



## Disclaimer

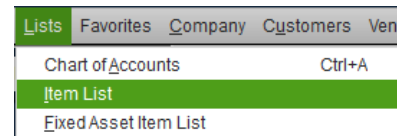
This document outlines the recommended practices for recording customer deposits in QuickBooks Desktop. Smart Service relies on QuickBooks for advanced accounting features and relies on this process for all deposit related inquiries. Before implementing this process, please discuss the following information with your QuickBooks Accountant or equivalent. The information contained in this document is based on processes recommended to us by other Smart Service users and their accounting staff.

## Process Overview

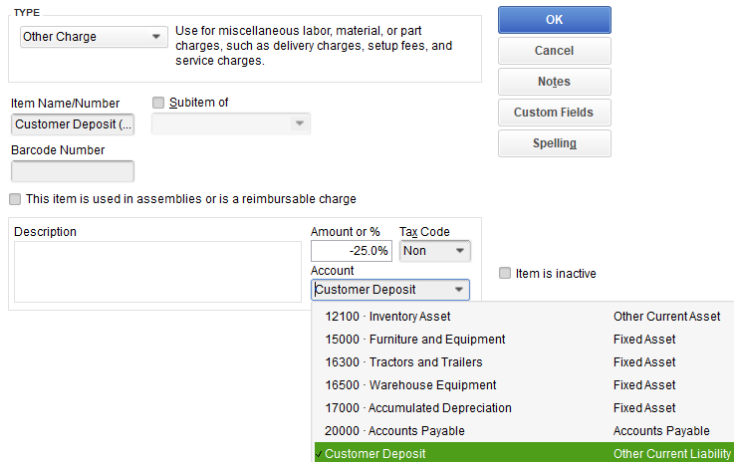
The main issue we see with customers recording deposits in QuickBooks is that they use their A/R accounts to record money they may have to give back, i.e. your deposits. The method below makes use of an “Other Current Liability” account in QuickBooks. You can learn more about [QuickBooks Chart of Accounts via the Intuit Community](#). This document assumes that the user is creating estimates via QuickBooks and imported the contents of said estimate into the Smart Service Work Order.

## Customer Deposit Line Item

The first prerequisite to create is a line item for your deposits. To create the item, enter QuickBooks and click “Lists” → “Item List” as shown in the image to the left.



You will need to create a new item by using the keyboard shortcut “Ctrl+N” or by clicking “Item” → “New” at the bottom of your screen.



Change the item type to “Other Charge” and name the item “Customer Deposit” or similar. To learn more about item types, [visit the Intuit Community here](#).

At this stage, you can set a default amount or percentage that the deposit should calculate; this can be modified on a per usage basis.

Set your tax preference and tie the item to your “Other Current Liability” account. If this account is not available in your QuickBooks Company File, you may create it now by typing the name “Customer Deposit” into the list.



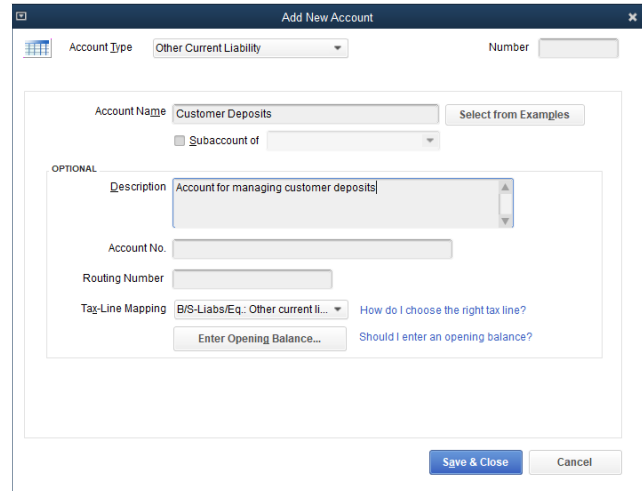
## Other Current Liability Accounts

Deposits should be added to an “Other Current Liability” account, instead of your Receivables account. Since you may have to return the deposit to the customer, it isn’t quite a receivable. For a comprehensive description of your account options, visit the [Intuit Community here](#).

You can create a new Other Current Liability account by the method listed above or by entering “Lists” → “Chart of Accounts” and clicking “Accounts” → “New” at the bottom of the screen.

Set your “Account Type” to “Other Current Liability” and give the account a name. You can add a description and account number at this point as well. Once you have everything, click “Save & Close” at the bottom of the window.

Not all users will have the ability to view or create new accounts, please contact your QuickBooks administrator to complete this step.



## Managing Customer Deposits

Use the process below in QuickBooks to manage your customer deposits. We highly recommend you place all items related to your project under a Customer:Job record for job costing at the end of this process. You can learn more about job costing on the [Intuit Community here](#).

## QuickBooks Estimates

The process begins with an estimate in QuickBooks. Find the desired Customer:Job, right click and choose the “Create Estimate” option. Add line items to your estimate as usual; you may also add a subtotal line item for clarity.

ITEM	DESCRIPTION	QTY	U/M	RATE	AMOUNT	MARKUP	CLASS	TOTAL	TAX
Fire Protection Service-Install - ESFR System	ESFR (Early Suppression Fast Response) sprinkler installations require precise coordination and installation to ensure the sprinklers perform as designed.	1		4,230.40	4,230.40			4,230.40	Non
Not Otherwise Specified N.O.S. (Labor)	Man hours	26		60.00	1,560.00			1,560.00	Non
Subtotal								5,790.40	
Customer Deposit (25%)				-25.0%	-1,447.60			-1,447.60	Non

The last item listed on your estimate should be your new “Customer Deposit” line item. If you’ve set the item to automatically calculate a specific percentage of the total, you can further adjust the “Rate” field on the estimate by modifying the percentage. Make sure to leave the rate and amount as negative values. At this point, submit the estimate to your customer and wait to receive your deposit funds from them once the estimate has been accepted.



## Entering Sales Receipts

Once the customer has agreed to the estimate, you should receive their deposit. Since there's no invoice to receive against, you can create a sales receipt. Find your Customer:Job, right click, and choose the "Enter Sales Receipts" option from the list.

CUSTOMER:JOB **Smith, Jeff New Install** CLASS **Smith** TEMPLATE **Custom Sales Receipt**

### Sales Receipt

DATE: 12/07/2018 SOLD TO: Jeff Smith, 120 Meadow Park Ave, Lewis Center, OH 43035-6

SALE NO.: 432 CHECK NO.: 5555

CASH CHECK CREDIT DEBIT +CHECK MORE

ITEM	DESCRIPTION	QTY	U/M	RATE	AMOUNT	TAX
Customer ...					1,447.60	1,447.60 Tax

Choose your customer's payment method from the options at the top, left-hand corner of the window. Add the "Customer Deposit" item to your sales receipt in the amount you received from the customer. At this point, the amount should be a positive number. Once you've completed this process, save and close.

DATE	REF	ACCOUNT	PAYEE	MEMO	INCREASE	DECREASE	BALANCE
12/07/2018	432	Smith, Jeff New Install			1,447.60		1,447.60
	RCPT	12000 - Undeposited Funds (split)					
07/2018	Ref	Payee			Increase	Decrease	
		Account		Memo			

Check in with your "Customer Deposit" account in chart of accounts to see what's happened so far. There's an amount stored in this account associated with this job, when an invoice is created from our QuickBooks estimate in the next step, we will notice a decrease appended to the account.

## Converting Estimates to Invoices

If your company uses progress invoicing, convert a portion of the estimate to an invoice when ready. You can learn more about the benefits and process of progress invoicing [via Intuit's website](#). Otherwise, convert your estimate to an invoice as usual when ready.

ITEM	DESCRIPTION	EST AMT	PRIOR AMT	QTY	U/M	RATE	TOTAL %	AMOUNT	TAX
Fire Protection S...	ESFR (Early Suppression Fast Response) sprinkler installations require precise coordination and installation to ensure the sprinklers perform as designed.	4,230.40		1		4,230.40	100.0%	4,230.40	Non
Not Otherwise S...	Man hours	1,560.00		26		60.00	100.0%	1,560.00	Non
Subtotal		5,790.40						5,790.40	
Customer Depo...		-1,447.60				-25.0%	100.0%	-1,447.60	Non

Once your estimate (or a portion of) has been converted to an invoice, the customer deposit line item will be present proportionate to the percentage of the estimate converted to invoice. Check in with your "Customer Deposits" account at this point to see that the deposit has decreased the balance of the account.

DATE	REF	ACCOUNT	PAYEE	MEMO	INCREASE	DECREASE	BALANCE
12/07/2018	432	Smith, Jeff New Install			1,447.60		1,447.60
	RCPT	12000 - Undeposited Funds (split)					
12/07/2018	37	Smith, Jeff New Install				1,447.60	0.00
	INV	Accounts Receivable (split)					
07/2018	Ref	Payee			Increase	Decrease	
		Account		Memo			



## Reconciling Multiple Deposits

While the process listed above is precise, it is lengthy at the same time. Users receiving several deposits for multiple projects will add the following step to their process. The method below should be followed twice a month to reduce the amount of reconciliations needing to be processed at month's end.

Enter your Chart of Accounts, right-click your "Customer Deposits" account and click "Reconcile" from the list.

Enter the "Statement Date" as either mid-month or the end of the month. This will define the period of time you wish to close. Make sure your "Ending Balance" is set to \$0.00. This amount should *always* be set to \$0.00. When ready, click "Continue" at the bottom.

For any cash advance listed on the left that has a corresponding payment on the right, check the checkbox next to each. If there are amounts which do not match, leave them alone until the estimate has been invoiced in full. This ties the deposited amount to the payment thus reconciling the account. Do this for all transactions matching this criteria.

Charges and Cash Advances				Payments and Credits			
DATE	REF #	PAYEE	AMOUNT	DATE	REF #	PAYEE	AMOUNT
12/27/2018		Smith, Jeff New Install	1,447.60	12/27/2018		Smith, Jeff New Install	1,447.60

Since there's only one transaction to reconcile in the screen above, my ending balance has been reconciled. Continue this process until you achieve a \$0.00 ending balance. Once all items are accounted for, click "Reconcile Now" at the bottom right-hand corner of your screen.

Finance Charge	0.00
Ending Balance	0.00
Cleared Balance	0.00
Difference	0.00

At this point, QuickBooks will ask if you'd like to view a reconciliation report to confirm your data. You may choose to do so by clicking "Display" or close the window and skip the report for now.

We recommend viewing this report, customizing your filters, and saving the report to your memorized reports for easy access later.

**Reconciliation Summary**  
Customer Deposit, Period Ending 12/31/2018

	Dec 31, 18
Beginning Balance	0.00
<b>Cleared Transactions</b>	
Charges and Cash Advances - 1 item	-1,447.60
Payments and Credits - 1 item	1,447.60
<b>Total Cleared Transactions</b>	<b>0.00</b>
Cleared Balance	0.00
Register Balance as of 12/31/2018	0.00
Ending Balance	0.00