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SedonaOffice® USERS CONFERENCE

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Job Management Setup

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Job Costing Accounting Methods

In the world of SedonaOffice, the term Job Costing refers to accounting for Revenue and Expenses which are related to a Job in order to determine the profitability of the Job. There are various Job Costing Accounting Methods available within the SedonaOffice; ultimately, the method or methods your company will implement will depend upon the preference of your company or advice from your company's accounting professional. There is no correct or incorrect method; after evaluating all the available choices, only your company can decide what will work best in your own business environment.

Job Costing Accounting Methods:

- Immediately recognize Recognize Job Revenue and Expenses as they occur.
- Use WIP Accrue Expenses into Work in Process accounts and recognize only when a Job Invoice is produced.
- Accrue All Accrue both Revenue and Expenses until the end of the Job.
- Percentage of Completion Corrects distortions to recorded Revenue based upon Job Costing Estimates.

Immediately Recognize

When selecting this method, when any expense is posted which is linked to a Job, that amount is recorded immediately to the Actual Expenses of the Job. When a Job Invoice is posted, the Income is posted immediately to the Job.

Use WIP

When using the WIP method, when any expense is posted which is linked to a Job Number, those amounts will record to the WIP Accounts you have setup for Parts, Labor, etc. WIP accounts are balance sheet accounts. When a Job Invoice is produced, by default, the same percentage of the Job being invoiced is used to relieve any amounts in the Job's WIP accounts. For example, if you produce a Job Invoice for 40% of the Job, 40% of any amounts in the Job WIP will posted to your Cost of Goods Sold accounts.

| Notes | | |
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Accrue All

The Accrual method is designed to post both Revenue and Expenses in WIP accounts as Expenses or Job Invoices are posted. When a Job is closed, the amounts previously invoiced will move to the Revenue accounts associated with the Invoice Items that were invoiced, and the previously posted Job Expenses will move to your specified Cost of Goods Sold or Expense accounts.

Percentage of Completion

The percentage of completion method is used to more correctly present your Job Revenues for a given accounting period. Using this method requires accurate estimates for Revenue and Expenses. Each month a report is generated to determine whether Jobs have been under or over invoiced based upon how much of the Job has been invoiced to date and the estimated expense left to be incurred. Based upon the review of the Over/Under Report, you will need to make over/under billings billing journal entries every month so that you have accurate monthly financial statements. These journal entries should be reversed the following month because the following month your work in process will be different and you will have different over/under billings amounts.

The Job Costing Accounting Method may be one type used for any type of Job or can be determined by the individual Job Type. Some companies use one Job Costing Accounting Method for residential Jobs and a different type for larger/commercial Jobs. It is all a matter of preference to your company.

Once you have determined your Job Costing Accounting Method, the corresponding setups are easy.

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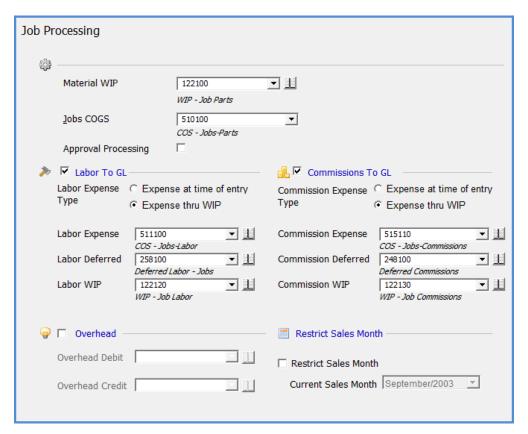
Job Setups

Your Job Setup tables are configured based upon the Job Costing Accounting Method that will be implemented. There are three main Job Setup tables that control which G/L Accounts are used for posting Job transactions:

Financial Setups

Job Management Setup Processing

- Material WIP
- Material Cost of Goods Sold (COGS)
- o Labor
- Commissions
- Overhead

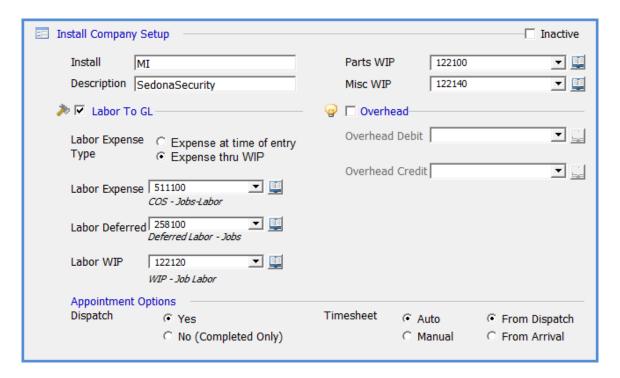






Install Company

- Material WIP
- o Miscellaneous WIP
- Labor
- Overhead

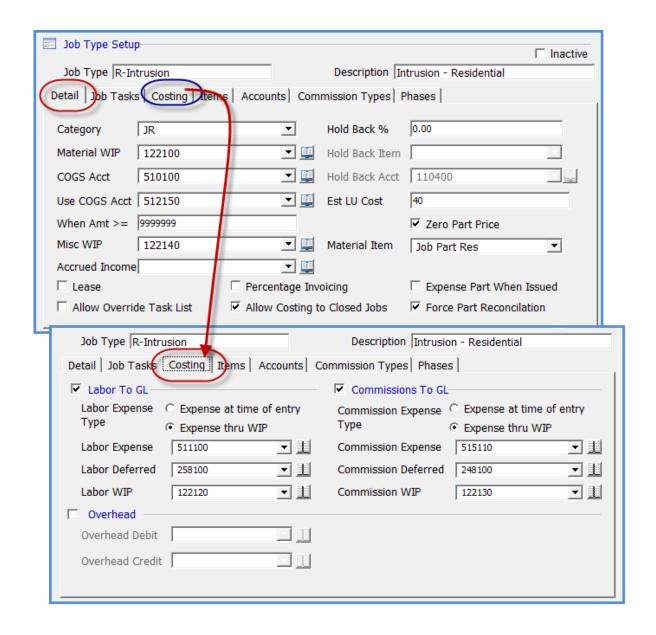






Job Type

- Material WIP
- Material Cost of Goods Sold (COGS)
- o Miscellaneous WIP
- o Labor
- Commissions
- Overhead





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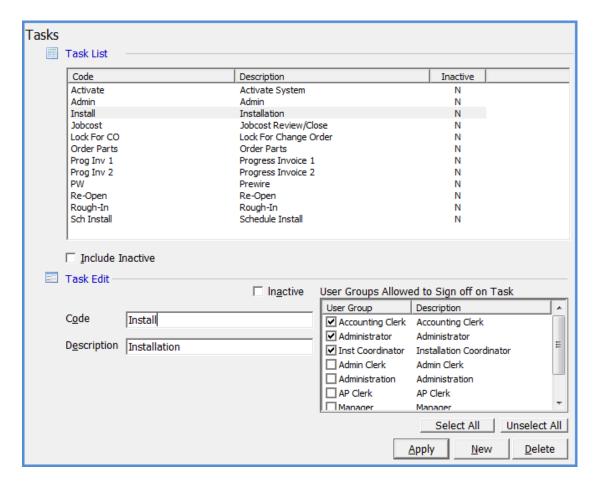
Non-Financial Setups

There are several non-financial type setup tables; some are required and others are optional.

Job Tasks

(required)

Job Tasks are linked to Job Types; each Job Type must contain at least one Job Task. A Job Task is a major milestone during the process of a Job for which you want the responsible party to sign-off as being complete. Job Tasks also control when you are able to invoice a Job.



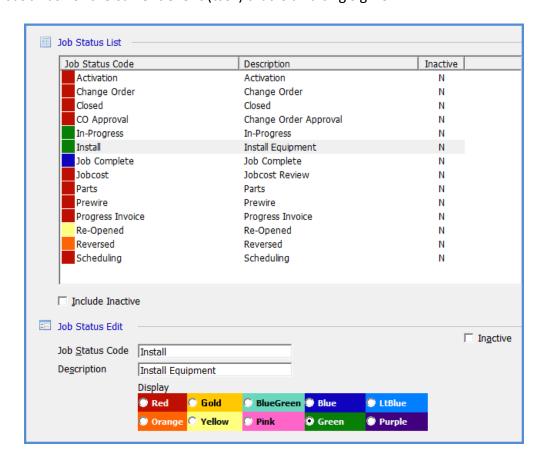
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Job Status

(required)

Job Statuses are assigned to Job Tasks in the Job Type setup table and describe where a Job is in the process of being complete. Job Statuses may describe the responsible department for the current Job Task or the current event (task) that is awaiting sign-off.



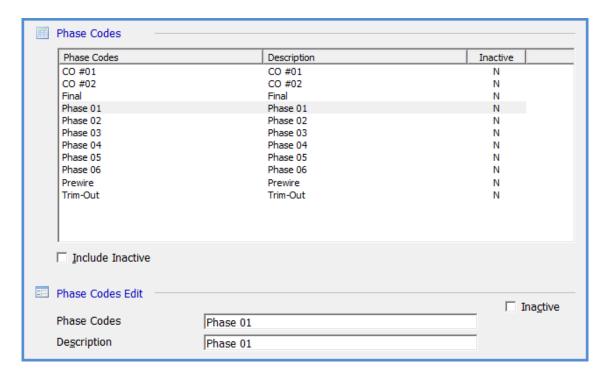
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Job Phase

(required)

Job Phases are used to indicate various stages of a Job. You must setup at least one Job Phase that will be used for Job Invoicing purposes.



| Notes | | |
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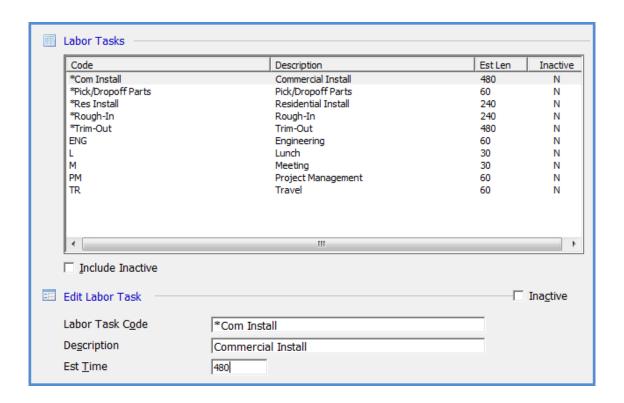


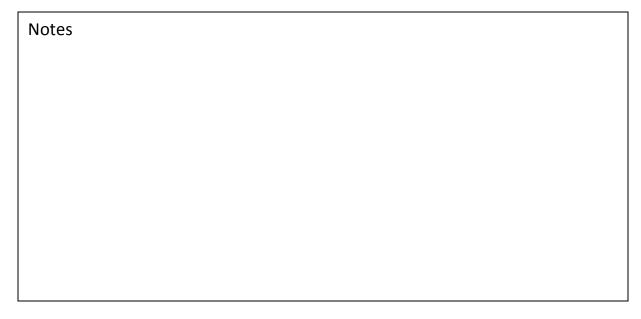
Labor Tasks

(optional, but recommended)

Labor Tasks are used in various areas of Job Processing:

- Entering Job Costing Labor Estimate
- Scheduling Job Appointments
- Manually entering Job Timesheets







Commission Types

(optional)

SedonaOffice has the capability to automatically calculate and post Job Commission based on four basic methods or to manually post commissions to Jobs according to your company's commission structure. You may enter commissions for informational purposes only or flag commissions to post to the general ledger. The only exception to this rule is when using Gross Profit Commission Types; these will always post to the general ledger.

Gross Profit

When using this Commission Type, the commission amount (if any) will be posted when the Job is closed. The program takes into account all amounts invoiced, less all expenses to determine the Gross Profit of the Job. Based on the Commission Setup of the Salesperson on the Job and the Job Type, the appropriate commission will be calculated on the Gross Profit value.

Estimated Profit

When using this Commission Type, the commission amount (if any) is calculated based on the Install Charges and/or Parts that will be invoiced less all Estimated Expenses. Based on the Commission Setup of the Salesperson on the Job and the Job Type, the appropriate commission will be calculated on the Estimated Profit value.

Non-Recurring

When using this Commission Type, the commission amount (if any) is calculated based on the Install Charges and/or Parts that will be invoiced. Based on the Commission Setup of the Salesperson on the Job and the Job Type, the appropriate commission will be calculated on the total Install Charges and/or Parts for the Job.

Recurring

When using this Commission Type, the commission amount (if any) is calculated based on the Recurring Charges that will be invoiced for the Job. Based on the Commission Setup of the Salesperson on the Job and the Job Type, the appropriate commission will be calculated on the total Monthly Recurring Charges value.

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