




# Discovering business insights using QuickBooks Online

Esther Friedberg Karp, MBA, CPB



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

Take a minute  
to connect with  
your neighbour

#QBConnect | WiFi: QBConnect

# CPD Process

In order to receive CPD 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 CPD**
- CPD 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



Esther Friedberg Karp, MBA, CPB  
President  
EFK CompuBooks Inc.

Advanced Certified QuickBooks ProAdvisor, Desktop  
& Online  
Certified in Canada, US, and UK

# About today's speaker



Esther Friedberg Karp  
President, EFK CompuBooks Inc.

Member, Intuit Trainer / Writer Network (TWN)

Insightful Accountant's Top 10 / 100 ProAdvisors 2015-19

Top International Advisor 2015 | Top Trainer/Writer 2019

Practice Ignition's Top 50 Women in Accounting 2017

Top 10 Influencers in CDN Bookkeeping World 2018

# Learning Objectives



- Learn how to take QuickBooks to the next level
- Extract useful reports to help you spot issues
- Provide company management with instant business intelligence
  - Know when to shift gears toward more profitable, cash-producing business initiatives
  - Know when to stop a particular business practice altogether
  - Truly have your finger on the pulse of your business
- Learn how to use the Audit Log to keep a close eye on user activities
- Learn the benefits of using a Closing Date and password in QuickBooks

# Agenda



- Review top line financials
- Slice the company pie for different reporting needs
  - Classes
  - Locations
  - Customers/Sub customers (Job Costing)
  - Product/Service Items
- Tracking deposits on payables by supplier and receivables by customer
- Audit Log
- Closing Date and Password



# Review Top Line Financials:

*They're only part of the story*

# Is this company doing well? ...1. Profit and Loss

	
QuickBooks Connect Toronto 2019	
PROFIT AND LOSS	
January - December 2019	
	TOTAL
+	INCOME
Sales	9,961,695.00
Total Income	\$9,961,695.00
+	COST OF GOODS SOLD
Cost of Goods Sold	7,222,390.00
Total Cost of Goods Sold	\$7,222,390.00
GROSS PROFIT	\$2,739,305.00
+	EXPENSES
Advertising and Promotion	89,000.00
Subcontractor Expenses	2,280,000.00
Total Expenses	\$2,369,000.00
PROFIT	\$370,305.00

# Is this company doing well?

## ...2. Balance Sheet

• Non-current Liabilities	
Due to Shareholder	50,000,000.00
<b>Total Non-current Liabilities</b>	<b>\$50,000,000.00</b>
<b>Total Liabilities</b>	<b>\$75,981,044.35</b>
• Equity	
Retained Earnings	0.00
Profit for the year	370,305.00
<b>Total Equity</b>	<b>\$370,305.00</b>
<b>Total Liabilities and Equity</b>	<b>\$76,351,349.35</b>

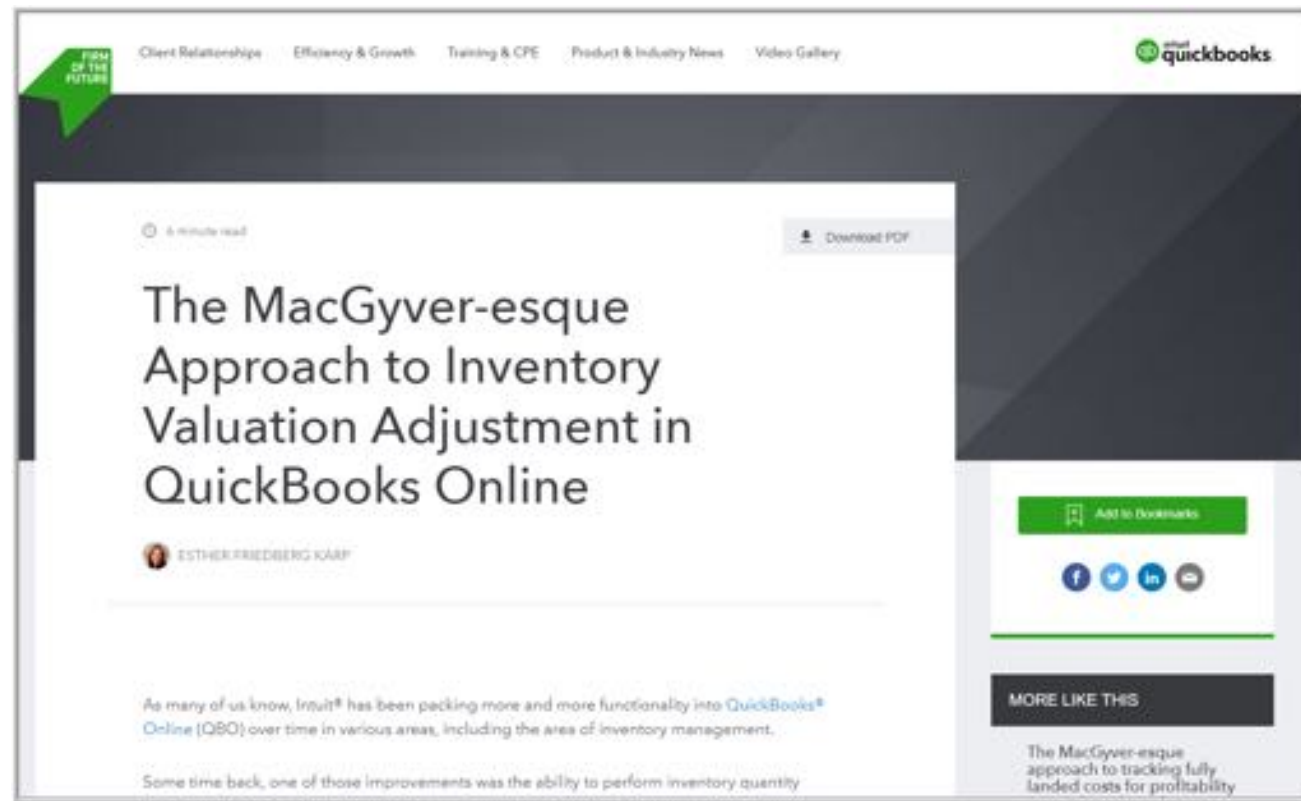
	
QuickBooks Connect Toronto 2019	
BALANCE SHEET	
As of December 31, 2019	
	TOTAL
• Assets	
• Current Assets	
• Cash and Cash Equivalent	
Canadian Bank Account	15,723,306.10
<b>Total Cash and Cash Equivalent</b>	<b>\$15,723,306.10</b>
• Accounts Receivable (A/R)	
Accounts Receivable	10,096,809.25
<b>Total Accounts Receivable (A/R)</b>	<b>\$10,096,809.25</b>
Deposits on Payables	50,000.00
Exchange Gain or Loss	55,624.00
Inventory Asset	\$0,402,610.00
<b>Total Current Assets</b>	<b>\$76,328,349.35</b>
• Non-current Assets	
• Property, plant and equipment	
Warehouse Equipment	23,000.00
<b>Total Property, plant and equipment</b>	<b>\$23,000.00</b>
<b>Total Non Current Assets</b>	<b>\$23,000.00</b>
<b>Total Assets</b>	<b>\$76,351,349.35</b>
• Liabilities and Equity	
• Liabilities	
• Current Liabilities	
• Accounts Payable (A/P)	
Accounts Payable	11,996,984.00
<b>Total Accounts Payable (A/P)</b>	<b>\$11,996,984.00</b>
Customer Deposits	13,000,000.00
GST/HST Payable	984,060.35
<b>Total Liabilities and Equity</b>	<b>\$76,351,349.35</b>

# Is this company doing well? ...3. Inventory Valuation

<div>QuickBooks CONNECT</div> <div>QuickBooks Connect Toronto 2019</div> <div>INVENTORY VALUATION SUMMARY</div> <div>As of December 31, 2019</div>				
	SKU	QTY	ASSET VALUE	CALC. AVG
Doohickey	000001	301,466.00	27,131,940.00	90.00
Thingamabob	000002	246,270.00	17,238,900.00	70.00
Widget	000003	118,270.00	6,031,770.00	51.00
TOTAL			50,402,610.00	

<https://www.firmofthefuture.com/content/the-macgyver-esque-approach-to-inventory-valuation-adjustment-in-quickbooks-online/>

...or Google 'firm of the future' 'inventory valuation adjustment'



# Also, look at Products and Services List:

Keep tabs on your inventory with reorder points. Know what's running low and what's out of stock so you'll always have what your customers want. [Learn more](#)

	NAME	SKU	TYPE	SALES DESCRIPTION	SALES PRICE	COST	QTY ON HAND	REORDER POINT	ACTION
<input type="checkbox"/>	Deposit on Future Sales		Service	Deposit Future Res...					<a href="#">Edit</a>
<input type="checkbox"/>	Doublekey	000001	Inventory	Doublekey	75		307,800	302,000	<a href="#">Edit</a>
<input type="checkbox"/>	Flangersteel	000002	Inventory	Flangersteel	75	75	146,100	280,000	<a href="#">Edit</a>
<input type="checkbox"/>	Widge	000003	Inventory	Widge	30	\$1	118,110	100,000	<a href="#">Edit</a>

# Is this company doing well? ...4. Sales Reports



QuickBooks Connect Toronto 2019	
SALES BY CUSTOMER SUMMARY	
January - December 2019	
	TOTAL
Bones McCoy	7,446,580.00
Chekhov	95,000.00
Jim Kirk	1,016,720.00
Mr. Spock	1,403,395.00
Scotty	5,000,000.00
Uhura	8,000,000.00
TOTAL	\$22,961,695.00

...vs. Sales of \$9,961,695 on the Profit & Loss for the year



# Slicing the Company Pie



# Slicing the Company Pie: *Classes*

# Classes in QuickBooks Online

- AKA Departments / Lines of Business / Sectors / Business Units etc.
- Can create Sub-classes and Sub-sub-classes...up to 5 levels deep (incl parent)
- Enable Classes: **Gear > Account and Settings > Advanced > Categories > Track classes**
- Choose whether to receive a warning
- Choose to assign classes:
  - One per transaction – or –
  - One per row of a transaction
- Classes can be found in **Gear > All Lists > Classes**



# Slicing the Company Pie:

## *Locations*

# Locations in QuickBooks Online

- Locations, Stores, etc. (Classes might be departments within a location)
- Can create Sub-locations and Sub-sub-locations...up to 5 levels deep (including parent)
- Enable Classes: **Gear > Account and Settings > Advanced > Categories > Track locations**
- No warning available but more functionality than classes
- One location per transaction (exception: journal entries – 1/row)
- Locations can be found in **Gear > All Lists > Locations**
- **Remember:** Can filter to Pay Bills & Deposit Funds by Location

# Add locations filter columns, or grouping to these reports

- Sales by Customer Detail
- Sales by Product/Service Detail
- Transaction List by Customer
- Transaction List by Supplier
- Transaction Detail by Account
- Transaction List by Date
- Recent Transactions



# Slicing the Company Pie:

## *Job Costing*

# Job Costing in QuickBooks Online

- Tag transactions with a “job” = Customer or Customer:sub-customer...up to 5 levels deep (including parent)
- Invoices already have Customer:sub-customer, etc. tag in name on invoice
- Enable Job Costing
- **Gear > Account and Settings > Expenses > Bills and expenses >**
  - **Show Items table on expense and purchase forms**
  - **Track expenses and items by customer**
- Billable: **Gear > Account and Settings > Expenses > Bills and expenses > Make expenses and items billable**
- No warning available if no job assigned to job, or if expense for a job nor marked “billable”
- One “job” per row in an expense transaction

# Other reports helpful for job analysis

## Expenses by Supplier Summary

- Drilled down
- Column for customer added
- Total by customer
- Filtered for customer(s)

## Purchases by Supplier Detail

- Customer column added

## Purchases by Product/Service Detail

- Customer column added



# Slicing the Company Pie:

## *Item Profitability*

# Item Profitability in QuickBooks Online

- Enable Item Profitability: All service & non-inventory items can be two-sided
- Check “I purchase this product/service from a supplier”
- Same item name can count for income on sales transaction and expense/cost on purchase transaction
- Use product/service items on purchase transactions instead of accounts on the Chart of Accounts wherever profitability needs to be tracked



# Slicing the Company Pie:

## *Projects*

## **Bonus: Project Tracking in QuickBooks Online**

- Try this out in the sample company: [TinyURL.com/canadasample](https://TinyURL.com/canadasample)
- If Projects not enabled: **Gear > Account and Settings > Advanced > Projects > Organize all job-related activity in one place**
- Require same settings as job costing
- Useful only with Customer:sub-customers (not deeper than that) and for sub-customers that are “Bill with parent”
- Can launch transactions from Projects and run various reports – more will be added



# Tracking Deposits on Payables and Receivables

# Deposits on Balance Sheet:

On Payables (Suppliers)

On Receivables (Customers)

		QuickBooks Connect Toronto 2019	
		<b>BALANCE SHEET</b>	
		As of December 31, 2019	
			<b>TOTAL</b>
<hr/>			
+	Assets		
+	Current Assets		
+	Cash and Cash Equivalent		
	Canadian Bank Account	15,723,306.10	
	<b>Total Cash and Cash Equivalent</b>	<b>\$15,723,306.10</b>	
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<hr/>			
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	Accounts Payable	11,996,984.00	
	<b>Total Accounts Payable (A/P)</b>	<b>\$11,996,984.00</b>	
	<b>Customer Deposits</b>	<b>13,000,000.00</b>	

# Customer Deposits

- Create Other Current Liability **account: Customer Deposits**
- Create Product/Service **Item linked to this account: Deposits on Future Sales**
- Use this item on sales forms (usually sales receipt) to ask for monies up front from customers
- Run “Customer Deposits” report (by drilling down on figure on Balance Sheet) to track whose money you have (group by Customer, remove columns, add title)
- Use this same item on invoices (**with minus sign**) to use up deposits and lower invoice total(s) when you’re ready to invoice
- Reconcile the Customer Deposits account (\$0 ending balance) and filter Customer Deposits report for Cleared status of “Uncleared” (save customization)

# Deposits to Suppliers on Payables

- Create Other Current Asset **account: Deposits on Payables**
- Use this account on cheques to suppliers to pay for deposits up front against future bills
- Run “Deposits to Suppliers” report (by drilling down on figure on Balance Sheet) to track which suppliers have your money (group by Supplier, remove columns, add title)
- Use this same account on bill(s) (**with minus sign**) to use up deposits and lower accounts payable total(s) when ready to pay bills [or use Supplier Credit with this account and using positive numbers]
- Reconcile the Deposits on Payables account (\$0 ending balance) and filter Deposits to Suppliers report for Cleared status of “Uncleared” (save customization)...**save this customization**



# Audit Log



# Closing Date & Password

# Closing Date and Password

- To set a Closing Date and Password, click on **Gear > Account and Settings > Advanced > Accounting > Close the books**
- Set the **Closing date**, choose options to “**Allow changes after viewing a warning and entering password**”
- Specify and confirm the **Password**
- Click **Save** and **Done**
- All changes to records dated that date or earlier will require that password (list changes not prevented)
- These will appear on the Exceptions to Closing Date report



# The Bottom Line?



**Numbers can lie if you let them.**

- Anthony Isola, A Teachable Moment





**Narratives without statistics are blind, but statistics without narratives are empty.**

- Steven Pinker, The Better Angels of Our Nature





**For me, QuickBooks was love at first click.**

- Esther Friedberg Karp





# Experiment using the Sample Company



# QuickBooks Online Canadian Sample Company

**[TinyURL.com/canadasample](https://TinyURL.com/canadasample)**

- Long for Success Event Planning
- Pre-populated QuickBooks Online Plus company
- Open it in a different browser or “incognito mode” if another company is open
- Do whatever you want; you can’t break it
- Close the browser and everything goes back the way it was
- Bookmark it!

# Summary: What Have We Learned? ...1

- Financials need to be taken in context:
  - Percentages
  - Compare to prior period(s), industry, budget
  - Look at P&L on “cash basis” as well as “accrual basis”
  - Understand Sales Reports
  - Run several reports (P&L, Balance Sheet, Sales, Inventory, Statement of Cash Flows)
- Slice the pie to see where you’re doing well ...or not
  - Class, Location, Job, Items
  - Projects

# What Have We Learned? ...2

- Track deposits on the Balance Sheet, reconcile accounts, save customized reports
  - Purchases from Suppliers (asset)
  - Sales to Customers (liability)
- Business owner's friends:
  - Drill down on numbers to see details
  - Reconciling accounts
  - Using reports often, including the Audit Log
  - Closing Date and Password
  - QBO Sample Company: [TinyURL/com/canadasample](https://tinyurl.com/canadasample)

# Review Learning Objectives



- Learn how to take QuickBooks to the next level
- Extract useful reports to help you spot issues
- Provide company management with instant business intelligence
  - Know when to shift gears toward more profitable, cash-producing business initiatives
  - Know when to stop a particular business practice altogether
  - Truly have your finger on the pulse of your business
- Learn how to use the Audit Log to keep a close eye on user activities
- Learn the benefits of using a Closing Date and password in QuickBooks

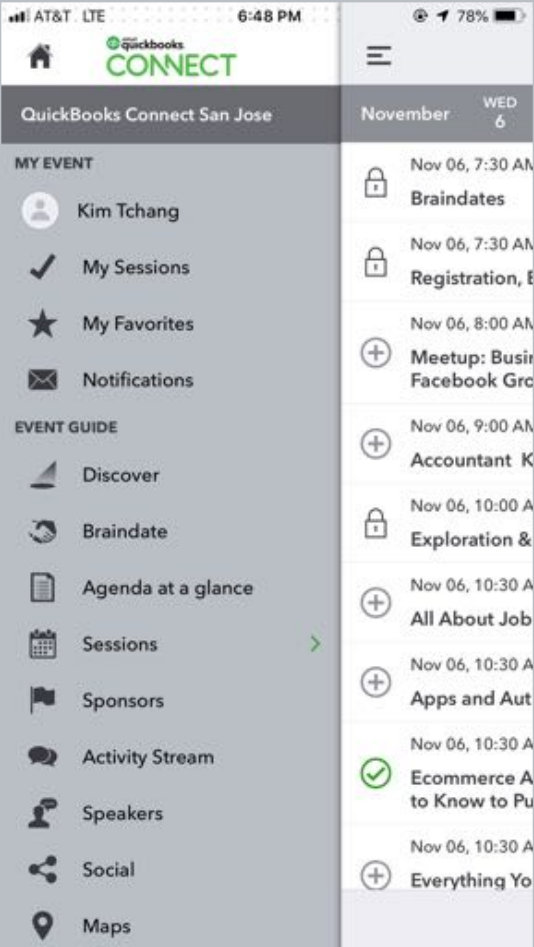


# Questions?

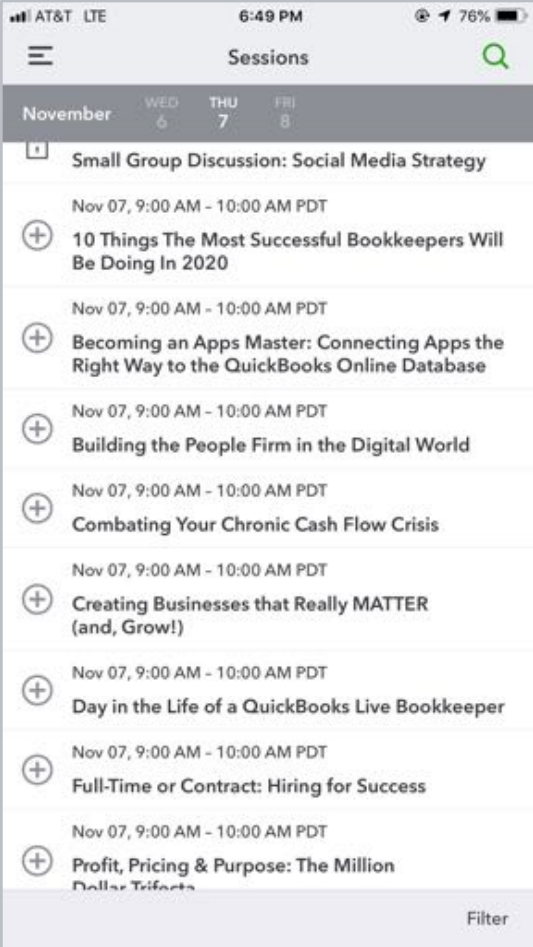
# Rate this Session on the QuickBooks Connect Mobile App

Provide feedback to help us design content for future events

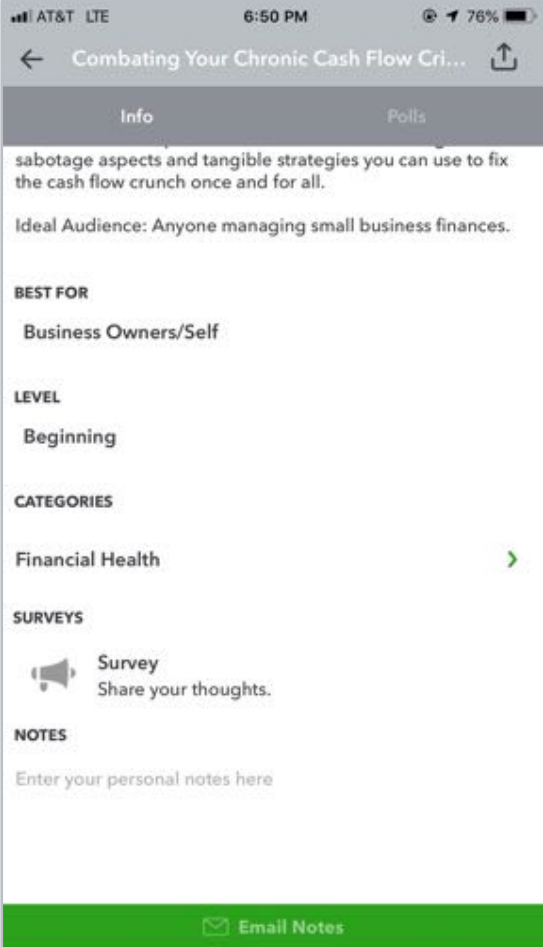
1. Select Sessions



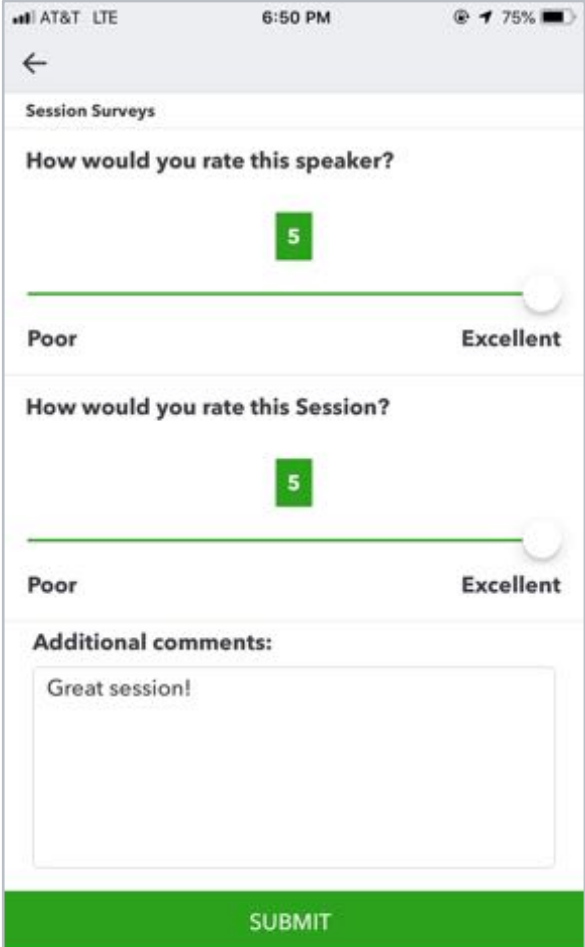
2. Select Session Title



3. Select Survey



3. 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://can.quickbooksconnect.com/agenda/>

The screenshot shows the QuickBooks CONNECT agenda page for December 10. The page has a green header with the QuickBooks logo and navigation links: Why Attend, Agenda (selected), Speakers, Pricing, Sponsors, Travel, and FAQ. Below the header, there are tabs for December 9 (Accountant Day), December 10 (selected), and December 11. A 'Print Agenda' link is in the top right. A paragraph describes breakout sessions. A search bar labeled 'Search for sessions' is present. Below it are filter buttons: Organizational Culture, Life & Business Skills, Technology Training, Business Growth, Advisory, and Financial Health, with an 'Expand all +' link. The agenda list shows sessions from 7:30-9:00 am to 11:00 am-12:00 pm. The 'Breakout Sessions' section is expanded, showing details for 'Creating Your Small Business Culture', including a description, ideal audience, best for, speakers, location, track, CPD hours, and level. Other sessions listed are 'Understanding Personalities for Better Communication' and 'How to Use QuickBooks for Your Small Business: Introduction'.

QuickBooks  
**CONNECT**

Why Attend Agenda Speakers Pricing Sponsors Travel FAQ

December 9  
Accountant Day

December 10

December 11

Print Agenda

Attend breakout sessions to learn strategies to grow your business, how to hire and build an ideal culture, tips to improve your financial health and more. Connect with peers and experts for one-on-one learning. More information coming soon.

Search for sessions

Filters: Organizational Culture Life & Business Skills Technology Training Business Growth Advisory Financial Health Expand all +

7:30-9:00 am Registration, Breakfast & Exploration +

8:00-8:45 am Meetup: New to Networking +

9:00-10:00 am Morning Keynote +

10:00-11:00 am Exploration & Connection +

10:15-11:00 am Meetup: Women in the Workforce +

11:00 am-12:00 pm

**Breakout Sessions**

**Creating Your Small Business Culture**

Many solopreneurs and small business owners feel like they don't have time to work on their company culture (or that they even should). Instead, they spend most of their days working in their business rather than "on" their business. In this session, you will receive tips on how to reduce stress, improve productivity, and improve your personal fulfillment all through the nurturing of your crew, your clients, your fans, AND yourself!

Ideal Audience: Business owners looking to enhance their culture.

Best For: Business Owners/Self-Employed

Speakers: Tamia Madenitz

Location: Room 201 CDEF

Track: Organizational Culture

CPD Hours: 1

Level: Introduction

Understanding Personalities for Better Communication +

How to Use QuickBooks for Your Small Business: Introduction +



Thank you!

Esther Friedberg Karp

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OWN  
THE  
FUTURE