



## **ADVANCED PAYMENTS/DEPOSITS IN CONTRACTOR FOREMAN AND QUICKBOOKS.**

**(PREVIEW ONLY: DO NOT ATTEMPT TO IMPLEMENT THIS PROCEDURE ON YOUR OWN UNLESS YOU HAVE EXTENSIVE ACCOUNTING BACKGROUND FOR PROPER REPORTING.)**

### **Overview Summary:**

The document describes a detailed procedure for managing advanced payments (customer deposits or draws) within construction projects using QuickBooks and Contractor Foreman (CF). The primary objective is to avoid recognizing upfront payments as immediate income, which can lead to premature tax liabilities. By treating advance payments as a liability initially and systematically applying them to invoices as the project progresses, contractors can accurately reflect income and expenses, ensuring compliance and sound financial management.

### **Key Steps:**

#### **1. Contractor Foreman Configuration:**

- Create a separate parent/child cost code for advanced payments.
- Assign the liability account created in QuickBooks as the income account for this cost code.

#### **2. Cost Items Setup:**

- Create two cost items under the "Other" list: one for collecting the advanced payment (e.g., "Customer Down Payment") and another for applying the payments back to invoices.

#### **3. Collecting Advanced Payments:**

- Create a regular invoice for the advanced payment, importing the "Customer Down Payment" cost item.
- Record the payment received, which will show up in the liability account.

#### **4. Applying Advanced Payments to Invoices:**

- When invoicing for project progress completion, create a normal invoice from the Schedule of Values
- Import the "Advance Payment Applied to Invoice" cost item separately.
- Enter the quantity as a negative value to deduct the advanced payment portion from the invoice.

#### **5. Reporting and Reconciliation:**

- Monitor the running balance in Contractor Foreman and QuickBooks.
- Ensure the liability account reflects both the initial advanced payment and the applied amounts.



## **PURCHASING AND ENTERING BULK RAW MATERIALS STOCK**

**(PREVIEW ONLY: DO NOT ATTEMPT TO IMPLEMENT THIS PROCEDURE ON YOUR OWN UNLESS YOU HAVE EXTENSIVE ACCOUNTING BACKGROUND FOR PROPER REPORTING.)**

### **Overview Summary**

- This procedure details the process of purchasing bulk raw materials and applying them to specific projects within Contractor Foreman (CF) and QuickBooks Online (QBO). It involves setting up generic projects and specific accounts to track inventory and its usage. The main goal is to properly account for bulk material purchases, track their application to individual projects, and maintain accurate financial records.

### **Key Steps:**

#### **Step 1: QB&CF Setup of Procedure**

#### **Step 2: Purchasing Bulk Raw Materials**

1. **CF: Enter Bill for Bulk Purchase**
  - Create a bill in Contractor Foreman for inventory purchase
  - For bulk material purchases, don't assign a project (leave blank).
  - Select the supplier (e.g., ABC Supply Company Supplier) and enter the bill details.
2. **CF: Bulk Expense purchase (direct purchase no terms). Assign the inventory asset account**

#### **Part 2: Applying Materials to a Project**

1. **CF: Create Vendor**
  - Create a vendor in Contractor Foreman for your company.
2. **CF: Create Expense for Project**
  - Create an expense in Contractor Foreman for applying bulk inventory materials to a project (e.g., "Bedroom Remodel").
  - In the vendor field, select your own company (e.g., Smith Home Remodels).
  - In the Category field, select the "Expense/COGS" account.



## FIELD EXPENSES EMPLOYEE PROCEDURE

(PREVIEW ONLY: DO NOT ATTEMPT TO IMPLEMENT THIS PROCEDURE ON YOUR OWN UNLESS YOU HAVE EXTENSIVE ACCOUNTING BACKGROUND FOR PROPER REPORTING.)

### Overview

This workflow safely delegates the responsibility of entering project-related expenses into Contractor Foreman to those making the purchases in the field while safeguarding QuickBooks integrity. By using the Contractor Foreman app already downloaded for time tracking, it is easy to apply an additional step of also using the app to capture receipts into Contractor Foreman. This process will cause both the expense and the receipt image to transfer to QuickBooks and match the bank transactions; saving the accounting team hours tracking down receipts and ensuring project related expenses apply to projects accurately and promptly.

### Key Steps:

#### 3. Employee Purchase & Receipt Capture:

- Employees make a purchase with their company credit card.
- Employees take a picture of the receipt with their phone.

#### 4. Expense Entry in CF Mobile App:

- Employee opens the Contractor Foreman (CF) mobile app and goes to the expense's module.
- Enters the Project Name or Overhead.

#### 5. Expense Account Selection:

- Employees will select the expense account in CF mobile. The list is organized to prioritize the correct accounts.

#### 6. Receipt Matching

- The expenses and digital receipt transfer to quick books and match with the bank feed

#### 7. Accounting Team Review & Confirmation:

- The accounting team reviews the entry, receipt, and confirms it in QuickBooks.



## EMPLOYEE REIMBURSEMENTS PROCEDURE

(PREVIEW ONLY: DO NOT ATTEMPT TO IMPLEMENT THIS PROCEDURE ON YOUR OWN UNLESS YOU HAVE EXTENSIVE ACCOUNTING BACKGROUND FOR PROPER REPORTING.)

### Overview

While allowing your employees to enter their reimbursable expense receipts into Contractor Foreman through their (CF) app to accurately track project and non-project related costs; it is also simultaneously recording reimbursable employee expenses in QuickBooks to apply to payroll later. Moreover, maintaining clean and accurate financial records in both Contractor Foreman and QuickBooks Online.

### Key Steps:

#### Contractor Foreman (CF) Process

##### 1. Enter Reimbursement/Expense Through the Contractor Foreman App.

- In CF, employees enter reimbursements as expenses, assigning them to the correct project/OH expense/COGS account needed for the company.

##### 2. Select "Reimbursements" Bank Account:

- Instead of a company account, employees select the "Reimbursements" bank account.

##### 2. Attach Receipt:

- Attach a copy of the receipt to the expense through the CF App.

#### QuickBooks Online (QBO) Reconciliation

##### 3. Journal Entry to Clear Reimbursements:

- When running payroll or cutting a check, create a Journal Entry in QBO.
- Clear the "Reimbursements" bank account to a zero balance.
- Debit the "Reimbursements" (Bank) account.
- Credit the "Employee Reimbursements Clearing" account for each employee's reimbursement.

##### 4. Run Payroll:

- Run payroll as normal.
- Ensure reimbursements are not included in employees' gross wages to avoid inflated income and taxes.



## SUPPLIER ACCOUNTS PROCEDURE

(PREVIEW ONLY: DO NOT ATTEMPT TO IMPLEMENT THIS PROCEDURE ON YOUR OWN UNLESS YOU HAVE EXTENSIVE ACCOUNTING BACKGROUND FOR PROPER REPORTING.)

### Overview

Establish a reliable and systematic approach for handling supplier accounts that operate with net terms. This ensures that all vendor transactions are accurately tracked through Contractor Foreman and allocated to the correct projects or back stock, from payment initiation to the allocation of vendor credits and the reconciliation of paid bills. Reviewing and reconciling balances between CF and QBO helps ensure that transactions are accurately matched to the appropriate customer or project, reducing the likelihood of errors or misallocation.

### I. Setup and Initial Steps:

#### CF: Create Bills as Normal (If ordered on a per project basis

- In CF, create bills for each purchase from the supplier using the correct cost codes. Note: Do this each time a vendor order is placed, converting a PO to a bill or importing directly from cost items database

#### 5. QBO: Create a Custom Report

- In QBO, create a custom report for "Supplier Accounts Payables"

### II. Managing Credits/Returns:

#### 6. QBO: Enter Vendor Credits:

- For any returns/credits, enter them as "Vendor Credits" in QBO with the return dates on the statement.
- If assigning credits back to a project, add the Project/Customer to the Vendor Credit, separating each credit transaction by project.

### III. Paying Bills:

#### 7. QBO: Pay Bills:

- In QBO, go to "Pay Bills"
- Select the account used for payments (checking, credit card, etc.).
- Select the date for payment.
- Apply credits to the appropriate bills, matching Bill # and Vendor Credit #.
- Pay the vendors normally with the payment method of your choice.