

Budgets and Planning Tools

In this chapter:

- Configure a budget
- Report on budget versus actual figures
- Export budgets
- Project cash flow

Chapter 23

A budget is a tool for tracking your progress against your plans. A well-prepared budget can also help you draw money out of your business wisely, because knowing what you plan to spend on staff, overhead, or other expenses in the future prevents you from carelessly withdrawing profits and living high on the hog whenever you have a good month.

For general planning, the ability to project cash flow by using actual data and then applying “what if” scenarios helps you decide whether you can increase or decrease expenses and prices.

I’ll go over these tools in this chapter.

• **How QuickBooks Handles Budgets**

Before you begin creating a budget, you need to know how QuickBooks manages budgets and the processes connected to budgets. In this section, I’ll present an overview of the QuickBooks budget features, so you can understand them and bear them in mind when you create your budgets.

• **Types of Budgets**

QuickBooks offers several types of budgets:

- Budgets based on your Balance Sheet accounts
- P&L budgets based on your income and expense accounts
- P&L budgets based on income and expense accounts and a customer or job
- P&L budgets based on income and expense accounts and a class

P&L budgets can be created from scratch or by using the actual figures from the previous year. The latter option, of course, only works if you’ve upgraded to QuickBooks 2008 from an earlier version.

• **Budgets Aren’t Really Documents**

In QuickBooks, a budget is the data you enter in a budget window. Once you begin creating a budget, the data you record is more or less permanently ensconced in the budget window and reappears whenever you open that budget window. You create a budget by choosing Company | Planning & Budgeting | Set Up Budgets.

You can only create one of each type of budget. For example, if you create a P&L budget, enter and record some figures, and then decide to start all over by launching the Create New Budget Wizard, you can’t create a new P&L budget. Instead of creating a new budget, the wizard displays the data you already configured. You have no way of telling QuickBooks, “Okay, save that one, I’m going to do another one with different figures.” You can change the figures, but the changes replace the original figures. You’re editing a budget; you’re not creating a new budget document.

Creating Multiple Budgets

Once you've created your first budget, regardless of type, the next time you select Company | Planning & Budgeting | Set Up Budgets, the budget window opens with the last budget you created.

If the budget is a P&L or Balance Sheet budget, you cannot create a second budget of the same type. However, you can create a budget of a different type (P&L with Customer:Job, or P&L with Class). To do so, click the Create New Budget button in the budget window and go through the wizard to select different criteria (Customer:Job or Class).

After you've created a Customer:Job budget or a Class budget, you can create another budget using a different customer or job or a different class (or using different accounts for the same customer, job, or class). See the sections "Customer:Job Budgets" and "Class Budgets" for instructions on creating multiple budgets of those types.

Deleting a Budget

QuickBooks lets you delete a budget. This means if you want to create multiple budgets of the same type (perhaps you feel better if you have a "Plan B" budget), you have a workaround to the "no two budgets of the same type" rule. Export the original budget to a spreadsheet application, and then delete the original budget and start the process again. See the section "Exporting Budgets" later in this chapter.

To delete a budget, choose Edit | Delete Budget from the QuickBooks menu bar while the budget window is open.

Understanding the Budget Window

Before you start entering figures, you need to learn how to manage your work using the buttons on the budget window.

- **Clear** Deletes all figures in the budget window—you cannot use this button to clear a row or column.
- **Save** Records the current figures and leaves the window open so you can continue to work.
- **OK** Records the current figures and closes the window.
- **Cancel** Closes the window without any offer to record the figures.
- **Create New Budget** Starts the budget process anew, opening the Create New Budget Wizard. If you've entered any data, QuickBooks asks if you want to record your budget before closing the window. If you record your data (or have previously recorded your data with the Save button), when you start anew, the budget window opens with the same recorded data, and you can change the figures.

- **Show Next 6 Months** Exists only if the display resolution of your computer is set lower than 1024×768; otherwise, you can see all 12 months in the budget window. With lower resolution, only 6 months of the budget can be seen in the window. In that case, QuickBooks adds buttons to the window to move the display to the next six-month display, and the button changes its name to Show Prev 6 Months.

The other buttons in the budget window are used when you're entering data, and I go over them later in this chapter. See the section "Enter Budget Amounts."

• **Tasks to Perform Before You Start Your Budget**

Before you create a budget, you need to check the following details:

- Make sure the accounts you need exist; adding accounts while you're working in a budget doesn't work properly because you won't see the accounts unless you close and re-open the budget.
- The first month of the budget must be the same as the first month of your fiscal year.
- All the accounts you want to include on the budget must be active; inactive accounts don't appear in the budget window.

• **A Word About Balance Sheet Budgets**

It's highly unusual to have a need to create a Balance Sheet budget because you can't predict the amounts for most Balance Sheet accounts. Even if you want to keep an eye on the few accounts over which you have control (fixed assets and loans), there's little reason to use a budget to do so. The transactions for fixed assets and loans are usually planned and therefore don't need budget-to-reality comparisons to allow you to keep an eye on them.

As a result, I'm not going to spend time discussing Balance Sheet budgets. If you feel you need to create one, choose Company | Planning & Budgeting | Set Up Budgets. If this is your first budget, the Create New Budget Wizard opens. Otherwise, when an existing budget appears, click the Create New Budget button. When the Create New Budget Wizard opens, select the year for which you want to create the budget and select the Balance Sheet option. Then click Next, and because the next window has no options, there's nothing for you to do except click Finish. The budget window opens, listing all your Balance Sheet accounts, and you can enter the budget figures. See the following sections on creating P&L budgets to learn the procedures for entering budget figures.

• **P&L Budgets**

The most common (and useful) budget is based on your income and expenses. After you've set up a good chart of accounts, creating a budget is quite easy.

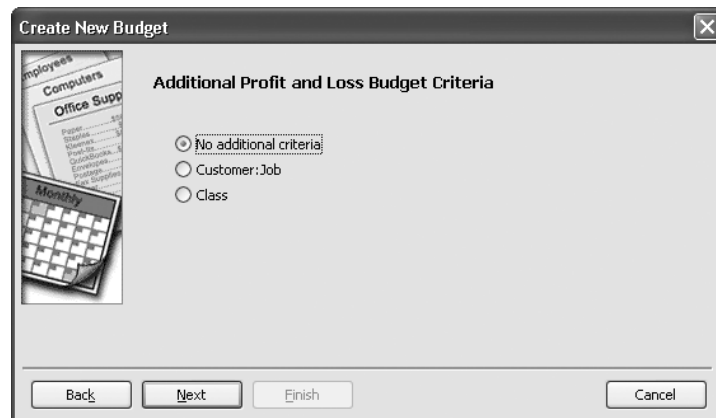
Create the Budget and Its Criteria

To create a P&L budget, choose Company | Planning & Budgeting | Set Up Budgets. If this is the first budget you're creating, the Create New Budget Wizard opens to walk you through the process. (If you've already created a budget, the Set Up Budgets window appears with your existing budget loaded—click Create New Budget to launch the Create New Budget Wizard.) Enter the year for which you're creating the budget and select the P&L budget option.



NOTE: If you're not operating on a calendar year, the budget year field spans two calendar years, for instance 2008–09, to accommodate your fiscal year.

Click Next to select any additional criteria for this budget. You can include customers (and jobs) or classes in your budget.



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For this discussion, I'll go over regular P&L budgets (unconnected to customers or classes), and I'll explain later in this chapter how to budget for customers and jobs and for classes. Click Next to choose between creating a budget from scratch or from the figures from last year's activities. I'll start by selecting the option to create a budget from scratch. Click Finish to open the budget window, where all your income and expense accounts are displayed (see Figure 23-1).

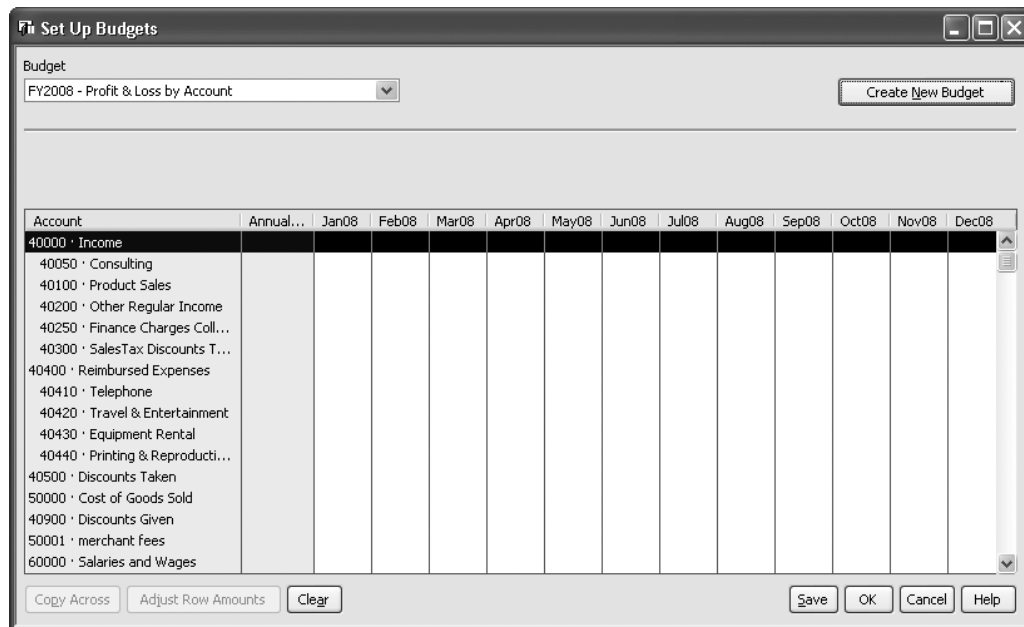


FIGURE 23-1 All active income and expense accounts are available for your budget.

Enter Budget Amounts

To create budget figures for an account, select the account and then click in the column of the first month you want to budget. Enter the budget figure, press TAB to move to the next month, and enter the appropriate amount. Repeat until all the months for this account have your budget figures. As you enter each monthly amount and press TAB, QuickBooks automatically calculates and displays the annual total for the account (see Figure 23-2).

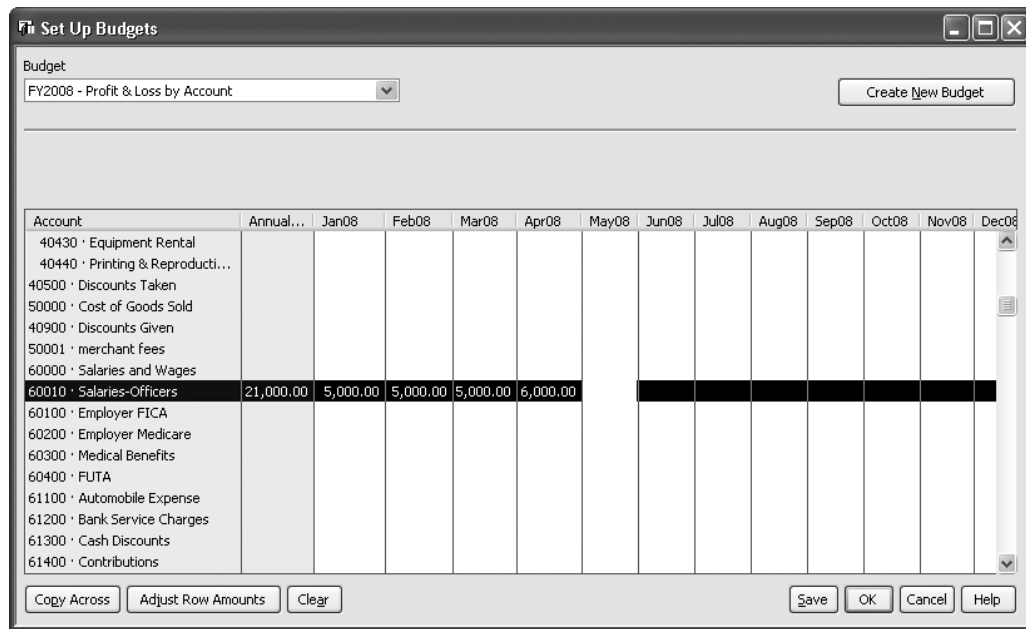


FIGURE 23-2 QuickBooks takes care of tracking the running totals.



NOTE: If you see the Show Next 6 Months button, when you enter the amount for the sixth month, you must click it to continue through the rest of the months. Pressing TAB in the sixth month column moves your cursor to the first month of the next account, not to the seventh month column of the current account. When you finish entering the figures in the twelfth month, click Show Prev 6 Months to return to the first half of the year and the next row.

Using Budget Entry Shortcuts

To save yourself from contracting a case of terminal ennui, QuickBooks provides some shortcuts for entering budget figures.

Copy Numbers Across the Months

To copy a monthly figure from the current month (the month where your cursor is) to all the following months, enter the figure and click Copy Across. The numbers are copied to all the rest of the months of the year.

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You can perform this shortcut as soon as you enter an amount (but before you press TAB), or you can return to the month you want to designate the first month by clicking its column (useful if you've entered figures for several months and then remember this shortcut).

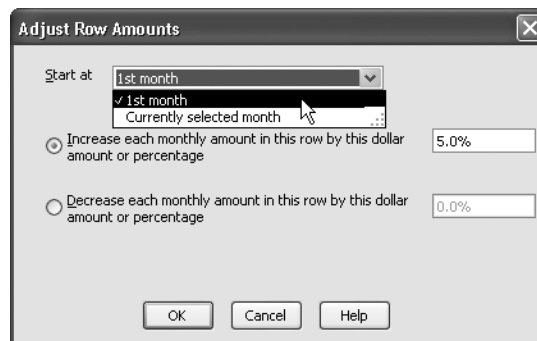
This is handier than it seems at first glance. It's obvious that if you enter your rent in the first month and choose Copy Across, you've saved a lot of manual data entry. However, suppose your landlord sends you a notice that your rent is increasing beginning in July? To adjust the July–December budget figures, just move your cursor to July, enter the new rate, and click Copy Across.

The Copy Across button is also the only way to clear a row. Delete the figure in the first month (or enter a zero) and click Copy Across. The entire row is now blank (or filled with zeros).

Automatically Increase or Decrease Monthly Figures

After you've entered figures into all the months on an account's row, you can raise or lower monthly figures automatically. For example, you may want to raise an income account by an amount or a percentage starting in a certain month because you expect to sign a new customer or a new contract.

Select the first month that needs the adjustment and click Adjust Row Amounts to open the Adjust Row Amounts dialog.

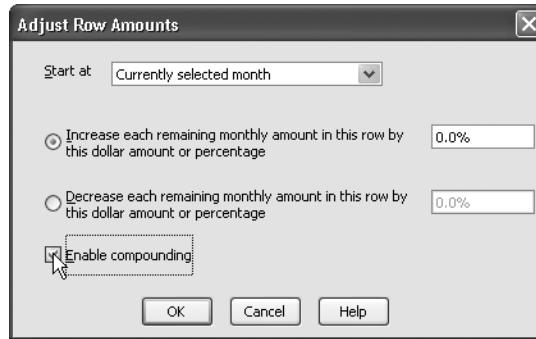


Choose 1st Month or Currently Selected Month as the starting point for the calculations.

- You can choose 1st Month no matter where your cursor is on the account's row.
- You must click in the column for the appropriate month if you want to choose Currently Selected Month (you can click the first month to make that the currently selected month).
- To increase or decrease the amount in the selected month and all the months following by a specific amount, enter the amount.
- To increase or decrease the amount in the selected month and all columns to the right by a percentage, enter the percentage rate and the percentage sign.

Compound the Changes

If you select Currently Selected Month, the Adjust Row Amounts dialog adds an additional option named Enable Compounding.



TIP: Although the Enable Compounding option appears only when you select Currently Selected Month, if your cursor is in the first month and you select the Currently Selected Month option, you can use compounding for the entire year.

When you enable compounding, the calculations for each month are increased or decreased based on a formula starting with the currently selected month and taking into consideration the resulting change in the previous month.

For example, if you entered \$1,000.00 in the current month and indicated a \$100.00 increase, the results differ from amounts that are not being compounded.

Compounding Enabled?	Current Month Original Figure	Current Month New Figure	Next Month	Next Month	Next Month	Next Month
Yes	1,000.00	1,000.00	1,100.00	1,200.00	1,300.00	1,400.00
No	1,000.00	1,100.00	1,100.00	1,100.00	1,100.00	1,100.00

Creating a Budget from Last Year's Data

If you used QuickBooks last year, you can create a budget based on last year's figures. To use last year's real data as the basis of your budget, open the Create New Budget Wizard by choosing Company | Planning & Budgeting | Set Up Budgets. When the Create New Budget Wizard opens, enter the year for which you're creating the budget, and select the P&L budget option. In the next window, select any additional criteria, such as a customer, job, or class. (I'm skipping additional

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criteria for this example.) In the next window, select the option to create the budget from the previous year's actual figures, and click Finish.

The budget window opens with last year's actual data used for the budget figures (see Figure 23-3). For each account that had activity, the ending monthly balances are entered in the appropriate month.

Account	Annual...	Jan08	Feb08	Mar08	Apr08	May08	Jun08	Jul08	Aug08	Sep08	Oct08	Nov08	Dec08
4110 · Subcontracted Income	11,600.00	800.00		1,600...		800.00	3,600...	800.00	800.00	800.00	800.00	800.00	800...
4115 · Services Income	220,152...		131,9...		407.80	38,10...		763.52	12,20...		15,97...	20,64...	143...
4210 · Discounts Given													
4480 · OTHER REVENUE	14.99	14.99											
4490 · INTEREST INCOME													
4001 · Reconciliation Discrepa...													
5000 · SALARIES AND WAGES	210,000...	15,00...	18,00...	20,00...	16,00...	14,00...	20,00...	14,00...	14,00...	21,00...	10,00...	20,00...	28,...
5010 · ADVERTISING	39.69			39.69									0.00
5120 · VEHICLE FUEL	345.10	53.40		48.35	40.00		48.60	45.85	74.16	34.74			0.00
5130 · BANK SERVICE CHARGES	60.00	12.00	12.00	12.00	12.00	12.00							
5140 · TECHNICAL REFEREN...	838.49	142.60	13.96	31.29	24.43	19.92	196.30	121.77	260.03	28.19			0.00
5150 · CONTRIBUTIONS													
5160 · COMMISSIONS													
5170 · DEPRECIATION EXPENSE	1,587.71												
5180 · DUES & SUBSCRIPTIONS	500.00								300.00	90.00	110.00		1,5...
5190 · EQUIP/FAX RENTAL													
5200 · UTILITIES													
5210 · SEMINAR/MEETING FEES	700.00			100.00	500.00			100.00					
5220 · INSURANCE - EQUIPM...													
5230 · INSURANCE - GENERAL													

FIGURE 23-3 Start your budget by looking at last year's figures.

You can change any figures you wish using the procedures and shortcuts described earlier in this chapter.

Customer:Job Budgets

If you have a customer or a job that warrants it, you can create a P&L budget to track the financials for that customer or job against a budget. Usually, you only do this for a project that involves a substantial amount of money and/or covers a long period of time.

Creating the First Customer:Job Budget

To create your first budget for a customer or a job, choose Company | Planning & Budgeting | Set Up Budgets. I'm assuming you're creating the budget from scratch, not from last year's P&L figures.

- If you already created another budget of a different type (P&L or Class), the budget window opens with the last budget you created. Click the Create New Budget button in the budget window to launch the Create New Budget Wizard.
- If this is your first-ever budget, the Create New Budget Wizard appears automatically.

Follow these steps to create a Customer:Job budget:

1. Select the year for your budget and choose P&L as the type.
2. In the next wizard window, select the option Customer:Job.
3. In the next window, specify whether you want to create the budget from scratch, or from last year's data. Then click Finish.

In the Set Up Budgets window, select the Customer:Job for this budget from the drop-down list. Enter budget figures using the guidelines that follow.

- It's common to budget only expense accounts for a customer or job, because the anticipated income is usually known.
- The expenses you track depend on the scope of the job. For example, you may only want to budget the cost of outside contractors or supplies, so if prices rise you can have a conversation with the customer about overruns.
- Enter a monthly budget figure for each account or for each month the project exists, or enter a total budget figure in the first month. The last option lets you compare accumulated data for expenses against the total budgeted figure by creating modified reports (where you change the report date to reflect the elapsed time for the project and filter the report for this job only).
- If the project is lengthy, you may budget some accounts for some months and other accounts for other months. For example, if you have a project that involves purchases of goods, followed by installation of those goods, or training for the customer's employees, you might choose to budget the purchases for the first few months and then the cost of the installation or training (either by tracking payroll or outside contractors) for the months in which those activities occur.
- If you want to track payroll costs against a job, use the QuickBooks Time and Billing features that are discussed in Chapter 16.



CAUTION: Customer:Job budget reports aren't accurate unless you're faithful about assigning every appropriate transaction to the customer or job.

Creating Additional Customer:Job Budgets

After you've created one budget based on a customer or job, creating a budget for a different customer or job requires different steps.

To create a budget for another customer immediately while the Customer:Job budget you just created is still in the budget window, select another customer from the drop-down list. When QuickBooks asks if you want to record (save) the budget you just finished, click Yes. Then begin entering data for the new budget.

To create a budget for another customer later, choose Company | Planning & Budgeting | Set Up Budgets. The budget window opens immediately with the last budget you worked on.

- If the budget that appears is a Customer:Job budget, select a different customer or job from the Current Customer:Job drop-down list and begin entering data.
- If the budget that appears is a different type of budget, click the arrow to the right of the Budget field and select Profit And Loss By Account And Customer:Job as the budget type. Then select a customer from the Current Customer:Job drop-down list and begin entering data.

Class Budgets

You can link your budget to any class you've created (if you're using class tracking). I've learned that this works well for certain types of classes and not for others. If you're using classes to track branch offices, company divisions, or company departments, you can create useful budgets. If, on the other hand, you're using classes to divide your transactions in some esoteric way, budgeting may not work well.

Look at your class-based reports, and if you find yourself asking, "Aren't those expenses higher than they should be?" or "Why is one class less profitable than the other classes?" you might want to budget each month to get a handle on where and when expenses got out of hand. Also, if you ask, "Is this department contributing the income I expected?" include income accounts in your budget. You can use income accounts in class budgets to provide incentives to your employees—perhaps a bonus to a manager if the reality is better than the budget.

To create a class-based budget, use the steps described earlier to create a budget and choose Class in the Additional Profit And Loss Budget Criteria Wizard window. When the budget window opens, a Current Class field appears. Select the class for which you're creating a budget from the drop-down list. Then begin entering data.

To create additional class budgets (for other classes, of course), use the same approach discussed in the previous section on creating additional customer or job budgets.

Budget Reports

QuickBooks provides a number of budget reports you can use to see how you're doing. I'll discuss each of them in this section. To get to the reports, choose Reports | Budgets from the menu bar and then select one of the following reports:

- Budget Overview
- Budget vs. Actual
- Profit & Loss Budget Performance
- Budget vs. Actual Graph

Budget Overview

This report shows the accounts you budgeted and the amounts you budgeted for each month. Accounts that you didn't include in the budget aren't displayed.

Profit & Loss Budget Overview

If you created multiple budgets, select the budget you want to view from the drop-down list and click Next. In the next window, select a report layout (often, the only option available in the drop-down list is Account By Month). Click Next, and then click Finish. The report opens and looks like the P&L budget report in Figure 23-4.

We Do It All Profit & Loss Budget Overview January through December 2008							
Expense	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
5000 · SALARIES AND WAGES	15,000.00	18,000.00	20,000.00	16,000.00	14,000.00	20,000.00	14,000.00
5010 · ADVERTISING			39.69				
5120 · VEHICLE FUEL	53.40		48.35	40.00		48.60	45.80
5130 · BANK SERVICE CHARGES	12.00	12.00	12.00	12.00	12.00		
5140 · TECHNICAL REFERENCE BOOKS	142.60	13.96	31.29	24.43	19.92	196.30	121.70
5170 · DEPRECIATION EXPENSE							
5180 · DUES & SUBSCRIPTIONS							
5210 · SEMINAR/MEETING FEES			100.00	500.00			100.00
5250 · LEGAL & ACCOUNTING			1,830.00				275.00
5270 · MEDICAL BENEFITS	1,024.56		1,024.56		1,440.58		1,440.58
5285 · OUTSIDE CONTRACTORS				60.00			
5290 · POSTAGE						39.00	
5310 · OFFICE SUPPLIES	274.70	225.41	147.44	188.27	199.45	191.83	
5350 · TELEPHONE	116.44	49.34	184.08	117.79	117.77	120.61	117.90
5360 · TRAVEL EXPENSES	172.00		494.59	705.89	338.28		
5380 · ON LINE TELECOMM	97.46	97.46	97.46	103.41	103.41	103.41	98.50
5385 · WEB HOSTING SERVICES	75.35	375.05	19.95	75.35	75.35	75.35	75.35
5388 · Trademark Fees							100.00
5390 · SHIPPING EXPENSES	65.99	90.99	-156.98			62.70	
5430 · TOLLS & PARKING			38.50				
5470 · COMPUTER ACCESSORIES/PARTS	598.38			393.45	0.00	319.64	
5510 · HOUSE SOFTWARE PURCHASE/UPGRADE		712.83		53.49			

FIGURE 23-4 The P&L Budget Overview is an easy-to-read display of your budget.

Essentially, the Overview report type produces the display you'd see if the window you use to create a budget had a button labeled Print The Budget.



NOTE: This report includes inactive accounts, even though inactive accounts are not displayed when you create a budget. This may be confusing if you print this report as the “official” budget for your company.

If you use subaccounts in your budget, you can click the Collapse button at the top of the report window to see only the parent account totals. The button name changes to Expand, and clicking it puts the subaccount lines back into the display.

To condense the numbers, use the Columns drop-down list to select a different interval. The default is Month, but you can choose another interval and QuickBooks will calculate the figures to fit. For example, you might want to select Quarter to see four columns of three-month subtotals (and a Total column).

If you want to tweak the budget, or play “what if” games by experimenting with different numbers, click the Export button to send the report to Microsoft Excel.

Balance Sheet Budget Overview

If you created a Balance Sheet budget, select Balance Sheet By Account in the first window and then click Next. QuickBooks displays a graphical representation of the report's layout (it's a monthly layout similar to the layout for the P&L budget). Click Finish to see the report.

Customer:Job Budget Overview

If you created budgets for customers or jobs, select Profit & Loss By Account And Customer:Job in the first window and click Next. Select a report layout from the drop-down list (as you select each option from the list, QuickBooks displays a diagram of the layout). The following choices are available:

- **Account By Month** Lists each account you used in the budget and displays the total budget amounts (for all customer budgets you created) for each month that has data. No budget information for individual customers appears.
- **Account By Customer:Job** Lists each account you used in the budget and displays the fiscal year total for that account for each customer (each customer has its own column).
- **Customer:Job By Month** Displays a row for each customer that has a budget and a column for each month. The budget totals (for all accounts—individual accounts are not displayed) appear under each month. Under each customer's row is a row for each job that has a budget.



TIP: The name of each layout choice is a hint about the way it displays in the report. The first word represents the rows, and the word after the word “by” represents the columns.

Class Budget Overview

If you created a Class budget, select Profit & Loss By Account And Class in the first window and click Next. Select a report layout from the drop-down list. You have the following choices:

- **Account By Month** Lists each account you used in the budget and displays the total budget amounts (for all Class budgets you created) for each month that has data. No budget information for individual classes appears.
- **Account By Class** Lists each account you used in the budget and displays the yearly total for that account for each class (each class has its own column).
- **Class By Month** Displays a row for each class that has a budget and a column for each month. The total budget (not broken down by account) appears for each month.

Budget vs. Actual

This report’s name says it all—you can see how your real numbers compare to your budget figures. For a straight P&L budget, the report displays the following data for each month of your budget, for each account:

- Amount posted
- Amount budgeted
- Difference in dollars
- Difference in percentage

The choices for the budget type are the same as the Budget Overview, so you can see account totals, customer totals, or class totals to match the budgets you’ve created.

The first thing you’ll notice in the report is that all the accounts in your general ledger are listed, regardless of whether or not you included them in your budget. However, only the accounts you used in your budget show budget figures. You can change that by customizing the report to include only your budgeted accounts, using the following steps:

1. Click the Modify Report button at the top of the budget report window.
2. In the Modify Report window, click the Advanced button to open the Advanced Options dialog.

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3. Click the option labeled Show Only Rows And Columns With Budgets.
4. Click OK to return to the Modify Report window.
5. Click OK again to return to the Budget Vs. Actual Report window.

Now, the data that's displayed is only that data connected to your budgeted accounts. You can also use the options in the Modify Report window to make the following changes:

- Change the report dates.
- Change the calculations from Accrual to Cash (which means that unpaid invoices and bills are removed from the calculations, and only actual income and expenses are reported).

You should memorize the report so you don't have to make these modifications the next time you want to view a comparison report. Click the Memorize button at the top of the report window and then give the report a meaningful name. Only the formatting changes you make are memorized, not the data. Every time you open the report, it displays current data. To view the report after you memorize it, choose Reports | Memorized Reports from the QuickBooks menu bar.

Profit & Loss Budget Performance

This report is similar to the Budget vs. Actual report, but it's based on the current month and the year to date. For that time period, the report displays your actual income and expenses compared to what you budgeted.

By default, the date range is the current month, but you can change that to see last month's figures or the figures for any previous month. This report is also available for all types, as described in "Budget Overview," earlier in this section, and can also be modified to customize the display.

Budget vs. Actual Graph

This report just opens; you have no choices to select first. All the choices are in the graph that displays, in the form of buttons across the top of the report window. Merely click the type of report you want to see.

Exporting Budgets

If you need to manipulate your budgets, export them to other software applications. One common task is to change the budget dates to the following year, so you can import your budgets back into QuickBooks and use them as the basis of next year's budgets.

You have two methods for exporting your budgets:

- Export all your budgets to a delimited text file that can be opened in Excel, Access (or another database program), or even Word (where you can convert the text to a table).
- Export a Budget Overview report to Excel.

Exporting Budgets to Delimited Text Files

When you export budgets to a delimited text file (the delimiter is a Tab) you can't select specific budgets to export—it's all or nothing. Use the following steps to export your budgets:

1. Choose File | Utilities | Export | Lists to IIF Files from the QuickBooks menu bar.
2. When the Export dialog opens it displays all the QuickBooks lists. Select the item named Budgets and click OK.
3. Another Export dialog opens (this one looks like the Save dialog you're used to seeing in Windows software). Select a folder in which to save this exported file, or leave it in your QuickBooks folder (the default location). I usually change the folder to the location where I keep files for the program I'm going to use for the exported file.
4. Give the exported list a filename (for example, 2007Budgets). QuickBooks will automatically add the extension .iif to the filename.
5. Click Save. QuickBooks displays a message telling you that your data has been exported successfully.
6. Click OK.

Exporting a Budget Report to Excel

You can export any budget report to Excel, although it's common to use the Budget Overview report. Click the Export button at the top of the report window to open the Export Report dialog and select a new workbook if this is the first budget you're exporting; if you're exporting multiple budgets in this manner, you can select an existing workbook and create separate worksheets for each budget.

Importing Budgets Back into QuickBooks

The only circumstances under which you'd import budgets back into QuickBooks is to copy a budget to another year. If you wanted to edit figures, you'd work in the QuickBooks budget window. To play "what if" games or to sort the budget differently, you'd work in the appropriate software (such as Excel) because QuickBooks doesn't provide those features.

Before you can import the file you must save it as a delimited text file, choosing Tab as the delimiter. You must also change the filename extension to .iif. Then follow these steps to bring the budget into QuickBooks:

1. Choose File | Utilities | Import | IIF Files from the menu bar to open the Import dialog.
2. Locate and double-click the file you saved.
3. When QuickBooks displays a message telling you the import was successful, click OK.

You can view the imported budgets in any budget report or in the budget window. QuickBooks checks the dates and changes the budget's name to reflect the dates. Budget names start with FYxxxx, where xxxx is the fiscal year.

When you select a budget report or choose a budget to edit in the budget window, the available budgets include both the budgets you created in QuickBooks (FY2008) and the budgets you imported after changing the date (FY2009). Next year, you can delete the FY2008 budgets.

• Projecting Cash Flow

The Cash Flow Projector is a tool you can use to build a report that projects your cash flows using your own criteria. This tool uses data in your company file and then lets you remove and add accounts and even adjust figures. These features make it easier to achieve the projection parameters and results you need.

The Cash Flow Projector is rather powerful if you understand the accounting terminology and principles of determining cash flows. You can design very specific cash flow scenarios, which might be useful in planning for expansion or other major business events.

It's beyond the scope of this book to provide a detailed explanation of the best ways to use this tool, but in this section I'll give you an overview.



NOTE: Unless you have quite a bit of expertise in accounting, it's best to work with your accountant when you use the Cash Flow Projector.

To ensure accuracy, make sure you've entered all transactions, including memorized transactions, into your QuickBooks company file. Then launch the Cash Flow Projector by choosing Company | Planning & Budgeting | Cash Flow Projector. The program operates like a wizard, and the opening window (see Figure 23-5) welcomes you and offers links to information you should read before you begin.

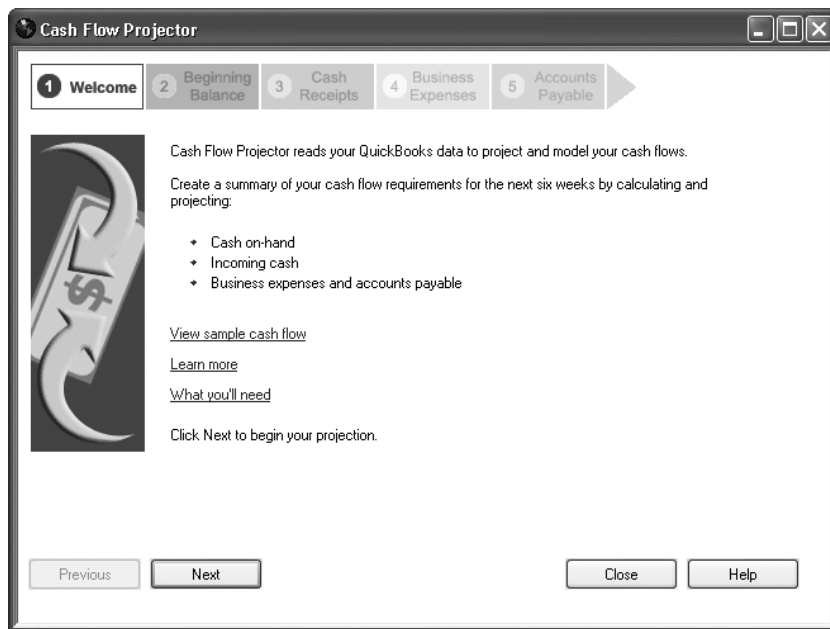



FIGURE 23-5 Use the links to familiarize yourself with the information the wizard needs.

 **TIP:** Each ensuing wizard window has a button labeled Preview Projection. Click it to see your results so far.

Click Next to display the Beginning Balance window (see Figure 23-6), and select the cash accounts you want to include in your projection.

The software calculates a beginning balance by adding together the balances of all the accounts you select. You can make an adjustment to that calculated balance to change the beginning balance of the cash flow projection. This is useful if you know the current balance of any account contains an amount that you don't want included in the projection, such as an income item that is earmarked for spending today or tomorrow and therefore shouldn't be counted.

Click Next to move to the Cash Receipts window (see Figure 23-7). You must select a projection method from the drop-down list. If you don't understand the terminology in the list, discuss it with your accountant. One of the choices is manual entry, which is useful if your accountant has some particular paradigm in mind, or if you don't have A/R totals to guide you because you run a retail business.

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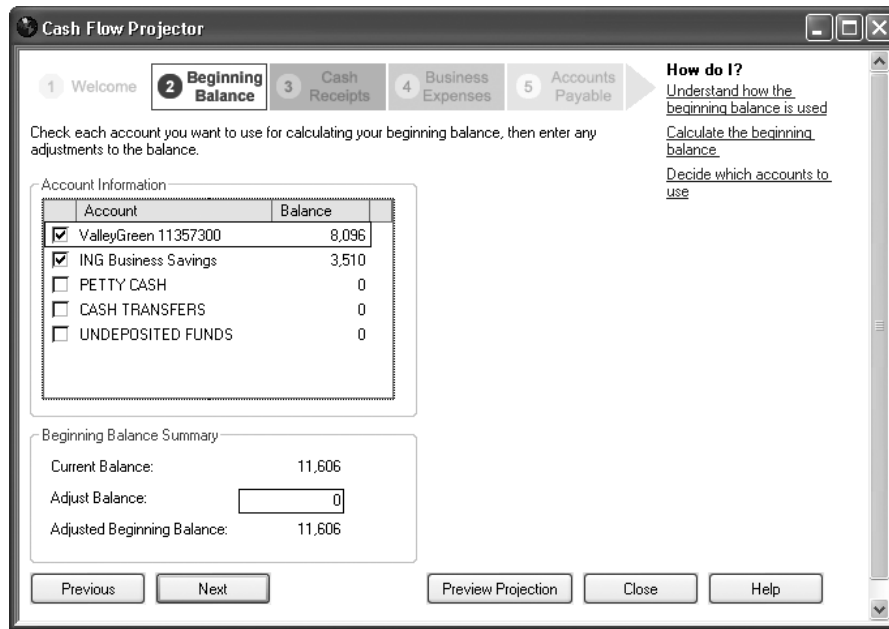


FIGURE 23-6 Select the accounts to use to project your cash flow.

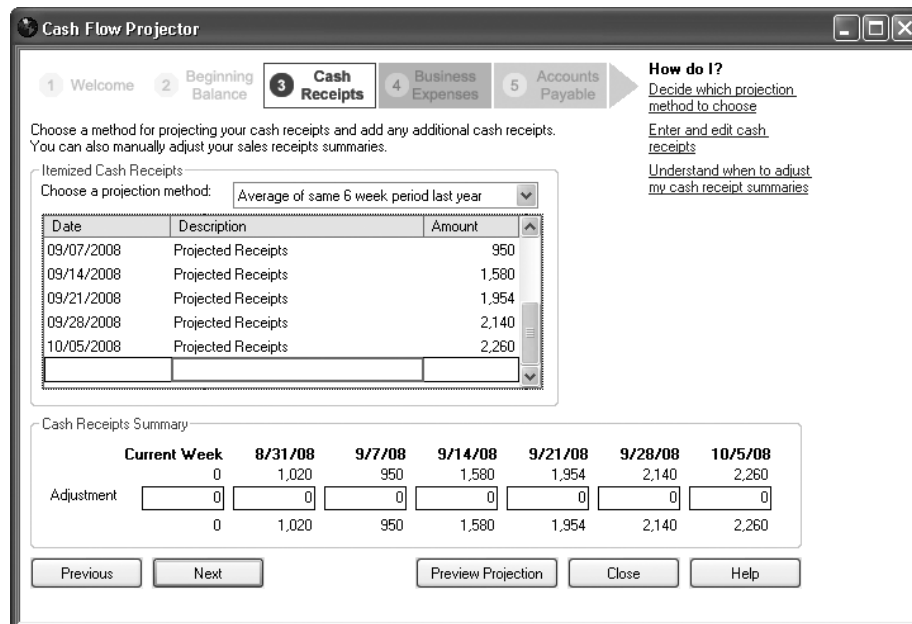


FIGURE 23-7 Summarize your projected cash receipts on a weekly basis.

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The next two wizard windows look similar to Figure 23-7, but they deal with expenses, starting with expenses that are not accounts-payable expenses (expenses for which you write direct checks instead of entering bills, and any unique expenses that qualify as “one-time-only”) and moving on to accounts-payable expenses (including recurring bills you’ve entered into your system). In both windows you can enter specific expenses or enter adjusted total expenses.

This brief discussion should help you examine the explanations and instructions and understand the possibilities in this tool. If you have a need for a variety of cash flow scenarios, you should go over this tool and the way it can be applied to your business needs with your accountant.

