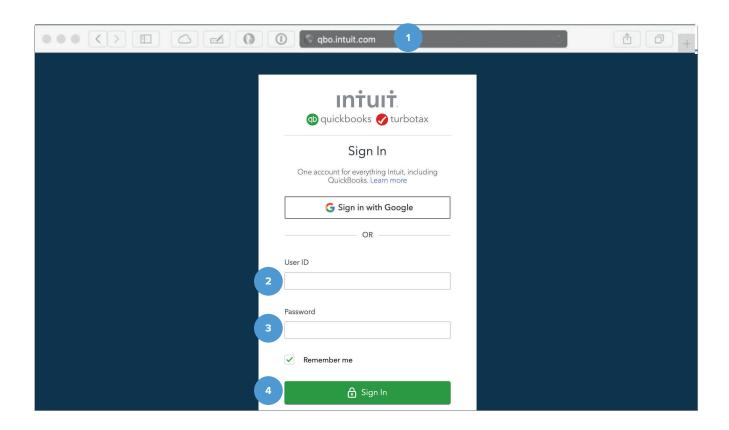
Let's go **(26)**

You have now created a QBO Company for Mookie The Beagle Concierge. Later, whenever you need to stop working in your QBO Company, close your browser to log out of the Mookie The Beagle Concierge QBO Company. When you are ready to work again, sign in to QBO using your User ID and Password.

HOW TO SIGN IN TO QBO COMPANY

After completing the steps to create a QBO company using the Instructor Invitation, the next time you are ready to sign in to your Mookie The Beagle Concierge QBO Company, complete the following steps:

1   Using a web browser, go to qbo.intuit.com

2   Enter **User ID** (the email address you used to set up your QBO Account)

3   Enter **Password** (the password you used to set up your QBO Account)

4   Select **Sign in**

Section 1.2

🌐 QBO SATNAV

QBO SatNav is our satellite navigation for QuickBooks Online, assisting us in navigating QBO

Just like we use a smartphone with satellite mapping to zoom in for detail and zoom out for the big picture, when learning QBO, we may need to adjust our thinking to zoom out to see the big picture of the entire financial system or at other times zoom in to view details.

QBO SatNav is designed to assist us in zooming out and zooming in to successfully navigate QBO. QBO SatNav divides QBO into three main processes:

1. **QBO Settings** include Company Settings and QBO Chart of Accounts.

    •   **Company Settings** involve setting up a new QBO company and selecting company preferences, such as displaying account numbers.

    •   **QBO Chart of Accounts** is a list of all the accounts for a company. Accounts can be used to sort and track accounting information. For example, a business needs one account for cash, another account to track amounts customers owe (Accounts Receivable), and yet another account to track inventory. QBO automatically creates a Chart of Accounts when we set up a new QBO company. QBO then permits us to modify the Chart of Accounts to customize it for specific company needs.

    QBO Settings are covered in Chapters 1, 2, and 11.

2. **QBO Transactions** involve recording transactions as **input** into the financial system. Transaction types can be categorized as Banking, Customers & Sales, Vendors & Expenses, and Employees & Payroll. In basic terms, recording transactions involves recording money in and money out of the company.

    Transactions are exchanges between the QBO company and other parties, such as customers, vendors, and employees. Typically in a transaction, the company gives something and receives something in exchange. QBO is used to keep a record of what is given and what is received in the transaction. We can enter transaction information into QBO using the onscreen Journal or onscreen forms, such as onscreen Invoices and onscreen Checks.

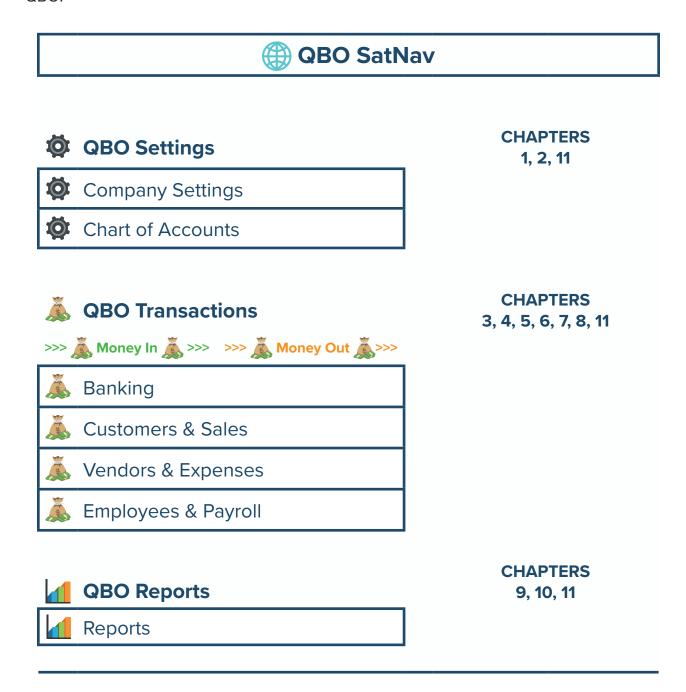   QBO Transactions are covered in Chapters 3, 4, 5, 6, 7, 8, and 11.

3. **QBO Reports** are the **output** of the system. Reports typically provide information to decision makers. For example, accounting information is used to prepare:

- **Financial statements** for external users, such as creditors and investors. Internal users, such as managers, also may use financial statements. Financial statements are standardized financial reports that summarize information about past transactions. The primary financial statements for a business are:

  - **Balance Sheet**: summarizes what a company owns and owes on a particular date.

  - **Profit and Loss Statement** (or **Income Statement**): summarizes what a company has earned and the expenses incurred to earn the income.

  - **Statement of Cash Flows**: summarizes cash inflows and cash outflows for operating, investing, and financing activities of a business.

- **Tax returns** for federal and state tax agencies.

- **Management reports** for company managers and owners to use when making business decisions. Such decisions include: Are we collecting customer payments when due? An example of such a report is an Accounts Receivable Aging report that summarizes past due customer accounts.

QBO Reports are covered in Chapters 9, 10, and 11.

> 💡 **Accounting Essentials** appear at the end of Chapters 1 through 10.
> **Tip: Preview Accounting Essentials <u>before</u> starting the chapter and then review Accounting Essentials <u>after</u> completing the chapter.**

QBO SatNav will be used in each chapter to illustrate which aspect(s) of QBO the chapter will focus on. If you start to feel lost in QBO, return to the QBO SatNav to assist in navigating QBO.

QBO SatNav

QBO Settings

Company Settings

Chart of Accounts

CHAPTERS 1, 2, 11

QBO Transactions

>>> 💰 Money In 💰 >>>   >>> 💰 Money Out 💰>>>

Banking

Customers & Sales

Vendors & Expenses

Employees & Payroll

CHAPTERS 3, 4, 5, 6, 7, 8, 11

QBO Reports

Reports

CHAPTERS 9, 10, 11

The portion of the QBO SatNav that is the focus of the chapter will be highlighted. For example, in this chapter the focus is on Company Settings, so Company Settings is highlighted in the following QBO SatNav.
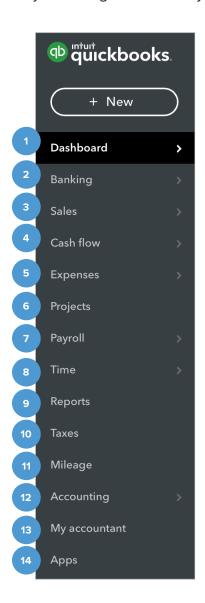

🌐 **QBO SatNav**

⚙️ **QBO Settings**

⚙️ Company Settings
⚙️ Chart of Accounts

💰 **QBO Transactions**

💰 Banking
💰 Customers & Sales
💰 Vendors & Expenses
💰 Employees & Payroll

📊 **QBO Reports**

📊 Reports

Section 1.3

QBO NAVIGATION

Taking a few minutes to learn QBO navigation will make learning QBO easier. The primary way to navigate QBO is using the QBO Navigation Bar, located on the left side of the screen. The Navigation Bar permits you to quickly access commonly used QBO screens.

As QBO is updated by Intuit, the items listed on the Navigation Bar may continue to change, so your Navigation Bar may appear slightly different from the following one.

1 **Dashboard** provides on overview and summary of key information for your QuickBooks Online company

2 **Banking** transactions relate to Bank and Credit Card accounts and transactions

3 **Sales** transactions relate to customers and sales transactions (money in)

4 **Cash flow** summarizes money in and money out for the business

5 **Expenses** transactions relate to vendors and expenses transactions (money out)

6 **Projects** is a QBO feature that organizes and tracks the timeline and profitability of projects

7 **Payroll** transactions relate to employees and payroll transactions (money out)

8 **Time** is a QBO feature for tracking time for employees and contractors

9 **Reports** summarize the output of our QBO financial system

10 **Taxes** relate to sales taxes and, if QuickBooks Online payroll is used, payroll taxes

11 **Mileage** is a QBO feature for tracking mileage related to your business

12 **Accounting** displays the Chart of Accounts

13 **My Accountant** is used to connect QBO to your accountant

14 **Apps** summarizes information about apps that work with QBO

DASHBOARD

Dashboard appears when you log into your QBO company. If the dashboard does not appear, click on Dashboard on the Navigation Bar to display it.

Like a car dashboard, this QBO Dashboard provides a digital overview. We can customize the dashboard to display information to meet our specific business needs and requirements. Note that the dashboard appearance may change over time as Intuit rolls out ongoing QBO updates, so your dashboard may appear differently from the dashboard shown here.
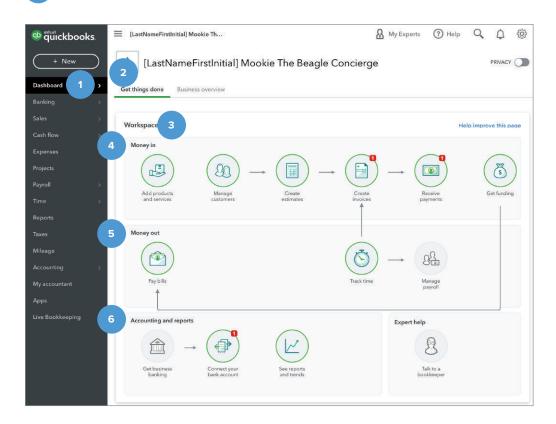
Two tabs for the Dashboard are:

1. Getting Things Done
2. Business Overview

Getting Things Done

To view and explore Getting Things Done on the QBO Dashboard:

①   Select **Dashboard** on the Navigation Bar

②   Select **Getting Things Done** tab

③   The Getting Things Done Dashboard displays **Workspace**, a flowchart of various QBO activities and how the activities are related

④   **Money In** displays activities related to bringing money into a business, such as creating customer invoices and receiving customer payments

⑤   **Money Out** displays activities related to money going out of the business, such as paying bills and managing payroll

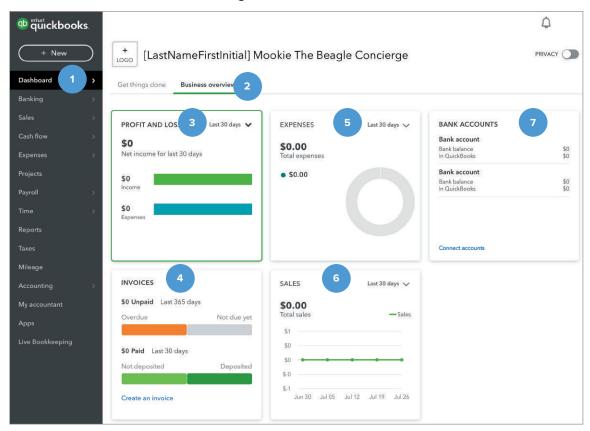**⑥**   **Accounting and reports** relates to business banking and reports

Business Overview

To view and explore Business Overview on the QBO Dashboard:

1 Select **Dashboard** on the Navigation Bar

2 Select **Business Overview** tab. The Business Overview Dashboard displays graphs of useful information in managing a company.

3 The **Profit and Loss** graph displays Net Income, Income (Revenue), and Expenses for tracking profitability

4 The **Invoices** graph shows overdue and not-yet-due amounts from customers. This is useful in focusing attention on collecting overdue customer accounts.

5 The **Expenses** graph reflects the different categories of expenses, focusing attention on how money is spent

6 The **Sales** graph displays how sales vary over the month. Notice that the time period can be changed and the graph updates accordingly.

7 The Dashboard displays a **Bank accounts** summary, listing the company's Bank and Credit Card accounts including the bank balance and the QBO balance
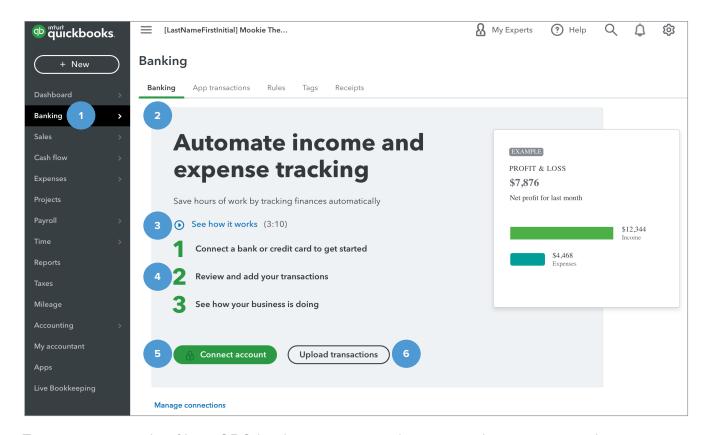
BANKING

Banking transactions relate to Bank and Credit Card accounts and transactions. QBO can be used to record transactions that affect Bank accounts, such as a Checking account, and Credit Card accounts, such as a VISA account.

To facilitate error detection, QBO permits the QBO Bank and Credit Card accounts to be connected directly to the related bank or credit card company. Once connected, you can download transactions from the bank or credit card company automatically and then match the downloaded transactions from the bank to your QBO data.
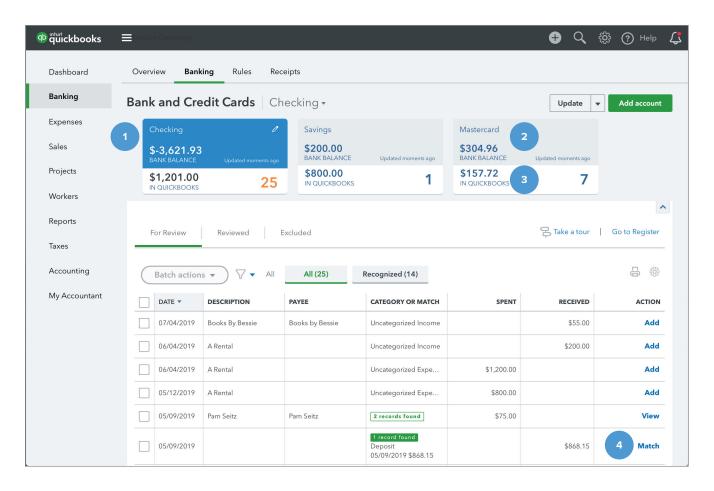
To explore the QBO Banking features:

1   Select **Banking** on the Navigation Bar

2   Select the **Banking** tab

3   Select **See how it works** to watch a video about QBO Banking features

4   Note the three steps to using QBO Banking.
1. **Connect a bank or credit card to get started.** This step involves connecting the Bank or Credit Card account to QBO so transactions can be downloaded automatically from the bank or credit card company into QBO.
2. **Review and add transactions.** Downloaded transactions can be reviewed for accuracy and to make sure they match what you have entered into QBO.
3. **See how your business is doing.** By connecting a bank or credit card to QBO, it's easier to see if there are any discrepancies between your QBO accounts and the bank or credit card company records. This feature also provides the business with an ongoing view of bank and credit card balances and transactions to better monitor business and cash performance.

5   **Connect account** option walks you through the steps to connect your bank or credit card account to QBO automatically. If your business uses this option, then you search for your financial institution in the list of companies working with QBO.

6   **Upload transactions** option is what your business would have to use if your financial institution is not found in your search. This option involves downloading your transactions from the bank or credit card company and then loading those transactions into QBO. This option requires that you continually download and then load the transactions into QBO to remain up to date.

To view an example of how QBO banking appears with connected accounts, see the following banking screen capture.

1   When a bank or credit card has been connected to QBO, from the Banking tab, cards appear at the top of the banking screen for **QBO Bank and Credit Card accounts** that are connected to the related bank accounts

2   The cards at the top summarize key information for the accounts including the **Bank Balance**. This is the balance that the bank shows for the Checking, Savings, or Credit Card account.

3   The card also shows the **Balance in QuickBooks** for the account. When there is a discrepancy between the balance per the bank and the balance per QuickBooks, the discrepancy may be due to an error or a timing difference (the bank has recorded it at a different time than when you recorded it in QBO). With a quick glance at the cards on the banking screen, you can see if there is a discrepancy. Some QBO clients use this approach instead of a monthly bank reconciliation to isolate and track any discrepancies.

4   QBO downloads transactions from the bank account. Then QBO attempts to match the downloaded transactions to transactions previously entered in QBO. In the Action column, **Match** will appear if QBO has found a possible match between the downloaded bank transactions and a transaction already entered in QBO.
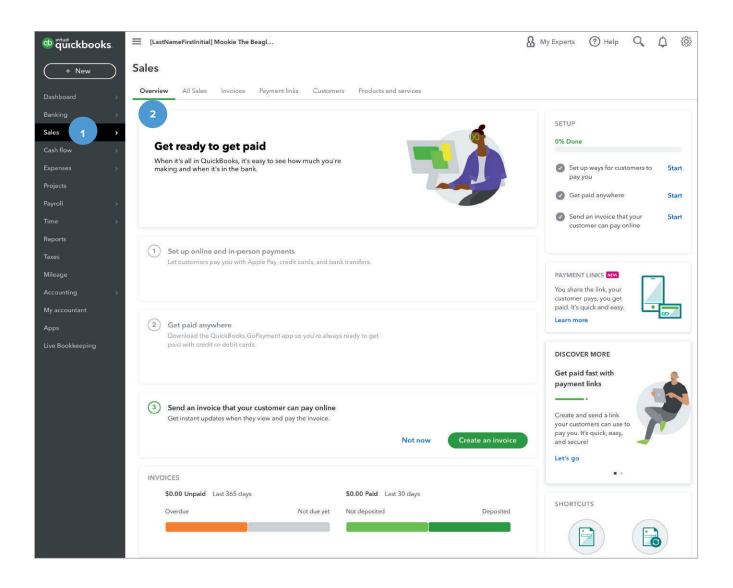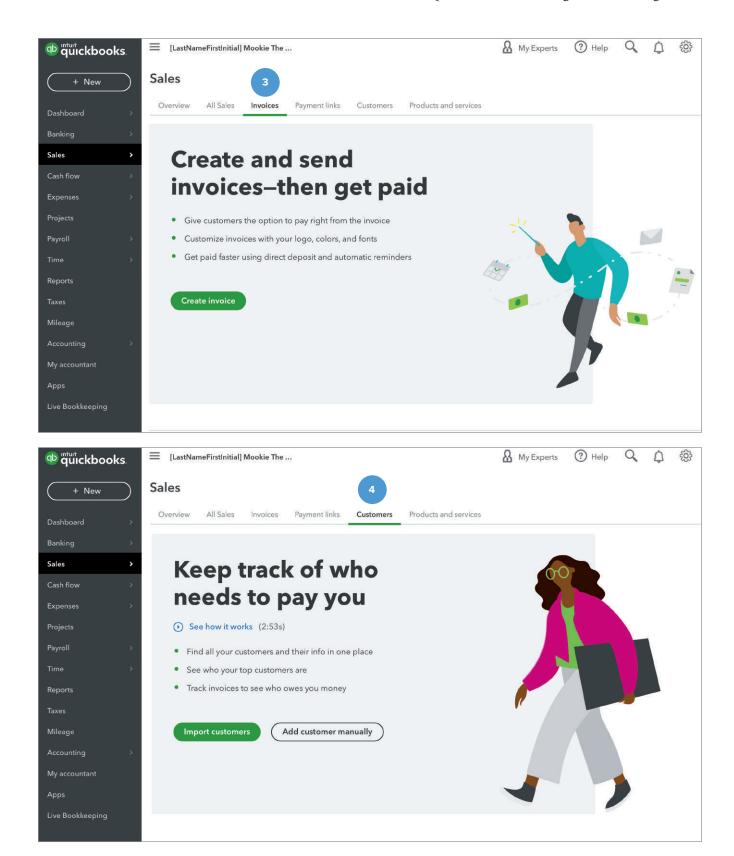
SALES

Sales transactions relate to customers and sales (money in).
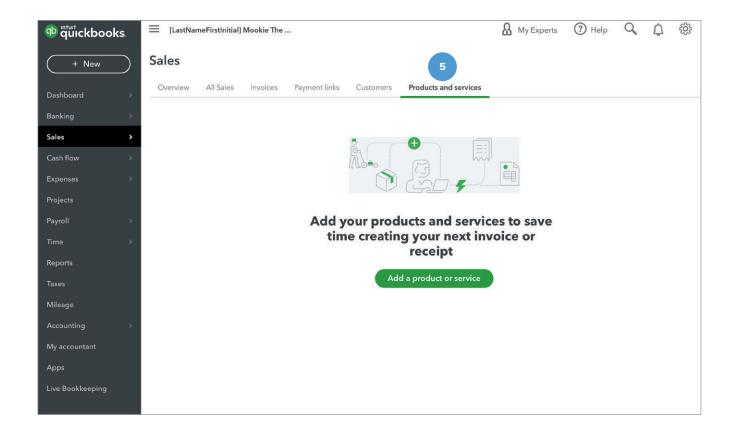
To explore the QBO Sales features:

1 Select **Sales** on the Navigation Bar

2 Select the **Overview** tab to view a sales dashboard. The top graphic shows income over time. This provides insight into when sales are occurring. Another graphic shows unpaid and paid invoices. At a glance, you can see if there are overdue amounts from customers.

3 Select the **Invoices** tab. Your business can create invoices using QBO and then get paid. This screen will show the status of invoices as overdue, due, paid (not deposited), or deposited.

4 Select the **Customers** tab. The Customers screen helps your business keep track of who needs to pay you (money in). Your business can import customers into QBO or add customers manually. (Note: This tab may be labeled Clients depending upon the settings chosen when setting up the QBO company.)

5 Select the **Products and services** tab. Your business can add a product or service to the Products and Services List to save time when entering items sold on invoices.
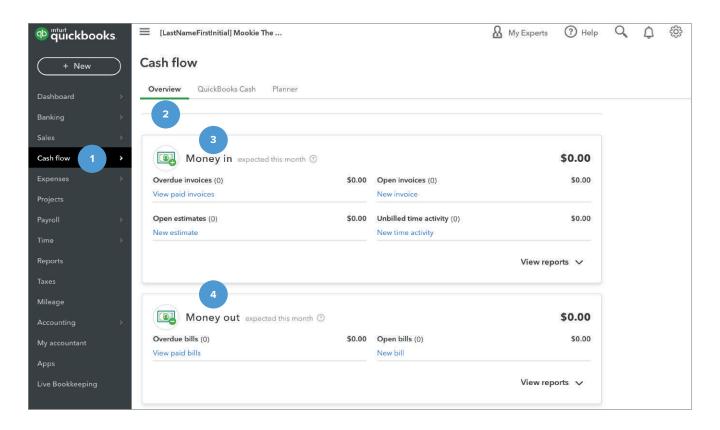
CASH FLOW

Cash flow in QBO provides your business with information about cash coming into the business and cash going out of the business. Cash flow management can determine whether a business has enough cash on hand to pay bills when due.

To explore QBO Cash flow features:

1. Select **Cash flow** on the Navigation Bar

2. Select the **Overview** tab

3. Notice the **Money in** section that summarizes cash (money) expected to be coming into the business, such as unpaid invoices

4. Notice the **Money out** section that summarizes cash (money) expected to be going out of the business, such as unpaid bills

EXPENSES

Expenses transactions relate to vendors and expenses (money out).

To explore QBO Expenses features:

1 Select **Expenses** on the Navigation Bar

2 Select the **Expenses** tab. This screen will list expenses recorded in QBO.

3 Three steps to using QBO with expenses are:
1. **Import expense from your bank and credit cards.** You can save time by connecting your bank and credit card company, or you can add expenses into QBO manually.
2. **Categorize expenses to be ready for tax time.** When expenses are recorded in QBO, it is important to categorize the expenses by identifying which QBO account the expense should be recorded in.
3. **See where you're spending your money.** QBO provides an easy way to keep track of the expenses your business is incurring and on what items money is being spent.

4 Select the **Vendors** tab. The Vendors screen helps your business keep track of who you pay (money out). Your business can import vendors into QBO or add vendors manually.