QUICKBOOKS ONLINE ADVANCED CERTIFICATION COURSE

Supplemental Guide

Module 1: Complex Conversions

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About the Team

It does take a village to complete a project of this magnitude. My heartfelt thanks goes out to the following team members and fellow ProAdvisors as well as Intuit employees Linsay Ransom and Trudie Folsom for all their long hours and dedication.

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QB Power Hour

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Michelle is the owner of Long for Success, LLC specializing in QuickBooks training and consulting. Plus, she consults with developers regarding feedback and input on app development, understanding and reaching the market and more.

She is co-author of the *Advanced Certifications for QuickBooks* (both QuickBooks Online and desktop) and author of numerous courses for Intuit's Accountant University.

Michelle is the author of five books: *How to Start a Home-Based Bookkeeping Business*, *QuickBooks Practice Set*, *QuickBooks Online Practice Set*, *QuickBooks 2014: on Demand, and Successful QuickBooks Consulting* – all are available on Amazon.

Michelle's recognition includes: CPA Practice Advisor Most Powerful Women, Top 10 ProAdvisor for Trainer/Writer and Social Media, Top 100 ProAdvisor, Small Business Influencer Champion, Stevie Gold Winner for Women in Business and more.

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MB was named the Top QuickBooks Online ProAdvisor, 2015 by Insightful Accountant and has been in the Top 100 ProAdvisors for 2014-2016.

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As owner and founder of Satterley Training & Consulting, LLC, Heather works with accounting professionals to create accounting systems and procedures using QuickBooks and related applications that simplify and streamline their day to day workflows.

She is Advanced Certified in QuickBooks Desktop and Online as well as POS Desktop and QuickBooks Enterprise. In addition to QuickBooks related services, Heather is also an Enrolled Agent licensed to practice before the IRS and works with clients to resolve tax issues.

Heather was named a Top 100 ProAdvisor by Insightful Accountant in 2014, 2015 and 2016. She is a member of Intuit Trainer/Writer Network.

Supplemental Guide Overview

Purpose of this Guide

Welcome to the advanced certification training program for QuickBooks Online. As trends continue to show businesses moving to the cloud, you'll want to be familiar with the internet and web-based services. QuickBooks Online with its ecosystem of apps is both an accounting solution and platform for supporting your small business clients now and into the future. Your expertise with QuickBooks Online will enable you to determine when and how to convert your clients. For clients with existing historical data, your knowledge of advanced conversion scenarios ensures a successful transition. In this first module, we will explore what you need to know when contemplating and performing a conversion to QuickBooks Online. This guide is intended to further help you understand conversion capabilities and complex scenarios that can occur when converting to QuickBooks Online.

Product Update Notification!

QuickBooks Online and QuickBooks Online Accountant are constantly being improved:

- When you log in to qbo.intuit.com, it may look different from the screenshots originally taken for this supplemental guide
- Where to go to learn about the latest product updates:
  - https://www.firmofthefuture.com/product-industry-news/product-updates//
  - http://quickbooks.intuit.com/blog

Google Chrome

NOTE: *Screenshots and instructions included in this guide use Google Chrome as the browser.*

LEARNING OBJECTIVES

- Identify potential challenging scenarios when converting from QuickBooks Desktop products
- Recognize feature differences and data that does not convert from Desktop
- Identify when to start a new QuickBooks company by entering beginning balances
- Identify post-conversion steps required to set up a company (in scenarios such as clients with inventory, banking, payroll and/or sales tax)
- Identify the sequence of steps to correctly enter beginning balances

TRAINING AT A GLANCE

Use this as a guide to select specific workflows you want to cover.

TOPIC	STEP-BY-STEP WORKFLOWS	LEARNING OBJECTIVES
CONTEMPLATING A CONVERSION TO QUICKBOOKS ONLINE	• Data Limits • QuickBooks Desktop Conversion Tool • App Ecosystem • QuickBooks Comparison • Subscription Users	• Identify potential challenging scenarios when converting from QuickBooks Desktop products • Recognize feature differences and data that does not convert from Desktop • Identify when to start a new QuickBooks company by entering beginning balances
QUICKBOOKS DESKTOP CONVERSION TOOL	• Pre-Conversion • Conversion • Post-conversion	• Identify post-conversion steps required to set up a company (in scenarios such as clients w/inventory, banking, payroll and/or sales tax)
BEGINNING BALANCES	• Lists • Balances	• Identify the sequence of steps to correctly enter beginning balances

QUICKBOOKS ACCOUNTANT TEST DRIVE

GUIDES

Exercises contained inside this guide can be completed using the QuickBooks Online Sample Company, Craig's Design and Landscaping Services.

- Open the Sample Company by logging into your QBOA → gear icon → Your Company section → Sample Company
- While you are working in the Sample Company, your work will be saved
- Upon closing the sample company file, QuickBooks Online automatically restores its settings and data. If you log out and log in again, the Sample Company will reset (your work is *not* saved).
- By default, the Sample Company will sign out if inactive for one hour. You will lose any data and settings, since this sample company resets each time you log in. Give yourself enough time to complete the assignment.
- To increase the maximum hours of inactivity allowed before timing out, in the Sample Company → gear icon → Your Company section → Account and Settings → Advanced Settings → Other preferences → Sign me out if inactive for and select two hours or three hours.

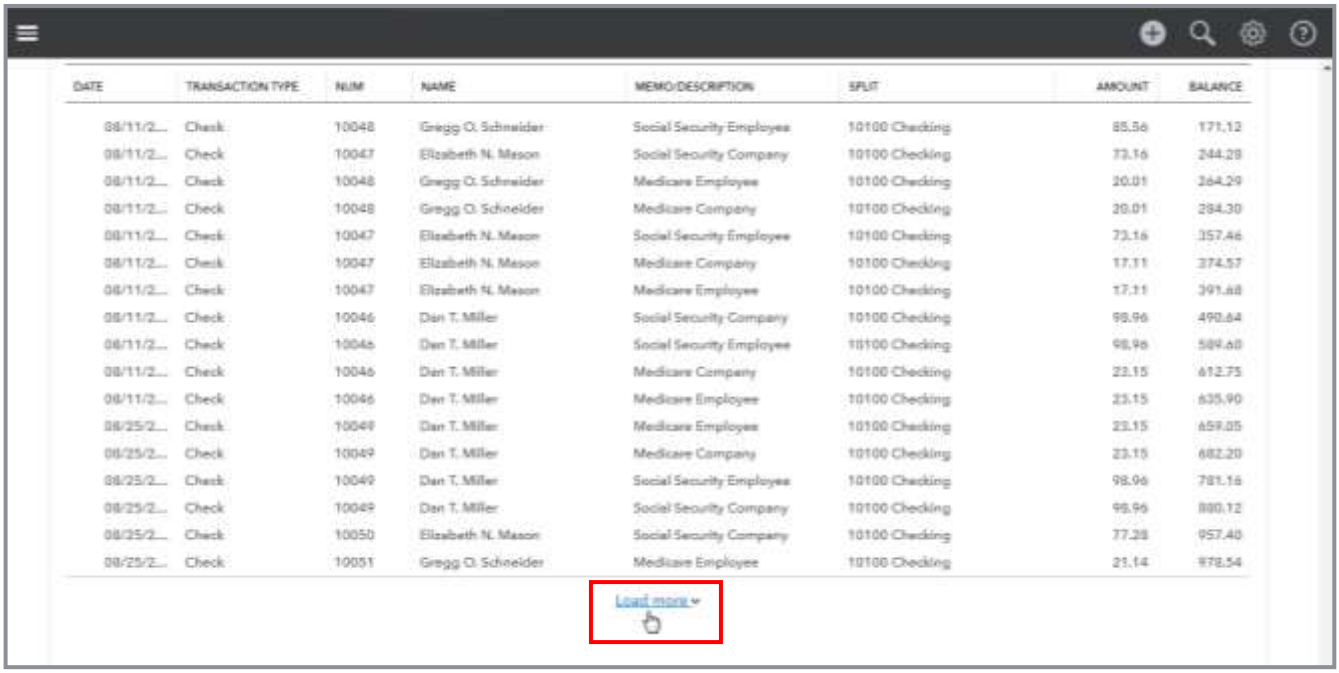
NOTE: *The QuickBooks Online Accountant test drive company contains some features that are not available in QuickBooks Online Simple Start, Essentials or Plus. (You may wish to share the QuickBooks Online test drive file with your clients for them to practice without seeing Accountant-only features: https://QuickBooks Online.intuit.com/redir/testdrive.) In addition, some features (such as in-product Help) are not enabled in this test drive file. This is subject to change.*

Topic 1: Contemplating a Conversion to QuickBooks Online

A certain set of steps are required to start a new QuickBooks Online company for a new business, such as configure the company settings, connect the bank and create the Chart of Accounts. To start a new QuickBooks Online company for an existing business involves a more advanced understanding of data limits, conversion tool details and workarounds to replicate current workflow. This first topic explores the factors to be considered when contemplating a conversion to QuickBooks Online.

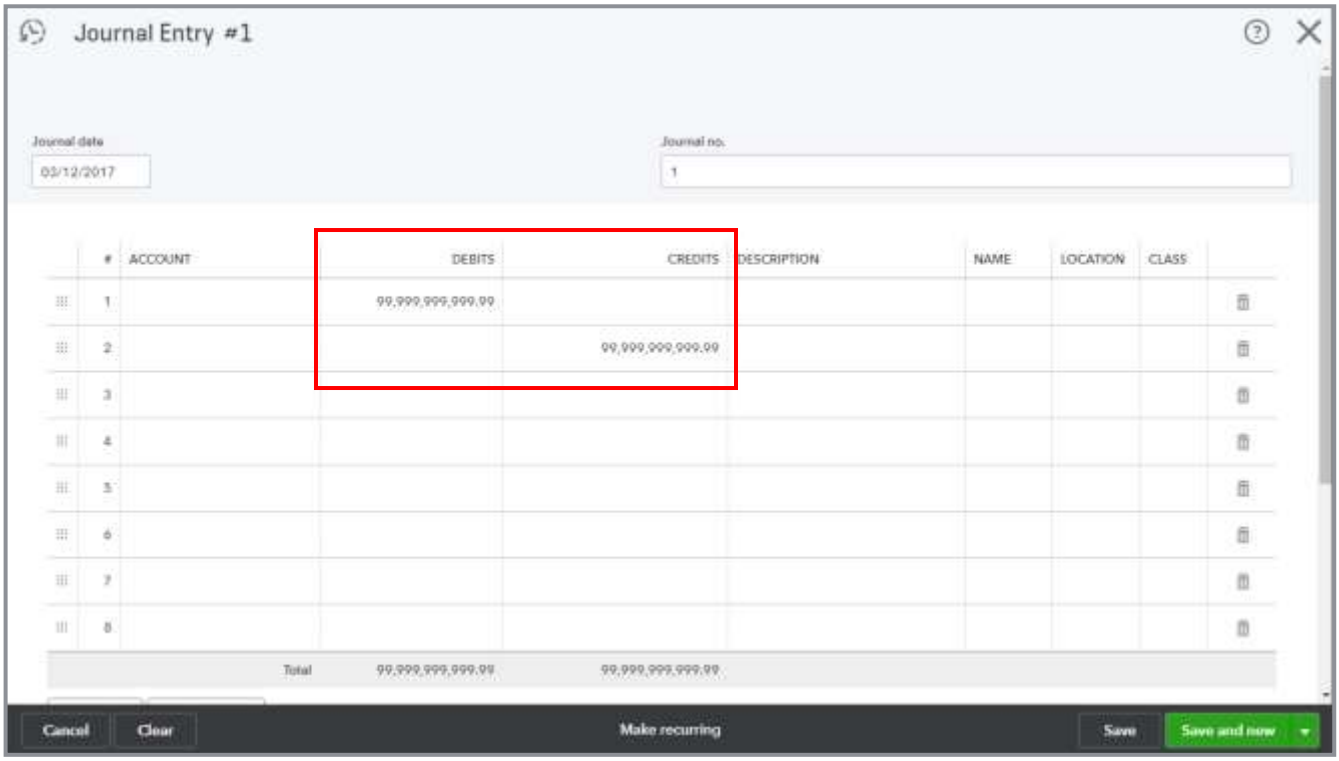
Data Limits

QuickBooks Online does not have a database file size limit. You may enter an unlimited number of records to the list tables (customers, vendors, chart of accounts, product and service items, classes, etc.), and you may enter an unlimited number of transactions to the general ledger. QuickBooks Online reports use pagination to control the data shown on screen. It will only show some of the data and give you the option to show more. This allows businesses to enter an unlimited amount of data into a QuickBooks Online company database, yet still protects the user running a report from experiencing a lag in response time that would otherwise be caused by the program displaying all the data requested at once.

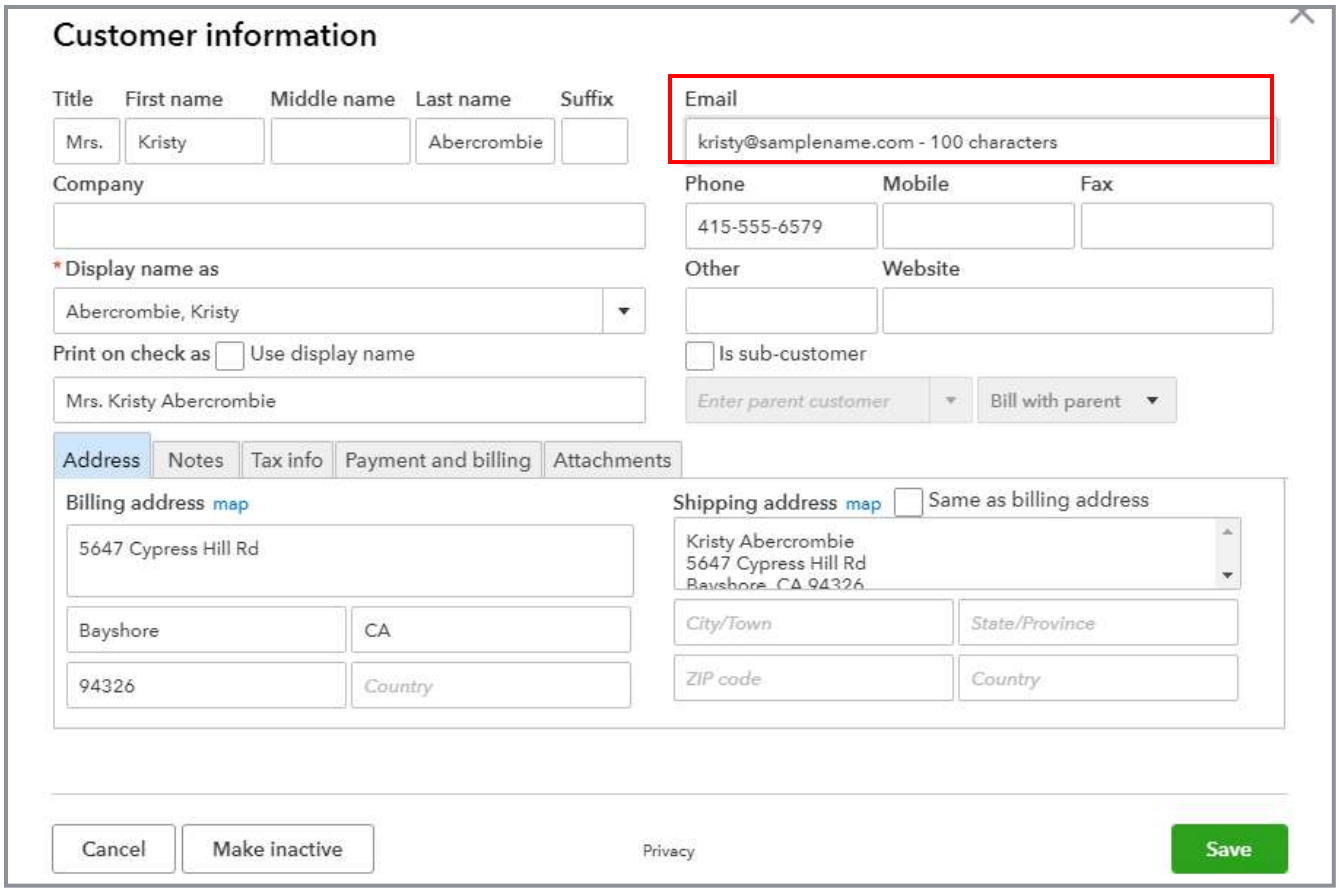


While the database is unlimited, there are some screen and field limitations in QuickBooks Online which affect how much data can be input:

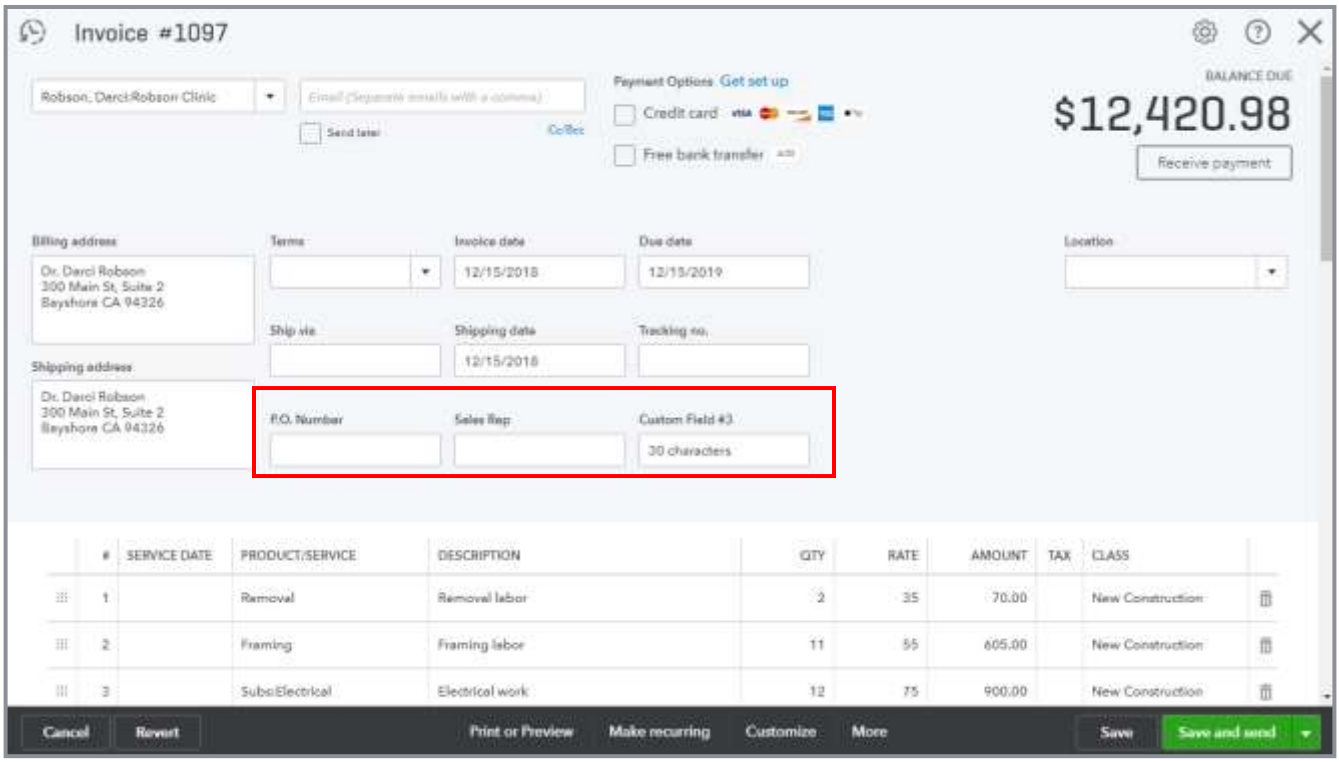
- Amount fields are limited to $99 billion ($99,999,999,999.99)



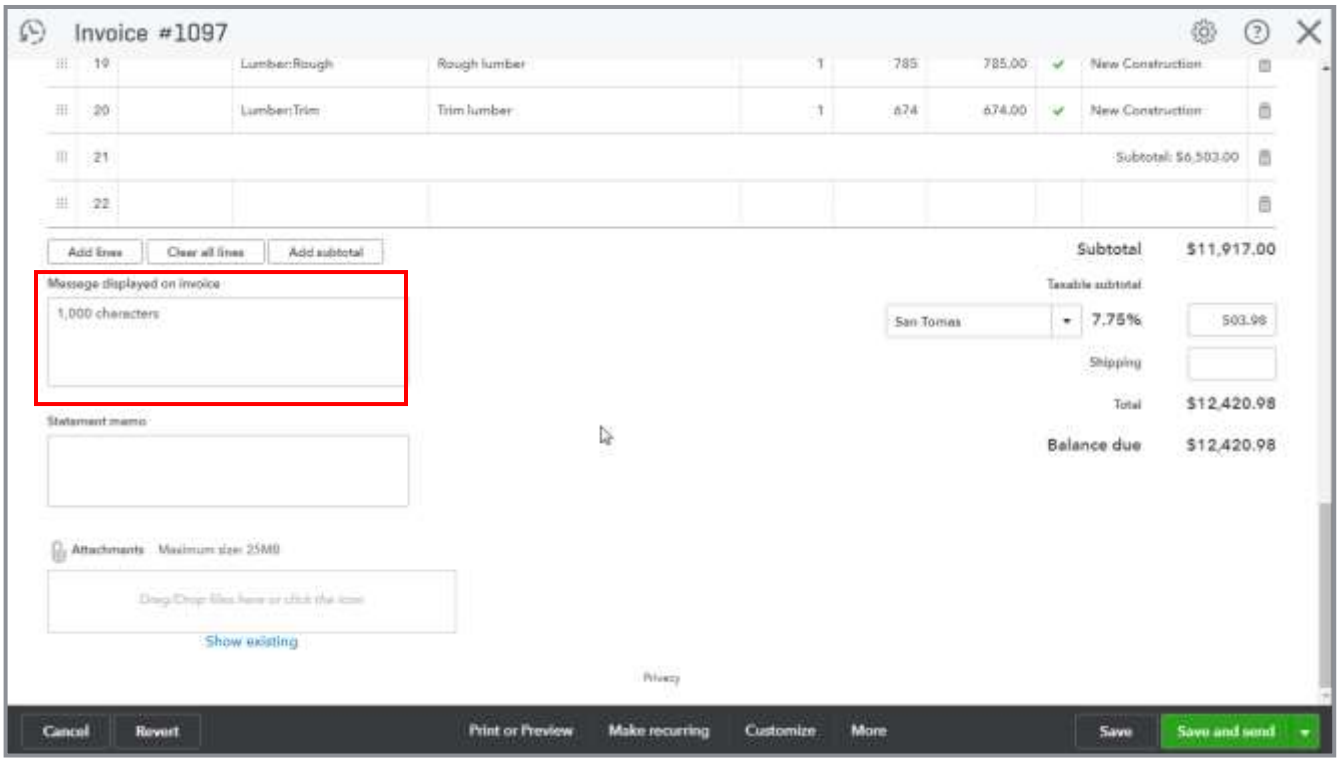
- Customer and vendor email address fields allow 100 characters



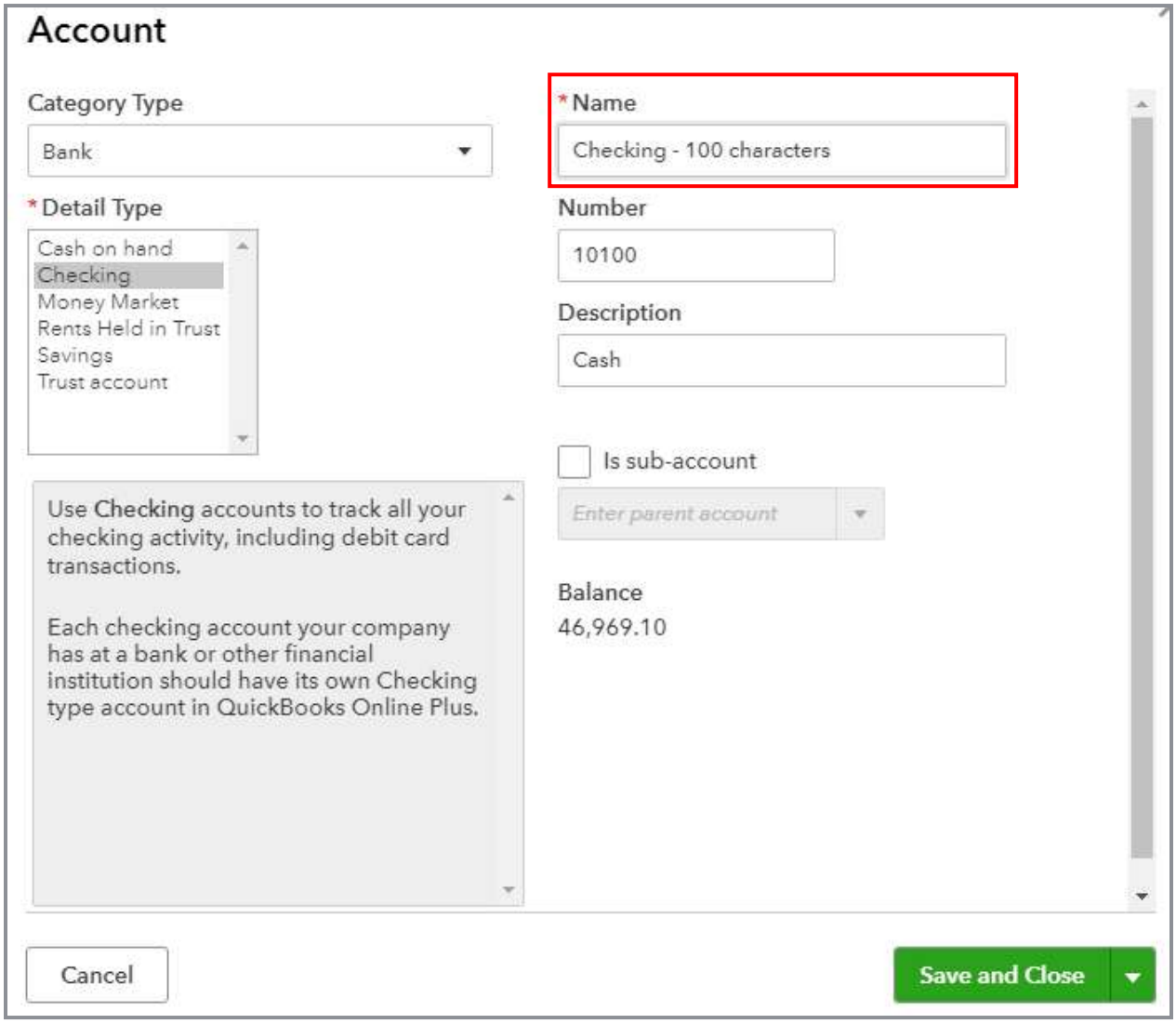
- Custom fields on sales and purchase forms have a 30-character limit



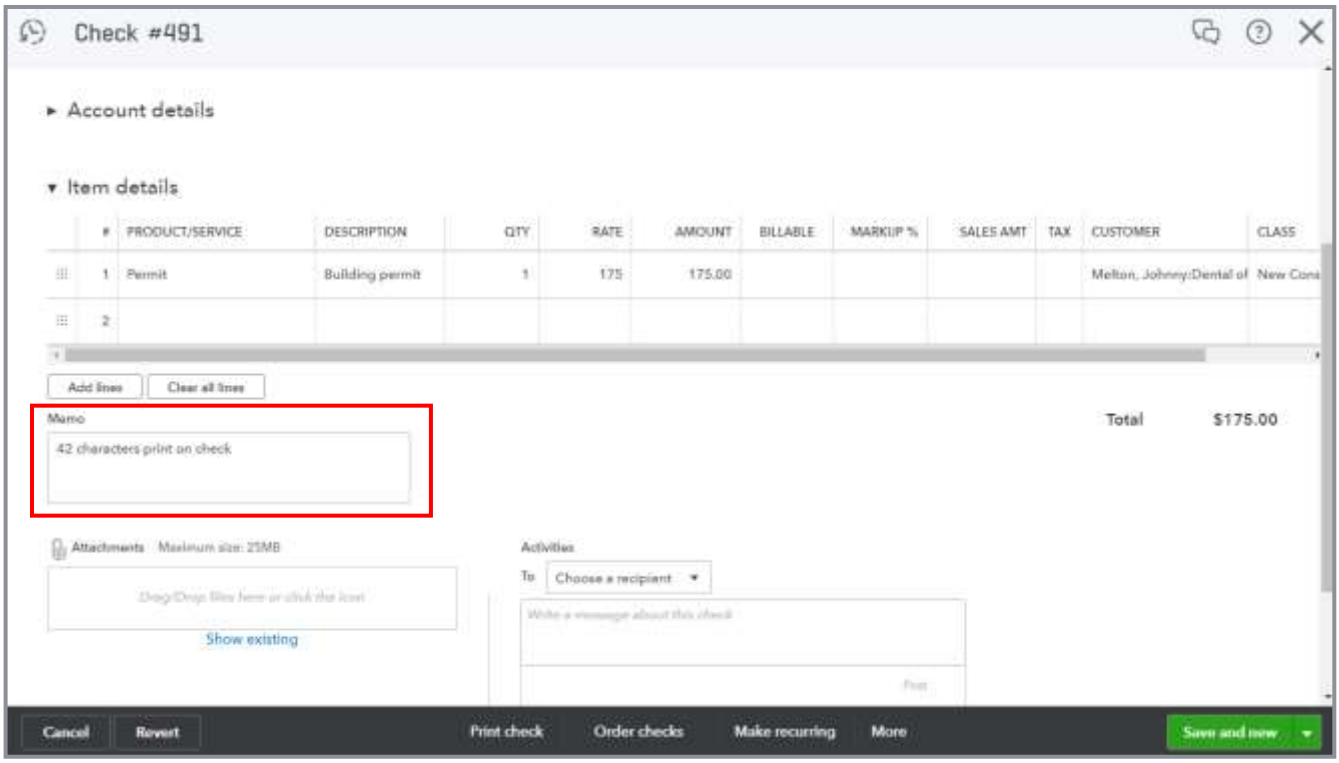
- The customer message field on sales forms has a 1,000-character limit



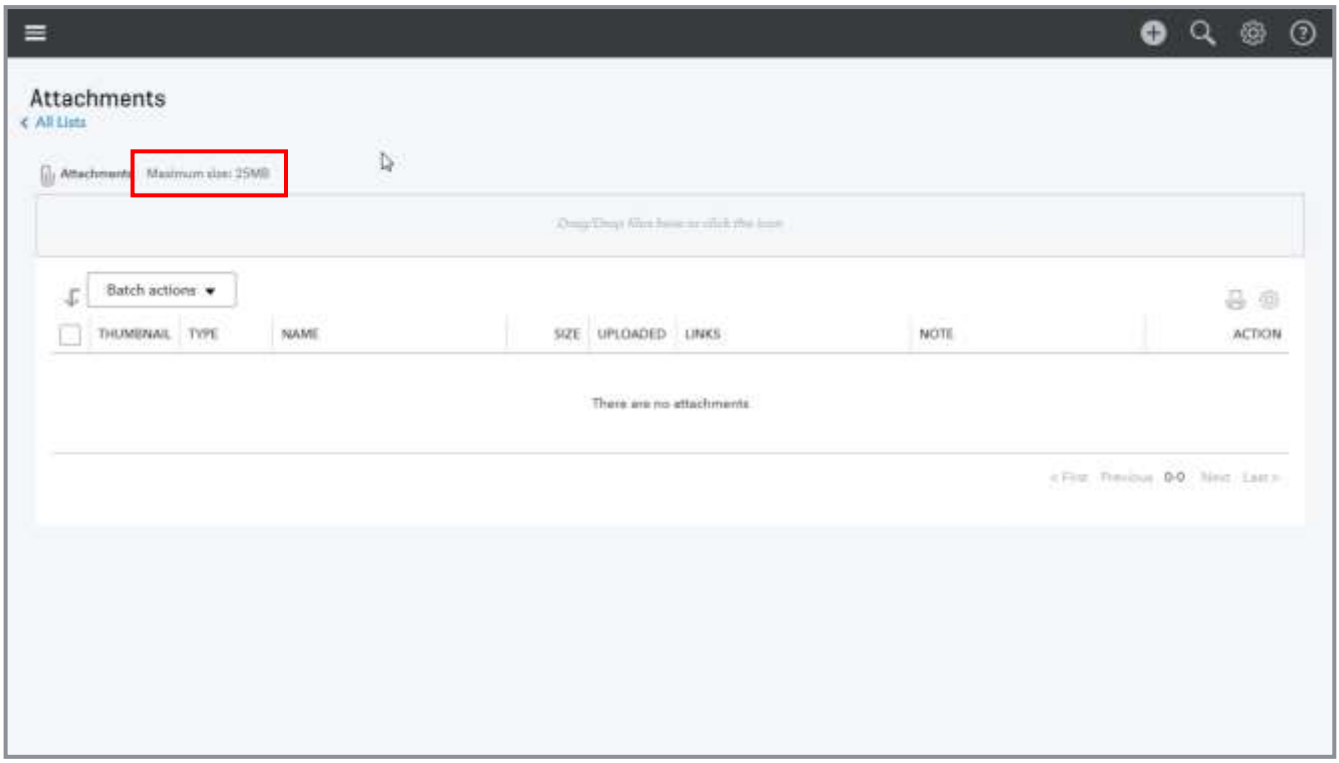
- The name field on an account in the Chart of Accounts allows 100 characters. Colons are not allowed in this field as they are used to denote sub-accounts in QuickBooks Online reporting.



- The description field on a check may be cut off if it contains more than 42 characters

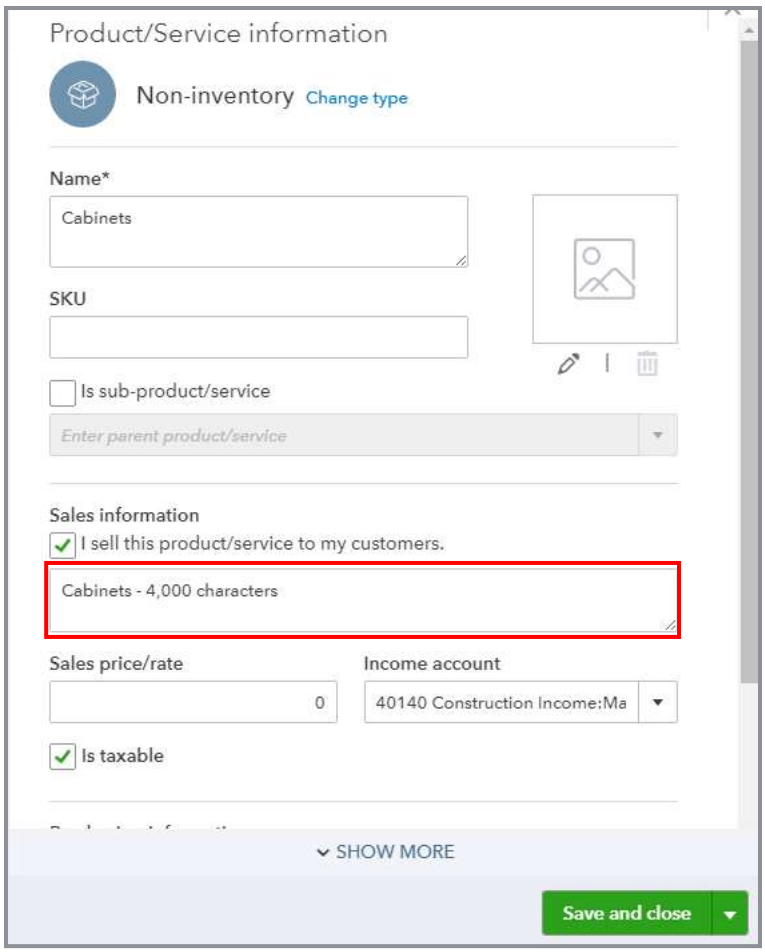


- The maximum individual file size you can upload is 25MB. There is no limit on the total file size of all the attachments uploaded into a QuickBooks Online company and there is no limit on how many attachments you can attach to a transaction – only this 25MB per-attachment limitation.

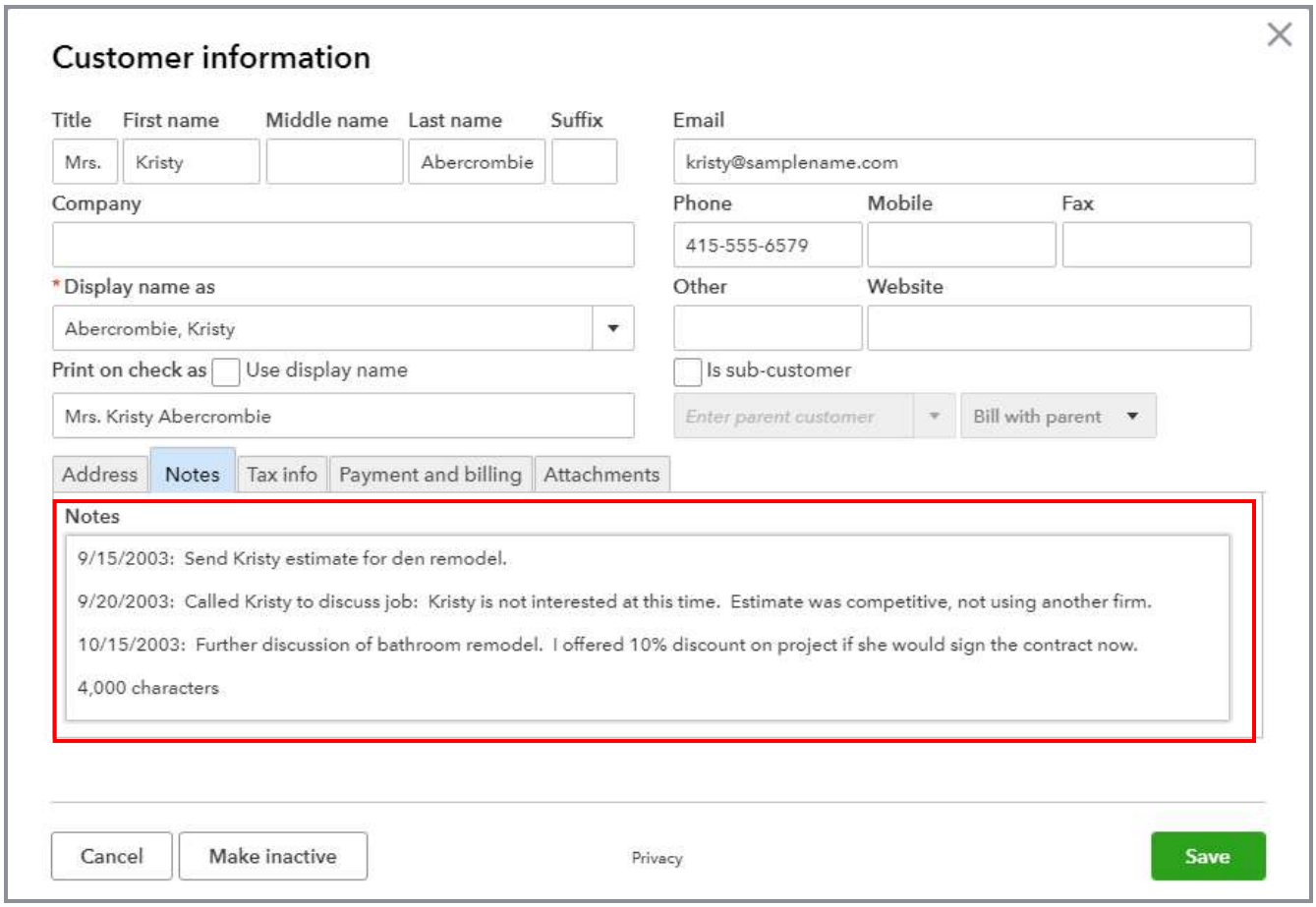


The following description fields have a 4,000-character limit:

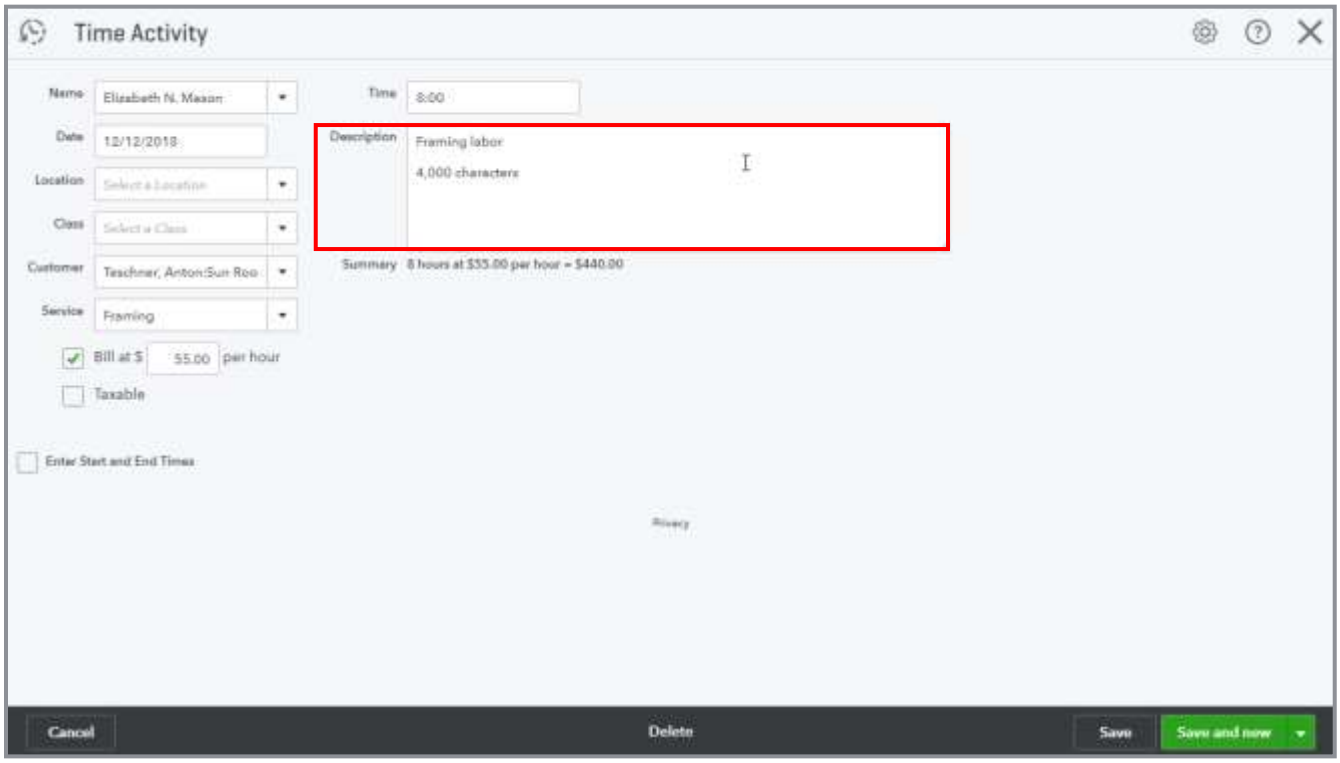
- Item description field (everywhere the product/service item description can be used: estimates, sales receipts, invoices, purchase orders, bills, checks, expense, etc.)



- Customer notes field



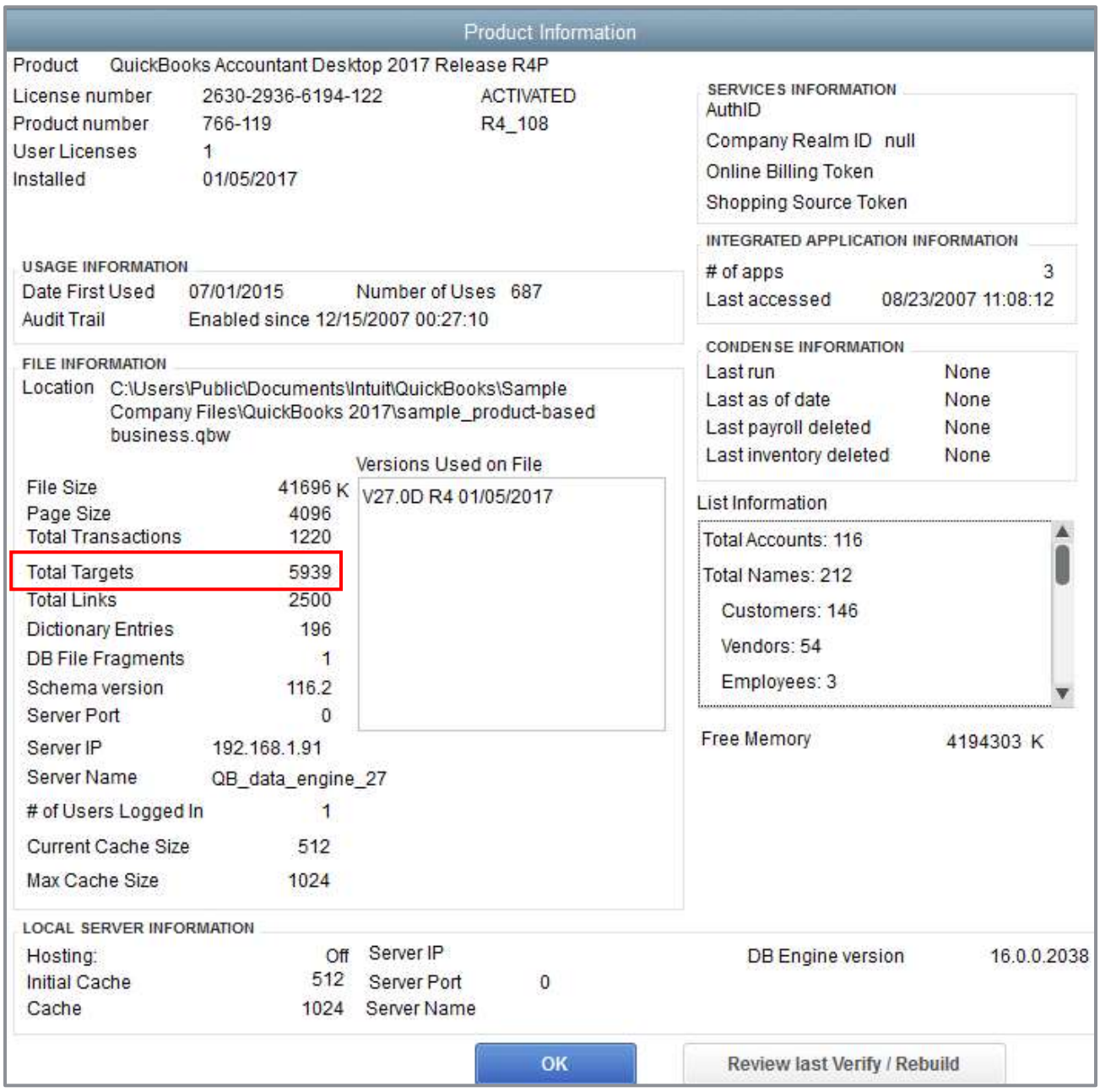
- Description field on a single activity time sheet



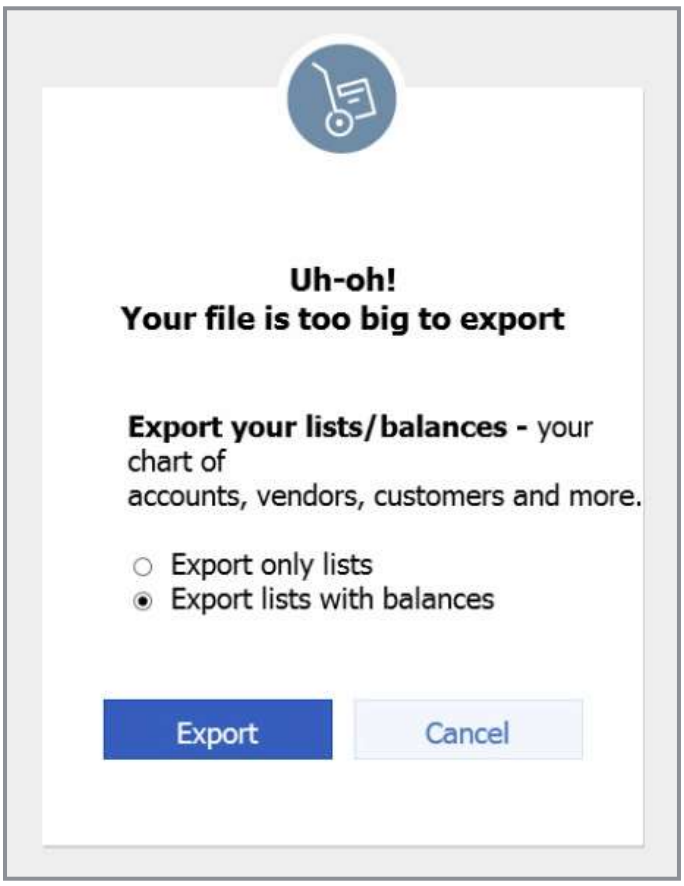
QuickBooks Desktop Data Conversion Tool

Businesses that use QuickBooks Desktop can benefit from its built-in conversion tool to easily move data to QuickBooks Online. When contemplating a conversion to QuickBooks Online, it's helpful to understand what the conversion tool does and does not convert.

The Desktop conversion tool is limited to 350K transaction targets in the Desktop data file. This is not a limitation of QuickBooks Online, it is a limitation of the QuickBooks Desktop conversion tool. Targets are the distribution accounts, or lines, on each transaction. You'll learn more about this in Module 2 of this Advanced course. Press F2 in QuickBooks Desktop to view the total target count of the data file.



QuickBooks Desktop files with over 350K targets will get an option to import *only* lists and balances when converting to QuickBooks Online. This includes general ledger account balances and customer and vendor balances, not class balances since transactions and their splits are not converted.



The QuickBooks Desktop conversion tool sends lists, transactions and configuration settings to QuickBooks Online. However, not all data is converted. In this section we will explore what does and does not convert using this conversion tool.

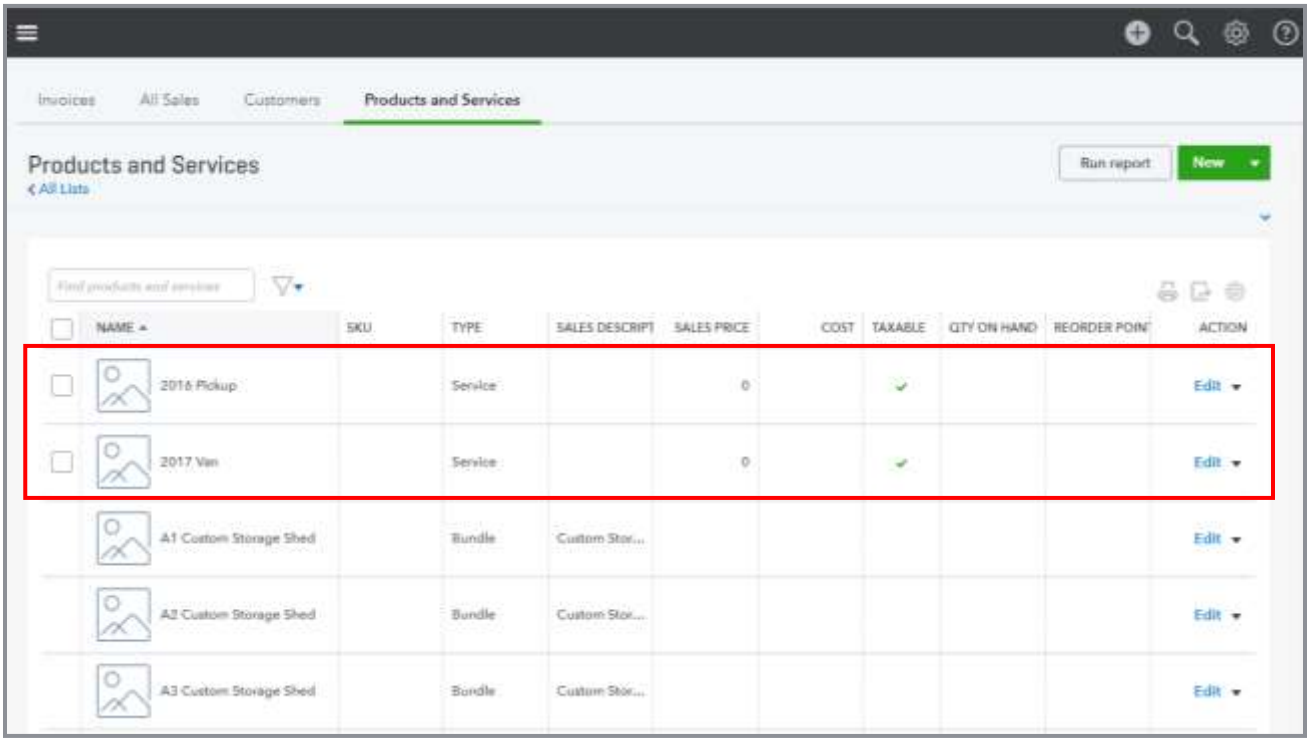
NOTE: *This section is referring to Intuit's most robust conversion tool, found in QuickBooks Desktop Pro / Premier and Enterprise. QuickBooks Mac also has a conversion tool; however it is more limited with inventory conversion. If using QuickBooks Mac for inventory, it is suggested to convert to QuickBooks Pro / Premier then convert to QuickBooks Online.*

Lists

There are many things to consider about the way the information in your lists will convert to QuickBooks Online. You need to be aware of and familiar with which lists convert and the changes between your QuickBooks Desktop and Online databases that may occur.

For example:

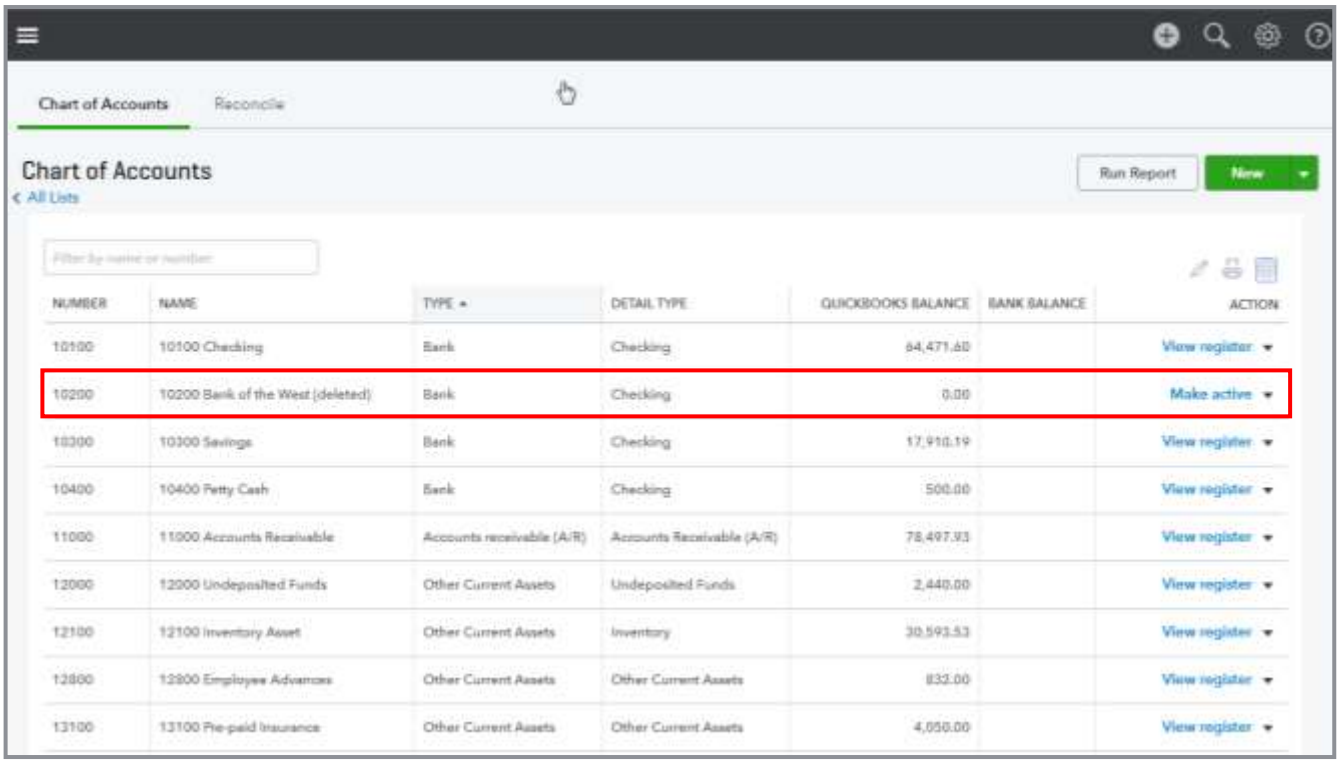
- Price levels and billing rate levels do not exist and therefore do not convert to QuickBooks Online
- Units of measure do not exist in QuickBooks Online
- The customer message list containing various options to add to sales forms does not exist in QuickBooks Online, so this data will not convert
- The sales rep list does not exist in QuickBooks Online, this data does not convert. However, sales transactions with sales rep data will convert to one of QuickBooks Online's three custom sales form fields.
- The Fixed Asset Item list does not exist in QuickBooks Online. These items are imported to QuickBooks Online's Product and Service Item list as type service.



Let's look at other lists and how they convert using the QuickBooks Desktop conversion tool.

Inactive Status

Inactive list records are imported as inactive – customers, vendors, classes, accounts, etc.



An exception will occur if a list record that is inactive in QuickBooks Desktop has an outstanding balance or other event blocking it from being marked inactive. In that case, it could be made active in QuickBooks Online during conversion.

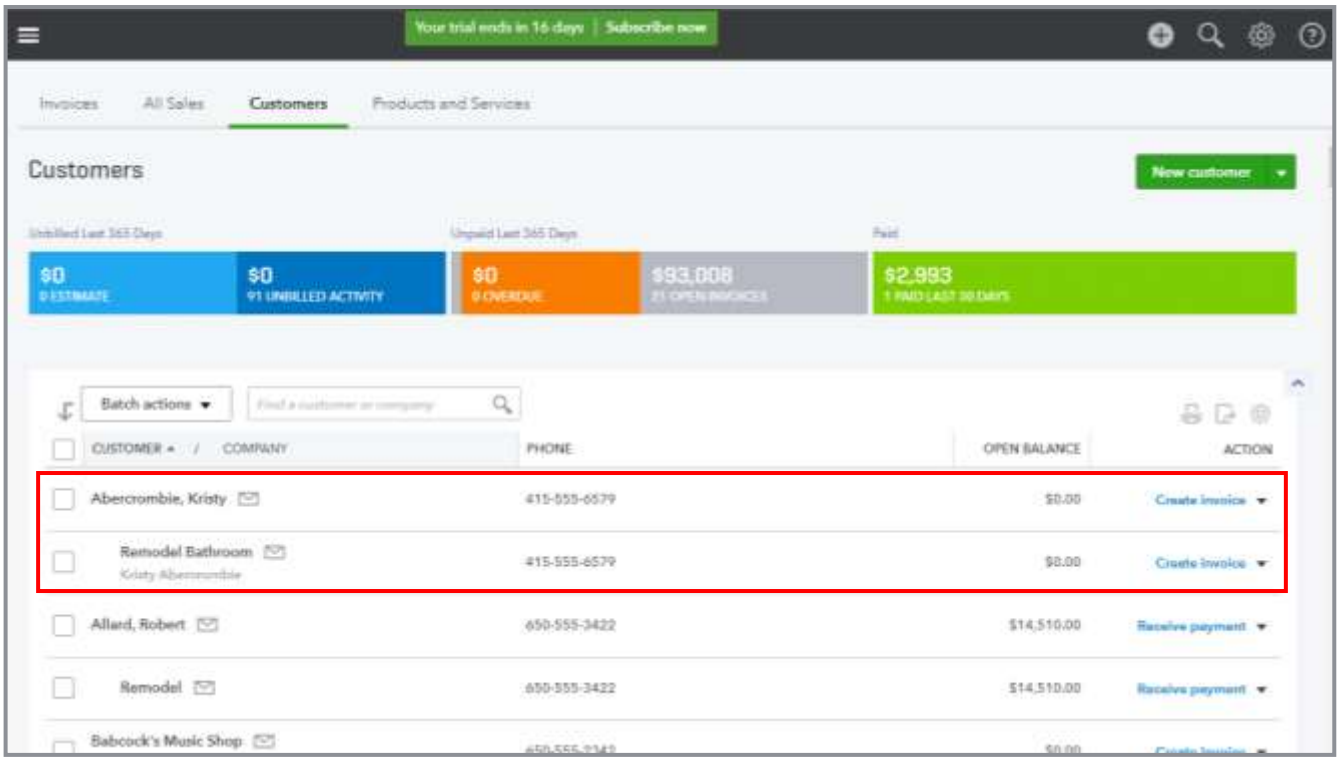
Another exception to this rule is that employees paid in the current year using QuickBooks Desktop Payroll will convert to QuickBooks Online as active, even if terminated and marked inactive in QuickBooks Desktop. All other inactive employees not paid in the current year convert as inactive.

Once imported to QuickBooks Online, list records can never be deleted as they can in QuickBooks Desktop. In QuickBooks Online, list records can only be made inactive. If you have list records to delete, do this type of cleanup work in QuickBooks Desktop before you convert.

Entities

Your entities lists are your three lists of people you do business with: customers, vendors and employees. All three of these lists are found in QuickBooks Online and do convert using the conversion tool. However, there are some differences to note.

- Customer jobs in QuickBooks Desktop are converted to QuickBooks Online as sub-customers

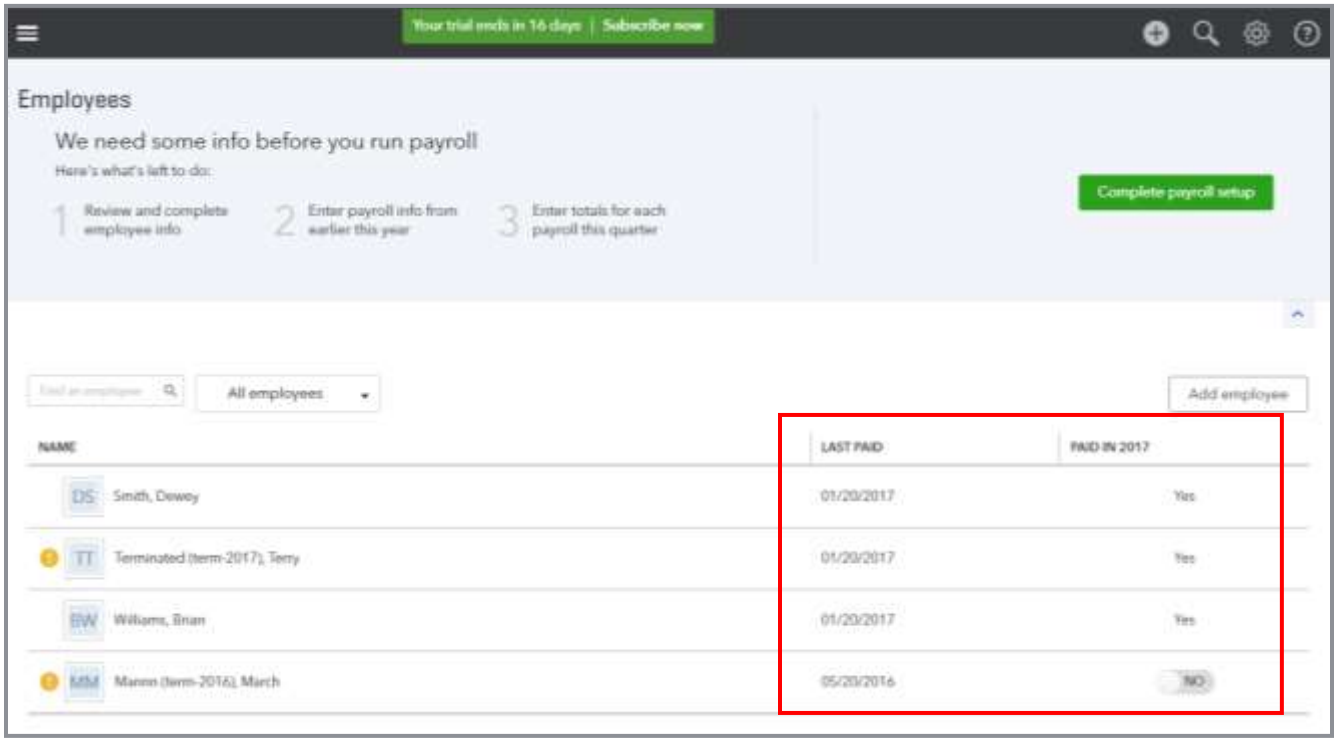


QuickBooks Desktop allows you to add custom fields. There are no custom fields on customers, vendors, employees or products and services in QuickBooks Online. Therefore, these custom fields for entities will not convert to QuickBooks Online.

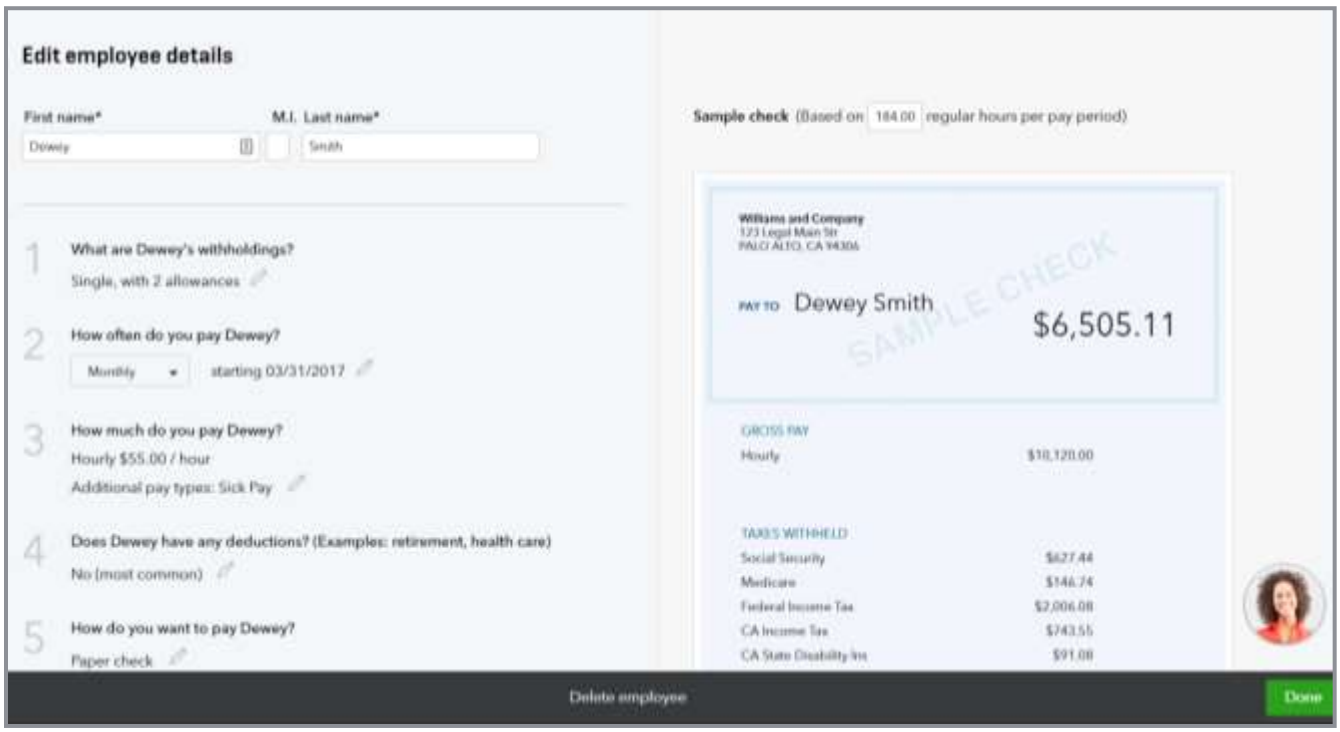
The following customer/sub-customer fields do not exist in QuickBooks Online and are, therefore, not converted:

- additional contacts
- customer type
- rep
- price level
- account number
- credit limit
- job status
- start date
- projected end
- end date
- job description
- job type

There is no Other Names list in QuickBooks Online; Other Names are converted to the Vendor list in QuickBooks Online. Active and inactive employees who were paid in the current year using QuickBooks Desktop Payroll will move to QuickBooks Online as active employees. Inactive employees not paid in the current year will be converted as inactive so you don't have to provide information for them during QuickBooks Online Payroll setup.

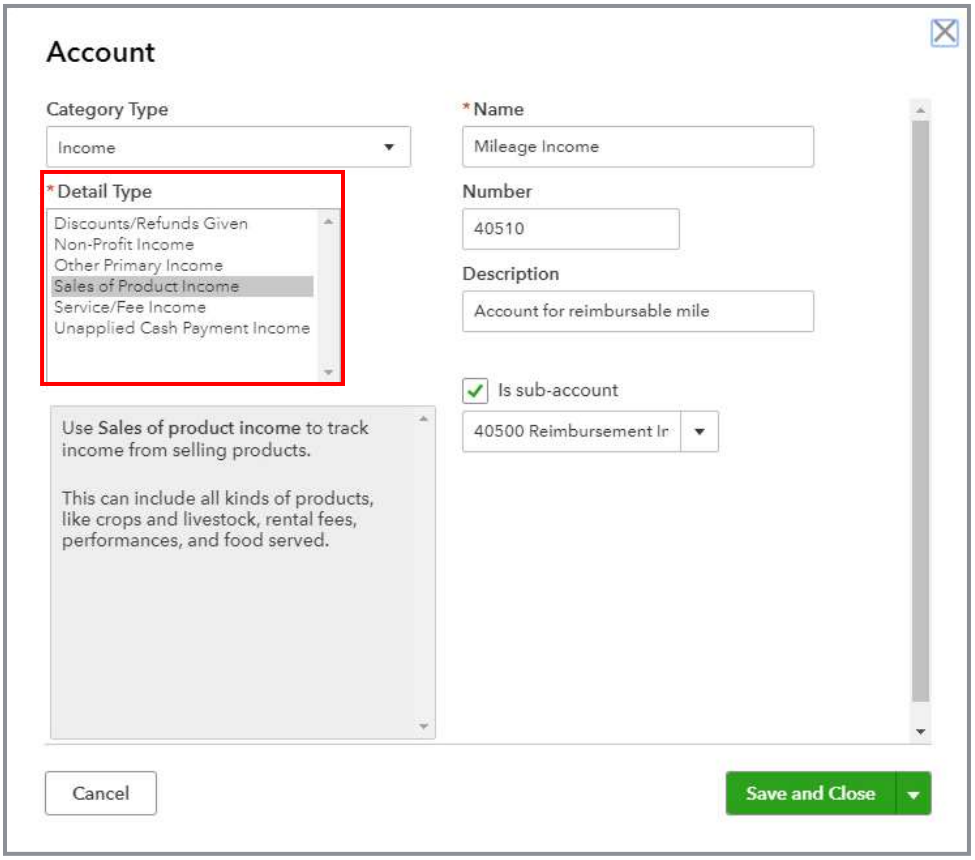


Most information about employees is converted, including employee name and address, phone, email, Social Security number, hire and release date, deductions, pay rate or salary and payroll schedule. QuickBooks Online Payroll will notify you if there is missing information and prompt you to enter gender or other missing information.



Accounts

The Chart of Accounts is converted, including account name, description and parent/sub-account relationship. However, QuickBooks Online uses an additional field in the Account table called Detail Type. Detail type is not found in the QuickBooks Desktop Chart of Accounts. The detail type will be assigned automatically during conversion.

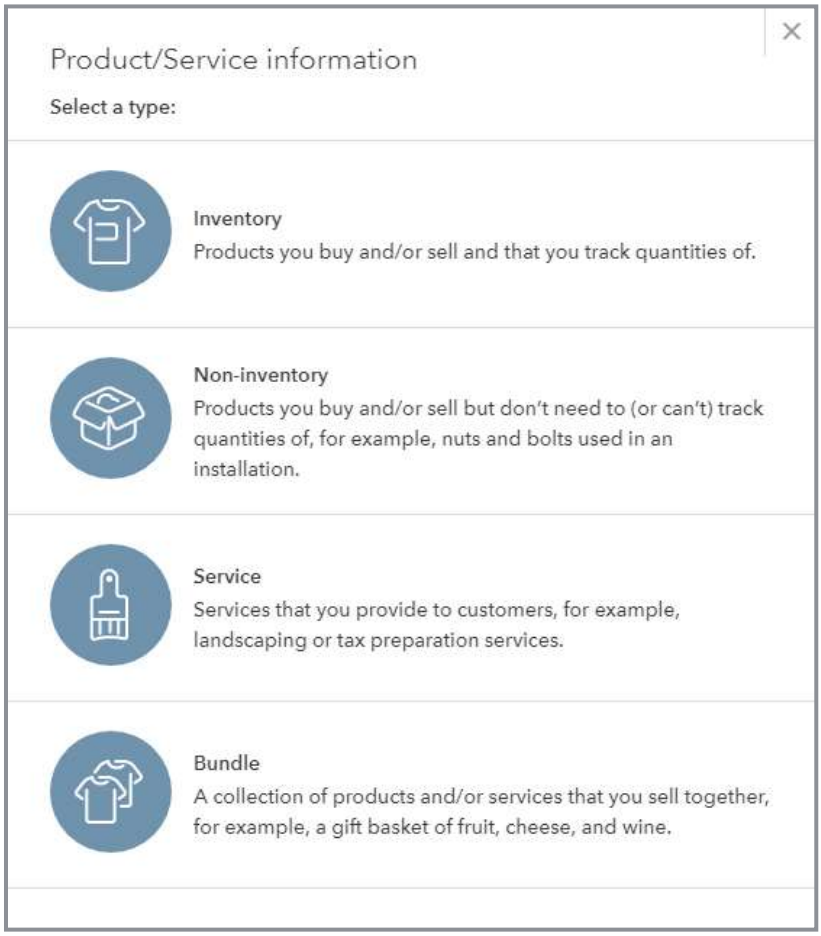


Non-posting accounts do not exist in QuickBooks Desktop and are not converted to QuickBooks Online. QuickBooks Desktop accounts include a field for the bank account number. This field does not exist in QuickBooks Online, therefore bank account numbers are not converted. In addition, the connection to online banking is not converted.

Products and Services

Product and service items in QuickBooks Online are one of four types:

- Inventory item you buy and/or sell and for which you track quantities
- Non-inventory item for which you don't track quantities
- Service
- Bundle



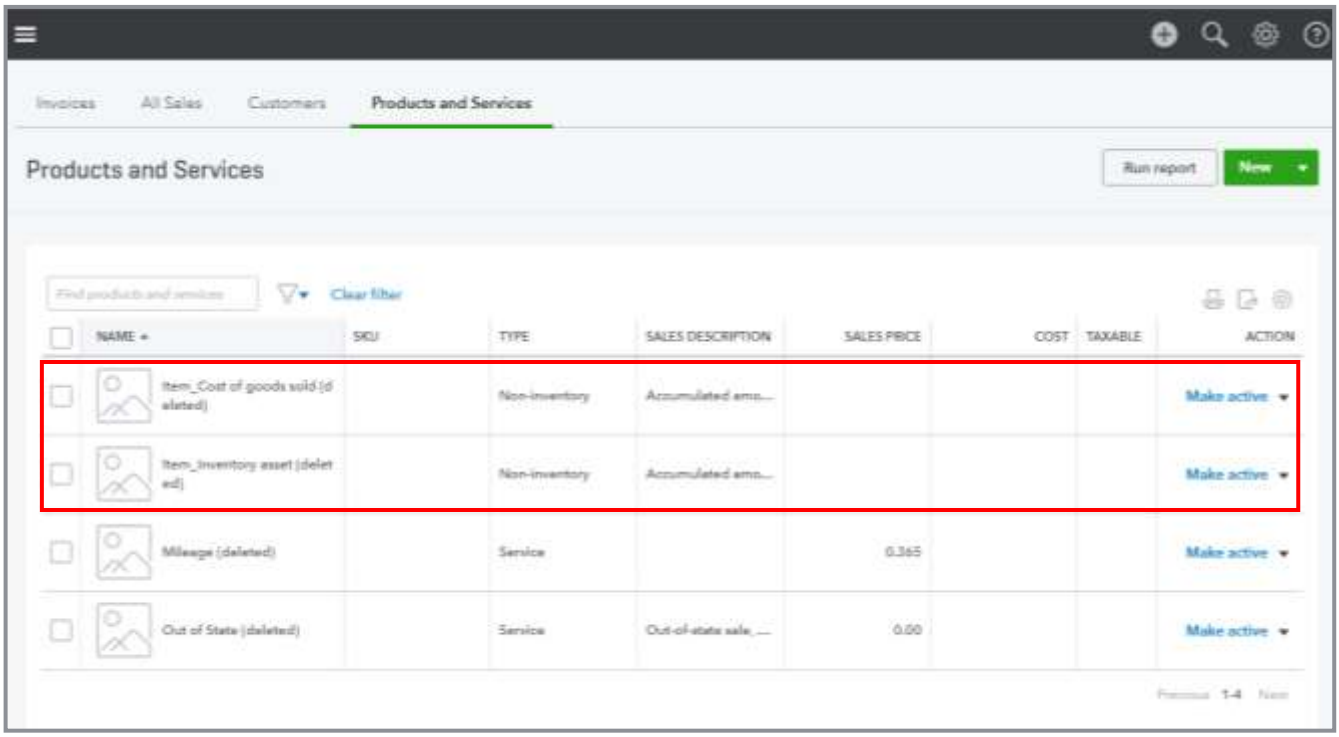
As you will learn in the following sections, if you have inventory items in QuickBooks Desktop, the conversion tool will ask whether or not you want to bring over inventory to QuickBooks Online. Based on your selection, item types in QuickBooks Desktop convert to the following item types in QuickBooks Online:

QuickBooks Desktop item type	QuickBooks Online item type	QuickBooks Online item type
	Inventory On	*Inventory Off*
• Inventory Assembly	• Inventory	• Non-inventory
• Inventory Part	• Inventory	• Non-inventory
• Non-inventory Part	• Non-inventory	• Non-inventory
• Service	• Service	• Service
• Other Charge	• Service	• Service
• Discount	• Service	• Service
• Payment	• Service	• Service
• Group	• Bundle	• Bundle
• Subtotal	• Not imported	• Not imported

When you elect *not* to bring over inventory, two additional items will be created in QuickBooks Online:

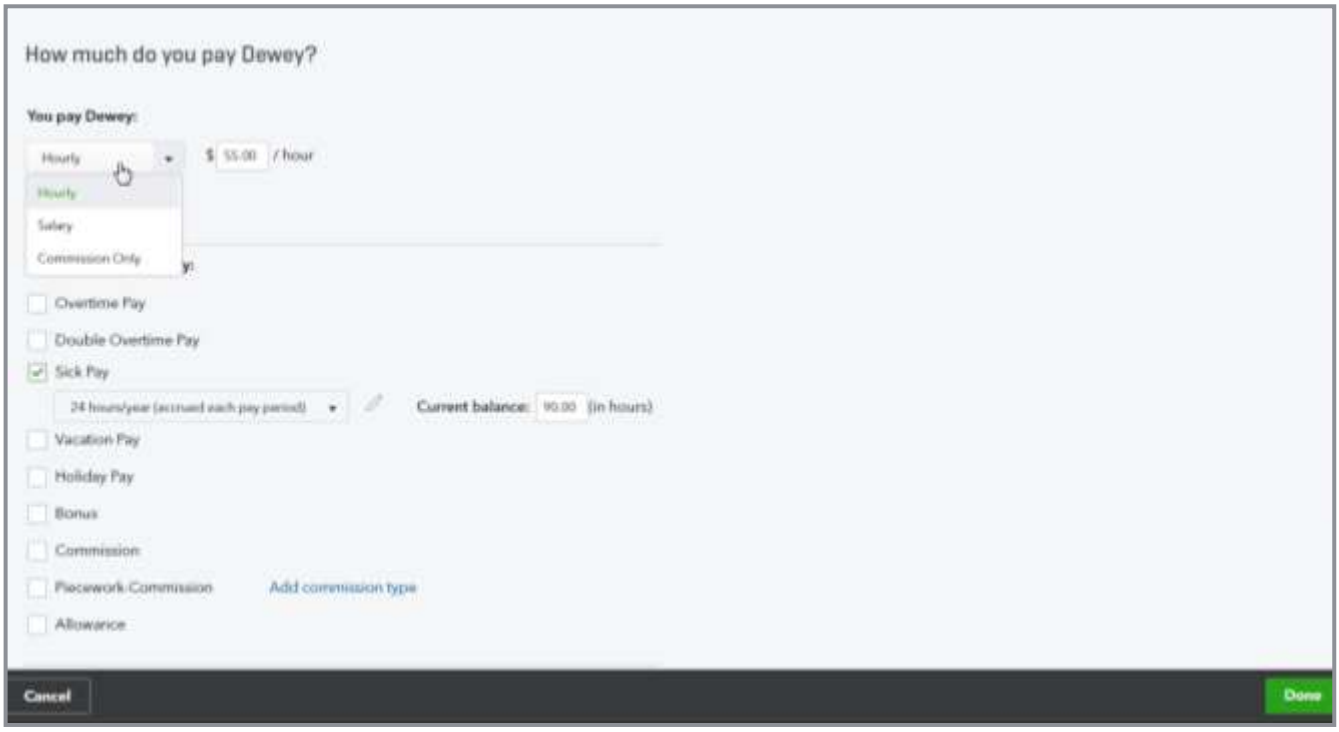
- Item_Inventory asset (deleted)
- Item_Cost of goods sold (deleted)

These two new items are marked as inactive status. They are used to record inventory costing on historical sales transactions using inventory that were recorded in QuickBooks Desktop before conversion.

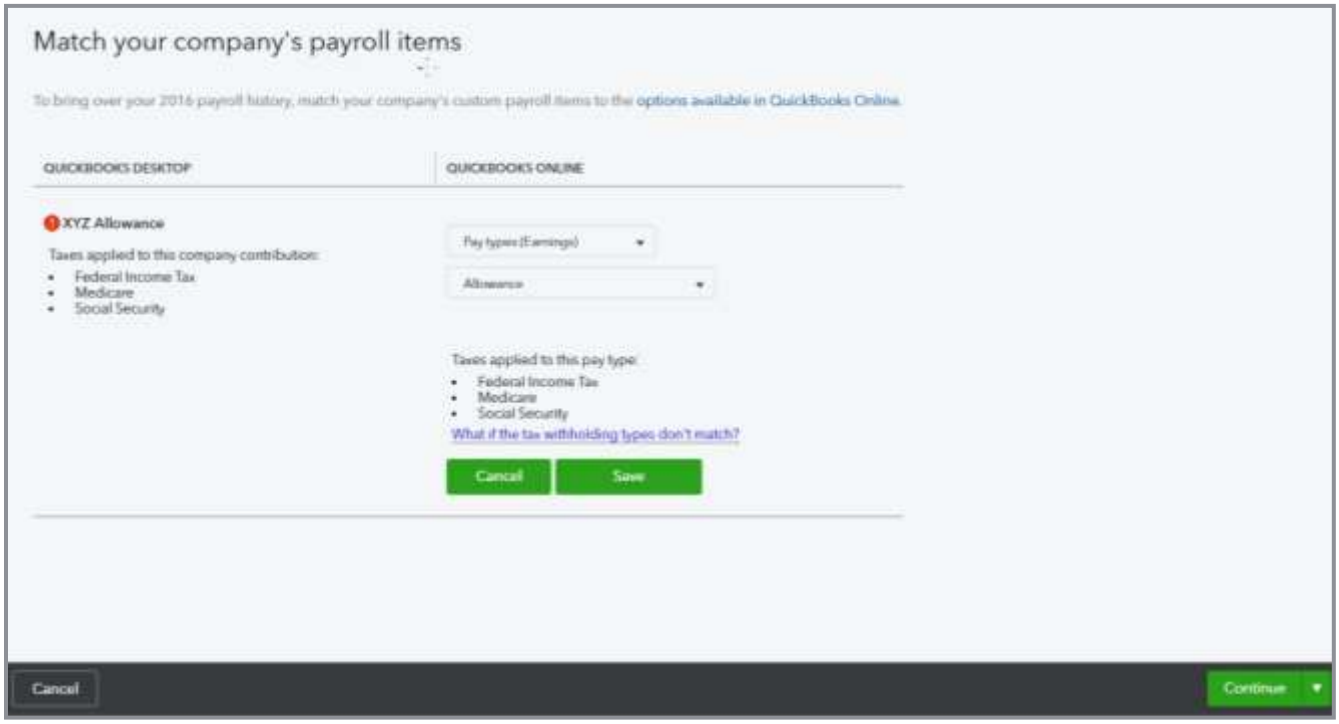


Payroll

There is no payroll item list to manage in QuickBooks Online Payroll, as there is in QuickBooks Desktop Payroll. Instead, each employee in QuickBooks Online Payroll is configured for the applicable way(s) they are paid (hourly, salary, commission, etc.) using QuickBooks Online's built-in pay options. During conversion, payroll items from QuickBooks Desktop Payroll activate the appropriate pay type for each employee imported to QuickBooks Online Payroll.



You will be prompted to map any custom payroll items created in QuickBooks Desktop to QuickBooks Online's pay type options when you complete payroll setup in QuickBooks Online after conversion. QuickBooks Online is stricter about the taxability of pay types, so if there are differences between how you taxed a payroll item in QuickBooks Desktop and what QuickBooks Online is suggesting, you will reconcile that when you complete payroll setup after conversion.



Payroll migrations can fail when there are incompatible items or rates in QuickBooks Desktop Payroll. If a payroll migration fails, try migrating again to see if the failure was caused by a temporary transmission error as the data is moved from your computer to the cloud. If it continues to fail, then the business will need to set up payroll manually, activating appropriate payroll items and YTD amounts for each employee in QuickBooks Online.

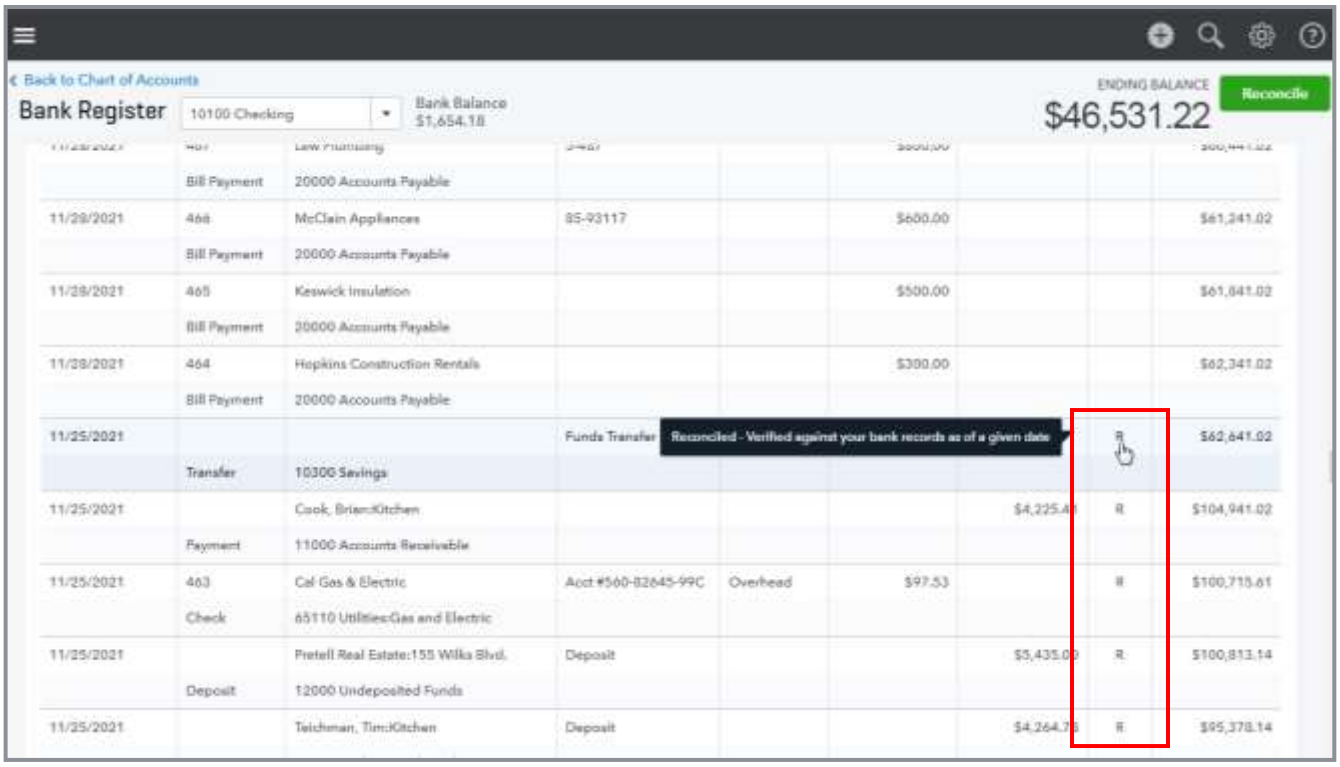
Sales Tax

Sales tax rates and historical sales tax activity do convert to QuickBooks Online. They are managed in the Sales Tax Center, not in the Products and Services list as in QuickBooks Desktop. Sales Tax Items in QuickBooks Desktop are converted to QuickBooks Online as single sales tax rates. Sales Tax Groups in QuickBooks Desktop are converted to QuickBooks Online as combined sales tax rates. QuickBooks Online supports multiple single and combined sales tax rates.

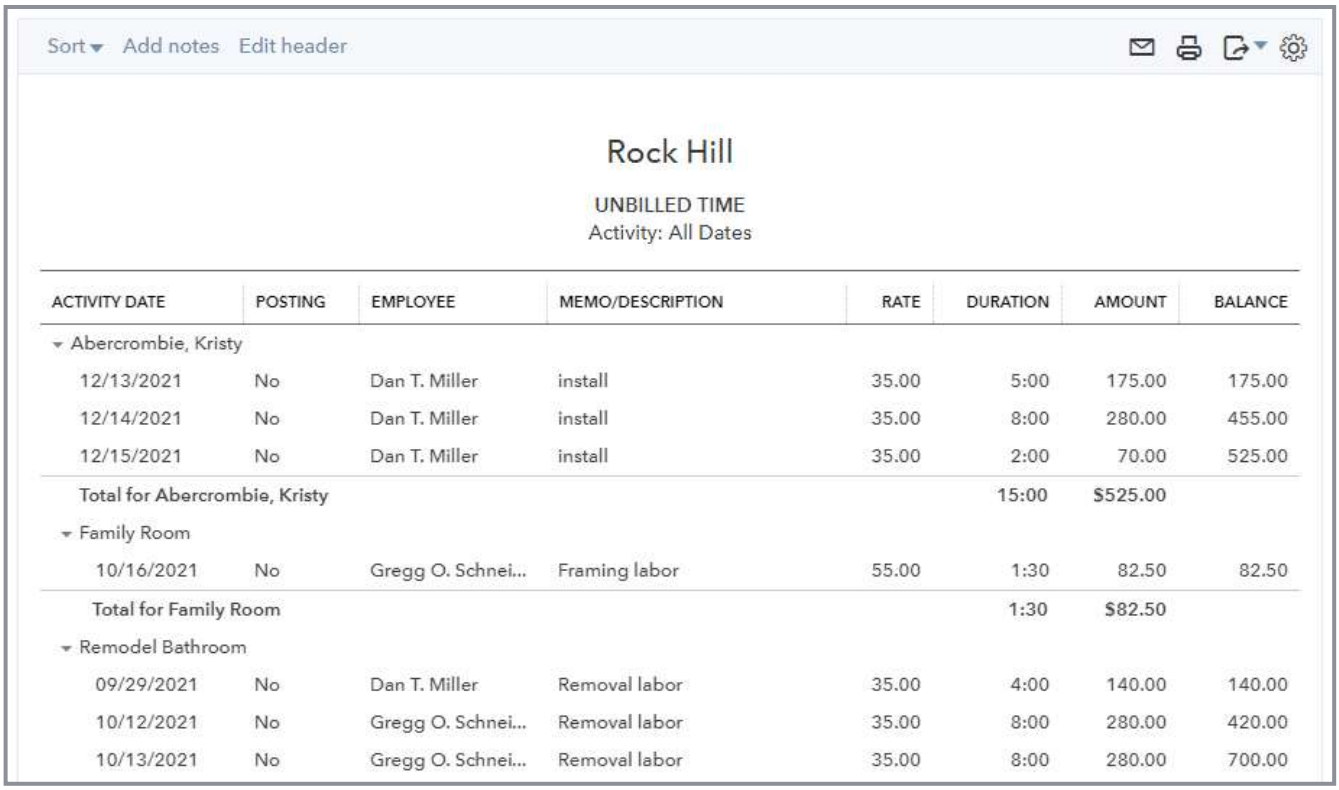
Transactions

Most financial transactions convert to QuickBooks Online using the conversion tool. However, some are recorded differently in QuickBooks Online than in QuickBooks Desktop. Knowing exactly what comes over and how it looks once in QuickBooks Online is essential to completing successful conversions.

- All posting transactions are converted along with the R reconciled status on reconciled transactions



- Billable time and billable expenses are converted



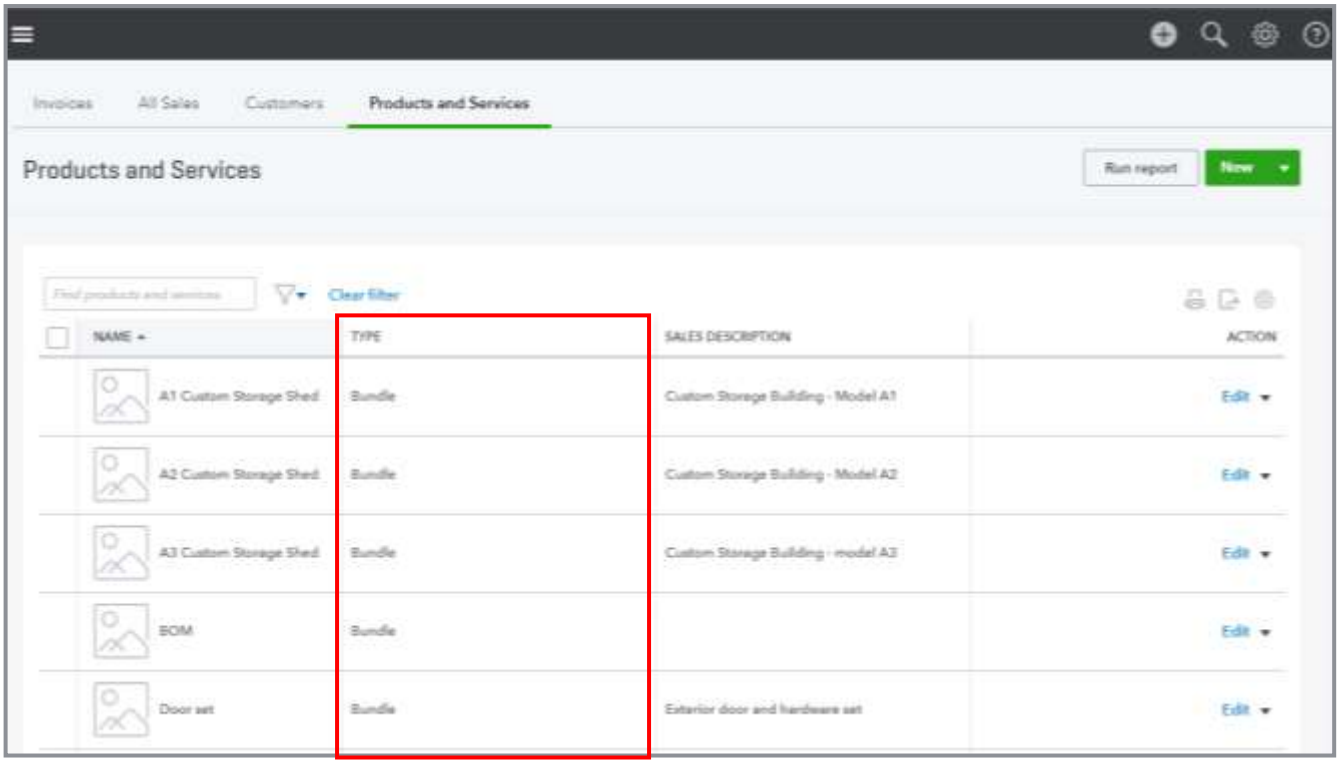
Sort Add notes Edit header

Rock Hill

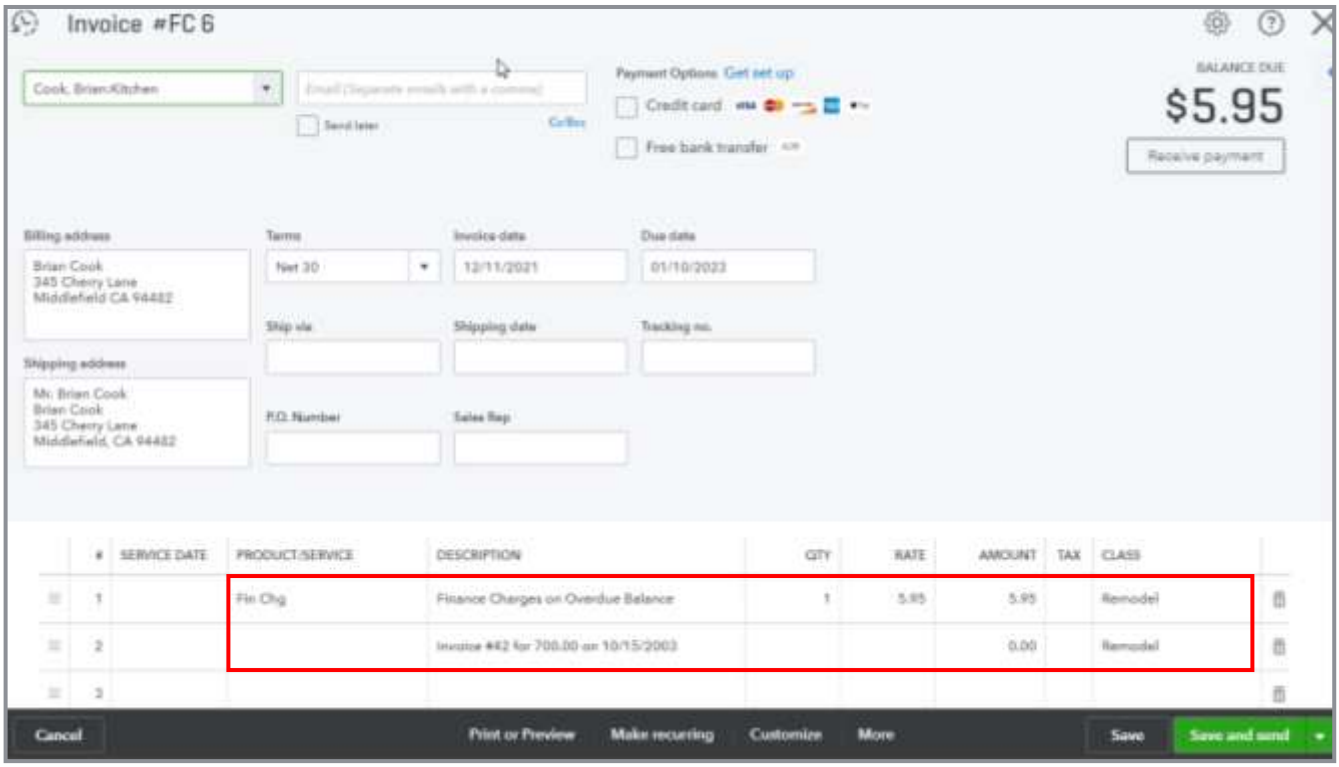
UNBILLED TIME
Activity: All Dates

ACTIVITY DATE	POSTING	EMPLOYEE	MEMO/DESCRIPTION	RATE	DURATION	AMOUNT	BALANCE
Abercrombie, Kristy							
12/13/2021	No	Dan T. Miller	install	35.00	5:00	175.00	175.00
12/14/2021	No	Dan T. Miller	install	35.00	8:00	280.00	455.00
12/15/2021	No	Dan T. Miller	install	35.00	2:00	70.00	525.00
Total for Abercrombie, Kristy					**15:00**	**$525.00**	
Family Room							
10/16/2021	No	Gregg O. Schnei...	Framing labor	55.00	1:30	82.50	82.50
Total for Family Room					**1:30**	**$82.50**	
Remodel Bathroom							
09/29/2021	No	Dan T. Miller	Removal labor	35.00	4:00	140.00	140.00
10/12/2021	No	Gregg O. Schnei...	Removal labor	35.00	8:00	280.00	420.00
10/13/2021	No	Gregg O. Schnei...	Removal labor	35.00	8:00	280.00	700.00

- Purchase orders do convert to QuickBooks Online Plus, but the link to the bill does not convert. Transactions using group items transfer as transactions using bundled items.



- Statement charges transfer to QuickBooks Online as invoices



- Journal entries are converted; however, a journal entry's billable status is not. You can't mark a line item on a journal entry as billable in QuickBooks Online.

- Sales orders are not converted; there are no sales orders in QuickBooks Online. You can use Transaction Pro Importer to import sales orders into QuickBooks Online as estimates.

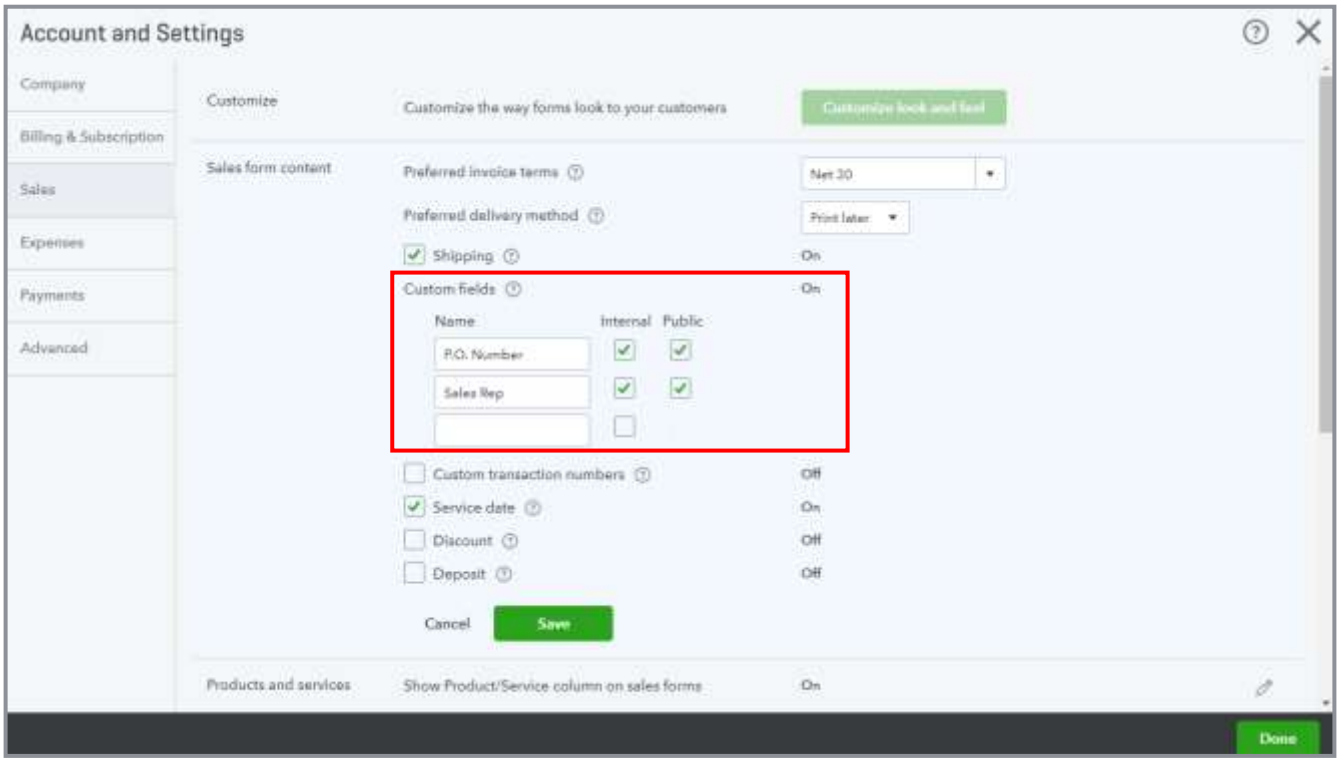
- Progress invoices based on estimates in QuickBooks Desktop have extra fields that do not exist and are not converted to QuickBooks Online, including Est Qty, Est Rate, Est Amt, Prior Qty, Prior Avg Qty, Prior Avg Rate, Rate, Prior Amt, Prior %, Curr % and Total %

Custom Fields

As we learned earlier, there are no custom fields on the list tables, however QuickBooks Online sales transactions and purchase transactions have three custom fields. The custom fields on sales transactions are found on the estimate, invoice and sales receipt. The custom fields on purchase transactions are found on the purchase order. These custom fields can be configured in Account and Settings.

The conversion tool uses some of these custom fields to push data from fields in QuickBooks Desktop's sales transactions that don't have their own field in QuickBooks Online.

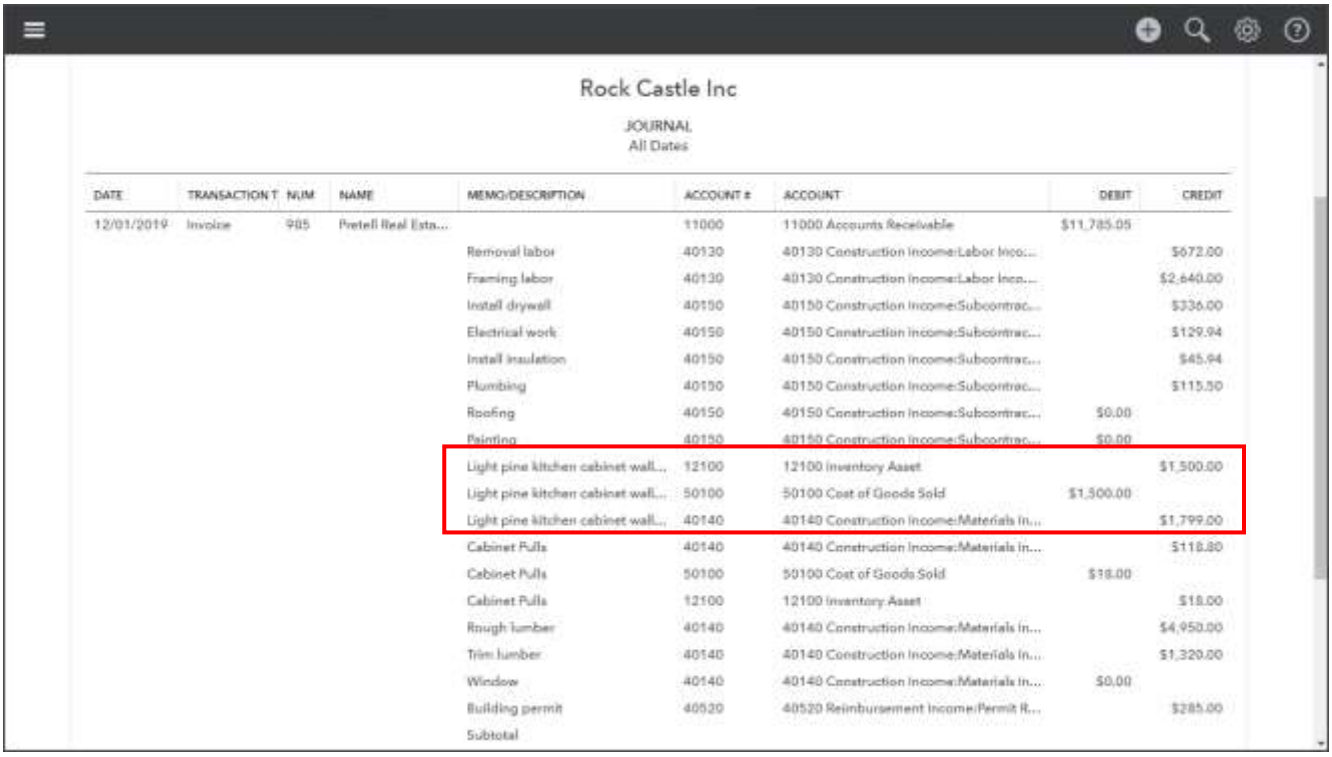
- Data in QuickBooks Desktop's invoice transaction's PO Number field will be converted to QuickBooks Online's custom field #1
- Data in QuickBooks Desktop's invoice transaction's Sales Rep field will be converted to custom field #2



Inventory

When you convert a data file with inventory from QuickBooks Desktop to QuickBooks Online, here's how the transactions will look

If you elect *to bring over inventory* to QuickBooks Online, sales transactions dated *before* the FIFO start date are identical to how they are recorded in QuickBooks Desktop. These transactions increase revenue and record the weighted average cost reduction to inventory asset and increase to cost of goods sold.



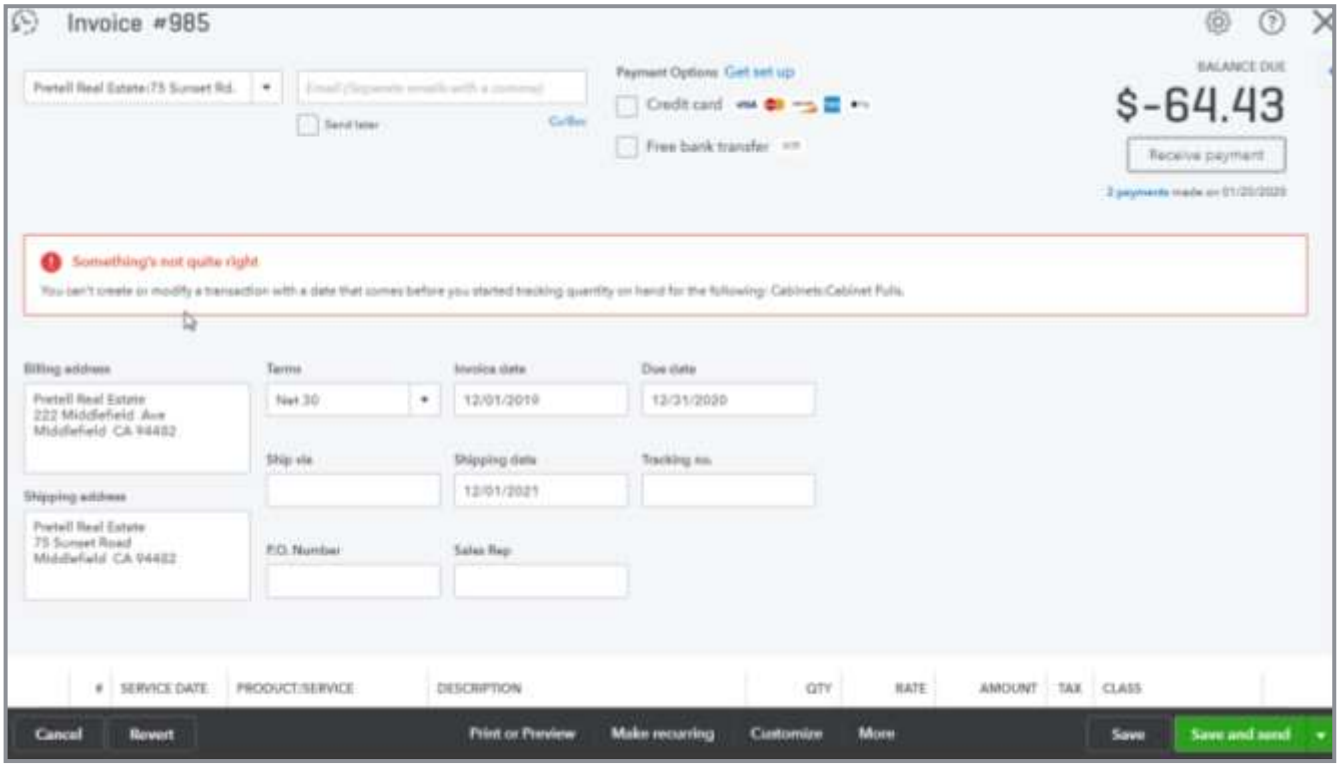
Rock Castle Inc

JOURNAL
All Dates

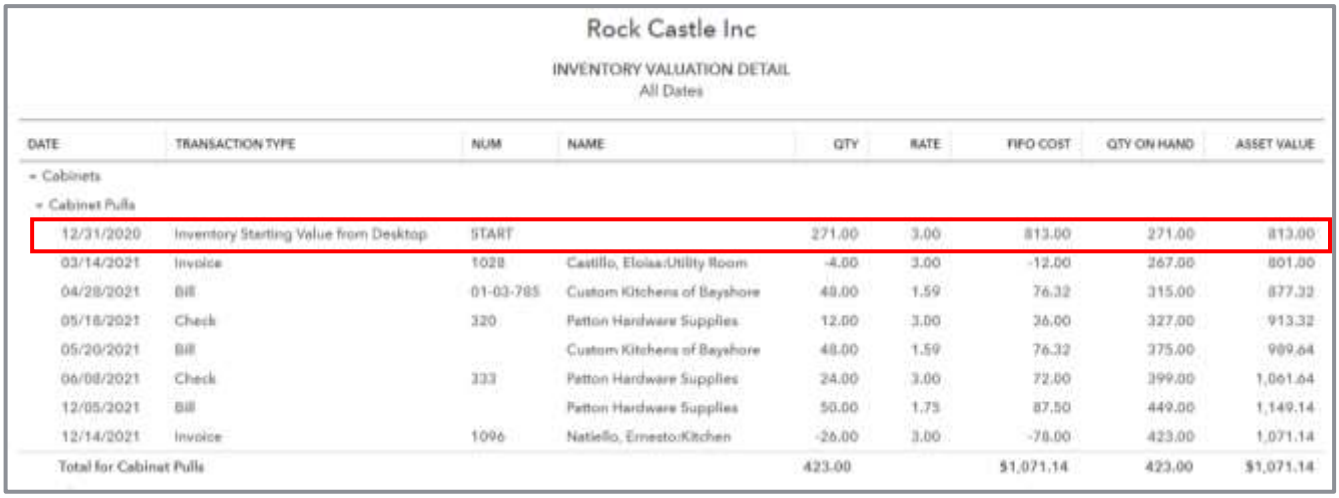
DATE	TRANSACTION T	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT #	ACCOUNT	DEBIT	CREDIT
12/01/2019	Invoice	905	Pretell Real Esta...		11000	11000 Accounts Receivable	$11,785.05	
				Removal labor	40130	40130 Construction Income:Labor Inco:...		$672.00
				Framing labor	40130	40130 Construction Income:Labor Inco...		$2,640.00
				Install drywall	40150	40150 Construction Income:Subcontrac...		$336.00
				Electrical work	40150	40150 Construction Income:Subcontrac...		$129.94
				Install insulation	40150	40150 Construction Income:Subcontrac...		$65.94
				Plumbing	40150	40150 Construction Income:Subcontrac...		$115.50
				Roofing	40150	40150 Construction Income:Subcontrac...	$0.00	
				Painting	40150	40150 Construction Income:Subcontrac...	$0.00	
				Light pine kitchen cabinet wall...	12100	12100 Inventory Asset		$1,500.00
				Light pine kitchen cabinet wall...	50100	50100 Cost of Goods Sold	$1,500.00	
				Light pine kitchen cabinet wall...	40140	40140 Construction Income:Materials In...		$1,799.00
				Cabinet Pulls	40140	40140 Construction Income:Materials In...		$118.80
				Cabinet Pulls	50100	50100 Cost of Goods Sold	$18.00	
				Cabinet Pulls	12100	12100 Inventory Asset		$18.00
				Rough lumber	40140	40140 Construction Income:Materials In...		$4,950.00
				Trim lumber	40140	40140 Construction Income:Materials In...		$1,320.00
				Window	40140	40140 Construction Income:Materials In...	$0.00	
				Building permit	40520	40520 Reimbursement Income:Permit R...		$285.00
				Subtotal				

These historical sales transactions are posted to the general ledger using the original transaction dates, so reports are historically accurate. None of this pre-FIFO activity is used for tracking quantity on hand and does not show on the Inventory Valuation Detail report.

The inventory lines on these sales transactions dated before the FIFO start date cannot be updated. You may change the description field, but fields that affect the general ledger posting are locked down. If you try to change the date, quantity, rate, you will receive an error message.



At conversion, QuickBooks Online records starting inventory quantity and value from Desktop for each product. You will see this starting value on the Inventory Valuation Detail report.



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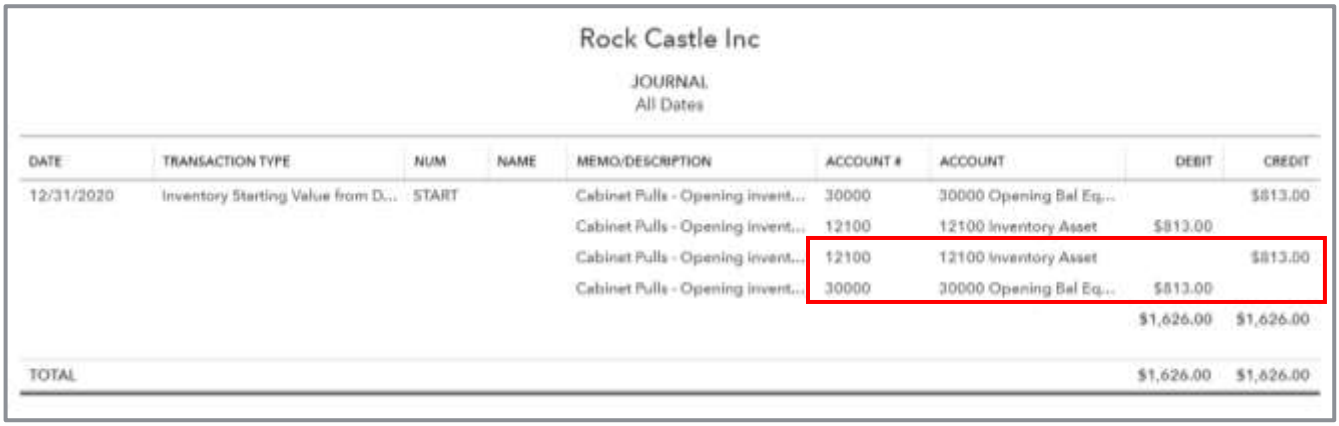
INVENTORY VALUATION DETAIL
All Dates

DATE	TRANSACTION TYPE	NUM	NAME	QTY	RATE	FIFO COST	QTY ON HAND	ASSET VALUE
▾ Cabinets								
▾ Cabinet Pulls								
12/31/2020	Inventory Starting Value from Desktop	START		271.00	3.00	813.00	271.00	813.00
03/14/2021	Invoice	1028	Castillo, Eloisa:Utility Room	-4.00	3.00	-12.00	267.00	801.00
04/28/2021	Bill	01-03-785	Custom Kitchens of Bayshore	48.00	1.59	76.32	315.00	877.32
05/18/2021	Check	320	Patton Hardware Supplies	12.00	3.00	36.00	327.00	913.32
05/20/2021	Bill		Custom Kitchens of Bayshore	48.00	1.59	76.32	375.00	989.64
06/08/2021	Check	333	Patton Hardware Supplies	24.00	3.00	72.00	399.00	1,061.64
12/05/2021	Bill		Patton Hardware Supplies	50.00	1.75	87.50	449.00	1,149.14
12/14/2021	Invoice	1096	Natiello, Ernesto:Kitchen	-26.00	3.00	-78.00	423.00	1,071.14
Total for Cabinet Pulls				423.00		$1,071.14	423.00	$1,071.14

The transaction journal on this starting value adjustment shows that it is immediately reversed from the general ledger so as not to duplicate the inventory asset value already posted to the general ledger by the individual historical sales transactions.



Rock Castle Inc

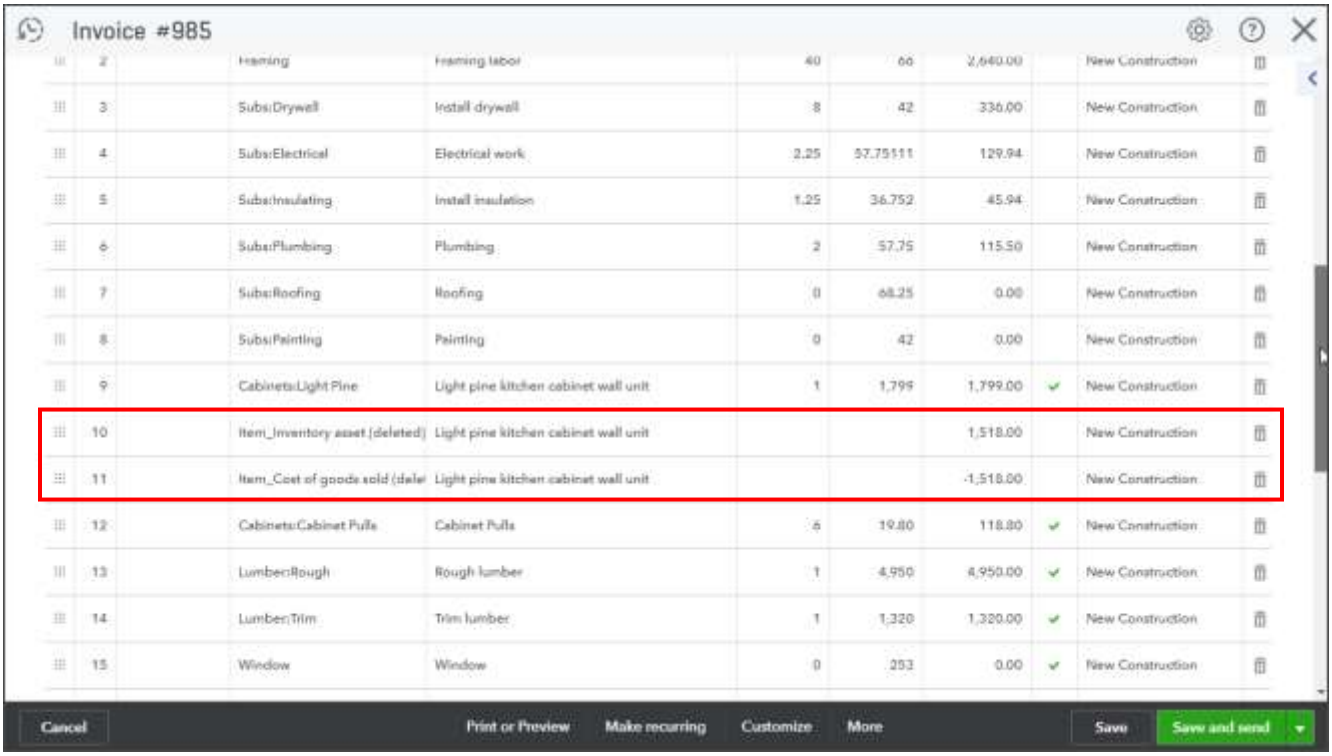
JOURNAL
All Dates

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT #	ACCOUNT	DEBIT	CREDIT
12/31/2020	Inventory Starting Value from D...	START		Cabinet Pulls - Opening invent...	30000	30000 Opening Bal Eq...		$813.00
				Cabinet Pulls - Opening invent...	12100	12100 Inventory Asset	$813.00	
				Cabinet Pulls - Opening invent...	12100	12100 Inventory Asset		$813.00
				Cabinet Pulls - Opening invent...	30000	30000 Opening Bal Eq...	$813.00	
							$1,626.00	$1,626.00
TOTAL							$1,626.00	$1,626.00

Sales transactions with inventory parts dated *after* the FIFO start date record the sale and the cost of the products sold via the FIFO method.

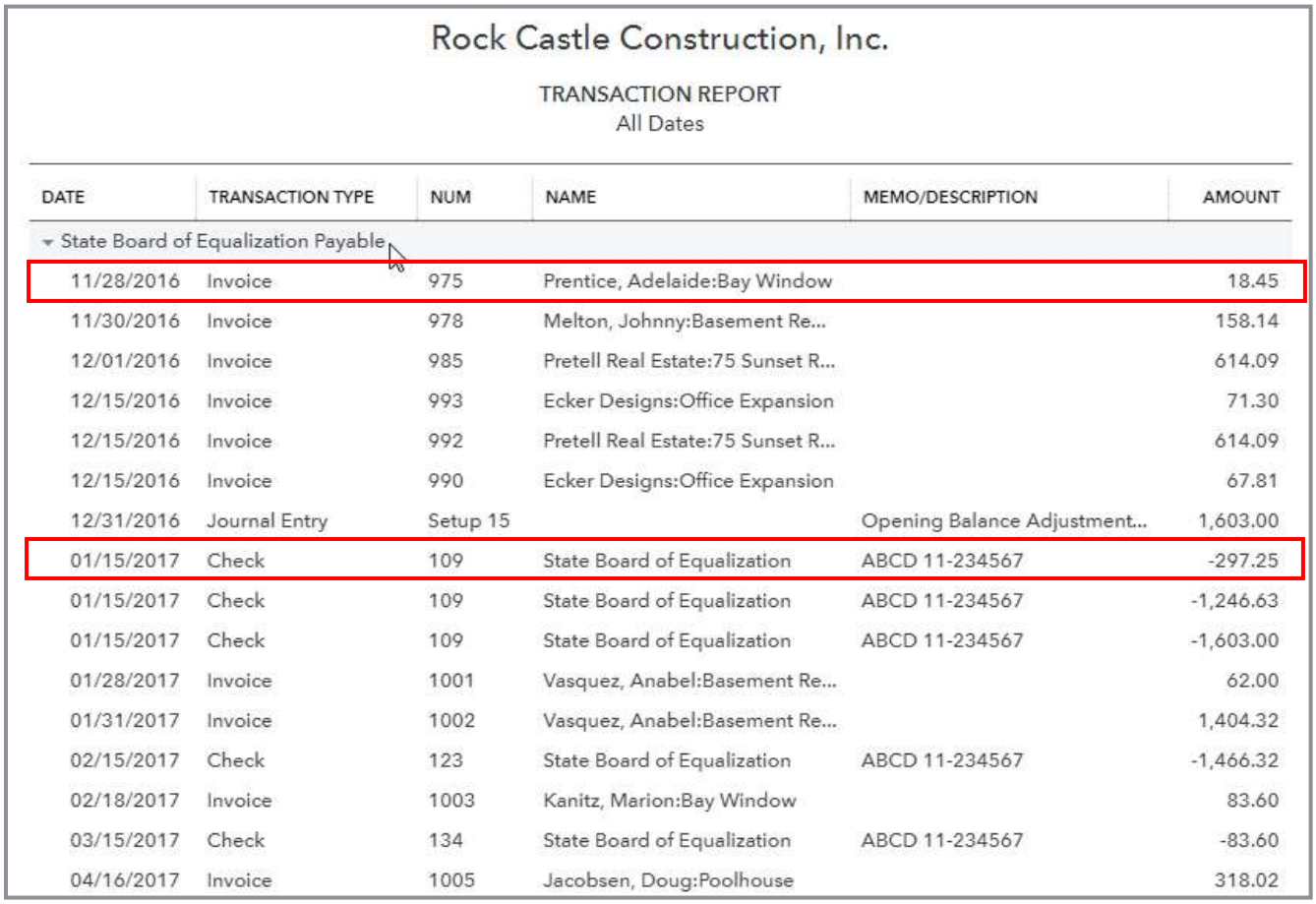
If you elect *not to bring over inventory* to QuickBooks Online, sales transactions with inventory parts include two extra line items. These two line items use the two new items that were created at conversion – Item_Inventory asset (deleted) and Item_Cost of goods sold (deleted). The line with Item_Inventory asset (deleted) records the removal of inventory value from the inventory asset account, since you sold the items. The line with Item_Cost of goods sold (deleted) records the cost of the sale.

These two lines record the adjustments to inventory asset and cost for the sum of all of the inventory parts on the sales transaction – even though the description may reflect only one inventory item, the amount is the sum of the weighted average cost used in QuickBooks Desktop for all of the inventory items on the transaction. These two lines do not print on the invoice form, so it is safe to re-send these invoices to customers, if needed.



Sales Tax

Sales tax activity on transactions is converted to QuickBooks Online. Summary information of taxable sales, sales tax liability amounts and payments is available in the QuickBooks Online Sales Tax Center. Sales tax liability calculated on historical invoices and sales receipts converted from QuickBooks Desktop will be posted to the balance sheet to an Other Current Liabilities account named Agency_Name Payable. Historical sales tax remittance payments to this agency are also posted to this Agency_Name Payable Balance Sheet account.



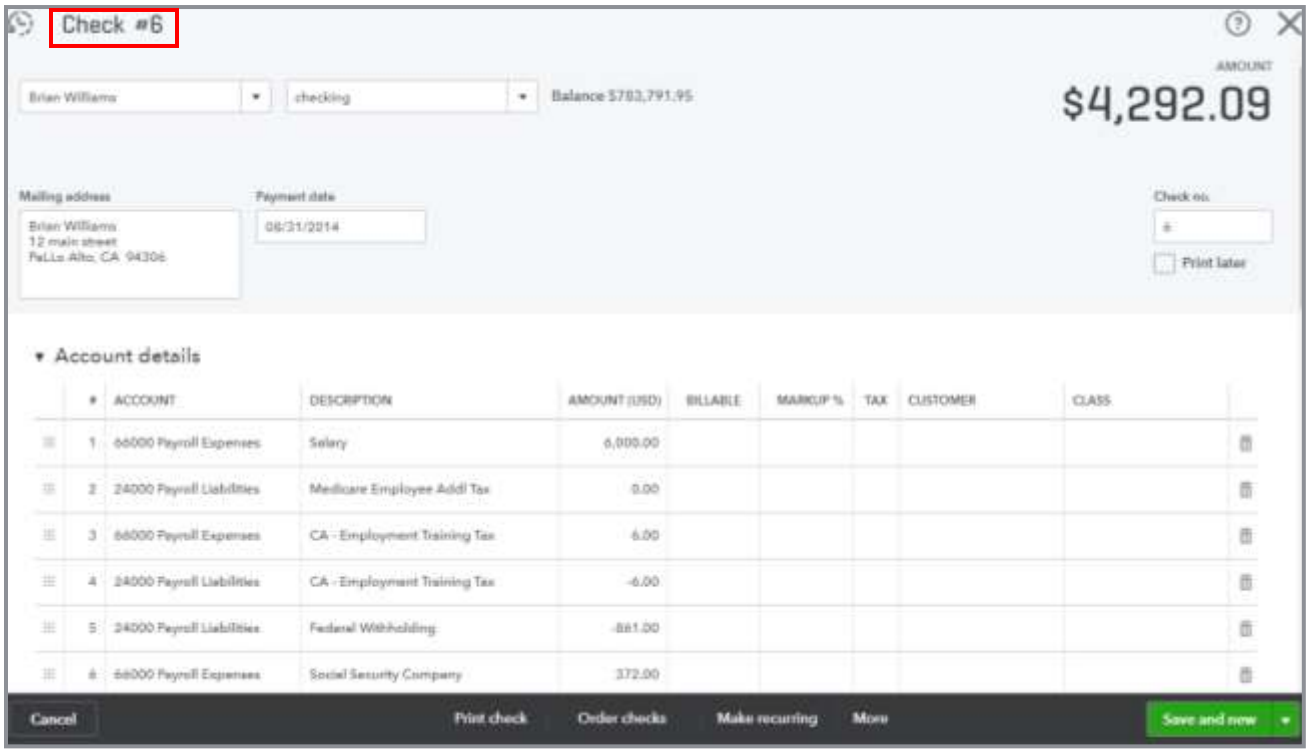
Rock Castle Construction, Inc.

TRANSACTION REPORT
All Dates

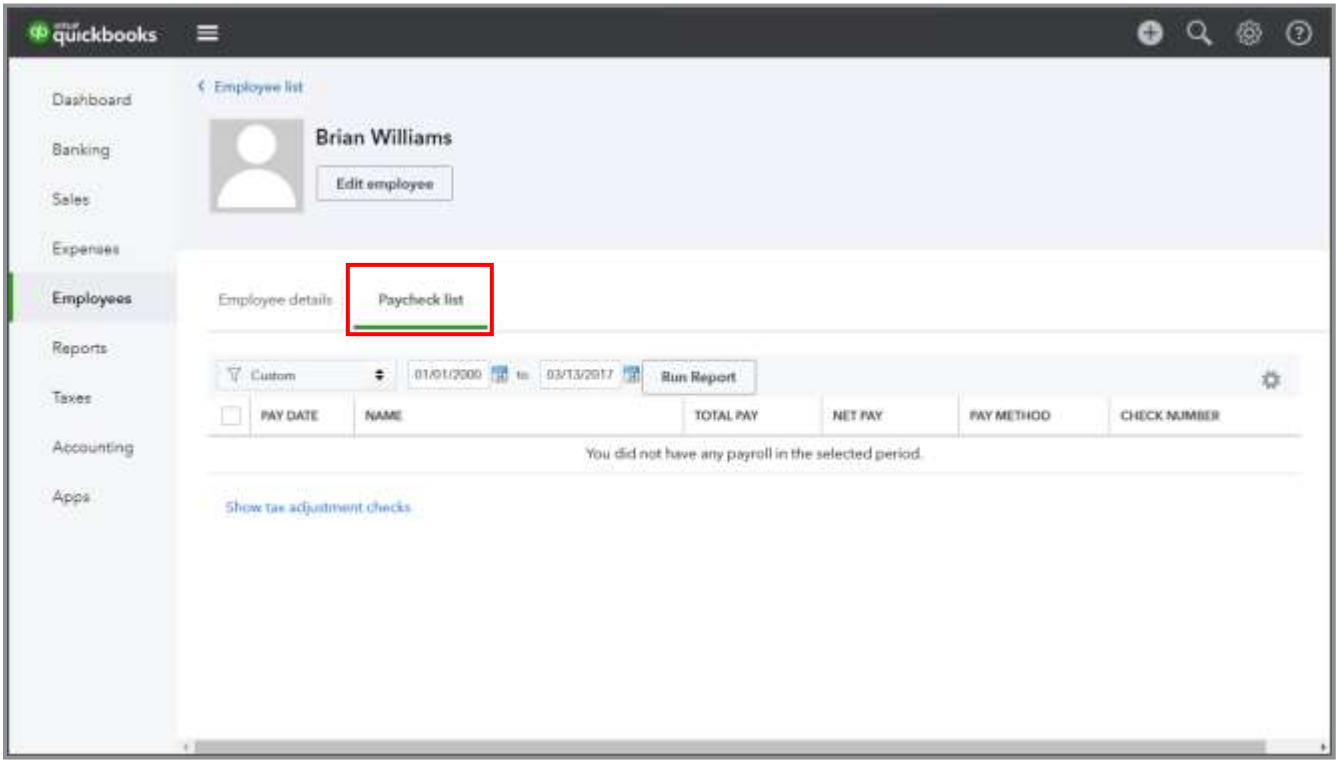
DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	AMOUNT
State Board of Equalization Payable					
11/28/2016	Invoice	975	Prentice, Adelaide:Bay Window		18.45
11/30/2016	Invoice	978	Melton, Johnny:Basement Re...		158.14
12/01/2016	Invoice	985	Pretell Real Estate:75 Sunset R...		614.09
12/15/2016	Invoice	993	Ecker Designs:Office Expansion		71.30
12/15/2016	Invoice	992	Pretell Real Estate:75 Sunset R...		614.09
12/15/2016	Invoice	990	Ecker Designs:Office Expansion		67.81
12/31/2016	Journal Entry	Setup 15		Opening Balance Adjustment...	1,603.00
01/15/2017	Check	109	State Board of Equalization	ABCD 11-234567	-297.25
01/15/2017	Check	109	State Board of Equalization	ABCD 11-234567	-1,246.63
01/15/2017	Check	109	State Board of Equalization	ABCD 11-234567	-1,603.00
01/28/2017	Invoice	1001	Vasquez, Anabel:Basement Re...		62.00
01/31/2017	Invoice	1002	Vasquez, Anabel:Basement Re...		1,404.32
02/15/2017	Check	123	State Board of Equalization	ABCD 11-234567	-1,466.32
02/18/2017	Invoice	1003	Kanitz, Marion:Bay Window		83.60
03/15/2017	Check	134	State Board of Equalization	ABCD 11-234567	-83.60
04/16/2017	Invoice	1005	Jacobsen, Doug:Poolhouse		318.02

Payroll

Paychecks and liability payments convert as regular checks.



Liability refunds, adjustment transactions and opening balance transactions that affect accounts convert to journal entries. While individual paychecks do convert as checks posted to the general ledger, individual paycheck detail does not convert to the QuickBooks Online Payroll module, therefore you will not see paycheck details on employees for the pay periods before conversion. Instead, only payroll summary data, YTD and QTD, import to the QuickBooks Online payroll module.

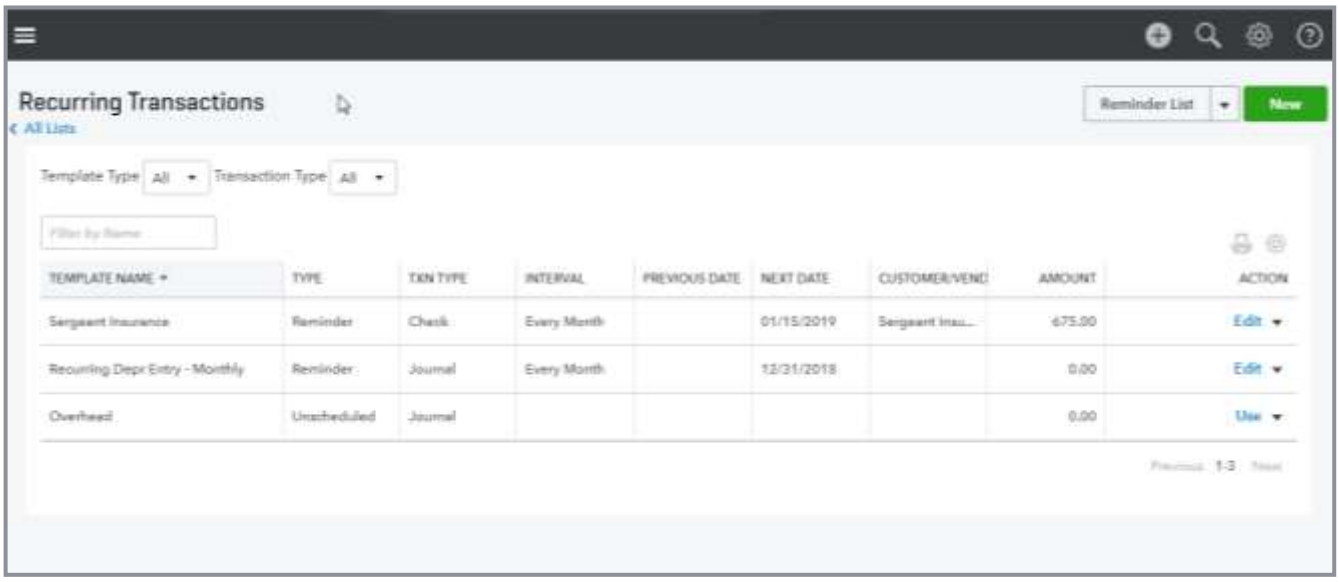


Settings and Tools

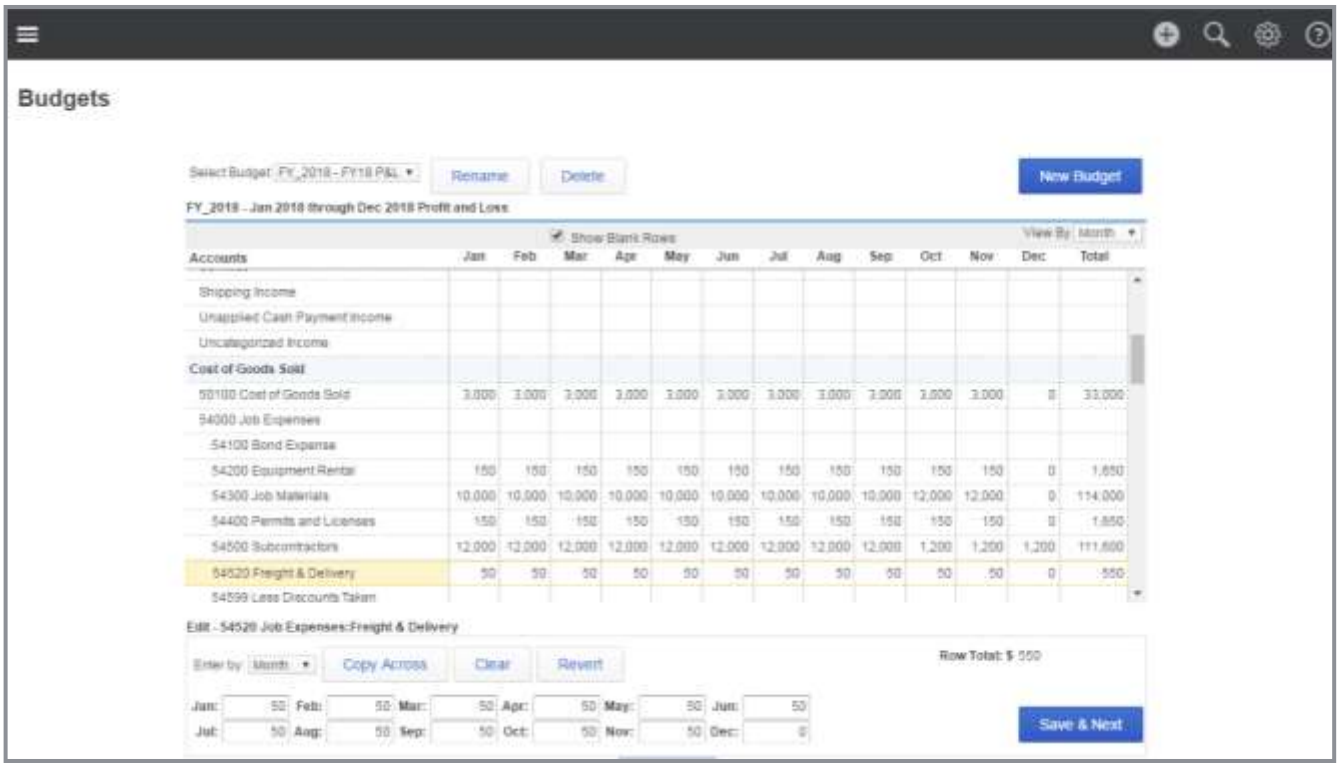
In addition to lists and transactions, the conversion tool also brings over a few basic settings, such as company name and address, but most company settings are not converted. Once your data is transferred to your QuickBooks Online company, you should review and update all settings to add missing information and properly activate features and configurations for the particular business.

Considerations include:

- Custom sales form styles for estimates, invoices and sales receipts do not convert. This refers to the style of the sales form that is sent to the customer. You can use the default in QuickBooks Online, design a new one or import one (QuickBooks Labs feature).
- The bank connection and the downloaded bank activity for review, linked to transactions, and excluded do not convert to QuickBooks Online
- The memorized transaction list in QuickBooks Desktop converts to QuickBooks Online as recurring transactions; you will not need to set these up again in QuickBooks Online



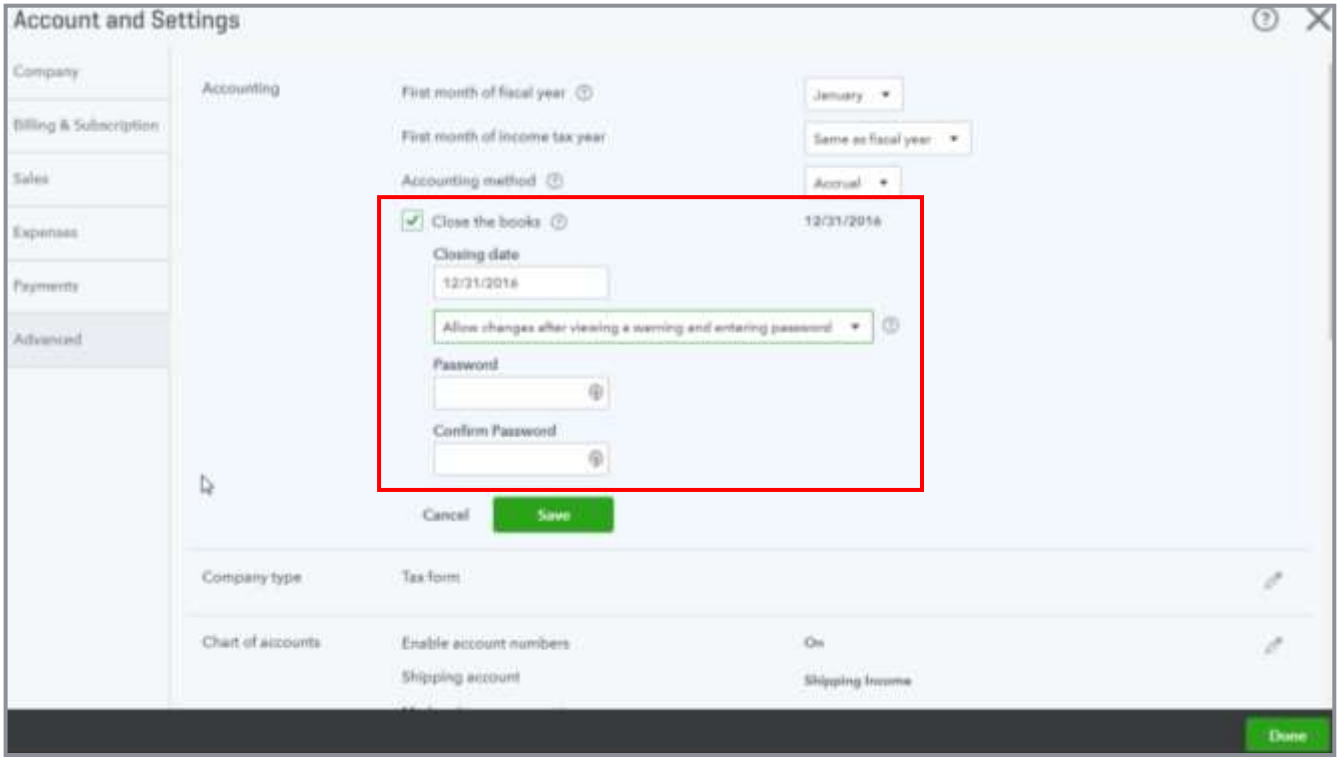
- Your list of P&L budgets does convert to QuickBooks Online; balance sheet budgets do not



- QuickBooks users and permissions do not convert
- Reconciliations and reconciliation reports do not convert
- Memorized reports in QuickBooks Desktop do not convert; you will need to recreate these in QuickBooks Online
- QuickBooks Desktop's audit trail does not convert to QuickBooks Online. You can print the Desktop file's audit trail or retain the .QBW data file as an archive.
- The connection to your QuickBooks Payments merchant service account does not convert
- Some third party apps connected to QuickBooks Desktop will require that you create a new third party app subscription and integrate to QuickBooks Online
- International versions of QuickBooks Desktop cannot be converted to the U.S. version of QuickBooks Online. Canada and UK versions of QuickBooks Desktop can be converted to their respective international version of QuickBooks Online.

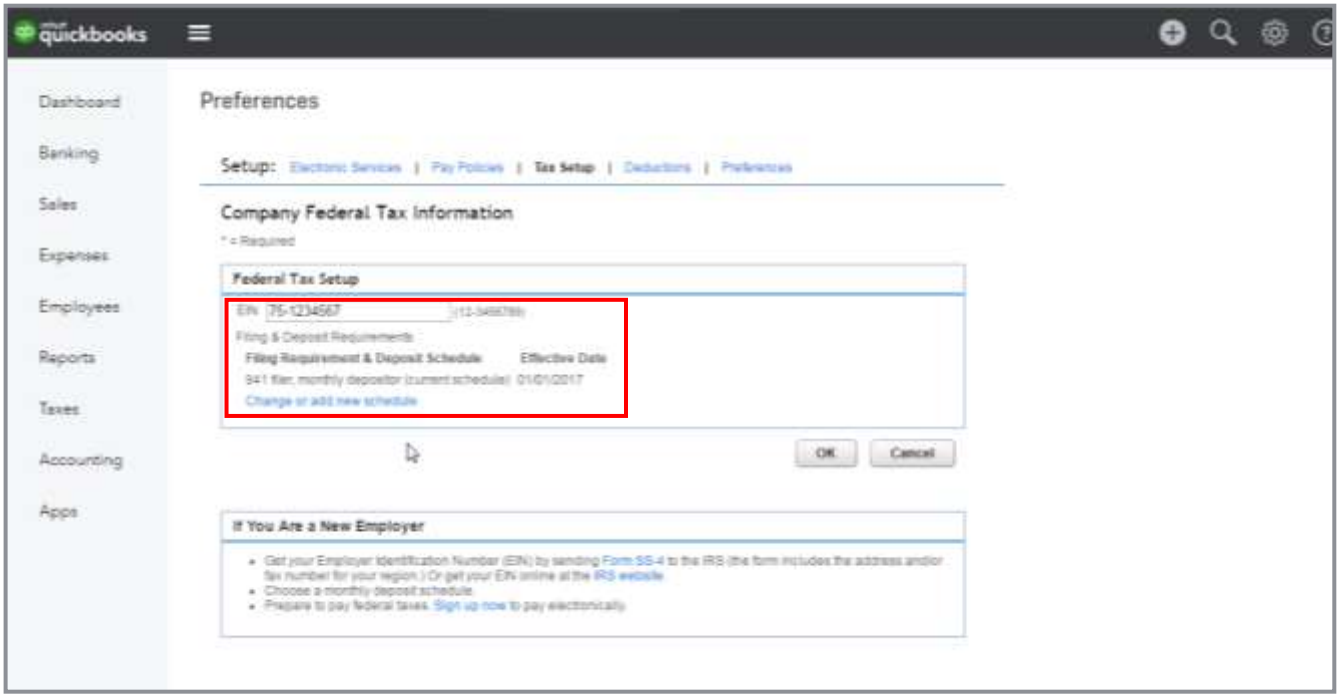
Closing Date

The closing date is converted to QuickBooks Online. However, the closing date password and accumulated closing date exceptions will not convert. QuickBooks Online will begin to track new exceptions from the date of conversion.

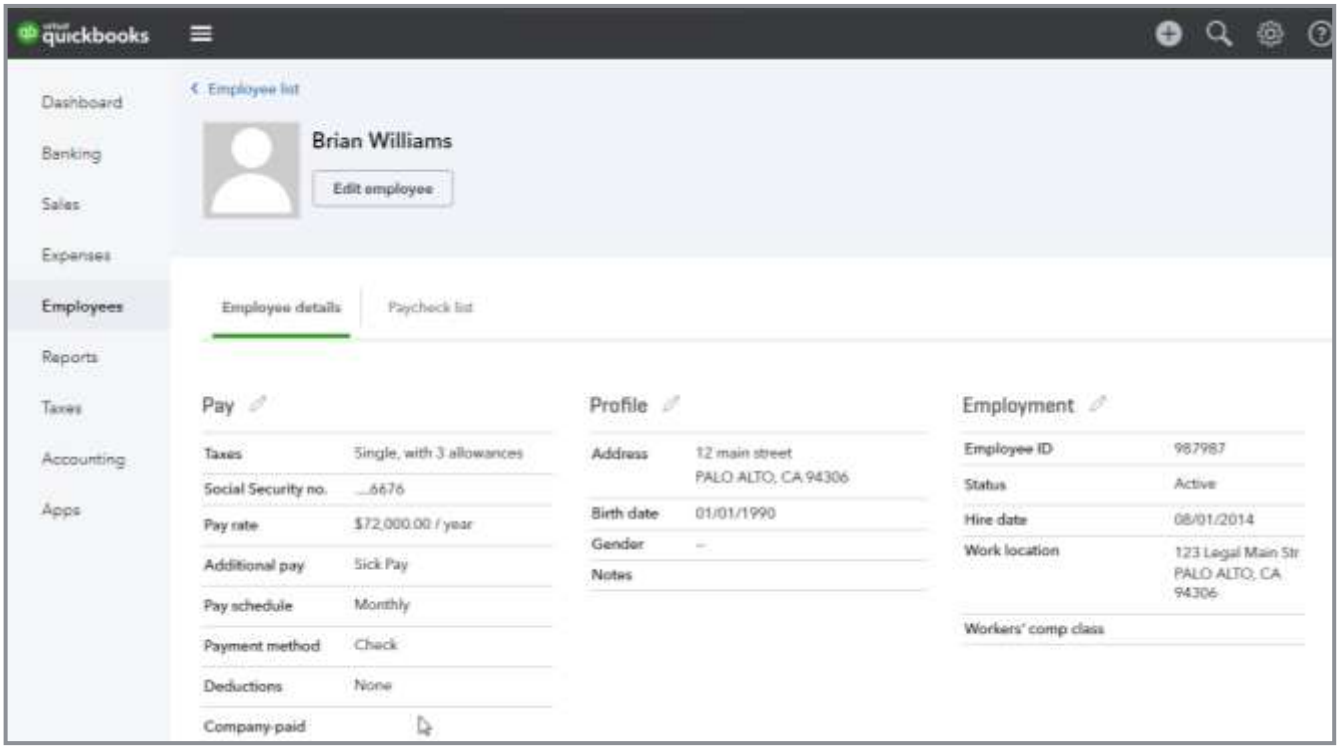


Payroll

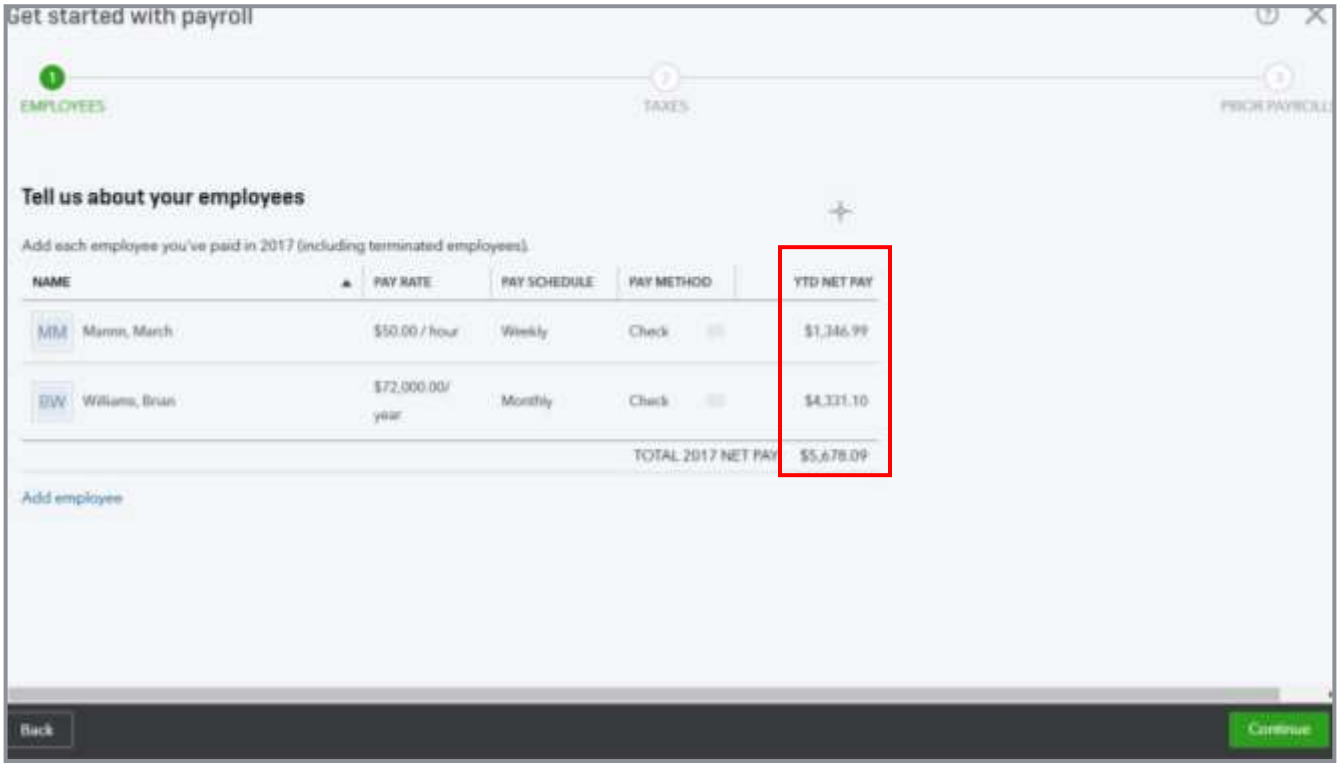
If payroll was activated in QuickBooks Desktop, then it will be activated in QuickBooks Online. Company payroll information, including federal and state tax information, identification numbers, tax remittance frequency and tax rates do convert.



As we learned above, employee information converts and pay types are activated appropriately. Paychecks and tax liability and payments convert posted to the general ledger.



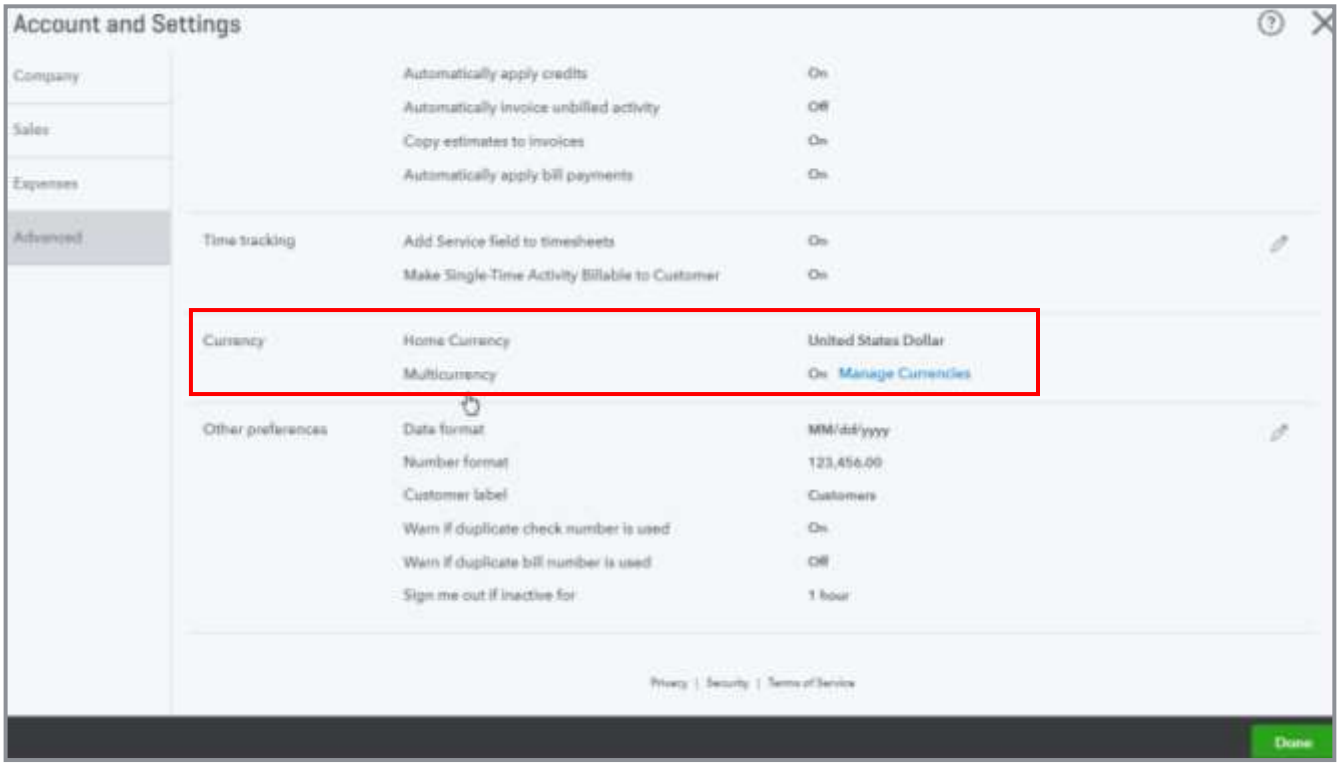
If the migration is successful, the year-to-date payroll summary for each employee converts to the Payroll module. You will have an opportunity to verify and update this summary information following conversion.



- Tax payment history in the payroll tax center does not convert; you will enter this information following conversion
- Direct deposit, electronic tax remittance and e-file need to be set up in QuickBooks Online; this does not convert
- Workers Comp integration does not convert
- Local tax settings do not convert and will need to be set up in QuickBooks Online

Multicurrency

If the QuickBooks Desktop file has the Multicurrency feature turned on, then Multicurrency will automatically be turned on in QuickBooks Online during conversion. You cannot turn off Multicurrency once activated. If Multicurrency was turned on in QuickBooks Desktop but not used, you may consider not converting the data file if you do *not* want Multicurrency activated in QuickBooks Online.



The home currency will remain the same. If the home currency cannot be determined, then the import process will prompt you to specify your home currency.

App Ecosystem

When contemplating whether QuickBooks Online is a good solution for a business, keep in mind that QuickBooks Online's mission is to act as the core general ledger accounting system. Businesses have varying workflows involved in tracking their financial data and accessing their business intelligence. As you learned in the QuickBooks Online core certification, Intuit has built QuickBooks Online as a platform and in many cases will not attempt to replicate functionality from QuickBooks Desktop, opting instead to open its doors to its ecosystem of apps that create custom and unique processes that push relevant data back and forth to QuickBooks Online. QuickBooks Online has an open and free API (application program interface), which allows third party developers to create applications that can read and/or write data in and out of QuickBooks Online. These apps go through a vigorous security approval process to get listed in Intuit's apps.com marketplace.

The onset of the computer age allowed us to optimize and automate much manual work; it required workers to change their workflow, to learn and use computers. As we now move to a web-based platform, we must again explore new methods to bring efficiency to our business processes. The next generation of business owners is more tech savvy and mobile; accountants should be prepared to support them.

Selecting Apps

Combine the advanced knowledge of QuickBooks Online you gain through this training program with your experience working with clients in QuickBooks Online to determine which apps to test and incorporate into the business's workflow. Follow these general guidelines for success:

- Administer a needs assessment to examine operations of the business and understand the goals of the owner and the staff performing the work
- Explore potential solutions related to identified needs in order to solve for inefficiencies caused by manual processes and duplicate data entry
- Select an app that will solve a problem or improve a workflow that QuickBooks Online does not provide
- Plan and execute the implementation of the app
- Train the business's key staff to use the app
- Evaluate the success of the app

Understanding the integration of an app aids in successful deployment. Research whether the integration is a one-way sync (from QuickBooks Online to the app or from the app to QuickBooks Online), or a two-way sync (and which direction takes precedence). Find out whether the app syncs automatically, or whether someone needs to push a button or perform a task to prompt the integration. Also discover which data is pushed to and/or from QuickBooks Online and the app. Compare your findings against the identified needs of the business to determine whether the app will provide the desired solution.

In the next section we'll compare the features of QuickBooks Desktop versus QuickBooks Online. When contemplating a conversion to QuickBooks Online, identify any areas where QuickBooks Online does not perform a certain function necessary to the business then look to the hundreds of apps in the app store to offer this functionality. Your knowledge of how to use QuickBooks Online like a pro combined with your familiarity with integrated apps will enable you to support your clients better in this exciting new frontier.

QUICKBOOKS COMPARISON

Many of the features offered by QuickBooks are available in both the Desktop and Online product. However, these are two different software programs developed on two different platforms. Here is a list of features and solutions indicating whether offered by QuickBooks Desktop and/or QuickBooks Online and its ecosystem. This matrix will help you know which features are provided by the different QuickBooks software solutions so you know when to convert clients to QuickBooks Online based on available solutions. There is no suggestion of price parity, only features and solutions are compared. This list can change as new features are built into both software solutions and as new apps arrive in the marketplace.

FEATURE	QUICKBOOKS DESKTOP	QUICKBOOKS ONLINE
	Customers & Sales	
PRICE LEVELS	Pro, Premier, Enterprise	Create multiple products and services items; Apps.com: SOS Inventory, customize Method:CRM
DELAYED CHARGES AND CREDITS		Essentials, Plus
BILLING RATE LEVELS	Premier, Enterprise	
AUTO PRICE MARKUP	Enterprise	
CREATE INVOICES IN BATCH	Pro, Premier, Enterprise	
GROUP ITEMS	Pro, Premier, Enterprise, Mac	Essentials, Plus
CHANGE ORDERS ON ESTIMATES	Premier, Enterprise	Create product / service item or separate estimate with similar reference number
CLEAR UP UNDEPOSITED FUNDS	Premier Accountant, Enterprise Accountant	
PROGRESS INVOICING	Pro, Premier, Enterprise, Mac	Split estimate into several versions for each progress point. Copy each estimate to invoice at each progress point in order to link and populate each progress invoice appropriately.

FEATURE	QUICKBOOKS DESKTOP	QUICKBOOKS ONLINE
AUTO-SEND SALES FORM		Simple Start, Essentials, Plus
AUTO-SEND INVOICES FOR BILLABLE CHARGES		Plus
	Vendors & Expenditures	
ONLINE BILL PAY	Pro, Premier, Enterprise	Apps.com: multiple solutions such as Bill.com
PREFERRED VENDOR	Pro, Premier, Enterprise	
MILEAGE TRACKING	Pro, Premier, Enterprise, Mac	Apps.com: multiple solutions such as Expensify
FIX UNAPPLIED VENDOR PAYMENTS AND CREDITS	Premier Accountant, Enterprise Accountant	
1099-MISC REPORTING	Pro, Premier, Enterprise, Mac	Plus
EXPENSE REIMBURSEMENT AND COMPANY CREDIT CARD MANAGEMENT		Apps.com: multiple solutions such as Expensify
	Employees & Payroll	
UNLIMITED TIME TRACKING ONLY USERS		Plus Apps.com: multiple solutions such as TSheets
PAYROLL LABOR COSTING	Pro, Premier, Enterprise	calculate and split payroll expense manually between customer:jobs Apps.com: multiple solutions such as Knowify
ENTER TIMESHEETS IN BATCH	Pro, Premier, Enterprise	Apps.com: multiple solutions such as TSheets

FEATURE	QUICKBOOKS DESKTOP	QUICKBOOKS ONLINE
	Accounting	
AUTO DOWNLOAD BANK ACTIVITY		Simple Start, Essentials, Plus
BATCH ENTER TRANSACTIONS	Premier Accountant, Enterprise	
MULTICURRENCY	Pro, Premier, Enterprise	Essentials, Plus
TROUBLESHOOT PRIOR ACCOUNT BALANCE	Premier Accountant, Enterprise Accountant	
ADDITIONAL AR/AP ACCOUNTS	Pro, Premier, Enterprise, Mac	
MULTIPLE AR/AP LINES IN JOURNAL ENTRIES		Simple Start, Essentials, Plus
WORKING TRIAL BALANCE	Premier Accountant, Enterprise	QuickBooks Online Accountant
CREATE PERIOD COPY	Premier Accountant, Enterprise Accountant	
RESTORE BACKUP	Pro, Premier, Enterprise, Mac	
CONDENSE FILE	Pro, Premier, Enterprise, Mac	
IIF IMPORT	Pro, Premier, Enterprise, Mac	Apps.com: multiple solutions
LOCATION TRACKING		Plus
MULTIPLE BUDGETS PER YEAR		Plus

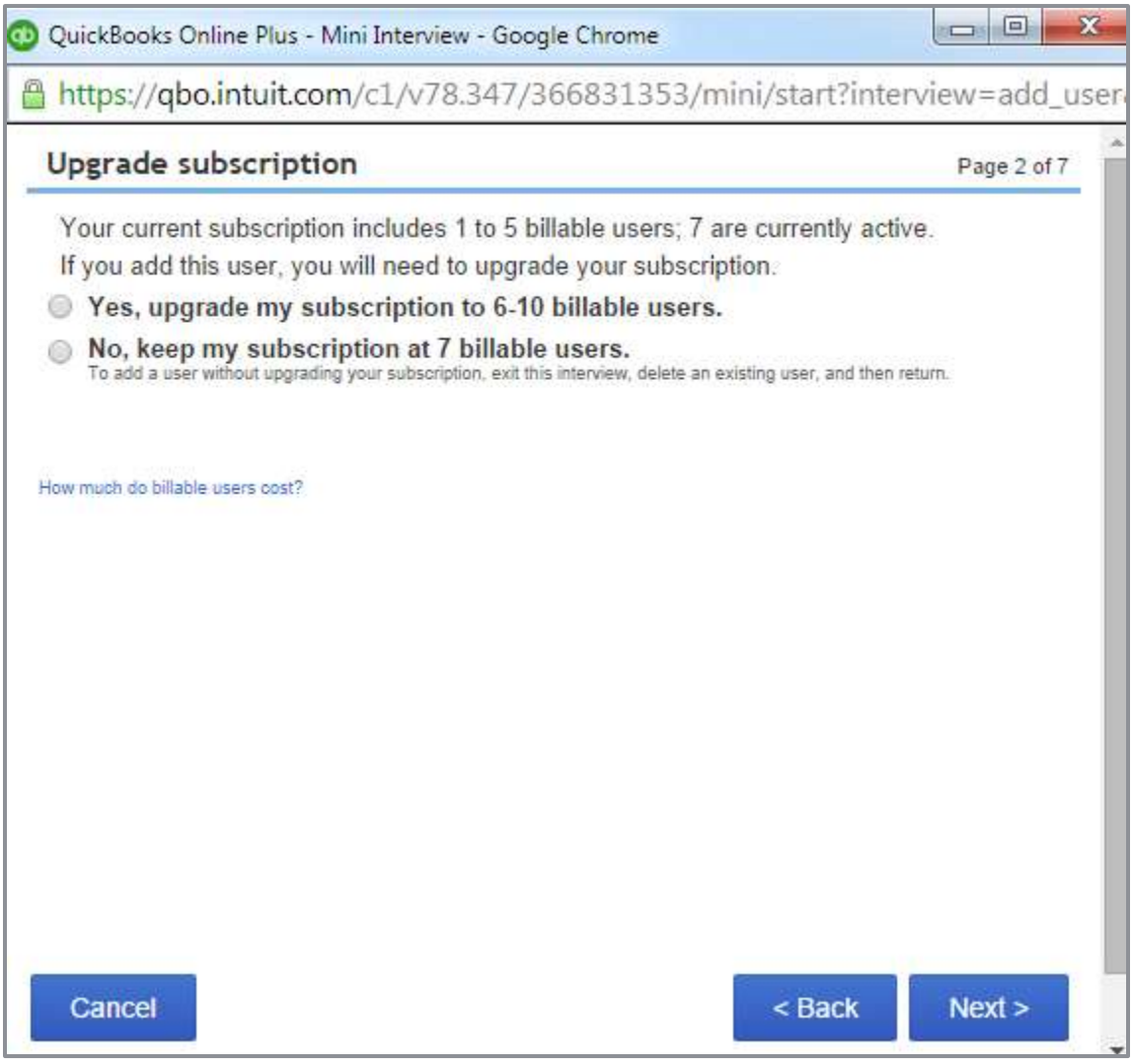
FEATURE	QUICKBOOKS DESKTOP	QUICKBOOKS ONLINE
	Reporting	
AUDIT LOG		Simple Start, Essentials, Plus
AUDIT TRAIL	Pro, Premier, Enterprise, Mac	Simple Start, Essentials, Plus * included in Audit Log
MANAGEMENT REPORTS		Simple Start, Essentials, Plus
UNLIMITED REPORTS-ONLY USERS		Plus
COLLECTIONS CENTER	Pro, Premier, Enterprise	Apps.com: multiple solutions
CALENDAR VIEW	Pro, Premier, Enterprise	Apps.com: multiple solutions
MULTIPLE VENDOR SHIPPING ADDRESS	Pro, Premier, Enterprise	
ITEM PROFITABILITY REPORT	Pro, Premier, Enterprise, Mac	Simple Start, Essentials, Plus – run Profit & Loss report customized with columns by item
INDUSTRY SPECIFIC REPORTING	Premier, Enterprise	
BUSINESS PLANNER	Premier, Enterprise	Apps.com: multiple solutions such as LivePlan
FORECASTING	Premier, Enterprise	Apps.com: multiple solutions such as LivePlan
BALANCE SHEET BY CLASS	Premier, Enterprise	
BALANCE SHEET BY LOCATION		Plus
STATEMENT WRITER	Premier Accountant, Enterprise	
ESTIMATE VS. ACTUAL REPORTING	Pro, Premier, Enterprise, Mac	Create budget for job and run Budget vs. Actual report for job
AUTO-SEND REPORTS		Simple Start, Essentials, Plus
RATIO REPORTING		Apps.com: multiple solutions such as Finagraph

FEATURE	QUICKBOOKS DESKTOP	QUICKBOOKS ONLINE
	Inventory	
WEIGHTED AVERAGE COST INVENTORY VALUATION METHOD	Pro, Premier, Enterprise, Mac	Apps.com: multiple solutions such as SOS Inventory
SET AND MAINTAIN INVENTORY RE-ORDER POINTS	Pro, Premier, Enterprise, Mac	Apps.com: multiple solutions such as DataQlick
PARTIAL PURCHASE ORDERS	Pro, Premier, Enterprise, Mac	Apps.com: multiple solutions such as Salespad Cloud, SOS Inventory, DEAR Inventory
SALES ORDERS	Premier, Enterprise	Apps.com: multiple solutions such as Method:CRM and SOS Inventory
TRACK CURRENT STOCK AVAILABLE	Premier, Enterprise	Plus Apps.com: multiple solutions such as All Orders
INVENTORY CENTER	Premier, Enterprise	Apps.com: multiple solutions such as Salespad Cloud
BUILD ASSEMBLIES OR MANUFACTURING	Premier, Enterprise	Apps.com: multiple solutions such as SOS Inventory
UNIT OF MEASURE	Premier, Enterprise	Apps.com: multiple solutions such as SOS Inventory
	Other	
LETTERS (COLLECTION, CREDIT, ETC.)	Pro, Premier, Enterprise	Apps.com: multiple solutions such as Method:CRM, Legrand CRM
LAYOUT DESIGNER	Pro, Premier, Enterprise, Mac	Apps.com: multiple solutions such as Method:CRM

SUBSCRIPTION USERS

With QuickBooks Online Plus, in addition to Accountant, Reports-only and Time Tracking only users, you can have many active billable users work in QuickBooks Online simultaneously.

The billing levels are 1–5 users, 6–10 users and 11–25 users. Once you have reached the maximum users for a particular billing level, the next time you add a user you will have the option to upgrade your subscription to the next billing level. Upgrading your billing level will cause a one-time charge to occur. The one-time charge will be prorated by the day to your next billing date.



If you added a user who has bumped your subscription up to the next billing level and you want to return to the lower billing level, you can delete users. When you delete a user that would make you eligible for a lower billing level, QuickBooks Online will ask you if you want to delete the user and invite another user in their place *or* delete the user and downgrade the subscription.

Topic 2: Advanced Conversions to QuickBooks Online

You've decided to transition to QuickBooks Online. Now what? Businesses that have existing financial activity in QuickBooks Desktop for Windows (Pro or Premier), QuickBooks Desktop for Mac, or QuickBooks Enterprise can use the built-in conversion tool in these desktop programs to easily convert their data to QuickBooks Online. In this topic we'll explore the steps involved before, during and after this conversion process.

PRE-CONVERSION

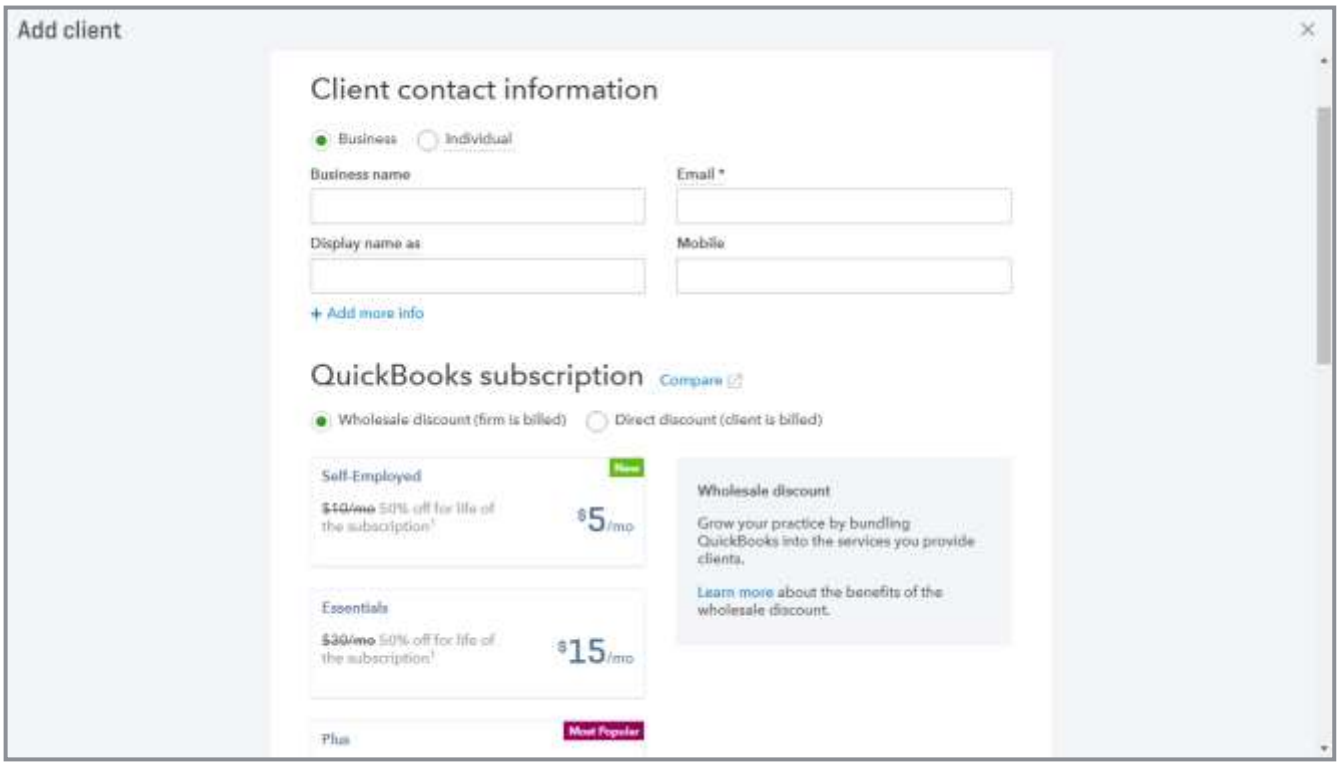
In order to be allowed access to a QuickBooks Online company during the conversion tool's step-by-step process, you must be an Admin user on the QuickBooks Online account. QuickBooks Online Accountant users are Admin users by default. Therefore, if you are the QuickBooks Online Accountant firm admin or a team user with access to a QuickBooks Online company, you are considered an Admin user and will be allowed to convert data from QuickBooks Desktop to that QuickBooks Online company subscription.

As you learned in QuickBooks Online core certification, regular QuickBooks Online users can convert QuickBooks Desktop data to QuickBooks Online repeatedly within the first 60 days of the QuickBooks Online company subscription (including conversions with Payroll), unless you have used eServices to move money, such as run direct deposit or paid payroll taxes electronically in the QuickBooks Online company. If you don't like the results of your conversion, you can try it again. Accountant users are allowed 180 days to convert desktop data to online, regardless of how the QuickBooks Online company subscription was created. These 60-day and 180-day limits are extended to 1,060 days for the QuickBooks Online Accountant Your Books firm subscription.

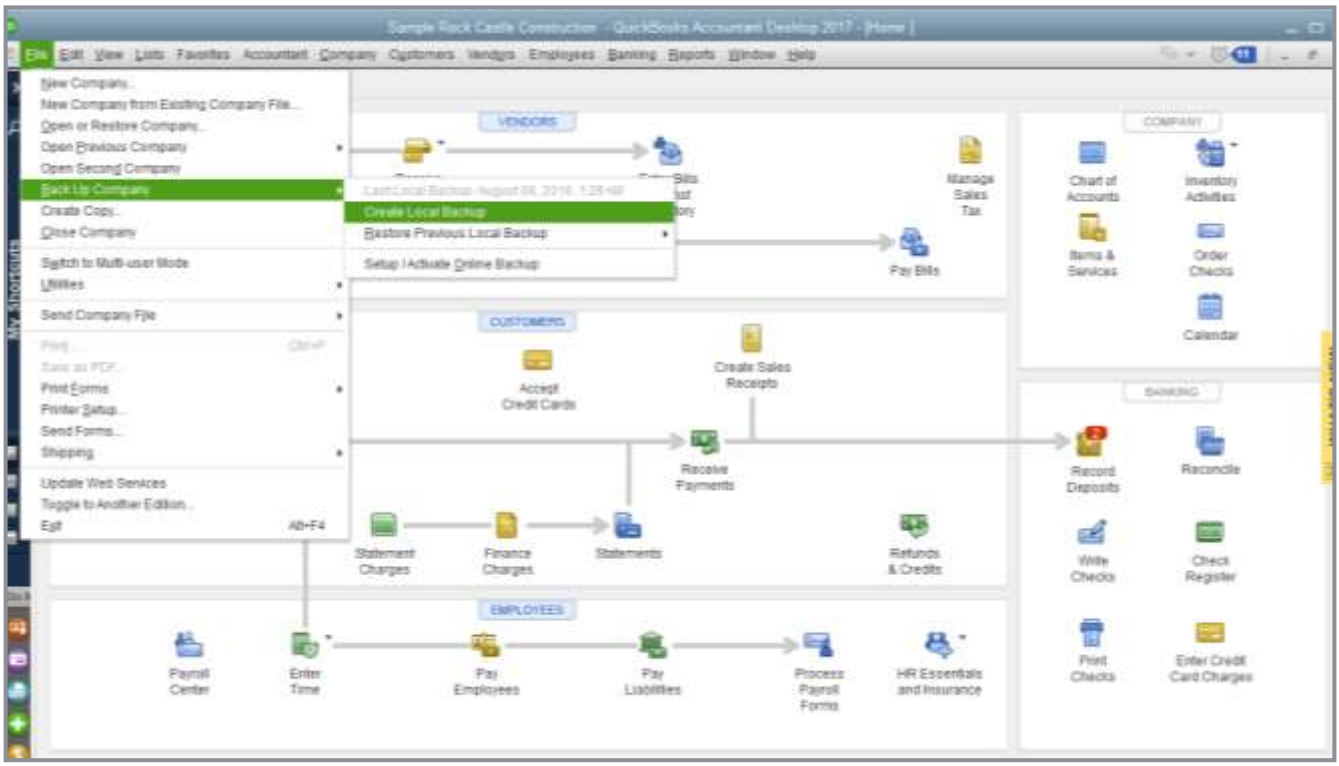
Existing data in QuickBooks Online will be completely replaced by the latest import from Desktop. Be careful with this once third party apps are connected as this will send data to them also. Run QuickBooks Desktop and QuickBooks Online in parallel to make sure the data is giving you the same results in both software solutions.

In preparation for conversion, follow these guidelines for best results:

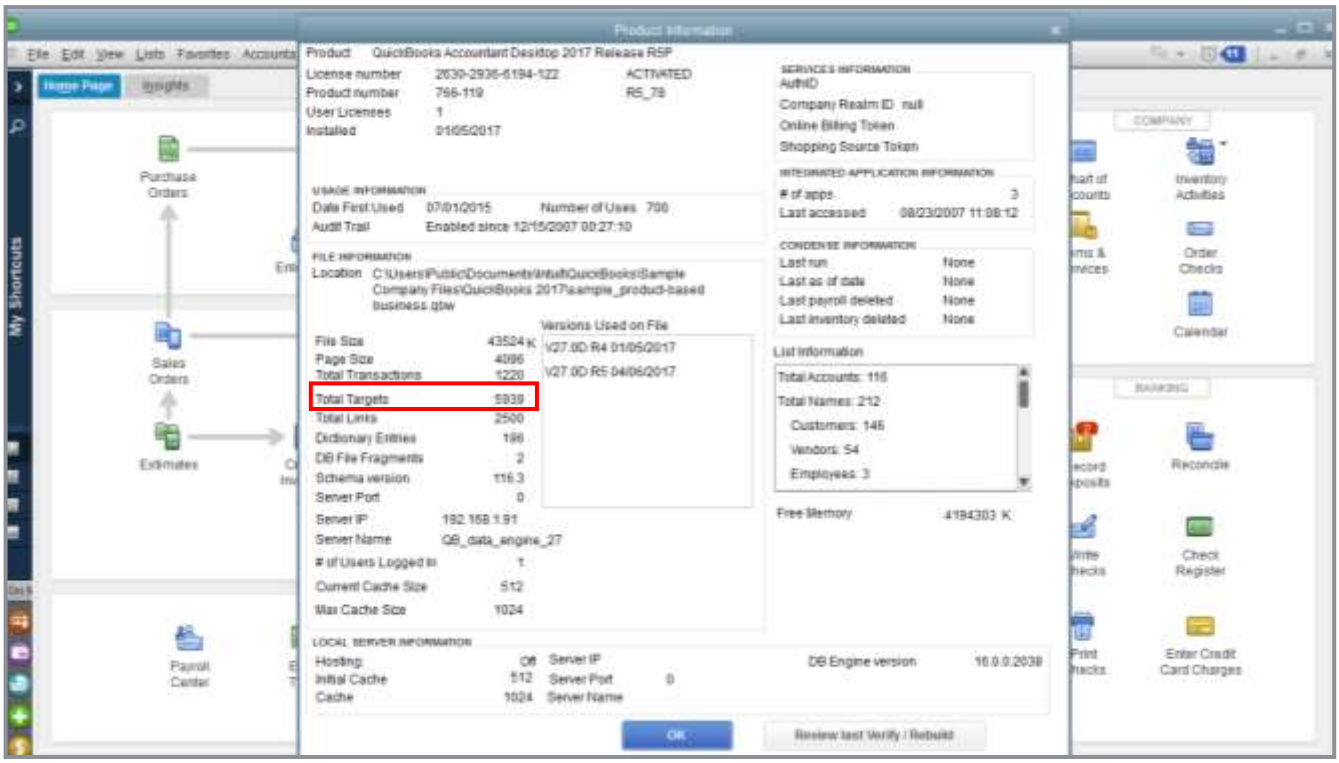
1. In QuickBooks Online Accountant create the new QuickBooks Online subscription. Specify whether to add the QuickBooks Online subscription to your firm's QuickBooks Online Accountant wholesale billing plan or whether the client will pay. You cannot create a QuickBooks Online company from the QuickBooks Desktop conversion tool; it must already be in existence.



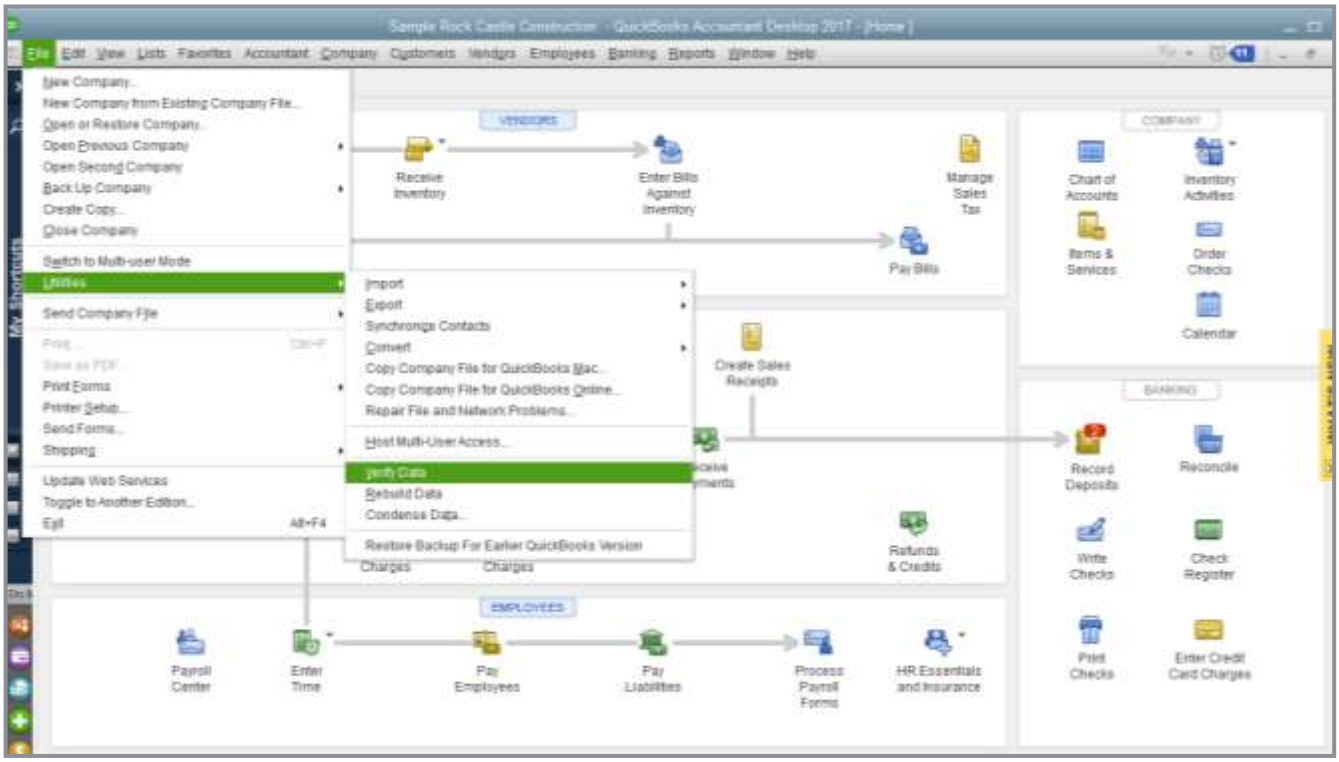
2. In QuickBooks Desktop make a backup of the data file: File → Back Up Company → Create Local Backup. The conversion tool does not alter the data in QuickBooks Desktop. The QuickBooks Desktop data is not harmed and does not disappear upon conversion to QuickBooks Online. This backup is purely a restore point for the data as it was when you pushed it to QuickBooks Online in case you continue entering data in the desktop file to run the two side-by-side and ever need to look back at how it was before the conversion.



3. In QuickBooks Desktop, press F2 to verify total target count.
   - Current data limit is 350K targets to import historical transactions
   - If target count is too large, consider using the Condense utility to reduce the target size. Familiarize yourself with the impact of this tool: https://community.intuit.com/articles/1145321-condensing-your-quickbooks-desktop-file-for-import-to-quickbooks-online https://community.intuit.com/articles/1502371-the-condense-data-utility
   - QuickBooks Desktop files with over 350K targets will get an option to import lists and balances only



4. In QuickBooks Desktop, verify data: File → Utilities (or Maintenance) → Verify Data. Do not convert a corrupt data file to QuickBooks Online. If needed, or even if you just want to make the data file as whole as possible, perform the following file maintenance activities:
   - Re-sort lists
   - Create/restore portable company file to fix data integrity issues
   - Rebuild data



5. In QuickBooks Desktop confirm you have the most recent conversion tool then convert to QuickBooks Online.

   - In QuickBooks *Pro / Premier*, navigate to Help → Update QuickBooks Desktop in order to use the most recent conversion tool. Select all updates in the Update Now window. Click Get Updates. Exit and reopen QuickBooks Desktop then finish installing the updates when prompted.

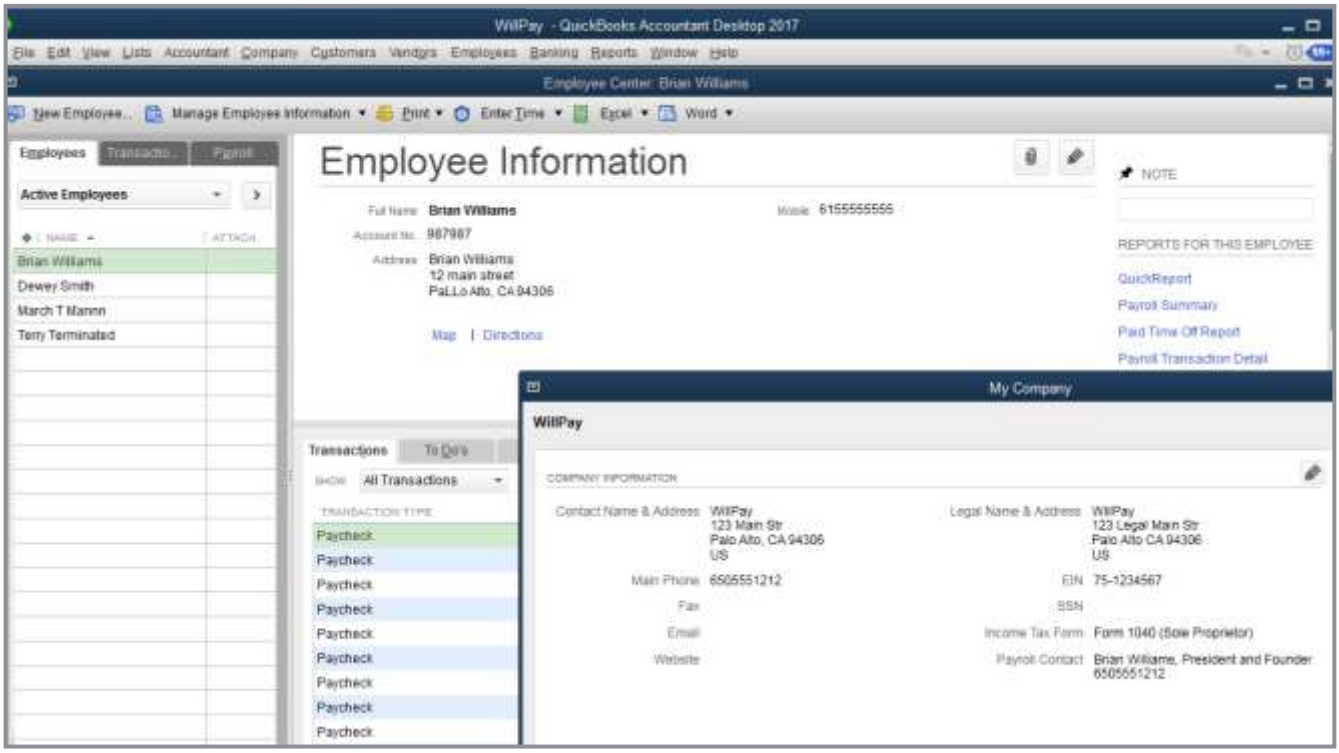
   - In QuickBooks *Enterprise*, navigate to Help → Update QuickBooks Desktop in order to use the most recent conversion tool. Select all updates in the Update Now window. Click Get Updates. Exit and reopen QuickBooks Enterprise then finish installing the updates when prompted.

- In QuickBooks *Mac*, navigate to QuickBooks → Check for QuickBooks Updates to use the most recent conversion tool. Close and reopen QuickBooks Desktop to install update.

Payroll

If converting a QuickBooks Desktop data file with Payroll active, perform the following steps before conversion:

- If there's an upcoming pay date looming, process paychecks in QuickBooks Desktop to give you enough time to get QuickBooks Online Payroll set up before the following pay date
- If there are any payroll corrections to be made, make them in QuickBooks Desktop before converting
- File quarterly forms in QuickBooks Desktop
- Review and clean up to avoid conversion failures for payroll-related issues:
  - Review company address, especially confirm that state and ZIP code are valid and spelled correctly, as QuickBooks Online will validate the information upon conversion
  - Review employee names and addresses; make sure there are no duplicate names or Social Security numbers
  - Review payroll data to make sure employee hire dates are before termination dates and deduction amounts are positive, etc.



BEST PRACTICES USING THE QUICKBOOKS DESKTOP CONVERSION TOOL

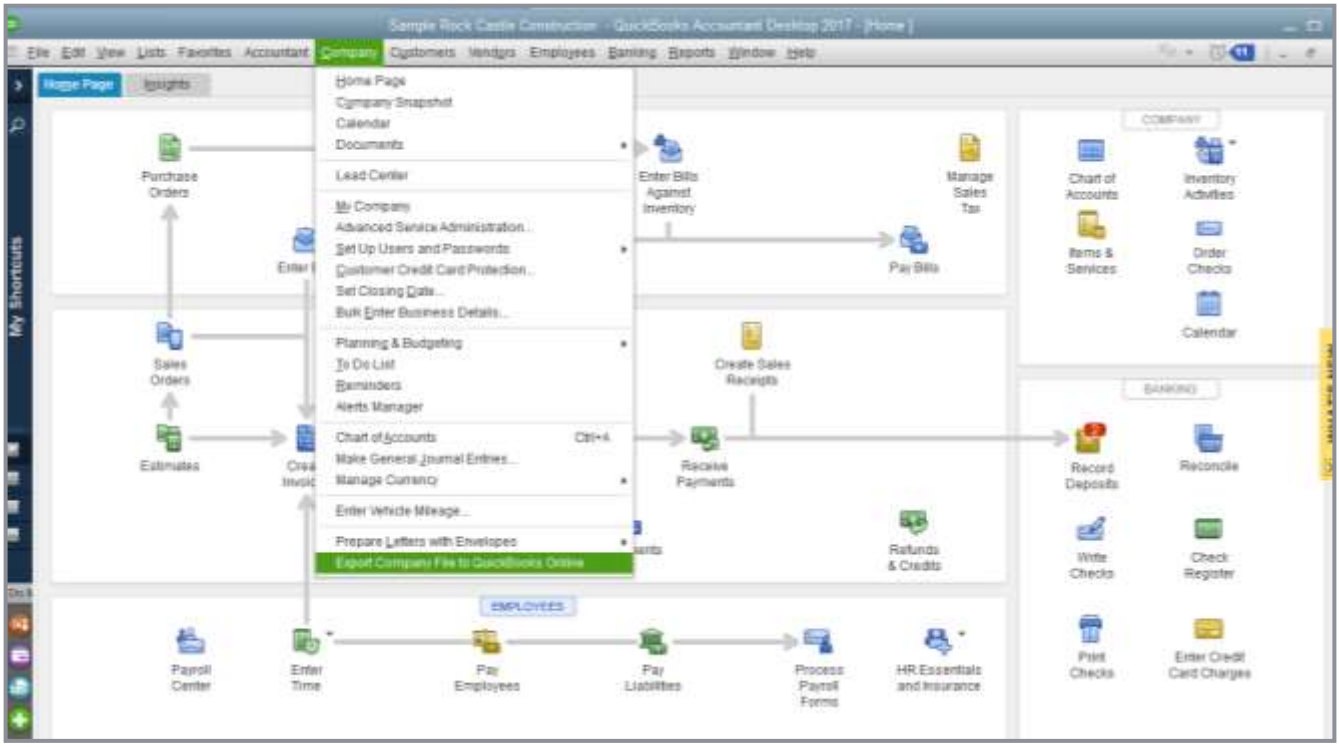
The conversion tools available in the different versions of QuickBooks Desktop differ slightly. In addition, the conversion tool for QuickBooks Pro / Premier has a more comprehensive conversion tool for inventory. If you are using Inventory in QuickBooks Mac, it is suggested you first convert the data file to QuickBooks Pro / Premier then convert to QuickBooks Online.

Here are the step-by-step instructions for using the conversion tool in QuickBooks Pro / Premier, QuickBooks Enterprise and QuickBooks Mac, followed by the instructions for using QuickBooks Pro / Premier's conversion for inventory.

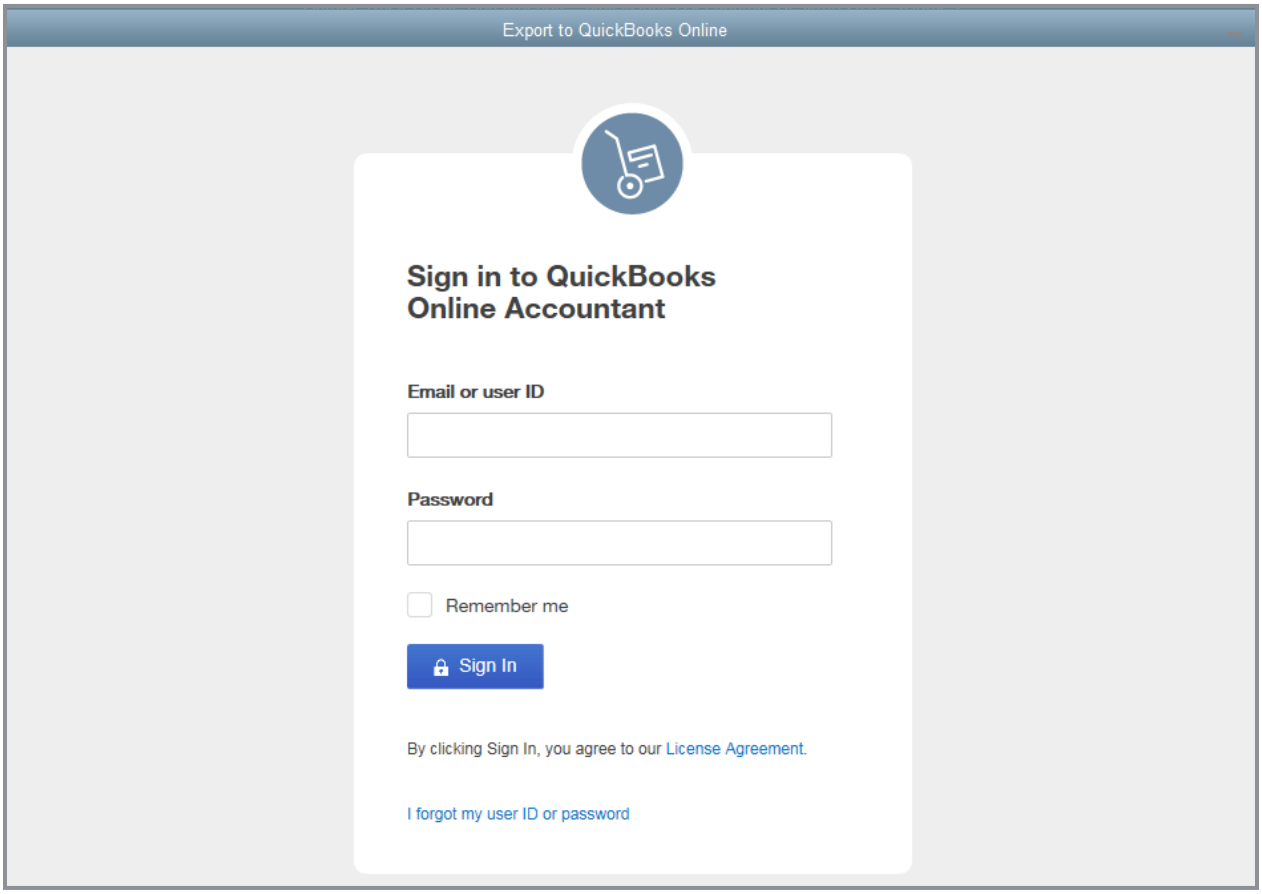
Step-by-Step: **QuickBooks for Windows – Pro or Premier**

Best results using QuickBooks Pro / Premier 2014 and higher.

1. Navigate to Company → Export Company File to QuickBooks Online.



2. Follow the onscreen instructions to sign in with your Intuit ID and select the online company into which you want to import your data.

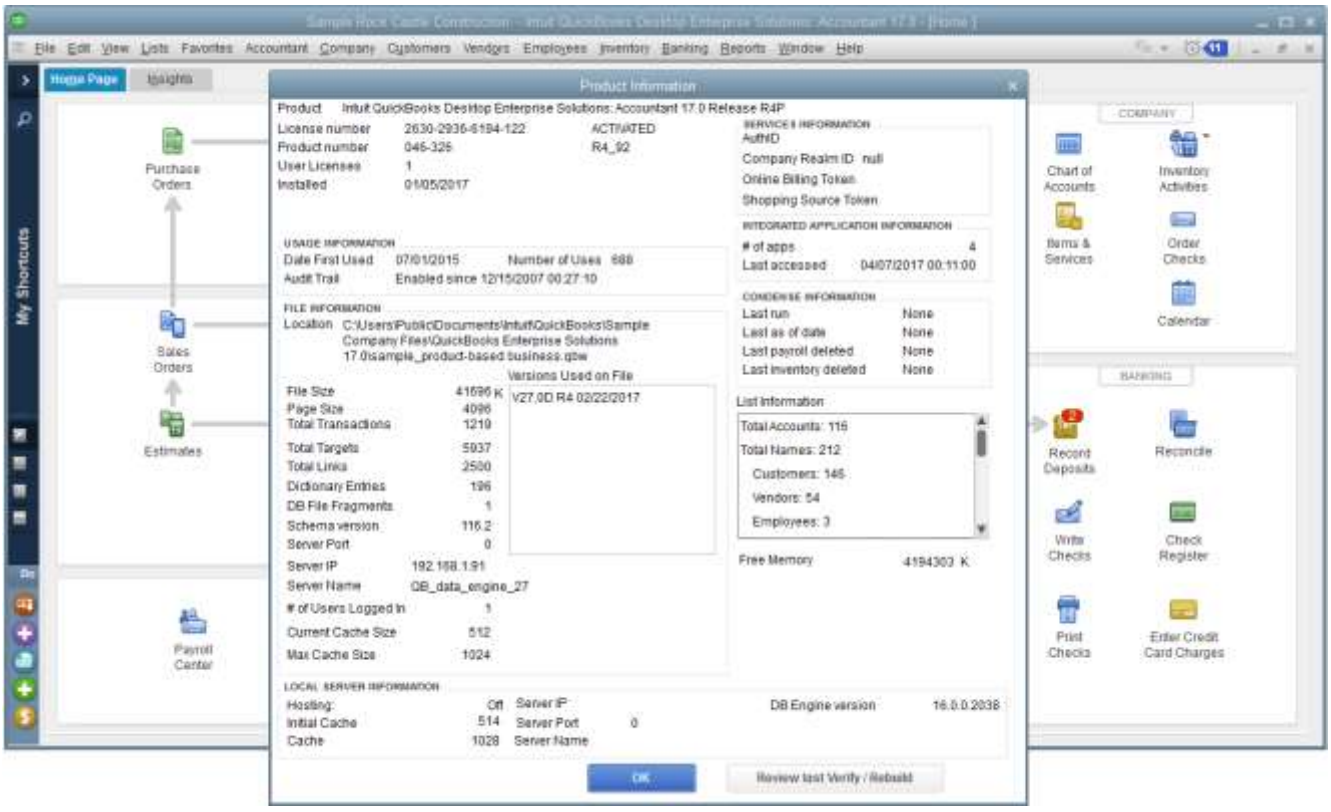


Step-by-Step: QuickBooks for Windows – Enterprise

Converting a QuickBooks Enterprise data file to QuickBooks Online is not officially supported due to the advanced features available in Enterprise that are not available in QuickBooks Online. However, some companies do not need the advanced features in Enterprise and may be candidates for conversion to QuickBooks Online. Others use Advanced Inventory in QuickBooks Enterprise and this will fail if converted to QuickBooks Online.

The conversion tool is accessed from QuickBooks Enterprise via keystroke which brings up the import process.

1. Press F2 to open the Product Information window.



2. Press Ctrl + b → Ctrl + q → OK to close the Product Information window.

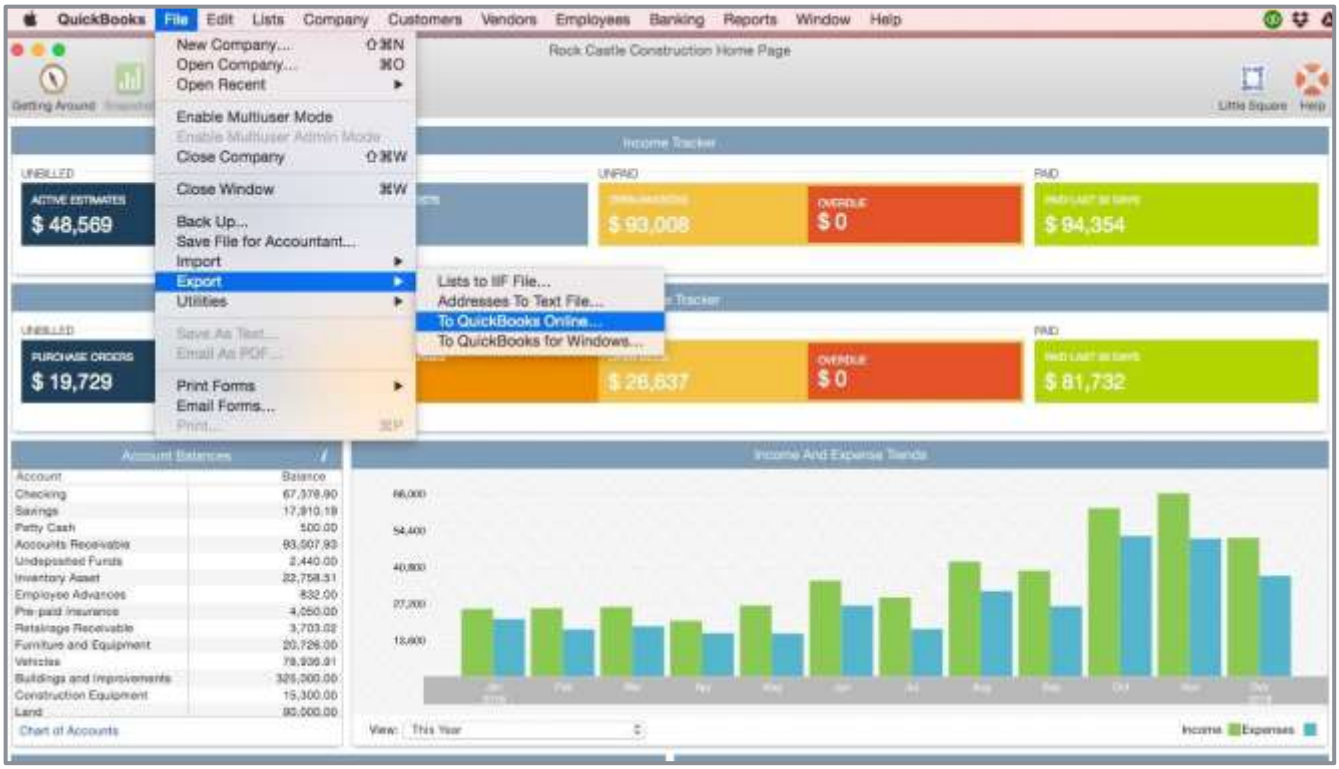
3. Now you should see the Export to QuickBooks Online window. Follow onscreen instructions.

4. If you have trouble with QuickBooks freezing during import, reference this article for help: https://community.intuit.com/articles/1145447-import-into-quickbooks-online-from-quickbooks-enterprise

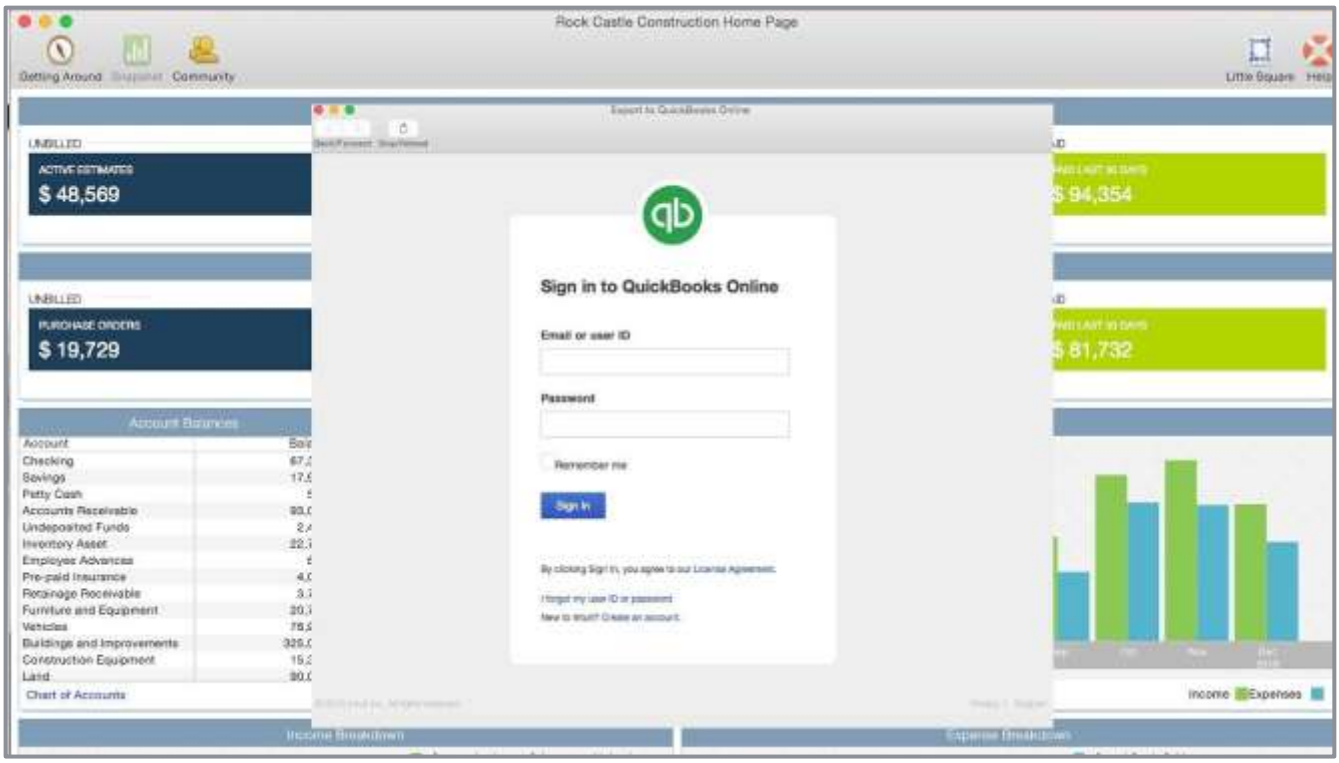
Step-by-Step: **QuickBooks for Mac**

Best results using QuickBooks Mac 2013 R11 and higher.

1. Navigate to File → Export → To QuickBooks Online.



2. Follow the onscreen instructions to export the data to QuickBooks Online.



NOTE: *If you have an older version of QuickBooks Desktop or for some other reason need a trial version of QuickBooks Pro / Premier, Enterprise or Mac in order to convert to QuickBooks Online, download it here:*
https://community.intuit.com/articles/1207255-quickbooks-desktop-trial-links

If you experience errors during conversion, reference this help site for possible solutions:
https://community.intuit.com/articles/1145583-errors-importing-to-quickbooks-online

Best Practices Using the QuickBooks Desktop Conversion Tool with Inventory

QuickBooks Online uses the FIFO method to value inventory and record the cost of products when they are sold. This method can reflect costs more accurately, especially if prices change over time. For most businesses, the FIFO method produces the biggest gross profit and highest ending inventory value on the balance sheet. It also shows how inventory flows through your business more accurately. This is why QuickBooks Online uses FIFO.

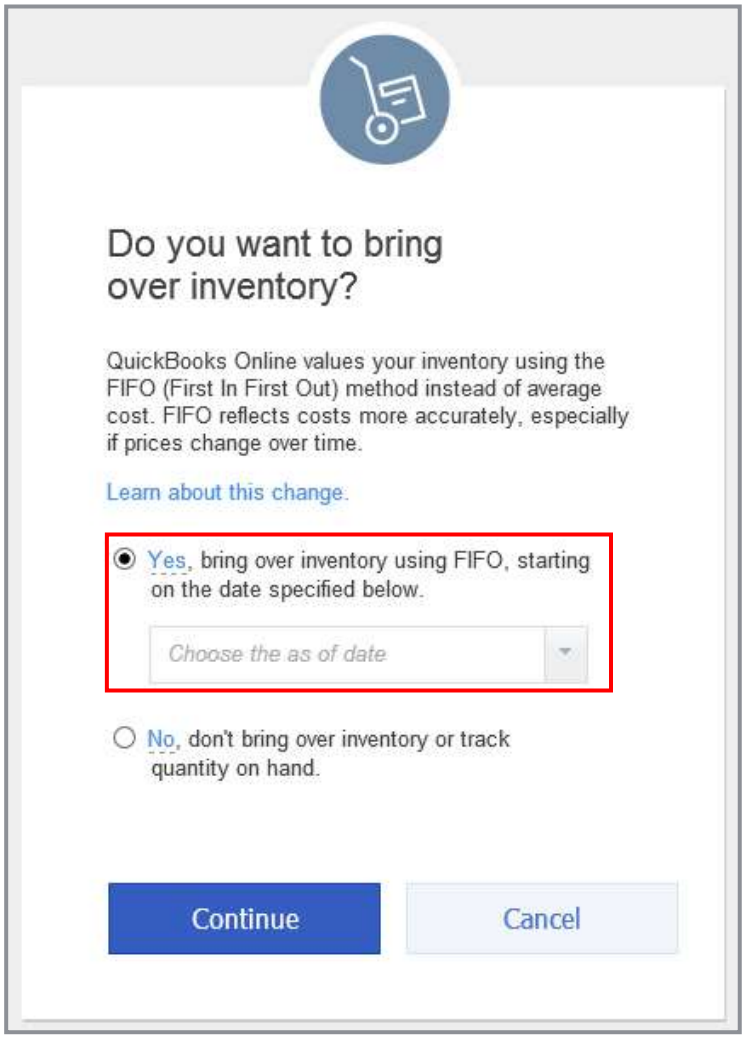
Businesses which use a different inventory method and convert to QuickBooks Online inventory should consult their accountant first to discuss the change in inventory methods. For those converting from QuickBooks Desktop, understand that QuickBooks Desktop uses the weighted average cost method to calculate inventory value and cost, so you would be changing inventory valuation methods by using QuickBooks Online for inventory tracking.

Those who plan to use QuickBooks Online with QuickBooks Point of Sale powered by Revel should understand that Revel also uses the weighted average cost method to calculate inventory value and cost, so do not switch to FIFO if you will need to switch back to weighted average cost later.

If you are using a different third party app to expand inventory functionality, check with the developer regarding whether you should turn on inventory when converting to QuickBooks Online. Many third party inventory apps do not want inventory turned on in QuickBooks Online.

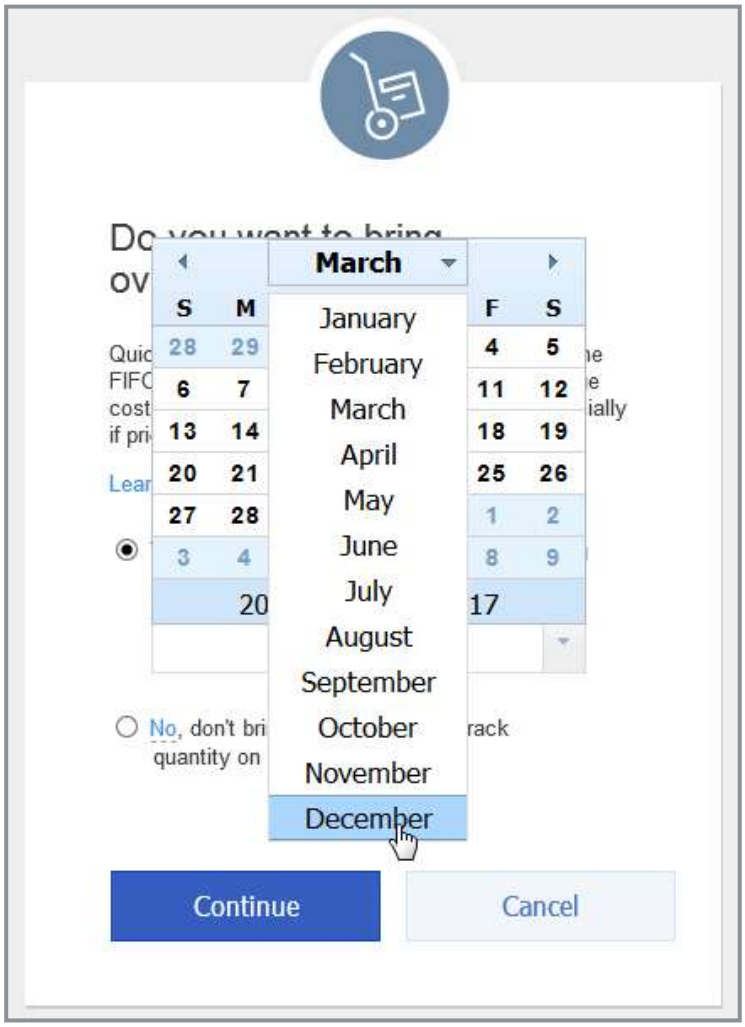
QuickBooks for Pro / Premier with Inventory

When a QuickBooks data file is converted from Desktop to Online, you will be asked whether you want to bring your inventory.



Bring Over Inventory

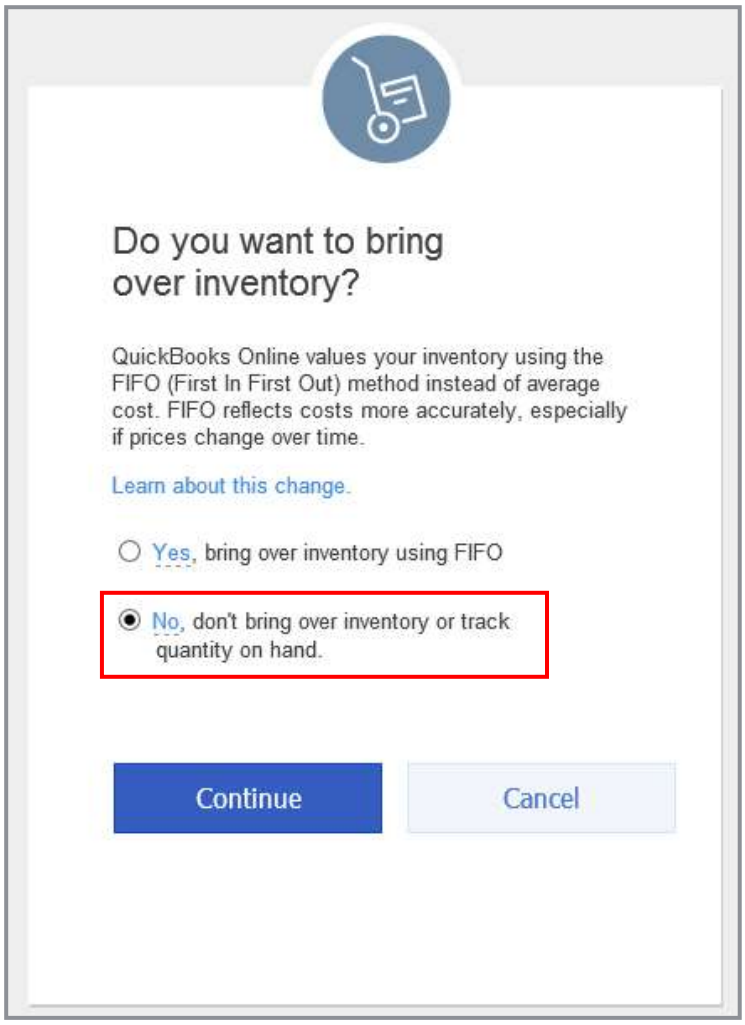
If you answer Yes, bring over inventory using FIFO, starting on the date specified below you will need to select a starting date. It is recommended you use the first day following the company's last tax filing period to avoid filing amended forms. Once you set the inventory start date, you won't be able to change it in QuickBooks Online, and any transactions prior to this date cannot be edited.



Next, QuickBooks Online will search for any errors with inventory. If errors are found, the import will fail. For example, if the cost of goods sold account on an inventory item from QuickBooks Desktop is not posting to the proper Cost of Goods Sold account type, the import will fail. The user will receive an email with instructions on how to fix the items that caused the problem.

Don't Bring Over Inventory

If you plan to use QuickBooks Point of Sale powered by Revel in the future, or if you prefer not to use FIFO or enable inventory in QuickBooks Online, then when the QuickBooks Desktop conversion tool asks whether to bring your inventory to QuickBooks Online, select **No, don't bring over inventory** or track quantity on hand.



Learn more below on what to expect post-conversion when you opt to bring over or *not* bring over inventory.

POST-CONVERSION WORK

Once you have sent the QuickBooks Desktop data to QuickBooks Online, wait for a confirmation email that the data is now available in QuickBooks Online. This generally takes 10 minutes or less, but could potentially take up to six hours. Usually the conversion is very quick and email confirmation is received almost immediately.

Once you've received the confirmation email, there are several steps to take to get started. We'll begin with general post-conversion work and the initial reconciliation then explore the more complex post-conversion work associated with inventory, payroll and payments.

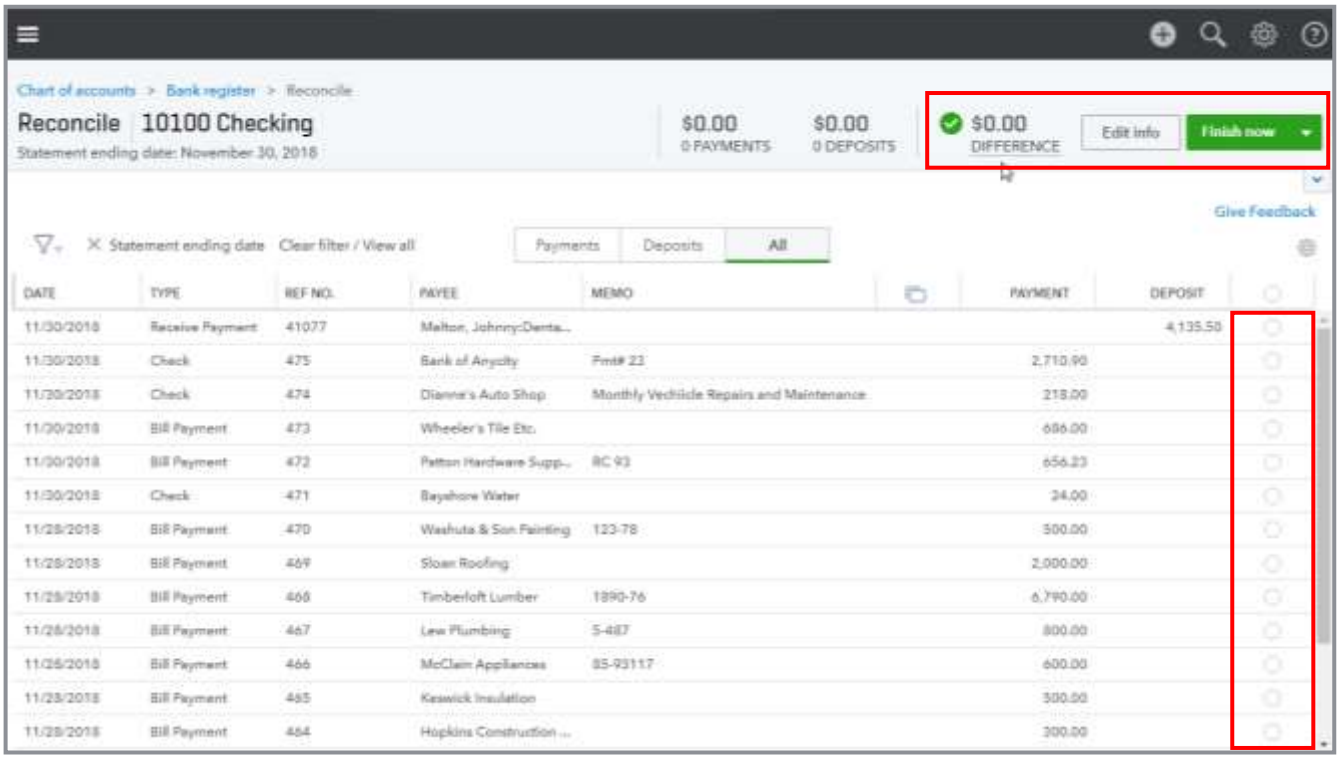
General

- Verify reports
  - Run accrual-based Balance Sheet and Profit & Loss reports for all dates in both QuickBooks Desktop and QuickBooks Online, comparing the totals to make sure they match
  - Run reports relevant to the business such as Open Invoices, Unpaid Bills, Sales Tax Liability and Payroll Tax Liability reports
- Review Company Settings to set global preferences such as
  - Activate features
  - Define custom sales and/or purchase order fields
  - Customize sales forms
  - Set closing date password
  - Enable setting to copy estimates to invoices and purchase orders
  - Activate pre-fill forms with previously entered content
- Connect bank and credit card accounts. Process bank activity in the For Review tab.
- Create and save custom reports
- Set up users and permissions
- Set up and implement chosen third party apps

Initial Reconciliation

Step-by-Step: Initial Reconciliation of all Previously Reconciled Transactions

1. Navigate to the Reconcile screen.
2. Use the same ending date and ending balance from the last reconciliation in QuickBooks Desktop.
3. Remember that during conversion, all transactions were sent to QuickBooks Online, including the R reconciled status on any reconciled transactions. So you should not have to check off any transactions as they are already marked as reconciled and will not show as open reconciling items.
4. Your difference should already be zero.
5. Click Finish Now.



Inventory

Bring Over Inventory

When you convert a data file from QuickBooks Desktop and elect to bring over inventory, there's really no work to be done. However, it is important to understand what has happened during conversion and spot check for accuracy. The conversion process will activate tracking quantity on hand for inventory in QuickBooks Online's company sales settings.

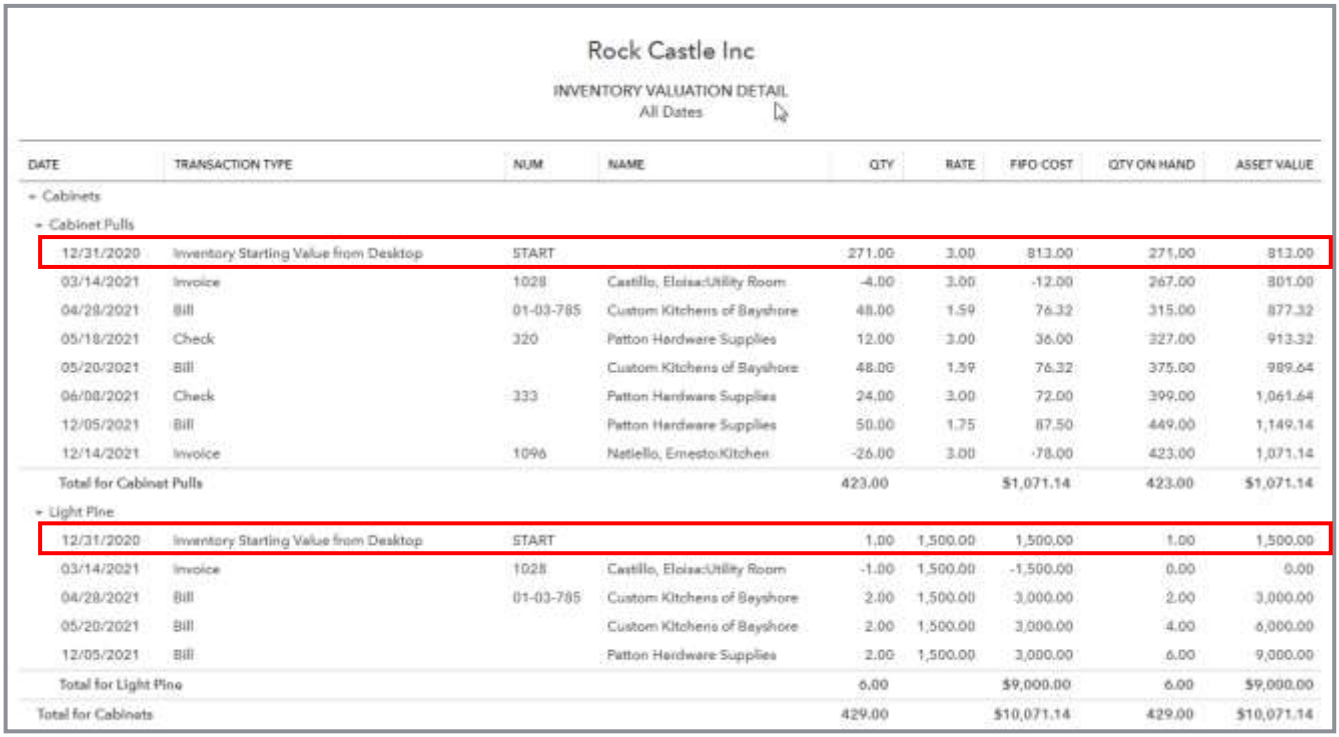
As you learned earlier in this module, historical sales transactions with inventory dated before the FIFO start date record the weighted average cost decrease to inventory asset and increase to COGS, identical to QuickBooks Desktop. This historical activity is not found on the QuickBooks Online Inventory Valuation Detail report.

Rock Castle Inc

TRANSACTION JOURNAL
All Dates

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT #	ACCOUNT	DEBIT	CREDIT
12/01/20...	Invoice	985	Pretell Real Estate:75 Suns...		11000	11000 Accounts Receivable	$11,785....	
				Removal labor	40130	40130 Construction Income:...		$672.00
				Framing labor	40130	40130 Construction Income:...		$2,640.00
				Install drywall	40150	40150 Construction Income:...		$336.00
				Electrical work	40150	40150 Construction Income:...		$129.94
				Install insulation	40150	40150 Construction Income:...		$45.94
				Plumbing	40150	40150 Construction Income:...		$115.50
				Roofing	40150	40150 Construction Income:...	$0.00	
				Painting	40150	40150 Construction Income:...	$0.00	
				Light pine kitchen cabinet w...	12100	12100 Inventory Asset		$1,500.00
				Light pine kitchen cabinet w...	50100	50100 Cost of Goods Sold	$1,500.00	
				Light pine kitchen cabinet w...	40140	40140 Construction Income:...		$1,799.00
				Cabinet Pulls	40140	40140 Construction Income:...		$118.80
				Cabinet Pulls	50100	50100 Cost of Goods Sold	$18.00	
				Cabinet Pulls	12100	12100 Inventory Asset		$18.00

At conversion, QuickBooks Online will post the starting values from QuickBooks Desktop for each inventory product as of the FIFO start date specified in the conversion. These starting values are found on the Inventory Valuation Detail report. This adjustment records starting quantity, rate and asset value to inventory. These starting value adjustments have a net zero effect on the general ledger so there is no duplication with historical sales transactions.



Rock Castle Inc

INVENTORY VALUATION DETAIL
All Dates

DATE	TRANSACTION TYPE	NUM	NAME	QTY	RATE	FIFO COST	QTY ON HAND	ASSET VALUE
▾ Cabinets								
▾ Cabinet Pulls								
12/31/2020	Inventory Starting Value from Desktop	START		271.00	3.00	813.00	271.00	813.00
03/14/2021	Invoice	1028	Castillo, Eloisa:Utility Room	-4.00	3.00	-12.00	267.00	801.00
04/28/2021	Bill	01-03-785	Custom Kitchens of Bayshore	48.00	1.59	76.32	315.00	877.32
05/18/2021	Check	320	Patton Hardware Supplies	12.00	3.00	36.00	327.00	913.32
05/20/2021	Bill		Custom Kitchens of Bayshore	48.00	1.59	76.32	375.00	989.64
06/08/2021	Check	333	Patton Hardware Supplies	24.00	3.00	72.00	399.00	1,061.64
12/05/2021	Bill		Patton Hardware Supplies	50.00	1.75	87.50	449.00	1,149.14
12/14/2021	Invoice	1096	Natiello, Ernesto:Kitchen	-26.00	3.00	-78.00	423.00	1,071.14
Total for Cabinet Pulls				423.00		$1,071.14	423.00	$1,071.14
▾ Light Pine								
12/31/2020	Inventory Starting Value from Desktop	START		1.00	1,500.00	1,500.00	1.00	1,500.00
03/14/2021	Invoice	1028	Castillo, Eloisa:Utility Room	-1.00	1,500.00	-1,500.00	0.00	0.00
04/28/2021	Bill	01-03-785	Custom Kitchens of Bayshore	2.00	1,500.00	3,000.00	2.00	3,000.00
05/20/2021	Bill		Custom Kitchens of Bayshore	2.00	1,500.00	3,000.00	4.00	6,000.00
12/05/2021	Bill		Patton Hardware Supplies	2.00	1,500.00	3,000.00	6.00	9,000.00
Total for Light Pine				6.00		$9,000.00	6.00	$9,000.00
Total for Cabinets				429.00		$10,071.14	429.00	$10,071.14

Any existing transactions on or after this date are recalculated in QuickBooks Online under FIFO.

NOTE: QuickBooks Mac does not support inventory import. Mac users would need to convert their Mac file to Windows in order to convert inventory to QuickBooks Online.

It is likely that QuickBooks Online's accrual-basis reports for all dates will not match QuickBooks Desktop since the inventory is restated in QuickBooks Online using the FIFO method as of the start date specified during conversion. However, you could run an accrual-basis balance sheet that ends before the inventory start date to compare QuickBooks Online and QuickBooks Desktop based on weighted average valuation to make sure the values match before the start date of FIFO valuation.

The IRS requires you to commit to an inventory costing method the first year you file a business tax return. You can apply to change your cost method by filing Form 3115 for the tax year you first implement your new inventory cost method. This is the inventory start date you set on the QuickBooks Desktop conversion tool. IRS consent for this change is automatic when you file a correctly completed Form 3115 and there is no review or approval process. *This does not constitute tax advice. Please contact a tax professional to discuss any consequences, questions and action steps.*

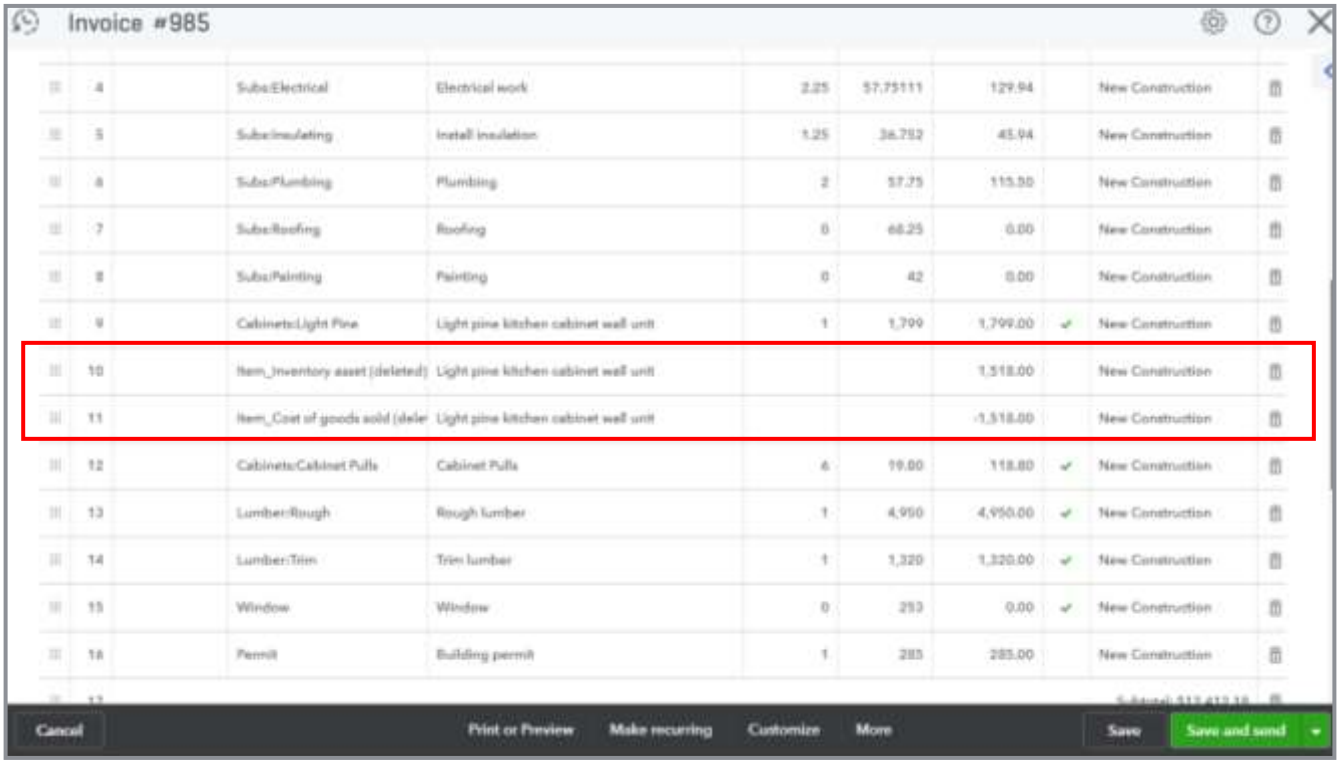
Don't Bring Over Inventory

When you convert a QuickBooks Desktop data file with inventory to QuickBooks Online and elect *not* to bring over inventory, items in QuickBooks Desktop that are type Inventory Part are imported to QuickBooks Online as type non-inventory.

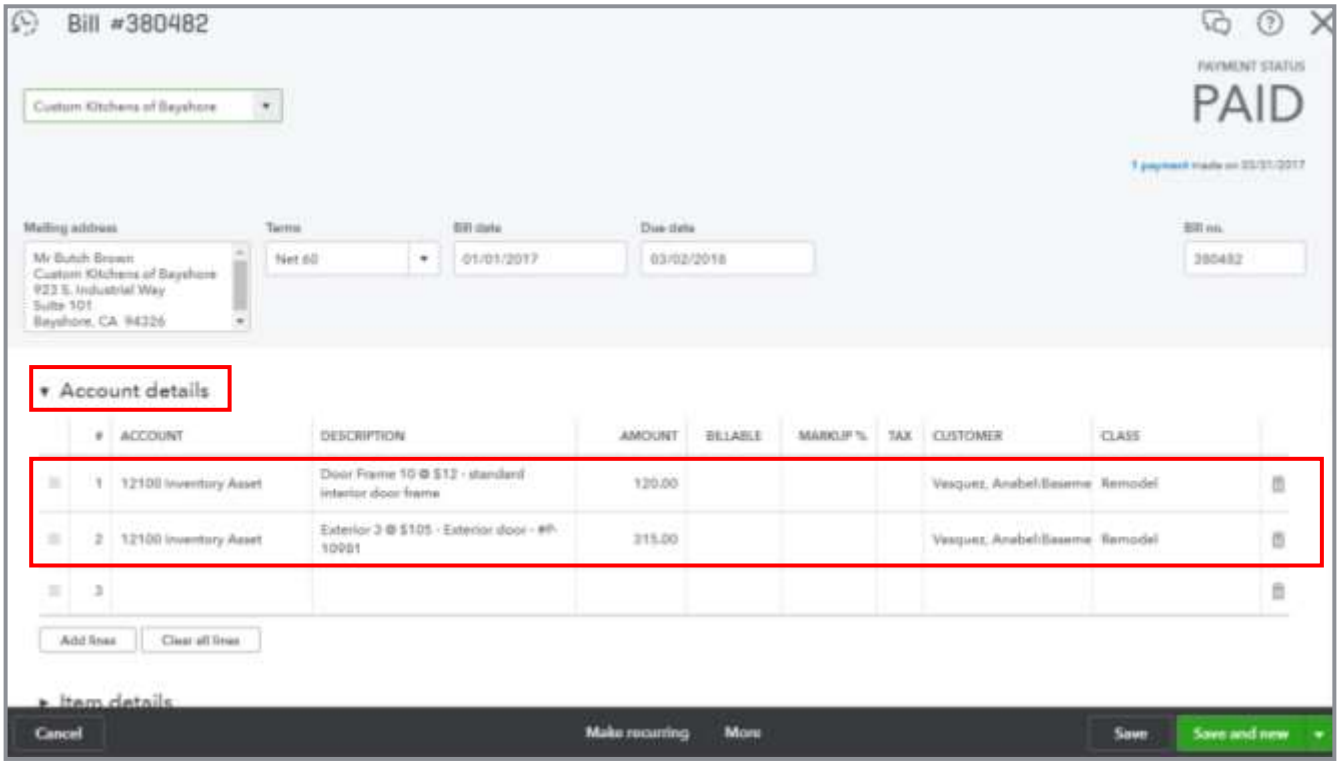
Historical sales transactions (invoices and sales receipts) with inventory parts now have two additional lines to account for the removal from inventory and the cost of the sale. The amount on each of these two additional lines is the sum of the cost of all inventory items on that transaction.

NOTE: *At the time of this recording/publication, the description field on each line shows the name of only one of the multiple inventory items on a sales form, but the amount represents the total cost for all inventory items on the transaction.*

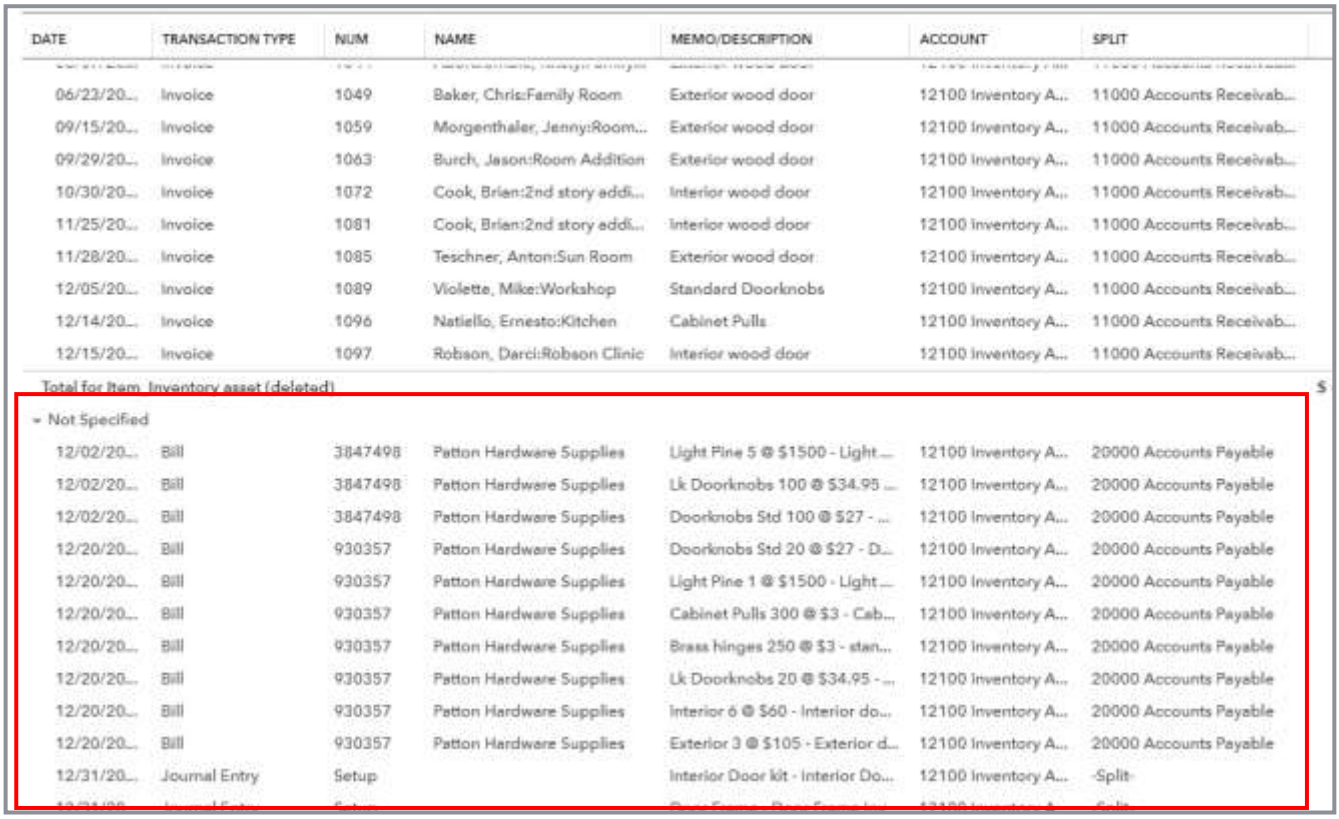
These two new adjustment lines will be hidden when printed, so re-sending historical invoices and sales receipts to customers will not reveal these adjustments.



Purchase transactions originally posted using items to record the increase in Inventory Asset will have converted to QuickBooks Online using *accounts* instead of *items*. The rate and quantity are copied to the line description.



Drill down into the inventory asset balance on the balance sheet and customize to group by Product/Service to find the grouping of Not Specified purchases. These are the purchases that are posted directly to accounts instead of items.



DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	SPLIT
06/23/20...	Invoice	1049	Baker, Chris:Family Room	Exterior wood door	12100 Inventory A...	11000 Accounts Receivab...
09/15/20...	Invoice	1059	Morgenthaler, Jenny:Room...	Exterior wood door	12100 Inventory A...	11000 Accounts Receivab...
09/29/20...	Invoice	1063	Burch, Jason:Room Addition	Exterior wood door	12100 Inventory A...	11000 Accounts Receivab...
10/30/20...	Invoice	1072	Cook, Brian:2nd story addi...	Interior wood door	12100 Inventory A...	11000 Accounts Receivab...
11/25/20...	Invoice	1081	Cook, Brian:2nd story addi...	Interior wood door	12100 Inventory A...	11000 Accounts Receivab...
11/28/20...	Invoice	1085	Teschner, Anton:Sun Room	Exterior wood door	12100 Inventory A...	11000 Accounts Receivab...
12/05/20...	Invoice	1089	Violette, Mike:Workshop	Standard Doorknobs	12100 Inventory A...	11000 Accounts Receivab...
12/14/20...	Invoice	1096	Natiello, Ernesto:Kitchen	Cabinet Pulls	12100 Inventory A...	11000 Accounts Receivab...
12/15/20...	Invoice	1097	Robson, Darci:Robson Clinic	Interior wood door	12100 Inventory A...	11000 Accounts Receivab...
Total for Item_Inventory asset (deleted)						$
▾ Not Specified						
12/02/20...	Bill	3847498	Patton Hardware Supplies	Light Pine 5 @ $1500 - Light ...	12100 Inventory A...	20000 Accounts Payable
12/02/20...	Bill	3847498	Patton Hardware Supplies	Lk Doorknobs 100 @ $34.95 ...	12100 Inventory A...	20000 Accounts Payable
12/02/20...	Bill	3847498	Patton Hardware Supplies	Doorknobs Std 100 @ $27 - ...	12100 Inventory A...	20000 Accounts Payable
12/20/20...	Bill	930357	Patton Hardware Supplies	Doorknobs Std 20 @ $27 - D...	12100 Inventory A...	20000 Accounts Payable
12/20/20...	Bill	930357	Patton Hardware Supplies	Light Pine 1 @ $1500 - Light ...	12100 Inventory A...	20000 Accounts Payable
12/20/20...	Bill	930357	Patton Hardware Supplies	Cabinet Pulls 300 @ $3 - Cab...	12100 Inventory A...	20000 Accounts Payable
12/20/20...	Bill	930357	Patton Hardware Supplies	Brass hinges 250 @ $3 - stan...	12100 Inventory A...	20000 Accounts Payable
12/20/20...	Bill	930357	Patton Hardware Supplies	Lk Doorknobs 20 @ $34.95 - ...	12100 Inventory A...	20000 Accounts Payable
12/20/20...	Bill	930357	Patton Hardware Supplies	Interior ó @ $60 - Interior do...	12100 Inventory A...	20000 Accounts Payable
12/20/20...	Bill	930357	Patton Hardware Supplies	Exterior 3 @ $105 - Exterior d...	12100 Inventory A...	20000 Accounts Payable
12/31/20...	Journal Entry	Setup		Interior Door kit - Interior Do...	12100 Inventory A...	-Split-

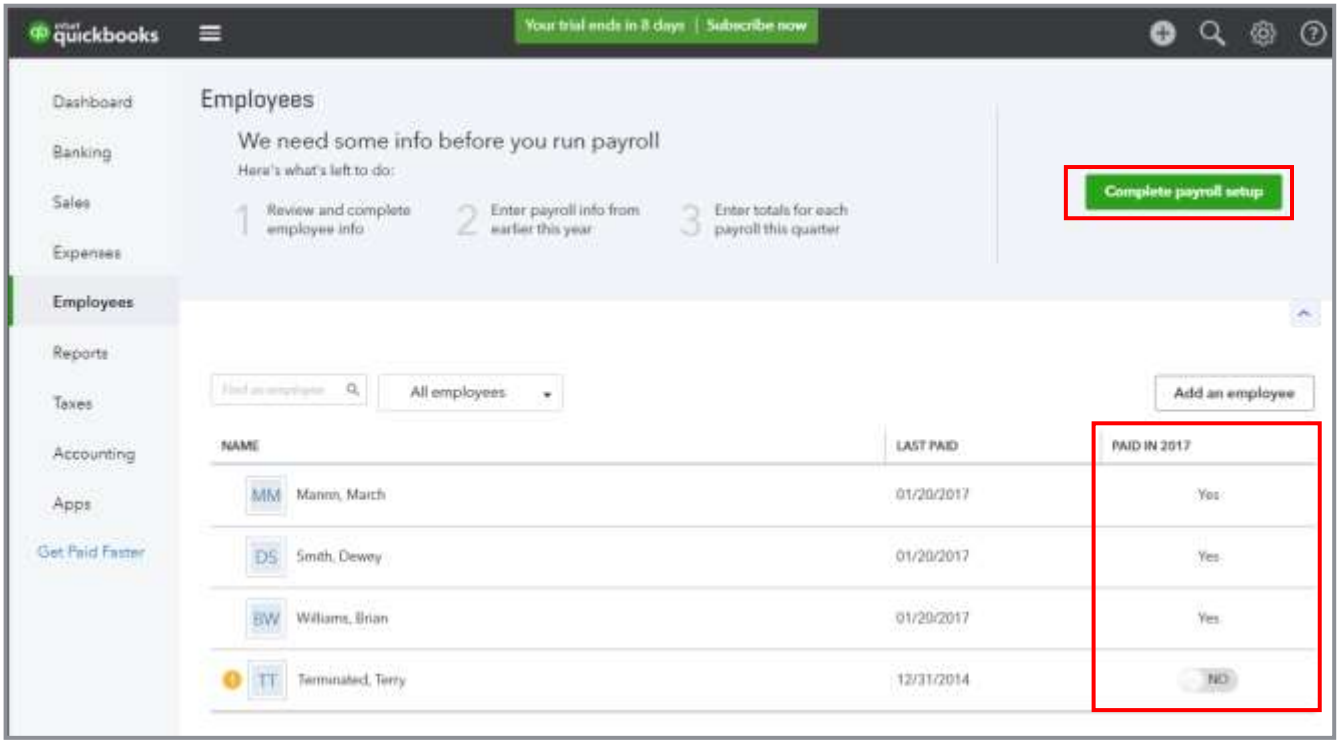
To ensure the Inventory Asset and COGS transactions were converted properly, run the Inventory Valuation Summary report in QuickBooks Desktop and run the Balance Sheet report, accrual-basis, in QuickBooks Online. Both reports should be run for All Dates. Compare the QuickBooks Desktop Inventory Valuation report's total asset value to the QuickBooks Online Inventory Asset account balance. If the two amounts don't match exactly, there may be rounding differences or differences related to inventory valuation adjustments. If too large a discrepancy, drill down on the QuickBooks Online Balance Sheet Inventory Asset account to explore transaction detail to determine whether the conversion of historical inventory was acceptable or not. Remember that you will not be able to group by item, since sales transaction detail will be recorded using the *new Item_Inventory asset (deleted),* and purchase detail will be recorded directly to accounts.

Payroll

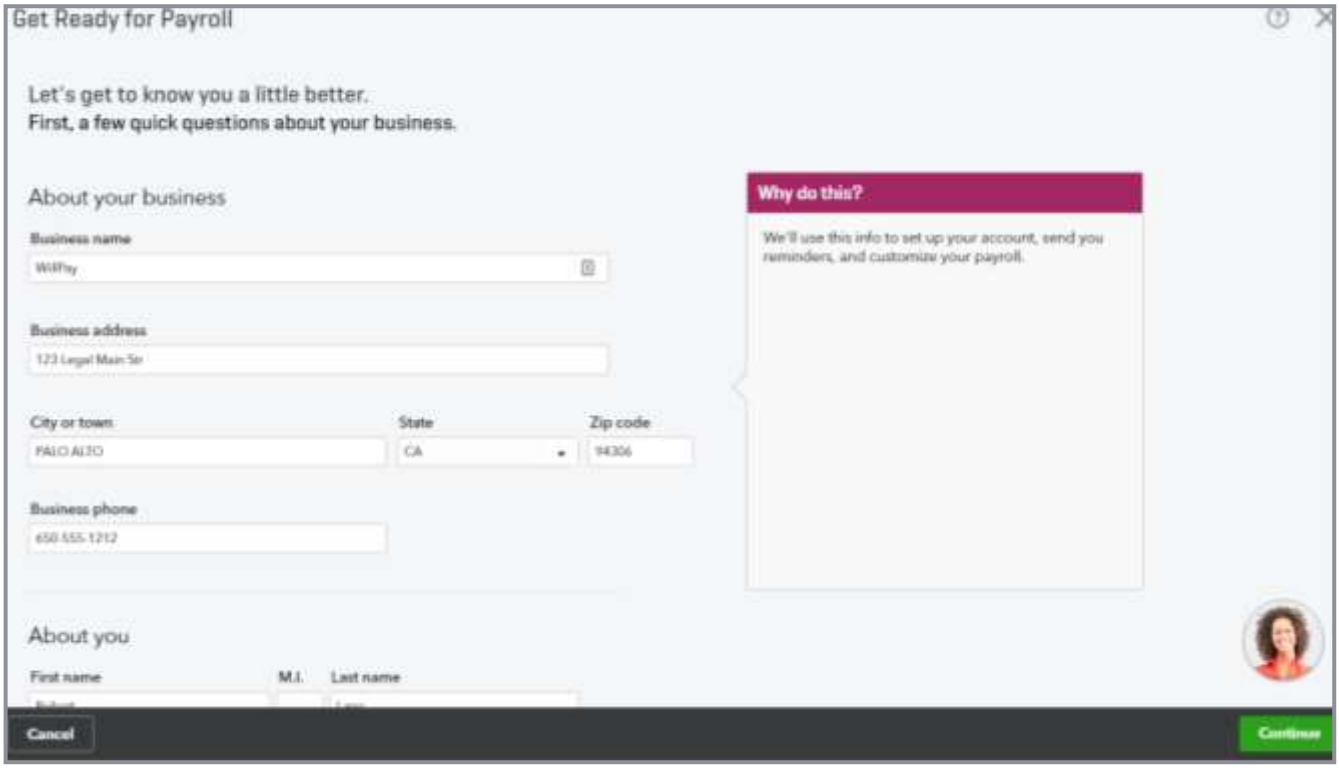
If using QuickBooks Desktop with Payroll turned on, the conversion tool will activate payroll service in QuickBooks Online and import payroll data. All payroll-related financial transactions are posted to the general ledger and much of the employee data is imported. To complete payroll setup post-conversion, you'll review and complete employee information, year-to-date and quarterly information.

Step-by-Step: **Complete Payroll Setup**

1. Navigate to the Employee Center in QuickBooks Online.
2. In the Paid in [CurrentYear] column, make sure each employee who received a paycheck this year shows Yes. This is a sign of a successful conversion.
3. Click Complete payroll setup.



4. Review and update the About Your Business section. Click Continue.



5. If there were any custom payroll items used in QuickBooks Desktop Payroll for compensation, benefits, paid time off, contributions or deductions, you will be prompted to match your company's payroll items to the options available in QuickBooks Online.

   a. QuickBooks Online will show you the taxes applied to the custom payroll item from QuickBooks Desktop.

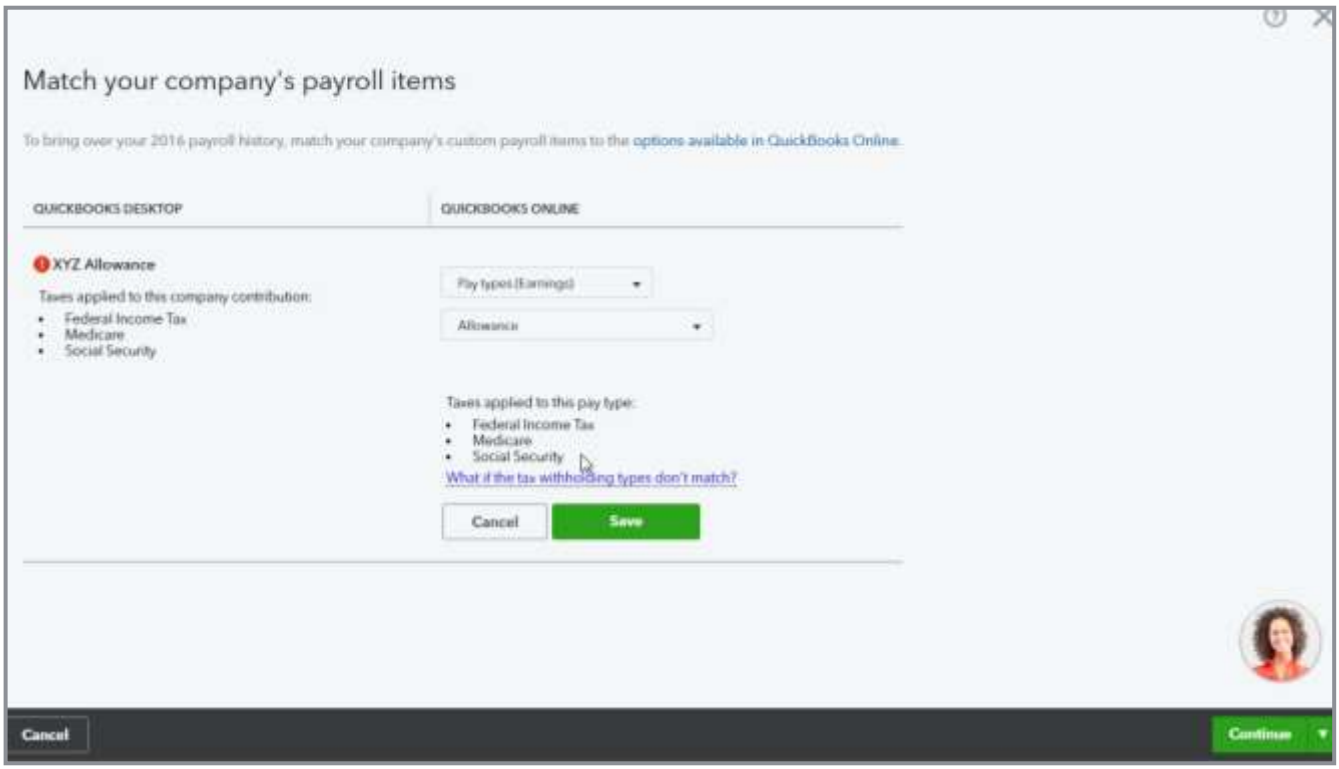
   b. Select whether the payroll item is *Pay types (Earnings)* or *Deductions/Contributions.*

   c. Specify which type of earning or deduction.

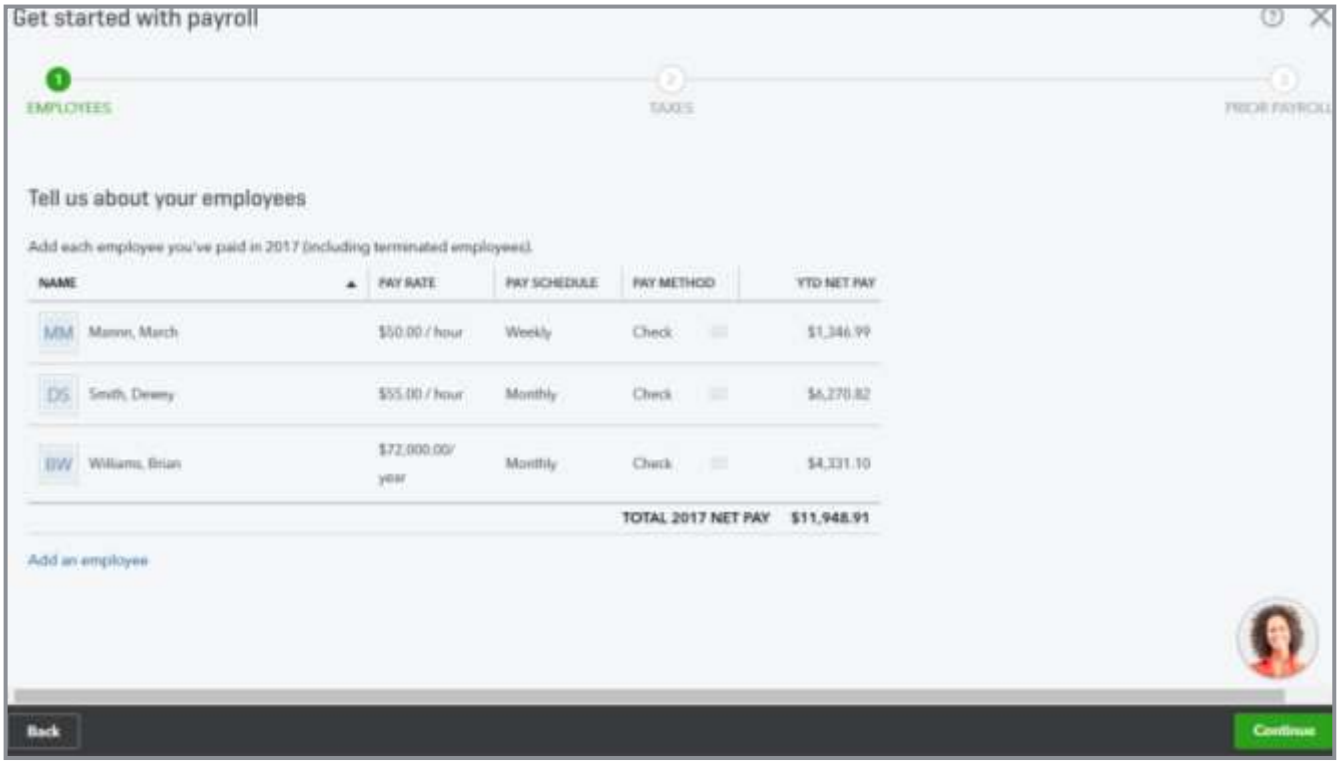
   d. QuickBooks Online will then show you which taxes are applicable for this pay type.

   e. Compare that to taxes applied in QuickBooks Desktop. If they don't match, QuickBooks Online will still accept what happened in QuickBooks Desktop, but will correct it going forward.

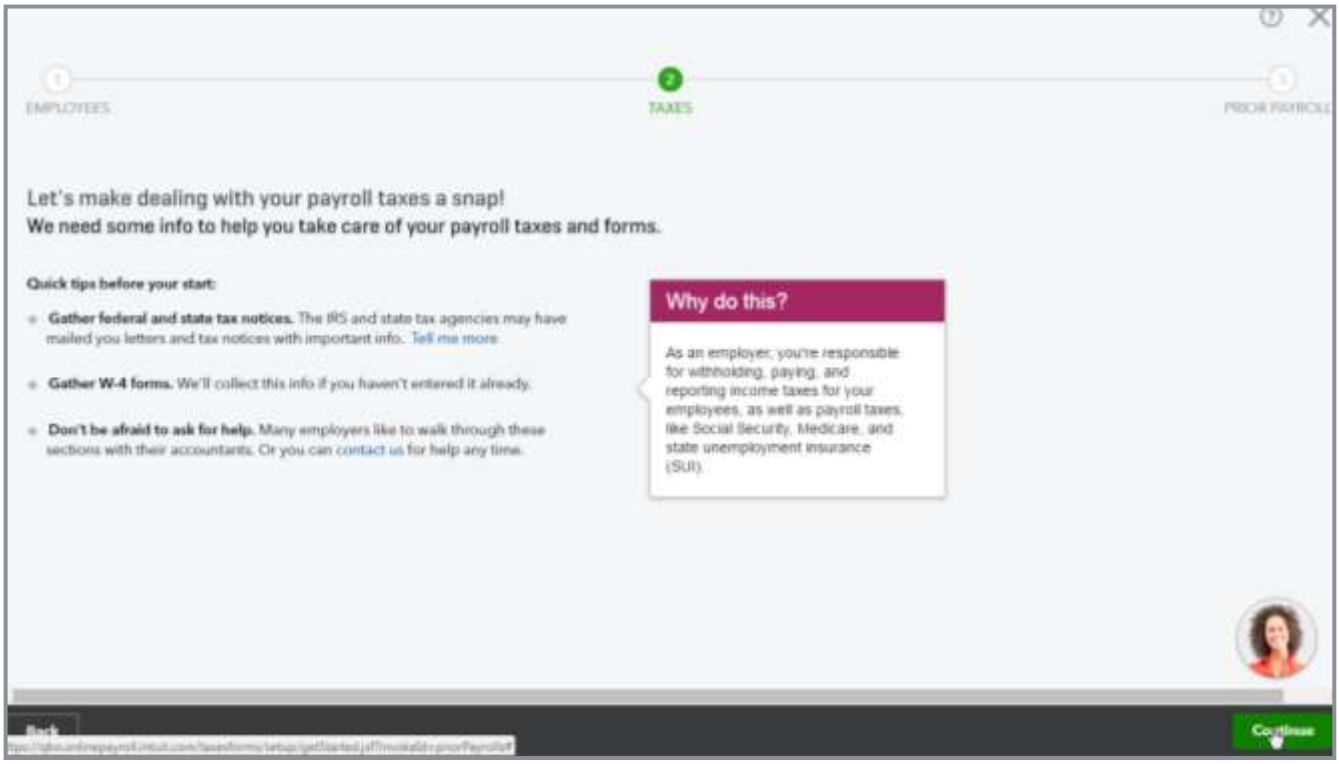
   f. Click Save then Continue.

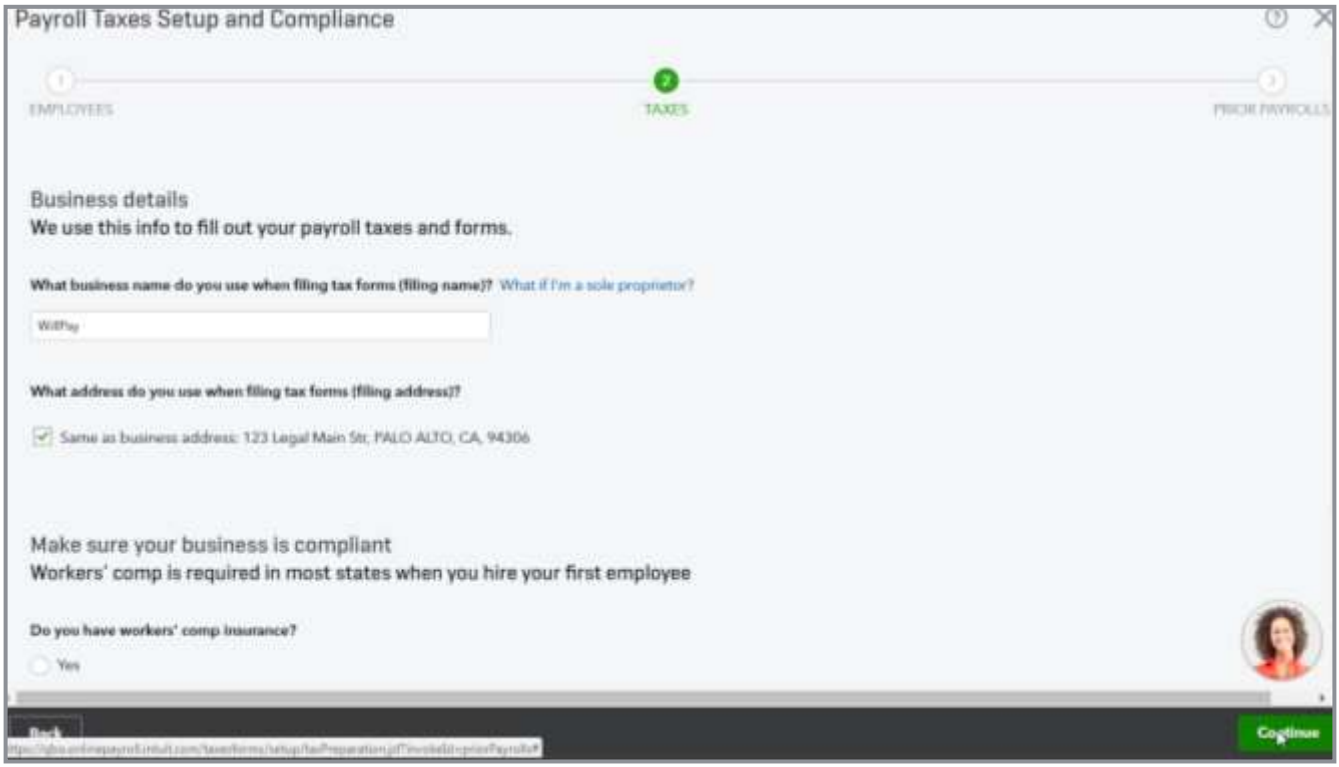


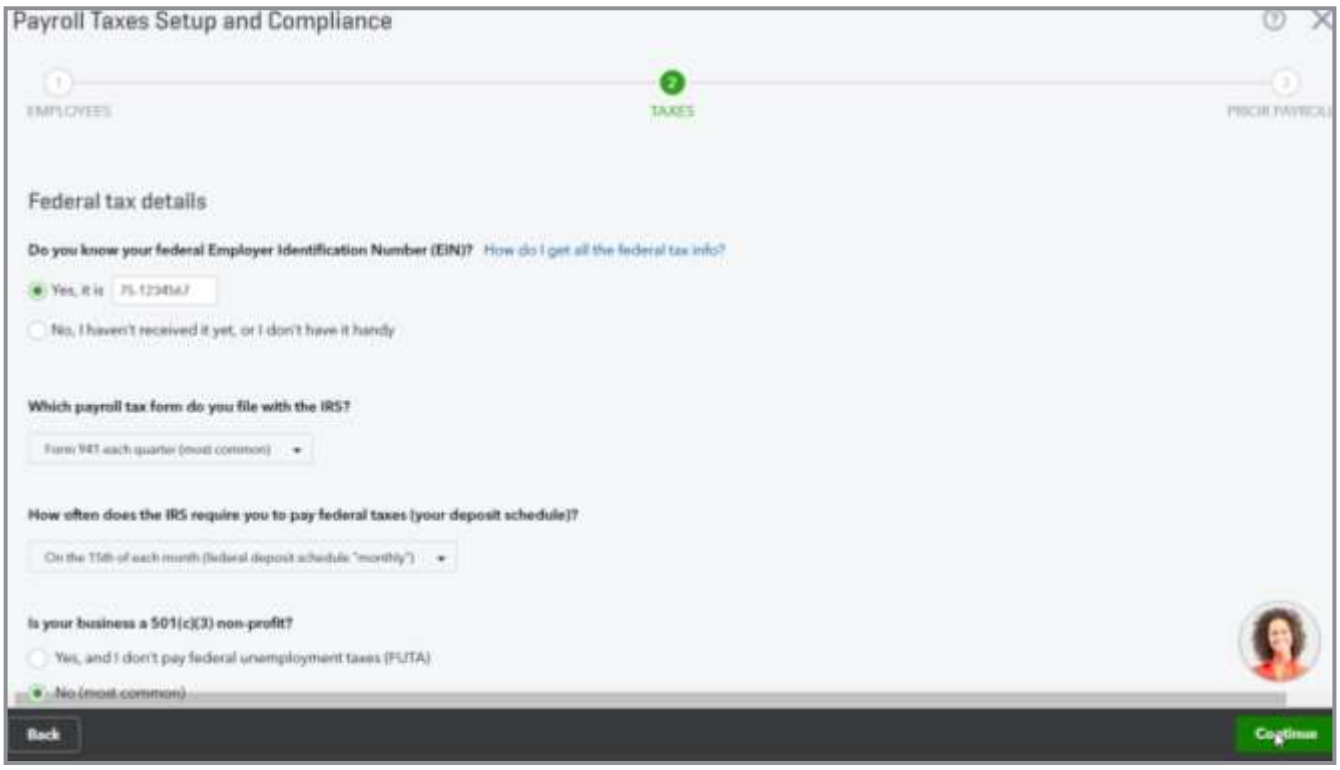
6. Employee information converts from QuickBooks Desktop. Click a row to review and update this data as needed. Click Continue.

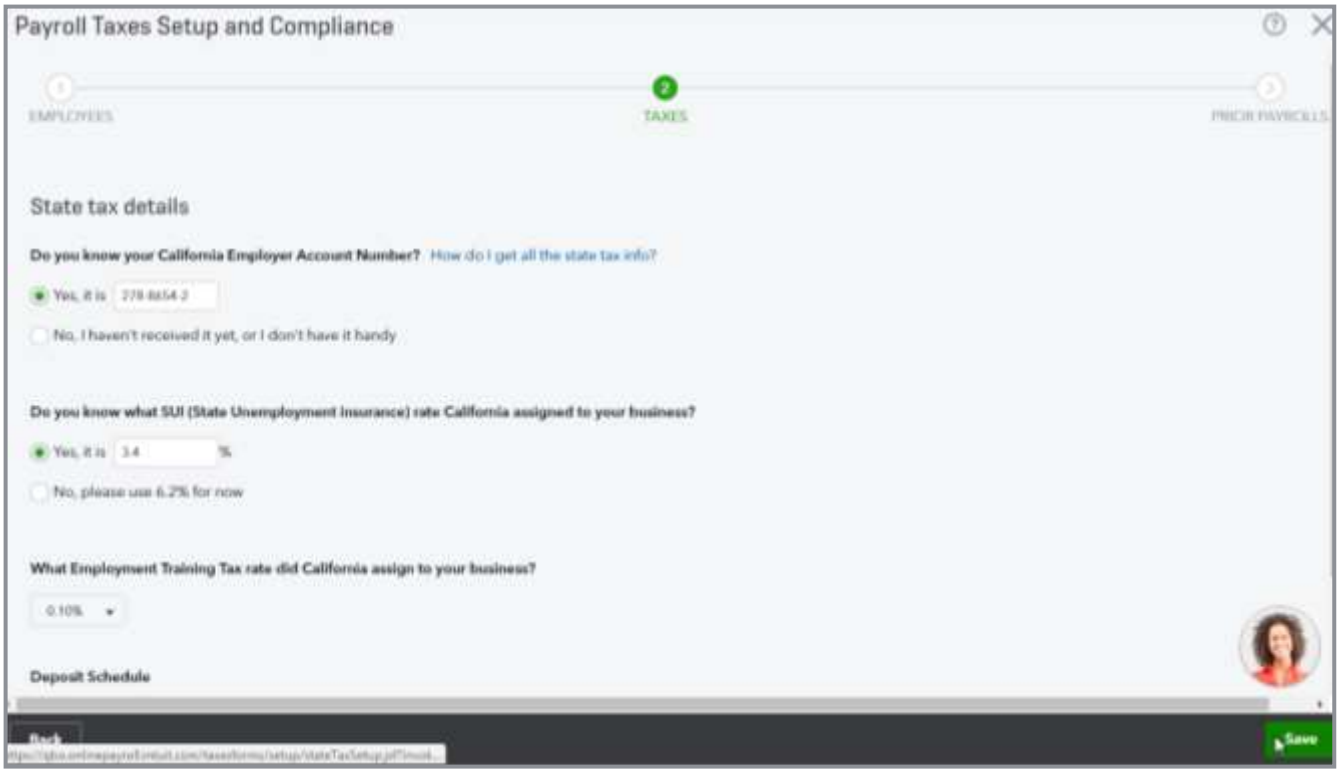


7. Tax information converts from QuickBooks Desktop. Review and update this data as needed. Click Continue through each tax screen then click Save.

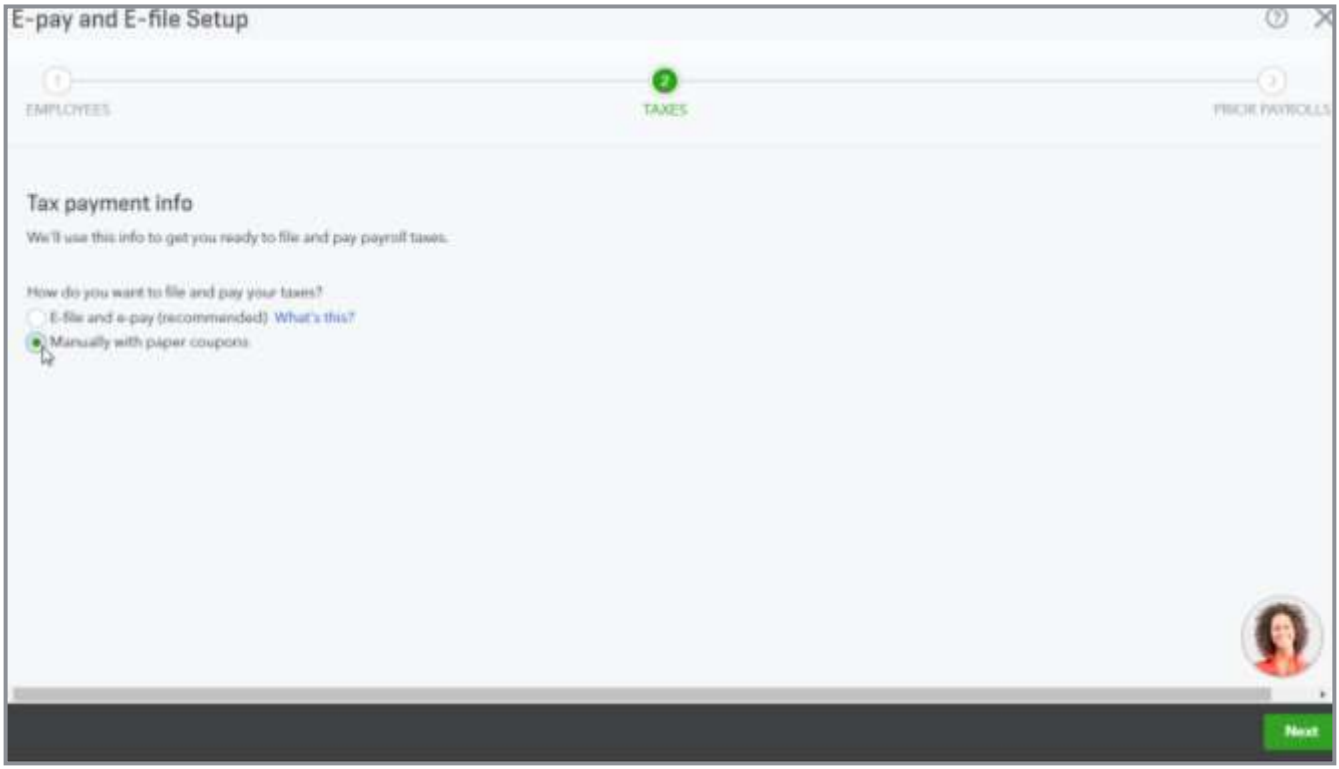




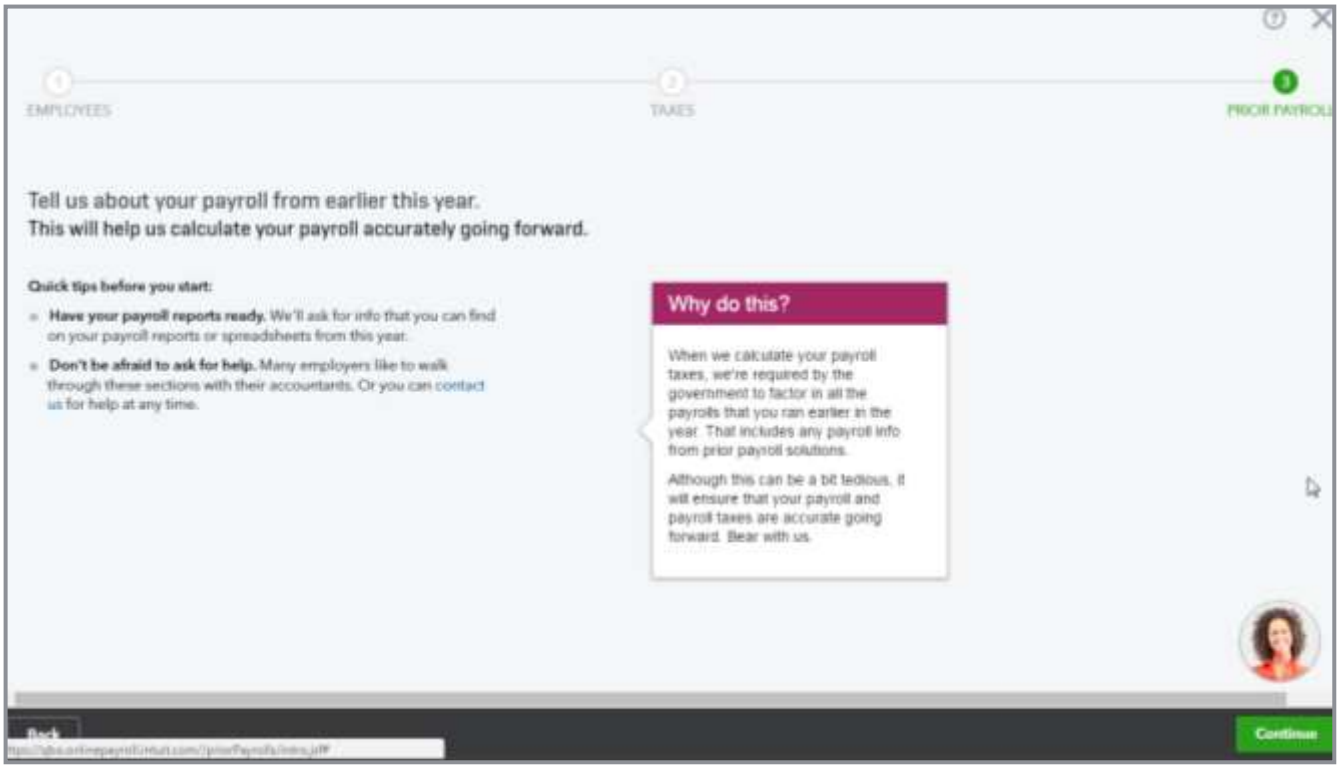

Payroll Taxes Setup and Compliance
EMPLOYEES
TAXES
Federal tax details
Do you know your federal Employer Identification Number (EIN)?
How do I get all the federal tax info?
Yes, it is
No, I haven't received it yet, or I don't have it handy
Which payroll tax form do you file with the IRS?
How often does the IRS require you to pay federal taxes (your deposit schedule)?
Is your business a 501(c)(3) non-profit?
Yes, and I don't pay federal unemployment taxes (FUTA)
No (most common)
Back
Continue


Payroll Taxes Setup and Compliance
EMPLOYEES
TAXES
State tax details
Do you know your California Employer Account Number?
How do I get all the state tax info?
Yes, it is
No, I haven't received it yet, or I don't have it handy
Do you know what SUI (State Unemployment Insurance) rate California assigned to your business?
Yes, it is
No, please use 6.2% for now
What Employment Training Tax rate did California assign to your business?
Deposit Schedule
Back
Save

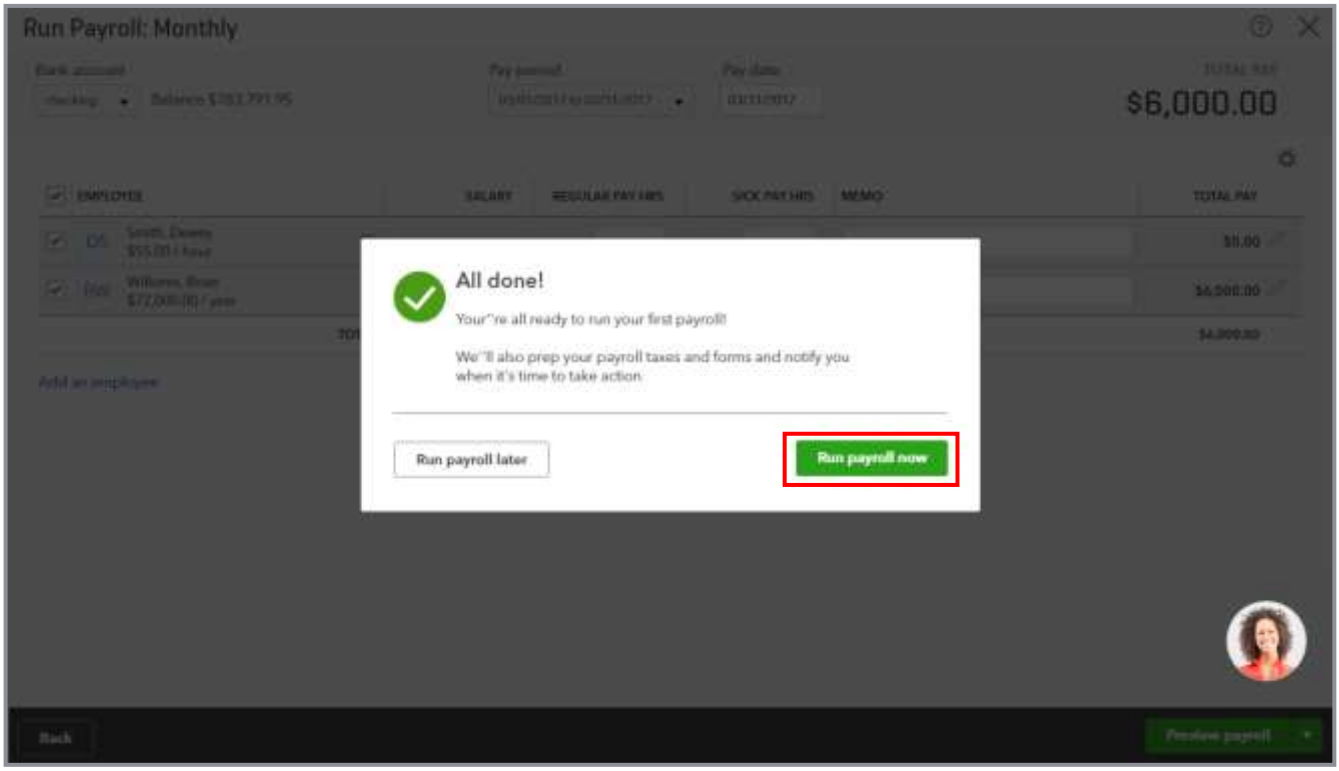
8. You will then be prompted to set up E-file and E-pay. Enter required information, or select the option to perform this work Manually with paper coupons and set up E-file and E-pay at a later date. Click Next.

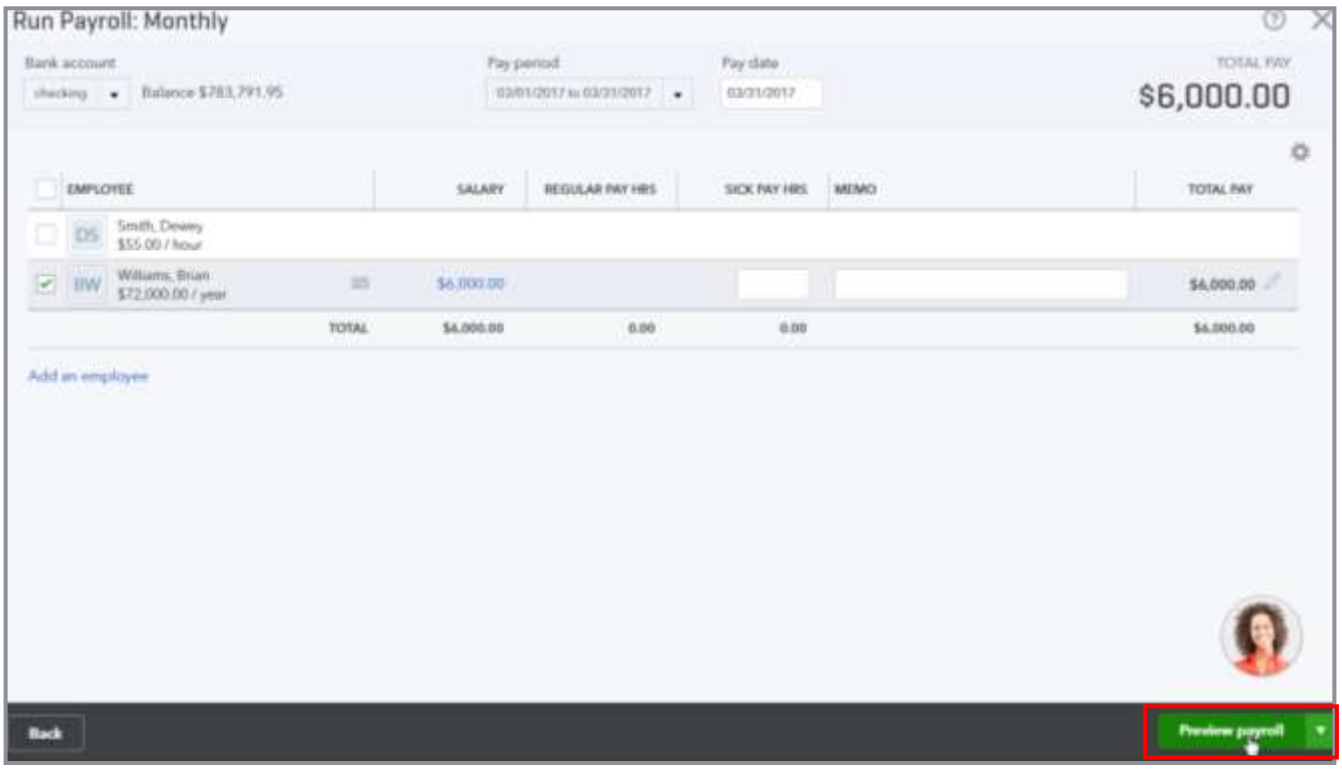


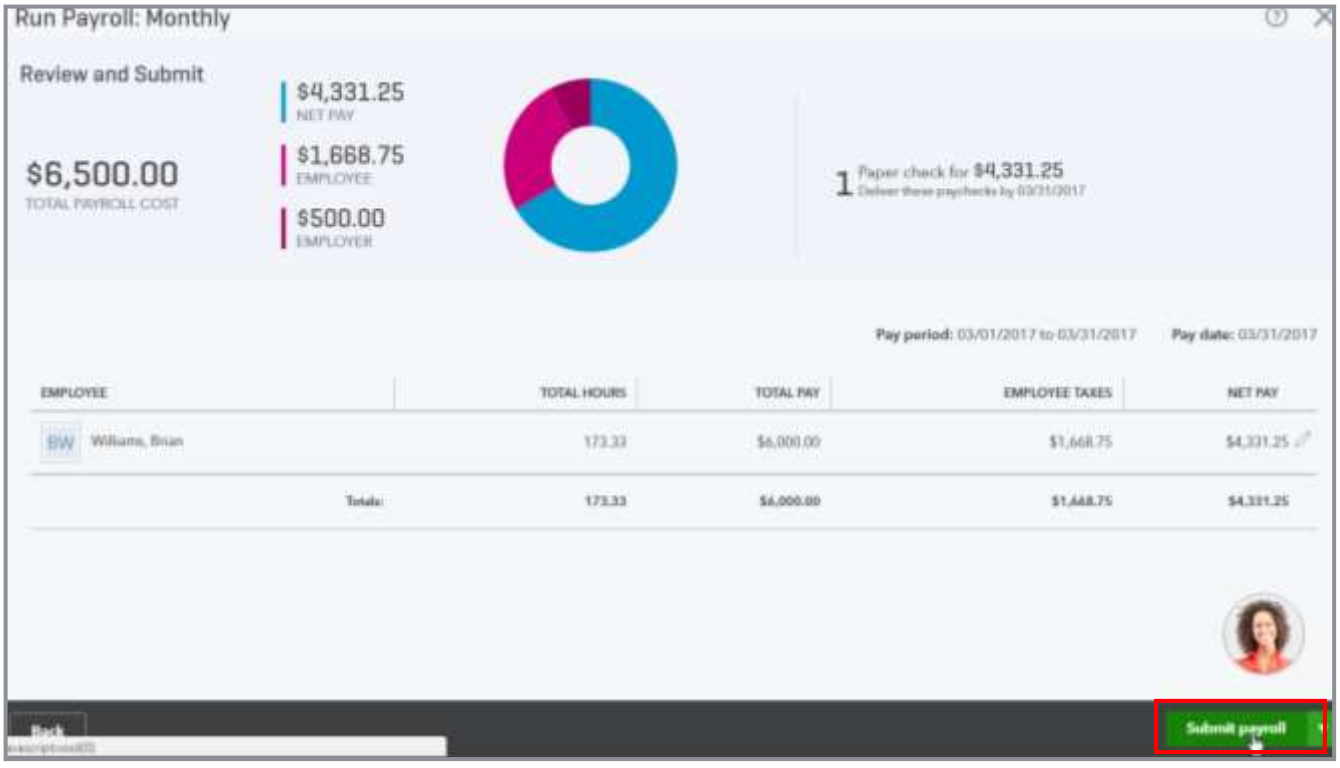
9. Prior payroll information converts from QuickBooks Desktop. Review and add any missing data as needed. Click Continue.

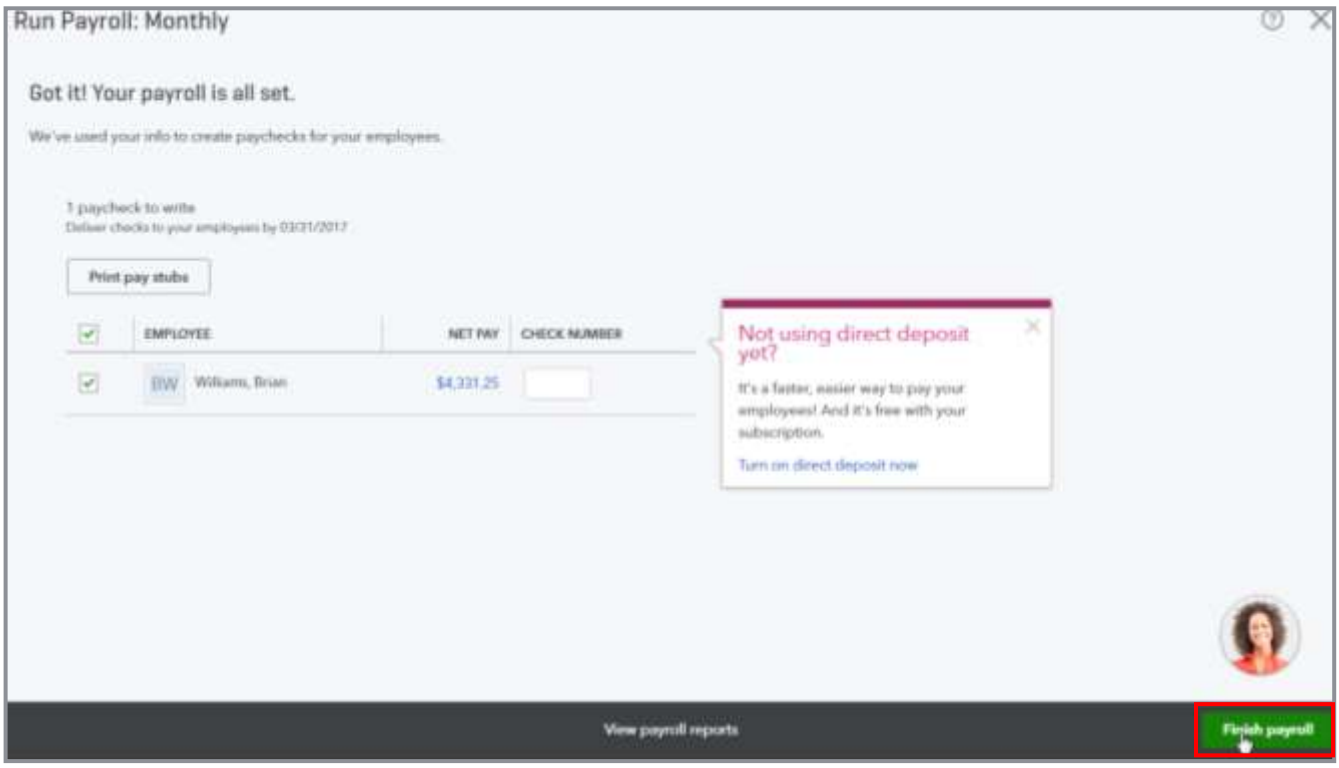


10. Once setup is complete, you will be prompted to run your first payroll. It is suggested you run a test payroll for a single employee then delete it. Enter sample data, then preview, submit and finish the payroll. This prepares the system for your first real payroll run and allows you to test check printing. It also releases employees who were paid in the current year to be made inactive, if terminated.

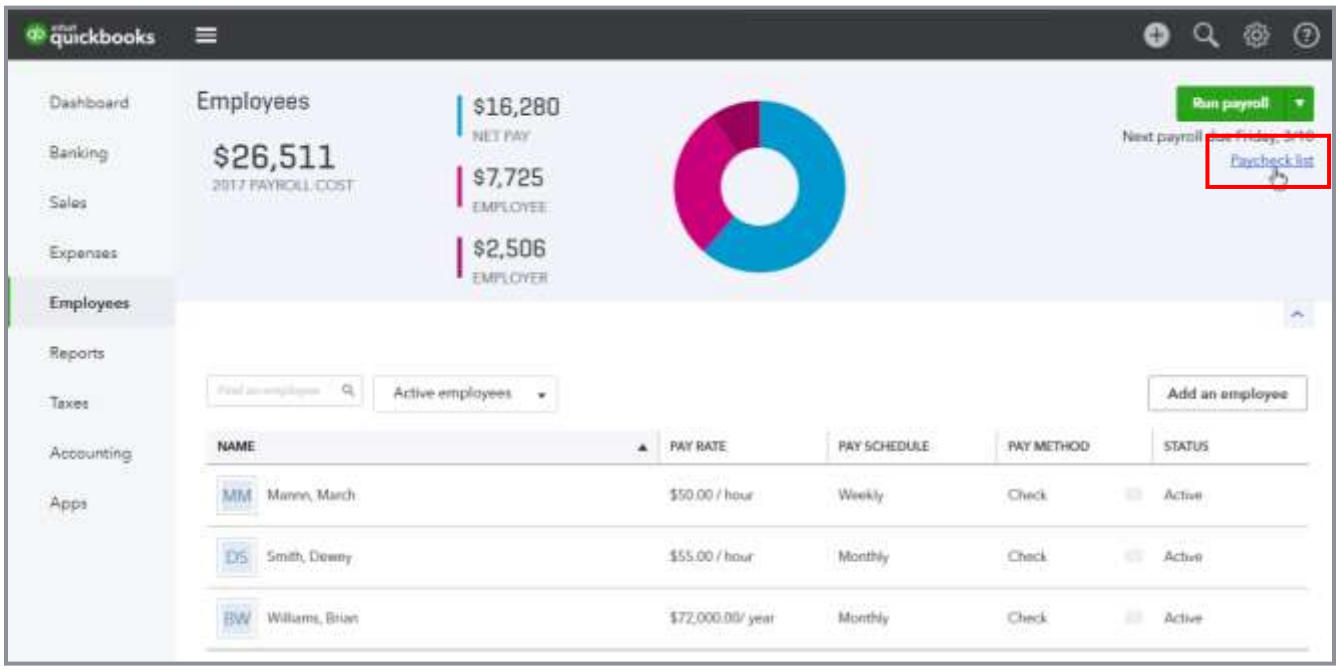



Run Payroll: Monthly
Bank account
Balance $783,791.95
Pay period
Pay date
TOTAL PAY
$6,000.00
EMPLOYEE
SALARY
REGULAR PAY HRS
SICK PAY HRS
MEMO
TOTAL PAY
Smith, Dewey
$55.00 / hour
Williams, Brian
$72,000.00 / year
$6,000.00
TOTAL
$6,000.00
0.00
0.00
$6,000.00
Add an employee
Back
Preview payroll

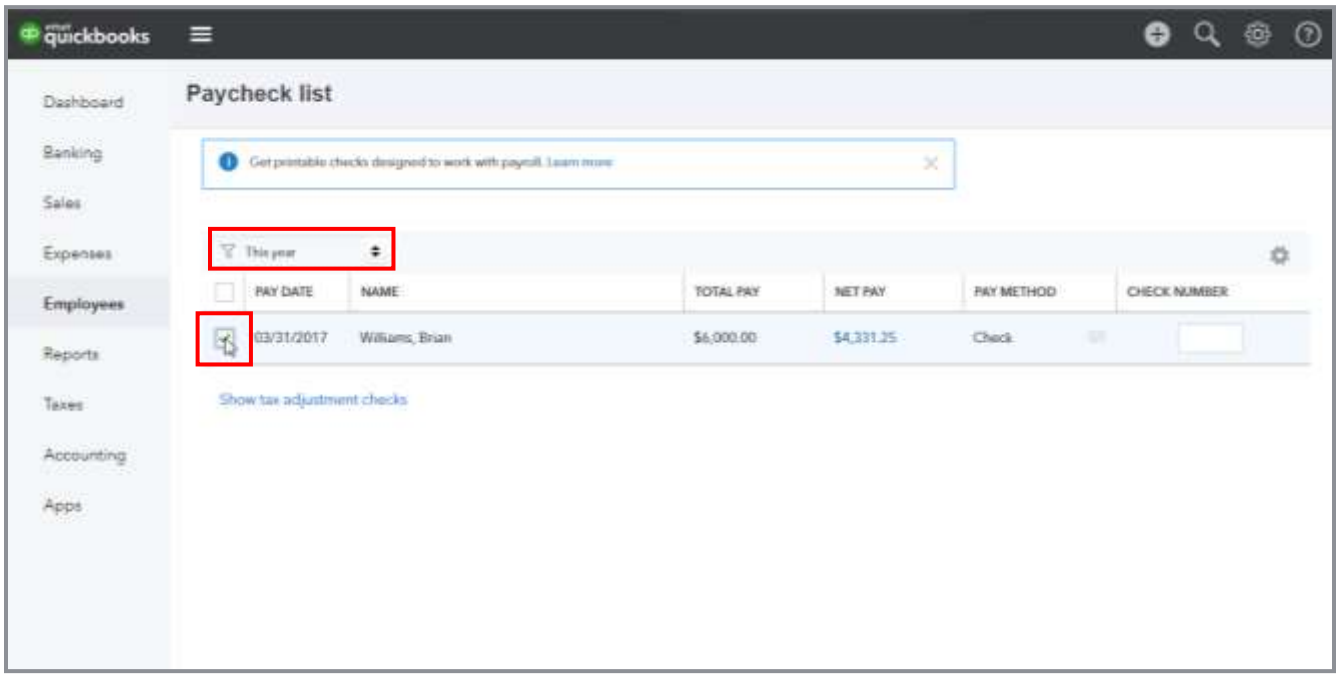

Run Payroll: Monthly
Review and Submit
$6,500.00
TOTAL PAYROLL COST
$4,331.25
NET PAY
$1,668.75
EMPLOYEE
$500.00
EMPLOYER
1 Paper check for $4,331.25
Pay period: 03/01/2017 to 03/31/2017
Pay date: 03/31/2017
EMPLOYEE
TOTAL HOURS
TOTAL PAY
EMPLOYEE TAXES
NET PAY
Williams, Brian
173.33
$6,000.00
$1,668.75
$4,331.25
Totals:
173.33
$6,000.00
$1,668.75
$4,331.25
Back
Submit payroll

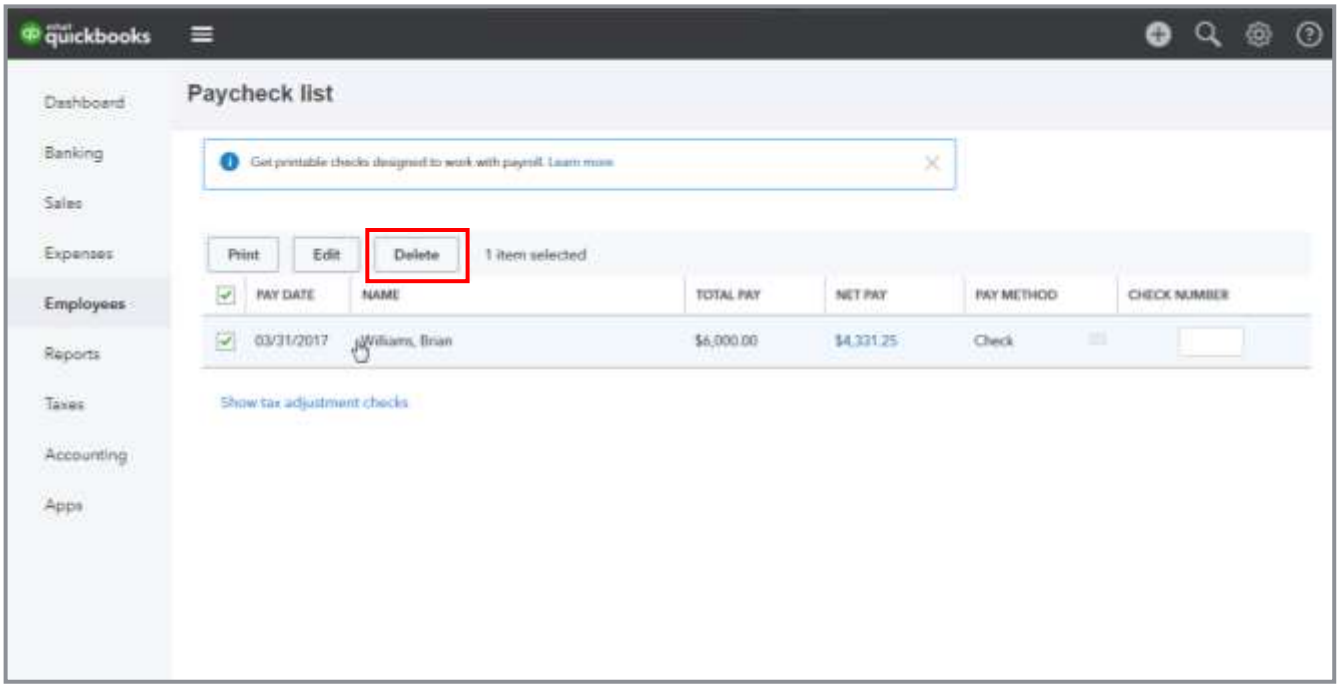


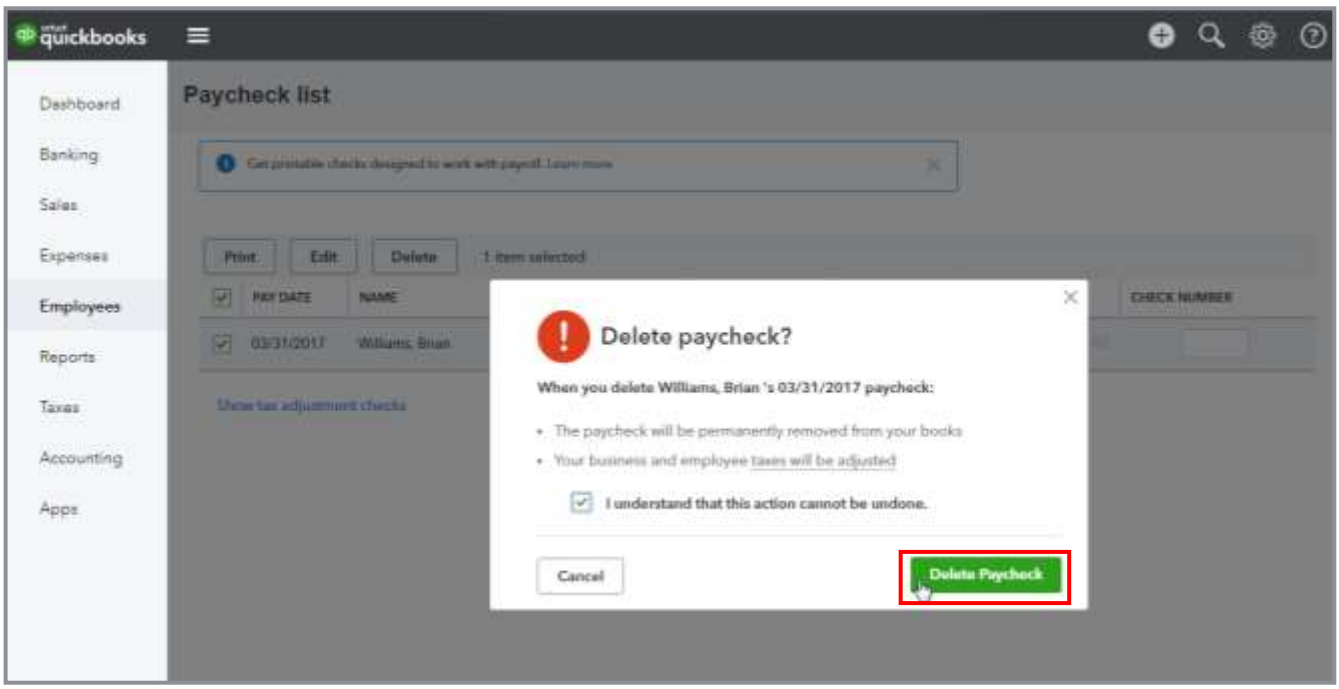
11. To delete the dummy paycheck, click the Paycheck list hyperlink in the Employee Center, just under the Run payroll button.



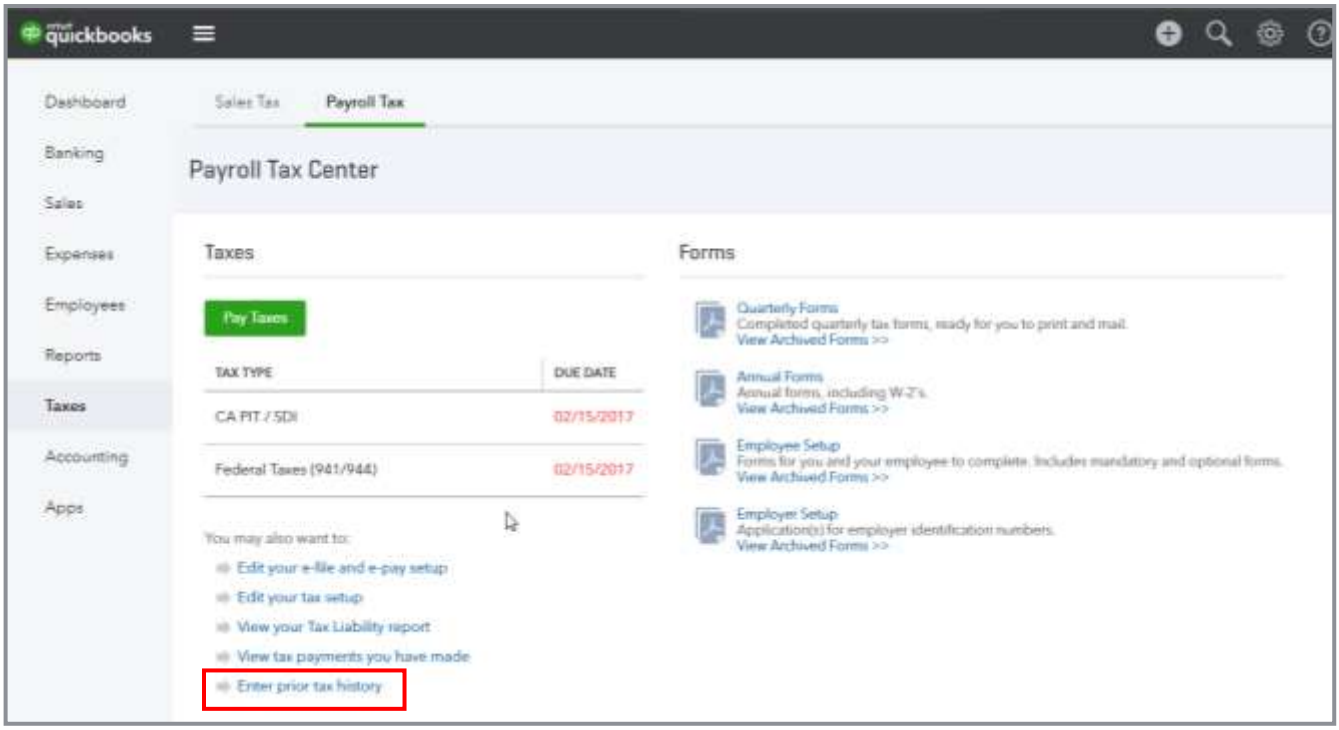
12. If you don't see a paycheck, use the drop-down list to change the date range to This year. Check the box of the row for that test paycheck then click the Delete button above the grid.

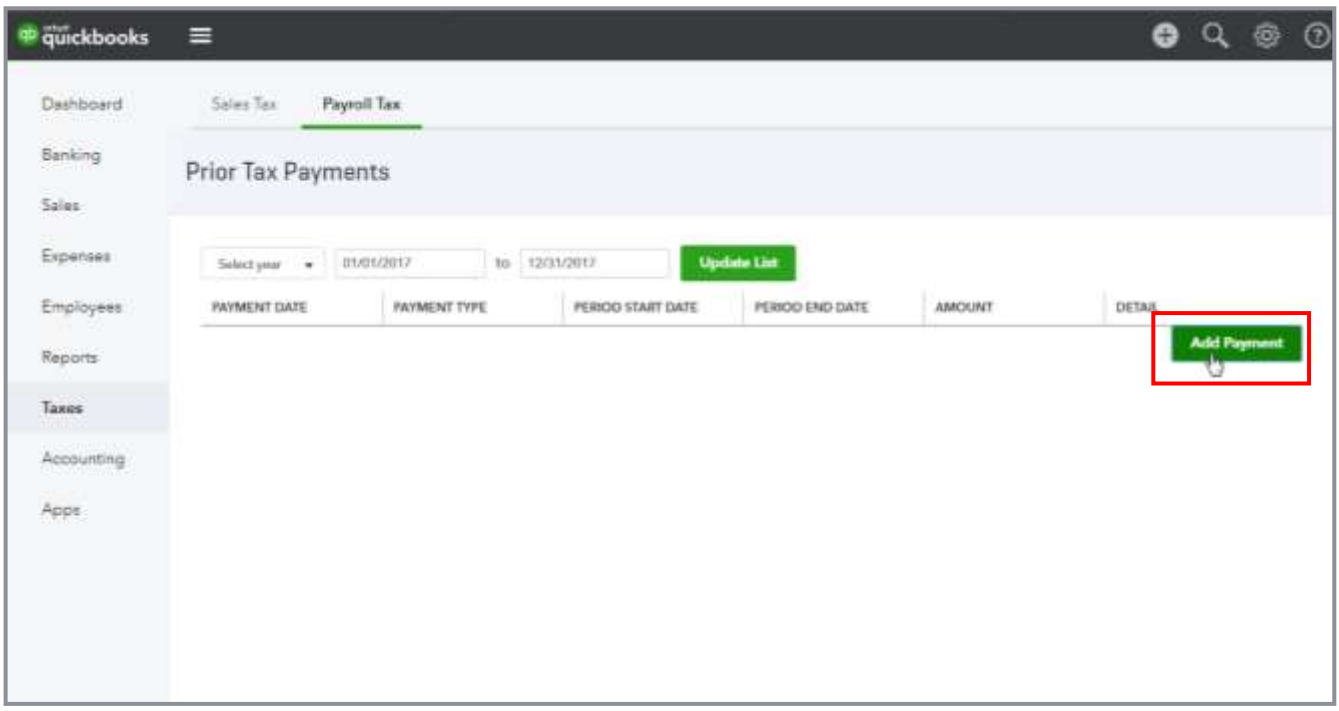


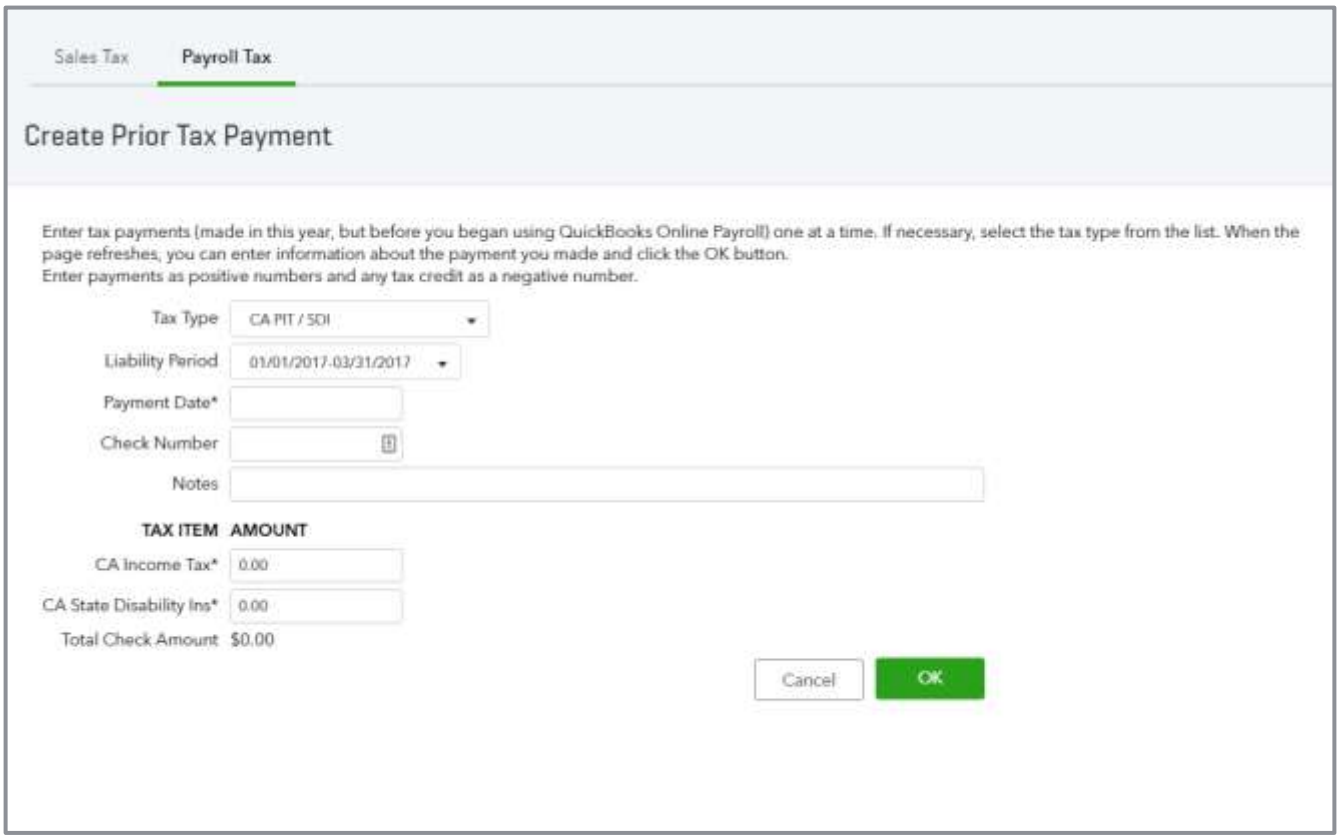




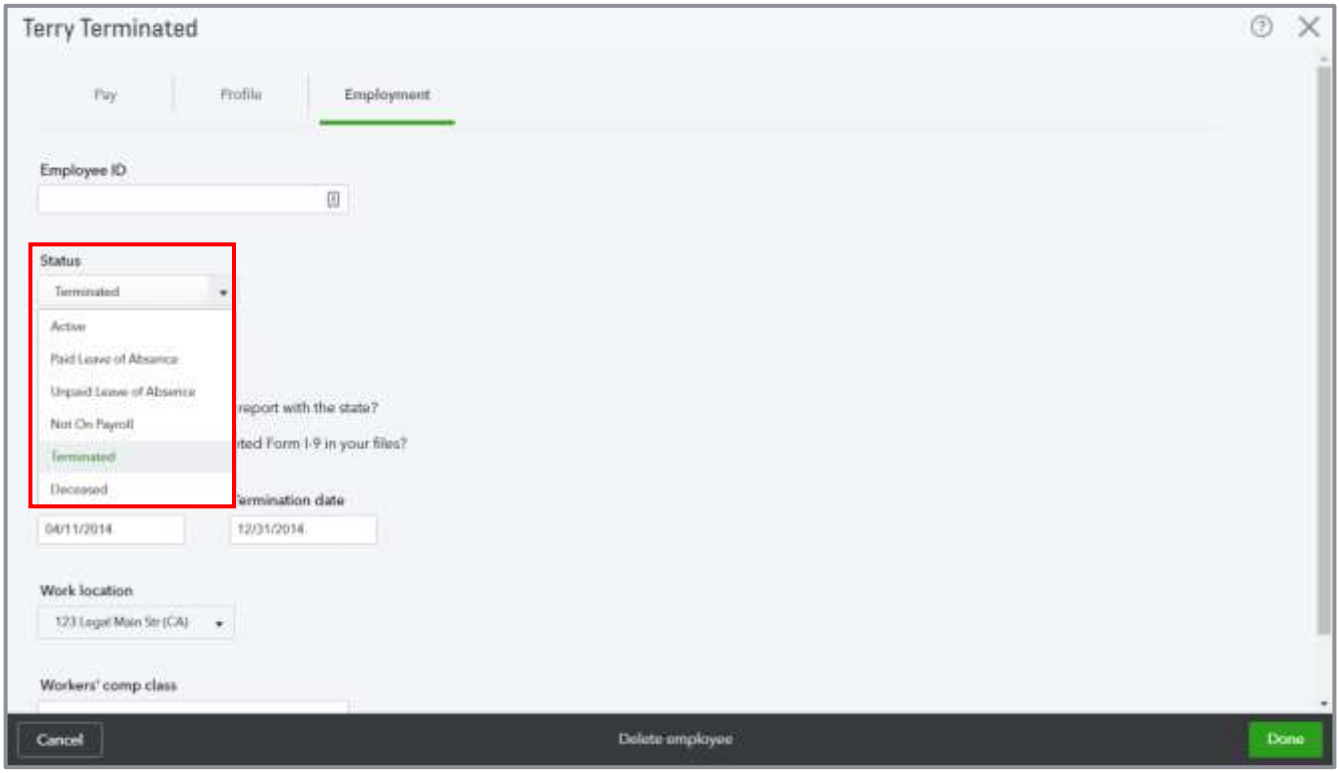
13. Enter tax payment history. This does not convert from QuickBooks Desktop. You will need to enter all tax payments for the current year. Navigate to Taxes → Payroll Tax tab. In the left Taxes section, click the hyperlink to Enter prior tax history. Then click the Add Payment button to add each tax payment already paid this calendar year.



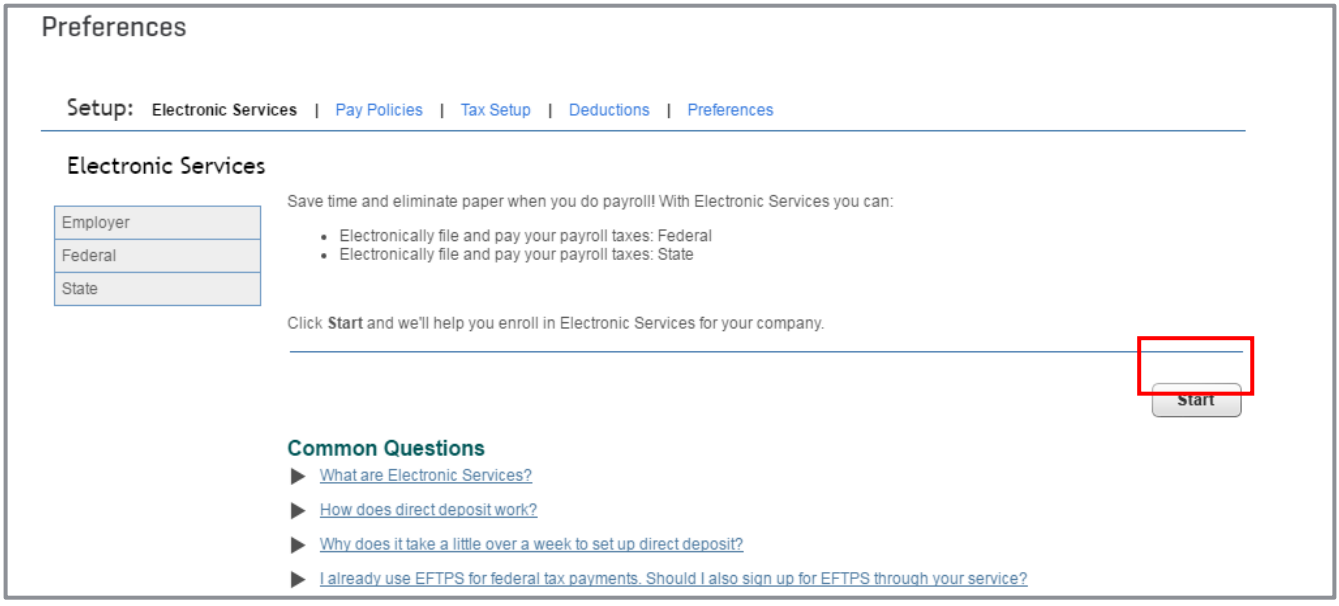

quickbooks
Dashboard
Banking
Sales
Expenses
Employees
Reports
Taxes
Accounting
Apps
Sales Tax
Payroll Tax
Prior Tax Payments
Select year
01/01/2017
to
12/31/2017
Update List
PAYMENT DATE
PAYMENT TYPE
PERIOD START DATE
PERIOD END DATE
AMOUNT
DETAIL
Add Payment


Sales Tax
Payroll Tax
Create Prior Tax Payment
Enter tax payments (made in this year, but before you began using QuickBooks Online Payroll) one at a time. If necessary, select the tax type from the list. When the page refreshes, you can enter information about the payment you made and click the OK button.
Enter payments as positive numbers and any tax credit as a negative number.
Tax Type
CA PIT / SDI
Liability Period
01/01/2017-03/31/2017
Payment Date*
Check Number
Notes
TAX ITEM
AMOUNT
CA Income Tax*
0.00
CA State Disability Ins*
0.00
Total Check Amount
$0.00
Cancel
OK

14. Navigate to the Employees Center to review the status of all employees paid this year. Click an employee row to view details. Click the pencil icon next to the Employment section to change the status from Active to Terminated as needed.

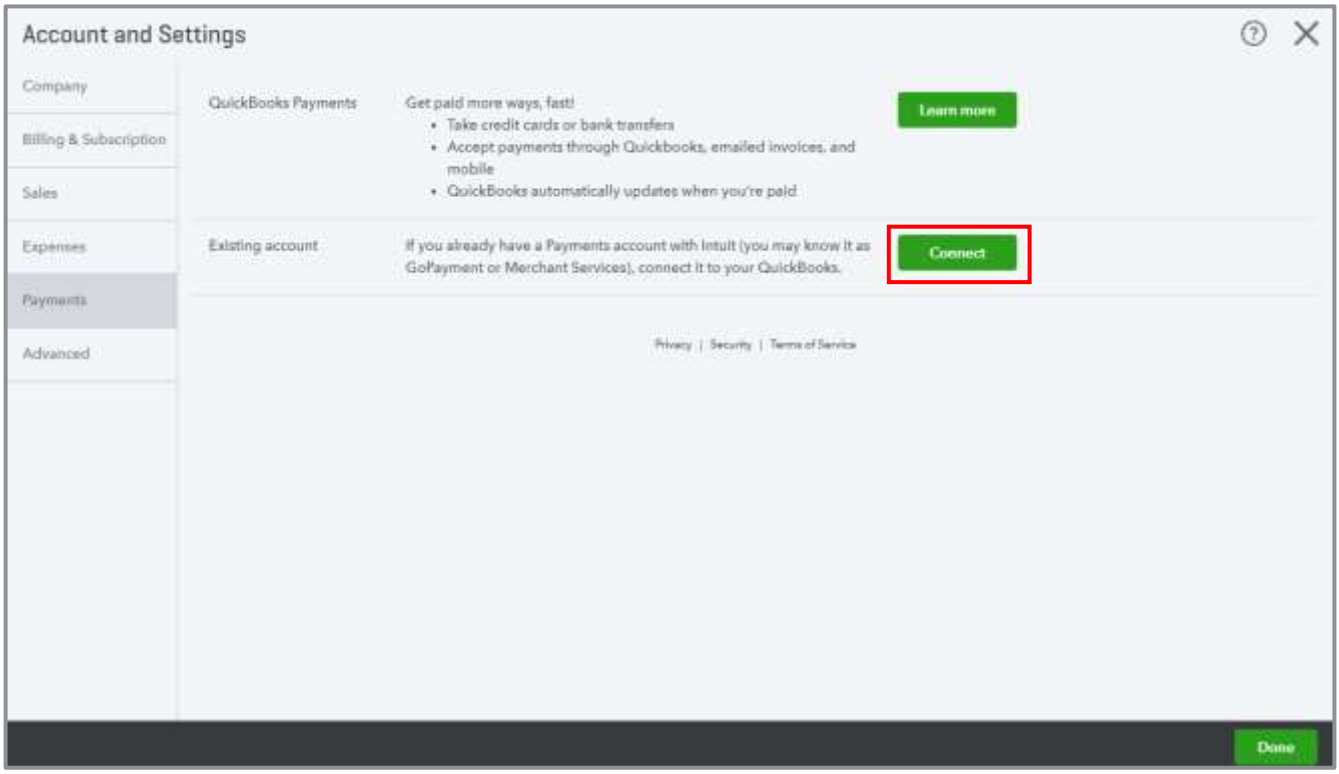


15. Navigate to gear icon → Payroll Settings → Electronic Services → Start the setup or check the status of E-file and E-pay enrollment.

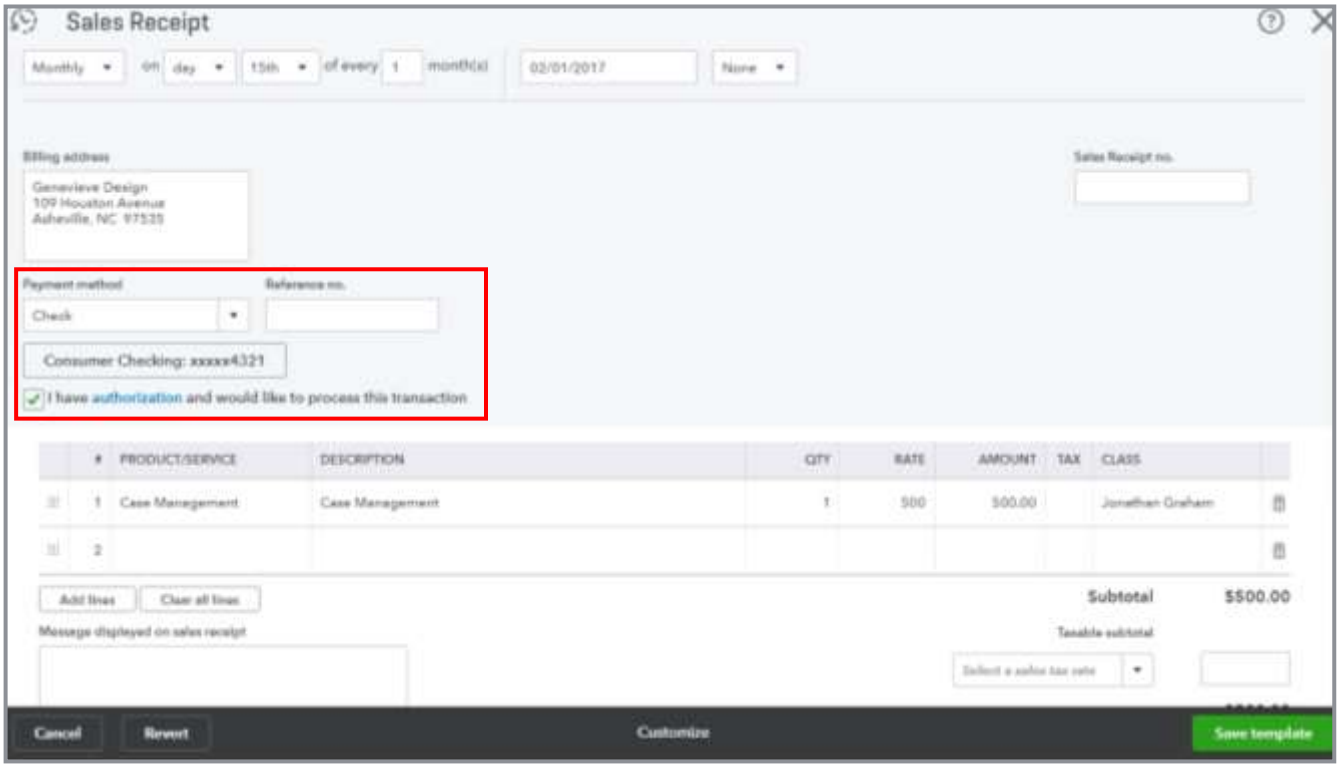


Payments

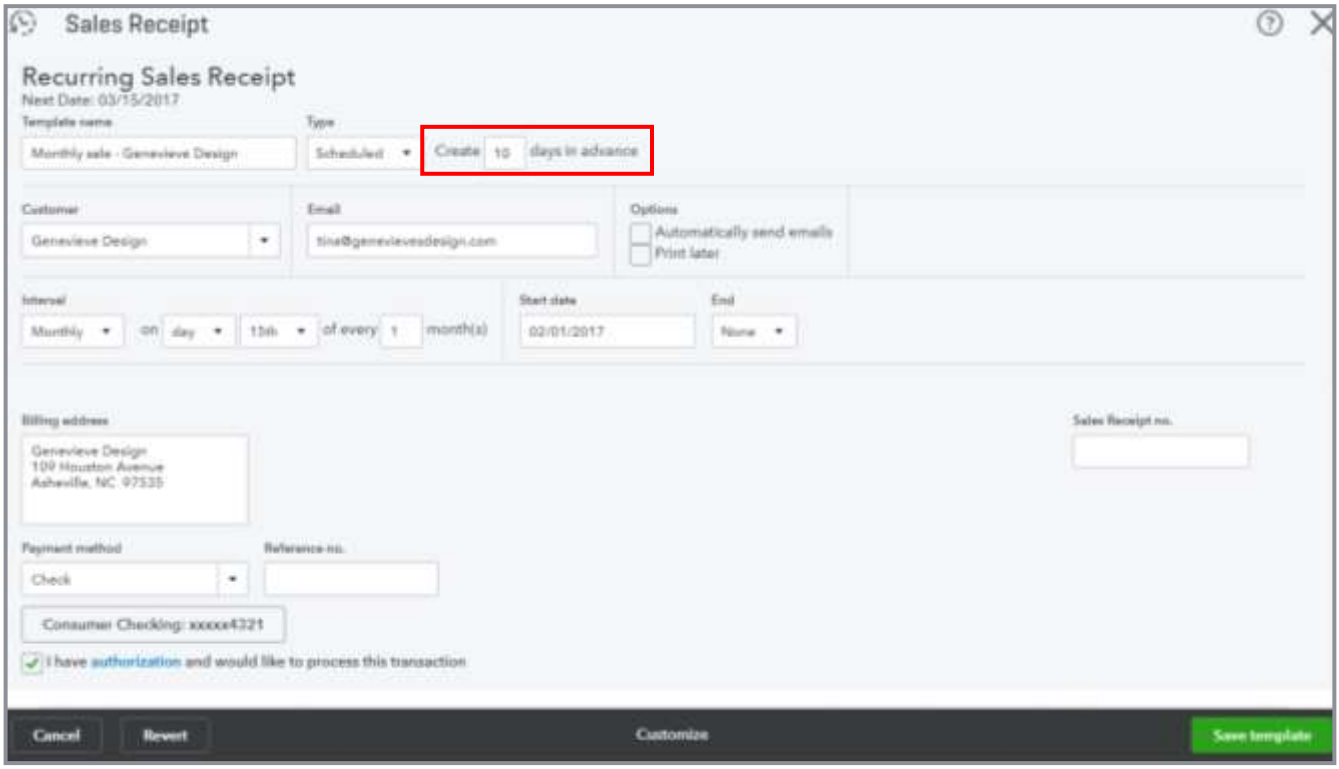
When you convert from QuickBooks Desktop, the connection to QuickBooks Payments merchant services is not converted. You will need to connect an existing merchant account to your new QuickBooks Online company. From the gear icon → Account and Settings → Payments. Click Connect and follow the on-screen instructions. When the account has been successfully linked, you'll receive a confirmation message. Best results occur when the person performing this step is the Master Admin of the QuickBooks Online company and the merchant account.



Identify sales transactions that were previously: 1) scheduled to automatically take payment from the customer via Intuit's Merchant Service Center and 2) scheduled to be recorded via a recurring transaction in QuickBooks Desktop. Navigate to QuickBooks Online's recurring transaction list and add or edit each of these recurring sales transactions to make sure it is a sales receipt and to configure the payment schedule and payment method. At that frequency, QuickBooks Online will perform both functions – charge the credit card or bank account and book the transaction to the general ledger.



When scheduling a recurring transaction in QuickBooks Online that will charge a customer, if you use the Days in advance option, the charge to the customer will process on that advance date, not on the transaction date. For example, a sales receipt that is scheduled to post to the general ledger at an interval of the 15th of each month, if created 10 days in advance, will process the payment and move money and post the transaction on the 5th of each month – and the transaction in the general ledger will be dated the 15th.



Next, log in to Intuit's Merchant Service Center and navigate to the list of recurring payments. Delete each recurring payment you configured in QuickBooks Online from the Merchant Service Center so you do not process duplicate charges to your customers.

If you want QuickBooks Payments' support team to help you get set up, or if you have trouble connecting the merchant service account to QuickBooks Online, or need assistance deleting recurring payments in the Intuit Merchant Service Center, contact the QuickBooks Payments team at 800-558-9558.

Topic 3: Beginning Balances

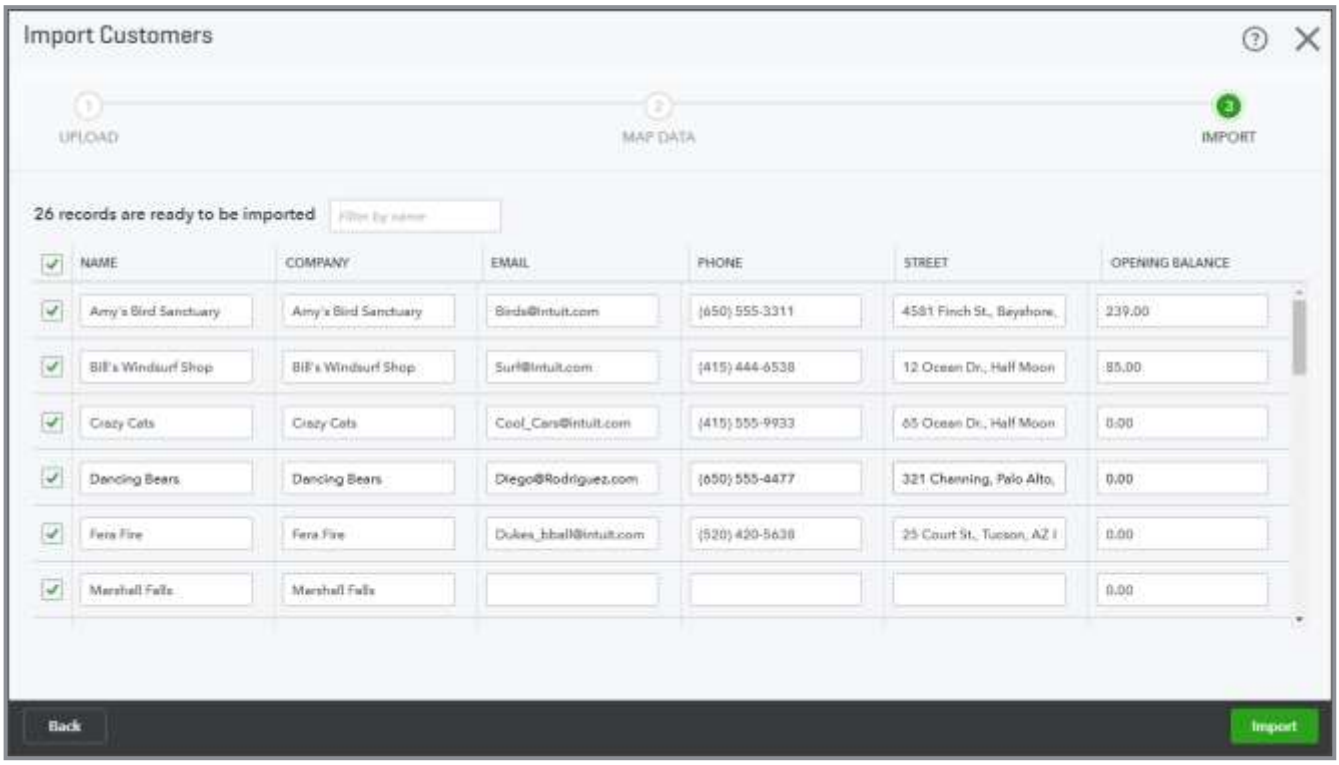
Businesses not converting their accounting data file from QuickBooks Desktop can start QuickBooks Online for an existing business by importing lists and entering beginning balances. These businesses may be using other accounting software, no accounting software, or possibly using QuickBooks Desktop but don't want to convert the data file.

LISTS

Existing businesses have lists of accounts, products and services, customers and vendors. Just because you're not converting an existing QuickBooks Desktop file to QuickBooks Online doesn't mean you have to manually enter your lists. There are two options for importing lists only into QuickBooks Online. In both cases, you'll want to clean up these lists before importing them.

Import Lists from Microsoft Excel® or CSV

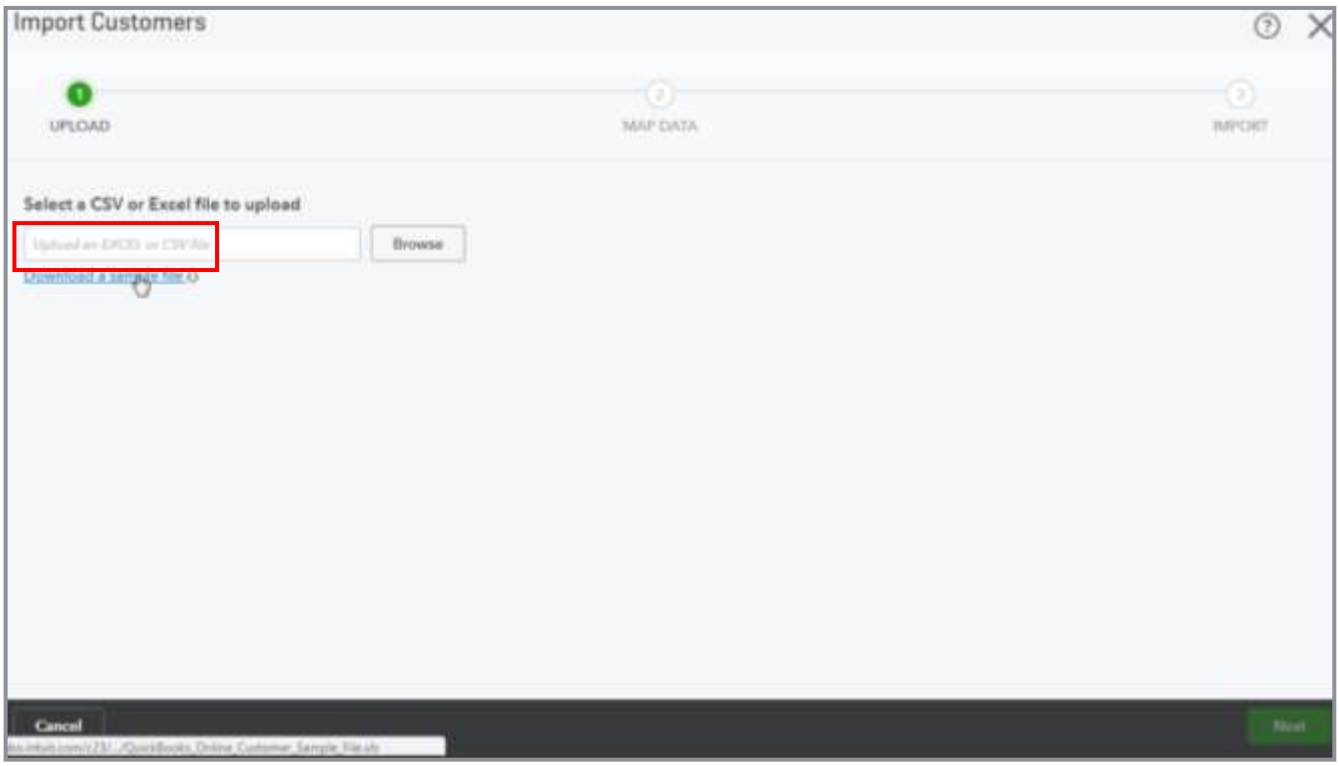
Importing an Excel/CSV file works well for companies that do not have accounting data already in a QuickBooks Desktop file. You import one list at a time. Imported lists do not replace data already in QuickBooks Online. The import tool adds new records.



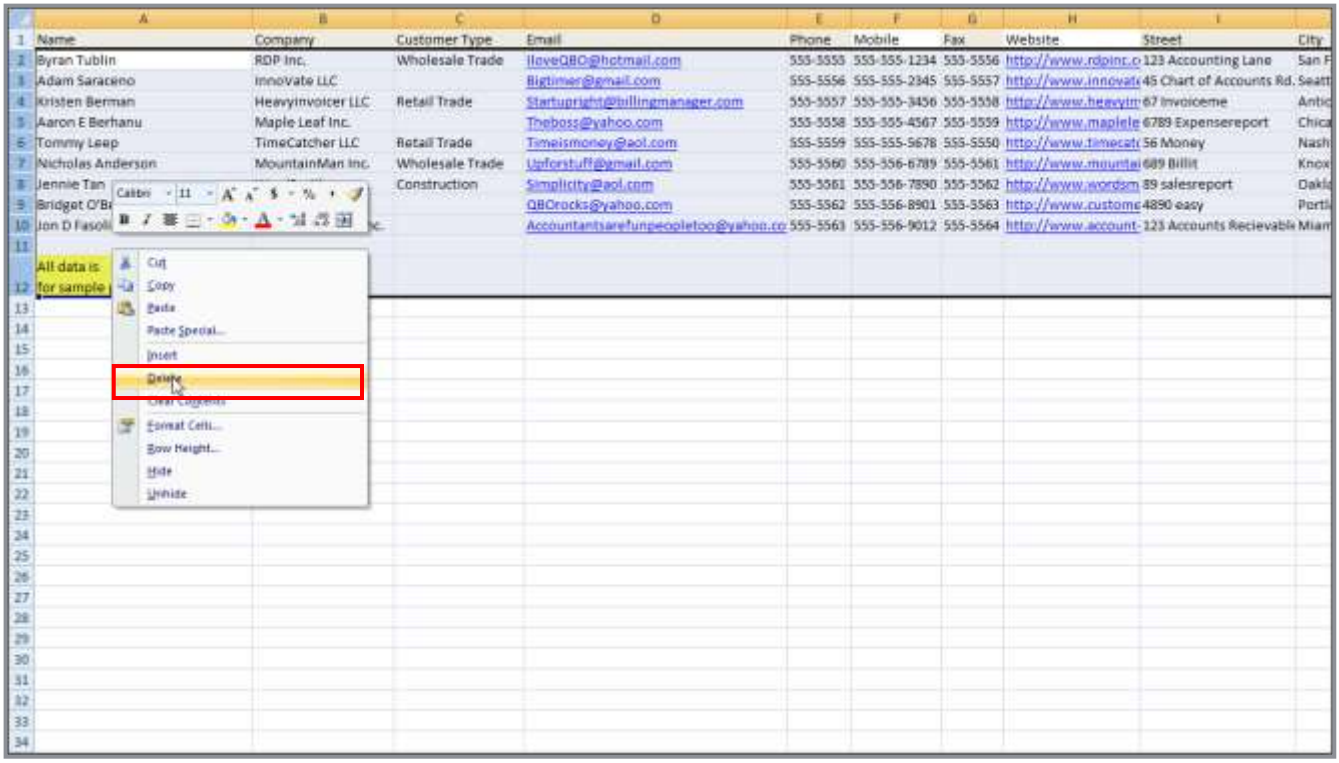
If the name already exists in the list, the import tool will identify these duplicates and ask you to change the name or clear the box to not import them. *The Products and Services list is an exception to this rule as you will learn that you can select to overwrite and update items in the list.*

Step-by-Step: Excel or CSV Upload

1. From the gear icon select Import Data.
2. Click the name of the list you want to import.
3. Download the sample file to see what can be imported and to use as your mapping template. The proper field names are already created on the first row in this file.



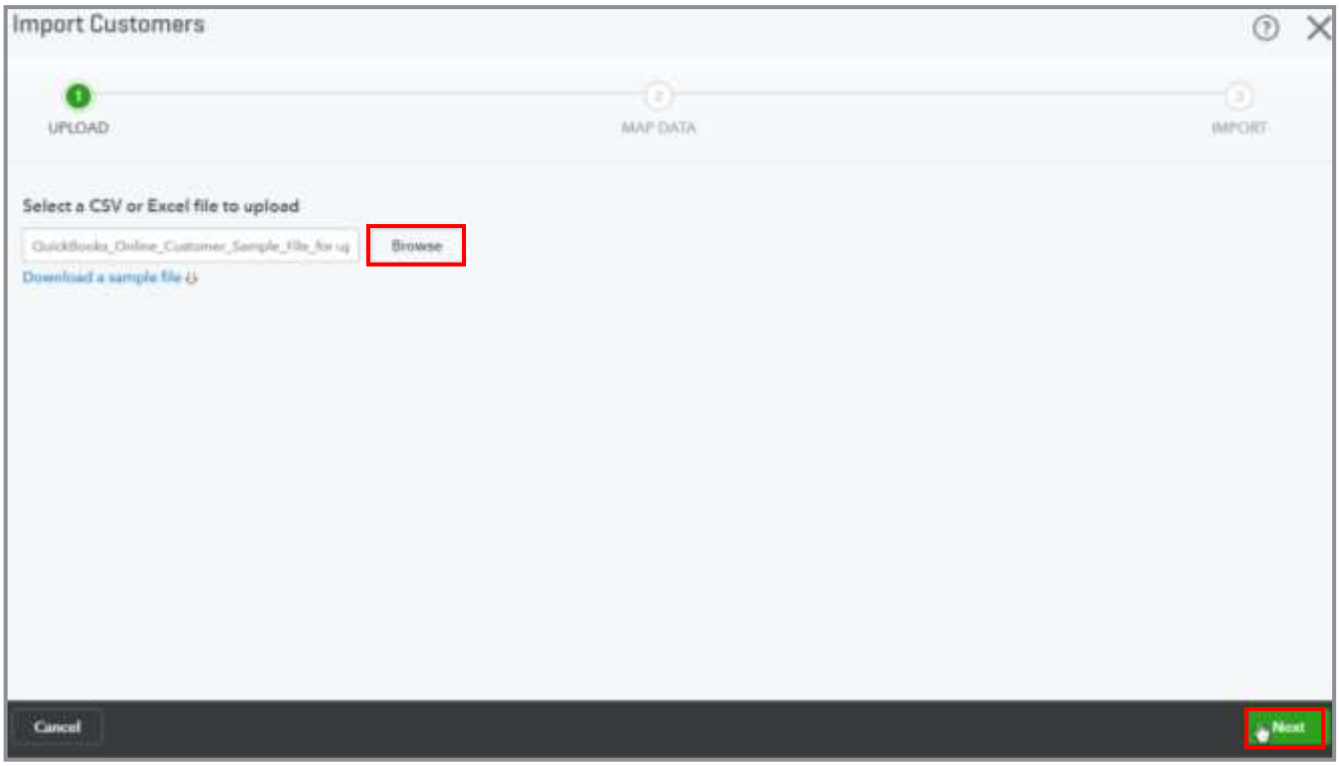
5. Delete the sample data and highlighted notes.



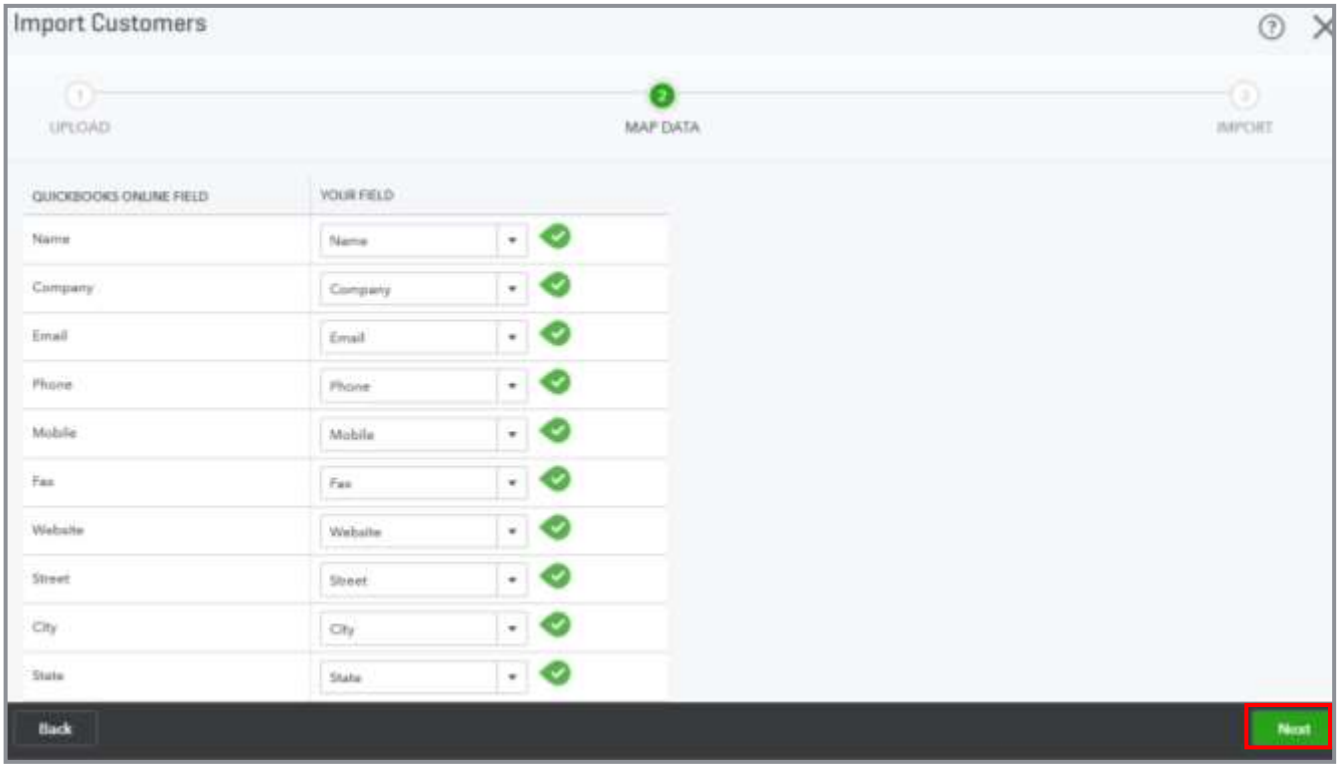
6. Enter or paste your list information into the appropriate column.

7. Save.

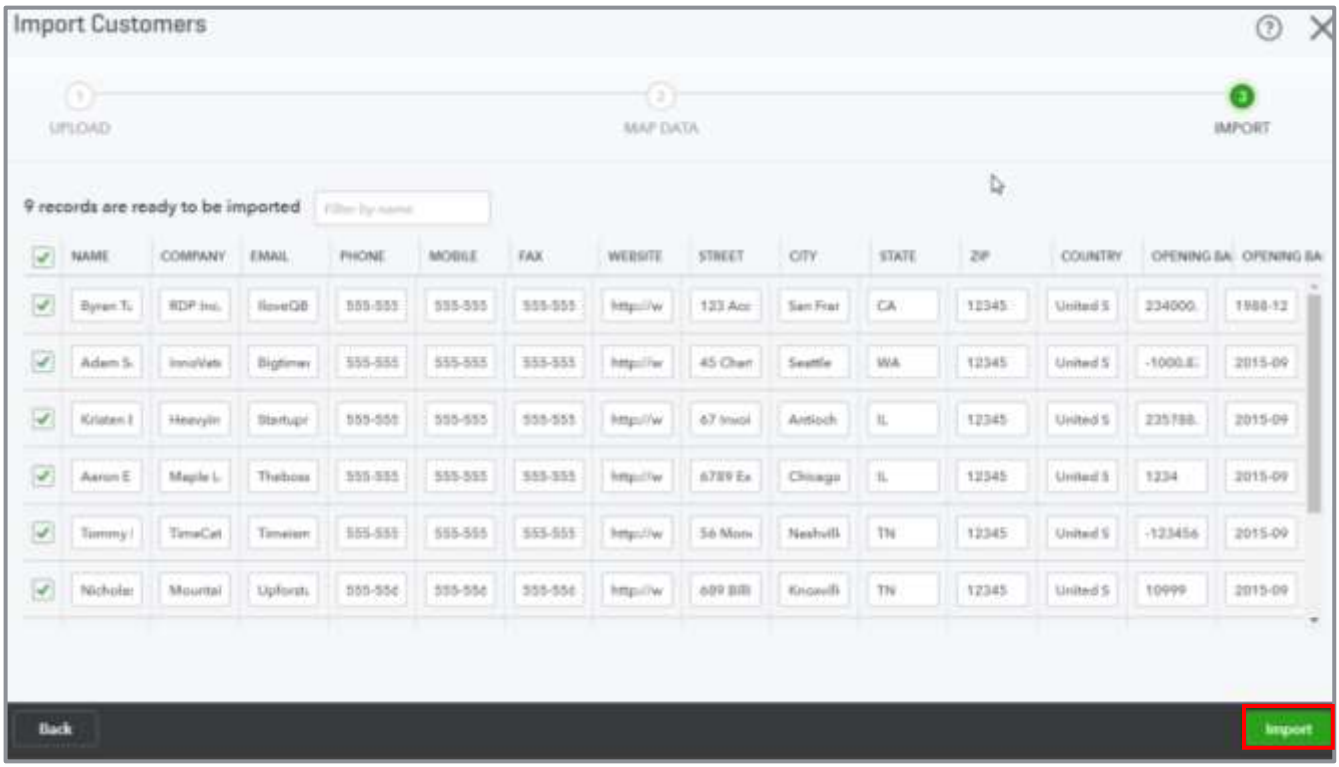
8. On the Upload screen, follow instructions to Browse and locate the file you want to upload. Next.



9. On the Map Data screen, approve the field matches between QuickBooks Online and your data file, which should be automated since you copied the sample file and used those headers for your field names. Next.

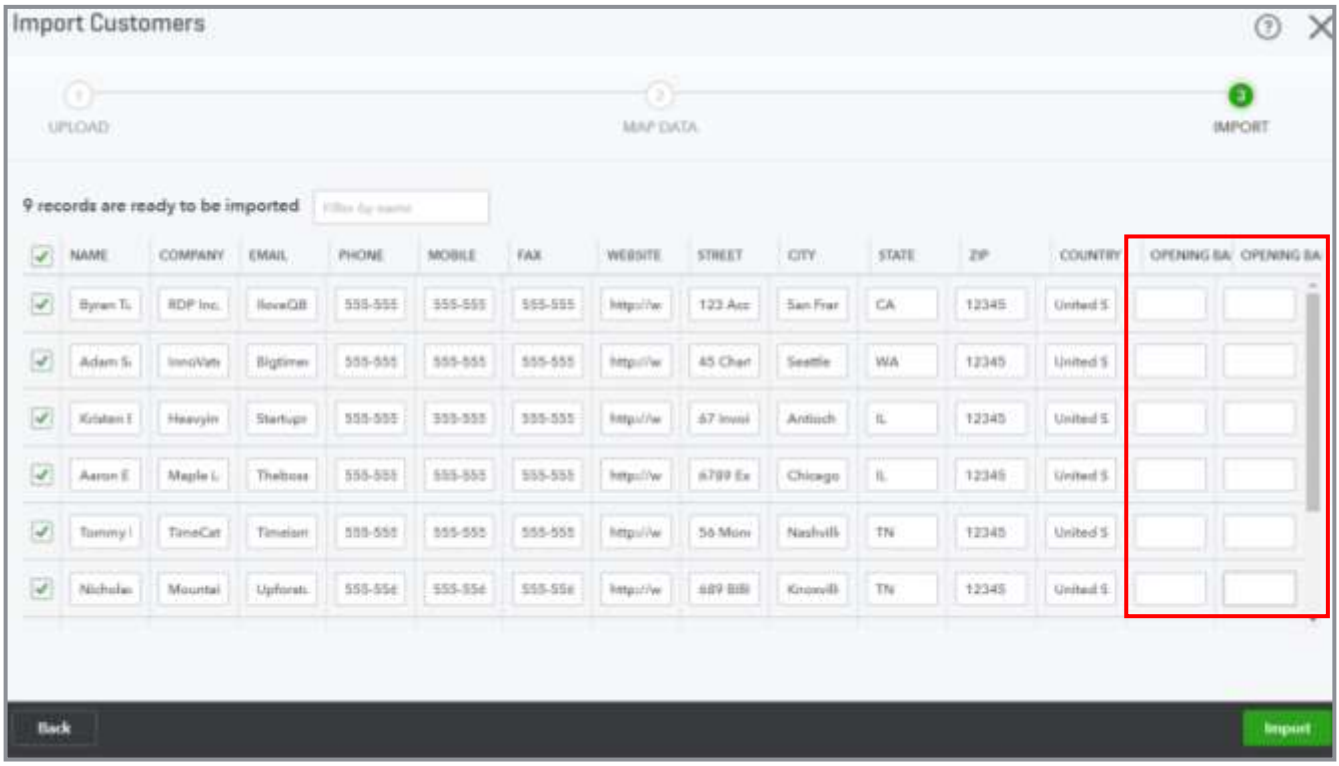


11. On the Import Screen make any adjustments needed.

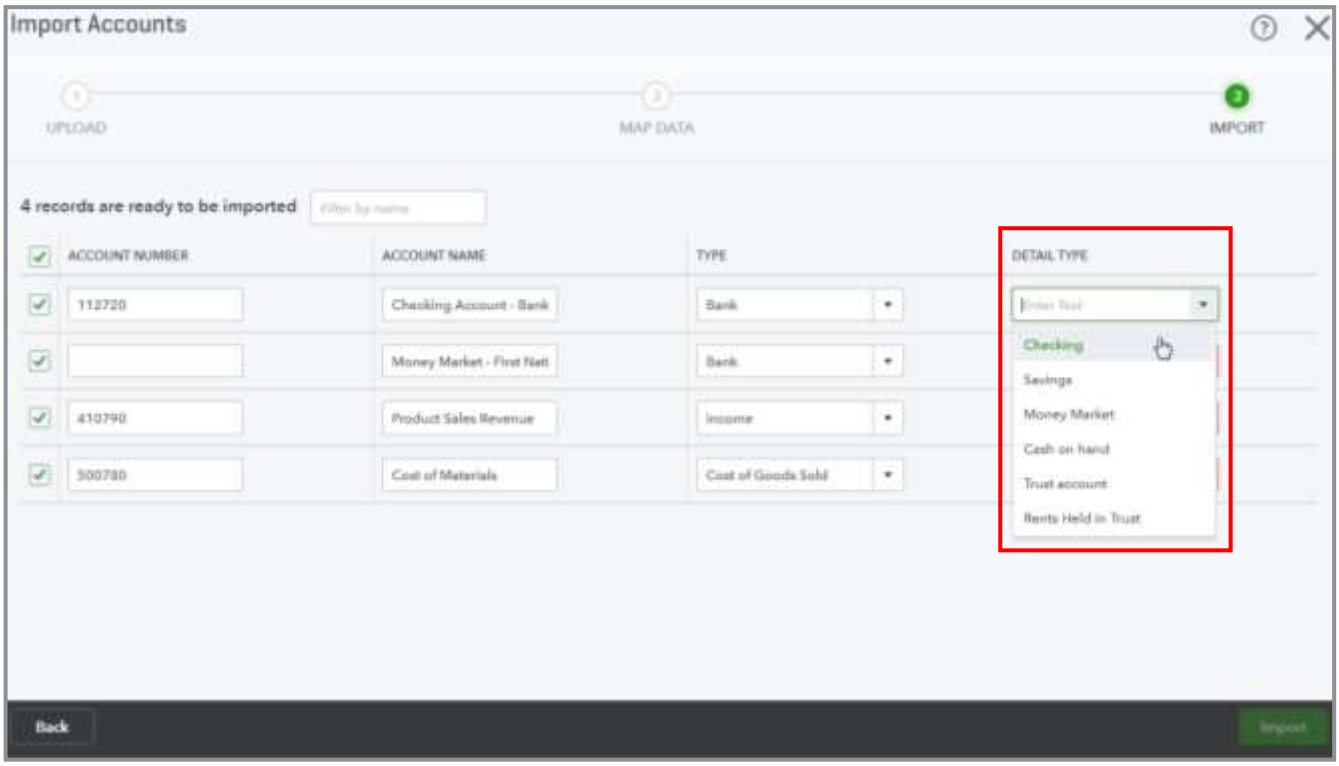


If importing customer and vendor lists:

- The address, city, state and ZIP are separate fields. If your list of existing customers or vendors is coming from QuickBooks Desktop, the address may be all in one field. You will need to break this data into separate fields for each record.
- It is suggested you clear the opening balance and opening balance date fields. Otherwise, upon import, QuickBooks Online will create an invoice for the customer or bill for the vendor for the opening balance amount, invoices posting to AR and income or bills posting to AP and other expense accounts. It is preferred that customers and vendors are imported first, then the individual transactions that make up the balance due be entered using the proper items or account details.

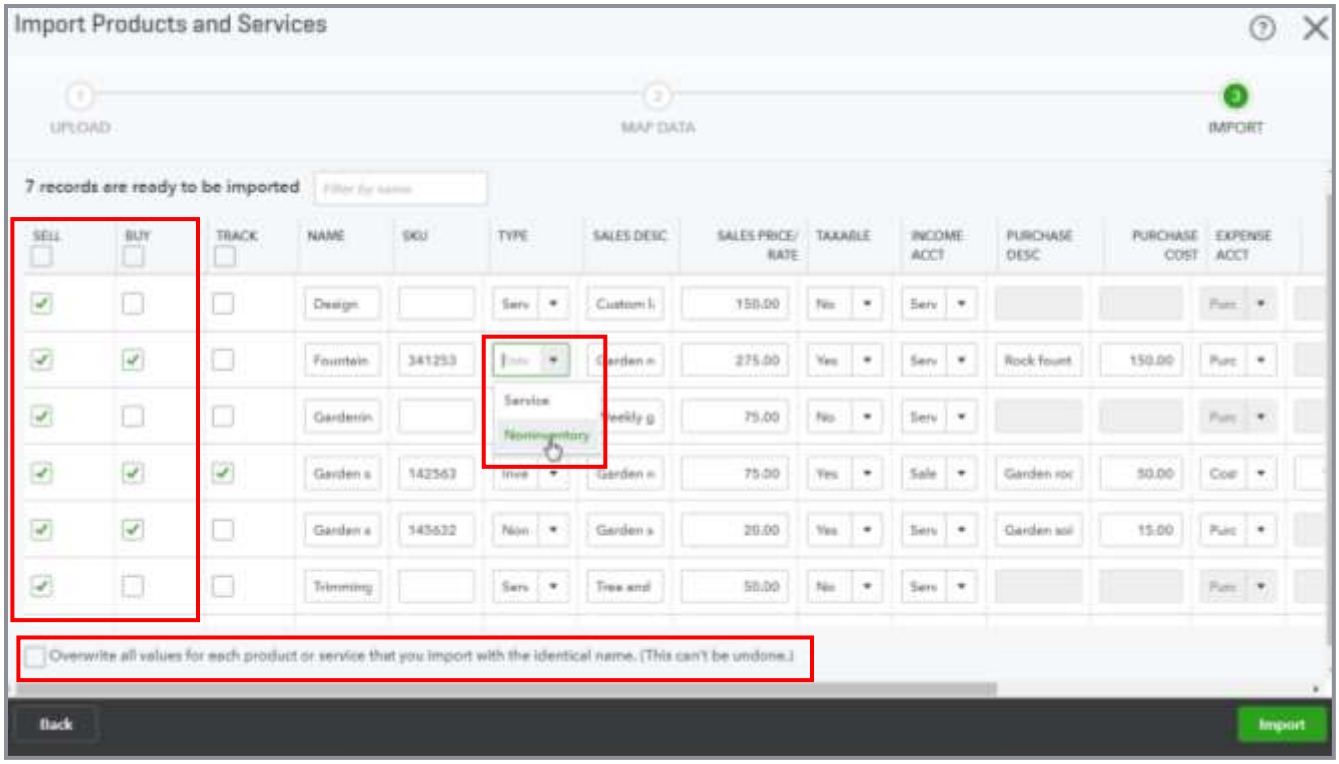


- If importing accounts, the account type and detail type must match QuickBooks Online's pre-defined options for each field. If you don't enter this information on your Excel spreadsheet, you can upload the account names to QuickBooks Online then select the account type and detail type from a drop-down field on the Import screen. Account names have a maximum of 100 characters, including alphanumeric and special, but cannot contain a colon.



If importing products and services:

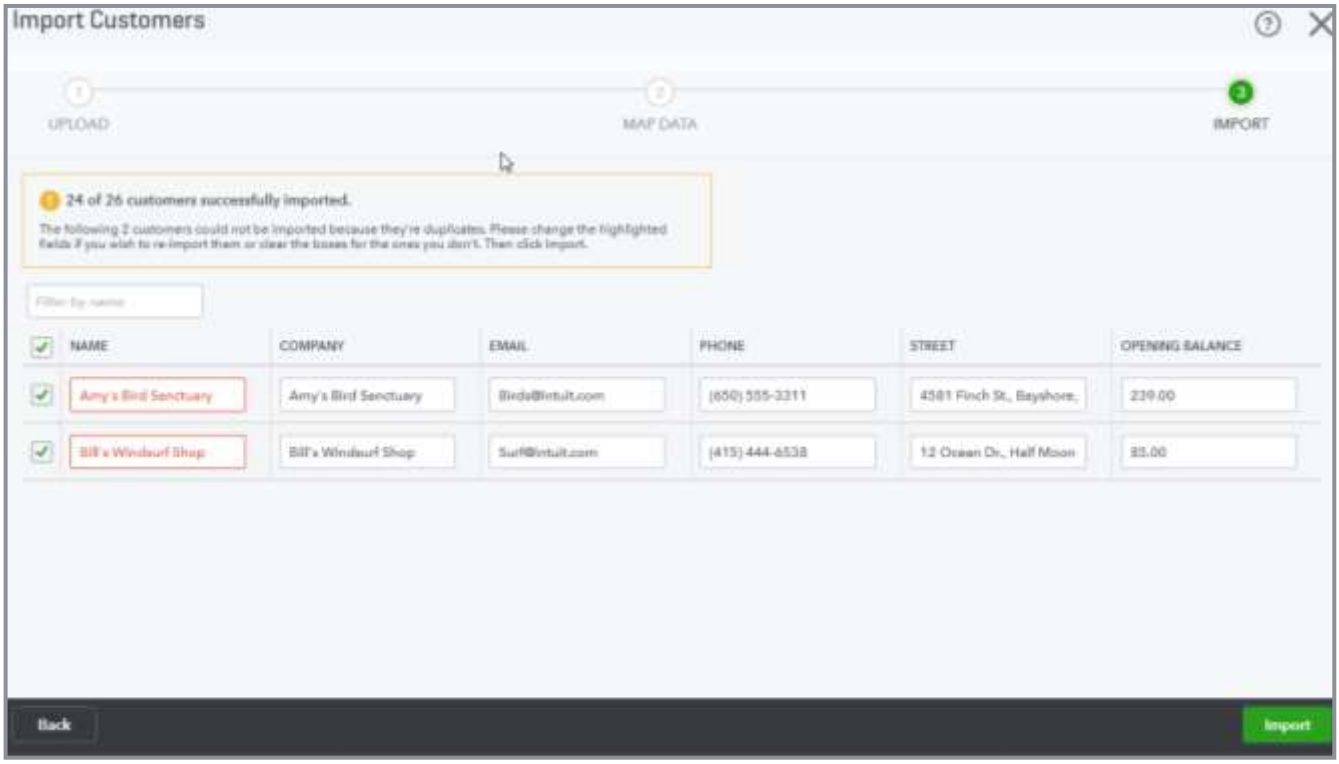
- Be sure to properly select or deselect products and services as single- or double-sided items by checking or unchecking the boxes in the Sell and Buy columns on the Import screen after you upload the data file before importing it
- Be sure to properly select the type: Service or Non-inventory. You must uncheck the box Track in order to be able to select type Service or Non-inventory. We'll learn more about importing inventory later in this module associated to entering beginning balances.
- If there is no matching name in the existing list the new items will be added. If there is a matching name, you can check the box Overwrite all values for each product or service that you import with the identical name. (T**his can't be undone.)**



- Any records/rows that have no data in the other columns will be ignored.

12. Click Import.

If any of the records do not import, you will be notified and given the opportunity to correct it and re-import.



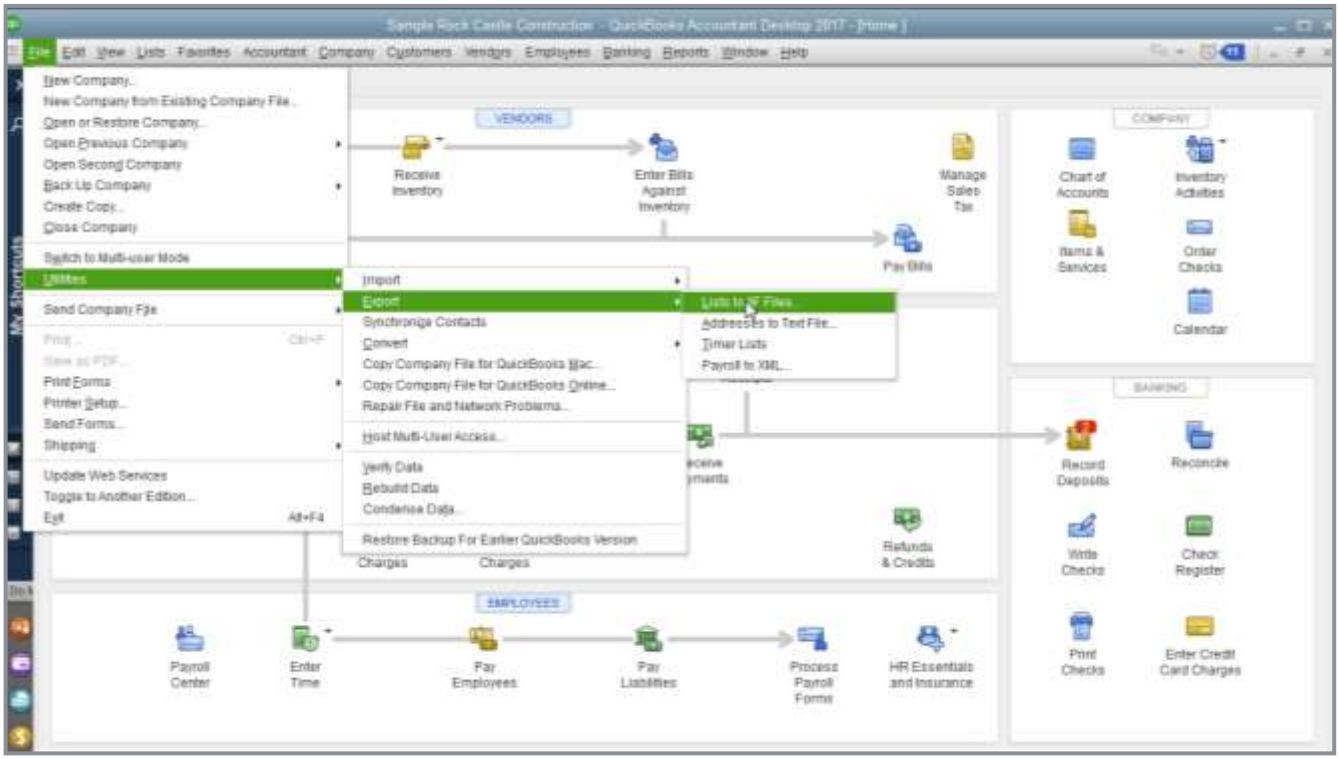
The QuickBooks Online sample company file can be used to test this import tool. Your data is not saved when you exit the QuickBooks Online sample company.

Convert IIF File

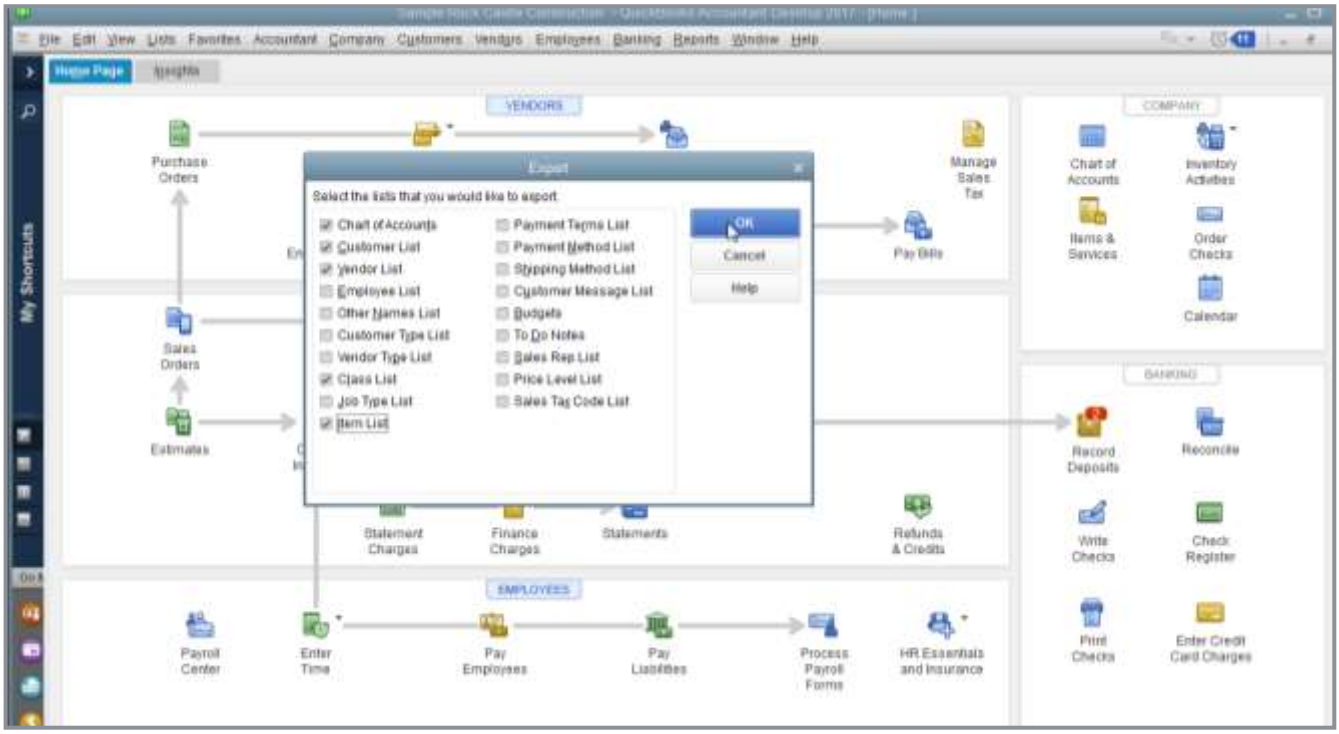
This method works well for businesses that have an existing QuickBooks Desktop file and have chosen not to convert the historical transactional data but do want to convert the lists. This eliminates the need to specify account types and detail types and break up customer and vendor city, state and ZIP address fields. This technique converts all lists at the same time.

Step-by-Step: **IIF to QuickBooks Desktop Conversion**

1. In QuickBooks Desktop select File → Utilities → Export → Lists to IIF Files...

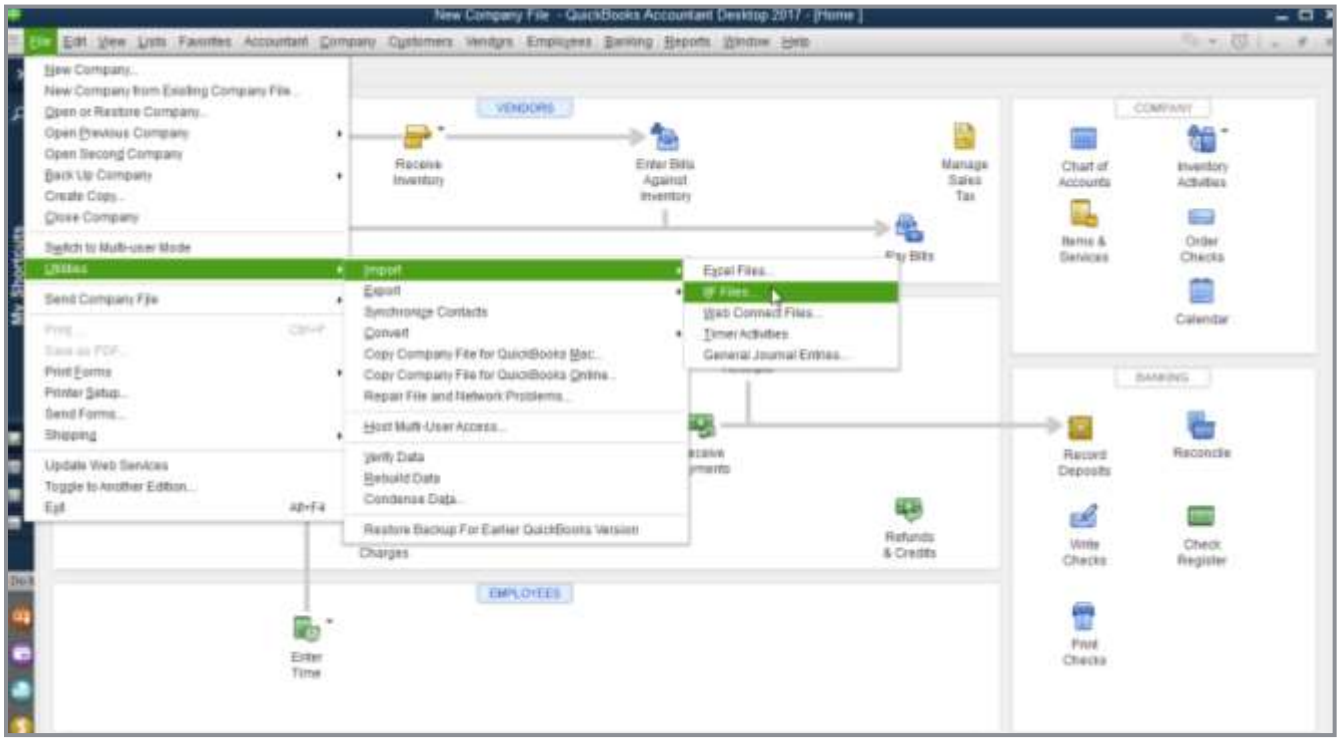


2. Select the lists you want to export from QuickBooks Desktop to IIF. Not all of these lists will convert to QuickBooks Online. Give the export file a name and save it. (Remember the folder where you saved it.)

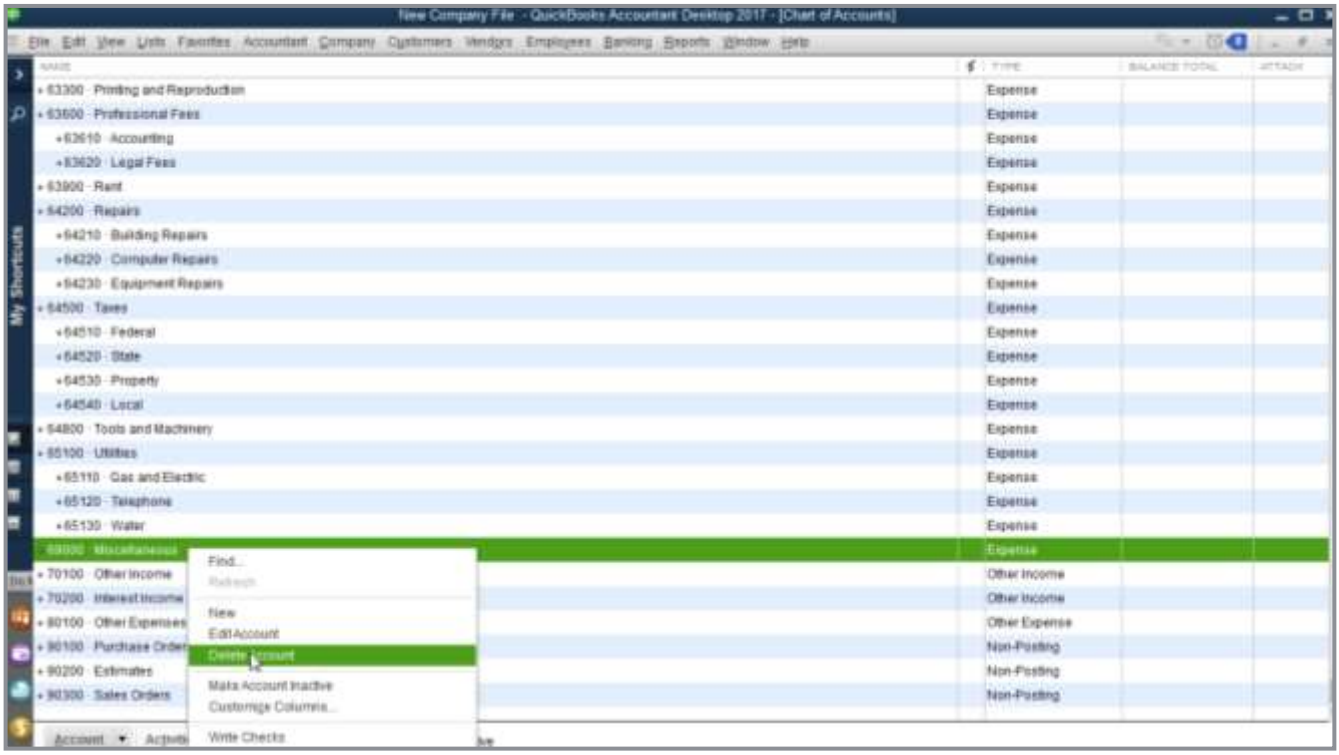


3. Create a new QuickBooks Desktop company data file (from scratch or from existing company file).

4. In the new QuickBooks Desktop data file select File → Utilities → Import → IIF Files. Now you have a QuickBooks desktop file with lists and no transactions.



5. Review all lists and delete any names you do not want to import to QuickBooks Online. Inactive names will import to QuickBooks Online as inactive. Deleted names will not import.



6. Convert QuickBooks Desktop file to QuickBooks Online. Remember that this will replace all data in QuickBooks Online, so do this *before* entering beginning balances or other information into QuickBooks Online.

BALANCES

Existing businesses that decide to start using QuickBooks Online by entering beginning balances instead of importing historical data, will need to gather pertinent information, record beginning balances, and record any other open posting and non-posting information needed in QuickBooks Online as of the start date.

Gather Balances

To ensure the opening balances are correct you will need the following:

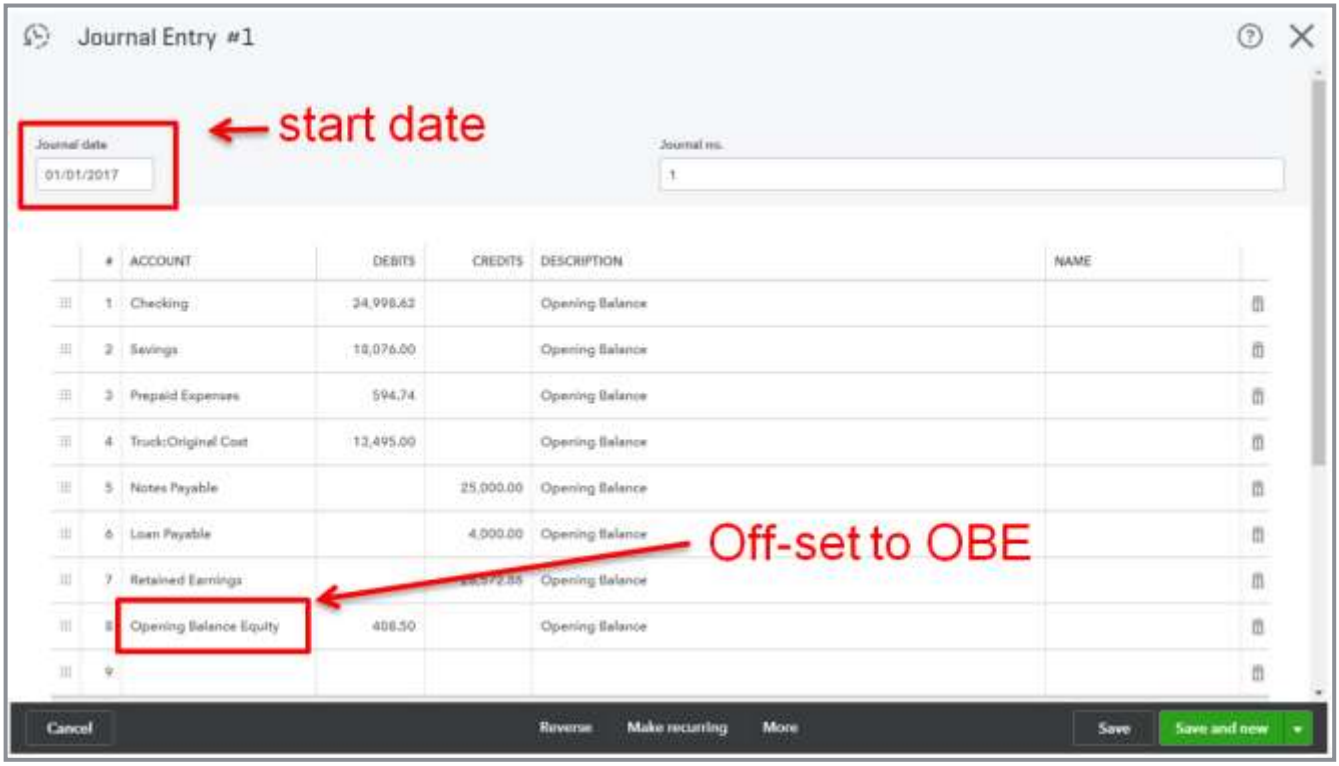
- Trial balance – Determine the start date for the new QuickBooks Online company. Obtain the trial balance for the prior period.
- Open transactions – Compile all outstanding transactions that haven't been reconciled, including checks, deposits, credit card charges and credit card credits. Gather all open accruals that haven't been paid, including accounts receivable, accounts payable and sales tax payable.
- Inventory detail – Gather all information about inventory items, including quantity on hand, sales price, taxable status and cost
- Unbilled billable time and charges – Assemble a list of time and charges that are billable to customers who have not yet been billed and are not included in the lists above of open checks/deposits or open AR/AP

If the prior period's ending balances which are being used as the beginning balances for the QuickBooks Online start date were year-end, be sure the adjusting entries were recorded in the old accounting system to match the tax return, less any non-book adjustments, before using the year-end trial balance to record the new beginning balances in QuickBooks Online. If the conversion is mid-year, then enter month-end balances for income and expense in order to run comparative trend reports to these periods in the future. Be sure to keep a copy of the detailed transactions for these monthly balances for supporting documentation.

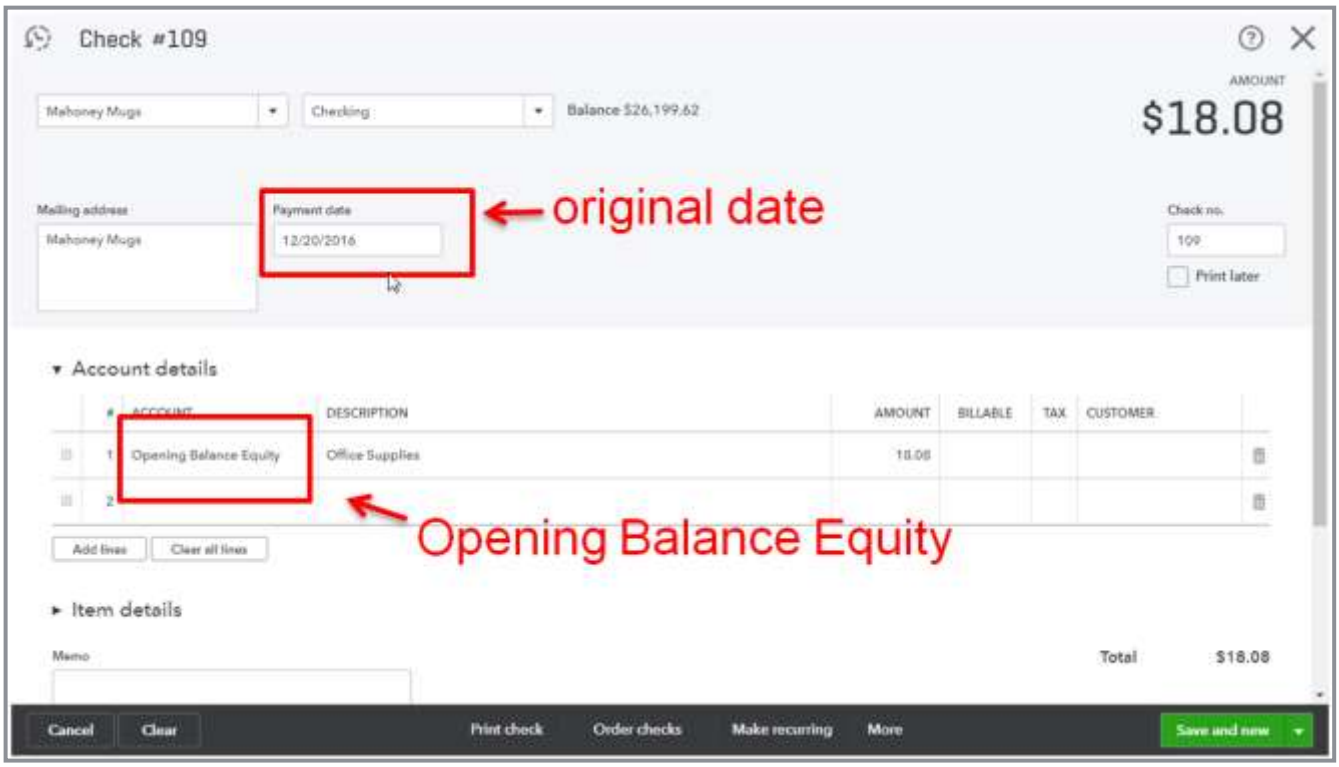
Step-by-Step: **Enter Balances**

The overview of the procedure is that you will post a series of transactions with offsetting amounts to the Opening Balance Equity account. The Opening Balance Equity account acts as a clearing account and must end with a zero balance.

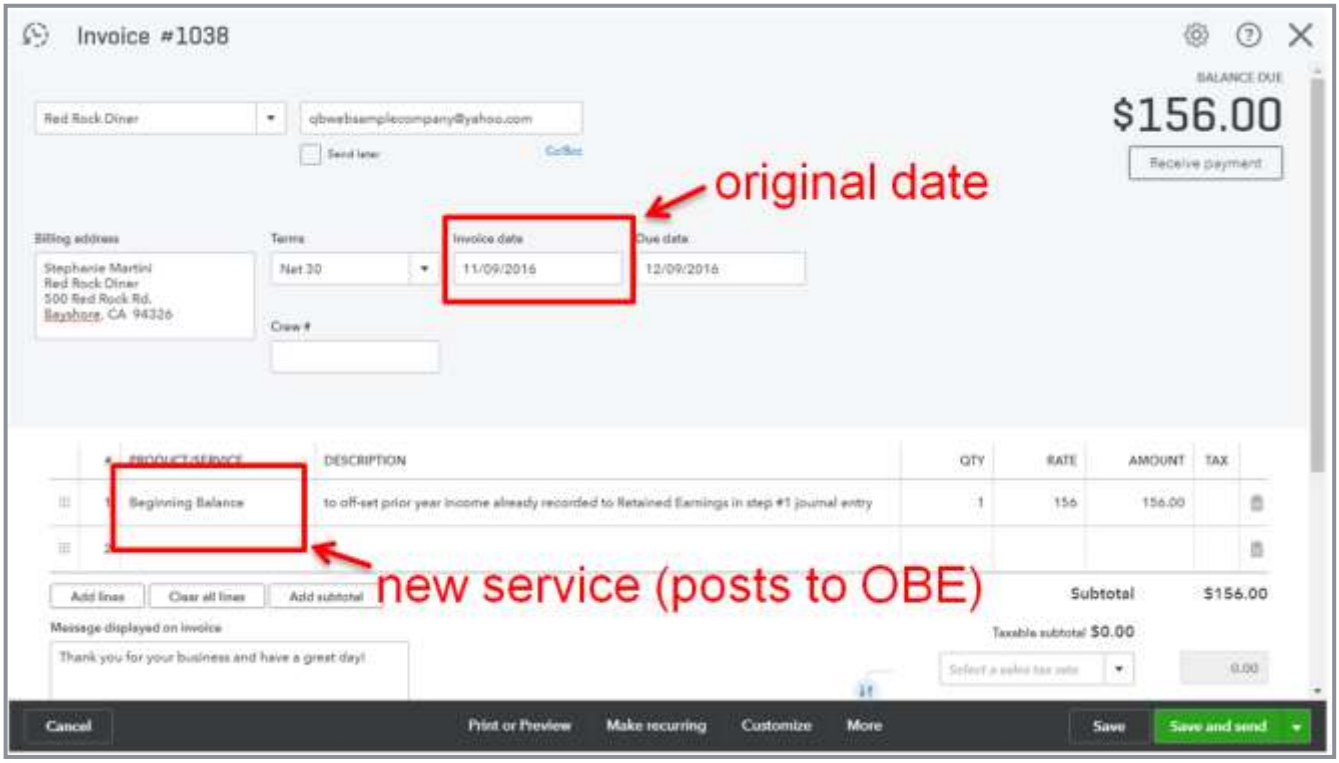
1. Use a journal entry transaction to enter the balance sheet balances, dated the chosen start date.
   - For bank accounts, enter the *bank's* ending balance (per the online banking site or per the bank statement) as of the prior period
   - Post prior year retained earnings and prior year net income to the Owners Equity or Retained Earnings account
   - Exclude accounts receivable, accounts payable, inventory, sales tax payable and payroll taxes payable as these will be entered in a later step
   - Use the Opening Balance Equity account as the offset account



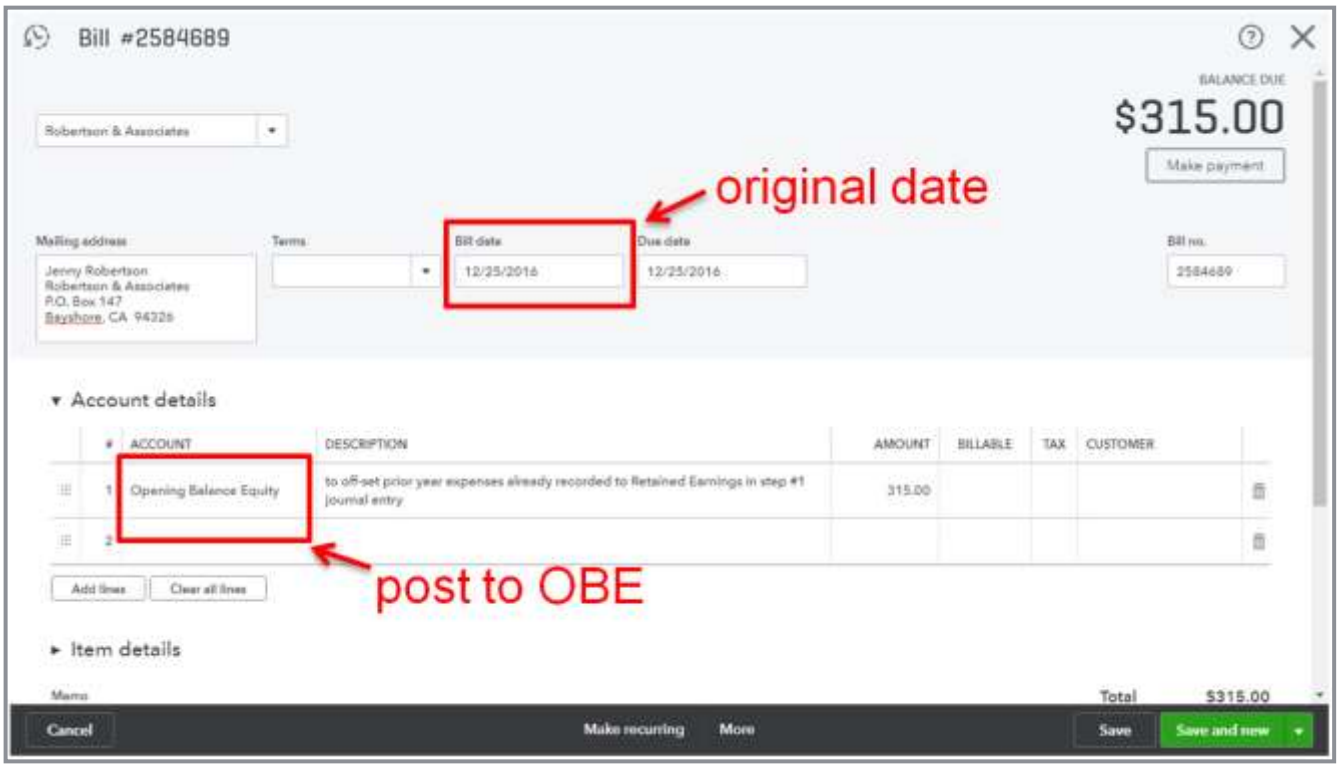
2. Enter outstanding checks and deposits as the original dates and amounts using the proper check or deposit transaction type.
   - Select the proper bank account for the outstanding transaction and post these transactions to the Opening Balance Equity account, since you have already recorded the income and expense for the prior year to the retained earning account in the previous step
   - These transactions will net with the bank balance you entered in step 1's journal entry to arrive at the prior period's ending book/register balance



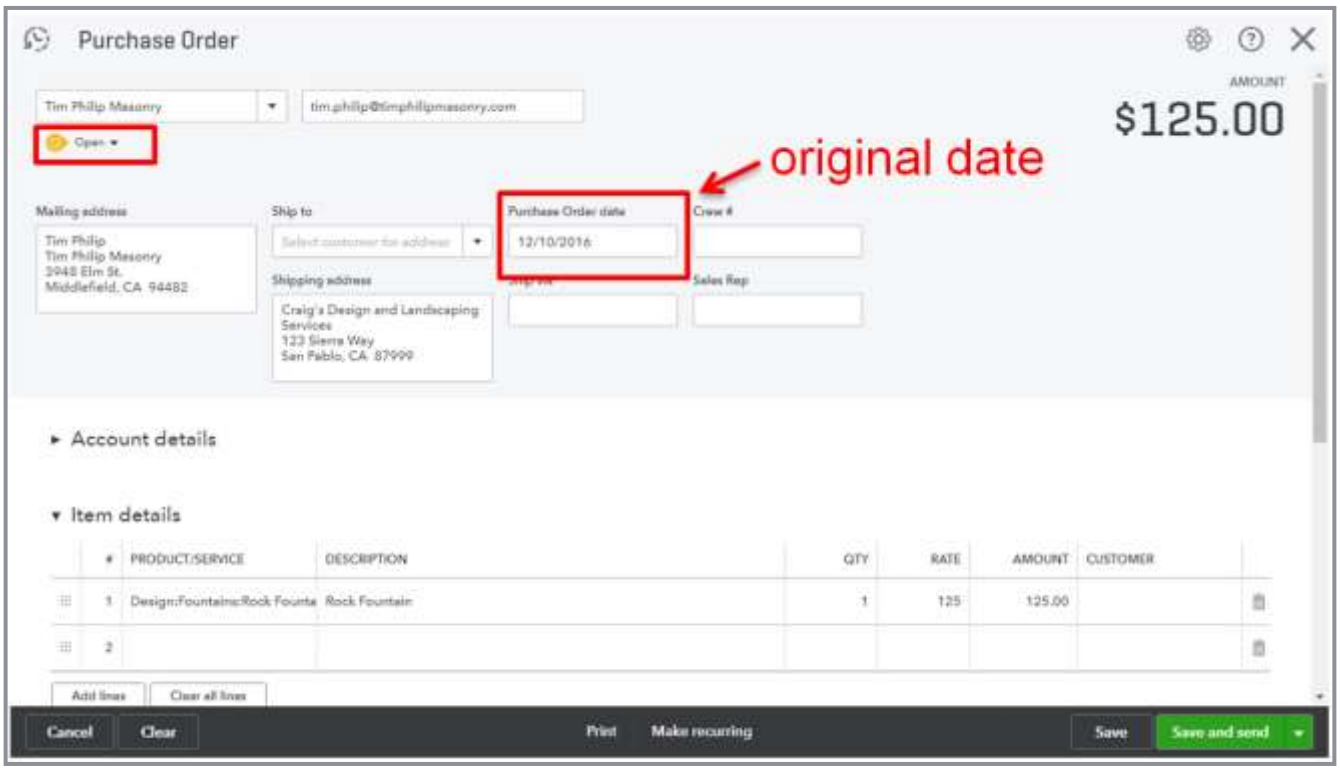
3. Enter open accounts receivable transactions with the original dates and amounts using an invoice transaction.
   - If accrual basis, add an item to your Products and Services list named Beginning Balance (or similar) that posts to the Opening Balance Equity account to offset any duplicate sales you are now recording against the retained earnings you posted to Opening Balance Equity in step 1
   - If cash basis, recreate the original transaction using your regular list of Products and Services items that post to income accounts, so once payment is received, income will be reported appropriately



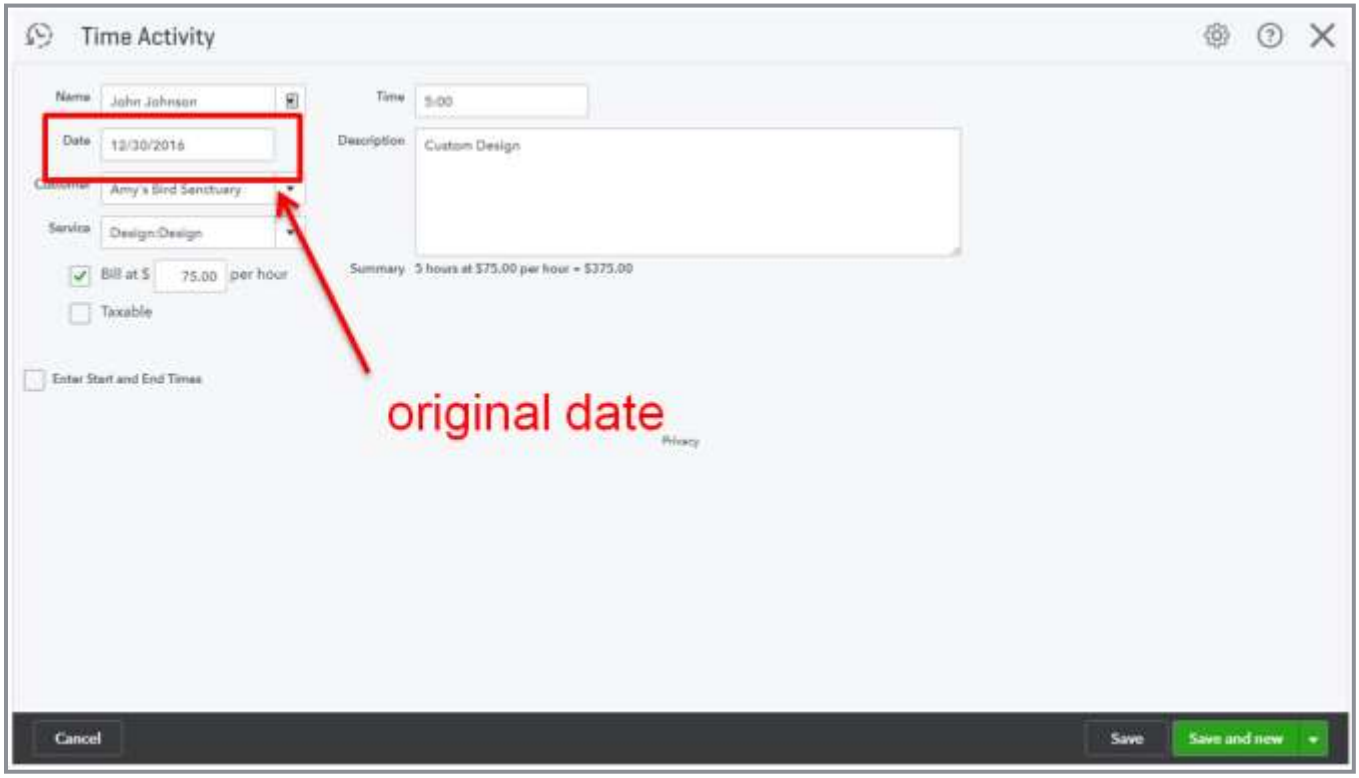
4. Enter open accounts payable transactions with the original dates and amounts using a bill transaction.
   - If accrual basis, post the bill to Opening Balance Equity to offset any duplicate purchases you are now recording against the retained earnings you posted to Opening Balance Equity in step 1's journal entry
   - If cash basis, recreate the original transaction using your items or accounts so once payment is made, the expenditure will be reported appropriately



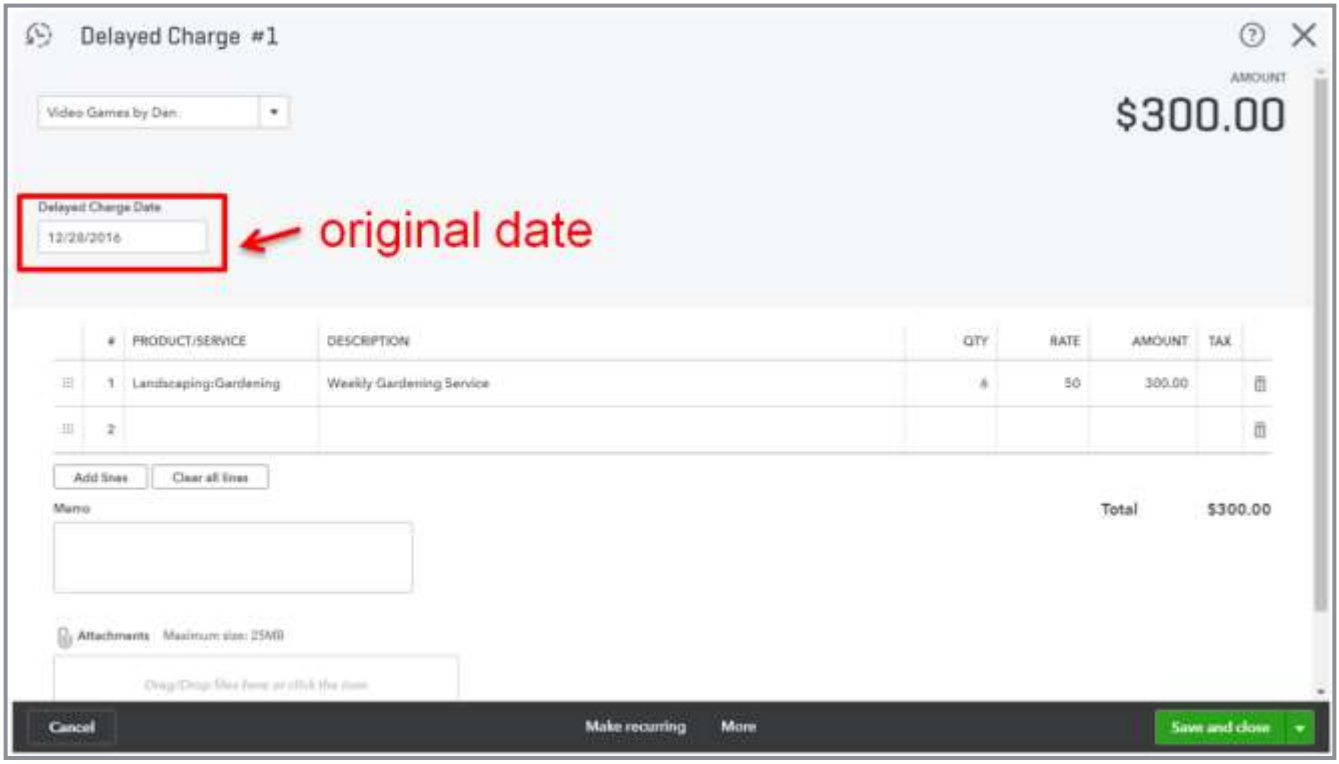
5. Enter open non-posting activity, such as estimates and purchase orders that you want to reference or link to future sales and purchase forms.



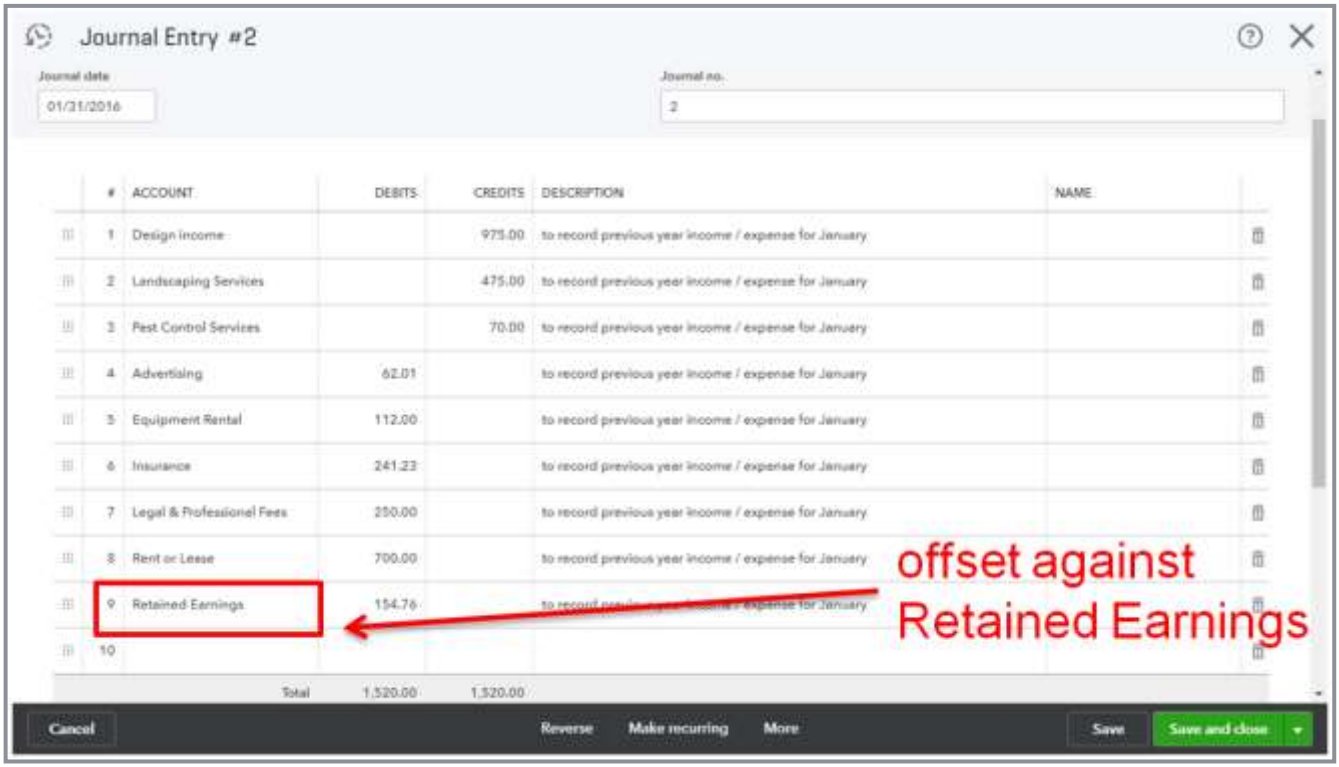
6. Enter unbilled billable time activity using the Single or Weekly Timesheet. These time entries are non-posting and are not recorded to the general ledger but will be available for pulling on to customer invoices. Use the original dates the work was performed and original hours and mark as billable.



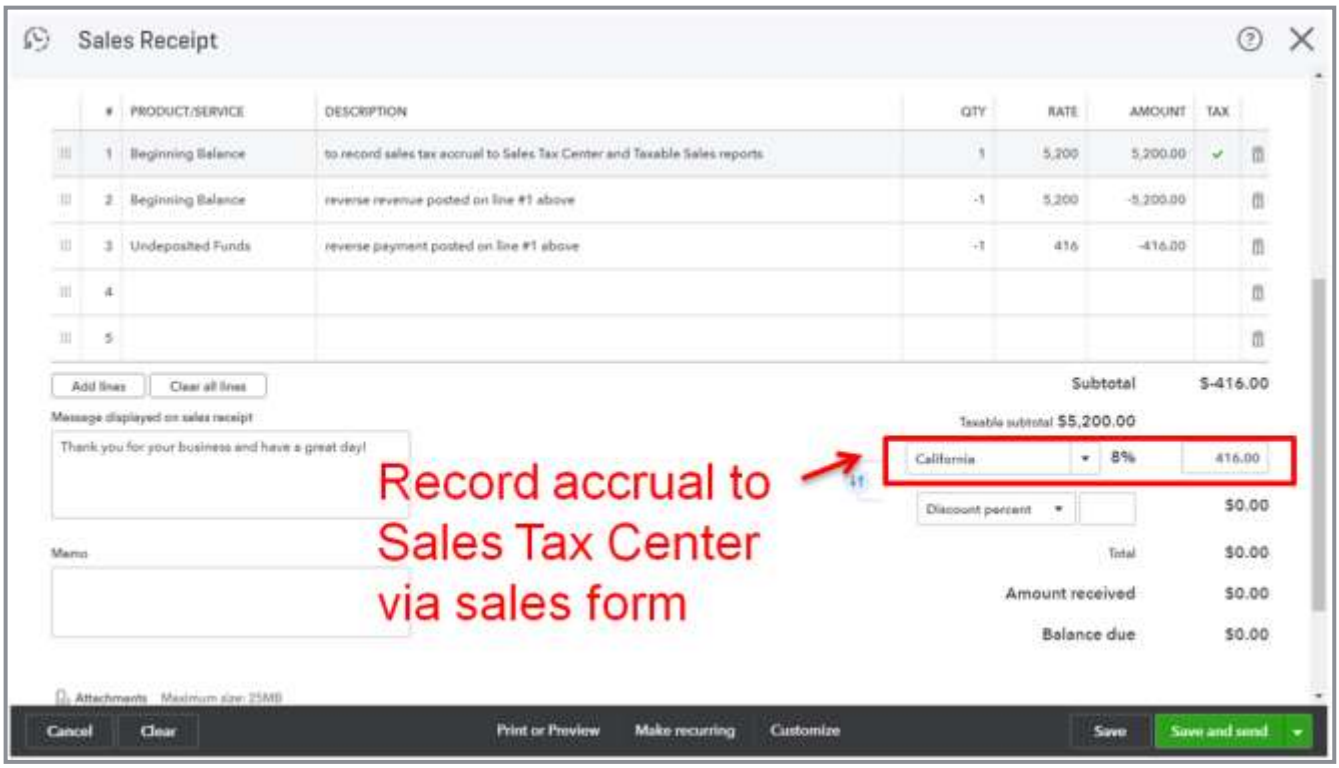
7. Enter unbilled billable charges using the Delayed Charge screen. Like the time entry activities, these non-posting charges are not recorded to the general ledger but will be available for pulling onto customer invoices. Use the original dates the expense was incurred and original amount and mark as billable.



8. Enter mid-year income and expenses if applicable. Even if you are entering beginning balances for the end of a year, the business may still want to be able to run historical comparative reports by month. Use a journal entry dated for each month to record the total of that month's P&L account activity, with offsetting amounts to the Retained Earnings account, so you don't duplicate the income and expense you already posted to retained earnings in step 1.

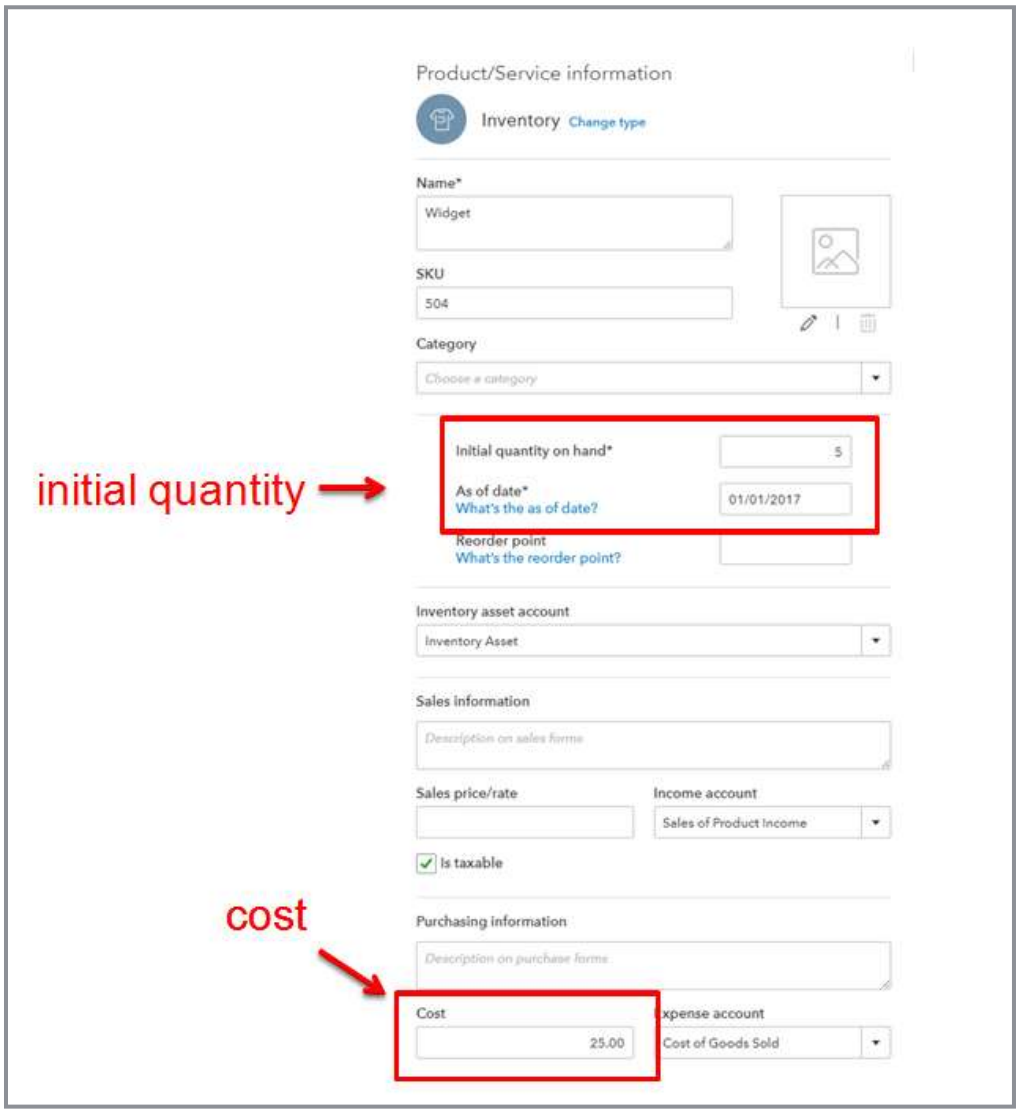


9. Adjust sales tax payable and payroll taxes payable as needed.



10. Add inventory.

- Record inventory balances by adding each new product to the Products and Services list. Select item type Inventory. For each product, enter descriptive information, but especially the initial quantity on hand, the as of date and cost. As you save each new product in the list, QuickBooks Online will multiply the quantity and the cost and post that amount as a debit to Inventory Asset and a credit to Opening Balance Equity on the date you specified.



- If there are many products, you may choose to import inventory items and beginning balances using QuickBooks Online's import tool. We cover that in the next section.
- You may also import inventory items and balances using a third party inventory app with integration to QuickBooks Online. Click on the App Center from the left side navigation bar in QuickBooks Online or visit www.Apps.com to learn more about inventory apps and determine how they integrate with QuickBooks Online. It is suggested you contact the app's support team to ask how the particular app records beginning balances in QuickBooks Online for existing inventory balances.

11. Verify the Opening Balance Equity account is zero. If it is not zero, explore the balance sheet to confirm that all other beginning account balances are proper and determine which component in the Opening Balance Equity account is not washing properly. You may need to adjust duplicate retained earnings or reclassify to other equity accounts.

Craig's Design and Landscaping Services

TRANSACTION REPORT
January 1, 2016 - January 1, 2017

DATE	TRANSACTION TYPE	NUM	NAME	MEMO/DESCRIPTION	ACCOUNT	AMOUNT
▾ Opening Balance Equity						
01/31/2016	Sales Receipt	1039	Cool Cars	reverse revenue posted on lin...	Opening Balance Eq...	-5,200.00
01/31/2016	Sales Receipt	1039	Cool Cars	to record sales tax accrual to ...	Opening Balance Eq...	5,200.00
11/09/2016	Invoice	1038	Red Rock Diner	to off-set prior year income al...	Opening Balance Eq...	156.00
12/20/2016	Check	109	Mahoney Mugs	Office Supplies	Opening Balance Eq...	-18.08
12/25/2016	Bill	2584689	Robertson & Associa...	to off-set prior year expenses ...	Opening Balance Eq...	-315.00
01/01/2017	Journal Entry	1		Opening Balance	Opening Balance Eq...	-408.50
01/01/2017	Inventory Starting Va...	START		Prize Widget - Opening inven...	Opening Balance Eq...	460.58
01/01/2017	Inventory Starting Va...	START		Widget - Opening inventory a...	Opening Balance Eq...	[illegible]
Total for Opening Balance Equity						$0.00
TOTAL						$0.00

OBE = $0.00

Once your balances have been entered and verified, you can then continue setting up the QuickBooks Online company. Connect bank and credit card accounts to online banking. If the initial sync pulls in activity with bank posting dates before your start date, exclude this downloaded bank activity.

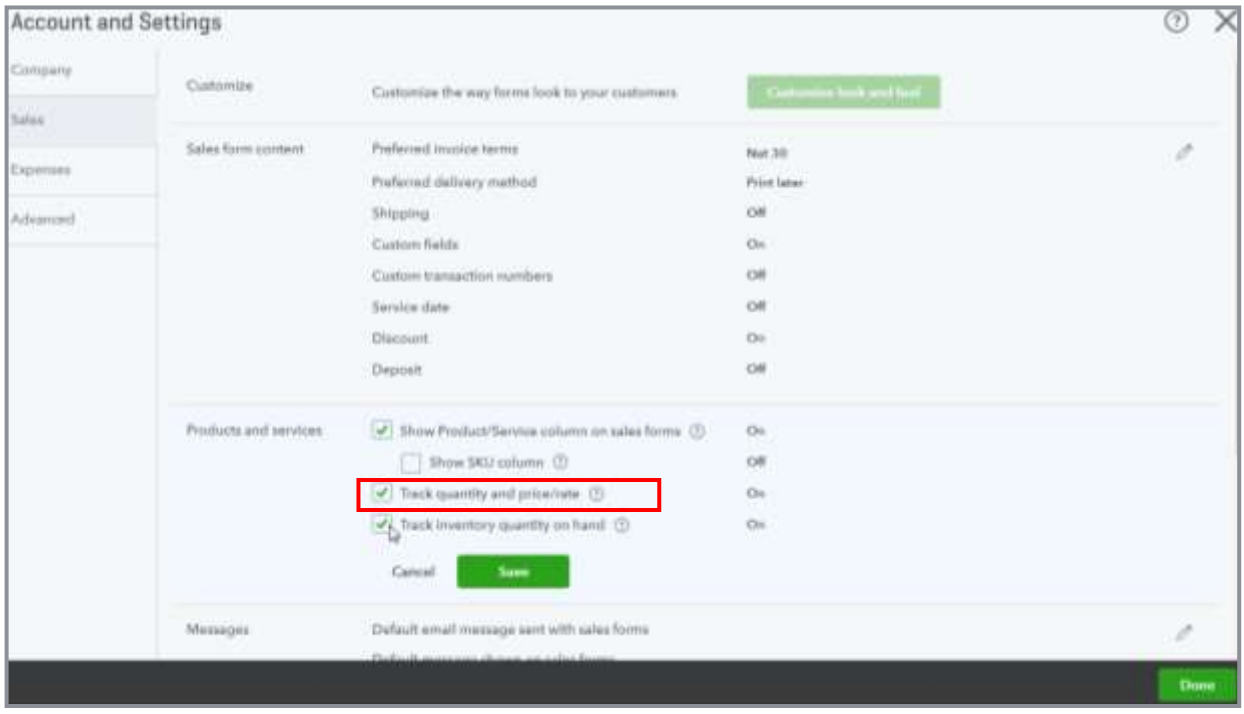
Import Beginning Balances for Inventory

As mentioned throughout this module, QuickBooks Online inventory uses the FIFO method for recording the cost of products when they are sold. Businesses that use a different inventory method and convert to QuickBooks Online inventory should consult their accountant first to discuss the change in inventory methods.

If you start QuickBooks Online with beginning balances and intend to track inventory in QuickBooks Online, you can import inventory as opposed to entering one at a time. These import steps were discussed in general as importing Product and Service Items in the importing lists section earlier. We'll discuss that process again here, paying particular attention to importing inventory-type items in bulk with the intention of posting to Inventory Asset and Opening Balance Equity accounts.

Step-by-Step: **Turn on Inventory in Company Settings**

1. From the gear icon click Account and Settings.
2. On the left menu click Sales.
3. In the Products and Services section, click the pencil icon to edit that section.
4. Check the box to Track inventory quantity on hand.
5. Click Save and Done.



Step-by-Step: Import Products and Services

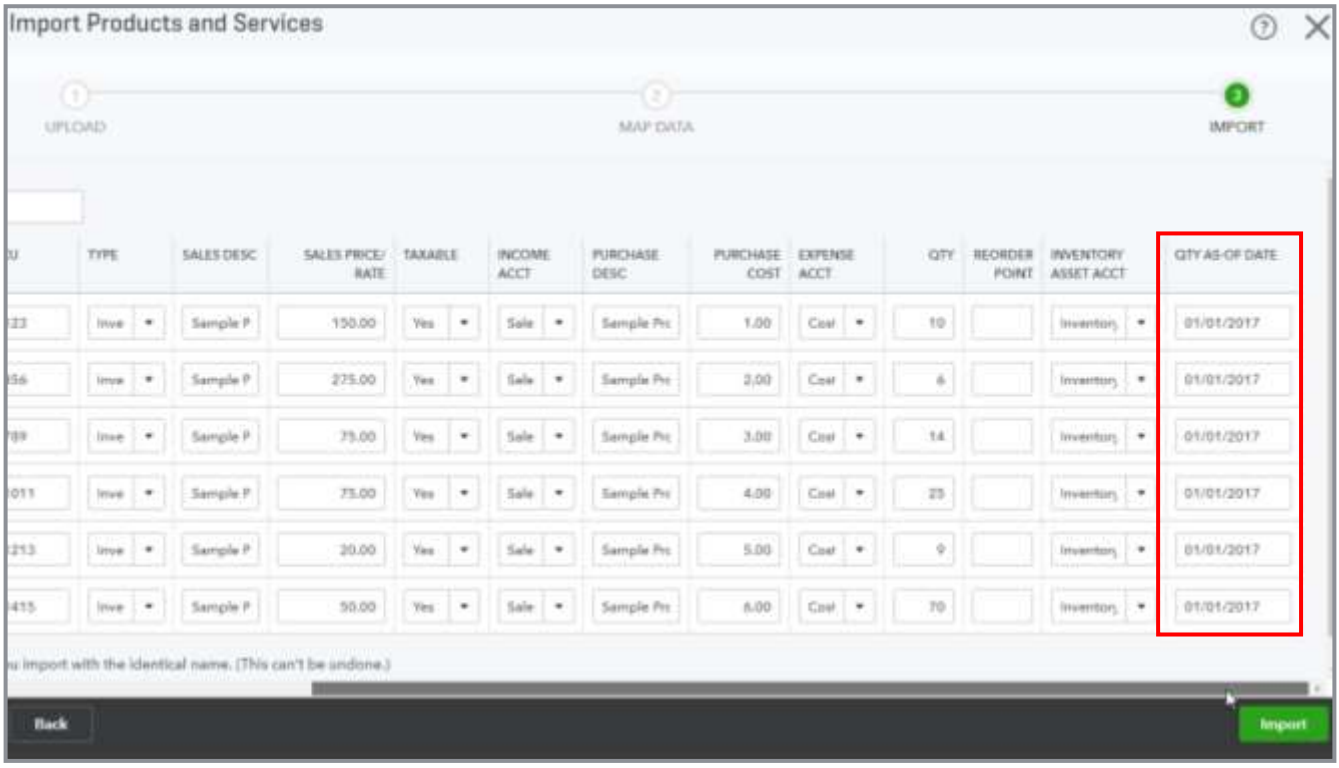
1. From the gear icon select Import Data.
2. Click Products and Services.
3. Download the sample file to see what can be imported and to use as your mapping template. The proper field names are already created in this file.
4. Delete the sample data and highlighted notes.
5. Enter or paste your inventory.
   - Be sure the Inventory Asset account you are using is type Other Current Asset and detail type Inventory; the Income account is type Income and detail type Sales of Product Income; and the Expense account is type Cost of Goods Sold and detail type Supplies and Materials
   - Be sure to include the quantity on hand and purchase cost as this will calculate the inventory asset value. QuickBooks Online will record an inventory value asset adjustment for each product upon import for items identified as inventory posted to the Quantity-as-of-Date that you entered on each row.

	A	I	J	K	L	M
1	Product/Service Name	Purchase Cost	Expense Account	Quantity on Hand	Inventory Asset Account	Quantity as-of Date
2	A-Product1	1.00	Cost of Goods Sold	10	Inventory Asset	1/1/2017
3	A-Product2	2.00	Cost of Goods Sold	6	Inventory Asset	1/1/2017
4	A-Product3	3.00	Cost of Goods Sold	14	Inventory Asset	1/1/2017
5	A-Product4	4.00	Cost of Goods Sold	25	Inventory Asset	1/1/2017
6	A-Product5	5.00	Cost of Goods Sold	9	Inventory Asset	1/1/2017
7	A-Product6	6.00	Cost of Goods Sold	70	Inventory Asset	1/1/2017
8						

   - Be sure the cells in the amount columns do not contain formulas as the import tool will try to import the formula instead of the calculated amount. If the amount is calculated via formula, copy the cells in Excel then Paste Special and select Values.
6. Save the Excel data.
7. In QuickBooks Online on the Upload screen, follow instructions to browse and locate the file you want to upload then click Continue.
8. On the Map Data screen approve the field matches between QuickBooks Online and your data file, which should be automated since you copied the sample file and used those headers for your field names.
9. On the Import screen make any adjustments needed. Be sure to properly select or de-select products and services as single- or double-sided items in the Sell and Buy columns on this screen.

10. Likewise, designate products as inventory by checking the Track column. (Tracking inventory quantity on hand must be turned on in Company Sales Settings to see the Track column on this import screen.)

11. Verify the Qty as-of Date column on the far right for each inventory product. Remember the inventory adjustment will be recorded to the Inventory Asset account as of this date, which affects your balance sheet reporting.



12. Verify that the box is unchecked next to Overwrite all values for each product or service that you import **with the identical name. (This can't be undone.)**, because you will be adding new items for purposes of entering beginning inventory balances on the books.

13. Click Import.

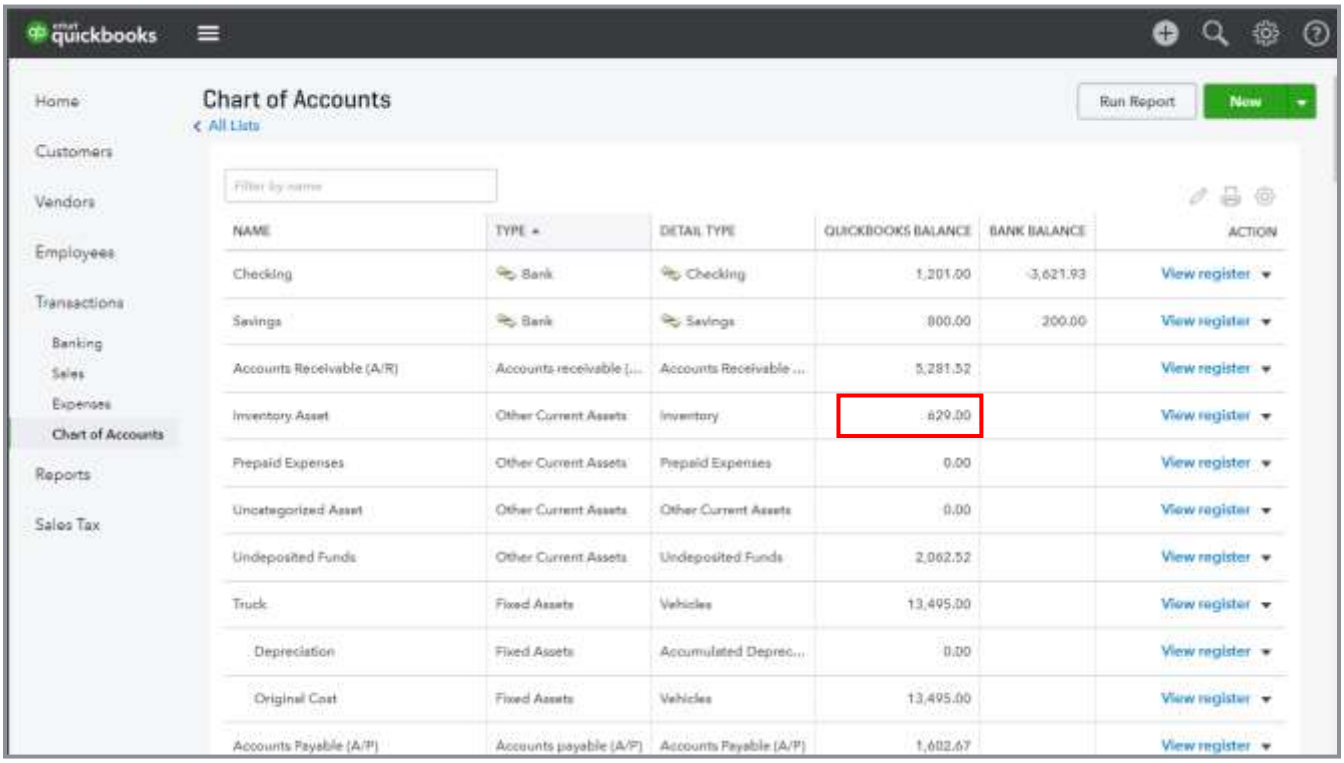
If any of the records do not import, you will be notified and given the opportunity to correct and re-import.

- Columns with no data will be ignored
- The amount of the inventory adjustment on each new inventory product added is the quantity multiplied by the purchase cost
- You can calculate the expected inventory adjustment using the Excel spreadsheet of inventory you imported. On the far right empty column, make a formula to multiply the quantity on hand for each row by the purchase cost to calculate the new inventory asset. Sum the total of this column to calculate the expected increase to Inventory Asset for all new product.

	A	K	L	M	N	O	P
1	**Product/Service Name**	**Quantity on Hand**	**Inventory Asset Account**	**Quantity as-of Date**			
2	A-Product1	10	Inventory Asset	1/1/2017			10
3	A-Product2	6	Inventory Asset	1/1/2017			12
4	A-Product3	14	Inventory Asset	1/1/2017			42
5	A-Product4	25	Inventory Asset	1/1/2017			100
6	A-Product5	9	Inventory Asset	1/1/2017			45
7	A-Product6	70	Inventory Asset	1/1/2017			420
8							
9						add new	629
10							
11						**These columns are unmapped and will not import**	

- When importing and adding new products to inventory, this import process will record inventory adjustments for each item to increase Inventory Asset with an offset to Opening Balance Equity

14. Navigate to the Inventory Asset register to confirm the inventory adjustment posted for each of the inventory items imported.



Outside of entering beginning balances on the books, you may need to import inventory for purposes of updating existing products, such as a physical inventory then batch update quantity on hand. In that case, on the Import screen, check the box to Overwrite all values for each product or **service that you import with the identical name. (This can't be undone.)**. When you overwrite existing products, an inventory adjustment will increase/decrease Inventory Asset with an offset to Inventory Shrinkage (COGS) for only the difference between the original quantity on hand and the newly imported quantity on hand.

Guide Conclusion

You have just completed *Module 1: Complex Conversions.* This Supplemental Guide, in tandem with its recorded module, has been provided to help prepare you for the QuickBooks Online Advanced Certification Exam. Continue on to the remaining modules and their related guides then proceed to the certification exam.

By completing this module, you should be able to:

- Identify potential challenging scenarios when converting from QuickBooks Desktop products
- Recognize feature differences and data that does not convert from Desktop
- Identify when to start a new QuickBooks company by entering beginning balances
- Identify post-conversion steps required to set up a company file (in scenarios such as clients with inventory, banking, payroll and/or sales tax)
- Identify the sequence of steps to correctly enter beginning balances