

QuickBooks® 2016

The Best Guide for Small Business

- Maximize the new and improved features
- Get expert advice for tracking sales and managing expenses
- Be prepared for tax time

Filled with
insider tips!



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Bobbi Sandberg and Leslie Capachietti

QuickBooks® 2016

The Best Guide for Small Business

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QuickBooks® 2016

The Best Guide for Small Business

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ISBN: 978-1-25-958545-6

MHID: 1-25-958545-X

The material in this eBook also appears in the print version of this title: ISBN: 978-1-25-958544-9,
MHID: 1-25-958544-1.

eBook conversion by codeMantra
Version 1.0

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For Sharie M.—the best administrative coordinator
on the planet—thank you for always being wonderful,
dependable, supportive, and fun! And, always
and ever, to Sandy.

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Acknowledgments

It took a team of dedicated and talented professionals to deliver this book to you.

This book is due to the hard work of Wendy Rinaldi and her great team at McGraw-Hill Education and their attention to detail and always supportive suggestions and advice. This team is a joy with which to work, and more professional, capable, and amazing people would be extremely hard to find! New to the project this year is Howie Severson, a delightful addition. His experienced, practiced, and expert eye has made this endeavor shine. (His sense of humor is top-notch as well!) And the best copy editor in the business, Lisa McCoy, found typos, grammar errors, and other faux pas with her capable proficiency. She really is the best! More new team members this year are Anne Bobinac and Michael Olney, our technical editors. They worked hard, using their vast experience and QuickBooks knowledge to ensure that this book gives as much information as possible about the QuickBooks Desktop versions. Their combined decades of experience makes my job easier! This team has worked very hard to make this book helpful to you and your business and we wish you every success!

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Introduction

• Use This Book to Get the Most from QuickBooks

Whether you're a novice or an experienced QuickBooks Desktop version user, the information in this book is organized and presented in a way that can benefit you. If you're brand new to QuickBooks Desktop, the chapters that make up Parts One and Two are required reading. Following the advice and detailed steps outlined in these chapters will help ensure that your QuickBooks file is set up correctly from the start. You'll also learn about all the day-to-day bookkeeping chores you'll be performing in QuickBooks. If you're already a more experienced QuickBooks user or you've mastered the basics, you'll find the information in Parts Three through Six relevant. You can refer to these chapters to confirm that you're on the right track or to learn how to use some of the more advanced features QuickBooks offers.

When you have an immediate need to know how to do something, both the table of contents and the index are designed to make it easy for you to identify quickly where in the book a specific task or feature is covered.

• You and Your Accountant

In a number of places throughout this book, you are reminded to talk to your accountant before making a decision about the best way to enter a beginning balance or handle a particular transaction in QuickBooks. We encourage you to heed this advice. Although QuickBooks gives you the tools you need to manage your business's financial operations, your accountant can play a vital role in helping you maintain a healthy and viable business by providing valuable tax and strategic business-planning advice. In addition, to help *your accountant* better assist *you*, throughout the book we identify information that we think you should share with your accountant because it tells him or her how QuickBooks handles certain accounting functions—for example, payroll and inventory.

If you don't have an accountant and want to connect with one, there are accountants in your area who are certified by Intuit as QuickBooks experts. They often provide on-site assistance with setup and troubleshooting and are a great resource if you get "stuck" while setting up your QuickBooks file—or just want to have an expert review the information you've entered in your system. To locate a Certified QuickBooks ProAdvisor in your area, select Find A Local QuickBooks Expert from the QuickBooks Help menu.

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Part One

Getting Started Using the Desktop Version of QuickBooks

Welcome to QuickBooks! Whether this is your first version or you've used the program for years, this guide is for you. QuickBooks is, at its base, a bookkeeping program. However, when it is properly set up and maintained, it may become one of your company's most valuable assets. Not only will you use it to track your bank balances and what your customers owe you, but you'll also refer to it as you make important decisions such as hiring more employees, making a price change, or even selling your business.

In Part One you'll learn how to gather the information you need to get started so you can create and start using your company file. You'll learn what steps are critical, what you may need to ask someone else, and what you can do on your own. Part One also includes chapters containing instructions and hints when you enter all of the important information for your company into QuickBooks, such as customers, vendors, and the other lists that contain data to help you track your finances more accurately.

Preparing Your QuickBooks Company

In this chapter:

- Preparing for QuickBooks
- Installing the software
- Getting around in QuickBooks
- QuickBooks administration
- Setting up accounts

The first time you open the desktop version of QuickBooks, the QuickBooks Setup window launches. From here, you can begin the process of either creating a brand-new company file or working with an existing file. The focus of this chapter is on ensuring that you have what you need to set up your new QuickBooks company file and to help you get familiar with basic navigation so that you can begin to work in the program right away. You'll learn how to set up those who will be entering data into your program (called Users) and how to create the foundation of your financial data, the chart of accounts.

• What to Do Ahead of Time

Before you purchase software, you need to decide which desktop version of QuickBooks is best suited for your needs. Once the software is in your hands, you need to gather the required information so the program has the proper beginning balances, and finally, determine the best time to start using the software.

• Choose Your Version

As you consider moving to QuickBooks 2016, you'll notice several desktop versions for small business from which you can choose. In a Windows environment, you can select QuickBooks Pro, QuickBooks Premier, or QuickBooks Enterprise Solutions. For those companies using an Apple iOS, Intuit provides QuickBooks for Mac. The QuickBooks Online version is also available, but not covered in this book.

Note An additional version is QuickBooks Desktop Accountant, a special version designed for accounting professionals.

Table 1-1 shows just some of the features available in the various versions.

• Gather Information

After you have decided which version of QuickBooks Desktop to use as your bookkeeping program, it is a good time to get out that shoebox, binder, or spreadsheet you've been using to keep track of your business so far, because you'll need to have the following handy:

- Your last tax return for the business
- Your bank register and statements for the year
- Loan statements and terms
- A list of the customers that owe you money and how much they owe as of the date you want to start using QuickBooks

Feature	QuickBooks Pro	QuickBooks Premier	QuickBooks for Mac	QuickBooks Enterprise Solutions
Track sales, customers, and taxes	X	X	X	X
Pay bills, track expenses, print checks	X	X	X	X
Use e-mail to send estimates, invoices, and reports	X	X	X	X
Use an Inventory Center		X		X
Download from banks and credit card companies	X	X	X	X
Import data from Excel and Quicken	X	X	X	X
Track international transactions in multiple currencies	X	X		X
Use classes (departments), create forecasts and business plans		X		X
Use bar coding and other inventory tracking, FIFO (first in, first out) costing, and multiple location inventory				X

TABLE 1-1 Features of QuickBooks 2016 Desktop Versions

- A list of the suppliers that you owe money to and how much you owe them as of the date you want to start using QuickBooks
- A list of any special equipment, machinery, or computers you own, including their current value and amounts previously depreciated
- A written tally of the money you've put into your business

You need this information because you want the most accurate and complete information you have about your business to make its way into your new QuickBooks file. It's not that you can't change things in QuickBooks later on; it's just that if you start with incorrect or even incomplete data, you sometimes won't be able to figure out what was wrong to begin with. Moreover, if you can't find the problem's source, you run the risk of the problem becoming permanent.

Decide on the Start Date

Your start date is the date that you begin tracking your business in QuickBooks. Even though activities may have occurred before this date, you enter transactions into your new file starting on this date.

Choosing a start date is an important decision, because the date you choose can affect how much work it will take to set up your QuickBooks file. As you are deciding on your start date, consider the following.

Do you want every detail since the beginning of the current year to be available in QuickBooks? If so, you will need to enter every invoice you sent to customers and all the payments you've received on them, every check you wrote to vendors, every payroll check issued to an employee, and so on.

If you are not as concerned about each transaction, you can enter summary totals for each of your company's transaction types up until the day before your QuickBooks start date. Entering monthly summary totals will allow you to run valuable reports (such as the Profit & Loss statement and Balance Sheet) with month-to-month comparisons.

As you can see, the start date and the entry method you choose make a difference in the reports you can generate with QuickBooks.

Gather Additional Information

Whatever method you choose for entering your information, it's a good idea to have all the information together and in one place rather than trying to locate each piece of information during the setup. You'll learn how to enter customer and vendor information and their beginning balances in Chapter 2, so have that data handy along with your last tax return, bank registers, and the items mentioned in the previous section.

Cash Balances

QuickBooks needs to know the reconciled balance for each of your business bank accounts, so verify the balances as of your start date. If you haven't balanced your checkbooks against the bank statements for a while, do so before you enter data into QuickBooks. In addition to the reconciled balance and the statement itself, you need to have a list of the dates and the amounts (both deposits in transit and checks) of the transactions that haven't yet cleared.

Customer and Vendor Balances

If any customer owes you money as of your start date, you have to tell QuickBooks about it. Enter each unpaid customer invoice, using the actual, original dates. Those dates must be earlier than your QuickBooks start date. This means you have to assemble all the information about unpaid customer invoices, including such details as how much of each invoice was for services, items sold, shipping, and sales tax. You'll learn how to set up a customer in Chapter 2. As you enter the information about each invoice, QuickBooks automatically creates the accounts receivable balance for you.

The money you owe as of your start date makes up your accounts payable. Similar to the way you enter your accounts receivable, enter each unpaid bill into QuickBooks using the bill's original date. As with your customer information, you'll learn how to do this in Chapter 2.

Asset and Liability Balances

In addition to knowing your bank account balances, you have to know the balances of the rest of your business's assets. For example, you'll need to know the cost basis of your fixed assets (such as equipment and furniture) and any accumulated depreciation on those assets. Ask your tax preparer for this information.

Gather all the information about your company's liabilities (dollars you owe to others). If you have not paid your current payroll liabilities, for example, you must enter those unpaid amounts. Although the open vendor bills you enter determine your accounts payable balance automatically, you'll need to know the current balance of any loans or mortgages as well. Check with your lender or tax preparer if you're unsure of this information.

Payroll Information

If you do the payroll yourself instead of using a payroll service, you'll need to know everything about each employee: social security number, all the information that goes into determining tax status (federal, state, and local), and which deductions are taken for health or pensions. Double-check the information on each employee's current W-4 form.

You also need to know which payroll items you have to track: salary, wages, federal deductions, state deductions (tax, state unemployment insurance (SUI), state disability insurance SDI), local income tax deductions, benefits, pension, and any other deductions (garnishments, for example). You also need the name and your account number for each government department to whom you send these withheld amounts—some examples are government tax agencies, insurance companies, and so on. You'll learn to create payroll in Chapter 9.

Inventory Information

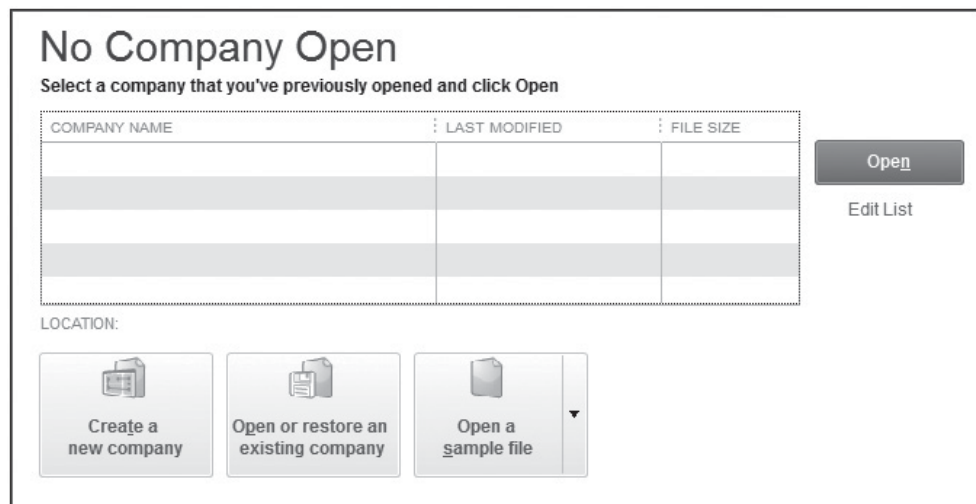
If you maintain an inventory, you will need to decide on the names you want to assign to every inventory item you carry and, most importantly, how much you paid for each item and how many of each you have in stock as of the start date. QuickBooks needs these last two key pieces of information to keep an accurate inventory valuation for you. It is a good time to be thinking about any other information you want to track for each of the items you carry in inventory. For example, what description do you want your customers to see on their invoices? Do you have a preferred vendor from which you purchase an item? Learn more about setting up your inventory in Chapter 13.

You're now ready to set up and configure your QuickBooks company file! Let's get started.

Install and Launch the Software

Whether you're installing QuickBooks from a CD or using a download link from the Intuit website, the installation process is quite straightforward. Simply follow the installation instructions to where you'll read and accept the software license agreement, and select where on your computer you want to install the program. Once the installation of the program is complete, you'll see a QuickBooks 2016 icon on the desktop in either Windows 10 or Windows 7. Also in Windows 10, you can find a link in the Apps Center (look for "All Apps") under "Q" for QuickBooks. In either operating system, you can pin QuickBooks to the taskbar (right-click the icon and select Pin To Taskbar).

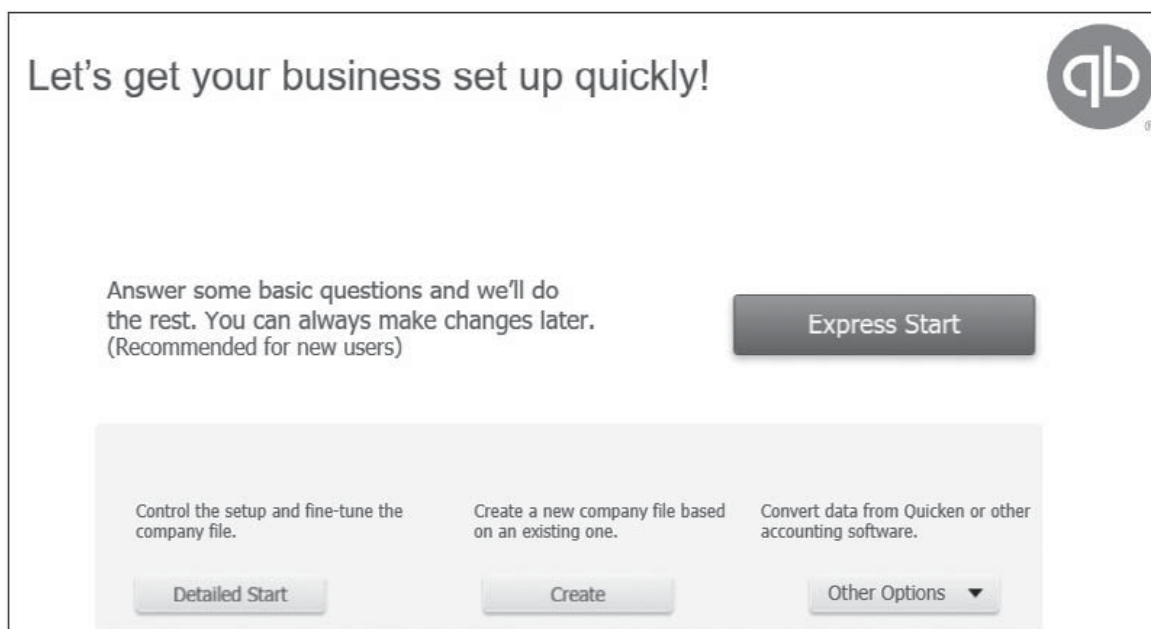
Depending on whether you have existing QuickBooks files, you may see the No Company Open window, as shown next. You see the following options:



- **Create A New Company** Select this option to begin the process of creating a company file. See all of the steps involved in this task in the next section.
- **Open Or Restore An Existing Company** Select this option if you're upgrading from a previous version of QuickBooks. Go through the windows in the Open Or Restore Company Wizard to select your company file. QuickBooks offers to upgrade the file to your new version. Place a check mark in the I Understand That My Company File Will Be Updated To This New Version Of QuickBooks box to accept the offer. QuickBooks then requires that you make a backup of your file in its current version. When the backup is complete, you see a message reminding you that the file is being converted to a newer version. Click OK to begin working in your updated file.
- **Open A Sample File** Click this option to display a list of sample companies you can use to explore QuickBooks. Depending on your QuickBooks version, you may see two or more sample companies.

If you choose the Create A New Company option, the QuickBooks Setup window opens, as shown next. This window provides links to help you get started by using

either the Express Start or Detailed Start. You can also create a new company file based on an existing file.



Small Business Tip As seen in the earlier illustration, QuickBooks Accountant offers the option of creating a new QuickBooks file based on an existing one. When this option is selected, QuickBooks creates a new company file using the existing company's chart of accounts, items, preferences, and sales tax items.

Create Your Company File

Use the following options to create your new company file:

- **Express Start** Asks for some very basic information about your business, such as its name, the type of industry, and how your business is organized. For each required entry, you see an asterisk and a link to help you make a choice.
- **Detailed Start** When you use this option, you will move through several screens, answering questions and providing information so that QuickBooks can fine-tune your company.
- **Create** Helps you create a new company based on information from an existing company.
- **Other Options** Enables you to create a new file from an existing Quicken file or from other accounting software information. Select the Convert Other Accounting Software Data option and follow the onscreen directions to launch the QuickBooks Conversion Tool.

Small Business Tip If you're working in a network environment and you installed QuickBooks Pro 2016 as an upgrade to a previous version, upgrade QuickBooks on the computer that holds the company data file *first*. Then upgrade QuickBooks on the other computers.

Using Express Start

Express Start is a single screen with links designed to get your company file created quickly. As shown next, only your company name, your industry, and your company type are required. Although you can enter additional information, such as your address and telephone number, it is not required at this point.

Glad you're here!
Tell us about your business so we can give you the right tools for what you do.

* Business Name

* Industry [Help me choose](#)

* Business Type [Help me choose](#)

Employer Identification Number (EIN) [?](#)

Business Address

City

State ZIP

Country

Phone

* Required
Intuit's Privacy Statement

[Back](#) [Preview Your Settings](#) [Create Company](#)

Click [Preview Your Settings](#) to review what QuickBooks has set up for you. There are three tabs of information. Do take the time to check what appears in each tab. Although you can make changes later, verifying this preliminary information can save time. Click [OK](#) to return to the previous window.

Click [Create Company](#). You will see another screen asking if you want to add customers, vendors, or other information. If you choose to add these later, click [Start Working to begin using your new company file](#).

Using Detailed Start

The Detailed Start option opens the EasyStep Interview Wizard, as seen in Figure 1-1. This gives a step-by-step approach to creating your company file. Click Next to move through the windows.

Entering Company Information

In the first screen of the interview, you enter basic information about your company. Notice that the information about your company name has two entry fields. The first field is for the real company name, the one by which you do business. The second field, for your company's legal name, is optional and is used only if the legal name of your company differs from the company name you use for doing business. For instance, your company may do business as Win Contracting, but your legal or corporate name might be Winchester Contracting, Inc.

Enter the company tax ID number. Your federal employer ID number (EIN) is a nine-digit number in the format *XX-YYYYYYY*. You need a tax ID number if you have employees. If you don't have an EIN, enter your social security number.

EasyStep Interview

Get answers

Enter your company information

QuickBooks uses this information on your tax forms and forms you use to communicate with your customers and vendors.

* Company name

Legal name
The name you use on your tax and legal forms. Unless you use a DBA name, this will probably be the same as the company name. Explain

Tax ID
Your Federal Employer Identification Number (EIN) or Social Security Number. Used only on tax forms.

Street address

City State Zip

Country

Phone Fax
Use the format you would like displayed on your forms, e.g. (555) 555-1212

E-mail address

Web site

* required field What if I have more than one business?

Leave... < Back Next >

Need help setting up?
 Find A Local QuickBooks Expert (fees may apply)
 Intuit Certified Professional Advisor

FIGURE 1-1 Use the EasyStep Interview Wizard to enter details about your company.

Small Business Tip If you are a sole proprietor using your social security number for business purposes, consider applying for a federal ID number. This can help you separate your business and personal finances by using the T/EIN (Taxpayer/Employer Identification Number) for business transactions and maintaining a separate bank account in your business name. As your business grows and you hire subcontractors, consultants, or employees, you'll eventually need an EIN to pay these folks.

Enter the contact information (address, telephone number, and so on). QuickBooks uses this on the transactions you print (such as invoices), so enter this information as you want it to appear on printed documents. After you have entered the information on this screen, click Next to continue.

Selecting the Industry

In the next window, select the industry that matches the type of business you have. Scroll up or down to see the options. If you don't see an exact match for your business type, choose one that comes close. Alternatively, you can simply select either of the General Product/Service-based Business options located at the bottom of the industry list. Click Next to continue.

How Is Your Company Organized?

The next window displays the various types of legal entities for businesses, such as proprietorship, partnership, corporation, and so on. Select the one that matches the way your business is organized.

If you're not sure, ask your accountant or find a copy of the business income tax you filed last year (unless this is your first year in business) and match the form number to the list in the window. If you can't find the information, select Other/None. You can change it later via the My Company screen accessed from the Company menu. QuickBooks uses this information to attach tax-line information to all accounts that affect your taxes. If you use an Intuit tax preparation program, this information can then be used to prepare a tax return for your business. Click Next to continue.

Configuring Your Fiscal Year

In the next window, enter the first month of your fiscal year. QuickBooks enters January as the default entry, but if you're not using a calendar year, select the appropriate month from the drop-down list. The month you choose here will automatically set the default year-to-date ranges for many QuickBooks reports, including the Profit & Loss report. Click Next to continue.

Setting Up the Administrator Password

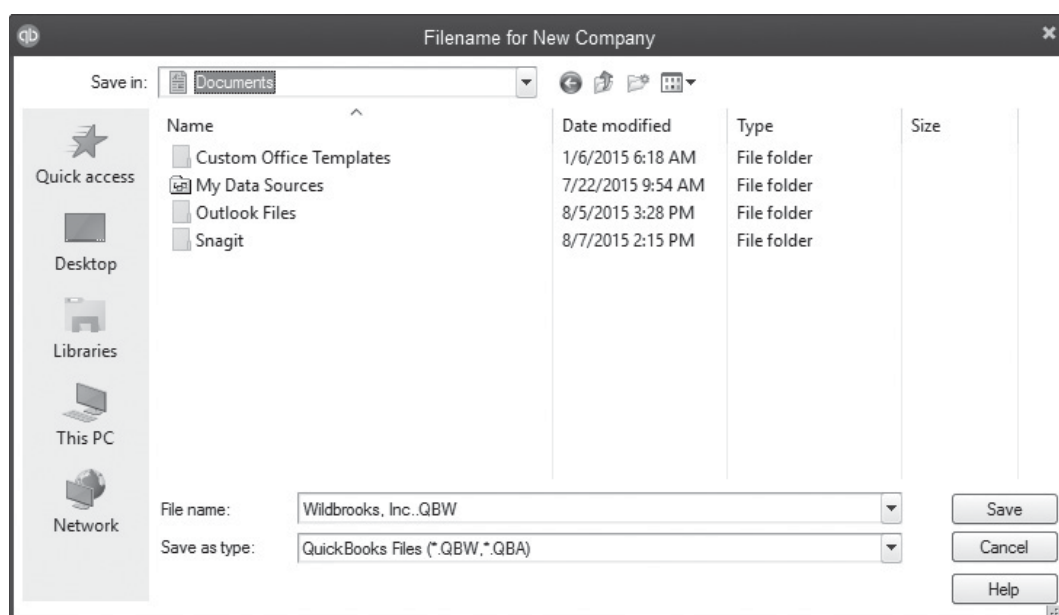
The next window asks you for an administrator password. It's a good idea to create a password to limit access to your company file and to prevent unauthorized access

to your business's financial information, especially if you plan on storing customer credit card information. PCI DSS (Payment Card Industry Data Security Standard) compliance standards also require a complex password if you are storing customer credit card information in QuickBooks.

Creating user logins and passwords lets you place restrictions on what users can do and see in QuickBooks. See "Setting Up Users and Permissions" later in this chapter. Click Next to continue.

Creating Your Company File

The next window explains that you're about to save your company file. Click Next to see the Filename For New Company dialog, as seen next. This saves the company information using a filename based on the company name you've entered. Just click Save to use that filename. If you prefer, you can change the name of the file. It takes a few seconds for QuickBooks to save the company file and set up all the files for the company. By default, QuickBooks saves your company file in a subfolder under the Documents folder.



Small Business Tip Consider creating a folder on your hard drive for your QuickBooks data (for instance, C:\QBDataFiles). This makes it easier to find and back up your data.

Customizing QuickBooks for Your Business

The remaining EasyStep Interview windows provide a series of choices and options about the way you do business. For example, you're asked what you sell (services,

products, or both), whether you charge sales tax, whether you use estimates, and so on. The questions are clearly stated and easy to answer, and you won't necessarily have to perform any setup tasks right away if you answer Yes. For example, if you answer Yes when you're asked if you have employees, you don't have to create employee information immediately—you can do all of that later.

Essentially, QuickBooks is setting configuration options for you, but you can set any of those options for yourself at any time. Find information about the options you need to perform certain tasks in the appropriate chapters throughout this book.

Selecting a Start Date and Creating the Chart of Accounts

Before you begin creating your chart of accounts, you'll be asked to choose a QuickBooks start date. Before filling in your answer, be sure to read the section "Decide on the Start Date," earlier in this chapter. Click Next after you've completed this page to review the income and expense accounts that QuickBooks suggests you use.

QuickBooks displays the income and expense accounts it has established for your company, based on your responses to the interview question regarding your type of business. Figure 1-2 shows the review page for your chart of accounts.

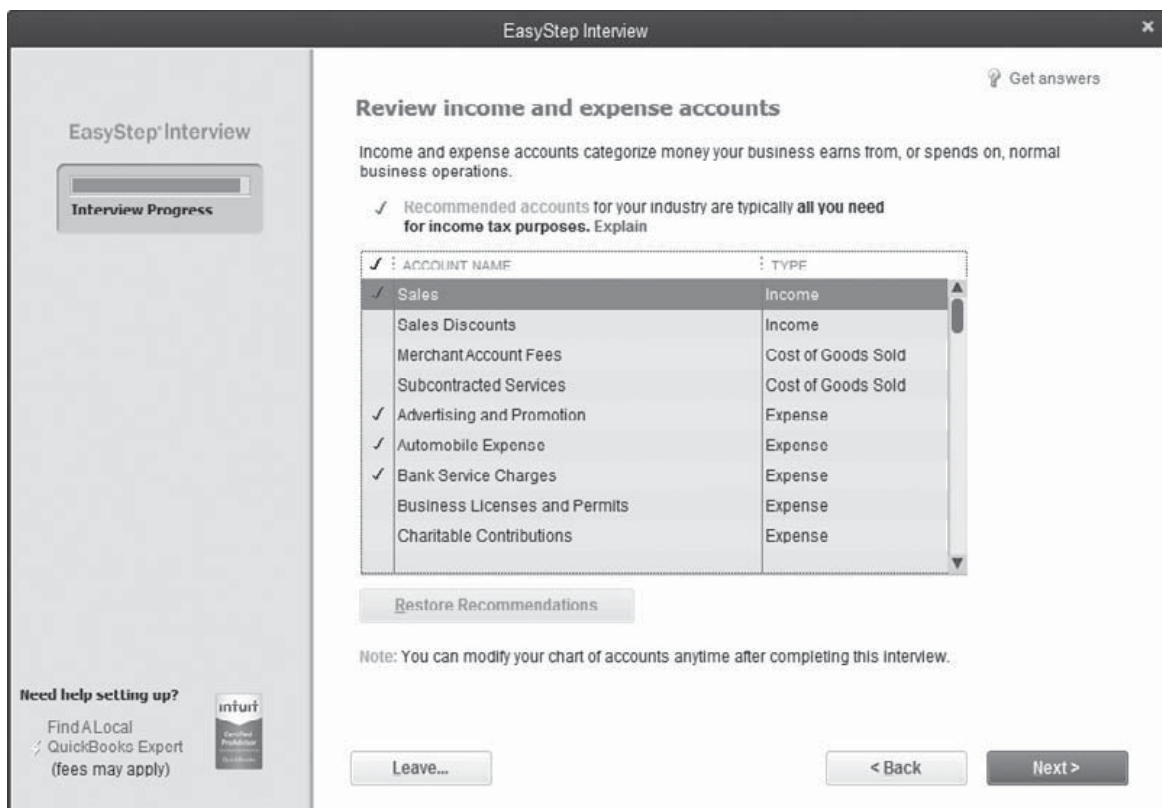


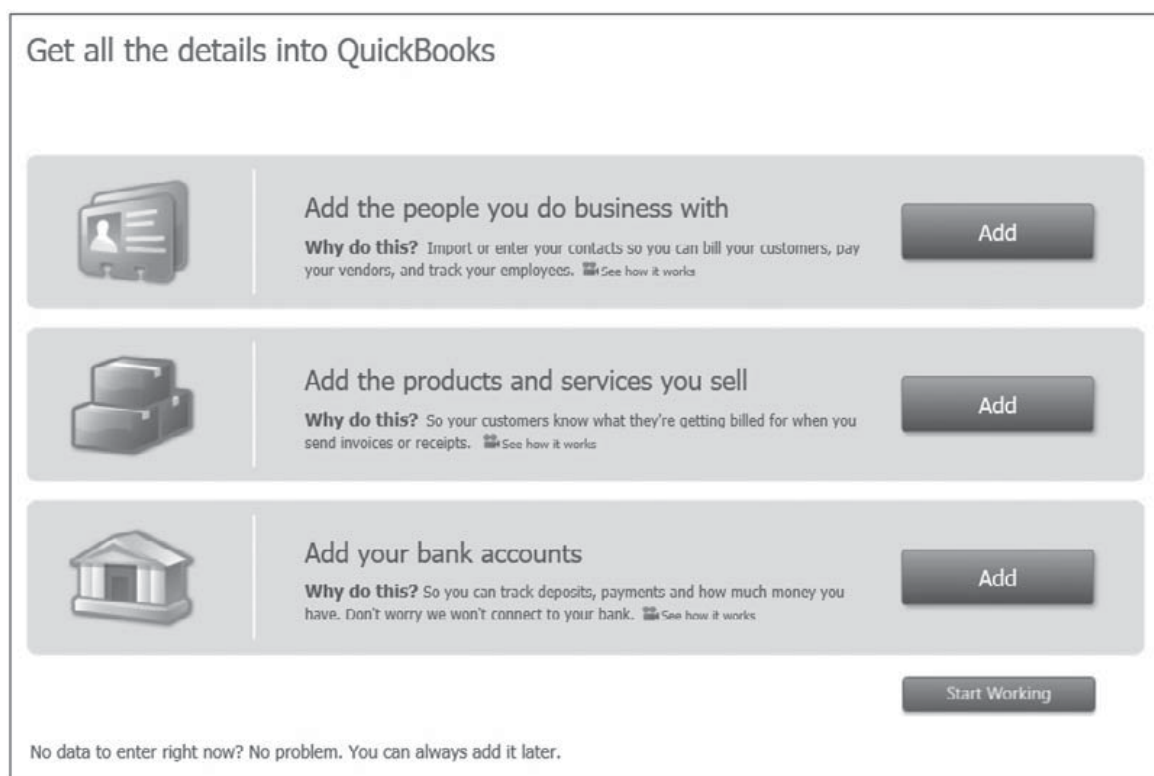
FIGURE 1-2 You can select or deselect items for your chart of accounts on this screen, or wait until you begin using QuickBooks.

You can select or deselect specific accounts if you know you need or don't need any of them. However, it may be easier to go through that process later. You'll likely need additional accounts in your chart of accounts, but it's easier to add them after you've finished this company setup task. Learn more about setting up your chart of accounts in the section "Create Your Company's Chart of Accounts" later in this chapter.

Click Next to finish with the basics of creating your QuickBooks company file. You can now continue building your file by clicking the Go To Setup button and launching the QuickBooks Setup window.

The QuickBooks Setup Wizard

The QuickBooks Setup Wizard (which launches after either a Detailed or Express Startup) gives you three important options designed to help simplify the task of getting information into your new company file, as shown in the following illustration.



Click the Add button next to the list type that you want to enter. You may enter the information manually or import the data from Excel and even several e-mail applications. QuickBooks will tell you any fixes that need to be made to the information prior to importing it.

If you prefer to start exploring your file now and work on your lists later, click the Start Working button at the bottom of the window to open the QuickBooks Home page.

Navigate in QuickBooks

With your new file created, let's take a look at how you get around in the software.

The Home page, as seen in Figure 1-3, shows the following elements:

- **Title Bar** Located at the top of the QuickBooks window, this displays the name of your QuickBooks company file.
- **Menu Bar** Gives you access to all areas in QuickBooks.
- **Icon Bar** Contains buttons for quick access to frequently used functions. By default, it appears at the left side of the Home page. Learn how to change the location and functions on the Icon Bar in the section “Customize the Icon Bar,” later in this chapter.

Home Page

The heart of the Home page includes links and icons you can use to access the features and functions you need to run your business in QuickBooks. It's divided into sections to make it easy to find icons and see the workflow those icons represent. Take a moment to review the Home page and identify the Vendor, Customer, Employees, Company, and Banking areas.

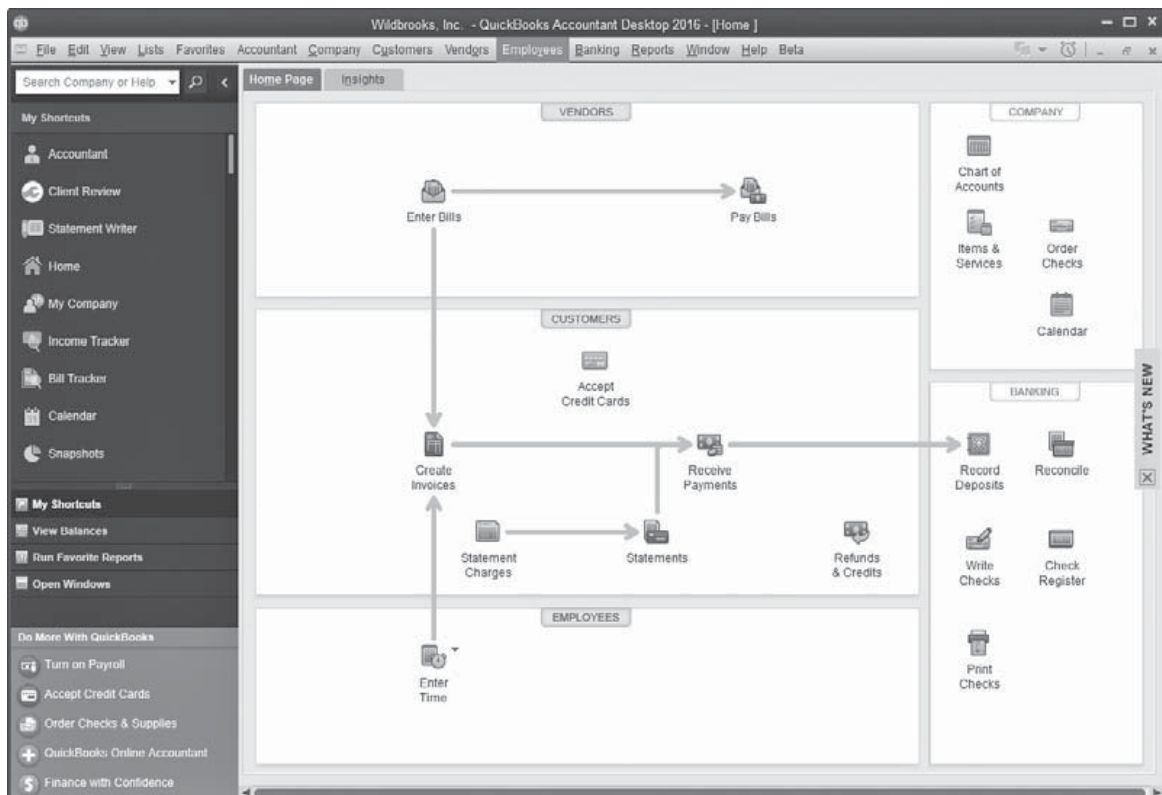


FIGURE 1-3 The QuickBooks Home page makes navigation easy.

The Home page is dynamic—that is, the icons and workflow arrows it contains change as you enable the various features available in QuickBooks. For example, if you enable inventory tracking, QuickBooks adds icons in the Vendors section for inventory-related tasks

QuickBooks Centers

QuickBooks centers are windows in which information is displayed about specific areas of your company. Most centers have a dedicated button on the Icon Bar or directly in the middle of the Home page; other centers are accessible from the menu bar. You can see current data, analyze that data, and perform tasks. QuickBooks centers are shown in Table 1-2.

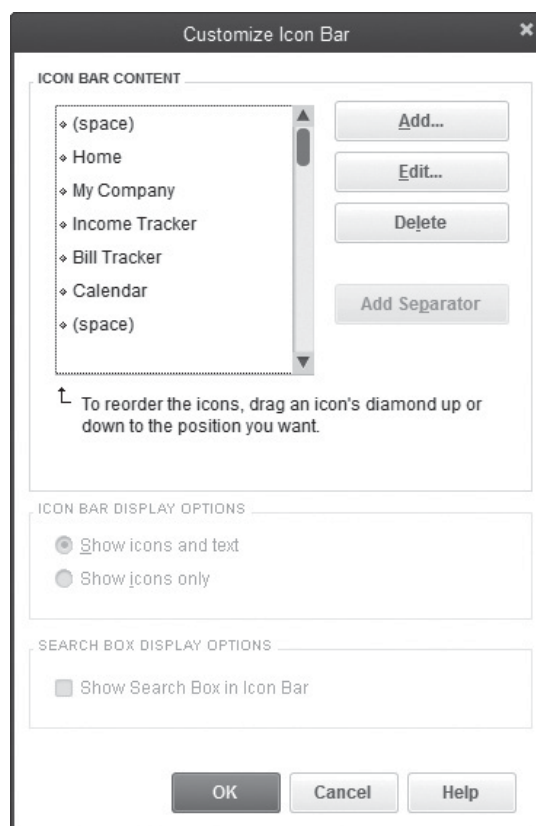
Center	What It Contains
Customer Center	Open the Customer Center by selecting it from the Customers menu at the top of the QuickBooks window. Here you find everything you'd ever need to know about your customers, including your list of customers and all the information about each. You can also perform routine customer-related tasks using the buttons at the top of the Customer Center window. Information about using and customizing the Customer Center is in Chapter 2.
Vendor Center	The Vendor Center makes it easy to view detailed information about your vendors and to enter transactions into QuickBooks related to them. Select Vendor Center from the Vendors menu on the menu bar to open this center. Learn how to use and customize the Vendor Center in Chapter 2.
Employee Center	Whether you process your own payroll or use a QuickBooks payroll service, you can find detailed information about each employee, your payroll liabilities, and the payroll transactions for each employee in the Employee Center, accessed from the Employees menu. Refer to Chapter 9 to learn more about the ways you can process payroll in QuickBooks.
Report Center	The Report Center can be opened directly from the Icon Bar and includes three views: Carousel view, List view, and Grid view. For each view, the major category of reports displays in the left pane. Learn more about reports in Chapter 11.
Bank Feeds Center	From the Icon Bar, you can also launch the Bank Feeds Center, where you can go to download and enter transactions directly from your credit card and bank accounts into QuickBooks. Do consider taking advantage of this useful and time-saving feature. Learn more in Chapter 8.
Docs Center	The Docs Center holds documents and files on your computer that you can then “attach” to or associate with a specific transaction or record in QuickBooks. Learn how in Chapter 14.
App Center	The App Center shows other software programs that interface with QuickBooks.
Lead Center	Unlike the other centers, the (Customer) Lead Center doesn't have a button of its own on the Icon Bar (although you can add it if you want by customizing the Icon Bar, as explained in the next section). Access the Lead Center from the Customers menu.
Calendar	Although not a “center” per se, the QuickBooks Calendar can give you a unique view of all the important transactions and reminders you need to monitor to keep your business running smoothly. Click the Calendar button on the Icon Bar to open your calendar for the first time. If you haven't yet entered any transactions into your QuickBooks file, your calendar will be empty. Check back in once you've entered some bills or invoices, and your calendar will show the dates that these bills or invoices were created and are due.

TABLE 1-2 QuickBooks Centers

Customize the Icon Bar

To customize the Icon Bar, choose View from the menu. You'll see options that let you move the default location of the Icon Bar from the left side of the window to the top of the window, or you can hide it altogether.

QuickBooks put icons on the Icon Bar, but the icons QuickBooks includes may not match the features you use most frequently. Choose View | Customize Icon Bar to display a list of the icons currently occupying your Icon Bar, as shown next. From here, you can add, remove, or reorder the icons to suit you.



Small Business Tip When you log into QuickBooks with your own login name, the Icon Bar settings you establish are linked to your login name only. You are not changing the Icon Bar for other users.

Changing the Order of Icons and Their Display

You can change the order in which icons appear on the Icon Bar. To move an icon, click the small diamond to the left of the icon's listing, hold down the left mouse button, and drag the listing to a new position.

You can also change the way the icons display:

- **Display icons without title text** By default, icons and text display on the Icon Bar when it's positioned at the top of the window. You can select Show Icons Only to remove the title text under the icons. As a result, the icons are much smaller (and you can fit more icons on the Icon Bar). Positioning your mouse pointer over a small icon displays the icon's description as a Tool Tip.
- **Change the icon's graphic, text, or description** To change an individual icon's appearance, select the icon's listing and click Edit. Then choose a different graphic (the currently selected graphic is enclosed in a box), change the Label (the title), or change the Description (the Tool Tip text).
- **Separate icons** You can insert a separator between two icons, which is an effective way to create groups of icons after you move icons into logical groups. The separator is a black vertical line. In the Customize Icon Bar dialog, select the icon that should appear to the left of the separator bar and click Add Separator. QuickBooks inserts the separator on the Icon Bar and "(space)" in the listing to indicate the location of the separator.

Adding and Removing Icons

You can remove any icons you never use or use infrequently and fill the space they took up with icons representing features you use a lot. Select the unwanted icon in the Customize Icon Bar dialog and click Delete. QuickBooks does not ask you to confirm the deletion; the icon is just removed from the Icon Bar. The icon is not gone for good, though. You can add it back at any time from the Customize Icon Bar dialog.

If you're currently working in a QuickBooks window and it strikes you that it would be handy to have an icon for fast access to this window, while the window is active, choose View | Add "*Name Of Window*" To Icon Bar. A dialog appears so you can choose a graphic, name, and description for the new icon.

You can add an icon to the Icon Bar in either of two ways:

- Choose Add in the Customize Icon Bar dialog.
- Automatically add an icon for a window (transaction or report) you're currently using.

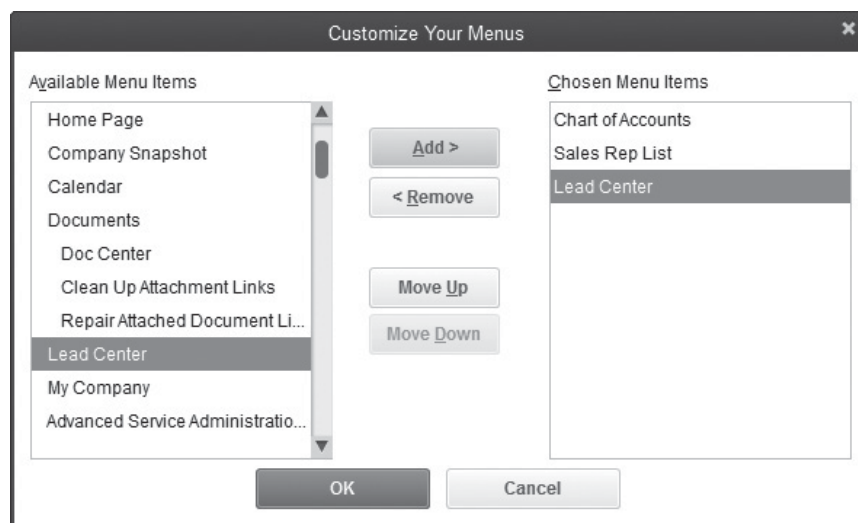
To add an icon from the Customize Icon Bar dialog, follow these steps:

1. Click Add to display the Add Icon Bar Item dialog.
2. Scroll through the list and select the task you want to add to the Icon Bar.
3. Choose a graphic to represent the new icon.
4. If you want, change the label and/or the description (the text that appears in the Tool Tip when you hold your mouse pointer over the icon).
5. Click OK to close this dialog when you're done.

The Favorites Menu

The Favorites menu (located on the menu bar) gives you the flexibility to list up to 30 of the QuickBooks tasks and lists that you use most often, saving you from having to navigate to other areas of the program to complete your most common QuickBooks tasks. To add menu items to your Favorites menu, do the following:

1. Select Favorites | Customize Favorites from the menu bar. The Customize Your Menus window opens, as shown next.



2. Select a menu item, and then click the Add button to add it to your Favorites menu.
3. Click OK when you're finished.

Closing QuickBooks

To exit QuickBooks, click the X in the top-right corner of the QuickBooks window, or choose File | Exit from the menu bar. QuickBooks will ask you if you're sure you want to exit. If you choose Yes, the company file open at the time you exit the software is the file that opens the next time you launch QuickBooks.

Setting Up Users and Permissions

If several users access your QuickBooks file, either at different times or at the same time, each user should have an individual user name and password. In this way, you can track who is making what changes to your company file. Even if you're the only one using QuickBooks, you should make sure that you log in with a password to ensure the security of the company file.

When multiple users can access a company file from other computers on the network, QuickBooks requires user logins. Although it is tempting to avoid the extra step of logging in and remembering a password, don't yield to that temptation. If anyone else wanders into your office and accesses your computer, without passwords, it is possible for him or her to open QuickBooks and view your financial information.

User names are linked to permission levels. This means if you choose, you can limit the parts of QuickBooks that certain users can access to create or view transactions and reports. For example, you can keep users from seeing payroll information or sensitive reports that contain information about your company's profits, debts, and so on.

The QuickBooks Audit Trail report tracks activities with a time and date stamp and displays the name of the logged-in user for every transaction it tracks, but if you and your staff are all using "Admin" as the login name each time you use QuickBooks, the practice diminishes the value of this report. Learn more about the Audit Trail report in Chapter 11.

Working with User Names and Passwords

Most of us who use computers and the Internet on a regular basis know that passwords are very important when it comes to protecting our personal and business information. Remember not to use passwords that are based on information that someone else may know, such as your child's name, your dog's name, your nickname, your license plate, or your birth date, because many computers are attacked by hackers who have successfully guessed such passwords.

If you've enabled the credit card protection feature in QuickBooks (covered in Chapter 2), you must create a complex password (also sometimes called a strong password) if you're the Admin user or a user who has permission to view customer credit card information. A complex password contains a minimum of eight characters, comprising uppercase and lowercase letters, numbers, and symbols. Even if you do not use the credit card protection feature, you should still consider using a complex password.

Of course, the longer the password and the more complicated it is, the harder it is for someone else to guess; but complicated passwords can also be difficult to remember. For example, Xyyu86RDa is a great password, but it would be very difficult to remember. Try to strike a balance between complexity and your ability to remember the password.

Small Business Tip Whatever your password, do not affix it to your computer monitor on a sticky note.

The QuickBooks Admin

The first person to open the company file (usually the person who creates it) becomes the Admin (administrator) user automatically. The Admin user is in charge of all QuickBooks users and is the only user who can set up additional users, set period closing dates, and complete other sensitive activities in the company file. QuickBooks lets you change the name “Admin” to any other name without losing the administrator power.

As previously mentioned, it is never a good idea to use QuickBooks without the security of having users log in to a company file with a unique user name and a password. Even if you are the only person who works in QuickBooks, and therefore you are automatically the administrator, be sure the user named Admin has a password.

Small Business Tip The administrator’s (Admin) privileges in QuickBooks are totally unrelated to your Windows login name and privileges. Even if you’re an ordinary user in Windows and can’t install software or manage users on the computer, you can be the QuickBooks administrator.

You can create the Admin password when you first create a QuickBooks file or at any time later. If you did create a password and you think someone else may have discovered it, you can create a new password.

To add or change the password for the user named Admin, follow these steps:

1. Log in to QuickBooks as Admin and choose Company | Set Up Users And Passwords | Change Your Password to open the Change QuickBooks Password dialog shown in Figure 1-4.
2. If the Admin account is already password-protected and you’re merely changing the password, you’ll need to enter the current password to complete the process.
3. Enter the new password, enter it again in the Confirm New Password field, and select a challenge question and the answer. You cannot see what you’re typing in the Answer field, so type carefully. QuickBooks treats this the same way it treats password entry; you see bullet characters instead of the characters you’re typing. (Keep reading for more information about this question and answer.)
4. Click OK when you’re finished.

If you don’t remember your Admin password, you can’t get into your company file. If Admin is the only user, that means you can’t use QuickBooks. If there are other users, they can open the company file, but they can’t perform administrative tasks in the file (many QuickBooks functions can be performed only by the Admin user). Essentially, forgetting your Admin password brings your QuickBooks work to a screeching halt.